

# Coal India India

**Sectors:** Coal Mining

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<b>Sector</b>	Coal Mining
<b>Headquarters</b>	
<b>Ownership</b>	Coal India is majority-owned by the government of India, which controls 89.65% of the shares. In 2010, an initial public offering offered 10% of shares to be held by other shareholders. In October 2013, the government of India planned to float another 5 to 10% of the company on the Indian stock markets and was seeking to interest international investors. Seven banks were planning to underwrite the share offer before it was postponed: Bank of America/Merrill Lynch, Deutsche Bank, Credit Suisse, Goldman Sachs, Kotak Mahindra Capital, JM Financial and SBI Capital Markets. In October 2014 this was once more proposed and executed end of January 2015 when an additional 10% was sold by the government. The government of India is inviting banks to arrange another share offering for Coal India Ltd.
<b>Subsidiaries</b>	<a href="#">Coal India Africana Limitada</a> – Mozambique
<b>Website</b>	<a href="http://www.coalindia.co.in">http://www.coalindia.co.in</a>

## About Coal India

Coal India is the biggest coal producer worldwide, majority-owned by the government of India. It was created in the 1970's when India's coal mining industry was nationalised in an attempt to control the illegalities in the sector. At the end of March 2015, Coal India operated over 430 coal mines across eight states in India, producing 494.24 million tonnes of coal, around 82% of India's total coal production. It feeds all but three of the 100 coal-based thermal power plants in India (source: [Coal India Ltd. Annual Report 2014-2015](#)). Coal India Ltd. has announced it will increase its production capacity to one billion tonne by 2020 from the present of around 500 million tonne. In 2014-2015 revenues of Coal India mounted to USD14.4 billion, while at the same time employing about 333,000 people.

## Latest developments

### Coal India plans to shut 37 mines this fiscal year

[Jun 9 2017](#)

### India: Government, Coal India sacrifice Adivasi rights in the name of development

[Jul 13 2016](#)

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# Impacts

## Social and human rights impacts

CIL's poor safety record has been the cause of labour unrest. In 2011 CIL reported 52 [fatalities](#) in their mines and 250 serious injuries. In 2010 there were 95 fatalities and between 2007 and 2009 there were 194 deaths arising from operational accidents. A report by the Haq Centre has reported child labour in CIL's mines.

The clear felling of forests for open cut mines impacts forest dependent communities, including Protected Tribal Groups. According to a [2014 report](#) by Amnesty International the Coal India subsidiary SECL was forcibly evicting indigenous and Dalit families to expand one of its open cast mines.

## Environmental and climate impacts

CIL has a record of repeated [violations of the environmental legislation](#), including refusing to shut down the Durgapur Rayatwari colliery, operating mines lacking environmental or forest clearances, and lacking operating licences. In 2010 a moratorium on new coal projects was imposed in several coalfields due to critical pollution levels. The Damodar river in the eastern state of Jharkhand, which flows through the Karanpura coalfields, has also been polluted due to the coal mining operations.

CIL's model relies for more than 90% on open pit mines, which entail clear-felling of forests, which impacts endangered species such as the tiger and elephant. In the Wardha, Singrauli, Talcher, North Karanpura, Ib Valley and Mandraigarh coalfields, CIL operations are impacting rich forest areas and endangered species such as the tiger and the Asian elephant. Recent commitments from the company refer to its reforestation and land reclamation practices. However, only this July, an Indian government [investigation](#) found that half of the land Coal India claimed it had reforested was still barren.

## Other impacts

CIL has a record of corruption at all levels, including senior management, which includes cases of unduly favouring equipment suppliers, excessive payments and the disappearance of coal. There is poor corporate governance and poor worker safety. Repeated legal violations have led to several penalties and [closure notices](#) for over 50 mines, in 2012 alone. It has also been accused of [misleading investors and the public](#) about the extent of its extractable reserves.

Coal India is majority-owned by the government of India, which has been targeting civil society organisations that are criticizing the coal industry, and has weakened environmental and human rights regulations. For such actions they have received public criticism from the UN Special rapporteur on the Freedom of Assembly and Association as well as the U.S. State Department.

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# Governance

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## Updates

### Coal India plans to shut 37 mines this fiscal year

Jun 9 2017

Coal India plans to shut 37 underground mines by the end of this fiscal year, two company officials said, despite unions' plans to strike for three days this month if the decision is not withdrawn (source [Business Today India](#)).

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## India: Government, Coal India sacrifice Adivasi rights in the name of development

Jul 13 2016

Mining operations by India's state-owned Coal India Limited, the world's largest coal producer, are shutting out indigenous Adivasi communities from decisions that affect their lives, Amnesty International India said in a new report published today. The report, "[When Land Is Lost, Do We Eat Coal? Coal Mining and Violations of Adivasi Rights in India](#)", traces how Coal India subsidiaries, central government ministries and state government authorities in Chhattisgarh, Jharkhand and Odisha failed to ensure meaningful consultation with Adivasi communities on land acquisition, rehabilitation and resettlement, and the environmental impacts of mines, seriously affecting their lives and livelihoods (source: [Amnesty International](#)).

## Coal India estimates 540 mt output for 2016

Mar 29 2016

[Coal India Ltd.](#) seems set to close the fiscal year with production of about 540 million tonnes, against an output target of 550 million tonnes, according to an industry official. That would mark a growth of almost nine per cent over the previous fiscal and a 46 million tonnes increase in absolute terms.

## Eight banks submit bids to manage USD3.2 billion Coal India stake sale

Nov 16 2015

Reuters reports that there are eight investment banks who have submitted bids; HSBC, ICICI Securities, Axis Capital, Elara Capital, Edelweiss, Kotak Investment Banking, JM Financial and IFR. The deadline for submitting the bid has been extended thrice over the past few months (source: [Reuters](#)).

## Indigenous and Dalit communities at risk of forced evictions in Chhattisgarh, India

Sep 4 2014

Thousands of people from marginalised communities living near a state-owned coal mine in Chhattisgarh are at risk of being forcibly evicted, according to [Amnesty International India](#).

## Financiers

### Banks

#### [Bank of America](#) United States [profile](#)

[Details](#) ▼

Uncategorised EUR 570.5 million 2010 - 2013  
shares/bonds underwriter or manager  
*source:* Banks and Coal Spreadsheet, Profundo, 2014

#### Advisor

Coal India appointed Merrill Lynch, part of Bank of America (United States), to inspect Peabody Energy's Australian assets.  
*source:* Profundo study (December 2010)

#### [Citi](#) United States [profile](#)

[Details](#) ▼

Uncategorised EUR 425.2 million 2010 - 2013  
shares/bonds underwriter or manager  
*source:* Banks and Coal Spreadsheet, Profundo, 2014

#### IPO underwriter

assisted Coal India in raising this equity, acting as joint bookrunners  
*source:* Profundo study (December 2010)

<b>Credit Suisse Group</b> Switzerland <a href="#">profile</a>			<a href="#">Details</a> ▼
Uncategorised shares/bonds underwriter or manager <i>source</i> : Banks and Coal Spreadsheet, Profundo, 2014	EUR 145.3 million	2010 - 2013	
<b>Deutsche Bank</b> Germany <a href="#">profile</a>			<a href="#">Details</a> ▼
Uncategorised shares/bonds underwriter or manager <i>source</i> : Banks and Coal Spreadsheet, Profundo, 2014	EUR 570.5 million	2010 - 2013	
IPO underwriter assisted Coal India in raising this equity, acting as joint bookrunners <i>source</i> : Profundo study (December 2010)		2010	
<b>Enam Securities</b>			<a href="#">Details</a> ▼
IPO underwriter assisted Coal India in raising this equity, acting as joint bookrunners <i>source</i> : Profundo study (December 2010)		2010	
<b>Goldman Sachs</b> United States <a href="#">profile</a>			<a href="#">Details</a> ▼
Uncategorised shares/bonds underwriter or manager <i>source</i> : Banks and Coal Spreadsheet, Profundo, 2014	EUR 145.3 million	2010 - 2013	
<b>HSBC</b> United Kingdom <a href="#">profile</a>			<a href="#">Details</a> ▼
Uncategorised shares/bonds underwriter or manager - Submitted a bid to manage \$3.2 billion Coal India stake sale <i>source</i> : Reuters (Nov. 16, 2015)			
<b>Kotak Mahindra Finance</b>			<a href="#">Details</a> ▼
IPO underwriter assisted Coal India in raising this equity, acting as joint bookrunners <i>source</i> : Profundo study (December 2010)		2010	
<b>Morgan Stanley</b> United States <a href="#">profile</a>			<a href="#">Details</a> ▼
Uncategorised shares/bonds underwriter or manager <i>source</i> : Banks and Coal Spreadsheet, Profundo, 2014	EUR 435.2 million	2010 - 2013	
IPO underwriter assisted Coal India in raising this equity, acting as joint bookrunners <i>source</i> : Profundo study (December 2010)		2010	
<b>NatWest</b> United Kingdom <a href="#">profile</a>			<a href="#">Details</a> ▼
Approached, interested The company appointed RBS (United Kingdom) for Massey Energy's assets <i>source</i> : Profundo study (December 2010)			
<b>Royal Bank of Canada (RBC)</b> Canada <a href="#">profile</a>			<a href="#">Details</a> ▼

#### Advisor

The company appointed Royal Bank of Canada (Canada) for the Indonesian assets.

*source:* Profundo study (December 2010)

#### **State Bank of India** India [profile](#)

[Details](#) ▼

Uncategorised

EUR 145.3 million

2010 - 2013

shares/bonds underwriter or manager

*source:* Banks and Coal Spreadsheet, Profundo, 2014

The domestic new mines of Coal India are especially financed by the company's own funds, the majority being supplied by the government of India, Coal India's largest shareholder. In addition, the new institutional investors which together own 10 per cent of the company since October 2010 play an important role. Especially Citi, Morgan Stanley and Bank of America are important financiers of the company, because they have assisted the company in raising shares through its IPO.

In addition, Citi and Bank of America, together with Deutsche Bank and HSBC, could become important for the company's programme to expand overseas, as these institutions are in the race of becoming Coal India's advisor to acquire overseas assets. In September 2015, HSBC has also submitted a bid to manage the third 10% stake divestment by the Government of India despite investor warnings from environmental groups urging investment banks not to assist in this deal. HSBC is one of eight banks who placed a bid, the rest are ICICI securities, SBI Capital, Axis Capital, Elara Capital, Edelweiss, Kotak Investment Banking and JM Financial, according to [Reuters](#).

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