



EQUITY STRATEGISTS

INVESTMENT PICK

LOW RISK/HIGH RETURN

HOLDING PERIOD – THREE to SIX MONTHS

Dated – 01st Oct 2003

GMDC

Present Price – Rs.108

Projected Price – Rs.150

- **GMDC holds exclusive leasing rights to mine and sell Lignite (a key fuel for power generation) in Gujarat. Lignite is emerging as a key fuel for the generation of power in India.**
- **It is setting up a 250 MW pithead lignite based power project at a capital cost of Rs.14.5 bn where the variable cost works out to just 76 paisa/KWH. The Power Purchase agreement has been signed with Gujarat Electricity Board to buy 100% power from this project.**
- **The passage of Electricity Bill 2003 will act as a catalyst for the company as it is now favourably placed to supply fuel (lignite) as well as generate power for power generating companies.**
- **It has an Equity Capital of Rs.31.8cr and projected EPS for FY04 is Rs.30 which will shoot up to Rs.40 in FY05. GMDC is now available at a P/E of just 3.6 times FY04 earnings and 2.7 times its FY05 earnings.**
- **BUY FOR MEDIUM TO LONG TERM. STOCK WILL RISE SHARPLY ONCE IT CROSSES Rs.116.**

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