

## GMDC

## RESULT UPDATE



## KEY DATA

Rating	REDUCE
Sector relative	Underperformer
Price (INR)	568
12 month price target (INR)	231
52 Week High/Low	651/226
Market cap (INR bn/USD bn)	180/2.0
Free float (%)	26.0
Avg. daily value traded (INR mn)	4,416.9

## SHAREHOLDING PATTERN

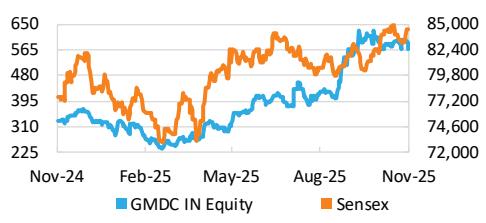
	Sep-25	Jun-25	Mar-25
Promoter	74%	74%	74%
FII	3.32%	2.25%	2.15%
DII	0.76%	0.79%	0.76%
Others	21.92%	22.96%	23.09%

FINANCIALS (INR mn)				
Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	28,508	27,146	34,630	41,860
EBITDA	6,407	6,848	9,042	12,357
Adjusted profit	6,879	6,968	7,313	8,946
Diluted EPS (INR)	21.6	21.9	23.0	28.1
EPS growth (%)	15.5	1.3	4.9	22.3
RoAE (%)	11.1	10.5	10.3	11.6
P/E (x)	26.3	25.9	24.7	20.2
EV/EBITDA (x)	25.3	23.7	19.4	15.2
Dividend yield (%)	1.8	1.2	1.2	1.5

## CHANGE IN ESTIMATES

(INR mn)	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	27,146	34,630	-9.3	-10.4
EBITDA	6,848	9,042	-9.6	-14.8
Adjusted profit	6,968	7,313	-1.8	-11.1
Diluted EPS (INR)	21.9	23.0	-1.8	-11.1

## PRICE PERFORMANCE



## Tepid earnings; too much optimism priced in

Due to elongated monsoon, GMDC posted lower-than-estimated EBITDA of INR738mn in Q2FY26 (our estimate: INR1.2bn), down 48% YoY due to lower lignite sales volume/realisation (down 10%/4% YoY) and higher operating cost resulting in EBIT loss for the power segment.

We are cutting FY26E/27E EBITDA by 10%/15% to factor in lower lignite volume and higher cost. The thermal power plant became operational in Q2FY26 and is likely to ramp-up by Q4FY26. FY27 shall post 26% lignite volume growth with new mine coming in and Bhavnagar mines expansion. Baitarani coal mine is set to start operations in FY27. Rollover to FY28E yields unchanged TP of INR231, 6x EV/EBITDA; retain 'REDUCE'. Trading at 19.4x FY27E EV/EBITDA.

## Lower volumes; prices drag mining EBIT

Mining revenue dipped 11% YoY to INR4.95bn primarily on the back of lower lignite volume (down 10% YoY at 1.5mt) due to elongated monsoon. Amid adverse product mix, blended lignite realisation/t inched down 4% YoY to INR3,120/t. Lower operating leverage led to rise in CoP/t and in turn led to a fall in mining EBIT (down 29% YoY to INR1.09bn) and EBIT/t at three-year low of INR725, down INR192/t YoY. In Q2FY26, an exceptional income of INR7.74bn was recognised due to cessation of inverted GST duty structure. In Bhavnagar, majority of land for lignite mining has been purchased and is likely to ramp-up December onwards. The Baitarani coal block (15mtpa) and Lakhpat lignite mine (3mtpa) are likely to receive all regulatory approvals by end-Q4FY26 and are likely to start mining from FY27. Overall volumes should rise at an 11% CAGR over FY25–28E to 10.9mt (now 8.0mt/10.1mt against earlier 8.3mt/10.1mt in FY26E/27E).

## Lignite power commences operations, ramp up by Q4FY26

The 250MW lignite power plant started operations in end-Q2FY26. It produced 8.6 mn units during the quarter. Wind power revenue inched down 5% YoY owing to lower power generation by 5% YoY to 96.5mn units. Owing to higher fixed cost at lignite power, power segment led to EBIT loss of INR144mn (versus EBIT of INR9mn).

## All optimism priced in; trading at expensive valuation

The mining volume is likely to improve in H2FY26. The volume growth from Lakhpat lignite mine and Baitarani coal block is likely FY27E onwards. Any earnings from rare earth, if it comes, would happen only after FY30. We have factored in all benefits (except rare earth) of lignite, coal and power in our estimates. At the CMP, GMDC is trading at elevated valuation of ~19x/15x FY27E/28E EV/EBITDA.

## Financials

Year to March (INR mn)	Q2FY26	Q2FY25	% Change	Q1FY26	% Change
Net Revenue	5,276	5,930	(11.0)	7,326	(28.0)
EBITDA	738	1,419	(48.0)	1,699	(56.6)
Adjusted Profit	( 40)	1,292	(103.1)	1,641	(102.4)
Diluted EPS (INR)	( 0.1)	4.1	(103.1)	5.2	(102.4)

## Financial Statements

### Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	28,508	27,146	34,630	41,860
Gross profit	28,378	27,146	34,630	41,860
Employee costs	1,489	1,638	1,720	1,806
Other expenses	16,926	14,928	18,207	22,805
EBITDA	6,407	6,848	9,042	12,357
Depreciation	954	887	905	923
Less: Interest expense	22	22	298	978
Add: Other income	3,536	3,377	1,937	1,503
Profit before tax	8,967	9,316	9,776	11,960
Prov for tax	2,089	2,348	2,464	3,014
Less: Other adjustment	0	0	0	0
Reported profit	6,879	6,968	7,313	8,946
Less: Excp.item (net)	0	0	0	0
Adjusted profit	6,879	6,968	7,313	8,946
Diluted shares o/s	318	318	318	318
Adjusted diluted EPS	22	22	23	28
DPS (INR)	10.1	6.6	6.9	8.4
Tax rate (%)	23.3	25.2	25.2	25.2

### Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	636	636	636	636
Reserves	63,098	67,976	73,095	79,357
Shareholders funds	63,734	68,612	73,731	79,993
Minority interest	0	0	0	0
Borrowings	1,228	1,228	6,228	18,228
Trade payables	2,355	1,859	2,372	2,867
Other liabs & prov	3,138	3,138	3,138	3,138
Total liabilities	77,119	81,755	94,165	1,14,640
Net block	9,970	17,083	31,179	45,256
Intangible assets	7,566	7,566	7,566	7,566
Capital WIP	5,031	5,031	5,031	5,031
Total fixed assets	22,567	29,680	43,775	57,853
Non current inv	4,981	4,981	4,981	4,981
Cash/cash equivalent	19,924	19,616	11,123	10,945
Sundry debtors	850	1,116	1,423	1,720
Loans & advances	49	49	49	49
Other assets	3,824	4,992	6,366	7,694
Total assets	77,119	81,755	94,165	1,14,640

### Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue-lignite mix (%)	90.8	86.6	78.4	66.1
Revenue-Power mix(%)	5.7	9.5	18.6	16.4
Net cash per share (INR)	58.8	57.8	15.4	(22.9)
EBITDA margin (%)	22.5	25.2	26.1	29.5
Net profit margin (%)	24.1	25.7	21.1	21.4
Revenue growth (% YoY)	15.8	(4.8)	27.6	20.9
EBITDA growth (% YoY)	5.0	6.9	32.0	36.7
Adj. profit growth (%)	15.5	1.3	4.9	22.3

### Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
PBT	8,967	9,316	9,776	11,960
Add: Depreciation	954	887	905	923
Interest (net of tax)	0	0	0	0
Others	(2,453)	0	0	0
Less: Changes in WC	1,182	1,928	(4,517)	(4,363)
Operating cash flow	10,620	9,783	3,701	5,505
Less: Capex	(6,434)	(8,000)	(15,000)	(15,000)
Free cash flow	4,186	1,783	(11,299)	(9,495)

### Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.0	6.2	6.2	6.2
Repo rate (%)	6.0	5.0	5.0	5.0
USD/INR (average)	84.5	86.5	86.5	86.5
Lignite volume (mt)	8.0	8.0	10.1	10.9
Lignite prices (INR/t)	3,252	3,013	2,747	2,654

### Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	11.1	10.5	10.3	11.6
RoCE (%)	14.3	13.9	13.5	14.5
Inventory days	2,768	nm	nm	nm
Receivable days	12	13	13	14
Payable days	7,100	nm	nm	nm
Working cap (% sales)	(1.3)	5.7	7.9	9.2
Gross debt/equity (x)	0	0	0.1	0.2
Net debt/equity (x)	(0.3)	(0.3)	(0.1)	0.1
Interest coverage (x)	250.2	273.4	27.3	11.7

### Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	26.3	25.9	24.7	20.2
Price/BV (x)	2.8	2.6	2.4	2.3
EV/EBITDA (x)	25.3	23.7	19.4	15.2
Dividend yield (%)	1.8	1.2	1.2	1.5

### Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	15.5	1.3	4.9	22.3
RoE (%)	11.1	10.5	10.3	11.6
EBITDA growth (%)	5.0	6.9	32.0	36.7
Payout ratio (%)	46.7	30.0	30.0	30.0

Source: Company and Nuvama estimates

## Exhibit 1: Standalone financial snapshot

INR mn	Q2FY26	Q2FY25	% change	Q1FY26	% Change	FY26E	FY27E	FY28E
Net Sales	5,276	5,930	-11.0	7,326	-28.0	27,146	34,630	41,860
Stock accretion/(decretion)	(6)	3	-261.8	(2)	189.5	0.0	0.0	0.0
Employee Expenses	742	394	88.2	366	102.9	1,638	1,720	1,806
Other Expenses	1,709	2,213	-22.8	2,909	-41.3	18,661	23,868	27,697
Total Expenditure	2,093	1,900	10.2	2,354	-11.1	20,299	25,588	29,503
<b>EBITDA</b>	<b>738</b>	<b>1,419</b>	<b>-48.0</b>	<b>1,699</b>	<b>-56.6</b>	<b>6,848</b>	<b>9,042</b>	<b>12,357</b>
Depreciation	218	209	4.2	220	-1.0	887	905	923
EBIT	1,601	1,832	-12.6	2,252	-28.9	5,961	8,138	11,434
Interest	5	7	-28.6	5	-	22	298	978
Other income	1,081	622	73.7	773	39.9	3,377	1,937	1,503
Profit Before Tax	6,340	1,825	247.4	2,247	182.2	9,316	9,776	11,960
Tax	1,636	534	206.6	606	170.1	2,348	2,464	3,014
Reported Profit	4,704	1,292	264.2	1,641	186.6	6,968	7,313	8,946
<b>Adjusted Profit</b>	<b>4,704</b>	<b>1,292</b>	<b>264.2</b>	<b>1,641</b>	<b>186.6</b>	<b>6,968</b>	<b>7,313</b>	<b>8,946</b>
Outstanding Shares	318	318		318		318	318	318
EPS	14.8	4.1		5.2		21.9	23.0	28.1
<b>As a % of revenue</b>								
Dec/(Inc) in stock	(0.1)	0.1		(0.0)		-	-	-
Employee costs	14.1	6.6		5.0		6.0	5.0	4.3
Other Expenses	32.4	37.3		39.7		68.7	68.9	66.2
Total expenditure	39.7	32.0		32.1		74.8	73.9	70.5
EBITDA	14.0	23.9		23.2		25.2	26.1	29.5
Reported net profit	89.2	21.8		22.4		25.7	21.1	21.4
Tax rate	25.8	29.2		27.0		25.2	25.2	25.2

Source: Company, Nuvama Research

## Exhibit 2: Operational performance trend (INR mn)

INR mn	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY(%)	QoQ(%)
Lignite sales volume (mt)	1.66	1.87	2.19	1.97	1.50	-10	-24
Realisation (INR/t)	3,261	3,210	3,228	3,294	3,213	-1	-2
Lignite mining- Revenue	5,410	6,010	7,080	6,490	4,809	-11	-26
Mining EBIT	1,521	1,581	1,720	1,726	1,086	-29	-37
Mining EBIT/t (INR)	917	845	784	876	819	-11	-7
Power- Revenue	395	262	254	480	426	8	-11
Power-EBIT	9	-132	-110	106	-144	-1,697	-236
Net sales	5,930	6,534	7,863	7,326	5,276	-11	-28
EBITDA	1,419	929	1,939	1,699	738	-48	-57
Other income	622	1,146	1,170	773	1,081	74	40
Depreciation	209	264	266	220	218	4	-1
PBT	1,825	1,804	2,843	2,247	6,340	247	182
PAT	1,292	1,487	2,254	1,641	4,704	264	187

Source: Nuvama Research, Company

### Exhibit 3: Sales volume dips 10% YoY

Volume (000 tonnes)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY(%)	QoQ(%)
<b>Total</b>	<b>1,659</b>	<b>1,872</b>	<b>2,193</b>	<b>1,970</b>	<b>1,497</b>	<b>-10</b>	<b>-24</b>
Rajpardi	0	0	0	0	0		
Mata-No-Mad	810	855	902	780	545	-33	-30
Tadkeshwar	226	81	210	260	83	-63	-68
Bhavnagar	331	522	631	530	505	53	-5
Umarsar	292	414	450	400	364	25	-9

Source: Company, Nuvama Research

### Exhibit 4: Lignite realisation/t decreases 4% YoY on the back of adverse product mix

Realisation(INR/t)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY(%)	QoQ(%)
<b>Blended Realisation</b>	<b>3,261</b>	<b>3,210</b>	<b>3,228</b>	<b>3,294</b>	<b>3,120</b>	<b>-4</b>	<b>-5</b>
Mata-No-Mad	3,111	3,251	3,237	3,231	3,138	1	-3
Tadkeshwar	3,982	3,951	3,810	3,846	3,855	-3	0
Bhavnagar	3,323	3,123	3,170	3,170	2,990	-10	-6
Umarsar	2,979	2,971	3,022	3,100	3,104	4	0

Source: Company, Nuvama Research

### Exhibit 5: Lignite revenue dips 14% YoY due to lower volume and realisation

Sales Value (INR mn)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY(%)	QoQ(%)
<b>Total</b>	<b>5,410</b>	<b>6,010</b>	<b>7,080</b>	<b>6,490</b>	<b>4,670</b>	<b>-14</b>	<b>-28</b>
Mata-No-Mad	2,520	2,780	2,920	2,520	1,710	-32	-32
Tadkeshwar	900	320	800	1,000	320	-64	-68
Bhavnagar	1,100	1,630	2,000	1,680	1,510	37	-10
Umarsar	870	1,230	1,360	1,240	1,130	30	-9

Source: Company, Nuvama Research

### Exhibit 6: Key assumptions

	FY23	FY24	FY25	FY26E	FY27E	FY28E
Lignite volume (mt)	7.6	6.4	8.0	8.0	10.1	10.9
Lignite prices (INR/t)	4,292	3,532	3,252	3,013	2,747	2,654
Power (mn units)	1,142	790	416	686	1,672	1,781

Source: Company, Nuvama Research

### Exhibit 7: Change in estimates

Particulars (INR mn)	Old		New		Variance (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Lignite sales volume (mt)	8.3	10.1	8.0	10.1	-3.6	0.0
Blended realisations (INR/t)	3,241	3,230	3,013	2,747	-7.0	-15.0
Power sales volume (mn units)	686	1,453	686	1,672	0.0	15.1
Revenue	29,942	38,656	27,146	34,630	-9.3	-10.4
EBITDA	7,579	10,615	6,848	9,042	-9.6	-14.8
PAT	7,093	8,228	6,968	7,313	-1.8	-11.1
EPS (INR/share)	22.3	25.9	21.9	23.0	-1.7	-11.2

Source: Company, Nuvama Research

**Exhibit 8: Valuation**

Particulars (INR mn)	FY28E
EBITDA	12,357
Multiple (x)	6.0
Enterprise value	74,144
Average Net debt	1,194
Implied Market-cap	72,950
Number of shares (mn)	318
<b>Target price (per share)</b>	<b>231</b>

*Source: Company, Nuvama Research*

## Company Description

Gujarat Mineral Development Corporation (GMDC) operates through two primary segments: Mining and Power. GMDC's projects include Lignite, Bauxite, Fluorspar, Manganese and Power, however, lignite mining is the chief operation. It operates over five lignite mines, namely, Mata-No-Madh, Rajpardi, Tadkeshwar, Bhavnagar and Umarsar. GMDC operates both thermal and renewable power plants. The thermal power capacity of GMDC is 250MW at Akrimota Thermal Power Station. GMDC operates wind and solar power in Gujarat with capacity of 200.5MW and 5MW capacity respectively. GMDC also has bauxite mining operations at its Mewasa Bauxite Mines in Devbhoomi Dwarka. GMDC also has several secondary minerals it obtains as a part of its overburden in lignite, which GMDC plans to utilize by undertaking merchant sales of mined minerals. It plans to invest in Rare earth elements too.

## Investment Theme

Unlike earlier years where GMDC used to take price hikes in two-three years, GMDC has taken series of price hikes since Aug-21, taking advantage of the higher price of substitutes, namely global thermal coal and pet coke. Besides, the company has appointed consultants to look at opportunities beyond lignite. Lignite volume growth to resume.

## Key Risks

- Change in leadership team
- International coal prices declining rapidly
- Lignite's high ash and sulphur content begets environmental concerns
- High capex in coal mining, delay in land acquisition impacting lignite volume growth
- Rare earth opportunity does not come up

## Additional Data

### Management

Chairman	Dr. Rajiv Kumar Gupta, IAS
MD	Roopwant Singh, IAS
CFO	Lavanya Kulshrestha
GM (Lignite), Marketing & Sales (except Lignite) & CSR	A.K. Makadia
Auditor	S.C. Ajmera & Co

### Holdings – Top 10\*

	% Holding		% Holding
Dimensional Fun	0.62	Nippon AMC	0.04
Blackrock inc	0.46	State Street Co	0.03
American centur	0.12	HDFC AMC	0.03
Goldman Sach	0.08	SBI Funds	0.02
Wisdom Tree	0.05	Motilal AMC	0.02

\*Latest public data

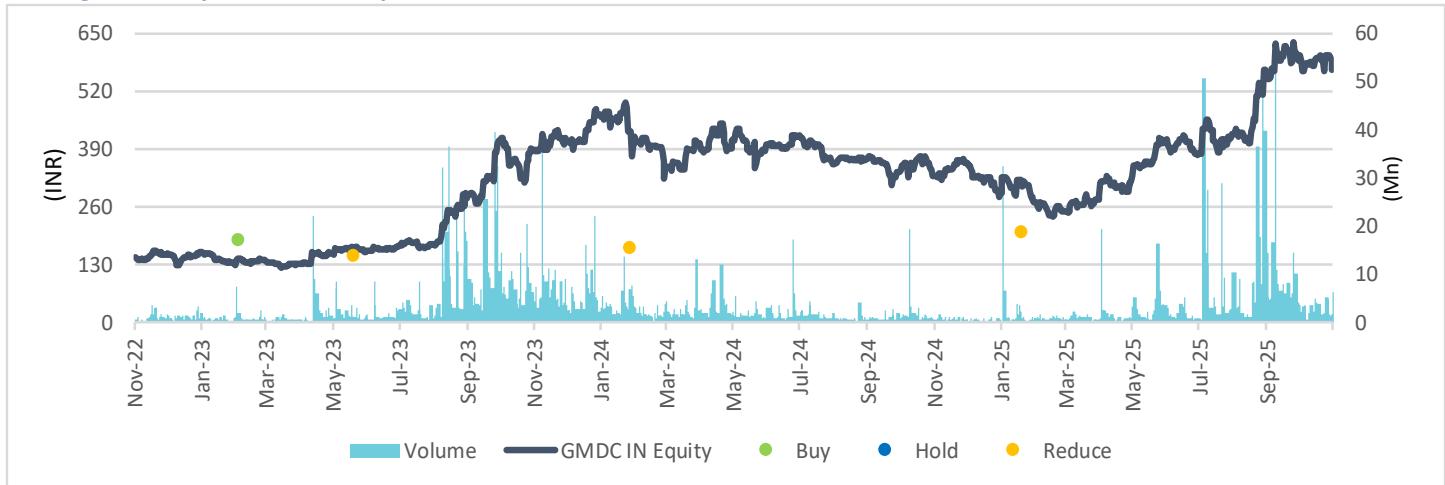
### Recent Company Research

Date	Title	Price	Reco
28-Jul-25	Lower lignite volumes drag profitability; <i>Result Update</i>	434	Reduce
16-May-25	Lignite volume growth lights up; <i>Result Update</i>	330	Reduce
01-Feb-25	Mining stable; power slips into losses; <i>Result Update</i>	321	Reduce

### Recent Sector Research

Date	Name of Co./Sector	Title
13-Nov-25	Tata Steel	Price weakness to hurt profits; <i>Result Update</i>
11-Nov-25	Jindal Stainless	Resilient operating performance; <i>Result Update</i>
10-Nov-25	Shyam Metalics	Earnings under control despite price dec; <i>Result Update</i>

### Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

### Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	205
Hold	<15% and >-5%	68
Reduce	<-5%	37

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