



No. GMDCLTD/CS/NSE/BSE/2024

Dt. 02.08.2024

To, BSE Limited P.J. Towers, Dalal Street Mumbai-400001 Script Code: 532181	To, National Stock Exchange of India Ltd, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai -400051 Script Code: GMDCLTD
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Dear Sir/ Madam,

Subject : Transcript of Analysts/ Institutional Investors Meet through Conference call

We had vide our letter dated 29th July, 2024 intimated the Stock Exchanges about the schedule of Analysts/ Institutional Investors Meet on 30th July, 2024 at 4.00 PM IST through audio Conference Call.

The link for Audio file of the conference call was intimated to Stock Exchanges on 31/07/2024.

We send herewith a copy of Transcript of the said conference call which took place on 30th July, 2024. The said transcript, along with the audio file link, is also uploaded on the Company's website i.e. www.gmdcltd.com.

You are requested to kindly take note of the same on your record.

Thanking you,

Yours faithfully,
For Gujarat Mineral Development Corporation Limited

(Joel Evans)
Company Secretary

Encl : As above

Gujarat Mineral Development Corporation Limited

(A Government of Gujarat Enterprise)

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Gujarat Mineral Development Corporation Limited

Q1 FY '25 Results Conference Call

July 30, 2024

Management:

1. Shri. Roopwant Singh, IAS, Managing Director
2. Shri. R.K. Dash - GM, Marketing and Sales
3. Shri. Swagat Ray - GM, Project Planning and Development and PRO
4. Shri. A.K. Sharma - GM , Power
5. Ms. A K Iyer - GM Accounts and CFO



Moderator: Ladies and gentlemen, good day and welcome to Gujarat Mineral Development Corporation Q1 FY '25 Results Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Mamta Samat from Perfect Relations. Thank you, and over to you, ma'am.

Mamta Samat: Thank you, Yusuf. Good evening, and thank you all for joining us on the Gujarat Mineral Development Corporation Limited Q1 FY '25 Earnings Conference Call. Today, we have with us the senior management represented by Shri. Roopwant Singh, Managing Director; Shri. R.K. Dash, General Manager, Marketing and Sales; Shri. Swagat Ray, General Manager, Project Planning and Development and PRO; Shri. A.K. Sharma, General Manager, Power and Smt. A K Iyer, General Manager, Accounts and CFO.

Before we begin, I would like to say that some of the statements that will be made in today's discussion may be forward-looking in nature. As you are already aware that the Q1 FY '25 results are in public domain, so we will have the forum open for the interactive Q&A session. Over to you, Yusuf.

Moderator: First question is from the line of Amit Dixit from ICICI Securities. Please go ahead.

Amit Dixit: Yes. Very nice to interact with you, sir, after a long time. So I have a couple of questions -- sorry, 3 questions to be precise. The first one is on if you could let us know your volume target for FY '25 and FY '26, given that now Tadkeshwar is back and we see a good amount of coal production from there? The second one is essentially on -- we have been recently been declared as a preferred bidder for the coal mines in Odisha. So just wanted to understand the rationale going in Odisha and overall operations in Gujarat? And the third is essentially the progress around multi metals and Rare Earth project?

Roopwant Singh: Thank you, Amit. Very quick answer. Current year, we should be in excess of 9 million. And the year thereafter, we would like to improve on that. This is deployed targets. Coal blocks are the natural extension for a company which does very well in lignite. A significant part of our senior management team is trained in coal. And these blocks were taken after evaluating the opportunities nationally and Odisha offers the best opportunity for GMDC and hence, these blocks. These blocks are in an advanced stage of development, and we plan to see groundbreaking in the next financial year -- early next financial year.

Multi-metal project has been activated. We have to get a few clarifications on the regulatory side and then we would be rolling out RFPs for mine development and operations, hopefully, towards the end of this financial year. On the Rare Earth, GMDC has been nominated by Government of India as the agency to take the Rare Earth Project in Ambadongar forward. Further, GMDC has also received a letter of communication, making it the preferred allottee and to take this project forward. Thank you.



Amit Dixit: Just very quick follow-up on my -- 2 follow-ups to be precise. The first one is on Odisha. So can -- since now we have a standard as of footprint out of Gujarat or is there a possibility that we will further look for any such coal blocks in Odisha or maybe lignite blocks elsewhere in the country? And the second one is potentially when can we expect the commencement of production from multi metal or Rare Earth? If you can give a T plus some year time line that could also suffice.

Roopwant Singh: Okay. GMDC is always open to all good business opportunities that open up. At the moment, there is further good news. After the 2 coal blocks in Odisha, we have backed our third coal block in Odisha by the name of Kudanali-Lubri. This is an unexplored block, which will require an year of exploration, slightly more than any year of exploration. So those actions are going to be activated. So that probably answers your first question. Multi-metal project is, again, involves a 2- to 3-year intense exercise. You should see significant progress there. Hopefully, we'll have clarity by the end of this year. On the Rare Earth side, we are looking at a 3-year horizon.

Moderator: Next question is from the line of Venkatesh Subramanian from Logictree Consultants Private Limited. Please go ahead.

Venkatesh Subramanian: Yes, sir. Sir, I would like to understand GMDC from 2 perspectives. One is from what I've heard over the last many months, there seems to be some sort of an internal transformation that's going on at GMDC where you have a blueprint to make GMDC into a different sort of a company, not just on lignite and this thing. So if I view these 2 different -- the current base business of lignite, if I take it with a 3-year view, is there some sort of guidance that you can give us that we want to be on the basic business at the moment. And then the rare earths and the multi metal is more of an optionality because as you mentioned, it's a 3-year project, and cash flows will probably start coming in from the fourth, fifth year onwards. So I'm trying to understand the current business, what it could be over the next 3, 4 years.

Roopwant Singh: So our transformation is underway, and the company has prepared a very robust growth plan till the end of the decade, by 2030. So the plan is a 4x growth plan. The core of the first lever would be our existing Lignite business because that is already activated, and that will give us the earliest returns. So by the end of this decade, you should see volumes in a year about 15 million tons from lignite in Gujarat. For the metals and the critical minerals side, a lot of work has already taken place and further a lot of work will be undertaken. These are not only economically remunerative projects, they hold more strategic importance for the nation also.

Venkatesh Subramanian: Right, sir. So taking off from the lignite plans, sir, I know that it goes through price volatility. So when you assume internal growth plans and in terms of volume, what's the safe number or a range that you are looking at in terms of lignite pricing, say, in a very base case scenario, what's the metric ton because you people are the experts at it. What would be the best guide that we need to assume and what's the best case scenario we can assume in terms of price, sir?

Roopwant Singh: So I'll answer it in a different way. What has changed in the past 2.5 years is lignite pricing has been developed as a response to our main competitor that is imported coal. So that is a bigger metric, which controls our prices. As you would have seen 2 years ago, we had good volatility there, and we were able to capture value only because of the strategic move. In the past year



also, we were able to capture strategic value despite 2 of our mines closing down and one contract exhausted. So that is a good achievement that we can -- that we have worked on.

Prices in terms of margins, while 2 years ago, the margins were in excess of 50%. They are now in the range of 30% plus. Then again, we expect these margins to continue, but we are not in the business of forecasting, but we do take forecasting views into consideration. The goal of the company is to focus on volumes, capture more customers and market, and the value would be a strategic decision.

Venkatesh Subramanian: Right, sir. So would it be safe to assume that the current financial year, FY '25, we would be able to probably do a repeat of volumes of, say, FY '23, with an operating margin of 30%. I'm not going to hold you to this, but is it a reasonable estimate?

Roopwant Singh: What I would say is we are targeting excess of 9 million tons, and the current margins you can assess from the first quarter. And one good news, this year, the company is pursuing 2 gold strategies. One of them is called Mission 18.0, and the second is Mission 2000. Mission 18.0 aims at targeting 18 lakh tons of sales of lignite in the monsoon quarter. This was -- this stood at barely 6 lakh last year. So this is an exceptional value unlock because in the monsoons, if we are able to sell something that is additional accrual to us. And Mission 2000 is to, again, take the number of our customers, active customers in excess of 2,000.

Venkatesh Subramanian: Okay. So the monsoon quarter is actually the current quarter that you're talking about, sir?

Roopwant Singh: Yes. And there is good traction and good movement by everybody there.

Venkatesh Subramanian: Fantastic, sir. One more question, and I'll join the queue, sir. We are talking about lignite and then Rare Earths and multi-metals completed. Coal, when will you start giving us revenue, sir? Where do you see it coming in?

Roopwant Singh: Overall, our larger mine, Baitarani-West, we are targeting a very aggressive groundbreaking in Q1 of '26. That mine has shipping ratio of only 1.5. So production would commence very quickly thereafter. Please wish us luck so that we're able to achieve these ambitious time lines. The second block will require some more work, so that will follow 1 or 2 quarters thereafter.

Venkatesh Subramanian: Got it, sir. Got it, sir. So what's the capex...

Roopwant Singh: Again, wish us luck on these time lines...

Venkatesh Subramanian: Sorry, sir, I didn't get you...

Roopwant Singh: Again, wish us luck on these aggressive time lines.

Venkatesh Subramanian: Sir, our prayers are with you. Absolutely. What kind of capex are we planning for this year, sir? FY '25 and FY '26?

Roopwant Singh: Capex plans are very ambitious. In excess of INR3,000 crores current year and for the coming 2 years also.



- Moderator:** Next question is from the line of Shashank Jani who is an individual investor. Please go ahead.
- Shashank Jani:** As we know that we are undertaking diversification under Project Shikhar and our major revenue comes from lignite. So what is the target that we are setting that the revenue will come from non-lignite sources?
- Roopwant Singh:** Okay. I'll take all the questions first, and then I'll answer. Any other -- Shashank, any other questions you have, I'll take...
- Shashank Jani:** No, sir. This is the only question that I have.
- Roopwant Singh:** Okay. Okay. So this is a very big question. Project Shikhar is ambitious but very doable and very tangible. By the end of this decade, you should see our revenues being quadrupled. Of these revenues, a major share would come from, again, our existing business, lignite and coal, which you know very well. And the remaining would come from these new age critical minerals. In terms of realizations, they should more than triple by the end of this decade and their share of each of these 3 buckets, lignite, coal and critical minerals should be equal. So those are the ambitious plans laid out very simplified.
- Moderator:** Next question is from the line of Shreyansh Jethwani from SG Securities. Please go ahead.
- Shreyansh Jethwani:** I had a couple of questions. So the first one is when you bid on these coal blocks. So what kind of financial return metrics are we looking at? And is there any target that we have in terms of like minimum return on capital as such or any other metric that you look at while bidding? Just trying to understand on that front. And so my second question is since -- like I just wanted actually clarification, you said 3,000 crores, would that be every year for the next 3 years? Or is it spread across 3 years? And from what the balance sheet -- is we would have to take on certain amount of debt or raise equity. So how are you looking to raise that? Do you have like certain financing options that you already are looking at? So just those 2 questions.
- Roopwant Singh:** Okay. For the coal blocks, of course, we would like to capture as much value as we can. But under the board mandate, we will target a return of 15% and IRR, internal rate of return, of 15%. And in any contingency, we will never go below 12%. So that is the business model that we are working on. This capex for INR3,000 crores is over the next -- is INR3,000 crores -- INR3,030 crores this year. Next year, it would go to INR3,424 crores thereafter, again, INR3,000 crores and thereafter, again, INR3,000 crores. So till 2030, you should see a significant capex infusion.
- While we are doing this, there would be internal accrual of the earnings that we will be doing from our existing projects and early activation of coal projects. But in no case does our debt equity ratio rise above 1%. So these are solid plans backed by serious numbers.
- Moderator:** Next question is from the line of Saloni Shah from Ajmera Associate. Please go ahead.
- Saloni Shah:** My question is, what is the current power generation capacity of Akrimota Thermal Power Station and post the PPA amendment, what changes can be expected?
- Roopwant Singh:** Okay. Any other questions?



- Saloni Shah:** No.
- Roopwant Singh:** Okay. So ATPS, the Akrimota Thermal Plant has a generation capacity of 250 megawatts as you are aware. At the moment, the plant is not working. But by December, the overhaul should be completed. And that is the time when the advantage from revised PPA norms would kick in. So that we are able to capture these -- the advantage of these revised PPA norms, we have gone in for a comprehensive operation and maintenance philosophy, which is to be outsourced.
- And we have onboarded industry leader, a tier one industry leader, to take up these O&M operations for us. Hopefully, we should be able to capture some value in the last quarter of this year. But in the next year, this bleeding asset should turn out to be an income-generating asset for the corporation.
- Moderator:** We have our next follow-up question from the line of Venkatesh Subramanian from Logictree Consultants Private Limited. Please go ahead.
- Venkatesh Subramanian:** 2 questions. Just going back to the capex, assuming that we will do a INR3,000 crores capex this year or rather not assuming, as per plan. We will -- if things go well, sir, we should probably make a net profit -- I mean, I'm assuming the number again, INR800 crores to INR1,000 crores on a positive side. Then how do we have some cash reserves, I suppose, sir. How do we make this capex, sir, somewhere, if it's a debt to equity, it's going to be one is to one, how will it work it out?
- Roopwant Singh:** Like I said, we have aggressive capex plans spread over the next 6 years, including the current one. In all scenarios that we have worked out, our debt equity ratio does not exceed one which I just said.
- Venkatesh Subramanian:** Okay. So we just have to presume that we will have to -- we'll have a scope to increase profitability to that level approximately, yes.
- Roopwant Singh:** I would not say anything there. But we would make a decent generous sum -- amounts of money during this period also.
- Venkatesh Subramanian:** Okay, sir. And what are the current cash results that we have, sir, as on 30th June?
- Roopwant Singh:** They would be slightly short of INR2,000 crores, but the exact number doesn't come to my mind.
- Venkatesh Subramanian:** Okay, sir. Quick one. This power capacity, we have this 250 megawatts and this is going to overhauled in December. How -- what is it that we can expect out of this, how does it come in handy for us over the next 2 years? What -- does it produce cash flows for us?
- Roopwant Singh:** Venkatesh, this plant is afflicted by a cyclical problem. Low -- poor PPA, which discouraged investment and which led to poor performance. So this entire cycle has been broken by the active support of the government of Gujarat, where the PPA has been revised, a significant capex has been allowed. And the company has onboarded best-in-class contractors to undertake the capex. And finally, a tier one contractor to steer this project towards profitability. So that is the plan. And in next financial year, you should -- and you should see a significant turnaround in the entire



metric of this plant. The entire logic of pursuing with this plant is this plant has a plant base and a PPA life of 1.5 decades left. So GMDC will continue to capture positive value out of this, which it has not been able to do in the past decade and a half.

Venkatesh Subramanian: Correct. Okay. Sir, and then in the initial -- for the first question, you answered that for critical minerals and rare earths, GMDC has qualified as one of the top 2 or 3 agencies to carry out this work. What does this exactly mean, sir? How many of -- how many -- what is the number of people in the club. So for example, I think Coal India was talking about it, of course, GMDC is here, NMDC is there. Do we -- are we part of a club of, say, 5 or 6 agencies that have been selected by the government? And is there anything exclusive to us, say, any particular geographical areas, whether it is J&K or Rajasthan or something?

Roopwant Singh: I'm sorry. I think there must have been some misunderstanding. This project is being pursued by GMDC on its own. And to kickstart this project, critical minerals that is rare earth, we are going to go alone. And while we are -- we keep our ears and eyes open to other opportunities, which could make this project more attractive. As for the other strategic mineral that is concerned to the copper assets that GMDC already owns, and the challenge is only in operationalizing it since it is an underground asset. So there is some complexity, hence the delay.

Venkatesh Subramanian: Okay. We will get to know more about that in the next con call, sir, on the copper assets monetization?

Roopwant Singh: Yes, hopefully, so. Yes, there should be a movement in the coming quarters.

Venkatesh Subramanian: Okay. Sir, and GMDC, in the balance sheet, so I'm looking at a few cross holdings that we have in other Gujarat PSUs, since we have a need for funding over the next decade, and we have some ambitious plans. Would you look at divesting some of these assets across holdings.

Roopwant Singh: We would be open to all ideas.

Moderator: Next question is from the line of Rishikesh Oza from ROBO Capital. Please go ahead.

Rishikesh Oza: So my question is with respect to the capex. The INR 3,000 crore capex that we are going to do this year is majorly towards lignite?

Roopwant Singh: Yes, please.

Rishikesh Oza: Okay. And...

Roopwant Singh: Other questions, please?

Rishikesh Oza: No, it was related to that only, that on FY '26 and '27 also, you are talking about INR3,000-plus crores of capex. So how that would be bifurcated into different projects?

Roopwant Singh: So the lion's share of this capex would be consumed by new lignite projects while we would continue to serve the needs of our existing lignite projects and a significant amount would go towards operationalizing the Odisha coal blocks, and finally, into our critical minerals for it.



- Rishikesh Oza:** How much capex are we going to do for the coal blocks?
- Roopwant Singh:** In excess of INR1,700 crores spread over some time.
- Venkatesh Subramanian:** Hello, Yusuf?
- Moderator:** Yes.
- Venkatesh Subramanian:** Can I ask a question, sir?
- Moderator:** Who is this, please?
- Venkatesh Subramanian:** This is Venkatesh of Logitree.
- Moderator:** Yes, Venkatesh.
- Venkatesh Subramanian:** Yes. So one last question. So I think we're talking about the underground copper blocks and which we are trying to extract out of. Can you give us some sense of what kind of deposits or volumes do we have, sir, in terms of copper?
- Roopwant Singh:** Okay. So this would classify as a multi metal-based deposit, which has copper, lead, zinc. The principal value driver is copper. That would be in the range of 1.5% to 1.75%. But the total metal content, that is the sum of all these 3, is in excess of 10%, which makes it one of the best assets in the world. And the mine has an estimated mine life of anywhere between 15 to 22 years. So that is the asset for you.
- Venkatesh Subramanian:** Okay. And extractable volumes, sir, approximately?
- Roopwant Singh:** Extractable volumes. Actually, as we extract more, we would need to explore more, there is an optimistic hypothesis that these reserves would rise significantly as we operationalize the mine.
- Venkatesh Subramanian:** Okay, sir. Okay. I think I'll take this separately with you. So can I reach out to you over an email, sir, for a more in-depth...
- Roopwant Singh:** So in terms of margin, this project has a very comfortable margin of -- in excess of 40%, 41%. So returns are very good here. The challenge is in operationalizing this underground mine.
- Venkatesh Subramanian:** Do you have any time line on this, sir, internally that you want to operationalize, say, some particular year or date or so?
- Roopwant Singh:** We would be in a -- some studies are going on, we would be able to say this with more certainty by the end of this financial year.
- Moderator:** Next question is from the line of Kirti from Motilal Oswal. Please go ahead.
- Kirti:** So my question is that GMDC would approve INR3,041 crores capex plan for FY '25. Can you throw some light on the capex utilization so far?



- Roopwant Singh:** Capex utilization for the current financial year?
- Kirti:** Yes, sir. For FY '25.
- Roopwant Singh:** Okay. Ma'am, this is -- most of this capex is towards land acquisition. So when it will happen, it will happen in very short bullets. At the moment, the only traction that we have on capex is for our existing Bhavnagar asset. It is going to be a great value and volume driver for us in the current financial year. And hopefully, for the next years while we undertake these ambitious plans.
- Kirti:** Okay. And also considering the new coal mines awarded in Odisha, our efforts of increasing the thermal power generation, will there be any further capex requirement in the near term?
- Roopwant Singh:** I didn't follow that question, Kirti, for Odisha?
- Kirti:** Yes, yes. So considering new coal mines awarded in Odisha, in the efforts of increasing the thermal power generation to which -- wanted to know in the earlier future, is there any capex required for that in the near term?
- Roopwant Singh:** As it has already come out in our disclosures, we have signed a memorandum of understanding with our peer company, which is the state power company, GUVNL. Jointly, we will develop - - we have resources enough to develop 4,400 megawatts of thermal power. So that will be developed in partnership with GUVNL where we would be taking care of operationalizing the coal blocks, and they will be taking care of putting the thermal assets. So these are significant plans. And for activating these blocks, like I said, we would be spending initially a capex of INR1,700 crores.
- Moderator:** Next question is from the line of Shashank Jani, an individual investor. Please go ahead.
- Shashank Jani:** I actually wanted to ask our finance minister in the budget talked about critical minerals, the government is planning to have a critical mineral mining outside India and all the other things inside India. So apart from the block that we currently have, do we see our company has been a beneficiary of the same?
- Roopwant Singh:** Okay, Shashank, this will have -- although this will definitely have a positive sentiment on the moves that we are making on the critical mineral side. And our journey is very well chartered and very well thought out of plans have been made. The point is these strategies take some time to unfold and that is underway.
- Moderator:** Next question is from the line of Varun from Fernandes corporation limited. Please go ahead.
- Varun:** Sir, I wanted to ask you if you can kindly enlighten about your diversification strategy. As we understand, currently, the focus for GMDC is lignite. So can you throw some light on the critical minerals like copper, lead and bauxite. Currently, how much are our existing capacities, the current contribution to revenue? And what are the projections in production and revenue for FY '25 and FY '26?



Roopwant Singh: Okay. Very heavy question, I'll just answer it very briefly. So while we are growing, we would need to diversify. So GMDC is going to keep on focusing on its core which is lignite and which contributes in excess of 90% of our revenues currently. So for the coming 2 to 3 years, you should see something like that continuing to happen. While GMDC knows lignite very well, so that gives us a lot of confidence to operationalize these coal blocks.

To contextualize these coal blocks, how big they are, you know our volumes. We are currently chasing 9 million tons of lignite in Gujarat. The cumulative capacity of all 3 coal blocks in Orissa is 26 million tons per annum. So that is the point of quantum lease that we would be taken. And all of the coal will go towards securing energy security of Gujarat. Revenues and profitability, they -- for the coming 2 years, they would stay in the range -- they would be -- they will be very good, but they would be at a reasonable range. Thereafter, as this capex starts kicking in, you should see a gradual spurt. And by 2030, I have already shared, we have 4x revenue growth plans.

Moderator: Next question is from the line of Venkatesh Subramanian from Logictree Consultants Private Limited. Please go ahead.

Venkatesh Subramanian: I'm almost done with all the questions. Just a request, sir, on the website. If you can upload the latest investor presentation, that will be very useful for us, sir, for internal records.

Roopwant Singh: Thank you for the advice.

Moderator: We have our next follow-up question from the line of Kirti from Motilal Oswal. Please go ahead.

Kirti: Yes. Sir, you mentioned about Mission 18.0 and Mission 2000. Can you elaborate how GMDC intends to achieve this ambitious growth?

Roopwant Singh: You're talking about Mission 18.0 and Mission 2000, current year?

Kirti: Yes, sir. Yes, sir.

Roopwant Singh: So Mission 18.0 is the target that we are chasing for Q2, the monsoon months. You should see good results there. And Mission 2000 is something that we see to complete over the year. Now that is more in terms of engagement. Our customer pool is much larger, but we want to have an even larger pool of active customers.

Moderator: Thank you. Ladies and gentlemen, that was the last question for the day. With that, we conclude today's conference call. On behalf of Gujarat Minerals Development Corporation, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.

Roopwant Singh: Thank you, Yusuf.