

26th

Annual Report 2010-2011



GUJARAT INDUSTRIES POWER COMPANY LTD.



TWENTY SIXTH ANNUAL GENERAL MEETING

DAY : FRIDAY, 23RD SEPTEMBER, 2011.
TIME : 3.00 P.M.
PLACE : REGISTERED OFFICE:
P.O.: PETROCHEMICALS – 391 346,
DIST.: VADODARA.

GUJARAT INDUSTRIES POWER COMPANY LIMITED

P.O. : PETROCHEMICALS - 391 346, DIST. : VADODARA. GUJARAT.





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Board of Directors

| | |
|-----------------------------|----------------------------|
| Shri D.J. Pandian, IAS | Chairman |
| Prof. Shekhar Chaudhuri | Director |
| Dr. P.K. Das, IAS (Retd.) | Director |
| Prof. Kirankumar M. Joshi | Director |
| Dr. G.P. Mohapatra, IAS | Director (upto 09-08-2011) |
| Shri P.H. Rana | Director |
| Shri H.V. Patel, IAS | Director (upto 09-08-2011) |
| Shri G.A. Tadas | Director |
| Shri C.L. Meena, IAS | Director (upto 09-08-2011) |
| Shri M.S. Dagur, IAS | Director (from 09-08-2011) |
| Shri Atanu Chakraborty, IAS | Director (from 09-08-2011) |
| Shri L. Chuaungo, IAS | Managing Director |

Senior Executives

| | |
|--------------------|---|
| Shri S.L. Bose | Executive Director (SLPP) |
| Shri A.N. Shah | Chief General Manager (Baroda Operations) |
| Shri P.N. Trivedi | General Manager (Commercial) |
| CA S.P. Desai | Chief Finance Officer |
| Shri D.K. Roy | General Manager (O&M – SLPP) |
| Shri N.K. Purohit | Addl. General Manager (Mines – SLPP) |
| Shri V. N. Patel | Addl. General Manager (O&M – SLPP) |
| Shri Y. J. Bhatt | Addl. General Manager (O&M) |
| Shri S. N. Purohit | Addl. General Manager (O&M) |
| Shri N. K. Singh | Addl. General Manager (Projects – SLPP) |
| Shri V.B. Bhadola | Addl. General Manager (HR&A) |

Company Secretary & DGM (Legal)

CS A.C. Shah

Bankers

Vadodara Stations

Central Bank of India
Dena Bank
Punjab National Bank
State Bank of India
Bank of Baroda
Oriental Bank of Commerce
IDBI Bank Ltd.

Surat Lignite Power Plant

Syndicate Bank
State Bank of India
Oriental Bank of Commerce
Indian Overseas Bank
Vijaya Bank
ING Vysya Bank Ltd.
The Karur Vysya Bank Ltd.
Union Bank of India
United Bank of India
Dena Bank
Bank of Baroda
Central Bank of India

Auditors

M/s. VCA & Associates, Chartered Accountants, Vadodara.

Cost Auditors

M/s. Kailash Sankhlecha & Associates, Cost Accountants, Vadodara.

Registrar & Transfer Agents

Link Intime India Private Limited
B-102 & 103, Shangrila Complex, First Floor,
Opp. HDFC Bank, Near Radhakrishna Char Rasta,
Akota, Vadodara – 390 020.
Email: vadodara@linkintime.com

Registered Office & Works

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

Surat Lignite Power Plant (SLPP)

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



Gujarat Industries Power Company Limited

ATTENTION

1. Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, the 13th September, 2011 to Friday, the 23rd September, 2011 (both days inclusive).
2. (a) Members holding shares in physical form are advised to address all correspondence quoting their Ledger Folio Number (LF No.) and to immediately notify their change of address, change of Bank details, Deletion / Transmission of shares, Loss of share certificate etc., if any, to the Company or its Registrar and Transfer Agents (RTA) viz. **Link Intime India Private Limited, B-102 & 103, Shangrila Complex, 1st Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara – 390 020.** Members may also send in their queries etc. by e-mail at investors@gipcl.com or vadodara@linkintime.co.in
(b) **Members holding shares in demat form (i.e. electronic form) are advised to address all correspondence in respect of Change of Address, Change of Bank Details, Deletion / Transmission of shares, to their DP (Depository Participant) only by quoting their Client ID & DP ID No. immediately.** The Company or its RTA cannot act on any such request received directly from the members holding shares in demat form.
3. Members may visit the Shareholders' Service page on the website of the Company (www.gipcl.com) to submit their queries, if any, or to download forms/format to get unclaimed dividend, for issue of duplicate share certificate, for nomination, for ECS mandate, for registration of E-mail Address for "Go Green" initiative etc.
4. Members holding shares in physical form and holding more than one Share Certificate in the same name under different folios are requested to apply for consolidation of such folios into one folio and send relevant Share Certificates to the Company to make necessary endorsements.
5. Members are advised to hold Shares jointly to simplify the procedure of transmission in the event of death of any holder OR avail the facility of nomination.
6. The Securities & Exchange Board of India (SEBI) vide Circular No. SEBI/MRD/DoP/SE/RTA/Cir-03/2010 dated January 7, 2010 has clarified that for securities market transactions and off market/private **transactions involving transfer and transmission of shares in physical form of listed Companies, it shall be mandatory for the transferee(s) to furnish copy of Income Tax PAN card to the Company/RTA for registration of such transfer/transmission of shares.**
7. W.e.f. 26-06-2000, Equity Shares of the Company are compulsorily traded in dematerialised (demat) form as mandated by Securities and Exchange Board of India (SEBI). **Therefore, those members who hold shares in physical form are advised to get their shares dematerialized (i.e. conversion of physical shares into electronic form) at the earliest.**
Members may note that the Company's equity shares are available for dematerialisation with National Securities Depository Ltd. (NSDL) and with Central Depository Services (India) Ltd. (CDSL). Shareholders may approach nearest Depository Participant (DP) to open Demat Account.
8. 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.
9. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
10. **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.**
11. As a measure of economy, the Company does not distribute copies of Annual Report at the venue of Annual General Meeting. Therefore, **members desirous of attending the Meeting are requested to bring along their copies of Annual Reports.**



FOR THE INFORMATION OF MEMBERS

Pursuant to the Provisions of Section 205C of the Companies Act, 1956, companies are required to transfer its unpaid/unclaimed dividend after expiry of 7 years from the date on 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. Members may please note that the unpaid/unclaimed dividends of past years upto 1999-2000 have been transferred to the Central Government Account / Fund. The Company has not declared any dividend in respect of Financial Year from 2000-01 to 2002-03.

Members are requested to note that the dividends for FY 2003-04 to 2009-10 shall become due for transfer to "Fund" on the dates as given in the table herein after:

| FINANCIAL YEAR | DUE DATE OF TRANSFER TO IEPF (FUND) |
|---------------------|-------------------------------------|
| 2003-2004 | 04/10/2011 |
| 2004-2005 | 04/10/2012 |
| 2005-2006 | 04/10/2013 |
| 2006-2007 (Interim) | 29/03/2014 |
| 2006-2007 | 04/10/2014 |
| 2007-2008 | 25/09/2015 |
| 2008-2009 | 24/09/2016 |
| 2009-2010 | 23/09/2017 |

Members are requested to immediately lodge their claims for past years unclaimed Dividends, if any, with the Company or to its R&T Agents.

GREEN INITIATIVE IN THE CORPORATE GOVERNANCE

The Ministry of Corporate Affairs has vide its Circulars No.17/2011 dated 21.04.2011 and No.18/2011 dated 29.04.2011 has taken a 'Green Initiative in the Corporate Governance' by allowing paperless compliances by the companies by way of service of notice/documents including Annual Report by e-mail to its members. To support this green initiative of the Government in full measure, Members holding shares in

electronic form are requested to register their e-mail address with their Depository Participants. Members holding shares in physical form may submit their e-mail address through post or submit the same online on the Shareholders' Service page of the Company's website www.gipcl.com. Form for registration of e-mail address is also annexed to this Annual Report together with Attendance Slip and Proxy Form.



Gujarat Industries Power Company Limited

NOTICE TO THE MEMBERS

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the Members of Gujarat Industries Power Company Limited will be held on Friday, the 23rd day of September, 2011 at 3.00 pm at the Registered Office of the Company at P.O. Petrochemicals – 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, 2011 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 Shri P.H. Rana who retires by rotation at this meeting and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Dr. P.K. Das, IAS (Retd.), who retires by rotation at this meeting and being eligible offers himself for re-appointment.
4. To declare dividend on Equity Shares for the FY 2010-2011.
5. To appoint Statutory Auditors of the Company from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT M/s. VCA & Associates, Chartered Accountants, Vadodara, be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration and service tax, travelling, lodging, boarding and other out of pocket expenses actually incurred by them, as may be recommended by the Audit Committee and approved by the Board of Directors of the Company in connection with the audit of Accounts of the Company for the year ending 31st March, 2012.”

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

(CS A C Shah)
Company Secretary & DGM (Legal)

Place: Vadodara.
Date: 24th May, 2011.

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.
- Corporate Members are requested to send a duly certified true copy of the Board Resolution authorizing their representative to attend and vote at the Meeting.
- Relevancy of questions and the order of the speakers at the meeting will be decided by the Chairman.

ANNEXURE TO NOTICE OF THE 26TH ANNUAL GENERAL MEETING TO BE HELD ON FRIDAY, THE 23RD SEPTEMBER, 2011

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956:

Item No.5

As per the provisions of Sections 224 and 224A of the Companies Act, 1956, the shareholders of the Company shall be required to pass a Special Resolution at this Annual General Meeting (AGM) as set out at Item No.5 of the Notice to appoint Statutory Auditors to hold office from the conclusion of this Meeting until the conclusion of the next AGM, since more than 25% of the Subscribed Share Capital is held by the Government of Gujarat, Government Companies or Boards, Public Financial Institutions and Nationalized Banks.

None of the Directors of the Company is concerned or interested in the said Resolution.

Inspection of documents:

All documents referred to in this Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company between 9.30 am and 12.30 pm on any working day of the Company prior to the date of the Meeting.

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

(CS A C Shah)
Company Secretary & DGM (Legal)

Place: Vadodara.
Date: 24th May, 2011.



DETAILS OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT BY THE SHAREHOLDERS OF THE COMPANY AT THE ENSUING 26TH ANNUAL GENERAL MEETING (IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT)

| | | |
|---|---|---|
| Name of Director | Shri P.H. Rana | Dr. P.K. Das, IAS (Retd.) |
| Date of Birth | 15.05.1943 | 11.06.1941 |
| Date of Appointment | 05.05.2007 | 22.07.2006 |
| Qualifications | Bachelor of Engineering (BE) – Electrical | BA (Hon.) in Political Science, MA (Political Science) LLB, Masters in Public Administration, Ph.D. in Political Science and IAS (Retd.). |
| Nature of Expertise / Experience | <p>Presently, Shri P.H. Rana, is Director (Technical) Gujarat Urja Vikas Nigam Ltd. (GUVNL). He represents GUVNL, pursuant to Article 16A of the Articles of Association of the Company.</p> <p>He joined GUVNL in the year 1965 as Dy. Engineer. During his tenure with GUVNL he has occupied vital positions and reached to the position of Director (Technical). He has a very rich experience on the different facets of the power sector encompassing Generation, Transmission and Distribution.</p> | <p>Dr. Das is Senior IAS Officer and retired from services of Govt. of Gujarat.</p> <p>Post retirement, Dr. Das was appointed as the first Chief Information Commissioner of Gujarat State until May, 2006. He is associated with Centre for Good Governance and Policy from March, 2008 at Pandit Deendayal Petroleum University (PDPU).</p> <p>Dr. Das has made numerous Presentations and delivered lectures on the contemporary subjects at national and international forums. 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 Institute of Public Administration.</p> |
| Names of other Companies in which Directorship is held | <p>Gujarat Urja Vikas Nigam Ltd. Gujarat Energy Transmission Corpn. Ltd. Gujarat State Electricity Corpn. Ltd. Gujarat Power Corporation Ltd. Paschim Gujarat Vij Co. Ltd. Dakshin Gujarat Vij Co. Ltd. Bhavnagar Energy Co. Ltd. Baitarni west Coal Co. Ltd. Mahaguj Collieries Ltd.</p> | GSPC Pipavav Power Company Ltd. |
| Names of Committees of Directors in which Membership / Chairmanship is held | <p>Gujarat Industries Power Co. Ltd. Project Committee - Member</p> | <p>Gujarat Industries Power Co. Ltd. Audit Committee - Chairman. Project Committee - Member. Personnel Committee - Chairman.</p> |



Gujarat Industries Power Company Limited

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure to present the Twenty-Sixth Annual Report on the performance of your Company together with Audited Balance Sheet and Profit & Loss Account for the Financial Year ended 31st March, 2011 and the report of the Auditors thereon:

Financial Performance:

| | (₹ in Lacs) | |
|---|---------------|---------------|
| | 2010-11 | 2009-10 |
| 1. Net Sales | 1,07,795 | 93,912 |
| 2. Other Receipts | 1,553 | 1,353 |
| 3. Total Expenditure | 77,698 | 72,000 |
| 4. Gross Profit : (1+2-3) (before deducting any of the following) | 31,650 | 23,266 |
| (a) Interest | 7,034 | 1,624 |
| (b) Depreciation | 12,508 | 8,804 |
| (c) Provision for Deferred Tax | (2,983) | (324) |
| (d) Provision for Current Income Tax | 2,415 | 2,220 |
| (e) Tax adjustment of earlier years | (3,619) | 263 |
| 5. Net Profit | 16,295 | 10,678 |
| Add: Balance brought forward from Previous Year | 10,340 | 10,071 |
| | <u>26,635</u> | <u>20,749</u> |
| 6. Appropriations : | | |
| General Reserve | 3,000 | 2,000 |
| Expansion Reserve | 7,000 | 4,000 |
| Proposed Dividend (including Dividend Tax) | 4,395 | 4,409 |
| Carried to Balance Sheet | 12,240 | 10,340 |
| TOTAL | <u>26,635</u> | <u>20,749</u> |

Dividend

Your Directors are happy to recommend a Dividend of ₹ 2.50 per share (i.e. @ 25%) on 15,12,51,188 Equity Shares of ₹10/- each fully paid up, for the year ended on 31st March, 2011. The total outgo on account of Dividend shall be about ₹ 4395.00 Lacs including Corporate Tax on Dividend. The Dividend, if approved by the shareholders at the ensuing 26th Annual General Meeting, shall be paid to all those Members, whose names shall appear on the Register of Members of the Company on the Books Closure Date i.e. on Tuesday, the 13th September, 2011.

OPERATIONS:

Vadodara Station – I (145 MW CCPP):

Your Directors are happy to inform that Gas Based Station-I at Vadodara achieved Plant Load Factor (PLF) of 80.10% for the year under review.

During the year under review the Station generated 1017.46 Million Units (MUs) at a PLF of 80.10% as compared to 1204.73 MUs at a PLF of 94.85% in the preceding year. Planned shut downs including the major inspection of GT 2 were taken during the year. The Plant Availability Factor (PAF) was maintained at 94.72% during the year.

Vadodara Station – II (165 MW CCPP):

During the year under review the Station generated 843.55 MUs at a PLF of 58.36% (Commercial PLF of 81.7%) as compared to 1064.38 MUs at a PLF of 73.64% in the preceding year. The Station has undergone scheduled overhaul during the year under review. The Station had PAF of 89.21% for the year. The PLF achieved was considerably lower as compared to preceding year mainly on account of shortage of gas from RIL-Niko's KG D6 field and also due to backing down of the Plant as per Grid demand.

Your Directors are pleased to inform that your Company has been making all possible efforts to tie up adequate supply of gas for the gas based Power Stations at



Vadodara. Currently out of total gas requirements of 1.55 to 1.60 MMSCMD for Vadodara Stations, 1.01 MMSCMD is tied up with GAIL (India) Ltd. (GAIL) and RIL -Niko on firm long term basis. The remaining quantity is tied up with Gujarat State Petroleum Corporation Ltd (GSPCL) and GAIL for supply of Spot gas on "as and when required" basis.

During the year under review major energy conservation and efficiency improvement measures by way of modification in various auxiliaries and redefining operational parameters have been successfully implemented.

Safety Performance:

The health and safety of all the employees is prime concern of the Company. Your Company is making sincere and committed efforts to maintain the safety of plant equipment and creating a safe and healthy working environment for the employees. The Company is exclusively spending approx. ₹ 19.00 Lacs for the health and safety related activities. Constant efforts are made to maintain accident free operations at all the locations. Your Company has adopted a comprehensive Health and Safety policy under the Integrated Management System (IMS).

Surat Lignite Power Plant (SLPP):

Phase I of the Station achieved a PLF of 79.63% with generation of 1743.79 MUs as compared to 1826.75 MUs at a PLF of 83.41% in the preceding year.

Constant endeavors are being made to improve the overall performance of the Stations, including technology improvement and modifications. The required maintenance programme for upkeep of the Units was undertaken during the year under review.

Mining:

Your Directors are happy to inform that the performance of Mining Division remained very good during the year under review. Total quantity of lignite was met from our captive Vastan Mine and Mangrol Mine and Limestone from Vastan Mine. To meet the demand of Units 3 & 4 of SLPP Expansion, Lignite production of Mangrol Mine was also started from 22nd May 2010 and sufficient quantity of Lignite has been stocked for

the operations of Phase II Expansion Project - Units 3 and 4 - during monsoon. During the year under review, total overburden removal in Mangrol Mine was 15.23 Million CuM and has supplied 6.77 Lac tonnes of lignite.

Your Directors are happy to inform that the total quantity of lignite and limestone mined from Vastan Lignite Mine during the year under review was 18.42 lac te and 1.68 lac te respectively, which is an all time record.

Expansion Plans:

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

Unit -3

Your Directors are happy to inform that Unit-3 of 2x125 MW Expansion Project –pending its Performance Guarantee test was declared commercially available to the State grid in terms of Power Purchase Agreement (PPA) with Gujarat Urja Vikas Nigam Ltd. (GUVNL) from 19th April, 2010 and has been supplying power to the State grid in accordance with PPA. Unit-3 has been capitalized in the books of accounts of the Company during 2010-11.

Unit -4

Your Directors are happy to inform that Unit 4 of 2x125 MW Expansion Project - pending its Performance Guarantee test was also declared commercially available to the State grid in terms of PPA with GUVNL from 28th April, 2010 and has been supplying power to the State grid in accordance with PPA. Unit-4 has been capitalized in the books of accounts of the Company during 2010-11.

Thus Phase II of the Station commenced its operations during April 2010 and generated 874.34 MUs at a PLF of 42.55%. The PAF was maintained at 60.89%. The Station is in the process of stabilized operations.

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

Your Directors are pleased to inform that your Company is also in the process of setting up a 2 x 250 MW (+ 20%) thermal Power Project (SLPP Station II) based on Circulating Fluidised Bed Combustion (CFBC) technology including development of a captive lignite



Gujarat Industries Power Company Limited

mine thus increasing the generating capacity of SLPP to 1000 MW Plus.

The Bid / tender have been invited through International Competitive Bid (ICB) route for the said Project. The Bids received are under evaluation.

Green Energy Initiative:

Your Directors are happy to inform that your Company has decided to foray in promoting Green Energy under Government of Gujarat (GoG) Solar Policy 2009 – a step towards control of carbon emission. GoG has approved an allocation of 5 MW PV based grid connected solar power plant to your Company. PPA for the same has been signed with GUVNL in December 2010. Project activities are initiated with efforts to achieve commissioning by end December 2011.

Accreditation for Integrated Management System (IMS) under ISO certifications:

Your Directors are pleased to inform that during the year under review your Company has successfully maintained standard guidelines for 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) for its Power Stations at Vadodara and SLPP and has achieved renewal of the certification by M/s TUV India Ltd.

Public Deposits:

During the year 2010-11, your Company has not accepted/renewed any Fixed Deposit. The Company has repaid on time all claimed Deposits along with Interest up to the due date. As at the date of this report 8 Deposits aggregating to R.1,52,000/- have remained un-encashed/unclaimed.

Listing Agreement Compliance:

Equity Shares of your Company are listed on Bombay Stock Exchange Ltd. (BSE), National Stock Exchange of India Ltd. (NSE) and Vadodara Stock Exchange Ltd. (VSE) and their listing fees for the 2011-12 has been paid and the conditions of Listing Agreement have been complied with.

Insurance:

All the properties and the insurable interest of the Company are adequately insured. The Company has

also taken necessary insurance cover as required under the Public Liability Insurance Act, 1991.

Energy Conversation and Technology Absorption:

Pursuant to the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the report of the Board of Directors) Rules, 1988, required information is given in Annexure-I forming part of this Report.

Directors' Responsibility Statement:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Board of Directors of the Company confirms:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure;
- that the selected accounting policies were applied consistently and Directors made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit of the Company for the year ended on that date;
- that 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; and
- that the Annual Accounts have been prepared on a going concern basis.

Corporate Governance:

Your Company has been following good Corporate Governance practices and has complied with the requirements of Clause 49 of Listing Agreement. A detailed report on Corporate Governance along with Certificate dated 24th May, 2011 issued by Practicing Company Secretaries is annexed forming part of this Report.

Management Discussion and Analysis:

A report on Management Discussion and Analysis dealing with Business Operations and Performance, Research and Development, Expansion Project, Safety



and Environment, Human Resource Developments, Corporate Social Responsibility etc. is annexed forming part of this Report.

Directors:

Dr. P K Das, IAS (Retd.) and Shri P H Rana, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Shri C L Meena, IAS has ceased to be Director w.e.f. 9th August, 2011 consequent to his transfer from Finance Dept. as Principal Secretary, Revenue Department, Govt. of Gujarat.

Your Directors place on record their deep appreciation for the vision and leadership provided by Shri C L Meena, IAS during his tenure as Director of the Company.

Shri Atanu Chakraborty, IAS has been appointed as Director of the Company w.e.f. 9th August, 2011 consequent upon his nomination by Gujarat State Fertilizers & Chemicals Ltd. vice Shri H V Patel, IAS.

Your Directors place on record their deep appreciation for the vision and leadership provided by Shri H V Patel, IAS during his tenure as Director of the Company.

Shri M S Dagur, IAS has been appointed as Director of the Company w.e.f. 9th August, 2011 consequent upon his nomination by Gujarat Alkalies & Chemicals Ltd. vice Dr. Guruprasad Mohapatra, IAS.

Your Directors place on record their deep appreciation for the vision and leadership provided by Dr. Guruprasad Mohapatra, IAS during his tenure as Director of the Company.

Your Directors recommend for your approval reappointment of Dr. P K Das, IAS (Retd.) and Shri P H Rana as rotational Directors at the ensuing Annual General Meeting.

Particulars of Employees:

The information, as required under Section 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended forms part of this Report. Any shareholder interested in seeking this information may write to Company

Secretary of the Company at the Regd. Office of the Company. Further, there was no employee holding 2% or more of the equity shares of the Company during 2010-11.

Auditors:

(i) Internal:

M/s. K. N. Mehta & Co., Chartered Accountants, Vadodara has been appointed as Internal Auditors of the Company for the Financial Year 2011-12. The Audit Committee of Directors periodically reviews the reports of the Internal Auditors.

(ii) Statutory:

The Company's Statutory Auditors M/s. VCA & Associates, Chartered Accountants, Vadodara retire and are eligible for reappointment. You are requested to appoint Statutory Auditors and to fix their remuneration.

(iii) Cost:

The Government of India, Ministry of Finance has issued Cost Audit Order under Section 233(B) of the Companies Act, 1956 to appoint Cost Auditor to audit the Cost records maintained by the Company in respect of "Electricity". Accordingly, the Board of Directors has appointed M/s. Kailash Sankhlecha & Associates, Vadodara as Cost Auditor of the Company for the Financial Year 2011-12. Approval of the Central Government to their appointment as Cost Auditor of the Company has been received.

Acknowledgements:

The Board of Directors places on record its gratitude and appreciation to the Government of India, Government of Gujarat, Financial Institutions, Banks, Insurance companies, Business Associates, Promoters, Shareholders and Employees of the Company for their valuable support and faith reposed by them in the Company.

For and On behalf of the Board

Date : 19th August, 2011.

Place : Gandhinagar.

D.J. Pandian, IAS
Chairman



ANNEXURE - I TO DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS), RULES 1988

A. Conservation of Energy :

Energy Conservation measures taken, additional investments and proposals, if any, being implemented for reduction of consumption of energy and impact of the measures for reduction of energy consumption and consequent impact on the cost of production.

Several energy conservation measures are taken at Vadodara and SLPP during the year under review. Some of the measures which have significant results are indicated below:

At Vadodara:

- Stage reduction in High Pressure Boiler Feed Water Pumps (4 nos.) in 145 MW Station I to reduce energy consumption. This would result in saving of 6,51,000 Units per year.
- Design, installation and commissioning of SMART Lighting Panel in 145 MW Station I. This would result in saving of 1,18,200 Units per year.
- Stage reduction in Raw Water Feed Pumps (3 nos.). This would result in saving of about 92,000 Units per year.
- Replacement of conventional 36 W Fluorescent Lights with 28 W T-5 series Fluorescent Lamps. This will save about 67,500 Units per year.

As a result of implementation of the above measures, approx. 9,28,700 Units electrical energy aggregating to approx. ₹ 21,73,000/- would be saved every year.

At SLPP:

- Nine conventional Cooling Tower Fans of Phase – I were replaced with energy efficient Fans during the year, resulting into saving of 5,56,949 kWh electrical energy per annum.

- Optimization of voltage of lighting feeders in main plant and lignite handling area, will result into saving of 1,05,333 kWh electrical energy per annum.
- Operation Philosophy of transformers in Lignite handling area was changed by isolating one transformer out of two at PCH and mine area each, resulting into saving of 15,111 kWh electrical energy per annum.
- Operation of CCW pumping system was optimized by stopping all CCW pumps during winter season and keeping only one CCW pump in service during other seasons, resulting into saving of 2,59,200 kWh electrical energy per annum.

As a result of implementation of the above measures, approx. 9,36,593 kWh of electrical energy aggregating to approx. ₹ 10,96,000/- would be saved every year.

Energy Conservation Proposals:

At Vadodara :

- Stage reduction in HP Feed Pump in Station II with LP extraction.
- Cooling Tower Energy Efficient FRP blade replacement with @ 25% power saving in Station I.
- Install variable frequency drive for Condensate Extraction Pump in Station II.
- Change in Blow Down water arrangement in Station II.

At SLPP :

- Remaining 7 nos. of conventional Cooling Tower Fans of Phase I will be replaced by energy efficient fans expected to save 4,33,182 kWh of electrical energy per annum.
- Plant AC system condenser will be connected directly with Plant CW system. By carrying out this modification, it would be possible to



discontinue the operation of condenser Water Pumps of AC system expected to save 2,26,500 kWh electrical energy per annum.

- In Air washer fans of Phase I, pulley size will be reduced for energy conservation, expected to save 4,50,000 kWh electrical energy per annum.
- In Phase II, CW discharge line inter connection will be carried out by which it will be possible to stop CW pumps during unit shutdown, expected to save 9,12,000 kWh electrical energy per annum
- Modification work to use CW Blow Down water of Phase I as make up water in Phase II, will reduce pumping of 8,64,000 m³ raw water, expected to save 2,16,000 kWh of electrical energy per annum.

The information required to be disclosed in **Form A** of the Annexure is not applicable since the Company is not covered within the List of Industries specified in the Schedule thereto.

B. Technology Absorption :

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

C. Foreign Exchange Earnings and Outgo:

During the year there was no earning in Foreign Exchange. Foreign Exchange, outgo during the year was to the tune of ₹ 44.21 Lakhs (₹ 80.05 Lakhs during preceding year).

FORM-B

Form for Disclosure of Particulars with respect to Absorption.

Research & Development (R & D)

1. SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY

Experiment of Bio-conversion of Lignite to Methane

The Company has undertaken the R&D activities on Bio-conversion of Lignite to methane in Vastan

area, by signing a Memorandum of Understanding (MOU) for R&D / Pilot Plant with ONGC Energy Centre Trust (OECT) on 12.01.2011. The specific area in which the R&D carried out by the company is as below:

The technique is indigenous and if proved successful, may be a better solution for exploitation of deep seated lignite reserves. The result of these R & D / Pilot operations will provide an opportunity to compare bio-conversion method and UCG operations with respect to method of working, end product, technicalities, safe operations and environmental aspects. Based on the laboratory studies, the process has been found to be environmental friendly and it naturally converts lignite into useful methane.

2. Benefits derived as a result of the above R&D

Looking to the scope and indigenous natural process involved with a high end use product, it is proposed to conduct such experiment which may help in finding an environmental friendly fuel substitute for lignite / coal, if the R&D / Pilot operation succeeds, the un-mineable deeper lignite / coal seams and any other thin seams at greater depth can possibly be converted into useful methane.

3. Future plan of action

On successful completion of the experiment phase, the pilot project of commercial scale application of bio-conversion technology may be taken up at Vastan or any other location owned or controlled by GIPCL.

4. Expenditure on R & D

(a) Capital

The capital expenditure of about ₹10 Lacs from GIPCL side is proposed to be made.

(b) Recurring

During the R&D phase, there is no recurring expenditure.



Technology absorption, adaptation & innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

At Vadodara:

- i) Procurement of sophisticated meters and systems for implementation of Availability Based Tariff (ABT) as per the order by GERC / GoG w.e.f. April 2010.
- ii) Insallation of SCADA (Supervisory Control & Data Acquisition) in D.M. Plant at Vadodara.

At SLPP:

- i) Constant endeavors are being made to improve the overall performance of the Stations and to improve efficiency by energy conservation measures.
- ii) SIEMENS DCS TELEPERM ME 220 EA Operating system OS220EA up gradation done from version-2 to version-4 in unit -2. Also I/O CONTROL MODULE & BUS INTERFACE MODULE in 04 nos. of the participant was replaced with new 6DS-1332-8RS COMBINED MODULE.
- iii) New Siemens make numerical 7UR64 type relay retrofitted in Unit-2 Generator Relay Panel.
- iv) Complete 110 V UPS battery set-1 replaced in Unit-1 & 2.
- v) LHS Control room –Siemens PLC up gradation done from S5 to S7 and up gradation was also done of SCADA COROS to WinCC Software.
- vi) Provision for online greasing was made for motor bearings of AC & DC JOP, MOP-1, 2, DC EOP in both units during annual overhauling.

2. Benefits derived as a result of the above efforts:

- i) For prompt response to the requirement of the State Grid for better operation (operated by GETCO) and quality of power. ABT System also provides real time / online plant operation data.
- ii) On line monitoring of operating parameters and control of consumption of water and chemicals, resulting in saving of @ ₹ 2.25 Lacs per year.



- iii) Energy saving measures shall result in improved efficiency, performance and reliability of machines. It will also contribute in reduction of auxiliary power consumption.
- iv) To improve reliability and response time for better control. Problem analysis by retrieving past data will be possible. Availability of spares and services for both hardware and software is assured.
- v) Reliability and Availability of the Unit is enhanced.
- vi) Reliability of uninterrupted power supply to DCS System enhanced.
- vii) Reliability of System operation enhanced. Diagnosis of problems will be easier. Spares availability and service support from the OEM is ensured.
- viii) Reliability of emergency equipments has increased.

3. Imported Technology:

No New Technology was imported during the year under review.



Gujarat Industries Power Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS REPORT 2010-11

INTRODUCTION:

Your Company was established in the year 1985 and has successfully completed twenty six years of its operations on 1st June 2011. The Company was promoted by Gujarat Electricity Board (GEB) [now Gujarat Urja Vikas Nigam Ltd. (GUVNL)], Gujarat State Fertilizers and Chemicals Ltd. (GSFC), Gujarat Alkalies and Chemicals Ltd. (GACL) and Petrofils Co-operative Ltd.

It is a matter of pride that your Company which began as the first group captive power project of 145 MW CCPP in the country, has transformed into an Independent Power Producer (IPP) having installed capacity of 810 MW.

INDUSTRY OVERVIEW:

Power is said to be the catalyst for economic development. Sustained socio-economic growth depends on the availability of adequate and reliable power at reasonable rates. Power is a vital building block for development and growth of all the sectors of the economy and the Society.

However, Power Generation industry is capital intensive in nature and mobilizing adequate financial resources at competitive cost for developing generation, transmission and distribution infrastructure has always been a challenge for the Power Sector. This has been a major factor that contributes to less than required generation and transmission capacity addition in the Country.

Economic growth of India is closely linked with that of Power Sector.

Electricity is one of 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 per capita consumption of electricity and level of economic development can be seen. There has been a remarkable growth in the Power Sector after Independence. It is worthwhile to note that generation (installed) capacity of the Nation has increased to 1,76,990.40 MW as on 30th June, 2011 as compared to 1750 MW at the time of inception of the Planning era. (Source: Website-Ministry of Power-GOI)

India's ranking is attractive 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.

In the recent past, the Centre and State Governments have significantly raised their focus on the Power Sector which in turn has created huge growth opportunities for all sectors in the Power Industry.

The State's share in generation declined from 82.5% in 1979 to 46.66% till 30th June, 2011 whereas there has been increase in the share of the Central Sector from 12% to 31.39% during the same period. The share of private Sector has also gone up from 5.2% to 21.93% (Source: Website-Ministry of Power-GOI-June, 2011)

In this context, the Ministry of Power has set a Mission: "Power for all by 2012".

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

- Sufficient power to achieve GDP growth rate of 8%.
- Reliable Power
- Quality Power
- Optimum Power cost
- Commercial viability of power industry
- Power for all

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

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

Regulation Strategy is aimed at protecting Consumer interests and making the sector commercially viable



whereas financing strategy aims to generate resources for required growth of power sector.

Conservation Strategy is aimed to optimize the utilization of electricity with focus on Demand Side Management, Load Management and Technology upgradation to provide energy efficient equipment/gadgets. **(Source: Website-Ministry of Power-GOI)**

11TH PLAN – NEW VISION FOR POWER

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

Moreover, about 14,000 MW is expected from renewable energy sources and another 12,000 MW is likely to be added by way of captive Power Plants of which about 5000 MW is expected to be available to the Grid.

The proposed capacity addition of 78,700 MW comprises of 36,874 MW (46.9%) in the Central Sector, 26,783 MW (34%) in the State Sector and 15,043 MW (19.1%) in the Private Sector as has been proposed during the 11th Plan. **(Source: Website-Ministry of Power-GOI).**

Projects of 19,582 MW i.e. about 24.88 % out of 78,700 MW have been commissioned and 62,374 MW i.e. about 75.12% of the proposed capacity are likely to be commissioned.

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

NATIONAL KEY POWER STATISTICS:

POWER GENERATION:

The overall generation in the country has increased from 531.60 Billion Units (BUs) during 2002-03 to 811.1 BUs during 2010-11 (Provisional).

The overall generation (Thermal + Nuclear + Hydro) in public utilities in the country over the last five years are as under:

| F.Y. of Generation | Billion Units (BU's) |
|--------------------|----------------------|
| 2006-07 | 662.52 |
| 2007-08 | 704.45 |
| 2008-09 | 723.80 |
| 2009-10 | 771.20 |
| 2010-11 | 811.10 (Provisional) |

- The generation during the F.Y. 2010-11 has been 811.10 BUs (Provisional) at an average Plant Load Factor of 75.07%.
- Minimum overall 3% rate of return to each utility with immediate effect.
- Fuel Cost Adjustment Charges (FCA) to be automatically incorporated in the tariff.
- A package of incentives and disincentives to encourage and facilitate implementation of tariff.
- No sector shall pay less than 50% of the average cost of supply [cost of generation plus transmission and distribution].

(Source: Website-Ministry of Power/CEA-GOI)

Power Sector in Gujarat:

After its birth in 1960, Gujarat has developed its capabilities and expertise in the Power Sector, which has contributed to the healthy industrial growth of the State. The total installed capacity of power generation in the State is approx. 15723 MW as on 31.03.2011. Gujarat is one of the first States in India to constitute a Regulator for Electricity Sector viz. Gujarat Electricity Regulatory Commission (GERC) in the year 2000.

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



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Installed Capacity: India Vs Gujarat

| Sector | India | | Gujarat | |
|----------------|--------------------|-------|--------------------|-------|
| | MW | % | MW | % |
| State Sector | 70,946.82 | 52.30 | 4,766.00 | 49.50 |
| Central Sector | 47,285.99 | 34.00 | 2,446.00 | 25.41 |
| Private Sector | 18,668.82 | 13.70 | 2,416.00 | 25.09 |
| TOTAL | 1,36,901.63 | | 9,62,800.00 | |

(Source: Website-GIDB-GoG-August, 2011).

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.

Non Conventional sources

The growing consumption of energy has resulted in the Country becoming increasingly dependent on fossil fuels such as coal, oil and gas. Rising prices of oil and gas and potential shortages in future lead to concerns about the security of energy supply, which is needed to sustain our economic growth. Increased use of fossil fuels also causes environmental problems both on local and global scales.

In view of this, the Ministry of Non-Conventional Energy Sources has been implementing comprehensive programs for the development and utilization of various renewable energy sources in the Country.

Following are the Potential of Renewable Energy Sources in the State:

| | |
|------------|---|
| Wind | : 10,000 MW |
| Solar | : 5.6 kWh/ square meter/day (10,000MW) |
| Biomass | : 900 MW |
| Geothermal | : 200 MW |

The above renewable energy sources have following highlighting features:

- Installed Wind Power Capacity in the State is 1,782 MW as on 31st March, 2010.

- Gujarat was awarded first Prize for highest Wind capacity addition during 2007-08 in the Country.
- Plans for further Wind Power capacity addition of about 4,000 MW in the next five years.
- Conductive Solar Power Policy notified and Wind Power Policy amended to attract private sector participation.
- Solar Power Capacity allotted : 716 MW (Photovoltaic -365 MW , Thermal -351 MW)
- Studies for tapping Geothermal and Wave energy potential planned.
- Renewable energy generation to contribute 10% of the Conventional Power in the next five years.
- Clean Development Mechanism (CDM).
- 100% Electricity Duty Exemption in case of wheeling.
- Exemption from Demand Cut in case of a wheeling.

Solar Energy Promotion

In order to promote economically sustainable growth and also to meet India's energy requirements with focus on mitigation of challenges posed by global warming, the Hon'ble Prime Minister in the recent International meet on Climate change in Copenhagen announced that India would reduce their carbon emission by 20% by 2020 without any legal binding, and shall accelerate the growth of clean technology in India. Towards this goal, the Government of India (GoI) has launched Jawaharlal Nehru National Solar Mission (JNNSM).

GoG proposes to encourage solar power generation projects as means for socio-economic development of the backward regions through livelihood creation for the local population. These areas have potential to transform into an "Integrated Solar Generation Hub" for entire nation.

After careful consideration to have a comprehensive policy to actively promote solar power-as an additional and alternative source of energy- the GoG has introduced the Solar Power Policy-2009, with the following objectives:



- Promoting generation of green and clean power in the State using Solar energy.
- To put in place an appropriate investment climate, that could leverage the Clean Development Mechanism (CDM).
- Productive use of the wastelands, thereby engendering a socio-economic transformation.
- Employment generation and Skill Enhancement of local youth.
- Promotion of R & D and facilitation of technology transfer.
- Establish core technical competence in professionals in the State to initiate and sustain use and effective management of newer applications.
- Promotion of local manufacturing facilities.
- Creation of environmental consciousness among citizens.
- A State having per capita consumption of 1,446 kWh, which is double the national average.
- A State with zero load shedding.
- A State where all villages are glittering with 24x7 hour power supply.
- The State has crossed 10,000 MW of generation capacity.
- The State has crossed One crore nos. of consumers.

(Source: GUVNL data)

GoG Initiatives and Achievements:

GoG had taken initiative in power sector reforms by passing the Gujarat Electricity Industry (Re-organisation and Regulation) Act, 2003 and by setting up Gujarat Electricity Regulatory Commission (GERC). The main function of GERC encompass the regulation on purchase, transmission, distribution, supply and utilisation of electricity, the quality of service, the tariff and charges payable for transmission, distribution or supply of electricity having regard to the interest of both the consumers and others availing the services and the utilities and the procedure thereof for trading of electricity.

The GoG has also taken note of growing recognition of impacts of climate change at local, national and global levels. GoG has recognized the urgent need to tackle challenges that arise on account of these impacts through integrated policy prescriptions and programs aimed at mitigation of impacts and adaptation to reduce vulnerability of systems.

The efforts of the GoG have yielded results and it has been one of the best performing States in the Power Sector during the past few years.

OUTLOOK, OPPORTUNITIES AND THREATS:

The per capita consumption of power in India in the preceding year was 700 kWh which is low as compared to global average of around 3,000 kWh and this certainly reflects the demand supply gap and prospects and opportunities for the growth of Power Sector.

Your Company has the advantage of the support from the GoG while enjoying full functional freedom at the same time. The Company is managed by a team of personnel headed by the Managing Director who is a Senior IAS Officer. 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 focused on:

- Enhancing operational efficiencies.
- Ensuring better operational flexibility with the usage/adoption of multi fuel technology.
- Further expansion of capacities based on available Lignite reserves.
- Cost efficiency to enable supply of cheap and reliable power to customers/State.
- Environment protection and improvement.
- Exploring the avenues of consultancy in O&M of gas based and CFBC based thermal power plants.
- Exploring the avenues and Diversification into the areas of underground gasification of un-mineable lignite reserves and power distribution business.

ENERGY CONSERVATION

The GoI has enacted the Energy Conservation Act, 2001 laying down legal framework, institutional



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arrangement and a regulatory mechanism both at Centre and State levels 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.

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

ENVIRONMENT POLICY

Your Company has implemented 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 day to day 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 adopted as one of the important measures of the Policy.

Finally, the Policy emphasizes on work to earn recognition from the society as an environment friendly Company.

Your Company is committed to reduce the emission affecting the green house and have taken up several activities like:

- (i) Fuel switch over of station-II from Naphtha to gas;
- (ii) Adoption of CFBC technology for all lignite based plants at SLPP;
- (iii) Restoration of mine lands for productive use like development of plantations;

(iv) Establishment of Energy Management Cell to comply with statutory requirements of the State and Central Government;

(v) Development of Green Belt on about 454 Ha area with plantation of more than 8 Lacs trees/saplings around the Plants, Mines and Colony.

RISKS & CONCERNS:

Your Company is dependent on the domestic market for its business and revenues. The Company's power generating 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 risks of a significant nature to the state of economy and any adverse changes in the Policies and Regulations related to the Power Sector.

However, the GoI has been pursuing progressive policies on economic liberalization and reforms in the Power Sector. In addition, the Company closely monitors the Government Policy measures to identify and mitigate any possible business risk.

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 Vadodara, thus, mitigating the fuel availability risk. To remain unaffected by the grid differences, your Company has developed systems to isolate its power stations from the grid.

Your Company endeavors to achieve sustainable high level of efficiency in its operations and to implement cost reduction measures to enhance its competitiveness and 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/obligations.
- (ii) Delay in completion of project.
- (iii) Performance risk.
- (iv) Cost over-runs etc.



INTERNAL CONTROL SYSTEM & ITS ADEQUACY:

The Company has adequate internal control systems and procedures commensurate with the size of the Company and nature of its business, which include internal audit and review by external independent firm of Chartered Accountants and pre-audit of payments by internal team of Accountants/Agencies. All major payments and statutory payments pass through the strict scrutiny by pre-audit team before release of the same. The internal control measures such as defining various levels of the authority through delegation of powers, well laid down procurement procedures, checks and balances in the financial system to safeguard the 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/inputs, 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 loss of any important business data.

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

FINANCIAL REVIEW:

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

The Company's total income for the year ended 31st March, 2011 was ₹ 1,09,348 Lacs as compared to ₹ 95,265 Lacs in the previous year. The total income includes earnings from sale of electricity energy at ₹ 1,07,795 Lacs as compared to ₹ 93,912 Lacs recorded in the previous year.

The net profit of ₹ 16,295 Lacs has been arrived at after taking into account the provision for current Income Tax (Minimum Alternate Tax) ₹ 2,415 Lacs, Deferred Tax Liability of ₹ (2,983) Lacs and Tax adjustment of earlier year ₹ (3,619) Lacs.

The fuel cost increased from ₹ 61,087 Lacs to ₹ 63,376 Lacs on account of increased Gas price.

During the year, gross block has increased from ₹ 1,93,602 Lacs to ₹ 3,52,656 Lacs mainly due to capitalization of SLPP- II (Units 3 & 4).

Interest expenditure has increased from ₹ 1,624 Lacs to ₹ 7,034 Lacs mainly due to interest paid on term loans taken in respect of SLPP-II (Units 3 & 4) which is capitalized during the year.

The Corporate Tax Liability for the year under Minimum Alternate Tax provisions was ₹ 2,415 Lacs compared to ₹ 2,220 Lacs in the previous year under normal tax provisions.

The total dividend pay out (proposed) for the year at ₹ 2.50 per Equity Share i.e. (@25%) is ₹ 4,395 Lacs including Corporate Tax on Dividend.

As on 31st March 2011, the net worth of the Company stood at ₹ 1,35,380 Lacs.

HUMAN RESOURCE & INDUSTRIAL RELATIONS

Humans are considered as one of the most critical resources in the business which can be continuously smoothened to maximize the effectiveness of the Organization. Human resources build the Enterprise and the sense of belonging would inculcate the spirit of dedication and loyalty amongst them towards strengthening the Company's sustainable growth. All personnel continue to have healthy, cordial and harmonious approach thereby enhancing the contributory value of the Company.

The strength of your Company lies in its team of highly competent and highly motivated personnel. This has made it possible for your Company to make significant improvements and progress in all areas of activities. The employees had taken on the challenge to improve the performance of the Plants through efficiency, productivity and economy. During the year 2010-2011, the Company maintained its high standards 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



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

The industrial relations remained cordial throughout the year at Vadodara and SLPP Plants.

Corporate 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 at Vadodara and through Company promoted NGO - Development Efforts for Rural Economy and People (DEEP) at SLPP.

Major Corporate Social Responsibility (CSR) initiatives by your Company revolve around community empowerment especially of unprivileged and poor. Focus on women issues and their role in development is placed at core. Interventions include drinking water, sanitation, School Infrastructure development, Village Infrastructure development like roads, culverts, check dams, water tanks, panchayat house, milk dairy co-operative society building, drainage etc., environment up-gradation in surrounding villages. The Company is also co-sponsoring a Mid day meal Scheme at Vadodara

where about 30,000 children of Government schools are provided hygienic food.

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

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis forming part of 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 assumptions and expectations of future events. The Company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

For and on behalf of the Board

Date : 19th August, 2011.
Place : Gandhinagar.

D.J. Pandian, IAS
Chairman



REPORT ON CORPORATE GOVERNANCE

The detailed Report on Corporate Governance in the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

A. MANDATORY REQUIREMENTS

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

The Philosophy:

At GIPCL, the 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 stems from the management's mindset and involves necessarily a creative, generative and positive thinking attitude adding value to various stakeholders which are served as end customers of the Company.

2. BOARD OF DIRECTORS :

(1) Composition of the Board

The Board of Directors comprises of total ten Directors as on 31st March, 2011. Managing Director is an Executive and Non Independent Director, all other Directors are Non Executive.

(2) Brief Resume of Directors under Appointment/Reappointment :

The resume of Shri P H Rana and Dr. P K Das, IAS (Retd.) are given in the Explanatory Statement annexed to the Notice convening the 26th Annual General Meeting of the Company, forming part of this Annual Report.

(3) Number of Board Meetings held and Dates thereof:

During the year 2010-11, six Board Meetings were held viz. 25/05/2010, 04/08/2010, 18/09/2010, 10/11/2010, 18/12/2010 and 14/02/2011.

(4) Attendance of Directors at the Board Meetings, last AGM and their Directorships and Committee Memberships in other Companies:

As on 31/03/2011

| Name | No. of Board Meetings attended | Attendance at last AGM held on 18/09/2010 | Directorships in other Companies | Audit Committee and Share/Debtenture Transfers and Investors' Grievance Committee | |
|--------------------------|--------------------------------|---|----------------------------------|---|--------------|
| | | | | Membership | Chairmanship |
| Shri D J Pandian, IAS | 05 | NO | 13 | - | - |
| Prof. Shekhar Chaudhuri | 02 | YES | 03 | 03 | 01 |
| Prof. Kirankumar M Joshi | 06 | YES | 02 | 01 | 01 |
| Dr. P K Das, IAS (Retd.) | 05 | NO | 01 | - | 01 |
| Dr. G P Mohapatra, IAS | 02 | NO | 07 | 03 | - |
| Shri P H Rana | 06 | YES | 09 | - | - |
| Shri H V Patel, IAS | 05 | YES | 07 | 04 | 02 |
| Shri G A Tadas | 04 | YES | 01 | 01 | - |
| Shri C L Meena, IAS, | 04 | YES | 08 | 02 | - |
| Shri L Chuaungo, IAS | 04 | YES | 13 | 05 | - |



Gujarat Industries Power Company Limited

REPORT ON CORPORATE GOVERNANCE (Contd.)

- Shri D J Pandian, IAS, holds 100 Equity Shares of the Company. Except him, none of the other Directors hold any Equity Shares of the Company as on 31st March, 2011. The shareholding of relatives of Directors as on that date was NIL.

3. GENERAL BODY MEETINGS:

The details as to the timings, date and venue of last three Annual General Meetings (AGM) of the Company held, are as under:

| DATE AND NO. OF MEETING | TIME AND VENUE | SPECIAL RESOLUTION(S) PASSED |
|------------------------------------|---|--|
| 20/09/2008 23 rd AGM | 11: 00 A.M. At the Registered Office of the Company at P O Petrochemical – 391 346, District Vadodara | 1. Amendment in the Articles of Association. 2. Amendment in the Memorandum of Association. |
| 19/09/2009 24 th AGM | 11: 00 A.M. At the Registered Office of the Company at P O Petrochemical – 391 346, District Vadodara | 1. Reclassification of Authorised Share Capital. 2. Amendment in the Memorandum of Association. 3. Amendment in the Articles of Association. |
| 18/09/2010 25 th AGM | 11: 00 A.M. At the Registered Office of the Company at P O Petrochemical – 391 346, District Vadodara | 1. Appointment of Statutory Auditors of the Company. |

Postal Ballot

During the year 2010-11, the Company has not passed any resolution by Postal Ballot.

4. BOARD COMMITTEES :

- (i) **The Board of Directors of the Company has constituted following Committees in which the Directors are members.**

(A) Audit Committee

(B) Share/Debenture Transfers and Investors' Grievance Committee

(C) Project Committee

(D) Personnel Committee

- (ii) **Committee Minutes :**

Minutes of all the aforesaid Committees are prepared by the Company Secretary, approved by the Chairman of the Committee/Meeting and circulated to Directors along with Agenda of next succeeding Meeting for taking the same on record.



REPORT ON CORPORATE GOVERNANCE (Contd.)

(A) Audit Committee :

(a) Composition

As at 31.3.2011, the Audit Committee comprised of five (05) Non Executive, Independent Directors viz. Dr. P K Das, IAS (Retd.), Shri G A Tadas, Prof. Shekhar Chaudhuri, Prof. Kirankumar Joshi and Shri H V Patel, IAS.

Company Secretary acts as Secretary to the Audit Committee.

(b) Terms of Reference

The terms of reference of Audit Committee are commensurate with the requirements of Clause 49 of Listing Agreement and the provisions of Section 292 A of the Companies Act, 1956. It includes review and recommendation for approval to the Board, quarterly and annual financial results, review adequacy of internal control system and procedures, recommend for approval to the Board appointment of Statutory Auditors, Cost Auditors and Internal Auditors, review of Revenue and Capital Budgets, review of Cost Audit Report, review of the reports and performance of Internal Auditors and action taken by respective Departments on the matters reported by Internal Auditors etc.

(c) Meetings and Attendance

During the year 2010-11, four (04) Meetings of Audit Committee were held viz. 25/05/2010, 04/08/2010, 10/11/2010 and 14/02/2011.

| Name | No. of Meetings attended |
|--------------------------|--------------------------|
| Dr. P K Das, IAS (Retd.) | 04 |
| Shri G A Tadas | 03 |
| Prof. Shekhar Chaudhuri | 01 |
| Prof. Kirankumar M Joshi | 04 |
| Shri H V Patel, IAS | 03 |

(B) Share/Debenture Transfers and Investors' Grievance Committee

(a) Composition

As at 31.3.2011, the Committee comprised of three (03) Directors viz. Shri H V Patel, IAS, Dr. G P Mohapatra, IAS, and Shri L Chuaungo, IAS.

Company Secretary acts as Secretary to the said Committee.

(b) Terms of Reference

The Committee considers and approves all securities related transactions and also looks into redressal of investors' complaints, reviews the system and procedure of redressal and recommends measures to strengthen the same.

The Board has designated CS A C Shah, Company Secretary and DGM (Legal) as the Compliance Officer. His contact details are as follows :

Gujarat Industries Power Company Ltd.

P.O. Petrochemical - 391 346, Dist. Vadodara.

Ph No.:0265-2230159 Fax No:0265-2230473

Email: investors@gipcl.com Website: www.gipcl.com



Gujarat Industries Power Company Limited

REPORT ON CORPORATE GOVERNANCE (Contd.)

(c) Meetings and Attendance

During the year 2010-11, two (02) Meetings of the Committee were held viz. 13/08/2010 and 22/10/2010. To facilitate timely approval/registration of securities related transactions up to 1000 Equity shares, powers have been delegated to a Sub-Committee comprising of Managing Director, Chief Finance Officer and Company Secretary, which meets every fortnight.

| Name | No. of Meetings attended |
|------------------------|--------------------------|
| Shri H V Patel, IAS | 02 |
| Dr. G P Mohapatra, IAS | 01 |
| Shri L Chuaungo, IAS | 02 |

(d) Details of Shareholders' Complaints

During 2010-11, 185 Complaints have been received and all of them have already been attended and resolved. As on date no complaint is pending. Number of pending share transfer as on 31st March, 2011 - NIL.

(C) Project Committee :

(a) Composition

As at 31st March, 2011, the Committee comprised of six (06) Directors viz. Shri D J Pandian, IAS, Dr. P K Das, IAS (Retd.), Dr. G P Mohapatra, IAS, Shri H V Patel, IAS, Shri P H Rana and Shri L Chuaungo, IAS.

During 2010-11, three meetings of the Committee were held viz. 25/05/2010, 13/08/2010 and 21/02/2011.

Company Secretary acts as Secretary to the Committee.

(b) Terms of Reference

To review and recommend proposals of new projects to the Board for approval.

(D) Personnel Committee

(a) Composition

As at 31st March, 2011, the Committee comprised of five (05) Directors viz. Dr. P K Das, IAS (Retd.), Dr. G P Mohapatra, IAS, Shri H V Patel, IAS, Prof. Kirankumar Joshi and Shri L Chuaungo, IAS.

During 2010-11, four (04) meetings of the Committee were held viz. 12/04/2010, 13/08/2010, 22/10/2010 and 24/01/2011.

Company Secretary acts as Secretary to the Committee.

(b) Terms of Reference

To consider and approve appointments and promotions of Senior executives and to make recommendations to the Board regarding Personnel and HR matters and policies.



REPORT ON CORPORATE GOVERNANCE (Contd.)

Details of Remuneration paid to Directors:

Executive Director:

Shri L Chuaungo, IAS has been reappointed as the Managing Director of the Company for a further period till his services are withdrawn by Government of Gujarat subject to limit of five years pursuant to provisions of Section 317 of the Companies Act, 1956.

Details of remuneration paid to Managing Director during 2010-11:

| Particulars | Amount (₹) |
|-------------------------|-------------------|
| Furnished Accommodation | 1,15,085/- |
| Electricity | 85,900/- |
| Tax on Perquisites | 34,391/- |
| Total | 2,35,376/- |

Non Executive Directors:

| Name | Relationship with other Directors | Business relationship with the Company, if any | Sitting Fees paid (₹) | | |
|----------------------------|-----------------------------------|--|-----------------------|------------------------|-------------------|
| | | | For Board Meetings | For Committee Meetings | Total |
| Shri D J Pandian, IAS* | No | No | 19,000/- | 8,500/- | 27,500/- |
| Prof. Shekhar Chaudhuri | No | No | 7,000/- | 3,500/- | 10,500/- |
| Prof. Kirankumar Joshi | No | No | 22,500/- | 29,500/- | 52,000/- |
| Dr. P. K. Das, IAS (Retd.) | No | No | 19,000/- | 41,500/- | 60,500/- |
| Dr. G.P. Mohapatra, IAS* | No | No | 8,500/- | 31,000/- | 39,500/- |
| Shri P.H. Rana | No | No | 22,500/- | 8,500/- | 31,000/- |
| Shri H V Patel, IAS* | No | No | 19,000/- | 46,500/- | 65,500/- |
| Shri G A Tadas** | No | Nominee of IDBI Bank Ltd. | 15,500/- | 10,500/- | 26,000/- |
| Shri C L Meena, IAS* | No | No | 14,000/- | - | 14,000/- |
| Shri L. Chuaungo, IAS*** | No | No | - | - | - |
| Total | | | 1,47,000/- | 1,79,500/- | 3,26,500/- |

* Fees Deposited in Govt. Treasury.

** Fees Deposited with IDBI Bank Ltd.

*** No sitting fee is payable to Managing Director.

During 2010-11, Non-Executive Directors were paid Sitting Fee ₹ 5,000/- for attending each meeting of the Board or Committee thereof w.e.f. 10/11/2010 (previously ₹ 3,500/- per meeting).



Gujarat Industries Power Company Limited

REPORT ON CORPORATE GOVERNANCE (Contd.)

DISCLOSURES:

- The Company does not have any 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 have potential conflict with the interest of the Company at large.
- Senior Executives of the Company have to disclose on Annual basis to the Board of Directors about any material and commercial transaction, where they have personal interest that may have a potential conflict with the interest of the Company at large. No such transaction has taken place during 2010-11.
- The Company has complied with the requirements of regulatory authorities on capital markets viz. SEBI, Stock Exchanges, MCA and no penalties or strictures have been imposed against the Company during last three years.
- Disclosure pursuant to Clauses 5A I and 5A II of the Listing Agreement in respect of unclaimed shares in demat mode lying in a separate Demat suspense account:

| Particulars | Shareholders(Nos.) | Outstanding Shares (Nos.) |
|--|--------------------|---------------------------|
| At the beginning of the year | 5 | 1078 |
| Add: No. of Shares credited on 11/3/2011 pursuant to introduction of Clause 5A II. | 13 | 1800 |
| Total | 18 | 2878 |
| Less: No. of Shareholders who approached and to whom shares were transferred during the year | 3 | 770 |
| At the end of the year | 15 | 2108 |

Quarterly Compliance Report:

The Company has submitted Corporate Governance Compliance Report in the prescribed format for each quarter during 2010-11, within 15 days from the close of respective quarter, to the Stock Exchanges where the equity shares of the Company are listed viz. VSE, BSE and NSE.

Code of Conduct:

The Board of Directors of the Company has adopted 'Code of Conduct' for its members and senior executives of the Company. The said Code of Conduct has been placed on the website of the Company www.gipcl.com

Directors and senior executives have affirmed compliance with the 'Code of Conduct' during the year 2010-11. A declaration by Managing Director to this effect is attached and forms part of this Report.

Insider Trading:

The Company has in place Code for Prevention of Insider Trading on the lines prescribed by the SEBI (Prohibition of Insider Trading) Regulations, 1992. It is applicable to Directors and designated employees of the Company. Trading Window would remain closed for them during the period when price sensitive information is unpublished. The Window closure period for the said purpose is three days before the date of Board Meeting and two days after the Board Meeting.

Company Secretary has been designated as Compliance Officer for the purpose.



REPORT ON CORPORATE GOVERNANCE (Contd.)

Risk Management:

The Company has laid down system and procedure of regular monitoring of various kinds of risks that are inherent to the nature of its business and operations. Regular reporting on quarterly basis is done to the Board of Directors on Risk assessment and steps taken to mitigate/minimize the same.

Accounting Treatment Related Disclosure:

The Company has followed uniform accounting practices and has adhered to all the applicable accounting standards under the Companies Act, 1956 in the preparation of its Annual Financial Statements.

The details of utilization of funds mobilized through Public Issue is given in note No.14 of Schedule 21 (Notes forming part of Accounts) of the Audited Accounts for the year 2010-11.

CEO and CFO Certification:

Pursuant to Clause 49 of Listing Agreement, Chief Executive Officer (CEO) and Chief Finance Officer (CFO) have issued necessary Certificate which is annexed to and forms part of this Report.

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 language newspaper. The Financial Results and Shareholding Pattern of the Company are posted on the Corpfil portal regularly.

Unaudited/Audited Financial Results, Pattern of Shareholding, details of Directors, latest full Annual Report and other information pertaining to the Company are available on the web site www.gipcl.com. The Company also sends full Annual Report to each shareholder at the address registered with the Company/Depositories. The Company proposes to start from this year onwards sending Annual Report and other correspondence to those shareholders by e-mail who have furnished e-mail address to their DPs or to the Company.

Financial Results were published as follows:

| Period FY 2010-11 | Date of Approval by Board | Date of publication | Newspapers |
|----------------------|------------------------------|------------------------|---|
| Q1 UFR* | 04/08/2010 | 05/08/2010 | Business Standard – All editions Hindu Business Line – All editions. Economic Times (English and Gujarati) - Ahmedabad edition. Loksatta / Jansatta - Vadodara edition |
| Q2 UFR* | 10/11/2010 | 12/11/2010 | |
| Q3 UFR* | 14/02/2011 | 15/02/2011 | |
| Full year AFR** | 24/05/2011 | 26/05/2011 | |

* UFR - Unaudited Financial Results ** AFR- Audited Financial Results

Subsidiary Company:

The Company has no Subsidiary Company.



Gujarat Industries Power Company Limited

REPORT ON CORPORATE GOVERNANCE (Contd.)

GENERAL INFORMATION TO SHAREHOLDERS:

| | |
|---|--|
| Financial Year of the Company | 1 st April to 31 st March |
| Power Plant Locations | |
| 145 MW Station I and 165 MW Station II | P. O. Petrochemicals 391 346, District Vadodara |
| 500 MW Surat Lignite Power Plant | At & P.O. Village Nani Naroli, Taluka Mangrol, District Surat-394 110 |
| Listing on Stock Exchanges | 1. Vadodara Stock Exchange Ltd. Scrip Code : 129 2. Bombay Stock Exchange Ltd. Scrip Code : 517300 3. National Stock Exchange of India Ltd. Scrip Symbol : GIPCL- EQ |
| Books Closure Dates | From Tuesday, the 13 th September, 2011 to Friday, the 23 rd September, 2011 (both days inclusive). |
| Day, Date, Time and Venue of 26 th AGM | The 26 th Annual General Meeting of the Company will be held on Friday, the 23 rd September, 2011 at 3:00 PM at the Registered Office of the Company at P.O. Petrochemicals – 391 346, Dist.: Vadodara. |
| ISIN No. allotted by NSDL and CDSL to Equity Shares | INE162A01010 |
| Time taken for processing of share transfer request and dispatch thereof | 30 days |
| Time taken for processing of dematerialization requests | 15 days |
| Dividend Payment date | Dividend shall be paid subject to approval of the Shareholders on 23 rd September, 2011 at the 26 th AGM. |
| Name and Address of Compliance Officer of the Company | CS A C Shah Company Secretary & DGM (Legal) P.O.: Petrochemicals - 391 346, Dist.: Vadodara. Fax No:0265-2230473. Email:investors@gipcl.com |
| Name and Address of Registrars and Transfer Agents (R&T Agents) of the Company for the communication for securities related transactions by shareholders holding shares in physical mode. | Link Intime India Pvt. Ltd. B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara – 390 015. Ph Nos.(0265) 2356573 / 2366794. FaxNos.(0265) 2356791. Email:vadodara@linkintime.co.in |
| No. of Employees | 537 |



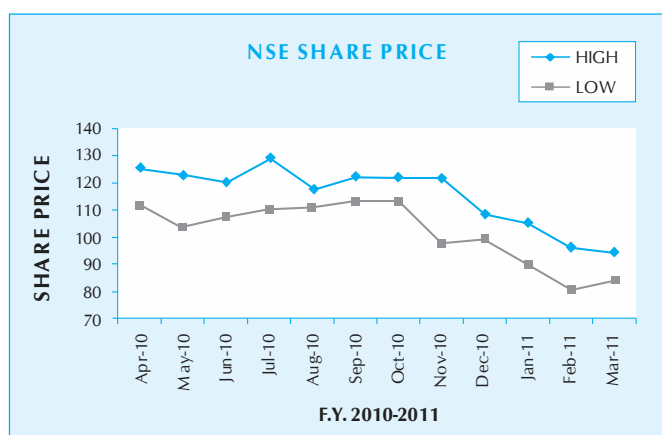
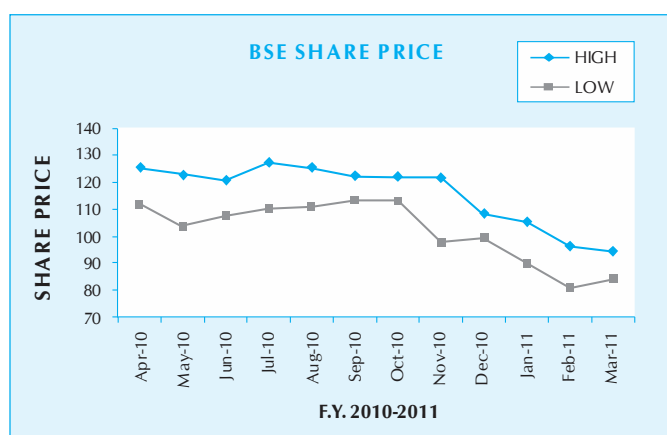
REPORT ON CORPORATE GOVERNANCE (Contd.)

DATA OF SHARE PRICE ON BSE AND NSE:

Monthly High and Low Market price of the Company's Equity shares traded on Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) during April 2010 to March 2011 are given below:

| Month | Bombay Stock Exchange Ltd. | | National Stock Exchange of India Ltd. | |
|------------|----------------------------|--------|---------------------------------------|--------|
| | High | Low | High | Low |
| APRIL 2010 | 125.00 | 111.50 | 124.95 | 111.05 |
| MAY 2010 | 122.40 | 103.30 | 122.7 | 103 |
| JUNE 2010 | 120.40 | 107.15 | 120.25 | 107.5 |
| JULY 2010 | 126.90 | 110.00 | 129 | 110 |
| AUG. 2010 | 125.00 | 110.55 | 117.75 | 110.6 |
| SEPT. 2010 | 121.85 | 113.05 | 122 | 113.25 |
| OCT. 2010 | 121.40 | 112.70 | 121.5 | 112.5 |
| NOV. 2010 | 121.20 | 97.35 | 121 | 98.05 |
| DEC. 2010 | 108.00 | 99.05 | 108.45 | 99.35 |
| JAN. 2011 | 104.95 | 89.50 | 105 | 89.05 |
| FEB. 2011 | 96.00 | 80.50 | 96 | 80.1 |
| MAR. 2011 | 94.15 | 84.15 | 94.90 | 84.10 |

Graphical presentations of monthly high and low prices on BSE and NSE:





Gujarat Industries Power Company Limited

Share Transfer System:

To ensure expeditious and timely approval and registration of securities related transactions up to 1000 Equity Shares, powers have been delegated to a Sub-Committee of Senior Officials of the Company under the Chairmanship of Managing Director. For requests of more than 1000 shares and issue of duplicate share certificates in lieu of lost ones are considered and approved by Share/Debenture Transfers and Investors' Grievance Committee of Directors. Duly transferred share certificates are normally returned within a period of 25-30 days from the date of receipt of the same, provided all the required documents and attachments are in order.

Pattern of Shareholding as on 31st March, 2011 :

| Category | NO. OF SHARES HELD | (%) TO TOTAL SHARE CAPITAL |
|--------------------------------------|--------------------|----------------------------|
| Promoters | 88040261 | 58.21 |
| Central/State Govt. Bodies Corporate | 11906721 | 7.87 |
| Institutional Investors | 28937628 | 19.13 |
| Foreign Institutional Investors/ NRI | 3642485 | 2.42 |
| Indian Public | 18724093 | 12.37 |
| GRAND TOTAL | 151251188 | 100.00 |

Distribution of Shareholding as on 31st March, 2011:

| Category (No. of Shares) From To | No. of Shareholders | % of Total No. of Shareholders | No. of Shares | % of Total No. of Shareholders |
|--|---------------------|--------------------------------|------------------|--------------------------------|
| Upto 5000 Shares | 70522 | 99.600 | 14954694 | 9.89 |
| 5001 – 10000 | 128 | 0.181 | 974674 | 0.64 |
| 10001 – 20000 | 67 | 0.095 | 938098 | 0.62 |
| 20001 – 30000 | 15 | 0.021 | 386029 | 0.26 |
| 30001 – 40000 | 16 | 0.022 | 564289 | 0.37 |
| 40001 – 50000 | 5 | 0.007 | 230088 | 0.15 |
| 50001 – 100000 | 16 | 0.022 | 1217399 | 0.81 |
| 100001 and above | 37 | 0.052 | 131985917 | 87.26 |
| TOTAL | 70806 | 100.000 | 151251188 | 100.00 |

SUMMARY OF SHAREHOLDERS AND SHARES HELD IN PHYSICAL AND DEMAT MODE AS ON 31ST MARCH, 2011

| Particulars | Physical | Demat - NSDL | Demat -CDSL | Total |
|--------------------------------------|----------|--------------|-------------|-----------|
| Total Shareholders(Nos.) | 14353 | 42717 | 13736 | 70806 |
| Percentage to Total Shareholders (%) | 20.27 | 60.33 | 19.40 | 100.00 |
| Total shares(Nos.) | 48116632 | 97273226 | 5861330 | 151251188 |
| Percentage to Total Share Capital | 31.81 | 64.31 | 3.88 | 100.00 |



CEO AND CFO CERTIFICATION

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

- a) We have reviewed the financial statements for the year ended 31st March, 2011 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, 2011 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 : Gandhinagar.
Date : 24/05/2011.

CA S.P. Desai
Chief Finance Officer

L Chuaungo, IAS
Managing Director

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

This is to certify that the Board Members and the Members of Senior Management (i.e. one layer below the Board of Directors) have given declaration regarding the adherence to the Code of Conduct as enunciated by the Company for the year ended 31st March 2011 as required under Clause 49 of the Listing Agreement.

For Gujarat Industries Power Company Ltd.

Place : Gandhinagar
Date : 24/05/2011

L. Chuaungo, IAS
Managing Director



Gujarat Industries Power Company Limited

CERTIFICATE

to the Members of Gujarat Industries Power Company Ltd.

We have examined the compliance of the conditions of Corporate Governance by Gujarat Industries Power Company Limited for the year ended 31st March, 2011 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 to us, we certify that the Company has complied with 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, 2011, no investor grievances are pending against the Company, as per the records maintained by the Company and presented to the Share / Debenture Transfer & Investors' 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 : 24th May, 2011.
Place : Vadodara.

S. Samdani
Practicing Company Secretary
S. Samdani & Associates
Company Secretaries
CP No. 2863



AUDITORS' REPORT

**TO,
THE MEMBERS OF
GUJARAT INDUSTRIES POWER COMPANY LIMITED**

1. We have audited the attached Balance Sheet of **Gujarat Industries Power Company Limited** ("the Company") as at 31st March 2011 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 the 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 (Auditors' 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 as we considered appropriate and according to information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the company so far as it 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 and 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 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 2011 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 2011;
 - 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 Flow for the year ended on that date.
4. Further to our comments in the Annexure referred to above, we report that:

For VCA & Associates
Chartered Accountants
F R N: 114414W

Place: Vadodara.
Date : 24th May, 2011.

Ashok Thakkar
Partner
Membership No. 48169



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 assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The company has not disposed off a substantial part of 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 the 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 and 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 under Section 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 detail 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, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31st March, 2011 for a period of more than six months from the dates they become payable.

**ANNEXURE TO THE AUDITORS' REPORT** (Contd.)

- (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.

In respect of Stamp Duty and Income Tax as at 31st March, 2011 which have not been deposited on account of any dispute, the details are as under:

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

- x. In our opinion, the Company has no accumulated losses. The Company has not incurred any 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 loans and advances on the basis of security by way of pledge of shares, debentures and other securities and therefore, the provisions of clause (xii) of the Order are not applicable to the Company.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of the Order are not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. The Company is investing surplus funds in marketable securities and bonds. According to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The investments in marketable securities 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 VCA & Associates
Chartered Accountants
F R N: 114414W

Place: Vadodara.
Date : 24th May, 2011.

Ashok Thakkar
Partner
Membership No. 48169



Gujarat Industries Power Company Limited

BALANCE SHEET AS AT 31ST MARCH, 2011

| | | (₹ in Lacs) | |
|--|----------|---------------------|---------------------|
| Particulars | Schedule | AS AT 31-03-2011 | AS AT 31-03-2010 |
| SOURCES OF FUNDS : | | | |
| Shareholders' Funds : | | | |
| Share Capital | 1 | 15,125.12 | 15,125.12 |
| Reserves and Surplus | 2 | 121,382.64 | 109,482.39 |
| Loan Funds : | | | |
| Secured Loans | 3 | 103,353.98 | 104,406.75 |
| Unsecured Loans | 4 | 8,000.00 | 2,000.00 |
| Deferred Tax Liability (Net) | | 4,653.70 | 7,637.20 |
| TOTAL | | 252,515.44 | 238,651.46 |
| APPLICATION OF FUNDS : | | | |
| Fixed Assets : | | | |
| Gross Block | 5 | 352,655.99 | 193,602.32 |
| Less : Depreciation/Impairment | | 133,389.45 | 120,965.83 |
| Net Block | | 219,266.54 | 72,636.49 |
| Capital Work in Progress | | 12,169.11 | 8.98 |
| Expenditure on New Project | 6 | 2,073.74 | 161,587.20 |
| Mines Development Expenditure (To be amortised) | 7 | 19,482.17 | 13,944.41 |
| | | 252,991.56 | 248,177.08 |
| Investments | 8 | 2,980.68 | 2,709.68 |
| Current Assets, Loans and Advances : | | | |
| Interest Accrued | | 0.06 | 0.09 |
| Inventories | 9 | 10,351.39 | 10,354.72 |
| Sundry Debtors | 10 | 20,018.41 | 13,726.05 |
| Cash and Bank Balances | 11 | 147.79 | 156.21 |
| Loans and Advances | 12 | 6,747.13 | 4,906.51 |
| | | 37,264.78 | 29,143.58 |
| Less : Current Liabilities and Provisions : | | | |
| Current Liabilities | 13 | 33,445.47 | 34,943.40 |
| Provisions | 13 | 8,403.54 | 7,711.81 |
| Net Current Assets | | (4,584.23) | (13,511.63) |
| Miscellaneous Expenditure | | 1,127.43 | 1,276.33 |
| (To the extent not written off or adjusted) | | | |
| TOTAL | | 252,515.44 | 238,651.46 |
| Significant Accounting Policies | 19 | | |
| Notes to Accounts | 20 | | |

As per our report of even date attached

For **VCA & Associates**
Chartered Accountants

Ashok Thakkar
Partner
Membership No. 48169

Place : Gandhinagar.
Date : 24th May, 2011.

L. Chuaungo
Managing Director

S. P. Desai
Chief Finance Officer

D. J. Pandian
Chairman

A.C.Shah
Company Secretary
& DGM (Legal)

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

| | | (₹ in Lacs) | |
|--|----------|----------------------------------|----------------------------------|
| Particulars | Schedule | For the Year ended 31-03-2011 | For the Year ended 31-03-2010 |
| INCOME : | | | |
| Sale of Electrical Energy | | 107,794.91 | 93,911.89 |
| Other Income | 14 | 1,552.71 | 1,353.56 |
| TOTAL | | 109,347.62 | 95,265.45 |
| EXPENDITURE : | | | |
| Generation Expenses | 15 | 70,088.70 | 67,464.36 |
| Personnel Expenses | 16 | 4,911.95 | 2,734.62 |
| Administration and Other Expenses | 17 | 2,548.44 | 1,801.32 |
| Interest & Finance Charges | 18 | 7,033.97 | 1,623.86 |
| Depreciation | | 12,507.76 | 8,804.05 |
| Expenses Amortised | | 148.91 | 0.00 |
| TOTAL | | 97,239.73 | 82,428.21 |
| Profit Before Tax | | 12,107.89 | 12,837.24 |
| Provision for Taxation | | | |
| - Current Tax | | 2,415.00 | 2,220.00 |
| - Deferred Tax | | (2,983.50) | (323.73) |
| - Tax adjustment for earlier years | | (3,618.58) | 262.56 |
| Profit After Tax | | 16,294.97 | 10,678.41 |
| Balance brought forward from Previous Year | | 10,339.54 | 10,070.48 |
| Balance available for Appropriation | | 26,634.51 | 20,748.89 |
| APPROPRIATIONS : | | | |
| General Reserve | | 3,000.00 | 2,000.00 |
| Expansion Reserve | | 7,000.00 | 4,000.00 |
| Proposed Dividend | | 3,781.28 | 3,781.28 |
| Corporate Dividend Tax | | 613.44 | 628.07 |
| Balance carried to Balance Sheet | | 12,239.79 | 10,339.54 |
| | | 26,634.51 | 20,748.89 |
| Earning Per Share (Basic and Diluted) including prior period adjustments | Rupees | 10.77 | 7.06 |
| Earning Per Share (Basic and Diluted) excluding prior period adjustments | Rupees | 10.77 | 7.06 |
| Significant Accounting Policies | 19 | | |
| Notes to Accounts | 20 | | |

As per our report of even date attached

For **VCA & Associates**
Chartered Accountants**Ashok Thakkar**
Partner
Membership No. 48169Place : Gandhinagar.
Date : 24th May, 2011.**L. Chuaungo**
Managing Director**S. P. Desai**
Chief Finance Officer**D. J. Pandian**
Chairman**A.C.Shah**
Company Secretary
& DGM (Legal)



Gujarat Industries Power Company Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

| Particulars | (₹ in Lacs) | |
|--|----------------------------------|----------------------------------|
| | For the Year ended 31-03-2011 | For the Year ended 31-03-2010 |
| A Cash Flow From Operating Activities : | | |
| Net Profit before Taxes and Extraordinary items | 12107.89 | 12837.24 |
| Adjustment for : | | |
| Depreciation and Expenses amortised | 12656.67 | 8804.05 |
| Interest debited to Profit & Loss Account | 7033.97 | 1623.86 |
| Loss on Sale of Assets | 0.82 | 0.22 |
| Profit on Sale of Assets | 0.00 | (1.55) |
| Interest Received | (346.01) | (260.34) |
| Dividend | (55.86) | (51.03) |
| | 19289.59 | 10115.21 |
| Operating Profit Before Working Capital Changes | 31397.48 | 22952.45 |
| Adjustment for : | | |
| Trade Receivables | (6292.36) | 4180.40 |
| Inventories | 3.33 | (1385.94) |
| Loans and Advances | (1163.53) | (345.67) |
| Trade Payables | 2465.89 | (335.35) |
| | (4986.67) | 2113.44 |
| Cash Generated from Operations | 26410.81 | 25065.89 |
| Payment of Direct Taxes | 721.50 | (2307.57) |
| Net Cash Flow from Operating Activities (Total - A) | 27132.31 | 22758.32 |
| B Cash Flow from Investing Activities : | | |
| Purchase/Adj. of Fixed Assets including Capital Work in Progress | (171300.39) | (846.89) |
| Expenditure on New Project net of project creditors | 155945.67 | (40284.17) |
| Purchase of Investments | (271.00) | (1200.00) |
| Sale of Fixed Assets | 1.64 | 8.75 |
| Mines Development Expenditure (To be amortised) | (5537.76) | (2489.99) |
| Sale of Investments | 0.00 | 4711.60 |
| Interest Received | 345.98 | 403.97 |
| Dividend | 55.86 | 51.03 |
| Net Cash Flow from Investing Activities (Total - B) | (20760.00) | (39645.70) |

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011** (Contd.)

| (₹ in Lacs) | | |
|--|----------------------------------|----------------------------------|
| Particulars | For the Year ended 31-03-2011 | For the Year ended 31-03-2010 |
| C Cash Flow from Financing Activities : | | |
| Proceeds from Term Borrowings | 14900.00 | 30808.16 |
| Proceeds from other Loans | 8000.00 | 2114.02 |
| Repayment of Term Borrowing | (10840.00) | (2440.59) |
| Repayment of other loans | (7112.76) | (8080.00) |
| Interest Paid | (6930.36) | (1757.97) |
| Dividend on Equity Paid | (3769.54) | (3377.87) |
| Tax on Dividend Paid | (628.07) | (565.51) |
| Net Cash Flow from Financing Activities (Total - C) | (6380.73) | 16700.24 |
| Net Increase In Cash and Cash Equivalents (Total - A + B + C) | (8.42) | (187.14) |
| Opening Cash and Cash Equivalents | 156.21 | 343.35 |
| Closing Cash and Cash Equivalents (Refer Schedule 11) | 147.79 | 156.21 |
| 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 | 1.28 | 2.22 |
| With Scheduled Banks : | | |
| - Current Accounts | 145.56 | 152.43 |
| - Deposit Accounts | 0.95 | 1.56 |
| | 146.51 | 153.99 |
| TOTAL | 147.79 | 156.21 |

As per our report of even date attached

For **VCA & Associates**
Chartered Accountants**Ashok Thakkar**
Partner
Membership No. 48169Place : Gandhinagar.
Date : 24th May, 2011.**L. Chuaungo**
Managing Director**S. P. Desai**
Chief Finance Officer**D. J. Pandian**
Chairman**A.C.Shah**
Company Secretary
& DGM (Legal)



Gujarat Industries Power Company Limited

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET

| | (₹ in Lacs) | |
|--|---------------------|---------------------|
| | As At 31-03-2011 | As At 31-03-2010 |
| SCHEDULE 1 – SHARE CAPITAL | | |
| AUTHORISED | | |
| 32,50,00,000 Equity Shares of ₹10/-each | 32,500.00 | 32,500.00 |
| 61,00,000 Cumulative Redeemable Preference Shares (With dividend not exceeding 15% p.a.) of ₹ 100/- each. | 6,100.00 | 6,100.00 |
| TOTAL | 38,600.00 | 38,600.00 |
| In the Previous year 22,50,00,000 Equity shares of ₹ 10/- each and 1,61,00,000 Cumulative Redeemable Preference Shares of ₹ 100/- each were re-classified as 32,50,00,000 Equity Shares of ₹ 10/- each and 61,00,000 Cumulative Redeemable Preference Shares (with dividend not exceeding 15% p.a.) of ₹ 100/- each. | | |
| ISSUED, SUBSCRIBED AND PAID UP | | |
| 15,12,51,188 Equity Shares of ₹10/-each fully paid | 15,125.12 | 15,125.12 |
| TOTAL | 15,125.12 | 15,125.12 |
| Out of the above, 3,80,22,018 Equity shares of ₹ 10 each were allotted on conversion of Debentures | | |
| SCHEDULE 2 – RESERVES AND SURPLUS | | |
| 1. Capital Redemption Reserve | | |
| As per last Balance Sheet | 3,455.88 | 3,455.88 |
| 2. Expansion Reserve | | |
| As per last Balance Sheet | 31,500.00 | 27,500.00 |
| Add : Transferred from Profit and Loss Account | 7,000.00 | 4,000.00 |
| | 38,500.00 | 31,500.00 |
| 3. Share Premium Account | | |
| As per last Balance Sheet | 33,316.97 | 33,316.97 |
| 4. General Reserve | | |
| As per last Balance Sheet | 30,870.00 | 28,870.00 |
| Add : Transferred from Profit and Loss Account | 3,000.00 | 2,000.00 |
| | 33,870.00 | 30,870.00 |
| 5. Profit and Loss Account | 12,239.79 | 10,339.54 |
| TOTAL | 121,382.64 | 109,482.39 |



(₹ in Lacs)

| | As At 31-03-2011 | As At 31-03-2010 |
|--|---------------------|---------------------|
| SCHEDULE 3 – SECURED LOANS | | |
| (A) From Banks | | |
| - Term Loans | 96,600.00 | 92,450.00 |
| - Working Capital Loans | 6,753.98 | 11,866.75 |
| TOTAL (A) | 103,353.98 | 104,316.75 |
| (B) From Financial Institutions | | |
| - Term Loans | 0.00 | 90.00 |
| - Working Capital Loans | 0.00 | 0.00 |
| TOTAL (B) | 0.00 | 90.00 |
| TOTAL (A + B) | 103,353.98 | 104,406.75 |

- 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 Plants at Surat.

Further, the Term Loan from Financial Institutions 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 Consortium of banks have sanctioned Fund Based and Non - Fund Based Working Capital facilities for Company's Plants at Baroda 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.

(₹ in Lacs)

| | As At 31-03-2011 | As At 31-03-2010 |
|-------------------------------------|---------------------|---------------------|
| SCHEDULE 4 – UNSECURED LOANS | | |
| Short Term Loan from Institutions | 8000.00 | 0.00 |
| Short Term Loan from Banks | 0.00 | 2000.00 |
| TOTAL | 8000.00 | 2000.00 |

SCHEDULE 5 - FIXED ASSETS

(₹ in Lacs)

| ASSETS | GROSS BLOCK (AT COST) | | | | DEPRECIATION | | | | IMPAIRMENT | NET BLOCK | |
|-----------------------------------|-----------------------|---|--|---------------------|--------------------|--------------------|--|--------------------|---------------------|---------------------|---------------------|
| | As at 01-04-2010 | Addition/ Adjustment during the year | Adjustment/ Deduction during the year | As on 31-03-2011 | Upto 01-04-2010 | For the year | Adjustment/ Deduction during the year | Upto 31-03-2011 | As on 31-03-2011 | As at 31-03-2011 | As at 31-03-2010 |
| A. TANGIBLE ASSETS | | | | | | | | | | | |
| (1) Land | | | | | | | | | | | |
| - Lease hold | 603.85 | 0.00 | 0.00 | 603.85 | 112.04 | 6.10 | 0.00 | 118.14 | 0.00 | 485.71 | 491.81 |
| - Free hold | 3,826.80 | 14,316.30 | 0.00 | 18,143.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 18,143.10 | 3,826.80 |
| (2) Buildings | | | | | | | | | | | |
| - Factory Buildings | 15,782.56 | 15,177.25 | 0.00 | 31,039.81 | 5,485.19 | 773.93 | 0.00 | 6,259.12 | 0.00 | 24,780.69 | 10,297.37 |
| - Non Factory Buildings | 4,406.41 | 2,019.02 | 0.00 | 6,345.43 | 879.19 | 90.64 | 0.00 | 969.83 | 0.00 | 5,375.60 | 3,527.22 |
| (3) Plant and Machinery | 161,688.47 | 126,251.50 | (52.27) | 287,887.70 | 108,831.54 | 11,108.00 | (52.27) | 119,887.27 | 507.95 | 1,67,492.48 | 52,348.98 |
| (4) Capital Spares | 5,952.57 | 724.51 | 0.00 | 6,677.08 | 4,258.64 | 392.71 | 0.00 | 4,651.35 | 0.00 | 2,025.73 | 1,693.93 |
| (5) Furniture and Fixtures | 272.90 | 139.65 | 0.00 | 412.55 | 171.84 | 29.90 | 0.00 | 201.74 | 0.00 | 210.81 | 101.06 |
| (6) Office equipments | 666.04 | 408.88 | (29.59) | 1,045.33 | 488.03 | 67.54 | (29.52) | 526.05 | 0.00 | 519.28 | 178.01 |
| (7) Vehicles | 92.13 | 27.10 | (4.74) | 114.49 | 58.74 | 8.06 | (2.35) | 64.45 | 0.00 | 50.04 | 33.39 |
| Sub Total - A | 193,291.73 | 159,064.21 | (86.60) | 352,269.34 | 120,285.21 | 12,476.88 | (84.14) | 132,677.95 | 507.95 | 2,19,083.44 | 72,498.57 |
| B. INTANGIBLE ASSETS | | | | | | | | | | | |
| (8) Computer Software | 205.25 | 76.06 | 0.00 | 281.31 | 67.33 | 30.88 | 0.00 | 98.21 | 0.00 | 183.10 | 137.92 |
| (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 | 0.00 |
| Sub Total - B | 310.59 | 76.06 | 0.00 | 386.65 | 172.67 | 30.88 | 0.00 | 203.55 | 0.00 | 183.10 | 137.92 |
| TOTAL (A + B) | 193,602.32 | 159,140.27 | (86.60) | 352,655.99 | 120,457.88 | 12,507.76 | (84.14) | 132,881.50 | 507.95 | 219,266.54 | 72,636.49 |
| Previous year | 192,796.22 | 841.94 | (35.84) | 193,602.32 | 111,682.25 | 8,804.05 | (28.42) | 120,457.88 | 507.95 | 72,636.49 | |
| 10. Capital Work-in-Progress | | | | | | | | | | 12,169.11 | 8.98 |

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



Gujarat Industries Power Company Limited

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(₹ in Lacs)

| | As At 31-03-2011 | As At 31-03-2010 |
|---|---------------------|---------------------|
| SCHEDULE 6 – EXPENDITURE ON NEW PROJECT | | |
| (A) SURAT LIGNITE POWER PROJECT | | |
| Capital Work In Progress (including Advances) | 1,007.64 | 122,015.23 |
| Interest and Finance Charges | 0.00 | 11,351.77 |
| Preoperative Expenditure for Project (Pending allocation) | 0.00 | 5,304.88 |
| TOTAL - A | 1,007.64 | 138,671.88 |
| (B) MINING PROJECT | | |
| Capital Work In Progress (including Advances) | 1,066.10 | 17,747.65 |
| Interest and Finance Charges | 0.00 | 1,286.77 |
| Preoperative Expenditure for Project (Pending allocation) | 0.00 | 3,880.90 |
| TOTAL - B | 1,066.10 | 22,915.32 |
| TOTAL(A + B) | 2,073.74 | 161,587.20 |
| SCHEDULE 7 – MINES DEVELOPMENT EXPENDITURE (To be amortised) | | |
| Initial Development Expenses | 10,679.01 | 6,465.10 |
| Overburden Removal Cost | 8,803.16 | 7,479.31 |
| TOTAL | 19,482.17 | 13,944.41 |
| SCHEDULE 8 – INVESTMENTS | | |
| LONG TERM (Trade - unless otherwise specified) | | |
| QUOTED | | |
| 11,03,360 Equity Shares of Gujarat Alkalies and Chemicals Limited of ₹ 10/- each (Fully paid) | 551.68 | 551.68 |
| UNQUOTED | | |
| 97,18,181 Equity Shares of Gujarat State Energy Generation Limited of ₹ 10 each (Fully paid) (Previous year 72,54,545 shares) | 1,019.00 | 748.00 |
| 1,00,000 Equity Shares of GSPC Gas Company Limited of ₹ 10 each (Fully paid) | 10.00 | 10.00 |
| 1,40,00,000 Equity Shares of Bhavnagar Energy Company Limited of ₹ 10 each (Fully paid) | 1,400.00 | 1,400.00 |
| | 2,429.00 | 2,158.00 |
| TOTAL | 2,980.68 | 2,709.68 |
| Aggregate cost of Quoted Investments | 551.68 | 551.68 |
| Market value of Quoted Investments | 1,407.34 | 1,387.48 |
| Aggregate cost of Unquoted Investments | 2,429.00 | 2,158.00 |



Gujarat Industries Power Company Limited

(₹ in Lacs)

| | As At 31-03-2011 | As At 31-03-2010 |
|---------------------------------|---------------------|---------------------|
| SCHEDULE 9 – INVENTORIES | | |
| Stores and Spares | 8,797.13 | 8,399.40 |
| Raw Materials (Fuel) | 1,554.26 | 1,955.32 |
| TOTAL | 10,351.39 | 10,354.72 |

SCHEDULE 10 – SUNDRY DEBTORS

(Unsecured - Considered Good)

| | | |
|-----------------|------------------|------------------|
| Over Six Months | 0.00 | 0.00 |
| Others | 20,018.41 | 13,726.05 |
| TOTAL | 20,018.41 | 13,726.05 |

(includes ₹ 18,007.83 lacs (Previous year ₹ 12,319.97 lacs) receivable from Gujarat Urja Vikas Nigam Limited (GUVNL), a company under the same management).

SCHEDULE 11 – CASH AND BANK BALANCES

| | | |
|-----------------------------------|---------------|---------------|
| Cash on hand | 1.28 | 2.22 |
| Balances with Scheduled Banks in: | | |
| - Current Accounts | 145.56 | 152.43 |
| - Deposit Accounts | 0.95 | 1.56 |
| | 146.51 | 153.99 |
| TOTAL | 147.79 | 156.21 |

SCHEDULE 12 – LOANS AND ADVANCES

| | | |
|---|-----------------|-----------------|
| Secured (Considered good) | | |
| Loan to Employees against hypothecation of Vehicles | 25.19 | 39.82 |
| Unsecured (Considered Good) | | |
| Advances recoverable in cash or in kind or for value to be received | 2,476.51 | 1,298.34 |
| Advance Tax (Net of Provisions) | 4,245.43 | 3,568.35 |
| TOTAL | 6,747.13 | 4,906.51 |

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(₹ in Lacs)

| | As At 31-03-2011 | As At 31-03-2010 |
|---|---------------------|---------------------|
| SCHEDULE 13 – CURRENT LIABILITIES & PROVISIONS : | | |
| Current Liabilities : | | |
| Sundry Creditors : | | |
| Micro and Small Enterprises | 13.39 | 15.82 |
| Other than Micro and Small Enterprises: | | |
| - For Projects Supplies and Services | 19,089.78 | 22,657.57 |
| - Others | 12,609.96 | 10,788.09 |
| Security Deposits | 1,477.83 | 1,338.04 |
| Items covered by IEPF* | | |
| - Unclaimed Dividends | 126.04 | 114.30 |
| - Unclaimed Matured Deposits | 1.64 | 6.34 |
| - Unclaimed Interest on Debentures/Deposits | 11.30 | 19.27 |
| - Unclaimed Share Application Money | 0.46 | 0.47 |
| Interest accrued but not due | | |
| - On Secured Loans | 115.07 | 3.50 |
| | 33,445.47 | 34,943.40 |
| Provisions for : | | |
| Employee Benefits | 1,593.82 | 1,082.46 |
| Current Tax (Minimum Alternate Tax) | 2,415.00 | 0.00 |
| Current Tax | 0.00 | 2,220.00 |
| Proposed Dividend | 3,781.28 | 3,781.28 |
| Corporate Dividend Tax | 613.44 | 628.07 |
| | 8,403.54 | 7,711.81 |
| TOTAL | 41,849.01 | 42,655.21 |

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



Gujarat Industries Power Company Limited

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT

(₹ in Lacs)

| | For the Year ended 31-03-2011 | For the Year ended 31-03-2010 |
|--|-------------------------------------|-------------------------------------|
| SCHEDULE 14 – OTHER INCOME | | |
| Interest on Deposits / Bonds | 1.44 | 259.35 |
| (Tax deducted at source ₹0.17 lacs Previous year ₹81.64 Lacs) | | |
| Other Interest | 344.57 | 0.99 |
| Bad Debts Recovered | 105.10 | 145.04 |
| Dividend | 55.86 | 51.03 |
| Insurance Claims | 250.40 | 102.09 |
| Liquidated Damages | 14.38 | 157.85 |
| Consultancy Income | 369.16 | 334.28 |
| Miscellaneous | 411.80 | 302.93 |
| TOTAL | 1,552.71 | 1,353.56 |

SCHEDULE 15 – GENERATION EXPENSES

| | | |
|--|------------------|------------------|
| Fuel | 63,376.08 | 61,087.49 |
| Consumption of Stores and Spares | 2,433.22 | 2,908.18 |
| Water Charges | 1,399.11 | 893.78 |
| Electricity Charges | 521.62 | 565.75 |
| Insurance | 191.46 | 181.39 |
| Operation Expenses | 1,116.25 | 757.66 |
| Repairs and Maintenance to Plant and Machinery | 1,050.96 | 1,070.11 |
| TOTAL | 70,088.70 | 67,464.36 |

SCHEDULE 16 – PERSONNEL EXPENSES

| | | |
|--|-----------------|-----------------|
| Salary and Wages | 3,256.31 | 1,610.86 |
| Contribution to Provident and Pension Fund | 232.51 | 131.85 |
| Welfare Expenses and Other Benefits | 1,423.13 | 991.91 |
| TOTAL | 4,911.95 | 2,734.62 |



(₹ in Lacs)

| | For the Year ended 31-03-2011 | For the Year ended 31-03-2010 |
|---|-------------------------------------|-------------------------------------|
| SCHEDULE 17 – ADMINISTRATION AND OTHER EXPENSES | | |
| Repairs and Maintenance : | | |
| - Buildings | 332.10 | 275.07 |
| - Others | 31.87 | 23.76 |
| Rent, Rates and Taxes | 206.42 | 75.82 |
| Communication Expenses | 80.38 | 56.40 |
| Travelling & Conveyance Expenses | 194.59 | 130.21 |
| Legal, Professional and Consultancy Fees | 53.99 | 45.99 |
| Bank Charges and Commission | 126.08 | 99.86 |
| Social Welfare Expenses | 799.25 | 563.52 |
| Miscellaneous Expenses | 723.76 | 530.69 |
| (includes membership, office, security, advertisement, software maintenance, audit fees and registrar & transfer fees) | | |
| TOTAL | 2,548.44 | 1,801.32 |

SCHEDULE 18 – INTEREST & FINANCE CHARGES

| | | |
|--|-----------------|-----------------|
| Fixed Term Loans | 5,063.63 | 193.83 |
| Short Term Loan | 438.11 | 246.42 |
| Cash Credit / Working Capital Demand Loans | 833.66 | 542.98 |
| Others | 10.60 | 8.14 |
| Cash Rebate on Sales | 687.97 | 632.49 |
| TOTAL | 7,033.97 | 1,623.86 |



SCHEDULE 19 – SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

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

2. USE OF ESTIMATES

The 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

- a. Tangible Assets are stated at cost, less accumulated depreciation and impairment loss, if any. Costs include all expenses incurred to bring the assets to its present location and condition. The cost may undergo changes, where applicable, subsequent to its acquisition/construction on account of exchange rate variations agreed under Capital Contracts.
- b. Intangible Assets are recognized if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any.
- c. Mines Development Expenditure under Fixed Assets comprises of initial expenditure for lignite mines and expenditure for removal of overburden. Such expenditure is amortised over quantities of lignite actually extracted. Relevant stripping ratio is also considered while determining amortization of expenditure for removal of overburden.
- d. Works under erection / installation / execution including advances for capital works are shown as Capital Work-in-progress.

4. DEPRECIATION

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

5. INVESTMENTS

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

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



6. INVENTORIES

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

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

7. FOREIGN CURRENCY TRANSACTIONS

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

8. TAXATION

- 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, 1961.
- Deferred tax is recognized subject to consideration of prudence, on timing differences that originate in one period and are capable of reversal in one or more subsequent periods between taxable income and accounting income. Deferred tax assets and liabilities are measured using the rates and tax laws that have been enacted or substantively enacted by the balance sheet date.
- MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement.
- Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision and company intends to settle the asset and liability on a net basis.

9. EMPLOYEE BENEFITS

a. Post-employment benefits

- Defined Contribution plan :

Company's contribution paid/payable for the year to defined contribution retirement benefit schemes are charged to Profit and Loss Account.

- Defined Benefit plan :

Company's liabilities towards defined benefit schemes are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Profit and Loss account in the period of occurrence of such gains and losses. Past service cost is recognised immediately to the extent that the



Gujarat Industries Power Company Limited

benefits are already vested and otherwise it is amortised on straight-line basis over the remaining average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation.

b. Short-term employee benefits :

Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the period employee renders services. These benefits include incentives.

c. Long term employee benefits :

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability at present value of the defined benefit obligation at the balance sheet date.

10. REVENUE RECOGNITION

- a. Revenue from sale of energy is recognized when no significant uncertainty as to the measurability or ultimate collection exists.
- b. Interest on investment is booked on a time proportion basis taking into account the amounts invested and the rate of interest.
- c. Dividend income is recognised when the right to receive payment is established.
- d. Claims lodged with insurance company in respect of risk insured are accounted on admittance basis.
- e. Delayed payment charges under Power Purchase Agreements are recognised, on grounds of prudence, as and when recovered.
- f. Other income is recognised on accrual basis except when realization of such income is uncertain.
- g. Unscheduled Interchange (UI) charges receivable/payable is accounted as and when notified by State Load Dispatch Center (SLDC).

11. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

12. IMPAIRMENT OF ASSETS

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

13. BORROWING COST

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



SCHEDULE 20 — NOTES FORMING PART OF THE ACCOUNTS

(₹ In Lacs)

| | As at 31-03-2011 | As at 31-03-2010 |
|---|--------------------------|--------------------------|
| 1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances). | 12,515.37 | 39,085.72 |
| 2. Contingent Liabilities not provided for : | | |
| a. Claims against company pending before court (includes certain claims where the amount cannot be ascertained) | | |
| - By vendors against contractual obligations | 3,084.57 | 3,089.23 |
| - By Ex-employee against recovery of notice period | 1.02 | 1.02 |
| 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. | 737.67 | 1,055.63 |
| c. Bills of Exchange discounted with Banks in respect of Sales Invoices. | 7,200.00 | 14,300.00 |
| 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, Baroda and penalty which can be levied up to 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 |



Gujarat Industries Power Company Limited

(₹ In Lacs)

| | As at 31-03-2011 | As at 31-03-2010 |
|---|--------------------------|--------------------------|
| f. In respect of leasehold land of 165 MW Baroda Power Plant and freehold land at Surat Lignite Power Stations, 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 |
| g. Demand from department of Geology & Mining, Surat for Interest on delayed Royalty Payment on lignite for the period from April 04 to March 07. | 24.09 | 24.09 |
| h. Income Tax Demand contested in Appeal | 1,828.32 | 1,824.11 |

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

a. Generation and Export Details

| | UoM | 2010-11 Quantity | 2009-10 Quantity |
|--------------------|-----|---------------------|---------------------|
| Installed Capacity | MW | @810 | 560 |
| Units Generated * | MUs | 4,479.139 | 4,095.856 |
| Units Exported * | MUs | **4,076.796 | 3,841.286 |

Difference in units generated and units exported is attributed to auxiliary consumption.

@ For part of the year

* Generation and Export for the year 2010-11 include 275.568 MUs and 223.975 MUs respectively from Units 3 & 4 of Surat Lignite Power Stations prior to capitalization of these units.

** Sales realization is based on scheduled generation as determined by State Load Dispatch Center (SLDC) as per prevailing Availability Based Tariff (ABT) regulations.

b. Consumption of Raw Materials

(₹ in Lacs)

| | UoM | 2010-11 | | 2009-10 | |
|------------------------|--------------------|-------------|-----------|--------------|-----------|
| | | Quantity | Amount | Quantity | Amount |
| Consumption of Gas | 000SM ³ | 4,03,614.24 | 42,232.16 | 5,15,822.995 | 45,398.91 |
| Consumption of Lignite | MT | *25,47,764 | 25,874.05 | 17,15,838 | 17,180.93 |
| Consumption of HFO | KL | **7,013.206 | 1,893.22 | 2,678.053 | 661.90 |
| TOTAL | | | 69,999.42 | | 63,241.74 |



*Includes 284705 MT of Lignite consumed for Generation of Electricity from Units 3 & 4 of Surat Lignite Power Station prior to capitalization.

** Includes 2793 .728 KL of HFO used for Units 3 & 4 of Surat Lignite Power Station prior to capitalization Raw Material imported and consumed during the year ₹ Nil (P.Y. ₹ Nil)

4. During the year, Unit 3 and 4 (125 MW each) of Surat Lignite Power Project and Mangrol mines were capitalized in the month of September 2010 upon achieving satisfactory performance of the plant operations. The proceeds from sale of electrical energy during the period prior to such capitalization have been adjusted against raw material and other expenditure while giving effect to capitalization. Pre-operative expenditure pertaining to the above project has been allocated to various fixed assets upon capitalization of plant. Due to capitalization as mentioned above, the figures of previous year are not comparable to that extent.
5. The Company has recognized sales revenue from Unit 3 & 4 of Surat Lignite Power Station on the basis of GERC tariff order dated 19.04.2011 and the resultant adjustments therein are accounted in the last quarter of the year. However, the Company has preferred a review petition against some of the parameters of tariff as notified in the said GERC order. The decision of GERC on this review petition is pending. The sales revenue considered for the year from these units is, therefore, provisional to this extent. The exact amount of the same is not ascertainable.

6. Managing Director's Remuneration:

(₹ in lacs)

| | 2010-11 | 2009-10 |
|--|---------|---------|
| Other perquisites and / or benefits in cash or in kind | 2.35 | 2.34 |

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.

7. C.I.F. Value of Imports

(₹ in lacs)

| | 2010-11 | 2009-10 |
|-----------------------|---------|---------|
| Spares and Components | 44.21 | 80.05 |

8. Stores and Spares Consumed

(₹ in Lacs)

| | 2010-11 | | 2009-10 | |
|--------------|-----------------|------------------------|-----------------|------------------------|
| | Value | % to total Consumption | Value | % to total Consumption |
| Imported | 76.88 | 3.16 | 94.84 | 3.26 |
| Indigenous | 2,356.34 | 96.84 | 2,813.34 | 96.74 |
| TOTAL | 2,433.22 | 100.00 | 2,908.18 | 100.00 |

The information provided under this note does not include details relating to expansion at Surat Lignite Power Plant under trial run.



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9. Payment to Auditors :

(₹ in Lacs)

| | 2010-11 | 2009-10 |
|--|---------|---------|
| a. Statutory Auditors | | |
| - Statutory Audit Fees | 7.45 | 7.45 |
| - Tax Audit Fees | 0.62 | 0.62 |
| - Taxation, certification and other matters | 2.05 | 3.97 |
| - Reimbursement of travelling & Other Expenses | 0.12 | 0.03 |
| b. Cost Auditors | 0.61 | 0.55 |

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

11. 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 :-

| Particulars | 2010-11 | 2009-10 |
|------------------------------|-----------------|-----------------|
| Deferred Tax Liability | | |
| Depreciation | 7,933.32 | 7,908.12 |
| Others | 192.32 | 204.95 |
| TOTAL | 8,125.64 | 8,113.07 |
| Deferred Tax Assets | | |
| Items u/s 43 B | 502.98 | 349.60 |
| Others | 199.25 | 126.27 |
| Unabsorbed Depreciation | 2,769.71 | |
| TOTAL | 3,471.94 | 475.87 |
| Deferred Tax Liability (Net) | 4,653.70 | 7,637.20 |

12. Related Party Disclosures

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

| Name of the Related Party | Nature of Relationship |
|--|--|
| Gujarat Urja Vikas Nigam Ltd. | Promoter (with significant shareholding / influence) |
| Shri L Chuaungo | Key Management Personnel |
| Development Efforts for Rural Economy and People (DEEP) NGO promoted by the Company. | MD and few officers of the Company are trustees. |
| Urja Foundation - Welfare Trust formed by the company. | MD and few officers of the Company are trustees. |



Details of Transactions

(₹ in Lacs)

| Sr. No. | Nature of Transactions | 2010-11 | | 2009-10 | |
|---------------------------|--|----------------|-------------------------------|----------------|-------------------------------|
| | | With Promoters | With Key Management Personnel | With Promoters | With Key Management Personnel |
| (A) Value of transactions | | | | | |
| 1 | Sales of Electrical Energy (Net of Adjustment) | 94,374.99 | - | 71,218.83 | - |
| 2 | Purchase of Electrical Energy | 1.69 | - | 102.34 | - |
| 3 | Redemption of Non-convertible Bonds | - | - | 4,711.60 | - |
| 4 | Bill Discounting Charges Recovered | 856.04 | - | 1,321.85 | - |
| 5 | Rebate on Sales | 687.97 | - | 632.49 | - |
| 6 | Interest Received on Non-convertible Bonds | - | - | 257.00 | - |
| 7 | Dividend Paid | 959.60 | - | 844.46 | - |
| 8 | Salary & Perquisites | - | 2.35 | - | 2.34 |
| (B) Outstanding balance | | | | | |
| 1 | Equity Contribution including Share Premium | 8,635.52 | - | 8,635.52 | - |
| 2 | Receivables | 18,007.83 | - | 12,319.96 | - |

Details of Transactions

(₹ in Lacs)

| Sr. No. | Nature of Transactions with DEEP | 2010-11 | 2009-10 |
|---------|-------------------------------------|---------|---------|
| (A) | Value of transactions | | |
| 1 | Contribution towards CSR activities | 804.00 | 603.14 |
| 2 | Miscellaneous | 30.09 | 39.24 |
| (B) | Outstanding balance | | |
| 1 | Sundry Payables | 1.20 | 6.68 |

13. In accordance with Accounting Standard 20 - Earnings Per Share, the Basic and Diluted Earning Per Share (EPS) has been calculated as under :

(₹ in Lacs)

| Particulars | 2010-11 | 2009-10 |
|--|-----------|-----------|
| Net Profit after Tax | 16,294.97 | 10,678.41 |
| Net Profit Before Prior Period Adjustments | 16,294.97 | 10,678.41 |



Gujarat Industries Power Company Limited

(₹ in Lacs)

| Particulars | 2010-11 | 2009-10 |
|---|--------------|--------------|
| Weighted Average number of Equity Shares outstanding (Nos.) | 15,12,51,188 | 15,12,51,188 |
| Basic and Diluted Earning Per Share of ₹ 10/- each (₹) including prior period adjustments | 10.77 | 7.06 |
| Basic and Diluted Earning Per Share of ₹ 10/- each (₹) excluding prior period adjustments | 10.77 | 7.06 |

14. Post Employment Benefits:

Defined Contribution Plan

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

The provident fund plan is operated by the Gujarat Industries Power Company Ltd. Provident Fund Trust (the Trust). Eligible employees receive benefits from the said trust which is a defined contribution plan. Under the plan, the Company is required to contribute a specified percentage of employee's salary to the retirement benefit plan to fund the benefits. The Company has recognised ₹ 200.84 lacs (P.Y. ₹ 108.05 lacs) for Provident Fund contributions and ₹ 33.78 lacs (P.Y. ₹ 32.42 lacs) for Pension Scheme in the Profit and Loss Account/ Pre-operative expenditure for project (pending allocation).

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

Defined Benefit Plan

The Company recognises the liability towards the gratuity at each Balance Sheet date. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment and Post Retirement Medical Benefits is also recognised in the same manner as gratuity.

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

(₹ in lacs)

| Particulars | Gratuity (Non Funded) | | Post Retirement Medical Benefit Plan (Non Funded) | |
|---|--------------------------|---------|---|---------|
| | 2010-11 | 2009-10 | 2010-11 | 2009-10 |
| 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 | 507.29 | 355.40 | - | - |



(₹ in lacs)

| Particulars | Gratuity (Non Funded) | | Post Retirement Medical Benefit Plan (Non Funded) | |
|---|--------------------------|-----------------------|---|-----------------------|
| | 2010-11 | 2009-10 | 2010-11 | 2009-10 |
| Current Service Cost | 46.68 | 35.77 | 45.57 | 30.07 |
| Interest Cost | 42.72 | 28.93 | - | - |
| Actuarial (gain)/loss | 187.84 | 122.87 | - | - |
| Benefits paid | (39.90) | (35.68) | - | - |
| Present Value of Defined Benefit obligation at year end | 744.63 | 507.29 | 45.57 | 30.07 |
| II. Reconciliation of fair value of assets and obligation | | | | |
| Fair value of Plan Assets as at the Beginning of the year | - | - | - | - |
| Present Value of Defined Benefit obligation as at the end of the year | 744.63 | 507.29 | 43.57 | 30.07 |
| Liabilities recognized in Balance Sheet | 744.63 | 507.29 | 43.57 | 30.07 |
| III. Expense recognized during the year | | | | |
| Current Service Cost | 46.68 | 35.77 | 43.57 | 30.07 |
| Interest Cost | 42.72 | 28.93 | - | - |
| Actuarial (gain)/loss | 187.84 | 122.87 | - | - |
| Expected return on plan assets | - | - | - | - |
| Total Expenses/(Gain) recognized in Profit and loss account | 277.24 | 187.57 | 43.57 | 30.07 |
| IV. Actuarial assumptions | | | | |
| Mortality Table (LIC) | 1994-96 (Ultimate) | 1994-96 (Ultimate) | 1994-96 (Ultimate) | 1994-96 (Ultimate) |
| Discount rate (per annum) | 8.25% | 8.00% | 8.25% | 8.00% |
| Rate of escalation in salary (per annum) | 6.00% | 6.00% | NA | NA |

V. Amounts for the current and previous periods - Gratuity (Non Funded) (₹ in lacs)

| | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
|---|---------|---------|---------|---------|
| Defined benefit obligation | 744.63 | 507.29 | 355.40 | 338.71 |
| Experience loss(gain) on plan liabilities | 198.50 | 164.17 | * | * |

* In the absence of availability, relevant information on the experience adjustments on plan liabilities has not been furnished above.



Gujarat Industries Power Company Limited

VI. Amounts for the current and previous periods - Post Retirement Medical Benefit Plan (Non Funded)

(₹ in lacs)

| | 2010-11 | 2009-10 | 2008-09 |
|---|---------|---------|---------|
| Defined benefit obligation | 43.57 | 30.07 | 22.29 |
| Experience loss(gain) on plan liabilities | NA | NA | NA |

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.

15. Based on the information available with the Company, the balance due to Micro and Small Enterprises as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is ₹ 13.39 Lacs (Previous Year ₹ 15.82 lacs). Payment made to suppliers beyond the due date during the year was ₹ Nil (P.Y. ₹ 289.23 Lacs). No interest during the year has been paid to Micro and Small Enterprises on delayed payments. Further interest accrued and remaining unpaid at the year end ₹ Nil (P.Y. ₹ 1.25 Lacs) is not provided in the books as the management is of the opinion that in view of the terms and conditions of the contracts and based on the facts of the matter, the same is not required to be paid.
16. The value of realizations of Current Assets, Loans and Advances in the ordinary course of business will not be less than the value at which they are stated in the Balance Sheet.
17. Confirmation of balances called from the sundry debtors and creditors are yet to be received from some parties. Debit / credit balances of such parties, so far as these have not been subsequently realized or discharged are subject to confirmation / reconciliation. Confirmations of balances to the extent received have been reconciled.
18. Figures of the previous year have been regrouped/re-cast wherever necessary.
19. During the year, one- fifth of Share issue expenses amounting to ₹ 148.91 (Previous Year ₹ Nil) have been amortised on a prorata basis on capitalization of units 3 & 4 of Surat Lignite Power Station.

As per our report of even date attached

For **VCA & Associates**
Chartered Accountants

Ashok Thakkar
Partner
Membership No. 48169

Place: Gandhinagar.
Date : 24th May, 2011.

L. Chuaungo
Managing Director

S. P. Desai
Chief Finance Officer

D. J. Pandian
Chairman

A.C.Shah
Company Secretary
& DGM (Legal)



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

a. Registration Details

Registration No.

| | | | | | | | | | |
|--|--|--|--|--|--|---|---|---|---|
| | | | | | | 7 | 8 | 6 | 8 |
|--|--|--|--|--|--|---|---|---|---|

State Code No.

| | |
|---|---|
| 0 | 4 |
|---|---|

Balance Sheet Date

| | | | | | | | | | |
|---|---|--|---|---|--|---|---|---|---|
| 3 | 1 | | 0 | 3 | | 2 | 0 | 1 | 1 |
|---|---|--|---|---|--|---|---|---|---|

Date Month Year

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

Public Issue

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|---|---|
| | | | | | | | | N | A |
|--|--|--|--|--|--|--|--|---|---|

Right Issue

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|---|---|
| | | | | | | | | N | A |
|--|--|--|--|--|--|--|--|---|---|

Bonus Issue

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|---|---|
| | | | | | | | | N | A |
|--|--|--|--|--|--|--|--|---|---|

Private Issue

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|---|---|
| | | | | | | | | N | A |
|--|--|--|--|--|--|--|--|---|---|

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

Total Liabilities

| | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|---|
| | 2 | 5 | 2 | 5 | 1 | 5 | . | 4 | 4 |
|--|---|---|---|---|---|---|---|---|---|

Total Assets

| | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|---|
| | 2 | 5 | 2 | 5 | 1 | 5 | . | 4 | 4 |
|--|---|---|---|---|---|---|---|---|---|

Sources of Funds

Paid-up Capital

| | | | | | | | | | |
|--|--|---|---|---|---|---|---|---|---|
| | | 1 | 5 | 1 | 2 | 5 | . | 1 | 2 |
|--|--|---|---|---|---|---|---|---|---|

Reserves and Surplus

| | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 1 | 3 | 8 | 2 | . | 6 | 4 |
|--|---|---|---|---|---|---|---|---|---|

Secured Loans

| | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|---|
| | 1 | 0 | 3 | 3 | 5 | 3 | . | 9 | 8 |
|--|---|---|---|---|---|---|---|---|---|

Unsecured Loans

| | | | | | | | | | |
|--|--|--|---|---|---|---|---|---|---|
| | | | 8 | 0 | 0 | 0 | . | 0 | 0 |
|--|--|--|---|---|---|---|---|---|---|

Deferred Tax Liability

| | | | | | | | | | |
|--|--|--|---|---|---|---|---|---|---|
| | | | 4 | 6 | 5 | 3 | . | 7 | 0 |
|--|--|--|---|---|---|---|---|---|---|

Application of Funds

Net Fixed Assets

| | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|---|
| | 2 | 5 | 2 | 9 | 9 | 1 | . | 5 | 6 |
|--|---|---|---|---|---|---|---|---|---|

Investments

| | | | | | | | | | |
|--|--|--|---|---|---|---|---|---|---|
| | | | 2 | 9 | 8 | 0 | . | 6 | 8 |
|--|--|--|---|---|---|---|---|---|---|

Net Current Assets

| | | | | | | | | | |
|--|--|--|----|---|---|---|---|---|----|
| | | | (4 | 5 | 8 | 4 | . | 2 | 3) |
|--|--|--|----|---|---|---|---|---|----|

Misc. Expenditure

| | | | | | | | | | |
|--|--|--|---|---|---|---|---|---|---|
| | | | 1 | 1 | 2 | 7 | . | 4 | 3 |
|--|--|--|---|---|---|---|---|---|---|

Accumulated Losses

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|---|---|
| | | | | | | | | N | A |
|--|--|--|--|--|--|--|--|---|---|

d. Performance of Company [Amount in ₹ Lacs]

Total Turnover

| | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|---|
| | 1 | 0 | 9 | 3 | 4 | 7 | . | 6 | 2 |
|--|---|---|---|---|---|---|---|---|---|

Total Expenditure

| | | | | | | | | | |
|--|--|---|---|---|---|---|---|---|---|
| | | 9 | 7 | 2 | 3 | 9 | . | 7 | 3 |
|--|--|---|---|---|---|---|---|---|---|

Profit Before Tax

| | | | | | | | | | |
|--|--|---|---|---|---|---|---|---|---|
| | | 1 | 2 | 1 | 0 | 7 | . | 8 | 9 |
|--|--|---|---|---|---|---|---|---|---|

Profit After Tax

| | | | | | | | | | |
|--|--|---|---|---|---|---|---|---|---|
| | | 1 | 6 | 2 | 9 | 4 | . | 9 | 7 |
|--|--|---|---|---|---|---|---|---|---|

Earning per share of ₹10/- (Annualised)

| | | | | |
|---|---|---|---|---|
| 1 | 0 | . | 7 | 7 |
|---|---|---|---|---|

Dividend Rate [%]

| | | | | | | | | | | |
|--|--|--|--|--|--|--|--|---|---|---|
| | | | | | | | | 2 | 5 | % |
|--|--|--|--|--|--|--|--|---|---|---|

e. Generic Names of Three Principal Products/Services of Company [As Per Monetary Terms]

Item Code No.

| | | | | | | | | | | |
|--|--|--|--|--|--|--|--|---|---|---|
| | | | | | | | | N | I | L |
|--|--|--|--|--|--|--|--|---|---|---|

Product Description

| | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|--|---|---|--|---|---|---|---|---|---|---|---|---|---|---|
| G | E | N | E | R | A | T | I | O | N | | O | F | | E | L | E | C | T | R | I | C | I | T | Y |
|---|---|---|---|---|---|---|---|---|---|--|---|---|--|---|---|---|---|---|---|---|---|---|---|---|



This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

This image shows a full page of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page, typical of notebook paper. There are no margins, text, or other markings on the page.



This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



GUJARAT INDUSTRIES POWER COMPANY LIMITED

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

Attendance Slip

| | |
|----------------------------------|--|
| DP Id & 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 26th Annual General Meeting held on Friday, the 23rd day of September, 2011 at 3.00 P.M. at the Registered Office of the Company at P.O.:Petrochemicals-391 346, Dist.: Vadodara.

Name and Address of the Registered Member

Signature of the Member(s)

Name and 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 26th Annual General Meeting of the Company, to be held on Friday, the 23rd day of
September, 2011 at 3.00 P.M. and at any adjournment thereof.

Signed this _____ day of _____ 2011.

| | |
|----------------------------------|--|
| 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. PETROCHEMICALS-391 346, DIST. VADODARA. NOT LESS THEN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

* Applicable for investors holding shares in Electronic form.



GUJARAT INDUSTRIES POWER COMPANY LIMITED

"Go Green Initiative in the Corporate Governance"

Registration of E-mail address for future communication

Name of Shareholder: _____

E-mail: _____

Address: _____

DP ID & Client ID* / Folio Number: _____

Signature _____

*Applicable for investors holding shares in Electronic form.

Corporate Social Responsibility Initiatives



Ambulance Van donated to Citizens Blood Donation Society, Vadodara.



Panchayat Ghar, Village Nana Naugama, Taluka: Mangrol, Dist.: Surat.

BOOK-POST



GO GREEN



Jatropha (Ratna Jyot) Plantations in reclaimed lignite mine area



If undelivered, please return to:

GUJARAT INDUSTRIES POWER COMPANY LTD.

An ISO Company

P.O. Petrochemical - 391 346, Dist. Vadodara, Gujarat, India