



GMDC/CS/ BSE/NSE/512/ 2021

Dt. 30/08/2021

To, National Stock Exchange of India, Exchange Plaza, C-1, Block G, Bandra Kurla Complex Bandra (East) , Mumbai – 400 051 Code : GMDCLTD	To, Bombay Stock Exchange Ltd. 25th Floor, P.J. Towers Dalal Street Fort, Mumbai-400 001 Code : 532181
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Dear Sir,

Subject : Transcript of Analysts / Institutional Investors Meet

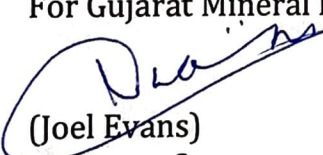
We had vide our letter dated 24th August, 2021 intimated the Stock Exchanges about the schedule of Analysts / Institutional Investors Meet on Friday, 27th August, 2021 at 4.00 PM IST through audio conference call.

We send herewith the transcript of the said meet. The transcript along with audio is also made available on the website of the company, 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 Ltd.


(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 FY22
Conference Call
27th August 2021**

**MANAGEMENT: Mr. Roopwant Singh, IAS – Managing Director
Mr. H. K. Joshi - Senior General Manager (Tech)
Mr. A. K. Makadia, General Manager (Tech)
Mr. Rajat Das – General Manager (Marketing and Sales)
Ms. A. K. Iyer – General Manager (Accounts)
Mr. Joel Evans, Company Secretary**



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Gujarat Minerals Development Corporation Limited

- Moderator:** Ladies and gentlemen, good day and welcome to the Q1 FY22 conference call of Gujarat Mineral Development Corporation Limited. As a reminder all participants 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 please signal the operator by pressing '*' then '0' on your touchtone phone. I would now like to hand the conference over to Mr. Snighter Albuquerque from Adfactors PR. Thank you and over to sir.
- Snighter Albuquerque:** Thank you Janice. Very good evening to everyone. I would like to introduce Mr. Roopwant Singh, IAS – Managing Director of GMDC, Mr. H. K. Joshi - Senior General Manager (Tech), GMDC, Mr. A. K. Makadia, General Manager (Tech), GMDC, Mr. Rajat Das – General Manager (Marketing and Sales), Ms. A. K. Iyer – General Manager (Accounts) and Mr. Joel Evans, Company Secretary, GMDC. Over to you Mr. Singh for your opening remarks.
- Roopwant Singh:** Thank you so much. Friends thank you so much for joining in such large number. It's a new beginning as such for us for this kind of an interaction which hasn't happened for a very long time. I'm here with my team of the production, marketing, sales and finance.
- This quarter on better we have done better than what we did last year. Yes, it's marginally better only. We would like to hear from you. Over to all you friends. Any questions they can be directed to me, to the gentleman who have just been introduced, please over to you.
- Moderator:** Thank you very much. We will now begin the question on session. The first question is from the line of Amit Dixit from Edelweiss.
- Amit Dixit:** First of all, thanks for organizing this interaction. We and this community have been looking forward to such an interaction because after the results it becomes very difficult for us to analyze the numbers or to get an idea about the company's strategy as well. Thanks so much and I hope you will continue particular interactions like this post results. So, I have three questions. The first one is on your volume target for FY22 and FY23. It would be great if you could let us know the specific mines wise targets.
- H. K. Joshi:** This year we have produced lignite of about 74 Lac Tonne and next year we will produce 90 Lac Tonne.
- Amit Dixit:** And mines wise?
- H. K. Joshi:** Mine wise this was Tadkeshwar 18, Rajpardi 8, Mata No Math 28 to 30, Bhavnagar 25 or so.



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Roopwant Singh:

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The production from Rajpardi would be extremely constrained because of the geological conditions there but we are going to significantly ramp up the production in Bhavnagar in the coming quarters and significantly more in the coming financial year.

Amit Dixit:

So sub-part to this question, in the past we have seen our sales volume peeking out in FY18 maybe at approximately 10.6 million tonnes since again then we have seen unilateral decline. So, if the number that you are saying 74 Lac Tonnes and 90 Lac Tonnes I mean we would not be reaching that FY18 number at least till FY23. So first of all, just to understand what really went wrong I know the Panandhro mine for example has been kind of it is depleted but other than that is there any specific reason why the production went down significantly and what is specifically are your strategies for increasing this production?

Roopwant Singh:

Well, nothing went wrong, Panandhro, the mainstay closed. The reserves were exhausted. The demand for Bhavnagar aspect where significant investments were done over the year that did not pick up and Mata No Math, Umarsar and other projects there's not an issue. There is no issue which has constrained the production per se. A project has gone down, another project is going to rise and in the coming years we're going to open new projects also, more of that later.

Rajat Das:

Good afternoon. This is Das, the General Manager Marketing and Sales of GMDC. Actually, to be very specific, let me answer the other dimension of the declining trajectory. The contributory factor in that we used to supply to our captive power plants and you can see that during the year 2017-18 when the production was at peak that is 106 Lac per annum, so at that point in time it is there to work with captive power plants for the 39 Lac and last year the supply to captive power plants went down to 17 Lacs only and these are the bricks which used to be supplied to the power plant at a very different pricing mechanism and so that they don't add so many revenue to GMDC, so in that case GMDC's revenue comes from the other segment that is directly shared to the consumers. So that was not by and large affected, that has affected but not significantly and this batch is picking up.

Amit Dixit:

The second question is essentially in the recent times we have seen that the price of substitutes like natural gas for example most recently this week has gone up significantly, imported coal prices we all know have gone up and even Coal India indicated in their call that e-auction prices would go up. In this scenario are we also going to take a price hike and if so, how much would it be?

Roopwant Singh:

When we are going to adopt the dynamic pricing mechanism which is more in line with the realities of the alternatives available in the market, yes, we have stood by our commitment to the small users of lignite in the state of Gujarat by keeping the prices under control in these



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difficult years in these past 1-1.5 years. But now we're going to adopt a dynamic pricing system when, how, what that we should be sharing here but yes it would be.

Amit Dixit:

The third question is that we did take, not in this quarter but in the last quarter we took impairment on ATPS (Akrimota Thermal Power Plant). So, what were the key assumptions behind it and why is the PLF so low when we have seen PLF of other thermal base units picking up?

Roopwant Singh:

Can I request General Manager Account Mrs. Iyer to reply to that.

A. K. Iyer:

Good afternoon. Last year we took the impairment because our power project, our Akrimota Thermal Power Station had incurred cash losses. So, get the study of impairment losses, so accordingly we book the losses. The power plant is under overhauling and we are in the process to appoint a consultant so that we can drive out the options, what we should do with the power plants, whether we should revive it. We are in the process to appoint a consultant, so that we can take a proper decision of our Akrimota Thermal Power Station.

Moderator:

The next question is from the line of Anuj Sharma from M3 Investment.

Anuj Sharma:

Just in continuation with the earlier participant, most of our mines are down to 30% to 45% to 50% as compared from the pre-production. Now could you just help us with what is the residual mine life in each of these mines and is the demand a bigger issue than the production or vice versa?

Roopwant Singh:

Can you repeat the first part of your question again, there were certain ratios you were mentioning we couldn't catch that?

Anuj Sharma:

I'm saying most of the mines are down by 40% to 50% from their pre-production in terms of current volumes of FY21. So, I just wanted to understand what is the residual life of these mines, the existing mines. And second is also you did explain that is there a more demand related issue or there is a production related issue? That's my first question.

Roopwant Singh:

I would request Mr. H. K. Joshi to reply to that.

H.K. Joshi:

Last year we were facing both issues due to Corona and lot of our industry and consumer had lockdown. Now the economy is opened and things are doing better.

Anuj Sharma:

Even if I go back to year in FY20 or production again has been certainly coming down, so I understand FY21 but it's been a steady decline as the earlier participant also raised, that it's been a steady decline multiple years. Again, I can understand FY21 but is there some structural issues in terms of life of mine or viability any of these mines?



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H.K. Joshi:

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Yes. In FY19-20 Panandhro gets adjusted and we acted enhancing the production and Mata No Math and Umarsar, so now onwards it will be improving.

Anuj Sharma:

My second question is on again the power plant; as madam just answered, our PLF has come down from 65 ranging to 33, 20 and now 13. We did employ Capco or some time, are you still using the services of Capco or have we already shortlisted some of the new consultants? And is there some persistent or structural issue when can we decide we have to close down or stretch this power plant?

Roopwant Singh:

No Anuj, we are not using Capco any longer. We do have experts from the Electricity Department and the PSUs controlled by them. There is no structural issue, it's a good asset. But because of a certain PPA and historical reasons over the decade or so, it's not turning out the kind of profit like it should have been. We are going to take a critical decision on the future of this plant in the coming months, very soon by seeking the top-notch expert advice.

Anuj Sharma:

But if you say there's no structural issue even in the best year which is 2015-16, the PLF did not go beyond 65%. So, is there some constraint in terms of optimizing the PLF over here?

Roopwant Singh:

It went up to 68% at certain points of time, because of its peculiar geographical location the turnaround, the attrition of employees, these were issues which we faced and because of that stability could not, we could not get it.

Anuj Sharma:

Just on my first question again, would you have your estimate as in terms of what is the estimated mine life of the sites containing mines right now?

Roopwant Singh:

Each mine is different, Anuj. Each mine is different for example Bhavnagar has a very long horizon, Rajpardi has a shortest horizon assets like Mata No Math, Umarsar and Tadkeshwar they lie somewhere in between.

Anuj Sharma:

My last question before I come back, if you see the cost of extraction, it has increased by CAGR of 10% in the past 10 years, it is far higher than the increase in realization of inflation. What's been happening in terms of cost of extraction per ton and what is the outlook there because the whole profitability seems to be have wiped out because of much higher increase in cost of extraction?

Roopwant Singh:

2-3 very important facts. I would request Mr. Makadia to reply to those questions regarding the rise in cost and the different factors that are applicable.

A. K. Makadia:

Hello, good afternoon, The primary rise in the cost of extraction was mainly due to the sudden increase in the price of the diesel. That was a primary escalation. Apart from that the silting ratio of the mine that is the number of truck-waste we have to remove for the



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production of one truck of lignite has slowly increased with the life of the mines. These are two predominant factors why the cost of production at different mines have increased.

Anuj Sharma: It will be helpful if you could give an outlook because if this is the cost structure then because for us to be profitable at whatever volume of production, right?

Rajat Das: Yes, our variable costs have been rising. The variable costs have been rising, the shipping ratio has started becoming quite adverse in few of these mines. We are going to get more realistic with our pricing so that the company does not suffer a long-term damage. Yes, we have had very conservative pricing in this pandemic era but gradually we are going to change it.

Anuj Sharma: Just one more add on. These cost escalations have been equal proportion on all the mines or it's been very high in some of the mines and very low, is it equitable, the increase in cost of extraction?

Rajat Das: When we look at the company average many times but I would make Mr. Makadia to reply to that.

A. K. Makadia: Depending on the geography of the mine, the cost of production varies because different mines have different topography and geo-technical conditions. For example, the mine in South Gujarat will be operational for 8 to 9 months whereas the mines in Kutch will be operational for more number of times. So, this cost will be varying from mine to mine, especially because of the geology of these mines.

Moderator: The next question is from the line of Vaibhav Badjatya from each HNI Investment.

Vaibhav Badjatya: Just wanted to understand that earlier there was a change from turnkey contracts, basically combined contracts for overburden and removal and lignite volume which was changed actually to separate contracts. Just wanted to understand what is the rationale behind that decision and which are the mines which are in these kinds of contracts and which are the mines which are still in old separately price driven contracts?

Roopwant Singh: I request Mr. H.K. Joshi to reply to that.

H. K. Joshi: Only one MDO tender has been allotted at Mata no Madh, rest of the mines is running inorthodox turnkey project and at present we are not having any plan to switch over with.

Vaibhav Badjatya: So, basically you are saying only Mata no Madhhas the combined overburden or separate overburden in lignite thermalcontact. That's what you are saying.

H. K. Joshi: Earlier Mata no Madh was working on turnkey project. Now it is remodeled on MDO model.



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Vaibhav Badjatya:

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On the just a small fundamental thing I wanted to understand. Under the new Mining Act what would be the price that GMDC have to pay for the allotment of new mines? Because as we understand to the private parties there is an auction process and they have to pay the price accordingly but for PSUs, for the state PSUs there is an allocation process and we can get a preferred allocation there. Under that route, what would be the price that we have to pay to get that preferred allocation?

Roopwant Singh:

We being a PSU, we acquired assets and through the allotment route

Vaibhav Badjatya:

But that was in old era and in new era also for this allotment we don't have to pay any price or something. I mean any kind of comparable benchmark what private players are going to pay?

Rajat Das:

That's a good question. Actually, but there are two more of extension of an asset and we feel that a settlement PSU. There is a provision in MMDR 2015 that from some of the blocks or assets are reserved for us and in that case, we don't have to follow those auction route. So, in that case there is no extra burden to GMDC in getting allocated any new assets.

Vaibhav Badjatya:

Lastly on the lignite supply to Bhavnagar Mine to Bhavnagar Energy Power Plant. So, I think the Bhavnagar energy powerplant has been commissioned if I am not wrong. The subsidiary that we have sold, that plant has been commissioned or it has not yet been commissioned?

A. K. Iyer:

Actually, the plant, Bhavnagar Energy Company Limited has been taken over by Gujarat State Electricity Board. Gujarat State Electricity company, now they have their own mines also and the captive mines so they have started production from their mines and they are consuming the lignite from their mine itself and they are no more taking lignite from us.

Roopwant Singh:

And that report is free for allocation and direct sales to other customers primarily in Saurashtra and South Gujarat.

Vaibhav Badjatya:

As far as the pricing you indicated that previously we need there was no dynamic pricing but now there will be dynamic pricing. Just wanted to understand that whether it will be going forward it will be auction driven price or how the pricing will be decided? I mean will it be a portal and different players will auction and then their pre-market determined price that will happen or you will just, yourself decide based on the alternates available?

Roopwant Singh:

I believe we should not be sharing that here but we will be taking care of our small-scale customers and we would be engaging more deeply with the larger players. That is all I can say at the moment.

Moderator:

The next question is from the line of Abhijit Mitra from ICICI Securities.



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Abhijit Mitra:

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So, just to understand a few things. One of the reasons for cost escalation was that as we moved away from the existing mines to the new mines or rather as closure of Panandhro happened and we were trying to ramp up Umarsar and Mata no Madh, I think one of the key issues that we faced was the overburden removal expense because it was the lowest overburden mine as far as we can remember. And were supposed to move to a MDO based contract to offset that impact, because in the mix, the extent overburden removal expense was increasing a lot. Did we make some progress on that? That was my first question. Second question was that and also seen issues with Bhavnagar and hard strata issues with Tadkeshwar, if you remember correctly. So, those things have been resolved or those things can still come back to impact us?

A. K. Makadia:

Regarding the Tadkeshwar hard strata, the hard strata are the old mine. The issue has been resolved, the issue was very old I think 4-5 years date, this was the issue. As of now, there is no issue of hard strata. The same thing is being in operation by the existing contractor. As of now hard strata can be encountered but are being delt in time.

Roopwant Singh:

Abhijit, the first question can you briefly summarize because we have already talked about the MDO operators as we have at Mata no Madh. What is it that you want to know, that question not very clear to all of us?

Abhijit Mitra:

Actually, the move away from Panandhroled to an increase in overburden removal expense actually, so how to counter that?

A. K. Makadia:

It is the geology; all the deposits are there. With the passage of time for example, Panandhro was operational, its silting ratio was around 4 to 5. But with passage of time, at that time the ratio of 1:10 was considered uneconomical. As of now, the ratio of 1:15, if the quality of lignite or coal is good, is considered economical. So, this is and are better priced but to counter or to reduce the silting ratio needed to balancing with a new mine vis-à-vis the price to occupy the silting ratio of GMDC in general so which we got an incremental growth.

Moderator:

The next question is from the line of Sanket Goradia from RS Investment.

Sanket Goradia:

Could you give us some guidance on utilization?

Roopwant Singh:

Pardon, we missed that. Can you repeat please?

Sanket Goradia:

Can you give us some guidance on capacity utilization for the next 2 years?

Roopwant Singh:

Capacity utilization of the power plant or how about lignite assets?

Sanket Goradia:

Yes, lignite assets.



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A. K. Makadia:

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Regarding capacity utilization this year we took a decision we will be producing around 74 lakh tonnes; next financial we will be reaching 90 or plus. In the next-to-next year, increase the production will be almost full capacity utilization of the production capacity of GMDC within a span of 1.5 years.

Sanket Goradia:

My second question is on the financials. Is there any guidance on what we are planning to do with the cash on book?

Roopwant Singh:

we have six new lignite projects lined up and three in Kutch and three in South Gujarat which have been allotted to us. We have an expansion of capacity at Bhavnagar project lined up. These are areas which are going to take in significant investment on all fronts, all project related expenditure but all this significant investment would all be coming back. Anupama, would you like to say anything?

A. K. Iyer:

In addition to that, lignite norms we are also in process to viability of hybrid plants, solar, renewable energy plants so that if they are viable and they give us the better realization. We are in process so that we can assess the viability and if they are viable, we can put them more we can go for expansion in our renewable energy plants also.

Roopwant Singh:

Sanket can I compliment what she just said. We are progressively moving towards project-based cost-effective approach and we would like to leverage our assets, principally land to give us additional revenues in that project from non-conventional sources. We are in the process of engaging a fairly reputed advisory firm to help us achieve that.

Sanket Goradia:

Just one last piece, is there something where we could speak more about our ESG initiatives as well?

Roopwant Singh:

Pardon, which initiative?

Sanket Goradia:

ESG. Do we have some commentary on ESG?

Roopwant Singh:

Yes. We have a special, we have a vehicle for it, it goes by the name of GMDC Gram Vikas Trust. The trust has not been able to, it has worked well but we would like to work more professionally so and overhaul of that trust is on the cards and I would like Mr. Joshi to comment on other dimensions also. He knows the many projects.

H. K. Joshi:

As far as environment is concerned, environment, we are taking care of environment. We have been 200 MW wind power; 5 MW Solar and we are going to put more solar power plants in the factories. As far as safety is concerned or social responsibility is concerned, as MD sir has told, we are going to tie up with all CSR bodies of Government of Gujarat and remodeling with the CSR.



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Rajat Das:

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I will again like to add one more dimension. Which as that mining is an industry where you will use to alter this original land. In our ethos we are engaged in an activity work or you can actually develop that original land, reclaim them into fertile lands and that will be useful for the community in large and we are moving in that direction and for developing those areas, so we have huge chunk of areas because as it is mentioned that we are having so many assets and they are spread over so many hectares of land areas and land is one of our primary assets and as a social responsibility, we need to return those land in a form which will be better than the form in which we were actually given to do mining activities. So, we are moving in that direction and in some projects, we are getting encouraging results. Apart from that we used to install the number of RO plants at our mines so that our reject water can be treated and that can be also gainfully be utilized for these lands for the project's internal use as well.

Sanket Goradia:

You mentioned some of the assets that we are going to be using the cash for. We don't expect any inorganic acquisition here, right. So, we are looking at all Greenfield?

Roopwant Singh:

Yes, all Greenfield projects. Three in Kutch and three in South Gujarat.

Moderator:

The next question is from the line of Tanuj Mehta from Mehta Investment.

Tanuj Mehta:

My first question is like in the next 3 years can you let us know the key projection the lignite and what are we targeting in terms of CAPEX followed by if you could quantify the volume growth for different major minerals likely lignite and bauxite for us for the first quarter? And the last question would be what are your current realizations and would that be sustainable for the coming quarters and even for the year as well?

Roopwant Singh:

We would not like, we are not very, as far as the CAPEX is concerned, Anuj, we will be sharing it progressively as our projects move ahead because a significant part of it would go in Bhavnagar as I had said earlier and in the newer projects. For the second question I would request Mr. Joshi to jump in. Growth in the coming years 3 years horizon.

H.K. Joshi:

Mr. Mehta as far as our policy is concerned, almost we can assure you 10% growth every year. 10% growth in revenue for production. It might be more in revenue or EPS.

Roopwant Singh:

For the third question, for the realizations part I would request Mrs. Anupama to please.

A. K. Iyer:

The Quarter 1 realizations, we have increased prices with some of our mines and in future also as per our cost which was cost increase, will be required to increase the prices. If costing requires to increase the thing, definitely will do according to our costing as well as the costing of alternate resources in the market. We are looking at both the situations will do that.



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Roopwant Singh:

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On this realization and pricing Mr. Mehta, can I say something. We have a long when I have joined, we have also got a very dynamic and new Chairman. That gentleman was responsible for the turnaround of the GMFC and other state PSU couple of years ago Mr. Rajiv Gupta. In the past board meeting they have the board has collectively taken a decision of shuttling the administration or the management on the pricing decisions. And that is the way we are going to move ahead. We take a look at our prices every fortnight and you would just follow our pricing fortnight wise. You would see better realizations and realistic realizations.

Moderator: The next question is from the line of Ritesh Poladia from Girik Capital.

Ritesh Poladia: As you said you have a substantial investment lined up, could you quantify the investment for this year and next year. What are the projects that are lined up?

Roopwant Singh: Ritesh, we would not like to quantify at this moment. We'll be doing it progressively.

Ritesh Poladia: Is the CAPEX plan finalized or it's still in the process because if you want to do the CAPEX this year or the next year at least that should have been finalized by now.

Roopwant Singh: It is spread over a time period of 2.5 to 3 years and the ball has been set in motion by the last board meeting where the six assets have been declared as new project. Hence the planning and everything has been set into motion.

Ritesh Poladia: Yes, but you're not quantifying any of the CAPEX, how do we anticipate what are the growth for the company?

Roopwant Singh: Yes, we would be, in the next week we would be quantifying it and progressively letting you know how we plan to go about it.

Ritesh Poladia: There was a RFP given for the strategic consultancy, so what are the broad counters of those consultants and in which area you would like to grow?

Roopwant Singh: I'll speak the few lines about the RFP. The RFP is essentially design to engage the kind of firms who are advising top mining firms globally and in India. They have a number of things in their bouquet and we are looking at increasing efficiencies, decreasing costs, streamlining operations, having a better marketing strategy, having a better system of apportioning of our costs and if we get the right partner progressively in the coming quarters you should see good results.

Ritesh Poladia: And by when this entire exercise will get concluded?



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Roopwant Singh:

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The award of work to the consultant should be over in the next month and they have this assignment is designed like a 3-month conceptual strategic plan and 9-months of active involvement in helping us implement it.

Ritesh Poladia:

One final question, what is the status of that Fluorspar Beneficiation plant?

Roopwant Singh:

Currently it is shut down.

Moderator:

The next question is from the line of Devesh Shah from Pragya Equities.

Devesh Shah:

My question is particular to our MD continuing from the last question regarding RFP that this is best thing I think management should be congratulated for creating the value for the company as well as for the minority shareholders. I have gone through your RFP proposals and in your proposals, you have mentioned that you are inviting global mining experts and in our company Government of Gujarat holds about 74%. Are you ready to divest some of the portion to the interested party or like a PSU disinvestment? And if it is yes then how much you will forgo, how much you will disinvest to the genuine party.

Roopwant Singh:

I would say only two things. Thank you for appreciating our effort and two the second answer is no.

Devesh Shah:

You are not giving any strategic sale?

Roopwant Singh:

No.

Devesh Shah:

But in proposals you've given your return that strategic sale will be given so you will be having kindly if you can elaborate can you have a JV with that partner suppose some experts will come. How it will add values to the company can you please elaborate? It is I think this is the best thing that ever happened to GMDC after the incorporation of the company. If we can take it this forward this can really change the fortune of the company, so if you can please elaborate.

Roopwant Singh:

So, the idea is very simple, we have advantages and we have our blind sides. We are a state government PSU because and hence the advantage in hand certain blind sides. So, in our attempt we are going to listen to the people who advise multi-billion-dollar mining companies achieve efficiencies, improve their balance sheets, improve their profitability and whatever happens in the journey would be part of it. It could be a JV, it could be a new process, it could be a new plant or so whatever happens that could be part of the journey. But our goal is to increase the value of whatever you hold by following systematic advice.



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Devesh Shah:

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But are you open for any minority disinvestment, suppose 20%-30% anything like that? Because central government finance minister has told the state government can divest their PSUs to get the cash, so is that our vision?

Roopwant Singh:

No, we appreciate your question, the answer is again no. Number three we are not short of cash. We have adequate reserves to fuel our growth.

Moderator:

The next question is from the line of Saket Kapoor from Kapoor & Company.

Saket Kapoor:

Firstly, if you could diverge more about this RFP proposals where we investors can have an understanding and also the board meeting highlights of which you were articulating to the earlier investors queries, if these two points.

Roopwant Singh:

It's very simple request, go to our website it is a pop-up and RFPs are for have on displays, have a look at it. Just read the pages on the scope and the terms of reference. You will get a very good idea of what the plan to get advisor, very simple.

Saket Kapoor:

And the appointment of the chairman is for what tenure, Mr. Rajiv sir?

Roopwant Singh:

He is not only the chairman of GMDC; he's the additional chief secretary of the Industry's and Mines department and at the moment he is the second most senior most officer in the Government of Gujarat and has an exemplary track record.

Saket Kapoor:

Yes, GNFC is an example for the investor community to get a hindsight means what changes can be done at the head and then the top most persons is like Mr. Rajiv. Just get to the point, if we take our last year numbers the entire financial numbers, so mining activities have not contributed greatly to the bottom line. It is much more of the finance income. So how and by what time this proportion going to change? Even for this quarter we had finance income of closer to INR 32 crores on a bottom line of INR 44 crores. So just wanted to understand when this proportion is going to change, the mining activity starts contributing much towards the top line and the bottom line.

Roopwant Singh:

To one brief answer in the coming quarters and in the coming year and for a detailed reply I would request Mr. H.K. Joshi to further elaborate on it.

H.K. Joshi:

We are identifying the cost centers; we are increasing the prices here, the top-line has been increased, bottom-line will be improved subsequently.

Saket Kapoor:

When are we going to see those things happening? I mean what is the gestation period by for which we invested



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H.K. Joshi:

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That will be an incremental growth since we looking up for our known customers also it will be same incremental growth.

Saket Kapoor:

Lastly on the last quarter the loss of implement on property plant of about INR 400 crores, so could you explain and what is the nature of the same and can we expect when everything has been cleaned up now or anything more can happen going forward and what led to it this INR 400 crores payment?

A. K. Iyer:

Last year the same but provided on the properties of Akrimota Thermal Power Station because that power station has generated cash losses. It was for one time exercise and we don't expect any new impairment in the coming year.

Saket Kapoor:

One more question about the mining activity if we take the total mining assets and the minerals mines last year from the various mines. If you could give the proportionate of the mined quantity and the percentage which we have mined, if we could look at up to what scale the mining activities can go up and what portion of this mining activity should be through the MDO route?

Roopwant singh:

We can give an approximation of what we will be doing this year. I would request Mr. Joshi to do that.

H.K. Joshi:

Do you want production data of these projects, production projection of this year?

Saket Kapoor:

Yes, firstly what we have done for last year and what are we planning for the current year, both.

H. K. Joshi:

Last year we have produced 60 lakh tonnes lignite and this year we have targeting +74 lakh tonnes.

Saket Kapoor:

We have done 20 lakhs for the first quarter?

H.K. Joshi:

Already we have produced 20 lakhs in first quarter 11.86 till date yesterday and we are going ahead. Last month we have consumed maximum lignite in the last year. It was the most months in last five years.

Saket Kapoor:

And what factors have led to this improvement as what is the price change that has happened, in the selling price realization how was the realization move to change or moved up?

H.K. Joshi:

It will be incremental increase; we are as our MD sir has said we are going for dynamic pricing and it will be incrementally done.



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So, I can answer on behalf of my team it is because of good efforts by my technical team and especially our production head Mr. Makadia, the credit goes to him and the clear intentions of the management and please watch the prices every fortnight.

Saket Kapoor:

Because for this quarter the numbers what I asked first question was that it is not from the operation that the bottom-line is, it is from this finance income. So that was my question how are realization going to shape up that which will compensate it that we will be more from revenues from operation rather than from finance income?

Roopwant Singh:

Agreed. Wait for our Quarter 2 results, we hope to do better.

Saket Kapoor:

Whatever work we have done can we see gradual trend by the changes has to be done in our business practices or in price revision?

Roopwant Singh:

Entire marketing and sales, infrastructure has been overhauled. You should see changes in the coming weeks and coming months.

Moderator:

We take the last question from the line of Abhijit Mitra from ICICI Securities.

Abhijit Mitra:

I had one book-keeping, I look at your other expense of INR 434 crores for the quarter. Can you break it up into overburden removal expense, clean energy sales and power and fuel expense?

A. K. Iyer:

Yes, clean energy has now which is INR 400 per metric ton in the lignite dispatch and the lignite overburdened at 25% which is accounted 80% of our total expenditure. If you want the break-up, we can send you over to mail what was our total overburden expenditure and we can send you the bifurcation.

Abhijit Mitra:

What is the formula for a mine closure that you're following now?

A. K. Iyer:

Mine closure expenditure we are booking as per the approved mine closure plans.

Abhijit Mitra:

What would be the run rate and all INR 20-30 crores per quarter there about?

A. K. Iyer:

Year for mine closure if you say around INR 45 to 50 crores we are required to book on annual basis.

Moderator:

We take the last question from the line of Amit Dixit from Edelweiss.

Amit Dixit:

I have two quick questions. The first one is on is it possible to let us know the sectoral breakup of the volume in FY21 and what is your target for a FY22 and in medium term even if broad percentage breakup would be helpful.



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I believe it's there for the quarter wise results I believe it's there for mining interest income. I think it's already there.

Amit Dixit:

My question is that in Lignite how much did you supply to power, to tiles industry, to textiles and your other customers that kind of request?

Rajat Das:

I can share the historical data and out of total volume we reached to supplier 36% to our captive power plant where the major customer is Dying and Fencing sector, Industrial sector where it accounts to 26%. These are all based on certain aspects and there are paper mills 7%, ceramics 6%, bricks 7%, chemical industries 9%, our major supply is to captive power plant thereafter paper and printing and dying.

Amit Dixit:

I would request Mr. Das to give an overview of the geographical spread of this also, regions of Gujarat.

Rajat Das:

For to substantiate that we are currently booked with around the 1600 customers and amount them 43% of our customers are located at Surat, 34% at North Gujarat and 17% at Saurashtra and 6 % at Kutch.

Amit Dixit:

Also, I went through the RFP and one of the items says that you want to get consultant's advice on the power sector opportunities. Now our experience as far as power has been concerned whether it is renewable or non-renewable has not been that great. In fact, in your commentary also you mentioned that on the surplus parcel of land you might explore non-conventional power sources. So just wanted to understand the thought process behind it because so far, our experience has not been too great, so what do you think can change essentially?

Roopwant Singh:

I will be very clear in this, Kutch district is a national hotspot when it comes to non-conventional energy the wind speeds, the solar glare and everything's that is the best destination. That is the same place where we have significant land assets where mines have been closed or covered up and please add to it our attempt to look at every project as a cost center. So, we'd like to optimize everything that is there so it's an attempt in that direction if the financials are not right, if the right pricing is not there, if the right tie-up is not there we would not go. But the attempt is to make every project a profit center.

Moderator:

Thank you. Ladies and gentlemen that was the last question for today; I would now like to hand the conference over to Mr. Roopwant Singh, Managing Director Gujarat Mineral Development Corporation Limited for closing comments.

Roopwant Singh:

I have only a few things to say, we are fundamentally strong company and at the same time we bear a lot of responsibility in catering to the energy needs of the smaller players and the



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slightly larger players which are located geographically at diverse locations. With that in mind we would like to increase our bottom line, the top line is going up as my officers had said. Kindly keep on watching our quarterly results and our earnest effort to give good advice to do better are out in the open on which many of you have commented. Hopefully the answers that we gave, the interaction that we made was useful. I thank all of you in such large numbers for showing such interest. Thank you again.

Moderator:

Thank you. On behalf of Gujarat Mineral Development Corporation Limited, that concludes this conference. Thank you all for joining, you may now disconnect your lines.