

# 45<sup>th</sup>

## *Annual Report*

### 2007-2008

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**GUJARAT MINERAL DEVELOPMENT  
CORPORATION LIMITED**

## BOARD OF DIRECTORS

**CHAIRMAN & MANAGING DIRECTOR**

Shri C. J. Jose, IAS (upto 11-2-2008)

**CHAIRPERSON**

Smt. Gauri Kumar, IAS (w.e.f. 19-5-2008)

**MANAGING DIRECTOR**

Smt. V.L. Joshi, IAS (w.e.f. 11-2-2008)

**COMPANY SECRETARY**

Shri Joel Evans

**AUDITORS**Manubhai & Co.,  
Chartered Accountants**REGISTERED OFFICE**Khanij Bhavan  
132 Feet Ring Road  
Near University Ground  
Vastrapur, Ahmedabad – 380 052Phone : 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 (upto 19-5-2008)

Shri Tapan Ray, IAS

Shri Raj Gopal, IAS (w.e.f. 19-5-2008)

Shri Sujit Gulati, IAS (upto 19-5-2008)

**BANKERS**

Bank of Baroda

Dena Bank

Vijaya Bank

Axis Bank Ltd.

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

Panandhro (Dist. Kutch)

Mata-No-Madh (Dist. Kutch)

Rajpardi (Dist. Bharuch)

Tadkeshwar (Dist. Surat)

Bhavnagar (Dist. Bhavnagar)

**Fluorspar Project**

Kadipani (Dist. Baroda)

**Bauxite Projects**

Bhatia (Dist. Jamnagar)

**Calcination Project**

Gadhsisa (Dist. Kutch)

**Multi-Metal Project**

Ambaji (Dist. Banaskantha)

**Manganese Project**

Shivrajpur (Dist. Panchmahal)

**Power Project**

Nani Chher (Dist. Kutch)

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**AGM DATE, DAY, TIME & VENUE****Date of AGM : 11-09-2008****Day : Thursday****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****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. 26582878

Fax: (079) 26581296

**FINANCIAL RESULTS**

Sr.	Particulars	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
(Rs. In lacs)											
<b>(A)</b>	<b>Profit &amp; Loss Account</b>										
1.	Total Sales	98,105.54	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
2.	Profit before tax	40,839.48	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
3.	Interest	7,024.77	7,370.52	5,054.94	20.34	88.56	113.93	164.19	91.54	81.14	22.21
4.	Depreciation	9,553.69	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
5.	Provision for tax	14,446.38	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
6.	Profit after tax	26,393.10	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
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
8.	Net Profit after short/excess tax prov of earlier years	26,393.10	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
9.	Balance of profit of last year	2,066.44	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
10.	Profit available for appropriation	28,459.54	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
11.	Dividend in %	100.00	100.00	60.00	50.00	45.00	45.00	40.00	45.00	40.00	50.00
12.	Dividend in Rupees	3,180.00	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
<b>(B)</b>	<b>Balance Sheet</b>										
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	102,989.73	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
3.	Gross Fixed Assets	184,653.41	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
4.	Net Fixed Assets	134,283.09	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
5.	Current Assets	135,104.82	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
6.	Current Liabilities	82,782.69	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
7.	Capital Employed	187,945.97	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
8.	Net worth	105,847.65	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
<b>(C)</b>	<b>Financial Ratios</b>										
1.	% of Net Profit										
	On Sales	26.90	18.45	9.57	27.95	29.66	28.94	26.20	26.96	19.98	36.45
	On Gross Fixed Assets	14.29	6.07	2.44	11.13	21.73	23.31	18.21	16.78	10.72	25.02
	On Capital Employed	14.04	5.78	2.24	5.72	5.89	8.06	10.40	13.31	9.98	25.60
	On net worth	24.93	13.53	5.61	14.00	12.24	13.99	12.36	11.85	8.33	20.09
	On Share Capital	829.97	341.76	131.28	324.56	254.58	266.45	208.13	184.74	118.70	265.20
2.	Debt/Equity Ratio	0.63	1.14	1.39	1.45	1.16	0.84	0.33	0.03	0.00	0.00

## NOTICE

Notice is hereby given that the 45<sup>th</sup> Annual General Meeting of the Shareholders of 'Gujarat Mineral Development Corporation Limited' will be held on Thursday, the 11th September, 2008 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 :**

- Item No. 1.** To receive, consider and adopt the 'Profit & Loss Account' of the Corporation for the year ended 31<sup>st</sup> March, 2008 and the 'Balance Sheet' as on that date and the Report of the Board-of-Directors and Auditors thereon.
- Item No. 2.** To declare dividend on Equity Shares for the year ended 31<sup>st</sup> March, 2008.
- Item No. 3.** To fix up the remuneration of Statutory Auditors for the year 2008-09 to be appointed by the Comptroller & Auditor General of India.

**SPECIAL BUSINESSES :****Item No. 4****Subject : Increase in authorized share capital of the Company**

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

"RESOLVED THAT the authorized share capital of the Company be increased from Rs. 50 crores (Rs. Fifty crores) to Rs. 150 crores (Rs. One hundred fifty crores) by creation of 50,00,00,000 equity shares of Rs. 2/- each, ranking *pari passu* with the existing equity shares and that Clause V of the Memorandum of Association of the Company be altered accordingly."

**Item No. 5****Subject : Alteration of capital clause of the Memorandum of Association**

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

"RESOLVED THAT Clause V of the Memorandum of Association of the Company be deleted and the following new clause be substituted therefor :

The authorized capital of the Company is Rs. 150 crores divided into 74,50,00,000 equity shares of Rs. 2/- each and 1,00,000 preference shares of Rs. 100/- each.

**Item No. 6****Subject : To issue bonus shares**

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 :

- (1) Pursuant to Article 164 of the Articles of Association of the Company and recommendation of the Board of Directors, and subject to the guidelines prescribed by the Securities and Exchange Board of India, such other consents or approval as may be required or applicable in this regard, consent of the members, be and is hereby accorded to the Board of Directors of the Company for capitalization of a sum of Rs. 31.80 crores from the General Reserves and accordingly the said sum be capitalized and distributed amongst the holders of the existing equity shares of the Company whose names stands on the Register of Members / Beneficial Owners on such date as may be fixed by the Board of Directors in that behalf as Record Date, on the footing that they become entitled thereto as capital and not as income and that the same be not paid in cash but be applied on behalf of such shareholders as aforesaid in paying up in full at par 15,90,00,000 new equity shares of Rs. 2/- each to be allotted, distributed and credited as fully paid-up amongst the said shareholders in the proportion of one new equity shares for every one existing equity shares held by them.
- (2) the issue and allotment of new equity shares and payment in respect of fractional entitlement, if any, in terms hereof to the non resident shareholders of the Company, shall be subject to the provisions of Regulations made under the Foreign Exchange Management Act, 1999.
- (3) the 15,90,00,000 new equity shares of Rs. 2/- each to be allotted as Bonus shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank, in all respects, *pari passu* with the existing equity shares of the Company and shall be entitled to participate in full in any dividend declared after the Bonus shares are allotted.
- (4) no letter of allotment shall be issued, but the certificate(s) in respect of Bonus shares shall be issued and delivered within the statutory time limit from the date of allotment in case of physical holdings and in respect of electronic holdings, the bonus shares shall be credited to the de-mat accounts of the allottees maintained with their respective depositories.
- (5) the Board of Directors, be and are hereby authorized to take all other steps as may be necessary to give effect to the aforesaid resolution and determine all other terms and



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conditions of the issue of Bonus Shares as the Board may in its absolute discretion deem fit including settling any question, doubt or difficulty that may arise with regard to or in relation to the issue or allotment of the Bonus shares.

**Item No. 7.**

**Subject : To amend Article 115 of Articles of Association of the Company**

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

“RESOLVED THAT the Article 115 of Articles of Association of the Company be altered in the following manner :

**Article 115**

For the words “Rs. 250/- per” appearing in 2<sup>nd</sup> line, the words, “the limits prescribed under the Companies Act, 1956 for” be substituted.”

**Item No. 8.**

**Subject : Contribution to charitable funds in excess of the limits**

“RESOLVED THAT the consent of the Company pursuant to Section 293(1)(e) and other applicable provisions of the Companies Act, 1956 be and is hereby given to the Board of Directors to contribute and / or to contribute and/or subscribe and/or otherwise to assist from time to time to any charitable, benevolent, public or general and other funds and to any society, association or institution, including Gujarat Socio Economic Development Society (GSEDS) for projects approved under Section 35 AC of the Income tax Act 1961, which has as its object the undertaking of any programme of Socio Economic Development/Rural Development and/or incur expenditure on any programme of Socio Economic/Rural Development, notwithstanding that such contributions, subscriptions and expenditure do not directly relate to the business of the Company or the welfare of its employees, upto a total sum of Rs. 122.52 Crore in the Financial Year 2008-09, as may be considered proper by the Board, notwithstanding that the said amount may exceed 5% of the Company's average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956, during the three financial years immediately preceding the financial year 2008-09.”

By Order of the Board-of-Directors

Date : 8th August, 2008

Place : Ahmedabad.

**Registered Office :**

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

**Joel Evans**

Company Secretary

**NOTES:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be effective shall be deposited at the Registered Office of the Corporation, not less than 48 hours before the commencement of the meeting.
2. The 'Members Register' and the 'Share Transfer Book' of the Company shall remain closed from Wednesday, the 3rd September, 2008 to Thursday, the 11th September, 2008 (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 2nd September, 2008. 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.
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 31<sup>st</sup> March, 2001 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 31<sup>st</sup> March, 2001 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.



**Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956****Item No. 4**

**Presently the authorized share capital of the Company is Rs. 50 crores divided into 24,50,00,000 equity shares of Rs. 49 crores of Rs. 2/- each and 1,00,000 preference shares of Rs. 100 each.**

The issued, subscribed and paid up share capital of the company is Rs. 31.80 crores divided into 15,90,00,000 equity shares of Rs. 2/- each.

Out of the above paid up equity, 26% has been offloaded to the public by the Govt of Gujarat.

As per the provisions of Section 94(1)(a) of the Companies Act, 1956 a limited company having a share capital, may, if so authorised by its articles, alter the conditions of its memorandum so as to increase its share capital by such amount as it thinks expedient by issuing new shares.

As per Article 5 of Articles of Association, the company in general meeting may from time to time, by an ordinary resolution, increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the Resolution shall prescribe.

Looking to the overall size of the company, the capital base is very small. Under this circumstances it is felt that the authorised share capital should be increased to a minimum level of Rs. 150 crores to meet with the future requirement of funding and wealth creation for stakeholders.

The resolution is proposed for consideration and approval by the shareholders.

None of the Directors is interested in the resolution.

**Item No. 5**

With the increase in authorized share capital, Clause V of Memorandum of Association is required to be amended. As per Section 16 of the Companies Act, 1956, a special resolution is required to effect this amendment. Therefore special resolution is proposed under Item No. 2

The resolution is proposed for consideration and approval by the shareholders.

None of the Directors is interested in the resolution.

**Item No. 6**

In the past, the company had issued bonus shares in the year 1994 in the ratio 1:1 and in the year 1996 in the ratio of 3:2. Since then there has been no other corporate benefits given to the shareholders, apart from annual dividends.

As per the extant SEBI Guidelines, bonus issue shall be made out of free reserves built out of the genuine profits or share premium collected in cash only.

Presently the accumulated General Reserve of the Company as on 31.3.2008 (last available audited accounts) stands at Rs. 982.51 crores. There is ample scope to provide corporate benefits of bonus shares to the shareholders by utilizing this available General Reserve.

The bonus issue shall enable the company to retain money required for its business undertaking. As per the extant taxation law, the bonus issued in the form of fully paid up equity shares of the company do not represent taxable income in the hands of shareholders.

Looking to the available revised authorised limit of share capital, a bonus issue in the ratio of 1:1 seems appropriate. With this, the paid up share capital of the company shall become Rs. 63.60 crores.

The resolution is proposed for consideration and approval by the shareholders.

None of the Directors is interested in the resolution.

**Item No. 7**

The payment of sitting fees paid to the Directors on the Board of Directors of GMDC Ltd. is governed by the provisions of Article 115 of the Articles of Association of the Company and Section 309 and 310 of the Companies Act, 1956 read with Rule 10B of the Companies (Central Government's) General Rules & Forms, 1956.

**Article 115 of Articles of Association of GMDC**

The remuneration of the Directors shall be such sum as may be fixed by the Board of Directors not exceeding Rs. 250 per each meeting of the Board or a committee thereof attended by him.

Thus, as per the prevailing provisions, the maximum sitting fees payable to a director for attending the Board Meeting or a committee thereof is Rs. 250. It is felt that the sitting fees paid by GMDC is very meager.

The provisions of Section 310 of the Companies Act, 1956 read with Rule 10B of the Companies (Central Government's) General Rules & Forms, 1956 provides for payment of sitting fees as under :

	Maximum permissible
Companies having a paid-up capital and free reserves of Rs. 10 crores or above or Companies having a turnover of Rs. 50 crores or above	Rs. 20000.00
Other companies	Rs. 10000.00



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Under the above circumstances, it is felt that the provisions relating to payment of sitting fees is to be amended to keep it in line with the provisions of the Companies Act, 1956.

The resolution is proposed for consideration and approval by the shareholders.

None of the Directors is interested in the resolution. except so far as payment of sitting fees to them is concerned.

### Item No. 8

Your company is authorized, by its Articles of Association, to subscribe to charitable and other funds not directly relating to the business. The consent sought by the proposed resolution is pursuant to Section 293(1)(e) of the Companies Act, 1956.

In view of the high industrial and economic growth, increasing Corporate Social Responsibilities (CSR) / obligations towards the society, the Company may like to contribute and donate from time to time to such charitable and other funds not directly relating to the business of the Company or the welfare of its employees and the amount of contribution whereof may exceed the limits prescribed under Section 293 (1) (e) of the Companies Act, 1956. The Government of Gujarat (GoG) has, with the objective of integration of the CSR efforts of the Boards, Corporations, Companies, Societies etc. and to channelize their contributions towards achieving the socio economic objectives of the Government and to implement schemes for the uplift of individuals belonging to economically weaker sections of the society

along with the overall development and progress of the State and for the betterment of the well being of the people, established 'Gujarat Socio Economic Development Society' ('the Society'), as an autonomous body under the provisions of the Societies Registration Act, 1860 and the Bombay Public Trusts Act, 1950. The GoG has requested the Company to contribute an amount of 30% of the Profit Before Tax to the Society by cheque. For the purpose, consent of the Members is being sought by the Board of Directors of the Company to enable them to make contributions / donations upto Rs. 122.52 Crores during the Financial Year 2008-09, which exceeds 5% of the average net profits of the three immediately preceding financial years 2005-06 to 2007-08. Your Board has recommended that the contribution to GSEDS will be made for projects approved under Section 35 AC of the Income tax Act, 1961. Your Directors recommend the resolution at Item No. 8 of the Notice for your approval.

None of the Directors is interested in the resolution and the Directors recommend the adoption of the proposed resolution.

By Order of the Board-of-Directors

Date : 8th August, 2008

Place : Ahmedabad.

### Registered Office :

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

**Joel Evans**

Company Secretary

**DIRECTORS' REPORT**

To  
The Shareholders,  
Gujarat Mineral Development Corporation Limited

Your Directors have pleasure in presenting 45<sup>th</sup> Annual Report along with the audited accounts of your Corporation for the financial year 2007-2008. Our profit after tax for the year is Rs.26393 lacs as against Rs. 10867 lacs last year.

<b>Financial Results</b>	<b>2007-08</b> <b>(Rs. in lakh)</b>	<b>2006-07</b> <b>(Rs. in lakh)</b>
Operating profit	<b>57417.94</b>	37077.79
Less: Interest	<b>7024.77</b>	7370.52
Profit after interest, but Before depreciation	<b>50393.17</b>	29707.27
Less: Depreciation	<b>9553.69</b>	12932.04
Profit for the year before tax	<b>40839.48</b>	16775.23
Less :Provision for tax for the year including deferred tax and fringe benefit tax	<b>14446.38</b>	5907.38
<b>Net profit after tax</b>	<b>26393.10</b>	10867.85
Add: Balance of profit brought forward	<b>2066.44</b>	1339.51
Less: Short provision of deferred tax liability (net)	<b>—</b>	1420.48
<b>Profit available for appropriation</b>	<b>28459.54</b>	10786.88
Less: Appropriations :		
(I) Proposed Dividend	<b>3180.00</b>	3180.00
(ii) Corporate tax on dividend	<b>540.44</b>	540.44
(iii) General Reserve	<b>20000.00</b>	5000.00
Balance carried to Balance Sheet	<b>4739.10</b>	2066.44

**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 31<sup>st</sup> March, 2008, 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 31<sup>st</sup> March, 2008 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. 19,168 lacs including Royalty of Rs. 6226 lacs and Sales Tax of Rs.12,942 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 15,90,00,000 equity shares of Rs.2 each.

**FINANCE AND TAXATION**

Income Tax assessment of the Corporation has been completed up to the Financial Year 2005-06 and the Sales Tax assessment has been completed up to the Financial Year 2005-06.

**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 81.32 lac MT of Lignite during the period under review.

**LIGNITE PROJECT, MATA-NO-MADH (DIST. KUTCH)**

During the period 2007-08, the mine produced 6.64 lac MT, which is higher by 1.62 lac MT as compared to previous year's production 5.02 lac MT.

**LIGNITE PROJECT, RAJPARDI (DIST. BHARUCH)**

The Corporation started mining production in Amod Lignite Mine near Rajpardi in September, 2007. During the period under review, the mine produced 3.9 lac MT of Lignite.





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### **LIGNITE PROJECT, TADKESHWAR (DIST. SURAT)**

During the year under review, the mine produced 7.79 lac MT of lignite.

### **FLUORSPAR PROJECT, KADIPANI (DIST. VADODARA)**

The beneficiation project has been started from October 2007 and has since been working satisfactorily. To minimize the production cost, new circuit in the process has been introduced and the Trial run thereof shall be conducted shortly, when the results regarding increase in yield as well as recovery could be known.

### **CALCINED BAUXITE PROJECT, GADHSISA**

After refurbishment of the plant, the plant has been under contractual operation from October 2007 and has since then been working satisfactorily.

### **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 2007-08 total generation was 1009.124 million units. During 2007-08, the Power Project earned a revenue of Rs. 161.53 Crores.

### **NEW PROJECTS AND SCHEMES OF THE CORPORATION**

#### **LIGNITE PROJECT, BHAVNAGAR [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. The lease deed has been executed and mining operations have commenced w.e.f. April, 2008. The Lignite production is expected to start from September-October, 2008.

#### **2750 MW POWER PROJECT BASED ON MORG-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 and invited tenders for setting up of 1000 MW power project based on Morga-II coal block and M/s. Torrent Power Limited has been selected for the purpose.

#### **80 MW CAPTIVE POWER PLANT ON LIGNITE FROM TADKESHWAR MINES**

Corporation has executed an MOU with M/s. Gokul Refoils & Solvents Ltd. for setting up of 80 MW captive power plant based on lignite from Tadkeshwar mine of GMDC and Shareholders' Agreement has been signed with the party after receipt of Govt. approval.

### **ALUMINA PLANT**

Govt. of Gujarat has awarded setting up of Alumina project in Kutch District based on Kutch Bauxite to M/s. Ashapura Minechem Ltd. An MOU has been executed for setting up of 1.0 million TPA of Alumina plant.

Similarly, an MOU has also been signed with M/s. Aluchem Inc., USA for setting up of 1.0 million TPA capacity Alumina based chemicals and speciality products based on Bauxite deposits of Districts other than Kutch of Gujarat. Exploration work continues and once the results are known, about availability of exact quantity of medium grade bauxite, further course of action will be initiated.

### **MANGANESE PROJECT, SHIVRAJPUR**

GMDC has been granted Work Permit by Govt. of Gujarat for lifting of 1,00,000 MT of Manganese Waste Dump from Shivrajpur in Dist. Baroda. The material is lifted and supplied to captive users as well as traders. GMDC will set up beneficiation plant and Manganese Oxide plant and other value addition projects like EMD and Ferro Manganese projects will be set up in private partnership.

### **MULTI METAL PROJECT, AMBAJI**

Environment Clearance has been received from the Ministry of Environment and Forests, Govt. of India, New Delhi. Further discussions to establish beneficiation plant in Joint Venture with M/s Binani Industries Ltd and M/s Rajasthan State Mines and Minerals are under progress.

### **ENVIRONMENT PROGRAMME**

Corporation has obtained Environment Clearance for Multi Metal Project Ambaji and Ambadungar Fluorspar Mines at Kadipani in 31.2 ha. area. Corporation has also obtained Terms of Reference for preparation of Environment Impact Assessment Report for new lease of 32 ha. at Ambadungar Kadipani, Modernization and capacity expansion of Beneficiation Plant at Kadipani. The Environment impact Assessment Report is under preparation by Advanced Material and Processing Research Institute Bhopal. The report is likely to be received in current year and process for Environmental Clearance would be taken up soon.

For control of Pollution and Environmental protection, your Corporation is following an effective environment management system at all its projects with regular water sprinkling for dust suppression and effluent treatment for the control of water pollution. In addition to above, we have intensified our environmental protection measures by way of reclamation of mined out area by backfilling and afforestation on them, overburden dump on virgin area and road side, departmentally as well as through

state forest department. Corporation has its own environmental department at Corporate Office headed by Chief General Manager. Your corporation is regularly monitoring polluting parameters internally as well as through external agencies.

Kutch being water scarce, Corporation has started use of drip irrigation in afforestation program.

Existing mine of Rajpardi has reached to closure because the lignite has 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, and report is expected shortly.

Environment audit is conducted by an external agency recognized by the Gujarat Pollution Control Board regularly and we have reports submitted to them.

### 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 2007-2008.

### 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 2007-08. The views of the management on the remarks on the Auditors' Report are given in the Annexure-II.

### COST AUDIT

M/s N D Birla & Co were appointed as Cost Auditors in respect of Akrimota Thermal Power Station for the year 2007-08.

### BOARD-OF-DIRECTORS

Smt. V L Joshi, IAS was appointed as Managing Director vice Shri C J Jose, IAS, Chairman and Managing Director.

After the end of the Financial Year, Smt. Gauri Kumar, IAS and Shri Raj Gopal, IAS were appointed as Directors in place of Shri D. Rajagopalan, IAS and Shri Sujit Gulati, IAS respectively. Smt. Gauri Kumar, IAS has been appointed as Chairperson of the Corporation.

### 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 : Gandhinagar  
Date : 8th August, 2008

**Gauri Kumar**  
Chairperson