
GMDC plans entry into cement, power, SEZ and port sectors

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It is reported that Gujarat Mineral Development Corporation is planning to leverage its coal control capabilities into a four way business foray into cement, power, SEZ and port in Gujarat. It plans to supply coal to a cement maker in one district and to a power plant in another, both in separate JVs.

As per report, the cement maker would acquire equity in the power plant and also jointly develop a mineral based SEZ and a port with GMDC. Thus, GMDC would have a captive coal customer each in a cement plant as well as a power plant; the power plant would have a captive customer in cement plant and the cement maker would have a captive power plant.

GMDC is setting up a cement plant in JV with Jaiprakash Associates in Kutch district of Gujarat. GMDC and Jaiprakash, which had signed a shareholders' agreement for setting up a 2.4 million tonnes per annum capacity cement plant in Kutch in January 2007, have now scaled it up to 6 million tonnes per annum. In the first phase, the JV would invest nearly INR 700 crore in the cement project. They have also identified the site for the proposed cement plant near Lakhpat. The plant would be set up in a 500 hectare area, close to village Sinapur.

To power this cement plant, GMDC would have another JV with the Gokul Group to set up a lignite based power plant in Surat district. To facilitate power supply to this cement plant, GMDC has signed a MoU with the Gokul Group to form Gujarat Gokul Power Limited. It would set up a 135 MW lignite based power plant at Tadkeshwar in Surat district. This area has lignite deposits to the tune of 35 million tonnes with a lifespan of 35 years. The power plant would need 1 million tonnes of lignite a year. GMDC would have 26% equity in this power company with a right to buy 75% power and allocate it to the cement project in Kutch.

With this captive power plant and the cement plant, GMDC is leveraging its coal control capacity to turn it into components of infrastructure development, such as power, cement and port.

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