


| | | |
|---|---|--|
| <p>कोल इण्डिया लिमिटेड महारात्न कंपनी 3 तल्ला, कोर-2, प्रेमिसेस-04-एमआर, प्लॉट-ए एफ-III, एक्शन एरिया-1A, न्यूटाउन, राजरहट, कोलकाता-700156 फोन 033-२३२४६५२६, 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; 033-2324-6526, FAX; 033-23246510 E-MAIL: mviswanathan2.cil@coalindia.in WEBSITE: www.coalindia.in CIN- L23109WB1973GOI028844</p> |
|---|---|--|

Ref.No. CIL:XI(D):4157/4156:2020:

Dated: 21.09.2020

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: - Investor meet

Dear Sir,

Further to our letter no CIL:XI(D):4157/4156:2020 dated 15th September' 2020 we are enclosing the presentation made to selected analysts on 21st September' 2020 at 04.00 PM.

This is for your information and records as per Regulation 30 of SEBI (LoDR)' 2015.

Yours faithfully,

M/V
21/9/20.

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

Encl: As above



Coal India Limited

A Maharatna Company

Coal India @ 45

A successful past, a brighter future

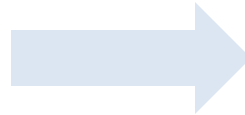
Pramod Agrawal

Chairman & Managing Director

Coal India – A successful past, a brighter future

1975

- Nationalized coal mines under Coal Mines Authority Ltd. re-organised as Coal India Limited.
- Coal Production ~ 79 Mt



2020

- Largest pure play coal producer in the world
- 'Maharatna'
- FY20 coal production 602 Mt

- **FY20 coal production at 602mt, target to achieve 1bn tonne by FY 23-24**
- **Manpower productivity to improve significantly**
- **Mechanization & closure of unviable mines to lower costs**
- **Improved ESG compliance and disclosures**
- **Predictable capital allocation**

Vision

- To emerge as a global player in the primary energy sector committed to provide energy security to the country by attaining environmentally & socially sustainable growth through the best practices from mine to market.

Mission

- To produce and market the planned quantity of coal and coal products efficiently and economically in an eco-friendly manner with due regard to safety, conservation and quality.

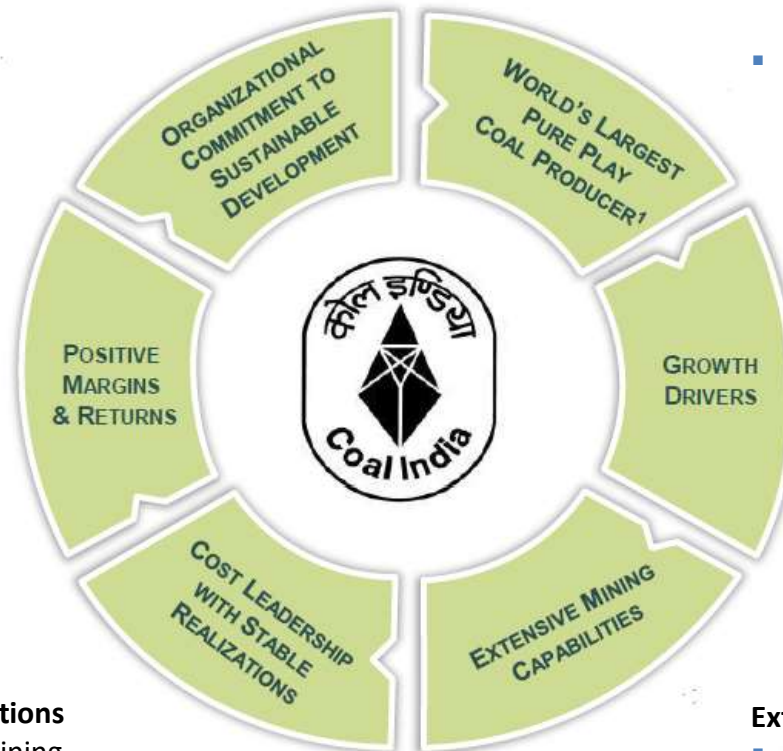
Key Company Highlights

Organizational Commitment to Sustainable Development

- High focus on social, environmental and health & safety initiatives
- Documented CSR policy

Positive Margins & Returns

- FY20 EBITDA margin of 24.5% & Q1FY21 EBITDA margin of 16.5%
- FY20 ROAE of 51%
- FY20 Dividend Payout Ratio of 44.3%



Cost Leadership with Stable Realizations

- Higher proportion of open cast mining operations and increasing labor productivity
- Improving productivity & efficiency through use of higher capacity equipment for higher output.

World's Largest Pure Play Coal Producer

- YTFY21 till August 2020 production of 196 million tons across 364 working mines, with ongoing projects for further ramp-up.
- 178 BT Resources and 37 BT Reserves

Growth Drivers

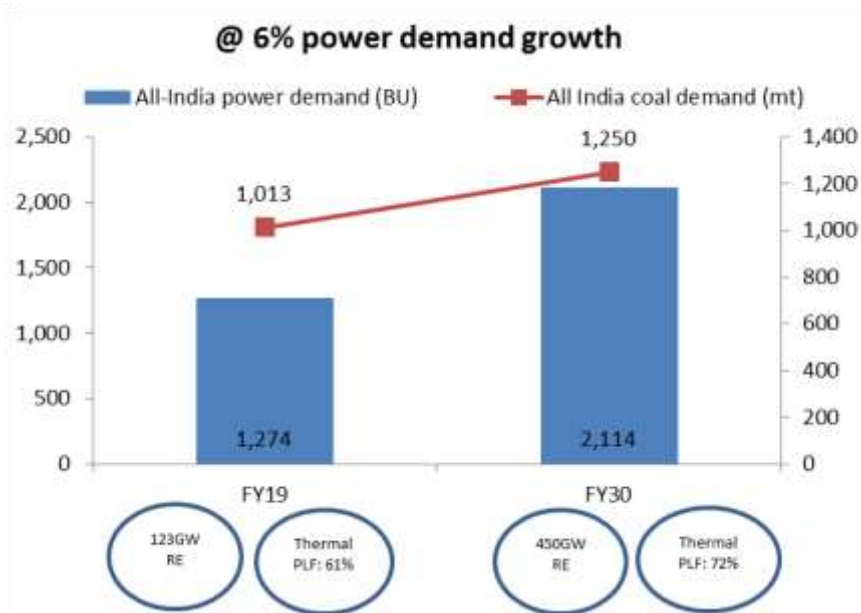
- Coal accounts for more than 55% of the total commercial energy production in India
- Favorable expected demand from key sectors such as power and steel

Extensive Mining Capabilities

- Advanced technology in open cast mining
- Focus on meeting commitments to the power sector

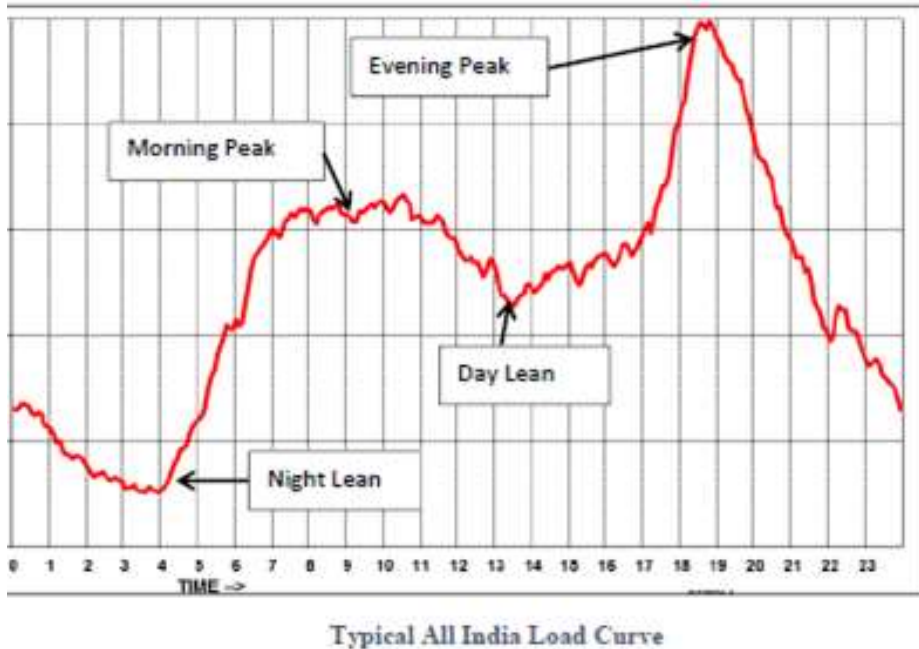
Moving on to the next decade – Why coal continues to be key in India's growth story

Considering two scenarios – power demand growth at 6%/8% from FY22 onwards – results in estimated all-India total coal demand reaching 1,250 mt/1,500 mt by FY30. Even after considering growth in RE capacity from 123GW in FY19 to 450GW in FY30.



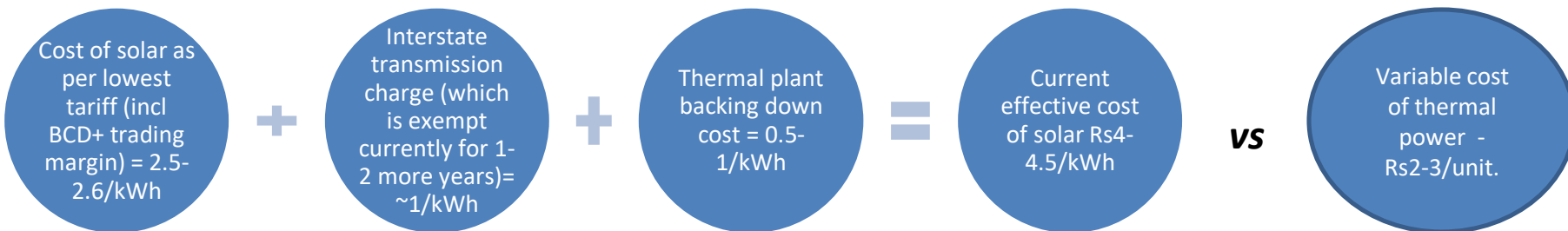
India's per capita power consumption is 1181 units vs global average of ~2674 units

The next decade – Why coal continues to be key in India's growth story



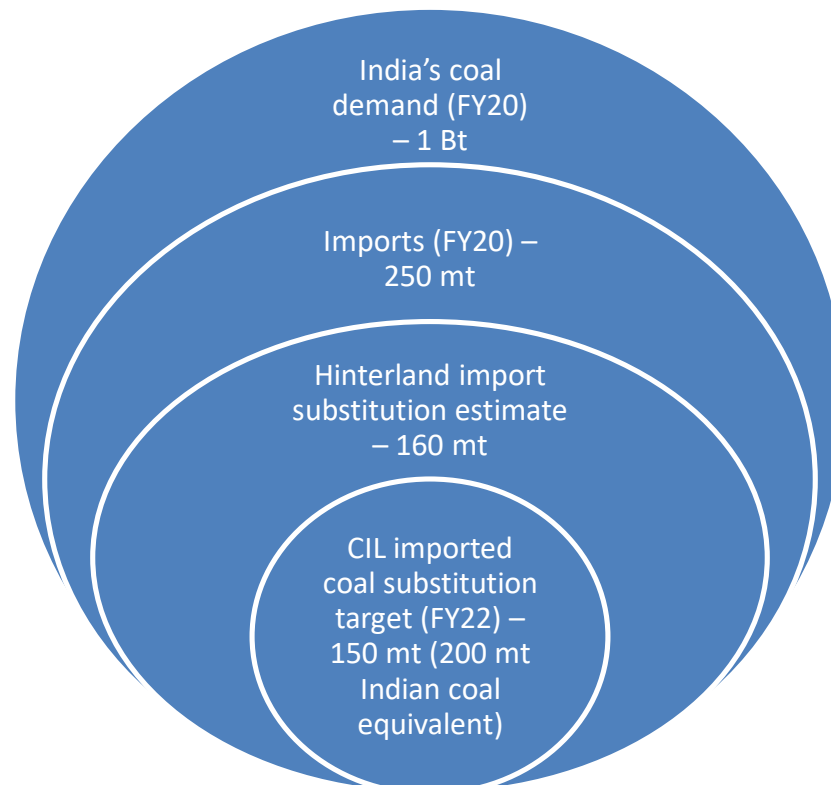
As it can be seen from a typical load curve in India, peak demand is post 5pm which supports our argument that coal based power is integral to cater to base load till affordable storage comes in a major scale.

It can be seen that the effective cost of renewables is still high due to the intermittency vs variable cost of thermal power. As fixed cost is already incurred and is sunk, better comparison is to look at fuel cost.



Positive demand outlook for CIL

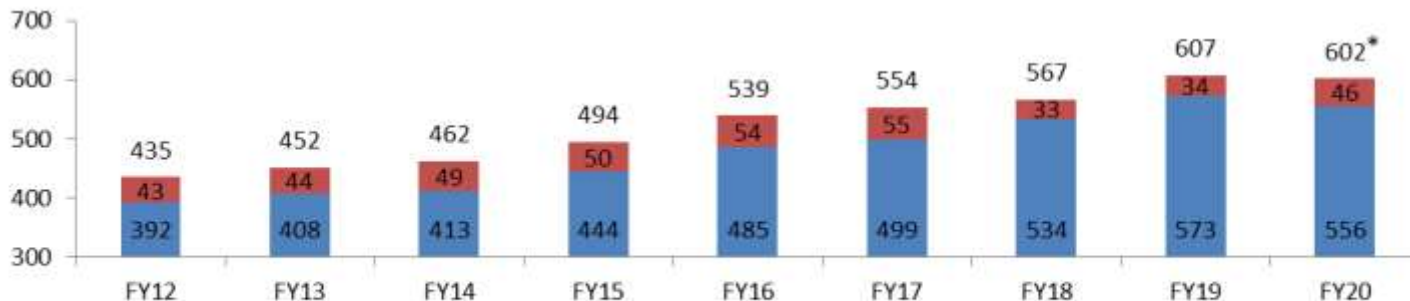
- CIL targets to reach 1 Bt production by FY 23-24. If reached, this will mean a CAGR of 13.52% from FY20 level of 602 mt.
- CIL also targets to substitute 100 mt/150 mt imported thermal coal by FY21/FY22. India imported ~250 mt coal (including coking coal) in FY20. CIL is working with customers mainly easing payment terms and fixing particular mines for them so as to match their imported coal GCVs.



FY21 import substitution target: 100mt

World's Largest Pure Play Coal Producer Preparing to build 1 bn tonne capacity

Largest Pure Play Coal Producer Globally, Slated for Further Growth



* Flat volumes in FY20 due to Covid disruptions

■ Non-coking ■ Coking

Ongoing projects

110 projects with peak capacity of 750 mt are under implementation:

- Operating large project-Kusmunda Opencast (50 MTY), Gevra Expansion Project (70 MTY), Dipka OC (25MTY), Bhubaneswari OC (25 MTY), Jayant (20MTY), Dhadhichua (20 MTY)

Future projects

18 mining Projects have been cleared by CIL in FY20 with a rated capacity of 132.04 MTY and sanctioned capital of Rs. 21245crs

Railway lines for coal evacuation

Key to capacity building

Adopted an approach for eliminating road transportation of coal from mines having capacity of 4 Mty and above. These entailed capacity creations of mechanized conveyor system and computerized loading system (SILOs).

Approved procurement of 40 rakes of BOXN-S railway wagons under Railway's General Purpose Wagon Investment Scheme (GPWIS), at a capital cost of Rs 675 Crores

Commissioned so far

- Tori-Shivpur New BG Single line (43.70 KM) to evacuate 32mtpa is funded by CIL
- Jharsuguda –Barpali- Sardega New BG line (52.41 KM) to evacuate 34mtpa is also funded by CIL

Under construction

- Rail Connectivity of Lingaraj SILO with Deulbeda siding at Talcher Coalfields of MCL – Work in progress (72%). Likely to be commissioned in March,2021 (CIL Funded)
- Chhattisgarh East Rail Ltd (CERL) - East Rail Corridor in the state of Chhattisgarh – Phase – I – Kharsia to Karichhapar (0-44 KM) commissioned on 12-10-2019. Balance work in progress & Chhattisgarh East West Rail Ltd (CEWRL) – East West Rail Corridor in the state of Chhattisgarh – both to evacuate 100 mtpa.
- Mahanadi Coal Rail Ltd (MCRL) - Angul- Balram rail link in Talcher coalfield of Odisha – Work in progress in Railway land – 69.1km; Tentuloi- Budhapank (136 KM) – to evacuate 100mtpa
- The Shivpur-Kathautia rail connectivity is to be executed by Rail JV, JCRL (Jharkhand Coal Railway Limited) formed among CCL (Central Coalfields Limited), Govt. of Jharkhand and Indian Railway represented by IRCON, in the state of Jharkhand. About 30 MTY coal from the mines of CCL is planned to be evacuated through this line.

Cost control measures

- **Natural attrition of manpower: 5% reduction in manpower annually for the next 5-10 years (FY20 base of 272445 employees)**
- **First mile connectivity & infrastructure creation to reduce costs**
- **Closure of unviable mines: 158 underground mines employ 45% of the workforce whereas contributes 5% of total production**

Infrastructure Building – First mile connectivity and other coal evacuation infra improvement projects

First Mile Connectivity Projects

- CIL has taken steps to upgrade the mechanized coal transportation and loading system under 'First Mile Connectivity' projects .
- Phase-I: 33 projects tendered out and 2 to be tendered out by Sep-end; 2 projects of 26 MTY capacity have already been commissioned. . Total capacity 406mty which will require an investment of Rs12,500cr. Phase-II: 14 projects with total capacity 100mtwhich will require an investment of Rs3500cr
- Target completion of all the projects is by FY24
- Projects to help increase mechanized evacuation from 150 mty currently to 650 mty.
- Company expects >12% IRR, improvement in coal quality, savings in under-loading charges (Rs1000cr p.a. expense) and a positive impact on the environment.

Coal evacuation infra projects

- 12 railway lines – estimated investment of Rs19,800cr
- 21 railway sidings – estimated investment of Rs3500cr
- 33 coal trunk roads planned to be built by FY24

Mechanized evacuation to increase from 150 mt to 650 mt by FY24

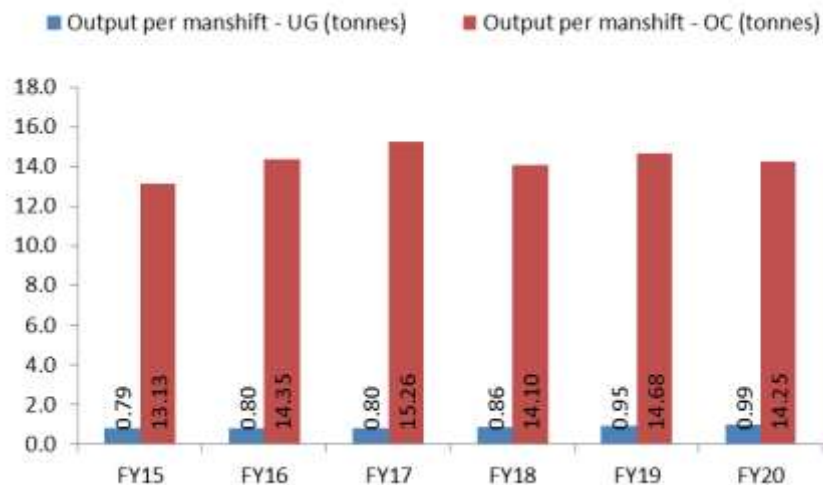
Total investment of Rs16,000cr

Substantial reduction in cost on evacuation & transportation charges

Currently CIL incurs Rs 3400cr on transportation charges on coal annually. This can decline substantially with improvement of first mile connectivity by mechanisation

Cost Control & Infrastructure Building – Mine closure

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Coal volumes | | | | | | | |
| Opencast (mn tons) | 426 | 459 | 505 | 523 | 537 | 576 | 572 |
| Underground (mn tons) | 36 | 35 | 34 | 31 | 31 | 30 | 30 |
| Employees (#) | | | | | | | |
| Opencast ('000s) | 147 | 147 | 147 | 144 | 155 | 157 | 155 |
| Underground ('000s) | 200 | 186 | 176 | 166 | 144 | 128 | 117 |
| Manpower productivity | | | | | | | |
| Opencast (tons/employee) | 2,899 | 3,127 | 3,446 | 3,623 | 3,473 | 3,669 | 3,690 |
| Underground (tons/employee) | 181 | 188 | 192 | 190 | 212 | 237 | 257 |



| | FY20 | | |
|----------------|-------------|--------------|---------------|
| Subsidiary | UG | OC | Manpower |
| ECL | 9.2 | 41.1 | 57153 |
| BCCL | 1.0 | 26.7 | 43425 |
| CCL | 0.7 | 66.2 | 38168 |
| NCL | 0.0 | 108.1 | 40401 |
| WCL | 4.2 | 53.5 | 51426 |
| SECL | 14.1 | 136.5 | 21991 |
| MCL | 0.8 | 139.5 | 14382 |
| NEC | 0.0 | 0.5 | 1213 |
| DCC+ HQ+CMPDIL | | | 4286 |
| Total | 30.5 | 572.1 | 272445 |

- CIL has identified 23 mines for closure in FY21; 82 mines closed in the last 3-4 years
- Even after considering all the closure costs (including labour costs), CIL will be saving to the tune of at least Rs500cr

Pricing freedom – Quality Improvement and Pricing Freedom maintaining Competitiveness

- Major infrastructure facilities at loading point for sample preparation has been put in place by coal companies.
- Supply under all FSAs and different e-auction schemes have been covered under Third Party sampling for both Power and Non-Power consumers
- Improving coal quality can provide pricing flexibility



- **Long term FSA of about 565 mtpa with the Power Sector as on 31.3.2020.**
- **For the year FY20, the total commitment for non-power sector is about 100 mt (85 mt linkages granted under NRS Linkage Auction and about 15 mt for erstwhile FSAs & State Nominated Agencies)**
- **In the four tranches of auctions conducted between the years FY17-20, total linkage of 80.53 mtpa had been granted at a premium of 20.2% over the notified price.**
- **Linkage auction for Tranche-V for Steel (Coking) & Sponge sub sectors was also conducted in FY20 where linkage of 5.49 mtpa at a premium of 10.45% of the notified price**

ESG

- **Coal evacuation and FMC projects** will help reduce air pollution and environmental impact.
- ~100mn **trees** planted since inception over 39,840ha. Planted 1.98mn saplings in FY20.
- **Mine closure plan** is an integral part of the project report for Coal mines, which also forms a part of the EIA/EMP.
- All opencast mines as per their EC Conditions have commissioned **effluent treatment plants**.
- CIL's efforts to **make water available** to communities around its mining areas benefited 7.48 Lakh people during FY20.
- In order to become **Net Zero Energy company** CIL proposes to execute Solar Projects to generate 3 GW of solar energy.
- **Lowered fatalities** substantially to 19 in YTD FY21 vs from 29 YoY.
- Over Rs3000cr cumulative spend on **CSR** since FY16 (Rs587.84cr in FY20).
- **Distributed** 2,81,815 cooked food packets and 1,36,168 packed rations during lockdown period. Also distributed 15,42,982 masks and 63,256 litres of hand sanitizers.
- CIL's 35 **hospitals** and health facilities created outside hospitals across eight states have set aside 1,234 beds for corona suspected cases. CIL is setting up 3 more hospitals with an estimated investment of Rs110cr
- At the forefront in supporting **local community development**.
- With an objective of becoming an efficient and modern dynamic organization, CIL has decided to deploy latest Information Technology in all aspects of its operation by setting up an **ERP system (SAP)**.
- CIL **adheres to all regulatory norms and meets the necessary compliances**. Before operationalizing of any new project, CIL ensures that necessary clearances (including environmental clearances and forest clearances) have been obtained.

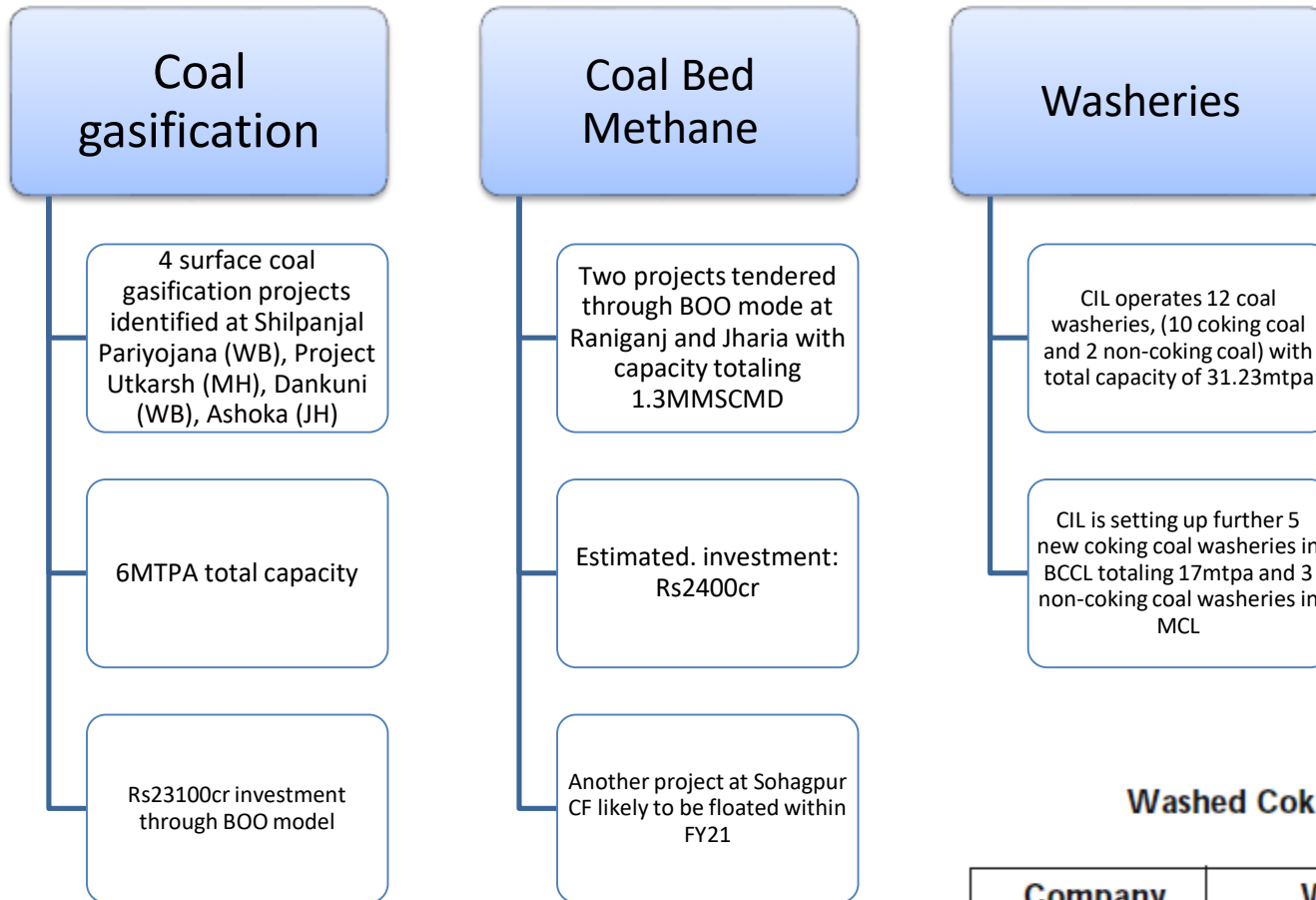
Third party ESG report is expected by the end FY21.

Environmental issues will include company's commitment on reducing energy use, waste, pollution and conservation of natural resources especially land, forests etc.

Social issues will include company's business relationships with suppliers, customers, stakeholders, local community and working conditions for its employees - their health & safety.

Governance issues will include whether company uses accurate and transparent accounting methods, are stockholder's opinions heard, refrains from contribution for undue favourable treatment and abhorrence of illegal practices.

Moving towards 'Clean Coal'

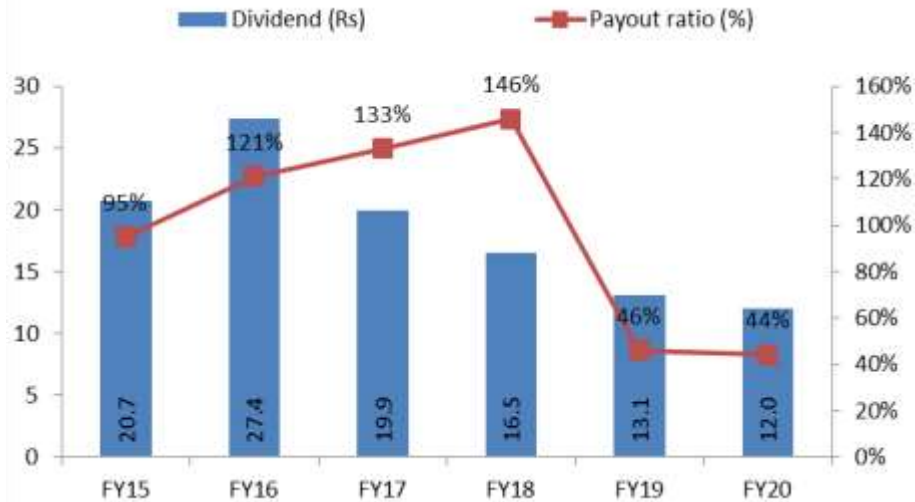


- 12 washeries to be built – estimated investment of Rs4850cr
- Work Orders worth over Rs7800cr have been awarded to Talcher Fertilizers Limited in Sept'19 for setting up of Coal Gasification plant and Ammonia-Urea plant on Lump Sum Turnkey (LSTK) basis

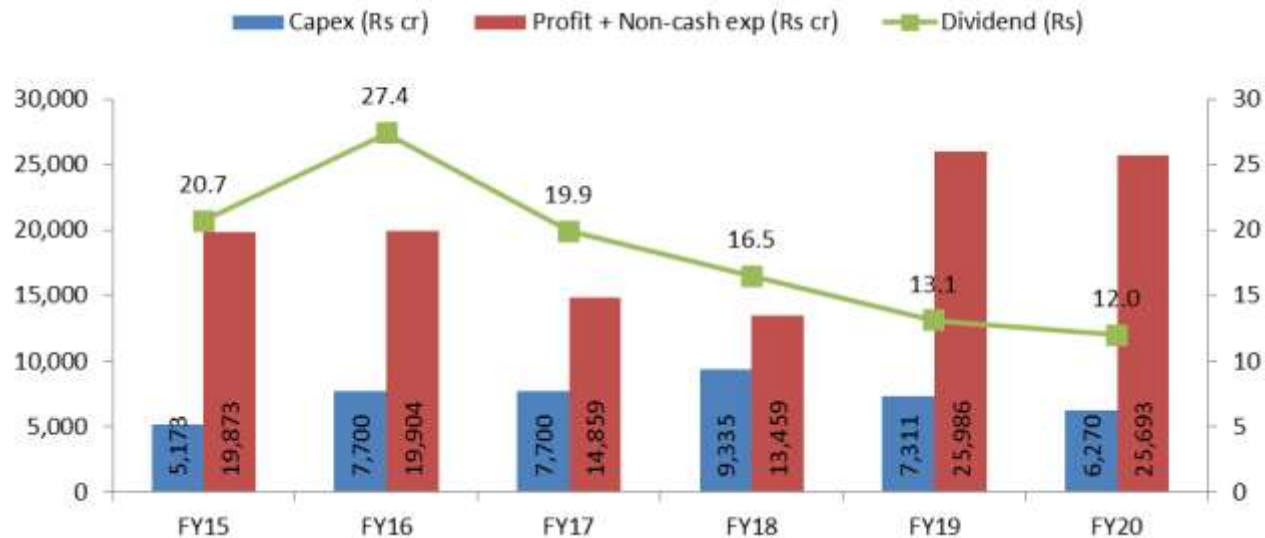
Washed Coking Coal Production
(In Lakh Te)

| Company | Washed Coking Coal | |
|------------|--------------------|--------------|
| | 2019-20 | 2018-19 |
| BCCL | 6.64 | 6.34 |
| CCL | 7.62 | 8.05 |
| CIL | 14.26 | 14.39 |

Dividend and capital allocation



- In the past div payout ratio was fluctuating
- Transparent payout policy is being put in place
- Co intends to pay free cash flow post capex as dividends annually
- Co intends to incur capex if demand growth sustains
- Annual capex is targeted at ~Rs10000crs
- **Co intends to payout maximum dividend post capex out of the cash profits.**



What should Investors expect?

- Sustained volume growth
- Improving cost structures
- Good disclosures and compliance as per global standards
- Transparent payout policy
 - Payout of the free cash flow after capex annually.
- Clean coal
- Receivables position improving; steady improvement expected in the next few months

Thank You