

GMDC to 'cement' Rs 5,000-cr investments in Kutch Virendra Pandit

Ahmedabad, August 9:

It is a curious mining problem: if Gujarat doesn't make cement, it cannot generate thermal power. That is, if Gujarat fails to mine out limestone, the most important ingredient in cement-making, it cannot dig out the much-needed lignite for thermal power sector, as the fuel reserves lie hidden under layers of limestone of the best quality, known as Plus-40 Grade calcium oxide limestone, available only in Kutch.

So, the State Government-promoted Gujarat Minerals Development Corporation Ltd (GMDC), which has diversified into thermal power generation as well in and outside Gujarat, has found a way out — assuring long-term limestone supply to potential cement makers, it is offering them this month to set up cement plants in Kutch district to clear the way for lignite mining thereafter.

MoUs signed

After inviting expression of interest (EoI) last year from prospective cement makers, GMDC had signed MoU with nine of them during the Vibrant Gujarat event in January 2011. It has short-listed five of them, with which it expects to sign a long-term limestone supply agreement before August 31, Mr V. S. Gadhvi, Managing Director, GMDC, told *Business Line* here.

The five companies are: Reliance Cementation Pvt Ltd, an Anil Ambani Group company; Associated Cement Company (ACC); Adani Enterprises Ltd (AEL); India Bulls Construction Materials Ltd and Calcom Cement India Ltd.

In 2007, GMDC had formed a joint venture (26:76) with Jaypee Cement for two plants totalling a capacity of six million tonnes per annum (MTPA) at an investment of Rs 1,100 crore. While the first phase (2.4 MTPA) was started, issues like land acquisition and various clearances has dogged the implementation of the second phase until now.

“That is why we would now be only the limestone suppliers. The cement-makers would have to acquire land and clearances on their own. Even if they want to ship out limestone and set up plants outside Kutch district, we have no issues,” said Mr Gadhvi.

Fly ash

Another ingredient to make cement, fly ash, is also increasingly available in Kutch district where the Adanis and Tatas are importing coal for their power plants of 4,600 and 4,000 megawatt capacities, respectively. Cement makers require 1.4 tonnes of limestone to manufacture one tonne cement.

Each of the five potential cement-makers would manufacture 2.5 MTPA of cement and the total investments estimated in their plants would be around Rs 5,000 crore.

Removing the upper layers of limestone, he said, it has become imperative to mine out the lignite lying hidden underneath, according to detailed satellite imagery and explorations done by GMDC in recent months. Kutch has 200 million tonnes (MT) of mineable lignite reserves from which GMDC mined 10 MT last year. The latest exploration has identified a wealth of 230 MT of additional lignite reserves which GMDC now plans to mine.

“We are awaiting environmental and other clearances which are in the pipeline,” Mr Gadhvi said.

Limestone

As for limestone, he said Kutch has mineable reserves of 1,000 MT, which would suffice for 30 years of cement-making. Asked why GMDC has selected as many as five potential cement-makers allotting them 2.5 MTPA of capacities each, instead of selecting one of them with 12.5 MTPA capacity, as it did earlier with Jaypee Cement, he said the required land acquisition for a mammoth plant would be an important issue; secondly, even if one or two of them faced problems, the rest could perform satisfactorily. After all, limestone has to make way for lignite.

“All of these big players have evinced interest in cement making in Kutch and we hope they would start work soon after we sign the agreement with them this month.”