

<p>कोल इण्डिया लिमिटेड महारत्न कंपनी 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: 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: 16.08.2021

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 1st quarter ended on 30th June' 2021

Dear Sir,

Further to our letter no CIL:XI(D):4157/4156:2021 dated 10th August' 2021, we are enclosing transcript of Conference call for Financial Results for 1st quarter ended on 30th June' 2021 as **Annexure A**.

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

Yours faithfully,

M. Viswanathan
16/8/21

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

Encl: As above



“Coal India Limited
Q1 FY2022 Earnings Conference Call”

August 12, 2021



ANALYST: MR. VISHAL CHANDAK – DAM CAPITAL LIMITED

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



Coal India Limited
August 12, 2021

Moderator: Good day, ladies and gentlemen and a very warm welcome to Coal India Limited Q1 FY2022 earnings conference call, hosted by DAM Capital Advisors 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 touchstone phone. Please note that this conference is being recorded. I now have the conference over to Mr. Vishal Chandak from DAM Capital Advisors. Thank you and over to you Vishal.

Sameer Goyal: Thank you very much Ali. Ladies and gentlemen good afternoon and welcome to Q1 FY2022 earnings call for Coal India Limited. I would like to thank the management of Coal India for providing us with the opportunity to host them for this call. From the management, we have the CMD Shri Pramod Agarwal, Director Marketing, Shri Tiwari and Director Finance, Shri Samiran Dutta and Company Secretary Mr. Vishwanathan. Without much ado, I hand over the floor to Shri Pramod Ji for his opening remarks following which we will open the session for the Q&A. Over to you Sir!

Pramod Agarwal: Thank you, Vishal. Good evening friends. It is a pleasure to interact with you people again. Our first quarter results are out. Our dispatches, our production despite all the constraints of COVID have been good. This was particularly difficult quarter for Coal India because in all these three months COVID affected every stage of operation. Despite that our production was almost the same as it was last year and dispatches were substantially high compared to last year and it was even higher than 2019-2020.

Though, we were expecting some better results in the sense that I was expecting that profitability somewhere will be somewhere near 3600 and 700, but because of some provisioning for gratuity etc., goes to medical benefits which we have not provided for a few years so for that 600 Crores was what was provided and because of that our profitability got reduced slightly but from this quarter onwards I hope that our performance will be even better.

So without going in much of detail we have to place everything on our website and our presentation is there on the website. So it will be better for me to answer your questions rather than giving a longer opening remark.



Coal India Limited
August 12, 2021

Moderator: Thank you very much. We will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Pinakin Parekh from JP Morgan. Please go ahead.

Pinakin Parekh: Thank you very much. My first question is on e-auction realized e-auction prices. Can you give us a sense where are e-auction prices at this point of time in August versus the June quarter average?

Pramod Agarwal: June quarter average was slightly less. There are two things one is dispatches and another is a booking. If we see that the June quarter dispatch figures that was slightly less just because whatever we dispatched in June quarter was mainly what was booked in December or the third quarter and fourth quarter of last year and the figure was something like Rs.69 per ton so the average realization was about 10% more than a notified tariff, but in August etc., now we are getting 30% over our notified price and these figures, will now get reflected when this dispatches take place.

Pinakin Parekh: Sir, when you say 30% over notified price would it mean an e-auction price of roughly Rs.1700, Rs.1800 a tonne?

Pramod Agarwal: I think so yes.

Pinakin Parekh: My second question is on the wage expense bill. How should we look at the quarterly run rate for the remainder of the year versus what it is right now?

Pramod Agarwal: See in this quarter, the wage bill etc., has increased by 8% and as I mentioned in my opening remarks because mainly because Rs.600 increase was there because of that some provisioning of CTRS and medical facilities post retirement medical facilities for the non-executive. This was one off and so I do not expect any provisioning so my wage bill should remain practically in the same range as it was last year or maybe 1% or 2% increase.

Pinakin Parekh: Thank you very much Sir.

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

Meera Midha: I had just two questions. What is the current state of receivables? The second question is on the cash flow from operations and capex. What is the capex for this quarter and what do we anticipate for the year ahead?



Coal India Limited
August 12, 2021

Pramod Agarwal: The first question the receivables at the end of the last year was Rs.19600 Crores which reduced to Rs.18500 Crores by the end of June quarter but by the end of July month it has to come down to Rs.17100. That is a net receivable. So it has come down by about Rs.2500 Crores in the last four months and we will try to reduce it further in the incoming months and we are putting constant pressure on our personal buyers. On capex this year, we have got a target of about Rs.17000 that includes the capexes with HURL and TSL which is Talcher Fertilizers Limited and Hindustan Urvarak & Rasayan Limited and in that some part is our contribution as equity and another part 60% we invested about Re.1 and Rs.2 will come from the banks and that will be included in this capex. So that is the capex we are planning.

Meera Midha: Sir what about capex for the coal companies? What are what are the numbers over there?

Pramod Agarwal: This Rs.17000 includes everything. So I think about this HURL, TFL will amount to about Rs.3000 Crores, so I cannot give you that direct figure but it will be in the range of Rs.3000 Crores so rest of the Rs.13000 Crores, Rs.14000 Crores would come from coal companies but that Rs.13000 Crores, Rs.14000 Crores also includes about Rs.1500 Crores to be spent on the rail lines that that are being constructed with help by joint venture companies.

Meera Midha: Thank you so much Sir. I am done.

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

Noel: Yes the auction premiums I mean as you have mentioned that come back a little bit in August but for certain segments even for that matter like coking calls they are still lagging the international benchmarks so is this for any particular reason or this will normalize as well?

Samiran Dutta: If I heard that correctly, you are asking whether this e-auction price realization deferment is due to the international benchmarking or due to normalization of the domestic market?

Noel: Can it improve further? That is what I was trying to ask?

Samiran Dutta: I think you are asking about the premiums which have been incurred during this quarter that is April, May, and June?

Noel: Yes Sir this quarter as well as the coming quarter?



Coal India Limited
August 12, 2021

Samiran Dutta: This quarter as I mentioned it was nearly 30% and in the second quarter I think it will be in the same range, but in third and fourth quarter if everything remains normal it will further increase.

Noel: That is all I wanted to ask. Thank you.

Moderator: Thank you. The next question is from the line of Indrajeet from CLSA. Please go ahead.

Indrajeet: Thank you for the opportunity. If I remember correctly in the last call you mentioned about a chance of price increase in the FSI segment so where are we on that and what is the kind of increment that we can look for in the next few months?

Pramod Agarwal: We are working on that and because of the first three months we lost in the COVID, so we could not in that time of pandemic thing got increasing the price but now we are working aggressively on that and I cannot say what will the figure because we have not decided and should not be disclosed either but we will see some decisions being taken and we will try to maintain the EBITDA at roughly in the range of 30%.

Indrajeet: I am sorry EBITDA at the range of?

Pramod Agarwal: 28% to 30%.

Indrajeet: That is helpful. Secondly for this quarter onwards we will have to start making the provision for the wage subscription so what is the kind of increments we will be factoring in just for accounting purposes. I know actual numbers could be different but when you make provisions what is the kind of hike you will be building?

Pramod Agarwal: We have not seriously thought about it, but it will not be anywhere near what it was given last time so provisioning will be very less compared to. It will be very less. Let us see but I think let us wait for a few days for us to decide on this.

Indrajeet: Thank you very much.

Moderator: Thank you. The next question is from the line of Falguni Datta from Jet Age Securities Private Limited. Please go ahead.

Falguni Datta: Good afternoon Sir. I just wanted to know what is the production and sales guidance for this year?



Coal India Limited
August 12, 2021

- Pramod Agarwal:** The target we have kept at 670 and 740 but to my mind, if we achieve some production of 630 to 640 and patch of about 700 types that will be the most practical thing.
- Falguni Datta:** How do should we look at that stripping adjustment line item in the P&L account for this year?
- Pramod Agarwal:** I think there will not be any withdrawal or no more provisioning. So, stripping ratio we will try to maintain, which is required as per the design so that it does not affect the production and quality in coming years.
- Falguni Datta:** So will we have stripping activity adjustment that line will we have a positive figure or how if you can give some sense on that?
- Pramod Agarwal:** There will be hardly any provisioning or any withdrawal from that.
- Falguni Datta:** Any view on the contractual expense how should that be looked at for this year?
- Pramod Agarwal:** It will very much depend on what is the price of the diesel. In this quarter we lost about Rs.700 Crores because diesel price increased by about 35%. It was in the range of Rs.66, Rs.67 and now it is in the range of Rs.89. So there has been substantial increase in the diesel price. If this price remains constant then whatever we have done in the last quarter will be maintained but if diesel price increases further which is to my mind seems completely unlikely but nobody can comment on that.
- Falguni Datta:** Thank you Sir. That is all from my side.
- Moderator:** Thank you. The next question is from the lineup Rahul Modi from ICICI Securities. Please go ahead.
- Rahul Modi:** Thank you Sir for the opportunity and the congratulations on good volumes. I had a couple of questions just wanted to check with you on how the demand situation has been overall for both coking and non-coking? Obviously we have seen a good set of volume numbers in Q1. How is the volume looking forward in the next few months as per your estimates in terms of offtake and when do you look at stepping up the pedal in production because a couple of months back we had a situation where we had to also slow down production because of high inventory so how is that now panning out the overall?
- Pramod Agarwal:** Thank you Rahul. Demand is very good today. Actually in the first four months, we have reduced our inventory by 45 million tons and our dispatches to this date is about 46 million



Coal India Limited
August 12, 2021

tons more than last year and it is much higher than the 2019-2020 figure as well so this demand is very huge and it is likely to continue unless something related to COVID happens my demand very likely to continue and we have created space for another 50 million tons so the production reduction that we resorted to last year which I do not think that there will be any situation like that in coming months. This year it is unlikely to come. We will have to gear up our production and increase it as much as possible because we have already created a space for about 50 million and as you know in August the remaining days of August and few days of September, the stock is likely to reduce further. So there is a huge demand in the market, evacuation systems are quite geared up and for us how much we produce.

Rahul Modi:

Also in terms of we have seen a very strong elastic typically when your e-auction volumes went up to 30 million tons obviously there was a correction so is it more to do with a time lag when the quantity was booked and dispatched and you see better months coming ahead on the e-auction side, as you mentioned there is a 30 premium, you see this to see this continuing or improve going forward?

Pramod Agarwal:

August and September the premium may not increase but after this quarter third and fourth quarter premium is likely to increase because international prices are firmed up so they improved, unless it is very essential people will like to purchase from us. Now coming to the other part of your question whatever we booked in the first quarter three months mostly that coal, in first quarter whatever dispatch has taken place is basically the coal that was booked in the last quarter of last year and that is the third quarter of the last year because during the COVID situation we extended the time period by about three months till July 20 so almost until July 30 so that affected because of that the rate in the last two quarters was not as good as it was in the first quarter. So this will get reflected from now onwards. I think from September month onwards, whatever lifting takes place it will be because of the new booking so we should see better price realization.

Rahul Modi:

That is helpful. Secondly Sir now how do we stand in terms of is Ministry supportive of a price hike because in terms of a lot of discounts to be offered has been already given by us for example the performance incentive has been let go of which we used to get you know for supplying higher than the ACQ. We have also reduced the base price of auction so now that your end user industries are increasing their prices how is Ministry okay with that basically for allowing you to take a hike because that becomes an important thing, what is your view?



Coal India Limited
August 12, 2021

Pramod Agarwal: Coming to the base price of auction, now it has been restored in most of the cases, and we are providing some premium right at the beginning, we are adding some premium at the best price only and there is no opposition from any quarter, whatever opposition is there we are tackling that. Coming to the price point, we are in discussion with all the stakeholders and in general everybody is on board because our costs have increased everywhere so there is no reason that CIL should not increase the price.

Rahul Modi: Now if you could throw some light on the solar manufacturing that we were looking at so anything that we firmed up yet on that and you know the three gigawatt of solar utility installations that you were talking about how are things progressing on that side?

Pramod Agarwal: We have got to order from 100 megawatts in Gujarat and in our own area we are targeting to install about 250 megawatt out of which about 100 megawatt has been tendered out so we are working actively on that and we will be in the coming months we will see Coal India participating in whatever opportunity come we are quite sure that by 2023-2024 we should install about 3000 megawatt of solar power.

Rahul Modi: Right and manufacturing.

Pramod Agarwal: Solar manufacturing nothing has been firmed up. We are working on that PLI scheme of the government has been launched, but as I have told many times that we will go only if we get a very strong partner along with us, otherwise it will be difficult for us to eventually do it.

Rahul Modi: Lastly from my side it is a very, very crucial question we all you know always people asking you your thoughts on your dividend policy going forward? How do you see with the balancing act between the capex and the payouts, please?

Pramod Agarwal: The things as they are moving if they go as such then we will have adequate cash for both dividend and for the capex. There will be no shortage of the cash with us. We have got Rs.17000 Crores in market which we are realizing very fast. We have got deposit. The profitability will rise in coming quarters so that the liquid cash will be generated but for dividend policy since new Director Finance has joined I request him to comment because I have been replying this for many times. Rahul, the second part of question I have requested Director Finance to answer.

Samiran Dutta: I think the Sir has already stated that going by the current status of our production offtake and the realisability that we are having so we are expecting much better profit stability than the previous year and going back to that normal position of what used to be for Coal India



Coal India Limited
August 12, 2021

about 28% to 30% of EBITDA margins. Having said that and because the cash position looks also good so there is no reason why we should not be able to actually maintain a good dividend rate that we have in the past also maintained and better than what we have in the last financial year.

Rahul Modi: Thank you. That is very helpful. Thank you and all the best.

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

Aniket Mittal: Thank you for the opportunity. My first question was on this the production decrease that we have seen I think like you mentioned it is largely because of the high levels of inventory that we had, just wanted to understand from an FY2021 end perspective what sort of inventory levels would you be targeting or what sort of inventory levels would you be comfortable with?

Pramod Agarwal: The comfortable number for inventory should be about 70 million ton 75 million tons, anything between 70 million tons to 80 million tons, but in case the lifting is not proper we can go up to 100 million tons but beyond that it will not be good. This year also if you see in first four months we have reduced inventory by 45 million tons that too in the situation when an April May June, COVID situation was prevailing and the demand situation in the country was slightly below normal so in case the demand situation remains normal type then even 100 million ton is something which I consider comfortable because in this three months with all the efforts the dispatches do not go beyond 2 million tons and during the rainy season again the movement of the coal gets affected so actually it is advantageous to have slightly better realization.

Aniket Mittal: From let us say FY2022 end perspective, the inventory levels that you will be targeting would be roughly 70 million tons to 80 million tons?

Pramod Agarwal: That is right.

Aniket Mittal: Our current inventory I think at the end of July would be 54 million tons, right? Correct me if I am wrong I think at the end of July the inventory level at our mines should be close to around 50 million tons for 55 million tons. Going forward I think we would look to increase the production versus dispatches and how easily can we do that?

Pramod Agarwal: I could not get you.



Coal India Limited
August 12, 2021

- Aniket Mittal:** I was saying at current inventory levels I think at the end of July would be close to 54 million tons for 55 million tons, so if at the end of the year, we want to reach a number of 70 million tons to 80 million tons, but essentially talking of the production of facing the dispatchers right which means that the production at our mines will have to increase going forward at least for the next few months?
- Pramod Agarwal:** That happens because in the last quarter we produced almost 35% of our total production if I am not wrong and in March alone we produced about 12% to 13% of our production, so that should be wrong.
- Aniket Mittal:** That would happen in March. Sorry to harp on this but if I were to look at Coal India as a whole what would you say would be the annual production that you can reach for all your mine without incurring any further capex?
- Pramod Agarwal:** Without incurring any capex maybe this year we can achieve whatever we are desiring to but next year it will not be possible to sustain that because one of the major component of capex acquiring land and rehabilitation doing rehabilitation work and third thing that we are looking at are evacuation systems unless we invest properly in these three or four items maintaining this production will be very difficult. It will start going down very fast.
- Aniket Mittal:** Setting a target of 630 to 670 so if I look Coal India as a whole, we can easily do 630 million tons to 670 million tons beyond that is where we would face challenges, where we require to acquire land and that is why we are doing the incremental capex?
- Pramod Agarwal:** Maintaining this thing will require something whatever land we are acquiring, it is not something that we have acquired complete piece of the land. We require land every year. Like last year we acquired something like about 3000 hectares of land at a cost of about 3000 Crores so that type we have to keep acquiring the land.
- Aniket Mittal:** Just on the OBR front as well I think what has happened over the past one year is you know because the inventory levels were high we were focusing more on the OBR front rather than the production of the mine so how do you see that going forward any sort of OBR production numbers that you have in mind for FY2022 OBR removal numbers?
- Pramod Agarwal:** OBR approval, partly was because of the fact that you mentioned but partly was also because of the fact that in the last three four years till 2019-2020 despite the increase in production of the whole OBR number have remained in the same range of 1130, 1140 and that has affected the mine geometrically tremendously. If we want that quality of the coal to



Coal India Limited
August 12, 2021

improve and we want that production to be smooth then OB removal at the rate of about 2.5 times of the tonnage is essential. So if suppose we are doing production of 600 million tons so roughly in the range of 1400 to 1500 million cubic meter of OBR removal is detrimental to maintain the mine geometry. So I think in this year also we will target for something like 1550 or 1500 million cubic meter or OBR removal.

Aniket Mittal:

That is helpful and just one question on the e-auction front going forward once our inventory levels I think keep on declining I think the realization of the e-auction will also go up so how do you look at the overall mix? I mean what sort of in terms of your overall dispatches you know what would the ideal percentage be in terms of the e-auction volumes, at least from a full year perspective? Because Q1 was a pretty good number in terms of I think 20% of our dispatches were e-auction, but we would be able to maintain that if realizations start going up?

Pramod Agarwal:

We could maintain that, actually 50 million tons of old stock is not a low stock, this must be one of the highest stock on August 15 as on this date any of the last year so there will be no shortage of coal at the mine level and from up October onwards, the attrition starts happening in the stock so there will be no shortage because what I mean to say e-auction volume will not get affected because of shortage of the coal, so if there is a demand, we will try to maintain this 20% 25% level.

Aniket Mittal:

Thank you and just one follow up on that could you tell me what are the overall e-auction level or e-auction volumes that is booked and out of that how many have we dispatched?

Pramod Agarwal:

I have not got your question?

Aniket Mittal:

That question I was asking how much volumes of e-auction coal have we booked or contracted and how much of that have you dispatched.

Pramod Agarwal:

It is not that the one-to-one relationship. The auction that has taken place in the last quarter basically got dispatched this year, in the first quarter so auction total was about 23 million tons and the dispatch was 30 million tons, but this 23 million tons has got nothing to do with this 20 million and only a part of the 23 million would have got dispatched in this 30 million, most of it was what was the auctioned in the last year. We did about 125 million last year and I am pretty sure that we will exceed that number this year.

Aniket Mittal:

Thank you Sir. Wish you all the best.



Coal India Limited
August 12, 2021

- Moderator:** Thank you. The next question is from the line of Indrajeet from CLSA. Please go ahead.
- Indrajeet:** I just missed your production and sales guidance numbers for the year if you can repeat that please?
- Pramod Agarwal:** I was saying that dispatch should be in the range of 710, 720 it comes near more than 700 and the production see that if it is more than 4050 I would be happy. It should be in the range of 600 or 640 types.
- Indrajeet:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Kamlesh Bhagmar from Prabhudas Lilladher. Please go ahead.
- Kamlesh Bhagmar:** Thanks. I was asking on the part of e-auction so if I see July month your e-auction realization on the basis of numbers which were reported on the Ministry of Coal it was roughly around Rs.2100 and if I compare it with like say January 2020, it was similar like the Rs.2200 with the same notified price of roughly around Rs.1500 and if we see the global coal prices it has almost more than doubled or to 2.5x but our realizations in the spot e-auctions continues to remain the same and even if we see the quantity at let say in July we have offered hardly around 5-odd million ton and we were able to get interest for only around 50% of quantity so what is the reason behind that Sir? When there is so much of buoyancy in the global coal prices even see petcoke prices they are almost at like the all-time high level but we are not able to realize that in the spot e-auction. I am not comparing with other auctions let us say power and all that because there will always be weak realizations or soft additions in those segments but particularly on the spot e-auction like say it continues to remain very tepid even like say sharp increase in the global pricing?
- Pramod Agarwal:** I will request Director Marketing who is sitting with me to reply on this.
- S N Tiwari:** Good evening to the analysts. Basically you understand that the spot a spot market is for short-term lifting but as Chairman Sir has already told you that the lifting which was being taken was from the booking of the previous years of previous quarters so that is why the coal which being held till July 20, that was getting lifted and the interest for fresh booking was not there because the coal was there in the hands of the traders. Now once this expansion time is being taken up, you will find that this has improved to a level of around 75% or 80% of premium. Have I made my point? Earlier book property was still there in the market so there was a less interest in booking the fresh quantity.



Coal India Limited
August 12, 2021

Kamlesh Bhagmar: What am I talking about July month?

S N Tiwari: It is there July 20 there was an extension update so once this coal, which was booked earlier goes away you will find the interest rising much beyond what we have seen right now but let me tell you spot auction if I see on an average thing for April to July it is 34% and in a similar fashion, when we offer core for special spot auction for importers the premium is 54% so on average what Chairman Sir has said it is hovering around 24% but if I take the sector which is almost in the same pattern of spot auction for imports the premium is 54%. So what I am trying to tell you is if this coal has been lifted for the last quarter now you will see from next month onward the spot auction will be much, much higher than what you are seeing right now for July or even for the average of April to July.

Kamlesh Bhagmar: Thanks a lot Sir and second question on the employee cost. I was not able to hear that properly so how much was the one time this quarter in employee cost?

Pramod Agarwal: Director Finance wants to answer it.

Samiran Dutta: You see in this quarter you have seen employee benefit cost of total 10390 Crores. Now we have already said that within that is embedded that 600 Crores one off actuarial valuation, non-cash charge that provision we have made so even if you knock that off, it comes down to something below 10000 something around 9500-ish or 800-ish which you have seen even in one year back period so if you multiply it by four that gives something around Rs.36000, Rs.37000 which is more or less on the same line as was in the previous year. As you know that almost 16000 people goes off it gives us under for the present rate of salary structure almost Rs.1400 to Rs.1500 Crore of saving so after recovering back whatever the increments are there for 3% annual increment and the DA that more or less keeps the salary and wages intact with the previous year. Now this year also we are witnessing that the DA has been quite less I mean the inflationary pressures and the reflection through this DNA tolerance has also been less so we do not expect that it could go on an overall basis beyond what you have seen in the last financial year.

Kamlesh Bhagmar: But would there be any impact because of the increase in the DA which has been done by the Government of India for the central PSU employees?

Samiran Dutta: For officers there have been increase in DA allowance of about 5% but you know that in Coal India there are 350000 employees after that only 17000 or 18000 are officers and rest are few lakhs are workers so the impact that it will make will be not very significant. It will be there but it will not be that much significant. We have not frozen. That will continue and



Coal India Limited
August 12, 2021

the DA of the non-executives was not frozen, it continues. So, because of this there is unlikely material impact.

Kamlesh Bhagmar:

Thanks a lot.

Moderator:

Thank you. The next question is from the lineup Pulkit Patni from Goldman Sachs. Please go ahead.

Pulkit Patni:

Sir thanks for taking my question. Just harping on the previous question and just so that I understand this correctly so Samiran Sir explained that employee cost is going to remain in the same range of last year given the adjustments the DA adjustment but if one factors in the provision for wage revision then obviously this number is going to be higher right, is that understanding correct?

Samiran Dutta:

That is right.

Pramod Agarwal:

Without wage division it will be in the same range. What Samiran said that it was last year in the first quarter it was 9600. This year in this quarter it is about 10400 so as out of that increase 600 was a provision which was one off so if that is knocked off then it is almost in the same range 9600 to 970 and that is likely to continue in the coming months so will be provision for that. That provision will be extra.

Pulkit Patni:

I just wanted to clarify that. Thank you Sir.

Moderator:

Thank you. The next question is from the line of Rakesh Vyas from HDFC Mutual Fund. Please go ahead.

Rakesh Vyas:

Good afternoon everyone. Thanks for the opportunity and I hope everyone is safe. I have two clarifications and two questions. First one on the employee cost itself so when we are driving for a flat kind of a number on YOY basis without impact of wage hike, I believe even in last year in fourth quarter we had made certain provisions for actuarial etc., so are we accounting for those numbers as well or we are we are negating the two the provision made in this quarter versus fourth quarter?

Pramod Agarwal:

Our numbers should be 9700 on average per quarter. Last year we made a provision of about 1000 rupees in the last quarter for that leave encashment, this year, it has come up about close to 600 Crores is for the post retirement. So, if you knock of those, then it will be almost same. Whatever one off provisions are made, if those are removed, it will be almost the same.



Coal India Limited
August 12, 2021

Rakesh Vyas: That helps clarification. The second question is on the spot e-auction just want to clarify something that Director Marketing was highlighting so essentially July also saw a muted response because there was a lot of offtake available with the already booked quantity with the players which was taken off and what we are essentially highlighting is that since then since July 20 because that window is closed the incremental spot auctions is seeing a much higher premium of 70% or is that a correct understanding? Is that what i understood?

Pramod Agarwal: 70% what he meant to say that till July we had given time extension to all the traders just because the COVID situation was prevalent in June, so we gave them 15-20 days extra, but after July there is no extension so whatever quantity was left with them is over. So now onward for coming forward, we must see a much higher premium on this.

Rakesh Vyas: Two questions that I have Sir after this classification one is only you are talking about almost 640 million ton of production kind of number and 700 offtake which essentially means that you will probably be having a reasonable moderate inventory at the end of the year, so given that demand remains strong how prepared are we for a much higher production number and offtake number in FY2023 or are there some bottlenecks which we still need to address to achieve those FY2023?

Pramod Agarwal: FY2023 the constraints that I personally see is mainly related to evacuation. About production we can say that we have created capacity which is much higher than this. Now we have contracted about 130% of our requirements, so that even if one or two contractors fails here and we have created some flexibility in our contract system also so if one or two contractor fails here and there it should not affect our production numbers. Evacuation is definitely one of the big challenge but we are following it up very seriously as we know that almost all the assembly projects are under construction, some of them will come in next financial year so that will help us in evacuation. Many of the lines that are in small lines siding etc., that were under construction we are following them up, some of them will get constructed but that will also help in increasing some dispatches. One major improvement that is likely to take place is a completion of Angul-Balram line completed when about 20, 25 rigs one per day taking about 1 lakh from MCL will become possible, similarly from Sardega they are widening the rig and they are creating, Sardega line has started construction has started in that line so we have taken up some small patches work immediately which are very critical for improving the dispatches and with that also another 40000-50000 ton will come per day. We have started construction on colliery shipping lines, so some of these dispatches may come and that will help us in improving the dispatches so I do not know there may be some problem here and there, but then there will be no such constraint that we will be not in a position to meet the demand.



Coal India Limited
August 12, 2021

Rakesh Vyas: Then my last question was related to this part only of the first mile connectivity projects if you can just also highlight as to almost 400 million kind of number that you are targeting in phase one how is the commissioning of these likely given that we are already talking about capex on those numbers in 2022 and probably 2023 as well? So what proportion will come in which year if you can just highlight that as well?

Pramod Agarwal: They will come in 2023. They will come in this year also about four or five will come this year, another but most of them will come in at FY2023, March 2023 is most of them should be there, three or four may get delayed and one does not know how the COVID situation will come. If that happens then everything is stopped.

Rakesh Vyas: I will get back in queue. Thank you Sir.

Moderator: Thank you. The next question is from the line of Ajay Jain an individual investor. Please go ahead.

Ajay Jain: Good evening Sir. Sir my query is can you throw some light on the Jharkhand demand which we were having and what is the progress in this if you could quantify because in the last meeting you had informed that they are going to take the rate based on present circle rate of the land? Could you just quantify a little on the whole liability which we are having on this?

Pramod Agarwal: Mr. Ajay Jain, there is a problem with Jharkhand government. The land we have acquired but many of that land has not been given possession. We have not got the possession. Secondly a lot of land for which we have already paid for individuals but that is in the name of Jharkhand government in some old record, and whatever payment we have made is after the verification done by the land record authorities that is at the district level authorities. So there is no confusion on that. We have paid last year September to the authority to Jharkhand Government as an advance to be adjusted for the land they are giving. A lot of land they have provided, but a lot of land they have given to this project. So whatever figures that is coming I do not think they are any realistic or anything going to happen, but then all those figures are not based on any receipt and so this would mean that we need that much land according to us, our mining strength is good, there will be a phenomenal growth in our production. There is no linkage between reality and this.

Ajay Jain: Fair enough. I understood that, but coming to my next question, could we quantify from the company's point of view what you feel could be the liability which we look ahead, somewhere we had worked out the 2500 Crores figure which you had mentioned that that



Coal India Limited
August 12, 2021

also is not there in your mind but because these figures are so huge it can have a very financial difficulty as regard the liquidity and the profitability going ahead if it comes true. So could you quantify to pacify okay this is the liability which we feel may come up?

Pramod Agarwal: I do not think any liability is going to come. Whatever acres of land, 100 acres of the land, for which we have given then December token advance, got liability of another 200 Crores, 300 Crores something like that, not more than that. The records need to be matched, beyond that there is nothing and if they start giving 56000 hectares of land, we will be much happy.

Ajay Jain: This is very comforting because the figures which are being going around can really make a lot of difference. Thank you. Secondly sir there is so much of rise in international prices, the e-auction and the spot prices gives us better revenue to the company. Do we have a cap on this that we can only do a particular amount of production can go into e-auction apart from the ones which you have a tie-up agreement?

Pramod Agarwal: 20% of the total production but that constraint is very no demand from regular customers. As such achieving 20% excess has not been possible in many years. Now we have geared up and so offering is not a constraint demand should be there and if you offer too much of the quantity then there will be no premium on it. The availability of the coal, making a balance between the demand and supply, all these things are there.

Ajay Jain: Just a corollary to it basically right now the international prices are going I mean lifetime high and you know there is a difference between a year back and today it has increased more than 150% why is this not reflecting in our prices? Whenever we see international prices we go for a good sleep because we think even Coal India would have a good price too but when we go back, it does not reflect so in our pricing. Is there any particular reason behind it like you have explained about the spot prices that 20% is what we can sell and probably we will reach that figure but apart from that the FSAs and all, are we not able to negotiate with them like normally if you see other commodities they monthly take out a price list okay this is the price which will give from this particular day onwards, iron ore and other commodities why is not that happening in coal Sir?

Pramod Agarwal: The coal was 80% of the prices is being notified, the coal price can increase that is when it increases tremendously, then it will affect the price, so that much of freedom we do not have, that we can match it up because the prices of power, electricity price will become almost 150% increase and then the whole country so that type of thing cannot happen with a simple problem it is a whole thing and a principle commodity i do not think that that is a practical thing and all it is a desirable thing but we completely understand that this is the



Coal India Limited
August 12, 2021

high time when the price should increase, taking into account the fact that for last three and a half years we have not increased the price and our costs has collected although we have tried to reduce it to the extent possible, I completely agree with you but whatever we offer on the e-auction, I think in the coming months, you must have the realization.

Ajay Jain: Thank you so much and really compliment to you on the way you conduct these concalls really makes things so transparent. I really respect and compliment you on this particular effort which you put inside.

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

Vineet Maloo: Good afternoon Sir. Thank you so much for the opportunity. Sir just wanted to know what has been progress for us on receivable side at the end of June and beyond June also till date if you can just talk about that Sir?

Pramod Agarwal: I had mentioned this in the opening remark Maloo, but then coming back to it at the end of March this year I mean March 31 it was about 19500 Crores which reduced to 18500 Crores by June end and my Director Finance tells me as of July end it came down to Rs.17100 Crores, so there has been a reduction of about Rs.2400 Crores in last four months.

Vineet Maloo: I think I missed it earlier. My next question is what is the total capex we have incurred so far in the year and are we on track for our annual target?

Pramod Agarwal: As I mentioned earlier also the target is about Rs.17000 Crores, but that includes our investments in HURL and TFL and HURL and TFL I expect that this year about our 1000 Crores equity will be put and correspondingly about 2000 Crores loan will be taken so that Rs.3000 Crores is on HURL and TFL account and another 1500 Crores I do not remember exactly is for railway lines that have been constructed in Eastern Railway in that also my equity is only at 64% but then out of total investment only 20% or 30% is equity and 70% is debt. So to that extent if you are looking from the cash point of view this fact should be taken into account and rest of the thing is for our improving our coal production.

Vineet Maloo: Thank you.

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



Coal India Limited
August 12, 2021

Rahul Jain: Good afternoon Sir. Thank you for taking my question. We had started this exercise of import substitution some sometime last year if I am not wrong, so how far have you succeeded on that front and what is your expectation for this year and secondly, I want to know so what is the pipeline of thermal projects coming in the country and so how do you see the landscape evolving in next two three years? Thanks.

Pramod Agarwal: I could not get your second question

Rahul Jain: This is more broad-based in terms of carbon emissions creating a problem globally so how we geared up to address that issue?

Pramod Agarwal: Coming to the first question I think about 70 million was the thing that we supplied instead of import last year and this year again we will make all the efforts to replace the import as far as possible but our limitation is that there is lot of import which is the type of imports the type of coal that we do not have like coking coal, hydrate coal and so is the coastal power plants etc., so that is something which is not replicable but just whatever the coal is replaceable, we will try our best to replace that. Coming to the second part of the question which is related to decreasing the carbon emission we are taking all the steps possible. As I had mentioned in earlier interactions as well that first mile connectivity, the project related to first smile connectivity and railway lines are a big step in reducing the carbon footprint. Very soon you will see a media report put in our on our website that will indicate that a lot of carbon I do not want to give the numbers exactly but by constructing all these 35 essential projects a lot reduction will take place in carbon emissions and there will be substantial reduction. Secondly, we are increasing the afforestation drive. Last year we did tree plantation on about 800 hectares of the land and did about 20 lakh plants. This year we are planning that we should do more than 1300 hectares of the land and perhaps more than 30 million plants will be planted. Besides this is over and above the statutory requirement of afforestation that we are required to do when we affect any forest area and whatever we have accumulated over the years is more than 4000 hectares of the land, we have planted on this we have cleaned the plant and in present area, actually, the area after fuel enters it has become greener so all these efforts we are doing some experiments on how to replace diesel with LNG and we have signed an MoU with GAIL recently so that they will help us in introducing LNG if that happens and further reduction in a high capacity equipment can be achieved. We are trying to get into the solar power as I mentioned earlier that about 250 megawatts we have identified, which will be created just to meet our requirements, which will supply the subsidiary indirectly and besides we are trying to enter in this field by picking up solar power projects in other areas so that in next three years CIL can become a carbon neutral company.



Coal India Limited
August 12, 2021

Rahul Jain: Thank you. That is very helpful. Sir also on how do you envisage the situation evolving say in five years time you will see a lower production in offtake, given your projections that you would have done or do you think that thermal demand will still continue to grow at more than 5% or any whatever thoughts on that Sir?

Pramod Agarwal: It will be difficult for me to indicate any numbers but my understanding is that the next one or one and a half decades the coal production requirement of the country will further increase. There is no way it can decrease. We take in another way that the average carbon emission per capita in India is half of the world average and perhaps of one-eighth of the American average. If we have to improve the standards of the living then this energy consumption in the country will increase there is no way that it can decrease. So next 10 to 15 years I do not think the coal demand will reduce and maybe the share of the coal in power generation will decrease but in absolute terms it will definitely increase, and the production requirement will be at least 5% to 6% increase every year.

Rahul Jain: Largely, you think it will be coming from higher PLF because not too much of thermal capacity are being added. Is that a right assessment?

Pramod Agarwal: That is right. Last year it was only 58%, this year in second month it was close to 62% so it is likely to increase. This year it will be you will see that PLF will be the 60% plus.

Rahul Jain: Thank you so much.

Moderator: Thank you. The next question is from the line of Vishal Chandak from DAM Capital Advisors. Please go ahead.

Vishal Chandak: Thank you very much. Sir, just a couple of questions from my side the first question was with respect to simplification of the e-auction process. If I remember last time you mentioned that there are number of e-auction, multiple e-auctions that you run and that creates a lot of anomalies in the system as in who puts in how much quantity in which auction and thereabouts so price discovery also at times is not very realistic and demand assessment is also not very clear so any thoughts on how soon can we move on to one company one auction kind of a phenomenon?

Pramod Agarwal: Vishal we are trying very hard for this but we need government permission for this and as we know that it will affect certain interest, so those interest rates would start trying to access but we are working on that. It will be difficult for me to indicate the timeline but let us see. We are working very hard on this and it should happen.



Coal India Limited
August 12, 2021

Vishal Chandak: Well, in my view that would unlock significant amount of value for Coal India actually because if you look at today any other company in the commodity space, they have reported lifetime high EBITDA while the cost structure is probably remaining flattish or marginally up so it is high time we have our share of the pie?

Pramod Agarwal: You are right completely, but then other community and coal is slightly different because almost everything depends on coal so rampant increase in price of coal perhaps will not be advisable for the country's economy but then I completely agree that there should be some increase and all these mechanisms should be transparent and it should be such that real price should take place and we are working very hard on our business.

Vishal Chandak: That is great to hear Sir. My second question was with respect to washeries I remember at the time of our IPO, we had made certain commitments on setting up washeries and you know proceed towards improved quality of coal. So in recent times what are the actions that we have taken on washeries, if you could just elaborate on that it was found that?

Pramod Agarwal: It was found that washeries coal becomes slightly expensive and no power plant is willing to take vast coal, despite that fact if you transport over the year a certain distance the cost of transportation of the ash content makes the coal cheaper but none of these power plants without giving any commitment on this and hence in the last year, the government that made it compulsory not to transport coal beyond certain ash content that has been both notification has been modified and hence in today's situation even I install washery, I do not know how much demand I would say I would get i have been requesting power plants to indicate their demand to give some commitment that in the last many years they have not given. So ultimately washeries for non-coking coal are unlike not many washeries in non-coking coal are likely to come up.

Vishal Chandak: My last question was with respect to our capex for reaching at a billion tons. If I remember we had stated that we need about 65000 Crores of capex to reach a billion ton and we were planning to hit that number by about FY2024, I understand we would be delayed because of the COVID, so where are we in terms of reaching a billion tons and in terms of capacity to produce and how much we have spent on that so far? That would be all from my side.

Pramod Agarwal: Last year we spent about Rs.10000 Crores to Rs.12000 Crores just on our increasing our capacity. This year again as I was saying earlier, we have spent Rs.13000 Crores if we knock off all other expenditure, Rs.13000 Crores to Rs.14000 Crores capex we will be doing on this. Next year again, we are likely to do that between Rs.15000 Crores on this item but what you are saying that Rs.65000 Crores, is required increase the 1 billion ton



Coal India Limited
August 12, 2021

production perhaps there is some mismatch in these numbers because when we say that so many projects are to be opened for reaching this one billion ton target and for those projects 65000 Crores or 70000 Crores this will be required it does not mean that for one billion tonne this much is required because that 65000 Crores and 75000 Crores the total requirement of those projects over the next 20-25 years. So that much capacity will be created and that capacity needs to be sustained over many coming years. So that is something so it is not that we will be required to spend 65000 Crores in next two to three years to achieve this targets.

Vishal Chandak: Thank you so much.

Moderator: Thank you. As there are no further questions in queue, I now have the conference over to Mr. Vishal Chandak for closing comments.

Vishal Chandak: Thank you very much for participating in today's call. I hope we have had a very good session I hand over the floor to Sir, for your closing comments.

Pramod Agarwal: Thank you very much Vishal for organizing this and thank you participants for asking very good questions today. I must appreciate today that the repetition of the questions were not there so we could close this well within time. Thank you very much Vishal for organising this.

Moderator: Thank you. Ladies and gentlemen, on behalf of DAM Capital Advisors Limited that concludes this conference call for today. Thank you for joining us. You may now disconnect your lines.