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Power sector dues to CIL up 4 per cent MoM in July

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The outstanding dues of State-run Coal India (CIL) from the power sector rose by 4 per cent on a month-on-month (MoM) basis to ₹15,824.14 crore in July this year from ₹15,252.45 crore at the end of June.

During July, India's overall coal production rose 11.37 per cent year on year to 60.42 million tonnes (mt) from 54.25 mt in July 2021. At the same time, despatch of the key commodity grew 8.51 per cent year on year to 67.81 mt from 62.49 mt during the same period.

CIL's production in July rose by 11 per cent to 47.33 mt, while despatch to the power sector grew 39 per cent to 47.02 mt in the same period.

Coal India recorded a production of 207.09 mt during April-July from 166.56 mt a year-ago with a growth of 24.33 per cent. The total despatches from the mining behemoth (including for the non-power sector) rose to 232.07 mt from 210.86 mt - an increase of 10.06 per cent - during the same period.

The dues declined consistently during January (₹15,097.01 crore), February (₹15,037.32 crore), and March (₹12,272.41 crore).

However, they started mounting again from April, rising 4.5 per cent month on month to ₹12,819.41 crore, followed by ₹13,825.20 crore in May, and ₹15,252.45 crore in June. CIL's average cost of production is ₹1,310.88 per tonne.

Production and despatch

CIL and captive mines/other registered a growth of 8.17 per cent and 40.78 per cent year on year by despatching 54.54 mt and 9.91mt of coal, respectively. The power sector despatch grew 17.09 per cent year on year to 58.45 mt during July this year as compared to 49.92 mt in July 2021 due to increase in power demand. Coal-based power generation registered a growth of 4.76 per cent on an annual basis last month.

The overall power generation in July has been 4.29 per



cent higher than in July 2021. The cumulative production and despatch rose to 265.65 mt and 291.32 mt, respectively during April-July with a growth of 26.44 per cent and 13.05 per cent, respectively on a year-on-year basis.

Total coal despatches to power plants (including non-CIL coal producing units) have been to the tune of 250.51 mt during April-July, registering a growth of 21.31 per cent as compared to the same period in FY22.

As per data from Posoco, during the April-July period, India witnessed a sharp increase of 13.93 per cent in power demand on an annual basis.

This is attributed to the unprecedented rise in temperature and delay of monsoon, especially in the northern region, coupled with resumption of full commercial activities in post-Covid time. Coal-based power generation witnessed an increase of 16.13 per cent during April-July, as compared to the same period of FY22.

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CIL's solar bet boasts of 3,000 MW with a war chest of ₹13k cr

INDRONIL ROYCHOWDHURY

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COAL INDIA (CIL) has given a major thrust to diversification and environmental hazard mitigation with a view to bring about a greater sustainability in its operations. While diversification would include creating a 3,000 MW solar portfolio, setting up coal to liquid projects, surface coal gasification projects, mechanising transportation and increasing the number of washeries, it would take CIL towards achieving its net-zero pledge by 2024. CIL's net-zero pledge coincides with the company's target of producing 1 billion tonne of coal by 2024 but that would not sway away the company from its core activity, mining.

"We have enhanced production and offtakes and will continue to do so as long as coal remains relevant to India's power and industrial needs. But CIL has started making itself future ready and has put its plan in place so that it remains a going concern even at a time when coal will no more remain relevant to power generation and industrial usage, mitigating environmental risk," a CIL executive said.

The company, since late 2020, has lined up investment worth ₹26,550 crore to carry out its diversification plans but it has kept creating a solar portfolio as its priority. CIL wants to put all the solar power projects on its own land with targets to install 195 MW in FY 22, 1,390 MW in FY 23 and 1,425 MW in FY 24, the company's annual report for FY 22 states.

While solar projects aggregating 365 MW are under way, CIL has formed subsidiaries, CIL Navakarniya Urja and Solar PV for forward and backward integration of the entire solar power value chain, leading the PSU miner to a new business vertical. The company has already engaged M/s Deloitte Touché Tomatso India for providing consultancy and pro-



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gramme management services for new business and value addition, the annual report says. Although the annual report says only about a substantial investment in the renewable front, an official said the 3,000 MW capacity addition was planned with a war chest in excess of ₹13,500 crore.

The company's diversification plan doesn't end with its solar dreams. It has floated a tender to set up a coal to liquid (methanol) plant at an investment of ₹6,000 crore in tandem with the government's methanol economy programme for reducing oil imports.

The Centre asking the CPSU to make more investments has prompted CIL to plan such projects ahead of time but these projects would have very little immediate impact on the balance sheets.