

<p>कोल इण्डिया लिमिटेड महाराष्ट्र कंपनी 3 तल्ला, कोर-2, प्रेमिसेस-04-एमआर, प्लॉट-ए एफ-III, एक्शन एरिया-1A, न्यूटाउन, रजरहट, कोलकाता-700156 फोन 033-23245555, फॅक्स-033-२३२४६५१० ईमेल: mviswanathan2.cil@coalindia.in वेबसाइट: www.coalindia.in</p>		<p>Coal India Limited A Maharatna Company (A Govt. of India Enterprise) Regd. Office: 3rd floor, Core-2 Premises no-04-MAR, Plot no-AF-III, Action Area-1A, Newtown, Rajarhat, Kolkata-700156 PHONE; 033-2324-5555, FAX; 033-23246510 E-MAIL: mviswanathan2.cil@coalindia.in WEBSITE: www.coalindia.in CIN- L23109WB1973GOI028844</p>
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Ref.No. CIL:XI(D):4157/4156:2022:

Dated: 12.09.2022

To,
Listing Department,
Bombay Stock Exchange Limited,
14th Floor, P.J. Towers, Dalal Street,
Mumbai – 400 001
Scrip Code 533278

To,
Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051.
Ref: ISIN – INE522F01014

Sub:- Transcript of Investors' meet held for Un-audited Financial Results for 1st quarter ended on 30th June' 2022

Dear Sir,

Further to our letter no CIL:XI(D):4157/4156:2022 dated 7th September'22, we are enclosing transcript of Investors' meet held on 8th September'2022 for Un-audited Financial Results for 1st quarter ended on 30th June' 2022 as **Annexure A**.

This is for your information and records as per Regulation 46 of SEBI (LoDR)' 2015.

Yours faithfully,

MAHADEVAN Digitally signed by
MAHADEVAN
VISWANATHA VISWANATHAN
N Date: 2022.09.12
10:31:20 +05'30'

(M. Viswanathan/एम०विस्वनाथन)
Company Secretary/कंपनी सचिव
& Compliance Officer/कम्प्लायंस ऑफिसर

Encl: As above



“Coal India Limited Q1 FY-23 Post Results Conference
Call”

September 08, 2022



**MANAGEMENT: MR. PRAMOD AGRAWAL – CHAIRMAN, MD &
DIRECTOR (FINANCE).**

MODERATOR: MR. RAHUL MODI – ICICI SECURITIES.



*Coal India Limited
September 08, 2022*

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY23 Post Results Conference Call of Coal India Limited hosted by ICICI Securities. As a reminder, all participant 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 call, please signal an operator by pressing “*” then “0” on your touch tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rahul Modi from ICICI Securities. Thank you, and over to you, sir.

Rahul Modi: Thank you. Good day, everybody. On behalf of ICICI Securities, I welcome you all to the Q1 FY23 Post Results Conference Call of Coal India Limited. Today, we are pleased to host the members of the senior management of the company, led by Shri Pramod Agrawal, Chairman and Managing Director. Thank you, sir, for giving us time for this interaction. We will begin the call with remarks from Chairman, and after which we will open the lines for Q&A. I would like to hand over the floor to CMD now. Thank you, and over to you, sir.

Pramod Agrawal: Thank you, Rahul and good day to everyone present. Let me first apologize for postponing this meeting twice, first because of my sickness; and second because of some urgent work that emerged, but I’m really thankful to ICICI for organizing this meeting. I really wanted to come personally to Bombay, but somehow it is not happening because of the pressures of increasing production. There is demand for power coal has increased substantially, partly because the demand for energy has increased and partly because the imported coal-based power plants have reduced their production substantially. The generation has reduced substantially. Secondly, even the CTPs, which were importing coal and producing their own power, they have now shifted to the utilities and hence, the power consumption through utilities have increased where the Coal India has to supply power.

In first quarter, we are happy to inform that we could meet the demand of the power sector and we could maintain the supply to non-power as well. Because of increased production, cost per tonne has reduced significantly, and because of the increased international price, we could get higher prices in e-auction as well. Because all of this has contributed an increase of profitability despite the fact that our cost of production has increased slightly because of the increase in price of diesel and petrol and increase in price of the explosives compared to last Q1. But increased production, increased off take has helped us in reducing the cost of supply, and this has helped us in increasing our profitability. The company is quite sure that this year, we will be achieving the target of our 700 million tonnes. And for this, we are working very hard. There are certain problems in 1 or 2 companies, but we are trying to resolve it, and even then, even if it is not resolved, we’ll increase the production from other companies to compensate for that. And I’m quite hopeful that this year will be an outstanding year for Coal India, both from a production point of view, secondly from meeting the need and because the production is there, we will be meeting the need of the nation and all of this will contribute to increase of profits of the company. Thank you. So, now I would like to invite the questions.



*Coal India Limited
September 08, 2022*

Moderator: Thank you. Ladies and gentlemen we will now begin with the question-and-answer session. The first question is from the line of Amit Dixit from Edelweiss. Please go ahead.

Amit Dixit: I have two questions, the first one relates to, essentially, the wage provisioning. We have not seen anything in the P&L profile and this is contrary to earlier times whenever wage provision was there, it was being shown from Q3 of that particular year. But so far, we have not seen anything. So, could you please throw some light on the possible quantum of increase that you would provide for it? That is my first question.

Pramod Agrawal: Okay. Will you ask the second question as well, then I will reply both the questions simultaneously.

Amit Dixit: Yes, sure. The second question is essentially on e-auction volume and pricing. What we have seen that the blended e-auction prices in Q1 were like 4,400 almost, but the bookings in the last 3 months have been upwards of 8,500. So, what kind of number can we expect in terms of realization in this quarter and going ahead so far in September, what kind of price you have seen, has it fallen from that level and what kind of volume can we see in the e-auction for the whole year. So, these are the two questions sir.

Pramod Agrawal: Okay. First is wage provisioning. Last year, we have provided something like 900 crores last year we had provided for the wage increase. This year again we are providing Rs.150 crores per month, so 1,800 crores. Now we have provided 100 crores, and we will increase it in coming quarters, maybe in third quarter onward we'll increase. It will be very difficult for me to say what will be the impact of the wage negotiation but, because the negotiations are still on and we have not come to any agreement, but the impact, we will try to respect this. Secondly, we must understand that lot many people are retiring, and this is giving us some leverage like this year, again we are expecting that 12,000 to 13,000 people will retire. So, there will be increase, there will be some impact, but the impact is not going to be very phenomenal. It will be something which can be managed and with the price increase due, it will not have any impact on Coal India's bottom line as well.

E-auction price last year in the first quarter was around Rs.4,340 and that increased the substance sale, quantity was 20 million tonnes. I don't have a figure right now, what is the quantity we have auctioned in Q2, but I presume that this trend of about 20 to 25 million tonnes will continue throughout the year and we will end the year with about 80 million to 90 million tonnes of e-auction coal. But this depends how the demand for the power comes up. If the demand of the power increases substantially, then our ability to do the e-auction reduces to that extent. Price as of now is still very high, and in certain cases, we are getting about 4,500 or even 300% of the premium. So, about this range will be maintained if it does not increase further. But at least this range will be maintained for e-auction price as well.



*Coal India Limited
September 08, 2022*

- Amit Dixit:** Great sir. That's very helpful. Sir, just wanted to understand 100 crores per month you are providing in wage provisioning, right?
- Pramod Agrawal:** Until now, we have provided Rs.100 crores, from quarter three onwards or quarter two, let me see, we will increase this slightly further. It is will be very wrong for me to give any indication to what will be the wage impact because the negotiations are on. And if I indicate something, it will impact the net base negotiation.
- Amit Dixit:** No, 100 crores is every month, right, not every quarter. It's every month?
- Pramod Agrawal:** Yes, every month.
- Moderator:** Thank you. The next question is from the line of Vishal Chandak from Motilal Oswal Financial Services. Please go ahead.
- Vishal Chandak:** Sir, my first question was with respect to the status of the railway line of the railway projects, the Tori-Shivpuri doubling of the line and Jharsuguda-Sardega doubling line. So, what would be the current status of the expansion, sir?
- Pramod Agrawal:** Tori-Shivpuri line, as you know the second line was completed and the third line was even in progress. And next year, it should get completed, if I'm correct. Yes, Shivpur-Kathautiya will get by 2024, and this line should get middle of next year, the third line will also be laid. The work is on. The second question about Jharsuguda-Barpali-Sardega, the Jharsuguda-Sardega line, the first line is already there it is functional. The second line, we have sanctioned it, and it is likely to get completed by March 23, but there are three components in that. One is Barpali and the second is there are some over bridge at Jharsuguda and the third is line. Doubling of line as far as concerned will get completed next year, but this Barpali will take another two years and the over bridge and the flyover will get completed somewhere in the middle of 2024. So, this is our expectation.
- Vishal Chandak:** Great. That's quite helpful, sir. Sir, my second question was with regard to the 1 billion tonne production target. Now that coal is back in focus globally and everywhere there is a huge demand of coal, so I'm sure now there is no dearth of demand going forward from both power as well as non-power sectors, so how soon can we plan to realistically approach a full year production of 1 billion tonnes?
- Pramod Agrawal:** See, our target is to achieve by 24, 25, that is FY25, we should achieve the target that is given by the government. Earlier, it was 23, 24, but as you know that we have lost two years because of COVID, et cetera and the demand shortage. This year, I am quite hopeful of achieving the target of 700, but to achieve target by FY25, we need to produce about 840 next year and then increase it 1 billion the year after. I feel that may not be very realistic, realistically speaking



Coal India Limited
September 08, 2022

perhaps by FY25, we will reach something higher than 900 million tonne, and the year after, definitely it will be achieved. If the demand is there, we will achieve the 1 billion tonne target. But we'll try to achieve this by '24-25.

Vishal Chandak: So, sir, if I keep things in perspective, what we are saying is between FY23 and FY25, we are going to expand by at least 200 million tonnes. That is more than 30% growth.

Pramod Agrawal: Not 30% growth, FY23, we will be closing by 700 yes, it will be 200 million tonne.

Vishal Chandak: Roughly about 30%.

Pramod Agrawal: That's right.

Vishal Chandak: And we have never done this kind of a growth in the past. So, land acquisition, clearances, R&R, evacuation. Do we have all the things in place, or we are still, will take it up as it goes forward?

Pramod Agrawal: See, there are many steps of this. First thing is PR approval. We have got a PR approved of all these things. We have issued MDO contract for about 100 million tonnes, 50 million tonne for Siarmal, then we have done for Chandragupta and we have done for Kotre Basantpur, and one more in this MCL that is one more we have done. So, with all this about 100 million tonnes we have already awarded, these are like, these will produce coal by FY24. And by any stretch of imagination, by any means they will produce definitely by FY25, this 100 million tonne. Besides, we have got in this year only FY23 alone, till now we have got EC of about 60 million tonne, 64 million tonne. EC we have already got, so government is quite proactive in granting EC. There are certain issues related to FC, but it is a continuous process. Last year also, we got I don't remember the figure, but we have got sufficient FC clearances last year also, and this year again, there is a progress in that. Land possession last year, we got something like 3,000 hectares of land we purchased. This year, again we are going to do this. So, these are all continuous process, but we have got a plan on paper at least, which we are following. And till now we have been quite successful in that. So, if we push the thing, Coal India can achieve target.

Moderator: Thank you. The next question is from the line of Pinakin Parekh from JPMorgan. Please go ahead.

Pinakin Parekh: Sir, my first question is going back on e-auction. Now over the last few months, we have seen government policies, which have tried to tamp down on windfall profit for various companies and various sectors. In that context, sir are there any risks to the e-auction prices or volume in terms of potential policy action. Does the company see if prices remain such high then there could be restrictions in terms of what kind of e-auction sales volume has done. My second question is, there seems to be an increase in the receivables by around 3,500 crores in June versus



*Coal India Limited
September 08, 2022*

March. So, what has driven it, which state SCBs are driving that increase and third is on the CAPEX outlook. Can you give us a sense of the CAPEX outlook for this year and what broadly areas would the money be spent on?

Pramod Agrawal:

Okay. You have asked three questions. First is related to windfall profit. See, we are selling 90% of our coal on SSC, etc., which is tied-up coal and there is hardly any profit on that. We are getting only 10% coal, which is e-auction and 10% to 15% on which we make all the profit. And in our case, there is hardly any windfall profit. If the windfall profit, if they try to control the price of the e-auction coal, then they will have to increase the price of this power coal. So, to me, that doesn't seem likely at all, but it will be difficult for me to see what will happen in future. But there have never been any talk of windfall profit. We are not making windfall profits per say, and whatever profit we are making is just because we have increased the efficiency of production, because we know that we have got a very huge production leverage. Our employee cost is very high, which remains constant whether we produce 500 million tonne or 700 million tonne. So, by increasing the production the cost per tonne has been reduced. I don't think we are getting anything windfall in that sense. So, to me, that doesn't look anything, any possibility and there has not been any talk about it.

Second question was about receivables. Yes, receivables increased slightly from Rs.11,000 crores to Rs.14,000 crores in first quarter. But again, we have reduced it to Rs.13,000 crores this month. We have reduced it by Rs.1,000 crores. So, that is our quantities of supply to the power houses have also increased tremendously about 20% or so. I'm not saying that if that increases then the receivables should increase but, there are periods when the SCB and gencos are under tremendous pressure and we are also pressured to keep maintaining the supply lines properly. Otherwise, there would be a power cuts in the country in one place or other, which is not acceptable. So, we had relaxed slightly during April, May, June period because at that time, the supply was very high, and we had to ensure that there is adequate stocks for this rainy season as well. But now onwards, when this threat is not there, from October onwards, we will control it further. We have controlled it in August also, and we will control it further so that our receivables will come down again. So, there's no risk involved in that.

The third is CAPEX, last year we did something like Rs.15,500 crores, this year we'll reach Rs.16,500 crores. Actually whatever we are spending is being spent only on coal-related and coal production activity. This question is being asked to me for the last year right from the beginning when I joined because we have increased our CAPEX, but you must understand that we are able to increase production this year just because we had made all those investments at the right time. Secondly, we are investing in a big way in our FMC projects, there are 35 in FMC projects that we have always been talking about, they will get completed by March 24, as I've been committing it right from very beginning. There are 9 more projects which are in pipeline and then related rail infrastructure for this line. This requires huge amount of money, and we have to procure land also continuously, unless we make these investments. And the third



*Coal India Limited
September 08, 2022*

investment is high capacity equipment. Unless we make these investments, the future production will get affected adversely. So, we have to ensure that there is enough pipeline of investment, continuous pipeline of investment and CAPEX, so that our production never gets suffered. We need to create a situation where the capacity to produce in the country is slightly higher than the consumption requirement of the country so that we can avoid the import of the coal, at least lower quality of the coal. So, that is the thing we have to ensure and for that, the CAPEX is required.

Moderator: Thank you. The next question is from the line of Sanjay Parekh from Soham. Please go ahead.

Sanjay Parekh: I'm Soham, Asset Manager. Sir, one question I had was, if we were to compare on a kcal basis, realistic value basis, what is the discount today on e-auction versus imported coal, sir and what is the gap you see, historically how has that been, sir?

Pramod Agrawal: It is very difficult for me to compare these things, but let me try because I have not prepared, the coal that we are supplying is mainly lower quality coal, and imported coal is generally higher quality coal. Generally, the imported coal is in the GAR of 5,000 and if you say what we are supplying normally is 3,500 GAR or about 4,000 GAR. So, comparing this cost price of this, just on calorific value, will not be proper because you don't convert the inherent calorific value directly into energy. There are certain losses, etc., and there are certain other things as well. Like in small iron plants, they will always prefer imported coal if it is slightly costlier also because it gives them a longer period of operation. The yields are slightly higher and all this, there are many factors which improved. But then if you compare G5 coal of this Eastern Coalfield Limited, we are selling it which is roughly in 5,500 kilocalorie, we are selling it at the rate of about Rs.10,000, Rs.11,000 per tonne. And imported coal of the same quality will be in the range of about today, \$120, \$125 because prices of coal have decreased in the international market from \$134 to \$100. So, it will be in \$125 range so there is some difference, but not much. But it will be very difficult for me to answer this question directly, if you want, we can do some research and then give you.

Sanjay Parekh: No, perfect sir. Thank you. So, sir, second question is the coking coal where we actually badly need as a country to be self-sufficient. And there were some recently, clearly you also mentioned that we should, we would step up on that. So, for coking coal, over three to five years, what sort of volumes can we get, sir?

Pramod Agrawal: We must understand that becoming self-sufficient in coking coal with the present technology is slightly difficult task. There are two aspects of coking coal, one is its hardness and another is the ash content. We can reduce the ash content slightly or substantially also by washing the coal, but hardness cannot be increased. So, with present technology and with that stem charging technology, the maximum quantity of the Indian coal can be used up to 25% to 30% also only of our blending, and the rest 70% to 75%, they will have to import. Without stem charging, the



*Coal India Limited
September 08, 2022*

sale, etc., are falling, even 10% to 15% mixing is possible. Beyond that going, beyond that it is really difficult. So, in foreseeable future, becoming self-reliant in coking coal will be difficult. This year we are producing about 40 million tonne of coking coal, but then the grade 5 and grade 6, washing grade 5 and washing grade 6 is hardly used for steel industry, only 1 to 4 are used. And in that also, India basically the maximum quantity of the coal comes from this washed grade coal. So, we are trying to increase the production. We are making some policy interventions also so that we are thinking that if the steel plant can take the coal and wash themselves perhaps it will be better. So, we are thinking in those terms also. If that comes, then perhaps it will help the country to increase the usable coal in a bigger way, but giving any commitment or giving any this will be difficult for me.

Sanjay Parekh:

Sure, sir. And sir, last one, we are investing in renewables in alumina plant and other ventures. So, normally, what is the payback for these projects, that payback threshold for us to invest in this project, sir?

Pramod Agrawal:

See, for solar power we have to do it, firstly because we have to become energy neutral and that is one area in which the company has to develop. We can say that coal will last for another 20 years, 30 years, but beyond that, there are possibility technology will take over and everything does not last forever. So, solar energy one has to invest because as I said we have to become energy neutral. Maybe in the next two, three years we should target that otherwise coal production itself will suffer because of many pressures that are operating in the society. We look for IRR of at least 12% before investing in anything, but in solar projects, sometimes we reduce that also, but we have not made any substantial investment in that. We are a bit here and there, somehow the prices that is coming in the bidding are very low and Coal India has not been very successful in that account. But whatever solar plants, we are installing our base which will likely to come to 450 megawatt or so. That energy will be consumed by us only, and that will definitely reduce the price of the energy for us. So, as far as for self-consumption is concerned, the IRRs are very high and the returns are very high. If you go for selling it in the market, the IRR, we are looking at 12% or slightly below that. At alumina, etc., that is we will not go unless the IRR is much more than 12%. We are trying to get alumina mine on a nomination basis. If we get that, we'll proceed with that and that, should be a profitable venture. But rest assured, Coal India will not invest in any enterprise or any project where the IRR is not adequate.

Sanjay Parekh:

And sir, this is project IRR?

Pramod Agrawal:

That's right this is project IRR.

Moderator:

Thank you. The next question is from the line of Kamlesh Bagmar from Lotus Asset Manager. Please go ahead.



*Coal India Limited
September 08, 2022*

Kamlesh Bagmar: Sir, first question on the part of the coal compensation step. So, if you see all the captive mines, which have come under auction, they have the benefit that they don't have to pay that Rs.400 odd coal compensation cess. So, are we making any ground to the government saying that it's not a level playing field because all these coal mines which would be coming after five years or three years would be enjoying such a significant benefit?

Pramod Agrawal: See, if the coal is consumed by the same company and in the same state, then only the coal compensation tax will not be applicable. But many of these companies will be using this coal outside their state. Coal compensation tax is, how long will it continue it is difficult for me to say. This was till June this year, but this has been extended maybe it will get extended further. Now, they have indicated that it is 2026, so 2026 there is not much of pressure because that is the situation. Because not much of production is likely to come from these captive mines, et cetera. Not captive mines, but if they are selling in the market, then they will have to pay the coal compensation. And our competition is always with the persons who are selling in the market. If somebody is doing his own mining and consuming it, there's hardly any competition with us. But the second thing is that Coal India has got many advantages also. We are not paying any premium to the government on the royalty that these mines, captive mines, etc., have to be paid. And secondly, we have all the best mine. So, when compared to everything and then this is completely passed through to the consumer. I don't think it's going to create much a problem for us. But you are right, we will take up this issue at the right point.

Kamlesh Bagmar: Okay. And sir, secondly on the part of your investment in other projects like the aluminum and then that fertilizer and coal gasification. So, what's the status on that sir?

Pramod Agrawal: You know that in HURL, we have invested in HURL Gorakhpur plant have started, the other two plants are likely to start very soon. TFL, there is some delay of about 18 months. About 18 months delay is there because of COVID, et cetera and there were some issues with these issuance of visa, et cetera. So, because of that, it has got slightly delayed. Aluminum project, it is still on the drawing board. I'm not saying how will it develop.

Kamlesh Bagmar: And sir lastly like you have performed very strongly on the FSA realization. So, despite the fact that your dispatches to the non-power sector has come down significantly by around 21% year-over-year while the power volumes have increased, but we are seeing the play-around 3% to 4% increase in FSA realization. So, what's the reason, is it because of the grade or like any other element?

Rahul Modi: I couldn't get your question. FSA realization is increased, but it looks the same.

Kamlesh Bagmar: Yes, so 3.5% year-over-year.



*Coal India Limited
September 08, 2022*

- Pramod Agrawal:** This is mainly because of grade realization. And previously people were not purchasing coal from BCCL and ECL because they are costly coal, but now they are purchasing that coal also. So, the coal mix has changed slightly because of that it has increased. That should be the reason.
- Moderator:** Thank you. The next question is from the line of Vipul Shah from Sumangal Investments. Please go ahead.
- Vipul Shah:** Sir, my question is, how many workers on an average retire every day and what percentage of that portion is employed in underground mining?
- Pramod Agrawal:** Okay. See, today we have got about 240,000, 245,000 workers out of that about 1 lakh is there in underground mine and 140 or 145 is in opencast, roughly in that range. About 5% of our manpower is reducing every year. This year, again, it will reduce by about 12,000 to 13,000. So, that's the situation.
- Vipul Shah:** No. But that out of 5%, what percentage is from underground because their productivity is ridiculous and it is highly loss-making for us. So, out of the retiree majority are from our underground mining workers or opencast that is my question, sir.
- Pramod Agrawal:** See, in underground mines, they are the older mines, so the people engaged there are slightly older. But I don't have this figure right now that what is the percentage. But higher percentages from underground mines and lower from opencast. But, I don't have exact figure right now.
- Vipul Shah:** And secondly, sir when IPO was launched at that time presentation was made that we are investing very heavily in washeries, but we have not seen any significant increase in production of washed coal. So, by what time we can see significant increase in washed coal volumes?
- Pramod Agrawal:** Okay. If you talk about washeries, there are two components of it. One is coking coal and another is non-coking coal. Non-coking coal, there's no purchaser of washed coal. People are not very eager and they are not willing to pay for it, even if they are saving. Unless we have got our rationale, there's long-term tie-up with somebody, it will be difficult for us to sell the product in long term. And secondly, the government earlier had said that beyond 500, coal having more than 34% ash cannot be carried. That limitation also has been removed now. So, in non-coking coal perhaps installing washeries will be a risky thing, and we are installing one more washeries, which was under construction. So, it will come, maybe next year it should come in production. But we are not thinking of installing, at that point of time people were thinking that they were very optimistic about non-coking coal. For coking coal, there were certain issues about the land leasing, etc., that has been resolved now. So, now in CCL also, we are going to award the contract or we are going to do the tender so that these things are coming.



*Coal India Limited
September 08, 2022*

Last year, we have increased our washed coking coal production by more than 60%, 70% and this year again we are going to double almost increase by 70%, 80% further. So, two washeries have come in production, Madhuband and Patherdih. These two have come, Bhojudih is likely to come, Bhojudih has also come but there's some problem of coal, et cetera. And these washeries, when they come, then washed coking coal production will increase, but non-coking coal, we are not investing much.

Vipul Shah: But sir, regarding coking coal also your base is so low that even if you grow at 100%, so it hardly makes, can we expect this coking coal to touch 20 million, 25 million tonnes over the next two, three, four years is there any likelihood of that happening?

Pramod Agrawal: No, it's not likely to happen.

Vipul Shah: So, two to three years down the line, what should be the coking coal volume?

Moderator: Sorry to interrupt, Mr. Shah. Sir, may we request you to return to the question queue, there are participants waiting for their turn.

Vipul Shah: Okay, thank you.

Moderator: Thank you. The next question is from the line of.

Pramod Agrawal: I request the questionnaire, people asking question they should ask two, three questions whatever in one go and let me answer that and if they have queries again then they can come back in the queue or write us we will give the reply because there may be many people and going beyond sometime will be difficult for me. Instead of question-answer session this will give satisfaction to everyone but the organizer can organize the way they want.

Moderator: Thank you sir. The next question is from the line of Atul Jain from Makaran S Invest. Please go ahead.

Atul Jain: Sir, my question, I'll just go quickly with them. My first question is, while the international prices are quoting, \$400 plus, in our investor presentation we are realizing about 4,400 on the auction and about 1,500 on the FSA. So, why is there such a huge gap between the two. The second question is, there's a lot of other conference calls of these power companies, the management is saying that they've been able to renegotiate their supply agreement and PPA agreement and they are able to get higher prices because of the increased coal cost and increased cost of production. So, why aren't we able to achieve that if that is the case. And third question, I just quickly put that in, is 25% of the production is allowed in the e-auction, there has been only average about 11% to 12%, so is there any scope because as you said that's the profit-making unit. So, is there any scope for increase in that?



*Coal India Limited
September 08, 2022*

Pramod Agrawal:

Now comparing to international tax, \$400 plus is the price for coking coal, that is not for normal coal. As I mentioned that in Indonesia ICI3 last week was \$114 only. That, too, is very high compared to our price at which we are selling. But as you know that our coal is slightly inferior rate and the consistency in our coal is low because of the occurrence. It is the geographical, geological thing that is happening. And hence, we always had slightly lower price than the international price. So, there is no anomaly on that. We cannot get the price of the coking coal. Coking coal is a completely different basket.

Then secondly is PPA agreement they're renegotiating, et cetera. Yes, imported coal-based power plants renegotiated their price with the discom and they tried to increase their production. But still, the discoms did not go beyond certain line, a certain limit. And hence, the production of imported coal-based power plant have been very low. It has been, in the last month it was in the range of 100 million unit per day, whereas the capacity is about 350 million units per day. So, they were not producing adequate quantum of the energy, and they could not renegotiate much and the state governments did not agree. As far as coal price is concerned, there is no negotiation on that. Whatever the price Coal India fixes that the consumer has to pay in FSA, that is as per the FSA clause. But being the monopolist organization, we have to bring all the stakeholders onboard. And in this inflationary situation, no government will allow let's be candid, that no government will allow the prices of fuel, so critical to increase substantially in the market. We have been discussing with the stakeholders, I've been trying for the last two years to increase the price. But because of the different situations, I have not been successful. And after getting such a good profit, nobody will permit me, at least in the short duration, to increase the price substantially. There are stuff going on to increase it, but then in this inflationary environment, perhaps government is slightly, all the stakeholders are not coming on board.

About e-auction, we are allowed to auction up to 20% of our coal production through e-auction. Last, we did about 29 million tonnes, so it is about 12% to 13% of the total coal that was sold. The total coal sold was about 170 million tonnes. So, about 12% of that, we have sold. Last year, we did about 900 million tonnes, which was about 16% to 17%. See, we have to give priority to the power sector. There's no way in which we can ignore that priority. And hence, we had to reduce this quantum, but in the coming months as our production is likely to increase and the demand from power sector is going to reduce, I am quite hopeful that e-auction volume will increase further.

Moderator:

Thank you. The next question is from the line of Amit Dixit from Edelweiss. Please go ahead.

Amit Dixit:

SECL has been an underperformer for quite some time as far as off take is concerned and ECL as well. So, are there some specific issues there, in the current month of course we saw SECL bouncing back. So, if you can throw light on SECL in particular, because it is the largest subsidiary that we have. The second question is on linkage materialization. So, a lot of



*Coal India Limited
September 08, 2022*

companies are non-regulated sector mentioned that the linkage materialization dropped in Q1. So, is there any chance of them, of the linkage materialization improving in the quarter?

Pramod Agrawal:

Coming to SECL. SECL have got some problem in their major mines. There are three major mines which produce maximum coal in that company Kusbunda, Gevra and Dipka. We have been able to solve the problem of Kusbunda and Gevra. There is some problem in Dipka, which we are trying to solve, one or two villages have been solved. But one or two villages are still pending. We are actively working on that. If you see the dispatches this month, this has improved. If you see the OB removal, this has improved. But unfortunately, for the last 15 days, it has been also raining very heavily, because of which at SECL results which we would have predicted have not come. In the first quarter, the performance was very good because they increased their production by about more than 35%, 36% compared to the last quarter. But you are right, SECL is the largest company, and it has to come back in a big way. I'm quite hopeful that this year, after this rains, from October onwards, they will perform much better.

About linkage materialization, we are committed to meet the linkage materialization up to the level of the minimum coal guarantee that we have given. There are issues of transporting coal through rail because the priority being given by railway and everyone is to the power coal. And so to that extent also, the linkage is suffering and we were giving priority to the power coal also. But even today, we have a stock of about 31 million tonnes. So, in coming months, I don't think there should be any problem in meeting the requirement of non-power sector.

Moderator:

Thank you. The next question is from the line of Anshuman Ashit from ICICI Securities. Please go ahead.

Anshuman Ashit:

Three questions. The first question is on the e-auction booking, which has dipped a bit this year. So, we have seen only 20 million tonnes of booking in the past five months. Sir, where do you see this trajectory, and will it improve going forward. Second question is on the Angul-Balram rail link. So, we had mentioned in the annual report that it was supposed to be commissioned in July 22, so has that been commissioned or what's the status of it, if not. And the third question is on the coal gasification projects that we have announced. So, what is the status and who will be our technology partners on these projects. Thank you.

Pramod Agrawal:

On the e-auction volume the first quarter was perhaps 20 million tonnes. Now, if I am remembering correctly, this is low compared to last year, but the realization is very high. E-auction volume will increase in coming months with the demand of the energy sector going down, because as the trend has been in October, November, December, the demand for power goes down, and with that, requirement of coal also goes down. I'm quite hopeful that thereafter, there will be not so much of the pressure to supply to the power industry. Secondly, I'm quite hopeful on this account because today, the power house, the stocks at the power houses is about 28 million to 29 million tonnes. Last year, it was 10 million, 12 million tonnes so this extra 16



*Coal India Limited
September 08, 2022*

million tonne will give them a lot of leverage and this will help us in giving coal to non-power sector also and this is not likely for next few days, perhaps the stock may go down. But after that in October onwards or after 20th of September, the stocks of the power houses are unlikely to go down. That's whatever the trend we have seen, but nobody can say or confirm because it depends a lot on the monsoon condition and the temperature also. So, that is the situation. So, e-auction volume should increase in the coming months.

Now Angul-Baram, yes we had hoped that it will get completed by July, but now that this economy has indicated that it will get completed by September or by in the middle of October, definitely. It is in an advanced stage of completion all the land related problem has been solved. The bridge is under construction. One major bridge needs to be constructed, the bridge has been constructed only the approach earth filling is required, so it will take a while because that cannot be done during this monsoon period that's affecting the work. But then by October end definitely, it will get completed. By middle of October, in the October month, it will definitely get completed. And that is the time when we'll require it the most.

The third thing is coal gasification. We have tendered lot many times, we are going for coal gasification on new model because we don't want to take technology risk. This will be a new thing for Coal India and because of that, not much of response have come. We have tried to modify the contract document or tender documents in the way it can become slightly more effective, but we are trying. As of today, it will be difficult for me to say who will be technology partner because it will depend on the tendering and who quotes the best rate.

Anshuman Ashit: Okay. Sir, just one clarification. Sir, both booking and lifting of e-auction volume, so both the volumes were similar in the last five months, could you just give us that volume for booking and lifting separately?

Pramod Agrawal: I have got booking figure, lifting figure should be also in the same range but I don't have figure right now, I will give this figure separately.

Moderator: Thank you. The next question is from the line of from Dhruv Muchhal from HDFC Mutual Fund. Please go ahead.

Dhruv Muchhal: Sir, you mentioned about the difficulty in price hike and the inflationary pressures in the profitability, but sir is it fair to assume for the wage hike when it happens, the offsetting price hike will happen, because in any case I believe it's a small amount of price hike that you will have to take, so that component can be offset, is that fair understanding sir?

Pramod Agrawal: I think we should be able to do that, Dhruv. But then committing anything will be slightly difficult for me. But at least I am trying that everyone should agree to compensate us for wage increase, petrol, diesel increase and explosive increase that we have incurred based on this



*Coal India Limited
September 08, 2022*

explosive, so that at least our production cost, increase in production cost, increases in the inputs of production that's compensated. So, we are trying for that, but wage at least I think it should be doable.

Dhruv Muchhal: Sure sir, thank you. And sir, secondly, the 1Q number, is the cost base that we see on contractual expenses and cost of material now on a per tonne basis should we think that this is peak now in terms of the overall because diesel cost further is not increasing contractual, does it represent the full inflationary impact now from a quarter basis, as a benchmark for the quarter?

Pramod Agrawal: For second quarter, I can say that it will not be higher than the first quarter because the prices of diesel has not increased. The prices of explosives have also remained constant. Wage increase has not been there. So, to my understanding, per tonne basis, the contractual cost has not increased. On the fourth quarter, the digital price will remain constant or not.

Dhruv Muchhal: Yes, that may be variable we understand.

Moderator: Thank you. The next question is from the line of Bharat Sheth from Quest Investments. Please go ahead.

Bharat Sheth: Sir, my all questions have been answered. I have only one technical question. Sir typically, we understand that H2, our production is much higher than the H1 because of H1 in large part of having a three to four months kind of monsoon. But if you look at, month-on-month, April and May production wise declined from the March substantially?

Pramod Agrawal: This year, we have tried to restrict it. But in March, everybody rushed to achieve the target. And that type of rush and pressure cannot be maintained. Our machines, we have deployed in coal production. We shift the machines also from overburdened production to achieve the targets. But overburden removal becomes essential and in April and May, all those housekeeping things are bringing the mines back to the shape, etc., are required. And then that type of pressure cannot be sustained for long. Then the third thing which is important is high temperature. See, in April this year, the temperature was 40, 45, and in the mines, it was touching 50 degrees. To operate in such a high temperate is really difficult, and to maintain that pressure and that high temperature may be counterproductive. So, March and April, May, we have tried this year to keep the pace, but then maintaining that type of pace will be difficult.

Moderator: Thank you. The next question is from the line of Mohit Kumar from DAM Capital. Please go ahead.

Mohit Kumar: I have only one clarification, sir. What is your cost of production under the new MDO contract on an average. And how does this compare with your current cost of production from the overcast mines?



*Coal India Limited
September 08, 2022*

Pramod Agrawal: See, in MDO contract, it will depend largely on many factors. One is what is the stripping ratio. If you compare the total excavation cost, it is slightly higher, 10% to 15% higher than the cost of total excavation from what we normally do, because here the capital investment from the MDO is expected and is required to solve many problems which otherwise the companies solve. But the coal production cost, if you see per se, it is different in different pockets like in Siarmal, it is almost comparable to what we charge, but same is the case of CCL. But in SECL, the rate we have got is slightly higher than, maybe 15% higher than what otherwise it will cost.

Mohit Kumar: So, broadly, are you saying that there is no advantage of going through the MDO, is that a fair assessment?

Pramod Agrawal: I won't say that because many of the problems that resolve faster so that we can achieve that target earlier. Secondly, wherever the MDOs are being appointed, the quantum of production remains what we predict, whereas in our mines, when the problems are there, so the quantum of production is not there. What we say as the cost of the production is based on the assumption that type of production will come, but actual production is much lower than what is projected.

Mohit Kumar: And are you looking to award any more MDO tender in this fiscal year, and can you please quantify it?

Pramod Agrawal: There are 2 mines underground mines, which I will like to award. One is Sanmitra and another is Kalbhadra. We are going to, so Sanmitra is already put to tender, Kalbhadra MCL is likely to put to tender in the first week of October. These are the two major mines. And if you award that, about 130 million to 140 million tonnes of coal production will definitely come after two years.

Mohit Kumar: So, there are only two mines which are lined up for MDO this fiscal year?

Pramod Agrawal: There are big mines and there are small mines. In case of underground mines, actually we have got the cost of production is lower than what we otherwise incurred, so even employing the continuous miners, etc., and even higher. So, we are getting cost of production less impact.

Mohit Kumar: One more question. If you look at coal to gasification, when do we expect that we'll get more clarity on the way forward, is 12 months down the line or it's a couple of years down the line, when you see that we'll have more clarity on producing some of the chemicals or hydrogen, because I see a lot of action has taken from the Ministry. There are a lot of papers out there in the public domain, but there's nothing concrete as of now.

Pramod Agrawal: You're right, but it will be difficult for me to give any time line because we have.

Mohit Kumar: But broadly to your expectations, your expectation is that we'll have more clarity whether you want to go ahead or not go ahead?



*Coal India Limited
September 08, 2022*

Pramod Agrawal: We are tying up with the other PSUs so that our off take is ensured. The demand from the operators or the demand from technology providers was that at least first to ensure the off take that. So, we have tied up, we are tying up with other PSUs so that off take can be ensured, one is off take. And now, thereafter once this is tied up in the next couple of months, maybe we can thereafter to put it to tender. And within the next seven, eight months, maybe seven, eight months something will come out.

Mohit Kumar: And are you exploring blue hydrogen by any chance there or is it still some time away?

Pramod Agrawal: Not as of now.

Moderator: Thank you. The next question is from the line of Nilendra Sinha from ICICI Venture Fund. Please go ahead.

Nilendra Sinha: My question was related to evacuation plans and longer-term, evacuation constraints in longer-term coal production plants. What I understand that by FY26, when one million tonne is expected to come, some of these evacuation projects which are currently constrained, they will come. But in the near term, these evacuation projects may be delayed so how confident you are of achieving 700 million tonnes in FY22 or FY23 or 800 million tonnes next year. If the evacuation projects like the rail projects happening in Chhattisgarh or Odisha or Jharkhand, if they get delayed.

Pramod Agrawal: See, for FY22, 700 million tonnes, there's no. The existing lines, with the slight improvement that railway is doing, able to take business for growth. And if you are talking about the railway lines, there should not be any problem because that much adequate arrangements have been made because, if you want to talk about the area wise, Ib Valley there are certain things which will come. Sardega as the Jharsuguda-Sardega line is operating not at the maximum capacity, the capacity is still there. In Jharkhand also, the capacity is there. In Korba line, the fourth line between Champa and Bilaspur it is being laid, and this will come up this year only. So, that will help in evacuation further. They are trying to introduce this automatic signaling that will improve this. So, by incremental things, this Anglu-Balram line will come which will help in evacuating another 10 million tonnes. So, I don't think there is any problem for evacuating 700 million tonnes. Although there is a, railways have to work slightly, will have to work under pressure the way they are working right now. And next year, I'm quite sure that the third line of Tori-Shivpuri and Sardega line will come up. And with that, mostly we will be able to handle whatever production comes next year. So, I won't say there is a lag between the two and then this FMC projects will help us in loading the wagons in a much faster way, and that will give some more capacity. So, with all the projects in line, there should not be any problem in the next two, three years to evacuate the coal.

Moderator: Thank you. The next question is from the line of Falguni Dutta from Jet Age Securities Private Limited. Please go ahead.



Coal India Limited
September 08, 2022

Falguni Dutta:

I just had one question, which is whenever this wage revision happens, will it in any way have, would there be any increase in the contractual expense because of that or there is no such contractual laborer, contract laborers, who are employed to whom we have to give a hike?

Rahul Modi:

See, our contractual labor price is also linked to the wage. So, the HPC prices, high-power committee price, as we call it, has to be paid to the contractual laborers also. And that is the whatever minimum price fixed by the government of India and the lowest of the wage that we pay to our worker and average of these 2 that is there. So, there will be some impact on contractual things as well. But since the labor there is not so much, the impact on this our labor will be much more than this.

Moderator:

Thank you. The next question is from the line of Alok Nath, an Individual Investor.

Alok Nath:

My question is regards to the solar, like what is the update on that. And as we know now the green energy is increasing and government is also pushing for producing more in the form of green energy, so the demand for coal will definitely go low. Currently, the demand is high because the energy consumption has also increased, but in talking about near future, they want us to reduce the consumption of coal. So, for that, how is the company looking at the alternative business?

Pramod Agrawal:

Whether the coal will lose its line in 10 years. See, it will be difficult for anybody to predict, two years back there was a thinking that perhaps the coal demand will never come back, but it has bounced back this year. My understanding is that and it has always been, that for the next 15 to 20 years coal requirements will definitely will be there. The percentage in the total energy basket may reduce, but coal demand in tonnage terms will keep on increasing. And in the next three, four years that we. So, my understanding is that for the next 15 to 20 years, the demand of coal will definitely increase. Maybe the percentage term in the whole energy basket, it will reduce, but the quantum will definitely increase. And for that, we have to be prepared. So, saying that the demand of the coal will not be there, I don't think that is the right thing. But at the same time, Coal India has to develop another green energy thing as I had replied to one more question because of two reasons, one to neutralize whatever energy we are consuming so that we can become a zero energy consumption company; and secondly, to invest in the areas which are more futuristic. So, because of that, we are investing in this. And Coal India has been trying in the last one year to get more to win the tenders, et cetera but somehow we have not been successful. But we are quite hopeful that we are talking to the different state governments so that we can establish solar power plants for their consumption of the discom. So, we are working on that, we'll be successful soon.

Moderator:

Thank you. Ladies and gentlemen, due to time constraint, that was the last question. I now hand the conference over to the management for their closing remarks.



*Coal India Limited
September 08, 2022*

Pramod Agrawal:

Thank you, everyone, for coming to this con call. I'm really thankful to you for asking the questions. I think I was able to reply most of the questions, but in case there are any more issues, you may write to Mr. Viswanathan, he will be able to communicate to you the other details. Thank you very much.

Moderator:

Thank you. Ladies and gentlemen, on behalf of ICICI Securities, that concludes this conference call. We thank you for joining us, and you may now disconnect your lines. Thank you.