

<p>कोल इण्डिया लिमिटेड महारत्न कंपनी</p> <p>3 तल्ला, कोर-2, प्रेमिसेस-04-एमआर, प्लॉट-ए एफ-III, एक्शन एरिया-1A, न्यूटाउन, राजरहट, कोलकाता-700156 फोन 033-23246526, फैक्स-033-23246510 ईमेल: <a href="mailto:mviswanathan2.cil@coalindia.in">mviswanathan2.cil@coalindia.in</a> वेबसाइट: <a href="http://www.coalindia.in">www.coalindia.in</a></p>		<p><b>Coal India Limited</b> <b>A Maharatna Company</b> <b>(A Govt. of India Enterprise)</b> 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: <a href="mailto:mviswanathan2.cil@coalindia.in">mviswanathan2.cil@coalindia.in</a> WEBSITE: <a href="http://www.coalindia.in">www.coalindia.in</a> CIN- L23109WB1973GOI028844</p>
---	---	--

Ref.No. CIL:XI(D):4157/4156:2021:

Dated:21.06.2021

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 Conference call for Financial Results for 4<sup>th</sup> quarter and year ended on 31<sup>st</sup> March'2021**

Dear Sir,

Further to our letter no CIL:XI(D):4157/4156:2021 dated 14th June'2021, we are enclosing transcript of Conference call for Financial Results for 4th quarter and year ended on 31st March'2021 as **Annexure A. No Unpublished Price Sensitive Information** was shared / discussed in the meeting with investors.

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

Yours faithfully,

*M Viswanathan*  
21/6/21

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

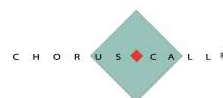
Encl: As above

# Annexure A



## “Coal India Limited Q4 FY2021 Earnings Conference Call”

June 17, 2021





*Coal India Limited*  
*June 17, 2021*

**ANALYST: MR. SAMEER GOYAL – ICICI SECURITIES LIMITED**  
**MR. ANSHUMAN ASHIT - ICICI SECURITIES LIMITED**  
**MR. RAHUL MODI - ICICI SECURITIES LIMITED**

**MANAGEMENT: MR. PRAMOD AGARWAL – CHAIRMAN & MANAGING DIRECTOR – COAL INDIA LIMITED**  
**MR. SANJIV SONI – DIRECTOR FINANCE – COAL INDIA LIMITED**  
**MR. S N TIWARI – DIRECTOR MARKETING – COAL INDIA LIMITED**  
**MR VISWANATHAN – COMPANY SECRETARY – COAL INDIA LIMITED**



*Coal India Limited*  
*June 17, 2021*

**Moderator:** Ladies and gentlemen, good day and welcome to the Coal India Limited Q4 FY2021 results conference call hosted by ICICI Securities Limited. 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 touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sameer Goyal from ICICI Securities Limited. Thank you and over to you Sir!

**Sameer Goyal:** Good evening to all. Thank you for joining this important call. We are very pleased and honored to host Mr Pramod Agarwal, the Chairman and Managing Director of Coal India Limited for an investor call post the Q4 FY2021 Result and also to discuss his views on the recovery on coal demand in India. Along with him, we have Mr Sanjiv Soni, Director Finance, Mr S N Tiwari, Director Marketing, Mr Viswanathan, the Company Secretary and other head of departments as well. On behalf of ICICI Securities, I thank you all for joining this call. Over to you Sir for initial remarks and then we can have a Q&A. Thank you Sir.

**Pramod Agarwal:** Good evening friends. It is a pleasure to interact with you after declaring the Q4 for the year 2020-2021 results. This was a tough year tough because we are operating in an open area, that is infected by this disease very easily and this reduced the demand in the market. This affected our manpower very severely and to move about was difficult, but then we could continue our production. We could continue the dispatches. The dispatches were not much less than the last year nor were the production. The production was less than 1% and dispatches were exactly more than 1%. Actually in the month of March suddenly the demand reduced and whatever we were expecting that the dispatches will improve in January, February, and March it did not occur. All the power plants were running very high in the stock so they started reducing their stock because that affected our dispatches. However in the New Year new hopes have risen. Until May and June the dispatches have been very good. Our productions also have been good. All these details have been posted in our website so I would rather stop here and take the questions rather than getting into the details. If you need some details from us, I can adjust that during in any of the answers. So Sameer can we take the questions.

**Sameer Goyal:** We can open for the Q&A.

**Moderator:** Thank you very much. We will now begin the question and answer session. Ladies and gentleman, we will wait for a moment while the question queue assembles. The first question is from the line of Amit Dixit from Edelweiss Financial Services. Please go ahead.



*Coal India Limited*  
*June 17, 2021*

**Amit Dixit:** Thanks for taking my questions and congratulations for a very good set of numbers. I have two questions. The first one is on your production or sales target for this year if you can provide subsidiary wise that would be great?

**Pramod Agarwal:** For 2021-2022, that is a very ambitious target. Assuming that there will be quite a good growth in this economy and so, the demand for coal will rise tremendously. At that time of we fixing the target we never thought that in April, May and June there will Corona two or may be Corona three will hit this country in the latter part of the year, so we have discounted that and we had assumed that the demand of coal for power itself will be more than 620 and thinking that import substitution will take place we kept the target for dispatch as 740 and production target at 670. This was ours and if you see subsidiary wise then the yearly target the production was ECL 52 million tonnes, BCCL 32, CCL 74, NCL 119, WCL 60, SCCL 172, and MCL 163 and the dispatch target for the year was ECL 56, BCCL 32, CCL 80, MCL 126, WCL 67, SSCL 196 and MCL 182. I would say these are very ambitious targets and keeping in mind that the last three months we have suffered a lot so perhaps this will be difficult target. We will have to revise this target as the months go by.

**Amit Dixit:** No problem. Sir the second question is on receivable while receivable has declined compared to may be January to February levels? Still it remains pretty high so what will be the target for FY2020? What kind of receivable can we expect by the end of March 2022?

**Pramod Agarwal:** I have mentioned that the target for dispatch will be 740. Our receivables have reduced to 17000. I am targeting that if everything goes well then it will come below Rs.12000 Crores to Rs.13000 Crores.

**Amit Dixit:** That is great. Thank you and all the best.

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

**Pinakin Parekh:** Thank you very much Sir. Sir my first question is on the wage cost for this quarter and what is the outlook for the year because there is also talk about the discussions on the wage agreement starting sometime this year so how should we look at the wage cost for the year FY2022 on an absolute basis?

**Pramod Agarwal:** The last quarter the wage cost must have reduced by about 3%. I do not remember about the quarter as such, but for the whole year the wage cost has reduced by 2% or 2.5% in that range. This year there will be wage negotiation but again we have calculated that the



*Coal India Limited*  
*June 17, 2021*

reduction in manpower will again be in the range of Rs.13000 Crores to Rs.14000 Crores and if we keep that in mind then had there been no wage negotiation there would have been a reduction of about 3% in the wage cost, but since there will be negotiation and it will be difficult for me to say what will be the growth in the wages, but even if it is quite 7% because keeping in mind the increase was 15% and that was only five year and in five year inflation has remained almost constant and the growth in the country per se has not been very high so I think there will be very high rise in the wage cost, but it will be difficult for me. As I mentioned earlier also to mention anything right now that at the end of the year even that increase is taken into account may be at the most 2% to 3% rise in cost to take.

**Pinakin Parekh:**

I was just trying to understand that because in the quarter the wage cost was up around 14% on a Q on Q basis so was it just related to any actual assumption?

**Pramod Agarwal:**

There has been an increase in gratuity by Rs.1000 Crores suddenly. I am unable to understand why this actuarial thing has come but because of that only wage cost has increased or decreased. Otherwise it is a decrease in the first, it was in the range of 3%, but if there is an increase of 14% that I cannot comment right now. I will have to check that.

**Pinakin Parekh:**

Sure Sir. My second question relates to just slight medium term diesel prices have been surging which means that there is cost pressure for the company? There will be higher wage cost even if you assume 5% to 7% increase that is roughly Rs.2000 Crores to Rs.2500 Crores more? The e-auction coal prices are still not breaking out? The company has an aggressive capex program; receivables are not being paid fully to the extent we expect it to? In that context Sir is the company looking at raising coal prices especially for the power sector because there is a relentless cost surge on one side and there is also an issue of receivables not being paid even as the company is doing capex? So how can the company look to increase profitability from here?

**Pramod Agarwal:**

See this is the right time to increase the cost and we are thinking very seriously about it. Unfortunately, for the last three months when we were discussing this, the COVID thing was there so we are discussing it very seriously and perhaps we should take some decision soon, but to say that when we will take this is difficult.

**Pinakin Parekh:**

Understood and Sir lastly what is the capex outlook for FY2022 and at this point of time if the receivables is not paid down would it be fair to assume that the company would affectively look to borrow to basically fund the capex and maintain the dividend payouts?



*Coal India Limited*  
*June 17, 2021*

- Pramod Agarwal:** I do not think that situation will rise because receivables are constantly decreasing. If you compare it with December last means December 2020 at that time our net receivables was in the range of Rs.21000 Crores to Rs.22000 Crores. Now it has come down to Rs.17000 Crores. If everything goes well then perhaps it will further reduce by Rs.4000 Crores to Rs.5000 Crores. In April, we really tried very hard to reduce the receivables by controlling and regulating the supplies. Even now we are trying to regulate the supplies to certain creditors so that is the issue. So I think we will be able to generate adequate profit and adequate cash to meet our demands that I am quite sure there will not be any problem.
- Pinakin Parekh:** Thank you very much Sir.
- Moderator:** Thank you. The next question is from the line of Shika Raman from Spark Capital. Please go ahead.
- Shika Raman:** Thank you Sir. Sir what is split of coal sales in FY2021 sector wise power specifically both from linkage sales and e-auction sales?
- Pramod Agarwal:** I do not remember the figures exactly but the sales to power sector will be in the range of 75% to 80% may be roughly 75% and to ease the e-auction the complete thing that have been reported is in the range of 11% and the rest of the thing has gone to different small sectors, but that data if you want we can send you. Lifting on account of e-auction although we did auction of 124 million tonnes as you know, but about 64 million tons or 65 million tons were lifted. The rest of the thing will get lifted in this year. So about out of 576 about 11% to 12% was already out. Am I clear to that extent?
- Shika Raman:** Can you repeat this once like not completely?
- Pramod Agarwal:** From e-auction account the total lifting was 64 million tons or 66 million tons. The booking was 124 million tons but rest of the thing will get lifted this year along with whatever is booked this year because there is a time given to them to lift the coal. So that comes to about 11% to 12% of the total lifting and about 75% to 80% went to power houses that to major figures I can give. The rest of the thing was with small consumers, cement or iron or something else.
- Shika Raman:** Okay so what is the e-auction volumes expected in FY2022?
- Pramod Agarwal:** We are targeting for something like 130 million tons to 140 million tons. Last year we did 124 million tons. The growth in April, May and June has been quite good, but that does not



*Coal India Limited*  
*June 17, 2021*

indicate the trend in the whole year because April, May and June last year were very bad so then we are targeting for something more than 30 million tons to 35 million tons.

**Shika Raman:** 30 million tons to 35 million tons and what is the average premium of e-auction sales at present and what is the likely thing for the entire FY2022?

**Pramod Agarwal:** What will be the likely thing, it will be very difficult but then at present we are getting 16% to 17% premium and if our supplies remain good then the premium will be about 20% to 25%, but it will be very difficult for me to predict anything.

**Shika Raman:** It depends on supply?

**Pramod Agarwal:** It depends. If the mines increase premium reduces and how the demand pans out in the coming months one does not know because I was expecting that in June there will be huge demand, but unfortunately because of the rains not unfortunately but because of the rains and because of COVID lockdowns, etc., the demand was not as high as I was expecting.

**Shika Raman:** On the wage hike part the part that you told earlier when is the wage hike due and expected?

**Pramod Agarwal:** The wage review was on July 1, 2021 and we have formed a committee for the wage revision, etc., wage revision, but it will take a while before the negotiations gets finalized.

**Shika Raman:** What was the total over burden removal in tons for FY2021 and how did it compare with FY2020 and what is it expected in FY2022?

**Pramod Agarwal:** The total OB removal when count it in tons for million cubic meters so the growth was 57 last year it was about 1347 FY2021 and it was 1154 in FY2020.

**Shika Raman:** Come again sorry?

**Pramod Agarwal:** 1347 million cubic meters in FY2021 and 1154 in FY2020 so the growth has been about 17%.

**Shika Raman:** For going forward FY2022 what is the difference?

**Pramod Agarwal:** The target is taken into account then this will be about 1538 million cubic meters. If the target is adjusted it will go down.





*Coal India Limited*  
*June 17, 2021*

- Shika Raman:** Okay so when will the price of linkage coal be increased again and by how much do you expect?
- Pramod Agarwal:** It is a very difficult question. I cannot say on this how much it will increase and when it will be actually done and how much it will increase. That is not something I can tell you right now.
- Shika Raman:** Okay and what is the split of manpower percentage between underground mines and open cast?
- Pramod Agarwal:** Underground is about 43% and open cast is around 57%.
- Moderator:** Thank you. The next question is from the line of Vishal Chandak from DAM Capital. Please go ahead. The next question is from the line of Rahul Jain from Systematix Shares & Stocks. Please go ahead.
- Rahul Jain:** Good evening. Thanks for taking my question. First of all I want to check on the overburden provision? We have increased it to almost Rs.63000 Crores and we have hardly any cash to support that so is there any proposal to reverse that and how much tax liability do we approve if we do it?
- Pramod Agarwal:** I could not get your question please repeat?
- Rahul Jain:** My question is that we have this OBR provision of Rs.63000 Crores and we have hardly any cash to support that provision do we anticipate sort of a reversal of that and what is the tax liability will be approved if we do that and secondly Sir the MMDR Act amendment what is the increase in cost do we see on account of premium? For example for iron ore the premium is 150% of royalty is there a similar proposal on coal? I just want these two questions? Thanks.
- Pramod Agarwal:** I will take the second question first because we have not acquired the land or lease under MMDR Act. We acquire the land under CBA and so whatever land that gets invested in Coal India and because of that there is no lease and the royalties linked to the price of the coal that is about 14% and there is no talk or any issue on increasing this royalty or anything so that is something different from how we deal with the iron ore. Now coming to your first question there is about 48000 provisions for overburden. I put that over the years may be not right now but when our mines will start getting depleted then only this issue will come. We already have more than 20000 to 25000 in our kitty which is equivalent to cash



*Coal India Limited*  
*June 17, 2021*

and over the years this will again build up so I do not think there will be much of problem on this.

**Rahul Jain:** Sir also on our capex budget what sort of number we have planned for this year and how much money are we going to allocate for diversification projects which we have envisaged whatever this smelter and solar chips and things like that.

**Pramod Agarwal:** Solar chip, etc., I do not envisage any expenditure this year. Our total expenditure on those all projects will be very less because we are looking for PPA partners. We will not be owning these companies completely. So the only expenditure we will incur will be in constructing solar power station of which we have got 100 megawatt allocated in Gujarat. So in that on solar power, etc., maybe there will be capital expenditure if we take 70:30 ratio of that equity so even if we get another 100 megawatt from the 200 megawatt or 300 megawatt if we include this year so that will be something in the range of Rs.1500 Crores to about Rs.500 Crores. Mostly my expenditure of Rs.1700 Crores will be in three to four things. One is acquiring land. Secondly is R&R thing. The third thing is first mile connectivity projects, HPs and bunkers etc., which we have taken so that we can evacuate coal easily and the fourth thing will be railway lines and sidings, etc., so mainly our expenditure will be related to coal projects only where we are planning to create capacity to evacuate more coal in an environmental friendly manner.

**Rahul Jain:** So will we exceed last year's number of Rs.10500 Crores or in that range?

**Pramod Agarwal:** No. I told you last year our expenditure Rs.13000 Crores. This year we have targeted for Rs.17000 Crores. All these are the first mile connectivity projects that we had planned for 35 projects all were tendered out and two guys could not sign that because they could not submit their BD. So we had to do the retender and all these projects if COVID situation do not aggravate then they will be in full swing so there will be expenditure in these projects.

**Rahul Jain:** That was very helpful. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Amit Kumar from State Bank of India. Please go ahead.

**Amit Kumar:** Good evening Agarwal Sir. Can you please tell us what will be the working capital requirement for FY2022 if possible subsidiary wise? We want to ascertain financial cost for FY2022?



*Coal India Limited*  
*June 17, 2021*

- Pramod Agarwal:** We have got loan of about Rs.1500 Crores in this year. So the subsidiaries have got adequate cash to meet all the requirements so I do not think and BCCL also is now in repaying mode. Another four to five months perhaps if everything goes well then they will repay the loan so I do not think there will be any requirement of working capital to raise loan on this account.
- Amit Kumar:** In FY2022 there will be no working capital requirement incremental working capital requirement?
- Pramod Agarwal:** Incremental there will be hardly any loan. We will not be taking any loan on this account.
- Amit Kumar:** Sir actually two more questions. Sir you have informed that 75% coal supplies are towards power plants? Does ESG concern of power plants may impact coal demand in ensuing years and its assessment on it?
- Pramod Agarwal:** I will not say that we have done any much of assessment. We have got some studies done, but the fact remains that coal will remain a dominant energy supplier in the coming decade or so. May be the role of coal in terms of percentage will reduce, but in overall terms let us say in wattage terms and energy terms it will increase so I do not foresee much of problem in this, but as it is happening all over the world that renewals are matching some sales from conventional power that will happen in the country as well.
- Amit Kumar:** One more question Sir. Sir we have seen off late the private players are being encouraged in coal mining to improve output? Can it impact CIL in a negative fashion or something?
- Pramod Agarwal:** The thing is whatever mines have been up until now for private sector for this commercial mining that at the most they can produce 50 million tons and secondly those mines have got adverse shipping issue, etc. Thirdly it will take another three to four years to start production. By that time Coal India is likely to become more sleek and more efficient. So I do not think it is going to affect us much. Rather it will affect us in a positive manner because of the two things. First thing we will try to become much more efficient because there will be some element of competition in the market and second thing perhaps the price will become more free and Coal India will get some advantage after that.
- Amit Kumar:** Thank you Mr Agarwal.
- Moderator:** Thank you. The next question is from the line of Rakesh Vyas from HDFC Mutual Fund. Please go ahead.



*Coal India Limited*  
*June 17, 2021*

**Rakesh Vyas:** Good afternoon to everyone. Sir a few questions from my side. First can you highlight on the underground mine closure as to how much was done? What is the target for 2022 and beyond and if you can also highlight any incremental savings from those that you can accrue?

**Pramod Agarwal:** Rakesh last year we had said that we have identified 23 mines, which were to be closed in this year. We have already closed down 13 mines. Four are more in pipeline in the sense out of that 23, four are in pipeline. They will get closed because the closing we cannot do it suddenly. It takes a while because the technical thing has to be done. The rest of the five or six mines that are left they have plans to increase the production substantially. Three or four mines in ECL they are trying to merge them into two mines and increase the production from current level of less than 100 tons per day to something like 2000 tons per day and I have given them time till December. If they increase the production that is okay otherwise they will start closing down because they are deploying modern method to increase the production and those mines in ECL are mines if we increase the production then perhaps okay. I had given them option either you close down or you increase the productivity of the mines, so they are working on that. Another mine is Rani Atari in SSCL. They are deploying continuous miners and it is the continuous mining and they have awarded the tender. If the continuous miners through the private operators becomes functioning and perhaps we can get more than in the range of 1200 to 1500 metric tonne of coal so that will also become profitable. So we have closed down those 13 plus four mines. 17 mines have been closed. 13 have not been closed and four. So say how much saving has been done we are working the numbers and best figures, but then what our that calculations without getting into the details is around Rs.300 Crores to Rs.400 Crores will be saved out of those 13 mines, but then that figure will come in a while.

**Rakesh Vyas:** Any target that you can highlight for the next one or two years?

**Pramod Agarwal:** To give target for more than one year will be difficult, but this year again we are working on that. Right now we have not identified pinpointed the mines but we have identified 17 mines, which may be closed but I will not say that I have consulted by CMD, etc., because some consultations and some discussion has to take place so we have not finalized may be by next meeting we will finalize that and we will give you the numbers.

**Rakesh Vyas:** Great Sir. The second question is on the MDO economics essentially you are targeting the large mines to be given through MDO so if you can just also highlight what is the kind of differential in cost that would come up because of this transformative agenda that you have taken compared to if you were to do on your own?



*Coal India Limited  
June 17, 2021*

**Pramod Agarwal:**

MDOs we have award two mines. One is Kotre-Basantpur and another is Siarmal. Kotre-Basantpur is 10 million tons mine and Siarmal is 40 million tonne mine so the cost that we are getting there is about Rs.290 and the rehabilitation cost will be on us, the first thing will be the production that will be ensured in a very efficient manner because if we deploy the labor ourselves then it becomes very costly. Our labor is very costly. If we work through the outsourced model in which contractors deploy the labor and machines they tend to deploy very small machinery and which do not give good production and those are not efficient. So when the MDO is given for longer term we expect that they will deploy big machineries, which will be more efficient. It will be less harmful to the environment and secondly there will be continuous supply and they will work in more efficient way. So the cost will reduce substantially to us as well. Secondly in some areas we are looking at MDO model in which we are targeting that we will not be providing the service to the land out instead of that we will given them upfront compensation so that should reduce the cost. The maximum advantage will be by increasing the production in all these big mines we will be able to close down the small mines, which have become highly inefficient and that will save us lot of money. To play to what is that will be difficult for me to right now to say.

**Rakesh Vyas:**

Another question is related to this proposal of merging all kind of e-auctions into a single e-auction window so any thoughts around there where do we think this would actually pan out?

**Pramod Agarwal:**

Because I need the permission of the government because this model was decided by the cabinet. We have sent the proposal back. All the e-auctions will be merged and there should be only one e-auction mechanism. This helps us in getting two things. The first thing is if they improve the transparency. Today it is at the discretion of the officers that this mine is allotted for a particular purpose. The second mine is allotted for a different purpose and they reduce the quantity for one purpose. They reduce the quantity and the purpose is all this leads to lot of opaque type of function. So that is opacity will completely go and transparency will come and when there is some lack of transparency so there are acquisitions, etc., so that will also be over. So that is from the administrative or governance point of view that is one of the most important things. Secondly if the consolidated quantity is offered for every purpose by mixing all the modes then we think that the premium will be much higher than what we are getting. That will help us, but if you take how much premium we will increase it is very difficult to predict right now, but it will definitely improve the efficiency of auction process and it will improve the transparency of the auction process.



*Coal India Limited*  
*June 17, 2021*

- Rakesh Vyas:** Got it Sir. One last very quick point although your targets initially seems very, very ambitious but the current run rate does suggest close to 60 million tonne of off take run rate so is it something that is easily achievable in your view or you think that more than 10% to 12% growth is difficult in current environment?
- Pramod Agarwal:** If you talk about the dispatch perhaps it is 650 million dispatches this year or may be more than 650 million but it will depend how the situation in the country is there because nobody knows when the third wave will hit. If it does not hit then till March we will do 650, but if it hits in the summer or something then everything goes topsy-turvy because last year also I was thinking there will be substantial increase and the plants were bad. We tried everything but everything was brought to zero because of this thing. So if everything goes well then 650 seems quite achievable till now by April, May and June we have got advantage of about 15 dispatches, an increase of about 36 million tonne and if we continue with this and if we taken into account that this same growth will not be there in the coming months but if we assume that at least slight increase in the coming two to three months we will be there. So we will start the Q3 with advantage of about 45 to 50 million tons to achieving a 60 to 70 million growth should not be difficult.
- Rakesh Vyas:** Got it. Thank you so much. I will get back in queue Sir.
- Moderator:** Thank you. The next question is from the line of Vinit Maloo from Birla Sunlife Mutual Fund. Please go ahead.
- Vinit Maloo:** Thank you. Good evening Sir. Just wanted to know we have made an investment of roughly 3500 Crores so what is this regarding? That is question number one.
- Pramod Agrawal:** 3500 Crores in what?
- Vinit Maloo:** 3500 Crores appears as an investment under current assets?
- Pramod Agrawal:** Because in mutual fund they have invested in some debt mutual fund this time, one of the subsidiary as an investor so that is debt mutual fund and nothing else. It is not in anything else.
- Vinit Maloo:** Sir, I thought you mentioned your capex was 13000 Crores this year. What I have been seeing cash flows are only 10800 Crores. So, I thought you were also counting this investments?



*Coal India Limited*  
*June 17, 2021*

- Pramod Agrawal:** Our total this is about 13000 Crores. We have invested something in HURL and TSL and whatever loan they take that does not get reflected in our books, but since there has been raised because of that so we count that in investment for our own purpose. So that is there. This rail lines debt that gets reflected in ours. So that must be because of that. Some tax adjustments because Rs.700 Crores to Rs.800 Crores is because of GST adjustment also that we have tried to capitalize this year.
- Vinit Maloo:** Understood and Sir, when you say you will invest 17000 Crores in current financial year out of that how much again will be by those two entities and how much would be under us, if it were to get reflected here?
- Pramod Agarwal:** Those entities I think it will be about Rs.3000 Crores by two entities, Rs.3000 Crores to Rs.4000 Crores. That depends on how the progress from those projects goes, but then HURL is in final stage so it will be about Rs.3000 Crores to Rs.4000 Crores.
- Vinit Maloo:** Understood. Sir just wanted to understand so with this overall capex of Rs.17000 Crores right and I understand they will get some substantial chunk of receivables back this year hopefully so we should have sufficient cash flows for capex as well as dividend for this year? I am just concerned this capex rate is unsustainable without cutting dividends going forward unless we either cut dividends or without the borrowing so what is the thought on beyond current financial year and how do you see this capex trajectory evolving? I do not want exact numbers but a ballpark direction movement should help us?
- Pramod Agarwal:** The type of growth in capex that has happened in last year or that is like again this year this cannot be sustained and there will not be any requirement like this. What we are investing, what we have done in the last year or this year is basically replacing all the old machineries, which have not been replaced for the last 30 to 35 years and some of this draglines of MCL were bought 32 years back there was no tender. We have won that tender this year. We had not inducted the shovels and the dumpers, which we have finalized this year so they will come this year and next year. Then evacuation projects were not taken up seriously that we have done this year, so that incoming years the evacuation can happen and now it will depend but if the demand that we face this year and what is the likely demand next year, if the demand increases our capex may increase, if the demand does not increase then acquiring the land, increasing the machineries, or increasing investment on rail lines etc., will get reduced. The second thing that we have done is we have gone for MDO model so that type of capex which we do for acquiring machines etc., or for serving FMC now those things will be done by MDO operator and it will be on that account. So if we are successfully do the tendering of 8 to 9 more mines this year, large mines then the demand



*Coal India Limited*  
*June 17, 2021*

for capex will also get reduced in coming years, so there are two things, first thing is see capex will completely depend on what is the demand that we get in the market and second how successful we are in getting the MDO operator on board.

**Vinit Maloo:** Sir just to clarify, for incremental production the capex that we will require during current financial year will be on land and probably evacuation in project sir, machinery etc., will be taken care through MDO route this is our intention I got now is that a fair understanding?

**Pramod Agrawal:** Yes that is right and then acquiring the land will also depend, what is the demand if suppose the demand has not increase that much then we will not acquire the land.

**Vinit Maloo:** Thank you so much for your answer sir. These are my questions Sir. Thank you.

**Moderator:** Thank you. The next question is from the line of Sonaal Kohli from Bowhead Investment Advisors. Please go ahead.

**Sonaal Kohli:** Thank you for the opportunity. I have three quick questions. Firstly as far as the capex beyond 2022 or 2023 in a normalized environment would it be fair to say it would be less than 10000 Crores some broad numbers if you could give from a two, three year perspective for the coal part of the business, and secondly on the remnant part of the business is there a capex somebody have in mind?

**Pramod Agrawal:** FY2023 it is likely to improve slightly because all the orders that we have placed will get fructified in FY2022-FY2023 and most of our this FMC projects and related sidings and railway lines etc., will get completed, so till FY2023 I think there will be some increase in capex maybe next year we get a target of Rs.17000 Crores, Rs.18000 Crores and thereafter Rs.20000 but thereafter for us it will start reducing but again if the demand is there and we are able to go for something like 800 and 900 then the capex will have to be increased.

**Sonaal Kohli:** Sir if I heard you correctly till even in something like 2024 you are saying the capex could be 15000 Crores, 20000 Crores or did you mean a much more number some sense on that number beyond 2022 and 2023.

**Pramod Agrawal:** FY2023 I said it will be in the same range but after FY2023, FY2024 it will be very difficult for me to project because it will depend on the demand if the demand is good then perhaps this can increase if the demand is not there then if the demand continues in the range of 650, 700 then there will not be much of capex.





*Coal India Limited*  
*June 17, 2021*

- Sonaal Kohli:** Sir when you say not much would you have any number in mind and that kind of scenario would you be like 5000 Crores or it would be like 1000 Crores?
- Pramod Agrawal:** It will not be 5000 Crores. It will be in the range of 15000 Crores, 17000 Crores because land will have to be continuously acquired and some capex will be required for everything because the SME etc., has to be continuously replaced so it will be in the range of 15000 Crores to 17000 Crores, mine development funds etc., are required.
- Sonaal Kohli:** Sir what would be our dividend policy going forward we will take Rs.15 dividend this year would that be maintained or increase going forward and how would you fund it with this kind of capex would you be able to make enough cash flows?
- Pramod Agrawal:** The thing is the type of money we make if our production increases slightly is very high has the dispatch in range of 600 million tonne then my profitability would have increased by another 3000 Crores or 4000 Crores and 3000 Crores so that type of money is made so what I am assuming that at the year they will be increasing our dispatch by 40 million tonne to 50 million tonne if we increase our dispatch by 42 million tonne they still generate enough resources for both dividend as well as capex.
- Sonaal Kohli:** Sir you are saying even in a normal year beyond once your base is normal to a normal industrial activity even beyond that for next two years is to expect your demand to grow by 40 to 50 per tonne beyond the exceptional period. Then also you expect that kind of increase?
- Pramod Agrawal:** I expect that if the normal year is there this sudden increase will be about 70 million tonne to 80 million tonne in first normal year and thereafter it will definitely increase by a 40 million tonne to 50 million tonne every year and if that type of dispatch is there, there will be adequate resources for everything both this investment and this dividend.
- Sonaal Kohli:** Thank you.
- Moderator:** Thank you. The next question is from the line of Nitij Mangal from Jefferies. Please go ahead.
- Nitij Mangal:** Thank you for taking my question. First question can you share what is the latest on contingent liabilities related to mining and tax issues?
- Pramod Agrawal:** Please repeat your question I could not get you.



*Coal India Limited*  
*June 17, 2021*

**Nitij Mangal:**

Do you share details on what is the latest on the contingent liabilities related to there was some mining related and tax related issues.

**Pramod Agrawal:**

There are three types of mainly contingent liability one is land related so as land related that is specific to Jharkhand state and that too again mainly to CCL area. We have acquired land and we have acquired land as per the records of the Jharkhand State Government and we have paid their compensation to the landowners but there is some discrepancies in Jharkhand land record where it has shown as government land also so those are also have raised some claims. Secondly there is lot of land in CCL area which we have declared as Coal India's land but we have not taken possession to that land for that also they are asking for money so we are saying that as soon as we get the possession that payment should be linked to possession. So I do not think there is any problem regard to this because this has been discussed many times last year and to some extent the solution has been reached so this will not create a problem. Second thing is related to violation of environmental violations because of which in Jharkhand and in Chhattisgarh this some penalty of thing has been imposed by the state governments in the range of 4000 Crores and that too again I do not foresee any problem incur because that stay has been granted and that case is not related to coal that case was on which this has been done was related to iron ore and as I was mentioning that the way we acquire the land and the way rest of the mining people acquire the land is completely different so this has been challenged and there is a state so I do not foresee any problem on that account again in income tax there is some liabilities have been created which we have disputed in various ports but I guess that some money has been deposited about Rs.14000 Crores have been deposited in that to Income Tax Department and in many of these cases we have won at the first level and second level so at different levels those cases are pending and even if most of the cases go against us then also that deposit that we have made I do not say that most of the cases will go against us because in certain cases they have disallowed the expenditure on overburden removal completely not just overburden adjustment but overburden removal I think that expenditure has been completely disallowed so nobody can accelerate coal unless the overburden is removed so in most of those cases we have won and those cases are pending in high court so we are likely to win then there is a disparity that has been given in suppose the MCL and SCCL so all these things are being challenged so even if they lose all these cases then it will affect our profitability but then it will not affect the cash flow because those 14000 Crores will be adequate to meet all the liabilities so tax liability part has taken care of, land we are solving Jharkhand most of the problems have been solved and in case of those violation cases are easy cases again I am quite sure that there should not be any liability but then till the time these things are completely off we cannot delete this contingent liability.



*Coal India Limited*  
*June 17, 2021*

**Nitij Mangal:**

Thank you for that elaborative answer. Sir second question and just going back to the capex intensity if we see the let us say the not one year, two years but let us say if we see the incremental volumes over two three years four years period the amount of capex that is going and in addition to that the contractual expenses so both seems to have risen together very sharply why we are seeing such a sharp increase in both the capex intensity and the contractual expenses and both in the same time so what is on fundamentally change in the nature of coal production that is resulting in such high intensity of these spends?

**Pramod Agrawal:**

Coming to capex I explained to you we are trying to replace machinery which are old and we are trying to invest in places where the capex if you see traditionally last year the capex was 6000 Crores before that it was 8000 Crores and three to four years back it was Rs.10000 Crores, Rs.12000 Crores the capex has been continuously reducing so I would say that there has been underinvestment so capex has to increase right now because we have to improve our evacuation mechanism, we have to improve our dispatch mechanism, we have to acquire more land otherwise this company cannot grow nor meet the demand of the nation. The second thing that you asked about the contractual expenditure, contractual expenditure has increased by about Rs.2000 Crores to Rs.3000 Crores and that is mainly on account of overburden removal. If you see last year we have removed more than 17% more overburden and overall escalation if you see we have gone by about 13% so that type of increase means about 200 cubic meter increase will definitely increase this requirement of contractual requirement so that I do not say see the conditions of mines had started deteriorating, most of the mines have become vertical in order to ensure the security and the continuous operation we have to bring those mines to proper geometric and if you see again the removal this overburden removal of 4, 5 years it has remained in the range of 1100 cubic meters whereas our production has increased from 520 million tonne, 530 million tonne to 600 million tonne so all this had become unsustainable. Now we have stabilized these things we have come to the level at which the overburden is slightly more than what it is required to be done, we are preparing our mines by the future and at the same time we have invested in capex so that all the old machineries etc., can be replaced and we can continue our mining operations so I do not foresee means contractual expenditure has increased on account of increase the escalation and as when the capex has increased because we want more efficient evacuation process.

**Nitij Mangal:**

Thank you very much, Thanks for your time.

**Moderator:**

Thank you. The next question is from the line of Subhadip Mitra from JM Financial. Please go ahead.



*Coal India Limited*  
*June 17, 2021*

- Subhadip Mitra:** Sir my question pertains to the non-power linkage auctions if it is possible to be share what is the quantum of coal that got dispatched through the linkage auction and the average realization?
- Pramod Agrawal:** What is your question can you repeat because I could not get the question although it was clear voice was clear? Quantum of the coal that has been supplied on linkage is that non-power?
- Subhadip Mitra:** The non-power linkage auctions that have happened I think previous linkages which are now getting converted into linkage auction?
- Pramod Agrawal:** Linkage auction we will be doing in coming months and it will be almost equivalent to whatever the quantity that is lapsing and if the exact quantity I cannot say right now but I will send you this figure, but I am sure that whatever is linkage quantity was earlier there and what has lapsed over the last one or two years we will put that much quantity.
- Subhadip Mitra:** If it would be possible for you to share those numbers for FY2021 and 2022 even it is offline.
- Pramod Agrawal:** We will send you.
- Subhadip Mitra:** Thank you.
- Moderator:** Thank you. The next question is from the line of Ashish Kejriwal from Centrum Broking. Please go ahead.
- Ashish Kejriwal:** Sir three questions, one on this overburden removal only. Last year we exposed our numbers in order to get more in future and what we have seen in the last quarter that overburden removal ratio that is stripping ratio has come down to around 1.9 overall average was around 2.2. So my question is going forward that is in FY2022 do we see something like 2 or 2.3 times there is any stripping ratio.
- Pramod Agrawal:** See in the last quarter unfortunately there were shortage of explosives all over there mean all my subsidiaries especially in MCL and WCL. In WCL it was a shortage of explosives was especially very active, and that if you see the removal of the OBR then WCL and MCL continued the maximum removals because that their stripping ratio is high I think that in the coming years we should be in the range of 2.25 to 2.3 only 1.9 is not something which is sustainable.



*Coal India Limited*  
*June 17, 2021*

- Ashish Kejriwal:** Sir secondly when we are investing around 14000 Crores in the last mile connectivity and we have already having three projects with 30 million tonne which has been commissioned so is it possible to share of what kind of savings from a per tonne basis you have given out of this so that we can have at least what kind of payback period for this could you guide us through?
- Sanjiv Soni:** We are investing about Rs.3000 Crores to Rs.4000 Crores is on transportation of the coal from phase II deciding for phase II a loading point so at least that much of money will get saved not that much but most of that money will get saved once these projects are completed.
- Ashish Kejriwal:** So just want to hear what kind of on a per tonne basis we are doing which increase then all this will get commissioned?
- Sanjiv Soni:** Per tonne basis about Rs.50 to Rs.60 but that is completely based on this calculation I can send you those details I think it should be in the range of Rs.40 to Rs.50 per tonne.
- Ashish Kejriwal:** Otherwise whatever projects we have already commissioned if you can share that savings also that will be great that 30 million tonne.
- Sanjiv Soni:** We will tell you this number.
- Ashish Kejriwal:** Sir lastly the kind of capex which we are doing like for example this year we have spent around 11000 Crores so is it possible to bifurcate into different buckets like how much we have spent roughly on land acquisition or machineries or something else and still working for FY2022 what we are planning to?
- Pramod Agrawal:** About 3000 Crores would be means I am giving completely rough figures I do not have exact figure right now but rough figure 3000 should be in the land, 3000 should be in machinery about 1000 Crores should be for this FMC project was 700 Crores to 800 Crores is for FMC project and I will send you the details and then mine development etc., we must have invested something like 1500 Crores so all this so major heads are basically land and machine procurements.
- Ashish Kejriwal:** So that is the only way we are saying that by FY2024 if demand does not increase that much we can save on that land acquisition cost otherwise any other cost will continue to remain?



*Coal India Limited*  
*June 17, 2021*

- Pramod Agrawal:** Even if demand does not increase but if we continue with 700 million type of production after 2023-2024 also 700, 750 then also land will have to be acquired I would not say that land will not have to be acquired but expenditure on HEMM and expenditure on this first-mile connectivity etc., will get reduced.
- Ashish Kejriwal:** Sir lastly I know wage negotiations are still that will be starting point but from when we can start making provisions, whether it will be second quarter onwards or from first quarter onwards only we will make provisions and secondly in case if we have to increase coal prices under SCC that can be done only after final wage negotiations or that can be done earlier also depending on demand for sale?
- Pramod Agrawal:** That is not linked to wage negotiation. We will try to do it because wage negotiation will take quite some time we will try to decide on this fast.
- Ashish Kejriwal:** And making provisions on wages?
- Pramod Agrawal:** From second quarter onwards we will start making provisions.
- Ashish Kejriwal:** Thanks and all the best.
- Moderator:** Thank you. The next question is from the line of Kamlesh Bagmar from Prabhudas Lilladher. Please go ahead.
- Kamlesh Bagmar:** Thank you for the opportunity. Sir one question on the spot of auctions, Sir I am not going to like say auctions for the power and non-power and all that but even if you see this spot auction so we are getting premiums of hardly around 29% while the way the global prices are and petcoke prices are. So the improvement has not been that significant and even if we see the amount of quantity which we have auctioned has been hovering around 4 million tonne to 5 million tonne in an environment when the prices are around such a high level so what is the issue there? Why the customers are not participating in that even in the special spot auction so we have let us say sold hardly around 3 million tonne to 4 million ton in last four to five months and even if you see the special spot for coal importers right from October 2020 we have auctioned hardly around like so we have been able to allocate around 7 million ton in that so on that front like say I really want to know that what is the issue on the part when the international coal prices are at a higher of like say 10 years and we are not able to sell the volumes in the auction market and again we are trying to say that now we will allow the buyers or the participants to sell into the exports market and when we are and on other hand we are not able to like so get self sufficient on the domestic demand as well?



*Coal India Limited*  
*June 17, 2021*

**Pramod Agrawal:** First thing let us correct the figures, last year maybe I would have understood wrong last year we did auction of about 124 million tons it is not 4 to 5 million ton I do not know where you got the figure from?

**Kamlesh Bagmar:** No Sir I am talking about last three to four months.

**Pramod Agrawal:** Last three months we have done something like the booking is about 26 million ton in last two and a half month.

**Kamlesh Bagmar:** Sir I was referring only to the spot auctions and special spot e-auctions. I do understand that in this special forward for power there are constraints and the sector is under problem so I do appreciate that there the realizations would be low. But I am referring only to the spot e-auction and the special e-auction and the last to the special spot for coal importers?

**Pramod Agrawal:** I do not have right now the figure of spot auction and e-spot auction but then one should understand that if the last year we did 122 million ton and that in April to May spot auction is about 3 million ton and the special spot is 0.5 million ton that is you are right about 4 million ton was done in April and May and the premium that we have got on this spot we have got 32% is the special spot we have got 7% we should not see special spot and spot separately because both of them are almost same except for the fact that in special spot we have got. Now you have to see that in the last few months in January, February, March how much auctions we did on this account. We did last year 124 million ton out of which most of the thing happened in last six months and those people are still to miss the coal and secondly during all this three four months, the demand got subdued because of COVID etc., and in such circumstances to accept that people will and then again the rainy seasons were ahead. We know that in rainy season the consumption of the coal gets reduced so people did not bid for it. We have offered large quantity if there is no demand in the market perhaps we cannot do much about this. Whatever the coal import is taking place one has to see do the analysis why the coal import is taking place a part of this, this maximum part went out of 200 million ton if everyone see then 50 million ton is because of the steel industry coking coal which we cannot replace 25 million ton to 23 million ton is on account of the power plants located on the ports. So there is hardly much of the coal which needs to be replaced from we understand that the quality of the coal is not very good in the country and hence we cannot replace that that type of the coal so we can replace only the coal which is of the same quality as Indian coal and in the context the thermal power coal that was required by the country last year almost whatever the substitutable we could substitute so that is what we calculated at about 80 million tons to 90 million tons coal has been substituted. This year again has there been the normal circumstances our power could have been much more. See



*Coal India Limited  
June 17, 2021*

the price of the coal, the premium that we get in the coal also indicates the demand see the demand of that has been there perhaps the premium would have been much higher.

**Kamlesh Bagmar:** Sir question on this capex on the evacuation so in the presentation we have highlighted that around 27000 Crores odd investment would be made on the evacuation projects. So would it be entirely by us only or there would be participation by the railways as well so how much would be shared by the railways because even if we see the past entire of the investments on the railways use to be done by the railway Indian railways so is it going to be spent entirely by us or on our account?

**Pramod Agrawal:** See the evacuation that we have shown is only our infrastructure. About Rs.10000 to Rs.12000 Crores will be spent on CHP so these are our infrastructure, CIL's infrastructure. So you cannot accept railways to spend on that then there are about 24 and 21, 45 clients which are 21 is siding and 24 are lines providing connectivity to our siding so we will have to spend on that so I do not know we have a 24000 or whatever that in that range 20000 to 22000 will have to be spent by us it is not railways project it is project for the evacuation of the coal and specifically on the Coal India property.

**Kamlesh Bagmar:** So in next year that this means that capex intensity is going to remain very high for Coal India in coming next three, four years?

**Pramod Agrawal:** At least for two years it is going to remain in this range 16000 Crores, 17000 Crores.

**Kamlesh Bagmar:** Thanks a lot Sir.

**Moderator:** Thank you. The next question is from the line of Rahul Jain from Systematix. Please go ahead.

**Rahul Jain:** Sir also on my question earlier on the MMDR Act Sir it is very clearly specified that PSU's will have to pay around 200% of royalty. I would invite you to the schedule fix of the event. So this I was saying that it is not applicable to anyone I am just confused over here, so can you elaborate?

**Pramod Agrawal:** I do not think MMDR Act is applicable much more except for certain things we are not on the lease land we are not operating our mines on lease land and we are already paying very high royalty this is about 14% and plus some extra and all we are saying more than 18% of our selling price as royalty and on that royalty again we are paying 18% GST plus we are





*Coal India Limited*  
*June 17, 2021*

paying 400 as GST compensation tax I do not think there is any further top up was imposing more royalty on Coal India or coal purchase.

**Rahul Jain:** See but your other players like say NTPC and NMDC both are now paying the premium and it was obviously compensated for private entities which have paid high premiums for these mine acquisition right. So I am just wondering how it is different for Coal India?

**Pramod Agrawal:** We are completely operating and completely differently. If you want we can have offline discussion on this question.

**Rahul Jain:** Secondly Sir under your assessment when it is done in India coal demand is likely to peak because none of your customers are expanding capacity hardly some 6 gigawatt of capacity was added last year and there is small pipeline for thermal capacity addition for next two or three years and in that environment you are doing such high capex so what is your blue-sky assumption say three five year down the line of where our coal demand is going to peak?

**Pramod Agrawal:** I think it will peak somewhere near 2030 not before that. See already our clients are operating at very low PLF even if that PLF is about less than 50% even if they increased by 10% to 20% it is quite a sustainable than the coal demand will increase tremendously and that is likely to happen if the country has to grow they needs power and whatever power we are talking about cannot come through solar energies and so on.

**Rahul Jain:** So these are the plan to enter the power generation sometime in future?

**Pramod Agrawal:** Not in a big way or anything significantly we are looking at solar power only not beyond that.

**Rahul Jain:** Thank you so much.

**Moderator:** Thank you. The next question is from the line of Vinit Maloo from Birla Sunlife Mutual Fund. Please go ahead.

**Vinit Maloo:** Thank you. Sir just a quick follow-up question on the capex part you said this bulk of your machinery which is for replacement on existing stock which is very old and depreciated so Sir how long will this portion of the capex will continue how long will it take so you can modernize your fleet of machinery?

**Pramod Agrawal:** We have ordered almost everything that was required means not small thing but almost all the big machineries that were required almost that have been ordered like 240 only thing



*Coal India Limited*  
*June 17, 2021*

that is lot is 42 cubic meter shovel there was deadlines 20 cubic meter shovel dumpers etc., has been placed this will come in next one and a half year or two years as draglines will take a long time because there was quite a long lead time for its draglines will come in next four, five years but rest of the machinery will come in two years. So thereafter perhaps this investment should cease.

**Vinit Maloo:** Thank you so much Sir.

**Moderator:** Thank you. The next question is from the line of Sonaal Kohli from Bowhead Investment Advisors. Please go ahead.

**Sonaal Kohli:** Thank you for the opportunity again. Sir I have two questions, firstly on the ESG side, have you taken any significant initiatives, and if any possibility of the expectation of the coal plant how is the technology there over next five years do you see any possibility of that or what could be the road blocks any technological changes that has happened if you could help us on that side within a timeframe of five years? That is my first question.

**Pramod Agrawal:** ESG side you can see in our presentation also last year we did about more than 800 hectares of land, we planted more than 20 million trees. This year, we have increased our target to 1300 hectares and we think there will be substantially no improvement we are investing in FMC because of ESG also because it will reduce the environmental load we have seen that the transportation of the coal was much more pollution than the production of the coal instead of using blast explosives for excavating coal we are going in a big way for surface miners and all new contracts we are providing them, so contractors who will use surface miners and we are using whatever water discharge were taking place from mines we are using almost everything of that for dump stabilization etc., so all those things is whatever is possible we are doing. We are getting our mines gridded so that if there is some external agencies so that it is a certain improvement can made we are working on that. For the first time in Coal India we have brought out the ESG reports have prepared by some third-party agency. This year again we will be preparing that so all those possible thing on ESG we are doing. In COVID situation we have tried to help the society on the big way and actually there is no other corporate entity in the country which would have established hospitals amounting to total beds of about 4000 beds in the area of our operations perhaps after state government we were the biggest provider of the healthcare during COVID situation and we have upgraded our hospitals we are creating the oxygen plants in about 27 hospitals so that they can test something like COVID something similar to COVID happens again in future there is no shortage of oxygen in those areas so all this things we are doing. For gasification we have put this Dhankuni on tender. We have received one offer as well. We are doing the



*Coal India Limited*  
*June 17, 2021*

analysis but everything will depend on viability unless there is a clear cut viability and there is a commitment from agencies for offtake of the product that we take it will be difficult for us to proceed in that lines.

**Sonaal Kohli:**

Sir as far as your sort of capex is concerned do you expected it to come at the level after your capex of next three years which is quite large is the overall is over is that creating some investment heavily so that with this kind of savings actually in 2024 or 2025. Secondly the technology which you are think like where is the capex in the next two years so what I wanted to know was because of that is it that we are making decisions on that and with that they still change beyond 2023 let us say 2024 because if I like you would start spending much more on solar projects? Secondly the kind of machinery you are employing which is new what it will be once this new machinery is over let us say we have land up in 2024 could we expect sometime of EBITDA per ton increase because of these initiatives once all of this is complete and what could be that quantum so just trying to evaluate any advantage either on manpower reduction or capacity increase because of this new machinery?

**Pramod Agrawal:**

See manpower is decreasing very rapidly about 13000 to 14000 manpower net reduction is there. We have decided that we will not take up for all projects in those areas where the manpower engagement is very high like in areas where we have to take land outage in larger number we have stopped taking those mines and now we have contemplating on the Brownfield expansion so manpower is going to reduce continuously and perhaps in coming years the manpower will reduce still a rapid rate. So that is one thing so the cost is going to reduce. The machinery investment will likely to go down whatever investment you are right whatever investment we are making in solar projects etc., will likely to give good results so EBITDA will definitely improve from next year onwards. There is no doubt about that since it depends mostly on our offtake if there is a normal year and offtake improves even in this bad year we had an EBITDA of 25%, last year it was 28% so it has reduced only slightly with everything so EBITDA is likely to increase further. If we go to 650 or something like that this year there will be tremendous increase in profitability and EBITDA so that is not something which will get affected by whatever investments we are making or whatever machinery investment etc., we are doing means those impact is very small.

**Sonaal Kohli:**

Sir my question was basically on the contrary as the operator perhaps what may have come out of it. What I just trying to understand because of the machinery you are spending have you done any investment of where things being constant what would be EBITDA per ton increase because of reduction in the employee cost or increase in productivity. Any sort of emphasis like that EBITDA per ton which was it would it be **(audio cut) 01:19:25**?



*Coal India Limited*  
*June 17, 2021*

- Pramod Agrawal:** Yes your voice is not clear. Somehow I am not getting you. Can the moderator repeat the question because his voice is I think slightly blurred?
- Sonaal Kohli:** Sir I will send you an email. No worry. Thank you.
- Moderator:** Thank you. The next question is from the line of Vishal Chandak from DAM Capital. Please go ahead.
- Vishal Chandak:** Sir my question was we had in the past been talking about vision of achieving 1 billion tons of production by FY2025 then we accelerated it to FY2024 and now you are talking about a 600 million tons, 700 million tons also probably could be a more aggressive target for next year so then are we at all level are we planning to hit about a billion tons in production and dispatch or this is something that would be kind of things of past?
- Pramod Agrawal:** Coal production depends on what is the demand of the economy. We cannot keep on producing the coal and storing that so the last year we produced about 596 million tons and still our stocks increased to 99 million ton or it started touching almost 100 million ton which is what the ultimate capacity we can store the coal at our end. This year again we have kept a target of 740 million ton of dispatch but as the things are happening I think in coming months perhaps we will have to recalibrate our targets. I think that by FY2022 the economy will be at the same level as it was at FY2020 so this two years have been lost so if we think that the country will progress in developing the same way as it was expected then perhaps FY2024 will become FY2026 so we are keeping those targets left perhaps at a slightly lower level but to say that some day or other things will be achieved is slightly difficult nobody expected COVID to happen, nobody expected that almost second wave will be so severe nobody know that third wave will come or not so in that circumstances we think the target constant is not something right to do.
- Vishal Chandak:** I completely agree Sir. My question was largely with respect to where do you see the pockets of revival in coal demand so that we can hit a billion ton. So it is always the demand which will be constraint not be a production capacity now?
- Pramod Agrawal:** First thing is the demand of energy is likely to increase if it is a normal year. We are operating our thermal power stations at 60% or something like less than 60% PLF. These are likely to increase that the country has to develop. Secondly in NRS sector again we can replace some coal which is being imported. Last year was a difficult year so this is where the productions sort of were low and demand was low this year again the likely demand scenario is going to be subdued, but in coming years they definitely the NRS will improve



*Coal India Limited*  
*June 17, 2021*

despite huge pressure on us during April we kept on supplying coal to NRS sector and this is for the first time that we did maintain the ratio for NRS with increased power demand also. I think that slowly will bring the confidence of NRS sector and we will be able to meet their demand and that way I think our coal demand should increase. The country has to develop coal is going to remain the main source of energy in coming ten years.

**Vishal Chandak:**

Sir my second question was with respect to your capex we have been talking about replacing 3 decade year old machinery and probably by next year timeframe we will get this everything which is possible and as you mentioned you will spend about roughly close to about 45000 Crores odd in this entire phase over the next three years timeframe will that be good enough to take us to a billion tons capacity or again to reach that billion ton production we would again have another 50000 Crores of further next round of capex for that?

**Pramod Agrawal:**

See there are two things, 45000 Crores is not for machineries and FMC only. This includes land development, this includes rehabilitation of the people and it includes many more things. So first thing is that requirements of perhaps connectivity, rail connectivity, requirement for this machineries will get subdued because there are two three things are happening first thing is constructions will happen to that extent the requirement will get reduced. Second thing we are moving to MDO mode so on all those new projects etc., their funds will be invested by the mine operator. Third thing in most of the mines slowly our own production is getting reduced and production is increasing to outsourced mode. So there the machinery requirement is getting replaced, but at the same time if we have to maintain some consistency in our production and constant increase in production at least 20% to 25% of our total production should happen in-house. Otherwise because of the failure of the contracts, because of other things production will not be constant. So to that extent we are maintaining our in-house capacity and rest of the thing is getting outsourced so after this assessment perhaps the investment on these three things will get reduced but investment on land will be there and that will be a substantial investment not in the range of Rs.10000, Rs.20000 but Rs.3000, Rs.4000, Rs.5000 Crores of land will be required and along with other things which we have to increase the production then some investment will have to be made.

**Vishal Chandak:**

Sir my next question was with respect to your diversification from coal you mentioned coal to gas is one project and fertilizers and other solar power is another so if you could just give a brief update on where are we and all these projects?



*Coal India Limited  
June 17, 2021*

**Pramod Agrawal:**

Coal to fertilizer is one project of PFL that was started about two, three years back and the construction got hampered because of COVID otherwise it should have reached to 30% level, it is now 10% to 15%. I do not remember exactly but it must be in the range of 10% to 15% but this government has given guarantee of 12% IRR on this project but our investment is not much because the total project is about 8000 Crores to 9000 Crores our total investment is likely to happen to Rs.800 Crores to Rs.900 Crores only. The second project that you are talking about is gasification we are looking for partners and we are looking for somebody who can offtake of all our products. These things are not materialized so saying anything beyond this will be difficult when will it come, what will happen unless the viability is there, unless the assured offtake is there we are not going to invest on this. The third thing is solar power, solar power we are targeting for about 2000 gigawatt to 3000 gigawatt of investment in the coming year. We have got one project on which we have to work and we are likely to complete this in this year and in coming years we will take some projects because solar power is one area where we think that it will give economic sustainability to the company for coming two to three decades. So that is one area in which we need to invest. Rest of the things smelter or this things that will depend on whether we can get some partner who can because we are looking for a model and which we will provide all the clearances, whatever facility the government is going to expand that we will take onboard and thereafter we tender this for private person to invest and we hope that maximum expenditure or maximum capital investment will be done by those people because in those sectors there is a risk of technology and perhaps it will be difficult for Coal India to take.

**Vishal Chandak:**

Thanks.

**Moderator:**

Thank you. The next question is from the line of Ashwani Kumar an individual investor. Please go ahead.

**Ashwani Kumar:**

I had a question if I look at your production data for monthly production data on slide #11 of the presentation, we see that in March you are able to produce 70 million tons sometimes 75 million tons sometimes 80 million tons and maybe have gone up to 82 million tons, 83 million tons now in the previous months either they are at 28 days or 29 days depending upon the leap year or not being there so if we are able to produce 80 million tons in the month of March what basically prevents the company in terms of either land, machine or the process or within MDO or with the company mines company's own production why you are not able to scale up it in the month of January, February and March one can understand that first half July, August, September is a period where there is monsoon etc., or maybe the demand is low but certainly in the normal years demand in Indian economy in



*Coal India Limited*  
*June 17, 2021*

second half is slightly higher and gets more higher in March many at times but if you are able to do 80 million tons in March why you are not able to produce 80 million tons in the month of February or in the month of January?

**Pramod Agrawal:**

This is an impact of last mile. In the last 100 meter one runs very fast. We put all our equipments all our resources in production of coal. If you will see that to that extent OB removal gets suffered. So basically in the last one month the type of resources of dilution which we do type of offers which we make is something unsustainable means we remove the machines from OB and start producing coal because in January, February, March we have to produce more because in three months April, May, June the demand is always very huge and spending that type of production becomes very difficult so whatever is that we do in March is something difficult to explain, but then I found that it is completely unsustainable in April, May also the type of production we do if we do that throughout the year perhaps the means there will be no demand for the coal.

**Ashwani Kumar:**

No, the point is Sir in whatever conversation I am hearing for the last one and a half hours basically your estimate as even Vishal pointed out that 1 billion tons was the earlier target and you said you have two COVID years FY2021 and 2022 one part of it first quarter of it but if you really think about the industrial production moving up and again the demand for power with a 5 trillion economy cannot happen without power demand going up and that too thermal PLF improving so if we take the normal situation here the demand for coal has to be strong so I agree that you can do 80 in March but let us say lesser in previous month but if the demand were to rise let us say by 10%, 12% in terms of power demand thermal power demand, demand for coal would rise on a normalized basis so would you make any attempt to increase production of coal because you have cash, you have man, you have machines, you have put the capex the higher size machines what is the plan to really improve the monthly output in months other than March? Is there any specific attempt by the company to improve the production other than the month of March let us assume the demand rise would you be in a position to supply more or would India will have to import again more that is my question Sir?

**Pramod Agrawal:**

I am quite sure that if the demand rises then we will be able to meet the demand very really first thing in the last, actually in this month of February and March I stopped talking about production to my officers because it was quite evident that we will end up this for 100 million ton stock. I was emphasizing only have the dispatch but in April the dispatch was improving but again in May the demand was started pitching off but then there was a demand, I would not say there the demand was not there. If the demand is there the producing coal is easier than evacuating coal. That is why we are in the evacuation and



*Coal India Limited*  
*June 17, 2021*

evacuation is if this FMC projects get materialize in 2023 the way of targeting for 2023 to 2024 so as March or April 2023 we are at least most of them will get completed. Thereafter the evacuation will not be a problem. We have started everything. We have started monitoring the context till this time we used to think that our contracts should be of the same level as the demand is. Now we are facing that the contract should be at least 1.3 times likely demand is because there is hardly any situation in the country where the contractors perform up to 200% and they are very few contractors who give 100% performance so we have increased our contractual capacity also tremendously. There are three types of contractual capacity one is removal of OB and coal and second is transportation and crushing. At all these points, we have increased our capacity in all subsidiaries and all mines by 1.3 times so with this I am quite prepared to increase the production whenever the demand is there.

**Ashwani Kumar:**

Sure. Thank you and wish you the very best Sir.

**Moderator:**

Thank you. Ladies and gentlemen, this was the last question for today. I would now like to hand the conference over to Mr. Rahul Modi from ICICI Securities for closing comments.

**Rahul Modi:**

Thank you Mr. Agarwal and thank you Mr. Soni. Thank you Mr. Tiwari for your time and again a very detailed presentation and a very detailed call you have given more than one and a half hours of your precious time. We really like to thank you for all the efforts made by you.

**Pramod Agrawal:**

Thank you Rahul for arranging this concall. I understand there were few questions which have remained there means people could not get the chance to if they send their questions to Mr. Vishwanathan, we will send them reply on email and if they feel that there are certain questions, I do not, there were one or two questions on which the data could not be given if they send those questions we will definitely send them through email. Thank you very much for arranging this concall. Thank you Rahul.

**Moderator:**

Thank you. On behalf of ICICI Securities Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.