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CIL urging power houses not to regulate coal intake

STATE-OWNED CIL HAS been writing to power generating companies since October last year urging them not to regulate the intake of coal and build up stock at their end, so that the electricity production does not suffer during summer and monsoon seasons, according to official sources. The development assumes significance in the wake of power houses in the country grappling with coal shortages.

"CIL has been writing to power gencos (generation companies) since October 2020 not to regulate intake of their coal and build up stock at their end, so that generation do not suffer during the summer and monsoon season of 2021-22 due to coal shortage," one of the sources said. CIL had last week said it has stepped up the supply of coal to the power sector in the first eight days of the current month.

—PTI

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देश के कुल बिजली उत्पादन में 69% कोयला से : चेयरमैन

धनबाद | कोल इंडिया लिमिटेड के चेयरमैन प्रमोद अग्रवाल ने कहा कि खपत पैटर्न बताते हैं कि कोयले की देश के बिजली उत्पादन में प्रमुख भूमिका जारी रहेगी। अग्रवाल बुधवार को आयोजित को कंपनी की 47वीं वार्षिक आम बैठक को संबोधित कर रहे थे। उन्होंने कहा कि अक्षय ऊर्जा स्रोतों सहित 2020-21 के दौरान देश की कुल 1378.525 बिलियन यूनिट (बीयू) बिजली उत्पादन में कोयला आधारित उत्पादन 950.751 बीयू था, जो करीब 69% है। इसके अलावा सीमेंट, उर्वरक, स्पंज आयरन और एल्युमीनियम जैसे कई गैर-विद्युत उद्योगों को भी कोयला बढ़ावा दे रहा है।

REALISATIONS from e-auctions rise, while outstandings from state power utilities have fallen; ESG initiatives likely to attract more institutions

Coal India May Find Takers on Improving Demand, Capex

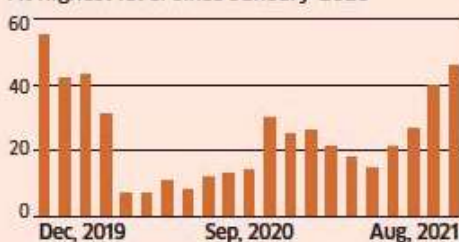
Jwalit.Vyas@timesgroup.com

ET Intelligence Group: Coal India's performance is improving across key parameters — dues from power utilities are at a 16-month low and sales through e-auctions, which earns high realisations, are at a three-year high. While in the past, the stock has been less in demand since institutional investors tend to reduce exposure to companies related to fossil fuels, value investors may find the stock attractive given the company's higher capital expenditure plan (capex) and a dividend yield of 10%.

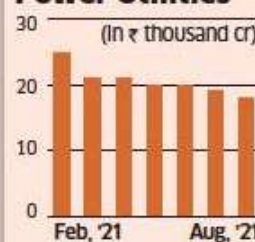
Coal offtake rose by 9.5% year-on-year in August to 48.6 million tonnes. It rose by 24% in the first five months of FY22, the highest in 10 years. Coal demand is expected to sustain as the stocks at power plants are at a two-year low amid improving power demand.

Rising dues from the state utilities amid the Covid-19 pandemic was a major concern in FY21. The situation has now improved. After rising by 43% at the end of March 2021, the dues were at a 16-month low in August. They fell by 16% year-on-year and 6% from the previous month to ₹17,900

E-auction Premium (In %)
At highest level since January 2020



Dues From State Power Utilities
(In ₹ thousand cr)



SOURCE: Company, Brokerage Reports

ET ANALYSIS

crore at the end of August. They had peaked at ₹25,000 crore in January.

The rising e-auction premiums is another positive factor. Coal India sells 15-20% of production through e-auctions (sale not under an agreement). The premium was 46% in August. It had fallen to a low of 16% in FY21 from a high of 95% in FY19. Likewise, the realisation per tonne during the period fell to ₹1,569 from ₹2,632.

The company's capex plan for FY22 at ₹17,000 crore is the highest in the past five years, with a significant amount allocated for environment, social, and governance-related activities (ESG). It includes new mining

projects, first-mile connectivity and railway evacuation projects. This will replace more expensive road transportation with more environment-friendly and low-cost rail and conveyor transport mechanisms. Nearly one-third of the coal offtake will be through this route in three-five years. This effort may attract institutional investors who focus on businesses attempting to reduce carbon emissions.

Analysts expect Coal India to deliver a 15% revenue growth for FY22. The stock has outperformed the Nifty over the past month with a 16% gain. At Thursday's closing price of ₹162.2 on the BSE, the stock was traded at a trailing price-earnings multiple of seven and two times the book value.