



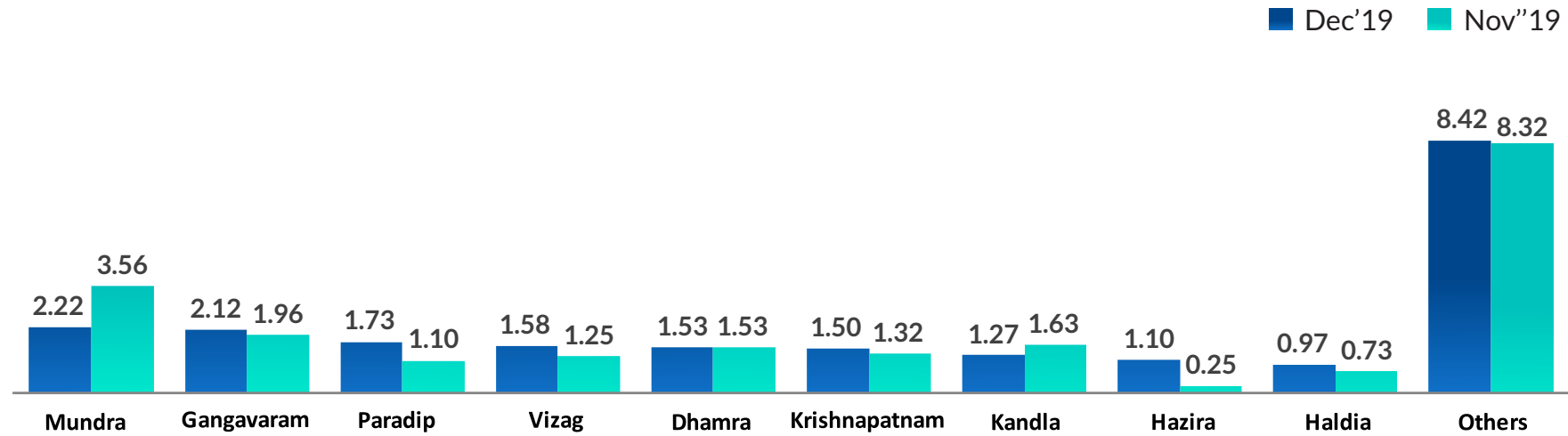
# COAL

MONTHLY REVIEW JAN' 20

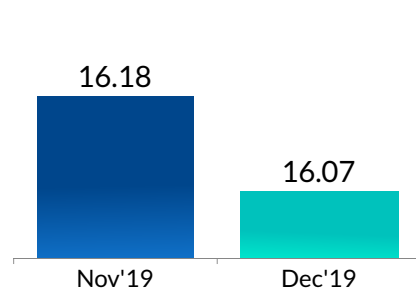


## INDIAN COAL IMPORT

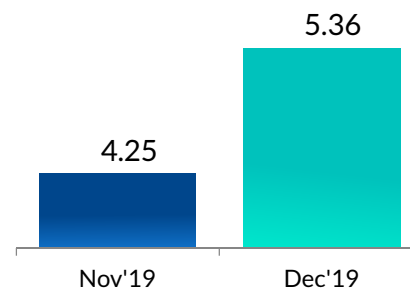
(Qty MnT)



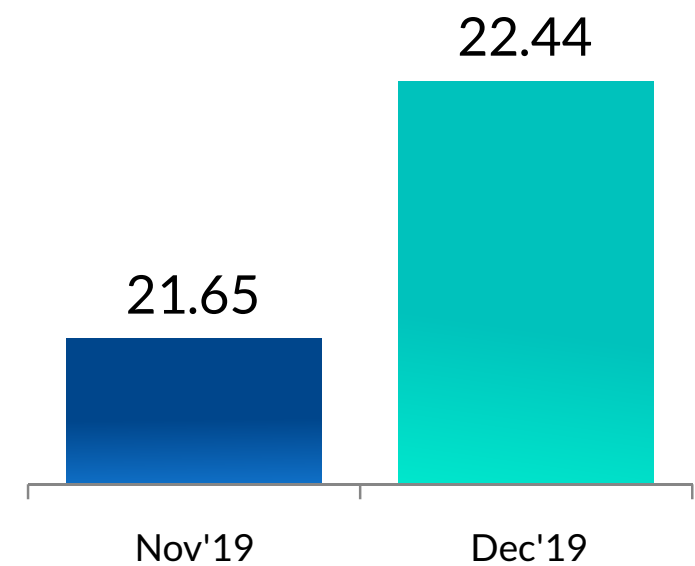
## NON COKING COAL



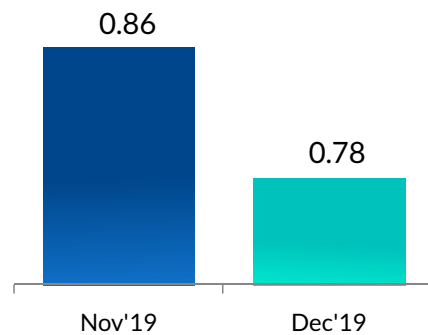
## COKING COAL



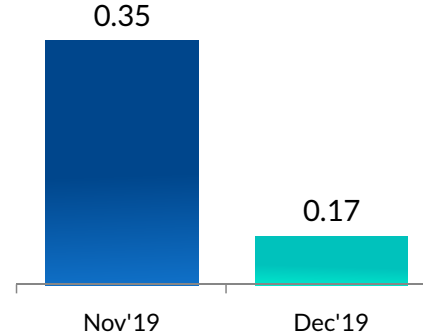
## TOTAL COAL IMPORT



## PET COKE



## MET COKE





COKING COAL MAJOR RECEIVERS		QUANTITY (MT)	
RECEIVER	DEC'19	NOV'19	M-O-M CHANGES
<b>SAIL</b>	<b>1450276</b>	<b>764251</b>	<b>90%</b>
HALDIA	521205	306278	70%
VIZAG	419571	207973	102%
DHAMRA	275000	236000	17%
PARADIP	194500	14000	1289%
GANGAVARAM	40000	-	N/A
<b>JSW STEEL</b>	<b>1343859</b>	<b>985941</b>	<b>36%</b>
MORMUGAO	593079	594041	0%
KRISHNAPATNAM	417836	-	N/A
JAIGARH	332944	391900	-15%
<b>TATA STEEL</b>	<b>967440</b>	<b>1128439</b>	<b>-14%</b>
DHAMRA	483505	750525	-36%
PARADIP	385448	309334	25%
HALDIA	98487	68580	44%
<b>RINL</b>	<b>353068</b>	<b>714648</b>	<b>-51%</b>
GANGAVARAM	353068	714648	-51%
<b>JINDAL STEEL &amp; POWER</b>	<b>339098</b>	<b>182818</b>	<b>85%</b>
PARADIP	225943	146900	54%
VIZAG	113155	35918	215%
<b>ELECTROSTEEL</b>	<b>138650</b>	<b>-</b>	<b>N/A</b>
DHAMRA	80150	-	N/A
VIZAG	58500	-	N/A
<b>TRAFIGURA INDIA</b>	<b>81263</b>	<b>79485</b>	<b>2%</b>
DHAMRA	81263	79485	2%
<b>BHUSHAN POWER</b>	<b>80350</b>	<b>-</b>	<b>N/A</b>
PARADIP	80350	-	N/A
<b>BENGAL ENERGY</b>	<b>78620</b>	<b>67500</b>	<b>N/A</b>
DHAMRA	78620	-	N/A
PARADIP	-	67500	N/A
<b>OTHERS</b>	<b>524991</b>	<b>322260</b>	<b>63%</b>
<b>Grand Total</b>	<b>5357615</b>	<b>4245342</b>	<b>26%</b>

NON COKING COAL MAJOR RECEIVERS		QUANTITY (MT)	
RECEIVER	DEC'19	NOV'19	M-o-M
<b>ADANI ENTERPRISES</b>	<b>3329548</b>	<b>3840028</b>	<b>-13%</b>
MUNDRA	1046404	1969575	-47%
HAZIRA	363409	250012	45%
DHAMRA	325040	240332	35%
NAVLAKHI	300265	194980	54%
OTHERS	1294430	1185129	9%
<b>AGARWAL COAL</b>	<b>1295983</b>	<b>936232</b>	<b>38%</b>
NAVLAKHI	288884	208250	39%
TUTICORIN	174370	-	N/A
GANGAVARAM	132759	160000	-17%
DHARAMTAR	126750	91000	39%
OTHERS	573220	476982	20%
<b>COASTAL GUJARAT POWER</b>	<b>1000859</b>	<b>1047517</b>	<b>-4%</b>
MUNDRA	1000859	1047517	-4%
<b>JSW STEEL</b>	<b>826877</b>	<b>143968</b>	<b>474%</b>
JAIGARH	360234	118968	203%
MORMUGAO	169773	-	N/A
KARAIKAL	136900	-	N/A
KRISHNAPATNAM	82420	-	N/A
ENNORE	77550	25000	210%
<b>ESSAR POWER</b>	<b>724416</b>	<b>887870</b>	<b>-18%</b>
SALAYA	650354	621550	5%
PARADIP	74062	-	N/A
MAGDALLA	-	266320	N/A
<b>SEMB CORP GAYATHRI POWER</b>	<b>605590</b>	<b>823998</b>	<b>-27%</b>
KRISHNAPATNAM	605590	823998	-27%
<b>RELIANCE INDUSTRIES</b>	<b>520143</b>	<b>75000</b>	<b>594%</b>
HAZIRA	279918	-	N/A
DAHEJ	157725	75000	110%
BEDI	82500	-	N/A
<b>SWISS SINGAPORE</b>	<b>493413</b>	<b>375550</b>	<b>31%</b>
KRISHNAPATNAM	165000	165000	0%
GANGAVARAM	164663	-	N/A
KANDLA	108750	147050	-26%
DHARAMTAR	35000	-	N/A
OTHERS	20000	63500	-69%
<b>IL &amp; FS TAMILNADU POWER</b>	<b>447801</b>	<b>374221</b>	<b>20%</b>
KARAIKAL	447801	374221	20%
<b>OTHERS</b>	<b>6827680</b>	<b>7676717</b>	<b>-11%</b>
<b>GRAND TOTAL</b>	<b>16072310</b>	<b>16181101</b>	<b>-1%</b>



## INTERNATIONAL

### Indonesian Government Completes Drafting Key Regulation for Coal Contract Renewals

#### Indonesian Government Completes Drafting Key Regulation for Coal Contract Renewals

The new regulation will provide legal basis for a number of coal miners seeking for renewal of their current coal contracts of work (or PKP2B), which are set to expire within the next few years, and converting them into IUP mining license.

Head of Legal Bureau at the Ministry of Energy and Mineral Resources, Hufron Asrofi said that the draft of the new government regulation has been completed following "discussion, harmonization and clarification" with related ministries including the Office of the Coordinating Minister for Maritime Affairs and Investment, Office of the Coordinating Minister for Economic Affairs, Office of the State Minister of State Owned Enterprises, Minister of Finance, Minister of Human Rights and Law, Minister of Energy and Mineral Resources, and State Secretary.

Hufron said that only State Minister of State Owned Enterprises Erick Thohir who has yet to sign on the draft. The new regulation will become effective once it has been signed by President Joko Widodo.

The sixth revision of Government Regulation (GR) No 23/2010 was originally targeted for completion at the end of 2018. In January of last year, the government had almost completed the sixth revision of the GR No 23, but was once again suffered another delay after then state minister of state owned enterprises Rini Soemarno insisted that coal concessions operated by PKP2B coal firms whose contracts have expired should be given to state firms.

The polemics then expanded to request that the renewal of the PKP2B contracts should

await the revision of the Mining Law No 4/2009. The revision of the mining law, initiated by lawmakers, has also suffered lengthy delays. A senior lawmaker said previously that the House of Representatives aimed at completing the revision of the mining law by August of this year ahead of the expiry of a number of PKP2B coal contracts.

A number of first generation PKP2B coal miners are set to see their operating permits or contracts expire within the next year few years. These include PT Arutmin Indonesia whose contract will expire on Nov. 1, 2020, PT Kendilo Coal Indonesia (Sept. 13, 2021), PT Kaltim Prima Coal (Dec. 31, 2021), PT Multi Harapan Utama (April 1, 2022), PT Adaro Indonesia (Oct. 1, 2022), PT Kideco Jaya Agung (March 13, 2023), and PT Berau Coal (April 26, 2025).

Hufron said that the revision of the GR No 23 is seen as the fastest way to help ensure investment and legal certainty particularly in the coal mining sector rather than waiting for the completion of the deliberation of the new mining law by the House and the government.

Executive Director of the Indonesia Coal Mining Association (ICMA) Hendra Sinadia said that the coal mining industry players are now waiting for certainty from the government. He said that investment and legal certainty is crucial, either it's provided via the GR No 23 or revision of the mining law.

"We'll follow whatever option taken by the government. We're confident that the government understands the urgency and impact on the national economy," he said.

### Does Anglo American's Coal Output Drop in CY19 Hints at its Exit?

South Africa based diversified miner, Anglo American Plc has recently released its unaudited production results for the year ending 31 Dec'19. While the company is engaged in the mining of multiple metals, in this article we have focused only upon its coal operations.

Anglo American mines both thermal and coking coal and has its mining operations in South Africa, Australia, and Colombia. The company's total coal production has registered a decline of 7% y-o-y basis in 2019 as the same stood at 60.1 MnT against 65.5 MnT in previous year 2018.

In terms of metallurgical coal, the company's output has registered an increase of 5% y-o-y as the same stood at 22.8 MnT in 2019 against 21.8 MnT in 2018. This rise in company's metallurgical coal output is primarily due to the timing of longwall moves at Grosvenor and Grasstree, as well as improvements in wash plant throughput at

Moranbah-Grosvenor and equipment productivity at Dawson

Hard coking coal output surged by 1% y-o-y and stood at 18.9 MnT whereas PCI/SSCC production increased by 28% y-o-y and stood at 3.9 MnT in CY19. In the fourth quarter (Sep-Dec'19), the ratio of hard coking coal production to PCI/semi-soft coking coal was 81:19 (full year 2019: 83:17).

The company's total thermal coal output in 2019 has recorded a plunge of 13% y-o-y basis and stood at 37.8 MnT against 43.6 MnT in 2018. In case if we analyse the bi-furcation further, Anglo American's export thermal coal production from Australia increased by 2% to 1.41 MnT in 2019. However, export thermal coal production from South Africa, decreased by 3% y-o-y to 17.8 MnT, while domestic thermal coal production from South Africa fell by 27% to 10.1 MnT. Export thermal coal production from Colombia also decreased by 16% year-on-year to 8.59 MnT.

Coal Production	CY18	CY19	Y-o-Y Change
<b>Metallurgical Coal</b>	21.8	22.8	5%
Hard coking coal	18.8	18.9	1%
PCI/SSCC	3.03	3.89	28%
<b>Thermal Coal</b>	43.7	37.8	13%
Export (Australia)	1.38	1.41	2%
Export (South Africa)	18.4	17.8	3%
Domestic (South Africa)	13.7	10	27%
Export (Colombia)	10.2	8.6	16%

Quantity in MnT



## The bigger picture behind

Towards the end of 2019, Anglo American Plc dropped hints that its days of mining the world's most polluting fuel, thermal coal are limited given the rising carbon emissions from the fossil fuel's usage. According to the company sources, the company is on a trajectory away from thermal coal, and will do so responsibly.

Anglo American which has spent decades in positioning itself as environmental and social champion, has been cutting its coal production in recent years, with the thermal coal output falling from as much as 80 MnT to less than 30 MnT.

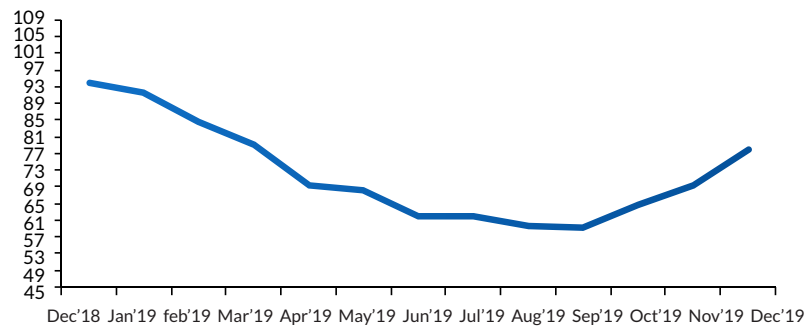
In fact, in its production guidance for 2020,

the company has lowered its thermal coal target to 26 MnT from a previous goal of as much as 30 MnT while metallurgical coal production is expected to be between 21 MnT to 23 MnT. The company has sold its coal mines in South Africa to Seriti Resources Holdings Ltd., which is planning to build a massive black-owned mining company.

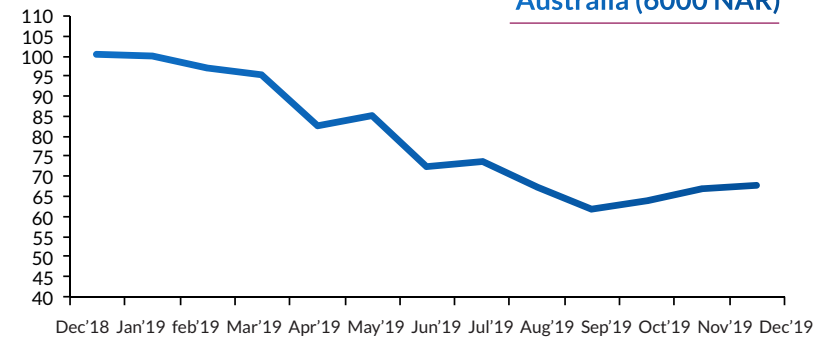
Anglo's rival Rio Tinto Group has already sold its last coal mines in 2018, making it the first major mining company to go coal-free. BHP Group is looking at options to exit its remaining coal mines in Colombia and Australia which has left Anglo with Glencore Plc as the only two Western majors with thermal coal assets.

## International Non-Coking Coal FOB Prices (Average)

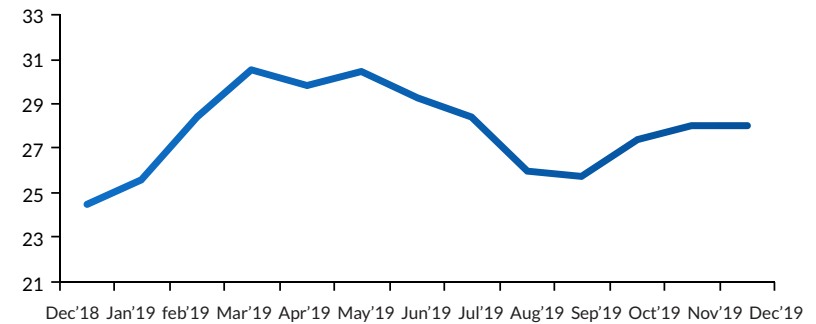
South Africa (6000 NAR)



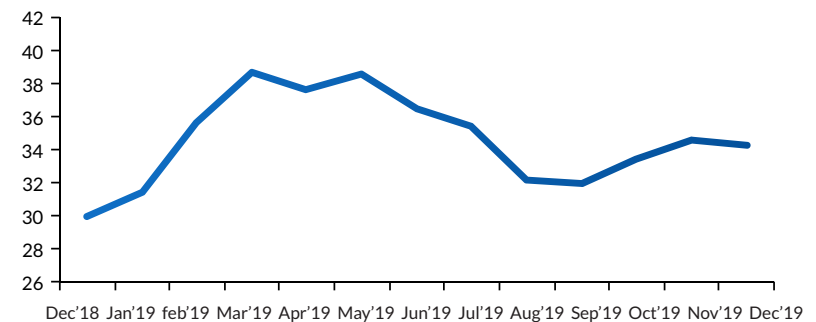
Australia (6000 NAR)



Indonesia (4200 GAR)



Indonesia (3800 GAR)





## Australian Coking Coal: FOB prices climb up on PLV bookings

Seaborne premium low-volatile (PLV) hard coking coal (HCC) prices inched marginally higher on an FOB Australia basis with the conclusion of a sell tender early this week.

However, traders expect that a sluggish market may follow as Chinese buyers retreat for the Spring Festival. Prices should remain mostly flat until the Chinese market participants return from their week-long holidays.

### Price Assessments

Latest offers for the Premium HCC grade are assessed at around USD 153.00/MT FOB Australia, higher by USD 0.50/MT than the average rate of USD 152.50/MT prevailing during the week gone by (13th – 17th Jan'20).

Chinese steel markets and coke plants are seeing positive margins at the moment, but it's hard to gauge the market direction after the Lunar New Year celebrations.

Meanwhile, China-based sources said that quotas may be applied on monthly import volumes at ports in the Tangshan area. It's also being heard that at Caoefidian the import quota has been set at around 450,000 tonnes per month.

Offers for the 64 Mid Vol HCC grade are assessed at around USD 134.00/MT FOB Australia.

For Indian buyers, the above offers amount to USD 165.50/MT and USD 146.50/MT respectively on CNF India basis.

## Pulverized Coal Injection (PCI) & Semi Soft Coking Coal

	FOB Australia	CNF China	CNF India
Low Vol PCI	90.00	101.50	102.50
Mid Tier PCI	86.75	98.25	99.25
Semi Soft	80.75	92.25	93.25

N.B.: All prices are in USD/MT

## DOMESTIC

## CIL's Linkage Auction Fetches 19% Premium for Sponge Iron Sector

Coal India Ltd (CIL), the largest coal producer in the country, has concluded coal sales for sponge iron sub-sector under the ongoing fifth tranche of linkage auctions.

The company had offered 4,697,000 MT for sale across its six subsidiaries, against which

individual auctions were held for each lot during 23-31 Dec'19.

CIL managed to sell 89% of the total quantity floated in the auction at an average bid price of INR 1529.16/MT, thus fetching a premium of 19% over the average notified coal price of INR 1282.78/MT.

Source	Company	Grade	Quantity		Price	
			Offered	Booked	Notified	Bid
Linked siding of Jhanjra area	ECL	G4	55,000	54,900	3270	4355
Hariazam	ECL	G5	12,000	12,000	3007	3007
Block	NCL	G5	200,000	199,400	3007	3312
Vijay West UG	SECL	G5	200,000	199,500	2737	3712
Karma OCP	CCL	G6	70,000	69,900	2524	3569
Religara OCP	CCL	G7	50,000	49,800	2311	3346
North Urimari OCP	CCL	G8	50,000	49,700	1757	2982
Urimari OCP	CCL	G8	50,000	49,700	1757	3007
Pouni	WCL	G11	20,000	19,800	1914	1914
Gevra OC	SECL	G11	1,110,000	1,107,100	1145	1295
Amrapali OCP	CCL	G11	400,000	268,300	1145	1145
Bhubaneswari OCP	MCL	G12	300,000	299,500	1063	1488
Spur 9 Siding	MCL	G13	150,000	149,900	980	1080
Hingula OCP	MCL	G13	1,000,000	628,000	980	980
Manikpur OC	SECL	G13	250,000	249,400	980	1180
Belpahar OCP	MCL	G14	280,000	279,600	897	1132
Garjangbahal OCP	MCL	G15	500,000	499,500	708	798

Source: CoalMint Research, Quantity in MT, Prices in INR/MT



Aggressive bidding was seen for mid-grade of coal (G6-G8) offered from Central Coalfields (CCL), which had received bids in the range of INR 1045-1250/MT. Highest premium was fetched for G8 grade of coal offered from Urimari OCP, which had acquired bid price of INR 3007/MT against the notified price of INR 1757/MT.

Lower coal grades (G11-G15) offered in the auction had witnessed relatively lower bids up to INR 425/MT. Incidentally, the specified premium was only seen for a single lot of G12

grade, while remaining lots had garnered bids in range of INR 0-235/MT.

Out of the total booked quantity 928,100 MT coal was sold at their base price, which comprised three lots from the lower coal grades.

Incidentally, of the total 69,000 MT coal product offered in the auction pertaining to grades W-II, W-III, W-IV and G7, BCCL had witness sales of 66,700 MT.

### Major Coal Receivers:

Jindal Steel and Power emerged as the largest buyer in the auction with intake of 937,100 MT coal. Prakash Industries was the second-largest coal receiver, which had secured 168,700 MT coal linkages for its 6th Sponge iron kiln.

The quantity acquired by the successful bidders pertains to a long-term supply agreement on an annual basis valid for 5

years, which can also be extended for an additional 5 years on mutual consent.

Meanwhile, CIL's coal allocation in linkage auction pertaining to sponge iron sector has fell from the previous round, wherein the company had sold 6.37 MnT coal in the Tranche IV as against 4.186 MnT recorded this term.

## India to Begin First Tranche of Commercial Coal Mining in Ongoing Fiscal

The central government that has recently opened doors for commercial mining of coal by removing end-use restrictions and as per the latest updates it is going to initiate first round of sale of coal blocks in the ongoing fiscal year of FY20.

The Ministry of Coal has released a discussion paper mentioning the draft rules for commercial coal auctions yesterday i.e. on 15 Jan'2020. According to the draft rules, there shall be no restriction on the sale or tilizeion of coal from the coal mine and the successful bidder shall be free to sell coal in any manner and tilize coal for captive consumption and export.

**Eligibility:** A company or a joint venture company incorporated in India is eligible to participate in commercial coal auctions.

**Bid Parameter:** The bidders would be required to bid for a percentage share of revenue payable to the Government. The floor price shall be 4% of the revenue share. Bids would be accepted in multiples of 1% of the revenue share till the percentage (%) of revenue share is up to 10% and thereafter bids would be accepted in multiples of 0.50% of the revenue share.

**Auction Process:** The auction would be conducted on an electronic platform through a two stage process comprising of:

a) Technical Bid in which the Bidders would be required to provide details regarding compliance with the Eligibility Conditions; and

b) Financial Bid comprising of: (i) the Initial Price Offer (IPO); and (ii) the Final Price Offer (FPO).The IPO shall be above the floor price.

Limitation on number of Bids: A Bidder shall submit only 1 (one) bid for a particular coal mine. No Affiliate(s) of such Bidder shall submit a bid for the said coal mine. In case an Affiliate(s) of a Bidder also submits a bid for the said coal mine, the bids submitted by the Bidder and its Affiliate(s) will be rejected.

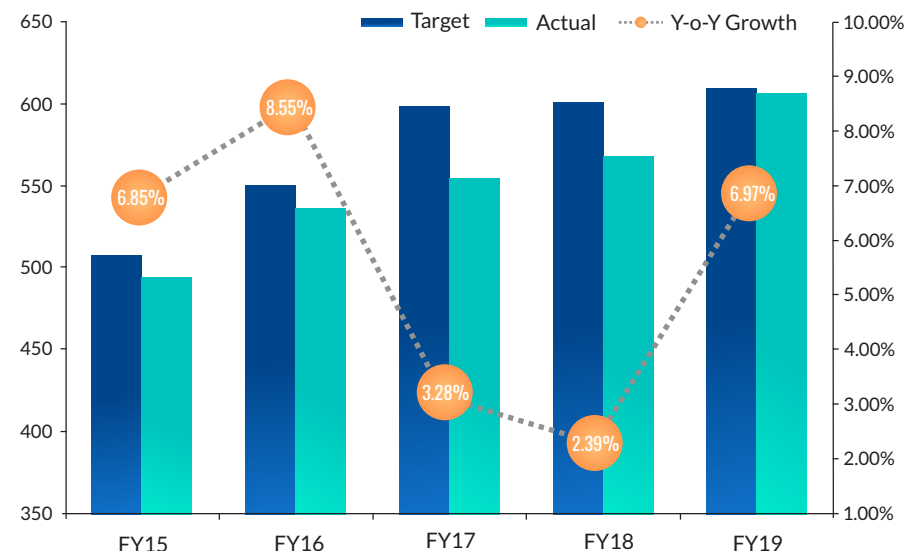
### Mines up for sale

The government has released a list of 74 mines which it plans to auction under commercial mining. Among the coal mines being put up for auction are Anesttpali in Telangana; Chhendipada, Mahanadi and Kuraloi North in Odisha; Ashok Karkatta in Jharkhand and Jagannathpur in West Bengal.

The ordinance approved by the Cabinet last week also enables auction of unexplored and partially explored coal blocks for mining through prospecting license-cum-mining lease. These steps are expected to result in opening up of the coal sector completely for commercial mining to local as well as global firms. This would further boost economic growth and employment generation.

## India: CIL Augments Coal Reserves to Increase its Market Competitiveness

### CIL Coal Production





Indian miner-CIL, has received a major boost after allocation of new coal blocks elevated resources of the coal major.

Coal resources of CIL have increased by 8.3 BnT after allocation of 16 coal blocks by the Indian government. Incidentally, CIL's resource capacity took a leap to over 172 BnT from 164 BnT after the allocations, which makes it around 54% of the country's entire coal resource.

CIL had highlighted that current rate of coal production combined with the proposed expansion plans projected in the coming years, would enable it to meet the rising coal demand of the country to a considerable extent.

It is pertinent to note that country's coal requirement is huge and is increasing with the thrust on capacity addition in power sector. Evidently, the domestic demand for coal is far outstripping the rate of indigenous production, which despite the best effort from CIL, is still widening.

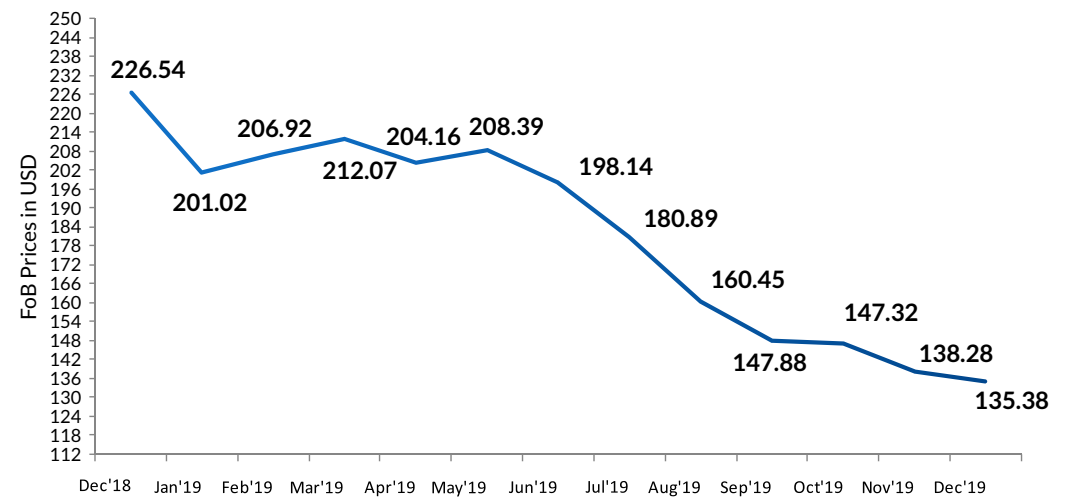
CIL has welcomed the initiative taken by the Indian government to operationalise commercial coal mining, citing that it would assist the country to become self-reliant in meeting the coal demand internally and reduce the import dependency.

However, the coal company seemed confident that it would remain the prominent player in coal market despite the arrival of several new private miners.

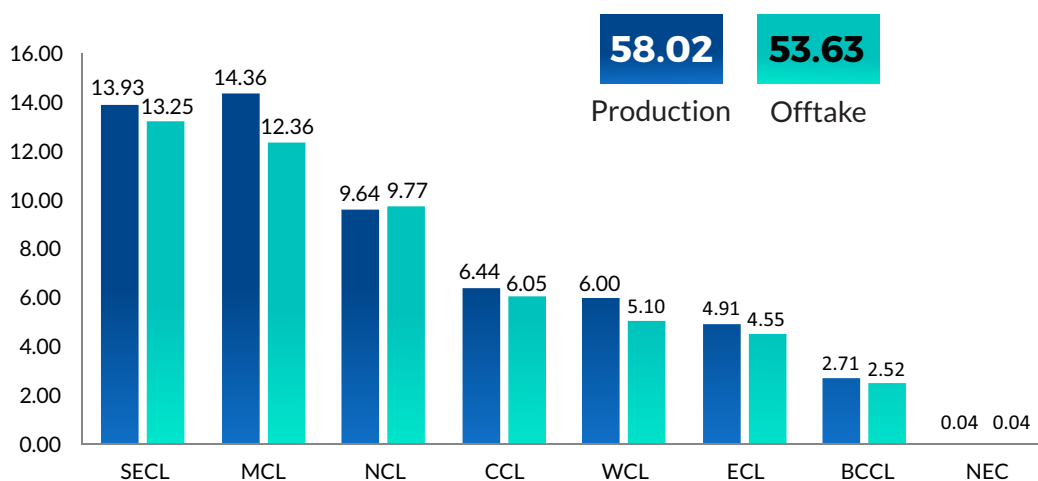
"Notwithstanding the entry of private miners in commercial coal mining, CIL is confident of staying ahead of the competition with a strong resource base, core expertise of operations, updated mechanization and multi-disciplinary work force" said an official of the company.

Indian government has recently made alterations in respect of Ministry of Coal under the 'Mineral Law (Amendment) Ordinance 2020' which is envisaged to further facilitate the developments made in commercial coal mining.

### Australian Premium HCC Monthly Average Price



### CIL Performance in December 2019



### International Non - Coking Coal Average Prices (CFR India)

Country/Grade		Dec'19	Nov'19	Oct'19
Australia 6000 NAR	▲	81.0	80.59	78.58
South Africa RB2	▲	78.0	70.1	67.4
Indonesia 4200 GAR	▼	44.3	44.6	43.4
Indonesia 3800 GAR	◀▶	38.0	38.0	37.4





## Australian Coking Coal Prices

### What Happened

Australian coking coal prices were range-bound over the past month, amid increased demand from China on the back of their bullish metallurgical coke market, while other Asia-Pacific countries including India remained mostly silent.

### What May Happen

Prices are expected to hold steady in Q1 2020, particularly for the premium hard coking coal segment, in anticipation of the typical lull before the Chinese New Year break.

## Indonesian Coal Prices

### What Happened

Indonesian thermal coal prices barely changed in December, due to subdued demand amid a depressed Asian coal market.

### What may Happen

Indonesia's coal prices may stay flat on stiffening competition and muted demand as there are no significant factors that can possibly lift prices.

## South African Coal Prices

### What Happened

South African thermal coal prices have gently risen this month although import demand from top Asian buyers such as China, India and even Europe remains largely subdued.

### What May Happen

South African coal export prices are likely to be reduced in line with the unattractive fundamentals prevailing across the industry.

## COAL Monthly REVIEW [ Jan 2020]

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