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GMDC looks for coal blocks in Africa

Awaits clearance for thermal power projects in Orissa, Chhattisgarh.

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After securing the State's own major mineral deposits for exclusive excavation, the state-owned Gujarat Mineral Development Corporation Ltd (GMDC) is now actively looking at Africa and also other Indian States to tie up coal supplies for its power plants to be set up in the country.

The company is also awaiting environmental clearance for its proposed thermal power projects in joint venture in Chhattisgarh and Orissa where the Union Coal Ministry had allocated coal blocks to it nearly three years ago. The listed company, essentially a mining major, had already acquired coal mines in Chhattisgarh (Morga-II) and Orissa (Naini). "We are now looking to acquire more coal mines within the country and in African nations like Tanzania and Mozambique," Mr V.S. Gadhvi, Managing Director, GMDC, told Business Line here.

In particular, with the Centre's approval for additional mining area in Kutch expected by March, GMDC is bracing to increase lignite mining by about 30 per cent in the next two years to add to its current eight-nine million tonnes per annum. Kutch has mineable deposits of 150 mt of lignite.

GMDC plans to enter into a joint venture with the Ahmedabad-based Rachana Global Excavations Ltd (RGEL) to acquire coal blocks in Mozambique where the latter has acquired licenses in Tete and Mutarara provinces in the northern Mozambique. Geological mapping and drilling is currently in progress in Changara district of Tete province. The total potential of this, and three additional areas identified, is believed to exceed one billion tonnes of coal reserves.

International bidding

In the case of Tanzania, GMDC, in a joint venture with Indore-based Anik Industries, a Ruchi Group company, recently participated in international bidding conducted by the Tanzanian Government, for acquiring a coal block and set up a 400 MW power plant in an area believed to possess 500 mt of reserves.

With the shadows of global economic recession receding, GMDC is looking afresh at its proposed thermal power projects as well. In 2008, the company had planned to set up three power plants in joint venture to generate 4,500 MW in Chhattisgarh and Orissa with an estimated investment of nearly Rs 20,000 crore.

This was a unique business model in which GMDC would provide assured coal supplies to private parties who would, in turn, provide a mandated 2,750 MW to Gujarat as its share, by 2012.

Morga-II and Naini have mineable coal reserves of 350 mt and 250 mt, respectively, spread over 21 sq. km and 10. sq km areas. "GMDC had planned joint ventures with the Adani and Torrent Groups at Naini

and with the Hyderabad-based KSK Energy Group at Morga-II," he added. GMDC will have 26 per cent equity in these joint ventures.

The two coal-based plants in Chhattisgarh would generate 2,750 MW from which 1,700 MW would be the share of Gujarat. A similar plant in Orissa to generate 1,750 MW would provide 1,050 MW to Gujarat.

In all, this available 2,750 MW would be more than the current deficit of 2,500 MW in Gujarat, whereas Chhattisgarh and Orissa would get one-third of thermal power, thus, generated.