



23rd Annual Report 2007-2008

TWENTY THIRD ANNUAL GENERAL MEETING

DAY : SATURDAY, 20TH SEPTEMBER, 2008
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)

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Gujarat Industries Power Company Limited

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Board of Directors

Shri M. M. Srivastava, IAS	Chairman
Shri A. K. Joti, IAS	Director
Shri A. Khandual	Director - IDBI Nominee
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 L. Chuaungo, IAS	Managing Director

Senior Executives

Shri D. G. Naik	Executive Director (Technical)
Shri S. L. Bose	Executive Director (SLPP)
Shri S. N. Mathur	Executive Director (Mines - 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 Saurashtra
Oriental Bank of Commerce
Indian Overseas bank
Vijaya Bank
ING Vysya Bank
Karur Vysya Bank Ltd.

Auditors

M/s. K.C. Mehta & Co. Vadodara

Registrar & Transfer Agent

Intime Spectrum Registry Limited
308, Jaldhara Complex
Opp. Manisha Society
Off Old Padra Road, Vasna Road
Vadodara - 390 015
(Tel) (0265) 2250241, 3249857
(Fax)(0265) 2250246
e-mail : vadodara@intimespectrum.com

Registered Office & Works

P.O. Petrochemical - 391 346, Dist.Vadodara
(Tel.) (0265) 2232768, 2232213, 2230159
(Fax) (0265) 2232143, 2231207. 2230473
e-mail: genbaroda@gipcl.com

Surat Lignite Power Plant

At & Post Nani Naroli, Taluka Mangrol
Dist. Surat - 394 110
(Tel.) (02629) 261063 to 261072
(Fax) (02629) 261073 & 261074
e-mail : 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 Tuesday, the 9th September, 2008 to Tuesday, the 16th September, 2008 (both days inclusive).
2. Members are advised to address all correspondence quoting their Ledger Folio Number (LF No.) or Client ID & DP IP No. and to immediately notify their change of address etc. details, if any, to the Company's Registrar and Transfer Agents viz. 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@intimespectrum.com.
3. Members who are holding Shares in the Company and have not received or have not encashed their Dividend Warrants, are requested to write to us or to the Company's Registrar and Transfer Agents.
4. Members are advised to hold Shares jointly to simplify the procedure of transmission in the event of death of any holder.
5. 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.
6. 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.
7. 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.
8. Individual Members can now 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 of any assistance please contact Mr. C.H. Patni, Company Secretary at the Registered Office of the Company or Intime Spectrum Registry Limited, the Registrar and Share Transfer Agents of the Company.

9. 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.

The Calcutta Stock Exchange Association Limited
(Application for Delisting is pending with them)
7, Lyons Range,
Kolkata – 700 001.

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

With effect from 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). The Demat ISIN Numbers in NSDL & CDSIL for Equity Shares is INE 162A01010.

Members may note that the Company's equity shares are available for dematerialisation with National Securities Depository Ltd., Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 and with Central Depository Services (India) Ltd., 28th Floor, Sir P.J. Tower, Dalal Street, Fort, Mumbai – 400 001.

As a measure of economy, the Company does not distribute the copies of Annual Report at the Meeting, Members therefore are requested to bring their copies with them.





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NOTICE TO THE MEMBERS

NOTICE is hereby given that the Twenty-Third Annual General Meeting of the Members of Gujarat Industries Power Company Limited will be held on Saturday, the 20th day of September, 2008 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, 2008 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 Dr. P.K. Das, IAS (Retd.) who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Guruprasad Mohapatra, IAS who retires by rotation and being eligible offers himself for re-appointment.
4. To declare dividend on Equity Shares for F.Y. 2007-2008.
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 Shri H. V. Patel, IAS, who was appointed as Director of the Company under Section 262 and other applicable provisions, if any, of the Companies Act, 1956, read with the Article 16A & 21 of the Articles of Association of the Company, to fill up the casual vacancy caused due to the withdrawal of nomination of Shri P.K. Taneja, IAS by Gujarat State Fertilizers and Chemicals Ltd. and who holds such office upto the date of this Annual General Meeting and who is eligible for re-appointment and in respect of whom the Company has received a notice in writing alongwith a deposit of Rs. 500/- (Rupees Five Hundred Only) from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company and shall be liable to retire by rotation.”

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

“RESOLVED THAT pursuant to Section 31 of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered/amended as follows.”

INTERPRETATION

1. **ARTICLE : 2(m)**

A new article be and is hereby inserted as Article no. 2(m) to read as follows:

ARTICLE : 2(m)

2(m):- “GUVNL” means Gujarat Urja Vikas Nigam Ltd (GUVNL), a Government Company under Section 617 of the Companies Act, 1956 pursuant to unbundling of the “GEB”.

2. **ARTICLE 13**

“Article 13 of Articles of Association of the Company be and is hereby amended as follows:

“the words “Gujarat Electricity Board” appearing after the words “as provided in Article 12 and...” be deleted and in its place words “Gujarat Urja Vikas Nigam Ltd. (GUVNL)” be added to read as under.”

Right of Govt. of Gujarat and GUVNL to Nominate Directors

13.The Government shall have right to nominate one Director besides Chairman as provided in Article 12 and Gujarat Urja Vikas Nigam Ltd.(GUVNL) also shall have right to nominate one Director on the Board of Directors of the Company.

3. **ARTICLE 28**

A new article be and is hereby inserted as Article no. 28 to read as follows:

ARTICLE 28

INDEMNITY AND RESPONSIBILITY:

Subject to the provisions of Section 201 of the Companies Act, 1956 every Director, Managing Director, Manager, Auditor, Secretary or other officer or employee of the Company defending any proceedings whether civil or criminal in which judgment is given in his/their favour or in which he is or they are acquitted or in connection with any application under Section 633 of the Act in which relief is given to him or them by the Court shall be indemnified by the Company for all costs, losses and expenses (including traveling expenses) which they may incur or become liable to by reason of any contract entered into or act or deed done by him or them in the discharge of his/ their bonafide official duties and the amount for which such indemnity is provided shall, immediately attach as a lien on the property of the company and have priority as between the Members over all other claims. And that they shall not be liable for



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any loss occasioned by an error of judgment or oversight on his or their part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his or their office or in relation thereto unless the same happens through his own negligence, ignorance, malafide intention and dishonesty.

8. 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 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Article 17 of the Articles of Association of the Company, and in terms of the Notification of the General Administration Department (GAD), Government of Gujarat communicating continuance of the services of Shri L. Chuaungo, IAS, as Managing Director of the Company till further orders, ratification and approval of the Company be and is hereby accorded to the extension / re-appointment of the term of Office of Shri L. Chuaungo, IAS, as the Managing Director of the Company w.e.f. 1st May, 2005 for a further period of five years or until further orders of Government of Gujarat, whichever is earlier, holding additional charge, as per terms and conditions as contained in the Resolution No. GIPC-15-2003-3054-k dated 24.6.2003 issued by Energy & Petrochemical Dept., Government of Gujarat, except for remuneration (other than accommodation and car provided by the Company) and specific notice pursuant to the provisions of Section 316 of the Companies Act, 1956 issued for the purpose to the Board of Directors and unanimous ratification / approval of extension / re-appointment of his further term as accorded by the Board of Directors as aforesaid.”

“FURTHER RESOLVED THAT the Board of Directors of the Company is hereby authorized to agree to and approve / ratify any variation, modification or amendment, in terms and conditions of appointment and payment of any remuneration and providing any perquisites (including free accommodation and a car etc.) to Shri L. Chuaungo, IAS, the Managing Director of the Company, if required, or as may be, prescribed / approved / altered by the Government without going back to the members again for the purpose.”

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

“RESOLVED THAT pursuant to Section 149 (2A) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Members of the Company be and is hereby accorded for undertaking all or any of the following business / activities specified in Sub-Clauses 28 and 29 of Clause III (B) and Sub-Clauses 64

& 65 of Clause III (C) of the Memorandum of Association of the Company.”

Sub-Clause 28

To make donations to such persons or institutions either of cash or any other assets as may be thought directly or indirectly conducive to any of the Company’s objects or otherwise expedient and also to subscribe, contribute or otherwise assist or guarantee money for charitable objects or institutions having scientific, religious or benevolent national, cultural, educational object or objects of general public utility.

Sub-Clause 29

To subscribe or contribute or otherwise to assist or grant money to public objects, purposes, funds and institutions and to any other useful institutions, funds or purposes which in the opinion of the Board of Directors are deserving and /or are likely to promote the interests or the business of the Company or to further its objects and / or to charitable and other funds useful whatsoever or for any exhibition.

Sub-Clause 64

To undertake, carry out, promote and sponsor rural development including programmes for promoting the social and economic welfare of or the uplift of the public in any rural area and to incur any expenditure on any programme of rural development and to assist the execution and promotion thereof either directly or through an association or institution or through an independent agency or in any other manner. Without prejudice to the generality of the foregoing, programme of rural developments shall also include any programme for promoting the social and economic welfare of or the uplift of the public in any rural area which the Directors consider likely to promote and assist rural development and that the words ‘rural area’ shall include such areas as may be regarded as rural areas under Section 35 CC of the Income-Tax Act, 1961, or any other law relating to rural development for the time being in force or as may be regarded by the Directors as rural areas and the above mentioned objects or purposes transfer without consideration or at such fair or concessional value as the Directors may think fit and divest the ownership of any property of the Company to or in favour of such association or institution or any Public or Local Body or Authority or Central or State Government or any public institutions or Trusts or Funds as the Directors may approve.

Sub-Clause 65

To undertake, carry out, promote and sponsor or assist any activity for the promotion and growth of national economy and for discharging what the Directors may consider to be social and moral responsibilities of the Company to the public or any section of the public as also any activity which the Directors consider likely to promote national welfare or social, economic or moral uplift of the public or any section of the public and in such manner and by such



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means as the Directors may think fit and the Directors may without prejudice to the generality of the foregoing undertake, carry out, promote and sponsor any activity for publication of any books, literature, newspapers or for organising lectures or seminars likely to advance these objects or for giving merit awards, for giving scholarships, loan or any other assistance to deserving students or other scholars or persons to enable them to prosecute their studies or academic pursuits or researches and for establishing, conducting or assisting any institutions, fund, trust, having any one or more of the aforesaid objects as one of its objects, by giving donations or otherwise in any other manner and the Directors may at their discretion in order to implement any of the above mentioned objects or purposes transfer without consideration or at such fair or concessional value as the Directors may think fit and divest the ownership of any property of the Company to or in favour of any Public or Local Body or Authority or Central or State Governments or any Public Institutions or Trusts or Funds as the Directors may approve.

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 Section 293(1)(e) and other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors to contribute and/or subscribe and/or otherwise to assist from time to time to any charitable, benevolent, public or general and other funds, and to any non-profit making Organization, Society/Trust, an association or institution which has its object of undertaking / for taking up of any programme/ activities of Socio-Economic Development/Rural Development of people at large and/or incur expenditure for the purpose, notwithstanding that such contributions, subscriptions and expenditure that may or may not be directly relating to the business of the Company or the welfare of its employees, upto a total sum not exceeding Rs. 5000 lacs in the Financial Year 2008-09, as the case may be considered fit and proper by the Board of Directors, notwithstanding the fact that the said amount may exceed 5% of the Company's average net profit, as determined in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding the financial year 2008-09.”

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

Registered Office :
P.O. Petrochemical – 391 346,
Dist. Vadodara.
Date: 23rd July, 2008

sd/-
C.H. Patni
Company Secretary

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 to 10 of the notice as required under section 173 of The Companies Act, 1956 are annexed hereto.

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 Dr. P.K. Das, IAS (Retd.)] :

Brief resume of Dr. P.K. Das IAS, (Retd.) reads thus –

Dr. Prafulla Kumar Das, IAS was appointed as an Additional Director w.e.f. 1st July, 2006. Dr. Prafulla Kumar Das, IAS (Retd.) is an officer of Indian Administrative Service of 1965 batch and retired from the service in the year 2001.

On academic front Dr. P.K. Das is BA (Hon.) in Political Science from Utkal University of Orissa, MA (Political Science) from University of Allahabad, Uttar Pradesh, Law Graduate from Gujarat University and has done his Masters in Public Administration and Ph. D. in Political Science from the University of South Carolina, Columbia, USA.

Dr. Das specializes in Public Policy (Administration, Practice and Analysis) with specialized interest in Energy Policy, Privatization Strategies, Reform and reinventing the Government, Modeling Policy Results, Policy Forecasting, Governance issues of Civil Societies, e-Governance, Public Sector Management, Strategic Management and Business Policy.





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Dr. Das has held key positions in the Government of Gujarat right from the level of Asst. Collector upto Additional Chief Secretary and has worked with key departments of Government of Gujarat including the position of Member (Finance), & Chairman of erstwhile Gujarat Electricity Board (GEB), Addl. Chief Secretary (Energy and Petrochemicals Dept.) etc. He also had rich experience of managing companies like Gujarat Alkalies and Chemicals Ltd., Gujarat State Fertilizers and Chemicals Ltd. and GSIC as Managing Director at different point of service.

After his retirement from Government Service, Dr. P.K. Das was appointed as the first Chief Information Commissioner of Gujarat State, from where he retired in May, 2006. He is also an independent Director in GSPC Pipavav Power Company from July, 2007. Further he is associated with Centre for Good Governance and policy from March, 2008 at Pandit Deendayal Petroleum University (PDPU), Raisan, Gandhinagar.

Dr. P.K. Das has made various Presentations and delivered lectures on the contemporary subjects at various forums national as well as international. He is prolific writer and has been regular contributor to various journals and magazines and newspapers. Dr. Das has widely travelled both nationally as well as internationally during his various assignments and he is the Life Member of Indian Institute of Public Administration.

Dr. P.K. Das is also a Director in the following Company:

Sr. No.	Name of the Company	Nature of interest
1.	GSPC Pipavav Power Company Ltd.	Director

Dr. P.K. Das, IAS (Retd.) also holds Membership/ Chairmanship in committees as shown below.

Sr. No.	Name of the Company	Name of the Committee	Position held
1.	Gujarat Industries Power Company Ltd.	Audit Committee	Member
2.	Gujarat Industries Power Company Ltd.	Project Committee	Member
3.	Gujarat Industries Power Company Ltd.	Personnel Committee	Chairman
4.	GSPC Pipavav Power Company Ltd.	Audit Committee	Chairman
5.	GSPC Pipavav Power Company Ltd.	Recruitment Committee	Chairman

Item No. 03 (Brief Resume of Shri Guruprasad Mohapatra, IAS):

Shri Guruprasad Mohapatra, IAS was appointed as an Additional Director on 10th January, 2007. His brief resume reads as –

Shri Guruprasad Mohapatra, IAS is M.A. in Political Science and M. Phil in Diplomacy (International Relation) and M.B.A. and is a senior Officer of Indian Administration Service (IAS) of 1986 batch.

He has a long stint in development and regulatory administration as District Development Officer of Surendranagar, as Collector and District Magistrate of Junagadh and Rajkot, as Municipal Commissioner of Surat, as Special Commissioner (Enforcement) in Sales Tax Department. He has also worked as Member (Administration) in Erstwhile Gujarat Electricity Board, GEB, (presently Gujarat Urja Vikas Nigam Ltd.), as Managing Director of Gujarat State Electricity Corporation Ltd. and as Commissioner of Transport, Government of Gujarat. Presently, he is the Chairman of Uttar Gujarat Vij Company Ltd. and Managing Director in Gujarat Alkalies and Chemicals Ltd (GACL). He also holds Directorships in various Corporations promoted by M/ S GACL.

Shri Guruprasad Mohapatra, IAS is also a Director in the following Company:

Sr.	Name of the Company	Nature of Interest
1.	Uttar Gujarat Vij Company Ltd. (UGVCL)	Chairman
2.	Paschim Gujarat vij Company Ltd. (PGVCL)	Director
3.	Gujarat Alkalies and Chemicals Ltd. (GACL)	Managing Director
4.	Gujarat Guardian Ltd.	Nominee of GACL
5.	Gujarat Alumina And Bauxite Ltd.	Nominee of GACL
6.	Gujarat Chemical Port Terminal Co. Ltd.	Nominee of GACL
7.	Bhavnagar Energy Co. Ltd.	Nominee of GACL
8.	Dow – GACL Solventure Ltd.	Director

Shri Guruprasad Mohapatra, IAS also holds Membership/ Chairmanship of the various Committees as shown below:



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Sr. No.	Name of the Company	Name of the Committee	Position held
1.	Gujarat Alkalies and Chemicals Ltd. (GACL)	Shares/Debentures Transfers and Investors' Grievances Committee	Member
2.	Gujarat Alkalies and Chemicals Ltd. (GACL)	Project Committee	Member
3.	Gujarat Alkalies and Chemicals Ltd. (GACL)	Personnel Committee	Member
4.	Uttar Gujarat Vij Company Ltd. (UGVCL)	Purchase Committee	Chairman
5.	Paschim Gujarat Vij Company Ltd.(PGVCL)	Procurement Committee	Member
6.	Gujarat Industries Power Company Ltd.	Shares/Debentures Transfers and Investors' Grievances Committee	Member
7.	Gujarat Industries Power Company Ltd.	Personnel Committee	Member
8.	Gujarat Industries Power Company Ltd.	Project Committee	Member
9.	Bhavnagar Energy Co. Ltd.	Personnel Committee	Member
10.	Bhavnagar Energy Co. Ltd.	Project Committee	Member

ITEM No. 6

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 and he will 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. i.e. upto the date of ensuing 23rd Annual General Meeting.

The brief resume of Shri H. V. Patel, IAS reads thus:- 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. 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. 6 appointing Shri H.V. Patel, IAS as Director of the Company as an Ordinary Resolution.

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



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ITEM No. 7

The Energy & Petrochemical Department, Government of Gujarat issued various Notifications and Resolutions under the Gujarat Electricity Industry (Re-organization and Regulation) Act, 2003, by virtue of same the erstwhile Gujarat Electricity Board (GEB) ceased to be in existence on 31st March, 2005. Gujarat Urja Vikas Nigam Ltd. a Government Company u/s 617 was formed in December, 2004. Consequently effective 1st April, 2005 all residual assets and liabilities of GEB after re-vesting to its Subsidiary Companies were entrusted to Gujarat Urja Vikas Nigam Ltd. (GUVNL).

Since the Articles of Association of the Company still quotes the name of the Gujarat Electricity Board (GEB) in Article 2 (g) under the head Interpretation and Article 13 empowering to nominate one Director on the Board of Directors of the Company, the words "Gujarat Electricity Board (GEB)" requires to be replaced by "Gujarat Urja Vikas Nigam Ltd (GUVNL)", a Government Company u/s 617 of the Companies Act, 1956 as stated above. A new Article 2 (m) is proposed to be inserted. This requires the amendment in the Articles of Association at General Meeting of Members.

The Company was incorporated in the year 1985 and the Memorandum and Articles of Association were prepared at that time accordingly. In the Articles of Association of the Company an Article relating to the indemnity and responsibilities of Directors and Officers of the Company needs to be inserted. The Company under the applicable provisions of the Companies Act, 1956 may indemnify all costs, losses and expenses incurred by any Director, Manager, Auditor, Secretary or Other officer or employee of the Company while defending himself/herself in any civil or criminal proceedings arising in discharge of bonafide official duties and where he/she is acquitted thereof. Therefore, it is proposed to insert a new Article as Article No. 28 in the Articles of Associations of the Company.

Your directors recommend the amendment of Articles of Association of the Company as proposed in the Resolution at Item No. 7 as Ordinary Resolution.

None of the directors is in any manner interested or concerned in the said resolution.

ITEM No. 8

The services of Shri L. Chuaungo, IAS were placed at the disposal of Energy & Petrochemicals Department (E&PD) vide Government of Gujarat (GOG), General Administration Department (GAD) Notification No. AIS/35.2003/10/G dated 28th April, 2003.

The Energy & Petrochemicals Department's vide its Resolution No. GIP-15-2003-3054-K dated 25th June, 2003, the Government of Gujarat deputed Shri L. Chuaungo, as Managing Director of the Company and also prescribed the terms and conditions of his Foreign Service as Managing Director of Gujarat Industries Power Company Limited.

The Board of Directors of the Company vide its Resolution No. 2583 dated 24th June, 2003 appointed Shri L. Chuaungo, IAS as Managing Director for a period from 1st May, 2003 to 30th April, 2005 by approving his appointment with the terms and conditions as the Managing Director.

The said appointment was also approved by Members of the Company at the 18th Annual General Meeting held on 27th September, 2003 pursuant to the provisions of Section 198, 269 & 309 read with Schedule XIII of The Companies Act, 1956 read with Article 17 of the Articles of Association of the Company.

Thereafter, General Administration Department (GAD), Government of Gujarat vide its Notification continued the services of Shri L. Chuaungo, IAS as Managing Director of the Company holding additional charge as the Managing Director of the Company till further orders. Thus the term of appointment of Shri L. Chuaungo, which would have otherwise expired on 30/04/2005 was effectively extended till further orders by Government of Gujarat.

Although the term of appointment of Shri L. Chuaungo has been extended until further orders by Government of Gujarat, however the applicable provisions of Companies Act, 1956 stipulates fixed period of appointment for Managing Director of a Company and in due compliance of the Companies Act, 1956 provisions stated as aforesaid, it is required to ratify / approve the extension of appointment of Shri L. Chuaungo, IAS, presently holding additional charge as Managing Director, for a period of five years w.e.f. 1st May, 2005 till further orders of Government of Gujarat, whichever is earlier, and hence the Board of Directors of the Company have recommended this resolution for approval of the members.

Further this being an additional charge as the Managing Director, in addition to his functioning as the Managing Director of Gujarat Urja Vikas Nigam Ltd., a wholly owned Government Company u/s 617 of the Companies Act, 1956, as abundant precaution and in due compliance of Section 316 of the Companies Act, 1956, a specific notice for extension/ re-appointment of his term for the period from 1st May, 2005 for a period of five years or till further orders of Government of Gujarat, whichever is earlier, was circulated and unanimous resolution was also passed by the Board of Directors for his aforesaid extension as the



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Managing Director of the Company by approval / ratification thereof, subject to the approval of the Members of the Company in the ensuing 23rd Annual General Meeting (AGM).

It is, therefore, proposed to ratify/ approve the extension of appointment of Shri L. Chuaungo, IAS, holding additional charge as Managing Director of the Company w.e.f. 1st May, 2005 for a further period of five years or until further orders of Government of Gujarat, whichever is earlier.

The brief Resume of Shri L. Chuaungo, IAS is thus – He is an Arts Graduate and IAS Officer of the 1987 batch. He has worked with various departments of the State and the Central Government and before he took over as the Managing Director of the Company he was the Collector – Valsad, Gujarat State. The total experience of Shri L. Chuaungo, IAS is more than 20 years. He is also functioning as the Managing Director of Gujarat Urja Vikas Nigam Ltd. (GUVNL), a Wholly Owned Government Company u/s 617 of the Companies Act, 1956.

Your Directors recommend the extension of appointment of Shri L. Chuaungo, IAS, as Managing Director, as proposed in the Resolution at Item No. 8 as Ordinary Resolution.

None of the Directors except Shri L. Chuaungo, IAS is in any way interested or concerned in the said Resolution.

ITEM No. 9 and 10

In order to undertake activities relating for the Socio-Economic Development, upliftment of public / people at large and for their welfare by rendering social and economic responsibility, it is proposed to take steps and actions to realize its Corporate Social Responsibility (CSR) objectives by contributing and donating to any charitable, benevolent, public or general and other funds, and to any non-profit making organization, Society and Association or Institution formed for the purpose which may or may not be directly relating to the business of the Company or for the welfare of its employees as mentioned in Sub-Clauses 28 and 29 of Clause III (B) and Sub-Clauses 64 and 65 of Clause III (C) of Memorandum of Association of the Company. This requires approval of the Members under section 149 (2A) of the Companies Act, 1956.

Being a conscientious Corporate Body, your Company has been regularly and actively involved in the Socio-Economic Development and welfare of the people living around the Power Plants and Mines through its Trust/s formed both at Vadodara and at Surat Lignite Power Plants (SLPP) thereby contributing / donating in every financial years as budgeted after evaluation of Socio-Economic objects of the development activities / projects to be undertaken thereat. The Company has also been considering occasionally

proposals for contribution by donating / promoting / sponsoring the activities undertaken by some of the Institutions / Non Profit making Organizations in the field of literature, lectures and seminars, sports, culture etc. likely to advance these objects.

The Government of Gujarat (GOG) has, with the objective of integration of the Corporate Social Responsibility (CSR) efforts of the Boards, Corporations, Companies, Societies etc. and to channelise their contributions towards achieving the socio economic objectives and to implement the schemes for the upliftment of individuals belonging to the economically weaker sections of the Society along with the overall development and progress of the State and for betterment and well being of people, established “Gujarat Socio-Economic Development Society” - (GSEDS) as an autonomous body under the provisions of the Societies Registration Act and Bombay Public Trusts Act, 1950.

The Government of Gujarat vide letter dated 28th February, 2008 and communications dated 9th May, 2008, 18th June, 2008 and 22nd July, 2008 requested the Company to contribute an amount of 30% of the Profit Before Tax to the Society by cheque.

It is, therefore, proposed to contribute a sum not exceeding Rs 5000 lacs which is in excess of the limits prescribed under Section 293(1)(e) of the Companies Act, 1956 and for the purpose, consent of the Members is being sought by the Board of Directors of the Company authorizing them to contribute upto a total sum not exceeding Rs 5000 Lacs in the Financial Year 2008-09 to any Body and/or Society (including GSEDS) in one or more installments as may be considered fit and proper by the Board of Directors, notwithstanding the fact that the said amount may exceed 5% of the Company's average net profits, as determined in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956 during three financial years immediately preceding the Financial Year 2008-09.

Accordingly, your Directors recommend the passing of these Resolutions at Item No. 9 and 10 of the Notice placed for your approval.

None of the Directors is concerned and 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: 23rd July, 2008

sd/-
C.H. Patni
Company Secretary



Gujarat Industries Power Company Limited

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 and final dividend F.Y. 2006-2007 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:-

S.R. 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

Members are requested to lodge their claims, if any, with the Company in order to enable us to send the necessary payment. 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 said fund.



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DIRECTORS' REPORT

To,
The Members

Your Directors are pleased to present the Twenty-Third Annual Report together with Audited Statement of Accounts of your Company for the Financial Year ended 31st March, 2008:

(A) Financial Results

(Rs. in Lacs)

	2007-08	2006-07
1. Net Sales	93555	79558
2. Other Receipts	2660	8721
3. Total Expenditure	68227	55851
4. Gross Profit : (1+2-3) (before deducting any of the following)	27988	32428
(a) Interest	5132	5118
(b) Depreciation	8831	8985
(c) Loan Resetting Premium	0	72
(d) Impairment of Assets	0	102
(e) Provision for Deferred Tax	308	(3249)
(f) Provision for Current Income Tax	2715	3070
(g) Fringe Benefit Tax	52	38
(h) Tax adjustment of earlier years	721	0
5. Net Profit :	10229	18292
Add : Balance brought forward from Previous Year	20627	13262
Add : Transfer from Capital Redemption Reserve	0	4044
	<u>30856</u>	<u>35598</u>
6. Less: Appropriations :		
(i) General Reserve	5000	6000
(ii) Expansion Reserve	10000	5500
(iii) Dividend On Equity Shares (including Dividend Tax)		
• Interim Dividend	0	2586
• Proposed Dividend	4424	885
(iv) Carried to Balance Sheet	11432	20627
TOTAL	<u>30856</u>	<u>35598</u>

(B) Dividend

Your Directors are happy to recommend payment of Final Dividend for the year ending 31st March, 2008 @ 25 % i.e. Rs.2.50 per Share on the 15,12,51,188 Equity Shares. The net outgo on account of Final Dividend shall be Rs.4424 Lacs including Corporate Dividend Tax. The Dividend 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 Tuesday, 9th September, 2008.

(C) Operations :

➤ STATION – I (145 MW CCPP) :

The Station during the year under review generated 1139.00 Million Units at a Plant Load Factor (PLF) of 89.45% (highest PLF achieved since commissioning of this Power Station) as compared to 1109.70 Million Units at a PLF of 87.36% in the preceding year. Your Directors are pleased to inform that the PLF achieved was higher than that of previous year.

The scheduled maintenance of the Station was successfully carried out during the financial year under review. The availability factor has been maintained at 97.50% during the Financial Year under review.

➤ STATION – II (162 MW CCPP) :

During the year under review the Station generated 1126 Million Units at a PLF of 79.71% as compared to 1043.81 Million Units at a PLF of 74.47% (160 MW) in the preceding year. The Station has undergone scheduled major overhaul during the financial year under review. The Station has operated on Gas during the year under review with the availability factor of 94.25%.

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, 1.25 MMSCMD is tied up with GAIL (India) Ltd. and GSPC – Niko on firm basis. In addition to these quantities your Company has also arranged for additional quantities of RLNG from GSPC for supply from Shell Hazira on fall back basis.

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 Heat Recovery Steam Generator (HRSG) has been successfully implemented.

Safety Performance :

Your Directors are happy to inform that your Company has achieved a decade of accident free operation as on 23rd July, 2008 at Vadodara Plant. Constant efforts are made to maintain accident free operations at all the locations.



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SURAT LIGNITE POWER PLANT (SLPP):

Station has achieved a Plant Load Factor (PLF) of 85.54% with Generation of 1878.54 Million Units, the highest ever since commissioning of this Station, during the year under review.

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 very good and total requirements of Lignite and Limestone were met from our captive Vastan Mines. Total Quantity of Lignite mined during the year was 17.29 Lakh MT. Smooth operations in Mining Division helped the Surat Lignite Power Plant to achieve the highest ever generation during the year 2007-08.

> NATIONAL SAFETY AWARDS (MINES)

Your Directors are pleased to inform that your Company's SLPP Mining Division has won the National Safety Award (Mines) instituted by the Ministry of Labour and Employment, Government of India for two consecutive contest years 2004 and 2005, for "Lowest Injury Frequency Rate" in the category of mechanized open cast Coal Mines. The above award was received at the hands of Her Excellency Smt. Pratibha Devisingh Patil, Hon'ble President of India at a function held on 6th May, 2008 at Vigyan Bhavan, New Delhi.

Expansion Plans:

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

Your Directors are pleased to inform that your Company is implementing 2 x 125 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 (No 3 & 4) but will also supplement supply of lignite to units no 1 & 2 as well.

Your Company has awarded the Engineering, Procurement and Construction (EPC) Contract for Expansion Project to BHEL at a cost of Rs. 1199.50 Crores. 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 outside the scope of EPC contract will be approximately Rs. 1635 Crores.

The site construction activities for Boiler, ESP, Turbine, Chimney, Cooling Tower, Raw water reservoir, Lignite handling system, Ash handling system and other Balance of Plant area have been going on in full swing. 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. The Boiler drum for both the units will be lifted in month of Aug-2008 & Nov-2008 respectively. The Boiler pressure parts erection work for Unit-3 is in full swing and Unit-4 pressure parts erection work is under progress. About 20628 MT (77.11%) of structural steel of Boiler & ESP area received. Unit-3 & 4 Turbine-Generator raft & Deck casting work has been completed. TG Building structure erection work for Unit-3 is under completion and TG Building floor civil work is under progress. The agencies for all Balance of Plant packages have been finalized and work is under progress.

The switchyard civil work completed and erection work is under progress. Chimney RCC shell work completed and Structural work is under progress. Cooling tower RCC footings concreting work completed for Unit-3 and subsequent civil activities are under progress. The estimated Overall Progress of the Project is about 53.0%. The total Fund Utilized up to 30th April, 2008 is Rs. 762.44 Crore. The project is expected to start commercial operation in the first half of 2009.

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

Your Directors are pleased to inform that your Company is also in process of developing SLPP Station-II 2 x 250MW + 20% Project including development of a captive 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. NEERI, Nagpur has been appointed as Consultant for Rapid EIA, EMP studies / report. M/s. TCE consulting engineers, Bangalore has been appointed as consultant for preparation of DPR & Basic and detailed design, engineering work, finalization of contractors for different packages & Construction Supervision.

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

Your Directors are pleased to inform that entire debt portion aggregating to Rs.1225.00 Crores for the project at competitive interest rates has been tied up and thus the financial closure for the project has been 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. 275.00 Crores through follow on public issue of equity and the balance equity requirements of about Rs 135.00 Crores will be met from internal resources.

> 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 ISO:18001:1999 certification for Quality Management System (QMS) and Environment Management System (EMS)



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and Occupational Health and Safety Assessment Series (OHSAS) for its Power Stations at Vadodara and SLPP from M/s TUV India Ltd.

(E) Secured Term Loans :

During the year, the Company repaid a sum of Rs.156 Crores 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. 11.21 lacs relating to 78 depositors was due but not claimed by the depositors for repayment as on 31st March, 2008.

(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 68.32% 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, loss of profit due to fire and machinery breakdown.

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 Man Mohan Srivastava, IAS, Principal Secretary, Energy and Petrochemical Department, Government of Gujarat has been appointed effective 10th June, 2008 as the Non-Rotational Director and also as the Chairman by the Government vide its Resolution dated 9th June, 2008 vice Smt. Vijaylaxmi Joshi, IAS.

Dr. P.K. Das, IAS (Retd.), Director of the Company retires by rotation and being eligible offers himself for reappointment.

Shri Guruprasad Mohapatra, IAS, Director of the Company retires by rotation and being eligible offers himself for reappointment.

Shri H. V. Patel, IAS has been nominated by Gujarat State Fertilizer and Chemical Ltd.(GSFC) as Director of the Company vice Shri P.K. Taneja, IAS.

Your Directors place on record their deep appreciation for the vision and leadership provided by Smt. V.L.Joshi, IAS during her tenure as Chairperson of your Company. Your Directors also place on record the valuable contributions made by Shri P.K.Taneja, IAS during his tenure as Director of the Company. The appropriate resolutions for appointment / reappointment of Directors are being placed before the members 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 2007-08, 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.

(N) Environmental Protection :

The Company recognises Environment Management as an integral function of the operation. Towards this end the



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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 GIPCL has open cast mine to feed lignite to its Power Plant, 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

Energy Management Cell has been established under the leadership of Energy Managers and it is in operation. The Company will take up Energy Audit programme in the current year to comply with statutory requirement.

(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 :-

- The Company has carried out major Plant modifications, like putting baffle plates at chimney end in HRSG reducing heat loss going to atmosphere through exhaust, putting sleeves on part of super heater tubes reducing system energy consumption and other steam losses in our Station -II @ 3.90% (5oC), to achieve better efficiency and energy conservation.
- Subsequent to discontinuation of Naphtha firing In GT-4, the unused rotary equipment of Naphtha firing were removed, saving in energy consumption of the machine.

At SLPP :-

- Anti corrosion epoxy paint applied on condenser water box resulting in life extension of water box.
- Installation of sonic soot blowers resulted in saving in steam consumption and more heat transfer in APH.
- Providing additional turns in secondary winding of lighting transformer to reduce the voltage thereby reducing the energy consumption. This would also enhance the life of ballast & lamps.

(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 19 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:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- 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 judgement 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, 2008 and of the profit for the year ended on that date.
- 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.
- 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 assistance received from the Government of Gujarat, Participating Units, Government of India, BHEL, Industrial Development Bank of India 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

sd/-

Date : 10th June, 2008
Place : Gandhinagar

M. M. Srivastava, IAS
Chairman



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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 two years back, 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 parallaly 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 if Vastan proves to be appropriate Site on pilot studies, this can become a vast alternative source of Syn-gas from unminable lignite reserves in the area benefiting the State, Country and the Nation at large.

3. Future plan of action

After carrying out Pilot Trial very soon, integrated process type commercially viable Project and useful end use will be put up under a Joint Venture of GIPCL – ONGC.

4. Capital Expenditure

Uptill now Rs. 5.93 lacs of expenditure has already been made and upto the Pilot Trial results an expenditure of Rs. 17 lacs is anticipated.

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) 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.
- ii) Efforts are put to optimize the gas utilization for efficient performance of gas turbine by installation of five channels ON- LINE-CHROMETOGRAPH & APEX SOFTWARE.



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- i) Major energy conservation and efficiency improvement measures taken up by way of following modifications.
 - a) Installation of single Vapor Absorption Unit replacing 30 Windows AC / Split Air Conditioners.
 - b) Installation of Wind Operated Turbo ventilator Fans replacing Electrically Operated Fans.
 - c) Installation of Raw Water Pump for Optimizing water consumption and with lower pumping capacity and running time reduction.
 - d) Installation of upgraded computer with T.F.T. monitors replacing old computers.
- ii) ESP duct MEJ conversion to NMEJ to reduce maintenance time.
- iii) Certification under ISO 9001:2000, ISO:14001:2004 & ISO:18001:1999 reviewed by M/s TUV.
- iv) 100% utilization of fly ash generated from SLPP for construction of mines roads, brick manufacturing and for back filling of lignite mines.
- v) Turbine trip on BPS 1 achieved logic is made 2 out of 3 instead of previous 1 but of 2 for better discrimination and reliability.
- vi) Bed Lance SGC logic modified.
- vii) Seal Pot and FBHE blowers' auto changeover logic modified.
- viii) Indigenising the imported components.

1. Benefits derived as a result ...

- i. To maintain uninterrupted power supply to vital control systems for equipment safety in case of Grid/ Power failure.
- ii. 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.
- iii. Energy saving measures shall result in saving of @2.36 lakh units per annum.
- iv. Due to highly acidic flue gas, ESP duct MEJ was getting corroded. By replacing it with corrosion resistant NMEJ, life extension and reduction in maintenance is expected.
- v. Implementation ISO:9001:2000 on Quality Management System has helped in bettering our operations by adherence to systems and procedures. Implementation of ISO:14001:2004 and ISO:18001:1999 on EOHS Management System ensured GIPCL and Interested Parties for having safer working environment and better pollution abatement.
- vi. Use of fly ash for construction of mines roads reduced costs and enabled use of the roads during monsoon. Our ash is being used for brick manufacturing by outside parties and also by DEEP. Bricks manufactured by DEEP are extensively used for our ongoing project requirement. e are using ash for void filling in mines also.



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- vii. By providing Turbine trip on BPS 1 activated logic 2out of 3 instead of previous 1 out of 2, reliability of the system increased.
- viii. Bed Lance SGC logic modified to reduce downtime while start up and plant emergency condition when both lignite conveyors are not available.
- ix. On tripping of standby blower which is in operation, main blower was not coming in auto operation. By modifying the logic now auto change over of seal pot blower/FBHE blowers is possible without operator intervention. This also resulted in more redundancy in system and equal operating life of blowers.
- x. We have indigenized several spares and components originally imported viz., lignite conveyor chains, blower lobes, lignite rotary airlock feeder components, thereby mitigating the risk of availability with substantial reduction in cost.

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 are from 'Denial' Germany, which is a well-known Company in Gas Measurement.
- vii) Upgraded DCS from TATA Honey Well.



Gujarat Industries Power Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS REPORT 07-08

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 15.2% between April, 2007 and January, 2008 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 1,41,080 MW at the end of 31st January, 2008 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 State has declined from 82.5% in 1979 to 53% in January, 2008 whereas there has been increase in the share of the Central Sector from 12% to 34% during the same period. The share of private Sector has also gone up from 5.2% to 13%.

11TH PLAN – NEW VISION FOR POWER

As against the generation capacity addition of 56,722 MW in the 8th, 9th and 10th Plan, a capacity addition Programme of 78,577 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, 577 MW comprises of 39,865 MW (50.7%) in the Central Sector, 27952 MW (35.5%) in the State Sector and 10,760 MW (13.8%) in the Private Sector as has been proposed during the 11th Plan.

Projects of 7683 MW i.e about 9.77% out of 78,577 MW have been commissioned and 51,940 MW i.e. about 66.1% 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.

It is construed that amongst the Fuel Mix coal seems to be 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 : Electrical India -March, 2008)

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 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 10,000 MW. 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 deration of Unit V and VI of Dhuvaran Stage I of GSECL)



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MANAGEMENT DISCUSSION AND ANALYSIS REPORT 07 – 08 (Contd.)

Particulars	Installed Capacity (MW)
Share in Central Sector Stations	2575
State Projects GSECL	4766
Independent Power Producers (IPPs)	2636
Total	9977

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 Trading Utility, 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 reduction of power theft.

The efforts of the Govt. of Gujarat has yielded results & 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 very 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 full backing from the Govt. of Gujarat (GOG) even though the direct equity holding of Govt. is not very large. 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.
- ☞ Prime concern for environment protection and improvement.
- ☞ Exploring the avenues in consultancy in O&M of gas based and CFBC based thermal power plants.
- ☞ Exploring the avenues and Diversification into the area of distribution

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. The Integrated 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



Gujarat Industries Power Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS REPORT 07 – 08 (Contd.)

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. It also includes potential of 23,700 MW assessed by the end of XIth Plan covering thrust areas such as Industry specific task force, notifying more industries as designated consumers, conduct of energy audit amongst notified designated consumers, recording and publication of best practices sector wise, developing energy consumption norms and monitoring of compliance with mandated provision by designated consumers.

➤ NATIONAL KEY POWER STATISTICS :

⇒ POWER GENERATION :

The overall generation in the country has increased from 531.40 Billion Units (BUs) during 2002-03 to 704.45 BUs during 2007-08. The overall generation (Thermal + Nuclear + Hydro) in public utilities in the country over the years are as under:

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

The generation during the F.Y. 2007-08 has been 704.45 Billion Units at an average Plant Load Factor of 78.6%.

- 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].

➤ 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.

Indian Energy Exchange (IEX)

Indian energy Exchange (IEX) is India's first ever nationwide, automated and online electricity trading platform. IEX



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received approval from the Central Electricity Regulatory Commission on 31st August, 2007 for establishing the Power Exchange. The exchange will be demutualized and offer complete neutrality and transparency in transactions. Establishment of power Exchanges is a tangible result and IEX places the Indian power market on par with the most sophisticated in the world. It is felt that the strong, dynamic and transparent price signal from the exchange will encourage market participants to use the mechanism to produce, consume and sell power specifically for the short term. It may also result in better capacity utilization of various power plants. The benefits of power market have been amplified by the Foreign countries. Similarly the expectation is that Indian market will also witness similar advantages of encouraging more generation and transparent pricing to the advantage of consumers through IEX. (Source: Enertia, February, 2008)

➤ 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, Distt 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



Gujarat Industries Power Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS REPORT 07 – 08

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, 2008 increased to Rs. 962.14 Crores compared to Rs. 882.79 Crores in the previous year. The total income includes earnings from sale of electrical energy at Rs. 935.55 Crores as compared to Rs. 795.58 Crores recorded last year.

Operating profit (PBDIT) decreased to Rs. 279.87 Crores during the year from Rs. 324.28 Crores in the previous year, since sales of previous year includes Rs. 34.04 Crores of Income Tax claim and two part tariff formula.

The fuel cost increased from Rs. 418.07 Crores to Rs. 595.70 Crores on account of increase in the gas price and higher generation.

Interest expenditure has reduced to Rs.51.32 Crores as compared to Rs. 51.90 Crores.

The 162 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 162 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 19.36% of profit.

The Corporate Tax Liability for the year was Rs.27.15 Crores compared to Rs.30.70 Crores in the previous year. Rs 7.17 Crores has been provided towards Minimum Alternate Tax (MAT) in view of retrospective amendment in Income Tax Act, 1961.

The net profit of Rs.102.29 Crores has been arrived at after taking into considering deferred tax liability amounting to Rs.3.08 Crores and tax adjustment of earlier year amounting to Rs 7.21 Crores.

The total dividend pay out for the year at 25% dividend rate is Rs.44.24 Crores including dividend tax.

Capital expenditure during the year was Rs. 502.33 Crores mainly on account of expenditure incurred on 250 MW expansion project at SLPP, Surat.

Total gross assets increased during the year to Rs. 3216.30 Crores as compared to Rs. 2840.36 Crores in the previous year.

As on 31st March 2008, the net worth of the Company stood at Rs 1124.23 Crores.

➤ 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 of Directors

Sd/-

Date : 10th June, 2008
Place : Gandhinagar

M.M. Srivastava, IAS
Chairman



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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 Members' 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 enhancement of the members' 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.

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 are 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 are 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 :

The Board of Directors of the Company have 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.

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.



Gujarat Industries Power Company Limited

REPORT ON CORPORATE GOVERNANCE (Contd.)

The declarations with regard to the compliance to the Code of Conduct have been received for the Financial Year 2007-2008. 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.

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

Directors as on 31/03/2008 :

Sr.	Name of Directors & Qualifications	Category (Designation)	*No. of Board Mtgs. Held during FY 2007-08.	No. of Meetings attended	No. of Membership on the Board of other Companies	Whether attended last AGM dt.29/09/07
1	**Smt. V L Joshi, IAS B.A.(Eng., Geography, Physics & SCO), M.A. (Psychology) (Nominated by Govt. of Gujarat)	Chairperson (Non Executive)	05	04	13	NO
2	***Shri P K Taneja, IAS BE (E & C) (Nominated by Gujarat State Fertilizers & Chemicals Ltd.)	Director (Non Executive)	05	05	11	YES
3	Shri A K Joti, IAS M.Sc. (Chemistry) - (Nominated by Govt. of Gujarat)	Director (Non Executive)	05	00	10	NO
4	Shri A Khandual M.A. (Economics) MFM, CAIIB	IDBI –Nominee Director (Independent)	05	04	01	YES
5	Prof. Shekhar Chaudhuri, M.E. (IIT – Kharagpur)	Director (Independent)	05	00	03	NO
6	Prof. Kirankumar Joshi B.Com., M.A., Phd.	Director (Independent)	05	05	01	YES
7	Dr.P.K.Das (IAS-Retd.) M.A., LLB., MPA, Phd.	Director (Independent)	05	05	02	YES
8	Shri G P Mohapatra, IAS (Nominated by Gujarat Alkalies & Chemicals Ltd.)	Director (Non Executive)	03	03	07	NO
9	Shri P.H. Rana (Nominated by Gujarat Urja Vikas Nigam Ltd.)	Director (Non Executive)	05*	05	06	YES
10	Shri L. Chuaungo, IAS B.A.	Managing Director (Executive)	05	05	12	YES

* No. of Meetings held since date of appointment.

** Smt. V.L. Joshi, IAS, ceased as Chairperson w.e.f. 13.05.2008 consequent upon her transfer by Govt. of Gujarat. Shri M.M. Srivastava, IAS has been appointed by Government of Gujarat w.e.f. 10th June, 2008 in her place.

*** Shri P.K. Taneja, IAS, ceased as Director w.e.f. 13.05.2008 consequent upon withdrawal of his nomination by M/s Gujarat State Fertilizers and Chemicals Ltd. (GSFC). Shri H. V. Patel, IAS has been nominated by Gujarat State Fertilizers and Chemicals Ltd. (GSFC) in his place w.e.f. 13th May, 2008.



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REPORT ON CORPORATE GOVERNANCE (Contd.)

- None of the Directors hold any shares in the Company.
- Directors ceased to be so during F.Y. 2007-08 : **None**
- **BRIEF RESUME OF THE DIRECTORS UNDER APPOINTMENT / RE-APPOINTMENT :**

In respect of the resumes of Dr. P K Das, IAS (Retd.), Shri G P Mohapatra, IAS and Shri H. V. Patel, IAS, it is requested to refer to the explanatory statement annexed to the notice convening the 23rd Annual General Meeting of the Company, which forms part of this Annual Report.

The brief resume of Shri M. M. Srivastava, IAS, the Chairman of the Company appointed by the Government of Gujarat is as shown below:-

Shri M. M. Srivastava, IAS (Chairman of the Company) was appointed as Director vice Smt. Vijaylaxmi Joshi, IAS by Government of Gujarat, w.e.f. 10th June, 2008.

The brief resume of Shri M.M. Srivastava, IAS reads thus, he is aged about 56 years, and a Senior IAS Officer of 1978 batch. Shri M.M. Srivastava, IAS on the academic front holds Masters Degree in Science and Masters Degree in Business Administration (MBA) having experience of more than 30 years and is presently functioning as Principal Secretary, Energy and Petrochemical Department, Government of Gujarat since May, 2008. Prior to that he has to his credit rich experience of holding key positions in different departments in Govt. of Gujarat and Govt. of India such as Member (Finance), erstwhile Gujarat Electricity Board, Principal Secretary (Expenditure), Finance Department, Government of Gujarat and Commissioner of (Sale Tax) etc. 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 & Managing Director
6.	Gujarat Alkalies and Chemicals Ltd. (GACL)	Director
7.	Gujarat State Fertilizers and Chemicals Ltd. (GSFC)	Director
8.	Gujarat Narmada Valley Fertilizers and Chemicals Ltd. (GNFC)	Director
9.	Gujarat State Petroleum Corporation Ltd	Director
10.	Gujarat State Energy Generation Ltd	Director
11.	Gujarat State Petronet Ltd.	Director
12.	GSPC Gas Company Ltd.	Director
13.	Torrent Power Ltd.	Director
14.	Mahaguj Collieries Ltd.	Director

Shri M.M. Srivastava, 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	Chairman
2.	Gujarat Alkalies and Chemicals Ltd. (GACL)	Project Committee	Chairman
3.	Gujarat Alkalies and Chemicals Ltd. (GACL)	Personnel Committee	Chairman
4.	Gujarat Alkalies and Chemicals Ltd. (GACL)	Shares / Debentures Transfers and Investors' Grievance Committee	Chairman
5.	Gujarat Alkalies and Chemicals Ltd. (GACL)	Audit Committee	Member



Gujarat Industries Power Company Limited

REPORT ON CORPORATE GOVERNANCE (Contd.)

4. BOARD MEETINGS:

➤ MEETINGS OF BOARD OF DIRECTORS HELD DURING F.Y.2007-08:

Sr. No.	Dates of Board meeting
01.	05/05/2007
02.	27/07/2007
03.	29/09/2007
04.	24/10/2007
05.	25/01/2008

➤ 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.	*Smt. V L Joshi, IAS	03	02
02.	**Shri P K Taneja, IAS	02	01
03.	Shri A Khandual	01	01
04.	Prof. Shekhar Chaudhuri	03	00
05.	Prof. Kirankumar Joshi	02	01
06.	Dr. P K Das, IAS (Retd.)	01	00
07.	Shri G P Mohapatra, IAS	03	00
08.	Shri P H Rana	01	00
09.	Shri L. Chuaungo, IAS	05	00

* Smt. V.L. Joshi, IAS ceased as Chairperson w.e.f. 13.05.2008 consequent upon her transfer by Govt. of Gujarat.

** Shri P.K. Taneja, IAS ceased as Director w.e.f. 13.05.2008 consequent upon withdrawal of his nomination by M/s Gujarat State Fertilizers and Chemicals Ltd. (GSFC).

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.



23rd Annual Report 2007-2008

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 functions 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 2007-2008 the Audit Committee met 04 times on 05/05/2007, 27/07/2007, 24/10/2007 & 25/01/2008 respectively. The composition of Committee and attendance details for same are as follows :

Sr.	Name of Director		No. of meetings attended*
1.	Shri A Khandual	IDBI Nominee -Independent Director as Chairman has rich experience in finance, since he belongs to a Developmental Financial Institution.	03
2.	**Shri P K Taneja, IAS	Director	03
3.	Prof. Sekhar Chaudhuri	Independent Director	-
4.	Dr. P K Das, IAS(Retd.)	Independent Director	04
5.	Prof. Kirankumar Joshi	Independent Director	04

* No. of meetings held since / upto date of appointment / cessation as member.

** Shri P.K. Taneja, IAS ceased as Director w.e.f. 13.05.2008 consequent upon withdrawal of his nomination by M/s Gujarat State Fertilizers and Chemicals Ltd. (GSFC).

The Chairman of Audit Committee Shri A Khandual, attended the 22nd Annual General Meeting held on 29/9/2007. The Company Secretary acts Secretary to the Audit Committee.

The meetings of the Committee are also attended to by the 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.

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 2007-2008.

6. REMUNERATION COMMITTEE :

Since the Company does not have any Whole time Director except the Managing Director, whose terms of appointment as to remuneration, perquisites etc. is fixed by the State Government, and the constitution of the Remuneration



Gujarat Industries Power Company Limited

REPORT ON CORPORATE GOVERNANCE (Contd.)

Committee being Non-Mandatory requirement, the said committee is not constituted. The Company during F.Y. 2007-2008, has paid remuneration to MD, Shri L Chuaungo, IAS as per following details.:

Sr.No.	Component of Remuneration	Amount (Rs.)
01.	Salary	—
02.	DA difference for earlier period (April,2004 to October,2004)	7231.00
03.	Furnished Accommodation	96425.00
04.	Free Electricity	56138.00
05.	Car Perquisites	—
06.	LTC	—
07.	Tax on Perquisites	29314.00
08.	Pension contribution	—
09.	Leave Salary	—
	Total Perks (Sr. 2 to 9)	181877.00
	Total Remuneration	189108.00

In case of Non-Executive Directors, Sitting Fees @ Rs.3500/- per meeting and Incidental expenses @ Rs.1500/- per meeting is paid by the 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 P K Taneja, IAS - Non Executive Director - Chairman of the Committee
2. Shri G P Mohapatra, IAS - Non Executive Director
3. Shri L Chuaungo, IAS - Managing Director (Executive Director)

* Shri P.K. Taneja, IAS ceased as Director 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

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.



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REPORT ON CORPORATE GOVERNANCE (Contd.)

During the F.Y. 2007-08, the Company has received a total 246 nos. of Complaints (out of which 7 complaints pertain to F.Y. 2006-07 and were outstanding as on 31.3.2007) and resolved 238 nos. of complaints to the satisfaction of the Members. Of the 8 complaints outstanding as on 31.3.2008 all have been attended to and resolved and as on the date of this report no complaints pertaining to and received during the F.Y. 2007-08 are outstanding.

OTHER COMMITTEES:

PERSONNEL COMMITTEE

The Company also has a Personnel Committee consisting of following Directors to formulate personnel policies, negotiate wage settlement, etc. :

Sr. No.	Name	
1.	*Shri P K Taneja, IAS	Chairman of Committee & Non Executive Director
2.	Dr. P K Das, IAS (Retd.)	Non Executive Director
3.	Prof. Kirankumar Joshi	Non Executive Director
4.	Shri G P Mohapatra, IAS	Non Executive Director
5.	Shri L Chuaungo, IAS	Managing Director(Executive Director)

* Shri P.K. Taneja, IAS ceased as Director w.e.f. 13.05.2008 consequent upon withdrawal of his nomination by M/s Gujarat State Fertilizers and Chemicals Ltd. (GSFC).

No. of Meetings of Personnel Committee held during financial year 2007-08 :

Sr. No.	Dates of Board meeting
01.	21/07/2007
02.	09/10/2007
03.	16/10/2007
04.	05/01/2008
05.	24/03/2008

PROJECT COMMITTEE

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

Sr.	Name		Meetings held on
1.	*Smt. V L Joshi, IAS	Chairperson of the Committee & Non Executive Director	
2.	**Shri P K Taneja, IAS	Non Executive Director	
3.	Dr. P K Das, IAS (Retd.)	Non Executive Director	20/04/2007, 28/09/2007, 23/11/2007, 01/03/2008
4.	Shri G P Mohapatra, IAS	Non Executive Director	
5.	Shri P H Rana	Non Executive Director	
6.	Shri L Chuaungo, IAS	Managing Director (Executive Director)	

* Smt. V.L. Joshi, IAS ceased as Chairperson w.e.f. 13.05.2008 consequent upon her transfer by Govt. of Gujarat.

** Shri P.K. Taneja, IAS ceased as Director w.e.f. 13.05.2008 consequent upon withdrawal of his nomination by M/s Gujarat State Fertilizers and Chemicals Ltd. (GSFC).

PROJECT FINANCE COMMITTEE

In view of the expansion project 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 FY 2007-2008, no meeting of the Committee was held.



Gujarat Industries Power Company Limited

REPORT ON CORPORATE GOVERNANCE (Contd.)

08. GENERAL BODY MEETINGS :

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

Date	Venue	Time	No. of Special Resolutions Passed
30/09/2005	Registered Office at P O Petrochemical – 391 346, District Vadodara	11.00 A.M.	No Special Resolution
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

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

09. 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 will also provide the copies of its financial results to the investors if so requisitioned for without any extra charge, at the same time they are available on the Company's website also and the same can be downloaded from there. The Management Discussion and Analysis Report will form part of the Directors' Report to shareholders.

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
30/06/2007	04/07/2007
30/09/2007	01/10/2007
31/12/2007	07/01/2008
31/03/2008	07/04/2008



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REPORT ON CORPORATE GOVERNANCE (Contd.)

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 MEMBERS:

- ☞ As indicated in the notice convening the 23rd Annual General Meeting, the meeting will be held on **Saturday, the 20th September, 2008 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 **Tuesday, the 9th September, 2008 to Tuesday, the 16th September, 2008** (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 2008-09 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 2007 to March 2008 is given below :

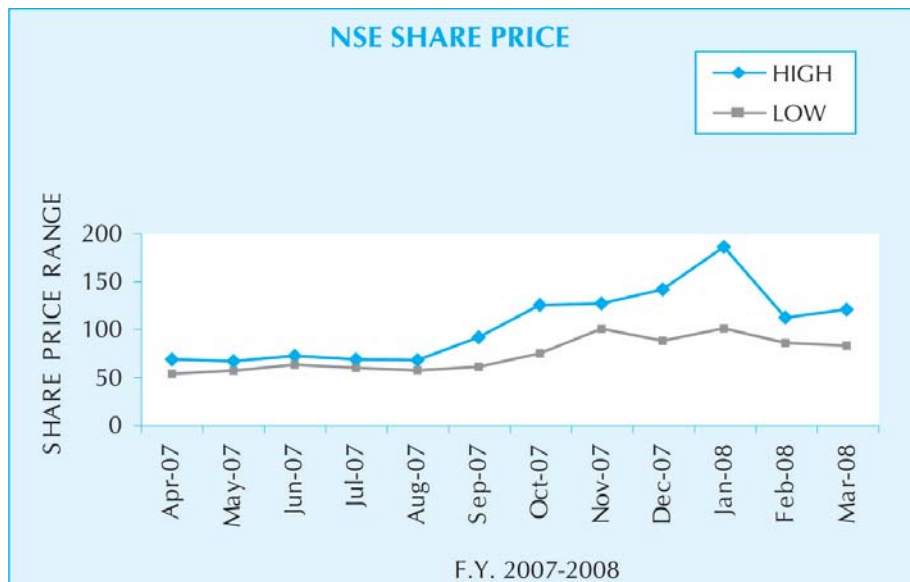
Month & Year	BSE				NSE			
	PRICE (Rs.)		SENSEX		PRICE (Rs.)		NIFTY	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
APRIL 2007	68.80	54.00	14383.72	12425.52	69	53.9	4217.9	3617
MAY 2007	67.00	62.05	14576.37	13554.34	66.9	57	4306.75	4030.55
JUNE 2007	72.40	63.00	14683.36	13946.99	72.5	63.55	4362.95	4100.8
JULY 2007	68.65	58.65	15868.85	14638.88	68.9	60	4647.95	4304.5
AUG. 2007	68.20	57.35	15542.40	13779.88	68.25	57.55	4532.9	4002.2
SEPT. 2007	91.90	61.25	17361.47	15323.05	92	61	5055.8	4445.55
OCT. 2007	125.90	81.60	20238.16	17144.58	125.5	75	5976	5000.95
NOV. 2007	125.50	100.55	20204.21	18182.83	127	100.6	6011.95	5394.35
DEC. 2007	141.40	90.00	20498.11	18886.40	141.6	88.25	6185.4	5676.7
JAN. 2008	184.70	101.45	21206.77	15332.42	185.9	101.2	6357.1	4448.5
FEB. 2008	112.35	86.20	18895.34	16457.74	112.3	86.1	5545.2	4803.6
MAR. 2008	121.00	82.50	17227.56	14677.24	120.9	83	3901.75	4468.55



Gujarat Industries Power Company Limited

REPORT ON CORPORATE GOVERNANCE (Contd.)

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 2007 to March 2008:



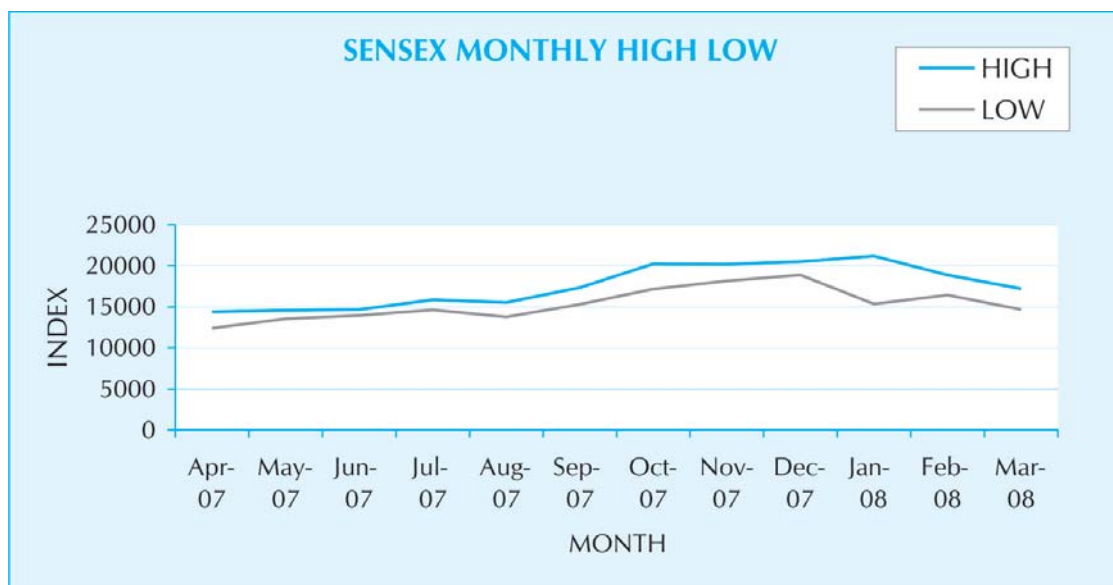
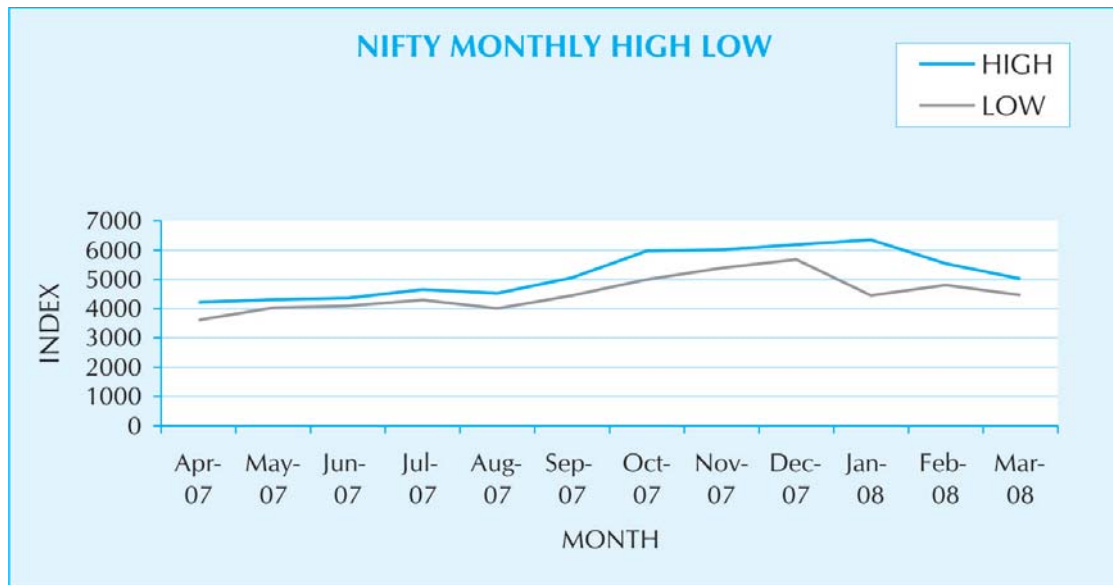
Note : The above graphs represents BSE and NSE Share prices - Monthly High/Low. Series 1 denotes High and Series 2 denotes Low.



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REPORT ON CORPORATE GOVERNANCE (Contd.)

⇒ The Graphical presentation showing the monthly movements of BSE - Sensex and NSE -Nifty during the period from April 2007 to March 2008 is given below :



➤ REGISTRARS & SHARE TRANSFER AGENTS OF THE COMPANY :

W.e.f 1.8.2006, the entire Share Registry operations of the Company, has been shifted from MCS Limited to 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



Gujarat Industries Power Company Limited

REPORT ON CORPORATE GOVERNANCE (Contd.)

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.

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

Distribution of Shareholding

Year	2008 No. of Shares	2007 No. of Shares
Individuals	22966056	28430094
Companies	92375851	91922820
Financial Institutions and Banks	172887	669176
Insurance Companies and LIC	7789473	6813361
Mutual Funds and UTI	9013405	7774730
Foreign Institutional Investors	6433763	3528967
Central & State Govt.	12180767	12105768
Clearing Members	318986	6272
Total	151251188	151251188

Category (No. of Shares) From To	No. of Shareholders	% of Total No. of Shareholders	No. of Shares	% of Total No. of Shares
Upto 5000 Shares	82994	92.5580	12188126	8.0580
5001 – 10000	4235	4.7230	3358829	2.2210
10001 – 20000	1327	1.4800	2033061	1.3440
20001 – 30000	396	0.0442	1025382	0.6780
30001 – 40000	139	0.1550	503636	0.3330
40001 – 50000	166	0.1850	794215	0.5250
50001 – 100000	196	0.2190	1530054	1.0120
100001 and above	214	0.2390	129817885	85.8290
TOTAL	89667	100	151251188	100

☞ 68.00% of the Equity Shares have been Dematerialised as on 31st March, 2008. 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. (CDSL) for the year 2008-2009.



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REPORT ON CORPORATE GOVERNANCE (Contd.)

- The Dividend @ 25% (Rs. 2.50 per share) on Equity Shares 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 23rd Annual General Meeting.
- ☞ The Company's plants are located at the following Places :
 - Vadodara Power Stations: P.O. Petrochemical – 391346, District Vadodara.
 - Surat Lignite Power Plant : At & P O Nani Naroli, Taluka Mangrol, District Surat – 394 110.
- ☞ The members 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
Email: investors@gipcl.com;genbaroda@gipcl.com Website: www.gipcl.com

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 and cash flow statement for the year ended 31st March, 2008 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, 2008 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**

Place: Vadodara
Date : 10th June, 2008

sd/-
S.P. Desai
Chief Finance Officer

sd/-
L Chuaungo, IAS
Managing Director



Gujarat Industries Power Company Limited

DECLARATION

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 2008 as required under Clause 49 of the Listing Agreement.

For Gujarat Industries Power Company Ltd.

sd/-

L. Chuaungo, IAS

Managing Director

Place : Vadodara

Date : 10th June, 2008

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, 2008, 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 2008, 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 : 12th June, 2008

Place : Vadodara

sd/-

S.Samdani

Practising Company Secretary

S. Samdani & Associates

Company Secretaries

CP No. 2863



23rd Annual Report 2007-2008

AUDITOR'S 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, 2008 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, 2008 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, 2008;
 - (ii) in the case of the 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 flows for the year ended on that date.

For **K. C. MEHTA & CO.**
Chartered Accountants
sd/-
Milin Mehta

Place : Vadodara
Date : 10th June, 2008

Partner
(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 sections 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



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ANNEXURE TO THE AUDITORS' REPORT (Contd.)

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, 2008 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 except the following:

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

- 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 a dealer or trader in securities. The Company has invested 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
sd/-

Milin Mehta
Partner

Place : Vadodara
Date : 10th June, 2008

(Membership No. 38665)



Gujarat Industries Power Company Limited

BALANCE SHEET AS AT 31ST MARCH, 2008

			(Rs. in Lacs)
Particulars	Schedule	AS AT 31-03-08	AS AT 31-03-07
SOURCES OF FUNDS :			
Shareholders' Funds :			
Share Capital	1	15125.12	15125.12
Reserves and Surplus	2	98574.61	92769.46
Loan Funds :			
Secured Loans	3	65555.84	54271.79
Unsecured Loans	4	2500.00	0.00
Deferred Tax Liability (Net)		7798.72	7490.48
TOTAL		189554.29	169656.85
APPLICATION OF FUNDS :			
Fixed Assets :			
Gross Block	5	191250.78	190326.02
Less : Depreciation/Impairment		103376.25	94556.41
Net Block		87874.53	95769.61
Capital Work in Progress		72399.58	22166.41
Mines Development Expenditure (To be amortised)	6	10882.52	13474.77
		171156.63	131410.79
Investments	7	14,050.50	26071.80
Current Assets, Loans and Advances :			
Interest Accrued		276.77	682.56
Inventories	8	8369.94	8113.15
Sundry Debtors	9	16712.30	10709.44
Cash and Bank Balances	10	2696.83	6811.46
Loans and Advances	11	4990.35	5680.69
		33046.19	31997.30
Less : Current Liabilities and Provisions :			
Current Liabilities	12	22061.31	16675.21
Provisions	12	7914.05	4424.16
Net Current Assets		3070.83	10897.93
Miscellaneous Expenditure (To the extent not written off or adjusted)		1276.33	1276.33
TOTAL		189554.29	169656.85
Significant Accounting Policies	18		
Notes on Accounts	19		

As per our report of even date attached

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

L. Chuaungo
Managing Director

M. M. Srivastava
Chairman

Milin Mehta
Partner
Membership No. 38665

Place : Gandhinagar
Date : 10th June, 2008

S. P. Desai
Chief Finance Officer

C. H. Patni
Company Secretary

Directors
A. Khandual
Prof. Shekhar Chaudhuri
Dr. P. K. Das
Prof. K. M. Joshi
P. H. Rana
H. V. Patel



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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

Particulars	Schedule	For the Year ended 31-03-08	For the Year ended 31-03-07
(Rs. in Lacs)			
INCOME :			
Sale of Electrical Energy		93554.57	79558.02
Other Income	13	2659.66	8721.05
TOTAL		96214.23	88279.07
EXPENDITURE :			
Generation Expenses	14	64600.67	46621.87
Employees' Cost	15	2363.04	2072.26
Administration and Other Expenses	16	1263.28	7157.29
Interest & Finance Charges	17	5131.51	5118.03
Depreciation		8830.79	8984.66
Resetting Premium paid		0.00	72.18
Impairment of Assets		0.00	102.40
TOTAL		82189.29	70128.69
Profit Before Tax		14024.94	18150.38
Provision for Taxation			
- Current Tax		2715.00	3070.00
- Fringe Benefit Tax		52.06	37.81
- Deferred Tax		308.24	(3249.00)
- Tax adjustment for earlier years		720.58	0.00
Profit After Tax		10229.06	18291.57
Transfer from Capital Redemption Reserve		0.00	4044.12
Balance brought forward from Previous Year		20626.61	13262.75
Balance available for Appropriation		30855.67	35598.44
APPROPRIATIONS :			
General Reserve		5000.00	6000.00
Expansion Reserve		10000.00	5500.00
Interim Dividend		0.00	2268.84
Proposed Dividend on Equity Shares		3781.28	756.26
Corporate Dividend Tax		642.63	446.73
Balance carried to Balance Sheet		11431.76	20626.61
		30855.67	35598.44
Earning Per Share (Basic and Diluted)	Rupees	6.76	12.09
Significant Accounting Policies	18		
Notes on Accounts	19		

As per our report of even date attached

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

L. Chuaungo
Managing Director

M. M. Srivastava
Chairman

Milin Mehta
Partner
Membership No. 38665

Place : Gandhinagar
Date : 10th June, 2008

S. P. Desai
Chief Finance Officer

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H. V. Patel



Gujarat Industries Power Company Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	(Rs. in Lacs)	
	For the Year ended 31-03-08	For the Year ended 31-03-07
A Cash Flow From Operating Activities :		
Net Profit before Taxes and Extraordinary items	14024.94	18150.38
Adjustment for :		
Depreciation	8830.79	8984.66
Impairment of Asset	0.00	102.40
Interest debited to Profit & Loss Account	5131.51	5118.03
Loss on Sale of Assets	0.86	0.00
Profit on Sale of Assets	(0.96)	0.00
Interest Received	(1998.16)	(2499.52)
Dividend	(11.03)	(88.62)
	11953.01	11616.95
Operating Profit Before Working Capital Changes	25977.95	29767.33
Adjustment for :		
Trade Receivables	(6002.86)	219.74
Inventories	(256.79)	488.57
Loans and Advances	(169.27)	367.13
Trade Payables	1715.43	(1343.28)
	(4713.49)	(267.84)
Cash Generated from Operations	21264.46	29499.49
Payment of Direct Taxes	(2968.78)	(4537.55)
Net Cash Flow from Operating Activities (Total - A)	18295.68	24961.94
B Cash Flow from Investing Activities :		
Purchase/Adj. of Fixed Assets	(948.87)	(645.27)
Capital Work in Progress including project creditors	(44315.04)	(13817.70)
Purchase of Investments	(12.40)	0.00
Sale of Fixed Assets	13.26	0.00
Mines Development Expenditure (To be amortised)	2592.25	1316.38
Inter Corporate Deposit	2000.00	4000.00
Sale of Investments	3533.70	0.00
Proceeds from Deposits with bank matured	6500.00	3200.00
Interest Received	2403.95	2337.62
Dividend	11.03	88.62
Net Cash Flow from Investing Activities (Total - B)	(28222.12)	(3520.35)



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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008 *(Contd.)*

	For the Year ended 31-03-08	For the Year ended 31-03-07
(Rs. in Lacs)		
C Cash Flow from Financing Activities :		
Proceeds from Term Borrowings	28400.61	4949.44
Proceeds from other Loans	3458.33	8178.38
Repayment of Term Borrowing	(15625.45)	(16601.61)
Repayment of other loans	(2310.00)	(2398.91)
Share Issue Expenses	0.00	(84.74)
Interest Paid	(6471.73)	(5325.78)
Dividend on Equity Paid	(1511.42)	(3373.53)
Tax on Dividend Paid	(128.53)	(583.36)
Net Cash Flow from Financing Activities (Total - C)	5811.81	(15240.11)
Net Increase In Cash and Cash Equivalents (Total - A+B+C)	(4114.63)	6201.48
Opening Cash and Cash Equivalents	6811.46	609.98
Closing Cash and Cash Equivalents (Refer Schedule 10)	2696.83	6811.46
Note : 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	0.64	1.04
With Scheduled Banks :		
- Current Accounts	196.19	1009.41
- Deposit Accounts	2500.00	5801.01
	2696.19	6810.42
TOTAL	2696.83	6811.46

As per our report of even date attached

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

L. Chuaungo
Managing Director

M. M. Srivastava
Chairman

Milin Mehta
Partner
Membership No. 38665

Place : Gandhinagar
Date : 10th June, 2008

S. P. Desai
Chief Finance Officer

C. H. Patni
Company Secretary

Directors
A. Khandual
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Dr. P. K. Das
Prof. K. M. Joshi
P. H. Rana
H. V. Patel



Gujarat Industries Power Company Limited

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET

		(Rs. in Lacs)	
		As At 31-03-08	As At 31-03-07
SCHEDULE 1 — SHARE CAPITAL			
AUTHORISED			
22,50,00,000	Equity Shares of Rs.10/- each (Previous Year 22,50,00,000 Shares)	22500.00	22500.00
1,61,00,000	Cumulative Redeemable Preference Shares (With dividend not exceeding 15% p.a.) of Rs. 100/- each (Previous Year 1,61,00,000 Shares)	16100.00	16100.00
	TOTAL	<u>38600.00</u>	<u>38600.00</u>
ISSUED, SUBSCRIBED AND PAID UP			
15,12,51,188	Equity Shares of Rs.10/- each fully paid (Previous Year 15,12,51,188 Shares)	15125.12	15125.12
	TOTAL	<u>15125.12</u>	<u>15125.12</u>

Out of the above : 3,80,22,018 Equity Shares of Rs. 10/- each were allotted on conversion of Debentures. (Previous Year 3,80,22,018 Shares)

SCHEDULE 2 — RESERVES AND SURPLUS			
1. Capital Redemption Reserve			
	As per last Balance Sheet	3455.88	7500.00
	Less : Transferred to Profit and Loss Account	0.00	4044.12
		<u>3455.88</u>	3455.88
2. Expansion Reserve			
	As per last Balance Sheet	13500.00	8000.00
	Add : Transferred from Profit and Loss Account	10000.00	5500.00
		<u>23500.00</u>	13500.00
3. Share Premium Account			
	As per last Balance Sheet	33316.97	33316.97
4. General Reserve			
	As per last Balance Sheet	21870.00	15870.00
	Add : Transferred from Profit and Loss Account	5000.00	6000.00
		<u>26870.00</u>	21870.00
5. Profit and Loss Account			
		11431.76	20626.61
	TOTAL	<u>98574.61</u>	<u>92769.46</u>



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SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET

			(Rs. in Lacs)	
			As At 31-03-08	As At 31-03-07
SCHEDULE 3 — SECURED LOANS				
(A) From Financial Institutions				
- Term Loans	4982.47		8289.11	
- Working Capital Loans	5390.00		7700.00	
TOTAL (A)		10372.47		15989.11
(B) From Banks				
- Term Loans	40148.94		24067.15	
- Working Capital Loans	15034.43		14076.10	
Interest Accrued & Due on 31st March	0.00		139.43	
TOTAL (B)		55183.37		38282.68
TOTAL (A + B)		65555.84		54271.79

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 –8.50% Non- Convertible Bond of Rs 1 Lac each 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 31-03-08	As At 31-03-07
SCHEDULE 4 — UNSECURED LOANS				
Short Term Loan from Banks		2500.00		0.00
TOTAL		2500.00		0.00



Gujarat Industries Power Company Limited

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET

(Rs. in Lacs)

SCHEDULE 5 - FIXED ASSETS

ASSETS	GROSS BLOCK (AT COST)			DEPRECIATION			IMPAIRMENT As on 31-03-08	NET BLOCK		
	As at 01-04-07	Addition during the year	Adjustment/ Deduction during the year	As on 31-03-08	Total upto 01-04-07	For the period		Adjustment/ Deduction during the period	Upto 31-03-08	As at 31-03-08
A. TANGIBLE ASSETS										
(1) Land										
- Lease hold	621.85	0	(11.88)	609.97	98.06	7.90	0.00	105.96	504.01	523.79
- Free hold	3731.99	14.14	0.00	3746.13	0.00	0.00	0.00	0.00	3746.13	3731.99
(2) Buildings										
- Factory Buildings	15654.36	4.25	0.00	15658.61	3866.90	540.09	0.00	4406.99	11251.62	11787.46
- Non Factory Buildings	4406.41	0.00	0.00	4406.41	667.11	68.18	0.00	735.29	3671.12	3739.30
(3) Plant and Machinery	160218.31	300.76	(2.82)	160516.25	86445.95	7440.91	(2.82)	93884.04	66171.28	73311.43
(4) Capital Spares	4619.17	501.70	0.00	5120.87	2341.82	683.03	0.00	3024.85	2096.02	2277.35
(5) Furniture and Fixtures	228.51	24.05	0.00	252.56	136.37	11.06	0.00	147.43	105.13	92.14
(6) Office equipments	580.63	60.10	(6.95)	633.78	379.94	57.98	(5.67)	432.25	201.53	200.69
(7) Vehicles	99.84	4.66	(2.46)	102.04	47.03	7.53	(2.46)	52.10	49.94	52.81
Sub Total - A	190161.07	909.66	(24.11)	191046.62	93983.18	8816.68	(10.95)	102788.91	87796.78	95716.96
B. INTANGIBLE ASSETS										
(8) Computer Software	59.61	39.21	0.00	98.82	6.96	14.11	0.00	21.07	77.75	52.65
(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	164.95	39.21	0.00	204.16	112.30	14.11	0.00	126.41	77.75	52.65
TOTAL (A + B)	190326.02	948.87	(24.11)	191250.78	94095.48	8830.79	(10.95)	102915.32	87874.53	95769.61
Previous year	189680.75	645.27	0.00	190326.02	85110.82	8984.66	0.00	94095.48	95769.61	104211.40
(10) Capital Work -in-Progress									72399.58	22166.41

Notes : 1 Leasehold land is obtained as a permitted transferee as per agreement with GIDC/ IPCL.

2 Capital Work in Progress includes :-

- i. Rs. 1241.34 lacs on account of Pre-operative expenses (Previous year Rs.603.70 lacs)
- ii. Rs. 1067.58 lacs on account of interest during construction (Previous year Rs. 128.80 lacs)
- iii. Rs. 5934.52 lacs on account of advance against capital expenditure (Previous year Rs.10152.97 Lacs)



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SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET

		(Rs. in Lacs)	
		As At 31-03-08	As At 31-03-07
SCHEDULE 6 — MINES DEVELOPMENT EXPENDITURE			
(To be amortised)			
Initial Development Expenses		8299.24	9191.73
Overburden Removal Cost		2583.28	4283.04
TOTAL		10882.52	13474.77
SCHEDULE 7 — INVESTMENTS (LONG TERM)			
(Trade - unless otherwise specified)			
QUOTED			
7,23,115	6.75% Tax free US 64 Bond of Rs.100/- each of Unit Trust of India (Non Trade)	723.12	723.12
11,03,360	Equity Shares of Gujarat Alkalies and Chemicals Limited of Rs. 10/- each (Fully paid)	551.68	551.68
		1274.80	1274.80
UNQUOTED			
	Gujarat Urja Vikas Nigam Limited Bonds : (a Company under the same management)		
11779	8.50% Bond of Rs. 1,00,000/- each (Rs.30,000/- (previous year Rs. Nil) redeemed per bond)	8245.30	11779.00
8	11.00% Bond of Rs. 1,00,000/- each	8.00	8.00
50,00,000	Equity Shares of Gujarat State Energy Generation Limited of Rs. 10/- each (Fully paid)	500.00	500.00
1,00,000	Equity Shares of Gujarat Gas Company Limited of Rs. 10/- each (Fully paid)	10.00	10.00
1,24,000	Equity Shares of Bhavnagar Energy Company Limited of Rs. 10/- each (Fully paid) (Previous year Nil)	12.40	0.00
		8775.70	12297.00
	Balance of unutilised money from Public Issue		
	Fixed Deposit with Banks	0.00	6500.00
	Inter Corporate Deposit with Gujarat Urja Vikas Nigam Limited (a Company under the same management)	4000.00	6000.00
		4000.00	12500.00
TOTAL		14050.50	26071.80
Aggregate cost of Quoted Investments		1274.80	1274.80
Market value of Quoted Investments		2370.44	2006.33
Aggregate cost of Unquoted Investments		12775.70	24797.00



Gujarat Industries Power Company Limited

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET

		(Rs. in Lacs)	
		As At 31-03-08	As At 31-03-07
SCHEDULE 8 — INVENTORIES			
Stores and Spares		7946.35	7624.84
Raw Materials (Fuel)		423.59	488.31
TOTAL		8369.94	8113.15
<hr/>			
SCHEDULE 9 — SUNDRY DEBTORS			
(Unsecured - Considered Good)			
Over Six Months		0.00	0.00
Others		16712.30	10709.44
TOTAL		16712.30	10709.44
(Includes Rs.13532.08 lacs (Previous year Rs. 8835.29 lacs) receivable from Gujarat Urja Vikas Nigam Limited, a company under the same management).			
<hr/>			
SCHEDULE 10 — CASH AND BANK BALANCES			
Cash on hand		0.64	1.04
With Scheduled Banks :			
- Current Accounts		196.19	1009.41
- Deposit Accounts		2500.00	5801.01
TOTAL		2696.83	6811.46
<hr/>			
SCHEDULE 11 — LOANS AND ADVANCES			
Secured (Considered Good)			
Loan to Employees against hypothecation of Vehicles		77.06	112.29
Unsecured (Considered Good)			
Advances recoverable in cash or in kind or for value to be received		867.56	663.06
Advance Tax (Net of Provisions)		4045.73	4905.34
TOTAL		4990.35	5680.69



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SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET

	(Rs. in Lacs)	
	As At 31-03-08	As At 31-03-07
SCHEDULE 12 — CURRENT LIABILITIES & PROVISIONS :		
Current Liabilities :		
Sundry Creditors :		
Micro and Small Enterprises	57.60	60.83
Other than Micro and Small Enterprises ;		
- For Projects Supplies and Services	11449.73	6599.17
- Others	9532.82	8508.50
Earnest Money and Security Deposits	643.65	239.07
Items covered by IEPF*		
- Unclaimed Dividends	145.21	900.37
- Unclaimed matured Deposits	11.21	12.70
- Unclaimed Interest on Debentures/Deposits	44.66	76.42
- Unclaimed Share Application Money	0.70	0.97
Interest accrued but not due		
- On Secured Loans	175.73	277.18
	22061.31	16675.21
Provisions :		
Provision for Gratuity and Leave Encashment	723.08	431.56
Provision for Fringe Benefit Tax	52.06	37.81
Provision for Current Tax	2715.00	3070.00
Proposed Dividend	3781.28	756.26
Provision for Corporate Dividend Tax	642.63	128.53
	7914.05	4424.16
TOTAL	29975.36	21099.37

* 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 AND LOSS ACCOUNT

	For the Year ended 31-03-08	For the Year ended 31-03-07
(Rs. in Lacs)		
SCHEDULE 13 — OTHER INCOME		
Delayed Payment Charges	0.00	5509.99
Interest on Deposits / Bonds (Tax deducted at source Rs. 499.76 Lacs, Previous year Rs. 579.00 lacs)	1992.71	2456.25
Other Interest	5.45	43.27
Bad Debts Recovered	21.02	115.61
Dividend	11.03	88.62
Insurance Claims	140.38	88.11
Liquidated Damages	17.22	148.29
Miscellaneous	471.85	270.91
TOTAL	2659.66	8721.05
SCHEDULE 14 — GENERATION EXPENSES		
Fuel	59570.07	41807.09
Consumption of Stores and Spares	1890.62	1,975.36
Water Charges	615.05	427.96
Electricity Charges	415.48	491.67
Insurance	410.87	648.94
Operation Expenses	753.99	687.20
Repairs and Maintenance to Plant and Machinery	944.59	583.65
TOTAL	64600.67	46621.87
SCHEDULE 15 — EMPLOYEES' COST		
Salary and Wages	1231.84	1433.66
Contribution to Provident and Pension Fund	140.50	77.58
Welfare Expenses and Other Benefits	990.70	561.02
TOTAL	2363.04	2072.26



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SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT

	(Rs. in Lacs)	
	For the Year ended 31-03-08	For the Year ended 31-03-07
SCHEDULE 16 — ADMINISTRATION AND OTHER EXPENSES		
Repairs and Maintenance :		
- Buildings	246.55	186.95
- Others	54.77	50.01
Rent, Rates and Taxes	26.61	230.63
Communication Expenses	66.63	60.21
Travelling & Conveyance Expenses	137.58	137.01
Legal, Professional and Consultancy Fees	77.23	29.50
Auditors' Remuneration (including Service Tax)	7.02	6.28
Bank Charges and Commission	72.67	72.22
Social Welfare Expenses	176.11	143.58
Donation	0.00	353.20
Miscellaneous Expenses (includes membership, office, security, advertisement, software maintenance and registrar & transfer fees)	398.11	377.71
Bad Debts Written off	0.00	5509.99
TOTAL	1263.28	7157.29

SCHEDULE 17 — INTEREST & FINANCE CHARGES		
On Fixed Term Loans	2653.23	4022.51
On Short Term Loan	266.80	0.00
On Cash Credit / Working Capital Demand Loans	502.01	298.67
On Others	1099.35	254.40
Cash Rebate on Sales	610.12	542.45
TOTAL	5131.51	5118.03



Gujarat Industries Power Company Limited

SCHEDULE 18 — 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 statements.

2. USE OF ESTIMATES

The presentation 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

- 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.
- Intangible Assets are stated at cost less accumulated amortization.
- 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, considering relevant stripping ratio.
- Works under erection / installation / execution including advances for capital works and interest on specific borrowings during the period of construction are shown as Capital Work-in-progress.

4. DEPRECIATION

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. Computer software is amortized on straight-line basis over a period of five years. Leasehold land is amortized over the period of lease on straight-line basis.

5. INVESTMENTS

Long term investments are stated at cost. Provision is made for the diminution in value except where diminution is of a temporary nature.

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

7. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of transactions.



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8. TAXATION

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. 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 period between taxable income and accounting income. Provision for Fringe Benefit Tax is made on the estimated value of fringe benefits for the period as per the related provision of the Income Tax Act.

9. EMPLOYEE BENEFITS

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.

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 and leave encashment. 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 a 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 19 – NOTES FORMING PART OF THE ACCOUNTS

(Rs. In Lacs)

	As at 31-03-08	As at 31-03-07
1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	58803.04	100899.56
2. Contingent Liabilities not provided for :		
a. Claims against company pending before court (includes certain claims where the amount can not be ascertained)	3090.00	7854.04
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.	1050.35	951.21
c. Bills of Exchange discounted with Banks in respect of Sales Invoices.	19600.00	17100.00
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 has filed a petition at GERC for recovery of Incentive paid during the period of 2000-01 to 2004-05 on Deemed Generation of Naphtha alongwith interest. The matter is pending before GERC.	1200.00	Nil
g. In respect of leasehold land of 162 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



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3. The particulars in respect of generation of electricity, units exported and consumption of raw materials are:

	(Rs. in Lacs)			
	2007-08		2006-07	
	<u>Quantity</u>	<u>Amount</u>	<u>Quantity</u>	<u>Amount</u>
a. Vadodara Station I				
Installed Capacity (MW)	145	—	145	—
Units Generated (MUs)	1139.315	—	1109.697	—
Units Exported (MUs) *	1119.999	—	1090.661	—
Consumption of Gas (Raw Material) ('000SM ³)	253767.105	21681.12	236061.173	12207.89
b. Vadodara Station II				
Installed Capacity (MW)	162	—	162	—
Units Generated (MUs)	1126.130	—	1043.814	—
Units Exported (MUs) *	1103.085	—	1022.006	—
Consumption of Gas (Raw Material) ('000SM ³)	252950.712	25506.18	229940.800	18483.12
c. Surat Lignite Power Plant				
Installed Capacity(MW)	250	—	250	—
Units Generated (MUs)	1878.542	—	1751.935	—
Units Exported (MUs) *	1666.326	—	1557.918	—
Consumption of Lignite (Raw Material) MT	1735858.850	14066.48	1673671.00	13222.72
Consumption of HFO (Raw Material) KL	1744.381	370.12	1973.767	401.84

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

	(Rs. in lacs)	
	<u>2007-08</u>	<u>2006-07</u>
4. Managing Director's Remuneration:		
Salary (D.A. Difference)	0.07	0.00
Other perquisites and / or benefits in cash or in kind	1.82	2.00
TOTAL	<u>1.89</u>	<u>2.00</u>
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.		



Gujarat Industries Power Company Limited

		(Rs. in lacs)	
		2007-08	2006-07
5. C.I.F. Value of Imports			
Spares and Components		93.95	49.85

		(Rs.in Lacs)			
		2007-08		2006-07	
		Value	% to total Consumption	Value	% to total Consumption
6. Stores and Spares Consumed					
Imported		110.64	5.85	172.07	8.71
Indigenous		1779.98	94.15	1803.29	91.29
	TOTAL	1890.62	100.00	1975.36	100.00

		(Rs.in Lacs)	
		2007-08	2006-07
7. Payment to Auditors for other services:			
a. Tax Audit Fees		0.62	0.67
b. For Taxation, certification and other matters		1.43	0.93

		(Rs.in Lacs)	
		2007-08	2006-07
8. Sale of Electrical energy is net of reversals accepted on commercial considerations as under:			
a. Recomputation of depreciation under Tariff		563.55	Nil
b. Interest and variable charges adjustments.		259.21	1651.10
c. Recomputation of Return on Equity		Nil	873.07
	TOTAL	822.76	2524.17

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



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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	2007-08	2006-07
Deferred Tax Liability		
Depreciation	7972.11	7295.32
Others	206.34	300.86
TOTAL	8178.45	7596.18
Deferred Tax Assets		
Deferred revenue expenses	0.00	20.73
Items u/s 43 B	245.78	84.98
Others	133.95	0.00
TOTAL	379.73	105.71
Deferred Tax Liability (Net)	7798.72	7490.47

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 : Gujarat Urja Vikas Nigam Ltd
 Nature of Relationship : Promoter (with significant shareholding / influence)

	(Rs. in Lacs)			
Sr. No. Nature of Transactions	Value of transactions for the year	Outstanding Balance as on 31-03-08	Value of transactions for previous year	Outstanding Balance as on 31-03-07
1 Investment in Equity Share Capital including Share Premium of GIPCL	Nil	8635.52	Nil	8635.52
2 Sales of Electrical Energy (Net of Adjustment)	75911.35	13532.08	65410.85	8835.29
3 Investment in Non-convertible Bonds by GIPCL	(3533.70)	8253.30	Nil	11787.00
4 Inter Corporate Deposit by GIPCL:				
Opening Balance	6000.00		10000.00	
ICD Placed	4000.00		2500.00	
ICD Withdrawal	6000.00		6500.00	
Closing Balance		4000.00		6000.00
5 Bill Discounting Charges (Recovery)	1699.35	Nil	925.15	Nil
6 Rebate on Sales	610.12	Nil	542.45	Nil
7 Resetting Premium Paid	Nil	Nil	72.18	Nil
8 Interest on ICD	481.82	Nil	905.37	Nil
9 Interest Received on GEB Bonds	1002.10	Nil	1001.22	Nil
10 Delay Payment Charges	Nil	Nil	5509.99	Nil
11 Delayed Payment Charges Written-off	Nil	Nil	5509.99	Nil
12 Dividend Paid	191.92	Nil	1055.57	Nil

Name of the Related Party : Shri L Chuaungo
 Nature of Relationship : Managing Director
 Salary & Perquisites : Rs.1.89 Lacs (Previous Year Rs. 2.00 Lacs)



Gujarat Industries Power Company Limited

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 :

	(Rs. in Lacs)	
Particulars	2007-08	2006-07
Net Profit after Tax	10229.06	18291.57
Weighted Average number of Equity Shares outstanding (Nos.)	151251188	151251188
Basic and Diluted Earning Per Share of Rs. 10/- each (Rs.)	6.76	12.09

13. Utilisation of Funds mobilized through Public offer for SLPP Phase II : 2x125 MW Expansion Project

	(Rs. in Lacs)	
Particulars	2007-08	2006-07
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	22033.37	13594.67
Finance cost	190.30	129.00
Inter Corporate Deposits	4000.00	6000
Fixed Deposits with Banks	0.00	6500
		12500.00

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

14. Corresponding figures of the previous year have been regrouped /recast/rearranged wherever necessary to make them comparable with current year's figures.
15. Based on the information available with the company, the balance due to Micro and Small Enterprise as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is Rs.57.60 lacs. 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"
16. During the year the Company has adopted Accounting Standard 15 (revised 2005) "Employee Benefits".

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expense for the year are as under:

	(Rs. in lacs)
Employers' Contribution to Provident Fund	112.38
Employer's Contribution to Pension Scheme	25.91

The Company's Provident Fund is exempted under Section 17 of Employee's Provident Fund Act, 1952. Conditions for grant of exemptions stipulates that employer shall make good deficiency, if any, in the interest rate declared by trust vis-a-vis statutory rate.

Defined Benefit Plan

The Company recognises the liability towards the gratuity and leave encashment every year. 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 is recognised in the same manner as gratuity.



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		(Rs. in lacs)
	Gratuity (Non Funded)	Leave Encashment (Non Funded)
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	214.75	216.80
Current Service Cost	18.80	22.45
Interest Cost	17.25	16.96
Actuarial (gain)/loss	123.64	182.65
Benefits paid	(35.74)	(54.48)
Present Value of Defined Benefit obligation at year end	338.71	384.38
II. Reconciliation of fair value of assets and obligation		
Fair value of Plan Assets as at 31 st March, 2008	0	0
Present Value of Defined Benefit obligation as at 31 st March, 2008	338.71	384.38
Liabilities recognized in Balance Sheet	338.71	384.38
III. Expense recognized during the year		
Current Service Cost	18.80	22.45
Interest Cost	17.25	16.96
Actuarial (gain)/loss	123.64	182.65
Expected return on plan assets		
Total Expenses/(Gain) recognized in Profit and loss account	159.69	222.06
IV. Actuarial assumptions		
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8%	8%
Rate of escalation in salary (per annum)	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.

This being the first year of implementation, previous year figures have not been given.

As per our report of even date attached

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

L. Chuaungo
Managing Director

M. M. Srivastava
Chairman

Milin Mehta
Partner
Membership No. 38665

Place : Gandhinagar
Date : 10th June, 2008

S. P. Desai
Chief Finance Officer

C. H. Patni
Company Secretary

Directors
A. Khandual
Prof. Shekhar Chaudhuri
Dr. P. K. Das
Prof. K. M. Joshi
P. H. Rana
H. V. Patel



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

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 Rs.10/- (Annualised) Dividend Rate [%]

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*		Name and Address of the Registered Member
Client Id* Folio No.		
No. of Shares held		

I/We certify that I/we am/are a registered member / proxy for the registered member of the Company. I/We hereby record my/our presence attendance at the 23rd Annual General Meeting held on Saturday, the 20th day of September, 2008 at 11.00 A.M. at the Registered Office of the Company at P.O. Petrochemical-391 346, Dist. Vadodara.

Name of Proxy

Signature of the Member(s)

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 _____ or failing him
 _____ of _____ in the district of _____
 _____ or failing him _____ of
 _____ in the district of _____ as
 my/our Proxy in my/our absence to attend and vote for me/us on my/our behalf, at the 23rd Annual General Meeting of the
 Company, to be held on Saturday, the 20th day of September, 2008 at 11.00 A.M. and at any adjournment thereof.

Signed this _____ day of _____ 2008.

DP. Id*	
Client Id* 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.

