



GUJARAT INDUSTRIES POWER COMPANY LIMITED

(The Company was incorporated on June 1, 1985 under the Companies Act, 1956. The Registered Office of our Company was changed from Arti Apartment, Atma Ram Road, Karelibaug, Vadodara 390 018 to Post Office Petrofils 391 347, District Vadodara with effect from April 1, 1990 and then to the present address with effect from January 17, 2004)

Registered Office: Postoffice Petrochemical 391 346, District Vadodara, Gujarat

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Public Issue of 40,441,176 Equity Shares of Rs. 10/- each for cash at a price of Rs. 68 per Equity Share aggregating to Rs. 2750 million (the ðIssue), consisting of a Fresh Issue of 40,441,176 Equity shares of Rs. 10/- each by Gujarat Industries Power Company Limited (the ðCompany or ðIssuer). The Issue comprises of 11,029,411 Equity Shares of Rs. 10/- each reserved for participation by one of the Promoter Company viz. Gujarat Alkalies and Chemicals Limited, and one of the Promoter Group Company viz. Gujarat State Electricity Corporation Limited, in the Issue at a price of Rs. 68 aggregating Rs. 750 million and reservation for Employees of 400,000 Equity Shares of Rs. 10/- each, at a price of Rs. 68 each aggregating to Rs. 27.20 millions. The Net Issue to the Public is of 290,11,765 Equity Shares of Rs. 10/- each at a price of Rs. 68 aggregating Rs. 1972.80 millions (the ðNet Issue). The Issue would constitute 26.74 % of the fully diluted post issue paid up Equity Capital of the Company.

THE ISSUE PRICE IS : RS. 68 PER EQUITY SHARE OF FACE VALUE OF RS. 10/-

THE ISSUE PRICE IS 6.8 TIMES OF FACE VALUE OF EQUITY SHARES

In case of revision in the Price Band, the Bidding Period / Issue Period will be extended for three additional days after revision of the Price Band subject to the Bidding Period / Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to Bombay Stock Exchange Limited and the National Stock Exchange of India Ltd., by issuing a press release and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the Syndicate.

The Issue is being made through a 100% Book Building Process wherein upto 50% of the Net Issue to the Public shall be allotted on a discretionary basis to Qualified Institutional Bidders. Further, not less than 15% of the Net Issue to the Public shall be available for allotment on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to the Public shall be available for allotment on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

RISK IN RELATION TO THE ISSUE

The Issue Price (as determined by the Company in consultation with the Book Running Lead Managers (BRLMs) on the basis of the assessment of market demand for the Equity Shares by way of book building) should not be taken to be the indicative market price of the Equity Shares of the Company after the Equity Shares are listed. The market price of the existing Equity Shares of the Company could affect the price discovery through book building and vice-versa. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares of the Company will be traded after listing.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI), nor does SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of the investors is invited to the section titled ðRisk Factors beginning on page xiv of this Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) and Vadodara Stock Exchange Limited (VSE). We have applied to the Calcutta Stock Exchange (CSE) for delisting and await an approval for the same. The Equity Shares offered through this Prospectus are proposed to be listed on BSE, NSE and VSE. We have received in-principle approvals from BSE, NSE and VSE for the listing of our Equity Shares pursuant to the letters dated August 24, 2005, August 18, 2005 and August 20, 2005 respectively. For the purpose of this Issue, BSE is the Designated Stock Exchange.



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HSBC Securities and Capital Markets (India) Private Limited

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Issue Programme

BID / ISSUE OPENS ON: OCTOBER 13, 2005

BID / ISSUE CLOSES ON: OCTOBER 19, 2005



TABLE OF CONTENTS

SECTION I: GENERAL	
DEFINITIONS, ABBREVIATIONS & TECHNICAL TERMS	iii
SECTION II: RISK FACTORS	
CERTAIN CONVENTIONS; USE OF MARKET DATA	xi
FORWARD LOOKING STATEMENTS	xii
RISK FACTORS	xiv
SECTION III: INTRODUCTION	
SUMMARY	1
SUMMARY OF FINANCIAL/OPERATING DATA	3
THE ISSUE	5
GENERAL INFORMATION.	6
CAPITAL STRUCTURE.	17
OBJECTS OF THE ISSUE	26
BASIS FOR ISSUE PRICE	40
STATEMENT OF TAX BENEFITS.	43
SECTION IV: ABOUT US	
INDUSTRY OVERVIEW	52
OUR BUSINESS	60
REGULATIONS AND POLICIES	83
OUR HISTORY AND CERTAIN CORPORATE MATTERS	86
OUR MANAGEMENT	92
OUR PROMOTER COMPANIES	100
INFORMATION OF PROMOTER GROUP COMPANIES	107
DIVIDEND POLICY	123
SECTION V : FINANCIAL INFORMATION	
OUR FINANCIAL STATEMENTS	124
CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS	130
RELATED PARTY TRANSACTIONS	143
SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP & US GAAP	145
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	151
SECTION VI: LEGAL AND OTHER INFORMATION	
DETAILS OF OUTSTANDING LITIGATION	166
GOVERNMENT APPROVALS	242
MATERIAL DEVELOPMENTS	249
SECTION VII: OTHER REGULATORY AND STATUTORY DISCLOSURES	250
SECTION VIII: ISSUE RELATED INFORMATION	
TERMS OF THE ISSUE	259
ISSUE STRUCTURE.	261
ISSUE PROCEDURE	264
SECTION IX: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION	286
SECTION X: MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTIONS	294
SECTION XI: DECLARATION	296

SECTION I

DEFINITIONS AND ABBREVIATIONS

DEFINITIONS

Term	Description
‘GIPCL’ or ‘the Company’ or ‘Our Company’ or ‘Gujarat Industries Power Company Limited’	Gujarat Industries Power Company Limited, a public limited company incorporated under the Companies Act, 1956
‘we’ or ‘us’ and ‘our’	Unless the context otherwise require, refers to Gujarat Industries Power Company Limited

Conventional / General Terms

Terms	Description
Articles/Articles of Association	Articles of Association of our Company
Auditors	The Statutory Auditors of Gujarat Industries Power Company Limited, viz, C.C. Chokshi & Co.
Bankers to the Company	Banks who have provided working capital facilities to the Company, in this case being Central Bank of India, Dena Bank, Punjab National Bank, State Bank of India, Bank of Baroda, Oriental Bank of Commerce, Syndicate Bank, State Bank of Saurashtra, Indian Overseas Bank, Vijaya Bank, ING Vysya Bank and Karur Vysya Bank.
Board of Directors / Board	The Board of Directors of Gujarat Industries Power Company Limited
Companies Act	The Companies Act, 1956 and as amended from time to time
Depositories Act	The Depositories Act, 1996 and as amended from time to time
Director(s)	Director(s) of Gujarat Industries Power Company Limited, unless otherwise specified
EPS	Earnings Per Share
Equity Shares	Equity Shares of the Company of face value of Rs. 10 each unless otherwise specified in the context thereof
GIR Number	General Index Registry Number
Head Office	Post office Petrochemical 391 346, District Vadodara, Gujarat
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
MOA/Memorandum/Memorandum of Association	Memorandum of Association of Gujarat Industries Power Company Limited
Non Residents	Non-Resident is a Person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRIs/ Non-Resident Indians	Non-Resident Indian, is a Person resident outside India, who is a citizen of India or a Person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.)
Overseas Corporate Body / OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.



Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
Promoters	Gujarat Urja Vikas Nigam Limited (erstwhile Gujarat Electricity Board), Gujarat Alkalies and Chemicals Limited, Gujarat State Fertilizer and Chemicals Limited and Petrofils Co-operative Limited (under liquidation)
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, Foreign Institutional Investors, Scheduled Commercial Banks, Mutual Funds registered with SEBI, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs. 250 million and Pension Funds with minimum corpus of Rs. 250 million.
Registered Office	Post office Petrochemical 391 346, District Vadodara, Gujarat, India
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992 and as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000 and as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time
Stock Exchanges	Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Vadodara Stock Exchange Limited
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America

Issue Related Terms

Terms	Description
Allianz	Allianz Securities Limited
Allotment	Issue of Equity Shares pursuant to the Issue to the successful Bidders as the context requires
Allottee	The successful bidder to whom the Equity Shares are being / have been issued.
Escrow Bankers / Bankers to the Issue	HDFC Bank Limited, The Hongkong & Shanghai Banking Corporation Limited, ICICI Bank Limited, IDBI Bank Limited, Kotak Mahindra Bank Limited and Standard Chartered Bank
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to or purchase our Equity Shares at a price within the Price Band, including all revisions and modifications thereto. An indication to make an offer during the Bidding Period by a prospective investor to subscribe to or purchase our Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid Closing Date/ Issue Closing date	The date after which the members of the Syndicate will not accept any Bids for the Issue, which shall be notified in a Financial Express - English National Daily, Jansatta - Hindi National Daily and Financial Express (Gujarati) Regional Daily.
Bid cum Application Form/ Bid Form	The form in terms of which the Bidder shall make an offer to subscribe the equity shares of the Company in terms of this Prospectus
Bid Opening Date/ Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in a Financial Express - English National Daily, Jansatta - Hindi National Daily and Financial Express (Gujarati) Regional Daily.



Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Prospectus
Bidding Period/ Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders may submit their Bids
Book Building Process	Book Building route as provided under Chapter XI of the SEBI Guidelines, in terms of which the Issue is being made
BRLMs/Book Running Lead Managers	Book Running Lead Managers to the Issue being Allianz Securities Limited, ENAM Financial Consultants Private Limited, GSFS Capital and Securities Limited and HSBC Securities and Capital Markets (India) Private Limited,
CAN/ Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process
Cap Price	The higher end of the Price Band, above which Issue Price will not be finalized and above which no Bids will be accepted
Cut-off Price	The Issue Price finalized by the Company in consultation with the BRLMs. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band
Depository Act	The Depositories Act, 1996 as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot the Equity Shares to successful Bidders
Designated Stock Exchange	Bombay Stock Exchange Limited
Red Herring Prospectus	This Red Herring Prospectus filed with SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue
Employee (s)	Permanent employee of the Company and also include those engaged on fixed term basis and drawing remuneration from the company including graduate engineer trainee as on June 30, 2005.
Employee Reservation Portion	The portion of the Issue being a maximum of 400,000 Equity Shares available for allocation to employees subject to a maximum ceiling of 2,500 Equity Shares per Employee
ENAM	ENAM Financial Consultants Private Limited
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into amongst the Company, BRLMs, Syndicate Members, the Registrar and Escrow Collection Bank(s) for collection of the Bid Amounts and for remitting refunds (if any) of the amounts collected to the Bidders
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Bankers to the Issue at which bank(s) the Escrow Account of the Company will be opened
First Bidder	The Bidder whose name appears first in the bid cum application form or revision form
Floor Price	The price advertised by the Company prior to the Bid/Issue Opening Date, below which the Issue Price will not be finalized and below which no Bids will be accepted
GSFS	GSFS Capital and Securities Limited
HSBC	HSBC Securities and Capital Markets (India) Private Limited
Issue Price	The final price at which the Equity Shares will be allotted in terms of the Prospectus, as determined by the Company in consultation with BRLMs being Rs. 68/- per Equity Share



Issue Account / Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date
Issue Period	The period between the Bid / Issue Opening Date and Bid / Issue Closing Date including both these dates
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 0% to 100% of the Bid Amount
Members of the Syndicate	The BRLMs except GSFS and Syndicate Members
Non-Institutional Portion	The portion of the Issue being 4,351,765 Equity Shares of Rs. 10 each available for allocation to Non-Institutional Bidders
Non-Institutional Bidders	All Bidders that are not eligible Qualified Institutional Buyers for this Issue, including affiliates of BRLMs and Syndicate Members, or Retail Individual Bidders and who have bid for an amount more than Rs. 100,000.
Net Issue/Net Issue to the Public	The Issue less participation by promoter / promoter group company to the extent of Rs. 750 millions and reservation for employees of the Company comprising of 400,000 Equity Shares
Pay-in-Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	(i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the closure of the Pay-in Date, as specified in the CAN
Price Band	Being the price band of a minimum price of Rs. 63/- per Equity Share (Floor Price) and the maximum price of Rs. 75/- per Equity Share (Cap Price)(both inclusive), which shall be advertised atleast one day prior to the Bid / Issue Opening date in Financial Express - English National Daily, Jansatta - Hindi National Daily and Financial Express (Gujarati) Regional Daily, with wide circulation and including revision thereof.
Pricing Date	Means the date on which the Company, in consultation with the BRLMs, finalizes the Issue Price
Prospectus	The Prospectus, filed with the RoC containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue/ Issue	Public issue of 40,441,176 equity shares of Rs. 10/- each for cash at a price of Rs. 68 per equity share aggregating to Rs. 2750 million (the ÷issue), consisting of a fresh issue of 40,441,176 equity shares of Rs. 10/- each by Gujarat Industries Power Company Limited (the ÷company or ÷issuer). The issue comprises of 11,029,411 equity shares of Rs. 10/- each reserved for participation by one of the promoter company viz. Gujarat Alkalies and Chemicals Limited, and one of the promoter group company viz. Gujarat State Electricity Corporation Limited, in the issue at a price of Rs. 68 aggregating Rs. 750 million and reservation for employees of 400,000 equity shares of Rs. 10/- each, at a price of Rs. 68 each aggregating to Rs. 27.20 millions. The net issue to the public is of 290,11,765 equity shares of Rs. 10/- each at a price of Rs. 68 aggregating Rs. 1972.80 millions (the ÷net issue). The issue would constitute 26.74% of the fully diluted post issue paid up equity capital of the company.
Public Issue Account	Account opened with Bankers to the Issue for the purpose of transfer of monies from the Escrow Account on or after the Bid / Issue Opening Date
QIB Portion	The portion of the Issue being 14,505,882 Equity Shares of Rs. 10 each available for allotment to QIB Bidder(s)



PROSPECTUS

Red Herring Prospectus or RHP	Means the document issued in accordance with Section 60B of the Companies Act and does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with RoC at least three days before the Bid/ Issue Opening Date. It will become a Prospectus after filing with RoC after the pricing and allotment
Registrar/Registrar to the Issue	Registrar to the Issue being Karvy Computershare Private Limited, Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad 500 034
RoC / Registrar of Companies	Registrar of Companies, Ahmedabad (Gujarat)
Retail Portion	The portion of the Issue being 10,154,118 Equity Shares of Rs. 10 each available for allocation to Retail Individual Bidder(s)
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have made their bid for Equity Shares for a cumulative amount of not more than Rs. 100,000
Reserved Categories	Means reservation for employees of the Company
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of the Bid options as per their Bid-cum-Application Form and as modified by their subsequent Revision Form(s), if any
Syndicate Agreement	Agreement to be entered into amongst the BRLMs, Syndicate Member(s) and the Company in relation to the collection of Bids in the Issue
Syndicate Members	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs and in this case, being Allianz Securities Limited, Enam Financial Consultants Private Limited, Enam Securities Private Limited, HSBC Securities and Capital Markets (India) Private Limited and IDBI Capital Market Services Limited
TRS or Transaction Registration Slip	The slip or document registering the Bids, issued by the Syndicate Members to the Bidder as proof of registration of the Bid on submission of the Bid cum Application Form in terms of this Prospectus
Underwriters	The BRLMs except GSFS and the Syndicate Members
Work force	All employees of the company and shall also include those on deputation

Glossary of Technical and Industry Terms

Active Energy	Shall mean the quantum of energy delivered by GIPCL at the Delivery Point, and measured in Kwh
Active Power	The product of voltage and the in-phase component of alternating current, measured in watts or standard multiples thereof
Auxilliary Consumption	Difference between power generated and power sold as a per centage of power generated
Availability Factor	Number of hours machine is in service as per centage of total number of hours in a year (assuming number of hours as 8760).
Capacity	The capability of the Power Station at any time to produce Active Power in accordance with the applicable Operating Characteristics
Capacity Charges	It is a product of maximum quantity of gas measured in kcals on that day and Effective Capacity Rate for that day.
Capacity Cost	Shall mean the cost of developing, designing, building, financing, insuring and commissioning of the Unit and all ancillary plant or apparatus including initial spares comprising the generating station upto each unit's entry into commercial service approved by GUVNL as it may be increased by any cost overrun actually incurred by GIPCL in connection with the project prior to the entry into commercial service arising out of events or circumstances described under PPA to the extent that such cost overrun have been approved by CEA and GUVNL for inclusion in the Capital Cost and reduced in accordance with the provisions of PPA. The Capital Cost will include the cost of assets



	obtained on lease / hire purchase
CCGT	Combined Cycle Gas Turbine
Charges for supply of energy	This shall mean and include all charges to be paid by GUVNL to GIPCL in respect of supply of Active Energy by GIPCL to GUVNL in accordance with PPA
CFBC	Circulating Fluidise Bed Combustion
Commissioning	Means the status of the Power Plant when it is completely ready for commencement for commercial production
Delivered Energy	The Active Energy generated by the Power Station and delivered to GUVNL and expressed in Kwh at the Delivery Point
Delivery Point	The dead-end structure to be installed within the switchyard of the generating station / sub-station provided by GIPCL and to which GUVNL is to interconnect the Transmission lines and the Board System
Electricity Acts	Electricity (Supply) Act, 1948, Indian Electricity Act, 1910, Electricity Regulatory Commissions Act, 1998, Electricity Act, 2003. It also include the Gujarat Electricity Industry (Reorganisation and Regulation) Act, 2003.
EPC	The term 'EPC' means, 'engineer-procure-construct'. In general, it means that an owner hires an entity to design, procure materials and equipment and to construct a facility for the owner. The owner may have very broad goals, objectives and strictly performance based requirements
Electrical Output	It means the active and reactive energy
Energy loss	The difference of the electrical energy measured at the terminals of generator (s) and receiving end of the transmission lines
Evacuation of power	The supply of power, generated and placed in the system, to the consuming point using GUVNL grid
Expansion Project	Expansion at Surat Lignite Power Plant for setting up 1x250 MW (+20%) power plant
HBJ / HVJ	Hazira Bijapur Jagdishpur / Hazira Vijaipur Jagdishpur
LDC	Load Dispatch Centre
Nominal Base Load Capacity	This will be the Installed Capacity provided by the Power Station pursuant to PPA Agreement for Generation (less the specified Auxiliary Consumption) or such de-rated capacity as may be determined by GIPCL and duly approved by CEA less the specified Auxiliary Consumption. If the CEA's approval does not indicate effective date of de-rating, the same should be mutually decided by GIPCL and GUVNL
MDQ	Minimum Daily Quantity
MGD	Million Gallons per Day
Operating Characteristics	Means the rated capacity, Dynamic Parameters and adjustment for ambient conditions
Participating Units/ PU	Participating Units means Undertaking or a Statutory Corporate Body which subscribes to the equity of GIPCL and agree to buy the power from GIPCL. Existing Participating Units are Gujarat Urja Vikas Nigam Limited (erstwhile Gujarat Electricity Board), Gujarat Alkalies and Chemicals Limited, Gujarat State Fertilizer and Chemicals Limited, GAIL (India) Limited and Petrofils Co-operative Limited (under liquidation)
Plant Availability	The availability of all the generating units of the project to generate power continuously subject to availability of gas and fuel
PLF	Plant Load Factor
PMT	Panna-Mukta-Tapti
Reactive Power	The product of voltage and current and the sin of the phase angle between them, measured in units of volt-amperes reactive (KVAR) and standard multiple thereof
Station I	First Gas based plant at Vadodara with a capacity of 145 MW
Station II	Second plant at Vadodara of Mixed-fuel (Gas & Naphtha) with 160 MW capacities



PROSPECTUS

SLPP	Surat Lignite Power Plant
SLPP Phase I	Existing SLPP with a capacity of 250 MW (2x125 MW)
SLPP Phase II	Expansion Project at SLPP to set up Lignite Power Plant with a capacity of 250 MW (1x250) + 20%
Transmission Line	The EHV transmission line together with all ancillary switchgear, plant and equipment to be designed, constructed, tested, commissioned, operated and maintained by GUVNL for the purpose of connecting the Power Station to GUVNL System at the Delivery Point
Tariff Year	Means each successive period of 12 months starting from the end of the Initial Tariff Year

Abbreviations of General Terms

Abbreviation	Full Form
ACIT	Assistant Commissioner of Income Tax
APFBC	Advanced Pressurized Fluid Bed Combustion
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
APM	Administered Price Mechanism
ASE	The Stock Exchange, Ahmedabad
BSE	Bombay Stock Exchange Limited
CBI	Central Bank of India
CDR	Corporate Debt Restructuring
CDSL	Central Depository Services (India) Limited
CERC	Central Electricity Regulatory Commission
CEA	Central Electricity Authority
CFBC	Circulating Fluidized Bed Combustion
DCS	Distribution Control System
DPR	Detailed Project Report
ECB	External Commercial Borrowings
EGM	Extraordinary General Meeting
EPC	Engineering, Procurement and Construction
ERC	Electricity Regulatory Commission
ERC Act	Electricity Regulatory Commission Act, 1998
FCNR Account	Foreign Currency Non Resident Account
FIPB	Foreign Investment Promotion Board
FY / Fiscal / Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
FII	Foreign Institutional Investors (as defined under FEMA (Transfer or Offer of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
GACL†	Gujarat†Alkalies and†Chemicals†Limited
GAIL	GAIL (India) Limited (erstwhile Gas Authority of India Limited)
GoI/Government	Government of India
GoG	Government of Gujarat
GEB	Gujarat Electricity Board (now Gujarat Urja Vikas Nigam Limited formed after restructuring



	and unbundling under the provisions of Gujarat Electricity Industry (Reorganization & Regulation) Act, 2003 and the Electricity Act, 2003.) GEB stands reorganized with seven Companies viz. Gujarat Urja Vikas Nigam Limited (GUVNL) and its six subsidiaries, which are undertaking the functions of generation, transmission and distribution in the State.
GERC	Gujarat State Electricity Regulatory Commission
GIIC	Gujarat Industrial Investment Corporation Limited
GETCO	Gujarat Energy Transmission Corporation Limited
GNFC	Gujarat Narmada Valley Fertilizer Company Limited
GPCB	Gujarat Pollution Control Board
GPCL	Gujarat Power Corporation Limited
GSFC	Gujarat State Fertilizer and Chemicals Limited
GSPC / GSPCL	Gujarat State Petroleum Corporation Limited
GSPL	Gujarat State Petronet Limited
GT	Generator Transformer
GUVNL	Gujarat Urja Vikas Nigam Limited (erstwhile GEB) formed under the Companies Act, 1956.
HFO	Heavy Fuel Oil
HUF	Hindu Undivided Family
HV	High Voltage
IDBI	Industrial Development Bank of India
IDC	Interest during Construction
IGCC	Integrated Gasification Combined Cycle
IIBI	Industrial Investment Bank of India Limited
I.T. Act	Income Tax Act, 1961, as amended from time to time
IOC	Indian Oil Corporation Limited
IPP	Independent Power Producer
Kwh	Kilowatt-hour(s)
KW	Kilowatt(s)
KVA	Kilo volt-amperes
LC	Letter of Credit
LNG	Liquified Natural Gas
MCMD	Million Cubic Metres Per Day
MMSCMD	Million Standard Cubic Meters Per Day
MMT	Million Metric Tonne
MoEF	Ministry of Environment and Forest, Government of India
MoF	Ministry of Finance, Government of India
MoP	Ministry of Power, Government of India
MoU	Memorandum of Understanding
MVAR	Mega volt-amperes reactive
MVA	Mega Volt Ampere
MU	Million Units
MW	Megawatt(s)
NAV	Net Asset Value
NPV	Net Present Value



PROSPECTUS

NRIs	Non Resident Indians
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
O&M	Operation and Maintenance
p.a.	Per annum
Petrofils / PCL	Petrofils Co-operative Limited
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PFC	Power Finance Corporation Limited
PFBC	Pressurized Fluid Bed Combustion
PLF	Plant Load Factor
PPA	Power Purchase Agreement
PNB	Punjab National Bank
PSU	Public Sector Undertaking
PU	Participating Units
RBI	The Reserve Bank of India
RLNG	Regassified Liquefied Natural Gas
RoC	Registrar of Companies, Gujarat
ROE	Return on Equity
RONW	Return on Net Worth
Rpm	Revolutions per minute
SBI	State Bank of India
SCMD	Standard Cubic Metres per Day
SCPC	Supercritical Pulverized Coal Fired Boilers
STG	Steam Turbine Generator
SEB	State Electricity Board
SERC	State Electricity Regulatory Commission
SLPP	Surat Lignite Power Plant
SPUs	State Power Utility
sq. km	Square kilometer
SO	System Operator
STU	State Transmission Utility
T & D	Transmission and Distribution
TRA	Trust and Retention Account
TRAA	Trust and Retention Account Agreement
USD/US\$	United States Dollar
VSE	Vadodara Stock Exchange Limited



SECTION - II

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless the context otherwise requires, the financial data in this Prospectus is derived from our financial statements prepared and restated in accordance with Indian GAAP, the Companies Act and SEBI Guidelines included elsewhere in this Prospectus. Accordingly, financial information relating to us is presented on a non-consolidated basis. Our fiscal year commences on April 1 and ends on March 31. In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

For additional definitions, see the section titled "Definitions and Abbreviations" on page iii of this Prospectus.

Unless stated otherwise, industry data used throughout this Prospectus has been obtained from data internal to the Company, Crisinfac (Crisil Research & Information Services Limited - a subsidiary of CRISIL), CEA and MoP and from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Prospectus is reliable, it has not been independently verified or certified as to its correctness and accuracy.



FORWARD-LOOKING STATEMENTS

We have included statements in this Prospectus which contain words or phrases such as *will*, *aim*, *will likely result*, *believe*, *expect*, *will continue*, *anticipate*, *estimate*, *intend*, *plan*, *contemplate*, *seek to*, *future*, *objective*, *goal*, *project*, *should*, *will pursue* and similar expressions or variations of such expressions, that are *forward-looking statements*.

All forward looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others: -

- i General economic and business conditions in India and other countries
- i Regulatory changes relating to the power sector in India and our ability to respond to them
- i Our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks that have an impact on our business activities or investments.
- i The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.
- i Changes in the value of the Rupee and other currencies.
- i The occurrence of natural disasters or calamities
- i Change in political condition in India

For further discussion of factors that could cause our actual results to differ, see the section titled *Risk Factors* beginning on page xiv of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor the Members of Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company, and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.



RISK FACTORS

An investment in equity shares involve a high degree of risk. You should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. Any of the following risks as well as the other risks and uncertainties discussed in this Prospectus could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline, which could result in the loss of all or part of your investment.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.

INTERNAL RISK FACTORS

- 1. One of our Director, representative of GACL (one of our promoter) on our Board is involved in a defamation case filed against him. The complainant has filed a civil suit and a criminal suit against him in his capacity as Sr. General Manager - Projects (now Executive Director ñ GACL)**

K. R. Vasudevan, a Chartered Engineer who provided consultancy services to M/s Alpha Project Services Limited, a firm which was providing civil/ structural design to GACL; filed a suit against Mr. C. S. Mani and others for defamation. K R Vasudevan has filed a suit (Criminal Complaint No. 484 / 2005) under section 499 and 500 of the IPC on February 15, 2005 and also filed a civil suit (Regular Civil Suit No. 150 / 2005) claiming a compensation of Rs. 100,000 along with interest @ 18% p.a.. The next date of hearing is fixed on September 23, 2005 and September 29, 2005.

- 2. We derive our revenues from the supply of power to our Promoters and some of these entities are in a weak financial position. Our Promoters exercise significant control over our operating performance.**

Under our MoU and PPAs, we are required to sell power generated to our Promoters. GUVNL (erstwhile GEB) (one of our Promoters) has incurred financial losses for the period 1999 to 2003 (*Source: Annual Report of GEB*). Although GACL has reported profits since FY 2002-03 and GSFC has reported profits in FY 2003-04 and in FY 2004-05, both have restructured their debt with their lenders under CDR package approved in 2002 and 2004 respectively. We are dependant for our revenues on our Promoters. Any material failure or inability, financial or otherwise, on their part to fulfill their obligations under the MoU and PPAs would have a material adverse effect on the business and operations of our Company. For Station I, the electricity generated is supplied to Participating Units as per the MoU between our Company and PUs and the terms are flexible based on discussions between our Company and PUs and we may not be able to obtain similar terms as existing, which may adversely impact our profitability and financial condition. In our MoU with the participating units for purchase of power, any dispute in relation to the MoU shall be mutually discussed and the decision of the Chairman, GEB shall be final and binding, whereby GEB has significant control on the final decision, if any disputes arise between our Company and GEB.

- 3. Terms of our PPAs and MoU are determined in accordance with mutual discussions between our Promoters and us. In the event terms of these MoU and PPAs are determined adversely, our profitability and/ or liquidity will be adversely impacted.**

There are differences between our Company and GUVNL (erstwhile GEB) on interpretation of tariff parameters, which had resulted in arrears accumulation or under recovery of dues. In the past, we had considerable disputed dues from GUVNL (erstwhile GEB) and we were not able to recover entire disputed dues, but after formation of a dispute resolution committee by the Government of Gujarat, recovery of such amount has been made based on decision of that committee. This resulted in under recovery of arrears of disputed dues and Rs. 1960 million had been written off from FY 2001 to March 31, 2005. We cannot assure that similar arrears / under recovery will not occur in the future. This may adversely affect profitability, liquidity and cash flow of our Company.



4. In the past we had faced problems in recovery of our dues from two of our Promoters in respect of electricity supplied.

Due to financial constraints faced by GUVNL, our recovery of dues on account of electricity supplied was irregular and inconsistent till 2003 which resulted in defaults and delays in payment of interest / principal and we had to reschedule the payments of our debt obligations. Petrofils, one of our Promoters, went into liquidation and an amount of Rs. 67.34 millions has been written off. For further details, please refer to the sub-section titled 'Servicing Behaviour' appearing on page no. 91.

Also, letters of credit required to be opened under the terms of the PPAs were not opened during that period and our option to receive payment through that mechanism was not made available, due to liquidity constraints of GUVNL. Currently, GUVNL has established letter of credit only to the extent of Rs. 250 millions per month and any non-recovery of our dues above this amount may impact our financial position adversely.

5. In the past, we could not service part of our debt obligations and interest thereon on schedule and we had to resort to rescheduling of the same.

We have issued 18% partly convertible debentures for our 160 MW expansion project at Vadodara in the year 1996 and Double Option (15.25% / 15.50%) NCDs and 11% NCDs issued in 1998 & 1999 respectively. We had delayed payments of interest and redemption installments in respect of these Debentures on due dates, on account of adverse cash-flow position arising due to non payment / short payment of power bills by GUVNL, we could not pay the half yearly interests and redemption installments to debenture holders on due dates. For further details, please refer to the sub-section titled 'Servicing Behaviour' appearing on page no. 91.

6. The objects of the Issue (i.e cost of project) for which funds are being raised have not been appraised by any bank or financial institution. We have not entered into any definitive agreement or placed orders for construction, machinery and equipments required to operate our proposed plant. The deployment of funds in the project is entirely at our discretion and is not subject to monitoring by any independent agency.

The deployment of funds as stated in the 'objects of the Issue' is entirely at our management discretion and is not subject to monitoring by any independent agency. All figures included under the 'Objects of the Issue' are based on technical and financial estimates provided by TCE Consulting Engineers Limited except IDC and finance charges. There has been no independent appraisal of the project. We have not yet entered into any definitive agreements or place orders for construction, machinery and equipments required to build and operate our proposed expansion project. The total project cost is estimated to be Rs. 12950 millions for 250 MW (Rs. 14480 millions for 300 MW) will be partly financed out of the proceeds of this Issue. We have not awarded any EPC Contract and have invited bids for the same for installation of 250 MW with an option to bid for capacity upto 300 MW. Any increase in total estimated project cost for setting up Expansion Project may impact our liquidity position adversely.

7. Our Promoters viz. GACL and GSFC (apart from their core business of chemicals) and GSECL a part of Promoters' group are in business of generation of power.

Entities belonging to our Promoters and promoter group namely GACL, GSFC and GSECL are also in the same line of business in which we operate i. e. generation of power with generation capacities of 90MW, 75MW and 4507MW, respectively, which may impact our growth opportunities in the same field and could create competition for us.

8. There is no firm arrangement for offtake of power generated from the proposed power plant

We have only entered into a Memorandum of Understanding with GUVNL (erstwhile GEB) dated November 18, 2004 for sale of power for the proposed power plant and no terms have been finalized. As such, no firm offtake



arrangement in the form of PPA has been made. The MoU is valid for a term until a firm agreement is drawn up or March 31, 2007, whichever is later and the tariff for the same will be as per the regulations specified by the Gujarat Electricity Regulatory Commission. Hence, any delay in execution of any firm arrangement may affect liquidity position of our Company.

9. In the past we have faced shortage of gas thereby impacting our plant load factor or plant utilisation. Currently 2.5% of gas requirement is being supplied to us on a fall back basis which may impact operations of our plant at Vadodara

In the past we have faced shortages of gas, which has impacted performance of our Vadodara plant severely. Currently, our total requirement of gas at full capacity (for Vadodara I and II) is 1.55 mmscmd out of which 1.514 MMSCMD is supplied to us on a firm basis and balance on a fall back basis from various sources of supply viz. GAIL and GSPC-NIKO. Also, many of these arrangements are dependant on performance by third parties, over which we don't have any control. For further details please refer to section on page 67 of this Prospectus titled 'Our Business- Sources of Fuel Supply.'

10. We are subject to restrictive covenants in certain long term debt facilities provided to us by our lenders

There are restrictive covenants in agreements we have entered into with certain banks and financial institutions for long-term borrowings in the past. These restrictive covenants require us to seek the prior permission of the said banks / financial institutions for various activities, including amongst others, alteration of the capital structure, raising of fresh capital, incurring expenditure on new projects, entering into any merger/amalgamation/restructuring, change in management etc. However, these restrictive covenants may affect some or all of the rights of our shareholders, including those mentioned under Note No. 31 to Capital Structure appearing on page no. 25 of this Prospectus.

11. The Statutory Auditor in their Report on financial statements as restated for the summary statements as of and for the period/years ended June 30, 2005, March 31, 2005, 2004, 2003, 2002 and 2001 have qualified their Report for non provision of accumulated deferred tax liability against revenue reserves upto March 31, 2000 as required under Accounting Standard- 22, 'Accounting for Taxes on Income', as a result revenue reserves for the reported years are overstated by an amount of Rs. 972 millions. Also, refer note B(2)(a) to Annexure IV on Page no. 131 of this Red Herring Prospectus. Provisioning of the same will affect our Net Worth to that extent.

12. Our Promoters have a significant shareholding in our Company and have the ability to exercise significant control over us. Their interests may conflict with your interests as a shareholder.

Our Promoters GEB, GACL, GSFC and Petrofils (under liquidation) will collectively own 68.49 % of our outstanding Equity Shares upon completion of the Issue. Our Articles of Association confer certain rights on our Promoters, including nomination of Directors on our Board. Further, as per our Articles, our Chairman shall be appointed by GoG and Managing Director by the Board of Directors in consultation with GOG. The interest of our Promoters may conflict with the investors' interests as shareholders. For further details please refer to the section titled 'Main Provisions of Articles of Association' on page 286 of this Prospectus.

13. Two of our promoters GACL and GSFC are operating under CDR package.

GACL and GSFC are currently operating under CDR package. In one of the conditions of package for GSFC that in case of default, it has agreed to divest its equity investments in GIPCL, GACL, etc to bring it down to 220 million, which shall be used to appropriate debt liabilities of the institutions and banks. If GSFC fails to do so then it shall bring in equivalent interest free funds through some other source to meet the debt liability. Any material failure on part of our Promoters to adhere to the conditions prescribed under the package may impact our Promoter shareholding, our operations and may conflict with the investors' interests as shareholders. For further details please refer to Page 100 of Section titled 'Our Promoter Companies' of this Prospectus.

14. Some of our Promoters and Promoter Group Companies have incurred losses during any of the last three years

Some of our Promoters and Promoter Group companies have incurred losses in last three years.

Details of the losses incurred by them for FY 2001, 2002, FY 2003, FY 2004 and FY 2005 are as given below:-

Particulars	FY 2001	FY 2002	FY 2003	FY2004	FY 2005
Gujarat Electricity Board	(22462.8)	(6220.3)	(4,758.1)	Not Available	Not Available
Gujarat State Fertilisers and Chemicals Limited		-	(2283.0)	1,742.68	1380.70
Gujarat Chemical Port Terminal Corporation Limited		(1.712)	(1115.7)	(310.8)	Not available
GSFC Investment & Leasing Company Limited		(14.34)	0.25	1.88	Not available

For more details, please refer to the Section 'Information of Promoter Group Companies' on page 107 of this Prospectus.

15. One of our Promoter company viz. GSFC had made an application on May 6, 2003 to RoC for striking off the name of GSFC Infopark Limited, a company promoted by them under section 560 of the Companies Act, 1956.

16. We are entitled to a fixed return on equity under the PPA for tariff purposes

Under PPAs for two of our plant (namely Vadodara Station II and SLPP), return on equity is fixed at 13% p.a. on equity for tariff purposes, in addition to incentives available to us for achieving higher generation of power. In the past, our return on equity has been reduced to 13% from 16% (for Vadodara Station II and SLPP) and incentive has been linked to actual power generation instead of plant availability factor. GUVNL has further proposed a reduction in RoE @ SBI PLR + 1.50%, which we have not accepted and the matter has been represented to GoG for maintaining the existing RoE at 13%. For Vadodara Station I, returns are determined in accordance with tariff computed based on parameters laid down under MoU covering recovery of fixed cost, fuel cost and energy demand charges. Terms of our MoU and PPAs are subject to mutual discussion between us and our Promoters and these may undergo a change in future and we may not be able to generate similar returns.

17. Our Expansion Project requires significant capital expenditure and if we are unable to obtain the necessary funds for expansion, our business may be adversely affected.

We will need significant additional capital to finance our Expansion Project. Our ability to finance our capital expenditure plans is subject to a number of risks, contingencies and other factors, some of which are beyond our control, including our results of operations generally, tariff regulations, interest rates, borrowing or lending restrictions, if any, imposed by the lending institutions, payment of dividend, insurance and other costs and our ability to obtain financing on acceptable terms. We cannot assure you that the actual costs or schedule of implementation of the Expansion Project will not vary from the estimated costs. Further, we cannot assure you that debt or equity financing or our internal accruals will be available or sufficient to meet our capital expenditure requirements. Also see paragraph on *Operations - Capacity Expansion Project* the section titled 'Our Business' at page 60 of this Prospectus.

18. Petrofils Co-operative Limited, one of our Promoter Company is under liquidation since April, 2001 and Official Liquidator was appointed since then in accordance with the provisions of Section 77(1) read with sub-section (1) of Section 80 of the Multi State Co-operative Societies Act, 1984. Petrofils Co-operative Limited also appears in RBI's wilful defaulters list.



19. ***Our Equity Shares held by Petrofils Co-operative Limited, forming part of promoters' contribution, are under dispute between the Official Liquidator and Mehsana District Co-operative Bank. For further details, kindly refer to iDetails of Outstanding Litigationi appearing on page no. 171.***
20. ***There was time overrun of 19 months in commissioning of our existing 2x125 Surat Lignite Power Plant i.e. which was earlier scheduled to commence from June, 1998 but actually commissioned from February, 2000. The main reason for delay was replacement of one of the critical component of the power plant by the supplier.***
21. ***The Equity Shares of our Company are listed but not traded on the Vadodara Stock Exchange Limited.***
22. ***We have not applied for registration of our name and logo with trademark authority.***
23. ***Approvals of our proposed expansion project are based on 2x125 MW plant configuration. With change in management decision for setting up of single unit of 250 (+20%) MW may require amendments in the existing approvals for the same.***

The following approval for which application has been made is pending for amendment:

Environmental clearance issued by the Ministry of Environment and Forests, Gol vide letter J-13011/17/2002.IA-II (T) dated November 10, 2003. The aforesaid environmental clearance shall be valid only for a period of 5 years for construction/operation of the power plant for the proposed lignite and limestone plant of 250 MW plant at Surat. Our company has made an application to the Ministry of Environment and Forests, Gol for amending its approval for 250 MW to 250 + 20% MW plant vide letter dated July 29, 2005.

24. ***Our operations at Vadodara have significant fuel requirements and we may not be able to ensure the availability of fuel at competitive prices.***

Success of operations of our existing power plants at Vadodara is dependent on, among other things, our ability to ensure continuous availability of fuels at competitive prices during the life cycle of our existing power stations. Currently, we have fuel supply arrangements with GAIL, GSPC-NIKO and IOC. If we are unable to obtain supplies from these suppliers on agreed terms and conditions, we cannot assure you that we will be able to obtain supplies from alternative suppliers. Further, fuel prices under two of our agreements, are currently determined by the Government. In the event that gas supply, or gas prices, were to be deregulated, we cannot assure you that we will be able to obtain gas at competitive prices and the required quantities.

In relation to the availability of gas, our use has been limited in the past due to inadequate supply. We require 1.55 MMSCMD of gas to operate our Vadodara stations at full capacity. In the past we have faced shortages of gas, which has impacted performance of our Vadodara plant severely. In case of shortage of gas, the productivity of our gas-fired stations would be affected adversely. Currently, out of our total gas requirement of 1.55 MMSCMD for Vadodara Station I and II, we have 45% of gas source, which is under Administered Price Mechanism supplied by GAIL. In the event of dismantling of this mechanism, our cost of fuel may go up thereby impacting our total cost of generation resulting in increased tariff.

25. ***Our operations create difficult environmental challenges, and changes in environmental laws and regulations may expose us to liability and result in increased costs.***

Our power generation projects are subject to environmental laws and regulations promulgated by the Ministry of Environment of Gol and the Gujarat State Pollution Control Board. These include laws and regulations that limit the discharge of pollutants into the air and water and establish standards for the treatment, storage and disposal of hazardous waste materials. We expect that environmental laws will continue to become stricter.



Some of these laws and regulations may be subject to varying and conflicting interpretations. Many of these laws and regulations provide for substantial fines and potential criminal sanctions for violations and require the installation of costly pollution control equipment or operational changes to limit pollution emissions and/or reduce the likelihood or impact of hazardous substance releases, whether permitted or not. In some cases, compliance with environmental, health and safety laws and regulations might only be achievable by capital expenditures, such as the installation of pollution control equipment. We cannot accurately predict future developments, such as increasingly strict environmental laws or regulations and inspection and enforcement policies resulting in higher compliance costs. We cannot predict with certainty the extent of our future liabilities and costs under environmental, health and safety laws and regulations. These liabilities and costs may be material.

We could be subject to substantial civil and criminal liability and other regulatory consequences in the event that an environmental hazard were to be found at the site of any of our power stations, or if the operation of any of our power stations results in material contamination of the environment. If these cases are determined against us, it could have a material adverse effect on our business and operations.

26. *In the past we have faced technical faults in parts of machinery of our Surat Power Plant and have claimed insurance for loss of profit due to machinery breakdown and loss of generation hours.*

In the past, breakdown of generation equipments have disrupted our generation of electricity at SLPP and resulted in the performance being below the expected levels. In the year 2000, we filed a major claim of Rs. 477,442,714 on account of loss in profit due to machinery break down and machinery break down; our recovery was to the tune of Rs. 298,934,383 in regard to the same. In February, 2005 there was a fire in conveyer belt of bunker floor which caused disruption of fuel feeding and caused disruption in power generation for four days. The insurance claim of Rs. 24 millions has been lodged for material damage and loss of profit, the settlement of which is awaited. Such events may result in our inability to generate further power as well as loss of revenues, profits increased cost towards maintenance and may lead to an event of default by the Company under our PPAs. In the past we have not been able to recover the full amount as claimed from insurance companies.

27. *If we are unable to adapt to technological changes, our business could suffer.*

Our future success will depend in part on our ability to respond to technological advances and emerging power generation industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. We cannot assure you that we will successfully implement new technologies effectively or adapt our processing systems to customer requirements or emerging industry standards. If we are unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business, financial performance and the trading price of our Equity Shares could be adversely affected.

28. *We have not complied with some of the conditions prescribed under the loan agreement with lenders, in the past.*

Under loan agreements with various lenders, we are required to open a trust and retention account in favour of them for receipts made from GUVNL (erstwhile GEB) as a mechanism of securing payment to them, and provide state government guarantee. We have not complied with these requirements and therefore, in the past, we have been charged an additional interest of 1% by some of the lenders for not providing state government guarantee, as per the terms and conditions of loan agreement.

30. *Our Company, Promoter Companies and Promoter Group Companies are involved in number of legal proceedings, which may have some financial implications on us. There is also a criminal case filed against one of our Director.*



Given below is a summary of the outstanding litigation of the company, for details of the same refer to our chapter on 'Details of Outstanding Litigation' on page 166 of the RHP.

Our company is involved in a number of legal proceedings, which are classified under the various legal heads:

Sr. No.	Various categories of litigation	Total number of cases.	Total Financial implications (where quantifiable)
1.	Criminal and civil suit against our directors.	02	100,000
2.	Income Tax Cases*	24	Not Quantifiable
3.	Civil Cases by/against the company	4/5	464,770 / 424,050,955
4.	Labour Cases	46	Not Quantifiable
5.	Shares and Debentures Cases	33	Not Quantifiable
6.	Land Cases	30	Not Quantifiable

Our Promoter Companies are involved in a number of legal proceedings which are classified under the various legal heads :

a) Gujarat Urja Vikas Nigam Limited:

Sr. No.	Category of Litigation	Total number of cases	Total Financial implications (where quantifiable) (Rs.)
1.	Income Tax Cases	15	Not Quantifiable
2.	Arbitration	1	15,000,000
3.	Civil Cases	63,199	7565.3 Million

b) Gujarat Alkalies and Chemicals Limited.

Sr. No.	Category of Litigation	Total number of cases.	Total Financial implications (where quantifiable) (Rs.)
1.	Income Tax Cases	6	Not Quantifiable
2.	Customs Duty Cases	2	24,643,258
3.	Winding up petitions by the company	3	22,789,520
4.	Civil Suits by/against the company	22/7	179,281,882/ 516,561,734
5.	Labour Cases against the company	29	775,210
6.	Criminal Cases by the company	21	16,912,565
7.	FIRs filed by the Company	5	Not Quantifiable

c) Gujarat State Fertilisers & Chemicals Limited

Sr. No.	Category of Litigation	Total number of cases.	Total Financial implications (where quantifiable) (Rs.)
1.	Income Tax Cases	18/15	Not Quantifiable
2.	Excise and Custom Cases by/against the company	6/3	453,904,444/ 36,625,708
2.	Labour Cases by/against the company	2/1	10,155,077/1,140,380
3.	Civil Cases by/against the company	17/7	603,395,088/ 1,286,617,072

Some of our Promoter Group Companies are involved in a number of legal proceedings which are classified under the various legal heads:

a) Gujarat State Electricity Corporation Limited

Sr. No.	Category of Litigation	Total number of cases.	Total Financial implications (where quantifiable) (Rs.)
1.	Income Tax Cases	1	6,948,000

b) Gujarat Chemical Port Terminal Company Limited:

Sr. No.	Category of Litigation	Total number of cases.	Total Financial implications (where quantifiable) (Rs.)
1.	Income Tax Cases	1	110,000
2.	Service Tax Cases	1	143,400,000
3.	Civil cases (against the company)	4	11,890,000

c) Gujarat Guardian Limited:

Sr. No.	Category of Litigation	Total number of cases.	Total Financial implications (where quantifiable) (Rs.)
1.	Excise Cases	1	25,739,514
2.	Accounts receivables cases	22	23,282,876
3.	Labour Cases	12	3,699,166

d) Gujarat Green Revolution Company Limited:

Sr. No.	Category of Litigation	Total number of cases.	Total Financial implications (where quantifiable) (Rs.)
1.	Civil Case	1	918,040

e) Gujarat Narmada Valley Fertilisers Limited:

Sr. No.	Category of Litigation	Total number of cases.	Total Financial implications (where quantifiable) (Rs.)
1.	Sales Tax Cases filed by the company	5	200,191,312
2.	Service Tax Case	1	2,626,951
2.	Civil Cases filed by/against the company	22/2	269,398,677/1,917,875
3.	Land Owners Cases filed against the company	23	3,468,000
4.	Criminal Cases filed by/against the company	18/6	38,981,000 /--
5.	Labour Cases	46	294,332
6.	Income tax Cases	7	Not Quantifiable
7.	Excise Cases	11.	Not Quantifiable

* Cases where liability involved is above Rs. 100,000

We are defendants in a number of legal proceedings incidental to our business and operations. We are also subject to claims against us arising from land disputes, civil disputes, income tax disputes, shares and debentures disputes as well as labour disputes. These legal proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. Should any new development arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to establish reserves in our financial statements, which could increase our expenses and our current liabilities. Furthermore, if a claim is determined against us and we are required to pay all or a portion of the disputed amount, it could have a material adverse affect on our results of operations and cash flows. For further information regarding litigation, please refer section titled 'Details of Outstanding Litigation' on page 166 of this Prospectus.

31. We are yet to receive following renewal / approval of certain statutory approvals required in the ordinary course of our business and if we are unable to obtain these approvals, our business could be adversely affected.

Consent order for operation of the 250 MW plant at Surat from the Gujarat Pollution Control Board bearing number 3579 dated August 9, 2004 valid until February 28, 2005 and issued under section 25 of the Water



(Prevention and Control of Pollution Act) 1974, Section 21 of the Air (Prevention and Control of Pollution Act) 1981 and under rule 3(c) and 5(5) of the Hazardous Waste (Management and Handling) Rules, 1989; Application for renewal of consent order is already made vide letter no. SLPP/Env/GPCB/109 dated January 5, 2005.

32. We have contingent liabilities which have not been provided for under Indian Accounting Standards, which may adversely affect our financial condition.

Contingent liabilities not provided for as on June 30, 2005 as per the audited balance sheet:

- a) Claims against the Company including claims by ex-employees pending before court-estimated amount of monetary compensation Rs. 781 million. (F.Y. 2004-05: Rs. 668 million)
- b) In respect of land taken on lease from GIDC for 160 M.W. power plant, the land owners have contested the compensation paid and the matter is pending before the Court for orders. Depending upon the final compensation amount determined, the cost of leasehold land may change requiring appropriate adjustment then.
- c) Demand for water reservation charges and interest there on from Narmada Water Resources and Water Supply Department for Rs. 89 million (F.Y. 2004-05 : Rs. 84 million) relating to Surat Lignite Power Plant is contested and not acknowledged.
- d) Accumulated arrears of Electricity Duty Rs. 416 million (F.Y. 2004-05 : Rs. 416 million) has not been recovered from participating units and hence not been deposited with the Government. The request by participating units to the competent authority for review for this levy is pending.

33. Our employees are represented by one trade union and the settlement agreement entered into with the trade union which has expired on March 31, 2005 has not yet been renewed.

We have entered into wage settlement agreement with Gujarat Industrial Employees Union dated February 9, 2004 for a term of 4 years from April 1, 2001 to March 31, 2005. Till such time the new wage agreement is entered into, existing terms of memorandum shall prevail. We have not encountered any strikes or go-slows in the past, however, there can be no assurance that employees difficulties may not arise in the future.

**EXTERNAL RISK FACTORS*****i There may be changes in the regulatory framework that could adversely affect us.***

The statutory and regulatory framework for the Indian power sector has changed significantly in recent years and the impact of these changes is unclear. There are likely to be more changes in the next few years. The Electricity Act puts in place a framework for reforms in this sector, but in many areas the details and timing are yet to be determined. It is expected that many of these reforms will take time to be implemented. Further, there could be additional changes in the areas of tariff policy, the unbundling of the SEBs, restructuring of companies in the power sector, open access and parallel distribution, and licensing requirements for, and tax incentives applicable to, companies in the power sector. We presently do not know what the nature or extent of the changes will be made, and cannot assure you that such changes will not have an adverse impact on our financial condition and results of operations. For a discussion on the regulatory framework of the electricity industry in India, see the sections titled "Industry Overview" and "Regulations and Policies" on pages 52 and 83 respectively of this Prospectus.

i The Electricity Act introduces measures, which could result in increased competition for us.

The Electricity Act, which came into force in June 2003, removes licensing requirements for thermal generators, provides for open access to transmission and distribution networks and removes restrictions on the right to build captive generation plants. These reforms provide opportunities for increased private sector involvement in power generation. Specifically, the open access reforms, by which generators will be able to sell their output directly to distribution companies and, ultimately, directly to consumers, may increase the financial viability of private investment in power generation. Large Indian business houses, which already have a presence in the Indian power sector, may seek to expand their operations in the sector. The power sector in India could also attract increased investment from international companies. We could also face competition from power generators who may have access to cheaper sources of fuel than we do. Further, as a result of the measures introduced under the Electricity Act, SEBs may experience improvements in their financial position and may seek to expand their installed capacity. These changes could result in increased competition for us.

i Political, Economic and Social disturbances in India could adversely affect our business.

All our electricity generating facilities and other assets are located in India and all of our officers and directors are resident in India. Our operations, financial results, market price and liquidity of our equity shares may be affected by changes in Indian Government policy or taxation or social, ethnic, political, economic or other developments in or affecting India.

India has also witnessed civil disturbances in recent years. While these civil disturbances did not directly affect our operations, it is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on us.

i Terrorist attacks and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Terrorist attacks, such as the ones that occurred in New York and Washington, D.C. on September 11, 2001, New Delhi on December 13, 2001, Gandhinagar in Gujarat on September 24, 2002, Bali on October 12, 2002 and Mumbai on August 25, 2003 and other acts of violence or war may negatively affect the Indian markets where our equity shares will trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect our business.

After the December 13, 2001 attack in New Delhi and a terrorist attack on May 14, 2002 in Jammu, India, diplomatic relations between India and Pakistan became strained and there was a risk of intensified tensions between the two countries. Government of India and Pakistan have recently been engaged in conciliatory efforts. However, any deterioration in relations between India and Pakistan might result in investor concern about stability in the region, which could adversely affect the market price of our equity shares.



Regional or International hostilities, terrorist attacks or other acts of violence of war could have a significant adverse impact on International or Indian Financial Markets or Economic conditions or on Government policy. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and on the market price of our equity shares.

i Natural disasters could disrupt our operations and result in loss of revenues and increased costs.

Our power plants are vulnerable to man-made and natural disasters such as, explosions, earthquakes, storms and floods as well as to terrorist attacks or other enemy actions. The occurrence of a man-made or natural disaster, terrorist attack, enemy action or other accidents could disrupt the operations of our Power Plant and result in loss of revenues and increased costs.

i Changes in technology may impact our business by making our power plants less competitive.

Changes in technology may make other generation plants more competitive or may result in us having to make additional capital expenditure. Although the average cost for the new conventional power project for generating electricity is currently lower than that produced by alternative sources, it is possible that advances will reduce the cost of alternate methods of electricity production to a level that is equal to or below that of most central station electricity production. If this were to happen, the value of our Power Plant may be significantly impaired.

i A slowdown in economic growth in India could cause our business to suffer.

The Indian economy has shown sustained growth over the last few years with GDP growing at an estimated 6.9% in fiscal 2005, 8.5% in fiscal 2004, 4.0% in fiscal 2003 and 5.8% in fiscal 2002. However, growth in industrial and agricultural production in India has been variable. Industrial growth has been estimated at 8.3% for fiscal 2005, 6.6% in fiscal 2004, 6.2% in fiscal 2003 and 3.5% in fiscal 2002. Agricultural production grew by 9.6% in fiscal 2004 compared with 5.2% decline in fiscal 2003 and growth of 6.5% in fiscal 2002. Agricultural production grew at an estimated rate of 1.1% in fiscal 2005. Any slowdown in the Indian Economy or volatility in global commodity prices, in particular oil and steel prices, could adversely affect our business, our financial performance and the price of our equity shares.

i Sale of our Equity Shares by our major shareholder(s) may adversely affect the trading price of the Equity Shares or any future issuance of Equity Shares by us may dilute your holding.

Any instance of disinvestments of Equity Shares by our Promoters or by other significant shareholders, or any future issuance of convertible securities by us, may significantly affect the trading price of our Equity Shares. Such issuances of Equity Shares and convertible securities may dilute the positions of investors in the Equity Shares and could adversely affect the market price of our equity shares. Upon completion of the Issue, 20% of our post Issue paid up capital held by our Promoters shall be locked in for a period of three years from the date of allotment of Equity Shares in this Issue.

Notes to Risk Factors

- i*** Public issue of 40,441,176 equity shares of Rs. 10/- each for cash at a price of Rs. 68 per equity share aggregating to Rs. 2750 million (the ãssue), consisting of a fresh issue of 40,441,176 equity shares of Rs. 10/- each by Gujarat Industries Power Company Limited (the ãcompany) or ãissuer). The issue comprises of 11,029,411 equity shares of Rs. 10/- each reserved for participation by one of the promoter company viz. Gujarat Alkalies and Chemicals Limited, and one of the promoter group company viz. Gujarat State Electricity Corporation Limited, in the issue at a price of Rs. 68 aggregating Rs. 750 million and reservation for employees of 400,000 equity shares of Rs. 10/- each, at a price of Rs. 68 each aggregating to Rs. 27.20 millions. The net issue to the public is of 290,11,765 equity shares of Rs. 10/- each at a price of Rs. 68 aggregating Rs. 1972.80 millions (the ãnet issue). The issue would constitute 26.74 % of the fully diluted post issue paid up equity capital of the company.
- The net worth of our Company before the Issue (as on June 30, 2005) was Rs. 5876 millions.



PROSPECTUS

- The average cost of acquisition of one Equity Share for the Promoters is Rs. 23.69 per Equity Share for GUVNL, Rs. 14.21 for GSFC, Rs. 17.25 for GACL and Rs. 12.07 for Petrofils. The book value as on June 30, 2005 is Rs. 53.03 per Equity Share.
- For Related Party Transactions, refer to the section titled "Related Party Transactions" and "Transactions with Promoter/ Promoter Group" on page 143 of this Prospectus.
- There are no interest of promoters / directors / key management personnel other than reimbursement of expenses incurred or normal remuneration or benefits.
- The Investors are advised to refer to the section titled "Basis for Issue Price" on page 40 of this Prospectus before making an investment in this Issue.
- Trading in Equity Shares of our Company for all the investors shall be in dematerialized form only.
- Investors may note that in case of over-subscription in the Issue, allotment to Non-Institutional Bidders and Retail Bidders shall be on a proportionate basis. For more information, see the section titled "Basis of Allocation" at page 282 of this Prospectus.

Investors may contact the BRLMs for any complaints, information or clarifications pertaining to the Issue.



SECTION III**INTRODUCTION****SUMMARY**

You should read the following summary with the Risk Factors beginning on page xiv of this Prospectus and the more detailed information about us and our financial statements included in this Prospectus.

Overview

We operate three power plants in the state of Gujarat with a total installed capacity of 555 MW. Our existing power plants are designed to generate electrical energy of approximately 4,861.80 MU annually. Two of our power plants are in Vadodara, with installed capacities of 145 MW-Station I (gas based) and 160 MW-Station II (gas/naphtha based). We also have a lignite-based power plant at Surat (SLPP-Phase I) with an installed capacity of 250 MW (2 X 125 MW). After the successful commissioning of our Expansion Project, we shall have a total installed capacity of 805 MW.

We have taken lignite mines on long-term lease from GoG. For SLPP-Phase I, we have a captive mine at Vastan (admeasuring 1504.75 hectares). We also have lignite blocks of Valia-Mangrol, Bharuch district (admeasuring 507.48 hectares) and Valia-Mangrol, Surat district (admeasuring 342.36 hectares), which have been taken on long-term lease from GoG. GoG has given their in-principle sanction for allocating 1210 hectares of mining land at Mangrol in Surat Distt. Final Sanction from Industries, Mines and Energy Department, GoG is awaited. All these mines taken together have approximately 212 million metric tones of extractable lignite reserve, which is adequate to fuel 1000 MW power plant(s) for 30 years with average annual consumption of 6.8 million metric tonnes

OUR COMPETITIVE STRENGTHS**Track record of operating power plants**

We have experience of over 13 years in generation of electrical energy and are presently operating three power plants with a total installed capacity of 555 MW. We have established and are undertaking operation & maintenance for all our three power plants by ourselves. We believe that our experience in erection, testing and commissioning lignite based power plant at SLPP with CFBC technology will help us in successful implementation / commissioning of the Expansion Project.

Long term power offtake arrangements

We have entered into long term and guaranteed power offtake arrangements for supply of power for all the three existing power plants. Power from Station I, Vadodara is supplied to the Participating Units as per the Memorandum of Understanding, which we have entered into with them. Power from Station II, Vadodara and SLPP-phase I is supplied to GUVNL in terms of our PPA with them. Our long-term power offtake arrangements enable us to focus and concentrate on our efficiency instead of marketing the power.

Long Term Mining Leases

Our existing lignite mine at Vastan has sufficient reserve for fuelling SLPP-Phase I for 30 continuous years. All the three lignite mines including existing Vastan Mines taken together have sufficient reserves for fuelling power plant of 1000 MW for over 30 years at an average PLF of 80%.

Availability and Proximity to Fuel Sources

SLPP-Phase I is a pit head power plant with benefit of low cost of transportation of lignite, 100% fuel availability, (captive lignite mines), negligible transportation risk and predictable cost of fuel. Further, our gas based power plants at Vadodara, also benefit with better availability and proximity to gas grid.

High plant availability

For the FY 2005, the availability factor for our gas-based power stations was 96.24% and 91.44% for Station-I and Station-II respectively and 84.99% for SLPP-Phase I. In order to ensure high availability of our power plants, we monitor and systematically maintain our power stations. We believe that our monitoring and maintenance techniques offer us a competitive advantage in an industry where reliability and maintenance costs are a significant determinant of profitability.

**Government support**

We have been recognized as one of the *Panchratnas* by GoG. Support of GoG has been instrumental in the operations and management of our Company. We have been appointed by GoG as a nodal agency for setting up Lignite based Power Projects in South Gujarat and have signed a Memorandum of Understanding with GoG for commissioning power plant with an installed capacity of 2000 MW capacity.

Competent and committed workforce

We have a highly competent and committed workforce. We have one of the lowest Man-Megawatt ratio of 0.71:1. A work force of only 398 generates 555 MW of power at our Company. For a detailed profile of our key managerial personnel, refer to the paragraph on Key Managerial Personnel in the section titled *Our Management* on page 92 of the Prospectus.

OUR STRATEGY

With the availability of opportunities provided by the Electricity Act, 2003 and keeping in view the demand-supply gap in the state of Gujarat, we have chalked out Expansion Project to increase our generation capacity using low cost fuel i.e. lignite available in our captive mines.

Capacity Expansion

We have entered into a Memorandum of Understanding with GoG for setting up two Lignite based Power projects of 1,000 MW each, in South Gujarat Region during Vibrant Gujarat Summit held in January, 2005. Our Company has been appointed as a nodal agency for the purpose of setting up power projects based on extractable lignite deposits in South Gujarat. According to Industry and Mines Department, there are adequate lignite reserves for setting up more than 2500 megawatt power projects. We have applied for additional mining lease also. With the said objective, we invited Expression of Interest on January 11, 2005 and are now in the process of reviewing the Request for Qualification (RFQs) from the interested parties. In the proposed Joint Venture, we shall contribute to equity to the extent of 49% and together with Financial Institutions owned by Central Government make our holding to 51% in the equity.

Diversification opportunities

Recent legislative and administrative reforms in the power sector have provided the players in this industry various opportunities to diversify their activities. We intend to diversify our operations by taking advantage of opportunities arising out of liberalization of electricity industry in India. We are considering downstream integration into the electricity distribution business and have submitted an Expression of Interest to GUVNL.

Further improving the operating performance

We intend to improve the availability and plant load factor and reduce our operating costs by improved maintenance and thereby increased efficiency. We further intend to implement advanced maintenance practices. We believe that our focus on higher plant availability and maintenance will increase their useful economic life and operating performance.

Continue to invest in employee development

Our philosophy of holistic human resource management has led to the combination of an efficient and enterprising set of individuals with unified goals and a missionary zeal. We have achieved this by facilitating a learning and transparent work environment that encourages initiative and independence and builds a positive organizational ethos and culture. We encourage qualification enhancement and self-management. We also provide need-based skills development for our employees at reputed institutes. We intend to continue developing the capabilities of our employees by providing them with better and more comprehensive training at various stages in their careers. We believe that our continuing initiatives will further enhance the productivity of our employees.

Expand our Corporate Social Responsibility Initiatives

We are a conscious and active corporate citizen and are involved in a variety of corporate social responsibility initiatives. We have co-promoted Society for Village Development in Petrochemicals Area (SVADES) at Vadodara and Development Efforts for Rural Economy and People (DEEP) at our SLPP plant in Surat for servicing the society. We intend to further expand our involvement in these areas.



Summary of Financial / Operating Data

STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED

(Rs. in million)

Particulars	Period ended	Financial year ended March 31,				
	June 30 2005	2005	2004	2003	2002	2001
Income:						
Sale of electrical energy	1,889	7447	7454	8237	7036	7033
Other Income	257	294	287	198	102	98
Total Income	2146	7741	7741	8435	7138	7131
Expenditure:	-					
- Fuel Cost	940	3578	2871	3503	2351	2749
- Employees Remuneration and benefits	35	140	149	101	84	74
- Generation Expenses	106	379	408	544	519	411
- Administrative Expenses	38	204	189	201	197	168
- Selling Expenses	20	63	50	47	44	177
- Depreciation	227	943	1010	1360	1381	1225
- Expenses Amortised	-	0	2	30	30	39
- Interest and Financial charges	152	950	1866	2284	2440	2118
-Loan Resetting Premium (Received)/Paid	(15)	(145)	173			
- Impairment of Assets	-	8				
Total Expenditure	1503	6120	6718	8070	7046	6961
Profit before Prior Period Adjustments and Extraordinary/Exceptional Items	643	1621	1023	365	92	170
- Prior period income/expenditure (net)	-	13	100	47	8	0
- Extra Ordinary Items	-	0	0	0	270	0
- Diminution in the value of Investments	-	24	41	4	(100)	0
Profit before Tax	643	1658	1164	416	270	170
Provision for Current Tax	138	90	57	33	21	14
Provision for Deferred Tax	78	506	416	151	0	0
Income Tax adjstment for earlier years	-	25	19	0	(15)	0
Profit after Tax as per audited statement of accounts (A)	427	1037	672	232	264	156
Adjustment on account of: [Refer Annexure IV Note B (1)]	-					
- Changes in accounting standards/policies	-	0	0	0	(122)	(54)
- Material adjustments and prior period items	39	(84)	(104)	93	216	(48)
- Incometax Adjustment of earlier years	-	25	19		(23)	(5)
Total Adjustments (B)	39	(59)	(85)	93	71	(107)
Adjusted Profit (A + B)	466	978	587	325	335	49



STATEMENT OF ASSETS AND LIABILITES, AS RESTATED

(Rs. in million)

	As of June 30, 2005	As of March 31, 2005	As of March 31, 2004	As of March 31, 2003	As of March 31, 2002	As of March 31, 2001
Fixed Assets (A):						
Gross Block *	18,874	18,873	18,817	18,462	18,633	18,612
Less : Depreciation/Impairment	7,832	7,605	6,654	5,612	4,423	3,052
Net Block	11,042	11,268	12,163	12,850	14,210	15,560
Capital Work-in-Progress	25	24	31	39	44	17
Mines Development Expenditure	1,530	1,675	1,500	1,855	2,042	2,090
Sub Total (A)	12,597	12,967	13,694	14,744	16,296	17,667
Investments (B):	1,357	1,357	2,406	2,637	327	208
Current Assets, Loans & Advances (C):	-					
Interest Accrued	65	44	95	91	7	0
Inventories	983	813	840	844	770	734
Sundry Debtors	1,235	987	2,446	2,525	4,900	3,706
Cash & Bank Balances	25	78	63	92	39	35
Loans and Advances	340	297	89	102	211	162
Sub Total (C)	2,648	2,219	3,533	3,654	5,927	4,637
Less : Liabilities & Provisions (D):	-					
Secured Loans	6,883	7,098	11,199	13,079	14,517	14,456
Unsecured Loans	304	777	1,400	887	1,058	1,468
Deferred Tax Liability	1,328	1,230	766	403	204	(27)
Current Liabilities and Provisions	2,213	2,028	1,591	2,224	2,601	2,310
Sub Total (D)	10,728	11,133	14,956	16,593	18,380	18,207
NET WORTH (A+B+C-D)	5,876	5,410	4,677	4,442	4,170	4,305
Represented by :	-					
Share Capital (E)**	1,108	1,108	1,190	1,358	1,408	1,858
Reserves and surplus (Adjusted) (F)	4,768	4,302	3,487	3,087	2,795	2,510
Miscellaneous Expenditure (to the extent not written off or adjusted) (G):	-	0	0	3	33	63
NET WORTH (E+F-G)	5,876	5,410	4,677	4,442	4,170	4,305

* Lease hold land included in Gross Block is obtained as a permitted transferee as per the agreement with GIDC/IPCL. Also refer Note B(3) to Annexure IV.

* Lease hold land included in Gross Block is obtained as a permitted transferee as per the agreement with GIDC/IPCL. Also refer Note B(3) to Annexure IV.

** Share Capital includes Redeemable Preference Shares.

PROSPECTUS



The Issue

Particulars	No. of Equity Shares
Fresh Issue of Equity Shares	40,441,176 Equity Shares
Of which:	
Promoters Participation	11,029,411 Equity Shares
Issue to Public	29,411,765 Equity Shares
Of which:	
Reserved for Employees*	400,000 Equity Shares subject to a maximum ceiling of 2500 Equity Shares per Employee
Net Issue to Public	29,011,765 Equity Shares
Qualified Institutional Buyers Portion	Up to 14,505,882 Equity Shares <i>(Allocation on a discretionary basis)</i>
Non Institutional Portion	At least 4,351,765 Equity Shares <i>(Allocation on a proportionate basis)</i>
Retail Portion	At least 10,154,118 Equity Shares <i>(Allocation on a proportionate basis)</i>
Equity Shares outstanding prior to the Issue	11,08,10,012 Equity Shares
Equity Shares outstanding after the Issue	151,251,188 Equity Shares
Objects of the Issue	Please see the section entitled 'Objects of the Issue' on page 26 of this Prospectus.

*Employees of the Company as on June 30, 2005.

Under subscription, if any, in any of the categories, would be allowed to be met with spill over from any of the other categories including from over subscription at our sole discretion in consultation with the BRLMs.



GENERAL INFORMATION

GUJARAT INDUSTRIES POWER COMPANY LIMITED

**Registered Office: P.O. Petrochemicals 391 346,
District Vadodara, Gujarat State, India
Tel No: + 91 265 2232768 Fax No: + 91 265 2231207
Registration No. 04 -7868 of 1985 ñ 86**

Address of the RoC ñ

ROC Bhawan, Opposite Rupal Park
GHB Complex, Near Ankur Char Rasta, Ahmedabad, Gujarat.

The Company received its Certificate for Commencement of Business on August 29, 1985.

Our **Board of Directors** comprise of the following members:

The following table sets forth details regarding our Board of Directors - Name, Designation and Tenure

1. Mr. Balwant Singh, IAS
Chairman
Tenure: Non-rotational
2. Mr. L. Chuaungo, IAS
Managing Director
Tenure: Non-rotational
3. Mr. P. K. Taneja, IAS
Nominee Director, GUVNL
Tenure: Rotational
4. Mr. A. K. Joti, IAS
GoG Nominee - Director
Tenure: Rotational
5. Mr. A.K. Luke, IAS
Nominee Director, GSFC
Tenure: Rotational
6. Mr. C.S. Mani
Nominee Director, GACL
Tenure: Rotational
7. Mr. A. Khandual
Nominee Director ñ IDBI
Tenure: Non-rotational
8. Mr. R. N. Singh
Professional Director
Tenure: Rotational
9. Prof. Sekhar Chaudhuri
Professional Director
Tenure: Rotational



PROSPECTUS

DETAILS OF THE CHAIRMAN AND MANAGING DIRECTOR

Mr. Balwant Singh, IAS, aged 54 years; the Chairman of our Company is a science graduate and completed his masters in physics. He has got more than 28 years of experience to his credit. He joined the Board of Directors in September 8, 2004. He has also, in the past, held the key position as Managing Director of GSFC and GNFC.

Mr. L. Chuaungo, IAS, aged 43 years; Managing Director of our Company has graduated in Arts and has got more than 18 years of work experience to his credit. He joined the Board of Directors in May 1, 2003. He is Director (Administration) of GUVNL and is holding an additional charge as Managing Director of our Company.

COMPLIANCE OFFICER & COMPANY SECRETARY

Mr. V.V. Vachhrajani

Company Secretary

Gujarat Industries Power Company Limited,

P.O. Petrochemicals 391 346, District Vadodara, Gujarat

Tel: +91 265 2232768, 2230159 Fax: +91 265 2230473

Email: po@gipcl.co.in

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders etc.

BOOK RUNNING LEAD MANAGERS

Allianz Securities Limited

33, Vaswani Mansion, 6th Floor, Dinsha Vachha Road,

Opp. K.C. College, Churchgate, Mumbai - 400 020

Tel: +91 22 22870580 Fax: +91 22 22870581

Website: www.aslfinancial.com

Email: gipcl.po@aslfinancial.com

Contact Person: Alpa Joshi

ENAM Financial Consultants Private Limited

801, Dalamal Tower, Nariman Point, Mumbai - 400021

Tel: +91 22 56381800 Fax: +91 22 22846824

Website: www.enam.com

Email: gipcl.po@enam.com

Contact Person: Amit Jain

GSFS Capital and Securities Limited

84, City Centre, C. G. Road, Nr. Swastik Char Rasta,

Navrangpura, Ahmedabad-380009

Tel: +91 79 26447180/81/82/83 Fax: +91 79 26561563

Email: gsfscaps@icenet.net

Contact Person: Mr. Avichal Khara

HSBC Securities and Capital Markets (India) Private Limited

52/60, Mahatma Gandhi road, Fort, Mumbai - 400001

Tel: +91 22 22681284/5, Fax: +91 22 22631984

Website: www.hsbc.co.in

Email: gipcl.po@hsbc.co.in

Contact Person: Tejas Bhatt



STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITIES

The following table sets forth, the distribution of the responsibilities and co-ordination for various activities amongst the BRLMs

Activities	Responsibility	Coordinator
Capital structuring with the relative components and formalities such as type of instruments, etc.	Allianz/ HSBC/ ENAM/GSFS	Allianz
Due diligence of the Company's operations / management / business plans/legal etc.	Allianz/ HSBC/ ENAM	Allianz
Drafting & Design of Red Herring Prospectus, Statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with SEBI, Stock Exchange and Registrar of Companies	Allianz/ HSBC/ ENAM/GSFS	Allianz
Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertisement, brochure, etc.	Allianz/ HSBC/ ENAM/GSFS	HSBC
Appointment of Registrar and Bankers	Allianz/ HSBC/ ENAM/GSFS	ENAM
Selection of various other agencies connected with the issue, such as Printers, Ad agency etc.	Allianz/ HSBC/ ENAM/GSFS	HSBC
Company Positioning and pre-marketing exercise	Allianz/ HSBC/ ENAM/GSFS	HSBC
Formulate the Marketing Strategy to tap respective investors categories including: 1. Foreign Institutional Investors 2. Domestic Institutional Investors 3. Retail Investors/HNIs	Allianz/ HSBC/ ENAM/GSFS	HSBC ENAM Allianz
Marketing of the Issue, which will cover <i>inter-alia</i> 1. Formulating marketing strategies, preparation of publicity budget 2. Finalize Media & PR strategy 3. Finalizing centers for holding conferences for brokers, press etc. 4. Finalize collection centers 5. Selection of Underwriters and finalization of underwriting agreement 6. Follow-up on distribution of publicity and Offer material including form, prospectus and deciding on the quantum of the Offer material	Allianz/ HSBC/ ENAM/GSFS	HSBC
Finalization of list of QIBs, Division of QIBs for one to one meeting, road show related activities including preparation of road show presentation and order procurement	Allianz/ HSBC/ ENAM/GSFS	HSBC
Running of the book, deciding pricing and finalizing institutional allocation of shares, in consultation of the Company	Allianz/ HSBC/ ENAM/GSFS	ENAM
Post bidding activities including management of Escrow Accounts, co-ordination with Registrar and Banks, Refund to Bidders etc.	Allianz/ HSBC/ ENAM/GSFS	ENAM
The post Issue activities of the Issue will involve essential follow up steps, which includes finalization of listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refund business. Even if many of these activities will be handled by other intermediaries, the designated BRLM shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.	Allianz/ HSBC/ ENAM/GSFS	ENAM



PROSPECTUS

REGISTRARS TO THE ISSUE

Karvy Computershare Private Limited

Karvy House, 46,
Avenue 4, Street No. 1, Banjara Hills
Hyderabad 500 034
Tel: + 91 40 23312554
Fax: + 91 40 23311968
Website: www.karvy.com
Email: gipcl.po@karvy.com
Contact Person: Mr. Murli Krishna

LEGAL ADVISOR TO THE ISSUE

Crawford Bayley & Co.

Advocates, Solicitors & Notaries
State Bank Building, 4th Floor,
N.G.N. Vaidya Marg,
Fort, Mumbai - 400 023
Tel: +91 -22 22663713
Fax: +91 -22 22660355
E-mail: sanjay.asher@crawfordbayley.com

BANKERS TO THE COMPANY

Central Bank of India

iMeghdooti Race Course Road,
Alkapuri, Baroda
Tel: + 91 265 2344902
Fax: + 91 265 2313563
Email: sm2bard0987@centralbank.co.in

Dena Bank

Manilal Chambers,
Behind Centre Point,
Alkapuri, Vadodara
Tel: + 91 265 2353465
Fax: +91 265 2342978
Email: bcdesai@denabank.co.in

Punjab National Bank

Biren Apartment,
Fatehgunj Branch,
Baroda
Tel: + 91265 2791432
Fax: + 91 265 2795578
Email: pnbank@icenet.net



State Bank of India

CAG Branch,
58, Shrimali Society,
Nr. Mithakhali Six Road,
Navrangpura, Ahmedabad
Tel: + 91 79 26561273
Fax: + 91 79 26561128

Bank of Baroda

Corp. Banking Branch
101, Payal Complex-II,
Sayajigunj, Baroda
Tel: + 91 265 2362598
Fax: + 91 265 2226080
Email: corbar@bankofbaroda.com

Oriental Bank of Commerce

Ground Floor, Fortune Tower,
Stock Exchange Building, Sayajigunj,
Baroda
Tel: +91 265 2362626
Fax: +91 265 2362482
Email: bm0620@obc.co.in

Syndicate Bank

Opp. Vichare Masala, Gandigate,
Mandvi, Baroda.
Tel: +91 265 2561501
Fax: +91 265 2562618

State Bank of Saurashtra

Eagle Apartment, Fatehgunj,
Baroda 390 002.
Tel: +91 265 2791055
Fax: +91 265 2792074
Email: vad.fath@sbs.co.in

Indian Overseas Bank

156/2-3, Mehta Pole, Mandvi,
Baroda.
Tel: +91 265 2512630
Fax: +91 265 2562717
Email: brdambr@barsco.iobnet.com



PROSPECTUS

Vijaya Bank

Station Road Branch, Hari Bhakti House,
Nr. Kala Ghoda Circle, Sayajigunj
Baroda 390 005.
Tel: +91 265 2225243
Fax: +91 265 2336163

ING Vyasa Bank

Shah Chambers, Ramakaka Dairy Road,
Chhani P.O.
Baroda 391 740.
Tel: +91 265 2776576
Fax: +91 265 2772399
Email: channibm@ingvysyabank.com

Karur Vysya Bank

13, Sidcup Tower, Race Course Circle,
Baroda.
Tel: +91 265 2331658
Fax: +91 265 2338582
Email: laxminarayan@kvbmail.com

BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKERS

HDFC Bank Limited

Manekji Wadia Building, Nanik Motwani Marg,
Mumbai ñ 400 023
Tel: +91 22 5657 3663
Fax: +91 22 2267 1661
Email: tanmay.mathkar@hdfcbank.com

The Hongkong and Shanghai Banking Corporation Limited

52/60, Mahatama Gandhi Road,
Mumbai 400 001
Tel: +91 22 22681673 / 22681290
Fax: +91 22 22734388
Email: dhirajbajaj@hsbc.co.in

ICICI Bank Limited

30, Mumbai Samachar Marg,
Fort, Mumbai 400 001
Tel: +91 22 22655285
Fax: +91 22 22611138
Email: sidhartha.routray@icicibank.com



IDBI Bank Limited

Mittal Court, A-Wing, 2nd Floor
Nariman Point, Mumbai 400 021
Tel: +91 22 2288 0135
Fax: +91 22 2288 0131
Email: rakesh_vaddan@idbibank.com

Kotak Mahindra Bank Limited

5th Floor, Vinay Bhavya Complex,
CST Road, Kalina, Santa Cruz (East)
Mumbai
Tel: +91 22 56482600
Fax: +91 22 56482710
Email: v.eashwar@kotak.com

Standard Chartered Bank

270, D.N. Road, Fort,
Mumbai 400 001
Tel: +91 22 22092216
Fax: +91 22 22096068
Email: banhid.bhattacharya@in.standardchartered.com

SYNDICATE MEMBER (S)

Allianz Securities Limited

33, Vaswani Mansion, 6th Floor,
Dinsha Vachha Road, Opp. K.C. College,
Churchgate, Mumbai - 400 020
Tel: +91 22 22870580
Fax: +91 22 22870581
Email: gipcl.po@aslfinancial.com

Enam Financial Consultants Private Limited

801, Dalamal Tower,
Nariman Point, Mumbai - 400021
Tel: +91 22 56381800
Fax: +91 22 22846824
Email: gipcl.po@enam.com

Enam Securities Private Limited

2nd Floor, Khatau Building, 44, Bank Street,
Shaheed Bhagat Singh Road,
Mumbai - 400001
Tel : +91 22 22677901
Fax : +91 22 22665613
Email: gipcl.po@enam.com



PROSPECTUS

HSBC Securities and Capital Markets (India) Private Limited.

52/60, Mahatama Gandhi road, Fort, Mumbai-400001

Tel: +91 22 22681284/5,

Fax: +91 22 22631984

Email: gipcl.po@hsbc.co.in

IDBI Capital Market Services Limited

229, Bakhtawar, 8th Floor

Nariman Point, Mumbai - 400 021

Tel: +91 22 5637 1212

Fax: +91 22 2288 5848

Email: aa.sarma@idbicapital.net

AUDITORS TO THE COMPANY

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

31, Nutan Bharat Society,

Alkapuri, Vadodara,

Gujarat.

Tel: +91 265 2333776

Fax: +91 265 2339729

Credit Rating

As the Issue is of Equity Shares, credit rating is not required. However, for details of credit rating, please refer to Chapter 'Other Regulatory and Statutory Disclosures' appearing on page no. 250.

Debenture Trustees

As the Issue consists of Equity Shares, the appointment of Trustees is not required.

Monitoring Agency

No agency has been appointed to monitor the utilization of funds.

Book Building Process

Book Building refers to the process of collection of Bids, which is based on the Price Band, with the Issue Price being finalized after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- Gujarat Industries Power Company Limited;
- The Book Running Lead Managers;
- The Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the stock exchange (s) and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs;
- Escrow Collection Bank; and
- Registrars to the Issue

SEBI through its Guidelines has permitted an issue of securities to the public through the 100% Book Building Process, wherein (i) up to 50% of the net Issue to the public shall be allocated on a discretionary basis to QIBs (ii) not less than 15% of the net Issue to the public shall be available for allotment on a proportionate basis to Non-Institutional Bidders (iii) not less than 35% of the net Issue to the public shall be available for allotment on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

QIB Bidders are not allowed to withdraw their Bid (s) after the Bid Closing Date/Issue Closing Date and for further details please refer to the section titled 'Terms of the Issue' on page 259.



We will comply with the Guidelines issued by SEBI for this Issue. In this regard, we have appointed Allianz Securities Limited, HSBC Securities and Capital Markets (India) Private Limited, Enam Financial Consultants Private Limited and GSFS Capital and Securities Limited as BRLMs to manage the issue and to procure subscriptions to the Issue.

The process of book building, under SEBI Guidelines, is relatively new and the investors are advised to make their own judgement about investment through this process of book building prior to making a Bid(s) in the Issue.

Illustration of Book Building and Price Discovery Process (*Investors should note that this example is solely for illustration purpose and is not specific to the Issue*)

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share with issue size of 3,000 equity shares and five bids are received from bidders. Out of which one bidder has bid for 500 shares at Rs. 24 per share while another bid for 1,500 shares at Rs. 22 per share. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below shows the demand for the shares of the Company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1000	23	1500	50.00%
1500	22	3000	100.00%
2000	21	5000	166.67%
2500	20	7500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off i.e. Rs. 22 in the above example. The issuer, in consultation with the BRLMs, will finalise the issue price at or below such cut off price i.e. at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for bidding:

- Check eligibility for bidding (please refer to the section Issue Procedure ñ Who Can Bid on page no. 264 of this Prospectus;
- Bidder necessarily needs to have a demat account; and
- Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Prospectus and in the Bid-cum-Application Form.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime after the Bid Opening Date/ Issue Opening Date but before Allotment, without assigning any reason therefor.

Bid/Issue Programme

Bidding Period/Issue Period

BID/ISSUE OPENED ON: OCTOBER 13, 2005

BID/ISSUE CLOSED ON: OCTOBER 19, 2005

RED HERRING PROSPECTUS



Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m.** (India Time) during the Bid/ Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid Closing Date, the Bids shall be accepted **only between 10 a.m. and 1.00 p.m** (Indian Standard Time) and updated till such time as permitted by the BSE and NSE on the Bid/ Issue Closing Date. **Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be duly disseminated by notification to the BSE and NSE by issuing a press release and also by indicating the change on the website of the BRLMs and at the terminals of the Members of the Syndicate.**

The Price Band will be decided by our Company in consultation with the BRLMs and announced and advertised at least one day prior to the Bid Opening Date/Issue Opening Date. The Price Band will be advertised at least one day prior to the Bid Opening Date/Issue Opening Date in Financial Express - English National Daily, Jansatta - Hindi National Daily and Financial Express (Gujarati) Regional Daily. The announcement on the Price Band will be made available on the websites of the BRLMs and at the terminals of the Syndicate.

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid Opening Date/Issue Opening Date.

UNDERWRITING AGREEMENT

After the determination of the Issue Price and prior to filing of the Prospectus with RoC, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations in terms of the Underwriting Agreement.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with RoC)

Name and Address of the Underwriters	Indicative Number of Equity shares to be Underwritten	Amount Underwritten (Rupees)
Allianz Securities Limited. 33, Vaswani Mansion, 6 th Floor, Dinsha Vachha Road, Opp. K.C. College, Churchgate, Mumbai - 400 020 Tel: +91 22 22870580 Fax: +91 22 22870581	9,803,922	666,666,696
ENAM Financial Consultants Private Limited. 801, Dalamal Tower, Nariman Point, Mumbai - 400021 Tel: +91 22 56381800 Fax: +91 22 22846824	9,803,922	666,659,896
ENAM Securities Private Limited 2 nd Floor, Khataeu Building, 44, Bank Street, Shaheed Bhagat Singh Road, Mumbai - 400001 Tel: +91 22 22677901 Fax: +91 22 22665613	100	6,800
HSBC Securities and Capital Markets (India) Private Limited. 52/60, Mahatama Gandhi road, Fort, Mumbai - 400001 Tel: +91 22 22681284/5, Fax: +91 22 22631984	9,803,922	666,666,696



PROSPECTUS

The above-mentioned amount is an indicative of underwriting and this would be finalised after pricing and actual allotment. The above Underwriting Agreement is dated October 25,2005

In the opinion of the Board of Directors acting through the Managing Director, based on a certificate given to them by the Underwriters, the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchange (s). The above Underwriting Agreements have been accepted by the Board of Directors acting through the Managing Director of our Company and our Company has issued letters of acceptance to the Underwriters.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs and the Syndicate Members shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount. Allotment to QIBs is discretionary as per the terms of this Prospectus and may not be proportionate in any way and the patterns of allotment to the QIBs could be different for the various Underwriters. The allocation to QIBs to be made by us in consultation with BRLMs would be based on various factors, such as quality of the Bidder, size, price and date of the Bid.



CAPITAL STRUCTURE OF THE COMPANY

<i>(Rupees in millions)</i>			
		<u>Aggregate Nominal Value</u>	<u>Aggregate Value at Issue Price</u>
(A) Authorized Share Capital			
22,50,00,000	Equity shares of Rs.10/- each	2,250.00	
1,61,00,000	Cumulative Redeemable Preference Shares (with dividend not exceeding 15% p.a.) of Rs. 100/- each	1,610.00	
(B) Issued, Subscribed and Paid-up Equity Capital			
11,08,10,012	Equity shares of Rs.10/- each fully paid up	1,108.10	
(C) Present Issue in terms of this Prospectus			
40,441,176	Equity Shares of Rs.10/- each fully paid up shares	404.41	2750.00
Out of which			
11,029,411	Participation by Promoter & Promoter Group GACL & GSECL*	110.29	750.00
Issue to Public			
29,411,765	Equity Shares of Rs. 10 each	294.12	2000.00
From the above			
400,000	Equity Shares of Rs. 10 each are reserved for allocation to Employees on competitive basis	4.00	27.20
(D) Net Issue to Indian public			
29,011,765	Equity Shares of Rs.10 each/- fully paid up	290.12	1972.80
(E) Paid up capital after the Issue			
151,251,188	Equity shares of Rs.10/- each fully paid up	151.25	
(F) Share Premium Account			
Before the Issue		986.11	
After the Issue		3331.70	

* Gujarat Alkalies and Chemicals Limited, one of our Promoter Company and Gujarat State Electricity Corporation Limited, a wholly owned subsidiary of our Promoter viz. GUVNL, have agreed to participate in the proposed public issue to the extent of Rs. 600 million and Rs. 150 million respectively aggregating to Rs. 750 million and will be allotted 11,029,411 equity shares constituting of 7.29% of its post-issue paid up capital. The price for the said allotment will be determined in accordance with Clause 4.8.1 of SEBI (DIP) Guidelines) i.e. higher of two viz. (i) issue price Rs. 68 or (ii) Rs. 65.70 as computed in accordance with pricing provisions of guidelines on preferential allotment. In compliance with clause 4.9.1, the full amount of Promoters' contribution would be deposited in a Escrow A/c with a Escrow Collection Bank atleast one day prior to bid / issue opening date and the said contribution / amount shall be released alongwith the public issue proceeds. Allotment of equity shares for the said participation will be done alongwith the allotment in the net issue to the public as determination of price will be done subsequent to the book building exercise.



NOTES FORMING PART OF THE CAPITAL STRUCTURE:

1) The authorized share capital of our Company is Rs. 3860 million divided into 225,000,000 Equity Shares of Rs. 10/- each aggregating to Rs. 2250 million and 16,100,000 15% preference shares of Rs. 100 each aggregating to Rs. 1610 million. 13.5% Cumulative Redeemable preference shares (8, 15,000) of Rs. 100/- each aggregating to Rs. 81.5 million, which were issued in the FY 1999-00, have been redeemed during FY 2004-05.

2) **Equity Share Capital History of the Company (Capital build up).**

<u>Date of allotment</u>	<u>No. of shares allotted</u>	<u>Face Value (Rs.)</u>	<u>Cumulative no. of shares</u>	<u>Issue Price (Rs.)</u>	<u>Consideration</u>	<u>Nature of Allotment</u>	<u>Name of persons / Entity to which equity shares allotted</u>
June 1, 1985	7	10	7	10	Cash	Subscribers to the Memorandum of Association	Signatories to the Memorandum of Association
February 27, 1987	240,746	10	240,753	10	Cash	Private Placement	Issue of Shares to Promoters
February 27, 1987	74,999	10	315,752	10	Cash	Private Placement	Govt. of Gujarat
February 27, 1987	28,333	10	344,085	10	Cash	Private Placement	Department of Atomic Energy
March 30, 1989	9,348,333	10	9,692,418	10	Cash	Private Placement	Issue of Shares to Promoters
February 22, 1991	9,667,734	10	19,360,152	10	Cash	Private Placement	Issue of Shares to Promoters
March 22, 1991	1,100,000	10	20,460,152	10	Cash	Private Placement	Issue of Shares to Promoters
May 31, 1991	544,000	10	21,004,152	10	Cash	Private Placement	Issue of Shares to Promoters
March 21, 1992	4,924,183	10	25,928,335	10	Cash	Private Placement	Issue of Shares to Promoters
September 11, 1992	12,420,000	10	38,348,335	10	Cash	Public Issue	Issue of Shares to Public
September 28, 1992	621,900	10	38,970,235	10	Cash	Public Issue	Issue of Shares under Directors Quota through Public Issue.
October 30, 1992	3,871,700	10	42,841,935	10	Cash	Private Placement	Issue of Shares to Promoters
October 27, 1993	6,747,900	10	49,589,835	10	Cash	Private Placement	Issue of Shares to Promoters
February 28, 1994	380,400	10	49,970,235	10	Cash	Private Placement	GAIL Limited
October 15, 1996	21,440,650	10	65,042,934	31.75	Cash	Rights Issue	Issue of Shares to Promoters
October 15, 1996	190,200	10	65,233,134	25	Cash	Rights Issue	GAIL Limited
October 15, 1996	9,717,219	10	74,950,353	25	Cash	Rights Issue	Issue of Shares to Public/Bodies Corporate/Mutual Funds
March 31, 1999	11,830,085	10	110,810,012	27.05	Cash	Private Placement	Issue of shares to Promoters and corporate bodies



3) Preference Share Capital History of the Company (Capital build up)

We raised Rs. 750 millions through private placement of 75,00,000 Unsecured Redeemable Cumulative Preference Shares of Rs. 100/- each. We offered two options to the Investors, wherein under Option ñ A dividend of 13.00% was payable annually and Preference Shares were to be redeemed at par after 3 years from the date of allotment and under Option ñ B, dividend of 13.50% was payable annually and Preference Shares were to be redeemed at par after 5 years from the date of allotment. The details of the preference shares allotted are as under:

Date of Allotment / Transfer	No. of shares allotted	Face value Rs.	Issue Price Rs.	Nature of Allotment	Name of persons / Entity to which Preference Shares allotted
31/07/1998	4820000	100	100	Preference Shares	Banks, Insurance Companies, Corporates & Individuals
01/02/1999	1365000	100	100	Preference Shares	Banks, Individuals & Pvt. Corporate Bodies
30/08/1999	750000	100	100	Preference Shares	Banks, Insurance Companies, Individuals & Private Corporate Bodies
09/03/2000	320000	100	100	Preference Shares	Bank & Individual
04/07/2000	25000	100	100	Preference Shares	Pvt. Corporate Bodies
05/02/2001	20000	100	100	Preference Shares	Individuals
16/08/2001	200000	100	100	Preference Shares	Bank
Total	7500000				

4) Promoters' Contribution and lock-in in respect of Promoters whose name figure in the Prospectus as Promoters in the paragraph on 'Our Promoters':

Sr. No	Name of Promoter / Promoter Group Company	Date of Allotment	Date when fully paid up	Consideration	No. of shares	Face value	Issue Price	% of post issue paid up capital	Lock in period
1.	GUVNL	March 22, 1999	March 22, 1999	10	14,013,905	10/-	-	9.26%	3 years*
2.	GACL	October 15, 1996	October 15, 1996	10	4,755,151	10/-	-	3.14%	3 years*
		October 27, 1993	October 27, 1993	10	451,771	10/-	-	0.30%	3 years*
		Part of Public Issue	-	68	8,823,529	68/-	68	5.84%	3 years*
3.	GSEC	Part of Public Issue	-	68	2,205,882	10/-	68	1.46%	3 years*
	TOTAL				30,250,238			20.00%	

* 3 years from the date of allotment in this Public Issue.

Participation by GSEC and GACL will form part of lock-in for the purpose of determining 20% of the post issued share capital. GUVNL, GSEC and GACL have vide their letters dated July 29, 2005 consented for inclusion of their shareholding under lock-in to the extent of 20% of the post-issue paid up share capital.



5) Shareholding of Promoters:

<u>Date of Allotment</u>	<u>Date when Fully paid up</u>	<u>No. of shares allotted</u>	<u>Face Value</u>	<u>Cumulative no. of shares</u>	<u>Issue Price</u>	<u>Consideration</u>	<u>Lock in period as on date</u>
			(Rs.)		(Rs.)	(Rs.)	
GUJARAT URJA VIKAS NIGAM LTD. (erstwhile GUJARAT ELECTRICITY BOARD)							
March 30, 1989	March 30, 1989	3,310,417	10	3,310,417	10	33,104,170	NIL
February 22, 1991	February 22, 1991	2,652,583	10	5,963,000	10	26,525,830	NIL
March 22, 1991	March 22, 1991	700,000	10	6,663,000	10	7,000,000	NIL
March 21, 1992	March 21, 1992	6,800	10	6,669,800	10	68,000	NIL
October 30, 1992	October 30, 1992	2,765,500	10	9,435,300	10	27,655,000	NIL
October 15, 1996	October 15, 1996	4,717,650	10	14,152,950	31.75	149,785,388	NIL
October 15, 1996	October 15, 1996	2,050,301	10	16,203,251	31.75	65,097,057	NIL
March 22, 1999	March 22, 1999	22,181,146	10	38,384,397	27.05	599,999,999	NIL
	TOTAL	38,384,397					

GUJARAT STATE FERTILISERS & CHEMICALS LIMITED.							
February 27, 1987	February 27, 1987	127,498	10	127,500	10	1,274,980	NIL
March 30, 1989	March 30, 1989	4,747,500	10	4,875,000	10	47,475,000	NIL
February 22, 1991	February 22, 1991	2,415,000	10	7,290,000	10	24,150,000	NIL
March 22, 1991	March 22, 1991	370,000	10	7,660,000	10	3,700,000	NIL
May 31, 1991	May 31, 1991	544,000	10	8,204,000	10	5,440,000	NIL
March 21, 1992	March 21, 1992	1,508,500	10	9,712,500	10	15,085,000	NIL
October 27, 1993	October 30, 1992	3,982,400	10	13,694,900	10	39,824,000	NIL
October 15, 1996	October 15, 1996	2	10	2	10	20	NIL
October 15, 1996	October 15, 1996	3,149,599	10	12,862,099	25	78,739,975	NIL
March 22, 1999	March 22, 1999	1,848,428	10	14,710,527	27.05	49,999,977	NIL
	TOTAL	18,692,927					



GUJARAT ALKALIES AND CHEMICALS LIMITED.							
February 27, 1987	February 27, 1987	49,498	10	49,500	10	494,980	NIL
February 22, 1991	February 22, 1991	3,286,417	10	3,335,917	10	32,864,170	NIL
March 21, 1992	March 21, 1992	3,408,883	10	6,744,800	10	34,088,830	NIL
October 27, 1993	October 27, 1993	2,765,500	10	9,510,300	10	27,655,000	NIL
October 15, 1996	October 15, 1996	2	10	2	10	20	NIL
October 15, 1996	1 October 15, 1996	4,755,149	10	14,265,449	31.75	150,975,981	NIL
	TOTAL	14265449					

PETROFILS CO-OPERATIVE LIMITED (UNDER LIQUIDATION).							
February 27, .1987	27.02.87	63,750	10	63,750	10	637,500	NIL
March 30, 1989	30.03.89	1,290,416	10	1,354,166	10	12,904,160	NIL
February 22, 1991	22.02.91	1,313,734	10	2,667,900	10	13,137,340	NIL
March 22, 1991	22.03.91	30,000	10	2,697,900	10	300,000	NIL
October 30, 1992	30.10.92	1,106,200	10	3,804,100	10	11,062,000	NIL
October 15, 1996	15.10.96	400,000	10	4,204,100	31.75	12,700,000	NIL
	TOTAL	4,204,100					

The Equity Shares allotted / held by the Promoters of the Company are fully paid up.

- 6) One of the Promoter company namely Gujarat Alkalies and Chemicals Limited and one of the Promoter Group Company viz. Gujarat State Electricity Corporation Limited, a wholly owned subsidiary of GUVNL are participating in this issue. Both of them individually hold 14,265,449 and Nil Equity Shares respectively representing 12.87% of the pre-issue share capital and in concert are holding 68.17% of the voting capital of the our Company. Both these companies intend to participate in the Issue to enhance their holding. Except for change in the shareholding pattern of the Promoter group which is expected to increase from 68.17% to 69.95%, there are no consequential changes either in the shareholding pattern or composition of the Board is envisaged on account of the proposed acquisition.
- 7) Our Company/our Promoters/our Directors/BRLMs have not entered into any standby, buy-back or similar arrangements for purchase of Equity Shares of the Company with any person.
- 8) An over-subscription to the extent of 10% can be retained for the purposes of rounding off to the next integer of 1 Equity Shares while finalising the basis of allotment.
- 9) Unsubscribed portion in Employee reserved category shall be added back to the Net Issue to the public category at the sole discretion of our Company in consultation with the BRLMs. Undersubscription, if any, in the non-institutional category and retail bidder category would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLMs.

10) Details regarding major Shareholders of our Company

The details of the top ten shareholders of the Company and the number of shares held by them are as under:



a) As on the date of filing the Red Herring Prospectus with ROC

Sr. no.	Name of Shareholders	No. of shares	%age
1.	Gujarat Urja Vikas Nigam Limited (erstwhile Gujarat Electricity Board)	38,384,397	34.64%
2.	Gujarat State Fertilisers & Chemicals Ltd.	18,692,927	16.87%
3.	Gujarat Alkalies and Chemicals Ltd.	14,265,449	12.87%
4.	Gujarat Power Corporation Ltd.	4,977,491	4.49%
5.	Petrofils Co-operative Limited (under liquidation)	4,204,100	3.79%
6.	Gujarat State Petroleum Corporation Ltd.	3,697,000	3.34%
7.	GSFC Investment and Leasing Company	3,669,857	3.31%
8.	CLSA Merchant Bankers Limited	1,419,326	1.28%
9.	Life Insurance Corporation of India	599,571	0.54%
10.	GAIL (INDIA) Limited	570,600	0.51%

b) Two years prior to filing Red Herring Prospectus with the ROC

Sr. no.	Name of Shareholders	No. of shares	%age
1.	Gujarat Electricity Board	38,384,397	34.64%
2.	Gujarat State Fertilisers & Chemicals Limited	18,692,927	16.87%
3.	Gujarat Alkalies and Chemicals Limited	14,265,449	12.87%
4.	Gujarat Power Corporation Limited.	4,977,491	4.49%
5.	Petrofils Co-operative Limited (under liquidation)	4,204,100	3.79%
6.	Gujarat State Petroleum Corporation Limited.	3,697,000	3.34%
7.	GSFC Investment and Leasing Company	3,669,857	3.31%
8.	GAIL (India) Limited	570,600	0.51%
9.	ICICI Bank Limited	365,420	0.33%
10.	New India Assurance Company	347,950	0.31%

c) 10 days prior to filing the Red Herring Prospectus with the ROC

Sr. no.	Name of Shareholders	No. of shares	%age
1.	Gujarat Urja Vikas Nigam Limited (erstwhile Gujarat Electricity Board)	38,384,397	34.64%
2.	Gujarat State Fertilisers & Chemicals Ltd.	18,692,927	16.87%
3.	Gujarat Alkalies and Chemicals Ltd.	14,265,449	12.87%
4.	Gujarat Power Corporation Ltd.	4,977,491	4.49%
5.	Petrofils Co-operative Limited (under liquidation)	4,204,100	3.79%
6.	Gujarat State Petroleum Corporation Ltd.	3,697,000	3.34%
7.	GSFC Investment and Leasing Company	3,669,857	3.31%
8.	CLSA Merchant Bankers Limited	1,419,326	1.28%
9.	Life Insurance Corporation of India	599,571	0.54%
10.	GAIL (INDIA) Limited	570,600	0.51%

11) Aggregate Shareholding of Promoters is as under:

Name of Shareholders	No. of shares	%age
Gujarat Urja Vikas Nigam Limited (erstwhile Gujarat Electricity Board)	38,384,397	34.64%
Gujarat State Fertilisers & Chemicals Limited.	18,692,927	16.87%
Gujarat Alkalies and Chemicals Limited.	14,265,449	12.87%
Petrofils Co-operative Limited (under liquidation).	4,204,100	3.79%
TOTAL	75,546,873	68.17%



PROSPECTUS

12) None of the Promoter Group Companies hold any Equity Shares in our Company except as stated below:

Name of Shareholders	No. of shares	%age
GSFC Investment and Leasing Company Limited	3,669,857	3.31
TOTAL	3,669,857	

13) None of our Directors, Directors of our Promoters hold any Equity Shares in our Company.

14) None of our Directors, Promoters, Promoter Group Companies, the directors of our Promoters and our Promoter Group Companies have undertaken transactions in the shares of GIPCL in the last six months preceding the date on which the Red Herring Prospectus is filed with SEBI.

15) The Equity Shares to be held by the Promoters under lock-in period shall not be sold/ hypothecated/ transferred during the lock-in period. However, inter-se transfers between the Promoters named as such in the Prospectus would be permitted, provided that the requirement of the lock-in period guidelines continues to apply, to the extent initially prescribed.

16) Shareholding pattern before and after the Issue is as under: (as per clause 35 filing with stock exchange)

Sr. No.	Category	Existing (As on August 31, 2005)		After the Present Issue	
		No. of equity shares held	% of pre-Issue capital	No. of shares	% of Post-Issue Capital
1	Promoters				
	Gujarat Electricity Board	38,384,397	34.64	38,384,397	25.38
	Gujarat State Fertilizers & Chemicals Limited.	18,692,927	16.87	18,692,927	12.36
	Gujarat Alkalies and Chemicals Limited.	14,265,449	12.87	28,295,900	18.71
	Petrofils Co-operative Limited (under liquidation).	4,204,100	3.79	4,204,100	2.78
	Total Promoters Holding	75,546,873	68.18	89,577,324	59.22
2	Mutual Fund, Insurance Companies, Financial Institutions	2,639,739	2.38		
3	Corporate Bodies	15,027,171	13.56		
4	NRIs / OCBs	2,881,362	2.60		
5	Indian Public	14,714,867	13.28	61,673,864	40.78
	TOTAL	110,810,012	100.00	151,251,188	100.00

17) We have not made any Public Offerings in the last two years.



- 18) We have made preferential placement of 35,859,659 Equity Shares aggregating to Rs. 970.003 millions in March, 1999 details of which are as under:

Sr. No.	Names of Board / Corporate Bodies to whom Preferential Allotment has been made.	No. of Equity Shares to be Allotted	Amount per Share (Rs.)	Total Amount (Rs.)
1	Gujarat Urja Vikas Nigam Limited (erstwhile Gujarat Electricity Board)	22181146	27.05	59,99,99,999.30
2	Gujarat State Fertilizers and Chemicals Limited	1848428	27.05	4,99,99,977.40
3	GSFC Investment and Leasing Company Limited	3696857	27.05	9,99,99,981.85
4	Gujarat Power Corporation Limited	3696857	27.05	9,99,99,981.85
5	Gujarat State Petroleum Corporation Limited	3697000	27.05	10,00,03,850.00
6	Gujarat State Financial Services Limited	739371	27.05	1,99,99,985.55
	TOTAL	35859659		97,00,03,776.00

We confirm that the guidelines relating to Preferential Allotment as prescribed by SEBI have been complied with, including obtaining certificate from the Statutory Auditors of our Company dated December 21, 1998.

- 19) We have not raised any bridge loans against the proceeds of this Issue.
- 20) A total of 0.99% of the Issue size, i.e.400,000 Equity Shares, has been reserved for Allocation to the Permanent Employees on a proportionate basis, subject to valid bids being received at or above the Issue Price and maximum ceiling of 2500 Equity Shares per employee. Only Employees on the rolls of the Company as on the cut-off date i.e.June 30, 2005 would be eligible to apply in this Issue under reservation for our Permanent Employees. The number of eligible Permanent Employees as on the cut-off date June 30, 2005 is 392. Employees may bid in the eNet Issue to Public portion as well and such Bids shall not be treated as multiple Bids. Any undersubscription in the Equity Shares under the Employee Reservation Portion would be treated as part of the Net Issue.
- 21) Up to 50% of the Net Issue to the public shall be allocated to QIBs on a discretionary basis. Further, at least 15% of the Net Issue shall be available for allocation to non-institutional bidders and at least 35% of the Net Issue shall be available for allocation to retail bidders, on proportionate basis and subject to valid bids being received at or above the Issue Price. Undersubscription, if any, in the Non-institutional, Retail, QIBs or the reserved categories would be allowed to be met with spillover from any other category at the discretion of the Company and the BRLMs.
- 22) A Bidder cannot make a Bid for more than the number of equity shares offered through the Offer, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Investor.
- 23) There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Prospectus with SEBI until the Equity Shares offered through this offer document have been listed.
- 24) We presently do not have any intention or proposal to alter our capital structure for a period of six months from date of opening of the Issue, by way of split/consolidation of the denomination of Equity shares or further issue of Equity shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise. However during such period or at a later date, we may issue Equity Shares or securities linked to Equity Shares to finance an acquisition, merger or joint venture or as consideration for such acquisition, merger or joint venture or such other scheme of arrangement if an opportunity of such nature is determined by our Board to be in the interest of the Company.



- 25) Presently, we do not have any Employee Stock Option or Employee Stock Purchase Scheme.
- 26) On the date of filing the Prospectus with SEBI, there are no outstanding warrants, options or any other rights which would entitle the other existing Promoters or shareholders or any other person any option to receive equity shares after the Issue.
- 27) We have not issued any Equity Shares out of revaluation reserves. We have also not issued any shares or debentures or agreed to issue any shares or debentures for consideration other than cash.
- 28) At any given point of time there shall be only one denomination for a class of Equity Shares and we shall comply with disclosures and accounting norms specified by SEBI from time to time.
- 29) The Equity Shares being offered through this Issue shall be made fully paid up within 12 months from the date of allotment and the Equity Shares which are not fully paid up within 12 months of this Issue shall be forfeited.
- 30) The number of our Shareholders as on September 26, 2005 was 63122.
- 31) *Restrictive conditions under lenders agreements about capital structure***

As per the loan agreements GIPCL, shall not raise or increase share capital; modify in any way the rights attached to its share capital of any class; consolidate or sub-divide any equity shares (except with proper adjustment to the basis of conversion); reduce its share capital or any share premium account; issue any bonus shares by capitalizing its undistributed profits or reserves; grant any option for shares in its equity capital or any right to convert any obligation into such capital to persons other than financial institutions. Further GIPCL shall not, issue any debentures, raise loans, deposits from public, or issue any guarantee, pay any commission to its Promoters, managers or other persons etc. or undertake or permit any merger, consolidation, re-organisation, arrangement, etc. as mentioned therein in the agreement. GIPCL shall not recognize or register any transfer of shares in the capital made or to be made by Promoters, their friends or associates as may be specified by the lenders. GIPCL shall not declare or pay any dividend to its shareholders without the prior written approval of the lenders; effect any scheme of amalgamation or reconstruction; withdraw or allow withdrawals of any money brought in by the Borrower or the proprietors, partners or directors of GIPCL; invest any fund by way of deposits, loans or in the share capital of any other concern so long as any money is due to the Bank, except as provided therein in the agreement. GIPCL shall not open any advance or deposit account with any other bank/s without the prior consent in writing of the Bank nor invest any fund by way of deposits, loans or in the share capital of any other concern so long as any money is due to the Bank. The shareholdings of such shareholders in GIPCL who are its directors at present and the principal shareholders and Promoters of the GIPCL shall not be varied without the previous written consent of the Bank first obtained.

GIPCL shall not recognize or register any transfer of shares in the capital made or to be made by Promoters, their friends or associates as may be specified by the lenders. GIPCL shall not without the written consent of the Bank change the borrowing structure; effect any scheme of amalgamation or reconstruction; implement expansion scheme or take up allied line of business; enlarge the scope of its activities; invest any funds by way of deposits or loans etc. except as provided; Borrow or obtain credit facility, etc. from any other bank or agency.

Without the prior approval of the lenders, Borrowers shall not, undertake any new project, diversification etc; prepay any loan availed from other party. But if required to prepay it shall make proportionate prepayment to the lenders subject to the stipulations of the lenders pay any commission to its Promoters, managers or other persons or furnish guarantees, etc. as mentioned therein in the agreement; create any subsidiaries or permit the Company to become its subsidiary.



OBJECTS OF THE ISSUE

The object of the Issue is to partly finance the expansion project for setting up of one unit of 250 MW (+20%) of the lignite fired thermal power plant in Surat.

The net proceeds of the Issue after deducting underwriting and management fees, selling commissions and all other issue expenses payable by us are estimated at approximately Rs. 96.20 millions will be available for the expansion project. The details and the project cost of the same are given below:

The Project: *(Project cost and other financial figures given in brackets are for 300 MW unit)*

GIPCL proposes to set up an additional unit of 250 (+20%) MW of Lignite fired thermal power plant using environmental friendly technology Circulating Fluidized Bed Combustion (CFBC) steam generators, at the site of the existing 2x125 MW Surat Lignite Power Plant at Nani Naroli, Taluka Mangrol, Dist Surat. The project includes development of lignite mines for use as captive fuel for the plant. We have got mining lease clearance from Govt. of Gujarat for 2067 Ha. area covering various villages in Mangrol and Valia taluka of Surat and Bharuch district respectively.

The synchronization of the 250 (+20%) MW unit (unit no.3) is envisaged in 38 months from the date of award of the EPC contract. All necessary clearances required for setting up the power plant as well as for the lignite mines have been obtained.

Option for higher capacity (250 MW + 20%)

To take advantage of technological developments, GIPCL kept an option in its EPC tender for selection of capacity higher than 250 MW up to 20%.

Project Cost

Total cost of the project, estimated based on prevailing rates in January 2005, is Rs. 12,950 (14,480) million (inclusive of Interest During Construction, financing charges and provision for contingency and margin money for working capital), comprising of Rs. 11,170 (12,700) million toward the power plant and Rs. 1,780 million toward mining project. The cost per MW of installed capacity works out to Rs. 44.7 (42.3) million per MW. The project cost (excluding IDC and Finance charges) is based on the DPR prepared by Technical consultants to the project M/s TCE Consulting Engineers Limited, Bangalore. The Detailed Project Report (DPR) for development of mines has been prepared by Advance Coal Management Co. Ltd., Delhi.

Break up of Power Plant Cost (figures given in bracket are for 300 MW unit)

Description	Cost in Rs. Million
Site Development and Civil Works	1,467 (1,467)
Plant and Machinery	7,984 (9,254)
Pre-operative Expenses (including issue expenses)	215 (243)
Margin money for working capital	189 (218)
Contingency	283 (324)
Financing cost (includes processing cost and upfront fee payable)	144 (153)
Interest during construction	888 (1,041)
Total	11,170 (12,700)

PROSPECTUS



Cost of development of Lignite Mines

The estimated capital cost of proposed lignite mines based on prevailing rates in January, 2005 is Rs. 1,780 million including interest during construction (IDC) and other financial charges. The Detailed Project Report (DPR) for development of mines has been prepared by Advanced Coal Management & Marketing Pvt. Ltd, New Delhi.

Break up of Mine Development Cost

Description	Cost in Rs. Millions
Site Development and Civil Works	440
Plant and Machinery	450
Mine Development Cost	740
Interest during construction	150
Total	1,780

The total cost of the project, which works out to be around Rs. 12,950 (14,480) million, is divided into two parts as below:

Cost of Power Plant	Mining Cost	Total Cost in Rs. Millions
11,170 (12,700)	1,780	12,950 (14,480)

Means of Finance

The estimated total cost of project Rs.12, 950 (14,480) million will be part financed by debt and equity in the ratio of 75:25, which works out to be Rs 9,712 (10,860) million of debt and Rs 3,238 (3,620) million of equity.

Particulars	250 MW	250 MW (+20%)
Equity		
- Internal Accruals	488	870
- Public Issue	2,000	2,000
- Promoters Contribution	750	750
Total Equity	3,238	3,620
Debt		
- Rupee Term Loans	9,712	10,860
Total Debt	9,712	10,860
Total	12,950	14,480

In the event that the total project cost incurred by us is more than the estimated fund requirement as mentioned above, the balance fund requirement would be met from internal accruals by our Company.

We will be acquiring the surface land from the land owners at an estimated cost of Rs. 275 millions for developing the mine area through a combination of internal accruals and/or debt. No part of this issue proceeds will be utilized towards acquisition of any land for the expansion project. Further, issue proceeds will not be utilized for financing margin for working capital of the expansion project.

Debt

The total debt requirement of Rs 9,712 (10,860) million will be financed by way of rupee term loans from Banks and Financial Institutions, for which sanction letters have been received by us to the extent of Rs. 30,540 millions.



Equity

It is envisaged that out of total equity requirement of Rs. 3,238 (3,620) million, Rs. 488 (870) million will be contributed by way of internal accruals from the Company, Rs. 2750 million is by way of this public issue of the Company, and out of which Rs. 750 million will be contribution from Promoters viz. Gujarat Alkalies and Chemicals Limited and Gujarat State Electricity Corporation Limited

The year-wise break-up of the expenditure to be incurred on the project is as follows:

Rs. in Millions

Financial Year ending	2006	2007	2008	2009
250 MW	1731	2945	2945	2464
250 (+20%) MW	1963	3338	3338	2795

Project Funding and breakup of 75% tie-up:

The project is proposed to be funded by way of debt and equity in the ratio of 75:25. Out of total project cost of Rs. 14,480 millions (for 250 MW (+20%)), Rs. 2750 millions will be raised through public issue and for balance Rs. 11,730 millions, we have already received sanction letters from Financial Institutions and Banks to the extent of Rs. 30540 millions as against total requirement of Rs. 10860 millions, Rs. 870 millions will be contributed by us through internal accruals.

The important terms & conditions of some of the banks / institutions are as under:

Name of the Bank / Financial Institution	Amount Sanctioned Rs. (million)	Important conditions for sanction and disbursement
Rural Electrification Corporation of India Limited	10860.00	<p>1. Interest: Interest rate of 7.75% with reset every 3 years with put option.</p> <p>2. Repayment: In 14 years from the award of EPC Contract and repayment will be in 10 equal annual instalments after the moratorium period of 48 months. The repayment of principal thereafter will be effected in equal yearly instalments to be made on the 15th day of the month and interest shall be calculated as per the rates prescribed.</p> <p>3. Security: The loan alongwith interest and other charges shall be secured by any of the following four options / combination of securities :</p> <p>Option ñ I:</p> <p>(a) Bank Guarantee for a minimum of 25% of value of loan sanctioned.</p> <p>(b) Creation of charge by hypothecation of future assets to be created (out of project loan sanctioned by REC) upto 100% of the value of loan sanctioned; and</p> <p>(c) Creation of charge of hypothecation of existing assets for the balance 5% of value of loan amount sanctioned.</p> <p>Option ñ II:</p> <p>(a) Creation of charge by hypothecation of existing fixed assets related to plant and machinery / equipment in Thermal & Hydro Electric Power</p>



<p>Industrial Development Bank of India Limited</p>	<p>3000.00</p>	<p>Generation Stations and 400/230/220/132/110/66/33 KV Power sub-stations for a minimum of 30% of the value of loan amount sanctioned.</p> <p>(b) Creation of charges by hypothecation of future assets to be created (out of project loan sanctioned by REC) upto 100% of the value of loan sanctioned.</p> <p>Option ñ III :</p> <p>(a) English / Equitable / Simple Mortgage with or without pari-passu charge on existing immovable property i.e. land together with buildings and other civil works attached thereto for a minimum 25% of the value of loan amount sanctioned and</p> <p>(b) Creation of charges by hypothecation of future assets to be created (out of project loan sanctioned by REC) upto 100% of the value of loan sanctioned.</p> <p>(c) Creation of charge by hypothecation of existing assets for the balance 5% of the value of loan amount sanctioned.</p> <p>Option ñ IV:</p> <p>(a) State Government Guarantee for a minimum of 30% of the value of loan amount sanctioned.</p> <p>(b) Creation of charges by hypothecation of future assets to be created (out of project loan sanctioned by REC) upto 100% of the value of loan sanctioned.</p> <p>1. Interest: 200 basis points over 3 year GiSec yield prevailing at the time of each disbursement.</p> <p>2. Interest Reset Option: IDBI shall reset the interest rate at 3 yearly interval from the date of first disbursement. In case, the Company finds the Reset Interest Rate to be higher than the market rates, the Company shall have an option to prepay the loan without payment of any prepayment premium.</p> <p>3. Repayment: In 40 quarterly installments commencing 12 months from project commercial operation date or 51 months from financial close, whichever is earlier.</p> <p>4. Security:</p> <p>(a) First mortgage in a form satisfactory to IDBI in its favour on all the immovable assets of the project, present and future;</p> <p>(b) A first charge by way of hypothecation in favour of IDBI to all the expansion projectís movables, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future</p>
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<p>Union Bank of India</p>	<p>2000.00</p>	<p>(c) A first charge on project's book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future, intangibles, goodwill, uncalled capital, present and future;</p> <p>(d) A first charge on all the project's bank accounts, including but not limited to the Trust & Retention Account opened in a designated bank, where all cash inflows shall be deposited and all the proceeds shall be utilized in a manner and priority to be approved by IDBI.</p> <p>5. Pre-disbursement conditions include appointment of lenders' Engineer, lenders' Insurance Consultant, lenders' Legal Counsel and EPC Contract, firm tie up of the entire debt requirement, bring in at least 50% of the equity requirement or complete the proposed public issue as envisaged.</p> <p>Other:</p> <p>IDBI would conduct a review of the project and if as a result of such review, IDBI determines that the Company has not implemented / nor is likely to implement the project within the Project Cost and / or in accordance with the Approved financing plan and / or the Company has not commenced / nor is likely to commence commercial operations after implementation of the proposed project by completion date, IDBI may revise the terms of sanction and stipulate such additional conditions (including strengthening of the management set up, change in means of financing, raising of additional equity capital / subordinated funds from the Promoters) as IDBI in its absolute discretion may deem fit.</p> <p>1. Interest: 3.25% below Bank PLR (7.50%) at monthly rest.</p> <p>2. Interest Reset Option: Bank shall reset the interest rate at 3 yearly interval from the date of first disbursement. In case, the Company finds the Reset Interest Rate to be higher than the market rates, the Company shall have an option to prepay the loan without payment of any prepayment premium.</p> <p>3. Repayment: In 40 equal quarterly installments, first installment to commence from fourth year to thirteenth year. Loan to be disbursed within 3 years. Total tenure of the loan is 14 years including moratorium.</p> <p>4. Security: First charge on assets created out of loan inclusive of equitable mortgage of land & buildings on pari passu basis.</p>
<p>TOTAL</p>	<p>15860.00</p>	



PROSPECTUS

We have received final sanctions from Financial Institutions and Banks to the extent of Rs. 30540 millions for tying up of our debt component of Rs. 10860 millions. In addition to the above sanctions, our proposal for loan is under consideration with various other lenders and we intend to form a consortium of lenders to fund the expansion project.

Rationale and Benefits of the Project:

In the western region, the peak power demand is estimated at 31,386 MW in the year 2004-05 and energy requirement at 200,269 million KWh out of which the State of Gujarat contributes approximately 30.1% of the peak load demand. The power deficit is expected to increase from 3,392 MW in the year 2004-05 to 5,640 MW in the year 2009-10. The energy deficit is expected to increase from 6,689 million KWh in 2004-05 to 18,428 million KWh in 2009-10. (Source: *The Sixteenth Electric Power Survey of India (Draft)*)

We decided for proposed expansion of 250 MW (+20%) keeping in view the power scenario of Gujarat and the opportunity available in the form of unutilized low cost lignite fuel available in our own captive mines close to the existing power plant.

Project Site:

Power Plant

GIPCL is in possession of 213 acres of land in the existing plant of 2 x 125 MW capacity at Mangrol. Within this area, GIPCL has already earmarked the required space for setting up an additional 250 (+20%) MW unit within the existing plant premises. The available land would be adequate for the proposed expansion of the power station with marginal requirement of adjacent land for lignite stockyard.

The salient features of the site for the proposed expansion of 250 (+20%) MW unit are:

- (a) The power plant site is located at Nani Naroli village about 50 kms from Surat.
- (b) Adequate land required for the power plant expansion is available within the boundary of the existing SLPP.
- (c) Water required for power plant is available from the river Tapi, for which water pipeline is already available up to the existing plant site.
- (d) GUVNL (erstwhile GEB) grid is available at close proximity.
- (e) We have already executed mining lease agreement with Government of Gujarat for 849.84 Ha, which is sufficient for the current expansion project. The acquisition of this land is under process.

Mining

We are in the process of acquiring 1210 Ha of land at Mangrol and 849.84 Ha of land at Valia. Out of these, mining lease agreement for 849.84 hectares has been entered and approval for 1210 Ha has been obtained from Government of Gujarat. The new mine have about 170 MMT of recoverable Lignite reserves which will be adequate to meet the full requirement of additional 750 MW Power Plant for more than 30 years.

Project Technical Details

Power Plant

In India, thermal Power Plants share about 72% of the total installed capacity of Power Plants. 90% of thermal Power Plants use Coal/Lignite as primary fuel due to abundant Coal/Lignite reserves. The available coal used for power generation is of inferior quality with high ash content whereas lignite is having high sulphur and moisture contents.



Coal/Lignite based Thermal Power Plants release no. of pollutants like particulate matter, oxides of carbon, sulphur, nitrogen, heavy metals etc. These pollutants affect the environment causing air and other pollutions viz. water, noise and land. In setting up power plants the various pollution control measures need to be adopted during concept to commissioning stage including selection of environment friendly technology. CFBC technology is one of the most advanced clean coal technology being adopted by utilities globally. Circulating Fluidised Bed Combustion technology (CFBC) is now well placed to meet the challenges of electricity generation with minimum emission of pollutants viz. SO_x , NO_x , SPM, CO etc. The major driver behind the use of CFBC technology are the potential to make use of lower calorific value fuel (lignite) with high sulphur content and heightened environmental sensitivity to thermal power plant emissions.

Air Pollution in Thermal Power Plants is mainly due to emission of flue gas and particulate matters during combustion process. These pollutants after being removed through different process and pollution control equipment viz. LOW NO_x Burners, ESP; FGD is discharged through stack to atmosphere. In CFBC technology, more than 90% sulphur is being captured in the combustor itself by using limestone as additive. Further due to low combustion temperature and provision of stage combustion, generation of NO_x is minimum. Thereby emission of pollutant being generated out of process and emission through stack is generally lower than conventional PF fired thermal power plant.

The high capital cost of conventional pulverized coal (PC) technology is a consequence of the need for very large boilers in order to accommodate the high moisture content of lignite and separate FGD plant for removal of sulphur-dioxide. The cost of CFBC power plant is comparable to the conventional coal / lignite pulverized fuel power plant as separate FGD plant is not required.

The proposed power plant will be utilizing the Circulating Fluidized Bed Combustion (CFBC) technology, which operates on the principle-enumerated hearing. A fluidized bed is composed of fuel (Lignite, coal, coke, biomass etc) and bed material (ash, sand, and/or sorbent) contained with in an atmospheric or pressurized vessel/chamber called the combustor. The bed becomes fluidized when air or other gas flows upwards at a velocity sufficient to expand the bed. As fluidizing velocity increased smaller particles are entrained in the gas stream and transported out of bed. The bed surface becomes diffuse and solids densities are reduced in the bed. A fluidized bed that is operated at velocities in the range of 4 to 6 m/s is referred to as a Circulating Fluidized Bed (CFB).

The bed material is fluidized by primary air introduced through a nozzle grate at the bottom of the bed and by combustion gas generated which flows upwards with a relatively high fluidizing velocity. The entire combustor contains suspended solids having a high concentration, which decreases continuously towards the top of the combustor. The combustion gases flows upwards with a considerable portion of the solids which are separated from the gas in cyclone separator and recycled back to the combustion chamber through a recycle loop. Individual particles may recycle any thing from 10 to 50 times depending on their size and how quickly the char burns away. Residence time during one pass is very short.

Fuel

Lignite would be used as the primary fuel and Heavy Furnace Oil (HFO) would be the secondary fuel. Lignite would be supplied from the captive lignite mines of GIPCL at Mangrol and Valia Talukas of Surat and Bharuch district.

Main Plant Equipment and Systems

1. Steam Generator and Accessories

The Steam Generator (SG) would be designed for firing 100% lignite and shall be of circulating fluidized bed combustion (CFBC) type. The CFB combustor, cyclones, fluidized bed heat exchangers (if required) and seal pots, constitute the main components of the circulating fluidized bed combustion system. SG would be of circulating fluidized bed design, radiant, single reheat, balanced draft, semi-outdoor type, rated to deliver 810 t/hr of superheated steam at 175 kg/cm^2 (a), $540 \pm 5^\circ \text{ C}$ approximately when supplied with feed water at a temperature of 245° C at the economizer inlet. The reheat steam temperature would also be around $540 \pm 5^\circ \text{ C}$.

**2. Steam Turbine Generators and Accessories**

The steam turbine generators (STGs) would be rated for 250 (+20%) MW maximum continuous output at the generator terminals, with throttle steam conditions of 170kg/cm² (a) and 540 °C steam temperature approximately. The steam turbine would be a two / three cylinders tandem compound, reheat, extraction type and condensing type.

3. Condensing Plant

The condensing plant would comprise a surface type condenser of single shell construction. The condenser will be suitable for use of clarified river water for cooling.

4. Feed Cycle Equipment

Feed cycle equipment will comprise of Condensate pumps, Boiler Feed Pumps, Low Pressure Heaters, De-aerator, High Pressure Heaters and Gland Steam Condenser.

5. Turbine Lube Oil Purification System

Its purpose is to remove the contamination of the lube oil (caused when lube oil comes in contact with water, air and metal particles that cause deterioration of the lube oil) and restore the oil to acceptable conditions.

6. Fuel Oil System

The fuel oil system would be designed for the use of heavy furnace oil for start up and low load operation.

7. Chemical Dosing System

Phosphate dosing system would be provided to ensure chemical conditioning of the steam generator drum water so as to prevent scale formation.

The plant will also have the following systems in place:

- Air conditioning system
- Ventilation system
- Compressed air system

8. Instrumentation and Control System

Microprocessor based Distributed Control system (DCS) with state-of-art Man Machine Interface (MMI) is proposed to provide a comprehensive, integrated instrumentation and control system including the functions of Data Acquisition System (DAS) to operate, control and monitor the steam generator and auxiliaries, and the balance of plant systems (Cooling water system, Fuel oil system, etc.) with a hierarchically and functionally distributed structure.

9. Water Systems

The water will be used for condenser cooling, cooling of SG and TG auxiliaries and various other requirements like SG make up, service and potable water. The water systems consists of following sub-systems: (a) Raw water system (b) Condenser cooling water system (c) Make up water system (d) Auxiliary cooling water system (e) Water treatment system (f) Service & potable water system (g) Fire protection system (h) Effluent disposal system and (i) Effluent treatment Plant



10. Lignite & Limestone Handling System

This system is for receipt of lignite/limestone from mines by belt conveyors/dumpers, and subsequent stacking, reclaiming, screening, crushing and conveying the same to steam generator bunkers.

11. Ash Handling System

The ash consists of lignite ash, gypsum and un-reacted CaO. The bed ash as well as fly ash will be collected in the silos and disposed in the conditioned form. Provision will be made for dry disposal of fly ash from silos using closed containers. A part of fly ash would be utilised / marketed in dry form depending on the demand for the same. Fly ash generated in thermal power stations has commercial value because of its usage in Cement Industry, Brick Industry, Concrete/Building Industry and Roads/Paving.

12. Electrical Systems

These consist of the following important Equipments, Processes and Systems:

- Generator: The generator will be rated to deliver 250 MW at 16.5 KVA, 50 Hz, 0.85-power factor, at 3000 rpm.
- Generator Bus Duct: The terminals of the generator will be connected to the generator transformer through Isolated Phase Bus Duct of adequate short circuit withstanding capability with suitably rated tap-off to the unit auxiliary transformer.
- Generator Transformer: The generator will be connected to the 220 KVA switchyard through the generator transformer (GT) rated to deliver 250 (+20%) MW at 16.5 kV, 50 Hz, 0.85-power factor, at 3000 rpm.
- Evacuation of Power: The power generated in the plant will be evacuated by GUVNL (erstwhile GEB) through the 4 existing lines (2 lines to 220 KVA Zagadia substation and 2 lines to 220 KVA Gavasad substation) and two new lines if required.
- Auxiliary Power Supply System: Auxiliary supply will be through unit auxiliary transformers connected directly to the generator through isolated phase bus duct.
- Service Transformers: They will supply power to the 415 V auxiliaries of the unit, auxiliaries of ash handling system, lignite handling, mine stone milling and conveying system and other systems.
- Station Transformer: To Supply power to the 6.6 kV station buses and unit load when unit is under shutdown.
- Emergency Power Supply: To enable safe unit shutdown during complete A.C supply failure in the station, certain important plant auxiliaries will be provided with a reliable A.C. power supply through a separate source.
- Cabling System: Consists of 6.6 kV System Power Cable, 415 System Power, Control Cables and Instrumentation Cables.
- Lighting System: Suitable illumination through artificial lighting necessary to facilitate normal operation and maintenance activities and to ensure safety of working personnel.

Key Infrastructural facilities:

Mining

Mining lease spreads over an area of 2059.84 Ha. in various villages of Taluka Mangrol and Valia in District Surat and Bharuch respectively. The total geological reserve in this proposed mining area is about 341.74 million tonnes out of which 209.79 million tonnes are mineable reserves and 170.37 million tonnes are extractable reserves. Sufficient lignite reserves are available to meet the requirement of proposed plant expansion.



PROSPECTUS

The availability of lignite reserves & their details for the proposed Valia-Mangrol lignite mine are as follows:

Valia-Mangrol Block

- Mining area for this block spreads over an area of 849.84 Ha in various villages of Taluka Valia & Mangrol, District Bharuch and Surat.
- Lignite exploration in Valia-Mangrol mining lease area was carried out by Directorate of Geology and Mining, Government of Gujarat, Mineral Exploration Corporation Limited (Government of India undertaking) and Khanna Associates, New Delhi.
- Mine plan prepared by M/s Nircon Engineering Consultants Private Limited Chennai has been approved by the Government of India.
- Estimation of reserves was done by graphical /volumetric method.
- The lignite reserves estimated by M/s Nircon Engineering are as under:
 - Geological Lignite Reserves: 114.31 million tonnes
 - Mineable Lignite Reserves: 76.05 million tonnes
 - Extractable reserves: 44.00 million tonnes
- Following points were considered for estimation of mineable lignite reserves.
 - Independent lignite seams of 0.5mts and above are considered.
 - Total depth up to 120 Mts. from the surface considered for reserves.
- For determining the extractable reserves, 10% of the Lignite reserves were considered as mining losses on account of dilution and contamination of lignite during extraction.

Mangrol Lignite Block

- Mining clearance for this block spreads over an area of 1210 Ha in various villages of Taluka Mangrol in District Surat.
- Lignite Exploration in Valia-Mangrol mining lease area was carried out by M/s Directorate of Geology and Mining, Government of Gujarat and M/s Mineral Exploration Corporation Limited, Government of India.
- Mine plan prepared by M/s Nircon Engineering Consultants Private Limited, which was approved by the Ministry of Coal on January 23, 2001, Chennai, which has been approved by the Government of India.
- Estimation of reserves done by volumetric/graphical method as described earlier.
- The lignite reserves estimated by M/s Nircon engineering, Chennai are as under:
 - Geological lignite reserves: 227.43 million tonnes
 - Mineable lignite reserves: 133.00 million tonnes
 - Extractable reserves: 126.39 million tonnes



- Following points were considered for estimation of mineable lignite reserves.
 - Independent lignite seams of 0.5mts and above are considered.
 - Total depth up to 120 Mts. from the surface considered for reserves.

Summary of Lignite Reserves ñ At the Proposed Mines

Particulars	Mangrol	Valia	Total
Lignite ñ MMt	126.39	44	170.37
Waste ñ MM3	691.36	266.21	957.57
Stripping ratio	1 : 5.5	1 : 6	1 : 5.6

The total available lignite reserves at existing Vastan mine and proposed Valia- Mangrol mine are as under:

Particulars	Vastan	Mangrol	Valia	Total
Lignite (M. Mt)	42	126.39	44	212.39
Waste (MM3)	512.4	691.36	266.21	1469.97
Stripping ratio	1 : 12.2	1 : 5.5	1 : 6	1 : 6.9

Out of the above reserves, for the current operations at the Surat Lignite Power Plant (SLPPñI), approximately 7.2 million metric tonnes of lignite has been used.

EPC Contracts:

We propose to enter in to an Engineering, Procurement and Construction (EPC) contract for implementation of the project. We have invited bids through International Competitive Bidding for selection of EPC Contractor. The pre-bid conference was held on April 18, 2005 with the bidders and bidders have submitted the bid document as per EPC specifications. We have received technical and financial / price bids from bidders and are in the process of evaluating these bids. We expect to complete the process of evaluating the technical bids by October 2005. The process of finalizing EPC Contractor and awarding the EPC contract is likely to be completed by November, 2005.

Operations & Maintenance Arrangements

We have been in the business of power generation since March 1992. We have acquired and further developed our in house expertise in operation and maintenance of power plants using different fuels such as natural gas, naphtha and lignite. Further, we have professional and dedicated team of engineers for carrying out the operations and maintenance services. Accordingly, it is proposed that the operation and maintenance of the proposed expansion project shall be carried out in-house by us.

We intend to:

- a) Identify and recruit the required manpower, having the required background and experience in commissioning, operation and plant maintenance functions for lignite fired thermal power plant of similar capacity.
- b) Provide adequate training at the manufactureris works, at site, at the existing power station and/or in training simulators so as to fully familiarize them with the O&M aspects relevant to this project



PROSPECTUS

Power Off-take Arrangements for proposed plant

On November 18, 2004, we entered into a Memorandum of Understanding (MoU) with GEB (presently GUVNL) for off take of power to be generated at the proposed plant.

For details of our existing Power off-take agreements, kindly refer to iOur Businessi appearing on page no. 60 of this Prospectus.

Status of Clearances

All necessary clearances for setting up 250 MW expansion project have been obtained and the details of the same are given below:

Power Plant

Sr. No.	Clearance Authority	Letter Reference No.	Date	Approval for
1.	GEB	COMM:IPP: GIPCL: SLPP: 6554	07.11.2001	U/s 44 of the Electricity (Supply) Act, 1948
2.	Government of Gujarat	IPP-102001-664-PP cell	15.01.2002	U/s 18-A of the Electricity (Supply) Act, 1948
3.	Narmada water resources and water supply dept. GoG	WTR-1092-23-P	17.10.2002	For drawal of water from River Tapi
4.	Airport Authority of India Ltd	AAI/20012/04/1993-ARI (NOC)	18.01.2005	For chimney height.
5.	Central Water Commission	GUJ-16/93-PSC	10.12.2001	For drawal of water from River Tapi
6.	Gujarat Pollution Control Board	PC/NOC/SRT-1091/25197	05.09.2002	No objection certificate
7.	Central Electricity Authority	2/Guj/48/2000-PAC/1355	15.09.2003	Techno Economic Clearance Not required for Thermal Project - Hard cost of project assessed
8.	Ministry of Environment and Forests GOI	J-13011/17/2002.IA-II (T)	10.11.2003	Environmental Clearance

Note : The above clearances are obtained for 250 MW (2x125MW units), which shall be revalidated by GIPCL for 1x250 (+20%) MW unit size in line with present requirement.

Mining

Sr. No.	Clearance Authority	Letter reference no	Date	Approval for
1.	Govt. of Gujarat	MCR-1082-CHH-1, MCR-1098-1108-CHH-1, & MCR-1098-1109-CHH	05.03.2002 06.04.2004	Mining lease of 1210 Ha in Surat Dist. Mining Lease of 857 Ha in Bharuch & Surat Dist.
2.	Ministry of Coal & Lignite Section, GOI	COMM:IPP: F. NO. 48024/3/98 & Lig	23.01.2001	Mine Plan clearance for 4.2 MI Ton of lignite production p.a.
3.	Gujarat Pollution Control Board	PC/NOC/SRT-1091/25197	05.09.2002	No objection certificate
4.	Ministry of Environment and Forests GOI	J-11015/38/99-IA.II (M)	21.07.2003	The Environmental Clearance for Lease of 2080 Ha



Project Scheduling and Implementation:

Project Schedule

It is envisaged to synchronize 250 (+20%) MW unit in 38 months, reckoned from the date of award of EPC contract. The commercial operation date (COD) of unit will be two months after synchronization. The duration of two months between synchronization and COD will be utilized for the following activities. This schedule is based on in-house estimates of equipment delivery and construction schedules:

- (a) Trial operation of steam generator (SG) and turbine generator (TG) including submission of report upon successful completion, for duration of four (4) weeks. Trial operation would include following major activities.
 - Trial operation of the unit for 72 hours at full load on auto.
 - Operations of the unit at various load regimes for sufficient duration on auto.
 - Stable operation of unit and notice for Performance Guarantee (PG) test for SG and TG.
- (b) Test including shutdown for removal of instruments and unit characteristics tests inclusive of VVO test, house load operation test, ramp rate test, demonstration of cold, warm and hot start-up times ñ 2 weeks.
- (c) PG test for balance of plant systems like water treatment plant, water clarification plant, cooling towers, lignite handling system, ash-handling system etc. ñ 2 weeks.
- (d) Review / approval of PG tests and takeover for commercial operation ñ 2 weeks.

Implementation

Since the expansion unit will be installed within the boundary of the existing power plant all the existing facilities such as roads, site office, and storage sheds, construction water and power supply can be readily utilized with minor modifications for the proposed extension units. We have identified mining blocks and completed the process of geological survey and have executed mining lease agreement for Valia-Mangrol Block.

Cost incurred in respect of project implementation as on August 31, 2005

The details of cost incurred on the project till August 31, 2005 is as under*:

Sources of funds		Application of funds	
Particulars	Amount (Rs. in millions)	Heads of Expenses	Amount (Rs. in millions)
		Power Division	
Internal Accruals	49.514	Technical Consultancy	3.212
		Public Notice / Inviting Tender	0.65
		Environmental Clearance Expenses	0.803
		Construction Power	0.007
		Financial Consultancy	0.911
		Total Power Division	5.583
		Mining Division	
		Mine Exploration Expenses	35.416
		Mine Development Expenses	6.008
		Drilling Charges	0.806
		Consultancy Fees	1.701
		Total Mining Division	43.931
Total	49.514	Total	49.514

* As Certified by M/s C.C.Chokshi & Co., Chartered Accountant dated September 26, 2005.



PROSPECTUS

Interim Use of Proceeds

Our management, in accordance with the policies established by the Board, will have the flexibility in deploying the proceeds received by us from the Issue. Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Issue, in high quality interest bearing liquid instruments including deposits with banks, for the necessary duration. Such investments would be in accordance with the investment policies approved by our Board of Directors from time to time.

Monitoring of utilization of funds

The Audit Committee appointed by the Board of Directors will monitor the utilization of the Issue proceeds.



BASIS FOR ISSUE PRICE

The Price Band for the Issue Price will be decided by us in consultation with the BRLMs and advertised at least one day prior to the Bid Opening Date / Issue Opening Date in Financial Express - English National Daily, Jansatta - Hindi National Daily and Financial Express (Gujarati) Regional Daily. The Issue Price will be determined by our Company in consultation with the BRLMs on the basis of assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs. 10 and the Issue Price is 6.8 times the face value of the Equity shares.

Qualitative Factors:

Track record of operating power plants

We have experience of over 13 years in generation of electrical energy and are presently operating three power plants with a total installed capacity of 555 MW. We have established and are undertaking operation & maintenance for all our three power plants by ourselves. We believe that our experience in erection, testing and commissioning lignite based power plant at SLPP with CFBC technology will help us in successful implementation / commissioning of the Expansion Project.

Long term power offtake arrangements

We have entered into long term and guaranteed power offtake arrangements for supply of power for all the three existing power plants. Power from Station I, Vadodara is supplied to the Participating Units as per the memorandum of understanding, which we have entered into with them. Power from station II, Vadodara and SLPP-phase I is supplied to GUVNL in terms of our PPA with them. Our long-term power offtake arrangements enable us to focus and concentrate on our efficiency instead of marketing the power.

Long Term Mining Leases

Our existing lignite mine at Vastan has sufficient reserve for fuelling SLPP-Phase I for 30 continuous years. All the three lignite mines including existing Vastan Mines taken together have sufficient reserve for fuelling power plant of 1,000 MW for over 30 years at an average PLF of 80%.

Availability and Proximity to Fuel Sources

SLPP-Phase I is a pit head power plant with benefit of low cost of transportation of lignite, 100% fuel availability, (captive lignite mines), negligible transportation risk and predictable cost of fuel. Further, our gas based power plants at Vadodara, also benefits with better availability and proximity to gas grid.

High plant availability

For the FY 2005, the availability factor for our gas-based power stations was 96.24% and 91.44% for Station-I and Station-II respectively and 84.99% for SLPP-Phase I. In order to ensure high availability of our power plants, we monitor and systematically maintain our power stations. We believe that our monitoring and maintenance techniques offer us a competitive advantage in an industry where reliability and maintenance costs are a significant determinant of profitability.

Government support

We have been recognized as one of the *iPanchratnas* by GoG. Support of GoG has been instrumental in the operations and management of our Company. We have been appointed by GoG as a nodal agency for setting up Lignite based Power Projects in South Gujarat and have signed a Memorandum of Understanding with GoG for commissioning power plant with an installed capacity of 2,000 MW capacity.

PROSPECTUS



Competent and committed workforce

We have a highly competent and committed workforce. We have one of the lowest Man-Megawatt Ratio of 0.71:1. A work force of only 398 generates 555 MW of power at our Company. For a detailed profile of our key managerial personnel, refer to the paragraph on Key Managerial Personnel in the section titled 'Our Management' on page 92 of the Prospectus.

Quantitative Factors:

1. Adjusted Earning Per Equity Share

Year	Earning per Equity Share (Rs.)	Weight
2002-03	2.63	1
2003-04	5.05	2
2004-05	8.78	3
Weighted Average	6.51	

- The Earning per Equity Share has been computed on the basis of adjusted Profits & Losses for the respective years/periods after considering the impact of accounting changes and prior period adjustments / regroupings pertaining to the earlier years.
 - EPS calculations have been done in accordance with Accounting Standard 20-'Earnings per Share' issued by the Institute of Chartered Accountants of India.
 - The denominator considered for the purpose of calculating earning per share is the weighted average number of Equity Shares outstanding during the period.
2. Price / Earning (P/E) ratio in relation to the Issue Price of Rs. 68 based on the year ended March 31, 2005, Adjusted EPS of Rs. 8.78 is 7.74

3. Return on Networth (RoNW)

Year	RoNW %	Weight
2002-03	7.31%	1
2003-04	12.54%	2
2004-05	18.08%	3
Weighted Average	14.44%	

RoNW has been computed by dividing Net Profit after Tax by Net Worth. The Weighted Average of Return on Net Worth (%) and adjusted Return on Net Worth (%) for these fiscal years have been computed by giving weights of 1,2 and 3 for the fiscal years ending March 31, 2003, 2004 and 2005 respectively.

4. **Minimum Return on Increased Net Worth** required to maintain Pre-Issue EPS : **15.39%**.
5. **Net Asset Value per share (NAV) after Issue and comparison with Issue Price**

	Adjusted NAV (Rs.)
As of March 31, 2005	48.84
As of June 30, 2005	53.03
After the Issue	57.03



6. Comparison with Industry Peers

Name of Company	Face Value (Rs.)	EPS (Rs.)	P/E Multiple	NAV (Rs.)	RONW (%)
Generation					
Neyveli Lignite Corporation	10/-	7.0	10.6	45.8	16.7%
National Thermal Power Corporation Ltd.	10/-	6.7	14.1	51.1	14.9%
Gujarat Industries Power Company Ltd.	10/-	8.78	7.74	53.03	18.08%
Generation & Distribution					
Reliance Energy Ltd.	10/-	22.6	23.1	291.8	10.0%
Tata Power Ltd.	10/-	18.3	22.6	259.3	7.5%
AEC Torrent Power Limited ñ Ahmedabad	10/-	16.3	13.9	109.9	16.2%
Industry Composite			14.3		

Our EPS, Net Asset Value & RONW have been taken from our restated audited financials for the period ended June 30, 2005 and for the year ended March 31, 2005. Information for other companies has been taken from Capital Market, for the period September 26-October 9, 2005 for the category Power Generation and Supply.



STATEMENT OF TAX BENEFITS**Re: Tax Benefits**

The current position of tax benefits available to the Company and to its shareholders is provided for general information purposes only. Each shareholder is advised to consult its own tax consultant with respect to the specific tax implications arising out of its participation in the issue, particularly in view of the fact that there could be different interpretations of legislation.

Unless otherwise specified, sections referred to below are sections of the Income-tax Act, 1961. All the provisions set out below are subject to conditions specified in the respective sections.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. While all reasonable care has been taken in the preparation of this opinion, C.C.Chokshi & Co. accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

TAX BENEFITS**I Benefits Available to the Shareholders of the Company****A. Under the Income-tax Act, 1961 (ëëthe Act)****A.1 Benefits to Resident Shareholders****A.1.1 *Income of a minor exempt up to certain limit***

Under section 10(32) of the Act, any income of a minor child clubbed in the total income of the parent under section 64(1A) of the Act will be exempt from tax to the extent of Rs.1,500 per minor child.

A.1.2 *Dividend exempt under section 10(34)*

Under section 10(34) of the Act, any income by way of dividends referred to in section 115-O of the Act (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the Company) is exempt from tax.

A.1.3 *Computation of capital gains*

A.1.3.1 Capital assets are categorised into short term capital assets and long term capital assets based on the period of holding. Shares held in a Company, any other listed securities, units of UTI and specified Mutual Fund units are considered as long term capital assets if these are held for a period exceeding 12 months.

A.1.3.2 Under section 48 of the Act, if the Company's shares, being long-term capital assets (i.e. being held for more than 12 months), are sold, the long-term capital gains (in cases not covered under section 10(36) and 10(38) of the Act), if any shall be calculated after indexing the cost of acquisition.

A.1.3.3 Under section 112 of the Act, and other relevant provisions of the Act, long term capital gains, (i.e., if shares are held for a period exceeding 12 months) (in cases not covered under section 10(36) and Section 10(38) of the Act), arising on transfer of shares in the Company, shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. The amount of such tax shall however, not exceed 10% (plus applicable surcharge) without indexation, if the transfer is made after listing of the shares of the Company.



A.1.3.4 The Finance (No. 2) Act, 2004 has levied an additional Education Cess of 2% on Income tax including surcharge. The rate of tax would therefore increase accordingly.

A.1.3.5 The Finance (No. 2) Act, 2004 has inserted section 111A of the Act that the short term capital gains arising from the transfer of shares, where the transaction of sale of such shares is entered into in a recognized stock exchange in India on or after 1st Day of October, 2004 and such transaction is chargeable to securities transaction tax will be chargeable to tax @ 10% (plus surcharge and Education Cess).

A.1.4 Exemption from capital gains

A.1.4.1 The Finance (No.2) Act, 2004 has introduced provisions of Section 10(38) of the Act which provides that the long term capital gains arising from the transfer of shares, where the transaction of sale of such shares is entered into in a recognized stock exchange in India on or after the 1st Day of October, 2004 and the transaction is chargeable to Securities Transaction Tax will be exempt from tax.

A.1.4.2 Under section 54EC of the Act, subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(36) and Section 10(38) of the Act) arising on transfer of the shares of the Company are exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long-term specified asset.

In such a case, the cost of such long-term specified asset will not qualify for tax rebate under section 88 of the Act.

If the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head 'Capital Gains' of the year in which the specified asset is transferred or converted into money.

A.1.4.3 Under section 54ED of the Act, subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(36) and Section 10(38) of the Act) on the transfer of the shares of the Company, after the shares are listed, will be exempt from capital gains tax if the capital gains are invested in equity shares forming part of an eligible issue of capital, within a period of 6 months after the date of such transfer. 'Eligible issue of capital' means an issue of equity shares which satisfies the following conditions, namely -

- (a) the issue is made by a public company formed and registered in India;
- (b) the shares forming part of the issue are offered for subscription to the public.

In such a case, the cost of such equity shares will not qualify for tax rebate under section 88.

If such equity shares are sold or otherwise transferred within a period of one year from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head 'Capital Gains' of the year in which the equity share are transferred.

A.1.4.4 Under section 54F of the Act, long term capital gains (in cases not covered under section 10(36) and 10(38) of the Act) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family (HUF) are exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years. Such benefit will not be available:



PROSPECTUS

- (a) if the individual or Hindu Undivided Family-
 - (i) owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
 - (ii) purchases another residential house within a period of one year after the date of transfer of the shares; or
 - (iii) constructs another residential house within a period of three years after the date of transfer of the shares; and
- (b) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head 'Income from house property'.

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the residential house bears to the net consideration shall be exempt.

If the residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head 'Capital Gains' of the year in which the residential house is transferred.

A.2 Benefit to Mutual Funds

Under section 10(23D) of the Act, any income of:

- (a) A Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or regulations made thereunder;
- (b) Such other Mutual Fund set up by a public sector bank or a public financial institution or authorised by the Reserve Bank of India and subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf will be exempt from income-tax.

A.3 Benefits to Non Resident Shareholders (Other than FIIs)

A.3.1 *Income of a minor exempt up to certain limit*

Under section 10(32) of the Act, any income of a minor child clubbed in the total income of the parent under section 64(1A) of the Act will be exempt from tax to the extent of Rs.1,500 per minor child.

A.3.2 *Dividend exempt under section 10(34) of the Act*

Under section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the Company) is exempt from tax.

A.3.3 *Computation of capital gains*

- A.3.3.1 Capital assets are categorised into short term capital assets and long term capital assets based on the period of holding. Shares held in a Company, any other listed securities, units of UTI and specified Mutual Fund units are considered as long term capital assets if these are held for a period exceeding 12 months.



- A.3.3.2 Under the first proviso to section 48 of the Act, in case of a non-resident, in computing the capital gains arising from transfer of shares of the Company acquired in convertible foreign exchange, cost indexation will not be applicable. The capital gains/ loss in such a case will be computed by converting the cost of acquisition, consideration for transfer and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilised in the purchase of the shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/arising from every reinvestment thereafter and sale of shares or debentures of an Indian company including the Company.
- A.3.3.3 Under section 112 of the Act, and other relevant provisions of the Act, long term capital gains, (i.e., if shares are held for a period exceeding 12 months) (in cases not covered under section 10(36) and section 10(38) of the Act), arising on transfer of shares in the Company, shall be taxed at a rate of 20% (plus applicable surcharge). The tax shall however, not exceed 10% (plus applicable surcharge) of the gains if the transfer is made after listing of the shares of the Company.
- A.3.3.4 The Finance (No. 2) Act, 2004, has levied an additional Education Cess of 2% on Income tax including surcharge. The rate of tax would therefore increase accordingly.
- A.3.3.5 The Finance (No. 2) Act, 2004 has inserted provisions of section 111A of the Act that the short term capital gains arising from the transfer of shares, where the transaction of sale of such shares is entered into in a recognized stock exchange in India on or after 1st Day of October, 2004 and chargeable to Securities Transaction Tax will be chargeable to tax @ 10% (plus surcharge and Education Cess).
- A.3.4 Exemption from capital gains*
- A.3.4.1 The Finance (No.2) Act, 2004 has inserted provisions of section 10(38) of the Act that the long term capital gains arising from the transfer of shares, where the transaction of sale of such shares is entered into in a recognized stock exchange in India on or after 1st Day of October, 2004 and chargeable to Securities Transaction Tax will be exempt from tax.
- A.3.4.2 Under section 54EC of the Act, subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(36) and 10(38) of the Act) arising on transfer of the shares of the Company are exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long-term specified asset.
- In such a case, the cost of such long-term specified asset will not qualify for tax rebate under section 88 of the Act.
- If the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head 'Capital Gains' of the year in which the specified asset is transferred or converted into money
- A.3.4.3 Under section 54ED of the Act, subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(36) and Section 10(38) of the Act) on the transfer of the shares of the Company, after the shares are listed, will be exempt from capital gains tax if the capital gains are invested in equity shares forming part of an eligible issue of capital, within a period of 6 months after the date of such transfer. 'Eligible issue of capital' means an issue of equity shares which satisfies the following conditions, namely
- (a) the issue is made by a public company formed and registered in India;
 - (b) the shares forming part of the issue are offered for subscription to the public.



In such a case, the cost of such equity shares will not qualify for tax rebate under section 88 of the Act.

If such equity shares are sold or otherwise transferred within a period of one year from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head 'Capital Gains' of the year in which the equity shares are sold or transferred.

A.3.4.4 Under section 54F of the Act, long term capital gains (in cases not covered under section 10(36) and Section 10(38) of the Act) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family (HUF) are exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years. Such benefit will not be available:

- (a) if the individual or Hindu Undivided Family-
 - (i) owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
 - (ii) purchases another residential house within a period of one year after the date of transfer of the shares; or
 - (iii) constructs another residential house within a period of three years after the date of transfer of the shares; and
- (b) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head 'Income from house property'.

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head 'Capital Gains' of the year in which the residential house is transferred.

A.3.5 *Non-resident Indian shareholders*

A non-resident Indian (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) has an option to be governed by the provisions of Chapter XII-A of the Act, viz. 'Special Provisions Relating to Certain Incomes of Non-Residents' which are as follows:

- (a) Under section 115E of the Act, where shares in the company are acquired or subscribed for in convertible foreign exchange by a non-resident Indian, capital gains arising to the non-resident Indian on transfer of shares held for a period exceeding 12 months shall (in cases not covered under section 10(36) and section 10(38) of the Act) is concessionaly taxed at the rate of 10% (plus applicable Surcharge) (without indexation benefit).
- (b) Under section 115F of the Act, long term capital gains (in cases not covered under section 10(36) of the Act and section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible foreign exchange is exempt from Income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only a part of the net consideration is so invested, the exemption shall be proportionately reduced.



If the specified asset is transferred or converted into money within a period of three years from the date of its acquisition, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head 'Capital Gains' of the year in which the specified asset is transferred or converted.

- (c) Under section 115G of the Act, it shall not be necessary for a Non-Resident Indian to furnish his return of income if his income chargeable under the Act consists of only investment income or long term capital gains or both arising out of specified assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted therefrom.
- (d) Under section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
- (e) Under section 115I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

A.4 Benefits to Foreign Institutional Investors (FIIs)

A.4.1 Dividend exempt under section 10(34) of the Act

Under section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after April 1, 2003 by the Company) is exempt from tax.

A.4.2 Computation of capital gains

A.4.2.1 Capital assets are categorised into short term capital assets and long term capital assets based on the period of holding. Shares held in a Company, any other listed securities, units of UTI and specified Mutual Fund units are considered as long term capital assets if these are held for a period exceeding 12 months.

A.4.2.2 In accordance with section 115AD of the Act, FIIs will be taxed at 10% (plus applicable surcharge) on long-term capital gains, and at 30% (plus applicable surcharge) on short-term capital gains arising on the sale of the shares of the Company.

A.4.2.3 The Finance (No. 2) Act, 2004, has levied an additional Education Cess of 2% on Income tax including surcharge. The rate of tax would therefore increase accordingly.

A.4.2.4 The benefits of indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not available to an FII.

A.4.2.5 The Finance (No. 2) Act, 2004 has inserted provisions of section 111A of the Act that the short term capital gains arising from the transfer of shares, where the transaction of sale of such shares is entered into in a recognized stock exchange in India on or after October 1, 2004 and chargeable to Securities Transaction Tax will be chargeable to tax @ 10% (plus surcharge and Education Cess).

A.4.3 Exemption from capital gains

A.4.3.1 The Finance (No.2) Act, 2004 has inserted provisions of section 10(38) of the Act that the long term capital



PROSPECTUS

gains arising from the transfer of shares, where the transaction of sale of such shares is entered into in a recognized stock exchange in India on or after October 1, 2004 and chargeable to Securities Transaction Tax will be exempt from tax.

- A.4.3.2 Under section 54EC of the Act, subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(36) and section 10(38) of the Act) arising on transfer of the shares of the Company are exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long-term specified asset.

If the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head 'Capital Gains' of the year in which the specified asset is transferred or converted into money

- A.4.3.3 Under section 54ED of the Act, subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(36) and section 10(38) of the Act) on the transfer of the shares of the Company, after the shares are listed, will be exempt from capital gains tax if the capital gains are invested in equity shares forming part of an eligible issue of capital, within a period of 6 months after the date of such transfer. 'Eligible issue of capital' means an issue of equity shares which satisfies the following conditions, namely –

- (a) the issue is made by a public company formed and registered in India;
- (b) the shares forming part of the issue are offered for subscription to the public.

If such equity shares are sold or otherwise transferred within a period of one year from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head 'Capital Gains' of the year in which the equity shares are sold or transferred.

B. Under the Wealth Tax Act, 1957

Shares of the company will not be treated as an asset within the meaning of section 2(ea) of the Wealth Tax Act, 1957, hence the shares will not be liable to wealth-tax.

II Benefits Available to the Company

1. Exemption under section 10(23G)

Under section 10(23G) of the Act, subject to the conditions specified, interest income from investments made by the Company by way of long-term finance as defined in that section and long-term capital gains from investments made by the Company by way of shares or long-term finance as defined in that section in any enterprise or undertaking engaged in the infrastructure business (including telecommunication services) as defined in that section will be exempt from tax.

2. Dividend exempt under section 10(34)

Under section 10(34) of the Act, dividend income referred to in section 115-O of the Act, will be exempt from tax in the hands of the Company.

3. Income from specified mutual fund exempt under section 10(35)

By virtue of section 10(35) of the Act, the following income shall be exempt in the hands of the company –



- (a) Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or
- (b) Income received in respect of units from the Administrator of the specified undertaking; or
- (c) Income received in respect of units from the specified company;

Provided that this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of a mutual fund, as the case may be. For this purpose:

- (i) 'Administrator' means the Administrator as referred to in clause (a) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;
- (ii) 'specified company' means a company as referred to in clause (h) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;

4. **Exemption from capital gains**

- A. In terms of section 10(36) of the Act, any long term capital gain arising to the Company from the transfer of a long term capital asset being an eligible equity share in a company purchased on or after March 1, 2003 and before March 1, 2004 and held for a period of more than 12 months would not be liable to tax in the hands of the Company:

For this purpose, 'eligible equity share' means-

- (a) any equity share in a company being a constituent of BSE ñ 500 Index of the Bombay Stock Exchange Limited as on the March 1, 2003 and the transaction of purchase and sale of such equity share are entered into on a recognised stock exchange in India; or
- (b) an equity share in a company allotted through a public issue on or after the March 1, 2003 and listed in a recognized stock exchange in India before the March 1, 2004 and the transaction of sale of such share is entered into on a recognised stock exchange in India.

- B. The Finance (No.2) Act, 2004 has inserted provisions of section 10(38) of the Act that the long term capital gains arising from the transfer of shares, where the transaction of sale of such shares is entered into in a recognized stock exchange in India on or after October 1, 2004 and chargeable to Securities Transaction Tax will be exempt from tax.
- C. Under section 54EC of the Act, subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(36) and section 10(38) of the Act) arising on transfer of a long-term capital asset shall be exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long-term specified asset.

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head 'Capital Gains' of the year in which the specified asset is transferred.

- D. Under section 54ED of the Act, subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(36) and section 10(38) of the Act) on the transfer of listed securities or units will be exempt from capital gains tax if the capital gains are invested in equity shares forming part of an eligible issue of capital, within a period of 6 months after the date of such transfer. 'Eligible issue of capital' means an issue of equity shares which satisfies the following conditions, namelyñ



PROSPECTUS

- (a) the issue is made by a public company formed and registered in India;
- (b) the shares forming part of the issue are offered for subscription to the public.

If such equity shares are sold or otherwise transferred within a period of one year from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head 'Capital Gains' of the year in which the equity shares are transferred.

5. **Short term capital gains**

The Finance (No. 2) Act, 2004 has inserted provisions of section 111A of the Act that the short term capital gains arising from the transfer of shares, where the transaction of sale of such shares is entered into in a recognized stock exchange in India on or after October 1, 2004 and chargeable to Securities Transaction Tax will be chargeable to tax @ 10% (plus surcharge and Education Cess).

6. **U/s 80IA and 35 of the Act**

- In accordance with and subject to the condition specified in Section 80 IA of the Income Tax Act, 1961, the Company would be entitled to deduction of 100% of profits derived from Industrial Undertaking engaged in generation and/or distribution or transmission of power for any 10 consecutive assessment years out of fifteen years beginning from the year in which the undertaking generated power or commences transmission or distribution of power before March 31, 2006.
- In accordance with and subject to the provisions of Section 35, the Company would be entitled to deduction in respect of expenditure laid out or expended on scientific research related to the business.

Notes:

1. In respect of non-residents, as per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial.
2. The tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreements, if any.
3. In view of the individual nature of tax consequences, each shareholder is advised to consult its own tax advisor with respect to specific tax consequences of its participation in the scheme.
4. The tax benefits listed above are not exhaustive.



SECTION IV INDUSTRY OVERVIEW

Industry, Market and Competitive Environment

The Indian Power Sector Scenario

As per the Ministry of Power (iMoPi), Government of India (iGolI), all India installed capacity of electric power generating stations was 118,419 MW as on March 31, 2005. This total capacity consisted of 80,902 MW thermal power based capacity, 30,906 MW hydro power based capacity, 2,770 MW nuclear power based capacity and 3811 MW wind & others.

Central Electricity Authority has assessed a capacity addition of 60,896 MW which is required to be achieved during XI plan to meet the all India peak-demand and energy requirement, consisting of 33,536 of thermal power, 22430 MW of hydro power and 4940 MW of nuclear power. In order to achieve this, a shelf of thermal projects worth 71,285 MW and hydro projects worth 29092.5 MW has been identified by CEA. (Source: MoP website).

The 16th Electric Power Survey (iEPSi) carried out by the Central Electricity Authority has projected a peak demand and energy requirement by the end of the 11th Five Year Plan (2007-12) at 157,107 MW and 975,222 MU respectively. In order to provide power on demand to all consumers by 2012, the Gol plans to add around 102,006 MW of additional capacities during the 10th and 11th Five Year Plan periods. (Source: 16th EPS and Crisinfac report iState of the Industry).

Power Infrastructure in India

- Installed Generation Capacities (FY 2000- FY 2005) by Generation**

As of March 31	Thermal (% of total)	Installed Capacity (in MW)	Hydro (% of total)	Installed Capacity (in MW)	Wind (% of total)	Installed Capacity (in MW)	Nuclear (% of total)	Installed Capacity (in MW)	Total (in MW)
2000	71.8	70,493	24.3	23,857	1.2	1,154	2.7	2,680	98,184
2001	71.2	72,355	24.7	25,142	1.3	1,269	2.8	2,860	101,626
2002	71.0	74,550	25.0	26,269	1.4	1,507	2.6	2,720	105,046
2003	71.0	76,607	24.9	26,910	1.6	1,736	2.5	2,720	107,973
2004	69.6	77,968	26.3	29,500	1.7	1,870	2.4	2,720	112,058
2005	69.0	80,902	26.0	30,936	3.0	3,811	2.0	2,770	118,419

(Source: MoP and CEA Executive Summary, March 2005)

- Installed Generation Capacities by Sector (FY 2004)**

(in MW, except for percentages)

Type/Sector	Central	State	Private	Total	Share of Total (%)
Thermal	27,257	41,213	8999	77,969	69.6
Hydro	5,249	23,375	876	29,500	26.3
Nuclear	2,720	0	0	2,720	2.4
Wind	0	65	1,805	1,870	1.7
Total	35,726	64,653	11,680	112,058	100.0%

(Source: Crisinfac)



• **Capacity Utilization**

(In %)

As of March 31	Central	State	Private	Total
2000	73.8	63.7	68.9	67.3
2001	74.3	65.6	73.1	69.0
2002	74.3	67.0	74.7	69.9
2003	77.1	68.7	78.9	72.2
2004	78.7	68.4	80.4	72.7
2005	81.7	N.A.	N.A.	74.8

(Source: Ministry of Power : Performance Report 2004-05)

• **Capacity Addition Program by Sector**

(in MW)

Type/Sector	Central	State	Private	Total
2005-06	2,260	1,565	1,445	5,270
2006-07	5,552	3,778	2,149	11,479
2007-08	5,430	3,590	1,744	10,764
2008-09	2,820	0	0	2,820

(Source: Crisinfac)

• **Capacity Addition Program by fuel**

(in MW)

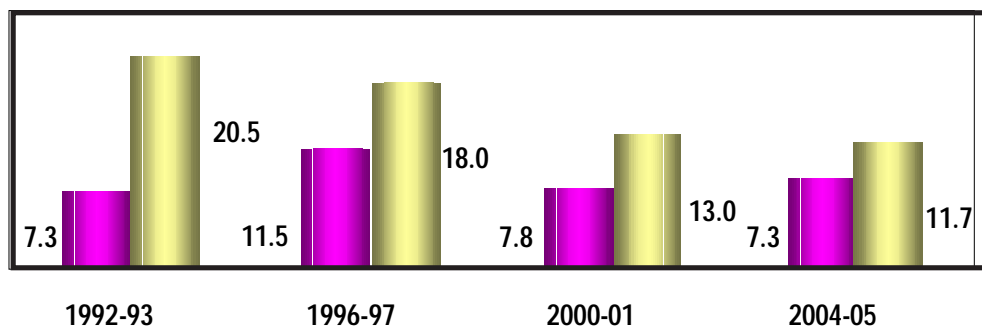
Type/Sector	Coal	Nuclear	Lignite	Hydel	Gas / Naptha	Others	Total
2005-06	2,637	0	0	1,175	1,429	29	5,270
2006-07	4,770	760	75	2,504	3,349	21	11,479
2007-08	5,500	540	0	2,300	2,424	0	10,764
2008-09	1,320	1,000	500	0	0	0	2,820

(Source: Crisinfac)

• **Power Supply Position**

The country has in the recent past has been experiencing peak shortages of power availability. While the peak shortages have come down from 20.5% in 1992-93 to 11.7% in 2004 -05, overall power shortages have firmed up to 7.3% in 2004-05 from 11.5% in 1996-97. The chart below summarizes the power shortage scenario in the country.

■ Power Shortages (%) ■ Peak Shortages (%)



(Source: MoP website)



Projected Energy Demand

The projected energy demand in the country is as tabulated below.

(MU)

State / Year	2006-07	2011-12	2016-17
Western Region	224,927	299,075	395,859
Southern Region	194,102	262,718	354,599
Northern Region	220,820	308,528	429,480
Eastern Region	69,467	90,396	117,248
North-Eastern Region	9,501	14,061	20,756
Total	718,817	974,778	1,317,942

(Source: Crisinfac report)

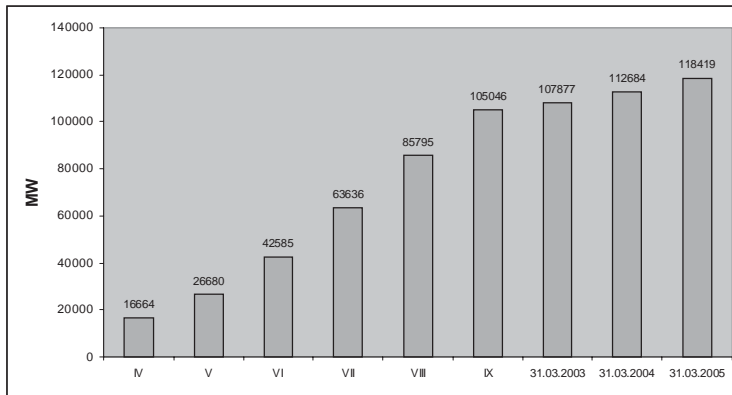
Projected Peak Demand

(MW)

State / Year	2006-07	2011-12	2016-17
Western Region	35,223	46,825	61,966
Southern Region	31,017	42,061	56,883
Northern Region	35,540	49,674	69,178
Eastern Region	11,990	15,664	20,416
North-Eastern Region	1,875	2,789	4,134
Total	115,645	157,013	212,577

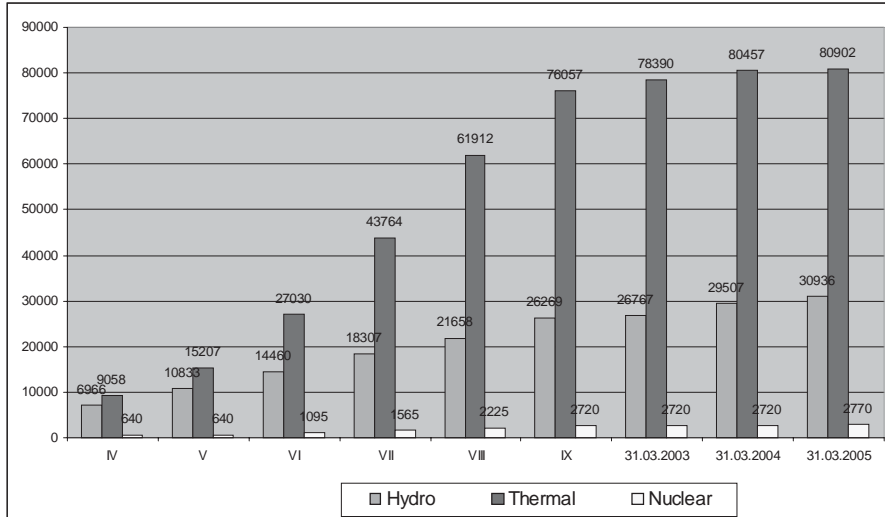
(Source: Crisinfac report)

Plan-wise Growth of Power Sector in India





The growth of utility-wise installed power generation capacity during the Plan period is as under:



(Source: www.powermin.nic.in)

Power Sector Scenario in the State of Gujarat

With the bifurcation of the state of Gujarat from the state of Maharashtra in the 1960, Gujarat has developed its capabilities and expertise in the power sector, which has contributed to the industrial growth of the state. The per capita electrical energy consumption in Gujarat was 944 units during FY 2003, which is much higher than that of national average, which was less than 400 units during the same period. The total installed capacity of power generation in the state as on November 30, 2004 was 9,104 MW.

Gujarat is one of the first states in India to appoint a fully independent and functional regulator for the electricity sector. The Gujarat Electricity Regulatory Commission (GERC/the Commission) is functional since FY 2000. The Commission has already indicated its inclination for setting market mechanism in the state. Being the sole licensing authority for transmission, distribution and trading, GERC has already finalized regulations for determination of tariffs, charges and surcharges and the same shall come into force after being notified in the official gazette. This would create and promote necessary infrastructure for bringing about competition driven efficiencies in the sector leading to opening up of investment opportunities. The Gujarat Electricity Industry (Reorganisation and Regulation) Act, 2003 has already been enacted for supporting and smoothening the power sector reforms in Gujarat.

Total Installed Capacity of Power Generation in Gujarat

(In MW)

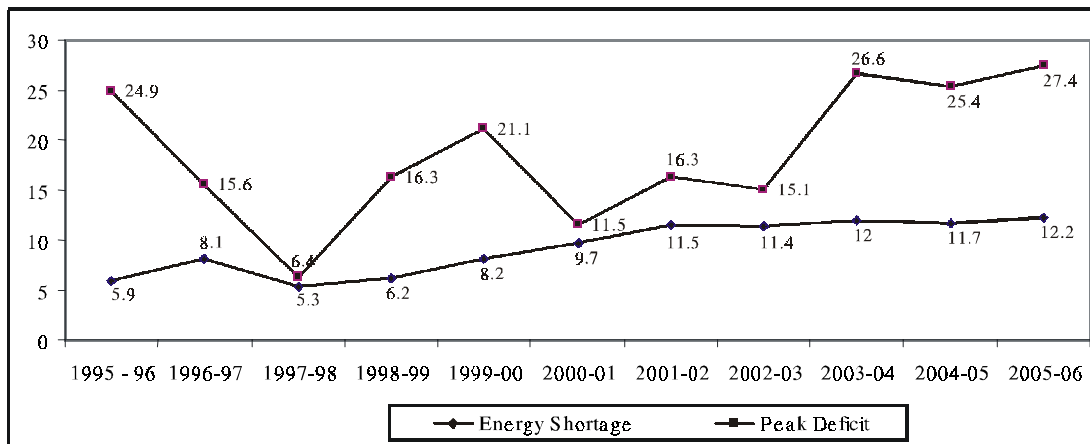
Particulars	Installed Capacity (as on 31.03.2005)
Share in Central Sector Stations	1,538.30
State Projects	5,885.30
Private Sector	2,289.57
Total	9,713.17

(Source: www.powermin.nic.in)



Energy Shortage and Peak Deficit in Gujarat

Despite substantial increase in the generating capacity of power in the state, there remains a huge gap in the demand and supply of power. The following chart presents the energy shortage (%) & peak deficit (%) in the state of Gujarat during last ten years.



(Source: www.powermin.nic.in)

Major Policy Initiatives during Last Five Years

Mega Power Projects

In October 1998, GoI announced a policy aimed at utilizing economies of scale and producing power at the most economical locations. Under this policy, subject to satisfying certain conditions, thermal power projects with a capacity of 1,000 MW and above (or hydro projects with a capacity of 500 MW and above) and selling power to more than one state are granted mega power project status, and allowed certain fiscal benefits, such as the duty-free import of capital goods and a ten-year income tax holiday. Mega power projects in both the public and private sectors can avail of the benefits of this policy.

Accelerated Power Development and Reforms Programme

To improve the condition of the SEBs, GoI launched a combination of regulatory and development initiatives. In FY 2000, GoI initiated the APDRP to provide financial assistance to the states for undertaking renovation and modernization programs for thermal and hydropower stations and to strengthen and improve the sub-transmission and distribution network. GoI has earmarked a total of Rs. 400 billion for the programme during the 10th five-year plan. The programme includes investment components and incentive components.

Under the investment component of APDRP, GoI provides financial assistance to states to strengthen and upgrade their sub-transmission and distribution networks. Half of the cost of such projects will be met by GoI through concessional loans, with the balance arranged by states as counterpart funding from financial institutions. However, for states in the north-eastern region, Jammu & Kashmir, Himachal Pradesh, Uttaranchal and Sikkim, GoI provides financial assistance for up to 100% of the project cost.

Under the incentive component, the MoP makes a grant to states of 50% of the SEB's actual cash loss reductions year-over-year. This component has been introduced to motivate the SEBs and utilities to reduce their financial losses.



Accelerated Generation & Supply Programme

Loan from REC and PFC would be available up to about Rs. 1,000 million mainly for renovation and modernization of power plants. Further, interest subsidy has also been provided for under this programme.

Power for All by 2012

MoP has set a goal – *Mission 2012: Power for All*. A comprehensive blueprint for power sector development has been prepared encompassing an integrated strategy for the sector development with following objectives:

- Sufficient power to achieve GDP growth rate of 8%;
- Reliable and quality power;
- Optimum power cost;
- Commercial viability of power industry; and
- Power for all

Govt has formulated following strategies to achieve the objectives laid down under the 'Power for All by 2012':

Power Generation Strategy with focus on low cost generation, optimization of capacity utilization, controlling the input cost, optimization of fuel mix, technology up gradation and utilization of non- conventional energy sources.

Transmission Strategy with focus on development of national grid including interstate connections, technology up gradation & optimization of transmission cost.

Distribution strategy to achieve distribution reforms with focus on system up gradation, loss reduction, theft control, consumer service orientation, quality power supply commercialization, decentralized distributed generation and supply for rural areas.

Regulation Strategy aimed at protecting consumer interests and making the sector commercially viable.

Financing Strategy to generate resources for required growth of the power sector.

Conservation Strategy to optimize the utilization of electricity with focus on demand side management, load management and technology up gradation to provide energy efficient equipment / gadgets.

Communication Strategy for political consensus with media supports to enhance the general public awareness.

Regulatory Framework

Power is a subject matter of concurrent list under the seventh schedule (providing for distribution of legislative works between union and states) of the Constitution of India and hence responsibility for the development of the power industry is shared between the central and state governments.

Major Legislative Initiatives during Last Five Years

The Electricity Regulatory Commission Act, 1998

Enacted for providing constitution of statutory bodies like CERC and SERCs to rationalize electricity tariff and adopt transparent policies regarding subsidies for regulation of inter-state transmission of energy and promotion of efficiency and environmentally benign policies.



The Electricity Laws (Amendment) Act, 1998

Transmission was not a separate activity under the electricity laws resulting in inadequate investment in this sector. This lacuna has been removed under this Act, which has paved the way for facilitating more investment in the transmission sector as well as a coordinated operation of the grid system. Guidelines issued for private sector participation in the transmission sector.

The Energy Conservation Act, 2001

This Act ensures energy efficiency in consumption and consequently demand side management for reducing need for installing new capacity.

The Electricity Act, 2003

The Electricity Act has been enacted with the objectives of consolidating the laws relating to generation, transmission, distribution, trading and use of electricity and creating measures conducive to the development of the power industry including promoting competition. The Act provides for above by taking the following measures, viz, taking conducive measures to develop electricity industry, supply of electricity to all users, protecting consumer interest, rationalization of electric tariff, transparency in policies regarding subsidies, promotion of efficient and environmentally policies constituted by CEA, Regulatory Commissions and establishment of appellate tribunal etc.

Some of the salient features of the Act include:

- Creates liberal framework for power development;
- Facilitates private investment;
- De licenses generation ñ captive further liberalized;
- Multiple licenses in distribution;
- Create competitive environment;
- Stringent provisions for controlling theft of electricity;
- Empowers states to restructure electricity boards;
- Mandates creation of regulatory commissions;
- Open access on transmission and distribution; and
- Introducing power marketing/trading as a separate activity from power generation, transmission and distribution.

The Gujarat Electricity Industry (Reorganisation and Regulation) Act, 2003

The Gujarat Electricity Industry (Reorganisation & Regulation) Act enacted in May 2003 aims to provide for reorganisation and rationalisation of electricity industry in Gujarat and for establishing an Electricity Regulatory Commission for regulating the electricity industry and all other in related aspects.



PROSPECTUS

The salient features of the Act are as under:

- Reorganisation of the GEB;
- Empowering state regulator to become nodal agency for regulating the industry in Gujarat, determining tariff, wheeling charges, surcharge etc;
- Defining role of State Government; and
- Aligning tariffs towards cost of supply.

For a more detailed discussion about the laws governing the national and the state power sector, see the section titled 'Regulations and Policies' on page 83 of this Prospectus.



OUR BUSINESS

Overview

We operate three power plants in the State of Gujarat with a total installed capacity of 555 MW. Our existing power plants are designed to generate electrical energy of approximately 4,861.8 million units annually. Two of our power plants are in Vadodara, with installed capacities of 145 MW-Station I (gas based) and 160 MW-Station II (gas/naphtha based). We also have a lignite-based power plant at Surat (SLPP-Phase I) with an installed capacity of 250 MW (2 X 125 MW).

We have taken lignite mines on long-term lease from GoG. For SLPP-Phase I, we have a captive mine at Vastan (admeasuring 1504.75 hectares). We also have lignite blocks of Valia-Mangrol, Bharuch district (admeasuring 507.48 hectares) and Valia-Mangrol, Surat district (admeasuring 342.36 hectares), which have been taken on long-term lease from GoG. We are in the process of obtaining additional mining lease of Mangrol block at Surat district (admeasuring 1,210 hectares). All these mines taken together have approximately 212 million metric tonnes of extractable lignite reserve, which is adequate to fuel 1,000 MW power plant(s) for over 30 years with average annual consumption of 6.8 million metric tonnes

We are one of the *iPanchratnasî* (five jewels), in the State of Gujarat. In the year 2005 GoG has given us this recognition because of our high operational and financial strengths. The *Panchratnas* have been instrumental in the commercial and industrial development of the state.

In FY 2005, 2004 and 2003 we earned total Profit after Tax of Rs. 1,036.71 millions, Rs. 671.68 millions and Rs. 232.01 millions respectively.

Key Business Strengths and Achievements

Track record of operating power plants

We have experience of over 13 years in generation of electrical energy and are presently operating three power plants with a total installed capacity of 555 MW. We have established and are undertaking operation & maintenance for all our three power plants by ourselves. We believe that our experience in erection, testing and commissioning lignite based power plant at SLPP with CFBC technology will help us in successful implementation / commissioning of the Expansion Project.

Long term power offtake arrangements

We have entered into long term and guaranteed power offtake arrangements for supply of power for all the three existing power plants. Power from Station I, Vadodara is supplied to the Participating Units as per the memorandum of understanding, which we have entered into with them. Power from station II, Vadodara and SLPP-phase I is supplied to GUVNL in terms of our PPA with them. Our long-term power offtake arrangements enable us to focus and concentrate on our efficiency instead of marketing the power.

Long Term Mining Leases

Our existing lignite mine at Vastan has sufficient reserve for fuelling SLPP-Phase I for continuous 30 years. All the three lignite mines including existing Vastan Mines taken together have sufficient reserve for fuelling power plant of 1,000 MW for over 30 years at an average PLF of 80%.

Availability and Proximity to Fuel Sources

SLPP-Phase I is a pit head power plant with benefit of low cost of transportation of lignite, 100% fuel availability, (captive lignite mines), negligible transportation risk and predictable cost of fuel. Further, our gas based power plants at Vadodara, also benefits with better availability and proximity to gas grid.

***High plant availability***

For the FY 2005, the availability factor for our gas-based power stations was 96.24% and 91.44% for Station-I and Station-II respectively and 84.99% for SLPP-Phase I. In order to ensure high availability of our power plants, we monitor and systematically maintain our power stations. We believe that our monitoring and maintenance techniques offer us a competitive advantage in an industry where reliability and maintenance costs are a significant determinant of profitability.

Government support

GoG has recognized us as one of the *Panchratnas*. Support of GoG has been instrumental in the operations and management of our Company. We have been appointed by GoG as a nodal agency for setting up Lignite based Power Projects in South Gujarat and have signed a Memorandum of Understanding with GoG for commissioning power plants with an installed capacity of 2x1,000 MW capacity.

Competent and committed workforce

We have a highly competent and committed workforce. We have one of the lowest Man-Megawatt Ratio of 0.71:1. A work force of only 398 generates 555 MW of power at our Company. For a detailed profile of our key managerial personnel, refer to the paragraph on Key Managerial Personnel in the section titled *Our Management* on page 92 of the Prospectus.

Our Strategy

With the availability of opportunities provided by the Electricity Act, 2003 and keeping in view the demand-supply gap in the state of Gujarat, we have chalked out Expansion Project to increase our generation capacity using low cost fuel i.e. lignite available in our captive mines.

Capacity Expansion

We have entered into a Memorandum of Understanding with GoG for setting up two Lignite Based Power Projects, 1000 MW each, in South Gujarat Region during Vibrant Gujarat Summit held in January, 2005. Our Company has been appointed as a nodal agency for the purpose of setting up power projects based on extractable lignite deposits in South Gujarat. According to Industry and Mine Department, there are adequate lignite reserves for setting up more than 2,500 megawatt power projects. We have applied for additional mining lease also. With the said objective, we invited Expression of Interest on January 11, 2005 and are now in the process of reviewing the Request for Qualification (RFQs) from the interested parties. In the proposed Joint Venture, we shall contribute to equity to the extent of 49% and together with Financial Institutions owned by Central Government make our holding to 51% in the equity.

Further improvising the operating performance

We intend to improve the availability and plant load factor and reduce our operating costs by regular maintenance and thereby increased efficiency. We further intend to implement advanced maintenance practices. We believe that our focus on higher plant availability and maintenance will increase their useful economic life and operating performance.

Secured fuel supply

We have sufficient lignite reserves to cater 1,000 MW plant for over 30 years.

Continue to invest in employee development

Our philosophy of holistic human resource management has led to the combination of an efficient and enterprising set of individuals with unified goals and a missionary zeal. We have achieved this by facilitating a learning and transparent work environment that encourages initiative and independence and builds a positive organizational ethos and culture. We encourage qualification enhancement and self-management. We also provide need-based skills development for our employees at reputed institutes. We intend to continue developing the capabilities of our employees by providing them with better and more comprehensive training at various stages in their careers. We believe that our continuing initiatives will further enhance the productivity of our employees.



PROSPECTUS

Our Power Plants: Few Basic Details

Power Plants	Station I, Vadodara	Station II, Vadodara	SLPP-Phase I
Installed Capacity	145 MW	160 MW	250 MW
Date of Commercial Operation	March 31, 1992	February 21, 1998	February 15, 2000
Fuel	Gas	Gas/Naphtha	Lignite
Plant Configuration	3 x 32 MW Gas Turbine & 1x49 MW Steam Turbine	1x106 MW Gas Turbine & 1x54 MW Steam Turbine	2x125 MW CFBC Boilers and STGs
Power Offtake	MOU	PPA	PPA
Fuel Supplier	1. Natural Gas from GAIL & GSPC-Niko 2. R-LNG from GAIL & GSPC-Niko 3. PMT gas through GAIL 4. Naptha from IOC		Captive mine

Our Operating Results: A Snapshot

The following table gives the key operating figures of our power plants during last five fiscals.

Particulars	June 30, 2005	FY 2005	FY 2004	FY 2003	FY 2002	FY 2001*
Installed Capacity (MW)	555	555	555	555	555	555
Electricity Generated (MU)						
Station I, Vadodara	224.91	1,127.01	940.65 [@]	998.08	705.66	726.50
Station II, Vadodara	326.34	1,133.21	843.82	987.98	590.28	498.99
SLPP-Phase I	542.21	1,804.35	1,653.97	1,599.44	1,453.88	1,087.53
Electricity Sold (MU)						
Station I, Vadodara	221.64	1,109.63	923.31	980.73	690.79	710.71
Station II, Vadodara	321.14	1,116.29	825.14	968.18	582.48	492.57
SLPP-Phase I	483.03	1,601.30	1,461.52	1,421.43	1,288.59	964.00
Plant Availability (%)						
Station I, Vadodara	74.55	96.24	96.21	96.64	98.02	93.61
Station II, Vadodara	98.92	91.44	90.21	94.18	94.26	98.95
SLPP-Phase I	99.22	84.99	79.20	75.90	74.00	65.44
Plant Load Factor (%)						
Station I, Vadodara	71.02	88.73	73.85	78.58	55.56	57.20
Station II, Vadodara	93.39	80.85	60.04	70.49	81.56**	90.00**
SLPP-Phase I	99.31	82.39	75.32	73.03	66.39	59.50

* Figures for F.Y. 2001 for SLPP-Phase-I are for 10 months of operations.

** PLF including deemed generation

@ Generation of electricity was lower during the year mainly because of shortage of gas.

Difference between electricity generated and sold is due to auxiliary and captive consumption.

**Gas-Fired Power Stations**

Our gas-fired power station uses Combined Cycle Gas Turbine (iCCGT) technology, which includes, both, gas and steam turbines. The energy for electricity generation under this technology comes from the combustion of gas as fuel. Hot burnt gas formed by the combustion of fuel expands and drives a turbine, which in turn rotates an alternator to produce electricity. The exhaust gas from turbine is still hot enough after driving the turbine to produce some high pressure steam in a heat recovery boiler. The steam produced in the heat recovery boiler drives a steam generated turbine, which rotates another alternator to produce additional electricity.

Station I, Vadodara (145 MW)

In May, 1989 four companies in the state of Gujarat, viz, GEB, GACL, GSFC and Petrofils entered into an MoU for sharing their captive power requirements by setting up 3x32 MW gas turbines and one steam turbine of 49 MW, which resulted into a total installed capacity of 145 MW in Vadodara. The commercial production started in February 1992 and the operating features of this power station are as follows:

Particulars	June 30, 2005	FY 2005	FY 2004	FY 2003	FY 2002	FY 2001
Power Generated (MU)	224.91	1,127.01	941	998	706	727
Power Sold (MU)	221.61	1,109.63	923	981	691	711
Fuel Cost (Rs/KWh)	1.19	1.12	1.04	0.83	0.83	0.77
Tariff (Rs/KWh)	2.07	1.91	1.85	1.61	1.77	1.80
Plant Availability	74.55%*	96.24%	96.21%	96.64%	98.02%	93.61%
PLF	71.02%*	88.73%	73.85%	78.58%	55.56%	57.20%
Auxiliary Consumption	1.45%	1.54%	1.84%	1.74%	2.11%	2.17%

Power offtake arrangement for Station I, Vadodara

Station I, Vadodara is for catering to the power requirement of participating units. We have entered into a memorandum of understanding with the PUs. This memorandum of understanding was entered into on May 3, 1989 and is valid for a period of 15 years from the date of commercial operation, i.e., March 31, 1992.

The following are the salient features of this Memorandum of Understanding:

PROSPECTUS



Date of MOU	May 3, 1989
Participating Units	<p>Units, which have subscribed to the Equity of GIPCL and which agreed to buy the power from GIPCL. Participating units named in the MoU are GEB, GACL, GSFC, Petrofils, IPCL, GNFC, Gujarat Nylon Ltd.</p> <p>Subsequently GNFC, Gujarat Nylon Ltd. and IPCL withdrew and GAIL was included. Investors are requested to refer to iOur History and Certain Corporate Mattersî on page 86 of this prospectus for details.</p> <p>Current participating units are GEB, GACL, GSFC, Petrofils and GAIL.</p>
Tariff	<p>A two-part tariff has been devised consisting of demand charges and energy charges, minimum charges, bonus and penalty charges, wheeling charges, transmission losses, delayed payment charges and all taxes and duties as applicable.</p> <p>a) Demand charges mainly consist of capital related items like depreciation, write-off of preliminary items, revenue portion of hire charges, reasonable return, Special appropriation as permitted under The Electricity (Supply) Act, 1948 and as approved by the State Government, interest on working capital, contingency reserve and interest on loan/debentures. Demand charges were reduced to Rs. 248,000 Per MVA w.e.f. April 1, 2002 from Rs. 261,000 per MVA in November 2001.</p> <p>b) Energy charges mainly include fuel cost and O & M expenses. O & M charges were delinked from energy charges w.e.f. January 1, 2004 and in August 2004 O & M charges were reduced to 0.45 Rs. / unit upto 75% PLF and 0.10 Rs. / unit beyond 75% PLF.</p> <p>c) Demand charges in principle covers interest on debt funds, interest on working capital, depreciation, reasonable return and any special appropriation approved by State Government. Demand charges shall be payable every month as minimum charges, which in principle has to cover institutional dues and shall be payable irrespective of lifting of power by the participating units from GIPCL or supply of power to participating units by GIPCL.</p> <p>d) Bonus and Penalty Clause: PLF of 70% has been fixed for performance of GIPCL plant. For every unit of power supplied by GIPCL above or below the norm (based on 12 monthsî cumulative figure), GIPCL will receive from participating units a bonus or pay a penalty of Re. 0.10 per unit.</p> <p>e) Wheeling Charges: i) Fixed wheeling charges for HV transmission lines upto 0.25 circuit kms.from GIPCL Power Plant are calculated by multiplying Annual Fixed Expenses on transmission system involved for wheeling of power for the previous year with total allocation of GIPCL power excluding GEB and divided by 202 MVA (considered as capacity of the wheeling system in MVA) ii) Wheeling charges from 25 kms. to 125 kms. circuit kms. are 3 paise per unit (kwh) of energy.</p>
Termination Clause	The Agreement cannot be terminated without the consent of the financial institutions, which have provided financial assistance for the project. Tenure of this Agreement is 15 years from the date of commercial operation and will be operative only if it revised after every three years from the date of the commercial operation of GIPCL with three months notice on either side.

Station II, Vadodara (160 MW)

Pursuant to Gol Notification dated October 22, 1991 for widening the scope of private sector participation in the power sector and the provisions of the amended section 4A of the Electricity (Supply) Act, 1948 as per the Electricity Laws (Amendment) Act, 1991, we established 160 MW base load combined cycle power plant at Vadodara. This station was commissioned in November, 1997 and has maintained high availability.



Particulars	Period ended June 30, 2005	FY 2005	FY 2004	FY 2003	FY 2002	FY 2001
Power Generated (MU)	326.34	1,133.21	844	988	590	499
Power Sold (MU)	321.14	1,116.29	825	968	582	493
Plant Availability	98.92%	91.44%	90.21%	94.18%	94.26%	98.65%
PLF	93.39%	80.85%	60.04%	70.49%	81.56%*	90.00%*
Fuel Cost (Rs/KWh)	1.24	1.24	1.21	1.62	1.27	3.04
Tariff (Rs/KWh)	1.54	1.69	2.26	2.48	2.69	4.93
Auxiliary Consumption	1.59%	1.49%	2.21%	2.0%	1.32%	1.29%

* PLF including deemed generation

Power offtake arrangement for Station II, Vadodara with GEB

We have entered into a long term PPA with GEB (now GUVNL) for supply of power to be generated from this station. The salient features of this PPA are as under:

Date of Agreement	August 1, 1996
Responsibility of GEB	GEB responsible for the design, construction, installation, commissioning, operation and maintenance of the interconnection facilities, auxiliary and interconnecting equipment and GEB shall own all of such interconnection facilities.
Responsibility of GIPCL	GIPCL shall be responsible: (i) for arranging fuel and operating the power station, (ii) to deliver active energy to GEB at the delivery point, and (iii) to submit to GEB availability declarations at the delivery point from time to time during the term of the agreement.
Fuel	Fuel used shall be naphtha / natural gas as primary fuel and High-speed diesel as start up fuel, for operating on Naptha.
Tariff	<p>There have been revisions in the tariff parameters from time to time. Present, tariff parameters are as under:</p> <p>(i) Annual Fixed Charges: consists of the following cost components:</p> <ul style="list-style-type: none"> ▪ Interest on Debt funds - actual interest on loan capital ▪ O&M Expenses: @ 2.5% of the capital cost of the project and in each subsequent year shall be revised on a basis of weighted price index comprising 70% of wholesale price index and 30% of consumer price index. ▪ Depreciation shall be @ 5% of the capital cost or the repayment of the debt funds during the year, whichever is higher, subject to the ceiling as per Gol guidelines. ▪ Return on Equity shall be calculated @ 13% on equity contribution in the project. GUVNL has further proposed a revision in RoE @ SBI PLR + 1.50% (current effective rate ñ 11.75%), which we have not accepted and have represented to GoG for maintaining the existing RoE at 13%. ▪ Interest on working capital shall cover fuel cost for liquid fuels for one month, O&M expenses for one month, receivables equivalent to two months of average annual billing and maintenance spares at actuals but not exceeding one-year requirement. Working Capital as above shall be computed on the basis of normative PLF or actual which ever is less. <p>Full annual fixed charges shall be recoverable at plant availability level of 80%.</p> <p>(ii) Tax on Income shall be computed and reimbursed as expenses on actuals at 13% Return on Equity. GUVNL has further proposed that we should absorb tax on income, which we have not accepted.</p> <p>(iii) Incentives @ 0.25 Re. per unit for every unit exported above 80% PLF.</p> <p>(iv) Energy (Variable) Charges include cost of fuel at specified operating parameters and adjustment on account of variation in price and heat value of fuels.</p>



PROSPECTUS

Term of Agreement	20 years and may be terminated in accordance with the provisions stipulated therein which include an event of default on the part of GIPCL or on the part of GEB or an event of Force Majeure.
Arbitration	If any dispute or disagreement arises between the parties, the parties shall settle the dispute by discussions in the first thirty days, if unable to resolve they shall appoint a senior officer respectively for further discussions. However, if the disagreement is still not resolved the parties shall resort to arbitration with a tribunal consisting of three arbitrators and the arbitration shall be conducted at Baroda.

Land at Station ñ I & II

Our power plants, 145 MW station I and 160 MW station II are in Petrochemicals, near Dhanora village of Vadodara district in the state of Gujarat. These two stations collectively occupy an area of approximately 121,298 sq. meters.

Water at Station ñ I & II

The total water requirement for Station ñ I & II is 2.0 millions gallons per day, which is met from supply of JWSS borewells and water sharing agreement with GSFC. The details of the Agreement are disclosed on page no. 70 of the RHP.

Fuel Supply Arrangements for our power Stations I & II at Vadodara: Current Scenario

Sr. no.	Name of Supplier	Fuel	Basis of Total quantity of fuel supplied		Original Date of Agreement	Tenure
			Firm	Fall-back		
1	GAIL (Gandhar)	Natural Gas	0.414 MMSCMD	0.42 MMSCMD (As per availability)	December 14, 1990	To renew at regular interval. Presently renewed up to September 30, 2005
2	GAIL (HBJ)	Natural Gas	0.35 MMSCMD	Upto 0.43 MMSCMD	February 16, 2002	Same as above
3	GAIL (PMT)	Natural Gas	0.15 MMSCMD	-	April 1, 2005	March 30, 2006
4	Gail (R-LNG)	R-LNG	0.30 MMSCMD	0.10 MMSCMD	February 12, 2004	December 31, 2008
5	Gail (R-LNG)	R-LNG	0.15 MMSCMD	-	February 12, 2004	March 31, 2006
6	GSPC-Niko	Natural Gas	0.15 MMSCMD	0.15 MMSCMD	April 16, 2003	July 17, 2008
7	IOC	Naphtha	-	2,16,000 MTPA	August 18, 1995	20 years



Gas Sale & Purchase Agreements for Station ñ I & II

I. Gas Sales Agreement with GAIL ñ Gandhar APM Supply.

Commencement	Date of Agreement was December 14, 1990. Supply to commence in January, 1991 or from any earlier date that may be actually accepted by GIPCL and GAIL.
Term of the Agreement	Till September 30, 2005. Thereafter to be renewed at regular intervals as agreed between GAIL and us.
Delivery	Gas shall be delivered to GIPCL at the gas station located at Buyerís premises at Dhanora, Distt. Baroda. Gas will be transported from the point of delivery at the gas metering station by means of pipeline to be provided and maintained by GAIL
Quantity of Gas	0.28MMSCMD on Firm basis and 0.42MMSCMD on fall back basis. Additional supply of 0.134 MMSCMD LP compressed gas.
Offtake	GIPCL guarantees to buy during every month minimum guaranteed quantity of gas equivalent to the quantity obtained by multiplying 80% of the daily maximum quantity by the number of days in the month. Upon failure by GIPCL, GIPCL shall be liable to pay for such minimum guaranteed offtake.
Supply Price	The price of 1000 standard cubic meter of Gas having a minimum net heating value from 8500 to 10,000 kilo calorie per standard cubic meter shall be Rs. 3200/- w.e.f. July 2005. The price is exclusive of all royalties, taxes, duties and other statutory levies.
Billing and Payment	GIPCL shall open and maintain an irrevocable standby revolving letter of credit with any nationalized scheduled bank covering value of sixteen days supply of gas at maximum contracted quantity and the Letter of Credit (LC) shall provide coverage for the value of supply of gas for a period of six fortnights and shall be valid for a period of one year and shall be renewed before its expiry. In case of default in payment of failure to keep LC by the GIPCL, GAIL has the right to stop supply of gas without any further notice. In case of delay in payment within sixty days from the due date, an interest rate of SBI PLR + 5% applicable to working capital will be taken as base and beyond sixty days interest rate will be SBI PLR + 10% for the entire period subject to the right that GAIL in its absolute discretion shall cause upward revision in the interest rates on delayed payments.

PROSPECTUS



II. Gas Sales Agreement with GAIL ñ HBJ APM Supply:-

- a) GAIL agreed to supply additional gas to Baroda plant of GIPCL by linking the same to GAIL's HBJ system in February 2000 subject to the following conditions and price over and above the conditions and price as contained in GSA dated December 14, 1990:

Quantity	Upto the extent of 0.78 MMSCMD of offshore gas through HBJ system under GAIL's demand management scheme.
Transmission charges	GIPCL to pay additional monthly transmission charges of Rs. 939,963 per month to GAIL for the spur line from Jawahar Nagar over and above the transmission charges applicable for gas supplied along the HBJ system to GIPCL.
Escalation	Escalation of 3% on yearly basis w.e.f. April 1, 2000
Discontinuance	GAIL has the right to discontinue the supply of such additional quantity of gas without notice. This additional supply of gas is purely on as and when available basis under the Demand Management Scheme of GAIL and is without prejudice to the right of GAIL. Such supply can be discontinued without notice and GAIL / Gol reserves the right to allocate such additional quantity of gas to any of its customers to the exclusion of GIPCL.
	From 01-04-2005 HVJ-APM supply is 0.35 MCMD to GIPCL as par GAIL's revised action plan.

III Supply from PMT ñ JV through HVJ network of GAIL:-

QUANTITY	With Ministry of Petroleum & Natural Gas permitting Joint Venture for Panna Mukta & Tapti (PMT) for selling gas at Market Driven Price, in April 2005, GAIL further agreed to supply gas upto 0.15 MCMD from their estimated gas availability from PMT field through HVJ network.
SUPPLY PRICE	Effective from July 1, 2005 Rs.3200 per 1000 SCM
TENURE	Up to March 31, 2006

IV. Gas Sale Agreement for Sale of RLNG from GAIL

The salient features of this Agreement are as under:

Date of Agreement	1. February 12, 2004 -- The initial supply date shall not be later than March 15, 2004 for supply of 0.3 MCMD R-LNG 2. July 14, 2005 for supply of additional 0.15 MCMD R-LNG
Term of Agreement	1. Valid upto 0600 hrs on January 1, 2009 and can be extended by giving notice to either party one year prior to the expiry of Agreement and shall be discussed mutually and amended accordingly. 2. Valid upto March 31, 2006
Annual Contract Quantity	Annual Contract Quantity will be 5875 Billion British Thermal Unit (ACQ) and Daily Contract Quantity shall be 0.45 MMSCMD at 9880 Gross Kcal/SCM.
Annual Take or Pay Quantity	For each contract year, there shall be an Annual take or pay quantity which shall be 80% of ACQ.



In April 2004, GAIL agreed to supply of additional 0.1 MCMD RLNG subject to available line capacity on a temporary basis, when such additional RLNG was available. For supply of this additional RLNG, GAIL has the unrestricted right to discontinue the said supply of RLNG without any notice and in such event the supply of RLNG would be restricted to the maximum contracted, allocated quantity, if any and this is not subject to any take or pay or supply or pay terms.

V. Gas Purchase Agreement with GSPC & Niko Resources Ltd. (Seller)

The salient features of this agreement are as follows:

Date of Agreement	April 16, 2003
Tenure	5 years from the date of first supply of gas., i.e till July 17, 2008
Amount & Delivery	Seller shall sell and deliver a maximum quantity of 0.15MMSCMD per day to buyer on firm basis and 0.15 MMSCMD gas shall be supplied on fall back basis, which shall be purely subject to availability of gas with the Seller and its ability to supply the same.
Minimum Guaranteed offtake	GIPCL guarantees to buy during every six months minimum guaranteed offtake equivalent to the quantity obtained by multiplying 70% of the daily maximum quantity by the number of days in a 6 months period. GIPCL guarantees payment of the said minimum guaranteed offtake even if GIPCL fails to lift minimum guaranteed offtake.
Price	Price of one standard cubic meter at 8350 k cal / scm equivalent to USD 3.45 per thousand cubic feet for the period ended October 31, 2004. (This price was subsequently reduced by GSPC from their share of 66.66% to US\$ 2.80 / thousand cubic feet in September, 2003. The price that was to be revised on the basis of prevalent market conditions from November 1, 2004, is yet to be finalized.

VI Gas Transmission Agreement with Gujarat State Petronet Limited

Gas Transmission Agreement was entered, as the Shipper (GIPCL) required to transport gas from Hazira to Vadodara of the gas being supplied by GSPC to GIPCL. Shipper shall be entitled to off-take at delivery points a quantity of gas, measured in Gcals; equal to the quantity of gas that shipper has delivered at the receipt points.

Date of Agreement	July 11, 2002
Duration	5 years from the start date i.e till July, 17 2008.
Maximum Daily Quantity (MDQ)	1252.5 Giga Calories
Payment	Shipper (GIPCL) shall make payment to the transporter (i.e.Gujarat State Petronet Ltd.) within seven days after receipt of fortnightly invoice with statement. Shipper to maintain an unconditional and irrevocable letter of credit, as support for the shippers' payment obligations, with the right of the transporter to transfer or assign.

Other Important Agreements for Vadodara Stations

(I) Joint Water Supply Scheme (JWSS)

An MoU was signed on July 29, 1999 between GACL and GIPCL in which both agreed and implemented the Joint Water Supply Scheme (JWSS) of 10 Million Gallons per day (MGD) capacity French Type Radial Collecting Well in River Mahi in downstream of Refinery Well iBi at a distance of 3200 meters approx. near village Angadh, District Baroda to meet their existing and future requirements of water. JWSS has been completed on September 1, 1997. The salient features of JWSS are as follows:



Cost & its sharing	Total basic cost incurred on the said JWSS upto completion of the project has been agreed and accepted by GACL and GIPCL and also borne and paid by GACL and GIPCL in the ratio of 2:3.5, and the future capital expenditure shall also be shared in the same proportion, unless otherwise mutually decided.
Ownership	Both the companies have agreed that the ownership of the assets of JWSS shall vest with GACL. Accordingly, GIPCL has considered in their books, the amount paid as contribution in the said water supply scheme without acquiring ownership rights, to be written off over an appropriate period. GACL has agreed not to sell or dispose off the assets of JWSS without the written consent of GIPCL. The parties have also agreed to allocate the surplus water to any other mutually acceptable party or industry and the terms and conditions of such allocation, interest free security deposit, pricing of water, etc. shall be decided by GACL and GIPCL together.

On August 2, 1999 GACL and GIPCL also entered into an Agreement for sharing of expenses and cost of operation and maintenance of JWSS. The salient feature of this Agreement are:

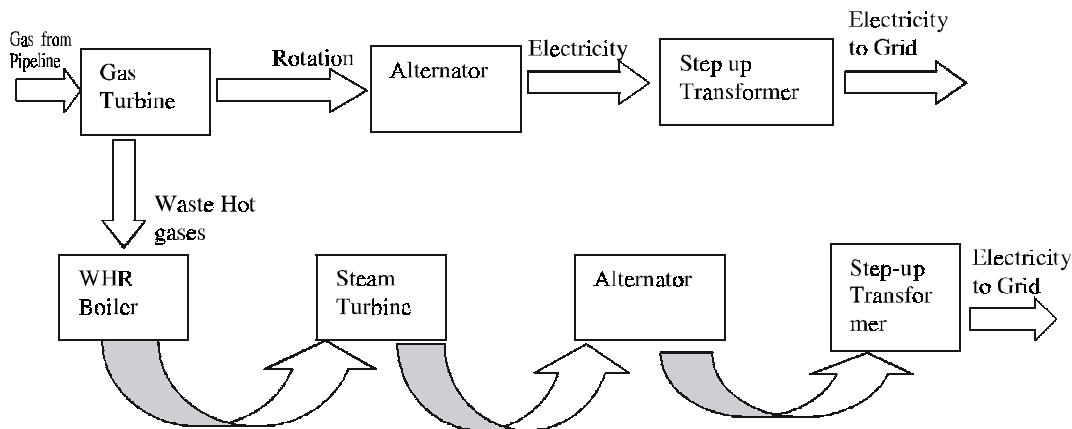
Effective date of Agreement	September 1, 1997
Duration	12 years from the effective date i.e. upto August 31, 2009
Sharing Ratio	GACL & GIPCL estimated their total requirement of water at 3 million gallons per day (MGD), of which GACL shall draw water upto 1 MGD and GIPCL shall draw water upto 2 MGD and in the event of less availability of water from JWSS, the parties shall draw the available water supply in the ratio as near to 1:2.
Expenditure	Expenditure is divided into (A) Fixed Expenses and (B) Variable Expenses. Fixed Expenses include repairs & maintenance, Insurance, O&M Contract expenses, fixed water charges for quantity of water reserved, repairs of road, etc. and Variable expenses include power bill of GEB, water charges for water actually drawn payable monthly in advance to GoG. Fixed Expenses shall be shared and borne by GACL & GIPCL in the ratio of 1:2 and all Variable Expenses shall be shared and borne in the proportion of actual drawal of water by GACL and GIPCL

(II) MoU for Effluent Discharge

GIPCL is one of the participating units since October 1991 of Effluent Channel Project Limited (ECPL), a Company promoted by GACL for disposal of treated liquid effluent near Sarod via effluent channel of member industries as well as to monitor their effluent quality. GIPCL is paying @ Rs. 17 million / MGD for using their effluent channel.

Technology & Process at Station ñ I & Station ñ II

Our gas-fired power stations employ Combined Cycle Gas Turbine (iCCGTi) technology, which employs both gas and steam turbines. The energy for electricity generation under this technology comes from the combustion of the gas fuel. Hot gas formed by the combustion of the fuel drives a turbine, which in turn rotates an alternator to produce electricity. The exhaust gas from the turbine is still hot enough after driving the turbine to produce some steam in a heat recovery boiler. The steam captured in the heat recovery boiler drives a steam turbine, which rotates another alternator to produce additional electricity. The CCGT technology is well proven and quiet fuel-efficient.



Gas Turbines. Each gas-turbine unit consists principally of an air compressor, a combustor and a turbine. Air is drawn in from the atmosphere and compressed before it is fed into the combustor. Gas fuel, which we draw from gas pipelines, burns in the combustor in the presence of the compressed air from the compressor. The gases produced in the combustor, a mixture of high temperature and high-pressure hot gases, drive the turbine. The rotational energy of the turbine rotates the grid, which produces electricity. The voltage of the electricity is stepped up through a transformer before it is fed to the grid.

Heat Recovery Boilers. The exhaust gas of Gas Turbine loses all pressure in the gas turbine, but remains very hot. The residual heat is recovered in heat recovery boilers to generate steam.

Steam Turbines. The steam generated in the heat recovery boilers is used to generate additional electricity through steam turbines and separate alternators. The voltage of the electricity is stepped-up through transformers before it is fed to the grids.

Effluent Treatment at Station ñ I & II ñ Vadodara

Gaseous Effluent

Gaseous effluent, if any, containing NO_x from Vadodara Station II can be treated by steam injection in the gas turbine. Chimney heights are chosen to ensure that SO_x concentration at ground level is within the permissible limits prescribed by GPCB.

Liquid Effluent

The major sources of liquid effluents include blowdown from the boiler and tooling tower, waste water from the water treatment plant, and sanitary waste. The effluents would be treated for removal of suspended particles by suspension, and neutralized by the addition of chemicals; before being discharged into the main effluent channel of ECPL passing by the side of the plant.

Solid Effluent

No solid waste is generated.

Due to technological reasons, it is not practicable to eliminate noise but the levels have been brought down wherever possible to acceptable levels. The measures for the same include reduction of noise at source by provision of acoustic lining to equipments and providing earplug for working personnel.

Surat Lignite Power Plant-Phase I (250 MW)

We have started commercial operations of our 250 MW lignite based power station in February, 2000 with a view to reduce the cost of generation of power, overcome the limitation of gas reserves and exploit the abundant lignite resources available in South Gujarat.

PROSPECTUS



Particulars	Period ended June 30, 2005	FY 2005	FY 2004	FY 2003	FY 2002	FY 2001
Power Generated (MU)	542.21	1,804.35	1,654	1,599	1,454	1,088
Power Sold (MU)	483.03	1,601.30	1,462	1,421	1,289	964
Plant Availability	99.22%	84.99%	79.15%	75.88%	74.01%	65.66%
PLF	99.31%	82.39%	75.32%	73.03%	66.39%	59.47%
Fuel Cost (Rs/KWh)	0.68	0.68	0.75	0.96	1.07	1.01
Tariff (Rs/KWh)	1.94	2.02	2.66	3.00	3.30	3.45
Auxiliary Consumption	10.92%	11.25%	11.61%	11.13%	11.35%	11.40%

Note: The figures for FY 2001 are for the ten months operation.

Land at Surat Plant

We have total of 85 Ha of land, out of which 55 Ha is being used for existing power plant and 30 hectare will be used for expansion plant. In addition, we have approximately 33 Ha of land where GIPCL Township is situated. The land is free from all encumbrances except for the equitable mortgage created in favour of banks / financial institutions who have extended loan facility in the normal course of business.

Water at Surat Plant

The total water requirement for SLPP Phase ñ I is 3.0 millions gallons per day, which is being met through River Tapi, for which we have constructed an intake well located at Bodhan, 15 kms from the plant.

Fuel at Surat

In SLPP Phase-I, Lignite is used as the primary fuel, whereas Furnace oil is used as a secondary fuel, which are procured from Indian Oil Corporation Limited. Limestone is being used as additive for controlling the SO_x emission.

Lignite Mines

Government of Gujarat had allocated following lignite mines to us on lease basis:

Location Area allocated (hectares) Area for which Mining Lease Agreement already signed (in hectares)

Location	Area allocated (hectares)	Area for which Mining Lease Agreement already signed (in hectares)
Vastan, Distt. Surat	1,536	1,504.75*
Mangrol ñ Taluka, Distt. Surat	1,210	-
Valia-Mangrol, Distt. Surat	857	849.84*
TOTAL	3,603	

* We are in the process of acquiring the balance mining land from the landowners.



The following table gives the area, lignite reserve, stripping ratio etc. of our lignite mines upto the depth of 120 metres:

Lignite Mines	Vastan	Mangrol	Valia-Mangrol	Total
Area (Hectares)	1,536	1,210	857	3,603
Extractable Lignite Reserve (MMT)	42	126	44	212
Over-Burden (MM3)	512	691	266	1469
Stripping Ratio	1:12	1:6	1:6	1:7

Vastan Block

Mining area for this block spreads over an area of 1,536 Ha in various villages of Vastan block in Surat District. Out of total area of 1536 Ha Mining Lease Agreement for 1,504.75 Ha had already been entered by us on August 31, 1996 and is in the process of acquiring the balance 30 Ha from the land owners. Rhienbraun Engineering is the mining consultant for this mine. Rhienbraun Engineering had estimated extractable reserve of 42.4 MT of lignite in the area with a stripping ratio of 1:12.2.

Key Features of Mining Lease Agreement for Vastan Block between GoG and us

Date of Agreement	:	August 31, 1996
Term	:	30 years from the date of agreement
Rent	:	Dead Rent of Rs. 60 per Ha per annum during 2 nd to 5 th year of the Lease. Dead Rent of Rs. 100 per hectare per annum during 6 th to 10 th year of the Lease. Dead Rent of Rs. 150 per Ha per annum during the 11 th year of the lease and onwards
Termination Clause	:	<p>The Lessor may determine the lease by an order in writing if the Lessee in the opinion of the Lessor has committed a breach provided such action is taken after a hearing is given to the Lessee.</p> <p>The Lessee may at any anytime determine the lease by giving not less than 12 months notice in writing to the Lessor provided that the Lessee shall pay all rents, water rates, royalties, compensation etc.</p> <p>If the Lessee does not allow entry or inspection to the authorised officers, the Lessor may determine the lease or forfeit the security deposit, provided a show cause notice is issued prior to such action.</p> <p>If the Lessee makes any default in payment of rent, water rate or royalty or breaches any condition the Lessor may determine the lease and forfeit the security deposit, provided a show cause notice is issued prior to such action.</p>

Valia-Mangrol Block

Government of Gujarat allocated 857 Ha at Valia-Mangrol, out of which Mining Lease Agreement for 507.48 Ha situated at Dansoli, Valia Taluka, Bharuch and 342.36 Ha situated at Harsani, Timerwa & Bhilwada, Mangrol Taluka, Distt. Surat had been entered into with GoG on October 6, 2004 and December 3, 2004 respectively. Lignite Exploration in this area was carried out by Directorate of Geology and Mining, GoG, Mineral Exploration Corporation Limited and Khanna Associates.

Nircon Engineering Consultants Private Limited has prepared the mine plan, which has been approved by the GoI. The Lignite reserves estimated by Nircon Engineering for geological, mineable and extractable lignite are 114.31, 76.05 and 44.00 million tones respectively.

PROSPECTUS



Key Features of Mining Lease Agreement for Valia-Mangrol between GoG and us

For Valia-Taluka Block

Date of Agreement	:	October 6, 2004
Term	:	30 years from the date of agreement
Rent	:	Dead Rent of Rs. 140 per hectare per annum during 2 nd to 5 th year of the Lease. Dead Rent of Rs. 230 per hectare per annum during 6 th to 10 th year of the Lease. Dead Rent of Rs. 350 per hectare per annum during the 11 th year of the lease and onwards
For Mangrol-Taluka Block		
Date of Agreement	:	December 3, 2004
Term	:	30 years from the date of agreement
Rent	:	Dead Rent of Rs. 140 per hectare per annum during 2 nd to 5 th year of the Lease. Dead Rent of Rs. 230 per hectare per annum during 6 th to 10 th year of the Lease. Dead Rent of Rs. 350 per hectare per annum during the 11 th year of the lease and onwards

Mangrol Block

GoG has given their in-principle sanction for allocating 1210 hectares of mining land at Mangrol in Surat Distt. Final Sanction from Industries, Mines and Energy Department, GoG is awaited. Lignite exploration in this area was carried out by Directorate of Geology and Mining, GoG and Mineral Exploration Corporation Limited.

Nircon Engineering Consultants Private Limited has prepared the mine plan, which has been approved by the GoI. The Lignite reserves estimated by Nircon Engineering for geological, mineable and extractable lignite are 227.43, 133.00 and 126.39 million tones respectively.

Technology & Process at SLPP for Power Generation

Circulating Fluidised Bed Combustion (CFBC) Technology

SLPP operates on CFBC Technology. In CFBC process, the bed of small particles (bed ash/sand/refractory) of fairly uniform size is subjected to a special hydrodynamic condition in a combustor; the particles begin to expand and become airborne, which is called Fluidisation. The entire mass of solid behaves like fluid.

As air bubbles collapse, there is intense intermixing between solid and gas particle and a type of turbulence, specially characterized as fast bed is generated inside the combustor. Due to turbulence and improved mixing, heat is generated at lower temperature and is also distributed uniformly throughout the combustor, if fuel is burnt in this condition. As the bed expands, some particles leave the furnace along with the flue gas. The heavy and relatively large sized particles leaving the furnace are separated by a gas solid separator, which is conventionally called cyclone separator and recycled back to the combustor through a recycling loop. The fuel is recycled in the combustor several time and again for ensuring complete combustion before the fuel particles finally leave the combustor; this process is called Circulating Fluidising Bed Combustion.

Advantages of CFBC technology:

- ❖ No clinker formation
- ❖ Lower Nitrogen Oxide (NO_x) emissions due to lower combustor temperature.
- ❖ Adaptability of wide variety of fuel.



- ❖ SO_x emission effectively controlled by lime injection.
- ❖ Simplified fuel preparation, less than 10mm (absence of milling system)

Process

Surat Lignite Power Plant is operating on the Rankine Cycle principle like other coal/lignite Thermal Power Station. Superheated Steam is being generated in the Circulating Fluidised Bed Combustion (CFBC) Boiler by firing lignite into the main combustor. Due to lower combustor temperature in the range of 800-850 °C NO_x formation is lower than conventional one. Further addition of lime in combustor helps in capturing 90% Sulphur in the Lignite, which results in lower emission of SO_x in the atmosphere. Combustor walls are made of Water tubes. The heat released as a result of spontaneous ignition of lignite, due to lower self-ignition temperature, is transferred to water inside the tubes. As water gets heated its density decreases and as a result higher density cold water from drum comes to the bottom of tubes at the lowest elevation of combustor. The low-density water-steam mixture rises through the tubes and enters drum through riser tubes connected to drum. Inside drum there are mechanical separators to separate mixture of steam and water coming from risers inside the drum. Water separated gets collected at the lower part of the drum and saturated steam leaves drum for superheating. The superheater section is divided into three sections i.e. SH 1A, SH1B, SH2A, SH2B and SH3 (final superheater). SH1A and SH1B are placed in back pass and SH2A and SH2B are placed in FBHE (Fluidised bed heat exchanger) 2 and 3 respectively. There are two desuperheating stations to control steam temperature.

1. In between superheater 1B and SH2A
2. In between SH2B and SH3.

Steam at rated pressure of 132kg/cm² (a) and 540 °C leaves superheater at boiler outlet for entry into steam turbine.

At turbine side inlet, steam at rated pressure of 126kg/cm² and 535 °C passes through HP (High-Pressure) turbine where some work is done by steam on turbine. The steam at exhaust of High-Pressure turbine i.e. CRH (Cold reheat) is once again passed through boiler to recover heat from the flue gas and to improve efficiency of boiler. The steam after passing through boiler re-heater known as Hot reheat (HRH) steam enters IP (Intermediate Pressure) Turbine for doing work as it passes through IP turbine. The exhaust steam of IP turbine is led to LP (Low-Pressure) turbine where balance of work is done. HP-IP and LP turbines are coupled to Generator rotor, which in turns generates electric power because of induced EMF generated inside generator. The Generator generates power at terminal voltage of 10.5 kV, which is being stepped up, to 220 kV through Generator Transformer for supply to grid.

Steam leaving LP turbine is condensed back to Water to be re-circulated for feeding back to boiler. Steam is condensed due to low temperature of cooling water circulating through the condenser. The heat gained by cooling water is released to atmosphere through Induced draft cooling towers.

Condensed water inside the condenser is collected inside the hotwell, which is pumped, to de-aerator by CEP (Condensate Extraction Pumps). Condensate gains heat on passing through LP heater 1, LP heater 2 and LP heater 3, which extracts steam from 7th, 5th and 3rd stage respectively of LP turbine. Inside de-aerator condensate is passed through tray where steam and condensate passes in cross flow direction. Condensate coming in contact with steam gets heated to its saturated temperature and at this point non-condensable gases are liberated from condensate due to Dalton's law of Partial Pressure. The heated water from de-aerator is fed to BFP (Boiler Feed Pump) where the condensate water pressure is raised more than Drum pressure to feed water inside the drum. Feed water gets heated by passing through HP Heater 5 and HP heater 6, which extracts steam from IP turbine 16th stage and CRH from HP turbine exhaust. Heated feed water from outlet of HP heater 6 passes through economiser where it extracts heat from flue gas before entering into Boiler drum. This completes water-steam cycle being operated for generation of power.



Power offtake arrangement for SLPP-Phase I

We have entered into a Power Purchase Agreement (PPA) on April 15, 1997 with GEB for supply of electricity from SLPP-Phase I. This PPA is valid for thirty years from the commencement of the date of entry into commercial service of the first unit. The salient features of the PPA are as under:

Date of Agreement	April 15, 1997
Responsibility of GEB	GEB responsible for the design, construction, installation, commissioning, operation and maintenance of the interconnection facilities, auxiliary and interconnecting equipment and GEB shall own all of such interconnection facilities.
Responsibility of GIPCL	GIPCL shall be responsible: (i) for arranging fuel and operating the power station, (ii) to deliver active energy to GEB at the delivery point, and (iii) to submit to GEB availability declarations at the delivery point from time to time during the term of the agreement.
Fuel	Fuel used shall be lignite as primary fuel, HFO shall be secondary fuel and limestone shall be used as additives.
Tariff	<p>There have been revisions in the tariff parameters from time to time. Present, tariff parameters are as under:</p> <p>(i) Annual Fixed Charges: consists of the following cost components:</p> <ul style="list-style-type: none"> ▪ Interest on Debt funds - actual interest on loan capital ▪ O&M Expenses: @ 2.5% of the capital cost of the project and in each subsequent year shall be revised on a basis of weighted price index comprising 70% of wholesale price index and 30% of consumer price index. ▪ Depreciation shall be @ 5% of the capital cost or the repayment of the debt funds during the year, whichever is higher, subject to the ceiling as per GoI guidelines. ▪ Return on Equity shall be calculated @ 13% on equity contribution in the project. GUVNL has further proposed a revision in RoE @ SBI PLR + 1.50% (current effective rate is 11.75%), which we have not accepted and have represented to GoG for maintaining the existing RoE at 13%. ▪ Interest on working capital shall cover stock of lignite for 15 days, stock of fuel oil for 60 days, stock of additive for 15 days, O&M expenses for one month, receivables equivalent to two months of average annual billing and the cost of initial spares. Working Capital as above shall be computed on the basis of normative PLF or actual whichever ever is less. <p>Full annual fixed charges shall be recoverable at plant availability level of 75%.</p> <p>(ii) Tax on Income shall be computed and reimbursed as expenses on actuals at 13% Return on Equity. GUVNL has further proposed that we should absorb tax on income which we have not accepted.</p> <p>(iii) Incentives @ 0.25 Re. per unit for every unit exported above 80% PLF.</p> <p>(iv) Energy (Variable) Charges include cost of fuel at specified operating parameters and adjustment on account of variation in price and heat value of fuels.</p>



Term of Agreement	30 years and may be terminated in accordance with the provisions stipulated therein which include an event of default on the part of GIPCL or on the part of GEB or an event of Force Majeure.
Arbitration	If any dispute or disagreement arises between the parties, the parties shall settle the dispute by discussions in the first thirty days, if unable to resolve they shall appoint a senior officer respectively for further discussions. However, if the disagreement is still not resolved the parties shall resort to arbitration with a tribunal consisting of three arbitrators and the arbitration shall be conducted at Baroda.

Effluent Treatment at SLPP Station ñ I

Gaseous Emission

Thermal Power plants generally emit pollutants like SO_x and NO_x. In CFBC process, limestone is injected in the circulating fluidized bed combustion boilers for controlling SO_x and lower combustor temperature resulting in reduction of NO_x. The electrostatic precipitators have been provided for control of particulate emission into the atmosphere. Chimney is built at a suitable height to ensure that the ground level concentration of pollutants in the surrounding environment remain well within the permissible limits.

Liquid Effluent

The major sources of liquid effluents include blowdown from the boiler and cooling water system, waste water from the water treatment plant, and sanitary waste. The blowdown of cooling water system is being reduced by maintaining Cycle of Concentration at level 5 (COC-5). The waste water from the water treatment plant is being used after neutralizing / chlorification for cleaning and gardening purposes.

Solid Effluent / Ash utilization

Adequate areas have been earmarked for ash disposal. The area has been selected taking into account predominant wind direction so as to minimize carry-over of dust and ash to populated areas. After initial mining operations, the quarries will be back-filled with ash and overburden and reclaimed. The ash consists of lignite ash, gypsum and un-reacted CaO. The bed ash as well as fly ash will be collected in the silos and disposed in the conditioned form. Provision has been made for 100% dry disposal of fly ash from silos using closed containers. A part of fly ash would be utilized / marketed in dry form depending on the demand for the same. Fly ash generated in our power station is being used in Cement Industry, Brick Industry, Concrete/ Building Industry and Roads/Paving.

Strategic or Financial Partner

We do not have any strategic or financial partner.

Collaboration or Performance Guarantee

There is no collaboration or performance guarantee or assistance in marketing by collaborators.

COMPETITION

The Electricity Act, 2003 removed licensing requirements for thermal generators, provided for open access to transmission and distribution networks and removed restrictions on the right to build captive generation plants. These reforms provide opportunities for increased private sector involvement in power generation. Specifically, the open access reforms, by which generators will be able to sell their output directly to distribution and transmission companies and, ultimately, directly to consumers, may increase the financial viability of private investment in power generation. Large Indian business houses such as the Tata and Reliance groups, which already have a presence in the Indian power sector, may also seek to expand their operations in the sector. The power sector in India could also attract increased investment from international companies.



PROSPECTUS

However, because of the huge difference between the demand and supply of electricity in India and Gujarat, there has been stable market for the power generator companies and this trend is reasonably expected to be the same in foreseeable future as well.

OTHER ACTIVITIES

Recent legislative and administrative reforms in the power sector have provided the players in this industry to diversify their activities. We also intend to diversify our operations by taking advantage of opportunities arising out of liberalization of electricity laws in India. We are considering downstream foray into the electricity distribution business and have submitted an expression of interest to GEB.

INSURANCE

All power plants are insured with consortium of general insurance companies. We have taken composite industrial all-risk policy for our power plants (which covers fire risk, machinery breakdown for all plant and machinery, loss caused due to earthquake and loss of profit due to fire). Machinery loss of profit is an add-up in our insurance policies. All insurance policies are tariff policies and the rates, terms, conditions and scope of coverage are determined by the Tariff Advisory Committee, a Government body.

The total coverage under all our policies as on June 30, 2005 was over Rs. 1,235.53 million for Vadodara Plants and Rs.902.55 millions for SLPP. Our present policies for power plants at Vadodara are valid until August 22, 2005. The insurance policies for SLPP are valid until May 31, 2006. In the past, breakdown of generation equipments have disrupted our generation of electricity at SLPP and resulted in the performance being below the expected levels. In 2000, we have filed a claim of Rs. 477,442,714 on account of loss in profit due to machinery break down and machinery break down; our recovery was to the tune of Rs. 298,934,383 in regard to the same.

In February, 2005 there was a fire in conveyer belt of bunker floor which caused disruption of fuel feeding and caused disruption in power generation for four days. The insurance claim of Rs. 24 millions has been lodged for material damage and loss of profit, the settlement of which is awaited.

PURCHASE OF PROPERTY

Except as stated in the section titled 'Objects of the Issue', there is no property which the Company has purchased or acquired or propose to purchase or acquire which is to be paid for whole, or in part, from the net proceeds of the Issue or the purchase or acquisition of which has not been completed on the date of this Prospectus, other than property in respect of which:

- The contracts for the purchase or acquisition were entered into in the ordinary course of the business and the contracts were not entered into in contemplation of the Issue nor in the Issue contemplated in consequence of the contracts; or the amount of the purchase money is not material; or the relevant disclosure in this Prospectus have been made.

We have not purchased any property in which any of our Promoter Companies and / or Directors, have any direct or indirect interest in any payment made thereof.

AWARDS AND RECOGNITIONS

Our position in the Indian power industry is endorsed by various awards and recognitions, which we have received:

- Certificate of Appreciation for accident free operations at our Power Plants. We have received certificate of appreciation for three continuous years for the fiscals 2003, 2002 & 2001 awarded jointly by Gujarat Safety Council and Gujarat State Factory Inspectorate for one million man-hours of continuous accident free operations. We have to our credit 2534 accident free days of operation at our Vadodara plant as on June 30, 2005.



- Good Housekeeping Award 2001-03 by Baroda Productivity Council. For our efforts in highlighting the important role of good housekeeping in stepping up productivity we have received this award for the period 2001-03 awarded by Baroda Productivity Council.
- We have received Mine Safety Award from Directorate General of Mine Safety, Ajmer Region for continuous four years from 2001.
- One of our employees at SLPP has been awarded the iShram Shree Award by the GoG in the year 2004 for contributing towards improvement in maintenance system resulting in substantial cost savings to the Company.

HUMAN RESOURCES

Our philosophy of holistic human resource management has led to the combination of an efficient and enterprising set of individuals with unified goals and a missionary zeal. A work force of only 398 generates 555 MW of power at our Company. We have a good employee to power generation ratio of 0.71:1. We have achieved this by facilitating a learning and transparent work environment that encourages initiative and independence and builds a positive organizational ethos and culture. We encourage qualification enhancement and self-management and have focused in-house training facilities. We also provide need-based skills development for our employees at reputed institutes.

As on June 30, 2005 we had 392 employees, out of which 195 are in executive cadre. Out of this, 163 are executives in technical cadre and 32 are non-technical. For the proposed expansion project, we propose to recruit personnel as and when required as per the prevalent recruitment policy, and do not foresee any problem in recruitment of such personnel.

For encouraging our employees and as a measure of recognition of their efforts we give employee of the year award, special award and long service appreciation award. We have tied up health facilities for our employees at Unity hospital at Vadodara and Mahavir General Hospital at Surat.

UNION

We have a workers union with whom the management of our Company enters into periodic wage settlement agreement. Last wage settlement was agreed to in FY 2004.

Wage Settlement Agreement.

A Memorandum of Settlement was entered into between GIPCL and Gujarat Industrial Employees Union dated February 9, 2004 for a term of 4 years upto March 31, 2005. The settlement covered only regular and permanent employees of the Company employed at Baroda, SLPP and mines under the pay scale of Grade S1 to S7. Till such time the new wage agreement is entered into, existing terms of memorandum will prevail.

ENVIRONMENTAL COMPLIANCES

We conduct our business strictly in accordance with our environmental policy and save as otherwise stated in the section titled iGovernment Approvals starting at page 242 of the Prospectus all our power plants are currently in compliance with the applicable environmental regulations. Our environmental policy is as under:

- To comply with and excel the statutory limits and norms of pollution prevention and control;
- Conserve energy and water resources in GIPCL operations and minimize liquid and solid waste generation and strive for fruitful utilization of waste;
- Strive for continuous improvement in protecting the environment by enhancement of technology, systems and skills in conduct of our business;



PROSPECTUS

- Inculcate a strong commitment for protection of environment amongst employees, vendors, contractors and other stakeholders in our business; and
- Work to earn recognition from society as an environmental friendly Company.

All our power plants have valid water and air consents, which are renewed from time to time. All valid environmental clearance from the Ministry of Environment and Forests and no objection certificate from the Gujarat Pollution Control Board (GPCB) have been received for the Expansion Project.

EMISSION AND EFFLUENT MANAGEMENT

Out of the three basic means of controlling and abating pollution viz., reduction of source, dilution and dispersion, the method of reduction at source is normally employed, if technology is available for the same. Strict observations of control measures in the plant are taken to avoid deleterious effects on the environment.

GREEN BELTS

The ongoing plantation and development of green belt in our existing power plants and mines area and plantation of trees in the industrial area undertaken by itself proves our commitment and contribution towards maintaining a clean environment, protecting wild life and forestry. Green belts are being developed around the mines of the SLPP and the Expansion Project. Further, about 67 meters wide dense green belt will be developed in the surrounding areas of the Expansion Project. Besides above, intensive afforestation drive is proposed over reclaimed mining areas with soil treatment measures. Plantation will also be carried out along roads, around waste pumps, in township and power plant, which will suppress dust and gaseous emissions from propagation to surroundings.

CORPORATE SOCIAL RESPONSIBILITY

We are conscious and active corporate citizen. All our employees had donated one-day salary for welfare of the Tsunami victims. We have donated Rs. 10 million on November 29, 2004 to the chief minister of Gujarat for undertaking education awareness programme for girls. On an ongoing basis we provide industrial training to the students of various educational institutions in the state. We have promoted SVADES and DEEP trusts at both Vadodara and Surat plants respectively, for serving the society.

SVADES

We have co-promoted Society for Village Development in Petrochemicals Area (SVADES) together with eight other companies in petrochemicals complex. SVADES is a voluntary non-profit organization working in sixteen panchayats consisting of forty villages of Vadodara with a total population of 180,000. It works in the area of sanitation, water supply, primary education, health, afforestation, approach roads, community research and environmental education.

DEEP

Development Efforts for Rural Economy and People (DEEP) is a non-profit, non-government organization undertaking socio-economic development programs to empower the local community around SLPP in Surat. Its focus area is infrastructure and community development. Various initiatives of DEEP include development of natural resources, livestock, agriculture, education, income generation, village infrastructure and human resources as well as improvement in sanitation, environment and employment prospects.

IMMOVEABLE PROPERTY

We have immovable properties at our power plants, mines and township at SLPP. These properties are held either on a freehold or a leasehold basis. The majority of our land acquired for power plants and mines is through the legal procedure prescribed under the Land Acquisition Act, 1894.



There are certain litigations pending in relation to our immovable properties. For further information on these litigations refer to the section titled 'Outstanding Litigation' on page 166 of the Prospectus.

Our 250 MW power plant (SLPP-phase I) is situated at village Nani Naroli in Mangrol block of Surat district, in the state of Gujarat. This power plant occupies an area of approximately 213 acres.

The Expansion Project (SLPP-phase II) is also situated at the site of the existing power plant at Surat (SLPP-phase I) and have sufficient space to house the Expansion Project.

OUR OFFICES

Our registered office is situated at Petrochemical in the Vadodara district in Gujarat. We also have an office at SLPP.

TOWNSHIP

We have a township consisting of over 300 quarters of five different types with all modern amenities and facilities including an open-air theatre and sports and recreation facilities for employees of SLPP. Our township offers hundred percent accommodations for all employees of SLPP and few others. The township also has a medical center and school. The township also has two executive guesthouses. Besides the township at SLPP, we also have a bungalow in Vadodara for our managing director.



REGULATIONS AND POLICIES IN INDIA

Regulatory Environment pre ñ June 2003

Under the Constitution of India, electricity is subject to the concurrent jurisdiction of the Centre and the State. Until June 2003, the electricity generation, supply and distribution Industry was governed by three enactments namely, Indian Electricity Act, 1910, Electricity (Supply) Act, 1948 and Electricity Regulatory Commissions Act, 1998. Indian Electricity Act, 1910 created the basic framework for electric supply industry in India while Electricity (Supply) Act, 1948 mandated creation of State Electricity Boards with responsibility of arranging supply of electricity in the State. However, over a period of time, the performance of State Electricity Boards had deteriorated substantially on account of various factors.

Regulator

The Ministry of Power (**iMOPi**) is primarily responsible for development of electrical energy in the country. The MOP's responsibilities include perspective planning and policy formulation, monitoring the implementation of power projects and enactment of legislation in regard to thermal and hydro power generation, transmission and distribution.

With the policy of encouraging private sector participation in generation, transmission and distribution and the objective of distancing the regulatory responsibilities from the Government to the Regulatory Commissions, the need for harmonising and rationalising the provisions of the three above mentioned enactments was felt. Thus, Electricity Bill, 2001 was drafted, and the same was passed as the Electricity Act, 2003, after extensive discussions and consultation with the States and all other stakeholders and experts. Under this Act, the obligation of regulating the tariff was cast upon the Central Electricity Regulatory Commission and State Electricity Regulatory Commission, both of which are constituted under Electricity Regulatory Commission Act, 1948.

Regulatory Environment post ñ June 2003 - Electricity Act, 2003

Electricity Act, 2003 (**iElectricity Acti**) was enacted with effect from 10th June 2003, repealing and replacing all the three Acts i.e. Indian Electricity Act, 1910, Electricity (Supply) Act, 1948 and Electricity Regulatory Commissions Act, 1998. The Electricity Act seeks to provide for demarcation of the roles of generation, transmission and distribution to provide for individual accountability of each. Some of the major provisions of the Electricity Act include the following:

- de-licenses generation, makes captive-generation freely permissible, but hydro projects are required to obtain approval of the State Government and clearance of the CEA for the projects with capital expenditure exceeding limits proposed by the Central Government, which would go into the issues of dam safety and optimal utilisation of water resources;
- establishes Transmission Utility at the Central as well as State level, which would be a Government Company and have responsibility of ensuring that the transmission network is being developed in a planned and coordinated manner to meet the requirements of the sector;
- provides open access for transmission, distribution and trading;
- specifies technical standards, grid standards and safety requirements;
- introduces power trading as a distinct activity from power generation, transmission and distribution;
- prescribes the functions and duties of CEA, which was constituted under the Electricity (Supply) Act, 1948 and continuing under the Electricity Act;
- prescribes the respective functions of the Central and State Regulatory Commissions, which were constituted under the Electricity Regulatory Commission Act, 1998 and continuing under the Electricity Act;
- provides for formulation of National Electricity Policy;



- provides for formulation of National Tariff Policy;
- provides for restructuring of the State Electricity Boards; and
- confers the powers of determination of the tariff with the Central and State Regulatory Commissions.

Central Electricity Authority (CEA)

CEA, constituted under the Electricity (Supply) Act, 1948 and continuing under the Electricity Act, and the same is functional. The functions of the CEA includes advising the Central Government on matters relating to national electricity policy, formulate short-term and perspective development plans for development of electricity system; specify the technical standards for construction of electrical plants, electric lines and connectivity to the grid and maintenance of electrical plants and electric lines; and specify the Grid Standards for operation and maintenance of transmission lines.

State Electricity Board (Board)

The **Electricity (Supply) Act, 1948**, provides an elaborate institutional framework and financing norms of the performance of the electricity industry in the country. The Act envisaged creation of **State Electricity Boards (SEBs)** for planning and implementing the power development programmes in their respective States. In the rest of the smaller States and UTs the power systems are managed and operated by the respective electricity departments. In a few States private licensees are also operating in certain urban areas. Around 62 per cent is owned and operated by the **State Electricity Boards (SEBs)**, and 29 per cent by corporations set up by the Central Government, IPPs and captives generate the remaining power.

At the state-level, **SEBs (state electricity boards)**, constituted by the state governments, are responsible for ensuring supply, transmission, and distribution of electricity in the most economical and efficient manner. For this purpose, they are required to coordinate with the generating companies, if any, operating in the state and with the central government or any other board or agency that has control over a power system. Some states ñ Gujarat, Andhra Pradesh, Haryana, Karnataka, Orissa, Rajasthan, and Uttar Pradesh - have unbundled the SEBs along functional lines. However, the Electricity Act, 2003 inter alia, contemplates re structuring of the State Electricity Boards by a transfer scheme pursuant to which all the property; interest, rights and liabilities belonging to the SEBs would vest with the State Governments. Such property, interest, rights and liabilities would then be re vested by the State Government in a Government Company or other companies as envisaged in the transfer scheme.

Environment Regulation

In addition, three major statutes in India, which seek to regulate and protect the environment against pollution related activities in India, namely the Water (Prevention and Control of Pollution) Act 1974 (**iWater Pollution Act**), the Air (Prevention and Control of Pollution) Act, 1981 (**iAir Pollution Act**) and the Environment Protection Act, 1986 (**iEnvironment Act**) are also applicable to hydro projects.

Water Pollution Act was enacted with an aim to prevent and control water pollution and to maintain or restore wholesomeness of water. This Act constitutes a Central Pollution Control Board and State Pollution Control Board. One of the main functions of the Central Board is to promote cleanliness of streams and wells in different areas of the States. This Act debars any person, without taking previous consent of the State Pollution Control Board, from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge sewage or trade effluent into a stream or well or sewer.

Air Pollution Act was enacted to prevent, control and abate air pollution. The Central and State Boards constituted under the Water Pollution has been assigned to perform the functions under the Air Pollution Act as well. This Act, inter alia, stipulates that no person shall, without the previous consent of the State Board, establish or operate any industrial plant in an air pollution control area.

The Environment Act has been enacted to protect and improve the environment. This Act empowers the Central Government to make rules for various purposes including prescribing the standards of quality of air, water or soil for various areas and purposes; and prescribing the maximum allowable limits of concentration of various environmental pollutants for different areas.



PROSPECTUS

Forest (Conservation) Act, 1980 has been enacted for conservation of forests, and inter alia, stipulates that no State Government shall make, except with the approval of the Central Government, any order directing that any forest land may be assigned by way of lease or otherwise to any private person or corporation not owned or controlled by the Government.

In India the issue of management, storage and disposal of hazardous waste is regulated by the Hazardous Waste Management Rules, 1989 made under the Environment Protection Act. Under these rules, the Prevention and Control of Pollution Boards are empowered to grant authorization for collection, treatment, storage and disposal of hazardous waste, either to the occupier or the operator of the facility.

The Ministry of Environment and Forests looks into Environment Impact Assessment (EIA). The Ministry receives proposals for expansion, modernization and setting up of projects and the impact, which such projects would have on the environment, is assessed by the Ministry before granting clearances for the proposed projects.

Fiscal Legislation

Section 80 IA of the Income Tax Act, 1961 inter alia provides that while computing the total income of an undertaking set up for generation of power, 100% deduction of the profit and gains is allowed. This deduction is allowed during any 10 consecutive years in a block of first 15 years

Section 10 (23G), inter alia, provides that while computing the total income of the previous year, any income by way of dividend (other than dividends referred to in section 115-O), interest and long-term capital gains of an undertaking wholly engaged in the business referred to in section 80-IA (4) of the Income Tax Act, 1961, shall not be included. In order to avail of this benefit, an application must be made to the Central Government in accordance with the rules made in this behalf and upon satisfying the prescribed conditions. Accordingly, pursuant to the Company's application, Notification No. 217/2003 dated 12th September 2003 was issued by the Central Board of Direct Taxes approving the Company for the Assessment Years 2002-2003, 2003-2004 and 2004-2005.

Foreign Direct Investment

There is no ceiling on foreign equity participation in the power generation sector.



OUR HISTORY AND CERTAIN CORPORATE MATTERS

Incorporation

Our Company was incorporated under the provisions of the Companies Act as a public limited company on June 1, 1985 and received its Certificate of Commencement of business on August 29, 1985. Our Company was originally promoted by Gujarat Electricity Board (GEB), Gujarat State Fertilizer and Chemical Ltd (GSFC), Gujarat Narmada Valley Fertilizers Company Limited (GNFC), Gujarat Alkalies and Chemical Ltd (GACL), Petrofils Co-operative Limited (Petrofils) and Heavy Water Project (HWP) of the Atomic Energy Department of the Government of India, with the main objective of setting up a coal-based power station of 120 MW to cater to the captive needs of electrical energy of participating industries viz. GSFC, GNFC, GACL, Petrofils and HWP. The project was initially planned at Chawaj village near Bharuch, Gujarat.

However, during 1987-88, on account of better availability of natural gas and low cost of capital, we decided to set up a combined cycle gas turbine power plant at Baroda instead of our planned coal fired Thermal Power Plant at Bharuch. Subsequently, we set up our power plant having 3 gas turbines of 32 MW each and one steam turbine of 49 MW, which resulted into an total installed capacity of 145 MW.

Thereafter, IPCL offered about 16 acres of land to us and also offered to join the consortium with a requirement of 25 MW. At the same time, HWP installed their Kakrapar Power Station and withdrew from the consortium. A MoU was signed on May 3, 1989 by GEB, GACL, GSFC and Petrofils (the units ñ who participated in the equity of GIPCL) to buy power from GIPCL. In addition, IPCL, GNFC and Gujarat Nylon Ltd. (unit of GNFC) also signed the MoU as participating units, but it was agreed that they would be supplied power only if surplus was available (i.e., in case if any participating units viz. GEB, GACL, GSFC and Petrofils consumed less than their allocated share).

GNFC withdrew from as a participating unit as the cost of power to GNFC became dearer on account of more wheeling charges. Also, IPCL did not participate in the equity of GIPCL. Therefore, in June 1993, GoG accorded its consent for excluding the names of GNFC and IPCL from MoU. Since GAIL offered to provide an assured supply of gas for the power plant, its name was included by GoG as a participating unit but not as a Promoter.

On September 29, 1993 a Supplementary MoU was signed between GIPCL and participating units viz. GEB, GACL, GSFC, Petrofils and GAIL for revised allocation of power.

In November 1997, we had expanded our capacity by commissioning another 160 MW Gas based Combined Cycle power plant (Station ñ II) in Vadodara, which included one gas turbine of 106 MW and one steam turbine of 54 MW and was capable of running multiple fuels viz. Gas & Naphtha.

In 1995, Gujarat Power Corporation Limited assigned the land and all clearances / approvals for setting up 2x120 MW lignite based power plant at Village Nani Naroli, Taluka Mangrol, District Surat. We subsequently entered into mining lease agreement with GoG in 1996 and the plant commissioned power generation from 2000.

Our Main Objects

The main objects as contained in our Memorandum of Association are:

1. To acquire from Gujarat Electricity Board Licence under Indian Electricity Act, 1910, to take over and work the concessions conferred upon Gujarat Electricity Board for existing facilities and proposed future expansion for and at Utran Power Station and / or any other Power Stations as may be mutually agreed to together with required movable and immovable facilities such as land, building, railway sidings, at Utran Power Station and / or any other Power Stations, site or sites of Gujarat Electricity Board as per the terms and conditions conducive to the interest of the Company and to pay thereof in terms of shares of the Company or in any other manner mutually decided and with the object aforesaid to enter into and to execute such agreements, guarantees, deeds and documents as may be proper, necessary or expedient.



PROSPECTUS

2. To generate, receive, purchase, develop, use, sell, supply, distribute and accumulate electric power at Utran Power Station and / or any other Power Stations, site or sites that may be contemplated by the said license and to transmit, distribute and supply such power through transmission lines and facilities of The State Electricity Board/s to participating industries and generally to develop, generate and accumulate power at any other place or places and to transmit, distribute, sell and supply such power.
3. To carry on the business of Electric Power, Light and in particular to construct, layout, establish, fix, carry-out and run all necessary power stations, workshops, repair shops, sub-stations, transmission lines, cables, wires, accumulators and works and to generate, accumulate, distribute and supply electricity to participating industries or to any State Electricity Board.
4. To establish, operate and maintain Power Stations or generating stations and tie-lines and main transmission lines connected therewith and to operate and maintain such Power Stations or generating stations, tie-lines, sub-stations and main transmission lines as are assigned to it by the competent government or governments.

The main objects clause and the objects incidental or ancillary to the main objects of our Memorandum of Association enable us to undertake our existing activities and the activities for which the funds are being raised through this Issue.

Since incorporation of our Company, the following changes have been made to our authorised capital:

	Date of Amendment
Increase in authorised capital	
The share Capital of our Company was increased from Rs. 25 crores divided into 25,000,000 shares of Rs.10/- each to Rs. 45 crores divided into 27,000,000 Equity Shares of Rs. 10/- each, 1,100,000 preference shares of Rs. 100/- each and 7,000,000 unclassified shares of Rs. 10/- each.	March 4, 1989
The share capital of our Company was reclassified to Rs 45 crores divided into 36,500,000 Equity Shares of Rs 10/- each and 850,000 preference shares of Rs 100/- each.	September 21, 1990
The share capital of the Company was increased from Rs. 45 crores to 65 crores divided into 56,500,000 Equity shares of Rs. 10/- each, 850,000 preference shares of Rs. 100/- each	November 29, 1991
The share capital of the Company was increased from 65 Crores to 200 Crores divided into 191,500,000 Equity Shares of Rs. 10/- each and 850,000 preference shares of Rs. 100/- each.	September 24, 1994
The share capital of our Company was reclassified to Rs. 200 crores divided into 150,000,000 Equity Shares of Rs. 10/- each and 5,000,000 preference shares of Rs. 100 each.	September 26, 1995
The share capital of the Company was reclassified by conversion of 5,000,00 preference shares of Rs 100/- each aggregating to Rs. 50 crores into 5 crore equity shares of Rs. 10/- each thus making the authorised capital to Rs. 200 crores divided into 200,000,000 equity shares of Rs. 10/- each	July 12, 1996
Increase in share capital of the Company from 200 Crores to 300 Crores divided into 225,000,000 Equity Shares of Rs. 10/- each and 7,500,000 preference shares of Rs. 100/- each	September 26, 1997
The share capital of the Company was increased to Rs. 386 Crores divided into 225,000,000 Equity Shares of Rs. 10/- each, 7,500,000 15% Cumulative Redeemable Preference Shares of Rs. 100/- each, 5,160,000 16% Compulsorily Convertible Cumulative Preference Shares of Rs. 100/- each and 3,440,000 16% Cumulative Redeemable Preference Shares of Rs. 100/- each.	December 23, 1998
The Share Capital of the Company was reclassified to Rs. 386 Crores divided into 225,000,000 Equity Shares of Rs. 10/- each, 16,100,000 15% Preference Shares of Rs. 100/- each.	September 25, 1999



Since incorporation of the Company, the following changes have been made to its Memorandum of Association and Articles of Association over and above the changes to the authorised capital of the Company:

Amendment	Date of Amendment
The words ìthe number of directors of the Company shall not be less than three and more than twelve excluding debentures, special and corporation directors if anyî be substituted by the words ìthe number of directors of the Company shall not be less than three and more than fifteen excluding debentures, special and corporation directors if any in Article 11 (a)î.	July 30, 1986
The words ìand provisions of the Companies Actî in Article 1 was deleted	September 21, 1990
Articles 6A, 6B, 6C was inserted	September 21, 1990
Sub clauses 65 to 68 were inserted and confirmed by the Compay Law Board by order dated October 14, 1992, sub clause 68 was not confirmed and therefore deleted and sub clauses 67 and 68 were re numbered as 66 and 67.	August 23, 1991
The words ìThe Board of Directors shall not decline to register any transfer of shares except on the grounds specified in section 22 A of the Securities Contracts (Regulation) Act, 1956 as in force at the timeî was inserted in Article 5(a).	August 28, 1992
Articles 5A, 5B, 5C and 5D were inserted	August 28, 1992
Article 24A was inserted	August 28, 1992
Clause (a) of Article 11 was amended	August 28, 1992
Sub clauses 68 to 73 were inserted and confirmed by the Company Law Board vide order dated August 28, 1995 and sub clauses 68 and 73 were renumbered as sub clauses 46A and 46B, sub clause 72 was not confirmed and therefore deleted and sub clauses 69 to 71 were renumbered as 68 to 70 respectively	September 24, 1994
Article 5 E was inserted	July 12, 1996
Articles 3A, 3B, 4A, 4B and 4C were inserted	December 23, 1998
Capital clause V and Article 3 were inserted	September 25, 1999
Articles 5 (e) to 5 (h) were inserted	September 23, 2000
Articles 2 (i) to Article 2 (l) were inserted	September 23, 2000
Article 11 (c) was inserted	September 28, 2002
Object no. 4 of Clause III (A) was inserted thereby changing the numbering of clause 4 to clause 70 as clause 5 to clause 71.	September 28, 2002

PROSPECTUS



Major Events:

Year	Event
June, 1985	Incorporation of GIPCL
February, 1991	Commissioning of Combined Cycle Operation of 145 MW Gas based Plant at Vadodara
February 1992	Combined Cycle Mode Commissioned
April 1992	Commercial Generation of power
July, 1992	Initial Public Offering of Partly Convertible Debentures and Non-Convertible Debentures of Rs. 310.50 millions
October, 1996	Rights Issue of Partly Convertible Debentures to the extent of Rs. 1749 millions
November, 1997	Commissioning of Combined Cycle Operation of 160 MW Gas based Plant at Vadodara
November 1997	Commercial generation of Station II in Vadodara
November, 1999	Commissioning of first unit of 2x125 MW Surat Lignite Power Plant at Surat
January 2000	Commissioning of second unit of 2X125 MW Surat Lignite Power Plant at Surat
February 2000	Commercial generation of Surat Lignite Power Plant

Stock Market Data

The following table sets forth, for the periods indicated, the high and low and average of daily closing prices of our equity shares on the BSE and NSE:

Period	BSE			NSE		
	High (Rs.)	Low (Rs.)	Average* (Rs.)	High (Rs.)	Low (Rs.)	Average* (Rs.)
Fiscal Year 2002	37.15	12.30	24.72	34.60	12.50	23.55
Fiscal Year 2003	75.90	15.00	45.45	74.55	15.25	44.90
Fiscal Year 2004	78.50	33.00	55.75	76.45	35.70	56.08
March 2005	82.90	66.50	74.70	80.15	67.20	73.68
April 2005	76.10	67.00	71.55	73.10	68.45	70.78
May 2005	73.10	66.00	69.55	71.00	66.15	68.58
June 2005	75.15	66.30	70.72	72.55	66.65	69.58
July 2005	79.65	68.60	74.13	75.60	70.10	72.85
August, 2005	98.60	68.00	83.30	98.95	72.00	85.48

* Average of the daily closing share price for the period.

(Source: bseindia.com and nseindia.com)

The following table sets forth the number of Equity Shares traded on the days high and low prices of our Equity Shares was recorded on the BSE and NSE, unless otherwise mentioned, for the fiscal years 2002, 2003 and 2004.

Period	BSE				NSE			
	High Date	Number of shares traded	Low Date	Number of shares traded	High Date	Number of shares traded	Low Date	Number of shares traded
Fiscal Year 2002	June 18, 2002	1,283,034	January 14, 2002	1,900	June 18, 2002	1889916	January 11, 2002	4850
Fiscal Year 2003	December 30, 2003	289,619	March 31, 2003	34,311	December 29, 2003	583040	April 1, 2003	27497
Fiscal Year 2004	January 9, 2004	396,663	May 18, 2004	106,404	December 14, 2004	815342	March 23, 2004	130366

(Source: bseindia.com and nseindia.com)



PROSPECTUS

The following table sets forth, for the period indicated, the number of Equity Shares traded on the days high and low prices of our Equity shares was recorded on BSE and NSE for last six months preceding the date of filing of this Prospectus with SEBI:

Period	BSE				NSE			
	High Date	Number of shares traded	Low Date	Number of shares traded	High Date	Number of shares traded	Low Date	Number of shares traded
March 2005	March 8, 2005	522,299	March 29, 2005	62,839	March 9, 2005	616438	March 29, 2005	212316
April 2005	April 7, 2005	58,362	April 20, 2005	34,262	April 7, 2005	124603	April 20, 2005	75850
May 2005	May 6, 2005	62,212	May 23, 2005	34,688	May 6, 2005	100612	May 9, 2005	239328
June 2005	June 10, 2005	234,862	June 2, 2005	20,184	June 27, 2005	187642	June 2, 2005	44590
July, 2005	July 20, 2005	305,840	July 1, 2005	18,088	July 20, 2005	416173	July 29, 2005	134527
August, 2005	August 18, 2005	837,027	August 1, 2005	68,424	August 18, 2005	1827107	August 1, 2005	118979

(Source: bseindia.com and nseindia.com)

The following table sets forth the total volume of Equity Shares traded and the volume of business transacted on the BSE and NSE, during the fiscal years 2002, 2003 and 2004:

(Rs. in millions)

Month	BSE		NSE	
	Number of shares traded	Volume of business transacted	Number of shares traded	Volume of business transacted
Fiscal Year 2002	23,952,594	662.61	36,663,110	1,011.58
Fiscal Year 2003	60,119,923	2,686.61	93,069,795	4,087.08
Fiscal Year 2004	39,478,099	2,349.63	71,989,261	4,316.54

(Source: bseindia.com and nseindia.com)

The following table sets forth, for the periods indicated, total volume of Equity shares traded on the BSE and NSE during the six months preceding the date of filing with ROC:

(Rs. in millions)

Month	BSE		NSE	
	Number of shares traded	Volume of business transacted	Number of shares traded	Volume of business transacted
February 2005	3,042,943	233.94	6,081,845	466.73
March 2005	2,798,193	217.45	5,298,998	408.26
April 2005	635,061	45.64	1,306,460	93.84
May 2005	1,177,120	80.70	1,767,963	121.43
June 2005	1,456,785	104.10	2,744,033	196.26
July, 2005	1,742,913	129.52	2,763,882	205.14
August, 2005	7,222,379	631.78	14,804,919	1298.43

(Source: bseindia.com and nseindia.com)



PROSPECTUS

Other Disclosure

The market price of our Equity Shares on October 29, 2004, which was the day prior to the approval of our Issue by our Board of Directors (i.e. on October 30, 2004), was Rs. 64.95 and 65.60 at BSE and NSE respectively. On November 1, 2004, the day following the date of our Board of Directors meeting, the closing market price was Rs. 66.80 and Rs. 66.85 at BSE and NSE respectively. Our Equity Shares are actively traded on the BSE and the NSE. The shares are not traded on VSE.

There are no shares held / sold by the Directors and/or their Relatives and Associates during six months from the date of filing of this Prospectus with the Designated Stock Exchange.

SERVICING BEHAVIOR

We have issued 18% partly convertible debentures on October 15, 1996 for our 160 MW expansion project at Vadodara and had delayed payments of interest and redemption installments.

We, for our existing 250 MW Surat Lignite Power Plant issued Secured Redeemable Non Convertible Debentures of two series viz:

- 1) Double Option (15.25% / 15.50%) NCDs aggregating Rs. 1127.2 millions
- 2) 11% NCDs aggregating Rs.1619.0 millions.

During the period commencing from FY 1999-2000 to FY 2002 -2003, on account of adverse financial position arising due to non payment / short payment of power bills by GUVNL the Company could not pay the half yearly interests and redemption installments to its debenture holders. However, with the improvement in the payment pattern by GUVNL, the Company was able to clear its outstanding interests and redemption installment in respect of both the series of NCDs.

Brief details of other agreements

1. MOU with GEB, GSFC GACL and Petrofils dated May 3, 1989.

GIPCL obtained a sanction, vide Notification No. GU-86-75-JCP-1185/6588-K dated December 12, 1986, from the industries, mines and energy department, GoG under section 28N of the Electricity Act, 1910 formed this agreement for setting up a 145 MW combined cycle gas turbine power plant at Dhanora, near Baroda. Pursuant to the same, GIPCL has entered into an MoU with Gujarat Electricity Board, Baroda, Gujarat State Fertilizers Co. Limited, Baroda, Gujarat Alkalies & Chemicals Limited, Baroda, Petrofils Cooperative Limited, Baroda dated May 3, 1989 for sale of power to the participating industries being Gujarat Electricity Board, Baroda, Gujarat State Fertilizers Co. Limited, Baroda, Gujarat Alkalies & Chemicals Limited, Baroda, Petrofils Cooperative Limited and GAIL. This MoU to be valid for a term of 15 years from the date of commencement of supply and not to be terminated without prior consent of financial institutions, which have provided financial assistance.

2. Power Purchase Agreement (iAgreement) dated August 1, 1996 at Gandhinagar by and between Gujarat Electricity Board (iGEB) and Gujarat Industries Power Company Ltd. (iGIPCL).

GIPCL expanded its power generating capacity through an establishment of 160 MW base load combined cycle power station at Baroda in Gujarat. Pursuant to the same GIPCL entered into this agreement with GEB for sale of all the power generated by GIPCL, at the abovementioned power station to GEB, except for the capacity allocated to GIPCL's Promoters which capacity shall not exceed 10% (ten percent) of the Nominal Base Load Capacity (being 160 MW or such de-rated capacity as approved by CEA). This agreement was entered into for a term of 20 (twenty) years

3. Power Purchase Agreement (iAgreement) dated on April 15, 1997 by and between Gujarat Electricity Board (iGEB) and Gujarat Industries Power Company Ltd. (iGIPCL).

Pursuant to GoG meeting on June 15, 1994, the implementation of the Mangrol Lignite Power Plant was assigned to GIPCL alongwith mining of lignite. Pursuant to the same, GEB has entered into this agreement with GIPCL for purchase of power to be generated by GIPCL. The term of this Agreement is for a period of 30 years from the commencement of the date of entry into commercial service.

4. MOU with GEB dated November 18, 2005

GoG vide letter no.IPP-102001-664P.P.Cell dated January 15, 2002 has approved the expansion project of 250 MW project of GIPCL at Surat. Pursuant to the same, an MoU dated November 18, 2004 was entered into between GEB and GIPCL wherein GEB has agreed to purchase the electricity as generated from the 250 MW expansion project. GEB shall have the first right of refusal. In case the same is not purchased by GEB then the power can be sold to a third party. This will be effective for a term until replaced by a firm agreement or up to March 31, 2007, whichever is earlier.



OUR MANAGEMENT

Board of Directors

Under our Articles of Association, we cannot have less than three and more than twelve directors. We currently have nine Directors.

The following table sets forth current details regarding our Board of Directors:

Name, Father's Name, Address, Designation, Occupation and Term	Age	Other Directorship
<p>Mr. Balwant Singh, IAS S/o Late Mr. Ram Pravesh Singh K-8, Sector 19, Gandhinagar 382019 Chairman (Appointed by GoG) Government Service Term: Non Rotational</p>	54 yrs.	<p>Chairman</p> <ol style="list-style-type: none"> 1 Gujarat Power Corporation Limited. 2 Gujarat State Energy Generation Limited. 3 Gujarat State Fuel Management Co. Limited. 4 Gujarat State Petronet Limited 5 Gujarat State Petroleum Corporation Limited <p>Director</p> <ol style="list-style-type: none"> 1 Gujarat State Fertilisers and Chemicals Limited 2 Gujarat State Investment Limited 3 Gujarat Alkalies and Chemicals Limited 4 Gujarat Narmada Valley Fertilisers Company Limited 5 Gujarat Green Revolution Company Limited
<p>Mr. L. Chauungo, IAS S/o Mr. Ngama GIPCL House, Sama Road, Near Navrachana School, Vadodara Managing Director Government Service Term: Non Rotational</p>	44 yrs.	<p>Director (Administration) Gujarat Urja Vikas Nigam Limited</p> <p>Managing Director (Additional Charge) Gujarat Industries Power Company Limited</p> <p>Chairman and Managing Director Dakshin Gujarat Vij Company Limited</p> <p>Director</p> <ol style="list-style-type: none"> 1. Gujarat State Electricity Corporation Limited 2. Gujarat Industrial Development Corporation 3. Gujarat State Fuel Management Co. Limited 4. Gujarat Energy Transmission Corporation Limited 5. Gujarat Green Revolution Company Limited 6. Madhya Gujarat Vij Company Limited

Details of Directors

Mr. Balwant Singh, IAS (54 yrs), the Chairman of our Company has graduated in science and completed his masters in physics. He is a member of Indian Administrative Service of 1975 batch. He has got 30 years of experience to his credit and is presently Principal Secretary, Energy & Petrochemicals Department; Government of Gujarat. He has also held key positions as Managing Director of GSFC and GNFC.



<p>Mr. P. K Taneja, IAS S/o Mr. Ramlal Ji Taneja GACL House, Nr. Urmi Char Rasta, Productivity Road, Vadodara Director (GEB Nominee) Government Service Term: Rotational</p>	<p>48 yrs.</p>	<p>Director - Finance Gujarat Urja Vikas Nigam Limited</p> <p>Managing Director (Additional Charge) Gujarat Alkalies and Chemicals Limited.</p> <p>Chairman and Managing Director Madhya Gujarat Vij Company Limited</p> <p>Director</p> <ol style="list-style-type: none"> 1. Gujarat Energy Transmission Corporation Limited 2. Gujarat Alumina and Bauxite Limited 3. Gujarat Chemical Port Terminal Company Limited 4. Gujarat Guardian Limited 5. Dakshin Gujarat Vij Company Limited 6. Gujarat Power Corporation Limited 7. Torrent Power AEC Limited 8. Gujarat State Energy Generation Limited
<p>Mr. A.K. Joti, IAS S/o Mr. Kishore Chand Joti Room No. 6, Circuit House, Sector 19, Gandhinagar Director (GoG Nominee) Government Service Term: Rotational</p>	<p>52 yrs</p>	<p>Chairman Gujarat State Road Transport Corporation Limited</p> <p>Director</p> <ol style="list-style-type: none"> 1 Gujarat State Civil Supplies Corporation Limited 2 Gujarat Agro Industries Corporation Limited 3 Gujarat Power Corporation Limited 4 Gujarat Mineral Development Corporation Limited 5 Gujarat Industrial Development Corporation Limited 6 Gujarat Water Infrastructure Limited 7 Gujarat State Financial Corporation Limited 8 Gujarat Maritime Board 9 Gujarat Lease Finance Limited 10 Gujarat Water Supply and Sewage Board. 11 Gujarat Water Resources Development Corporation Limited
<p>Mr. A. K. Luke, IAS S/o Late Mr. K. A. Luke MDís Bunglow, GSFC Township, P.O.Fertilizer Nagar, District Baroda ñ 391 750 Director (GSFC Nominee) Government Service Term: Rotational</p>	<p>57 yrs.</p>	<p>Chairman</p> <ol style="list-style-type: none"> 1. GSFC Investment and Leasing Co. Limited. 2. Gujarat Green Revolution Company Limited. 3. Gujarat Chemical Port Terminal Company Limited 4. Narmada Chematur Petrochemicals Limited <p>Managing Director</p> <ol style="list-style-type: none"> 1. Gujarat State Fertilizers & Chemicals Limited. 2. Gujarat Narmada Valley Fertilizers Company. Limited (Additional Charge) <p>Director</p> <ol style="list-style-type: none"> 1. Indian Potash Limited 2. The Fertiliser Association of India



Mr. C.S. Mani, S/o Mr. Ramchandra C 8, Vaibhav, Bhd. Natubhai Circle, Race Course Circle, Vadodara 390007 Director (GACL Nominee) Service Term: Rotational	58 yrs	Director Effluent Channel Project Limited
Mr. A. Khandual, S/o Late Mr. Prahlad Khandual B-102, Panchdhara Plaza, Satellite Road, Ahemdabad 380015 Director (IDBI Nominee) Service Term: Non Rotational	52 yrs.	Director Indian Metal and Ferro Alloys Limited
Mr. R. N. Singh, S/o Late Mr. R.L. Singh 28-G, Balihar Road, Morabadi Ranchi ñ 834 000 Director Service Term: Rotational	60 yrs.	NIL
Prof. Sekhar Chaudhuri, S/o Mr. D.N. Dutt Chaudhari IIM Campus, Diamond Harbour Road, P.O.Joka, Kolkata 700 104 Director (Independent) Service Term: Rotational	56 yrs.	Director 1. Gontermann Pipers (India) Limited 2. West Bengal Electronics Industry Development Corporation Limited 3. Indian Institute of Management ñ Kolkata 4. GVFL Trustee Company Limited

Details of Directors

Mr. Balwant Singh, IAS (54 yrs), the Chairman of our Company has graduated in science and completed his masters in physics. He is a member of Indian Administrative Service of 1975 batch. He has got 30 years of experience to his credit and is presently Principal Secretary, Energy & Petrochemicals Department; Government of Gujarat. He has also held key positions as Managing Director of GSFC and GNFC.

Mr. L. Chuaungo, IAS (44 yrs), Managing Director of our Company has graduated in Arts and is a member of Indian Administrative Service of 1987 batch. He has worked with several departments of State and Central Governments. He has got total experience of more than 18 years to his credit. In the year 1994-95, he held the position of Deputy Secretary Energy, GoG for two years. Prior to joining our Company as Managing Director on May 1, 2003 he was collector and district magistrate in Valsad. He is Director (Administration) of GUVNL since October 2004 and is also holding an additional charge as Managing Director of our Company.

Mr. P. K Taneja, IAS (48 yrs), Director of our Company is an Engineer (BE Electronics) and is a member of Indian Administrative Service of 1984 batch. He has occupied several key positions in GoG and Gol and has a total experience of over 20 years and his previous assignments include collector and district magistrate for Bharuch and Rajkot, Deputy Secretary Energy, GoG, Deputy Secretary Law and Order, Home Department amongst others. He is presently Director



PROSPECTUS

(Finance) of GUVNL since October 2004 and is also holding an additional charge as Managing Director of Gujarat Alkalies and Chemicals Limited.

Mr. A.K. Joti, IAS (52 yrs), Director of our Company has graduated in science and completed his masters in chemistry. He is a member of Indian Administrative Service of 1975 batch. He has got 30 years of experience to his credit and is presently Principal Secretary, Expenditure, Department of Finance, Government of Gujarat.

Mr. A. K. Luke, IAS (57 yrs), Director of our Company has graduated in Civil Engineering from IIT, Mumbai and is a member of Indian Administrative Service 1975 batch. He has got 30 years of experience to his credit and is presently Managing Director of Gujarat State Fertilizers and Chemicals Limited. During his 30 year of experience he has held various prominent posts including the post of Managing Director Sardar Sarovar Narmada Nigam Limited, Managing Director, Gujarat Industrial Investment Corporation.

Mr. C.S. Mani (58 yrs), Director, has graduated in Chemical Engineering from IIT, Chennai and then completed Masters degree from Cornell University, New York, USA. He has more than 33 years of experience, out of which over 20 years in Tata Chemicals Limited in different positions. Presently, he is Executive Director (Corporate Planning & Projects) in Gujarat Alkalies and Chemicals Limited.

Mr. A. Khandual (52 yrs), Director of our Company has done M.A, MFM, CAIIB and Masters in Economics from Mumbai University. He has 24 years of experience to his credit in development banking during his stint at the Industrial Development Bank of India. He also has 5 years of experience in commercial banking sector while he was with Syndicate Bank from May 1976 to December 1980.

Mr. R. N. Singh (60 yrs), Director has graduated in Science (Mechanical Engineering) from Birla Institute of Technology, Sindri with power plant as a specialization. He has to his credit experience of more than 25 years and has occupied sever key positions. He is a fellow member of various professional bodies like FIE, FIPE, FMG & MLL and has presented many papers at various seminars. He retired as Director (Power), Neyveli Lignite Corporation Limited.

Prof. Sekhar Chaudhuri (56 yrs), Director has graduated in Mechanical Engineering from IIT, Kharagpur and has done his doctoral program from IIM, Ahmedabad. Presently, he is Director, IIM Kolkata. He has to his credit rich experience of more than 32 years in various areas of management including corporate experience at very senior positions. His experience encompasses through various key business management areas like strategic management, international management and management of technology and innovations etc. He is also consultant to various organizations including the World Bank.

Borrowing Powers of the Board

Subject to the provisions of Section 58A, 292 and 293 of the Act and the Articles of Association and subject to any restriction imposed by Reserve Bank of India, Board of Directors, may from time to time at its discretion, by a resolution passed at a meeting of the Board, accept deposits from members either in advance of calls or otherwise, and generally accept deposits, raise loans or borrow or secure the payment of any sum or sums of money for the purpose of the Company. Provided, however where the moneys to be borrowed together with the moneys already borrowed including acceptance of deposits apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, exceed the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board of Directors shall not borrow such moneys without the sanction of the Company in General Meeting. No debt incurred by the Company in excess of the limit imposed by this Article shall be paid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded

Compensation of Our Directors

We are not paying any compensation to Mr. L. Chuaungo, IAS as he is receiving remuneration as Director (Administration), GUVNL. We are not paying any compensation to any other Directors of our Company except for the re-imbursement of expenses incurred and normal remuneration / sitting fee payable to them of an amount of Rs. 250 per meeting.

**Shareholding of the Directors in our Company**

None of our Directors hold any Equity Shares in our Company.

Changes in our Board of Directors during the last three years

The changes in our Board of Directors during the last three years are as follows:

Name	Date of Appointment	Date of Cessation	Reason
Mr. M. M. Shrivastava	28.09.2001	24.06.2003	Withdrawal of nomination by GEB
Mr. G.L. Bhagat	19.06.2000	01.05.2003	Withdrawal of nomination by GoG
Mr. H.M. Shah	24.03.2001	28.09.2002	Withdrawal of nomination by GSFC
Mr. Ranchan Vijay	28.04.2001	07.02.2002	Withdrawal of nomination by GoG
Mr. A.M. Solanki	28.09.2001	24.05.2002	Withdrawal of nomination by GoG
Mr. J. John	29.06.2001	15.03.2004	Withdrawal of nomination by IDBI
Dr. (Mrs.) Munjula Subramaniam	07.02.2002	08.09.2004	Withdrawal of nomination by GoG
Mr. P.K. Taneja	28.03.2002	30.10.2004	Withdrawal of nomination by GACL
Mr. R.N. Joshi	28.09.2002	30.10.2004	Withdrawal of nomination by GoG
Mr. Balwant Singh	28.09.2002	24.06.2003	Withdrawal of nomination by GSFC
Mr. L. Chuaungo	01.05.2003	-	Appointed as the Managing Director
Mrs. V.L. Joshi	24.06.2003	30.10.2004	Withdrawal of nomination by GEB
Mr. A.K. Luke	24.06.2003	-	Appointed as a Director by GSFC
Mr. A. Khandual	15.03.2004	-	Appointed as a Director IDBI
Mr. R.N. Singh	15.03.2004	-	Appointed as a Director
Prof. Shekhar Chaudhari	18.05.2004	-	Appointed as a Director
Mr. Balwant Singh	08.09.2004	-	Appointed as the Chairman by GoG
Mr. P.K. Taneja	30.10.2004	-	Appointed as a Director by GEB
Mr. A.K. Joti	30.10.2004	-	Appointed as a Director GoG
Mr. C.S. Mani	30.10.2004	-	Appointed as a Director by GACL

Corporate Governance

Our corporate governance policy emanates from the very basics of the Shareholders' own institution (a Company) which they own and the number of shares they hold. We have complied with the requirements of the applicable regulations, including the Listing Agreement with the Stock Exchanges and the SEBI Guidelines, in respect of corporate governance. The Company is managed and controlled by a Board of professionals. The Board consists entirely of independent Directors, including the Chairman and Managing Director as they are nominated by the GoG. The Company's Board comprises of eminent persons with considerable vision, expertise and experience in their relevant fields.

All committees of the Board like Share/Debt Transfer and Investors' Grievance Committee, Audit Committee etc., that are required under the code of corporate governance have been constituted since long and all meetings are held regularly. There are comprehensive management reporting systems involving preparation of operating results by divisions and their review by senior management and by the Board at every Board meeting.

The Board has nine Directors including the Managing Director.

The following committees have been formed in compliance with the Corporate Governance norms:

Audit Committee

The Audit Committee consists of four directors viz. Mr. A. Khandual, Mr. P.K. Taneja, Mr. A.K. Luke, Mr. C.S. Mani. Mr. A. Khandual is the Chairman of the Committee. Audit Committee is in existence since February 1990 and the main functions of the Audit Committee encompasses the following main areas:



PROSPECTUS

Review of the adequacy of the internal control systems and Internal Audit reports and their Compliance thereof.

Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

To review the financial statements with the management before they are put up to the Board.

The Audit Committee met four times during the FY 2004-05 and twice upto August 31, 2005.

Remuneration Committee

Since our Company does not have any Whole Time Director except the Managing director, whose terms of appointment as to remuneration, perquisites etc. is fixed by GoG, and the constitution of the Remuneration Committee being a non-mandatory requirement, we have not constituted the Remuneration Committee.

Share/Debenture Transfer & Investors' Grievance Committee

The Share/Debenture Transfer & Investors' Grievance Committee consists of four (4) Directors viz. Mr. A. K. Luke, IAS, Mr. P. K. Taneja, IAS, Mr. C.S. Mani, and Mr. L. Chuaungo, IAS. Mr. P.K. Taneja, IAS is the Chairman of the Committee. It looks after the following issues:

Timely transfer of Shares and Debentures.

Dematerialisation of Shares.

Transmission of shares in case of death of the Shareholder(s).

Issue of Duplicate shares/debentures in case of lost/ misplaced ones.

Timely redressal of complaints pertaining to the non-receipt of dividends, interests on debentures, redemption amount of NCDs/ PCDs redeemed.

Any other related issue.

With a view to facilitate and ensure timely transfer, transmission, issue of duplicate shares etc. the Board of Directors has constituted a sub-committee with the power to entertain such requests involving upto one thousand Equity Shares per request for transfer, transmission, duplicate shares etc. comprising Managing Director, General Manager (Finance) and Company Secretary.

Changes in Auditors

There has been no change in the Statutory Auditors of the Company since last 3 years.

Key Managerial Personnel

In addition to Mr. L. Chuaungo, IAS, Managing Director of the Company, following are Key Managerial Personnel of our Company:

Mr. D. G. Naik (55), Senior General Manager of the Company, is an Engineer (B.E. Mechanical) from the M.S. University, Baroda. He has been with our Company since 1986 and is working for the Company as a senior general manager, Baroda operations. He was with Ahmedabad Electricity Company Limited as a senior engineer before joining the Company. He was fully involved in all types of activities of the 110 MW including those with BHEL for power projects of AECL. His remuneration for the FY 2004-05 was Rs. 694,776.



Mr. S. L. Bose, (54) General Manager-SLPP, of our Company performs key activities critical to operations and maintenance of our Surat Lignite Power Plant and he is on deputation from National Thermal Power Corporation Limited (NTPC) for two years. He was posted on deputation to our Company from September 25, 2003. He is a B.E. (Mech) and Diploma in Management from North Bengal University (West Bengal). He was with Damodar Valley Corporation from 1974 to 1979 at the Chandrapura thermal power station before joining NTPC. He has worked in the corporate office, Badarpur thermal power station, Farakka super thermal power station, Korba super thermal power station and the consultancy wing of NTPC before his posting to our Company. His remuneration for the FY 2004-2005 was Rs. 632, 961.

Mr. D.N. Bhatia (42), General Manager Finance of our Company is a Chartered Accountant and graduated in commerce from the Commerce College, University of Rajasthan, Jaipur. He joined the Company on March 1, 2004. He was a Deputy General Manager (Corporate Finance) with Monnet Ispat Limited before joining the Company. He also held the posts of Manager, Accounts and Manager, Finance & Accounts at Mahavir Aluminium Limited and Unicorp Industries Limited respectively. He has worked in various industry segments like sugar, steel, aluminium, power and coal washeries. His remuneration for the FY 2004-05 was Rs. 674,037.

Mr. A.N. Shah (52), General Manager (Operation and Maintenance), Baroda, an engineer (B.E. Electrical) from the M.S. University, Baroda. He has been with the Company since 1989 and is working for the Company as a General Manager, (Operations and Maintenance). He was Deputy Manger (Production & Engineering) with Jyoti Switchgear Limited before joining the Company. He also worked at M/s Baroda Power Electricals in the capacity of a Assistant Manager, Production & Factory Incharge. His remuneration for the FY 2004-05 was Rs. 558,302. Currently, he is on deputation to Gujarat State Energy Generation Limited for a period of 2 years commencing from September 1, 2005.

Mr. R.K. Nair (45), Deputy General Manager (Operation and Maintenance), Surat, an engineer (B.E. Electrical) from the Regional Engineering College, Calicut. He joined our Company on January 13, 2004. He was Senior Manger with Larsen and Tubro Limited (Operation and Maintenance) before joining the Company. He also held the poistion of Manager at NTPC prior to joining the Company. His remuneration for the FY 2004-05 was Rs. 535,432.

Mr. S.C. Pathak (49), Deputy General Manager (Human Resource and Administration), graduated in commerce and law and with a Master in Social Work from the Gujarat University. He joined the Company on August 23, 2004. He was Chief General Manger (Human Resource and Administration) with Deepak Nitrate Limited, Baroda before joining our Company. He also carries the distinction of working for reputed companies like Indian Rayon Corporation, TATA Chemicals, etc. His remuneration for the FY 2004-05 was Rs. 279,323.

Mr. P.N.Trivedi (51), Deputy General Manager (Commercial), is an Engineer B.E.(Electrical) from the M.S. University of Vadodara and is having a Post Graduate Diploma in Business Management. He joined the Company on October 17, 1996 and has total experience of 30 years in organisation like ABB Limited.etc. His remuneration for FY 2004-05 was Rs. 529,003.

Mr. V.V. Vachhrajani (35), Company Secretary, commerce graduate, a fellow member of the Institute of Company Secretaries of India and law graduate. He has more than 14 years of experience. He joined our Company in August 1997. He has worked with Transpek Industry Limited., Banco Products (India) Limited, Sun Pharmaceutical Industries Limited, etc before joining our Company. His remuneration for the FY 2004 ñ 05 was Rs. 314,151.

None of the Key Managerial Personnel are related to each other. All the above-mentioned key managerial personnel, except Mr. L. Chuaungo, I.A.S. and Mr. S. L. Bose are permanent employees of our Company.



PROSPECTUS

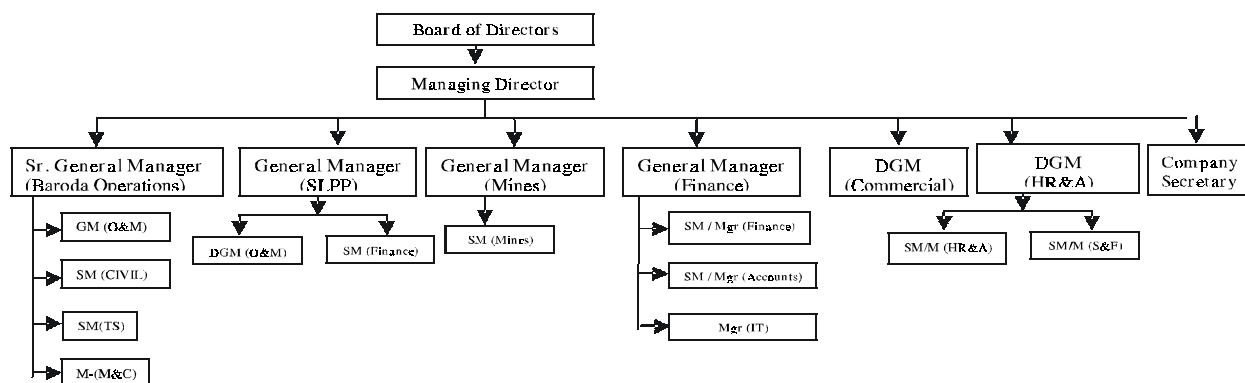
Changes in Key Managerial Personnel during last three years

Name	Date of Appointment	Date of Cessation	Reason
Mr. R. Natrajan	01.5.96	15.06.02	Resigned
Mr. G.D. Arora	13.07.02	28.02.04	Resigned
Mr. D.V. Iyer	01.07.94	01.10.03	Superannuated
Mr. J.C. Patel	04.06.92	28.02.04	Superannuated
Mr. S.K. Nakra	01.07.97	01.07.04	Resigned
Mr. S.L. Bose	25.09.03	-	Appointment as General Manager, SLPP
Mr. S.C. Pathak	25.08.04	-	Appointment as DGM (HR&A)
Mr. J.C. Patel	01.03.04	-	Appointment as Officer on Special Duty (HR & Admin.) on contractual basis.
Mr. D. N. Bhatia	01.03.04	-	Appointment as General Manager (Finance)
Mr. R.K. Nair	13.01.04	-	Appointment as Deputy General Manager (O&M), SLPP
Mr. L. Chuaungo, IAS	01.05.03	-	Appointment as Managing Director

Shareholding of Key Managerial Personnel in our Company

None of our key managerial personnel holds any Equity Shares, except Mr. V.V. Vachrajani who holds 2,500 Equity Shares.

Management Organization Structure



Our Company employed 392 on permanent basis as on June 30, 2005.

Interest of Directors and Key Managerial Personnel

Except as stated otherwise in this Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Directors or Key Managerial Personnel except the normal remuneration for services rendered as directors, officers or employees.



OUR PROMOTER COMPANIES

GIPCL is the first ever joint venture Company of the power sector in India. Gujarat Urja Vikas Nigam Ltd. (GUVNL ñ erstwhile Gujarat Electricity Board), Gujarat State Fertilizers & Chemicals†Limited,†Gujarat†Alkalies and Chemicals†Limited and†Petrofils Co-operatives Limited are our present Promoters. We are in existence as a public limited Company since June 1985 primarily to meet the captive power requirement of our Promoters and to carry out the business of power generation.

Details of Promoter Companies

a) Gujarat Urja Vikas Nigam Ltd. (GUVNL ñ erstwhile Gujarat Electricity Board)

Gujarat Electricity Board (GEB) was established along with the formation of Gujarat State in the year 1960 under Section 5 of the Electricity (Supply) Act 1948 with a generation capacity of 315 MW and a consumer base of 1.40 million.

GEB focuses on its key objectives of generation, transmission and equitable distribution of power to achieve an all-round economic growth of the State. As on December 31, 2003, it had installed 172,662 transformer centers and in the past four decades its per capita consumption has increased from 48 KWH (In 1960) to 932 KWH (as on 31-03-2003).

Pursuant to the Gujarat Electricity Industry Reorganisation and Comprehensive Transfer Scheme framed under the Gujarat Electricity Industry (Re-organisation and Regulation) Act, 2003 and the various amendments made to it by the GoG from time to time GEB stands reorganized as GUVNL viz. Gujarat Urja Vikas Nigam Limited (GUVNL), and its six subsidiaries with effect from April 1, 2005.

Under the said transfer scheme the GoG directed vide notification dated March 31, 2005 that the assets, liabilities, proceedings and the personnel retined by GEB shall with effect from April 1, 2005 stand transferred to GUVNL.

The assets, liabilities and proceedings belonging to different zones/areas of erstwile GEB have been transferred to different subsidiary companies of GUVNL in their respective zones/areas as under:

- ï Gujarat State Electricity Corporation Limited (GSECL), the Generation utility
- ï Gujarat Electricity Transmission Co. Limited (GETCO), the Transmission utility
- ï Paschim Gujarat Vij Company Limited, a distribution utility in the West Zone
- ï Madhya Gujarat Vij Company Limited, a distribution utility in the Central Zone
- ï Uttar Gujarat Vij Company Limited, a distribution utility in the North Zone
- ï Dakshin Gujarat Vij Company Limited, a distribution utility in the South Zone.

The financial performance, members of board and other information before GEB was reorganised/dismantled are as follows:



PROSPECTUS

Financial Performance of GEB

Date of incorporation of GEB was May 1, 1960

Rs. in millions

For the year ended (As per audited financial statements)	31/03/2003*	31/03/2002	31/03/01
Total Income	102,117.9	101291.8	85172.7
Profit/(Loss) after tax	(4,758.1)	(6220.3)	(22462.8)
Share capital	Nil	Nil	Nil
Reserves (excluding revaluation reserve)	3,253.9	1324.4	1428.7

*The annual report for the financial year 2003 ñ 04 for GEB is yet to be finalised and published.

Now Gujarat Urja Vikas Nigam Limited

Financial Performance of GUVNL

Gujarat Urja Vikas Nigam Limited was incorporated on December 22, 2004 with a share capital of Rs. 500,000.

The annual report for the financial year 2004 ñ 05 for GUVNL is yet to be finalized since it is the first year of incorporation.

Shareholding Pattern of GUVNL

Shareholding pattern as on September 7, 2005 is as follows:

Name*	No. of shares	Shareholding (%)
Mr. I.P. Gautam	49993	99.99
Mrs. V.L. Joshi	1	Negligible
Mr. P.K. Taneja	1	Negligible
Mr. L. Chuaungo	1	Negligible
Mr. P.H. Rana	1	Negligible
Mr. M.K. Iyer	1	Negligible
Mr. R.G. Sheth	1	Negligible
Mr. S.B. Khyalia	1	Negligible
TOTAL	50000	100

* holding on behalf of GoG.

Board of Directors

The composition of the Board of GUVNL as on September 7, 2005 is as follows:

Mrs V.L. Joshi
Mr. P.K. Taneja
Mr. L. Chuaungo
Mr. P.H. Rana
Mr. I.P. Gautam
Mr. P.K. Pujari
Dr. Joy I Cheenath

Common Pursuits and nature of Interest

GUVNL does not have any common interest in our Company except for purchase of electricity as per the PPAs and MoU and benefits arising out of our shareholding.

**(b) Gujarat State Fertilizers & Chemicals Limited (GSFC)**

GSFC was incorporated on February 15, 1962 by Gujarat State Investments Limited and Gujarat Industrial Investment Corporation Limited.

The company is in production of various fertilizers and related chemicals and its diversified products include nitrogenous and phosphatic fertilizers, petrochemicals, industrial gases, plastics and by-products. The range of industrial products includes caprolactum, nylon-6, melamine, methane and sulphuric acid. It is the largest producer of caprolactum and also has one of the largest capacities in di-ammonium phosphate (DAP).

Financial Performance*Rs. in millions*

For the year ended (As per audited financial statements)	31/03/2005	31/03/2004	31/03/2003
Total Income	26,698.25	21,821.04	18870.0
Profit/(Loss) after Tax	1380.73	1,742.68	(2283.0)
Share capital	797.36	797.36	797.36
Reserves (excluding revaluation reserve)	8076.04	6,715.29	4,371.25
Earning per Share (Rs.)	17.32	21.86	(49.02)
Book Value per share (Rs.)	111.29	93.63	63.80

Board of Directors

The composition of the Board of Directors of GSFC as of August 26, 2005 is as follows:

Mr. Sudhir Mankad

Dr. Manjula Subramaniam

Mr. N.R. Krishnan

Mr. S.R. Vengsarker

Mr. R.S. Agarwal

Mr. Balwant Singh

Mrs. Sudha Anchalia

Mr. A.K. Luke

Shareholding pattern

Shareholding pattern of GSFC as on August 26, 2005 is as follows:

Name	No. of shares	Shareholding (%)
Promoters	30161215	37.85
Banks, Financial Institutions, Mutual Funds, Insurance Companies	20880889	26.20
FIs	796466	0.99
Private Corporate Bodies	10708620	13.42
NRIs/ OCBs	338510	0.43
Public	16221426	20.35
Co-operative Societies, Co-operative Banks and Trusts	588380	0.73
TOTAL	79695506	100.00%



PROSPECTUS

Share Quotation

The shares of GSFC are listed on Vadodara, Calcutta, Mumbai and National Stock Exchanges. The highest and lowest prices of GSFC's equity shares at BSE and NSE in the last six months are as follows:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
March, 2005	134.20	102.60	134.50	94.60
April, 2005	126.50	107.10	126.65	106.25
May, 2005	124.30	103.00	126.10	102.55
June, 2005	130.00	112.00	129.90	111.55
July, 2005	144.25	111.00	143.90	111.00
August, 2005	154.00	128.50	153.80	128.40

(Source: bseindia.com and nseindia.com)

GSFC has not made any Public/Rights issue in the last 3 years. The closing price of GSFC as on September 23, 2005 on BSE was Rs. 134.15.

Status of Investor Grievances

As of September 21, 2005, there are 18 investor complaints pending against GSFC, none of which is pending for more than one month.

Promise v. Performance

The last Rights Issue by GSFC was made in the year July 1996. There was no promised financial performance in the offer document. The object of the Rights Issue was to part finance the 1350 MTPD Ammonia Project at Fertilizernagar, Distt. Vadodara and was expected to start commercial production from October 1997, which was commercially commissioned in April 2000.

GSFC has a 100% subsidiary viz; GSFC Investment & Leasing Company Limited.

Common Pursuits and nature of Interest

GSFC does not have any common interest in our Company except for purchase of electricity as per the MoU and benefits arising out of our shareholding.

Restructuring proposal approved under CDR package.

GSFC is operating under CDR package for restructuring its debts as approved in 2004. Under the CDR, its secured term loans, debentures, unsecured loans, working capital limits has been restructured and IDBI has been appointed as the monitoring agency for implementation of CDR package. One of the condition of CDR is that in case of default in payment of dues by GSFC as per the CDR package, GSFC shall agree to divest its equity investments in GIPCL, GACL, etc to bring it down to 220 million, which shall be used to appropriate debt liabilities of the institutions and banks if GSFC fails to do so then it shall bring in equivalent interest free funds through some other source to meet the debt liability.

Outstanding Dues:

There are no outstanding dues of GSFC under the CDR package as on June 15, 2005.

Also GSFC has erred in the payment of interest on their debentures of 170 million held with ONGC ñ EPF Investment from the period of April 1, 2003 to March 31, 2004. However, at present the holders have agreed to accept interest @ of 9 % from April 1, 2004 and repayment of principal amount is not yet due.

GSFC has made an application to ROC on May 26, 2003 under section 560 of the Companies Act, for striking off the name of GSFC Infopark Limited, a company promoted by GSFC.



(c) Gujarat Alkalies and Chemicals Limited (GACL)

Gujarat Alkalies and Chemicals Limited (GACL) was incorporated on March 29, 1973 in the State of Gujarat by Gujarat Industrial Investment Corporation Limited (GIIC), a wholly owned company of GoG, as a Promoter along with Gujarat State Investments Limited, Gujarat Mineral Development Corporation Limited, Gujarat Industrial Development Corporation Limited, Gujarat Maritime Board and Gujarat Narmada Valley Fertilizer Company Limited.

GACL has two units located at Vadodara and Dahej, both in the State of Gujarat, with integrated manufacturing facilities for Caustic Soda, Chlorine, Hydrogen Gas, Hydrochloric Acid, Chloromethanes, Hydrogen Peroxide, Phosphoric Acid, Potassium Hydroxide, Potassium Carbonate, Sodium Cyanide, Sodium Ferrocyanide. The Dahej unit also has a 90 MW Captive Power Plant (CPP). It is the largest manufacturer of Caustic Soda in India with Industry market share of 19.71% amongst the Caustic Soda Manufacturer using Membrane Cell technology and 13.76% share in respect of total production of Caustic Soda.

Financial Performance

(Rs. in millions)

For the year ended (As per audited financial statements)	31/03/2005	31/03/2004	31/03/2003
Total Income	12,865.82	10,745.7	10,322.00
Profit/(Loss) after tax	1442.77	631.5	280.42
Share capital	734.33	734.33	459.04
Reserves (excluding revaluation reserve)	4684.09	3,367.07	2,728.84
Earning per Share (Rs.)	20	9.08*	6.11
Book Value per share (Rs.)	70	55	78

* weighted average

Shareholding Pattern

Shareholding pattern of GACL as on June 30, 2005 is as follows:

Category	No. of Shares Held	% of Shareholding
Promoters	26,964,965	36.72
Mutual Funds, Banks, Financial Institutions, Insurance Companies, Central / State Government	16,827,379	22.91
Private Corporate Bodies	7,292,025	9.93
Indian Public	18,785,520	25.58
NRIs/OCBs	3,566,379	4.86
GRAND TOTAL	73,436,268	100.00

Board of Directors

The composition of the Board of directors of GACL as on September 13, 2005 is as follows:

- Mr. Sudhir Mankad ñ Chairman
- Mr. P.K. Taneja ñ Managing Director
- Mr. Balwant Singh
- Mr. G. C. Murmu
- Mr. B.P. Singh
- Mr. M.S. Ramchandran
- Dr. Sukhdev



PROSPECTUS

Share Quotation

The shares of GACL are listed on Vadodara, Bombay Stock Exchange Limited and National stock exchanges. The highest and lowest prices of GACL's equity shares at BSE and NSE in the last six months are as follows:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
March, 2005	140.45	120.10	140.40	120.05
April, 2005	152.50	130.10	153.50	131.40
May, 2005	148.80	131.50	148.70	131.10
June, 2005	138.15	122.20	139.00	121.25
July, 2005	154.60	120.00	154.50	118.60
August, 2005	158.80	140.00	159.00	140.05

(Source: bseindia.com and nseindia.com)

The closing price of GACL as on September 23, 2005 on BSE was Rs.142.40.

GACL does not have any subsidiary.

Promise v. Performance

The last Rights Issue made by GACL was in February, 2004. There was no promised financial performance in the offer document. The object of the Issue was to fulfill one of the conditions of CDR Package.

Status of Investor Grievances

As of September 17, 2005, there are no investor complaints pending against GACL.

Common Pursuits and nature of Interest

GACL does not have any common interest in our Company except for purchase of electricity as MoU and benefits arising out of our shareholding.

Restructuring proposal approved under CDR System for GACL.

GACL is operating under CDR package for restructuring its debts as approved in 2002. Under the CDR, its secured term loans, debentures, unsecured loans, lease assistance, working capital limits has been restructured and IDBI has been appointed as the monitoring agency for implementation of CDR package.

(d) Petrofils Co-operatives Limited

Petrofils Co-operatives Limited is at present in the process of liquidation as informed by the office of the liquidator vide letter dated December 15, 2004. Petrofils Co-operatives Limited came into existence on September 10, 1974 as a registered Multi State Co-operative Society under Delhi Co-operative Societies Act, 1972 and subsequently on enactment of Act of 1984 it was deemed to have been registered under Multi State Co-operative Societies Act, 1984.

The Official Liquidator in his letter dated December 14, 2004 has informed the company that it would not be possible for him to provide the details since the same could be infructuous and hence a certificate as a promoter will not be made available.

**Financial Performance**

For the year ended (As per audited financial statements)	31/03/2002	31/03/2003	31/03/2004
Total Income	Not available	Not available	Not available
Profit/(Loss) after tax	Not available	Not available	Not available
Share capital	Rs. 203,926,750/-		
Reserves (excluding revaluation reserve)	Not available		
Earning per Share (Rs.)	Not available		
Book Value per share (Rs.)	Not available		

We confirm that the permanent account number, bank account number and Registration Numbers of Promoter Companies were submitted to the Stock Exchanges at the time of filing the Prospectus with the Stock Exchanges.

Interest of Promoters and Directors

Except as stated in iRelated party Transactionsî on page 143 of the Prospectus, the Promoters do not have any interest in the Company's business except to the extent of power purchased and the benefits derived by virtue of their shareholding in the Company.

All the Company's Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of other remuneration and / or reimbursement of expenses payable to them under the Articles. All the Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their friends and relatives in the Company, or that may be purchased for and allotted to them out of the present issue in terms of the Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The Directors may also be regarded as interested in the Equity shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as Directors, Members, Partners and / or trustees.

All the Directors may be deemed to be interested in the contracts, agreements / arrangements entered into or to be entered into by us with any company in which they hold Directorships or any partnership firms in which they are partners.



INFORMATION OF PROMOTER GROUP COMPANIES

Companies Promoted by the Promoters

I. Companies promoted by GEB:

(a) Gujarat Energy Transmission Corporation Limited

Gujarat Energy Transmission Corporation Limited is the transmission utility of the unbundled GEB and was incorporated on May 19, 1999.

Financial Performance*

Rs. in millions

For the year ended (As per audited financial statements)	31/03/2005	31/03/2004	31/03/2003
Total Income	Nil	Nil	Nil
Profit/(Loss) after tax	Nil	Nil	Nil
Share capital	4.5	4.5	4.5
Reserves (excluding revaluation reserve)	Nil	Nil	Nil
Earning per Share (Rs.)	Nil	Nil	Nil
Book Value per share (Rs.)	10.00	10.00	10.00

*The annual accounts for Financial Year 2004-05 have been audited by the Statutory Auditors appointed by the Comptroller and Auditor General of India, New Delhi i.e. Central Government for the F.Y. 2004-05. The office of the Accountant General of India has also conducted the Supplementary Audit under Section 619 of the Companies Act, 1956 and issued No / Nil Comment Certificate for F.Y. 2004-05 thereon. However, the aforesaid Audited Annual Accounts are yet to be approved by the Shareholders in the ensuing AGM.

Shareholding Pattern

Shareholding pattern as on September 7, 2005 is as follows:

Name*	No. of shares	Shareholding (%)
Ms. Vijayalaxmi Joshi	10	Negligible
Mr. P.K. Taneja	10	Negligible
Mr. L. Chuaungo	10	Negligible
Mr. P.H. Rana	10	Negligible
GUVNL (erstwhile Gujarat Electricity Board)	450,000	99.9
Mr. R.G. Sheth	10	Negligible
Mr. P.M. Thanki	10	Negligible
Mr. S.B. Khayaliya	10	Negligible
TOTAL	450,070	100

* holding on behalf of GoG

Board of Directors

The composition of the Board of GETCO as on September 7, 2005 is as follows:

- Mrs. Vijayalaxmi Joshi ñ Chairman
- Mr. P.H. Rana ñ Managing Director
- Mr. Prem.K. Taneja
- Mr. L. Chuaungo
- Mr. Sebastian Morris
- Mr. Jainul Haque
- Mr. Jyotendra B. Shah



(b) Gujarat State Electricity Corporation Limited.

Gujarat State Electricity Corporation Limited is a generation utility company of unbundled GEB and was incorporated on August 12, 1993.

Financial Performance*

(Rs. in millions)

For the year ended (As per audited financial statements)	31/03/2004	31/03/2003	31/03/2002
Total Income	3,760.50	3,401.72	3,370.33
Profit/(Loss) after tax	21.28	141.34	555.68
Share capital	7,000	7,000	7,000
Reserves (excluding revaluation reserve)	1,412.87	1,391.37	1,254.43
Earning per share (Rs.)	0.04	0.30	1.25
Book Value per share (Rs.)	12.46	12.68	12.83

* The annual accounts for Financial Year 2004-05 have been audited by the Statutory Auditors appointed by the Comptroller and Auditor General of India, New Delhi i.e. Central Government for the F.Y. 2004-05 and the same have been submitted to the Office of the Comptroller and Auditor General of India for carrying out the Supplementary Audit under Section 619 of the Companies Act, 1956. The comments thereon of CAG office are awaited

Shareholding Pattern

Shareholding pattern as on August 31, 2005 is as follows:

Name*	No. of shares	Shareholding (%)
GUVNL (erstwhile Gujarat Electricity Board)	573,300,000	99.9
Mrs. V. L. Joshi	10	Negligible
Mr.P.K.Taneja	10	Negligible
Mr.R.G.Sheth	10	Negligible
Mr.P.M.Thanki	10	Negligible
Mr.P.R.Mehta	10	Negligible
Mr.K.M.Shringarpure	10	Negligible
Mr.M.K.Iyer	10	Negligible
TOTAL	573,300,070	100

Board of Directors of GSECL

The composition of the Board of GSECL as on August 31, 2005 is as follows:

Mrs. V. Joshi
 Mr. L. Chuaungo
 Mr. Indrajeet Prasad Gautam
 Mr. A. K. Rakesh
 Mr. B. S. Reubben
 Prof. N. Venkiteswaran
 Mr. P. H. Rana
 Mr. H. P. Desai
 Mr. J. S. Mathur
 Mr. S. K. Tandon



(c) Madhya Gujarat Vij Company Limited

Madhya Gujarat Vij Company Limited is a distribution utility Company of unbundled GEB in Central Zone of Gujarat State and was incorporated on September 15, 2003.

Financial Performance*

For the year ended (As per audited financial statements)	31/03/2004
Total Income	NIL (Since First Year of Incorporation).
Profit/(Loss) after tax	NIL (Since First Year of Incorporation).
Share capital	50,090 Equity Shares of Rs. 10 each aggregating to Rs. 500,900/-
Reserves (excluding revaluation reserve)	Nil
Earning per share (Rs.)	Nil
Book Value per share (Rs.)	10.00

* The comments of the Comptroller & Auditor General of India under Section 619-B of the Companies Act, 1956 on the accounts of the company for the year ended on 31/03/2005 are not received and hence, the said accounts are yet to be approved by the members in the ensuing AGM and therefore, not made available.

Shareholding Pattern

Shareholding pattern of MGVCCL as on August 31, 2005 is as follows:

Name*	No. of shares	Shareholding (%)
Mr. M.K. Iyer	10	Negligible
Mr. B.O. Pathak	20	Negligible
Mrs. Vijyalakshmi Joshi	10	Negligible
Mr. J.C. Marathe	20	Negligible
Mr. G.R. Darji	10	Negligible
Mr. M.I. Patel	10	Negligible
Mr. Sureshchandra Desai	10	Negligible
Gujarat Urja Vikas Nigam Limited	50,000	99.9%
TOTAL	50,090	100.00

*holding on behalf of GoG

Board of Directors

The composition of the Board as on August 31, 2005 of MGVCCL is as follows:

Mr. P.K. Taneja ñ Chairman and Managing Director

Mr. L. Chuaungo

Mr. J.C. Marathe

Mr. M.K. Iyer

**(d) Dakshin Gujarat Vij Company Limited**

Dakshin Gujarat Vij Company Limited is a distribution utility company of unbundled GEB in Southern Zone of Gujarat State and was incorporated on September 15, 2003.

Financial Performance*

For the year ended (As per audited financial statements)	31/03/2004
Total Income	NIL (Since First Year of Incorporation).
Profit/(Loss) after tax	NIL (Since First Year of Incorporation).
Share capital	500,800
Reserves (excluding revaluation reserve)	NIL
Earning per Share (Rs.)	NIL
Book Value per share (Rs.)	10.00

* The comments of the Comptroller & Auditor General of India under Section 619-B of the Companies Act, 1956 on the accounts of the company for the year ended on 31/03/2005 are not received and hence, the said accounts are yet to be approved by the members in the ensuing AGM and therefore, not made available

Shareholding Pattern

Shareholding pattern of DGVCL as on August 26, 2005 is as follows:

Name*	No. of shares	Shareholding (%)
Mr. L. Chuaungo	10	Negligible
Mr. M. G. Chauhan	10	Negligible
Mr. R. G. Sheth	10	Negligible
Mr. B. Pathak	10	Negligible
Mr. A. D. Karpe	10	Negligible
Mr. P. Chaudhary	10	Negligible
Mr. G. Tank	10	Negligible
Mr. Arunkumar Desai	10	Negligible
Gujarat Urja Vikas Nigam Limited	50,000	99.9
TOTAL	50,080	100.00

*holding on behalf of GoG

Board of Directors

The composition of the Board of DGVCL as on August 26, 2005 is as follows:

Mr. L Chuaungo ñ Chairman and Managing Director

Mr. P K Taneja

Mr. J.C. Marathe

Mr. R G Sheth

Director Mr. R. G. Sheth holds 100 shares in GIPCL.



(e) Uttar Gujarat Vij Company Limited

Uttar Gujarat Vij Company Limited is a distribution utility company of unbundled GEB in Northern Zone of Gujarat State and was incorporated on September 15, 2003.

Financial Performance*

For the year ended (As per audited financial statements)	31/03/2004
Total Income	NIL (Since First Year of Incorporation).
Profit/(Loss) after tax	NIL (Since First Year of Incorporation).
Share capital	50070 Equity Shares of Rs. 10 each.
Reserves (excluding revaluation reserve)	NIL
Earning per Share (Rs.)	NIL
Book Value per share (Rs.)	10.00

* The comments of the Comptroller & Auditor General of India under Section 619-B of the Companies Act, 1956 on the accounts of the company for the year ended on 31/03/2005 are not received and hence, the said accounts are yet to be approved by the members in the ensuing AGM and therefore, not made available.

Shareholding Pattern

Shareholding pattern of UGVCL as on August 31, 2005 is as follows:

Name*	No. of shares	Shareholding (%)
Mrs. V. Joshi	10	Negligible
Mr. M. K. Iyer	10	Negligible
Mr. J. B. Shah	10	Negligible
Mr. B. O. Pathak	10	Negligible
Mr. A. D. Karpe	10	Negligible
Mr. G. K. Vagda	10	Negligible
Mr. B. R. Joshi.	10	Negligible
Gujarat Urja Vikas Nigam Limited	50,000	99.9
TOTAL	50,070	100.00

*holding on behalf of GoG

Board of Directors

The composition of the Board of UGVCL as on August 31, 2005 is as follows:

Dr. Joy Inasu Cheenath ñ Chairman and Managing Director

Mr. P R Chaudhari

Mrs. Vijaylaxmi Joshi

Mr. M G Chauhan

Mr. Murlidharan K Iyer

**(f) Paschim Gujarat Vij Company Limited.**

Paschim Gujarat Vij Company Limited is a distribution utility company of unbundled GEB in Western Zone of Gujarat State and was incorporated on September 15, 2003.

Financial Performance*

For the year ended (As per audited financial statements)	31/03/2004
Total Income	NIL (Since First Year of Incorporation).
Profit/(Loss) after tax	NIL (Since First Year of Incorporation).
Share capital	501,000
Reserves (excluding revaluation reserve)	NIL
Earning per Share (Rs.)	NIL
Book Value per share (Rs.)	10.00

* The comments of the Comptroller & Auditor General of India under Section 619-B of the Companies Act, 1956 on the accounts of the company for the year ended on 31/03/2005 are not received and hence, the said accounts are yet to be approved by the members in the ensuing AGM and therefore, not made available

Shareholding Pattern

Shareholding pattern of PGVCL as on August 31, 2005 is as follows:

Name*	No. of shares	Shareholding (%)
Mr. H Desai	10	Negligible
Mr. A D Karpe	10	Negligible
Mr. R G Sheth	10	Negligible
Mr. L Chuaungo	10	Negligible
Mr. B V Patel	10	Negligible
Mr. B K Ghetiya	10	Negligible
Mr. P C Jadeja	10	Negligible
Mr. J H Parekh	10	Negligible
Mr. R B Nashit	10	Negligible
Mr. D G Panchmia	10	Negligible
Gujarat Urja Vikas Nigam Limited	50,000	99.9
TOTAL	50,100	100.00

*holding on behalf of GoG

Board of Directors

The composition of the Board of PGVCL as on August 31, 2005 is as follows:

Mr. Vipul Vijoy

Mr. Harikant P Desai

Mr. Atul D Karpe

Mr. R G Sheth

Mr. Baldevbhai V Patel



II. Companies promoted by GACL:

(a) Gujarat Chemical Port Terminal Company Limited (GCPTCL)

Gujarat Chemical Port Terminal Company Limited was incorporated on June 10, 1992. GCPTCL is rendering port & terminal services for handling liquid chemicals as a port infrastructure company.

Financial Performance

(Rs. in million)

For the year ended (As per audited financial statements)	31/03/2005 (12 months)	31/03/2004 (9 months)	30/06/2003 (15 months)
Total Income	1013	737.1	1,025.4
Profit/(Loss) after tax	(174.9)	(310.8)	(1,115.7)
Share capital	2881	1,780	1,780
Reserves (excluding revaluation reserve)	-	-	--
Earning per Share (Rs.)	(0.82)	(6.27)	-
Book Value per share (Rs.)	10.00	10.00	10.00

Shareholding Pattern

Shareholding pattern of GCPTCL as on September 14, 2005 is as follows:

Name	No. of shares	Shareholding (%)
Gujarat Maritime Board	50,900,000	17.67
Gujarat Narmada Valley Fertilizers Company Limited	34,460,000	11.96
Gujarat Industrial Development Corporation	33,060,000	11.48
Gujarat State Fertilizers and Chemicals Limited	22,970,000	7.97
Gujarat Industrial Investment Corporation Limited	14,800,000	5.14
Gujarat Alkalies and Chemicals Limited	11,490,000	3.98
Indian Petrochemicals Corporation Limited	120,420,000	41.80
TOTAL	288,100,000	100.00

Board of Directors

The composition of the Board as on September 14, 2005 is as follows:

- Mr. A K Luke ñ Chairman
- Mr. S K Anand ñ Managing Director
- Mr. P. K. Taneja
- Mr. H. K. Dash
- Mr. H. V. Patel
- Mr. G. C. Mumru
- Mr. C. R. Rao
- Industries Commissioner- GoG nominee
- Mr. S. R. Vengsarkar ñ ICICI Nominee
- Mr. K. Ramamurthy -
- Mr. I. F. Sheth

**(b) Gujarat Alumina and Bauxite Limited (GABL)**

Gujarat Alumina Bauxite Limited was incorporated on April 11, 1994 for the establishment of project for manufacture of alumina.

Financial Details*

GABL has not yet commenced production and the project is at the preliminary stage, therefore profitability statements are not available. The available audited financials are as under:

For the year ended (As per audited financial statements)	31/03/2004	31/03/2003	31/03/2002
Total Income	Nil	Nil	Nil
Profit/(Loss) after Tax	Nil	Nil	Nil
Share capital	190.00	190.00	190.00
Reserves (excluding revaluation reserve)	Nil	Nil	Nil
Earning per Share (Rs.)	Nil	Nil	Nil
Book Value per share (Rs.)	10.00	10.00	10.00

* Financial results for the period 2004-05 are under preparation and shall be placed to their Board for approval in the ensuing meeting to be held and thereafter to be placed in the AGM to be held before 30th September, 2005.

Board of Directors

The composition of the Board of GABL as on September 1, 2005 is as follows:

Mrs. S. Anchalia ñ Chairman and Managing Director

Mr. D. Rajagopalan

Mr. C.L. Meena

Mr. I.P. Gautam

Mr. PK. Taneja

Mr. K.L. Tejani

Shareholding Pattern

Shareholding pattern of GABL as on September 1, 2005 is as follows:

Name	No. of shares	Shareholding (%)
Shares subscribed by GMDC (each through 12 individuals)	12	63.16
Shares subscribed by GACL (each held through 7 individuals)	7	36.94
TOTAL	19	100.00



(c) Gujarat Guardian Limited (GGL)

Gujarat Guardian Limited was incorporated on February 21, 1990 for manufacturing float glass and mirrors.

Financial Details*

Rs in millions

For the year ended (As per audited financial statements)	31/03/2004	31/03/2003	31/03/2002
Total Income	3,447.84	3,574.72	3,104.73
Profit/(Loss) after tax	451.02	379.01	625.57
Share capital	1,570.00	1,570.00	1,570.00
Reserves	457.59	456.76	135.26
Earning per Share (Rs.)	2.87	2.41	3.98
Book Value per share (Rs.)	12.91	10.86	6.88

* Audited Accounts for F.Y. 2004-05 are yet to be approved and adopted by the Shareholders.

Board of Directors

The Board of Directors as on September 10, 2005 is as follows:

Mr. V.K. Modi

Mr. P.S. Walters

Mr. C.G. Croskey

Mr. D.L. Rose

Mr. A. Modi

Mr. P.K. Taneja

Mrs. Sudha Anchlia

Mr. Ajit Vashi

Mr. O.P. Bhardwaj

Mr. A.M. Surana.



Shareholding Pattern

Shareholding pattern of GGL as on September 10, 2005 is as follows:

Sr. No.	Name of Shareholder	No. of Shares	% of Shareholding
1.	M/s. Guardian International Corporation, USA	78,500,000	49.99
2.	M/s. Modi Rubber Limited	33,350,000	21.24
3.	M/s. Harlequin Limited	18,500,000	11.78
4.	M/s. Cropston Limited	10,580,000	6.74
5.	M/s. Gujarat Alkalies & Chemicals Limited	7,425,000	4.73
6.	M/s. Gujarat Mineral Development Corporation Limited	7,425,000	4.73
7.	Mr. Mod Fashions & Securities Private Limited	1,220,000	0.78
8.	Mr. Alok Kumar Modi	100	Negligible
9.	Mrs. Chander Bala Modi	225	Negligible
10.	Mrs. Archana Singhania	25	Negligible
11.	Mrs. Ritika Modi	25	Negligible
12.	Mr Ajit Mal Surana	25	Negligible
13.	Mrs. Sandhya Ashok Pratap	100	Negligible
14.	Mr. Parul S. Nanabhai	100	Negligible
15.	Mr. Dharmishta K. Tanna	100	Negligible
16.	Mr. Pratul D. Gandhi	100	Negligible
TOTAL		157,000,800	100



(d) Effluent Channel Projects Limited

Effluent Channel Projects Limited was incorporated on November 12, 1999 for operation & maintenance of effluent channel for disposal of treated effluent of GACL, GIPCL, IPCL industries as well as to monitor their effluent quality.

Financial Performance

(Rs. in millions)

For the year ended	31/03/2005	31/03/2004	31/03/2003
Total Income	29.57	28.72	26.99
Profit/(Loss) after Tax	2.26	2.39	1.26
Share capital	0.5	0.5	0.5
Reserves (excluding revaluation reserve)	5.69	3.41	1.10
Earning per Share (Rs.)	45.20	47.80	25.20
Book Value per share (Rs.)	116.20	69.20	32.00

*Initially only 7 shares were subscribed by the subscribers to MoA and AoA.

Shareholding Pattern

Shareholding pattern of ECPL as on August 25, 2005 is as follows:

Name	No. of shares	Shareholding (%)
Mr. S Anand	7,151	14.29
Mr. A Bhatt	7,151	14.28
Mr. V Sarin	7,151	14.28
Mr. K Balachandran	7,151	14.28
Mr. M. Buch ñ GSFC	14,301	28.56
GACL	7,151	14.28
Mr. D S Pradhan ñ jointly with GSFC.	1	Negligible
TOTAL	50,057	100.00

Composition of Board of Directors

The composition of the Board as on August 25, 2005 is as follows:

Mr. H. V. Patel

Mr. Kalyankumar Acharya

Mr. K. Balachandran

Mr. S. K. Anand

Mr. C. S. Mani

Mr. D. S. Pradhan

Mr. V.D.Gulati

Mr. V. Sarin

Mr. Arvind Bhatt.



III. Company promoted by GSFC

(a) Gujarat Narmada Valley Fertilizer Company Limited (GNFC)

Gujarat Narmada Valley Fertilizers Company Limited was incorporated on May 10, 1976 for manufacturing various types of chemical fertilizers and industrial chemicals & gases by GoG and GSFC. Its product range includes urea, ammonia, methanol, acetic acid, concentrated nitric acid, weak nitric acid, ammonium nitro phosphate, calcium ammonium nitrate, etc.

Financial details

Rs. in millions

For the year ended (As per audited financial statements)	31/03/2005	31/03/2004	31/03/2003
Total Income	18,653.3	14,962.6	14,002.7
Profit/(Loss) after tax	2,240.2	1,169.0	847.1
Share Capital	1,464.7	1,464.7	1,464.7
Reserves (excluding revaluation reserve)	8,070.7	6,511.0	5,837.7
Earning per Share (Rs.) (Basic & Diluted)	15.29	7.98	5.78
Book Value per share (Rs.)	64.93	54.15	49.35

Composition of Board of Directors

The composition of the Board of GNFC as on September 1, 2005 follows:

Mr. S.G. Mankad ñ Chairman

Mr. A.K. Luke ñ Managing Director

Mr. Balwant Singh

Dr. M Subramaniam

Mr. P.K. Pujari

Mr. Pankaj Kumar

Mr. T.T. Ram Mohan

Shareholding Pattern

Shareholding pattern as on August 12, 2005 is as follows:

Name	No. of shares	Shareholding (%)
Promoters	64,006,713	43.70
Institutional Investors (Mutual Funds, Banks, Financial Institutions, Insurance Companies)	21,682,360	15.24
FII's	6,924,945	4.73
Bank of New York (Shares in respect of GDR in the ratio of 5 shares: 1 GDR)	647,060	0.44
Private Corporate Bodies	6367597	5.40
Indian Public	41,803,166	28.54
NRIs/OCBs	3,869,297	2.64
Any other (Co-op Society)	355,468	0.24
Shares in Transit	819,608	0.25
TOTAL	146,476,214	100



Share Quotation

The shares of GNFC are listed on Bombay Stock Exchange Limited, Kolkata and National stock exchanges. The highest and lowest prices of GNFC equity shares at BSE and NSE in the last six months are as follows:

Month	Bombay Stock Exchange Ltd		National Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
March, 2005	73.50	64.00	73.50	63.90
April, 2005	75.55	67.50	75.90	66.25
May, 2005	88.75	70.65	88.65	70.45
June, 2005	101.00	84.25	100.00	84.20
July, 2005	109.30	88.10	108.90	88.50
August, 2005	106.30	92.95	104.85	92.05

(Source: bseindia.com and nseindia.com)

GNFC has not made any Public/Rights issue in the last 3 years. The closing price of GNFC as on September 23, 2005 on BSE was Rs. 90.90.

Status of Investor Grievances

As of August 31, 2005 there is no investor complaints pending against GNFC.

Promise v. Performance

The company came out with a rights issue of 15.5% Secured Redeemable NCDs of Rs. 40/- each aggregating Rs. 1246 millions in July, 1992. The object of the Issue was to meet normal capital expenditure, debottlenecking / revamping of Ammonia / Urea plants, repayment of short term loans taken from Financial Institutions, Investment in Gujarat Narmada Electronics Ltd. and to augment long term working capital requirements. The actual performance achieved by the company against the projections mentioned in the Offer Document are as under:

(Rs. in million)

Product	1992-93		1993-94		1994-95	
	Projected	Actual	Projected	Actual	Projected	Actual
Sales	5445.1	5827.0	5590.7	6530.8	5476.2	7014.0
Profit before Depreciation, Interest and Tax (PBDIT)	1774.6	1961.0	1928.4	1739.1	1797.8	1868.5
Interest	953.5	942.2	922.2	790.1	651.4	637.1
Depreciation	612.7	712.0*	670.4	298.3*	716.7	312.2
Profit before Tax	208.4	306.8	335.8	650.7	429.7	919.2
Tax	Nil	0.2	Nil	Nil	Nil	Nil
Net Profit	208.4	204.4	335.8	550.7	429.7	919.2



* The company also provided arrears of depreciation for Rs.10220 millions during the financial year 1992-93 and of Rs.100 millions during the financial year 1993-94. The PBDIT during 1993-94 showed shortfall to the extent of Rs. 185.3 millions and Profit after tax to the extent of Rs 4 million during 1992-93.

(b) Gujarat Green Revolution Company Limited (erstwhile Gujarat Agri Processing Company Limited)

Gujarat Agri Processing Company was incorporated on November 27, 1998 and its nature of activity is Hi-Tech Agriculture. On May 4, 2005 its name was changed to Gujarat Green Revolution Company Limited.

Financial details

(Rs. in millions)

For the year ended (As per audited financial statements)	31/03/2005	31/03/2004	31/03/2003
Total Income	2.02	3.39	2.18
Profit/(Loss) after tax	(11.28)	(5.93)	(5.11)
Share capital	16.5	13.5	13.5
Reserves (excluding revaluation reserve)	-	(179.1)	(119.8)
Earning per share (Rs.) (Basic & Diluted).	(6.84)	(4.39)	(3.79)
Book Value per share (Rs.)	10	(0.17)	0.15

Composition of Board of Directors

The composition of the Board of GGRC as on September 1, 2005 follows:

- Mr. A.K. Luke
- Mr. S.J.Desai
- Mr.M.B.Joshi
- Mr. M.S. Patel
- Mr. Balwant Singh
- Dr. K.N. Shelat
- Mr. P.K. Pujari
- Mr. L. Chuaungo

Shareholding Pattern

Shareholding pattern as on August 21, 2005 is as follows:

Name	No. of shares	Shareholding (%)
Gujarat State Fertilizer Company Limited	750,000	45.04
Gujarat Narmada Valley Fertilizer Company Limited	750,000	45.04
Gujarat Agro Industries Company Limited	150,000	9.91
Others	70	0.01
TOTAL	1,650,070	100



Subsidiaries of GSFC

GSFC Investment & Leasing Company Limited.

GSFC Investment & Leasing Company Limited was incorporated on June 1, 1990 and its nature of activity includes Investment and Leasing.

Financial Details

(Rs. in millions)

For the year ended (As per audited financial statements)	31/03/2005	31/03/2004	31/03/2003
Total Income	4.28	2.72	1.24
Profit/(Loss) after tax	3.72	1.88	0.25
Share capital	10.00	10.00	10.00
Reserves (excluding revaluation reserve)	(24.13)	(27.90)	(29.79)
Earning per Share (Rs.)	3.72	1.88	0.25
Book Value per share (Rs.)	-	-	-

Shareholding Pattern

Shareholding pattern of GSFC Investment & Leasing Company Limited as on August 31, 2005 is as follows:

Name	No. of shares	Shareholding (%)
GSFC	1,000,000	100 (7 equity shares of Rs. 10 each are held by 7 individuals jointly with GSFC as its nominees in terms of section 49 (3) of the Companies Act.
TOTAL	1,000,000	100%

Board of Directors

The composition of the Board of GSFC Investment & Leasing Company Limited as on August 31, 2005 is as follows:

Mr. A.K. Luke

Mr.A.K.Vijay Kumar

Mr.R.N.Shah

Mr. M.S. Agarwal

IV. Companies with whom the Promoters has disassociated in the preceding three years.

NIL



CURRENCY OF PRESENTATION

In this Prospectus, all references to 'Rupees' and 'Rs.' are to the legal currency of India.

In this Prospectus, throughout all figures have been expressed in millions. The word 'millions' or 'million' means 'One thousand thousand'.

Any percentage amounts, as set forth in 'Risk Factors', 'Our Business', 'Management's Discussion and Analysis of Financial Conditions and Results of Operation' and elsewhere in this Prospectus, unless otherwise indicated, have been calculated on the basis of our financial statements prepared in accordance with Indian GAAP.



DIVIDEND POLICY

The Board may, in its discretion, recommend dividend to be paid to the members of our Company. Dividends would be declared at the annual general meeting of the shareholders based on recommendation by the Board of the Company. The Board may also, from time to time, pay to the members interim dividend, as appears to the Board to be justified by the profits of the Company.

Dividend declared by our Company during the last five years is as under :

(Rs. in Million)

Particulars	Financial Year				
	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
Preference Share Capital					
13% Cumulative Redeemable Preference Shares Capital	-	-	NIL	50	501
Face Value (Rs.)	-	-	-	100	100
Nos.	-	-	-	500000	5005000
13.5% Cumulative Redeemable Preference Shares Capital	NIL	82	250	250	250
Face Value (Rs.)	-	100	100	100	100
Nos.	-	815000	2495000	2495000	2495000
Amount of Dividend	5	54 (Note 1)	34 (Note 2)	45	99
Corporate Dividend Tax	1	7 (Note 1)	0	5	22

(Rs.in Millions)

Particulars	Financial Year				
	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
Equity Share Capital	1108	1108	1108	1108	1108
Face Value (Rs.)	10	10	10	10	10
Nos.	110810012	110810012	110810012	110810012	110810012
Rate of Dividend (%)	12.5	10.00	-	-	-
Amount of Dividend	139	111	-	-	-
Corporate Dividend Tax	19	14	-	-	-

- Notes :
1. Includes arrears of preference share dividend for the year 2002-03 amounting to Rs. 34 million.
 2. Includes arrears of preference share dividend for the year 2001-02 amounting to Rs. 34 million.
 3. For F Y 2004-05, dividend on equity shares is proposed by the Board of Directors.



SECTION V

FINANCIAL INFORMATION

To
The Board of Directors
Gujarat Industries Power Company Limited
P.O. Petrochemicals
Vadodara 391 346
Gujarat

Dear Sirs

We have examined the attached Summary of Assets and Liabilities, as restated as at June 30, 2005, March 31, 2005, 2004, 2003, 2002 and 2001 and the Summary of Profit and Loss Account, as restated for each of the period/years ended on those dates (collectively the Summary Statements) of Gujarat Industries Power Company Limited (the Company) for the purpose of proposed public offer of its equity shares for cash at an issue price to be arrived at by the book building process.

The Summary Statements are prepared by the Company and are based on the financial statements for the period/years ended June 30 2005, March 31, 2005, 2004, 2003, 2002 and 2001 which were audited by us.

In accordance with the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the Act), the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 and amendments thereto (SEBI Guidelines) and based on our examination of the Summary Statements, we report that:

- a) The restated profits of the Company for the period/years ended June 30, 2005, March 31, 2005, 2004, 2003, 2002 and 2001 are as set out in Annexure I to this report. This profit has been arrived at after charging all expenses including depreciation and after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the notes appearing in Annexure IV to this report.
- b) The restated assets and liabilities of the Company as at June 30, 2005, March 31, 2005, 2004, 2003, 2002 and 2001 are as set out in Annexure II to this report after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the notes appearing in Annexure IV to this report, except as stated in para (d) below.
- c) The rates of dividends paid by the Company in respect of the five years ended March 31, 2005, 2004, 2003, 2002 and 2001 are as shown in Annexure III to this report.
- d) The Summary Statements of the Company as of and for the period/years ended June 30, 2005, March 31, 2005, 2004, 2003, 2002 and 2001 read with the Significant Accounting Policies and Notes thereto (Annexure IV), after making adjustments and re-grouping as considered appropriate, have been prepared in conformity with the accounting principles generally accepted in India and in accordance with Part II of Schedule II of the Act and the SEBI Guidelines except for:

Non provision of Accumulated Deferred Tax Liability up to 31st March, 2000 against Revenue Reserve as of that date as required under Accounting Standard 22: "Accounting for Taxes on Income". As a result, Revenue Reserves for the reported period/years are overstated by an amount of Rs. 972 million. [Refer Note B(2)(a) to Annexure IV]



PROSPECTUS

Other financial information

- e) We have examined the following financial information relating to the Company as approved by the Board of Directors for the purpose of inclusion in the offer document for sale of equity shares:
- i. Accounting Ratios as appearing in Annexure A to this report.
 - ii. Capitalisation Statement as appearing in Annexure B to this report.
 - iii. Statement of Tax Shelters as appearing in Annexure C to this report.
 - iv. Details of Other Income as appearing in Annexure D to this report.
 - v. Statement of Sundry Debtors as appearing in Annexure E to this report.
 - vi. Statement of Loans & Advances as appearing in Annexure F to this report.
 - vii. Market value of Quoted Investments as appearing in Annexure G to this report.
 - viii. Recasted Cash Flow Statement as appearing in Annexure H to this report.

In our opinion, the other financial information mentioned above has been prepared in accordance with Part II of Schedule II of the Act and SEBI Guidelines.

This report is intended solely for your information and for inclusion in the offer document for the proposed public offer for equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our written consent.

Yours faithfully

For C.C. Chokshi & Co.
Chartered Accountants

R. D. Kamat
Partner
Membership No. 36822

Place: Baroda
Dated: September 26, 2005



ANNEXURE ñ I SUMMARY STATEMENT OF PROFIT & LOSS ACCOUNT, AS RESTATED

(Rs. in million)

Particulars	Period ended	Financial year ended March 31,				
	June 30 2005	2005	2004	2003	2002	2001
Income:						
Sale of electrical energy	1,889	7447	7454	8237	7036	7033
Other Income	257	294	287	198	102	98
Total Income	2146	7741	7741	8435	7138	7131
Expenditure:	-					
- Fuel Cost	940	3578	2871	3503	2351	2749
- Employees Remuneration and benefits	35	140	149	101	84	74
- Generation Expenses	106	379	408	544	519	411
- Administrative Expenses	38	204	189	201	197	168
- Selling Expenses	20	63	50	47	44	177
- Depreciation	227	943	1010	1360	1381	1225
- Expenses Amortised	-	0	2	30	30	39
- Interest and Financial charges	152	950	1866	2284	2440	2118
-Loan Resetting Premium (Received)/Paid	(15)	(145)	173			
- Impairment of Assets	-	8				
Total Expenditure	1503	6120	6718	8070	7046	6961
Profit before Prior Period Adjustments and Extraordinary/Exceptional Items	643	1621	1023	365	92	170
- Prior period income/expenditure (net)	-	13	100	47	8	0
- Extra Ordinary Items	-	0	0	0	270	0
- Diminution in the value of Investments	-	24	41	4	(100)	0
Profit before Tax	643	1658	1164	416	270	170
Provision for Current Tax	138	90	57	33	21	14
Provision for Deferred Tax	78	506	416	151	0	0
Income Tax adjstment for earlier years	-	25	19	0	(15)	0
Profit after Tax as per audited statement of accounts (A)	427	1037	672	232	264	156
Adjustment on account of: [Refer Annexure IV Note B (1)]	-					
- Changes in accounting standards/policies	-	0	0	0	(122)	(54)
- Material adjustments and prior period items	39	(84)	(104)	93	216	(48)
- Incometax Adjustment of earlier years	-	25	19	-	(23)	(5)
Total Adjustments (B)	39	(59)	(85)	93	71	(107)
Adjusted Profit (A + B)	466	978	587	325	335	49

ANNEXURE ñ II SUMMARY STATEMENT OF ASSETS AND LIABILITES, AS RESTATED

(Rs. in million)

	As of June 30, 2005	As of March 31, 2005	As of March 31, 2004	As of March 31, 2003	As of March 31, 2002	As of March 31, 2001
Fixed Assets (A):						
Gross Block *	18,874	18,873	18,817	18,462	18,633	18,612
Less : Depreciation/Impairment	7,832	7,605	6,654	5,612	4,423	3,052
Net Block	11,042	11,268	12,163	12,850	14,210	15,560
Capital Work-in-Progress	25	24	31	39	44	17
Mines Development Expenditure	1,530	1,675	1,500	1,855	2,042	2,090
Sub Total (A)	12,597	12,967	13,694	14,744	16,296	17,667
Investments (B):	1,357	1,357	2,406	2,637	327	208
Current Assets, Loans & Advances (C):	-					
Interest Accrued	65	44	95	91	7	0
Inventories	983	813	840	844	770	734
Sundry Debtors	1,235	987	2,446	2,525	4,900	3,706
Cash & Bank Balances	25	78	63	92	39	35
Loans and Advances	340	297	89	102	211	162
Sub Total (C)	2,648	2,219	3,533	3,654	5,927	4,637
Less : Liabilities & Provisions (D):	-					
Secured Loans	6,883	7,098	11,199	13,079	14,517	14,456
Unsecured Loans	304	777	1,400	887	1,058	1,468
Deferred Tax Liability	1,328	1,230	766	403	204	(27)
Current Liabilities and Provisions	2,213	2,028	1,591	2,224	2,601	2,310
Sub Total (D)	10,728	11,133	14,956	16,593	18,380	18,207
NET WORTH (A+B+C-D)	5,876	5,410	4,677	4,442	4,170	4,305
Represented by :	-					
Share Capital (E)**	1,108	1,108	1,190	1,358	1,408	1,858
Reserves and surplus (Adjusted) (F)	4,768	4,302	3,487	3,087	2,795	2,510
Miscellaneous Expenditure (to the extent not written off or adjusted) (G):	-	0	0	3	33	63
NET WORTH (E+F-G)	5,876	5,410	4,677	4,442	4,170	4,305

* Lease hold land included in Gross Block is obtained as a permitted transferee as per the agreement with GIDC/IPCL. Also refer Note B(3) to Annexure IV.

** Share Capital includes Redeemable Preference Shares.



ANNEXURE III ñ DIVIDEND STATEMENT

(Rs.in Million)

Particulars	Financial Year				
	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
Preference Share Capital					
13% Cumulative Redeemable Preference Shares Capital	-	-	NIL	50	501
Face Value (Rs.)	-	-	-	100	100
Nos.	-	-	-	500000	5005000
13.5% Cumulative Redeemable Preference Shares Capital	NIL	82	250	250	250
Face Value (Rs.)	-	100	100	100	100
Nos.	-	815000	2495000	2495000	2495000
Amount of Dividend	5	54 (Note 1)	34 (Note 2)	45	99
Corporate Dividend Tax	1	7 (Note 1)	0	5	22

(Rs.in Million)

Particulars	Financial Year				
	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
Equity Share Capital	1108	1108	1108	1108	1108
Face Value (Rs.)	10	10	10	10	10
Nos.	110810012	110810012	110810012	110810012	110810012
Rate of Dividend (%)	12.5	10.00	-	-	-
Amount of Dividend	139	111	-	-	-
Corporate Dividend Tax	19	14	-	-	-

- Notes :
1. Includes arrears of preference share dividend for the year 2002-03 amounting to Rs. 34 million.
 2. Includes arrears of preference share dividend for the year 2001-02 amounting to Rs. 34 million.
 3. For F Y 2004-05, dividend on equity shares is proposed by the Board of Directors.

ANNEXURE IV : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON SUMMARY STATEMENTS

A SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF SUMMARY STATEMENTS

The financial statements have been prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India and taking into consideration the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 and SEBI guidelines as amended. The effects of changes for the financial years prior to 2000-01 have been adjusted in the Reserves and Surplus as of 1 April, 2000.

2. FIXED ASSETS

- a. Fixed Assets are shown at cost of acquisition (including expenditure during commissioning) less accumulated depreciation and impairment recognised.
- b. Payments for leasehold land and expenses incurred for the development of such land are amortized over the lease period.



PROSPECTUS

- c. Major cost of civil works required as Plant and Machinery supports, on the basis of technical estimates, is considered as Plant and Machinery.
- d. High Value spares which are specific to a particular item of fixed asset and the use of which is not regular, are written down on a systematic basis over a period not exceeding the useful life of the principal item i.e. the fixed asset to which they relate. [Refer note number B (2) (c) for change in policy w.e.f 31.03.04].
- e. Works under erection / installation / execution including advances for capital works are shown as Capital Work-in-Progress
- f. Mines Development Expenditure under Fixed Assets comprises of initial expenditure for lignite mines and expenditure for removal of overburden. Such expenditure is amortized over quantities of lignite actually extracted, considering relevant stripping ratio.

3. **INVESTMENTS**

Long term investments are stated at cost. Provision is made for the diminution in value except where diminution is of a temporary nature.

4. **INVENTORIES**

- a. Raw materials (Fuel), Stores and Spares are valued at cost. Spares include insurance spares not capitalized under Fixed Assets being less than the threshold value.
- b. Lignite is valued at lower of cost or net realizable value. Cost includes actual cost of extraction and related mining overheads including amortized cost of Mines Development Expenditure as per accounting policy 2(f) above.

5. **DEPRECIATION**

Depreciation on all fixed assets is provided on straight line method at the rates specified under Schedule XIV of the Companies Act, 1956 such rates being not lower than the rates based on management's estimate of useful economic life of the assets. [Refer note number B (2) (d) for change in policy w.e.f June 2003].

6. **TAXATION**

Provision for current tax is made on the basis of estimated tax payable for the year. Deferred tax is recognized subject to consideration of prudence, on timing differences between taxable income and accounting income.[Refer note number B (1) (a) & B (2) (a)]

7. **RETIREMENT BENEFITS**

Liability for gratuity is accounted for on the basis of an actuarial valuation made by an independent Actuary.

The Company extends benefit of encashment of leave to its employees while in service as well as on retirement. Liability in respect of accumulated leave is accounted for on the basis of an actuarial valuation made by an independent Actuary.

Employer's contribution to Provident Fund and Pension Fund is charged to Profit & Loss Account.

8. **REVENUE RECOGNITION**

Revenue from sale of energy is recognized when no significant uncertainty as to the measurability or ultimate collection exists. [Refer note number B (1) (d)]

Other income is recognized on accrual basis except:



- a. Claims lodged with insurance company in respect of risk insured are accounted on admittance basis.
- b. Delayed payment charges recovery for power supply under Power Purchase Agreements is recognized, on grounds of prudence, as and when recovered.

9. 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 recognised nor disclosed in the financial statements.

10. IMPAIRMENT OF ASSETS

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

B. NOTES TO SUMMARY STATEMENTS

1. Impact of changes in accounting policies and material / prior period adjustments

(Rs. in million)

Particulars	Period Ended 30-Jun-05	Financial Year Ended 31-Mar-05	Financial Year Ended 31-Mar-04	Financial Year Ended 31-Mar-03	Financial Year Ended 31-Mar-02	Financial Year Ended 31-Mar-01
A. Profit after tax as per audited statements of accounts (A)	427	1037	672	232	264	156
Adjustments on account of :						
B. Changes in Accounting Standards / Policies						
[Note 1(a)]		-	-	-	(122)	(54)
Sub Total (B)	-	-	-	-	(122)	(54)
C. Material Adjustments & Prior period Items	-					
a. Reversal of Depreciation [Note 1(b)]	-	-	-	(36)	10	10
b. Adjustments for Audit Qualifications [Note 1(c)(i) and 1(c)(ii)]	-	-	(26)	38	60	66
c. Sales Adjustments [(Note 1(d))]	59	(39)	(159)	124	251	(165)
d. Other Prior Period Adjustments [Note 1(e)]	-	(87)	28	14	5	17
e. Tax Impact of Adjustments	(20)	42	53	(47)	(110)	24
Sub Total (C)	39	(84)	(104)	93	216	(48)
D. Income tax adjustment of earlier years	-	25	19	-	(23)	(5)
Sub Total (D)		25	19	-	(23)	(5)
Adjusted Profit (A+B+C+D)	466	978	587	325	335	49



PROSPECTUS

Notes on Restatements / Adjustments ñ

a) Deferred Tax:

Accounting Standard 22 iAccounting for taxes on Incomeî has been made mandatory by The Institute of Chartered Accountants of India (ICAI) on and from 1/4/2001.

As per the standard, the Company was required to provide for the deferred tax liability on account of timing differences in the year of origination. Further, deferred tax liability pertaining to the years prior to April 1, 2001 was required to be adjusted to revenue reserves in accordance with the transitional provisions of AS 22.

However, for the purpose of restated accounts deferred tax charge/credit is recognized in the Summary of Profit & Loss Account, as restated for all reported years. In respect for provision for years prior to 31st March 2000, refer note B(2)(a).

The tax rate applicable for the year ended 31st March, 2006 has been considered to compute deferred tax impact including adjustments for the earlier years.

- b) For the year ended 31 March 2003, depreciation of Rs. 36 million was written back consequent to de-capitalization to give effect to the liquidated damages deducted from parties payment for fixed assets purchased at Baroda. Effect thereof has been given in the respective years.
- c) i. For the year ended 31 March 2003, the company had not reversed the diminution in investments, which was a matter of qualification.
- ii. For the years ended 31 March 2002 and earlier years, non provision against certain doubtful debts / advances was a matter of qualification.

The aforesaid matters stood appropriately accounted for as of 31 March 2004. Effect of these adjustments has been given in the respective years to which the same pertain.

- d) The company accounts for revenue from electrical energy supplied to Gujarat Urja Vikas Nigam Limited (formerly GEB) / participating units as per various terms in the Power Purchase Agreement (PPA) / Memorandum of Understanding (MOU) at the relevant time. In respect of disagreements on interpretation of the terms of PPA / MOU, the outstanding issues are resolved based on techno - commercial considerations from time to time. Effect is given to such sales adjustments in the respective year to which the power supply pertains. [(Refer Note B(2)(b))]

Balance from Gujarat Urja Vikas Nigam Limited is subject to confirmation.

- e) Material items in the Profit and Loss account pertaining to earlier periods have been reallocated to respective years as per SEBI guidelines.

2. Notes on Non-Adjustments

- a) From the year 2002-03, the company has provided for deferred tax liability in respect of timing differences. However, the Deferred Tax liability pertaining to the period up to 31 March 2002 [Refer Note B(1)(a)] was not accounted in books of accounts. This has been a matter of Audit qualification. Since deferred tax liability for the years ended 31 March 2001 and 31st March 2002 has been adjusted for in this statement, the transitional deferred tax liability remaining unadjusted is re-assessed at Rs. 972 millions.
- b) During the year ended 31st March 2005, the Company had reversed sales of Rs. 112 Million pertaining to earlier years consequent to adjustments of claims from GUVNL (formerly GEB) on techno-commercial considerations.(Refer Note B(1)(d)).

However, in absence of definite and verifiable trail as to the year to which such reversal pertains, no adjustment for the said amount is made in the Summary of Profit & Loss Account, as restated.



- c) During the year ended 31 March 2004 the company accounted for capital spares (beyond a threshold value) in accordance with the interpretation on Accounting Standard 2. 'Valuation of Inventories' issued by the Institute of Chartered Accountants of India. No adjustments have been made for the earlier years as this treatment has no material impact.
- d) Depreciation on assets which was being provided as per Electricity Supply Act 1948 has been, consequent to repeal of the said Act from June 2003, changed over to the rates prescribed under Schedule XIV of the Companies Act, 1956. This change being prospective in nature does not warrant any adjustment in respect of earlier years.

3. CONTINGENT LIABILITIES

(Rs.in Million)

Particulars	Period ended June 30 2005	Financial Year				
		2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
CONTINGENT LIABILITIES						
Claims against Company	781	668	16	2	32	94
Guarantee to HDFC Ltd.for housing loan sanctioned to the employee						
* Aggregate Limit	NIL	NIL	53	47	43	43
* Outstanding(employees)	NIL	NIL	33	31	32	30
Demand for Water Reservation Charges from Narmada Water Resources and Water Supply Dept.	89	84	89	60	51	23
* Demand for cess & water reservation charges by Guj.State Ferti.& Chemi.Ltd	-	-	-	-	16	-
Bills of Exchange Discounted	NIL	600	1090	1434	715	500
Electricity Duty not received from participating unit and not deposited with the Govt.Treasury	416	416	386	312	251	-
Income Tax Demand	-	-	-	25	-	404

In respect of land taken on lease from Gujarat Industrial Development Corporation (G.I.D.C.) for 160 MW Power Plant, the land owners have contested the compensation paid and the matter is pending before the Court for orders. Depending upon the final compensation amount determined, the cost of leasehold land may change requiring appropriate adjustment then.

ESTIMATED VALUE OF CONTRACTS ON CAPITAL ACCOUNT

Particulars	As on 30 th June 2005	As on 1st March				
		2005	2004	2003	2002	2001
Estimated Amount of Unexecuted Contracts (Net of Advance)	3	3	3	4	26	3



PROSPECTUS

4. The three power plants [145 MW - Baroda Plant (Station I), 160 MW ñ Baroda Plant (Station II) and 250 MW ñ Surat Lignite Power Plant] were considered as reportable segments for the years 2001-02 and 2002-03. In the year 2003-04 based on a reconsideration of relevant factors ñ especially the nature of risks and returns, the company is considered to be a single segment Company ñengaged in generation of power. Further, in view of clarification issued by the Institute of Chartered Accountants of India for companies operating in a single segment, the disclosure requirements as per AS -17 'Segment Reporting' are not applicable.
5. Based on counsel's opinion, the liability under Minimum Alternate Tax (u/s 115 JB of the Income Tax Act, 1961) is computed on book profit net of Deferred Tax provision for the years 2003-04 and 2004-05.
6. Inter Division Transfer
In view of clarification issued by The Institute Of Chartered Accountants of India on 2nd April, 05, transfer of lignite from mines which was considered as part of 'Sales and Inter Division Transfer' and 'Fuel cost' for the year ended 31st March 2004 and earlier, has not been considered.

7. RELATED PARTY TRANSACTIONS

As per Accounting Standard (AS-18) effective from 01.04.01, disclosure of transactions with related party (as per original audited accounts) as defined in AS 18 is given below :

- (a) *Name of the Related Party* : Gujarat Urja Vikas Nigam Limited (erstwhile GEB)
Nature of Relationship : Promoter (exercising significant influence)

(Rs.in Million)

Sr. No.	Nature of Transactions	Value of transactions for the period / year ended					Outstanding Balance as on				
		30/6/2005	31/3/2005	31/3/2004	31/3/2003	31/3/2002	30/6/2005	31/3/2005	31/3/2004	31/3/2003	31/3/2002
1	Investment in Equity Share Capital including Share Premium of GIPCL	Nil	Nil	Nil	Nil	Nil	864	864	864	864	864
2	Sales of Electrical Energy (Net of Adjustment)	1635	6057	6307	7107	6220	1012	788	2336	2027	4664
3	Lease Rent on Assets	Nil	Nil	Nil	16	32	Nil	Nil	Nil	47	47
4	Electricity Purchased	11	51	63	180	186	Nil	Nil	Nil	Nil	Nil
5	Import Power Refund	Nil	13	97	Nil	Nil	Nil	Nil	Nil	Nil	Nil
6	Investment in Non-convertible Bonds by GIPCL	Nil	Nil	Nil	2750	1073	1179	1179	2252	2502	221
7	Bill Discounting Charges(Recovery)	Nil	46	106	69	Nil	Nil	Nil	Nil	Nil	Nil
8	Rebate on Sales	20	63	50	35	14	Nil	Nil	Nil	Nil	Nil
9	Resetting Premium Recovered	15	275	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
10	Interest Received on GEB Bonds	25	176	255	104	20	Nil	Nil	Nil	Nil	Nil
11	Delay Payment Charges Recovered	230	10	20	18	13	Nil	Nil	Nil	Nil	Nil



(b) Remuneration to Related Party

Nature of Relationship : Managing Director (Key Management Personnel)

(Rs.in Million)

Sr. No.	Name of Person	Period ended June 30 2005	2004-2005	2003-2004	2002-2003	2001-2002
1	Shri G L Bhagat (Up to 30.4.2003)	Nil	Nil	0.056	0.654	0.558
2	Shri L Chuaungo (From 01.5.2003)	0.03	0.475	0.554	Nil	Nil

Note: The Managing Director is also holding the post of Director (Administration) in Gujarat Urja Vikas Nigam Limited draws his remuneration from there. Only perquisites are being borne by GIPCL

8. STATEMENT OF SECURED LOANS

(Rs. in Million)

Particulars	As at 30th June 2005	As at 31st Mar 2005	As at 31st Mar 2004	As at 31st Mar 2003	As at 31st Mar 2002	As at 31st Mar 2001
	Secured Loans					
(Including Interest Accrued and Due)						
I) Debentures :						
18% Partly Convertible Debentures of Rs.45/- each fully paid redeemable at par in three equal annual Installments at the end of 5 th , 6 th and 7 th year from the date of allotment i.e. 15.10.96	0	0	0	334	974	1117
15.25% Privately Placed Non Convertible Debentures of Rs.50000/- each fully paid redeemable at par in three annual installments at the end of 4th(33%), 5th(33%) and 6th(34%) year respectively from the date of allotment i.e. 25.10.97	0	0	0	304	829	945
15.5% Privately Placed Non Convertible Debentures of Rs.50000/- each fully paid redeemable at par in three annual installments at the end of 4th(33%),5th(33%)and 6th(34%) year respectively from the date of allotment i.e. 25.10.97	0	0	0	58	147	182
11% Privately Placed Non Convertible Debentures of Rs.1000000/- each fully paid redeemable in three annual installments at the end of 5th(30%),6th(30%) and 7th(40%) year respectively from date of allotment i.e.17.01.98	0	0	648	1,133	1,676	1,619
II) Term Loan from Banks & Financial Institutions	5710	5853	7,107	9,378	8,957	8,840
III) Working Capital Loan from Banks	403	475	1,274	1,871	1,933	1,672
IV) Short Term Loan from Banks	0	0	0	0	0	81
V) Loan against pledge of Bonds	770	770	2,170	0	0	0
TOTAL	6,883	7,098	11,199	13,078	14,516	14,456



PROSPECTUS

Details of security and terms in respect of loans outstanding as on June 30, 2005 are as under:

- a. 1(i). Term Loans from Industrial Development Bank of India and Dena Bank for 160 MW Power Plant, are secured by a first charge by way of hypothecation of all the movables (save and except book debts) including movable machinery, spares, tools and accessories, both present and future, ranking **pari passu**, subject to prior charges created in favour of Company's Bankers on current assets for securing the borrowings for working capital requirements, and also by way of first mortgage and charge, **pari passu**, on all immovable properties both present and future. The loans are further secured by way of extension of first charge, in case of IDBI, **pari passu**, on all the movables (save and except book debts) and immovable properties, both present and future, pertaining to the Company's 145 MW Power Plant. The loans are secured by extension of first charge, **pari passu**, on all the immovable properties, both present and future and by hypothecation of all the movables (save and except book debts) pertaining to the Company's 250 MW Surat Lignite Power Plant in case of IDBI.
- 1(ii). Term loan from Oriental Bank of Commerce is secured by first **pari passu** charge on Company's fixed assets at Station n II, Baroda and SLPP, Surat.
- 2(i) Term Loans by Industrial Development Bank of India, Power Finance Corporation Ltd, Canara Bank, State Bank of Saurashtra, Bank of Baroda, ING Vysya Bank, Industrial Investment Bank of India, Syndicate Bank, The Jammu & Kashmir Bank Ltd., The Federal Bank Ltd., and Dena Bank for 250 MW Surat Lignite Power Plant are secured by a first mortgage and charge on immovable properties relating to 250 MW Surat Lignite Power Plant, both present and future and a first charge by way of hypothecation of all the movables (save and except book debts) including movable machinery, spares, tools and accessories, both present and future, ranking **pari passu**, subject to prior charges created / to be created favouring Company's Bankers etc. for securing the borrowings for working capital requirements.
- The Term Loan from IDBI is secured / to be secured by way of extension of mortgage and first charge ranking **pari passu** with the mortgages and charges created pertaining to the Company's 145 MW and 160 MW Power Plants.
- The Term Loans are to be further secured by a Guarantee from the Government of Gujarat for the timely payment by Gujarat Electricity Board of the bills raised by the Company.
- 2(ii) Term Loans sanctioned from Housing Development Finance Corporation Ltd. is secured by way of first charge on the dwelling units, Hostel, Guesthouse and Town Centre with related amenities with present and future construction thereon set up near the project site of 250 MW Surat Lignite Power Plant.
- 2(iii) Term Loan sanctioned from Dena Bank is secured / to be secured by way of first charge on the fixed Assets pertaining to Company's 250 MW Surat Lignite Power Plant / Baroda Stations and also charged by way of hypothecation of tangible movable properties and assets of the company lying and being at their premises / factories at 250 MW Surat Lignite Power Plant and Baroda Stations subject to the prior charge of bankers who have extended working capital facilities.
- 2(iv) Term Loan from Canara Bank is secured / to be secured by a first charge on the fixed assets relating to 250 MW Surat Lignite Power Plant ranking **pari passu** with other Banks / Financial Institutions.
- 2(v) Term Loan from State Bank of Bikaner & Jaipur is secured / to be secured by a first charge on the Company's immovable properties, both present and future ranking **pari passu**, and second charge by way of hypothecation of all movable assets (save and except Book Debts) of the Company including movable machinery, machinery spares, tools and accessories both present and future.



2(vi) Term loan from United Bank of India is primarily secured / to be secured by a first **pari passu** charge on the Company's existing immovable assets pertaining to the Company's Surat Lignite Power Plant (SLPP). Further the Term Loan is additionally secured by second **pari passu** charge by way of hypothecation of all movable assets (save and except Book Debts) of the Company including movable machinery, machinery spares, tools and accessories, subject however, to the prior charges created/ to be created in favour of the Co's working capital bankers pertaining to SLPP.

- b. 1. Loan from Power Finance Corporation Ltd. is secured against pledge of 7700- 11.25% Non Convertible Bond of Rs. 1 lac each Series VI Option ñ I of Gujarat Electricity Board which are held as investment.
2. The Consortium of Banks led by Central Bank of India has sanctioned to the Company Fund based and Non-Fund based Working Capital Facilities. The limits sanctioned are secured by a first charge by way of hypothecation in favour of the Banks on the Company's current assets and receivables, both present and future, ranking **pari passu inter se** the members of consortium relating to the Company's 145 and 160 MW Power Plant.
3. The Consortium of Banks led by Syndicate Bank has sanctioned to the Company Fund based and Non-Fund based Working Capital Facilities. The limits sanctioned are secured by a first charge by way of hypothecation in favour of the member Banks of the consortium on the Company's current assets and receivables, both present and future, ranking **pari passu inter se** the members of consortium relating to the Company's 250 MW Surat Lignite Power Plant.

9. UNSECURED LOANS

(Rs. in Million)

Particulars	As at 30th June 2005	As at 31st March 2005	As at 31st March 2004	As at 31st March 2003	As at 31st March 2002	As at 31st March 2001
Fixed Deposits	54	57	850	767	758	598
Inter Corporate Deposits	0	0	0	120	200	400
Loan from Banks	250	720	550	0	100	470
TOTAL	304	777	1,400	887	1,058	1,468

Notes : On Unsecured Loans outstanding as at June 30, 2005

- All short term loans outstanding on each balance sheet date are repayable within one year from the respective balance sheet dates.
- Interest rates payable on short term loans from banks outstanding as at June 30, 2005 is in the range 5.75% to 6.25%.
- Fixed deposits accepted from public outstanding as on June 30, 2005 are for a period of 24 months and carry an interest rate of 7.5%.

10. For the purpose of Summary of Profit And Loss Account, as restated and Summary of Assets and Liabilities as restated, items of Profit and Loss and Balance Sheet have been regrouped wherever necessary considering the requirements of SEBI guidelines.

ANNEXURE ñ A : ACCOUNTING RATIOS

KEY RATIOS	Period	Financial Year	Financial Year	Financial Year	Financial Year	Financial Year
	Ended	Ended	Ended	Ended	Ended	Ended
	30-June-2005	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01
Earning Per Share (Rs.)	4.20	8.78	5.05	2.63	2.27	-0.65
Net Asset Value Per Share (Rs.)	53.03	48.82	42.21	40.08	37.63	38.58
Return On Net Worth	7.93%	18.08%	12.54%	7.31%	8.04%	1.16%
No. of Equity Share Outstanding at the end of the year	110810012	110810012	110810012	110810012	110810012	110810012

Note: 1) Ratios have been computed on the basis of adjusted profit/loss after tax for the respective years/ periods.

2) Net worth is calculated without adjustment for unprovided deferred tax liability [Refer Annexure†IV Note (B)2(a)]

Formula

Earning per Share (Rs.) :
$$\frac{\text{Net Profit After Tax-Pref. Dividend including Corporate Dividend Tax}}{\text{No. of Equity Shares outstanding at the end of the year}}$$

Net Asset Value per Share (Rs.) :
$$\frac{\text{Net worth excluding revaluation reserve}}{\text{No. of Equity Shares outstanding at the end of the year}}$$

Return on Net Worth (%) :
$$\frac{\text{Net Profit After Tax}}{\text{Net worth Equity excluding revaluation Reserve}}$$

ANNEXURE B : CAPITALISATION STATEMENT

(Rs. in Million)

Sr.No.	Particulars	Pre-Issue as at 30 th June, 2005	Post-issue
A	Debts		
	a) Short - Term Debt	680	
	b) Long - Term Debt	6506	
	Total Debt	7186	
B			
	a) Equity Share Capital	1108	
	b) Reserves & Surplus	4768	
	Total Equity (Net Worth)	5876	
	Long term Debt / Equity	1.22	

Note: Reserves & Surplus is as per restated accounts ñ without adjustment for unprovided transitional deferred tax liability [Refer Annexure IV note (B)(2)(a)]


ANNEXURE C - STATEMENT OF TAX SHELTER
(Rs. in Million)

Particulars	2004-05	2003-04	2002-03	2001-02	2000-01
[A] PROFIT BEFORE TAX BUT AFTER EXTRA ORDINARY ITEMS	1658.03	1163.84	416.17	269.75	169.78
Rate of Tax	36.59%	35.88%	36.75%	35.70%	39.55%
Tax on Actual Rate on above profits	606.71	417.53	152.94	96.30	67.15
[B] PERMANENT DIFFERENCES/ADJUSTMENTS					
Income from UTI units/bonds	(5.67)	(4.07)	-	(7.23)	(9.94)
Donations	11.38	0.08	0.01	0.01	0.01
Provisions for Diminution in Value of Investments	(23.72)	-	(4.31)	100.19	-
Other add backs	10.56	-	-	-	-
TOTAL PERMANENT DIFFERENCES	(7.45)	(3.99)	(4.30)	92.97	(9.93)
[C] TIMING DIFFERENCES					
Depreciation & consumption of capital spares	(49.12)	(378.58)	(142.99)	(500.47)	(1179.04)
Interest on mining project amortised and recovered, disallowed to the extent of lignite consumed	23.84	21.75	21.53	20.88	22.46
Interest received on Delayed payments not accounted for in the Books.	-	160.11	-	-	-
Shares ,Debenture Issue Expense & other Expenses Amortised	(6.00)	(4.37)	18.64	15.42	21.63
Provision for Gratuity	4.98	2.36	1.16	1.42	0.98
Other Interest	-	-	-	(6.96)	3.98
Tax, duties etc. u/s 43B claimed on payment basis	34.15	15.71	(367.74)	374.98	9.42
Interest on working capital amortised	-	0.91	5.45	5.45	4.54
Interest on capital borrowed for extending business activity	-	-	-	-	(395.21)
TOTAL TIMING DIFFERENCES	7.85	(182.11)	(463.95)	(89.28)	(1511.24)
[D] NET ADJUSTMENT [B+C]	0.41	(186.10)	(468.25)	3.69	(1521.17)
[E] TAX SAVINGS THEREON	0.15	(66.77)	(172.08)	1.32	(601.62)
[F] INCOME / (LOSS) AS PER INCOME TAX	1658.44	977.73	(52.08)	273.44	(1351.39)
Brought forward Losses / allowances adjusted	1658.44	977.73	-	273.44	-
Taxable Income/(Loss)	-	-	(52.08)	-	(1351.39)
[G] Taxable Income(Book Profit) as per MAT	1145.86	743.70	264.81	262.52	159.84
Tax payable U/s 115JB	89.90	57.17	20.85	20.08	13.55
[H] Carry forward Unabsorbed losses / allowances	410.42	2068.86	3046.59	2994.50	3371.88



PROSPECTUS

Notes:

- 1) The aforesaid tax shelter is worked out on the basis of profit as per audited accounts and is not based on profits as per the Summary of Profit and Loss Account, as restated.
- 2) The permanent / timing differences have been computed on the basis of the income tax returns filed and assessments made for the respective years except that add backs aggregating to Rs. 683.40 million in respect of assessment years 2000-01, 2001-02 and 2002-03 have not been considered as the company is in appeal against these adjustments and based on the facts of the case is confident that these adjustments would be set aside by the appellate authorities.
- 3) Figures for the Financial Year 2004-05 are provisional figures since the return has not been filed as of date.

ANNEXURE ñ D : DETAILS OF OTHER INCOME

Particulars	For the period ended	For the year ended					Nature of Income
	30.06.05	31.03.05	31.03.04	31.03.03	31.03.02	31.03.01	
Delayed Payment Charges recovery	230	10	20	18	13	28	Recurring
Resetting Premium Recovered	0	81	0	0	0	0	Non-Recurring
Dividend from Investment	1	6	4	0	7	10	Recurring
Insurance Claims	0	1	2	44	1	15	Recurring
Liquidated Damages	0	1	0	1	3	0	Recurring
Lease Rent	0	0	0	16	32	32	Non-Recurring
Bad Debts Recovered	0	4	0	0	0	0	Recurring
Recoveries for rent & Electricity	0	2	1	1	2	4	Recurring
Int.on GEB Bonds	25	180	255	104	20	0	Recurring
Interest on Income Tax Refund	0	2	3	9	17	1	Recurring
Interest from Bank Deposits	0	0	0	0	3	2	Recurring
Interest on Deposits	0	0	0	2	1	2	Recurring
Miscellaneous	1	7	2	3	3	4	Recurring
Total	257	294	287	198	102	98	

ANNEXURE E - STATEMENT OF SUNDRY DETORS AS AT JUNE 30, 2005

(Rs. in Million)

A	Debts Outstanding over Six Months	
	Unsecured ñ Considered Good	101
	Considered Doubtful	0
B	Other debts	
	Unsecured Considered good	1134
	Total	1235

Amount outstanding as at 30th June, 2005 from promoters, promoter group or group companies is Rs. 1235million



ANNEXURE F- ADVANCES AS AT JUNE 30, 2005

(Rs. in Million)

<u>Secured</u>		
Considered Good	16	
Considered Doubtful	-	16
<u>Unsecured</u>		
Considered Good *	324	
Considered Doubtful	-	324
* including Advance Tax/TDS Rs.306 millions		

No amount was outstanding as on 30th June, 2005 from promoters, promoter group or group companies.

ANNEXURE G - MARKET VALUE OF QUOTED INVESTMENTS AS AT 30TH JUNE 2005

Bonds/Shares(Quoted)	No. of Shares / Bonds	Face Value per share / Bonds (Rs.)	Rs. In Million
6.75% Tax free US 64 Bond of Rs.100/- each of Unit Trust of India	723115	100	72
Equity Shares of Gujarat Alkalies and Chemicals Ltd. of Rs. 10/- each (Fully paid)	1103360	10	138

ANNEXURE H ñ RECASTED CASH FLOW STATEMENT

(Rs. in million)

Particulars	For the period ended 30-06-2005		For the year ended 31-03-2005		For the year ended 31-03-2004		For the year ended 31-03-2003		For the year ended 31-03-2002	
Cash Flow From Operating Activities :										
Net Profit before Taxes as restated		702		1532		1007		556		595
Adjustment for :	-		-							
Provision for Diminution in the value of Investment	-		(24)		(14)		(31)		100	
Depreciation and Expenses amortised	227		943		1012		1427		1402	
Impairment of Asset	-		8							
Interest debited to Profit & Loss Account	151		905		2041		2313		2453	
Loss on Sale of Fixed Assets	0		0		0		0		0	
Interest Received	(26)		(187)		(262)		(116)		(40)	
Dividend Received	0		0		0		0		(7)	
Unrealised Exchange Fluctuation (gain)/Loss	0		1		0		4		0	
Profit on Sale of Assets	0		(0)		(0)		(0)		(0)	
		352		1646		2777		3597		3908
Operating Profit Before Working Capital Changes		1054		3178		3784		4153		4503
Adjustment for :										
Trade Receivables	(247)		1459		78		2375		(1194)	
Inventories	(170)		27		5		(74)		(36)	
Loans and Advances	(6)		(2)		17		20		(27)	
Trade Payables	39		614		(616)		(192)		138	
		(384)		2098		(516)		2129	0	(1119)
Cash Generated from Operations		670		5276		3268		6282		3384
Payment of Direct Taxes		(37)		(296)		(61)		36		(50)
Net Cash Flow from Operating Activities(Total - A)		633		4980		3207		6318		3334
Cash Flow from Investing Activities :										
Purchase/Adj. of Fixed Assets incl. Capital WIP	(3)		(49)		(314)		60		(49)	
Project Creditors For Supplies and Services	(5)		(101)		(119)		(262)		133	
Purchase of Investments	-		(1178)		(5)		(3823)		(221)	



Particulars	For the period ended 30-06-2005		For the year ended 31-03-2005		For the year ended 31-03-2004		For the year ended 31-03-2003		For the year ended 31-03-2002	
Sale of Fixed Assets	-		0		0		2		0	
Sale of Investments	-		2251		250		1543		3	
Mining Project Expenditure (To be amortised)	145		(175)		355		188		48	
Interest Received	5		239		258		31		33	
Dividend Received	-		0		0		0		7	
Realisation/Placement of ICDs	-		0		0		20		0	
Net Cash Flow from Investing Activities(Total - B)		142		987		425		(2241)		(46)
Cash Flow from Financing Activities :										
Redemption of Preference Share Capital	-		(81)		(168)		(50)		(450)	
Proceeds from Term Borrowings and Demand Loan	98		1670		3274		622		228	
Net Proceeds from Unsecured Loans-Fixed Deposits,CC,ICD etc.	-		170		905		9		159	
Repayment/Redemption of Debentures	-		(648)		(1182)		(1650)		(384)	
Repayment of Term Borrowings	(156)		(2883)		(2214)		(499)		(220)	
Repayment of Demand Loans	(169)		(1875)		(867)		0		(81)	
Net Repayment of Unsecured Loans-Fixed Deposits,CC,ICD etc.	(487)		(1133)		(120)		(457)		(602)	
Interest Paid	(114)		(1041)		(3228)		(1962)		(1888)	
Dividend on Preference Shares Paid	-		(115)		(54)		(38)		(45)	
Tax on Preference Dividend Paid	-		(15)		(7)		0			
Net Cash Flow from Financing Activities(Total - C)		(828)		(5951)		(3660)		(4025)		(3283)
Net Increase In Cash and Cash Equivalents(Total - A+B+C)		(54)		16		(29)		52		5
Opening Cash and Cash Equivalents		79		63		92		40		35
Closing Cash and Cash Equivalents		25		79		63		92		40

†Note : The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard -3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

RELATED PARTY TRANSACTIONS

As per Accounting Standard (AS-18) effective from 01.04.01, disclosure of transactions with related party as defined in AS 18 is given below:

(a) *Name of the Related Party:* Gujarat Electricity Board

Nature of Relationship: Promoter (exercising significant influence)

(Rs.in Million)

Sr. No.	Nature of Transactions	Value of transactions for the period / year ended					Outstanding Balance as on				
		30/6/2005	31/3/2005	31/3/2004	31/3/2003	31/3/2002	30/6/2005	31/3/2005	31/3/2004	31/3/2003	31/3/2002
1	Investment in Equity Share Capital including Share Premium of GIPCL	Nil	Nil	Nil	Nil	Nil	864	864	864	864	864
2	Sales of Electrical Energy (Net of Adjustment)	1635	6057	6307	7107	6220	1012	788	2336	2027	4664
3	Lease Rent on Assets	Nil	Nil	Nil	16	32	Nil	Nil	Nil	47	47
4	Electricity Purchased	11	51	63	180	186	Nil	Nil	Nil	Nil	Nil
5	Import Power Refund	Nil	13	97	Nil	Nil	Nil	Nil	Nil	Nil	Nil
6	Investment in Non-convertible Bonds by GIPCL	Nil	Nil	Nil	2750	1073	1179	1179	2252	2502	221
7	Bill Discounting Charges(Recovery)	Nil	46	106	69	Nil	Nil	Nil	Nil	Nil	Nil
8	Rebate on Sales	20	63	50	35	14	Nil	Nil	Nil	Nil	Nil
9	Resetting Premium Recovered	15	275	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
10	Interest Received on GEB Bonds	25	176	255	104	20	Nil	Nil	Nil	Nil	Nil
11	Delay Payment Charges Recovered	230	10	20	18	13	Nil	Nil	Nil	Nil	Nil

(b) *Remuneration to Related Party*

Nature of Relationship: Managing Director (Key Management Personnel)

(Rs.in Million)

Sr. No.	Name of Person	Period ended June 30 2005	2004-2005	2003-2004	2002-2003	2001-2002
1	Shri G L Bhagat (Up to 30.4.2003)	Nil	Nil	0.056	0.654	0.558
2	Shri L Chuaungo (From 01.5.2003)	0.03	0.475	0.554	Nil	Nil

In addition to the disclosures required under AS ñ 18 in respect of Related Party transactions, given below are the transactions between the Promoter Companies



a) Transactions with Gujarat Alkalies and Chemicals Limited

(Rs.in million)

Sr. No.	Nature of Transactions	Value of transactions for the period ended 30-06-05	Value of transactions for the year ended 31-03-05	Value of transactions for the year ended 31-03-04	Value of transactions for the year ended 31-03-03	Value of transactions for the year ended 31-03-02
1	Investment in Equity Share Capital including Share Premium of GIPCL	Nil	Nil	Nil	Nil	Nil
2	Sales of Electrical Energy (Net of Adjustment)		758	583	522	466
3	Material Purchased		8	4	5	3
4	Payment for Water Charges		11	Nil	Nil	2
5	Investment in Equity Shares by GIPCL	Nil	Nil	5	Nil	Nil
6	Dividend Received on Equity Shares	Nil	0.8	Nil	Nil	Nil
7	Delay Payment Charges Recovered	Nil	Nil	0.4	Nil	Nil

b) Transactions with Gujarat State Fertilizers & Chemicals Ltd

(Rs.in million)

Sr. No.	Nature of Transactions	Value of transactions for the period ended 30-06-05	Value of transactions for the year ended 31-03-05	Value of transactions for the year ended 31-03-04	Value of transactions for the year ended 31-03-03	Value of transactions for the year ended 31-03-02
1	Investment in Equity Share Capital including Share Premium of GIPCL	Nil	Nil	Nil	Nil	Nil
2	Sales of Electrical Energy (Net of Adjustment)		731	737	680	626
3	Material Purchased		0.05	0.05	Nil	0.01
4	Payment for Water Charges		9	8	19	Nil



SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP & US GAAP

The following is a summary of significant differences between Indian GAAP and US GAAP so far as they are relevant to the financial statements of the issuer.

The company has not prepared financial statement in accordance with US GAAP. Accordingly, there can be no assurance that the table below is complete or that the differences described would give rise to the most material differences between Indian GAAP and US GAAP. In addition, the company cannot presently estimate the net effect of applying US GAAP on its results of operations or financial position.

The effect of such differences may be material for the net results and shareholder's equity prepared on the basis of US GAAP compared to Indian GAAP.

Various US GAAP and Indian GAAP pronouncements have been issued for which the mandatory application date is later than the reporting dates in this Prospectus. These, together with the standards that are in the process of being developed in both jurisdictions, could have a significant impact on future comparisons between US GAAP and Indian GAAP.

Particulars	Indian GAAP	US GAAP
Format and Content of Financial Statements	<p>Companies are required to present balance sheets, profit and loss accounts and, if listed / proposing listing or having turnover greater than Rs. 50 Crores, cash flows, for two years together with accounting policies, schedules and notes. The format of the financial statements generally follows the requirements of the Companies Act, 1956.</p> <p>Companies seeking a listing are required to present five years of adjusted financial information</p>	<p>All companies are required to present balance sheets, income statements, statements of shareholder's equity, comprehensive income and cash flows, together with accounting policies and notes to the financial statements. Disclosures in the notes to financial statements generally are far more extensive than under Indian GAAP.</p> <p>No specific format is mandated; generally items are presented on the face of the balance sheet in decreasing order of liquidity. Income statement items may be presented using a single-step or a multiple-step format.</p>
Fixed Assets	<p>Fixed assets are recorded at historical costs or revalued amounts. On revaluation, an entire class of assets is revalued, or a selection of assets for revaluation is made on a systematic basis. There is no restriction on the frequency of revaluation. However, revaluation should not exceed the recoverable amount of assets.</p>	<p>Revaluations are not permitted.</p>



Particulars	Indian GAAP	US GAAP
Investments in securities	<p>Investments are classified as long-term or current.</p> <p>Current investments are readily realisable, not intended to be held for more than one year and are carried at the lower of cost or fair market value. Unrealized losses are charged to the income statement; unrealized gains are not recorded except to restore previously recorded unrealized gains that may have reversed.</p> <p>A long-term investment is an investment other than a current investment and is valued at cost, subject to a write-down for diminution in value other than temporary. Long term investments are classified as trade and other.</p>	<p>Investments in marketable equity securities and all debt securities are classified according to management's holding intent, into one of the following categories: Trading, Available For Sale or Held To Maturity.</p> <p>Trading securities are marked to fair value, with the resulting unrealized gain or loss recognised currently in the income statement.</p> <p>Available-for-sale securities are marked to fair value, with the resulting unrealized gain or loss recorded directly in a separate component of equity until realized, at which time the gain or loss is reported in income.</p> <p>Held on maturity debt securities are carried at amortised cost.</p> <p>Other than temporary impairments in the value of HTM and AFS investments are accounted for as realised losses.</p>
Consolidation and Investments in Subsidiaries	<p>Consolidation of financial statements is not mandatory under the Companies Act. Subsidiary company's accounts are attached to annual reports of holding company. SEBI requires listed companies and those seeking a listing to publish consolidated financial statements in accordance with AS21 in addition to the separate financial statements of the parent.</p>	<p>Consolidation is required for entities where the parent has majority financial control, generally when it controls more than 50% of the outstanding voting stock, except when control is likely to be temporary or is impaired. Separate financial statements of the parent only are not presented.</p>



Particulars	Indian GAAP	US GAAP
	<p>In separate financial statements of holding company, equity shares of subsidiary companies are accounted as Investments without following equity method of accounting.</p>	<p>Entities where the minority shareholder has substantive participating rights overcome the presumption that the majority shareholder controls the entity thus precluding consolidation of the results of that entity. In such cases, the equity method of accounting applies.</p> <p>For the purposes of identifying the voting interests held in an investee, all direct and indirect interests are considered. Accordingly, certain investee's may be considered as subsidiaries to be consolidated under US GAAP, which may be treated as equity affiliates under Indian GAAP.</p>
<p>Investments in associates or affiliates</p>	<p>If companies are required to prepare consolidated financial statements, the equity method of accounting for investments in associates is required. The definition of associates and equity accounting are similar to US GAAP.</p> <p>There is no requirement to apply the equity method of accounting in the standalone financial statements of the parent / associates are accounted for in the same manner as other investments in the standalone financial statements of a parent.</p>	<p>Investments over which the investor can exert significant influence (generally presumed when the investor owns between 20% and 50% of the voting stock), are required to be accounted for using the equity method.</p> <p>The equity method requires investors to record their investment inclusive of their share of the investee's net income / loss in their earnings. Dividends received reduce the investment account.</p>
<p>Interest in Joint Ventures or jointly controlled assets</p>	<p>Investment in joint ventures is accounted for in the same manner as other investments in stand alone financial statements of the parent.</p> <p>Interests in jointly controlled entities of a venture should be recognized in its consolidated financial statements on a proportionate consolidation basis. Additionally, interests in jointly-controlled assets and jointly-controlled operations of a venture are required to be recognized in the separate financial statements and consequently in its consolidated financial statements.</p>	<p>A Joint venture is treated as either a subsidiary or affiliate, depending on the level of control of the Joint venturer, and consolidated or accounted for using the equity method, respectively.</p>



Particulars	Indian GAAP	US GAAP
Intangible Assets	AS-26 on Intangible Assets differentiates between intangible items and intangible assets, whereby intangible items are expensed and intangible assets should be recognized if, and only if (a) it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise, and (b) the cost of the asset can be measured reliably.	Purchased intangibles are capitalized at their fair value. Costs relating to internally developed intangible assets are expensed when incurred except for certain development expenses like software to be marketed/sold. Intangible assets with definite lives are amortized over the expected period of benefit. Intangible assets with indefinite lives are not amortized but are subjected to impairment test
Borrowing costs and interest capitalized	Borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset are capitalised as a cost of that asset. The capitalization period begins when activities to ready the asset for use commence, and ends when the asset is ready for use. The capitalized interest is expensed over the estimated useful life of the asset as part of the depreciation charge. Other borrowings cost are recognised as an expense in the period in which they are incurred. Foreign exchange gains or losses relating to borrowings incurred to construct fixed assets are treated as borrowing costs during the construction period.	Interest cost is capitalized as part of the cost of an asset that is constructed or produced for an enterprise's own use. The capitalization period begins when activities commence to make ready of the assets, and ends when the asset is ready for use. The capitalized interest is expensed over the estimated useful life of the asset as part of the depreciation charge. All foreign exchange gains and losses are included in net income.
Issuance and redemption costs for borrowings	Debt issuance costs may be amortized, charged as an expense or charged to the Securities Premium Account. Redemption premiums payable on the redemption of debt may be accrued over the life of the debt.	Debt issuance costs are treated as a deferred charge and amortized using the effective interest rate method over the life of the debt. Redemption premiums are accrued as a yield adjustment over the life of the debt.
Depreciation	Depreciation is generally charged at rates prescribed by the Companies Act. These rates are the minimum rates, and companies are permitted to charge depreciation at higher rates, in order to write off the cost of assets over their useful lives, if shorter.	Depreciation is provided in a systematic and rational manner over the estimated useful economic life of the assets.



Particulars	Indian GAAP	US GAAP
Employee Benefits	The liability for defined benefit retirement plans is reported at an actuarial valuation. Several alternative methodologies are considered acceptable for the purposes of the valuation, and the actuary has considerable latitude in selecting assumptions to be used. Vacation accrual, or leave encashment, is viewed as a retirement entitlement and is generally reported at the actuarially determined present value of future benefits.	The liability for defined benefit retirement plans is reported at the present value of future benefits using the projected unit cost method, with a stipulated method to determine assumptions. Vacation earned but not taken is reported as a liability based on the number of days entitlement, priced at the balance sheet salary rate.
Prior period items and changes in accounting policies	<p>Impact of change in accounting policies and prior period items are reported on a prospective basis beginning with year of change.</p> <p>The effect of a change in accounting policy must be recorded in the income statement of the period in which the change is made except as specified in certain standards where the change resulting from adoption of the standard has to be adjusted against reserves.</p>	<p>Prior period items are accounted by adjusting to prior years and retained profits.</p> <p>The effect of a change in accounting policy is generally included (net of taxes) in the current year income statement after extraordinary items. Pro-forma comparatives should be disclosed. There is a requirement to make retrospective adjustments for certain items.</p>
Proposed dividend.	Proposed dividends are reflected in the financial statements of the year to which they relate even though proposed or declared after the year end.	Dividends are recorded against retained earnings when declared and notice has been given to shareholders.
Deferred taxes	Deferred tax resulting from timing differences between accounting and taxable income is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets relating to carry forward losses and unabsorbed depreciation should be recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. All other deferred tax assets should be recognized to the extent that there is reasonable certainty that future taxable income will be available for such deferred tax assets will be realized.	Deferred tax liabilities and assets are recorded for the tax effect of all temporary differences between the accounting and tax base of assets and liabilities, and operating loss carry-forwards, at enacted rates. Changes in tax rates are reported in the income statements in the period of enactment. A valuation allowance is made against deferred taxes if, based on the weight of available evidence, it is more likely than not the some portion or all of the deferred tax asset will not be realized.



Particulars	Indian GAAP	US GAAP
Foreign exchange	<p>Foreign exchange difference relating to acquisition of fixed assets is adjusted to the carrying he cost of such assets. Other foreign exchange differences are recognized in the profit and loss account.</p> <p>Premium or discount on forward exchange contracts is amortized and recognized in the income statement over the period of such contract, except in respect of contracts relating to liabilities for purchase of fixed assets where the amortization is adjusted to the carrying value of the fixed assets.</p>	<p>Under US GAAP gains or losses arising from foreign currency transactions are included in determining net income.</p>
Off-balance sheet items	<p>An enterprise should disclose for each class of contingent liability at balance sheet date, a brief description of the nature of the contingent liability in terms of accounting standard 29. Amount of capital commitment is also to be disclosed.</p>	<p>SEC registrants are required to provide extensive disclosures of material off-balance sheet items, contingent liabilities and financial guarantees. Commitments and contingencies are required to be disclosed.</p>
Related party disclosures	<p>Disclosures by public sector companies of related party transactions with other public sector companies do not need to be provided.</p>	<p>Related parties would include all entities under common control</p>



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our audited financial statements each of the financial years 2005, 2004, 2003 and 2002 including the notes thereto and the reports thereon, which appear elsewhere in this Red Herring Prospectus.

The following discussion is based on our audited financial statements for March 31 each of the financial years 2005, 2004, 2003 and 2002, which have been prepared in accordance with Indian GAAP & the Companies Act, and on information available from other sources.

Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. The term 'revenues' as used in this discussion refers to the item titled 'income' in our financial statements.

INDIAN ECONOMY

We are into the business of generation of electrical power and operate gas and lignite based power plants. Our business and the industry in which we operate are influenced, among other things, by general economic conditions in India.

Indian economy has made significant strides over last two decades with annual average growth rising from a level of 2.9% in 1970s to 5.8% in 1990s. The improvement in growth has also been accompanied by structural change as, between 1970s and FY 2004, the share of agriculture and allied sector in GDP has declined from an average of 42.8% to 22.1%, share of services has improved from an average of 34.5% to 51%, while the share of industry has improved marginally from an average of 22.8% to 26.9%.

The Indian economy has shown sustained growth over the last few years with GDP growing at 6.9% in fiscal 2005, 8.5% in fiscal 2004, 4.0% in fiscal 2003 and 5.8% in fiscal 2002. However, growth in industrial and agricultural production in India has been variable. Industrial growth has been at 8.3% for fiscal 2005, 6.6% in fiscal 2004, 6.2% in fiscal 2003 and 3.5% in fiscal 2002. Agricultural production grew by 9.6% in fiscal 2004 compared with 5.2% decline in fiscal 2003 and growth of 6.5% in fiscal 2002. Agricultural production grew at a rate of 1.1% in fiscal 2005.

The overall growth of Indian economy in future may also affect power generation sector as well as our operational and financial performance.

POWER GENERATION SECTOR IN INDIA

Power is a thrust area and constitutes a critical infrastructure for the economic development of any nation and for improving the standard and quality of life of its inhabitants. Projected growth of Indian economy hinges heavily on the performance & growth of the power sector and in order to support a growth rate of around 7% p.a., the rate of growth of power needs to be over 10% annually.

The power industry in India has been characterized by energy shortages. In FY 2004, demand for electricity exceeded supply by an estimated 7.1% in terms of total requirements and 11.2% in terms of peak demand requirements. Although power generation capacity has increased substantially in recent years, it has not kept pace with the growth in demand or the growth of the economy at large. India has one of the lowest electricity consumption levels in the world.

Historically, state and state entities have played dominant roles in the development of the Indian power industry. However, capacity growth has not been able to keep pace with demand and therefore in recent years government has taken significant legislative and policy initiatives to restructure the industry and attract private sector investment.

OVERVIEW OF OUR COMPANY

We are one of the key private sector power generating utilities in the State of Gujarat. Going ahead with the basic objective of our incorporation, which was to provide captive power for our Promoters, we have expanded our generation capacity from 145 MW to 555 MW to cater to the growing demand of electricity in the State of Gujarat. With the commissioning of the Expansion Project to the extent of 250 MW (+20%), we will have an installed capacity of 805 MW (855 MW).



We have entered into a Memorandum of Understanding with GoG for setting up two Lignite Based Power Projects, 1000 MW each, in South Gujarat Region during Vibrant Gujarat Summit held in January, 2005. Our Company has been appointed as a nodal agency for the purpose of setting up power projects based on extractable lignite deposits in South Gujarat. According to Industry and Mine Department, there are adequate lignite reserves for setting up more than 2500 megawatt power projects. We have applied for additional mining lease also. With the said objective, we invited Expression of Interest on January 11, 2005 and are now in the process of reviewing the Request for Qualification (RFQs) from the interested parties. In the proposed Joint Venture, we shall contribute to equity to the extent of 49% and together with Financial Institutions owned by Central Government make our holding to 51% in the equity.

We are amongst the few power producers in India to use the SAP R/3 with plant maintenance module. We have adopted one of the latest lignite mining techniques using DATAMINE software for long term planning, mid term planning and short term planning, evaluation of lignite reserves and over burden calculations, slope stability monitoring and monsoon mining plan etc. and are also one of the few power producers in India with captive lignite and limestone mines.

In our quest for forward integration of our existing business of power generation, we have submitted an expression of interest to GUVNL for distribution of power in Vadodara circle on a franchisee basis.

FACTORS AFFECTING OUR FUTURE RESULTS OF OPERATIONS

Our results of operations could potentially be affected by the following factors:

- Our ability to successfully commission the Expansion Project at the scheduled time;
- Our ability to enter into a power purchase agreement for power to be generated from the Expansion Project;
- Our ability to continuously operate and maintain our power plants optimally;
- Our ability to continue to source fuel at competitive rates for our existing gas-based power plants at Vadodara;

Business Performance

1. Revenues

Our revenues comprise

1. Sale of electrical energy, and
2. Other income.

We derive our revenues primarily from sale of electricity generated pursuant to:

- 1) Memorandum of Understanding (MoU), which we have entered into with our Promoters on May 3, 1989 for the 145 MW Station I power plant at Vadodara
- 2) Power Purchase Agreements (PPAs), which we have entered into with GEB
 - a) PPA for 160 MW power plant at Vadodara Station II entered into on August 1, 1996 and valid for a period of 20 years
 - b) PPA for 250 MW Surat Lignite Power Plant entered into on April 15, 1997 valid for 30 years.

Both the PPAs cover the useful economic life of our power plants. Our MoU with our Participating Units alongwith the PPAs with one of our Promoters cover 100% of our power generating capacity. Although generation capacity in the State of Gujarat has increased significantly in recent years, the demand for electricity across the State of Gujarat is still substantially higher than the available supply. As a result, we have not had any difficulty in entering into PPAs to match our capacity. We have signed an MoU with GEB on 18th November, 2004 to enter into a PPA for sale of the entire power to be generated at the Expansion Project to GEB. GEB has the first right of refusal under the MoU for purchase of power to be generated from the Expansion Project.



PROSPECTUS

We have investments in GEB Bonds, US 64 bonds and equity shares of certain listed as well as unlisted companies. We earn interest and dividend income on these investments.

The following table shows our revenue for the quarter ended June 30, 2005 and last three fiscals ended March 31, 2005, 2004 and 2003:

(Rs. in million)

Sources of Revenue	Period ended June 30, 2005	FY2005	FY 2004	FY 2003
Sale of Electrical energy	1889	7,447	7,454	8,237
Other Income	257	294	287	198
Total Revenue	2146	7,741	7,741	8,435

Tariffs

We receive tariff under the provisions of MoU that we have entered with our Participating Units and two PPAs that we have entered with one of our Promoters. The monthly tariff payment includes the following:

Tariff under MoU

- Demand Charge
- Fuel Charge
- Fuel Cost adjustment
- Bonus / Penalty

Tariff under PPA

- Fixed charges;
- Variable charges; and
- Incentives.

The fixed charges include

1. Interest on debt,
2. Depreciation allowance,
3. Operations, maintenance and insurance allowance,
4. Return on equity,
5. Cost of working capital allowance, and
6. Income Tax

The variable charges include cost of fuel at specified operating parameters and adjustment on account of variation in price and heat value of fuel.

Presently no duty, cess or charge is leviable on the generation of electrical energy at Station II in Vadodara and SLPP in Surat since GEB is exempt from payment of any such duty, cess or charge. Taxes and other duties are leviable on the sale of electrical energy under the MoU with Participating Units other than GEB but such charges are pass through.

For further details on Tariff Structure, kindly refer the section 'Our Business' on page no. 60 of the Red Herring Prospectus.



2. Expenditure

The following table shows our cash expenditure for the quarter ended June 30, 2005 and last three fiscals ended March 31, 2005, 2004 and 2003:

(Rs. in million)

Cash Expenditure	Period ended June 30, 2005	FY 2005	FY 2004	FY 2003
Fuel	940	3,578	2,871	3,503
Employees remuneration	36	140	149	101
Generation, administration and other expenses	164	646	647	792
Interest and finance charges	152	950	1,866	2,284
Loan Resetting Premium (received / paid)	(15)	(145)	173	0
Prior period expenditure / (income)	-	(13)	(100)	(47)

Fuel

We use natural gas for our power plants at Station I and Station II in Vadodara for which we have firm fuel supply arrangement with GAIL and GSPC-Niko. The cost of supply of fuel from GAIL and GSPC-Niko are decided under the fuel supply agreements and the entire fuel cost incurred is pass through under the MoU and PPAs, subject to achievement of the parameters specified therein.

For Station I and Station II power plants at Vadodara we have entered into the following gas supply agreements:

- GAIL for supply of natural gas (from Gandhar, HBJ and PMT) and R-LNG (from Dahej)
- GSPC-Niko for supply of natural gas (from Hazira)
- GSPL for transportation of gas from GSPC-Niko

Station I and Station II at Vadodara use these fuels as per requirement.

Station II of Vadodara power plant can be run on multi fuels like natural gas, naphtha, R-LNG, HSD, LNG or a combination of these fuels. We also have a naphtha supply agreement with IOC.

Our gas and naphtha-fired power plants account for 55 % of our total installed capacity and the balance is from the lignite-fired power plant at Surat, which is a 250 MW pit-head station.

Lignite for SLPP is taken from our captive mines thus ensuring stable supply, predictable cost and negligible transportation risk. We also use heavy furnace oil as secondary oil for SLPP, which is procured from IOC.

For more information on our fuel supply arrangement, refer to the section titled 'Our Business-Fuel Supply Arrangement' on page 67 of the Red Herring Prospectus.

Employees' Remuneration and Benefits

Employees' remuneration and benefits include salaries and wages, bonus / exgratia, allowances, benefits, contribution to provident and other funds and welfare expenses. Our employees are affiliated with a worker union. Employee pay scales are determined based on a negotiated settlement with the unions and we have a 4-year agreement that fixes their wages and benefits, which was valid till March 2005. We have a good employee to power generation ratio of 0.7:1 and, total employee strength of 392 as on March 31, 2005 that generates 555 MW of power at our Company.



PROSPECTUS

Generation, Administration and Other Expenses

Generation, Administration and other Expenses consist primarily of consumption of stores and spares, operational expenses, repair and maintenance of buildings and plants & machinery etc, power and water charges, security, insurance, fees, training and recruitment expenses and expenses for travel and communication.

Depreciation

Upto May 2003, depreciation was provided as per the notification of GoI dated March 29, 1994 issued under the Electricity (Supply) Act, 1948. The Electricity (Supply) Act, 1948 stands repealed with the Electricity Act, 2003 coming into force. From June 2003, depreciation has been provided on straight-line basis as prescribed for a continuous process plant under schedule XIV of the Companies Act, 1956.

Interest and Finance Charges

Our interest and finance charges consist primarily of interest on debentures, term loans, working capital facilities, cash credit, inter-corporate deposits, and public deposits. All our borrowings are in Indian Rupees.

Income Taxes

Provision for taxation has been made as per Income Tax Act 1961. We have provided Minimum Alternate Tax (MAT) on book profits on account of accumulated depreciation and carried forward business losses of earlier years as computed under the Income Tax Act, 1961.

Payment of Dividend

We are required to take prior approval of IDBI, lead lender for the existing facility for payment of dividend.

ANALYSIS OF OUR RESULTS OF OPERATIONS

Comparison for the period ended June, 2005 to F.Y. 2004-05

For the period ended June 30, 2005, we generated 1093.46 MU and sold 1025.81 MU of electricity in comparison to 4064.57 MU and 3827.22 MU during F.Y. 2004-05.

Revenues

Our total revenues in the first quarter of FY 2006 were Rs. 2146 million as against total revenue of Rs. 7741 million. Our other income was Rs. 257 million as against Rs. 294 for F.Y. 2004-05.

Expenditures

Our total expenditures were Rs. 1502 million in the first quarter of FY 2006 as against total expenditure of Rs. 6120 million during F.Y. 2004-05. Our fuel expenses were Rs. 940 million during period ended June 30, 2005 as against Rs. 3578 million during F.Y. 2004-05. Generation, administration and other expenses were Rs. 164 million as against Rs. 646 million during the same period. Interest and finance charges were Rs. 152 million during the first quarter as against Rs. 950 million during F.Y. 2004-05.

Profit

Our profit before tax in the first quarter of FY 2006 was Rs. 643 million as against Rs. 1658 million during F.Y. 2004-05. Our profit after tax in the first quarter of FY 2006 was Rs. 427 million as against Rs. 1037 million during F.Y. 2004-05.

**Comparison of the operating results of FY 2005 to FY 2004**

In FY2005, we sold 3,827 million units of electricity and in FY2004 we sold 3,210 million units of electricity. This represents an increase of 617 in the number of units sold. Our average selling price was Rs. 1.95 per unit in FY 2005, compared to Rs. 2.32 per unit in FY 2004.

Some of the key developments during FY 2005 were:

- Significant reduction in interest costs, viz; from Rs. 1866 million in FY 2004 to Rs. 950 million, a reduction of 49.1%
- PLF in FY 2005 increased to 88.73%, 80.85% and 82.39% for stations I & II of Vadodara power plant and for SLPP respectively compared to 73.85%, 60.04% and 75.32% during FY 2004. PLF in FY 2005 for station II of Vadodara power plant was highest ever since the commissioning of this station.

Revenues

Our total revenues for FY 2005 were Rs. 7,741 million as compared to Rs. 7,741 million in FY 2004. There was no increase in revenues over FY 2004, as our net realizations dropped from Rs. 2.32 per unit to Rs. 1.95 per unit. This is primarily, due to the reduction in the tariff on account of reduction of certain fixed and variable costs, which is pass through as per terms and conditions of PPAs with GUVNL. Thus, even though our revenues were flat, our units of electricity sold increased by 19.2%.

Sales

Our total sales decreased by 0.09% to Rs. 7,447 million in FY 2005 from Rs. 7,454 million in FY 2004. The reduction in sales was attributable to reduction in variable and fixed cost, which resulted in lower tariff on account of pass through nature of such expenses.

Generation of electricity at our power plants at Vadodara increased during the year because of increased availability of gas at the Vadodara Station I & II. Generation of electricity at SLPP also increased owing to improved plant performance. However, revenues from sale of electrical energy have not increased in proportion to the increase in generation due to reduction in variable and fixed cost.

Other Income

Our other income in FY 2005 has increased by 2.44 % to Rs. 294 million as compared to 287 million in FY 2004. Sources of income under this head was return on the investments in GEB Bonds, US 64 tax free bonds, recoveries of rent and electricity and dividends from investments in equity shares of few companies. The Company also received resetting premium from GEB on account of resetting of interest rate on GEB bonds from 11.25% to 8.50% with effect from August 1, 2004.

Expenditure

Our total expenditure during FY 2005 decreased by 8.9% to Rs. 6,120 million from Rs. 6,718 million in FY 2004. The decrease was significantly due to a reduction in the interest cost on debt taken from various institutions/banks. Our total expenditure as a percentage of our total revenues were 79.1% in FY 2005 compared to 86.8% in FY 2004.

Fuel

Expenditure on fuel increased by 24.6% to Rs. 3,578 million in FY 2005 from Rs. 2,871 million in FY 2004 primarily due to higher generation of electricity. Fuel cost per unit sold for financial year 2005 is Rs. 0.93 as compared to 0.89 in the financial year 2004. The increase in per unit fuel cost is on account of use of R-LNG in FY 2005, which is costlier than APM and other gases.

Employees' Remuneration and Other Benefits

We had 392 employees on our payroll as of March 31, 2005, compared to 381 employees as of March 31, 2004. Employees' remuneration and other benefits decreased by 6.0% to Rs. 140 million in FY 2005 from Rs. 149 million in FY 2004. The decrease is primarily due to payment of arrears in the FY 2004 on account of pay revision settlement.



PROSPECTUS

Generation, Administration and Other Expenses

Generation, Administration and other expenses decreased by 0.15% to Rs. 646 million in FY 2005 from Rs. 647 million in FY 2004.

Depreciation

Our depreciation decreased by 6.63% to Rs. 943 million (or 12.2% of our total revenues) in FY 2005 from Rs. 1,010 million (or 13.0% of our total revenues) in FY 2004. The decrease was primarily on account of the change in the rate of depreciation from June 2003 consequent to repeal of Electricity (Supply) Act, 1948.

For details, refer to the sub-section titled 'Depreciation' under the section 'Business Performance' on page 155 of the Red Herring Prospectus.

Interest and Finance Charges

Interest and finance charges decreased by 49.1% to Rs. 950 million (or 12.3% of our total revenues) in FY 2005 from Rs. 1,866 million (or 24.1% of our total revenues) in FY 2004. Our weighted average cost of debt financing declined from 10.18% in FY 2004 to 8.31% during FY 2005. This important decrease was on account of reduction in interest rates on existing term loans by the lenders, swapping of high cost borrowings with low cost borrowings and also on account of prepayments of fixed deposits and NCDs.

Prior Period and Other Items

Income from prior period items amounted to Rs. 13 million in FY 2005, whereas last year it was Rs. 100 million. Import power refund for earlier years accounted for Rs. 13 million in FY 2005, whereas it was Rs. 97 million of the FY 2004 income.

Profit before Tax

Our profit before tax increased by 42.4% to Rs. 1,658 million (or 21.4% of our total revenues) in FY 2005 from Rs. 1,164 million (or 15.0% of our total revenues) in FY 2004. This increase in profits despite a slight decrease in sales was primarily due to saving in interest costs.

Provision for Taxes

In FY 2005, we provided for Rs. 621 million for tax compared to Rs. 492 million in FY 2004, an increase of 26.2%. The increase was primarily due to an increase in profits, as well as increase in provision for deferred tax.

Profit after Tax

Our profit after tax increased by 54.3% to Rs. 1,037 million (or 13.4% of our total revenues) in FY 2005 from Rs. 672 million (or 8.7% of our total revenues) in FY 2004.

Comparison of FY 2004 with FY 2003

Some of the key developments during FY 2004 were:

- Profit after tax up by over 190% to Rs. 672 million against Rs. 232 million during FY 2003
- SLPP achieved highest plant availability, highest plant load factor, lowest auxiliary power consumption and lowest demineralized water consumption during the year.
- PLF maintained at 73.85%, 60.04% and 75.32% during FY 2004 for station I & II and SLPP respectively compared to 78.58%, 70.49% and 73.03% during FY 2003.



Power generation in station I of Vadodara power plant was marginally lower during the year due to shortage of gas. PLF of station II was low during the year because GEB had restricted use of naphtha which was high cost fuel. We have retained the provision for use of naphtha as an alternate fuel in case of insufficient supply of gas so that even in such an eventuality, generation may be continued with the consent of GEB.

Adequate gas supply agreements have been entered into with GSPC-Niko in July 2003 for supply of natural gas and with GAIL in March 2004 for supply of R-LNG. In addition to firm quantities, we have also tied up with GSPC-Niko and GAIL for additional quantities on fallback basis.

Revenues

Our total revenues for FY 2004 were Rs. 7,741 million as compared to Rs. 8,435 million in FY 2003. Decline in revenue was attributable to substantially low utilization of Naphtha i.e. costly fuel, which resulted in lower tariff and lower generation as compared to FY 2003.

Sale of electrical energy

Our sale of electrical energy decreased by 9.5% to Rs. 7,454 million in FY 2004 from Rs. 8,237 million in FY 2003. We generated 3,438 MU and sold 3,210 MU of electricity during FY 2004 as compared to 3,586 MU and 3370 MU of electricity generated and sold in FY 2003. Generation of electricity at our power plants at Vadodara decreased during the year because of shortage of gas. Further, in FY 2004 generation at Station II was reduced because GEB restricted us from using high-cost fuel - naphtha, which resulted in reduction in consumption of naphtha from 67,790 MT in FY 2003 to 4,913 MT in FY 2004. Consequently, our sales also decreased on account of lower variable cost.

Other Income

Our other income in FY 2004 was up by 45% to Rs.287 million as compared to 198 million during FY 2003. The increase is primarily due to interest income on GEB bonds, which were issued to us in November 2002, in part liquidation of our receivables from GEB.

Expenditure

Our total expenditure during FY 2004 decreased by 16.7% to Rs. 6,718 million from Rs. 8,070 million in FY 2003. Our total expenditure as a percentage of our total revenues was 86.8% in FY 2004 as compared to 95.7% in FY 2003. The decrease was significantly due to decrease in fuel costs on account of lower extraction cost of lignite at SLPP, shortage of gas supply at Station I, restricted usage of naphtha at Station II, overall lower interest costs and change in rate of depreciation.

Fuel

Expenditure on fuel decreased by 18.0% to Rs. 2,871 million in FY 2004 from Rs. 3,503 million in FY 2003 due to reduced availability of gas and consequent lower generation. Our expenditure on fuel per unit sold decreased to Rs. 0.89 in FY 2004 from Rs. 1.04 in FY 2003. The decrease was due to decrease in fuel costs on account of lower extraction cost of lignite at SLPP as well as shortage of gas and restricted usage of naphtha, a costly fuel used at Station II.

Employees' Remuneration and Other Benefits

We had 381 employees on our payroll as of March 31, 2004, compared to 392 employees as of March 31, 2003. Employee remuneration and other benefits increased by 47.5% to Rs. 149 million in FY 2004 from Rs. 101 million in FY 2003. This increase was primarily due to wage settlements and payment of arrears in FY 2004.

Generation, Administration and Other Expenses

Generation, administration and other expenses decreased by 18.3% to Rs. 647 million in FY 2004 from Rs. 792 million in FY 2003. The decrease was primarily due to a reduction in cost of import power from GEB as well as a reduction in insurance expenses.



PROSPECTUS

Depreciation

Depreciation decreased by 25.7% to Rs. 1,010 million (13.0% of total revenues) in FY 2004 from Rs. 1,360 million (16.1% of total revenues) in FY 2003. The decrease was primarily on account of the change in rate of depreciation, consequent to repeal of Electricity Supply Act, 1948 from June 2003.

For details, refer to the sub-section titled 'Depreciation' under the section 'Business Performance' on page 155 of the Red Herring Prospectus.

Interest and Finance Charges

Interest and finance charges decreased by 18.3% to Rs. 1866 million (24.1% of total revenues) in FY 2004 from Rs. 2,284 million (27.1% of total revenues) in FY 2003. This decrease was on account of reduction in interest rates on existing term loans by the lenders, swapping of high cost borrowings with low cost borrowings and also on account of repayments of NCDs. Our weighted average cost of debt financing declined from 16.54% in FY 2003 to 10.18 % in FY 2004.

Prior Period and Other Items

Income from prior periods amounting to Rs. 100 million was credited in FY 2004, whereas the same was Rs. 47 million in FY 2003. Import power refund for earlier years accounted for Rs. 97 million of the FY 2004 income, where as in FY 2003, Rs. 36 million was on account of write back of excess depreciation and Rs. 10 million was on account of receipt of interest on prior period outstandings.

One-time issue expenses and other miscellaneous expenses written off amounted to Rs. 2 million in FY 2004, where as they were 30 million in FY 2003.

Profit before Tax

Profit before tax increased by 179.8% to Rs. 1164 million (15.0% of total revenues) in FY 2004 from Rs. 416 million (4.9% of total revenues) in FY 2003.

Provision for Tax

In FY 2004, we provided for Rs. 492 million for tax compared to Rs. 184 million in FY 2003, representing an increase of 167%. The increase was primarily due to increased provision for deferred taxes based on timing differences in depreciation provisions for Accounting and Income tax purposes, as well as due to increase in profit before tax.

Profit after Tax

Profit after tax increased by 189% to Rs. 672 million (8.7% of total revenues) in FY 2004 from Rs. 232.0 million (2.8% of total revenues) in FY 2003.

Comparison of FY 2003 with FY 2002

Some of the key developments during FY 2003 were:

- Total electricity generated and sold during the year up by over 30% (over 60% for station II) and electricity generated reached 3585 MU compared to 2750 MU during FY 2002
- Turnover up by over 18% and reached Rs. 8,435 million during FY 2003 compared to Rs. 7,138 million in FY 2002
- PLF maintained at 78.58%, 70.49% and 73.03% for station I, station II and SLPP respectively compared to 55.56%, 81.56% and 66.39% during FY 2002. PLF for station II of Vadodara power plant was highest ever since the commissioning of this station

We were able to achieve PLF of 78.58 in station I during the year due to improvement in the availability of gas from Gandhar gas field of GAIL. During the year, GEB agreed to utilize the overall capacity of station II, whenever required by adding



naphtha on mixed fuel mode. Further, special efforts were made to increase gas supplies from Gandhar gas field of GAIL so that this gas may be used by station II when not in use in station I resulting in improvement in overall generation of power at Station I & Station II.

Revenues

Our total revenues for FY 2003 were Rs. 8,435 million as compared to Rs. 7,138 million in FY 2002. Increase in revenue was attributable to increase in use of Naphtha and increase in total electricity generated owing to improvement in availability of gas. Further, increase in other income primarily owing to interest earned on GEB bonds and insurance claims received during the year have also contributed to the increase in total revenues.

Sales

Total sales increased by 17.1% to Rs. 8,237 million in FY 2003 from Rs. 7,036 million in FY 2002. We generated 3,586 MU and sold 3,370 MU of electricity during FY 2003 as compared to 2,750 MU and 2,562 MU of electricity generated and sold in FY 2002. The operating performance of all the plants improved substantially, resulting in higher generation and consequently, higher revenues. Further, increase in use of naphtha at Vadodara Station II resulted in higher tariff and consequently increased revenues in FY 2003.

Other Income

Other income in FY 2003 was up by over 94% to Rs.198 million as compared to 102 million during FY 2002. This increase is primarily attributable to interest earned on GEB bonds and insurance claims received during the year

Expenditure

Total expenditure during FY 2003 increased by 14.5% to Rs. 8,070 million from Rs. 7,046 million in FY 2002. The increase over the previous year was due to an increase in fuel costs resulting from increased use of Naphtha in Vadodara Station II plant. The total expenditure as a percentage of total revenue was 95.7% in FY 2003 compared to 98.7% in FY 2002.

Fuel

Expenditure on fuel increased by 49% to Rs. 3,503 million in FY 2003 from Rs. 2,351 million in FY 2002 due to use of Naphtha in Station II due to non-availability of cheaper gas. Our expenditure on fuel per unit sold increased to Rs. 1.04 in FY 2003 from Rs. 0.92 in FY 2002. Further, higher quantity of fuel was consumed in FY 2003 due to higher generation of electricity.

Employees' Remuneration and Other Benefits

We had 392 employees on our payroll as of March 31, 2003, compared to 391 employees as of March 31, 2002. Employees' remuneration and other benefits increased by 20.2% to Rs. 101 million in FY 2003 from Rs. 84 million in FY 2002. This increase was primarily due to payment of interim relief as negotiations for wage settlement were under progress, also due to increase in dearness allowances.

Generation, Administration and Other Expenses

Generation, administration and other expenses increased by 4.2% to Rs. 792 million in FY 2003 from Rs. 760 million in FY 2002.

Depreciation

Our depreciation expenses dropped by 1.5% to Rs. 1,360 million (or 16.1% of our total revenues) in FY 2003 from Rs. 1,381 million (or 19.3% of our total revenues) in FY 2002.



PROSPECTUS

Interest and Finance Charges

Interest and finance charges decreased by 6.4% to Rs. 2,284 million (27.1% of total revenues) in FY 2003 from Rs. 2,440 million (34.2% of total revenues) in FY 2002. The decrease was primarily due to redemption of high cost debentures.

Prior Period and Other Items

Certain prior period and extraordinary income contributed to Rs. 47 million of income in FY 2003, primarily consisting of Rs. 36 million on account of write back of excess depreciation and Rs. 10 million on account of receipt of interest on prior period outstandings.

One-time insurance claim of Rs. 270 million primarily contributed to the total extraordinary and prior period items of Rs. 278 million in FY 2002.

Profit before Tax

Profit before tax increased by 54% to Rs. 416 million (4.9% of total revenues) in FY 2003 from Rs. 270 million (3.8% of total revenues) in FY 2002.

Provision for Tax

In FY 2003, we provided for Rs. 184 million for tax compared to Rs. 21 million in FY 2002. The increase was primarily due to a provision for deferred taxes in FY 2003 (under new accounting standards effective 1 April, 2001) based on timing differences in depreciation provisions for Accounting and Income tax purposes. Provision for deferred taxes for FY 2002 was not made in the audited accounts.

Profit after Tax

Profit after tax decreased by 12.1% to Rs. 232 million (2.8% of total revenues) in FY 2003 from Rs. 264 million (3.7% of total revenues) in FY 2002. The decrease was primarily due to the provision for deferred taxes in FY 2003.

Liquidity and Capital Resources

Principal Sources of Liquidity

As on March 31, 2005, our cash and bank balances amounted to Rs. 78 million. We believe that our anticipated internal accruals, loans to be syndicated for the Expansion Project and proceeds of the Issue will be sufficient to meet our requirement of funds for the proposed Expansion Project. Our anticipated cash flows from operations however depend on a number of factors beyond our control, such as prevailing general economic conditions cost of our inputs, competition that we may face etc. We may therefore need to incur additional indebtedness.

Net Cash from Operations

Our net cash from operating activities was Rs. 4,980 million in FY 2005. We had net profit before tax and extraordinary adjustments of Rs. 1,591 million. Our net cash from operating activities reflects non-cash items of depreciation of Rs 943 million as well as a total of Rs. 24 million for provisions. Our net cash from operating activities excludes interest income of Rs. 187 million on GEB bonds and other investments. Changes in assets and liabilities that had a current period cash flow impact comprised mainly of decrease in working capital of Rs. 2,040 million, consisting primarily of an decrease in trade receivables of Rs. 1,400 million, as well as an increase in trade payables of Rs. 614 million. Our net cash from operating activities also reflects a net payment of Rs. 296 million for direct taxes.

Our net cash from operating activities was Rs. 3,207 million in FY 2004. We had net profit before tax and extraordinary adjustments of Rs. 1,007 million. Our net cash from operating activities reflects non-cash items of depreciation of Rs. 1,012 million as well as a total of Rs. 14 million for provisions. Our net cash from operating activities excludes interest income of Rs. 262 million on GEB bonds and other investments. Changes in assets and liabilities that had a current period cash flow impact comprised mainly of a increase in working capital of Rs. 516 million, consisting primarily of an decrease in trade and other receivables of Rs. 78 million, and a decrease in trade payables of Rs. 616 million. Our net cash from operating activities also reflects a net payment of Rs. 61 million for direct taxes.

**Net Cash from Investing Activities**

Our net cash flow from investing activities was Rs. 987 million in FY 2005. This reflected nominal expenditures on fixed assets and expansion project creditors of Rs. 150 million, and a purchase of investments of Rs. 1,178 million. Receipt of interest income amounted to Rs. 239 million while income from sale of investments was Rs. 2,251 million. Mine development expenditure during the year was Rs. 175 million.

Our net cash flow from investing activities was Rs 425 million in FY 2004. This reflected expenditures on fixed assets as well as on the expansion project creditors of Rs 433 million, and receipt of interest income as well as income from sale of GEB bonds of Rs. 508 million. Mine development expenditure for the year was Rs. 355 millions.

Net Cash from Financing Activities

In FY 2005, our net cash outflow from financing activities was Rs. 5,951 million. We raised Rs. 1,840 million of new borrowings, which included new term and demand loans of Rs. 1,670 million as well as unsecured loans comprising fixed deposits cash credit as well Inter-Corporate Deposits of Rs. 170 million. In FY 2005, we repaid Rs. 648 million of debentures, Rs. 2,883 million of term loans, Rs. 1,875 million of demand loans, and Rs. 1,133 million of unsecured loans. We also paid interest of Rs. 1,041 million in FY 2005. In addition, we redeemed preference shares of Rs. 82 million, and the dividends paid out on the same were Rs. 130 million which includes tax on preference dividend of Rs. 15 millions.

In FY 2004, our net cash outflow from financing activities was Rs. 3,660 million. We raised Rs. 4,179 million of new borrowings, which included new term and demand loans of Rs. 3,274 million as well as unsecured loans comprising fixed deposits cash credit as well Inter-Corporate Deposits of Rs. 905 million. In FY 2004, we repaid Rs. 1,182 million of debentures, Rs. 2,214 million of term loans, Rs. 867 million of demand loans and Rs. 120 million of unsecured loans. We also paid interest of Rs. 3,228 million in FY 2004. In addition, we redeemed preference shares of Rs. 168 million, and the dividends paid out on the same were Rs. 62 million which includes tax on preference dividend of Rs. 7 millions.

Indebtedness

We have borrowed funds from various banks and financial institutions

The following table presents our secured debt as on June 30, 2005:

(Rs. in million)

Particulars	Amount	% of Total Secured Debt
Term loan from banks and financial institutions	5710	82.96%
Working capital from banks	403	0.05%
Loan against pledge of bonds	770	11.19%
Total secured debt	6883	100.00%

The following table presents our unsecured debt as on June 30, 2005:

(Rs. in million)

Particulars	Amount	% of Total Unsecured Debt
Fixed deposits	54	17.77%
Short term loans	250	82.23%
Total unsecured debt	304	100.00%



PROSPECTUS

The following table presents the details of out total outstanding debt with the corresponding year in respect of which the payment is due:

(Rs. in million)

Debt	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 onwards
Secured loans	5761	4236	2444	1000	600	600
Unsecured loans	0	0	0	0	0	0
Total	5761	4236	2444	1000	600	600

Historical and Planned Capital Expenditure

Our capital expenditures are primarily for installation of new capacity and expansion of existing capacity. Our capital expenditures in FY 2003, 2004 and 2005 were Rs. (269) million, Rs. 346 million and Rs. 50 million, respectively. In May 2005, our Board adopted a budget estimate of Rs. 53 million for FY 2006. Although our capital expenditure budgets for FY 2006 and 2007 are not yet determined, they may be significantly higher than for FY 2005 in connection with our planned expansion.

For further discussion of our planned addition to our installed capacity, see the sections titled 'Objects of the Issue' at page 26 of the Red Herring Prospectus. Our capital expenditure budgets are subject to modification as a result of a variety of factors, including availability of internal and external resources, changes to Expansion Project and other factors.

Quantitative and Qualitative Disclosures about Market Risk

We are not exposed to any significant market risk arising from changes in either foreign exchange or interest rates.

Currency Exchange Rates

We do not receive any revenue from abroad. Also, we have neither borrowed any funds from outside India nor do have any foreign currency loans. As such, we are not subject to any currency exchange risk.

Interest Rates

Interest on outstanding loans and interest on working capital are recoverable as fixed charges through our tariffs under the provisions of our PPAs. The majority of our long-term borrowings are fixed interest rate borrowings and therefore we do not need to hedge against interest rate fluctuations.

Effect of Inflation

Inflation has not had a significant effect on the result of our operations to date. We do not expect that inflation rates in India will have a significant impact on our results of operations for the foreseeable future.

Transactions with Related Parties

We supply the power that we generate to our promoters as per the memorandum of understanding that we have entered into with them and also under our PPAs. We propose to sell the entire power that we will generate under the Expansion Project to GUVNL, one of our promoters. For a detail discussion on related party transactions refer to the section titled 'Related Party Transactions' on page no. 143 of this Prospectus.

Loans outstanding to Directors and Key Managerial Personnel

As on September 26, 2005 we had no loans outstanding to our Directors or any of the Key Managerial Personnel except the following.



Name of the Key Managerial Personnel	Loan Amount	Rate of Interest	EMI Amount	Outstanding Amount	
				Principal	Interest
Vehicle Loan					
Shri A.N Shah	236,000	6.50%	5000	60,000	68,842
Shri P.N.Trivedi	267,859	6.50%	2250	198,109	38,326
Shri V.V.Vachhrajani	37,000	6.50%	308.33	20,658	8,260

Other Matters

Unusual or infrequent events or transaction

To the best of our knowledge, save as described elsewhere in this Prospectus, particularly in iManagement's Discussion and Analysis of Financial Condition and Results of Operations, there are no events that may be described as unusual or infrequent events and transactions.

Significant economic/regulatory changes

The electricity laws in India and policy of Government in this regard have been subject to major change after 1991. From a controlled regime, we have moved forward towards liberalized policy and legislative arrangement, which are conducive to private sector participation and investment in the power sector in India. For a detailed discussion in this regard, refer to the section titled iRegulation and Policies on page 83 of this Prospectus. These economic/regulatory changes, in our view, have positively affected the units in the power industry as a whole.

Known trends and uncertainties

Other than as described elsewhere in this Prospectus, particularly in the section titled iRisk Factors starting on page xiv and in iManagement's Discussion and Analysis of Financial Condition and Results of Operations, to our knowledge there are no trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

Future relationship between costs and revenues

We reasonably do not foresee any factor that may have a material adverse impact on the operation and finances of our Company except factors elsewhere dealt with in this Prospectus.

New product and business segment

We are in the business of electricity generation and in future we may consider exploring new business opportunities made available to units such as ours with the liberalization of the electricity laws in India. We have already submitted an expression of interest to GEB for undertaking distribution of electricity in Vadodara circle on a franchisee basis.

Seasonality of business

We operate gas and lignite based power plants. For our gas-based power plants we have entered into firm arrangements with GAIL and GSPC for supply of gas, whereas for our lignite based power plants, we have captive lignite mines. Our business is not seasonal and among other things, subject to availability of fuel, we will continue to generate electricity.

Dependence on single or few suppliers or customers

We have entered into long-term arrangements for supply of power. We have memorandum of understanding valid for 15 years from the date of commercial operations for supply of power from Station I to the Participating Units. For supply of power from station II,



PROSPECTUS

Vadodara and SLPP phase I, we have signed PPAs with GUVNL, valid for 20 and 30 years respectively. We have signed a memorandum of understanding with GUVNL to enter into a PPA for sale of power to be generated from the Expansion Project. We do not supply/sell power to any other person. For a detailed discussion on our dependence on single or few customers refer to the section titled 'Risk Factors' on page xiv of this Prospectus.

Competitive Conditions

Liberalization of the electricity law and policy in India has led to increased private sector participation in the power sector. As there is a huge gap in India between electricity available for distribution and electricity demanded, we have long term arrangements for supply of power to the Participating Units and GEB, save as stated in this Prospectus in the section titled 'Risk Factors' starting on page xiv, and therefore, we may not face any competition.

Significant Developments after June 30, 2005 that may affect our future results of operations

No circumstances have arisen since the date of the last financial statement until the date of filing of the Prospectus with SEBI, which materially and adversely affect or is likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months.

There is no subsequent development after the date of the Auditor's Report, which will have a material impact on reserves, profits, earnings per share and book value of Equity Shares of our Company.



SECTION VI LEGAL AND OTHER INFORMATION

DETAILS OF OUTSTANDING LITIGATION

Except as described below, there are no outstanding litigation, suits or criminal or civil prosecutions, proceedings or tax liabilities against GIPCL, its Directors, its Promoter or companies promoted by its Promoters that would have a material adverse effect on the business of our Company and there are no defaults, non-payment or over dues of statutory dues, institutional/ bank dues and dues payable to holders of any debentures, bonds and fixed deposits and arrears of preference shares that would have a material adverse effect on the business other than unclaimed liabilities by GIPCL or its directors, its Promoters or companies promoted by its Promoters.

Contingent liabilities not provided for as on June 30, 2005 as per the audited balance sheet:

- a) Claims against the Company including claims by ex-employees pending before court-estimated amount of monetary compensation Rs. 781 million. (F.Y. 2004-05: Rs. 668 million)
- b) In respect of land taken on lease from GIDC for 160 M.W. power plant, the land owners have contested the compensation paid and the matter is pending before the Court for orders. Depending upon the final compensation amount determined, the cost of leasehold land may change requiring appropriate adjustment then.
- c) Demand for water reservation charges and interest there on from Narmada Water Resources and Water Supply Department for Rs. 89 million (F.Y. 2004-05 : Rs. 84 million) relating to Surat Lignite Power Plant is contested and not acknowledged.
- d) Accumulated arrears of Electricity Duty Rs. 416 million (F.Y. 2004-05 : Rs. 416 million) has not been recovered from participating units and hence not been deposited with the Government. The request by participating units to the competent authority for review for this levy is pending.

Outstanding Litigation

Litigation against Director of our Company

K.R. Vasudevan v/s C S Mani, Executive Director of GACL and A. J. Patel (484/2005)

K.R. Vasudevan v/s C S Mani and A J Patel (RCS No. 150/05)

K. R. Vasudevan, a Chartered Engineer who provided consultancy services to M/s Alpha Project Services Limited, a firm which was providing civil/ structural design to GACL; filed a suit against Mr. C. S. Mani and others for defamation. K R Vasudevan has filed a suit (Criminal Complaint No. 484 / 2005) under section 499 and 500 of the IPC on February 15, 2005 and also filed a civil suit (Regular Civil Suit No. 150 / 2005) claiming a compensation of Rs. 100,000 along with interest @ 18% p.a.. The next date of hearing is fixed on September 23, 2005 and September 29,2005.

Income Tax Cases

Cases Filed by us

Income Tax Appeal Cases.

Assessment Year 1987 - 1988

The CIT (A) passed an order dated October 21, 2002 confirming the addition of interest income of Rs.105,185/- received as income from other sources. Against the order GIPCL filed an appeal dated January 16th 2003 in the ITAT against this order of the CIT (A).

Assessment Year 1988 - 1989

The CIT (A) passed an order dated October 21, 2002 confirming the addition of interest income of Rs.134,000/- received as income from other sources. Against the order GIPCL filed an appeal dated January 16, 2003 in the ITAT against this order of the CIT (A).



PROSPECTUS

Assesment Year 1989 - 1990

The CIT (A) passed an order dated October 21, 2002 confirming the addition of interest income of Rs.248,968/- received as income from other sources. Against the order GIPCL filed an appeal dated January 16, 2003 in the ITAT against this order of the CIT (A).

Assesment Year 1990 - 1991

The CIT (A) passed an order dated October 18, 2002 confirming the addition of interest income of Rs.3,788,111/- received as income from other sources. Against the order GIPCL filed an appeal dated January 16, 2003 in the ITAT against this order of the CIT (A).

Assesment Year 1991 - 1992

The CIT (A) passed an order dated October 18, 2002 confirming the addition of interest income of Rs. 6,675,850/- received as income from other sources. Against the order GIPCL filed an appeal dated January 16 2003 in the ITAT against this order of the CIT (A).

Assesment Year 1992 - 1993

The CIT (A) passed an order dated February 19, 1999 disallowing various expenditures (presentation of articles, sign boards, fees paid for increasing authorised share capital, issue of debentures, staff welfare expenses and other miscellaneous expenses) amounting to Rs.1,350,302/-. Against the order GIPCL filed an appeal dated May 10 1999 in the ITAT against this order of the CIT (A).

Assesment Year 1993 - 1994

The CIT (A) passed an order dated February 19, 1999 disallowing various expenditures (staff welfare expenses and other miscellaneous expenses) amounting to Rs.148,720/-. Against the order GIPCL filed an appeal dated May 10 1999 in the ITAT against this order of the CIT (A).

Assesment Year 1994 - 1995

The CIT (A) passed an order dated February 19 1999 rejecting the claim u/s 35AB to the extent of Rs. 71,020/- and making disallowance of Rs. 35,105 for making delayed payment of Sales Tax. Against the order GIPCL filed an appeal dated May 10 1999 in the ITAT against this order of the CIT (A).

Assesment Year 1995 - 1996

The CIT (A) passed an order dated February 19 1999 rejecting the claim u/s 35AB to the extent of Rs. 104,889/- and making disallowance of various expenses (legal and professional expenses, staff welfare expenses, social welfare expenses and other miscellaneous expenses) amounting to Rs. 735,870/-. Against the order GIPCL filed an appeal dated May 10 1999 in the ITAT against this order of the CIT (A).

Assesment Year 1996 - 1997

The CIT (A) passed an order dated April 16, 2001 rejecting the claim u/s 35AB to the extent of Rs. 104,889/- and making disallowance of various expenses (social welfare expenses, entertainment expenses) amounting to Rs. 445,168/-. Against the order GIPCL filed an appeal dated May 10 1999 in the ITAT against this order of the CIT (A). Against the order GIPCL filed an appeal dated August 31, 2001 in the Income Tax Appellate Tribunal against this order of the CIT (A).

Assesment Year 1997 - 1998

The CIT (A) passed an order dated February 4, 2002 a) disallowing expenditure incurred on Common Water Supply scheme amounting to Rs. 45,587,705/-, treating the same as a capital expenditure; b) disallowing expenditure on technical know how fees amounting to Rs. 104,889/-; c) disallowance of various expenses (previous year expenses, entertainment expenses and miscellenous expenses) amounting to Rs. 848,096/-. Against the order, GIPCL filed an appeal dated May 1, 2002 in the ITAT against this order of the CIT (A).

**Assessment Year 1997 - 1998.**

The Assessing Officer passed an order dated October 29, 2004 for re-opening the assessment u/s 147 and determining book profit u/s 115 JA of Rs. 28,662,000 as against Rs. NIL computed by the Company. The ACIT erred in holding that income in the nature of interest, dividend, etc. are not derived from industrial undertaking for generation of power and therefore not eligible for deduction from book profit. Against the order GIPCL filed an appeal dated December 23, 2004 before the CIT (A) against this order of the ACIT.

Assessment Year 1998 - 1999

The CIT (A) passed an order dated February 4, 2002 disallowing capital expenditure incurred on Common Water Supply scheme of Rs. 8,596,151/-, disallowing deduction u/s 35AB of Rs. 1,650,743/-; disallowance of Rs. 898,246/- for various expenses (Miscellaneous expenses, entertainment expenses, previous years expenses and social welfare expenses). Against the order GIPCL filed an appeal dated May 1, 2002 in the ITAT against this order of the CIT (A).

Assessment Year 1999 - 2000

The CIT (A) passed an order dated November 6, 2003 disallowing Rs. 14,921,066 incurred on Common Water Supply scheme being capital expenditure; disallowance made out of repairs and maintenance expenditure to the extent of Rs. 1,366,800; disallowance amounting to Rs. 1,549,820.5 towards various expenses (contribution to Society for Village Development Scheme, staff welfare expenses, filing fees for increase in authorised share capital, legal and professional fees). Against the order GIPCL filed an appeal dated February 9, 2004 in the ITAT against this order of the CIT (A).

Assessment Year 1999 - 2000.

The Assessing Officer passed an order dated November 29, 2004 for re-opening the assessment u/s 143 (3) read with section 147 and determining Book Profit u/s 115 JA of Rs.37,298,000/- as against Rs. NIL computed by the Company. The ACIT erred in holding that income in the nature of interest, dividend, etc. are not derived from industrial undertaking for generation of power and therefore not eligible for deduction from book profit. The Assessing Officer has disallowed expenses in respect of contribution to Society for Village Development amounting to Rs. 300,000/-. Against the order GIPCL filed an appeal dated January 12, 2005 before the CIT (A) against this order of the ACIT.

Assessment Year 2000 - 2001

The ACIT passed an order dated March 28, 2003 disallowing various expenses (legal, professional and consultancy fees treating the same as capital expenses, prior period expenses, repairs and maintenance expenses treating the same as capital expenses, contribution to Society for Village Development and office expenses) amounting to Rs. 4,808,013. The assessing officer erred in determining book profit u/s 115 JA of Rs.89,234,000/- as against Rs. NIL computed by the Company and not reducing dividend of Rs. 9,754,000/-. Against the order GIPCL filed an appeal dated April 29, 2003 before the CIT (A) against the order of the ACIT.

Assessment Year 2000- 2001

The Assessing Officer passed an order dated December 31, 2004 for re-opening the assessment u/s 143 (3) read with section 147 and erred in making addition of Rs. 6,355,000/- being interest received on Inter Corporate Deposit/ Bill Discounting and further enhancing the Book Profit by the said amount even though such interest is not accounted for in the books of account in the assessment year. Against the order GIPCL filed an appeal dated February 23, 2005 before the CIT (A) against this order of the ACIT.

Assessment Year 2001- 2002

The Assessing Officer passed an order dated January 20, 2005 for re-opening the assessment u/s 143 (3) read with section 147 disallowing write off of doubtful debts of Rs. 57,925,000/-, Rs. 639,600,000/- being difference in sales of electricity accounted for by GEB and denying deduction of Rs. 100,000 and Rs. 1,477,482 incurred on contribution to Society for Village Development and contribution for Development of Rural Economy and People for carrying out community development expense. He also increased the Book Profit u/s 115 JB by Rs.61,900,000/- being write off of doubtful debts and advances and interest received on ICD/ Bill Discounting though not accounted for in the books of account. Against the order GIPCL filed an appeal dated March 3, 2005 before the CIT (A) against this order of the ACIT.



PROSPECTUS

Assesment Year 2002 - 2003

The CIT (A) passed an order dated March 14, 2005 disallowing various expenses (repair and maintainance to plant and machinery and treating the same as capital expenditure, contibution to Society for Village Development, contribution for Development of Rural Economy and People, software expenses treating the same as capital expenditure, expenses for tree plantation and green belt development and slope plantation and expenses incurred for earning dividend income which is exempt and fees paid for Gymkhana Club and payment for Gratuity) amounting to Rs. 37,714,549/-. The Assessing Officer increased the book profit u/s 115 JB by Rs.101,649,511/- being dimunition in value of investments and provision for leave encashment. The Assessing Officer erred in reducing the net dividend income as against the gross dividend thereby enhancing book profit u/s 115 JB by Rs. 722,516/- Against the order GIPCL filed an appeal dated April 21, 2005 before the CIT (A) for against this order of the ACIT.

Cases filed against us

Assesment Year 1992 - 1993

The CIT (A) passed an order dated February 19, 1999 deleting addition of electricity duty collected but not paid and allowing 100 % depreciation on Energy Saving Devices amounting to Rs. 4,051,310/- and Rs. 134,162,815/- respectively. The Assessing Officer filed an appeal in the ITAT against this order of the CIT (A).

Assesment Year 1993 - 1994

The CIT (A) passed an order dated February 19, 1999 allowing 100 % depreciation on Energy Saving Devices amounting to Rs. 91,077,488 /-. Against the order the Assessing officer filed an appeal dated May 10, 1999 in the ITAT against this order of the CIT (A).

Assessment Year 1996 - 1997.

The CIT (A) passed an order dated April 16, 2001 allowing a) 100 % depreciation on energy meters amounting to Rs. 170 million instead of normal depreciation @ 25%; b) deleting disallowance of Rs. 122 million as Contribution for Water Supply Scheme, treating the same as revenue expenditure; c) deleting the disallowance of Rs. 3,963,239/- as contribution paid to GEB towards supply of power line, treating the same as revenue expenditure; d) deleting the disallowance of Rs. 12,305,936/- being interest paid on project borrowings treating that the amount was revenue expenditure; e) deleting the disallowances of various expenses of Rs. 2,247,300/- (staff welfare, travelling, prior period and expenditure on filing fees and payment to Registrar); f) directing to allow deduction u/s 80 -IA on income from dividend and miscellaneous receipts and further directing to enhance the income by Rs. 170,000,000/- being 100% depreciation allowed on leased assets for the purpose of allowing deduction u/s 80 - IA. Against the order Assessing Officer filed an appeal dated August 31, 2001 in the ITAT against this order of the CIT (A).

Assessment Year 1997 - 1998.

The CIT (A) passed an order dated February 4, 2002 allowing a) deleting the disallowance of Rs. 303,960,982/- being interest paid on borrowings treating that the amount was revenue expenditure allowable u/s 36 (i) (iii); b) deleting the disallowance of Rs.,. 257,418/- made out of staff welfare expenses. Against the order Assessing Officer filed an appeal dated May 1, 2002 in the ITAT against this order of the CIT (A).

Assessment Year 1998 - 1999).

The CIT (A) passed an order dated Feberuary 4, 2002 a) deleting the disallowance of Rs. 955,537,812/- being interest paid on borrowings treating that the amount was revenue expenditure allowable u/s 36 (i) (iii); b) deleting the disallowance of Rs. 192,500/- made out of staff welfare expenses. Against the order Assessing Officer filed an appeal May 1, 2002 in the ITAT against this order of the CIT (A).

Civil Cases

Cases filed against the Company

GIPCL ordered for supply of air preheater tubes from M/s. Metalman Industries Limited, Indore. Two varieties of pre-heater tubes amounting to Rs. 795.38 and Rs. 1,586.08 per unit respectively totally amounting to Rs. 15,019,110



excluding tax and duties was ordered for by the Company. The same was to be delivered within a period of six weeks. M/s. Metalman Industries Limited delayed the delivery by approximately 11 weeks from the date of order. The Company as per purchase order agreement deducted liquidated damages @ the rate of 5% of the total contract price of Rs. 15,019,110 which totals to an amount of Rs. 750,955.50. M/s. Metalman Industries Limited filed a case with the civil court of Indore for release of the said amount deducted by the Company with interest. The next hearing of the case is scheduled on October 15, 2005.

M/s. Patel Engineering was a contractor of the company for civil works during the project stage in 1996. The contract was terminated in the year 1999. M/s. Patel Engineering accepted their dues and signed the final bill and issued no claim / no arbitration certificate and signed the full and final settlement. Subsequently they filed a case for payment of these dues amounting to Rs. 15 million on May 15, 2001 bearing no. 26 of 2001 for appointment of arbitrator and claimed that they were coerced to sign the said no objection certificate. The Honourable High Court of Ahmedabad dismissed the petition for appointment of the arbitrator vide order no. 21/ 2001. M/s. Patel Engineering filed another special civil application bearing no. 3584 of 2003. The Honourable High Court of Ahmedabad dismissed the civil application for appointment of the arbitrator vide order dated April 1, 2003. M/s. Patel Engineering has now filed a letters patent appeal bearing No. 873 of 2003 against the special civil application. The case is pending at the court. The date of next hearing is yet to be fixed by the Court.

Sadbhav Engineering Limited was a MINING contractor of the company engaged from November 1997 to December 2002 for overburden removal and lignite excavation. On expiry of this contract a new tender was issued and Sadbhav Engineering Limited could not bag the contract again through competitive bidding. Sadbhav Engineering Limited filed a suit at the Gujarat High Court at Ahmedabad claiming for delayed payment and interest thereon and seeking winding up petition against the Company for an amount of Rs. 40.83 crore. The Company has filed its reply and the next hearing in the case is scheduled on Sept 2, 2005. Meanwhile this matter has also been admitted for Arbitration wherein Sadbhav Engineering Limited have filed their claim and the company will shortly file its reply to the claim. The Company has filed its reply and the next hearing for the case is on September 22, 2005.

The Company issued a press tender for lignite mining and M/s. Ranjit Construction was one of the participating entities. They were not awarded the contract. M/s. Ranjit Construction has filed a suit stating that they have the right to obtain the said contract. The Company contended that GIPCL has the right to grant the contract to the contractor it pleases. The Company has to file its reply.

Cases filed by the Company

The Company appoints Graduate Engineer Trainees and they sign a training cum service agreement and produce a bond of surety, whereby the trainees are required to serve for a minimum of three years after successful completion of the training period and in the event, the trainee resigns or discontinues during the training period or during the mandatory employment period of 3 years, he will be liable to pay the Company liquidated damages as stipulated in the above mentioned agreement. Mr. Y.M. Holia, Mr. Dinesh Singh Sarawat, Mr. A.A. Rudra and Mr. V.V. Adsure were appointed as Graduate Engineer Trainees on November 19, 2001, November 3, 2000, June 12, 2000 and March 6, 2001 respectively. The four graduate trainees have either without intimating absconded or resigned from the service of the Company without settling the dues as per the said terms of the agreement that they entered into with the Company. The Company has filed cases at the Civil Court Baroda against these four graduate trainees and the sureties for breach of the above said agreement for an amount of Rs. 153,484/-, Rs. 170,100/-, Rs.163,730/- and Rs. 56,940/- along with interest @ of 18% p.a. respectively. The next date of hearing for all the four cases are yet to be fixed.

Mr. J.M. Sutaria was serving as Assistant Engineer (Instrumentation) since the year 1997. Mr. Sutaria remained absent from duty from December 28, 1999 and subsequently resigned on January 1 2000 without settling his legal dues. Mr. Sutaria had during his tenure availed of certain loans, advances, but he refused to pay the same amounting to Rs. 74,000/- being the medical expenses incurred by the Company on Mr. Sutaria's heart surgery. The Company has filed a civil suit at the Civil Court, Baroda bearing special suit No. 923/00 for the recovery of the company's legal dues with an interest @ of 18% p.a.. Mr. Sutaria has disclaimed any liability on his part to pay Rs. 74,000/- contending that his case was covered under clause 8 of the Medical Reimbursement Rules of GIPCL and he is not liable to pay the said amount. The case is pending as on date. The next date of hearing is yet to be fixed.



PROSPECTUS

FIR filed by GIPCL

Our Company has filed an F. I. R. No. 35/05 against Mr. Suresh Vasava, Iliyas Jhedia, Salim Pathan, Jeetendra Prajapati, Harish Prajapati and Babu Choudhary on September 18, 2005 at the Police Station, Sub-District Mangrol, District Surat. A complaint was filed against these people since they attacked Mr. S. V. Khorat, company employee with sticks and pipes. The security personnel Mr. S. R. Jhala was also attacked with sticks when he tried to intervene and rescue Mr. S. V. Khorat. Hence a complaint was filed against these people and an F. I. R. was lodged under section 143, 147, 148, 149, 342, 323 and 325 of the India Penal Code, 1860.

Dispute regarding transfer of Promoter Company

Petrofils Co- Operative Limited (Petrofils) is one of the promoters of the GIPCL holding 4,204,100 Equity Shares, which are fully paid up. Petrofils is in liquidation and a winding up order has been issued in April 2001 by the Central Registrar of the Co-operative Societies. And the liquidator was appointed.

Petrofils in the past had borrowed money from Mehsana District Central Co-operative Bank thru one intermediary viz. M/s Jashlok Finance Services (M/s Jashlok),† as a comfort for the said loan transaction the 3,804,100 equity shares of GIPCL out of the total shareholding of Petrofils† (the said Shares) which were given alongwith the blank transfer form to M/s. Jashlok and not with the intent to pledge for the said loan transaction by Petrofils with Mehsana District Central Co-operative Bank Limited (the Bank). M/s Jashlok however failed to comply with the notice of Liquidator regarding his appointment, which stated that the Liquidator has been appointed and hence they were in possession of all the assets of Petrofils including the shares of GIPCL held by them and that the same should be returned to the Liquidator to enable him to perform his duties. The Bank and M/s Jashlok despite the notice refused to return the said Shares and handed over the shares in question alongwith the blank transfer form to the Bank.

Thereafter the Bank filed a special Civil Suit No. 758 of 1999 in the Civil Court of Vadodara, asking for the transfer of the said Shares, which were kept as comfort by Petrofils with M/s Jashlok. Petrofils filed its reply mentioned that the said shares could not be transferred and that the same be returned to the Liquidator. In the recent application filed by the Bank on August 3, 2005, the Bank has stated that it is in possession of the said Shares.

However, Petrofils has vide letter dated August 25, 2005 addressed to GIPCL informed that the said shares should not be transferred in favor of the Bank since the same are subjudice in the matter pending before the court† and have never been given with the intent of pledge to the Bank and were only given as comfort to the intermediary M/s Jashlok. The Liquidator has also informed GIPCL that the transfer of said Shares would amount to an illegal act, since the said Shares vest in the hands of the Liquidator by virtue of the winding up order.

The physical certificates in respect of the shares in question is under the custody of the company.

Labour cases ñ Baroda

Cases filed against the Company

The Company awarded a contract to M/s. Jayalakshmi Transport to provide unskilled services for cleaning of equipment, material handling & odd jobs on lumpsum basis. M/s. Jayalakshmi Transport was engaged on contract basis since January 1991. Initially the contract was awarded for a period of one year and this contract has been renewed thereafter. The unskilled labourers engaged by this contractor have raised this dispute through the Vidhyut Karmacharri Sangh union before the Labour Court, Baroda vide case No. (LCV) 33/93 and case No. (LCV) 25/00 for regularization of their employment in the Company. They have claimed that they are engaged in a work of permanent nature and are to be considered as permanent employees of the Company and therefore must receive all the benefits available to permanent employees of the Company. The Company has contended that the work of all these 37 labourers involved is not of permanent nature and that M/s Jayalakshmi Transport is the real employer of these labourers and that there is no employer-employee relationship as contemplated under section 2(s) of the Industrial Dispute Act, 1948. Further, the Company is registered under Contract Labour (R&A) Act and the contractor engaged is also an independent entity having its own PF code number, registered under the Shops and Establishment Act, the Contract Labour (Regulation & Abolition) Act, 1970 etc. The case is pending as of date and the next hearing is scheduled on September 27, 2005.



During the project stage, Company appointed Mr. S. M Modi on January 18, 1991 as Assistant-Finance on a fixed term contractual basis, which initially was for a period of one year. The arrangement was renewed twice for a period of one year each. The Company did not renew the arrangement on the expiry of the second renewal period on January 20, 1994. Mr. Modi filed a claim before the Labour Court, Baroda vide case No. (LCV) 404/94 for re-instatement with back wages along with interest @ 18% p.a with all other benefits as available to a permanent employee of the Company. He has claimed that he was employed on permanent basis and not for a fixed term and was engaged in a work of permanent nature. The Company contends that his appointment was only during the project period and that contract lapsed on the expiry of the second renewal period. However, he was given an opportunity while the position occurred for the post of Assistant Finance but he was not found suitable for the selection. The case is pending and the next hearing is scheduled on September 29, 2005.

The Company appointed Mr. D. I Patel as a casual peon for a temporary period of 22 days from December 24, 1990 to January 15, 1991. Subsequently, on expiry of the period he was working under the contract of M/s. Jayalakshmi Transport, a contractor engaged by the Company to provide unskilled labourers to work in the Company. His arrangement with M/s. Jayalakshmi Transport was terminated on October 1, 1991. He filed a claim before the Labour Court, Baroda vide case no. LCV-513/91 for re-instatement. He contended that he is a permanent employee of the Company and is entitled to all benefits available to permanent employees of the Company. The Company contends that Mr. Patel was engaged only for a temporary period of 22 days as a casual peon and that his subsequent tenure in the Company was as a contract labourer and that there has been no employer-employee relationship. The case is pending as of date and the hearing is scheduled on September 26, 2005.

Two labourers of M/s. Shree Transport, a contractor engaged for loading / unloading of the materials have filed a case against the Company vide case no. LCV 438 & 439/96 stating that they were retrenched from the Company without having been given their statutory dues. The Company has replied to the effect that the Company never employed the referred two labourers and has never worked in the company. However, as per the said contractor, they were working under his contract at Heavy Water Project site and hence they were employed by him only. The contractor has also provided a letter to the Company to that effect. The case is pending before the Labour Court, Baroda and the last hearing was held on September 13, 2005. The next date of hearing is yet to be fixed.

5 casual labourers of M/s. Jayalakshmi Transport engaged in unskilled casual nature of work have raised the dispute by the BMS Union before the Labour Court, Baroda vide case no. LCV 1149 to 1153/99 for reinstatement with back wages in the employment. They have claimed that they were engaged in a work of permanent nature and are to be considered as permanent employees of the Company and therefore must be enrolled on the muster roll of GIPCL & receive all benefits given to permanent employees of the Company. The Company has contended that it is not the employer and that M/s. Jayalakshmi Transport is the real employer of the disputed labours and therefore no employer-employee relationship exists between the labourers and the Company. The case is pending as on date and the next hearing is scheduled on October 3, 2005.

The Company awarded a contract on lumpsum basis to M/s. Royal Guards Security Services to provide security services to the Company initially for a period of one year & thereafter the same was renewed. This contractor had transferred the services of 27 security guards to other sites, where their contracts were in force. However, they refused to comply with the transfer orders and raised a dispute before the Industrial Tribunal, Baroda vide case no. IT-131/00 claiming that they are to be considered as permanent employees of the Company and therefore must receive all the benefits given to permanent employees. The Company has contended that the Royal Guards Security Services is the real employer of these security guards and there is no employer-employee relationship existing between the security guards and the Company. Out of the 27 guards 8 Guards have withdrawn their cases. The next hearing is scheduled on October 4, 2005.

Surat (SLPP)

Bijli Mazdoor Panchayat, a registered trade union has filed three different cases, on behalf of 418 workmen, 125 workmen and 122 workmen employed through various independent contractors at the Company's Lignite Power Plant at Surat before the Industrial Tribunal, Surat vide case nos. IT-72/01, IT-103/01 and IT-95/03 respectively for being considered as the permanent employees of GIPCL, SLPP and for receiving all benefits available to permanent employees of the Company. The Company has contended that the respective contractors pay the salary/wages to the workmen and that their work is supervised, controlled and monitored by the respective contractors and therefore they are the real employers of the workmen and that no employer-employee relationship exists between the Company and the respective workmen. The Company has also contended that it is registered under the Contract



PROSPECTUS

Labour (Regularization and Abolition), Act 1970 and are not precluded from engaging contract labourers. Bijli Mazdoor Panchayat also filed an application for interim relief requesting that pending disposal of Case No. IT-72/01, IT 103/01, the working conditions of the 418 workmen and the 125 workmen must not be changed including by way of termination, discharge, dismissal, or retrenchment. However, these applications for interim relief have been set aside by the Industrial Tribunal vide its order dated November 27, 2002 in both cases.

The cases are pending as of date and the next hearing for all the three cases have been fixed on September 22, 2005.

Sarvoday Union has on behalf of 11 workmen filed recovery applications before the Labour Court, Surat vide recovery application No. 492 to 502/04 for recovery of unpaid wages, wages for earned leave, over time wages, bonus and wages for weekly offs/holidays. The Company contended that these workmen were employed by M/s. Sandeep Enterprise and that there exists no employer-employee relationship between the Company and the 11 workmen as contemplated under section 2(s) of the Industrial Dispute Act, 1948 and therefore the Company is not liable to make any of the above mentioned payments. The case is pending as on date. The next date of hearing is yet to be fixed.

Bijli Mazdoor Panchayat has on behalf of 12 workmen filed recovery applications before the Labour Court, Surat vide recovery application no. 752 to 763/03 for recovery of unpaid wages, over time wages and wages for weekly Off/holidays. The Company contended that these workmen were employed by M/s. Sandeep enterprise, M/s. Group 7 Guard, M/s. Agarwal Catering Services and M/s. Aditya Enterprise and that there exists no employer-employee relationship between the Company and the 12 workmen and therefore the Company is not liable to make any of the above mentioned payments. The case is pending as on date and the next hearing is yet to be fixed.

Bijli Mazdoor Panchayat (the Panchayat), a registered union has on behalf of Shri. Jitendra Parmar and 14 other workmen raised a dispute before the Industrial Tribunal, Surat vide case no. IT-51/03& IT-18/04 for re-instatement with back wages. The Panchayat had on behalf of these workmen raised certain demands and the proceedings of the same is pending before the conciliation officer bearing reference No. I.D.C 46/2003. The Panchayat has claimed that the above mentioned workmen were retrenched by the Company without sufficient cause and that such retrenchment is in contravention of the I.D Act. The Company states that out of these 15 workmen, 12 (fireman) were engaged by the M/s Group 7 Guard Services in the premises of GIPCL, SLPP for a temporary period of 2 months during the summer season for the purpose of avoiding fire in lignite, one worker is currently working with M/s. Thermax Limited and the 2 were working with M/s Sandeep Enterprises for a temporary period. The Company states that there existed no employee-employer relationship between the Company and these workmen and that the respective independent contractor is the real employer. Since the Company did not employ the workmen the question of wrongful retrenchment does not arise. The case is pending as on date and the next hearing is yet to be fixed.

The Commissioner for Workmen's Compensation, Surat has issued a notice dated September 24, 2002 under section 10A of the Workmen's Compensation Act, 1923 wherein the Company was directed to provide information in the prescribed form relating to the death of Mr. Arvindbhai Vasava and was also asked to admit or disclaim liability to pay compensation under the provisions of the Workmen's Compensation Act, 1923. The Company has in its reply to the Commissioner disclaimed any liability to pay compensation by stating that the late Mr. Arvindbhai Vasava was employed by M/s. Pramukh Enterprises and was not an employee of the Company and that the notice must be issued to M/s. Pramukh Enterprises. The Company further contended, that late Mr. Arvindbhai Vasava did not die due to an accident arising out of or in the course of employment in the Company as claimed by his widow Mrs. Sudaben Vasava. The case is pending and further orders of the Court are awaited.

Late Mr. Shailesh Choudhary was employed by Mahindra Ash Tech Limited. Mahindra Ash Tech Limited was a contractor for the Company for providing services of operation and maintenance of ash handling system. Mr. Shailesh Choudhary expired on September 9, 2001. Subsequently Ms. Kalpana Choudhary, Mr. Shailesh Choudhary's wife filed a case bearing no. W.C. 16/02 stating that the death of Mr. Shailesh Choudhary took place inside the plant and claimed for compensation under the Workmen's Compensation Act, 1923. The Company has filed its reply to make the contractor a party. The case is pending as on date and the next hearing is yet to be fixed

Complaints filed at the Industrial Tribunal

Bijli Mazdoor Panchayat, a registered union has on behalf of Ms. Heenaben Solanki and 8 other workmen and on behalf of Mr. Mukesh Rathod and 2 other workmen filed a complaint before the Industrial Tribunal vide case no. IT 1/02 and case no. IT 5/02 respectively for their re-instatement with back wages. The complaints are pending as on date and the next hearing is scheduled on September 22, 2005.



Bijli Mazdoor Panchayat, a registered trade union has filed this complaint on behalf of the 394 workmen employed through various independent contractors at the Company's Lignite power plant at Surat before the Industrial Tribunal, Surat vide case nos. 72 and 103/01 for payment of wages on weekly holidays/off. The Company has submitted that the present complaint is to be adjudicated in accordance with the machinery provided in the Minimum Wages Act, 1948 and is untenable under the ID Act. The Company has further contended that the respective contractors, pay the salary/wages to the workmen and that their work is supervised, controlled and monitored by the respective contractors and therefore they are the real employers of the workmen and that no employer-employee relationship exists between the Company and the 394 workmen. The Company also contended in the alternative that the Minimum Wages Act, 1948 and the rules framed thereunder by the Government of Gujarat contains no provision for payment of wages for weekly off. On the contrary, sub-rule 4 of Rule 24 provides that the worker will not be entitled for wages for weekly off where he/she has been paid on daily wage basis. The complaint is pending as on date and the next hearing is scheduled in the month of September 22, 2005.

Delay / Default by GIPCL in Debentures

The Company due to adverse financial position during FY 1999-2000 to FY 2002-03, could not pay the half yearly interests and redemption installments to its 18% partly convertible debentures, Double Option (15.25% / 15.50%) non-convertible debentures and 11% non-convertible debentures. For details, kindly refer to iServicing behaviour appearing on page no. 91 of RHP.

Cases with respect to Shares and Debentures

Various cases which have been filed by shareholders of the Company against grievances relating to loss of share certificates and disputes arising therefrom. The Company and MCS Limited, (Share Transfer Agents) have also been made party to these cases. The cases are at various stages before various civil courts. The brief details of the following are provided hereunder:

Sr. No.	Name of the Party	Suit number	Number of shares	Certificate number	Stage and Interim order if any
1.	Mr. Kamlesh Bafna	Civil Suit No. 101/1994	10 debentures	72391	Temporary Injunction against transfer of shares. Final order awaited.
2.	Mr. Manoj Bafna	Civil Suit No. 101/1994	100 shares	72420	Temporary Injunction against transfer of shares. Final order awaited.
3.	Mr. Rajesh Shah	Civil Suit No. 557/1994	100 shares	70747	Temporary Injunction against transfer of shares. Final order awaited.
4.	Ms. Beena Alkesh Desai	Civil Suit No. 193/1996	100 shares	38169	Temporary Injunction against transfer of shares. Final order awaited.
5.	Mr. Arvind Kumar Agarwal	Civil Suit No. 200/1995	100 shares	82341	Temporary Injunction against transfer of shares. Final order awaited.
6.	Mr. Manubhai Shah	Civil Suit No. 5714/1995	100 shares	50990	Temporary Injunction against transfer of shares. Final order awaited.
7.	Mr. Bhagwati Prasad Kanoria	Title Suit No. 2952/1995	200 shares	86353 & 30958	Matter pending and no date is fixed
8.	Mr. Satish Kumar Karnani	Title Suit No. 550/1994	300 shares	106250 and 53342 and 109406	Matter is pending and no date is fixed
9.	Mr. Suresh Agarwal	-	100 shares	9950	Matter is pending and no date is fixed
10.	Ms. Savita Bajaj	Civil Suit number 142/1994	100 shares	9950	Temporary Injunction against transfer of shares. Final order awaited.
11.	Mr. Jatan Parakh	Civil Suit number 231/1994	100 shares	73255	Temporary Injunction against transfer of shares. Final order awaited.



PROSPECTUS

Sr. No.	Name of the Party	Suit number	Number of shares	Certificate number	Stage and Interim order if any
12.	Mr. Shiv Kumar Garg	Civil Suit number 186/1994	100 shares	67297	Temporary Injunction against transfer of shares. Final order awaited.
13.	Ms. Sudha Jain	Civil Suit number 457A/1997	100 shares	40582	Matter is pending and no date is fixed.
14.	Mr. Ram Chander	(Civil Suit number 347 /1994	100 shares	12951	Temporary Injunction against transfer of shares. Final order awaited.
15.	Mr. Adrish Kumar Gupta	(Civil Suit number 1604 /1994)	100 shares	12134.	Temporary Injunction against transfer of shares. Final order awaited.
16.	Mr. Sanat Pal	(Civil Suit number 207 /1994)	100 shares	72230	Temporary Injunction against transfer of shares. Final order awaited.
17.	Parin Investments	(Civil Suit number 564 /1994	200 shares	74375 & 79356	Temporary Injunction against transfer of shares. Final order awaited.
18.	Manoj Kumar Mulchand Mehta	(Civil Suit number 564 /1994)	100 Shares	45494	Matter is pending and no date is fixed.
19.	Kamal Kumar Sohanlal Kundalia	(Long Cause Suit no. 4047 /1994)	100 shares	88435	Temporary Injunction against transfer of shares. Final order awaited.
20.	Shri Amit Kumar Jain	(Suit no. 665 /1994)	100 shares and 10 debentures bearing certificate No.	74496	Temporary Injunction against transfer of shares. Final order awaited.
21.	Shri Devendra Mittal	(Civil Suit no. 9 /97)	200 shares	98575 and 73388	Temporary Injunction against transfer of shares. Final order awaited.
22.	Shri Laxminiwas Tiwari	(Civil Suit no.OS 4592 /94)	200 shares	23018 and 94450	Temporary Injunction against transfer of shares. Final order awaited.
23.	Shri Girishchandra Chhaganlal Choksi	(Civil Suit no.63 /1995)	100 shares	51697	Temporary Injunction against transfer of shares. Final order awaited.
24.	Smt. Sarojini Bhat	(Civil Suit No. 383/1995)	100 shares	11572	Temporary Injunction against transfer of shares. Final order awaited.
25.	Shri Jacob Abraham T	(Civil Suit no.572 /1994)	100 shares	117203	Matter is pending and no date is fixed.
26.	Shri Murlidhar V Asawa	(Civil Suit no.3922 /1995)	200 shares	Nos. 40661 - 65775	Temporary Injunction against transfer of shares. Final order awaited.
27.	Shri Kailashchand Boob	(Civil Suit no.140 /1994)	100 Shares and 10 Debentures bearing no.72950	72978	Matter is pending and no date is fixed.
28.	Innova Securities and Investments Ltd	(O.S no.1116 /1998)	200 Shares	129500 and 130167	Final order awaited.
29.	Capital Growth Investment	(O.S no.0831/12 /1994)	800 Shares	Nos. 71337, 11148, 82989, 16525, 58310, 71434, 71236, 67780	Final order awaited.



Sr. No.	Name of the Party	Suit number	Number of shares	Certificate number	Stage and Interim order if any
30.	Mr. Anil J Sheth		700 shares	45595, 45654, 45659, 45658, 45600, 45598, 99186	Matter is pending and no date is fixed.
31	Mr. K C Shah		2900 shares		Order not received till date.

NOTICES RECEIVED FROM SHAREHOLDERS FOR NON-ISSUE OF SHARE CERTIFICATES

Sr. No.	Name of the Party	Date of notice	Number of shares	Certificate number	Stage and Interim order if any
1.	Ms. Ushaben Solanki	24 th November 1994	100 shares	47358	Matter is pending and no date is fixed.
2.	Mr. Harilal Rajvir		100 shares	99559.	No copy of petition or order received as yet.

Land Cases

There have been various cases filed against the Company with regard to the Regular Award by the LAO and Deputy Collector, Olpad Surat for acquisition of property for the mines, plant and colony. The details of the same are as follows:

Sr. No.	Name of the Party	Suit number	Details of the plot	Award Number	Prayer and Stage
1.	Ibrahim Mohmmad Badat and Sayed Ibrahim Badat	LAQ Case No. 36 / 95 ñ	Bearing No. 729 admeasuring 3.13.94 Hectare Are.Smt.	Regular Award / 96 dated 06.06.1997	Rs. 100 per square metre for the above said plot
2.	Suleman Mohmmad Badat	LAQ Case No. 36 / 95 ñ	Bearing No. 557 admeasuring 1.49.83 Hectare Are.Smt.	Regular Award / 96 award dated June 06, 1997	Rs. 100 per square metre for the above said plot
3.	Fatmaben, W/o Dawood Patel	LAQ Case No. 40 / 95 ñ	Bearing No. 32 admeasuring 3.65.07 Hectare Are.Smt.	Regular Award / 97/98 dated June 12, 1998	Rs. 100 per square metre for the above said plot
4.	Gulam Mohmmad Isajji Patel	LAQ Case No. 40 / 95 ñ	Bearing No. 4, 271, 36 admeasuring 1.59.34, 2.28.32, 4.35.23 Hectare Are.Smt. respectively	Regular Award / 97/98 dated June, 06 1997	Rs. 100 per square metre for the above said plot
5.	Ahmed Ismail Bhula	LAQ Case No. 40 / 95 ñ	Plot bearing No. 16 admeasuring 2.92.12 Hectare Are.Smt.	Regular Award / 97/98 dated June 12, 1998	Rs. 100 per square metre for the above said plot
6.	Mohmmad Ibrahim Isajji Patel, Mohmmad Hanif Gulam Patel & Ilyas Dawood Patel	LAQ Case No. 40 / 95	Bearing No. 252 admeasuring 3.50.80 Hectare Are.Smt	Regular Award / 97/98 dated June 12, 1998	Rs. 100 per square metre for the above said plot
7.	Ilyas Dawood Patel, Aiyub Dawood Patel & Isup Dawood Pate	LAQ Case No. 40 / 95 ñ	Bearing No. 25 admeasuring 2.37.83 Hectare Are.Smt	Regular Award / 97/98 dated June 12, 1998	Rs. 100 per square metre for the above said plot



PROSPECTUS

Sr. No.	Name of the Party	Suit number	Details of the plot	Award Number	Prayer and Stage
8.	Ibrahim Isapji Patel & Mohmmmed Hanif Gulam Mohemmed Patel	LAQ Case No. 40 / 95 ñ	Bearing No. 251 admeasuring 2.71.13 Hectare Are.Smt.	Regular Award / 97/98 dated June 12, 1998	Rs. 100 per square metre for the above said plot
9.	Gulam Mohmmmed Isapji Patel, Ibrahim Isapji Patel & Ilyas Dawood Patel	LAQ Case No. 40 / 95 ñ	Bearing No. 272 admeasuring 1.78.37 Hectare Are.Smt	Regular Award / 97/98 dated June 12, 1998	Rs. 100 per square metre for the above said plot
10.	Rabiya Isnmail Bhulais Power of Attorney Ismail Yusuf Bhula	LAQ Case No. 40 / 95 ñ	Bearing No. 46 admeasuring 4.25. 72 Hectare Are.Smt	Regular Award / 97/98 dated June 12, 1998	Rs. 100 per square metre for the above said plot
11.	Mohmmmed Rafik Ahmed Jada	LAQ Case No. 36 / 95 ñ	Bearing No. 732 admeasuring 2.53.29 Hectare Are.Smt.	Regular Award / 96 dated June 06, 1997	Rs. 100 per square metre for the above said plot
12.	Ismail Kasam Tarki	LAQ Case No. 36 / 95 ñ	Bearing No. 751 admeasuring 1.27.24 Hectare Are.Smt	Regular Award / 96 dated June 06, 1997	Rs. 100 per square metre for the above said plot
13.	Mohmmmed Safi Isup Bhula	(LAQ Case No. 40 / 95 ñ	Bearing No. 20 Paiki admeasuring 1.78.37 Hectare Are.Smt	Regular Award / 97/98 dated June 12, 1998	Rs. 100 per square metre for the above said plot
14.	Yakub Dawood Sidat & Suleman Dawood Sidat	LAQ Case No. 36 / 95 ñ	Bearing No. 731 Paiki admeasuring 1.45.08 Hectare Are.Smt	Regular Award / 96	Rs. 100 per square metre for the above said plot
15.	Aadam Ibrahim Randera, Ismail Ibrahim Randera, Isup Ibrahim Randera and Mohmmmed Ibrahim Randera	LAQ Case No. 40 / 95 ñ	Bearing No. 38 Paiki admeasuring 10.35.76 Hectare Are.Smt	Regular Award / 97/98 dated June 12, 1998	Rs. 100 per square metre for the above said plot
16.	Ibrahim Isapji Patel	LAQ Case No. 40 / 95 ñ	Bearing No. 268 Paiki admeasuring 4.75.66 Hectare Are.Smt	Regular Award / 97/98 dated June 12, 1998	Rs. 100 per square metre for the above said plot
17.	Sarabibi, D/O Ibrahim Dawji Mayat	LAQ Case No. 40 / 95	Bearing No. 48 Paiki admeasuring 2.02.16 Hectare Are.Smt	Regular Award / 97/98 dated June 12, 1998	Rs. 100 per square metre for the above said plot
18.	Hwabben wife of Ismail Ibrahim Bhula	LAQ Case No. 40 / 95	Bearing No. 18 Paiki admeasuring 5.73.18 Hectare Are.Smt.	Regular Award / 97/98 dated June 12, 1998	Rs. 100 per square metre for the above said plot
19.	Ibrahim Mohmmmed Bhula Patel	LAQ Case No. 40 / 95	Bearing No. 61, 56 Paiki admeasuring 4.37.61, 2.49.72 Hectare Are.Smt.	Regular Award / 97/98	Rs. 100 per square metre for the above said plot



PROSPECTUS

Sr. No.	Name of the Party	Suit number	Details of the plot	Award Number	Prayer and Stage
20.	Mohammed Ibrahim Patel Descendant of Amina Museji Wife of Ibrahim Patel	LAQ Case No. / 95	Bearing No. 297 Paiki admeasuring 1.76.00 Hectare Are.Smt	Regular Award / 97/98 dated June 12, 1998	Rs. 100 per square metre for the above said plot
21.	Haji Ismail Ibrahim Bhula	LAQ Case No. 40 / 95	Bearing No. 20 Paiki admeasuring 5.74.38 Hectare Are. Smt	Regular Award / 97/98 dated June 12, 1998	Rs. 100 per square metre for the above said plot
22.	Isup Ibrahim Randera	LAQ Case No. 40 / 95	Bearing No. 40, 42 Paiki admeasuring 0.34.48, 4.63.77 Hectare Are.Smt.	Regular Award / 97/98 award dated June 12, 1998	Rs. 100 per square metre for the above said plot
23.	Adam Ibrahim Randera	LAQ Case No. 37 / 95	Bearing No. 122 admeasuring 7.27.77 Hectare Are.Smt.	Regular Award / 97/98 dated June 16, 1998	Rs. 100 per square metre for the above said plot
24.	Iqbal Aadam Randera	LAQ Case No. 37 / 95	Bearing No. 116 Paiki admeasuring 3.78.15 Hectare Are.Smt	Regular Award / 97/98 dated June 16, 1998	Rs. 100 per square metre for the above said plot
25.	Fatmabibi Widow of Ibrahim Badat & Sayed Ibrahim Badat	LAQ Case No. 42 / 95	Bearing No. 80 Paiki admeasuring 2.30.70 Hectare Are.Smt	Regular Award / 97/98 dated June 03, 1998	Rs. 100 per square metre for the above said plot
26.	Khadija Ismail Isup Bhula, Fatmabibi Ismail Bhula, Zubeda Ismail Bhula, Zulekha Ismail Bhula, Rabiya Ismail Bhula's Power of Attorney Ismail Isup Bhula	LAQ Case No. 41 / 9	Bearing No. 78 Paiki admeasuring 07.02.80 Hectare Are.Smt.	Regular Award / 97/98 dated June 12, 1998	Rs. 100 per square metre for the above said plot
27.	Abubakar Dawaji Bhula and Museji Dawaji Bhula's Power of Attorney Mohammed Museji Patel	LAQ Case No. 41 / 95	Bearing No. 77 Paiki admeasuring 06.48.09 Hectare Are.Smt	Regular Award / 97/98 dated June 12, 1998	Rs. 100 per square metre for the above said plot
28.	Bai Rasul D/o Kara Patel	LAQ Case No. 38 / 95	Bearing No. 319 Paiki admeasuring 01.62.91 Hectare Are.Smt.	Regular Award / 97/98 dated June 03, 1998	Rs. 100 per square metre for the above said plot
29.	Isup Ismail Patel	LAQ Case No. 38 / 95	Bearing No. 320 Paiki admeasuring 01.84.32 Hectare Are.Smt	Regular Award / 97/98 dated 03.06.1998	Rs. 100 per square metre for the above said plot
30.	Isup Ibrahim Randera	LAQ Case No. 45 / 95	Bearing No. 133 Paiki admeasuring 02.78.26 Hectare Are.Smt.	Regular Award / 97/98 dated June 03, 1998	Rs. 100 per square metre for the above said plot



PROSPECTUS

OUTSTANDING LITIGATION INVOLVING PROMOTER COMPANIES

Gujarat Urja Vikas Nigam Limited (erstwhile Gujarat Electricity Board).

Contingent Liability of GUVNL (Erstwhile GEB) as on March 31, 2003

As on March 31, 2003 there are no contingent liability not provided for, for GEB as it existed then.

For March 31, 2005 for GUVNL, the annual report for 2005 is yet to be finalized since it was incorporated on December 22, 2005 and hence it is its first year of incorporation.

Outstanding Litigation

Civil Cases

There are in total 63,199 outstanding litigation aggregating to Rs. 7565.3 Million of GEB as on August 31, 2005. Of the above said litigation, we have provided below a brief summary on the cases where the liability (where quantifiable) is above Rs. 10,000,000 (Rupees ten million only).

With respect to cases where the liability exceeds Rs. 10,000,000 (Rupees ten million), the summary is as provided below in the order of their monetary liability on the GEB; i.e in the descending order:

Cases for recovery of amounts from the Consumers of Electricity

The majority of cases pertain to cases by GEB for recovery of amounts from various consumers (with legal connection and illegality in connections) of GEB. These cases are pending at various courts across the state of Gujarat at various stages. We have provided herein below the summary of these cases with details on the defendants / plaintiffs, the court at which pending and the status of the cases as on August 30, 2005.

SR. NO.	CIVIL SUIT / CASE NO.	NAME OF ADJUCATING AUTHORITY / COURT	NAME OF DEFENDANT / DISPUTING PARTY	SUIT VALUE / CLAIM AMT. (Rs. in Millions)	CURRENT LEGAL STATUS
FILED BY GEB					
1.	104/04	Senior Division Court, Surendranagar	Maradia Chemicals Limited	1252.6	The Matter is at the stage of Evidence.
2.	187/05	District Court, Baroda	Ambalal Sarabhai Ent.	275.83	The matter is at the stage of issuing Summons.
3.	15/97	Senior Division Court , Bharuch	Prakash Industry	180.1	The matter is at the stage of framing of Issues.
4.	518/02	Senior Division Court, Surat	Baroda Reyon Corporation.	168.02	The matter is on W. S. stage.
5.	312/00	Senior Division Court Porbandar	M/s. Fraser Investment (H.M.P. Cement)	110.26	The Matter is at the stage of Evidence.
6.	134/01	Official Liquidator	Petrofills Limited	108.19	The defendant is under Liquidation and Liquidator has been informed of the case.



PROSPECTUS

SR. NO.	CIVIL SUIT / CASE NO.	NAME OF ADJUCATING AUTHORITY / COURT	NAME OF DEFENDANT / DISPUTING PARTY	SUIT VALUE / CLAIM AMT. (Rs. in Millions)	CURRENT LEGAL STATUS
7.	178/01	Senior Division Court , Bharuch	Kadkiya Alkalies & Chem.	88.44	The matter is at the stage of framing of Issues.
8.	27/03	Senior Division Court, Patan	Chief Officer, N.P., Patan, 17 Nos. - w/w.	73.85	The matter is at the stage of Evidence.
9.	79/98	Senior Division Court, Surendranagar	Maradia Steel Limited	66.66	The Matter is at the stage of Evidence.
10.	003/98	Senior Division Court, Mehsana	Mahendra Mill, Kalol	65.17	The matter is at the stage of Hearing.
11.	-	Official Liquidator	Calico Mill	63.30	The defendant is under Liquidation and Liquidator has been informed of the case.
12.	319/99 (Liq.No. 2444/03)	Senior Division Court , Bharuch	Petrofills Limited	58.08	The matter is at the stage of issuing Summons.
13.	116/03	Senior Division Court, Mehsana	Chief Officer, N.P., Visnagar	54.29	The matter is at the stage of Hearing.
14.	16/01	Senior Division Court, Patan	Chief Officer, N.P., Patan, 17Nos. - w/w.	53.64	The matter is at the stage of Evidence.
15.	66/88	High Court, Ahmedabad	Ambika Mills Private Limited	52.16	The defendant is under Liquidation and Liquidator has been informed of the case.
16.	252/91 & 777/91	Official Liquidator	Star Steel Limited	48.04	The defendant is under Liquidation and Liquidator has been informed of the case.
17.	16/02	Senior Division Court Patan	Nagar Palika, Siddhpur	42.73	The matter is at the stage of Hearing.
18.	108/01	District Court, Nadidad	Chief Officer N.P. Nadi ad	41.10	The matter is at the stage of Hearing.
19.	89/04	Senior Division Court, Gandhinagar	Chief Officer, N.P., Kalol	40.63	The matter is at the stage of framing of Issues.
20.	6288/04	High Court, Ahmedabad	Priya Laxmi Mills P. Ltd.	39.25	The defendant is under Liquidation and Liquidator has been informed of the case.



PROSPECTUS

SR. NO.	CIVIL SUIT / CASE NO.	NAME OF ADJUCATING AUTHORITY / COURT	NAME OF DEFENDANT / DISPUTING PARTY	SUIT VALUE / CLAIM AMT. (Rs. in Millions)	CURRENT LEGAL STATUS
21.	14/2003	Senior Division Court, Dhrangadhra.	Chief Officer, N. P. Dhrangadhra	35.17	The matter is at the stage of framing of Issues.
22.	18/99	Senior Division Court, Patan	Chief Officer, N.P., Patan, 6Nos.- w/w.	34.16	The matter is at the stage of Evidence.
23.	245/02	Senior Division Court, Bharuch	N. P., Bharuch	33.94	The matter is at the stage of framing of Issues.
24.	83/03	Senior Division Court, Mehsana	Nagar Palika, Unjha	32.98	The matter is at the stage of Hearing.
25.	46/04	Senior Division Court Patan	Nagar Palika, Siddhpur	32.32	The matter is at the stage of Hearing.
26.	001/01	Senior Division Court, Mehsana	Chief Officer, Nagar Palika, Visnagar	31.67	The matter is at the stage of Hearing.
27.	187/00	District Court, Nadiad	Chief Officer N.P. Nadiad	30.96	The matter is at the stage of Hearing.
28.	92/03	Senior Division Court, Bhavnagar	Inducto Ispat Alloys	28.05	The matter is at the stage of Hearing on Ex - 21.
29.	011/04	Senior Division Court, Amreli	Chief Officer N.P., Amreli	27.94	The matter is at the stage of framing of Issues.
30.	148/01	Senior Division Court, Mehsana	Moredia Copper Products	27.36	The matter is at the stage of issuing Notice.
31.	177/99	Senior Division Court, Bhavnagar	Volvo Steel Private Limited, Mahuva	27.18	The defendant is under Liquidation and Liquidator has been informed of the case.
32.	177/03	High Court, A'bad	Ambeshwar Paper Mill	24.39	The matter is at the stage of framing of Issues.
33.	49/01	Senior Division Court, Mehsana	Gujarat Electro Melt	23.73	The matter is on W. S. stage.
34.	252/02	Senior Division Court, Mehsana	Chief Officer, N.P., Kalol	23.71	The matter is at the stage of Hearing.
35.	33/01	Senior Division Court, Amreli	Chief Officer N.P., Amreli	23.51	The matter is at the stage of Hearing.
36.	106/02	Senior Division Court, Bhuj	Mandvi Nagar Palika	22.80	The Matter is at the stage of Evidence.
37.	267/01	Senior Division Court, Mehsana	Chief Officer, N.P., Kadi-11No.	21.36	On Issue. Under Settlement in Samadhan Yojna 2005.



PROSPECTUS

SR. NO.	CIVIL SUIT / CASE NO.	NAME OF ADJUCATING AUTHORITY / COURT	NAME OF DEFENDANT / DISPUTING PARTY	SUIT VALUE / CLAIM AMT. (Rs. in Millions)	CURRENT LEGAL STATUS
38.	26/01	Senior Division Court, Bhavnagar	Inducto Metal Craft	21.29	The Defendant is under Liquidation. The Board lodged its claim before the Official Liquidator.
39.	305/00	Senior Division Court , Bharuch	L D Textile	20.43	The matter is at the stage of framing of Issues.
40.	94/98	Senior Division Court , Amreli	Chief Officer N.P., Amreli	19.64	The matter is at the stage of Hearing.
41.	009/02	Senior Division Court, Mehsana	Chief Officer, N.P., Kalol	19.62	The matter is at the stage of Evidence.
42.	48/99	Senior Division Court, Godhra	M/s. Quality Steel & Forgiing Limited	19.61	The matter is at the stage of framing of issues.
43.	85/04	Senior Division Court, Mehsana	Chief Officer, N.P., Kadi-11No.	19.54	On Issue. Under Settlement in Samadhan Yojna 2005.
44.	262/00	Senior Division Court, Mehsana	Chief Officer, N.P., Kalol	19.43	The matter is at the stage of Evidence.
45.	321/00	Senior Division Court, Mehsana	Chief Officer, N.P., Kalol	19.01	The matter is at the stage of Hearing.
46.	1111/99	District Court, Baroda	Gokak Vado. Spinning Mills	18.97	The matter is at the stage of framing of Issues.
47.	26/00	Senior Division Court, Surendranagar	Saurashtra Co-Op Spinning Mills	18.44	The matter is at the stage of framing of Issues.
48.	194/01	Senior Division Court, Surat	R.K. Rayon Dying & Printing	17.43	On Issue. Obtained attachment of property.
49.	Sp.24/99	Senior Division Court, Veraval	The Chief Officer, Veraval-Patan Joint Municipalty, Veraval	17.21	On Issue. Under Settlement in Samadhan Yojna 2005.
50.	30/02	Senior Division Court, Mehsana	Nagar Panchayat, Mansa-11nos.	17.05	On Issue. Under Settlement in Samadhan Yojna 2005.
51.	30/02	Himatnagar Dist. Court	S K Jilla Ru Utpadan Sahkari Mandali Himatnagar	17.05	On Liuidation. Claim lodged with Liquidator.
52.	83/01	Senior Division Court, Bhavnagar	Shreeji Concast	16.27	The matter is at the stage of Hearing.

PROSPECTUS

SR. NO.	CIVIL SUIT / CASE NO.	NAME OF ADJUCATING AUTHORITY / COURT	NAME OF DEFENDANT / DISPUTING PARTY	SUIT VALUE / CLAIM AMT. (Rs. in Millions)	CURRENT LEGAL STATUS
53.	184/99 SCA No. 4051/98	Taluka Court, Dholka	Vaibhav Alloys, Kerala	16.13	The matter is at the stage of Evidence.
54.	17/02	Senior Division Court, Godhra	M/s. Dhatu Sanshkar Limited	16.00	Claim lodged with Official Liquidator.
55.	116/01	District Court, Nadidad	Chief Officer , N. P. , Cambey	15.68	The matter is at the stage of framing of Issues.
56.	26/99	Senior Division Court, Godhra	M/s. Aslo Stell	15.44	The Matter is at the stage of Evidence.
57.	011/03	District Court, Nadidad	Chief Officer , N. P. , Kapadvunj	15.22	The matter is at the stage of framing of Issues.
58.	Spl. 6/05	Senior Division Court (IInd), Palanpur	Lalan Pulp & Paper Mills Private Limited	15.14	The matter is at the stage of issuing Summons.
59.	003/02	Senior Division Court, Mehsana	Chief Officer, N.P., Kalol	14.86	The matter is at the stage of Evidence.
60.	242/02	Senior Division Court , Bharuch	Search Chem Limited	14.57	The matter is at the stage of framing of Issues.
61.	93/95	Taluka Court, Bardoli	Vasudev Paper Mill	14.06	The matter is at the stage of framing of Issues.
62.	19/95	High Court, Ahmedabad	M/s. Jupital Cement Company Limited	14.05	Defendant has applied for liquidation proceedings
63.	78/01	Senior Division Court, Godhra	Chief Office N.P., Godhra	12.75	The matter is at the stage of Hearing.
64.	100/04	Senior Division Court , Rajkot	Rajan Techno Cast Private Limited	12.70	The matter is on W. S. stage.
65.	57/01	Senior Division Court , Morbi	Kaytee Cot Synthetic Ind. Limited	12.38	The Matter is at the stage of Evidence.
66.	251/02	Senior Division Court , Bhavnagar	Inducto Ind. Gases	12.28	The matter is at the stage of Hearing on Ex - 5.
67.	-	Official Liquidator	New Jahangir Vakil Mill	12.10	The defendant is under Liquidation and Liquidator has been informed of the case.
68.	33/96	Senior Division Court, Mehsana	Bahuma Polytex	11.78	The matter is at the stage of Hearing.



PROSPECTUS

SR. NO.	CIVIL SUIT / CASE NO.	NAME OF ADJUCATING AUTHORITY / COURT	NAME OF DEFENDANT / DISPUTING PARTY	SUIT VALUE / CLAIM AMT. (Rs. in Millions)	CURRENT LEGAL STATUS
69.	79/01	Senior Division Court, Godhra	Chief Office N.P., Godhra	11.32	The matter is at the stage of Hearing.
70.	80/98	Senior Division Court, Baroda	M/s. Almek Steel	11.19	The matter is at the stage of issuing Summons.
71.	65/05	Senior Division Court, Mehsana	Om Shiv Dystuff	11.15	The matter is at the stage of issuing Summons.
72.	132/02	Senior Division Court, Anand	Arrow Steel Wire	11.07	The matter is at the stage of framing of Issues.
73.	138/91	Senior Division Court Porbandar	M/s. Kamdar Cement Limited	11.04	Claim lodged with Official liquidator at Bombay High Court.
74.	565/00	Senior Division Court, Surat	Mugar Dying & Printing	10.82	The matter is on W. S. stage.
75.	55/97	Senior Division Court, Palanpur	Radhekrishan Cement Company Limited	10.80	The matter is at the stage of Hearing.
76.	31/04	Senior Division Court, Nadidad	Chief Officer , N. P. , Cambey	10.75	The matter is at the stage of framing of Issues.
77.	194/98	Senior Division Court , Bharuch	L D Textile	10.67	The matter is at the stage of framing of Issues.
78.	144/00	Senior Division Court Gandhinagar	Nagar Palika Dehgam	10.56	The matter is at the stage of Evidence.
79.	392/00	Senior Division Court, Mehsana	Parry Alloys Limited	10.47	The matter is at the stage of Hearing.
80.	18/01	Senior Division Court Porbandar	M/s. Saurashtra Chemical Limited	10.37	The Matter is at the stage of Evidence.
81.	38/01	Distict Court, Nadidad	Chief Officer N.P.,Petlad	10.24	The matter is at the stage of Evidence.
82.	39/96	Senior Division Court, Mehsana	Bahuma Polytex	10.24	The matter is at the stage of Hearing.
83.	61/98	Senior Division Court, Godhra	M/s. Panchmahal Cement Company Limited	10.1	Written Statement has been filed.
84.	Sp.21/02	Senior Division Court, Veraval	The Chief Officer, Veraval-Patan Joint Municipalty, Veraval	9.67	On Issue. Under Settlement in Samadhan Yojna 2005.
TOTAL				4040.10	



PROSPECTUS

LITIGATION DETAILS OF SUIT VALUE / CLAIM AMOUNT OF RS. 10 MILLION & ABOVE					
SR. NO.	CIVIL SUIT / CASE NO.	NAME OF ADJUCATING AUTHORITY / COURT	NAME OF DEFENDANT / DISPUTING PARTY	SUIT VALUE / CLAIM AMT. (Rs. in million)	CURRENT LEGAL STATUS
FILED AGAINST GEB					
1.	21/05	Senior Division Court, Mehsana	Sona Co-operative Housing Society	150.0	The matter is on Admission.
2.	SCA 11069/02	High Court, Ahmedabad (On Liquidation)	Navsari Cotton Silk Mill	41.64	The matter is at the stage of Hearing.
3.	127/97	Senior Division Court Palanpur	Jagdamba Cement	20.07	The matter is at the stage of framing of Issues.
4.	82/02, Spl.52/04	Senior Division Court Palanpur	Balam Cement	19.62	Written Statement has been filed.
5.	2193/96	District Court , Baroda	Gokak Vado. Spinning Mills	18.97	The matter is at the stage of framing of Issues.
6.	156/04	Senior Division., Bharuch	Broach Textiles Mills	15.39	The matter is at the stage of framing of Issues.
7.	SCA 5464/04	High Court, Ahmedabad	Om Shiv Dystuff	11.15	The matter is at the stage of issuing Summons.
TOTAL				27.681	

Cases filed by GEB

GEB v/s Indian Wind Energy, Wind Energy production Association, Vadodara, MPCO Seamless Rings (Gujarat) Limited and Vishal Malleable Limited, Antifriction Bearings Corporation Ltd. [1st Appeal 1718 to 1722/ 2003 with C.A. Nos. 6388 to 6392 of 2003]

Government of Gujarat vide its resolution dated January 27, 1993 announced incentive scheme for wind power generation by private companies whereby wheeling facilities were provided to wind farm generator to their industrial unit in Gujarat subject to wheeling charges of 2% irrespective of distance from their wind farms. Accordingly the wind farm developers have executed agreements for wheeling/selling option with GEB. The operative period mentioned in the policy was to remain in force for five years. Therefore, after completion of five years GEB under its circular dated May 19, 1998 allowed wheeling subject to following conditions on the basis of CPP policy dated December 22, 1997: Accordingly, GEB started recovery of wheeling charges and wheeling losses from wind farm developers on the basis of above circular as there was no other policy applicable at that time. GoG vide resolution dated June 20, 2002 issued wind power generation policy-2002 allowing wheeling of electricity with the wheeling charges @ 4% to the industrial unit of wind farm. GoG vide resolution dated November 15, 2003 issued addendum for incentive scheme of wind power generation by private company 1993 / 2002 - clarification thereof, wherein in the said resolution it was provided that wheeling facility to wind farms established under old policy shall be continued, however resolution was silent about charges. GEB issued supplementary bills to wind farms for recovery of amounts. Aggravated with the above recovery by GEB, Vishal Malleable Limited, Antifriction Bearing Ltd. and M/s.



Mipco Seamless Rings (Gujarat) filed a Petition before GERC (Gujarat Electricity Regulatory Commission) in March 2002 against GEB. GERC vide order dated September 9th 2002 ordered GEB to charge 4% wheeling charges prescribed by the government. GEB filed a review Petition (65/2002) before GERC on November 28, 2002 against GERC order dated September 30, 2002. GERC vide order dated March 4, 2003 has held that no new facts were brought out for review in the Petition and therefore the Petition was rejected. GEB decided to challenge the order of GERC before High court of Gujarat and accordingly filed an appeal. The High court of Gujarat vide order dated April 29, 2004 has admitted the above Petition and has issued interim order dated May 10, 2004 to refund 50% of the amount so recovered by GEB vide circulars dated May 19, 1998 and July 23, 1999. The case is pending and further orders of the Court are awaited

GEB v/s M/s Dodsai Limited [Special Civil Suit No. 384/1998]

The defendant was appointed as contractor for fabrication, supply and erection of Galvanized steel tower for various transmission lines through tenders of various dates from 1980 to 1990. One of the condition in the acceptance of tenders was that the rate computed for the issue of material by the defendant was not inclusive of excise duty and would be payable by the plaintiff. The plaintiff as per the acceptance of tenders has paid total amount of Rs. 8,086,090.88/- as excise duty. The defendant filed a case against the department of Central Excise claiming for refund of excise duty amounting to Rs. 8,044,181.13/- stating that the said above said issue of material was not liable for excise duty. CEGAT passed an order in favour of the defendant and the amount of Rs. 8,044,181.13/- was refunded to the defendant. The plaintiff has filed this case against the defendant for refund of the said amount of Rs. 8,044,181.13/- with interest of Rs. 15,867,500/- as the same was paid by the plaintiff. The case is pending and further orders of the Court are awaited

Cases filed against GEB

M/s. Mepabhai Mandan v/s GEB [Special Civil Suit No. 4770/1998]

M/s. Mepabhai Mandan had a contract with GEB for construction of Dolatpura Weir across River Mahi for the Kadana Hydro Electric Project amounting to Rs. 117.9 million. The contract was terminated due to poor progress planning, shortage of manpower and material from the contractor. Subsequently, GEB approached the concerned Bank for encashment of Bank guarantee of Rs. 5,900,000 provided by M/s. Mepabhai Mandan. M/s Mepabhai Mandan approached the District Court, Bhuj and filed a Special Civil Suit (31/1998) on April 24, 1998 for non-encashment of Bank guarantee and to appoint sole arbitrator for M/s. Mepabhai Mandan's claims. The aforesaid matter was withdrawn by M/s Mepabhai Mandan on July 1, 1998. Subsequently, M/s Mepabhai Mandan filed Arbitration Petition (18/1998) dated June 29, 1998 for the same against GEB for the same matter in the High Court of Gujarat. The High Court of Gujarat by its order dated August 21, 1998 rejected the application for appointment of sole arbitrator and allowed GEB to encash the aforesaid Bank guarantee. The High Court of Gujarat further gave M/s Mepabhai Mandan a period of 2 weeks time to appeal to the Supreme Court. M/s Mepabhai Mandan filed a Special Leave Petition (4710/1998) before the Supreme Court on September 9, 1998 to appeal against the said order of the High Court of Gujarat. The Supreme Court by its order dated March 13th, 2002 reverted the matter back to the High Court of Gujarat to decide the question of appointment of sole arbitrator and non-encashment of Bank guarantee. M/s Mepabhai Mandan filed a Special Civil Application in June 2002 for non-encashment of the aforesaid Bank guarantee of Rs. 5,900,000, which was not accepted by the High Court. The Bank Guarantee of Rs. 5,900,000 was encashed by GEB on July 3, 2002. Finally, Arbitration Petition has been filed by M/s. Mepabhai Mandan in June 2002. The matter is pending for final hearing before the High Court of Gujarat to decide whether to appoint sole arbitrator or to approach the Government Tribunal for the claim of M/s Mepabhai Mandan.

Bank of Madura Limited (presently merged with ICICI Bank) v/s. Pragati Engineering Limited and GEB [Suit No. 165/97]

M/s. Pragati Engineering Limited was the contractor for the GEB providing fire protection systems for various units of GEB. M/s. Pragati Engineering Limited had not completed the work as per the supply and work order. Despite frequent notices M/s. Pragati Engineering fire protection system did not complete the said process. M/s. Pragati Engineering fire protection system had provided a bank guarantee with the Bank of Madura. On request by GEB, to the Bank of Madura for encashment of the bank guarantees as provided by M/s. Pragati Engineering Limited. Bank of Madura has filed a case with the High Court of Calcutta against GEB and M/s. Pragati Engineering stating that the guarantees referred to by GEB are null and void. Bank of Madura has prayed for a decree for the amount of Rs. 15,718,001 to be paid by M/s. Pragati Engineering Limited. GEB has to file the written statement for the plaint. The case is pending further orders of the Court are awaited.



PROSPECTUS

Income tax Cases.

Cases Pending With CIT

GEB v/s Assessing Officer (A. O.) [Assessment for the Assessment Year 1993- 94].

GEB has filed an appeal to CIT (A) on April 23, 2002 against the order issued by the assessing officer on March 28 2002 for the assessment of the year 1993-94 under section 148 amounting to Rs. 137,997,401/-. The matter is pending for hearing.

GEB v/s A.O. [Assessment for the Assessment Year 1998- 99]

GEB has filed an appeal to CIT (A) on October 8, 2002 against the order issued by the assessing officer on September, 30., 2000 for the assessment of the year 1998-99 under section 143(3) amounting to Rs.1,624,599,976/-. The appeal was filed because A. O. in its order disallowed lease rent amount to Rs. 985,016,566/-, notional interest on advances to GSPCL amounting to Rs.36,54,000/-, prior period expenses of Rs.53,53,28,278/- and other miscellaneous expenses amounting to Rs.100,000/-, provision for gratuity of Rs. 91,080,852/-, outstanding amount of Sales Tax Rs. 506,818/-, bonus amounting to Rs, 8,913,462/-. The matter is pending with CIT (Appeals-II) for hearing.

GEB v/s A.O. [Assessment for the Assessment Year 1999-2000].

GEB has filed an appeal to CIT (A) on April 24, 2002, against the order issued by the assessing officer on March, 27, 2002 for the assessment of the year 1999-2000 under section 143(3) amounting to Rs.,965,573,291/-. Appeal was filed because the A. O. disallowed prior period expenses of Rs.510,489,092/-, provision for bad and doubtful debts of Rs. 38,176,827/-, losses on account of flood and cyclone Rs.219,100,234/-, grant on account of flood and cyclone of Rs. 100,000,000/-, Miscellaneous losses written off of Rs. 5,007,138/-, under statement of income of Rs. 92,800,000/-. The matter is pending with CIT (Appeals-II) for hearing.

GEB v/s A.O. [Assessment for the Assessment Year 2000-2001].

GEB has filed an appeal to CIT (A) on, April 29, 2003 against the order issued by the assessing officer on March 25, 2003, for the assessment of the year 2000-2001 under section 143(3) amounting to Rs. 841,377,611/-. In the order A. O. disallowed provision for bad and doubtful debts of Rs. 149,534,791/-, small and low value items below Rs. 500 of Rs, 134,882/-, shortage of physical verification of material of Rs. 3,050,883/-, losses of material by pilferage of Rs. 1,853,156/-, loss of fixed assets of Rs.44,469,750/-, lease rent of Rs. 54,734,149/-, under statement of income as per Audit Para no. G-30 and G-35 of Rs.99,600,000/-. The matter is pending with CIT (Appeals-I) for hearing.

GEB v/s A.O. [Assessment for the Assessment Year 2001-2002].

GEB has filed an appeal to CIT (A) on April 29, 2004 against the order dtd. March 23, 2004 issued by the assessing officer for the assessment of the year 2001-2002 under section 143(3) for additions made amounting to Rs.1,752,097,334/-. A. O. disallowed provision for bad and doubtful debts of Rs. 103,221,099/-, small and low value items below Rs. 500 of Rs, 127,263/-, shortage of physical verification of material of Rs. 2,670,475/-, losses of material by pilferage of Rs. 1,521,680/-, loss of fixed assets of Rs.116,282,783/- lease rent of Rs. 462,457,833/-, under statement of income as per Audit Para no. G-30 and G-35 of Rs. 1,049,700,000/-, loss of cash Rs. 44,713/-, loss on sale of scrap Rs.6,515,615/- loss on sale of stores Rs. 168,781/-, other losses of Rs.107,357/-, loss on sale of fixed assets of Rs.7,596,145/-, loss claim on account of infrastructure capital expenditure written off of Rs. 1,581,825/- and loss on obsolesce of fixed assets of Rs. 120,765/-. The matter is pending with CIT (Appeals-II) for hearing.

Cases pending with Income tax Appellate Tribunal.

GEB v/s CIT (A) [Assessment for Assessment Year 1985-86]

GEB has filed an appeal with the Income Tax Tribunal on July 2, 1999 against the order No. 1531/99 issued by the CIT (A) for the assessment of the year 1985-86 under section 143 (3) amounting to Rs. 100,000/-. In its order CIT (A) disallowed penalty u/s 271 B. The matter is pending for hearing.

***GEB v/s CIT (A) [Assessment for Assessment Year 1988-89]***

GEB has filed an appeal with the Income Tax Tribunal on July 6, 1999 against the order issued by the CIT (A) on January 18, 1991 for the assessment of the year 1988-89 under section 143(3) amounting to Rs. 180,393/-. In its order CIT (A) disallowed entertainment expenses. The matter is pending for hearing.

GEB v/s CIT (A) [Assessment for Assessment Year 1989-90]

GEB has filed an appeal with the Income Tax Tribunal on July 6, 1999 against the order issued by the CIT (A) on October 11, 1991 for the assessment of the year 1989-90 under section 143(3) amounting to Rs. 158,449/-. In its order CIT (A) disallowed entertainment expenses. The matter is pending for hearing.

GEB v/s CIT (A) [Assessment for Assessment Year 1990-1991]

GEB has filed two appeals with the Income Tax Tribunal on July 6, 1999 against the order issued by the CIT (A) on November, 1992 for the assessment of the year 1990-91 under section 143 (1)(a) and 143 (3). In its order CIT (A) disallowed entertainment expenses of Rs. 120,982/- and electricity duty of Rs. 496,512,181 under Section 250. The matter is pending for hearing.

GEB v/s CIT (A) [Assessment for Assessment Year 1991-1992]

GEB has filed an appeal with the Income Tax Tribunal on July 27, 2000 against the order issued by the CIT (A) on May 31, 2000 for the assessment of the year 1991- 92 under section 143 (3) amounting to Rs.164,987,951/-. In its order CIT (A) disallowed gratuity amounting to Rs. 164,688,902/- and entertainment expenses amounting to Rs. 299,049/- The matter is pending for hearing.

GEB v/s CIT (A) [Assessment for Assessment Year 1992- 1993]

GEB has filed an appeal with the Income Tax Tribunal on July 6, 1999 against the order issued by the CIT (A) on March 11th, 1999 for the assessment of the year 1992-93 under section 143 (3) amounting to Rs. 42,664,296/-. In its order CIT (A) disallowed entertainment expenses amounting to Rs. 205,980/- CPF amounting to Rs. 26,000,000/-, FPF amount to Rs. 16,356,516/- and miscellaneous expenses amounting to Rs. 100,000/- The matter is pending for hearing.

GEB v/s CIT (A) [Assessment for the Assessment Year 1993-94]

GEB has filed an appeal with the Income Tax Tribunal on July 6, 1999 against the order issued by the CIT (A) on March 11, 1999 for the assessment of the year 1993-94 under section 143 (3) amounting to Rs. 176,374,373/-. In its order CIT (A) disallowed entertainment expenses amounting to Rs. 242,420/-, CPF amounting to Rs. 156,516,333/-, FPF amounting to Rs. 19,515,620/- and miscellaneous expenses amounting to Rs. 100,000/- The matter is pending for hearing.

GEB v/s CIT (A) [Assessment for Assessment Year 1994-95]

GEB has filed an appeal with the Income Tax Tribunal on July 6, 1999 against the order issued by the CIT (A) on December 03, 2003 for the assessment of the year 1994-95 under section 143 (3) amounting to Rs. 1,439,896,278/-. In its order CIT(A) disallowed CPF amounting to Rs. 2,25,56,214/-, FPF amounting to Rs. 201,200,000/-, miscellaneous expenses amounting to Rs. 100,000/- and loss of fixed assets amounting to Rs. 338,862/- and lease rent amounting to Rs. 354,116,082/- and for disallowance of electricity duty amounting to Rs. 861,101,120/- on July 2, 1999. The matter is pending for hearing.

GEB v/s CIT (A) [Assessment for the Assessment Year 1995-96]

GEB has filed an appeal with the Income Tax Tribunal on July 6, 1999 against the order issued by the CIT (A) on March 11, 1999 for the assessment of the year 1995-96 under section 143 (3) amounting to Rs. 874,880,530/-. In its order CIT (A) disallowed CPF amounting to Rs. 67,020,000/-, FPF amounting to Rs. 65,719/-, miscellaneous expenses amounting to Rs. 100,000/- and loss of fixed assets amounting to Rs. 569,569/- and lease rent amounting to Rs. 807,145,242/-. The matter is pending for hearing.



PROSPECTUS

GEB v/s CIT (A) [Assessment for the Assessment Year 1997-1998]

GEB has filed an appeal with the Income Tax Tribunal on December 10, 2002 against the order issued by the CIT (A) on October 8, 2002 for the assessment of the year 1997-98 under section 143 (3) amounting to Rs. 971,416,320/-. In its order CIT (A) disallowed prior period expenses amounting to Rs. 917,076,125/-, guest house expenses amounting to Rs. 6,189,645/-, notional interest amount to Rs. 3,906,000/, deferred revenue expenses amounting to Rs. 44,244,553/- The matter is pending for hearing.

Arbitration

GEB v/s. Pragati Engineering fire protection system

M/s. Pragati Engineering fire protection system was the contractor for the GEB providing fire protection systems for four orders of GEB. M/s. Pragati Engineering fire protection system had not completed the work as per the Supply and work order. Despite frequent notices M/s. Pragati Engineering fire protection system did not complete the said process. GEB has filed an arbitration petition with the Sole Arbitrator, Mr. B J Diwan and have claimed for an amount of 15,000,000. There have been three sittings carried out for the Arbitration. The case is pending with the Arbitrator as of date.

GUJARAT ALKALIES AND CHEMICALS LIMITED

Contingent Liabilities not provided for as on March 31st 2005:

- 1) The company has given corporate guarantees aggregating to Rs. 91.038 millions to Housing Development Finance Corporation Limited (HDFC) for housing loans extended to employees. Total outstanding of the loans given by HDFC to under the arrangement: Rs. 40.09 millions.
- 2) (i) Estimated Amount of contracts on Capital Account remaining to be executed and not provided for are: Rs. 558.932 millions.
(ii) Amount for Land at Dahej not determined.
- 3) Claims from various parties disputed but not acknowledged as debt: Rs. 537.649 millions.
- 4) Guarantees given by the company's bankers for various purposes: Rs. 116.908 millions.
- 5) Disputed Purchase tax liability for FY 1998 ñ 99 (Net of provision made): 45.304 millions.

Outstanding Litigation

Cases against the Director of GACL

K.R.Vasudevan v/s. C.S.Mani and A.J.Patel (RCS NO. 150/05 dtd. 11/02/2005)

Mr. K.R.Vasudevan has filed a Civil Suit against Mr. C.S.Mani and Mr. A.J.P2tel claiming compensation of Rs.1,00,000/- in civil Court of Vadodara. The next date of hearing is fixed on September 29, 2005.

K.R.Vasudevan v/s. C.S.Mani and A.J.Patel (C.C. NO. 484/05 dtd. 11/02/2005)

Mr. K.R.Vasudevan has filed above complaint for defamation under IPC in the Court of Chief Judicial Magistrate, Vadodara against Mr. C.S.Mani and Mr. A.J.Patel. The next date of hearing is fixed on September 23, 2005.

**Indirect Tax Litigation****Cases Filed by the Company****Gujarat Alkalies and Chemicals Limited v/s. Commissioner of Central Excise & Customs, Vadodara-II (Appeal No. E 2358/03)**

Refund claim via GACL/Refund/NAP/1/2001 was filed by GACL before the Deputy Commissioner, Central Excise & Customs, Vadodara on March 23, 2001 for Cenvat Credit on use of Naptha as it was used for generation of electricity. As per the Cenvat Credit, Excise duty paid on Naptha is refundable if Naptha is used within factory premises for generation of electricity. The refund claim was of Rs. 45,346,794 for the period of March 2000 to January 2001. However, the Deputy Commissioner, Central Excise & Customs, Vadodara by his order dated March 29, 2004 held that the refund claim should be filed at Dahej since the documents pertain to the Dahej Plant and the electricity is generated and wheeled out to Baroda from the Dahej Plant. Thereafter, the Refund claim was filed at Dahej on August 12, 2002 before the Assistant Commissioner, Bharuch. The claim was rejected on the ground of limitation. Subsequently, GACL filed an appeal before CESTAT, Mumbai on August 23, 2003. A Miscellaneous Application dated December 29, 2004 has been filed for early hearing. The matter was last heard on June 14, 2005 at CESTAT, Mumbai. The refund claim was granted on June 14, 2005 vide order no. A/1112/W2B/2005 CII.

Gujarat Alkalies and Chemicals Limited v/s. Commissioner of Central Excise & Customs, Vadodara-II (Appeal no: E/248/04)

Notice was served on GACL from the Assistant Commissioner, Central Excise & Customs, Vadodara that Cenvat Credit on Naptha availed by GACL must be reversed since Naptha was also being used for FSNL (Full Speed No Load). As per the Cenvat Credit, Excise duty paid on Naptha is refundable if Naptha is used within factory premises for generation of electricity. It was contended that Naptha being used for FSNL did not generate electricity by itself and therefore the amount of Cenvat Credit thereof of Rs. 16,337,064.51 for the period of July 1998 to July 1999 must be reversed. The aforesaid notice was confirmed by the Commissioner of Central Excise & Customs, Vadodara by order dated October 30, 2001 and penalty of Rs. 14,656,170 and additional penalty of Rs. 500,000 was imposed. The premium amount under protest of Rs. 16,337,064.51 has been already deposited by GACL. GACL has filed an appeal against the said order before the CESTAT, Mumbai on January 8, 2004. Further, GACL has obtained an interim stay for a period of 180 days for recovery of the penalty on March 16, 2004. However, further application has been filed for extension of stay on December 23, 2004. The matter was last heard on July 11, 2005. The matter is pending for orders.

Gujarat Alkalies and Chemicals Limited v/s. Commissioner of Central Excise & Customs, Vadodara-II (Appeal No. E/2259/03)

Notice was served on GACL from the Assistant Commissioner, Central Excise & Customs, Vadodara that Cenvat Credit on Naptha availed by GACL must be reversed since Naptha was also being used for FSNL (Full Speed No Load). As per the Cenvat Credit, Excise duty paid on Naptha is refundable if Naptha is used within factory premises for generation of electricity. It was contended that Naptha being used for FSNL did not generate electricity by itself and therefore the amount of Cenvat Credit thereof of Rs. 22,995,096 for the period of August 1998 to March 2000 must be reversed. The aforesaid notice was confirmed by the Additional Commissioner of Central Excise & Customs, Vadodara by order dated October 30, 2001. The premium amount under protest of Rs. 22,995,096 has been already deposited by GACL. Thereafter, GACL has filed an appeal against the said order before Commissioner of Central Excise & Customs, Vadodara which was rejected. Finally, GACL appealed before CESTAT, Mumbai on August 11, 2003. The matter was last heard on July 11, 2005. The matter is pending for orders.

Gujarat Alkalies and Chemicals Limited v/s. Commissioner of Central Excise & Customs, Vadodara-II Appeal (S.T.I 87/2002)

The Commissioner of Central Excise, Customs & Service Tax issued a notice to GACL on June 19, 2001 demanding payment of service tax for availment of various transport services for supply of goods at Baroda. The Commissioner of Central Excise, Customs & Service Tax confirmed the notice in his order dated February 11, 2000 that the service user is liable to pay service tax on transport services availed as per section 117 of the Finance Act, 2000 and ordered GACL to pay Service Tax of Rs. 1,374,177 plus interest of Rs. 1,549,669. The total amount under protest of Rs 2,923,846 has been already deposited by GACL. Thereafter, GACL filed an appeal before CESTAT, Mumbai on May 1, 2002. Further orders of the Tribunal are awaited.



PROSPECTUS

Gujarat Alkalies and Chemicals Limited v/s. Commissioner of Central Excise & Customs, Vadodara-II Appeal (S.T.I 88/2002)

The Commissioner of Central Excise, Customs & Service Tax issued a notice to GACL on June 19, 2001 demanding payment of service tax for availment of various transport services for supply of goods at the Dahej Plant. The Commissioner of Central Excise, Customs & Service Tax confirmed the notice in his order dated February 1, 2000 that the service user is liable to pay service tax on transport services availed as per section 117 of the Finance Act, 2000 and ordered GACL to pay Service Tax of Rs. 570,274 plus interest of Rs. 255,636. The total amount under protest of Rs 825,910 has been already deposited by GACL. Thereafter, GACL filed an appeal before CESTAT, Mumbai on May 1, 2002. Further orders of the Tribunal are awaited.

Gujarat Alkalies and Chemicals Limited v/s. Commissioner of Central Excise & Customs, Vadodara-II (Appeal No. E/2318/03)

The Preventive personnel of the Excise Department, Vadodara on inspection of the Baroda Plant issued a notice for payment of excise duty on scrap material at the plant. The Commissioner, Central Excise, Customs & Service Tax confirmed the notice its order which stated that scrap material would fall within the definition of 'manufactured' and thus Excise duty would be payable on the same. The order imposed Excise duty of Rs. 740,000 plus equivalent penalty of Rs. 740,000 for delayed payment. GACL has filed an appeal against the aforesaid order before CESTA Appeal was allowed vide Order No. C III/1126-1127/W2B passed by CEASTA for redetermination. Jt. Commissioner confirmed the Order vide OIO/5/BRC/MP/JCID/1. We filed Appeal with Comm.(Appeal). Commissioner (A) allowed our Appeal. But, now the department has gone for Appeal at CEASTAT against Commissioner (A) Order.

Cases pending before CESTAT for Customs Duty

Appeal against Demand Notice for differential Customs Duty on Import of ISO-Amyl Alcohol

(CESTAT ñ Appeal No. C/110/03)

GACL had received a Show-Cause Demand Notice of differential duty of Rs.7,493,258/- from Custom Department for Less Charge of Custom Duty towards import of ISO-Amyl Alcohol. Against the order of Dy.Commissioner an appeal was made to Commissioner of Customs and the order was passed in GACL's favour and order passed by Dy.Commissioner was set aside. Custom Department filed an appeal to Tribunal where the order was passed against us and the Demand for Less Charge of Custom Duty was confirmed. Against the order passed by the Tribunal. We have filed an appeal in the Hon'ble High Court at Mumbai. Our case was heard by Hon'ble High Court on July 25, 2005 and High Court has passed order admitting the petition and that the Tribunal shall hear the Appeal before it on merits of the case.

At present the case is pending with the Tribunal (CESTAT).

Appeal against Demand Notice of Custom Dept. for imports of capital goods items of MC-II Project ñ (Appeal No.C/627-R/96óBOM dtd.28-11-1996 before CESTAT)

GACL had imported Ion-Exchange Resins, Anthracite & Rubberlining Material for our MC-II Project against EPCG License and concessional Custom Duty was paid as per EPCG Scheme. Subsequently, Less Charge Demand Notice was issued by Custom Department for Rs.17.15 millions stating that these items cannot be considered as Capital Goods. Against Less Charge Demand Notice of Custom Department, appeals were made at various stages and finally to Hon'ble Supreme Court and an order dated November 04, 1999 has been passed that the Tribunal has not considered the arguments advanced on behalf of the company for consideration of these items as Capital Goods and ordered to restore the Appeal to the Tribunal (CESTAT) and hear the same afresh with due regard to what is stated in the order of the Hon'ble Supreme Court dated July 25, 2005. Hearing is yet to be held by CESTAT.

Winding Up Petitions

GACL v/s Gaekwad Marketing Private Limited (ëRespondenti).(223/02) at High Court of Gujarat Ahmedabad.

Gaekwad Marketing Private Limited was a dealer of GACL for marketing various products. Gaekwad Marketing Private Limited had not made the payments of the outstanding over dues of Rs. 1,672,044.12 as on November 22,



2002. Subsequently the company had filed a winding up petition no. 223 of 2002 dated November 28, 2002. The company demanded payment of the principal amount of Rs.1,672,044.12 and interest @ of 21% of Rs. 7,418,574.58 and the company prayed to wind up and appoint an official liquidator to take charge of all assets and affairs and to restraint its directors from alienating and/or creating charge over the assets of M/s Gaekwad, under the provisions of the Companies Act, 1956. The respondents have not yet appeared nor filed anyreply with the Court. The Court by its order dated March 20, 2003 directed the petitioner to publish notice of petition in the newspaper namely Times of India (Ahemedabad) and Gujarat Samachar (Baroda edition). The matter is at the stage of final order. The next date of hearing is yet not fixed by the Court.

GACL (Petitioner) v/s Mehta Organics Private Limited (Respondent). 222/02) at High Court of Gujarat Ahemedabad.

Mehta Organics Private Limited was purchasing various products manufactured by GACL as a dealer. During the period March 7, 2001 to August 30, 2001 there was outstanding over dues of principal of Rs.10,534,854 as on 22/11/2002. Hence the company had filed a winding up petition no. 222 of 2002 dated November 23, 2002. The company demanded payment of the principal amount of Rs. 10,534,854 and interest @ of 21% of Rs.318,966.50 and the company prayed to wind up and appoint an official liquidator to take charge of all assets and affairs and to restraint its directors from alienating and/or creating charge over the assets of Mehta Organics Private Limited under the provisions of the Companies Act, 1956. The respondents have filed an affidavit in reply dated April 4, 2003 and submitted that the petitioner has alternative remedies of filing a civil suit instead of the winding up petition and requested the court to convert the petition into a civil suit to the original jurisdiction of the appropriate civil court. The matter was last listed for hearing on December 23, 2003. The matter is at the stage of commencement of arguments by the respondent; however the next date of hearing is yet not fixed by the Court.

Indu Nissan Oxo Chemical Industries Limited (224/02) in the High Court of Gujarat Ahemedabad.

Indu Nissan Oxo Chem was receiving Hydrogen gas manufactured by GACL. Indu Nissan Oxo Chem had not made the payments of the outstanding over dues of Rs. 10,582,622 over a period of November 17, 1997 to September 22, 1999 and hence GACL had filed a winding up petition no. 224 of 2002 at High Court of Gujarat. In the said petition GACL demanded payment of Rs.18,899,090.13 (inclusive of interest) and the company prayed to wind up and appoint an provisional official liquidator to take charge of all assets and affairs and to restraint its directors from alienating and/or creating charge over the assets of the company under the provisions of the Companies Act, 1956. The respondents have made oral submissions before the Court that M/s Indu Nissan is under the Board for Industrial Finance and Reconstruction (BIFR). The said matter is at the stage of commencement of the arguments by the respondents of the respondents. The last date of hearing was August 16, 2004 and the next date of hearing is yet not fixed by the Court.

Civil Suits

GACL v/s Jay Enterprise (Civil Suit no. 350/96).

M/s Jay Enterprise was a dealer of GACL and was purchasing chemical manufactured by GACL. As it had not paid principle outstanding of Rs. 9.70 millions, GACL had filed a special civil suit no. 350/1996 dated June 18, 1996 in the Civil Court Vadodara. Only one defendant had file a written statement on January 28, 1997 and hence the stage for reply for other defendants was closed and at present the matter is at the stage of framing issues. Last date of hearing was on March 30, 2005, however due to flood situation in the city, next date of hearing is not fixed by the court.

GACL v/s Sainath Corporation(421/96).

M/s. Sainath Corporation (iParty) has purchased Caustic Soda Lye (iMaterial) from the GACL worth Rs.10,44,702.74 /- during the period of 1991-1995. The Party has not made the required payment of the above stated amount against the purchase of the material. The GACL has filed special civil suit no. 421/1996 on July 18,1996 in the Court of Civil Judge (SD), Baroda for an amount of Rs. 1,860,977.25 /-[inclusive of Principal Amount of Rs. 1,044,702.74 / - plus Interest of Rs.816,274.51 /-]. The matter is at the stage of framing of issues and next date of hearing is fixed on December 31, 2005 by the court.



PROSPECTUS

GACL v/s. M/s. Swaminarayan Enterprises (981/1996)

M/s. Swaminarayan Enterprises (iPartyi) has purchased Hydrochloric Acid, Liquid Chlorine and Caustic Soda Lye (iMateriali) from the GACL worth Rs. 2,354,188/- during the period of 1995-1996. The Party has not made the required payment of the above stated amount against the purchase of the Material. The GACL has filed Special Civil Suit No. 981/1996 on December 12, 1996 in the Court Of Civil Judge (SD), Baroda for an amount of Rs. 2,840,929.67/- [inclusive of Principal Amount of Rs. 2,354,188/- plus interest of Rs.486,741.67/-]. The matter is at the stage of framing of issues and next date of hearing is fixed on December 31, 2005 by the court.

GACL v/s. Mrudula Enterprise (395/98).

M/s. Mrudula Enterprises (iPartyi) has purchased Caustic Soda Lye (iMateriali) from the GACL worth Rs.2,2 01,437 /- during the period of 1993-94. The Party has not made the required payment of the above stated amount against the purchase of the Material. The GACL has filed Summary Suit No. 395/1995 on in the Court Of Civil Judge (SD), Baroda for an amount of Rs.4,185,070/- [inclusive of Principal Amount of Rs. 2,201,437 /- plus interest of Rs. 1,983,633/-]. The matter is at the stage of framing of issues and the last date of hearing was July 12, 2005. The next date of hearing is not fixed by the Court.

GACL v/s. M/s Mudra Marketings and Others (82/2001)

M/s Mudra Marketings and Others (iPartyi) has purchased Liquid Chlorine and Caustic Soda Lye (iMateriali) from the GACL worth Rs. 1,215,774/- during the period of 1997. The Party has not made the required payment of the above stated amount against the purchase of the Material. The GACL has filed Summary Suit No. 82/2001 on January 29, 2001 in the Court of Civil Judge (SD), Baroda for an amount of Rs. 2,236,755/- [inclusive of Principal Amount of Rs. 1,215,774/- plus interest of Rs.10,20,981/-]. The matter is at the stage of framing of issues and further orders of the Court are awaited.

GACL v/s. M/s. Elegant Pharmaceutical Limited (734/97)

M/s. Elegant Pharmaceutical Ltd. (iPartyi) has purchased Methylene Chloride and Hydrochloric Acid (iMateriali) from the GACL worth Rs.629,367 /-. The Party has not made the required payment of the above stated amount against the purchase of the material. The GACL has filed Summary Suit No. 734/1997 on in the Court Of Civil Judge (SD), Baroda for an amount of Rs. 846,394 /- [inclusive of Principal Amount of Rs. 629,367 /- plus Interest of 217,027/-]. The matter is at the stage of execution of decree at High Court, Bombay whereby the party has been directed to make payment of an amount of Rs. 846,394 /- with running interest of 18% p.a. from the date of institution of the suit.

GACL v/s. M/s. High Trend Alriva Internation Pte. Ltd, Singapore and Others (19/2000)

M/s. High Trend Alriva Internation Pte. Ltd, Singapore and Others (iPartyi) has purchased Caustic Soda flakes (iMateriali) from the GACL worth Rs. 644,803/- during the period of 1997. The Party has not made the required payment of the above stated amount against the purchase of the material. The GACL has filed Summary Suit No. 19/2000 on January 6, 2000 in the Court Of Civil Judge (SD), Borada for an amount inclusive of Principal Amount of Rs. 644,803/- /- plus Interest of 21% p.a. The matter is at the stage of serving of summons to the First Defendant at Singapore.

GACL v/s Kopran Limited (Special Civil Suit No. 197/2003 Civil Court of Vadodara).

Kopran Limited was purchasing various chemicals manufactured by the company. Against their purchase there was outstanding of principle sum of Rs. 15,117,061/- and hence GACL had filed a special civil suit no. 197/2003 at civil court Vadodara for recovery of a total sum of Rs. 22,712,992.11 (Interest of Rs.7,595,931.11/- at 21% p.a.). Defendant had filed an application to reject the suit based on the ground of proper jurisdiction. The matter has been argued by GACL and is kept for order on September 14, 2005.

***GACL v/s Star Chemical (Bombay) Private Limited (Civil Suit no. 189/2003)***

Star Chemical (Bombay) Private Limited was a dealer of GACL and was purchasing Phosphoric acid manufactured by GACL, however as it had not paid its outstanding overdue of Rs. 5.635 millions, GACL had filed C. S. no 189/2003 dated March 28, 2003 for Rs. 8.851 millions in the Civil Court, Vadodara. The said matter is at the stage of filing reply by Star Chemical (Bombay) Private Limited. The next date of hearing is fixed on September 12, 2005.

GACL v/s Citichem India Limited (Civil Suit No. 198/2003).

M/s Citichem was purchasing chemicals manufactured by GACL. In respect of the outstanding overdue of Rs. 8.233 millions. GACL had filed civil suit no. 198/2003 dated March 29, 2003 claiming Rs. 10.367 millions, in the Civil Court, Vadodara. The matter is in the stage of framing of the issues, and is fixed for hearing on September 29, 2005.

GACL v/s Northen Alkalies Limited (Special Civil Suit No. 195/2003).

Northen Alkalies Limited was purchasing various chemicals manufactured by the company. And against their purchase there was outstanding of principle sum of Rs 2,013,667.00 and hence GACL had filed a special civil suit no. 195/2003 dated March 29, 2003 at Civil Court, Vadodara for recovery of a total sum of Rs.3,198,896.37 (Interest of Rs.1,185,229.37/- at 21% p.a.). The matter is kept for hearing on November 1, 2005.

GACL v/s Surya Pharmaceuticals Limited (Special Civil Suit 682/2003).

Surya Pharmaceuticals Limited was purchasing various chemicals manufactured by the company. And against their purchase there was outstanding of principle sum of Rs 1,840,235.00 and hence GACL had filed a special civil suit no. 682/2003 dated December 12, 2003 at Civil Court, Vadodara for recovery of a total sum of Rs. 4,129,822.00 (Interest of Rs. 1,034,568.96 /- at 21% p.a.). The Defendant has filed a written statement on March 8, 2004. The defendant contended that the suit be barred due to lack of territorial jurisdiction and is also not maintainable under the provisions of the Limitation Act. The matter is at the stage of order. The next date for hearing is fixed on September 30, 2005.

GACL v/s Wellwin Trading Company Private Limited (712/2003).

Wellwin Trading Private Company Limited was purchasing various chemicals manufactured by the company. And against their purchase there was outstanding of principle sum of Rs. 18,330,323.00 and hence GACL had filed a special suit no. 712/2003 dated December 29, 2003 at Civil Court, Vadodara for recovery of a total sum of Rs. 22,928,479.26 (Interest of Rs. 4,598,156.26). The next date for hearing is fixed on September 17, 2005.

GACL v/s Minaxi Chemicals Private Limited (Summary suit no. 186/2004).

Minaxi Chemicals Private Limited was purchasing various chemicals manufactured by the company. And against their purchase there was outstanding of principle sum of Rs. 6,48,519/- and hence GACL had filed a special civil suit no. 186/2004 dated 31st March 2004 at civil court Vadodara for recovery of a total sum of Rs. 8,83,755.00 (Interest of Rs. 2,35,236.00 /- at 21% p.a.). The next date for hearing is fixed on September 8, 2005.

GACL v/s DAP Chemical Corporation (Summary suit no. 187/2004).

M/s DAP Chemical corporation was purchasing various chemicals manufactured by the company. And against their purchase there was outstanding of principle sum of Rs. 29.457 millions and hence GACL had filed a summary suit no. 187/2004 dated March 31, 2004 at civil court Vadodara for recovery of a total sum of Rs. 36.904 millions (Interest of Rs. 7.447 millions). In the said matter defendants had filed affidavit dated September 30, 2004 for leave of defense, which was conditionally granted, by the court. The Hon'ble Judge has passed order for making decree on the suit. The judge passed a decree dated June 22, 2005 in favour of GACL for an amount of Rs. 29.5 millions along with interest @ 9% p.a. from the date of filing of the suit. The next date is not fixed by the court. The matter is at the stage of order for judgement decree.



PROSPECTUS

GACL v/s Mehta Organics Private Limited.(Special civil suit 222/2004).

The company has also filed a special civil suit in Vadodara of no. 222/2004 dated April 23, 2004 for recovery of principal amount of Rs. 10,534,854 and interest of Rs.5,269,292 @ of 18% p.a. The matter is at the stage of filing of reply by the defendants. Mehta Organics Private Limited was purchasing various products manufactured by GACL as a dealer. During the period March 7, 2001 to August 30, 2001 there was outstanding over dues of principal of Rs.10,534,854 as on November 22, 2002. Hence the company had filed a winding up petition no. 222 of 2002 dated November 23, 2002. The company demanded payment of the principal amount of Rs. 10,534,854 and interest @ of 21% of Rs.318,966.50 and the company prayed to wind up and appoint an official liquidator to take charge of all assets and affairs and to restraint its directors from alienating and/or creating charge over the assets of Mehta Organics Private Limited under the provisions of the Companies Act, 1956. The respondents have filed an affidavit in reply dated April 4, 2003 and submitted that the petitioner has alternative remedies of filing a civil suit instead of the winding up petition and requested the court to convert the petition into a civil suit to the original jurisdiction of the appropriate civil court. The matter was last listed for hearing on December 23, 2003. The matter is at the stage of commencement of arguments by the respondent. The next date of hearing is September 26, 2005.

GACL v/s Pragati Progressives Private Limited (290/04) Special Civil Court of Vadodara

Pragati Progressives Private Limited was purchasing various chemicals manufactured by the company. And against their purchase there was outstanding of principle sum of Rs. 13,990,937.63 and hence GACL had filed a summary suit no. 290/2004 dated June 18, 2004 at civil court Vadodara for recovery of a total sum of Rs. 17.6 millions (Interest of Rs. 3,644,305.99/-). The next date for hearing was fixed on August 20, 2005. The matter is at the stage of hearing arguments.

M/s Indu Nissan Oxo Chemical Industries Limited Special Civil Suit No. 310/2004, Vadodara.

GACL has filed a special civil suit no. 310/2004 on June 25, 2004 in the civil court of Vadodara for recovery an amount of Rs. 21,910,353.47 (Principal Amount 10,582,622.00). The matter is at the stage of filing of reply by the Defendants. Indu Nissan Oxo Chem was receiving Hydrogen gas manufactured by GACL. Indu Nissan Oxo Chem had not made the payments of the outstanding over dues of Rs. 10,582,622 over a period of November 17, 1997 to September 22, 1999 and hence GACL had filed a winding up petition no. 224 of 2002 at High Court of Gujarat. In the said petition GACL demanded payment of Rs.18,899,090.13 (inclusive of interest) and the company prayed to wind up and appoint an provisional official liquidator to take charge of all assets and affairs and to restraint its directors from alienating and/or creating charge over the assets of the company under the provisions of the Companies Act, 1956. The respondents have made oral submissions before the honorable justice that m/s Indu Nissan is under the Board for Industrial Finance and Reconstruction (BIFR). The said matter is at the stage of commencement of the arguments by the respondents of the respondents. The next date of hearing is August 31, 2005.

GACL v/s BASP Chemical Products Limited (Summary suit no. 350/04.).

BASP Chemicals Private Limited was purchasing various chemicals manufactured by the company. And against their purchase there was outstanding of principle sum of Rs. 192,275/- and hence GACL had filed a summary suit no. 350/2004 dated July 15, 2004 at civil court Vadodara for recovery of a total sum of Rs. 297,613.80 (Interest of Rs. 105,338.00 /- at 21% p.a.). the matter is at the stage of framing of issues and is kept for further hearing on September 23, 2005.

GACL v/s Agarwal Chem Productions (India) Private Limited (Summary suit no. 351/04).

Agarwal Chem Productions (India) Private Limited was purchasing various chemicals manufactured by the company. And against their purchase there was outstanding of principle sum of Rs. 1,326,759 /- and hence GACL had filed a summary suit no. 351/2004 dated July 15, 2004 at civil court Vadodara for recovery of a total sum of Rs. 2,240,204.10 (Interest of Rs. 713,445.10 /- at 21% p.a.). Return statement has been filed by the defendant and the Judge has directed to deposit 30% of the suit amount within one month. However the party has started making payment on agreed terms. The next date for hearing is fixed on September 29, 2005.

***Gaekwad Marketing Private Limited (432/04).***

GACL v/s Gaekwad Marketing Private Limited (Respondent). (Special Civil Suit 432/2004.) GACL has filed a special civil suit 432 of 2004 dated September 1, 2004 for recovery of Rs. 30,380,266.74 (Principal amount 16,727,944.12). The matter is at the stage of filing reply by the defendant and is listed for hearing on August 3, 2005. Gaekwad Marketing Private Limited was a dealer of GACL for marketing various products. Gaekwad Marketing Private Limited had not made the payments of the outstanding over dues of Rs. 1,672,044.12 as on November 22, 2002. Subsequently the company had filed a winding up petition no. 223 of 2002 dated November 28, 2002. The company demanded payment of the principal amount of Rs.1,672,044.12 and interest @ of 21% of Rs. 7,418,574.58 and the company prayed to wind up and appoint an official liquidator to take charge of all assets and affairs and to restrain its directors from alienating and/or creating charge over the assets of M/s Gaekwad, under the provisions of the Companies Act, 1956. The respondents have not yet appeared nor filed and reply with the court. The court has ordered on March 20, 2003 directed the petitioner to publish notice of petition in the newspaper namely Times of India (Ahmedabad) and Gujarat Samachar (Baroda edition). The matter is at the stage of final order. The next date of hearing is September 15, 2005.

Albright & Wilson Chemicals India Ltd. (SS No. 158/2005).

Company has filed S.S. for recovery of sales overdues of Rs. 4.46 millions (Which includes interest) and the matter is at the stage of service of filing of affidavit by GACL for issue of summons for judgement. The next date of hearing is fixed on September 30, 2005.

Labour Cases***Rajubhai Ambalal. v/s Virat Engineering Private. Limited. & GACL (WC 58 of 2004)***

Virat Eng. Pvt. Ltd. is a contractor for the Company with regards to repairing and servicing of boilers. Mr. Rajubhai Ambalal was employed as a labourer by Virat Engineering Private Limited. An accident occurred while handling some material while repairing the boiler, whereby Mr. Rajubhai Ambalal lost two fingers in his left hand. Mr. Rajubhai Ambalal has filed a compensation claim with the workmen compensation court at Baroda for an amount of Rs. 100,000 with 50% penalty and 18% penal interest on July 5, 2004. The Company has contended that Mr. Rajubhai Ambalal is a contract labourer and the contractor has taken insurance from National Insurance Company and the contractor is liable for the same. The case is pending and the next date for hearing is August 29, 2005.

Ramanbhai Bhupatbhai Parmar v/s. Mahakali Caterers & GACL (LCV 603 of 1990)

Mahakali Caterers was a contractor with the company regarding catering services and Ramanbhai Bhupatbhai Parmar was employed by the contractor. His employment with the contractor terminated on June 17, 1990. Subsequently he filed a case with the Labour Court Vadodra for reinstatement with full back wages. The company was made a party to the same in 2001 as principal employer. The company contended that Ramanbhai Bhupatbhai Parmar is a contract labour employed to the contractor and the company is not liable for the same. The case is pending and the next date for hearing is October 7, 2005.

Arvind S Rajput v/s. GACL & Narmadeshwar Enterprise (LCV 1115 of 2000 & 62 of 2002).

Narmadeshwar Enterprise is a contractor with the company regarding labour supply for casual unskilled work and Arvind S Rajput was employed by the contractor. His employment with the contractor was terminated on October 29, 1989. Subsequently he filed a case with the Labour Court Vadodra in the year 1990 for reinstatement with full back wages. The Labour Court passed an order on April 20, 2000 for reinstatement with full backwages was passed against the company and the contractor. Subsequently Arvind S Rajput filed a recovery application in the LCV on November 9, 2000 for recovery of full backwages. The company contended that Arvind S Rajput is a contract labour employed to the contractor and the company is not liable for the same. The case is pending and further orders of the court are awaited. Arvind S Rajput was reinstated after the order of the court dated April 20, 2000 was passed. However his contract of employment expired in the year 2002 and his services were terminated by the contractor. Arvind S Rajput has filed another recovery application for recovery of wages from the dated of termination in the Labour Court. The case is pending and the next date for hearing in LCV 1115 of 2000 is on September 22, 2005 and LCV 62 of 2002 is on September 29, 2005.



PROSPECTUS

Dhirajsinh N Chhasatia v/s. GACL & Narmadeshwar Enterprise (LCV 1665 of 1998).

Narmadeshwar Enterprise is a contractor with the company regarding job work in chlorine bottling plant. Dhirajsinh N. Chhasatia was employed by the contractor. His employment with the contractor was terminated in the year October 10, 1997. Subsequently he filed a statement of claim with the Labour Court Vadodra on October 11, 1999 for reinstatement with full back wages. The company in its written statement filed in the Court in 2000 and contended that Dhirajsinh N Chhasatia is a contract labour employed to the contractor and the company is not liable for the same. The case is pending and the next date for hearing is September 27, 2005.

Vithal Babu Gohil & Other v/s. GACL & M/s Shree Bhagwati Krupa (LCV 696 of 1990).

M/s Shree Bhagwati Krupa is a contractor with the company regarding gardening work. Vithal Babu Gohil was employed by the contractor. His employment with the contractor was terminated. Subsequently he filed a case in 1990 with the Labour Court Vadodra on for reinstatement with full back wages. The company was made a party to the case in the year 2000. The company in its reply filed in the court contended that M/s Shree Bhagwati Krupa is a contract labour employed to the contractor and the company is not liable for the same. The case is pending and further orders of the Court are awaited.

Natwarsingh S Maheda v/s. GACL & M/s Vikas Enterprise (LCV 632 of 2004).

M/s Vikas Enterprise is a contractor with the company regarding handling of materials and unloading of materials at the KCL plant. Natwarsingh S. Maheda was employed by the contractor. He was transferred by the contractor to the Dahej Plant. Natwarsingh S. Maheda did not report at the Dahej plant and subsequently he contended before the Labour Commissioner that his employment with the contractor was terminated in 2004. Subsequently, on basis of the reference of the Labour Commissioner LCV has issued a notice dated December 1, 2004 for hearing and filing of notice of claim with the Labour Court Vadodra. The statement of claim is to be filed by Natwarsingh S Maheda by January 13, 2005. The company is to file its reply with the court by October 12, 2005.

Sukhdev Sharma v/s. GACL & M/s Neela Constructions (WCC 4 of 1997).

M/s Neela Constructions is a contractor with the company regarding civil construction work at the Dahej Plant. Sukhdev Sharma was employed by the contractor. He sustained multiple fractures due to fall from a height in the course of his employment at the Dahej Plant. Subsequently he filed a case in April 7, 1997 with the WCC for a compensation of an amount of Rs. 72,856 with 12% interest in addition to 50 % penalty. The company in its reply filed in the court contended that Sukhdev Sharma is a contract labour employed to the contractor and the company is not liable for the same. The case is pending and further orders of the Court are awaited.

R B Choksi v/s. GACL (Civil Appeal No. 3 of 1995).

R B Choksi had file a suit for the change of his birth date in the Sr. Division court in May 1992. Then the Senior Division Court rejected the application of R B Choksi dated September 30, 1995. As per the records of the company had completed 60 years of age in November 1, 1995. Subsequently he retired from his services on 31st October 1995. Thereafter R B Choksi has filed an appeal in the District court on January 6, 1996. He contended before the court to correct his birth date records in the company and reinstate him. The company in its reply filed contended that the birth date mentioned in the school leaving certificate is the correct date and has been rightfully retired based on the school leaving certificate. The case is pending and further orders of the court are awaited..

Vinod kumar Yadav v/s M/s Nila Constructions &GACL (WCC 2 of 2002).

M/s Nila Constructions is a contractor with the company regarding civil construction work at the Dahej Plant. Vinod Kumar Yadav was employed by the contractor. He died due to fall from a height in the course of his employment at the Dahej Palnt. Subsequently, the company deposited the compensation amount of Rs. 135,615.25 at the WCC at Bharuch. On an application by the father of Vinod kumar Yadav the case was transferred to the WCC Muzzaffarpur on September 20, 2000. He disputed the compensation amount payable to him. He contended that wage rate of his son was Rs. 100 per day and not Rs. 47.75 as calculated by the company and the gross amount payable to him was Rs. 216,900.00 and 10% interest and penalty as per the discretion of the court. The company in its reply filed in the court in 2000 and contended that Vinod Kumar Yadav was liable to the compensation rightfully calculated on the wage rate of Rs. 47.75 only. The case is pending and further orders of the Court are awaited.

***GACL v/s Regional Provident Fund Commissioner Vadodara & another (Appeal No. 324(5) of 2002 EPF Appellate Tribunal, New Delhi).***

RPFC Vadodara based on its report, compliance report submitted by GACL and the proceedings conducted, passed an order that the company was required to deposit Provident Fund contribution on the subsidy paid to the canteen contractor and canteen reimbursement allowance paid to the employees in lieu of the subsidised food coupons. After hearing, an order was passed by Asst. PF Commissioner dated January 24, 2002 that the company should deposit PF contribution on the amount paid in cash to those employees who did not avail the canteen facility but made alternative arrangement for their tiffin. The company filed an appeal in the EPF Appellate Tribunal Delhi in May 2002. The company contends that the company is giving subsidy on the food provided in the canteen through the contractor and not giving concession on the food. Hence the question of deducting PF fund does not arise. There has been no reply filed by the RPFC. The case is pending and further orders of the Court are awaited.

Bhailal Motilal & 34 other workmen v/s GACL & Bhagwansinh Gohil. (LCV 701 to 735 of 1993).

Bhailal Motilal & 34 other workmen were contract workers working as garden contract workers for Bhagwansinh Gohil of the M/s Bhagwati Krupa. On completion of the contract contractor Bhagwansinh Gohil terminated the contract of his workmen. Subsequently the workmen filed a case with the Labour Court, Vadodra for reinstatement with full back wages. The company contended that the workmen are contract labourers employed to the contractor and the company is not liable for the same. The case is pending and the next date for hearing is October 14, 2005 for arguments.

GACL v/s. R S Rajput (SCA 8109 of 2000).

R S Rajput was an employee of the company. His services were terminated and August 16, 1985. He had raised dispute reinstatement with full back wages before labour court Baroda. The Labour Court passed an award on March 27, 2000 for reinstatement with 65% backwages. The company filed a Special Civil application in 2000 in the Gujarat High Court against the award of the Court contending that the Labour Court has not properly appreciated the evidence and granted reinstatement. The case is pending and further orders of the Court are awaited

Bhanubhai D Rathod. v/s V S Roadlines & GACL (WC 70 of 2003)

Bhanubhai D Rathod was employed by V S Roadlines as a cleaner. V S Roadlines had an order form M/s Jai enterprise for transportation of caustic soda lye from GACL. While filling the caustic soda lye in the tanker a drop of caustic soda fell in the eye of Bhanubhai D Rathod causing partial loss of eyesight. Bhanubhai D Rathod has filed a claim for compensation for Rs. 258,336.00 and penalty of 50% and interest of 15%. The Company has contended that Bhanubhai D Rathod was employed by V S Roadlines and V S Roadlines were contacted by M/s Jai enterprise and GACL is not liable for the same. The case is pending and the next date for hearing is October 5, 2005.

Prabhudas B Parmar v/s. Ajay Electricals & GACL

Ajay Electricals was a contractor with the company regarding electrical maintainance and repairs. Prabhudas B Parmar was employed by the contractor. Prabhudas B Parmar was transferred from GACL to another site. He has raised a dispute with the Labour Commissioner Vadodra for reinstatement with full back wages. The Commissioner has referred the case to the Labour Court by its letter dated July 29, 2004. Court is yet to issue further notice for hearing.

Somabhai Shanabhai & 17 others v/s. GACL & Narmadeshwar Enterprise (LCV 984 of 1989)

Narmadeshwar Enterprise was a contractor with the company regarding job work in sodium cyanide plant. Somabhai Shanabhai & 17 others were employed by the contractor. Somabhai Shanabhai & 17 others were relieved by contractors on July 1, 1989. Somabhai Shanabhai & 17 others have raised a dispute before the Labour Court Vadodra for reinstatement with full back wages. The Statement of claim was filed on December 3, 1989. The Company was made a party only in August 1993 and filed its written statement February 16, 1994. The company contended that the workmen are contract labourers employed to the contractor and the company is not liable for the same. The matter is fixed for order, however, Court has not given next date of hearing.



PROSPECTUS

Workmen v/s. GACL and Narayan Enterprise (LCV 21 of 1999)

Narayan Enterprise was a contractor with the company. The Applicants were employed by the contractor. The contract workmen raised a dispute for provision of subsidized canteen facility, privileged sick leave, casual leave, for provision of two pairs of shoes which are provided to the employees of the Company before the Labour court, Vadodara. The Statement of claim was filed on June 29, 2000. The Company filed its Written Statement September 25, 2000. The company contended that the workmen are contract labourers employed to the contractor and they are not employees of the company. Therefore, the company is not liable for the same. The next date date for hearing of arguments is October 4, 2005.

Workmen v/s. GACL and B.M. Enterprise (LCV 22 of 1999)

B.M. Enterprise was a contractor with the company. The Applicants were employed by the contractor. The contract workmen raised a dispute for provision of subsidized canteen facility, privileged sick leave, casual leave, for provision of two pairs of shoes which are provided to the employees of the Company before the Labour court, Vadodara. The Statement of claim was filed on June 29, 2000. The Company filed its Written Statement September 25, 2000. The company contended that the workmen are contract labourers employed to the contractor and they are not employees of the company. Therefore, the company is not liable for the same. The next date date for hearing of arguments is September 30, 2005.

Workmen v/s. GACL and Shreeji Enterprise (LCV 23 of 1999)

Shreeji Enterprise was a contractor with the company. The Applicants were employed by the contractor. The contract workmen raised a dispute for provision of subsidized canteen facility, privileged sick leave, casual leave, for provision of two pairs of shoes which are provided to the employees of the Company before the Labour court, Vadodara.. The Statement of claim was filed on June 29, 2000. The Company filed its Written Statement September 25, 2000. The company contended that the workmen are contract labourers employed to the contractor and they are not employees of the company. Therefore, the company is not liable for the same. The next date date for hearing of arguments is October 10, 2005.

Workmen v/s. GACL and Super Handling Enterprise (LCV 28 of 1999)

Super Handling Enterprise was a contractor with the company. The Applicants were employed by the contractor. The contract workmen raised a dispute for provision of subsidized canteen facility, privileged sick leave, casual leave, for provision of two pairs of shoes which are provided to the employees of the Company before the Labour court, Vadodara. The Statement of claim was filed on June 29, 2000. The Company filed its Written Statement September 25, 2000. The company contended that the workmen are contract labourers employed to the contractor and they are not employees of the company. Therefore, the company is not liable for the same. The next date date for hearing of arguments is October 10, 2005.

Workmen v/s. GACL and Narmadeshwar Enterprise (LCV 27 of 1999)

Narmadeshwar Enterprise is a contractor with the company. The Applicants were employed by the contractor. The contract workmen raised a dispute for provision of subsidized canteen facility, privileged sick leave, casual leave, for provision of two pairs of shoes which are provided to the employees of the Company before the Labour court, Vadodara. The Statement of claim was filed on June 29, 2000. The Company filed its Written Statement September 25, 2000. The company contended that the workmen are contract labourers employed to the contractor and they are not employees of the company. Therefore, the company is not liable for the same. The next date date for hearing of arguments is October 10, 2005.

S. K. Pande v/s. GACL & Narmadeshwar Enterprise (LCV 1255 of 1996)

Narmadeshwar Enterprise is a contractor with the company regarding supply of unskilled labour. S. K. Pande was employed by the contractor. S. K. Pande was transferred by contractors on December 1, 1995 from Yash Kamal, Baroda Office to Ranoli plant. S. K. Pande did not report at the Ranoli plant and raised a dispute before the Labour Court Vadodra for reinstatement with full back wages. The Statement of claim was filed on October 4, 1996. The Company filed its written statement 1996. S. K. Pande claimed that he was not permitted to report on duty at the Ranoli Plant. The company contended that the workmen are contract labourers employed to the contractor and that the company is not liable for the same. The next date date for hearing of arguments is October 16, 2005.

***M.B. Rana v/s. GACL and Narmadeshwar Enterprise (LCB 625 of 2001)***

Narmadeshwar Enterprise is a contractor with the company regarding supply of unskilled labour. The contractor employed M.B. Rana. On March 20, 1998, an accident occurred at the Dahej Plant due to caustic soda whereby M.B. Rana sustained injuries in his left eye and burnt his right foot. Subsequently, M.B. Rana did not report at the Dahej plant after the accident and in the meanwhile his contract expired. Therefore, M.B. Rana raised a dispute before the Labour Court Bharuch for reinstatement with full back wages. The Statement of claim was filed on March 31, 2004. The Company filed its written statement on October 2004. The company contended that the workmen are contract labourers employed to the contractor and that the company is not liable for the same. The next date for hearing of arguments is August 12, 2005. M.B. Rana has also filed against the supervisor of the Company for negligence before Junior First Class Magistrate.

Amit K. Shah v/s. GACL (LCB 148 of 2003)

Amit K. Shah was working in the Finance Department as a commercial trainee of clerical work. He was terminated on October 19, 2002 on completion of training period of 2 years due to unsatisfactory performance. He was paid a stipend of Rs 2,200 at the time of termination. Amit K. Shah raised a dispute before the Labour Court, Bharuch for reinstatement with full back wages. The Statement of claim was filed on July 28, 2003. The Company filed its written statement in 2003. I.B. Rana claimed that he was terminated without notice and inquiry and that his performance has been satisfactory. The company contended that on completion of training he has no right to claim permanent employment in the Company. The next date for hearing of arguments is October 10, 2005.

A.F. Barad v/s. GACL and Shri Ganesh Constructions (WCC, Bharuch 2 of 2002)

Shri Ganesh Construction is a contractor with the company regarding salt handling. The contractor employed A.F. Barad. On January 19, 2000, A.F. Barad sustained injuries on his left foot (45% permanent disability). A.F. Barad filed a case before the Workmens Compensation Court Bharuch for recovery of compensation amounting to Rs. 127,118.47 plus 50% penalty and 12% interest. The Statement of claim was filed on January 2002. The Company filed its written statement contended that the company is not liable for the same and liability to pay compensation is that of the Insurance company. The next date for hearing of arguments is October 20, 2005.

Workmen of Shree Bhagwati Krupa v/s GACL (IT, Baroda 88 of 1996).

M/s Shree Bhagwati Krupa is a contractor with the company regarding garden work. Workmen of Shree Bhagwati Krupa were employed by the contractor. Workmen of Shree Bhagwati Krupa raised a demand interest before the Company for absorbing them as permanent employees of the company and that they should be given all benefits with 15% interest. This demand was referred to the Industrial Tribunal by the Labour Commissioner. The Statement of Claim was filed September 26, 1996. The company in its Written Statement filed in the court contended that gardening work is not the business of the company. It is just a ornamental which is not essential or incidental to the function i.e. manufacturing activity of the Company. The next date for hearing for cross-examination is October 17, 2005.

Bhimsing Prajapati v/s Jai Mataji & GACL (LCB 206 of 2004)

Jai Mataji Security Service and Labour Supply is a contractor with the company regarding salt handling. The contractor employed Bhimsing Prajapati. On July 10, 2004, Bhimsing Prajapati was terminated. Bhimsing Prajapati filed a complaint before the Assisant Labour Commissioner for reinstatement with full back wages. The Assisant Labour Comissioner has referred the mater to the Labour Court. Further orders of the Court are awaited for filing of the Statement of Claim by Bhimsing Prajapati and filing of the Written Statement by the Company.

Bhanumati I. Patel v/s. GACL and others (Civil Court, Bharuch 339 of 2002)

Bhanumati I. Patel is the mother of late Mr. P.I. Patel who was employed with the company as fitter at the Dahej Plant. On May 26, 2000, he met with an accident while he was travelling on his scooter to attend a marriage function whereby he sustained injuries and succumbed to the same on the same day. All Terminal Benefits including one day salary contribution for employees and Personal Accident Benefits amounting to Rs. 1,229,121.33 were paid to Ms. D.P. Patel, widow of Mr. P.I. Patel. His mother has filed this case for claiming her share. His mother filed the suit before the Civil Court on October 21, 2002 whereby she has claimed for 25% of the amount paid by the Company



PROSPECTUS

to the widow of Mr. P.I. Patel. The next date for hearing for recording of evidence is January 20, 2005. In Civil Court, Bhanumati I. Patel made an application for interim injunction so that Ms. D.P. Patel cannot withdraw the compensation amount from the Bank where she had deposited the same. The court passed an interim order dated July 5, 2003 that out of the deposit amount, Ms. D.P. Patel should not withdraw more than Rs. 400,000. Against this order, Bhanumati I. Patel has filed an appeal in the High Court.

Heena Raising v/s. GACL (Civil Court, Bharuch 399 of 2000)

Heena Raising, a resident of Dahej. She wanted to start STD/PCO booth in Dahej Complex as she is a relative of one of land looser. As per the Company's agreement with GIDC for purchase of land, one of the conditions was that the Company will give employment to one person from the family of the landlooser. She made a request for the same to the Company, which was not accepted. Therefore, she has filed a civil suit before the Civil Court of Bharuch.

M.P. Shukla v/s. GACL (High Court, Ahmedabad 8551 of 2003)

M.P. Shukla was a stores and purchase officer at the Dahej Plant. Due to certain irregularities, he was dismissed from the services of the Company on October 4, 1998. M.P. Shukla approached the High Court of Gujarat and filed a Civil Application (6525 of 1999) in Writ Petition for reinstatement with full back wages which was rejected on January 31, 2000 on the ground of maintainability of the Writ Petition. M.P. Shukla thereby preferred a Letters Patent Appeal against the said order dismissing the Special Civil Application. In December, 2002, this Appeal was placed by the Letters Patent Bench by way of Review Application before the learned Single Judge since certain documents and material which were produced before the Letters Patent Bench were not placed before the learned Single Judge. The Review Application was finally filed on July, 2003 and an application for condonation of delay (Misc Application. 2225 of 2003) has been granted by the High Court by order dated 13th September, 2004. The matter as on date is pending in the High Court.

Criminal Suits

(u/s 138 of the N. I. Act.)

GACL v/s Jay Enterprise (Criminal complaint no. 1954/1995).

M/s Jay Enterprise was a dealer of GACL and was purchasing chemical manufactured by GACL. Against the payment of its o/s dues m/s Jay Enterprise had given a Cheques of Rs. 500,000.00 which was dishonoured upon presentation for payment and hence GACL had filed a C. C. no. 1954/95 dated May 30, 1995 in the court of Chief Judicial Magistrate, Vadodara and the matter is at the stage of final statement to be made by the Magistrate. the next date for hearing is fixed on October 22, 2005.

GACL v/s Jay Enterprise (Criminal complaint no. 2015/1995).

M/s Jay Enterprise was a dealer of GACL and was purchasing chemical manufactured by GACL. Against the payment of its o/s dues m/s Jay Enterprise had given 2 Cheques of Rs. 500,000.00 each which were dishonoured upon presentation for payment and hence GACL had filed a C. C. no. 2015/95 dated July 5, 1995 in the court of Chief Judicial Magistrate, Vadodara and the matter is at the stage of hearing on application for dropping of proceedings filed by the accused on February 10, 1999. The next date for hearing is fixed on October 10, 2005.

GACL v/s Aminex Rasayan (Criminal complaints No. 1326/1997)

M/s Aminex Rasayan was a dealer of the company and had given 2 cheques aggregating to Rs. 1.00 million for payment against outstanding dues, which were dishonoured, and hence GACL has filed criminal complaint no. 1326/1997 dated April 28, 1997 in the court of Chief Judicial Magistrate Vadodara. Accused have filed an application for dropping of proceedings on March 30, 1999 and is at the stage of hearing arguments of the advocate of the accused and is kept on the board of the court for hearing on October 16, 2005.

***GACL v/s Aminex Rasayan.(Criminal complaint No 1399 / 1997)***

M/s Aminex Rasayan was a dealer of the company and had given 3 cheques aggregating to Rs. 900,000 million for payment against outstanding dues, which were dishonoured, and hence GACL has filed criminal complaint no. 1399/1997 dated May 6, 1997 in the court of Chief Judicial Magistrate Vadodara. Accused have filed an application for dropping of proceedings on March 30, 1999 and is at the stage of hearing arguments of the advocate of the accused and is kept on the board of the court for hearing on October 19, 2005.

GACL v/s Aminex Rasayan (Cr.Complaint Nos.1400 / 1997 & 1401 / 1997).

M/s Aminex Rasayan was a dealer of the company and had given 2 cheques aggregating to Rs. 1.00 million for payment against outstanding dues, which were dishonoured, and hence GACL has filed cr. complaint no. 1400/1997 dated May 6, 1997 in the court of Chief Judicial Magistrate Vadodara. Accused have filed an application for dropping of proceedings on March 30, 1999 and is at the stage of hearing arguments of the advocate of the accused and is kept on the board of the court for hearing on October 6, 2005.

GACL v/s Aminex Rasayan.

M/s Aminex Rasayan was a dealer of the company and had given 3 cheques aggregating to Rs. 900,000 million for payment against outstanding dues, which were dishonoured, and hence GACL has filed criminal complaint no. 1401/1997 dated June 5, 1997 in the court of Chief Judicial Magistrate Vadodara Accused have filed an application for dropping of proceedings on March 30, 1999 and is at the stage of hearing arguments of the advocate of the accused and is kept on the board of the court for hearing on September 30, 2005.

GACL v/s Aminex Rasayan. (Cr.Complaint No.516 / 2000)

M/s Aminex Rasayan was a dealer of the company and had given 2 cheques aggregating to Rs. 693,770 for payment against outstanding dues, which were dishonoured, and hence GACL has filed cr. complaint no. 516/2000 dated February 17, 2000 in the court of Chief Judicial Magistrate Vadodara. As the accused have filed an application for dropping of proceedings in other similar complaints for dishonour of cheques this complaint is kept pending for hearing till aforementioned application is decided.

GACL v/s Aminex Rasayan. (Cr.Complaint No.1394 / 2000)

M/s Aminex Rasayan was a dealer of the company and had given 3 cheques aggregating to Rs. 739,904 for payment against outstanding dues, which were dishonoured, and hence GACL has filed cr. complaint no.1394/2000 dated April 10, 2000 in the court of Chief Judicial Magistrate Vadodara. As the accused have filed an application for dropping of proceedings in other similar complaints for dishonour of cheques this complaint is kept pending for hearing till aforementioned application is decided.

GACL v/s Aminex Rasayan. (Cr.Complaint No.1630 / 2000)

M/s Aminex Rasayan was a dealer of the company and had given 1 cheque of Rs. 2,146,144 for payment against outstanding dues, which were dishonoured, and hence GACL has filed cr. complaint no.1630/2000 dated April 26, 2000 in the court of Chief Judicial Magistrate Vadodara. As the accused have filed an application for dropping of proceedings in other similar complaints for dishonour of cheques this complaint is kept pending for hearing till aforementioned application is decided.

GACL v/s Aminex Rasayan. (Cr.Complaint No.1631 / 2000)

M/s Aminex Rasayan was a dealer of the company and had given 2 cheques aggregating to Rs. 1,453,629 for payment against outstanding dues, which were dishonoured, and hence GACL has filed cr. complaint no.1631/2000 dated April 26, 2000 in the court of Chief Judicial Magistrate Vadodara. As the accused have filed an application for dropping of proceedings in other similar complaints for dishonour of cheques this complaint is kept pending for hearing till aforementioned application is decided.



PROSPECTUS

GACL v/s AminexAlkalies Limited. (Cr.Complaint No.517 / 2000)

M/s Aminex Alkalies Limited was a dealer of the company and had given 2 cheques aggregating to Rs.306,230 for payment against outstanding dues, which were dishonoured, and hence GACL has filed cr. complaint no.517/2000 dated February 17, 2000 in the court of Chief Judicial Magistrate Vadodara. As the accused have filed an application for dropping of proceedings in other similar complaints for dishonour of cheques this complaint is kept pending for hearing till aforementioned application is decided.

GACL v/s Aminex Alkalies Limited (Cr.Complaint No.1393 / 2000)

M/s Aminex Alkalies Limited was a dealer of the company and had given 2 cheques aggregating to Rs.306,230 for payment against outstanding dues, which were dishonoured, and hence GACL has filed cr. complaint no.1393/2000 dated February 17, 2000 in the court of Chief Judicial Magistrate Vadodara. As the accused have filed an application for dropping of proceedings in other similar complaints for dishonour of cheques this complaint is kept pending for hearing till aforementioned application is decided.

GACL v/s Aminex Alkalies Limited (Cr.Complaint No.1628 / 2000)

M/s Aminex Alkalies Limited was a dealer of the company and had given 1 cheque of Rs.326,569 for payment against outstanding dues, which were dishonoured, and hence GACL has filed cr. complaint no. 1628/2000 dated April 26, 2000 in the court of Chief Judicial Magistrate Vadodara. As the accused have filed an application for dropping of proceedings in other similar complaints for dishonour of cheques this complaint is kept pending for hearing till aforementioned application is decided.

GACL v/s AminexAlkalies Limited (Cr.Complaint No.1629 / 2000)

M/s Aminex Alkalies Limited was a dealer of the company and had given 2 cheques aggregating to Rs.306,230 for payment against outstanding dues, which were dishonoured, and hence GACL has filed cr. complaint no.1629/2000 dated April 26, 2000 in the court of Chief Judicial Magistrate Vadodara. As the accused have filed an application for dropping of proceedings in other similar complaints for dishonour of cheques this complaint is kept pending for hearing till aforementioned application is decided.

GACL v/s M/s Indu Nissan Oxo Chemical Industries Limited. (Criminal Complaint No. 2222/ 2000) Chief Judicial Magistrate, Vadodara.

Indu Nissan Oxo Chemical Industries Limited was purchasing hydrogen gas from GACL. During the period July 15, 1997 to 22/9/1999 Indu Nissan Oxo Chemical Industries Limited had received Hydrogen Gas worth Rs. 10,582,622.00 and against the said outstanding they had issued 3 cheques aggregating to Rs. 1.2 million, which were dishonoured by the Bank and hence GACL had filed Criminal Complaint No. 2222/ 2000 dated June 9, 2000 under sec. 138 of the Negotiable Instruments Act in the court of Chief Judicial Magistrate. Against the said complaint accused had filed Application dated May 25, 2004 for dropping the proceedings against under the complaint, which was rejected by the Chief Judicial Magistrate by its order dated March 8, 2004. The said complaint is now at the stage of taking plea. The next date of hearing is fixed for hearing on October 6, 2005.

DAP Chemical Corp (Criminal complaint no. 802/2003)

M/s DAP Chemical corporation was purchasing various chemicals manufactured by the company. GACL has filed criminal complaint no. 802/2003 dated March 4, 2003 for Rs. 2.1 millions against DAP Chemical corporation for dishonour of cheques u/s 138 Negotiable Instrument Act. The matter is at the stage of production of documents. The next date of hearing is fixed on October 6, 2005

DAP Chemical Corp (cr. Complaint No. 992 / 2003)

M/s DAP Chemical Corporation was purchasing various chemicals manufactured by the company. GACL has filed criminal complaints no. 992/2003 dated March 17, 2003 for Rs. 1.2 million against DAP Chemical corporation for dishonour of cheques u/s 138 Negotiable Instrument Act. The matter is at the stage of production of documents. The next date of hearing is fixed on October 6, 2005.

***DAP Chemical Corp(criminal complaint no. 4741/2003)***

M/s DAP Chemical Corporation was purchasing various chemicals manufactured by the company. GACL has filed criminal complaint no. 4741/2003 dated December 6, 2003 for Rs. 1million against DAP Chemical corporation for dishonour of cheques u/s 138 Negotiable Instrument Act. The matter is at the stage of service of summons and the next date of hearing is fixed on October 6, 2005.

DAP Chemical Corp (criminal complaint no. 175/2004)

M/s DAP Chemical corporation was purchasing various chemicals manufactured by the company. GACL has filed criminal complaint no. 175/2004 dated January 20, 2004 for Rs. 1.00 million, against DAP Chemical corporation for dishonour of cheques u/s 138 Negotiable Instrument Act. The next date is fixed for hearing on September 27, 2005.

Citichem India Limited (criminal complaint no. 2093/2003)

M/s Citichem was purchasing chemicals manufactured by GACL. M/s Citichem had given 2 cheques aggregating to Rs. 200,943 for payment against outstanding dues, which were dishonoured, and hence GACL has filed cr. complaint no. 2093/2003 dated May 21, 2003 in the court of Chief Judicial Magistrate Vadodara. The matter is at the stage of commencement of arguments by the advocate of the accused and further orders of the Court are awaited. The next date of hearing is fixed on September 29,2005.

GACL v/s Mehra Agencies & Others. (CC No.4238/2003 in the Chief Judicial MAGistrate, Vadodara).

Mehra Agencies had given 3 cheques aggregating to Rs. 1,132,916/- for payment against outstanding dues, which were dishonoured, and hence GACL has filed criminal. complaint no. 4238/2003 dated October 24, 2003 in the court of Chief Judicial Magistrate Vadodara. The summons were issued by the Court and the same were refused by the accused. The next date for hearing is fixed on August 26, 2005.

FIRs FILED by GACL***GACL v/s Mehta Organics Private Limited. (Criminal FIRNo. I-97/2004.)***

The company has also filed a criminal complaint/ FIR no. I-97/2004 dated October 13, 2004, for offence u/s 420, 403, 406, 409, 421, 120B read with 114 and 34 of the Indian Penal Code before the Police Commissioner of Vadodara, and the investigation by the Investigating Officer is going on. During the course of investigation accused persons had filed criminal miscellaneous application no., 10271 of 2004 on October 30, 2004 for quashing the proceedings of the FIR and for granting anticipatory bail. The High Court under its order dated December 17, 2004 set aside the petition no. 10271 of 2004 of the accused and granted bail subject to executing a bond of Rs. 25,000 with one solvent surety and the accused has undertaken to sell his agricultural land and to remit the sale proceeds to the complainant.

GACL v/s. Wellwin Trading Private Limited. (FIR NO. I 80 /2004)

Wellwin Trading Private Company Limited was purchasing various chemicals manufactured by the company. GACL has filed criminal complaint- FIR ñ I No. 80/2004 dated September 11, 2004 before Police Commissioner Vadodara. In the said matter accused person had filed special criminal application no. 1130/2004 at High Court of Gujarat to quash the proceedings under the said FIR dated October 20, 2004. The court ordered on October 30, 2004 against application no. 1130/2004 and dismissed the petition and directed petitioners to co-operate in investigation and appear before Investigating Officer (I.O.) and I.O. shall intimate the accused 10 (ten) clear days before arrest. The accused have challenged the said Order in Supreme Court vide SLP No. 6003/2004 and the Supreme Court has granted interim stay on proceedings in FIR and the matter is pending for further hearing.

GACL v/s Pragati Progressives Private Limited (- FIR No. I- 78/2004)

GACL has filed - FIR ñ I No. 78/2004 dated September 11, 2004 before Police Commissioner Vadodara. In the said matter accused person had filed criminal miscellaneous no. 1415 dated October 6, 2004 at High Court of Gujarat



PROSPECTUS

to release the accused on bail. The Additional Session Judge has ordered bail to the accused on security of Rs. 100,000 vide order dated October 8, 2004. The next date of hearing is fixed on January 22, 2005.

GACL v/s Citichem India Limited (- FIR No. I- 98/2004)

Company had filed FIR No.I-98/2004 against Mr. Arif Merchant, Managing director of M/s. Citichem India Limited at Jawaharnagar Police Station, Vadodara. Mr. Arif Mechant had filed Criminal Miscelleaneous Application No.11390/2004 dated December 6, 2004 in the High Court of Gujarat praying for Anticipatory Bail. The said matter had come up for hearing on May 6, 2005 and Honible Justice had granted Bail subject to depositing every month Rs.30,000/- , to remain present whenever called upon by Investigating Officer, to undertake that whatever amount is received from his debtors, shall be transfer to the complainant company and shall not transfer his immovable property. Thus the said application stands disposed off.

GACL v/s DAP Chemical Corporation (Criminal Complaint- FIR No. I- 79/2004)

GACL had filed FIR No.I-79/2004 against Mr. Arunbhai A.Patel a proprietor of M/s. DAP Chemical Corporation at Jawaharnagar Police Station, Vadodara. Mr. Arunbhai A.Patel had surrendered to the Police and had filed Cr.Misc.Application No. 3851/2005 in the High Court of Gujarat praying for Bail. Honible High Court vide his Order dated May 4, 2005 had granted Bail subject to depositing Rs.4 million within a period of four (4) months and with other terms and condition for depositing his Passport with the Lower Court etc. Thus the said application is disposed off.

Complaints filed against GACL

Shantilal Koradia v/s GACL (RCS No.612/1993).

Shantilal Koradia is the shareholder of the company had filed an application no. RCS 612/1993 dated September 20, 1993 in the Civil Court of Junagadh requesting the court to direct GACL not to transfer shares or issue duplicate share certificates to any one and to provide the particulars on any rights or benefits that may be given by GACL on his shareholding. GACL has filed a written statement dated October 5, 1993 and in the said statement contended that it would not be just and proper to grant ad-interim injunction as there is no prima facie case against GACL. The matter was at the stage of laying evidence by the plaintiff. However as informed by the advocate of GACL the plaintiff has expired and hence proceedings after October 29, 2004 are not conducted by the Court.

Madhusudan K Patel v/s GACL (C.S.No.356/1993).

Madhusudan K Patel of village Ranoli has filed spl. Suit dated March 17, 1993 agginst GIDC, IDI, Gujarat Ploymers and GACL claiming compensation of Rs. 500,000 from all defendants, for loss of fertility of his agricultural land caused by the defendants due to polluting water of his well. GACL has filed a written statement stating that there is no prima facie case against GACL, no injunction may be granted, as there is no cause against GACL. The matter is at the stage of cross-examination of the applicant. The next date of hearing was September 30, 2005.

MRTPC ñ RTPE Notice (MRTP Commission No. 118/94/J228).

MRTPC- New Delhi, Director General of Investigation and registration has issued notice dated December 1, 1994 to 10 Manufacturers of Chlor-Alkalies Industries, wherein GACL is respondent no. 6, and is alleged that all respondents themselves into a cartel have increased the priced of chlorine gas and therefore they have imposed on the customers unjustified costs and restrictions under the Act. GACL has filed its written statement before the commission on March 5, 1995 denying the allegations made against itself. The said matter is at the stage of hearing by the chairman of the commission for the purpose of fixing an appropriate date before an appropriate bench and hence the next date is not fixed by the commission.

Krishna Corporation (C.A. No.133/2000/1540).

MRTPC- New Delhi, Joint Director (Legal) has issued notice CA no. 133/2000/5519-A to GACL dated March 7, 2000 enclosing the application of M/s Krishna Corporation stating that GACL has withheld the deposit given by it and used its monopolistic position and restricted us to further trade and has claimed Rs. 849,734 as compensation. GACL



has filed affidavit of evidence dated January 30, 2003 denying the allegations against itself. The said application is at the stage of hearing arguments of GACL by the commission on the grounds of dismissing the said application under the provisions of the Limitation Act. The next date of hearing is fixed on September 29, 2005.

GACL v/s Star Chemical (Bombay) Private Limited (Spl.C.S.No. 199/2003).

Star Chemical (Bombay) Private Limited who was a dealer of GACL has filed a special civil suit no. 199/2003 dated March 28, 2003 in the Civil Court, Vadodara against GACL claiming compensation on account of loss of dealers, production, margin, etc. aggregating to Rs. 212,000. GACL has filed written statement on July 11, 2005 and the next date of hearing is December 31, 2005.

Mahipatrai J Shah (Spl.C.S.No. 698/2003).

Mr. Mahipatrai J Shah & others have filed Spl. C S no. 698/2003 dated December 18, 2003 in the C C Vadodara against GACL claiming compensation on various issues such as loss of business, non fulfillment for contribution, erosion of personal capital invested by the plaintiff, claim raised by creditors as the project could not function due to shartgae of funds, loss of reputation and image, etc aggregating to Rs. 514.8 millions. In the said matter the company has filed its written statement and has also filed an application for framing issues under law of limitation for rejecting the claim of the plaintiff, and has also filed an application for production of documents. The matter is at the stage of hearing and the next date of hearing is fixed on September 30, 2005.

Kamal Manharlal Shah v/s GACL & others. (Special Civil Suit No. 48/2004 in the court of Civil Judge, Rajkot.).

Mr. Kamal Manharlal Shah of Rajkot had filed a suit against State of Gujarat, Collector of Rajkot, Commissioner of Rajkot Municipal Corp and GACL for a claim of Rs. 200,000 along with interest @ 15% p.a. alleging that all defendants are jointly and severally liable under the law for causing the death of his mother Smt. Kusumben Manharlal due to leakage from Chlorine cylinder supplied by GACL to Rajkot Municipal Corp. on May 7, 2004. GACL has filed a written statement on July 17, 2004 denying the said claim that the chlorine has been supplied/sold to Rajkot M C on Ex-works basis and hence after delivery of the said products to RMC, GACL is not liable for chlorine leakage. The said matter is at the stage of application for dropping proceedings against the State, is pending for hearing. The next date for hearing is yet to be fixed by the Court.

CONSUMER FORUM

Gangadhar Agrawal v/s. MCS Ltd. and GACL (Complaint No. 59/2005)

Mr. Gangadhar Agrawal has filed the above Complaint on April 27, 2005 with the Consumer Disputes District Redressal Forum at South Goa, Margao, u/s. 12 of the Consumer Protection Act, 1986 against M/s. MCS Ltd., Registrar to the Rights Issue, made by the Company (GACL) in the year 2004. The company has been made a second party to the said complaint. Necessary actions for filing required reply in the matter are being taken by the company. The Consumer Forum has fixed September 9, 2005 as the next date of hearing. As informed by MCS Ltd , Mr. Gangadhar Agrawal has withdrawn the complaint.

GUJARAT STATE FERTILISERS & CHEMICALS LIMITED

Contingent liabilities not provided for as on March 31, 2005:

- | | |
|--|---------------------|
| a) Disputed excise duty and customs duty: | Rs. 216.8 millions. |
| b) Disputed demand of sales tax and interest on turnover tax & purchase tax against which the company has preferred appeals: | Rs. 0.2 million. |
| c) Claims by statutory corporations and others disputed and not acknowledged as debt: | Rs. 426.2 millions. |
| d) Claims by ONGC for royalty on gas: | Rs. 8.1 millions |
| e) Claims by employees/ ex-employees pending before courts: | Not ascertainable. |



PROSPECTUS

Civil Cases

GSFC v/s. Gujarat State Machine Tools Corporation Limited (GSMTTC) (78/1987 BIFR, New Delhi).

GSFC contributed sum of Rs.7.5 millions by way of quasi equity loan between 1991 to 1993, as a part of rehabilitation of GSMTTC. Finally GSMTTC was referred to BIFR and could not pay the loan amount. Therefore GSFC approached BIFR for possibility of recovery. An application in Gujarat High Court is pending for initiating winding-up proceedings.

GSFC v/s Indu Nissan Oxo Chemical Industries Limited (INOCIL) (111 / 2002 High Court, Ahmedabad).

GSFC filed a suit on May, 6th 2002 for recovery of outstanding dues amounting to Rs. 19.3 millions as on December 31, 2001 claiming interest @ 18% p.a. aggregating to Rs. 21.7 millions. The matter has not come on board. However, GSFC accepted the compromise offer from the party and agreed amount is being recovered in instalments.

GSFC v/s. GAIL(India) Ltd. (SCA 15849/04 H.C.,Ahmedabad)

On November 19, 2004 GAIL issued a notice demanding GSFC to pay the dues of ONGC for supply of gas for the period prior to May 16, 1992 within 15 days amounting Rs.118.10 million as principal plus interest thereon, failing which gas supply would be terminated. GSFC filed a special civil application in the Gujarat High Court on December 10th, 2004, asking for injunction on termination of gas supply. GSFC represented the matter personally in Gol. The Ministry filed Affidavit in the Court. The hearings are in progress. The next date of hearing is fixed on September 12, 2005.

GSFC v/s M/s. Sirajuddin [604 / 2000 Baroda, Civil Judge (S.D.)].

GSFC had awarded the contract for transportation, handling, and standardization work for fertilizers to M/s. Sirajuddin. The party failed and neglected to carry out the work as per the terms of the contract. Hence GSFC filed a recovery suit of Rs.1,309,182/- together with interest @ of 22% p.a. and costs on July 6, 2000. M/s. Sirajuddin filed an Application praying for dismissing the suit with costs and consequential relief, for the want of jurisdiction of the Court, which was rejected by the Court by passing its order dated March 17, 2005. The next date for hearing is fixed on September 20, 2005.

GSFC v/s Nila Construction Co. Ltd. 230 / 2000 Civil Judge, Baroda

M/s. Nila Construction is a civil contractor and GSFC awarded them civil work at its Sikka Unit. The party initiated Arbitration proceedings for compensation for the alleged loss they have suffered on account of termination of the contract. The Arbitrators gave their award on July 17, 2000 asking GSFC to pay an amount of Rs.1,793,356/- plus interest Rs.709,272/- to M/s. Nila Construction. GSFC filed Civil Suit on October 16, 2000 challenging the award passed by the Arbitrators and prayed that the order be quashed and set aside. The case is pending for hearing.

GSFC v/s Adarsh Chemicals & Fertilisars Company Limited, Udhna (437 / 1998 Civil Judge (SD), Baroda)

GSFC supplied benzene to the party on loan basis. The party did not return the balance quantity of benzene to GSFC. Therefore GSFC filed Civil Suit on 15-6-98 to recover an amount of Rs.2,717,881/- inclusive of cost of material, loss on MODVAT and interest @24%. The matter is on the stage of issue. The next date of hearing is fixed on September 30, 2005.

GSFC v/s Thermax Limited. 515 / 1997 Baroda, Civil Judge (S.D.)

GSFC appointed Thermax Ltd. for the purpose of sea water desalination plant at Sikka Unit. Subsequently Thermax Limited developed the plant but later admitted non functioning of the plant as per the agreed standards. Hence GSFC filed a suit in July, 1997 for Rs.33,861,089/- for the damages suffered by the Company. The matter is pending for hearing in the Court.

***GSFC v/s Gujarat Co-Operative Oil Seeds Growers Federation Limited (GROFED) [102 / 1997 Baroda, Civil Judge (S.D.)].***

GSFC supplied fertilisers to GROFED from the year 1993 to 1995. An amount of Rs. 16,602,014/- was left as outstanding payable by GROFED to GSFC. GSFC filed a suit for recovery of Rs. 52,496,737/- (inclusive of principle amount and other expenses) on February 17, 1997. GROFED has been ordered for liquidation and an official Liquidator has been appointed on May 2, 2001 for GROFED, the matter is pending since then.

GSFC v/s M/s.Gaekwad Marketing Private Limited [917 / 1996 Baroda, Civil Judge (S.D.)]

M/s. Gaekwad Mkt. Pvt. Ltd. was a distributor of GSFC appointed in September 1992 for the product Cyclohexanone. GSFC filed a suit in July 1996 for recovery of outstanding dues of Rs. 2,899,951/- along with court fees, costs and running interest. GSFC filed a rejoinder to the affidavit in reply in October 1997 maintaining that M/s.Gaekwad Mkt. Pvt. Ltd. be wound up as per the winding up notice sent to them by GSFC on July 30, 1996. The matter has not come on Board.

GSFC v/s Garware Nylons Ltd. 426 / 1996 Baroda, Civil Judge (S.D.)

GSFC has filed a civil suit for recovery of outstanding dues from GNL total amounting to Rs. 213,590,817 alongwith interest @ of 24% on July 12, 1996. GNL filed its statement of reply on October 26, 1996 stating that the company is declared as a sick industrial undertaking by the BIFR as per their order dated September 2, 1993. The matter is pending in the Court.

GSFC v/s Sikka Digvijay, Jt. Nagar Panchayat, M/s Anand Corporation & M/s Amrutlal & Co. (171/ 1985 Civil judge SD, Jamanagar).

M/s Anand Corporation & M/s Amrutlal & Co. were contractors appointed by Sikka Digvijay Gram Joint Nagar Panchayat to collect octroi on behalf of the panchayat. GSFC filed above Suit on November 18, 1985 claiming exemption from payment of octroi being a new industry and prayed for permanent injunction for paying any octroi in the Sikka Village to the Nagar Panchayat or its agents and also for passing decree of Rs.69,173/- and Rs.1,101,315/- towards illegal Octroi collected by the accused. The matter is pending after framing of issues.

GSFC v/s. SMS Plastics (253/04 Summary Suit Civil Judge (SD) Baroda).

SMS Plastics is the consignment stockist of GSFC. SMS Plastics did not pay for the goods supplied by GSFC. GSFC filed a Summary Suit on May 6, 2004 claiming an amount of Rs. 4,403,189.21/- including interest@ of 15% p.a. The Court vide its Order dtd.March 1,2005 directed SMS Plastics to deposit 30% of the total claim amount within a period of 30 days from the date of the Order. Party has not deposited the said amount. GSFC has started the process of issuing the decree from the Court.

GSFC-SU v/s. Union of India, New Delhi Spl.C.S.137/98 Civil ñ JMR 5th (SD)

A Mig-21 aircraft of the Indian Air Force crash landed in an open area near the outskirts of village Sikka close to our liquid ammonia/PA overhead pipeline and damaged to the RCC pillars & pipeline. Therefore GSFC filed a suit and claimed for consequential loss of profit and material damage amounting to Rs.6,454,881/- along with interest @ 18%. The case is presently in the process of cross examination. The matter is pending in the Court for hearing.

Nagar Nigam-Kota Octroi Refund 11/96ADJ-3-Kota

GSFC filed Civil Suit against Nagar Nigam-Kota for refund of Octroi amounting to Rs.2,065,772/- taken on entire material received at Kota Rake Point. As per constitution, the Nagar Nigam can take Octroi on material stored at Kota only and not on material transferred to other destination. The Court passed a decree and directed Nagar Nigam, Kota to pay Rs.175,545.81 and interest @6% only. Against the above Order, GSFC filed First Appeal in the High Court of Judicature at Jaipur for recovery of total Octroi amount of Rs.2,065,772/-. The matter is pending in the High Court for hearing.



PROSPECTUS

GSFC v/s Ram Dayal Gupta, Proprietor of M/s. Agarwal Fertilizers Trading Co. (31 / 2003 5th Dist. Magi. Jaipur)

M/s. Agarwal Fertilizers Trading Co. were the distributors of fertilisers for GSFC in Hindauncity, Rajasthan. Ram Dayal Gupta, Proprietor of M/s. Agarwal Fertilizers Trading Co. had issued two cheques amounting to Rs. 2.2 million towards settlement of the outstanding amounts payable to GSFC for supply of fertilisers. However the two cheques bounced due to stop payment on February 13, 2003 as ordered by Ram Dayal Gupta, GSFC filed criminal complaint on April 16, 2003 u/s.138 of Negotiable Instruments Act for dishonour of cheques asking for imprisonment and fine and also damages incurred by GSFC. The matter is pending in the Court for hearing.

GSFC v/s M/s.Esslon Synthetics Ltd. (331 to 335, 379 to 386, 419 to 432 & 1293 to 1299 of 1996 and 1947 & 1949 of 1995, Baroda, Chief Judi. Magistrate)

GSFC supplied Caprolactam to M/s.Esslon Synthetics Ltd. The cheques amounting to Rs.129.3 millions were dishonoured and therefore, GSFC filed Criminal Complaints for recovery of outstanding dues. Two Criminal Revision Applications filed by M/s.Esslon Synthetics Ltd. were dismissed by the High Court of Gujarat. GSFC is now in process for issuing notice of appearance to the accused Directors and other persons in the matter.

GSFC v/s Kissan Machine Stores (1674 / 1997 Baroda, Chief Judi. Magistrate)

Kissan Machine Stores was a customer of GSFC. GSFC dispatched Urea & DAP fertilizers on September 30, 1995 for a total value of Rs. 2,796,652/- . The accused failed to make the payment. After vigorous follow-up, payment of Rs. 3,723,072.85 was received vide chequedated 28, 1996. GSFC deposited the said cheque on March 19, 1997, which was dishonored by the bank for insufficient fund. Subsequently GSFC filed the criminal complaint in the court of Chief Judicial Magistrate, Baroda. The case is pending for hearing.

Cases filed against GSFC

Naginbhai C Patel & Others v/s GSFC . (612/1995 Civil Judge S.D. (Baroda).

Naginbhai C Patel, a farmer of village Dashrath filed a petition on September 12, 1995 in the court of Civil Judge S.D. Baroda for crop compensation due to pollution caused by GSFC for an amount of Rs.10,045,000/- alongwith interest @ 18% per annum. GSFC filed its reply in 1995 denying the claim. The matter is pending in the Court.

Punambhai C Patel & Others v/s GSFC (595/1994 Civil Judge S.D. Baroda)

Punambhai C Patel & Others, the farmers of village Chhani filed a petition in the year 1994 in the court of Civil Judge (S.D.), Baroda for crop compensation due to pollution caused by GSFC for an amount of Rs.1,100,000/- alongwith interest @ 18% per annum. GSFC filed its reply in 1994 denying the claim. The matter is pending for hearing. The next date of hearing is fixed on September 19, 2005.

Nainaben J Patel v/s GSFC (795/1993 Civil Judge S.D. Baroda)

Nainaben J Patel, a farmer of village Dashrath filed a petition in the year 1993 in the court of Civil Judge S.D. Baroda for crop compensation due to pollution caused by GSFC for an amount of Rs.1,500,000/- alongwith interest @ 18% per annum. GSFC filed its reply in 1993 denying the claim. The matter is pending in the Court.

M/s Bhaven Construction Limited v/s GSFC Limited. (Before the Arbitration Tribunal).

Bhaven Construction Limited is civil contractor and GSFC awarded them contract for construction of civil and structure work of Melamine Expansion Project on January 17, 1995 for a value of Rs.13,830,380/-. M/s Bhaven Construction Limited initiated arbitration proceedings to claim an amount of Rs.15,351,957/-in October 2001 against the loss due to delay in project implementation. The matter is pending for order.

M/s. Tata Finance Ltd. v/s. GSFC Ltd.(Arbitration)

GSFC Ltd. entered into a Lease agreement with Tata Finance Ltd. as Lessor and GSFC Ltd. as Lessee for lease of Co-Generation Plant Phase-I. TFL has claimed Income Tax with delayed interest/penalty not allowed by the



Income Tax Dept. in respect of depreciation on the assets leased to GSFC. GSFC filed its statement of reply with the Arbitrator on May 18, 2004 alongwith counter claim of Rs.73,905,720/- (including interest @ 30% p.a.). The matter is pending for hearing. The next date for hearing was fixed on September 8, 2005.

M/s. Dhrangadhra Chemicals Works Ltd. v/s. GSFC Limited (Spl. Civil Suit No. 107 of 1976)

GSFC supplied liquid Ammonia to M/s. Dhrangadhra Chemicals Works Ltd. M/s. Dhrangadhra Chemical Work Ltd. have filed Spl. Civil Suit No.107/1976 in the Court of Civil Judge. (S.D.) at Baroda claiming an amount of Rs.369,4,415.55 being difference between the reasonable price and the price charged by GSFC for liquid Ammonia supplied to them during the period 1970 to 1975. The matter is pending in the Court. The next date for hearing was fixed on September 8, 2005.

ONGC v/s. GSFC (85/1982)

GSFC entered into an agreement with ONGC dated 3rd January 1969 for supply of natural gas. There were differences between GSFC and ONGC on the enhancement of the price of gas. The Civil case was filed by ONGC on April 16, 1982 under the Indian Arbitration Act, 1940 praying that the notice from the lawyer of GSFC appointing Mr. J.M Shelat as arbitrator is illegal and invalid and had no right to ask for arbitration. The honorable court has not passed any order as yet. ONGC filed an application on 24-4-03 to the court praying for payment of an amount of Rs. 1181.02 million along with interest on account of price revision of Gas.

Labour Cases

GSFC v/s Shri T.N. Desai

Shri T N Desai Sr. Office Assistance, Logistic Unit, Marketing Dept., Surat Branch was dismissed from the service of the Company in 2003 for causing financial loss to GSFC amounting to RS. 2,965,710. He cheated the company by dishonestly and deliberately prepared, signed and issued 43 false empty cops receipt to 13 parties. Management has filed a criminal complaint Shri T N Desai and others in the Court of Judicial Magistrate of First Class, Mangrol, Surat on June 12, 2003. Matter is under investigation.

Shri GR Thakore v/s GSFC.

Shri GR Thakore was an employee of GSFC working as senior area officer, Marketing department, at Bareilly. He was issued charge sheet for his involvement in mis appropriation, falsification of account, embezzlement, unauthorised approval of material causing huge financial loss to the company. As a result of domestic inquiry and was issued various show cause notice for the same. During the period of inquiry Shri GR Thakore was kept under suspension. Meanwhile he approached the labour court ref no. 61/97 and brought stay against the action of suspension which was subsequently withdrawn from the court on August 11, 1999. He was dismissed from the services of the company on August 9, 1999. Shri GR Thakore approached GSFC management by his letter dated August 10, 1999, allowing him to put his resignation instead of dismissing hi from his services and also assuring GSFC that he will not have any dispute on this issue and will withdraw the matter pending in court. GSFC accepted the resignation of Shri GR Thakore and he was relieved from August 10, 1999. GSFC made the relevant payment to Shri GR Thakore as was admissible to him. After availing and accepting the payments and withdrawing the case from the court, Shri GR Thakore filed a recovery application against GSFC having no. 931/2000 in the Labour Court of Baroda amounting to Rs. 1,140,380 on August 7, 2000 praying for the payment of the amount allegedly due from GSFC along with interest @ of 12% p.a. and costs. GSFC filed its statement of reply on July 19, 2001 stating that the relevant dues have been paid as per the regulations of the company other than that Shri GR Thakore was not liable for any other payment. The matter is pending for hearing.

GSFC v/s Shri ST Amin, Ex-Manager(AP) & Shri KR Mody, Supr. (Sales)-GSFC Seed Office ,Godhra 2615 / 1998 Baroda, Judicial Magistrate (FC) IVth Court,

Shri S T Amin was a regional manager (project) & K R Mody was the supervisor of sales, Seeds Project, Gujarat of GSFC (Godhra Office). GSFC suspended Shri S T Amin & K R Mody in the year 1996 on the basis of investigation conducted by the vigilance department carried out on the basis of the complaints from the farmers. In the inquiry it was established that Shri S T Amin & K R Mody were involved in mal practice of purchasing seeds from these farmers but did not pay the amount to the concerned farmers. However they produced false record to the company



PROSPECTUS

that they paid the amounts to the farmers and cheated the company and caused a financial loss of Rs. 7,189,367. Based on this investigation filed a criminal complaint vide no. 67/96 in the court of JMFC on November 11, 1996. On the basis of this complaint the police inquired and filed a charge sheet in the court of Baroda having no. 2615/1998 on August 12, 1998 u/s 406, 420, 427, 467, 468, 471, 474 and 477 (A) of the IPC. Subsequently the case has come up on the board for the first time in December 2004. The matter is at the stage of issuing of summons.

GSFC EXCISE/CUSTOMS CASES

Cases filed against the Company

Supreme Court

CCE v/s. GSFC (SLP No.6476/2001 ñ earlier No.3414/2001)

The Commissioner of Central Excise (Revenue Authorities) have filed an Appeal against the Order No.C-I/3004/WZB/2000 dated September 5, 2000 passed by Customs, Excise and Gold (Control) Appellate Tribunal (CEGAT), Mumbai. GSFC's contention is that they are eligible for Modified Value Added Tax (MODVAT) credit on Low Sulphur Heavy Stock (LSHS) used in generation of steam which is further used in the manufacture of exempted fertilizers. The amount involved in this case is Rs.15,076,569/-. The case is pending before the Hon'ble Supreme Court and the date of hearing is not yet fixed.

Show Cause Notices pending before Deputy Commissioner of Central Excise, Division-I, Vadodara-I

GSFC received 8 Show Cause Notices from the Deputy Commissioner of Central Excise, for an amount totaling to Rs.343,660,312/- in respect of CENVAT Credit on LSHS used in the generation of Steam further used in the manufacture of fertilizers which are cleared without payment of Central Excise duty during the period February, 1998 to September, 2001. The Show Cause Notices have been kept pending for adjudication as the similar issue is pending before Hon'ble Supreme Court of India in respect of GSFC.

Cases pending in CESTAT (Customs, Excise & Service Tax Appellate Tribunal earlier CEGAT ñ Customs, Excise & Gold (Control) Appellate Tribunal)

CCE v/s. GSFC (Appeal No.E/921/01-BOM)

The Revenue Authorities have filed an Appeal against the Order-in-Appeal No.COMMR(A)/994/VDR/2000 dated December 18, 2000 passed by the Commissioner (Appeals), Vadodara wherein he has allowed GSFC's Appeal and thereby granting refund of Rs.4,423,422/- on Naphtha procured from IOC during the period August, 1996 to December, 1998. The matter heard by the Tribunal on September 22, 2004 and order is awaited.

CCE v/s. GSFC (Appeal No.E/2601/03-Mum)

The Revenue Authorities have filed an Appeal against O-I-Appeal No.COMMR(A)/267/ VDR/2003 dated June 18, 2003 passed by the Commissioner (Appeals), Vadodara sanctioning refund claim of Rs.5,016,829/- paid on Methane captively consumed in the manufacture of Fertilizers during the period March, 1986 to February, 1989. The matter is pending before CESTAT-Mumbai and the date of hearing is not yet fixed.

Customs Cases

Commissioner of Customs v/s. GSFC (Appeal No. C/122/2004/MUM)

This appeal is filed by the Customs authority against O-I-A No.383/2003 MCH dated November 6, 2003 passed by Commissioner granting refund of Customs duty amounting to Rs.84,721,483/- in respect of import of Electro-generator imported for Ammonia-IV Plant. GSFC claimed benefit of iProject Importi under Notification No.36/96-Cus dated July 27, 1996 which exempts Project Imported for the manufacture of fertilizers. Customs authorities have contended that Electro generator imported by GSFC is not a part of Ammonia-IV Project and is a separate Captive Power Plant and hence not entitled to the benefit of iProject Importi. The next date for hearing was fixed on August 29, 2005.

***Commissioner of Customs v/s. GSFC (Appeal No. C/1060/03-MUM)***

Appeal filed by Customs against O-I-A No.298/2003(90-JMN) Cus/Commr(A)/Ahd dated September 25, 2003 in respect of 1% of surcharge erroneously paid by GSFC pertaining to import of Phosphoric Acid amounting to Rs.1,005,829.35. The Assistant Commissioner allowed refund of the Surcharge vide O-I-O No.4/Cus-Refund/2002-2003 dated May 23, 2002. The case is pending before CESTAT-Mumbai and the date of hearing is not yet fixed.

Cases filed by the Company***High Court******GSFC v/s. CCE (Civil Appeal No.2500/82)***

GSFC has filed Appeal in the High Court of Delhi at New Delhi against Order No. 423 of 1982 passed by Government of India arising out of Order-in-Appeal No.V-2(14G)3428/81/1007 dated February 19, 1982. GSFC's contention is that Oleum is nothing but Fuming Concentrated Sulphuric Acid and hence the exemption Notification No. 81/75-CE dated March 22, 1975 providing exemption to Sulphuric Acid should be available to Oleum if it used in the manufacture of Fertilizers. GSFC's further contention is also that the Oleum is used in the manufacture of Ammonium Sulphate (a fertilizer), which is produced in the manufacture of Caprolactam as a by-product. GSFC has paid Central Excise duty under protest amounting to Rs.30,325,625/- vide TR6 Challan No.1 dated March 31, 1987.

Cases pending in CESTAT (Customs, Excise & Service Tax Appellate Tribunal earlier CEGAT & Customs, Excise & Gold (Control) Appellate Tribunal)***GSFC v/s. CCE & Appeal No.E/2743/2000)***

This Appeal is filed by GSFC against the Order-in-Appeal No.COMMR(A)/ 615/VDR/2000 dated July 19, 2000 passed by Commissioner (Appeals), Vadodara allowing our Appeal partly in respect of Oleum used captively in the manufacture of Caprolactam. Amount involved: Rs.1,283,254/-. The case is pending before Tribunal and the date of hearing is not yet fixed.

GSFC v/s. CCE (Appeal No.E/1050/05-MUM)

GSFC has filed Appeal against O-I-A No.COMMR(A)/074/VDR-I/2005 passed by the Commissioner (Appeals), Vadodara rejecting our refund claim of Rs.5,016,829/- in respect of Methane captively consumed in the manufacture of Fertilizers. Amount involved: Rs.5,016,829/-. The matter heard by the Tribunal on May 24, 2005 and it was pronounced in the court for de novo adjudication before the lower authorities.

GSFC v/s. CCE (Appeal No. E/409/05)***GSFC Litigation Income Tax Cases.******Cases Filed By GSFC******GSFC v/s CIT (A) [Assessment for the Assessment Year 1987- 88].***

GSFC has filed an appeal to CIT (A) on April 7, 2000 against the order issued by the assessing officer on March 10, 2000 for the assessment of the year 1987- 1988 under section 147 amounting to Rs. 10,700,000/-. A. O. disallowed difference in bonus provision, gift to employees and depreciation on re-alignment on foreign currency. The matter is pending for hearing.



PROSPECTUS

GSFC v/s CIT (A) [Assessment for the Assessment Year 1994-95]

GSFC has filed an appeal to CIT (A) on April 23, 2002 against the order issued by the assessing officer on March 28, 2002 for the assessment of the year 1994- 95 under section 147 amounting to Rs.131,100,000 /-. The A O disallowed exemption on decapitalised pre-operative project income, i.e. trial run production, closing stock, interest received, excise duty refund and depreciation. The matter is pending for hearing.

GSFC v/s CIT (A) [Assessment for the Assessment Year 1995- 96].

GSFC has filed an appeal to CIT (A) on April 23, 2002 against the order issued by the assessing officer on March 27, 2002 for the assessment of the year 1995- 1996 under section 147 amounting to Rs. 157,700,000 /-. The A. O. disallowed exemption on excise duty on closing stock and sale and lease back of plant and machinery. The matter is pending for hearing.

GSFC v/s. CIT(A) (Assessment Year 1999-00)

GSFC has filed an appeal to CIT (A) on January 27, 2005 against the order issued by the assessing officer on December 22, 2004 for the assessment year 1999-00 Under section 147 amounting to Rs.102,071,000/-. The AO disallowed provision for doubtful debts and leave encashment as per MAT. As per regular tax calculation the AO has disallowed amounting to Rs.25,749,000/- i.e. prior period expenses and capital subsidy received.

GSFC v/s CIT (A) [Assessment for the Assessment Year 2001- 02]

GSFC has filed an appeal to CIT (A) on April 28, 2004 against the order issued by the assessing officer on March 24, 2004 for the assessment of the year 2001- 02 under section 143 (3) amounting to Rs. 6,712,50,000/-. The A O disallowed exemption on decapitalised pre-operative project income, i.e trial run production and sales. Also. Certain revenue expenses and subsidy recovered from Fertiliser Industrial Co-ordination Committee. The matter is pending for hearing.

GSFC v/s. CIT(A) (Assessment Year 2002-03)

GSFC has filed an appeal to CIT(A) on February 16, 2005 against the order issued by the assessing officer on December 27, 2004 for the assessment year 2002-03 Under section 143(3) amounting to Rs.115,170,000/-. The AO disallowed provisions for doubtful debts, leave encashment, Gratuity and pension as per MAT. As per regular tax calculation the AO has disallowed amounting to Rs.82,891,000/- i.e. Rental charges, project written off, effluent charges, fire fighting expenses and repairs maintenance expenses.

GSFC v/s Income Tax, at Tribunal [Assessment for the Assessment Year 1992-1993].

GSFC has filed an appeal with the Income tax tribunal on April 17, 1999 against the order issued by the CIT (A) on February 12, 1999 for the assessment of the year 1992-93 under section 143 (3) amounting to Rs. 8,500,000/ -. The CIT (A) disallowed exemption on the provisional premium paid on debenture redemption and other miscellaneous expenses. The matter is pending for hearing.

GSFC v/s Income Tax, at Tribunal [Assessment for the Assessment Year 1992-1993].

GSFC has filed an appeal with the Income tax tribunal on September 9, 2000 against the order issued by the CIT (A) on June 2, 2000 for the assessment year 1992-93 under section 147 amounting to Rs. 9,600,000/-. The CIT (A) disallowed exemption on depreciation on the road bund approach (fixed asset). The matter is pending for hearing.

GSFC v/s Income tax dept. (Appeal No.1199 in the IT Tribunal).

GSFC file an appeal with the Tribunal on May 20, 1999 against the order issued by the CIT (A) on January 25, 1999 for the A.Y.1995-96 U/s. 143(1)(a) amounting to Rs.4,400,000/-. The company appealed against the depreciation on Road bund approach and U/s.43B.

***GSFC v/s Income Tax, at Tribunal [Assessment for the Assessment Year 1996 -1997].***

GSFC has filed two appeals with the Income tax tribunal on March 6, 2002 against the order issued by the CIT (A) on December 24, 2001 and December 27, 2001 for the assessment of the year 1996-97 under section 143 (1)(a) and 143 (3) respectively amounting to a total of Rs. 94,900,000/-. The CIT (A) disallowed exemption on the depreciation on the road bund approach, provision made for doubtful debt and the project written off. The matter is pending for hearing.

GSFC v/s Income Tax, Tribunal [Assessment for the Assessment Year 1997-1998].

GSFC has filed two appeals with the Income tax tribunal on March 6, 2002 and March 15, 2002 against the order issued by the CIT (A) on December 24, 2001 and January 9, 2001 for the assessment of the year 1997-98 under section 143 (1)(a) and 143 (3) respectively amounting to a total of Rs. 42,400,000/-. The CIT (A) disallowed exemption on the depreciation on the road bund approach, insurance claimed on the Nylon 6 plant, provision made for doubtful debt and the project written off. The matter is pending for hearing.

GSFC v/s Income Tax, Tribunal [Assessment for the Assessment Year 1998-1999].

GSFC has filed an appeal with the Income tax tribunal on April 8, 2002 against the order issued by the CIT (A) on February 5, 2002 for the assessment of the year 1998- 99 under section 143 (3) amounting to Rs. 70,100,000/-. The CIT (A) disallowed exemption on the depreciation on the road bund approach, insurance claimed on the Nylon 6 plant, provision made for doubtful debt. The matter is pending for hearing.

GSFC v/s Income Tax, Tribunal [Assessment for the Assessment Year 1999- 2000].

GSFC has filed an appeal with the Income tax tribunal on August 4, 2003 against the order issued by the CIT (A) on July 18, 2003 for the assessment of the year 1999-00 under section 143 (3) amounting to a total of Rs. 376,700,000/-. The CIT (A) disallowed exemption on the depreciation on the insurance claimed on the Nylon 6 plant, provision made for doubtful debt, repair and maintenance, FICC subsidy recovered and the project written off. The matter is pending for hearing.

GSFC v/s Income Tax, at the Tribunal [Assessment for the Assessment Year 1990-1991].

GSFC has filed an appeal with the Income tax tribunal on November 24, 2003 against the order issued by the CIT (A) on October 11, 2003 for the assessment of the year 1990- 91 under section 147 amounting to a total of Rs. 3,100,000/-. The CIT (A) disallowed exemption on the depreciation on the research and management expenses capitalised. The matter is pending for hearing.

GSFC v/s Income Tax, at the Tribunal [Assessment for the Assessment Year 1993-1994].

GSFC has filed an appeal with the Income tax tribunal on October 20, 2003 against the order issued by the CIT (A) on May 2, 2002 and January 9, 2001 for the assessment of the year 1993-94 under section 143 (3) amounting to Rs. 140,800,000/-. The CIT (A) disallowed exemption on depreciation on the project interest and provision made for doubtful debt. The matter is pending for hearing.

GSFC v/s Income Tax, at the Tribunal [Assessment for the Assessment Year 1994-1995].

GSFC has filed an appeal with the Income tax tribunal on October 20, 2003 against the order issued by the CIT (A) on May 24, 2002 for the assessment of the year 1994-95 under section 143(3) amounting to Rs. 2,600,000/-. The CIT (A) disallowed exemption on depreciation u/s 35AB. The matter is pending for hearing.



PROSPECTUS

GSFC v/s Income Tax, at the Tribunal [Assessment for the Assessment Year 1995-1996]

GSFC has filed an appeal with the Income tax tribunal on October 20, 2003 against the order issued by the CIT (A) on May 9, 2002 for the assessment of the year 1995-96 under section 143 (3) amounting to Rs. 4,500,000/-. The CIT (A) disallowed exemption on depreciation on the Co-generation plant III building (fixed asset). The matter is pending for hearing.

GSFC v/s Income Tax Tribunal [Assessment for the Assessment Year 2000- 2001].

GSFC has filed an appeal with the Income tax tribunal on September 11, 2003 against the order issued by the CIT (A) on July 17, 2003 for the assessment of the year 2001- 2002 under section 143 (3) amounting to Rs. 651,700,000/-. The CIT (A) disallowed exemption on the project written off on the ACN Plant (fixed assets), provision for doubtful debts and FICC subsidy recovered. The matter is pending for hearing.

Cases filed against GSFC

Income Tax Department v/s GSFC [Appeal No. Misc. 18 of 2004 in the Supreme Court].

Income tax filed an appeal with the Supreme Court against the order issued by the High Court for the assessment of the year 1977-78 to 1979- 80 under section amounting to a total of Rs. 2,300,000/-. The IT Department appealed against the investment allowance claimed by GSFC on the fluctuation on the foreign currency. The matter is pending for hearing.

Income Tax Department v/s GSFC [Appeal No. Misc. 21 of 2004 in the Supreme Court].

Income tax filed an appeal with the Supreme Court against the order issued by the High Court for the assessment of the year 1987-88 under section amounting to a total of Rs. 1,800,000/-. The IT Department appealed against the investment allowance claimed by GSFC on the fluctuation on the foreign currency. The matter is pending for hearing.

Income Tax Department v/s GSFC [Appeal No. 369 of 2002 in the High Court of Gujarat].

Income tax filed an appeal with the High Court of Gujarat against the order issued by the Income Tax Tribunal for the assessment of the year 1986-87 amounting to a total of Rs. 28,000,000/-. The IT Department appealed against spares written off. The matter is pending for hearing.

Income Tax Department v/s GSFC [Appeal No. 384 of 2000 in the High Court of Gujarat].

Income tax filed an appeal with the High Court of Gujarat against the order issued by the Income Tax Tribunal for the assessment of the year 1987-88 amounting to a total of Rs. 13,800,000/-. The IT Department appealed against spares written off. The matter is pending for hearing.

Income Tax Department v/s GSFC [Appeal No. 735/A/2002 in the Income Tax Tribunal].

Income tax department filed an appeal with the tribunal on April 1, 1999 against the order issued by the CIT (A) on February 12th 1999 for the assessment of the year 1992-93 under section 143 (3) amounting to a total of Rs.56,45,00,000/-. The IT Department appealed against the project interest and depreciation on the caprolactum expansion plant and notional interest. The matter is pending for hearing.

***Income Tax Department v/s GSFC [Appeal No. 1908/A/2000 in the Income Tax Tribunal].***

Income tax department filed an appeal with the tribunal on September 5, 2000 against the order issued by the CIT (A) on July 11, 2000 for the assessment of the year 1992-93 under section 147 amounting to a total of Rs.44,000,000/-. The IT Department appealed against the de-capitalisation of pre-operative income on the caprolactum expansion plant. The matter is pending for hearing.

Income Tax Department v/s GSFC [Appeal No. 2122/A/1999 in the Income Tax Tribunal].

Income tax department filed an appeal with the tribunal on November 3, 1999 against the order issued by the CIT (A) on August 17, 1999 for the assessment of the year 1994-95 under section 143 (1)(a) amounting to a total of Rs. 5,100,000/-. The IT Department appealed against the excess bonus provision made to the employees. The matter is pending for hearing.

Income Tax Department v/s GSFC [Appeal No. 526/A/2002 in the Income Tax Tribunal].

Income tax department filed an appeal with the tribunal on March 8, 2002 against the order issued by the CIT (A) on December 27, 2001 for the assessment of the year 1996-97 under section 143 (3) amounting to a total of Rs. 296,100,000/-. The IT Department appealed against the de- capitalisation of the pre-operative income on ammonia expansion plant. The matter is pending for hearing.

Income Tax Department v/s GSFC [Appeal No. 1012/A/2002 in the Income Tax Tribunal].

Income tax department filed an appeal with the tribunal on April 5, 2002 against the order issued by the CIT (A) on January 9, 2002 for the assessment of the year 1997-98 under section 143 (3) amounting to a total of Rs.554,100,000/-. The IT Department appealed against the de- capitalisation of the pre-operative income on ammonia expansion plant and notional interest. The matter is pending for hearing.

Income Tax Department v/s GSFC [Appeal No. 1543/A/2002 in the Income Tax Tribunal].

Income tax department filed an appeal with the tribunal on May 10, 2002 against the order issued by the CIT (A) on February 5, 2002 for the assessment of the year 1998-99 under section 143 (3) amounting to a total of Rs.739,700,000/-. The IT Department appealed against the de- capitalisation of the pre-operative income on ammonia expansion plant, provision for leave encashment and notional interest. The matter is pending for hearing.

Income Tax Department v/s GSFC [Appeal No. 2630/A/2002 in the Income Tax Tribunal].

Income tax department filed an appeal with the tribunal on August 9, 2002 against the order issued by the CIT (A) on May 2, 2002 for the assessment of the year 1993 ñ 94 under section 143 (3) amounting to a total of Rs. 462,000,000/-. The IT Department appealed against the project interest on caprolactum expansion and co-generation plant III, debenture issue expenses, premium paid on redemption of debentures and notional interest. The matter is pending for hearing.

Income Tax Department v/s GSFC [Appeal No. 2631/A/2002 in the Income Tax Tribunal].

Income tax department filed an appeal with the tribunal on August 9, 2002 against the order issued by the CIT (A) on May 24, 2002 for the assessment of the year 1994-95 under section 143 (3) amounting to a total of Rs. 174,000,000/-. The IT Department appealed against project interest on co-generation plant III, depreciation on foreign exchange liability and depreciation on spares written off. The matter is pending for hearing.



PROSPECTUS

Income Tax Department v/s GSFC [Appeal No. 2632/A/2002 in the Income Tax Tribunal].

Income tax department filed an appeal with the tribunal on August 9, 2002 against the order issued by the CIT (A) on May 9, 2002 for the assessment of the year 1995 ñ 96 under section 143 (3) amounting to a total of Rs. 335,800,000/-. The IT Department appealed against project interest on co-generation plant III and ammonia expansion plant. The matter is pending for hearing.

Income Tax Department v/s GSFC [Appeal No. 3358 in the Income Tax Tribunal].

Income tax department filed an appeal with the tribunal on October 25, 2003 against the order issued by the CIT (A) on June 6, 2003 for the assessment of the year 1999- 2000 under section 143 (3) amounting to a total of Rs. 249,500,000/-. The IT Department appealed against the pre-operative expenses on A-IV and excise duty on closing stocks. The matter is pending for hearing.

Income tax dept. v/s GSFC (Appeal no. 3743 in the IT Tribunal).

Income tax department file an appeal with the Tribunal on October 6, 2003 against the order issued by the CIT(A) on July 10, 2003 for the A.Y.2000-01 U/s.143(3) amounting to Rs. 2,012,800,000/-. The department appealed against pre-operative expenses / income de capitalised on A-IV plant. The matter is pending for hearing.

PETROFILS COOPERATIVE LTD

Petrofils Co-operatives Limited is at present in the process of liquidation as informed by the office of the liquidator vide letter dated December 15, 2004. The Official Liquidator in his letter dated December 14, 2004 has informed the company that it would not be possible for him to provide the details since the same could be infructuous and hence a certificate as a promoter will not be made available.

PROMOTER GROUP COMPANIES

I. Susidiaries of GEB:

Gujarat Energy Transmission Corporation Limited.

Contingent Liabilities not provided for as on March 31st 2004:

Nil

Outstanding Litigation

Nil

Gujarat State Electricity Corporation Limited.

Contingent Liabilities not provided for as on March 31st 2004:

Estimated amount of contracts remaining to be executed on Capital Account amount to	Rs. 31091.88 lacs.
Bills discounted not matured:	Rs. 760.00 million.
Claims not acknowledged as Debts	
-Amount payable to Banks & Financial Institution towards delayed payment, Interest and penalty:	1.990 million
-Amount claimed by GEB for capital spares:	Rs. 12.797 million.

**Outstanding Litigation****1. GSECL v/s ITAT, Ahemdabad (Appeal for the accounting year 2002-03)**

GSECL has filed an appeal to ITAT, Ahemdabad against the order issued by the Assessing Officer (A. O.) on October 29, 2002 for the assessment year 2002-03 charging additional TDS on operation & maintainance charges amounting to Rs. 6.948 millions. The matter is pending with ITAT, Ahemdabad.

Madhya Gujarat Vij Company Limited**Contingent Liabilities not provided for as on March 31st 2004:**

Nil.

Outstanding Litigation

Nil

Dakshin Gujarat Vij Company Limited**Contingent Liabilities not provided for as on March 31st 2004:**

Nil.

Outstanding Litigation

Nil

Uttar Gujarat Vij Company Limited**Contingent Liabilities not provided for as on March 31st 2004:**

Nil

Outstanding Litigation

Nil

Paschim Gujarat Vij Company Limited.**Contingent Liabilities not provided for as on March 31st 2004:**

Nil

Outstanding Litigation

Nil

II. Companies promoted by GACL**Gujarat Chemical Port Terminal Company Limited (GCPTCL)****Contingent Liabilities not provided for as on March 31, 2005:**

Bank Guarantees of Rs. 64,000,000/- issued to Government Authority in respect of Custom Duty obligation.

Operational Claims against the Company ñ not acknowledged as debt is Rs. 28,300,870/-

Estimated amount of arrears of interest under waiver with banks not provided for Rs. 25,45,478/- .

Claims by Central Excise Authorities towards sales tax against the Company under dispute and appeals are Rs. 14,33,85,702/-. A deposit of Rs. 17,500,000 have been made in accordance with the stay order from the authorities.

Non operational claims against the Company / disputed liabilities not acknowledged as debt Rs. 79,885,702.



PROSPECTUS

Outstanding Litigation

Income Tax

GCPTCL has filed an application u/s 154 of Income Tax, 1961 on January 22, 2005 for rectification of mistake against the order of ACIT dated December 28, 2004 for the assessment year 2001-02 raising a demand of Rs. 0.11 million. The Company has also preferred an appeal with CIT (Appeals) on February 16, 2005 against the order.

Service Tax

An Appeal filed by GCPTCL at CESTAT against the order of Commissioner (Appeals) involving the sum of Rs. 143.4 millions. The Company has filed a stay application and appeal against order no. V.2(STC)17/VDR/2004 dated 29.07.2004 of the Commissioner (Appeals), Vadodara confirming the demand of Rs. 143.4 million made by Asstt. Commissioner, Central Excise, Bhruvch vide his OIO no. NO.STAX(BRH)D/60/2004 dated March 30, 2004 with CESTAT on 30/11/2004. The appeal hearing has not been intimated from CESTAT. Against the stay application, CESTAT vide its order dated 31/12/2004 has directed the Company to pre-deposit an amount of Rs. 17.5 millions within 12 weeks of the date of order. In compliance with the order, the company has deposited the said sum on 15/3/2005.

Civil Case

Solar Tradelinks Private Limited v/s GCPTCL

Solar Tradelinks Private Limited had filed a suit against the Company for shortage of the product handled by the Company. The sole arbitrator has given award to them for Rs. 3.53 millions. The Company has also made counter claims against Solar Tradelinks Private Limited. The sole arbitrator has given award for Rs. 1.21 millions in favour of the Company. The Company has now filed appeal with Vadodara District Court against impugned order of Arbitrator.

Engineers India Limited v/s GCPTCL

Engineers India Limited has filed an application for appointment of Arbitrator with Delhi High Court. The High Court has appointed Mr. Justice S.B. Majnudar, former Judge of Supreme Court of India as Sole Arbitrator in the matter. Preliminary hearing has taken place on August 12, 2005. Engineers India Limited have filed their claim papers on September 12, 2005. GCPTCL is in the process of filing its reply.

GEB v/s GCPTCL

GCPTCL filed a writ petition against the demand of Rs. 7.93 millions raised by GEB for change in tariff of power supply from HTP-I to HTP-IIA with retrospective effect. The matter was heard by Honible High Court and GEB has agreed to reconsider the matter.

Hi Tech NDT Services v/s GCPTCL

The winding up petition was filed by Hi Tech NDT Services for recovering of Rs. 0.43 millions with Gujarat High Court. The Company has filed the reply in this regard. The High Court has given oral orders to deposit Rs. 250,000 with the court to settle the matter.

Gujarat Aluminium Bauxite Limited.

Contingent Liabilities not provided for as on March 31st 2004:

Nil

Outstanding Litigation

Nil



Gujarat Guardian Limited

Contingent Liabilities not provided for as on March 31st 2004:

Claims against the company not acknowledged as debts:	Rs. 3,699,166
First Lost Deficiency Guarantee under Channel Financing:	Rs. 30,519,172
Total of the Disputed dues under Income Tax and Excise:	Rs. 16,604,757

Legal Cases - Accounts Receivables

Sr. No.	Year of Filing	Customer's Name	Amount	Case filed at
1.	1998	Shree Bhuvneshwari Glass	461,197	Judicial Magistrate, Delhi
2.	1988	R C Agarwal & Sons	577,110	Judicial Magistrate, Delhi
3.	1999	Navakar International	2,853,190	High Court, Delhi
4.	2000	Sri Durga Glass House	445,304	Judicial Magistrate, Delhi
5.	2000	P Surya Rao	858,561	Judicial Magistrate, Delhi
6.	2000	Pilco Glass	1,013,519	Judicial Magistrate, Delhi
7.	2000	Atul Glass Ind Ltd.	7,337,143	High Court, Delhi
8.	2001	Chethana Glass	95,338	First Class Magistrate Court, Ankleshwar
9.	2001	Rubina Glasses	165,750	Judicial Magistrate, Delhi
10.	2001	Babu Glass Agency	1,607,568	First Class Magistrate Court, Ankleshwar
11.	2003	Babu Glass Agency	same as above	High Court, Chennai
12.	2001	Appas Enterprises	2,159,864	First Class Magistrate Court, Ankleshwar
13.	2002	Diamond Glass	163,556	First Class Magistrate Court, Ankleshwar
14.	2003	Nitin Glass Industries Pvt. Limited	215,586	First Class Magistrate Court, Ankleshwar
15.	2003	Essbee Enterprises	389,060	First Class Magistrate Court, Ankleshwar
16.	2004	T.Krishnan Nair	19,078	First Class Magistrate Court, Ankleshwar
17.	2004	Bharat Glass House	92,409	First Class Magistrate Court, Ankleshwar
18.	2004	Ashoka Glass House	661,525	First Class Magistrate Court, Ankleshwar
19.	2004	Ankita Overseas Pvt. Ltd.	706,249	First Class Magistrate Court, Ankleshwar
20.	2004	Aries Float Glass	889,123	First Class Magistrate Court, Ankleshwar
21.	2004	Sethi Glass Corporation	918,126	First Class Magistrate Court, Ankleshwar
22.	2004	Jain Float Glass	1,653,620	First Class Magistrate Court, Ankleshwar
		Total	23,282,876	



PROSPECTUS

Excise Cases

Gujarat Guardian Limited v/s. Commissioner of Central Excise

Gujarat Guradian Limited has filed an appeal with CEGAT in its appeal bearing number E-641/02/MUM dated February 14th, 2002 against the order of the Commissioner of Central Excise, Surat raising a demand of Rs. 8,302,115 and penalty of Rs. 8,302,642 totalling Rs. 16,604,757 for the years 1995 ñ 1996 and 2000-2001. An application for stay of the demand raised was made by Gujarat Guardian Limited and CEGAT has passed an interim order granting the stay. The case is pending and the next date for hearing is awaited.

Labour Cases & Related Contingent Liability

S.N.	Name	Terminated on	Liability till Mar. `04	Reference No.
1.	V.V. Panyda	31/08/94	508,229	8 / 95
2.	HR Padhiyar	01/01/96	663,357	392 / 97
3.	Hemat Joshi	09/03/97	437,313	137 / 98
4.	Kamlesh Patel	23/12/97	360,488	138 / 98
5.	Sanjay Kaushik	27/08/98	313,211	25 / 2000
6.	Virender Singh	14/08/98	313,211	473 / 99
7.	Bijendra Bharti	16/08/98	313,211	126 / 2000
8.	Sunil Kumar Sharma	21/02/00	196,000	292 / 2000
9.	Narendra Khadse	16/12/01	176,000	427 / 2001
10.	Dinesh Parmar	04/23/03	102,000	204 / 2003
11.	Bharat Makwana	08/17/01	120,146	9 / 2003
12.	Kameshwar Yadav	12/20/03	196,000	372 / 2004
			3,699,166	

Effluent Channel Projects Limited

Contingent Liabilities not provided for as on March 31st 2005:

Nil.

Outstanding Litigation

Nil.

III. Companies promoted by GSFC

GSFC Investment & Leasing Company Limited.

Contingent Liabilities not provided for as on March 31st 2005:

Nil

Outstanding Litigation

Nil

Gujarat Green Revolution Company Limited. (erstwhile Gujarat Agri Processing Company Limited)

Contingent Liabilities not provided for as on March 31st 2005:

Claims against the Company not acknowledged as debts: Rs.18,600.

Outstanding Litigation

**M/s Floritech Group v/s GAPCL (Suit No.34 of 2003)**

GAPCL had placed an order dated January 25, 2001, with The Floritech Group, Vadodara for construction of Green House and cold storage at Dakor, Dist. Kheda, admeasuring 20,000 sq. meters, amounting to Rs. 17.2 millions. M/s Floritech Group raised bill of Rs. 11,087,510/- for the work done which was settled by GAPCL. However, due to poor workmanship the green house constructed by M/s Floritech, collapsed. Subsequently GAPCL sent legal notice to M/s Floritech. In response to which, M/s Floritech Group filed a Civil suit in the Court of Civil Judge, Sr. Division, Vadodara, vide suit no. 34 of 2003 for recovery of deposit along with interest @ 18% p.a. for the period from due date to actual date of payment amounting to Rs. 918,040/-. GAPCL filed a written statement and counter claim for and amount of Rs. 11,308,386/- which was filed on April 05, 2003, claiming refund of the amount paid to M/s Floritech Group along with damages. The last hearing was held on February 22, 2005. The matter is pending for final hearing and disposal.

Gujarat Narmada Valley Fertilizers Company Limited (GNFC)**Contingent Liabilities not provided for as on March 31st 2005:**

Claims against the Companies not acknowledged as debts: Rs. 51.08 millions

Guarantees given by the Banks on behalf of the Companies: Rs. 180.22 millions

Claims in respect of employees' matter: Amount not ascertainable

Income Tax assesment orders contested: Rs. 56.95 millions

The company has received show cause notices/demands in respect of Central Excise duty on captive consumption of butachlor, service tax and miscellaneous issues of central excise in fertilisers and electronics division activities. The contingent liability in respect of above as estimated by the company is Rs. 276.44 millions

There are in total 150 outstanding litigations aggregating to Rs. 519.32 million of GNFC as on June 30, 2005. Of the above said litigation, we have provided below a brief summary on the cases where the liability (where quantifiable) is above Rs. 100,000. Litigation above Rs. 100,000 have been disclosed under various heads and the total liability (where quantifiable) arising there under are provided below.

LITIGATION DETAILS OF SUIT VALUE / CLAIM AMOUNT OF RS. 100,000 & ABOVE**Details of the Top 10 cases where liability is quantifiable is given below:****1. GNFC Limited v/s Commissioner of Central Excise, CEGAT Appeal No. E/1207/04 in Mum.**

Appeal made against Commissioner's Order No.125/BRC-II/Demand/04 dated January 19th 2004 against the denial of Modvat on LSHS used in manufacture of Steam required to manufacture fertilizers for the various periods from April-2000 to Feb-2003. Consequent Demand of duty of Rs.14, 10, 04,261/-. Rs.40 million deposited in terms of the partial stay granted by CEGAT. The matter is pending for further hearing.

2. GNFC v/s M/s. Data Link Impex Pvt. Ltd. (In the Court of the Civil Judge (SD), Ahmedabad pl. Civil Suit No.44 of 2004)

GNFC has entered into a Joint Venture with M/s. Data Link Impex Pvt. Ltd. GNFC filed a case on July 22, 2004 in the Court of the Civil Judge (SD), Ahmedabad for recovery of outstanding Rs.135 million towards lease rent, Electricity charges for AC System etc. Summons are yet to be served.

3. GNFC v/s State of Gujarat. (Appeal Before the Gujarat Sales Tax Tribunal, Ahmedabad)

For the assessment year 2002-2003, GNFC was assessed for Central Sales Tax of Rs.89,020,974.00 GNFC had no other turnover of inter state sale subject to CST or otherwise during the said period. In September, 2004



PROSPECTUS

the Company has made second appeal against the order dtd. August 31, 2004 declaring that the Company is not chargeable to tax under the CST Act or that assessment may be cancelled and/or remanded to Sales Tax Officer for re-assessment or that the order of the Sales Tax Officer imposing penalty may be set aside. Appeal is pending for hearing. No next date for hearing is given.

4. GNFC Limited v/s Commissioner of Central Excise CEGAT Appeal No.

Appeal made against Commissioner's Order No.3.3/BRC-II/Demand/04 dated August 30th 2004 against the denial of Modvat on LSHS used in manufacture of Steam required to manufacture fertilizers for the various periods from Oct-2003 to Mar-2004. Consequent Demand of duty of Rs.4, 11, 86,740/-. No amount has been deposited against the said demand. Appeal and stay application is filed before CEGAT. The matter is pending for further hearing.

5. GNFC v/s M/s. Chemox Chemicals Ltd. (In the Court of the Civil Judge (SD) of Bharuch Spl. Summary Suit No.112 of 2003)

M/s. Chemox Chemicals Limited was a purchaser of industrial chemical from GNFC. GNFC filed a case in the Court of the Civil Judge (SD) of Bharuch on June 19, 2003 for recovery of outstanding of Rs.30 millions (including interest) for supply of Industrial Chemicals. Summons are yet to be served on s M/s. Chemox Chemicals Ltd.

6. GNFC Limited v/s Commissioner of Central Excise, CEGAT Appeal No.E/2517/04 ñ Mum.

Appeal made against Commissioner's Order No.32/BRC-II/Demand/04 dated June 24th 2004 against the denial of Modvat on LSHS used in manufacture of Steam required to manufacture fertilizers for the various periods from end March-2003 to Sep-2003. Consequent Demand of duty of Rs.2, 17, 61,795/-. No amount has been deposited against the said demand. Appeal and stay application is filed before CEGAT. The matter is pending for further hearing.

7. GNFC Limited v/s Commissioner of Central Excise, Writ Petition No.8742 of 1999 in the High Court of Gujarat.

A Writ Petition had been filed in 1999, claiming Cenvat credit to take full benefit of Modvat for the differential duty paid on LSHS for certain period for availing 5% Additional Modvat on LSHS (Raw Material) for an amount of Rs.2,01,21,510/-. The matter is pending for hearing. Part hearing in the matter took place on the last date of hearing on December 7, 2000.

8. GNFC Limited v/s Commissioner of Central Excise, In the High Court of Gujarat. Spl. Civil Application No.15735 of 2004

A petition was filed against the Order No. 34/BRC/2/Demand/2004 dated September 1st 2004. The said petition has been admitted in the High Court on December 7th 2004 against the demand of interest of Rs.1,36,27,038/- on the Excise duty paid on LSHS based on the CEGAT Order.

9. GNFC v/s Chairman & MD of M/s. Chemox Chem. India Ltd. (In the Court of the Chief Judicial Magistrate of Bharuch Criminal Complaint No.24331 to 24341/97, 24863 to 24867/97, 25721 to 25725/97)

Complaint under Section 138 of Negotiable Instrument Act, 1881 for dishonour of cheques aggregating to Rs.12.371 million against supplies of Industrial Product.

10. GNFC v/s M/s. Karnataka Agro Industries Corpn. Ltd. (In the Court of the Civil Judge (SD), Bharuch Spl. Civil Suit No.362 of 2002)

M/s. Karnataka Agro Industries Corpn. Ltd. Was a purchaser of fertilizers from GNFC. There was an outstanding amount of Rs. 6.401 million. GNFC filed a suit on January 15, 1999 for recovery of Rs.10,630,500/- (including interest) for supply of Fertilizers. M/s. Karnataka Agro Industries Corporation Limited has not replied to the court nor has any one appeared before the court. On July 18, 2003 the court ordered for hearing of issues and framing of issued on ex-parte basis.



Cases where liability involved is above Rs. 100,000 or where cases cannot be quantifiable are given in details as under:

Details of Suits Filed by GNFC

GNFC v/s Shri Shanubhai K Parmar (Special civil suit no. 117 of 1994)

Shri Shanubhai K Parmar was an ex- employee of GNFC and he was dismissed from the company after taking disciplinary action against him. The company has filed a Civil suit in the court of the Civil Judge of Bharuch on June 27, 1994 for recovery of outstanding housing loan amount of Rs.139,261/- with 18% interest after adjusting all the dues payable. The court passed its order dated December 9, 2002 awarding the recovery amount of Rs. 139,261/- alongwith 12% interest. GNFC has now filed a recovery petition in the Bharuch Civil Court.

GNFC v/s Shri Sukhdevbhai M. Vasava (Special civil suit no. 164 of 1994)

Sukhdevbhai M. Vasava was an ex- employee of GNFC and he was dismissed from the company after taking disciplinary action against him. The company has filed a Civil suit in the court of the Civil Judge of Bharuch on August 19, 1994 for recovery of outstanding HBA (House Building Allowance) due amounting to Rs.145,697.17 alongwith 18% interest after adjusting all the dues payable. The court passed its order dated January 1, 2002 awarding the recovery amount of Rs. 145,697.17 alongwith 12% interest. GNFC has now filed a recovery petition in the Bharuch Civil Court .

GNFC v/s Himachal Futrustic Communication Ltd. New Delhi. (Special Civil Suit no. 227 of 1996)

GNFC had supplied printed circuit boards to Himachal Futrustic Communication Ltd. New Delhi. However Himachal Futrustic Communication Ltd. New Delhi rejected the material. GNFC filed a suit on November 25, 1996 in the Court of 3rd Jt. Civil Judge (SD) of Bharuch for recovery of Rs.2,248,068.68 Ps due against supplies of PCBs along with interest @ 18% p.a. Himachal Futrustic Communication Ltd. filed their reply on April 5, 1997, stating that the court lacked jurisdiction to try the case. The matter is at the stage of taking evidence.

GNFC v/s Indo-Burma Trading Corporation & Others. (Spl. Civil Suit No.42 of 1997)

GNFC had supplied printed circuit boards to Indo-Burma Trading Corporation & Others, Mumbai. However Indo-Burma Trading Corporation & Others , Mumbai rejected the material. GNFC filed a civil suit on January 28, 1997 against Indo-Burma Trading Corporation & Others in the Court of Civil Judge (SD) of Bharuch. For recovery of Rs. 976,000 with interest @ 24% p.a. against supplies of PCBs. Indo-Burma Trading Corporation & Others filed its reply and the matter is at the stage of framing of the issues.

GNFC v/s Greentose Pvt. Ltd. Mumbai. (Spl. Civil Suit No.230 of 1997).

Greentose Pvt. Ltd., Mumbai supplied faulty material to GNFC. GNFC filed a suit on November 24, 1997 for recovery of Rs.147,719/- being 100% advance paid with interest @ 18% p.a. Greentose Pvt. Ltd., Mumbai filed its reply in September 1998 stating that the Court lacked the jurisdiction to try this matter. The matter is at the stage of framing of issues.

GNFC v/s M/s. Kisan Agro Service, Bangalore (Spl. Civil Suit No.14 of 1998)

M/s. Kisan Agro Service, Bangalore was a dealer of GNFC. GNFC supplied fertilizers to M/s. Kisan Agro Service, Bangalore. There was an outstanding amount of Rs. 9.706 million for the recovery of which GNFC filed a case in the Court of the Civil Judge at Bharuch on January 15, 1998 claiming the outstanding amount along with interest @ 21% p.a. against supplies of Fertilizers. M/s. Kisan Agro Service is at the moment making payment in installment of the outstanding amount. The balance outstanding amount as on June, 2005 was 1.434 million. The matter is at the stage of taking of evidence.



PROSPECTUS

GNFC v/s M/s. Kumar Agro Agency, Bangalore (Spl. Civil Suit No.19 of 1998)

M/s. Kumar Agro Agency, Bangalore is a dealer of GNFC. GNFC supplied fertilizers to M/s. Kumar Agro Agency, Bangalore. There was an outstanding amount of Rs.7.811 million for the recovery of which GNFC filed a case in the Court of the Civil Judge (SD) at Bharuch on January 27, 1998 claiming the outstanding along with interest @ 21% p.a. against supplies of Fertilizers. The matter is at the stage of framing of issues.

GNFC v/s M/s. Vijayshree Capital & Finance Ltd, Mumbai (Special Civil Suit No.109 of 1998).

GNFC supplied Industrial chemical to M/s. Vijayshree Capital & Fin. Ltd. Mumbai. There was an outstanding amount of Rs. 24 million for the recovery of which GNFC filed a case in the Court of the Civil Judge on May 1, 1998 claiming the outstanding along with interest @ 22% p.a. M/s. Vijayshree Capital & Fin. Ltd, Mumbai were issued summons by the Court however no person has yet appeared on behalf of M/s. Vijayshree Capital & Finance Ltd, Mumbai before the court.

GNFC v/s WS Telesystems Ltd. (In the Court of the Civil Judge (SD), Bharuch Spl. Civil Suit No.18 of 1999)

GNFC maintained a running account with WS Telesystems for the supply of PCBs. There was an outstanding amount of Rs. 550,000. GNFC filed a suit on January 15, 1999 for recovery of Rs.1.114 million (including interest) for supply of PCBs. WS Telesystems filed a reply on September 8, 1999 stating that the court did not have the jurisdiction to try this case. On February 5, 2001 the Board for Industrial Finance and Reconstruction (BIFR) recommended this case to the High Court for Winding up. Matter awaited for further instructions from the High Court or BIFR.

GNFC v/s M/s. Konee Meditech Pvt. Ltd. Ahmedabad (In the Court of the Civil Judge (SD), Bharuch Spl. Civil Suit No.190 of 2002)

Konee Meditech Pvt. Ltd. Ahmedabad had entered into an memorandum of understanding with GNFC pertaining to the project of telemedicine. However the technology is non-existent. Therefore GNFC filed a case on April 26, 2002 for recovery of Rs.4.132 million against the advance payment of Rs.3 million and purchase of Hardware of Rs.1.132 million for demonstration of the project pertaining to telemedicine. On the basis of the Police inquiry report, summons are now issued against Konee Meditech Pvt. Ltd. Ahmedabad. Konee Meditech Pvt. Limited, Ahmedabad filed their reply on April 17, 2003 stating that they are misconceived and have made a counter claim for the amount unpaid as per the Memorandum of Understanding. The matter is at the stage of framing of issues.

GNFC v/s M/s. Indo Computer Software Hardware Systems Ltd. (Spl. Civil Suit No.191 of 2002)

GNFC has filed a case on April 26, 2002 in the Court of the Civil Judge (SD), Bharuch for the recovery of Rs.8.422 million against the advance payment of Rs.5.590 million for working capital and foreign tour expenses and purchase of software of Rs. 2.832 million for a project. M/s. Indo Computer Software Hardware Systems Limited filed their reply on April 14, 2003 stating that the matter is misconceived. The matter is at the stage of framing of issues.

GNFC v/s M/s. HTL Limited, Chennai (Civil Suit No.211 of 2003)

GNFC had supplied C-DOT PCB during the year 2000 to 2001 to HTL Limited, Chennai. GNFC filed a suit in the Court of the Civil Judge (SD) of Bharuch on November 14, 2003 for the recovery of outstanding of Rs.22.3 millions + Rs.1.8 million interest towards the supply of C-DOT PCB during 2001-01. HTL Limited, Chennai filed their reply on May 1, 2004 stating that the court lacked the adequate jurisdiction and also stated that the matter be referred to arbitration as per the clauses of the agreement. The matter is at the stage of recording of evidence.

GNFC v/s M/s. Chemox Laboratories Ltd. (In the Court of the Civil Judge (SD), Bharuch Spl. Summary Suit No.113 of 2003)

M/s. Chemox Chemicals Limited was a purchaser of industrial chemical from GNFC. GNFC filed a case in the Court of the Civil Judge (SD) of Bharuch on June 19, 2003 for recovery of outstanding of Rs.9.41 million (including interest) for supply of Industrial Chemicals. Summons are yet to be served on M/s. Chemox Chemicals Ltd.

***GNFC v/s Shri LS Parmar, Ex. Employee of the Co. (In the Court of the Civil Judge(SD), Bharuch Spl. Civil Suit No.30 of 2004)***

Shri LS Parmar was an ex- employee of GNFC. He was terminated from his services. GNFC filed a case in the Court of the Civil Judge (SD) of Bharuch for recovery of outstanding HBA and Vehicle loan of Rs.509,000. The court has ordered for attachment of the property before any judgement by its order dated September 18, 2004. There has been no reply filed by Shri LS Parmar. The matter is at the stage of framing of issues. The next date of hearing is not yet fixed.

GNFC v/s M/s. Saral Chemicals. Industries. Private. Limited. (In the Court of the Civil Judge (SD), Bharuch Spl. Civil Suit No.103 of 2004)

M/s. Saral Chem. Ind. Pvt. Ltd. was a dealer in industrial chemical of GNFC. GNFC filed a case in the Court of the Civil Judge (SD) of Bharuch on June 21, 2004 for recovery of outstanding Rs.4.228 million for supply of Industrial Chemicals. Summons are yet to be served on M/s. Saral Chemicals Industries. Private. Limited.

GNFC v/s M/s. SB Commercial Private Limited. (In the Court of the Civil Judge (SD), Bharuch Spl. Civil Suit No.102 of 2004)

M/s. SB Commercial Pvt. Ltd. was a dealer in industrial chemical of GNFC. GNFC filed a case in the Court of the Civil Judge (SD) of Bharuch on June 21, 2004 for recovery of outstanding Rs.2.897 million for supply of Industrial Chemicals. Summons are yet to be served on M/s. SB Commercial Private Limited

GNFC v/s M/s. Data Link Impex Pvt. Ltd (In the Court of the Civil Judge (SD), Ahmedabad Spl. Civil Suit No.45 of 2004)

GNFC has entered into a Joint Venture with M/s. Data Link Impex Pvt. Ltd GNFC filed a case on July 22, 2004 in the Court of the Civil Judge (SD), Ahmedabad for recovery of outstanding Rs.4.572 million for charges for supply of Bandwidth. Summons are yet to be served.

GNFC v/s M/s. Data Link Impex Pvt. Ltd In the Court of the Civil Judge (SD), Bharuch Spl. Civil Suit No.48 of 2004

GNFC has entered into a Joint Venture with M/s. Data Link Impex Pvt. Ltd GNFC filed a case on July 29, 2004 in the Court of the Civil Judge (SD), Ahmedabad for recovery of outstanding Rs.1.372 million for charges towards royalty for use of name and logo. Summons are yet to be served.

GNFC v/s M/s. Data Link Impex Pvt. Ltd. (In the Court of the Civil Judge (SD), Ahmedabad Spl. Civil Suit No.63 of 2004).

GNFC has entered into a Joint Venture with M/s. Data Link Impex Pvt. Ltd . GNFC filed a case in October 2004 in the Court of the Civil Judge (SD), Ahmedabad For recovery of outstanding Rs.2.394 million towards the capital goods utilization charges. Summons are yet to be served.

Details of suits filed against the company***Shri Rameshbhai I. Intwala v/s Bank of Baroda & GNFC (In the Court of 5th Joint Civil Judge (SD) of Bharuch Spl. Civil Suit No. 46 of 2003).***

Shri Rameshbhai I. Intwala filed a civil suit on February 14, 2003 against GNFC in connection with the payment of remuneration for the valuation of properties of GNFC, the job whereof was awarded by Bank of Baroda. Shri Rameshbhai I. Intwala filed the suit for an amount of Rs.917,875/- with 10% interest. GNFC has filed its written statement through its advocate denying its liability for the payment. The matter is pending for framing of issues by the Court.



PROSPECTUS

Shri Subhashbhai M Gohil & Smt. Laxmiben S Gohil v/s GNFC (In the Court of Civil Judge (SD) of Bharuch Spl. Civil Suit No.73 of 2003)

Shri Subhashbhai M Gohil & Smt. Laxmiben S Gohil had filed a suit on April, 4, 2003, against GNFC claiming compensation of Rs.1,000,000/- from GNFC because of death of the daughter of the Plaintiffs by drowning in the water reservoir of GNFC. GNFC has filed its Written Statement through its Advocate denying the liability. Pending for framing of issues by the Court.

Various land owners v GNFC.

(In the Court of Dist. Judge of Bharuch Land Acquisition Ref. No.1116 to 1157 of 1987 for the land acquired at Village: Dharoli, Dist. Bharuch)

Land Acquisition Ref. No.555 to 572 of 1987 for the land acquired at Village: Singla, Dist. Bharuch.

Land Acquisition Ref. No.448 to 453 of 1987 for the land acquired at Village: Chanderia, Dist. Bharuch).

The land references mentioned above have been filed by the various landowners of the lands acquired by GNFC under the Land Acquisition Act, 1894 on October 15, 1987 claiming additional compensation of Rs.34.68 lacs + interest thereon. GNFC has filed written statements dated 15, February 1991 denying its liability to pay the additional compensation claimed by the landowners. The land references are pending for hearing.

Inspector, Agricultural Deptt. Bhopal (MP) v/s GNFC

In the Court of the Session Judge, Bhopal (MP) Criminal Case No.1 of 1997 (K C Mahapatra, Managing Director & Others)

A complaint was filed by a Inspector under Sections 3 & 7 of Essential Commodities Act,1955, in connection with the Sample failure of Ammonium Nitro Phosphate (ANP) manufactured by the Company. A sample of ANP was drawn from the shop of the retailer and the same had failed meeting the specifications of Fertilizer Control Order. A criminal case has been filed against GNFC and its Managing Director in January,1997. The matter is pending for hearing.

Dy. Director of Agriculture, Tonk (Raj.) v/s GNFC. In the Court of the Additional Chief Judicial Magistrate, Newai, Dist. Tonk (Rajasthan)Criminal Case No.3181 of 2004 (Shri A T Patadia, Responsible Officer & Others).

A complaint was filed by a Inspector under Sections 3 & 7 of Essential Commodities Act, 1955, in connection with the Sample failure of Ammonium Nitro Phosphate (ANP) manufactured by the Company. A sample of ANP was drawn from the shop of the retailer and the same had failed to meet the specifications of Fertilizer Control Order. A Criminal case has been filed against the Company and its Responsible Officer on October 17, 2004. The Company has appeared through its Advocate in the Court and the matter is pending.

Chief Agricultural Officer, Fatehgarh, Sahib, Punjab & Haryana v/s GNFC Ltd. & Dr. D H Desai, Responsible Officer & Others (In the Court of the Sub-Divisional Judicial Magistrate at Amloh, Dist. Fatehgarh, Sahib, Punjab & Haryana

Criminal Case No.31705M of 2002)

A complaint was filed by a Inspector under Sections 3 & 7 of Essential Commodities Act,1955, in connection with the Sample failure of Ammonium Nitro Phosphate (ANP) manufactured by the Company. A sample of ANP was drawn from the shop of the retailer and the same had failed meeting the specifications of Fertilizer Control Order. A Criminal case has been filed against the company and its Responsible Officer April, 26 2002. The company has appeared through its Advocate in the Court and the matter is pending.

***Agriculture Officer (PP) Sriganaganagar (Raj.) v/s GNFC. & Dr. D H Desai, Responsible Officer & Others (In the Court of Session Judge Sriganaganagar (Raj.) Criminal Case No.4 of 1993).***

A complaint was filed by a Inspector under Sections 3 & 7 of Essential Commodities Act,1955, in connection with the Sample failure of Ammonium Nitro Phosphate (ANP) manufactured by the Company. A sample of ANP was drawn from the shop of the retailer and the same had failed meeting the specifications of Fertilizer Control Order. A Criminal case has been filed against GNFC and its officer responsible January 13, 1993. Petition has been filed in the High Court of Jodhpur (Raj.) and the matter is pending.

Agriculture Director, Jhalawar v/s GNFC & Dr. D H Desai, Responsible Officer & Others (In the Court of Session Judge Jhalawar Criminal Case No.108 of 2000).

A complaint was filed by a Inspector under Sections 3 & 7 of Essential Commodities Act,1955, in connection with the Sample failure of Single Super Phosphate (SSP) marketed by the Company. A sample of ANP was drawn from the shop of the retailer and the same had failed meeting the specifications of Fertilizer Control Order. A Criminal case has been filed against GNFC and the Officer responsible in January, 1999. The matter is pending.

Pacific International Lines (P) Ltd. v/s GNFC. [In the High Court of Judicature at Bombay (Ordinary Original Civil Jurisdiction) Suit No.219 of 1996].

Pacific International Lines (P) Ltd. has filed a civil suit on January 30, 1996 against GNFC, claiming compensation for damages caused to the containers arising out of the leakages in respect of the cargo containing nitric acid of GNFC filed for a sum of Rs.818,503/- with interest @ 18%., shipped by GNFC. GNFC has filed its written statement in reply of June 1, 2001. The matter is pending for hearing by the Court.

Criminal cases filed by GNFC***GNFC v/s Chairman & MD of M/s. Chemox Laboratories Ltd. (In the Court of the Chief Judicial Magistrate of Bharuch Criminal Complaint No.25868 to 25874 of 1997)***

GNFC supplied to M/s Chemox Laboratories Limited some industrial product. There was an outstanding amount to be paid to GNFC against the same for which M/s. Chemox Laboratories Ltd. Issued some cheques for making payment a part of the amount outstanding. Subsequently, GNFC filed a complaint under Section 138 of Negotiable Instrument Act, 1881 against the chairman and the managing director of M/s Chemox Laboratories Limited for dishonour of these cheques aggregating to Rs.3.872 million.

GNFC v/s Shri Purushottam Kumar Proprietor of M/s. Kumar Agro Agency (In the Court of the Chief Judicial Magistrate of Bharuch Criminal Complaint No. 27115 of 1998).

M/s. Kumar Agro Agency, Bangalore is a dealer of GNFC. GNFC supplied fertilizers to M/s. Kumar Agro Agency, Bangalore. GNFC filed a complaint under Section 138 of Negotiable Instrument Act, 1881 for dishonour of cheques aggregating to Rs.6.642 million against supplies of Fertilizers. The matter is at the stage of taking evidence.

GNFC v/s Shri B K Muktar Pasha Partner of M/s. Kissan Agro Services (In the Court of the Chief Judicial Magistrate of Bharuch Criminal Complaint No.27116 of 1998)

M/s. Kissan Agro Service, Bangalore was a dealer of GNFC. GNFC supplied fertilizers to M/s. Kissan Agro Service, Bangalore. GNFC filed a complaint under Section 138 of Negotiable Instrument Act, 1881 for dishonour of cheques aggregating to Rs.8.383 million against supplies of Fertilizers. M/s. Kissan Agro Service filed their reply wherein they stated that the court lacked the jurisdiction to try the case. The matter is at the stage of hearing of jurisdiction issue.

GNFC v/s Shri Gautam Zambad Proprietor of M/s. Zambad Brothers (In the Court of the Chief Judicial Magistrate of Bharuch Criminal Complaint No.53130 of 1998)

GNFC filed a criminal complaint on November 24, 1998 under Section 138 of Negotiable Instrument Act, 1881 for dishonour of cheques aggregating to Rs.257,000 against supplies of Fertilizers made to M/s. Zambad Brothers. M/s. Zambad Brothers has already made a payment of Rs. 25,000/- towards the outstanding amount. The matter is at the evidence stage. At present the court is vacant and has no sitting judge.



PROSPECTUS

GNFC v/s Shri M A Krishnan, Chief Executive of M/s. Gujarat Nitrate Pvt. Ltd. Vadodara. (In the Court of the Chief Judicial Magistrate of Bharuch Criminal Complaint No.8457 of 2000).

GNFC filed a criminal complaint on May 23, 2000 against Shri M A Krishnan, Chief Executive of M/s.Gujarat Nitrate Pvt. Ltd. Vadodara under Section 138 of Negotiable Instrument Act, 1881 for dishonour of cheques aggregating to Rs.533,000 against supplies of Industrial chemicals. Summons were served in March 2003, however Shri M A Krishana has gone abroad and is absent for two years. However father of Shri M A Krishana has agreed to pay the outstanding amount and is already making part payment of the outstanding amount. As of June 1, 2004 the amount pending is Rs. 134,000 only.

GNFC v/s Shri Ved Prakash Sehgal Partner of M/s. Sehgal Brothers. (In the Court of the Chief Judicial Magistrate of Bharuch Criminal Complaint No.1963 of 2001).

GNFC filed a criminal complaint on January 25, 2001 against M/s Sehgal Brothers under Section 138 of Negotiable Instrument Act, 1881 for dishonour of cheques taken as security aggregating to Rs.2.062 million against supplies of Fertilizers. Shri Ved Prakash Sehgal Partner of M/s. Sehgal Brothers made an application for discharge of the case. He is absent from the court and the court has issued an arrest warrant against him in May 2002 and December 2002. At present the court is vacant as there is no judge to preside over the matter.

GNFC v/s Shri R M Patel, MD of M/s. Pukhya Technical Solutions Pvt. Ltd. (In the Court of the Chief Judicial Magistrate of Bharuch Criminal Complaint No.6500 of 2001).

GNFC filed a criminal complaint on June 2, 2001 against Shri R M Patel, MD of M/s. Pukhya Technical Solutions Pvt. Ltd. under Section 138 of Negotiable Instrument Act, 1881 for dishonour of cheques aggregating to Rs.1.83 lacs against the advance payment made for 1 mbps shared Internet Bandwidth. The court had issued summons against Shri R M Patel, MD of M/s. Pukhya Technical Solutions Pvt. Ltd. on December 31, 2002. However he is still absent from the court. The Court has issued a bailable warrant against the accused.

GNFC v/s Shri R V Chari, MD of M/s. Robinson India (I) Ltd. (In the Court of the Chief Judicial Magistrate of Bharuch Criminal Complaint No.7255 of 2001).

GNFC has filed a criminal complaint on June 14, 2001 against Shri R V Chari, MD of M/s. Robinson India (I) Ltd. under Section 138 of Negotiable Instrument Act, 1881 for dishonour of cheques aggregating to Rs.429,000 for lease rent of Infotower premises at Ahmedabad for business purposes for the period of occupation. At present the court is vacant as there is no judge to preside over the court.

GNFC v/s Shri Pradeep Rai, Proprietor of M/s. P R Sales Corpn. (In the Court of the Chief Judicial Magistrate of Bharuch Criminal Complaint No.17268 of 2002).

GNFC has filed a criminal complaint on November 25, 2002 against Shri Pradeep Rai, Proprietor of M/s. P R Sales Corpn under Section 138 of Negotiable Instrument Act, 1881 for dishonour of cheques aggregating to Rs.762,000 lacs against supplies of Fertilizers. Summons were served and the party appeared before the court and made oral statement before the court and disputed the amount. The matter was pending for taking plea of accused.

GNFC v/s Shri Subhashchandra Sehgal & Others, Partners of M/s. Kurukshetra Traders (In the Court of the Chief Judicial Magistrate of Bharuch Criminal Complaint No.8146 & 8147 of 2003).

GNFC filed a criminal complaint on April 4, 2003 against Shri Subhashchandra Sehgal & Others, Partners of M/s. Kurukshetra Traders under Section 138 of Negotiable Instrument Act, 1881 for dishonour of cheques aggregating to Rs.1.703 million against supplies of Fertilizers. The party was absent from hearing and summons were not being served. Summons were finally served in kurukshetra, Haryana and the Party's office. On September 17, 2004 the police reported that he was suffering from cancer and was in hospital.

**GNFC v/s Shri Kishanlal Ajaykumar Proprietor (In the Court of the Chief Judicial Magistrate of Bharuch Criminal Complaint No.10003 of 2003)**

GNFC filed a criminal complaint on June 20, 2003 against Shri Kishanlal Ajaykumar under Section 138 of Negotiable Instrument Act, 1881 for dishonour of cheques aggregating to Rs.248,000 against supplies of Fertilizers. The court issued summons against the party on October 13, 2003. as per the police report accused has left his Rajasthan business, premises and closed down his operation. Police is in search of the party to serve him summons.

GNFC v/s Shri Ramchand Ramnivas Proprietor (In the Court of the Chief Judicial Magistrate of Bharuch Criminal Complaint No.13003 of 2003)

GNFC filed a criminal complaint on August 8, 2003 against Shri Ramchand Ramnivas under Section 138 of Negotiable Instrument Act, 1881 for dishonour of cheques aggregating to Rs.127,000 against supplies of Fertilizers. The party appeared before the court along with his Advocate.

GNFC v/s Saral Chem. Pvt. Ltd. (In the Court of the Chief Judicial Magistrate of Bharuch Criminal Complaint No.4888 to 4893 & 4341 of 2004).

Saral Chem. Pvt. Ltd was a dealer of GNFC. There was an outstanding amount against GNFC hence GNFC decided to withdraw the outstanding amount from the security provided. However the cheque bounced. Hence GNFC filed a complaint under Section 138 of Negotiable Instrument Act, 1881 for dishonour of cheques aggregating to Rs.4.198 lacs against supplies of Industrial product Summons are yet to be served.

GNFC v/s S B Commercial Pvt Ltd. (In the Court of the Chief judicial Magistrate of Bharuch Criminal Complaint No.6403 of 2004).

S.B. Commercial Pvt. Ltd. was a dealer of GNFC. There was an outstanding amount payable against GNFC's supplies. Hence GNFC deposited the cheques given as security for payment. However the said cheques bounced. Hence GNFC filed a complaint under Section 138 of Negotiable Instrument Act, 1881 for dishonour of cheques aggregating to Rs.2.206 million against supplies of Industrial product in March,2004. Summons are yet to be served.

GNFC v/s Mr. Ragesh Shah, Chairman & Managing Director, Mrs. Hema Ragesh Shah, Director & M/s. Konee Meditech Pvt. Ltd. (In the Court of the Chief Judicial Magistrate of Bharuch Criminal Complaint No.23 of 2002).

GNFC entered into a memorandum of understanding with M/s. Konee Meditech Pvt. Ltd for technology development and for which advances were paid for the demonstration of the technology. However the technology was non-existing. Hence GNFC filed a complaint for cheating and Criminal breach of trust etc. under Sections 420, 406, 114 & 120 of the Indian Penal Code. A police inquiry was initiated based on which the police submitted its report and thereafter court has issue summons against M/s. Konee Meditech Pvt. Ltd. The matter is pending for hearing.

GNFC v/s Mr. Ragesh Shah, Chairman & Managing Director, Mrs. Hema Ragesh Shah, Director & M/s. Indo Computech Software ñ Hardware Systems Ltd. (In the Court of the Chief Judicial Magistrate of Bharuch Criminal Complaint No.24 of 2002)

GNFC entered into a memorandum of understanding with M/s. Indo Computech Software ñ Hardware Systems Ltd. for software technology development and for which advances were paid for working capital, foreign tour expenses and purchases made for software of the project. However the project was non-existing and did not materialise. Hence GNFC filed a complaint for cheating and Criminal breach of trust etc. under Sections 420, 406, 114 & 120 of the Indian Penal Code. A police inquiry was initiated based on which the police submitted its report and thereafter court has issue summons against M/s. Indo Computech Software ñ Hardware Systems Ltd.. The matter is pending for hearing.



PROSPECTUS

GNFC v/s M/s Bhavya Developers & Organisation & others. (in the court of Metropolitan Magistrate, Ahmedabad Criminal complaint no. 1408 of 2002).

GNFC had purchased property from M/s Bhavya Developers and paid a maintenance deposit in advance. This amount paid was to be deposited in scheduled Bank and the interest earned from that amount was to be paid as maintenance of the property purchased. However the money was deposited in a co-operative bank. M/s Bhavya Developers obtained a certificate from the bank stating that there would be no transactions taking place in that account without the prior consent of GNFC. However M/s Bhavya Developers has already obtained a 90% overdraft on that amount and is now absconding. GNFC filed a criminal complaint u/s 420, 406, 409, 465, 68, 67 of the Indian Penal Code for cheating and misappropriation. The matter is at the filing of plea stage. The next date of hearing is not yet fixed by the Court.

Details Sales Tax Appeal Status.

GNFC v/s. State of Gujarat. (Appeal Before the Gujarat Sales Tax Tribunal, Ahmedabad)

GNFC has a captive electricity generation plant. This electricity generated is used for captive use such as for manufacturing, use in corporate office, for roads, buildings, township, guest house etc. and other utilities and is exempt from tax under entry 28 of Schedule 1. Though the Asst. Commissioner of Sales Tax did not levy the tax on purchases, but the Deputy Commissioner of Sales Tax levied purchase tax vide Original order dated April 30, 2003. GNFC has made a revision appeal for refund of Purchase Tax levied on purchases used for generation of electrical energy for an amount of Rs.3 millions on August 16, 2003 to the Gujarat Sales Tax Tribunal, Ahmedabad. Appeal is admitted and now pending with Tribunal for hearing. No next date is given.

GNFC v/s. State of Gujarat. (Appeal Before the Gujarat Sales Tax Tribunal, Ahmedabad)

GNFC sold goods against declarations in Form 26/40 and F17A to various customers. Most of the declarations were produced at the time of hearing but for few declaration, which the Company was trying to obtain could not be produced before the court. Meanwhile the order of assessment was passed and full tax was levied. GNFC preferred an appeal to the Deputy Commissioner of Sales Tax, who allowed the claim of concessional rate to the extent of forms produced. The Company applied for some more time to produce the declarations, which was disallowed by the Dy. Commissioner vide Original Order dated July 29, 2003. GNFC has made an appeal to the Gujarat Sales Tax Tribunal, Ahmedabad against the order of the Dy. Commissioner for allowing some more time to produce Concessional Forms from the Company's customers in respect of whom GNFC has claimed concessional rate of sales tax against these declarations for an amount of Rs.1 million. Appeal is pending with Tribunal for hearing. No next date for hearing is given.

GNFC v/s State of Gujarat. (Appeal Before the Gujarat Sales Tax Tribunal, Ahmedabad)

For the assessment year 2000-2001, the Company was assessed for Central Sales Tax of Rs.100,500,865/-. The Company had no other turnover of inter state sale subject to CST or otherwise during the said period. In March, 2004, the Company has made second appeal against the order dtd. December 31, 2003. (Copy enclosed). For declaring that the Company is not chargeable to tax under the CST Act or that assessment may be cancelled and/or remanded to Sales Tax Officer for re-assessment or that the order of the Sales Tax Officer imposing penalty may be set aside. Appeal is pending with Tribunal for hearing. No next date for hearing is given.

Appeal Before the Dy. Commissioner of Sales Tax- 2, Baroda

GNFC sold goods against declarations in Form 19/26 to various customers. Most of the declarations were produced at the time of hearing but for few declaration amounting to Rs.6,669,473.00, which the Company was trying to obtain. Meanwhile the order of assessment was passed by the Assistant Commissioner of Sales Tax and full tax was levied. GNFC preferred an appeal to the Deputy Commissioner of Sales Tax, Div.IV, Baroda praying for being granted some more time to produce the Concessional Forms from the Company's customers claiming concessional rate of sales tax against declarations amounting to Rs.704,072.00. Appeal is pending for hearing. No next date for hearing is given.

**Service Tax matter*****GNFC v/s. Service Tax Tribunal, Mumbai.***

GNFC was provided technical services by two foreign firms namely Linde Ag of Germany and Mitsui Engineering and Ship Building Co. Ltd., Japan. These companies had no office in India and did not pay any service tax on services rendered for basic engineering of revamp of methanol project, supply of engineering documents for revamp of air separatist unit and acetic plant. As per proviso of Rule 2(d) (IV) of the Service Tax Rules, 1994, the Company was liable to pay service tax amount of Rs.2,626,951.00. The Company did not pay any service tax on Rs.52,539,027.00 paid to these foreign companies between September 2002 to February 2003. The Company was issued with show cause notice on August 14, 2003 for recovery of service tax, imposition of penalty and recovery of interest. The Company has contended that scope of revamp was in the nature of works contract and the engineering documents were merely incidental to the execution of the work contract and any work contract cannot be vivisected and part of it subjected to service tax. The Office of Commissioner(Appeals) of Central Excise and Customs, Vadodara vide its stay order no. 023/2004 dated July 27, 2004 directed GNFC to deposit an amount of Rs.2,626,951.00 as pre deposit under Section 35F of Central Excise Act, 1944. GNFC had filed an civil application no.9941 in the High Court of Gujarat, Ahmedabad contesting the amount required to be paid as pre-deposit. The court vide its order dated October 19, 2004 opined that it would be just and proper to direct GNFC to deposit 10% of the amount of assessment, after which the Commissioner(Appeals) of Central Excise and Customs shall hear and dispose of the case as soon as possible for waiver of service tax amounting to Rs.2,626,951.00 Appeal is pending for hearing. No next date for hearing is given.

Labour Cases***Shri Ram Sahay Sharma, Ex-daily wager v/s. GNFC (Before the Labour Court, Jaipur Case No.181/95)***

Shri Sharma was engaged on daily wages for the private godown at Jaipur. He stopped coming on duty on his own and hence his services were terminated on November 15, 1990. He raised dispute before the conciliation officer however no settlement had been possible. Therefore the matter was referred to Labour Court, Jaipur. The Statement of Claim was filed on July 29, 2003. The reply of the company in aforesaid matter is pending. The next date is fixed on September 25,, 2005.

Shri AU Raj v/s. GNFC (Before the Industrial Tribunal, Bharuch IT-159/2001)

Shri A U Raj was a daily wager & had stopped coming on duty on his own. As per order of Labour Court & Gujarat High Court dated July 16, 1998, he was reinstated as a daily wager with 50% back wages. He has again filed a case for permanent appointment and all other benefits with back wages in Industrial Tribunal. The Statement of Claim was filed on August 24, 2001. The company's reply was filed in August 2002. An application was submitted on October 15, 2003 raising the preliminary contention that the reference is not tenable before the Tribunal, as it is not raised by GNFC Emps' Union, which is recognised by the company. The next date is fixed on October 27, 2005.

Shri S K Parmar v/s. GNFC (Before the Industrial Tribunal, Bharuch Complaint No.21 of 1994)

Shri S K Parmar's services were terminated on October 28, 1993 as he was absent from work. He has filed a complaint on April 2, 1994 for violation of sec. 33(A) of Industrial Dispute Act and for setting aside the order of termination. Reply filed in August 1994. The company has contended that the complainant has wrongly filed a complaint. The matter is pending for hearing. The next date of hearing is fixed on September 9, 2005.

GNFC Employees' Union v/s. GNFC (Before the Industrial Tribunal, Bharuch IT No.84/99)

The duty points were reduced in the Plant and thus the services of certain number of employees were terminated. Subsequently, the Union has filed complaint on December 20, 1999 u/s 33 of ID Act due to changes in the conditions of service affecting employment. The reply was filed on January 1, 2000. The next date of hearing is fixed on September 15, 2005.



PROSPECTUS

GNFC Employees Union v/s. GNFC (Before Industrial Tribunal, Baroda Ref. (IT) No.208/94).

The induction grade for Dip/Graduate was changed from S-3 to S-4 & that of ITI from S-5 to S-7 in the year 1989. A reference was made by the union to the company regarding the aforesaid change in the induction grade which was rejected by the company. Subsequently, the union approached the Labour court. The union filed its statement of claim on September 30, 1999. NFC filed its reply on December 10, 1999. The matter is at the stage of taking evidence. The next date is fixed on September 15, 2005..

Shri L S Parmar v/s GNFC (Before the Labour Court, Bharuch Case No.181/04)

Shri L S Parmar services as bearer cum R-boy in the guest house were terminated on absentee ground after holding departmental enquiry. He has challenged his termination and claimed reinstatement by filing a statement of claims on December 29, 2004. Reply is yet to be filed by GNFC. The next date of hearing is fixed on September 14, 2005..

Shri S M Vasava v/s GNFC (Before the Labour Court, Bharuch Case No.451/94)

Shri S M Vasava was working as bearer cum R-boy in the guest house were terminated on absentee ground after holding departmental enquiry. He has challenged his termination on ground of illegality and filed a statement of claim on February 14, 1995 and claimed reinstatement with full back wages. GNFC filed its reply on February 3, 1998. One of the prayers in the reply was that the enquiry must be declared as fair, just and legal declare. The order on perversity was passed by the Court on June 29, 2004 justifying the enquiry as fair & proper. On August 18, 2004 GNFC has submitted an application taking objection against the document submitted by Advocate of Shri Vasava. Arguments from both the sides are over and the matter is pending for order.

Ishwarbhai C. Parmar v/s. GNFC (Before the Labour Court, Bharuch Case No. 398/97)

Ishwarbhai C. Parmar was working on contract basis as a attendant cum mazdoor in the PCB plant. His contract was not renewed on performance ground. He has challenged his termination and claimed his reinstatement. He filed statement of claim on March 10, 1998 stating that he was terminated without a notice and retrenchment compensation. The company filed its reply on July 11, 2001 and contended that the applicant was specifically told to improve performance within 6 months. The next date of hearing fixed on September 21, 2005.

Gujarat Maz. Panchayat v/s. GNFC (82 persons) (Industrial Tribunal, Bharuch Ref. (IT) No.154 of 1982)

Gujarat Maz. Panchayat have filed a case on February 2, 1992 claiming that they should be considered as direct employees of the company and should be afforded benefits and that the contract is a mere paper arrangement. GNFC filed its reply in 1993 stated that the applicants are not direct employees of the company but of the contractor and hence it is not liable for the same. A confidential note was put up for considering an alternative of out of court settlement, taking into consideration the facts of the case. However, it is decided to contest the matter in the court. We have submitted our written arguments on May 17, 2005. The next date of hearing is fixed for final hearing on September 15, 2005..

Guaratj. Working Class Union v/s. GNFC (Security Personnel - 137 persons)

Before the Industrial Tribunal, Bharuch Ref. (IT) No.28/94

The applicants have claimed that they should be considered as direct employees of the company and should be afforded benefits and that the contract through the contractor is a mere paper arrangement. They have filed a statement of claim on October 4, 1994 contending that their being direct employees of the Company and consequential benefits viz. Leave, Bonus etc. GNFC filed its reply on March 9, 1996 stating that a notification was passed by the government to the effect that security personnel contract is genuine. Order is passed by the Tribunal on June 8, 2004 suspending the proceedings till the final outcome of the petition filed in GHC by the Union against the Memorandum dated October 20, 2003 issued by the GOG. As per the Order passed by the Gujarat High Court in the matter No.LPA 773/99 the Notice received on June 22, 2005 from Industrial Tribunal Bharuch for hearing of this matter. Next date for hearing is fixed on October 26, 2005.

***Guj. Working Class Union v/s. GNFC (Security Personnel - 137 persons) (Industrial Tribunal, Bharuch Ref.(IT) No.199/94)***

The applicants who were security personnel have claimed that they should be considered as direct employees of the company and should be afforded benefits and that the contract through the contractor is a mere paper arrangement. They have filed a statement of claim on October 4, 1994 contending that they being direct employees of the Company and consequential benefits viz. Leave, Bonus etc. GNFC filed its reply on March 9, 1996 stating that a notification was passed by the government to the effect that security personnel contract is genuine. Order is passed by the Tribunal on June 8, 2004 suspending the proceedings till the final outcome of the petition filed in GHC by the Union against the Memorandum dated October 20, 2003 issued by the GOG. As per the Order passed by the Gujarat High Court in the matter No.LPA 773/99 the Notice received on June 22, 2005 from Industrial Tribunal Bharuch for hearing of this matter. Next date for hearing is fixed on October 26, 2005.

M/s. Checkmate v/s. GNFC, M/s. Pannu Sec. Services & Shri B.D. Desai (Before the Industrial Tribunal, Bharuch Misc. Appl. 28/2003)

The Industrial Tribunal, Baroda had passed an ex-parte order for reinstatement of Shri B.D. Desai, an ex-security sub-inspector by our security contractor M/s. Checkmate who had never employed him. Hence, the contractor has made a restoration application. GNFC being a Principal Employer has not been made a party to the dispute. The preliminary reply was submitted by our advocate on October 15, 2003. The Order passed by the Court making GNFC is party for the dispute. We are going to challenge the same order in the Gujarat High Court. The next date of hearing is fixed on September 21, 2005.

Gujarat Mazdur Panchyat v/s. GNFC (Before the Industrial Tribunal, Baroda Ref. (IT) No.63/97)

Gujarat Mazdur Panchyat have filed their statement of claim on September 15, 1997 contending that they are direct employees of the Company and are entitled to benefits of leave, uniform etc. GNFC filed their reply on April 9, 1999 stating the workers are employees of the contractor having contractors license and hence are contract workers and also they are not working in permanent kind of work. Hence GNFC denies the contract workers as permanent employees. Status quo was granted by the order of the court dated April 30, 1999. The matter is pending at the evidence stage. The next date of hearing is fixed on September 15, 2005.

Gujarat Mazdur Panchyat v/s. GNFC (147 labourers) Before the Industrial Tribunal, Baroda Ref. (IT) No.184/99

Gujarat Mazdur Panchyat have filed a statement of claim on September 21, 1999 contending that they are direct employees of the Company and are entitled to claims for benefits of leave, bonus etc. and that the contract is a mere paper arrangement. GNFC filed its reply on December 24, 2003 stating that they are not direct employees. The court granted Status-quo on January 1, 2000 and the it is continued. The matter is pending for evidence. The next date of hearing is fixed on September 15, 2005..

Shri Dipak A. Solanki v/s. GNFC (Before the Labour Court, Bharuch Case No.28/94)

Shri Dipak A. Solanki an unskilled labourer employed by M/s Malik & Bros, a contractor as a sweeper in the company. The services of Shri Dipak A. Solanki were terminated on October 1, 1993 by the contractor as he was absent from work. He has claimed his regularization in GNFC. Being a Principal Employer, GNFC is made a party to the dispute. Shri Dipak A. Solanki filed his statement of claim on September 31, 1994. GNFC filed its reply on July 21, 1998 stating that. The next date of hearing is fixed on September 28, 2005.

Workers of M/s. Shreeji Agency v/s. GNFC & M/s. Shreeji Agency (Before the Labour Court, Bharuch Demand No.10/02)

The labourers of M/s. Shreeji Agency who are contractors for plant sanitation had raised demands for permanent absorption and benefits of GNFC employees from the date of their joining, before Assistant Commissioner Of Labour on July 5, 2002. Since no settlement was possible, the matter is referred to Labour Court and they filed their statement of claim on March 13, 2003. Being a Principal Employer, GNFC is made a party to the dispute. GNFC filed its statement of reply on March 26, 2003 stating that the applicants are employees of the contractor and not the company and hence the company is not liable for the same. The union applies to the court to maintain the status quo on March 12, 2003. The court granted the Status quo by its order dated August 28, 2003. The next date of hearing is fixed on September 29, 2005.



PROSPECTUS

Shri Govind S. Patil v/s. M/s. Modern Engrs. & Contrs. & GNFC. (Before the Labour Court, Bharuch Case No.297/99)

Shri Govind S. Patil who was working for mechanical maintenance of the plant were terminated by the contractor on completion of contract on December 10, 1998. He has challenged his termination and claimed reinstatement. Being a Principal Employer, GNFC is made a party to the dispute. The statement of claim was filed on October 29, 2000. The reply was filed April 18, 2001 wherein the company has contended that the applicant is a contract labourer and the company is not liable for the same. The next date of hearing is on June 29, 2005 & adjourned to September 28, 2005..

I.H. Patel, (Cont. Lab. Of West Elect) v/s. GNFC & Western Elect. (Before the Labour Court, Bharuch Case No.180/98)

I.H. Patel was employed for electrical maintenance and his services were terminated by the contractor on completion of contract on October 4, 1997. He has challenged his termination and claimed reinstatement. Being a Principal Employer, GNFC is made a party to the dispute. The statement of claim was filed on December 7, 1997. The company in its reply dated July 26, 2000 has contended that the applicant is a contract labourer and the company is not liable for the same. An application to direct contractor to submit documents available with him was also submitted. The matter is adjourned to September 28, 2005..

Shri S.M. Solanki v/s.GNFC & M/s. Shreeji Agency (LCB-314/02)

Shri S.M. Solanki was working with M/s. Shreeji Agency for plant sanitation and had stopped coming on duty on his own. He had filed a complaint before the Assistant Commissioner Of Labour alongwith his co-worker Shri NC Solanki, who was subsequently taken back on job by the contractor. Since Shri SM Solanki was not taken back on job, the matter has been referred to Labour Court, Bharuch. The matter is adjourned to October 19, 2005.

Shri DJ Rathod v/s. SSIB (Ref.No.175/2002)

Shri Rathod who was working for security personnel was terminated on August 3, 1985 by the Ex-contractor SSIB. He challenged his termination. Being a Principal Employer, he has made an application to the court on January 23, 2003 to include GNFC as a party to the dispute. The company filed its reply on March 20, 2003 . The matter is adjourned to September 28, 2005.

Shri PL Solanki & anr. v/s. GNFC & M/s. Nidhi Trading Co. (Case No.11 & 12/2002)

Shri PL Solanki & anr were employed for sanitation and housekeeping work. Their services were terminated by the contractor on completion of contract on August 5th, 2001. They have challenged their termination and claimed reinstatement. Being a Principal Employer, GNFC is made a party to the dispute. The statement of claim was filed on November 24th , 2003 and the company in its reply dated March 7, 2004 has contended that the applicant is a contract labourer and the company is not liable for the same. The next date of hearing was 29.6.2005 and adjourned to September 28, 2005.

Shri Suresh R. Chauhan v/s. General Engg. Works & GNFC (Case No.74/2000)

Shri Suresh R. Chauhan was employed for maintenance of instruments in the company by the contractor. His services were terminated by the contractor on absenteeism ground on December 16th , 1999. He has challenged his termination and claimed reinstatement. Being a Principal Employer, GNFC is made a party to the dispute. The statement of claim was filed on September 1st, 2000 and the company in its reply dated July 4th, 2001 has contended that the applicant is a contract labourer and the company is not liable for the same. The matter is pending for submission of records by the contractor. The next date of hearing is September 2, 2005.

Shri RL Solanki v/s. GNFC & Hetal Sales Corpn. (Case No.245/02)

Shri RL Solanki was working as an assistant in the sanitation and general services in the Narmadanagar hospital. His services were terminated by the contractor on completion of contract. He has challenged his termination and claimed reinstatement in the statement of claim March 26th, 2003. Being a Principal Employer, GNFC is made a party to the dispute. The company in its reply dated March 10th , 2004 contended that applicant is a contract labourer and the company is not liable for the same. The matter is adjourned to October 26, 2005.

***Shri Ibrahim J Pathan v/s. M/s.Modern Engrs. & Contrs. & GNFC. (Case No.163/99)***

Shri Ibrahim J Pathan was employed by the contractor for mechanical maintenance. His services were terminated by the contractor on completion of contract on September 30th, 1998. He has challenged his termination and claimed reinstatement. Being a Principal Employer, GNFC is made a party to the dispute. The statement of claim was filed on September 29th, 2000 and the company in its reply dated November 28th, 2000 contended that applicant is a contract labourer and the company is not liable for the same. An application was submitted on February 11th, 2004 for submission of records by the contractor. The matter is adjourned to August 31, 2005.

Shri Vyomesh R Dave & others v/s. M/s. Vrajesh Agency & GNFC (Case No.494-504/99)

Shri Vyomesh R Dave & others were employed by the contractor for bagging and stitching of urea fertilizers. Their services were terminated by the Contractor on completion of contract on July 31st, 1999. They have challenged their termination and claimed reinstatement vide statement of claim dated August 28th, 2000. The company in its reply dated September 12th, 2001 contended that applicant is a contract labourer and the company is not liable for the same. The matter is adjourned to September 21, 2005.

Shri H.R. Thakor v/s.M/s. Mallik Brothers & Sons & GNFC (LCB277 of 2002)

Shri H.R. Thakor was employed by the contractor for stitching of ANP can bags. His services were terminated by the contractor on completion of contract. He challenged his termination and claim reinstatement vide statement of claim filed on 27, February 2003. Being a principal employer GNFC is made a party to the dispute. GNFC filed its statement of reply on 30th June, 2004 stating that GNFC is the principal employer and the contractor is liable and not GNFC. The matter is now kept for hearing on September 14, 2005.

Shri R. C. Vyas v/s. GNFC and others (Recovery Appeal 01 of 2004)

Shri R.C. Vyas was engaged by the Contractor as supervisor in NPP Plant. His services were terminated by the contractor on 10th September 2003. He has filed a recovery application claiming his pending dues amounting to Rs. 294,332 plus 12 % interest. Being a principal employer GNFC is made a party to the dispute. Shri R.C. Vyas has filed a suit on 1st January 2004 claiming an amount of Rs.2,94,332/- alongwith 12% interest. The Respondent has not filed any written application in the Court. The matter was fixed on September 14, 2005.

Shri S.B. Modi v/s. GNFC and GNAL (Miscellaneous Application 09 of 2004 in LCB 307 of 1993).

Shri S.B. Modi was working with GNAL and his services were terminated by GNAL on the basis of an enquiry report. In July 1991 Shri S.B. Modi filed a case for reinstatement with back wages in 1993 having case no.309 of 1993. GNAL being a fully owned subsidiary company of GNFC Shri S.B. Modi also made GNFC as the first party. His case was dismissed for default and hence he filed a miscellaneous application for his restoration on 26th February 2004 and again GNFC was made the 1st Party. GNFC has filed its reply on 22nd December 2004. The next date of hearing is fixed on September 21, 2005.

Office of Factories Inspector v/s. GNFC (Before Civil Court, Bharuch 17265 of 1997)

There was a delay in submission of an accident report by GNFC in respect of death of Mr. D.F. Lahani who jumped into the ashpond. Warrant was received in the name of Shri B.M. Sharma who was the ex-executive director and was nominated as the Factory Manager at that time by the Factory Inspector on 19th February 1997. The matter is in the evidence stage. The next date of hearing is fixed on September 13, 2005..

Shantilal H. Parmar and others v/s. Alankar Nursery and Farm and GNFC. (Before the Civil Court, Bharuch 291 of 2004)

Three labourer were given a break of one month in their services by the contractor that is Alankar Nursery and Farm since July 2004. The filed stay application on 4th September 2004 to grant stay against the act of giving them a break by the contractor. GNFC filed its reply on 1st October 2004 stating that this an industrial dispute and the Civil Court has no Jurisdiction and also that the employees are employed by the contractor and therefore GNFC has no connection with them whatsoever. The matter is kept on abeyance by the Court.



PROSPECTUS

145 Workers of 4 contractors through Gujarat Mazdoor Panchayat v/s. Government of Gujarat, GNFC and others (Gujarat High Court Case No.3501 of 1992).

The State Government had issued a notification prohibiting contract labour in five operations in GNFC with effect from 1st October 1991. However, certain jobs were not covered in the notification and hence those contractors challenged the notification in the Gujarat High Court. GNFC received the notice on 19th May 1992. GNFC filed its reply on 15th September 2004 stating that the Government had issued the notification based on the report of the contract advisory board. The court has order a *status quo* on 21st May 1992. The next date of hearing is fixed on September 21, 2005.

Cross Petition filed by GNFC, M/s. Western and GMP against Government of Gujarat Labour Court and others (9122 of 1992, 9123 of 1992 and 632 of 1993).

The Commissioner of Labour passed an order stating that *equal pay for equal work*. GNFC filed a cross petition in December 1992. The workers union filed a petition against this order on January 29th 1993 as also the contractors who filed a petition on the same matter on December 17th 1992. Court granted a stay against the order of the commissioner of labour on February 2nd 1993. The matter is pending for final hearing. The next date of hearing has not yet been fixed.

S.R. Malek, H.I. Shekhavat v/s. GNFC, PISS and Industrial Tribunal (SCA 6217 of 2001)

Some security personal were promoted by the security contractor. This promotion was challenged by another group of security staff. They filed a petition in the Industrial Tribunal in 1994 by Complaint No.245 of 1994. The Industrial Tribunal by its order dated 9th May 2001 ordered the deletion of the name of GNFC from the petition. The contractor challenged this order of the Industrial Tribunal in the High Court in July 2001. GNFC filed its reply in the High Court on 29th January 2002 stating that the promotion was not done by GNFC. The matter is pending for hearing and has not yet come on the board for hearing.

GNFC v/s. Ganuben Vasava (Appeal No.734 of 1996)

A worker of M/s. Shivam Engineers who was the contractor of GNFC died in the premises of GNFC. His widow Mrs. Ganguben Asava filed the case in February 1996 for compensation against the contractor and GNFC. In the Civil Court, Bharuch. The Civil Court ordered on 29th November 1995 directing GNFC to pay the compensation. GNFC challenge the order in the High Court on 29th February 1996 contending that the deceased was not a worker of GNFC. The Court has granted stay against the order of the Civil Court on 29th February 1996. the matter has not come on the board for hearing.

GNFC Officers Association v/s. GNFC, State of Gujarat and others (before the Industrial Tribunal, Bharuch IT-125/2004).

Assistant Commissioner Of Labour has passed an order dated 4th January 1995 declaring the members of the officers association not be workman as per the Industrial Dispute Act. The order was challenge by the officer's association in Gujarat in 1996. The matter was disposed by the High Court on 24th March 2004 by passing an order to the effect that Assistant Commissioner Of Labour has not jurisdiction under the ID Act. The matter was remanded back to Assistant Commissioner Of Labour in Bharuch. Since no settlement could be arrived between the parties assistant commissioner of labour sent a failure report to the Govt. and now matter is referred to the Industrial Tribunal, Bharuch for adjudication. The next date of hearing is fixed on October 24, 2005..

Shri S.K. Rana v/s. GNFC and others (In the High Court of Gujarat No.7247 of 1992).

The services of Shri K.S. Rana were terminated on grounds of performance during the probation period. He filed a case for reinstatement in the labour court. However, the labour court rejected the case for reinstatement by its order dated 31st March 1992. Shri K.S. Rana challenged the order of the labour court in the Gujarat High Court and filed a Petition on 17th July 1992 in the High Court. GNFC filed its reply in October 2001 stating that the order of the labour court be upheld. The matter is at the stage of final hearing. The matter has not come on the board for hearing.

***Shri S.B. Chalishhajarwala v/s. GNFC and others (In the High Court of Gujarat No.359 of 1993).***

The services of Shri S.B. Chalishhajarwala were terminated on grounds of not passing out the GCC examination. He could not make the condition office appointment letter to get English typing speed of 40 words per minute and hence his services were terminated. He filed a case for reinstatement in the labour court. The labour court order for reinstatement by its order dated 14th October 2002 alongwith 25% backwages to the post of Fitter. GNFC challenged the order of the labour court in the Gujarat High Court and filed a Petition on 4th February 2003 in the High Court. The Court has ordered a stay on the operation of the order passed by the labour court on 16th March 2004. The matter is not come on the board for hearing.

Shri M.C. Singhania v/s GNFC (Rajasthan High Court, Jaipur Bench No.4652 of 1992).

The services of Shri M.C. Singhania was terminated from his post of Chief Marketing Manager on the grounds of misappropriation of money and loss of confidence. Shri M.C. Singhania challenged his termination in the Rajasthan High Court and filed a Petition on 15th July, 1992 claiming reinstatement with backwages. GNFC filed its statement of reply in September 1994 stating that the termination was done through proper process. The matter is yet to come on the board for hearing.

Shri Gajendra Singh v/s GNFC (Rajasthan High Court, Jaipur Bench No.1420 of 2002).

Shri Gajendra Singh was demoted from his post of Marketing Manager to Deputy Marketing Manager on the grounds of misappropriation of money and financial irregularities Shri Gajendra Singh filed a Petition on 18th March, 2002 for paying the order of the Company. The stay application was dismissed by the order of the court dated 4th July 2003. GNFC filed its statement of reply on 24th July 2004 stating that the termination was based on enquiry and appropriate steps were taken for demotion. The matter is pending for hearing. The matter has not yet come on the board for hearing.

Shri Bodhipal Kshatipal & Others v/s M/s. Mahavir Engg Works & GNFC (Before the Labour Court, Bharuch Reco. App. No.299 to 302/04).

Shri Bodhipal Kshatipal & Others had filed a case No.26/90 before the Laobur Court, Bharuch for reinstatement with back wages etc. vide order dated June 10, 2004, the Labour Court had ordered for their reinstatement by the contractor. As contractor has not taken them on duty, they have filed recovery application before the Court. The next date of hearing is fixed on September 21, 2005.

Shri Jivankumar Raghuvir v/s M/s. KKV Pillai & GNFC (Before the Labour Court, Bharuch ñ Reco. App.No.303/2004).

Shri Jivankumar Raghuvir had filed a case no.26/90 before the Laobur Court, Bharuch for reinstatement with back wages etc., vide Order dated June 10, 2004, the Labour Court had ordered for his reinstatement by the Contractor. As contractor has not taken him on duty, he has filed recovery application before the court. The Next date of hearing is fixed on September 21, 2005.

Shri Lallubhai Dipabhai Bana v/s M/s. RH Patni & GNFC (Before the Labour Court, Bharuch, Reco.App.No.304/2004).

Shri Lallubhai Dipabhai Bana had filed a case no.26/90 before the Laobur Court, Bharuch for reinstatement with back wages etc., vide Order dated June 10, 2004, the Labour Court had ordered for his reinstatement by the Contractor. As contractor has not taken him on duty, he has filed recovery application before the court. The next date of hearing is fixed on September 21, 2005.

Shri Gulam Rasul A Shaikh v/s Unique Electricals & GNFC (Before the Labour Court, Bharuch, Reco. App. No.294 to 297/2004).

Shri Gulam Rasul A Shaikh filed a case No.26/90 before the Labour Court, Bharuch for reinstatement with back wages etc. vide order dated June 10, 2004, the Labour Court had ordered for their reinstatement by the contractor. As contractor has not taken them on duty, they have filed recovery application before the Court. The next date of hearing is fixed on October 19, 2005.



PROSPECTUS

Shri Surajnath Ratupal v/s M/s. Kaypee Engg & Conts. and GNFC (Before the Labour Court, Bharuch Reco.App. No.298/2004).

Shri Surajnath Ratupal had filed a case no.26/90 before the Labour Court, Bharuch for reinstatement with back wages etc., vide Order dated June 10, 2004, the Labour Court had ordered for his reinstatement by the Contractor. As contractor has not taken him on duty, he has filed recovery application before the court. The next date of hearing is fixed on October 19, 2005.

GNFC v/s Shri U.C. Patel (Before the High Court of Gujarat ñ SCA 2151/03).

Shri U. C. Patel's services were terminated for not passing out the GCC Exam. In English Typing with 40 W.P.M. as per the condition of his appointment letter. The Labour Court, Bharuch has order his reinstatement to a post of Fitter with 25% back wages which is challenged by GNFC in GHC. The GHC has passed an order staying the operation of order passed by the Labour Court, Bharuch subject to payment of last drawn wages to Shri Patel under Sect. 17 B of the ID Act. The matter has not come on the board for hearing.

GIDC Employees' Union v/s GOG & GNFC (Before the High Court of Gujarat, SCA ñ 16766/03).

The Govt. had issued a Memorandum for continuing the contract system in security with certain conditions and not abolish contract system in security in GNFC. The said Memorandum is challenged by the Union in GHC. The matter is admitted by the High Court but without granting any interim relief to the Union. The next date of hearing is not decided by the GHC.

GIDC Employees' Union v/s GNFC (Before the High Court of Gujarat SCA No.1604) / 2004).

GIDC Employees' Union (security contract labourers) has challenged the order passed by the Industrial Tribunal, Bharuch suspending the proceedings of security contract labourers related matter No.IT 28/94 dated 199/94. We have filed our Affidavit in reply on 23.12.2004. The next date of hearing is yet to be fixed.

Appeal filed by the Company before the Commissioner of Income-tax (Appeals)-Baroda [CIT(A)]

GNFC v/s Dy. CIT Appeal No. CAB/iv-11/02-03 - A.Y. 1994-95

GNFC filed appeal with the CIT(A) on 29-4-2002 against the Order of the Assessing Officer (AO) dated 22-03-2002. AO has erroneously withdrawn Investment Allowance of Rs. 87.546 million by passing Order u/s 147 r.w.s 143(3), involving tax liability of Rs. 45.312 million. AO has withdrawn investment Allowance holding that adequate reserve was not created in the books of Accounts.

GNFC v/s Asst. CIT A.Y. 1998-99

GNFC filed appeal with the CIT(A) on 29.4.2005 against Order of the Assessing Officer (AO) dated March 29, 2005. AO has not properly allowed deduction claimed u/s 80HHC with regard to Export Profit amounting to Rs. 3.365 million. Tax demand raised has been adjusted from the refund payable to the Company in subsequent year hence no tax demand is outstanding on this account. In the event of decision of appeal in favour of the Company, there will be refund of Rs 1.178 million. The appeal is pending before CIT(A).

GNFC v/s Asst. CIT A.Y. 2002-03

GNFC filed appeal with the CIT(A) on 7.4.2005 against Order of the Assessing Officer (AO) dated March 10, 2005. AO has passed Order u/s 143(3) in which he has made various additions and disallowed deduction amounting to Rs 111.483 million. AO has raised tax demand of Rs. 39.835 million (excluding interest) . Tax demand raised has been adjusted from the refund payable to the Company in subsequent years and hence no tax demand is outstanding on this account. Consequently in the event of decision of appeal in favour of the Company, there will be refund of Rs 39.835 million. the appeal is pending before CIT(A).

**Appeal filed by the Company before the Income Tax Appellate Tribunal (ITAT) Ahmedabad.*****GNFC v/s Asst. CIT Appeal No.ITA/1348/AHD-2005 A.Y.1997-98***

GNFC filed appeal with the ITAT on 9.5.2005 against the Order passed by the CIT (A) on 18.2.2005. GNFC filed appeal against the Order of the CIT (A) where by CIT (A) has not allowed interest on delayed granting of interest on refund. There is no tax liability involved in this appeal instead there will be refund in the event of favourable order passed by the ITAT.

GNFC v/s Asst. CIT Appeal No. ITA/1349/AHD-2005 A.Y. 1998-99

GNFC filed appeal with the ITAT on 9.5.2005 against the Order passed by the CIT (A) on 18.2.2005. GNFC filed appeal against the Order of the CIT (A) where by CIT (A) has not allowed interest on delayed granting of interest on refund. There is no tax liability involved in this appeal instead there will be refund in the event of favourable order passed by the ITAT.

GNFC v/s Asst. CIT Appeal No.ITA/1350/AHD-2005 A.Y. 2000-01

GNFC filed appeal with the ITAT on 9.5.2005 against the Order passed by the CIT (A) on 17.2.2005. GNFC filed appeal against the Order of the CIT (A) where by CIT (A) has not allowed deduction / confirmed additions made by the Assessing Officer. Tax liability determined by the AO of Rs. 1.557 million has been adjusted from the refund due to the Company in subsequent years. Thus there is no tax liability involved in this appeal instead there will be refund in the event of favourable order passed by the ITAT.

GNFC v/s Asst. CIT Appeal No.ITA/1351/AHD-2005 A.Y. 2001-02

GNFC filed appeal with the ITAT on 9.5.2005 against the Order passed by the CIT (A) on February 17, 2005. GNFC filed appeal against the Order of the CIT(A) where by CIT(A) has not allowed deduction / confirmed additions made by the Assessing Officer. Tax liability determined by the AO of Rs. 5.066 million has been adjusted from the refund due to the Company in subsequent years. Thus there is no tax liability involved in this appeal instead there will be refund in the event of favourable order passed by the ITAT.

Excise Disputes***GNFC Limited v/s Commissioner of Central Excise, CEGAT Appeal No.E/829/04 ñ Mum***

Appeal made against Commissioner (Appeal)'s Order No. YPT/33/SRT/04/ 183 dated January 21st 2003 for the demand of duty of Rs.11, 10,102/- made for reversal of Modvat taken on LSHS (Fuel Oil) to the extent it is used in electricity supplied to Township.CEGAT has granted stay against the said demand. The matter is pending for regular hearing.

GNFC Limited v/s Commissioner of Central Excise,

Appeal made against Commissioner (Appeal)'s Order No.COMMR(A)/277/ VDR/ 03 dated June 26th 2003 for the demand of duty of Rs.1,48,199/- made for reversal of Modvat taken on LSHS (Fuel Oil) to the extent it is used in electricity supplied to Township. Duty and penalty deposited with the Excise Deptt. The matter is pending for hearing.

GNFC Limited v/s Commissioner of Central Excise, CEGAT Appeal No.206/2004 ñ Mum.

Appeal made against Commissioner's Order No.18/BRC-II/Demand/2003 dated October 23rd 2003 against the denial of Modvat on LSHS used in manufacture of Steam supplied to NCPL for the period from Sep-1997 to Mar-2002. Consequent Demand of duty of Rs.66, 70, 806/-. Rs.2 million has been deposited against the said demand as per the partial stay granted by CEGAT. The matter is now pending for regular hearing.



PROSPECTUS

GNFC Limited v/s Commissioner of Central Excise, CEGAT Appeal Nos. E-1605 & 1606/2004.

Appeal made against Commissioner (Appeal)'s Order No.COMMR(A)/107 & 108/VDR-II/2004 dated March 25th 2004 against the denial of Modvat on LSHS used in manufacture of Steam supplied to NCPL for the period from Apr-2002 to Mar-2003. Consequent Demand of duty of Rs.2, 06,996/- . Rs.4, 13,992/- has been deposited against the said demand. The matter is now pending for regular hearing.

GNFC Limited v/s Commissioner of Central Excise, CEGAT Appeal Nos.

Appeals made against Commissioner (Appeal)'s Order No.COMMR (A)/384 & 385/VDR-II/2004 against the denial of Modvat on LSHS used in manufacture of Steam supplied to NCPL for the period from Apr-2003 to Mar-2004. Consequent Demands of duty of Rs. (i) 3, 83,742/- & (ii) 11, 81,392/-. No amount has been deposited against the said demands. Appeals are filed before CEGAT. The matter is pending for further hearing.

GNFC Limited v/s Commissioner of Central Excise, CEGAT Appeal Nos.E-1349 to 1351/04.

Appeals made against Commissioner (Appeal)'s Orders No. 94//VDR-II/2004 and 98 & 99/VDR-II/2004 both dated March 24th 2004 against the demand of excise duty of Rs. (i)1,84,722/- & (ii) 15,71,015/- on disposal of used capital goods as scrap during the period from Aug-2001 to Mar-2003. Duty amount have been deposited. The matter is pending for hearing.



GOVERNMENT APPROVALS

The Company does not require any letter of intent or industrial license from the GoI for carrying out its current operations or those proposed in this Red Herring Prospectus. The Company does not require any permission or approval from the GoI and various GoI agencies for proceeding with the proposed capital expenditure from the proceeds of the Issue except those mentioned in this Red Herring Prospectus. The Company does not require any further approval from any GoI authority or RBI to undertake the proposed activities save and except those consents and approvals, which it may require to take in the normal course of business from time to time.

The Company has received all the necessary consents, licenses, permissions and approvals from the GoI and various GoI agencies / private certification bodies required for its present business and no further approvals are required for carrying on the present as well as the proposed business of the Company except as mentioned to the section 'Government Approvals' beginning on page 242 of this Red Herring Prospectus. It must, however, be distinctly understood that in granting the above consents/ licenses/ permissions/ approvals, the GoI does not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

The Company has received the following Government and other approvals pertaining to its Business:

A. BARODA PLANT

145 MW Gas based Combined Cycle Power Plant at Baroda (Station-I)

1. No Objection Certificate to establish 145 MW combined cycle power plant from the Gujarat Pollution Control Board. (Member Secretary) bearing number PC/NOC/VRD ñ 1227/24258 issued on September 7th, 1994.
2. License to generate and distribute power to participating industries through GEB grid issued by GoG (Industries/ Mines and Energy Department) on December 30th 1986, bearing license number GU-86-75-JCP-1185/6588-K. This license was subsequently superceded by notification number GU-89-35-JCP-1185-6588-K issued on June 8th 1989 with a validity period for 10 years. However by notification number GU- 2000-14-JPC-1198/7384-K issued by the Energy and Petrochemicals Department on June 5th 2000 the validity period was further extended from 10 years to 20 years.
3. Certificate for the use of a boiler (Form VI, Regulation 389) issued by the Gujarat Boiler Inspection Department (Inspector). The relevant license number is registry number of Boiler-GT-2939 (high pressure) with certificate number 254 and GT-2940 (low pressure) and certificate number 255. This certificate is valid from February 26, 2005 to February 25, 2006.
4. Certificate for the use of a boiler (Form VI, Regulation 389) issued by Gujarat Boiler Inspection Department (Inspector). The relevant license number is registry number of Boiler-GT-2941 (high pressure) with certificate number 60 and GT-2942 (low pressure) and certificate number 61. The aforesaid certificate is valid from July 2nd 2004 to July 1st 2005.
5. Certificate for the use of a boiler (Form VI, Regulation 389) issued by the Gujarat Boiler Inspection Department (Inspector). The relevant license number is registry number of Boiler-GT-2943 (high pressure) with certificate number 232 and GT-2944 (low pressure) and certificate number 233. The aforesaid certificate was issued on January 30, 2005 and is valid until January 29, 2006.

160 MW Dual Fuel Combined Cycle Power Plant at Baroda (Station-II)

1. Approval issued by the Energy and Petrochemicals Department (Under Secretary to Government, Energy & Petroleum Department) to GIPCL, as a generating company, to set up and operate 160 MW power project at Baroda under the provisions of section 15-A and section 18-A of the Electricity (Supply) Act, 1948 bearing approval number GIP-1293-5292-K on October 17th 1995.
2. License issued by the GoI, Central Electricity Authority (Secretary) for granting techno-economic clearance on October 30th 1995 to set up a 160MW power plant in Vadodara bearing license number 3/112/95-PAC/1954-63.



PROSPECTUS

3. Approval issued by the Department of Explosives for storage of naphtha and high speed diesel at plots B and C of 160 MW Vadodara plant bearing number license number P-12 (25) 3090 and license number P-12 (25) 3091 dated December 13th 1996. These licenses were subsequently renewed by license bearing license number P-12 (25) 3090/GJ/BRD-542 and license number P-12 (25) 3091/GJ/BRD-543 until December 31st 2004. These licences have further been renewed from December 3rd 2004 upto December 31st 2007 with new license numbers P/HQ/GJ/15/1583/(P11953) and P/HQ/GJ/15/1524/(P11900) respectively issued by Gol, Department of Explosives (Joint Chief /Controller of Explosives, Navi Mumbai).
4. Clearance certificate for setting up of 160 MW plant issued by the Gol, Ministry of Environment & Forests (Joint Director) bearing number J-13011/7/94-IA-II dated August 3rd 1995.
5. Certificate for the use of a boiler (Form VI, Regulation 389) was issued by the Gujarat Boiler Inspection Department (Inspector). The relevant license number is registry number of Boiler-GT-3870 (high pressure) with certificate number 16 and GT- 3871 (low pressure). The aforesaid certificate was issued on November 20th 2004 and is valid until November 19th 2005.

GIPCL (Vadodara Complex, 145MW and 160MW).

1. The consent for discharge of trade effluents & emission due to operation of industrial plant under section 25 of the Water (Prevention and Control of Pollution) Act 1974, under section 21 of the Air (Prevention and Control of Pollution) Act 1981 and under rule 3(c) & 5(5) of the Hazardous Waste (Management and Handling) Rules 1989 and as amended up to and framed under the Environmental (Protection) Act 1986 issued by the Gujarat Pollution Control Board (I/C Sr. Environmental Engineer). This consent afforded by consent order number 428 vide letter number PC/VRD/CCA-136/29934 dated October 16th, 2003 valid until March 31st, 2008.
2. Amendment to the consent provided vide consent order number 428 vide letter number PC/VRD/CCA-136/29934. Consent was given by the Ministry of Environment and Forest/ Central Pollution Board (New Delhi) under the amended rule 3(c) & 5(5) of the Hazardous Waste (Management and Handling) Rules 1989 for collection, storage and ultimate disposal of hazardous wastes (used oil) by way of discharge of effluent wastes in the Effluent Channel. This consent was issued by the Gujarat Pollution Control Board (Senior Environmental Engineer) bearing number GPCB/CCA/VRD-136/17352 on June 7th, 2004 and valid until March 31st, 2008.
3. Factory license to run the factory under section 4 and 7 of the Factories Act, 1948 was issued by GoG, Industrial Safety and Health Department bearing number 071628 and registration number 40 (400) 309. The aforesaid License is renewed every year. The license has been renewed for the year 2005-2006.
4. Certificate for inspection of electrical installation was issued by the office of Assistant Electrical Inspector (Baroda). The said certificate was issued on March 26th 2004 & form A was filed to that effect. This particular license is renewed annually.

General Statutory Licenses

1. Registration was under Gujarat Sales Tax Act, 1969 by the GOG, Sales Tax Department (Baroda Office) (clarify). The relevant registration number is 40621105 and 1919000710 and were issued on February 27th 1989 and June 20th 2002 respectively. The aforesaid registration is valid until it is revoked.
2. Registration was issued under Central Sales Tax (Registration and Turnover) Act, 1957 by the GOI, Central Sales Tax (Baroda office). The relevant registration number is GUJ 8B 3111 and was issued on June 5th 1987. This registration is valid until it is revoked.
3. Certificate of Import and Export was issued by the GOI, Ministry of Commerce, Office of Joint Director General of Foreign Trade, Ahmedabad (Foreign Trade Development Officer). The aforesaid license number is Import Export Code (IEC) 0889004790 and was issued on August 14th 1989. The said certificate is valid until it is revoked.



4. Listing approval granted by the Delhi Stock Exchange Association Limited to GIPCL. The relevant approval number is 6308 and granted on December 3rd 1996. This approval is valid until it is revoked.
5. Listing approval granted by the National Stock Exchange of India Limited to GIPCL. The said approval number is NSE/CM/LIST/TW/0022 granted on November 2nd, 1996. The said approval is valid until it is revoked.
6. Listing approval by the Stock Exchange of Ahmedabad to GIPCL. The said approval was granted on November 20th 1996. The said approval is valid until it is revoked.
7. Listing approval by the Madras Stock Exchange to GIPCL. The said approval number is 11152/96 and was granted on November 21st 1996. The said approval is valid until it is revoked.
8. Listing and trading permission granted by the Calcutta Stock Exchange Association Limited to GIPCL bearing number LD/CSEA/3014/2013/96 on November 6th, 1996. The said approval is valid until it is revoked.
9. Listing approval granted by the Stock Exchange, Mumbai vide letter dated November 7th, 1996. The said approval is valid until it is revoked.
10. Listing approval and Trading permission granted by the Vadodara Stock Exchange Limited bearing number VSE/96-97/SP/L-3282 and VSE/96-97/SP/L-3407 on October 29th 1996. The said approval is valid until it is revoked.
11. Permanent Account Number Card was issued by the Commissioner of Income Tax (Baroda) bearing number AAACG7277Q. The said account is valid until it is revoked.
12. Tax Deduction Account Number under section 203A of the I T Act, 1961 issued by the office of the Income Tax Officer (ITO) TDS 1 Baroda (IT Officer, Ward 3 (1) Baroda) bearing number BRDG00684F on October 10th, 2003. The said account is valid until it is revoked.
13. Registration under the Provident Funds and Miscellaneous Provisions Act, 1952 was issued by the Regional Provident Fund Commissioner bearing number Code No. Gj/BD/20601 on June 30th, 1994 with effect from February 2nd 1994. The said account is valid until it is revoked.
14. Certificate of Incorporation issued by the Registrar of Companies bearing number 7868 of 1985-86 on June 1st, 1985.
15. Certificate for Commencement of Business issued by the Registrar of Companies bearing number 7868 on August 29th, 1985.
16. Registration of Notice of/ Change of situation of Registered Office by filing of Form 18 to that effect on April 26th 1990.
17. Registration of Notice of/ Change of situation of Registered Office by filing of Form 18 to that effect on January 17th 2004.
18. Registration issued to hire contract laborers u/s 7 of the Contract Labour (Regulation and Abolition) Act, 1970 by the office of the Deputy Commissioner of Labour (Deputy Commissioner of Labour and Registering Officer, Contract Labour) bearing number DYCL/CLA/CLR/64/89 on July 26th 1989.
19. Eligibility certificate for remission of payment of electricity duty issued by the Collector of electricity duty, Ahmedabad dated March 23rd 1995 bearing register number Baroda/ EX.GS/1.4.92/33422 for a period from February 6th 1992 to February 5th 2002. The said notification was extended by another notification from Energy and Petrochemicals Department, GoG dated June 5th 2000 bearing number GU-2000-14-JPC-1198/7384-K wherein the exemption period was extended to 20 years.



PROSPECTUS

SURAT PLANT

2x125 MW Lignite based Power Plant at Surat

1. Approval to GIPCL, as generating company, to set up and operate 250 MW lignite based thermal power plant at Surat under the provisions of section 15-A and 18-A of the Electricity (Supply) Act, 1948 was issued by Energy and Petrochemicals Department (Under Secretary to Government, Energy & Petroleum Department) bearing number GIP-1293-5292-K on October 17th, 1995.
2. No-objection certificate for the setting up 250 MW lignite based thermal power plant from the Gujarat Pollution Control Board bearing number PC/NOC/SRT ñ 437ñ9941 dated June 14, 1993 addressed to Gujarat Power Corporation Limited;
3. Consent order for operation of the 250 MW plant at Surat from the Gujarat Pollution Control Board bearing number 3579 dated August 9, 2004 valid until February 28, 2005 and issued under section 25 of the Water (Prevention and Control of Pollution Act) 1974, section 21 of the Air (Prevention and Control of Pollution Act) 1981 and under rule 3(c) and 5(5) of the Hazardous Waste (Management and Handling) Rules, 1989; Application for renewal of consent order is already made vide letter no. SLPP/Envvt/GPCB/109 dated January 5, 2005.
4. Approval from the Narmada and Water Resources Department, Government of Gujarat to Gujarat Power Corporation Limited for usage of 16 cusecs of water from river Tapi, which is transferred to GIPCL vide resolution number WTR/1092/23/P dated March 28, 1995;
5. Approval for transfer of the approval of Narmada and Water Resources Department bearing resolution number WTR/1092/23/P dated March 28th, 1995 to GIPCL dated June 29th, 1993;
6. No objection certificate issued to GPCL was transferred by Gujarat Pollution Control Board having no. PC/ NOC/ SRT- 437/9941 dated June 14th 1993 for the lignite based power plant at Mangrol vide letter number PC-NOC-SRT-437/J8258 on October 29th, 1994.
7. Consent which was given to GPCL was given to GIPCL by GEB for implementation of the 3 lignite based power plants at Mangrol, Goha and Akrimota vide letter OM /COM / S/PG.116 /G.12 /4891 dated June 21st, 1993.
8. Clearances for stack sizing issued by the Ministry of Environment and Forests vide letter D.O. No. J-13011/18/ 93-IA on August 29th, 1995.
9. Clearance (In principle) for lignite based thermal power project at Mangrol, Goha and Akrimota was issued by the Central Electricity Authority vide letter number 312/W/93/TPIA-I/ORA/905 dated July 21st 1994.
10. Approval from the Forests and Environment Department, GoG for laying pipeline and construction of drainage and culverts in reserved forest area under section 2 of the Forest (Conservation) Act, 1980 dated July 8th, 2002.
11. Approval from the Department of Explosives, Ministry of Commerce and Industry, Government of India for storage of 3000 KL of class C Petroleum in bulk bearing number P/HQ/GJ/15/1687(P12055) dated December 17th, 2004 renewed until December 31st, 2007;
12. Approval from the Joint Chief Controller of Explosives for storage of Chlorine bearing number GIWC/GJ/061820/ G13947 dated May 20, 2005 valid upto September 30, 2007.
13. Approval from the office of the Electrical Inspector, Surat for annual inspection of the electrical installation for the year ended 2003-2004 bearing number EI/SRT/INS/EHT/151/2005 dated January 11th 2005 valid till January 2006;
14. Approval by the Department of Telecommunications, Ministry of Communications, Government of India for 39 walkie-talkie sets bearing license number P-4020 / 1-39 dated December 31st 1999 renewed until December 31st 2005.



15. Approval by the Department of Telecommunications, Ministry of Communications, Government of India for radio paging base station and 31 pagers bearing license number RP 331/1-31 dated December 31st 1999 renewed until December 31st 2005.
16. Approval from the Department of Explosives, Government of India for storage of Propane gas-bearing number PV(C) S- 840/GJ/GJ.SUR.PV.S.59 dated September 9th 2001 renewed until March 31st 2007.
17. Approval from Inspector of steams and boilers, Labour and Employment Department, Gandhinagar for Boiler GT- 4084 bearing number 229 renewing the license to use the same from September 5th 2004 to September 4th 2005;
18. Approval from Inspector of steams and boilers, Labour and Employment Department, Gandhinagar for Boiler GT- 4098 bearing number 8620 renewing the license to use the same from December 11, 2004 to December 9, 2005;
19. License from the Chief Factory Inspector, Surat for Factory Operation to employ not more than 1000 workmen and with the capacity of more than 5000 Horse Power, bearing license no. 099703 and registration no. 40102-1003-A on March 21, 2000 and is valid up to March 31, 2006.
20. Under the Gujarat Factories Act, 1948, every factory has to maintain a record of particulars to be kept for examination of hoists or lifts and shall give particulars every six months as per Form-9 under rule 58 of section 28 of the Gujarat Factories Act, 1948. SLPP has filed a duly signed form 9 by a Government registered and approved charter engineer for the hoists or lifts for the year 2005-06.
21. Under the Gujarat Factories Act, 1948, every factory has to maintain a record of particulars to be kept for examination of its Lifting machines, chains, ropes and lifting tackles and shall give particulars every six months as per Form-10 under rule 60 of section 29 of the Gujarat Factories Act, 1948. SLPP has filed a duly signed form 10 by a Government registered and approved charter engineer for their lifting machines, chains, ropes and lifting tackles for the year 2005-06.
22. Under the Gujarat Factories Act, 1948, every factory has to maintain a record of particulars to be kept for examination of the Pressure Vessel or Plant and shall give particulars every twelve months as per form-11 under rule 61-A of Sec. 31 of the Gujarat Factories Act, 1948. SLPP has filed a duly signed form 11 by a Government registered and approved charter engineer for their pressure vessels for the year 2005-06.
23. Agreement for supply of 8.64 MGD (16 cusecs) water to GIPCL for drawal of water from the Tapi River in Mangrol, Surat for the 250MW Lignite based thermal power plant between GIPCL and Governor of State of Gujarat dated March 7th 2000 for a period of 10 years.
24. Approval of the MOU signed by GIPCL with GPCL for assigning 250 MW lignite based power plant near Mangrol issued by the Energy and Petrochemicals Department, GoG vide letter dated July, 18, 1994 and December 8, 1994 bearing nos. GPC-1093-CON-103-K and GIP-1094-7394-K.
25. Approval of the Agreement signed by GPCL with GIPCL for execution of Mangrol power project issued by the Energy and Petrochemicals Department, GoG on January 3rd, 1996 bearing no. GOPC/1094/7434/K.
26. Clearance for implementation of the project and statutory compliance under section 29 of the Electricity Supply Act, 1948 issued by the Energy and Petrochemicals Department, GoG vide letter GIP-1094-7394-K on December 8th, 1994 to GPCL is transferred to GIPCL.
27. Clearance for transmission system issued by GEB on 16th May, 1995 vide letter TR/V/SYSTEM/ GIPCL/02-4/2465.
28. Techno-economic clearance issued by Central Electricity Authority vide letter number 2/Guj/32/96-PAC/7856-7978 on August 26th, 1996.
29. Environmental clearance granted to Vastan Lignite Mine (mining project) by the Ministry of Environment and Forests vide letter F.No. J-11015/40/95-1A.II(M) on June 19th, 1996.



PROSPECTUS

30. Environmental clearance granted to Lignite based Power Project (power project) at Mangrol by the Ministry of Environment and Forests vide letter F.No. J-13011/18/93-1A-II on June 26, 1996.
31. Clearance for power transmission system issued by the Central Electricity Authority vide letter number 13/6/95-PSP-IV/124 on April 4th, 1995.
32. Fire protection system approval was granted by the Tariff Advisory Committee vide letter number AMF/G-95/2939-2942 on December 23th, 1999.
33. Plans of the piping networks (auto sprinkler system) approved by the Tariff Advisory Committee, Ahmedabad vide their letters bearing number AMF/G-81/862/99/925 dated April 12th, 1999.
34. Contract labour registration for GIPCL for employing contract laborers issued by the assistant labour commissioner, Surat bearing registration number MMK/S/COL.LAB/Reg/213/95 dated June 5th 1995.

Mining approvals / licenses for Surat power plant

1. The GoG, Directorate of Geology and Mining issued certificates for lignite availability, vide its letter number DGM/SGA/Tech/Lig.cell/1670 dated July 12th 1993 in the areas of Surat, Bhavnagar and Kutch district.
2. Sanction order issued by the Government of Gujarat, Industries and Mines Department to GIPCL granting under section 10 of the Mines and Minerals (Revaluation and Development) Act, 1957 a mining lease for lignite for thirty years with respect to the Mangrol Taluka in Surat District. The order number MCR-1092- (G-8)-3626-CHH dated July 4th 1996.
3. Sanction order issued by the Government of Gujarat, Industries and Mines Department to GIPCL granting under section 10 of the Mines and Minerals (Regulation and Development) Act, 1957 a mining lease for lignite for thirty years with respect to the Mangrol Taluka in Surat District. The order number MCR-1098-1108-CHH-1 dated April 6th 2004.
4. Mining Lease Agreement entered between Government of Gujarat and GIPCL on December 3rd 2004 for the mining area of Mangrol in Surat for a term of 30 years.
5. Mining Lease Agreement entered into between GoG and GIPCL on October 6th 2004 for the Mining area of Mangrol-Valia in Surat for a term of 30 years.
6. Sanction order issued by the Government of Gujarat, Industries and Mines Department to GIPCL granting under section 10 of the Mines and Minerals (Regulation and Development) Act, 1957 a mining lease for lignite for thirty years with respect to the Valia Taluka in Bharuch District. The order number MC-1098-1190 -CHH dated April 6th 2004.
7. Approval by the Central Government to the mining plant in respect of the lignite mines in Mangrol and Valia District Surat and Bharuch of GIPCL under section 5(2)(b) Mines and Minerals (Regulation and Development) Act, 1957 granted by the letter of the Under Secretary, Ministry of Coal, GOI having number 48024/3/98-Lig dated January 23, 2001.

Expansion Plant

1. Approval under section 44 of the Electricity (Supply) Act, 1948 was granted by GEB by letter COMM:IPP: GIPCL: SLPP: 6554 dated 7th November 2001 for the expansion at Surat 250 MW plant by another 250MW.
2. Approval under section 18-A of the Electricity (Supply) Act, 1948 was granted by the GoG vide letter IPP-102001-644-PP cell dated 15th January 2002.
3. Approval for drawing water from the River Tapi was taken from the Narmada water resources and water supply department, GoG vide letter WTR-1092/23-P dated 17th October 2000.



4. Approval for drawing water from the River Tapi was granted by the Central Water Commission vide letter GUJ-16/93-PSC dated 10th December 2001.
5. No objection certificate issued by the Gujarat Pollution Control Board vide letter PC/NOC/SRT-1091/25197 dated 5th September, 2002 for setting up lignite based power plant of 250 MW. Gujarat Pollution Control Board vide its letter dated July 14, 2005 having number GPCB/NOC-SRT-1022(3)/20124 has granted No Objection certificate to the company by amending its consent for setting up a lignite based power plant of 250 (+20%) MW capacity for lignite consumption of 5700 MT/Day (for maximum size of 300 MW) and for Chimney height of 220 meters.
6. Environmental clearance issued by the Ministry of Environment and Forests, GoI vide letter J-13011/17/2002.IA-II (T) dated November 10, 2003. The aforesaid environmental clearance shall be valid only for a period of 5 years for construction/operation of the power plant for the proposed lignite and limestone plant of 250 MW plant at Surat. Our company has made an application to the Ministry of Environment and Forests, GoI for amending its approval for 250 MW to 250 + 20% MW plant vide letter dated July 29, 2005.
7. Application for license regarding techno-economic clearance made by SLPP. However, the Central Electricity Authority vide its letter 2/Guj/48/2000-PAC/1355 dated September 15, 2003 informed SLPP that techno-economic clearance was not required by a thermal project and therefore not required by SLLP in those particular circumstances.
8. Approval regarding the height of the chimney was granted by the Airport Authority of India vide letter AAI/20012/04/93-ARI(NOC) dated January 18, 2005. The said certificate is valid for a period of 4 years from the date of January 18, 2005.

Expression of Interest

GIPCL is in business of Power Generation. In view of the Electricity Act 2003, GUVNL has shown interest in privatizing a part of the distribution network services. To avail this opportunity GIPCL has submitted an application vide letter no. GIPCL/EOI/VW/04 dated January 12th 2004 and submitted on 27th January 2004 declaring their intention to become a distributor franchise for GEB for distribution of energy to the consumer directly. For this purpose GIPCL has submitted an expression of interest application as distribution franchise to GUVNL. GIPCL has applied for total five zones within Gujarat. As of today further action from GUVNL is awaited.

Approvals or licenses not obtained

The Company has not entered into any mining lease for the expansion plant at Surat.

The Company's Trade Mark and Logo have not been registered.

The Name 'Gujarat Industries Power Company Limited' has not been registered with the Trademark authority.



PROSPECTUS

MATERIAL DEVELOPMENTS

In the opinion of the Board of Directors of our Company, there have not arisen, since the date of last financial statements disclosed in this Prospectus, any circumstances that materially or adversely affect or are likely to affect the profitability of our Company or the value of its assets or its ability to pay its liabilities within the next twelve months.



SECTION VII OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Our Board of Directors has pursuant to a resolution dated October 30, 2004 authorized the Issue subject to approval by the shareholders under section 81 (1A) of the Companies Act. The shareholders have, pursuant to a special resolution passed at an extra ordinary general meeting dated December 4, 2004, authorized the Issue.

Prohibition by SEBI

We, our Directors, our Promoters, directors of our Promoter companies, the subsidiaries, the associates, the group companies, companies promoted by our Promoters and companies or entities with which our Company's Directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. Our Company, our Promoters, group companies and associate companies have not been detained as willful defaulters by RBI / government authorities except Petrofils Co-operative Limited and there are no violations of securities law committed by them in the past or pending against them except Petrofils Co-operative Limited. Petrofils Co-operative Limited is under liquidation and hence no information is available.

Eligibility for the Issue

Being a listed company, we are eligible to make the Issue provided aggregate of the Issue and all previous issues made in the same financial year in terms of size (i.e., Issue through offer document + firm allotment + promoters' contribution through the offer document), issue size does not exceed five times its pre-issue net worth as per the audited balance sheet of the Company for the last financial year.

The relevant clause of SEBI (Disclosure and Investor Protection) Guidelines, 2000 provides as under:

2.3 Public Issue by Listed Companies

2.3.1 A listed company shall be eligible to make a public issue of equity shares or any other security, which may be converted into or exchanged with equity shares at a later date.

Provided that the aggregate of the proposed Issue and all previous issues made in the same financial year in terms of size (i.e., Issue through offer document + firm allotment + promoters' contribution through the offer document), issue size does not exceed 5 times its pre-issue net worth as per the audited balance sheet of the last financial year.

Provided further that in case there is a change in the name of the issuer company within the last 1-year (reckoned from the date of filing of the offer document), the revenue accounted for by the activity suggested by the new name is not less than 50% of its total revenue in the preceding 1 full-year period.

Particulars	Amount (Rs. in million)
Net worth as per the audited balance sheet as on June 30, 2005	5876.00
Size of the Issue	2750.00

Since the size of the proposed Issue does not exceeds five times of the net worth of the Company, the Company is eligible to make this Issue. Further, the Company has not made any allotment in FY 2004.



PROSPECTUS

DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS VIZ, ALLIANZ SECURITIES LIMITED, HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED, ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED AND GSFS CAPITAL AND SECURITIES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS VIZ, ALLIANZ SECURITIES LIMITED, HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED, ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED AND GSFS CAPITAL AND SECURITIES LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED AUGUST 10, 2005 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

- (1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID ISSUE;
- (2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

- A. THE PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
- B. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;
- C. THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;
- D. BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND
- E. WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

THE FILING OF THE PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTIONS 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THE PROSPECTUS.



WE CERTIFY THAT WRITTEN CONSENT FROM GUVNL, GSEC AND GACL HAVE BEEN OBTAINED FOR INCLUSION OF ITS SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE PROSPECTUS WITH THE ROC IN TERMS OF SECTION 60B OF THE COMPANIES ACT, 1956. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE ROC IN TERMS OF SECTIONS 56, 60 AND 60B OF THE COMPANIES ACT. †

Disclaimer from the Issuer and the Book Running Lead Managers

We, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our web site, would be doing so at his own risk.

Caution

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between BRLMs and us dated July 29, 2005 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by the BRLMs and us to the public and investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever including road show presentations, research or sales reports or at bidding centres etc.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India, including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission) or trusts under the applicable trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted non residents including NRIs, FIIs and other eligible foreign investors (viz, Foreign Venture Capital Funds registered with SEBI, multilateral and bilateral development financial institutions). The Prospectus does not, however, constitute an invitation to subscribe to Equity Shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of the Issue will be subject to the jurisdiction of appropriate court(s) in the state of Gujarat, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been filed with SEBI for observations and SEBI has given its observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of the BSE

As required, a copy of the Prospectus has been submitted to BSE. Bombay Stock Exchange Limited (†The Exchange†) has given vide its letter dated August 24, 2005 permission to this Company to use the Exchange's name in this Offer Document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.



PROSPECTUS

The Exchange does not in any manner:

- i) warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; or
- ii) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- iii) take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this Offer Document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the NSE

As required, a copy of this Prospectus has been submitted to National Stock Exchange of India Limited (NSE). NSE has given vide its letter NSE/LIST/16021-Q dated August 18, 2005, permission to the Issuer to use the Exchange's name in this Prospectus as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its Promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of the Vadodara Stock Exchange Limited, Vadodara (VSE)

As required, a copy of this Prospectus has been submitted to VSE. VSE has given vide its letter dated August 20, 2005, permission to us to use the VSE's name in this Draft Prospectus as one of the stock exchanges on which our further securities are proposed to be listed.

Vadodara Stock Exchange Limited (The Exchange) has given vide its letter dated August 20, 2005 permission to this Company to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner :

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; or
- ii. warrant that this Company's securities will be listed or will be listed or will continue to be listed on the Exchange; or
- iii. take any responsibility for the financial or other soundness of this company, its Promoters, its management or any scheme or project of this company.



And it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquire any securities and analysis and shall have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Note: Our application for de-listing from CSE is under process. We do not propose listing of the Equity Shares issued through this Red Herring Prospectus at CSE.

Filing

A copy of the Red Herring Prospectus along with the documents required to be filed under section 60 and section 60B of the Companies Act, 1956 will be delivered for registration to RoC at ROC Bhawan, Opposite Rupal Park, GHB Complex, Near Ankur Char Rasta, Ahmedabad, Gujarat. A copy of the Red Herring Prospectus has been filed with the Corporation Finance Department of SEBI at Ground Floor, Mittal Court, iA Wing, Nariman Point, Mumbai 400 021.

Listing

Our existing Equity Shares are listed on BSE, NSE, VSE and CSE (where application for delisting is in process). Earlier our Equity Shares were also listed on ASE, DSE and MSE. Pursuant to the de-listing application made by us to ASE, DSE, MSE and CSE, our Equity Shares have been de-listed from ASE, DSE and MSE effective March 8, 2004, December 11, 2004 and November 5, 2004 respectively. Our application for de-listing from CSE is under process.

Applications have been made to BSE, NSE, and VSE for permission for further listing of our Equity Shares. BSE will be the Designated Stock Exchange for the Issue with which the Basis of Allotment will be finalized for the Non-Institutional and Retail Portion.

If the permissions to further list our Equity Shares are not granted by any of the Stock Exchanges, we shall forthwith repay, without interest, all monies received from the applicants in pursuance of this Prospectus. If such money is not repaid within eight days after we become liable to repay it, i.e., from the date of refusal or within 70 days from the Bid/ Issue Closing Date, whichever is earlier, then we and every director of ours jointly and severally shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 15.0% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for further listing and commencement of trading at the Stock Exchanges are taken within seven working days of finalization of the Basis of Allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, 1956 which is reproduced below:

Any person who:

- (b) makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or**
- (c) otherwise induces a Company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,**

shall be punishable with imprisonment for a term which may extend to five years.



PROSPECTUS

Consents

Consents in writing of: (a) the Directors, the Company Secretary & Compliance Officer, the Auditors, Bankers to the Company; and (b) Book Running Lead Managers to the Issue and Syndicate Members, Escrow Collection Bankers, Registrars to the Issue and Legal advisors to the Issue, to act in their respective capacities, have been obtained and filed along with a copy of this Prospectus with the Registrar of Companies, Gujarat at Ahmedabad, as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Prospectus for registration with the Registrar of Companies, Gujarat at Ahmedabad.

M/s. C.C. Chokshi & Co., Chartered Accountants - Statutory Auditors of the Company, have given their written consent to the inclusion of their report in the form and context in which it appears in this Prospectus and such consent and report have not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

M/s. C.C. Chokshi & Co., Chartered Accountants, have given their written consent to the tax benefits accruing to the Company and its members in the form and context in which it appears in the Prospectus and have not withdrawn such consent up to the time of delivery of the Prospectus for registration with the RoC.

Expert Opinion

Except as stated in the sections titled 'Objects of the Issue', 'Statement of Tax Benefits' and 'Our Financial Statements' beginning on pages 26, 43, and 124 of this Prospectus, we have not obtained any expert opinions

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertising expenses and listing fees. The estimated Issue expenses are as follows:

Activity	Total Expenses (Amount Rs. in million)	%age of total issue size
Lead management fee, underwriting and selling commission	36.0	1.31%
Registrars Expenses	22.8	0.83%
Advertisement & Marketing expenses	20.0	0.73%
Printing, stationery including transportation of the same	16.0	0.58%
Others (Legal fee, Listing fee etc.)	1.50	0.05%
Total estimated Issue Expenses	96.20	3.50%

All expenses with respect to the Issue would be borne by the Company, except as agreed between the BRLMs and the Company.

Fees Payable to the BRLMs, Brokerage and Selling Commission

The total fees payable to the BRLMs including brokerage and selling commission for the Issue will be as per the Memorandum of Understanding executed between the Company and the BRLMs dated July 29, 2005, copy of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to the Issue

The total fees payable to the Registrar to the Issue will be as per Registrar's the memorandum of understanding dated August 6, 2005, copy of which is available for inspection at our registered office. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.



Previous Public and Rights Issues

In FY 1992 we have made initial public offering of our Equity Shares. In FY 1996 we have made a rights issue. In FY 1998-99, we have made preferential allotment to GEB, GSFC, GSFC Investment & Leasing Ltd., GPCL, GSPC and GSFS. We have not made any public or rights issues during last five years.

Previous Issues Otherwise than for Cash

Save as stated in the section entitled 'Capital Structure of the Company' on page 17 of this Prospectus, the Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on Previous Issues by GIPCL

Issue	Year	Commission and Brokerage (Rs. in million)
IPO	1992	0.75
Rights Issue	1996	Nil

Companies under the Same Management

There are no companies under the same management within the meaning of Section 370 (1B) of the Companies Act 1956.

Promise vis-a-vis Performance

i We had made Initial Public Offering in July, 1992 for 10,80,000 ₹ 12.5% partly convertible debentures of Rs. 200/- each for cash at par aggregating Rs. 216 millions and 9,45,000 ₹ 19% Non-Convertible Debentures of Rs. 100/- each for cash at par aggregating Rs. 94.50 millions. The main object of the Issue was to incur balance expenditure and make outstanding payments to machinery supplies / contractors of our 145 MW gas based Combined Cycle Power Project. The total cost of project was estimated to be Rs. 2380 millions. In the offer document for the purpose of the said issue, following projections were made.

(Rs. in millions)

Particulars	Projected			Actual Performance		
	1992-93	1993-94	1994-95	1992-93	1993-94	1994-95
Total Income	1019.8	1003.30	975.6	1065.1	1225.90	1306.5
Profit before Interest & Depreciation	537.90	518.40	493.60	578.45	632.34	692.88
Financial Expenses	298.5	278.3	251.10	261.10	251.25	231.05
Depreciation	83.9	83.9	83.9	132.53	131.42	157.10
Net Profit After Tax	119.80	121.20	124.40	184.82	249.67	304.73

ii In August, 1996, we came out with Rights issue of 24,985,118 ₹ 18% Secured, Redeemable, partly convertible debentures of Rs. 70/- each for cash at par aggregating Rs. 1749 millions to the existing equity share holders. The object of the Issue is to part finance the cost of 162.5 MW multi-fuel Combined Cycle power station at Vadodara at a total estimated cost of Rs. 3800 millions. The commercial operations were expected to be started from March, 1997 but the project actually commissioned in November, 1997 for 160 MW due to technical reasons. We have not made any projections in the offer documents for rights issue in 1996.

Promises vis-à-vis Performance of Listed Ventures of Group Companies

For details on promise vis-a-vis performance of our Promoters, refer to section titled 'Our Promoter Companies' on page 100 of the Prospectus and for details on promise vis-a-vis performance of our group companies / Promoter group companies, refer to section titled 'Information of Promoter Group Companies' on page 107 of the Prospectus.



PROSPECTUS

Outstanding Debentures, Bonds, Redeemable Preference Shares or other Instruments

We have no outstanding debentures, bonds, redeemable preference shares or other instruments.

Stock Market Data for our Equity Shares

For stock market data of our Company refer to the section titled 'Our History & Certain Corporate Matters' on page 86 of the Prospectus.

Mechanism evolved for Redressal of Investor Grievances

Investor's grievances will be settled expeditiously and satisfactorily by GIPCL. The agreement between the Company and the Registrar to the Issue will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment, refund orders, demat credit, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, Karvy Computershare Private Limited, giving full details including name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

Investors may contact the Compliance Officer in case of any Pre-Issue or Post-Issue related complaints such as non-receipt of allotment advice, refund orders, demat credit, etc.

Disposal of Investor Grievances

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances shall be seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, we or the Registrar to the Issue will strive to redress these complaints as expeditiously as possible.

The status of Investor Grievances is detailed below:

Sr. No.	Category	Received	Processed	Pending as on August 31, 2005
A.	Equity Shares			
	Non receipt of dividend on Equity Shares	11	11	0
	Complaints relating to Transfer:			
	Non receipt of share certificate after transfer	19	19	0
	Loss of equity share certificate	16	16	0
	Duplicate share certificate issued	0	0	0
	Procedure for issue of duplicate equity share certificate (including Indemnity Affidavit received for issue of duplicate share certificate)	27	27	0
	TOTAL	73	73	0
B.	Dividend Warrants			
	Revalidation	107	107	0

Changes in Auditors

There has been no change of the auditors in the last three years.

Capitalization of Reserves or Profits

The Company has not capitalized its reserves or profits at any time except as stated in the section titled 'Capital Structure of the Company' on page 17 of this Prospectus.

**Revaluation of Assets**

The Company has not revalued any of its assets in the past five years.

Credit Rating

The details of the ratings received by us for the NCD Issues in the last 3 years are as follows:

Sr. No.	Instrument	Amount (Rs. In Millions)	Rating Agency	Rating Assigned	Date of Rating Letter
1.	Non-Convertible Debentures (NCDs) Issue	1133.30	Credit Analysis & Research Ltd.	CARE B	November 28, 2003
2.	NCD Portion of PCD Issue	3479.40	Credit Analysis & Research Ltd.	CARE D	January 13, 2003

The rating symbol iCARE Bî from Credit Analysis and Research Limited (CARE Ltd.) is considered to be susceptible to default. While interest and principal payments are being met, adverse changes in business conditions are likely to lead to default. iCARE Dî instruments are of the lowest category. They are either in default or are likely to be in default soon.



SECTION VIII ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, Company's Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government, Stock Exchanges, FIPB, RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares of the Company including rights in respect of dividend. The Persons in receipt of Allotment will be entitled to dividend or any other corporate benefits (including dividend), if any, declared by our Company after the date of Allotment.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10/- each are being offered at a total price of Rs. 68 per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, refer to the section on iMain Provisions of Articles of Association of the Company on page 286 of this Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. As per existing SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialised form.



Since trading of our Equity Shares is compulsorily in dematerialized mode, the tradable lot is one Equity Share. Allotment through this Issue will be done only in electronic form in multiples of 1 Equity Shares subject to a minimum Allotment of 90 Equity Shares.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder, may nominate any one Person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A Person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any Person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the Person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the registered office of the Company or at the Registrar and Transfer Agents of the Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If an investor needs to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue to the public to the extent of the amount payable on application, including devolvement on Underwriters, if any, within 60 days from the Bid Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after we become liable to pay the amount (i.e., 60 days from the Bid Closing Date), we shall pay interest prescribed under Section 73 of the Companies Act.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts/authorities in Vadodara.

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime including after the Bid Closing Date, without assigning any reason thereof.

ISSUE STRUCTURE

Public Issue of 40,441,176 Equity Shares of Rs. 10/- each for cash at a price of Rs. 68 per Equity Share aggregating to Rs. 2750 million (the 'Issue'), consisting of a Fresh Issue of 40,441,176 Equity shares of Rs. 10/- each by Gujarat Industries Power Company Limited (the 'Company' or 'Issuer'). The Issue comprises of 11,029,411 Equity Shares of Rs. 10/- each reserved for participation by one of the Promoter Company viz. Gujarat Alkalies and Chemicals Limited, and one of the Promoter Group Company viz. Gujarat State Electricity Corporation Limited, in the Issue at a price of Rs. 68 aggregating Rs. 750 million and reservation for Employees of 400,000 Equity Shares of Rs. 10/- each, at a price of Rs. 68 each aggregating to Rs. 27.20 millions. The Net Issue to the Public is of 290,11,765 Equity Shares of Rs. 10/- each at a price of Rs. 68 aggregating Rs. 1972.80 millions (the 'Net Issue'). The Issue would constitute 26.74 % of the fully diluted post issue paid up Equity Capital of the Company.

	Employees	QIBs	Non-Institutional Bidders	Retail individual Bidders
Number of Equity Shares*	Upto 400,000 Equity Shares	Upto 14,505,882 Equity Shares or Net Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders.	Minimum of 4,351,765 Equity Shares or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Minimum of 10,154,118 Equity Shares or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Issue Available for allocation	Upto 0.99% of Size of the Issue**	Upto 50% Net Issue or Net Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders.	Minimum of 15% of Net Issue or Net Issue less allocation to QIB Bidders and Retail Individual Bidders	Minimum of 35% of Net Issue or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders
Basis of Allocation if respective category is oversubscribed	Proportionate	Discretionary	Proportionate	Proportionate
Minimum Bid#	90 Equity Shares and in multiples of 90 Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 90 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 90 Equity Shares thereafter	90 Equity shares and in multiples of 90 Equity Share thereafter
Maximum Bid	2500 Equity Shares per employee and subject to total of 400,000 Equity Shares in the Employee Reservation Category.	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares whereby the Bid amount does not exceeds Rs. 1,00,000
Mode of Allotment	Compulsorily in dematerialised mode.	Compulsorily in dematerialised mode	Compulsorily in dematerialised mode	Compulsorily in dematerialised mode
Trading Lot	One	One	One	One



	Employees	QIBs	Non-Institutional Bidders	Retail individual Bidders
Who can apply***	Employees as on cut-off date i.e. June 30,2005	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI and state Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable laws.	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, scientific institutions, societies and trusts.	Individuals (including NRIs and HUFs) applying for Equity Shares such that the Bid amount does not exceeds Rs. 1,00,000 in value.
Terms of Payment	Margin Money applicable to Employees at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to QIBs at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to Non institutional Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	Full Bid amount on Bidding	NIL	Full Bid amount on Bidding	Full Bid amount on Bidding



PROSPECTUS

* Subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any portion, would be allowed to be met with spillover from any other portions at the Company's discretion, in consultation with the BRLMs.

** Any under-subscription in Equity shares, if any, reserved for Employees would be included in the Net Issue and allocated in accordance with the description in the Section titled 'Basis of Allocation' as described in page 282 of this Red Herring Prospectus.

*** In case the Bid cum Application Form is submitted in Joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

The minimum number of Equity Shares for which Bids can be made by Bidders and the multiples of Equity Shares in which the Bids can be made, shall be advertised at least one day prior to the Bid Opening Date/Issue Opening Date, in Financial Express - English National Daily, Jansatta - Hindi National Daily and Financial Express (Gujarati) Regional Daily, all with wide circulation; and also on the websites of the BRLMs and the Company, as appearing on the cover page.

**ISSUE PROCEDURE****Book Building Procedure**

The Issue is being made through the 100% book building method where in up to 50% of the Net Issue to Public shall be allocated on a discretionary basis to Qualified Institutional Buyers. Further, not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. We, in consultation with the BRLMs, reserve the right to reject any Bid procured by any or all members of the Syndicate without assigning any reasons therefore in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders and Bids under Employee Reservation Portion, we would have a right to reject the Bids only on technical grounds.

We, in consultation with the BRLMs would have discretion to allocate to QIBs based on a number of criteria, which will typically include, but would not be limited to, the following: prior commitment, investor quality, price, earliness of bid, existing and continued shareholding of QIBs during the period prior to the Bid Opening Date and until the date of pricing.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allotment of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized us to make the necessary changes in this Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories, is as follows:

Category	Colour of Bid-cum-Application Form
Indian Nationals or NRIs applying on a non-repatriation basis	White
Non-Residents including NRIs or FIIs applying on a repatriation basis	Blue
Reserved portion for permanent employees of GIPCL	Pink

Who Can Bid?

- Indian nationals resident in India who are majors, in single or joint names (not more than three);
- HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: iName of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity shares;



PROSPECTUS

- Indian mutual funds registered with SEBI;
- Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);
- Venture capital funds registered with SEBI;
- Foreign venture capital investors registered with SEBI;
- State Industrial Development Corporations;
- Insurance companies registered with the Insurance Regulatory and Development Authority;
- Provident funds with minimum corpus of Rs. 250.0 million and who are authorized under their constitution to invest in Equity Shares;
- Pension funds with minimum corpus of Rs. 250.0 million and who are authorized under their constitution to invest in Equity Shares;
- Multilateral and bilateral development financial institutions;
- Trusts/Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Societies and who are authorized under their constitution to hold and invest in equity shares;
- Eligible Non-residents including NRIs and FIIs on a repatriation basis or a non- repatriation basis subject to applicable local laws; and
- Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares.

Note: The members of the Syndicate and any associate of the members of the Syndicate (except asset management companies on behalf of mutual funds, Indian financial institutions and public sector banks) cannot participate in that portion of the Issue where allocation is discretionary and will not be eligible as a QIB in this Issue. Further, the BRLMs and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Maximum and Minimum Bid size

For Retail Bidders: The Bid must be for minimum 90 number of Equity Shares and in multiples of 90 Equity Shares thereafter subject to maximum bid amount of Rs. 1,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000. In case the Bid Amount is over Rs. 1,00,000 due to revision or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

For Others (Non-Institutional Bidders and QIBs) Bidders: The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount payable by the Bidder exceeds Rs. 1,00,000 and in multiples of 90 Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000, for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000 or less due to a revision in Bids or revision of Price Band, the same would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at eCut-off.



For Bidders in the Employee Reservation Portion: The Bid must be for a minimum of 90 Equity Shares and in multiples of [*]Equity Shares thereafter. The maximum Bid in this portion cannot exceed Rs. 27.20 million. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the Bidding Options not exceeding Rs. 1,00,000 may bid at ÷Cut-off.

Information for the Bidders

- a) The Company will file this Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.
- b) The Price Band shall be advertised at least one day prior to the Bid Opening Date/Issue Opening Date in Financial Express - English National Daily, Jansatta - Hindi National Daily and Financial Express (Gujarati) Regional Daily. With regard to the Price Band, the Bidders can be guided by the secondary market prices of the Equity Shares.
- c) The members of the Syndicate will circulate copies of this Prospectus along with the Bid-cum-Application Form to their potential investors.
- d) Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of this Prospectus along with the Bid-cum-Application Form can obtain the same from the registered office of the Company or from the BRLMs, or from a member of the Syndicate.
- e) The Bids should be compulsorily submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of a member of the Syndicate. The Bid-cum-Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected.

Method and Process of bidding

1. We, with the BRLMs shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the Prospectus filed with RoC and publish the same and the Price Band in Financial Express - English National Daily, Jansatta - Hindi National Daily and Financial Express (Gujarati) Regional Daily and on websites of BRLMs and Company as appearing on the cover page. This advertisement shall be in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines. The members of the Syndicate shall accept Bids from the Bidders during the Issue Period.
2. Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.
3. The Bidding Period shall be a minimum of 3 working (three) days and not exceed 7 working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchanges and published in Financial Express - English National Daily, Jansatta - Hindi National Daily and Financial Express (Gujarati) Regional Daily and also on the websites of BRLMs and Company, as appearing on the cover page and the Bidding Period may be extended, if required, by an additional 3 (three) days, subject to the total Bidding Period not exceeding ten working days.
4. During the Bidding Period, the Bidders may approach the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
5. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled 'Bids at Different Price Levels' on page 267 of this Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.



PROSPECTUS

6. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph iBuild up of the Book and Revision of Bidsi on page 270 of this Prospectus.
7. The members of the Syndicate will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (iTRSi), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum application Form.
8. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph iTerms of Payment and Payment into the Escrow Accounti on page 269 of the Prospectus.

Bids at Different Price Levels

1. The Price Band shall be advertised at least one day prior to the Bid Opening Date/ Issue Opening Date in Financial Express - English National Daily, Jansatta - Hindi National Daily and Financial Express (Gujarati) Regional Daily and also on the websites of the BRLMs and the Company, as appearing on the cover page. Bidders are advised to be guided by the price of our listed Equity Shares in the secondary market for the purposes of making a decision to invest in the Equity Shares offered as part of this Issue. The Bidders can bid at any price within the Price Band, in multiples of 90.
2. We, in consultation with the BRLMs, can revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three additional days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the Floor of the Price-band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the Floor Price disclosed in this Red Herring Prospectus.
3. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by informing the stock exchanges, by issuing a public notice in Financial Express - English National Daily, Jansatta - Hindi National Daily and Financial Express (Gujarati) Regional Daily and also indicating the change on the relevant websites of the BRLMs, Company and the terminals of the members of the Syndicate.
4. We, in consultation with the BRLMs, can finalise the Offer Price within the Price Band without the prior approval of, or intimation to, the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders and Employees applying for a maximum Bid in any of the bidding options not exceeding Rs. 1,00,000 may bid at iCut-offi. However, bidding at iCut-offi is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.**
6. Retail Individual Bidders or Employees who bid at the Cut-off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders or Employees, who bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders or Employees, who had bid at Cut-off could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 1,00,000 of the bidder wants to continue to bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment)



exceeds Rs.1, 00,000, the Bid will be considered for allocation under the Non-Institutional category in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downward for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidders shall be deemed to have approved such revised Bid at Cut-off Price.

8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.
9. In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size shall remain 90 Equity Shares irrespective of whether the Bid Amount payable on such Minimum Application is not in the range of Rs. 5,000 to Rs.7, 000.

Application in the Issue

Equity Shares being issued through this Prospectus can be applied for in the dematerialized form only.

Bids by Mutual Funds

Multiple Bids

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any Company's paid-up capital carrying voting rights.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of the Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Bids by Eligible NRIs

NRI Bidders to comply with the following:

1. Individual NRI Bidders can obtain the Bid cum Application Forms from our Registered Office, members of the Syndicate or the Registrar to the Issue.
2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (White in color).

Escrow Mechanism

1. The Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms



PROSPECTUS

of the Prospectus and an Escrow Agreement. The monies in the Escrow Account of the Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with the Company. Payment of refund to the Bidders shall also be made from the Escrow Agreement and this Prospectus.

2. The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between the Company, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

Each Bidder, who is required to pay Margin Amount greater than 0%, shall, with the submission of the Bid-cum-Application Form draw a cheque,†demand draft†for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph †Payment Instructions† on page 277 of this Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid-cum-Application Forms accompanied by cash shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or†demand draft†with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds whose bids have been accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account, lying credited with Escrow Collection Banks shall be held for the benefit of the Bidders who are entitled to refunds. On the Designated Date, and no later than 15 days from the Bid / Issue Closing Date, the Escrow Collection Bank(s) shall refund all amount payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation to the Bidders.

Each category of Bidders (i.e. QIBs, Non Institutional Bidders, Retail Individual Bidders and Employee Bidders) would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Money payable by each category of Bidders is mentioned under the heading †Issue Structure† on page 261 this Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had applied for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid Closing Date/Issue Closing Date, failing which the Company shall pay interest @15% per annum for any delay beyond the periods mentioned above.

Electronic Registration of Bids

- (a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one NSE/BSE on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
- (b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building in a timely manner. On the



- Bid Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) The aggregate demand and price for bids registered on the electronic facilities of NSE and BSE will be downloaded on half hourly basis, consolidated and displayed on-line at all bidding centers. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding period.
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
- **Name of the investor.**
 - **Investor Category ñ Employee, Individual,†Corporate,†NRI,†FII,†or Mutual Fund, etc.**
 - **Numbers of Equity Shares bid for.**
 - **Bid price.**
 - **Bid-cum-Application Form number.**
 - **Whether payment is made upon submission of Bid-cum-Application Form.**
 - **Depository Participant Identification No. and Client Identification No. of the Demat Account of the Bidder.**
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) The BRLM/ member of the Syndicate also has the right to accept the Bid or reject it without assigning any reason, in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed on page 279 in this Prospectus.
- (h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company or BRLMs are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company.
- (i) It is also to be distinctly understood that the approval given by BSE and/or NSE should not in any way be deemed or construed that this Prospectus has been cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

Build Up of the Book and Revision of Bids

- (a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
- (b) The book gets build up at various price levels. This information will be available with the BRLMs on a regular basis.
- (c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.



PROSPECTUS

- (d) Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- (e) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Prospectus. In case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.
- (f) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she has placed the original Bid. Bidders are advised to retain copies of the blank Revision Forms and the revised Bid must be made only in such Revision Form or copies thereof.
- (g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- (h) In case of discrepancy of data between BSE or NSE and members of the Syndicate, the decision of the BRLMs based on the physical records of BSE†or NSE†shall be final and binding to all concerned.

Price Discovery and Allocation

- (a) After the Bid/Issue Closing Date, the BRLMs shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.
- (b) The Company, in consultation with the BRLMs shall finalise the Issue Price, the number of Equity Shares to be allotted and the allocation to successful QIB Bidders. The allocation will be decided based on the quality of the Bidder and the size, price and time of the Bid.
- (c) The allocation for QIBs would be upto 50% of the Issue Size would be discretionary. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and not less than 35% of the Issue Size, respectively, would be on proportionate basis in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- (d) Undersubscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of the Company, in consultation with the BRLMs. Any undersubscription in Equity Shares reserved for allocation to Employees would be treated as part of the Net Issue to public and allocated in accordance with the Basis of Allocation as described in page 282 of this Prospectus.
- (e) Allocation to NRIs, FIIs, foreign venture capital funds registered with SEBI applying on repatriation basis will be subject to applicable laws.
- (f) The BRLMs, in consultation with the Company shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (g) The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning reasons whatsoever.
- (h) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid Closing Date/ Issue Closing Date.



Signing of Underwriting Agreement and ROC Filing

- (a) The Company, the BRLMs, and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, the company will update and file the updated Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by the Company after the filing of the Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Issue Price along with a table showing the number of Equity Shares to be issued. Any material updates between the date of the Prospectus and the date of the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

- a) The BRLM or Registrars to the Issue shall send to the Syndicate Members, a list of their Bidders who have been allocated Equity Shares in the Issue.
- b) The Members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account on or prior to the time of bidding shall pay in full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.
- c) **Bidders who have been allocated Equity Shares and who have already paid the full Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrars to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for allotment to such Bidder.**

Designated Date and Allotment of Equity Shares

Successful Bidders will receive credit for the Equity Shares directly in their depository account. **Equity shares will be allotted only in the dematerialized form to the allottees.** Successful Bidders will have the option to re-materialize the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

The Company will ensure the allotment of Equity Shares within 15 days of the Bid/ Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would ensure that credit is given to the successful Bidders' depository accounts within two working days from the date of allotment.

General Instructions

Do ís:

- a) Check if you are eligible to apply;
- b) Read all the instructions carefully and complete the resident Bid-cum-Application Form (white in colour) or Non-Resident Bid-cum-Application Form (blue in colour), or Employee Bid Cum Application Form as the case may be;



PROSPECTUS

- c) Enter that the details about Depository Participant and Beneficiary Account are correct, as Allotment of Equity Shares will be in the dematerialised form only;
- d) Ensure that the Bids are submitted at the Bidding Centres only on forms bearing stamp of the Syndicate Member;
- e) Ensure that you have been given a TRS for all your Bid options;
- f) Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- g) Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more and attach a copy of the PAN Card and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN along with the application for the purpose of verification of the number, with the Bid cum Application Form. In case you do not have a PAN, ensure that you provide a declaration in Form 60 prescribed under the I.T. Act along with the application; and

Don'ts:

- a. Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- b. Do not Bid for lower than minimum Bid size;
- c. Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- d. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- e. Do not pay Bid amount in cash;
- f. Do not Bid at cut off price (for QIB Bidders, Non-Institutional Bidders and Employees for whom the Bid Amount exceeds Rs. 100,000);
- g. Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws / regulations.
- h. Do not send Bid cum Application Form by post; instead submit the same to a member of the Syndicate only.
- i. Do not submit bid accompanying with Stock Invest.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians, blue colour for NRI or FII or foreign venture capital fund registered with SEBI applying on repatriation basis and pink colour with marked 'Employees' for Employees).
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of 90 Equity Shares and in multiples of 90 thereafter subject to a maximum of Rs. 1,00,000.



- (d) For non institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid amount exceeds Rs. 1,00,000 and in multiples of 90 Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations.
- (e) For Employees, the Bid must be for a minimum of 90 Equity Shares and shall be in multiples of 90 thereafter subject to a maximum bid of 2500 Equity Shares per employee.
- (f) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (g) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Employees

For the sake of clarity, the term 'Employees' shall mean Permanent employee of the Company and also include those engaged on fixed term basis and drawing remuneration from the company including graduate engineer trainee as on June 30, 2005.

1. Bids by employees shall be made only in the prescribed Bid cum Application Form or Revision Form (i.e. pink colour form)
2. Employees should mention their Employee number at the relevant place in the Bid cum Application Form.
3. The sole/first Bidders should be an Employee. In case the Bid cum Application Form is submitted in joint names should be ensured that the Depository Account is also held in the same sequence in which they appear in the Bid cum Application Form.
4. Only Employees on the rolls of the Company as on the cut-off date i.e. June 30, 2005 would be eligible to apply in this Issue considered for allotment under this category.
5. Employees will have to Bid like any other Bidder. Only those Bids, which are received at or above the Issue Price, would be considered for allotment under this category.
6. The maximum Bid in this category can be 2,500 Equity Shares per Employee.
7. Bidding at Cut-off is allowed only for Employees whose Bid Amount is less than or equal to Rs. 100,000.
8. In the aggregate demand in this category is less than or equal to 400,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand. Any under subscription in Equity Shares reserved for Employees would be treated as part of the Net Issue and Allotment in accordance with the description in 'Basis of Allocation' as described in page 282 of this Prospectus.
9. If the aggregate demand in this category is greater than 400,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis subject to a minimum of 90 Equity Shares. For the method of proportionate basis of allocation, refer to para 'Basis of Allocation' as described in page 282 of this Prospectus.

Bidders' Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. **These bank account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant.** Please note that



PROSPECTUS

failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Bank shall have any responsibility and undertake any liability for the same.

Bidders Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid-cum-Application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

Refund Orders/ Allocation Advice/ CANs would be mailed at the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Investors should note that the refund cheques will be overprinted with details of bank account as per the details received from the depository.

Bids under Power of Attorney

In case of bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered

societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum & Article of Association and/or Bye Laws must be lodged along with the Bid cum Application Form. Failing this, the Issuer reserves the right to accept or reject any bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.



In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by provident fund with the minimum corpus of Rs. 250 million and pension fund with the minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

The Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as the Company/BRLM may deem fit.

We, in our absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Bids by NRIs

NRI Bidders will have to comply with the following:

1. Individual NRI Bidders can obtain the Bid-cum-Application Forms from the Company's registered office or from members of the Syndicate or the Registrars to the Issue.
2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (blue in colour).

Bids by non-residents including NRIs, FIIs and Foreign Venture capital Funds registered with SEBI on a repatriation basis.

Bids and Revision to Bids must be made:

- On the prescribed Bid cum Application Form or Revision Form, as applicable (blue in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three)
- NRIs for a Bid Amount of up to Rs. 1,00,000 would be considered under the Retail Bidders portion for the purposes of allocation and Bids for a Bid amount of more than Rs. 1,00,000 would be considered under the Non-Institutional Bidders portion for the purposes of allocation; by FIIs for a minimum of such number of Equity Shares and in multiples of 90 thereafter that the Bid Amount exceeds Rs. 1,00,000; for further details see 'Maximum and Minimum Bid Size' at page 265 of this Prospectus.
- In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be despatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.



PROSPECTUS

It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Payment Instructions

The Company shall open an Escrow Account of the Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form. The BRLMs and Syndicate Member(s) shall also open Escrow Accounts of the Syndicate with one or more of the Escrow Collection Banks for the collection of the margin amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account to the Issue

1. The Bidders for whom the applicable Margin Amount is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the member of the Syndicate.
2. **In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of the Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.**
3. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
 - (a) In case of resident Bidders: **Escrow Account ñ GIPCL Public Issue**
 - (b) In case of Non Resident Bidders: **Escrow Account ñ GIPCL Public Issue - NR**
 - (c) In case of Employees: **Escrow Account ñ GIPCL Public Issue - Employee**
 - In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
 - In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
4. Where a Bidder has been allocated a lesser number of Equity Shares than what the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account of the Company.
5. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders till the Designated Date.
6. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.



7. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.
8. Payments should be made by cheque, or demand drafts drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the center where the Bid cum Application Form is submitted. Outstation cheque/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/ Money Orders/ Postal Orders will not be accepted.

Payment by Stockinvest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts shall be submitted to the Members of the Syndicate at the time of submitting the Bid-cum-Application Form. The Members of the Syndicate may at their discretion waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form.

No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids†in the case of Individuals

Bids†may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form (iFirst Bidder). All communications will be addressed to the First Bidder†and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid†(and not more than one) for the total number of Equity Shares required. Two or more Bids†will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids made by Employees both under Employee Reservation Portion as well as in the Net Issue shall not be treated as multiple Bids.

The Company reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)†

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of an Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the application form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that**



PROSPECTUS

Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground. In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention 'Not Applicable' and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention 'Applied for' in the Bid each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.**

Our Right to Reject Bids†

The Company and the BRLMs reserve the right to reject any Bid without assigning any reason therefore in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders and Employees, the Company would have a right to reject bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the bidder's address at the Bidder's risk.

Grounds for Technical Rejections†

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:

1. Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
2. Bank account details (for refund) are not given;
3. In case of Partnership firms, the shares may be registered in the name of individual partners and no firm as such shall be entitled to apply.
4. Age of First Bidder not given;
5. Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
6. PAN photocopy/ PAN Communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than the lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at cut-off price by Non-Institutional and QIB Bidders;
11. Bids for number of Equity Shares, which are not in multiples of 90
12. Category not ticked;
13. Multiple bids as defined in this Prospectus;
14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;



15. Bids accompanied by Stock invest/money order/ postal order/ cash;
16. Bids not duly signed by the sole/joint Bidders;
17. Bid-cum-Application Form does not have the stamp of the Syndicate Member;
18. Bid-cum-Application Form does not have Bidder's depository account details;
19. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Prospectus and as per the instructions in this Prospectus and the Bid-cum-Application Form; or
20. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations see the details regarding the same at 261 of this Prospectus.
21. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity;
22. Bids by OCBs;
23. Bids by US persons other than iQualified Institutional Buyers' as defined in Rule 144A of the Securities Act.
24. Bids under Employee Reservation Portion for the shares more than 2500 equity shares.
25. Bids by NRIs not disclosing their residential status.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a de-materialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among the Company, the Depositories and the Registrar,

1. An Agreement dated February 9, 1998 among NSDL, the Company and MCS Ltd.
2. An Agreement dated November 19, 1999 among CDSL, the Company and MCS Ltd.

Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.



PROSPECTUS

6. The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
7. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
8. *The trading of Equity Shares of the Company would only be in dematerialized form for all investors in the demat segment of the respective Stock exchanges.*

COMMUNICATIONS

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

PRE-ISSUE AND POST ISSUE RELATED PROBLEMS

We have appointed Mr. V.V. Vachharajani, Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Mr. V.V. Vachharajani

Company Secretary

Gujarat Industries Power Company Limited,
P.O. Petrochemicals 391 346,
District Vadodara, Gujarat
Tel: +91-265-2232768, 2230159
Fax: +91-265-2231207
Email: po@gjpcl.co.in

Procedure and Time Schedule for Transfer of Equity Shares

The Company reserves, at its absolute and uncontrolled discretion and without assigning any reason thereof, the right to accept or reject any Bid in whole or in part. In the case of Retail and Non-Institutional Bidders, the rejection of any Bid is only on grounds of technical non-compliance with the specified procedure. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. The Company will ensure the allotment of the Equity Shares within 15 days from the Bid/Issue Closing Date. The Company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if allotment is not made, refund orders are not despatched and/ or dematerialized credits are not made to investors within two working days from the date of allotment.

Disposal of Applications and Applications Money and Interest in case of Delay

We shall ensure despatch of allotment advice or refund orders and giving of benefit to the beneficiary account with Depository Participants and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. We shall ensure the despatch of refund orders, if any, of value up to Rs. 1,500, iUnder Certificate of Posting, and despatch of refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk.

We shall use our best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalization of the basis of allotment.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI Guidelines, the Company further undertakes that:



- i) Allotment of Equity Shares shall be made only in dematerialized form within 15 days of the Bid/Issue Closing Date;
- ii) We would ensure despatch of refund orders within 15 days of the Bid/Issue Closing Date; and
- iii) we shall pay interest at 15% per annum (for any delay beyond the 15 days time period as mentioned above), if Allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 days time prescribed above as per the guidelines issued by the MoF pursuant to its letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,**

shall be punishable with imprisonment for a term which may extend to five years.

Basis of Allocation

1. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Retail individual Bidders will be made at the Issue Price.
- The Net Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 101,154,118 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 10,154,118 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 90 Equity Shares or in multiples of 90 Equity Share. For the method of proportionate basis of allocation, refer below.

2. For Non Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non- Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.



PROSPECTUS

- If the aggregate demand in this category is less than or equal to 4351,765 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 4351,765 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 90 Equity Shares or in multiples of one Equity Share. For the method of proportionate basis of allotment refer below.

3. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIBs will be made at the issue price.
- The Issue size less allocation to Non-Institutional portion and Retail Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- The allocation would be decided by the Company in consultation with the BRLMs and would be at their sole discretion, based on various factors, such as quality of the Bidder, size, price and date of the Bid.
- The aggregate allocation to QIB Bidders shall not be more than 14,505,882 Equity Shares.

4. For Employees

- Bids received from the Employees at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Employees will be made at the Issue Price.
- If the aggregate demand in this portion is less than or equal to 4,00,000 Equity Shares at or above the Issue Price, full allotment shall be made to Employees to the extent of their demand.
- If the aggregate demand in this portion is greater than 4,00,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 90 Equity Shares or in multiples of one Equity Share. For the method of proportionate basis of allocation, refer below.

Method of Proportionate Basis of Allocation in the Retail and Non-Institutional Portions

Bidders will be categorized according to the number of Equity Shares applied for by them.

- (a) The total number of Equity Shares to be allotted to each portion as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that portion (number of Bidders in the portion multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (b) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that portion multiplied by the inverse of the over-subscription ratio.
- (c) If the proportionate allotment to a Bidder is a number that is more than 90 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- (d) In all Bids where the proportionate allotment is less than 90 Equity Shares per Bidder, the allotment shall be made as follows:
 - Each successful Bidder shall be Allotted a minimum of 90 Equity Shares;
 - The successful Bidders out of the total Bidders for a portion shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be Allotted a minimum of 90 Equity Shares.



- (e) If the Equity Shares allocated on a proportionate basis to any portion are more than the Equity Shares allotted to the Bidders in that portion, the remaining Equity Shares available for allotment shall be first adjusted against any other portion, where the Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that portion. The balance Equity Shares, if any, remaining after such adjustment will be added to the portion comprising Bidders applying for minimum number of Equity Shares.

Letters of Allotment or Refund Orders

We shall give credit to the Beneficiary Account with Depository Participants within two working days from the date of the finalization of the basis of allotment of Equity Shares. We shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by iUnder Certificate of Postingî, and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI guidelines, we further undertake that:

- Allotment shall be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Despatch of refund orders shall be done within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders are not despatched and/or demat credits are not made to investors within the 15 day time prescribed above

UNDERTAKING BY OUR COMPANY

We undertake as follows:

- (a) that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- (b) that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- (c) that the funds required for despatch of refund orders†or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
- (d) that the refund orders or allotment advice to the Eligible NRIs or†FIIs shall be dispatched within specified time; and
- (e) that no further issue of Equity Shares shall be made until the Equity Shares Offered through this Red Herring Prospectus are listed or until the Bid Money is refunded on account of non-listing, under-subscription etc.

UTILISATION OF ISSUE PROCEEDS

Our Board of Directors certify that:

- (a) all monies received out of the Issue shall be credited / transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- (b) details of all monies utilised out of the Issue referred above shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised;
- (c) details of all unutilised monies out of the Fresh Issue, if any, shall be disclosed under the appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested.

We shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received



PROSPECTUS

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the GoI and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government of India, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies, foreign investment in power sector is allowed up to 100% under the automatic route.

Subscription by Non-Residents

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or the requirements of the Investment Company Act.

Accordingly, the Equity Shares are only being offered and sold (i) in the United States to entities that are both qualified institutional buyers, as defined in Rule 144A of the Securities Act and qualified purchasers as defined under the Investment Company Act and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of our post-issue paid-up capital (i.e., 10% of [*] Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. Under the current foreign investment policy applicable to us foreign equity participation up to 100% is permissible under the automatic route.

As per the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCIs:

The SEBI (Venture Capital) Regulations, 1996, and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the investment by any VCF or FVCI should not exceed the prescribed investment limit as the case may be.

As per the current regulations, OCBs cannot participate in this Issue.

The above information is given for the benefit of the Bidders. We, the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

**SECTION IX :****MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY**

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that the each provision herein below is numbered as per the corresponding article number in the Articles of Association.

AUTHORISED CAPITAL

3. The Authorised Capital of the Company shall be Rs. 386 Crores (Rupees Three Hundred Eighty Six Crores Only) divided into 22,50,00,000 (Twenty Two Crores Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each aggregating to Rs. 225.00 Crores (Rupees Two Hundred and Twenty Two Crores Only) and 1,61,00,000 (One Crore Sixty One Lacs) 15% Preference Shares of Rs. 100/- (Rupees Hundred Only) each aggregating to Rs. 161.00 Crores (Rupees One Hundred Sixty One Crores Only) with power to the Company to increase or reduce such capital and to issue any part of the capital, original or increased, with the rights, privileges and conditions attached thereto as may be provided by the Articles of Association of the Company for the time being or by the terms of issue thereof with power to increase or reduce the capital of company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, guaranteed, qualified or special rights, privileges and conditions as may be determined by or in accordance with the Articles of Association of the Company or the terms of issue and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association of the Company, subject always to the provisions of the Companies Act, 1956.
 - 3A. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue Preference shares which are or at the option of the Company are to be liable to be Redeemable or Cumulative Convertible and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption/conversion.
 - 3B. On the issue of Redeemable Preference Shares under the provisions of Article 3A hereof, the following provisions shall take effect:
 - (a) No such Shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption;
 - (b) No such Shares shall be redeemed unless they are fully paid;
 - (c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the company's Shares Premium Account before the shares are redeemed;
 - (d) Where any such Shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall be, out of the profits, which would otherwise have been available for dividend, be transferred to a reserve fund to be called, 'The Capital Redemption Reserve Account', a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, as if the Capital Redemption Reserve Account were paid up share capital of the Company;
 - (e) Subject to the provisions of Section 80 of the Act, the redemption of Preference Shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.

LIEN

4. The Company shall have no Lien on its fully paid-up shares. In case of partly paid-up shares, the Company shall have a first and paramount lien only in respect of money (Whether presently payable or not) called for or payable at a fixed time in respect of such share. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The Directors may at any time declare any shares to be wholly or in part exempt from these provisions.



PROSPECTUS

- 4A. Subject to the provision of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (absolutely or conditionally) or his procuring or agreeing to procure subscriptions for any shares in or debentures of the Company, but so that the commission shall may be satisfied by payment of cash or by allotment of fully or partly paid shares or debentures as the case may be or partly in one way and partly in other.
- 4B. The Company may on any issue of shares or debentures pay such brokerage as may be reasonable and lawful.
- 4C. Where the company has paid any sum by way of commission in respect of any shares or debentures or allowed any sums by way of discount in respect of any shares or debentures a statement thereof shall be made in the Annual Return as required by Part I of Schedule V to the Act.

RESTRICTION ON TRANSFER OF SHARES

- 5 (a) Subject to the provisions of section 111 of the Act and subject to the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules and Regulations made thereunder and other applicable laws, the Directors may at their absolute and uncontrolled discretion decline to register or acknowledge any transfer of shares and shall not be bound to give any reason for such refusal and in particular so decline in respect of the shares upon which the company has a lien or whilst any monies in respect of the shares desired to be transferred or any of them remain unpaid and such refusal shall not be affected by the fact that the proposed transferee is already a member. Provided that registration of any transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever. The Board of Directors shall not decline to register any transfer of shares except on the grounds specified in Section 22A of the Securities Contracts (Regulation) Act, 1956 as in force at the time.
- (b) Nothing in Section 108, 109 and 110 of the Act shall prejudice this power to refuse to register transfer, or transmission by operation of law of the rights to, or interest of a member in any shares, debentures or other securities of the Company.
- (c) Without prejudice to the foregoing provisions and without limiting in any manner the generality of the above provisions, the Board of directors of the Company may, at their absolute and uncontrolled discretion, refuse to register the transfer of any shares or other securities of the Company, being shares or securities issued by the Company, in favour of any transferee whether individual, firm, group, constituent of a group, body corporate or bodies corporate under the same management or otherwise and whether in his or on its own name or in the name of any other person if the total nominal value of the shares or other securities intended to be so transferred, exceeds, or together with the total nominal value of such individual, firm, group, constituent of a group, body corporate or bodies corporate under the same management or otherwise will exceed 1% of the paid up equity share capital of the Company or if the Board of Directors is satisfied that as a result of the proposed transfer of any shares or securities or block of shares or securities of the company a change in the composition of the Board of Directors or change in the controlling interest of the Company is likely to take place and that such change would be prejudicial to the interest of the Company or to the Public interest. For the purpose of this Article, the Board of Directors of the Company shall be entitled, inter alia, to rely upon this Article to form its own opinion as to whether such registration of transfer of any of its shares or other securities exceeding 1% of the paid up equity share capital of the Company should be refused or not.
- (d) Notwithstanding anything to the contrary, the restrictive provisions contained in the preceding sub-clause (C) shall not apply to the transfer of any shares or other securities made to and representing the own investment of any of the following:
 - (i) Public financial Institutions within the meaning of section 4A of the Act.
 - (ii) Public Sector Banks.
 - (iii) Multilateral Agencies, Foreign Banks and Lending Institutions.
 - (iv) Public Sector Mutual Funds being Mutual Financial Institution or a Public Sector Bank.
- (e) Notwithstanding anything contained in this Articles, the Company shall be entitled to dematerialized its existing shares and other securities; rematerialised its shares and other securities held with Depositories and / or offer its fresh shares and other securities in a Dematerialised form pursuant to the Depositories Act, 1956 and the rules framed thereunder and on the same being done, the Company shall further be entitled to maintain a register of members with the details of Members holding shares both in material



and dematerialised form in any media as permitted by law including any form of electronic media, either in respect of existing shares or any future issue and transfer or transmission of any shares or other securities held in material or dematerialised form.

- (f) The shares and other securities of the Company which are held in the dematerialised form shall not be progressively numbered and the provisions relating to the progressive numbering shall not apply to the shares or other securities of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form and no Share Certificates shall be issued in respect of the shares issued/ held in dematerialised form with any Depository.
 - (g) Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears as the beneficial owner of the shares/Securities in the records of the Depository as the absolute owner thereof as regards the receipt of Dividends or Bonus or Service of Notice and all or any other matters connected with the Company and accordingly the Company shall not (except as ordered by Court of Competent jurisdiction or as by law required) be bound to recognize any benami trust or equity or equitable, contingent or other claims to or interest in such shares/ securities on the part of any other person whether or not it shall have express or implied notice thereof.
 - (h) In the case of Transfer or Transmission of Securities held by beneficial owners with the Depository the provisions relating to the normal transfer or transmission of securities in respect of the securities held in the physical mode shall not apply to the transfer of securities effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of the Depository. In case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates in respect thereof and where such shares or securities are being held in an electronic and fungible form with a Depository, the provision of the Depositories Act, 1996 shall apply.
- 5A. The Board of Directors may in their absolute discretion, refuse applications for the sub-division of share certificate(s), debenture or bond certificate(s) into denominations of less than the marketable lot except when such sub-division is required to be made to comply with a statutory provision or an order of a competent court of law.
- 5B. The Company shall not made any charge-
- (a) For registration of transfer of shares and debentures;
 - (b) For sub-division and /or consolidation of shares and/or debentures certificates and for sub-division of letter of allotment and Split, Consolidation, Renewal and Pucca Transfer Receipts into denominations corresponding to the market lot of trading;
 - (c) For sub-division of renounceable letter of right;
 - (d) For issue of new certificates in replacement of those which are old, decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilized; and
 - (e) For registration of any Power of Attorney, Probate, Letters of Administration or similar other documents.
- 5C. The Company shall not charge any fees exceeding such fees as may be agreed upon with the Vadodara Stock Exchange
- (a) For issue of new certificate in replacement of those that are torn, defaced, lost or destroyed; and
 - (b) For sub-division and consolidation of Shares and debentures certificates and for sub-division of Letters of Allotment and split, consolidation, renewal and Pucca Receipts into denominations other than those fixed for the market lot of trading.
- 5D. The Board of Director shall not give to any person the option or right to call on shares except with the sanction of the Company in general meeting.
- 5E. If the sum payable in respect of any call or instalment be not paid on or before the day appointed for the payment thereof, the holder for the time being or allottee of the share and/or debentures in respect of which the calls shall have been made or the instalment shall be due, shall pay interest on the same at such rate as directors shall fix from time to time, from the day appointed for the payment thereof to the time of actual payment but the directors may waive payment of such interest wholly or in part.
6. Money paid in advance of calls shall not in respect thereof confer any rights to dividend or to participate in profits of the Company.
- 6A. The Board of Directors shall not, except with the previous sanction of the Company in General Meeting, confer upon any person, any option or right to make call on shares of the Company.



PROSPECTUS

- 6B. The Company shall not issue any Debentures or Bonds with right to allotment of shares or conversion of such debentures/bonds into shares except with the previous sanction of the Company in General Meeting and the approval of the Central Government, if necessary.
- 6C. After the declaration of the dividend at the Annual General Meeting of the Company, if any dividend remains unpaid to or unclaimed by any member within fortytwo days from the date of declaration, the Company shall within seven days from the date of the expiry of the said period of fortytwo days transfer the amount of such dividend which remains unpaid or unclaimed to a special account as specified under Section 205A (1) of the Act.

BORROWING POWERS

7. Subject to the provisions of Section 58A, 292 and 293 of the Act and of these Articles and subject to any restriction imposed by Reserve Bank of India, Board of Directors, may from time to time at its discretion, by a resolution passed at a meeting of the Board, accept deposits from members either in advance of calls or otherwise, and generally accept deposits, raise loans or borrow or secure the payment of any sum or sums of money for the purpose of the Company. Provided however where the moneys to be borrowed together with the moneys already borrowed including acceptance of deposits apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, exceed the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such moneys without the sanction of the Company in General Meeting. No debt incurred by the Company in excess of the limit imposed by this Article shall be paid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.
8. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (not by Circular Resolution) by the issue of bonds, debentures or debenture-stock of the Company, charged upon all or any property of the Company (both present and future), including its uncalled capital for the time being and the debentures and its debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

DIRECTORS

11. (a) Unless otherwise determined in General Meeting and subject to the provisions of Section 252 of the Act, the number of directors of the Company shall not be less than three and more than twelve excluding Debenture, Special and Corporation Directors, if any.

CHAIRMAN

12. The Chairman of the Board shall be appointed by the Government. The Chairman need not be a whole-time Director of the Company. The Chairman shall have a casting vote at the Board Meeting and General Meeting.

GOVERNMENT AND GEB NOMINEE

13. The Government shall have right to nominate one Director besides Chairman as provided in Article 12 and GEB also shall have right to nominate one Director on the Board of Directors of the Company.

DEBENTURE DIRECTOR

14. Any Trust Deed for securing debentures or debenture stock may, if so arranged provide for the appointment from time to time, by the Trustees thereof or by the holder of debentures or debenture-stocks of some person to be a Director of the Company and may empower such Trustees of holders of debenture stock from time to time to remove and reappoint any Director so appointed. The Director appointed under this Article is herein referred to as 'Debenture Director' and the term 'Debenture Director' means the Director for the time being in office under this Article. The Debenture Director shall not be liable to retire by rotation. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

CORPORATION DIRECTOR

15. So long as any moneys be owing by the Company to any Finance Corporation or Credit Corporation or to any Finance Company or Body (which Corporation or Body is hereinafter in this Article referred to as 'the Corporation'), who may have advanced any loan to the Company or so long as any guarantee given by such Corporation at



the request of and for the purpose of the Company remains outstanding or so long as such Corporation holds any shares of the Company as a result of its having underwritten the issue of Shares of the Company, the Directors may authorize such Corporation to appoint, from time to time any person as a Director of the Company (which Director is hereinafter referred to as iCorporation Directori) and may agree that the Corporation Director shall not be liable to retire by rotation.

The Corporation may at any time and from time to time remove such Corporation Director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed at any time, appoint any other person as a Corporation Director in his place. Such appointment or removal shall be made in writing signed by the Chairman of the Corporation or any authorized person or Director thereof and shall be delivered to the Company at its registered office.

It is clarified that every Corporation entitled to appoint a Director under this Article may appoint such number of persons as Directors as may be authorized by the Directors of the Company.

SPECIAL DIRECTOR

16. In connection with any collaboration arrangement with any company or corporation or any firm or person for supply of technical know-how and/or machinery or technical advice, the Directors may authorize such company, corporation, firm or person hereinafter in this clause referred to as iCollaboratori to appoint from time to time any person as a Director of the Company (hereinafter referred to as iSpecial Directori) and may agree that such Special Director shall not be liable to retire by rotation so however that such Special director shall hold office so long as such Collaboration Agreement remains in force, unless otherwise agreed upon between the Company and such collaborator under the collaboration arrangements or at any time thereafter.

The collaborator may at any time and from time to time remove any such Special Director appointed by it and may at any time of such removal and also in case of death or resignation of the person so appointed at any time appoint any other person as a Special Director in his place and such appointment or removal shall be made in writing signed by such company or corporation or any partner or such authorized person and shall be delivered to the Company at its Registered Office. It is clarified that every collaborator entitled to appoint a Director under this Article may appoint one such person as a Director so that if more than one collaborator is so entitled there may be at any time as many Special Directors as the collaborators are eligible to make the appointment.

CONSUMER'S NOMINEE

- 16A. Subject to the provisions of Section 255, 256 and 259 of the Act, any agreement between the Company and any person agreeing to take supply of Electricity from the Company (hereinafter referred to as the iConsumeri) may provide for the appointment of one or more Directors (hereinafter referred to as the iConsumer's Nomineei) and for the removal of such Consumer's Nominee and on a vacancy being caused whether by resignation, death, removal or otherwise for appointment of another Consumer's Nominee in the vacant place. Such agreement may also provide whether the Consumer's Nominee shall or shall not, be liable to retire by rotation or be removed from the office except as provided as aforesaid.

NON-ROTATIONAL DIRECTOR

- 16B. The Chairman, the Managing Director and the Nominee of the Government of Gujarat shall not be liable to retire by rotation.

MANAGING DIRECTOR

- 17 (a) Subject to provisions of the Act, the Board shall appoint one or more of the Directors as the Managing Director/s of the Company in consultation with Government, for such period and on such terms and conditions as it deems fit.
- (b) The Managing Director shall perform such functions and exercise such powers as are delegated to him by the Board of Directors of the Company in accordance with the provisions of the Companies Act.

REMUNERATION OF THE DIRECTORS

18. Subject to provisions of Section 198, 269 and 309 of the Act, the remuneration of the Managing Director shall subject to the provisions or any contract between him and the Company from time to time fixed by the Company in General Meeting or by Board in consultation with Government of Gujarat and shall be by way of fixed salary.



PROSPECTUS

19. The sitting fees payable to the Directors shall be such sum as may be fixed by the Board of Directors (not exceeding such sum as may be prescribed by rules made by the Central Government) for each meeting of the Board of Directors or Committee thereof attended by them. In addition to this, the Board may also allow and pay to any Director, who is non-resident of a place where the Registered Office of the Company is situated or where the meeting of the Board is held and who shall come to such place for attending meeting of the Board or Committee thereof, such sum as Board may consider (fair and reasonable compensation for traveling and other incidental expense and for halting allowance). Notwithstanding any thing contained herein, Development Bank of India normal fees and expenses to which the other Directors are entitled, provided that if such Director is an officer of the Reserve Bank of India or of the Industrial development Bank of India, no sitting fees shall be payable to him but that the Company shall reimburse the Reserve Bank of India or the Industrial Bank of India, as the case may be, the amounts payable under the Rules of the Reserve Bank of India or the Industrial Development Bank of India, to such Director on account of traveling and halting allowances and any other expenses for attending any meeting of the Board of Directors or Committee of the Board of Directors of the Company.

SHARE QUALIFICATION

20. No Director of the Company shall be required to hold any qualification shares.

CASUAL VACANCY

21. (1) The Board of Directors of the Company at a meeting of the Board may fill up a casual vacancy if the office of any Director, appointed by the Company in General Meeting is vacated before his term of office is due to expire in the normal course.
- (2) Any person so appointed shall hold office only upto the date upto which the director in whose place he is appointed would have held office if it had not been vacated as aforesaid.

POWER OF DIRECTORS

22. Subject to the provisions of the Act the control of the Company's affairs shall be vested in the Board who shall pay all expenses incurred in promoting and registering the Company and shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorised to exercise and do:

Provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other Act or by the Memorandum or Articles of the Company or otherwise, to be exercised or done by the Company in general meetings.

Provided further that in exercising any such power or doing any such act or thing, the Board shall subject to the provisions contained in that behalf in the Act or any other Act, or in the Memorandum or Articles of the Company or any regulations not inconsistent therewith and duly made thereunder, including regulation made by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

23. Without prejudice to the general powers conferred by these Articles, or the provisions of the Act, the Board shall have the following specific powers:
- (i) to carry out objects of the Company and exercise the powers contained in clause III of the Memorandum of Association of the Company;
 - (ii) to have the superintendence, control and direction over Managers or Managing Director, whole-time Director and all other officers of the Company;
 - (iii) to carry on business on the vacation of office by the Managing Director or Manager of the Company, if any;
 - (iv) (A) to make calls on shareholders in respect of money unpaid on their shares;
(B) to issue debentures;
(C) to delegate, subject to the provisions of Section 292 of the Act, by a resolution passed at a meeting of the Board, to any Committee or the Board and/or Managing director, the manager or any other principal officer of the Company or in the case of a branch office of the Company, a principal officer of the branch office:



- (a) to borrow moneys otherwise than on debentures,
- (b) to invest the funds of the Company and
- (c) to make Loans:

Provided that every resolution delegating power under clause (a) shall specify the total amount outstanding at any one time upto which moneys can be borrowed by the delegate. Every resolution delegating the power referred to in clause (b) shall specify the total amount upto which the funds may be invested, and the nature of investment which may be made by the delegate, and every resolution delegating the power in clause (c) shall specify the total amount upto which loans may be made by the delegate, the purposes for which loans may be made, and the maximum amount of loans which may be made of each such purpose in individual case;

Provided further that nothing in this Article shall be deemed to affect the right of the Company in General Meeting to impose restrictions and conditions on the exercise by the Board of any of the powers specified above;

- (v) to appoint at anytime and from time to time by a Power of Attorney under seal, any person to be the Attorney of the Company for such purposes and with such powers, authorities and directions (not exceeding those which are delegatable by the Board under the Act or these Articles) and for such period subject to such conditions as the Board may from time to time think fit, with powers for such Attorney(s) to sub-delegate all or any of the powers, authorities and directions vested in the Attorney(s) for the time being;
- (vi) to acquire by lease, mortgage, purchase or exchange or otherwise any property, rights, or privileges which the Company is authorised to acquire at such price and generally on such terms and conditions as the Board may think fit;
- (vii) subject to the provisions of Section 293 of the Act to sell, let exchange or otherwise dispose off absolutely or conditionally any property, rights or privileges and undertaking of the Company upon such terms and conditions and for such considerations as the Board may think fit;
- (viii) to open any account of accounts with such Bank or Banks as the Board may select or appoint, and to operate on such accounts, to make sign, draw, accept, endorse or otherwise execute all cheques, promissory notes, drafts, hundies, orders, bills of exchange, bills of lading and other negotiable instruments, to make and give receipts, release and other discharges for moneys payable to the Company for the claims and demands of the Company, to make contracts and to execute deeds;
- (ix) to appoint officers, clerks, and servants for permanent, temporary or special service as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require security in such instances and of such amount as the Board may think fit and to remove or suspend any such officers, clerks and servants;
- (x) to sanction, pay and reimburse the officers and employees of the Company in respect of any expenses incurred by them on behalf of the Company;
- (xi) to invest and deal with any of the moneys of the Company, to vary or release such investments subject to the provisions of section 49, 77, 292, 295, 370 and 372 of the Act;
- (xii) to refer claims or demands by or against the Company to arbitration;
- (xiii) to institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and of claims or demand by or against the Company and to appoint solicitors, advocates, counsels and other legal practitioners or advisers for such purposes or for any other purposes and settle and pay their remuneration;
- (xiv) to act on behalf of the Company in all matters of insolvency in which the Company is interested;
- (xv) to pay and give gratuities, pensions and allowances to any person or persons including any Director, to his widow, children or other dependents, that may appear to the Board just or proper whether any such person, widow, children or other dependents have or have not a legal claim upon the Company and whether such person is still in the service of the Company or has any funds, and pay premiums for the purpose of provision of any gratuity, pension or allowance;



PROSPECTUS

- (xvi) to establish, maintain, support and subscribe for any charitable or public object, any institution, society or club which may be for the benefit of the Company or its employees;
- (xvii) to set aside portions of the profits of the Company, to form a fund, or funds before recommending any dividends for the objects mentioned above;
- (xviii) to make and alter rules and regulations concerning the time and manner of payment of the contributions of the employees, and the Company respectively to any such fund and accrual, employment, suspension and forfeiture of the benefits of the said fund and the application and disposal thereof and otherwise in relation to the working and management of such fund as the Board may from time to time think fit;
- (xix) to exercise the powers conferred by Section 50 of the Act with respect to having an official seal for use abroad;
- (xx) to exercise the powers conferred on the company by Sections 157 and 158 of the Act with regard to the keeping of branch and foreign registers;
- (xxi) to sell any goods or articles manufactured or produced by the Company or to purchase, obtain or acquire machinery, stores, goods or materials for the purposes of the Company or to sell the same when no longer required for those purposes;
- (xxii) to determine by resolution from time to time the person or persons by name of office who shall be entitled to do all or any of the acts mentioned in these Articles of the Company, and
- (xxiii) to accept the surrender of any share by way of compromise of any question as the holder being properly registered in respect thereof, subject to section 100 to 104 of the Act.

DIVIDEND

- 24. A No unclaimed dividend shall be forfeited by the Company and the Company shall comply with the provisions of Section 205 A of the Act in respect of unclaimed or unpaid dividend.



SECTION X MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Prospectus, delivered to the Registrar of Companies, Gujarat for registration and also the documents for inspection referred to hereunder, may be inspected at our Registered Office from 10.00 am to 4.00 pm on working days from the date of this Prospectus until the Bid/ Issue Closing Date.

Material Contracts

1. Letter of Engagement dated July 29, 2005 from us appointing Allianz Securities Limited, ENAM Financials Consultants Private Limited, GSFS Capital and Securities Limited and HSBC Securities and Capital Markets (India) Private Limited, as BRLMs to the Issue and their acceptance thereto.
2. Memorandum of Understanding dated July 29, 2005 between our Company and the BRLMs.
3. Letter dated August 6, 2005 from us appointing Karvy Computershare Private Limited appointing them as the Registrar to the Issue and their acceptance thereto.
4. Memorandum of Understanding dated August 6, 2005 between our Company and the Registrar to the Issue.
5. Escrow Agreement dated September 28, 2005 between our Company, the BRLMs, Escrow Collection Banks and the Registrar to the Issue.
6. Syndicate Agreement dated September 28, 2005 between the BRLMs, the Syndicate Members and our Company.
7. Underwriting Agreement dated [i] between our Company, the BRLMs and the Syndicate Members.

Documents for Inspection

1. Our Memorandum and Articles of Association as amended till date.
2. Our certificate of incorporation dated June 1, 1985.
3. Our certificate of commencement of business dated August 29, 1985.
4. Resolution passed by the Board of Directors at a meeting held on October 30, 2004 recommending the Issue.
5. Special Resolution passed by the shareholders of the Company at an extra ordinary general meeting held on December 4, 2004.
6. Copies of the annual reports of our Company for the last five years and other group companies for the last three fiscals.
7. Reports of the Statutory Auditors, M/s C. C. Chokshi & Company dated August 8, 2005 as per Indian GAAP and included in this Prospectus.
8. Consent of our Statutory Auditors, M/s C. C. Chokshi & Company for inclusion of their report on accounts in the form and context in which they appear in this Prospectus.
9. A copy of the tax benefit report dated December 13, 2004 from our Statutory Auditors, M/s C. C. Chokshi & Company.
10. Consents of our Statutory Auditors, Bankers to the Company, the BRLMs, Syndicate Members, Registrar to the Issue, Escrow Collection Bank(s), Banker(s) to the Issue, Legal Counsel to the Issue, Legal Advisors to the Company, Directors of the Company, Company Secretary cum Compliance Officer, as referred to, in their respective capacities.
11. General Power of Attorney executed by the Directors of the Company in favour of person(s) for signing and making necessary changes to this Prospectus and other related documents.
12. Copies of listing application made to BSE and NSE dated August 10, 2005 and VSE dated August 12, 2005.



PROSPECTUS

13. In principle listing approval dated August 18, 2005, August 24, 2005 and August 20, 2005 from NSE, BSE and VSE respectively;
14. Tripartite Agreements between (i) NSDL, our Company and MCS Limited dated February 9, 1998; and (ii) CDSL, our Company and MCS Limited dated November 19, 1999.
15. Memorandum of Understanding with GEB, GSFC, GACL and Petrofils dated May 3, 1989.
16. Power Purchase Agreement dated August 1, 1996 by and between Gujarat Electricity Board and us for Station ñ II.
17. Power Purchase Agreement dated April 15, 1997 by and between Gujarat Electricity Board and us for SLPP.
18. MoU with GUVNL dated November 18, 2005 for power offtake for SLPP Phase ñ II.
19. Due diligence certificate dated August 10, 2005 to SEBI from the BRLMs;
20. SEBI observation letter No. CFD/DIL/ISSUES/V/49442/2005 dated September 15, 2005.
21. Details of land records of the Company, which are kept in the respective power plants of our Company.

Any of the contracts or the documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

**SECTION XI****DECLARATION**

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all statements in this Prospectus are true and fair.

SIGNED BY ALL THE DIRECTORS OF GUJARAT INDUSTRIES POWER COMPANY LIMITED

Mr. Balwant Singh, IAS, Chairman

Mr. L. Chuaungo, IAS, Managing Director

Mr. P. K Taneja, IAS, Director

Mr. C. S. Mani, Director

Mr. A. K. Luke, IAS, Director

Mr. A. K. Joti, IAS, Director

Mr. A. Khandual, Director

Mr. R. N. Singh, Director

Prof. Sekhar Chaudhuri, Director

Mr. D. N. Bhatia ñ General Manager (Finance)

Date : October 25, 2005
Place : Vadodara, Gujarat

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