



Coal India Limited
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Ref. No.CIL: XI (D):04157/04043:2014: 8998 Dated 11th September'2014.

To
 Listing Department,
 National Stock Exchange Limited,
 Exchange Plaza,
 Bandra Kurla Complex, Bandra (East)
Mumbai 400 051

Subject:- Annual General Meeting Proceedings of Coal India Limited for 2013-14.

Reference:- Scrip Code 533278.

Dear Sir,

Further to our letter No.CIL:XI(D):04157:2014:8835 dated 14th August'2014, the 40th Annual General Meeting (AGM) of Coal India Limited was held on Wednesday, the 10th September'2014 at 10.30 AM at Science City, Main Auditorium, JBS Haldane Avenue, Kolkata - 700046. As per the AGM notice dated 9th July'2014 enclosed alongwith Annual Report & Accounts 2013-14, Eleven(11) proposals were proposed to be taken up in the meeting. However, one of the Independent Directors viz. Shri Shri Prakash has submitted his resignation on 2nd September'2014 for personal reasons before the e-voting commences and hence the proposal for his appointment as an Independent Director for balance period of his tenure upto 5th February'2017 was not considered.

Further, Shri Alok Perti and Shri C. Balakrishnan, Independent Directors have submitted their resignation on 8th and 9th September'2014 respectively. We have submitted the information to Stock Exchanges vide our letter No.CIL:XI(D):04156:2014:8981 dated 9th September'2014. During the 40th Annual General Meeting (AGM) of Coal India Limited held on 10th September'2014, we have advised the shareholders not to consider these proposals as they have submitted their resignation. As such Item Nos.5 & 6 were not taken up for consideration in the physical ballot at the venue of the Annual General Meeting. As the e-voting for AGM resolutions was conducted from 4th Sept.'2014 to 6th Sept.'2014 the members have voted for these resolutions. Since the Independent Directors have resigned from their offices, while preparing the consolidated report, the results of e-voting for item Nos.5 & 6 were not considered by the scrutinizers.

M/E

Following other agendas were considered and approved by the shareholders at AGM as under:-

- (1) Audited Balance Sheet as on 31st March'2014, 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. (By an ordinary resolution).
- (2) Confirmation of Interim dividend of Rs.29/- per share paid as final dividend for the financial year 2013-14. (By an ordinary resolution).
- (3) Re-Appointment of Dr. A.K. Dubey, Director who retires by rotation in terms of Articles 33(d) of Articles of Association of the Company. (By an ordinary resolution).
- (4) Ratification of payment of remuneration to Cost Auditor for the year 2014-15. (By an ordinary resolution).
- (5) Amendment of Articles of Association of CIL. (By special resolution)

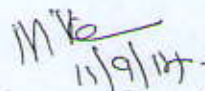
However, the shareholders of the company did not approve appointment of three Independent Directors viz. Dr. R.N. Trivedi, Dr. Noor Mohammad and Prof. Indranil Manna for the balance period of their tenure at AGM.

We are also enclosing a copy of Chairman's Speech delivered at the 40th Annual General Meeting of the Company.

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

Yours faithfully,

Coal India Limited


11/9/14

**(M. Viswanathan)
Company Secretary**

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, at its 40th 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'2014 along with Directors' Report, Audited Annual Accounts and Statutory Auditor's report are already with you and I assume them to be taken as read.

During the year 2013-14, CIL's performance was as under:-

- Achieved a production of 462.42 MT of coal with a growth of 2.26% over previous year.
- Achieved an off-take of 471.58 MT of coal with a growth of 1.38% over previous year.
- Removed Over-Burden of 806.544 MM3 with a significant growth of 8.01% compared to last year.
- Declared and paid an interim dividend @ of 290% i.e. Rs.29/- per share of face value of Rs.10/-. This is the highest ever dividend paid by the Company till date.

1. Importance of coal in the Indian economy

Coal provides around 30% of the global primary energy needs and generates 40% of the world's electricity. It is currently the world's second largest source of primary energy and is widely expected to replace oil as the world's largest source of primary energy within a few years. (Source: BP Statistical Review of World Energy 2011 & World Energy Resources 2013 Survey). In the Indian context, the importance of coal scales up even higher. More than 54.5% of the primary commercial energy requirements in the country are met by coal and around 72% of the entire power generated in the country is coal based. In fact, coal fired power generation in our country has been increasing progressively over the years, with a sudden upsurge happening two years ago. During 2013-14, coal based power generation increased in the country by 8.3% on a year-on-year basis.

Recently, International Energy Agency (IEA) has reported that 'coal is here to stay for a long time to come'. Coal demand will grow at an average rate of 2.3% per year through 2018, Medium Term Coal Market Report (2013) of IEA, states. Coal demand is forecast to stay buoyant over the next five years. India and countries in Southeast Asia are increasing coal consumption.

In the Indian context, coal is irreplaceable as the primary energy fuel in the foreseeable future. This is due to abundant coal reserves and its affordability. Coal India produces around 82% of the country's total coal production and is at the vanguard of the important fuel industry. The crucial need is to make conditions conducive for the growth of this important sector.

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. Hence, major production constraints need to be addressed to boost production capacity. Some of the steps that needed to be undertaken included:

- Enhancing drilling for coal exploration,
- Fast-tracking land acquisition and R&R issues,
- Avoiding delays in obtaining environmental and forestry clearances,
- Timely completion of 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 exploration, extraction and expansion of coal reserves, there will always be a demand-supply gap for coal. To bridge this shortfall, coal needs to be imported.

2. Vision

Our dream and our vision is to see there is no shortage of coal in the country and make the country self reliant in coal at the earliest. Not an easy task I agree, but unless one dreams big, greater dreams cannot be fulfilled. And, we are laying a strong foundation for that.

We expect to live upto the social, economic, environmental and ethical responsibilities bestowed upon us by the policy makers of this nation that Coal India should support the country in its energy security. Our commitment and vision is that the coal demand should be fully met by the indigenous coal sources and that the lead role should continue to be played by Coal India.

To turn this vision into a reality, we have adopted a workable approach. Meeting production targets and ramping up production are an imperative need through efficiency in operations. There are 148 ongoing projects during the current plan period with a production potential of about 484 Mtpa. 126 future projects with a total envisaged production capacity of about 441 Mtpa are expected to contribute 88 MTs by the terminal year 2016. Hopefully, our endeavours to ease the bottlenecks, that have impeded the growth momentum in the past, would fructify in the future years. Our new R&R policy has been made more flexible and PAP friendly, which will help us in acquiring land expeditiously. This would see more coal projects opening up and help in enhancing the production levels. Coal India is also planning to raise production in abandoned UG mines with increased mechanization. CIL's efforts in acquiring mines abroad are also another step in shoring up the country's coal needs.

The company also envisages to produce in an optimistic scenario, 615 MTs of coal by the terminal year of XII Five Year Plan (2016-17). To ease the coal supply bottlenecks, CIL is planning to initiate and develop infrastructure facilities like speeding up the process of laying railway tracks, especially in those areas where large coal reserves can be tapped. Development of sidings is another thrust area. This would help in increased coal supplies. Coal crushing capacity is also being increased.

3. Activities

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 and also to third-party clients for coal exploration, mining, processing and related activities. We have also established a wholly owned subsidiary in Mozambique viz. Coal India Africana Limitada (CIAL), to pursue coal mining opportunities in that 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. We are also looking for diversification opportunities in areas of coal bed methane, coal gasification, coal liquefaction and power generation.

4. Accomplishments 2013-14

Coal India Limited, amidst constraints and adversities, ended the fiscal 2013-14 with an incremental production of 10.211 MTs and an incremental coal off-take of 6.4 MTs on a year-on-year comparison. Your company also met around 86% of its supply under FSA commitments to power utilities including 99% of committed quantity to NTPC. Even at this level, most of the coal fired power utilities were stocked with adequate coal. The company concluded the fiscal with a total production and off-take of 462.42 MT and 471.58 MT respectively.

Our performance during FY 2014 was beleaguered by a string of issues, many of them extraneous in nature. Primary among them were statutory clearances that blunted our production. Coupled with that, climatic conditions in the form of heavy monsoon, post seasonal rains in October and a cyclone that battered coalfields together with the law and order problems in CCL & MCL crippled our production and transportation to a considerable extent. These issues are not being flagged off as mere excuses for trailing behind the target, but they persistently plagued us.

The dispatch to power sector was 353.83 MT against a target of 376.18 MT i.e. a growth of 2.4% and could have been higher but for the restrictions of intake of coal by some power stations due to availability of high coal stocks at the plant end. The stock level at power stations as on 31.3.2014 were sufficient for 14 days consumption and stood at an aggregate level of 20.29 MT of which 18.82 MT was indigenous coal.

During 2013-14, CIL and its subsidiaries achieved a Profit Before Tax (PBT) of Rs.22,879.54 crores and a Profit After Tax (PAT) of Rs. 15,111.67 crores. CIL and

its subsidiaries paid/adjusted Rs.19,713.52 crores towards Royalty, Cess, Sales Tax and other levies.

Recently, CIL was hailed in the media as 'the Jewel in the government's PSU Crown', a cash rich company that 'comes to government rescue' and 'Coal India's special dividend payout to boost Govt coffers'. This was stated in the context of CIL declaring the highest interim dividend for 2013-14. On 14th January'2014 CIL Board approved payment of Interim Dividend of Rs.29/- per share of face value of Rs.10/- each i.e. 290% for the year 2013-14. This was the highest ever Interim Dividend declared by the company. The total out-go from the company was Rs.18,317.46 crore out of which Government of India which held 90% (at that time) of company's shares received Rs.16,485.71 crores. In addition, Govt. of India also got dividend distribution tax of Rs.3,113.05 crores from CIL and its subsidiaries, thus making the total outflow to the government Rs.19,598.76 Crores. This was, probably, the highest payout by any PSU in the country.

5. Public-Private Partnership (PPP) in Coal Mining

In consonance to the policy of Gol & furthering the production capabilities of CIL, it has now been decided to work some of the mines of CIL through PPP mode. The Model Contract Agreement (MCA) is in the final stage of approval by CIL Board of Directors.

Under this concept, the Mine Operator shall develop and operate the mine. The contract will be for 15 years initially and the operators shall carry out all the activities as per the approved Project Report (PR) of the block.

6. Accelerate the power generation from new power plants

Considering the likely commissioning of new power plants till the end of March, 2015, the Government of India issued a fresh Presidential Directive on 17th July'2013, wherein the list of identified power projects with whom FSAs are to be signed was increased from 60,000 MW to 78,555 MW capacity. While the Government has directed CIL to sign FSAs on achieving stipulated milestones by the power units, in consonance with the earlier Presidential Directive issued on 4th April, 2012, the supply of coal would be attuned to the available long-term Power Purchase Agreement (PPA) with the DISCOMs directly or with Power Trading Companies having back to back agreements with the DISCOMs. However, taking into consideration the limited availability of indigenous coal, apart from reducing the minimum supply liability of indigenous coal to levels ranging from 65% to 75% of the year wise Annual Contracted Quantity (ACQ) for the years 2013-17, the Presidential Directive also provided scope of review of FSA in respect of minimum level of supply of indigenous coal once the actual supply liability touched 60,000 MW. Till 31st March, 2014, 160 units of 72,575 MW capacity have signed FSAs. Out of these FSAs, 56,937 MW capacity involving a quantity of 221.64 Mty is backed by long-term PPA.

7. Initiative for overcoming logistic bottleneck

Apart from mandatory offering upto 5% of the Annual Contracted Quantity of coal through Road or through Road-cum-Rail (R-C-R) mode in three coal companies, viz. CCL, SECL and MCL having specific railway connectivity constraints, coal is also

offered on 'as is where is' basis to power consumers under FSA, wherein purchasers are deploying their own logistics at the stock points for lifting of coal.

8. Introduction of Third Party sampling and analysis system

CIL introduced 'Third Party' sampling and analysis system in place of the existing 'Joint 'sampling and analysis' system to improve transparency in the process of coal sampling and analysis with effect from 1st October 2013.

9. Growth profile

Ongoing Projects: As on date, CIL has 148 on-going projects, costing Rs 2 Crores and above, which are under different stages of implementation. The ultimate capacity of these projects is 484.06 Mty with a sanctioned capital outlay of Rs 39,821.50 Crores.

During 2013-14, 74 ongoing projects have contributed 239.97 MT and the envisaged contribution from 134 ongoing projects during the terminal year of XII Plan i.e. 2016-17 is 335.93 MT.

Out of these 148 ongoing projects, 95 projects have both forestry and environmental clearances. Environmental clearances are awaited for 4 projects, forestry clearances are awaited for 27 projects and for the balance 22 projects, both, forestry and environmental clearances are awaited.

Future Projects: A total of 126 projects with an estimated capacity of 440.99 Mty have been identified to be taken up during XII Plan period. Out of these future projects, 60 projects are envisaged to contribute about 88 MT during the terminal year of XII Plan i.e. 2016-17. Further, out of these 126 identified projects, PRs for 92 projects have already been formulated & submitted. So far 11 projects, having an ultimate capacity of 80.52 Mty with an investment of Rs. 11,800.83 crores have been sanctioned during the XII plan period.

10. Forestry and environmental clearances

Forestry Clearance:

During the XII Plan period, Stage II clearance for 11 forestry proposals, involving an area of 923.73 Ha, has been approved by MoEF upto Mar-2014.

At present, 192 forestry proposals are awaiting clearances at various levels. Out of these, 131 proposals involving an area of about 16624 Ha are awaiting clearances at Stage-I level and 61 proposals involving an area of about 15368 Ha are awaiting clearances at Stage-II level.

Environmental Clearance:

48 environmental clearance proposals for a capacity of 71.54 Mty have been approved by MoEF during the XII Plan upto Mar-2014.

11. Other strategies

To augment the underground production, semi-mechanised Board and pillar mining with Load Haul Dumper (LHD)/Side Discharge Loader (SDL) loading with continuous coal evacuation system are being planned. Universal Drilling Machines (UDMs) are also being deployed to increase 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 Powered 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 the shift hours. This is expected to increase productivity and reduce the arduous travelling time of the personnel in the underground mines.

12. Coal beneficiation

At present CIL operates 17 coal washeries with a total capacity of 39.4 Mty. Out of these, 13 are coking coal washeries with a total capacity of 24.90 Mty, while 4 are non-coking coal washeries with a total capacity of 14.50 Mty.

CIL has initiated action through global tenders to establish 16 coal washeries with an aggregate capacity of 100.6 Mty, out of which 6 are coking coal washeries with a total capacity of 18.6 Mty and 10 non-coking coal washeries with a capacity of 82.0 Mty. Construction jobs of three washeries are in progress and the same for two washeries have been awarded. Jobs of other washeries are in different stages of evaluation.

13. Foreign venture initiatives-Activities of CIAL, Mozambique.

Coal India Africana Limitada (CIAL), a wholly owned subsidiary of CIL in Mozambique undertook exploratory activities, which are as follows: -

- i. Around 35,000 mtr of drilling has been carried out in the two coal blocks during the financial year 2013-14 and the progressive drilling is about 40,000 mtr.
- ii. Around 15,000 mtr of geo-physical logging has been carried out during the year 2013-14.
- iii. Coal samples are being analyzed at CMPDIL & CSIR Labs in India.
- iv. A Geological Report is under preparation based on the outcome of the exploration programme carried out so far.

14. Safety – always a priority

Safety is always our highest priority. Safety is embedded in our mission statement and is one of the most important factors in our overall business strategy. We have framed a well defined safety policy to ensure safety in all our mines and establishments. We have already established a multi-disciplinary internal safety organization in all our subsidiaries for the implementation of our Safety Policy. All our operations, systems and processes are meticulously planned and designed with due

regard to safety, conservation, sustainable development and clean environment. Our best endeavours are for inculcating “Safe Operating Procedures (SOP)” and best safety practices to eliminate all types of work place injuries and occupational hazards. We have identified work place hazards and associated risks in each mining operation and prepared a risk assessment based on safety management plan for every mine. We always encourage employees’ participations at all levels so as to promote a proactive safety culture and to improve safety awareness at the grass root level.

Over the years, the safety standard of our mines have improved significantly due to genuine commitment and collective efforts of our employees, continuous and sustainable safety awareness drives, imparting the best on-the-job and skill-oriented training to our employees and using the state-of-the-art technology for improving standard of safety. As a result of these sustained endeavours, the numbers of serious injuries in the year 2013 have reduced to the lowest level since the inception of our company in 1975. However, we are not complacent and our sincere efforts are aimed at providing safety in all spheres of our activities.

15. Rationalization of Manpower

During the year, Special Female Voluntary Retirement Scheme has been introduced to optimise manpower utilization by reducing non-technical, non-executive female employees by appointment of their sons on jobs where there is a requirement, without increasing the overall manpower.

16. Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a company’s commitment to operate in an economically, socially and environmentally sustainable manner, while recognizing the interests of its stakeholders. Our CSR activities have made an impact on protection and improving ecology, commitment towards improving the quality of life of the local community as well as the society at large through activities like Community Development, Resettlement & Rehabilitation maintaining ecological balance etc.

During 2013-14, the CSR budget provision was Rs.142.16 crores and expenditure was Rs. 141.70 crores for CIL, HQ. CIL and its Subsidiaries have spent Rs. 409.37 crores towards CSR activities during 2013-14. CIL has prepared a revised CSR Policy to comply with the Companies Act 2013 and the same is approved by CIL Board.

17. Green initiatives

As a responsible corporate citizen, it has always been the endeavour of CIL to conserve our ecosystem by taking appropriate measures to mitigate the impact of mining and associated activities in accordance with EIA / EMP of each project.

We appreciate the need for reclamation and restoration of the mined out land. We have created a green wealth of about 81 million plants including 13.36 lakhs saplings planted during 2013-14. Satellite surveillance has been adopted for monitoring reclamation activities of 50 major OCPs, producing 5.0MM³ (Coal + OB) or more every year and other OCPs once in three years. It is evident from satellite surveillance that reclaimed land area has increased by 4.53 sq.km during 2013 in 50 major OCPs.

Study of National Remote Sensing Centre (NRSC), ISRO, Hyderabad in 2013 reveals that the fire area in Jharia Coalfields had reduced from 8.9 sq km (as assessed in Master Plan) to 2.0 sq Km after undertaking various methods while implementing the Master Plan.

As a green initiative during 2013-14, CIL has installed two solar power generating projects of 2.0 MW and 0.25 MW capacities in its two subsidiary companies.

Besides, various energy conservation methods have also been implemented in our projects. 6 rain water harvesting structures have been installed during 2013-14 to recharge the groundwater strata and conserve rain water effectively.

CIL is implementing globally recognized Integrated Management System conforming to the requirements of ISO 9001, ISO 14001 and ISO 18001 (OHSAS) Certifications.

Till 31-03-2014, two subsidiaries namely NCL & MCL are ISO 9001, ISO 14001 & ISO18001 (OHSAS) certified. Another Subsidiary, CMPDIL and other 62 units are also ISO 9001 certified. In addition accreditations were obtained by 73 units for ISO 14001 & 28 units of ISO 18001.

CIL has planned for obtaining Certificates for the balance units / projects of all subsidiaries to become an ISO 9001, ISO 14001 an OHSAS 18001 certified company, by the end of 2015-16.

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 and Clause 49 of the Listing Agreement with the Stock Exchanges except for appointment of Independent Directors. As required under the said guidelines and provisions, a separate section on Corporate Governance has been added to Directors' Report and a Certificate regarding compliance of conditions of Corporate Governance has been obtained from a Practising Company Secretary.

As a proactive measure, CIL has conducted Secretarial Audit for 2013-14 by a Practising Company Secretary.

19. Expectation

In the recently signed Memorandum of Understanding (MoU) for 2014-15 with the Government of India, Coal production and Off-take targets for FY 2015, have been set at 512 MTs and 525 MTs for 'Excellent' rating. The company is gearing up to meet these challenging targets to the best of our mites. With new and expansion projects expected to contribute during the year, our optimistic endeavour is to meet the targets.

Project Management & Implementation, Technology, Quality and Customer Satisfaction, Initiatives of Growth have been identified as major thrust areas under MoU. These shall remain the company's guiding factors in its quest for increased production and offtake.

20. Acknowledgement

On behalf of your Company's Board of Directors, I wish to convey my 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

A.K.Dubey

Jai Hind!

Chairman