



ANNUAL REPORT 1997-98

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GUJARAT MINERAL DEVELOPMENT CORPORATION LIMITED





GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

BOARD OF DIRECTORS

CHAIRMAN

Shri Ramesh M.Patel (Upto 24-12-97)
Shri Bahadursinh S.Jadeja (24-12-97 to 6-3-98)
Dr. V.V.Rama Subba Rao, IAS (w.e.f. 6-3-98)

MANAGING DIRECTOR

Shri Vijay Ranchan, IAS (Upto 21-5-97)
Dr.A.W.P.David, IAS (21-5-97 to 15-12-97)
Dr.V.V.Rama Subba Rao, IAS (w.e.f. 15-12-97)

COMPANY SECRETARY

Shri D.P.Shah, FCS

AUDITORS

C.R.Sharedalal & Company
Chartered Accountants

REGISTERED OFFICE

Khanij Bhavan,
Ashram Road, Navrangpura,
Ahmedabad-380 009
Phone no.658 2055
Gram : MINCORP
FAX : 079-6581082

DIRECTORS

Dr. V.V. Rama Subbarao, IAS (w.e.f. 4-6-97)
Shri K.V.Bhanujan, IAS (w.e.f. 6-1-98)
Shri C.K.Koshy, IAS (from 4-11-96)
Shri C.P.S.Nair
Shri H.K.Dash, IAS (w.e.f. 20-5-97)
Shri Laljibhai Kapuriya (23-12-97 to 5-6-98)
Shri Bahadursinh Jadeja (22-9-97 to 6-3-98)
Shri Lalubha Chauhan (28-7-97 to 5-6-98)
Shri Harish S. Ganatra (5-7-97 to 5-6-98)
Shri M.B. Parmar (5-7-97 to 8-10-97)
Shri S.A. Jetavat (5-7-97 to 5-6-98)
Kum. Rekhaben Chaudhary (5-7-97 to 5-6-98)
Shri Dodiya J.R. Bhagat (5-7-97 to 5-6-98)
Shri B.N. Panchal (5-7-97 to 5-6-98)
Shri V.R. Vinchhiya (5-7-97 to 9-3-98)
Shr. R.C. Kachhara (Upto 20-5-97)

BANKERS

Bank of Baroda
Vijaya Bank
Dena Bank

PROJECTS :

Lignite Project,
Panandhro (Dist Kutchh)
Rajpardi (Dist Broach)

Fluorspar Project,
Kadipani (Dist Baroda)

Multi-Metal Project,
Ambaji (Dist Banaskantha)

Bauxite Project,
Bhatia (Dist Jamnagar)
Ratadia (Dist Kutchh)

Calcination Project,
Gadhsisa (Dist Kutchh)

Cement Project,
Hadad (Dist Banaskantha)

MD	✓	BKC	✓
CS	✓	DPY	✓
RO	✓	DIV	✓
TRA	✓	AC	✓
AGM	✓	SH	✓
YE	✓		

FINANCIAL RESULTS

Rupees in Lakhs

Particulars/Years	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90	1988-89	1987-88
(A) Profit & Loss Account											
1. Total Sales	23,914.24	21,535.75	21,202.34	15,775.31	13,633.26	11,724.94	10,585.79	8,206.29	5,895.36	4,369.05	4,177.34
2. Profit before tax	13,995.35	12,538.26	8,507.99	7,848.09	6,925.03	6,471.74	5,406.49	1,892.04	532.89	221.82	103.62
3. Interest	63.23	672.77	319.58	254.18	479.20	762.20	871.72	821.05	988.75	712.39	280.00
4. Depreciation	3,683.53	3,320.55	2,414.32	1,650.20	974.32	1,009.43	1,133.36	1,408.11	1,652.77	763.26	1,271.67
5. Provision for tax	5,425.00	5,523.13	4,602.50	595.59	2,971.36	3,471.46	2,706.13	322.17	166.85	43.84	25.43
6. Profit after tax	8,570.35	7,020.76	3,905.48	7,252.50	3,953.67	3,000.27	2,700.36	1,569.87	366.03	177.98	78.19
7. Dividend %	45.00%	30.00%	30.00%	20.00%	20.00%	30.00%	30.00%	30.00%	22.00%	22.00%	20.00%
8. Dividend (Rs.)	1,431.00	954.00	381.60	254.40	254.40	190.80	190.80	95.40	69.96	69.96	63.60
(B) Balance Sheet											
1. Share Capital	3,180.00	3,180.00	1,272.00	1,272.00	1,272.00	636.00	636.00	318.00	318.00	318.00	318.00
2. Reserves & Surplus	34,335.42	27,339.17	23,186.03	19,683.47	12,685.37	10,152.95	7,343.47	5,151.91	2,618.46	2,322.28	2,214.37
3. Gross Fixed Assets	33,333.47	33,167.93	27,009.37	25,494.73	15,100.94	12,298.88	11,699.99	10,751.79	10,410.73	9,594.53	5,986.87
4. Net Fixed Assets	13,665.05	17,205.39	14,280.55	15,107.58	6,100.87	4,256.58	4,600.32	4,746.38	5,792.67	6,642.32	3,799.29
5. Current Assets	43,435.04	29,934.58	23,945.11	17,821.86	17,033.23	16,417.46	11,019.22	9,212.27	6,687.17	4,881.10	4,236.46
6. Current Liabilities	3,978.04	3,328.99	4,962.63	3,920.69	3,191.30	3,244.65	2,643.35	2,947.66	2,276.57	1,651.03	1,787.52
7. Capital Employed	26,285.78	22,921.05	18,468.41	18,861.48	10,471.40	10,602.22	9,421.74	10,287.12	9,412.07	9,802.43	6,184.67
8. Net Worth	35,207.46	28,086.08	22,744.77	18,997.70	12,372.66	9,214.34	6,599.50	4,282.66	1,861.26	1,642.90	1,577.71
(C) Financial Ratios											
1. % of net profit											
On Sales	35.83	32.60	18.42	48.23	29.01	25.59	25.51	19.13	6.21	4.07	1.87
On Gross fixed Assets	25.71	21.17	14.46	29.84	26.19	24.39	23.08	14.60	3.52	1.86	1.31
On capital employed	32.60	30.63	21.15	40.34	37.77	28.30	28.66	15.26	3.89	1.82	1.26
On Net Worth	24.34	25.00	17.17	40.10	31.97	32.56	40.92	36.66	19.67	10.83	4.95
On Share capital	269.50	220.78	307.04	598.16	310.93	471.74	424.58	493.67	115.10	55.97	24.58
2. Debt Equity Ratio	—	0.11	0.08	0.26	0.10	0.54	0.97	1.91	3.84	3.34	3.21



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NOTICE

Notice is hereby given that the 35th Annual General Meeting of the shareholders of "Gujarat Mineral Development Corporation" will be held on Wednesday, the 30th September, 1998 at 11.00 a.m. at the The Institution of Engineers (India), Bhaikaka Bhavan, Law College Road, Ellis bridge, Ahmedabad 380 006, to transact the following business :

Registered Office

Khanij Bhavan,
'Nobles'
Opp. Nehru Bridge
Ashram Road, Ahmedabad 380 009

ORDINARY BUSINESS

1. To receive, consider and adopt the 'Profit & Loss Account' of the Corporation for the year ended 31st March, 1998 and the 'Balance Sheet' as on that date and the report of the Board of Directors and Auditors thereon.
2. To declare a Dividend.

SPECIAL BUSINESS

3. To consider and if thought fit, to pass with or without modification, the following resolution as "Special Resolution" :

"Resolved that the Shareholders in general meeting hereby agree to add the following clause in the object clause of Memorandum-of-Association of the corporation as per clause 15A of the Electricity (Supply) Act, 1948 :

"Establishment, operation and maintenance of generating stations and tie-lines, Sub-stations and main transmission lines connected therewith."

"Operation and maintenance of such generating stations, the lines, substations and main transmission lines as are assigned to it by the competent government or governments."

4. To consider and if thought fit, to pass the following resolution with or without modification as "Special Resolution".

"Resolved that the shareholders in General Meeting hereby agree to add the following clause in the Articles-of-Association of the corporation :

"one permanent director should be appointed as full time director having qualification as required under the provision of section 15-A(5) of Electricity Supply Act, 1948.

By order of the Board of Directors

Date : 3-9-1998
Place : Ahmedabad

D.P. Shah
Company Secretary

Notes :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be effective shall be deposited at the Registered Office of the Corporation, not less than 48 hours before the commencement of the meeting.

2. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of business under Item No. 3 & 4 is Annexed hereto.

Copies of documents referred to in the Explanatory Statement are available for inspection at the Registered Office of the Company between 11.00 a.m. to 2.00 p.m. on any working day prior to the date of the meeting.

3. The members register and the share transfer book of the company shall remain closed from Monday, the 21st September, 1998 to Wednesday, the 30th September, 1998 (both days inclusive).

4. The dividend declared by the Company will be paid within 42 days from the date of this meeting to those shareholders whose names appear on the Members Register of the Company on 30th September, 1998 on prorata basis to the equity shareholders. The shareholders are advised to encash their dividend warrants during their validity period. Thereafter, the payment of dividend shall be made by cheques payable on the Company's bankers at Ahmedabad.

The shareholders are advised to get merge/consolidate their multiple folios held in the same names and in the same order.

5. Relevancy of question's and the order of speaker at the meeting will be decided by the chairman.



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ANNEXURE TO THE NOTICE OF 35TH ANNUAL GENERAL MEETING TO BE HELD ON WEDNESDAY, THE 30TH SEPTEMBER, 1998.

Explanatory Statement as required under Section 173 of the Companies Act, 1956.

Item No. 3

Your Company is establishing the Lignite based pit head Power Project of 250 MW capacity (2 X 125 MW units) at Nani Chher, Taluka Lakhpat, District Kutch. Your Company has taken action to get the various clearances required for putting up the Power Project. One-of-the requirements is Techno-Economic Clearance, the Central Electricity Authority needs compliance by GMDC of section 15-A of the Electricity Supply Act, 1948. According to the section 15-A of the E(s) Act, 1948 the main objects of the Company shall include "Establishment, Operation and Maintenance of generating stations and tie-lines, Sub-stations and main Transmission lines connected therewith".

While scrutinising the application for granting TEC, the CEA has directed GMDC to modify the Memorandum-of-Association to clearly include the words "To Establish, Operate and Maintain a Power Station" as its main objects to be pursued and furnish the same for the record.

To get Techno-Economic Clearance from Central Electricity Authority your Company has to comply with above provisions of Section 15-A of the Electricity Supply Act, 1948 by amending the Object Clause of the Company to incorporate the suggestions made by the CEA and therefore, your Directors recommend to pass the resolution amending the Object Clause of Memorandum-of-Association of the Company.

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

Item No. 4

Your Company is putting up 250 MW capacity (2 x 125 MW units) Lignite based pit head Power Station at Nani Chher, Taluka Lakhpat, District Kutch. Your Company has taken action to get various clearances from the concerned authorities including Techno-Economic Clearance (TEC) from Central Electricity Authority(CEA), Govt. of India.

For getting Techno-Economic Clearance from Central Electricity Authority your Company has to comply with the provisions of section 15-A (5) of the Electricity Supply Act, 1948. According to this provision one-of-the Permanent Directors should be appointed as Whole Time Director having qualification as required under the provision of section 15-A(5) of the Electricity Supply Act, 1948.

As required by CEA your Company has to amend the Articles-of-Association accordingly and to incorporate the above provision in the Articles-of-Association, so that Permanent Director can be appointed having qualification as required under the provision of Electricity Supply Act, 1948 and therefore, your Directors recommend to pass the resolution amending the provision of Articles-of-Association.

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

By order of the Board of Directors

Date : 3-9-1998

Place : Ahmedabad

D.P. Shah

Company Secretary

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DIRECTORS' REPORT

To,
The Shareholders,
Gujarat Mineral Development Corporation Limited,

Your directors have pleasure in presenting 35th Annual Report alongwith the audited accounts of your Corporation for the financial year 1997-98. The year 1997-98 was also another successful year for your Corporation. The turnover during 1997-98 increased marginally to Rs.239.14 crores as against Rs.215.36 crores in 1997-98. The gross profit has been Rs.13995.35 lakhs during current year as compared to Rs.12538.26 lakhs during previous year registering increase over 11 %. The profit after tax comes to Rs.8570.35 lakhs as compared to that of Rs.7110.53 lakhs of the previous year.

Financial Results	1997-98 (Rs in lakhs)	1996-97 (Rs in lakhs)
Operating profit	17,921.98	15,915.66
Less: Interest	63.23	672.77
Profit after interest		
but before depreciation	17,858.75	15,242.89
Less: Depreciation	3,683.53	3,320.54
Profit after interest and depreciation	14,175.22	11,922.35
Adjusting therefrom prior period Adjustments(net),		
Pre-operative mining		
Expenses written off/back	-179.87	+615.91
Profit for the year before tax	13,995.35	12,538.26
Less: Provision for tax for the year		
Including earlier year	5,425.00	5,427.73
Net profit after tax	8,570.35	7,110.53
Add: Balance of profit brought forward	1,235.47	1,082.33
Profit available for appropriation	9,805.82	8,192.86
Less: Appropriation :		
(i) Proposed Dividend	1,431.00	954.00
(ii) Corporate tax on dividend	143.10	95.40
(iii) General Reserve	6,175.47	5,908.00
Balance carried to Balance-sheet	2,056.25	1,235.46

DIVIDEND

Your directors have pleasure to recommend a dividend of 45 %

on equity shares. An amount of Rs. 1,431 lakhs on equity share capital of Rs.3180 lakhs shall be paid as dividend.

CONTRIBUTION TO STATE EXCHEQUER :

The Corporation has contributed to the State Exchequer an amount of Rs.4477.09 lakhs which includes royalty Rs.181.00 lakhs, Sales-tax Rs.4296.09 lakhs.

In addition to the above during the year under review on account of disinvestment of 26 % of State Government holding in the equity of GMDC, the GMDC has deposited Rs.107.484 crores in the State Exchequer.

SHARE CAPITAL

During the year under review, the issued, subscribed and paid up share capital remained constant at Rs. 31.80 crores divided into 3,18,00,000 equity shares of Rs. 10 each.

FINANCE AND TAXATION :

Income-tax assessment of the Corporation has been completed upto the financial year 1995-96 and Sales-tax assessment has been completed upto the financial year 1993-94.

TOWARDS PRIVATISATION

As a part of the State Government policy to privatise the public sector undertakings, the State Government has offered 26 % of its equity holding of our Company to the public at large. The Board of Directors of GMDC expresses its sincere thanks for the trust posed in the management of the Corporation by overwhelming response received in the offer for sale of the above 26 % equity shares of GMDC. During the year 1997-98, the number of shareholders have gone from 15 to more than 20,000. It may also be noted that we are the first public sector undertaking who have disinvested equity shares in public.

REVIEW OF THE OPERATIONS :

1. Lignite Project, Panandhro (District Kutchh)

During the year under review, the sale of Lignite from Panandhro project has gone to Rs.19242.20 lakhs as against Rs.17535.87 lakhs in the previous year. In spite of severe competition from the imported coal, the Company has exceeded its sales turnover as compared to the previous year.



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2. Lignite Project, Rajpardi (District Broach)

During the year under review, the sale of Lignite from Rajpardi project has gone to Rs.3,745.70 lakhs as against Rs.2764.38 lakhs in the previous year. In spite of tough competition from imported coal in the market, your company has exceeded its turnover as compared to the previous year.

3. The non-profit centres such as :

- Fluorspar Project, Kadipani (District Baroda)
- Multi-metal Project, Ambaji (District Banaskantha)
- Bauxite Calcination Plant, Gadhsisa (District Kutchh)
- Cement Project, Hadad (District Banaskantha) are under disposal which will have positive impact on the profitability of the Company.

NEW PROJECTS AND SCHEMES OF THE CORPORATION

1. Alumina Project (District Kutchh)

The proposed 'Alumina & Met Coke Project' is progressing well. Definite steps have been taken in processing technical know how, market tie-up and, Technological testing of ore, market study metallurgical coke and preparation of detailed feasibility report for the project. Barring unforeseen circumstances, the financial closure is expected by June, 1999.

2. Akrimota Power Project (District Kutchh)

Corporation has decided to set up a 250 MW lignite based power station at Nani Chher in Kutchh district. The station will use Lignite from Panandhro/Akrimota mines and located on sea-shore, will use sea-water for cooling purpose. Land has been acquired. Detailed reports are under final consideration of C.E.A. and ministry of environment. Power purchase agreement is under final stages of discussions with G.E.B. Meanwhile, global tenders have been invited for supply of main plant and machinery, i.e. boilers and turbine and the offers received are under scrutiny. Estimated project cost is Rs.1180 crores. Financial closure is expected in November, 1998. The project is expected to be commissioned by September, 2001.

3. Granite and Marble processing units (Abu Road, Rajsthan)

Granite mining was taken up on experimental basis at

Tawab in Rajsthan. However, due to sluggish and uncertain market conditions, the main plant for cutting and polishing of Granite slabs has been put up hold presently.

4. Environmental Programme

Afforestation as main activity to restore the dump areas of Lignite mining continues as before. Experimental work is also under consideration to plant and grow native species using waste and brackish water areas in and around Panandhro mines. A special project is also under consideration to adopt certain areas where native wildlife will be protected from mining activities by creating a special task force with the help of forest department.

DONATIONS

During the year under review, the Company has given donation of Rs.3.00 crores to "The Gujarat Chief Minister's Relief Fund" and Rs.21,000 to "National Organisation for Blinds", Idar.

INDUSTRIAL RELATION, HEALTH AND SAFETY

The relation between your Corporation and its employees continued to be cordial throughout the year. Your Corporation continuously takes utmost care about the health and safety within and surrounding areas of the mines.

CONSERVATION, OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required by the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is annexed hereto as Annexure I and forms part of this report.

PARTICULARS OF EMPLOYEES

The list of employees as required under the provisions of Section 217 (2A) of the Companies Act, 1956 is enclosed as Annexure II.

INTERNAL AUDIT OF THE CORPORATION

M/s Manubhai G. Patel & Company, Chartered Accountants were appointed as Internal Auditor of the Corporation for the year 1997-98. This was in addition to the departmental pre-audit system.

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APPOINTMENT OF AUDITORS

M/S C.R.Sharedalal & Company,Chartered Accountants were appointed as statutory auditors of the Corporation on the advice of the Comptroller & Auditor General of India.The views of the management on the remarks in the auditor's report are given in the Annexure III.

BOARD OF DIRECTORS

During the year under review,Shri Bahadursinh S.Jadeja had taken over as Chairman vice Shri Rameshbhai S.Patel and subsequently Dr.V.V.Rama Subba Rao,IAS,Managing Director of the Corporation has taken over as Chairman also vice Shri Bahadursinh Jadeja.The Board heartily gives warm welcome to Dr.V.V.Rama Subba Rao,IAS as Chairman and wishes to place on record its deep appreciation of the valuable services rendered by the outgoing Chairman S/Shri Rameshbhai S.Patel and Shri Bahadursinh S.Jadeja.

Dr. A.W.P.David,IAS had taken over as Managing Director vice Shri Vijay Ranchan,IAS as Managing Director of the Corporation and then Dr.V.V.Rama Subba Rao,IAS has taken over as Managing Director of our Corporation vice Dr.A.W.P.David, IAS. The Board of Directors wishes to place on record its deep appreciation of the valuable services rendered by S/Shri Vijay Ranchan,IAS and Dr.A.W.P.David, IAS as our Managing Directors and gives warm welcome to Dr.V.V.Rama Subba Rao,IAS as new Managing Director of the Corporation.

Shri H.K.Dash,IAS had been appointed as Director vice Shri R.C.Kachhara.

During the year under review,the following directors were appointed and ceased as directors :

1. Shri V.R.Vinchhiya,
2. Shri Bhagwandas Panchal
3. Shri Laljibhai Kapooria
4. Shri Lalubha J.Chauhan

5. Kumari Rekhaben S.Chaudhary
6. Dodia Jeshingbhai R.Bhagat
7. Shri S.A.Jetavat
8. Shri Harishbhai Ganatra

The Board of Directors wishes to place on record its deep appreciation for the valuable services rendered by all the above outgoing directors.

During the year under review Shri A.K.Sharma,IAS was also appointed as Director and joint Managing Director of our Corporation for a very short period.The Board of Directors wishes to place on record its deep appreciation for the valuable services rendered by him during tenure.

ACKNOWLEDGEMENT

Your directors are pleased to place on record their deep appreciation towards the sincere services and co-operation extended by the officers,employees and workmen of the Corporation at all levels.They also wish to place on record their gratitude for the confidence placed in them by financial institutions and banks.Further,your directors wish to thank the various departments of the Central Government and officers of the Industries and Mines Department,the Finance Department of the State Government and Commissionerate of Geology and Mining of the State Government.The Directors also extend thanks to the esteemed customers of the Corporation for their valued co-operation.Your Directors would also like to thank all the investors who have extended their whole heartedly support to our recent offer for sale.

For and on behalf of the Board of Directors

Dr.V.V.Rama Subba Rao,IAS
Chairman & Managing Director

Ahmedabad
Dated 18th July, 1998



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

ANNEXURE : I

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, POWER AND FUEL CONSUMPTION.

Your corporation has continued its efforts in the direction of energy conservation at various projects. The energy audit at all the major projects as well as energy consuming centres have been initiated. The details of consumption of power and fuel are given hereunder.

	1997-98	1996-97
1. Electricity		
Total units consumed	48,70,221	1,74,76,880
Units of production per MT	3.47	4.39
2. Furnace Oil		
Total litres consumed	3,39,300	27,69,914
Litres consumed per MT of production	39.52	89.10

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT

1. Research and Development

- a) Specific areas in which R & D carried out by the Corporation
 - i) Laboratory study have proved the applicability of the improved beneficiation technology in the form of column flotation. The experiment has been carried out at Pilot Plant for the fluorspar beneficiation plant.
 - ii) The Project was undertaken to improve the quality of overburden at Rajpardi mines for utilisation of Ceramic industries in the state.

2. Benefits derived as a result of above R & D

- a) With establishment of technology suitability for Ambaji Multi Metal Concentrates, it now appears possible to envisage production of metal from mix concentrate from Ambaji Project.
- b) Pilot plant tests have been indicated considerable saving of energy and chemical in the flotation process at Fluorspar Beneficiation plant.
 - i) Design and fabrication of column flotation machinery based on the data collected during the Pilot plant testing.
 - ii) Bio-hydraulogical treatment of Multi-metal concentrate.

(b) Technology absorption, adaptation and innovation :

1. Efforts in brief made towards technology absorption, adaptation and innovation :
 - a) The design of commercial column is under progress. The development of indigenous sparger has now been completed.
 - b) Combination continued in mining machinery with hydraulic excavation has enabled the Corporation to increase production of lignite at Panandhro without major capital investment.

2. Benefits derived as a result of above efforts e.g. production improvement, cost reduction, product development, import substitution etc.

The unit cost of production at both the major lignite mines of the Corporation has been reduced compared to the last year cost.

3. Foreign Exchange Earnings and outgo :

Total foreign exchange used Rs. 4,59,500 (US \$ 13,200)

Total foreign exchange earned Rs. NIL lakhs (US \$ NIL)