



GUJARAT INDUSTRIES POWER COMPANY LIMITED



SLPP - 5MW Solar Power Plant at Village Vastan, Tal.: Mangrol, Dist.: Surat



Vadodara, 165 MW, Station-II

ANNUAL REPORT 2011 2012



Vadodara, 145 MW, Station-I



SLPP, 4 x 125 MW



TWENTY SEVENTH ANNUAL GENERAL MEETING

DAY : FRIDAY, 21ST SEPTEMBER, 2012.
TIME : 11.00 A. M.
PLACE : REGISTERED OFFICE
P.O. : PETROCHEMICALS - 391 346,
DIST.: VADODARA.

GUJARAT INDUSTRIES POWER COMPANY LIMITED

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



Contents.....

Board of Directors	3
Notice	6
Directors' Report	8
Management Discussion and Analysis	15
Report on Corporate Governance	20
Auditors' Report	33
Balance Sheet	36
Profit & Loss Account	37
Cash Flow Statement	38
Notes Annexed to Financial Statements No. 1 to 29	40
Attendance Slip & Proxy Form	59



Board of Directors

Shri D.J. Pandian, IAS
Prof. Shekhar Chaudhuri
Dr. P.K. Das, IAS (Retd.)
Prof. Kirankumar M. Joshi
Shri P.H. Rana
Shri G.A. Tadas
Shri M.S. Dagur, IAS
Shri Atanu Chakraborty, IAS
Shri Mukesh Puri, IAS
Shri D.C. Jain,
Shri Raj Gopal, IAS
Shri H. R. Brahmhatt
Shri L. Chuaungo, IAS

Chairman
Director
Director
Director
Director (upto 21-10-2011)
Director (upto 28-05-2012)
Director
Director (upto 17-08-2012)
Director (from 21-10-2011 upto 05-07-2012)
Director (from 28-05-2012)
Director (from 05-07-2012)
Director (from 17-08-2012)
Managing Director

Senior Executives

Shri S.L. Bose
Shri A.N. Shah
Shri P.N. Trivedi
CA S.P. Desai
Shri D.K. Roy
Shri N.K. Purohit
Shri N.K. Singh
Shri V.B. Bhadola
Shri V.N. Patel
Shri Y.J. Bhatt
Shri S.N. Purohit

Executive Director (SLPP)
Chief General Manager (BO)
Chief General Manager (Commercial)
Chief General Manager & Chief Finance Officer
General Manager (O&M – SLPP)
General Manager (Mines - SLPP)
Addl. General Manager (Projects-SLPP)
Addl. General Manager (HR&A)
Addl. General Manager (O&M-SLPP)
Addl. General Manager (Maintenance)
Addl. General Manager (BO)

Company Secretary & DGM (Legal)

CS A.C. Shah

Bankers

Vadodara Stations
Central Bank of India
Dena 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
The Karur Vysya Bank Ltd.
Union Bank of India
United Bank of India
Dena Bank
Bank of Baroda
Central Bank of India
Kotak Mahindra Bank Ltd.

Auditors

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

Cost Auditors

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

Registrar & Transfer Agent

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, India.
(Tel.) (0265) 2232768, 2232213, 2230159.
(Fax) (0265) 2231207, 2230473.
Email : genbaroda@gipcl.com

Surat Lignite Power Plant

At & Post : Nani Naroli, Taluka : Mangrol,
Dist. : Surat – 394 110, Gujarat, India.
(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 11th September, 2012 to Friday, the 21st September, 2012 (both days inclusive).**
2. (a) Members holding shares in physical mode 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) **Members holding shares in demat mode (i.e. electronic mode) 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 mode.**
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" initiatives etc.
4. Members holding shares in physical mode 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. As per the SEBI Circulars dated May 20, 2009 and January 7, 2010, all transactions involving transfer and transmission of shares of listed Companies held in physical mode, it is 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 dematerialized (demat) mode as mandated by the SEBI - ISIN - INE162A01010. **Therefore, those members who hold shares in physical mode are advised to get their shares dematerialized (i.e. conversion of physical shares into electronic mode) at the earliest.**

Members may note that the Company's equity shares are available for dematerialization 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 so that the information required by the members may be made available at the meeting.
9. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of name(s) 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.



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 the expiry of seven years from the date from which they become due for payment to the special fund called "Investors Education and Protection Fund (Fund)". No claims will lie for the amounts so transferred. The Members may please note that the unpaid/unclaimed dividends of past years upto 2003-2004 have been transferred to the Central Government Account / Fund. The Company has not declared any dividend in respect of Financial Year from 2000-01, 2001-02 and 2002-03.

Members are requested to note that the dividends for FY 2004-05 to 2010-11 shall be due for transfer to "Fund" on the dates as given below:

Sr No.	Particulars of Dividend	Financial Year	Due Date
1.	10th Dividend	2004-2005	30/09/2012
2.	11th Dividend	2005-2006	29/09/2013
3.	Interim Dividend	2006-2007	29/03/2014
4.	12th Dividend	2006-2007	29/09/2014
5.	13th Dividend	2007-2008	20/09/2015
6.	14th Dividend	2008-2009	19/09/2016
7.	15th Dividend	2009-2010	18/09/2017
8.	16th Dividend	2010-2011	23/09/2018

Members are requested to lodge their claims, if any, with the Company or to its R&T Agent, immediately.

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 mode

are requested to register their e-mail address with their Depository Participants. Members holding shares in physical mode 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 Seventh Annual General Meeting of the Members of Gujarat Industries Power Company Limited will be held on **Friday, the 21st day of September, 2012 at 11.00 am** 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, 2012 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 Prof. Shekhar Chaudhuri, who retires by rotation at this meeting and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri H. R. Brahmbhatt, who retires by rotation at this meeting and being eligible offers himself for re-appointment.
4. To declare a dividend.
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 reimbursement of 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, 2013.”

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

Place: Vadodara. (CS A C Shah)
Date: 17th August, 2012. Company Secretary & DGM (Legal)

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(s) 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 27TH ANNUAL GENERAL MEETING TO BE HELD ON FRIDAY, THE 21ST DAY OF SEPTEMBER, 2012.

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 Co. Ltd.

Place: Vadodara. (CS A C Shah)
Date: 17th August, 2012. Company Secretary & DGM (Legal)



**DETAILS OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT AT THE ENSUING 27TH ANNUAL GENERAL MEETING
OF THE MEMBERS OF THE COMPANY**

(IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT)

Name of Director	Prof. Shekhar Chaudhuri	Shri H. R. Brahmbhatt
Date of Birth	04.08.1951	14.12.1954
Date of Appointment	15.03.2004	17.08.2012
Qualifications	B.Tech. (Hons.) degree in Mechanical Engineering. Doctoral programme (in Management - specialized in Business Policy) from Indian Institute of Management (IIM), Ahmedabad in 1979.	B.E. (Chemical)
Nature of Expertise / Experience	<p>Prof. Shekhar Chaudhuri graduated from Indian Institute of Technology (IIT) Kharagpur in 1972 with a B.Tech (Hons) degree in Mechanical Engineering and did his doctoral programme (in Management - specialized in Business Policy) from Indian Institute of Management (IIM), Ahmedabad in 1979.</p> <p>He was associated with IIM Ahmedabad as a faculty member for about 27 years. In November 2002 he joined IIM Calcutta as the Director.</p> <p>He has to his credit very rich experience in various fields of management including the corporate experience at very senior positions. His exposure encompasses through various key business management areas like - Strategic Management, International Management and Management of Technology and innovation etc. Besides the corporate experience he is consultant to several organizations including the World Bank.</p> <p>He was conferred the "Bharat Asmita Acharya Shrestha Award 2009" in the field of management education by H.E. Vice President of India on February 3, 2009.</p>	<p>Shri H.R. Brahmbhatt is working with Gujarat State Fertilizers and Chemicals Limited (GSFC) since 1976 in different positions from time to time. He has a rich experience of operating various chemical plants like Acids and Phosphatic Group of plants. He was also in charge of Urea / Melamine plants along with PG plants. Presently, he is looking after Operation and Maintenance of Utility / Co generation / Environment Control Unit, Safety & Fire Services, Central Laboratory, Energy Management Cell and Integrated Management System.</p>
Names of other Companies in which Directorship is held	<ol style="list-style-type: none"> 1. Gontermann-Peipers (India) Ltd. 2. West Bengal Electronics Industry Development Corporation Limited (WEBEL) 3. Garden Reach Shipbuilders & Engineers Ltd. 	None
Names of Committees of Directors in which Membership / Chairmanship is held	<ol style="list-style-type: none"> 1. Gujarat Industries Power Company Ltd. - Audit Committee - Member 2. West Bengal Electronics Industry Development Corporation Limited (WEBEL) Audit Committee - Chairman 3. Gontermann-Piepers (India) Ltd. Audit Committee - Member Shareholder's Grievance Committee - Member 	None



Gujarat Industries Power Company Limited

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure to present the Twenty-Seventh Annual Report on the performance of your Company together with Audited Balance Sheet and Profit & Loss Account for the Financial Year ended 31st March, 2012 and the report of the Auditors thereon:

Financial Performance:

(₹ in Lacs)

	2011- 12	2010- 11
1. Net Sales	1,29,099	1,07,795
2. Other Receipts	1,493	1,553
3. Total Expenditure	87,673	77,572
4. Gross Profit : (1+2-3) (before deducting any of the following)	42,919	31,776
(a) Finance Cost	11,893	7,160
(b) Depreciation	16,869	12,508
(c) Provision for Deferred Tax	(502)	(2,983)
(d) Provision for Current Income Tax	2,822	2,415
(e) Tax adjustment of earlier years	1	(3,619)
5. Net Profit:	11,836	16,295
Add : Balance brought forward from Previous Year	12,240	10,340
TOTAL	24,076	26,635
6. Less: Appropriations :		
(ii) General Reserve	5,000	3,000
(iii) Expansion Reserve	7,500	7,000
(iv) Proposed Dividend On Equity Shares (including Dividend Tax)	4,395	4,395
(iv) Carried to Balance Sheet	7,181	12,240
TOTAL	24,076	26,635

Dividend

Your Directors are happy to recommend a Dividend of ₹ 2.50 per share on 15,12,51,188 Equity Shares of ₹ 10/- each fully paid up, for the year ended on 31st March, 2012. The total outgo on account of Dividend would be about ₹ 4395.00 Lacs including Corporate Tax on Dividend. The Dividend, if approved by the shareholders at the ensuing 27th 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 Friday, 21st September, 2012.

OPERATIONS :

Vadodara Station – I (145 MW) :

During the year the Station generated 833.65 Million Units (MUs) at a Plant Load Factor (PLF) of 65.45% as against generation of 1017.46 MUs at PLF of 80.10% during the preceding year. The Plant Availability Factor (PAF) was at 97.73% during the year under review as against 94.72% during the preceding year.

The lower PLF achieved during the year is mainly due to considerable reduction in supply of Domestic gas (APM gas) from GAIL. Increasing price of Spot R-LNG has resulted in increased generation cost, leading to reduction in drawl of power by all the Constituents and also backing down of machine(s).

All planned shut downs including Hot Gas Path Inspection of GT-3 were completed during the year under review.

Vadodara Station – II (165 MW) :

During the year under review the generation was 668.74MUs at a PLF of 46.16% as against generation of 843.55 MUs at a PLF of 58.36% in the preceding year. Residual Life Assessment (RLA) Study of HRSG#4 was carried out on completion of one lakh operating hours of the Station. The PAF for the Station was also higher at 91.65% for the year under review as against 89.21% during the preceding year.

The PLF achieved from Vadodara Station was considerably lower as compared to preceding year mainly on account of reduction in supply of domestic gas i.e. from GAIL's onshore / offshore fields & RIL-Niko's KG D6 field, increasing cost of Imported Spot gas 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 maintain 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, 0.98 MMSCMD is tied up with GAIL (India) Ltd. including R-LNG



and RIL-NIKO on 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.

Your Directors are happy to inform that for optimum utilization of the available capacity and pipeline network of Joint Water Supply Scheme - JWSS - with GACL, your Company has started service of sharing this spareable capacity to other neighboring Industries from June 2011, on payment of charges.

Further, in order to optimally utilize available capacity of De-mineralized Water (DM Water) Plant at Vadodara, your Company has taken initiative of supplying DM Water to interested parties on chargeable 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 as elaborated in the Annexure to this Report.

Safety Performance :

The health and safety of all the employees is prime concern of the Company. Your directors are happy to inform that 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 an appropriate and sufficient amount 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 (2 x 125 MW Units 1 & 2) :

During the year under review, Unit – 1 suffered from unexpected and unusual forced outage for a total period of ninety six days due to major failure of the Rotor. This resulted into lower generation by Phase-I i.e. 1475.794 MUs at a PLF of 67.20% as against 1743.79 MUs at a PLF of 79.63% during the preceding year. During this outage period, various jobs related to annual overhaul have been carried out by advancing annual planned shutdown schedule which would result in higher availability of the Unit in the next financial year. After total repair works, this Unit has started generating w.e.f. 6.4.2012 and the performance is very satisfactory.

Phase II (2 x 125 MW Units 3 & 4) :

After commencing operations in April, 2010, various initial teething problems have been satisfactorily resolved during the year under review. As a result, Phase-II achieved higher generation of 1452.80 MUs at a PLF of 66.16% as against 874.34

MUs at a PLF of 42.55% of the preceding year. Your Directors wish to inform that SLPP would now be able to give much better performance during the coming years.

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

Mining :

Your Directors are happy to inform that the performance of the Mining Division remained very good during the year under review. Total requirement of lignite was met from our captive Vastan Mine and Mangrol Mine and Limestone from Vastan Mine. To meet the demand of all the four Units, sufficient quantity of Lignite has been stocked for the operations during monsoon. During the year under review, Mangrol Mine has supplied 13,30,182 MT of lignite to the Power Plant.

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 17,11,954 MT and 2,18,464 MT respectively, which is an all time record.

5 MW PV based Solar Power Plant :

Your Directors are happy to inform that your Company has forayed in promoting Green Energy under Government of Gujarat (GoG) Solar Policy 2009 – a step towards control of carbon emission – by successfully commissioning a 5 MW PV based Solar Power Plant at SLPP on 27th January, 2012 i.e. within 7 months of selection of the Site.

The Solar Power Plant has generated 1528.54 MW (1.52854 MUs) till 31st March, 2012.

Environmental Protection :

The Company recognizes Environment Management as an integral function of the operation. Towards this end, your Company has adopted appropriate technology for control of pollutants at source.

Vadodara Plant :

The Company has installed on-line flow meter and pH meter for better control over discharge of effluent as per the guidelines of the State Pollution Control Board.

Additional pH meters have also been installed at strategic places for optimum usage of chemicals in cooling water system.

Your Company has also imposed total ban on using thermocol and plastic below 40 micron size packing material for all incoming goods.



Gujarat Industries Power Company Limited

Disposal of e-waste generated has been arranged through Central Government approved vendors. This is as per recently issued guidelines by MoEF-Gol for protection of environment and land contamination.

Expansion Plans :

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

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

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 2011-12, 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 five Deposits aggregating to ₹ 80,000/- 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 FY 2012-13 have been paid and the conditions of the 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 :

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, 2012 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 No. 49 of the Listing Agreement. A detailed report on Corporate Governance along with Certificate dated 30th May, 2012 issued by Practicing Company Secretary 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 :

Prof. Shekhar Chaudhuri and Shri H. R. Brahmbhatt, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Shri P H Rana, ceased to be Director w.e.f. 21st October, 2011 consequent to his resignation as Nominee Director of Gujarat Urja Vikas Nigam Ltd. (GUVNL).

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



Shri Mukesh Puri, IAS was appointed as Nominee Director of GUVNL w.e.f. 21st October, 2011 vice Shri P H Rana. Vide letter dated 04th July, 2012, nomination of Shri Mukesh Puri, IAS was withdrawn and Shri Raj Gopal, IAS has been nominated as Director representing GUVNL w.e.f. 5th July, 2012 vice Shri Mukesh Puri, IAS.

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

Shri D C Jain has been nominated by IDBI Bank Ltd. as a Director on the Board of Directors of the Company in place of Shri G A Tadas, w.e.f. 28th May, 2012.

Your Directors place on record their deep appreciation for the vision and leadership provided by Shri G A Tadas during his tenure as Director of the Company.

Shri H. R. Brahmbhatt has been nominated by Gujarat State Fertilizers and Chemicals Limited (GSFC) as a Director on the Board of Directors of the Company in place of Shri Atanu Chakraborty, IAS, w.e.f. 17th August, 2012.

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

Your Directors recommend for your approval reappointment of Prof. Shekhar Chaudhuri and Shri H. R. Brahmbhatt as rotational Directors at the ensuing Annual General Meeting.

Particulars of Employees :

The information as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended and Notification No. G.S.R 289(E) dated 31st March, 2011 is not applicable since no Employee was paid remuneration during the year under review

in excess of limits prescribed there under i.e. ₹ 60.00 Lacs when employed throughout the year and ₹ 5.00 Lacs when employed for part of the year. Further, there was no employee holding 2% or more of the equity shares of the Company during 2011-12.

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 2012-13. The Audit Committee of Directors periodically reviews the reports of the Internal Auditors.

(ii) Statutory:

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 2012-13. Approval of the Central Government to their appointment as Cost Auditor of the Company is in process.

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 : 17th August, 2012.

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 :

- Revamping / modification of High Pressure Boiler Feed Water Pumps with Integrated Low Pressure (L.P.) Extraction facility (nos.) in Station II, to cater LP Feed Water requirement in 165 MW Station II. The modification has resulted into optimization of number(s) of HPBFP operation during Technical Minimum, loading of the Station. This would result in saving of 8.29 lacs units per year.
- Replacement of conventional 36W Fluorescent Lights with 28W T-5 series Fluorescent Lamps in Admn. Bldg, Maintenance Bldg, Canteen, General Stores and Security Offices. This will save about 50,000 units per year.
- Uprates of Hot Gas Path components in Gas Turbines in 145 MW Station I were carried out to enhance efficiency. This will save consumption of about 1.15 MSCM gas per year.

As a result of implementation of the above measures, approximately 8,73,000 units electrical energy aggregating to approximately ₹ 28.39 lacs would be saved every year. The uprates of Gas Turbine components shall result in saving of natural gas consumption worth ₹ 1.56 crores per year.

At SLPP :

- Energy efficient cooling tower fans (7 nos.) has been replaced in Phase-I. This will save consumption of 4,72,000 kWh of electrical energy per annum.
- AC system condenser has been directly connected with plant CW system. By doing this it has been possible to discontinue operation of Condenser Water Pump of AC system resulting in to saving of 1,17,576 kWh electrical energy per annum.
- Size of the pulley of Air Washer Fan in Phase-I has been

reduced. This will result in to saving of 2,77,000 kWh electrical energy per annum.

- Interconnection of CW discharge line between Unit # 3 & 4 has been carried out. This modification has helped to stop operation of CW pump during shutdown and will result in to saving of 12,76,800 kWh electrical energy per annum.
- Modification work to use CW Blow Down water of Phase-I in Phase-II cooling tower as makeup water has reduced pumping of 8,64,000 M³ raw water. This modification has helped to save 2,16,000 kWh electrical energy per annum.
- In AC cooling tower energy efficient aerodynamically designed FRP fans have been installed by replacing Aluminium cast alloy fans. This has resulted in saving of 14,158 kWh electrical energy per annum.
- By rearrangement of ESP hoppers fluidizing air lines in Phase-I running hours of fluidizing air blower has been curtailed. This will save 94,306 kWh electrical energy per annum.
- Optimization and modification in plant lighting system by installation of Photo cell and energy efficient lamps resulting in to saving of 53,896 kWh electrical energy per annum.

Energy Conservation Proposals :

At Vadodara :

- Cooling Tower Energy Efficient GRP blade replacement with improved Aerodynamic FRP hollow blades with @ 20% power saving in 145 MW, Station I.
- Install variable frequency drive for Condensate Extraction Pump in 165 MW, Station II.
- Design, installation and commissioning of SMART Lighting Panel in 165 MW, Station II.

Statutory Detailed Energy Audit shall be carried out by an accredited Energy Auditor during the year 2012-13.

At SLPP :

- Motor pulley size reduction of Air Washer Fan (AWF) 2A, 1A & 1B. By reduction of this pulley size 2,77,000 kWh electrical energy per annum will be saved.
- Interconnection of ACW lines in Phase-I & II. This will help to stop operation of CW pump during shutdown and will save 12,76,800 kWh electrical energy per annum.
- Replacement of conventional lights in the plant by LED lighting. This can be done in phase to phase. In first phase 30 lamps will be replaced. Expected saving of 7621 kWh per annum.



- HFO transfer line routing to LS Milling Plant will be modified. This modification will help to save 2200 kWh 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 ₹ 181.61 Lacs (₹ 44.21 Lacs during preceding year).

FORM-B

Form for Disclosure of Particulars with respect to Technology Absorption:

RESEARCH & DEVELOPMENT (R & D)

1. Specific area in which R&D carried out by the Company

Experiment of Bio-conversion of Lignite to Methane at SLPP :

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

Capital expenditure of about ₹ 10.67 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 :

- Total upgradation of BHEL make STG#1 Control System including Governing Skid is initiated by replacing it with M/s. ABB make State-of-the-Art control system with modular Governing Skid.
- High purity pH / conductivity meters have been installed in D.M. Water Plant
- Oil skimmer is installed on the effluent system for removal of oil from the discharged effluent.

At SLPP :

- In Phase-I, 27 nos. temperature switches have been replaced with Digital Temperature Scanners. These scanners have been installed in Boiler Feed Pumps and Air Compressors.
- PLC of Stacker Reclaimer (in-plant) and Limestone Handling System has been updated from S-5 version to S-7 version.
- Two SK-06 kits which were supplied for programming of BHEL Pro-control DCS became faulty due to usage. A new kit was developed in-house by using old spares. This kit was tested and found working satisfactory in BHEL DCS. By using old spares a very important diagnostic tool for the DCS of Turbine has been revived.
- During AOH of Unit-2, new extra sleeves were provided with vortex finder (A critical assembly inside the cyclones) for improving the separation inside cyclone.
- Inclination of Sealpot & FBHEs riser tubes have been modified in Units 3 & 4. This modification has enhanced



Gujarat Industries Power Company Limited

the flow of fluid through the respective areas. The same modification has also been done in Unit-1.

- VI. Bed material filling arrangement from intermediate ash bin to bed material silo has been modified by replacing screw pump with ejector.
- VII. New improved hydraulic coupling was provided in Lignite secondary crusher-B1.
- VIII. Flow meters have been installed in Fly Ash Silo for regulating overloading of trucks in view of road safety as per RTO guidelines.

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

At Vadodara :

- a) Installation of the State-of-the-Art control system shall impart enhanced analytical data and information for a better control over STG operation.
- b) Online monitoring will help in maintaining precise steam parameters.
- c) Use of oil skimmer shall ensure statutory compliance round the clock and also shall prevent wastage of raw water and recurring expenditure of oil absorbing pads.

At SLPP :

- I. This modification has resulted in to improved local monitoring and reduced frequency of Preventive Maintenance of temperature switches.

- II. This modification has enhanced reliability and availability of stacker reclaimer, which in turn will help to increase productivity of the plant.
- III. SK-06 kit is very important diagnostic tool for BHEL supplied DCS for Turbine. By using old spares one SK-06 kit has been revived. This has resulted in saving of about ₹ 14.00 lacs (by way of avoiding purchase of new kit).
- IV. This modification has improved performance of Cyclone and Cyclone outlet temperature has come down 40° to 50° C than earlier giving better flexibility in operation and improved combustion efficiency of the boiler.
- V. Inclination of Sealpot & FBHEs riser tubes has resulted into better heat absorption and enables the boiler to operate at the designed parameter.
- VI. This modification has eliminated operation of bed ash pump and Rotary Air Lock Feeder resulting in to saving of electrical power to the tune of 2,400 kWh per annum.
- VII. By using improved version of hydraulic coupling forced outage and maintenance cost of the crusher has been reduced.
- VIII. This modification has been done to comply with the legal requirement.

3. Imported Technology

No new technology was imported during the year under review.



MANAGEMENT DISCUSSION AND ANALYSIS 2011-12

Your Company has successfully completed twenty seven years of its sustained operations on 1st June, 2012 since its establishment in the year 1985. Your Company was promoted by Gujarat Electricity Board (GEB) [now Gujarat Urja Vikas Nigam Ltd. (GUVNL)], Gujarat Alkalies and Chemicals Ltd. (GACL), Gujarat State Fertilizers and Chemicals Ltd. (GSFC Ltd.), and Petrofils Co-operative Ltd. (PCL) to cater to their captive power requirement.

It is a matter of pride that your Company which began as the first group captive power plant of 145 MW in the country, has transformed into an independent Power Producer (IPP) having installed capacity of 815 MW.

SECTOR OVERVIEW

Power Generation in India: [Source: Central Electricity Authority (CEA)]

The total power generation in the country during FY2011-12 was 876.88 Billion Units (BUs) as against the target of 855.00 BUs, about 102.56% of the target. The annual growth in the energy generation during the year has been 8.05% over same period last year.

The installed generation capacity in the country, as on 31st March, 2012 was 1,99,877.03 MW. Coal is still the primary source of fuel for power generation in India.

Installed Generation Capacity (As on 31-03-2012)

All India	Thermal			Total	Nuclear	Hydro (Renewable)	RES@ (MNRE)	Grand Total
	Coal	Gas	Diesel					
MW	112022.38	18381.05	1199.75	131603.18	4780.00	38990.40	24503.45	199877.03
%	56.00	9.20	0.60	65.80	2.40	19.50	12.30	100.00

Details of Capacity Addition and Electricity Generation Target/Achievement (2011-12):

The Indian power sector has historically been characterized by demand-supply gap which has been increasing over the years. During the Eleventh Plan period (FY 2008 to 2012) the Government of India (GoI) had set a target of capacity addition of 78,700 MW comprising 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. However, additional capacity of 62,347 MW i.e. 75.12% of the proposed capacity addition could be achieved by the end of Eleventh Plan.

(Source: CEA website)

(a) Generation Capacity Addition /Achievement was as follows: (End of 11th Plan)

Type/Sector	Central	State	Private	Total
Thermal	14920	18501	17336	50757
Hydro	2922	2854	2461	8237
Nuclear	3380	0	0	3380
Total	21222	21355	19797	62374

(b) Electricity Generation Target/Achievement for FY 2011-12 was as follows:

	Hydro	Thermal	Nuclear	Bhutan (Import)	Total
Target (MU)	112050.00	712234.00	25130.00	5586.00	855000.00
Achievement up to March, 2012 MU	130511.50	708805.94	32286.56	5284.51	876888.48
%	116.48	99.52	128.48	94.60	102.56

[Source: Central Electricity Authority (CEA)]



Gujarat Industries Power Company Limited

Thermal Plant Load Factor (PLF) :

The All India Thermal PLF (%) was low at 73.32% for FY2011-12 as against 75.07% during FY2010-11. This was mainly on account of coal/Natural Gas shortages, transmission constraints, delay in stabilization of newly commissioned units, low system demand etc.

Fuel Availability for Power Generation :

With about 112022.38 MW i.e. 56% of the installed capacity, contributed by coal based power plants, coal remains a key fuel for power generation. Availability and quality of coal and availability of gas for power sector continued to be critical input for thermal generation growth.

The coal stock of 32 Thermal Power Station (TPS) remained critical (less than 7 days) on the last day of March, 2012. Out of these, 24 TPS were having coal stock of less than 4 days. The TPS received about 35.8 MT of coal against the demand of 39.9 MT.

Owing to the problem of gas supply shortages, the gas based generation had a negative growth of 5.64% during FY2011-12 corresponding to the same period last year.

Ministry of Power (MoP) has requested for allocation of 25 mmscmd of gas for the projects to be commissioned in 11th plan. MoP has also requested for allocation assurance of 8.93 mmscmd of gas for the remaining 38,015 MW capacity of the same units which can be commissioned in early 12th plan if gas is allocated.

Further, MoP has sought assurance of 28.52 mmscmd of gas for central and state sector projects so that they can proceed ahead for investment approval. Presently, the total projected demand of Gas for power sector is 62.45 mmscmd. As per the guidelines issued by the Empowered Group of Ministers (EGoM), allocation of domestic gas shall be made to a power plant supplying electrical power to the grid under long term Power Purchase Agreement (PPA) only. Merchant power plants that sell electricity at market rates will not get the benefit of cheaper domestic gas.

As per MoP&NG, if the KG-D6 gas production is still insufficient to meet the demand of core sector then cuts would be imposed in the order - City Gas Distribution (CGD - domestic and transport), Power, LPG production and lastly Fertilizers. This mechanism ensures availability of gas to core sectors in the order of priority established by EGoM. The shortfall in supply to power sector is due to decline in production of KG-D6 gas.

Developments in Power Sector Policies :

As per Central Electricity Regulatory Commission (CERC's) FY09-14 Tariff Norms & Regulations the base rate of Return on Equity (RoE) was raised from 14% (post-tax) to 15.5% to be grossed up with normal tax rate as applicable to the concerned utility in order to make the sector more attractive to developers. Also,

there is an additional 0.5% RoE if projects commissioned within given timelines. (Regulation 15 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009.)

Incentives were linked to plant availability factor instead of PLF for thermal power plants.

Mega Power Project Policy :

Policy guidelines for setting up mega power projects were revised in FY 2010 to smoothen the procedures. A thermal power project of capacity 1000 MW or more is eligible to gain benefits of this Policy. As per the recent amendment, mandatory condition of inter-state sale of power for getting mega power project status has been removed. Also, mega power projects can sell power outside the long term Power Purchase Agreement (PPA) in accordance with the National Electricity Policy (NEP), 2005 and Tariff policy, 2006. For projects having requisite power tied up through tariff based competitive bidding, it is no longer required to procure the equipments for the project through International Competitive Bidding (ICB).

Restructured – Accelerated Power Development & Reforms Programme (R-APDRP) :

The APDRP launched in the 10th Plan was continued in the 11th Plan modified and renamed as R-APDRP with the main objective of bringing about actual, demonstrable reduction in Aggregate Technical & Commercial (AT&C) losses, thus improving the quality and reliability of power supply. Establishment of reliable and automated systems for sustained collection of accurate base line data, and the adoption of Information Technology in the areas of energy accounting will be essential before taking up the regular distribution strengthening projects.

Apart from this, the introduction of open access, formulation of guidelines for Competitive Bidding of tariff, setting up of and increasing the powers of Central and State Regulatory Commissions, restructuring of State Electricity Boards (SEBs) into separate generation, transmission and distribution entities, and facilitation of trading of surplus capacity has invited more players to the power sector.

Renewable Energy :

Considering the ever increasing electricity demand and inadequate availability of fuel there is a dire need to tap various new sources of energy including renewable energy. Further, growing awareness with regard to benefits of clean energy have also prompted renewed focus on renewable energy by all the stakeholders in the energy ecosystem.

Taking in to consideration the growing threat of climate change, the need to develop domestic supply options to the maximum extent and the need to diversify energy sources, renewable energy sources remain important to India's energy sector. Renewable Energy accounted for 12.3%, i.e. 24,503.45 MW, of the total



installed capacity up to FY 2011-12, of which Wind power accounted for about 70%, Small Hydro power accounted for about 16%, power from bagasse based Cogeneration accounted for about 8.33%, whereas Solar power, Biomass power, etc. accounted for the remaining capacity addition.

With fuel shortage becoming a reality in the last couple of years, it is imperative for India to have a focused strategy for renewable energy. The Government has already started acting on this agenda. Some of the significant steps taken recently are Policy envisaging that all states should mandatorily meet Renewable Purchase Obligations (RPO) of 5 per cent of total generation which goes up by 1 per cent with every passing year till FY2020 to reach a level of 15 per cent. Launch of Jawaharlal Nehru National Solar Mission (JNNSM), which aims to ensure that solar energy technologies in the country achieve grid parity by 2022. It has plans for deployment of 20 GW of solar power by 2022. Imposition of Carbon cess of ₹ 50/- per tonne for all domestic and imported coal based projects. The funds raised will be utilized to drive development in the renewable energy sector.

CERC also issued new guidelines for tariff determination for all renewable energy sources to give further impetus to the development of this sector. A new scheme on Generation Based Incentive (GBI) was introduced for the wind power projects and a similar scheme is under development for the solar power projects as well.

With increasing focus on environment related issues, power projects, employing clean and environment-friendly technology (hydroelectric and other renewable energy sources) can also earn carbon credits, which are traded extensively in the international market; thus providing an additional source of revenue.

OPPORTUNITIES AND CONCERNS :

Opportunities :

With the increase in the per capita income levels there will be substantial increase in the per capita electricity demand. The National Electricity Policy (NEP) 2005 aims at providing a per capita electricity availability of 1000 kWh by FY 2012; the per capita electricity consumption was 813.3 kWh (FY 2010-11).

Considering the demand-supply gap, the GoI plan of providing "Power for All" by FY 2012 and keeping in mind the objectives of the NEP 2005 and the demand projected by the 17th Electrical Power Survey (EPS), there will be number of opportunities for the private sector in the power generation.

In order to provide cheaper power to consumers large size power projects are being developed at different locations by various project developers.

Your Company is in advanced stages of implementing a 500/600 MW lignite based power project at its existing site at SLPP, Taluka Mangrol, District Surat.

India is endowed with vast solar energy potential. Both technology routes for conversion of solar radiation into heat and electricity, Solar Thermal and Solar Photovoltaic (PV), can effectively be harnessed providing huge scalability for solar power in India. With the increased focus on Research and Development for reducing the costs of setting up solar power projects and the tariffs being offered for solar power, the sector provides large number of opportunities.

Key risks and Concerns :

Power sector is a highly capital intensive business with long gestation periods before commencement of revenue streams (construction periods of 4-5 years) and an even longer operating period (over 25 years). Since most of the projects have such a long time frame, there are some inherent risks in both the internal and external environment.

The macroeconomic factors like the growth of the Indian economy, interest rates, as well as the political and economic environment have a significant effect on the business environment and the sector as a whole.

The graduation from the regulated regime to a competitive scenario has made developers conscious of the costs incurred (both capital and operating costs) and delays in equipment delivery schedules due to inadequate manufacturing capacity in the country.

New policies have boosted the security of utilities' revenue directly impacting both their willingness and ability to pay for the power purchased. Over the long term, unless AT&C losses are reduced, the ability of state utilities to meet their obligations will be of grave concern.

Considering the proposed capacity addition and the capital intensive nature of power projects, high level of debt financing will be required. The company, sector and group level exposures of various banks and insurance companies need to be increased in order to adequately fund the proposed capacity addition.

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. Adverse changes in the government policies or regulations, the taxes levied by the central or state governments or removal of tax concessions, exemptions or incentives, or claims by tax authorities may affect the financial condition and operational results of various players in the sector.

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. Your Company has entered into agreements with gas



Gujarat Industries Power Company Limited

suppliers for adequate supply of fuel for its gas-based Stations at Vadodara. However, the dwindling supplies from domestic gas fields at present and increasing price of imported R-LNG shall have a considerable impact on the generation. To remain unaffected by the grid differences, your Company has developed systems to isolate its power Stations from the grid. To mitigate the concerns, external environment is monitored and internal environment is managed on a continuous basis.

REVIEW OF COMPANY'S BUSINESS :

The Company currently has a combined installed capacity of 815 MW at its locations at Dist.: Vadodara and Dist.: Surat including 5 MW PV based Solar Power Plant commissioned on 27th January, 2012, at Dist.: Surat.

MANAGEMENT CONTROL, INTERNAL CONTROL AND INTERNAL AUDIT SYSTEMS :

Your Company has put in place internal control systems and processes commensurate with its size and scale of operations. An Enterprise Resource Planning System developed by SAP has been implemented in the Company. The system has control processes designed to take care of various control and audit requirements. In addition, the Company has an Internal Audit and review by external independent firm of Chartered Accountants and pre-audit of payments by internal team of Accountants/Agencies which oversees the implementation and adherence to various systems and processes and preparation of Financial Statements as per Generally Accepted Principles and Practices. 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.

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.

Your Company's total income for the year ended 31st March, 2012 was ₹ 130592 Lacs as compared to ₹ 109348 Lacs in

the previous year. The total income includes earnings from sale of electricity energy at ₹ 129099 Lacs as compared to ₹ 107795 Lacs recorded in the previous year.

The net profit of ₹ 11836 Lacs has been arrived at after taking into account the provision for current Income Tax (Minimum Alternate Tax) ₹ 2822 Lacs, Deferred Tax liability of ₹ (502.10) Lacs and Tax adjustment of earlier years ₹ 1.10 Lacs.

The fuel cost increased from ₹ 63332 Lacs to ₹ 69737 Lacs mainly on account of increased Gas price and consumption of more lignite being full year of operation of SLPP Units 3 and 4.

During the year, gross block has increased from ₹ 352655.99 Lacs to ₹ 378670.21 Lacs mainly due to capitalization of solar plant and addition to plant & machinery & buildings especially in power and mining division of SLPP-II (Units 3 & 4).

Finance cost has increased from ₹ 7160 Lacs to ₹ 11893 Lacs mainly due to interest paid on term loan taken in respect of SLPP-II (Units 3&4) a part of which was capitalized during last year.

The Corporate Tax Liability for the year under Minimum Alternate Tax provisions was ₹ 2822 Lacs compared to ₹ 2415 Lacs in the previous year.

The total dividend payout (proposed) for the year @₹ 2.50 per Equity Share is ₹ 4394.72 Lacs (P.Y. ₹ 4394.72 Lacs) including Corporate Tax on Dividend.

As on 31st March 2012, the net worth of the Company stood at ₹ 143076.97 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 a sense of belonging inculcates 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. During the year 2011-2012, 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 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 Education, Community Health, Livelihood Development and Rural Infrastructure Development like roads, culverts, check dams, water tanks, Panchayat house, Co-operative Society building, drainage etc., environment conservation and up-

gradation in surrounding villages. Your 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.



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 as amended 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 nine Directors as on 31st March, 2012. Chairman is Non-Executive Director. 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 Prof. Shekhar Chaudhuri and Shri Atanu Chakraborty, IAS are given in the Explanatory Statement annexed to the Notice convening the 27th Annual General Meeting of the Company, forming part of this Annual Report.

Resume of Shri M S Dagur, IAS and Shri Mukesh Puri, IAS, Directors appointed during the year 2011-12:

Resume of Shri M S Dagur, IAS:

Shri M.S. Dagur is a Senior IAS officer having Masters Degree in Arts (Political Science) and has completed his M.B.A. from U.K. He is the Chief Executive Officer & Rehabilitation Commissioner, Sardar Sarovar Punarvasavat Agency, Vadodara (SSPA) and Principal Secretary to Government (R&R), Narmada Water Resources, Water Supply & Kalpsar Department, Gandhinagar and he is holding additional charge as the Managing Director of Gujarat Alkalies & Chemicals Ltd.(GACL). Shri Dagur has rich and varied experience of more than 24 years in various departments of the Government of Gujarat viz. Land Revenue, Management and Distt. Administration, Consumer Affairs, Finance Department, Sales Tax Department, Home Department etc.

Shri Dagur is also a Director of following Companies:

Sr.	Name of the Company	Position
1.	Dow-GACL Solventure Ltd.	Chairman
2.	Gujarat Alkalies and Chemicals Ltd.	Managing Director
3.	Bhavnagar Energy Company Ltd.	Director
4.	Gujarat Chemical Port Terminal Co. Ltd.	Director
5.	Gujarat Guardian Ltd.	Director

Resume of Shri Mukesh Puri, IAS:

Shri Mukesh Puri is a senior IAS officer of 1988 batch. He has held various important positions in the Government. He has long, rich and varied experience of administration in various areas.



REPORT ON CORPORATE GOVERNANCE (Contd.)

Shri Mukesh Puri is also a Director of following Companies:

Sr.	Name of the Company	Position
1.	Madhya Gujarat Vij Company Ltd.	Chairman
2.	Dakshin Gujarat Vij Company Ltd.	Chairman
3.	Gujarat Urja Vikas Nigam Ltd.	Managing Director
4.	Gujarat State Electricity Corporation Ltd.	Director
5.	Gujarat Energy Transmission Corporation Ltd.	Director
6.	Gujarat Industrial Development Corporation	Director
7.	Gujarat Green Revolution Co. Ltd.	Director
8.	Gujarat Power Corporation Ltd.	Director
9.	Gujarat State Energy Generation Ltd.	Director

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

During the year 2011-12, Nine (09) Board Meetings were held viz.

1 st Quarter i.e 01.04.2011 to 30.06.2011	2 nd Quarter i.e 01.07.2011 to 30.09.2011	3 rd Quarter i.e 01.10.2011 to 31.12.2011	4 th Quarter i.e 01.01.2012 to 31.03.2012
11.04.2011	09.08.2011	21.10.2011	06.02.2012
24.05.2011	23.09.2011	02.11.2011	--
30.06.2011	--	29.12.2011	--

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

Name	No. of Board Meetings attended	Attendance at last AGM held on 23/09/2011	Directorships in other Companies	Audit Committee and Securities Transactions and Investors' Grievance Committee	
				Membership	Chairmanship
Shri D J Pandian, IAS	08	NO	13	-	-
Prof. Shekhar Chaudhuri	03	NO	03	03	01
Prof. Kirankumar Joshi	09	YES	02	01	01
Dr. P K Das, IAS (Retd.)	08	YES	01	01	01
Dr. G P Mohapatra, IAS (upto 09/08/2011)	02	NA	07	03	-
Shri P H Rana (upto 21/10/2011)	04	NO	09	-	-
Shri H V Patel, IAS (upto 09/08/2011)	03	NA	07	04	02
Shri C L Meena, IAS (upto 09/08/2011)	02	NA	08	02	-
Shri M S Dagur, IAS (from 09/08/2011)	04	NO	04	-	01
Shri Atanu Chakraborty, IAS (from 09/08/2011)	01	NO	09	05	01
Shri Mukesh Puri, IAS (from 21/10/2011)	04	NA	08	-	-
Shri L Chuaungo, IAS Managing Director	09	YES	13	05	--

- Ms. Asha Pandian, holds 100 Equity Shares of the Company jointly with Shri D.J. Pandian, IAS. The shareholding of other Directors and their relatives as on 31st March, 2012 was NIL.



REPORT ON CORPORATE GOVERNANCE (Contd.)

3. GENERAL BODY MEETINGS :

The details as to the time, 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
19/09/2009 24 th AGM	11:00 A.M. At the Registered Office of the Company at P O Petrochemicals – 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 Petrochemicals – 391 346, District Vadodara.	1. Appointment of Statutory Auditors of the Company.
23/09/2011 26 th AGM	3:00 P.M. At the Registered Office of the Company at P O Petrochemicals – 391 346, District Vadodara.	1. Appointment of Statutory Auditors of the Company.

Postal Ballot

During last year, the Company has not passed any Special Resolution by Postal Ballot. None of the business proposed to be transacted at the ensuing Annual General Meeting requires passing of special 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) **Securities Transactions 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 confirmation of same.

(A) **Audit Committee :**

(a) **Composition**

As at 31.3.2012, the Audit Committee comprised of five (05) Non Executive, Independent Directors viz.:
Dr. P K Das, IAS (Retd.), Chairman of Audit Committee
Shri G A Tadas,
Prof. Shekhar Chaudhuri,
Prof. Kirankumar Joshi and
Shri Atanu Chakraborty, 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.



REPORT ON CORPORATE GOVERNANCE (Contd.)

(c) Meetings and Attendance

During the year 2011-12, five (05) Meetings of Audit Committee were held viz.:

24.05.2011	30.06.2011	09.08.2011	21.10.2011	06.02.2012
------------	------------	------------	------------	------------

Details of Attendance:

Name	No. of Meetings attended
Dr. P K Das, IAS (Retd.)	05
Shri G A Tadas	03
Prof. Shekhar Chaudhuri	02
Prof. Kirankumar Joshi	05
Shri H V Patel, IAS (upto 09/08/2011)	02
Shri Atanu Chakraborty, IAS (from 09/08/2011)	01

(B) Securities Transactions and Investors' Grievance Committee

(a) Composition

As at 31.3.2012, the Committee comprised of five (05) Directors viz.:

Shri M S Dagur, IAS, Chairman of the Committee

Shri Atanu Chakraborty, IAS,

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

Prof. K M Joshi 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 & DGM (Legal) as the Compliance Officer. His contact details are as follows:

Gujarat Industries Power Company Ltd.

P.O. Petrochemicals - 391 346,

Dist. Vadodara.

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

Email: investors@gipcl.com

Website : www.gipcl.com

(c) Meetings and Attendance

During the year 2011-12, four (04) Meetings of the Committee were held viz.:

24.05.2011	09.08.2011	21.10.2011	06.02.2012
------------	------------	------------	------------

Details of Attendance:

Name	No. of Meetings attended
Shri H V Patel, IAS (upto 09/08/2011)	01
Dr. G P Mohapatra, IAS (upto 09/08/2011)	01
Shri M S Dagur, IAS (from 09/08/2011)	03
Shri Atanu Chakraborty, IAS (from 09/08/2011)	01
Dr. P K Das, IAS (Retd.)	03
Prof. K M Joshi	03
Shri L Chuaungo, IAS	04



Gujarat Industries Power Company Limited

REPORT ON CORPORATE GOVERNANCE (Contd.)

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 General Manager & Chief Finance Officer and Company Secretary & DGM(Legal), which meets every fortnight and approves the transactions.

(d) Details of Shareholders' Complaints

During 2011-12, ninety Complaints have been received and all of them have already been attended and resolved to the satisfaction of shareholders. Number of pending Shareholders Complaint(s) and share transfer request(s) as on 31st March, 2012 – NIL.

(C) Project Committee :

(a) Composition

As at 31st March, 2012, the Committee comprised of six (06) Directors viz.
Shri D J Pandian, IAS, Chairman of the Committee
Dr. P K Das, IAS (Retd.),
Shri M S Dagur, IAS,
Shri Atanu Chakraborty, IAS,
Shri Mukesh Puri, IAS and
Shri L Chuaungo, IAS.

During 2011-12, four (04) meetings of the Committee were held viz.

24.05.2011	30.06.2011	06.09.2011	02.11.2011
------------	------------	------------	------------

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, 2012, the Committee comprised of five (05) Directors viz.
Dr. P K Das, IAS (Retd.), Chairman of the Committee
Prof. Kirankumar Joshi,
Shri Atanu Chakraborty, IAS,
Shri M S Dagur, IAS and
Shri L Chuaungo, IAS.

During 2011-12, three (03) meetings of the Committee were held viz.:

14.04.2011	23.12.2011	29.02.2012
------------	------------	------------

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.

Remuneration Policy

The Company does not have any Whole Time Director except the Managing Director, whose term of appointment as to remuneration, perquisites etc., is fixed by the Government of Gujarat and therefore Remuneration Committee, being non mandatory, is not constituted.



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 2011-12:

Particulars	Amount (In ₹)
Furnished Accommodation	1,17,419/-
Electricity	88,750/-
Tax on Perquisites	63,642/-
Total	2,69,811/-

Non Executive Directors :

Name	Relationship with other Directors	Business relationship with the Company, if any	Sitting Fees paid (In ₹)		
			For Board Meetings	For Committee Meetings	Total
Shri D J Pandian, IAS*	No	No	40,000/-	20,000/-	60,000/-
Prof. Shekhar Chaudhuri	No	No	15,000/-	10,000/-	25,000/-
Prof. Kirankumar Joshi	No	No	45,000/-	55,000/-	1,00,000/-
Dr. P K Das, IAS (Retd.)	No	No	40,000/-	75,000/-	1,15,000/-
Dr. G P Mohapatra, IAS*	No	No	10,000/-	20,000/-	30,000/-
Shri P H Rana	No	No	20,000/-	10,000/-	30,000/-
Shri H V Patel, IAS*	No	No	15,000/-	30,000/-	45,000/-
Shri G A Tadas**	No	Nominee of IDBI Bank Ltd.	25,000/-	15,000/-	40,000/-
Shri C L Meena, IAS*	No	No	10,000/-	-	10,000/-
Shri M S Dagur, IAS*	No	No	20,000/-	30,000/-	50,000/-
Shri Atanu Chakraborty, IAS*	No	No	5,000/-	15,000/-	20,000/-
Shri Mukesh Puri, IAS*	No	No	20,000/-	5,000/-	25,000/-
Total					5,50,000/-

* Fees Deposited in Govt. Treasury.

** Fees Deposited with IDBI Bank Ltd.

During 2011-12, Non-Executive Directors were paid Sitting Fee @ ₹ 5000/- for attending each meeting of the Board or Committee thereof.

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 2011-12.



REPORT ON CORPORATE GOVERNANCE (Contd.)

- c) 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.
- d) All the mandatory requirements under Clause 49 of Listing Agreement in respect of Corporate Governance have been complied with.
- e) In respect of adoption of other non-mandatory requirements, the Company will review its implementation from time to time.
- f) 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 – FY2011-12	15	2108
Add: No. of Shares credited on 3/11/2011 pursuant to introduction of Clause 5A II.	01	100
Total	16	2208
Less: No. of Shareholders who approached and to whom shares were transferred during the year	-	-
At the end of the year – FY2011-12	16	2208

Quarterly Compliance Report :

The Company has submitted Corporate Governance Compliance Report in the prescribed format along with certificate issued by the Corporate Governance Auditors for each quarter during 2011-12, within fifteen 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 2011-12. 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.

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 Corpfiling and NEAPS 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 Annual Report to each shareholder at the address registered with the Company/Depositories. The Company has started sending Annual Report and other correspondence by e-mail to those shareholders who have furnished e-mail address to their DPs or to the Company.

Financial Results were published as follows:

Period FY 2011-12	Date of Approval by Board	Date of publication	Newspapers
Q1 UFR*	09/08/2011	11/08/2011	Business Standard – All editions Financial Express - All editions and Ahmedabad (Gujarati) edition Loksatta/Jansatta- Vadodara(Gujarati) edition
Q2 UFR*	21/10/2011	22/10/2011	
Q3 UFR*	06/02/2012	08/02/2012	
Full year AFR**	30/05/2012	01/06/2012	

* UFR - Unaudited Financial Results

** AFR- Audited Financial Results

Corporate Announcements, if any released during the year, which are materially significant in nature, are also displayed on the company's web site immediately on release of the same.

Subsidiary Company :

The Company has no Subsidiary Company.



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 and 5 MW PV based Solar Power Plant	At & P.O. Village Nani Naroli, Taluka Mangrol, District - Surat – 394 110
Listing on Stock Exchanges with Scrip code / symbol	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 11th, September, 2012 to Friday the 21st, September, 2012 (both days inclusive).
Day, Date, Time and Venue of 27 th AGM	The 27 th Annual General Meeting of the Company will be held on Friday the 21st, September, 2012 at 11.00 AM 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	Within 30 days
Time taken for processing of dematerialization requests	Within 15 days
Dividend Payment date	Dividend shall be paid, subject to approval of the Shareholders on 21 st September, 2012.
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. Fax Nos. (0265) 2356791. Email: vadodara@linkintime.co.in
No. of Employees	558



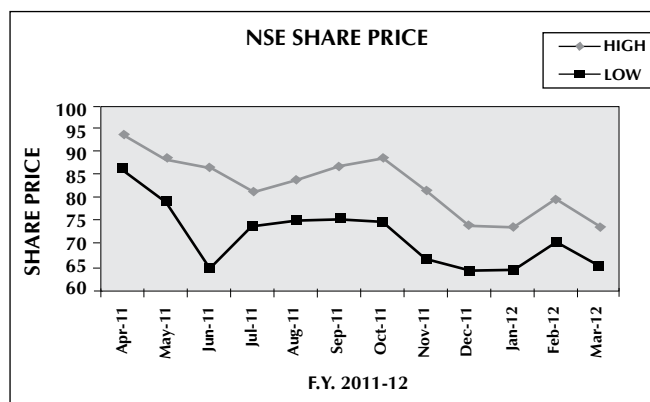
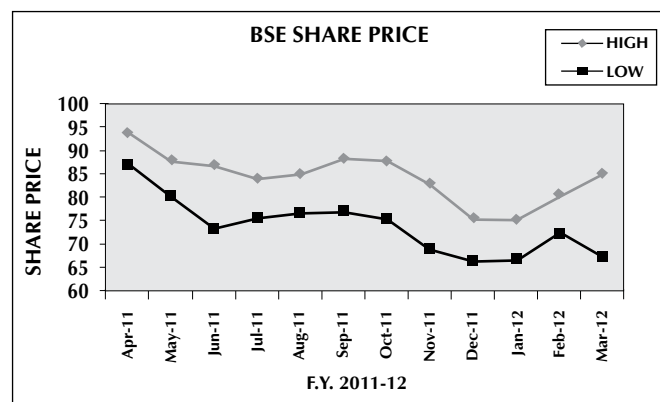
REPORT ON CORPORATE GOVERNANCE (Contd.)

DATA OF SHARE PRICE ON BSE AND NSE :

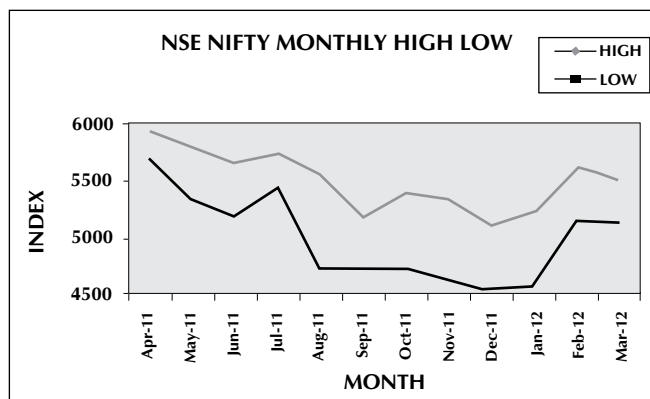
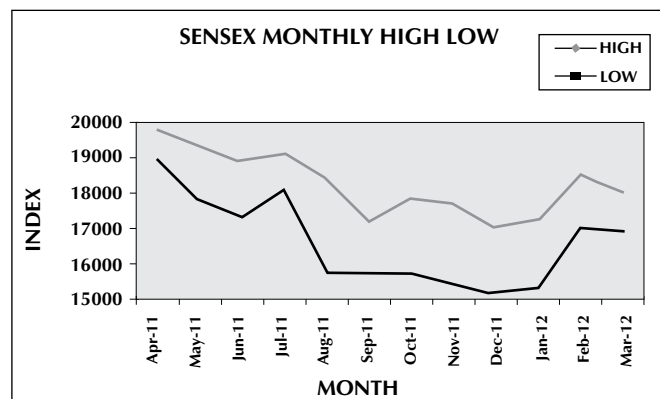
Monthly High and Low Market price of the Company's Equity shares traded on BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) during April 2011 to March 2012 are given below:

Month	BSE Ltd.		National Stock Exchange of India Ltd.	
	High	Low	High	Low
APRIL 2011	93.40	86.10	93.45	86.20
MAY 2011	87.05	79.00	88.40	79.20
JUNE 2011	85.90	71.60	86.50	64.85
JULY 2011	82.95	74.00	81.25	74.00
AUG. 2011	83.90	75.10	83.95	75.00
SEPT. 2011	87.40	75.60	86.75	75.60
OCT. 2011	86.90	73.60	88.45	74.70
NOV. 2011	81.80	67.00	81.45	66.65
DEC. 2011	73.95	64.25	73.95	64.15
JAN. 2012	73.70	64.60	73.50	64.40
FEB. 2012	79.40	70.45	79.80	70.20
MARCH 2012	84.10	65.10	73.50	65.20

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



Graphical presentation of monthly High/Low movement of BSE Sensex and NSE- Nifty during the period from April 2011 to March 2012 :





REPORT ON CORPORATE GOVERNANCE (Contd.)

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 Securities Transactions 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, 2012 :

Category	NO. OF SHARES HELD	(%) TO TOTAL SHARE CAPITAL
Promoters	88040261	58.21
Central/State Govt. Bodies Corporate	11906721	7.87
Institutional Investors	28888537	19.10
Foreign Institutional Investors/ NRI	3608950	2.39
Indian Public	18806719	12.43
GRAND TOTAL	151251188	100.00

Distribution of Shareholding as on 31st March, 2012 :

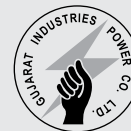
Category (No. of Shares) From To	No. of Shareholders	% of Total No. of Shareholders	No. of Shares	% of Total No. of Shareholders
Upto 5000 Shares	69531	99.5704	14924618	9.87
5001 – 10000	147	0.2105	1116392	0.74
10001 – 20000	70	0.1002	980041	0.65
20001 – 30000	17	0.0243	422218	0.28
30001 – 40000	8	0.0115	292127	0.19
40001 – 50000	5	0.0072	224017	0.15
50001 – 100000	15	0.0215	1096525	0.72
100001 and above	38	0.0544	132195250	87.40
TOTAL	69831	100.00	151251188	100.00

SUMMARY OF SHAREHOLDERS AND SHARES HELD IN PHYSICAL AND DEMAT MODE AS ON 31ST MARCH, 2012 :

Particulars	Physical	Demat NSDL	Demat CDSL	Total
Total Shareholders(Nos.)	13865	41730	14236	69831
Percentage to Total Shareholders (%)	19.86	59.76	20.38	100.00
Total shares(Nos.)	9259964	135767521	6223703	151251188
Percentage to Total Share Capital (%)	6.12	89.76	4.12	100.00

The Company's equity shares are in the compulsory demat segment and are available for trading on VSE, BSE & NSE through the depository system of NSDL and CDSL.

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments during the year 2011-12.



CEO AND CFO CERTIFICATION

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

- a) We have reviewed the financial statements for the year ended 31st March, 2012 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, 2012 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.
 - 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

Sd/-
CA S.P. Desai
Chief General Manager
& Chief Finance Officer

Sd/-
L Chuaungo, IAS
Managing Director

Place: Gandhinagar

Date : 30th May, 2012.

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 2012 as required under Clause 49 of the Listing Agreement.

For Gujarat Industries Power Company Ltd.

Sd/-
L. Chuaungo, IAS
Managing Director

Place: Gandhinagar.

Date : 30th May, 2012.



Gujarat Industries Power Company Limited

CERTIFICATE ON CORPORATE GOVERNANCE

**To the Members of
Gujarat Industries Power Company Limited,
Vadodara**

We have examined the compliance of the conditions of Corporate Governance by **M/s. Gujarat Industries Power Company Limited**, for the financial year ended March 31, 2012 as stipulated in Clause 49, as amended, of the Listing Agreement of the said Company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance.

It is neither an audit nor an expression of 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 the conditions of Corporate Governance as stipulated in the Listing Agreement.

We state that as per the records maintained, no investor complaint/grievances against the Company are pending for a period exceeding one month before Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

sd/-
Niraj Trivedi
Company Secretary
CP. No. 3123

Place : Vadodara.

Date : 30th May, 2012.



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, 2012 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.
4. Further to our comments in the Annexure referred to above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company as far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit 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, 2012 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, 2012;
 - 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, the Cash Flow for the year ended on that date.

For VCA & Associates
Chartered Accountants
FRN: 114414W

Ashok Thakkar
Partner
M.No: 48169

Place : Vadodara.
Dated : 7th June, 2012.



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 explanations 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, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases 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, 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, 2012 for a period of more than six months from the dates they become payable except as below:

Particulars	Amount (₹ in Lacs)	Remarks
Excise Duty	161.05	Since Paid

- (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



ANNEXURE TO THE AUDITORS' REPORT (Contd.)

31st March, 2012 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 lacs)
Stamp Duty	Dy. Collector, Stamp Duty Valuation Officer, 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. 2002-03	7.08
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, other than temporary deployment pending application of term loans of ₹ 4,500 Lacs in working capital and short-term bank deposits.
- 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
FRN : 114414W

Ashok Thakkar
Partner
M.No. : 48169

Place: Vadodara.
Dated: 7th June, 2012.



Gujarat Industries Power Company Limited

BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	(₹ in Lacs)	
		AS AT 31-03-2012	AS AT 31-03-2011
I. EQUITY & LIABILITIES			
Shareholders' Funds :			
Share Capital	1	15,125.12	15,125.12
Reserves and Surplus	2	128,824.01	121,382.64
Non-current Liabilities :			
Long-term borrowings	3	74,706.88	85,218.96
Deferred tax liabilities (Net)		4,151.60	4,653.70
Other Long-term liabilities	4	1,017.57	1,333.79
Long-term provisions	5	1,795.82	1,486.58
Current Liabilities :			
Short-term borrowings	6	8,799.92	14,753.98
Trade payables	7	19,155.83	10,473.68
Other current liabilities	8	35,264.98	33,085.31
Short-term provisions	9	7,533.10	6,957.72
TOTAL		296,374.83	294,471.48
II. ASSETS			
Non - Current Assets :			
Fixed Assets :			
Tangible Assets	10	228,182.11	219,083.44
Intangible Assets	10	237.12	183.10
Capital Work in Progress	10	892.36	14,226.82
Mines Development Expenditure (To be amortised)	11	15,484.84	19,482.17
Non-current Investments	12	4,530.68	2,980.68
Long-term loans and advances	13	5,106.69	5,536.13
Other non-current assets	14	616.89	872.16
Current Assets :			
Inventories	15	12,565.65	10,351.39
Trade Receivables	16	21,005.62	20,010.30
Cash and Bank Balances	17	5,050.14	147.79
Short-term loans and advances	18	2,430.65	1,304.90
Other current assets	19	272.08	292.60
TOTAL		296,374.83	294,471.48
Significant Accounting Policies	28		
Notes to the financial statements	29		

As per our report of even date attached

For **VCA & Associates**
Chartered Accountants
FRN: 114414W

Ashok Thakkar
Partner
Membership No. 48169

Place : Vadodara.
Date : 7th June, 2012.

L Chuaungo
Managing Director

S P Desai
CGM & CFO

Place : Gandhinagar.
Date : 30th May, 2012.

D J Pandian
Chairman

A C Shah
Company Secretary



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lacs)

Particulars	Note No.	For the Year ended 31-03-2012	For the Year ended 31-03-2011
REVENUE :			
Revenue from Operations	20	130,023.43	108,543.60
Other Income	21	568.39	804.02
TOTAL REVENUE		130,591.82	109,347.62
EXPENSES :			
Cost of Material Consumed	22	69,737.52	63,331.98
Generation Expenses	23	8,969.10	6,756.72
Employee Benefits Expense	24	4,868.29	4,911.95
Finance Cost	25	11,893.47	7,160.05
Depreciation	29	16,868.56	12,507.76
Expenses Amortised		255.27	148.91
Other expenses	26	2,986.41	2,422.36
TOTAL EXPENSES		115,578.62	97,239.73
Profit before exceptional item and tax		15,013.20	12,107.89
Exceptional item (Prior period expenses)	27	856.11	0.00
Profit before Tax		14,157.09	12,107.89
Tax Expenses			
Current Tax		2,822.00	2,415.00
Deferred Tax		(502.10)	(2,983.50)
Tax adjustment for earlier years		1.10	(3,618.58)
Profit for the Period		11,836.09	16,294.97
Proposed Dividend		3,781.28	3,781.28
Corporate Dividend Tax		613.44	613.44
Earning Per Share (Basic and Diluted) including prior period adjustments	Rupees	7.83	10.77
Earning Per Share (Basic and Diluted) excluding prior period adjustments	Rupees	8.39	10.77
Significant Accounting Policies	28		
Notes to the financial statements	29		

As per our report of even date attached

For **VCA & Associates**
Chartered Accountants
FRN: 114414W

L Chuaungo
Managing Director

D J Pandian
Chairman

Ashok Thakkar
Partner
Membership No. 48169

S P Desai
CGM & CFO

A C Shah
Company Secretary

Place : Vadodara.
Date : 7th June, 2012.

Place : Gandhinagar.
Date : 30th May, 2012.



Gujarat Industries Power Company Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lacs)

Sr. No.	Particulars	For the Year ended 31-03-2012	For the Year ended 31-03-2011
A	Cash Flow From Operating Activities :		
	Net Profit before Taxes and Extraordinary items	14157.09	12107.89
	Adjustment for :		
	Depreciation	16,868.56	12507.76
	Amortisation of share issue expenses	255.27	148.91
	Finance costs	11,893.47	7160.05
	Loss on sale / write off of assets	0.50	0.82
	(Profit) on sale / write off of assets	(0.18)	0.00
	Interest Income	(153.92)	(346.01)
	Dividend	(58.14)	(55.86)
		28805.56	19415.67
	Operating Profit Before Working Capital Changes	42962.65	31523.56
	Adjustment for :		
	Trade Receivables	(995.32)	(6287.29)
	Inventories	(2,214.26)	3.33
	Loans and Advances	(187.80)	1729.66
	Other Current Assets	31.75	12.58
	Trade payables	8,682.15	(788.66)
	Other current liabilities	2,708.16	1237.15
	Other long-term liabilities	(316.22)	1600.14
	Short-term and long term provisions	477.62	477.48
		8186.08	(2015.61)
	Cash Generated from Operations	51148.73	29507.95
	Payment of Direct Taxes	(2924.61)	721.50
	Net Cash Flow from Operating Activities (TOTAL - A)	48224.12	30229.45
B	Cash Flow from Investing Activities :		
	Purchase/Adj. of Fixed Assets including Capital Work in Progress	(12,688.72)	(173358.08)
	Expenditure on New Project net of project creditors	0.00	155032.32
	Purchase of Investments	(1,550.00)	(271.00)
	Sale of Fixed Assets	1.61	1.64
	Mines Development Expenditure (To be amortised)	3,997.33	(5537.76)
	Interest Received	142.69	345.98
	Dividend Received	58.14	55.86
	Net Cash Flow from Investing Activities (TOTAL - B)	(10038.95)	(23731.04)



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

(₹ in Lacs)

Sr. No.	Particulars	For the Year ended 31-03-2012	For the Year ended 31-03-2011
C	Cash Flow from Financing Activities :		
	Proceeds from long-term borrowings	1,000.00	14900.00
	Repayment of long-term borrowings	(11,969.28)	(10840.01)
	Net increase / (decrease) in working capital borrowings	45.94	(5112.77)
	Proceeds from other short-term borrowings	2,000.00	8000.00
	Repayment of other short-term borrowings	(8,000.00)	(2000.00)
	Finance Cost Paid	(11,973.46)	(7056.45)
	Dividend on Equity Paid	(3,772.58)	(3769.54)
	Tax on Dividend Paid	(613.44)	(628.07)
	Net Cash Flow from Financing Activities (TOTAL - C)	(33282.82)	(6506.84)
	Net Increase In Cash and Cash Equivalents (TOTAL - A+B+C)	4902.35	(8.43)
	Opening Cash and Cash Equivalents	147.79	156.22
	Closing Cash and Cash Equivalents	5050.14	147.79
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	2.30	1.28
	With Scheduled Banks :		
	Current Accounts	147.84	145.56
	Deposit Accounts	4900.00	0.95
		5047.84	146.51
	TOTAL	5050.14	147.79

As per our report of even date attached

For **VCA & Associates**
Chartered Accountants
FRN: 114414W

Ashok Thakkar
Partner
Membership No. 48169

Place : Vadodara.
Date : 7th June, 2012.

L Chuaungo
Managing Director

S P Desai
CGM & CFO

Place : Gandhinagar.
Date : 30th May, 2012.

D J Pandian
Chairman

A C Shah
Company Secretary



Gujarat Industries Power Company Limited

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

(₹ in Lacs)

		AS AT 31-03-2012	AS AT 31-03-2011
Note No. 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
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
List of share holders holding more than 5% shares			
Name of Share Holders	Percentage	No. of shares	No. of shares
Gujarat Urja Vikas Nigam Limited	25.38	38,384,397	38,384,397
Gujarat Alkalies & Chemicals Limited	15.27	23,088,980	23,088,980
Gujarat State Fertilizers & Company Ltd.	14.79	22,362,784	22,362,784
ICICI Prudential Life Insurance Company Ltd.	5.11	7,734,694	7,734,694
Note No. 2 - RESERVES AND SURPLUS			
Capital Redemption Reserve			
As per last Balance Sheet		3,455.88	3,455.88
Expansion Reserve			
As per last Balance Sheet	38,500.00		31,500.00
Add : Transferred from Profit and Loss Account	7,500.00		7,000.00
		46,000.00	38,500.00
Securities Premium Account			
As per last Balance Sheet		33,316.97	33,316.97
General Reserve			
As per last Balance Sheet	33,870.00		30,870.00
Add : Transferred from Profit and Loss Account	5,000.00		3,000.00
		38,870.00	33,870.00
SURPLUS			
As per last Balance Sheet	12,239.79		10,339.54
Add : Balance of profit from Profit & Loss Account	11,836.09		16,294.97
Amount available for appropriation	24,075.88		26,634.51
Less: Appropriations :			
Transfer to Expansion Reserve	7,500.00		3,000.00
Transfer to General Reserve	5,000.00		7,000.00
Proposed Dividend	3,781.28		3,781.28
Corporate Dividend Tax	613.44		613.44
		7,181.16	12,239.79
TOTAL		128,824.01	121,382.64
All above reserves except capital redemption reserve are free reserves.			

**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET**

(₹ in Lacs)

	AS AT 31-03-2012	AS AT 31-03-2011
Note No. 3 - LONG-TERM BORROWINGS		
Secured Loans :		
Term Loan From Banks	74,706.88	85,218.96
TOTAL	74,706.88	85,218.96

Note no. 3(a)

The Term Loans from Banks 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 (Phase II - Unit 3 and 4) at Surat.

Note no. 3(b)

Name Of Bank	Outstanding amt. as on 31.03.2012	Maturity Period from 31.03.2012 (in Months)	Amt. of Instalments per quarter	Oustanding Amt. as on 31.03.2011
Central Bank of India	8000.00	96	250.00	9000.00
State Bank of India	4125.00	99	125.00	4625.00
Bank of Baroda	8250.00	99	250.00	9250.00
Oriental Bank of Commerce	16000.00	96	500.00	18000.00
Union Bank of India	16500.00	99	500.00	18500.00
IDBI Bank Ltd.	11719.00	93	378.02	14100.00
State Bank of Bikaner & Jaipur	4125.00	99	125.00	4625.00
Canara Bank	8000.00	96	250.00	9000.00
Karur Vysya Bank Ltd.	8500.00	102	250.00	9500.00
Indian Overseas Bank	411.76	6	294.12	0.00
TOTAL	85630.72		2922.14	96600.00

	AS AT 31-03-2012	AS AT 31-03-2011
Note No. 4 - OTHER LONG-TERM LIABILITIES		
Trade Payable	951.55	1,222.81
Others	66.02	110.98
TOTAL	1,017.57	1,333.79

Note No. 5 - LONG-TERM PROVISIONS

Employee Benefits	1,795.82	1,486.58
TOTAL	1,795.82	1,486.58



Gujarat Industries Power Company Limited

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

(₹ in Lacs)

	AS AT 31-03-2012	AS AT 31-03-2011
Note No. 6 - SHORT-TERM BORROWINGS		
Secured Loans :		
Working Capital Loans from Banks	6,799.92	6,753.98
Unsecured Loans :		
From Others	2,000.00	8,000.00
TOTAL	8,799.92	14,753.98

Note 6(a)

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.

Note No. 7 - TRADE PAYABLE		
Micro and Small enterprises	44.95	13.39
Other than Micro and Small Enterprises	19,110.88	10,460.29
TOTAL	19,155.83	10,473.68

Note No. 8 - OTHER CURRENT LIABILITIES

Current Maturities of long term debts	10,923.84	11,381.04
Interest Accrued but not due on borrowings	43.47	115.07
Income Received in Advance	299.12	0.00
Advance from customers	6,392.76	0.00
Items covered by IEPF*		
Unclaimed Dividends	134.74	126.04
Unclaimed Matured Deposits	0.80	1.64
Unclaimed Interest on Debentures/Deposits	2.91	11.30
Unclaimed Share Application Money	0.23	0.46
Security Deposits	1,514.31	1,418.72
Other Payable	478.73	314.94
Project Creditors	14,712.35	19,089.78
Statutory Dues	761.72	626.32
TOTAL	35,264.98	33,085.31

* Amount due and outstanding to be credited to Investor Education and Protection Fund ₹ Nil (Previous Year ₹ Nil)

Note No. 9 - SHORT-TERM PROVISIONS

Employee Benefits	316.38	148.00
Current Tax	2,822.00	2,415.00
Proposed Dividend	3,781.28	3,781.28
Corporate Dividend Tax	613.44	613.44
TOTAL	7,533.10	6,957.72



NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

Note No. 10 - FIXED ASSETS

(₹ in Lacs)

ASSETS	GROSS BLOCK (AT COST)			DEPRECIATION			IMPAIRMENT as on 31-03-2012	NET BLOCK	
	As at 01-04-2011	Addition/ Adjustment during the year	Adjustment/ Deduction during the year	As on 31-03-2012	Upto 01-04-2011	For the Year	Adjustment/ Deduction during the Year	Upto 31-03-2012	As at 31-03-2012
A. TANGIBLE ASSETS									
(1) Land									
Lease hold	603.85	0.00	0.00	603.85	118.14	6.10	0.00	124.24	479.61
Free hold	18,143.10	1,311.98	(92.94)	19,362.14	0.00	0.00	0.00	0.00	19,362.14
(2) Buildings									
Factory Buildings	30,959.81	3,926.55	0.00	34,886.36	6,259.12	1,280.04	0.00	7,539.16	27,347.20
Non Factory Buildings	6,425.43	1,386.60	0.00	7,812.03	969.83	116.61	0.00	1,086.44	6,725.59
(3) Plant and Machinery	287,887.70	18,650.27	(2.80)	306,535.17	119,887.27	14,843.17	(2.62)	134,727.82	171,299.40
(4) Capital Spares	6,677.08	385.09	0.00	7,062.17	4,651.35	454.00	0.00	5,105.35	1,956.82
(5) Furniture and Fixtures	412.55	38.31	0.00	450.86	201.74	31.30	0.00	233.04	217.82
(6) Office equipments	1,045.33	314.90	(1.42)	1,358.81	526.05	88.26	(1.51)	612.80	746.01
(7) Vehicles	114.49	7.54	(4.74)	117.29	64.45	8.22	(2.90)	69.77	47.52
Sub Total - A	352,269.34	26,021.24	(101.90)	378,188.68	132,677.95	16,827.70	(7.03)	149,498.62	228,182.11
B. INTANGIBLE ASSETS									
(8) Computer Software	281.31	94.88	0.00	376.19	98.21	40.86	0.00	139.07	237.12
(9) Technical Know- How Fees	105.34	0.00	0.00	105.34	105.34	0.00	0.00	105.34	0.00
Sub Total - B	386.65	94.88	0.00	481.53	203.55	40.86	0.00	244.41	237.12
TOTAL (A+B)	352,655.99	26,116.12	(101.90)	378,670.21	132,881.50	16,868.56	(7.03)	149,743.03	228,419.23
Previous year	193,602.32	159,140.27	(86.60)	352,655.99	120,457.88	12,507.76	(84.14)	132,881.50	219,266.54
(10) Capital Work -in-Progress									892.36
									14,226.82

Notes :

- Leasehold land is obtained as a permitted transferee as per agreement with GIDC/ IPCL.
- The conveyance of title for 103.92 hectares of free hold land of value ₹ 1462.86 Lacs (previous year 90.27 hectares of value ₹ 1338.70 Lacs) in favour of the Company are awaiting completion of legal formalities.
- Land includes 38.37 hectares of value ₹ 522.88 Lacs (Previous Year 61.39 hectares of value ₹ 689.72 Lacs) the process of possession and conveyance of title in favour of the Company are awaiting of legal formalities.
- The Company has decided to drop the acquisition of certain plots of land admisering 5.85 hectares of value ₹ 92.65 Lacs is shown as "adjustments".
- Addition during the year includes "borrowing cost" amounting to ₹ 3163.75 lacs (Previous year ₹ 14347.43 lacs)
- The Government of Gujarat vide its various orders have granted mining lease for lignite for 30 years from respective dates covering the area of 3565 hectares. The said lease provides to use all lignite excavated from the above area for captive use in existing / proposed power plants of the company. The said ares includes 80 hectares of land for lime stone also.



Gujarat Industries Power Company Limited

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

(₹ in Lacs)

	AS AT 31-03-2012	AS AT 31-03-2011
Note No. 11 - MINES DEVELOPMENT EXPENDITURE (To be amortised)		
Initial Development Expenses	9,222.05	10,679.01
Overburden Removal Cost	6,262.79	8,803.16
TOTAL	15,484.84	19,482.17
Note No. 12 - NON -CURRENT INVESTMENTS (Trade - unless otherwise specified)		
Investments in Equity Instruments		
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)	1,019.00	1,019.00
1,00,000 Equity Shares of GSPC Gas Company Limited of ₹ 10/- each (Fully paid)	10.00	10.00
2,95,00,000 Equity Shares of Bhavanagar Energy Company Limited of ₹ 10/- each (Fully paid) (Previous year 1,40,00,000 shares)	2,950.00	1,400.00
	3,979.00	2,429.00
TOTAL	4,530.68	2,980.68
Aggregate cost of Quoted Investments	551.68	551.68
Market value of Quoted Investments	1,340.03	1,407.34
Aggregate cost of Unquoted Investments	3,979.00	2,429.00
Note No. 13 - LONG-TERM LOANS & ADVANCES		
Secured (Considered good)		
Loan to Employees	8.32	13.24
Capital Advance	41.09	425.62
Unsecured Considered good		
Capital Advance	152.82	240.82
Security Deposits	124.52	596.52
Other loans & Advances	26.00	14.50
Advance Tax (Net of Provisions)	4753.94	4245.43
TOTAL	5106.69	5536.13



NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

(₹ in Lacs)

	AS AT 31-03-2012	AS AT 31-03-2011
Note No. 14 - OTHER NON-CURRENT ASSETS (Unsecured Considered good)		
Long term Trade Receivables		
Unamortised Expenses	616.89	872.16
TOTAL	616.89	872.16
Note No. 15 - INVENTORIES		
Raw Materials (Fuel)	3684.11	1554.26
Stores and Spares	8881.54	8797.13
TOTAL	12565.65	10351.39
Note No. 16 - TRADE RECEIVABLES (Unsecured - Considered Good)		
Over Six Months	0.00	0.00
Others	21,005.62	20,010.30
TOTAL	21,005.62	20,010.30
(includes ₹ 18518.69 lacs (Previous year ₹ 18,007.83 lacs) receivable from Gujarat Urja Vikas Nigam Limited, Promoter (with significant shareholding / influence).		
Note No. 17 - CASH AND BANK BALANCES		
Cash and Cash Equivalents	2.30	1.28
Other bank balances :		
Current Accounts	147.84	145.56
Deposit Accounts	4,900.00	0.95
TOTAL	5,047.84	146.51
	5,050.14	147.79
Note No. 18 - SHORT TERM LOANS AND ADVANCES		
Secured (Considered good)		
Loan to Employees	4.92	11.95
Unsecured Considered good		
Loans & Advances to related Parties		
Other loans & Advances	2,425.73	1,292.95
TOTAL	2,430.65	1,304.90
Note No. 19 - OTHER CURRENT ASSETS		
Unamortised expenses	255.27	255.27
Other receivables	5.52	37.27
Interest Accrued	11.29	0.06
TOTAL	272.08	292.60



NOTES ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT

(₹ in Lacs)

	For the Year ended 31-03-2012	For the Year ended 31-03-2011
Note No. 20 - REVENUE FROM OPERATIONS		
Sale of Electrical Energy	129,099.37	107,794.91
Sale of services	407.87	369.16
Other operating Revenues	519.29	379.76
Less : Excise Duty	3.10	0.23
TOTAL	130,023.43	108,543.60
Refer Note No. 29.10		
Note No. 21- OTHER INCOME		
Interest on Deposits	46.28	1.44
(Tax deducted at source ₹ 2.98 lacs Previous year ₹ 0.17 Lacs)		
Other Interest	107.64	344.57
Bad Debts Recovered	105.10	105.10
Dividend	58.14	55.86
Insurance Claims	94.69	250.40
Liquidated Damages	24.00	14.38
Miscellaneous	132.54	32.27
TOTAL	568.39	804.02
Note No. 22 - COST OF MATERIAL CONSUMED		
Consumption of Gas	48,416.59	42,232.16
Consumption of Lignite	26,024.35	22,821.03
Consumption of Lime Stone	545.66	390.09
Consumption of Furnace oil	1,632.60	1,165.37
Lignite Extraction Expenses	21,133.64	20,424.45
Less : Inter Division transfer	28,015.32	23,701.12
TOTAL	69,737.52	63,331.98
Note No. 23 - GENERATION EXPENSES		
Consumption of Stores and Spares	3,149.63	2,433.22
Water Charges	1,291.98	1,399.11
Electricity Charges	521.72	521.62
Insurance	335.95	191.46
Operation Expenses	1,619.99	1,160.35
Repairs and Maintenance to Plant and Machinery	2,049.83	1,050.96
TOTAL	8,969.10	6,756.72

**NOTES ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT**

(₹ in Lacs)

	For the Year ended 31-03-2012	For the Year ended 31-03-2011
Note No. 24 - EMPLOYEES BENEFITS EXPENSES		
Salary and Wages	3,338.28	3,256.31
Contribution to Provident and Pension Fund	241.93	232.51
Welfare Expenses and Other Benefits	1,288.08	1,423.13
TOTAL	4,868.29	4,911.95
Note No. 25 - FINANCE COST		
Interest on :		
Fixed Term Loans	9,982.13	5,063.63
Short Term Loan	294.32	438.11
Cash Credit / Working Capital Demand Loans	458.99	833.66
Others	36.26	10.60
Bank Charges and Commission	115.35	126.08
Cash Rebate on Sales	1,006.42	687.97
TOTAL	11,893.47	7,160.05
Note No. 26 - OTHER EXPENSES		
Repairs and Maintenance :		
Buildings	352.62	332.10
Others	131.16	31.87
Rent	18.62	12.34
Rates and Taxes	218.26	194.08
Communication Expenses	98.30	80.38
Travelling & Conveyance Expenses	267.31	194.59
Legal, Professional and Consultancy Fees	134.52	53.99
Social Welfare Expenses	869.48	799.25
Miscellaneous Expenses	896.14	723.76
(includes membership, office, security, advertisement, software maintenance, audit fees and registrar & transfer fees)		
TOTAL	2,986.41	2,422.36
Note No. 27 - EXCEPTIONAL ITEM (PRIOR PERIOD EXPENSES)		
Sales of Electrical Energy	856.11	0.00
TOTAL	856.11	0.00
Refer Note No. 29.6		



NOTE No. 28 : 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 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 such work pertaining to a new project) are shown as Capital Work in Progress.
- e. In the case of assets put to use, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.

4. DEPRECIATION

- a. Depreciation on all fixed assets (except those listed below) is provided on straight line method as per rates and methodology notified by the CERC Tariff Regulation, 2009.
- 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 - Fuel (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

- a. 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.
- b. 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.
- c. 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.
- d. 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 :

i) Defined Contribution plan

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

ii) 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 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.



Gujarat Industries Power Company Limited

- 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.


NOTE NO. 29 : NOTES TO THE FINANCIAL STATEMENTS

(₹ in lacs)

	AS AT 31-03-2012	AS AT 31-03-2011
1 Commitments		
a. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1843.08	12515.37
b. The Company has committed to invest 8% of the Equity of Bhavnagar Energy Corporation Limited as and when required, which currently works out to ₹ 5984 Lacs. Out of which ₹ 2950 Lacs (P.Y.1400 Lacs) has been invested and hence balance amount may be called up as and when required.	3034.00	4584.00
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	3084.57	3084.57
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.	836.33	737.67
c. Bills of Exchange discounted with Banks in respect of Sales Invoices.	26600.00	7200.00
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
f. In following cases, 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.		
Leasehold land of 165 MW Baroda	Amount not ascertainable	Amount not ascertainable
Freehold land at Surat Lignite Power Stations	1626.08	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	1614.10	1828.32
i. Demand of Property Tax by Grampanchayat, Nani Naroli, Dist.Surat.	50.00	45.00
j. The maximum amount of penalty leviable due to default in payment of central excise duty on lignite excavated	285.32	Nil
k. Concurrent mines closure expenses are accounted as and when incurred. Consequent to the guideline dated 25.04.2012 issued by Coal Ministry, GOI, the company is in the process of working out of its modalities and its implication. Management is of the view that the same may not be applicable in totality.	Amount not ascertainable	Amount not ascertainable



Gujarat Industries Power Company Limited

3. 5 MW Photovoltaic crystalline silicon modules based Solar Power Plant located at the Vastan Mines, Surat Lignite Power Station was successfully commissioned in January 2012. This plant has since been capitalized.
4. Due to capitalization of Solar station as mentioned above in FY 2011-12, and also the capitalization of Units 3 & 4 of Surat Lignite Power Project and Mangrol Mines in the previous FY in the month of September, 2010, the figures of previous year are not comparable to that extent.
5. Depreciation on Fixed Assets- except lease hold land, capital spares and computer software was hitherto being provided on straight line method at the rates specified under Schedule XIV of the Companies Act, 1956. Pursuant to Circular No. 31 of the Ministry of Corporate Affairs dated 31.05.2011, Company has revised its Accounting Policy of charging of Depreciation in the books of account w.e.f. 01.04.2011. Accordingly Depreciation for the financial year 2011-12 has been arrived at on straight line basis at rates and Methods notified in CERC Tariff Regulation, 2009. Consequent to this change, depreciation for the year is higher by ₹ 77.40 Lacs and profit before tax for the year is lower by the equal amount.
6. Pursuant to GERC tariff Order of 19th April 2011 for 2x125 MW Lignite Based Units No. 3 & 4, the Company had accounted sales revenue for FY 2010-11 on provisional and estimated basis and the final accounts for previous FY 2010-2011 were accordingly finalized.

The GERC tariff order allows the Advance Against Depreciation (AAD) to cover the gap arising between annual loan repayment requirements of the Company for the project less normal depreciation otherwise admissible under the tariff. In view of lower recovery of AAD resulting from under performance of the plant for a part of the year and also overall on cumulative basis, the Company has decided to return the amount realized though AAD to GUVNL out of prudence, business and commercial considerations. Accordingly an amount of ₹ 856 Lacs which was credited to Profit and loss account for FY 2010-11 is now charged as prior period adjustment in the current financial year and shown as liability to GUVNL. Further an amount of ₹ 3,269 Lacs realized from GUVNL and credited to AAD reserve account from the monthly invoices of current financial year for this plant is also shown as refundable/ payable to GUVNL. The confirmation from GUVNL about this is awaited.

7. C.I.F. Value of Imports : (₹ in lacs)

	2011-12	2010-11
Spares and Components	181.61	44.21

8. Stores and Spares Consumed :

	2011-12		2010-11*	
	Value	% to total Consumption	Value	% to total Consumption
Imported	92.86	2.95	76.88	3.26
Indigenous	3056.77	97.05	2356.34	96.74
TOTAL	3149.63	100.00	2433.22	100.00

*Excluding details pertaining to trial run operations of Units 3 & 4 at Surat Lignite power Plant.

9. Payment to Auditors :

	2011-12	2010-11
a. Statutory Auditors		
Statutory Audit Fees	8.40	7.45
Tax Audit Fees	0.72	0.62
Taxation, certification and other matters	0.74	2.05
Reimbursement of travelling & Other Expenses	0.14	0.12
b. Cost Auditors	1.01	0.61

10. Sale of Electrical Energy is net of reversal/adjustment admitted on commercial consideration as under :

	2011-12	2010-11
Interest and Variable Charges Adjustment	437.31	48.46
Interest on Deemed Loans	1837.87	-
Depreciation	1194.77	-



11. The Company has only one reportable business segment namely 'Power Generation' under AS 17.
12. 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 :-

(₹ in Lacs)

Particulars	2011-12	2010-11
Deferred Tax Liability		
Depreciation	8052.79	7933.32
Others	209.45	192.32
	8262.24	8125.64
Deferred Tax Assets		
Items u/s 43 B	612.66	502.98
Others	171.63	199.25
Unabsorbed Depreciation	3326.35	2769.71
	4110.64	3471.94
Deferred Tax Liability (Net)	4151.60	4653.70

13. 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, IAS	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)

Nature of Transactions	2011-12		2010-11	
	With Promoters	With Key Management Personnel	With Promoters	With Key Management Personnel
(A) Value of transactions				
Sales of Electrical Energy (Net of Adjustment)	109246.28	-	94374.99	-
Purchase of Electrical Energy	0.00	-	1.69	-
Bill Discounting Charges Recovered	2244.16	-	856.04	-
Rebate on Sales	1006.42	-	687.97	-
Dividend Paid	959.61	-	959.61	-
Salary & Perquisites	-	2.70	-	2.35
(B) Outstanding balance				
Equity Contribution including Share Premium	8635.52	-	8635.52	-
Receivables	18518.69	-	18007.83	-



Gujarat Industries Power Company Limited

Details of Transactions	(₹ in Lacs)	
Nature of Transactions with DEEP	2011-12	2010-11
(A) Value of Transactions		
Contribution towards CSR activities	799.00	804.00
Miscellaneous	5.49	30.09
(B) Outstanding balance		
Payables	3.83	1.20

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

Particulars	2011-12	2010-11
Net Profit after Tax before prior period adjustments (₹ in Lacs)	12692.20	16294.97
Net Profit after Tax after prior period adjustments (₹ in Lacs)	11836.09	16294.97
Weighted Average number of Equity Shares outstanding (Nos.)	151251188	151251188
Basic and Diluted Earning Per Share of ₹ 10/- each (₹) including prior adjustments	7.83	10.77
Basic and Diluted Earning Per Share of ₹ 10/- each (₹) excluding prior adjustments	8.39	10.77

15. 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 ₹ 203.90 Lacs (PY ₹ 200.84 Lacs) for Provident Fund contributions and ₹ 34.44 Lacs (PY ₹ 33.78 Lacs) for Pension Scheme in the Profit and Loss Account/ Pre-operative expenditure for project.

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)	
	2011-12	2010-11	2011-12	2010-11
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	744.63	507.29	-	-
Current Service Cost	63.22	46.68	52.99	43.57
Interest Cost	65.47	42.72	-	-
Actuarial (gain)/loss	93.22	187.84	-	-
Benefits paid	(28.55)	(39.90)	-	-
Present Value of Defined Benefit obligation at year end	937.99	744.63	52.99	43.57
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	937.99	744.63	52.99	43.57
Liabilities recognized in Balance Sheet	937.99	744.63	52.99	43.57
III. Expense recognized during the year				
Current Service Cost	63.22	46.68	52.99	43.57
Interest Cost	65.47	42.72	-	-
Actuarial (gain)/loss	93.22	187.84	-	-
Expected return on plan assets	-	-	-	-
Total Expenses/(Gain) recognized in Profit and loss account	221.91	277.24	52.99	43.57
IV. Actuarial assumptions				
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8.50%	8.25%	8.50%	8.25%
Rate of escalation in salary (per annum)	6.00%	6.00%	NA	NA

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

	2011-12	2010-11	2009-10	2008-09	2007-08
Defined benefit obligation	937.99	744.63	507.29	355.40	338.71
Experience loss(gain) on plan liabilities	111.98	198.50	164.17	*	*

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

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

	2011-12	2010-11	2009-10	2008-09
Defined benefit obligation	52.99	43.57	30.07	22.29
Experience loss(gain) on plan liabilities	NA	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.



Gujarat Industries Power Company Limited

16. 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 ₹ 44.95 Lacs (PY ₹ 13.39 Lacs). Payment made to suppliers beyond the due date during the year was ₹ Nil (PY ₹ Nil). 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 (PY ₹ Nil).
17. 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.
18. 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.
19. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.
20. During the year, one- fifth of Share issue expenses amounting to ₹ 255.27 Lacs (PY ₹ 148.91 Lacs) have been amortised on a prorata basis.

As per our report of even date attached

For **VCA & Associates**
Chartered Accountants
FRN: 114414W

Ashok Thakkar
Partner
Membership No. 48169

Place : Vadodara.
Date : 7th June, 2012.

L Chuaungo
Managing Director

S P Desai
CGM & CFO

Place : Gandhinagar.
Date : 30th May, 2012.

D J Pandian
Chairman

A C Shah
Company Secretary



NOTES



GUJARAT INDUSTRIES POWER COMPANY LIMITED

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

Attendance Slip

DP. ID* / Client I.D. No.* Folio No.	
---	--

No. of Shares held	
--------------------	--

I/We certify that I/we am/are registered member/proxy for the registered member of the Company. I/We hereby record my/our presence at the 27th Annual General Meeting held on Friday, the 21st day of September, 2012 at 11.00 A.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

Name & Signature of the Proxy

* Applicable for investors holding shares in Electronic mode.

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. : Petrochemicals - 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 _____
_____ of failing him _____ of _____
_____ of the district of _____ as my/our Proxy in my/our absence
to attend and vote for me/us on my/our behalf, at the 27th Annual General Meeting of the Company, to be held on Friday, the 21st day of September, 2012 at 11.00 A.M. and at any adjournment thereof.

Signed this _____ day of _____ 2012.

DP. ID* Client I.D. No.* 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 mode.



GUJARAT INDUSTRIES POWER COMPANY LIMITED

"Go Green Initiative in the Corporate Governance"
Registration of E-mail address for future communication

Name of Shareholder : _____

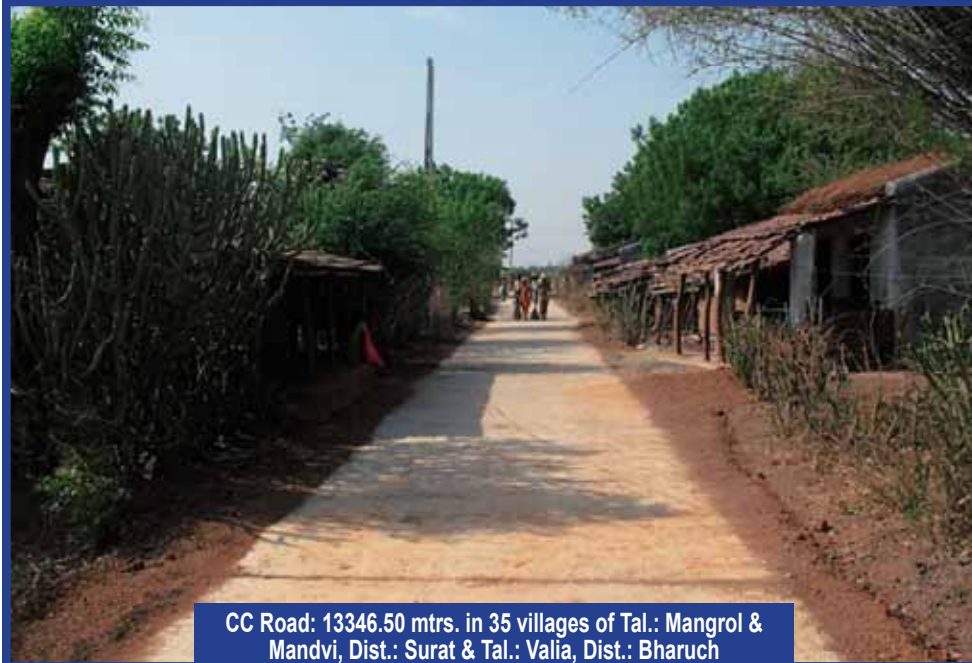
E-mail ID : _____

DP ID & Client ID* / Folio Number : _____

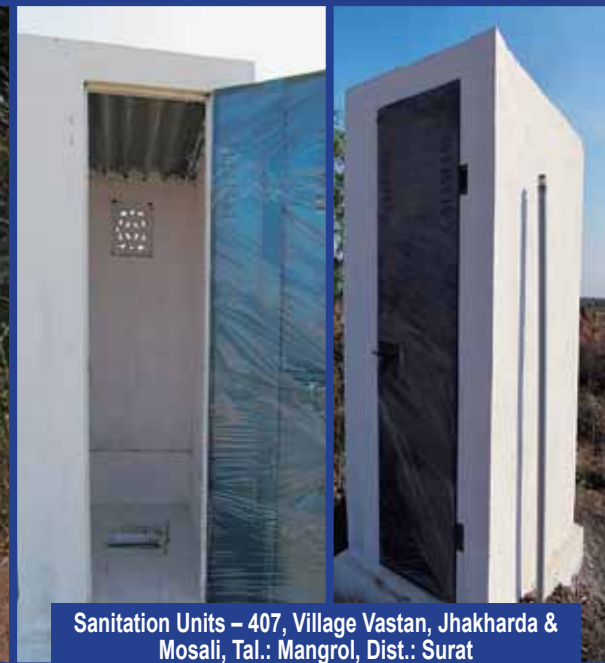
Signature : _____

* Applicable for investors holding shares in Electronic mode.

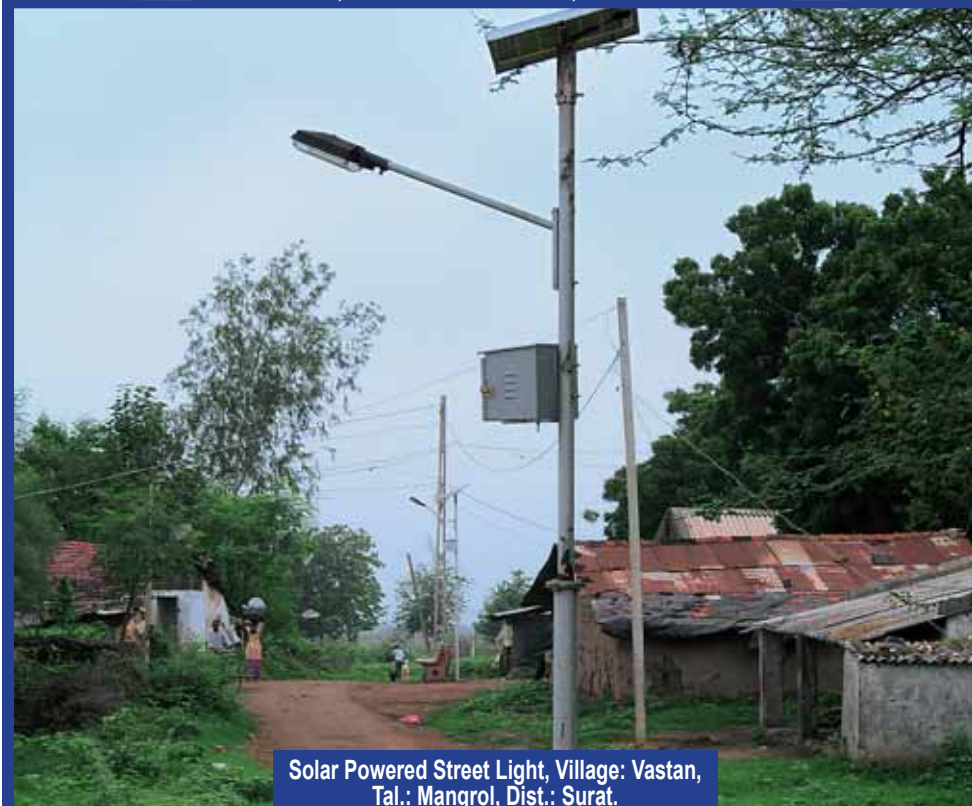
CORPORATE SOCIAL RESPONSIBILITY INITIATIVE



CC Road: 13346.50 mtrs. in 35 villages of Tal.: Mangrol & Mandvi, Dist.: Surat & Tal.: Valia, Dist.: Bharuch



Sanitation Units – 407, Village Vastan, Jhakharda & Mosali, Tal.: Mangrol, Dist.: Surat



Solar Powered Street Light, Village: Vastan, Tal.: Mangrol, Dist.: Surat.



Co-operative Dairy Building, Village Nani Pardi, Tal.: Mangrol, Dist. Surat



Flood Protection Wall, Bhukhri River, Village/ Tal.: Mangrol, Dist.: Surat



SLPP, Mangrol Lignite Mine, Tal.: Mangrol, Dist.:Surat.

If undelivered please return to



GUJARAT INDUSTRIES POWER COMPANY LIMITED

An ISO Company

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