



Coal India Limited

CIN: L23109WB1973GOI028844

Registered Office : Coal Bhawan, Premises No-04-MAR, Plot-AF-III, Action Area-1A, New Town Rajarhat, Kolkata, West Bengal-700156

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PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF EQUITY SHAREHOLDERS/ BENEFICIAL OWNERS OF EQUITY SHARES OF COAL INDIA LIMITED FOR BUYBACK OF EQUITY SHARES THROUGH TENDER OFFER

This Public Announcement (the "Public Announcement") is being made pursuant to the provisions of Regulation 8 (1) of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, as amended (the "Buyback Regulations") for the time being in force including any statutory modifications and amendments from time to time and contains the disclosures as specified in Part A of Schedule II to the Buyback Regulations.

OFFER FOR BUYBACK OF NOT EXCEEDING 10,89,55,223 (TEN CRORES EIGHTY NINE LAKHS FIFTY FIVE THOUSAND TWO HUNDRED AND TWENTY THREE) FULLY PAID UP EQUITY SHARES OF THE COMPANY OF FACE VALUE OF ₹ 10/- EACH AT A PRICE OF ₹ 335/- (RUPEES THREE HUNDRED AND THIRTY FIVE ONLY) PER FULLY PAID UP EQUITY SHARE ON A PROPORTIONATE BASIS THROUGH THE TENDER OFFER PROCESS

1. DETAILS OF THE BUYBACK OFFER AND OFFER PRICE

1.1 The Board of Directors (the "Board", which term shall, unless repugnant to the context or meaning thereof, be deemed to include a duly authorised "Committee" thereof) of Coal India Limited ("CIL" or the "Company") on July 11, 2016 ("Board Meeting") passed a resolution to buyback the equity shares of the Company and sought approval of its shareholders, by a special resolution, through postal ballot notice dated July 11, 2016, the results of which were announced on August 26, 2016. Through the postal ballot, the shareholders of the Company have approved, by way of special resolution, the buyback (the "Buyback") of not exceeding 10,89,55,223 (Ten crores eighty nine lakhs fifty five thousand two hundred and twenty three) fully paid-up equity shares (representing 1.72% of the total number of equity shares in the paid-up share capital of the Company) of face value ₹ 10/- each ("Shares" or "Equity Shares") from all the existing shareholders/ beneficial owners of Equity Shares of the Company as on the Record Date (i.e. as on September 9, 2016) ("Shareholders"), on a proportionate basis, through the "Tender Offer" process, at a price of ₹ 335/- (Rupees Three hundred and thirty five only) per Equity Share ("Buyback Offer Price") payable in cash, for an aggregate consideration not exceeding ₹ 3,650 crores (Rupees Three Thousand Six hundred and fifty crores only) (the "Buyback Offer Size").

The Buyback is in accordance with the provisions contained in the Article 23 of the Articles of Association of the Company, Sections 68, 69, 70 and all other applicable provisions, if any, of the Companies Act, 2013, as amended (the "Companies Act, 2013"), the Companies (Share Capital and Debentures) Rules, 2014 (the "Share Capital Rules") to the extent applicable, the Companies (Management and Administration) Rules, 2014, (the "Management Rules") and the provisions contained in the Buyback Regulations.

The Buyback is subject to approvals as may be necessary, from time to time from statutory authorities including but not limited to Securities and Exchange Board of India ("SEBI"), BSE Limited ("BSE"), National Stock Exchange of India Limited ("NSE"), (BSE and NSE together referred as "Stock Exchanges"), where the Equity Shares of the Company are listed.

The Buyback Offer Size of ₹ 3,650 crores represents 24.95% of the aggregate of the fully paid-up share capital and free reserves, as per the audited accounts of the Company for the financial year ended March 31, 2016 (the last audited financial statements available as on the date of Board Meeting recommending the proposal of the Buyback) and is within the limits of 25% of the total fully paid up share capital and free reserves as per the audited accounts of the Company for the financial year ended March 31, 2016.

The maximum number of Equity Shares proposed to be bought back represents not exceeding 25% of the total number of Equity Shares in the paid-up share capital of the Company.

1.2 The Buyback will be met out of fixed deposits of the Company lying with the bank and investment in mutual fund, The Company shall transfer from its free reserves, a sum equal to the nominal value of the Equity Shares bought back through the Buyback to the Capital Redemption Reserve Account and the details of such transfer shall be disclosed in its subsequent audited balance sheet. The Company confirms that as required under Section 68(2)(d) of the Companies Act, 2013, the ratio of the aggregate of secured and unsecured debts owed by the Company shall not be more than twice the paid-up capital and free reserves after the Buyback.

The Buyback Offer Price of ₹ 335/- (Rupees Three hundred and thirty five only) per Equity Share has been arrived at after considering various factors such as the average closing prices of the Equity Shares of the Company on Stock Exchanges where the Equity Shares of the Company are listed, the net worth of the Company and the impact of the Buyback on the key financial ratios of the Company. The Buyback Offer Price of ₹ 335/- (Rupees Three hundred and thirty five only) per Equity Share represents a (i) premium of 7.07% and 7.07% over the volume weighted average price of the equity shares on BSE and NSE respectively, for 2 weeks preceding the date of intimation to the BSE and NSE for the Board Meeting to consider the proposal of the Buyback; (ii) premium of 4.12% and 4.05% over the closing market price of the equity shares on BSE and NSE respectively, as on the date of the intimation to BSE and NSE for the Board Meeting to consider the proposal of the Buyback; and (iii) premium of 13.12% and 13.15% over the average of the volume weighted average price of the equity shares on BSE and NSE respectively, for 60 trading days, 3 months, 6 months preceding the date of intimation i.e. July 5, 2016 to the Stock Exchanges for the Board Meeting to consider the proposal of the Buyback.

1.3 The Buyback shall be on a proportionate basis from all the Shareholders of the Company through the "Tender Offer" process, as prescribed under Regulation 4(1)(a) of the Buyback Regulations. Additionally, the Buyback shall be, subject to applicable laws, facilitated by tendering of Equity Shares by such Shareholders and settlement of the same, through the stock exchange mechanism as specified by SEBI in the circular bearing number CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 (the "SEBI Circular"). Please see paragraph 9 below for details regarding record date and share entitlement for tender in the Buyback.

1.4 The Buyback Offer Size does not include any other expenses incurred or to be incurred for the Buyback like SEBI filing fees, stock exchange fees, advisors fees, Public Announcement publication expenses, printing & dispatch expenses and other incidental & related expenses.

1.5 A copy of this Public Announcement is available on the Company's website (<https://www.coalindia.in/>) and is expected to be available on the website of SEBI (www.sebi.gov.in) during the period of the Buyback and on the websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com).

2. NECESSITY FOR BUY BACK

Share buyback is the acquisition by a company of its own shares. The objective is to return surplus cash to the members holding Equity Shares of the Company. The Board at its meeting held on Monday, July 11, 2016, considered the accumulated free reserves as well as the cash liquidity reflected in the audited accounts for the financial year ended March 31, 2016 and considering these, the Board decided to allocate a sum of ₹ 3,650 crores (Rupees Three Thousand Six hundred and fifty crores only) for returning to the members holding Equity Shares of the Company through the Buyback.

After considering several factors and benefits to the members holding Equity Shares of the Company, the Board decided to recommend Buyback of not exceeding 10,89,55,223 (Ten crores eighty nine lakhs fifty five thousand two hundred and twenty three) Equity Shares (representing 1.72% of total number of equity shares in the paid-up share capital of the Company) at a price of ₹ 335/- (Rupees Three hundred and thirty five only) per Equity Share for an aggregate consideration of ₹ 3,650 crores (Rupees Three Thousand Six hundred and fifty crores only). Buyback is a more efficient form of returning surplus cash to the members holding equity shares of the Company, inter-alia, for the following reasons:

- The Buyback will help the Company to return surplus cash to its members holding Equity Shares broadly in proportion to their shareholding, thereby, enhancing the overall return to members.
- Since the Buyback is being implemented through the Tender Offer route as per the Buyback Regulations, 15% of the number of shares to be bought back by the Company would have to be reserved for the small shareholders. The Company believes that this reservation for small shareholders would benefit the public shareholders, since a large number of public shareholders would get classified as "small shareholder".
- The Buyback may help in improving return on equity, by reducing in the equity base, thereby leading to long term increase in shareholders' value.
- The Buyback gives an option to the members holding Equity Shares of the Company, who can either (a) choose to participate and get cash in lieu of Equity Shares to be accepted under the Buyback offer or (b) choose to not participate and enjoy a resultant increase in their percentage shareholding, post the Buyback offer, without any additional investment;
- Optimizes the capital structure.

3. DETAILS OF PROMOTER SHAREHOLDING

3.1 The aggregate shareholding of the Promoter, as on the date of notice of Postal Ballot i.e. July 11, 2016 is given below:

Sl. No.	Name of shareholder	No. of Equity Shares held	No. of Equity Shares held in dematerialized form	Percentage of issued Equity Share capital
1.	The President of India acting through and represented by Ministry of Coal, Government of India	5,03,09,70,582	5,03,09,70,582	79.649 %

3.2 No shares or other specified securities in the Company were either purchased or sold by the Promoter during a period of six months preceding the date of the board meeting at which the Buyback was approved and from that date till the date of notice of Postal Ballot for Buy-back, being July 11, 2016.

3.3 In terms of the Buyback Regulations, under the Tender Offer process, the Promoter of the Company has the option to participate in the Buyback. In this regard, the Promoter as listed in paragraph 3.1 above has expressed its intention, vide its letter dated July 11, 2016, to participate in the Buyback and tender the following number of Equity Shares:

S. No.	Name	Equity Shares held on	Equity Shares intended to be offered in the Buyback
1.	The President of India acting through and represented by Ministry of Coal, Government of India	5,03,09,70,582	10,89,55,223

Since the entire shareholding of the Promoter is in the demat mode, the details of the date and price of acquisition/sale of entire Equity Shares that the Promoter has acquired/sold till date are set-out below:

Date of Transaction	Number of Equity Shares	Acquisition/ Sale Consideration (₹)	Nature of Transaction/Consideration
June 14, 1973	3	3,000	Allotment for cash (upon subscribing to the MoA)
June 14, 1973	1	1,000	Allotment for cash (upon subscribing to the MoA to Mr. S.K.Dhar as nominee of President of India)
June 14, 1973	1	1,000	Allotment for cash (upon subscribing to the MoA to Mr. P.K. Lahiri as nominee of President of India)
March 26, 1974	79,995	7,99,95,000	Allotment for cash
March 15, 1975	3,88,466	38,84,66,000	Allotment for cash
November 19, 1975	14,75,377	1,47,53,77,000	Partly in cash and partly in lieu of consideration other than cash.
December 31, 1975	1,50,403	15,04,03,000	Consideration other than cash
June 30, 1976	1,14,000	11,40,00,000	Consideration other than cash
September 22, 1976	3,57,600	35,76,00,000	Partly in cash and partly in lieu of consideration other than cash.
December 22, 1976	17,97,333	1,79,73,33,000	Partly in cash and partly in lieu of consideration other than cash.
December 2, 1977	4,49,240	44,92,40,000	Partly in cash and partly in lieu of consideration other than cash.
December 2, 1977	36,600	3,66,00,000	consideration other than cash
January 13, 1978	1,00,000	10,00,00,000	Allotment for cash
April 6, 1979	10,15,440	1,01,54,40,000	Allotment for cash
May 31, 1979	2,80,850	28,08,50,000	Allotment for cash
September 1, 1979	5,42,791	54,27,91,000	Partly in cash and partly in lieu of consideration other than cash
September 1, 1979	3,90,500	39,05,00,000	Allotment for cash
August 8, 1980	10,61,640	1,06,16,40,000	consideration other than cash
October 7, 1980	2,62,600	26,26,00,000	Allotment for cash
December 22, 1980	3,20,000	32,00,00,000	Allotment for cash
February 19, 1981	3,50,000	35,00,00,000	Allotment for cash
April 9, 1981	4,00,000	40,00,00,000	Allotment for cash
June 24, 1981	2,17,400	21,74,00,000	Allotment for cash
August 21, 1981	7,15,189	71,51,89,000	Allotment partly in cash and partly in lieu of consideration other than cash
September 18, 1981	6,54,400	65,44,00,000	Allotment for cash
November 3, 1981	6,25,700	62,57,00,000	Allotment for cash
March 3, 1982	4,00,426	40,04,26,000	Allotment partly in cash and partly in lieu of consideration other than cash
June 25, 1982	16,21,000	1,62,10,00,000	Allotment for cash
September 30, 1982	11,00,000	1,10,00,00,000	Allotment for cash
May 12, 1983	19,10,000	1,91,00,00,000	Allotment for cash
September 30, 1983	13,30,000	1,33,00,00,000	Allotment for cash
November 29, 1983	9,70,000	97,00,00,000	Allotment for cash
February 21, 1984	5,80,000	58,00,00,000	Allotment for cash
February 22, 1985	49,10,000	4,91,00,00,000	Allotment for cash
May 23, 1985	7,70,000	77,00,00,000	Allotment for cash
July 15, 1985	2,50,000	25,00,00,000	Allotment for cash
August 29, 1985	4,20,000	42,00,00,000	Allotment for cash
November 20, 1985	16,30,000	1,63,00,00,000	Allotment for cash
December 20, 1985	7,50,000	75,00,00,000	Allotment for cash
March 21, 1986	10,00,000	1,00,00,00,000	Allotment for cash

May 17, 1986	4,80,000	48,00,00,000	Allotment for cash
March 17, 1987	51,70,000	5,17,00,00,000	Allotment for cash
May 14, 1987	8,80,000	88,00,00,000	Allotment for cash
July 16, 1987	11,54,074	1,15,40,74,000	Allotment partly in cash and partly in lieu of consideration other than cash
September 11, 1987	24,40,000	2,44,00,00,000	Allotment for cash
November 12, 1987	13,20,000	1,32,00,00,000	Allotment for cash
April 29, 1988	2,78,592	27,85,92,000	Allotment for cash
June 9, 1988	10,50,000	1,05,00,00,000	Allotment for cash
July 14, 1988	10,00,000	1,00,00,00,000	Allotment for cash
August 10, 1988	6,30,000	63,00,00,000	Allotment for cash
September 26, 1988	19,50,000	1,95,00,00,000	Allotment for cash
November 21, 1988	14,23,771	1,42,37,71,000	Allotment for cash
December 5, 1988	3,40,000	34,00,00,000	Allotment for cash
January 27, 1989	82,135	8,21,35,000	Allotment for cash
June 23, 1989	17,78,903	1,77,89,03,000	Allotment for cash
August 23, 1989	17,30,000	1,73,00,00,000	Allotment for cash
September 30, 1989	10,40,000	1,04,00,00,000	Allotment for cash
February 7, 1990	43,784	4,37,84,000	Allotment for cash
June 6, 1990	2,20,425	22,04,25,000	Allotment for cash
July 13, 1990	32,50,000	3,25,00,00,000	Allotment for cash
September 12, 1990	2,74,167	27,41,67,000	Allotment for cash
December 20, 1990	10,02,318	1,00,23,18,000	Allotment for cash
February 18, 1991	9,094	90,94,000	Allotment for cash
March 20, 1991	42,966	4,29,66,000	Allotment for cash
July 31, 1991	13,30,000	1,33,00,00,000	Allotment for cash
August 22, 1991	41,59,445	4,15,94,45,000	Allotment for cash
November, 15 1991	41,60,688	4,16,06,88,000	Allotment for cash
March 20, 1992	8,11,529	81,15,29,000	Allotment for cash
June 2, 1992	3,56,466	35,64,66,000	Allotment for cash
July 27, 1992	4,20,000	42,00,00,000	Allotment for cash
August 29, 1992	379	3,79,000	Allotment for cash
December 22, 1992	2,988	29,88,000	Allotment for cash
February 19, 1993	2,00,093	20,00,93,000	Allotment for cash
June 10, 1993	4,359	43,59,000	Allotment for cash
September 2, 1993	29,154	2,91,54,000	Allotment for cash
November 15, 1993	3,431	34,31,000	Allotment for cash
March 5, 1994	26,844	2,68,44,000	Allotment for cash
May 6, 1994	10,941	1,09,41,000	Allotment for cash
July 20, 1994	3,063	30,63,000	Allotment for cash
March 6, 1995	21,15,200	2,11,52,00,000	Allotment for cash
On February 16, 2010, 63,163,644 equity shares of ₹ 1,000 each were split into 6,316,364,400 equity shares of ₹ 10 each and were subsequently dematerialized			
November 30, 2010	(63,16,36,440)	15199.44 Crores	Divestment by way of sale of shares in IPO of Company
March 27, 2014	(2,20,37,834)	550.67 Crores	Divestment by way of sale of shares in Exchange Traded Fund ("ETF")
January 30, 2015	(63,16,36,440)	22557.63 Crores	Divestment by way of sale of shares through Offer for Sale through Stock Exchange mechanism
April 9, 2015	(83,104)	NIL	Divestment by way of transfer as loyalty units in ETF
Total current Shareholding	5,03,09,70,582		

4. The Board confirms that no defaults have been made or subsisting in the repayment of deposits accepted either before or after the commencement of the Companies Act, 2013, interest payment thereon, redemption of debentures or interest payment thereon or redemption of preference shares or payment of dividend to any shareholder, or repayment of any term loans or interest payable thereon to any financial institution or banking company.

5. The Board of Directors of the Company on the date of the Board Meeting i.e. July 11, 2016 has confirmed that it has made a full enquiry into the affairs and prospects of the Company and has formed the opinion that:

- Immediately following the date of this Board meeting and the date on which the results of shareholders' resolution passed by way of the Postal Ballot/ E-voting ("Postal Ballot Resolution") will be declared approving the Buyback, there will be no grounds on which the Company could be found unable to pay its debts;
 - As regards the Company's prospects for the year immediately following the date of the Postal Ballot Resolution, and having regard to the Board's intentions with respect to the management of Company's business during that year and to the amount and character of the financial resources which will in the Board's view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of this Board meeting as also from the date of the Postal Ballot Resolution; and
 - In forming an opinion as aforesaid, the Board has taken into account the liabilities (including prospective and contingent liabilities), as if the Company were being wound up under the provisions of the Companies Act, 1956 (to the extent applicable) and Companies Act, 2013 (to the extent notified), as the case may be.
6. Report addressed to the Board of Directors by the Company's Statutory Auditor on the permissible capital payment and the opinion formed by the Directors regarding the insolvency: The text of the report dated July 11, 2016 received from the Statutory Auditor of the Company viz. M/s. Chaturvedi & Co., Chartered Accountants addressed to the Board of Directors of the Company is reproduced below:

Quote

Auditor's Report	
The Board of Directors, Coal India Limited Coal Bhawan, Premises No-04-MAR, Plot-AF-III Action Area-1A, New Town Rajarhat Kolkata West Bengal-700156 Sub: Statutory Auditors' Report in respect of proposed buyback of equity shares by Coal India Limited ('the Company') in terms of Clause (xi) of Part A of Schedule II of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 (as amended)	
1.	In connection with the proposed buyback of 10,89,55,223 equity shares by the Company constituting 1.72% of the existing issued, subscribed and paid-up equity share capital of the Company ("Buyback") in pursuance of the provisions of Section 68, 69 and 70 of the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Buy Back of Securities) Regulations 1998 as amended (the "Buy Back Regulations"), we report that: - We have enquired into the state of affairs of the Company in relation to the last Audited Standalone State of Affairs of the Company for the year ended March 31, 2016 as approved by the Board of Directors in the meeting held on 28th May 2016. - The amounts of permissible capital payment towards Buy Back of equity shares (including premium), as stated in Annexure-A has been properly determined in accordance with the provisions of Section 68(2) of the Act and Regulation 4(1) of the Buy Back Regulations; and - The Board of Directors of the Company, in their meeting held on 11th July 2016 have formed their opinion as specified in clause (x) of Part A of Schedule II of the Buy Back Regulations on reasonable grounds, and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of the board meeting at which the proposal for Buyback was approved and from the date on which the result of the shareholders' resolution passed by way of Postal Ballot/ E-Voting approving the Buyback is declared ("Postal Ballot Resolution").
2.	Compliance with the provisions of the Act and the Buy Back Regulations is the responsibility of the Company's management. Our responsibility is to verify the factual accuracy based on our abovementioned statements. For the purpose of this report, we conducted verification in accordance with the Guidance Note on Audit Reports and Certificate for Special Purposes issued by the Institute of Chartered Accountants of India. Our scope of work did not involve us performing any audit tests in the context of our examination. We have not performed an audit, the objective of which would be the expression of an opinion on the financial statements, specified elements, accounts or items thereof, for the purpose of this certificate. Accordingly, we do not express such opinion.
3.	This report has been issued solely in connection with the proposed Buyback and should not be used, referred or distributed for any other purpose without our prior written consent.
4.	We have no responsibility to update this certificate for events and circumstances occurring after the date of this certificate.

Annexure A Coal India Limited	
Computation of amount of permissible capital payment towards buy back of equity shares in accordance with provisions of section 68 (2) of the Companies Act, 2013 and Regulation 4(1) (a) of the Buy Back Regulations based on the last Audited Financial Statements of the Company for the year ended 31 March 2016.	
Particulars	Amount (₹ in Crores)
Paid up equity shares capital (A)	6316.36
Free reserves:	
- Securities premium account	0.00
- General reserve	7871.78
- Surplus in the statement of profit and loss	441.03
Total free reserves (B)	8312.81
Total (A+B)	14629.17
Maximum amount permissible for the Buy-back i.e. 25% of the aggregate fully paid-up share capital and free reserves	3657.29

For Chaturvedi & Co,
Chartered Accountants
Firm Registration No.302137E
Sd/-
S.C. Chaturvedi
Partner
Membership No.-012705
Place:-New Delhi
Date:-July 11, 2016

Unquote

7. **PROCESS AND METHODOLOGY TO BE ADOPTED FOR BUYBACK**
- 7.1 The Buyback is open to all Shareholders/ beneficial owners of the Company holding Shares either in physical and/or electronic form on the Record Date.
- 7.2 The Buyback shall be implemented using the "Mechanism for acquisition of shares through Stock Exchange" notified by SEBI vide circular no. CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 and following the procedure prescribed in the Companies Act, 2013 and the Buyback Regulations and as may be determined by the Board and on such terms and conditions as may be permitted by law from time to time.
- 7.3 For implementation of the Buyback, the Company has appointed M/s. ICICI Securities Limited as the registered broker to the Company (the "Company's Broker") through whom the purchases and settlements on account of the Buyback would be made by the Company. The contact details of the Company's Broker are as follows:
- ICICI Securities Limited**
CIN: U67120MH1995PLC086241
Address: ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020
Tel + 91 22 6637 7261/7506/7221/7137, Fax: + 91 22 6637 7211
Contact Person: Rahul Ghatge/ Shirish Vyas/ Margaret Sequeira/Moncy Mathai
E-mail: equity.settlements@icicisecurities.com; Website: www.icicisecurities.com
SEBI Registration Number: (i) For BSE: INB011286854 (ii) For NSE: INB230773037
- 7.4 **Only BSE has been appointed as the stock exchange whose separate acquisition window shall be used to facilitate placing of sell orders by Shareholders who wish to tender Equity Shares in the Buyback. The details of the platform will be as specified by the BSE.**

7.5 At the beginning of the tendering period, the order for buying Equity Shares shall be placed by the Company