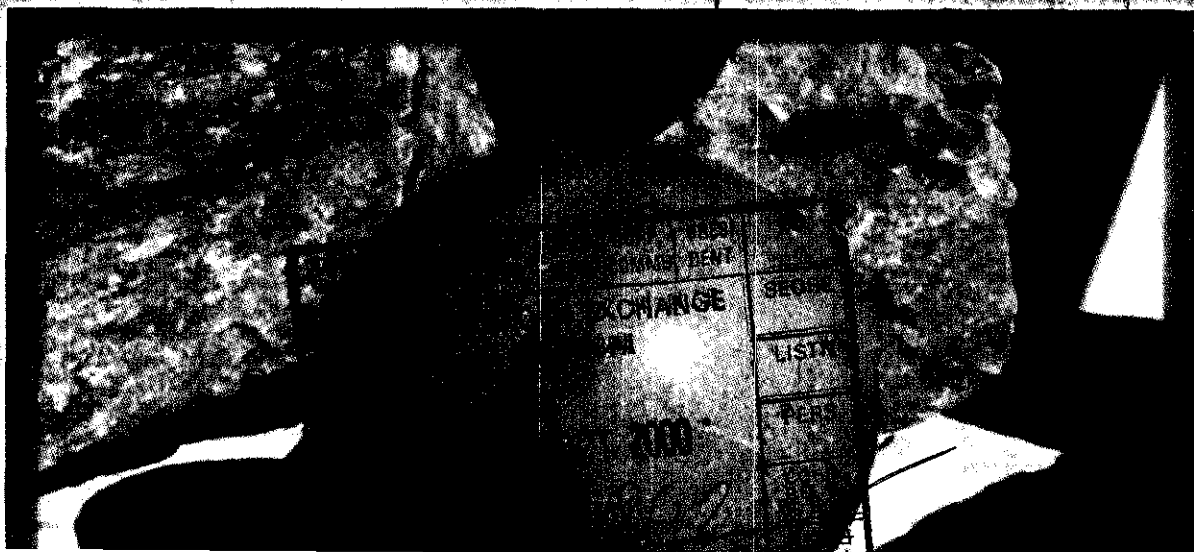


GUIARAT MINERAL DEVELOPMENT CORPORATION LTD.





GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

BOARD OF DIRECTORS

CHAIRMAN

Shri Mukeshbhai Zaveri (w.e.f. 2-9-98)

MANAGING DIRECTOR

Shri V.R.S.Cowlagi, IAS (upto 24-5-2000)

Shri G. Subba Rao, IAS (from 24-5-2000 to 5-7-2000)

Shri Ashok Narayan, IAS (w.e.f. 5-7-2000)

COMPANY SECRETARY

Shri D.P.Shah, FCS

AUDITORS

Manubhai & Co.

Chartered Accountants

REGISTERED OFFICE

Khanij Bhavan,

Ashram Road, Navrangpura,

Ahmedabad-380 009

Phone no.658 2475-76

FAX : 079-6581082

E-mail : gmdcltd@ad1.vsnl.net.in

DIRECTORS

Shri K.V.Bhanujan, IAS

Shri C.K.Koshy, IAS (upto 30-7-99)

Shri G. Subba Rao, IAS (w.e.f. 30-7-1999)

Shri C.P.S.Nair

Shri H.K.Dash, IAS

Shri Sunilbhai Singhi

Shri Nanubhai Vanani

Shri Jayantibhai Patel

Shri Chimambhai Dobaria

BANKERS

Bank of Baroda

Central Bank of India

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 (District Kutchh)

Calcination Project,

Gadhsisa (Dist Kutchh)

Share transfer agent for Electronic Shares

M/s MCS Limited

Shri Padmavati Bhavan, Plot No. 93,

Road No. 16, M.I.D.C. Area,

Andheri (East), Mumbai - 400 093

Fax : 022-8201783



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

FINANCIAL RESULTS

(Rupees in Lakhs)

Particulars/ Years	1999-2000	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90
(A) Profit & Loss Account											
1. Total Sales	18,892.05	23,140.22	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
2. Profit before tax	7,180.10	14,139.15	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
3. Interest	81.14	22.21	63.23	672.77	319.58	254.18	479.20	762.20	871.72	821.05	988.75
4. Depreciation	2,860.39	3,240.67	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
5. Provision for Tax	3,423.45	5,705.15	5,425.00	5,523.13	4,602.50	595.59	2,971.36	3,471.46	2,706.13	322.17	166.85
6. Profit after tax	3,774.71	8,434.00	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
7. Dividend %	40%	50.00%	45.00%	30.00%	30.00%	20.00%	20.00%	30.00%	30.00%	30.00%	22.00%
8. Dividend (Rs.)	1,272.00	1,590.00	1,431.00	954.00	381.60	254.40	254.40	190.80	190.80	95.40	69.96
(B) Balance Sheet											
1. Share Capital	3,180.00	3,180.00	3,180.00	3,180.00	1,272.00	1,272.00	1,272.00	636.00	636.00	318.00	318.00
2. Reserves & Surplus	43,225.36	41,020.56	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
3. Gross Fixed Assets	35,223.74	33,709.47	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
4. Net Fixed Assets	10,473.35	10,792.17	13,665.05	17,205.38	14,280.55	15,107.58	6,100.87	4,256.58	4,600.32	4,746.38	5,792.67
5. Current Assets	63,489.88	58,396.63	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
6. Current Liabilities	4,976.74	3,332.42	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
7. Capital Employed	37,812.11	32,949.60	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
8. Net Worth	45,300.51	41,990.31	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
(C) Financial Ratios											
1. % of net profit											
On Sales	19.98	36.45	35.83	32.60	18.42	48.23	29.01	25.59	25.51	19.13	6.21
On Gross Fixed Assets	10.72	25.02	25.71	21.17	14.46	29.84	26.19	24.39	23.08	14.60	3.52
On Capital employed	9.98	25.60	32.60	30.63	21.15	40.34	37.77	28.30	28.66	15.26	3.89
On Net Worth	8.33	20.09	24.34	25.00	17.17	40.10	31.97	32.56	40.92	36.66	19.67
On Share Capital	118.70	263.22	269.50	220.78	307.04	598.16	310.93	471.74	424.58	493.67	115.10
2. Debt Equity Ratio	0.00	0.00	0.00	0.11	0.08	0.26	0.10	0.54	0.97	1.91	3.84

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NOTICE

Notice is hereby given that the 37th Annual General Meeting of the Shareholders of 'Gujarat Mineral Development Corporation Limited' will be held on Saturday, the 30th September, 2000 at 11-00 A.M. at the The Institution of Engineers' (India), Bhaikaka Bhavan, Law College Road, Ellisbridge, Ahmedabad - 380 006 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the 'Profit & Loss Account' of the Corporation for the year ended 31st March, 2000 and the 'Balance Sheet' as on that date and the Report of the Board-of-Directors and Auditors thereon.
2. To declare dividend

SPECIAL BUSINESS

3. To consider and if thought fit, to pass the following resolution, with or without modifications, as an "Ordinary Resolution"

"RESOLVED that in modification of the resolution passed by the Company pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, the consent of the Company in terms of the aforesaid section of the Act be and is hereby accorded to the Board of Directors of the Company borrowing from time to time for the purpose of the Company's business any sum or sums of money as it may deem proper notwithstanding that the moneys to be so borrowed together with moneys already borrowed by the Company, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid up capital of the Company and its free reserves, if any, that is to say, reserves not set apart for any specific purpose provided that the total amount of the moneys to be so borrowed by the Board together with moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed Rs.1400 Crores (Rupees One thousand Four hundred crores) outstanding at any one time and that for the implementation of this Resolution the Board may act through any member thereof or any other person duly authorised by the Board in that behalf.

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

"RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293 (1) (a) and/or other applicable provisions, if any, of the Companies Act, 1956, to the mortgaging and/or charging by the Board of Directors of the Company of all the movable and immovable properties of the company, Wheresoever situate, present and future and the whole of the undertaking of the Company together with power to take over the management of the business and concern of the Company in certain events, to or in favour of IDBI (Industrial Development Bank of India), Financial Institutions and Banks to secure :

- (a) obligations arising out of the loan disbursed and guarantee extended by IDBI on behalf of the Company to various Banks to the extent of Rs.1400 Crores, including interest in respect of the Lignite based 250 MW power Project"
- (b) together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and other monies payable by the Company to IDBI under this borrowing or the guarantee agreement entered into /to be entered into by the Company in respect of the aforesaid Term Loan for the power project from various Banks including IDBI."

FURTHER RESOLVED that the Board of Directors of the Company be and are hereby authorised to finalise and execute with the said Banks/Financial Institutions the documents for creating the aforesaid mortgage and/or charge and to do all such acts and things, deeds and matters as may be required for giving effect to this resolution."

By Order of the Board of Directors

D.P.Shah
Company Secretary

Date : 4th September, 2000
Place : Ahmedabad

Registered Office :
Khanij Bhavan,
'Nobles'
Opp: Nehru Bridge,
Ashram Road,
Ahmedabad - 380 009



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

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. Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
3. The Members' Register and the Share Transfer Book of the Company shall remain closed from Thursday, the 21st September, 2000 to Saturday, the 30th September, 2000 (both days inclusive).
4. The Dividend declared by the Company will be paid within 42 days from the date of the meeting to those Shareholders whose names appear on the Members Register of the Company on 30th September, 2000. The Share holders are advised to encash their Dividend Warrants during their validity Period. Thereafter, payment of the

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.
6. Members are requested to give full particulars of their Bank Account details to facilitate the quick payment of Dividend.
7. Members are requested to intimate the change of their address, if any, to the Company quoting reference to their registered folio number.
8. Members desiring any information about accounts at the meeting, are requested to write to the Company at least 7 days in advance of the Annual General Meeting.
9. Members/proxies are requested to bring a copy of their Annual Report and are also requested to produce the attendance slip at the entrance of the Meeting hall.

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ANNEXURE TO NOTICE

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

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

Item No.3

As members are well aware that our Company is setting up lignite based 250 MW Power Station near Nani Chher of Lakhpat Taluka of Kutch District. The approximate cost of the Project is Rs.1400 Crores, Out of these Rs.280 Crores shall be Equity and balance Rs.1120 Crores shall be Debt portion. Thus, we have to raise/ borrow Rs.1120 Crores from the market.

Our existing borrowing limit is insufficient to cover up the above borrowing. Therefore it is necessary to revise / increase the borrowing limit to the tune of Rs.1400 Crores.

The above authority for borrowing Rs.1400 Crores requires to be approved by the Shareholders in their General Meeting. This resolution is therefore proposed.

None of the Directors of the Company would be deemed to be interested in the resolution. Your Directors recommend you to pass the resolution.

The relevant documents relating to the above term loan are open for inspection by the members at the registered office of the Company between 12-00 noon to 4-00 P.M. on all working days of the Company.

Item No.4

With a view to raise finance for our proposed 250 MW. Lignite based Power Project near Nani Chher of Lakhpat Taluka of Kutch District. Your Company has approached and got sanctioned a Term loan of Rs.1270 Crores against the requirement of Rs.1120 Crores from various Nationalised Banks, Financial institutions including IDBI, L.I.C. etc.

As per the terms and conditions of the above Term Loan it is to be secured by the Company's fixed and current assets.

The creation of Mortgage and charge over the assets of the Company tantamounts the disposal of properties of the Company within the meaning of Section 293 (1)(a) of the Companies Act, 1956 requiring approval and consent of the members of the Company in the General Meeting. This resolution is therefore proposed.

None of the Directors of the Company would be deemed to be interested in this resolution.

The relevant documents relating to the above Term loan are open for inspection by the members at the Registered Office of the Company between 12-00 Noon to 4-00 P.M. on all working days of the Company.

By Order of the Board Directors

Date: 4th September, 2000
Place: Ahmedabad

D.P. SHAH
COMPANY SECRETARY



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

DIRECTORS' REPORT

To,
The Shareholders,
Gujarat Mineral Development Corporation Limited,

Your directors have pleasure in presenting 37th Annual Report alongwith the audited accounts of your Corporation for the financial year 1999-00. This year was a rather lean year for your Company in all respects. While on one hand because of severe competition from imported coal and overall recession situation, we could not sell Lignite as per our targets, on the other hand we had to pay huge amount of arrears (one time expenditure) of Fifth Pay Commission. As a result our post tax profit has come down from Rs.8400 lakhs to Rs.3700 lakhs. Even the turnover has gone substantially down from Rs.23,140 lakhs to Rs.18,892 lakhs

Financial Results	1999-00	1998-99
	(Rs in lakhs)	(Rs in lakhs)
Operating profit	10,373.52	17,793.52
Less : Interest	81.14	22.21
Profit after interest but before depreciation	10,292.38	17,771.31
Less : Depreciation	2,860.40	3,240.67
Profit after interest and depreciation	7,431.98	14,530.64
Adjusting therefrom prior period Adjustments(net), pre-operative mining Expenses written off/back	- 251.88	- 391.50
Profit for the year before tax	7,180.10	14,139.14
Less : Provision for tax for the year Including earlier year	3,423.46	5,705.01
Net profit after tax	3,756.64	8,434.13
Add : Balance of profit brought forward	2,141.39	2,056.26
Profit available for appropriation	5,898.03	10,490.39
Less : Appropriation :		
(i) Proposed Dividend	1,272.00	1,590.00
(ii) Corporate tax on dividend	279.84	159.00
(ii) General Reserve	2,000.00	6,600.00
Balance carried to Balance-sheet	2,346.19	2,141.39

DIVIDEND

Your directors have pleasure to recommend a dividend of 40 % on equity shares. An amount of Rs. 1,272=00 lakhs on equity share capital of Rs.3180 lakhs shall be paid as dividend.

CONTRIBUTION TO STATE EXCHAUQUER :

The Corporation has contributed to the State Exchequer an amount of Rs.4291.16 lakhs including royalty Rs.154.47 lakhs, Sales-tax Rs.4136.69 lakhs.

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 1996-97 and Sales-tax assessment has been completed upto the financial year 1993-94.

REVIEW OF THE OPERATIONS :

1. Lignite Project, Panandhro (District Kutchh)

Competition from the imported coal was more acute during the year. General industrial recession created adverse impact on sales. To cope with the situation, corrective steps were taken by reducing the sales price of lignite from Panandhro by 20 %. As a result of this, it was possible to achieve the sales of 38.33 lakhs MT as compared to 45.05 lakhs MT in the previous year.

2. Lignite Project, Rajpardi (District Broach)

During the year under review, in spite of competition from imported Coal, sale of Lignite from Rajpardi project went upto 5.14 lakhs MT as compared to 4.87 lakhs MT in the previous year. The sales realisation also remained comparatively higher than the previous year.

3. Fluorspar Project, Kadipani

After having stopped for nearly three years, mines and the beneficiation plant at Fluorspar Project was restarted during the year under review. Major issue of complying with the environmental stipulations was

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overcome and clearance were obtained. Plans have now been formulated to refurbish the old machinery including introduction of new technology to make the project more cost competitive.

4. Bauxite Calcination project, Gadhsisa (District Kutchh)

As stated in the last meeting, action has been taken to re-start the Bauxite Calcination Project as the demand of Refractories by Steel and Cement Industries, has started picking up. To make the project economical, the operation of the plant and mines were given to hired agencies with a guaranteed tie up of buy-back of the product. The project re-started in November, 1999 and after initial run, the plant has stabilized at a daily capacity of more than 20 % than the guaranteed capacity along with the substantial improvement in the fuel consumption. Till 31-3-2000 the plant has produced 10,500 tonnes and sale has been 8,800 tonnes. The Plant continues to operate very satisfactorily and there appears to be no marketing problem as the product is selling very well.

5. Cement Project, Hadad (District Banaskantha)

With the permission of the Labour Commissioner, all the employees have been given voluntary retirement. The plant has been sold and handed over to the buyer.

NEW PROJECTS AND SCHEMES OF THE CORPORATION

1. Alumina Project (District Kutch)

Test report of the Bauxite samples sent earlier for technological testing has been received. A presentation was also made by Chief of Technologist of M/S Reynolds Metals Company, USA, who conducted the test.

As per the test report, the bauxite is found to be suitable for processing into Alumina. The Bauxite quality is comparable to any International Bauxite used for producing Alumina.

The detailed feasibility report, the main instrument for investment decision, has been prepared by American Partners. The summary feasibility report has been received showing strong technical feasibility and financial viability with the estimated IRR of more than 20 %.

The sites for the plant have been identified and in case of Met-Coke from Power Plant, application has been

filed for acquisition of land. The site of the Alumina Plant has also been inspected and an application to the Government will be filed soon.

In the meantime, the action is being taken in other areas, like finalizing Shareholders Agreement, long term contract for supply of Bauxite, Caustic Soda and Lignite. Shareholders will be pleased to note that if the Project comes up, it will be an assured buyer of 4,00,000 tonnes of lignite per year. This will add substantially to the profit of our existing Lignite Operations of the Company.

2. Power project, Nanichher, Taluka Lakhpat (District Kutchh)

Having obtained all statutory clearances, the Project was put up for consideration of Central Electricity Authority and final clearance was obtained. Foundation stone of the project was also laid during the year under review. Power Purchase Agreement (PPA) with Gujarat Electricity Board was also finalised and entered into. The final contracts for supply of Boiler and Turbine was signed. Preliminary civil works at the site have been commenced. Corporation has also approached the financial institutions for the term loan arrangements.

3. ENVIRONMENTAL PROGRAMME

Continuing intensive work in the area of environmental protection, Corporation has taken up further reclaimed areas for afforestation. For proper monitoring of environmental parameters in different mines, an Environmental Cell has been created and equipment for monitoring have been procured.

DONATIONS

During the year under review, the Company has given donation of Rs. 3,24,66,000 to "GMDC Gramya Vikas Trust" and to "GMDC Employees Welfare Fund Trust".

INDUSTRIAL RELATION, HEALTH AND SAFETY

The relations between your Corporation and its employees continued to be cordial throughout the year. Your Corporation continues to take care of 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



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

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

No employee is in receipt of Rs.50,000 per month or Rs.6,00,000 per annum during the year under review as required under the provisions of Section 217 (2A) of the Companies Act, 1956.

INTERNAL AUDIT OF THE CORPORATION

M/s Shitin Shirish & Company and M/s B.J. Shah & Brothers, Chartered Accountants were appointed as Internal Auditor of the Corporation for the year 1999-2000. This was in addition to the departmental pre-audit system.

APPOINTMENT OF AUDITORS

M/s Manubhai & 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 II.

BOARD OF DIRECTORS

After the close of the year Shri Ashok Narayan, IAS has taken over as Managing Director of the Corporation vice Shri V.R.S. Cowlagi, IAS. The Board welcomes Shri Ashok

Narayan, IAS as Managing Director and also wishes to place on record its deep appreciation of valuable services rendered by Shri V.R.S. Cowlagi, IAS.

During the year under review Shri G. Subba Rao, IAS has been appointed as Director on the Board of Directors vice Shri C.K. Koshy, IAS. The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri C.K. Koshy, IAS and also welcomes Shri G. Subba Rao, IAS as director.

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 their heartiest thanks to the esteemed customers of the Corporation for their valued co-operation.

For and on behalf of the Board of Directors

Ahmedabad
Dated 29th July, 2000

Mukeshbhai Zaveri
Chairman

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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.

	1999-00	1998-99
1. Electricity		
Total units consumed	99,11,200	1,02,82,733
Units of production per MT	2.28	2.05

Note : The unit consumption has increased due to increasing depth of the mining and higher pumping of water.

2. Furnace Oil
Furnace oil is consumed only at Fluorspar Project. This project was under commissioning after a long period and hence the figures of fuel consumption cannot be compared with previous year.

FORM B

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

1. Research and Development
- Specific areas in which R & D carried out by the Corporation
 - Extended laboratory studies have been continuing to bring the applicability of bio-technology on Ambaji Multi-Metal concentrates.
 - Industrial use of sand clay occurring as a part of overburden in Rajpardi Mines has been established to Laboratory and plant scale trials.

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

- Having established application of column flotation in Fluorspar Benefication, it is now possible to introduce the same in plant scale operation which may result in cost reduction.
- Technology absorption, adaptation and innovation :
 - Efforts in brief made towards technology absorption, adaptation and innovation :
 - Efforts are continuing to improve the performance of Fluorspar Plant by adopting the column technology as well as new generation machinery for flotation, filtration and bryne.
 - 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.

Clay and sand from Rajpardi which was earlier waste products are now being sold for industrial consumption.

3. Foreign exchange earnings & outgo :

- Total foreign exchange used
Rs. 8,03,92,729 (US \$ - 300, £ 75 & Euro - 18,51,690)
- Total foreign exchange earned
Rs. 2,94,244 (US \$ 6726.35)