

**Speech of Shri D J Pandian, IAS
Chairman and Managing Director
Gujarat Mineral Development Corporation Ltd**

Dear Shareholders and my Colleagues on the Board,

I feel immense pleasure to welcome you all to the 51st Annual General meeting of your Company.

The audited financial statements and the report of directors for the year 2013-14 have been circulated to you. I consider them as read.

Tracking the Past

It was in May 1963 that GMDC commenced its journey of fueling the growth of Gujarat. This year, your company completed 51 glorious years. Your company has been efficaciously fulfilling its vision of collaborated growth and success. It has set high benchmarks for productivity and operations. Last year though we faced a minor setback. Despite majority of our mining operations being interrupted by long and heavy rains, your company was able to meet most of its targets. Your company has embarked on a mission of future expansions and inclusive growth.

Current Scenario of Mineral Sector

Globally, mineral sector has been facing challenge of lower profit realization due to increased mining costs and decreased commodity prices. Since many of the mining operations in India are undertaken by captive consumers and public sector undertakings, the domestic mining industry has been less affected by the prevailing conditions in global industry. The slow progress in the domestic mining sector has more to do with the problems related to the delays in getting clearances, investment scenario, fluctuating demand and electricity prices. However, robust growth of the consumer sectors has been increasing the demand for fuel and minerals in the country. Your company, a key player in domestic mining industry, has successfully assimilated itself in the changing scenario and efficiently positioned to reap future benefits. This has opened immense growth opportunities for your company.

Setting High Standards

GMDC's strategic thrust is outlined by expansion of activities on three fronts, namely, venturing into value added services; increasing the geographical reach, and expanding operations in other sectors such as power generation. With each passing year, your company has been consistently setting new benchmarks for financial performance. The profitability of your company had steadily increased to 26%, 31% and 33% in 2010-11, 2011-12 and 2012-13 respectively. This year has been a little difficult for us. Due to long and heavy monsoon our company's lignite and other mining divisions faced minor setback. We managed total sales of Rs 1289.66 crores with profitability of nearly 31%. The Profit after Tax stood at Rs. 439.13 crores. I would like to thank our employees for their unflinching devotion and efficiency.

Looking into the segment wise performance of your company, the revenue from Lignite and Bauxite segments were Rs 1058 and 18 crores respectively. Revenue from power segment stood at Rs 175, 115 and 12 crores from thermal, wind and solar power stations respectively.

As you are aware, increasing stakeholders' value has been the prime purpose of GMDC. This year as well, your directors have recommended 150% dividend i.e. Rs 3 per share.

Segment Review

Mining, the core competency of your company, continues to lead the business operation. GMDC's five active lignite mines together generated 83.98 lakh metric tonnes of lignite during the year under review. On the other hand, production of bauxite was 2.13 lakh metric tonnes.

The Umarsar lignite mine is expected to start its operations in 2014-15 which is expected to add 10 lakh tonnes of lignite production annually to our mining business.

I am happy to inform you that the strategic decision to award long term Operation and Maintenance Contract of Akrimota Thermal Power Stations to M/S KEPCO to streamline its operation has started giving favorable results. The PLF of Akrimota Thermal Power Station has improved and reached 79% in December 2013. The performance of power plant is expected to further improve during this fiscal year. This alliance is proving to be a major catalyst for the improved performance of the power plant.

You would be happy to note that a total of 269 million units of power were produced via our wind power generation facility, a 23% increase over last year, translating into revenue of Rs 115 crores.

Our innovative idea to utilize the scant land resources by means of the solar power project on the reclaimed area at Panandhro Lignite Mines has also generated 8 million units resulting in revenue of Rs 12 crores.

Your company's vision is not only revenue generation but also preservation of environment. GMDC's venture into renewable energy has kept us on track with our vision and shows our commitment to preserving the environment.

New Avenues of Growth

Research and development has led to change in business models of many miners. Mining companies are capturing value and increasing profits by covering the entire value chain of minerals within the captive operations. Thus, backward and forward integration has become an integral part of growth strategy for many miners. Your company is also investing in and developing various downstream operations. This is visible through our operations in downstream industry of bauxite, aluminum and fluorspar. This is being undertaken in joint venture through public-private partnership.

Your company has been regularly participating in the 'Vibrant Gujarat' event to identify new opportunities for growth and expansion. This year mining has been identified as one of the focus sectors of Vibrant Gujarat. We expect some significant discussions to open new frontier for GMDC and cross border investments. Vibrant Gujarat has provided your company a platform for interacting with Global players and we have been able to develop many downstream projects through this mode. Capital expenditure for development of these projects has been separately identified in the business plan of GMDC.

Your company is planning to develop downstream industries for bauxite, fluorspar, manganese, limestone, coal and other metals like zinc, lead etc. Projects for value addition of bauxite have been envisaged by your company. These are for various products like aluminum, specialty alumina chemicals, zeolite, DBLB, refractory products etc. Some of these projects are in advanced stages of implementation. Beneficiation plants for manganese and fluorspar are also under implementation. I am happy to announce that we have received forest clearance for our low-grade Manganese extraction project. Your company is also planning to set-up cement plant in joint venture to utilize the limestone produced at its Tadkeshwar mines. Your company also has significant reserves of silica sand, bentonite and ball-clay and is under process of identifying the best way for utilizing these minerals.

A project for pyrite removal plant for lignite is also under implementation and is envisaged to be commissioned in this financial year. Your company has also formed partnership for development of its multi-metal lead, zinc and copper mine and setting up of beneficiation plant for the same. I foresee a very bright future for your Company on the value addition front.

I am happy to inform that the ambitious Aluminium Smelter project in collaboration with NALCO is progressing well. NALCO, a leading national player in this segment, is a promising partner for this project. The first phase of land required for this project has been identified and acquired. When implemented, this project, based on bauxite supply by GMDC from Kutch, is all set to change the mineral development scenario of the State and of the Nation. With this project, GMDC will surpass all expectations.

Other value addition proposals that your Company is contemplating, *inter alia*, involve processing of beach / river sand, offshore exploration to discover manganese, nickel, cobalt, silica sand beneficiation, setting up mineral based captive jetty in Kutch and acquisition of mineral properties abroad.

Striving Forward

Indian mineral sector is undergoing huge reformations. Strategies of all the companies are changing with changing times. These changes point to a bright future for the domestic mineral sector and downstream industry as well as for your company. For this purpose, your company has set ambitious goals in its business plan for the next five years. With the support and collaboration of all stakeholders, I am sure your company will be able to achieve even greater goals.

Let me share with you today, that the Vision of your Company for the current fiscal and for the next five years, visualizes growth and expansion on all fronts. The goal is to explore newer areas bearing valuable mineral resources and to focus on enhancing the capacities of the existing mines. Rigorous and concentrated efforts are being made to acquire leases for the new mines of both lignite and bauxite.

Foraying into renewable energy resources will also be a part of the growth agenda for your Company. This segment promises to be a critical revenue generator. Your company is planning to expand its reach in renewable energy and double its existing capacities in next five years. The company is also planning to set-up solar power plants for utilizing the mined out land available with the company. A 5 MW solar PV plant is already operational at the Panandhro mine.

Recognizing the mining expertise of your Company, many State Peer Public Sector Undertakings are also approaching your Company to act as their mining partners. Within the State, your Company has been appointed as Mine Developer and Operator for developing Bhavnagar Lignite Mines of Gujarat Power Corporation Ltd. Bhavnagar Energy Company Limited has also offered to appoint your Company as Mine Developer and Operator for its limestone mines in Bhavnagar.

Exploration is one of the most key aspects for identification of new opportunities for a mining company. I am happy to announce that your company undertook drilling of nearly 40,000 meters for geological investigation of Lignite and Bauxite deposits in various parts of the state. Your company plans to undertake nearly 60,000 meters of core drilling for geological investigation of Lignite, Bauxite, Manganese and Fluorspar in different areas of the state. This will open up new mining opportunities and prospects for your company.

Awards and Recognition

Your company always strives for excellence by incorporating latest advancements of technology into its operations and work culture. For this your company recently received a PSU award. The PSU award was given to GMDC for our ERP project iMINE during PSU summit held in August 2014. The ERP project helps us in monitoring our mining operations in real time.

Spreading the knowledge

I feel proud to inform you that your company has been part of various knowledge sharing and skill development initiatives. Three centres of excellence have been developed to promote these initiatives.

With GMDC as principle promoter, the Govt. of Gujarat has taken an initiative to establish International Centre of Excellence in Mining Safety & Automation (iCEM) with an objective to be recognized as the distinguished global collaborator to the Mining industry in the fields of Skill Development, Corporate Training, Demonstration of Technology and Best Practices, R&D, and Entrepreneurship through continued innovation and excellence in mining and mineral development.

With GMDC as one of the industry partners, Govt. of Gujarat has taken an initiative to establish International Stone Research Centre (iSRC) with an objective to nurture and support the Stone Industry by bringing National and International Best Practices through Skill Formation, Development, Upgradation, R&D and Entrepreneurship Development.

With GMDC as one of the JV partners, Govt. of Gujarat has set up a world class centre for Excellence in Entrepreneurship and Technology: the International Centre for Entrepreneurship and Technology (iCREATE) The Centre will identify, nurture, mentor and grow the spirit of entrepreneurship and innovation amongst the youth. It will facilitate "Next Generation Entrepreneurship" that blends creativity, innovation, engineering, product design and leverages emerging technologies to evolve out-of-the-box applications.

Ensuring a Greener Future

GMDC has always kept its social and environment responsibilities at top priority. Your company continually undertakes activities for sustainable development of its projects and for overall development of the society it operates in. GMDC firmly believes in sharing the benefits of its operations with the society and environment.

I am happy to announce that for stable operations of its lignite mines, your company has been undertaking Geocoir matting of its overburden dumps. This has helped in stabilizing the dumps as well as reducing the erosion of soil from the overburden. It also helps in absorbing and retaining of water, strengthening of plant roots in the soil and increasing the grass cover. Neutralizing the mine water produced at GMDC mines is also a part of GMDC's mining operations. This helps in preventing discharge of harmful water into the environment. Your company also undertakes regular environment audits to identify and check the impact of its operations on the environment.

I would also like to inform you that your Company has been proactive for shouldering its Corporate Social Responsibility. Areas surrounding various projects have been included in the overall CSR Policy framework of your Company. As you know, your company operates in the remote locations of the State and therefore, it has been the endeavors of your Company to bring these rural communities into the mainstream of development. With a view to provide holistic rural development, various programmes and initiatives have been provided by your Company. The target sectors under CSR are Education, Water, Health, Sanitation, Women Empowerment, Agriculture, Micro Irrigation, Livelihood and Rural Infrastructure. Through these programmes, GMDC reaches out to rural community of the hinterlands of the State and shares the fruits of development with these rural masses.

In Summary

I would like to thank the Government of India, Ministry of Environment and Forests, Ministry of Coal, Ministry of Mines and other departments for supporting GMDC. I extend my gratitude towards Government of Gujarat for facilitating GMDC's inclusive growth strategy. I would also like to thank our board and shareholders for encouraging the strategies and endeavors of GMDC.

Employees are the backbone of any organization. It is the employees and stakeholders that can lift a company and set benchmarks for everyone else to look up to. I would like to thank all the employees of GMDC for having faith in their company and support us in growing beyond our existing operations. In our

current five year business plan (2013-2018), we aim to double our revenue, triple our profitability and increase our production from all segments by 2018.

I believe that with continuous support of all the stakeholders, your company will be able to achieve the targets that we have set in our business plan.

Thank you.

D J Pandian