



# UNLEASHING OUR POTENTIAL

ANNUAL REPORT 2021 - 2022



# unleashing *our* potential

Growth in the mining sector has the capability to propel the Indian economy. It can meet the ever-growing demand of downstream industries such as power generation, steel making and aluminium by securing the required raw material. Being a strong backbone for manufacturing and infrastructure, the mining industry has the potential to play a crucial role in the country's holistic development.

India is well-endowed with large mineral reserves. Rising demand for these minerals continues to create a strong ground for a robust mining sector in India. Being in the business of mining and mineral processing, GMDC is strongly committed to shape a better future for the mining sector by leveraging these natural resources and maximising their values.


By prioritising transformational, customer-centric and disciplined strategies, we are creating responsible value, engendering future growth and capitalising on our true potential. Through our efforts to capitalise on the benefits of mining, we are emerging as the prominent builder of economic and societal capital, propelling long-term and sustainable growth for the nation.

## IN THE FINANCIAL YEAR 2021-22

Profit Before Tax  
up by

**1,315%** 

Market Capitalisation  
up by

**244%**   
as on 31/03/2022

Mining Production  
up by

**42%** 

Net Worth  
up by

**17%**   
as on 31/03/2022



# CONTENT

Message from Chairman.....	6
Message from Managing Director .....	7
India's leading Mining and Minerals Processing Company .....	10
A Value-creating Business Model.....	12
Our Presence Across the Value Chain .....	13
Our Journey of Evolution.....	14
Building Strength and Scale .....	16
Mining a Transformational Change.....	18
A Strategic Approach to Develop Rare Earth Elements .....	20



22

## Mining and Processing



31

## Committed to the Safety Quotient



33

## International Centre of Excellence In Mining Safety & Automation (iCEM)



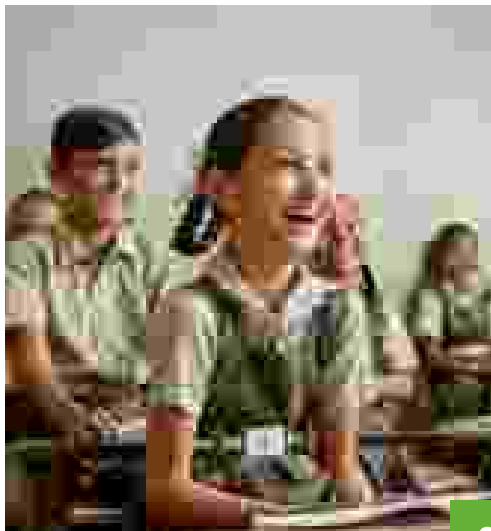
26

## Power Generation



28

## On a Sustainable Growth Path

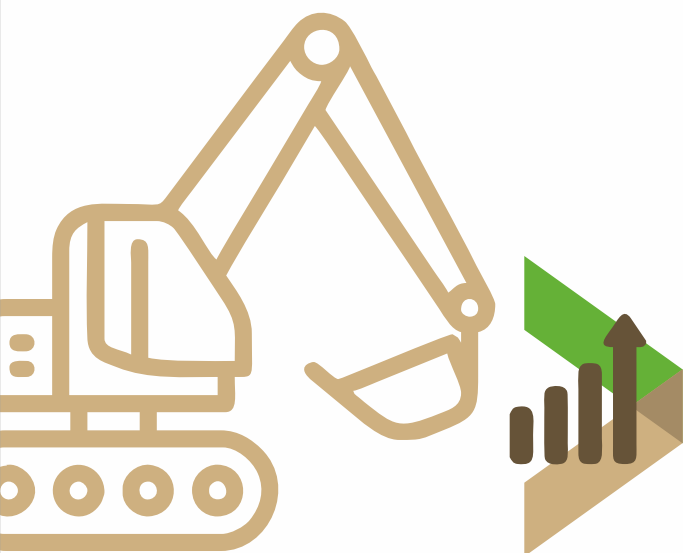


34

## Creating a Net Positive Society

Being a Responsible and Sustainable Organisation .....	36
Awards & Accolades .....	38
Corporate Information .....	39
Financial Highlights for the last ten years .....	40
Notice.....	41
Board's Report .....	49
Business Responsibility Report .....	60
Report on Corporate Governance .....	75
Certificate by CEO & CFO .....	84
Management Discussion & Analysis Report.....	87
Annual Report on CSR .....	93
Revised Independent Auditors' Report on Standalone Financial Statements .....	96
Comments of the C & AG on Standalone Financial Statements .....	107
Standalone Financial Statements .....	108
Revised Independent Auditors' Report on Consolidated Financial Statements.....	156
Comments of the C & AG on Consolidated Financial Statements .....	167
Consolidated Financial Statements .....	168

“OUR AIM IS TO FURTHER STRENGTHEN THE MINING SECTOR BY TAPPING INTO TECHNOLOGICAL ADVANCEMENTS ACROSS VALUE CHAIN, FROM EXPLORATION TO BENEFICIATION AND PROCESSING. BOOSTING THE MINING SECTOR WILL LEAD TO HIGHER PRODUCTION, CREATE NEW JOBS, ATTRACT MORE CAPITAL INVESTMENT AND ALSO GENERATE ANNUAL REVENUE FOR THE GOVERNMENT.”



## MESSAGE FROM CHAIRMAN

On behalf of the Board of Directors, I am pleased to present GMDC's annual report for the financial year ended on 31st March 2022 (FY 2021-22).

This year was marked by significant achievements as we enhanced our portfolio, strengthened our balance sheet and remained committed to our vision. Despite the pandemic, our mindful business strategies placed us in an advantageous position to emerge as a stronger company.

The Honourable Prime Minister of India too has explained how mining is important for an Aatmanirbhar Bharat and is helping generate higher revenue and create more employment opportunities. “Self-reliance is not possible without strong mining and minerals sectors because minerals and mining are important pillars of our economy” the PM stated, adding that the government is making investments for creating infrastructure around mining. At GMDC, we have taken on the sustainability challenge by adopting a sustainable approach towards mining – one that is financially viable, socially responsible, uses mineral resources optimally, and is environmentally sound. In line with the Honourable PM's vision of Aatmanirbhar Bharat, we are striving hard to make India self-reliant in the production of key minerals. We continue to be the leading supplier of lignite in India, in our effort to meet the energy requirements of the country and reduce import dependence. We have also continued to be the supplier of minerals like Bauxite and Silica. Moving forward, we remain on the keen lookout to further boost production of these minerals while also expanding our portfolio to other minerals and metals.

Our aim is to further strengthen the mining sector by tapping into technological advancements across value chain, from exploration to beneficiation and processing. Boosting the mining sector will lead to higher production, create new jobs, attract more capital investment and also generate annual revenue for the government. With all our strategic building blocks in place, we hope to take every opportunity to become better and progress with value-accretive development.

Sustainability is our top goal and we have incorporated sustainability aspects in our core company policies and practices. We continue to take the requisite efforts in bettering the environment, community, society, consumers, suppliers and employees.

We hope you will join with us in shaping a productive world that is healthier and more sustainable.

Warm regards,

**Raj Kumar, IAS**  
Chairman

MESSAGE FROM

**MANAGING DIRECTOR**

“ WE CREATED A RECORD BY REPORTING OUR BEST-EVER ANNUAL RESULTS SINCE LAST FIVE CONSECUTIVE FINANCIAL YEARS, AND THE SECOND-BEST IN OUR ENTIRE HISTORY SINCE INCEPTION. FOR THE FISCAL YEAR ENDED MARCH 2022, **TOTAL INCOME NEARLY DOUBLED TO ₹ 2,888 CRORE AGAINST ₹ 1,494 CRORE.** ”

**DEAR SHAREHOLDERS,**

Financial Year 2021-22 was another unique one as the COVID-19 pandemic continued to affect the lives and livelihood of people, and had a major impact on societies and economies around the world.

However, GMDC is no stranger to challenges, as we've always had our visionary leadership to guide us through challenging times. We take pride in being India's largest merchant seller of lignite with five operational lignite mines in India at Kutch, South Gujarat, and Bhavnagar region.

**OUR JOURNEY OF TRANSFORMATION**

GMDC embarked on a strategic transformation journey with an objective of redefining its vision and mission. This was made possible by restructuring of the core team driven by a common goal of envisioned GMDC. Keeping the stakeholders, significant to our plan, we geared towards better resource utilisation, improving productivity and exploring the upcoming opportunities to maximize our value chain and getting ready for the strategic diversification so as to make the organisation destiny proof.

We developed strategic transformation plan to bring the mining jewel of India back on track. Further, we focussed on key themes like institutional leadership, policy excellence, outstanding execution, state-of-the-art technology and a motivated organisation, where stakeholders feel empowered to contribute to the transformation programme. To ensure a successful transformation, we redesigned the operations in a way, that would not only address the short-term needs, but will also ensure long-term stability and viability.

**DELIVERING ON OUR PROMISES**

Today, we are happy that our efforts have started paying off. Our financial performance reflects our robust infrastructure as the country's largest merchant seller of lignite. This is a validation of our collaborative approach to business transformation.

We established a record by reporting our best-ever annual results since last five years, and the second-best in our entire history since inception. For the fiscal year ended March 2022, Total Income nearly doubled to ₹ 2,888 Crore against ₹ 1,494 Crore.

Revenue also doubled to ₹ 2,732 Crore, up from ₹ 1,343 Crore. Revenues from operations stood at ₹ 2,732 Crore, gone up 103% year-on-year. From a loss of ₹ 37 Crore in the earlier year, Profit After Tax (PAT) reported a whopping jump to ₹ 404 Crore.

Production also improved drastically during the year. Lignite production at Bhavnagar Mine stood at 16.37 Lakh MT, an increase of 11.45 Lakh MT against 4.92 Lakh MT in FY 2020-21. Production in the fourth quarter of FY 2021-22 was 25.07 Lakh MT – the highest ever during corresponding quarters of the past four financial years.

From progressively contracting in the last five consecutive years, we recorded a whopping 234% jump in our lignite production in FY 2021-22 at the Bhavnagar Mine to clock 16.40 Lakh MT, up from 4.92 Lakh MT in FY 2020-21. In March 2022, lignite production was 9.10 Lakh MT, the highest for March over the last four consecutive years. We not only onboarded more customers, but also improved our pricing. Our long-term customers have gone up by more than 500.

## UNLEASHING FURTHER POTENTIAL

Our journey towards an end-to-end mining value chain is an essential shift to unlock an untapped source of value, and strengthen and expand our market position. To achieve this, we have embarked on a journey to expand the lignite business, enhance our footprint in other minerals and explore opportunities to diversify into other sectors.

We are working on deepening the lignite business by augmenting capacity of lignite production. From catering to 25% of Gujarat's total demand for lignite, we plan to gain 30-35% of this market space by FY 2024-25. To enable this, we are looking at fresh mining leases to boost our lignite production. By operationalising our six new lignite blocks, we plan to capture 50% of the Gujarat market. In addition, we also plan to explore opportunities in other states. Of the six new mining projects, three are in Kutch and the rest are in South Gujarat.

Our key agenda is to operationalise new lignite mines. This will help in increasing the State's production capacity, reduce the cost of electricity, and ensure the utilisation of lignite within the State. A capital investment programme of ₹ 670 Crore has been lined up during the next financial year FY 2022-23. Of this, we plan to invest ₹ 470 Crore towards land and acquisition costs for the old and new mining projects, while nearly ₹ 200 Crore will be utilised towards setting up beneficiation plants.

From catering to  
**25%**  
of Gujarat's total demand  
for lignite, we plan to gain  
**30-35%**  
of this market space  
by FY 2024-25.

To ensure a successful transformation, we redesigned GMDC's operations in a way, that would not only address the short-term needs, but will also ensure long-term stability and viability. We also ensured that everyone in the organisation understood the Company's mission.

## FUTURE-PROOFING STRATEGIES - CONTINUING THE GROWTH MOMENTUM IN NON-LIGNITE

We have chalked out growth plans by not just tapping deeper into lignite, but also foraying into newer segments.

Over a period of time, we hope to look beyond lignite, which currently contributes 15-20% to the total revenue. We are working on increasing the non-lignite segment share of our business to 50% of our income.

As part of our future-proofing strategy, we are working on a strategic foray into rare earth elements (REE) business by setting up an ecosystem. We have been scouting for these elements in Chhota Udepur district in Gujarat, and developing these metal assets for mining, processing and marketing. In addition, we are aiming to explore and mine metals like manganese, copper, lead and zinc. We are also exploring more manganese in Panchmahal district.

To further bolster our portfolio, we are developing capabilities for beneficiation of minerals like Bauxite, Silica and Limestone as well as downstream integration into areas like cement manufacturing.

Further, we are in the process of bidding for commercial coal and lignite block auctions outside the home state.

We were recently granted permission from the Union Ministry of Ministry of Environment, Forest & Climate Change to mine up to 135 metres from the surface, against the earlier 94 metres. We are hopeful that this will turn out to be a big boon for the Company to serve the South Gujarat Textile Processing Units, one of the largest consumers of lignite.

Over a period of time, we hope to look beyond lignite, which currently contributes  
**15-20%**  
to the total revenue.



## SECURING EFFICIENCIES

Over the next few years, our focus will be to realise more value by using latest technologies, cutting-edge research and increased digitalisation. We are building end-to-end operational efficiencies in mining to improve productivity and cost effectiveness. Increased focus on internal processes and prudent accounting practices is helping us gain further efficiencies.

Additionally, we are revamping our sales and marketing function with revised sales target and addition of new customers. Significant steps have been taken to leverage price buoyancy and implement a dynamic pricing strategy.

## SUSTAINABILITY FOCUS

Lowering carbon footprint and supporting green energy is a key area of focus for us. We have made significant strides in this direction by developing capabilities for beneficiation and de-sulfurisation of lignite. Additionally, we are on the lookout to expand our footprint in Renewable Energy and are also working to improve efficiencies in the current RE business.

## ROPING IN PROFESSIONAL SUPPORT

To build added scale and strength in the Company, we are implementing ways of working with strategic advisory consultancies and project management consultants. The onboarded consultants will help us in developing future strategies. We partnered with Boston Consulting Group (BCG) for strategic transformation; McKinsey & Company for development of REE Assets; AT Kearney for transformation of our lignite-based thermal power project, and with Deloitte to fast-track the six new lignite mining projects.

The thermal plant is currently operating at very low capacity. The onboarding of AT Kearney is aimed at helping us take strategic decisions in improving capacity utilization. During the year, we have cut down on our daily losses from our thermal power plant, turned it around, improved the performance and made into profitable assets.

## ON A FORWARD THINKING AND VISIONARY APPROACH

We have created a comprehensive and forward-looking vision for ourselves. To further consolidate our leadership position in the market, we identified a list of core skills and competencies which will help us function more effectively and assist the ongoing aspects of the business.

Over the next few years, our focus will be on delivering excellent performance, maintaining organizational integrity, building a culture of continuous improvement. We are confident that the roadmap we have established will help future leaders carry on the programmes we have set in motion. As we go ahead with our transformation plan over the next few years, we shall remain committed to keep pace with innovation, while preserving the stability of our systems.

## THANK YOU, STAKEHOLDERS

In closing, I would like to extend my sincere gratitude to all our stakeholders – our customers, partners, suppliers, employees and the communities we operate within. Thank you for believing in us and in helping us deliver great business milestones during the year.

I also thank our employees who ensured we maintain leadership on a competitive landscape. I express my sincere appreciation towards all our stakeholders for their dedication towards our mission. You inspire us to stretch above and beyond.

Together, we hope to achieve an even brighter future for the Company and the nation at large.

Warm regards,

**Roopwant Singh, IAS**  
Managing Director

**We are revamping  
our sales and  
marketing function  
with revised sales  
target and addition  
of new customers.**



# INDIA'S LEADING MINING AND MINERAL PROCESSING COMPANY

## SERVING THE MINING SECTOR IN GUJARAT

Incorporated as a state PSU on 15th May, 1963 and headquartered in Ahmedabad, we, at Gujarat Mineral Development Corporation (GMDC), are the State's Premier mining and mineral company, exploring abundant mineral deposits. We have five operational lignite mines located in Kutch, South Gujarat and Bhavnagar region.

## OUR KEY MARKET DIFFERENTIATORS

We are the No. 1 merchant seller and the 2nd largest producer of lignite in India. Proudly referred to as the mining sector's jewel, we have an important mandate to develop the major mineral resources in the state of Gujarat.

## THE METAMORPHOSIS

We began our operations in 1963 by setting up of a Silica Sand quarrying plant in Surendranagar district for crushing and screening of the mineral required for the glass industry. Today, nearly six decades later, we command a vast mineral portfolio in our "mineral-rich" basket.

**INDIA'S #1**

**MERCHANT SELLER OF  
LIGNITE**

**INDIA'S #2**

**PRODUCER OF  
LIGNITE**