

38th

**ANNUAL REPORT
2000-2001**



ENT

Gujarat Mineral Development Corporation Ltd.**BOARD OF DIRECTORS****CHAIRMAN**

Shri Mukeshbhai Zaveri

VICE-CHAIRMAN

Shri Sunilbhai Singhi (w.e.f. 31-05-2001)

MANAGING DIRECTOR

Shri Ashok Narayan, IAS

COMPANY SECRETARY

Shri D. P. Shah, F.C.S.

AUDITORS

Manubhai & Company
Chartered Accountants

REGISTERED OFFICE

Khanij Bhavan, Ashram Road,
Ahmedabad-380 009.
Telephone No. 658/2475-76
Fax No. 079-6581082

DIRECTORS

Shri Sunilbhai Singhi (upto 30-5-2001)
Shri K. V. Bhanujan, IAS (upto 30-1-2001)
Shri L. Mansingh, IAS (w.e.f. 30-1-2001)
Shri G. Subba Rao, IAS (upto 30-1-2001)
Shri C. P. S. Nair
Shri Chaman Kumar IAS, (w.e.f. 30-1-01)
Shri H. K. Das, IAS (upto 30-10-2000)
Shri Sujit Gulati, IAS (w.e.f. 28-5-2001 to 21-7-01)
Shri P. V. Trivedi, IAS (from 30-10-00 to 28-5-01)
Shri G. C. Murmu IAS (w.e.f. 21-7-01)
Shri Nanubhai Vanani
Shri Jayantibhai Patel
Shri Chimantbhai Dobaria
Shri Lalubhai Patel, (w.e.f. 20-6-2001)
Shri Navinbhai Vyas (w.e.f. 20-6-2001)
Shri Kamleshbhai Patel (w.e.f. 20-6-2001)
Shri Kantibhai Patel (w.e.f. 20-6-2001)

BANKERS :

Bank of Baroda
Dena Bank
Central Bank of India
Vijaya Bank

PROJECTS :

Lignite Projects :
Panandhro (Dist. Kutchh)
Rajpardi (Dist. Broach)
Fluorspar Project,
Kadipani (Dist. Baroda)
Bauxite Project :
Ratadia (Dist. Kutchh)
Bhatia (Dist. Jamnagar)
Calcination Project,
Gadhsisa (Dist. Kutchh)
Multi-Metal Project,
Ambaji (Dist. Banaskantha)
Power Project
Ahrimota (Dist. Kutchh)


Gujarat Mineral Development Corporation Ltd.
Financial Results

Particular/Years	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92
(A) Profit & Loss Account										
1. Total Sales	21,789.94	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
2. Profit before tax	10,879.88	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
3. Interest	91.54	81.14	22.21	63.23	672.77	319.58	254.18	479.20	762.20	871.72
4. Depreciation	2,776.20	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
5. Provision for tax	5,005.20	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
6. Profit after tax	5,874.69	3,774.71	8,434.00	8,570.35	7,020.76	3,905.48	7252.50	3,953.67	3,000.27	2,700.36
7. Dividend %	45.00%	40%	50%	45%	30%	30%	20%	20%	30%	30%
8. Dividend (Rs.)	1,431.00	1,272.00	1,590.00	1,431.00	954.00	381.60	254.40	254.40	190.80	190.80
(B) Balance Sheet										
1. Share Capital	3,180.00	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
2. Reserves & Surplus	47,537.99	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
3. Gross Fixed Assets	35,008.23	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
4. Net Fixed Assets	18,561.12	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
5. Current Assets	60,957.07	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
6. Current Liabilities	3,945.18	4,956.74	3,532.42	3,978.04	3,328.99	4,962.63	3,920.69	3,191.30	3,244.65	2,643.35
7. Capital Employed	44,134.76	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
8. Net Worth	49,579.60	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
(C) Financial Ratios										
1. % of Net profit										
On Sales	26.96	19.98	36.45	35.83	32.60	18.42	48.23	29.01	25.59	25.51
On Gross fixed Assets	16.78	10.72	25.02	25.71	21.17	14.46	29.84	26.19	24.39	23.08
On Capital employed	13.31	9.98	25.60	32.60	30.63	21.15	40.34	37.77	28.30	28.66
On Net Worth	11.85	8.33	20.09	24.34	25.00	17.17	40.10	31.97	32.56	40.92
On Share Capital	184.74	118.70	265.20	269.50	220.78	307.04	598.16	310.93	471.74	424.58
2. Debt Equity Ratio	0.03	0.00	0.00	0.00	0.11	0.08	0.26	0.10	0.54	0.97

Annual Report 2000-2001**NOTICE**

Notice is hereby given that the 38th Annual General Meeting of the Shareholders of 'Gujarat Mineral Development Corporation Limited' will be held on Friday, the 28th September, 2001 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, 2001 and the 'Balance Sheet' as on that date and the Report of the Board-of-Directors and Auditors thereon.
2. To declare dividend
3. To fix up the remuneration of Statutory Auditors for the year 2001-02 to be appointed by the Comptroller & Auditor General of India
4. To consider and thought it fit to pass with or without modification, the following resolution as Ordinary Resolution:

RESOLUTION :

"RESOLVED THAT the remuneration of Rs. 2.00 lakhs (excluding Service Tax and out-of-pocket expenses) to the Auditors M/s. Manubhai & Co., Chartered Accountants for their Financial Year 2000-01 be and is hereby approved."

By Order of the Board of Directors

D. P. Shah
Company Secretary

Date : 1st September, 2001
Place : Ahmedabad

Registered Office :

Gujarat Mineral Development Corporation Limited
Khanij Bhavan, 'Nobles'
Opp: Nehru Bridge, Ashram Road,
Ahmedabad - 380 009, Gujarat State, INDIA

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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 Comptroller & Auditor General of India have appointed M/s. Manubhai & Co., Chartered Accountants as Auditor of our Company for the year 2000-01 at a remuneration of Rs. 2.00 lakhs (excluding Service Tax) plus out-of-pocket expenses vide their letter No. CA V/CDY/GUJARAT-GMINDV (1)/1262 dated 12th March, 2001.

In view of the amendment in the Companies Act, 1956, the remuneration of Statutory Auditors appointed after 14-12-2000 is to be fixed by the Shareholders.
3. The Members' Register and the Share Transfer Book of the Company shall remain closed from Tuesday, the 18th September, 2001 to Thursday, the 27th September, 2001 (both days inclusive).
4. The Dividend declared by the Company will be paid within 30 days from the date of the meeting to those Shareholders whose names appear on the Members' Register of the Company on Friday, 28th September, 2001. The Shareholders 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 seven 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.

Annual Report 2000-2001**DIRECTORS' REPORT**

To
The Shareholders,
Gujarat Mineral Development Corporation Limited

Your Directors have pleasure in presenting 38th Annual Report along with the audited accounts of your Corporation for the financial year 2000-2001. This was again the year of excellent performance for your Company in all respects. Inspite of severe competition from imported Coal and overall recession situation, we have shown excellent results. Our post tax profit has gone up from Rs.3756-64 lakhs to Rs.5987-96 lakhs.

Financial Results	2000-01 (Rs.in lakh)	1999-00 (Rs. in lakh)
Operating profit	13,958.66	10,373.52
Less: Interest	91.54	81.14
Profit after interest, but before depreciation	13,867.12	10,292.38
Less: Depreciation	2,776.20	2,860.40
Profit after interest and Depreciation	11,090.92	7,431.98
Adjusting therefrom prior period adjustments (net),	- 41.47	-89.59
Pre-operative mining Expenses written off	-169.57	-162.29
Profit for the year before tax	10,879.88	7,180.10
Less: Provision for tax for the year including earlier year	4,891.92	3,423.46
Net profit after tax	5,987.96	3,756.64
Add: Balance of profit brought forward	2,346.19	2,141.39
Profit available for appropriation	8,334.15	5,898.03
Less: Appropriation		
(i) Proposed Dividend	1,431.00	1,272.00
(ii) Corporate tax on Dividend	145.96	279.84
(iii) General Reserve	5,000.00	2,000.00
Balance carried to Balance Sheet	1,757.19	2,346.19

DIVIDAND

Your Directors have pleasure to recommend a dividend of 45% on equity shares. An amount of Rs. 1431 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.5284-77 lakhs including Royalty Rs.306-27 lakhs and Sales Tax Rs.4978-50 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 up to the financial year 1999-2000 and the Sales Tax assessment has been completed up to the financial year 1995-96.

REVIEW OF THE OPERATIONS:**1. Lignite Project, Panandhro (Kutch)**

Competition from the imported Coal, pat-coke and substitute fuel like agriculture waste continued to be severe during the year. To cope up with the situation, corrective measures were taken which mainly included control of quality, Supply of A-grade Lignite to GEB was also introduced through the existing machinery by modifying mining system. These steps have helped in increasing the sales revenue from the Project, though there has not been any increase in the production. The expenses were also controlled by proper mine planning, whereby majority of Overburden removal work is now done departmentally and also by better deployment of human resources, reducing overtime expenses and improving productivity. These actions have resulted in improvement in profitability from the Project.

2. Lignite Project, Rajpardi (Dist-Broach)

Inspite of continued threat from the imported coal and substitute fuels, the management made efforts in increasing sales from this mine as the south Gujarat market appeared to have potential to accept more Lignite. By the concentrated efforts, the sales went upto 9.05 lac tonnes during the current year, going



up by over 76% as compared to 5.14 lac tonnes in the previous year. This not only helped in improving profitability of the project, but also of the entire Corporation. The entire team of the Project under the leadership of the General Manager (Project) and the Sales Department deserve appreciation for the same.

3. Fluorspar Project, Kadipani (Dist. Baroda)

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

As mentioned in the last Directors' Report, action is being initiated to modernise the plant by introducing latest technology to make the process more efficient and cost effective. It is also proposed to consider running the plant in joint-sector. In this connection, offers have been received on the basis of global tendering and right now action is being taken to select the best technology and prepare a Detailed Feasibility Report considering the modern and more efficient equipment. Further decision will be taken after the DFR is received.

4. Bauxite Calcination Project, Gadhsisa

With the expected rise in the demand of refractories by the Cement and Steel industries, the calcination plant at Gadhsisa was operated successfully to its full capacity and achieved a production of 33743.00 tonnes during the year under guaranteed buy-back arrangements. The performance was quite encouraging as the plant was operated on better fuel and power efficiency than the standard norms. This has earned sales revenue of Rs. 1092.96 lacs.

NEW PROJECTS AND SCHEMES OF THE CORPORATION

1. Alumina Project (Dist. Kutch)

Test report of the Bauxite samples sent earlier for technological testing has been received. A presentation was also made by Chief of Technologists 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 site for the plant has been inspected and finalised. Application for acquisition of land has been filed with the Government.

Shareholders' Agreement has also been finalised and action being initiated to complete other activities like signing of PPA with GEB, long term raw-material supply contract i.e. Bauxite, Lignite and Caustic Soda. Shareholders will be pleased to note that if the project comes up, it will be an assured buyer of a large quantity of Lignite and Bauxite. This will add substantially to the profit of our existing Lignite operation of GMDC.

It is expected that Financial Closure will be achieved by December, 2001.

5. Multi Metal Project, Ambaji (Dist. Banaskantlia)

Based on the Detailed Feasibility Report by EIL, this project was found not viable and therefore, closed. However, action has been taken to consider restarting the project in joint-sector. A proposal has also been received where a larger capacity plant will be set up by combining the ore deposit of our Ambaji Multi Metal Project of nearby Deri Mines of RSMDC and Basantgad Copper Mines of Hindustan Copper Ltd., An MoU has also been finalised and will be signed soon between GMDC, RBW Minerals Industries, a Binani Group Company.

The initial activities will include review of geological data, technological testing of ore and preparation of DFR. Final decision for investment and equity proportion will be taken after studying the DFR which is expected to be ready within a period of two years.

6. Power Project, Nanichher, (Dist. Kutch)

The foundation stone at the Project was laid on 21st October, 1999 by the Hon'ble Chief Minister of Gujarat State. Orders have already been placed for the supply of Boiler (Alstom, Germany), Turbo Generator (Ansaldo, Italy), supply of steel (SAIL) and cement (Ambuja and I&T), foundation (Petron), structural fabrication (GMW), Chimney (Vishvakarma) and other works like road, boundary wall, RO Plant etc., The process of award of works for material handling, cooling towers, disselination plant, cooling water etc., are in progress. The works so far as is as per schedule. It is estimated that the first unit of 125 MW will be commissioned by March, 2003 and the second 125 MW unit six months thereafter.

Annual Report 2000-2001**7. 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.3.00 Crores to 'GMDC Gramya Vikas 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 and outgo as required by the Companies (disclosure of particulars in the report of Board of Directors) Rules, 1988 is annexed hereto as Annexure-1 and forms part of this report.

PARTICULARS OF EMPLOYEES

No employee is in receipt of Rs. 1,00,000 per month or Rs. 12,00,000 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, Chartered Accountants were appointed as Internal Auditor of the Corporation for the year 2000-2001. 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

During the year under review Shri Ashok Narayan, IAS has taken over as Managing Director of our Corporation vice Shri V.R.S. Cowlagi, IAS. After close of the year the Govt. of Gujarat appointed Shri Sunilbhai J. Singhi as Vice Chairman of the Corporation.

During the year under review Shri L. Mansingh, IAS and Shri Chaman Kumar, IAS have been appointed as Directors on the Board-of-Directors of our Corporation. After close of the year Shri G.C. Murmu, IAS as-well-as Shri Kamleshbhai Patel ; Shri Kantibhai Patel ; Shri Navinbhai Vyas and Shri Lalubhai Patel have been appointed as Directors on the Board-of-Directors of our Corporation.

During the year under review, Shri K.V. Bhanujan, IAS; Shri G. Subba Rao, IAS ; Shri H.K. Dash, IAS have ceased as Directors from the Board-of-Directors of our Corporation.

Shri P.V. Trivedi, IAS was appointed as director during the year and ceased as director after the close of the year.

After the close of the year, Shri Sujit Gulati, IAS has been appointed and ceased as Director.

The Board wishes to place on record its deep appreciation for the valuable services rendered by the outgoing Directors and gives warm welcome to the newly appointed Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that :

- (1) In the preparation of the accounts for the financial year ended 31st March, 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (2) the Director's have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
- (3) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (4) the Directors have prepared the accounts for the financial year ended 31st March, 2001 on a going concern basis.

CORPORATE GOVERNANCE

The Corporate Governance Code prescribed by Clause 49 of the Listing Agreement with the Stock Exchange will be applicable to your Company from the financial year 2001-02 and accordingly, will be implemented by your Company by 31st March, 2002.

**Gujarat Mineral Development Corporation Ltd.**

The Audit Committee of the Directors, as required under section 292A of the Companies Act, 1956, has been constituted with effect from 31st July, 2001.

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 extended 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: 31st July. 2001

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:

	2000-01	1999-00
1. Electricity		
Total units consumed	1,04,97,400	99,11,200
Units of production per MT	2.30	2.28

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 can not 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 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.
 - 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.
- Foreign exchange earnings & outgo ;
 - Total foreign exchange used Rs. 28,08,73,316 (US \$ NIL & Euro 67,22,385)
 - Total foreign exchange earned Rs. Nil (US \$ Nil)