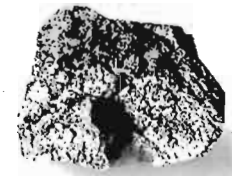
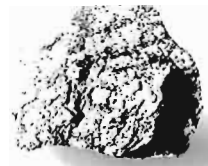
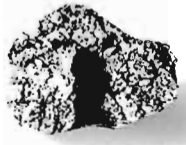


# ANNUAL REPORT

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## Achieving Milestones ....



**Coal India Limited**



## **CIL TABLEAU AT REPUBLIC DAY CELEBRATION**

Coal India participated in the historic Republic Day celebrations of our country, at New Delhi, on January 26, 1998, in the form of an impressive Tableau.

The theme of CIL's tableau was "Coal India in Shaping Modern India". As an integral part CIL's tableau depicted a galloping horse symbolising "SHAKTI" — dynamic aspect of energy. It gave an idea of the way Coal India energises our Nation by way of producing and distributing coal throughout the length and breadth of our country.

This year being the year of completion of fifty years of our independence, President of France, Mr. Jacques Chirac was the Chief Guest. President of India as well as France were among the distinguished gathering present to watch the socio-economic and cultural progress of our country represented through different tableaux, march pasts etc.

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केल इण्डिया

## **Board of Directors**



*Shri P. K. Sengupta*



*Shri P. K. Banerji*



*Shri Vivek Mehrotra*



*Shri Swarup K. Gupta*



*Shri C. H. Khisty*



*Shri A. Chatterjee*



*Shri N. K. Sharma*



*Shri K. C. Vijn*



*Shri S. K. Varma*

## **Members of the Board**

**(As on 25th September, 1998)**

### **CHAIRMAN**

Shri P. K. Sengupta

### **FUNCTIONAL DIRECTORS**

Shri C. H. Khisty	— Personnel & Industrial Relations
Shri A. Chatterjee	— Finance
Shri N. K. Sharma	— Technical

### **DIRECTORS**

Shri P. K. Banerji	— Additional Secretary Ministry of Coal, New Delhi
Shri Vivek Mehrotra	— Joint Secretary & Financial Adviser Ministry of Coal, New Delhi
Shri Swarup K. Gupta	— Additional Member (Traffic) Railway Board, New Delhi
Shri K. C. Vijh	— Chairman-cum-Managing Director Western Coalfields Limited, Nagpur
Shri S. K. Varma	— Chairman-cum-Managing Director Central Mine Planning & Design Institute Limited, Ranchi

### **COMPANY SECRETARY**

Dr. H. Sarkar

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## **Management During 1997-98**

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### **CHAIRMAN**

Shri P. K. Sengupta — (From 31.12.1994)

### **FUNCTIONAL DIRECTORS**

Shri C. H. Khisty — Personnel & Industrial Relations  
(From 6.2.96)

Shri A. K. Sahay — Technical  
(From 27.9.96)

Shri A. Chatterjee — Finance  
(From 27.1.97)

### **DIRECTORS**

Shri P. K. Banerji — Additional Secretary, Ministry of Coal,  
New Delhi (From 31.7.96)

Shri Vivek Mehrotra — Joint Secretary & Financial Adviser  
Ministry of Coal, New Delhi (From 16.2.1995)

Shri Swarup K. Gupta — Additional Member (Traffic)  
Railway Board, New Delhi  
(From 27.12.96)

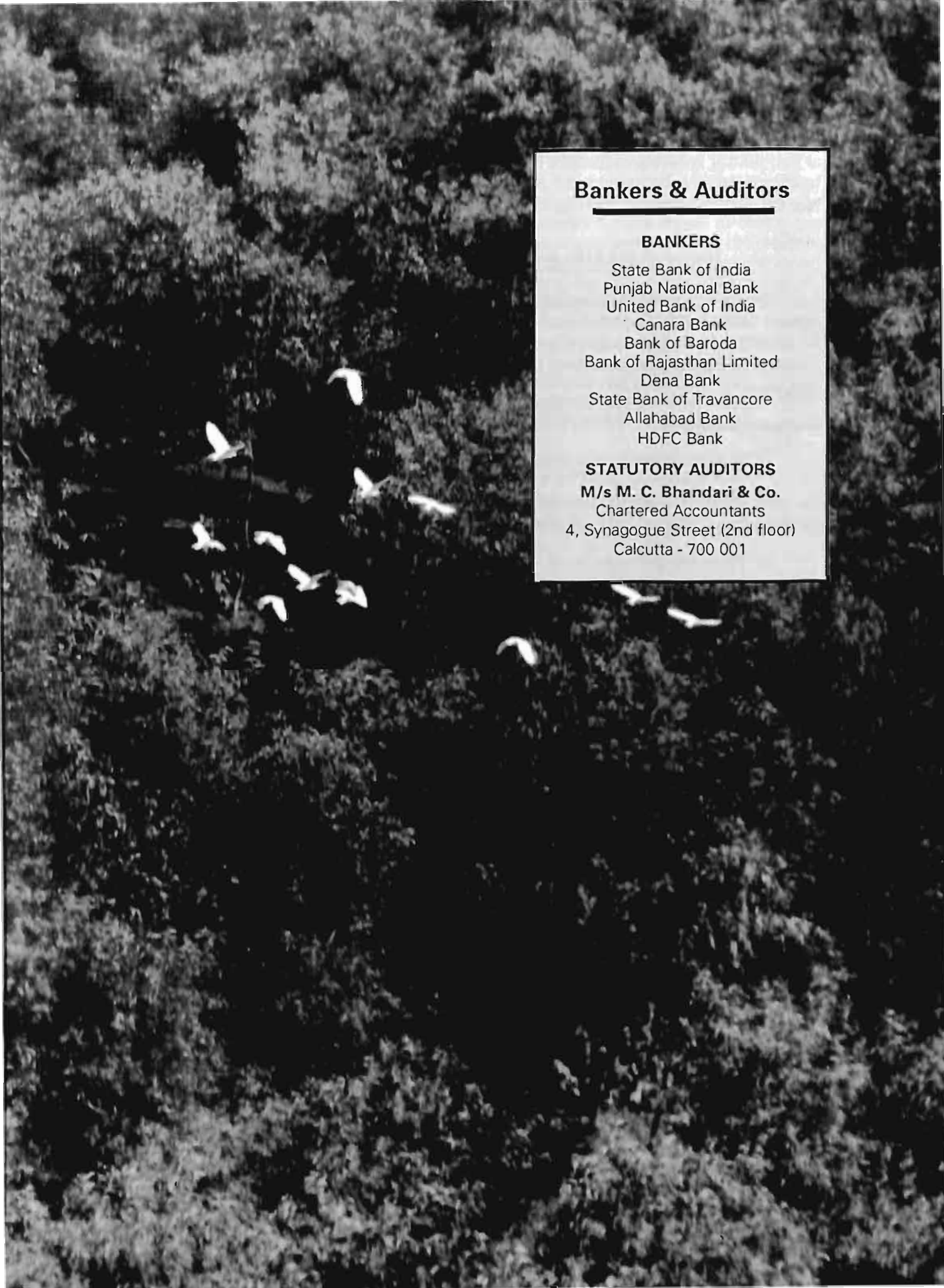
Shri A. P. V. N. Sarma — Chairman-cum-managing Director  
Singareni Collieries Co. Limited, Kothagudem  
(From 4.2.97 to 3.2.98)

Shri S. K. Sen — Chairman-cum-Managing Director  
Northern Coalfields Limited, Singrauli (MP)  
(From 4.2.97 to 3.2.98)

### **COMPANY SECRETARY**

Shri U. Suryanarayana — Upto 30.9.97

Dr. H. Sarkar — From 1.10.97



## **Bankers & Auditors**

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### **BANKERS**

State Bank of India  
Punjab National Bank  
United Bank of India  
Canara Bank  
Bank of Baroda  
Bank of Rajasthan Limited  
Dena Bank  
State Bank of Travancore  
Allahabad Bank  
HDFC Bank

### **STATUTORY AUDITORS**

**M/s M. C. Bhandari & Co.**  
Chartered Accountants  
4, Synagogue Street (2nd floor)  
Calcutta - 700 001

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# **Notice**

**No. CIL : XI(D) : 04043 : 784 : 98**

**Dated : 21st September, 1998**

## **Notice of the 24th Annual General Meeting of Coal India Limited**

Notice is hereby given to all Shareholders of Coal India Limited that the Twenty-fourth Annual General Meeting of the company will be held on Friday, the 25th September, 1998 at 11.00 AM, at the Registered Office of the company at Coal Bhawan, 10, Netaji Subhas Road, Calcutta to transact the following business :

### **ITEM NO. 1**

#### **Ordinary Business :**

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 1998 and Profit and Loss Account for the year ended 31st March, 1998 together with the Reports of Statutory Auditors, Comptroller & Auditor General of India and Directors' Report.
2. To declare dividend on :
  - (a) Preference Share capital
  - (b) Equity Share Capital
3. To appoint a Director in place of Shri P. K. Banerji who retires in terms of Article 33(d) (iii) of the Articles of Association of the Company and is eligible for reappointment.
4. To appoint a Director in place of Shri Vivek Mehrotra who retires in terms of Article 33(d)(iii) of the Articles of Association of the Company and is eligible for reappointment.
5. To appoint a Director in place of Shri Swarup K. Gupta who retires in terms of Article 33(d)(iii) of the Articles of Association of the Company and is eligible for reappointment.
6. To appoint a Director in place of Shri K. C. Vihh who retires in terms of Article 33(d)(iii) of the Articles of Association of the Company and is eligible for reappointment.
7. To appoint a Director in place of Shri S. K. Varma who retires in terms of Article 33(d)(iii) of Articles of Association of the Company and is eligible for reappointment.

### **ITEM NO. 2**

#### **Special Business :**

To consider and if thought fit to pass with or without modification(s) the following resolution as Special Resolution :

"Resolved that the Articles 36 (b) (i) and 47 (18) (ii) of the Articles of Association of Coal India Limited be and are hereby amended to read as under :

36 (b) Without prejudice to the generality of the above provision, the Board shall reserve for the decision of the President any matter relating to :

- (i) Any programme of capital expenditure for an amount exceeding Rs. 100 Crores in cases which do not form part of sanctioned estimates, provided that within any financial year the funds required will be found within the budget allocation for the



project and provided also that the expenditure on such project in subsequent years would be the first call on the respective budget allocation; provided further that in cases where the Detailed Project Reports have been prepared with estimates of different component parts of the projects and where such reports have been approved by the President, it shall not be necessary for the Board to obtain the President's sanction to incurrence of capital expenditure and the Board of Directors shall have the power to sanction the same, subject to the provision in the sanctioned estimates for each component part and the limit of Rs. 100 Crores shall not apply; provided further that the project should be included in the approved Five Year and Annual Plans and outlays provided for and the required funds can be found from the internal resources of the company and the expenditure is incurred on schemes included in the capital budget approved by the Government. Provided further that in cases of variations in approved estimates which are not more than 10% for any particular part the Board of Directors shall be competent to proceed with the work without further reference to the President provided there is no substantial variation in the scope of the Project.

### **SPECIFIC POWERS OF DIRECTORS**

47. Subject to the provisions of the Act and without prejudice to the general powers conferred by the Act and the other powers conferred by these Articles, the Board of Directors shall have the following powers, that is to say powers :

(18) (ii) To authorise the undertaking of works of a capital nature, not covered by Clause (i) above, if required to be taken up in advance of the preparation of a Detailed Project Report or otherwise as individual works, whether as part of existing or new schemes, not exceeding Rs. 100 (hundred) Crores provided that :

- (a) the funds required will be found within the budget allocation for the Company for that financial year ;
- (b) the expenditure on such works in subsequent years will be the first call on the respective allocations ;
- (c) the project should be included in the approved Five Year and Annual Plans and outlays provided for; and
- (d) the required funds can be found from the internal resources of the company and the expenditure is incurred on schemes included in the capital budget approved by the Government."

By order of the Board  
 Sd/-  
**(Dr. H. Sarkar)**  
 Company Secretary

Calcutta

Dated : the 21st September, 1998

### **Note :**

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and that the Proxy need not be a member of the Company.
2. The Shreholders are requested to give their consent for calling the Annual General Meeting at the Shorter Notice pursuant to the provisions of Sec. 171(2) of the Companies Act, 1956.
3. The explanatory statement pursuant Section 173 (2) of the Companies Act, 1956 in respect of Item No. 2 of the Notice set out above is annexed hereto.

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## **Explanatory Statement under Section 173 (2) of the Companies Act, 1956**

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### **ITEM NO. 2**

#### **Sub : Amendment of Articles of Association for effecting revision in delegation of power to the Board of Directors of CIL to incur capital expenditure.**

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The Board of Director of CIL in its 171st meeting held on 29th December, 1997 passed the following resolution vide Item No. 171:4(j) on the subject captioned "Delegation of Powers to the Board of Directors of PSEs to incur capital expenditure".

"The Board, after detailed deliberation, approved the following revised delegation of powers to the Board of Directors of CIL and its subsidiary companies to incur capital expenditure on projects without prior approval of the Government.

<b>Company</b>	<b>Power to sanction expenditure without prior approval of the Govt.</b>
CIL	Rs. 100 Crores
NCL, WCL, SECL and MCL	Rs. 50 Crores.

The revised power will be subject to fulfilment of the following conditions :

1. The project should be included in the approved Five Year and Annual Plans and outlays provided for.
2. the required funds can be found from the internal resources of the company and the expenditure is incurred on schemes included in the capital budget approved by the Government.

It was decided to inform the government about this delegation."

2. To give effect on the above decision of the Board of Directors of CIL, the Articles 36 (b) (i) and 47 (18) (ii) of the Articles of Association need to be amended. In accordance with Section 31 of the Companies Act, 1956, the Articles of Association of the Company can be amended by passing a special resolution at the General Meeting of the company. Hence , this resolution is proposed.
3. None of the Directors is interested or concerned in the resolution.
4. The relevant documents are available for inspection at the Registered office of the Company during the office hours.

*Sd/-*  
**Company Secretary**

## **Chairman's Statement**

Friends,

I have great pleasure in welcoming you to the 24th Annual General Meeting of CIL. The report of the Directors on the performance of CIL and its Subsidiary Companies for the financial year 1997-98 is already with you.

The performance of CIL as a whole during 1997-98 has matched expectations. Growth in coal production and despatches of the order of 4% has been achieved. The pre-tax profit of Rs. 1803.99 crores, highest ever earned by CIL, is an increase of 58% over the previous year. The aggregate outgo on account of tax on profit has also increased by around 12% over previous year reaching a level of Rs. 991.69 crores. The net profit after tax of Rs. 812.20 crores is an increase of 220% on the previous year's figure of Rs. 254.13 crores. The dividend to the Government on account of preference shares as well as equity shares has also registered an increase of 13% reaching the level of Rs. 109.37 crores. The trend of improvement in the ratio of net sales to capital employed established over the last few years has been reinforced during the year by attaining a ratio of 1.51 as against 1.40 in the previous year.

The factors contributing to significant improvement in financial performance are primarily, growth in production and man productivity, improvement in capacity utilisation and neutralisation of the impact of escalation in price of inputs by way of revision in coal price.

While the sustained uptrend in financial performance achieved during the last six years has enabled CIL to



consolidate its financial position, I have to share with you a few emerging areas of concern. The primary among these is the perceptible slow down of growth in demand from Power Sector. This has resulted in build up of stocks at the Power House end and has consequently affected the realisation of coal sale dues. In order to arrest the trend of increase in coal sale dues, CIL has stepped up its efforts towards entering into commercial contracts for most of its coal sales. While on one hand CIL has agreed for coal sampling and analysis at both ends, it has poised itself to enter into commercial contracts in respect of all new linkages, for coal supplies to IPPs. Negotiations for long term coal supply agreement are at an advanced stage with NTPC and the council of Power Utilities representing the SEBs. While the aforesaid clearly brings out the thrust laid on the marketing functions, progressive liberalisation of marketing policies has also been taken up as a measure to improve sales coupled with consumer services in the increasingly market driven economy.

Another area of concern is the continuing huge losses in the loss making Companies i.e. ECL & BCCL. The highly losing mines in these Companies, besides being unviable themselves, are consuming precious resources generated by the profit making operations within these Companies. Continuation of such cross subsidisation within the individual loss making subsidiary companies is emerging as a serious threat to sustaining of profits in the good mines. This problem needs to be dealt with urgency.

Another area identified for laying emphasis has been the improvement in production and productivity in UG mines. Induction of new technology on a risk sharing basis ensuring at the same time the overall viability of operations at the

mine level is being contracted in few mines in SECL. Efforts are being made to extend application of the SECL package to other coal Companies with modification as required to suit specific conditions.

A significant recent development has been the execution of the loan agreements with the World Bank and the Export Import Bank of Japan for an aggregate loan of US\$ 1060 Million (Rs. 4500 crores) to finance 24 coal projects in 5 participating Subsidiary Companies. All the projects are high yielding and quick return. Tying up of resources of this order for financing these projects shall go a long way towards CIL and its Subsidiary Companies achieving financial consolidation. The IDA financed Environment and Socila Mitigation Project is also progressing satisfactorily and the



*Shri Dilip Ray, Minister of Coal, Govt. of India, holding a review meeting with Coal India Officials at Coal Bhawan, Calcutta*

environmental aspects as well as rehabilitation of people affected by implementation of projects are receiving utmost attention.

Safety of mining operations continues to receive priority. For sustained increase in production & improvement in productivity it is absolutely necessary to provide safe working conditions. A number of actions taken have led to some reduction in accidents. But there is a need for continuing efforts to reduce the accidents further.

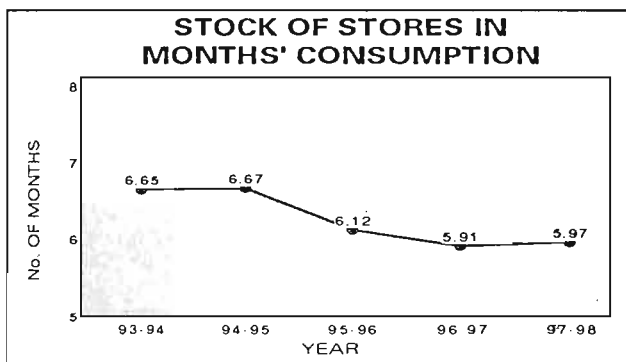
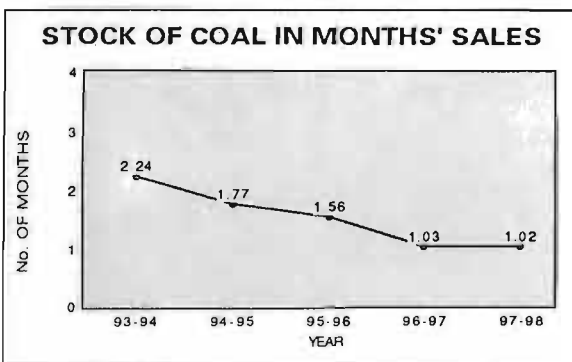
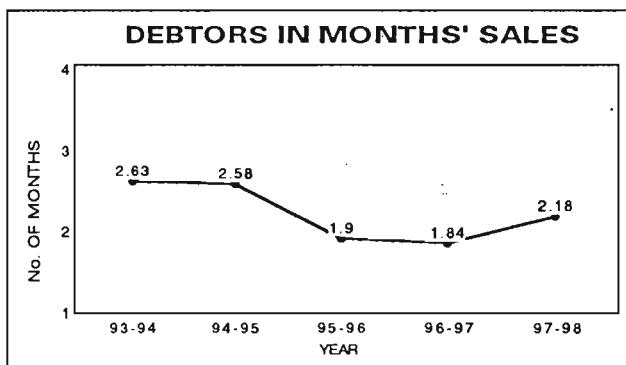
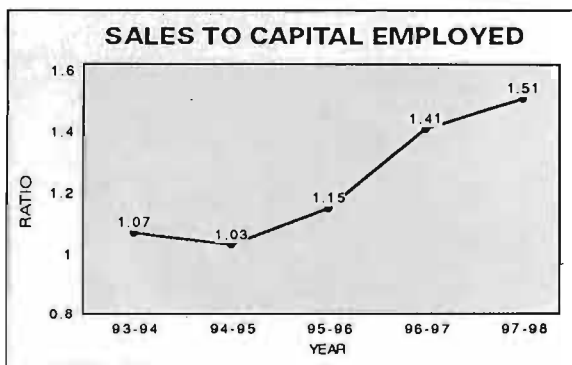
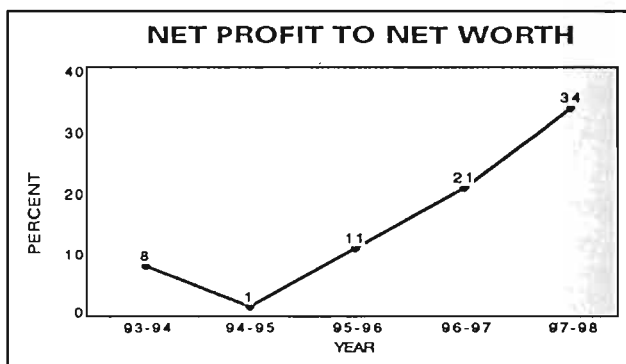
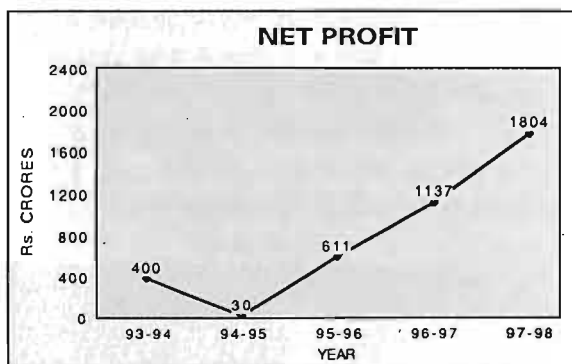
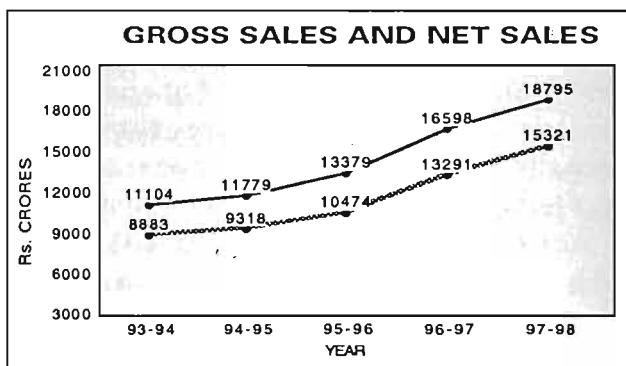
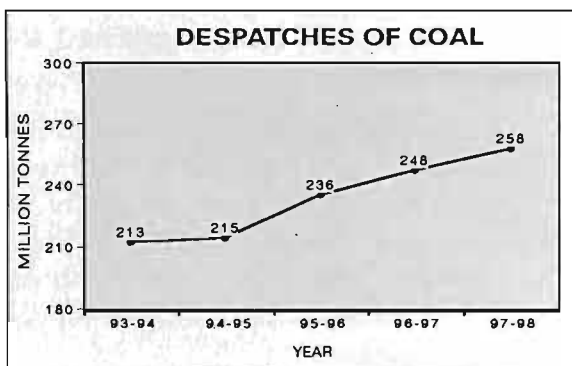
With dedicated performance at all levels, I am confident that CIL shall scale new height and meet the expectation of all stake holders viz. the employees, the Government, the Consumers and the nation at large.

I take this opportunity of expressing my sincere thanks to our consumers, suppliers, Ministry of Coal, other Central Government Departments, State Governments, the Trade Unions and our employees for their whole hearted support and co-operation.

Calcutta  
Dated, Sept. 25, 1998

**P. K. Sengupta**  
*Chairman*

# Performance of Coal India Limited At a Glance



## OPERATIONAL STATISTICS

### (CONSOLIDATED FOR COAL INDIA LIMITED & ITS SUBSIDIARY COMPANIES)

Year Ending 31st March	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
1. (a) Production of Raw Coal (Million Tonnes)										
Underground	53.97	55.20	54.81	55.60	56.55	57.06	56.82	56.09	58.71	61.28
Opencast	206.58	195.42	182.46	167.46	159.55	154.16	147.34	133.56	119.89	110.22
<b>TOTAL</b>	<b>260.55</b>	<b>250.62</b>	<b>237.27</b>	<b>223.06</b>	<b>216.10</b>	<b>211.22</b>	<b>204.16</b>	<b>189.65</b>	<b>178.60</b>	<b>171.50</b>
(b) Overburden Removal (Mech. O/c) (Million Cub. Mts.)	428.14	395.25	361.57	340.03	325.46	308.94	298.30	284.76	278.44	246.22
2. Off take (Raw Coal) (Million Tonnes)										
Power	189.66	177.14	164.04	148.29	142.54	131.46	120.60	106.23	100.26	89.37
Steel/Hard Coke	19.21	19.35	20.51	21.38	21.26	21.10	21.42	20.51	19.80	20.45
Railway	0.05	0.13	0.27	0.59	1.78	2.86	3.92	4.51	5.13	5.57
Domestic & Boiler Use	2.72	2.86	3.01	3.20	3.28	3.40	3.51	3.48	3.47	3.49
Others	48.92	51.45	51.53	49.13	47.75	49.56	48.98	48.54	44.92	46.41
<b>TOTAL</b>	<b>260.56</b>	<b>250.93</b>	<b>239.36</b>	<b>222.59</b>	<b>216.61</b>	<b>208.38</b>	<b>198.43</b>	<b>183.27</b>	<b>173.58</b>	<b>165.29</b>
3. Average Manpower	619576	631999	639814	648519	659647	667459	672217	670515	669072	672231
4. Productivity										
(A) Average per Man per year (Tonnes)	420.53	396.53	371.02	343.95	327.60	316.45	303.71	282.84	266.94	255.12
(B) Output per manshift (OMS)										
(i) Underground (Tonnes)	0.57	0.57	0.56	0.57	0.55	0.55	0.53	0.54	0.55	0.57
(ii) Open Cast (Tonnes)	5.07	5.12	4.75	4.35	4.00	3.80	3.70	3.34	3.06	2.91
(iii) Overall (Tonnes)	1.93	1.86	1.75	1.64	1.52	1.46	1.41	1.31	1.21	1.15

# FINANCIAL POSITION

## (CONSOLIDATION OF AUDITED ACCOUNTS OF COAL INDIA LTD. & ITS SUBSIDIARIES)

										(Rs. Crores)
Year Ending 31st March	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
<b>(A) What is owned</b>										
Gross Fixed Assets	20082.20	18445.26	17119.09	15570.04	13554.87	11902.43	10423.77	8917.20	7506.93	6425.84
Less Depreciation	9157.31	8212.82	7381.46	6530.28	5667.04	4853.87	4124.66	3480.56	2900.54	2417.72
(1) Net Fixed Assets	10924.89	10232.44	9737.63	9039.76	7887.83	7048.56	6299.11	5436.64	4606.39	4008.12
(2) Capital Work-in-Progress	1893.85	2114.24	2281.38	2326.80	2737.41	2701.92	2373.09	2124.47	2133.83	1824.17
(3) Misc. expenditure (others)	126.23	516.42	213.79	234.65	165.69	104.61	69.92	60.57	37.92	6.34
(4) Investment (internal)	12.72	2.94	0.08	0.10	0.08	0.08	0.10	0.08	0.10	0.17
<b>(5) Current Assets :</b>										
(i) (a) Inventory of Coal, Coke etc.	1299.44	1142.61	1363.89	1374.86	1656.35	1660.64	1404.69	999.53	875.21	793.03
(b) Inventory of Stores & Spares etc.	1017.35	1022.67	911.17	889.91	810.37	750.49	695.24	658.22	571.08	506.07
(c) Other Inventories	60.26	50.04	57.24	52.91	42.33	35.57	23.40	21.94	17.36	14.13
(ii) Sundry Debtors (including CMPDIL)	3357.44	2597.72	2167.95	2555.55	2443.31	2090.73	1390.30	1433.75	1441.92	988.50
(iii) Cash & Bank Balances	499.28	401.87	255.18	340.59	218.13	186.63	146.33	181.75	174.90	161.72
(iv) Loans & Advances	2150.87	1428.07	823.74	735.11	761.87	978.55	849.39	1082.09	820.08	584.56
(incld. Other C/Assets & Adjts)										
(v) O.B.R. Adjustments	- 468.93	-222.61	-158.31	-44.21	20.09	3.42	47.73	10.00	-10.69	-48.84
Total Current Assets (5)	7915.71	6420.37	5420.86	5904.72	5952.45	5706.03	4557.08	4387.28	3889.86	2999.17
(6) Less Current Liab. & Prov. (Exclcd. Intt. Acct. & Due)	8660.34	7140.41	5946.96	4816.42	4278.21	3767.04	2839.13	2456.97	2142.43	1870.60
Net Current Assets (5-6)	-744.63	-720.04	-526.10	1088.30	1674.24	1938.99	1717.95	1930.31	1747.43	1128.57
TOTAL (A)	12213.06	12146.00	11706.78	12689.61	12465.25	11794.16	10460.17	9552.07	8525.67	6967.37
<b>(B) What is owed</b>										
(1) 10% Redeemable Pref. Shares	904.18	904.18								
(2) Govt. Loan	2230.82	2534.72	3737.83	3813.58	3813.67	3947.08	3874.23	3804.27	3744.60	3319.60
(3) Interest Accrued & Due	38.01	53.27	59.82	1122.64	1289.26	1334.31	1025.53	921.45	685.90	605.09
(4) Intercompany Loan	240.21	155.49	102.82	130.00	300.00	500.00	225.00	100.00	125.00	100.00
(5) Term Loan (F. Inst. & Banks)	135.22	73.46	99.27	116.13	59.38				70.00	
(6) Bonds	1084.03	1484.03	1100.00	1100.00	800.00	600.00	600.00	600.00	200.00	
(7) Others	957.43	932.19	1057.62	941.10	759.04	619.52	447.51	279.68	110.98	46.67
SUB-TOTAL (1 TO 7)	5589.90	6137.34	6157.36	7223.45	7021.35	7000.91	6172.27	5705.40	4936.48	4071.36
(7) Bank Borrowings (incld. Bank O.D. & others)	704.71	593.58	561.89	472.37	692.41	455.12	341.89	355.04	333.98	167.88
TOTAL (B)	6294.61	6730.92	6719.25	7695.82	7713.76	7456.03	6514.16	6060.44	5270.46	4239.24
Net Worth (A-B)	5918.45	5415.08	4987.53	4993.79	4751.49	4338.13	3946.01	3491.63	3255.21	2728.13
Represented by :										
(1) Equity Capital (incld. pending allotment)	6316.36	6316.36	6316.36	6316.36	6104.84	6097.85	6000.76	5713.31	5223.86	4764.16
(2) Reserves	985.10	390.49	316.65	324.80	414.53	334.81	299.24	277.30	280.95	289.74
(3) Profit/Loss (+) / (-)	-1114.62	-1040.31	-1312.29	-1647.37	-1767.88	-2094.53	-2353.99	-2498.98	-2249.60	-2325.77
(4) Misc. Expenditure (D/liab.)	- 268.39	- 251.46	-333.19							
Net Worth (1 to 4)	5918.45	5415.08	4987.53	4993.79	4751.49	4338.13	3946.01	3491.63	3255.21	2728.13
Capital Employed	10154.97	9462.07	9151.79	9005.52	8272.89	7653.32	6991.63	6445.58	5668.02	4531.77



## INCOME AND EXPENDITURE STATEMENT

### (CONSOLIDATION OF AUDITED ACCOUNTS OF COAL INDIA LTD. & ITS SUBSIDIARIES)

	(Rs. Crores)									
Year Ending 31st March	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
<b>(A) Earned From :</b>										
Gross Sales	18795.13	16597.78	13378.60	11778.51	11103.62	9564.92	7475.50	6295.95	6278.32	5600.09
Less Coal from Development Mines	88.22	114.72	77.45	31.51	11.38	25.15	12.08	46.35	51.01	97.58
Less Levies (Royalties, Cesses etc.)	3385.80	3192.02	2826.93	2429.43	2209.00	1979.52	1454.00	1154.58	1408.28	1314.09
(1) Net Sales	15321.11	13291.04	10474.22	9317.57	8883.24	7560.25	6009.42	5095.02	4819.03	4188.42
(2) Accretion / Decretion in Stock	166.07	-230.70	-30.18	-298.68	-3.99	288.89	394.76	108.19	79.13	236.89
(3) Boiler & Domestic Consumption of Coal	222.03	214.45	190.65	188.25	177.36	142.39	136.98	140.02	123.31	115.03
(4) Other Revenue Receipts :										
CMPDIL	97.38	92.83	93.15	79.74	70.27	62.30	59.21	62.58	60.33	57.73
Others	205.00	234.74	382.08	263.02	205.10	156.07	138.55	97.13	100.24	77.92
(Aft. Trans. & Other Recov. & Contras)										
Coal Price Regulation Accounts			- 0.25	2.57	39.39	- 41.59				36.62
<b>TOTAL (A) (1 to 4)</b>	<b>16011.59</b>	<b>13602.36</b>	<b>11109.67</b>	<b>9552.47</b>	<b>9371.37</b>	<b>8168.31</b>	<b>6738.92</b>	<b>5502.94</b>	<b>5182.04</b>	<b>4712.61</b>
<b>(B) Paid to / Provided for</b>										
Employees' Remu. & Benefits (Gross-Rev.)	5999.38	5396.36	5012.36	4178.51	3624.55	3347.78	2842.66	2555.02	2406.75	2309.61
Less : Trans. to Oth. Rev. Heads	351.20	331.48	345.46	210.47	214.83	313.88	171.73	178.13	194.65	311.34
(1) Net S. & Wages (Excl. V.R.S. Payment)	5648.18	5064.88	4666.90	3968.04	3409.72	3033.90	2670.93	2376.89	2212.10	1998.27
(2) V.R.S. Payment (Net of Grant Recvd.)	16.39	24.40	31.82	7.54						
(3) Social Overheads (Incl. LLTC & Dom. Coal)	1071.11	979.80	890.19	696.71	621.80	591.57	454.92	364.82	316.42	331.83
Less : Social overheads Dep. & Intt.	53.08	48.22	40.89	39.39	38.15	32.77	29.51	24.77	18.89	16.48
Social Overheads (Excl. Dep. & Intt.)	1018.03	931.58	849.30	657.32	583.65	558.80	425.41	340.05	297.53	315.35
(4) Stores & Spares (Gross - Rev.)	2358.49	2075.66	1786.50	1599.99	1462.19	1254.64	1058.91	895.11	780.48	657.59
Less : Trans. to Oth. Rev. Heads	39.55	31.26	30.13	31.01	30.08	33.59	30.63	33.14	37.71	26.30
Stores & Spares (Net)	2318.94	2044.40	1756.37	1568.98	1432.11	1221.05	1028.28	861.97	742.77	631.29
(5) (i) Power & Fuel (excl. coal consumed)	1191.56	1098.46	814.58	707.16	644.20	537.16	447.98	376.65	329.41	282.53
(ii) Boiler & Colliery Consumption of Coal	53.58	53.24	48.33	46.47	44.38	41.70	44.79	27.97	32.42	32.19
(6) Contractors (Trans. & Repairs)	699.47	631.47	651.16	565.59	464.94	381.63	333.93	309.83	292.97	228.03
(7) Misc. Expenses	633.02	476.66	437.37	397.25	420.58	342.77	275.14	243.84	167.24	195.89
(8) Provision for D/Debts. Obsol. etc.	471.92	174.91	146.57	9.87	287.46	121.23	148.45	135.77	136.15	168.86
(9) Interest (Incl. S/O & P. P.)	742.79	686.02	- 129.26	497.96	708.93	727.99	566.95	472.23	366.77	279.53
(10) Depreciation (Incl. S/O & P. P.)	1240.30	1150.22	1089.82	969.82	912.63	786.09	670.59	578.65	469.69	422.99
(11) O.B.R. Adjustment	159.73	67.44	109.72	63.01	-19.28	42.91	7.98	-20.61	-29.67	42.56
(12) Prior Period Adj. (excl. int. dep. & C.P.R.A.)	13.69	61.26	25.55	63.73	81.73	81.81	-48.58	52.87	84.53	138.38
<b>TOTAL (B)</b>	<b>14207.60</b>	<b>12464.94</b>	<b>10498.23</b>	<b>9522.74</b>	<b>8971.05</b>	<b>7877.04</b>	<b>6571.85</b>	<b>5756.11</b>	<b>5101.91</b>	<b>4735.87</b>
Profit/Loss for the year (A - B)	1803.99	1137.42	611.44	29.73	400.32	291.27	167.07	-253.17	80.13	-23.26
Investment Allowance Reserve	21.45	35.25	29.00	91.42	-72.75	-31.22	-21.62	4.38	-0.09	-42.34
Income Tax	-991.69	-946.89	-34.55	-0.64	-0.92	-0.60	-0.46	-0.59	-3.87	-0.42
Proposed dividend	-109.37	-96.74	-249.95							
Tax on Dividend	-181.85	-63.60								
Trans. to General Reserve	-234.99	-107.01	-20.86							
Prof. Shares & Bond Redemption Fund	-380.00									
Other Adjustment	-1.85	249.95								
Cumulative profit/loss b/f from prev. year	-1040.31	-1312.29	-1647.37	-1767.88	-2094.53	-2353.99	-2498.98	-2249.60	-2325.77	-2259.75
Cumulative profit/loss trans to Balance Sheet	-1114.62	-1040.31	-1312.29	-1647.37	-1767.88	-2094.54	-2353.99	-2498.98	-2249.60	-2325.77
Cummul. P&L (Before G/Resv. & Redm. Funds)	-499.63	-933.30	-1291.43	-1647.37	-1767.88	-2094.54	-2353.99	-2498.98	-2249.60	-2325.77

# **IMPORTANT FINANCIAL INFORMATION & RELATIVE RATIOS**

## **(A) FINANCIAL INFORMATION**

### **(CONSOLIDATION OF AUDITED ACCOUNTS OF COAL INDIA LTD. & ITS SUBSIDIARIES)**

(Rs. Crores)										
Year Ending 31st March	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
<b>[A] Related to Assets &amp; Liabilities</b>										
(1) (i) No. of Equity Shares (CIL) of Rs. 1000 each	63163644	63163644	63163644	63163644	61034440	60970652	59990726	57017184	52218214	47625527
(ii) Shareholder's Funds :										
(a) Equity	6316.36	6316.36	6316.36	6316.36	6104.84	6097.85	6000.76	5713.31	5223.86	4764.16
(b) Reserves & Surplus	985.10	390.49	316.65	324.80	414.53	334.81	299.24	277.30	280.95	289.74
(c) Accumulated Loss	-1114.62	-1040.31	-1312.29	-1647.37	-1767.88	-2094.53	-2353.99	-2498.98	-2249.60	-2325.77
(d) Deferred Liabilities	268.39	251.46	333.19							
Net Worth	5918.45	5415.08	4987.53	4993.79	4751.49	4338.13	3946.01	3491.63	3255.21	2728.13
(2) Loan (incl. 10% Reddemable Pref. Shares)	6120.38	6137.34	6157.36	7223.45	7021.35	7000.91	6172.27	5705.40	4936.48	4071.36
(3) Capital Employed	10154.97	9462.07	9151.79	9005.52	8272.89	7653.32	6991.63	6445.58	5668.02	4531.77
(4) (i) Net Fixed Assets	10924.89	10232.44	9737.63	9039.76	7887.83	7048.56	6299.11	5436.64	4606.39	4008.12
(ii) Current Assets	7915.71	6420.37	5420.86	5904.72	5952.45	5706.03	4557.08	4387.28	3889.86	2999.17
(iii) Net Current Assets (W/C)	-744.63	-720.04	-526.10	1088.30	1674.24	1938.99	1717.95	1930.31	1747.43	1128.57
(5) Current Liabilities	8660.34	7140.41	5946.96	4816.42	4278.21	3767.04	2839.13	2456.97	2142.43	1870.60
(Excl. Intt. accrued & Due)										
(6) (a) Sundry Debtors (Net)	3337.32	2545.85	2113.89	2533.48	2431.26	2086.08	1390.30	1433.75	1441.93	988.49
(Excl. CMPDIL)										
(b) Cash & Bank	499.28	401.87	255.18	340.59	218.13	186.63	146.33	181.75	174.90	161.72
(7) Closing Stock of :										
(a) Stores & Spares (Net)	1017.35	1022.67	911.17	889.91	810.37	750.49	695.24	658.22	571.10	506.07
(b) Coal, Cokes etc. (Net)	1299.44	1142.61	1363.89	1374.86	1656.35	1660.64	1404.69	999.53	875.21	793.03
(8) Average Stock of Stores & Spares (Net)	1020.01	966.62	900.54	850.14	780.43	722.87	676.73	614.65	538.56	488.73
<b>[B] Related to Profit/Loss</b>										
(1) (a) Gross Margin	3787.08	2973.66	1572.00	1497.51	2021.88	1805.35	1404.61	797.71	916.59	679.26
(b) Gross Profit	2546.78	1823.44	482.18	527.69	1109.25	1019.26	734.02	219.06	446.90	256.27
(c) Net Profit (before Tax & Invt. Allowance etc.)	1803.99	1137.42	611.44	29.73	400.32	291.27	167.07	-253.17	80.13	-23.26
(d) Net Profit (After Tax)	812.30	254.13	576.89	29.09	399.40	290.67	166.61	-253.76	76.26	-23.68
(e) Net Profit (After Tax & Div. on Pref. Shares)	721.88	163.71	576.89	28.45	398.48	290.07	166.15	-254.35	72.39	-24.10
(2) (a) Gross Sales	18795.13	16597.78	13378.60	11778.51	11103.62	9564.92	7475.50	6295.95	6278.32	5600.09
(b) Net Sales (after levies & dev. etc)	15321.11	13291.04	10474.22	9317.57	8883.24	7560.25	6009.42	5095.02	4819.03	4188.42
(c) Sale value of Production	15709.21	13274.79	10634.69	9207.14	9045.34	7974.80	6532.45	5343.34	5021.48	4540.90
(3) Cost of Goods Sold (Sales-Profit)	13517.12	12153.62	9862.78	9287.84	8482.92	7268.98	5842.35	5348.19	4738.90	4211.68
(4) (a) Total expenditures (excl. recov. & others)	14207.60	12464.94	10498.23	9522.74	8971.05	7877.20	6571.85	5756.11	5101.91	4735.87
(b) Sal. & Wages (Gross - rev. only)	5989.98	5396.36	5012.36	4178.51	3624.55	3347.78	2842.66	2556.02	2406.75	2309.61
(c) Stores & Spares (Gross-rev. only)	2046.49	2075.66	1786.50	1599.99	1462.19	1254.64	1058.91	895.11	780.48	657.59
(d) Power & Fuel	1191.56	1098.46	814.58	707.16	644.20	537.16	447.98	376.65	329.41	282.53
(e) Int. & Depreciations (Gross-rev. only)	1983.09	1836.24	960.56	1467.78	1621.56	1514.08	1237.54	1050.88	836.46	702.52
(5) Avg. Consump. of Stores & Spares (gross) per month	170.54	172.97	148.88	133.33	121.85	104.55	88.24	74.59	65.04	54.80
(6) (a) Average Manpower Employed during the year	619576	631999	638814	648519	659647	667459	672217	670515	669072	672231
(b) Social Overheads (incl. LTC/LLTC)	1071.11	979.80	890.19	696.71	621.80	591.57	454.92	364.82	316.42	331.83
(c) Social Over head expnd. per employee (Rs. 000)	17.29	15.50	13.94	10.74	9.43	8.86	6.77	5.44	4.73	4.94
7. (a) Value added	12242.51	10171.52	8108.56	6964.27	7006.19	6252.66	5079.32	4139.22	3977.21	3652.06
(c) Value added per employee (Rs. 000)	197.59	160.94	126.93	107.39	106.21	93.68	75.56	61.73	59.44	54.33
<b>[C] RELATED TO COST REPORTS</b>										
(i) Earning Per manshift (Rs. P. T.)	357.59	311.68	280.10	237.78	208.52	191.79	170.85	153.75	146.21	129.75
(ii) Avg. Cost of Production of Net Saleable Coal (Rs. P. T.)	480.81	442.06	412.66	380.45	364.35	334.31	301.67	277.18	254.69	252.91
(iii) Avg. Sale Value of Net Saleable Coal produced (Rs. P. T.)	562.57	512.06	426.52	418.80	400.12	356.38	302.16	268.17	273.64	252.29

## IMPORTANT FINANCIAL INFORMATION & RELATIVE RATIOS

### (B) FINANCIAL RATIOS / PERCENTAGES

#### (CONSOLIDATION OF AUDITED ACCOUNTS OF COAL INDIA LTD. & ITS SUBSIDIARIES)

Year Ending 31st March	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
<b>(A) PROFITABILITY RATIOS</b>										
<b>(1) AS % NET SALES</b>										
(a) Gross Margin	24.72	22.37	15.01	16.07	22.76	23.88	23.37	15.66	19.02	16.22
(b) Gross Profit	16.62	13.72	4.60	5.66	12.49	13.48	12.21	4.30	9.27	6.12
(c) Net Profit	11.77	8.56	5.84	0.32	4.51	3.85	2.78	-4.97	1.66	-0.56
<b>(2) AS % TOTAL EXPENDITURE</b>										
(a) Sal. & Wages (Gross-Rev.)	42.16	43.29	47.74	43.88	40.40	42.50	43.26	44.39	47.17	48.77
(b) Stores & Spares (Gross-Rev.)	14.40	16.65	17.02	16.80	16.30	15.93	16.11	15.55	15.30	13.89
(c) Power & Fuel	8.39	8.81	7.76	7.43	7.18	6.82	6.82	6.54	6.46	5.97
(d) Interest & Depreciation (Gross-Rev.)	13.96	14.73	9.15	15.41	18.08	19.22	18.83	18.26	16.40	14.83
<b>(3) AS % CAPITAL EMPLOYED</b>										
(a) Gross Margin	37.29	31.43	17.18	16.63	24.44	23.59	20.09	12.38	16.17	14.99
(b) Gross Profit	25.08	19.27	5.27	5.86	13.41	13.32	10.50	3.40	7.88	5.65
(c) Net Profit	17.76	12.02	6.68	0.33	4.84	3.81	2.39	-3.93	1.41	-0.51
(4) OPERATING RATIO (SALES-PROFIT/SALES)	0.88	0.91	0.94	1.00	0.95	0.96	0.97	1.05	0.98	1.01
<b>(B) LIQUIDITY RATIOS</b>										
(1) Current Ratio (Current Asset/Current Liability)	0.91	0.90	0.91	1.23	1.39	1.51	1.61	1.79	1.82	1.60
(2) Quick Ratio (Quick Asset/Current Liability)	0.44	0.41	0.40	0.60	0.62	0.60	0.54	0.66	0.75	0.61
<b>(C) TURNOVER RATIOS</b>										
(1) Capital Turnover Ratio (Net Sales/Capital Employed)	1.51	1.40	1.14	1.03	1.07	0.99	0.86	0.79	0.85	0.92
<b>(2) Sundry Debtors as no. of months</b>										
(a) Gross Sales	2.13	1.84	1.90	2.58	2.63	2.62	2.23	2.73	2.76	2.12
(b) Net Sales	2.61	2.30	2.42	3.26	3.28	3.31	2.78	3.38	3.59	2.83
<b>(3) As Ratio of Net Sales</b>										
(a) Sundry Debtors	0.22	0.19	0.20	0.27	0.27	0.28	0.23	0.28	0.30	0.24
(b) Coal Stocks	0.08	0.09	0.13	0.15	0.19	0.22	0.23	0.20	0.18	0.19
<b>(4) Stock of Stores &amp; Spares</b>										
(a) Avg. Stock/Annual Consumption	0.50	0.47	0.50	0.53	0.53	0.58	0.64	0.69	0.69	0.74
(b) Closing Stock as no. of months consumption	5.97	5.91	6.12	6.67	6.65	7.18	7.88	8.82	8.78	9.23
<b>(5) Stock of Coal, Coke, W/coal etc.</b>										
(a) As no. of month's Value of production	1.15	1.13	1.66	1.78	2.34	2.74	2.89	2.24	2.22	2.26
(b) As no. of month's Net Sales	1.02	1.03	1.56	1.77	2.24	2.64	2.80	2.35	2.18	2.27
<b>(C) STRUCTURAL RATIOS</b>										
(1) Debt : Equity	0.97	0.97	0.97	1.14	1.15	1.15	1.03	1.00	0.94	0.85
(2) Debt : Networth	1.03	1.13	1.23	1.45	1.48	1.61	1.56	1.63	1.52	1.49
(3) Networth : Equity	0.94	0.86	0.79	0.79	0.78	0.71	0.66	0.61	0.62	0.57
(4) Net Fixed Assets : Networth	1.85	1.89	1.95	1.81	1.66	1.62	1.60	1.56	1.42	1.47
<b>(D) SHARE HOLDER'S INTEREST</b>										
(1) Earning Per Share (Rs.) (N. P. after Tax & Pref. Div./No. of Equity)	128.60	40.23	91.33	4.61	65.44	47.67	27.77	-44.51	14.60	-4.97
(2) Book Value of Shares (Rs.) (Networth / No. of Equity)	937.00	857.31	789.62	790.61	778.49	711.51	657.77	612.38	623.39	572.83
(3) Dividend per Share (Rs.)	3.00	1.00								

# Directors' Report

To

## The Members

Coal India Limited

Gentlemen,

On behalf of the Board of Directors, I have great pleasure in presenting to you the Twenty Fifth Annual Report of Coal India Limited and Audited Accounts for the year ended 31st March, 1998 together with the report of the Statutory Auditors and report and review of the Comptroller and Auditor General of India.

During the year the Company continued to have eight fully owned Subsidiary Companies viz :

Eastern Coalfields Limited  
Bharat Coking Coal Limited  
Central Coalfields Limited  
Western Coalfields Limited  
South Eastern Coalfields Limited  
Northern Coalfields Limited  
Mahanadi Coalfields Limited  
Central Mine Planning &  
Design Institute Limited

The mines in Assam and exploratory mine in Meghalaya in North Eastern Coalfields continued to be managed directly by Coal India Limited.

Dankuni Coal Complex continued to be on lease with South Eastern Coalfields Ltd. ( a subsidiary of Coal India Limited).

## HIGHLIGHTS OF PERFORMANCE

The highlights of performance of Coal India Limited including its Subsidiaries in the

year 1997-98 compared to previous two years are shown in the table below :

	1997-98	1996-97	1995-96
Production (in million tonnes)	260.55	250.62	237.27
Off-take of coal (in million tonnes)	260.56	250.93	239.36
Sales (Gross) (Rs. in Crores)	18795.13	16597.78	13378.60
Gross Profit (Rs. in Crores)	2546.78	1823.44	482.18
Capital employed (Rs. in Crores)	10154.97	9462.07	9151.79
Net Worth (Rs. in Crores)	5918.45	5415.08	4987.53
Profit before Tax (Rs. in Crores)	1803.99	1137.42	611.44
Profit after Tax (Rs. in Crores)	812.30	254.13	576.89
Gross Profit to Capital employed	25.08%	19.27%	5.27%
Profit before Tax to Net worth	30.48%	21.00%	12.26%
Coal Stock (net) in terms of No. of Months Sales (Net)	1.02	1.03	1.56
Sundry Debtors (net) in terms of No. of Months Gross Sales	2.13	1.84	1.90

## 2. FINANCIAL PERFORMANCE

### 2.1 Financial Results

Your Directors are happy to report that CIL and Subsidiaries have earned a pre-tax profit of Rs. 1803.99 crores in the year 1997-98 against Rs. 1137.42 Crores for the year 1996-97.

Company-wise position is shown below:

	(Rs. in Crores)	
Company	1997-98 Profit(+)/ Loss (-)	1996-97 Profit(+)/ Loss (-)
ECL	(-) 541.89	(-) 341.15
BCCCL	(-) 140.91	(-) 322.81
CCL	(-) 85.67	(-) 15.52
NCL	(+) 759.34	(+) 728.65
WCL	(+) 628.29	(+) 525.21
SECL	(+) 693.20	(+) 580.72
MCL	(+) 654.11	(+) 326.65
CMPDIL	(+) 3.30	(+) 2.91
CIL	(+) 540.82*	(+) 442.06**

\* The profit figure of the subsidiary companies for the year 1997-98 as shown in the table above are before dividend payments. In case of CIL the profit of Rs. 540.82 Crores includes income of Rs. 760.60 crores from dividend received from subsidiaries.

\*\* The profit figure of the subsidiary companies for the year 1996-97 as shown in the table above are before dividend payments. In case of CIL the profit of Rs. 442.06 crores includes income of Rs. 789.30 Crores from dividend received from subsidiaries.

The Company-wise dividend provided by the subsidiaries and included in the Accounts of CIL for the year 97-98 are as follows :

Company	Rs. in Crores
NCL	196.68
WCL	153.65
SECL	185.30
MCL	170.97
<b>Total</b>	<b>706.60</b>

**2.3** Your Directors recommended dividend payment of Rs. 1894.91 Lakhs @ Re. 3.00 per share on 63163644 Equity Shares of Rs.1000/- each and Rs. 9041.80 Lakhs on 9041800-10% Redeemable Non-Cumulative Preference Shares of Rs. 1000/- each with payment of tax as applicable thereon.

### 3. COAL MARKETING

#### 3.1 Demand Satisfaction

The demand of coal on Coal India Limited was assessed at 267.20 million tonnes for the year 1997-98 as against that of 260.82 million tonnes of 1996-97, which represents a growth of 6.22 million tonnes. As against this demand, sector-wise off-take target was finalised at 263.50 million tonnes. The actual off-take during 1997-98 was 260.56 million tonnes, resulting in demand satisfaction of 98% and target achievement of 99%. Supplies to Power sector surpassed the targets, resulting in the highest ever stock build-up of 17 million tonnes as on 31.3.98 as compared to 10.3 million tonnes as on 31.3.97. Sector-wise target and actual off-take for the year 1997-98 as compared to 1996-97 are as under :

(Figs. in Million Tonnes)						
Year	1997-98			1996-97		
Sector	Target	Off-take	% Satisfaction	Target	Off-take	% Satisfaction
Power — Raw Coal*	184.64	189.66	102.72	165.10	177.15	107.30
Middlings	(4.32)	(3.62)	(83.80)	(3.78)	(2.58)	(68.25)
Steel**	23.31	19.21	82.54	25.00	19.35	77.40
Loco	0.10	0.05	50.00	0.40	0.13	32.50
Cement	9.65	7.02	72.75	13.50	8.18	60.59
Fertilizer	3.75	4.04	107.73	3.80	3.89	102.37
Soft-Coke making	0.19	0.04	21.05	0.29	0.10	34.48
Export	0.16	0.06	37.50	0.30	0.13	43.33
BRK/Others	38.64	37.76	97.72	42.41	39.14	92.29
Colliery consumption	3.06	2.72	88.88	3.20	2.86	89.38
<b>Overall CIL</b>	<b>263.50</b>	<b>260.56</b>	<b>98.88</b>	<b>254.00</b>	<b>250.93</b>	<b>98.79</b>

\* includes non-coking coal feed to washery.

\*\* includes coking coal feed to washeries.

#### 3.2 Despatches of Coal and Coal Products by Various Modes

Total despatches of coal and coal products by various modes were 253.91 million tonnes against 245.01 million tonnes showing an increase of 8.90 million tonnes at a growth rate of 3.63% over previous year. Mode-wise despatches during 1997-98 and 1996-97 are shown in the following table :

(Figures in Million Tonnes)						
Year	Rail	Road	MGR	Belt	Rope	Overall
97-98	158.34	29.44	54.61	6.59	4.93	253.91
96-97	149.07	32.92	52.70	5.69	4.63	245.01
Increase/Decrease	9.27	(-) 3.48	1.91	0.90	0.30	8.90
Growth %	6.22 (-)	10.57	3.62	15.82	6.48	3.63

#### 3.3 Off-take of Raw Coal

The Off-take target for the year 1997-98 was fixed at 263.50 million tonnes. Against this target, actual off-take was 260.56 million tonnes showing 99% achievement of target.

Company-wise figures tabulated below show that target was exceeded by NCL, WCL, SECL and MCL whereas there was significant short-fall in ECL, BCCL, CCL and NEC.

(Figures in Million Tonnes)						
Company	1997-98			1996-97		Growth over Last Year
	Target	Achieved	% achieved	Achieved	Absolute	% age
ECL	33.00	27.55	83.48	28.97	(-) 1.42	(-) 4.91
BCCL	30.70	28.07	91.43	27.46	0.61	2.22
CCL	34.50	33.43	96.89	31.56	1.87	5.92
NCL	37.00	37.47	101.27	37.00	0.47	1.27
WCL	30.50	31.66	103.80	31.24	0.42	1.34
SECL	56.30	58.51	103.93	56.56	1.95	3.45
MCL	40.50	43.28	106.86	37.29	5.99	16.06
NEC	1.00	0.59	59.00	0.85	(-) 0.26	(-) 30.59
Overall						
CIL	263.50	260.56	98.88	250.93	9.63	3.84

### 3.4 Wagon Loading

Target for wagon loading was fixed at 19111 wagons/day for 1997-98. The actual average achieved was 18603 wagons/day

showing 97% achievement of target and a growth of 897 wagons/day over the achievement of 17706 wagons/day during 1996-97.

Company-wise target and loading achieved during the year 1997-98 and 1996-97 are tabulated below :

(Figures in FWWs/Day)						
Company	1997-98			1996-97		Growth over Last Year
	Target	Achieved	% achieved	Achieved	Absolute	% age
ECL	2133	1980	93	1914	66	3
BCCL	3045	2707	89	2655	52	2
CCL	3529	3082	88	3079	3	0
NCL	838	1091	130	1009	82	8
WCL	2119	2279	108	2146	133	6
SECL	4027	4071	101	3845	226	6
MCL	3334	3352	101	3000	352	12
NEC	86	41	48	58	(-) 17	(-) 29
Overall						
CIL	19111	18603*	97	17706**	897	5

\* Excluding daily average loading of 31 FWWs/day from Dankuni (DCC).

\*\* Excluding daily average loading of 29 FWWs/day from Dankuni (DCC).



Merry-go-round system of coal transportation at Gevra Project

From the above table, it is seen that actual loading has exceeded target by 253 wagons/day in NCL, 160 wagons/day in WCL, 44 wagons/day in SECL and 18 wagons/day in MCL whereas loading achievement was higher than 1996-97 in all the Companies except NEC. The loading during the year suffered mainly due to lack of demand from power, fertilizer, brick manufacturing and cement sector.

### 3.5 Consumer Satisfaction

Consumer complaints mainly relate to supply of coal of lower calorific value, presence of extraneous material, supply of oversized coal and short receipt. To overcome these complaints and maximise consumer satisfaction, a number of steps have been taken by CIL.

- CIL has built up a mechanical handling/crushing capacity of 221.89 million tonnes so as to maximise despatches of crushed/sized coal to the consumers. The capacity addition during 1997-98 was 14.51 million tonnes.
- Electronic/Mechanical weigh-bridges at rail loading points with the facility of electronic printout has been installed in order to minimise disputes on quantities

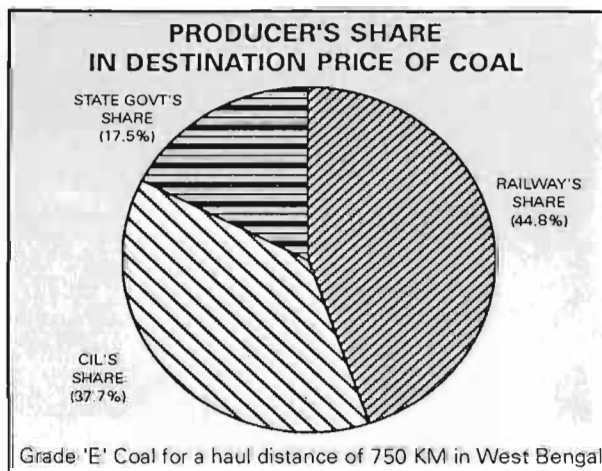
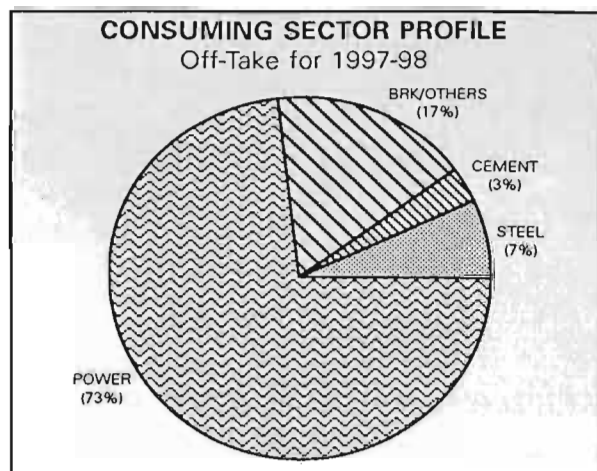
supplied. The number of different types of weighbridges installed by CIL was 149 as on 31.3.98 as compared to 137 as on 31.3.97.

- Measures have also been taken for extensive picking of shale/stone from coal, selective mining of coal after segregation of bands, advance stripping of overburden and improvement in blasting technique for better fragmentation of coal.

These have resulted in downward trend in the number of complaints from the consumers as shown in the table below :

Year	Total No. of Complaints	No. of Complaints per million tonnes of Despatch
1997-98	157	0.61
1996-97	157	0.63
1995-96	198	0.84
1994-95	311	1.42
1993-94	361	1.69

In case of supply of coal to Power Sector, there have been improvement in weighment through electronic weigh-bridges as well as



sizing through Coal Handling Plants/ Feeder Breaker. The performance in this regard with respect to total despatch to Power Sector during the past two years are given below :

Year	Weighment% through electronic weigh-bridges	Sized % through CHP/FB
1997-98	80.99	90.90
1996-97	76.00	82.90

### 3.6 Stock of Coal, Coke etc.

Net value of pithead stock of coal and other products at the close of the year 1997-98 after provision for deterioration was Rs. 1299.44 Crores which was equivalent to 1.02 months value of sales (Net). Subsidiary company-wise value of stock as on 31.3.1998 and 31.3.1997, after provision for deterioration, is shown in table below :

Company	(Rs. in Crores)			
	Value of stock (Net)	Value of stock (Net)	Stock in terms of no. of month's sales (Net)	
	1997-98 (as on 31.3.98)	1996-97 (as on 31.3.97)	1997-98 (as on 31.3.98)	1996-97 (as on 31.3.97)
ECL	141.17	141.17	0.87	0.89
BCCL	535.22	368.70	3.32	2.59
CCL	260.72	251.81	1.59	1.83
NCL	42.15	49.49	0.23	0.31
WCL	86.42	57.32	0.42	0.31
SECL	143.14	189.69	0.54	0.84
MCL	37.96	43.57	0.29	0.46
NEC/ CIL	52.66	40.86	—	—
<b>Total</b>	<b>1299.44</b>	<b>1142.61</b>	<b>1.02</b>	<b>1.03</b>

The stock in BCCL has increased mainly due to lack of demand from coke ovens, brick manufacturers and cement plants. The overall despatch has been 27.29 MT during the year 97-98, compared to the target of 29.95 MT.



*Nursery in Singrauli coalfields*



The decrease in off-take in WCL is due to Cement and other sectors having taken only 1.556 MT against the target of 2.65 MT. Similarly, BRK and others have taken only 4.08 MT against 4.18 MT of target. Thus the despatch was 31.34 MT compared to 30.14 MT of target.

The problem of off-take of NEC is that there is no buyer from Steel, Cement and others except the local market. The production of this quality of coal is much more than the off-take. Hence, the stock is on the increase and decision has been taken to peg down the production.

### 3.7 Coal Prices

1. The prices of D, E, F and G grades of non-coking coal have been revised w.e.f. 1.4.97.
2. The prices of soft coke have been revised w.e.f. 11.4.97.
3. The prices of NEC coal have been revised w.e.f. 26.8.97.
4. the prices of coking coal and washed coal of BCCL and A, B and C grades of non-coking coal only of ECL have been revised w.e.f. 1.10.97.

For all grades of coal, the price differential between ROM and Steam coal have been revised. For rationalising the prices between C&D grades of non-coking coal of WCL, the price of C grade non-coking coal of WCL has been revised.

### 3.8 Coal Sales Dues

Net dues as on 31.3.98 are Rs. 3337.32 Crores (previous year Rs. 2545.85 crores) after provision of Rs. 1261.88 Crores (previous year Rs. 1138.29 crores) for doubtful debt. The net dues are equivalent to 2.13 months Gross Sales (previous year 1.84 months).

Subsidiary-wise dues as on 31.3.98 before and after provision for doubtful debt are shown below:

(Rs. in Crores)

Company	Coal Sales Dues as on 31.3.98		Coal Sales as on 31.3.97	
	Gross	Net (after provision for doubtful debt)	Gross	Net (after provision for doubtful debt)
ECL	706.38	527.22	611.52	455.81
BCCL	911.31	351.59	812.64	241.43
CCL	1067.38	910.84	891.94	804.59
NCL	319.94	247.95	287.47	191.79
WCL	410.38	344.64	220.12	179.89
SECL	863.06	708.13	601.04	481.03
MCL	294.99	236.34	236.14	181.03
NEC/CIL	25.76	10.61	23.26	10.28
<b>Total</b>	<b>4599.20</b>	<b>3337.32</b>	<b>3684.13</b>	<b>2545.85</b>

The main reasons for accumulation of coal sale dues are the following :

- (i) Refusal of the SEBs/PUs to open LC in line with the Cash and Carry system introduced by CIL from 1.6.95.
- (ii) Non-acceptance of the results of sampling and analysis done by the Coal Controllers' organisation at the loading end although such sampling was done as per the decision taken in the meeting of the Committee of Secretaries on 15.10.91.

With a view to resolve the impasse as regards to quality, weighment and other related issues between SEB/PUs and the Coal Companies, a draft Coal Sale Agreement has been finalised between CIL and Council of Power Utilities and given to the subsidiary Coal Companies for entering into the agreement with SEBs/PUs.

### 3.9 Payment of Royalty, Cess and Sales-Tax etc.

During the year 1997-98, CIL and its subsidiaries paid/adjusted Rs. 3056.58 Crores (previous year Rs. 3176.22 Crores) towards Royalty, Cess, Sales-tax and other levies, the details of which are as follows :

	(Rs. in Crores)	
	1997-98	1996-97
Royalty	1875.92	1889.29
Cess	368.58	559.63
Sales-tax	698.07	641.66
Others	114.01	85.64
<b>Total</b>	<b>3056.58</b>	<b>3176.22</b>

#### 4. PRODUCTION

Production of coal during 1997-98 was an all-time high of 260.55 million tonnes as against 250.62 million tonnes in the previous year, registering a growth of 4%. The subsidiary-wise position is as below:

##### 4.1 Raw Coal Production

(Figures in Million Tonnes)						
Company	Coking		Non-coking		Total	
	97-98	96-97	97-98	96-97	97-98	96-97
ECL	0.31	0.37	27.11	29.28	27.42	29.65
BCCL	24.85	21.68	6.07	5.46	30.92	27.14
CCL	12.16	11.74	20.92	20.44	33.08	32.18
NCL	—	—	37.12	37.01	37.12	37.01
WCL	0.74	0.71	31.78	30.52	32.52	31.23
SECL	0.48	0.47	56.15	54.83	56.63	55.30
MCL	—	—	42.17	37.36	42.17	37.36
NEC	—	—	0.69	0.75	0.69	0.75
<b>Overall CIL</b>	<b>38.54</b>	<b>34.97</b>	<b>222.01</b>	<b>215.65</b>	<b>260.55</b>	<b>250.62</b>

Coking coal includes coal declared as 'Coking' but are used for non-metallurgical purpose.

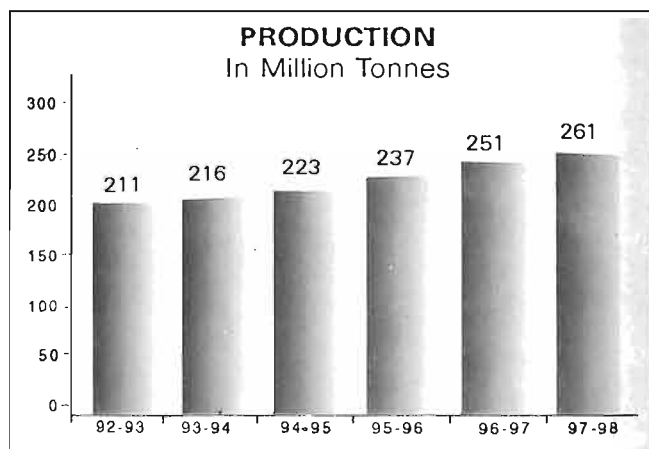
##### 4.2 Break-up of Underground and Opencast Production

Coal production from underground mines in 1997-98 was 53.98 million tonnes.

Production from opencast mines during 1997-98 was 206.57 million tonnes, recording a growth of 5.7% over the previous years. Opencast coal production accounted for about 79% of the total production.

(Figures in Million Tonnes)						
Com- pany	Underground production		Opencast production		Total production	
	97-98	96-97	97-98	96-97	97-98	96-97
ECL	12.66	13.88	14.76	15.77	27.42	29.65
BCCL	10.18	10.04	20.74	17.10	30.92	27.14
CCL	3.32	3.52	29.76	28.66	33.08	32.18
NCL	—	—	37.12	37.01	37.12	37.01
WCL	9.95	9.86	22.57	21.37	32.52	31.23
SECL	15.87	15.80	40.76	39.50	56.63	55.30
MCL	1.80	1.81	40.37	35.55	42.17	37.36
NEC	0.20	0.28	0.49	0.47	0.69	0.75
<b>Total CIL</b>	<b>53.98</b>	<b>55.19</b>	<b>206.57</b>	<b>195.43</b>	<b>260.55</b>	<b>250.62</b>

The main factors contributing to down trend of production from U. G. mines are unforeseen collapse of Kottadih Longwall face in April 1997, ECL's inability to commission the Longwall equipment at Satgram because of delay in receipt of equipment and disturbance by the villagers and the workers earlier engaged by KOPEX/BGML demanding employment. Jhanjra project has worked only



one Russian set. There was delay in finalisation of loan agreement for refurbishment of Churcha Longwall set. The legs of supports of the second Russian Longwall set were shortened and it is not giving the rated output.

### 4.3 Soft Coke, Hard Coke and Washed Coal

The production of Soft coke, Hard coke and Washed coal in 1997-98 was 0.33 lakh tonnes, 1.77 lakh tonnes and 70.05 lakh tonnes as against production of 0.57 lakh tonnes, 2.29 lakh tonnes and 81.15 lakh tonnes respectively in 1996-97. Subsidiary-wise position is as below :

(Figs. in Lakh Tonnes)

Com- pany	Soft Coke		Hard Coke		Washed Coal	
	97-98	96-97	97-98	96-97	97-98	96-97
ECL	0.02	0.47	—	—	—	—
BCCL	—	0.01	1.68	2.16	29.89	35.47
CCL	0.11	0.09	0.09	0.13	36.33	41.56
WCL	—	—	—	—	3.83	4.12
<b>Total/CIL</b>	<b>0.33</b>	<b>0.57</b>	<b>1.77</b>	<b>2.29</b>	<b>70.05</b>	<b>81.15</b>

Against the target of 96.18 lakh tonnes of washed coal, 70.05 lakh tonnes was supplied to Steel Plants. the reasons for low despatch were :

- the Steel Plants were accepting only good quality of washed coal. This has led to reduction of 2.71% in washed coal from 96-97 to 97-98 in BCCL and 0.53% in CCL. This has led to not only reduction in availability of coking coal but some coking coal mines producing high ash coking coal had to be delinked. This has led to reduction in coking coal supply to wahseries.
- Inadequacy of raw coking coal supplies to washeries due to Bandhs, obstruction by villagers, IR problems and delay in finalising the transport contract.

- Delay in commissioning of new washeries namely Madhuban at BCCL and Kedla in CCL by MAMC.
- Non-availability of funds for modernisation of wahseries in BCCL.

The coal companies are reluctant to prepare soft coke due to inability to obtain the remunerative price as it is meant for domestic fuel.

Production of hard Coke is getting affected due to import of cheaper low ash chinese Hard Coke.

### 4.4 Overburden Removal

Quantum of Overburden Removal in 1997-98 was 428.14 MM<sup>3</sup> as against 395.297 MM<sup>3</sup> in 1996-97, registering a growth of 8.3%. Subsidiary-wise position is as below :

(Figs. in Million Cu. Mtrs.)

Company	1997-98	1996-97
ECL	33.63	30.46
BCCL	49.30	43.18
CCL	42.99	42.92
NCL	111.91	106.19
WCL	85.30	70.81
SECL	61.65	63.12
MCL	39.41	34.54
NEC	3.96	4.08
<b>Total/CIL</b>	<b>428.15</b>	<b>395.30</b>

## 5. CAPACITY UTILISATION

The capacity utilisation for CIL as a whole has increased to 93.47% during 97-98 as compared to 87.76% of 96-97.

## 6. AVAILABILITY OF POWER

ECL, BCCL and CCL operating in Eastern Region receive major part of power from DVC either directly or through BSEB, DPS and WBSEB. During 97-98, power supply from DVC to ECL, BCCL and CCL had deteriorated due

to long duration failures of overhead lines, Sub-station equipment etc. The statement showing the position of power supply in these three companies during 97-98 compared to 97-97 is indicated below :

#### (A) DVC Source

Com- pany	Demand in MVA		Availability in MVA		Interruptions in No.s		Feeder hours Lost	
	97-98	96-97	97-98	96-97	97-98	96-97	97-98	96-97
ECL	90.0	90.0	86.5	87.2	1386	1439	1488	1318
BCCL	169.2	180.0	165.2	174.8	1405	1544	2110	2779
CCL	109.9	102.3	105.8	98.5	2327	1780	2820	2113
<b>Total</b>	<b>369.1</b>	<b>372.3</b>	<b>357.5</b>	<b>360.5</b>	<b>5118</b>	<b>4763</b>	<b>6418</b>	<b>6210</b>

#### (B) WBSEB Source

Com- pany	Demand in MVA		Availability in MVA		Interruptions in No.s		Feeder hours Lost	
	97-98	96-97	97-98	96-97	97-98	96-97	97-98	96-97
ECL	29.5	29.5	28.5	29.1	1542	1207	1753	1273

CIL is having the following coal/reject based captive power plants.

- (i) Chinakuri, ECL 2 x 10 MW stoker fired boiler based on coal.
- (ii) Moonidihi, BCCL 2 x 10 MW – based on fluidised bed technology using washery reject as fuel.
- (iii) Kathara, CCL 2 x 10 MW – based on fluidised bed technology using washery reject as fuel.

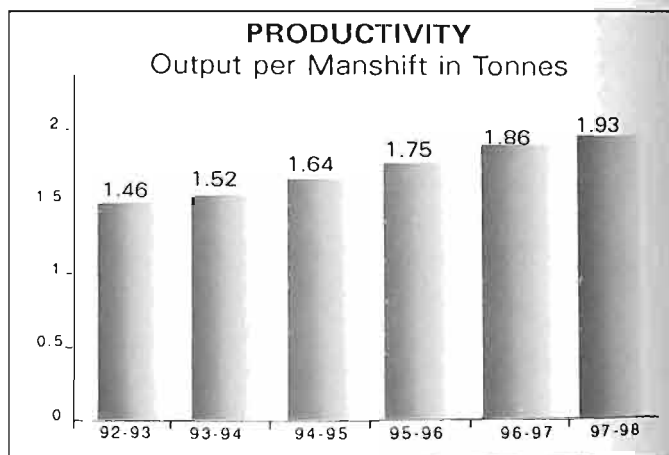
In addition to above, the following Captive Power Plants under Build-Own-Operate Scheme are under various stages of implementation.

Location	Capacity	Remarks
Rajrappa, CCL	1 x 10 MW	The construction activities are in progress. It is expected that the plant will be commissioned by the end of 1998-99.
Gidi, CCL	1 x 10 MW	The equipment has started reaching the site. Work is in progress.
Madhuband, BCCL	1 x 10 MW	Work is in progress.
Piparwar, CCL	1 x 10 MW	The land has been handed over to the entrepreneur. Site activities have started.
Kedla, CCL	1 x 10 MW	The land is ready for handing over. The entrepreneur has been asked to take over the land.

#### 7. PRODUCTIVITY : OUT-PUT PER MANSHIFT (OMS)

Output per manshift (OMS) for the year under review has improved to 1.93 tonnes from 1.86 tonnes in the previous year, registering an improvement of 3.8%. The Company-wise position is as under :

Com- pany	Under- ground		Opencast		Overall	
	97-98	96-97	97-98	96-97	97-98	96-97
ECL	0.42	0.44	3.39	3.62	0.80	0.83
BCCL	0.48	0.47	2.67	2.75	1.07	0.98
CCL	0.39	0.41	2.70	2.64	1.69	1.65
NCL	—	—	8.55	8.60	8.55	8.60
WCL	0.72	0.71	4.02	4.06	1.68	1.63
SECL	0.90	0.90	8.90	9.20	2.57	2.54
MCL	0.68	0.68	13.87	12.82	7.59	6.85
NEC	0.27	0.37	3.50	3.65	0.77	0.85
<b>Overall CIL</b>	<b>0.57</b>	<b>0.57</b>	<b>5.07</b>	<b>5.11</b>	<b>1.93</b>	<b>1.86</b>



## 8. PLANNING

The salient features of the annual Plan for 1998-99 are as follows :

1. Production (Million tonnes)	268.85
2. Off-take (Million tonnes)	271.50
3. Productivity (OMS in tonnes)	2.01
4. Capital Outlay (Rs. in crores)	2517.00

As per provisional evaluation, CIL's performance rating against MOU target of 97-98 is **"Very Good"**. With this, CIL performance has been rated as **"Very Good"** in the last consecutive years.

The MOU between Coal India Limited and Ministry of Coal for the year 1998-99 has been signed.

### 8.1 Project Formulation

CMPDIL was engaged in preparation of project reports for new/expansion/re-

organisation mines for building of additional production capacity in addition to preparation of special reports for safety, fires, development of infrastructures, operational plans etc. During the year 1997-98, a total of 249 reports including 25 mining project reports have been prepared.

### 8.2 Project Implementation

Implementation of projects continues to be a priority area in the operation plan of CIL and its subsidiaries. Production contribution from projects has been 225.04 million tonnes out of total coal production of 260.68 million tonnes in 97-98. This accounts for about 86% of total output. During the year 97-98, 10 projects have been completed. Implementation of some of the projects are delayed due to constraints like non-availability of land, problem of rehabilitation, forest clearance etc.



*Township amidst natural surroundings in a coalfield*

The land for coal projects is acquired mostly under the following Acts.

- (a) Coal Bearing Areas (A&D) Act, 1957.
- (b) Land Acquisition Act, 1894.
- (c) Forest (Conservation) Act, 1980.

Acquisition of land is delayed due to various factors as below :

- (a) Non-availability of updated Records Of Rights (ROR).
- (b) Delay in processing the proposals at Sub-Division/District/State Level.
- (c) Resistance by the Owners to hand over possession even after legal possession.
- (d) Abnormally high demand for compensation and Employment by the Land owners.
- (e) High Compensation demand by State Govt. for govt. Land.
- (f) Delay in identification of Compensatory land by State Govt.

However, (i) MOEF vide circular, dated 10.4.97 permitted use of degraded Forest land as compensatory land dispensing with NAC Certificate of concerned Chief Secretary. (ii) govt. of India will soon amend LA Act to reduce time limit and simplify the procedure. (iii) govt. of India is going to introduce national Policy on Re-settlement and Rehabilitation.

With all these as above it is expected that there will be some improvement in Land Acquisition Proceedings.

### 8.3 Investment in Projects/Schemes

There are 114 coal projects as on 31.3.98 each having an initial capital outlay of Rs. 20 Crores and above. the total ultimate capacity of these projects is 212.29 mty and the aggregate sanctioned capital outlay is Rs. 15359.84 Crores.

Out of total 114 projects, 67 projects have been completed and are in normal production phase and 47 projects are in different stages of construction. 23 Advance Action Schemes for coal projects are also under implementation.

Besides these coal projects, there are 18 non-mining projects either in normal phase of operation or under construction, each having an initial capital outlay of Rs. 20 Crores and above. The total sanctioned capital outlay is Rs. 1142.10 Crores. Out of 18 projects, 14 are completed and remaining 4 projects under construction are Madhuband Washery (BCCL), kargali Washery Modification (CCL), Phusro-jarandih Railway Line Diversion (CCL) and Kedla Washery (CCL).

### 8.4 Projects Sanctioned by CIL Board during 1997-98

During 1997-98, CIL Board sanctioned the following three projects including one RCE.

Sl. No.	Company	Name of Project	Capacity (Mty)	Capital (Rs. in Crores)
<b>New Projects</b>				
1.	BCCL	Vishwakarma OC	0.70	44.74
2.	BCCL	Sulunga-jeenagora OC	0.70	41.60
<b>RCE</b>				
3.	WCL	Gouri-II OC	0.35	29.47

### 8.5 Project Reports and Revised Cost Estimates Sanctioned by the Government During 1997-98

During 97-98 two Project Reports have been sanctioned by the Government of India.

No.	Company	Name of Project	Capacity (mty)	Sanctioned Capital (Rs.in Crores)
1.	ECL	Jambad OC RPR	0.80	136.88
2.	NCL	Nigahi Expn. OC	10.00	1,846.49

### 8.6 Allotment of Mining Blocks for Captive Use

During the year 1997-98, one captive Mining Block has been allotted to Sponge Iron

Sector and two Blocks/Sub-Blocks have been allotted to Cement Sector by the Screening Committee constituted by the Ministry of Coal.

## 9. EXPORT AND FOREIGN EXCHANGE EARNINGS

During 1997-98, CIL exported 0.56 lakh tonnes of coal to Nepal, Bangladesh and Bhutan and earned a revenue of Rs. 12.04 Crores which included foreign exchange of US \$ 3.39 Lakhs.

Details of country-wise export are as under :

Countries	Bangladesh	Nepal	Bhutan	Total
Quantity in '000 tonnes	5.9	39.6	10.5	56.0
Value in Rs. Crores	1.20 (including US \$ 3.39 lakhs)	8.40	2.44	12.04

## 10. CAPITAL EXPENDITURE

Expenditure on capital account during 1997-98 was Rs. 1824.55 Crores as against 1530.45 Crores of the previous year. The company-wise break-up of investment for 1997-98 is as under :

Com- pany	1997-98		1996-97	
	Budget (BE)	Actual	Budget(BE)	Actual
ECL	246.16	173.68	300.00	273.09
BCCL	168.00	158.62	240.00	213.85
CCL	301.33	305.86	230.00	234.74
NCL	517.58	221.08	460.00	127.78
WCL	326.73	291.77	238.00	228.91
SECL	376.00	397.80	350.00	248.50
MCL	317.15	240.10	300.00	183.81
CMPDIL	17.00	4.43	8.00	4.93
NEC & CIL		31.21	17.00	14.84
<b>Total</b>	<b>2269.95</b>	<b>1824.55</b>	<b>2143.00</b>	<b>1530.45</b>

The Budget Estimate for 1997-98 drawn up at constant 96-97 prices had to be revised downwards to Rs. 1779.56 Crores in the RE due to lower availability of internal resources on account of price increase being lower than envisaged earlier. The actual investment has been more than the RE.

## 11. CAPITAL STRUCTURE

The authorised share capital of the company as on 31.3.98 was Rs. 8,904.18 Crores divided into —

(i) 90,41,800 Non-cumulative 10% redeemable preference shares of Rs. 1000/- each	Rs. 904.18 crores
(ii) 8,00,00,000 Equity Shares of Rs. 1000/- each	Rs.8000.00 crores
<b>Total</b>	<b>Rs. 8904.18 crores</b>

The paid-up capital as on 31.3.98 was Rs. 7220.54 Crores comprising of Rs. 904.18 crores of Non-cumulative 10% redeemable preference share capital and Rs. 6316.36 Crores of Equity Capital issued to the Government India, including Rs. 256.93 crores worth of Equity Shares issued to the Government of India towards the value of land acquired.

Total investment by the Government of India in CIL and subsidiaries as on 31.3.98 was Rs. 9489.37 crores as detailed below :

(Rs. in Crores)			
		As on 31.3.98	As on 31.3.97
Share Capital	— Equity	6316.36	6316.36
	— Preference	904.18	904.18
Loan (including interest accrued and due)		2268.83	2587.99
<b>Total</b>		<b>9489.37</b>	<b>9808.53</b>

## **12. BORROWINGS**

Term Loans of Rs. 100 Crores and Rs. 15 Crores were received from ICICI and HDFC during the year 1997-98. No Bonds were issued during the year.

## **13. FOREIGN COLLABORATION**

To meet Country's growing demand for coal, collaboration with the advanced coal producing countries are pursued. Keeping this objective in view, Joint Working Group on Coal have been set up with France, Germany, Russia, Canada, Australia and China to identify projects for bilateral co-operation. Coal Ministry is the nodal Ministry for the Joint Commission with Poland. The priority areas, inter-alia, include acquisition of modern underground mining technology, introduction of high productive opencast mining technology, working of underground mines in difficult geological conditions, fire control and mine safety. Training of Indian personnel as well as assimilation of the technology is an important consideration. With the liberalisation of the economy, greater thrust is being given to get the foreign investments/assistance on competitive terms.

### **13.1 Co-operation with Russia**

The areas of co-operation with Russia were identified during the 4th meeting of Indo-Russia Working Group on coal held in Sept. 1997. These are, Master Planning of Talcher/Ib and Korba Coalfields, slope stability study of internal dumps in mines of NCL and co-operation in modernisation of underground mines on the basis of competitive bidding. Introduction of special blasting technology and simple steep inclined separators for coal washing are also being studied.

### **13.2 Co-operation with China**

Fourth meeting of the Working Group took place in November, 1997, followed by visit

of a Govt. of India delegation under the leadership of Minister of State for Coal.

Agreements for four longwall projects in SECL with management of hard roof in Churcha West mine have been signed in Sept. 1995. Three contracts (Viz. Balrampur, New Kumda and Rajendra) are under various stages of execution.

During meet of the 4th Indo-China Working Group on Coal in Nov. 1997, the Indian side had proposed development of Chinese Opencast mines with Indian assistance.

### **13.3 Co-operation with Australia**

Australia assisted Central Coalfields Limited in implementation of integrated mine cum coal preparation plant at Piparwar. The import costs for this project were financed from concessional loan by the Export Finance and Insurance Corporation of Australia.

Environmental management and Institutional Strengthening Programme for providing training has been identified for Australian co-operation.

### **13.4 Co-operation with France**

During the XVI Indo-French Working Group meeting on Coal in June, 1997, the two major issues were discussed viz. (i) premature failure of Kottadih Powered Support equipment and (ii) its salvaging with French grant. The French side did not agree for grant.

The French side informed that the case for procurement of hydraulic shovels of French origin was under process by the French authorities.

### **13.5 Co-operation with U. K.**

Refurbishment of churcha PSLW equipment and its deployment in Jhanjra mine have been agreed to by DFID (UK), and an Exchange of Note (EON) was signed in



October, 1996. This is an on-going project with UK assistance.

Indo-British Coal Forum (IBCF) has been set up in January, 1997 between the two Governments with a view to widen the scope of co-operation between coal related industries through the creation of productive partnership. Second meeting of the IBCF was held in October, 1997. The following major areas have been identified for development with UK assistance :

- (i) Extraction of coal from standing pillars,
- (ii) Rehabilitation of old British equipment.

### 13.6 New areas for attracting funds from abroad

With the liberalisation of economy and more thrust on commercial operation, efforts are also being made to get foreign investments/credits on competitive basis.

Against the global bids floated for optimisation of coal production in underground mines of SECL by introduction of modern technologies on gain/risk sharing basis, Letters of Intent have been issued for four mines namely Kapildhara, Vindhya, Pinoura and Chirimiri.

Global bids have also been floated for developing and equipping three underground mines of WCL viz. Saoner-II, Tandsi and Murpar with guaranteed production.

### 13.7 World Bank financed Projects

The Coal Sector Rehabilitation Project (CSRP) was approved by the Board of Executive Directors of the world Bank on September 9, 1997. The objective of CSRP is to make Coal India Ltd. commercially viable and self-sustaining and increase coal production for meeting the growing demand for energy in the country. The Project consists of an Investment Component, Technical Assistance and Training Component. The



*Rehabilitation and resettlement village in SECL, Bilaspur*

Investment Component is to finance procurement of HEMM in 24 profitable mining sub-projects and also construction of Coal handling Plants (CHPs) in four of them. The Technical Assistance Component is envisaged to finance Coal India's institutional capacity building in project implementation, mining operations and management.

The total investment in the Project is estimated as US \$ 1.695 billion, out of which US \$ 1.06 billion will be financed by the World Bank (IBRD) and the Export Import Bank of Japan (JEXIM) on 50:50 co-financing ratio. The balance amount will be financed by the participating subsidiaries of Coal India Ltd. The CSRP loan has been declared effective both by IBRD and JEXIM in June, 1998. The first disbursements into the Special Accounts from the IBRD and JEXIM have taken place in the second week of July, 1998. The activities of the project are progressing satisfactorily.

Activities of the Environmental Action Plan (EAP), Rehabilitation Action Plan (RAP) and Indigenous People Development Plan (IPDP) under the IDA financed Coal Sector Environmental and Social Mitigation Project (CSESMP) are in progress as per schedule.

#### **14. GEOLOGICAL EXPLORATION**

For detailed exploration, CMPDI deployed its own drilling resources alongwith the resources of Mineral Exploration Corporation Ltd. (MECL), State Govts. of M.P. and Orissa and of private agencies. During the year 1997-98, 23 Coalfields were selected for detailed exploration and drilling was conducted in 148 blocks spread in the States of Assam, West Bengal, Bihar, Maharashtra, M. P. and Orissa. A total of 2,74,780 metre of drilling was carried out for detailed coal exploration by CMPDI and the agencies engaged by CMPDI as against the Annual Target of 2,70,000 metre registering an overall achievement of 102% of the target during the year 1997-98. As against the annual target of 1,70,000 metre, the drilling made by CMPDI alone was to the extent of 1,85,141 metre having an achievement of

109% of the target during the year under report. Apart from the detailed exploration, CMPDI also carried out 14,683 metre of non-coring blast hole drilling for production support work in CCL command area.

#### **15. CONSULTANCY SERVICES**

The Quality Management system of CMPDI has been certified for Consultancy Services in the fields of Mineral Exploration and Environmental Management alongwith associated laboratory testing, as per Quality Standard-ISO 9001:1994 by BVQI (UK) with effect from 5th March, 1998.

In addition to satisfying the planning requirement of CIL and its subsidiary companies, CMPDI is also offering expert consultancy services to CIL as well as outside organisations.

##### **15.1 Consultancy Services within CIL**

During the year 1997-98, expert consultancy services were provided to CIL and its subsidiary companies in the field of Environmental Management and Monitoring, Remote Sensing, Energy Audit, Physico-mechanical Test on Rock and Coal samples, Subsidence Studies, Strata Control, Non Destructive Testing (NDT), Controlled Blasting, Vibration Studies and Explosives Utilisation, Mining Electronics etc.

##### **15.2 Consultancy Services outside CIL (within India)**

During the year 1997-98, 13 outside jobs were completed for 13 organisations. Some of the important clients/organisations to whom services were provided are, Associated Cement Companies Ltd., U.P. Bhumi Sudhar Nigam Ltd., The Indian iron & Steel Co. Ltd. Tamil Nadu Electricity Board, Metallurgical Engineering Consultants (India) Ltd. etc. Presently, 23 outside consultancy jobs are in hand for 21 organisations like Madhya Pradesh Electricity Board, Punjab State electricity Board, the Singareni Collieries Co. Ltd., Directorate

General of Hydrocarbons (under Ministry of Petroleum & natural Gas), Steel Authority of India Ltd., Meghalaya Industrial Development Corporation Ltd., Tata Iron & Steel Co. Ltd. etc. In addition to above, assistance was also provided to private entrepreneurs for preparing project reports and rendering technical know-how for special smokeless fuel plants.

### 15.3 Consultancy Services Outside CIL (abroad)

The major achievements in international consultancy efforts during the year 1997-98 are as follows :

- (i) In terms of agreement signed with M/s National Development Corporation, Tanzania, the financial feasibility reports for the mines, the power plants, and the EIA report were submitted in July, 1997. The client approved the report in October, 1997.
- (ii) As a part of the implementation of a research programme for an environment friendly Coal Utilisation System in India in co-operation with an organisation namely Centre for Coal utilisation, Japan and CMPDI entered into an agreement on 6th February, 1998. Site Survey and visits to related authorities/plants were completed by CCUJ and CMPDI in February, 1998. The final report was submitted by CMPDI in April, 1998 to the complete satisfaction of the client.
- (iii) CMPDI alongwith Montan Consulting, Germany was awarded a project on "Implementation of

Clean Coal Technology through coal beneficiation" funded by Asian Development Bank (ADB). Based on the discussions held at ADB, Manila in May, 1997 on the Draft final report, necessary modifications were carried out in the CMPDI portion of the report and submitted in August, 1997 to Montan for compilation and submission to ADB.

- (iv) In its bid to internationalise its activities, CMPDI has signed memorandum of Understanding with M/s DMT, Germany during the year for undertaking joint consultancy work abroad.

## 16. RESEARCH AND DEVELOPMENT

### 16.1 S&T Projects Funded by MOC

The S&T activities in Coal Sector is being administered through an Apex Scientific Body known as Standing Scientific Research Committee (SSRC). This high level committee is entrusted with the vital task of planning, programming, budgeting and overseeing the implementation of the S&T programmes in Coal Sector.

CMPDI acts as a nodal agency and co-ordinates S&T activities in Coal/Lignite Sectors. The nodal agency invites the project proposals related to the identified thrust areas from various implementing agencies, who have capability and necessary infrastructure in concerned field. CMPDI processes the same for funding through SSRC.

As on 31.3.98, 38 projects are under various stages of implementation. During the year 1997-98, 8 projects were approved,

11 projects were completed and 1 project was terminated.

### **16.2 R&D Projects funded by CIL R&D Board**

R&D Board of CIL was constituted by Coal India in August, 1995. Field oriented research project, including transfer and absorption of new technologies, are taken up in line with the identified thrust areas of the subsidiaries of CIL.

As on 31.3.98, 8 R&D projects are under various stages of implementation. During the year 1997-98, 8 projects were approved and 1 project, viz. 'Liquidation of Standing Pillars in W-4 panel at Jhanjra Colliery, ECL' was completed.

## **17. TELECOMMUNICATION SYSTEM**

The phenomenal advancement in Information Technology during the last decade has radically changed the functioning of Business houses and corporate sectors. As a consequence of such change, CIL has made an attempt to up-date its telecommunication system which plays a key role in achieving its objectives.

Coal India's captive voice and data communication network 'COALNET' has already been established linking CIL Hqrs. with Subsidiary Companies Hqrs. through DoT's leased circuit (Microwave/UHF) and satellite based circuits under COALNET Phase-I and Ph-II programmes.

Under COALNET Phase -III scheme, communication links have been set up between subsidiary Co. Hqrs. and the Area Offices with the help of Digital MART,

Multichannel UHF Radio links, shared-Radio systems etc. Connectivities upto collieries and projects etc. would be implemented during the IXth Plan period.

At CIL Hqrs., Internet connectivity (TCP/IP) has been established through VSNL's dial up PSTN circuit for sending E-Mail as well as logging various global data for accessing information.

### **17.1 Satellite Communication**

Satellite based communication network utilising Very Small Aperture Terminals (VSATs) have been playing significant role in extending connectivity to far flung areas/projects of CIL and its subsidiary companies working on transponders of INSAT 2B & 2C satellites. These are as follows :

- (a) **NICNET VSAT Terminals :** High speed NICNET VSAT Terminal has been installed in CMPDIL for establishing Internet Services along with E-Mail sending facility in LAN environment to various locations including the Ministry of Coal, New Delhi. Similar terminal is also under process of installation in NCL.
- (b) **World Bank Project VSAT Network :** A plan to interconnect 24 mining projects and 5 Subsidiary Co. Hqrs. as well as CIL to run ERP software package in an integrated manner on a VSAT network to form an Wide Area Networking (WAN) is under formulation.

## **18. COMPUTERISATION**

Information Technology (IT) is gaining significant importance in achieving business efficiency and Performance improvement for both Public and Private Sector enterprises. Coal

India has acknowledged the potential of IT and has introduced computerised information system of production, Sales, materials management, Personnel management and Financial Operations at Corporate Hqrs. and various Subsidiary Companies.

Internet facility has been introduced in CIL Hqrs. for exchange of message with Ministry of Coal and accessing various data bases and networks for gaining information. A local Area Network (LAN) has been planned through which all the desk top PC of various executives and the NICNET terminal would be interconnected to browse Internet and send E-Mail intra-office as well as to subsidiaries and MOC in an integrated manner.

## 19. MINES SAFETY

During the year 1997-98, the number of fatal accidents in Coal India Ltd. could be reduced marginally from 90 in 1996-97 and 115\* in 1995-96 to 89. However, the number of fatalities in 1997-98 increased to 103 from 99 in 1996-97 but was much less than the 125\* in 1995-96. The company-wise fatal accidents and fatalities are given below :

Company	Fatal Accidents		Fatalities	
	1997-98	1996-97	1997-98	1996-97
ECL	17	19	21	22
BCCL	26	24	28	27
CCL	9	18	15	19
NCL	3	1	4	1
WCL	11	8	11	8
SECL	16	15	17	16
MCL	6	4	6	4
NEC	1	1	1	2
<b>Overall CIL</b>	<b>89</b>	<b>90</b>	<b>103</b>	<b>99</b>

\* Excluding the disaster at Gaslitand and 5 other mines of BCCL on 26/27.9.95

During the year 1997-98, the following safety measures have been taken to improve the safety performance :

- (i) Special thrust on measures against danger of roof/side fall accidents through :
  - (a) Introduction of RMR based support systems. RMR has been determined in 339 out of 363 underground mines.
  - (b) Introduction of roof bolting/ stitching in underground mines. This is being done in 252 out of 352 mines where this sytem can be introduced.
  - (c) Standardisation of the quality of quick setting cement capsules manufactured in-house in collaboration with CMRI. Test manufacture and trial of these capsules is underway in BCCL as part of technology transfer.
- (ii) Regular Safety Audit of each and every mine by expert mining engineers and implementation of the recommendations of the Safety Audit.
- (iii) Special drive for inspection of mines by senior officers of the Internal Safety Organisation of CIL and the subsidiaries.
- (iv) Preparation of Emergency Organisation Plan for each and every mine and conducting mock rehearsals.
- (v) Establishment of the system of vetting of Annual Operation Plans of mines.
- (vi) Safety Clearance of production districts prior to commencement of production.

- (vii) Monthly monitoring of the safety status of each and every mine through computerised Safety Status Reports and rectification of the deficiencies observed.
- (viii) Thrust on training and retraining of workmen, including contractor's workmen, support personnel and supervisors.
- (ix) Thrust on observance of traffic rules and code of practice for stock-yards and dump-yards for prevention of accidents due to dumpers and HEMM.

## **20. MINES RESCUE SERVICES**

The modernisation programme of the Mines Rescue Services of Coal India Limited continued with vigour during 1997-98. Six main Rescue Stations (RS), eleven Rescue Rooms with Refresher Training facilities (RRRTs) and twelve Rescue Rooms have been established and are functioning in various subsidiaries.

Old outdated main rescue equipment are being replaced by modern equipment in a phased manner. About 80% of outdated equipment have been replaced.

Modern training galleries have been provided in all main Rescue Stations and RRRTs.

Out of thirteen additional Rescue Rooms being constructed to ensure that Rescue Teams reach within half an hour of receiving information, construction of seven Rescue Rooms have been completed as planned in 1997-98. These are in the process of being equipped.

Several incentives have been introduced for attracting suitable persons to serve in the rescue services.

New technology equipment like infra-red imager, paging system, etc. have been introduced. Trial is under way for development of cordless radio-communication system for use by Rescue Teams in rescue/recovery work below-ground.

One large diameter drill machine for evacuation of miners trapped below-ground has been procured from abroad. Supporting equipment are being procured from indigenous sources for trial and commissioning of the machine.

A large number of high capacity submersible pumps and horizontal pumps have been procured and kept in readiness for large scale dewatering of mines whenever the need arises.

## **21. HUMAN RESOURCE DEVELOPMENT**

### **21.1 Overall Performance**

Total number of employees trained during 1997-98 was 37065, out of which 8040 were executives, 10720 were supervisors and 18305 were workers. This performance includes in-house training efforts, external training efforts and training abroad. The training of workmen and supervisors under statutory obligations were taken care of separately.

### **21.2 In-house Training**

Strategic HRD plan has been developed for next five years based on the review of HRD input for previous five years. The corporate

HRD plan for 97-98 was developed within the framework of the Strategic HRD plan by integrating efforts of HRD in all the subsidiary companies and considering capabilities of twenty four training centres at different locations.

In order to formalise strategic HRD plan a comprehensive HRD policy was evolved and approved by CIL Apex Training Board for implementation in the subsidiaries. The strategy arising out of HRD policy envisaged efforts in terms of inputs to technical training, management training, general development of workmen and supervisors and also transforming new employees for application of skills.

Total number of employees trained through in-house efforts during 1997-98 are as follows :

Category	Employees Trained
Executives	5913
Supervisors	10414
Workmen	17648
<b>Total</b>	<b>33975</b>

### 21.3 Training Outside Company

- (i) **Within the Country :** In order to expose the employees in specialised fields through inter-organisational experience and also for supplementing in-house training efforts, 3011 employees from CIL and the subsidiary companies were trained under Training Programme conducted outside the Company. The break-up of 3011 employees trained is as follows :

Category	Employees Trained
Executives	2075
Supervisors	299
Workmen	637
<b>Total</b>	<b>3011</b>

The courses in management range from Seminar, Workshop, Convention to intensive management training programmes as well as inputs in specific areas in technical training.

- (ii) **Training abroad :** 79 employees were trained abroad during 1997-98, the details of which are as follows :

Category	Employees Trained
Executives	52
Supervisors	7
Workmen	20
<b>Total</b>	<b>79</b>

These employees were deputed against slots received from Australian Government as well as other project related slots received against commercial contracts, primarily to improve knowledge and skill of the employees in specific technical areas.

## 22. MANPOWER

**22.1** The total manpower of the company including its subsidiaries as on 31.3.98 was 6,11,689 as against 6,27,463 as on 31.3.97. Subsidiary

company-wise position of manpower is as below :

Company	As on	Executives	Super-visor/ clerical	Skilled/ Semi- skilled/ un skilled	Non- Catego- rised/ others	Total
ECL	31.3.97	3303	19762	135020	166	158251
	31.3.98	3147	19115	130745	147	153154
BCCL	31.3.97	3377	18003	120220	836	142436
	31.3.98	3172	17434	114186	743	135535
CCL	31.3.97	3263	12110	75446	830	91649
	31.3.98	3221	11865	72387	649	88122
WCL	31.3.97	2441	10454	71307	603	84805
	31.3.98	2517	10767	70911	592	84787
SECL	31.3.97	3042	12936	82939	49	98966
	31.3.98	3151	12840	82760	33	98784
MCL	31.3.97	1227	3323	18458	419	23455
	31.3.98	1289	3350	18363	389	23391
NCL	31.3.97	1320	2722	12948	0	16990
	31.3.98	1352	2917	12883	0	17152
NEC	31.3.97	145	775	3841	18	4779
	31.3.98	143	775	3795	3	4716
CMPDI	31.3.97	1024	1054	1822	0	3900
	31.3.98	992	1034	1805	0	3831
DCC	31.3.97	88	144	480	0	712
	31.3.98	85	142	480	0	707
CIL (HQ)	31.3.97	394	570	584	0	1548
	31.3.98	388	818	304	0	1510
<b>CIL as a whole</b>	<b>31.3.97</b>	<b>19624</b>	<b>81853</b>	<b>523065</b>	<b>2921</b>	<b>627463</b>
	<b>31.3.98</b>	<b>19457</b>	<b>81057</b>	<b>508619</b>	<b>2556</b>	<b>611689</b>

**22.2** The presidential directives for Scheduled Castes/Scheduled Tribes/OBC have been implemented in all the subsidiaries/units of

Coal India Limited. Special recruitment drives were undertaken for recruitment of SC/ST candidates.

The representation of SC/ST employees in total manpower of Coal India and its Subsidiary companies as on 31.12.96 and 31.12.97 are given below :

As on	Scheduled Caste		Scheduled Tribe	
	Nos.	Percentage	Nos.	Percentage
31.12.96	1,52,765	24.26	79,875	12.69
31.12.97	1,50,094	24.27	78,453	12.69

## 23. INDUSTRIAL RELATIONS

The Industrial Relations in Coal India remained cordial. The Company-wise strikes, loss of mandays and loss of production in the year as compared to the previous year are shown below :

Com- pany	No. of Strikes		No. of other incidents		Mandays lost		Production Lost (in tonnes)	
	1996-97	1997-98	1996-97	1997-98	1996-97	1997-98	1996-97	1997-98
ECL	5+1 (BB)	8+1 (BB) +1 (Brd.Bnd)	33	75	14,259	71,004	11,954	50,366
BCCL	6	4	42	39	803	5,217	1,690	2,253
CCL	1+1 (Bnd)	0	64	40	138	9,816	1,205	70,848
WCL	7	1	18	20	24,238	907	26,273	1,320
SECL	7	6	0	1	80,089	3,971	103,307	6,850
NCL	1	1	22	16	517	453	16,000	12,000
MCL	3	0	3	0	4,901	0	26,934	0
NEC	0	0	0	0	0	0	0	0
CMPDI	1+1 (BB)	1 (Brd.,Bnd)	1	0	316	105	—	—
CIL	1 (BB)	1 (BB)	00	00	954	775	00	00
<b>Total</b>	<b>31+1 (BB +1 Bndh)</b>	<b>20+1 (BB +1 Brd. [Bnd].</b>	<b>183</b>	<b>191</b>	<b>126,215</b>	<b>92,248</b>	<b>187,363</b>	<b>143,637</b>

BB = Bangal Bundh, BUNDH = Bharat Bundh. GS = General Strike,  
EB = Economic Blockade, Brd. Bnd. = Burdwan Bandh.



There has been a decrease in the mandays lost due to Strikes/Bandhs etc. and the consequential loss of production in the year 97-98 as compared to the previous years.

## 24. EMPLOYEES' WELFARE AND SOCIAL SECURITY SCHEME

The Management of Coal India and its Subsidiary Companies firmly believe that performance of the mines largely depend on contended and motivated work force. Since its inception, special attention has been given to provide basic necessities such as Housing, Water Supply, Medical Care and Educational Facilities for the Coal Miners. Emphasis has also been laid on improving the environmental and ecological conditions of the Coalfield areas.

**24.1** The table below shows the position of basic amenities provided :

Item	Available at the time of Nationalisation	Additions during 1997-98	Position as on 31.3.98	Overall satisfaction
(i) Houses	1,18,366	3,497	3,97,458	64.97%
(ii) Water Supply (Population covered)	2.27 Lakhs	0.19 Lakhs	23.31 Lakhs	
(iii) Aided Educational Institutions	287	—	1,346	
(iv) Medical facilities*				
(a) Ambulance	42	17	689	
(b) Hospitals	49	1	86	
(c) Hospital beds	1,482	86	5846	
(d) Dispensaries	—	—	434	

\* Besides, 27 Ayurvedic Dispensaries are also being run in the subsidiaries of CIL to provide indigenous system of treatment to workers.



Children in one of the coalfield schools

## **24.2 Tree Plantation/Afforestation**

Under the Afforestation programme, CIL and its subsidiaries have planted 76.28 Lakhs of seedlings in the Coalfield areas during the year 1997-98 to provide better environment.

## **25. PROGRESSIVE USE OF HINDI**

Implementtion of Rajbhasha Rules was one of the priorities of CIL in the year 1997-98. major thrust was given on training as in the previous year. A comprehensive training scheme has been worked out to complete the training in Hindi language, Hindi typing, Hindi stenography, translation etc. in a phased manner by 2001 so that a suitable and conducive climate is created for transformation of working system from English to Hindi.

A Rajbhasha Karyaunwayan Samity has been reconstituted for effective implementation of Rajbhasha policy and all the HODs have been made its members. During the year, 5 major Hindi workshops have been organised, a complete set of forms in use have been identified and made bilingual.

Other measures to propagate Hindi such as distribution of the prizes and cash awards have also been implemented. Altogether 39 employees and officers have been given awards.

The Sansadiya Rajbhasha Samity visited CIL in February, 1997. its useful suggestions have given a boost to Hindi implementation activities.

The use of Hindi has been propagated through various publications like the KHANAN BHARATI, a premier magazine

accepted as one of the best publications by a PSU. Apart from CIL, subsidiaries have also been publishing magazines like Joytsna, Saurav, Pallav, Vasundhara and Pratibimb, on a regular basis.

There has been a substantial increase in use of Hindi in the official working at CIL. By now almost all the forms have been made bilingual. Stationery materials are mostly bilingual. Presently, CIL is concentrating on use of Hindi in the major working arena such as noting & drafting. A number of meetings and Seminars ave been organised so as to make the employees at home in the field of Hindi rules and regulations and also to motivate them to work in Hindi.

### **25.1 Training**

The number of employees/officers trained during the year 1997-98 is as follows :

<b>Probodh</b>	<b>Praveen</b>	<b>Pragya</b>
1	54	45

For encouraging training in Hindi, the cash award for passing Hindi examination has been doubled. This has generated good response from the employees and officers.

### **25.2 Workshop**

In addition, five specific workshops have been organised on the following subjects :

Subject to Workshops	No. of Participants
1. Record keeping	11
2. Rajbhasha Implementation	11
3. Check points	11
4. Individual Responsibilities in Official Language Implementation	16
5. Rules and Regulations as well as check points of Hindi implementations	41

Altogether 90 employees/officers have participated in these Workshops.

### 25.3 Provisions for Infrastructures and Working Support

29 HINDI SOFTWARE have been provided to various departments and training for the operation of the same has been organised.

Further, the company has set up check points for which officials have been identified to keep check on progressive use of Hindi at CIL Hqrs. Implementation is also discussed in departmental meetings from time to time and these efforts have started showing good results.

### 26. PARTICULARS OF EMPLOYEES IN RECEIPT OF Rs. 25,000/- PER MONTH OR Rs. 3 LAKHS PER ANNUM

None of the employees received salary of Rs. 25000/- per month or Rs. 3,00,000/- per annum or more in full or part of the year as per provisions of Sec. 217 (2A) of the Companies Act, 1956 read with the companies (particulars of employees) Rules, 1975 as amended in 1995.

### 27. BOARD OF DIRECTORS

During the year under review, Shri P. K. Sengupta, Chairman, Shri C. H. Khisty, Director

(P&IR), Shri A. K. Sahay, Director (Technical) and Shri A. Chatterjee, Director (Finance) continued.

Shrif P. K. Banerji, Additional Secretary, Ministry of Coal, Shri Vivek Mehrotra, Joint Secretary & Financial Adviser, Ministry of Coal and Shri Swarup K. Gupta, Additional Member (Traffic), Railway Board continued as part-time Directors of the Company.

Shri S. K. Sen, Chairman-cum-Managing Director, Northern Coalfields Limited, Singrauli and Shri APVN Sarma, Chairman-cum-Managing Director, Singareni Collieries Co. Ltd., Hyderabad ceased to be the Directors w.e.f. 4.2.98 consequent upon completion of their tenure of appointment for one year.

Your Directors wish to place on record their appreciation for the valuable guidance and services rendered by S/Shri S. K. Sen and APVN Sarma, during their tenure as Part-time Directors on the Board.

In terms of Articles 33d(iii) of the Articles of Association of the Company all the Directors excepting the Chairman and wholetime Directors should retire at the coming Annual General meeting and they are eligible for reappointment.

The Board of Directors held 7 (seven) meetings during the year 1997-98.

### 28. ACCOUNTS OF THE SUBSIDIARIES

The copies of Accounts of the Subsidiary Companies for the year 1997-98 are attached in Vol. - II of the annual Report and Accounts in compliance with requirement of Sec. 212 of the Companies Act, 1956.

Implementation of the measures outlined in the Turn Around Strategy brought

about significant all-round improvement in performance during 97-98 for BCCL. Capital restructuring of BCCL, through conversion of debt into equity of Rs. 996 crores, was completed during the year. As a result, the paid-up share Capital of BCCL increased from Rs. 1122 Crores to Rs. 2118 Crores. In the last hearing of BIFR held on 22.12.97, the financial position and the trend of physical performance were submitted by BCCL. Taking note of the fact that the net worth of the Company had become positive and there was significant all-round improvement in the performance achieved by the company, the Bench agreed to take BCCL out of BIFR. The Bench, however, observed that, as the accumulated loss of the Company was still more than 50% of its enhanced paid up share capital and the Company continued to make losses, BCCL would continue to be under watch by BIFR under section 23 of SICA. In pursuance thereof, the company is required to send a progress report to BIFR.

In compliance with Section 23(1) of the Sick Industrial Companies Act, 1985 ECL had sent Form CC, duly filled in alongwith necessary enclosures to the Secretary, BIFR on 23rd November, 1995. Subsequently, as a result of networth becoming negative a reference was made to BIFR as per the requirement of Section 15 (1) of SICA on 26th November, 1997. ECL continued to be a Sick Industrial Company during the financial year 1997-98, till the restructuring of capital by conversion of debt of Rs. 1179.45 Crores into equity was made effective on 31.3.98.

On consideration of the facts of the case and submissions made during the hearing on 1st June, 1998, the Bench noted that the Networth of ECL has rendered positive and the

Company was no longer a Sick Industrial Company as per the provisions of the Act.

## **29. ACKNOWLEDGEMENT**

The Directors of your Company wish to record their deep appreciation for the sincere efforts put in by the Trade Unions and the employees of the company. Your Directors also gratefully acknowledge the co-operation, support and guidance extended to the company by the various Ministries of the government of India in general and the Ministry of Coal in particular as also the State Governments. your Directors also acknowledge with thanks the assistance and guidance rendered by Statutory auditors, Tax Auditors, the Comptroller and Auditor General of India, members of the Company Law Board and the Registrar of Companies, West Bengal. Your Directors also wish to place on record their sincere thanks to the Consumers for their patronage.

## **30. ADDENDA**

The following are annexed :

- (i) The comments and review of the Comptroller and Auditor General of India.
- (ii) Replies on observation made by the Statutory Auditors on the Accounts for the year ended 31st March, 1998.
- (iii) Statement pursuant to Sec. 212 (i) (e) of the Companies Act, 1956.

For and on behalf of  
the Board of Directors

*Calcutta*

*Dated : 21st September, 1998.*

**P. K. Sengupta**  
*Chairman*

# **Annual Accounts** **1997-98**

# Balance Sheet

## As At 31st March, 1998

				(Rs. in '00,000)
	Schedule		Current Year	Previous Year
<b>I. SOURCES OF FUND</b>				
<b>A. Shareholders' Fund</b>				
(a) Share Capital	A		722054.44	722054.44
(b) Share Money Pending Allotment	B		—	—
(c) Reserves & Surplus	C		44404.45	2352.48
<b>B. Loan Fund</b>				
(a) Secured	D	173196.29		194490.27
(b) Unsecured	E	226915.95		271773.30
			400112.24	466263.57
			<b>1166571.13</b>	<b>1190670.49</b>
<b>II. APPLICATION OF FUND</b>				
<b>A. Fixed Assets</b>	F			
(a) Fixed Assets		32920.31		32020.88
Less : Depreciation		13213.34		11738.04
			19706.97	20282.84
(b) Capital Work-in-Progress			3955.43	1860.77
<b>B. Investment</b>	G		631638.00	623053.00
<b>C. Current Assets, Loans &amp; Advances</b>				
Inventories	H	5877.93		4696.70
Sundry Debtors	I	1060.75		1028.06
Cash & Bank Balances	J	7595.89		4055.48
Loans & Advances	K	561207.65		598000.58
Less : Current Liabilities & Provisions	L	575742.22		607780.82
		64762.02	510980.20	62817.01
<b>D. Miscellaneous Expenditure</b>	M		290.53	510.07
(To the extent not written-off or adjusted)				
			<b>1166571.13</b>	<b>1190670.49</b>
Accounting Policies and Notes on Accounts are forming part of the Accounts	N			
Sd/- Dr. H. Sarkar Company Secretary	Sd/- S. Lahiri General Manager(F)	Sd/- A. Chatterjee Director (F)	Sd/- P. K. Sengupta Chairman	

In terms of our separate report of even date :  
**For M. C. Bhandari & Co.**  
Chartered Accountants

Calcutta  
Dated : The 14th September, 1998

Sd/-  
(M. R. Jain)  
(Partner)

# Profit & Loss Account

## For the Year Ended 31st March, 1998

(Rs. in '00,000)			
INCOME	Schedule	Current Year	Previous Year
Sales	1	6452.31	9681.86
Coal Issued for other purposes	2	175.81	186.83
Other Income	3	86352.54	61701.34
Accretion of stock	4	1177.68	- 344.14
		<b>94158.34</b>	<b>71225.89</b>
EXPENDITURE			
Purchase of Coal & Coke etc.	5	26.65	274.18
Consumption of Stores & Spares	6	800.58	834.21
Coal Issued for other purposes per contra	7	17.88	22.97
Employees Remuneration and Benefits	8	6389.18	5906.45
Social Overhead	9	891.62	941.79
Power & Fuel	10	485.22	470.66
Repairs	11	247.55	305.96
Contractual Expenses	12	2640.20	2269.22
Other Expenditure	13	1801.59	2017.27
Interest	14	24458.20	34274.39
Finance Charges	15	157.29	1790.21
Depreciation		1668.91	1325.59
Provisions	16	408.38	1588.51
		<b>39993.25</b>	<b>52021.41</b>
<b>PROFIT FOR THE YEAR</b>		<b>54165.09</b>	<b>19204.48</b>
Prior Period Adjustment	17	- 82.74	25001.17
<b>PROFIT BEFORE TAX</b>		<b>54082.35</b>	<b>44205.65</b>
Provision for Income Tax		-	5000.00
<b>PROFIT AFTER TAX</b>		<b>54082.35</b>	<b>39205.65</b>
Profit/Loss brought forward from previous year		1217.63	- 27347.23
Profit (Balance) upto current year		<b>55299.98</b>	<b>11858.42</b>
Investment Allowance (Utilised) Reserve written back		344.77	-
<b>PROFIT AVAILABLE FOR APPROPRIATIONS</b>		<b>55644.75</b>	<b>11858.42</b>
APPROPRIATION			
Bond Redemption Reserve		20000.00	-
Preference Share Redemption Reserve		18000.00	-
Transfer to General Reserve		5448.00	-
Proposed Preference Dividends		9041.80	9041.80
Proposed Equity Dividends		1894.91	631.64
Tax on proposed Preference and Equity Dividend		1093.67	967.35
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>166.37</b>	<b>1217.63</b>

Statement on Significant Accounting Policies, Notes on Accounts  
The Schedules referred to above form an integral part of Accounts

Sd/-  
Dr. H. Sarkar  
Company Secretary

Sd/-  
S. Lahiri  
General Manager(F)

Sd/-  
A. Chatterjee  
Director (F)

Sd/-  
P. K. Sengupta  
Chairman

In terms of our separate report of even date :  
**For M. C. Bhandari & Co.**  
Chartered Accountants

Calcutta  
Dated : The 14th September, 1998

Sd/-  
(M. R. Jain)  
(Partner)

## SCHEDULE TO BALANCE SHEET (CONTD.)

### SCHEDULE - D

	Current Year	(Rs. in '00,000) Previous Year
<b>SECURED LOAN</b>		
<b>Loan from Scheduled Banks</b> (Secured by hypothecation of stock of Stores & Spare parts, Stock of Coal & Coke, Book Debts & other Assets of CIL and Subsidiary Companies)		
(See note no. 9.1 of Schedule-N)		
Cash Credit	53293.29	45774.00
Term Loan	1500.00	—
<b>Secured Bond</b> (To be secured by hypothecation of Plant & Machinery of NCL, SECL & WCL)		
15.5% Non Convertible	50000.00	50000.00
9% Tax free Non Convertible	15000.00	15000.00
17% Non Convertible (Taxable)	43403.00	43403.00
13% Non Convertible	—	40000.00
	<u>108403.00</u>	<u>148403.00</u>
<b>Corporate Loan from Financial Institutions</b> (To be secured by hypothecation of movable assets of the company and certain specified assets of its subsidiaries)	10000.00	—
<b>Interest accrued &amp; due on loan from body corporate</b> (Secured by Govt. Guarantee)	—	313.27
	<u>173196.29</u>	<u>194490.27</u>

### SCHEDULE - E

	Current Year	(Rs. in '00,000) Previous Year
<b>UNSECURED LOAN</b>		
<b>Long term loan from Government of India</b>	223082.03	253472.10
<b>Short Term Loan</b> (Payable within one Year)		
From Body Corporates	—	12500.00
<b>Public Deposit</b>		
Fixed	4.55	419.20
Cumulative	28.59	55.39
	<u>33.14</u>	<u>474.59</u>
<b>Interest Accrued and Due on Govt. Loan.</b>	3800.78	5326.61
	<u>226915.95</u>	<u>271773.30</u>



SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE - F

(Rs. in '00,000)

FIXED ASSETS

	C O S T				DEPRECIATION				NET BLOCK	
	As on 01.04.97	Addition during the year	Adj./Sales/ Trans. during the year	Total as on 31.03.98	As on 01.04.97	Addition during the year	Adj./Sales/ Trans. during the year	Total as on 31.03.98	As on 31.03.98	As on 31.03.97
LAND										
(a) Freehold	671.90			671.90					671.90	671.90
(b) Leasehold	2.21			2.21	0.32	0.02		0.34	1.87	1.89
BUILDING	6441.50	161.59		6603.09	856.79	134.05		990.84	5612.25	5584.71
PLANT & MACHINERY	16466.12	443.78	- 73.69	16836.21	7674.63	888.59	- 66.35	8496.87	8339.34	8791.49
FURNITURE & FITTINGS/ OFFICE EQUIPMENTS	1439.05	50.05	- 8.31	1480.79	479.06	360.09	- 2.02	837.13	643.66	959.99
RAILWAY SIDING	1050.96	451.25	- 296.28	1205.93	332.69	265.09	- 296.28	301.50	904.43	718.27
VEHICLES	322.64	21.81		344.45	196.85	25.11		221.96	122.49	125.79
AIRCRAFT	1572.12			1572.12	660.70	81.70	- 117.09	625.31	946.81	911.42
TELECOMMUNICATION	263.04	13.24	- 1.19	275.09	84.11	13.17	- 0.31	96.97	178.12	178.93
DEVELOPMENT	3027.44	141.87		3169.31	1209.40	151.93		1361.33	1807.98	1818.04
PROSPECTING & BORING	763.90	5.63	- 10.32	759.21	243.49	39.19	- 1.59	281.09	478.12	520.41
<b>TOTAL</b>	<b>32020.88</b>	<b>1289.22</b>	<b>- 389.79</b>	<b>32920.31</b>	<b>11738.04</b>	<b>1958.94</b>	<b>- 483.64</b>	<b>13213.34</b>	<b>19706.97</b>	<b>20282.64</b>
CAPITAL WORK-IN-PROGRESS	1860.77	2667.16	- 572.50	3955.43	—	—	—	—	3955.43	1860.77
<b>GRAND TOTAL</b>	<b>33881.65</b>	<b>3956.38</b>	<b>- 962.29</b>	<b>36875.74</b>	<b>11738.04</b>	<b>1958.94</b>	<b>- 483.64</b>	<b>13213.34</b>	<b>23662.40</b>	<b>22143.61</b>
PREVIOUS YEAR										
FIXED ASSETS	30709.06	1286.26	25.56	32020.88	10354.78	1396.88	- 13.62	11738.04	20282.64	20354.28
CAPITAL WORK-IN-PROGRESS	1663.08	522.19	- 324.50	1860.77	—	—	—	—	1860.77	1663.08

ALLOCATION OF DEPRECIATION

	CURRENT YEAR	PREVIOUS YEAR
Profit & Loss Account	1668.91	1325.59
Social Overhead	48.69	46.81
Power & Fuel	5.93	5.93
Prior Period Adjustment	105.78	- 24.32
Development	10.23	11.78
Transfer In/Out	—	7.84
Other Adjustment	- 364.24	9.63
<b>Total</b>	<b>1475.30</b>	<b>1383.26</b>

# SCHEDULE TO BALANCE SHEET (CONTD.)

## SCHEDULE - G

### INVESTMENT (Unquoted) (Valued at Cost)

#### In Fully Paid Equity Shares of Subsidiary Companies :

22184500 fully paid Equity Shares of  
Rs. 1000/- each in Eastern Coalfields Ltd.  
(Previous Year 1,03,90,000 Equity Shares  
of Rs. 1000/- each)

221845.00

103900.00

94,00,000 fully paid Equity Shares of  
Rs. 1000/- each in Central Coalfields Ltd.  
(Previous Year 94,00,000 Equity shares  
of Rs. 1000/- each)

94000.00

94000.00

21180000 fully paid Equity Shares of  
Rs. 1000/- each in Bharat Coking Coal Ltd.  
(Previous year 1,12,20,000 Equity Shares  
of Rs. 1000/- each)

211800.00

112200.00

2971000 fully paid Equity Shares of  
Rs. 1000/- each in Western Coalfields Ltd.  
(Previous Year 71,10,000 Equity Shares  
of Rs. 1000/- each)

29710.00

71100.00

1776728 fully paid Equity Shares of  
Rs. 1000/- each in Northern Coalfields Ltd.  
(Previous Year 1,17,84,728 Equity shares  
of Rs. 1000/- each)

17767.28

117847.28

3597000 fully paid Equity Shares of  
Rs. 1000/- each in South Eastern Coalfields Ltd.  
(Previous Year 1,12,10,000 Equity Shares  
of Rs. 1000/- each)

35970.00

112100.00

1864009 fully paid Equity Shares of  
Rs. 1000/- each in Mahanadi Coalfields Ltd.  
(Previous Year 10,00,009 Equity Shares  
of Rs. 1000/- each)

18640.09

10000.09

1,90,400 fully paid Equity Shares of  
Rs. 1000/- each in C. M. P. D. I. L.  
(Previous Year 1,90,400 Equity Shares  
of Rs. 1000/- each)

1904.00

1904.00

#### In Fully Paid Equity Shares of Other Company :

16,334 Equity Shares of Rs. 10/- each in  
Management and Technology Applications (India) Ltd.  
(Previous Year 16,334 Equity Shares of Rs. 10/- each)

1.63

1.63

**631638.00**

**623053.00**

# SCHEDULE TO BALANCE SHEET (CONTD.)

## SCHEDULE - H

(Rs. in '00,000)

	Current Year	Previous Year
<b>INVENTORIES</b>		
(As valued and certified by the Management)		
Stock of Stores & Spareparts (at cost)	697.11	650.94
Less : Provision for slow-moving/ non-moving obsolescence/shortage	90.62	47.67
	606.49	603.27
Stores-in-transit (at cost)	1.34	1.01
	607.83	604.28
Stock of Coal (Valued at lower of Cost or Market Price)	7635.17	6142.65
Coke (Valued at lower of Cost or Market Price)	0.76	0.95
	7635.93	6143.60
Less : Provisions	2369.49	2057.60
	5266.44	4086.00
Stock of Bricks (at cost)	3.66	6.42
	5877.93	4696.70

*SCHEDULE TO BALANCE SHEET (CONTD.)*

**ANNEXURE TO SCHEDULE - H**

**NAME OF COMPANY, NEC, CIL, MARGHERITA, ASSAM  
PARTICULARS IN RESPECT OF COAL STOCK AS ON 31.03.98**

QTY. IN '000' TONNE  
VALUE IN RS. LAKHS

PARTICULARS	OVERALL STOCK		PROVISION FOR NON VENDABLE STOCK		VENDABLE STOCK	
	QTY.	VALUE	QTY.	VALUE	QTY.	VALUE
<b>(A) RECONCILIATION OF BOOK STOCK AND MEASURED STOCK</b>						
1. Opening stock as on 01.04.97 (As Per Accounts)	827.81	6018.94			827.81	6018.94
2. Add production for the year	687.47	8110.17			687.47	8110.17
3. Sub Total (1+2)	1515.28	14129.11			1515.28	14129.11
4. Less Off take for the year (A) (i) Outside despatch (ii) Transferred out	567.78	6435.88			567.78	6435.88
(B) Consumption for Boiler and domestic coal	20.41	175.81			20.41	175.81
Total (4)	588.19	6611.69			588.19	6611.69
5. Derived stock (3 – 4)	927.09	7517.42			927.09	7517.42
6. Measured Stock	894.74	7403.65			894.74	7403.65
7. (Difference (5–6)	32.35	113.77			32.35	113.77
8. Break up of difference : (A) Excess within 5% (B) Shortage within 5% (C) Excess beyond 5% (d) Shortage beyond 5%	32.35	113.77			32.35	113.77
9. Closing stock adopted in Accounts (6 – 8A + 8B + 8C)	927.09	7517.42			927.09	7517.42
					<b>Qty.</b>	<b>Value</b>
<b>(B) Reconciliation of closing stock adopted in Accounts</b>					927.09	7517.42
Less : Net shortage of more than 5% accounted for in the Accounts but not adjusted from Book Stock pending write off						
Less : Provision against slow moving Stock including mixed stock						1499.24
Less : Provision against value of closing stock for deterioration on account of fire and longer period of stocking etc.						751.74
Stock as per Accounts after all Provisions					927.09	5266.44

## SCHEDULE TO BALANCE SHEET (CONTD.)

### SCHEDULE - I

(Rs. in '00,000)

	Current Year	Previous Year
<b>SUNDRY DEBTORS (UNSECURED)</b>		
Debts outstanding for period exceeding 6 months	1659.86	1370.99
Other Debts	915.62	955.49
	<u>2575.48</u>	<u>2326.48</u>
Less : Provision	1514.73	1298.42
	<u>1060.75</u>	<u>1028.06</u>

#### CLASSIFICATION

Considered good	1060.75	1028.06
Considered doubtful	1514.73	1298.42

Maximum amount due at any time		Closing Balance	
During Current year	During Previous Year	During Current Year	During Previous Year

Due by the Companies under the same management with the names of the companies

— — — —

Due by the parties in which the Director(s) of the companies is/are interested

— — — —

### SCHEDULE - J

(Rs. in '00,000)

	Current Year	Previous Year
<b>CASH AND BANK BALANCES</b>		
Cash, Cheques, Drafts, Stamps etc. in hand	3.63	14.26
Remittance-in-transit	9.81	1264.85
In Current Account with Scheduled Banks	7373.18	2652.20
In Deposit Account with Scheduled Banks	206.51	121.43
Fixed Deposit with Scheduled Banks (For Public Deposits)	0.02	0.05
With Post Office Savings Bank Account	2.74	2.69
	<u>7595.89</u>	<u>4055.48</u>

# SCHEDULE TO BALANCE SHEET (CONTD.)

## SCHEDULE - K

	(Rs. in '00,000)	
	Current Year	Previous Year
<b>LOANS &amp; ADVANCES</b>		
Loans & Advances (Unsecured)		
[Advance Receivable in cash or in kind or for value to be received]		
ADVANCE TO SUPPLIERS		
For Capital	608.67	1026.55
For Others	220.13	277.92
	<u>828.80</u>	<u>1304.47</u>
ADVANCE TO EMPLOYEES		
For House Building (Secured)	329.30	308.36
For Motor Car & Other Conveyance (Secured)	32.74	33.90
For Others	63.82	77.75
	<u>425.86</u>	<u>420.01</u>
DEPOSITS		
For Custom duty & Port Charges	73.90	169.60
For Other Deposits	1616.13	1329.02
	<u>1690.03</u>	<u>1498.62</u>
Short Term Loan from Body Corporates	164.00	150.00
Other Receivable	80.80	106.11
Other Advances	92.66	98.81
AMOUNT DUE FROM GOVERNMENT OF INDIA		
For transaction on behalf of Ex-Coal Board	28.03	- 22.56
Claims Receivable	412.13	413.27
Prepaid Expenses	57.28	49.28
In Current Account with Subsidiaries	558188.53	594548.80
	<u>561968.12</u>	<u>598611.93</u>
Less : Provision	760.47	611.35
	<u>561207.65</u>	<u>598000.58</u>
CLASSIFICATION		
Considered good	561207.65	598000.58
Considered Doubtful	760.47	611.35

*SCHEDULE TO BALANCE SHEET (CONTD.)*

**SCHEDULE - K (Contd..)**

AMOUNT DUE FROM SUBSIDIARY COMPANIES

(Rs. in '00,000)

	Maximum amount due at any time during the year		Closing Balance	
	Current year	Previous Year	Current Year	Previous Year
Eastern Coalfields Limited	177638.38	171382.85	60446.01	171382.85
Bharat Coking Coal Limited	210332.08	198798.39	111182.15	198798.39
Central Coalfields Limited	115140.66	110291.32	112854.96	110291.32
Western Coalfields Limited	41901.43	13768.16	41901.43	5309.14
Northern Coalfields Limited	64884.46	22632.43	64884.46	12363.54
South Eastern Coalfields limited	88818.78	19074.26	88818.78	19074.26
Mahanadi Coalfields Limited	69578.76	75857.58	54123.85	75657.58
Central Mine Planning & Design Institute Limited	8717.25	12952.14	3976.89	1671.72
	<b>797011.80</b>	<b>624557.13</b>	<b>558188.53</b>	<b>594548.80</b>

Notes : House Building and cars/scooters advance for Rs. 362.04 lakhs (Previous year 342.26 lakhs) included under Loans & Advances (unsecured) considered good and are secured by equitable mortgage on assets concerned.

**SCHEDULE TO BALANCE SHEET (CONTD.)**

**SCHEDULE - L**

		(Rs. in '00,000)	
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>	<b>Current Year</b>	<b>Previous Year</b>	
<b>A. CURRENT LIABILITIES</b>			
<i>SUNDRY CREDITORS</i>			
For Capital including Revenue Stores	628.32	335.31	
For Coal	66.41	81.67	
	<hr/>	<hr/>	
Advance from Customer	694.73	416.98	
Deposits	1344.31	318.48	
Advance Deposit (Pre-Nationalisation)	1146.28	1833.83	
	20.85	20.85	
<i>EMPLOYEES' REMUNERATION &amp; BENEFITS</i>			
Salaries, Wages & Allowances	709.81	808.41	
Attendance Bonus	5.10	1.77	
Ex-gratia	156.17	143.56	
Unpaid salaries, Wages etc.	6.87	2.74	
Gratuity	777.87	780.33	
Leave Encashment	158.82	137.24	
	<hr/>	<hr/>	
	1814.64	1874.05	
<i>OTHER EXPENSES</i>			
Power & Fuel	43.39	51.37	
Contractual Expenses	1129.71	530.49	
Others	160.48	350.22	
	<hr/>	<hr/>	
	1333.58	932.08	
VRS GRANTS (National Renewal Fund)	265.90	197.91	
Due to Government of India	146.01	200.07	
(including ex-owner's Accounts)			
Interest accrued but not due on Loan	40509.70	37572.53	
13% Non Convertible Bond	101.90	—	
<i>SALES TAX</i>			
State	6.32	27.41	
Central	40.24	2.49	
	<hr/>	<hr/>	
	46.56	29.90	
Royalty & Cess on Coal	126.96	56.70	
Provident Fund	126.67	105.50	
Pension Fund	732.24	402.34	
<i>INCOME TAX</i>			
Public Deposit	47.84	17.70	
Employees	25.78	74.51	
Contractors	3.62	2.21	
	<hr/>	<hr/>	
	77.24	94.42	
Professional Tax	8.87	6.06	
Other Liability	1785.78	2507.19	
Current A/c balance with IICM	1788.31	1107.23	
<b>B. PROVISIONS</b>			
Provision for Income Tax	688.19	5000.00	
Less : TDS/Advance Tax	27.08	499.89	
	<hr/>	<hr/>	
Proposed Dividend	661.11	4500.11	
Income Tax on Proposed Dividend	10936.71	9673.44	
	1093.67	967.35	
	<hr/>	<hr/>	
	64762.02	62817.01	



SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE - M

(Rs. in '00,000)

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

	Current Year	Previous Year
VRS Expenses carried forward	11.86	92.08
Gratuity	278.67	417.99
	<u>290.53</u>	<u>510.07</u>

# Schedule to Profit & Loss Account

For the Year Ended 31st March, 1998

## SCHEDULE - 1

(Rs. in '00,000)

### SALES

PARTICULARS	P R O D U C T S		TOTAL	
	Raw Coal	Soft Coke	Current Year	Previous Year
QUANTITY (in '000 M.T.)	568.1	3.6	571.7	873.0
Gross Sales Value (A)	7408.76	31.73	7440.49	11154.15
Less : Statutory Levies				
Royalty on Coal	681.30		681.30	1001.81
Stowing Excise Duty	19.87		19.87	28.99
Sales Tax				
Central	171.72		171.72	233.48
State	114.07	1.22	115.29	208.01
Total Levies (B)	986.96	1.22	988.18	1472.29
Net Value (A - B)	6421.80	30.51	6452.31	9681.86

## SCHEDULE - 2

(Rs. in '00,000)

	Current Year	Previous Year
COAL ISSUED FOR OTHER PURPOSES		
Internal Consumption	30.66	34.65
Free Issue to Employees	127.27	129.21
Others	17.88	22.97
TOTAL	175.81	186.83

*SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD.)*

**SCHEDULE - 3**

	(Rs. in '00,000)	
	Current Year	Previous Year
<b>OTHER INCOME</b>		
Subsidy (Stowing)	24.50	15.75
Apex Office Charges	13032.15	4930.35
Interest received	19.39	12.53
Rent (Outsider)	0.06	0.14
L. D./Penalty received	2.55	3.62
Tender Fees	10.11	7.21
Service charges from customers	239.41	557.78
Provision/Liability Write backs		
For Excess Liability	—	189.48
For Interest	313.27	—
	<u>313.27</u>	<u>189.48</u>
Hire charges	1562.71	1560.00
Let out Rent (TDS — Rs. 24.00 lakhs)	393.00	393.00
Others	95.38	96.47
Dividend from Subsidiaries	70660.01	53935.01
<b>TOTAL</b>	<u><b>86352.54</b></u>	<u><b>61701.34</b></u>

*SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD.)*

**SCHEDULE - 4**

	<b>Current Year</b>	<b>(Rs. in '00,000) Previous Year</b>
<b>ACCRETION (DECRETION) OF STOCK</b>		
<i>Stock of Coal/Coke etc.</i>		
A. Closing Stock (Revenue Mines only) as on 31.3.98		
Raw Coal	6018.18	4686.94
Soft Coke	—	0.76
Coal & Coke in Transit	—	0.19
Bricks	3.66	6.42
	<hr/>	<hr/>
	6021.84	4694.31
Less : Deterioration of Coal Value due to fire or longer stocking	<hr/>	<hr/>
	751.74	601.89
<b>TOTAL (A)</b>	<hr/>	<hr/>
	5270.10	4092.42
B. Opening Stock (Revenue Mines only) as on 1.4.97		
Raw Coal	4686.94	5063.78
Soft Coke	0.76	1.85
Coal & Coke in transit	0.19	73.87
Bricks	6.42	1.89
	<hr/>	<hr/>
	4694.31	5141.39
Less : Deterioration of Coal value due to fire or longer stocking	<hr/>	<hr/>
	601.89	704.83
<b>TOTAL (B)</b>	<hr/>	<hr/>
	4092.42	4436.56
<b>NET TOTAL [ TOTAL (A) - TOTAL (B) ]</b>	<hr/>	<hr/>
	1177.68	- 344.14

*SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD.)*

**SCHEDULE - 5**

	Current Year	(Rs. in '00,000) Previous Year
<b>PURCHASE OF COAL &amp; COKE, ETC.</b>		
Raw Coal	—	227.56
Coke	22.08	33.51
Transportation Charges of Coke	4.57	13.11
<b>TOTAL</b>	<b>26.65</b>	<b>274.18</b>

**SCHEDULE - 6**

	Current Year	(Rs. in '00,000) Previous Year
<b>CONSUMPTION OF STORES &amp; SPARES</b>		
Explosives	146.12	142.73
Timber	215.92	212.79
Petrol, Oil and Lubricants	178.71	160.92
Other Consumable Stores & Spares		
(a) HEMM	25.89	30.94
(b) Others	383.43	403.37
	409.32	434.31
	950.07	950.75
Less : Transfer to		
Social Overhead	27.46	23.79
Development	16.54	11.66
Power & Fuel	10.12	10.96
Repair & Maintenance	30.29	22.91
Other Expenditure	65.08	47.22
	149.49	116.54
<b>TOTAL</b>	<b>800.58</b>	<b>834.21</b>

# SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD.)

## SCHEDULE - 7

		Current Year	(Rs. in '00,000) Previous Year
<b>COAL ISSUED FOR OTHER PURPOSES</b>			
Internal Consumption		30.66	34.65
Free Issue to Employees		127.27	129.21
Others		17.88	22.97
		<u>175.81</u>	<u>186.83</u>
Less : Transfer to			
Power & Fuel	30.66		34.65
Social overhead	127.27		129.21
	<u>157.93</u>		<u>163.86</u>
<b>TOTAL</b>		<u><b>17.88</b></u>	<u><b>22.97</b></u>

## SCHEDULE - 8

		Current Year	(Rs. in '00,000) Previous Year
<b>EMPLOYEES' REMUNERATION AND BENEFITS</b>			
<b>SALARIES, WAGES AND ALLOWANCES</b>			
Salaries & Wages (Incl. Transport Subsidy)		4872.89	4365.79
Overtime			
(a) Normal	93.66		112.94
(b) Sunday Maintenance	0.16		0.03
	<u>93.82</u>		<u>112.97</u>
Incentive			3.51
Leave Encashment		154.90	148.29
Contribution to Provident Fund and Other Funds (including Administrative Charges)		521.45	504.82
Attendance Bonus		172.57	211.91
Ex-gratia			
(a) PPLB - Non-Executive	150.55		117.78
(b) PPLR - Executive	6.08		8.13
	<u>156.63</u>		<u>125.91</u>
LTC/LLTC/RRF		250.36	251.65
Pension		4.82	4.22
Gratuity		294.90	295.65
Workmen Compensation		5.26	5.71
Group Insurance		8.21	10.36
D. L. I.		2.74	2.22
Life Cover Scheme		6.25	8.10
V. R. S.		93.43	85.63
Others		0.13	0.30
		<u>6638.36</u>	<u>6137.04</u>
Less : Transfer to			
Social Overhead	178.32		174.71
Power & Fuel	3.24		2.92
Development	67.62		52.96
	<u>249.18</u>		<u>230.59</u>
<b>TOTAL</b>		<u><b>6389.18</b></u>	<u><b>5906.45</b></u>

*SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD.)*

**SCHEDULE - 9**

		(Rs. in '00,000)
	Current Year	Previous Year
<b>SOCIAL OVERHEAD</b>		
Salaries, Wages & Allowances	178.32	174.71
Free Issue of Coal to Employees	127.27	129.21
Medical Facilities		
(a) Medical Reimbursement	123.94	162.83
(b) Medicine	48.71	49.63
(c) Diet Expenses	3.88	6.19
	176.53	218.65
Grants to		
(a) Schools & Institutions	31.64	9.11
(b) Sports, Recreation	12.88	18.28
	44.52	27.39
Canteen and Creche		
Canteen up-keep	12.99	13.60
House Rent	53.13	51.76
Power	76.29	78.61
Repairs & Maintenance		
(a) Township (incl. welfare buildings)	90.42	97.41
(b) Plant & Machineries	2.13	0.62
	92.55	98.03
Maintenance of Vehicles		
(a) Petrol & Diesel	6.36	7.76
(b) Repairs	3.44	4.12
(c) Road Tax	0.12	0.09
(d) Insurance	0.15	0.09
	10.07	12.06
Consumption of Stores & Spares	21.10	16.03
Depreciation	48.69	46.81
Community Development	8.09	18.77
Environmental expenses		
Tree Plantation	5.72	12.14
Uniform	4.38	7.43
Training Expenses		
(i) Within the Co.	14.27	10.98
(ii) Outside the Co.	4.24	6.64
	18.51	17.62
Others	38.74	37.88
	916.90	960.70
Less : Recoveries		
House Rent	12.64	9.20
Hospital Charges	4.31	3.00
Electricity	4.46	3.84
	21.41	16.04
Less : Transferred to Development	3.87	2.87
<b>TOTAL</b>	<b>891.62</b>	<b>941.79</b>

# SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD.)

## SCHEDULE - 10

		(Rs. in '00,000)
	Current Year	Previous Year
<b>POWER &amp; FUEL</b>		
Purchase of Electricity	516.91	498.31
Power Generation		
Salary & Wages	3.24	2.92
Consumption of Coal	30.66	34.65
Consumption of Stores	10.12	10.96
Repair & Maintenance	2.79	3.11
Depreciation	5.93	5.93
	<u>52.74</u>	<u>57.57</u>
	569.65	555.88
Less : Transfer to		
Social Overhead	76.29	78.61
Development	8.14	6.61
	<u>84.43</u>	<u>85.22</u>
<b>TOTAL</b>	<u><b>485.22</b></u>	<u><b>470.66</b></u>

## SCHEDULE - 11

		(Rs. in '00,000)
	Current Year	Previous Year
<b>REPAIRS</b>		
Building	80.32	172.35
Plant & Machinery		
Outside Agency	47.66	47.55
Others		
(a) Office Equipment	32.96	52.39
(b) Consumption of Stores	30.29	22.91
(c) Vehicles	8.80	13.81
(d) Others	147.96	104.84
	<u>220.01</u>	<u>193.95</u>
	347.99	413.85
Less : Transfer to		
(a) Social Overhead	95.99	102.15
(b) Power & Fuel	2.79	3.11
(c) Development	1.66	2.63
	<u>100.44</u>	<u>107.89</u>
<b>TOTAL</b>	<u><b>247.55</b></u>	<u><b>305.96</b></u>



**SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD.)**

**SCHEDULE - 12**

	(Rs. in '00,000)	
	Current Year	Previous Year
<b>CONTRACTUAL EXPENSES</b>		
Transportation Charges		
Coal, Coke	0.52	2.49
Stores	5.01	8.76
	<u>5.53</u>	<u>11.25</u>
Other Contractual Work	2634.67	2257.97
	<u>2640.20</u>	<u>2269.22</u>
<b>TOTAL</b>	<b>2640.20</b>	<b>2269.22</b>

**SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD.)**

**SCHEDULE - 13**

		(Rs. in '00,000)
	<b>Current Year</b>	<b>Previous Year</b>
<b>OTHER EXPENDITURE</b>		
Travelling		
(a) In Country	291.27	263.72
(b) Outside Country	45.18	29.88
	<hr/>	<hr/>
Printing & Stationery	336.45	293.60
Postage	83.44	110.85
Telephone	8.69	8.44
Advertisement & Publicity	225.06	206.00
(i) Advertisement for		
(a) Recruitment	16.99	37.49
(b) Tender	83.40	131.85
(c) Publicity	46.19	46.61
	<hr/>	<hr/>
Freight Charges	146.58	215.95
Demurrage	—	109.86
Donation	1.80	7.46
Subscriptions	24.63	39.38
Security expenses	13.03	18.19
Hire Charges	90.52	94.20
(a) Computer	71.52	66.28
(b) Others	93.49	86.34
	<hr/>	<hr/>
Maintenance of Vehicles	165.01	152.62
(a) Petrol & Diesel	65.08	47.21
(b) Repairs	31.56	34.08
(c) Road Tax & Insurance	7.92	10.02
	<hr/>	<hr/>
Legal Expenses	104.56	91.31
Bank Charges	21.62	77.35
Guest House expenses	18.13	7.76
Less : Recoveries	29.79	29.72
	<hr/>	<hr/>
	6.58	5.22
	<hr/>	<hr/>
Consultancy fees	23.21	24.50
Office Contingency expenses	46.96	37.16
Underloading Charges	39.40	40.36
Loss on sale/discard of assets	6.03	26.31
Auditors' Remuneration	1.19	3.68
(a) Audit fees	1.03	1.03
(b) Tax Audit fees	0.34	0.34
(c) Travelling & Out-of-pocket exp.	0.52	0.52
	<hr/>	<hr/>
Internal Audit fees and expenses	1.89	1.89
Royalty & Cess	1.69	4.66
Rent, Rates & Taxes	7.19	8.23
Insurance	311.22	254.57
Dead Rent	35.08	30.92
Surface Rent	8.84	3.53
Siding Maintenance Charges	0.87	0.97
Loss on Foreign Exchange variance	—	6.60
Others	0.86	0.44
	<hr/>	<hr/>
	93.42	158.16
	<hr/>	<hr/>
Less : Transferred to Development	1817.37	2034.95
	<hr/>	<hr/>
<b>TOTAL</b>	<b>1801.59</b>	<b>2017.27</b>

## SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD.)

### SCHEDULE - 14

		(Rs. in '00,000)
	Current Year	Previous Year
<b>INTEREST</b>		
(a) Government Loan		
(i) Plan Loan	31371.82	35839.82
(ii) Non-plan Loan	51.67	62.07
(b) Bank Overdraft	5188.32	5907.42
(c) Bonds	22619.61	16261.78
(d) Public Deposit	20.94	102.94
(e) Other corporate/Financial Institutional Loan	393.43	461.23
(f) Pension Fund	60.61	41.26
	<hr/>	<hr/>
	59706.40	58676.52
Less : (a) Recovered from Subsidiaries	35239.23	24304.61
(b) Interest received on short-term deposits	8.97	97.52
	<hr/>	<hr/>
	35248.20	24402.13
	<hr/>	<hr/>
<b>TOTAL</b>	<b>24458.20</b>	<b>34274.39</b>
	<hr/>	<hr/>

### SCHEDULE - 15

		(Rs. in '00,000)
	Current Year	Previous Year
<b>FINANCE CHARGES</b>		
Discount on issue of Bond/CP	—	1475.13
Other expenses for Bond & Public Deposits	157.29	315.08
	<hr/>	<hr/>
<b>TOTAL</b>	<b>157.29</b>	<b>1790.21</b>
	<hr/>	<hr/>

*SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD.)*

**SCHEDULE - 16**

	(Rs. in '00,000)	
	<b>Current Year</b>	<b>Previous Year</b>
<b>PROVISIONS</b>		
<i>Provision for</i>		
Doubtful Debts	216.31	1041.20
Doubtful Advances	149.12	226.68
Others	42.95	320.63
<b>TOTAL</b>	<b>408.38</b>	<b>1588.51</b>

**SCHEDULE - 17**

	(Rs. in '00,000)	
	<b>Current Year</b>	<b>Previous Year</b>
<b>PRIOR PERIOD ADJUSTMENT</b>		
<i>Debits</i>		
Employees' Remuneration & Benefits	13.34	8.06
Other Expenditure	33.65	- 9.88
Power & Fuel	0.68	—
Interest	2.77	—
Repairs	0.28	12.94
Social Overhead	2.12	—
Depreciation	105.78	- 24.32
	<b>158.62</b>	<b>- 13.20</b>
<i>Credits</i>		
Dividend received	—	24994.75
Consumption of Stores & Spareparts	9.19	- 3.83
Other Income	1.62	12.15
Contractual Expenses	65.07	- 15.10
	<b>75.88</b>	<b>24987.97</b>
<b>NET CREDIT (+) / DEBIT (-)</b>	<b>- 82.74</b>	<b>25001.17</b>

## SCHEDULE - N

### A. SIGNIFICANT ACCOUNTING POLICIES

#### 1. Accounting Convention

The financial statements are prepared under the historical cost basis, as per Accounting Standards and generally accepted accounting practices, except otherwise stated in the Accounting Policy and Notes on Accounts.

#### 2. Basis of Accounting

2.1 All expenses are booked initially in the natural heads of accounts and then transferred to functional heads.

2.2 Accrual basis of accounting has been followed except in the following cases :

- (a) Life Cover Scheme is accounted for on cash-cum-retirement basis.
- (b) Interest on advance to employees e.g. House Building, Purchase of Car etc., Sale of scrap are accounted for on realisation/cash basis.
- (c) Demurrage, liquidated damages are provided for on the basis of final settlement.
- (d) Insurance and escalation claims are accounted for on the basis of admission/final settlement.
- (e) Additional Liability for royalty, cess etc. — if any, are accounted for in the year in which final assessment orders are received.

2.3 Liability for gratuity is accounted for on actuarial valuation. Such liability as on 31.3.95 is being charged off equally in five years from the Financial Year 1995-96 in terms of approval of the Board dated 29.5.96. Further accruals for the year are provided for in the respective year.

2.4 Liability for Leave Encashment for Executives is accounted for on actuarial valuation.

#### 3. Subsidy/Grants

3.1 Subsidies/grants received on Capital Account are deducted from the cost of respective assets to which they relate.

3.2 Subsidy claims of stowing etc. for the Accounting Year which are yet to be received/confirmed from the appropriate authorities is based on the amount of subsidy received pro-rata to the claim preferred in the immediately preceeding period.

#### 4. Fixed Assets

4.1 LAND : Land includes cost of acquisition, compensation and rehabilitation expenses incurred for concerned displaced persons.

4.2 BUILDING : Building includes roads and culverts situated in colliery and townships as well as cost of electrical fittings water supply arrangements and sanitary fittings.

4.3 PLANT & MACHINERY : Plant & Machinery includes cost and expenses incurred for erection/installation and other attributable cost of bringing those assets to working condition for their intended use.

4.4 RAILWAY SIDING : Payments made to Railway authorities are shown under Capital Work-in-progress. As and when Railway Siding is completed and brought to working condition

for its intended use, the same is transferred to Railway Sidings under the head "Fixed Assets".

- 4.5 Expenses including attributable interest, net of income of the Projects/Mines under development are booked to development accounts.

Projects/mines under development are brought to revenue either :

- (a) From the beginning of the financial year immediately after the year in which the unit achieves physical coal output of 25% of rated capacity as per approved project report,

OR

- (b) From the same financial year in which the value of production is more than the total expenses. — whichever is earlier.

- 4.6 Installation expenses wherever incurred departmentally are not capitalised.

- 4.7 Terminal Benefits under Voluntary Retirement Scheme is charged off to Profit & Loss Account in four years.

## **5. Depreciation**

Depreciation is provided at the rates specified in Schedule XIV to the Companies Act, 1956 as amended on straight line basis except that :

- (a) Depreciation for lease- hold land is charged equitably on the basis of lease period or life of the project whichever is less.
- (b) Depreciation on land acquired under Coal Bearing Area Acquisition & Development Act, 1957 is charged on the basis of balance life of the project.
- (c) Prospecting, Boring and Development expenditure are amortised over a period of 20 years or the life of the project whichever is earlier.
- (d) Assets attracting 100% depreciation, are depreciated in full in the year in which the assets are commissioned/completed.
- (e) Assets acquired prior to 2.4.87 in NEC are charged at the rates prevailing upto 2.4.87.

## **6. Inventories**

- 6.1 Stock of stores & spareparts, are priced at weighted average cost method and charged off stores at issue price of Area Stores/estimated cost. Work-in-Progress and Workshop jobs are valued at cost.
- 6.2 Book stock of Coal, Coke etc. is adopted as closing stock, where, the variance between the book stock and measured stock is upto +/- 5%, and incase the variance is beyond +/- 5%, the measured stock is taken for the purpose of closing stock.
- 6.3 Stock of Coal is valued at lower of cost or Market Price. To cover possible deterioration in value due to fire and/or longer period of stocking etc. a provision of 10% is made.

6.4 Stock of medicines and stationery are not considered for the purpose of closing inventory.

## 7. Prior Period Adjustment/Extra Ordinary items

Income and expenditure pertaining to earlier years but not provided for in the books of accounts of related years are treated as per Accounting Standard - 5 issued by the Institute of Chartered Accountants of India, except where such income and expenses relate to development period.

## 8. Overburden Removal Expenses

In accordance with Company's policy, the overburden removal expenses in respect of O. C. project having capacity of less than one million tonne, are charged directly to revenue heads in the year in which operation commences and/or coal is exposed. The permissible tolerance of measured overburden with reference to the reported overburden, as per guidelines circulated vide letter no. CH:TS:26, dated 10.1.94 is indicated below :

Annual Quantum of OBR of the Project	Permissible limits of Variance (whichever is less)	
	%	Quantum Ml.Cu.m.
Less than 1 Ml.Cu.m.	(+/-) 5%	0.03
Between 1 & 5 Ml.Cu.m.	(+/-) 3%	0.02
More than 5 Ml.Cu.m.	(+/-) 2%	—

## 9. Apex Charges

Apex charges are levied to subsidiaries and units of Coal India Ltd. at a composite rate of Rs. 5/- per tonne of their respective production.

## 10. Revenue Recognition

Revenue from transaction involving the sale of goods is recognised on despatch.

## 11. Investment

Investments are valued at cost.

## 12. Interest

Interest on Govt. Loans, Intercompany Loans, Fund based facilities, Bonds, Public Deposits net of Interest received on Short Term Deposits for the year is allocated to the Subsidiaries on the basis of Closing Balance of loan from CIL as per Subsidiary Company's accounts.

## B. NOTES ON ACCOUNTS

### 1.0 Contingent Liabilities/Capital Commitments

1.1 The amount remaining to be executed on Capital Account including that on behalf of Subsidiaries not provided for is Rs. 3053.65 lacs (Rs. 5609.08 lacs).

- 1.2 Claims against the Company not acknowledged as debts are Rs. 448.98 lacs (Rs. 397.41 lacs).
- 1.3 As on 31.3.98 outstanding letters of credits amounted to Rs. 2981.07 lacs, (Rs. 898.71 lacs) outstanding Deferred payment guarantee issued by Banks amounted to Rs. 1167.45 lacs (Rs. 1895.39 lacs) and outstanding Guarantee/counter guarantee issued by the Govt. of India on behalf of the Company amounted to Rs. 75711.29 lacs (Rs. 81355.38 lacs).

## 2.0 Share Capital

- 2.1 With the approval of the Government, Long Term Loan from Government of India amounting to Rs. 90418.00 lacs has been converted to 10% Non-Cumulative Redeemable Preference Shares in the Year 1996-97, to be redeemed out of profits; in the year 2003-2004.

## 3.0 Fixed Assets

- 3.1 Title deeds for land acquired, in some cases, have not been executed in favour of the company.
- 3.2 Fixed Asset Register/Plant Card in respect of assets have been maintained.
- 3.3 Pending decision, expenses relating to Advance Action has been kept in the Development account and no provision has been made in the accounts.
- 3.4 Physical verification of Plant & Machinery worth Rs. 1.00 lac or more and certain other assets have been made in most of the cases and resultant discrepancies, if any, is adjusted wherever necessary.
- 3.5 **Dankuni Coal Complex** : Fixed assets including Power Plant valued at Rs. 6064.71 lacs and related Building and other assets valuing Rs. 3652.25 lacs have been let out to SECL. Depreciation on these assets including additions thereon of Rs.500.06 lacs on value of Plant and Rs. 271.95 lacs on value of Building and other Assets respectively have been charged to revenue. Maintenance, Insurance and other charges such as taxes are to be borne by tenant. Rent/hire charges payable by the tenant has been accounted for as "Income".
- 3.6 **Indian Institute of Coal Management** : Fixed Assets including Plant & Machinery valued Rs. 218.99 lacs and related building and other assets valuing Rs. 1625.37 lacs have been let out to IICM, a registered society under Societies Registration Act, 1861.

Depreciation on these assets including additions thereon of Rs. 266.30 lacs on value of Plant & Machinery and Rs. 303.69 lacs on value of Building and other assets respectively has been charged to revenue. Whereas maintenance and other charges are to be borne by the tenant, rent/hire charges payable by the tenant has been accounted for as "income".

## 4.0 Investment in Subsidiaries

- 4.1 A plan for restructuring of the capital base of the subsidiary companies has been implemented in 1997-98. The plan comprising of conversion of debt to equity in BCCL, ECL and MCL amounting to Rs. 996.00 crores, Rs. 1179.45 crores and Rs. 86.40 crores respectively. Further the Equity holding of the Company in NCL, SECL and WCL has been reduced to the extent of Rs. 1000.80 crores Rs. 761.30 crores 413.90 crores respectively. These amounts of Equity reduction has been simultaneously infused in the concerned companies as long term loan. The Equity holding of Coal India Ltd. in the subsidiary



companies has been altered as a result of implementation of the restructuring plan and the present holding vis-a-vis that of last year is placed at Schedule-G forming part of Balance Sheet.

- 4.2 Investment of the Company in Share Capital of Bharat Coking Coal Ltd. and Eastern Coalfields Ltd. as on 31.3.98 amounted to Rs. 2118.00 crores and Rs. 2218.45 crores after accounting for conversion of debt into equity of Rs. 996 crores for BCCL and Rs. 1179.45 crores for ECL carried out during the year pursuant to which both the companies referred earlier to BIFR due to networth being rendered negative are now out of BIFR as the networth has once again become positive and hence diminution in the value of investment in ECL and BCCL is not of permanent nature.

## 5.0 Inventories

### *Stores & Spares*

- 5.1 The closing stock of stores and spareparts has been considered in the Accounts as per balances appearing in priced stores ledger of the Regional Stores and as per physically verified stores lying at the collieries/units.
- 5.2 Pending determination of unserviceable or obsolete spares and ad-hoc provision for Rs. 90.62 lacs (Rs. 47.67 lacs) has been kept in the Accounts.
- 5.3 Stores and Spares also include loose tools value of which is not separately ascertained.

## 6.0 Sundry Debtors

- 6.1 An amount of Rs. 1514.73 lacs exists in the Accounts (Rs. 1298.42 lacs) towards Provision for Bad & Doubtful Debts and considered adequate.

## 7.0 Public Deposit & Bond

- 7.1 The balance of the Public Deposit Account as on 31st March, 1998 stood at Rs. 33.14 lacs (Rs. 474.59 lacs).
- 7.2 Company has redeemed 13% non cumulative secured Bonds amounting to Rs. 400 crores. As on 31.3.98 outstanding amounts of Bonds issued by the Company includes : 15.5% non-convertible secured Bonds amounting to Rs. 500 crores, 9% (Tax-free) non-convertible secured Bonds of Rs. 150 crores and 17% Non-Convertible (Taxable) secured Bonds of Rs. 434.03 crores all redeemable at par which are to be secured by equitable mortgage/hypothecation of fixed assets of Subsidiary coal companies.

## 8.0 Loans & Advances

- 8.1 The fund available with the Company against Cash, Bank Balances, Road Coupons etc. taken over by the Company from the Management period of non-coking coal mines i.e. on 1.5.1973 has been adjusted against the deposit made by the Company on behalf of the Govt. of India to Commissioner of Payments on account of surplus of the Management Period in respect of such non coking coal mines.
- 8.2 Claims receivable include Rs. 237.77 lacs due from of Railways for diversion/missing of wagons (Rs. 238.26 lacs) etc.

- 8.3 Pending linking with regard to Dues to Port Authorities certain credit balance and corresponding debit balance have been netted from gross amount.

## **9.0 Secured Loans**

- 9.1 **Cash Credit:** Pending registration of transfer of assets and liabilities of erstwhile CMAL and its divisions, now Coal India Ltd. the Bank Borrowings of Coal India Ltd. has been secured by creating charge against stock of Coal, stock of stores and spare parts and book debts of the subsidiary companies.

Out of total cash credit limit of Rs. 620 Crores (including Rs. 120 Crores temporary adhoc limit) sub-limit of Rs. 53.50 Crores have been extended to the subsidiaries against which Coal India Ltd. is contingently liable to the extent the facility has been actually utilised by subsidiaries as on 31.3.98.

## **10.0 Current Liabilities & Provisions**

- 10.1 The provisions made in the Accounts against slow moving/non-moving and obsolete stores, claims receivable, advance etc. are considered adequate to cover possible losses.
- 10.2 Interest paid/payable on the amounts collected from the employees towards the Pension Scheme and held by the Company has been charged in the accounts as per rates prescribed by CMPF Rules.
- 10.3 The balance of the current account with the Subsidiaries are being reconciled on a continuous basis and the same as on 31.3.98 has been taken as per books of Coal India Ltd.
- 10.4 CIL Board vide its 172nd meeting held on 18.02.98 approved the grant of one increment to executives of CIL from 1.7.95 for diversion towards Coal Mines Pension Scheme, and the same has been vetted by MOC, GOI in principle in August '98, to be considered as a part of new package under negotiation.

Liability on this account has not been considered to have accrued during the year.

## **11.0 Profit & Loss Account**

- 11.1 Interest amounting to Rs. 22333.06 lacs (Rs. 32696.17) attributable to ECL and BCCL has not been levied to them during the year.

Interest on loan fund attributable to CIL offices (excluding NEC) are allocated to Subsidiary Companies and NEC as per consistent practice.

- 11.2 Following approval of the Board, Interest accrued and due amounting to Rs. 313.27 lakhs carried in the accounts since 1991-92 have been considered as no longer required, hence written back.
- 11.3 As part of the restructuring of capital plan by the Govt. for Coal India in Feb. '1996, the outstanding non plan loan of Rs. 432.64 crores was allowed a moratorium for 3 years both in respect of repayment of the loan as well as the accrual of interest. Accordingly, the govt. loan of Rs. 2230.82 crores appearing in the Accounts comprises inter-alia, of

outstanding non-plan loan of Rs. 432.64 crores on which no interest has accrued during the year.

- 11.4 Dividend/Interim Dividend recommended/declared by the Subsidiaries (SECL, NCL, MCL and WCL) relating to the year 1997-98 has been taken as income during the year.

## 12.0 Effect due to change in Accounting Policy and Basis of Accounts

Particulars	Previous Policy/Practice	Present Policy/Practice	Effects
(a) Apex Charge	(i) 1% of Value of supply order/contract (ii) 0.50 P per tonne of production (iii) Re.1/- per tonne of despatch	Composite levy of Rs. 5/- per tonne of coal produced annually by the respective subsidiary Coal Companies.	Profit increased by Rs. 7931.71 lacs.
(b) Interest	Allocation on the basis of opening balance of loan from CIL appearing in the books of accounts of subsidiary companies and units.	Allocation on the basis of closing balance of loan from CIL appearing in the books of accounts of subsidiary companies and units.	Profit increased by Rs. 16706.37 lacs.

## 13.0 Others

- 13.1 Current assets, loans and advances have realisable value in the course of business at least equal to the amount at which they are stated.
- 13.2 Pending confirmation of balance from the parties, Sundry Debtors, Creditors, Loans & Advances and Deposits have been taken in the Accounts as per book value.
- 13.3 As per extant practice, goods purchased by CIL on behalf of Subsidiaries are accounted for in the books of the Subsidiary Companies.
- 13.4 Previous years' figures have been regrouped and rearranged wherever necessary.
- 13.5 As there is no taxable income during the year provision for tax has not been made.
- 13.6 In Notes on Accounts figure in the parentheses relates to previous year.
- 14.0 The Accounts together with Notes thereon approved by the Board of Directors of the Company in the meeting held on 17th August, 1998 and reported upon by the Statutory Auditors on the date have been revised to comply with the observations of the Comptroller & Auditor General of India. The revision has affected the Accounts and Notes on Accounts for the year as follows :

**Rs. in Lakhs**

### (A) Profit & Loss Account :

The profit of the Company has decreased due to acceptance of the observations of Comptroller and Auditor General of India by :

53.74

## (B) Balance Sheet

- (i) Reserve & Surplus :
  - Profit & Loss Account decreased by : 53.74
- (ii) Fixed Assets (W.D.V.) increased by : 251.65
- (iii) Net value of Inventory decreased by : 39.37
- (iv) Current Liabilities & Provisions increased by 266.02
- (v) Insertion of Note No. 10.4 in the Notes on Accounts (Part-B, Schedule-N of the revised Accounts)
- (vi) Revision of Note no. 1.2, and 5.2 in the Notes on Accounts (Part-B, Schedule -N of the revised Accounts).
- (vii) Revision of Balance Sheet Abstract and General Business Profile (Annexure to Schedule-N) to give effect to the above changes.

Schedule A to M form part of the Balance Sheet as at 31st March, 1998 and 1 to 17 form part of Profit & Loss Account for the year ended on that date and Schedule - N represents Accounting Policies and explanatory notes on the Accounts. Additional information required as per Schedule - VI (Part-II & III) of the Companies Act, 1956 are given in the Annexure to Schedule-N.

Signature to Schedule A to N and 1 to 17.

Sd/-  
Dr. H. Sarkar  
Company Secretary

Sd/-  
S. Lahiri  
General Manager(F)

Sd/-  
A. Chatterjee  
Director (F)

Sd/-  
P. K. Sengupta  
Chairman

Calcutta  
Dated : The 14th September, 1998

In terms of our separate report of even date :  
**For M. C. Bhandari & Co.**  
Chartered Accountants

Sd/-  
(M. R. Jain)  
(Partner)

**SCHEDULE TO BALANCE SHEET (CONTD.)**

**ANNEXURE TO SCHEDULE - N**

		(Rs. in '00,000)
	Current Year	Previous Year
I. <i>Directors' Remuneration :</i>		
(i) Salaries	15.90	4.58
(ii) Company's Contribution to Provident Fund & Other Funds	1.70	0.44
(iii) Medical Benefits	0.40	0.19
(iv) Perquisites	0.18	0.38

**Notes :**

- Perquisites do not include charges for electrical energy which has been recovered as per Rules of the Company.
- Besides above, Directors have been allowed to use of cars for private journey upto a ceiling of 1000/750 KMs on payment of Rs.400/Rs.250 per month as per service conditions.
- The above amounts include arrear remuneration paid during the year to the present Directors as well as to the Directors who have retired earlier.

II. *The information required in paragraph 3 & 4 of Part (II) of Schedule - VI of Companies Act, 1956, 3 (b) value of imports on CIF basis :*

		(Rs. in '00,000)
	Current Year	Previous Year
(i) Raw Material	Nil	Nil
(ii) Capital Goods	Nil	Nil
(iii) Stores, Spares & Components	Nil	15.85

III. *Expenditure incurred in Foreign Currency on account of :*

		(Rs. in '00,000)
	Current Year	Previous Year
(i) Know how	Nil	Nil
(ii) Interest	Nil	Nil
(iii) Exchange variation	0.86	0.44
(iv) Commission to Foreign Agents	Nil	Nil
(v) Training expenses and payments to Foreign Technicians	8.68	36.00
(vi) Travelling	28.54	17.12
(vii) Medical Treatment	Nil	Nil
(viii) Membership Fees	Nil	12.07
(ix) Advertisement	Nil	3.36

# ANNEXURE TO SCHEDULE - N (Contd..)

## IV. Earning in Foreign Exchange on account of :

(Rs. in '00,000)

	Current year	Previous Year
(i) Export of Goods (calculated on FOB basis)	Nil	Nil
(ii) Exchange variation	Nil	Nil
(iii) Miscellaneous	Nil	Nil

## V. Total consumption of Stores during the year :

(Rs. in '00,000)

	Current year	Previous Year
(i) Imported materials	Nil	15.85 (2%)
(ii) Indigenous	950.07 (100%)	934.90 (98%)

Additional information required in paragraph 3 & 4 of Part II of Schedule VI to the Companies Act, 1956 for the year ended 31st March, 1998.

(i) Installed Capacity	Not Applicable	Not Applicable
(ii) Licenced Capacity	Not Applicable	Not Applicable

## VI. Statement of Opening Stock, Production, Purchases, Turnover and Closing Stock of Coal, Coke and Other Product and by - product including its trading activities :

(Rs. in '00,000)  
(Quantity in '000 M.T.)

	Current year		Previous Year	
	Qty.	Value	Qty.	Value
<b>Opening Stock</b>				
Coal & Coke	847.00	4086.00	957.90	4434.67
Adjustment	—	—	0.30	—
<b>Production</b>				
Coal & Coke	687.47	—	752.10	—
<b>Purchase :</b>				
Coal & Coke	3.60	22.08	31.40	261.07
<b>Sales : (Adjusted &amp; excluding Levies)</b>				
Coal & Coke	571.70	6452.31	873.00	9681.86
<b>Own Consumption</b>				
Free issue and Boiler Consumption	20.40	175.81	21.70	186.83
<b>Closing Stock</b>				
Coal & Coke	946.10	5266.44	847.00	4086.00

ANNEXURE TO SCHEDULE - N (Contd..)

**BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE**

**I. REGISTRATION DETAILS :**

Registration No. 

2	8	8	4	4
---	---	---	---	---

State Code 

2	1
---	---

Balance Sheet Date 

3	1
---	---

0	3
---	---

9	8
---	---

Date Month Year

**II. CAPITAL RAISED DURING THE YEAR**

(Amount in Rs. '000)

Public Issue

-	-	-	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---	---	---

Rights Issue

-	-	-	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---	---	---

Bonus Issue

-	-	-	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---	---	---

Private Placement

-	-	-	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---	---	---

**III. POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS**

(Amount in Rs. '000)

Total Liabilities

1	2	3	1	0	4	2	6	2
---	---	---	---	---	---	---	---	---

Total Assets

1	2	3	1	0	4	2	6	2
---	---	---	---	---	---	---	---	---

**Sources of Funds**

Paid-up Capital

	7	2	2	0	5	4	4	4
--	---	---	---	---	---	---	---	---

Reserves & Surplus

		4	4	4	0	4	4	5
--	--	---	---	---	---	---	---	---

Secured Loans

	1	7	3	1	9	6	2	9
--	---	---	---	---	---	---	---	---

Unsecured Loans

	2	2	6	9	1	5	9	5
--	---	---	---	---	---	---	---	---

**Application of Funds**

Net Fixed Assets

		2	3	6	6	2	4	0
--	--	---	---	---	---	---	---	---

Investments

	6	3	1	6	3	8	0	0
--	---	---	---	---	---	---	---	---

Net Current Assets

	5	1	0	9	8	0	2	0
--	---	---	---	---	---	---	---	---

Misc. Expenditure

				2	9	0	5	3
--	--	--	--	---	---	---	---	---

Accumulated Losses

-	-	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---	---

## BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE (Contd..)

### IV. PERFORMANCE OF COMPANY (Amount in Rs. '000)

Turnover (Net)

			6	4	5	2	3	1
--	--	--	---	---	---	---	---	---

Total Expenditure

		3	8	7	2	2	5	0
--	--	---	---	---	---	---	---	---

Other Income

8	6	3	5	2	5	4
---	---	---	---	---	---	---

+   -   Profit/Loss Before Tax

+				5	4	0	8	2	3	5
---	--	--	--	---	---	---	---	---	---	---

+   -   Profit/Loss After Tax

+				5	4	0	8	2	3	5
---	--	--	--	---	---	---	---	---	---	---

Earning per share (Rs.) including preference Shares

-	-	-	-	7	4	.	9	0
---	---	---	---	---	---	---	---	---

Dividend %

1	0
---	---

on 10% Non Cumulative Redeemable Preference Shares.

On Equity Shares @ Rs. 3/- per share.

### V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

Item Code No. (ITC Code)    

2	7	0	1	1	2	.	0	0
---	---	---	---	---	---	---	---	---

Product Description    

<b>BITUMINOUS COAL</b>
------------------------

Item Code No. (ITC Code)    

2	7	0	1	2	0	.	0	9
---	---	---	---	---	---	---	---	---

Product Description    

<b>COAL OTHERS (Briquettes)</b>
---------------------------------

Item Code No. (ITC Code)    

2	7	0	4	0	0	.	0	4
---	---	---	---	---	---	---	---	---

Product Description    

<b>SOFT COKES OF COAL</b>
---------------------------



**STATEMENT PURSUANT TO SECTION 212 (1) (E) OF  
THE COMPANIES ACT, 1956 AS AT 31ST MARCH, 1998**

Subsidiary (Fully owned)	No. of Equity Shares held by Coal India Limited	No. of Equity shares held by CIL in nominees' Name	Total paid-up value Rs. in Crores	Profit (+) Loss (-) for the year ended 31.3.1998 Rs. in Crores	Profit (+) Loss (-) balance as on 31.3.98 cumulative (after Tax Provisions, Provision for Dividends and Reserves) Rs. in Crores
Eastern Coalfields Limited	2,21,84,500	3	2218.45	(-) 541.89	(-) 1728.61
Bharat Coking Coal Limited	2,11,80,000	3	2118.00	(-) 140.91	(-) 1654.48
Central Coalfields Limited	94,00,000	3	940.00	(-) 85.67	(+) 53.73
Western Coalfields Limited	29,71,000	3	297.10	(+) 628.29	(+) 371.72
Northern Coalfields Limited	17,76,728	3	177.67	(+) 759.34	(+) 908.59
South Eastern Coalfields Limited	35,97,000	3	359.70	(+) 693.20	(+) 470.34
Mahanadi Coalfields Limited	18,64,009	3	186.40	(+) 654.11	(+) 439.79
Central Mine Planning & Design Institute Limited	1,90,400	3	19.04	(+) 3.30	(+) 22.66
CIL				(+) 540.82	(+) 1.66
<b>TOTAL</b>				<b>(+) 2510.59</b>	<b>(-) 1114.62</b>

Less income from dividend received from subsidiaries included in the  
Profit of CIL  
Profit (before tax)

= (-) 706.60  
= (+) 1803.99

**COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA  
UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956  
ON THE ACCOUNTS OF COAL INDIA LIMITED  
FOR THE YEAR ENDED 31ST MARCH, 1998**

In view of the revisions made in the accounts as a result of the observations made by the comptroller & Auditor General of India as indicated in Para No. 9 of the Auditors' Report to the Shareholders and Item No. 14 of the Notes forming part of Accounts, there are no further comments to offer upon or Supplement to Auditors' Report under Section 619 (4) of the Companies Act, 1956 on the accounts of Coal India Limited for the year ended 31st March, 1998.

Dated : Calcutta  
the 21st September, 98

Sd/-  
**(A. Ganguly)**  
*Pr. Director of Commercial Audit &  
Ex-officio Member Audit Board-II  
Calcutta*

## REVIEW OF ACCOUNTS OF COAL INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH 1998 BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA

Note : Review of accounts has been prepared without taking into account comments under section 619 (4) of Companies Act 1956 and qualifications contained in the Statutory Auditors' Report.

### 1. FINANCIAL POSITION

The table below summarises the financial position of the company under broad headings for the last three years:

		(Rs. in crores)		
		1995-96	1996-97	1997-98
<b>LIABILITIES</b>				
(a)	Paid up Capital			
(i)	Government	6316.36	7220.54	7220.54
(ii)	others	—	—	—
(b)	Reserves & Surplus			
(i)	Free Reserves & Surplus	11.35	23.52	56.14
(ii)	Share Premium Account	—	—	—
(iii)	Committed Reserve	—	—	387.90
(c)	Borrowings			
(i)	From Govt. of India	3737.83	2534.72	2230.82
(ii)	From Financial Institutions	—	—	100.00
(iii)	Foreign Currency Loans	—	—	—
(iv)	Cash Credit	404.24	457.74	532.93
(v)	Others (Including short term loan)	1,160.92	1613.78	1099.36
(vi)	Interest Accrued and Due	62.95	56.40	38.01
(d)	(i) Current Liabilities & Provisions	424.33	609.30	639.84
	(ii) Provisions for Gratuity	7.43	7.80	7.78
<b>TOTAL</b>		<b>12125.41</b>	<b>12523.80</b>	<b>12313.32</b>
<b>ASSETS</b>				
(e)	Gross Block	307.09	320.21	329.20
(f)	Less : Cumulative depreciation	- 103.55	- 117.38	- 132.13
(g)	Net Block	203.54	202.82	197.07
(h)	Capital Work-in-progress	16.63	18.61	39.55
(i)	Investments	6230.53	6230.53	6316.38
(j)	Current Assets, Loans & Advances	5389.18	6066.74	5757.42
(k)	Misc-expenditure not written off	12.06	5.10	2.90
(l)	Accumulated Losses	273.47	—	—
<b>TOTAL</b>		<b>12125.41</b>	<b>12523.80</b>	<b>12313.32</b>
(m)	Working Capital [j- d (i) - c(vi)]	4901.90	5401.04	5079.57
(n)	Capital Employed [ g+m ]	5105.44	5603.86	5276.64
(o)	Net Worth [ a+b (i) - b (ii) - k-l ]	6042.18	7238.96	7273.78
(p)	Net Worth per Rupee of paid up Capital (in Rs.)	0.96	1.00	1.01

**2.A. WORKING RESULTS**

The working results of the company for the last three years ending 31st march 1998 :

		(Rs. in crores)		
		1995-96	1996-97	1997-98
(a)	Sales	91.02	96.82	64.52
(b)	Profit/Loss after Prior period adjustments (but before Tax)	-27.20	442.06	540.82
(c)	Provision for tax	—	50.00	—
(d)	Profit/Loss after Tax	-27.20	392.06	540.82

**2.B. RATIO ANALYSIS**

Some important financial ratios on the financial health and working of the Company at the end of last 3 years are as under :

		(In Percentages)		
		1995-96	1996-97	1997-98
A.	Liquidity Ratio			
	Current Ratio [ j / { d (i) + C (vi) } ]	1105.97	911.33	849.36
B.	Debt Equity Ratio			
	Long term debt to Equity	76.77	55.72	45.91
	[ c (i) to c(v) excluding short term loan / a ]			
C.	Profitability Ratios			
a.	Profit before tax to			
	(i) Capital employed	-0.53	7.89	10.25
	(ii) Net worth	-0.45	6.11	7.43
	(iii) Sales	-29.88	456.58	838.22
b.	Profit after tax to Equity	-0.43	6.21	8.56
c.	Earning per share (in Rupees)	-4.31	62.07	85.62

**3. SOURCES AND UTILISATION OF FUNDS**

Fund amounting to Rs. 879.23 crores from internal and external sources were generated and utilised during the year given below:

		(Rs. in crores)
<b>SOURCES OF FUNDS :</b>		
(a)	Decrease in Working Capital	321.47
(b)	Fund applied for operations -	
	Depreciation	14.75
	Decrease in misc. expenses (to the extent not written off)	2.19
		16.94
(e)	Profit for the year	540.82
		879.23

**APPLICATION OF FUNDS :**

(a)	Additions to Fixed Assets ( Net of CWIP)	29.94
(b)	Decrease in Borrowings	643.13
(c)	Increase in investment	85.85
(d)	Dividend Proposed	109.37
(e)	Provision for Income Tax	10.94
		879.23

#### 4. INVENTORY LEVELS

The inventory levels at the close of the last three years ending 31st March, 1998 were as under :

		(Rs. in crores)		
		1995-96	1996-97	1997-98
(a)	Stock of Coal, Coke and by products less provisions	44.35	40.86	52.66
Stock of Coal, Coke represents 5.84 month's sales in 1995-96, 5.06 month's sales in 1996-97 and 9.79 month's sales in 1997-98.				

#### 5. SUNDRY DEBTORS

The percentage of Sundry Debtors to Sales in the last three years is given below :-

		(Rs. in crores)		
		1995-96	1996-97	1997-98
(i)	Sales	91.02	96.82	64.52
(ii)	Total Sundry Debtors	25.65	23.26	25.75
(iii)	Provision for doubtful debts	2.57	12.98	15.15
(iv)	Percentage of Sundry Debtors to Sales	28.18	24.02	39.91

Sd/-

(Arijit Ganguly)

Pr. Director of Commercial Audit &  
Ex-officio Member Audit Board-II  
Calcutta

Dated : Calcutta  
The 21st September, 1998

## AUDITORS' REPORT

## MANAGEMENT'S REPLY

To

**The Members of Coal India Ltd.**

We have audited the attached Balance Sheet of Coal India Limited as at 31st march, 1998 and the annexed Profit and Loss Account for the year ended on that date which are in agreement with the books of account.

As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988, and on the basis of such examination of the books and records of the Company as we considered appropriate and the information and explanations given to us during the course of our audit we report that in our opinion :

- |  |   |
|--|---|
| 1. The Company is maintaining records showing full particulars including quantitative details and situation of fixed assets. However, in certain cases the said records do not depict comprehensive information as a result of which physical verification of these assets become difficult, though the company is having a system of physical verification of fixed assets within a reasonable period. Wherever physical verification have been carried, the working papers as an evidence of such verification lacks details and no material discrepancy between book records and physical inventory have been reported. A complete reconciliation of fixed assets in certain units are necessary. | The Fixed Asset Registers are maintained with all relevant details and physical verification of Assets are carried out at reasonable intervals. |
| 2. None of the fixed assets have been revalued during the year.  | This being statement of fact, calls for no comment.   |
| 3. Physical verification of stock of Coal, Coke have been carried out by the Management except at stockyard of Regional Sales Offices.   | This being statement of fact, calls for no comment.   |
| 4. In our opinion and according to the informations and explanations given to us the procedure of physical verification  | This being statement of fact, calls for no comment.   |

## AUDITORS' REPORT

## MANAGEMENT'S REPLY

of stock followed by the Management are generally reasonable and adequate in relation to the size of the Company and the nature of its business.

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|----|---|--|
| 5. | On physical verification of stock no material discrepancies between the physical stock and book records were noticed. However, discrepancies yet to be reconciled at NEC need to be completed early.  | Noted.   |
| 6. | On the basis of information and explanation given to us, valuation of stock is fair and in accordance with the normally accepted accounting principles except in NEC where provision against the value of a particular grade of coal has been made @ 50% value of lowest stock held on a particular day during the year. As lifting of such stock is very slow, we are unable to comment on adequacy of the provision made, and the realisibility of the value at which the stock is being carried. | The provision made against NEC coal is considered adequate. The coal is fetching its regular price during its off-take after the Balance Sheet date. |
| 7. | The Company has not taken any loan from Companies, Firms or other parties listed in the register maintained u/s 301 of the Companies Act or from Companies under the same management u/s 370 (1b) of the Companies Act, 1956.   | This being statement of fact, calls for no comment.  |
| 8. | The Company has not granted any loans, secured or un-secured to companies, firms or other parties listed in the register maintained u/s 301 of the Companies Act, 1956. However, the Company has routed funds through Current Account to other Subsidiaries, the terms and conditions of which are not prima facie prejudicial to the interest of the Company.  | This being statement of fact, calls for no comment.  |
| 9. | In respect of Loans or Advances in the nature of loans, where repayments have been stipulated or restipulated the   | The claim has been accepted by and registered with I.D.B.I. the nodal agency appointed for revival of I.D.P.L.                                       |

## AUDITORS' REPORT

## MANAGEMENT'S REPLY

parties are repaying the principal and interest amounts as stipulated or as restipulated except the following :

Loan to IDPL amounting to Rs.  
150.00 lakhs and interest thereon  
Rs. 47.29 lacs.

Loans and/or advances in the nature of loan given by the Company to employees are generally recovered with interest wherever applicable as stipulated excepting in few cases.

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|---|---|
| 10. In our opinion, though there are adequate internal control procedure commensurate with the size of the Company and nature of its business relating to purchase of stores and spares including components, plant & machinery, equipment and the sale of goods, this needs to be strengthened in respect of NEC for :   | Noted.  |
| <div style="margin-left: 40px;">(i) Expeditious accounting of stores received at various points.</div> <div style="margin-left: 40px;">(ii) Corelating the advances with the corresponding liabilities.</div> <div style="margin-left: 40px;">(iii) Capitalisation of expenses under Fixed Assets.</div>  |   |
| 11. There were no transactions for the purchase of goods and materials and sale of goods, materials and services in persuance of contract or arrangement recorded in the register maintained u/s 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more. However the Company is purchasing coal from its subsidiaries at the selling price fixed by the Management. | This being statement of fact, calls for no comment. |
| 12. The Company does not have any Raw Material and Finished Goods as such. However, determination of unserviceable or damaged stores and spares are still   | This being statement of fact, calls for no comment. |



## AUDITORS' REPORT

## MANAGEMENT'S REPLY

pending against which an ad-hoc provision is being maintained, adequacy of which cannot be commented upon.

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|---|---|
| 13. In our opinion and according to the information and explanations given to us the Company has complied with the provisions of sec. 58A of the Companies Act, 1956 and their applicable rules framed thereunder with regard to the deposits accepted from the public. | This being statement of fact, calls for no comment.   |
| 14. Reasonable records have been maintained by the Company for the sale and disposal of realisable scraps.  | This being statement of fact, calls for no comment.   |
| 15. The Company has an internal audit system commensurate with its size and nature of its business but requires to be strengthened to have adequate coverage over its units, like RSO (s) and New Delhi Office.   | Unit like RSO(s) etc. being very small, internal audit is done departmentally once in every 2/3 years. However, frequency of such coverage is being reviewed. |
| 16. The maintenance of cost records has not been prescribed by the Central Government u/s 209 (1) (d) of the Companies Act, 1956.   | This being statement of fact, calls for no comment.   |
| 17. According to the records of the Company Provident Fund dues have been regularly deposited during the year with the appropriate authorities. The Employees State Insurance Act is not applicable to the Company.   | This being statement of fact, calls for no comment.   |
| 18. There is no undisputed amount outstanding as at 31st March, 98 for a period of more than 6 months from the date they become payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty.   | This being statement of fact, calls for no comment.   |
| 19. According to the informations and explanations given to us no personal expense has been charged to revenue other than those payable under contractual obligation and/or in accordance with the generally accepted business practice.                                | This being statement of fact, calls for no comment.   |

## AUDITORS' REPORT

## MANAGEMENT'S REPLY

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|--|---|
| 20. The Company is not a Sick Industrial Undertaking within the meaning of Section 3(1) (O) of Sick Industrial Companies (Special Provisions) Act, 1985. | This being statement of fact, calls for no comment. |
| 21. In respect of the Companies trading activities, as explained to us, by the management, there are no damaged goods except to the extent provided for. | This being statement of fact, calls for no comment. |

We further report that :

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|---|---|
| 1. Rs. 156.49 lakhs has been capitalised during the year (cumulative upto 1997-98 Rs. 1027.96 lakhs) under Capital Work-in Progress, against Simsong Project (Sanctioned in 1987 at a estimated cost of Rs. 870 lakhs) feasibility of which is yet to be established. In absence of complete details expenses incurred could not be verified and correlated against individual item as per Project report.  | All relevant papers/documents etc. for Simsung Project are available for verification at Project Office.  |
| 2. As per practice certain expenditure at certain mines at NEC are capitalised under Mines Development and Prospecting & Boring, irrespective of substantial increase in production or proved reserve of the mines justifying such capitalisation. Such expenditure amounting to Rs. 147.50 lakhs incurred during the year should have been charged to revenue and the expenditure incurred in the earlier years need to be reviewed on the basis of aforesaid principal. | The said expenditure capitalised under Mines Development and Prospecting & Boring are all relating to increased capacity/reserve, although the actual production in certain cases has not increased due to various other constraints. |
| 3. In some cases, the accounting practice followed by the Company for capitalisation of Fixed Assets viz. capitalisation of replacements without removing the original ones, expenses on modifications, additional expenses as separate item of asset etc. should be reviewed and expenditure of such type should be charged to revenue.  | During the year necessary accounting has been made for capitalisation of replacements, expenses on modification etc. Further adjustments, if any, is required will be carried out while updating the Fixed Assets Register.           |

## AUDITORS' REPORT

4. Reference is invited to Note no. 4.2, Schedule-N.

As the Fixed and Current Assets in ECL and BCCL remained disproportionate to capital, the Company should have made suitable provision against diminution in value of Investment in terms of AS-13.

5. Gratuity of Rs. 278.67 lakhs (as appearing in the schedule of Misc. Expenditure to the extent not yet written off) is the balance against the provision made upto 31.3.1995 as per actuarial valuation which is being amortised in five year (refer Accounting Policy No. A - 2.3 of Schedule-N) in contravention of AS-15.

- 6.(a) A reference is invited to the Note No. 12 of Schedule -N. Because of change in the Accounting Policy there has been an additional income of Rs. 16706.37 lakhs.

- (b) Reference is invited to Note No. 11.1 of Schedule-N.

In our opinion attributable interest for assets in DCC and IICM etc. should have been absorbed by CIL, amount of which could not be ascertained.

Apart from above interest attributable to BCCL and ECL (refer same note no.) aggregating to Rs. 22333.06 lakhs should have been allocated to these Companies.

7. Refer Note No. 11.4 of Schedule-N.

Income from dividend amounting to Rs. 70660.01 lakhs have been accounted for in the accounts of CIL on the basis of Interim/proposed dividend declared by the Subsidiaries which is subject to approval by AGM of the respective Companies.

8. According to Note No. 13.3 Schedule-N, as per past practice goods purchased by CIL on behalf of Subsidiaries are accounted for in the books of Subsidiary

## MANAGEMENT'S REPLY

In view of the various turn around schemes being implemented for ECL & BCCL, the diminution in value of investments in shares of the above two Companies by CIL are not considered to be permanent in nature and has not been provided for, which is in line with provisions of AS-13.

This matter has adequately been disclosed in the Accounting Policy no. 2.3 at Part-A of Schedule-N forming part of Accounts.

This being statement of fact, calls for no comment.

The same has been done as per constance practice and has been disclosed by note no. 11.1 of Schedule-N.

This being statement of fact, calls for no comment.

This being statement of fact, calls for no comment.

## AUDITORS' REPORT

## MANAGEMENT'S REPLY

Companies. Legal opinion may be taken regarding validity of this practice.

Subject to our comments as referred above, we report that :

- (i) We have obtained all the informations and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (ii) In our opinion, proper books of accounts, as required by law, have been kept by the Company as appears from our examination of the books.
  - (iii) In our opinion, and to the best of our informations and according to the explanations given to us, the said accounts, read with Accounting Policies and other Notes, give information required by the Companies Act, 1956 in the manner so required, and give true and fair view :
    - (a) in the case of Balance Sheet of the state of the Company's affairs as at 31st March, 1998 and
    - (b) in the case of Profit & Loss Account of the Profit of the Company for the year ended on that date.
9. The Balance Sheet as at 31st March, 1998 and Profit & Loss Account for the year ended on that date together with the Notes thereon which were approved by the Board of Directors of the Company on 17th August, 1998 and reported upon by us on that date have been revised. The revision has affected the Accounts of the Company as per Note no. 14 of Schedule-N (Part-B).

For M. C. Bhandari & Co.  
Chartered Accountants  
Sd/-

Calcutta, (M. R. Jain)  
Dated : The 14th Sept., 1998 Partner