

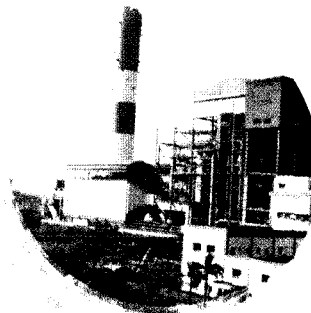
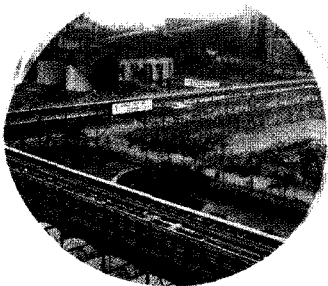
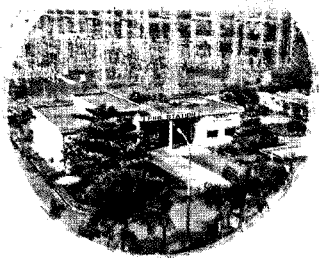
Annual Report 2004-05



GUJARAT INDUSTRIES POWER COMPANY LTD.



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20th Annual Report 2004 -2005

TWENTIETH ANNUAL GENERAL MEETING

DAY : FRIDAY, 30TH SEPTEMBER, 2005

TIME : 11.00 A.M.

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

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GUJARAT INDUSTRIES POWER COMPANY LIMITED

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



Gujarat Industries Power Company Limited

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Board of Directors

Shri Balwant Singh, IAS	Chairman
Shri P.K. Taneja, IAS	Director
Shri A.K. Luke, IAS	Director
Shri A.K. Joti, IAS	Director
Shri A. Khandual	IDBI Nominee
Shri R.N. Singh	Director
Prof. Shekhar Chaudhuri	Director
Shri C.S. Mani	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	General Manager (O & M - Baroda)
Shri R.K. Nair	Dy. General Manager (O & M - SLPP)
Shri S.C. Pathak	Dy. General Manager (HR & A)
Shri P.N. Trivedi	Dy. General Manager (Commercial)

Company Secretary

Shri V.V. Vachhrajani

Bankers

Baroda Stations :

Central Bank of India
Dena Bank
Punjab National Bank
State Bank of India
Bank of Baroda
Oriental Bank of Commerce

Surat Lignite Power Plant :

Syndicate Bank
State Bank of Saurashtra
Oriental Bank of Commerce
Indian Overseas Bank
Vijaya Bank
ING Vysya Bank
Karur Vysya Bank Ltd.

Auditors

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

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. Petrochemical - 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 Monday, the 19th September, 2005 to Thursday, the 29th September, 2005 (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 Calcutta Stock Exchange Association Limited
(Application for Delisting is Pending with them)
7, Lyons Range,
Kolkata - 700 001.
 - 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 (de-mat) 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 TO SHAREHOLDERS

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of Gujarat Industries Power Company Limited will be held on Friday, the 30th day of September, 2005 at 11.00 A.M. at the Registered Office of the Company at P.O. Petrochemical – 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, 2005 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 A.K. Luke, IAS who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri R N Singh, who retires by rotation and being eligible offers himself for reappointment.
4. To declare dividend on Preference Shares for FY 2004-05.
5. To declare dividend on Equity Shares for FY 2004-05.
6. To appoint M/s C C Choksi & Co., Chartered Accountants - Vadodara as Statutory Auditors to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

For Gujarat Industries Power Co. Ltd.

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

sd/-
V V Vachhrajani
Company Secretary

Date: 30th July, 2005

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. 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" (IEPF). No claims will lie for the amounts so transferred. The shareholders may please note that the unclaimed/unpaid amount out of dividends declared for the financial year 1992-93, 1993-94, 1994-95, 1995-96 and 1996-97 has been transferred to the General Revenue Account of the Central Government and the unpaid/unclaimed amount out of dividends declared from the financial year 1997-98 onwards will be transferred after the expiry of 7 years to the fund as mentioned above. Members are therefore requested to take note of above.
3. Relevancy of questions and the order of the speakers at the meeting will be decided by the Chairman.

FOR THE INFORMATION OF SHAREHOLDERS

Those shareholders who have not yet encashed/claimed dividend warrants in respect of dividends declared during the Financial Years 1997-98 to 1999-2000 & 2003-2004 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.	6th Dividend	1997-1998	05/11/2005
02.	7th Dividend	1998-1999	26/10/2006
03.	8th Dividend	1999-2000	04/11/2007
04.	9th Dividend	2003-2004	04/10/2011

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 is sending intimation letters to the concerned shareholders who have not claimed their dividend before the amount is transferred to the said fund.



Gujarat Industries Power Company Limited

ANNEXURE TO NOTICE:

ITEM NO. 02 (Brief Resume of Shri A K Luke, IAS) :

Shri A K Luke, IAS is retiring by rotation at the ensuing Annual General Meeting and being eligible has offered himself for reappointment. The brief resume of Shri A K Luke, IAS reads thus - He is a very senior officer of Indian Administrative Services (IAS) of 1975 batch and BE (Civil Eng.) from Indian Institute of Technology, Mumbai and has more than 30 years of experience to his credit and is also holding additional charge as Managing Director of Gujarat Narmada Valley Fertilisers Company Ltd. Bharuch. Shri A K Luke, IAS is also the Director in the following Companies:

Name of the Company	Position Held
➤ GSFC Investment and Leasing Co. Ltd.	Chairman
➤ Gujarat Green Revolution Ltd. (erstwhile Gujarat Agri Processing Co. Ltd.)	Chairman
➤ Gujarat Chemical Port Terminal Co. Ltd.	Chairman
➤ Narmada Chematur & Petrochemicals Ltd.	Chairman
➤ Gujarat State Fertilizers & Chemicals Ltd.	Managing Director
➤ Gujarat Narmada Valley Fertilizers Co.Ltd.	Managing Director (Addl. Charge)
➤ Indian Potash Limited	Director
➤ The Fertilizers Association of India	Director

None of the Directors except Shri A K Luke, IAS, is in any manner interested or concerned in the said resolution.

ITEM NO. 03 (Brief Resume of Shri R N Singh):

Shri R N Singh is retiring by rotation at the ensuing Annual General Meeting and being eligible has offered himself for reappointment.

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 1965 and has to his credit the experience of more than 40 years in mining and power sector and has during his career occupied various vital positions. He is the fellow member of various Professional bodies viz. FIE, FIPE, FMMGI & MMAII and has presented many papers at various seminars. **Shri R. N. Singh** was Director(Power) of Neyvelli Lignite Corporation Ltd.

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

For Gujarat Industries Power Co. Ltd.

Registered Office: sd/-
P.O. Petrochemical - 391 346, **V V Vachhrajani**
Dist. Vadodara. Company Secretary

Date: 30th July, 2005



20th Annual Report 2004 -2005

DIRECTORS' REPORT

To,

The Members

Your Directors are pleased to present the Twentieth Annual Report together with Audited Statement of Accounts of your Company for the Financial Year ended 31st March, 2005 :

(A) Financial Results

	(Rs. in Lacs)	
	2004-05	2003-04
1. Net Sales	74467	74540
2. Other Receipts	2937	2870
3. Total Expenditure	43644	36665
4. Gross Profit : (1+2-3)	33760	40745
(before deducting any of the following)		
(a) Interest	9495	18661
(b) Depreciation	9435	10098
(c) Expenses Amortised	0	25
(d) Prior Period Items	(138)	(1003)
(e) Loan Resetting Premium (Received)/paid	(1454)	1730
(f) Write back of Diminution in the value of Investment	(237)	(405)
(g) Impairment of Assets	79	0
(h) Provision for Deferred Tax	5065	4161
(i) Provision for Current Income Tax	898	572
(j) Income Tax Adjustments of Earlier Years	250	189
5. Net Profit:	10367	6717
Add : Balance brought forward from Previous Year	13585	1646
	<u>23952</u>	<u>8363</u>
Add : Debenture Redemption Reserve- written back	1619	4115
Contingency Reserve- Written back	0	1084
Expansion Reserve for Project- Written back	0	1880
Balance available for appropriation	25571	15442
6. Less: Appropriations to		
(i) General Reserve	10000	0
(ii) Proposed Dividend (including Dividend Tax)		
• On Equity Shares	1579	1250
• On Preference Shares	55	607
(iii) Carried to Balance Sheet	13937	13585
TOTAL	<u>25571</u>	<u>15442</u>

(B) Reply to Auditor's Observation on Annual Accounts:

The Statutory Auditors have remarked in their report regarding non provision of Accumulated Deferred Tax Liability upto 31st March, 2005 amounting to Rs. 123.00.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 said accumulated Deferred Tax Liability of Rs. 123.00 Crores pertaining to a period upto 31st March, 2002 and to this extent Accounting Standard 22 : "Accounting for Taxes on Income" remains to be complied with (for details also refer to note no. 12 of Schedule 20).

(C) Dividend

Your Directors are happy to recommend the payment of Dividend for the year ended 31st March, 2005 @ 12.50% i.e. Rs. 1.25/- per Share on the Equity Share Capital of the Company amounting to approx. Rs. 1579.40 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 i.e. from Monday, 19th September 2005 to Thursday, 29th September 2005 (both days inclusive).

The Board of Directors also recommends final Dividend on the outstanding Preference Shares under option B (13.5% - Maturity Period 5 years) in respect of Financial Year 2004-2005 and the same has been paid to the Preference ShareHolders.

(D) Operations :

STATION - I (145 MW CCPP) :

The station during the year under review generated 1127.01 Million Units at a Plant Load Factor (PLF) of 88.73 % as compared to 940.649 million units at a PLF of 73.85% in the preceding year.

Your Directors are pleased to inform that the gas requirements for the optimised generation of gas based stations at Baroda is in place . Currently out of the total gas requirements of 1.55 to 1.60 MMSCMD for both the Baroda Station I & Station II, 1.40 MMSCMD is tied up with GAIL (India) Ltd. for APM Gas, Re-Gasified Liquefied Natural Gas (R-LNG) and Panna - Mukta Tapti Gas (PMT Gas) and Gujarat State Petroleum Corporation Ltd. (GSPCL) for R-LNG. In addition to these quantities your company has also tied up additional quantities of 0.15 MCMD gas from GSPCL and 0.10 MCMD of RLNG from Gail (India) Ltd. on fall back basis. In order to ensure the firm quantity of required fuel for sustained operations of your Baroda Stations it is in the process of converting part of the current fall- back quantity into firm quantity.

The scheduled maintenance of all the station including major routine shut down of GT-2 and STG-1 during the period May-June 2005 has been successfully undertaken. The availability factor was maintained at a high of 96.61% during the Financial Year under review.



Gujarat Industries Power Company Limited

DIRECTORS' REPORT (Contd.)

STATION - II (160 MW CCPP) :

During the year under review the Station generated 1133.21 Million Units at a PLF of 80.85% as compared to 843.82 million units at a PLF of 60.04% in the preceding year. The PLF of the year under review has improved considerably due to increased availability of gas from Gail and GSPC-Niko. The Availability factor of the station was high at 91.43%. Your Directors are pleased to inform that the PLF for the year under review has been the highest ever since the commissioning of the station. Due to the continuous efforts on the front of maintaining consistent availability of Gas, the Station has operated mainly on Gas during the period under review.

Your Directors are pleased to inform that continuous efforts are being made to improve performance.

Scheduled maintenance of the Station has been carried out successfully during the period under review.

Safety Performance :

Your Directors are happy to inform that your company has achieved 2534 accident free days as on 30th June, 2005 at Baroda Plant. Efforts are on to continue to have accident free operations in Baroda Stations.

SURAT LIGNITE POWER PLANT (SLPP):

Station improved its performance considerably during the year under review with generation of 1804.347 million Units at the Plant Load Factor (PLF) of 82.39% as compared to 1653.97 million units at a PLF of 75.32%. During the year, the Station achieved highest availability, highest loading factor, lowest auxiliary power consumption, lowest de-mineralised water consumption since commissioning.

Constant endeavors are being made to improve the overall performance of the station, including technology improvement and modifications, which are yielding results as reflected in the improved PLF of the plant and the efforts, are continually on.

Performance of the mining division has been very good and requirement of Lignite and Limestone was met from our captive Vastan Mines. Total Quantity of Lignite mined during the year was 15.71 Lakh MT.

Your Company has also acquired additional mining leases at Valia in Bharuch district and Mangrol in Surat district. The total lignite reserves in these mines are adequate for expansion of SLPP upto 1000 MW. The stripping ratio in these new mines are better than the existing Vastan Mines; and when developed, will bring down the cost of lignite, which in turn, will reduce the cost of power of the existing and the new power plants.

Expansion Plans :

Your Directors are pleased to inform that your Company is taking up 250 (+20%) MW expansion project thus increasing the generating capacity of SLPP up to 550 MW. All necessary

approvals, including environmental clearance have been obtained. Necessary amendment for Environmental clearance is being obtained.

Your Company is preferring the Erection, Procurement and Commissioning (EPC) Contract for Expansion Project and with a view to finalise the EPC Contractor the Company has gone into the process of International Competitive Bidding.

Your Directors are also pleased to inform you that your Company has been made the Nodal Agency for development of 2 x 1000 MW Lignite Based Power Projects based on the lignite deposits in the South Gujarat Region. Applications for additional mining lease had been submitted and the process for setting up the expansion projects has been initiated. It is proposed to set up these projects in the Joint venture form with the 51 : 49 combination wherein your company and other government agencies will participate to the extent of 51% of the equity and balance of 49% will be contributed by the JV partner. The company has already invited the expression of interest for the same. The estimated cost of these projects is approx. Rs. 8,000 Crores.

(E) Financing of SLPP Expansion Project :

Your Directors wish to inform that the total cost of setting up the expansion project will be approximately Rs. 1448.00 Crores for a 300 MW plant with the captive mine at SLPP and it is proposed to fund in the debt equity ratio of 75 : 25 i.e. 75 % by way of Debt and 25% by way of Equity. The Company is in the final stage of obtaining sanctions for the debt portion. The Equity component shall be to the tune of Rs.362.00 Crores, which shall be raised by way of Public Issue of Equity shares through Book Building process (approx. issue size is Rs. 275.00 Crores) and the balance shall be met out of internal accruals.

(F) Secured Term Loans / Debentures :

During the year, the Company repaid a sum of Rs. 12408.38 Lacs to the Banks and Financial Institutions who have extended term loan finance for the Baroda Plants and SLPP.

Your Directors are pleased to report that your Company made intensive efforts for reduction of interest costs by renegotiating interest rates and by swapping high cost loans. As a result of this exercise the weighted average cost of the Company's borrowings was brought down from 10.18% in July, 2004 to 8.31% as on 30th June, 2005. The cost of Working capital has also been brought down significantly through careful planning and conscious efforts.

(G) Public Deposits

During the Financial Year, the Company accepted / renewed Fixed Deposits amounting to Rs.509.87 Lacs and repaid (Pre-mature/withdrawals / on demand by depositors) / pre-paid Fixed Deposit of Rs. 8436.72 Lacs. An amount of Rs. 53.37 Lacs relating to 390 depositors was due but not claimed by the depositors for repayment on 31st March, 2005.