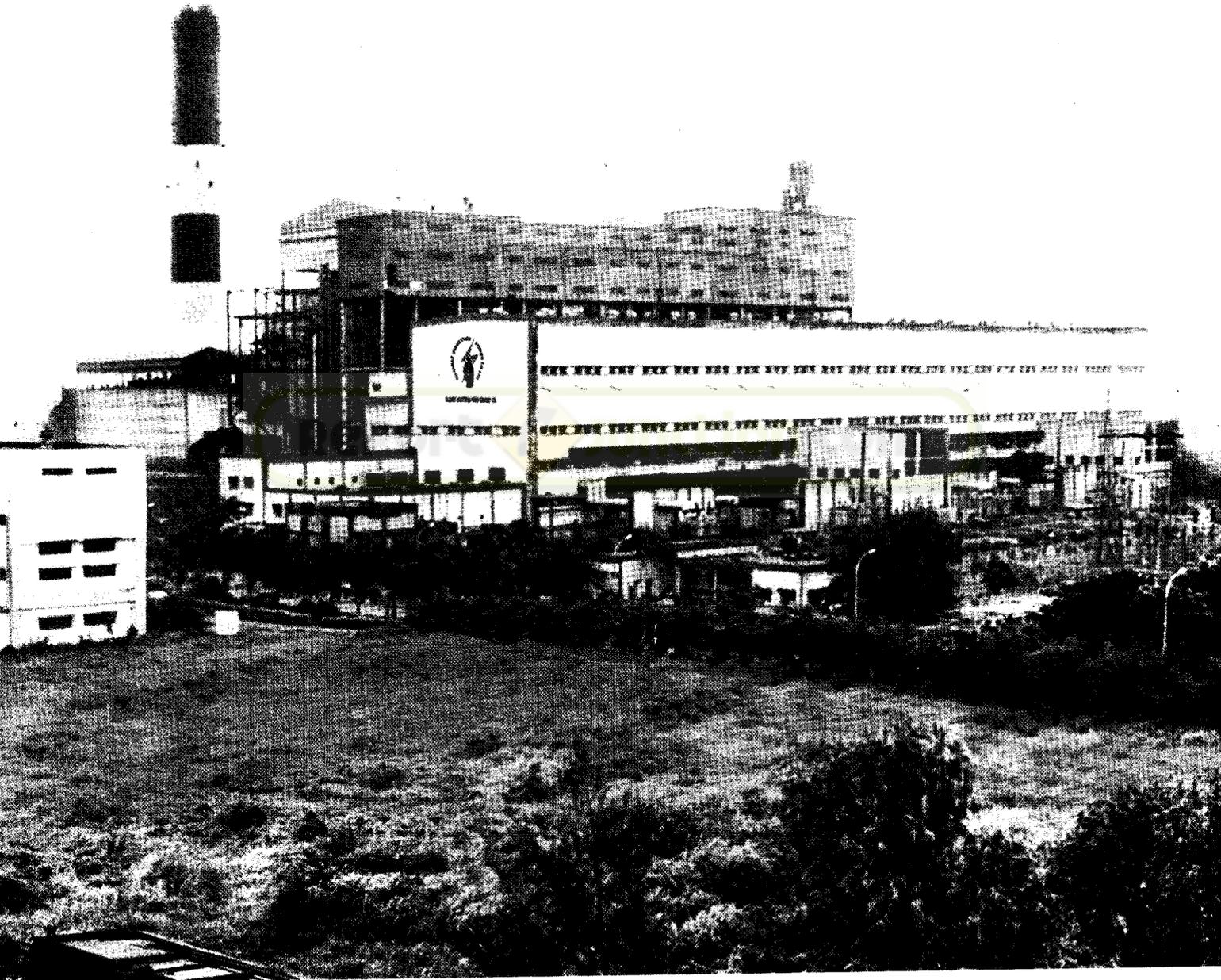


Annual Report

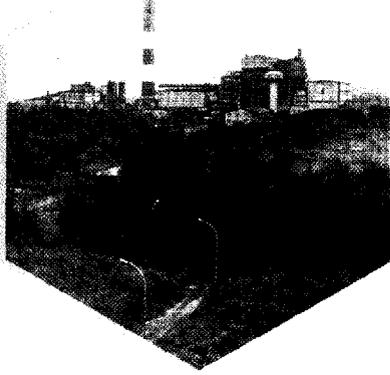
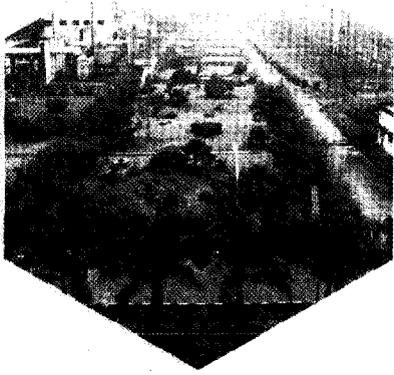
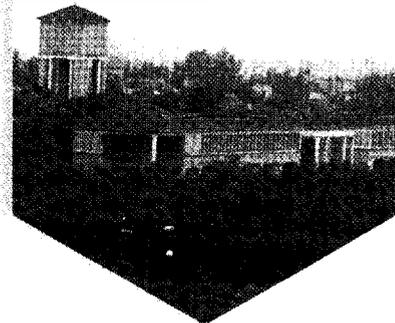
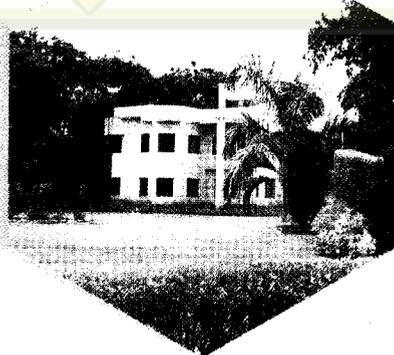
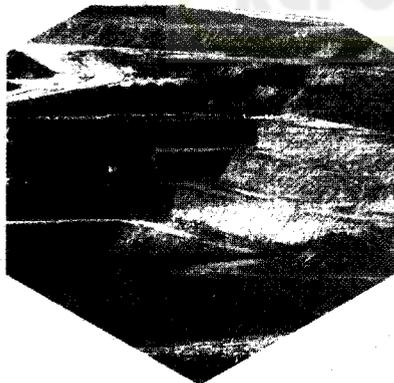
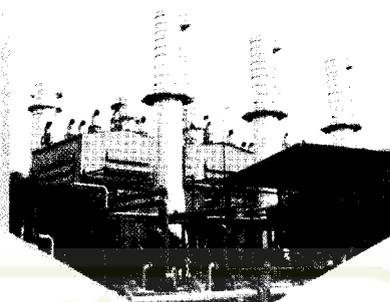
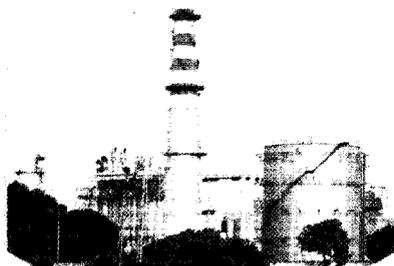
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GUJARAT INDUSTRIES POWER COMPANY LTD.



GIPCL - Images





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NINETEENTH ANNUAL GENERAL MEETING

DAY : SATURDAY, 25TH SEPTEMBER, 2004

TIME : 11.00 A.M.

PLACE : REGISTERED OFFICE
P.O. PETROCHEMICALS - 391 346
DIST. VADODARA

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GUJARAT INDUSTRIES POWER COMPANY LIMITED

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



Gujarat Industries Power Company Limited

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Board of Directors

Dr. Manjula Subramaniam, IAS	Chairperson
Shri P.K. Taneja, IAS	Director
Shri R.N. Joshi, IAS	Director
Shri A.K. Luke, IAS	Director
Smt. V.L. Joshi, IAS	Director
Shri A. Khandual	IDBI Nominee
Shri R.N. Singh	Director
Prof. Shekhar Chaudhuri	Director
Shri L. Chuaungo, IAS	Managing Director

Senior Executives

Shri D.G. Naik	Sr. General Manager (BO)
Shri S.L. Bose	General Manager (SLPP)
Shri D.N. Bhatia	General Manager (Finance)
Shri A.N. Shah	Dy. General Manager (O & M - Baroda)
Shri R.K. Nair	Dy. General Manager (O & M - SLPP)
Shri J.C. Patel	Officer on Special Duty (HR & A)

Company Secretary

Shri V.V. Vachhrajani

Bankers

Baroda Stations :	Surat Lignite Power Plant :
Central Bank of India	Syndicate Bank
Dena Bank	State Bank of Saurashtra
Punjab National Bank	Oriental Bank of Commerce
State Bank of India	Indian Overseas Bank
Bank of Baroda	Vijaya Bank
Oriental Bank of Commerce	ING Vysya Bank
	Karur Vysya Bank Ltd.

Auditors

M/s. C.C. Chokshi & Co., Vadodara

Solicitors

M/s. Bhaishanker Kanga & Girdharlal, Mumbai

Registrar & Transfer Agent

MCS Ltd.
1st Floor, Neelam Apartment,
88, Sampatrao Colony, Productivity Road,
Alkapuri, Baroda - 390 007, Gujarat, India
(Tel.) (0265) 2339397, 2314757, 2350490
(Fax) (0265) 2341639
E-mail : mcsbaroda@iqara.net

Registered Office & Works

P.O. Petrochemicals - 391 346, Dist. Vadodara
(Tel.) (0265) 2232768, 2232213, 2230159
(Fax) (0265) 2232143, 2231207, 2230473
E-mail : info@gipcl.com

Surat Lignite Power Plant

At & Post Nani Naroli, Taluka - Mangrol,
Dist. Surat - 394 110
(Tel.) (02629) 261063 to 261072
(Fax) (02629) 261073 & 261074
E-mail : slpp@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 Friday, the 10th September, 2004 to Thursday, the 23rd September, 2004 (both days inclusive).
2. Members are advised to address all correspondence quoting their Ledger Folio Number (LF No.) Client-ID & DP ID No. and to immediately notify their change of address etc. details if any, to the Company's Registrar and Transfer Agent **MCS Ltd. 1st Floor, Neelam Apartment, 88, Sampatrao Colony, Productivity Road, Alkapuri, Vadodara - 390 007, Gujarat, India.** Members may also send in their queries etc. by e-mail at mcsbaroda@iqara.net.
3. Members who are holding Shares in the Company and have not received or have not encashed their Dividend/ Interest warrants are requested to write to us or to the Company's Registrar and Transfer Agents.
4. Members are advised to hold Shares jointly to simplify the procedure of transmission in the event of death of any holder.
5. Members holding shares in physical form and are 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.
6. *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.*
7. 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 be refused.
8. Individual shareholders can now avail the facility of nomination. The nominee shall be the person to whom all rights of transfer and/or amount payable in respect of the shares shall vest in the event of death of shareholder(s). A minor can also be a nominee provided the name of guardian is given in Nomination Form. The facility of nomination is not available to non-individual shareholders such as Bodies Corporate, Institutional Investors, Kartas of Hindu Undivided Families, holders of Power of Attorney etc. In case of any assistance please contact Mr. V.V. Vachhrajani, Company Secretary at the registered office of the Company or MCS Ltd., the Registrar and Share Transfer Agents of the Company.
9. Members may note that the Company's Securities are listed on the following Stock Exchanges :
 - Vadodara Stock Exchange Limited
3rd Floor, Fortune Tower, Sayajigunj,
Vadodara - 390 005.
 - The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers, Dalal Street, Fort,
Mumbai - 400 001.
 - The Delhi Stock Exchange Association Limited
DSE House, 3/1, Asaf Ali Road,
New Delhi - 110 002.
 - The Calcutta Stock Exchange Association
Limited
7, Lyons Range,
Kolkata - 700 001.
 - Madras Stock Exchange Limited
Exchange Building, Post Box No.183,
11, Second Line Beach,
Chennai - 600 001.
 - National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C/1, 'G' Block,
Bandra Kurla Complex, Bandra (East)
Mumbai - 400 051.

With effect from 26-06-2000, Equity Shares of the Company are compulsorily traded in dematerialised (demat) form as mandated by Securities and Exchange Board of India (SEBI). The Demat ISIN Numbers in NSDL & CDSIL for Equity Shares is INE162A01010.

Members may note that the Company's equity shares are available for dematerialisation with National Securities Depository Ltd., Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai-400 013 and with Central Depository Services (India) Ltd., 28th Floor, Sir PJ Tower, Dalal Street, Fort, Mumbai - 400 001.

As a measure of economy, the Company does not distribute the copies of Annual Report at the Meeting. Members therefore are requested to bring their copies with them.



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NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of Gujarat Industries Power Company Limited will be held on Saturday, the 25th day of September, 2004 at 11:00 A.M. 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, 2004 and Profit & Loss Account for the year ended on that date and the reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Shri R N Joshi, IAS, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri P K Taneja, IAS, who retires by rotation and being eligible offers himself for reappointment.
4. To declare dividend on 13.50% Preference Shares for FY 2002-03
5. To declare dividend on 13.50% Preference Shares for FY 2003-04.
6. To declare dividend on Equity Shares for FY 2003-04.
7. To appoint M/s C C Chokshi & Co., Chartered Accountants - Vadodara as Statutory Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

8. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri R N Singh who was appointed as Additional Director of the Company under Section 260 and other applicable provisions, if any, of the Companies Act, 1956, read with the relevant Article/s of the Articles of Association of the Company, if any, and who holds such office upto the date of this Annual General Meeting and who is eligible for reappointment and in respect of whom the Company has received a notice in writing along with a deposit of Rs. 500/- (Rupees Five Hundred Only) from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company and shall be liable to retire by rotation."

9. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Prof. Shekhar Chaudhuri who was appointed as Additional Director of the Company under Section 260 and other applicable provisions, if any, of the

Companies Act, 1956, read with the relevant Article/s of the Articles of Association of the Company, if any, and who holds such office upto the date of this Annual General Meeting and who is eligible for reappointment and in respect of whom the Company has received a notice in writing along with a deposit of Rs. 500/- (Rupees Five Hundred Only) from a member under Section 257 of The Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company and shall be liable to retire by rotation."

For Gujarat Industries Power Co. Ltd.

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

sd/-
V V Vachhrajani
Company Secretary

Date: 27th July, 2004

NOTES:

1. 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.
2. The Explanatory Statement setting out the material facts concerning the special business mentioned under Item nos. 08 and 09 of the notice as required under section 173 of the Companies Act, 1956 is annexed hereto.
3. With the commencement of the Companies (Amendment) Act, 1999, effective from 31st October, 1998, the members are advised that the Companies are now not required to transfer its unpaid/unclaimed dividend after the expiry of 3 years to the General Revenue Account of the Central Government, but the same will be transferred after the expiry of the 7 years from the date from which they become due for payment to a special fund called "Investors Education and Protection Fund". No claims will lie for the amounts so transferred. The shareholders may please note that the unclaimed dividends declared for the financial year 1992-93, 1993-94, 1994-95 & 1995-96 has been transferred to the General Revenue Account of the Central Government and the dividends declared from the financial year 1996-97 onwards will be transferred after the expiry of 7 years to the fund as mentioned above. Members are therefore requested to take a note of above.
4. Relevancy of questions and the order of the speakers at the meeting will be decided by the Chairperson.



Gujarat Industries Power Company Limited

FOR THE INFORMATION OF SHAREHOLDERS

Those shareholders who have not yet encashed/claimed dividend warrants in respect of dividends declared during the Financial Years 1996-97 to 1999-2000 are requested to note that the said dividends are / will be due for transfer to "Investors Education and Protection Fund (IEPF)" on the dates as given below :

SR. NO.	PARTICULARS OF DIVIDEND	FINANCIAL YEAR	DATE OF TRANSFER TO IEPF
01.	5 th Dividend *	1996-1997	05/11/2004
02.	6 th Dividend	1997-1998	05/11/2005
03.	7 th Dividend	1998-1999	26/10/2006
04.	8 th Dividend	1999-2000	04/11/2007

Shareholders are requested to lodge their claims, if any, with the Company in order to enable us to send the necessary payment. However, as a measure of good investor service the Company has sent*/will be sending intimation letters to the shareholders before the amount is transferred to the said fund.

ANNEXURE TO NOTICE:

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 :

In conformity with the provisions of the Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all the material facts relating to the Special Business mentioned in the accompanying notice and should be taken as forming part of the Notice.

ITEM NO. 02 (Brief Resume of Shri R N Joshi, IAS) :

Shri R N Joshi, IAS is retiring by rotation at the ensuing General Meeting and being eligible has offered himself for reappointment. The brief resume of Shri R N Joshi, IAS, reads thus, He is a Senior IAS Officer of the 1994 batch and is presently holding the key position of District Development Officer (DDO), Ahmedabad. Shri R N Joshi has to his credit the rich experience of holding key positions in different departments in Govt. of Gujarat. Shri R N Joshi on the academic front is holding Masters Degree in Arts & Graduate in Law.

ITEM NO. 03 (Brief Resume of Shri P K Taneja, IAS) :

Shri P K Taneja, IAS is retiring by rotation at the ensuing General Meeting and being eligible has offered himself for reappointment. The brief resume of Shri P K Taneja, IAS reads thus - Shri P K Taneja is a Senior IAS officer of the 1984 batch and is presently Managing Director of Gujarat Alkalies & Chemicals Ltd., Vadodara. Mr. Taneja has occupied various key positions before holding the present charge at the Govt. of Gujarat and Govt. of India Level. Mr. Taneja on the academic front is an Electronics Engineer (BE - Electronics). Shri P K Taneja, IAS has total experience of more than 20 years. Apart from this, he is holding directorship in reputed Companies as follows :

Name of the Company	Position Held
➤ Gujarat Alkalies & Chemicals Ltd.	Managing Director
➤ Gujarat State Electricity Corpn. Ltd.	Managing Director
➤ Gujarat Energy Transmission Co. Ltd.	Director
➤ Gujarat Alluminia & Bauxite Ltd.	Director
➤ Gujarat Guardian Ltd.	Director
➤ Gujarat Chemical Port Terminal Co. Ltd.	Director

Item No. 08 :

Shri R N Singh has been appointed as Director of the Company w.e.f. 15th March, 2004. Shri R N Singh is Director - (Power) of Neyveli Lignite Corporation Ltd.

The Company has 250 MW Lignite Based Power Station at Vil. Nani Naroli, Tal. Mangrol, Dist. Surat (SLPP) and is also in the process of setting up the expansion project of 250 MW capacity. The Company has acquired and is in the process of developing new mines. Looking to the synergy between the activities of Neyveli Lignite Corporation Ltd. (NLC) and GIPCL, particularly with reference to the GIPCL's Lignite Mining and Lignite based power plant operations, we feel that a Senior Executive of NLC on the Board of GIPCL will be very much beneficial to the Company and hence your Directors propose the appointment of Shri R N Singh, Director (Power) of NLC as part - time Director on the Board of the Company.

His brief resume is - Shri Raghu Nandan Singh is B.Sc. (Mech. Engg.) from the Bihar Institute of Technology, Sindri with Power plant as a field of specialisation. He started his professional career in the year 1979 and has to his credit experience of more than 25 years and has during his career occupied various vital positions. He is the fellow member of various Professional bodies viz. FIE, FIPE, FMG & MLL and has presented many papers at various seminars held at Bangalore & Kolkata.

Your Directors recommend the appointment of Shri R N Singh as Rotational Director as proposed in the Resolution at item no. 08 as an Ordinary Resolution.

None of the Directors except Shri R N Singh, is in any manner interested or concerned in the said resolution.

Item No. 09 :

Prof. Shekhar Chaudhuri has been appointed as additional director of the Company w.e.f. 18th May, 2004. Prof. Chaudhuri has been inducted on the Board of Directors of the Company with a view to further strengthen the Board of Directors and to avail the benefit of his expertise in the field of Joint Ventures and strategic alliances and corporate matters.

The brief resume of Prof. Chaudhuri, currently the Director, Indian Institute of Management, Kolkata reads thus - He is



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Graduate Engineer (Mechanical Engineering) from Indian Institute of Technology, Kharagpur and did his doctoral program from Indian Institute of Management, Ahmedabad. He has to his credit very rich experience of more than 32 years in various fields of management including the corporate experience at very senior positions. Prof. Chaudhuri's 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 organisations including the World Bank.

Your Directors recommend the appointment of Prof. Shekhar Chaudhuri as Rotational Director as proposed in the Resolution

at item no. 09 as an Ordinary Resolution.

None of the Directors except Prof. Shekhar Chaudhuri, is in any manner interested or concerned in the said resolution.

For Gujarat Industries Power Co. Ltd.

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

sd/
V V Vachhrajani
Company Secretary

Date: 27th July, 2004.

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Gujarat Industries Power Company Limited

DIRECTORS' REPORT

To,
The Members

Your Directors are pleased to present the Nineteenth Annual Report together with Audited Statement of Accounts of your Company for the Financial Year ended 31st March, 2004 :

(A) Financial Results

(Rs. in Lacs)

	2003-04	2002-03
1. Net Sales	86461	97140
2. Other Receipts	2870	1977
3. Total Expenditure	48586	58719
4. Gross Profit : (1+2-3) (before deducting any of the following)	40745	40398
(a) Interest	20391	22838
(b) Depreciation	10098	13604
(c) Expenses Amortised	25	302
(d) Prior Period Items	(1003)	(465)
(e) Writeback of Diminution in the value of Investment	(405)	(43)
(f) Provision for Deferred Tax	4161	1514
(g) Provision for Current Income Tax	572	328
(h) Income Tax Adjustments of Earlier Years	189	—
5. Net Profit:	6717	2320
Add : B/fd. From Last Balance Sheet	1646	88
	<u>8363</u>	<u>2408</u>
Add : Debenture Redemption Reserve- Written back	4115	3570
Contingency Reserve- Written back	1084	—
Expansion Reserve for Project- Written back	1880	—
Balance available for appropriation	15442	5978
6. Less: Transferred to		
(i) Expansion Reserve	—	1500
(ii) Capital Redemption Reserve	—	2495
(iii) Proposed Dividend (including Dividend Tax)		
· On Equity Shares	1250	—
· On Preference Shares (F.Y. 02-03 & 03-04)	607	337
(vii) Carried to Balance Sheet	13585	1646
TOTAL	<u>15442</u>	<u>5978</u>

(B) Reply to Auditors Observation on Annual Accounts:

The Statutory Auditors have remarked in their report regarding non provision of Accumulated Deferred Tax Liability upto 31st March, 2002 amounting to Rs. 157.70 Crores at para no. 4(d) of the Auditors' Report to the Shareholders. Your Directors would like to report that the Company did not have adequate revenue reserves to absorb the accumulated Deferred Tax Liability of Rs. 157.70 Crores upto 31st March, 2002 and to this extent Accounting Standard 22 : "Accounting for Taxes on Income" remains to be complied with.

(C) Dividend

Your Directors are happy to recommend the payment of Dividend for the year ended 31st March, 2004 @ 10% i.e. Re. 1/- per Share on the Equity Share Capital of the Company amounting to approx. Rs. 1250 Lacs. The Dividend shall be disbursed to all those members whose name appears on the Register of Members of the Company on the Book Closure Date(s) i.e. from 10th September, 2004 to 23rd September, 2004 (both days inclusive).

The Board of Directors also recommend final Dividend on the outstanding Preference Shares under Option B (13.50% - Maturity Period 5 years) in respect of Financial Year 2002-2003 & 2003-2004 and the same has been paid to the Preference Share Holders.

(D) Operations :

STATION - I (145 MW CCPP) :

The station during the year under review generated 940.649 million units at a PLF of 73.85% as compared to 998.077 million units at PLF of 78.58 % in the preceding year. Generation was lower during the year under review as compared to the previous year mainly due to the shortage of gas as HBJ gas could not be spared for this station from Station-II.

The problem of shortage of gas for Baroda Stations had since been taken care of during the year by entering into Gas Supply Agreement(GSA) with Gujarat State Petroleum Corporation Ltd.(GSPC) for supply of 0.15 MCMD of gas in July, 2003 and with GAIL for supply of 0.30 MCMD of Regasified - Liquefied Natural Gas(R-LNG) in March, 2004. In addition to these firm quantities, your company has also tied up additional quantity of 0.15 MCMD of gas from GSPC and 0.10 MCMD of R-LNG from GAIL on fall-back basis.

Availability of gas to GAIL from the Gandhar gas field has reduced over the years. The management of the Company had been making constant efforts at retaining the supply of APM gas from this field to maintain economy in power generation.

The scheduled maintenance of all the units, including Major Inspection and Hot Gas path inspections etc., were carried out during the year and the units are well maintained with high availability factor of 96.21% during the Financial Year under review.