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Coal India posts record December output at 58MT

TIMES NEWS NETWORK

Kolkata: Coal India (CIL) has clocked a year-on-year growth of 7.2% in production 58 million tonne (MT) in December 2019, the highest ever in the month since its inception. The increase in volume terms has been 3.9 MT. December's production witnessed 16% month-on-month growth compared to November 2019.

7.2% YoY JUMP

Two of its best-performing companies South Eastern Coalfields and Mahanadi Coalfields have come back strongly in December 2019 with production growths of 11.3% and 10.1% respectively.

An official said that Dipka OC mine of SECL, a big contributor to Coal India's production, which was flooded, on September 29, is back on the track producing 85,000 tonnes per day and in the near future will achieve over 1 lakh tonne per day.

Coal supplies at 53.63 MT, as well registered a modest growth of around 2% during December 2019 compared to 52.61 MT of a year-ago period.

According to officials, the company regained production tempo from October 2019 onward notching a robust month-on-month growth of 28% followed by 27% month-on-month growth in November 2019. "With production perking up in December, we are pushing hard to take our output levels to higher scale in the remaining months of the fiscal," the official added.

December 2019 also turned out well for CIL in over-burden removal (OBR), an important performance parameter that exposes coal for future production, as CIL whole cleared 120.39 million cubic metres.

CIL Capex likely at ₹6,900 cr in Q4

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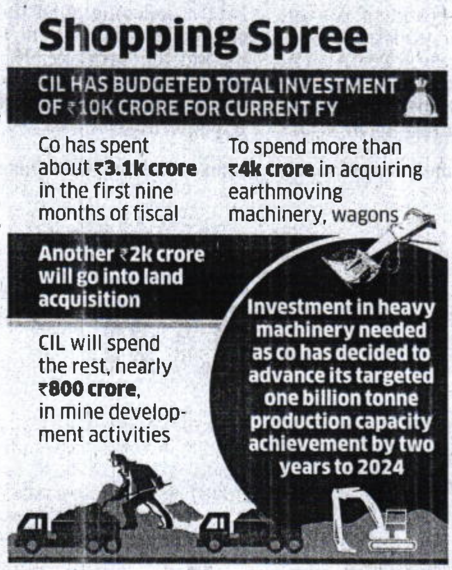
Kolkata: Coal India Limited (CIL) will spend nearly Rs 6,900 crore in acquiring land, heavy mining machinery, wagons and on-mine development activities in the current quarter, said its chairman AK Jha.

The state-owned miner has budgeted a total investment of Rs 10,000 crore for the current financial year and it spent about Rs 3,100 crore in the first nine months of the fiscal. Till November 2019, it had invested about Rs 2,400 crore and in December it spent another Rs 700 crore.

"Coal India will be spending more than Rs 4,000 crore in acquiring heavy earthmoving machinery and procuring its own wagons for transporting coal to consumers," said a senior CIL executive, who did not wish to be identified. "Investment in heavy mining equipment will help the company improve production scale at large mines and boost per day production from the current level. Investment in wagons is expected to be around Rs 700 crore, while the rest is likely to go into procuring heavy machinery."

Another Rs 2,000 crore will go into land acquisition for expanding existing mines or opening new projects. CIL will spend the rest, nearly Rs 800 crore, in mine development activities including logistics arrangement for coal evacuation such as roads and bridges.



Investment in heavy machinery is necessary for the company at this stage because it has decided to advance its targeted one billion tonne production capacity achievement by two years to 2024. It intends to produce 750 million tonnes in the next fiscal, while this year's target is 660 million tonnes, necessitating a nearly 14% increase in production.

In order to achieve these targets, CIL and its subsidiaries have firmed up plans to spend Rs 56,000 crore on 66 coal projects with an annual peak production capacity of 500 million tonnes.

These projects are at various stages of implementation and almost 55% of the total capital outlay would be undertaken by South Eastern Coalfields, which is working on 23 projects with a total peak production capacity of 192 million tonnes, at an investment of Rs 30,783 crore.

Mahanadi Coalfields is currently working on 11 projects with a peak production capacity of around 156 million tonnes, entailing an investment of Rs 8,519 crore. Western Coalfields is working on 15 projects, with a total peak rated capacity of around 35 million tonnes, and will invest Rs 5,949 crore.

Eastern Coalfields is working on four projects with a peak rated capacity of 17 million tonnes, involving a capital outlay of Rs 2,570 crore. Bharat Coking Coal has also undertaken four projects, with a peak rated capacity of 18.5 million tonnes and an outlay of Rs 2,345 crore. Central Coalfields is developing seven projects, with a peak capacity of 42 million tonnes, at an outlay of Rs 2,846 crore. Northern Coalfields is involved in two projects, with a capacity of 40 million tonnes, entailing investment of 3,038 crore.

Coal India's Output May Rise 125 MT from 16 Blocks

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Kolkata: The 16 coal blocks allotted to Coal India in the last one year will enhance its annual output by 125 million tonnes, a senior company executive said, pointing out that production at these blocks could start in the next three to six years.

"It is expected to help the company meet its 1 billion tonnes per annum production target, which it intends to achieve by 2023-24," an executive of Coal India said. "Production at some of the recently allotted blocks can start in the next three years, while for others it may take a little more. However, we hope to start production at all the allotted mines within the next five to six years."

The government is keen on Coal India hastening up exploration and operationalising all its blocks soon. These include existing blocks with geological reserves of 110 billion tonnes that are yet to be taken up for production, 110 blocks with reserves of about 40 billion tonnes allotted in 2012, and the recently allotted 16 blocks.

The coal ministry has advised Coal India's exploration arm, CMPDIL, to report annually on reserves with every subsidiary company and block, reserves depleted, blocks with areas yet to be explored, blocks under production, and its plan for future projects and their reserve to production ratio.

The Centre has also asked CMPDIL to demarcate large blocks which could be attractive to established exploration companies.

At a recent performance review meeting of Coal India, coal minister Prahlad Joshi pointed out that coal could be fuelling half of the country's power generation capacity even in 2030, despite inroads being made by renewables.

The executive cited earlier said, "With allotment of the 16 blocks and at current rate of production taking into account the projected growth in the ensuing years, the current reserves of the coal mining behemoth will be adequate to meet the expanding coal demand of the country, at least for the next 25 to 30 years. The Centre has also assured that if need be, more coal blocks will be allocated to CIL. The effort is to increase indigenous coal production to bridge demand-availability."

According to the executive, "A Niti Aayog estimate confirmed that the share of coal in the energy mix in 2040 would be at least 44%. Since CIL spearheads the country's coal production, meeting around 82% of the entire coal output, CIL will continue to play a large role in ensuring the energy sufficiency of the country."

KOLKATA
BusinessLine
THURSDAY · DECEMBER 26 · 2019

After a lacklustre year, coal production to record good growth in December

PRATIM RANJAN BOSE
Guwahati, December 25

It couldn't be a better year-end for Coal India Ltd (CIL). After a disappointing show for most of the year, the State-owned major is expected to end December with 3 per cent production growth compared to same month, last year.

One of the company's largest open pit mine at Dipka (30 million tonne a year) in Chhattisgarh, which suffered flooding this monsoon, will come back to full production mode in about a week. The rain-fed Lilagar river changed course and flooded the mine on September 29.

With 94-95 per cent of total production coming from open pit sources, CIL is essentially an opencast miner and such mining activity slows down in the monsoon, when the haul roads (roads inside the mine pit) get slushy.

To add to the problem, the coal belt of India witnessed one of the heaviest rainfalls this year. Consequently, CIL's monthly production which was sluggish since beginning of the fiscal, dropped below last year's level since the second quarter.

Coal India recorded 1 per cent production growth in April. During April-June 2019, growth was as little as 0.1 per cent. However, CIL's sluggish coal production didn't impact power supplies as demand for electricity suffered due to general economic slowdown.

Output recovery

While the cumulative production in April-December, 2019 is likely to remain lower than the same period last year, the December output underlines a major recovery.

The current daily production at CIL is around 1.82-1.83 million tonne (mt).

The development coincided with the spike in electricity demand in December. For the first time in the last four months, coal-based power generation is ruling above last year's level in December, indicting a revival in demand.

The coal situation at power stations is comfortable with an average of 18 days equivalent stock, as on December 23. Including 1.4 mt imported coal, the total stock at the power plant end is over 30 mt. With CIL having over 22 mt coal stored at the pithead, the pipeline is a sizable 52 mt.

If electricity demand increases gradually in the coming months, CIL will be able to meet the winter demand. A lot, however, will depend how CIL maintains the tempo in the summer.

THE TIMES OF INDIA THURSDAY 26 DECEMBER 2019 NEW DELHI

CIL buys coal from Odisha govt unit's captive mine

TIMES NEWS NETWORK

New Delhi: Coal India (CIL) has started buying surplus output from a captive mine of an Odisha government entity for augmenting supplies to its own customers, a deal that will help reduce imports by raising availability of the indigenous fuel and open a new revenue-earning window for coal-bearing states.

CIL subsidiary Mahanadi Coalfields (MCL) has started lifting 6,000 tonnes of coal daily from the Manoharpur mine in Jharsuguda district allotted to Odisha Coal and Power (OCPL). MCL will pay according to the official price list, commonly known as the 'notified price'. It can earn 20% more than the notified price by selling the coal to non-power consumers and get even higher returns by selling through e-auction. The deal draws on the government's aim of increasing competitiveness.

THE ECONOMIC TIMES | KOLKATA | TUESDAY | 24 DECEMBER 2019

CIL Arm to Sell Excess Output of Odisha Coal's Captive Mine in Open Market

Our Bureau

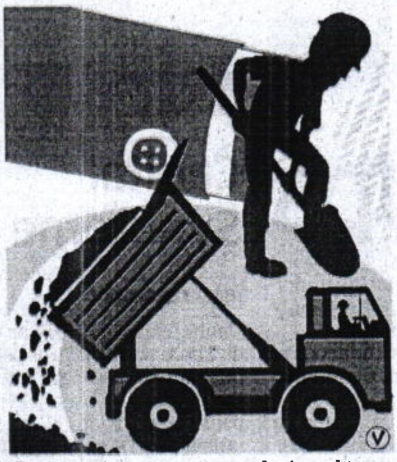
Kolkata: Coal India (CIL) has joined hands with state-owned Odisha Coal and Power (OCPL) to sell excess coal produced at the latter's captive block in the open market, the first such move by the state-run coal major.

This is part of a series of measures that the centre is pursuing to make additional indigenous coal available beyond CIL's production.

A provision in the Coal Mines Development and Production Agreement allowed CIL to buy excess coal produced by OCPL at Manoharpur block in Odisha's Jharsuguda district to be sold in the market.

"The coal ministry guided CIL and other stakeholders in finalising the modalities for supply of excess coal. Having received CIL board's nod last month, Odisha-based subsidiary, Mahanadi Coalfields (MCL), entered into a memorandum of understanding with OCPL for buying the latter's coal," a senior CIL executive said.

Manoharpur blocks and adjoining areas with a production capacity of 8 million tonnes per annum were allocated to OCPL in August 2015 to supply coal to IB Thermal Power Plant (2X600 MW) owned by Odisha Power Generation Corporation (OPGC). Till the time production started from this block, MCL was to supply coal to OPGC through a temporary supply contract of 4.8 million tonnes per annum. The contract was designed to expire when OCPL's block started producing.



"Though production at OCPL's Manoharpur block has started, coal could not be supplied to OPGC's plant due to bottlenecks forcing it to stop production," the executive said.

Following the issue, the MoU was signed under which MCL shall buy 6,000 tonnes of coal per day from OCPL, helping the latter reduce excess stock pile. MCL will buy this coal from OCPL at power sector's notified price and sell it to its non-power consumers at a premium of 20% — the notified price for non-power sector. MCL has designated a siding where it would receive coal from OCPL and would despatch the same to its own consumers through rail mode.

EXCESS COAL

A provision in the Coal Mines Development and Production Agreement allowed Coal India to buy excess coal produced by OCPL at Manoharpur block in Odisha's Jharsuguda district to be sold in the market

In return, MCL will continue to supply coal to OPGC's power plant under the temporary supply contract till such time OCPL completes setting up infrastructure necessary to supply coal to its power plant from its block.

"The advantage is twofold," said an executive of CIL. "It would not only help OCPL lower its stock pile and sell coal, but the company can also continue production from Manoharpur block. From CIL's perspective, this excess coal received will help enhance supplies to its consumers, particularly for liquidating the pending rakes of the non-power consumers".

THE ECONOMIC TIMES | KOLKATA | FRIDAY | 13 DECEMBER 2019

Coal India Expects to Increase Fuel Stocks at Power Plants to Prescribed Level of 22 Days

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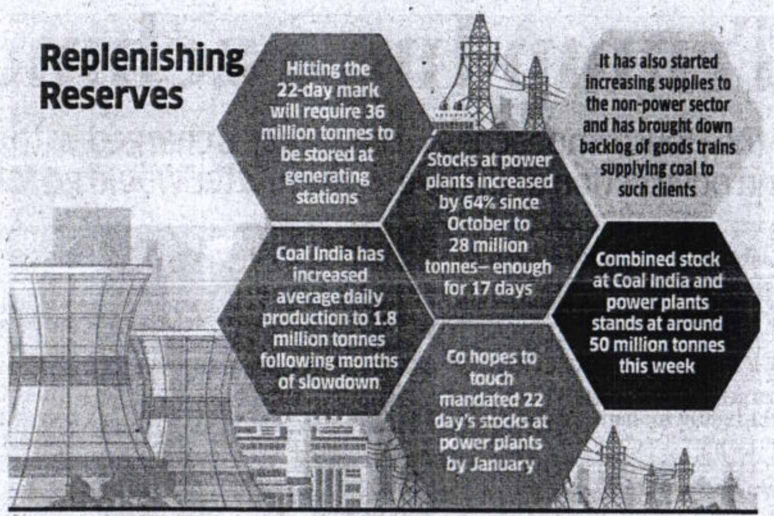
Kolkata: Coal India is hoping to increase fuel stocks at power plants to the prescribed level of 22 days, which requires 36 million tonnes to be stored at generating stations, a company executive said.

Following successive months of slowdown, the company has managed to increase average daily production from 1.27 million tonnes in October to 1.8 million tonnes now. This increased stocks at power plants by 64% since October to 28 million tonnes—enough for 17 days. It is almost double last year's stock position, which stood at 14 million tonnes, barely usable for nine days.

"We hope to touch Central Electricity Authority's (CEA) mandated 22 day's stocks at power plants by January as production at Coal India is on the rise. Stocks at power plants will have to be increased by five days to touch the CEA's number. It would require a build-up of additional 8 million tonnes of stock at the plants," a Coal India executive said. "At present, stocks at mine-mouth in Coal India is around 22 million tonnes, more than enough for increasing stocks to the necessary level. Combined stock at Coal India and power plants stands at around 50 million tonnes this week."



According to the executive, a 28% month-on-month increase in Coal India's October production and a 27% rise in month-on-month November production has enabled the company to increase stocks at power plants.

"Having increased stocks at power plants, which has remained Coal India's priority, the company has also started increasing supplies to the non-power sector including consumers from steel, sponge iron, cement, captive power plant, aluminium, micro, small & medium enterprises. We have managed to bring down the backlog of goods trains supplying coal to the non-power consumers from 5,100 in April to 1,616 this month," he said.

In an effort to make sure the sector can lift adequate coal, the company has recently decided to offer limited credit facilities by doing away with the advance payment norm.

Non-power consumers had to pay in advance the full amount for a month following which deliveries were made. In case Coal India could not supply the full quantity, the money remained with the company. It was adjusted only when the shortfall was supplied, which could be after several weeks.

"Significant amounts of money thus deposited by non-power customers against coal value in rail mode was thus locked up in the form of advance," the executive said. "During 2018-19, around 73 million tonnes of coal was supplied to non-power consumers with long-term supply contract. They are large in numbers and working capital blockage in coal movement was, of late, found to have a bearing on their financial health."