



CHAIRMAN'S STATEMENT

Dear Members,

I am delighted to welcome you all to 46th Annual General Meeting of your company, Coal India Limited. The Directors' Report and Financial Statements for the year ended 31st March' 2020 together with the report of Statutory Auditors and report and review of Comptroller & Auditor General of India are already with you. I am sure you are fully aware of the financial & physical health of your company.

1. Importance of Coal and Coal India Limited

Coal is our country's irreplaceable prime energy source. Coal is at the forefront of the nation's energy march in meeting the demand. Notwithstanding the projections over renewables displacing coal, it will continue to dominate India's electricity generation for few more decades. Additionally, coal will continue to stoke up many non-power industries as well viz. cement, fertilizers, sponge iron, aluminium and a host of other industries. In India, coal accounts for around 55% of the country's primary commercial energy. Nearly 72% of the entire power generated in the country is coal based, which is a testimony to the importance of coal.

Admittedly, a conscious impetus is laid on alternative clean and renewable energy sources, especially solar. India targets to add 175 GW of renewable energy capacity by 2022 and 275 GW by 2027. The country is however aiming for an ambitious RE target of 275 GW by 2027. This move is in accordance with the Intended Nationally Determined Contribution (INDC) of the nations as committed in Paris during COP-21. World over, many countries are migrating from coal to cleaner forms of renewable energy sources but in India, the situation is different. The question is can renewables take over coal completely in our country? Not in the near future at least.

Solar, Wind, Hydel and natural gas supplement coal in meeting energy needs but cannot substitute wholly. For the past couple of years, India accounted for around 11% of the global coal consumption. India remains the second largest coal consumer in the world.

With Coal holding such a large sway in the Indian energy sector, your company produces around 83% of nation's entire coal output. During 2019-20, around 80% of the company's entire coal supply was catered to power sector. Importantly, Coal India ascertained that as on 1st April 2020 there was not a single coal fired power station in the country that was in critical or super critical condition for want of coal. In fact, the power stations are still flush with record high coal stocks. Your company is committed to increase its production and supplies to the mandated required levels.

Renewables and coal have to co-exist for some time before renewable can significantly contribute to a larger share of India's energy basket. At some point of time in future this is bound to happen but till such time coal remains the dominant energy source in the country.

2. Notable Achievements of 2019-20

Despite many challenges that your company had to face especially the extended and heavy monsoon, inundation of Dipka mine, subdued demand for power, COVID-19 in the last fortnight of March' 20 etc. it managed to come back strongly in the second half of the fiscal 2019-20, making up for most of the lost ground in the first half. Coal India as a whole produced 602.14 Million Tonnes (MTs) during 2019-20 accomplishing 91% of the targeted production. Coal off-take was 581.93 MTs which is 88% of target materialization due to subdued demand from the consuming sectors.

Even under the trying conditions, your company had achieved new highs and admirable accomplishments during 2019-20:

Production

- Produced 84.38 MTs of coal during March 2020, your company has set a record for all time high production in a single month since its inception.
- Coming back strongly in the last quarter of FY 2019-20, your company marked a robust 9.9% production growth compared to same quarter of FY 2018-19. Your company produced 213.71 MTs of coal during January-March 2020, an increase of 19.26 MTs compared to 194.45 MTs produced for the same period in FY 2018-19.
- During the second half of the fiscal 2019-20, Coal India produced 120.28 MTs of more coal than what it did in first half. Against 240.93 MTs in the H1 of FY 2019-20, your company produced 361.21 MTs in the next six months from October 2019 to March 2020.
- South Eastern Coalfields Limited for the second year in succession sailed past 150 MTs production milestone, the only CIL producing company to have done so, producing 150.55 MTs.
- Northern Coalfields Limited repeated its commendable feat of previous fiscal in 2019-20 as well when it surpassed its annual production target of 106.25 MTs four days ahead of the closure of the fiscal. Eventually, NCL produced 108.05 MTs.
- Western Coalfields Limited, reached its annual production target of 56 MTs three days ahead of the closure of the financial year, closing the year with 57.64 MTs production.
- Eastern Coalfields Limited, Northern Coalfields Limited and Western Coalfields Limited registered growth in 2019-20 over last year.

Off-take

- Northern Coalfields Limited surpassed its off-take target of 106.25 MTs by 1.17 MTs and registered a 5.8% growth over last year.
- Better supply logistics management ensured that the average coal stock at the power stations maintained at comfort levels throughout the year. Not a single linked coal fired power plant was in critical list for want of coal as on 31 March, 2020.



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- Coal stock at power houses at 45.01 MTs as on 31 March, 2020 was the highest in a decade equivalent to 28 days consumption, 6 days more than the norm of 22 days.
- With power sector adequately stocked with coal supplies, Coal India stepped up its supplies to non-regulated sectors (NRS) during 2019-20. Your company cleared around 91% of backlog arrear rakes of this sector pertaining to years 2017-18 and 2018-19. Of the 5,143 arrear rakes as on 1 April, 2019 of NRS, Coal India liquidated 4,661 rakes at the closure FY 2020.
- During 2019-20, to promote ease of doing business, IRLC (Irrevocable Revolving Letter of Credit) payment facility has been introduced for non-power consumers also.
- During 2019-20, your company has offered 10.21 MTs of coal to power plants under import substitution mechanism compared to 8.22 MTs in the preceding fiscal.

3. Financial Performance

- Your company achieved Profit Before Tax (PBT) of Rs.24071.32 crores, Profit After Tax (PAT) of Rs.16700.34 crores.
- CIL achieved gross sales of Rs.134979.13 crores and net sales of Rs. 89373.34 crores.
- All Subsidiaries of Coal India Limited had earned profit Before Tax during the year.
- Your Company and its Subsidiaries paid/adjusted Rs.43058.72 crores towards royalty, GST, Cess, District Mineral Foundation (DMF) and National Mineral Exploration Trust (NMET) and other levies.

4. Strategies for Growth

- To ramp up coal production, 18 mining Project Reports have been cleared by Coal India and Subsidiary companies' Board in 2019-20 with a rated capacity of 132.04 MTY and sanctioned capital of Rs. 21244.55 Crores.
- During the year, your company took possession of 3336.12 Hectares of land, while notification u/s 9 of Coal Bearing Areas (CBA) (A&D) Act, 1957 received 115.81 Hectares. Notification u/s 11 of CBA (A&D) Act, 1957 - was 631.58 Hectares.

Contract Management Initiatives :

- Pre-Qualification for Tenders value up to Rs.50.00 Lakh has been removed for entry of new Bidder without any Technical and Financial credentials in works and services. The Requirement of Work Experience has been reduced and work experience with wider domain has been allowed for more participation and competitive bidding.
- To make a quantum jump in coal production, MDO documents for OC, UG Mines have been finalized with valuable input from all Stakeholders approved by CIL Board. Four (4) Tenders (CCL-3, MCL-1) with 20-25 years contract period, have been floated. Tenders for Ten (10) more Mines would be floated shortly. MDO document for abandoned/discontinued mines is under finalization with advanced mining technology to augment the production further.
- To meet the urgent requirement of construction of CHP, SILO, RLS etc., the Pre-Qualification Criteria of Work Experience has been reduced by 50%, Working Capital requirement relaxed and experience of similar nature of work broadened for wider participation and competitive bidding.

5. Enhancement of Coal evacuation infrastructure

- To augment availability of rakes for evacuating increased quantities of coal in the South East Central Railway circuit, feeding to 15 Power Houses, Coal India, in a maiden venture, under General Purpose Wagon Investment Scheme introduced by Indian Railways, has approved procurement of 40 rakes of BOXN-S railway wagons at a capital cost of Rs 675 Crores. Having its own rakes provides strength to the company to move supply of coal. This could facilitate enhanced indigenous supply and would also help reduce imports to some extent.
- A 44 km long new railway line in Chhattisgarh under East Rail Corridor from Kharsia to Korichhapar turned operational on 12th October 2019 which enabled evacuation of coal from greenfield region of Mand-Raigarh. East Rail Corridor is developed by a CIL JV Chhattisgarh East Railway Limited (CERL), a Special Purpose Vehicle among SECL, Government of Chhattisgarh and IRCON International Limited. Total approved layout of the project is approximately Rs. 3,055 Crore. Alignment of feeder lines from main line, integrating with Chhal OC, Baroud OC and Durgapur OC Mines of SECL have been finalized.
- Doubling of the Jharsuguda- Barpali section along with a flyover complex at Jharsuguda and seven bulbs at Barpali at an estimated cost of Rs 2,900 Crores in MCL has been approved for evacuating 65 Mt of coal from 1b Coalfields.
- CIL has taken steps to upgrade the mechanized coal transportation and loading system under 'First Mile Connectivity' projects.

In the First Phase, 35 FMC projects having 406 MTY capacity with estimated capital expenditure of Rs.12505 Crs are under execution. Out of these 35 FMC projects, 2 projects of 26 MTY capacity have already been commissioned. As on date, 7 FMC projects of 91 MTY capacity are under construction. Further, tenders have been floated for 14 additional such projects. Tenders for the remaining 12 FMC projects shall be floated by September'2020.

Ambit of the FMC projects are now being widened and 14 mines with less than 4 MTY capacity has also been identified for implementation in the second phase. These 14 FMC projects of 100 MTY capacity are estimated to incur a capital expenditure of Rs. 3479 Crore, tenders for which are planned to be floated by March'2021. These projects are also planned to be operationalised by 2024-25.



- Coal India Limited (CIL) has signed a Memorandum of Understanding with Indian Port Rail Corporation Limited (IPRCL) to execute its rail infrastructure works, construction of additional sidings, and rail line connectivity with railway main lines. This is in addition to the already existing MoU with RITES. The move will help to expedite CIL's endeavour to implement the First Mile Connectivity projects as two implementing agencies are now available for executing rail infrastructure works.
- 6. Other Development Areas**
 - **Underground Mechanization:** For mechanization of underground mines, 26 Continuous Miners are proposed to be deployed in 19 UG Mines in 5 Years starting from 2019-20. Project Reports/ schemes of all these mines have been approved for this purpose. 2 Continuous Miners have been commissioned in 2 identified mines during 2019-20 (Bangwar UG, SECL and Kumardih B UG, ECL).
Project Reports for 2 mines of BCCL, planned for deployment of Powered Support Long Wall have been approved. Moreover, 2 mines have been identified for deployment of High Wall miners (one each at ECL and SECL).
 - **Enterprise Resource Planning:**
With an objective of becoming an efficient and modern dynamic organization, CIL has decided to deploy latest Information Technology in all aspects of its operation by setting up an ERP system.
Global Business Blueprint was released on CIL Foundation Day 2019 by Shri Pralhad Joshi, Hon'ble Minister of Parliamentary Affairs, Coal & Mines. Implementation of SAP ERP in Phase I at CIL, MCL and WCL is in Realisation Stage. Coal India is endeavouring for early SAP ERP implementation at ECL, BCCL, CCL, CMPDI, NCL and SECL in Phase II to derive complete benefit out of SAP ERP.
3551 employees were trained in functional and technical modules of SAP ERP and 268 days of training was provided.
 - **Coal Quality Measures:** Coal quality assessment through third party agency has been implemented. Presently 99% supply to power utilities is being covered under sampling.
For improved consumer satisfaction and enhanced transparency on coal quality, supply under all FSAs and different e-auction schemes have been covered under Third Party sampling for both Power and Non-Power consumers.
 - Major infrastructure facilities at loading point for sample preparation has been put in place by coal companies. 49 labs across the companies have received NABL accreditation and accreditation process for another 8 labs is underway
 - **HEMM Procurement:** Tenders for procurement of Heavy Earth Moving Machinery worth over Rs. 5900 Crores have been finalized for augmentation of coal production and improving age profile of HEMM.
 - **Updation of Manuals and Policies:** Coal India limited has comprehensively reviewed and updated its Purchase Manual which was issued in 2004. Also, for the first time, a uniform Policy for Disposal of Scrap has been finalized and circulated for implementation across CIL.
 - **Solar Initiatives:** In order to become Net Zero Energy company CIL proposes to execute Solar Projects through CNUPL, SECI and proposed JVC of CIL-NLCIL, to generate 3 GW of solar energy.
 - **MoU with Russia:** In the august presence of Hon'ble PM of India and Hon'ble President of Russian Federation, a bilateral Memorandum of Understanding (MoU) was executed on 4th September, 2019 at Vladivostok, Russia between Coal India Limited and Far East Investment & Export Agency - a Russian Government agency to leverage the bilateral relations to venture into the business of acquisition, development and operation of coking coal assets in the Far East Region of Russia.
 - **Surface Coal Gasification (SCG):** Committed to reduce environment footprint in addressing Climate Change, your company is promoting initiatives for cleaner and alternative uses of coal through SCG route, that is, conversion from coal to syngas and subsequently into chemicals.
 - **Setting up of Urea Plant:** Talcher Fertilizers Limited, a JV company of CIL with RCF, GAIL and FCIL, has been entrusted for setting-up of an integrated coal gasification based urea plant at the premises of closed fertilizer plant of FCIL at Talcher (Odisha). Work Orders worth over Rs. 7,800 crores have been awarded in September 2019 for setting up of Coal Gasification plant and Ammonia-Urea plant on Lump Sum Turnkey (LSTK) basis.
 - Another JV company named Hindustan Urvarak & Rasayan Limited (HURL) comprising of CIL, NTPC, IOCL, FCIL and HFCL is involved in setting up of natural-gas based 1.27 MTPA urea plant at the premises of closed fertilizer plants of FCIL at Gorakhpur (U.P.) & Sindri (Jharkhand) and that of HFCL at Barauni (Bihar). In 2018, contracts were awarded to the respective successful bidders for setting up of the three plants on Lump-Sum Turn Key (LSTK) basis. Construction activities are in progress at all three sites. The urea production is expected to commence in the year of FY 2021-22.
 - **Standardization of Unified IP scheme:** Unified IP scheme for Coal India and all its subsidiaries has been devised to ensure seamless integration of interconnectivity of different networks for data transfer as well as for ERP implementation.
- 7. Measures taken to combat COVID-19.**
 - **Extension of facility to work from home:** During the last week of FY 2019-20 as Covid-19 Pandemic led to lockdown, measures to work from home and to connect people over Video Conferencing from home through Internet using Laptop / Mobiles have been devised. Facility to access e-office from home / remote locations through internet has also been extended to officials by utilizing in-house resources of Wafa for seamless functioning of official work.



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Ease of doing business

For doing ease of business, your company has taken number of initiatives including increase in the trigger level for supply of coal for power producers from 75% to 80% of the ACQ, waived performance incentive for two quarters of FY 2020-21, introduced Usance LC for power and NRS consumers, provided a dispensation of change of mode of transport of coal from Road to Rail mode for consumers having difficulties in lifting coal via road mode under FSA through NRS Linkage Auction route and Power consumers under Special Forward E-Auctions; and reduced the reserve price to notified price for all e-auction schemes till second quarter of FY 2020-21.

Welfare measures taken during COVID-19

- CIL and its subsidiaries have distributed 2,81,815 cooked food packets and 1,36,168 packed rations to downtrodden and needy, during the lockdown period.
- Coal India's 35 hospitals and health facilities created outside hospitals spread across eight coal producing states have set aside 1234 beds for corona suspected cases and corona positive cases.

Central Hospital of Bharat Coking Coal Ltd. in Dhanbad, Jharkhand, Central Hospital, Gandhinagar, Jharkhand and Regional Hospital, Ramgarh of Central Coalfields Ltd, Jharkhand have been converted to COVID hospital and handed over to State Government to treat the patients. Mahanadi Coalfields Ltd. has fully funded a state-of-the-art 500 bedded SUM - COVID Hospital in Bhubaneswar, Odisha. A 50 bedded main hospital of South Eastern Coalfields Ltd. in Korba, Chhattisgarh has been converted to COVID hospital and handed over to State Government of Chhattisgarh to fight COVID. In addition, SECL has contributed Rs. 4.08 crores for upgradation of District hospital, Bilaspur to 100 bedded exclusive COVID treatment centre. Further, SECL also contributed Rs. 4.19 crores for upgradation of Government Medical College, Ambikapur to 100 bedded exclusive COVID treatment centre.

- CIL subsidiaries has distributed 15,42,982 masks and 63,256 litres of hand sanitizer to its employees and people living in and around its operational areas to fight COVID19.
- Subsidiaries of CIL have procured N95 masks, ventilators, PPE suits, thermal scanners & oxygen cylinders to fight the COVID pandemic.
- State-of-the-art-technology 'Fog Cannons' are being pressed into service to sanitize residential colonies, camps of contract workers and neighbouring villages.

8. Safety

- In Coal India safety norms are viewed holistically with continuous improvement and without slackening its commitment to make mining operations hazard free. 2019 witnessed a fall in fatal accidents, fatalities and serious accidents - the lowest mine accident statistics since the inception of Coal India. Fatal Accidents reduced to 30 from 33 in 2018, whereas fatalities declined from 43 in 2018 to 34 in 2019 - sharp fall of 21%. Serious injuries reduced from 98 in 2018 to 90 in 2019 representing 8% reduction.
- Special relief amount to the next kin of the deceased in case of fatal mining accident increased from Rs.5 Lakhs to Rs.15 Lakhs. This is apart from the compensation amount paid under the Workmen Compensation Act.
- During 2019-20, Safety Audit completed in 321 producing mines by multi-disciplinary teams. Necessary corrective steps have been taken as recommended by Safety Audit.
- 'Universal Equipment Simulator' was installed at Central Excavation Training Institute (CETI) in NCL, Singrauli to impart simulation training to Dragline, Shovel and Dozer Operators.

9. CSR

Your company is one of the highest CSR spenders among the PSUs touching the lives of the countrymen. CIL's CSR activities largely encompass education, rural development, healthcare, women empowerment, skill development, sports etc. CIL and its subsidiaries have spent Rs. 587.84 crores on CSR activities during 2019-20.

During FY 20, CIL has made considerable contribution for the rehabilitation of disaster affected areas as under:

- Rs. 50.32 Crores to Odisha Power Transmission Corporation Ltd. (OPTCL) for reinstallation of power transmission lines damaged due to cyclone Fani.
- Rs. 25 Crores for reconstruction of government school buildings damaged due to floods in Dharwad and Bagalkot districts of Karnataka.
- Rs. 16.50 crores for livelihood rehabilitation project and purchasing of water ambulances in flood affected Majuli district of Assam.
- Contributed Rs. 160 Crores to the PM CARES Fund for fight against Covid-19.
- Two of the subsidiary companies of Coal India, Central Coalfields Limited and Mahanadi Coalfields Limited were conferred National CSR Award by Hon'ble President of India for contribution to National Priority Areas. CCL got the award for promotion of sports and MCL for health, safe drinking water and sanitation.

10. Environment Measures

- Coal India carried out plantation of 19,76,618 saplings across 812.98 Hectares of land against the target of 19,72,788 saplings in 2019-20.
- Coal India's efforts in making water available, to the communities around its mining areas, for irrigation and other domestic uses benefited 7.48 Lakh populace during the fiscal.



- In 2019-20, your company has obtained Environmental Clearance (EC) for 31 mining projects with incremental capacity of 62.035 Mty, the highest since 2011-12.
- For FY 2020, Stage I Forestry Clearance (FC) was approved for 7 Projects involving 952.04 Hectares and Stage II FC was approved for 5 projects involving 1,248.86 Hectares. The Stage II FC is the highest since 2014-15.
- Coal India has developed Internal Monitoring Mechanism compliances of EC/FC conditions which helped in granting 11 EC proposals for the period of 30 years. Earlier, EC was for one year only. CIL has also created a dedicated Sustainable Development Cell.
- CIL is in the process of preparation of Environment, Social & Governance (ESG) report from external agency / Consultant for which open tender was floated. Focus on ESG will help your company to understand the positive impacts and manage the risks of its operations on customers, investors, employees and communities. It will help in assessing the success of your company beyond the balance sheet and examine how it impacts the broader society at large.

Environmental issues will amongst others include company's commitment on reducing energy use, waste, pollution and conservation of natural resources especially land, forests etc.

Social issues would include the company's business relationships with suppliers, customers, stakeholders, local community and working conditions for its employees - their health & safety.

Governance issues will amongst others include whether company uses accurate and transparent accounting methods, are stockholder's opinions heard, refrains from contribution for undue favourable treatment and abhorrence of illegal practices.

11. Corporate Governance

Your company has 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 for compliance of conditions of Corporate Governance has been obtained from a practising Company Secretary.

Your company has conducted Secretarial Audit for 2019-20, as required under Companies Act 2013 and obtained an unqualified report except for appointment of required number of Independent Directors and woman Independent Director and the same is enclosed as a part of Director's Report. As stipulated by SEBI, your company also conducted Secretarial Audit by a practising Company Secretary for compliance of SEBI Regulations and circulars/guidelines during 2019-20 and received an unqualified report except for appointment of required number of Independent Directors and woman Independent Director.

12. Vision

Your company'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. Your company aims to be not only a valued company but a company with values.

13. 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, Suppliers and all other stakeholders for their continuous co-operation.

Sd/-

Pramod Agrawal
Chairman

Dated : 3rd August, 2020

Place : Kolkata