



CHAIRMAN'S STATEMENT

Dear Members,

I am delighted to welcome you to the 44th Annual General Meeting of Coal India Limited (CIL). The Directors' Report and the Financial Statement for the year ended 31st March' 2018 together with the report of Statutory Auditors and report and review of Comptroller & Auditor General of India are already with you.

1. Importance of coal and Coal India Limited

India is on a high orbit growth trajectory expanding industrially and economically. Concurrently, with this exponential transformation, the country's energy need is also on the increase. This is where coal steps in. You all are aware that in India Coal is the ready answer to escalating energy demand as around 56% of the India's primary commercial energy is met by coal alone. Around 73% of the entire power generated in the country is coal based. The country's planners however are alternatively exploring to shift from being a largely fossil driven energy economy to one that is powered by clean and renewable energy especially solar. This is certainly a welcome move as it would supplement coal's role if not entirely substitute it. As an industry and nation, we will have to reconcile to the fact that both coal and renewables will coexist and complement each other in the years to come. Only then, we will be able to chart the course, which is sustainable, efficient, effective and competitive for India. On one hand, it will require us to reduce the development risks and constraints to coal mining and on the other, ensuring that the coal industry in India continues its focus on environment and sustainability practices. There has been significant growth on all parameters of environment and sustainability in coal mining in India – land reclamation, water conservation, forest and wildlife conservation, adoption of renewables, safety, community development and R&R, etc. However, more needs to be done and as one of the leading players in the Indian coal industry, CIL is committed to do more than what expected from it. But as base fuel for power, coal is expected to retain its position in the foreseeable future. What make coal such a preferred energy fuel is its abundance, availability and affordability. The estimated geological resource of India coal stood at 315.15 Billion tones as on 1st Apr'17.

With the rural electrification programme and 24 *7 power for all, your company is poised to play a greater and more responsible role as energy supplier in fulfilling the noble cause of the government. Against this backdrop, you will be proud to know that your company, CIL, spearheads the country's coal production and produce around 84% of the country's entire coal output. It is only CIL, which virtually fuels and empowers the power sector in the country. It would not be an exaggeration to state that CIL is synonymous with India's energy scenario. Notwithstanding the extraneous factors, CIL is committed to increase its coal supply and meet the coal demand in the country. We plan to do better on all fronts and are committed to make a difference.

2. Notable Achievements of 2017-18

The performance of Coal India Limited was amply satisfying in more than one during financial year 2017-18. The company had created 'many new highs' never witnessed before:-

- Achieved an all-time high off-take of 580.28 Million Tonnes with a 6.8% growth compared to last year.
- In fact, coal off-take had surpassed the production with a margin of 12.9 Million Tonnes with Ministry of Coal, Ministry of Railways and Coal India Limited together pushing more coal into the system with increased loading of rakes.
- Power Sector, the largest coal-consuming segment of Coal India was also supplied with 454.24 Million Tonnes of coal, the highest off-take to the power plants, by satiating their demand. The growth was again 6.8% compared to the last year's achievement of 425.4 Million Tonnes.
- Coal production of 567.36 Million Tonnes showed an increase of over 13 Million Tonnes in absolute terms compared to last fiscal clocking a growth of 2.4%.
- Besides ensuring highest coal production till date, coal inventory as on 1st April 2018 stood at 55.55 MTs against 68.42 MTs of last year, thereby resulting in stock liquidation of about 13 MTs.
- Commissioned two long pending, major rail infrastructure projects, Tori- Balumath section (in Tori- Shivpur division under jurisdiction of CCL) and Jharsuguda- Barpali- Dardega section (under jurisdiction of MCL) which were built on coal deposit basis and are now operational.
- Two coking coal washeries, Dahibari washery with a capacity of 1.6 MTY and Patherdih washery with 5 MTY were commissioned. Plans are on the anvil to set up a non-coking coal washery in the Ib-Valley for which a letter of award was issued.
- Two new Coal Handling Plants with Rapid Loading System in Khadia 6 MTPA CHP/RLS, NCL and Bharatpur 15 MTPA CHP/RLS in MCL have been commissioned.
- 10 coal projects with an ultimate capacity of 41.39 Mty with sanctioned capital of ₹ 1524.27 Crores have been completed.
- 24 Environment clearances were obtained by CIL and its subsidiaries with a total EC of 237.22 Million Tonnes of coal per annum. Besides above, 14 (Stage I) forest clearances covering an area of 1919.49 HA and 7 (Stage II) forest clearances covering an area of 832.55 HA were also secured during the year.
- In the calendar year 2017, fatalities in CIL and its subsidiaries had decreased by 33% and serious injuries by 9% compared to 2016.
- The 10th Wage Agreement influencing over 3 lakh workers across the country was finalised in the 10th meeting of JBCCI consisting of representatives of both CIL Management and of Central Trade Unions on 10th October 2017 much to the satisfaction of the employees who received a 20% increase in wages.

3. Financial Performance:

Your Company is one the highest contributors to the government ex-chequer both – Central and State governments. Coal India paid corporate taxes of ₹ 7432.89 crores to Government of India in financial year 2017-18.

Your Company and its subsidiaries had also paid/adjusted ₹ 44,046.57 crores Royalty, GST, Cess, DMF and NMET and other levies.

During 2017-18, Coal India earned a pre-tax profit of ₹10,726.44 crores and a Profit after Tax of ₹ 7,020.22 crores.



Your company had paid an interim dividend of ₹10,242.24 crores @ ₹16.50 per share. Of the total dividend, the share of Govt. of India was ₹ 8,044.86 crores and the rest ₹ 2,197.38 crores was given to other shareholders.

4. Strategies for Growth

Coal India is faced with meeting challenging targets in the years ahead. Going forward, in order to meet the production targets, Coal India needs to step up its growth rate.

- 11 coal blocks have been allotted to Eastern Coalfields Limited, Bharat Coking Coal Limited, Central Coalfields Limited and Western Coalfields Limited put together. These new blocks will help these subsidiaries to produce more than 100 Million Tonnes of coal per annum in near future.
- 4 coal mining projects with an ultimate capacity of 24.60 Mty and total capital investment of ₹ 4155.46 Crores were approved by CIL Board which would help to maintain Coal India's production growth tempo.

To further sustain the growth momentum in its production and off-take in future, Coal India has formulated following multi-pronged strategies:-

(i) Critical Railway Links - Collaboration with State Governments & Railways.

In order to achieve the planned growth in production and evacuation in future, CIL has undertaken major Railway Infrastructure Projects, implemented either by Railways or JV Companies formed with IRCON representing Railways, Subsidiary Company representing CIL and concerned State Government.

13 projects for coal evacuation have been identified:

- 3 funded by coal companies.
- 4 funded through SPVs.
- 6 Railway funded projects.

On deposit Basis by CIL (3 Nos)

1. Tori - Shivpur (Double BG Line).
2. Jharsuguda - Barpalli-Sardega Rail link (SECR) – Commissioned on 05.04.2018.
3. Rail Connectivity Lingaraj Silo with existing Deulbeda siding at Talcher Coalfields of MCL.

To be taken up by Railways (2 Nos)

1. Singrauli to Shaktinagar via Karaila Road (Doubling of the line) (EC Railways).
2. 4th line in Jharsuguda to Bilaspur (SECR).

Through JVs/SPVs by CIL (1 No)

1. Angul- Balram rail link (through MCRL).

The balance 7 rail lines that are likely to facilitate coal evacuation are envisaged to come up in the future as under:

Through JVs/SPVs by CIL (3 Nos)

1. Shivpur-Kathautia Railway Line.
2. East Corridor through CERL.
3. East-West Corridor through CEWRL.

To be taken up by Railways (4 Nos)

1. Third line Barkakana-Barwadih-Garhwa Road.
2. Fourth line Jharsuguda to Bilaspur.
3. DFC- Dadri to Sonenagar & extension upto Koderma.
4. Third and fourth lines from Talcher to Budhapunk (10 km) & Third line from Budhapunk to Rajatgarh (62 km).

(ii) Acquisition and Possession of land:

In all subsidiaries of Coal India, the major portion of land is acquired under the Coal Bearing Areas (Acquisition & Development) Act, 1957. During 2017-18, notification under section 9 (1) has been issued for 10688.904 Ha and notification under section 11 (1) has been issued for 11899.112 Ha. During 2017-18, 3687.61 Ha of land has been taken in possession in different subsidiaries of Coal India Limited.

(iii) WEB Based Online Monitoring System:

Monitoring of 69 coal-mining projects costing more than ₹150 Crores with Project monitoring software MS Project have been started in Coal India limited during the year 2016-17. Regular interactions with subsidiaries is being done. Regular workshops are also being organised to train the executives in MS Project software.

CIL in association with CMPDI recently launched a portal MDMS (Mine Data Base Management System) to monitor the ongoing projects costing ₹20 Crores and above in CIL.

Crucial issues are also being uploaded by CIL and its subsidiary companies on the MOC e-CPMP portal and MOC is vigorously following up with the state governments and other associated ministries by holding meetings with concerned officials to expedite EC & FC approvals.



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(iv) Technology Development

- Exploration capacity is being augmented with more use of hydrostatic drills, geophysical loggers, 2D/3D Seismic Survey Technology and optimization of number of coring/non-coring boreholes based on the complexity of geology of the block. State of the art 'Paradigm Software' for seismic data processing and interpretation has successfully been commissioned to enhance the quality processing of data and its utilization. M/s Sercel make 'mini vibrator seismic energy' source has been procured which will enable to record seismic traces from depths in the range of 800-1000 metre with better resolution and thereby expediting coal exploration.
- CIL has introduced high capacity HEMMs, Operator Independent Truck Dispatch System (OITDS), in-pit crushing & conveying to augment its coal production and operational efficiency. Other technologies like High Angle Conveyor and Pipe conveyor are proposed for coal transportation which will reduce the operational cost of the mine. For slope stability, CIL is using slope stability radar and is planning to introduce this technology in all open cast mines, for improving the safety and consequently, productivity of the mine. Drones were used for the first time in CIL for benchmarking its capabilities in various technical applications like generation of contours, ortho photos and computation of stock pile volumes
- Introduction of Continuous Miner Technology on large scale including Bolter Miners and Low Height Continuous Miners, Long Wall Technology at selected places, Man Riding system in major mines and Use of Tele-monitoring techniques continued to receive priority to increase production from underground mines. Multi Utility Vehicles (MUV) and Free Steered Vehicles (FSV) are also being deployed for quick, safe and efficient transport of material and men respectively in mechanised underground mines.

v) Other Improvement Areas

- To synergize the total operational processes and further facilitate effective decision making, Enterprise Resource Planning (ERP) is likely to be implemented in Coal India soon. This will ensure cohesive, cogent and efficient inputs into the system resulting in rationalisation of resources and finally cost reduction.
- The Union Government has recently allowed Coal India to extract natural gas, Coal Bed Methane from coal seams. Earlier Coal India had to apply for a license to Ministry of Oil and Natural Gas to extract CBM from its coal seams. With this move Coal India and its subsidiaries no longer require such permissions. CIL is planning to set a coal based methanol plant at Dankuni Coal Complex of SECL. In the fiscal year 2017-18 the licensors for supply of coal gasification technology have been pre-qualified and a Pre-Feasibility Study for producing 6.76 Lakh metric tonnes per annum of methanol has been completed. The methanol to be produced at DCC will likely find a definitive market in the eastern states of India once the policy of Government for blending of methanol with petrol comes into practice.
- Vision 2030 for coal sector has been deliberated with the subsidiaries. A workshop with the stakeholders has also been conducted and with the recommendation of CIL Board it was sent to Ministry of Coal for further action.
- CIL and its subsidiaries companies have introduced various initiatives using information technology (IT) to increase transparency and for the optimum utilisation of resources. E-office, a solution from NIC was implemented to ensure paperless office. An e-portal was launched by CIL for quality monitoring of its coal by the customers. CIL has also launched mobile apps like SEVA and GSKV for its customers, Biometric attendance has been introduced in CIL and its subsidiary companies.

(v) Customer Satisfaction

- i. For enhanced customer satisfaction, special emphasis has been given to Quality Management of coal from mine to dispatch point.
- ii. Continuing with the steps for independent assessment of grades of mines through various academic institutes of national repute by CCO, annual grade declaration of 2018-19 has been finalized by CCO. Total 386 mines were re-assessed and out of these 61 mines are downgraded and 42 mines are up-graded.
- iii. In order to monitor coal quality, a portal UTTAM (Unlocking Transparency by Third Party Assessment of Mined Coal) has been launched by CIL to capture entire life cycle of sample. With the help of the portal, information of coal quality on regular basis will be accessible to both Coal Cos. and Consumers.

5. Green Initiatives

Environmental and eco-system restoration is a conscious effort in Coal India. Your company is aware of the importance of environmental issues and tries to the extent possible to restore the environment and Nature to its original pristine condition. Mandatory obligations apart, Coal India takes it upon itself as a moral obligation.

To promote Green Initiatives taken by GoI, CIL has submitted Green Energy Commitment letter to MNRE for developing **1000 MW Solar Power Projects**. For implementation of these projects, CIL has signed MoU with Solar Energy Corporation of India (SECI).

In the 1st phase, tender was floated for setting up of 2x100 MW Solar PV Project in the state of Madhya Pradesh. But, due to downward trend in prices of solar projects and availability of land in Madhya Pradesh Solar park, the tenders were cancelled and SECI is in the process of retendering the same in the state solar park of Madhya Pradesh.

CIL's initiatives had resulted in installation of more than 3 MW capacity in CIL HQ and its Subsidiary Companies.

Plantation and Green belt are developed through extensive tree plantation programme every year by the subsidiaries of Coal India Ltd. The subsidiaries of CIL have planted around 96 million plants covering an area over 38378 Ha. During 2017-18, 1.99 million saplings have been planted covering an area of 821.52 Ha.

6. Safety – Always a priority

Safety at work is always our supreme priority. Safety is engrained in our mission statement and is one of the most influential factors in our inclusive business strategy. CIL have framed a well-defined safety policy to ensure safety in all our mines and establishments. All our operations, systems and processes are meticulously planned and designed with due regard to safety, conservation, sustainable development and environment.



Our best endeavors are continued for achieving Best Safe Practices and Preventive Safety Culture. CIL have adopted internationally recognized advanced tool for Risk Management in our mines. CIL always encourage and promote a proactive participatory safety culture to improve safety awareness at all levels. This year we have introduced "Safety Flag" as a symbol for CIL's endeavour in fortification of Mine Safety and observation of ILO's "World Day for Safety and Health at Work" to promote, enhance and instill awareness and appreciation on the importance of occupational safety and health and to stimulate the mutual cooperation and support amongst all stakeholders of safety.

Over the years, the safety standard of our mines have improved appreciably due to sincere commitment and mutual efforts, continuous and sustainable safety awareness drives, imparting the best training and application of the technology. Our accident statistics - the relative indicator for mine safety, have touched to all time lowest figures in 2017-18 since inception of CIL in 1975. However, we are not complacent and our sincere efforts are persisted for further improvement in safety standard to achieve 'Zero Accident'.

7. Corporate Social Responsibility

Apart from improving the quality of lives of people, Coal India's Corporate Social Responsibility initiatives also take them along towards the company's goal by partnering with them. While pursuing the enhancement of Coal production, CSR is being undertaken for inclusive growth of community as a whole and the nearby affected communities. Coal India has spent ₹ 483.78 crores in FY ending 2018 on CSR initiatives. Major activities undertaken are :

1. Cure and better management of disease in Thalassemia patients by way of financial assistance of ₹ 10 lakhs per patient to Christian Medical College, Vellore, Tata Medical Centre, Kolkata, Rajiv Gandhi Cancer Institute and Research Centre, New Delhi, All India Institute of Medical Sciences, New Delhi and Post Graduate Institute of Medical Education and Research, Chandigarh.
2. Different development works in Purulia, West Bengal through The Energy and Resources Institute (TERI):-
 - a. Promoting renewable solutions for the energy needs of the households – Installation of Integrated Domestic Energy Systems and Solar Street Lights.
 - b. Agriculture, greening and capacity building initiatives.
 - c. Sanitation – Construction of Individual Household toilets in 5,660 households.
 - d. Education through Knowledge cum Resources Centers in 40 schools.
3. Construction of Medical College and hospital – Mahanadi Institute of Medical Science and Research (MIMSR) by MCL at Talcher, Odisha.
4. CCL KE LAL / CCL KI LAADLI – an initiative aimed at facilitating the meritorious students of PAPs (Project Affected People) residing in the command areas of CCL by providing them coaching from experts with lodging , boarding and formal schooling for Class 10th & 12th to prepare them for appearing in admission in Engineering colleges like IIT, NIT and other prestigious colleges of the country.
5. Adoption of Green Highway by SECL - Roadside plantations (around 100km) along NH-78 from Shahdol to MP/CG Border implemented through NHAI.
6. Treatment of villagers through Mobile Medical Vans by BCCL – more than 1.19 lakh beneficiaries.
7. Financial support towards setting up of Indian Institute of Liver and Digestive Sciences (IILDS) at Kolkata by CIL by way of procurement of costly medical equipment.

8. Corporate governance

Coal India 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 Regulation 34(3) read with schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges. As required under the 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.

Coal India has conducted Secretarial Audit for 2017-18, as required under Companies Act 2013 and the Secretarial Audit Report is enclosed as a part of Directors report.

9. Vision

Coal India's vision is to ensure that there is no shortage of coal in the country and to make the country self-reliant in coal. Coal India envisions to be a commercially viable company and endeavours to move ahead as a contemporary, professional, consumer friendly and successful corporate entity committed to national developmental goals. The vision also extends to dedicate itself to the service of the countrymen in providing the primary commercial energy in an affordable and environmentally friendly manner. Coal India aims to be not only a valued company but a company with values through constantly innovating on ease of doing business.

10. 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, Auditors, Consumers and Suppliers for their continuous co-operation.

Kolkata
Dated: 7th July' 2018

Anil Kumar Jha
Chairman
(DIN: 06645361)