

<p>कोल इण्डिया लिमिटेड महाराष्ट्र कंपनी 3 तला, कोर-2, प्रेमिसेस-04-एमआर, प्लॉट-ए एफ-III, एक्शन एरिया-1A, न्यूटाउन, राजरहट, कोलकाता-700156 फोन 033-23246526, फैक्स-033-23246510 ईमेल: mviswanathan2.cil@coalindia.in वेबसाइट: www.coalindia.in</p>		<p>Coal India Limited A Maharatna Company (A Govt. of India Enterprise) Regd. Office: 3rd floor, Core-2 Premises no-04-MAR, Plot no-AF-III, Action Area-1A, Newtown, Rajarhat, Kolkata-700156 PHONE; 033-2324-6526, FAX; 033-23246510 E-MAIL: mviswanathan2.cil@coalindia.in WEBSITE: www.coalindia.in CIN- L23109WB1973GOI028844</p>
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Ref.No. CIL:XI(D):4157/4156:2021:

Dated: 26.11.2021

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 2nd quarter ended on 30th Sep' 2021

Dear Sir,

Further to our letter no CIL:XI(D):4157/4156:2021 dated 24th Nov 2021, we are enclosing transcript of Conference call for Financial Results for 2nd quarter ended on 30th Sep' 2021 as **Annexure A**.

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

Yours faithfully,

M Viswanathan
26/11/21

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

Encl: As above



“Coal India Limited Q2 FY2022
Earnings Conference Call”

November 24, 2021



**ANALYST: MR. KAMLESH BAGMAR — PRABHUDAS
LILLADHER PRIVATE LIMITED**

**MANAGEMENT: MR. PRAMOD AGRAWAL — CHAIRMAN &
MANAGING DIRECTOR - COAL INDIA LIMITED
MR. S N TIWARY — DIRECTOR (MARKETING) -
COAL INDIA LIMITED
MR. SAMIRAN DUTTA — DIRECTOR (FINANCE) -
COAL INDIA LIMITED
MR. VISWANATHAN — COMPANY SECRETARY —
COAL INDIA LIMITED**



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Moderator: Ladies and gentlemen, good day, and welcome to the Q2 FY2022 Earnings Conference Call of Coal India hosted by Prabhudas Lilladher Private 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 telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Kamlesh Bagmar from Prabhudas Lilladher Private Limited. Thank you, and over to you, sir.

Kamlesh Bagmar: Yes. Thank you, Jacob. Good evening all, and thanks for logging in the call. We are pleased to host Mr. Pramod Agrawal, the Chairman and Managing Director of Coal India for an investor call post Q2 FY2022 earnings, and to discuss his views on the coal sector. Along with him, we have Mr. S N Tiwary, Director Marketing, Mr. Samiran Dutta, Director Finance and Mr. Viswanathan, the Company Secretary. Now, I hand over the call to Mr. Agrawal for his opening remarks, which will be followed by a Q&A. Over to you, Sir.

Pramod Agrawal: Good afternoon. Thank you, Kamlesh for arranging this con-call. I am really thankful to everybody for participating in this. We have uploaded our latest figures, etc., on the site in the form of presentation. I hope everybody would have gone through it. So I think there is nothing further for me to add. I will rather go for the question-and-answer session, and in that I will explain whatever points that you will expect me to explain. Thank you. Let us start with the question-and-answer.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Amit Dixit from Edelweiss. Please go ahead.

Amit Dixit: Yes. Hi, good evening, everyone. Thanks for the opportunity, sir. I have couple of questions. The first question is on the grade mix that we had for FSA in Q2, and how does it compare to Q1?

Pramod Agrawal: Grade mix? What do you mean by grade mix? Means, average grade for the Q1 and Q2? Are you asking that question?

Amit Dixit: Yes sir, that would help.

Pramod Agrawal: Generally it is G11 and it was in G11 even in Q1 also. There has not been any change in the grade mix.



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Amit Dixit: Sure. Why I am asking because there was no changes around the FSA realization actually went down slightly, I mean in Q2. So I just thought it might be due to some grade change and all. That is it.

Pramod Agrawal: It may be because as more supply to power sector, and as you know that for power sector we charge 20% less price. Whatever extra we have supplied mostly has gone to power sector, and that is why the average realization would have gone down compared to the last time, from FSA.

Amit Dixit: Okay, sir. The second question is on e-auction. In terms of e-auction volume, what is the likely volume to be offered in Q3 and achieved thus far, and what could be the likely volume you would offer in Q4?

Pramod Agrawal: See, in last year we had auction, means the firm figure was about 50 million tons that was given in the last two quarters, and I hope that we will be giving almost the same quantity of coal, means offering will be less because last time the materialization during the auction was less, but this time, materialization is very high. So slightly more quantity will be offered, but then, I think we will be able to sell off about 40 million to 50 million tons in this e-auction this year, but that will depend how the whole situation in the thermal power stations are. If the power demand increases tremendously and we have to face that situation, then perhaps this figure we will have to reduce.

Amit Dixit: And what is the premium achieved, sir, so far in around two months or of this year.

Pramod Agrawal: In this, we are achieving almost 45% to 50%. In the last quarter it might have been slightly higher. On the average in this year, we have achieved 45% to 50%, but today the question of premium is not there, it is a question of supply. Whatever we offer, the premiums are very high.

Amit Dixit: Okay, and sir, I mean, the point of asking the question was that in October and November, particularly in October, we get to hear that the supply e-auction was very less. So is it possible to quantify the supply until now, I mean, until November or something?

Pramod Agrawal: I would not be able to compare October to October or November to November, but then, overall, till October end, our supply has been 3 million ton extra than what it was last year. See, there are two things. In October, the supply for this e-auction would have been less, because of the power crisis in the country and the stocks were going down in the power houses, we had to give extra supply to powerhouses. Actually in October, we supplied



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almost 56 million ton to powerhouses which was about 4 million to 5 million tons more than the last year.

Then the second thing that happened that in the initial week of October, there was heavy rainfall, and because of that, and even during one another week there was heavy rainfall because of this dispatches were less, but the fact remains that our supplies were much higher than last year, but most of the increased supply or even otherwise, the supply went to power houses because there it was an urgent situation where we were required to increase the stocks in power houses.

Amit Dixit: Okay. That is helpful sir. Thanks and all the best.

Moderator: Thank you. The next question is from the line of Varanikar Vijaykumar from Spark Capital. Please go ahead.

Varanikar Vijaykumar: Yes. Can you give a color of the special forward e-auction for power, the number in the overall e-auction sales in say FY2021, and how it will be for FY2022, given we have stopped the e-auction sales through other modes?

Pramod Agrawal: We have not stopped e-auction to other modes. We had reduced during October. Actually this year, till now, we have auctioned about total quantity booked is 70 million ton, which is almost of the same, which was done during this period last year also. So we have not stopped it, but the extra supplies that we were done about 59 million ton or 56 million ton of extra coal that was supplied, it has gone mainly to powerhouses, that is the point I was trying to make. It is not that we have reduced the supplies to NRS. Expectations from all the sectors from Coal India have increased tremendously because of the increased price and hence there is this thing. But, fact remains that during October, definitely suppliers to this e-auction thing has reduced. Special forward, we have got almost special of 34% to 35% extra premium means, premium was 35% till now, average premium, and last year, the premium was hardly anything. I do not have that figure, but last year it was hardly, 7% or 8%.

Varanikar Vijaykumar: So do we expect the e-auction sales in FY2022 to be similar to last year's number of say 95 million tons?

Pramod Agrawal: Last year, the total booking was 120 million tons. We will try to achieve that figure, but giving any firm commitment at this point of time will be difficult because, I do not know how the power demand is going to pan out. The expectations from power sectors are very high. If their expectations prove to be right, then perhaps this figure will get reduced.



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Varanikar Vijaykumar: Sir, I understand this 124 million is it booking, right. So I am talking about the sales, actual sales was around 94 million tons, if I am not wrong.

Pramod Agrawal: Yes, 94 million tons, so 12 million will be in the, again the same things remain if we do not do booking there will not be any sale. So it will depend largely. We are trying to achieve that figure of 90 million.

Varanikar Vijaykumar: Okay. Okay, and coming to our FY2021 numbers, so what was the overall sales to the power sector sir, of the dispatches we did?

S N Tiwary: 291.

Varanikar Vijaykumar: Of the 573 of dispatch, what would it be for power sector, because the numbers given does not include the e-auction number specifically for power sector. It will be great if you can give overall for power sector through linkage and through e-auction how much was it in FY2021?

Pramod Agrawal: I will tell you. Director Marketing will be able to give you the figure.

S N Tiwary: Current financial year, till October 2021, 291.72 the comparing figure with the previous year, it was 237.75, the growth is 23%.

Varanikar Vijaykumar: Okay. Understood. My final question, you mentioned that the drop in realization in the second quarter in linkage was due to higher supply to power sector because we charge lower. So I missed that percentage. How much we charge lower for power?

Pramod Agrawal: It is about 20%.

S N Tiwary: Right it is 20%.

Pramod Agrawal: There is a price difference of 20%.

Varanikar Vijaykumar: So may I know why for power sector alone it is lower?

Pramod Agrawal: It was fixed long back and it was based on that. Yes, please, Director Marketing will explain it to you.

S N Tiwary: Gentleman, basically power and prices are controlled by so many other things like PPA, government regulations, where they have to exercise that caution of not charging or



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overcharging. Whereas, for product like say aluminum or cement, their end prices are not controlled by anything. They can charge as per their market scenario. So for them, since they are market-driven prices for their end product, so we do charge 20% more, but for power since we have driven prices and government also does take care that the prices of power which is to be utilized by common people or industry does not go on a very high note, it is like controlled.

Varanikar Vijaykumar: Okay. I have further questions. I will come back in the queue, sir. Thank you so much.

Pramod Agrawal: Okay.

Moderator: Thank you. The next question is from the line of Vishal Chandak from Motilal Oswal Financial Services Limited. Please go ahead.

Vishal Chandak: Thank you very much sir. Sir, my question pertains to your Capex program. So if you could just highlight where are we in terms of Capex with respect to the fertilizer plant and obviously on the target of 1 billion ton of coal mining. You had said that you would be spending about 40000 Crores 50000 Crores over a span of next four to five years, rather three to four years. So where are we in that regard sir, in terms of ordering of equipment, etc.

Pramod Agrawal: See ordering of equipment, etc., this is a continuous process, but most of the equipment, there was a lag or there was shortage of equipment. We have placed the order like dragline, we placed order for six draglines. We have placed order for the 240 ton dumper, shovels, etc. It is a continuous process, but whatever was shortage have been placed and we have started receiving the equipment. This year we had planned to invest about 17000 Crore, and last year we have spent something like 13500 Crore. Till this time we have spent something like 7000 Crore, and I am quite hopeful that we will be achieving our target in this, and most of this money, expect for a small component used for fertilizer plants of culture and all those three fertilizer plants, which were already committed, rest of the money is being spent completely on coal or coal evacuation structures and what we had planned that in next three, four years, we will be spending more than 40000 Crores, 50000 Crores we are completely on course. Most of the projects that were likely to take off have been fine and the works have started except for few exceptions, where the contracts have failed like in Konar where we have gone for re-tendering. For railway projects also it is being now monitored by the Railway Minister himself, and so, I am quite hopeful all these projects will now be completed well within the time limit that we have set.



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Vishal Chandak: Sure. That is pretty helpful. Sir in light of the Capex program that we have already announced and we are working on it, so how soon can we be ready for this 1 billion ton target?

Pramod Agrawal: Earlier we were planning for 2023 to 2024, but that seems to be completely unreasonable, we are targeting for 2024 to 2025, but it will depend largely on how the demand scenario pans out. We cannot produce coal and keep it. So last year we produced by 576 million but we ended the year with a stock of 100 million ton. This year we are thinking that we will be producing something in range of 640 million ton. Let us see what is the stock position. If the stock position is not good, definitely the next year, the production will increase, but 1 billion ton, we are targeting for 2024, 2025 depending on the demand in the country.

Vishal Chandak: Sure. Sir, just one last question. In the run-up to the steep hike in the international coal prices, there was a huge opportunity for us to replace the imported coal. So how much of imports have we been able to replace on a YTD basis and in this quarter as well, sir?

Pramod Agrawal: There are three types of coal we must understand. One is coking coal that we are not targeting to replace and we cannot replace because that type of coal we do not have. Then second type of coal is very high grade coal like cement industry uses, even the pet coke and high GCV etc. That we again do not have, but lower type of coal means, G9 to G13 type. We have been able to replace almost 50%, I am told. About 45% have reduced compared to last year. Last year, again also the import was less compared to the year before, but this year we have reduced substantially. Secondly, what has happened because of the high price of the coal in the international market, the power plants located on the coastal areas, which are based on very high GCV coals, they have reduced their production of energy substantially. That too, we are supplying from our coal and the domestic coal-based power plants are now generating that energy to fulfill the gap. So to that extent also, something has been replaced.

Vishal Chandak: I think in one of the earlier quarters, you had mentioned that the addressable market for import substitution is close to about 100 million tons.

Pramod Agrawal: That is right.

Vishal Chandak: Right, and I completely agree, sir. I just wanted to understand on a structural basis how much of that market we have captured as in price arbitrage is one factor, tomorrow if the international prices go down, then definitely these people will again switch to imports, but on a structural basis, have we been able to move towards import substitution?



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- Pramod Agrawal:** See, when I say 100 million ton that is equivalent to almost 70 million ton to 80 million ton of imported coal. So about 100 million of our coal is slightly inferior quality. We have been able to supply about 60 million to 70 million ton extra coal this year to replace that, but exact figure, I will request Viswanathan sir to give it to you separately, because I do not have those exact figure right now.
- Vishal Chandak:** Got it. Thank you very much sir, and all the best.
- Moderator:** Thank you. The next question is from the line of Pinakin from JP Morgan. Please go ahead.
- Pinakin Parekh:** Yes. Thank you very much sir. Sir, I have three questions. First, just to get the e-auction issue clarified. So this first half e-auction coal sales were 57 million tons, last year was 94 million tons, and you basically highlighted full year around 90 million tons, which would imply that the second half e-auction coal sales are around 80 million tons versus 57 million in the first half. Is that understanding correct?
- Pramod Agrawal:** You have understood completely right. If it is 57 million, then I do not have that figure, but if are saying that must be the figure 57 million ton coal supply has taken place, so 33 million ton, I am saying that provided, but I have put one caveat that the power sector should not increase their demand tremendously again, as they did it during the October month.
- Pinakin Parekh:** Understood, sir. Now just complete the e-auction loop, so in first quarter and second quarter, average e-auction realization premium to FSA realization premium was 13% and 15% respectively, and this per you right now stands at over 50%, right. Would that be correct?
- Pramod Agrawal:** Yes. That is right. More or less.
- Pinakin Parekh:** Understood, understood. Sir my second question relates to cost. Now diesel prices have come up very sharply and historically there used to be a relationship between diesel and the consumables and other costs. So what would the recent diesel price decline translate in terms of cost impact on coal? And whether we will see this deflation being offset by either higher employee cost or some other cost?
- Pramod Agrawal:** This question I will request Director of Finance to answer, because there are some linkage between increase in price of diesel and increase in cost. So that will apply while deflation takes place. So he will explain that.



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Samiran Dutta: Yes, in fact, Pinakin, as we had earlier also given many a times a sort of guidance that what is the impact based on the total absolute usage of diesel, so both in the contractual and as well as my departmental together. So this time by Rs.18 gradual increase over Q2 to Q2 we had a hit of around 600 Crores, and going by that 130 Crore liters of consumption, it is for a rupee the thumb rule was, which stands till now around 130 Crore is impacted.

Pinakin Parekh: 130 Crores impacts are per quarter or per month, or per year?

Samiran Dutta: Yes, per year.

Pinakin Parekh: Per year? Okay, understood, and sir, my last question relates to FSA coal price hike. You were earlier confident of getting FSA coal price hike early on, but that seems to have meandered away. How do you see, sir potential hikes on FSA coal?

Pramod Agrawal: See, I am quite hopeful that it should happen soon. In October because of the crisis everybody was shaky, but let me add to one point that coal price increase is something where we have to bring all the stakeholders on board. That process is on and everybody understands that we have reached to a point where the coal price increase has become inevitable. I am quite sure that it should come very soon, but when will it come? It is very difficult for me to say. It is not something that we have elected.

Pinakin Parekh: Understood. Thank you very much sir.

Moderator: Thank you. The next question is from the line of Rahul Modi from ICICI Securities, please go ahead.

Rahul Modi: Thank you for your time for the call sir. I really appreciate it. Sir, very brief couple of questions. Sir, firstly on the wage negotiation, sir I believe we have started making some provisions. So if you can help on that account as to what is the kind of cost increases that you are envisaging and for that we are providing on a quarterly basis or an annual basis?

Samiran Dutta: Yes. Rahul, I will also take this question. I am Samiran Dutta. The question that you have asked is the impact or the provisioning that we had currently making. In this quarter we have made a provision of around 300 Crores. You will appreciate that it is still somewhat adhoc provision because unless and until there is some headway into the negotiations, which are in very nascent stage, it is very difficult to understand the impact or going forward how much we will be finally taking.



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And in any case, unless and until the final NCWA agreement takes place, there are certain things which we cannot in fact provide which can be provided on liability only booked when only that gets finalized like the actuarial valuation part of it, which also accounts for almost say 25% to 30% of the wage settlement.

Now coming to this, as I have mentioned that we have already taken 300 Crore, this is in the backdrop that almost 75000 PAX personnel has already gone down from the last NCWA. Going by the other organizations also the trend that is taking place, the DA increase is also less. So the impacts are no way similar to what had been in earlier cases. So keeping all these things in mind, we have provided already 300 Crore in this quarter.

Rahul Modi:

Okay, sir. Any number that you think of which is can be anywhere between, taking 300 Crore adhoc, I believe that will be 1200 Crore, but anything you believe you can contain it within 2000 Crores or 1500 Crores, anything like that? Any thoughts?

Samiran Dutta:

As I mentioned, you know, actuarial valuation is one area where it is very difficult to in fact pre-calculate or how much will be the other effects that has got other effects, and because it is a very high manpower based company the actuarial valuation plays the spoil sport in that respect rather than the actual quantum or the minimum guaranteed benefits that we call. What we are providing as of now is on an understanding on what the minimum guaranteed benefits can accrue or at this stage can be envisaged.

So that is how we are looking into it. So giving a firm number will be difficult.

Rahul Modi:

Sure. Thank you. Sir, can you throw some light on sir, what is the daily on an average, what is the daily offtake that we are currently seeing? And what percentage of that is going in for power sector and the balance for non-power?

Pramod Agrawal:

It is about 1.9 million ton is what we are dispatching now almost on the average, this month, last year in the last week was slightly higher, and out of that 1.9 million, 1.65 million type is going to power.

Rahul Modi:

Sir is this better than what we were doing in Q1 and Q2, in terms of non-power?

Pramod Agrawal:

Non-power is about 3 lakh. Actually, I will explain. On the average 1.9 lakh has gone in this month for total, but the average to power is 1.6 lakh whenever it goes to 1.96 lakh type, 1.97 lakh type, then the power goes right up to 1.65 lakh, 1.66 lakh. So about 3 lakh is going to non-power sector on the average.



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If, any increase in coal dispatch generally goes to power, and I think in Q2, we were dispatching almost same or slightly less than this to the non-power sector. It was 2.5 lakh per day. Now we are doing about 3 lakh.

Rahul Modi: Okay. Okay. This is helpful. Sir again harping on the same point which previous participant that we are bearing the brunt of cost increase in a significant way, whether it is diesel or wage costs. While the other people in the energy value chain are able to pass on cost. It is becoming difficult for us. So you know, any kind of price hike will be a big relief for the investors as a whole. Sir, just to continue that point. Sir, how is the debtor's position? Is that stabilized or is it again building up? How do you see it qualitatively?

Pramod Agrawal: The overall position you are saying or what?

Rahul Modi: Sir, the debtor position the incremental coal sales.

Pramod Agrawal: Overall the debtor position is actually decreasing.

Samiran Dutta: Yes. Debtor levels were decreasing and you will have to keep in mind this is on elevated sales amount also. So as a percentage of sales it has significantly gone down.

Rahul Modi: It is fine? It is comfortable?

Pramod Agrawal: Yes. It has gone down to around Rs.12000 Crore net of provisions that we make for some grade slippage and all. So if you are looking at the balance sheet level figures, so Rs.19000 Crore-odd where they are at the end of the March, or at the beginning of the financial year, which has now gone down to Rs.12000 Crore-odd. So, almost Rs.7000 Crore of decline over Rs.19000 Crores.

Rahul Modi: Okay sir, last question from my side and I will get back in the queue is on the Capex on the non-coal-related activities. For example, aluminium, and you know if you can throw some light that are we looking to do any major Capex from our side or it will just be, you know, a developmental small token which we would like to do?

Pramod Agrawal: As of now, nothing has been spent on all these things, expect for solar power, the addition thing we have procured in, means, not procured in the sense that we have won a tender in Gujarat which is 100 megawatt. For that we are investing something.

Secondly, we are investing, which was already taken decision on PFL and HURL besides that we have not spend even a single paise anywhere else except for preparing the fund.



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Whenever we go see the viability of the project and anything related to mining is easily doable by Coal India. Beyond that it will be a very cautious move and with the help of partners only.

Rahul Modi: Okay, and sir lastly about the solar manufacturing panel module manufacturing which we had participated in the PLI any progress on the same? And any technology partners you are looking at?

Pramod Agrawal: We had issued RFQ, we are issuing the RFP, and if we get the response then only we will think of participating, but again, as I have mentioned in that, our partnership will be a minority partnership, it will not be a majority partnership. So it will be helping something getting into the country rather than actually running the factory.

Rahul Modi: Okay, sir. Thank you, and all the best. I will be back in the queue.

Moderator: Thank you. The next question is from the line of Prashanth KP Kota from Dolat Capital. Please go ahead.

Prashanth KP Kota: Sir, good evening, and thanks for the opportunity. Sir, so I have two questions. The first one is on the exports. Sir, is there a potential to do any exports from India for a company like Coal India, and this I asked last year also, but now it maybe a little bit more relevant given the higher international price. Is there some opportunity that we can tap in?

Pramod Agrawal: There is an opportunity, only to the market which are located nearby like Bangladesh, Nepal, Bhutan, etc. Otherwise, the general market trend and the quality of the coal in India in that situation, it becomes very difficult to go beyond Bangladesh or any other.

Prashanth KP Kota: Okay, sir. Understood. Sir, and then my second question is more of a structural question. Sir, if you see the incremental ROCE that the Company makes is negative. That is, if you are generating 25000 Crores, 30000 Crores of EBITDA, you are spending 12000 Crores of Capex, 12000 Crores or 10000 Crores or 9000 Crores each year, and then that is not adding to incremental EBITDA. So we are doing a large Capex and out of that we are producing some volumes, incremental volume and a large part of that is going to power sector at significantly lower prices, hence a significant Capex that we are doing each year, significant is very large Capex as a percentage of EBITDA is not adding to EBITDA. Hence incremental ROCE is negative, hence over the last ten years we see the decline in stock. Yes, there is dividends paid out, adjusted for that also we have not done great.



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Sir, and in the past you have indicated that when you decide on excessive price hikes, etc. the broad thumb rule you have is to maintain 30% EBITDA margin. Sir, just one request or I wanted to know your thought process, while doing this EBITDA margin 30% calculation, please reduce it 7000 Crores, 8000 Crores further from the EBITDA, because that is going to Capex, and that is not yielding incremental profit.

So assuming that EBITDA is not 30000 Crores and just 22000 Crores right now, and based on that, please, if you could set the FSA prices, new FSA prices. Otherwise, we would continue to be incremental ROCE negative sir, on an incremental capital that we are deploying. Just wanted to know your thoughts on, and how do you think about this?

Pramod Agrawal:

See, if you see the Coal India's expenditure or Capex, expect for the last year it has been in the range of 6000 Crores to 7000 Crores. For such a large company that 6000 Crores to 7000 Crores is actually a very low investment. Last year we invested something like 13000 Crores, and this year we are expecting something like 17000 Crores. This Capex, getting the same amount of ROCE without increasing the price is something not possible. Because, our Capex is not something like additional capacity generation in the sense that it is not a factory, where if you do additional Capex, that means you would generate another line for production. It is continuous, our Capex is to get the land and to rehabilitate the people continuously and to even maintain the same level of production we need a huge investment.

And whatever we were doing till now was to that only and without investing substantially on evacuation since production. This is for the first time that last year we tried to increase investment in production as well as evacuation like we have taken FMC projects, and then rail lines also we are trying to complete like Gharghoda-Kharsia line has been, Dharamjaigarh- Kharsia line has been completed to large extent. We are trying to double the Sardega-Jharsuguda line. All these things we are taking up, and FMC projects we are taking it up very seriously.

Unless we do these investments even maintaining the EBITDA will not be possible and the coal production will go down. So in coal industry even to maintain a certain level of production, you have to keep on doing extra investments. That should be understood.

Prashanth KP Kota:

True. Just to follow up on this, completely agree with you and appreciate the actual on the ground issues that you have raised. Limited point we are trying to make is, many large investors also have been patient since the several years. Is that, set the coal prices higher taking into account this dynamic that Capex is, the incremental Capex is required to even maintain the current level for this, Sir.



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Pramod Agrawal: I completely agree with you. So while fixing the FSA prices, I will definitely try to fix it keeping all these things in mind. We would like to have a good, because for the last four to five years, we have not increased the price, and this is, we have reached to a level which I am telling them it is not even commercially viable to or do the production. So everybody has understood that, but then it is taking a while, I am quite sure that proper decision will be taken soon.

Prashanth KP Kota: Understood, thanks for your time.

Moderator: Thank you. The next question is from the line of Noel from Ashika Group. Please go ahead.

Noel Vaz: Hello. Yes, sir. Actually, sir. I just wanted to get a small idea. So in presentation it is mentioned that there are some rail links, which have been commissioned at the end of FY2022, 2023 and 2024, three separate projects. So I just wanted to get an idea what kind of cost benefits we can see in the FY2023 and onwards, on a project wise basis? Can we get that breakdown?

Pramod Agrawal: Whether we get the breakeven in these projects or not, that is not very critical, I would not be able to say right now, because I will have to identify which are the projects which are like, okay, I will try to answer this question differently, Tori-Shivpur line, if it is doubled and whenever it is completed, we will get a huge breakeven, means, right from the day one there is no shortage of coal, and actually many new mines of private sector are also coming. So there will be huge offtake from that area, and there will not be any problems.

Similarly, Sardega-Jharsuguda line, again there is even our Siarmal is coming on that line, Barpali if this project is completed and production from those mines start, then there will not be any problem of getting breakeven not only we are gaining in two ways. First thing is, see whatever the railways give me, one thing, one source of revenue, and secondly, it helps me in increasing the production also. Suppose we the mine of Kulda, Garjanbahal today is producing something like 25 million to 26 million ton and we are projecting that in another two to three years it will start producing something like 40 million ton, and in that same vicinity Siarmal is there, which is expected to produce 40 million ton. If these two mines have to produce and if this whole has to be evacuated then without that line, we cannot do it.

So finding the breakeven of line alone, although that line will give me breakeven right from the day in first year, if I get this type of traffic, but finding that breakeven will not be very right way of looking at it because without that line, I cannot produce coal and all that



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investment we are doing in mines will go west. So the viability of the project should be seen in a more comprehensive and composite way. This mine plus line, both investment we should see whether we are getting some yield or not. That should be the right way. Because we cannot transport that much of coal through road. That is just an impossibility.

Noel Vaz: Okay. Okay. Thank you for the clarity on that particular point. Yes, apart from that, then I just wanted to get an idea. So right now, what is our, I mean, I did not exactly hear this. What exactly is our production aimed for FY2022 and FY2023?

Pramod Agrawal: 2022, 2023, we are thinking of something like 700 million to 710 million ton depending on the demand scenario.

Noel Vaz: Okay. This is for the current financial year, sorry, this is like next financial year right?

Pramod Agrawal: This is for next financial year.

Noel Vaz: Okay, fine. Thanks, and just to confirm, so with this current financial year, we are aiming for e-auctions sales to be roughly flat year-on-year right compared to FY2021?

Pramod Agrawal: Yes, that is right.

Noel Vaz: Okay. Thank you very much.

Moderator: Thank you. The next question is from the line of Pulkit Patni from Goldman Sachs. Please go ahead.

Pulkit Patni: Sir, thank you for taking my question. Sir you have mentioned about the effort that we put in terms of taking FSA realization higher. Now just keeping in context with what is happening in the power sector right now with the power companies still not getting paid for their dues. Do you really see that we have an opportunity to take any meaningful price increase in FSA? And how realistic is it for us to be able to do so?

And would it be fair to assume that the price increase in FSA market would be good enough to make sure that whatever wage bill increase, etc. we see increase in contractual labor cost etc. it is good enough just to match that? Or do you think this is going to likely contribute to higher EBITDA margins? Those would be my questions.

Pramod Agrawal: What will happen? I am not very sure of that. This is that in last four years, we have not increased the price. So whatever price we are going to increase should definitely be



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adequate to give me right EBITDA that this sector expects. Increase in construction labor, construction price etc. that have been there, but with the decrease in the diesel price perhaps that will not go as high as I was expecting about a month back or so.

Similarly, labor cost labor cost increase is not likely to be very high, because in general, except for few provisioning that we had to made because of certain reasons, otherwise cost of labor has remained constant last year also, and this year also it has remained almost constant, because of the high rate of the retirement attrition, etc. mainly retirement, and because of that the labor cost is not increasing, but you are right, with the wage negotiation, the prices, the cost will increase and increase in other factors like general increase in the market prices, general inflation etc. that is affecting our margin. But whatever increase we are looking at is definitely much higher than compensating this increases.

Pulkit Patni:

Understood, sir. That is helpful.

Moderator:

Thank you. The next question is from the line of Amit Bhatt from MIT Engineers. Please go ahead.

Amit Bhatt:

Can you please quantify overdue outstanding from DISCOMs yielded, sir?

Pramod Agrawal:

DISCOMs we do not have overdue, we generally supply to only Gencos.

Amit Bhatt:

Gencos, Yes, sorry.

Pramod Agrawal:

Gencos the net receivables is about 12000 Crores right now. At the end of October, I do not know what is that at this point of time, but at the end of October, it was 12000 Crores.

Amit Bhatt:

And sir, is there any concerned regarding increase in the outstanding again because of the emergency like situation because you have to supply on the, even if they are not paid.

Pramod Agrawal:

One must understand why the receivables increased. It increased during the pandemic, because electricity was being supplied, but they were not getting paid at all. The receivables at the end of DISCOMs, means the amount that DISCOMs were receiving from general, except for industrial sector, which also was switched off, rest of the sector, it was nothing compared to what they used to come, because of that it increased, and after first or second quarter, we tried to control it, and from this year first quarter onwards, we have been trying to control the receivables from the Genco, and we have reduced it to 12000 Crores. If something like pandemic again happens and everything is shut down, one cannot say, but because there is shortage of coal or shortage of something, this receivables will not



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increase. Because, we use this as an opportunity also to get money, because there is demand from many people when we say that we will give coal only on priority to that person who is paying upfront.

So that has helped us to reduce the price, to reduce the receivables and in future, it will go down further.

Amit Bhatt: Sir, you have done a great job by recovering this overdues in last quarter, but sir, now as you explained that we can take advantage of the situation in this one particular manner then we can recover faster. So can you please give us a guidance that you know, when we are going to get the reasonable amount of outstanding at the end of the year?

Pramod Agrawal: It will be very difficult for me to give the timeline, but in general now we are following a policy in which we say that whatever money you are giving, one-third will be adjusted against the past receivables and for two-third the coal will be supplied. So that has helped. It is very difficult to enforce it at every level and to each customer, but then this is the general policy, and this has helped us in reducing the receivables significantly.

Amit Bhatt: And sir, this outstanding can affect the Capex or a dividend?

Pramod Agrawal: No. We have got still the liquidity of about 30000 Crores.

Amit Bhatt: Okay. Thank you, sir.

Moderator: Thank you. The next question is from the line of Varanikar Vijaykumar from Spark Capital. Please go ahead.

Varanikar Vijaykumar: Yes, thanks once again. Sir can you give what is our expectation of dispatches for entire FY2022?

Pramod Agrawal: I think it should be in the range of 670 million to 680 million.

Varanikar Vijaykumar: Okay, and for FY2023?

Pramod Agrawal: It will very difficult, but if the demand is there we should reach something like 700 million type, but then it will depend on production next year, because this year we had an advantage of having huge stocks, but next year that will not be there.



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Varanikar Vijaykumar: Okay. Okay, and there is some news floating that in the FSA linkage price can be hiked by 10%. So is there any such number we have in mind?

Pramod Agrawal: Everybody is free to presume something. It has not been finalized as yet.

Varanikar Vijaykumar: And regarding the wage negotiation, so it would be primarily for the non-executive cadre if I am not wrong, correct.

Pramod Agrawal: Yes. It will be non-executive cadre, but it will affect the contractual labor also because contractual labors, this daily wages are dependent on the minimum of what we give to our labor. So it will affect there also.

Varanikar Vijaykumar: Okay. Because the last big hike in the wage costs happened in FY2018 if I am not wrong. So provisioning there was a big number close to 10000 Crores. So any number we can expect in FY2022 or FY2023 in terms of how much can the employee cost go up year on year?

Pramod Agrawal: Very difficult to say, to give any number.

Samiran Dutta: But I would like to add one thing only in this regard. Without going to numbers you see in the FY2018 that you mentioned, that has had a double effect of increasing the gratuity to 20 lakhs also, and that was a massive one almost 50% of the entire effect was due to gratuity. In fact, more than that including all actuarial valuations.

But this time around there is no such expectation.

Varanikar Vijaykumar: Sure, and you mentioned we consume about 130 Crore liters of diesel per year, correct?

Pramod Agrawal: This is what the Director of Finance told, yes.

Samiran Dutta: Yes.

Varanikar Vijaykumar: Okay. I think those were my questions. All the best sir. Thanks.

Pramod Agrawal: Thank you.

Moderator: Thank you. The next question is from the line of Amit Dixit from Edelweiss. Please go ahead.



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Amit Dixit:

Yes. Thanks for taking my question again, sir. On the receivable front while if you go subsidiary wise, you will see that NCN and CL are better while if you look at ECL and BCCL particularly, I mean there receivables are pretty stagnant. So I just wanted to get an idea of where the receivables had stuck, and whether we would be able to reduce receivables of these subsidiaries as well?

And will Coal India go to the historical number that we used to have by end of the year of around 8000 Crore-odd, by end of this financial year?

Pramod Agrawal:

You see, Amit, answering your question, I think you must have seen some old figures. As far as even those subsidiaries that you mentioned ECL and BCCL particularly BCCL had run up through up almost 3800 Crore at one point of time in the last financial year, and that has now got reduced almost to half less than even half. So there the liquidation is taking place, but you will have to also appreciate that the customers who are there for BCCL and ECL, there are certain customers who had been paying less in the past, but now that they have also increased their dilution, so this is going to go down further and it has gone down heavily in BCCL and ECL also. There is no such definition. Maybe some rate difference is there of liquidation.

Amit Dixit:

Okay, that is very heartening. The second question is on expected dividend since we have already, there is a Board meeting planned for the post interim dividend, and given that FY2021 was a challenging year, but still, kudos to you that you gave dividend which was higher compared to FY2020, and this year we have seen significant cash accretion. Our cash balance is possibly one of the highest that I have seen in the last several quarters. So can investors expect dividend for the year to be higher than the FY2021?

Samiran Dutta:

Without forecasting, I would only like to know what you have mentioned already that the receivables have gone down, the cash position has been better although H1 to H1 basis, the profits have been flat Q2-Q2 is flat and H1 basis it has been slightly lower. So, and this is only the interim one.

So we will be discussing that in the Board meeting. So we will discuss this in the Board and we will definitely see, but one of the two constraints that we have in deciding what would be the distribution is that profits per se in those subsidiaries which pay dividend, that has been, this is not on the overall Coal India basis. Number 2 is also the cash position. Now cash provision, as you have already mentioned that has bettered, and profits are also being maintained by those major subsidiaries. So let us see how much comes at the discussion.



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- Amit Dixit:** Great, that is helpful. The third question if I can squeeze one more, is the database question what was the overburden removal in this quarter? And what was the, of course, overburden sure I will calculate, if you can give me the overburden removal?
- Pramod Agrawal:** Overburden removal during this quarter you mean?
- Amit Dixit:** Yes. This quarter.
- Pramod Agrawal:** This quarter was 271.03 million cubic meter, with the last quarter.
- Amit Dixit:** Yes. Great sir. That is very helpful. Thanks, and all the best.
- Moderator:** Thank you. The next question is from the line of Gokul, an Individual Investor. Please go ahead.
- Gokul:** Good evening, everyone. Thank you for the opportunity. So, my first question is on the quality of the different types of coal. So is it because India is lacking the quality coal throughout the country or is it because we have not been able to explore or is it due to lack of viability of the mines?
- Pramod Agrawal:** In general, Indian coal is of poor quality except in few pockets like in ECL and in CIC field of SECL. Our coal quality is poor. It is not that we are not exploring it or we are looking at, I mean, viability issue will have to be seen if it is a very deep seated coal then perhaps it will not be viable to take it out, but in general the Indian coal quality is poor, and it is not that we are unable to exploit it just because of any other factors.
- Gokul:** Okay, thank you, and also, is it possible to like expand the exploration to other minerals in the lands you already have or is it also not viable to consider other opportunities in other minerals?
- Pramod Agrawal:** We have been thinking about finding some other minerals in this area, but where the coal since are there, we have not found any other mineral, which is very useful, which can be very usefully extracted, but this is a question which I do not have much of clarity. I have not come across any other minerals, which can extracted from this area.
- S N Tiwary:** Bauxite it is there in Jharkhand nearby.



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Pramod Agrawal: Bauxite mines are different mines, that is a completely different area. For coal mine like bauxite mines are there in Odisha as well. Those Odisha mines are very good bauxite mines, but those are in a different, completely different area from our areas of operation.

S N Tiwary: Multi-mineral schemes are not there.

Pramod Agrawal: Multi-mineral schemes are not there to my knowledge.

Gokul: Okay, and finally, also regarding the non-coal sector, so from last con call we have been saying that we have incorporated the subsidies and subsidiaries, but we lack the aggressiveness in pursuing this. So is it because we do not want to spend too much capital or is it the intention of the management is not to follow the non-subsidiary, the other sectors very aggressively. Is it like looking at the long-term because there is lot of opportunities and we do have a lot of cash if we can decrease the dividend policy a bit and instead of paying out lots of dividends, we could use the capital more wisely into other sectors. So what could be your thoughts on that?

Pramod Agrawal: See, the thing is, for our coal, the solar power generation we are looking very aggressively, but because of certain reasons we could not succeed in many of these auctions that we participated, maybe because we were slightly conservative or maybe because we were not very sure of the policies that have developed in the last two, three quarters, but we have been bidding for almost everywhere, but we have not succeeded, perhaps we need to be slightly aggressive in that.

In PLI scheme, the PLI thing we did participate, now since that we will get PLI, but right from very beginning, we were saying that this is not the area in which CIL is looking for a majority partnership, and we are looking just for minority partnership and we are in a search of the partner. We hope that we will get, and then it will take a while before that, but CIL tried to enter that field only when, not many people were eager. Now since many people are eager to participate, I do not know how much viability will come, and then, we will see how to go further.

Aluminium sector, we are working very hard on that, we are in negotiation with the Odisha Government, but again, one has to move slightly cautiously and all these things time taking in the mines, getting the area, etc takes time. So it will take a while, it is not that we are not interested, but we are interested only if there is a viability in all these projects.

Gokul: Okay, thank you so much.



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Moderator: Thank you. The next question is from the line of Saket Kapoor from Kapoor Company. Please go ahead.

Saket Kapoor: Hello. Yes, good evening, sir. Thanks for the opportunity. I will be very brief sir. Firstly, sir, if you could give on the Capex part sir, how much has been the Capex spend on the new mine and how much is on the existing infrastructure, especially on the evacuation part sir, and also on report on the ESG front sir, where are we in midst of releasing the ESG? And also on the closure of the non-viable mines.

Pramod Agrawal: You have asked three, four questions, taking ESG mines report first, we have published the ESG report and it has been uploaded about four, five days back. About 15th, just before October 15 or so it was uploaded. The second thing you asked about the closure of the mines, we had identified 23 mines after that 12, 13 have been closed, and four, five mines, I had said that, either these mines will take up the projects in which we will increase the production and try to reduce the losses. So four or five mines of ECL and one mine on SECL we have identified where the production can be increased, and one mine of SECL actually it was in advanced where we are introducing this continuous mine.

And in ECL we are trying to merge these mines, so that the production can increase. So we are making all efforts to reduce the losses in there, and we have some whether by closing the mines, we are saving money or by upgrading the mine we are saving money, we work on that. So by upgrading the mine, we reduce the losses slightly higher, then in that case, we are going for that because most of these underground mines have better coal also which is in huge demand.

The third question that you asked about the Capex, I would not be right now able to give you the figure how much we have invested in mines, sorry, new mines and in railway infrastructure evacuation infrastructure, but in general, about 30% of our total investment goals for acquiring land and rehabilitating people, and rest of the things are in different this. But I request Mr. Viswanathan to give those figures to you separately.

Saket Kapoor: Right sir, and sir, lastly about this dividend part also, sir, you spoke about this earlier that since we are receiving dividend from the subsidiaries, so the tax incident part comes into play. So on taking dividend and buybacks, which one works out better tax efficient sir? And on the aluminium and the solar part also, sir, you were telling that we are look into the aluminium sector. Sir, on one hand, the government itself is looking to divest National Aluminium if my understanding is correct. So we deliberating on a new venture altogether whether the gestation period is so high and on one side the government coming up with



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disinvestment of an existing well established player. So where is this dealing? Why Coal India pursuing it separately when the baby itself on the block if my understanding is correct, and our investment in the solar sector sir, where are we, how much Capex are we doing for this year?

Pramod Agrawal: See, it will be better if you ask one question at the time.

Saket Kapoor: I will do that, sir. Firstly on the dividend and the buybacks tax incidence arbitrage part sir.

Pramod Agrawal: I will request Samiran to explain it.

Samiran Dutta: Yes. See, in buyback in fact because of that 115 QAs which was newly introduced in the last access, the Income Tax Act, so thereby you are getting the unlisted companies also when they are making buybacks. Previously, it is only been listed companies when making the buyback, they were exempt from the taxes, but they are no more in the case of unlisted also. So it becomes a double taxation in the hands of the subsidiaries which are unlisted as well as when Coal India pace out of those proceeds received from them, which has already once taxed are also getting taxed.

So that is why and the same transaction or the amount of proceeds that we pay for buyback is double taxed, but when we receive the dividend we give tax, it is exempted by way of a section called 80M that if we are paying out of the subsidiary's money then it is not double taxed, it is taxed only once. So that way in the same proceed, if you are making buyback, it is getting doubly taxed then ultimately these shareholders are getting less, but through dividend route, they are getting one tax less, so that is how it actually works.

Saket Kapoor: So, sir, since this is an alimony, and the budget is near the corner the presentation should be made from companies having huge cash balances like our and other BSEs also to correct the same for the benefit of the minority shareholders. Sir, just a small data point in 2019, the investor base was 6 lakh, and today the investor minority shareholders base is above 1 million, so there has been a tremendous increase in the number of investors over a period of two years, and the stock prices have also not performed, and on the basis of these tax anomalies even companies eager to distribute cash are unable to do so. So if the presentation could be made to the finance department before this budget and get getting this corrected.

Pramod Agrawal: You are right. The message has been already highlighted in the appropriate places. So let us wait and see.



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Saket Kapoor: Yes, sir, and also on the Aluminium part and the solar, if you could give more clarity, when National Aluminium is one of the company which is on the divestment...

Pramod Agrawal: The question I had you had mentioned that aluminium, one aluminium company getting disinvested. So that is only a process of lifting and for value unlocking. So that does not mean that there cannot be other players in the fields, particularly suppose hypothetically also Coal India has larger cash base and more EBITDA or the margins maybe from other players, so there are always opportunities to be worked out. So that way also Coal India was looking into it.

But although as has been already mentioned I think CBS has already gone into that.

Saket Kapoor: And on the solar front sir, what have been the Capex for the full half and...

Pramod Agrawal: Solar, we are doing on the two front, one in our own solar power plants for own consumption and bidding for others. In our own consumption we have tendered out about 175 megawatt of this, and some of the tenders have been finalized somewhere, in some cases we have got very high price. I would not be able to tell you how much we have finalized, but about 175 megawatt is in pipeline for our own consumption, which we are installing on areas, spaces that we have in our coal field area.

And secondly we have got this 100 megawatt in Gujarat which we are likely to complete before next April. So about 450 Crores will be invested in that. So that way I am looking at about 1000 Crores investment this year in solar thing.

Saket Kapoor: Right sir. Thank you, sir for all the elaborate answer. On the ESG front sir, what has been the feedback from the investing community and you articulated to the investor that things would look different when you will be explaining how wrongly perception has been on the ESG front for Coal India in particular. So what is the thought process and what is the feedback after the ESG report being published sir?

Pramod Agrawal: I think the feedback has been good, and in general people are understanding that Coal India is not neglecting ESG thing. See, last year we did plantation about 830 hectares, 840 hectares. This year we have increased to 1360 hectares. We are trying to, and this is an increase of almost 50% in a single year, which never happened in the history of Coal India. Then we are doing with whatever dumps, etc. are there, we are trying to stabilize them in big way by developing grasslands over that.



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So that will improve the environment in which we are working. Then we are investing in long ways in this FMC projects which we have requested many to do the study and they have come up that it reduces the particle burden or dust burden by about 80% to 90% in our areas of operation.

So we are going a big way in this, but all these things take a while before the impacts become quite obvious to the public because they do not read the report and they did not believe it many of the times. They believe what they see. Now they are seeing that the trucks are plying on the roads and that is generating a lot of dust, once that stops, it will definitely will go in a very big way and a positive way, but we are in direct communication with investors on a regular basis, and I think slowly they will understand that in our areas of operation, Coal India is performing a very important economic activity and in those remote and poor area, whatever we are doing is quite beneficial to the society at large.

Saket Kapoor:

Yes. Thank you, sir, and all the best. I hope sir a lot of feedback has come from the investing community that would be looked into, and addressed at the appropriate forum, so that investors value can be created over a period of time.

Pramod Agrawal:

Okay. Thank you. Can we close Kamlesh now?

Kamlesh Bagmar:

Yes.

Moderator:

Thank you. Ladies and gentlemen, due to time constraints, that was the last question. I now hand the conference over to Mr. Kamlesh Bagmar for closing comments.

Kamlesh Bagmar:

Yes. Thank you, Mr. Agrawal and your entire team for your valuable time and great effort which has been put up on the detailed presentation and answering the questions, and any closing remarks which you have, sir?

Pramod Agrawal:

Closing remarks, thanks a lot for attending this con call and trying to get our point of view on all the issues. Only remark I can make in the last the journey of coal is not going to end soon. Coal will continue as an important supplier fuel source for energy at least for a decade and a half. There is no way we can wish away the coal. Thank you very much.

Moderator:

Thank you. On behalf of Prabhudas Lilladher Private Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.