COAL INDIA LIMITED

CORPORATE PRESENTATION

5TH & 6TH DECEMBER, 2016
# Coal India Ltd. - Genesis, Vision & Mission

<table>
<thead>
<tr>
<th>1975</th>
<th>Today</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Nationalized coal mines under Coal Mines Authority Ltd, re-organised as Coal India Limited.</td>
<td>• Largest pure play coal producer in the world.</td>
</tr>
<tr>
<td>• Coal production ~ 79 Mt</td>
<td>• CIL was awarded prestigious ‘Maharatna*’ status by GOI</td>
</tr>
<tr>
<td></td>
<td>• Coal production – 539 Mt in FY 2016</td>
</tr>
</tbody>
</table>

## 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 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.

* Maharatna Status implies greater autonomy in operations.
Coal – India’s Primary Source of Energy

Coal provides 30% of global energy needs & generates 41.1% of world’s electricity.

India is the world’s
- 3rd largest coal producer.
- 3rd largest thermal coal producer.
- 5th largest coking coal producer.

Coal contributes 58% of total primary energy requirement of India.

### Inventory of Geological Resources of Indian Coal*
(as on 01.04.2016)

<table>
<thead>
<tr>
<th>Type</th>
<th>Proved</th>
<th>Indicated</th>
<th>Inferred</th>
<th>Total</th>
<th>% Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coking</td>
<td>18</td>
<td>14</td>
<td>2</td>
<td>34</td>
<td>11</td>
</tr>
<tr>
<td>Non-Coking</td>
<td>120</td>
<td>125</td>
<td>30</td>
<td>275</td>
<td>89</td>
</tr>
<tr>
<td>Grand Total</td>
<td>138</td>
<td>139</td>
<td>32</td>
<td>309</td>
<td>100</td>
</tr>
<tr>
<td>% Share</td>
<td>45</td>
<td>45</td>
<td>10</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

*Upto a depth of 1200 Meters*
## Coal India – Reserves, Resources & Exploration

<table>
<thead>
<tr>
<th>Parameter</th>
<th>In Billion tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resources</td>
<td>68.6</td>
</tr>
<tr>
<td>Reserves</td>
<td>19.8</td>
</tr>
<tr>
<td>Total</td>
<td>88.4</td>
</tr>
</tbody>
</table>

1) Based on UNFC Classification as on 1.4.13

### Exploration
- 0.994 million m of drilling done in FY 2016.
- Exploratory drilling done in 78 blocks/mines.
- Expenditure on Exploration in FY 2016 – INR 4.75 billion.
- 2D/3D seismic survey being adopted for exploration.

In addition, 119 coal bocks with total geological reserve of 42.9 Bt have been tentatively assigned to CIL by GOI.
India - Demand Supply Scenario

India - Sector Wise Demand of Coal\textsuperscript{1} (FY2016-17)

\begin{itemize}
  \item Power: 689.83 Mt (78%)
  \item Steel: 24.05 Mt (3%)
  \item Cement: 34.37 Mt (4%)
  \item Sponge Iron: 56.62 Mt (6%)
  \item Others: 80 Mt (9%)
\end{itemize}

\textsuperscript{1} Annual Plan of Ministry of Coal, 2016-17
Others includes Bricks, Fertilizers, Aluminium.
Coal India contributed 84% to India’s total coal production in FY 2016.

FY 2016: Coal Production – India 639 Mt

- 536.48 Mt, 84% (CIL)
- 60.38 Mt, 9% (SCCL)
- 42.38 Mt, 7% (Others)

Others includes DVC, TISCO & Captive Blocks.
Corporate Structure

- **GOI**: 79.87%
- **CPSE-ETF**: 0.35%
- **PUBLIC**: 19.87%

- **Coal India Ltd**
  - **Coal Asia Africana LDA** (100%)
  - **Central Mine Planning & Design Institute Ltd** (100%)
  - **Central Coalfields Ltd** (100%)
  - **Northern Coalfields Ltd** (100%)
  - **Mahanadi Coalfields Ltd** (100%)
  - **South Eastern Coalfields Ltd** (100%)
  - **Eastern Coalfields Ltd** (100%)
  - **Bharat Coking Coal Ltd** (100%)
  - **Coal India Africana LDA** (100%)

- **GoI**: 79.87%
- **CPSE-ETF**: 0.35%
- **Public**: 19.87%
Corporate Structure

Coal Production % FY2016 by Subsidiary (Mt)

- MCL, 137.9, 26%
- SECL, 137.9, 26%
- NEC, 0.5 (CIL)
- ECL, 40.2, 7%
- BCCL, 35.9, 7%
- CCL, 61.3, 11%
- NCL, 80.2, 15%
- WCL, 44.8, 8%
## Corporate Structure

### Company wise No. of Mines (as on 1.04.16)

<table>
<thead>
<tr>
<th>Company</th>
<th>UG</th>
<th>OC</th>
<th>Mixed</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECL</td>
<td>60</td>
<td>18</td>
<td>8</td>
<td>86</td>
</tr>
<tr>
<td>BCCL</td>
<td>13</td>
<td>18</td>
<td>17</td>
<td>48</td>
</tr>
<tr>
<td>CCL</td>
<td>21</td>
<td>42</td>
<td>2</td>
<td>65</td>
</tr>
<tr>
<td>NCL</td>
<td>-</td>
<td>10</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>WCL</td>
<td>39</td>
<td>45</td>
<td>2</td>
<td>86</td>
</tr>
<tr>
<td>SECL</td>
<td>63</td>
<td>22</td>
<td>1</td>
<td>86</td>
</tr>
<tr>
<td>MCL</td>
<td>10</td>
<td>18</td>
<td>0</td>
<td>28</td>
</tr>
<tr>
<td>NEC (of CIL)</td>
<td>1</td>
<td>3</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>CIL</td>
<td>207</td>
<td>176</td>
<td>30</td>
<td>413</td>
</tr>
</tbody>
</table>
## Coal India - Key Highlights

| World’s Largest Pure Play Coal Producer | FY16 production of 539 million tons across 413 operational mines, with ongoing projects for further ramp-up  
|  | • 68.6 bt Resources and 19.8 bt Reserves  
| Growth Drivers | Favorable expected demand from power & steel sectors.  
| Extensive Mining Capabilities | Advanced technology in mining thru large size HEMM, satellite based OITDS, reclamation, etc.  
| Cost Leadership with Stable Realizations thru FSAs | Focus on meeting commitments to the power sector.  
|  | • Higher productivity thru Opencast operations.  
| Positive Margins & Returns | FY16 EBITDA margin of 30.7%  
|  | • FY16 ROAE of 38.4%  
|  | • FY16 Dividend Payout Ratio of 121%  
| Organizational Commitment to Sustainable Development | R&R Policy 2012 allows flexibility suited to local needs.  
|  | Focus areas - Healthcare, Sanitation, Education. Environmental sustainability & conservation |
Coal India Ltd - Coal Production Trend (Mt)

<table>
<thead>
<tr>
<th>Year</th>
<th>Coking</th>
<th>Non Coking</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>43</td>
<td>435</td>
</tr>
<tr>
<td>2012-13</td>
<td>44</td>
<td>452</td>
</tr>
<tr>
<td>2013-14</td>
<td>49</td>
<td>462 (CAGR - 5.51%)</td>
</tr>
<tr>
<td>2014-15</td>
<td>50</td>
<td>494</td>
</tr>
<tr>
<td>2015-16</td>
<td>54</td>
<td>539</td>
</tr>
</tbody>
</table>

Note: Coal production trend from 2011-12 to 2015-16, showing a 5.51% compound annual growth rate (CAGR) for non-coking coal.
Coal India Ltd – Coal Production Projections (Mt)

Coal Production Projections (Mt)

- 2016-17: 598.61
- 2017-18: 660.7
- 2018-19: 773.7
- 2019-20: 908.1

CAGR 15%
121 major ongoing coal projects are under implementation:

- Expected contribution of about 400 Mt in FY 2017; planned to reach a level of 561 Mt in FY 2020
- Operating large projects – 50 Mty (Kusmunda) & 70 Mty (Gevra Expansion Project).

<table>
<thead>
<tr>
<th>PROJECTS</th>
<th>14-15</th>
<th>15-16</th>
<th>16-17</th>
<th>17-18</th>
<th>18-19</th>
<th>19-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing + Completed</td>
<td>190.57</td>
<td>190.57</td>
<td>185.03</td>
<td>177.24</td>
<td>177.64</td>
<td>164.96</td>
</tr>
<tr>
<td>Ongoing</td>
<td>315.56</td>
<td>354.93</td>
<td>399.76</td>
<td>437.56</td>
<td>502.65</td>
<td>561.48</td>
</tr>
<tr>
<td>Future</td>
<td>0.07</td>
<td>2.55</td>
<td>12.81</td>
<td>45.89</td>
<td>93.40</td>
<td>181.66</td>
</tr>
<tr>
<td>TOTAL</td>
<td>506.21</td>
<td>548.05</td>
<td>597.60</td>
<td>660.68</td>
<td>773.70</td>
<td>908.09</td>
</tr>
</tbody>
</table>
Coal India Limited : Future Projects

- 129 new projects, with a targeted capacity of 493.59 Mty, have been identified, of which,
- Project Reports for 101 projects have been formulated.
- Out of these 101 Projects, 30 projects having ultimate capacity of 330.22 Mty have been approved.
- **Out of the 30 approved projects 18 are expected to contribute 116.98 Mty in FY2017**

**Other Initiatives**

- Investment in logistics and infrastructure for coal offtake 3 major railway infrastructure projects to improve offtake from 3 growing coalfields in 3 subsidiaries
- Investment in larger size heavy earth moving machinery.
- Operator Independent Truck Dispatch Systems have been installed in 11 large projects in 4 subsidiaries.
Focus on Meeting Customer Needs

Beneficiation

- CIL currently operates 15 washeries
- 3 Non-cooking coal washeries with feedstock capacity of 13.5 mtpa
- 12 Coking coal washeries with feedstock capacity of 23.3 mtpa
- **Future Programme:** 15 new washeries, capacity 94.1 mtpa,
  - Coking 6 washeries – 18.6 mtpa & Non-cooking 9 – 75.5 mtpa.

**Focus On Meeting Target Dispatches To The Power Sector**

<table>
<thead>
<tr>
<th>Year</th>
<th>Target Dispatches to Power Sector</th>
<th>Actual Dispatches to Power Sector</th>
<th>% Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>404.4 million tons</td>
<td>385.4 million tons</td>
<td>95%</td>
</tr>
<tr>
<td>2015-16</td>
<td>430.7 million tons</td>
<td>408.7 million tons</td>
<td>95%</td>
</tr>
</tbody>
</table>
Marketing Strategy

To retain & grow the consumer base through:

- Long-term supply contracts (20 year) to power segment (75% of total market)
- Medium-term supply contracts (5 year) to non-power segment
- Flexible commercial packages as per market requirement
- Quality assurance

Engaging new consumers in non-power segment for entering into 5-year supply contracts through transparent and market driven electronic bidding

Identifying market segments for coal pricing and evolving different consumer friendly e-auction schemes to cater to the various target segments

Encouraging partnership with large consumers having long-term contracts in order to develop dedicated logistics for coal movement – development of captive market

Engaging logistics providers for creating matching coal movement infrastructure
### Average Sales Realisation per tonne

<table>
<thead>
<tr>
<th>Period</th>
<th>Average Sales Realization (₹ per te)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2011</td>
<td>1187</td>
</tr>
<tr>
<td>FY 2012</td>
<td>1443</td>
</tr>
<tr>
<td>FY 2013</td>
<td>1472</td>
</tr>
<tr>
<td>FY 2014</td>
<td>1463</td>
</tr>
<tr>
<td>FY 2015</td>
<td>1475</td>
</tr>
<tr>
<td>FY 2016</td>
<td>1418</td>
</tr>
<tr>
<td>Q1 2016-17</td>
<td>1338</td>
</tr>
<tr>
<td>Q1 2015-16</td>
<td>1465</td>
</tr>
</tbody>
</table>
Low Cost Operations

**COST PER TONNE (Rs/te)**

<table>
<thead>
<tr>
<th>FY</th>
<th>Cost/te (Rs./te)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2012</td>
<td>1037</td>
</tr>
<tr>
<td>FY 2013</td>
<td>1048</td>
</tr>
<tr>
<td>FY 2014</td>
<td>1089</td>
</tr>
<tr>
<td>FY 2015</td>
<td>1108</td>
</tr>
<tr>
<td>FY 2016</td>
<td>1069</td>
</tr>
</tbody>
</table>

**COST EFFICIENCY DRIVERS**

- Bulk of mining operations thru opencast mines (OCM).
- Improving productivity & efficiency thru use of higher capacity equipment.
- Introduction of Operator Independent Truck Dispatch System in large OCMs.
- Re-deployment of manpower & resources for improving capacity utilisation.
Low Cost Operations

Operating Expenditure Profile

Employee Benefits - 49.89%
Power & Fuel - 11.91%
CSR Expenses - 6.62%
Repairs - 4.73%
Contractual Exp - 4.21%
OBR Adjustmmts - 2.09%
Other Exp - 1.82%
Cost of materials consumed - 18.72%
Total Revenue & Net Income (Rs. Millions)

Total Revenue (₹ Billions)

- FY 2011: 551
- FY 2012: 700
- FY 2013: 770
- FY 2014: 778
- FY 2015: 807
- FY 2016: 837
- Q1 2016-17: 196
- Q1 2015-16: 209

Net Income (₹ Billions)

- FY 2011: 109
- FY 2012: 148
- FY 2013: 174
- FY 2014: 151
- FY 2015: 137
- FY 2016: 143
- Q1 2016-17: 31
- Q1 2015-16: 38
Positive Margins & Returns

EBITDA & EBITDA Margin (%)

₹ Billions


34.4 35.3 36.0 30.9 30.7 31.7
189 247 278 261 249 257

EPS & EPS Growth

CAGR 4.67%

EPS Linear (EPS)


23.5 27.6
17.2 21.7 22.6
Positive Margins & Returns

ROAE (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>ROAE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2011</td>
<td>36.8%</td>
</tr>
<tr>
<td>FY 2012</td>
<td>40.1%</td>
</tr>
<tr>
<td>FY 2013</td>
<td>39.0%</td>
</tr>
<tr>
<td>FY 2014</td>
<td>33.3%</td>
</tr>
<tr>
<td>FY 2015</td>
<td>33.2%</td>
</tr>
<tr>
<td>FY 2016</td>
<td>38.4%</td>
</tr>
</tbody>
</table>
Positive Margins & Returns

Dividend Declared & Payout Ratio (%)

Dividend Outflow (₹ billions)

DPS (₹ per share)

- FY 2011: 3.9, 25, 23%
- FY 2012: 10.0, 63, 43%
- FY 2013: 14.0, 88, 51%
- FY 2014: 29.0, 183, 121%
- FY 2015: 20.7, 131, 95%
- FY 2016: 27.4, 173, 121%
- Capital expenditure in FY 2016 was mainly on account of Land, R&R issues, P&M, Exploration & Mine Development.
- In FY 2017, CIL envisages a capital expenditure of Rs.77,650 millions.
- Keeping in view the target of 908 Mte in 2020, capital investment would have to be done in infrastructure & evacuation.
- Capital Investment is also envisaged in sustainable initiatives like Solar Power, Surface Coal Gasification, Coal-Bed-Methane, etc.
- Land costs are on the rise as coal mining areas are being commissioned in semi-urban & populous areas.
Organizational Commitment to Sustainable Development

Social

- Coal India’s Resettlement & Rehabilitation Policy 2012 provides flexibility to deal effectively with issues and determine packages suited to local needs
  
  — Policy accords high priority for minimizing disturbance of the local population while operating new mines and expanding existing mines

- CSR initiatives principally focused on project affected persons and persons living within 25km radius of project sites

- Main focus areas include Healthcare, Sanitation, Education, Environmental sustainability and conservation of natural resources, promotion of sports and projects for rural development

Source: Company data and filings as on 31st March 2014
¹ Units are defined as mines, washeries, workshops, hospitals, training institutes etc.
Sustainable Development

- **ISO 9001 compliance** – 46 units & 2 subsidiaries are entirely compliant.
- **ISO 14001** – 22 units & 2 subsidiaries are entirely compliant.
- **OHSAS 18001** – Two entire subsidiaries & 5 units are entirely compliant.
- **CIL HQ** has been granted licence of **ISO-9001:2015** (Quality Management System) & **ISO 50001:2011** (Energy Management System).
- **Green Commitment** letter signed by CIL for producing **1000 MW Solar power** by 2019; tendering completed for one 2x100 MW Project;
- **CIL HQ** has an installed capacity of 2.35 MW of Solar Power.
- **CIL has planted 92 million saplings since inception; 1.69 million in FY 2016**
- Since 2008-09, Satellite Surveillance was introduced by CIL to assess status of backfilling, plantation in reclaimed areas including OBs, Social forestry, Distribution of waste land etc.
- **CIL has adopted a well-defined Safety Policy** for sustainable enhancement of safety in its coal mines.
Thank You