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Ref. No.CIL:XI(D):04157:2013: **7057**

Dt. 18th Sep.'2013

To,
Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E),
Mumbai – 400 051.

Dear Sir,

Sub: Annual General Meeting Proceedings of Coal India Limited for 2012-13
Reference: ISIN – INE522F01014

Further to our letter no. CIL:XI(D):04157:2013:6871 dated 8th Aug.'2013, the Thirty-Ninth Annual General meeting of Coal India Limited was held on **Wednesday, the 18th September'2013 at 10.30 A.M. at Science City, Main Auditorium, JBS Haldane Avenue, Kolkata-700046**

The shareholders of the Company have approved the following proposals:-

- (1) Audited Balance Sheet as at 31st March'2013, Profit & Loss of Accounts for the Financial Year ended on that date together with the Report of Statutory Auditor and Comptroller and Auditor General of India and Director's Report.
- (2) Total dividend of **Rs. 14/-** per share on face value of Rs. 10/- per share for the financial year 2012-13 including final dividend of **Rs. 4.30** per share. The payment will be made on and from 26th Sept'2013.
- (3) Appointment of following Directors:-

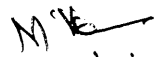
a) Dr. A.K. Dubey	-	Govt. Nominee Director
b) Smt. Sujata Prasad	-	Govt. Nominee Director
c) Shri Abhijit Chatterjee	-	Director (Finance).

M/E

We are also enclosing copy of Chairman's Speech delivered at the 39th Annual General Meeting of the Company.

It is being sent under clause under clause 31(d) of the listing Agreement. This is for your information and records please.

Yours faithfully,


18/9/13
(M. Viswanathan)
Company Secretary &
Compliance Officer.

Encl: As above

CHAIRMAN'S SPEECH

Dear Members,

I am pleased to welcome you, on behalf of the Board of Directors of your Company, Coal India Limited (CIL), at its **39th Annual General Meeting**. I would like to convey our sincere thanks to all of you for being with us on this occasion.

The Annual Report for the Financial Year ended 31st March, 2013, along with your Company's Director's Report, Audited Annual Accounts and Auditor's Report are already with you and I assume them to be taken as read.

The financial year 2012-13 was particularly special for CIL. During this year, we:

- (a) Produced 452.21 MT of coal with a growth of 3.76% over previous year. This is a landmark, as we produced over 450 MT of coal for the first time in our history.
- (b) Achieved an off-take of 465.18 MT, the highest till date, growing by 7.41% over the previous year.
- (c) Declared an interim dividend at the rate of Rs.9.70 per share and recommended a final dividend of Rs.4.30 per share. Thus, the dividend payable for 2012-13 would be Rs.14 per share for a face value of Rs.10, i.e. 140%, which is the highest dividend ever paid.

1. Importance of coal in the Indian economy

Energy is a prerequisite in the economic development of any country. In developing countries, energy sector plays a critical role in view of the ever-increasing energy needs. Enormous investments are necessary to meet the demand.

In India, one of the world's rapidly growing economies, coal dominates the energy mix. It contributes over 50% of the country's total primary energy production. The mineral is expected to continue to play a crucial role in meeting India's future energy needs.

CIL accounted for about 81% of the total coal produced in the country during fiscal 2013. There appears to be no dearth of market for the mineral, if it can be produced at a reasonable cost on a sustainable basis. India's coal industry shall continue its dominance as the primary source of energy for most part of the 21st century.

India's ever-increasing demand for coal is expected to touch 980.5 MT by 2016-17. Of this, the demand from the power sector constitutes about 70%. However, indigenous coal availability is projected optimistically at 795 MT. CIL is projected to produce 615 MT of this with an envisaged growth rate of 7.12%. Hence, major production constraints need to be addressed to boost production capacity. Some of the steps that have to be undertaken include enhancing drilling for coal exploration, fast-tracking land acquisition and R&R issues, avoiding delays in obtaining environmental and forestry clearances, timely completing construction of infrastructural facilities

for coal evacuation and providing greater thrust on R&D activities in the coal sector. Unless these issues are resolved in a manner conducive to exploitation, extraction and expansion of coal reserves, a demand-supply gap for coal will always exist. To bridge this shortfall, importing coal is imperative.

2. Vision

The strategic vision of CIL is to place itself on a path of accelerated growth with enhancement in productivity, competitiveness and profitability, while meeting the growing demand of coal in the country in an environmentally and socially sustainable manner. The Board of Directors of CIL had approved the recommendations of KPMG and adopted the corporate plan titled 'Vision 2020'. Vision 2020 envisages various measures aimed at improving coal supply and capability building. Necessary actions have been initiated to implement the suggestions. KPMG is currently engaged in providing implementation-related assistance to CIL.

3. Activities

We are the world's largest coal producing company. Our coal production touched 452.21 MT during 2012-13. We produce coal through seven of our wholly-owned subsidiaries in India. Another wholly owned subsidiary, CMPDIL, carries out exploration activities for our subsidiaries. It also provides technical and consultancy services for our operations as well as to third-party clients for coal exploration, mining, processing and related activities. We have also established a wholly owned subsidiary in Mozambique, Coal India Africana Limitada (CIAL), to pursue coal mining opportunities in the country. We have our core competence across the entire coal business value chain, starting from exploration, planning and design operations, beneficiation and marketing. Our principal product is raw coal (primarily non-coking coal). We are also looking for diversification opportunities in areas of coal bed methane, coal gasification, coal liquefaction and power generation.

4. Performance highlights

We have achieved impressive results with significant growth in production, off-take and profitability during 2012-13. These growths indicate the robustness of our strategy to maximise coal dispatch to our esteemed consumers. This performance is particularly remarkable when viewed against the backdrop of extremely challenging demand-supply scenario prevailing in the country. We recorded an impressive growth of 32.1 MT in coal off-take, up 7.41% over the previous year. Raw coal off-take touched 465.18 MT during 2012-13 compared to 433.08 MT in 2011-12. The dispatch performance this year has reversed the usual production exceeding off-take, which has soared coal production by about 13 MT in 2012-13. There has also been a growth of 16.4 MT in coal production over last year, a growth of 3.8%. Production of raw coal during 2012-13 was 452.21 MT, as against 435.84 MT in 2011-12. Overburden removed during the year was 746.70 million cubic metres, as against 735.14 million cubic metres in 2011-12, up by 11.56 million cubic metres.

We are one of the largest profit-making, tax and dividend paying enterprises in India. Aggregate pre-tax profits for CIL and its subsidiaries increased by 17.42% in 2012-13, from Rs. 21,272.66 crores in 2011-12 to Rs. 24,979.04 crores for 2012-13. During 2012-13, CIL and its subsidiaries paid/adjusted Rs. 19,731.11 Crores towards Royalty, Cess, Sales Tax and other levies, compared to Rs. 16,245.61 Crores paid/ adjusted during the previous year.

Your Directors recommended dividend payment of Rs. 8,842.91 crores at Rs.14/- per share on 631,63,64,400 Equity Shares of Rs.10/- each, fully paid value of Rs.6316.36 crores. Out of total dividend, the Government of India gets Rs. 7,958.62 crores and other shareholders get Rs. 884.29 crores. (Last year, the Government of India received Rs. 5,684.72 crores and other shareholders got Rs. 631.64 crores).

5. Introduction of mine-developer-operator

To step up coal production to meet the growing demand, we have now decided to work through the mine-developer-operator (MDO) mode. We propose to take up seven mines in the first phase and expand later, based on experience.

Under this concept, the MDO shall develop and operate the mine. They will also be responsible for detailed designing, financing, procurement, construction, operations and maintenance of all infrastructures, including coal washery, loading arrangement etc. Further, the MDO/participating company will facilitate land possession and R&R activities, preparation and clearance of EIA-EMP and forestry clearance. However, CIL, will directly obtain approval of EMP & FC. The MDO, on the other hand, will be responsible for environment monitoring and management, reclamation and mine closure (progressive and final).

All activities within the mine premises and till the loading of coal in rail wagons, according to agreed annual targets, shall be the MDO's responsibility.

6. Accelerate the power generation from new power plants

Government of India has considered the likelihood of commissioning further 60,000 MW. It has also decided to revise the trigger level for coal supply from 50% to 80% of annual contracted quantity. It also decided to revise the tenure of fuel supply agreement from five years to 20 years. Accordingly, Presidential Directive was issued to this effect on 4th April, 2012 to modify the Fuel Supply Agreements (FSAs) for execution with new Power Plants having long-term Power Purchase Agreements (PPA) with the DISCOMs. Till 31st March, 2013, 61 units signed FSAs for 88.8 MTY.

7. Initiative for overcoming logistic bottleneck

We came out with a scheme for coal supply to power consumers under FSA on an 'As is – Where is' basis, to be lifted by the purchaser by arranging their own logistics from stock points. The scheme aimed at augmenting coal dispatch capacity, which is constrained due to various logistics issues that restrict transportation to dispatch points.

The FSAs offer similar provision for the seller to offer coal upto 5% of the annual contracted quantity. For this, consumers use their own transportation arrangements, either by road or road-cum-rail (R-C-R) mode in three coal companies, namely CCL, MCL and SECL. Logistics inadequacy in terms of new rail connectivity restrained coal evacuation potentials of these three companies.

8. Growth profile

Ongoing projects

We have 148 on-going projects, amounting to Rs 2 crores and above, which are under different stages of implementation. The ultimate capacity of these projects is 446.75 Mty, with sanctioned capital outlay of Rs 32,004.54 crores.

Of these, 85 ongoing projects contributed 212.04 Mt during the terminal year of the XIth Five Year Plan (2011-12). However, during the first year of the XIIth Five Year Plan, 90 ongoing projects contributed 260.80 Mt. The envisaged contribution during the terminal year of the XIIth Five Year Plan (2016-17) from 134 ongoing projects is 335.46 Mt.

Of these 148 ongoing projects, 90 received both forestry and environmental clearances. Environmental and forestry clearances are awaited for nine and 34 projects, respectively. For the remaining 15 projects, both forestry and environmental clearances are awaited.

Future projects

As many as 126 projects, with an estimated capacity of 438.04 Mty, have been identified. Of these future projects, which are expected to be taken up during the XIIth Five Year Plan, 60 are envisaged to contribute about 88 Mt during the terminal year of the XIIth Five Year Plan (2016-17).

Of the 126 identified projects, PRs for 78 have already been formulated. Four projects, having an estimated capacity of 12.50 Mty with an investment of Rs. 2,294.79 crores, were sanctioned during the XIIth Five Year Plan.

9. Outlook

According to the XIIth Five Year Plan document, India's coal demand growth rate during the terminal year of the Plan (2016-17) has been envisaged at 7.09 % (980.50 Mt). Estimated coal demand for 2013-14 is 769. 69 Mt against 695 Mt of 2012-13.

In the terminal year of the XIIth Five Year Plan (2016-17), the envisaged indigenous coal production was 795.00 Mt. Of this, CIL's projection is 615 Mt (envisaged growth rate of 7.12%) covering 77% share of total production. Out of this, 30.20% is to come from existing mines, 54.2% from projects under implementation and 15.6% from new projects that are expected to be taken up.

CIL proposed a capital outlay of Rs 25, 400 crores in the XIIth Five Year Plan, plus an ad-hoc provision of Rs 35, 000 crores to acquire coal assets abroad and develop the acquired coal blocks in Mozambique. The capital expenditure for 2013-14 has been envisaged at Rs 5,000 crores, along with additional ad-hoc provision of Rs 4,000 crores to acquire coal assets abroad and develop coal blocks in Mozambique.

10. Forestry and environmental clearances

Forestry clearance

During the XIth Five Year Plan, Forestry Clearances for 56 proposals involving an area of 7,095 Ha, were obtained from the Ministry of Environment and Forests, Government of India (MoEF). The contribution from these projects during 2012-13 was 77.5 Mt. Five forestry proposals covering an area of 538 Ha have also been cleared by MoEF during the first year of the XIIth Five Year Plan (2012-13). The contribution from these projects during 2012-13 was 0.85 Mt.

However, at present, 193 forestry proposals are awaiting clearances either at MoEF or at the state levels. These projects together cover an area of 29,500 Ha.

Environmental clearance

As many as 122 environmental clearance proposals for a capacity of 207 Mty were approved by the MoEF during the XIth Five Year Plan. So far, 30 environmental clearance proposals, for a capacity of 100 Mty, have also been approved by the MoEF during the first year of the XIIth Five Year Plan (2012-13).

However, at present, 48 environmental clearance proposals, having a capacity of about 109 Mty, are awaiting clearances at different levels.

11. Other strategies

To augment underground production, semi-mechanised bord and pillar mining with Load Haul Dumper (LHD)/Side Discharge Loader (SDL) loading with continuous coal evacuation system is being planned. Universal Drilling Machines (UDMs) are also being deployed to increase the productivity of SDL/LHD mines. They also help to ensure safety of the workers in the mines. Mass production technology methods with Continuous Miner (CM) and Power Support Longwall (PSLW) faces are now being planned to be introduced in phases in some of the underground mines.

Man-riding system is being installed in underground mines to fully utilise shift hours. This is expected to increase productivity and reduce the arduous travelling time of the personnel in underground.

12. Coal beneficiation

CIL operates 17 coal washeries with a total capacity of 39.4 Mty. Of these, 12 are coking coal washeries with a total capacity of 22.18 Mty, while five are non-coking coal washeries with a total capacity of 17.22 Mty.

Contracts have been finalised for three more washeries. Besides, action to finalise two more washeries is in the advanced stage. Further, 12 more washeries have been identified to be taken up during the XIIth Five Year Plan.

13. Foreign venture initiatives

A. Activities of CIAL, Mozambique

CIAL, a wholly owned subsidiary of CIL in Mozambique, has been made operational in February 2012. An office has been set up in the city of Tete, Mozambique. A four-member team of senior officers has been deputed. Various activities related to exploration of coal blocks have been initiated. Some of these activities are as follows:

- i. Nearly 5,100 metres of initial exploration drilling in the two allotted coal blocks have been completed till the end of March 2013. Shri Pratik Prakashbapu Patil, the Hon'ble Minister of State for Coal, Government of India, inaugurated this initial exploration drilling programme for 10,000 metres in November 2012.
- ii. A global tender for carrying out an additional 30,000 metres of drilling in the allotted coal blocks has been floated in February 2013 and finalised in June 2013.
- iii. CIAL received environmental clearance from the Government of Mozambique in July 2012 to carry out an exploratory drilling and also completed geological mapping for the entire allotted coal block.
- iv. To demarcate the concession area and locate the proposed exploratory boreholes, surveyors from the Central Mine Planning and Design Institute (CMPDI) were engaged in November-December 2012. Major part of the work has since been completed.

B. Global expression of interest inviting proposals to acquire overseas coal assets

Pursuant to the Government of India's guidelines to acquire raw material assets abroad, a notice inviting proposals offering overseas coal assets to CIL was floated on 27th February, 2013. A number of proposals has been received and are being evaluated based on their marketing potential.

14. Safety – always a priority

Safety of the employees is always our highest priority. Embedded in our mission statement, it is one of the major deciding factors in our overall business strategy. We have framed a well-defined policy to ensure safety in our mines. We meticulously plan and design all our operations, systems and processes, with due regards to safety to achieve targeted coal production. We endeavour to inculcate the best operational and safety practices. We encourage Participative Safety Management to promote a proactive safety culture and to improve awareness at every level. We identify hazards and associated risks in every mining operation and prepare safety management plan for every mine. Annual Safety Plan for each and every mine is also prepared at the beginning of each calendar year to assess safety in mining operations. We also establish multi-level monitoring mechanism to implement the Safety Policy.

Over the years, the safety standards of our mines have improved significantly due to sincere and collective commitment shown by the management and the workers. Relentless safety awareness drives help to impart advanced and continuous training. These drives use the best mining technologies and strong oversight. Required assistance and support from several quarters are also contributed to this achievement. All these factors have helped to reduce serious accidents to a record low in 2012. We are not complacent and are continuing our efforts to ensure better safety in every sphere of our activities.

To improve safety standards, we initiated several measures in 2012-13. Along with ongoing safety activities and initiatives, we also ensured that our operations comply with the statutory requirements.

15. CIL's R&R Policy, 2012

Your Company recognises that its business activities have direct and indirect impact on the society in which it operates. Therefore, as a sound business practice, it properly considers the interests of all its stakeholders, including the people affected by the project. In line with the above, we reviewed the earlier R&R Policy-2008 and revised the Resettlement & Rehabilitation Policy - 2012, which was approved by the CIL Board in March, 2012.

CIL's revised R&R Policy – 2012 provided multiple options to the land losers. It also bestows more flexibility to the Board of the subsidiary companies to meet unique R&R problems to acquire lands faster.

16. Corporate Social Responsibility (CSR)

Corporate social responsibility (CSR) lies at the core of all our operations at CIL. We have a well-defined CSR Policy, which was introduced in June 2010. It was based on the guidelines issued by the Department of Public Enterprises for Central PSUs in April 2010. The same guidelines are also applicable to our subsidiary companies.

Our CSR activities mainly encompass the poor and the needy living in and around the project site and the HQs (within a radius of 25 kms). Further, we also conduct CSR activities beyond mining areas within the respective states with due approval. Being a holding company, we execute CSR activities, which are beyond the jurisdiction of the subsidiary companies.

During 2012-13, we allocated Rs.595.74 Crores (includes spill over amount) to undertake CSR activities at CIL and its subsidiaries.

We adopted CSR as a strategic tool for sustainable inclusive growth. In the present context, apart from investing funds for social activities, our CSR policies also include integrating business processes with community welfare.

17. Green initiatives

We are committed to follow all the environmental regulations and take necessary measures to mitigate the impact of mining and associated activities. We shall undertake the measures in a phased manner according to EIA/EMP of each project. In line with our policy of planting numerous trees every year, we planted 15.86 lakh saplings in 2012-13.

Degraded lands of opencast mines are restored by technical reclamation, followed by their biological reclamation. We have been annually monitoring reclamation work of 50 of our major OCPs, which produce over 5 million cubic metres (Coal+OB) through state-of-the-art technology of satellite surveillance. Besides, we also supervise the operations of other OCPs once in three years using similar technologies. The satellite images reveal that land reclamation area increased by 5.27 Sq km in 2012 in 50 OCPs. We have undertaken initiatives in five subsidiaries to convert the reclaimed land into cultivable with the help of agricultural universities.

We have initiated steps to install solar energy generation units on the rooftops of non-residential and residential buildings. These units are going to be connected to the grid. The objective is to conserve non-renewable energy resources and promote renewable energy.

18. Corporate governance

CIL complied with the conditions of Corporate Governance, as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) issued by the Department of Public Enterprises, Government of India. It also complied with the conditions of Corporate Governance, as provided in Clause 49 of the Listing Agreement with the Stock Exchanges. As required under the said guidelines and provisions, a separate section on Corporate Governance has been added to the Directors' Report and a certificate regarding compliance of conditions of Corporate Governance has been obtained from a Practicing Company Secretary.

As a proactive measure, your Company conducted Secretarial Audit for 2012-13 by a Practicing Company Secretary.

19. Expectation

I am confident that your Company shall continue to move ahead to achieve greater heights in future, meet the expectations of the stakeholders as well as the nation at large with dedicated performance at all levels.

20. Acknowledgements

On behalf of your Company's Board of Directors, I wish to convey deep gratitude to you, our valued shareholders, for your continued support and trust. This motivates us to excel in all our pursuits and constantly create value for you as well as for the nation.

I appreciate the unstinted support and valuable guidance received from the Ministry of Coal, Government of India. I also express my sincere thanks to other Central Government Ministries and Departments, State Governments, all employees, Trade Unions, consumers and suppliers for their relentless co-operation.

Thank You

Jai Hind!

S. Narsing Rao

Chairman