



GUJARAT INDUSTRIES POWER COMPANY LTD.

28th Annual Report 2012-2013



4x125 MW SURAT LIGNITE POWER PLANT

Corporate Social Responsibility Initiatives



Medical Support to People in Remote Villages / Areas through Mobile Medical Unit, SLPP



Providing quality education in GIPCL Academy where more than 60 % students are from surrounding villages



Class room for Primary School at Village Tadkeshwar, Tal. Mandvi, Dist. Surat



English Language Classes at Village Baudhan, Tal. Mandvi, Dist. Surat



**TWENTY EIGHTH ANNUAL GENERAL MEETING
GUJARAT INDUSTRIES POWER COMPANY LIMITED**

DAY : SATURDAY, 21ST SEPTEMBER, 2013
TIME : 11.00 AM
PLACE : REGISTERED OFFICE:
P.O.: PETROCHEMICALS – 391 346,
DIST.: VADODARA.

Registered Office & Works

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

**Surat Lignite Power Plant
(SLPP)**

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

Registrar & Transfer Agents

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



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T
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T
S**

Particulars	Page No.
B oard of Directors	3
N otice	6
D irectors' Report	8
M anagement Discussion and Analysis	17
C orporate Governance Report	24
I ndependent Auditors' Report	37
B alance Sheet	40
S tatement of Profit & Loss	41
C ash Flow Statement	42
N otes to the Financial Statements	44
A uditors' Report on Consolidated Financial Statements	61
C onsolidated Financial Statements and Notes thereto	62
A ttendance Slip, Proxy Form & Go Green Initiative Form	75



Board of Directors

Shri D J Pandian, IAS	Chairman
Prof. Shekhar Chaudhuri	Director
Dr. P K Das, IAS (Retd.)	Director
Prof. Kirankumar M. Joshi	Director
Shri M S Dagur, IAS	Director
Shri D C Jain	Director
Shri Raj Gopal, IAS	Director
Shri H R Brahmbhatt	Director
Shri L Chuaungo, IAS	Managing Director

Senior Executives

Shri P N Trivedi	Chief General Manager (Commercial)
CA S P Desai	Chief General Manager & Chief Finance Officer
Shri D K Roy	General Manager (SLPP)
Shri N K Purohit	General Manager (Mines - SLPP)
Shri N K Singh	Addl. General Manager (Projects-SLPP)
Shri V B Bhadola	Addl. General Manager - HR&A (Admin.)
Shri V N Patel	Addl. General Manager (O&M – SLPP)
Shri Y J Bhatt	Addl. General Manager (BO)
Shri S N Purohit	Addl. General Manager (O&M - Vadodara)
CA P J Sheth	Addl. General Manager (Finance)
Shri K S Munshi	Addl. General Manager (TS)
Shri A P Modi	Addl. General Manager (M&C)
Shri S H Purohit	Dy. General Manager - HR&A (HR)

Company Secretary & DGM (Legal)

CS A C Shah

Auditors

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

Cost Auditors

M/s. Kailash Sankhlecha & Asso., Cost Accountants, Vadodara. (FY 2012-13).
M/s. Y S Thakar & Co., Cost Accountants, Vadodara. (FY 2013-14).

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.



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 3rd September, 2013, to Thursday, the 12th September, 2013 (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, deletion of name, 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 / Deletion of name request(s).
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 (7) 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 2004-2005 have been transferred to the Central Government Account / Fund.

Members are requested to note that the dividends for FY 2005-06 to 2011-12 shall be due for transfer to "Fund" on the dates as shown in the Table:-

Particulars	FY	Due for Transfer To Fund
11th Dividend	2005-2006	September, 2013
Interim Dividend	2006-2007	September, 2014
12th Dividend	2006-2007	September, 2014
13th Dividend	2007-2008	September, 2015
14th Dividend	2008-2009	September, 2016
15th Dividend	2009-2010	September, 2017
16th Dividend	2010-2011	September, 2018
17th Dividend	2011-2012	September, 2019

Members are requested to lodge their claims for above mentioned past years dividends, 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 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 Eighth Annual General Meeting of the Members of Gujarat Industries Power Company Limited will be held on Saturday, the 21st day of September, 2013 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, 2013 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. K.M. Joshi, who retires by rotation at this meeting and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri M.S. Dagur, IAS, 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, 2014.”

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

Sd/-
(CS A C Shah)
Company Secretary & DGM (Legal)

Place: Vadodara.
Date: 27th May, 2013.

NOTES:

- 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 28TH ANNUAL GENERAL MEETING TO BE HELD ON SATURDAY, THE 21ST DAY OF SEPTEMBER, 2013.

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

Item No.5

Pursuant to the provisions of Sections 224 and 224A of the Companies Act, 1956, 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 of the Company is held by the Government of Gujarat, Government Companies or Boards, Public Financial Institutions and Nationalized Banks.

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

Inspection of documents:

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

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

Sd/-
(CS A C Shah)
Company Secretary & DGM (Legal)

Place: Vadodara.
Date: 27th May, 2013.

28th Annual Report 2012-2013



DETAILS OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT AT THE ENSUING 28TH ANNUAL GENERAL MEETING (IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT)

Name of Director	Prof. K.M. Joshi	Shri M.S. Dagur, IAS
Date of Birth	24.10.1956	15.07.1958
Date of Appointment	01.07.2006	09.08.2011
Qualifications	Commerce Graduate, MA (Economics) from The M. S. University of Baroda, Vadodara. Ph.D in Economics from Gujarat University.	MA (Political Science), from University of Rajasthan, Jaipur, M.B.A. from University of Birmingham, U.K. and I.A.S.
Nature of Expertise / Experience	Presently he is Professor of Business Economics, Faculty of Management Studies, the M. S. University of Baroda. He is a renowned academician with rich and varied experience of more than 30 years in academics and research work. He has written numerous research articles on the contemporary subjects and has completed various research projects. He has been a regular visiting faculty at renowned academic institutes and corporates across Gujarat.	He is Principal Secretary to Government of Gujarat, Narmada Water Resources, Water Supply & Kalpasar Dept. He is also holding charge as Managing Director of Gujarat Alkalies and Chemicals Ltd. (GACL), Vadodara since July, 2011. He has rich and varied experience of more than 26 years in various departments viz. Land Revenue Management & District Administration, Consumer Affairs, Finance Department, Sales Tax Department, Home Department etc. of the Government of Gujarat.
Names of other Companies in which Directorship is held	1. Madhya Gujarat Vij Company Ltd.	1. Gujarat Alkalies and Chemicals Ltd. 2. Bhavnagar Energy Company Ltd. 3. Gujarat Chemical Port Terminal Company Ltd. 4. Gujarat Guardian Limited.



Gujarat Industries Power Company Limited

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure to present the Twenty-Eighth Annual Report on the performance of your Company together with Audited Balance Sheet and Profit & Loss Account for the Financial Year ended 31st March, 2013 and the report of the Auditors thereon:

Financial Performance:

(₹ in Lacs)

	2012-13	2011-12
1. Net Sales	1,40,701	1,29,099
2. Other Receipts	2,329	1,493
3. Exceptional Income	6,015	0
4. Total Expenditure	87,353	87,673
5. Gross Profit: (1 + 2 + 3 - 4)	61,692	42,919
(before deducting any of the following)		
(a) Finance Cost	10,515	11,893
(b) Depreciation	15,823	16,869
(c) Provision for Deferred Tax	7,928	(502)
(d) Provision for Current Income Tax	7,067	2,822
(e) Tax adjustment of earlier years	(1,529)	1
6. Net Profit:	21,888	11,836
Add : Balance brought forward	7,181	12,240
from Previous Year		
TOTAL	29,069	24,076
7. Less: Appropriations:		
(i) General Reserve	7,500	5,000
(ii) Expansion Reserve	10,000	7,500
(iii) Proposed Dividend On Equity	4,424	4,395
Shares (including Dividend Tax)		
(iv) Carried to Balance Sheet	7,145	7,181
TOTAL	29,069	24,076

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, 2013. The total outgo on account of Dividend would be about ₹ 4,424.00 Lacs including Corporate Tax on Dividend. The Dividend, if approved by the shareholders at the ensuing 28th Annual General Meeting, shall be paid to all those Members, whose names appear on the Register of Members of the Company on the Books Closure Date i.e. on 3rd, September, 2013.

OPERATIONS:

Vadodara Station – I (145 MW):

During the year the Station generated 745.527 Million Units (MUs) at a Plant Load Factor (PLF) of 58.69% as against generation of 833.650 MUs at PLF of 65.45% during the preceding year. The Plant Availability Factor (PAF) was at 93.34% during the year under review as against 97.73% during the preceding year.

During the year under review, Combustion Inspection of Gas Turbines (GT)-1; Annual Inspection of Heat Recovery Steam Generator (HRSG)-1, 2 & 3 and major overhauling of Steam Turbine Generator (STG)-1 and Auxiliary were successfully completed during annual planned shut downs. Achieved improved Heat Rate by 30 Kcal / kWh.

Vadodara Station – II (165 MW):

During the year under review the generation was 377.130 MUs at a PLF of 26.09% as against generation of 668.739 MUs at a PLF of 46.14% in the preceding year. The PAF for the Station was higher at 94.26% for the year under review as against 91.65% during the preceding year.

During the year under review, GT-4 and Annual Inspection of HRSG-4; were successfully completed during annual planned shut downs.

Your Directors are happy to inform that during FY 2012-13 Vadodara Stations have earned Unscheduled Interchange (UI) gain of ₹ 122.79 Lacs.



The lower PLF is due to continuously depleting supply of domestic gas from GAIL and RIL-Niko. RIL has imposed full curtailment of gas supply from their KG D-6 field with effect from 1st March 2013, under Priority sector guidelines of MoPNG. The curtailment is attributed to drastic reduction of production of gas from the field. The reduced generation is also on account of plant operation on partial load and/or prolonged backing down of the plant by State Load Dispatch Centre due to higher generation cost on imported R-LNG fuel. However, continuous efforts are made to maintain optimum available supply of gas for the Stations at Vadodara. Currently, out of total gas requirements of 1.55 to 1.60 MMSCMD for Vadodara Stations, 0.98 MMSCMD gas including R-LNG is tied up with GAIL (India) Ltd. and RIL-Niko on long term basis. The remaining quantity is tied up with Gujarat State Petroleum Corporation Ltd. (GSPCL), GAIL and BPCL for supply of Spot gas on “as and when required” basis.

Your Company is continuously taking measures to earn revenue through optimized use of available infrastructure. Long term agreement has been signed with M/s. Hettich India Pvt. Ltd., Vadodara, for supply of De-mineralized (DM) Water and started Third Party Water Sample Analysis on chargeable basis.

During the year under review, Statutory Energy Audit, implementation of various energy conservation jobs as well as new initiatives were undertaken. Major energy conservation and efficiency improvement measures by way of modification in various auxiliary equipments and redefining operational parameters have been successfully implemented as elaborated in the Annexure to this Report.

Your Directors are happy to inform that the Vadodara Stations have been awarded the Winner's Trophy for 'Good House Keeping' for the year 2012-13 by Baroda Productivity Council.

Safety Performance:

The health and safety of all the employees and workers 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 and workers. 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). Vadodara Plant successfully completed accident free operations for the entire 2012-13.

Surat Lignite Power Plant (SLPP):

Phase I (2 x 125 MW Units 1 & 2):

During the year under review, Phase-I generated 1836.595 MUs at a PLF of 83.86% as against 1475.794 MUs at a PLF of 67.20% during the previous year i.e. FY 2011-12. PAF was 92.29% as against 75.21% during the previous year.

Commercial availability was 83.65% against 65.85% during the corresponding period of last year.

Your Directors are happy to inform that 2x125 MW Phase-I achieved highest ever availability of 91.88% and 92.71% respectively during the year under review. Unit-2 achieved lowest ever specific DM water consumption (1.08% MCR).

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

During the year under review, Phase-II generated 1770.890 MUs at a PLF of 80.86% as against 1452.799 MUs at a PLF of 66.16% during the previous year. PAF was 90.79% as against 73.61% during previous year. Commercial availability was 86.94% against 65.98% during the corresponding period of last year.

Your Directors are pleased to inform that during the year under review, Phase-II achieved highest ever Generation, PLF and Availability.

Your Directors are pleased to inform that SLPP earned ₹ 587.24 Lacs on account of Unscheduled Interchange (UI) charges up to 31st March, 2013 and has also achieved lowest ever specific oil consumption during the year under review (0.656 ml/kwh).



Gujarat Industries Power Company Limited

Constant endeavors are being made to improve the overall performance of the Station, including technology improvement and modifications. The required maintenance program 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 the monsoon.

Your Directors are happy to inform that during the year under review, Mangrol Mines have supplied highest ever 24,03,829 MT of lignite to Surat Lignite Power Plant (SLPP).

The Vastan Lignite Mine supplied 9,21,963 MT and 2,11,515 MT of lignite and limestone respectively during the year under review.

Your Directors are pleased to inform that the Vastan Limestone Mine has bagged two First Prizes viz. 'Health, Safety, Welfare, OH and Vocational Training' and 'Publicity propaganda and Fire fighting' at the '3rd Gujarat Metalliferous Mines Safety Week-2012' celebrated under the aegis of Directorate General of Mines Safety (DGMS).

5 MW PV based Solar Power Plant:

Your Directors are happy to inform that the Solar Power Plant, successfully commissioned at SLPP in the last quarter of preceding year to promote Green Energy under the Government of Gujarat (GoG) Solar Policy, 2009, generated 7.620420 MUs with 17.40% PLF during the year under review.

Environmental Protection:

The Company recognizes Environment Management as an integral function of the operation. Towards this end, the 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 quality of discharge of effluent as per the guidelines of the State Pollution Control Board.

Your Directors are pleased to inform that your Company has started providing water as well as oil testing and analysis services to interested parties on chargeable basis as a part of diversification of activities and optimization of use of available infrastructure and resources for increasing revenues.

Your Company has also imposed total ban on using thermocol and plastic below 40 micron size packing material for all incoming goods. Disposal of e-waste generated has been arranged through Central Government approved vendors.

Expansion Plans:

SLPP, Station – II: 2x300 MW Power Project

Your Directors are pleased to inform that your Company is also in the process of setting up a 2 x 300 MW 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 1100 MW.

The Bids were invited through International Competitive Bid (ICB) route for the said Project. After Bids evaluation, Letter of Intent (LoI) has been issued to successful Bidder, M/s. Lanco Infratech Limited.

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 obtained ISO 50001:2011 for Energy Management System (EnMS) Certification for its Power Stations at Vadodara and SLPP. Your Company is one of the first group of Power Plants to have implemented and obtained ISO 50001: 2011 Certification. Your Company has also 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). Re certification



of IMS including EnMS has been accredited by M/s. TUV India Ltd. in May, 2013.

Subsidiary:

Your Directors are happy to inform that during the year under review, your Company has forayed in to fast growing Service Sector by incorporating GIPCL Projects and Consultancy Company Limited, a wholly owned Subsidiary Company. The Certificate of Incorporation and the Certificate of Commencement of Business were issued by the Registrar of Companies, Gujarat, (RoC) on 30th August, 2012 and 08th October, 2012 respectively.

The consolidated financial statements presented by the Company include financial information of its Subsidiary prepared in accordance with the applicable Accounting Standards. In accordance with the exemption granted vide General Circular No. 5/12/2007-CL-III dated 8th February, 2011, by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the Subsidiary company are not being attached with the Balance Sheet of the Company. However, the financial information of the Subsidiary company is disclosed in this Annual Report in compliance with the said Circular. The Company will make available the Annual Accounts and the related detailed information of the Subsidiary to any member of the Company as well as the member of Subsidiary, who may be interested in obtaining the same. The Annual Accounts of the Subsidiary will also be kept open for inspection at the Registered Office of the Company as well as the Registered Office of the Subsidiary at Vadodara. The Consolidated Financial Statements presented by the Company include the financial results of its Subsidiary Company.

Public Deposits:

During the year 2012-13, your Company has not accepted/renewed any Fixed Deposit. As at the end of the preceding financial year i.e. FY 2011-12, five Deposits aggregating to ₹ 80,000/- were unclaimed. The said Deposits were due for transfer to the Investors Education & Protection Fund (IEPF) during

the year under review i.e. FY 2012-13 and have been accordingly transferred on due date(s). As at the date of this report, there are No Deposits, either unpaid / unclaimed or due for transfer to IEPF.

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 2013-14 have been paid and the conditions of the Listing Agreement have been complied with.

Insurance:

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 Conservation and Technology Absorption:

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

Your Directors are pleased to inform that Confederation of Indian Industries (CII) has conferred GIPCL Vadodara Stations a National Award as an "Energy Efficient Unit" for excellence in Energy Management – 2012.

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, 2013 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



Gujarat Industries Power Company Limited

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

- d) 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 27th May, 2013, issued by Practicing Company Secretaries is annexed forming part of this Report.

Management Discussion and Analysis:

A report on Management Discussion and Analysis dealing with Business Operations and Performance, Research and Development, Expansion Project, Safety and Environment, Human Resource Developments, Corporate Social Responsibility etc. is annexed forming part of this Report.

Directors:

Prof. K.M. Joshi and Shri M.S.Dagur, IAS, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Your Directors recommend for your approval reappointment of Prof. K.M. Joshi and Shri M.S.Dagur, IAS, as rotational Directors at the ensuing Annual General Meeting.

Particulars of Employees:

The information, as required under Section 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended and Notification number G.S.R 289(E) dated 31st March, 2011 is not applicable since no Employee was paid remuneration during the year in excess of limits prescribed there under i.e. ₹ 60.00 Lacs when employed throughout the year and ₹ 5.00 Lacs per month when employed for a part of the year. Further, there was no employee holding 2% or more of the equity shares of the Company during 2012-13.

Auditors:

Internal:

M/s. K. N. Mehta & Co., Chartered Accountants, Vadodara, has been appointed as Internal Auditors of the Company for the Financial Year 2013-14. The Audit Committee of Directors periodically reviews the reports of the Internal Auditors.

Statutory:

M/s. VCA & Associates, Chartered Accountants, Vadodara, retire and are eligible for reappointment. You are requested to appoint Statutory Auditors at this meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

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. Y S Thakar & Co., Vadodara, as Cost Auditor of the Company for the Financial Year 2013-14. Approval of the Central Government to their appointment as Cost Auditor of the Company has already been received.

Acknowledgements:

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

For and On behalf of the Board

Sd/-

**Date : 3rd August, 2013.
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 were taken at Vadodara and SLPP during the year under review. Some of the measures which have significant results are indicated below:

At Vadodara:

- Replacement of solid, GRP fan blade by hollow, aerodynamic designed FRP fan blade in all 6 nos. cooling tower fan of 145 MW, Station I. The modification shall result in to net saving of 1.81 Lacs Units per annum.
- Energy Conservation through best maintenance practice by taking up in-house re-engineering and repair of Condenser Cooling Water Pump of Station I with innovative and advance technology. The modification has resulted in to saving of 0.756 Lacs Units per annum.
- Energy Conservation by optimizing parameter at inlet of Steam Turbine of Station II by - i) Removal of shields from Super heater section of Heat Recovery Steam Generator; ii) Thorough cleaning of Heat Recovery Steam Generator sections; and iii) Repairs & replacement of Steam drain valves in HP & LP circuits. These efforts would result in to saving of 0.4 MCMD of gas consumption per annum.
- Installation and Commissioning of SMART lighting panel at Station II Control building. This modification has resulted in to saving of 0.985 Lacs of Units per annum.

- Conservation of Natural Resources by modification in Sample Cooler Line of HRSG – 1, 2 & 3 at Station I. This modification would result in to saving of water @ 25 cubic meter per day.

At SLPP:

- As proposed in previous year, one more AC system condenser has been directly connected with plant CW system. By doing this, it has become possible to discontinue operation of Condenser Water Pump and Cooling Tower of AC system resulting in to saving of 1.18 Lacs KWh electrical energy per annum.
- Energy efficient hydraulic coating has been applied in CW Pump-2B resulting in to saving of 1.24 Lacs KWh electrical energy per annum. Modification work of HFO transfer line routing to LS Milling Plant as proposed in previous year has been completed. Due to this, operation of extra HFO pump has been eliminated. This modification has helped to save 2200 KWh electrical energy per annum.
- Variable Frequency drive incorporated in Raw Limestone conveying system has resulted in improving capacity utilization of Limestone feeding system. This has helped to save 6.694 Lacs KWh electrical energy per annum.
- By reducing 0.5 Kg/Cm² discharge set pressure of Air compressors (from 7.7 Kg/Cm² existing to new setting at 7.2 Kg/Cm²), it has been possible to save 2.23 Lacs KWh electrical energy per annum.
- Modification was carried out in Bed Ash silo filling system in Unit-1 & 2. Due to this, Bed Ash pump and its RALF have been removed completely, resulting in to saving of 0.125 Lacs KWh electrical energy per annum.
- HFO supply line between all four units has been interconnected and now only one pump is being kept in operation instead of two pumps resulting in to saving of 2.63 Lacs KWh electrical energy per annum.



Gujarat Industries Power Company Limited

- By interconnecting both Bed Ash conveying lines of Unit# 3 & 4, it has been possible to save 0.45 Lacs KWh electrical energy per annum.
- Side Stream filters back wash water after proper treatment is being utilized as raw water. Pumping of same quantity by Raw water pump has been reduced which resulted in saving of 0.274 Lacs KWhr electrical energy per annum.
- In Phase-I auxiliary steam system, old steam traps have been replaced with modified steam traps resulting in to saving of 6.34 Lacs KWh electrical energy per annum.
- Unit-3 & 4 Boiler lighting system has been optimized by putting off some lights. This has resulted in to saving of 0.54 Lacs KWh electrical energy per annum.
- Modification of Chlorine Ejector in Raw water chlorination system was carried out by increasing ejector throat diameter. After installing this ejector, operation of booster pump has been discontinued. This has resulted in to saving of 0.324 Lacs KWh electrical energy per annum.

Energy Conservation Proposals:

At Vadodara:

- To replace existing cooling Tower GRP fan blade with improved Aerodynamic FRP hollow blades with expected energy saving of @ 20% per annum in 165 MW, Station II.
- To Install Variable Frequency Drive (VFD) for Condensate Extraction Pump (CEP) in 145 MW-Station I and 165 MW-Station II.
- Replacement of street light poles with conventional 70 Watts HPSV lamp – 16 nos. by Solar powered 22 Watts LED lamps - 24 nos. at GIPCL – GACL Joint Water Supply System (JWSS). This modification will result in to saving of 0.072 Lacs kWh per annum.

Detailed Energy Audit conducted at Vadodara Gas Based Stations by Accredited Energy Auditor to comply statute as per Energy Conservation Act, 2001.

At SLPP :

- Replacement of conventional street light lamps by LED lamps will be done in phased manner. This modification will yield saving of 7,621 KWh electrical energy per annum.
- Energy efficient hydraulic coating will be applied on internal surface of CW Pump-1A during Annual Over Haul (AOH) of the Unit. After this modification, saving of 1.24 Lacs KWh electrical energy per annum is expected.
- Condensate Extraction Pumps modification (reduction of two stages) will be carried out in Phase-I during AOH of the Units. Saving of 7.02 Lacs KWh electrical energy per annum per Unit is anticipated.
- Air ingress in the Flue Gas system in Phase-I units will be arrested during AOH. This will reduce the extra loading on ID fans and saving of 4.64 MUs electrical energy is estimated in a year.
- Condenser Tube cleaning and combustor convective pass hydro-jet cleaning will be taken up during AOH; this will result in improved heat rate of the plant.
- Leakage in APH tubes in PA & SA bottom blocks will be attended during AOH.
- Unit-3 & 4 Turbine house and ESP lighting system optimization will be carried out in the next year.

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 ₹ 289.28 Lacs (₹ 181.61 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 viable 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 and Humic Acid.

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 by GIPCL.

4. Expenditure on R & D:

(a) Capital

Capital expenditure proposed to be incurred: NIL.

(b) Recurring

During the R&D phase, approximately ₹ 5.00 Lacs of recurring expenditure is proposed to be made.

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

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

At Vadodara:

1. Optimizing HRSG #4 Efficiency by addition of HP Economiser module in HP Economiser II section (total 4077 sq. meter area) in Station II.
2. Total upgradation of BHEL make STG#1 Control System including Governing Skid is implemented by replacing it with M/s. ABB make State-of-the-Art control system including modular Governing Skid. The upgradation job has been successfully carried out during Major Overhaul of STG #1 in the month of September, 2012.

At SLPP:

1. Retrofitting of 6.6 KV HT breakers and 415 V LT breakers.
2. Gradual phasing out old electromechanical motor protection relays by new numerical motor protection relays.
3. For better protection of Limestone Mill bearing, redundant pressure switches and pressure transmitters have been provided.
4. In stacker reclaimer and Bucket wheel, CCRD (Control Cable Reeling Drum) cable has been replaced with wireless IO (Input-output) modules.



Gujarat Industries Power Company Limited

5. Cooling Tower mechanical type vibration switches are replaced with indicating type switches having alarm facility.
6. Unit-2 vortex finder modification with extended sleeve was carried out.

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

At Vadodara:

1. The HRSG#4 modification resulted in increase in generation from STG by @ 300 kW and reduction in LP Steam flow thereby optimizing Low Pressure Boiler Feed Water Pump (LPBFP) performance.
2. Installation of the State-of-the-Art control system shall impart enhanced analytical data and information for a better control over STG # 1 operation.

At SLPP:

1. The breakers were of old technology. The retrofitted breakers are having added advantage of additional built-in protections which enhances the reliability of the system.

2. New numerical motor protection relays are having better monitoring features for event analysis.
3. This avoids problem of malfunctioning of pressure switches and protects costly mill bearing in case of lube oil circuit problem.
4. This modification has helped to reduce down time of equipment.
5. This arrangement has helped in monitoring healthiness of CT fans which directly affects the performance of condenser vacuum.
6. By doing this modification, Cyclone outlet temperature has come down by approximately 50 deg. C and separation efficiency of cyclone has been improved.

3. Imported Technology.

No New Technology was imported during the year under review.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT 2012-13

Your Company has completed twenty eight years on 1st June, 2013, since its establishment in the year 1985. Your Company was jointly 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), and Petrofils Co-operative Ltd. (PCL) to cater to their captive power requirements.

It is a matter of pride that your Company, which began as the first group captive power plant in the country, has transformed into a dynamic Independent Power Producer (IPP) with total installed generation capacity of 815 MW and a 600 MW Project in the pipeline.

SECTOR OVERVIEW

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

The total power generation in the country during FY 2012-13 was 911.65 Billion Units (BUs) as against the target of 930.00 BUs, about 98% of the target. The annual growth in the energy generation during the year has been 3.96% over same period last year i.e. FY 2011-12.

The installed generation capacity in the country, as on 31st March, 2013 was 2,23,343.60 MW. Coal, with more than 58 % share, is still the primary source of fuel for power generation in India.

Installed Generation Capacity (As on 31-03-2013)

All India	Thermal				Nuclear	Hydro (Renewable)	RES@ (MNRE)	Grand Total
	Coal	Gas	Diesel	Total				
MW*	130221	20110	1200	151530	4780	39491	27542	223344
%	58.30	9.00	0.53	67.84	2.14	17.68	12.33	100.00

* Figures are rounded off to nearest digit.

Electricity - Capacity Addition and Generation Target Vs. Achievement (2012-13):

The Indian power sector has historically been characterized by demand-supply gap which has been increasing over the years. The target for the Capacity Addition and Electricity Generation for the 12th Plan period (FY 2012 to 2017), is as under:

(in MW)

Thermal	Hydro	Nuclear	Total
72340	10897	5300	88537

[Source: Central Electricity Authority (CEA)]

The Generation Capacity Addition Target/Achievement for 2012-13 was as follows:

(a) Generation Capacity Addition / Achievement: (2012-13)

Type/Sector	Target Addition (in MW)*			Total	Achievement	
	Central	State	Private		(in MW)*	(%)
Thermal	4023	3951	7180	15154	20122	132.78
Hydro	645	87	70	802	501	62.47
Nuclear	2000	0	0	2000	0	0
Total*	6668	4038	7250	17956	20623	114.85

*Figures are rounded off to nearest digit.



Gujarat Industries Power Company Limited

(b) Electricity Generation Target Vs. Achievement for FY 2012-13:

	Hydro	Thermal	Nuclear	Bhutan (Import)	Total
Target (MU)*	122045	767275	35200	5480	930000
Achievement up to March, 2013 (MU)*	113626	760366	32871	4789	911652
%	93.10	99.10	93.38	87.39	98.03

[Source: Central Electricity Authority (CEA)]

*Figures are rounded off to nearest digit.

Thermal Plant Load Factor (PLF)

The All India Thermal PLF (%) was low at 69.95% (Provisional) for FY 2012-13 as compared to 73.32% during FY 2011-12. This was mainly on account of coal / Natural Gas shortages, transmission constraints, delay in stabilization of newly commissioned units etc.

Fuel Availability for Power Generation:

Availability and quality of coal and availability of gas for power sector continued to be a critical issue for thermal generation growth.

Coal:

With about 130220.89 MW i.e. 58.30% of the installed capacity, contributed by coal based power plants, coal remains a key fuel for power generation.

As per the Report of the Working Group on Power-12th Plan (2012-17), Coal-based generation is expected to continue to be the predominant source of electricity during the 12th plan period and beyond. The estimated coal requirement would be 842 MT at the end of 12th Plan and 1040 MT at the end of 13th Plan. [Source: Central Electricity Authority (CEA)]

As against the estimated coal requirement of 842 MT by the end of 12th Plan (Year 2016-17), the coal availability shall be 604 MT, thus a shortfall of 238 MT. The Power Utilities are expected to resort to import of around 159 MT of coal to meet the shortage in coal supply.

The coal stock of 21 Thermal Power Stations (TPS) remained critical (less than 7 days) on the last day of March, 2013.

Gas:

Owing to the problem of reducing availability of Natural Gas from the domestic gas fields and also due to increasing cost of Imported R-LNG, the gas based generation had a negative growth of 46.32% during FY 2012-13 corresponding to the same period last year. The shortfall in supply to power sector is due to decline in production of gas from the domestic gas fields especially from KG-D6 gas field.

Gas available from KG basin has been allocated to existing projects only and Power sector has been given third priority in gas allocation after Fertilizer and LPG Sectors.

The Ministry of Power (MoP) has recommended that Power sector be given the highest priority as far as domestic gas allocation is concerned in view of power shortage in the country.



The total gas requirement by 12th Plan end is estimated to be 188.4 MMSCMD.

Power Sector – Policy Developments:

As per Central Electricity Regulatory Commission's (CERC's) FY 09-14 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 a project is commissioned within given timelines.[Regulation 15 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009.]

Incentives are 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, certain initiatives viz. the introduction of open access, formulation of guidelines for Competitive Bidding of tariff, setting up of and enhancing the powers of Central and State Regulatory Commissions, restructuring and unbundling of State Electricity Boards (SEBs) into separate generation, transmission and distribution entities, and facilitation of trading of surplus capacity have attracted more players to this 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 into 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. 27,541.71 MW, of the total installed capacity up to FY 2012-13. **[Source: Central Electricity Authority (CEA)].**

As per the Ministry of New and Renewable Energy (MNRE), GoI statistics, against a target of 4,125 MW of Grid Interactive Power for 2012-13, the Total Deployment in 2012-13 was 3,163.17 MW of which Wind power accounted for about 67.87%, Small Hydro power accounted for about 12.94%, Power from Bagasse based Cogeneration accounted for about 8.32%, whereas Solar power accounted for about 6%, Biomass power and Waste to Power etc. accounted for the remaining capacity addition. **[Source: Website of MNRE]**

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



Gujarat Industries Power Company Limited

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 Green Energy 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 aimed at providing a per capita electricity availability of 1000 kWh by FY 2012; against this target, the provisional per capita electricity consumption was 879.22 kWh for FY 2011-12. [Source: Central Electricity Authority (CEA)]

Based on the studies carried out by CEA, the anticipated power supply position of the Country is presented in the table below:

Power Supply Position in the Country during 2012-13

Particulars	Energy (MU)	Peak (MW)
Requirement.	985317	140090
Availability.	893371	125234
Surplus(+)/Shortage(-).	-91946	-14856
% Surplus(+)/Shortage(-).	-9.3%	-10.6%

[Source: Central Electricity Authority (CEA)]

Considering the above demand-supply gap, there will be enormous opportunities for the Sector.

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 the process of implementing a 600 MW lignite based expansion project at its existing facility 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 bright opportunities.

Key risks and Concerns:

Power sector is a highly capital intensive industry with long gestation periods before commencement of revenue streams (construction/commissioning 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 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 Aggregate Technical and Commercial (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 entire revenues of the Company 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 the Company.

Generation of Power at the Company's Power Stations can be adversely affected due to various factors including non-availability of lignite/fuel, grid disturbances and load management in the grid. Your Company has entered into Agreements with gas suppliers for adequate supply of fuel for its gas-based Power Stations at Vadodara Plant. 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 at Vadodara

Plant. To remain unaffected by the grid disturbances, 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 Vadodara Plant and Surat Lignite Power Plant (SLPP) including 5 MW PV based Solar Power Plant at SLPP.

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. This System has control processes designed to take care of various 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. Your 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.



Gujarat Industries Power Company Limited

FINANCIAL REVIEW:

ON STAND ALONE BASIS:

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, 2013 was ₹ 1,43,030 Lacs as compared to ₹ 1,30,592 Lacs in the previous year. The total income includes earnings from sale of electricity of ₹ 1,40,701 Lacs as compared to ₹ 1,29,099 Lacs recorded in the previous year.

The profit before tax was ₹ 35,354 Lacs which includes exceptional income of ₹ 4,005 Lacs towards contractual claims pertaining to liquidated damages and ₹ 2,010 Lacs towards disputed energy billing claims settled/realized during the year.

The net profit of ₹ 21,888 Lacs has been arrived at after taking into account the provisions for current Income Tax (Minimum Alternate Tax) ₹ 7,067 Lacs, Deferred Tax liability of ₹ 7,928 Lacs and Tax adjustment of earlier years (income) ₹ 1,529 Lacs.

Your Directors are happy to inform that during the year, your Company has earned highest ever pre and post tax profit even excluding exceptional income as mentioned above.

The fuel cost decreased from ₹ 69,737 Lacs to ₹ 69,310 Lacs, inspite of overall increase in the sales revenue. The increase in expenditure on lignite was offset by reduction in consumption and expenditure of gas due to lower performance of gas based Power Stations.

Finance cost has decreased from ₹ 11,893 Lacs to ₹ 10,515 Lacs. During the year, Gross Block has increased from ₹ 3,78,670 Lacs to ₹ 3,79,391 Lacs. The increase was mainly in the Buildings and Plant and Machinery.

Your Company has earned ₹ 826 Lacs as interest on deposits by parking surplus funds as a result of prudent management of working capital.

The Corporate Tax Liability for the year under Minimum Alternate Tax provisions of the Act was ₹ 7,067 Lacs as compared to ₹ 2,822 Lacs in the previous year.

The total dividend payout (proposed) for the year @ ₹ 2.50 per Equity Share is ₹ 4,424 Lacs (P.Y. ₹ 4,395 Lacs) including Corporate Tax on Dividend.

As on 31st March 2013, the net worth of the Company stood at ₹ 1,61,413 Lacs.

SUBSIDIARY COMPANY:

During the year, your Company has promoted a 100% Subsidiary under the name and style of "GIPCL PROJECTS AND CONSULTANCY COMPANY LIMITED". The Company was incorporated in Aug 2012. The total income of the Subsidiary Company was ₹ 1.48 Lacs including consultancy fees and interest on deposits. The Subsidiary Company is expected to expand its operations in next year.

Human Resource and 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 their contribution to 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 2012-2013, 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 efforts of your Company's personnel have been appreciated by the Labour and Employment Dept., Govt. of Gujarat (GoG), by conferring the 'Rajya Shram Veer Award-2011-12' in 'Production and Productivity' Category for meritorious performance.

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 building community infrastructure and their empowerment. Focus on women issues and their role in development. 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, environment

conservation and up-gradation in surrounding villages. Your Company is also co-sponsoring a Mid-day meal Scheme at Vadodara where more than 50,000 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 have been implemented.

The efforts of DEEP have been accredited by Federation of Gujarat Industries (FGI) conferring following prestigious Awards –

- (i) Awards for Excellence in the area of "Rural Development by Individual, NGO or Institution" along with a cash award of ₹ 50,000/-; and
- (ii) Award for Excellence in the area of "Outstanding Contribution in the Field of 'Corporate Social Responsibilities (CSR)'".

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.



Gujarat Industries Power Company Limited

CORPORATE GOVERNANCE REPORT

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 (09) Directors as on 31st March, 2013. The 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. K M Joshi and Shri M S Dagur, IAS are given in the Explanatory Statement annexed to the Notice convening the 28th Annual General Meeting of the Company, forming part of this Annual Report.

Resume of Shri D C Jain and Shri Raj Gopal, IAS Directors appointed during the year 2012-13 is as follows:

Shri D C Jain:

Shri D C Jain is Post Graduate in Commerce (with Business Administration) and Certified Associate of The Indian Institute of Bankers. He has rich and varied experience of over 35 years in different functions in Banking like Corporate Institutional Banking, MSME, Audit and Retail with various market segments. He is with IDBI Bank Ltd. since last 16 years. Previously he worked with Union Bank of India for over 20 years. He has spearheaded successful development of Government/Public Sector business group which include extensive liaison and relationship management with Senior Government Officials. He has attended Advanced Management Programme at Stanford Graduate School of Business, Stanford, California.

Shri D C Jain does not hold directorship in any other Company.

Shri Raj Gopal, IAS:

Shri Raj Gopal has done his Masters in Arts (German Language) from Banaras Hindu University, M.B.A. from University of Hull, U.K. and is Law Graduate from Gujarat University. He is a 1987 batch IAS Officer and has rich and varied experience of over 24 years holding key positions in various Departments of Govt. of Gujarat viz. Revenue, Agriculture & Co-operation, Home, Tourism, Urban Development, Sales Tax, Rural Department, Geology & Mining, Road Transport and Energy. He is presently Managing Director of Gujarat Urja Vikas Nigam Ltd. (GUVNL).



Shri Raj Gopal is also a Director of following Companies:

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

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

During the year 2012-13, Eight (08) Board Meetings were held viz.

Quarter	Date(s) of Meeting
First - From April to June, 2012.	30.05.2012
Second - From July to September, 2012.	05.07.2012, 25.07.2012, 12.09.2012 & 21.09.2012
Third - From October to December, 2012.	06.11.2012
Fourth - From January to March, 2013.	11.02.2013 & 28.02.2013

(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 21/09/2012	Directorships in other Companies	Audit Committee and Securities Transactions and Investors' Grievance Committee	
				Membership	Chairmanship
Shri D J Pandian, IAS	07	NO	13	-	-
Prof. Shekhar Chaudhuri	02	NO	03	02	01
Prof. Kirankumar Joshi	08	YES	01	-	01
Dr. P K Das, IAS (Retd.)	08	YES	01	-	01
Shri G A Tadas (upto 28/05/2012)	00	NA	NIL	-	-
Shri M S Dagur, IAS	06	NO	04	01	-
Shri Atanu Chakraborty, IAS (upto 17/08/2012)	00	NA	08	02	01
Shri Mukesh Puri, IAS (upto 05/07/2012)	01	NA	09	02	-
Shri D C Jain (from 28/05/2012)	08	YES	NIL	-	-
Shri Raj Gopal, IAS (from 05/07/2012)	05	NO	12	-	-
Shri H R Brahmbhatt (from 17/08/2012)	05	YES	02	-	-
Shri L Chuaungo, IAS Managing Director	08	YES	13	-	-

- Ms. Asha Pandian, holds 100 Equity Shares of the Company jointly with Shri D.J. Pandian, IAS and Shri H R Brahmbhatt holds 150 Equity Shares of the Company. The shareholding of other Directors and their relatives as on 31st March, 2013 was NIL.
- None of the directors are interrelated.



Gujarat Industries Power Company Limited

3. GENERAL BODY MEETINGS:

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

DATE AND NO. OF AGM	TIME	VENUE OF AGMs	SPECIAL RESOLUTION(S) PASSED AT AGMs
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.	Appointment of Statutory Auditors of the Company.
23/09/2011 26 th AGM	3:00 P.M.		
21/09/2012 27 th AGM	11:00 A.M.		

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:

- (A) Audit Committee.
- (B) Securities Transactions and Investors' Grievance Committee.
- (C) Project Committee.
- (D) Personnel Committee.

The Company Secretary acts as Secretary to all the above Committees.

(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 31.3.2013, the Audit Committee comprised of four(04) Non Executive, Independent Directors viz.:

Dr. P K Das, IAS (Retd.), Chairman of Committee
 Prof. Shekhar Chaudhuri
 Prof. Kirankumar Joshi
 Shri D C Jain

(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 audited / unaudited financial results, review adequacy of internal control system and procedures, recommend for approval to the Board appointment of Statutory Auditors, Cost Auditors and Internal Auditors, review of Revenue and Capital Budgets, review of Cost Audit Report, review of the reports and performance of Internal Auditors and action taken by respective Departments on the matters reported by Internal Auditors etc.

**(c) Meetings and Attendance**

During the year 2012-13, four (04) Meetings of Audit Committee were held viz.:

30.05.2012	25.07.2012	06.11.2012	11.02.2013
------------	------------	------------	------------

Details of Attendance

Name	No. of Meetings attended
Dr. P K Das, IAS (Retd.)	04
Prof. Shekhar Chaudhuri	02
Prof. Kirankumar Joshi	04
Shri D C Jain	03

(B) Securities Transactions and Investors' Grievance Committee:**(a) Composition**

As at 31.3.2013, the Committee comprised of five (05) Directors viz.:

Shri M S Dagur, IAS, Chairman of the Committee.

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

Prof. K M Joshi.

Shri H R Brahmbhatt.

Shri L Chuaungo, IAS.

(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 2012-13, four (04) Meetings of the Committee were held viz.:

30.05.2012	25.07.2012	06.11.2012	11.02.2013
------------	------------	------------	------------

Details of Attendance:

Name	No. of Meetings attended
Shri M S Dagur, IAS	04
Dr. P K Das, IAS (Retd.)	04
Prof. K M Joshi	04
Shri H R Brahmbhatt	02
Shri L Chuaungo, IAS	04



Gujarat Industries Power Company Limited

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 at regular interval of around ten days and approves the transactions.

(d) Details of Shareholders' Complaints - Received, Solved and Pending:

During 2012-13, fifty six (56) Complaints have been received and all of them have already been attended and resolved to the satisfaction of shareholders. No Shareholders' Complaint(s) and share transfer request(s) are pending as on 31st March, 2013.

(C) Project Committee:

(a) Composition and Meetings

As at 31st March, 2013, the Committee comprised of five (05) Directors viz.

Shri D J Pandian, IAS, Chairman of the Committee.

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

Shri M S Dagur, IAS,

Shri Raj Gopal, IAS and

Shri L Chuaungo, IAS.

During 2012-13, four (04) meetings of the Committee were held viz.

14.12.2012	08.02.2013	28.02.2013	07.03.2013
------------	------------	------------	------------

(b) Terms of Reference

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

(D) Personnel Committee:

(a) Composition and Meetings

As at 31st March, 2013, the Committee comprised of five (05) Directors viz.:

Dr. P K Das, IAS (Retd.), Chairman of the Committee.

Prof. Kirankumar Joshi.

Shri M S Dagur, IAS.

Shri Raj Gopal, IAS and

Shri L Chuaungo, IAS.

During 2012-13, one (01) meeting of the Committee was held on 1st September, 2012.

(b) Terms of Reference

To consider and approve appointments and promotion 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.

**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 2012-13:

Particulars	Amount (in ₹)
Furnished Accommodation	1,34,770.00
Electricity	82,610.00
Total	2,17,380.00

Non Executive Directors:

Name	Relationship with other Directors	Business relationship with the Company, if any	Sitting Fees paid @ ₹ 5000/- per meeting (in ₹)		
			For Board Meetings	For Committee Meetings	Total
Shri D J Pandian, IAS*	No	No	35000/-	20000/-	55000/-
Prof. Shekhar Chaudhuri	No	No	10000/-	10000/-	20000/-
Prof. Kirankumar Joshi	No	No	40000/-	55000/-	95000/-
Dr. P K Das, IAS (Retd.)	No	No	40000/-	75000/-	115000/-
Shri M S Dagur, IAS*	No	No	30000/-	45000/-	75000/-
Shri Mukesh Puri, IAS*	No	No	5000/-	5000/-	10000/-
Shri D C Jain**	No	Nominee of IDBI Bank Ltd.	40000/-	15000/-	55000/-
Shri Raj Gopal, IAS*	No	No	25000/-	25000/-	50000/-
Shri H R Brahmhatt	No	No	25000/-	10000/-	35000/-
Total			250000/-	260000/-	510000/-

* Fees Deposited in Govt. Treasury.

** Fees Deposited with IDBI Bank Ltd.

5. 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 2012-13.



Gujarat Industries Power Company Limited

- 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 – FY2012-13.	16	2208
Add: No. of Shares credited during FY 2012-13 pursuant to introduction of Clause 5A II.	03	300
Total	19	2508
Less: No. of Shareholders who approached and to whom shares were transferred during the year.	00	00
At the end of the year – FY2012-13.	19	2508

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 2012-13, 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 2012-13. A declaration by Managing Director to this effect is attached and forming 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 trading days before the date of Board Meeting and one trading day after the Board Meeting.

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

**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 Certificate which is annexed to and forms part of this Report.

6. 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 also available on the Company's web site www.gipcl.com. The Company also sends Annual Report to each shareholder at the address registered with the Company/Depositories. As a part of green governance, 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 published as follows:

Period FY 2012-13	Date of Approval by Board	Date of publication	Newspapers
Q1 UFR*	25/07/2012	27/07/2012	Business Standard (All editions)
Q2 UFR*	06/11/2012	08/11/2012	Financial Express – (All editions) and Ahmedabad (Gujarati) edition
Q3 UFR*	11/02/2013	13/02/2013	Loksatta / Jansatta - Vadodara (Gujarati)
Full year AFR**	27/05/2013	29/05/2013	edition

* 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.

No presentation made to institutional investors or to the analysts.

Subsidiary Company:

The Company has promoted a wholly owned non material unlisted Indian subsidiary Company viz. GIPCL Projects and Consultancy Company Ltd. (GIPCO) incorporated on 30th August, 2012 having CIN U74999GJ2012PLC071761. GIPCO has obtained Certificate to Commence Business on 8th October, 2012. The said company has already commenced commercial activity. The minutes of subsidiary company is also being placed before the Board.



Gujarat Industries Power Company Limited

7. 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 3rd September, 2013 to Thursday, the 12th September, 2013 (both days inclusive).
Day, Date, Time and Venue of 28 th AGM.	The 28 th Annual General Meeting of the Company will be held on Saturday, the 21 st September, 2013 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 15 days.
Time taken for processing of dematerialization requests.	Within 15 days.
Dividend Payment date.	Dividend shall be paid on 25-09-2013, subject to approval of the Shareholders.
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. E-mail: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. E-mail:vadodara@linkintime.co.in
No. of Employees.	584.

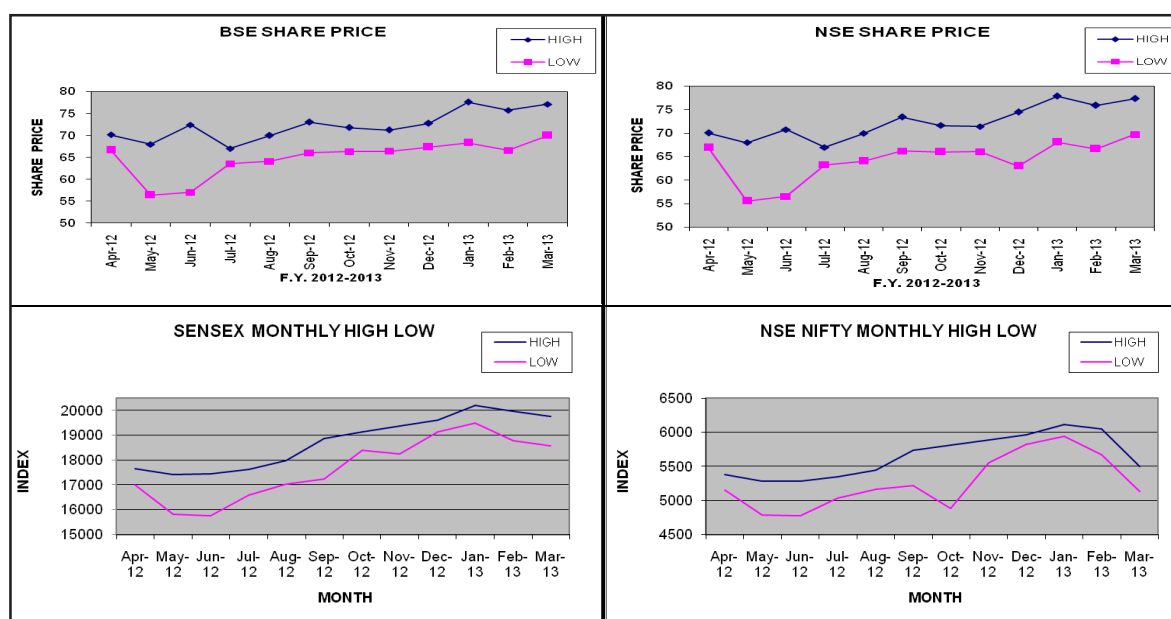


8. DATA OF SHARE PRICE ON BSE AND NSE:

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 2012 to March 2013 are:

Month	BSE		NSE	
	High	Low	High	Low
2012: APRIL	70.15	66.65	70.05	66.90
MAY	68.00	56.40	68.00	55.55
JUNE	72.40	57.00	70.80	56.55
JULY	67.00	63.50	67.00	63.30
AUGUST	70.00	64.05	69.95	64.05
SEPTEMBER	73.00	66.00	73.45	66.20
OCTOBER	71.75	66.30	71.65	66.00
NOVEMBER	71.20	66.40	71.45	66.10
DECEMBER	72.75	67.35	74.50	63.00
2013: JANUARY	77.60	68.30	77.90	68.10
FEBRUARY	75.75	66.55	75.90	66.65
MARCH	77.10	70.00	77.35	69.75

Graphical presentations of Monthly High/Low prices on BSE and NSE and Monthly High/Low movement of BSE Sensex and NSE- Nifty during the period from April 2012 to March 2013:





Gujarat Industries Power Company Limited

Share Transfer System:

To ensure expeditious and timely approval and registration of securities related transactions up to 1000 Equity Shares, powers have been delegated to a Sub-Committee of Senior Officials of the Company under the Chairmanship of Managing Director. For requests of more than 1000 shares and issue of duplicate share certificates in lieu of lost ones are considered and approved by Securities Transactions and Investors' Grievance Committee of Directors. Duly transferred share certificates are normally returned within a period of 15 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, 2013:

Category	No. of Shares held	(%) to Share Capital
Promoters	88040261	58.21%
Central/State Govt. Bodies Corporate	11906721	07.87%
Institutional Investors	29347880	19.40%
Foreign Institutional Investors/ NRI	3003876	01.99%
Indian Public	18952450	12.53%
GRAND TOTAL	151251188	100.00%

Distribution of Shareholding as on 31st March, 2013:

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	65957	99.5607	14242660	9.4166
5001 – 10000	146	0.2204	1095420	0.7242
10001 – 20000	60	0.0906	862590	0.5703
20001 – 30000	18	0.0272	446162	0.2950
30001 – 40000	8	0.0121	295039	0.1951
40001 – 50000	7	0.0106	312628	0.2067
50001 – 100000	12	0.0181	886796	0.5863
100001 and above	40	0.0604	133109893	88.0058
TOTAL	66248	100.00	151251188	100.00

Summary of Shareholders and Shares held in Physical and Demat mode as on 31st March, 2013:

Particulars	Physical	Demat NSDL	Demat CDSL	Total
Total Shareholders (Nos.).	13521	39287	13440	66248
Percentage to Total Shareholders (%).	20.41	59.30	20.29	100.00
Total shares (Nos.).	9214654	135825760	6210774	151251188
Percentage to Total Share Capital (%).	6.09	89.80	4.11	100.00

The Company's equity shares 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 2012-13.



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, 2013 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, 2013 are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
 - i) There has not been any significant change in internal control over financial reporting during the year under reference;
 - ii) There has not been any significant change in accounting policies during the year requiring disclosures in the notes to the financial statements; and
 - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For Gujarat Industries Power Company Limited

Date : 27/05/2013
Place : Gandhinagar.

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

Sd/-
L Chuaungo, IAS
Managing Director

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

This is to certify that the Board Members and the Members of Senior Management (i.e. one layer below the Board of Directors) have given declaration regarding the adherence to the Code of Conduct as enunciated by the Company for the year ended 31st March 2013 as required under Clause 49 of the Listing Agreement.

For Gujarat Industries Power Company Ltd.

Date : 27/05/2013.
Place : Gandhinagar.

Sd/-
L. Chuaungo, IAS.
Managing Director.



Gujarat Industries Power Company Limited

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
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, 2013 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.

Date: 27th May, 2013.
Place: Vadodara.

Sd/-
CS Niraj Trivedi
Company Secretary
CP. No. 3123



INDEPENDENT AUDITORS' REPORT

TO,
THE MEMBERS OF
GUJARAT INDUSTRIES POWER COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Gujarat Industries Power Company Limited** (the Company), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2013;
- ii. in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Place: Vadodara.
Date : 31/5/2013

Ashok Thakkar
Partner
Membership No. 48169



Gujarat Industries Power Company Limited

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of GUJARAT INDUSTRIES POWER COMPANY LIMITED on the accounts of the company for the year ended 31st March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
- (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. As explained to us, 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, 2013 for a

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

period of more than six months from the dates they become payable.

- (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 Income Tax as at 31st March, 2013 which has not been deposited on account of any dispute, the details are as under:

Particulars	Forum where the dispute is pending	Period to which Amount relates	Amount (₹ in lakhs)
Income Tax	Commissioner of Income Tax of Appeals, Baroda	A.Y. 2007-08	324.34
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 no funds raised on short-term basis have been used for long-term investment by the Company.
- xviii. According to the information and explanations given to us, during the period covered by our audit report, the company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. According to the information and explanations given to us, during the period of audit, the Company has not issued any secured debentures.
- xx. The company has not raised any money by public issue during the year and therefore, the provisions of clause (xx) of the Order are not applicable to the Company.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

Ashok Thakkar
Partner
Membership No. 48169

Place: Vadodara
Dated: 31/5/2013.



Gujarat Industries Power Company Limited

BALANCE SHEET AS AT 31ST MARCH, 2013

		(₹ in Lacs)	
Particulars	Note No.	AS AT 31-03-2013	AS AT 31-03-2012
I. EQUITY & LIABILITIES			
Shareholders' Funds :			
Share Capital	1	15,125.12	15,125.12
Reserves and Surplus	2	146,287.80	128,824.01
Non-current Liabilities :			
Long-term borrowings	3	64,194.80	74,706.88
Deferred tax liabilities (Net)		12,079.60	4,151.60
Other long term liabilities	4	769.09	1,017.57
Long-term provisions	5	2,206.52	1,795.82
Current Liabilities :			
Short-term borrowings	6	10,807.19	8,799.92
Trade payables	7	6,399.22	19,155.83
Other current liabilities	8	31,821.16	35,264.98
Short-term provisions	9	5,003.39	4,711.10
TOTAL		294,693.89	293,552.83
II. ASSETS			
Non - Current Assets :			
Fixed Assets :			
Tangible Assets	10	213,130.19	228,182.11
Intangible Assets	10	199.05	237.12
Capital Work in Progress	10	748.58	892.36
Mines Development Expenditure (To be amortised)	11	7,580.80	15,484.84
Non-current Investments	12	6,905.68	4,530.68
Long-term loans and advances	13	4,529.61	2,284.69
Other non-current assets	14	361.62	616.89
Current Assets :			
Inventories	15	12,079.78	12,565.65
Trade Receivables	16	17,145.94	21,005.62
Cash and Bank Balances	17	27,536.51	5,050.14
Short-term loans and advances	18	3,847.49	2,430.65
Other current assets	19	628.64	272.08
TOTAL		294,693.89	293,552.83
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 : 31st May, 2013

L. Chuaungo
Managing Director

S. P. Desai
CGM & CFO

Place : Gandhinagar
Date : 27th May, 2013

D. J. Pandian
Chairman

A.C.Shah
Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

(₹ in Lacs)

Particulars	Note No.	For the Year ended 31-03-2013	For the Year ended 31-03-2012
REVENUE :			
Revenue from Operations	20	141,603.17	130,023.43
Other Income	21	1,426.68	568.39
TOTAL REVENUE		143,029.85	130,591.82
EXPENSES :			
Cost of Material Consumed	22	69,310.48	69,737.52
Generation Expenses	23	9,140.32	8,969.10
Employee Benefits Expense	24	5,615.21	4,868.29
Finance Cost	25	10,515.01	11,893.47
Depreciation		15,823.07	16,868.56
Expenses Amortised		255.27	255.27
Other expenses	26	3,031.99	2,986.41
TOTAL EXPENSES		113,691.35	115,578.62
Profit before exceptional item and tax		29,338.50	15,013.20
Exceptional items	27	6,015.00	0.00
Prior Period adjustments	27	0.00	(856.11)
Profit before Tax		35,353.50	14,157.09
Tax Expenses			
Current Tax		7,067.00	2,822.00
Deferred Tax		7,928.00	(502.10)
Tax adjustment for earlier years		(1,529.20)	1.10
Profit For the Period		21,887.70	11,836.09
Proposed Dividend		3,781.28	3,781.28
Corporate Dividend Tax		642.63	613.44
Earning Per Share (Basic and Diluted) including prior period adjustments (In Rupees)		14.47	7.83
Earning Per Share (Basic and Diluted) excluding prior period adjustments (In Rupees)		14.47	8.39
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 : 31st May, 2013

L. Chuaungo
Managing Director

S. P. Desai
CGM & CFO

Place : Gandhinagar
Date : 27th May, 2013

D. J. Pandian
Chairman

A.C.Shah
Company Secretary



Gujarat Industries Power Company Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lacs)

Sr. No.	Particulars	For the Year ended 31-03-2013	For the Year ended 31-03-2012
A	Cash Flow From Operating Activities :		
	Net Profit before Taxes and Extraordinary items	35353.50	14157.09
	Adjustment for :		
	Depreciation	15,823.07	16868.56
	Amortisation of share issue expenses	255.27	255.27
	Finance costs	10,515.01	11893.47
	Loss on sale / write off of assets	1.64	0.50
	(Profit) on sale / write off of assets	(0.83)	(0.18)
	Interest Income	(851.20)	(153.92)
	Dividend	(34.10)	(58.14)
		25708.86	28805.56
	Operating Profit Before Working Capital Changes	61062.36	42962.65
	Adjustment for :		
	Trade Receivables	3,859.68	(995.32)
	Inventories	485.87	(2214.26)
	Loans and Advances	(2,351.53)	(187.80)
	Other Current Assets	3.25	31.75
	Trade payables	(13,005.09)	8365.93
	Other current liabilities and provisions	(2,741.85)	3185.78
		(13749.67)	8186.08
	Cash Generated from Operations	47312.69	51148.73
	Payment of Direct Taxes	(6561.92)	(2924.61)
	Net Cash Flow from Operating Activities (Total - A)	40750.77	48224.12
B	Cash Flow from Investing Activities :		
	Purchase/Adj. of Fixed Assets including Capital Work in Progress	(594.54)	(12688.72)
	Purchase of Investments	(2,375.00)	(1550.00)
	Sale of Fixed Assets	4.43	1.61
	Mines Development Expenditure (To be amortised)	7,904.04	3997.33
	Interest Received	491.39	142.69
	Dividend Received	34.10	58.14
	Net Cash Flow from Investing Activities (Total - B)	5464.42	(10038.95)



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)
(₹ in Lacs)

Sr. Particulars No.	For the Year ended 31-03-2013	For the Year ended 31-03-2012
C Cash Flow from Financing Activities :		
Proceeds from long-term borrowings	0.00	1000.00
Repayment of long-term borrowings	(10,923.84)	(11969.28)
Net increase / (decrease) in working capital borrowings	967.27	45.94
Proceeds from other short-term borrowings	1,800.00	2000.00
Repayment of other short-term borrowings	(760.00)	(8000.00)
Finance Cost Paid	(10,454.17)	(11973.46)
Dividend on Equity Paid	(3,744.64)	(3772.58)
Tax on Dividend Paid	(613.44)	(613.44)
Net Cash Flow from Financing Activities (Total - C)	(23728.82)	(33282.82)
Net Increase In Cash and Cash Equivalents (Total - A + B + C)	22486.37	4902.35
Opening Cash and Cash Equivalents	5050.14	147.79
Closing Cash and Cash Equivalents	27536.51	5050.14
Notes:		
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	2.46	2.30
With Scheduled Banks :		
Current Accounts	154.55	147.84
Deposit Accounts	27379.50	4900.00
	27534.05	5047.84
TOTAL	27536.51	5050.14

As per our report of even date attached

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

Ashok Thakkar
Partner
Membership No. 48169

Place : Vadodara
Date : 31st May, 2013

L. Chuaungo
Managing Director

S. P. Desai
CGM & CFO

Place : Gandhinagar
Date : 27th May, 2013

D. J. Pandian
Chairman

A.C.Shah
Company Secretary



Gujarat Industries Power Company Limited

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENT

(₹ in Lacs)

	AS AT 31-03-2013	AS AT 31-03-2012
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 Shareholders holding more than 5% shares

Name of Shareholders	2012-13		2011-12	
	Percentage	No. of shares	Percentage	No. of shares
Gujarat Urja Vikas Nigam Limited	25.38	38384397	25.38	38384397
Gujarat Alkalies & Chemicals Limited	15.27	23088980	15.27	23088980
Gujarat State Fertilizers & Company Ltd.	14.79	22362784	14.79	22362784
ICICI Prudential Life Insurance Company Ltd.	-	-	5.11	7734694

Note no. 2 - RESERVES AND SURPLUS

(₹ in Lacs)

Capital Redemption Reserve			
As per last Balance Sheet		3,455.88	3,455.88
Expansion Reserve			
As per last Balance Sheet	46,000.00		38,500.00
Add : Transferred from Profit and Loss Account	10,000.00		7,500.00
		56,000.00	46,000.00
Securities Premium Account			
As per last Balance Sheet		33,316.97	33,316.97
General Reserve			
As per last Balance Sheet	38,870.00		33,870.00
Add : Transferred from Profit and Loss Account	7,500.00		5,000.00
		46,370.00	38,870.00
SURPLUS			
As per last Balance Sheet	7,181.16		12,239.79
Add : Profit available for appropriation	21,887.70		11,836.09
Amount available for appropriation	29,068.86		24,075.88
Less : Appropriations :			
Transfer to Expansion Reserve	10,000.00		7,500.00
Transfer to General Reserve	7,500.00		5,000.00
Proposed Dividend	3,781.28		3,781.28
Corporate Dividend Tax	642.63		613.44
		7,144.95	7,181.16
TOTAL	146,287.80		128,824.01

All above reserves except capital redemption reserve are free reserves.

**NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENT**

(₹ in Lacs)

	AS AT 31-03-2013	AS AT 31-03-2012
Note no. 3 - LONG TERM BORROWINGS		
Secured Loans :		
Term Loan From Banks	64,194.80	74,706.88
TOTAL	64,194.80	74,706.88

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 Banks	Outstanding Amt. as on 31.03.2013	Maturity Period from 31.03.2013 (in Months)	Amount of Instalments per quarter	Oustanding Amt. 31.03.2012
Central Bank of India	7000.00	84	250.00	8000.00
State Bank of India	3625.00	87	125.00	4125.00
Bank of Baroda	7250.00	87	250.00	8250.00
Oriental Bank of Commerce	14000.00	84	500.00	16000.00
Union Bank of India	14500.00	87	500.00	16500.00
IDBI Bank Ltd.	10206.88	81	378.02	11719.00
State Bank of Bikaner & Jaipur	3625.00	87	125.00	4125.00
Canara Bank	7000.00	84	250.00	8000.00
Karur Vysya Bank Ltd.	7500.00	90	250.00	8500.00
Indian Overseas Bank	0.00	0	0.00	411.76
Total	74706.88		2628.02	85630.76

(₹ in Lacs)

	AS AT 31-03-2013	AS AT 31-03-2012
Note no. 4 - OTHER LONG TERM LIABILITIES		
Trade Payable	740.79	951.55
Others	28.30	66.02
TOTAL	769.09	1,017.57
Note no. 5 - LONG TERM PROVISIONS		
Employee Benefits	2,206.52	1,795.82
TOTAL	2,206.52	1,795.82



Gujarat Industries Power Company Limited

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENT

(₹ in Lacs)

	AS AT 31-03-2013	AS AT 31-03-2012
Note no. 6 - Short-term borrowings		
Secured Loans :		
Working Capital Loans from Banks	7,767.19	6,799.92
Unsecured Loans :		
From Others	3,040.00	2,000.00
TOTAL	10,807.19	8,799.92

Note no. 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	63.70	44.95
Other than Micro and Small Enterprises	6,335.52	19,110.88
TOTAL	6,399.22	19,155.83

Note no. 8 - OTHER CURRENT LIABILITIES

Current Maturities of long term debts	10,512.08	10,923.84
Interest Accrued but not due on borrowings	105.02	43.47
Income Received in Advance	0.00	299.12
Advance from customers	44.67	6,392.76
Items covered by IEPF*		
Unclaimed Dividends	171.38	134.74
Unclaimed Matured Deposits	0.00	0.80
Unclaimed Interest on Debentures/Deposits	2.20	2.91
Unclaimed Share Application Money	0.00	0.23
Security Deposits	1,364.25	1,514.31
Other Payable	3,672.47	478.73
Project Creditors	15,821.06	14,712.35
Statutory Dues	128.03	761.72
TOTAL	31,821.16	35,264.98

* 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	293.37	316.38
Current Tax (Net of Advance)	286.11	0.00
Proposed Dividend	3,781.28	3,781.28
Corporate Dividend Tax	642.63	613.44
TOTAL	5,003.39	4,711.10

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENT

NOTE NO. 10 - FIXED ASSETS

(₹ in Lacs)

ASSETS	GROSS BLOCK (AT COST)				DEPRECIATION				IMPAIRMENT	NET BLOCK	
	As at 01-04-2012	Addition/ Adjustment during the year	Adjustment/ Deduction during the year	As on 31-03-2013	Upto 01-04-2012	For the Year	Adjustment/ Deduction during the Year	Upto 31-03-2013	As on 31-03-2013	As at 31-03-2013	As at 31-03-2012
A. TANGIBLE ASSETS											
(1) Land											
Lease hold	603.85	0.00	0.00	603.85	124.24	6.10	0.00	130.34	0.00	473.51	479.61
Free hold	19,362.14	198.43	(1,450.83)	18,109.74	0.00	0.00	0.00	0.00	0.00	18,109.74	19,362.14
(2) Buildings											
Factory Buildings	34,886.36	736.82	0.00	35,623.18	7,539.16	1,314.27	0.00	8,853.43	0.00	26,769.75	27,347.20
Non Factory Buildings	7,812.03	347.07	0.00	8,159.10	1,086.44	144.02	0.00	1,230.46	0.00	6,928.64	6,725.59
(3) Plant and Machinery	306,535.17	1,393.82	(979.21)	306,949.78	134,727.82	13,793.63	0.00	148,521.45	507.95	157,920.38	171,299.40
(4) Capital Spares	7,062.17	0.00	0.00	7,062.17	5,105.35	347.27	0.02	5,452.64	0.00	1,609.53	1,956.82
(5) Furniture and Fixtures	450.86	60.25	(0.03)	511.08	233.04	29.37	(0.04)	262.37	0.00	248.71	217.82
(6) Office equipments	1,358.81	400.58	(6.24)	1,753.15	612.80	119.27	(3.20)	728.87	0.00	1,024.28	746.01
(7) Vehicles	117.29	7.86	(10.91)	114.24	69.77	7.54	(8.72)	68.59	0.00	45.65	47.52
Sub Total - A	378,188.68	3,144.83	(2,447.22)	378,886.29	149,498.62	15,761.47	(11.94)	165,248.15	507.95	213,130.19	228,182.11
B. INTANGIBLE ASSETS											
(8) Computer Software	376.19	23.53	0.00	399.72	139.07	61.60	0.00	200.67	0.00	199.05	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	0.00	0.00
Sub Total - B	481.53	23.53	0.00	505.06	244.41	61.60	0.00	306.01	0.00	199.05	237.12
TOTAL (A+B)	378,670.21	3,168.36	(2,447.22)	379,391.35	149,743.03	15,823.07	(11.94)	165,554.16	507.95	213,329.24	228,419.23
Previous year	352,655.99	26,116.12	(101.90)	378,670.21	132,881.50	16,868.56	(7.03)	149,743.03	507.95	228,419.23	
(10) Capital Work -in-Progress										748.58	892.36

Notes:

- Leasehold land is obtained as a permitted transferee as per agreement with GIDC/ IPCL.
- The conveyance of title for 11.69 hectares of free hold land of value ₹ 178.63 Lacs (previous year 103.92 hectares of value ₹ 1462.86 Lacs) in favour of the Company are awaiting completion of legal formalities.
- Land includes 30.25 hectares of value ₹ 441.84 Lacs (Previous Year 38.37 hectares of value ₹ 522.28 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 admeasuring 25.54 hectares of value ₹ 390.25 Lacs (Previous Year 5.85 hectares of value ₹ 92.65 Lacs) is shown as "adjustments".
- During the year, award declaration for land acquisition by Govt. for 69.38 hectares of land of value ₹ 1060.58 Lacs (Previous Year Nil hectares of value ₹ Nil) got lapsed on expiry of time limit is shown as "adjustments". The Company has re-proposed for acquisition of the same land by the Govt.
- 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 areas include 80 hectares of land for lime stone also.



Gujarat Industries Power Company Limited

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENT

(₹ in Lacs)

	AS AT 31-03-2013	AS AT 31-03-2012
Note no. 11 - MINES DEVELOPMENT EXPENDITURE (To be amortised)		
Initial Development Expenses	7,580.80	9,222.05
Overburden Removal Cost	0.00	6,262.79
TOTAL	7,580.80	15,484.84
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		
With Subsidiary		
2,50,000 Equity Shares of GIPCL Project & Consultancy Company Limited of ₹ 10 each (Fully paid)	25.00	0.00
With Others		
5,00,00,000 Equity Shares of Bhavanagar Energy Company Limited of ₹ 10 each (Fully paid) (Previous year 2,95,00,000 shares)	5,000.00	2,950.00
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
30,00,000 Equity Shares of GSPC LNG Limited of ₹ 10 each (Fully paid)	300.00	0.00
TOTAL	6,354.00	3,979.00
Aggregate cost of Quoted Investments	551.68	551.68
Market value of Quoted Investments	1,340.03	1,340.03
Aggregate cost of Unquoted Investments	6,354.00	3,979.00
Note no. 13 - LONG TERM LOANS & ADVANCES		
Secured (Considered good)		
Loan to Employees	4.72	8.32
Capital Advance	109.19	41.09
Unsecured (Considered good)		
Capital Advance	1,047.97	152.82
Security Deposits	111.06	124.52
Other loans & Advances	14.50	26.00
Advance Tax (Net of Provisions)	3242.17	1931.94
TOTAL	4529.61	2284.69

**NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENT**

(₹ in Lacs)

	AS AT 31-03-2013	AS AT 31-03-2012
Note no. 14 - OTHER NON-CURRENT ASSETS		
Unsecured (Considered good)		
Trade Receivables	0.00	0.00
Others	361.62	616.89
TOTAL	361.62	616.89
Note no. 15 - INVENTORIES		
Raw Materials (Fuel)	2587.48	3684.11
Stores and Spares	9492.30	8881.54
TOTAL	12079.78	12565.65
Note no. 16 - TRADE RECEIVABLES		
Unsecured (Considered Good)		
Over Six Months	0.00	0.00
Others	17,145.94	21,005.62
TOTAL	17,145.94	21,005.62
(includes ₹ 12011.71 Lacs (Previous year ₹ 18,518.69 Lacs) receivable from Gujarat Urja Vikas Nigam Limited, Promoter (with significant shareholding / influence).		
Note no. 17 - CASH & BANK BALANCES		
Cash and Cash Equivalents	2.46	2.30
Other bank balances :		
Current Accounts	154.55	147.84
Deposit Accounts	27,379.50	4,900.00
	27,534.05	5,047.84
TOTAL	27,536.51	5,050.14
Note no. 18 - SHORT TERM LOANS AND ADVANCES		
Secured (Considered good)		
Loan to Employees	2.93	4.92
Unsecured (Considered good)		
Loans & Advances to related Parties	0.18	0.00
Other loans & Advances	3,844.38	2,425.73
TOTAL	3,847.49	2,430.65
Note no. 19 - OTHER CURRENT ASSETS		
Unamortised expenses	255.27	255.27
Other receivables	2.27	5.52
Interest Accrued	371.10	11.29
TOTAL	628.64	272.08



Gujarat Industries Power Company Limited

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENT

(₹ in Lacs)

	For the Year ended 31-03-2013	For the Year ended 31-03-2012
Note No. 20 - REVENUE FROM OPERATIONS		
Sale of Electrical Energy	140,701.29	129,099.37
Sale of Services	346.12	407.87
Other Operating Revenues	563.21	519.29
Less : Excise Duty	7.45	3.10
TOTAL	141,603.17	130,023.43
Refer Note No. 29.7		
Note No. 21 - OTHER INCOME		
Interest on Deposits	825.85	46.28
(Tax deducted at source ₹ 46.85 Lacs Previous year ₹ 2.98 Lacs)		
Other Interest	25.35	107.64
Bad Debts Recovered	76.40	105.10
Dividend	34.10	58.14
Insurance Claims	102.46	94.69
Liquidated Damages	222.31	24.00
Miscellaneous	140.21	132.54
TOTAL	1,426.68	568.39
Note no. 22 - COST OF MATERIAL CONSUMED		
Consumption of Gas	39,415.50	48,416.59
Consumption of Lignite	36,563.79	26,024.35
Consumption of Lime Stone	575.68	545.66
Consumption of Furnace oil	1,030.97	1,632.60
Mines Closure Expenses	3,203.84	0.00
Lignite Extraction Expenses	24,048.53	21,133.64
Less : Inter Division transfer	35,527.83	28,015.32
TOTAL	69,310.48	69,737.52
Note no. 23 - GENERATION EXPENSES		
Consumption of Stores and Spares	3,374.12	3,149.63
Water Charges	1,257.34	1,291.98
Electricity Charges	582.71	521.72
Insurance	884.11	335.95
Operation Expenses	1,846.13	1,619.99
Repairs and Maintenance to Plant and Machinery	1,195.91	2,049.83
TOTAL	9,140.32	8,969.10

**NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENT**

(₹ in Lacs)

	For the Year ended 31-03-2013	For the Year ended 31-03-2012
Note No. 24 - EMPLOYEES BENEFIT EXPENSES		
Salary and Wages	3,773.78	3,338.28
Contribution to Provident and Pension Fund	280.40	241.93
Welfare Expenses and Other Benefits	1,561.03	1,288.08
TOTAL	5,615.21	4,868.29
Note No. 25 - FINANCE COST		
Interest on :		
Fixed Term Loans	9,175.15	9,982.13
Short Term Loan	0.00	294.32
Cash Credit / Working Capital Demand Loans	24.76	458.99
Others	127.88	36.26
Bank Charges and Commission	118.53	115.35
Cash Rebate on Sales	1,068.69	1,006.42
TOTAL	10,515.01	11,893.47
Note No. 26 - OTHER EXPENSES		
Repairs and Maintenance :		
Buildings	382.69	352.62
Others	99.58	131.16
Rent	8.57	18.62
Rates and Taxes	258.30	218.26
Communication Expenses	84.39	98.30
Travelling & Conveyance Expenses	320.04	267.31
Legal, Professional and Consultancy Fees	71.10	134.52
Social Welfare Expenses	856.97	869.48
Miscellaneous Expenses	950.35	896.14
(includes membership, office, security, advertisement, software maintenance, audit fees and registrar & transfer fees)		
TOTAL	3,031.99	2,986.41
Note No. 27 - EXCEPTIONAL ITEMS / PRIOR PERIOD ADJUSTMENTS		
Income: (Exceptional Items)		
Contractual claims pertaining to Liquidated Damages settled/Realised	4,005.00	0.00
Disputed energy billing claims settled/Realized	2,010.00	0.00
Expenses : (Prior Period Adjustments)		
Sales of Electrical Energy	0.00	856.11
TOTAL	6,015.00	856.11



Gujarat Industries Power Company Limited

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

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

9. EMPLOYEE BENEFITS

a. Post-employment benefits

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.



Gujarat Industries Power Company Limited

b. **Short-term employee benefits**

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

c. **Long term employee benefits**

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

10. REVENUE RECOGNITION

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

11. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

12. IMPAIRMENT OF ASSETS

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

13. BORROWING COST

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



NOTE NO. 29 : NOTES TO THE FINANCIAL STATEMENTS

		(₹ in Lacs)	
		As at 31st March, 2013	As at 31st March, 2012
1	Commitments		
a.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1025.72	1843.08
b.	The Company has committed to invest in the Equity of Bhavnagar Energy Corporation Limited as and when required to the tune of ₹ 20800 Lacs. ₹ 6150 Lacs (P.Y. ₹ 2950 Lacs) has been paid. (In addition to the above, company is committed to contribute towards cost overrun, if any)	14650.00	3034.00
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.	786.78	836.33
c.	Bills of Exchange discounted with Banks in respect of Sales Invoices.	30300.00	26600.00
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.	In view of the adjudication order no. stamp/ashan/372/2012/563 dated 31.01.2013, passed by Collector and Additional Superintendent of Stamps, Gandhinagar, confirming that the stamp duty paid earlier by the company is adequate and proper, there is no liability exist for demand for difference of Stamp Duty and penalty on Debenture Trust Deed executed on 15/10/1996 for right issue of Partly Convertible Debentures which was disputed on the ground of wrong classification.	NIL	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	1630.68	1626.08
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	3187.20	1614.10
i.	Demand of Property Tax by Grampanchayat, Nani Naroli, Dist.Surat	65.00	50.00
j.	The maximum amount of penalty leviable due to default in payment of central excise duty on lignite excavated	Nil	285.32



Gujarat Industries Power Company Limited

3. Pursuant to Ministry of Coal, New Delhi, Guideline No. 55011-01-2009-CPAM dated 7th January 2013, the Company has provided ₹ 3203.84 Lacs (P.Y. ₹ Nil) towards the Mine(s) Closure expenditure during the year. Barring unforeseen circumstances, the Company expects to deposit the said amount in the specially opened/to be opened "Fixed Deposit Escrow Account(s)" in the FY 2013-14 as per the provisions of the referred Guidelines. The Company is in the process of finalizing the required arrangements /amending its documents for its Tripartite Escrow Account(s) agreement with Bank and the Coal Controller's Organisation, Ministry of Coal, Government of India

4. C.I.F. Value of Imports	(₹ in Lacs)	
	2012-13	2011-12
Spares and Components	289.28	181.61

5. Stores and Spares Consumed	(₹ in Lacs)			
	2012-13		2011-12	
	Value	% to total Consumption	Value	% to total Consumption
Imported	20.65	0.61	92.86	2.95
Indigenous	3353.47	99.39	3056.77	97.05
Total	3374.12	100.00	3149.63	100.00

6. Payment to Auditors :	(₹ in Lacs)	
	2012-13	2011-12
a. Statutory Auditors		
Statutory Audit Fees	8.76	8.40
Tax Audit Fees	0.73	0.72
Taxation, certification and other matters	1.04	0.74
Reimbursement of travelling & Other Expenses	0.31	0.14
b. Cost Auditors		
Statutory Audit fees	1.01	1.01
XBRL fees	0.17	NIL

7. Sale of Electrical Energy is net of reversal/adjustment admitted on commercial consideration as under:	(₹ in Lacs)	
	2012-13	2011-12
Interest and Variable Charges Adjustment	1588.62	437.31
Interest on Deemed Loans	NIL	1837.87
Depreciation & Other Fixed Charges	1008.95	1194.77

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

9. In accordance with the Accounting Standard – 22 'Accounting for Taxes on Income' the company has accounted for Deferred Tax on timing differences. Major components of Deferred Tax recognized in the accounts are :

Particulars	2012-13	2011-12
Deferred Tax Liability		
Depreciation	*12680.45	8052.79
Others	327.41	209.45
Total	13007.86	8262.24
Deferred Tax Assets		
Items u/s 43 B	799.07	612.66
Others	129.19	171.63
Unabsorbed Depreciation	-	3326.35
Total	928.26	4110.64
Deferred Tax Liability (Net)	12079.60	4151.60

* Net of reversal during tax holiday period, based on company's eligibility of claiming it.



10. 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.
GIPCL Projects and Consultancy Company Ltd.	Subsidiary Company

Details of Transactions (₹ in Lacs)

Nature of Transactions	2012-13		2011-12	
	With Promoters	With Key Management Personnel	With Promoters	With Key Management Personnel
(a) Value of transactions				
Sales of Electrical Energy (Net of Adjustment)	122672.99		109246.28	
Bill Discounting Charges Recovered	2884.33		2244.16	
Rebate on Sales	1068.69		1006.42	
Dividend Paid	959.61		959.61	
Salary & Perquisites	-	2.17	-	2.70
(b) Outstanding balance				
Equity Contribution including Share Premium	8635.52		8635.52	
Receivables	12011.71		18518.69	

Details of Transactions (₹ in Lacs)

Nature of Transactions	2012-13	2011-12
	With DEEP	With DEEP
(a) Value of transactions		
Contribution towards CSR activities	789.37	799.00
Miscellaneous	4.79	5.49
(b) Outstanding balance		
Payables	0.13	3.83



Gujarat Industries Power Company Limited

Details of Transactions		(₹ in Lacs)
Nature of Transactions	2012-13 With Subsidiary Company	2011-12 With Subsidiary Company
(a) Value of transactions		
Contribution towards Equity	25.00	NA
(b) Outstanding balance		
Contribution towards Equity	25.00	NA

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

Particulars	2012-13	2011-12
Net Profit after Tax before prior period adjustment	21887.70	12692.20
Net Profit after Tax after prior period adjustment	21887.70	11836.09
Weighted Average number of Equity Shares outstanding (Nos.)	151251188	151251188
Basic and Diluted Earning Per Share of ₹ 10/- each (Rs.) including prior adjustment	14.47	7.83
Basic and Diluted Earning Per Share of ₹ 10/- each (Rs.) excluding prior adjustment	14.47	8.39

12. 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 ₹ 240.03 Lacs (P.Y. ₹ 203.90 Lacs) for Provident Fund contributions and ₹ 36.21 Lacs (P.Y. ₹ 34.44 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.

28th Annual Report 2012-2013



(₹ in Lacs)

Particulars	Gratuity (Non Funded)		Post Retirement Medical Benefit Plan (Non Funded)	
	2012-13	2011-12	2012-13	2011-12
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	937.99	744.63	-	-
Current Service Cost	71.19	63.22	77.07	52.99
Interest Cost	79.73	65.47	-	-
Actuarial (gain)/loss	109.72	93.22	-	-
Benefits paid	(31.87)	(28.55)	-	-
Present Value of Defined Benefit obligation at year end	1166.76	937.99	77.07	52.99
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	1166.76	937.99	77.07	52.99
Liabilities recognized in Balance Sheet	1166.76	937.99	77.07	52.99
III. Expense recognized during the year				
Current Service Cost	71.19	63.22	77.07	52.99
Interest Cost	79.73	65.47	-	-
Actuarial (gain)/loss	109.72	93.22	-	-
Expected return on plan assets	-	-	-	-
Total Expenses/(Gain) recognized in Profit and loss account	260.64	221.91	77.07	52.99
IV. Actuarial assumptions				
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8.25%	8.50%	8.25%	8.50%
Rate of escalation in salary (per annum)	6.00%	6.00%	NA	NA

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

	2012-13	2011-12	2010-11	2009-10	2008-09
Defined benefit obligation	1166.76	937.99	744.63	507.29	355.40
Experience loss(gain) on plan liabilities	80.57	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)

	2012-13	2011-12	2010-11	2009-10	2008-09
Defined benefit obligation	77.07	52.99	43.57	30.07	22.29
Experience loss(gain) on plan liabilities	NA	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

13. 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 **₹ 63.70 Lacs** (Previous Year ₹ 44.95 lacs). Payment made to suppliers beyond the due date during the year was **₹ Nil** (P.Y. ₹ 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** (P.Y. ₹ Nil) .
14. 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.
15. 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.
16. The Company has reclassified the previous year figures as and when required for better presentation.
17. During the year, one- fifth of Share issue expenses amounting to **₹ 255.27 Lacs** (Previous Year ₹ 255.27 Lacs) have been amortised on a prorata basis.
18. Ministry of Corporate Affairs vide General Circular no. 2/2011 dated 8th February, 2011, has granted the general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of certain conditions. The Company, having satisfied with the conditions of the Circular, is entitled for the exemptions. Necessary information regarding subsidiary has been included in the Consolidated Financial Statements.

As per our report of even date attached

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

Ashok Thakkar
Partner
Membership No. 48169

Place : Vadodara
Date : 31st May, 2013

L. Chuaungo
Managing Director

S. P. Desai
CGM & CFO

Place : Gandhinagar
Date : 27th May, 2013

D. J. Pandian
Chairman

A.C.Shah
Company Secretary



AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

**TO,
THE BOARD OF DIRECTORS OF
GUJARAT INDUSTRIES POWER COMPANY LIMITED**

We have audited the attached Consolidated financial statements of **Gujarat Industries Power Company Limited** (the Company) and its subsidiary, which comprise the Consolidated Balance Sheet as at 31st March, 2013, and the Statement of Consolidated Profit and Loss and Consolidated Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected

depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- ii. in the case of the Consolidated Profit and Loss Account, of the profit/ loss for the period ended on that date; and
- iii. in the case of the Consolidated Cash Flow Statement, of the cash flows for the period ended on that date.

For VCA & Associates

Chartered Accountants

FRN: 114414W

Ashok Thakkar

Partner

M.No: 48169

Place: Vadodara

Dated: 31/5/2013



Gujarat Industries Power Company Limited

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

(₹ in Lacs)		
Particulars	Note No.	AS AT 31-03-2013
I. EQUITY & LIABILITIES		
Shareholders' Funds :		
Share Capital	1	15,125.12
Reserves and Surplus	2	146,282.43
Non-current Liabilities :		
Long-term borrowings	3	64,194.80
Deferred tax liabilities (Net)		12,079.60
Other long term liabilities	4	769.09
Long-term provisions	5	2,206.52
Current Liabilities :		
Short-term borrowings	6	10,807.19
Trade payables	7	6,399.22
Other current liabilities	8	31,821.38
Short-term provisions	9	5,003.39
TOTAL		294,688.74
II. ASSETS		
Non - Current Assets :		
Fixed Assets :		
Tangible Assets	10	213,130.19
Intangible Assets	10	199.05
Capital Work in Progress	10	748.58
Mines Development Expenditure (To be amortised)	11	7,580.80
Non-current Investments	12	6,880.68
Long-term loans and advances	13	4,529.61
Other non-current assets	14	361.62
Current Assets :		
Inventories	15	12,079.78
Trade Receivables	16	17,145.94
Cash and Bank Balances	17	27,555.92
Short-term loans and advances	18	3,847.47
Other current assets	19	629.10
TOTAL		294,688.74
Significant Accounting Policies	28	
Notes to the Consolidated 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 : 31st May, 2013

L. Chuaungo
Managing Director

S. P. Desai
CGM & CFO

Place : Gandhinagar.
Date : 27th May, 2013.

D. J. Pandian
Chairman

A.C.Shah
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lacs)		
Particulars	Note No.	For the Year ended 31-03-2013
REVENUE :		
Revenue from Operations	20	141,604.14
Other Income	21	1,427.19
TOTAL REVENUE		143,031.33
EXPENSES :		
Cost of Material Consumed	22	69,310.48
Generation Expenses	23	9,140.32
Employee Benefits Expense	24	5,615.21
Finance Cost	25	10,515.01
Depreciation		15,823.07
Expenses Amortised		255.27
Other expenses	26	3,038.83
TOTAL EXPENSES		113,698.19
Profit before exceptional item and tax		29,333.13
Exceptional item	27	6,015.00
Prior Period adjustments	27	0.00
Profit before Tax		35,348.13
Tax Expenses		
Current Tax		7,067.00
Deferred Tax		7,928.00
Tax adjustment for earlier years		(1,529.20)
Profit For the Period		21,882.33
Proposed Dividend		3,781.28
Corporate Dividend Tax		642.63
Earning Per Share (Basic and Diluted) including prior period adjustments (In Rupees)		14.47
Earning Per Share (Basic and Diluted) excluding prior period adjustments (In Rupees)		14.47
Significant Accounting Policies	28	
Notes to the Consolidated 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 : 31st May, 2013

L. Chuaungo
Managing Director

S. P. Desai
CGM & CFO

Place : Gandhinagar.
Date : 27th May, 2013.

D. J. Pandian
Chairman

A.C.Shah
Company Secretary

28th Annual Report 2012-2013



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lacs)

Particulars	For the Year ended 31-03-2013
A Cash Flow From Operating Activities :	
Net Profit before Taxes and Extraordinary items	35348.13
Adjustment for :	
Depreciation	15,823.07
Amortisation of share issue expenses	255.27
Finance costs	10,515.01
Loss on sale / write off of assets	1.64
(Profit) on sale / write off of assets	(0.83)
Interest Income	(851.20)
Dividend	(34.10)
	25708.86
Operating Profit Before Working Capital Changes	61056.99
Adjustment for :	
Trade Receivables	3,859.68
Inventories	485.87
Loans and Advances	(2,352.15)
Other Current Assets	3.25
Trade payables	(13,005.09)
Other current liabilities and provisions	(2,741.45)
	(13749.89)
Cash Generated from Operations	47307.10
Payment of Direct Taxes	(6561.92)
Net Cash Flow from Operating Activities (Total - A)	40745.18
B Cash Flow from Investing Activities :	
Purchase/Adj. of Fixed Assets including Capital Work in Progress	(594.54)
Purchase of Investments	(2,350.00)
Sale of Fixed Assets	4.43
Mines Development Expenditure (To be amortised)	7,904.04
Interest Received	491.39
Dividend Received	34.10
Net Cash Flow from Investing Activities (Total - B)	5489.42
C Cash Flow from Financing Activities :	
Repayment of long-term borrowings	(10,923.84)
Net increase / (decrease) in working capital borrowings	967.27
Proceeds from other short-term borrowings	1,800.00
Repayment of other short-term borrowings	(760.00)
Finance Cost Paid	(10,454.17)
Dividend on Equity Paid	(3,744.64)
Tax on Dividend Paid	(613.44)
Net Cash Flow from Financing Activities (Total - C)	(23728.82)
Net Increase In Cash and Cash Equivalents (Total - A + B + C)	22505.78
Opening Cash and Cash Equivalents	5050.14
Closing Cash and Cash Equivalents	27555.92
Notes: 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	2.46
With Scheduled Banks :	
Current Accounts	154.66
Deposit Accounts	27398.80
	27553.46
TOTAL	27555.92
3. This being first year of consolidation, previous year data is not available for comparison.	

As per our report of even date attached

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

Ashok Thakkar
Partner
Membership No. 48169

Place : Vadodara
Date : 31st May, 2013

L. Chuaungo
Managing Director

S. P. Desai
CGM & CFO

Place : Gandhinagar
Date : 27th May, 2013

D. J. Pandian
Chairman

A.C.Shah
Company Secretary



Gujarat Industries Power Company Limited

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT

	(₹ in Lacs)
	As at 31-03-2013
Note no. 1 - SHARE CAPITAL	
Authorised	
32,50,00,000 Equity Shares of ₹ 10/-each	32,500.00
50,00,000 Equity Shares of ₹ 10/-each	500.00
61,00,000 Cumulative Redeemable Preference Shares (With dividend not exceeding 15% p.a.) of ₹ 100/- each	6,100.00
TOTAL	39,100.00
Issued, subscribed and paid up	
15,12,51,188 Equity Shares of ₹ 10/-each fully paid	15,125.12
TOTAL	15,125.12

List of Shareholders holding more than 5% shares

Name of Shareholders	2012-13 Percentage	No. of shares
Gujarat Urja Vikas Nigam Limited	25.38	38384397
Gujarat Alkalies & Chemicals Limited	15.27	23088980
Gujarat State Fertilizers & Company Ltd.	14.79	22362784
ICICI Prudential Life Insurance Company Ltd.	-	-

	(₹ in Lacs)
Note no. 2 - RESERVES AND SURPLUS	
Capital Redemption Reserve	
As per last Balance Sheet	3,455.88
Expansion Reserve	
As per last Balance Sheet	46,000.00
Add : Transferred from Profit and Loss Account	10,000.00
	56,000.00
Securities Premium Account	
As per last Balance Sheet	33,316.97
General Reserve	
As per last Balance Sheet	38,870.00
Add : Transferred from Profit and Loss Account	7,500.00
	46,370.00
SURPLUS	
As per last Balance Sheet	7,181.16
Add : Profit available for appropriation	21,882.33
Amount available for appropriation	29,063.49
Less : Appropriations :	
Transfer to Expansion Reserve	10,000.00
Transfer to General Reserve	7,500.00
Proposed Dividend	3,781.28
Corporate Dividend Tax	642.63
	7,139.58
TOTAL	146,282.43

All above reserves except capital redemption reserve are free reserves.

	(₹ in Lacs)
	As at 31-03-2013
Note no. 3 - LONG TERM BORROWINGS	
Secured Loans :	
Term Loan From Banks	64,194.80
TOTAL	64,194.80

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 Banks	Outstanding Amt. as on 31.03.2013	Maturity Period from 31.03.2013 (in Months)	Amount of Instalments per quarter
Central Bank of India	7000.00	84	250.00
State Bank of India	3625.00	87	125.00
Bank of Baroda	7250.00	87	250.00
Oriental Bank of Commerce	14000.00	84	500.00
Union Bank of India	14500.00	87	500.00
IDBI Bank Ltd.	10206.88	81	378.02
State Bank of Bikaner & Jaipur	3625.00	87	125.00
Canara Bank	7000.00	84	250.00
Karur Vysya Bank Ltd.	7500.00	90	250.00
Total	74706.88		2628.02

	(₹ in Lacs)
Note no. 4 - OTHER LONG TERM LIABILITIES	
Trade Payable	740.79
Others	28.30
TOTAL	769.09

Note no. 5 - LONG TERM PROVISIONS	
Employee Benefits	2,206.52
TOTAL	2,206.52

Note no. 6 - Short-term borrowings	
A) Secured Loans :	
Working Capital Loans from Banks	7,767.19
B) Unsecured Loans	
From Others	3,040.00
TOTAL	10,807.19

Note no. 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.

28th Annual Report 2012-2013



NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT

(₹ in Lacs)

(₹ in Lacs)

	As at 31-03-2013		As at 31-03-2013
Note no. 7 - TRADE PAYABLE		Note no. 8 - OTHER CURRENT LIABILITIES (Contd..)	
Micro and Small enterprises	63.70	Other Payable	3,672.69
Other than Micro and Small Enterprises	6,335.52	Project Creditors	15,821.06
TOTAL	6,399.22	Statutory Dues	128.03
		TOTAL	31,821.38
Note no. 8 - OTHER CURRENT LIABILITIES			
Current Maturities of long term debts	10,512.08		
Interest Accrued but not due on borrowings	105.02		
Income Received in Advance	0.00		
Advance from customers	44.67		
Items covered by IEPF *			
Unclaimed Dividends	171.38		
Unclaimed Matured Deposits	0.00		
Unclaimed Interest on Debentures/Deposits	2.20		
Unclaimed Share Application Money	0.00		
Security Deposits	1,364.25		
(...Contd)			

* Amount due and outstanding to be credited to Investor Education and Protection Fund ₹ Nil.

Note no. 9 - SHORT TERM PROVISIONS

Employee Benefits	293.37
Current Tax (Net of Advance)	286.11
Proposed Dividend	3,781.28
Corporate Dividend Tax	642.63
TOTAL	5,003.39

NOTE NO. 10 - FIXED ASSETS

(₹ in Lacs)

ASSETS	GROSS BLOCK (AT COST)				DEPRECIATION				IMPAIRMENT	NET BLOCK	
	As at 01-04-2012	Addition/ Adjustment during the year	Deduction during the year	As on 31-03-2013	Upto 01-04-2012	For the Year	Adjustment/ Deduction during the Year	Upto 31-03-2013	As on 31-03-2013	As at 31-03-2013	As at 31-03-2012
A. TANGIBLE ASSETS											
(1) Land											
Lease hold	603.85	0.00	0.00	603.85	124.24	6.10	0.00	130.34	0.00	473.51	479.61
Free hold	19,362.14	198.43	(1,450.83)	18,109.74	0.00	0.00	0.00	0.00	0.00	18,109.74	19,362.14
(2) Buildings											
Factory Buildings	34,886.36	736.82	0.00	35,623.18	7,539.16	1,314.27	0.00	8,853.43	0.00	26,769.75	27,347.20
Non Factory Buildings	7,812.03	347.07	0.00	8,159.10	1,086.44	144.02	0.00	1,230.46	0.00	6,928.64	6,725.59
(3) Plant and Machinery	306,535.17	1,393.82	(979.21)	306,949.78	134,727.82	13,793.63	0.00	148,521.45	507.95	157,920.38	171,299.40
(4) Capital Spares	7,062.17	0.00	0.00	7,062.17	5,105.35	347.27	0.02	5,452.64	0.00	1,609.53	1,956.82
(5) Furniture and Fixtures	450.86	60.25	(0.03)	511.08	233.04	29.37	(0.04)	262.37	0.00	248.71	217.82
(6) Office equipments	1,358.81	400.58	(6.24)	1,753.15	612.80	119.27	(3.20)	728.87	0.00	1,024.28	746.01
(7) Vehicles	117.29	7.86	(10.91)	114.24	69.77	7.54	(8.72)	68.59	0.00	45.65	47.52
Sub Total - A	378,188.68	3,144.83	(2,447.22)	378,886.29	149,498.62	15,761.47	(11.94)	165,248.15	507.95	213,130.19	228,182.11
B. INTANGIBLE ASSETS											
(8) Computer Software	376.19	23.53	0.00	399.72	139.07	61.60	0.00	200.67	0.00	199.05	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	0.00	0.00
Sub Total - B	481.53	23.53	0.00	505.06	244.41	61.60	0.00	306.01	0.00	199.05	237.12
TOTAL (A + B)	378,670.21	3,168.36	(2,447.22)	379,391.35	149,743.03	15,823.07	(11.94)	165,554.16	507.95	213,329.24	228,419.23
Previous year	352,655.99	26,116.12	(101.90)	378,670.21	132,881.50	16,868.56	(7.03)	149,743.03	507.95	228,419.23	
(10) Capital Work -in-Progress										748.58	892.36

Notes:

- Leasehold land is obtained as a permitted transferee as per agreement with GIDC/ IPCL.
- The conveyance of title for 11.69 hectares of free hold land of value ₹ 178.63 Lacs (previous year 103.92 hectares of value ₹ 1462.86 Lacs) in favour of the Company are awaiting completion of legal formalities.
- Land includes 30.25 hectares of value ₹ 441.84 Lacs (Previous Year 38.37 hectares of value ₹ 522.28 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 admeasuring 25.54 hectares of value ₹ 390.25 Lacs (Previous Year 5.85 hectares of value ₹ 92.65 Lacs) is shown as "adjustments".
- During the year, award declaration for land acquisition by Govt. for 69.38 hectares of land of value ₹ 1060.58 Lacs (Previous Year Nil hectares of value ₹ Nil) got lapsed on expiry of time limit is shown as "adjustments". The Company has re-proposed for acquisition of the same land by the Govt.
- 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 areas include 80 hectares of land for lime stone also.



Gujarat Industries Power Company Limited

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT

	(₹ in Lacs)		(₹ in Lacs)
	As at 31-03-2013		As at 31-03-2013
Note no. 11 - MINES DEVELOPMENT EXPENDITURE (To be amortised)		Note no. 14 - OTHER NON CURRENT ASSETS	
Initial Development Expenses	7,580.80	Unsecured (Considered good)	
Overburden Removal Cost	0.00	Trade Receivables	0.00
TOTAL	7,580.80	Others	361.62
		TOTAL	361.62
Note no. 12 - NON -CURRENT INVESTMENTS		Note no. 15 - INVENTORIES	
(Trade - unless otherwise specified)		Raw Materials (Fuel)	2587.48
Investments in Equity Instruments		Stores and Spares	9492.30
QUOTED		TOTAL	12079.78
11,03,360 Equity Shares of Gujarat Alkalies and Chemicals Limited of ₹ 10/- each (Fully paid)	551.68		
UNQUOTED		Note no. 16 - TRADE RECEIVABLES	
With Others		Unsecured (Considered Good)	
5,00,00,000 Equity Shares of Bhavanagar Energy Company Limited of ₹ 10 each (Fully paid)	5,000.00	Over Six Months	0.00
97,18,181 Equity Shares of Gujarat State Energy Generation Limited of ₹ 10 each (Fully paid)	1,019.00	Others	17,145.94
1,00,000 Equity Shares of GSPC Gas Company Limited of ₹ 10 each (Fully paid)	10.00	TOTAL	17,145.94
30,00,000 Equity Shares of GSPC LNG Limited of ₹ 10 each (Fully paid)	300.00		
	6,329.00		
TOTAL	6,880.68		
Aggregate cost of Quoted Investments	551.68	(includes ₹ 12011.71 Lacs receivable from Gujarat Urja Vikas Nigam Limited, Promoter (with significant shareholding / influence).	
Market value of Quoted Investments	1,340.03		
Aggregate cost of Unquoted Investments	6,354.00	Note no. 17 - CASH & BANK BALANCES	
Note no. 13 - LONG TERM LOANS & ADVANCES		Cash and Cash Equivalents	2.46
Secured (Considered good)		Other bank balances :	
Loan to Employees	4.72	Current Accounts	154.66
Capital Advance	109.19	Deposit Accounts	27,398.80
Unsecured (Considered good)		TOTAL	27,553.46
Capital Advance	1,047.97		
Security Deposits	111.06	Note no. 18 - SHORT TERM LOANS AND ADVANCES	
Other loans & Advances	14.50	Secured (Considered good)	
Advance Tax (Net of Provisions)	3242.17	Loan to Employees	2.93
TOTAL	4529.61	Unsecured (Considered good)	
		Other loans & Advances	3,844.54
		TOTAL	3,847.47
		Note no. 19 - OTHER CURRENT ASSETS	
		Unamortised expenses	255.27
		Other receivables	2.27
		Interest Accrued	371.56
		TOTAL	629.10

**NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT**

	(₹ in Lacs)		(₹ in Lacs)
	For the Year ended 31-03-2013		For the Year ended 31-03-2013
Note No. 20 - REVENUE FROM OPERATIONS		Note No. 24 - EMPLOYEES BENEFIT EXPENSES	
Sale of Electrical Energy	140,701.29	Salary and Wages	3,773.78
Sale of services	347.09	Contribution to Provident and Pension Fund	280.40
Other operating Revenues	563.21	Welfare Expenses and Other Benefits	1,561.03
Less : Excise Duty	7.45	TOTAL	5,615.21
TOTAL	141,604.14		
Refer Note No. 29.7		Note No. 25 - FINANCE COST	
Note No. 21 - OTHER INCOME		Interest on :	
Interest on Deposits	826.36	Fixed Term Loans	9,175.15
(Tax deducted at source ₹ 46.85 Lacs)		Short Term Loan	0.00
Previous year ₹ 2.98 Lacs)		Cash Credit / Working Capital Demand Loans	24.76
Other Interest	25.35	Others	127.88
Bad Debts Recovered	76.40	Bank Charges and Commission	118.53
Dividend	34.10	Cash Rebate on Sales	1,068.69
Insurance Claims	102.46	TOTAL	10,515.01
Liquidated Damages	222.31		
Miscellaneous	140.21	Note No. 26 - OTHER EXPENSES	
TOTAL	1,427.19	Repairs and Maintenance :	
Note no. 22 - COST OF MATERIAL CONSUMED		Buildings	382.69
Consumption of Gas	39,415.50	Others	99.58
Consumption of Lignite	36,563.79	Rent	8.57
Consumption of Lime Stone	575.68	Rates and Taxes	258.30
Consumption of Furnace oil	1,030.97	Communication Expenses	84.39
Mines Closure Expenses	3,203.84	Travelling & Conveyance Expenses	320.04
Lignite Extraction Expenses	24,048.53	Legal, Professional and Consultancy Fees	77.49
Less : Inter Division transfer	35,527.83	Social Welfare Expenses	856.97
TOTAL	69,310.48	Miscellaneous Expenses	950.80
		(includes membership, office, security, advertisement, software maintenance, audit fees and registrar & transfer fees)	
Note no. 23 - GENERATION EXPENSES		TOTAL	3,038.83
Consumption of Stores and Spares	3,374.12	Note No. 27 - EXCEPTIONAL ITEMS / PRIOR PERIOD ADJUSTMENTS	
Water Charges	1,257.34	Income: (Exceptional Items)	
Electricity Charges	582.71	Contractual claims pertaining to Liquidated Damages settled/Realised	4,005.00
Insurance	884.11	Disputed energy billing claims settled/Realised	2,010.00
Operation Expenses	1,846.13	TOTAL	6,015.00
Repairs and Maintenance to Plant and Machinery	1,195.91		
TOTAL	9,140.32		



Gujarat Industries Power Company Limited

NOTE NO. 28 : SIGNIFICANT ACCOUNTING POLICIES OF CONSOLIDATED FINANCIAL STATEMENTS

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. BASIS OF CONSOLIDATION

The financial statements of the Company and its subsidiary companies have been combined on a line- by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions have been fully eliminated.

3. 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.

4. FIXED ASSETS

- 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.
- 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.
- 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.
- Works under erection/installation /execution (including such work pertaining to a new project) are shown as Capital Work in Progress.
- 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.

5. DEPRECIATION

- 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.
- Computer software is amortized on straight-line basis over a period of five years.
- Leasehold land is amortized over the period of lease on straight-line basis.
- Capital Spares are depreciated over the useful life of such spares.

6. 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.

7. 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

8. 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.

9. TAXATION

- Provision for Current Tax is made on the basis of estimated tax payable for the year as per the applicable provisions of the Income Tax Act, 1961.



- b. Deferred tax is recognized subject to consideration of prudence, on timing differences (including tax holiday period) 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.

10. 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.

11. REVENUE RECOGNITION

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

12. 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.

13. 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.

14. 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.



Gujarat Industries Power Company Limited

NOTE NO. 29 : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		(₹ in Lacs)
		As at 31st March, 2013
1	Commitments	
a.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1025.72
b.	The Company has committed to invest in the Equity of Bhavnagar Energy Corporation Limited as and when required to the tune of ₹ 20800 Lacs. ₹ 6150 Lacs has been paid. (In addition to the above, company is committed to contribute towards cost overrun, if any)	14650.00
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
	By Ex-employee against recovery of notice period	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.	786.78
c.	Bills of Exchange discounted with Banks in respect of Sales Invoices.	30300.00
d.	Interest on delay in payment of Electricity Duty not recovered from participating units and hence not deposited with the Government.	Amount not ascertainable
e.	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
	Freehold land at Surat Lignite Power Stations	1630.68
f.	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
g.	Income Tax Demand contested in Appeal	3187.20
h.	Demand of Property Tax by Grampanchayat, NaniNaroli, Dist.Surat	65.00

28th Annual Report 2012-2013



3. Pursuant to Ministry of Coal, New Delhi, Guideline No. 55011-01-2009-CPAM dated 7th January 2013, the Company has provided ₹ 3203.84 Lacs towards the Mine(s) Closure expenditure during the year. Barring unforeseen circumstances, the Company expects to deposit the said amount in the specially opened/to be opened "Fixed Deposit Escrow Account(s)" in the FY 2013-14 as per the provisions of the referred Guidelines. The Company is in the process of finalizing the required arrangements /amending its documents for its Tripartite Escrow Account(s) agreement with Bank and the Coal Controller's Organisation, Ministry of Coal, Government of India.

4. C.I.F. Value of Imports :	(₹ in Lacs)
	2012-13
Spares and Components	289.28

5. Stores and Spares Consumed :		(₹ in Lacs)
		2012-13
	Value	% to total Consumption
Imported	20.65	0.61
Indigenous	3353.47	99.39
Total	3374.12	100.00

6. Payment to Auditors :	(₹ in Lacs)
	2012-13
a. Statutory Auditors	
Statutory Audit Fees	9.15
Tax Audit Fees	0.73
Taxation, certification and other matters	1.04
Reimbursement of travelling & Other Expenses	0.31
b. Cost Auditors	
Statutory Audit fees	1.01
XBRL fees	0.17

7. Sale of Electrical Energy is net of reversal/adjustment admitted on commercial consideration as under:	(₹ in Lacs)
	2012-13
Interest and Variable Charges Adjustment	1588.62
Depreciation & Other Fixed Charges	1008.95

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

9. In accordance with the Accounting Standard – 22 'Accounting for Taxes on Income' the company has accounted for Deferred Tax on timing differences. Major components of Deferred Tax recognized in the accounts are :

Particulars	(₹ in Lacs)
	2012-13
Deferred Tax Liability	
Depreciation	*12680.45
Others	327.41
Total	13007.86
Deferred Tax Assets	
Items u/s 43 B	799.07
Others	129.19
Unabsorbed Depreciation	-
Total	928.26
Deferred Tax Liability (Net)	12079.60

* Net of reversal during tax holiday period, based on company's eligibility of claiming it.



Gujarat Industries Power Company Limited

10. 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	2012-13	
	With Promoters	With Key Management Personnel
(a) Value of transactions		
Sales of Electrical Energy (Net of Adjustment)	122672.99	
Bill Discounting Charges Recovered	2884.33	
Rebate on Sales	1068.69	
Dividend Paid	959.61	
Salary & Perquisites	-	2.17
(b) Outstanding balance		
Equity Contribution including Share Premium	8635.52	
Receivables	12011.71	

Details of Transactions

(₹ in Lacs)

Nature of Transactions	2012-13 With DEEP
(a) Value of transactions	
Contribution towards CSR activities	789.37
Miscellaneous	4.79
(b) Outstanding balance	
Payables	0.13



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

	(₹ in Lacs)
Particulars	2012-13
Net Profit after Tax before prior period adjustment	21882.33
Net Profit after Tax after prior period adjustment	21882.33
Weighted Average number of Equity Shares outstanding (Nos.)	151251188
Basic and Diluted Earning Per Share of ₹ 10/- each (Rs.) including prior adjustment	14.47
Basic and Diluted Earning Per Share of ₹ 10/- each (Rs.) excluding prior adjustment	14.47

12. 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 ₹ 240.03 Lacs for Provident Fund contributions and ₹36.21 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)
	2012-13	2012-13
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	937.99	-
Current Service Cost	71.19	77.07
Interest Cost	79.73	-
Actuarial (gain)/loss	109.72	-
Benefits paid	(31.87)	-
Present Value of Defined Benefit obligation at year end	1166.76	77.07
II. Reconciliation of fair value of assets and obligation		
Fair value of Plan Assets as at the Beginning of the year	-	-
Present Value of Defined Benefit obligation as at the end of the year	1166.76	77.07
Liabilities recognized in Balance Sheet	1166.76	77.07
III. Expense recognized during the year		
Current Service Cost	71.19	77.07
Interest Cost	79.73	-
Actuarial (gain)/loss	109.72	-
Expected return on plan assets	-	-
Total Expenses/(Gain) recognized in Profit and loss account	260.64	77.07
IV. Actuarial assumptions		
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8.25%	8.25%
Rate of escalation in salary (per annum)	6.00%	NA
V. Amounts for the current and previous periods - Gratuity (Non Funded)		
		2012-13
Defined benefit obligation		1166.76
Experience loss(gain) on plan liabilities		80.57

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



Gujarat Industries Power Company Limited

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

	2012-13
Defined benefit obligation	77.07
Experience loss(gain) on plan liabilities	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.

13. 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 ₹63.70 Lacs. Payment made to suppliers beyond the due date during the year was ₹ 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.
14. 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.
15. 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.

16. During the year, one- fifth of Share issue expenses amounting to ₹ 255.27 Lacs have been amortised on a prorata basis .

17. This being the first year of subsidiary company, previous year's data is not available for comparison.

18. Statement pursuant to general exemption received under section 212 (8) of the Companies Act, 1956 relating to subsidiary company.

Name of Subsidiary - GIPCL Projects and Consultancy Company Limited

	(₹ in Lacs)
Particulars	2012-13
Capital	25.00
Reserves	(5.37)
Total Assets	20.03
Total Liabilities	20.03
Details of Investment	Nil
Turnover	0.97
Profit before Taxation	(5.37)
Provision for Taxation	Nil
Profit after Taxation	(5.37)
Proposed Dividend	Nil

19. This being the first year of subsidiary company, the previous year's data is not available for comparison.

As per our report of even date attached

For VCA & Associates

Chartered Accountants

FRN: 114414W

Ashok Thakkar

Partner

Membership No. 48169

Place : Vadodara

Date : 31st May, 2013

L. Chuaungo

Managing Director

D. J. Pandian

Chairman

S. P. Desai

CGM & CFO

Place : Gandhinagar

Date : 27th May, 2013

A.C.Shah

Company Secretary



GUJARAT INDUSTRIES POWER COMPANY LIMITED

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

Attendance Slip

DP Id & Client Id*/ Folio No.	
No. of Shares held	

I/We certify that I/we am/are a registered member / proxy for the registered member of the Company. I/We hereby record my/our presence attendance at the **28th Annual General Meeting held on Saturday, the 21st day of September, 2013 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(s)

Name and Signature of the Proxy

* Applicable for investors holding shares in Electronic form.

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall



GUJARAT INDUSTRIES POWER COMPANY LIMITED

Registered Office: P.O. 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 _____ or failing him
_____ of _____ in the district of _____
_____ or failing him _____ of _____
_____ in the district of _____ as my/our Proxy in my/our
absence to attend and vote for me/us on my/our behalf, at the **28th Annual General Meeting of the Company, to be held on Saturday, the 21st day of September, 2013 at 11.00 A.M. and at any adjournment thereof.**

Signed this _____ day of _____ 2013.

DP Id & Client Id*/ Folio No.	
No. of Shares held	

Signature _____

Affix
revenue
stamp

NOTE: THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT P.O. PETROCHEMICALS-391 346, DIST. VADODARA. NOT LESS THEN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

* Applicable for investors holding shares in Electronic form.



GUJARAT INDUSTRIES POWER COMPANY LIMITED

"Go Green Initiative in the Corporate Governance"

Registration of E-mail address for future communication

Name of Shareholder: _____

E-mail: _____

Address: _____

DP ID & Client ID* / Folio Number: _____

Signature _____

*Applicable for investors holding shares in Electronic form.

Corporate Social Responsibility Initiatives



Community Hall at Village Mosali, Tal. Mangrol, Dist. Surat



Community Hall at Village Nani Naroli, Tal. Mangrol, Dist. Surat



Livelihood Support through Animal Husbandry Project to Affected Families in Surrounding Villages



Culvert at Village Charetha, Tal. Mangrol, Dist. Surat



Culvert at Village Vastan, Tal. Mangrol, Dist. Surat

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