

**42<sup>nd</sup>**  
*Annual Report*  
*2004-2005*

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**GUJARAT MINERAL DEVELOPMENT  
CORPORATION LIMITED**



### Financial Results

Sr.no	Particulars	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96
<b>(A) Profit &amp; Loss Account</b>		(Rs. in lakhs)									
1.	Total Sales	36,925.50	27,295.60	29,275.01	25,256.58	21,789.94	18,892.05	23,140.22	23,914.24	21,535.75	21,202.34
2.	Profit before tax	16,799.15	12,046.25	13,052.92	10,978.86	10,879.88	7,180.10	14,139.15	13,995.35	12,538.26	8,507.99
3.	Interest	20.34	88.56	113.93	164.19	91.54	81.14	22.21	63.23	672.77	319.58
4.	Depreciation	804.22	1,133.37	1,262.56	2,116.62	2,776.20	2,860.39	3,240.67	3,683.53	3,320.55	2,414.32
5.	Provision for tax	6,478.03	3,950.57	4,561.87	4,360.58	4,891.92	3,423.45	5,705.15	5,425.00	5,523.13	4,602.50
6.	Profit after tax	10,341.45	8,095.51	8,491.05	6,618.46	5,874.69	3,774.71	8,434.00	8,570.35	7,020.76	3,905.48
7.	Dividend in %	50.00%	45.00%	45.00%	40.00%	45.00%	40.00%	50.00%	45.00%	30.00%	30.00%
8.	Dividend in Rupees	1,590.00	1,431.00	1,431.00	1,272.00	1,431.00	1,272.00	1,590.00	1,431.00	954.00	381.60
<b>(B) Balance-Sheet</b>		(Rs. in lakhs)									
1.	Share Capital	3,180.00	3,180.00	3,180.00	3,180.00	3,180.00	3,180.00	3,180.00	3,180.00	3,180.00	1,272.00
2.	Reserves & Surplus	73,616.63	65,088.17	58,607.00	51,730.30	47,537.99	43,225.36	41,020.56	34,335.42	27,339.17	23,186.03
3.	Gross Fixed Assets	92,749.45	37,249.35	36,937.07	36,335.47	35,008.23	35,223.74	33,709.47	33,333.42	33,167.93	27,009.37
4.	Net Fixed Assets	70,877.57	7,055.98	7,825.87	8,459.20	8,046.77	10,473.35	10,792.17	13,665.05	17,205.38	14,280.55
5.	Current Assets	59,790.43	44,423.45	43,164.17	34,480.09	60,957.07	63,489.88	58,396.63	43,435.04	29,934.58	23,945.11
6.	Current Liabilities	21,546.83	19,635.83	21,906.55	12,184.29	3,945.18	4,956.74	3,532.42	3,978.04	3,328.99	4,962.63
7.	Capital Employed	1,80,521.34	1,37,391.26	1,05,200.96	63,635.94	44,134.76	37,812.11	32,949.60	26,285.78	2,29,21.05	18,468.41
8.	Net worth	73,713.62	66,141.06	60,558.49	53,550.24	49,579.60	45,300.51	41,990.31	35,207.46	28,086.08	22,744.77
<b>(C) Financial Ratios</b>											
1.	% of Net Profit										
	On Sales	27.95	29.66	28.94	26.20	26.96	19.98	36.45	35.83	32.60	18.42
	On Gross Fixed Assets	11.13	21.73	23.31	18.21	16.78	10.72	25.02	25.71	21.17	14.46
	On Capital Employed	5.72	5.89	8.06	10.40	13.31	9.98	25.60	32.60	30.63	21.15
	On net worth	14.00	12.24	13.99	12.36	11.85	8.33	20.09	24.34	25.00	17.17
	On Share Capital	324.56	254.58	266.45	208.13	184.74	118.70	265.20	269.50	220.78	307.04
2.	Debt/Equity Ratio	1.45	1.16	0.84	0.33	0.03	0.00	0.00	0.00	0.10	0.08

**ANNUAL REPORT 2004-2005****BOARD OF DIRECTORS****CHAIRPERSON-CUM-MG.DIRECTOR**

Smt. Sudha Anchlia, IAS (w.e.f. 31-7-2004)

**DY. COMPANY SECRETARY**

Shri Joel Evans

**AUDITORS**Ramanlal G. Shah & Co.  
Chartered Accountants**REGISTERED OFFICE**Khanij Bhavan,  
132 Feet Ring Road,  
Near University Ground,  
Vastrapur, Ahmedabad-380 052.**Phone** : 2791 3200 / 3501 / 1662 / 1680 / 0665 /  
0096 / 0465 / 2416 / 2457 / 2443 / 1340**FAX** : (079) 2791 3038 / 1151 / 1454 / 1822**E-Mail** : [gmdcltdadl@sancharnet.in](mailto:gmdcltdadl@sancharnet.in)**Website** : [www.gmdcltd.com](http://www.gmdcltd.com)**DIRECTORS**

Shri C. P. S. Nair

Shri D. Rajagopalan, IAS (w.e.f. 31-7-2002)

Shri A.K. Joti, IAS (w.e.f. 22-12-2004)

Shri M. M. Shrivastav, IAS (9-6-2003 upto 22-12-2004)

Shri C. L. Meena, IAS (9-6-2003 upto 28-7-2005)

Shri A.M. Tiwari, IAS (w.e.f. 28-7-2005)

**BANKERS**

Bank of Baroda

Dena Bank

Vijaya Bank

UTI Bank Ltd.

**PROJECTS :****Lignite Projects**

Panandhro (Dist. Kutchh)

Rajpardi (Dist. Broach)

Tadkeshwar (Dist. Surat)

Mata-No-Madh (Dist. Kutchh)

**Fluorspar Project**

Kadipani (Dist. Baroda)

**Bauxite Projects**

Ratadia (Dist. Kutchh)

Bhatia (Dist. Jamnagar)

**Calcination Project**

Gadhsisa (Dist. Kutchh)

**Multi-Metal Project**

Ambaji (Dist. Banaskantha)

**Power Project**

Nani Chher(Dist Kutchh)

**Registrar & Share Transfer Agent for  
Physical & D-mat Shares**

M/s. MCS Limited

101, Shatdal Complex, 1<sup>st</sup> floor

Opp: Bata Show Room

Ashram Road

Ahmedabad - 380 009

Tel. : 2658 2878 / 1296 Fax : (079) 2658 4027



## GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

### NOTICE

Notice is hereby given that the 42<sup>nd</sup> Annual General Meeting of the Shareholders of "Gujarat Mineral Development Corporation Limited" will be held on Friday, the 30<sup>th</sup> September, 2005 at 11-00 A.M. at the Registered Office of the Company, at Khanij Bhavan, Off: 132 Ft. Ring Road, Near University Ground, Vastrapur, Ahmedabad - 380052 to transact the following business :

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the 'Profit & Loss Account' of the Corporation for the year ended 31<sup>st</sup> March, 2005 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 2005-06 to be appointed by the Comptroller & Auditor General of India.

By Order of the Board-of-Directors

(Joel Evans)  
Dy. Company Secretary

Date : 7th September, 2005  
Place : Ahmedabad

#### Registered Office :

Gujarat Mineral Development Corporation Limited  
Khanij Bhavan  
132 Ft. Ring Road  
Gujarat University Ground  
Vastrapur  
Ahmedabad - 380 052  
Gujarat State, INDIA

#### 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 'Members Register' and the 'Share Transfer Book' of the Company shall remain closed from Friday, the 16<sup>th</sup> September to Saturday, the 24<sup>th</sup> September, 2005 (both dates inclusive).

3. 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 Sunday, the 25<sup>th</sup> September, 2005. The Shareholders are advised to encash their Dividend Warrants during their original 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.
4. Relevancy of question's and the order of speaker at the meeting will be decided by the Chairperson.
5. Members are requested to give full particulars of their Bank Account details for safe payment of dividend.
6. Members are requested to intimate the change of their address, if any, to the Company quoting reference to their registered folio number.
7. 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.
8. 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.

By Order of the Board-of-Directors

(Joel Evans)  
Dy. Company Secretary

Date : 7th September, 2005  
Place : Ahmedabad

#### Registered Office :

Gujarat Mineral Development Corporation Limited  
Khanij Bhavan  
132 Ft. Ring Road  
Gujarat University Ground  
Vastrapur  
Ahmedabad-380052  
Gujarat State  
INDIA

## ANNUAL REPORT 2004-2005

## DIRECTORS' REPORT

To  
The Shareholders,  
Gujarat Mineral Development Corporation Limited

Your Directors have pleasure in presenting 42<sup>nd</sup> Annual Report along with the audited accounts of your Corporation for the financial year 2004-2005. This was again the year of excellent performance for your Company in all respects. In spite of severe competition from imported Coal and overall recessionary situation, we have shown excellent results. Our post tax profit for the year is Rs.10341.45 lacs as against Rs.8095.51 lacs last year.

(Rs.in lakh)

Financial Results	2004-05	2003-04
Operating profit	17634.15	13459.33
Less : Interest	20.34	88.56
Profit after interest, but Before depreciation	17613.81	13370.77
Less: Depreciation	804.22	1133.37
Profit after Interest and Depreciation	16809.59	12237.40
adjusting there from :		
-Prior period adjustments(net),	-137.13	29.90
-Pre-operative mining Expenses written off	147.57	161.25
Profit for the year before tax	16799.15	12046.25
Less: Provision for tax for the year including earlier year	6457.70	3950.74
Net profit after tax	10341.45	8095.51
Add : Balance of profit brought forward	1461.34	1980.17
Profit available for appropriation	11802.79	10075.68
Less: Appropriation :		
(i) Proposed Dividend	1590.00	1431.00
(ii) Corporate tax on Dividend	223.00	183.35
(iii) General Reserve	7000.00	7000.00
Balance carried to Balance Sheet	2989.79	1461.33

## 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, 2005, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (2) the Directors 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, 2005 on a going concern basis.

## DIVIDEND

Your Directors have pleasure to recommend a dividend of 50% on equity shares. An amount of Rs.1590.00 lacs on equity share capital of Rs. 3180 lacs shall be paid as dividend.

## CONTRIBUTION TO STATE EXCHEQUER :

The Corporation has contributed to the State Exchequer an amount of Rs. 8989.28 lacs including Royalty Rs. 3389.83 lacs and Sales Tax Rs.5599.45 lacs.

## 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 2001-02 and the Sales Tax assessment has been completed up to the Financial Year 2000-01.

## REVIEW OF THE OPERATION :

## 1. Lignite Project, Panandhro (Kutch)

The effective quality control, efficient services to the customers and judicious utilization of men and machinery resulted into better productivity and cost control; whereby the mine produced 59.67 lac MT of Lignite during the year 2004-05, as compared to 49.02 lac MT produced in last year, increasing its sales turnover from Rs. 228.05 Crores to Rs. 300.62 Crore.

## 2. Lignite Project, Rajpardi (Dist. Broach)

The mine produced 3.16 lac MT Lignite in the year 2003-04 lower than its designed capacity due to non availability of land for mining purpose. This problem was amicably sorted out and the mine produced 5.97 lac MT Lignite in the year 2004-05, increasing its sales turnover from Rs. 27.23 Crore to Rs. 54.78 Crore.

## 3. Lignite Project, Mata-no-Madh (Kutchh)

After completing confirmative drilling establishing over 22 Million Tonnes of mineable reserves of Lignite, mining operations were started and production of Lignite was commenced from March, 2004. The mine produced 86,000 MT in the year 2004-05. The actual demand of Lignite from Mata-No-Madh picked up in the last quarter of the year and expecting to achieve full capacity production of Lignite in next year.

## 4. Tadkeshwar Lignite Project (Dist: Surat)

The Corporation has acquired mining lease at village Tadkeshwar in Surat District where mineable reserves of 30 million tonnes are available. To meet the Lignite demand of South Gujarat industries, the mine is designed with a



## GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

capacity of 10 lac MT Lignite per year. The mining operations have been commenced during the year 2004-05 and full-fledged Lignite dispatch to these industries is expected from October, 2005.

### 5. Flourspar Project, Kadipani (Baroda)

The beneficiation plant is run on a continuous basis. During the year, the production of Fluorspar Powder is 7311 MT. The sale of 6633 MT of Fluorspar yielded a revenue of Rs. 6.07 Crores. To improve the floatation process based on the new technique, certain modifications in the circuit has been undertaken by installation of new floatation cells. This would improve the process efficiency by increased yield and recovery of Fluorspar.

### 6. Bauxite Calcination Project, Gadhsisa

For production of Calcined Bauxite from raw-Bauxite, we have been using Furnace Oil as fuel in our Bauxite Calcination Project, Gadhsisa. As appraised in the last Annual Report, to reduce our cost of production of calcined Bauxite and withstand market competition, Dual Kiln Firing System has been installed at Gadhsisa Calcined Bauxite Project whereby pet-coke and furnace oil would be used in the ratio of 70:30 as fuel against the furnace oil alone. Simultaneously, we had floated open tenders for operation and maintenance of calcined bauxite project, mining and transportation of plant grade bauxite to the plant and buyback of calcined bauxite produced at the plant. A suitable party has been selected and work awarded. The plant is running successfully on Dual Firing System and has produced 15,300 MT of calcined bauxite during the current financial year. By award of contract to outside agency, the project is expected to make profit.

### NEW PROJECTS AND SCHEMES OF THE CORPORATION

#### 1. Gujarat Alumina & Bauxite Limited

As per Govt., directives, a Committee was constituted to assess financial and technical capabilities of suitable agency to set up Alumina Plant in Kutch. The two parties were interested. The Committee held various meetings and presentations with them. After analyzing all the pros-and-cons, the Committee submitted its final report to the Govt. for further necessary action.

#### 2. Multi Metal Project, Ambaji (Dist. Banaskantha)

A Memorandum-of-Understanding was signed with M/s. RBG Minerals Industries, Udaipur to jointly develop the Ambaji Group Mining and a concentration project. Bankable Detailed Feasibility Report has been prepared and indicated "Robust" by M/s. S.R.K. Consulting 'Co., USA. No Objection has been given by the Chief Wild Life Warden and Nodal Officer for the renewal of the Ambaji based metal mining lease. Financial tie-up is being arranged by M/s. RBG Minerals Industries Ltd., Udaipur.

#### 3. Power Project, Nani-Chher (Kutch)

During the year 2004-05, the Project has achieved much progress in terms of commissioning balance of plant packages such as :

- Sea Water Intake System
- Desalination Plant
- Cooling Water System
- Fuel Oil Handling System
- Air Compressor System and other auxiliary Systems

Upon successful commissioning of these systems, the refractory dry out procedure of the Boiler Unit has been completed leading to light up of the Boiler by oil on 15-12-2004.

After the light up, steam blowing activities were undertaken. The 1<sup>st</sup> Unit has been successfully synchronized with GEB Grid on 31-3-2005. The 2<sup>nd</sup> Unit has been hydrotested in November, 2004 and other activities like refractory dry out procedure etc., are under progress.

The Corporation has undertaken restructuring of the Term Loan of Rs. 1116 Crores @ of about 12% per annum borrowed from Consortium of Bankers (16 Nos.) / Financial Institutions in the year 2003-04. This debt restructuring exercise has been successfully closed by availing the entire Term Loan of Rs. 1116 Crores from M/s. Power Finance Corporation (PFC) @ 7.25% during construction and 7% after commissioning. This has resulted in net saving of Rs.283 Crores on the term of this Project. It is planned to commission 1<sup>st</sup> Unit by September, 2005 and that of 2<sup>nd</sup> Unit three months thereafter.

### Environment Programme

With more and more weightage being imposed to environmental protection, the Corporation has intensified its environmental protection activities by way of reclamation and mined out area and massive afforestation on such reclaimed area in the mines as-well-as on virgin land near office premises, residential area road sides, surrounding the play ground. Corporation is having its own well equipped environment cell, which is used to monitor environmental parameters of different projects at regular interval.

### INDUSTRIAL RELATION, HEALTH AND SAFETY

The relations between Corporation and its employees continued to be cordial throughout the year. Corporation continued to take care of the health and safety within the surrounding areas of mines by providing following facilities :

- 1) We have provided well equipped and staffed dispensaries at Panandhro, Rajpardi and Kadipani Projects which are providing medical services not only to GMDC township, but also to the local populations from the surrounding villages.
- 2) GMDC has provided Ambulance Vans to Taluka Panchayats of Kutchh. In addition to this, 2 (two) Mobile dispensaries are visiting all villages of Lakhpat Taluka twice every week. All dispensaries are also provided Ambulance Vans.
- 3) We are supplying potable drinking water by Tankers to villages surrounding Panandhro and Rajpardi mines. We have also provided R.O. Plant to provide good potable water for the purpose.
- 4) For safety of the labourer, staff and officers, we have provided uniform, ISI & DGMS approved Safety Shoes, Helmets and all safety devices as per the provisions under Mines Act.

### 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.



## ANNUAL REPORT 2004-2005

**PARTICULARS OF EMPLOYEES**

No employee is in receipt of Rs.2,00,000 per month or Rs.24,00,000 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. Manubhai & Company and M/s. R.S. Patel & Co., Chartered Accountants were appointed as Internal Auditor of the Corporation for the year 2004-2005. This was in addition to the departmental pre-audit system.

**APPOINTMENT OF AUDITORS**

M/s. Ramani G. Shah & Co., Chartered Accountants, were appointed as Statutory Auditors of the Corporation by the Comptroller & Auditor General of India for the year 2004-05. The views of the management on the remarks on the Auditors' Report are given in the Annexure-II.

**BOARD OF DIRECTORS**

During the year under review Smt. Sudha Anchlia, IAS was appointed as Chairperson-cum-Managing Director.

Shri B.K. Sinha, IAS ceased as Managing Director.

Shri A.K. Joti, IAS was appointed as Director vice Shri M.M. Shrivastav, IAS.

After the end of the financial year, Shri A.M. Tiwari, IAS was appointed as Director in place of Shri C.L. Meena, IAS.

The Board of Directors took note of the valuable services

rendered by Shri B.K. Sinha, IAS as Managing Director; Shri M.M. Shrivastav IAS and Shri C.L. Meena, IAS as Directors.

**CORPORATE GOVERNANCE**

As per Clause 49 of the Listing Agreement with the various Stock Exchanges, the detailed report on the Corporate Governance is given in Annexure-III.

**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 and shareholders of the Corporation for their valued co-operation.

For and on behalf of the Board-of-Director

Sudha Anchlia  
Chairperson

Place : Ahmedabad

Date : 22-8-2005

**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 has been carried out. The details of consumption of Electricity and Furnace Oil are given here-under :

	2004-05	2003-04
1. Electricity		
Gadhisa	676,206	76,470
Fluorspar	45,00,773	27,00,029
Total units consumed	51,76,979	27,76,499
2. Furnace Oil		
Gadhisa	Nil	Nil
Fluorspar	243,813	1,95,563
Total Consumption	243,813	1,95,563
3. Production		
Gadhisa	15,300	Nil
Fluorspar	7.311	5.586
Total	22.611	5.586

**FORM B****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT****1. Research and Development**

Particular fields in which Research and Development carried out by the Corporation are as follows:

- 1) GMDC sponsored Project Investigation Studies for upgradation of low grade China Clay available in Kutchh for the possibility of producing paper quality China Clay. The study was conducted by Regional Research

Laboratory, Thiruvananthapuram. A Flow-sheet has been developed and final Project Report has been prepared.

- 2) After having established an improved Flow-sheet, including new types of Floatation Cells and new chemicals for beneficiation, Pilot scale pasting of the Flow-sheet is being undertaken in Kadipani Fluorspar Beneficiation Plant.
- 3) As part of the environmental improvement, a pilot project has been undertaken to grow Mangroves in the industrial zone of the Kori Creek area adjacent to the Akrimota Power Project.
2. **Benefits derived as a result of above R&D**
  - a) Based on the new technology developed for upgradation of China Clay, the possibility of commercial scale project has been established.
  - b) Technology absorption, adaptation and innovation:
    - 1) The adaptation of the beneficiation technology of China Clay which is currently being imported in India.
    - 2) Successful Pilot Plant studies at Kadipani Fluorspar Project may lead to modernization of the project which will become competitive to the imported Fluorspar.
  - c) Successful application of R&D Scheme may lead to substantial cost reduction in addition to improve the product specifications for Fluorspar products.
3. Foreign exchange earnings and outgo:
  - 1) Total foreign exchange used:

Euro	1,67,348
Yen	Nil
Dollar	Nil

It was mainly for the Akrimota Power Project in Nani Chher.
  - 2) Total foreign exchange earned Rs.Nil



## GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

### ANNEXURE : II of the Directors Report

Views of the Management on the remarks of the Statutory Auditors in respect of the Accounts of the Corporation for the year 2004-2005

Item no. 1, 2, 3 and

4 (a), (b), (c) and (e) \_\_\_\_\_ No comments.

**Item 4 (d) (i) Certain items of income are accounted on cash basis as stated in the Accounting policy No. 1 (a) of Schedule-XVI, which is not in accordance with the Accounting Standards AS-9 "Revenue Recognition".**

**Reply :** Note no. 1 (a) (i) & (ii) of Schedule XVI "Significant Accounting Policies" specifically mentions that Insurance, interest and other claims are accounted for as and when received from concerned authorities.

The Accounting Standard AS-9 specifies about recognition of revenue of sales of goods and rendering of services only. It specifically excludes any revenue (including interest) arising from lease agreements and of insurance claims.

Corporation, therefore believes that there is no breach or violation of Accounting Standard-AS-9.

**Item 4(d)(ii) Provision for impairment loss, if any, has not been considered in accordance with the Accounting Standards AS-13 "Impairment of Assets".**

**Reply :** Corporation regularly carries out physical verification of all the fixed assets through external firms of Chartered Accountants two times in a year, who have not certified that assets/plant of the Corporation have impaired due to any reason. Impairment of assets have to be provided in organisation as a whole and not as per individual assets. Company will therefore provide when any plant as a whole become obsolete.

**Item 4(f)(i) The debit balances of Indian Oil Corporation Limited and Hindustan Petroleum Corporation Limited for Rs.184.15 lakhs and Rs.94.74 lakhs respectively are subject to reconciliation and adjustments in the accounts on confirmation of the balances [refer note no.6(c)].**

**Reply :** Reconciliation work for both the parties is in progress. Necessary adjustments, if any, will be made on finalisation of the reconciliation.

**Item 4(f)(ii) Non-provision of interest income of Rs.83.82 lakhs for the financial year 2002-**

**2003 to 2004-2005 receivable from Gujarat Industrial and Investment Corporation Limited (Refer note no. 14)**

**Reply :**

Inter Corporate deposit of Rs.2.54 crores was given to Gujarat Industrial and Investment Corporation Limited to assist them in meeting with the liabilities of share issue undertakings done for M/s Swill Ltd. GIIC has already requested State Government to consider for waiver of interest. Under the circumstances, Corporation has not provided the income of interest in the books of accounts.

#### Replies to the remarks in the annexure to auditor's report

**Item (i),** from (iii to vii), and (ix to xx) no adverse comments from auditors.

**Item ii(a&b) Regarding fixed assets records and physical verification thereof.**

**Reply :** Physical verification in respect of all the assets of all the units of the Corporation are carried out by outside firms of Chartered Accountants and reconciled with the respective records of the units. No significant discrepancies were noticed and reported by the firms of the Chartered Accountants.

Quantitative and location wise record of all the assets are maintained by the Corporation. Statement of depreciation in respect of all individual items of all the units of the Corporation is maintained over Computers and yearwise details of depreciation of all items of assets is available with the Corporation.

Physical Verification of discarded assets is not needed because all these items are written off in the books of accounts under appropriate authorities.

**Item no.(viii) The Corporation has an internal audit system carried out departmentally as well as by firms of Chartered Accountants. In our opinion, the scope of internal audit needs to be enlarged and strengthened so as to make it commensurate with the size of the Corporation and nature of its business.**

**Reply :**

Post Internal audit of the books/vouchers of the accounts is being attended by senior level outside reputed firms of Chartered Accountants. Departmental pre-audit work of financial proposals and bills are carried out by the Audit department. Hence in our opinion Internal Audit work is in order.



## ANNUAL REPORT 2004-2005

ANNEXURE-III  
CORPORATE GOVERNANCE REPORT

## MANDATORY REQUIREMENTS

## Company's philosophy on Code of Governance

It has been the endeavor of the Company to achieve highest level of transparency and full disclosure within the frame work of legal provision. It is committed to enhance the shareholders value over a sustain period of time accountable to its shareholders, employees, State & Central Government, financial institutions, bankers and lenders. The corporate governance strengthen the Company's quest for higher growth and profile. The Company believes with its system and actions must be directed to enhancing corporate performance and maximize shareholders wealth in the long term.

## BOARD-OF-DIRECTORS

## Composition

The strength of the Board-of-Directors as on 31.3.2005 is one Executive Director and four Non-Executive Directors as detailed below :

Sr. No.	Name of the Director	Designation	Category	No. of outside Directorship held	No. of Chairmanship in the Committees of Board	No. of membership in the Committees of Board
1.	Smt. Sudha Anchia, IAS	CMD	Executive	4	-	-
2.	Shri D. Rajagopalan, IAS	Director (Chairman upto 31-7-2004)	Non-Executive & Independent	7	-	-
3.	Shri M.M. Shrivastav, IAS (upto 22-12-2004)	Director	Non-Executive & Independent	-	-	-
4.	Shri A.K. Joti, IAS (from 22-12-2004)	Director	Non-Executive & Independent	10	-	-
4.	Shri C.L. Meena, IAS	Director	Non-Executive & Independent	1	-	-
5.	Shri C.P.S. Nair	Director	Non-Executive & Independent	Nil	-	-

## Notes:

1. None of the Directors is related to any other Director.
2. None of the Directors has any business relationship with the Company.
3. None of the Directors received any loans and advances from the Company during the year.

All the Directors play an active and important role by participating in deliberations at the Board/Committees Meetings.

Nine meetings of the Board-of-Directors were held during the year i.e. on 29-04-2004, 18-05-2004, 22-06-2004, 29-07-2004, 7-10-2004, 29-10-2004, 25-01-2005, 10-02-2005 and 14-03-2005.

The attendance of each Director at the Board Meetings held during the year and at the last Annual General Meeting held on 30th September 2004 is as under:

Sr. No.	Name of the Directors	Meeting held during the tenure of Directors	No. of meetings attended	Attendance at the last AGM
1.	Smt. Sudha Anchia, IAS C.M.D. (w.e.f. 31-7-2004)	5	5	Yes
2.	Shri D. Rajagopalan, IAS Director	9	7 (Ch-4803)	X
3.	Shri B.K. Sinha, IAS Managing Director (upto 31-7-2004)	4	3	NA
4.	Shri M.M. Shrivastav, IAS Director (upto 22-12-2004)	6	5	X
5.	Shri C.L. Meena, IAS Director	9	8	X
6.	Shri A.K. Joti, IAS Director (w.e.f. 22-12-2004)	3	2	NA
7.	Shri C.P.S. Nair Director	9	0	X

## Board's Procedure

As per the policy of the Company apart from the matters which are required to be statutorily decided by the Board, all other major decisions involving large capital expenditure, award of major contracts, mobilization of resources, pricing policies, loans and investments, policy relating to all borrowings and personnel matters including Employees' compensation etc., are decided by the Board.

## COMMITTEES OF THE BOARD

In addition to the Audit Committee and Shareholders / Investors Grievance Committee as required to be constituted under the Listing Agreement, the Board has constituted the following Committees:

1. Tender / Purchase Committee
2. Personnel Committee
3. Share Transfer Committee
4. Power Project Progress Committee
5. Finance Committee

## Audit Committee

The Company has constituted an Audit Committee of the Directors consisting of three Non-Executive Directors, who have adequate financial accounting knowledge. The Audit Committee met three times during the Financial Year 2004-05 to discuss the Auditors Report, adequacy of internal control / audit system and functions on 29-4-2004, 29-10-2004 and 25-1-2005. The number of meeting of Audit Committee and attendance of members at these meetings are stated as under :

Sr. No.	Name of the Directors	Meeting held	Attended during tenure
1.	Shri D. Rajagopalan, IAS	3	2
2.	Shri B. K. Sinha, IAS (upto 31-7-2004)	1	1
3.	Shri M. M. Shrivastav, IAS (upto 22-12-2004)	2	2
4.	Shri C. L. Meena, IAS	2	2

## Present members of the Audit Committee

1. Shri A. K. Joti, IAS - Chairman (Director of the Company)
2. Shri D. Rajagopalan, IAS - Member (Director of the Company)
3. Shri A. M. Tiwari, IAS - Member (Director of the Company)

The Company Secretary acts as Secretary to the Audit Committee.

## Remuneration Committee

Since the Company is a Government Company in terms of Section 617 of the Companies Act, 1956 the remuneration



## GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

of Directors is fixed by the Govt. of Gujarat and the remuneration of Executives, Supervisors and Workmen is fixed by the Board-of-Directors in-line-with the Government guidelines. Hence no Remuneration Committee has been constituted since this Committee was not necessary.

### Shareholders / Investors Grievance Committee

The Company (Board) has constituted a 'Shareholders / Investors Grievance Committee. This Committee looks into the redressal of Shareholders / Investors Grievances, if any, like transfer / transmission / demat of shares, loss of Share Certificates, Non-receipt of Annual Report, Dividend Warrants, Re-payment of principal and/or interest on fixed deposits etc. During the year, the complaints were received from the shareholders, all of which have been resolved to date. The Company has no transfer pending at the close of the Financial Year.

The composition of the Committee is as under:

1. Smt. Sudha Anchlia, IAS - Chairperson
2. Shri D. Rajagopalan, IAS - Member

The details of the complaints received, solved, pending etc., are as under :

Period	Complaints Received	Complaints Redressed
01-04-2004 to 30-06-2004	28	28
01-07-2004 to 30-09-2004	29	29
01-10-2004 to 31-12-2004	22	22
01-01-2005 to 31-03-2005	17	17
<b>Total</b>	<b>96</b>	<b>96</b>

Some of the complaints are pertaining to non-receipt of dividend warrants and Balance Sheets. The Company Secretary shall act as Secretary of the Shareholders / Investors Grievance Committee.

### Share Transfer Committee

The Company had 'Share Transfer Committee' consisting of the following Directors. It meets every fortnight to consider share transfer proposals. Consequent upon the resignation of all Non-Executive Directors, the Committee has been reconstituted and the present Committee is as under:

1. Smt. Sudha Anchlia, IAS - Chairperson
2. Shri A.M. Tiwari, IAS - Member

In-order-to provide an efficient and faster share transfer service to the investors, the Board has constituted a Share Transfer Committee comprising of Directors of the Company. Further the Company has entered into a comprehensive agreement with the Share Transfer Agent and the Depository Registrar (STA & DR) to attend to transfers/ transmission requests and co-ordinate with the Depositories and Depository Participants. The Company has appointed M/s. MCS Limited, Ahmedabad as Registrar and Share Transfer Agent.

All the shares received for the transfers are effected if they are in order. Thus, there are no share transfers pending at the Company level.

As per the Listing Agreement, the Company Secretary is the Compliance Officer and the activities of the Share Transfer Agent are under the supervision of the Compliance Officer.

### Dematerialisation of Shares

Consequent upon the compulsory demat of the equity shares of the Company as notified by SEBI, about 97.56% of the equity capital offered to the public in Demat Form.

### General Body Meetings

- (a) The last three Annual General Meetings of the Company were held at Ahmedabad at the time, dates and venue mentioned below:

Year	Date	Time	Venue
2001-2002	30-9-2002	11-00 A.M.	Conference Hall, The Institution of Engineers' (India) Bhaikaka Bhavan, Law College Road, Ellisbridge, Ahmedabad - 380006
2002-2003	29-9-2003	11-00 A.M.	Registered Office of the Company, at Khanji Bhavan, 132' Ring Road, Near University Ground, Vastrapur, Ahmedabad - 380 052
2003-2004	30-9-2004	11-00 A.M.	Registered Office of the Company, at Khanji Bhavan, 132' Ring Road, Near University Ground, Vastrapur, Ahmedabad - 380 052

- (b) Whether special resolutions were put through postal ballot last year ? No
- (c) Are special resolutions proposed to be put through postal ballot this year ? No

### Disclosures :

- (a) The Company has no materially significant related party transaction i.e. transactions of the Company of material nature with its promoters, the Directors or the management, their subsidiaries or relatives etc., that may have potential conflicts with the interests of the Company at large.

For details, about related parties transactions, see Note No. 25 of Note-on-Accounts.

- (b) There were no instances of non compliance by the Company or penalties imposed on the Company by the Stock Exchanges) or SEBI or any statutory authority, on any matter related to Capital Markets during the last three years.

### Means of Communication :

The Company communicates with the shareholders at large through its Annual Report, publication of quarterly results in leading national English and vernacular language newspapers and also through periodic press releases & electronics media on the programme of the Company. Further, the financial results of the Company as published in the newspapers are also displayed in the Company's web site [www.gmdcltd.com](http://www.gmdcltd.com) for the information of shareholders and investors. Management discussion and Analysis Report given as a part of the report.

**General Shareholder Information :** **AGM Date, day, time and venue**  
 Date AGM : 30th September, 2005  
 Day : Friday  
 Time : 11.00 A. M.  
 Venue : **Registered Office of the Company**  
 Khanji Bhavan, Off: 132 Ft. Ring Road,  
 Near University Ground, Vastrapur,  
 Ahmedabad-380052

### Financial Calendar (tentative)

Period	Tentative Dates
1 <sup>st</sup> quarter results ending 30 <sup>th</sup> June	31-07-2005
1 <sup>st</sup> Half results ending 30 <sup>th</sup> September	31-10-2005
3 <sup>rd</sup> quarter results ending 31 <sup>st</sup> December	31-01-2006
2 <sup>nd</sup> Half results ending 31 <sup>st</sup> March	30-04-2006