



GUJARAT INDUSTRIES POWER COMPANY LIMITED

REGD. OFFICE: P.O.: PETROCHEMICALS – 391 346, DISTRICT: VADODARA.

PHONE NOS: (0265) 2232768 / 2232213 / 2230159, FAX NO: (0265) 2230473

E-mail: investors@gipcl.com, Website: www.gipcl.com

CIN – L99999GJ1985PLC007868.

CHAIRMAN'S SPEECH

**Thirty First Annual General Meeting held on Friday, the 23rd September, 2016
at 11:00 a.m. at the Regd. Office of the Company.**

Dear Members,

It gives me great pleasure to extend a very warm welcome to all of you at the 31st Annual General Meeting (AGM) of Your Company.

Your Company has demonstrated steady growth over last three decades since its incorporation and remains committed to “sustained growth” using eco-friendly technologies to combat the challenges of adverse climate change.

Since the Annual Report has been with you for some time, with your permission, I will highlight only some of the key aspects of your Company's performance during the year under review.

POWER PLANT OPERATIONS:

145 MW and 165 MW - Vadodara Stations:

Both the gas based Stations at Vadodara Plant achieved Plant Availability Factor (PAF) of 97% as compared to 96% during the previous year.

Your Company's sustained energy conservation and efficiency improvement measures at Vadodara Plant have resulted in savings of approximately 89,277 kWh of electrical energy per annum.

I am happy to inform that your Company continues its efforts at optimizing utilization of its assets and infrastructure like the Joint Water Supply Scheme (JWSS), DM Water Plant and Laboratory. These efforts are yielding fruitful results and I am confident that your Company will earn substantial revenue from such efforts in the coming years.

During the year under review, Vadodara Plant experienced various operational challenges which have impacted the Plant performance. Continuous efforts are made to maintain optimum available supply of gas as fuel.

I am glad to inform that the Vadodara Plant has been conferred the National Level “Energy Efficient Unit – Award – 2016” by the Confederation of Indian Industry (CII), Hyderabad.

4 X 125 MW – Phase – I and II Surat Lignite Power Plant (SLPP):

Phase I (2 x 125 MW) generated 1,643 Million Units (MUs) at a Plant Load Factor (PLF) of about 75% as against 1,425 MUs at a PLF of 65% during the previous year i.e. FY 2014-15. Plant Availability Factor (PAF) was 89% as against 71% during the previous year. Higher Generation and PLF as compared to previous year was due to increased availability of the Units during the year under review.

Phase II (2 x 125 MW) achieved Generation of 1,441 MUs at a PLF of 66% as against 1,842 MUs at a PLF of 84% during the preceding year. PAF was 76% as against 89% during the previous year.

The Generation and PLF was lower during the year under review as compared to previous year due to low Grid demand and forced outage of Unit – 3 for 105 days due to a technical snag in the Generator Transformer.

Constant efforts are being made, through technology up-gradation and efficiency improvement measures, to achieve improved overall Plant performance in the coming years.

Sustained endeavors in implementation of various energy conservation and efficiency improvement measures at SLPP have resulted in increase in Generation by about 79 Lakhs kWh, savings of approximately 19 Lakhs kWh of electrical energy and reduction in lignite consumption by about 15,700 Metric Tonnes (MT) per annum resulting into aggregate savings about of Rs.316 Lakhs during the year.

I feel happy to inform that SLPP has received Golden Jubilee Award (2014-2015) from The Southern Gujarat Chambers of Commerce and Industry (SGCCI), Surat, for outstanding performance in Energy conservation.

5 MW Solar Power Plant at SLPP:

I am happy to inform that during the year under review, the 5 MW Solar Power Plant at SLPP generated 7.73 Million Units (MUs) with 17.61% PLF.

Wind Power Generation:

Eight (8) WEGs of 1.5 MW each commissioned till date have generated 28.40 Million Units (MUs) with Capacity Utilization Factor (CUF) of 29.70% up to July, 2016.

2 x 1 MW Distributed Solar Power cum Agriculture Pilot Plants:

Your Company has successfully commissioned State Government sponsored, Grid connected two Distributed Solar Power Pilot Plants of 1 MW each at Village Amrol, Dist.: Anand in Central Gujarat region in April, 2016 and at Village: Vastan, Taluka: Mangrol, Dist.: Surat in South Gujarat in May, 2016 respectively. Amrol Plant is first of its kind to implement the innovative idea of direct connectivity in 11 KV Jyoti Gram Yojna (JGY) network.

Further, these two Plants are developed on Research & Development basis with novel concept of cultivation of agriculture crops under the Solar Panels by re-using water used for cleaning the Solar Panels. Research on agricultural crops is being done in collaboration with Anand Agricultural University and Navsari Agricultural University for Amrol and Vastan Plants respectively.

MINING:

Performance of Mining Division remained good during the year under review. Total requirement of lignite was met from your Company's captive Vastan Lignite Mine and Mangrol - Valia Lignite Mine. To meet the demand of SLPP, sufficient quantity of Lignite has been stocked for the operations during the monsoon.

I feel proud to inform that the Valia and Vastan Mines of your Company have bagged first/second prizes under different categories viz. Mine Illumination and Electrical Installation; Safety; Health; and Vocational Training etc. at the 'Gujarat Lignite Mines Safety Week 2015-16'.

FINANCIALS:

The Financial Performance of your Company during the year under review has been good.

Sale of Electrical Energy stood at Rs.1,346 Crores for the year as compared to Rs. 1,209 Crores during the previous year.

The Profit before Tax (PBT) was Rs.249.68 Crores as compared to Rs.249.43 Crores in the previous year.

Profit after Tax (PAT) after taking into account current Income Tax (MAT), Deferred Tax Liability and Tax adjustments of earlier years was Rs.188 Crores as compared to Rs.126 Crores of the previous year.

Your Company earned about Rs.23 Crores by way of interest as a result of efficient fund management.

Your Directors recommend Dividend of Rs.2.70 per equity share of Rs.10/- each, fully paid up, for your approval at this Meeting. Total outflow on account of Dividend including Corporate Tax on Dividend will be about Rs.49 Crores. As on 31st March, 2016, the net worth of the Company stood at Rs.1,976 Crores as compared to Rs.1,835 Crores as at the end of previous financial year.

EXPANSION PROJECTS:

It gives me great pleasure to appraise you about the various expansion projects undertaken by your Company:

97.4 MW Wind Power Projects:

Your Company invited offers through International Competitive Bidding (ICB) route for setting up upto 250 MW Wind Power Projects. After techno-commercial evaluation of the Bids, the Company has placed separate Letters of Intent (Lols) on Turnkey / Engineering, Procurement, Construction (EPC) basis, including comprehensive O&M Contract, for installation of Wind Power Projects in Gujarat:

- Letters of Intent (Lol) has been issued to Inox Wind Ltd., Noida, for 26 MW (13x2 MW) at Village Rojmal, Dist. Amreli, is scheduled to be commissioned by December, 2016; and
- Letters of Intent (Lol) has been issued to Suzlon Energy Ltd., New Delhi, for 71.4 MW (34 x 2.1 MW) at Porbandar and Kutch Sites, is scheduled to be commissioned by April, 2017.

All the Sites have been fully mobilized and the EPC Contractors have commenced civil and erection works at the Sites. Delivery of critical

components have been completed for majority of Wind Energy Generators (WEGs). As on date erection of seventeen (17) WEGs with aggregate capacity of 34.8 MW have been completed. Presently the Projects are progressing quite satisfactorily as per schedule.

2 x 40 MW Solar Power Projects at Gujarat Solar Park, Charanka:

GIPCL has emerged as successful Bidder in the e-Reverse auction for 2 x 40 MW Solar Power Projects at Gujarat Solar Park, Charanka, Dist. Patan, under the National Solar Mission on EPC basis. The Projects are scheduled to commission by July, 2017.

I am happy to inform that your Company has signed the Power Purchase Agreements (PPAs) with Solar Energy Corporation of India Ltd. (SECI), New Delhi on 3rd August, 2016. Project related activities are going ahead as per Schedule.

SAFETY:

It gives me pleasure to inform you that your Company has adopted a comprehensive Health and Safety Policy under the Integrated Management System (IMS). Your Company is committed to raise its benchmark and achieve higher safety standards which get recognized in IMS accreditation and such other updated international standards in the future.

CORPORATE GOVERNANCE:

I would like to re-iterate your Company's strong commitment to good Corporate Governance. We continuously strive to improve the quality and content of disclosures by benchmarking against the prevailing best practices. I suggest that Members should regularly access website www.gipcl.com to be fully apprised about the developments at GIPCL.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

Continuing its philosophy and commitment of achieving all inclusive growth and improvement in the quality of life of the people in and around its Facilities, your Company undertook and completed various CSR projects/programs during the year.

Your Company's major CSR initiatives revolve around developing Community Infrastructure, Women empowerment, Education, Health, Sanitation etc.

ACCREDITATIONS:

Your Company has maintained Integrated Management System (IMS) covering ISO:9001:2008, ISO:14001:2004 and OHSAS 18001:2007 certification for Quality Management System (QMS), Environment Management System (EMS) and Occupational Health and Safety Assessment Series (OHSAS). Your Company is one of the first group of Power Plants to have implemented and obtained ISO 50001:2011 Certification. Surveillance Audit for all the standards has been successfully conducted and accredited by TUV India Ltd. in May, 2016.

HUMAN RESOURCES:

Your Company is endowed with a team of highly competent and motivated personnel, which is very well demonstrated by the significant improvements and progress in all areas of activities of your Company. The employees constantly strive to improve their performance through sustained efficiency, productivity and economy.

DIRECTORS:

Shri L Chuaungo, IAS, resigned as Director of the Company in June, 2016, upon his transfer as Principal Secretary, Labour and Employment Dept., Govt. of Gujarat (GoG).

The Board places on record its sincere appreciation for the leadership, valuable guidance and support extended by Shri L Chuaungo, IAS during his tenure as Managing Director and as Chairman of the Company.

GoG has nominated Shri Sujit Gulati, IAS, Additional Chief Secretary, Energy & Petrochemicals Dept. (EPD), GoG, as Chairman of your Company vice Shri L Chuaungo, IAS. The Board of Directors has appointed Shri Sujit Gulati, IAS, as Additional Director and Chairman of the Company. Shri Sujit Gulati, IAS holds office of Director up to the date of this 31st AGM of the Company.

Your Directors have recommended for your approval Resolution at Sr. No. 10 of the Notice of this AGM for appointment of Shri Sujit Gulati, IAS, as Director and Chairman of the Company.

Shri Ashok Kumar was nominated by IDBI Bank Ltd. (IDBI) as its Nominee Director vice Smt. Padma Betai.

The Board places on record its sincere appreciation for the valuable guidance and support extended by Smt. Padma Betai, during her tenure as Director of the Company.

Gujarat Alkalies & Chemicals Ltd. (GACL) nominated Shri P K Gera, IAS as Director vice Shri A M Tiwari, IAS in March, 2016.

The Board places on record its sincere appreciation for the valuable guidance and support extended by Shri A M Tiwari, IAS during his tenure as Director of the Company.

Gujarat State Fertilizers & Chemicals Ltd. (GSFC) nominated Shri V D Nanavaty as Nominee Director vice Shri H R Brahmbhatt in January, 2016. Further, in March, 2016, GSFC nominated CS V V Vachhrajani as its Nominee Director vice Shri V D Nanavaty.

The Board places on record its appreciation for the valuable guidance and support extended by Shri Brahmhatt and Shri Nanavaty, during their tenure as Directors of the Company.

Dr. P K Das, IAS (Retd.) has resigned as Director of the Company in July, 2016.

The Board places on record its appreciation for the valuable guidance and support extended by Dr. Das, during his tenure as Director of the Company.

Your Directors recommend for your approval resolutions at Sr. No.8 and 9 of the Notice of this AGM regarding appointment of Shri P K Gera, IAS and CS V V Vachhrajani as Directors of the Company, liable to retire by rotation.

Shri Sanjeev Kumar, IAS and Smt. Shahmeena Husain, IAS, Directors of the Company retire by rotation at this 31st AGM and being eligible, offer themselves for re-appointment.

Your Directors recommend for your approval resolutions at Sr. No. 3 and 4 of the Notice of this AGM regarding their reappointment as Directors, liable to retire by rotation.

The Directors of the Company had approved the appointment of Shri N N Misra as Additional Director and Independent Director of the Company in October, 2015. Shri Misra holds office up to the date of this AGM.

Your Directors recommend for your approval resolution at Sr. No. 7 of the Notice of this AGM regarding appointment of Shri Misra as Independent Director, to hold office for a period of five consecutive years, not liable to retire by rotation.

ACKNOWLEDGEMENTS:

I, on my behalf and on behalf of my colleagues on the Board, place on record our sincere gratitude and appreciation for the co-operation and assistance

received from the Government of India, Government of Gujarat, Participating Units, Financial Institutions, Banks, Insurance Companies and Business Associates. I also wish to express our gratitude to the valued investors for their unstinted support and faith reposed by them in the Company. Last but not least, I once again place on record our deep sense of appreciation for the dedicated services rendered by the employees of your Company.

Jai Hind