

Date- 23.06.23

Publication -The Economic Times

# CIL may Link Price Hikes to Inflation to Avoid Sudden Rise



Coal India Ltd (CIL) may devise a mechanism where a hike in coal prices could be linked to inflation or some other parameters to avoid sudden increases, its chairman and MD Pramod Agrawal told ET. Prices of domestic coal used for generating power have not been revised in the past five years.

**Shilpa Samant** reports. ▶▶ 7

Date- 23.06.23

Publication -The Economic Times

# Coal India Chief says Fuel Price Could be Linked to Inflation

Other parameters may also be explored to avoid sudden price increase; no timeline yet

Shilpa.Samant@timesgroup.com

New Delhi: Coal India Ltd may devise a mechanism where a hike in coal prices in the future could be linked to inflation or some other parameters to avoid sudden increases, its chairman and MD Pramod Agrawal told ET.

"We are devising a mechanism through which sudden increase etc. will be done away with and will be linked with parameters so that smooth price increase can happen in future," he said, adding that when this will happen has not been worked out yet.

Prices of domestic coal used for generating power have not been revised in the past five years. An increase in the fuel price directly impacts the power cost and is usually passed on to consumers.

For a price increase for the power sector, all stakeholders must come on board, he said.

"We will take a balanced approach taking stakeholders on board as an increase in coal price will have a cascading effect on various commodities. The aim is to protect our EBITDA and shield the nation from the impact," he said.

Last month, the state-owned company increased prices of higher grades of coal used mainly in industries like cement, fertilizer, and sponge iron. Coal prices for the power sector, where 78% of its production is sold, were untouched.

Coal price for the power sector is about 17% lower than what the other sectors are offered.

But volume sales also help in profit maximisation, Agrawal said, adding that since the company's fixed cost is high, any production increase has a good leverage for its bottom-line.

## Price Points

Mechanism to avoid sudden price rise in works

Could be linked to inflation, other parameters



STAKEHOLDERS' NOD MUST FOR COAL PRICE REVISION IN POWER SECTOR

CIL to diversify to solar, coal-to-chemical, critical mineral mining

No short, medium term vulnerability for CIL

We may foray into critical mineral assets overseas like lithium, cobalt and nickel  
**PRAMOD AGRAWAL**  
CMD, COAL INDIA



The company plans to produce 780 mt in ongoing fiscal, 4% higher than FY23 production of 763 mt, which will bring output cost per tonne down, Agrawal said.

India's largest coal miner is looking to diversify its business in solar power generation and coal-to-chemical projects.

The company may foray into critical mineral assets overseas like lithium, cobalt, and nickel where India is 100% import dependent, Agrawal said. For this, the company is planning large-scale skilling of its employees.

However, the company will not face any short- or medium-term vulnerability, Agrawal said.