



GUJARAT INDUSTRIES POWER COMPANY LIMITED
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C H A I R M A N ' S S P E E C H

*At 30th Annual General Meeting held on
Saturday, the 19th September, 2015 at 11:00 a.m.*

Dear Members,

It gives me great pleasure to extend a very warm welcome to all of you at this 30th Annual General Meeting (AGM) of your Company.

Your Company has steadily grown over last three decades and remains committed to “sustained growth” using eco-friendly technologies to combat the challenge 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:

The gas based Stations at Vadodara Plant achieved Plant Availability Factor (PAF) of 95.84% and 95.18% as compared to 97.30% and 99.63% during the preceding year respectively.

During the year under review, Planned shutdown for Hot Gas Path Inspection (HGPI) with Residual Life Assessment (RLA) of Gas Turbine (GT) # 1 and Annual Inspection of Heat Recovery Steam Generator (HRSG) was completed. Planned shutdown and Annual Inspection of GT # 4 of Station II was taken during the year for major revamping work of LP section blade of Steam Turbine.

Your Company’s sustained energy conservation and efficiency improvement measures at Vadodara Plant have resulted in savings of approximately 2.327 Lacs kWh of electrical energy and about ₹. 25.76 Lacs per year.

I am happy to inform that your Company continues efforts at optimizing utilization of its assets and infrastructure like the Joint Water Supply Scheme, 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 has impacted the Plant performance adversely. However, continuous efforts are made to maintain optimum available supply of gas. It gives me pleasure to inform you that due to optimization of cheaper Spot gas usage, from December 2014 to March 2015 has resulted in saving in fuel cost of about ₹.12.92 Crores.

Surat Lignite Power Plant (SLPP):

2 X 250 MW – Phase – I & II:

Phase I (2 x 125MW) generated 1424.954 Million Units (MUs) at a Plant Load Factor (PLF) of 84.09% as against 1488.481 MUs at a PLF of 67.97% during the preceding year.

Whereas Phase II (2x125MW) achieved generation of 1841.638 MUs at a PLF of 84.09% as against 1528.982 MUs at a PLF of 69.82% during the preceding year.

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

Sustained endeavors in implementation of various energy conservation and efficiency improvement measures at SLPP have resulted in savings of approximately 188.73 Lacs kWh of electrical energy aggregating to about ₹. 4.71 Crores per year.

I feel proud to inform you that the SLPP has received National Excellence Award for Energy Management as an "EXCELLENT ENERGY EFFICIENT UNIT" for the year 2014 conferred by Confederation of Indian Industries (CII) at Hyderabad on 30th October, 2014.

MINING:

The performance of the Mining Division has been satisfactory during the year under review. Total requirement of lignite was met from the captive Vastan Mine and Mangrol – Valia Mine.

I am pleased to inform that during the year the Vastan Lignite Mines of your Company received the First Prize in the categories of 'Lowest Injury Frequency Rate (LIFR)' Per Million Cubic Meter of Output for both consecutive years 2011 and 2012 at the hands of His Excellency the President of India.

5 MW PV based Solar Power Station:

I am happy to inform that 5 MW PV based Solar Power Plant at SLPP has generated 8.02 MUs with 18.31% PLF as compared to 7.40 MUs with 16.90% PLF.

FINANCIALS:

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

Sale of Electrical Energy stood at ₹. 1,209 Crores for the year as compared to ₹. 1,371 Crores during the preceding year.

Profit before Tax was ₹.249 Crores as compared to ₹.257 Crores during preceding year. Profit after Tax (PAT) after taking into account current Income Tax (MAT), Deferred Tax Liability and Tax adjustment of earlier years was ₹.126 Crores as compared to ₹.186 Crores of the preceding year.

Your Company earned ₹.30.33 Crores by way of interest as a result of efficient fund management.

Your Directors recommend Dividend of ₹.2.50 per equity share of ₹.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 ₹.45 Crores. As on 31st March, 2015, the net worth of the Company stood at ₹. 1835 Crores.

EXPANSION PLAN:

It gives me pleasure to inform you that your Company has issued Letters of Intent dtd. 01-09-2014, for the wind based Power Projects to Leitwind Shriram, Chennai, for setting up 27 MW at Kotadapitha and 24 MW Wind based Power Projects at Jambarvada respectively in Taluka Babra, Dist.: Amreli, Dist.: Gujarat.

I am pleased to inform that 5 x 1.5 MW nos. of Wind Turbine Generators (WTGs) have been commissioned. It is also heartening to inform you that your Company has invited Request for Proposal (RFP) for setting up of up to 250 MW Wind based Power Projects in the State of Gujarat. The technical Bids have been opened and are in the advanced stage of scrutiny.

Your Company is also planning to implement Distributed PV based Solar Power Projects of 1 MW each in Central and South Gujarat respectively, with the purpose of finding out the technical and commercial feasibility of setting up Solar Power Plant in agricultural lands. Depending on the success of these Pilot Projects, it can be taken up on a larger scale in the future.

SUBSIDIARY:

I am pleased to inform that the year under review witnessed steady operations of 'GIPCL Projects and Consultancy Company Limited' (GIPCO), a wholly owned subsidiary of your Company. GIPCO successfully offered trouble shooting and expert services for O&M practices and spares management to various clients in Power Sector.

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 feels that apart from the financial parameters, the value that is created by your Company needs to be measured in terms of improvement in the quality of life of people in the society.

Your Company's major CSR initiatives revolve around building community infrastructure, focus on women empowerment & their role in development, interventions also include Education, Community Health, Livelihood Development and Rural Infrastructure. Your Company is also co-sponsoring a Mid-day meal Scheme at Vadodara where more than 50,000 children of Government schools are provided hygienic food.

ACCREDITATIONS:

Your Company has maintained standard guidelines for 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, 2015.

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.

It is a matter of great pride that your Company has been presented with the "Gold Award" in the area of "Innovation in Employee Retention Strategies" by Greentech Foundation, New Delhi under its Greentech HR Award.

DIRECTORS:

Shri A K Dalvi, was nominated as Director of the Company by GACL vice Shri M S Dagur, IAS.

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

Vide Government of Gujarat (GoG) Notification dated 30.8.2014, Shri D J Pandian, Chairman of the Company and Additional Chief Secretary, Energy & Petrochemicals Dept. (EPD), was transferred as Additional Chief Secretary, Industries & Mines, Department (IMD). Consequent to his transfer, he resigned from the Board of Directors of the Company w.e.f. 30.08.2014.

The Board places on record its sincere appreciation for the valuable guidance and support extended by Shri D J Pandian, IAS, during his tenure as Chairman of the Company.

GoG vide Notification dated 07.04.2015 has nominated Shri L Chuaungo, IAS as Chairman of the Company vice Shri D J Pandian, IAS.

Smt. Padma Betai was nominated by IDBI Bank Ltd. as Director on the Board vice Shri D C Jain.

The Board places on record its sincere appreciation for the valuable guidance and support extended by Shri D C Jain, during his tenure as Director of the Company.

Gujarat Urja Vikas Nigam Ltd. (GUVNL) nominated Smt. Shahmeena Husain, IAS as Director on the Board vice Shri Raj Gopal, IAS.

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

Gujarat Alkalies & Chemicals Ltd. (GACL) vide letter dated 22nd September nominated Shri A M Tiwari, IAS as Director on the Board vice Shri A K Dalvi.

GoG vide Notification dated 27.10.2014, nominated Shri Sanjeev Kumar, IAS, as Director on the Board.

Shri H R Brahmhatt and Smt. Shahmeena Husain, IAS, Directors of the Company, retire by rotation at the ensuing Annual General Meeting 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 the AGM.

During the year, the Board of Directors appointed Dr. Ajay N Shah (DIN:01141239), Shri S B Dangayach (DIN:01572754) and Dr. B A Prajapati (DIN:01431661) as Additional Directors who hold office up to the date of this AGM. Your Directors recommend for your approval resolutions at Sr. Nos. 6, 7 & 8 of the Notice of AGM for their appointment as Independent Directors, to hold office for a period of five consecutive years.

GoG placed services of Smt. Sonal Mishra, IAS, at the disposal of Energy & Petrochemicals Dept., GoG for appointment as Managing Director of your Company vice Shri L Chuaungo, IAS w.e.f. 27-04-2015. Your Directors recommend for your approval resolution at Sr. No. 10 of the Notice of AGM regarding her appointment as Managing Director of the Company vice Shri L Chuaungo, IAS.

Your Directors recommend for your approval resolutions at Sr. No. 12, 13 and 14 of the Notice of the AGM regarding appointment of Prof. Shekhar Chaudhuri (DIN:00052904), Prof. K M Joshi (DIN:00501563) and Dr. P K Das, IAS (Retd.) (DIN:00501499), as Independent Directors, to hold office for a period of five consecutive years.

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