

SCALING NEW PEAKS



60TH ANNUAL REPORT 2022-23

An aerial photograph of a vast mining site, likely a coal or iron ore mine, set in a dry, hilly landscape. The foreground and middle ground show deep, terraced pits and extensive areas of excavated earth, with some heavy machinery visible. The background features rolling hills under a clear blue sky with light clouds. The overall scene conveys a sense of large-scale industrial activity and land transformation.

SCALING NEW PEAKS

At the foundation of our transformational journey is our strong commitment to squarely align ourselves with India's fundamental growth drivers. As "Make in India" pushes us further and as India's need for infrastructural development strengthens on its journey of becoming a more efficient economy, the need for minerals will continue to grow unabated.

We are proud to have delivered an outstanding and exceptional growth across all aspects of the organisation. Moving ahead, our mission is to expand the size and scale of all our businesses. With persistent innovation, geographical expansion and capacity augmentation, we are single-mindedly sharpening each of our business verticals to persevere market leadership and secure further growth opportunities.

From the vantage point where we stand today, we remain well prepared to produce steady and secular growth in each of our verticals, building solid progress and enhancing further profitability. We are confident of making great strides in our journey, maximising returns, delivering sustainable growth and fulfilling steady value creation for our stakeholders.

An Outstanding and Robust Performance in FY2023



Highest-ever Revenue from Operations at

₹3,501 crore

up 28% YoY



Highest-ever Net Profit of

₹1,212 crore

up 172% YoY



EBITDA

₹1,557 crore

EBITDA Margin 42%



Highest-ever Dividend of

572.5%
or
₹11.45

per equity share on

Face value of ₹2



Highest-ever Net Worth of

₹5,759 crore



Generated

1,142

Million Units of Power,

up 24% YoY



Revenue from Thermal Power 6% of Total Revenue;

88%

from Lignite Production



Ranked

486th

in India's Fortune 500 Companies



Received

AA+

for Bank Loans by CARE

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Chairman's Message To Shareholders



Strengthening the Mineral Sector towards increased production and greater prosperity

Dear Shareholders,

This year has been indeed special to us as we take immense pride in sharing our exceptional performance. This remarkable achievement is a testament to our team's dedication and unwavering commitment.

We are happy to be a part of the mining sector in India, an important activity and one of the core industries. The mining sector, which is a major producer of crucial minerals, is a major contributor in making India one of the fastest growing economies in the world.

The sector is well-aligned with the Hon'ble Prime Minister's vision of Aatmanirbhar Bharat, and committed to make India self-reliant in the production of key minerals.

GMDC is a prominent entity in lignite and its leading supplier in India, working dedicatedly to meeting India's energy requirements and reducing import dependence. Coal is the fuel backbone of Gujarat's industries, and through its exploration in Odisha, to improve Gujarat's energy security. Our aim is to boost production of minerals, and as we look beyond lignite and coal, we seek to

play a pivotal role in expanding our portfolio to other minerals and metals like limestone, copper and manganese.

We are emerging as the new national player in the mining and minerals sector, and are working to further strengthen this sector by tapping into technological advancements across the value chain – from exploration to beneficiation and processing.

With a strong potential to impact environment sustainability, social inclusion and economic development, the mining industry is constantly evolving with a focus on enhancing efficiency, deploying safer mining techniques and ensuring rehabilitation of project affected families.

Creating value, responsibly

At GMDC, with scientific and efficient operations, we are a socially and environmentally responsible organisation, committed to sustainable growth. We firmly believe in the importance of responsible business practices that encompass strong governance.

Today, with the right strategy, right culture and right geographical footprint, we remain set to deliver on our commitment, with a renewed sense of optimism, confidence and ambition.

Thank you, stakeholders

I would like to take this opportunity to express my gratitude to all our stakeholders for their unwavering support to GMDC. Your support has been invaluable to us. We have announced the highest-ever dividend in our history, and remain committed to building a sustainable and prosperous future, while staying true to the core values of the Company.

Once again, I extend my sincere appreciation to all our stakeholders for their trust and continued partnership. Together, we can forge a path towards a sustainable and inclusive future.

Dr. Hasmukh Adhia, IAS (Retd.)

Chairman

From The Managing Director's Desk



Moving ahead, we see revenue visibility as we increase our share of non-lignite.

Our Valued Shareholders,

I would like to start my communication to you with a quote from Roy T. Bennett, "What helps you persevere is your resilience and commitment." Shareholders, I am pleased to once again connect with you to report our performance and the progress we made during the year 2022-23.

With a business model that is flexible, agile and resilient, we demonstrated growth that is exceptional and outstanding, but the best-ever in the 60-year history of GMDC. The business depicted a landmark revenue and a performance that will go down in history. Our financial performance this year has been a result of healthy profitability and large cash accruals.

₹3,501 crore

Total Income
Highest-ever annual
revenue from
Operations of
the Company.

Delivering outstanding growth

The Company clocked 28% increase in Revenue from Operations at a record ₹3,501 crore, from ₹2,732 crore in the earlier year of FY2022. This is highest ever annual revenue from operations of the Company. Net Profit was the highest ever at ₹1,212 crore, up from ₹445 crore earlier. PAT went up by 172%. From a Net Loss of ₹37 crore just two years back in FY2021, we have made steady recovery to return to profit.

Total Income was ₹3,894 crore vis-à-vis ₹2,887 crore, due to significant increase in average sales realisation of lignite owing to sharp upward movement in international coal prices of about 50% on the back of global demand-supply situation. EBITDA went up by 42%, from ₹875 crore earlier to ₹1,557 crore.

With increase in average sales realisation of lignite by 63%, profitability improved by 172% with 42% EBITDA margin.

Talking about power generation, we generated total 1,142 million units in FY2023, against 923 MU last year, which is a rise of 24%.

In recognition of our record financial performance this year, and as a token of appreciation to our valued shareholders, we are delighted to announce the declaration of the highest-ever dividend of 572.5% or ₹11.45 per equity share on a face value of ₹2 each. This also demonstrates how we are further

creating shareholder value.

Increase in lignite prices continues to be a steady contributor to our growing top line. With continuous increase in lignite and imported coal prices, average sales realisation has also increased per tonne.

GMDC today

Today, we are proud to be operating 5 lignite mines, located in Kutch, South Gujarat and Bhavnagar, with estimated reserves of 95 million tonnes. During the year, we have worked on newly allotted 6 new lignite blocks with combined lignite reserves of 360 Million Tonnes. Today, we cater to nearly 25% of the total demand of minerals in Gujarat, with a diversified customer base comprising small and medium-sized companies spread across textiles, steel, cement, power generation and various other sectors.

The operationalisation of these 6 new mines, with total lignite reserves of 360 million tonnes, will add to our capacity in 4-5 years. We will continue benefiting from higher production, supported by steady demand from manufacturing industries located in Gujarat. The increased production from these new mines will facilitate us in catering to at least 30-35% of total demand by FY2025. Also, during the year, we received permission for land acquisition in Tadkeshwar, which was closed due to landslide. Restoration of Tadkeshwar mine and increase in production at

Bhavnagar site will lead to increased sales volume.

Our capex plan

This year, we set an ambitious capex target of ₹3,000 crore. A significant portion of this will be utilised towards lignite projects, highlighting our commitment to innovation and technological advancements.

A key milestone of the year was the allotment of two new coal blocks at Odisha, going beyond the geographical boundaries of Gujarat. This also indicated our intention to strengthen our presence in the coal mining sector.

These new coal blocks will be developed in a phased manner, and we hope to achieve full mining capacity in 4-5 years. We see the Company's Net Worth increasing four times by 2027-28, from ₹5,000 crore. We are committed to utilising our resources and expertise to develop these blocks to their fullest potential, while ensuring the highest standards of safety and environmental sustainability.

In another key development, we kick-started refurbishing of 250 MW Akrimota thermal power plant at Nani Chher, with a reported plant load factor of 38%. This move is aimed at maximising power generation by increasing utilisation of installed capacity, and taking plant load factor to beyond 75% by the next fiscal year.

Implementation of dynamic pricing

Earlier, we followed a uniform price for all lignite projects. In August 2021, the Board authorised us to take necessary product price revision. We changed our pricing and product strategy, and launched a customer engagement index to reward loyal customers with additional allocations. Implementation of dynamic pricing resulted in quick decision-making in response to market dynamics and profitability improved. This was also supported by a continuous rise in lignite prices and rise in imported coal prices, our benchmark for customer pricing.

Diversifications for the future

Our focus is to diversify our revenue base from lignite, and also building on our capabilities in other minerals such as copper, limestone, fluorspar and silica sand. We have roped in BCG, a globally-reputed strategic consultancy company, for conducting a feasibility study for this strategic move. With this, we are targeting to increase the share of non-lignite portfolio in the coming years and mitigate the risk of dependence on a single commodity.

Future Outlook

We faced seemingly insurmountable obstacles with fortitude and have bounced back to now stand firm and tall. This showcases our management's confidence in the Company and also depicts the inherent resilience of the sector. Moving ahead, we foresee revenue visibility as we increase our share of non-lignite. Going forward, demand for lignite is seen to be stable in the medium term, as we seek to reduce the dependency of imported coal.

In conclusion, we understand your trust and confidence in us, and we remain dedicated to maximising returns and creating sustainable growth. We also remain committed to continue our momentum by further enhancing shareholder value in the future.

Going forward, we will continue to drive innovation, expand market presence and create long-term value for all stakeholders.

I take this opportunity to thank all our stakeholders for their trust, support, guidance and good wishes. The journey ahead is long and interesting, and together we will continue to grow.

Roopwant Singh, IAS

Managing Director

Leveraging six decades of experience in mining and minerals

A Jewel in the Mining Sector



One of India's leading Mining Companies



A Zero Debt Company



More than 6 decades of Experience In the Mining and Minerals sector



Ranked 486th among India's Fortune 500 Companies



A TRUE GEM

Incorporated in 1963, GMDC is one of the true gems to tap the mineral-rich basket of the state of Gujarat. Of the state's mineral demand of **25.28 million tonnes**, nearly **8.5 million tonnes** is produced and contributed by GMDC.



Exploring Mineral Deposits in Gujarat

We are engaged in development of ample mineral resources of Gujarat, fuelling the state's development. Our aim is to identify products that find applications in diverse industries, serve them with minerals and building blocks.



Diverse Power Portfolio

With a big thrust on forward integration, we are also engaged in generation of power at our strategically located thermal plants. By harnessing renewable sources of power generation with our wind power and solar power installations, we supply affordable power to nearby industries, serving their energy requirements.



Augmenting Lignite Production

We are ramping up lignite production from open cast lignite mines to serve our captive power plants. Our emphasis has been to augment production in **6 new lignite blocks to capture a larger share of the minerals market**. With this, we are leveraging the buoyancy in lignite prices and capturing a significant share in the market of Gujarat.