

GUJARAT MINERAL DEVELOPMENT CORPORATION LTD.

RECOMMENDATION : BUY

MARKET PRICE : Rs.137.65 (As on 22nd Feb 2023)

TARGET PRICE : Rs.173.00

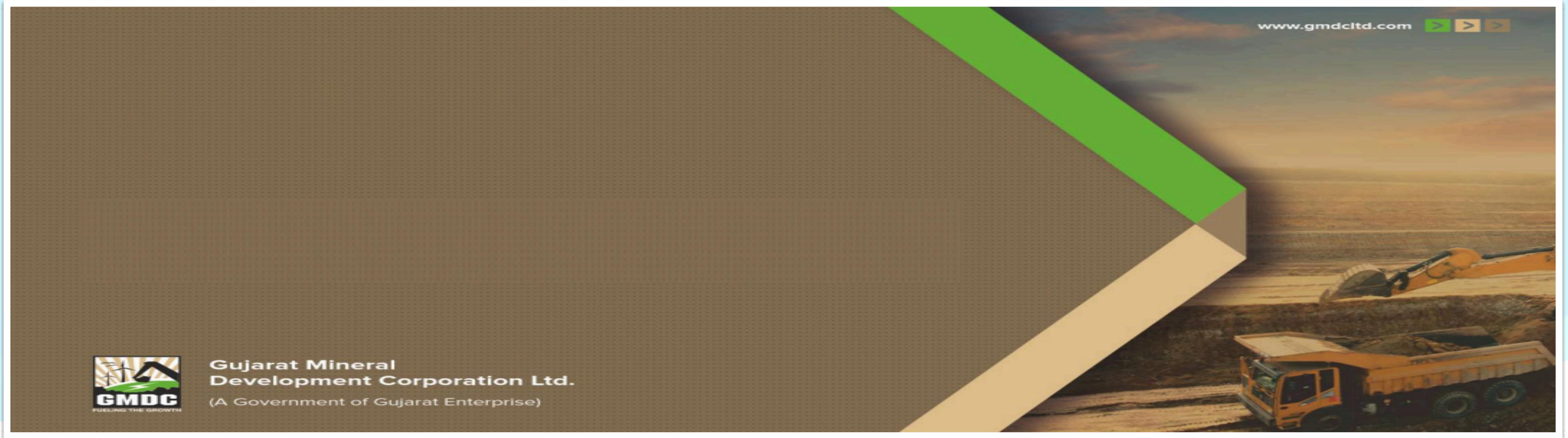
FACE VALUE : Rs.2

BSE CODE : 532181

NSE CODE : GMDCLTD



Gujarat Mineral Development Corporation Ltd
(A Government of Gujarat Enterprise)



ABOUT THE COMPANY

Gujarat Mineral Development Corporation Ltd. is one of India's leading mining and mineral processing companies. For more than five decades, the Company has been engaged in the development of the ample mineral resources of the state. A zero-debt company, it is ranked 486th among India's Fortune 500 Companies (2022) and among the Top-5 organisations by market capitalisation in the mining sector.

The Company is India's second largest Lignite-producing company. It is the leader in Lignite exploration and supply in Gujarat. Mining lignite from deposit-rich areas across the state, the Company markets it to various high-growth industries, including textiles, chemicals, ceramics, bricks and captive power. The Company is also involved in the exploration of Bauxite, Fluorspar, Manganese, Silica Sand, Limestone, Bentonite and Ball Clay. They find application across diverse industries, from manufacturing of hydrofluoric acid and purifying water to manufacturing glass and ceramic ware, and drilling oil.

The Company has a sizeable presence in the energy sector. It has a diversified portfolio of Thermal power projects and renewable power generation projects comprising wind and solar power. The Company has ventured into harnessing renewable sources of energy more than a decade ago and are readying for a sustainable future. Over the years, the Company has generated 2522416+ MW/hr of Green Energy.

GMDC – A harbinger of legacy and strong values

India's mining
sector's jewel

Over 6 decades of
mining experience
in Gujarat

India's Largest
Merchant Seller
of Lignite

Diversified
portfolio
including metal,
power and
green energy

A Zero Debt company



Mining and Processing

We are engaged in business of abundant mineral resources spanning Lignite, Bauxite, Silica and Metals, also harnessing renewable sources of energy. Our biggest lignite consumers are the Power Plants.



Power Generation

We engage ourselves in the business of power generation. We are also harnessing renewable power generation.

We are India's leading mining and mineral processing company, with over 6 decades of experience and commanding a vast mineral portfolio, with 5 Operational Lignite Mines in Gujarat in Kutch, South Gujarat and Bhavnagar regions.

Products

Lignite

Lignite, generally yellow to dark brown in colour, is regarded as brown coal. It is a major source for producing power and electricity. GMDC has helped expand Lignite-mining operations in the state. It mines Lignite from Tadkeshwar, Rajpardi, Bhavnagar, Panandhro, Mata No Madh and Umarsar.



LOCATIONS

Bhavnagar

Mata No madh

Panandhro

Rajpardi

Tadkeshwar

Umarsar

LOCATIONS

Gadhsisa

Daban - Wamoti

Mothala-Balachod

Nana - Goniyasar

Naredi Nandra

Naredi-II

Ratadia - Nagrecha

Roha - kotada

Wandh-I

Mevasa



Bauxite

A rock with a faded appearance, Bauxite is primarily found in Gujarat, Odisha and Jharkhand. Reserves of plant-grade and non-plant grade Bauxite are found in Kutch and Devbhoomi, Dwarka. GMDC is engaged in mining Bauxite at its Gadhsisa group of mines.

Fluorspar

Metallic and shimmery, Fluorspar is extensively used as a raw material for manufacturing hydrofluoric acid, refrigerant gases and flux in metallurgical industries. GMDC's Fluorspar Mine is located at Kadipani, Ambadungar.





Manganese

A silvery-gray metal that resembles iron closely, Manganese deposits are found in Panchmahal, Vadodara and Dahod at Shivrajpur, Bamankuva, Bapotiya, Pani and Salapada villages. All Manganese-bearing areas of Gujarat have been reserved for GMDC.

Silica Sand

A form of silicon dioxide, Silica Sand is used to purify water, and in the manufacture of glass, synthetic foundry moulding catalysts, etc. There are many varieties of Silica Sand in the world, each with their unique composition and qualities.





Limestone

Composed primarily of calcite, Limestone appears white or nearly white in colour. The mineral is typically used as Limestone tiles, Limestone slabs in flooring, wall cladding, vanity tops, and to pave the floors of large commercial complexes.

Bentonite

A highly colloidal clay mineral, Bentonite derives its name from the place where its presence and usages were first discovered - Fort Benton, America. Its hydration, swelling, water absorption, and other properties make it a multi-application product for diverse industries, finding usage as a mud constituent for oil and water well drilling.





Ball Clay

Ball Clays are fine grained, highly plastic clays and are typically used in the manufacture of ceramic whiteware and sanitaryware. A rare mineral, Ball Clay is found in select places around the world. In India, the richest deposits are found in Gujarat and Rajasthan.

Thermal Power

GMDC's 2X125 MW Thermal Power Project at Nani Chher in Lakhpat Taluka, Kutch, is an important component of its initiatives at forward integration. Operational since March 2004, it obtains Lignite from its own mines located at Panandhro, Mata no Madh and Umarsar. State-of-the-art DCS technology is being used here.





Wind Power

GMDC ventured into harnessing the wind energy as its commitment towards environment care and to have green footprints. It commissioned 200.9 MW Wind Power turbines in Kutch, Porbandar, Devbhoomi, Dwarka, Jamnagar, Rajkot and Bhavnagar up to 2016.

Solar Power

Towards generating power from renewable sources of energy, GMDC initiated a first-of-its-kind 5 MW Solar Power Project in 2011. It was installed on the reclaimed mined-out land of Panandhro Lignite mine in Kutch.





Green Footprint

Gujarat Mineral Development Corporation Ltd. (GMDC) is helping to realise the vision of making India a Green Energy nation. We endeavoured to undertake the generation of wind and solar energy more than a decade ago. We authorised the installation of 200.9 MW wind turbines across various districts. Besides this, we also set up a unique 5 MW Solar Power Project on land that was previously mined.

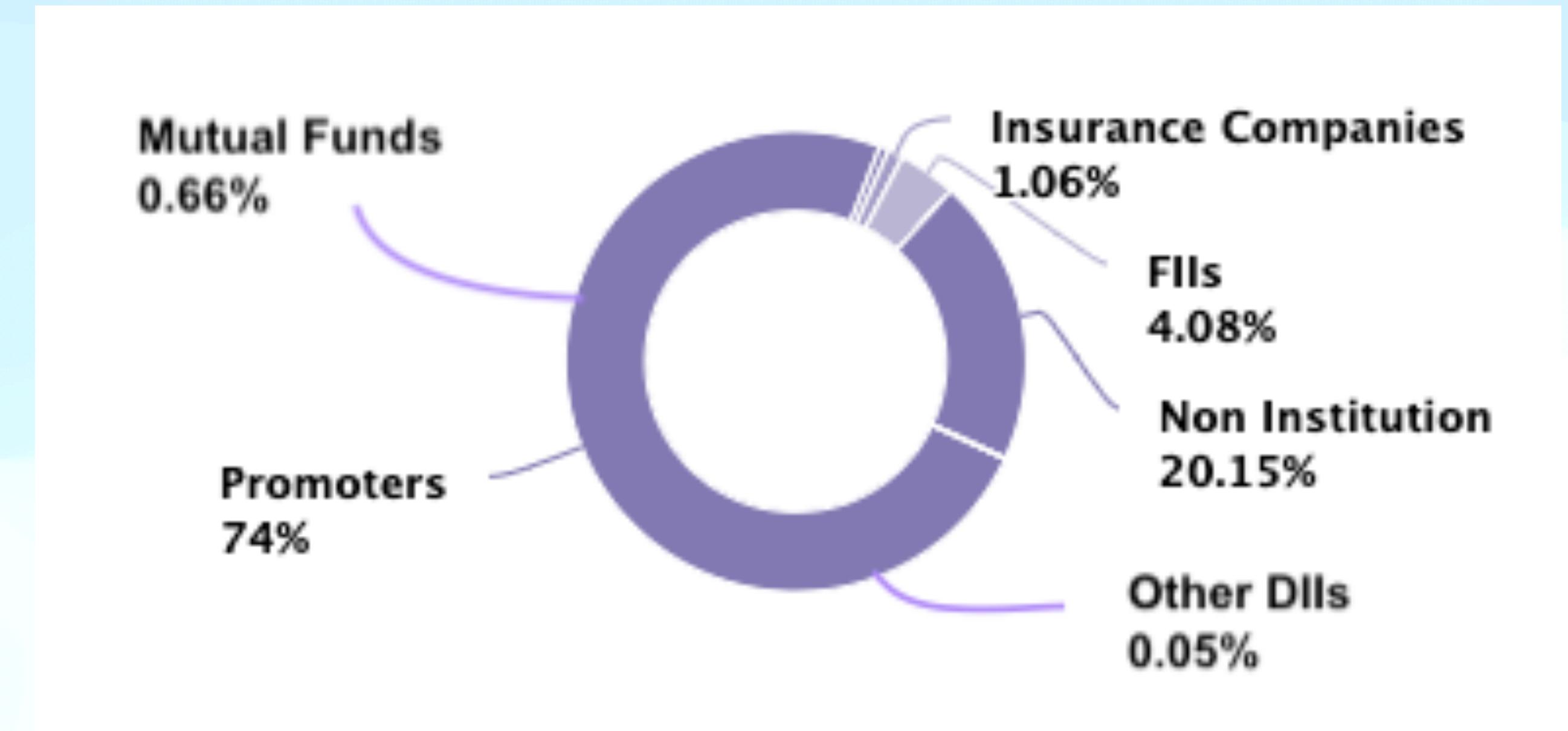
Yearly Results

YEARLY RESULTS OF GUJARAT MINERAL DEVELOPMENT CORPORATION (in Rs. Cr.)	MAR '22	MAR '21	MAR '20	MAR '19	MAR '18
Net Sales/Income from operations	2,859.30	1,469.75	1,673.66	1,999.23	2,173.29
Total Income From Operations	2,859.30	1,469.75	1,673.66	1,999.23	2,173.29
EXPENDITURE					
Increase/Decrease in Stocks	6.06	-2.25	1.61	-6.32	-2.96
Employees Cost	132.89	130.85	144.49	122.40	188.59
Depreciation	97.98	94.21	91.58	96.14	119.03
Other Expenses	1,914.57	1,220.38	1,191.64	1,207.48	1,335.11
P/L Before Other Inc., Int., Excpt. Items & Tax	707.79	26.56	244.34	579.53	533.53
Other Income	29.57	22.43	17.93	24.98	17.99
P/L Before Int., Excpt. Items & Tax	737.37	48.99	262.27	604.51	551.53
Interest	2.13	1.96	1.88	1.83	1.63
P/L Before Exceptional Items & Tax	735.23	47.03	260.39	602.69	549.90
Exceptional Items	--	-396.59	--	-214.37	--
P/L Before Tax	735.23	-349.57	260.39	388.31	549.90
Tax	331.74	-307.58	58.32	168.51	122.32
P/L After Tax from Ordinary Activities	403.49	-41.99	202.07	219.80	427.58
Net Profit/(Loss) For the Period	403.49	-41.99	202.07	219.80	427.58
Share Of P/L Of Associates	1.48	2.65	1.99	0.14	-80.89
Net P/L After M.I & Associates	404.97	-39.34	204.06	219.94	346.68
Equity Share Capital	63.60	63.60	63.60	63.60	63.60
Reserves Excluding Revaluation Reserves	4,703.15	3,971.24	4,032.45	4,253.51	4,287.54
EPS BEFORE EXTRA ORDINARY					
Basic EPS	12.74	-1.24	6.42	6.92	10.90
Diluted EPS	12.74	-1.24	6.42	6.92	10.90
EPS AFTER EXTRA ORDINARY					
Basic EPS.	12.74	-1.24	6.42	6.92	10.90
Diluted EPS.	12.74	-1.24	6.42	6.92	10.90

Key Financial Ratios

KEY FINANCIAL RATIOS OF GUJARAT MINERAL DEVELOPMENT CORPORATION (in Rs. Cr.)		MAR 22	MAR 21	MAR 20	MAR 19	MAR 18
PER SHARE RATIOS						
Basic EPS (Rs.)		12.74	-1.24	4.61	6.92	10.90
Diluted EPS (Rs.)		12.74	-1.24	4.61	6.92	10.90
Cash EPS (Rs.)		15.77	1.64	7.42	9.94	17.19
Book Value [ExclRevalReserve]/Share (Rs.)		149.90	126.88	128.81	135.76	136.83
Book Value [InclRevalReserve]/Share (Rs.)		149.90	126.88	128.81	135.76	136.83
Revenue from Operations/Share (Rs.)		89.91	42.11	47.83	62.87	68.34
PBDIT/Share (Rs.)		26.27	4.50	9.32	22.03	21.09
PBIT/Share (Rs.)		23.19	1.54	6.44	19.01	17.34
PBT/Share (Rs.)		23.12	-10.99	6.38	12.21	17.29
Net Profit/Share (Rs.)		12.69	-1.32	4.54	6.91	13.45
NP After MI And SOA / Share (Rs.)		12.74	-1.24	4.61	6.92	10.90
PROFITABILITY RATIOS						
PBDIT Margin (%)		29.21	10.69	19.48	35.04	30.85
PBIT Margin (%)		25.78	3.65	13.45	30.23	25.37
PBT Margin (%)		25.71	-26.10	13.33	19.42	25.30
Net Profit Margin (%)		14.11	-3.13	9.50	10.99	19.67
NP After MI And SOA Margin (%)		14.16	-2.93	9.63	11.00	15.95
Return on Networth/Equity (%)		8.49	-0.97	3.57	5.09	7.96
Return on Capital Employed (%)		13.42	1.06	4.30	12.18	11.07
Return on Assets (%)		6.84	-0.79	2.89	4.22	6.43
Total Debt/Equity (X)		0.00	0.00	0.00	0.00	0.00
Asset Turnover Ratio (%)		0.53	26.98	30.07	38.39	40.32
LIQUIDITY RATIOS						
Current Ratio (X)		3.96	4.79	4.93	6.11	3.56
Quick Ratio (X)		3.74	4.51	4.61	5.71	3.39
Inventory Turnover Ratio (X)		0.00	13.60	15.99	20.37	30.01
Dividend Payout Ratio (NP) (%)		1.57	-161.64	43.41	50.60	27.51
Dividend Payout Ratio (CP) (%)		1.26	115.91	26.71	35.21	20.48
Earnings Retention Ratio (%)		98.43	261.64	56.59	49.40	72.49
Cash Earnings Retention Ratio (%)		98.74	-15.91	73.29	64.79	79.52
COVERAGE RATIOS						
Interest Coverage Ratios (%)		391.59	73.16	157.48	330.68	338.53
Interest Coverage Ratios (Post Tax) (%)		391.59	73.16	157.48	330.68	338.53
VALUATION RATIOS						
Enterprise Value (Cr.)		5,947.45	1,492.97	901.82	2,543.53	3,865.00
EV/Net Operating Revenue (X)		2.08	1.11	0.59	1.27	1.78
EV/EBITDA (X)		7.12	10.43	3.04	3.63	5.76
MarketCap/Net Operating Revenue (X)		2.11	1.31	0.66	1.30	1.80
Retention Ratios (%)		98.42	261.64	56.58	49.39	72.48
Price/BV (X)		1.27	0.44	0.24	0.60	0.90
Price/Net Operating Revenue		2.11	1.31	0.66	1.30	1.80
Earnings Yield		0.07	-0.02	0.15	0.08	0.09

Shareholding Pattern as on Dec'22



Summary

- ❖ With deliverance of stellar performance in Q3 of FY'23, the Company's Net Sales rose up by 24.47% i.e. Rs.901.90 crs in Dec'22 as compared to Rs.724.58 crs in Dec'21. However, the Net Profits grew up by 77.62% i.e. Rs.266.12 crs in Dec'22 versus Rs.149.82 crs in Dec'21.
- ❖ Taking into consideration healthy performance and fine financials, the Company is available at a fair price of Rs.137.65 with its 52 week low at Rs.121.05 and 52 week high at Rs.228.40.
- ❖ Viewing that the Promoters are holding majority stake around 74.00% as well as its robust valuations, indicates that the Management is growth oriented.
- ❖ In Public Shareholding as on Dec'22, the FIIs and the Other DIIs collectively held 4.13% stake. Whilst, the Mutual Fund Houses own 0.66% holdings in the Company.
- ❖ It is reassuring to see that Gujarat Mineral Development Corporation Ltd. is held by MAHINDRA MANULIFE MF.
- ❖ On consolidated basis, the Company registered Return on Equity (ROE) and Return on Capital Employed (ROCE) around 8.49% & 13.42 respectively as on Mar'22.
- ❖ For the year ending Mar'22, Gujarat Mineral Development Corporation Ltd. has declared an equity dividend of 215.00% i.e. Rs.4.30 per equity share. The Company has a good dividend track report and has consistently declared dividends for the last 5 years.

Disclosure

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