



GUJARAT INDUSTRIES POWER COMPANY LIMITED
B A R O D A

23rd Annual General Meeting on Saturday, the 20th September, 2008 at 11:00 a.m.

C H A I R M A N ' S S P E E C H

Dear Members ,

I , on behalf of myself and my colleagues on the Board of Directors ,welcome you all at the 23rd Annual General Meeting of your Company. Since the Annual Report has been with you for some time, with your permission, I will highlight only some of the key aspects of our performance during 2007-08.

*** POWER STATION OPERATIONS:**

Generation:

I am happy to report that the performance of your Company during the F.Y. 2007-2008 has been good with combined generation of 4143.54 Million Units (MUs) being higher than previous year's generation of 3905.55 Million Units (MUs).

The Station I (145 MW CCPP) at Vadodara achieved highest Plant Load Factor (PLF) of 89.45% whereas the 250 MW Station at Surat Lignite Power Plant (SLPP) achieved generation of 1878.54 MUs respectively which is highest since their respective dates of commissioning. It is also noteworthy that the SLPP station achieved the generation with lowest raw water consumption rate of 2.33 M3 / MWh. Constant endeavors are being made to improve overall performance of all stations, including technology improvement and modifications.

Safety:

The Company's Station I & II at Vadodara completed 10 years of accident free operations on 22nd July, 2008. This significant achievement indicates the high safety standards, operational procedures and competence level of its personnel. Company is geared up to raise the bar and achieve further accident free years.

Fuel Arrangements:

The Company has multi sources for supply of gas for its Gas based generating Stations at Vadodara to have better availability of fuel. Constant efforts are made to remain cost competitive.

MINING DIVISION OPERATIONS :

Performance of the mining division has been very good and total requirements of Lignite and Limestone were met from the captive Vastan Mines. Total Quantity of Lignite mined during the year was 17.29 Lacs MT. Smooth operations in mining division helped the Surat Lignite Power Plant achieve highest ever generation during the year 2007-08.

NATIONAL SAFETY AWARD:

It is a matter of great pleasure to inform that your Company's Vastan Lignite Mines bagged the National Safety Award (Mines) instituted by Ministry of Labour and Employment, Government of India for maintaining "Lowest Injury Frequency Rate" in the category of mechanized open cast Coal Mines for two consecutive contest years 2004 and 2005. The Award was received from Her Excellency Smt. Pratibha Devisingh Patil, Hon'ble President of India at a function held on 6th May, 2008 at Vigyan Bhavan , New Delhi.

As Members would observe, our performance on all parameters has been good. This provides us with a sound platform to pursue growth, expansion and diversification strategies during the present year and beyond.

*** EXPANSION PLANS: 2 x 125 MW SLPP Phase II:**

The construction activities of the 2 x 125 MW Expansion Project (including development of a captive mine) for augmenting the generation capacity of SLPP upto 500 MW are going on in full swing.

The major site construction activities and Civil works for both Expansion Units 3 & 4 have already been completed. The agencies for all Balance of Plant packages have been finalized and work is under progress. The total expenditure upto 30th June, 2008 is Rs. 743.03 Crores. The project is expected to start commercial operation in the first half of 2009.

2 x 250 MW (+ 20%) SLPP Station II:

I am also glad to inform you that your Company has taken up process of developing SLPP Station-II 2 x 250MW + 20% Project (including captive mining) thus increasing the generating capacity of SLPP to 1000 MW Plus. The pre-award activities for SLPP Station-II are under progress. M/s. NEERI, Nagpur has been appointed as Consultant for Rapid EIA, EMP studies / report. M/s. TCE Consulting Engineers, Bangalore have been appointed as consultant for preparation of Detailed Project Report (DPR) & Basic and detailed design, engineering work, finalization of contractors for different packages & Construction Supervision. Pre-Feasibility Report (PFR) of the Project has been received from the Consultants M/s. TCE Consulting Engineers, on 10th July, 2008.

* **DIVIDEND:**

I am happy to inform that your Directors have recommended payment of Dividend @ 25% (Rs. 2.50 per Share) on Equity Shares for the year ended 31st March, 2008. The net outgo on account of Dividend shall be Rs. 4424 Lacs including Corporate Dividend Tax. The Dividend shall be paid to all those members whose names appear on the Register of Members of the Company on the Book Closure Date i.e. on Tuesday, 9th September, 2008.

* **CORPORATE GOVERNANCE:**

I would like to re-iterate your company's strong commitment to good Corporate Governance. We continuously strive to improve the quality of our disclosures by benchmarking against best practices. The contents of our Annual Report over the past few years have been very exhaustive in terms of information about the company and its working.

All information about our company is also available on the company's website www.gipcl.com. I suggest that Members should access the website regularly in order to be fully apprised about developments at GIPCL.

* **CORPORATE SOCIAL RESPONSIBILITY(CSR):**

Companies such as yours are organs of society, using significant societal resources. Therefore, apart from the financial parameters, the value that is created by them need to be measured by the contribution they make to improve the quality of life of our society.

The Company's CSR activities are being undertaken through Society for Village Development in Petrochemicals Area (SVADES) and Urja Foundation at Vadodara and Development Efforts for Rural Economy and People (DEEP) at SLPP. The broad spectrum of CSR activities carried out by above organizations in and around the Company's Plant sites are as follows:

- ❖ Providing Drinking Water;
- ❖ School Infrastructure Development like construction of Class rooms/Science Laboratory, Overhead Water Tank, Compound Wall, providing furniture, kitchen utensils(incl. under Mid-day Meal Scheme), Computers and support to schools for extra curricular activities;
- ❖ Village Infrastructure Development like construction of roads, culverts, Parks, flood protection work, dredging, low cost housing, water supply work, sanitary facilities;
- ❖ Training, Awareness and Development initiatives like medical camps, science fairs, de-addiction camps, educational workshop, sports activities etc;
- ❖ Integrated Development in Mineral bearing villages of Surat District

*** HUMAN RESOURCES:**

Organizations are built on human contributions and your Company is endowed with a team of highly competent and motivated personnel. This is very well demonstrated by the significant improvement and progress in all areas of activities of the Company. The employees constantly strive to improve the performance through efficiency, productivity and economy. During the year under review, the Company maintained its high standard of Safety.

*** ACKNOWLEDGEMENTS:**

I, on behalf of myself and my colleagues on the Board of Directors, place on record our appreciation for the overwhelming co-operation and assistance received from the Government of Gujarat, Participating Units, Government of India, BHEL, Industrial Development Bank of India Ltd., and other Financial Institutions, Banks and other agencies. I also wish to express my gratitude to investors for their unstinted support and faith reposed in the Company. I once again, place on record our deep sense of appreciation for the dedicated services rendered by the Company's personnel.
