GMDC/CS/ BSE/NSE/544/2021

November 3, 2021

To,

BSE Limited PJ. Towers, Dalal Street Mumbai-400001 **Script Code:**532181	National Stock Exchange of India Ltd, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai -400051 **Script Code:** GMDCLTD

Dear Sir,

Subject : Transcript of Analysts/ Institutional Investors Meet

We had vide our letter dated 27th October, 2021 intimated the Stock Exchanges about the schedule of Analysts/ Institutional Investors Meet on Friday, 29th October, 2021 at 12.00 Noon IST through audio Conference Call.

We send herewith a copy of Transcript of the said meet which took place on 29th October, 2021. The said transcript along with the audio is also uploaded on the Company's website i.e. www.gmdcltd.com.

You are requested to kindly take note of the same on your record.

Thanking you,

Yours faithfully,
For Gujarat Mineral Development Corporation Limited

Joel Evans
Company Secretary
Encl : As above

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Gujarat Mineral Development Corporation Limited
Q2-H1 FY22 Conference Call
October 29, 2021

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY22 conference call of Gujarat Mineral Development Corporation Limited. As a reminder all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference please signal the operator by pressing '*' then '0' on your touchtone phone. I would now like to hand the conference over to **Mr. Snighter Albuquerque from Adfactors PR**. Thank you and over to you, sir.

Mr. Snighter Albuquerque: Thank you Janice. Very good evening to everyone. I would like to introduce Mr. Roopwant Singh, IAS – Managing Director of GMDC, Mr. H. K. Joshi - Senior General Manager (Tech), GMDC, Mr. A. K. Makadia – General Manager (Tech), GMDC, Mr. Lavanya Kulshrestha – Chief General Manager and CFO, GMDC, Mr. Rajatkumar Dash – General Manager (Marketing and Sales), Mrs. A. K. Iyer – General Manager (Accounts) and Mr. Joel Evans – Company Secretary, GMDC. Over to you Mr. Singh for your opening remarks.

Roopwant Singh: Thank you all friends for joining in. for this analyst meet, I would say something very briefly.Q2, we have done well in terms of production. These production figures are the best that have been there in the past five years. Five years ago the closest figure that comes was when Anandraoproject was operational. So the corporation has been able to ramp up the capacity in light of the increased lignite demand in state of Gujarat and nation as whole we've been able to ramp up the production to rise up to the occasion. Yes. There has been a lot of missed opportunity in terms of pricing which we lost in the first quarter and the first month of the second quarter also, but those corrections have been taken and the realizations are also better this year compared to last year.

I would likeMr.Lavanya Kulshreshtha to give us a very brief overview of how we have performed in the different sectors in this quarter

Lavanya Kulshreshtha: Good afternoon. We have done well in this quarter as well as half year last year for the same period corresponding out turnover was Rs448 crore now Rs950 crore. And profit before tax is Rs94 crore as against Rs22 crore as far as Q1 if we compare Q1&Q2 then you find our sales has increased Rs498 crore. I will give production results for the half year. From Mata-No-Madh we have produced 15.50 lakh which 65% higher as compared to last year for the half year. From Rajpardiwe have produced 1.82lakh MT as against 62 lakh MT in respect of Tarkeshwarwe have produced 4.80 lakh MT as against 2.10 lakh MT Bhavnagar we produced 7.3 lakh MT as against 1.21 lakh MT which is 509% higherand we expect more in the current financial year. As far as Umarsar 8.7 lakhMT as against 5.2 lakh MT which also 69% higher in respect of Bauxite we have also done well, we have sold 1.97 lakh MT as against last year it was only 0.68 lakh MT. Thermal power, there was some problem overhauling is going on and the first unit was working. So PLF was only 15%, but second unit, has also started. So we expect that PLF willme more will be in forthcoming months. Wind power project we have improved well, we have generated 216 million unit which is at 25% PLF and our turnover was Rs82 crore as against Rs58 crore as against last year. Solar project is doing well our PLF is 15% we have earned Rs5 crore form Solar project.

As far as total revenue from mining projects is Rs876 crore for Akrimota Thermal Power Plant It's Rs40 crore, renewable energy, Rs87 crore, corporate office incomeRs853 crore. So that's total revenues is Rs1,055 crore. Profit before tax I've already mentioned that there's Rs94 crore Q2 and we expect that it will be good about a production level will cross 80 lakh MT current financial yearAnd our net worth will also increase and we, are also planning to enter new mining sector. We have been allotted six mines and we are working on that, that's all from financial.

Moderator: Yes, we will now start the Q&A session. Anyone who wishes to ask a question may press star, and one on your touch, tone, telephone. If you wish to remove yourself from the question queue, you may press start. And two participants are requested to use handsets while asking a question, ladies and gentlemen, we will wait for a moment while the question, give us.The first question is from the line from Amit Dixitfrom Edelweiss. Please go ahead.

Amit Dixit: Congratulations for improvement in performance Yeah. I have a couple of questions. First one is of CAPEXof strategy consultantthat was discussed in detail, last call, as I understand some of the dates like bid opening dates are already over, so wanted to understand where we are on that front. The second question is essentially on the recent price increase that you have taken, which you know is very noteworthy this price hike have been very significant Just wanted to understand if these price hikes have been taken for all customers or, you know, certain sectors like power and all have been kept out of it. And the third question was essentially Akrimota Power Plant, now understandsecond unit also operational so what PLF do you expectfor this plantgoing ahead in Q3 and by end of the yearso these our three questions I had.

Roopwant Singh: On the strategy consultant, front things are in the penultimate stages. The dates are over, we have received a very good response from the apex level of consultants. I am not, I'm not at Liberty to disclose their names, but the best have bid. And you should see a finalization on that in the coming weeks. As far as the price raises concern. For the first few months our pricing and cost structures at variance, we were hit by the fuel price rises and we had not made the dynamic changes to account for that. Subsequently changes have been made, but initially our, at the moment, our classification is only in two categories. One is larger customers and second is smaller customers. Yes. We also cater to a lot of captive power users, 14 in all. And some of these might be the grid connected and some of them are not, yes, they have not been treated. Differentially they have got Lignite at the prescribed rate only. Now you should see a differential pricing structures for the category-wise customers, which will be rolled out pretty soon. And on the power plant. Yes. With a single turbine, we were able to reach. 30% PLF. Our second turbine has been repaired. It was synchronized day before yesterday, and you should see a figure or 60% PLF conservative. The task that has been given to the project site is to achieve or move towards that scenario of Zero daily cash burn on operating these plants and then move forward towards greater action.

Amit Dixit: Yes, very comprehensively. As my follow up question onimpairment loss in Akrimota, since now the PLF is increasing you said we will reach aposition of cash burn will be zeroand then profitability so is there a chance of deep impairment? Being reversed lest say in this Financial year

Roopwant Singh: Two new factors one we have taken the issue offuel price, the renegotiation with our sister organization GUVNL along with that renegotiation of certain issues, which affect our profitability. So that is one aspect. How these things progress will determine part of the story, how it unfolds. Second is we have we are in again in the final stages of onboarding a strategic consultant, again, of the same apex level who help us take a strategic view on this plant. We had elaborated on this in our previous conference also. Now it is in an advanced stage whereby we will be taking a very good expert advice on this issue.

Moderator: Thank you. The next question is from the line of fromGiriraj Daga fromFamily Trust.Please go ahead.

Giriraj Daga: I will press on pricing question firstso when I look at prices earlier we had basic price 1392forBhavnagar minewhich we revised upto, when I say 1949 I just want to understandwe have taken this 550 slightly above 550 hike for all our customers that what you mentioned buthave you takenthis kind of increase for all other minesor only like say Bhavnagar Tarkeshwar Rajpadi?

Roopwant Singh: We have taken price across all projects. And we endeavor to provide an equitable price to the customer, even for certain of our projects, which are slightly. Better in terms of calorific value. So the price rise has been across board and I would request a general manager, marketing and sales to give you an idea on where the prices stood, three months back where they stand now for the five different projects you mentioned Bhavnagar.

RK Das: What I understand that question is there is appreciation in prices of Bhavnagar and your supplementary question is that whether it will be across the board or it will be project specific and what will be the path forward, what am I correct? Yes. Okay. So, so, if I can say that till timeWe are able to increase around 30% of the prices for GMDC equitable in a single pricing figure. So, and with this pricing, as well, we are quite competitive in comparison to the international coals landed price at various demand centers, like, Surat, Ahmedabad and Morbi. So there is a gap and we are increasing these prices in a very graded manner because we want to collaborate the effect of these changes in a certain periodicity once the market observes that after we move for the subsequent increase in pricing so yes, of course, there are opportunities. We have increased up to certain extent and given the market situation market the conduciveness of this market situation, we are planning to increase it in that graded manner and it will be across the board. It will be for all the mines in a cyclical manner.

Giriraj Daga: Just to make myself clear. So like last quarter we had about 2150 net realization close to that. So we have taken a price hike of Rs 600 taken acrossall across the mine.

RK Das: Not exactly, but close to that.

Giriraj Daga: Just a follow up of that Rs 600 what would be the cost increasehow much part will flow to EBIDTA out of Rs600 price increase.

RK Das: The cost component can be a fixed component and the variable component. However, the variable component increases with reference to be production capability and the input costs. So it used to vary on monthly cycle However, I can say that. In all projects barring a few. We are cross past with our pricing mechanism. We have crossed past, the cost, and all the projects are, would be current pacing mechanism are a profit center, barring a single one or two projects, which are very close. And we are in the process of increasing that price as well, we can actually make that project a profit center from cost center.

Giriraj Daga: No, I got the pointidea was out of Rs 600out of that 400 will be EBIDTA additionor it will 300 kind of a number. Like what is the cost increase?

RK Das: Actually the Rs. 600 is or what you perceive is a worked out amount that is that is based on complex formula because of our product across various projects that are having various calorific venues. So they need to be equated and thereafter that we'll be putting in Metrics, on that metrics the GMDC average lignite value was equated. And based on that the price rise was around 30%. And in some projects we are yes profiting. At some projects, there is a challenge to come out of this, a cost factor because of so many dynamics. So in that case, we can say that what we were before six months, we have come out of that and currently the realization has increased and it will increase more into future days to come.

Giriraj Daga: Okay. Again, in the volume rise you said 80 lakh ton and we already did 20 lakh tons so can we assume the second half to be similar kind of run rate of 20 lakh ton per months because I was assuming second half should be higher? So we had said, could we go with them this year in terms of mining?

RK Das: There is a target in place, and we are pretty sure that we are moving beyond the target, given the inputs and given the market conduciveness we will cross pass the set target, that's it. And hopefully we will cross pass 80lakh metric ton annual target for lignite.

Moderator: The next question is from the line of Nilesh Doshi from JL capital. Please go ahead.

Nilesh Doshi: Thank you for taking my question. Please pardon me for my ignorance because I'm going through this company for the first time. So the first question is in terms of pricing, how you decide this pricing like is you're pricing linked to international prices and then equated on calorific value basis, or it is linked to Coal India prices or you are free to do any kind of pricing in an environment, obviously on the competitive basis and how frequently you're allowed to change this prices? Are youdoing it monthly, quarterly so can you just help me understand the business model? Is that the only question? Can I take a couple of more what second is in the opening? You said you have some six more projects on mines coming in different minerals. So if you can elaborate a little more detail about what kind of new minerals you have mines or what are the status?

Roopwant Singh: Is that the only question? Can I take other question?

Nilesh Doshi: I have couple of more what second is in the opening you said you have some six more projects on mines coming in different minerals. So if you can elaborate a little more detail about what kind of new minerals you have, mines or what are the status?

Roopwant Singh: I can elaborate on both these questions but we had taken this question that at a fairly extensive based in the previous conference, but still at the cost of repeating I will go. We essentially work on a cost plus model and we have open to comparisons with our main competitor, which is imported coal and what is our landed cost act major consumption centers vis-à-vis landed cost of the imported coal. So that is our business model. We are not linked to Coal India prices because our product is different. Our geographical scope is different and our relationship with our customers is different. We have very small customers who offload 54 to 76 tons to people who take 10000, 20000, 30000, 60,000 times also. So our basket is different and this is our strategy. Our production and dispatches are scheduled fortnightly. So fortnightly, depending on these factors we take up all on our prices. As far as the new blocks are concerned. These are all six new lignite blocks, three in the region known as the Western Kutch and three in South Gujrat. So, and we have ambitious plans. There certain time delays, but we have ambitious plans to operationalize them. And if they are operationalizing a decent amount of time, they should be able to take care of the lignite or energy needs of the state of Gujrat primarily and then beyond Gujrat also. So this is the broad strategy.

Nilesh Doshi: So, before these new CAPEX comes in what kind of capacity do we have to take our revenue forward from 80 lakhs tons this year going forward over the next two to three years?

Roopwant Singh: Yes. We've had shared those plans in the previous meet. And I would request Mr. Joshi to give you an overview on the plant production ramp up in the coming two years, still additional capacity also opens up.

HK Joshi: Myself HK Joshi – Senior GM tech. Actually, we are planning to increase the capacity from 80 to 110 in the next couple of years.

Moderator: The next question is from the line of Vaibhav Badjatya from HNI Investment. Please go ahead.

Vaibhav Badjatya: Hi, thanks for providing the opportunity. So I have three questions. So one is as you earlier said your pricing is actually benchmark to imported coal so can you help us understand as of today, after all the price hike that we have taken till October what is Kcal adjusted lignite price, for example, to our customer based in Surat and Kcal adjusted imported price for him. I just wanted to understand what is the gap that is still here based on the current prices. Second is variable expenses for the first half in the mining division is around 1,800 per ton currently, what do you expect it to be going forward I'm sure that there are price hike in terms of diesel price. So, would you expect them to increase or the increased volume will offset some of those price hike that can be there in variable expenses? That's the second question. Yeah. And the third one is around the selling method so how do we currently sell? Is it like directly to the consumers or first is we basically allocate it to a specific traders and then the traders sell it onwards. It's something I wanted to understand. Okay. So these are the three questions.

Roopwant Singh: We will start with the third question, we have a system of direct sell. Yes, we do sell to traders, but a very small quantity. And we do not encourage intermediaries in our business. They have been there during certain lag periods when demand was low. So we continue to maintain a relationship with them, but they are not our principle seller. They are not even our minorities. They are in a very small percentage. As far as your seeking views on outlook on prices and volumes. Yes, volumes will increase. Yes. Pricing is dynamic. We will take a call on it every fortnight. And I will give, just to give you an idea of the differential of landed cost at one center say for example Surat where we have five projects and the differential ranges from Rs. 3000 to Rs. 5,000 across various centers and various products that we sell products, meaning the lignite from five projects. And I will request Mr. Das to give you a better idea on what the differential is. We'll give you three examples of Surat, Baroda.

RK Das: Myself RK Das to be very specific on your question currently with our current pricing regime we used to be around less than 50% of the landed cost of the imported coal at the these demand centers like Surat, Ahmadabad, and Morbi however, the international price of important coal are quite volatile and rise quite significant as well. We have kept a watchful eye on them and our price correction is always based on pragmatic, analytical imports. So also, so we used to factor the rise and fall of the important coal by and large. And our strategy is to remain competitive for a longer period of time. And our inventory should be hold at a price that will encourage the industry to grow in a faster manner.

Vaibhav Badjatya: But you're talking about this 50% differential on Kcal adjusted basis, right?

Roopwant Singh: Yeah, exactly. At around 60%. Yes.

Vaibhav Badjatya: And by last question, on the actual outlook for variable expenses per ton?

Roopwant Singh: Regarding our variable cost, variable cost is mostly our mining expenditure and almost 50% is towards diesel so diesel prices increasing in to over variable cost and will surely increase while increasing our sales price we consider both market dynamics as well our variable cost which is mostly diesel cost so we consider both deciding our selling price we consider our variable cost also and due to increase in the production costs it will not come down. Fixed cost will come down but not the variable cost.

Moderator: The next question is from the line of Jitesh Chheda from lucky investment, please go ahead.

Jitesh Chheda: When you mentioned that pricing is the center at the time of dispatch so the entire volume that you sell is spot pricing. And there is no long-term contracts that you have done. That's is the first question. My second question is this 8 million-to-11-million-ton production increase that you were talking about. Is it possible from the same mines or you need the newer mines to become operational for your 8 million ton to go to 11 million ton? That is the second question. And my third question is you just replied on that 50% of the cost is variable. So, let's say when you're taking the Rs. 550 price hike is it fair to assume that at least closer to Rs. 300 to Rs. 350 will actually flow down to your EBITDA which means on an 8 million on an annualized basis, you tend to make 300 crores more EBITDA so these are three questions.

Roopwant Singh: We don't have any long-term contracts, but we have approved capacity to which we are committed to supplying and there is only one constraint if there is a supply crunch or a production crunch which can be owing to national factors.

Jitesh Chheda: I understood that everything is spot sales you do not have a long-term contract.

Roopwant Singh: Our strategy is not to have long-term contracts but we have an assured registration based on their boiler capacity and their consumption capacity. And we progressively keep on backing, our customers and making allotments based on their lifting that they do with us. And this production capacity ramped from 8 to 11 is through our existing projects only primarily through the Bahvnagar project in which you would have seen a much better performance quarter to quarter compared to last year and on the variable cost component yes, I agree with you, but I would not like to comment on any numbers.

Jitesh Chheda: In the past day, what challenges on ramping up the volume at your mines, have you overcome this challenge this time around and what were the challenges or, you know, when do you see this 8 million tons moving to 11 million tons and there were many challenges in the past.

Roopwant Singh: This is a fairly difficult sector to ramp up capacity. In spite of all the challenges we have done well in Q2. The results are there to speak. And we have an ambitious goal of taking it to 11 million tons. Yes, we will address all the challenges. They are all listed and we are working on them.

Jitesh Chheda: And what was your half yearly volumes?

Roopwant Singh: On lignite only?

Jitesh Chheda: Yes sir.

Roopwant Singh: 38 lakh metric ton.

Jitesh Chheda: And how much of it was merchant sales in this or this entirely was more of sold outside.

Roopwant Singh: Around 32 lakhs.

Jitesh Chheda: So about 0.6 is what you consume? So basically in that 8 million ton, also, if you do that 8 million tons will be consumed in house and about 6.5 million to 7 million tons will be sold out, right.

Roopwant Singh: 14 lakhs will be consumed in house rest will be in the market.

Moderator: Thank you. The next question is from the line of Vaibhav Badjatya from HNI investment, please go ahead.

Vaibhav Badjatya: So on the variable expense side you had mentioned the nearly 50% is diesel cost. So what are the other components of the variable cost and just wanted to know, are they also facing some kind of increased pressure or they are pretty much stagnant?

A. K. Iyer: Variable expenditure 50% is almost diesel cost in other front there is not much higher increase only in the diesel cost it will be depending on the market price of the diesel. We don't expect much increase in other components

Vaibhav Badjatya: So I just had one more question in my mind. So are you expecting any changes near-term or medium--term in the stripping ratio from any of the mines or more or less it will be the same?

A. K. Iyer: Because we have given them the long-term contracts for more than five years. So we don't expect much changes in the stripping ratio coming in the short term or the medium term

Moderator: Thank you. The next question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.

Saket Kapoor: So when we look at the income part component, we find the finance income having a major share in the income profile. When we look at the PBT number the contribution is 49 crores out of which the finance income is to the tune of 35 crores. So operationally it is 12 crores to 13 crores but we are doing on revenue of 450 crores. So when is this equation going to change? Is it because of the lower utilization level or what is the main reason for this lower operating profit? And when is this going to change going forward? And secondly, you talk about this corporate office income to the tune of 50 crores or something like that. I missed that point if you could elaborate what was that from the corporate office income part? Third point is with respect to the balance sheet item first the cash flow we have seen this trade receivable I think that it has reduced by 200 crores or I think that is increased by 200 crores. If you could explain the reason? I was looking at the status of trade and other receivables that adjustment has gone up by 200 crores for the first half, so if you could explain the rationale for the same? Sir lastly sir in your consolidated asset your non-current and current both other current has been shown 1000-1000 crores like 1140 is in your noncurrent and 1161 crores in the current assets so what are these two assets attributable to and also about this provisions of 528 crores under non-current liability?

Roopwant Singh: I'll give you a brief overview. And then I would request our CFO to give you a detailed reply. Yes current reserves and non-current reserves, these are our reserves having a short term and a long-term maturity depending this year or the coming year. These are our cash reserves, which are going to fuel our growth in the new six projects. Cooperate office income, principally is the interest that is earned on these deposits and there are other incomes from renting and leasing of properties that we have, including at the corporate office. Yes, interest income has played a significant part, but it is only because we have not been dynamic in the first quarter with regards to our pricing for our principal product that has started changing in quarter 2, please wait for the results of quarter three, you will find it even better. And I would live with Mr. Kulushreshta to give you a broader idea on the trade receivables, how the reserves are there, and other things.

Lavanya Kulshrestha: You are telling about corporate office income, we have surplus fund more than Rs1400 crore we are investing in GSFS and we are getting interest in the running of 5% to 6%. Thereafter we have also invested in escrow account that is also more than Rs400 crore where also we are getting interested mainly it is because of interest income as well dividend. We have received dividend in this quarter so income is high and as far as you are telling that in next subsequent month, you will see better results and our margin will increase. We are also changing price mechanism has been revised therefore we expect that our profit margins will increase. You are talking about the cash flow that increased by Rs200 crore, we have generated additional cash.

Saket Kapoor: Sir I missed your point about receivables. The line got dropped. What did you explain on210 crore adjustment for trade and other receivables?

Lavanya Kulshrestha: We have received this payment from GSECL and GUVNL that is the trade receivables because we are saving them on credit basis and we receive money later on that is why we have mentioned trade and other receivable. That amount we will received from GUVNL and GSECL for the lignite sold to them. And another thing you were telling about noncurrent assets that is property plant and equipment Rs1190 crore and current assets which includes inventory, financial assets. Inventory, 97.52. Then trade receivables, cash and cash equivalents, other bank balances, loans, other financial assets.

Saket Kapoor: I was talking about the other financial assets under both the categories what are these attributable to?

A. K. Iyer: Our other financial assets includes our escrow account balances as we have investments in GSFS which are due for maturing in the next 12 months. Other financial assets are Rs1061 crore receives includes funds with GSFS which are going to mature in the next 12 months.

Saket Kapoor: And that Rs1139 crore under the noncurrent?

A. K. Iyer: Our entire escrow amounts and other funds with GSFS which is not going to mature in next 12 months comes under that.

Saket Kapoor: And sir as you have told that there are six mines which we are going to develop over a period of time so whatis CAPEX amount that we are going to spend and how is the CAPEX going to happen in how many financial year?

Roopwant Singh: You can look at a ballpark figure or 250 crore to initiate or kickstart a project of this scale. And we are sufficiently well funded there.

Saket Kapoor: When we read your annual report, there was some talk about this bauxite mining, part of the story also. So out of the total revenue pie correct me sir what is the contribution currently? And what is our plan going forward for the bauxite mining project?

Roopwant Singh: Bauxite currently we have a very long term agreement. We've produced two kinds of ores. One is high quality, which goes by the name of plant grade and other is non-plant grade. That is a low 52% alumna. What is high-grade alumina that gets very readily and we are able to sell that at a premium and for inferior products, we have a long-term agreement with the Credo

Minerals and we are in a joint venture with them and we supply to them and they are able to utilize that product and develop certain things. So this is where the bauxite stand.

Saket Kapoor: So what has been the contribution for the first half from the bauxite sell and the fine ore of higher content are being sold in open market or you have some long term contract?

Roopwant Singh: All open market.

Saket Kapoor: And that is expected to be aluminum players only?

Roopwant Singh: Yes. There are all kinds of players there people from cement, abrasive probably be alumina and their exporters.

Saket Kapoor: Also, you can give me the revenue pie from the contribution from the first half.

Roopwant Singh: I will ask Mr. Makadia to give you that detail.

A. K. Makadia: So you are asking regarding the sales value of the bauxite sold?

Saket Kapoor: Yes sir.

A. K. Makadia: That is Rs35 crore in the first half.

Moderator: The next question is from the night line of Nitin Dharmavat from Oram capital, please go ahead.

Nitin Dharmavat: I have just one question we talked about increasing the capacity from 8 million to 11 million ton that is almost 30%, 35%. So what is the target that you're keeping in mind or target financial year that you are keeping in mind?

Roopwant Singh: This would be over the next two financial years.

Moderator: Thank you. The next question is from the line of Nilesh Doshi from JL Capital. Please go ahead.

Nilesh Doshi: Just one question. Currently we are seeing the price increase across fuel categories like natural gas, crude oil, coal lignite, et cetera. So, with respect to pricing parity with respect to natural gas versus coal or lignite what kind of differential we have and are we seeing that customers shifting from RLNG to a lignite or coal? I mean, just a macro question. If you can help us to understand how you perceive things changing in the world.

Roopwant Singh: Well, that is a bigger question. I limit myself to answering how well I know my customers. Shifting from a boiler, which is fuel based, coal and lignite based to one that has gas based is fairly expensive and it is a fairly long-term process also so you should not see this happening unless someone is able to take a six, eight or one-year view on how they want to use their fuel. What kind of fuel they use? Yes, we are an important part of meeting the fuel needs in Gujrat but we are not the only player. Our fuel is suitable for certain boilers and in others, it is used in a blended fashion and still we being a PSU we are committed to taking care of the smaller players. We are still selling at a profit and taking a hit with a certain price differentials to support the small-scale industry in the state.

Nilesh Doshi: Do we also come under this ESG Compliance Guideline and therefore, in terms of capital expenditure do we have to comply with future ESG requirements, which even countries signed as a country level. Do our company also come under that?

Roopwant Singh: We are lignite producer, we do not burn any fuel.

Nilesh Doshi: So for us, there are no mandatory regulatory requirement.

Roopwant Singh: And at the same time we have our own captive power plant and we have equal capacity of non-renewable resources.

Nilesh Doshi: Okay. So that's solar and wind, right?

Roopwant Singh: We offset carbon footprint with our green presence.

Moderator: Thank you. The next question is from the line of Akhil Hajari from Robo Capital, please go ahead.

Akhil Hajari: I just wanted to know what is the break up of other expenses in this quarter and FY21, the value of rates and taxes and the mining expenses that make up the other expenses?

Roopwant Singh: Can you repeat the question? Could you break it up into smaller questions so that we'll be able to answer better?

Akhil Hajari: Rates and taxes that makes up other expenses and the mining expense overall.

Roopwant Singh: I'll give you a broad overview from the customer's point of view and then I will request Ms. Anupama Ayyar to give you a detail reply. To the customers say in Surat the cost would be the price that he will be paying will be made up of three components. One is the mining cost. Number two, the premium that we charge. Number three, the pass through levies and number four, the transportation charge. So this is the broad universe and I will request Mr. Anupama Ayyar to give you a better idea on taxes, dues and levies.

A. K. Iyer: This is Anupama Iyer– General Manager Account. Out of our other expenditure of around Rs800 crore during the half year around Rs500 crore is towards the mining expenditure.

Akhil Hajari: Rates and taxes how much?

A. K. Iyer: We are charging Rs. 400 as GST compensatory from that that is around Rs145 crore during this half year.

Moderator: The next question is from the line of Jitesh Chheda from lucky investment, please go ahead.

Jitesh Chheda: One clarification on the non-current asset that you were referring to one of the participants other financial assets. So other financial assets in the asset side and on the non-current side, another financial asset in the current assets, now both these figures total to a work 2200 crore. So is this like a free cash, which is today invested in one of the places that do mentioned GSFS.

Roopwant Singh: GSFS is the state owned NBFC by the government of Gujrat and its balance sheet is to the tune of 40, 000crore to 50,000 crore. I would request Ms. Anupama Iyer to give you a better reply.

A. K. Iyer: Around Rs2200 crore, free cash is around Rs1400 crore which we have invested with Gujrat State Financial Services, which is GSFS. AroundRs700 crore is escrow accounts. We have deposited in the escrow account, escrow account is for our responsibility for the mine expenditures we are required to deposit in the escrow account, we are incurring expenditure for mine closer and after incurring the expenditures on mine closer we can draw the amount from the escrow account. Escrow it is not readily available cash, readily available cash is with GSFS which is Rs1400 crores.

Jitesh Chheda: So, basically the financial asset number of 2200 crore is broken up as 700 and 1400 crores.

A. K. Iyer: Yes right.

Jitesh Chheda: And then you have another 440 crores as investments under financial assets.

A. K. Iyer: Yes, that is with the GSFC, GSPC the various investments which we have shown in our balance sheet.

Moderator: Thank you. This was the last question for today. I now hand the conference over to Mr. Rupwant Singh for Gujrat Mineral Development Corporation Limited for closing comments.

Rupwant Singh: Thank you all friends for joining in. All I can say is we have made a beginning and our results in Q2 are in evidence to that. To improve realization, yes pricing is an easy alternative, but we have grouped our teams, extremely capable mining engineers have proved that we are able to ramp up capacity in a very short period of time and rise to the occasion. So this record production of 18 lakhs tons in Q2, which is generally the biggest quarter is evidence to that. We have an ambition and a desire to do better in the upcoming two quarters. Please watch out for better results and better production figures.

Moderator: Thank you very much. So on behalf of Gujrat Mineral Development Corporation that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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