

45th
Annual Report
2007-2008



**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 – 380 052

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 (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)

CONTENTS

Contents	Page No.
Notice	3
Directors' Report	7
Corporate Governance Report	12
Report of the C.A.G.	18
Auditors' Report	19
Balance Sheet	22
Profit and Loss Account	23
Cash Flow Statement	24
Schedules	25

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, 1st floor

Opp: Bata Show Room

Ashram Road

Ahmedabad – 380 009

Tel. 26582878

Fax: (079) 26581296



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

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)										
(A) Profit & Loss Account										
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) Balance Sheet										
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
(C) Financial Ratios										
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
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 45th 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 31st 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 31st 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



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

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 2nd 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 31st 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 31st 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



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

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 45th 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.

Financial Results	2007-08	2006-07
	(Rs. in lakh)	(Rs. in lakh)
Operating profit	57417.94	37077.79
Less: Interest	7024.77	7370.52
Profit after interest, but Before depreciation	50393.17	29707.27
Less: Depreciation	9553.69	12932.04
Profit for the year before tax	40839.48	16775.23
Less :Provision for tax for the year including deferred tax and fringe benefit tax	14446.38	5907.38
Net profit after tax	26393.10	10867.85
Add: Balance of profit brought forward	2066.44	1339.51
Less: Short provision of deferred tax liability (net)	—	1420.48
Profit available for appropriation	28459.54	10786.88
Less: Appropriations :		
(I) Proposed Dividend	3180.00	3180.00
(ii) Corporate tax on dividend	540.44	540.44
(iii) General Reserve	20000.00	5000.00
Balance carried to Balance Sheet	4739.10	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 31st 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 31st 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.



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

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 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 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 CORPORAION

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



FORM – A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, POWER AND FUEL CONSUMPTION.

A. Conservation of Energy

(a) Energy Conservation Measures taken

- Capacitor Bank Unit at Calcined Bauxite Plant, Gadhsisa replaced with New Unit
- Kiln Main drive and Induced draft fan unit replaced with variable frequency drive fan at Calcined Bauxite Plant, Gadhsisa.
- No. of conveyor motors has been optimized for energy conservation by rearranging the configuration of the layout of the conveyors.
- Replacement of incandescent lamps with CFL energy saving lamps in the plants and the residential colonies.
- Replacement of conventional current regulators with electronic regulators for the fans.
- Exploring the areas where in solar electrification is possible which shall be introduced soon.

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

Furnace plus Petcoke dual fire system

(c) Impact of the above measures

- The new system of variable drive implemented at Calcined Bauxite Project has resulted into fine rotation tuning, smooth speed control and saving in energy. Plant design rated production electricity unit has come down from 45 KWH to 33 to 20 KWH i.e. saving of 25 units / MT of Calcined Bauxite has been achieved.
- The above measures will result in energy saving.

B. Technology absorption

The disclosure is made in the prescribed Form B.

C. Foreign Exchange Earnings and outgo

Total foreign exchange used: Euro 38,43,380.00

Total foreign exchange earned US \$ 14,94,686.27

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.

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

Fluorspar is an important and strategic mineral for industries like Aluminium Extractions, Steel Relieving, Refrigerant Gases, Welding Electronics etc. There is only one commercially viable deposit of Fluorspar in the country.

3. Future Plan of Action

- (a) Value addition of low grade manganese mineral
- (b) Development of deep seated lignite and coal deposit through Underground Coal Gasification method
- (c) Laterite and low alumina content bauxite value addition study to make suitable for use in proposed alumina projects has been entrusted to Jawaharlal Nehru Aluminium Research Institute, Nagpur
- (d) Value addition to Rajpardi silica sand.
- (e) Value addition of various clays available in Gujarat for industrial and ceramic application including possibility to manufacture Nano-clays
- (f) Study of selecting suitable grass species for stabilization and reclamation on dump slopes.
- (g) Amelioration of soil for suitable plantation on back filling areas.

ANNUAL REPORT 2007-2008

Technology absorption, adaptation and innovation

1. Efforts in brief made towards technology absorption, adaptation and innovation :

Implementation of Petcoke conversion technology at Calcined Bauxite Plant, Gadhsisa.

2. Benefits derived as a result of the above efforts :

Petcoke conversion technology results in saving in production cost which in turn helps compete in global market by saving fuel and energy costs.

ANNEXURE : II

Views of the Management on the remarks of the Statutory Auditors in respect of the Accounts of the Corporation for the year 2007-08

Item No. 1, 2, 3, 4: No comments.

Replies to the remarks in the Annexure to Auditors' Report

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

Item No.	Remarks of the Statutory Auditors	Views of the Management
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.	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.



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 framework of legal provisions. 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 31.3.2008 is detailed below :

Sr. No.	Name of the Directors	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. V.L. Joshi, IAS	MD	Executive	14	-	-
2.	Shri D.Rajagopalan, IAS	Director	Non-Executive	7	-	-
3.	Shri Tapan Ray, IAS	Director	Non-Executive	8	-	-
4.	Shri Sujit Gulati, IAS	Director	Non-Executive	0	-	-

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/Committee Meetings.

Five meetings of the Board-of-Directors were held during the year i.e. on 30.4.2007, 2.7.2007, 30.07.2007, 29.10.2007 and 30.1.2008.

The attendance of each Director at the Board Meetings held during the year and at the last Annual

General Meeting held on 29th September, 2007 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.	Shri C J Jose, IAS (Upto 11.2.2008))	5	5	Yes
2.	Smt. V L Joshi, IAS (From 11.2.2008)	-	-	-
3.	Shri D Rajagopalan, IAS Director (Upto 6.4.08)	5	1	X
4.	Shri Tapan Ray, IAS Director	5	5	Yes
5.	Shri Sujit Gulati, IAS, Director (Upto 6.4.08)	5	5	X

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 and accounting knowledge. The Audit Committee met five times during the Financial Year 2007-08 to discuss interalia the Auditors Report, adequacy of internal control / internal audit system and functions, to review the unaudited quarterly financial results, etc. on 30.4.2007, 30.7.2007, 29.10.2007 and 30.1.2008. 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	5	5
2.	Shri D. Rajagopalan, IAS	5	1
3.	Shri Sujit Gulati, IAS (Upto 6.4.2008)	5	5

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.

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 composition of the Committee during the year under review 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 :

Period	Complaints Received	Complaints Redressed
01-04-2007 to 30-06-2007	06	06
01-07-2007 to 30-09-2007	05	05
01-10-2007 to 31-12-2007	08	08
01-01-2008 to 31-03-2008	12	12
Total	31	31

Almost all the complaints are pertaining to non receipt of dividends and audited accounts.

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. The composition of the Committee during the year under review is as under:

1. Smt. V.L. Joshi, 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 31.3.2008 about 98.46% 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 :

Year	Date	Time	Venue
2004-05	30.9.2005	11.00 AM	Registered Office of the Company, at Khanij Bhavan, 132' Ring Road, Near University Ground, Vastrapur, Ahmedabad - 380 052
2005-06	22.12.2006	11.00 AM	Registered Office of the Company, at Khanij Bhavan, 132' Ring Road, Near University Ground, Vastrapur, Ahmedabad - 380 052
2006-07	29.09.2007	11.00 AM	Registered Office of the Company, at Khanij 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



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

Disclosures :

(a) The Company has no materially significant related parties transactions i.e. transactions that may have potential conflicts with the interest of the Company or 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. 21 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, of 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 2007-08. A declaration by the Managing Director to this effect is provided at Annexure A which forms part of the Company's Annual Report 2007-08.

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.

General Shareholders' : AGM Date, day, Information time and venue

Date of AGM : 11th September, 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

Financial Calendar (tentative)

Period	Tentative Dates
1 st quarter results ending 30 th June	31-07-2008
2 nd quarter results ending 30 th September	31-10-2008
3 rd quarter results ending 31 st December	31-01-2009
4 th quarter results ending 31 st March	30-04-2009

Date of 'Book Closure'

The Register-of-Members and the Share Transfer Register of the Company would remain closed from 03-09-2008 to 11-09-2008 for the purpose of ascertaining the list of shareholders entitled for the dividend, if any, declared at the ensuing Annual General Meeting.

Dividend payment date

The dividend, if declared at the Annual General Meeting would be paid to the Shareholders within 30 days from the date of AGM.

Listing of shares

The equity shares of the company are listed on the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. The Listing Fee has been paid to NSE & BSE upto the year 2008-2009.

NAME OF THE STOCK EXCHANGE	STOCK CODE
National Stock Exchange of India Ltd.,	GMDCLTD
The Stock Exchange, Mumbai	532181

Share Transfer System

In compliance with Clause 49 of the Listing Agreement, the Company has also delegated the powers of share transfer to the company's R & T A. All the transfers received are processed by the Company's Share Transfer Agent and a fortnightly report is submitted to the Company which is periodically placed before the Board of Directors of the Company.

Shareholding Pattern

The pattern of equity shareholding of the Company as on 31st March, 2008 was as under:

Category	No.of Shares	% to total
Govt. of Gujarat	11,76,60,000	74.00
Mutual Funds	1,85,39,639	11.66
Financial Institutions/Banks	60,500	0.04
Insurance Companies	12,66,000	0.80
Foreign Institutions/Investors	16,29,148	1.02
Bodies Corporate	79,68,073	5.01
Individuals	1,18,73,290	7.47
Others	3,350	0.00
Total.....	15,90,00,000	100%

ANNUAL REPORT 2007-2008

Distribution of Shareholding as on 31.3.2008

Shareholding of nominal value of		Shareholders		No. of Shares	Share amount	
Rs.	Rs.	Number of Shareholders	% to total		(in Rs.)	% to total
(1)	(2)	(3)	(4)	(5)	(6)	
Upto - 5,000	54,950	98.64	71,57,189	1,43,14,378	4.50	
5,001 - 10,000	368	0.66	13,93,103	27,86,206	0.88	
10,001 - 20,000	202	0.36	14,33,468	28,66,936	0.90	
20,001 - 30,000	55	0.10	6,86,467	13,72,934	0.43	
30,001 - 40,000	18	0.03	3,33,461	6,66,922	0.21	
40,001 - 50,000	16	0.03	3,59,527	7,19,054	0.23	
50,001 - 1,00,000	30	0.05	11,21,664	22,43,328	0.71	
100001 - 5,00,000	38	0.07	42,21,292	84,42,584	2.65	
5,00,000 - 10,00,000	7	0.01	22,72,017	45,44,034	1.43	
10,00,001 and above	26	0.05	14,00,21,812	28,00,43,624	88.06	
Total...	55710	100.00	15,90,00,000	31,80,00,000	100.00	

PLANT LOCATIONS :

Lignite Projects	Panandhro	(Dist. Kutch)
	Rajpardi	(Dist. Bharuch)
	Mata-no-Madh	(Dist. Kutch)
	Tadkeshwar	(Dist. Surat)
	Surkha	(Dist. Bhavnagar)
Fluorspar Project	Kadipani	(Dist. Baroda)
Multi Metal Project	Ambaji	(Dist. Banaskantha)
Bauxite Projects	Bhatia	(Dist. Jamnagar)
Calcined Bauxite Project	Gadhsisa	(Dist. Kutch)
Manganese Project	Shivrajpur	(Dist. Panchmahal)
Power Project	Nani Chher	(Dist. Kutch)

Address for correspondence :

Shareholders correspondence may be addressed to the Company Secretary and sent to the Registered Office of the Company at the following address :

Gujarat Mineral Development Corporation Limited
 'Khanij Bhavan'
 132 Ft. Ring Road
 Near University Ground
 Vastrapur
 Ahmedabad – 380 052
 Telephone : 2791 1662 / 1680 / 0665 / 2443 / 1340 / 3501 / 0096 / 0465 / 3200
 Fax : (079) 2791 0969 / 1454 / 3038/1151
 E-mail : cosec@gmdcltd.com
 Website : www.gmdcltd.com

NON-MANDATORY REQUIREMENTS

The details of remuneration and Sitting Fees paid to the Directors during the year are as under :

Sr. No.	Name of the Directors	Remuneration paid (Rs.)	Out of Pocket expenses (Rs.)
1.	Shri C J Jose, IAS (Up to 11.2.2008)	4,74,862	—
2.	Shri D. Rajagopalan, IAS	—	1,000
3.	Shri Tapan Ray, IAS	—	5,000
4.	Shri Sujit Gulati, IAS	—	5,000

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

GMDC is one-of-the leading mining and mineral processing Companies of the country having plants at various locations in the State of Gujarat.

Product-wise performance :

Name of the products	2005-2006		2006-2007		2007-08	
	Production (MT in lacs)	Sales (MT in lacs)	Production (MT in lacs)	Sales (MT in lacs)	Production (MT in lacs)	Sales (MT in lacs)
Lignite	70.55	70.55	79.91	79.91	99.67	99.67
Bauxite	1.25	1.09	0.67	0.79	7.98	4.96
Calcined Bauxite	0.21	0.25	0.00	0.02	0.10	0.04
Fluorspar	0.03	0.04	0.00	0.00	0.04	0.02
Manganese ore	0.00	0.00	0.63	0.62	—	—
Power (Units I & II)	175788 MWH	175788 MWH	336024 MWH	336024* MWH	1009124 MWH	1009124* MWH

* Sales from Power Plant includes captive consumption

Financial performance :

Particulars	Year 2005-2006 (Rs. In lacs)	Year 2006-2007 (Rs. In lacs)	Year 2007-2008 (Rs. In lacs)
Profit before depreciation and tax (but after prior period and pre-operative exp.)	19,703.14	29,707.27	50,393.17
Depreciation	13,034.02	12,932.04	9,553.69
Profit Before Tax	6,669.12	16,775.23	40,839.48
Provision for Taxation	2,494.48	5,907.38	14,446.38
Profit After Tax	4,174.64	10,867.85	26,393.10
Dividend (%)	60%	100%	100%



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

Future Prospects and Outlook :

The Company expects to improve its performance during the current year in terms of production and profits. The Company's diversification plan for setting up various mineral based projects such as (i) Coal Mines (ii) Power through Coal blocks (iii) Cement for Manganese beneficiation and down stream projects (iv) Alumina Projects and (v) Refractories and Monolithic castables are under progress. New initiatives taken by your Company to chart a better future have been detailed in the Directors' Report.

Risks and Concerns

If mining of Lignite is permitted for industrial use (other than captive consumption) through the enactment of the Bill pending with the Parliament to amend the Coal Mines (Nationalisation) Act, the Corporation may find competition from the private operators.

Internal Control System

The Company has an inhouse Internal Audit department and internal check procedures in respect of the purchase of various Stores, Chemicals, Plant & Machinery and

also in respect of sales of goods. The Company has appointed Internal Auditors for various Projects and Head Office and they submit periodical reports to the Top Management. The company also avails the services of professional and Chartered Accountants for physical verification of assets.

Statutory Compliance

The Company Secretary who is also the Compliance Officer, ensures compliance of all applicable provisions of the Companies Act, Securities Contract Regulation Act and SEBI Act.

Industrial Relations

During the year under report, the Company has employed 2586 (including Daily Rated Workers & Monthly Rated Workers) employees.

The Company has cordial industrial relations and long term agreements for wage settlement are in force between the Management and Unions and measures are being taken on a regular basis to improve the productivity and reduce wastage.

ANNEXURE-A

Declaration regarding compliance of code of conduct by Directors and Senior Management Personnel of the Company.

The company has adopted Code of Conduct for Directors and Senior Management Personnel as per the provisions of Clause 49 of the Listing Agreement relating to Corporate Governance.

The Directors and Senior management have affirmed compliance with the said Code during the financial year 2007-08.

For Gujarat Mineral Development Corporation Ltd.

Date : 9th June, 2008
Place : Ahmedabad

V. L. Joshi
Managing Director

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To

The Shareholders of

Gujarat Mineral Development Corporation Limited,

Ahmedabad.

We have examined the compliance of conditions of corporate governance by Gujarat Mineral Development Corporation Limited, for the year ended 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, subject to :

- (i) non-compliance of clause 49 I (A) (ii) regarding number of independent directors in the composition of Board.**
- (ii) non-compliance of clause 49 II (A) (i) regarding number of independent directors in the Audit Committee,**
- (iii) not placing following information before Board of Directors as required by Annexure-1A to clause 49 :-**
 - **Annual operating plans and updates.**
 - **Capital budgets and updates in respect of mining activity.**
 - **Information about show cause, demand, prosecution notices and penalty notices which are materially important.**
 - **Information about fatal or serious accidents, dangerous occurrences, etc.**
- (iv) not laying down procedure to inform Board members about the risk assessment and minimization procedures as required by Para IV (C) of clause 49.**

We certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which management has conducted the affairs of the company.

For MANUBHAI & CO.

Chartered Accountants

Place : Ahmedabad

Date :- June 11,2008

(K. B. Solanki)

Partner

Membership No.110299



REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of Gujarat Mineral Development Corporation Limited, Ahmedabad for the year ended 31 March 2008.

The preparation of financial statements of Gujarat Mineral Development Corporation Limited for the year ended 31 March 2008 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 11 June 2008.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Gujarat Mineral Development Corporation Limited for the year ended 31 March 2008. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619(4) of Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

Comments of C.A.G.	Explanations by the Management
<p>I. Financial Position Balance Sheet Application of Funds (a) Leased assets Vehicles: Rs.22.50 crore The above includes vehicles valuing Rs.20.03 crore leased to Gujarat State Road Transport Corporation (GSRTC), Ahmedabad for which, lease period has expired. Pending transfer of ownership to GSRTC, the same has been shown in fixed assets. This fact has not been disclosed in the "Notes on Accounts".</p> <p>II. Others (a) The Chairman of the 21 Audit Committee Meeting held on 11 June 2008 in which accounts for the year ended 31 March 2008 were reviewed was not an independent director as stipulated in clause 49 of the listing agreement read with clarifications issued by Securities and Exchange Board of India.</p> <p>(b) Cash flow statement Cash flow from financing activities This includes interest received from Banks and Companies amounting to Rs.22.17 crore which should have been shown under cash flow from investing activities as per Accounting Standard 3. Due to the above treatment, net cash used in financing activities is understated and net cash used in investing activities is overstated by Rs.22.17 crore.</p>	<p>Disclosure as regards lease of 254 buses to GSRTC has been given on Note No 8 of "Notes on Accounts". The above Note has been given on the same lines as was given in the Annual Accounts for the year 2006-07. The non disclosure as pointed out by the audit does not in any way effect the profitability of the Company. However, the same is noted for future.</p> <p>As per the Articles of Association of the Company, only the Government of Gujarat is authorized to appoint Directors on its Board for which a proposal has already been sent to the Government. Appointment of independent director is awaited.</p> <p>Interest received from Banks and Companies has been shown as a part of cash flow from financing activities instead of cash flow from investing activities. The same has been shown on the same lines as was shown in the Annual Accounts for the year 2006-07. The cash flow statement is given in the Annual Report as additional information to the shareholders and the change in the presentation of cash flow as per audit comment does not in any way effect the profitability of the Company. However, the same is noted for future.</p>

For and on behalf of the
Comptroller and Auditor General of India

(Niranjan Pant)
Principal Accountant General

Date : 08-08-2008

AUDITORS' REPORT

To,
The Shareholders

Gujarat Mineral Development Corporation Limited

1. We have audited the attached Balance Sheet of **Gujarat Mineral Development Corporation Limited** as at 31st March, 2008, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of accounts as required by law, have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with books of account;
 - (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (e) Since the Company is a Government Company, as per Notification No.: G.S.R. 829 (E) dated October 21, 2003 of Ministry of Finance (Department of Company Affairs) provisions of clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956 are not applicable to the Company;
 - (f) Without qualifying our opinion, we draw attention to following Notes of Schedule 18 to the Financial Statements.
 - f.1 note no. 1(a) and 1(b) regarding non provision of compensation for land acquired.
 - f.2 note no. 4 regarding non provision for lease rent and royalty in respect of application made for renewal of lease for extracting bauxite, lignite and fluorspar.
 - f.3 note no. 7(d) regarding recognition of revenue in respect of sale of electricity to Gujarat Urja Vikas Nigam Ltd. (GUVNL) on the basis of amount paid by GUVNL, pending execution of Supplementary Power Purchase Agreement.
 - f.4 note no. 7(e) regarding recognition of revenue from sale of lignite to Gujarat State Electricity Corporation Ltd. (GSECL) for its Kutch Thermal Power Station at a price as agreed by GSECL, pending final outcome of the matter referred to Government Of Gujarat.
 - (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 give a true and fair view in conformity with the accounting principle generally accepted in India:
 - (i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2008
 - (ii) in the case of Profit and Loss account, of the profit for the year ended on that date; and
 - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **MANUBHAI & CO.**
Chartered Accountants

Place: Ahmedabad
Date: June 11, 2008

(K. B. Solanki)
Partner
Membership No. 110299



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 of our report of even date)

1. In respect of its fixed assets:

- a. The Company has maintained records showing full particulars including quantitative details and situation of fixed assets except depreciation. However records relating to quantitative details and situation of fixed assets maintained at Head Office are not reconciled with the record maintained at Projects.
- b. The fixed assets were physically verified during the year by the firm of Chartered Accountants. **However, discrepancies noticed between physical quantity of fixed assets and quantity as per registers are not reconciled.**
- c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year.

2. In respect of its inventories:

- a. During the year, the management and the firm of Chartered Accountants have physically verified the inventories. In our opinion frequency of verification is reasonable.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The company has maintained proper records of inventories. The discrepancies noticed on verification between the physical stock and book stock were not material and the same have been properly dealt with in the books of accounts.

3. In respect of loans granted and taken to / from parties covered in the register maintained u/s 301 of the Companies Act, 1956.

According to the information and the explanations given to us, the company has not granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Consequently requirements of clauses (iii) (a) to (iii) (g) of paragraph 4 of the Order are not applicable to the Company.

4. In respect of internal control

In our opinion and according to the information and explanations given to us, there are adequate internal

control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and also for sale of goods. During the course of our audit, we have not observed, any continuing failure to correct major weaknesses in internal controls.

5. In respect of contracts or arrangements need to be entered into a register maintained u/s 301 of the Companies Act, 1956.

According to the information and explanation given to us, there were no contracts/ arrangements that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956.

6. In respect of deposits from public

In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public during the year within the meaning of sections 58A, 58AA or any other relevant provisions of The Companies Act, 1956 and the Companies (Acceptance of deposits) Rules, 1975. We are informed that, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

7. In respect of internal audit system

The internal audit during the year was carried out by the internal audit department of the Company and the firm 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 Company and nature of its business.

8. In respect of maintenance of cost records

We have broadly reviewed the books of account and records maintained by the Company pursuant to the Order made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of Power Projects and are of the opinion that *prima facie*, the prescribed records have been maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. In respect of statutory dues:

- a. According to the records of the Company, the company is generally regular in depositing with

appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income tax, value added tax, wealth tax, custom duty, excise duty, service tax, cess and other material statutory dues applicable to it. As informed to us, provisions of Employees' State Insurance Act are not applicable to the company.

- b. According to the information and explanations given to us, no undisputed amounts payable in respect of sales tax, income tax, wealth tax, customs duty, excise duty, service tax and cess, were outstanding as at March 31, 2008 for a period of more than six months from the date they became payable.
- c. According to the records of the company, there are no dues of custom duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute. In respect of income tax and sales tax, details of disputed dues which have not been deposited are given hereunder:

Nature of dues	Amount (Rs. in lakhs)	Forum where dispute is pending
Sales tax	106.59	Gujarat Sales Tax Tribunal
Income tax	4181.27	Commissioner of Income Tax (Appeals)
	4287.86	

10. In respect of accumulated losses and cash losses

The company does not have accumulated losses at the end of the financial year. The company has not incurred cash losses during the financial year covered by audit and in the immediately preceding financial year.

11. In respect of dues to financial institution / banks / debentures

Based on our audit procedures and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution.

12. In respect of loans and advances granted on the basis of security.

According to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.

13. In respect of provisions applicable to Chit fund

The Company is not a chit fund or a nidhi /mutual benefit fund/ society. Therefore, clause 4(xiii) of the

Companies (Auditor's Report) Order 2003 is not applicable to the Company.

14. In respect of dealing or trading in shares, securities, debentures and other investment

As the company is not dealing or trading in shares, securities, debentures and other investments, the provision of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

15. In respect of guarantee given for loans taken by others

According to the information and explanation given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.

16. In respect of application of term loans

According to the information and explanations given to us, term loans have been applied for the purpose for which they were raised.

17. In respect of funds used

According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that funds raised on short term basis have, prima facie, not been used for long-term investments.

18. In respect of preferential allotment of shares

During the year, the Company has not made any preferential allotment of shares to parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

19. In respect of securities created for debentures

According to the records of the company the Company has not issued any debentures during the year.

20. In respect of end use of money raised by public issues

The Company has not raised any money by way of public issue during the year and therefore paragraph 4(xx) of the Companies (Auditor's Report) Order, 2003 is not applicable.

21. In respect of fraud

According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For MANUBHAI & CO.
Chartered Accountants

Place: Ahmedabad
Date: June 11, 2008

(K. B. Solanki)
Partner
Membership No. 110299



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

BALANCE SHEET AS AT 31ST MARCH, 2008

Schedules	As at 31-03-08 Rs.	As at 31-03-07 Rs.	
Sources of Funds:			
Shareholders' Funds:			
Share Capital	1	31,80,00,000	31,80,00,000
Reserves & Surplus	2	10,29,89,73,444	8,06,93,28,223
		10,61,69,73,444	8,38,73,28,223
Loan Funds :			
Secured Loans	3	2,00,00,00,000	9,59,82,93,065
Unsecured Loans	4	4,64,28,57,143	—
Net Deferred Tax Liability	5	2,17,43,50,856	1,80,04,97,502
TOTAL		19,43,41,81,443	19,78,61,18,790
Application of Funds:			
Fixed Assets :			
Gross Block	6	18,46,53,40,879	17,91,78,43,373
Less : Depreciation		5,03,70,32,210	4,20,42,88,074
Net Block		13,42,83,08,669	13,71,35,55,299
Capital Work in progress		13,40,75,886	32,90,20,891
		13,56,23,84,555	14,04,25,76,190
Investments	7	60,73,76,000	61,38,97,000
Current Assets, Loans & Advances :			
Inventories	8	48,25,09,112	29,35,90,301
Sundry Debtors		80,77,04,285	93,35,19,258
Cash and Bank Balances		1,28,06,57,765	74,54,86,309
Other Current Assets		5,22,19,128	5,78,04,279
Loans and Advances		10,88,73,91,845	9,50,97,79,837
		13,51,04,82,135	11,54,01,79,984
Less:			
Current Liabilities & Provisions :			
Liabilities	9	2,18,14,16,773	1,82,94,60,683
Provisions		6,09,68,52,674	4,93,64,87,109
		8,27,82,69,447	6,76,59,47,792
Net Current Assets		5,23,22,12,688	4,77,42,32,192
Misc. Expenditure :			
(to the extent not written off or adjusted)	10	3,22,08,200	35,54,13,408
TOTAL		19,43,41,81,443	19,78,61,18,790
Information as required by Schedule-VI of the Companies Act, 1956			
Significant Accounting Policies	16		
Notes on Accounts	17		
	18		

L. Kulshrestha
General Manager (Finance)

Gauri Kumar, IAS
Chairperson

V.L. Joshi, IAS
Managing Director

Joel Evans
Company Secretary

Tapan Ray, IAS
Director

Raj Gopal, IAS
Director

Place : Ahmedabad
Date : 11th June, 2008

As per our report of even date attached :
For Manubhai & Co.
Chartered Accountants

K.B. Solanki
Partner

Place : Ahmedabad
Date : 11th June, 2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

Schedules		2007-08 Rs.	2006-07 Rs.
Income :			
Sales		9,81,05,53,710	5,88,95,65,284
Less: Excise duty		39,89,190	78,424
		9,80,65,64,520	5,88,94,86,860
Other Income	11	56,61,94,874	34,01,56,032
Increase in stock	12	11,45,76,198	79,83,120
Excess provision of earlier Years		1,02,03,748	56,20,95,340
	Total	10,49,75,39,340	6,79,97,21,352
Expenditure:			
Manufacturing & Other Expenses	13	4,43,64,39,564	2,94,44,46,502
Interest	14	70,24,76,778	73,70,52,440
Depreciation		95,53,69,479	1,29,32,04,780
Mining & Project Development deferred Expenses written off		32,26,95,762	3,01,11,196
Prior period adjustments	15	-33,90,685	11,73,83,788
	Total	6,41,35,90,898	5,12,21,98,706
Profit before Tax		4,08,39,48,442	1,67,75,22,646
Provision for Income-tax [including Wealth-tax amounting to Rs.1,05,000 (PY Rs. 1,05,000)]		1,10,01,05,000	18,18,05,000
Less: MAT Credit entitlement		5,35,91,568	18,17,00,000
Provision for deferred tax		39,32,25,048	58,66,33,077
Provision for Fringe Benefit Tax		49,00,000	40,00,000
		1,44,46,38,480	59,07,38,077
Profit after Tax		2,63,93,09,962	1,08,67,84,569
Less: Short provision of Deferred Tax liability(Net)		—	14,20,47,796
		2,63,93,09,962	94,47,36,773
Add : Balance of profit of last year		20,66,44,374	13,39,51,701
Profit available for appropriation		2,84,59,54,336	1,07,86,88,474
Less : Appropriations :			
General Reserve		2,00,00,00,000	50,00,00,000
Proposed Dividend		31,80,00,000	31,80,00,000
Tax on Dividend		5,40,44,100	5,40,44,100
Balance carried to Balance-sheet		47,39,10,236	20,66,44,374
Basic and diluted earning per share (Refer Note No.20 of Schedule18)		16.60	5.94
Information as required by Schedule-VI of the Companies Act,1956	16		
Significant Accounting Policies	17		
Notes on Accounts	18		

L. Kulshrestha
General Manager (Finance)

Gauri Kumar, IAS
Chairperson

V.L. Joshi, IAS
Managing Director

Joel Evans
Company Secretary

Tapan Ray, IAS
Director

Raj Gopal, IAS
Director

Place : Ahmedabad
Date : 11th June, 2008

As per our report of even date attached :
For Manubhai & Co.
Chartered Accountants

K.B.Solanki
Partner

Place : Ahmedabad
Date : 11th June, 2008



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

Cash-flow statement for the year ended on 31st March, 2008 Pursuant to the listing agreement with stock exchange.

Particulars	2007-08 Rs.	2006-07 Rs.
A Cash-Flow from Operating Activities:		
Net Profit before tax & extra ordinary items	4,083,948,442	1,677,522,646
Adjustments for:		
Depreciation	955,369,479	1,293,253,202
Profit on Investments	—	(61,107)
Provision for Doubtful Debts, Loans & Advances	138,313,786	923,599
Road Expenses Amortised	—	8,765,211
Assets written off	127,598	8,012,851
Depreciation written back	—	(553,638,265)
Excess Provision of Earlier Years	(257,389)	—
Provision for Obsolete Stock	11,254,604	—
Surplus / Deficit on sale of assets	(10,080,719)	(1,351,839)
Interest & Finance Charges	702,476,778	737,052,440
Dividend & Income From Units	(84,796,380)	(45,482,980)
Interest from Bank & Corporates	(221,661,283)	(160,597,665)
Interest on Tax Free Bonds	(3,632,588)	(12,601,307)
Operating profit before working capital changes:	5,571,062,328	2,951,796,786
Adjustments for:		
Trade & Other Receivable	193,054,464	(571,857,571)
Inventories	(200,173,415)	(20,456,959)
Trade Payable	350,324,321	295,939,855
Cash generated from operations	343,205,370	(296,374,675)
Direct Taxes Paid	5,914,267,698	2,655,422,111
	(1,523,988,566)	(202,872,475)
Cash-flow before extra ordinary items:	4,390,279,132	2,452,549,636
Extra ordinary items:		
Increase in Misc/Prior Period Adjustments	287,080,443	(8,344,503)
Net Cash-Flow from Operating Activities	4,677,359,575	2,444,205,133
B Cash-Flow from Investing Activities:		
Purchase of fixed assets	(441,619,520)	(401,286,811)
Sale of fixed assets	12,776,949	3,909,635
Redemption / Purchase of Investments	6,521,000	101,811,107
Interest Received	3,632,588	12,601,307
Dividend & Income from units	84,796,380	45,482,980
Net cash used in Investing Activities	(333,892,603)	(237,481,782)
C Cash-Flow from Financing Activities:		
Total proceeds from borrowing (net)	(2,955,435,922)	(1,238,489,428)
Interest & financial charges	(702,476,778)	(737,052,440)
Interest from Bank and Companies	221,661,283	160,597,665
Dividend paid	(372,044,100)	(217,559,700)
Net cash used in Financing Activities	(3,808,295,517)	(2,032,503,903)
Net increase in Cash & Cash Equivalents	535,171,456	174,219,449
Cash & Cash Equivalent at the beginning of year	745,486,309	571,266,860
Cash & Cash Equivalent at the end of year	1,280,657,765	745,486,309

Notes : 1. Cash and Cash Equivalents include cash and Bank Balances.
2. The Cash Flow Statement has been prepared under the 'Indirect Method'.

L. Kulshrestha
General Manager (Finance)

Gauri Kumar, IAS
Chairperson

V.L. Joshi, IAS
Managing Director

Joel Evans
Company Secretary

Tapan Ray, IAS
Director

Raj Gopal, IAS
Director

Place : Ahmedabad
Date : 11th June, 2008

As per our report of even date attached :
For Manubhai & Co.
Chartered Accountants

K.B.Solanki
Partner

Place : Ahmedabad
Date : 11th June, 2008

ANNEXURES TO THE BALANCE SHEET

Annexures to the Balance Sheet	Rs.	As at 31-03-08 Rs.	As at 31-03-07 Rs.
SCHEDULE - 1 SHARE CAPITAL :			
Authorised :			
24,50,00,000 Equity share of 2 each (Previous year 4,90,00,000 equity shares of Rs. 10/- each)		49,00,00,000	49,00,00,000
1,00,000 Preference shares of Rs.100 each (Previous year 1,00,000 Preference shares of Rs. 100 each)		1,00,00,000	1,00,00,000
TOTAL		<u>50,00,00,000</u>	<u>50,00,00,000</u>
Issued,Subscribed and Paid-up :			
15,90,00,000 Equity shares of Rs.2/- Each (out of the above 14,31,00,000 Shares were issued as fully paid bonus shares by Capitalisation of the General Reserve) (Previous year 3,18,00,000 of Rs. 10 each (out of the above 2,86,20,000 shares were issued as fully paid bonus shares by Capitalisation of the General Reserve)		31,80,00,000	31,80,00,000
TOTAL		<u>31,80,00,000</u>	<u>31,80,00,000</u>
SCHEDULE - 2 RESERVES AND SURPLUS :			
General Reserve :			
Balance as per last Balance-sheet	7,86,26,83,849		7,36,26,83,849
Add : Transferred from Profit & Loss Account	2,00,00,00,000		50,00,00,000
Less: Adj of transitional Gratuity liability on adoption of revised AS-15 "Empolyess Benefits" (refer note no 17 of Schedule 18)	<u>3,76,20,641</u>		
		9,82,50,63,208	7,86,26,83,849
Balance of Profit & Loss Account		<u>47,39,10,236</u>	<u>20,66,44,374</u>
TOTAL		<u>10,29,89,73,444</u>	<u>8,06,93,28,223</u>
SCHEDULE - 3 SECURED LOANS :			
Loan From Gujarat State Financial Services (PY from a Financial Institution) Secured by Inter Corporate Deposits Receipts (Previous year secured by way of first charge of mortgage properties, (present and future) and hypothecation of movable properties, movable machineries, stocks, receivables (both present and future.)		2,00,00,00,000	9,59,82,93,065
SCHEDULE - 4 UNSECURED LOANS :			
Loan From Gujarat State Financial Services		4,64,28,57,143	—
TOTAL		<u>6,64,28,57,143</u>	<u>9,59,82,93,065</u>
Repayable within one year			
Secured Loan		2,00,00,00,000	1,23,84,89,432
Unsecured Loan		1,42,85,71,428	—



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

Annexures to the Balance Sheet

	Rs.	As at 31-03-08 Rs.	As at 31-03-07 Rs.
SCHEDULE - 5 DEFERRED TAX LIABILITY :			
(a) Deferred Tax Assets on account of :			
Disallowance under Income Tax		8,22,77,080	10,89,79,630
Unabsorbed Depreciation		—	30,38,80,005
		8,22,77,080	41,28,59,635
(b) Deferred Tax Liabilities on account of :			
Depreciation		2,25,66,27,936	2,21,33,57,137
Net Deferred Tax Liability		2,17,43,50,856	1,80,04,97,502

SCHEDULE - 6 FIXED ASSETS :

Sr. No.	Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
		As on 1-4-2007 Rs.	Additions/ Adjustments Rs.	Deductions Rs.	As on 31-3-2008 Rs.	Up to 31-3-2007 Rs.	For the year 2007-2008 Rs.	Deductions/ Adjustments Rs.	As on 31-3-2008 Rs.	As on 31-3-2008 Rs.	As on 31-3-2007 Rs.
1	Free -hold Land	52,80,06,914	9,51,42,187		62,31,49,101	1,07,49,774	51,86,578		1,59,36,352	60,72,12,749	51,72,57,139
2	Buildings	2,12,06,58,156	10,92,08,576	47,164	2,22,98,19,568	38,70,55,276	13,83,30,901	11,773	52,53,70,105	1,70,44,65,083	1,73,36,02,869
3	Plant & Machinery	14,68,08,18,630	28,33,78,979	7,72,59,863	14,88,69,37,741	3,36,90,79,959	70,97,42,789	7,51,20,384	4,00,37,02,734	10,88,32,19,097	11,31,17,38,522
4	Furniture, Fixtures & Appliances	21,29,11,662	3,09,67,357	65,46,040	23,73,32,979	14,65,86,092	1,30,14,561	63,34,759	15,32,64,862	8,40,68,127	6,63,25,538
5	Vehicles	9,81,82,688	90,14,893	52,13,835	10,19,83,466	7,83,89,707	56,09,695	50,28,647	7,89,70,755	2,30,12,991	1,97,92,952
6	Asset not owned by Corpn.	5,22,48,218	10,88,52,533		16,11,00,751	87,65,211	4,26,67,950		5,14,33,161	10,96,67,590	4,34,83,007
7	Leased Assets : Vehicles	22,50,17,273			22,50,17,273	20,36,62,001	46,92,240		20,83,54,241	1,66,63,032	2,13,55,272
	Total Rs.	17,91,78,43,541	63,65,64,525	8,90,66,902	18,46,53,40,879	4,20,42,88,020	91,92,44,714	8,64,95,563	5,03,70,32,210	13,42,83,08,669	13,71,35,55,299
	Total as on, 31-3-2007 Rs.	17,13,58,45,029	82,31,17,632	4,11,19,288	17,91,78,43,373	3,48,61,49,265	75,66,51,879	3,85,13,070	4,20,42,88,074	13,71,35,55,299	
	Capital works in progress (including un-installed machinery and assets in transit etc.)									13,40,75,883	32,90,20,891
										13,56,23,84,552	14,04,25,76,190

NOTE :

- (a) Depreciation for the year Rs. 91,92,44,714
Add : Adjustment of Prior Period Depreciation 3,61,24,765
95,53,69,479
- (b) Above assets include assets retired from active use and awaiting disposal on and after 1-4-1997, stated @5% of their cost Rs. 6,37,69,954/- (P.Y.Rs.11,86,08,217) Net value Rs.15,81,779/- (P.Y.Rs.27,14,585/-)

Schedule - 7 INVESTMENTS (At cost) (fully paid) :

Long Term

(1) Government Securities : (Un-quoted)		
6 years- National Saving Certificates (deposited with Government authorities)	—	1,000
(2) Quoted:		
(a) Units :		
5,37,180(5,37,180) 6.75 % Tax free US64 Bonds of the face value each of Rs.100	5,37,18,000	5,37,18,000
		5,37,18,000
(b) Shares :		
(i) 32,68,480 (32,68,480) Equity Shares of each of Rs.10 of Gujarat Alkalies & Chemicals Ltd. (Refer note no.,12 of Schedule,18)	34,14,24,000	34,14,24,000
(ii) 10,00,000 (10,00,000) Equity shares each of Rs.10 of Gujarat State Fertilisers & Chemicals Limited,Baroda	10,01,25,000	10,01,25,000
(iii) 9,35,600 (9,35,600) Equity shares of Rs.10 each of Gujarat State Financial Corporation Less : Provision made for diminution in value	1,87,12,000 1,87,12,000	1,87,12,000 1,87,12,000
(iv) 7,77,900 (7,77,900) Equity shares of Rs.10 each of Vijaya Bank	77,79,000	77,79,000
	44,93,28,000	44,93,28,000

ANNUAL REPORT 2007-2008

Annexures to the Balance Sheet

	Rs.	As at 31-03-08 Rs.	As at 31-03-07 Rs.
(3) Unquoted:			
(A) Shares :			
(i) 10,00,000 (10,00,000) Equity shares of Rs.10 each of Gujarat Informatics Limited	1,00,00,000		1,00,00,000
(ii) 1000 (1000) Equity shares of Rs.100 each of Gujarat Industrial Technical Consultancy Organization Limited	1,00,000		1,00,000
(iii) 74,25,000 (74,25,000) Equity Shares of Rs.10 each of Gujarat Guardian Limited	7,42,50,000		7,42,50,000
(iv) 10,00,000 (10,00,000) Equity Shares of Rs.10 each of Gujarat State Petroleum Corporation Limited	1,00,00,000		1,00,00,000
(v) 2,48,000 Shares of Rs.,10/- each of Bhavnagar Energy Company Ltd.	24,80,000		
		9,68,30,000	9,43,50,000
(C) Other Investments :			
(i) In corpus of Gujarat Venture Capital Fund -,1995		75,00,000	1,65,00,000
		60,73,76,000	61,38,97,000
Aggregate cost of quoted investments [Market value of Rs.75,87,06,271(P.Y.Rs.64,84,74,794)]		52,17,58,000	52,17,58,000
Aggregate cost of unquoted investments		10,43,30,000	11,08,51,000
TOTAL		62,60,88,000	63,26,09,000

SCHEDULE — 8 CURRENT ASSETS, LOANS & ADVANCES :

SCHEDULE — 8.1 Inventories

Stores & Spare Parts	32,93,46,560	25,32,53,816
Loose Tools	12,42,324	13,02,874
Stores & Spares in transit	33,19,858	50,09,439
		33,39,08,742
Stock-in-trade :		
Mined Ore	10,00,24,855	3,38,32,005
Finished Goods	4,85,75,515	1,09,467
Goods-in-Process	—	82,700
		14,86,00,370
TOTAL		48,25,09,112



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

Annexures to the Balance Sheet	Rs.	As at 31-03-08 Rs.	As at 31-03-07 Rs.
SCHEDULE — 8.2 SUNDRY DEBTORS: (Un-secured)			
(a) Outstanding for a period exceeding six months :			
Considered Good (including lease debtors)	10,50,83,369	10,90,54,852	
Considered Doubtful	75,98,501	75,98,501	
	11,26,81,870	11,66,53,353	
(b) Other Debts : (including lease debtors)			
Considered Good	70,26,20,916	82,44,64,406	
	81,53,02,786	94,11,17,759	
Less : Provision	75,98,501	75,98,501	
TOTAL	80,77,04,285	93,35,19,258	
SCHEDULE — 8.3 CASH AND BANK BALANCES :			
1. Cash & Stamps on hand	1,02,295		2,19,587
2. Remittance in Transit	2,50,00,000		10,00,00,000
		2,51,02,295	10,02,19,587
3. With Scheduled Banks :			
(i) * In Current Accounts	69,95,51,773		35,85,86,988
(ii) In Fixed Deposit Accounts	55,50,50,489		28,51,58,644
		1,25,46,02,262	64,37,45,632
4. With Non-Schedule Banks : Maximum Balance			
(a) In Fixed Deposit Account : (Rs.)			
(i) Ahmedabad Mahila Nagrik 24,00,000 24,00,000			24,00,000
Sahkari Bank Limited, Ahmedabad (in liquidation) (PY 24,00,000)			
(ii) Ahmedabad Urban			
Co-operative Bank, 3,50,00,000 3,50,00,000			3,50,00,000
Ahmedabad [in liquidation) (PY 3,50,00,000)			
	3,74,00,000		3,74,00,000
Less : Provision made for Doubtful FDR	3,74,00,000		3,74,00,000
	—		—
(b) In Current Account with :			
Baroda Central Co-operative Bank, Kawant (Maximum Balance 38,33,949) (PY 46,24,076)		9,53,208	15,21,090
TOTAL		1,28,06,57,765	74,54,86,309
*Includes balance in unclaimed dividend accounts		29,49,160	30,28,136

ANNUAL REPORT 2007-2008

Annexures to the Balance Sheet	Rs.	As at 31-03-08 Rs.	As at 31-03-07 Rs.
SCHEDULE — 8.4 OTHER CURRENT ASSETS			
(i) Interest accrued on investments		12,08,655	12,02,032
(ii) Interest accrued but not due on deposits		<u>5,10,10,473</u>	<u>5,66,02,247</u>
TOTAL		<u>5,22,19,128</u>	<u>5,78,04,279</u>
SCHEDULE — 8.5 LOANS & ADVANCES :			
(Unsecured, considered good unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received			
(a) Considered Good	81,23,76,847		77,03,86,789
Considered Doubtful	<u>1,11,19,256</u>		<u>58,32,870</u>
	82,34,96,103		77,62,19,659
Less : Provision	<u>1,11,19,256</u>		<u>58,32,870</u>
		81,23,76,847	77,03,86,789
(b) Deposits with Corporate Bodies (of which Rs. 6,29,27,293 PY 6,29,27,293 is considered doubtful)	2,79,07,21,293		2,89,07,21,293
Less : Provision for doubtful ICD	<u>6,29,27,293</u>		<u>6,29,27,293</u>
		2,72,77,94,000	2,82,77,94,000
(c) Interest accrued and due on deposits (of which Rs. 13,83,13,400 PY 52,86,000 is considered doubtful)	16,12,75,899		16,12,76,800
Less : Provision for doubtful interest on FDR	<u>13,83,13,400</u>		<u>52,86,000</u>
		2,29,62,499	15,59,90,800
(d) Dividend Receivable on Investment		—	1,11,37,500
(e) Other Deposits		9,83,85,186	3,26,17,608
(f) Sales-tax Payments made		7,60,14,647	8,63,52,042
(g) Income-tax Paid in Advance and Tax deducted at source		7,14,91,91,622	5,62,52,03,056
(h) Balance with central excise		<u>6,67,044</u>	<u>2,98,042</u>
TOTAL		<u>10,88,73,91,845</u>	<u>9,50,97,79,837</u>
SCHEDULE — 9 CURRENT LIABILITIES & PROVISIONS :			
SCHEDULE — 9.1 Current Liabilities :			
Sundry Creditors	70,15,43,832		1,15,55,55,599
Advance Payments from customers	87,42,60,500		15,15,65,636
Other Liabilities	41,89,01,269		37,41,78,824
* Unclaimed Dividend	29,49,050		30,28,136
Interest accrued but not due on secured loan	<u>18,37,62,122</u>		<u>14,51,32,488</u>
TOTAL		2,18,14,16,773	1,82,94,60,683
SCHEDULE — 9.2 PROVISIONS :			
Proposed Dividend	31,80,00,000		31,80,00,000
Tax on Dividend	5,40,44,100		5,40,44,100
Provision for Income Tax/ FBT/ Wealth Tax	5,56,91,16,940		4,46,41,11,941
Provision for Leave Encashment/ PF/ Gratuity	15,03,44,092		10,03,31,068
Provision for Excise duty on closing stock	<u>53,47,542</u>		<u>—</u>
		6,09,68,52,674	4,93,64,87,109
		<u>8,27,82,69,447</u>	<u>6,76,59,47,792</u>

* There is no amount due and outstanding to be transferred to Investor Education and Protection fund as on,31-3-2008.



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

Annexures to the Balance Sheet	Rs.	As at 31-03-08 Rs.	As at 31-03-07 Rs.
SCHEDULE — 10 MISCELLANEOUS EXPENDITURE :			
(to the extent not written off or adjusted)			
(1) VRS - Deferred Revenue Expenditure		3,22,08,200	3,73,82,405
		3,22,08,200	3,73,82,405
(2) Pre-operative Expenses on projects under implementation : (Refer Schedule - 18 - Note No. 16)		—	10,57,50,747
(3) Deferred Revenue Expenses of Implemented projects		—	21,22,80,256
TOTAL		3,22,08,200	35,54,13,408

ANNEXURES TO THE PROFIT & LOSS ACCOUNT

Annexures to the Profit & Loss Account	Rs.	2007-08 Rs.	2006-07 Rs.
SCHEDULE — 11 OTHER INCOME :			
Income from Investments : (Gross)			
Dividend	8,47,96,380		4,54,82,980
Profit on Investment	—		61,107
Interest on Tax free Bonds	36,32,588		1,26,01,307
		8,84,28,968	5,81,45,394
Interest from : (Gross)			
Income-tax	72,43,723		78,16,999
Banks and Companies	22,16,61,283		16,05,97,665
Others	89,94,586		1,08,70,230
[Tax deducted at source Rs. 5,05,28,153 (PY Rs. 3,66,60,150)]		23,78,99,592	17,92,84,894
Miscellaneous Income		5,68,64,619	3,56,11,640
Lime/ Lignite Branch transfer		16,55,37,947	5,90,40,687
Profit on Sale of Fixed Assets		1,01,20,485	13,51,839
Lease Rent		43,39,200	43,39,200
Rent		30,04,063	23,82,378
TOTAL		56,61,94,874	34,01,56,032
SCHEDULE — 12 INCREASE/(DECREASE) IN STOCK :			
Closing Stock :			
Mined Ore	10,00,24,855		3,38,32,005
Finished Goods	4,85,75,515		1,09,467
Goods in process	—		82,700
		14,86,00,370	3,40,24,172
Less: Opening Stock :			
Mined Ore	3,38,32,005		2,33,97,416
Finished Goods	1,09,467		25,60,936
Goods in process	82,700		82,700
		3,40,24,172	2,60,41,052
Increase in Stock		11,45,76,198	79,83,120

ANNUAL REPORT 2007-2008

Annexures to the Profit & Loss Account	Rs.	2007-08 Rs.	2006-07 Rs.
SCHEDULE — 13 MANUFACTURING AND OTHER EXPENSES :			
Payments to and Provisions for Employees :			
Salary, Wages and Bonus	49,28,34,698		41,71,90,035
Contribution to PF & Others Funds	6,78,33,736		3,93,31,154
Welfare Expenses	5,01,51,363		4,68,18,960
Terminal Benefits	8,11,24,703		7,86,50,696
		69,19,44,500	58,19,90,845
Operational and Other Expenses :			
Power and Fuel	46,07,06,354		39,98,56,883
Consumption of Stores, Spares & Chemicals	43,01,57,585		30,49,03,221
		89,08,63,939	70,47,60,104
Repairs & Maintenance :			
Buildings	2,47,17,230		1,41,07,059
Machinaries (Including spares)	19,34,15,958		11,79,99,414
Other Assets	17,26,81,101		9,97,81,720
		39,08,14,289	23,18,88,193
Other Expenditure :			
Rent :			
Machinery Hire Rent Charges	1,61,95,113		79,08,803
Rent	2,87,067		3,58,413
		1,64,82,180	82,67,216
Rates and Taxes :			
Royalty and Dead Rent	62,30,91,965		40,65,02,656
Other Rates & Taxes	4,58,89,253		60,66,399
Excise Duty on closing stock	53,47,542		—
Purchase/Sales Tax paid	37,956		13,28,403
		67,43,66,716	41,38,97,458
Overburden Removal/ Loading and Mining Exp.	1,29,43,52,821		70,62,15,946
Insurance Premium	6,31,25,667		7,80,96,210
Payment to auditors :			
Audit fees	4,21,350		2,96,630
Tax Audit	56,180		39,326
Report on Corporate Governance	28,090		28,060
Provision for obsolete stock/stores	1,12,54,604		—



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

Annexures to the Profit & Loss Account	2007-08 Rs.	2006-07 Rs.
SCHEDULE — 13 MANUFACTURING AND OTHER EXPENSES : (Continued)		
Obsolete Asset written off	1,27,598	80,12,851
Remuneration to CMD & MD	6,44,835	6,42,482
Loss on Sale of Assets	39,766	—
Directors' Sitting fees & allowances	13,000	12,500
Donation	20,27,550	2,00,10,000
Contribution to Government Bodies	77,22,000	76,63,967
Provision for Doubtful debts, Loans & Advances	13,83,13,786	9,23,599
Miscellaneous Charges	25,38,40,693	18,17,01,115
	<u>1,77,19,67,940</u>	<u>1,00,36,42,686</u>
TOTAL	<u>4,43,64,39,564</u>	<u>2,94,44,46,502</u>
SCHEDULE — 14 INTEREST :		
Interest/ Financial charges on :		
Fixed Loans	65,85,07,777	73,53,49,008
Others	4,39,69,001	17,03,432
	<u>70,24,76,778</u>	<u>73,70,52,440</u>
TOTAL	<u>70,24,76,778</u>	<u>73,70,52,440</u>
SCHEDULE -15 PRIOR - PERIOD ADJUSTMENTS :		
Income :		
Sales		
Other Income	(6,05,853)	1,46,101
	<u>(6,05,853)</u>	<u>1,46,101</u>
TOTAL	<u>(6,05,853)</u>	<u>1,46,101</u>
Expenditure :		
Payment to the employees	1,44,61,369	11,52,30,722
Consumption of Stores, Chemicals etc.	40,42,338	79,21,975
Repair & Maintenance for Buildings	1,44,773	—
Repair & Maintenance for Machineries	98,63,703	—
Repair & Maintenance for Others	—	33,000
Miscellaneous Mining Expenses	—	4,25,138
Royalty & Dead Rent Charges	(16,64,407)	2,24,730
Rates & Taxes	35,51,684	1,25,285
Consultancy Charges	3,13,542	93,670
Depreciation	(3,61,24,765)	—
Miscellaneous Expenses (net)	11,77,315	4,85,108
Finance Charges	—	16,108
Plantation Charges	87,336	—
Short Provision of earlier Year	1,50,574	97,88,319
	<u>(39,96,538)</u>	<u>11,75,29,889</u>
TOTAL	<u>(39,96,538)</u>	<u>11,75,29,889</u>
Net	<u>(33,90,685)</u>	<u>11,73,83,788</u>

SCHEDULE - 16

I. Information pursuant to the provisions of Para 3, 4C and 4D of part-II of Schedule-VI to the Companies Act, 1956.:
Capacity, Production, Turnover and Stock:

Sr. No.	Particulars	Installed Capacity (M.T.)	Opening Stock		Production Quantity (M.T.)	Turnover		Closing Stock	
			Quantity (M.T.)	Value (Rs.)		Quantity (M.T.)	Value (Rs.)	Quantity (M.T.)	Value (Rs.)
1.	Fluorspar Project, Kadipani Mined Ore	NIL (Nil)	16,363 (16,363)	51,54,428 (51,54,428)	35,800 (Nil)	NIL (Nil)	NIL (Nil)	(a)20,672 (16,363)	65,11,680 (51,54,428)
	Powder and Filter-Cake	30,000 (30,000)	5 (5)	1,09,442 (1,09,442)	4,128 (Nil)	1,578 (Nil)	(b)1,98,74,753 (Nil)	2,555 (5)	3,18,94,562 (1,09,442)
	Briquettes	14,400 (14,400)	5 (5)	82,700 (82,700)	NIL (Nil)	NIL (Nil)	NIL (Nil)	5 (5)	92,986 (82,700)
2.	Bauxite Project , Bhatia Mined Ore	NIL (Nil)	77,641 (83,542)	59,95,622 (65,85,732)	NIL (Nil)	16,982 (5,901)	1,03,14,959 (29,38,748)	60,404(C) (77,641)	1,01,28,342 (59,95,622)
3.	Bauxite Calcination Project, Gadhsisa (Kutchh) Mined Ore	NIL (Nil)	1,00,877 (1,13,060)	2,26,04,636 (1,16,57,256)	7,98,347 (67,046)	4,79,037 (79,229)	34,54,03,015(d) (5,11,05,220)	4,02,459(e) (1,00,877)	8,33,09,013 (2,26,04,636)
	Calcined Bauxite	50,000 (50,000)	— (1,575)	— (21,87,284)	9,945 (Nil)	4,245 (1,575)	2,96,40,357 (23,07,093)	5,700 (Nil)	1,65,87,942 (Nil)
4.	Multi-Metal Project, Ambaji Mined Ore	NIL (Nil)	NIL (Nil)	NIL (Nil)	NIL (Nil)	NIL (Nil)	NIL (Nil)	NIL (Nil)	NIL (Nil)
	Bulk-Concentrate	15,000 (15,000)	317 (413)	NIL (Nil)	NIL (Nil)	NIL (96)	NIL (3,87,042)	317 (317)	NIL (Nil)
5.	Lignite Projects : Panandhro-Mined Ore	NIL (Nil)	NIL (Nil)	NIL (Nil)	81,32,966 (70,90,849)	81,32,966(f) (70,90,849)	6,04,99,88,659(g) (4,49,58,42,053)	NIL (Nil)	NIL (Nil)
	Rajpardi - Mined Ore	NIL (Nil)	NIL (Nil)	NIL (Nil)	3,90,642 (1,34,055)	3,90,642 (1,34,055)	51,58,26,240(h) (12,76,60,310)	NIL (Nil)	NIL (Nil)
	Mata's Madh - Mined Ore	NIL (Nil)	NIL (Nil)	NIL (Nil)	6,64,504 (5,02,616)	6,64,504 (5,02,616)	41,24,91,196 (25,59,47,103)	NIL (Nil)	NIL (Nil)
	Tadkeshwar - Mined Ore	NIL (Nil)	NIL (Nil)	NIL (Nil)	7,79,052 (2,64,452)	7,79,052 (2,64,452)	83,02,68,666 (28,72,48,887)	NIL (Nil)	NIL (Nil)
	Akrimota Power Proj.Nani Chher	250(MW) (250 M.W.)	NIL (Nil)	NIL (Nil)	10,09,124MWH (3,36,024MWH)	10,09,124MWH (3,36,024MWH)	1,58,98,74,870 (64,82,13,933)	NIL (Nil)	NIL (Nil)
7.	Manganese Project- Shivrajpur Mined Ore	NIL (Nil)	619 (Nil)	77,319 (Nil)	NIL (619)	NIL (Nil)	NIL (Nil)	607(i) (619)	75,820 (77,319)
	Mined ore waste	NIL (Nil)	NIL (Nil)	NIL (Nil)	17,078 (62,186)	17,078 (62,186)	64,62,085 (1,71,01,172)	NIL (Nil)	NIL (Nil)

Notes:

- After considering captive consumption of ore of 31m491 M.T. (PY NIL M.T.) for production of Powder/ Filter Cake.
- After excluding Rs. 4,08,907 (PY Rs. 8,13,722) of tailing waste.
- After considering shortage of 255 M.T. of earlier years.
- Including Rs. 4,23,292/- (PY Rs.1,38,270) being sales value of fine dust.
- After issue of 17,728 M.T. (PY Nil) plant grade bauxite for production of Calcined Bauxite.
- Including Branch transfer 9,04,547 M.T. (PY 2,88,335 M.T.) of Lignite and 2,278 M.T (PY 8,130 M.T) of Lime Stone to Power Project-Nani Chher.
- Including Rs.1,41,908/- (PY Nil) being sales value of lime stone
- Including Rs. 1,79,262/- (PY Rs. 3,07,842) being sales value of clay.
- After considering shortage of 12 M.T.



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

SCHEDULE - 16

Information pursuant to the provisions of Para 3,4C and 4D of part-II Schedule-"VI" to the Companies Act, 1956, (continued)

	2007-08		2006-07	
	Quantity M.T.	Value Rs.	Quantity M.T.	Value Rs.
II Raw Material Consumed : (from own mines)				
(a) Fluorspar Project, Kadipani				
Mined Ore	31,491	5,21,23,958	Nil	Nil
Powder/Filter-Cake	NIL	NIL	Nil	Nil
(b) Calcination Project, Gadhsisa				
Mined Ore	17,728	45,11,938	Nil	Nil
	* 49,219	5,66,35,896	Nil	Nil
* Notional value worked for costing				
III Consumption of imported & indigenous raw materials, stores and spares :				
(a) Raw Materials				
	Value Rs.	%	Value Rs.	%
Imported	NIL	NIL	Nil	Nil
Indigenous	5,66,35,896	100.00	Nil	Nil
	5,66,35,896	100.00	Nil	Nil
(b) Components, Stores & Spareparts				
	Rs.	%	Rs.	%
Imported	16,96,636	0.30	23,52,362	0.30
Indigenous	56,68,42,974	99.70	78,86,44,400	99.70
	* 56,85,39,610	100.00	79,09,96,762	100.00
*(Includes Rs.13,83,82,025 (PY Rs. 8,62,36,658) charged to Repairs & Maintenance				
IV C.I.F.Value of Imports :				
Components & Spare-parts		Rs. 65,75,341		Rs. 20,93,940
Capital Goods		NIL		Nil
V FOB value of Exported Bauxite				
		5,87,83,600		Nil
VI Expenditure in foreign currency :				
Service charge		NIL		Nil
VII Profit and Loss Account includes :				
Remuneration to Chairman and Managing Director as under :				
Remuneration		6,16,423		6,38,145
Perquisites		28,412		4,337
		6,44,835		6,42,482
VIII During the year the Corporation has remitted the amount in foreign currency on account of the shareholders as under :				
(a) Year to which dividend relates		2006-07		2005-06
(b) Number of non-resident shareholders		59		14
(c) Number of shares held by them		35,611		12,300
(d) Amount of dividend remitted in foreign currency		3,56,110		73,800

IX SEGMENT REPORTING :

The Corporation has identified two reportable segments viz. Mining and Power. Segments have been identified and reported taking into account nature of products and services, the differing risks and returns and the internal business reporting systems. The accounting policies adopted for segment reporting are in line with accounting policy of the corporation with the following additional policies for segment reporting.

- a) Revenue and expenses have been identified to a segment on the basis of relationship to operating of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- b) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

ANNUAL REPORT 2007-2008

Items	Particulars	2007-08 Rs.	2006-07 Rs.
1	Segment Revenue (net sales/revenue):		
	a) Mining Projects	8,54,93,65,395	5,33,66,19,669
	b) Power Project	<u>1,61,53,73,471</u>	<u>1,22,53,35,278</u>
	Segment Revenue	10,16,47,38,866	6,56,19,54,947
	c) Un-allocable Corporate Revenue	<u>33,28,00,474</u>	<u>23,78,44,830</u>
	Total Revenue	<u>10,49,75,39,340</u>	<u>6,79,97,99,777</u>
2	Segment Results :		
	(Profit/Loss before interest and tax)		
	a) Mining Projects	4,91,69,43,548	3,05,46,35,999
	b) Power Project	<u>-16,35,29,019</u>	<u>-71,02,72,001</u>
	Segment Results	4,75,34,14,529	2,34,43,63,998
	c) Un-allocable Corporate Revenue	<u>-29,33,17,871</u>	<u>-16,72,19,199</u>
	Total	4,46,00,96,658	2,17,71,44,799
	less : Interest Paid	70,24,76,778	73,70,52,440
	Add : Interest Income	<u>32,63,28,562</u>	<u>23,74,30,287</u>
	Net Profit before tax	4,08,39,48,442	1,67,75,22,646
	Less : Provision for Current Tax	1,10,01,05,000	18,18,05,000
	Add : MAT credit entitlement	5,35,91,568	18,17,00,000
	Less : Provision for Deferred Tax	39,32,25,048	58,66,33,077
	Less : Provision for Fringe Benefit tax	<u>49,00,000</u>	<u>40,00,000</u>
	Total Tax Provision	1,44,46,38,480	59,07,38,077
	Profit after tax (Enterprise net profit)	2,63,93,09,962	1,08,67,84,569
	Less : Provision for prior period	—	14,20,47,796
	Add : Balance of profit of last year	<u>20,66,44,374</u>	<u>13,39,51,701</u>
	Profit available for appropriation	<u>2,84,59,54,336</u>	<u>1,07,86,88,474</u>
3	Segment Assets :		
	a) Mining Projects	2,65,88,84,830	2,70,00,41,138
	b) Power Project	<u>12,74,92,83,382</u>	<u>13,53,59,68,348</u>
	Total Segment Assets	15,40,81,68,212	16,23,60,09,486
	c) Un-allocable Corporate Assets	<u>12,30,42,82,677</u>	<u>10,72,89,16,730</u>
		<u>27,71,24,50,890</u>	<u>26,96,49,26,216</u>
4	Segment Liabilities :		
	a) Mining Projects	1,37,29,64,270	78,83,41,242
	b) Power Project	<u>6,76,62,29,279</u>	<u>10,34,44,65,184</u>
	Total Segment Liabilities	8,13,91,93,549	11,13,28,06,426
	c) Un-allocable Corporate Liabilities	<u>19,57,32,57,342</u>	<u>15,83,21,19,790</u>
		<u>27,71,24,50,890</u>	<u>26,96,49,26,216</u>
5	Capital Expenditure :		
	(i) Additions :		
	a) Mining Projects	39,38,10,492	4,83,21,194
	b) Power Project	<u>23,97,82,358</u>	<u>76,91,49,202</u>
		63,35,92,850	81,74,70,396
	c) Head Office and Bhuj Office	<u>29,71,675</u>	<u>56,47,301</u>
	Total Additions	<u>63,65,64,525</u>	<u>82,31,17,697</u>
	(ii) Depreciation :		
	a) Mining Projects	7,52,63,137	8,08,54,118
	b) Power Project	<u>86,02,10,659</u>	<u>1,19,88,78,727</u>
		93,54,73,796	1,27,97,32,845
	c) Head Office and Bhuj Office	<u>1,98,95,683</u>	<u>1,34,71,935</u>
	Total Depreciation	<u>95,53,69,479</u>	<u>1,29,32,04,780</u>

6 Segment assets and liabilities are subject to reconciliation.
7 Segment Revenue of Mining includes Rs. 16,55,37,947/- (P.Y.Rs.5,90,40,687/-) being captive consumption of Lignite/Lime for Power Project.

8 The basis of pricing- inter segment transfers on cost.

9 During the year the Coporation has changed reporting under AS-17 "Segment Reporting" from project wise to activity wise viz. mining and power generation for appropriate disclosure.



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES :

1. BASIS OF ACCOUNTING AND INCOME RECOGNITION :

- a) The Accounts of the Corporation are prepared under the historical cost convention method using the accrual method. The Corporation generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis except that -
Interest recoverable on delayed receipt of lease rentals after the expiry of lease period are accounted when there is certainty of receipt thereof.
- b) Expenses/Income for an amount upto Rs.25,000 in each case is charged/credited as current year's expenses/income.

2. FIXED ASSETS :

- a) The fixed assets are stated at historical cost less depreciation. Cost includes expenditure incurred in their acquisition as well as construction/installation and other related expenditure.
- b) Capital Work in progress includes advances for capital works, machineries not installed and assets in transit.
- c) Cost of civil works required for plant and machinery's support is considered as part of the Plant and Machinery.
- d) Un-serviceable/worn out plant and machineries, vehicles and other assets of the Corporation are written off from the books of account to the extent of 95% of their cost after getting approval of appropriate authorities.

3. MACHINERY SPARES :

Machinery spares for Generating Units, Power Station and Switchyard, etc. either procured alongwith the equipment or subsequently and whose use is expected to be irregular are capitalized and depreciated over the residual useful life of the related plant and machinery. Other spares are treated as "stores and spares" forming part of the inventory and expensed when issued.

4. BORROWING COSTS :

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of the assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

5. DEPRECIATION :

- a) Depreciation has been provided for the fixed assets as under :
 - i) In respect of assets purchased upto 31st March, 1987 on straight line method by writing off 95% of the cost of the block of assets over the specified period of the block of assets under section 205(2)(b) of the Companies Act, 1956 pursuant to the Circular dated 21-5-1986 issued by the Department of Company Affairs at the rates applicable under Income Tax Rules, 1962 in force at the time of acquisition/purchase of assets.
 - ii) In respect of the assets purchased after 31st March, 1987 (except Plant & Machinery of Power Plant) on written down value method at the rates prescribed in Schedule-XIV to the Companies Act, 1956 from time to time.
 - iii) Depreciation is charged on Straight Line Method at the rates prescribed under Schedule XIV to the Companies Act, 1956 in respect of Plant and Machinery including mandatory spares of Power Project.
- b) On the assets disposed off/discarded during the year, depreciation is charged on pro rata basis upto the date of their disposal/discarding.
- c)
 - i) Depreciation on assets acquired in respect of Power Project is charged proportionately from the date of putting them to use on pro rata basis.
 - ii) Depreciation on the assets acquired during the accounting year in respect of Projects other than Power Project is charged proportionately for the period from the month of acquisition if it is acquired during the first fortnight of that month or from the subsequent month if acquired during the second fortnight of that month.
- d) Depreciation on assets given on lease by the Corporation has been provided on Straight Line Method so as to write off 95 percent of the total cost over the primary period of lease.
- e)
 - i) Leasehold land is written off over the period of lease.
 - ii) On the basis of the principle of wasting assets, necessary provision has been made in the accounts, which is based on the data available with the Corporation as regards extraction of the minerals as compared to the technical estimation of mineral reserves.
- f) Capital expenditure incurred on roads not owned by the Corporation is amortized over a period of 5 years.

6. INVESTMENTS :

All the Investments are long term and carried at cost. However, provision is made for diminution in the value of investment other than of temporary nature.

7. INVENTORIES :

- a) Stores, chemicals, spares and loose tools are valued at cost. Cost is ascertained on First in First out basis.
- b) Raw materials, mined ore, goods-in-process and finished products are valued at lower of cost or net realizable value item-wise or block as a whole. Cost is inclusive of excise duty wherever applicable. Cost is ascertained on First in First out basis.

8. FOREIGN CURRENCY TRANSACTIONS :

- a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction.
- b) Monetary items in foreign currencies are translated at the year end rate. The difference between the rates prevailing on the date of transaction and on the date of settlement as also on the translation of monetary items at the end of the year is recognized as income or expenses as the case may be for the year.
- c) In respect of the Suppliers' credit for purchase of fixed assets repayable in foreign currency, the exchange difference arising on repayment/ realignment liabilities is recognized in Profit and Loss Account.

9. EMPLOYEE BENEFITS :

- a) Post employment benefits are recognized as an expense in the Profit and Loss Account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable towards contributions. The present value is determined using the market yields of government bonds at the balance sheet date at the discounting rate.
- b) Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related services are rendered.
- c) Other long-term employee benefits are recognized as an expense in the Profit and Loss Account for the period in which the employee has rendered services. Estimated liability on account of long term benefits is discounted to the current value, using the yield on government bonds as on the date of Balance Sheet at the discounting rate.
- d) Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Profit and Loss Account.
- e) Compensation paid under voluntary retirement scheme is treated as deferred revenue expenditure to be written off over a period of five years. Expenditure incurred in respect of VRS introduced on or after April 1, 2006 is spread over upto March 31, 2010 as per revised Accounting Standard (AS)-15 "Employee Benefit" issued by ICAI.

10. LIABILITIES FOR PURCHASES :

Provisions are made in respect of materials received upto the end of the accounting year for which bills are not received and are estimated where documentary evidence is not available.

11. SALES RECOGNITION :

Sales are recognized at the time of despatch of finished goods. Sales include amounts in respect of excise duty, royalty and packing charges, wherever applicable but excludes sales-tax.

12. LEASE MANAGEMENT FEES :

Income of lease management fees is spread over the primary period of lease.

13. EXCISE DUTY :

Excise duty is accounted on the basis of both the payments made in respect of goods cleared as also provision made for goods lying in stock.

14. TAXATION :

- a) Provision of income-tax for the current year is based on the estimated taxable income for the period in accordance with the provisions of the Income Tax Act, 1961.
- b) Deferred tax is calculated at current statutory income-tax rate and is recognized on timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

- c) Deferred tax assets subject to consideration of prudence are recognized and carried forward only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.
- d) MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternate Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

15. **PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :**

Provisions involving substantial degree of estimation in measurement are recognized when they are in present obligation as result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

16. **PRE-OPERATIVE EXPENSES ON MINING PROJECTS:**

Pre-operative Expenses on Mining Projects under implementation incurred upto the date of commencement of the production on commercial basis are written off in the year in which they are incurred

17. **IMPAIRMENT OF ASSETS :**

An asset is treated as impaired when carrying cost of asset exceeds its recoverable value. An impairment loss is charged to Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed, if there has been a change in estimate of recoverable amount.

18. **REHABILITATION AND RESETTLEMENT EXPENSES :**

Rehabilitation and Resettlement Expenses are charged as revenue in the year in which they are incurred.

SCHEDULE 18 : NOTES ON ACCOUNTS :

1. Contingent liabilities not provided for : Claims against the Corporation not acknowledged as debt Rs.32425.33 (P.Y.Rs.22963.41) lakhs.
 - a) The ex-owners of land acquired for the Akrimota Project of the Corporation have filed suits for enhancement of compensation awarded by the order of the competent authority and the value of enhancement claimed is Rs.709.29 lakhs. Necessary provision shall be made in accounts after final outcome of the case.
 - b) Claims for additional compensation against acquisition of land at Rajpardi and Panandhro for mining activities of the Corporation are under litigation before the Hon'ble Gujarat High Court. Pending the final disposal of the matters by the Hon'ble High Court, Rs.764.25 lakhs has been deposited and shown under the head 'Advance recoverable in cash or kind or for value to be received'.
 - c) Income-tax : Rs.24744.00 lakhs
 - d) Sales-tax : Rs.736.52 lakhs
 - e) Related to Contractors and Others: Rs.5471.27 lakhs
2. Estimated amount of Capital Contracts remaining to be executed and not provided for Rs.741.19 (P.Y.Rs.1516.16) lakhs.
3. Pending clearance of the title of the land, sale deed in respect of the land of the Cement Plant at Hadad sold earlier, is not executed and Rs.24.92 (P.Y.Rs.24.92) lakhs are recoverable from the buyer on execution of sale deed.
4. In view of the Supreme Court's decision in respect of mining activities, applications made by the Corporation for renewal of leases covering 2040 (P.Y.2040) hectares of land for extracting bauxite, lignite, fluorspar, etc. are pending since 1993-94. Necessary adjustment in respect of liability for lease rent and royalty will be provided in accounts on finalization of renewal applications.
5. Royalty on account of sale of Bauxite and Manganese Ore has been deposited on adhoc basis as intimated by the Commissioner of Geology and Mining.
6. During the year, the Corporation has changed depreciation rate on Plant and Machinery including mandatory spares of Akrimota Power Project from 7.84% as prescribed in Power Purchase Agreement to 5.28% as prescribed in Schedule XIV to the Companies Act, 1956.

As per Circular No 14/93 dated 20.12.1993 issued by the Ministry of Law, Justice & Co. Affairs, Department of Company Affairs, a Company can straightaway apply the revised rate as prescribed in Schedule XIV to the Companies Act, 1956 from the year of change of the rate. In view of this, the Corporation has applied the revised rate of 5.28% as prescribed in Schedule XIV to the Companies Act on original cost of the Plant and Machinery including mandatory stores of Akrimota Power Project from accounting year commencing from 1.4.2007.

Had the Corporation continued to provide depreciation for Plant and Machinery including mandatory spares of Power Project @ 7.84%, the depreciation charge for the current year would have been higher by Rs.3199.12 lakhs and profit would have been lower to that extent.
7.
 - a) GSECL (erstwhile GEB) and the Corporation had agreed to create common amenities (school, hospital, drinking water supply, communication, transport facilities, etc.) for the employees of both entities in Panandhro in terms of minutes dated 8.10.1991, 3.8.1992, 1.10.1993. These were to be managed by a Trust to be registered in this regard. Pending formation of the Trust, the capital and revenue expenditure incurred by the Corporation as well as GSECL are shared on 50:50 basis and accounted in the books of the respective entity. Share of 50% given by each against the expenditure incurred by respective entity is subject to confirmation and adjustments, if any. Pending transfer of such assets to the Trust, capital expenditure incurred in the creation of assets towards 50% share of GMDC to the tune of Rs.59.40 (P.Y.Rs.59.40) lakhs are accounted in the books of the Corporation and included in the respective heads of the assets.
 - b) An amount of Rs.567.46 (P.Y.Rs.495.38) lakhs is payable by GSECL on account of 50% of the revenue expenditure incurred by GMDC towards common facilities at Panandhro.
 - c) The Corporation has lodged a claim with GSECL for Rs.551 (P.Y.Rs.551) lakhs being short billing of lignite sold to GSECL during 11th November, 1990 to 13th October, 1993 due to error in the weightometer. As the said claim has not been settled, the same is not accounted for in the books of accounts.
 - d) In respect of sale of electricity, GUVNL (erstwhile GEB) has considered the Return on Equity, Normative Plant Load Factor and auxiliary consumption @ 13% per annum, 75% and 11% respectively as per letter dated 6.10.2006 issued by Energy and Petrochemicals Department, Government of Gujarat. However as per Power Purchase Agreement, the rate of Return of Equity is 16%, Normative Plant Load Factor is 68.5% and auxiliary consumption @ 10%. GMDC and GUVNL are in the process of execution of Supplementary Power Purchase Agreement. Pending such execution, the revenue has been booked on the basis of amount paid by GUVNL against electricity bills.
 - e) The Govt. of Gujarat, Industries & Mines Department issued the directions vide letter No MCR-342007-1125-CH dated 11.5.2007 for charging market price less 25% discount or cost price plus 15% whichever is lower in respect of lignite



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

supplied to GSECL for its Kutch Lignite Thermal Power Station (KLTPS). However, the Board directed to refer the matter to Govt. of Gujarat for re-examination. Pending final directions from Govt. of Gujarat, the Corporation has recognized the revenue w.e.f. 11.5.2007 on sale of lignite as agreed by GSECL. Necessary adjustment shall be made in the accounts after final outcome of the matter.

8. Gujarat State Road Transport Corporation Limited (GSRTC) had agreed to pay overdue lease rent of Rs.1183 lakhs in installments towards providing 254 buses on lease, which was credited to Profit and Loss Account in the FY 2005-06 against which an amount of Rs.136 lakhs is received upto 31st March, 2008. The Management is hopeful for recovery of the balance amount.
9. There are no amounts due to the suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006; this information takes into account only those suppliers who have responded to the enquiries made by the Corporation for this purpose.
10. a) Balance confirmations have not been received from Indian Oil Corporation Limited and Hindustan Petroleum Corporation Limited for Rs.175.02 (P.Y.Rs.225.82) lakhs and Rs.79.41 (P.Y.Rs.31.26) lakhs respectively. The said balances are subject to reconciliation and adjustments in the accounts.
b) Balances of Creditors, Debtors and Loans & Advances are subject to reconciliation and adjustments, if any, in the accounts.
11. In the opinion of Board of Directors, Current Assets. Loans & Advances have value at which they are stated in the Balance Sheet, if realized in the ordinary course of business, unless otherwise stated and provision for all known liabilities are adequate and not in excess of the amount reasonably necessary.
12. As per the Memorandum of Understanding (MOU) dated 30th March, 1995 entered into with the Gujarat Industrial Investment Corporation Ltd (GIIC), the said company had to repurchase all the shares of Gujarat Alkalies & Chemicals Limited (GACL) purchased by GMDC from GIIC by 30th March, 1998 at an agreed price consisting of cost plus interest @ 14% per annum and service charge @ 0.25% per annum less dividend, bonus and rights, etc. received thereon. The shares have not been repurchased by GIIC.
13. The Corporation had placed a Deposit of Rs.20 Crores during the year 1999-2000 with Gujarat Agro Industries Corporation Limited (GAICL) to finance Gujarat Dairy Development Corporation Limited (GDDC) for Voluntary Retirement Scheme (VRS) payment to be made to its employees. Government of Gujarat, Finance Department in terms of the letter dated 6.8.1999 has assured to repay the said deposit together with interest for one year if the execution of the said arrangement stated in the said letter fails and hence, the same is considered as good for repayment of principal amount and interest for one year. However, the Corporation had considered interest income of Rs.1530.27 lakhs upto financial year 2006-07 @ 10% on said deposit out of which the Corporation has recognized interest income of Rs.200.00 lakhs upto one year from placement of deposit and balance amount as doubtful and hence, made full provision thereon.
14. The possession of the Corporation's Guest-house at Bhuj given to Tourism Corporation of Gujarat Limited (TCGL) on 6.8.2002 against proposed sale in terms of letter No GMC-102002-415-CHH.1 dated 10.6.2002 of Ministry of Industries and Mines, Government of Gujarat has been returned to the Corporation on 28.2.2006 in terms of letter No TDC-102001-929-S dated 26.10.2005. TCGL during the period of possession has let out some portion of the Guesthouse. The Corporation is taking necessary steps with TCGL and the Government of Gujarat for recovery of rent for the period of possession, maintenance expenditure, gram panchayat tax and rent recovery from the tenants, which is in process. The said recoveries will be considered in accounts on finalization of negotiations with TCGL and the State Government.
15. The liquidated damages/penalty, if any, on the works completed are determined on completion of contracts.
16. During the year, on consideration of prudence, Pre-operative Expenses on Mining Projects under Implementation are written off in the year in which they are incurred and balance of Pre-operative Expenses Account and Deferred Revenue Expenditure on Implemented Projects, upto 2007 have been charged to revenue in current year as against practice of writing off the same in 10 annual installments from the year of commencement of commercial production.

Had the Corporation continued practice followed upto previous year, the Pre-operative Expenses charged as revenue for the current year would have been lower by Rs.3179 lakhs and profit would have been higher to that extent.

17. Employee Benefits

The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:

- a) The Company adopted Accounting Standard AS-15 (Revised 2005) on Employee Benefit effective from accounting period commencing from 1st April 2007. Consequent to the adoption of AS-15, net transitional liability of Rs. 3,76,20,640/- (net of deferred tax) has been adjusted against general reserve account in accordance with transitional provision in the Standard.
- b) The following table sets out the status of the gratuity plan as required under AS 15 (Revised 2005) and the reconciliation of opening balances of the present value of the defined benefit obligation.

ANNUAL REPORT 2007-2008

i. Changes in Present Value of Obligations.		(Amount in Rs.)
Particulars		March 31,2008
Present Value of Obligation as at the beginning of the year		35,89,07,467
Current Service Cost		2,57,30,036
Interest Cost		2,87,12,597
Actuarial (gain) / Loss on obligations		54,04,103
Benefits paid		(3,68,27,415)
Present value of Obligation as at the end of the year		38,19,26,788
ii. Changes in the Fair Value of Plan Assets.		(Amount in Rs.)
Particulars		March 31,2008
Fair Value of Plan Assets at the beginning of the year		14,32,80,924
Expected Return on Plan Assets		1,40,65,611
Actuarial Gain / (loss) on Plan Assets		(5,64,067)
Contributions		24,10,51,832
Benefits Paid		(3,68,27,415)
Fair Value of Plan Assets at the end of the year		36,10,06,885
iii. The amount recognized in Balance Sheet.		(Amount in Rs.)
Particulars		March 31,2008
Present Value of Obligations as at the end of the year		38,19,26,788
Fair value of plan Assets as at the end of the year		36,10,06,885
Net Asset / (Liability) recognized in Balance sheet		(2,09,19,903)
iv. Amount recognized in the Profit and Loss Account.		(Amount in Rs.)
Particulars		March 31,2008
Current Service Cost		2,57,30,036
Interest Cost		2,87,12,597
Expected Return on Plan Assets		(1,40,65,611)
Net actuarial (gain) / loss recognized in the year		59,68,169
Expenses Recognized in the statement of Profit & Loss		4,63,45,192
v. Investment Details		
Particulars		%Invested as at March 31,2008
Funds with L.I.C.		100
vi. Assumptions		
Particulars		March 31,2008
Mortality Table (LIC)		1994-96 (Ultimate)
Discount Rate		8%
Rate of increase in Compensation Levels		6%
Rate of Return on Plan Assets		9.35%

The estimates of rate of escalation in salary considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. This being the first year of implementation, previous year figures have not been given.



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

The expected rate of return on plan assets is determined on the basis of LIC structure of interest rates on gratuity funds.

- c) Consequent to the Guidance on implementing Accounting Standard 15 "Employees Benefits" (AS-15) which clarifies the applicability of the Accounting Standard, the Corporation has considered certain entitlements to earned leave which can be carried forward to future periods as a long term employee benefit.
- d) In terms of the guidance on implementing the AS-15 (Revised 2005) issued by the Institute of Chartered Accountants of India, the Employees Provident Fund set up by the Corporation is treated as a defined benefit plan since the Corporation has to meet the specified minimum rate of return. As at the year end, no shortfall remains unprovided for. Accordingly, other related disclosures in respect of Provident Fund have not been made and an amount of Rs. 2,29,86,242/- is recognized as an expense towards the Provident Fund scheme of the Corporation included under the head "Payments to and provisions for employees" in Profit and Loss Account.

18. As approved by the Shareholders in Annual General Meeting, the nominal value of the Equity Shares has been revised from Rs.10 per Share to Rs.2 per Share. Consequently, the no. of Shares has been increased from 3,18,00,000 to 15,90,00,000 during the year.

19. The Board of Directors in its meeting held on 30.1.2008 has recommended the issue of Bonus Shares in ratio of 1 : 1 to the Shareholders. The approval of the Shareholders is yet to be obtained Hence, no effect is given in the accounts of the current year.

20. Earning per share :	2007-08	2006-07
Profit after tax (in rupees)	2,63,93,09,962	94,47,36,773
Weighted average no.of equity shares outstanding	15,90,00,000	15,90,00,000
Basic and diluted earnings per share (in rupees)	16.60	5.94 *

* As per requirement of AS-20 "Earning Per Share" calculation of basic and diluted earning per share for the year 2006-07 has been restated consequent to share split.

21. Related party disclosures on 31.3.2008 :

a) Key Management Personnel

Shri C. J. Jose, IAS
(Upto 11.02.2008)

Chairman & Mg. Director

Smt V. L. Joshi, IAS
(From 11.02.2008)

Mg. Director

b) Particulars of remuneration paid to Chairman & Mg. Director/Mg. Director are given in the Note No.VII of the Schedule 16.

c) Associates :

Investments

Sr. no.	Particulars	Bhavnagar Energy Co Ltd	Gujarat Guardian Ltd
1.	Balance as at 1 st April,2007	Nil	Rs. 7,42,50,000/-
2.	Addition during the year	Investment of Rs. 24.80 Lakhs in 2,48,000 Equity shares of Rs. 10/- each.	Nil
3.	Balance as on 31.03.2008	Rs. 24,80,000/-	Rs. 7,42,50,000/-
4.	Income from investment during the year	Nil	Dividend income of Rs. 7,42,50,000/-

22. Disclosures as regards leased assets :

a) (Vehicles)

	2007-08	2006-07
1. Gross carrying amount	22,50,17,273	22,50,17,273
2. Accumulated depreciation	20,83,54,241	20,36,62,000
3. Depreciation charged to Profit & Loss Account	46,92,240	46,92,240

b) Future minimum lease payments receivable under non-cancellation operating leases in the aggregate and for each of the following period :

	2007-08	2006-07
(i) Not later than one year	10,90,36,118	11,23,23,532
(ii) Later than one year and not later than five years	61,47,200	1,04,86,400

c) The Corporation has given on lease vehicles to a State Government Undertaking.

23. Figures of the Previous Year have been re-grouped / re-arranged wherever, necessary to make them comparable with the figures of the current year.

ANNUAL REPORT 2007-2008

24	INFORMATION PURSUANT TO PART-IV OF SCHEDULE VI TO THE COMPANIES ACT,1956 BALANCE-SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE	
	(A) Registration Details :	1206 of,1963-64
	State code	04
	Balance-Sheet Date	31-Mar-08
	(B) Capital Raised during the year :	
	Public Issue	NIL
	Right Issue	NIL
	Bonus Issue	NIL
	Private Placement	NIL
	(C) Position of mobilisation and deployment of funds: (in thousand rupees)	
	Total Liabilities	1,94,34,181
	Total Assets	1,94,34,181
	Sources of Funds :	
	Paid up Share Capital	3,18,000
	Reserves and Surplus	1,02,98,973
	Secured Loans	20,00,000
	Unsecured Loans	46,42,857
	Net Deferred tax Liability	21,74,351
	Application of Funds :	
	Net Fixed Assets	1,35,62,384
	Investments	6,07,376
	Net Current Assets,Loans and Advances	52,32,213
	Miscellaneous Expenditure	32,208
	Accumulated Losses	NIL
	(D) Performance of the Company :	
	Turnover (including other income)	1,04,97,539
	Total Expenditure	64,13,591
	Profit before tax	40,83,948
	Profit after tax (after adjustment of short provision of tax)	26,39,310
	Earning per share Rupees	16.60
	Dividend rate (%)	100.00%
	(E) Name of the principal products,services of the company: (as per monetary terms)	
	(i) Item code no	270220-00
	Product description	Lignite
	(ii) Item code no	252921-00
	Product description	Fluorspar
	(iii) Item code no	260600-01
	Product description	Bauxite
	(iv) Item code no	260600-02
	Product description	Calcined Bauxite
	(v) Item code no	—
	Product description	Generation of Electricity

L. Kulshrestha
General Manager (Finance)

Gauri Kumar, IAS
Chairperson

V.L. Joshi, IAS
Managing Director

Joel Evans
Company Secretary

Tapan Ray, IAS
Director

Raj Gopal, IAS
Director

Place : Ahmedabad
Date : 11th June, 2008

As per our report of even date attached :
For Manubhai & Co.
Chartered Accountants

K.B.Solanki
Partner

Place : Ahmedabad
Date : 11th June, 2008



CERTIFICATE BY CEO AND CFO FOR ANNUAL ACCOUNT 2007-08

- a) We have reviewed the Balance Sheet and the Profit and Loss Account and all the Schedules and Notes on Accounts as well as the Cash Flow Statement for the year and certify that to the best of our knowledge and belief :
- i) these statements do not contain any materially untrue statement or omit any material fact nor contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing Accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative to the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and that we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of which such internal controls, if any, of which we are aware, and the steps we have taken or proposed to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee :
- i) significant changes in internal controls over financial reporting during the year;
 - ii) significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

L. KULSHRESTHA
GENERAL MANAGER (FINANCE)

V. L. JOSHI, IAS
MANAGING DIRECTOR

GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

Registered Office : Khanij Bhavan, Off: 132 Ft. Ring Road, Near University Ground, Vastrapur, Ahmedabad – 380 052

PROXY FORM

Regd. Folio No. _____ Class of Shares : _____

I/We _____ of _____

_____ being a Shareholder of

Gujarat Mineral Development Corporation Limited, holding _____ Shares denoting

Nos. _____

to _____ hereby appoint _____

of _____

_____ (or failing him _____

of _____) as my /

our Proxy to vote for me/us on my/our behalf at the 45th Annual General Meeting of the Corporation to be held at the Registered Office of the Company at Khanij Bhavan, Off: 132 Ft. Ring Road, Near University Ground, Vastrapur, Ahmedabad 380 052 at 11.00 a.m. on Thursday, the 11th September, 2008 and at any adjournment thereof.

Dated _____ day of _____ 2008

Revenue
Stamp
Rs.1.00

Note : This form, in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the Corporation, not less than 48 hours before the meeting.

GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

Registered Office : Khanij Bhavan, Off: 132 Ft. Ring Road, Near University Ground, Vastrapur, Ahmedabad – 380 052

ATTENDANCE SLIP

Regd. Folio No. _____ No. of Shares held _____

Class of Shares : _____

I certify that I am registered Shareholder / proxy for the registered shareholder of the Corporation. I hereby record my presence at the 45th Annual General Meeting of the Corporation at the Registered Office of the Company, at Khanij Bhavan, Off: 132 Ft. Ring Road, Near University Ground, Vastrapur, Ahmedabad – 380 052 at 11.00 a.m. on Thursday, the 11th September, 2008 and at any adjournment thereof.

(Shareholder's / Proxy
name in block letters)

Signature of
Shareholder / Proxy

Note : Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report of the Corporation.

BOOK-POST

To,



**GUJARAT
MINERAL
DEVELOPMENT
CORPORATION
LIMITED**

(A GOVT. OF GUJARAT ENTERPRISE)

Registered Office :

"Khanji Bhavan", 132Ft. Ring Road,

Nr. University Ground, Vastrapur, Ahmedabad - 380 052.

Phone : 2791 3200 / 3501 / 1662 / 1680 / 0665 / 2416 / 2457 / 2443 / 1340

FAX : (079) 2791 3038 / 1151 / 1454 / 1822 / 0969

E-Mail : contact@gmdcltd.com • Website : www.gmdcltd.com