

Price: 328

Recommendation: Buy

Industry: Industrial Minerals

Sector: Commodities

Report Date: 21-Apr-2025

Gujarat Mineral Development Corporation Limited (GMDC) is advancing its growth strategy with Project Shikhar, aiming to quadruple revenue by 2030 through lignite, coal, and critical minerals. With a capex of INR 3,000 crores annually, GMDC plans to operationalize coal blocks in Odisha and develop critical mineral projects. The company focuses on maintaining a low debt-equity ratio and enhancing operational efficiency to ensure financial stability and profitability.

Sales		Profit & Loss		Profitability Matrix	
Current Year	2815 Cr	Operating Profit(Year)	653 Cr	Operating Profit Margin	23.2 %
Previous Year	3498 Cr	Operating Profit(Quarter)	92.9 Cr	EBITDA Margin	31.79 %
Current Quarter	653 Cr	PAT (Year)	613 Cr	Net Profit Margin	24.9 %
Previous Quarter	593 Cr	PAT (Quarter)	149 Cr	EPS	21.0
Revenue (QYoY)	564 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	15.6	Sales Growth	5.81 %	Sales Growth	10.12 %
PEG Ratio	0.81	PAT Growth	-48.96 %	Sales Growth QYoY	15.78 %
EV/EBITDA	10.2	EPS Growth	8.81 %	PAT Growth	15.5 %
P/B	1.69	Dividend Yield	2.91	PAT Growth QYoY	27.35 %
Capital Allocation		Holdings		Leverage	
RoE	10.4 %	Promoter	74.0 %	Debt/Equity	0.00
RoA	8.61 %	FII	2.15 %	Debt	2.86 Cr
RoCE	13.8 %	DII	0.76 %	Market Cap	10435 Cr
RoIC	17.2 %	Public	23.1 %	Enterprise value	9835 Cr
		No of Shares	31.8 Cr	Cash Equivalents	602 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

In the recent conference call, Gujarat Mineral Development Corporation Limited (GMDC) outlined several strategic initiatives and growth plans. The company is focusing on diversification under Project Shikhar, aiming to quadruple its revenue by the end of the decade. This ambitious plan involves equal contributions from lignite, coal, and new-age critical minerals. The company is also pursuing "Mission 18.0" and "Mission 2000" to enhance sales and expand its customer base. The management emphasized that while lignite remains a core focus, diversification into critical minerals is crucial for future growth. The company is targeting a 4x growth in revenue by 2030, with significant contributions from lignite, coal, and critical minerals.

GMDC's business strategy includes aggressive capital expenditure plans, with a capex of INR 3,000 crores annually over the next few years. This investment will support new lignite projects, operationalize coal blocks in Odisha, and develop critical mineral projects. The company aims to maintain a debt-equity ratio below one, ensuring financial stability. The management highlighted the strategic importance of these projects, not only for economic returns but also for national significance. The company is also focusing on operational efficiency and cost management to enhance profitability. The management is confident in achieving a 15% internal rate of return on coal block investments, with a minimum target of 12%.

Looking ahead, GMDC is optimistic about its growth prospects, driven by its robust diversification strategy and strategic investments. The company plans to operationalize its coal blocks in Odisha by the next financial year, with groundbreaking expected in early 2026. The multi-metal and rare earth projects are also progressing, with significant developments anticipated in the coming years. The management is committed to capturing strategic value and expanding its market presence. The company is also exploring opportunities for cross-holdings and asset divestment to support its ambitious growth plans. The management is confident that these initiatives will position GMDC as a leading player in the mineral development sector.

While the company's growth plans are promising, there are areas for improvement. The management could enhance communication with stakeholders by providing more detailed timelines and progress updates on key projects. Additionally, the company could explore partnerships and collaborations to accelerate project development and mitigate risks. The management's focus on maintaining a low debt-equity ratio is commendable, but further efforts to optimize capital allocation and improve operational efficiency could enhance financial performance. Overall, GMDC's strategic initiatives and growth plans are well-aligned with its long-term vision, but continued focus on execution and stakeholder engagement will be crucial for success.

GMDCLTD Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Sandur Manganese	7793.97	16.67	11.35%	85.08%	214.78%	294.61%	1218.94%
Lloyds Metals	67189.51	44.04	56.64%	16.68%	-12.40%	29.22%	17.48%
NMDC	59590.17	9.19	23.93%	33.52%	21.40%	55.98%	12.62%
Coal India	246909.99	7.19	52.04%	16.65%	-1.03%	35.32%	-17.19%
Vedanta	161167.23	13.56	10.49%	3.94%	10.06%	7.91%	76.20%

Aspect	Commentary
Revenue	The company experienced a decline in annual revenue from 3498 Cr to 2815 Cr, indicating a challenging year. However, quarterly revenue increased from 593 Cr to 653 Cr, suggesting a positive trend in recent months. This quarterly growth may reflect successful short-term strategies or market conditions.
Profit & Loss	Annual operating profit was 653 Cr, with a quarterly figure of 92.9 Cr. The PAT for the year was 613 Cr, while the quarter saw 149 Cr. These figures suggest stable profitability, with quarterly performance showing resilience. The company maintains a strong profit base despite annual fluctuations.
Profitability Matrix	Operating profit margin stands at 23.2%, with an EBITDA margin of 31.79% and a net profit margin of 24.9%. These margins indicate efficient cost management and strong profitability. The EPS of 21.0 reflects solid earnings per share, supporting investor confidence.
Valuation Matrix	The trailing P/E ratio is 15.6, indicating moderate valuation. A PEG ratio of 0.81 suggests undervaluation relative to growth. EV/EBITDA at 10.2 and P/B at 1.69 reflect reasonable market valuation, supporting potential investment attractiveness.
Growth (YoY)	Sales growth was 5.81%, while PAT growth declined by 48.96%, indicating challenges in profit expansion. EPS growth of 8.81% and a dividend yield of 2.91% suggest shareholder value creation despite profit pressures.
Growth (QoQ)	Quarterly sales growth was 10.12%, with a QYoY increase of 15.78%. PAT growth was 15.5%, and QYoY was 27.35%, indicating strong quarterly performance and recovery momentum, reflecting effective operational strategies.
Capital Allocation	RoE is 10.4%, RoA 8.61%, RoCE 13.8%, and RoIC 17.2%. These metrics indicate efficient capital use and strong returns on investment, highlighting effective management of resources and strategic capital allocation.
Holdings	Promoter holding is 74.0%, with FII at 2.15%, DII at 0.76%, and public at 23.1%. This structure suggests strong promoter confidence and limited institutional investment, which may impact market perception and liquidity.
Leverage	The debt/equity ratio is 0.00, with debt at 2.86 Cr, indicating a virtually debt-free status. Market cap is 10435 Cr, and enterprise value is 9835 Cr, reflecting strong market positioning and financial stability, supported by 602 Cr in cash equivalents.

Analyst viewpoint: Gujarat Mineral Development Corporation (GMDC) presents a compelling investment opportunity with a bullish outlook from a short to mid-term perspective. The company reports robust growth with a quarter-over-quarter sales increase of 10.12% and a 15.5% rise in profit after tax (PAT), underscoring strong operational recovery and strategy execution. The initiative to diversify its portfolio through Project Shikhar and significant capital allocations, aimed at operationalizing coal blocks in Odisha, positions GMDC strategically for future growth. Its valuation metrics, including a trailing P/E ratio of 15.6 and EV/EBITDA of 10.2, suggest the stock is attractively priced in comparison to market peers, coupled with efficient capital allocation evidenced by an impressive Return on Capital Employed (RoCE) of 13.8%.

Further strengthening its case, GMDC remains virtually debt-free, which contributes to financial stability and supports aggressive expansion endeavors such as reaching a fourfold revenue increase by 2030. The company's focus on critical minerals and initiatives like "Mission 2000" are set to enhance its competitive edge. Peer comparison indicates GMDC's strategic investments are well-aligned to capture emerging opportunities within the industrial minerals sector. However, it is prudent to note the importance of enhancing stakeholder communication to provide more detailed development timelines ensures investor confidence. Overall, GMDC's strategic direction holds significant promise, with well-structured plans set to secure its position as a market leader.

Please read detailed disclosure on next page.

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Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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Research Analyst Details:

Name: Robin Arya

Email: smallcase@goalfi.in

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – support@goalfi.in

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