

BOARD OF DIRECTORS

CHAIRMAN & MG. DIRECTOR

Shri C. J. Jose, IAS
(w.e.f. 3-7-2006)

COMPANY SECRETARY

Shri Joel Evans

AUDITORS

Manubhai & 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 / 0969

E-Mail : contact@gmdcltd.com

Website : www.gmdcltd.com

DIRECTORS

Shri D. Rajagopalan, IAS (w.e.f. 31-7-2002)
Shri A.K. Joti, IAS (up to 1-11-2006)
Shri Tapan Ray, IAS (w.e.f. 1-11-2006)
Shri A.M. Tiwari, IAS (up to 18-4-2007)
Shri Sujit Gulati, IAS (w.e.f. 18-4-2007)

BANKERS

Bank of Baroda
Dena Bank
Vijaya Bank
Axis Bank Ltd.

PROJECTS :**Lignite Projects**

Panandhro (Dist. Kutchh)
Rajpardi (Dist. Broach)
Tadkeshwar (Dist. Surat)
Mata-No-Madh

Surkha (Dist. Bhavnagar)

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)

Manganese Project

Shivrajpur (Dist. Panchmahal)

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

M/s. MCS Limited
101, Shatdal Complex, 1st floor
Opp: Bata Show Room
Ashram Road
Ahmedabad - 380 009
Tel. : 2658 2878
Fax : (079) 2658 1296

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AGM DATE, DAY, TIME & VENUE

Date of AGM : 29.09.2007
Day : Saturday
Time : 11.00 a.m.
Venue : Registered Office of the Company
Khanij Bhavan
Off: 132 Ft. Ring Road
Near University Ground
Vastrapur, Ahmedabad-380 052

FINANCIAL RESULTS



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

Sr.	Particulars	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98
(Rs. in lakhs)											
(A) Profit & Loss Account											
1.	Total Sales	58,895.65	43,374.08	36,925.50	27,295.60	29,275.01	25,256.58	21,789.94	18,892.05	23,140.22	23,914.24
2.	Profit before tax	16,775.22	6,669.12	16,799.15	12,046.25	13,052.92	10,978.86	10,879.88	7,180.10	14,139.15	13,995.35
3.	Interest	7,370.52	5,054.94	20.34	88.56	113.93	164.19	91.54	81.14	22.21	63.23
4.	Depreciation	12,932.05	13,034.02	804.22	1,133.37	1,262.56	2,116.62	2,776.20	2,860.39	3,240.67	3,683.53
5.	Provision for tax	5,907.38	2,494.48	6,478.03	3,950.57	4,561.87	4,360.58	4,891.92	3,423.45	5,705.15	5,425.00
6.	Profit after tax	10,867.85	4,174.64	10,321.13	8,095.59	8,473.39	6,618.46	5,874.69	3,774.71	8,434.00	8,570.35
7.	Short/Excess provision of tax of earlier years	1,420.48	649.31	20.33	0.08	17.66	0.18	113.27	18.07	0.13	0.00
8.	Net Profit after short/excess tax prov of earlier years	9,447.37	3,525.33	10,341.46	8,095.51	8,491.05	6,618.28	5,987.96	3,756.64	8,434.13	8,570.35
9.	Balance of profit of last year	1,339.52	2,989.78	1,461.33	1,980.17	2,103.47	1,757.19	2,346.19	2,141.39	2,056.26	1,235.47
10.	Profit available for appropriation	10,786.89	6,515.11	11,802.79	10,075.68	10,594.52	8,375.47	8,334.15	5,898.03	10,490.39	9,805.82
11.	Dividend in %	100.00	60.00	50.00	45.00	45.00	40.00	45.00	40.00	50.00	45.00
12.	Dividend in Rupees	3,180.00	1,908.00	1,590.00	1,431.00	1,431.00	1,272.00	1,431.00	1,272.00	1,590.00	1,431.00
(B) Balance Sheet											
(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	3,180.00
2.	Reserves & Surplus	80,693.28	74,966.36	73,616.63	65,088.77	58,607.00	51,730.30	47,537.99	43,225.36	41,020.56	34,335.42
3.	Gross Fixed Assets	179,178.43	171,358.45	92,749.45	37,249.35	36,937.07	36,335.47	35,008.23	35,223.74	33,709.47	33,333.42
4.	Net Fixed Assets	137,135.55	136,496.96	70,877.57	7,055.98	7,825.87	8,459.20	8,046.77	10,473.35	10,792.17	13,665.05
5.	Current Assets	115,401.80	108,466.19	59,790.43	44,423.45	43,164.17	34,480.09	60,957.07	63,489.88	58,396.63	43,435.04
6.	Current Liabilities	67,659.48	63,101.47	21,546.83	19,635.83	21,906.55	12,184.29	3,945.18	4,956.74	3,532.42	3,978.04
7.	Capital Employed	188,169.08	186,376.29	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
8.	Net worth	80,319.15	74,446.76	73,713.62	66,141.06	60,558.49	53,550.24	49,579.60	45,300.51	41,990.31	35,207.46
(C) Financial Ratios											
*											
1.	% of Net Profit										
	On Sales	18.45	9.57	27.95	29.66	28.94	26.20	26.96	19.98	36.45	35.83
	On Gross Fixed Assets	6.07	2.44	11.13	21.73	23.31	18.21	16.78	10.72	25.02	25.71
	On Capital Employed	5.78	2.24	5.72	5.89	8.06	10.40	13.31	9.98	25.60	32.60
	On net worth	13.53	5.61	14.00	12.24	13.99	12.36	11.85	8.33	20.09	24.34
	On Share Capital	341.76	131.28	324.56	254.58	266.45	208.13	184.74	118.70	265.20	269.50
2.	Debt/Equity Ratio	1.14	1.39	1.45	1.16	0.84	0.33	0.03	0.00	0.00	0.00

NOTICE

Notice is hereby given that the 44th Annual General Meeting of the Shareholders of 'Gujarat Mineral Development Corporation Limited' will be held on Saturday, 29th September, 2007 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 - 380 052 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, 2007 and the 'Balance Sheet' as on that date and the Report of the Board-of-Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 31st March, 2007.
3. To appoint a Director in place of Shri Tapan Ray, IAS who retires by rotation and being eligible offers himself for re-appointment.
4. To fix up the remuneration of Statutory Auditors for the year 2007-08 to be appointed by the Comptroller & Auditor General of India.

SPECIAL BUSINESS :**5. To sub divide the equity shares of the Company in smaller denomination**

The members of the Company are requested to consider and pass the following resolutions as Ordinary Resolutions, with or without modifications, if any.

"RESOLVED THAT each of the equity shares of the nominal value of Rs. 10/- each in the capital of the Company fully paid-up, be divided into five equity shares of Rs. 2 each fully paid-up."

"RESOLVED FURTHER THAT THE Board of Directors of the Company be and is hereby authorised (i) to call for cancellation, certificates of shares from the shareholders holding in physical form and to issue new share certificates pursuant to the Companies (Issue of Share Certificates) Rules, 1960 and (ii) to credit the dematerialisation account of shareholders holding the shares in electronic form with respective depositories."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient, to give effect to the above resolutions."

6. To amend the Capital Clause of Memorandum of Association of the Company

The members of the Company are requested to consider and pass the following resolutions as Ordinary Resolutions, with or without modifications, if any.

"RESOLVED THAT pursuant to the provisions of Section 94 of the Companies Act, 1956 and any other applicable provisions, Clause V of Memorandum of Association of the Company be substituted with the following Clause V :

"V The authorised share capital of the Company is Rs. 50 crores divided into 24,50,00,000 equity shares of Rs. 2/- each and 1,00,000 preference shares of Rs. 100/- each."

"RESOLVED FURTHER THAT Chairman & Managing Director of the Company be and is hereby authorised to take all necessary actions to give effect to this resolution."

7. To amend Article 3 of the Articles of Association of the Company

The members of the Company are requested to consider and pass the following resolutions as Special Resolution, with or without modifications, if any.

"RESOLVED THAT pursuant to the provisions of Section 31 and any other applicable provisions of the Companies Act, 1956, Article 3 of Articles of Association of the Company be substituted with the following Article 3:

3. "The authorised share capital of the company shall be as mentioned in Clause V of the Memorandum of Association.

"RESOLVED FURTHER THAT Chairman & Managing Director of the Company be and is hereby authorised to take all necessary actions to give effect to this resolution."

By Order of the Board-of-Directors

Joel Evans

Company Secretary

Date : 03-09-2007

Place : Ahmedabad

Registered Office :

Gujarat Mineral Development Corporation Limited
'Khanij Bhavan' Vastrapur, Ahmedabad – 380 052

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 18-09-2007 to 29-09-2007 (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 Monday, 1st October, 2007. 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 merged/consolidated their multiple folios held in the same names and in the same order.
4. Relevancy of questions and the order of speaker at the meeting will be decided by the Chairman.
5. Members are requested to give full particulars of their Bank Account details for safe payment of dividend.
6. Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their holdings in electronic form and to M/s. MCS Limited, 101, Shatdal Complex, Opp. Bata Show Room, Ahmedabad in respect of their physical share folios, if any.



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

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.
9. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 dividends for the financial year ended 31st March, 2000 which had remained unclaimed for a period of seven years from the date of transfer of the same will have to be transferred to the 'Investor Education and Protection Fund' established by the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March, 2000 or any subsequent financial years are requested to make their claim to M/s. MCS Limited,

Ahmedabad. Shareholders are requested to note that no claims shall lie against the said Fund or the Company in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

By Order of the Board-of-Directors

Joel Evans

Company Secretary

Date : 03-09-2007

Place : Ahmedabad

Registered Office :

Gujarat Mineral Development Corporation Limited
'Khanij Bhavan' Vastrapur, Ahmedabad – 380 052

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956

ITEM NO. 5, 6 and 7

Presently the authorised equity share capital of the company is divided into shares of Rs. 10/- each. The equity shares were so priced in order to meet with the trading requirement pursuant to the listing agreement executed with the Stock Exchanges. The listing agreement required uniform pricing of equity shares of a listed company into shares of Rs. 10/- each.

However, the Securities and Exchange Board of India has, pursuant to the provisions of Securities and Contracts Regulations Act, 1956, removed this restrictions of Rs. 10/- per share. It has permitted free pricing of equity shares for all the listed companies. Clause 3.7.2 of SEBI (Disclosure & Investor Protection) Guidelines, 2000, provides that the Companies which have already issued shares in the denomination of Rs. 10 or Rs. 100 may change the standard denomination of the shares by splitting or consolidating the existing shares.

As per Section 94 of the Companies Act, 1956, a limited company having a share capital may, if so authorized by its articles, alter the conditions of its memorandum so as to sub-divide its shares or any of them into shares of smaller amount.

Article 10 (b) of the Articles of Association of your company authorizes sub division of equity shares. The relevant portion of the Articles is reproduced hereunder :

10. Subject to the provisions of Section 94 of the Act, the Company in General meeting may from time to time by an ordinary Resolution alter the conditions of its Memorandum as follows : -
 - (b) Sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum, so however, that in the subdivision the proportion between the amount paid and the amount if any unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.

Under the above circumstances, it is felt by your Directors that your Company should take advantage of this policy of free pricing of equity shares and split the equity shares into smaller denomination of Rs. 2/- each. This will increase the number of shares held, on the record date, by each shareholder in the ratio of 1:5. The increase in number of shares will provide larger volumes for trading on the Exchanges and will enhance investors' stake.

The proposed sub division of equity shares will require the consequent alteration of the capital clauses incorporated in the company's Memorandum and Articles of Association. Therefore, resolutions at Item No 6 and 7 of the Notice are proposed.

Your Directors recommend the acceptance of the aforesaid resolution.

None of the Directors is interested in any of the above Resolutions.

The Memorandum and Articles of Association of the Company are open for inspection at the Registered Office of the Company during business hours on all working days.

By Order of the Board-of-Directors

Joel Evans

Company Secretary

Date : 03-09-2007

Place : Ahmedabad

Registered Office :

Gujarat Mineral Development Corporation Limited
'Khanij Bhavan' Vastrapur, Ahmedabad – 380 052

DIRECTORS' REPORT

To
The Shareholders,
Gujarat Mineral Development Corporation Limited

Your Directors have pleasure in presenting 44th Annual Report along with the audited accounts of your Corporation for the financial year 2006-2007. Our profit after tax for the year is Rs.10867.85 lacs as against Rs. 4174.64 lacs last year.

Financial Results	2006-07 (Rs. in lakh)	2005-06 (Rs. in lakh)
Operating profit	38552.74	25252.85
Less: Interest	7370.52	5054.94
Profit after interest, but before depreciation	31182.22	20197.91
Less: Depreciation	12932.04	13034.02
Profit after interest and depreciation therefrom	18250.18	7163.89
Prior period adjustments [net]	1173.84	192.65
Pre-operative mining Expenses written off/back	301.11	302.12
Profit for the year before tax	16775.23	6669.12
Less: Provision for tax for the year including deferred tax and fringe benefit tax	5907.38	2494.48
Net profit after tax	10867.85	4174.64
Less: Short provision of deferred tax liability (net)	1420.48	649.32
	9447.37	3525.32
Add: Balance of profit brought forward	1339.51	2989.79
Profit available for appropriation	10786.88	6515.11
Less: Appropriation		
(i) Proposed Dividend	3180.00	1908.00
(ii) Corporate tax on dividend	540.44	267.60
(iii) General Reserves	5000.00	3000.00
Balance carried to Balance Sheet	2066.44	1339.51

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, 2007, 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, 2007 on a going concern basis.

DIVIDEND

Your Directors have pleasure to recommend a dividend of 100% on equity shares. An amount of Rs.3180 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. 14440 lacs including Royalty of Rs.4065 lacs and Sales Tax of Rs.10375 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 Assessment Year 2004-05 and the Sales Tax assessment has been completed up to the Financial Year 2004-05.

REVIEW OF THE OPERATIONS :

Lignite Project, Panandhro (Dist. Kutch)

Effective management in quality maintenance, service to customers and better utilization of man and machinery resulted in higher production of 70.91 lac MT of Lignite during the period under review.

Lignite Project, Rajpardi (Dist. Bharuch)

The mine was left with balance mineable lignite of 1.34 lac MT which was produced by June 2006. The mining operations were suspended thereafter.

Lignite Project, Mata-no-Madh (Dist. Kutch)

During the period 2006-07, the mine produced 5.03 lac MT, which is higher by 0.32 lac MT as compared to previous year's production of 4.71 lac MT. The mine is expected to achieve its full production capacity by next year.

Tadkeshwar Lignite Project (Dist. Surat)

The dispatch of lignite to industries on commercial basis was commenced from March, 2006. During the year under review, the mine produced 2.64 lac MT of lignite.

Flourspar Project, Kadipani (Dist. Vadodara)

During the year, to minimize the cost of production, certain modifications were carried out in the fluorspar floatation circuit. The plant would be ready for operation shortly. In the meantime, hearing by the Ministry of Environment and Forests, Govt. of India, New Delhi, took place and approval to start mining operations was granted. Mining operations have since commenced and production of fluorspar will commence by end of August 2007.

Calcined Bauxite Project, Gadhsisa

First time after commissioning of the plant, during the year, major refurbishment was carried out. Open tenders for operation and maintenance of the plant were invited but due to litigation before the Hon'ble High Court of Gujarat at Ahmedabad, the plant operation could not start immediately. Since the petition has now been dismissed by the Court, production of calcined bauxite is expected to commence shortly.



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

Power Project, Nani – Chher [Dist. Kutch]

On 12.03.07, Unit No.1 was commercialized and Unit No. II started commercial operation since 1.5.2006. With this, Akrimota TPS has been brought to full commercial operations. During the year 2006-07 total generation was 377.81 million units. During 2006-07, the Power Project earned a revenue of Rs. 63.66 Crores.

NEW PROJECTS AND SCHEMES OF THE CORPORATION

Amod Lignite mines [Dist. Bharuch]

Corporation had initiated steps for obtaining a mining lease adjacent to the exhausted Rajpardi mine. After obtaining Environmental clearance from MOEF, Lease Deed was executed with State Government. Action for fixing of mining contractor has been initiated and once the contractor is finalized, mining operations will commence very soon. The Mine will have annual production capacity of 10 lac MT.

Bhavnagar Lignite Project [Dist. Bhavnagar]

Looking to ever increasing demand of lignite, this mine was planned for operation with production capacity of 3 million tones of lignite per year. All clearances have been received. Execution of Lease deed is in process and likely to be completed shortly, after which mining operations will commence after following due procedure.

500 MW Power Project Joint Venture with Gujarat Power Corporation Ltd.

Your company has entered into a Joint Venture namely, Bhavnagar Energy Company Ltd with Gujarat Power Corporation Ltd. GMDC shall act as the lignite supplier for the proposed 500 MW lignite based power plant at Bhavnagar. The lignite mines owned by GPCL in Bhavnagar district shall be transferred to your company.

1750 MW Power Project based on Morga-II Coal Block

Corporation has been allotted Morga-II Coal Block in Chhatisgarh by Ministry of Coal, Govt. of India. GMDC has executed Fuel Supply Agreement with M/s. KSK Energy Ventures Pvt. Ltd. for supply of 7 million tonnes per annum of coal for production of 1750 MW Power of which 1010 MW is offered to GMDC for supplies to Gujarat Urja Vikas Nigam Ltd. Bids are under finalisation for supply of coal for fueling additional 1000 MW which would also be supplied to GUVNL.

2.4 MTPA Cement Plant in Kutch District

Corporation has executed an MOU with M/s. Jaypee Associates Ltd., New Delhi, for setting up a 2.4 MTPA Cement plant based on limestone to be supplied from GMDC mines, captive jetty for evacuation of cement and an SEZ for mineral based industries in Kutch District.

Final approval to go ahead with the project has been received recently from Govt. of Gujarat and Shareholders' Agreement has been signed with the party.

125 MW captive power plant in Surat District

Corporation has executed an MOU with M/s. Gokul Refoils & Solvents Ltd. for setting up of 125 MW captive power plant based on lignite from Tadkeshwar mine of GMDC. Approval for the joint venture is awaited from Govt of Gujarat.

Alumina plant in Kutch district

Govt. of Gujarat has selected the developer for setting up of 0.5 MTPA capacity Alumina Plant in Kutch District. Draft MOU for the purpose is under finalization.

Manganese Project, Shivrajpur

Corporation has executed MOU with M/s. Cube Mines & Minerals Pvt. Ltd. for setting up of Electro Manganese Dioxide plant based on Australian technology. Mining lease application has been filed by the Corporation and is in process. Manganese bearing waste dumps material will be standardized to provide raw material to value adding processes.

Multi Metal Project, Ambaji

Application for Mining Lease was filed. Hearing for environment clearance took place by the Ministry of Environment and Forests, Govt. of India, New Delhi and in-principle approval has been granted by the Ministry. Once the formal approval is received, mining operations will commence.

ENVIRONMENT PROGRAMME

Corporation has obtained environmental clearances for its Amod lignite mine (G-19 extension), Kadipani 31.2 hect., Surkha north Lignite mine, capacity expansion for Naredi – I & II, Wandh – I & II, Gonisar, Ratadia – Nagrecha bauxite mines from MoEF, New Delhi. Corporation has intensified its environmental protection activities by way of reclamation of mined area and massive afforestation of reclaimed area in the mines as well as on virgin land near office premises, residential area and road sides surrounding the play ground. Corporation has its own well equipped environment cell, which is used to monitor environmental parameters of different projects at regular interval.

Kutch being water-scarce, Corporation has started use of drip irrigation in plantation programme taken up for reclamation of mined out land.

Existing mine of Rajpardi has been stopped because the lignite is exhausted. Corporation is therefore planning to reclaim and rehabilitate the area under its mine closure plan. The CMRI, Dhanbad has been awarded the job of preparation of closure plan.

Environment audit by external agency recognized by the Gujarat Pollution Control Board is being conducted and your Corporation has successfully implemented pollution control and environment measures during the year.

INDUSTRIAL RELATIONS, 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 of project staff and inhabitants within the surrounding areas of mines by providing :

1. Well equipped and staffed dispensaries at Panandhro, Rajpardi, Kadipani and at Akrimota Power Projects.
2. Ambulance Vans to Taluka Panchayats of Kutchh.
3. Two (2) Mobile dispensaries visiting all villages of Lakhpat Taluka twice every week.
4. Potable drinking water by Tankers to villages surrounding Panandhro and Rajpardi mines.
5. Uniform, ISI & DGMS approved safety shoes, helmets and all safety devices as per the provisions of the 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 as Annexure-1 and forms part of this report.

PARTICULARS OF EMPLOYEES

No employee was in receipt of emoluments in excess of Rs.2,00,000 per month or Rs.24,00,000 per annum during the year under review.

INTERNAL AUDIT OF THE CORPORATION

M/s. D.V. Shah & Associates, Chartered Accountants were appointed as Internal Auditor of the Corporation for the year 2006-2007.

APPOINTMENT OF AUDITORS

M/s. Manubhai & Co., Chartered Accountants were appointed as Statutory Auditors of the Corporation by the Comptroller & Auditor General of India for the year 2006-07. The views of the management on the remarks in the Auditors' Report are given in Annexure-II.

BOARD-OF-DIRECTORS

During the financial year, Shri Tapan, Ray, IAS was appointed as Director in place of Shri A.K. Joti, IAS.

After the end of the financial year, Shri Sujit Gulati, IAS was appointed as Director in place of Shri A M Tiwari, IAS.

The Board of Directors takes note of the valuable services rendered by Shri A.K. Joti, IAS and Shri A M Tiwari, 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 for 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 investors. Further, your Directors wish to thank various departments of the Central Government viz. the Ministry of Environment and Forest, Ministry of Coal, Ministry of Mines and State Government viz. Industries & Mines Department, the Finance Department, Commissionerate of Geology and Mining and Gujarat State Pollution Control Board. 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-Directors

Place : Ahmedabad
Date : 30.7.2007

C.J. Jose
Chairman

ANNEXURE : I**FORM – A****DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, POWER AND FUEL CONSUMPTION.****A. Conservation of Energy****(a) Energy Conservation Measures taken**

- Implementation of automatic lighting system at its Akrimota Power Station
- Introduction of Variable Voltage & Frequency Drive (VVFD) for various fans to save energy
- Introduction of higher efficient submersible pumps in place of open pit pumps at Mines
- Reduction in contract demand for electricity at Panandhro Mines
- Purchase of fuel efficient machines

(b) Additional Investments and Proposal for Reduction of Consumption of Energy

- Introduction of thermography in maintenance of Akrimota Thermal Power Station

(c) Impact of the above measures

- The automatic lighting system at ATPS switches on and off in line with the time of sunrise and sunset. This automation will result in less manual interference and conservation of energy.
- Introduction of thermography will result in plugging of energy leakages and higher reliability of equipments.

B. Technology absorption

The disclosure is made in the prescribed Form B.

C. Foreign Exchange Earnings and outgo

Total foreign exchange used:	Euro 18,43,300
Total foreign exchange earned	Nil

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

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

Research & Development (R&D)**1. Specific Areas in which R & D carried out by Company**

- Based on the new technology development for upgradation of Fluorspar and in order to save this industry located in backward district area at Chhotaudepur, latest Beneficiation Technology from M/s Lakefield, Canada, was developed at laboratory scale. Instead of spending large amount to get it tested in Canada, it had been decided to test the new technology in the existing plant itself so that the applicability can be established beyond doubt if Pilot Plant experiment is successful.
- As a part of environment improvement, a project has been undertaken to grow Mangroves in the inter tidal zone of the



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Kori Creek area near Akrimota Power Station, Nanichher, Dist : Kutch through Gujarat Ecology Commission.

C. Propagation of Ahimsa Silk (Erisilk).

The R&D Center of the Corporation has developed a method of producing silk fabric from silkworms reared in castor plantation near its Shivrajpur Mines in district Panchmahal.

Basically, such a practice which avoids destruction of living insects also creates employment opportunities for small and marginal farmers including tribal population in the state of Gujarat.

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

- Fluorspar is an important and strategic mineral for industries like Aluminium Extractions, Steel Reliving, Refrigerant Gases, Welding Electronics etc. There is only one commercially viable deposit of Fluorspar in the country.
- By undertaking the project of growing mangroves awareness is created among the local community, Industrial groups and other stake holders in respect of mangrove conservation.
- The significant feature of this Erisilk process of creating cocoon and turning it into a usable fibre can be easily adopted by rural poor and marginal workers to supplement

their income. Once infrastructure is created and sufficient number of persons are trained co-op creative societies can be formed to increase the scope as well as spread to different locations of the state.

3. Future Plan of Action

- Value addition of low grade manganese mineral
- Development of deep seated lignite and coal deposit through Underground Coal Gasification method
- Value addition to Rajpardi silica sand.
- Study of selecting suitable grass species for stabilization and reclamation on dump slopes.
- Amelioration of soil for suitable plantation on back filling areas.

Technology absorption, adaptation and innovation

- Efforts in brief made towards technology absorption, adaptation and innovation :
Physical work of modernization of Kadipani project i.e. installation of equipment like cyclones, pumps, conditioners and floatation cells has been completed.
- Benefits derived as a result of the above efforts :
 - Improvement in quality of the products
 - Considerable positive impact on economies of operations.

ANNEXURE : II

Views of the Management on the remarks of the Statutory Auditors in respect of the Accounts of the Corporation for the year 2006-07

Item No. 1, 2, 3, 4 (a) to (f): No Comments.

Item No.	Remarks of the Statutory Auditors	Views of the Management
4(g)	In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon and the statement on significant accounting policies give the information required by the Companies Act, 1956 in the manner so required and subject to that the balances with Gujarat State Electricity Corporation Limited, Indian Oil Corporation Limited and Hindustan Petroleum Corporation Limited for Rs.7.56 Lakhs, Rs.225.82 Lakhs and Rs.31.26 Lakhs respectively are subject to reconciliation and adjustments in the accounts on confirmation of the balances [Refer Note no.14(a) and (b)]. The effect of the same on relevant assets and liabilities as well as profit and reserves cannot be determined.	Reconciliation work with the parties is in progress. Necessary adjustments, if any, .will be made on finalization of reconciliation.

Replies to the remarks in the Annexure to Auditors' Report

Item No. 1(c), 2 to 21 : No Comments.

Item No.	Remarks of the Statutory Auditors	Views of the Management
1(a)	The Company has maintained records showing full particulars including quantitative details and situation of fixed assets except depreciation. However, quantitative details and situation of fixed assets maintained at Head Office are not reconciled with the Projects.	We are in the process of reconciliation of fixed assets records of the Head Office with the Projects and the same will be verified with the physical stock of fixed assets thereafter. Necessary adjustments, wherever required, shall be made after reconciliation & verification.
1(b)	The fixed assets were physically verified during the year by the firm of Chartered Accountants. However, discrepancies noticed between physical stock of fixed assets and registers are not reconciled.	

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 and to be accountable to its shareholders, State & Central Government, financial institutions, bankers and lenders.

BOARD-OF-DIRECTORS

Composition

The composition of the Board-of-Directors during the financial year ending on 31.3.2007 is detailed below :

Sr. No	Name of the Directors	Designation	Category	No. of outside Director -ship held	No. of Chairmanship in the Committees of Board	No. of membership in the Committees of Board
1.	Shri C J Jose, IAS	CMD	Executive	4	-	-
2.	Shri D. Rajagopalan, IAS	Director	Non-Executive	7	-	-
3.	Shri A.K. Joti, IAS	Director	Non-Executive	9	-	-
4.	Shri A. M. Tiwari, IAS	Director	Non-Executive	1	-	-

Sr. No.	Name of the Directors	Meeting held during the year	No. of meetings attended	Attendance at the last meeting
1.	Shri C J Jose, IAS (From 3.7.2006)	4	3	Yes
2.	Smt Sudha Anand, IAS (upto 3.7.2006)	1	1	X
3.	Shri D. Rajagopalan, IAS Director	5	4	X
4.	Shri Tapan Ray, IAS Director (From 1.11.2006)	4	3	X
5.	Shri A.K. Joti, IAS Director (Upto 1.11.2006)	4	3	X
6.	Shri A. M. Tiwari, IAS Director (Upto 18.4.2007)	4	4	X

The attendance of each Director at the Board Meetings held during the year and at the last Annual General Meeting held on 22nd December, 2006 is as under :

Board's Procedure

Apart from the matters which are to be decided by the Board as per relevant statutes and rules, all 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

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 four times during the Financial Year 2006-07 to discuss the Auditors Report, adequacy of internal control / audit system and functions, to review the unaudited quarterly financial results, on 28.4.2006, 29.7.2006, 27.10.2006 and 29.1.2007. The number of meetings of Audit Committee and attendance of members at these meetings are stated as under :

Sr. No.	Name of the Directors	Meeting held during tenure	Attended
1.	Shri Tapan Ray, IAS Chairman of the Audit Committee (From 1.11.2006)	1	1
2.	Shri A.K Joti, IAS Chairman of the Audit Committee (Upto 1.11.2006)	3	3
3.	Shri D. Rajagopalan, IAS	4	3
4.	Shri A.M. Tiwari, IAS (upto 18.4.2007)	4	3

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 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.



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Shareholders' / Investors' Grievance Committee

The Company has constituted a "Shareholders' / Investors' Grievance Committee" This Committee looks into the redressal of shareholders'/investors' grievances, if any, regarding 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, complaints received from the shareholders have been resolved to date. The Company has no transfer pending at the close of the Financial Year.

The current composition of the Committee is as under:

1. Shri D. Rajagopalan, IAS - Chairman
2. Shri Sujit Gulati, IAS - Member

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

Almost all the complaints are pertaining to non receipt of dividends and Balance Sheet.

The Company Secretary acts as Secretary of the "Shareholders' / Investors' Grievance Committee"

Share Transfer Committee

In-order-to provide efficient and fast share transfer service to the investors, the Board has constituted a Share Transfer Committee which currently comprises of following Directors of the Company.

1. Shri C J Jose, IAS - Chairman
2. Shri Sujit Gulati, IAS -- Member

The Company has entered into a comprehensive agreement with M/s. MCS Limited, Ahmedabad to act as 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.

As per the Listing Agreement, the Company Secretary is appointed as 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, as on 31.3.2007 about 98.27% of the equity capital offered to the public is 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 :

- (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 that may have potential conflicts with the interest of the Company of that may have potential conflicts with the interests of the Company at large with its promoters, the Directors or the management, their subsidiaries or relatives etc.

For details, about related parties transactions, see Note No. 32 of Note-on-Accounts.

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

Code of Conduct

The Board of Directors of the Company has approved and adopted a Code of Conduct for the Directors as well as Senior Management of the company. It has also been placed on company's website at www.gmdcltd.com.

All the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct during 2006-07. A declaration by the Chairman & Managing Director to this effect is provided at Annexure A which forms part of the company's Annual Report 2006-07.

Means of Communication :

The Company communicates with the shareholders at large through its Annual Report, publication of financial results in leading national English and vernacular language newspapers and also through periodic press releases and electronics media. Further, the financial results of the Company as published in the newspapers are also displayed in the Company's website www.gmdcltd.com for the information of shareholders and investors.