

BOARD OF DIRECTORS

CHAIRMAN

Shri M. Sahu, IAS

MANAGING DIRECTOR

Shri V. S. Gadhavi, IAS

COMPANY SECRETARY

Shri Joel Evans

AUDITORS

M/s. P. Singhvi & Associates
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

Ms. S. Aparna, IAS
Shri Vinay Vyasa, IAS
Shri Bhadresh Mehta

BANKERS

Bank of Baroda
Dena Bank
Vijaya Bank
Axis Bank Ltd.
HDFC Bank Ltd.
State Bank of India
Union Bank of India
IDBI Bank Ltd.

PROJECTS:

Lignite Projects

Panandhro (Dist. Kutch)
Rajpardi (Dist. Bharuch)
Tadkeshwar (Dist. Surat)
Mata-No-Madh (Dist. Kutch)
Bhavnagar (Dist. Bhavnagar)

Fluorspar Project

Kadipani (Dist. Baroda)

Bauxite Projects

Gadhsisa (Dist. Kutch)
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)

Wind Farm Projects

Maliya (Dist. Rajkot)
Jodia (Dist. Jamnagar)
Gorsar (Dist. Porbandar)
Bada (Dist. Kutch)
Varvala (Dist. Jamnagar)

Solar Project

Panandhro (Dist. Kutch)

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AGM DATE, DAY, TIME & VENUE

Date of AGM : 28-9-2012	
Day	: Friday
Time	: 11.00 A.M.
Venue	: Registered Office of the Company Khanij Bhavan, 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

FINANCIAL HIGHLIGHTS

		(` in Lakhs)									
Sr.	Particulars	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
(A) Profitability Analysis											
1.	Total Turnover	169,599.76	142,752.68	106,608.05	98,121.21	98,105.54	58,895.65	43,374.08	36,925.50	27,295.60	29,275.01
2.	Profit before tax	71,771.93	58,461.07	40,608.25	36,990.48	40,839.48	16,775.22	6,669.12	16,799.15	12,046.25	13,052.92
3.	Interest	784.89	1,528.32	2,611.22	5,390.84	7,024.77	7,370.52	5,054.94	20.34	88.56	113.93
4.	Depreciation	10,833.29	9,295.55	8,615.31	7,777.77	9,553.69	12,932.05	13,034.02	804.22	1,133.37	1,262.56
5.	Provision for tax	23,088.65	20,984.72	12,621.37	13,359.87	14,446.38	5,907.38	2,494.48	6,478.03	3,950.57	4,561.87
6.	Profit after tax	48,683.28	37,476.35	27,986.88	23,630.61	26,393.10	10,867.85	4,174.64	10,321.13	8,095.59	8,473.39
7.	Short/Excess provision of tax of earlier years	-	30.70	1.17	488.85	-	1,420.48	649.31	20.33	0.08	17.66
8.	Net Profit after short/excess tax prov of earlier years	48,683.28	37,507.05	27,988.05	23,141.76	26,393.10	9,447.37	3,525.33	10,341.46	8,095.51	8,491.05
9.	Balance of profit of last year	13,046.36	11,626.94	12,939.98	4,739.10	2,066.44	1,339.52	2,989.78	1,461.33	1,980.17	2,103.47
10.	Profit available for appropriation	61,729.64	49,133.99	40,928.03	27,880.86	28,459.54	10,786.89	6,515.11	11,802.79	10,075.68	10,594.52
11.	Dividend in %	150.00	150.00	125.00	100.00	100.00	100.00	60.00	50.00	45.00	45.00
12.	Dividend in Rupees	9,540.00	9,540.00	7,950.00	6,360.00	3,180.00	3,180.00	1,908.00	1,590.00	1,431.00	1,431.00
(B) Net Worth / Capital Employed											
1.	Share Capital	6,360.00	6,360.00	6,360.00	6,360.00	3,180.00	3,180.00	3,180.00	3,180.00	3,180.00	3,180.00
2.	Reserves & Surplus	198,212.64	160,616.99	134,197.57	115,510.61	102,989.73	80,693.28	74,966.36	73,616.63	65,088.77	58,607.00
3.	Gross Fixed Assets	255,743.34	223,619.18	197,608.33	188,640.64	184,653.41	179,178.43	171,358.45	92,749.45	37,249.35	36,937.07
4.	Net Fixed Assets	175,778.06	151,739.13	134,143.07	130,820.45	134,283.09	137,135.55	136,496.96	70,877.57	7,055.98	7,825.87
5.	Capital Employed	220,610.83	191,260.84	171,092.32	185,736.39	187,945.97	188,169.08	186,376.29	180,521.34	137,391.26	105,200.96
6.	Net worth	204,572.64	165,852.01	138,755.83	120,769.80	105,847.65	80,319.15	74,446.76	73,713.62	66,141.06	60,558.49
(C) Financial Ratios											
1.	% of Net Profit										
	On Sales	28.70	26.25	26.25	24.08	26.90	18.45	9.57	27.95	29.66	28.94
	On Gross Fixed Assets	19.04	16.76	14.16	12.53	14.29	6.07	2.44	11.13	21.73	23.31
	On Capital Employed	22.07	19.59	16.36	12.72	14.04	5.78	2.24	5.72	5.89	8.06
	On net worth	23.80	22.60	20.17	19.57	24.93	13.53	5.61	14.00	12.24	13.99
	On Share Capital	765.46	589.25	440.05	371.55	829.97	341.76	131.28	324.56	254.58	266.45
2.	Debt/Equity Ratio	Nil	0.08	0.15	0.39	0.63	1.14	1.39	1.45	1.16	0.84

NOTICE

Notice is hereby given that the 49th Annual General Meeting of the Shareholders of 'Gujarat Mineral Development Corporation Limited' will be held on Friday, 28-9-2012 at 11.00am at the Registered Office of the Company, at Khanij Bhavan, Off:132 Ft. Ring Road, Near University Ground, Vastrapur, Ahmedabad – 380 052 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the 'Profit & Loss Account' of the Corporation for the year ended 31st March, 2012 and the 'Balance Sheet' as on that date and the Report of the Board-of-Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 31st March, 2012.
3. To appoint a Director in place of Shri Bhadrash Mehta, who retires from office by rotation and being eligible , offers himself for re-appointment.
4. To fix up the remuneration of Statutory Auditors for the year 2012-13 to be appointed by the Comptroller & Auditor General of India.

By Order of the Board-of-Directors
Joel Evans
Company Secretary

Date : 25-05-2012
Place : Ahmedabad.

Registered Office :

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

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be effective shall be deposited at the Registered Office of the Corporation, not less than 48 hours before the commencement of the meeting.
2. The 'Members Register' and the 'Share Transfer Book' of the Company shall remain closed from 19-9-2012 to 28-9-2012 (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 28-9-2012. 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. Facility of payment of dividend through ECS / NECS is available. Though shareholders who are holding shares in electronic mode should register their ECS mandate with their respective depository participants directly, for those shareholders who are holding equity shares in physical mode, they are requested to deposit ECS mandate form with the office of the Companies Share Transfer and Registrar Agent M/s MCS Limited, 101, Shatdal Complex, Opp. Bata Show Room, Ahmedabad-9. ECS mandate form for physical holding is attached to this notice which may be filled up by the shareholders and sent to the Registrar and Share Transger Agent.
7. 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.
8. Members desiring any information about accounts at the meeting, are requested to write to the Company at least seven days in advance of the Annual General Meeting.
9. Members / Proxies are requested to bring a copy of their Annual Report and are also requested to produce the Attendance Slip at the entrance of the Meeting Hall.
10. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 dividends for the financial year ended 31st March, 2005 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, 2005 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.



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

The due dates of transfer of unpaid/unclaimed dividend for various years are as under :-

Sr No.	Year	Date of declaration	Due Date of transfer
1	2004-2005	30.09.2005	30.09.2012
2	2005-2006	22.12.2006	22.12.2013
3	2006-2007	29.09.2007	29.09.2014
4	2007-2008	11.09.2008	11.09.2015
5	2008-2009	29.09.2009	29.09.2016
6	2009-1010	28.09.2010	28.09.2017
7	2010-2011	30.09.2011	30.09.2018

By Order of the Board-of-Directors
Joel Evans
 Company Secretary

Date : 25-05-2012

Place : Ahmedabad.

Registered Office :

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

Details of the Directors seeking re-appointment in the this Annual General Meeting pursuant to Clause 40 of the Listing Agreement of Stock Exchanges

Name of Director	Shri Bhadresh Mehta
Date of Birth	23.02.1960
Relationships with other Directors inter-se	N.A.
Date of Appointment	21.10.2008
Expertise in specific functional areas	He holds professionally qualified senior managerial experience with proven success of over 20 years in steering finance and audit functions of reputed Business groups. His areas of specialization are strategic planning, financial management, auditing, risk assessment and management.
Qualification	Chartered Accountant Company Secretary Cost Accountant
No. of Equity Shares held in the Company	NIL
List of other companies in which Directorships are held	NIL
List of committees of the Board of Directors (across all companies) in which Chairmanship/Membership is held	GMDC 1. Audit Committee - Chairman 2. Shareholders' Grievance Committee - Chairman

Note :

1. The Directorships held by Directors as mentioned above, do not include Directorships of Foreign companies, Section 25 companies and Private Limited Companies.
2. Pursuant to Clause 49 of the Listing Agreement, only two committees viz. Audit Committee and Shareholders' Grievance Committee have been considered.

DIRECTORS' REPORT 2011-2012

To
The Shareholders,
Gujarat Mineral Development Corporation Limited

Your Directors have pleasure in presenting 49th Annual Report along with the audited accounts of your Corporation for the financial year 2011-2012. Our profit for the year is ` 48683.28 lakhs as against ` 37507.05 lakhs last year.

Financial Results	2011-12 (` in lakhs)	2010-11 (` in lakhs)
Operating profit	83390.11	69284.94
Less: Interest	784.89	1528.32
Profit after interest, but Before depreciation	82605.22	67756.62
Less: Depreciation/Depletion	10833.29	9295.55
Profit before Tax	71771.93	58461.07
Less: Provision for Tax Expenses	23088.65	20984.72
Profit after Tax	48683.28	37476.35
Add : Excess provision of dividend tax of earlier year	—	30.70
Profit for the year	48683.28	37507.05
Appropriation :		
(i) Proposed Dividend	9540.00	9540.00
(ii) Corporate tax on dividend	1547.63	1547.63
(iii) General Reserve	35000.00	25000.00

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, 2012, 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, 2012 on a going concern basis.

DIVIDEND

Your Directors have pleasure to recommend a dividend of 150% including special dividend of 25% on account of fiftieth year of GMDC's establishment, i.e. ` 3 per share on equity shares. An amount of ` 9540 Lakhs on equity share capital of ` 6360 lakhs shall be paid as dividend.

CONTRIBUTION TO STATE EXCHEQUER:

The Corporation has contributed to the State Exchequer an amount of ` 40485.89 lakhs including Royalty of ` 9038.75 lakhs and Sales Tax of ` 31447.14 lakhs.

SHARE CAPITAL

During the year under review the issued, subscribed and paid-up share capital remained constant at ` 63.60 Crores divided into 31,80,00,000 equity shares of ` 2 each.

FINANCE AND TAXATION

Income Tax assessment of the Corporation has been completed up to the Financial Year 2008-09 and the Sales Tax assessment has been completed up to the Financial Year 2007-08.

INTERNAL AUDIT

M/s. Pipara & Co. and M/s R S Patel & Co. Chartered Accountants were appointed as Internal Auditor of the Corporation for the year 2011-12.

STATUTORY AUDIT

M/s. P. Singhvi & Co., Chartered Accountants were appointed Statutory Auditors of the Corporation by the Comptroller & Auditor General of India for the year 2011-12.

COST AUDIT

M/s Manish Analkat were appointed as Cost Auditors in respect of Akrimota Thermal Power Station for the year 2011-12.

REVIEW OF THE OPERATIONS**LIGNITE PROJECTS**

During the year, your Corporation operated five lignite mines, namely, Panandhro, Mata-No-Madh, Rajpardi, Tadkeshwar and Bhavnagar Lignite Mines. In spite of stiff competition from alternate fuels such as petcoke and imported coal, the total lignite sales were sustained and during the year, 113.42 lakhs MT of lignite were produced from these mines. The mine-wise production figures are as follows :



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

Sr. No.	Name of mine	Lignite production in lakhs MT
1	Panandhro	25.99
2	Mata-No-Madh	35.75
3	Tadkeshwar	22.11
4	Rajpardi	8.54
5	Bhavnagar	21.03
	Total	113.42

FLOURSPAR PROJECT, KADIPANI (DIST. VADODARA)

The efforts are being made to find out some solution for removal of tailing solid waste lying at Kadipani to restart the plant operation and 2965 MT of tailing solids already sold.

A Joint Venture company with M/s Gujarat Fluorochemicals and M/s Navin Fluorine International Ltd. and GMDC was formed.

In the meantime, efforts were also being made to recover the met. Grade filter cake from the old sumps and the same was dried and considered in production and sale Total 1310 MT of MFC "A" grade produced and sold although the plant was stopped during the year.

BAUXITE

During the year under review, the Gadhsisa Group of Mines produced 74897 M.T. of (+) 52% Al_2O_3 bauxite and 5,54,207 MT of (-) 52% Al_2O_3 bauxite and 60,000 MT of bauxite mine dust was produced.

During the year under review, the Gadhsisa group of mines sold 95,511 MT of (+) 52% Al_2O_3 bauxite and 7,65,024 MT of (-) 52% Al_2O_3 bauxite.

Bauxite was provided to captive users of Gujarat and outside State.

MANGANESE

During the period 2011-12, the Corporation disposed off 0.04 Lakh MT of manganese Ore Waste dump lying at Shivrajpur area. The lifting of manganese ore waste dump was stopped due to Forest Order.

MEWASA BAUXITE PROJECT, MEWASA

During 2011-12, the mining operations were closed for want of clearance from National Wildlife Board, New Delhi. The efforts are being made to receive such clearance. In the meantime, from Mewasa mine 9062 MT of non plant grade bauxite sold to the captive users.

POWER PROJECT – NANI CHHER

During the year under review, the total generation of Akrimota Thermal Power Station was 871 MUs. The power project generated the revenue of ` 141 Crores.

WIND FARM

Your directors are pleased to inform you that Wind Farms with a capacity of 40.5 MW were progressively commissioned by 31.03.2012. The total Wind farm capacity as on date is 100.5 MW and it earned revenue of ` 52 Crores. LOI has been issued for additional 50.4 MW Wind farm at Bhanvad to be Commissioned in current financial year 2012-13.

SOLAR POWER

Your Directors are happy to inform you that Corporation recently has set up a 5 MW Solar Power Plant in Kutch region to harness the solar energy with mine reclaimed land.

CDM BENEFITS

19.5 MW first wind farm project at Varsamedi has been registered and approved at UNFCCC for CDM.

ENTERPRISE RESOURCE PLANNING PROJECT – iMine

The project iMine go-live date was 11.04.2011. It was a big bang approach. All the applications were started at a time on ERP at all the mining locations and Corporate Office. We have completed one year in utilizing ERP. ERP is almost stabilized. Implementation of ERP has brought about a sea change in the functioning of the Corporation infusing total transparency in all its operations. Integration of applications, workflow management and e-mail facility has resulted in speeding up of processes and has increased the efficiency.

Gujarat Foundation for Entrepreneurial Excellence (GFEE)

During the year under review, your corporation has entered into an MoU with M/s Gujarat Entrepreneurship and Venture Promotion Foundation as approved by Government of Gujarat for equity investment in GFEE, a section 25 Company set up for the purpose of promoting entrepreneurship amongst youth. As part of the arrangement, your Corporation has invested 50% of the paid up capital of GFEE.

NEW PROJECTS AND SCHEMES OF THE CORPORATION

1. Gujarat Jaypee Cement & Infrastructure Limited

GMDC formed Joint Venture with M/s. Jaypee Associates Limited for setting up of 2.4 million TPA of Cement project based on limestone supply from GMDC. The land required for the project has been identified and application made to concerned department for allocation. Allocation order is awaited. Further progress will take only after allocation of land is made.

2. Gujarat Gokul Power Company Limited

GMDC formed J.V. with M/s. Gujarat Refoils & Solvents Limited for setting up of 125 MW Power Project based on lignite supply from GMDC. The land required for the project has been acquired. Project related activities have started and some of Govt. clearances have also been received.

3. Bhavnagar Energy Company Limited

GMDC along with seven other PSUs formed a JV Company for setting up of 500 MW Power Generation plant based on the lignite to be supplied from 3 lignite mines of GPCL. A tripartite agreement between GMDC, GPCL and BECL has been executed on 31/3/2012. As per the terms of this Agreement, GMDC has been entrusted the work of MDO to develop the project.

4. Gujarat State Mining & Resources Corporation Limited

GMDC along with M/s. Sunflag Iron & Steel Company Limited, has formed a JVC to acquire coking coal blocks to be allocated under Govt. dispensation route for setting up of Coke Oven Plant in Gujarat. We have applied to Govt. of India for allocation of coal blocks. List of coal blocks to be allocated by Govt. of India, has been notified. Application shall be made for identified blocks for allocation. Further progress in the project for setting up of Coke Oven plant depends on coal blocks allocation.

5. Naini Coal Company Limited

GMDC alongwith Pondicherry Industrial Promotion Development & Investment Corporation Limited (PIDICL) set up a JVC to develop the Naini Coal Block allocated jointly to GMDC and PIDICL by Govt. of India, in the ratio of 50:50 coal reserves of the block. Geological report has been prepared by CMPDIL and work for preparation of Mine Planning, Mine Closure, Environment Impact Assessment (EIA) and Environment Management Plan (EMP) is to be awarded to them.

6. RBG Mineral Industries Limited

GMDC, Rajasthan State Mines & Minerals Development Corporation and M/s. Binani Industries Limited have formed a JVC to set up a 2000 TPD Beneficiation plant for lead, zinc and copper based on lease of Ambaji, Deri and Basantgadh. As per the detailed Project Report prepared by M/s. SRK Consultants of USA, the project is economically viable. The valuation of mineral assets of Ambaji was carried out through IBM Nagpur and the draft valuation report received from them is under our scrutiny.

7. Gujarat Credo Mineral Industries Limited

GMDC along with M/s. Credo Mineral Industries Limited formed a JV to set up Zeolite, Proppants and low grade bauxite beneficiation project based on bauxite supply from GMDC. The land required for the project has been purchased near our Naredi mines and all Govt. clearances required for implementation of the project have been obtained. The project for Beneficiation of low grade bauxite (phase-I) is in commissioning stage.

8. Alumina & Aluminium Smelter

GMDC identified M/s. National Aluminium Company Limited (NALCO), a Govt. of India Navratna Company to set up Alumina and Aluminium Smelter plant in Kutch District based on the bauxite to be supplied by GMDC. The proposal for 26% equity participation by GMDC in the JVC has been approved by Govt. of Gujarat.

9. Speciality Alumina Chemicals

GMDC along with M/s. Alumina Refinery Pvt. Ltd. is setting up a project for Speciality Aluminium Chemicals plant in Kutch based on the bauxite to be supplied by GMDC from Kutch. Land required for the project has already been obtained and most of Govt. clearances have also been obtained. Commissioning of the project is in advanced stage and project is expected to start working shortly.

10. Fluorspar Beneficiation plant

GMDC along with M/s. Gujarat Fluorochemicals Limited and M/s. Navin Fluorine International Limited is setting up Fluorspar Beneficiation project, a single largest plant of 40,000 MTPA capacity at Kadipani. For selection of suitable technology, ore sample has been sent to China for lab test which will take about a month or so. On receipt of analytical report, further course of action for selection of technology shall be taken.

Environment Programme

There is a responsibility on every citizen of the globe to contribute to the efforts to ensure the health & diversity of the planet as well as protect and conserve its natural resources for their selves as well as for future generations. GMDC is committed to contribute, in accordance with its capacity, to the global endeavor to deal with climate change. Along with sustainable mining we are involved in thermal power generation as well as environment friendly Solar and Wind Energy generation. GMDC believes that to save the future generations, we have to save the environment otherwise they will perish.

For better growth of Gujarat State GMDC is doing all by the balancing of operation and environmental management in mining. GMDC has planned for capacity expansion of its Mata No Madh project - Kutch from 2.4 to 4.8 MTPA, and Surkha (N), Lignite Mines, Bhavnagar for capacity expansion from 3 to 5 MTPA. Ministry of Environment & Forests, New Delhi already has issued Terms of Reference (ToR) for capacity expansion of Surkha (N), Lignite Project Bhavnagar. At the same project of Surkha (N) we are also planning to install Pyrite Separation Plant of 3 MTPA capacity. This separation plant will help in reduction of Sulphur Content in atmosphere at user end. Being closer to sanctuary, Mata No Madh, Umarsar lignite mines; Mevasa-1 bauxite mine and Shivarajpur Manganese Mine proposal are being recommended by State Wild Life Board and further submitted for the approval to National Wild Life Board - New Delhi. For wild life clearance of Ambaji Metal Mines, application has filed with State Wild Life Board, Gujarat.

In addition to above, our company has intensified environmental protection measures by way of reclamation of mined out area by backfilling and afforestation, plantation on overburden dump, virgin area and roadside through in house sources as well as through Forest department. GMDC has planted total 2.25 Lakhs plants through Forest department and departmentally on 130.55 ha. area in the year 2011-12, which contributes for environmental protection and conservation and restoration of mined out areas.



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

Your Corporation is well concerned with the environmental protection and takes appropriate preventive and curative measures to maintained environment. For control of pollution and environmental protection, we are following an effective environment management system at all projects with regular water sprinkling for dust suppression, electrostatic precipitator for stack emission control, Sewage and Effluent Treatment Plants for the control of water pollution and regular noise / vibration measurement for controlling noise pollution from machines. GMDC has its own Environmental Department with qualified staff at Corporate Office headed by Chief General Manager (IFS) and at projects headed by GM (Projects).

To maintain the environmental control measures and standards very effectively, a third party contract has been awarded to Gujarat Pollution Control Board approved laboratory for monthly environmental monitoring of all GMDC Projects. It helps your Corporation to maintain all regulatory parameters as per regulatory requirements. These reports are submitted periodically to GPCB.

Under the directives of Hon'ble High Court of Gujarat, Environmental audit of all operational GMDC Projects is essential. To comply with the same GMDC is awarding Annual Environmental Auditing work to Gujarat Pollution Control Board approved Schedule I Auditor and submitted this report to Gujarat Pollution Control Board, Gandhinagar along with the compliance of Observation & Recommendations. Compliance of Environmental clearance is submitting once in six months to Ministry of Environment & Forest, New Delhi as well as compliance of Consent to Operate is submitting to Gujarat Pollution Control Board twice in a year along with all necessary documents and reports.

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. There is a facility of telemedicine at select hospitals which provide state of the art techno-medical intervention.
2. Ambulance Vans to Taluka Panchayats of Kutchh.
3. Uniform, ISI & DGMS approved safety shoes helmets and all safety devices as per the provisions of the Mines Act.

SOCIALLY RESPONSIBLE AND INCLUSIVE DEVELOPMENT

GMDC is conscious towards need to have an inclusive approach for development. Your Corporation operates its projects in some of the remotest and arid regions of the State. In order to bring these rural regions into mainstream of development concentrated efforts are made to assess the developmental needs at the grass root level and then provide the much needed rural infrastructure. The sectors catered are health, education, water, micro irrigation and livelihoods. Your Corporation has sponsored girl students belonging to

weaker sections of the society in Lakhpat region for education. Under a special Micro Irrigation System implemented in collaboration with State model agency, 46% beneficiary are marginal farmers in Kutch region. This drip irrigation has increased the crop yield and enhanced standard of living of these rural people. A mobile medical van caters to 49 villages in Kutch and provides a very crucial medical facilities. Hospitals situated at various projects of your corporation, provide medical services to villages surrounding these projects. Your Corporation has also completed a gap analysis exercise in 54 villages in Lakhpat taluka of Kutch Society of which your Corporation is a part, thus forms a core in continuous development.

PARTICULARS OF EMPLOYEES

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

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 at Annexure-I and forms part of this report.

BOARD-OF-DIRECTORS

During the year under review, Ms S Aparna, IAS was appointed as Director in place of Shri Atanu Chakraborty, IAS.

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-II.

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 various bodies of State Government of Gujarat 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

Sd/-

M Sahu
Chairman

Place : Gandhinagar
Date : 25-05-2012

FORM – A

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

A. Conservation of Energy**(a) Energy Conservation Measures taken**

- (i) Set up 2 x 10 KW roof top solar plant at Bhavnagar and at Corporate Office

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

- (i) Proposal to set up roof top solar power plants at various other project offices of the Corporation

(c) Impact of the above measures

- (i) Alternative non conventional energy source will result in saving of traditional energy

B. Technology absorption

The disclosure is made in the prescribed Form B.

C. Foreign Exchange Earnings and outgo

Total foreign exchange used : Euro 127680,
JPY 29359000,

Total foreign exchange earned : NIL

FORM B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION RESEARCH AND DEVELOPMENT

Research and Development

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

Research & Development (R&D)**1. Specific Areas in which R & D carried out by Company**
NIL**2. Benefits derived as a result of above R & D**
NIL**3. Future Plan of Action**

1. Value addition of low grade manganese mineral.
2. Development of Deep seated lignite and coal deposit thorough Underground Coal Gasification method.
3. Laterite and low alumina content bauxite value addition for use in proposed Alumina projects.
4. Value addition of Silica Sand of Rajpardi mine
5. Exploration of lignite, bauxite, limestone and manganese.
6. Setting up 50.4 MW Wind Farm project.

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

1. Installation of wind power farms with a capacity of 100.5 MW.
2. Set up 5 MW solar power plant
3. Latest Fluorspar beneficiation technology.
4. Dry beneficiation of Lignite to reduce moisture and sulphur content.

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

Generation of clean and sustainable energy.

1. Recovery of ore will improve and process cost will be reduced.
2. Dry beneficiation will improve Calorific value of Lignite from 3000 to 4000 Kcal and dry beneficiated Lignite will be eco friendly fuel.

CORPORATE GOVERNANCE REPORT

(Pursuant to clause 49 of the Listing Agreement)

Company's philosophy on Code of Governance

GMDC is committed to good governance practices across all the fields where it operates. Being a Government Public Sector Undertaking, GMDC envisages the attainment of the high standards of corporate governance by timely disclosures, transparent accounting policies, responsibility and fairness. The Company is consciously adopting the practices that are transparent and effective. It is its corporate philosophy that good corporate governance practices ultimately results in the enhancement of value for all the stakeholders, be they shareholders, Government, society or business community at large. Its endeavour is to maximize the long term value of the shareholders of the Company.

BOARD-OF-DIRECTORS

Composition

The present strength of the Board is five Directors, The Board of Directors of the Company comprises of mix of both Executive and Non-executive Directors with independent Directors. The Board members consist of persons with professional expertise and experience in various fields of Finance, Accounts, Management, Law, Labour Welfare etc. Further, Being a Government Public Sector Undertaking, majority Directors are IAS Officers who have possessed professional expertise and experience in various fields of finance, accounts, management, laws etc. and are appointed by the Government of Gujarat except Shri Bhadresh Mehta.

Category and Designation of Directors:

Sr. No.	Name of the Directors	Category	Designation	No. of Directorship in other (Excluding Pvt. Limited Companies)	No. of Specified Committees (Other than (GMDC) in which Chairman/Member	
					Chairman	Member
1	Maheshwar Sahu, IAS	NED/PD	Chairman/ Director	06	-	-
2	Vasantbhai Shaktidan Gadhi, IAS	ED/PD	Managing Director	10	-	01
3	Vinaykumar Yogesh chandra Vyasa, IAS	NED/PD	Director	Nil	-	02
4	Bhadresh Vinay chandra Mehta	NED/ID	Director	Nil	01	-
5	*Ms. S Aparna, IAS	NED/PD	Director	10	-	02
6	**Atanu Chakraborty IAS	NED/PD	Director	13	-	-

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.
4. Outside directorship do not include alternate directorship, directorship of Private Ltd. Companies, Section 25 Company and of Companies incorporated outside India. The Number of outside Committee position held includes Audit Committee and Investor Grievance Committee only.
5. *Ms. Aparna Subramani has been appointed by GOG on 20th September 2011 and Shri Atanu Chakraborty has resigned from the Directorship on 8th July 2011 due to his transfer.
6. **PD-Promoter Director, NED-Non Executive Director, ED-Executive Director

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

Eight meetings of the Board-of-Directors were held during the year i.e. on 30.5.2011, 5.8.2011, 2.9.2011, 19.10.2011, 14.11.2011, 12.01.2012, 30.1.2012 & 29.3.2012.

The attendance of each Director at the Board Meetings held during the year and at the last Annual General Meeting held on 30th September, 2011 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 M S Sahu, IAS Chairman	8	8	No
2	Shri V S Gadhi, IAS, Managing Director	8	8	YES
3	Ms. S Aparna,, IAS	5	4	NO
4	Shri Vinay Vyasa, IAS	8	5	Yes
5	Shri Bhadresh Mehta	8	7	Yes
6	Shri Atanu Chakraborty, IAS	2	1	No

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 Committee
2. Personnel Committee
3. Share Transfer Committee

Audit Committee

The Audit Committee of the Company comprises of following three non-executive directors out of which one is Independent Director as on 31.03.2012.

- | | |
|-------------------|---|
| 1. Bhadresh Mehta | Non-Executive Director/Independent Director |
| 2. Ms. S. Aparna | Non-Executive Director/Promoter Director |
| 3. Vinay Vyasa | Non-Executive Director/Promoter Director |

The Audit Committee is headed by an independent director. The Audit Committee met four times during the Financial Year 2011-12 to discuss *inter alia* the Auditor's Report, adequacy of internal control / internal audit system and functions, to review the unaudited quarterly financial results etc on 30.5.2011, 30.8.2011, 14.11.2011 and 30.1.2012. The number of meetings of Audit Committee and attendance of members at these meetings during the year are stated as under:

Sr. No.	Name of the Directors	Meeting held during tenure	Attended
1.	Shri Bhadresh Mehta	4	3
2.	Shri Atanu Chakraborty, IAS	2	1
3.	Ms. S. Aparna, IAS	2	1
4.	Shri Vinay Vyasa, IAS	4	3

The Company Secretary acts as Secretary to the Audit Committee.

The Chairman of the Audit Committee was present at 48th Annual General Meeting of the Company held on 30th September 2011.

Terms of Reference of the Audit Committee

The terms of reference of Audit Committee is governed by the provisions of Clause 49 of the listing agreement. The terms of reference, *inter alia*, include oversight of the Company's financial reporting process, review of annual financial statements, quarterly financial statements, internal control systems, internal audit reports etc.

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.

However, the Details of Sitting Fees and remuneration paid to the Directors for the year 2011-12 are mentioned hereunder along with their shareholding in the Company.

Sr. No.	Name of the Directors	Remuneration paid (₹ in lakh)	Sitting fees (₹)	No. of Shares held
1.	Shri Maheshwar Sahu, IAS Chairman	—	40,000*	Nil
2.	Shri V S Gadhi, IAS Managing Director	14.69	—	Nil
3.	Shri Atanu Chakraborty, IAS	—	10,000*	Nil
4.	Ms. S Aparna, IAS	—	35,000*	Nil
5.	Shri Vinay Vyasa, IAS	—	55,000*	Nil
6.	Shri Bhadresh Mehta	—	70,000	Nil

*Paid into Government Treasury

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 was as under:

Shri Bhadresh Mehta	-	Chairman
Shri V S Gadhi, IAS	-	Member

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

Period	Complaints Received	Complaints Redressed
01-04-2011 to 30-06-2011	01	01
01-07-2011 to 30-09-2011	18	18
01-10-2011 to 31-12-2011	05	05
01-01-2012 to 31-03-2012	05	05
Total	29	29

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



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

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:

Shri Bhadresh Mehta	-	Chairman
Shri V S Gadhavi, 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.

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
2008-09	29.09.2009	11.00 AM	Registered Office of the Company, at Khanij Bhavan, 132' Ring Road, Near University Ground, Vastrapur, Ahmedabad – 380 052
2009-10	28.09.2010	11.00 AM	Registered Office of the Company, at Khanij Bhavan, 132' Ring Road, Near University Ground, Vastrapur, Ahmedabad – 380 052
2010-11	30.09.2011	11.00 AM	Registered Office of the Company, at Khanij Bhavan, 132' Ring Road, Near University Ground, Vastrapur, Ahmedabad – 380 052

No Extra Ordinary General Meeting was held during any of the last three financial years.

- (b) Whether any special resolutions passed in the previous 3 AGMs ? No

Sr No.	Year	Subject
1	2010-11	NIL
2	2009-10	NIL
3	2008-09	NIL

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

Disclosures:

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

For details, about related parties transactions, see Note No. 19 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.
 (c) In the preparation of financial statements, there is no treatment different from that prescribed in accounting standards.
 (d) The company has integrated approach to manage the risk inherent in the various aspects of business.

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 2011-12. A declaration by the Managing Director to this effect is provided at Annexure A which forms part of the company's Annual Report 2011-12.

Means of Communication:

The Company communicates with the shareholders at large through its Annual Report, publication of quarterly financial results in 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 Shareholder : AGM Date, Day, Information Time and Venue

Date of AGM	: 28-9-2012
Day	: Friday
Time	: 11.00 AM
Venue	: Registered Office of the Company Khanij Bhavan, 132 Ft. Ring Road, Near University Ground, Vastrapur, Ahmedabad – 380 052

ANNUAL REPORT 2011-2012

Financial Calendar (tentative)

Period	Tentative Schedule
1 st quarter results ending 30 th June	Within 45 days of end of the quarter
2 nd quarter results ending 30 th September	Within 45 days of end of the quarter
3 rd quarter results ending 31 st December	Within 45 days of end of the quarter
4 th quarter results ending 31 st March	Within 45 days of end of the quarter in case of Unaudited Results Within 60 days of the end of the year in case of Audited Results.

Date of 'Book Closure'

The Register-of-Members and the Share Transfer Register of the Company would remain closed from 19-9-2012 to 28-9-2012 (both days inclusive) for the purpose of ascertaining the list of shareholders entitled for the dividend, if any, declared at the ensuing Annual General Meeting and approved by the shareholders.

Dividend payment date

The dividend if declared at the Annual General Meeting and approved by the shareholders would be paid to the Shareholders within 30 days from the date of declaration.

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 2012-2013.

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

Stock Market Data

The high, low market price during each month in last financial year as quoted in the National Stock Exchange was as under:

Month	National Stock Exchange			CNX NIFTY
	High	Low	Closing*	Closing*
April, 2011	146.50	134.65	139.75	5049.50
May, 2011	147.45	132.60	144.4	5560.15
June, 2011	155.35	145.65	149.95	5647.40
July, 2011	166.70	145.20	160.10	5482.00
August, 2011	184.95	156.00	180.10	5001.00
September, 2011	194.10	165.50	169.55	4943.25
October, 2011	186.00	155.15	176.25	5326.60
November, 2011	193.20	160.35	177.80	4832.50
December, 2011	184.70	155.50	161.70	4624.30
January, 2012	188.45	160.25	179.35	5199.25
February, 2012	209.30	173.25	205.20	5385.20
March, 2012	209.00	172.30	182.05	5295.55

*at the end of the month

Registrar and Transfer Agent (For physical & Demat)

M/s. MCS Limited

101, Shatdal Complex, 1st floor

Opp: Bata Show Room, Ashram Road, Ahmedabad – 380 009

Tel. 26582878 – Fax – 079 26581296

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.

A qualified Practicing Company Secretary carried out a Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL). Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company.

Shareholding Pattern

The pattern of equity share holding of the Company as on 31st March, 2012 was as under:

Category	No. of Shares	% to total
Govt. of Gujarat	235320000	74.00
Mutual Funds	35291522	11.10
Financial Institutions/Banks	200850	0.06
Insurance Companies, Foreign Institutional Investors, Bodies Corporate	26646979	8.38
Individuals, HUFs, NRIs	20540649	6.46
Total	318000000	100.00

Distribution of Shareholding as on 31.3.2012

Shareholding of nominal value of	Number of Shareholders	Shareholders	No. of Shares % to total
(1)	(2)	(4)	(3)
Upto - 500	49177	5723551	1.80
501 - 1000	2627	2228089	0.70
1001 - 2000	1210	1943112	0.61
2001 - 3000	406	1072475	0.34
3001 - 4000	174	645190	0.20
4001 - 5000	166	798964	0.25
5001 - 10000	259	1947845	0.62
10001 - 50000	182	3698600	1.16
50001 - 100000	38	2834207	0.89
100001 and above	88	297107967	93.43
Total		318000000	100.00



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

Dematerialization of Shares

Consequent upon the compulsory demat of the equity shares of the Company as notified by SEBI, as on 31.3.2012 about 98.93 % of the equity capital offered to the public is in Demat Form.

Particulars		No. of Equity Shares	% to Share Capital
NSDL		6,98,38,374	21.96%
CDSL		1,19,57,267	03.76%
Physical	Public	8,84,359	00.28%
	Government	23,53,20,000	74.00%
TOTAL		31,80,00,000	100.00%

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

The Company has not issued any of these instruments.

PLANT LOCATIONS:

Lignite Projects	Panandhro	(Dist. Kutch)
	Rajpardi	(Dist. Bharoch)
	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)
	Ratadia	(Dist. Kutch)
Calcination Bauxite Project	Gadhsisa	(Dist. Kutch)
Manganese Project	Shivrajpur	(Dist. Panchmahal)
Power Project	Nani Chher	(Dist. Kutch)
Wind Power	Maliya	(Dist. Rajkot)
	Godsar	(Dist. Porbandar)
	Jodiya	(Dist. Jamnagar)
	Bada	(Dist. Kutch)
	Varvala	(Dist. Jamnagar)
Solar Project	Panandhro	(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

CEO / CFO Certificate

Chief Executive Officer and Chief Financial Officer have issued necessary certificate pursuant to the provisions of Clause 49 of the Listing Agreement and the same is annexed and forms part of this Annual Report.

Compliance

A certificate from the Practising Company Secretary is annexed to the Directors' Report and forms part of the Annual Report.

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 2011-12.

For Gujarat Mineral Development Corporation Ltd.

V. S. Gadhavi

Managing Director

Date: 20.6.2012

Place: Ahmedabad

CIN NO.:-

L14100GJ1963SGC001206

Nominal Capital: -1,500,000,000/-

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members,
Gujarat Mineral Development Corporation Ltd.
Khanij Bhavan, 132' Ring Road,
Near University Ground, Vastrapur,
Ahmedabad – 380 052.

I have examined all relevant records of **Gujarat Mineral Development Corporation Ltd.**, for the purpose of certifying compliance of conditions of Corporate Governance under clause 49 of the listing agreement with Bombay Stock Exchange for the accounting year ended on 31st March 2012. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedure 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. This certificate is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of my examination of the records produced, explanation and information furnished, I certify that the Company has complied with all the mandatory conditions of the said clause 49 of the listing agreement except;

- i) Non-compliance of clause 49I(A)(ii) regarding number of independent directors in the composition of Board since only one independent director is appointed.
- ii) Non-compliance of clause 49II(A)(i) regarding number of independent directors in the composition of Audit Committee since only one independent director is appointed and clause 49II(B) as regards meeting of Audit committee with minimum of two independent members present in such committee meeting.

Signature with Seal

Name of Company Secretary : Sandip Sheth

Signing Authority : Practising Company Secretary

FCS No : 5467

Date : 29th May 2012

COP No. : 4354

Place : Ahmedabad

MANAGEMENT DISCUSSION AND ANALYSIS

Industry structure and developments

Mining industry is one of the major contributors to economic growth in India. Apart from contributing directly to GDP and exports, it is instrumental in overall regional and socio-economic development through employment generation and development of ancillary industries. At present, India produces as many as 87 minerals, and is among the top five producers of several key minerals. According to the Strategy Paper for Ministry of Mines titled 'Unlocking the Potential of the Indian Minerals Sector' published in Nov 2011, the contribution of mining sector to India's GDP has been at around 1.2 per cent over the last decade (it grew from around 4 to 6 per cent in Chile and Australia and from 1 to 3 per cent in China). Mining industry's contribution to GDP in India has increased to 2.3 per cent in year 2010-2011.

The index of mineral production for 2010-11 was estimated to be 208.03, as against 193.36 for 2009-10, a positive growth of 7.43 per cent. With India's infrastructure sector continuing to be among the priority sectors to the Government, and the expansion of key end-user markets such as construction and power generation, the demand for certain minerals and metals is expected to remain strong. However, the sector may face slow growth in demand, in short-term, due to the current economic slowdown, as indicated by decline in index for mineral production during April-December, 2011-12.

Public sector companies continue to dominate mining activity in India. GMDC has carved out a place for itself among the major state enterprises, in production of Lignite, Bauxite, Manganese ore and Fluorspar, among others. Established in 1963, with a mandate to develop mineral resources in the state of Gujarat, GMDC has kept pace with economic growth of Gujarat, contributing significantly to the industrial development in the state. Gujarat economy boasts of its well diversified manufacturing sector, with around 6,562 mineral based industries operating in the state. Gujarat ranks third in terms of mineral production in India. Mineral production in the state accounts for 9 per cent of country's total production. Gujarat is the second largest producer of Lignite in India, after Tamilnadu, with 34.64 per cent share of total production. GMDC's share in production of Lignite in India stood at 27.58 per cent in 2010-11. GMDC has exclusive ownership of around 90 per cent of the total lignite production capacity in the state. For Bauxite, the ownership is around 75-80 per cent. Over the years, GMDC has strengthened its position in mineral production and ventured into power generation. The strategic thrust of GMDC in the years to come is on diversification, value addition and extra territorial reach.

Opportunities and Threats

Opportunities

1. High demand for mineral products on account of rapid urbanization and growth in manufacturing sector in India, in general and in Gujarat, in specific.
2. Venturing into value-added services through strategic partnership with private sector. The New Mineral Policy of Government of Gujarat envisages a more dynamic role for GMDC as catalyst and propeller of mineral industries in Gujarat.
3. Development of Gujarat's low carbon economy, harnessing potential sustainable energy resources by increasing wind and solar power generation capacity
4. Exploration and mining activities in other states such as Orissa and Chhattisgarh, and other countries such as South Africa for high value minerals.
5. Securing carbon credits under Kyoto protocol for non-conventional energy projects
6. Reservation of bauxite and lignite for GMDC and other PSUs by Government of Gujarat
7. Availability of Plus-40 grade calcium oxide limestone in Kutch, which can be utilized in producing cement

Threats

1. Slow resolution of issues related to land acquisition and obtaining required approvals/clearances/ licenses may delay projects.
2. Requirement of trained man-power for diversified projects to undertake new responsibilities.
3. Entry of MNCs and other Indian private companies into mining
4. Increasing resettlement and rehabilitation issues and costs
5. Stringent regulatory requirements and environment concerns

Segment-wise and product-wise performance

The product-wise production at GMDC has increased over the years. The financial performance has also shown a consistent growth. The table below depicts the performance of the Corporation of the last three years:

Table 1: Financial Performance (₹ Lakhs)

Particulars	2009-2010	2010-2011	2011-2012
Total Turnover	1,06,608	1,42,753	1,69,600
PBT	40,608	58,461	71,772
PAT	27,987	37,476	48,683
Dividend (%)	125	150	150

Table 2: Product-wise performance

Name of Product	2009-2010		2010-2011		2011-2012	
	Production	Sales	Production	Sales	Production	Sales
Lignite (MT in lakh)	83.79	83.78	102.32	102.33	113.42	113.42
Bauxite (MT in lakh)	4.65	3.11	5.48	6.98	6.89	8.70
Calcined Bauxite (MT in lakh)	0.17	0.18	—	0.05	—	—
Fluorspar (MT in lakh)	0.09	0.09	0.05	0.06	0.013	0.013
Manganese ore (MT in lakh)	—	—	0.05	0.03	0.04	0.04
Power (MW)	1394	1194	1171	987	870.91	712.81
Wind Power (MW)	10	10	51	51	146.22	146.22
Solar Power (MW)	NA	NA	NA	NA	NA	NA

Outlook

The strategic development plan of GMDC in the medium term consists of three mainstays, namely, a) diversification into power generation, b) value addition in terms of forming backward and forward linkages, and c) increasing the geographical reach. Supported by the New Mining Policy of Gujarat, GMDC strategizes to enhance its presence in value added services in the state, by entering into joint ventures with private parties. Proposed projects include lead, zinc, copper and fluorspar beneficiation, and production of cement, aluminum, zeolite and other value added products. The Corporation also plans to set up an underground coal gasification plant. In addition to the current plants, GMDC proposes to establish three more lignite based power plants. The Corporation also plans to enhance Lignite production capacity by 30 per cent over the existing capacity. The Corporation also plans to increase Bauxite production capacity significantly, by acquiring new areas.

Risks and concerns

The corporation faces risks related to land acquisition, and obtaining environment and other procedural clearances in relation to new mineral projects and other projects pertaining to power, value added services etc. High rehabilitation cost is another concern faced by GMDC, in wake of land acquisitions for projects.

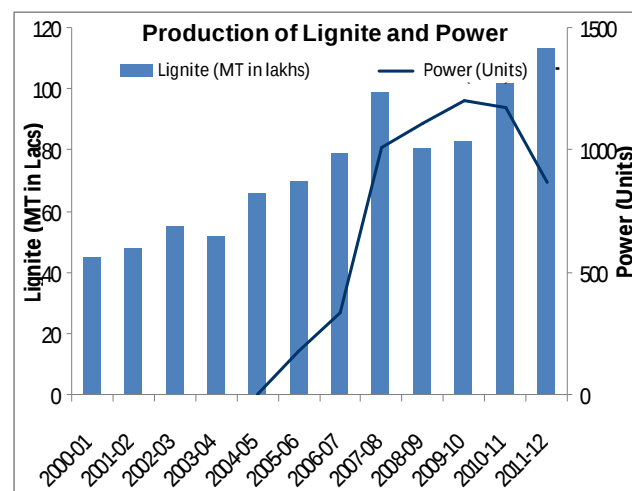
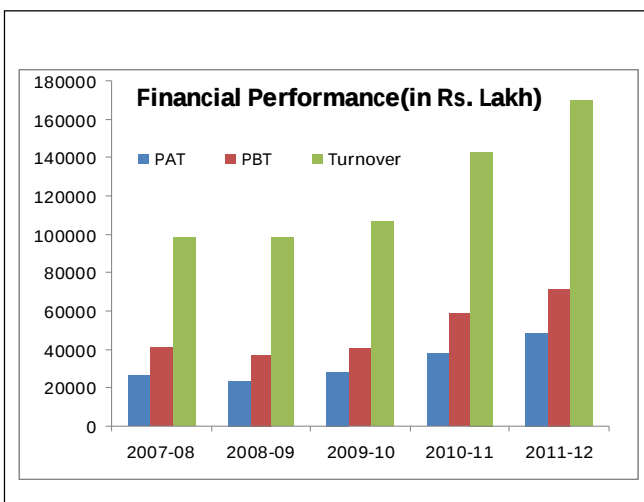
With 100 per cent automatic route policy of Government of India, multi-national corporations and private Indian companies are planning to enter the industry. GMDC faces this threat of competition in raw material and human resource markets.

Internal control systems and their adequacy

GMDC has put in place all the necessary internal controls and they are found to be quite adequate. The company has an in-house 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 services of professional and Chartered Accountants for physical verification of assets.

Discussion on financial performance with respect to operational performance

GMDC's operational performance has been commendable as represented by last five years performance. Over the period of last 5 years, the total turnover has increased from ` 9.81 billion in 2007-08 to 16.96 billion in 2011-12, a growth of 73 per cent. The net worth of the company has gone up from ` 10.5 billion in 2007-08, to ` 16.5 billion in 2010-11, and ` 20.5 billion in the current fiscal. Profit before tax has grown by 75.74 per cent, from ` 4.08 billion in 2007-08 to 7.17 billion in 2011-12. Profit after tax, having dipped once in 2008-09, has grown consistently afterwards to 4.86 billion. The corporation has been generous in terms of declaring dividends. Continuing the trend from last fiscal dividend of 150% is declared this year. The financial and operational performance (of major products) of GMDC is presented below:





GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

Total production of lignite has crossed 100 lakhs MT in last year, from less than 50 lakhs MT in 2001-02, registering average growth of 10 per cent. The production of Bauxite has increased to around 7 lakhs MT. It is expected to grow further, on account of acquisition of new areas, and increased production capacity. Wind power generation has begun and is expected to grow further with the company planning to expand its presence in the sector. The Corporation has recently awarded a contract for setting up a 50 MW power farm in Jamnagar. The Corporation is planning to enter into joint ventures with private companies and other Public sector Units to venture into value added services.

The Company as a role model employer lays emphasis on the welfare of its employees, their families and its vicinity habitats. The company provides various facilities to employees and their families, such as housing quarters, medical facility, free education to children, library, recreation club, free transport at project sites, free uniforms and safety shoes etc.

Material developments in Human Resources/Industrial Relations front, including number of people employed

Human Resource Development

Workforce at GMDC has always been loyal and dedicated. Human resource development has been a focus of all development plans of GMDC. The company believes that its growth is engineered by growth of its people. GMDC has a talent pool of 2023 personnel employed at various levels. Out of them, 208 are at the executive level.

GMDC gives high priority to training of all its employees. The training is imparted with clear vision of technological advancement, industry requirements, issues and challenges ahead. The employees training module is worked out based on need assessment by analyzing data on various fronts and annual plans are worked out. Further, talented technical officers are also sent for studies to acquire statutory certificates in accordance with provisions of various Acts. Details of training programs conducted and number of employees who received training are provided in Table 3 below.

Table 3: Details of training provided by GMDC to its employees

Year	2007-08	2008-09	2009-10	2010-11	2011-12	Total
Statutory Mining	28	10	-	56	66	160
RTI training	20	32	35	6	8	101
Other training programs at Sardar Patel Institute of Public Administration	-	-	78	123	23	224
Computer training	13	545	390	33	ERP implemented	981
Power-Solar Training	-	-	-	52	-	52
Firefighting and awareness (Safety and security)	-	131	14	97	-	242
Disaster Management	-	-	-	7	8	15
Environmental Training	-	-	-	59	16	75
Art of Living	-	34	234	-	-	268
Other	385	361	809	278	80	1913
Total	446	1113	1560	711	201	4031

FINANCIAL STATEMENTS & NOTES



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

INDEPENDENT AUDITOR'S REPORT

The Members

**Gujarat Mineral Development Corporation Ltd.
Ahmedabad**

Report on the Financial Statements

We have audited the accompanying financial statements of **Gujarat Mineral Development Corporation Ltd., Ahmedabad** which comprise the Balance Sheet as at 31st March, 2012 Statement of Profit and Loss Account and Cash flow statement of the Corporation for the year then ended and summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
- (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirement

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Companies Act, 1956, 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 purpose of our audit;
 - b. In our Opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash flow dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash flow statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
 - e. As per Circular No. 8/2002 dated 22.03.2002 issued by Ministry of Law, Justice and Company Affairs, Government Companies have been exempted from the applicability of the clause (g) of sub section (1) of Section 274 of the Companies Act, 1956, regarding the disqualification of Directors under the said section.

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 of our report of even date on the account of
Gujarat Mineral Development Corporation Ltd, Ahmedabad for the period ended on 31st March, 2012)

1. a. The Company has maintained proper record showing full particulars, including quantitative details and situation of fixed assets.
- b. We are informed that during the period fixed assets were physically verified by the management and no material discrepancies were noticed between the books records and physical existence of assets.
- c. No substantial part of fixed assets has been disposed off during the period as would affect going concern status of the company.
2. 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. (a&b) The company has neither granted nor taken any loans from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956 or to a Company under the same management. Therefore requirement of sub clause (b),(c),(d) and (f) of clause (iii) of the order are not applicable to the company.
4. In our opinion the Company has an adequate Internal Control System commensurate with the size of the Company and nature of its business with regard to purchases of inventory & fixed assets and for sale of goods & services. During the course of audit, we have not observed any major weakness in the internal controls.
5. There are no transactions that need to be entered into register in pursuance of section 301 of the act. Therefore requirement of sub-clause (b) of clause (v) of the order is not applicable to the company.
6. In our opinion and according to information and explanation given to us, the company has not accepted deposits from the public during the period during the year within the meaning of section 58A, 58AA and other relevant provisions of the act.

7. Internal Audit of the company is entrusted to the firm of Chartered Accountants. The system is commensurate with the size and nature of the activities of the company.
8. We have broadly reviewed the books of accounts and record maintain by the corporation 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, 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. (a) According to the information and explanation given to us, there are no undisputed dues payable in respect of Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Sales tax, Wealth Tax, Service tax, Excise Duty, Cess and any other statutory dues which are outstanding as at 31/03/2012 for a period of more than six months from the date they became payable.
- (b) The details of excise duty, income tax and sales tax not deposited on account of dispute is as under:

Nature of dues	Amount (₹ in lakhs)	Forum where dispute is pending
Sales tax	106.59	Appellate tribunal and high court
Income tax	3664.48	ITAT,CIT(A),High Court
Excise duty	450.58	CESTAT
Total	4221.65	

10. The company has been registered for a period for more than five years and it has no accumulated losses. The company has not incurred cash losses during the year under audit and in the immediately preceding financial year. Therefore, the requirement of clause (x) of paragraph 4 of the Order is not applicable to the Company.
11. According to the records of the company examined by us and on the basis of information and explanations given to us the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
12. As per the information and according to the explanations given to us the company has not granted any loans & advances on the basis of security by way of pledge of other securities, and



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

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| <p>therefore requirement of clause (xii) of para 4 of the order is not applicable to the company.</p> <p>13. The company is not a Chit Fund, Nidhi or Mutual benefit society. Hence, the requirement of clause (xiii) of paragraph 4 of the order is not applicable to the Company.</p> <p>14. According to the information and explanation given to us, the company is not dealing in shares, securities, debentures and other investments and therefore requirement of clause (xiv) of para 4 of the order is not applicable to the company.</p> <p>15. The company has not given any guarantee for loans taken by the others from banks or financial institutions.</p> <p>16. The term loans obtained were applied for the purpose for which the loans were obtained.</p> <p>17. No funds raised for short term requirements have been used for long-term investment.</p> <p>18. During the period under audit, the company has not made any preferential allotment of shares to parties</p> | <p>and companies covered in the Register maintained under section 301 of the Act.</p> <p>19. During the period under audit, Company has not issued any debenture and therefore requirement of clause (xix) of the order is not applicable to the company.</p> <p>20. During the period under audit, company has not raised any money by way of public issue and therefore the requirement of clause (xx) of paragraph 4 of the order is not applicable to the company.</p> <p>21. According the information and explanation given to us, fraud on or by the company has not been noticed or reported during the period under audit.</p> <p style="text-align: right;">FOR P. SINGHVI & ASSOCIATES
CHARTERED ACCOUNTANTS
FR NO.113602W</p> <p>PLACE : GANDHINAGAR CA NIPUN SINGHVI
DATE : MAY 25, 2012 PARTNER
M.NO. 136393</p> |
|---|--|

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 FOR THE YEAR ENDED 31 MARCH 2012.

The preparation of financial statements of Gujarat Mineral Development Corporation Limited, Ahmedabad for the year ended 31 March 2012 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 is 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 25 May 2012.

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 2012. 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. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under section 619(4) of the Companies Act, 1956.

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

**(Meera Swarup)
Accountant General
(E & RSA), Gujarat**

**Place: Ahmedabad
Date : 14.08.2012**

ANNUAL REPORT 2011-2012

BALANCE SHEET AS AT 31ST MARCH, 2012

(` in Lakhs)

Particulars	Notes	As at 31 st March, 2012	As at 31 st March, 2011
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2.01	6360.00	6360.00
Reserves and Surplus	2.02	198212.64	160616.99
Money received against share warrants		-	-
		204572.64	166976.99
SHARE APPLICATION MONEY PENDING ALLOTMENT			
		-	-
NON-CURRENT LIABILITIES			
Long-term borrowings	2.03	-	5207.22
Deferred tax liabilities (Net)	2.04	29304.07	25367.57
Other long-term liabilities	2.05	16823.63	4570.47
Long-term provisions	2.06	20062.43	9332.16
		66190.13	44477.42
CURRENT LIABILITIES			
Short-term borrowings		-	-
Trade payables	2.07	6703.77	6444.60
Other current liabilities	2.08	29519.10	32877.99
Short-term provisions	2.09	14526.66	13081.70
		50749.53	52404.29
Total		321512.30	263858.70
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.10	175331.94	151739.13
Intangible assets	2.10	446.12	-
Capital work-in-progress(Net of Provision)		630.19	1346.86
Intangible assets under Development		-	534.89
		176408.25	153620.88
Non-current investments	2.11	13265.88	13260.88
Long-term loans and advances	2.12	31230.19	38970.14
Other non-current assets	2.13	727.22	981.22
		221631.54	206833.12
CURRENT ASSETS			
Inventories	2.14	6540.01	6804.68
Trade receivables	2.15	4439.86	2575.74
Cash and cash equivalents	2.16	5644.15	3504.99
Short-term loans and advances	2.17	83256.74	43015.19
Other current assets	2.18	-	1124.98
		99880.76	57025.58
Total		321512.30	263858.70

Significant Accounting Policies and Notes forming

part of Accounts

1 & 2

S.R. Bhatt
General Manager (Accounts)

L. Kulshrestha
General Manager (Finance)

V.S.Gadhavi, IAS
Managing Director

Joel Evans
Company Secretary

Vinay Vyasa, IAS
Director

Bhadresh Mehta
Director

Place : Ahmedabad
Date : 25th May, 2012

As per our report of even date attached

For P Singhvi & Associates
Chartered Accountants
FRN - 113602W

CA. Nipun Singhvi
Partner
Membership No.136393

Place : Ahmedabad
Date : 25th May, 2012



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(` in Lakhs)			
Particulars	Notes	2011-2012	2010-2011
Revenue from Operations	2.19	163069.85	142109.44
Other Income	2.20	7329.01	3881.65
Total Revenue		170398.86	145991.09
Expenses:			
Changes in inventories of Finished goods, Work-in-progress & Stock-in-Trade	2.21	362.54	401.59
Employee Benefit Expenses	2.22	10813.46	15159.03
Finance Costs	2.23	784.89	1528.32
Depreciation	2.10	10532.01	9008.59
Depletion	2.10	301.28	286.96
Other Expenses	2.24	75832.75	61145.53
Total Expenses		98626.93	87530.02
Profit before exceptional and extraordinary items and tax		71771.93	58461.07
Less : Exceptional items		-	-
Profit before extraordinary items and tax		71771.93	58461.07
Less : Extraordinary Items		-	-
Profit Before Tax		71771.93	58461.07
Tax Expenses			
Current Tax		19152.15	19602.33
Deferred Tax		3936.50	1382.39
Add : Excess Provision of Dividend Tax of earlier Years		-	30.70
Profit / (Loss) For the Year		48683.28	37507.05
Earning per equity Share (In `)			
Basic		15.31	11.79
Diluted		15.31	11.79
Number of shares used in computing earnings per share			
Basic		318000000	318000000
Diluted		318000000	318000000

Significant Accounting Policies and Notes forming part of Accounts 1 & 2

S.R. Bhatt
General Manager (Accounts)

L. Kulshrestha
General Manager (Finance)

V.S.Gadhavi, IAS
Managing Director

Joel Evans
Company Secretary
Place : Ahmedabad
Date : 25th May, 2012

Vinay Vyasa, IAS
Director

Bhadresh Mehta
Director

As per our report of even date attached

For P Singhvi & Associates
Chartered Accountants
FRN - 113602W

CA. Nipun Singhvi
Partner
Membership No.136393
Place : Ahmedabad
Date : 25th May, 2012

ANNUAL REPORT 2011-2012

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2012

(` in Lakhs)

SR. No.	Particulars	2011-2012	2010-2011
A	Cash-Flow from Operating Activities:		
	Net Profit before tax & extra ordinary items	71771.93	58461.07
	Adjustments for:		
	Depreciation and Depletion	10612.27	9017.80
	Provision for Doubtful Debts, Loans & Advances	-	(30.63)
	Provision for Obsolete Spares / Stock	121.32	338.32
	Provision for Inventory written back	-	(5.97)
	Assets written off	18.62	72.60
	Excess/Shortage provision adjusted	(145.77)	-
	Electricity and transmission line amortised	313.44	156.72
	River diversion exps	186.40	88.21
	Road, Repairs & Maintenance	625.14	431.50
	Coal Mine Expense, Chhattisgarh	-	0.34
	Depreciation written back	-	(0.03)
	Surplus / Deficit on sale of assets	(67.25)	(84.27)
	Interest & Finance Charges	784.89	1528.32
	Dividend Income	(314.10)	(328.01)
	Profit on Sales of Investment	(34.50)	-
	Interest from Banks & Corporates	(4282.45)	(1526.71)
	Operating profit before working capital changes:	79589.94	68119.26
	Adjustments for:		
	Trade & Other Receivable	(28499.21)	(32889.87)
	Inventories	264.67	115.84
	Trade Payable	29634.50	21980.01
		1399.96	(10794.02)
	Cash generated from operations	80989.90	57325.24
	Direct Taxes Paid (Net)	(24769.85)	(18455.03)
	Net Cash-Flow from Operating Activities	56220.05	38870.21
B	Cash-Flow from Investing Activities:		
	Purchase of fixed assets	(33464.09)	(27759.83)
	Sale of fixed assets	113.09	248.42
	Redemption / Purchase of Investments	29.50	(5.05)
	Interest from Bank and Companies	4312.07	1526.71
	Dividend & Income from units	314.10	328.01
	Net cash used in Investing Activities	(28695.33)	(25661.73)
C	Cash-Flow from Financing Activities:		
	Total proceeds from borrowing (net)	(13302.14)	(8305.00)
	Interest & financial charges	(1008.04)	(1714.38)
	Dividend paid	(11075.38)	(9261.61)
	Net cash used in Financing Activities	(25385.56)	(19280.99)
	Net increase in Cash & Cash Equivalents	2139.16	(6072.51)
	Cash & Cash Equivalent at the beginning of year	3504.99	9577.50
	Cash & Cash Equivalent at the end of year	5644.15	3504.99

Notes: 1. Cash and Cash Equivalents include Cash and Bank Balances
2. The Cash Flow Statement has been prepared under the 'Indirect Method' as per AS - 3 issued by ICAI.

S.R. Bhatt
General Manager (Accounts)

L. Kulshrestha
General Manager (Finance)

V.S.Gadhavi, IAS
Managing Director

Joel Evans
Company Secretary
Place : Ahmedabad
Date : 25th May, 2012

Vinay Vyasa, IAS
Director

Bhadresh Mehta
Director

As per our report of even date attached

For P Singhvi & Associates
Chartered Accountants
FRN - 113602W

CA. Nipun Singhvi
Partner
Membership No.136393
Place : Ahmedabad
Date : 25th May, 2012



SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

Note 1:

SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Policies unless specifically stated to be otherwise are in accordance with generally accepted Accounting Principles.

2. BASIS OF ACCOUNTING:

The Accounts of the Corporation are prepared under the historical cost convention method using the accrual method. The Corporation follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis except that -

Generally prior period expenses/Income and prepaid expenses for an amount up to ₹ 50,000 in each case are debited/credited as current year's expenses/income.

3. USE OF ESTIMATES:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

4. 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 but excludes cost of fencing.
- b) Capital Work in progress includes 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. The same are stated at the lower of their net book value or net realizable value.
- e) Fixed assets received by the Corporation free of cost are stated at nominal cost.
- f) Full provision has been made on plant and machinery which has not been put to use and lying in capital work in progress for more than ten years.

5. INTANGIBLE ASSETS :

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization, if any.

6. MACHINERY SPARES:

Machinery spares for Generating Units, Power Station and Switchyard, etc. either procured along with 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.

7. BORROWING COSTS :

Borrowing costs attributable during 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.

8. DEPRECIATION :

- a) Depreciation has been provided for the fixed assets as under :
 - i) Depreciation is charged on written down value method at the rates prescribed in Schedule-XIV to the Companies Act, 1956 except Plant & Machinery of Power Plant and Wind Energy Farm from time to time.
 - ii) Depreciation is charged on straight line method as per the rates and in the manner as prescribed by CERC (Terms and Conditions of Tariff) Regulations, 2009 in respect of Plant and Machinery including mandatory/insurance spares of Power Project.
 - iii) Depreciation in respect of Plant and Machinery of Wind Energy Farm is charged on straight line method at the rates prescribed in Schedule XIV to the Companies Act, 1956 from time to time.
- 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) Depreciation on assets acquired is charged proportionately from the date of putting them to use on pro rata basis.
- d) Low value items which are in the nature of assets (excluding immovable assets) and valuing upto ` 5,000/- are not capitalized and charged off to revenue in the year of acquisition.
- e) Depreciation on assets given on lease by the Corporation has been provided on Straight Line Method so as to write off the cost over the primary period of lease as per lease agreement.
- f) Leasehold land is written off over the period of lease.
- g) In case of intangible assets, software is amortized at 40% on written down value method.

9. DEPLETION:

On the basis of the principle of wasting assets, depletion has been provided 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.

10. 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.

11. INVENTORIES:

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

12. 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.

13. EMPLOYEE BENEFITS:

- a) Post employment benefits i.e. gratuity and leave encashment 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



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of the amount payable for the same. 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) Contribution to recognized Provident Fund Trust, loss, if any and other related expenses are charged to the Profit and Loss Account as and when crystallized.
- 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 to the legal heirs of deceased employee while in service is charged to Profit and Loss Account as and when the liability arises.
- f) The principal amount and interest thereon in respect of House Building Advance in case of deceased employee while in service is written off as and when intimation is received.
- g) Compensation to employees who have opted for retirement under the voluntary retirement scheme of the corporation is charged to Profit and Loss Account in the year of separation.

14. LIABILITIES FOR PURCHASES:

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

15. REVENUE RECOGNITION:

- a) Sales are recognized at the time of dispatch of finished goods. Sales include amounts in respect of excise duty, royalty, transportation, packing charges, clean energy cess and mine closure charges wherever applicable but exclude VAT.
- b) Interest recoverable on delayed receipt of lease rentals after the expiry of lease period are accounted when there is certainty of receipt thereof.
- c) The liquidated damage/penalty, if any, on the works completed are determined on completion of contracts and charged as revenue.
- d) Income of lease management fees is spread over the primary period of lease.

16. 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.

17. 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.
- 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.

18. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions involving substantial degree of estimation in measurement are recognized when there is a 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.

19. PRE-OPERATIVE EXPENSES ON MINING PROJECTS:

Pre-operative Expenses of Mines/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.

20. 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. In case of intangible assets, the same will be tested on periodical basis for impairment.

21. REHABILITATION AND RESETTLEMENT EXPENSES:

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

22. AFFORESTATION EXPENSES:

Afforestation Expenses are charged as revenue to the extent they are incurred by the respective departments.

23. MINE CLOSURE EXPENSES FOR LIGNITE MINES:

Concurrent mine closure expenses are accounted for as and when incurred. The annual cost of final mine closure is calculated and accounted for considering the useful life of the mines on the basis of approved final mine closure plans otherwise annual cost is calculated on the basis of draft mine closure plans submitted to the Ministry of Coal, GOI or on the basis of technical estimations for mines for which draft mine closure plans have not been submitted.

24. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE:

Material adjusting events (that provide evidence of conditions that existed at the balance sheet date) occurring after the balance sheet date are recognized in the financial statements. Non adjusting events (that are indicative of conditions that arose subsequent to the balance sheet date) occurring after the balance sheet date that represent material change and commitment affecting the financial position are disclosed in the reports of the Board of Directors.

25. PROPOSED DIVIDEND:

Provision is made in accounts for proposed dividend, subject to approval of shareholders in annual general meeting.



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Note: 2 NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st March, 2012

2.01 SHARE CAPITAL

(` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Authorised Share Capital		
74,50,00,000 Equity Shares (Previous year 74,50,00,000) of `2/- each	14900.00	14900.00
1,00,000 Preference Shares (Previous year 1,00,000) of `100/- each	100.00	100.00
	<u>15000.00</u>	<u>15000.00</u>
Issued, Subscribed & Paid-up Capital		
31,80,00,000 Equity Shares (Previous year 31,80,00,000) of `2/- each fully paid up	6360.00	6360.00
Total	<u>6360.00</u>	<u>6360.00</u>

The reconciliation of the number of shares outstanding as at 31.03.2012 and 31.03.2011 is set out below:

Particulars	As at 31.03.2012	As at 31.03.2011
Number of shares outstanding at the beginning	318000000	318000000
Add: Shares issued during the year	-	-
Less : Share bought back	-	-
Number of shares outstanding at the end	<u>318000000</u>	<u>318000000</u>

The details of shareholder holding more than 5% shares as at 31.03.2012 is set out below :

Name of the shareholder	No. of shares as at 31.03.2012	% held as at 31.03.2012	No of shares at 31.03.2011	% held as at 31.03.2011
Government of Gujarat	235320000	74.00	235320000	74.00

The details of Aggregate no. of shares allotted as fully paid up by way of Bonus Shares for the period of immediately preceeding five years from the date of balance sheet

Particulars	Year of allotment	Aggregate no. of Shares allotted
Equity Shares allotted as Bonus Shares	2008-09	159000000

2.02 RESERVES AND SURPLUS

(` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
- General Reserve		
Opening Balance	147570.63	122570.63
Add : Transferred from Profit & Loss account	35000.00	25000.00
Closing Balance	<u>182570.63</u>	<u>147570.63</u>
- Surplus		
Opening Balance	13046.36	11626.94
Add : Net profit after tax transferred from Statement of Profit and Loss	48683.28	37507.05
Amount available for appropriation	<u>61729.64</u>	<u>49133.99</u>
Less : Appropriation		
Proposed Dividend	9540.00	9540.00
Dividend Distribution Tax	1547.63	1547.63
Amount Transferred to General Reserve	<u>35000.00</u>	<u>25000.00</u>
Closing Balance	<u>15642.01</u>	<u>13046.36</u>
Total	<u>198212.64</u>	<u>160616.99</u>

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2.03 LONG TERM BORROWINGS

(` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Term Loans		
From Gujarat State Financial Services		
Unsecured	-	5207.22
Total	<u>-</u>	<u>5207.22</u>

2.03.01 The details of the terms of repayment of Term Loans & other loans is set out below

Nature of Loans	Amount of Loan	Terms of Loans
Term Loan from Gujarat State Financial Services	` 50000 Lakhs	Repayable in 14 equal Quarterly Installments of ` 3571 Lakhs along with Interest
Term Loan from Gujarat State Financial Services	` 20000 Lakhs	Repayable in 14 equal Quarterly Installments of ` 1429 Lakhs along with Interest
Term Loan from Gujarat State Financial Services	` 17000 Lakhs	Repayable in 20 equal Quarterly Installments of ` 850 Lakhs along with Interest

2.04 DEFERRED TAX LIABILITY (NET)

(` in Lakhs)

	Deferred Tax Liability / (Asset) As at 31.03.2012	Deferred Tax Liability / (Asset) As at 31.03.2011
Depreciation	37919.43	30118.36
Disallowance u/s 43B of Income Tax	(23.68)	(35.54)
Other Timing Differences	(8591.68)	(4715.25)
Total	<u>29304.07</u>	<u>25367.57</u>

2.05 OTHER LONG-TERM LIABILITIES

(` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Trade Payables	-	99.74
Rates, Taxes & Duties payable	40.62	80.35
Security & Other Deposit liability	16610.76	1523.51
Creditors for Capital Assets	-	2000.17
Environment Expense Reserve Fund	147.33	210.12
Other Liabilities	24.92	656.58
Total	<u>16823.63</u>	<u>4570.47</u>

2.06 LONG-TERM PROVISIONS

(` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Provision for Mines Closure	20062.43	9332.16
Total	<u>20062.43</u>	<u>9332.16</u>



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- 2.06.01** Considering the revised guidelines dated 11th January, 2012 for preparation of mine closure plan, letter of Ministry of Coal, Government of India (GOI) dated 19th March, 2012 and draft mine closure plans submitted to the GOI, the corporation has changed the policy for provision for mines closure expenses.

As per the policy upto F.Y. 2010-11, such provision was made considering the useful life of mines on the basis of actual reserves, annual production, etc. and technical estimates or 25 years useful life of the mines, whichever is lower. From the F.Y. 2011-12, the corporation has made such provision considering the useful life of the mines on the basis of draft mine closure plans submitted to the Ministry of Coal, GOI for five mines and on the basis of technical estimations for remaining one mine. However, necessary adjustments, if required, shall be made in books of accounts after getting approval of GOI.

Had the Corporation continued the old policy for provision of mines closure expenses, expenses for the current year would have been lower by ` 1209.31 lakhs and profit would have been higher to that extent and provisions would have been lower to that extent.

- 2.06.02** As per the guidelines for preparation of Mines Closure Plan issued by the Ministry of Coal, Government of India the Corporation has made a provision for mines closure expenses to the tune of ` 20062.43 lakhs upto 31st March, 2012. As per the guidelines the amount so provided is required to be deposited in ESCROW Account with a bank. The company is having sufficient funds in the form of inter-corporate deposits (ICDs) with GSFS to meet such obligation. The matter is under correspondence with the Ministry of Coal and the amount will be so deposited as directed by the Ministry of Coal out of available ICDs.

2.07 TRADE PAYABLES (` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Trade payables	6703.77	6444.60
Total	6703.77	6444.60

- 2.07.01** As required, the provisions of interest on delayed payment to Small & Medium Enterprises under the Micro, Small & Medium Enterprises Development Act, 2006, the company has not received memorandum as required to be filled by the supplier with the notified authorities under Micro, Small & Medium Enterprises Act claiming their status as Micro, Small & Medium Enterprises.

2.08 OTHER CURRENT LIABILITIES (` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Current Maturity of Long-term debt	-	8094.92
Interest accrued but not due on Unsecured Loans	-	223.15
Creditors for Capital Assets	4155.93	11163.39
Advance received from Customers	11693.35	5930.66
Rates, Taxes & Duties payable	5685.12	3940.51
Security & Other Deposit liability	3025.80	1579.41
Unpaid Dividend	84.22	71.97
Other Liabilities	4874.68	1873.98
Total	29519.10	32877.99

- 2.08.01** The Government of Gujarat (GOG) has provided funds amounting to ` 2226.95 lakhs which is in the nature of deposit for construction of Stone Parks on behalf of Commissioner of Geology & Mining (CGM), GOG. Out of the said deposits, Corporation has incurred ` 1788.11 lakhs till 31st March, 2012. Amount received from GOG for construction of stone parks and expenditure incurred against the same are shown under the heads "Other Liabilities" and "Other Loans & Advances" respectively.

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2.08.02 The GOG has provided funds amounting to ₹ 739.40 lakhs which is in the nature of deposit for construction of laboratory building on behalf of CGM. Out of the said deposits, Corporation has incurred ₹ 6.07 lakhs till 31st March, 2012. Amount received from GOG for construction of laboratory building and expenditure against the same are shown under the heads "Other Liabilities" and "Loans & Advances" respectively.

2.08.03 Vide Government Resolution dated 19/11/2009, GMDC has been given permission to lift Manganese Ore from dumps of Shivrajpur areas and dispose the same for which GMDC will be entitled to retain 20% of the sale price. GMDC has to keep remaining 80% of the sale price of Manganese Ore dump in a separate account of Gujarat Mineral Research & Development Society (GMRDS) for mineral survey and exploration. Accordingly, ₹ 198.16 lakhs (P.Y. ₹ 110.24 lakhs) (i.e. 80% of the basic sale price) has been transferred to GMRDS.

2.09 SHORT-TERM PROVISIONS

(₹ in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Provision for Employee Benefits		
- Gratuity	1224.05	200.85
- Leave Encashment	2058.32	1750.05
- Provident Fund	156.66	43.17
Proposed Dividend	9540.00	9540.00
Provision for Tax on Dividend	1547.63	1547.63
Total	14526.66	13081.70

2.09.01 During the year ended 31st March, 2012, the amount of dividend per share recognised as distribution to equity Shareholders was ₹ 3 per Share (P. Y. ₹ 3 per Share)

2.09.02 Employee Benefits

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

Defined Contribution Plan

(₹ in Lakhs)

Particulars	2011-2012	2010-2011
Contribution to PF & other funds	709.50	695.98

Defined Benefit Plan

a) 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.

(i) Changes in Present Value of Obligations.

(₹ in Lakhs)

Particulars	31-Mar-12	31-Mar-11
Present Value of Obligation as at the beginning of the year	7248.32	4865.55
Current Service Cost	205.82	251.20
Interest Cost	597.99	401.41
Actuarial (gain) / Loss on obligations	853.03	1011.60
Benefits paid	(741.52)	(1713.42)
Past Service cost	-	2431.98
Present Value of Obligation as at the end of the year	8163.64	7248.32



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(ii) Changes in the Fair Value of Plan Assets.

(` in Lakhs)

Particulars	31-Mar-12	31-Mar-11
Fair Value of Plan Assets at the beginning of the year	7047.47	6471.51
Expected Return on Plan Assets	563.80	517.72
Actuarial Gain / (loss) on Plan Assets	69.83	71.66
Contributions	0.01	1700.00
Benefits Paid	741.52	(1713.42)
Fair Value of Plan Assets at the end of the year	6939.59	7047.47

(iii) The amount recognized in Balance Sheet

(` in Lakhs)

Particulars	31-Mar-12	31-Mar-11
Present Value of Obligations as at the end of the year	8163.64	7248.32
Fair Value of Plan Assets as at the end of the year	6939.59	7047.47
Net Asset / (Liability) recognized in Balance Sheet	(1224.05)	(200.85)

(iv) Amount recognized in the Profit and Loss Account

(` in Lakhs)

Particulars	31-Mar-12	31-Mar-11
Current Service Cost	205.82	251.20
Interest Cost	597.99	401.41
Expected Return on Plan Assets	(563.80)	(517.72)
Net actuarial (gain) / loss recognized in the year	783.20	939.94
Past Service Cost	-	2431.99
Expenses/(Income) Recognized in the Statement of Profit & Loss	1023.21	3506.82

(v) Investment Details

Particulars	% Invested as at	
	31-Mar-12	31-Mar-11
Funds with L.I.C.	100	100

(vi) Assumptions

(` in Lakhs)

Particulars	31-Mar-12	31-Mar-11
Mortality Table (LIC)	1994-96(Ultimate)	1994-96(Ultimate)
Discount Rate	8.50%	8.25%
Rate of increase in Compensation Levels	5.50%	5.50%
Rate of Return on Plan Assets	8.60%	8.00%

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.

b) 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.

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2.10 : FIXED ASSETS :

(` in Lakhs)

Description	GROSS BLOCK				DEPRECIATION/DEPLETION				NET BLOCK	
	At cost as on 1-4-2011	Additions during the year	Sales/ Adjustments during the year	Balance as at 31-3-2012	Up to 1-4-2011	Depreciation/ Depletion for the year	Adjustments during the year	up to 31-3-2012	As at 31-3-2012	As at 31-3-2011
Tangible Assets :										
Free hold Land*	7507.08	1911.61	-	9418.69	743.56	301.28	-	1044.84	8373.85	6763.53
Building	22847.73	1039.69	-	23887.42	8659.32	1069.23	-	9728.55	14158.87	14188.40
Plant & Equipment **	186960.76	30588.56	182.46	217366.86	57781.30	8904.61	379.35	66306.56	151060.30	129179.46
Furniture & Fixtures	1340.33	11.32	0.49	1351.17	959.75	77.83	0.24	1037.34	313.83	380.58
Vehicles	1368.98	40.05	138.94	1270.09	913.44	125.05	138.26	900.24	369.85	455.54
Office Equipments	830.76	18.20	0.82	848.13	575.42	36.79	0.07	612.13	236.00	255.34
Assets under Lease										
Lease hold Land	513.37	357.37	-	870.74	17.11	34.39	-	51.50	819.24	496.26
Vehicles	2250.17	-	2250.17	-	2230.14	-	2230.14	-	-	20.03
Total (A)	223619.18	33966.80	2572.88	255013.10	71880.04	10549.18	2748.06	79681.16	175331.94	151739.14
Intangible Assets :										
Enterprise Resource Planning	-	730.24	-	730.24	-	284.11	-	284.11	446.12	-
Total (B)	-	730.24	-	730.24	-	284.11	-	284.11	446.12	-
Total (A) - (B)	223619.18	34697.04	2572.88	255743.34	71880.04	10833.29	2748.06	79965.27	175778.06	151739.14
Previous Year	197608.33	26837.69	826.84	223619.18	63465.26	9017.80	603.01	71880.05	151739.13	134143.07

*Including wasting assets and depletion on the same.

** Depreciation adjustment during the year includes ` 221.02 lakhs relating to previous year.

2.10.01 Statement showing written off assets awaiting disposal included in fixed assets stated above.

(` in Lakhs)

Description	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	At cost as on 1-4-2011	Additions during the year	Sales/ Adjustments during the year	Balance as at 31-3-2012	Up to 1-4-2011	Depreciation for the year	Adjustments during the year	up to 31-3-2012	As at 31-3-2012	As at 31-3-2011
Plant & Equipment	316.12	-	1.29	314.83	308.38	-	1.27	307.11	7.73	7.74
Furniture & Fixtures	25.27	-	-	25.27	24.47	-	-	24.47	0.80	0.80
Vehicles	68.35	-	7.67	60.67	66.24	-	7.29	58.95	1.72	2.10
Total	409.74	-	8.96	400.78	399.09	-	8.56	390.53	10.24	10.65
Previous Year	512.65	96.17	199.08	409.74	498.01	94.12	193.03	399.09	10.65	14.64

2.10.02 GSECL 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 ` 59.40 lakhs (P.Y. ` 59.40 lakhs) are accounted in the books of the Corporation and included in the respective heads of the assets.

2.10.03 Disclosures as regards leased assets

(` in Lakhs)

	2011-2012	2010-2011
(a) Vehicles		
(i) Gross carrying amount	-	2250.17
(ii) Accumulated depreciation	-	2230.14
(iii) Depreciation charged to P&L A/c	-	52.75
(b) The Corporation had given vehicles on lease to a State Government Undertaking.		



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2.11 INVESTMENTS

(` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Non-current Investment		
Other (Quoted)		
- Investments in Equity Instruments		
32,68,480 (P.Y. 32,68,480) Equity Shares of `10/- each fully paid, of Gujarat Alkalies & Chemicals Ltd.	3414.24	3414.24
10,00,000 (P.Y.10,00,000) Equity shares of `10/- each, fully paid, of Gujarat State Fertilisers & Chemicals Ltd.	1001.25	1001.25
9,35,600 (P.Y. 9,35,600) Equity shares of `10/- each, fully paid, of Gujarat State Financial Corporation Ltd.	187.12	187.12
7,77,900 (P.Y. 7,77,900) Equity shares of `10/- each, fully paid, of Vijaya Bank	77.79	77.79
	4680.40	4680.40
Less : provision for diminution in value of investments	187.12	187.12
	4493.28	4493.28
Other (Unquoted)		
- Investments in Shares		
10,00,000 (P.Y.10,00,000) Equity share of `10/- each, fully paid, of Gujarat Informatics Ltd	100.00	100.00
1000 (P.Y. 1000) Equity shares of `100/- each, fully paid, of Gujarat Industrial Technical Consultancy Organization Ltd.	1.00	1.00
74,25,000 (P.Y. 74,25,000) Equity Shares of `10/- each, fully paid, of Gujarat Guardian Ltd.	742.50	742.50
2,61,72,800 (P.Y.2,61,72,800) Equity Shares of `1/- each, fully paid, of Gujarat State Petroleum Corporation Ltd.	5099.97	5099.97
2,80,00,000 (P.Y. 2,80,00,000) Equity Shares of `10/- each, fully paid, of Bhavnagar Energy Company Ltd.	2800.00	2800.00
1,90,840 (P.Y. 1,90,840) Equity Shares of `10/- each, fully paid, of Gujarat Jaypee Cement and Infra Ltd.	19.08	19.08
25,000 (P.Y. 25,000) Equity Shares of `10/- each, fully paid, of Naini Coal Co.Ltd.	2.50	2.50
25,497 (P.Y. 25,497) Equity Shares of `10/- each, fully paid, of Gujarat State Mining & Resources Corp. Ltd.	2.55	2.55
50,000 (P.Y. NIL) Equity Shares of `10/- each, fully paid, of Gujarat Foundation for Entrepreneurial Excellence	5.00	-
	8772.60	8767.60
Less : provision for diminution in value of investments	-	-
	8772.60	8767.60
Total Non-current Investment	13265.88	13260.88
Note :		
Aggregate amount of quoted investments	4680.40	4680.40
Aggregate Market value of quoted investments	8658.75	8181.62
Aggregate amount of unquoted investments	8772.60	8767.60
Aggregate provision for diminution in value of investments	187.12	187.12

Details of Investment in Subsidiary

Particulars	Proportion of Shareholding as at 31.03.2012	Proportion of Shareholding as at 31.03.2011
Gujarat State Mining & Resources Corp. Ltd.	51%	51%

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2.11.01 Details of Investment in Associates

Particulars	Investment as at 31.03.2012	Investment as at 31.03.2011
Bhavnagar Energy Co.Ltd.	2800.00	2800.00
Gujarat Guardian Ltd.	742.50	742.50
Gujarat Jaypee Cement & Infrastructure Ltd.	19.08	19.08
Gujarat Foundation for Entrepreneurial Excellence	5.00	-

2.11 .02 Details of Investment in Joint Ventures (Stated at cost of acquisition as per AS 13 - Accounting for Investments)

Particulars	Country of Incorporation	Investment as at 31.03.2012 (` in Lakhs)	Proportion of Ownership as at 31.03.2012	Investment as at 31.03.2011 (` in Lakhs)	Proportion of Ownership at at 31.03.2011
Naini Coal Co. Ltd.	India	2.50	50%	2.50	50%
Gujarat Jaypee Cement & Infrastructure Ltd.	India	19.08	26%	19.08	26%
Gujarat Gokul Power Ltd.	India	Agreement is executed but payment is not made	26%	Agreement is executed but payment is not made	26%
Bhavnagar Energy Co.Ltd.	India	2800.00	16%	2800.00	16%
Gujarat State Mining & Resources Corporation Ltd.	India	2.55	51%	2.55	51%
Gujarat Credo Mineral Industries Ltd.	India	Agreement is executed but payment is not made	26%	Agreement is executed but payment is not made	26%
Gujarat Foundation for Entrepreneurial Excellence	India	5.00	50%	-	-

2.11.03 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. GIIC has proposed to enter into a Supplementary MOU by virtue of which GIIC will not be required to buy back the above shares and GMDC shall hold these shares as investment. The Board of Directors of GMDC and GIIC have agreed to enter into Supplementary MOU for which proposal has been sent to the Govt. of Gujarat for its approval.

2.12 LONG-TERM LOANS AND ADVANCES

(` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Unsecured, considered good		
Capital Advances	715.96	12311.81
Deposits with Various Courts	1275.35	1275.35
Security Deposits	306.28	243.36
Advances to Suppliers	2149.55	2739.06
Advance Tax & Tax Deducted at Source (Net of Provision)	25059.58	19441.87
Balance with Govt.Parties		
- with Sales Tax / VAT Department	344.41	1156.07
Loans & Advances to Employees	1376.06	1299.10
Other Loans & Advances	3.00	503.52
	<u>31230.19</u>	<u>38970.14</u>
Doubtful		
Deposits with Corporate Bodies	2657.21	2657.21
Interest Accrued and Due on Deposits	1583.13	1583.13
	<u>4240.34</u>	<u>4240.34</u>
Less : Allowance for Bad & Doubtful	<u>4240.34</u>	<u>4240.34</u>
	-	-
Total	<u>31230.19</u>	<u>38970.14</u>



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2.13 OTHER NON-CURRENT ASSETS

(` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Unsecured, considered good		
Long Term Trade Receivables	727.22	981.22
Total	727.22	981.22

2.13.01 Gujarat State Road Transport Corporation Limited (GSRTC) has paid 1% residual value of ` 20.03 lakhs of 254 buses given on lease as per Agreement between GMDC and GSRTC dated 21.10.1999. Accordingly, corporation has completed formalities for transferring these buses in favour of GSRTC and it has also agreed to pay ` 254 lakhs on ad hoc basis towards overdue lease rentals as against the total amount of outstanding lease rentals of ` 981 lakhs due as on 31st March, 2012. For the balance amount, the matter shall be taken up with appropriate authorities. The management is hopeful for recovery of outstanding amount.

2.14 INVENTORIES

(` in Lakhs)

Particulars	Mode of Valuation	As at 31.03.2012	As at 31.03.2011
Mined Ore	At Lower of Cost	2295.49	2519.93
Less : Provision for Obsolete Stock	or Net Realizable Value	-	-
		2295.49	2519.93
Finished Goods	At Lower of Cost	0.45	0.45
Less : Provision for Obsolete Stock	or Net Realizable Value	-	-
		0.45	0.45
Stores & Spare Parts (Gross)	At Cost	4682.77	4313.61
Stores & Spares in transit		65.73	8.73
		4748.50	4322.34
Less : Provision for Obsolete Stock		519.69	519.69
		4228.81	3802.65
Loose Tools	At Cost	15.26	481.65
Total		6540.01	6804.68

2.14.01 During the year, the Corporation has changed the method of valuation of inventories of stores, spares and loose tools from cost at FIFO basis to weighted average cost method. Had the Corporation continued the method of valuation of inventories on FIFO basis, expenses for the current year would have been higher by ` 0.41 lakhs and inventories as well as profit would have been lower to that extent.

2.15 TRADE RECEIVABLES

(` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Debt outstanding for a period exceeding six months		
Unsecured considered good	28.72	154.19
Doubtful	75.99	75.99
	104.71	230.17
Less : Allowance for Bad & Doubtful Debtors	75.99	75.99
	28.72	154.19
Other debts		
Unsecured considered good	4411.14	2421.55
Total	4439.86	2575.74

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2.16 CASH AND CASH EQUIVALENTS

(` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Cash & Stamp on Hand	2.27	1.56
Remittance in Transit	-	600.00
Balance with Banks		
- Current Account	4267.58	1008.21
- Fixed Deposits	1230.68	1656.52
Other Bank Balance		
- Balance with Banks in Unpaid Dividend accounts	67.52	71.97
- Balance with Banks to the extent held as Margin Money	66.90	90.77
- Fixed Deposit with more than 3 months maturity but less than 12 months maturity	9.14	22.99
- Fixed Deposit with more than 12 months maturity	0.06	52.97
- Doubtful Fixed Deposits	374.00	374.00
	517.62	612.70
Less : Provision made for Doubtful FDR	374.00	374.00
	143.62	238.70
Total	5644.15	3504.99

2.16.01 Cash and Cash Equivalents as of 31st March, 2012 and 31st March, 2011 include restricted cash and bank balances of ` 143.61 lakhs and ` 238.70 lakhs respectively. The restrictions are primarily on account of cash and bank balances held as margin money, fixed deposits with more than 3 months maturity and unclaimed dividends.

2.16.02 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 an amount of ` 24.92 lakhs (P.Y. ` 24.92 lakhs) is recoverable from the buyer on execution of sale deed. The said amount has been deposited by the party before the Danta Court and in turn the Court has directed to the Company to deposit the said amount with a nationalized bank in the form of FDR with a lien marked in favour of Danta Court. Accordingly the Company has placed the same with Union Bank of India, Vastrapur Branch, Ahmedabad.

2.17 SHORT-TERM LOANS AND ADVANCES

(` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Unsecured, considered good		
Deposits with Corporate Bodies	71513.84	37802.54
Security Deposits	6.03	63.88
Interest accrued and due on Deposits	-	29.62
Interest accrued but not due on Deposits	1874.90	527.25
Advances to Suppliers	1779.44	1276.13
Balance with Govt. Parties		
- with Central Excise & CGM	2110.39	1521.34
- with Sales Tax / VAT Department	943.76	-
Prepaid expenses	142.94	123.57
Loans & Advances to Related Parties	158.06	325.50
Loans & Advance to Employees	1031.52	448.53
Other Loans & Advances	3695.86	896.83
	83256.74	43015.19
Doubtful		
Advances to Suppliers	32.47	55.62
	32.47	55.62
Less : Allowance for Bad & Doubtful Advances	32.47	55.62
	-	-
Total	83256.74	43015.19



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2.17.01 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.

2.18 OTHER CURRENT ASSETS

(` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Road Repairs & Maintenance Expense deferred	-	625.14
River Diversion Expense Deferred	-	186.40
HT Line Shifting Charges deferred	-	313.44
Total	-	1124.98

2.18.01 During the year, the Corporation has changed the accounting policy for capital expenditure incurred on roads, river diversion work and shifting of electrical lines, etc. Till last year, the same were amortized for a period of five years. Now the company has written off the outstanding balance in the current year. Had the Corporation continued the earlier policy of amortization of said expenditure, the expenses for the year would have been lower by ` 468.45 lakhs and profit for the year as well as assets would have been higher to that extent.

2.19 REVENUE FROM OPERATIONS

(` in Lakhs)

Particulars	2011-2012	2010-2011
Sale of Products	169599.76	142752.68
Less :		
Excise Duty	6529.91	643.24
Total	163069.85	142109.44

2.19.01 In respect of sale of electricity, GUVNL 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 and finalization, the revenue has been booked on the basis of amount paid by GUVNL against electricity bills and adjustment of U.I. charges. Necessary adjustment shall be made in accounts after final outcome of the matter.

2.20 OTHER INCOME

(` in Lakhs)

Particulars	2011-2012	2010-2011
Interest Income		
- Income Tax/ Sales Tax Refund	287.07	0.01
- FDRs with Banks & ICDs	4282.45	1526.71
- Others	108.43	88.69
	4677.95	1615.41
Income from Investment		
- Dividend Income	314.10	328.01
-Net gain on sale of Investment	34.50	-
Gain on sale of Fixed Assets	72.44	85.12
Rent	215.40	202.78
Insurance Claim	0.55	38.62
Misc Income	1728.79	1323.45
Sale of Scrap material	137.18	108.87
Excess Provision of Earlier Year	148.10	179.39
Total	7329.01	3881.65

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2.21 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS & STOCK-IN TRADE

(` in Lakhs)

Particulars	2011-2012	2010-2011
Closing Stock		
Finished Goods	0.45	0.45
Mined Ore	2157.39	2519.93
	<u>2157.84</u>	<u>2520.38</u>
Less :Opening Stock		
Finished Goods	0.45	582.17
Mined Ore	2519.93	2339.80
	<u>2520.38</u>	<u>2921.97</u>
Total	<u>(362.54)</u>	<u>(401.59)</u>

2.22 EMPLOYEE BENEFITS EXPENSE

(` in Lakhs)

Particulars	2011-2012	2010-2011
Salaries, Wages & Bonus	7201.18	6969.51
Contribution to Provident fund & other funds	1732.72	4205.24
Welfare Expenses	605.09	584.94
Terminal Benefits	1274.48	3399.34
Total	<u>10813.46</u>	<u>15159.03</u>

2.23 FINANCE COST

(` in Lakhs)

Particulars	2011-2012	2010-2011
Interest & Financial Charges		
- Fixed Loans	744.87	1459.84
- Others	40.02	68.48
Total	<u>784.89</u>	<u>1528.32</u>

2.24 OTHER EXPENSES

(` in Lakhs)

Particulars	2011-2012	2010-2011
- Manufacturing Expenses		
Overburden Removal, Loading, Plant operation & Mining Expense	26285.67	22229.81
Operational & Other Expenses		
- Power & Fuel	1435.18	1838.63
- Consumption of Stores, Spares & Chemicals	10393.70	7436.67
	<u>11828.88</u>	<u>9275.30</u>
Repairs & Maintenance		
- Buildings	510.49	672.72
- Machineries	2254.75	1602.61
- Other Assets	1944.63	2431.25
	<u>4709.87</u>	<u>4706.58</u>
Rates & Taxes		
- Royalty & Dead Rent	14863.29	11884.22
- Other Rates & Taxes	308.60	246.00
	<u>15171.89</u>	<u>12130.22</u>
Mine Closure Expenses	10734.37	5927.00
Forest / Environment Expenses	52.02	1142.46
Rehabilitation Expenses	6.94	4.01
Other Manufacturing Expense		
- Machinery Hire Charges	73.19	78.98
- Rent	3.80	2.52
	<u>76.99</u>	<u>81.50</u>



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(` in Lakhs)

Particulars	2011-2012	2010-2011
- Administrative & Selling Expenses		
Insurance Premium	258.36	281.34
Vehicle Hire Charges	418.68	370.24
Advertisement & Publicity	162.25	121.44
Security Expenses	970.96	897.24
Legal & Professional Fees	426.41	422.62
Payment to Auditors		
- Audit Fees	4.83	4.74
- For Tax Audit	0.67	0.66
- For Report on Corporate Governanace	-	0.44
- For Consolidation	0.11	-
- Out of Pocket Expenses	0.10	0.10
Remuneration to Managing Director	14.69	12.94
Loss on sale of Assets	5.18	0.84
Directors sitting Fees & Allowances	1.62	1.72
Cash Discount	406.92	630.34
Donation	1342.29	1273.49
Provision for Obsolate Stores / Stock	121.32	338.32
Petrol,Diesel & Oil	33.87	21.74
TADA to Staff	90.28	88.87
Telephone & Internet Expenses	80.98	48.60
Postage & Telegram Expenses	20.06	23.56
Stationery & Printing Expenses	27.30	53.94
Business Promotion Expenses	3.31	83.62
Compensation to Contractors	-	54.00
Electricity Expenses for Office Use	849.60	92.45
Inauguration or Celebration Expenses	-	16.14
Mines Safety Week Expenses	27.26	21.17
Refreshment Entertainment Expenses	29.19	25.08
Water Expenses	81.60	89.92
Fixed Assets written off	-	59.71
Petty Assets written off	18.62	12.76
Miscellaneous Charges	204.23	136.04
Mining & Project Development Expenses written off	1124.98	245.18
- Prior Period Adjustments		
Income		
- Sales	11.98	23.06
- Other Income	23.53	-
Expenditure		
- Payment to Employees	0.24	65.10
- Operational & Other Expenses	(1.64)	-
- Consumption of Stores, Chemicals etc.	5.78	(59.70)
- Repair & Maintenance for Buildings	20.97	35.58
- Repair & Maintenance for Machineries	55.19	50.56
- Repair & Maintenance for others	6.89	-
- Miscellaneous Mining Expenses	177.22	5.74
- Overburden Expenses	131.88	-
- Bauxite Exploration Expenses	-	(4.04)
- Royalty & Dead Rent Charges	39.15	38.21
- Rates & Taxes	(3.27)	(12.10)
- Legal & Professional Charges	15.97	(0.20)
- Consultancy Charges	0.53	4.04
- Depreciation	(221.02)	(277.72)
- Insurance Premium	-	30.61
- Miscellaneous Expenses (net)	15.49	(29.31)
- Finance Charges	29.56	(1.79)
- Advertisement & Publicity Charges	-	5.00
- Plantation / Forest Charges	-	380.62
- Travelling Expenses	0.68	-
- Short Provision of earlier years	2.33	11.86
Total	75832.75	61145.53

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- 2.24.01** Royalty on account of sale of Bauxite has been accounted for ` 1120.24 Lakhs (P.Y. ` 1018.39 lakhs) on ad hoc basis as intimated by the Commissioner of Geology and Mining. Necessary adjustment shall be made in the accounts after final outcome of the matter.
- 2.24.02** 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 lignite are pending since 1993-94. Necessary adjustment in respect of liability for any charges, taxes, duties etc. will be provided in accounts on finalization of renewal applications.
- 2.24.03** During the year, the Corporation has changed the accounting policy for provision on plant and machinery which has not been put to use and lying in capital work in progress (CWIP) for more than ten years and has made full provision against the same. Had the Corporation continued the earlier policy of provision, the expenses for the year would have been lower by ` 121.32 lakhs and profit for the year as well as CWIP would have been higher to that extent.
- 2.25 Contingent Liabilities**
Contingent liabilities not provided for Claims against the Corporation not acknowledged as debt ` 101119.33 lakhs (P.Y. ` 38135.00 lakhs).
- 2.25.01** 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 ` 773.52 lakhs (P.Y. ` 773.52 lakhs) upto 31st March, 2012. Necessary adjustment shall be made in accounts after final decision/outcome of the case.
- 2.25.02** The ex-owners of land acquired for the Bhavnagar 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 ` 60836.27 lakhs upto 31st March, 2012. Necessary adjustment shall be made in accounts after final decision/outcome of the case.
- 2.25.03** 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 ` 1239.03 lakhs (P.Y. ` 1044.78 lakhs) has been deposited and shown under the head 'Deposits with various Courts'. Necessary adjustment shall be made in accounts after final decision /outcome of the case.
- | | | |
|---|---|---|
| 2.25.04 Income - Tax | : | ` 24166.30 lakhs (P.Y. ` 23,791.26 lakhs) |
| 2.25.05 Sales -Tax | : | ` 453.94 lakhs (P.Y. ` 453.94 lakhs) |
| 2.25.06 Excise | : | ` 450.58 lakhs (P.Y. ` NIL) |
| 2.25.07 Related to Contractors and Others | : | ` 4295.92 lakhs (P.Y. ` 4792.53 lakhs) |
| 2.25.08 Bank Guarantee issued by banks on behalf of the Corporation/Corporate Guarantees given by GMDC on behalf of JV company | : | ` 3278.05 lakhs (P.Y. ` 3559.19 lakhs) |
| 2.25.09 Royalty, Stamp duty and Conversion tax | : | ` 4466.88 lakhs (P.Y. ` 3719.78 lakhs) |
| 2.25.10 Incentive to Employees | : | ` 1158.84 lakhs (P.Y. ` NIL) |

In view of the various court cases/litigations and claims disputed by the Company, financial impact as to outflow of resources in respect of various expenses is not ascertainable at this stage.

2.26 Capital and other commitments :

2.26.01 Capital Commitments

Estimated amount of Capital Contracts remaining to be executed and not provided for ` 1717.73 lakhs (P.Y. ` 28559.62 lakhs)

2.26.02 Other Commitments

a) Corporation has entered in to the Sponsor Support Agreement with Bhavnagar Energy Company Ltd (BECL), whereby Corporation has given commitment to meet the Cost overrun to the extent of its share of 16% in BECL.

b) NALCO has made upfront payment of ` 15100 lakhs for setting up Alumina Refinery & Smelter plant in Kutch region and same has been shown under the head "Other long term Liabilities". Further, GMDC has deposited the said amount with GSFS as inter corporate deposit. GMDC will supply Bauxite, Limestone and Lignite to NALCO on a long term basis, as per terms and conditions as may be mutually agreed between the parties and subject to approval of appropriate authorities; In case the said arrangement is not materialized as per proposed agreement, then GMDC shall refund the said amount and other compensation to NALCO as admissible as per law prevailing at that time.

2.27

I Raw Material Consumed:

Particulars	2011-2012		2010-2011	
	Quantity (M.T.)	Value (` In Lakhs)	Quantity (M.T.)	Value (` In Lakhs)
(a) Fluorspar Project, Kadipani Mined Ore	Nil	Nil	28168	281.85
(b) Calcination Project, GadhsisaMined Ore	Nil	Nil	Nil	Nil
Total	Nil	Nil	28168	281.85

II a) Consumption of imported & indigenous raw materials

Particulars	2011-2012		2010-2011	
	` In Lakhs	%	` In Lakhs	%
Imported	Nil	Nil	Nil	Nil
Indigenous	Nil	Nil	281.85	100.00
Total	Nil	Nil	281.85	100.00

b) Consumption of imported & indigenous Stores & Spares

Particulars	2011-2012		2010-2011	
	` In Lakhs	%	` In Lakhs	%
Imported	295.27	2.84	10.22	1.00
Indigenous	10098.43	97.16	1519.24	99.00
Total	10393.70	100.00	1529.46	100.00

III C.I.F. Value of Imports:

(` in Lakhs)

Particulars	2011-2012	2010-2011
Components & Spares	392.99	74.82
Capital Goods	Nil	Nil
Total	392.99	74.82

IV Expenditure in foreign currency : ` NIL (P. Y. ` NIL)

V Remuneration to Managing Director as under :

(` in Lakhs)

Particulars	2011-2012	2010-2011
Remuneration	14.16	12.77
Perquisites	0.52	0.17
Total	14.68	12.94

VI During the year the Corporation has remitted the amount in foreign currency on account of the Share holders as under:

(a) Year to which dividend relates	2010-11	2009-10
(b) Number of non-resident shareholders	60	145
(c) Number of shares held by them	72962	116919
(d) Amount of dividend remitted in foreign currency (` In Lakhs)	2.19	2.92

2.28 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 provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary.

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2.29 Balances of Creditors, Debtors, Loans & Advances and Advances from Customers are subject to reconciliation and adjustments, if any, in the accounts.

2.30 The company is in the process of identifying impairment of assets. In case Impairment loss is identified, the same will be recognized as per accounting policy of the company.

2.31 Earning Per Share

Particulars	2011-2012	2010-2011
Profit after tax (₹ In lakhs)	48683.28	37507.04
Weighted average no. of equity shares outstanding	318000000	318000000
Basic and diluted earnings per share (₹)	15.31	11.79

2.32 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".

(₹ in Lakhs)

Item	Particulars	2011-2012	2010-2011
1	Segment Revenue (net sales/revenue)		
	a) Mining Projects	148724.25	122156.30
	b) Power Projects	20445.77	27421.82
	Segment Revenue	169170.02	149578.12
	c) Un-allocable Corporate Revenue	5222.18	2018.87
	Total Revenue	174392.20	151596.99
2	Segment Results :		
	(Profit/Loss before interest and tax)		
	a) Mining Projects	74092.13	57440.36
	b) Power Projects	(2657.31)	5704.51
	Segment Results	71434.82	63144.87
	c) Un-allocable Corporate Revenue	(3910.07)	(5098.90)
	Total	67524.75	58045.97
	Less : Interest Paid	744.87	1528.32
	Add : Interest Income	4992.05	1943.42
	Net Profit before tax	71771.93	58461.07
	Less : Provision for Current Tax	19152.15	19602.33
	Less : Provision for Deferred Tax	3936.50	1382.39
	Total Tax Provision	23088.65	20984.72
	Profit after tax (Enterprise net profit)	48683.28	37476.35
	Add : Provision for taxes of earlier years (net)	-	30.70
	Add : Balance of profit of last year	13046.36	11626.94
	Profit available for appropriation	61729.64	49133.99
3	Segment Assets :		
	a) Mining Projects	49008.93	27168.05
	b) Power Projects	222205.42	144677.15
	Total Segment Assets	271214.35	171845.20
	c) Un-allocable Corporate Assets	110614.27	73301.08
		381828.62	245146.28



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

(` in Lakhs)

Item	Particulars	2011-2012	2010-2011
4	Segment Liabilities :		
	a) Mining Projects	52983.92	21796.53
	b) Power Projects	59308.05	14682.45
	Total Segment Liabilities	112291.97	36478.98
	c) Un-allocable Corporate Liabilities	269536.65	208667.30
		381828.62	245146.28
5	Capital Expenditure :		
	(i) Additions :		
	a) Mining Projects	2027.18	2087.60
	b) Power Project	30393.99	24390.97
		32421.17	26478.57
	c) Un-allocable Capital Expenditure	2275.87	359.12
	Total Additions	34697.04	26837.69
	ii) Depreciation/Depletion :		
	a) Mining Projects	1286.85	1327.35
	b) Power Project	9031.32	7733.88
		10318.17	9061.23
	c) Un-allocable Depreciation	515.12	234.32
	Total Depreciation/Depletion	10833.29	9295.55
6	Segment assets and liabilities are subject to reconciliation.		
7	Segment Revenue of Mining includes ` 4494.94 lakhs (P.Y.` 5369.26 lakhs)being captive consumption of Lignite/Lime for Power Project.		
8	Inter segment transfers of Lignite and Lime are accounted for at cost.		

2.33 Related party disclosures on 31-03-2012 :

(i) List of related parties :

Name of Related Party	Relationship
Shri M. Sahu, IAS – Chairman	Key Management Personnel
Shri V. S. Gadhvi, IAS – Managing Director	
Bhavnagar Energy Co. Ltd.	Associates
Gujarat Guardian Ltd.	
Gujarat Jaypee Cement Infrastructure Ltd.	
Gujarat Credo Mineral Industries Ltd.	
Gujarat Foundation for Entrepreneurial Excellence	
Gujarat Mining & Resources Corporation Ltd.	Subsidiary company
GMDC Gram Vikas Trust	Enterprises over which key management personnel may able to exercise significant influence
Lakhpat Welfare Society	
GMDC Science & Research Centre	

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(ii) **Transactions during the year with related parties :** (₹ in Lakhs)

Nature of transactions	Subsidiary		Associates		Key Management Personnel		Others		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Remuneration Paid	Nil	Nil	Nil	Nil	14.69	12.94	Nil	Nil	14.69	12.94
Purchase of Investments	Nil	2.55	5.00	Nil	Nil	Nil	Nil	Nil	5.00	2.55
Amount Paid/ Receivable	1.00	Nil	41.41	Nil	Nil	Nil	212.51	355.98	254.92	355.98
Amount Received/Payable	Nil	Nil	Nil	Nil	Nil	Nil	370.04	238.37	370.04	238.37
Income from Investments	Nil	Nil	74.25	74.25	Nil	Nil	Nil	Nil	74.25	74.25
Donation	Nil	Nil	Nil	Nil	Nil	Nil	700.00	1150.00	700.00	1150.00

(iii) **Balance as at 31st March, 2012 :** (₹ in Lakhs)

Nature of transactions	Subsidiary		Associates		Key Management Personnel		Others		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Investments	2.55	2.55	3566.58	3561.58	Nil	Nil	Nil	Nil	3569.13	3564.13
Receivables	1.00	Nil	41.41	Nil	Nil	Nil	115.65	274.18	158.06	274.18
Payables	Nil	Nil	Nil	Nil	Nil	Nil	47.44	48.44	47.44	48.44

2.34 Till year ended 31st March, 2011, the company was using pre-revised schedule VI to the Companies Act, 1956, for preparation and presentation of financial statements. During the year ended 31st March, 2012 the revised schedule VI notified under the Companies Act, 1956, has become applicable to company. Corresponding figures of the previous year have been re-grouped / re-arranged and re-classified, wherever necessary, to make them comparable with the figures of the current year.

2.35 The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February, 2011 and 21st February, 2011 respectively has granted a general exemption from compliance with Section 212 of the Companies Act, 1956 subject to fulfillment of conditions stipulated in the circular. The company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the consolidated financial statements.

S.R. Bhatt
General Manager (Accounts)

L. Kulshrestha
General Manager (Finance)

V.S.Gadhavi, IAS
Managing Director

Joel Evans
Company Secretary
Place : Ahmedabad
Date : 25th May, 2012

Vinay Vyasa, IAS
Director

Bhadresh Mehta
Director

As per our report of even date attached

For P Singhvi & Associates
Chartered Accountants
FRN - 113602W

CA. Nipun Singhvi
Partner
Membership No.136393
Place : Ahmedabad
Date : 25th May, 2012



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

CERTIFICATE BY CEO AND CFO FOR ANNUAL ACCOUNTS 2011-12

- a) We have reviewed the Balance Sheet and the Profit and Loss Account and Significant Accounting Policies and notes forming part of 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)

S.R. Bhatt
General Manager (Accounts)

V.S.Gadhavi, IAS
Managing Director



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

GUJARAT STATE MINING AND RESOURCES CORPORATION LIMITED

GUJARAT STATE MINING AND RESOURCES CORPORATION LIMITED

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GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

GUJARAT STATE MINING AND RESOURCES CORPORATION LIMITED

REPORT OF THE DIRECTORS

To
The Members,
Gujarat State Mining and Resources Corporation Limited

Your Directors have pleasure in presenting Second (2nd) Annual Report along with audited statement of accounts for the financial year ended 31st March, 2012.

INCORPORATION :

Gujarat State Mining and Resources Corporation Limited was incorporated as a State Government Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation bearing No. U10200GJ2010SGC060302 of 2010-2011 Dated 19th Day of April 2010 issued by the office of the Registrar of Companies, Gujarat, Dadra and Nagar Haveli at Ahmedabad.

Gujarat State Mining and Resources Corporation Limited is a Joint Venture Company, incorporated for the development of coking coal block and at a subsequent stage, an integrated coke oven plant in the state of Gujarat, comprising of Gujarat Mineral Development Corporation Limited (51%) and Sunflag Iron and Steel Company Limited (49%) as its Joint Venture Promoter Companies.

CERTIFICATE FOR COMMENCEMENT OF BUSINESS :

On registration of statement in lieu of prospectus, the Joint Venture Company got the Certificate for Commencement of Business from the Office of the Registrar of Companies, Gujarat at Ahmedabad on 22nd May 2010.

SUBSIDIARY COMPANY :

On Incorporation, by virtue of provisions of Section 4(1)(b) of the Companies Act 1956, the Joint Venture Company – Gujarat State Mining and Resources Corporation Limited becomes a subsidiary company of Gujarat Mineral Development Corporation Limited.

SHARE CAPITAL :

The authorised share capital of the Company is Rs. 5 Crores and issued, subscribed and paid-up share capital is Rs. 5 Lakhs, which was subscribed by Gujarat Mineral Development Corporation Limited and its nominees (51%) and Sunflag Iron and Steel Company Limited and its nominees (49%) as its Joint Venture Promoter Companies

PERFORMANCE / FUTURE PROSPECTS :

During the year under review, the management of the Company has taken requisite steps for study and exploring

the implementation of integrated coke oven plant and for that purpose, allocation of coking coal block to the Company. Though, no specific developments took place, efforts are underway to obtain requisite approval from the concerned authorities.

DIVIDEND :

The Board of Directors do not recommend any Dividend for the financial year ended 31st March 2012.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO :

The Company has no activities relating to conservation of energy or technology absorption. The Company does not have foreign exchange earnings and outgo during the year under review.

As such, the information in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 are not relevant.

PARTICULARS OF EMPLOYEES :

There is no employee in respect of whom particulars pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975; as amended; are required to be given.

PUBLIC DEPOSITS :

During the year under review, the Company has neither invited nor accepted any Public Deposits within the meaning of Section 58-A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975; as amended.

DIRECTORS :

The Board of Directors of the JV Company constituted of the First Directors namely S/Shri V. S. Gadhave, IAS (Chairman) and A L Thakor (Nominee Directors of Gujarat Mineral Development Corporation Limited) and S/Shri Pranav Bhardwaj, S. K. Gupta and V. K. Agarwal (Nominee Directors of Sunflag Iron and Steel Company Limited).

There is no change in the Board of Directors of the Company during the year under review.

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DIRECTORS RESPONSIBILITY STATEMENT :

The Board of Directors hereby confirms :

- (i) the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are 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;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with the provisions of this Act for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the Annual Accounts on a Going Concern basis.

STATUTORY AUDITORS AND AUDITORS' REPORT :

M/s. Joshi Shah and Associates, Chartered Accountants, Ahmedabad were appointed as the Statutory Auditors of the Company by the Comptroller and Auditor General of India for the financial year 2011-2012.

The observations made in the Auditor's Report on the accounts of the Company for the year ended 31st March 2012 are self-explanatory and do not call for any explanation Under Section 217(3) of the Companies Act, 1956.

ACKNOWLEDGEMENTS :

The Directors wish to place on record their appreciation for the sincere and dedicated efforts put in by all the concerned in either way during the year.

For and on behalf of the Board

V.S.Gadhavi, IAS
Chairman

Place : Ahmedabad

Dated : 21-5-2012

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 State Mining and Resources Corporation Limited for the year ended 31 March 2012

The preparation of financial statements of Gujarat State Mining and Resources Corporation Limited for the year ended 31 March 2012 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 is 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 21 May 2012.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Gujarat State Mining and Resources Corporation Limited for the year ended 31 March 2012 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956.

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

Place: Ahmedabad
Date: 17 July, 2012

(Himanshu K. Dharmadarshi)
Principal Accountant General



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

GUJARAT STATE MINING AND RESOURCES CORPORATION LIMITED

AUDITORS' REPORT

To,

The Members of

GUJARAT STATE MINING AND RESOURCES CORPORATION LIMITED.

We have audited the attached Balance sheet of **GUJARAT STATE MINING AND RESOURCES CORPORATION LIMITED** as at **31ST March, 2012**, The Profit and loss A/c and also the cash flow statement for the year ended on that date annexed there to .This Financial Statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We have conducted our audit in accordance with the accounting standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from any 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 presentation of the financial statements. We believe that our audit provides reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order 2003 issued by the Central Government of India (amended till date) in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure here to a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in the Paragraph 1 above, we report that :
 - a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of the 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 the books.
 - c) The Balance Sheet , profit and loss A/c and cash flow statement dealt with by this report is in agreement with the books of accounts.

d) In our opinion, the Balance Sheet , Profit and loss a/c and cash flow statement dealt with by this report comply with the Accounting Standards referred to in Sub Section (3C) of the 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.

3. In our opinion and to the best of our information and according to explanations given to us, the said accounts read with the notes there on 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 principles generally accepted in India :

- a) In the case of Balance Sheet of the State of affairs of the Company as at **31ST March 2012**.
- b) In the case of profit and loss a/c of the loss for the year ended on **31ST March 2012**.
- c) In the case of Cash flow statement of the cash flows for the year ended on **31ST March 2012**.

Place : Ahmedabad
Date : 21st May, 2012

For, Joshi Shah & Associates
Chartered Accountants
FRN: 125399W

(D. F. Shah)
Partner
Membership No. 8338

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date)

i. In respect of its fixed assets:

As the Company does not have any fixed assets. Accordingly, Clause 4(i) (a), (b) and (c) of the Order are not applicable.

ii. In respect of its inventories:

The Company is yet to commence its business, hence did not carry any inventory during the year. Accordingly Clause 4 (ii) (a), (b) and (c) of the order are not applicable.

iii. In respect of loans granted and taken to / from parties covered in the register maintained u/s 301 of the companies act, 1956.

(a) According to information and explanation given to us the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. Accordingly, Clause 4(iii) (b), Clause 4(iii)(c) and Clause 4(iii)(d) of the Order are not applicable.

(b) The Company has not taken secured loans from any parties listed in the register maintained U/s. 301 of the Companies Act, 1956.

(c) During the year the Company has taken interest free Loans from the two Companies covered in the Register maintained under Section 301 of the Act.

Particulars (No. of Parties)	Amount of Loan Outstanding as on 31st March, 2012
2	` 346820.00

(d) No interest is paid on the loan and as informed to us, no condition including for repayment of the loan are stipulated, no question arises:

- (i) As to whether they are prima facie prejudicial to the interest of the Company or
- (ii) As to whether payment of principle amount and interest are regular.

iv. In respect of internal control:

As the Company has not done Commercial (Business) activities in the year ended on 31st March, 2012 dealt with by this report, Internal Control for the purchase of inventory and fixed assets and for sale of goods and services is not applicable to the Company.

v. In respect of contracts or arrangements need to be entered into a register maintained u/s 301 of the companies act, 1956

(a) On the basis of our examination of relevant records and on the basis of representation received from

the Management, particulars of contracts or arrangements that need to be entered in the register in pursuance of section 301 of the Act have been so entered.

(b) On the basis of our examination of the books of accounts, relevant information and explanations and representations as provided by the Company, we did not find any transaction made by the Company for amount exceeding ` 5 lakhs in pursuance of such contract or arrangement hence no question of reasonableness of prices paid to these parties compared to the prevailing market prices at the relevant time arises.

vi. 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 under the provisions of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under.

vii. In respect of internal audit system:

This is not a Listed Company or Company having a paid up capital and reserves exceeding ` 50 lakhs as at the commencement of the financial year concerned. As the company has not started business/commercial activities, no question of having an average annual turnover exceeding five crore rupees for a period of three consecutive financial years immediately preceding the financial period concerned arises. Hence the requirement of having Internal Audit is not applicable to this Company for the accounting period dealt with.

viii. In respect of maintenance of cost records:

As per information and explanations given to us, the Central Government has not prescribed the maintenance of cost records U/s. 209(1)(d) of the Companies Act, 1956.

ix. In respect of statutory dues:

(a) As the Company has not done Commercial (Business) Activities during the year dealt with by this report not having any statutory dues including Provident Fund, Investors Education Fund, Protection Fund, Employee's State Insurance, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and any other Statutory dues, question of regularity in payment of the same does not arise in the case of the Company.

(b) As per the information and explanation given to us and also based on the Management's Representation, there have been no disputed dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty Excise Duty



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

and Cess that have not been deposited on account of any dispute as at the Balance Sheet date.

x. In respect of accumulated losses and cash losses:

The debit balance in profit and loss a/c is for the preliminary and preoperative expenses and not for the business operations. Hence, it could be said that the Company has neither accumulated business losses as at 31st March, 2012 nor has incurred any cash losses in respect of business activities in the financial year under audit, as the company has not started business/commercial activities.

xi. In respect of dues to financial institution/banks/debentures:

As the Company is not liable to pay any dues to financial institution or banks or debenture holders during the period, no question of default in repayment of dues to them arises.

xii In respect of loans and advances granted on the basis of security:

The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.

xiii In respect of provisions applicable to chit fund:

The Company is not a chit fund, nidhi or mutual benefit fund or society. Hence, the provisions of special statute applicable to such Institutions are not applicable to the Company.

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

As the Company has not dealt or traded in shares, debentures, securities or other investments during the year hence, not applicable.

xv. In respect of guarantee given for loans taken by others:

According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial institutions. No question of terms of condition being prejudicial to the interest of the Company arises.

xvi. In respect of application of term loans:

According to the information and explanations given to us the Company has not taken any term loan during the period.

xvii. In respect of fund used:

On the basis of review of utilization of funds which is based on an overall examination of the Balance Sheet of the Company and related information made available

to us by the management, no funds raised on short term basis have been utilized for long term purpose.

xviii. In respect of preferential allotment of shares:

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

xix. In respect of securities created for debentures:

According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures.

xx. In respect of end use of money raised by public issues:

According to the information and explanations given to us, the Company has not raised any money by way of public issues during the year.

xxi. In respect of fraud:

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

Place : Ahmedabad

Date : 21st May, 2012

For, Joshi Shah & Associates

Chartered Accountants

FRN: 125399W

(D. F. Shah)

Partner

Membership No. 8338

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GUJARAT STATE MINING AND RESOURCES CORPORATION LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2012

			Amount (`)
Particulars	Note No.	As at 31-03-2012	As at 31-03-2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	500,000	500,000
(b) Reserves and Surplus	3	(718,222)	-
(2) Share Application Money pending allotment			
(3) Non-Current Liabilities			
(a) Long-Term Borrowings		-	-
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long Term Liabilities		-	-
(d) Long Term Provisions		-	-
(4) Current Liabilities			
(a) Short-Term Borrowings	4	346,820	146,820
(b) Trade Payables	5	26,127	11,030
(c) Other Current Liabilities		-	-
(d) Short-Term Provisions		-	-
Total		154,725	657,850
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible assets		-	-
(ii) Intangible assets		-	-
(iii) Capital work -in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred tax assets (net)		-	-
(d) Long term loans and advances		-	-
(e) Other non-current assets		-	-
(2) Current Assets			
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivables		-	-
(d) Cash and Cash Equivalents	6	154,725	-
(e) Short-term loans and advances		-	-
(f) Other current assets	7	-	657,850
Total		154,725	657,850

Significant accounting policies and Notes on Accounts 1 to 17

As per our report of even date

For Joshi Shah & Associates

Chartered Accountants

Firm registration number : 125399W

(CA D. F. Shah)

Partner

Membership No. : 8338

Place : Ahmedabad

Date : 21st May, 2012

**For and on behalf of board of directors of
Gujarat State Mining and Resources Corporation Limited**

**V.S.Gadhavi, IAS
Chairman**

**A. L. Thakor
Director**

**V. K. Agarwal
Director**

Place : Ahmedabad

Date : 21st May, 2012



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

GUJARAT STATE MINING AND RESOURCES CORPORATION LIMITED

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

			Amount (`)
Particulars	Note No.	For the year ended on 31-03-2012	For the period 19-4-2010 31-03-2012
I Revenue :			
Other Income		-	-
Total Revenue		-	-
II Expenses			
Prior Period Expenses	8	663,050	-
Accounting fees		14,891	-
Audit fees		11,236	-
Bank Charges		110	-
Legal & Professional Fees and Exp.		28,935	-
Total Expenses		718,222	-
III Profit / (Loss) before Tax		(718,222)	-
IV Tax Expenses		-	-
V Profit / (Loss) for the year/Period (III - IV)		(718,222)	-
VI Earnings Per Equity Share of face value of ` 10 each			
Basic (in `)		(14.36)	-
Diluted (in `)		(14.36)	-

Significant accounting policies and Notes on Accounts 1 to 17

As per our report of even date
For Joshi Shah & Associates
Chartered Accountants
Firm registration number : 125399W

For and on behalf of board of directors of
Gujarat State Mining and Resources Corporation Limited

(CA D. F. Shah)
Partner
Membership No. : 8338

V.S.Gadhavi, IAS A. L. Thakor V. K. Agarwal
Chairman Director Director

Place : Ahmedabad
Date : 21st May, 2012

Place : Ahmedabad
Date : 21st May, 2012

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GUJARAT STATE MINING AND RESOURCES CORPORATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

Amount (`)

Particulars	2011-12	2010-11
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	(718222)	-
Adjustments for :		
Preliminary & Pre -operative Expenses	657850	(657850)
Increase in current liabilities & provisions	15097	11030
Cash used in operations	(45275)	(646820)
Net Cash used in Operating Activities	(45275)	(646820)
B CASH FLOW FROM INVESTING ACTIVITIES	-	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from unsecured loans	200000	146820
Proceeds from share capital	-	500000
Net Cash from Financing Activities	200000	646820
Net Increase / (Decrease) in Cash And Cash Equivalents (A + B + C)	154725	-
Cash And Cash Equivalents - Opening Balance	-	-
Cash And Cash Equivalents - Closing Balance	154725	-

Notes :

- 1 The above cash flow statement has been prepared by using the Indirect Method.
- 2 Cash and Cash Equivalents is balance with bank in current account.

As per our report of even date
For Joshi Shah & Associates
Chartered Accountants
Firm registration number : 125399W

(CA D. F. Shah)
Partner
Membership No. : 8338

Place : Ahmedabad
Date : 21st May, 2012

For and on behalf of board of directors of
Gujarat State Mining and Resources Corporation Limited

V.S.Gadhavi, IAS
Chairman

A. L. Thakor
Director

V. K. Agarwal
Director

Place : Ahmedabad
Date : 21st May, 2012



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

GUJARAT STATE MINING AND RESOURCES CORPORATION LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. Significant Accounting Policies

1.1 Basis of preparation of Financial Statements

The Financial Statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention on accrual basis. GAAP comprises mandatory Accounting Standards as prescribed by the Companies (Accounting Standard) Rules, 2006, the provisions of the Companies Act, 1956. Accounting Policies have been consistently followed except where a newly issued Accounting Standard is initially adopted or a revision of an existing Accounting Standard requires a change in the accounting policy hitherto in use.

The accounting policies adopted in preparation of financial statements are consistent with those of previous year except for the change in accounting policy explained below.

1.2 Use of Estimates

The preparation of financial statements in conformity of Indian GAAP requires the management to make

judgments, estimates & assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions.

Uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

1.3 Preliminary & Pre operative Exp.

All preliminary & pre operative expenses not attributable to creation of Fixed Assets are charged to Profit & Loss A/c.

1.4 Expenses

All the expenses are accounted for on accrual basis.

1.5 Any other accounting policy not specifically referred to are consistent with generally accepted accounting principles.

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GUJARAT STATE MINING AND RESOURCES CORPORATION LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

Amount (`)

Note No.	Particulars	As at 31.03.2012	As at 31.03.2011
	Notes to Accounts		
2	Share Capital		
a	The company has only one class of shares referred to as equity shares. The details thereof are as under :		
	Authorised Capital		
	50,00,000 (PY : 50,00,000) Equity Shares of ` 10 each	50,00,000	50,00,000
	Issued, Subscribed and Paid up		
	50,000 (PY : 50,000) Equity Shares of ` 10 each	500,000	500,000
	Total	500,000	500,000
	Held by:		
	1.G.M.D.C.Ltd the holding Co. & It's nomines - ` 2,55,000		
	2.S.I.S.Co. Ltd the holding Co. & It's nomines- ` 2,45,000		
b	Reconciliation of number of shares outstanding :		
	Particulars	Equity Shares (in Nos.)	
	A At the beginning of the period	50,000	50,000
	B Issued during the period	-	-
	C Less : Share bought back	-	-
	D At the end of the period (A + B - C)	50,000	50,000
c	Rights of Shareholders, Dividend and Repayment of Capital :		
	i Holder of equity shares is entitled to one vote per share.		
	ii As and when the company declares and pays dividends it pay in Indian rupees. The companies Act, 1956 provides that any dividend be declared out of accumulated distributable profits only after the transfer to a general reserve of a specified percentage of net profit computed in accordance with current regulations.		
	iii In the event of liquidation of the company, the holders of shares shall be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.		
d	The details of shareholders holding more than 5 % of issued share capital :		
	Sr. No. Name of the Shareholders	Equity Shares (in Nos.)	
	1. G.M.D.C.Ltd the holding Co. & Its nomines	25,500	25,500
	2. S.I.S.Co. Ltd & Its nomines	24,500	24,500
e	There were no shares reserved at the year-end for issuance under options and contracts / commitments for the sale of shares / disinvestment		
f	The company has not issued any fully paid shares of any class for consideration otherwise than in cash or allotted bonus shares or bought back any shares since incorporation of the Company.		
3	Reserves & Surplus		
	Balance in the Statement of Profit & Loss	-	-
	As per last Balance Sheet	-	-
	Addition during the year & preoperating/ prior period Exp.	(718,222)	-
	Total	(718,222)	-

As in the format of revised schedule VI to companies act, 1956 there is no head of "Miscellaneous Expenditure (to the extent not written off or adjusted)". Hence the amount of preliminary and preoperative exp. incurred last year and shown under the head "Miscellaneous Expenditure (to the extent not written off or adjusted)" has been transferred to profit and loss account the current year and included in the figure of ` 718222/- shown as expenses and transferred to reserve and surplus a/c in current year.



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

		Amount (`)	
Note No.	Particulars	As at March 31, 2012	As at March 31, 2011
4	Short Term Borrowings - Unsecured		
	From Joint Venture Promoter Company		
	Loan from Sunflag Iron & Steel Co. Ltd.	246,820	146,820
	Loan from GMDC Ltd.	100,000	-
	Total	<u>346,820</u>	<u>146,820</u>
5	Trade Payables		
	Creditors for Expenses	26,127	11,030
	Total	<u>26,127</u>	<u>11,030</u>
There are no amounts due to the parties covered under Micro, Small and Medium Enterprises Development Act, 2006.			
6	Cash & Cash Equivalents		
	Balances with Banks :		
	-In current account	154,725	-
	Total	<u>154,725</u>	<u>-</u>
7	Other Current Assets		
	Miscellaneous expenditure (to the extent not written off or adjusted)	-	646,820
	Preliminary expenses	-	11,030
	Pre Operative expenses	-	-
	Total	<u>-</u>	<u>657,850</u>
8	Prior Period Expenses		
	Registration & filling fees	358,000	0
	Stamp duty for MOA & AOA	250,120	0
	Professional fees for compnay incorporation	38,700	0
	Statutory Audit Fees	11,030	0
	Printing Exp. (Incurred last year but accounted in 2011-12)	5,200	-
	Total	<u>663,050</u>	<u>-</u>

During the year, an amount of ` 6,57,850 has been included in prior period expenses which is pertaining to F.Y. 2010-11. Due to this, the loss of the current year has increased to that extent.

- 9 During the year company has changed it's accounting policy regarding Preliminary & Pre-operative Expenses. Had the company continued to charge the preliminary & pre operative expenses to Balance Sheet in full, the expenses for current year would have been lower by ` 718222/- & loss and assets would have been higher to that extent.

10 Related Party disclosure as required under the Accounting Standard "AS-18" on Related Party Disclosures, notified under Companies Accounting Standard Rules 2006 are given below :

(A) List of Related Parties :

a) Key Management Personnel:

Mr. V.S. Gadhavi, IAS

Mr. A.L. Thakor

Mr. Pranav Bhardwaj

Mr. S.K. Gupta

Mr. V.K. Agarwal

There are no transactions with the above mentioned key management personnels during the year.

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b) Enterprises where significant influence exist:

Gujarat Mineral Development Corporation Ltd.
Sunflag Iron & Steel Company Ltd.

(B) Transactions with above Party :

Amount (`)

Sr. No.	Related Party & Description of Transaction	Receipts / Payments	O/s Balance as on 31/03/12
1	GMDC Ltd. - Company holding beneficially holding 51% share Unsecured Loan	100000	100000
2	SISCO Ltd. - Company holding beneficially holding 49% share Unsecured Loan	100000	246820
	Subscribers to the Memorandum of Association of the Joint Venture Company : (Amount ` as on 31/03/12)		
	1.G.M.D.C.Ltd the holding Co. & It's nomines		255,000
	2 .S.I.S.C.O Ltd the holding Co. & It's nomines		245,000
11	During the year, the company has changed its accounting policy regarding Preliminary & pre-operative expenses. As the said expenses incurred during the year are not identifiable to particular fixed assets according to AS 10, so expenses incurred have been expenseout in the year in which they are incurred according to AS 26.		
12	Cash and cash equivalents Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand.		
13	There are no contingent liabilities of the company as on 31st March, 2012		
14	There Is no liability / Assets in respect of Deffered Tax as on 31st March, 2012.		
15	Auditor's Remuneration		Amount (`)
	Particulars	2011-12	2010-11
	For Statutory Audit Fees	11236	11030
16	Earnings per Share	2011-12	
	Profit/(Loss) for the period (`)	(718,222)	
	Weighted average no. of shares	50000	
	Basic/Dilluted earnings per share (`)	(14.36)	
	Note : The above EPS is computed on the loss of Rs. 718222/- which is based on loss after the transfer of Rs. 657850/- of previous year, shown under the head of "Misc expenditure (to the extent not written off or adjusted)" and transferred to profit and loss a/c for the year. If it is computed on loss for the year of Rs. 60,372/- the figure of EPS would have been Rs. -1.21.		
17	The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements and previous year's figures have been regrouped / recast / reclassified /rearranged wherever necessary to correspond with the current year's classification / disclosure.		

As per our report of even date
For Joshi Shah & Associates
Chartered Accountants
Firm registration number : 125399W

(CA D. F. Shah)
Partner
Membership No. : 8338

Place : Ahmedabad
Date : 21st May, 2012

For and on behalf of board of directors of
Gujarat State Mining and Resources Corporation Limited

V.S.Gadhavi, IAS
Chairman

A. L. Thakor
Director

V. K. Agarwal
Director

Place : Ahmedabad
Date : 21st May, 2012



Consolidated Financial Statements & Notes

INDEPENDENT AUDITOR'S REPORT**The Members**

**Gujarat Mineral Development Corporation Ltd.
Ahmedabad**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Gujarat Mineral Development Corporation Ltd., Ahmedabad** which comprise the Consolidated Balance Sheet as at 31st March, 2012, Consolidated Statement of Profit and Loss Account and Consolidated Cash flow statement of the Corporation for the year then ended and summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We have not audited the financial statements of subsidiary company which reflect total assets `1.55 Lakhs as on 31<sup>st</sup> March 2012, Total Revenue Nil, Net Cash Flow ` 1.55 lakhs and net loss `7.18 lakhs for the year ended on that date. This financial Statement and other financial information has been audited by other auditor whose reports has been furnished to us, and our opinion is based solely on the report of other auditor.

We report that the consolidated Financial Statement have been prepared by the Company's Management in accordance with the requirement of the Accounting Standard (AS) 21, "Consolidated Financial Statement" and Accounting Standard (AS) 13, "Accounting for Investment" issued by the Institute of Chartered Accountants of India.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
- (b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

FOR P. SINGHVI & ASSOCIATES
CHARTERED ACCOUNTANTS
FR NO.113602W

PLACE : GANDHINAGAR
DATE : MAY 25, 2012

CA NIPUN SINGHVI
PARTNER
M.NO. 136393



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

(` in Lakhs)

Particulars	Notes	As at 31 st March, 2012	As at 31 st March, 2011
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2.02	6360.00	6360.00
Reserves and Surplus	2.03	198208.97	160616.99
Money received against share warrants		-	-
		204568.97	166976.99
SHARE APPLICATION MONEY PENDING ALLOTMENT			
		-	-
MINORITY INTEREST			
		(1.07)	2.45
NON-CURRENT LIABILITIES			
Long-term borrowings	2.04	-	5207.22
Deferred tax liabilities (Net)	2.05	29304.07	25367.57
Other long-term liabilities	2.06	16823.63	4570.47
Long-term provisions	2.07	20062.43	9332.16
		66190.13	44477.42
CURRENT LIABILITIES			
Short-term borrowings	2.08	2.47	1.47
Trade payables	2.09	6704.04	6444.71
Other current liabilities	2.10	29519.10	32877.99
Short-term provisions	2.11	14526.66	13081.70
		50752.27	52405.87
Total		321510.30	263862.73
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.12	175331.94	151739.13
Intangible assets	2.12	446.12	-
Capital work-in-progress(Net of Provision)		630.19	1346.86
Intangible assets under Development		-	534.89
		176408.25	153620.88
Non-current investments	2.13	13263.33	13258.33
Long-term loans and advances	2.14	31230.19	38970.14
Other non-current assets	2.15	727.22	981.22
		221628.99	206830.57
CURRENT ASSETS			
Inventories	2.16	6540.01	6804.68
Trade receivables	2.17	4439.86	2575.74
Cash and cash equivalents	2.18	5645.70	3504.99
Short-term loans and advances	2.19	83255.74	43015.19
Other current assets	2.20	-	1131.56
		99881.31	57032.16
Total		321510.30	263862.73

Significant Accounting Policies and Notes
forming part of Accounts

1 & 2

S.R. Bhatt
General Manager (Accounts)

L. Kulshrestha
General Manager (Finance)

V.S.Gadhavi, IAS
Managing Director

Joel Evans
Company Secretary
Place : Ahmedabad
Date : 25th May, 2012

Vinay Vyasa, IAS
Director

Bhadresh Mehta
Director

As per our report of even date attached

For P Singhvi & Associates
Chartered Accountants
FRN - 113602W

CA. Nipun Singhvi
Partner
Membership No.136393
Place : Ahmedabad
Date : 25th May, 2012

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CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(` in Lakhs)

Particulars	Note No.	2011-2012	2010-2011
Revenue from Operations	2.21	163069.85	142109.44
Other Income	2.22	7329.01	3881.65
Total Revenue		170398.86	145991.09
Expenses:			
Changes in inventories of Finished goods, Work-in-progress & Stock-in-Trade	2.23	362.54	401.59
Employee benefit Expenses	2.24	10813.47	15159.02
Finance Cost	2.25	784.89	1528.32
Depreciation	2.12	10532.01	9008.58
Depletion	2.12	301.28	286.96
Other Expenses	2.26	75839.93	61145.55
Total Expenses		98634.12	87530.02
Profit before exceptional and extraordinary items and tax		71764.74	58461.07
Less : Exceptional items		-	-
Profit before extraordinary items and tax		71764.74	58461.07
Less : Extraordinary Items		-	-
Profit Before Tax		71764.74	58461.07
Tax Expenses			
Current Tax		19152.15	19602.33
Deferred Tax		3936.50	1382.39
Add : Excess Provision of Dividend Tax of earlier Years		-	30.70
Profit / (Loss) For the Year		48676.09	37507.05
Add : Share of loss in subsidiary company transferred to minority interest		3.52	-
Profit / (Loss) For the period (after adjustment of minority interest)		48679.61	37507.05
Earning per equity Share (In `)			
Basic		15.31	11.79
Diluted		15.31	11.79
Number of shares used in computing earnings per share			
Basic		318000000	318000000
Diluted		318000000	318000000

Significant Accounting Policies and Notes forming part of Accounts 1 & 2

S.R. Bhatt
General Manager (Accounts)

L. Kulshrestha
General Manager (Finance)

V.S. Gadhavi, IAS
Managing Director

Joel Evans
Company Secretary

Vinay Vyasa, IAS
Director

Bhadresh Mehta
Director

Place : Ahmedabad
Date : 25th May, 2012

As per our report of even date attached

For P Singhvi & Associates
Chartered Accountants
FRN - 113602W

CA. Nipun Singhvi
Partner
Membership No.136393
Place : Ahmedabad
Date : 25th May, 2012



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2012

(` in Lakhs)

Sr. No.	Particulars	2011-2012	2010-2011
A	Cash-Flow from Operating Activities:		
	Net Profit before tax & extra ordinary items	71764.74	58461.07
	Adjustments for:		
	Depreciation and Depletion	10612.27	9017.80
	Provision for Doubtful Debts, Loans & Advances	-	(30.63)
	Provision for Obsolete Spares / Stock	121.32	338.32
	Provision for Inventory written back	-	(5.97)
	Assets written off	18.62	72.60
	Excess/Shortage provision adjusted	(145.77)	0.00
	Electricity and transmission line amortised	313.44	156.72
	River diversion exps	186.40	88.21
	Road, Repairs & Maintenance	625.14	431.50
	Coal Mine Expense, Chhattisgarh	-	0.34
	Depreciation written back	-	(0.03)
	Surplus / Deficit on sale of assets	(67.25)	(84.27)
	Interest & Finance Charges	784.89	1528.32
	Dividend Income	(314.10)	(328.01)
	Profit on Sales of Investment	(34.50)	-
	Interest from Banks & Corporates	(4282.45)	(1526.71)
	Operating profit before working capital changes:	<u>79582.75</u>	<u>68119.26</u>
	Adjustments for:		
	Trade & Other Receivable	(28498.21)	(32889.87)
	Inventories	264.67	115.84
	Trade Payable	29634.66	21980.12
	Misc. Expenditure	6.58	(6.58)
		<u>1407.70</u>	<u>(10800.49)</u>
	Cash generated from operations	<u>80990.45</u>	<u>57318.76</u>
	Direct Taxes Paid (Net)	<u>(24769.85)</u>	<u>(18455.03)</u>
	Net Cash-Flow from Operating Activities	<u>56220.60</u>	<u>38863.73</u>
B	Cash-Flow from Investing Activities:		
	Purchase of fixed assets	(33464.09)	(27759.83)
	Sale of fixed assets	113.09	248.42
	Redemption / Purchase of Investments	29.50	(2.50)
	Interest from Bank and Companies	4312.07	1526.71
	Dividend & Income from units	314.10	328.01
	Net cash used in Investing Activities	<u>(28695.33)</u>	<u>(25659.18)</u>
C	Cash-Flow from Financing Activities:		
	Total proceeds from Share Capital (Minority Interest)	-	2.45
	Total proceeds from borrowing (net)	(13301.14)	(8303.53)
	Interest & financial charges	(1008.04)	(1714.38)
	Dividend paid	(11075.38)	(9261.61)
	Net cash used in Financing Activities	<u>(25384.56)</u>	<u>(19277.07)</u>
	Net increase in Cash & Cash Equivalents	2140.71	(6072.51)
	Cash & Cash Equivalent at the beginning of year	3504.99	9577.50
	Cash & Cash Equivalent at the end of year	5645.70	3504.99

Notes: 1. Cash and Cash Equivalents include Cash and Bank Balances
2. The Cash Flow Statement has been prepared under the 'Indirect Method' as per AS - 3 issued by ICAI.

S.R. Bhatt
General Manager (Accounts)

L. Kulshrestha
General Manager (Finance)

V.S.Gadhavi, IAS
Managing Director

Joel Evans
Company Secretary

Vinay Vyasa, IAS
Director

Bhadresh Mehta
Director

Place : Ahmedabad
Date : 25th May, 2012

As per our report of even date attached

For P Singhvi & Associates
Chartered Accountants
FRN - 113602W

CA. Nipun Singhvi
Partner
Membership No.136393
Place : Ahmedabad
Date : 25th May, 2012

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED ACCOUNTS

Note 1: SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Policies unless specifically stated to be otherwise are in accordance with generally accepted Accounting Principles.

2. **BASIS OF ACCOUNTING:**

The Accounts of the Corporation are prepared under the historical cost convention method using the accrual method. The Corporation follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis except that -

Generally prior period expenses/Income and prepaid expenses for an amount up to ` 50,000 in each case are debited/credited as current year's expenses/income.

3. **PRINCIPAL OF CONSOLIDATION**

The Financial Statement of the subsidiary company used in the consolidation are drawn up to the same reporting date as of the company.

The consolidated Financial Statements have been prepared on the following basis:

- a) The Financial statement of the company and its Subsidiary company has been Combined on a line by line basis by adding together like items of assets, liability, income, and expenses.
- b) Minority interest in the net assets of the consolidated subsidiary consists of the amount of equity attributable to the minority shareholders by the company in the subsidiary company at the date on which investment are made and further movement in their shares in the equity, subsequent to the date of investment.

4. **USE OF ESTIMATES:**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

5. **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 but excludes cost of fencing.
- b) Capital Work in progress includes 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. The same are stated at the lower of their net book value or net realizable value.
- e) Fixed assets received by the Corporation free of cost are stated at nominal cost.
- f) Full provision has been made on plant and machinery which has not been put to use and lying in capital work in progress for more than ten years.

6. **INTANGIBLE ASSETS :**

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization, if any.



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

7. MACHINERY SPARES:

Machinery spares for Generating Units, Power Station and Switchyard, etc. either procured along with 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.

8. BORROWING COSTS :

Borrowing costs attributable during 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.

9. DEPRECIATION :

- a) Depreciation has been provided for the fixed assets as under :
 - i) Depreciation is charged on written down value method at the rates prescribed in Schedule-XIV to the Companies Act, 1956 except Plant & Machinery of Power Plant and Wind Energy Farm from time to time.
 - ii) Depreciation is charged on straight line method as per the rates and in the manner as prescribed by CERC (Terms and Conditions of Tariff) Regulations, 2009 in respect of Plant and Machinery including mandatory/insurance spares of Power Project.
 - iii) Depreciation in respect of Plant and Machinery of Wind Energy Farm is charged on straight line method at the rates prescribed in Schedule XIV to the Companies Act, 1956 from time to time.
- 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) Depreciation on assets acquired is charged proportionately from the date of putting them to use on pro rata basis.
- d) Low value items which are in the nature of assets (excluding immovable assets) and valuing upto ` 5,000/- are not capitalized and charged off to revenue in the year of acquisition.
- e) Depreciation on assets given on lease by the Corporation has been provided on Straight Line Method so as to write off the cost over the primary period of lease as per lease agreement.
- f) Leasehold land is written off over the period of lease.
- g) In case of intangible assets, software is amortized at 40% on written down value method.

10. DEPLETION:

On the basis of the principle of wasting assets, depletion has been provided 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.

11. 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.

12. INVENTORIES:

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

13. 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.

14. EMPLOYEE BENEFITS:

- a) Post employment benefits i.e. gratuity and leave encashment 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 for the same. 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) Contribution to recognized Provident Fund Trust, loss, if any and other related expenses are charged to the Profit and Loss Account as and when crystallized.
- 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 to the legal heirs of deceased employee while in service is charged to Profit and Loss Account as and when the liability arises.
- f) The principal amount and interest thereon in respect of House Building Advance in case of deceased employee while in service is written off as and when intimation is received.
- g) Compensation to employees who have opted for retirement under the voluntary retirement scheme of the corporation is charged to Profit and Loss Account in the year of separation.

15. LIABILITIES FOR PURCHASES:

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

16. REVENUE RECOGNITION:

- a) Sales are recognized at the time of dispatch of finished goods. Sales include amounts in respect of excise duty, royalty, transportation, packing charges, clean energy cess and mine closure charges wherever applicable but exclude VAT.
- b) Interest recoverable on delayed receipt of lease rentals after the expiry of lease period are accounted when there is certainty of receipt thereof.
- c) The liquidated damage/penalty, if any, on the works completed are determined on completion of contracts and charged as revenue.
- d) Income of lease management fees is spread over the primary period of lease.

17. 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.

18. 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.



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- 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.
- 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.

19. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions involving substantial degree of estimation in measurement are recognized when there is a 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.

20. PRE-OPERATIVE EXPENSES ON MINING PROJECTS:

Pre-operative Expenses of Mines/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.

21. 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. In case of intangible assets, the same will be tested on periodical basis for impairment.

22. REHABILITATION AND RESETTLEMENT EXPENSES:

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

23. AFFORESTATION EXPENSES:

Afforestation Expenses are charged as revenue to the extent they are incurred by the respective departments.

24. MINE CLOSURE EXPENSES FOR LIGNITE MINES:

Concurrent mine closure expenses are accounted for as and when incurred. The annual cost of final mine closure is calculated and accounted for considering the useful life of the mines on the basis of approved final mine closure plans otherwise annual cost is calculated on the basis of draft mine closure plans submitted to the Ministry of Coal, GOI or on the basis of technical estimations for mines for which draft mine closure plans have not been submitted.

25. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE:

Material adjusting events (that provide evidence of conditions that existed at the balance sheet date) occurring after the balance sheet date are recognized in the financial statements. Non adjusting events (that are indicative of conditions that arose subsequent to the balance sheet date) occurring after the balance sheet date that represent material change and commitment affecting the financial position are disclosed in the reports of the Board of Directors.

26. PROPOSED DIVIDEND:

Provision is made in accounts for proposed dividend, subject to approval of shareholders in annual general meeting.

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NOTE: 2 NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31st March, 2012

2.01 The consolidated financial statements relate to Gujarat Mineral Development Corporation Limited and its subsidiary.

a.) Basis of Accounting

- i.) The financial statements of the subsidiary company in the consolidation are drawn up to the same reporting dates as of the corporation.
- ii.) The consolidated financial statements have been prepared in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements" and generally accepted accounting principles.

b.) Principles of Consolidation

The consolidated financial statements have been prepared as per the following principles:

- i.) The financial statements of the corporation and its subsidiary are combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra group balance, intra-group transactions and minority interest have been separately disclosed.
- ii.) The consolidated financial statements are prepared using accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Corporation's separate financial statements except as otherwise stated in the accounting policies.

The subsidiary company considered in the financial statement is as follows:

Name of the company	Proportion of shareholding as on March 31, 2012
Gujarat State Mining and Resources Corporation Ltd.	51 %

2.02 SHARE CAPITAL (` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Authorised Share Capital		
74,50,00,000 Equity Shares (Previous year 74,50,00,000) of `2/- each	14900.00	14900.00
1,00,000 Preference Shares (Previous year 1,00,000) of `100/- each	100.00	100.00
	<u>15000.00</u>	<u>15000.00</u>
Issued, Subscribed & Paid-up Capital		
31,80,00,000 Equity Shares (Previous year 31,80,00,000) of `2/- each fully paid up	6360.00	6360.00
Total	<u>6360.00</u>	<u>6360.00</u>

The reconciliation of the number of shares outstanding as at 31.03.2012 and 31.03.2011 is set out below:

Particulars	As at 31.03.2012	As at 31.03.2011
Number of shares outstanding at the beginning	318000000	318000000
Add: Shares issued during the year	-	-
Less : Share bought back	-	-
Number of shares outstanding at the end	<u>318000000</u>	<u>318000000</u>



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The details of shareholder holding more than 5% shares as at 31.03.2012 is set out below :

Name of the shareholder	No. of shares as at 31.03.2012	% held as at 31.03.2012	No of shares at at 31.03.2011	% held as at 31.03.2011
Government of Gujarat	235320000	74.00	235320000	74.00

The details of Aggregate no. of shares allotted as fully paid up by way of Bonus Shares for the period of immediately preceding five years from the date of balance sheet

Particulars	Year of allotment	Aggregate no. of Shares allotted
Equity Shares allotted as Bonus Shares	2008-09	159000000

2.03 RESERVES AND SURPLUS

(` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
- General Reserve		
Opening Balance	147570.63	122570.63
Add : Transferred from Profit & Loss account	35000.00	25000.00
Closing Balance	182570.63	147570.63
- Surplus		
Opening Balance	13046.36	11626.94
Add : Net profit after tax transferred from Statement of Profit and Loss	48679.61	37507.05
Amount available for appropriation	61725.97	49133.99
Less : Appropriation		
Proposed Dividend	9540.00	9540.00
Dividend Distribution Tax	1547.63	1547.63
Amount Transferred to General Reserve	35000.00	25000.00
Closing Balance	15638.34	13046.36
Total	198208.97	160616.99

2.04 LONG TERM BORROWINGS

(` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Term Loans		
From Gujarat State Financial Services		
Unsecured	-	5207.22
Total	-	5207.22

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2.04.01 The details of the terms of repayment of Term Loans & other loans is set out below

Nature of Loans	Amount of Loan	Terms of Loans
Term Loan from Gujarat State Financial Services	` 50000 Lakhs	Repayable in 14 equal Quarterly Installments of ` 3571 Lakhs along with Interest
Term Loan from Gujarat State Financial Services	` 20000 Lakhs	Repayable in 14 equal Quarterly Installments of ` 1429 Lakhs along with Interest
Term Loan from Gujarat State Financial Services	` 17000 Lakhs	Repayable in 20 equal Quarterly Installments of ` 850 Lakhs along with Interest

2.05 DEFERRED TAX LIABILITY (NET) (` in Lakhs)

	Deferred Tax Liability / (Asset) as at 31.03.2012	Deferred Tax Liability / (Asset) as at 31.03.2011
Depreciation	37919.43	30118.36
Disallowance u/s 43B of Income Tax	(23.68)	(35.54)
Others timing Differences	(8591.68)	(4715.25)
Total	29304.07	25367.57

2.06 OTHER LONG-TERM LIABILITIES (` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Trade Payables	-	99.74
Rates, Taxes & Duties payable	40.62	80.35
Security & Other Deposit liability	16610.76	1523.51
Creditors for Capital Assets	-	2000.17
Environment Expense Reserve Fund	147.33	210.12
Others Liabilities	24.92	656.58
Total	16823.63	4570.47

2.07 LONG-TERM PROVISIONS (` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Provision for Employee Benefits	-	-
Provision for Mines Closure	20062.43	9332.16
Total	20062.43	9332.16

2.07.01 Considering the revised guidelines dated 11th January, 2012 for preparation of mine closure plan, letter of Ministry of Coal, Government of India (GOI) dated 19th March, 2012 and draft mine closure plans submitted to the GOI, the corporation has changed the policy for provision for mines closure expenses.

As per the policy upto F.Y. 2010-11, such provision was made considering the useful life of mines on the basis of actual reserves, annual production, etc. and technical estimates or 25 years useful life of the mines, whichever is lower. From the F.Y. 2011-12, the corporation has made such provision considering the useful life of the mines on the basis of draft mine closure plans submitted to the Ministry of Coal, GOI for five mines and on the basis of technical estimations for remaining one mine. However, necessary adjustments, if required, shall be made in books of accounts after getting approval of GOI.



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Had the Corporation continued the old policy for provision of mine closure expenses, expenses for the current year would have been lower by ` 1209.31 lakhs and profit would have been higher to that extent and provisions would have been lower to that extent.

2.07.02 As per the guidelines for preparation of Mines Closure Plan issued by the Ministry of Coal, Government of India the Corporation has made a provision for mines closure expenses to the tune of ` 20062.43 lakhs upto 31st March, 2012. As per the guidelines the amount so provided is required to be deposited in ESCROW Account with a bank. The company is having sufficient funds in the form of inter-corporate deposits (ICDs) with GSFS to meet such obligation. The matter is under correspondence with the Ministry of Coal and the amount will be so deposited as directed by the Ministry of Coal out of available ICDs.

2.08 SHORT TERM BORROWINGS (` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Loans and advances received (unsecured)	2.47	1.47
Total	2.47	1.47

2.09 TRADE PAYABLES (` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Trade payables	6704.04	6444.71
Total	6704.04	6444.71

2.09.01 As required, the provisions of interest on delayed payment to Small & Medium Enterprises under the Micro, Small & Medium Enterprises Development Act, 2006, the company has not received memorandum as required to be filled by the supplier with the notified authorities under Micro, Small & Medium Enterprises Act claiming their status as Micro, Small & Medium Enterprises.

2.10 OTHER CURRENT LIABILITIES (` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Current Maturity of Long-term debt	-	8094.92
Interest accrued but not due on Unsecured Loans	-	223.15
Creditors for Capital Assets	4155.94	11163.39
Advance received from Customers	11693.35	5930.66
Rates, Taxes & Duties payable	5685.12	3940.51
Security & Other Deposit liability	3025.80	1579.41
Unpaid Dividend	84.22	71.97
Other Liabilities	4874.68	1873.98
Total	29519.10	32877.99

2.10.01 The Government of Gujarat (GOG) has provided funds amounting to ` 2226.95 lakhs which is in the nature of deposit for construction of Stone Parks on behalf of Commissioner of Geology & Mining (CGM), GOG. Out of the said deposits, Corporation has incurred ` 1788.11 lakhs till 31st March, 2012. Amount received from GOG for construction of stone parks and expenditure incurred against the same are shown under the heads "Other Liabilities" and "Other Loans & Advances" respectively.

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2.10.02 The GOG has provided funds amounting to ₹ 739.40 lakhs which is in the nature of deposit for construction of laboratory building on behalf of CGM. Out of the said deposits, Corporation has incurred ₹ 6.07 lakhs till 31st March, 2012. Amount received from GOG for construction of laboratory building and expenditure against the same are shown under the heads "Other Liabilities" and "Loans & Advances" respectively.

2.10.03 Vide Government Resolution dated 19/11/2009, GMDC has been given permission to lift Manganese Ore from dumps of Shivrajpur areas and dispose the same for which GMDC will be entitled to retain 20% of the sale price. GMDC has to keep remaining 80% of the sale price of Manganese Ore dump in a separate account of Gujarat Mineral Research & Development Society (GMRDS) for mineral survey and exploration. Accordingly, ₹ 198.16 lakhs (P.Y. ₹ 110.24 lakhs) (i.e. 80% of the basic sale price) has been transferred to GMRDS.

2.11 SHORT-TERM PROVISIONS

(₹ in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Provision for Employee Benefits		
- Gratuity	1224.05	200.85
- Leave Encashment	2058.32	1750.05
- Provident Fund	156.66	43.17
Proposed Dividend	9540.00	9540.00
Provision for Tax on Dividend	1547.63	1547.63
Total	14526.66	13081.70

2.11.01 During the year ended 31st March, 2012, the amount of dividend per share recognized as distribution to equity shareholders was ₹ 3 per share (P.Y. ₹ 3 per share)

2.11.02 Employee Benefits

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

Defined Contribution Plan

(₹ in Lakhs)

Particulars	2011-2012	2010-2011
Contribution to PF & other funds	709.50	695.98

Defined Benefit Plan

a) 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.

(i) Changes in Present Value of Obligations.

(₹ in Lakhs)

Particulars	31-Mar-12	31-Mar-11
Present Value of Obligation as at the beginning of the year	7248.32	4865.55
Current Service Cost	205.82	251.20
Interest Cost	597.99	401.41
Actuarial (gain) / Loss on obligations	853.03	1011.60
Benefits paid	(741.52)	(1713.42)
Past Service cost	-	2431.98
Present Value of Obligation as at the end of the year	8163.64	7248.32



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(ii) Changes in the Fair Value of Plan Assets.

(` in Lakhs)

Particulars	31-Mar-12	31-Mar-11
Fair Value of Plan Assets at the beginning of the year	7047.47	6471.51
Expected Return on Plan Assets	563.80	517.72
Actuarial Gain / (loss) on Plan Assets	69.83	71.66
Contributions	0.01	1700.00
Benefits Paid	741.52	(1713.42)
Fair Value of Plan Assets at the end of the year	6939.59	7047.47

(iii) The amount recognized in Balance Sheet

(` in Lakhs)

Particulars	31-Mar-12	31-Mar-11
Present Value of Obligations as at the end of the year	8163.64	7248.32
Fair Value of Plan Assets as at the end of the year	6939.59	7047.47
Net Asset / (Liability) recognized in Balance Sheet	(1224.05)	(200.85)

(iv) Amount recognized in the Profit and Loss Account

(` in Lakhs)

Particulars	31-Mar-12	31-Mar-11
Current Service Cost	205.82	251.20
Interest Cost	597.99	401.41
Expected Return on Plan Assets	(563.80)	(517.72)
Net actuarial (gain) / loss recognized in the year	783.20	939.94
Past Service Cost	-	2431.99
Expenses/(Income) Recognized in the Statement of Profit & Loss	1023.21	3506.82

(v) Investment Details

Particulars	% Invested as at	
	31-Mar-12	31-Mar-11
Funds with L.I.C.	100	100

(vi) Assumptions

(` in Lakhs)

Particulars	31-Mar-12	31-Mar-11
Mortality Table (LIC)	1994-96(Ultimate)	1994-96(Ultimate)
Discount Rate	8.50%	8.25%
Rate of increase in Compensation Levels	5.50%	5.50%
Rate of Return on Plan Assets	8.60%	8.00%

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.

b) 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.

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2.12 FIXED ASSETS:

(` in Lakhs)

Description	GROSS BLOCK				DEPRECIATION/DEPLETION				NET BLOCK	
	At cost as on 1-4-2011	Additions/ during the year	Sales/ Adjustments during the year	Balance as at 31-3-2012	Up to 1-4-2011	Depreciation/ Depletion for the year	Adjustments during the year	up to 31-3-2012	As at 31-3-2012	As at 31-3-2011
Tangible Assets :										
Free hold Land*	7507.08	1911.61	-	9418.69	743.56	301.28	-	1044.84	8373.85	6763.53
Building	22847.73	1039.69	-	23887.42	8659.32	1069.23	-	9728.55	14158.87	14188.40
Plant & Equipment **	186960.76	30588.56	182.46	217366.86	57781.30	8904.61	379.35	66306.56	151060.30	129179.46
Furniture & Fixtures	1340.33	11.32	0.49	1351.17	959.75	77.83	0.24	1037.34	313.83	380.58
Vehicles	1368.98	40.05	138.94	1270.09	913.44	125.05	138.26	900.24	369.85	455.54
Office Equipments	830.76	18.20	0.82	848.13	575.42	36.79	0.07	612.13	236.00	255.34
Assets under Lease										
Lease hold Land	513.37	357.37	-	870.74	17.11	34.39	-	51.50	819.24	496.26
Vehicles	2250.17	-	2250.17	-	2230.14	-	2230.14	-	-	20.03
Total (A)	223619.18	33966.80	2572.88	255013.10	71880.04	10549.18	2748.06	79681.16	175331.94	151739.14
Intangible Assets :										
Enterprise Resource Planning	-	730.24	-	730.24	-	284.11	-	284.11	446.12	-
Total (B)	-	730.24	-	730.24	-	284.11	-	284.11	446.12	-
Total (A) - (B)	223619.18	34697.04	2572.88	255743.34	71880.04	10833.29	2748.06	79965.27	175778.06	151739.14
Previous Year	197608.33	26837.69	826.84	223619.18	63465.26	9017.80	603.01	71880.05	151739.13	134143.07

*Including wasting assets and depletion on the same.

** Depreciation adjustment during the year includes ` 221.02 lakhs relating to previous year.

2.12.01 Statement showing written off assets awaiting disposal included in fixed assets stated above.

(` in Lakhs)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	At cost as on 1-4-2011	Additions/ during the year	Sales/ Adjustments during the year	Balance as at 31-3-2012	Up to 1-4-2011	Depreciation for the year	Adjustments during the year	up to 31-3-2012	As at 31-3-2012	As at 31-3-2011
Plant & Equipment	316.12	-	1.29	314.83	308.38	-	1.27	307.11	7.73	7.74
Furniture & Fixtures	25.27	-	-	25.27	24.47	-	0.00	24.47	0.80	0.80
Vehicles	68.35	-	7.67	60.67	66.24	-	7.29	58.95	1.72	2.10
Total	409.74	-	8.96	400.78	399.09	-	8.56	390.53	10.24	10.65
Previous Year	512.65	96.17	199.08	409.74	498.01	94.12	193.03	399.09	10.65	14.64

2.12.02 GSECL 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 ` 59.40 lakhs (P.Y. ` 59.40 lakhs) are accounted in the books of the Corporation and included in the respective heads of the assets.

2.12.03 Disclosures as regards leased assets

(` in Lakhs)

	2011-2012	2010-2011
(a) Vehicles		
(i) Gross carrying amount	-	2250.17
(ii) Accumulated depreciation	-	2230.14
(iii) Depreciation charged to P&L A/c	-	52.75
(b) The Corporation had given vehicles on lease to a State Government Undertaking.		



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2.13 INVESTMENTS

(` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Non-current Investment		
Other (Quoted)		
- Investments in Equity Instruments		
32,68,480 (P.Y. 32,68,480) Equity Shares of `10/- each, fully paid, of Gujarat Alkalies & Chemicals Ltd.	3414.24	3414.24
10,00,000 (P.Y.10,00,000) Equity shares of `10/- each, fully paid, of Gujarat State Fertilisers & Chemicals Ltd.	1001.25	1001.25
9,35,600 (P.Y. 9,35,600) Equity shares of `10/- each, fully paid, of Gujarat State Financial Corporation Ltd.	187.12	187.12
7,77,900 (P.Y. 7,77,900) Equity shares of `10/- each, fully paid, of Vijaya Bank	77.79	77.79
	4680.40	4680.40
Less : provision for diminution in value of investments	187.12	187.12
	4493.28	4493.28
Other (Unquoted)		
- Investments in Shares		
10,00,000 (P.Y.10,00,000) Equity share of `10/- each, fully paid, of Gujarat Informatics Ltd.	100.00	100.00
1000 (P.Y. 1000) Equity shares of `100/- each, fully paid, of Gujarat Industrial Technical Consultancy Organization Ltd.	1.00	1.00
74,25,000 (P.Y. 74,25,000) Equity Shares of `10/- each, fully paid, of Gujarat Guardian Ltd.	742.50	742.50
2,61,72,800 (P.Y. 2,61,72,800) Equity Shares of `1/- each, fully paid, of Gujarat State Petroleum Corporation Ltd.	5099.97	5099.97
2,80,00,000 (P.Y. 2,80,00,000) Equity Shares of `10/- each, fully paid, of Bhavnagar Energy Company Ltd.	2800.00	2800.00
1,90,840 (P.Y. 1,90,840) Equity Shares of `10/- each, fully paid, of Gujarat Jaypee Cement and Infra Ltd.	19.08	19.08
25,000 (P.Y. 25,000) Equity Shares of `10/- each, fully paid, of Naini Coal Co.Ltd.	2.50	2.50
50,000 (P.Y. NIL) Equity Shares of `10/- each, fully paid, of Gujarat Foundation for Entrepreneurial Excellence	5.00	-
	8770.05	8765.05
Less : provision for diminution in value of investments	-	-
	8770.05	8765.05
Total Non-current Investment	13263.33	13258.33
Note :		
Aggregate amount of quoted investments	4680.40	4680.40
Aggregate Market value of quoted investments	8658.75	8181.62
Aggregate amount of unquoted investments	8770.05	8765.05
Aggregate provision for diminution in value of investments	187.12	187.12

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Details of Investment in Subsidiary

Particulars	Proportion of Shareholding as at 31.03.2012	Proportion of Shareholding as at 31.03.2011
Gujarat State Mining & Resources Corp. Ltd.	51%	51%

2.13.01 Details of Investment in Associates

(` in Lakhs)

Particulars	Investment as at 31.03.2012	Investment as at 31.03.2011
Bhavnagar Energy Co.Ltd.	2800.00	2800.00
Gujarat Guardian Ltd.	742.50	742.50
Gujarat Jaypee Cement & Infrastructure Ltd.	19.08	19.08
Gujarat Foundation for Entrepreneurial Excellence	5.00	-

2.13.02 Details of Investment in Joint Ventures (Stated at cost of acquisition as per AS 13 - Accounting for Investments)

Particulars	Country of Incorporation	Investment as at 31.03.2012 (` in Lakhs)	Proportion of Ownership as at 31.03.2012	Investment as at 31.03.2011 (` in Lakhs)	Proportion of Ownership as at 31.03.2011
Naini Coal Co. Ltd.	India	2.50	50%	2.50	50%
Gujarat Jaypee Cement & Infrastructure Ltd.	India	19.08	26%	19.08	26%
Gujarat Gokul Power Ltd.	India	Agreement is executed but payment is not made	26%	Agreement is executed but payment is not made	26%
Bhavnagar Energy Co.Ltd.	India	2800.00	16%	2800.00	16%
Gujarat Credo Mineral Industries Ltd.	India	Agreement is executed but payment is not made	26%	Agreement is executed but payment is not made	26%
Gujarat Foundation for Entrepreneurial Excellence	India	5.00	50%	-	-

2.13.03 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. GIIC has proposed to enter into a Supplementary MOU by virtue of which GIIC will not be required to buy back the above shares and GMDC shall hold these shares as investment. The Board of Directors of GMDC and GIIC have agreed to enter into Supplementary MOU for which proposal has been sent to the Govt. of Gujarat for its approval.



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

2.14 LONG-TERM LOANS AND ADVANCES

(` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Unsecured, considered good		
Capital Advances	715.96	12311.81
Deposits with Various Courts	1275.35	1275.35
Security Deposits	306.28	243.36
Advances to Suppliers	2149.55	2739.06
Advance Tax & Tax Deducted at Source (Net of Provision)	25059.58	19441.87
Balance with Govt. Parties		
- with Sales Tax / VAT Department	344.41	1156.07
Loans & Advances to Employees	1376.06	1299.10
Other Loans & Advances	3.00	503.52
	<u>31230.19</u>	<u>38970.14</u>
Doubtful		
Deposits with Corporate Bodies	2657.21	2657.21
Interest Accrued and Due on Deposits	1583.13	1583.13
	<u>4240.34</u>	<u>4240.34</u>
Less : Allowance for Bad & Doubtful	<u>4240.34</u>	<u>4240.34</u>
	-	-
Total	<u>31230.19</u>	<u>38970.14</u>

2.15 OTHER NON-CURRENT ASSETS

(` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Unsecured, considered good		
Long Term Trade Receivables	727.22	981.22
Total	<u>727.22</u>	<u>981.22</u>

2.15.01 Gujarat State Road Transport Corporation Limited (GSRTC) has paid 1% residual value of ` 20.03 lakhs of 254 buses given on lease as per Agreement between GMDC and GSRTC dated 21.10.1999. Accordingly, corporation has completed formalities for transferring these buses in favour of GSRTC and it has also agreed to pay ` 254 lakhs on ad hoc basis towards overdue lease rentals as against the total amount of outstanding lease rentals of ` 981 lakhs due as on 31st March, 2012. For the balance amount, the matter shall be taken up with appropriate authorities. The management is hopeful for recovery of outstanding amount.

2.16 INVENTORIES

(` in Lakhs)

Particulars	Mode of Valuation	As at 31.03.2012	As at 31.03.2011
Mined Ore	At Lower of Cost	2295.49	2519.93
Less : Provision for Obsolete Stock	or Net Realizable Value	-	-
		<u>2295.49</u>	<u>2519.93</u>
Finished Goods	At Lower of Cost	0.45	0.45
Less : Provision for Obsolete Stock	or Net Realizable Value	-	-
		<u>0.45</u>	<u>0.45</u>
Stores & Spare Parts (Gross)	At Cost	4682.77	4313.61
Stores & Spares in transit		65.73	8.73
		<u>4748.50</u>	<u>4322.34</u>
Less : Provision for Obsolete Stock		<u>519.69</u>	<u>519.69</u>
		<u>4228.81</u>	<u>3802.65</u>
Loose Tools	At Cost	15.26	481.65
Total		<u>6540.01</u>	<u>6804.68</u>

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2.16.01 During the year, the Corporation has changed the method of valuation of inventories of stores, spares and loose tools from cost at FIFO basis to weighted average cost method. Had the Corporation continued the method of valuation of inventories on FIFO basis, expenses for the current year would have been higher by ` 0.41 lakhs and inventories as well as profit would have been lower to that extent.

2.17 TRADE RECEIVABLES

(` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Debt outstanding for a period exceeding six months		
Unsecured considered good	28.72	154.19
Doubtful	75.99	75.99
	<u>104.71</u>	<u>230.17</u>
Less : Allowance for Bad & Doubtful Debtors	75.99	75.99
	<u>28.72</u>	<u>154.19</u>
Other debts		
Unsecured considered good	4411.14	2421.55
Total	<u>4439.86</u>	<u>2575.74</u>

2.18 CASH AND CASH EQUIVALENTS

(` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Cash & Stamp on Hand	2.27	1.56
Remittance in Transit	-	600.00
Balance with Banks		
- Current Account	4269.13	1008.21
- Fixed Deposits	1230.68	1656.52
Other Bank Balance		
- Balance with Banks in Unpaid Dividend accounts	67.52	71.97
- Balance with Banks to the extent held as Margin Money	66.90	90.77
- Fixed Deposit with more than 3 months maturity but less than 12 months maturity	9.14	22.99
- Fixed Deposit with more than 12 months maturity	0.06	52.97
- Doubtful Fixed Deposits	374.00	374.00
	<u>517.62</u>	<u>612.70</u>
Less : Provision made for Doubtful FDR	374.00	374.00
	<u>143.62</u>	<u>238.70</u>
Total	<u>5645.70</u>	<u>3504.99</u>

2.18.01 Cash and Cash Equivalents as of 31st March, 2012 and 31st March, 2011 include restricted cash and bank balances of ` 143.61 lakhs and ` 238.70 lakhs respectively. The restrictions are primarily on account of cash and bank balances held as margin money, fixed deposits with more than 3 months maturity and unclaimed dividends.

2.18.02 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 an amount of ` 24.92 lakhs (P.Y. ` 24.92 lakhs) is recoverable from the buyer on execution of sale deed. The said amount has been deposited by the party before the Danta Court and in turn the Court has directed to the Company to deposit the said amount with a nationalized bank in the form of FDR with a lien marked in favour of Danta Court. Accordingly the Company has placed the same with Union Bank of India, Vastrapur Branch, Ahmedabad.



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2.19 SHORT-TERM LOANS AND ADVANCES

(` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Unsecured, considered good		
Deposits with Corporate Bodies	71513.84	37802.54
Security Deposits	6.03	63.88
Interest accrued and due on Deposits	-	29.62
Interest accrued but not due on Deposits	1874.90	527.25
Advances to Suppliers	1779.44	1276.13
Balance with Govt. Parties		
- with Central Excise & CGM	2110.39	1521.34
- with Sales Tax / VAT Department	943.76	-
Prepaid expenses	142.94	123.57
Loans & Advances to Related Parties	157.06	325.50
Loans & Advance to Employees	1031.52	448.53
Other Loans & Advances	3695.86	896.83
	<u>83255.74</u>	<u>43015.19</u>
Doubtful		
Advances to Suppliers	32.47	55.62
	<u>32.47</u>	<u>55.62</u>
Less : Allowance for Bad & Doubtful Advances	32.47	55.62
	<u>-</u>	<u>-</u>
Total	<u>83255.74</u>	<u>43015.19</u>

2.19.01 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.

2.20 OTHER CURRENT ASSETS

(` in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Road Repairs & Maintenance Expense deferred	-	625.14
River Diversion Expense Deferred	-	186.40
HT Line Shifting Charges deferred	-	313.44
Preliminary and pre-operative expenses	-	6.58
Total	<u>-</u>	<u>1131.56</u>

2.20.01 During the year, the Corporation has changed the accounting policy for capital expenditure incurred on roads, river diversion work and shifting of electrical lines, etc. Till last year, the same were amortized for a period of five years. Now the company has written off the outstanding balance in the current year. Had the Corporation continued the earlier policy of amortization of said expenditure, the expenses for the year would have been lower by ` 468.45 lakhs and profit for the year as well as assets would have been higher to that extent.

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2.21 REVENUE FROM OPERATIONS (` in Lakhs)

	2011-12	2010-2011
Sale of Products	169599.76	142752.68
Less :		
Excise Duty	6529.91	643.24
Total	163069.85	142109.44

2.21.01 In respect of sale of electricity, GUVNL 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 and finalization, the revenue has been booked on the basis of amount paid by GUVNL against electricity bills and adjustment of U.I. charges. Necessary adjustment shall be made in accounts after final outcome of the matter.

2.22 OTHER INCOME (` in Lakhs)

Particulars	2011-12	2010-2011
Interest Income		
- Income Tax/ Sales Tax Refund	287.07	0.01
- FDRs with Banks & ICDs	4282.45	1526.71
- Others	108.43	88.69
	4677.95	1615.41
Income from Investment		
- Dividend Income	314.10	328.01
- Net gain on sale of Investment	34.50	-
Gain on sale of Fixed Assets	72.44	85.12
Rent	215.40	202.78
Insurance Claim	0.55	38.62
Misc Income	1728.79	1323.45
Sale of Scrap material	137.18	108.87
Excess Provision of Earlier Year	148.10	179.39
Total	7329.01	3881.65

2.23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS & STOCK-IN TRADE (` in Lakhs)

Particulars	2011-2012	2010-2011
Closing Stock		
Finished Goods	0.45	0.45
Mined Ore	2157.39	2519.93
	2157.84	2520.38
Less :Opening Stock		
Finished Goods	0.45	582.17
Mined Ore	2519.93	2339.80
	2520.38	2921.97
Total	(362.54)	(401.59)



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2.24 EMPLOYEE BENEFITS EXPENSE (₹ in Lakhs)

Particulars	2011-2012	2010-2011
Salaries, Wages & Bonus	7201.18	6969.50
Contribution to Provident fund & other funds	1732.72	4205.24
Welfare Expenses	605.09	584.94
Terminal Benefits	1274.48	3399.34
Total	10813.47	15159.02

2.25 FINANCE COST (₹ in Lakhs)

Particulars	2011-2012	2010-2011
Interest & Financial Charges		
- Fixed Loans	744.87	1459.84
- Others	40.02	68.48
Total	784.89	1528.32

2.26 OTHER EXPENSES (₹ in Lakhs)

Particulars	2011-2012	2010-2011
- Manufacturing Expenses		
Overburden Removal, Loading, Plant operation & Mining Expense	26285.67	22229.81
Operational & Other Expenses		
- Power & Fuel	1435.18	1838.63
- Consumption of Stores, Spares & Chemicals	10393.70	7436.68
Repairs & Maintenance		
- Buildings	510.49	672.72
- Machineries	2254.75	1602.61
- Other Assets	1944.63	2431.25
Rates & Taxes		
- Royalty & Dead Rent	14863.29	11884.22
- Other Rates & Taxes	308.60	246.00
Mine Closure Expenses	10734.37	5927.00
Forest / Environment Expenses	52.02	1142.46
Rehabilitation Expenses	6.94	4.01
Other Manufacturing Expense		
- Machinery Hire Charges	73.19	78.98
- Rent	3.80	2.52
- Administrative & Selling Expenses		
Insurance Premium	258.36	281.34
Vehicle Hire Charges	418.68	370.24
Advertisement & Publicity	162.25	121.44
Security Expenses	970.96	897.24
Legal & Professional Fees	426.85	422.62
Payment to Auditors		
- Audit Fees	4.94	4.74
- For Tax Audit	0.67	0.66
- For Report on Corporate Governance	-	0.44

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(` in Lakhs)

Particulars	2011-2012	2010-2011
- For Consolidation	0.11	-
- Out of Pocket Expenses	0.10	0.10
Remuneration to Managing Director	14.69	12.94
Loss on sale of Assets	5.18	0.84
Directors sitting Fees & Allowances	1.62	1.73
Cash Discount	406.92	630.34
Donation	1342.29	1273.49
Provision for Obsolete Stores / Stock	121.32	338.32
Petrol, Diesel & Oil	33.87	21.74
TADA to Staff	90.28	88.87
Telephone & Internet Expenses	80.98	48.60
Postage & Telegram Expenses	20.06	23.56
Stationery & Printing Expenses	27.30	53.94
Business Promotion Expenses	3.31	83.62
Compensation to Contractors	-	54.00
Electricity Expenses for Office Use	849.60	92.45
Inauguration or Celebration Expenses	-	16.14
Mines Safety Week Expenses	27.26	21.17
Refreshment Entertainment Expenses	29.19	25.08
Water Expenses	81.60	89.92
Fixed Assets written off	0.00	59.71
Petty Assets written off	18.62	12.76
Miscellaneous Charges	204.23	136.04
Mining & Project Development Expenses written off	1124.98	245.18
- Prior Period Adjustments		
Income		
- Sales	11.98	23.06
- Other Income	23.53	-
Expenditure		
- Payment to Employees	0.24	65.10
- Operational & Other Expenses	(1.59)	-
- Consumption of Stores, Chemicals etc.	5.78	(59.70)
- Repair & Maintenance for Buildings	20.97	35.58
- Repair & Maintenance for Machineries	55.19	50.56
- Repair & Maintenance for others	6.89	-
- Miscellaneous Mining Expenses	177.22	5.74
- Overburden Expenses	131.88	-
- Bauxite Exploration Expenses	-	(4.04)
- Royalty & Dead Rent Charges	39.15	38.21
- Rates & Taxes	(3.27)	(12.10)
- Legal & Professional Charges	22.55	(0.20)
- Consultancy Charges	0.53	4.04
- Depreciation	(221.02)	(277.72)
- Insurance Premium	-	30.61
- Miscellaneous Expenses (net)	15.49	(29.31)
- Finance Charges	29.56	(1.79)
- Advertisement & Publicity Charges	-	5.00
- Plantation / Forest Charges	-	380.62
- Travelling Expenses	0.68	-
- Short Provision of earlier years	2.33	11.86
Total	75839.93	61145.55



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- 2.26.01** Royalty on account of sale of Bauxite has been accounted for `1120.24 Lakhs (P.Y. ` 1018.39 lakhs) on ad hoc basis as intimated by the Commissioner of Geology and Mining. Necessary adjustment shall be made in the accounts after final outcome of the matter.
- 2.26.02** 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 lignite are pending since 1993-94. Necessary adjustment in respect of liability for any charges, taxes, duties etc. will be provided in accounts on finalization of renewal applications.
- 2.26.03** During the year, the Corporation has changed the accounting policy for provision on plant and machinery which has not been put to use and lying in capital work in progress (CWIP) for more than ten years and has made full provision against the same. Had the Corporation continued the earlier policy of provision, the expenses for the year would have been lower by ` 121.32 lakhs and profit for the year as well as CWIP would have been higher to that extent.
- 2.27** **Contingent Liabilities**
Contingent liabilities not provided for Claims against the Corporation not acknowledged as debt ` 101119.33 lakhs (P.Y. ` 38135.00 lakhs).
- 2.27.01** 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 ` 773.52 lakhs (P.Y. ` 773.52 lakhs) upto 31st March, 2012. Necessary adjustment shall be made in accounts after final decision/outcome of the case.
- 2.27.02** The ex-owners of land acquired for the Bhavnagar 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 ` 60836.27 lakhs upto 31st March, 2012. Necessary adjustment shall be made in accounts after final decision/ outcome of the case
- 2.27.03** 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 ` 1239.03 lakhs (P.Y. ` 1044.78 lakhs) has been deposited and shown under the head 'Deposits with various Courts'. Necessary adjustment shall be made in accounts after final decision / outcome of the case.
- 2.27.04** Income - Tax : ` 24166.30 lakhs (P.Y. ` 23,791.26 lakhs)
- 2.27.05** Sales -Tax : ` 453.94 lakhs (P.Y. ` 453.94 lakhs)
- 2.27.06** Excise : ` 450.58 lakhs (P.Y. ` NIL)
- 2.27.07** Related to Contractors and Others : ` 4295.92 lakhs (P.Y. ` 4792.53 lakhs)
- 2.27.08** Bank Guarantee issued by banks on behalf of the Corporation/Corporate Guarantees given by GMDC on behalf of JV company : ` 3278.05 lakhs (P.Y. ` 3559.19 lakhs)
- 2.27.09** Royalty, Stamp duty and Conversion tax : ` 4466.88 lakhs (P.Y. ` 3719.78 lakhs)
- 2.27.10** Incentive to Employees : ` 1158.84 lakhs (P.Y. ` NIL)

In view of the various court cases/litigations and claims disputed by the Company, financial impact as to outflow of resources in respect of various expenses is not ascertainable at this stage.

2.28 Capital and other commitments :

2.28.01 Capital Commiments

Estimated amount of Capital Contracts remaining to be executed and not provided for ` 1717.73 lakhs (P.Y. ` 28559.62 lakhs)

2.28.02 Other Commitments

a) Corporation has entered in to the Sponsor Support Agreement with Bhavnagar Energy Company Ltd (BECL), whereby corporation has give commitment to meet the Cost overrun to the extent of its share of 16% in BECL.

b) NALCO has made upfront payment of ` 15100 lakhs for setting up Alumina Refinery & Smelter plant in Kutch region and same has been shown under the head "Other long term Liabilities". Further, GMDC has deposited the said amount with GSFS as inter corporate deposit. GMDC will supply Bauxite, Limestone and Lignite to NALCO on a long term basis, as per terms and conditions as may be mutually agreed between the parties and subject to approval of appropriate authorities; In case the said arrangement is not materialized as per proposed agreement, then GMDC shall refund the said amount and other compensation to NALCO as admissible as per law prevailing at that time.

2.29

I Raw Material Consumed:

Particulars	2011-2012		2010-2011	
	Quantity (M.T.)	Value (` In Lakhs)	Quantity (M.T.)	Value (` In Lakhs)
(a) Fluorspar Project, Kadipani Mined Ore	Nil	Nil	28168	281.85
(b) Calcination Project, GadhsisaMined Ore	Nil	Nil	Nil	Nil
Total	Nil	Nil	28168	281.85

II a) Consumption of imported & indigenous raw materials

Particulars	2011-2012		2010-2011	
	` In Lakhs	%	` In Lakhs	%
Imported	Nil	Nil	Nil	Nil
Indigenous	Nil	Nil	281.85	100.00
Total	Nil	Nil	281.85	100.00

b) Consumption of imported & indigenous Stores & Spares

Particulars	2011-2012		2010-2011	
	` In Lakhs	%	` In Lakhs	%
Imported	295.27	2.84	10.22	1.00
Indigenous	10098.43	97.16	1519.24	99.00
Total	10393.70	100.00	1529.46	100.00

III C.I.F. Value of Imports:

(` in Lakhs)

Particulars	2011-2012	2010-2011
Components & Spares	392.99	74.82
Capital Goods	Nil	Nil
Total	392.99	74.82

IV Expenditure in foreign currency : ` NIL (P. Y. ` NIL)

V Remuneration to Managing Director as under :

(` in Lakhs)

Particulars	2011-2012	2010-2011
Remuneration	14.16	12.77
Perquisites	0.52	0.17
Total	14.68	12.94



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VI During the year the Corporation has remitted the amount in foreign currency on account of the Share holders as under:

(a) Year to which dividend relates	2010-11	2009-10
(b) Number of non-resident shareholders	60	145
(c) Number of shares held by them	72962	116919
(d) Amount of dividend remitted in foreign currency (` In Lakhs)	2.19	2.92

2.30 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 provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary.

2.31 Balances of Creditors, Debtors, Loans & Advances and Advances from Customers are subject to reconciliation and adjustments, if any, in the accounts.

2.32 The company is in the process of identifying impairment of assets. In case Impairment loss is identified, the same will be recognized as per accounting policy of the company.

2.33 Earning Per Share

Particulars	2011-12	2010-11
Profit after tax (` In lakhs)	48676.09	37507.04
Weighted average no. of equity shares outstanding	318000000	318000000
Basic and diluted earnings per share (`)	15.31	11.79

2.34 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".

(` in Lakhs)

Item	Particulars	2011-2012	2010-2011
1	Segment Revenue (net sales/revenue)		
	a) Mining Projects	148724.25	122156.30
	b) Power Projects	20445.77	27421.82
	Segment Revenue	169170.02	149578.12
	c) Un-allocable Corporate Revenue	5222.18	2018.87
	Total Revenue	174392.20	151596.99
2	Segment Results :		
	(Profit/Loss before interest and tax)		
	a) Mining Projects	74092.13	57440.36
	b) Power Projects	(2657.31)	5704.51
	Segment Results	71434.82	63144.87
	c) Un-allocable Corporate Results	(3917.25)	(5098.90)
	Total	67517.57	58045.97

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(` in Lakhs)

Item	Particulars	2011-2012	2010-2011
	Less : Interest Paid	744.87	1528.32
	Add : Interest Income	4992.05	1943.42
	Net Profit before tax	71764.75	58461.07
	Less : Provision for Current Tax	19152.15	19602.33
	Less : Provision for Deferred Tax	3936.50	1382.39
	Total Tax Provision	23088.65	20984.72
	Profit after tax (Enterprise net profit)	48676.09	37476.35
	Add : Provision for taxes of earliers years (net)	0.00	30.70
	Add : Adjustment for minority interest	3.52	0.00
	Add : Balance of profit of last year	13046.35	11626.94
	Profit available for appropriation	61725.97	49133.99
3	Segment Assets :		
	a) Mining Projects	49008.93	27168.05
	b) Power Projects	222205.42	144677.15
	Total Segment Assets	271214.35	171845.20
	c) Un-allocable Corporate Assets	110615.81	73301.08
		381830.16	245146.28
4	Segment Liabilities :		
	a) Mining Projects	52983.92	21796.53
	b) Power Projects	59308.05	14682.45
	Total Segment Liabilities	112291.97	36478.98
	c) Un-allocable Corporate Liabilities	269538.19	208667.30
		381830.16	245146.28
5	Capital Expenditure :		
	(i) Additions :		
	a) Mining Projects	2027.18	2087.60
	b) Power Project	30393.99	24390.97
		32421.17	26478.57
	c) Un-allocable Capital Expenditure	2275.87	359.12
	Total Additions	34697.04	26837.69
	(ii) Depreciation/Depletion :		
	a) Mining Projects	1286.85	1327.35
	b) Power Project	9031.32	7733.88
		10318.17	9061.23
	c) Un-allocable Depreciation	515.12	234.32
	Total Depreciation/Depletion	10833.29	9295.55

6 Segment assets and liabilities are subject to reconciliation.

7 Segment Revenue of Mining includes ` 4494.94 lakhs (P.Y. ` 5369.26 lakhs)being captive consumption of Lignite/Lime for Power Project.

8 Inter segment transfers of Lignite and Lime are accounted for at cost.



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

2.35 Related party disclosures :

(i) List of related parties :

Name of Related Party	Relationship
Shri M. Sahu, IAS – Chairman Shri V. S. Gadhvi, IAS – Managing Director	Key Management Personnel
Bhavnagar Energy Co. Ltd. Gujarat Guardian Ltd. Gujarat Jaypee Cement Infrastructure Ltd. Gujarat Credo Mineral Industries Ltd. Gujarat Foundation for Entrepreneurial Excellence	Associates
GMDC Gram Vikas Trust Lakhpat Welfare Society GMDC Science & Research Centre	Enterprises over which key management personnel may be able to exercise significant influence

(ii) Transactions during the year with related parties : (₹ in Lakhs)

Nature of transactions	Associates		Key Management		Others		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Remuneration Paid	Nil	Nil	14.69	12.94	Nil	Nil	14.69	12.94
Purchase of Investments	5.00	Nil	Nil	Nil	Nil	Nil	5.00	Nil
Amount Paid/ Receivable	41.41	Nil	Nil	Nil	212.51	355.98	253.92	355.98
Amount Received/(Payable)	Nil	Nil	Nil	Nil	370.04	238.37	370.04	238.37
Income from Investments	74.25	74.25	Nil	Nil	Nil	Nil	74.25	74.25
Donation	Nil	Nil	Nil	Nil	700.00	1150.00	700.00	1150.00

(iii) Balance as at 31st March, 2012 : (₹ in Lakhs)

Nature of transactions	Associates		Key Management		Others		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Investments	3566.58	3561.58	Nil	Nil	Nil	Nil	3566.58	3561.58
Receivables	41.41	Nil	Nil	Nil	115.65	274.18	157.06	274.18
Payables	Nil	Nil	Nil	Nil	47.44	48.44	47.44	48.44

2.36 Till year ended 31st March, 2011, the company was using pre-revised schedule VI to the Companies Act, 1956, for preparation and presentation of financial statements. During the year ended 31st March, 2012 the revised schedule VI notified under the Companies Act, 1956, has become applicable to company. Corresponding figures of the previous year have been re-grouped / re-arranged and re-classified, wherever necessary, to make them comparable with the figures of the current year.

S.R. Bhatt
General Manager (Accounts)

L. Kulshrestha
General Manager (Finance)

V.S.Gadhvi, IAS
Managing Director

Joel Evans
Company Secretary

Vinay Vyasa, IAS
Director

Bhadresh Mehta
Director

Place : Ahmedabad
Date : 25th May, 2012

As per our report of even date attached

For P Singhvi & Associates
Chartered Accountants
FRN - 113602W

CA. Nipun Singhvi
Partner
Membership No.136393
Place : Ahmedabad
Date : 25th May, 2012

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 49th Annual General Meeting of the Company 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 Friday, the 28th September, 2012 and at any adjournment thereof.

Dated _____ day of _____ 2012

Revenue
Stamp
`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 Company, 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 Company. I hereby record my presence at the 49th Annual General Meeting of the Company 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 Friday, the 28th September, 2012 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 Company.



GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.
KHANIJ BHAWAN, 132 FT RING ROAD,
NR.UNIVERSITY GROUND, HELMET CIRCLE,
VASTRAPUR, AHMEDABAD – 380 054

ECS / MANDATE FORM

DP ID/CLINET ID/L.F.NO: _____

NAME OF SHAREHOLDER: _____

ADDRESS OF SHAREHOLDER : _____

NO. OF SHARES HELD : _____

NAME OF BANK : _____

ADDRESS OF BANK : _____

BANK A/C.NO. : _____

BANK MICR CODE : _____

SHAREHOLDER'S SIGNATURE : _____

DATE : _____

PLACE : _____

NOTE : ECS / MANDATE FORM TO BE FILLED BY THE SHAREHOLDER AND RETURN BACK TO THE COMPANY OR REGISTRAR FOR REGISTRATION.