

COAL INDIA LIMITED



AR 1998

COAL



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CIL Pavilion

Swadeshi Mela was held at Pragati Maidan, New Delhi during January, 1999 with the participation of leading private & public sector companies to project progress achieved in economic and manufacturing activities.

Coal India pavilion presented the strength and characteristics of Indian coal to generate attention of visitors to the need of using Indian coal both from the point of view of environment and suitability to Indian industries. Alongside marketing, Coal India pavilion also presented highlights of CIL policy on matters of environment care and rehabilitation & resettlement.

Swadeshi Mela was inaugurated by Hon'ble Prime Minister, Sri Atal Behari Vajpayee and was visited by hundreds of people and dignitaries.

Board of Directors



Shri P. K. Sengupta



Shri C. D. Arha



Shri Vivek Mehrotra



Shri Swarup K. Gupta



Shri C. H. Khisty



Shri A. Chatterjee



Shri N. K. Sharma



Shri G. K. Jha



Shri S. N. Sharma

Members of the Board

(As on 30th September, 1999)

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 C. D. Arha	— 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 G. K. Jha	— Chairman-cum-Managing Director South Eastern Coalfields Limited, Bilaspur
Shri S. N. Sharma	— Chairman-cum-Managing Director Mahanadi Coalfields Limited, Sambalpur

COMPANY SECRETARY

Dr. H. Sarkar

Management During 1998-99

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 to 29.4.98)

Shri A. Chatterjee — Finance
(From 27.1.97)

Shri N. K. sharma — Technical
(From 10.7.98)

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 D. P. Sinha — Member (G&O), Central Electricity Authority
New Delhi
(From 22.4.98 to 23.9.98)

Shri K. C. Vijn — Chairman-cum-Managing Director
Western Coalfields Limited
(From 28.4.98)

Shri S. K. Varma — Chairman-cum-Managing Director
Central Mine Planning & Design Institute Ltd.
(From 28.4.98)

COMPANY SECRETARY

Dr. H. Sarkar — From 30.9.97



Bankers & Auditors

BANKERS

United Bank of India
State Bank of India
Punjab National Bank
Canara Bank
Bank of Baroda
ANZ Grindlays Bank
Dena Bank
ICICI Banking Corporation Ltd.
Bank of Rajasthan
HDFC Bank
Allahabad Bank
Centurian Bank Limited
State Bank of Travancore
Vysya Bank Limited
American Express Bank
Banque National De-Paris
Deutsche Bank
ABN Amro Bank
Bank of America

STATUTORY AUDITORS

M/s M. C. Bhandari & Co.

Chartered Accountants
4, Synagogue Street (2nd floor)
Calcutta - 700 001

Notice

No. CIL : XI(D) : 04043 : 1208 : 99

Dated : 27th September, 1999

Notice of the 25th Annual General Meeting of Coal India Limited

Notice is hereby given to all Shareholders of Coal India Limited that the Twenty-fifth Annual General meeting of the company will be held on Thursday, the 30th September, 1999 at 5.00 PM, at the Registered Office of the company at Coal Bhawan, 10, Netaji Subhas Road, Calcutta to transact the following business :

Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 1999 and Profit and Loss Account for the year ended 31st March, 1999 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 C. D. Arha 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 G. K. Jha 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. N. Sharma who retires in terms of Article 33(d)(iii) of the Articles of Association of the Company and is eligible for reappointment.

By order of the Board

Sd/-

(Dr. H. Sarkar)

Company Secretary

Calcutta

Dated : the 27th September, 1999

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 Shareholders 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.

Chairman's Statement

Friends,

I have great pleasure in welcoming you to the 25th Annual General Meeting of Coal India Ltd. The report of the Directors and the audited accounts for the year ended 31st March '99, together with the report of the Statutory Auditors and the report and review of the Comptroller & Auditor General of India, are already with you.

The pre-tax profit for the year was 1451.79 crores as against Rs. 1803.99 crores in the previous year. The profit after tax was Rs. 508.94 crores against Rs. 812.30 crores in the previous year. Your Directors have recommended payment of Rs. 115.68 crores to the Government towards dividend on equity and preference shares of CIL held by the Government.

The composition of fixed cost in the overall cost of coal mining being quite high, the cost of production and working results are highly sensitive to the volume of coal produced and sold. Faced with a demand constraint the Company experienced reversal of the uptrend in production and supply of coal maintained in the earlier years. The supply of coal to power sector accounts for nearly 72% of the total despatches from CIL and, hence, the ability of the Company to maintain a steady growth largely depends on the demand generated from the power sector. Coal based generation registered a growth of 3.6%. Because of specific consumption of coal per unit of power generated getting reduced by 1.5%, the coal consumption by the power sector registered only a moderate increase of 2.1% which, in terms of tonnage, was around 4 million tonnes. Since this entire increase in consumption was met by the power houses by reducing the stock from a level of 17 MT as on 1.4.98 to nearly 13 MT as



at the end of the year 1998-99, there was no increase in the requirement of coal from the power sector. In fact, the requirement and supply was nearly 7 MT less as compared to the previous year because power houses had raised their coal stock by 6.7MT in the year 1997-98 over the level they had on 1.4.97. The demand of coal from cement sector on CIL was also lower compared to the previous year because of higher level of import and somewhat sluggish growth in the cement sector. The net result was, the Company could achieve coal off-take of 252.2 MT as against 260.5 MT in the previous year. The lower level of off-take had its impact on the volume of production as well as the working results for the year.

Notwithstanding the sluggishness in the demand of coal experienced in 1998-99, the Company is going ahead with its plan to increase coal production at a moderate pace till 2002-03 followed by an accelerated rate from 2003-04 when a surge in requirement of coal from power sector is expected based on the long-term linkages from CIL sources given to the IPPs and the new power houses in the State/Central Sector. Besides taking up a number of major projects, including

expansion projects, schemes/projects for Advance Action involving acquisition of land and creation of basic infrastructure have been taken up. However, success of these schemes and projects largely depends on the speed with which the process of land acquisition, including resettlement and forest clearance can be completed. In an effort to firm up the demand of coal from the new power houses, negotiations for a number of Coal Supply Agreements have been concluded and discussions on a number of other agreements are in process. A fairly large number of Coal Supply Agreements have been concluded for supply of coal to the existing power houses, the major ones being those with NTPC.

Recovery of coal sale dues from SEBs and power utilities continues to be an area of concern for the company. However, the issue of determination of the quality of coal supplied to the SEBs having been sorted out after a series of discussions with the Council of Power Utilities (CPU), the coal sale dues disputed on the ground of quality variation should be a matter of the past. The terms of payment of coal sale bills have also been settled with CPU and as of now the response from SEBs with regard to payment of current coal bills is by and large satisfactory. But till such time there is a sustained improvement in the financial position of the SEBs and they are able to arrange adequate funds on a regular basis for paying the current coal sales bills and liquidating the old dues, liquidity of CIL and its Subsidiaries will remain under strain.

In order to strengthen CIL, revival of ECL and BCCL is of paramount importance. These two companies have

large number of highly losing mines and fairly large workforce remaining unutilised or underutilised. Hence, phasing out of highly losing mines not amenable to transformation, rationalisation of manpower through VRS and improvement in productivity of men as well as machines are the essential ingredients of the revival.

With sharp reduction in the price of imported coal, the quality of which is superior to most of the coal being produced in CIL mines, further improvement in productivity and reduction of cost have become absolutely essential. Introduction of modern technology in more and more underground mines and improvement in availability and utilisation of equipment being used in the mines, in particular opencast mines, have been identified as key result areas.

Safety in mines and welfare of employees working in the mines will continue to receive special attention. There has been improvement in safety performance in CIL as a whole this year compared to the previous year. CIL will strive its best to achieve further improvement in its safety performance.

With the dedicated performance at all levels as in the past, CIL is committed to achieve better physical and financial performance and fulfill its obligation to the consumers and to the nation at large in the years to come.

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

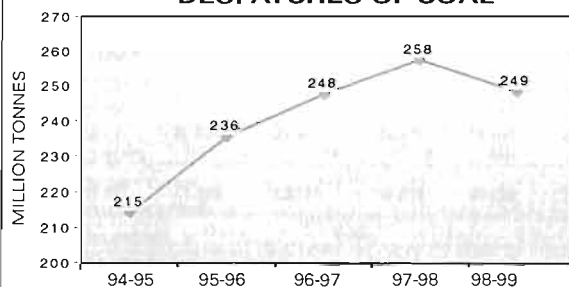
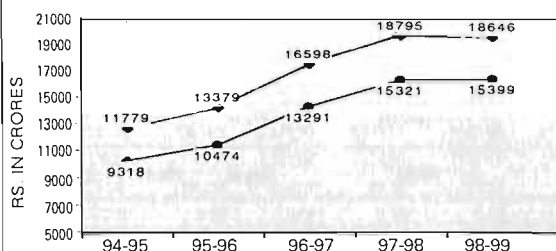
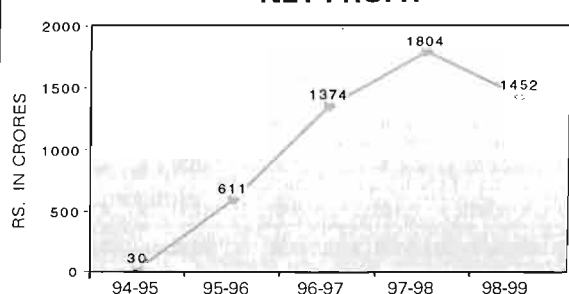
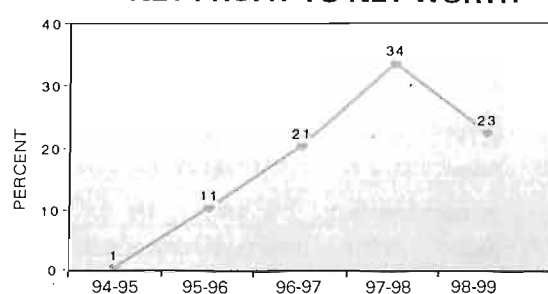
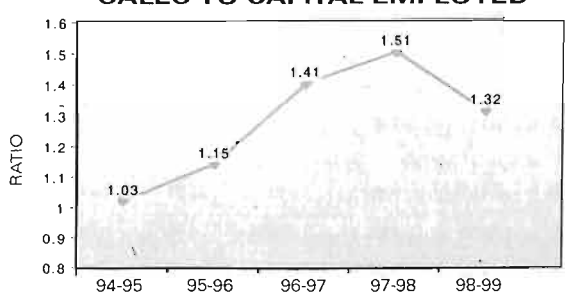
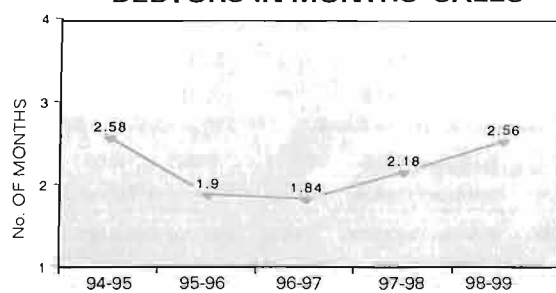
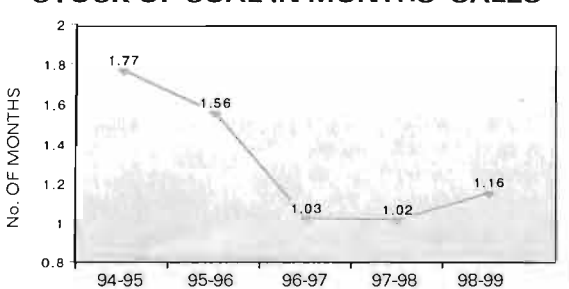
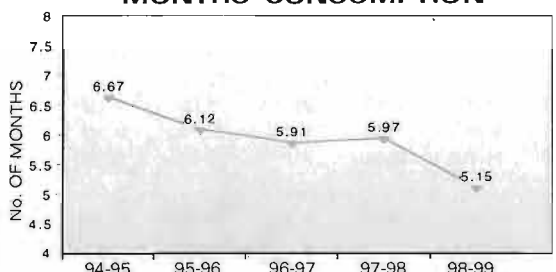
Calcutta

Dated, Sept. 30, 1999

P. K. Sengupta

Chairman

Performance of Coal India Limited At a Glance

DESPATCHES OF COAL

GROSS SALES AND NET SALES

NET PROFIT

NET PROFIT TO NET WORTH

SALES TO CAPITAL EMPLOYED

DEBTORS IN MONTHS' SALES

STOCK OF COAL IN MONTHS' SALES

STOCK OF STORES IN MONTHS' CONSUMPTION


OPERATIONAL STATISTICS
(CONSOLIDATED FOR COAL INDIA LIMITED & ITS SUBSIDIARY COMPANIES)

Year Ending 31st March	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
1. (a) Production of Raw Coal (Million Tonnes)										
Underground	53.32	53.97	55.20	54.81	55.60	56.55	57.06	56.82	56.09	58.71
Opencast	203.16	206.58	195.42	182.46	167.46	159.55	154.16	147.34	133.56	119.89
TOTAL	256.48	260.55	250.62	237.27	223.06	216.10	211.22	204.16	189.65	178.60
(b) Overburden Removal (Mech. O/c) (Million Cub. Mts.)	452.10	428.14	395.30	361.57	340.03	325.46	308.94	298.30	284.76	278.44
2. Off take (Raw Coal) (Million Tonnes)										
Power	182.10	189.66	177.14	164.04	148.29	142.54	131.46	120.60	106.23	100.26
Steel/Hard Coke	18.35	19.21	19.35	20.51	21.38	21.26	21.10	21.42	20.51	19.80
Railway	0.03	0.05	0.13	0.27	0.59	1.78	2.86	3.92	4.51	5.13
Domestic & Boiler Use	2.58	2.69	2.86	3.01	3.20	3.28	3.40	3.51	3.48	3.47
Others	49.15	48.90	51.45	51.53	49.13	47.75	49.56	48.98	48.54	44.92
TOTAL	252.21	260.51	250.93	239.36	222.59	216.61	208.38	198.43	183.27	173.58
3. Average Manpower	599293	619576	631999	638814	648519	659647	667459	672217	670515	669072
4. Productivity										
(A) Average per Man per year (Tonnes)	427.97	420.53	396.65	371.42	343.95	327.60	316.45	303.71	282.84	266.94
(B) Output per manshift (OMS)										
(i) Underground (Tonnes)	0.59	0.57	0.57	0.56	0.57	0.55	0.55	0.53	0.54	0.55
(ii) Open Cast (Tonnes)	5.52	5.07	5.12	4.75	4.35	4.00	3.80	3.70	3.34	3.06
(iii) Overall (Tonnes)	2.03	1.93	1.86	1.75	1.64	1.52	1.46	1.41	1.31	1.21

FINANCIAL POSITION

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

(Rs. Crores)

Year Ending 31st March	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
(A) What is owned										
Gross Fixed Assets	21667.79	20082.20	18445.26	17119.09	15570.04	13554.87	11902.43	10423.77	8917.20	7506.93
Less Depreciation	10167.28	9157.31	8212.82	7381.46	6530.28	5667.04	4853.87	4124.66	3480.56	2900.54
(1) Net Fixed Assets	11500.51	10924.89	10232.44	9737.63	9039.76	7887.83	7048.56	6299.11	5436.64	4606.39
(2) Capital Work-in-Progress	1722.60	1893.85	2114.24	2281.38	2326.80	2737.41	2701.92	2373.09	2124.47	2133.83
(3) Misc. expenditure (others)	81.02	126.23	516.42	213.79	234.65	165.69	104.61	69.92	60.57	37.92
(4) Investment (internal)	0.10	12.72	2.94	0.08	0.10	0.08	0.08	0.10	0.08	0.10
(5) Current Assets :										
(i) (a) Inventory of Coal, Coke etc.	1491.86	1299.44	1142.61	1363.89	1374.86	1656.35	1660.64	1404.69	999.53	875.21
(b) Inventory of Stores & Spares etc.	1034.89	1017.35	1022.67	911.17	889.91	810.37	750.49	695.24	658.22	571.08
(c) Other Inventories	91.91	60.26	50.04	57.24	52.91	42.33	35.57	23.40	21.94	17.36
(ii) Sundry Debtors (including CMPDIL)	3997.49	3357.44	2597.72	2167.95	2555.55	2443.31	2090.73	1390.30	1433.75	1441.92
(iii) Cash & Bank Balances	786.93	499.28	401.87	255.18	340.59	218.13	186.63	146.33	181.75	174.90
(iv) Loans & Advances	3389.48	2150.87	1428.07	823.74	735.11	761.87	978.55	849.39	1082.09	820.08
(incl. Other C/Assets & Adj.)										
(v) O.B.R. Adjustments	- 409.31	- 468.93	-222.61	-158.31	-44.21	20.09	3.42	47.73	10.00	-10.69
Total Current Assets (5)	10383.25	7915.71	6420.37	5420.86	5904.72	5952.45	5706.03	4557.08	4387.28	3889.86
(6) Less Current Liab. & Prov. (Excl. Intt. Acct. & Due)	10185.89	8660.34	7140.41	5946.96	4816.42	4278.21	3767.04	2839.13	2456.97	2142.43
Net Current Assets (5-6)	197.36	-744.63	-720.04	-526.10	1088.30	1674.24	1938.99	1717.95	1930.31	1747.43
TOTAL (A)	13501.59	12213.06	12146.00	11706.78	12689.61	12465.25	11794.16	10460.17	9552.07	8525.67
(B) What is owed										
(1) 10% Redeemable Pref. Shares	904.18	904.18	904.18							
(2) Govt. Loan	1920.58	2230.82	2534.72	3737.83	3813.58	3813.67	3947.08	3874.23	3804.27	3744.60
(3) Interest Accrued & Due	26.93	38.01	53.27	59.82	1122.64	1289.26	1334.31	1025.53	921.45	685.90
(4) Intercompany Loan	964.48	240.21	155.49	102.82	130.00	300.00	500.00	225.00	100.00	125.00
(5) Term Loan (F. Inst. & Banks)	367.38	135.22	73.46	99.27	116.13	59.38				70.00
(6) Bonds	884.03	1084.03	1484.03	1100.00	1100.00	800.00	600.00	600.00	600.00	200.00
(7) Others	1290.97	957.43	932.19	1057.62	941.10	759.04	619.52	447.51	279.68	110.98
SUB-TOTAL (1 TO 7)	6358.55	5589.90	6137.34	6157.36	7223.45	7021.35	7000.91	6172.27	5705.40	4936.48
(7) Bank Borrowings (incl. Bank O.D. & others)	716.45	704.71	593.58	561.89	472.37	692.41	455.12	341.89	355.04	333.98
TOTAL (B)	7075.00	6294.61	6730.92	6719.25	7695.82	7713.76	7456.03	6514.16	6060.44	5270.46
Net Worth (A-B)	6426.59	5918.45	5415.08	4987.53	4993.79	4751.49	4338.13	3946.01	3491.63	3255.21
Represented by :										
(1) Equity Capital (incl. pending allotment)	6316.36	6316.36	6316.36	6316.36	6316.36	6104.84	6097.85	6000.76	5713.31	5223.86
(2) Reserves	1721.09	985.10	390.49	316.65	324.80	414.53	334.81	299.24	277.30	280.95
(3) Profit/Loss (+) / (-)	- 1522.14	- 1114.62	- 1040.31	- 1312.29	- 1647.37	- 1767.88	- 2094.53	- 2353.99	- 2498.98	- 2249.60
(4) Misc. Expenditure (D/liab.)	- 88.72	- 268.39	- 251.46	- 333.19						
Net Worth (1 to 4)	6426.59	5918.45	5415.08	4987.53	4993.79	4751.49	4338.13	3946.01	3491.63	3255.21
Capital Employed	11671.04	10154.97	9462.07	9151.79	9005.52	8272.89	7653.32	6991.63	6445.58	5668.02

INCOME AND EXPENDITURE STATEMENT

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

	(Rs. Crores)									
Year Ending 31st March	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
(A) Earned From :										
Gross Sales	18646.19	18795.13	16597.78	13378.60	11778.51	11103.62	9564.92	7475.50	6295.95	6278.32
Less Coal from Development Mines	73.43	88.22	114.72	77.45	31.51	11.38	25.15	12.08	46.35	51.01
Less Levies (Royalties, Cesses etc.)	3174.09	3385.80	3192.02	2826.93	2429.43	2209.00	1979.52	1454.00	1154.58	1408.28
(1) Net Sales	15398.67	15321.11	13291.04	10474.22	9317.57	8883.24	7560.25	6009.42	5095.02	4819.03
(2) Accretion / Decretion in Stock	179.47	166.07	-230.70	-30.18	-298.68	-3.99	288.89	394.76	108.19	79.13
(3) Boiler & Domestic Consumption of Coal	214.91	222.03	214.45	190.65	188.25	177.36	142.39	136.98	140.02	123.31
(4) Other Revenue Receipts :										
CMPDIL	99.27	97.38	92.83	93.15	79.74	70.27	62.30	59.21	62.58	60.33
Others	272.49	205.00	234.74	382.08	263.02	205.10	156.07	138.55	97.13	100.24
(Aft. Trans. & Other Recov. & Contras)										
Coal Price Regulation Accounts				0.25	2.57	39.39	-41.59			
TOTAL (A) (1 to 4)	16164.81	16011.59	13602.36	11109.67	9552.47	9371.37	8168.31	6738.92	5502.94	5182.04
(B) Paid to / Provided for										
Employees' Remu. & Benefits (Gross-Rev.)	6128.37	5999.38	5396.36	5012.36	4178.51	3624.55	3347.78	2842.66	2555.02	2406.75
Less : Trans. to Oth. Rev. Heads	351.18	351.20	331.48	345.46	210.47	214.83	313.88	171.73	178.13	194.65
(1) Net S. & Wages (Excl. V.R.S. Payment)	5777.19	5648.18	5064.88	4666.90	3968.04	3409.72	3033.90	2670.93	2376.89	2212.10
(2) V.R.S. Payment (Net of Grant Recvd.)	96.18	16.39	24.40	31.82	7.54					
(3) Social Overheads (Incl. LLTC & Dom. Coal)	1104.57	1071.11	979.80	890.19	696.71	621.80	591.57	454.92	364.82	316.42
Less : Social overheads Dep. & Intt.	60.13	53.08	48.22	40.89	39.39	38.15	32.77	29.51	24.77	18.89
Social Overheads (Excl. Dep. & Intt.)	1044.44	1018.03	931.58	849.30	657.32	583.65	558.80	425.41	340.05	297.53
(4) Stores & Spares (Gross - Rev.)	2413.39	2355.37	2075.66	1786.50	1599.99	1462.19	1254.64	1058.91	895.11	780.48
Less : Trans. to Oth. Rev. Heads	38.39	36.43	31.26	30.13	31.01	30.08	33.59	30.63	33.14	37.71
Stores & Spares (Net)	2375.00	2318.94	2044.40	1756.37	1568.98	1432.11	1221.05	1028.28	861.97	742.77
(5) (i) Power & Fuel (excl. coal consumed)	1218.85	1191.56	1098.46	814.58	707.16	644.20	537.16	447.98	376.65	329.41
(ii) Boiler & Colliery Consumption of Coal	56.37	53.58	53.24	48.33	46.47	44.38	41.70	44.79	27.97	32.42
(6) Contractors (Trans. & Repairs)	745.34	699.47	631.47	651.16	565.59	464.94	381.63	333.93	309.83	292.97
(7) Misc. Expenses	595.28	633.02	476.66	437.37	397.25	420.58	342.77	275.14	243.84	167.24
(8) Provision for D/Debts, Obso. etc.	812.01	471.92	174.91	146.57	9.87	287.46	121.23	148.45	135.77	136.15
(9) Interest (Incl. S/O & P. P.)	659.66	742.79	686.02	129.26	497.96	708.93	727.99	566.95	472.23	366.77
(10) Depreciation (Incl. S/O & P. P.)	1290.78	1240.30	1150.22	1089.82	969.82	912.63	786.09	670.59	578.65	469.69
(11) O.B.R. Adjustment	26.99	159.73	67.44	109.72	63.01	-19.28	42.91	7.98	-20.61	-29.67
(12) Prior Period Adj. (excl. int. dep. & C.P.R.A.)	14.93	13.69	61.26	25.55	63.73	81.73	81.81	-48.58	52.87	84.53
TOTAL (B)	14713.02	14207.60	12464.94	10498.23	9522.74	8971.05	7877.04	6571.85	5756.11	5101.91
Profit/Loss for the year (A - B)	1451.79	1803.99	1137.42	611.44	29.73	400.32	291.27	167.07	-253.17	80.13
Investment Allowance Reserve		21.45	35.25	29.00	91.42	-72.75	-31.22	-21.62	4.38	-0.09
Income Tax	-942.85	-991.69	-883.29	-34.55	-0.64	-0.92	-0.60	-0.46	-0.59	-3.87
Proposed dividend	-115.68	-109.37	-96.74							
Tax on Dividend	-82.12	-181.85	-63.60							
Trans. to General Reserve	-200.73	-234.99	-107.01	-20.86						
Pref. Shares & Bond Redemption Fund	-517.92	-380.00								
Other Adjustment		-1.85	249.95	-249.95						
Cumulative profit/loss b/f from prev. year	-1114.62	-1040.31	-1312.29	-1647.37	-1767.88	-2094.53	-2353.99	-2498.98	-2249.60	-2325.77
Cumulative profit/loss trans to Balance Sheet	-1522.13	-1114.62	-1040.31	-1312.29	-1647.37	-1767.88	-2094.54	-2353.99	-2498.98	-2249.60
Cummul. P&L (Before transfer to Reserves)	144.43	-168.56	-687.80	-1031.54	-1358.48	-1387.56	-1786.96	-2077.64	-2244.25	-1990.50

IMPORTANT FINANCIAL INFORMATION & RELATIVE RATIOS

(A) FINANCIAL INFORMATION

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

(Rs. Crores)									
Year Ending 31st March	1999	1998	1997	1996	1995	1994	1993	1992	1991
(A) Related to Assets & Liabilities									
(1) (i) No. of Equity Shares (CIL) of Rs. 1000 each	631636.44	631636.44	631636.44	631636.44	631636.44	610344.40	609706.52	599907.26	570171.84
(ii) Shareholder's Funds :									
(a) Equity	6316.36	6316.36	6316.36	6316.36	6316.36	6104.84	6097.85	6000.76	5713.31
(b) Reserves & Surplus	1721.09	985.10	390.49	316.65	324.80	414.53	334.81	299.24	277.30
(c) Accumulated Loss	-1522.14	-1114.62	-1040.31	-1312.29	-1647.37	-1767.88	-2094.53	-2353.99	-2498.98
(d) Deferred Liabilities	88.72	268.39	251.46	333.19					
Net Worth	6426.59	5918.45	5415.08	4987.53	4993.79	4751.49	4338.13	3946.01	3491.63
(2) Loan (incl. 10% Reddemptible Pref. Shares)	6358.55	5589.90	6137.34	6157.36	7223.45	7021.35	7000.91	6172.27	5705.40
(3) Capital Employed	11671.04	10154.97	9462.07	9151.79	9005.52	8272.89	7653.32	6991.63	6445.58
(4) (i) Net Fixed Assets	11500.51	10924.89	10232.44	9737.63	9039.76	7987.83	7048.56	6299.11	5436.64
(ii) Current Assets	10383.25	7915.71	6420.37	5420.86	5904.72	5952.45	5706.03	4557.08	4387.28
(iii) Net Current Assets (W/C)	197.36	-744.63	-720.04	-526.10	1088.30	1674.24	1938.99	1717.95	1930.31
(5) Current Liabilities (Excl. Intt. accrued & Due)	10185.89	8660.34	7140.41	5946.96	4816.42	4278.21	3767.04	2839.13	2456.97
(6) (a) Sundry Debtors (Net) (Excl. CMPDIL)	3975.98	3337.32	2545.85	2113.89	2533.48	2431.26	2086.08	1390.30	1433.75
(b) Cash & Bank	786.93	499.28	401.67	255.18	340.59	218.13	186.63	146.33	181.75
(7) Closing Stock of :									
(a) Stores & Spares (Net)	1034.89	1017.35	1022.67	911.17	889.91	810.37	750.49	695.24	658.22
(b) Coal, Cokes etc. (Net)	1491.86	1299.44	1142.61	1363.89	1374.86	1656.35	1660.64	1404.69	999.53
(8) Average Stock of Stores & Spares (Net)	1026.12	1020.01	966.62	900.54	850.14	780.43	722.87	676.73	614.65
(B) Related to Profit/Loss									
(1) (a) Gross Margin	3402.23	3787.08	2973.66	1572.00	1497.51	2021.88	1805.35	1404.61	797.71
(b) Gross Profit	2111.45	2546.78	1823.44	482.18	527.69	1109.25	1019.26	734.02	219.06
(c) Net Profit (before Tax & Invnt. Allowance etc.)	1451.79	1803.99	1137.42	611.44	29.73	400.32	291.27	167.07	-253.17
(d) Net Profit (After Tax)	508.94	812.30	254.13	576.89	29.09	399.40	290.67	166.61	-252.58
(2) (a) Gross Sales	18646.19	18795.13	16597.78	13378.60	11778.51	11103.62	9564.92	7475.50	6295.95
(b) Net Sales (after levies & dev. etc)	15398.67	15321.11	13291.04	10474.22	9317.57	8883.24	7560.25	6009.42	5095.02
(c) Sale value of Production	15793.05	15709.21	13274.79	10634.69	9207.14	9045.34	7974.80	6532.45	5343.34
(3) Cost of Goods Sold (Sales-Profit)	13946.88	13517.12	12153.62	9862.78	9287.84	8482.92	7268.98	5842.35	5348.19
(4) (a) Total expenditures (excl. recov. & others)	14713.02	14207.60	12464.94	10498.23	9522.74	8971.05	7877.20	6571.85	5756.11
(b) Sal. & Wages (Gross - rev. only)	6128.37	5989.98	5396.36	5012.36	4178.51	3624.55	3347.78	2842.66	2555.02
(c) Stores & Spares (Gross-rev. only)	2413.39	2355.37	2075.66	1786.50	1599.99	1462.19	1254.64	1058.91	895.11
(d) Power & Fuel	1218.85	1191.56	1098.46	814.58	707.16	644.20	537.16	447.98	376.65
(e) Int. & Depreciations (Gross-rev. only)	1950.44	1983.09	1836.24	960.56	1467.78	1621.56	1514.08	1237.54	1050.88
(5) Avg. Consump. of Stores & Spares (gross) per month	201.12	196.28	172.97	148.88	133.33	121.85	104.55	88.24	74.59
(6) (a) Average Manpower Employed during the year	599293	619576	631999	638814	648519	659647	667459	672217	670515
(b) Social Overheads (incl. LTC/LLTC)	1104.57	1071.11	979.80	890.19	696.71	621.80	591.57	454.92	364.82
(c) Social Over head expnd. per employee (Rs. 000)	18.43	17.29	15.50	13.94	10.74	9.43	8.86	6.77	5.44
7. (a) Value added	12242.10	12242.51	10171.52	8108.56	6964.27	7006.19	6252.66	5079.32	4139.22
(b) Value added per employee (Rs. 000)	204.28	197.59	160.94	126.93	107.39	106.21	93.68	75.56	61.73
(C) RELATED TO COST REPORTS									
(i) Earning Per manshift (Rs. P. T.)	396.82	357.59	311.68	280.10	237.78	208.52	191.79	170.85	153.75
(ii) Avg. Cost of Production of Net Saleable Coal (Rs. P. T.)	502.44	480.81	442.06	412.66	380.45	364.35	334.31	301.67	277.18
(iii) Avg. Sale Value of Net Saleable Coal produced (Rs. P. T.)	570.45	562.57	512.06	426.52	418.80	400.12	356.38	302.16	268.17

IMPORTANT FINANCIAL INFORMATION & RELATIVE RATIOS
(B) FINANCIAL RATIOS / PERCENTAGES
(CONSOLIDATION OF AUDITED ACCOUNTS OF COAL INDIA LTD. & ITS SUBSIDIARIES)

Year Ending 31st March	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
(A) PROFITABILITY RATIOS										
(1) AS % NET SALES										
(a) Gross Margin	22.09	24.72	22.37	15.01	16.07	22.76	23.88	23.37	15.66	19.02
(b) Gross Profit	13.71	16.62	13.72	4.60	5.66	12.49	13.48	12.21	4.30	9.27
(c) Net Profit	9.43	11.77	8.56	5.84	0.32	4.51	3.85	2.78	-4.97	1.66
(2) AS % TOTAL EXPENDITURE										
(a) Sal. & Wages (Gross-Rev.)	41.65	42.16	43.29	47.74	43.88	40.40	42.50	43.26	44.39	47.17
(b) Stores & Spares (Gross-Rev.)	16.40	16.58	16.65	17.02	16.80	16.30	15.93	16.11	15.55	15.30
(c) Power & Fuel	8.28	8.39	8.81	7.76	7.43	7.18	6.82	6.82	6.54	6.46
(d) Interest & Depreciation (Gross-Rev.)	13.26	13.96	14.73	9.15	15.41	18.08	19.22	18.83	18.26	16.40
(3) AS % CAPITAL EMPLOYED										
(a) Gross Margin	29.15	37.29	31.43	17.18	16.63	24.44	23.59	20.09	12.38	16.17
(b) Gross Profit	18.09	25.08	19.27	5.27	5.86	13.41	13.32	10.50	3.40	7.88
(c) Net Profit	12.44	17.76	12.02	6.68	0.33	4.84	3.81	2.39	-3.93	1.41
(4) OPERATING RATIO (SALES-PROFIT/SALES)	0.91	0.88	0.91	0.94	1.00	0.95	0.96	0.97	1.05	0.98
(B) LIQUIDITY RATIOS										
(1) Current Ratio (Current Asset/Current Liability)	1.02	0.91	0.90	0.91	1.23	1.39	1.51	1.61	1.79	1.82
(2) Quick Ratio (Quick Asset/Current Liability)	0.47	0.44	0.41	0.40	0.60	0.62	0.60	0.54	0.66	0.75
(C) TURNOVER RATIOS										
(1) Capital Turnover Ratio (Net Sales/Capital Employed)	1.32	1.51	1.40	1.14	1.03	1.07	0.99	0.86	0.79	0.85
(2) Sundry Debtors as no. of months										
(a) Gross Sales	2.56	2.13	1.84	1.90	2.58	2.63	2.62	2.23	2.73	2.76
(b) Net Sales	3.10	2.61	2.30	2.42	3.26	3.28	3.31	2.78	3.38	3.59
(3) As Ratio of Net Sales										
(a) Sundry Debtors	0.26	0.22	0.19	0.20	0.27	0.27	0.28	0.23	0.28	0.30
(b) Coal Stocks	0.10	0.08	0.09	0.13	0.15	0.19	0.22	0.23	0.20	0.18
(4) Stock of Stores & Spares										
(a) Avg. Stock/Annual Consumption	0.43	0.50	0.47	0.50	0.53	0.53	0.58	0.64	0.69	0.69
(b) Closing Stock as no. of months consumption	5.15	5.18	5.91	6.12	6.67	6.65	7.18	7.88	8.82	8.78
(5) Stock of Coal, Coke, W/coal etc.										
(a) As no. of month's Value of production	1.13	0.99	1.03	1.54	1.79	2.20	2.50	2.58	2.24	2.09
(b) As no. of Month's of cost of goods so	1.28	1.15	1.13	1.66	1.78	2.34	2.74	2.89	2.24	2.22
(b) As no. of month's Net Sales	1.16	1.02	1.03	1.56	1.77	2.24	2.64	2.80	2.35	2.18
(C) STRUCTURAL RATIOS										
(1) Debt : Equity	1.01	0.88	0.97	0.97	1.14	1.15	1.15	1.03	1.00	0.94
(2) Debt : Networth	0.99	0.94	1.13	1.23	1.45	1.48	1.61	1.56	1.63	1.52
(3) Networth : Equity	1.02	0.94	0.86	0.79	0.79	0.78	0.71	0.66	0.61	0.62
(4) Net Fixed Assets : Networth	1.79	1.85	1.89	1.95	1.81	1.66	1.62	1.60	1.56	1.42
(D) SHARE HOLDER'S INTEREST										
(1) Book Value of Shares (Rs.) (Networth / No. of Equity)	1017.45	937.00	857.31	789.62	790.61	778.49	711.51	657.77	612.38	623.39
(3) Dividend per Share (Rs.)	4.00	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 Sixth Annual Report of Coal India Limited and Audited Accounts for the year ended 31st March, 1999 together with the report of the Statutory Auditors and report and review of the Comptroller and Auditor General of India thereon.

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 and Central Mine Planning & Design Institute Limited.

The mines in Assam and an exploratory mine in Meghalaya in North Eastern Coalfields continued to be managed directly by Coal India Limited and Dankuni Coal Complex continued to be on lease with South Eastern Coalfields Ltd. (A subsidiary of Coal India Limited) during the year under review.

HIGHLIGHTS OF PERFORMANCE

The highlights of performance of Coal India Limited including its Subsidiaries in the year 1998-99 compared to previous two years are shown in the table below :

	1998-99	1997-98	1996-97
Production (in million tonnes)	256.48	260.55	250.62
Off-take of coal (in million tonnes)	252.21	260.51	250.93
Sales (Gross) (Rs. in Crores)	18646.19	18795.13	16597.78
Gross Profit (Rs. in Crores)	2111.45	2546.78	1823.44
Capital employed (Rs. in Crores)	11671.04	10154.97	9462.07
Net Worth (Rs. in Crores)	6426.59	5918.45	5415.08
Profit before Tax (Rs. in Crores)	1451.79	1803.99	1137.42
Profit after Tax (Rs. in Crores)	508.94	812.30	254.13
Gross Profit to Capital employed	18.09%	25.08%	19.27%
Profit before Tax to Net worth	22.59%	30.48%	21.00%
Coal Stock (net) in terms of No. of Months Net Sales	1.16	1.02	1.03
Sundry Debtors (net) in terms of No. of Months Gross Sales	2.56	2.13	1.84

2. FINANCIAL PERFORMANCE

2.1 Financial Results

CIL and its Subsidiaries have earned collectively a pre-tax profit of Rs. 1451.79 crores in 1998-99 as against Rs. 1803.99 Crores in 1997-98.

Company-wise position is shown below:

(Rs. in Crores)		
Company	1998-99 Profit(+)/ Loss (-)	1997-98 Profit(+)/ Loss (-)
ECL	(-) 472.47	(-) 541.89
BCCL	(-) 442.34	(-) 140.91
CCL	(-) 149.35	(-) 85.67
NCL	(+) 802.14	(+) 759.34
WCL	(+) 476.58	(+) 628.29
SECL	(+) 676.55	(+) 693.20
MCL	(+) 601.31	(+) 654.11
CMPDIL	(+) 0.63	(+) 3.30
CIL/NEC	(+) 606.20	(+) 540.82
Sub-Total	2,099.25	2,510.59
Less : * Dividend from subsidiaries	647.46	706.6
TOTAL	1451.79	1803.99

* Dividend Rs. 647.46 Crores includes Rs. 1.84 Crores for 1997-98. The companywise distribution of balance Rs. 645.62 Crores are : NCL (Rs. 212.83 Crores), WCL (Rs. 103.98 Crores), SECL (Rs. 166.12 Crores) and MCL (Rs. 162.69 Crores).

Your Directors have recommended payment of dividend to the Government of Rs. 2526.55 Lakhs i.e. @ Re. 4.00 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 Off-take of Raw Coal

Mainly because of the following factors off-take target, which was originally fixed at 271.50 million tonnes, had to be revised to 252.00 million tonnes after a mid year review :

- (i) Lower growth in coal based generation of power compared to the earlier estimate.
- (ii) Delay in materialisation of coal demand from a number of new units like Wanakbari-7, Chandrapur-7, Mejia and Bakreswar-1.
- (iii) Draw down of 4.25 million tonnes of coal from the stocks held in the power houses.
- (iv) Lower requirement of coal from Cement Sector due to lower growth and higher imports.

Against this target, actual off-take was 252.21 million tonnes. Company-wise figures of actual off-take in 1998-99 compared to target for the year and actual for the previous year are shown below. Main reason for lower off-take compared to previous year is draw down of 4.25 million tonnes from stock at power houses in 98-99 as against addition of 6.75 million tonnes to stock in 97-98.

Company	(Figures in Million Tonnes)			
	1998-99		1997-98	
	Target	Actual	% achieved	Actual
ECL	27.00	26.34	98	27.53
BCCL	27.40	27.49	100	28.24
CCL	33.23	32.31	97	33.23
NCL	36.00	35.50	99	37.48
WCL	31.00	30.73	99	31.65
SECL	56.40	57.30	102	58.51
MCL	40.30	41.82	104	43.28
NEC	0.67	0.72	107	0.59
CIL	252.00	252.21	100	260.51

3.2 Despatches of Coal and Coal Products by Various Modes

Total despatches of coal and coal products by various modes were 245.38 million tonnes in 1998-99 against 253.82 million tonnes in 1997-98 showing a decline of 8.44 million tonnes over previous year as a result of overall economic slow-down and non-materialisation of planned demand from major coal consuming sectors. Mode-wise despatches during 1998-99 and 1997-98 are shown in the following table :

Year	(Figures in Million Tonnes)					
	Rail	Road	MGR	Belt	Rope	Overall
98-99	148.13	29.54	55.18	7.43	5.10	245.38
97-98	158.25	29.44	54.61	6.59	4.93	253.82
Increase/Decrease	(-)10.12	0.10	0.57	0.84	0.17	(-) 8.44
Growth %	(-)6.39	0.33	1.04	12.78	3.49	(-)3.33

3.3 Wagon Loading

Target for wagon loading as per revised demand estimate and off-take plan was fixed at 18050 wagons/day for 1998-99. Actual loading was 17248 wagons/day. The decline in wagon loading was due to depressed demand for coal traffic offered by rail mode. Company-wise target and loading achieved during the year 1998-99 and 1997-98 are shown below :

(Figures in FWWs/Day)

Company	1998-99			1997-98		Growth over Last Year
	Target	Achieved	% achieved	Achieved	Absolute	% age
ECL	2017	1865	92	1980	- 115	- 6
BCCL	2596	2554	98	2707	- 153	- 6
CCL	3116	2904	93	3082	178	- 6
NCL	820	642	78	1091	- 449	- 41
WCL	2250	2143	95	2279	- 136	- 6
SECL	3935	3852	98	4071	- 219	- 5
MCL	3262	3229	99	3352	- 123	- 4
NEC	54	59	109	41	18	44
CIL*	18050	17248	96	18603	-1355	-7

* Actuals exclude daily average loading from Dankuni (DCC) of 18 & 31 FWWs/day for 1998-99 and 1997-98 respectively.

From the above table, it is seen that NEC surpassed loading target while all other

companies except NCL fell short of target marginally. Loading in NCL which despatches most of its coal by MGR, fell short of target due to wash out of Obra bridge.

3.4 Consumer Satisfaction

Consumer complaints mainly relate to supply of coal having 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 mechanical handling/crushing capacity of 225.89 million tonnes so as to maximise despatches of crushed/sized coal to the consumers.
- Electronic/Mechanical weigh-bridges with the facility of



Automatic Rake Loading System (SILO) in a coal project

electronic printout have been installed at rail loading points in order to minimise disputes on quantities supplied. The total number of different types of weighbridges installed by CIL till 98-99 is 154.

- (c) For improving coal quality, measures like picking of shale/stone, selective mining, advance stripping of overburden and better fragmentation of coal in course of blasting are being taken.

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

Year	Total No. of Complaints	No. of Complaints per million tonnes of Despatch
1994-95	311	1.42
1995-96	198	0.84
1996-97	157	0.63
1997-98	157	0.61
1998-99	78	0.31

In case of supply of coal to Power Sector, there have been improvement in weighment

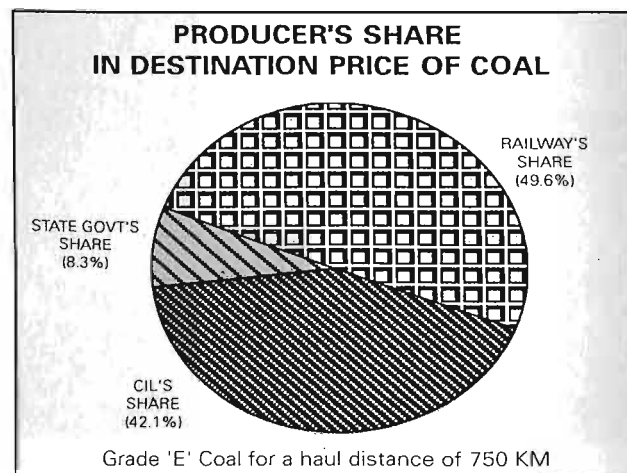
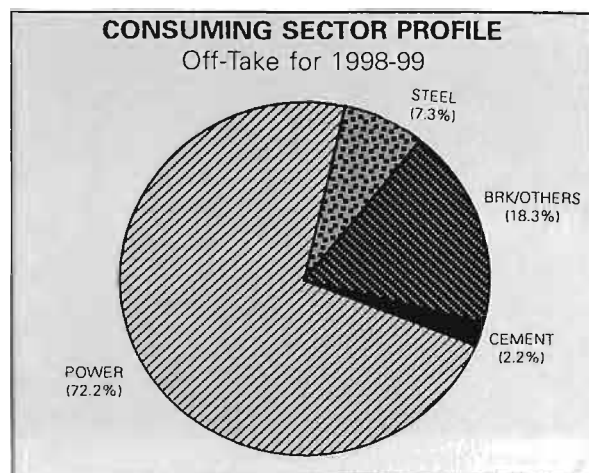
through electronic weigh-bridges as well as sizing. Status of weighment and sizing was as follows :

Year	Weighment% through electronic weigh-bridges	Sizing
1998-99	91.07	95.34
1997-98	80.99	90.90
1996-97	76.00	82.90

3.5 Steps Taken for Liberalising Distribution of Coal

With a view to improve availability of coal to large sections of buyers, particularly the small ones, a number of measures were taken. The important ones are :

- Augmenting sale under liberalised schemes. Sale under these schemes in 98-99 was 37.06 Lakh Tonnes against 29.02 Lakh Tonnes in 97-98.
- Introduction of Tatkal sale scheme in BCCL & CCL. 3.94 lakh tonnes of coal was sold in the year through this scheme.
- Introduction of coal sale through trade channel to reach to the users located at distant points in the country.



3.6 Export

During 1998-99, CIL exported 0.44 lakh tonnes of coal to Nepal and Bhutan and earned a revenue of Rs. 7.20 Crores.

Details of country-wise export are as under :

Country	Nepal	Bhutan	Total
Quantity (in '000 tonnes)	30.00	14.05	44.05
Value (in Rs. Crores)	4.40	2.80	7.20

3.7 Stock of Coal, Coke etc.

Value of pithead stock of coal (net after provision for deterioration etc.) and coal products at the close of the year 1998-99 was Rs. 1491.86 Crores which is equivalent to 1.16 months' value of net sales. The Company-wise position of stocks as on 31.3.1999 and 31.3.1998 are shown below :

Company	(Rs. in Crores)			
	Net Value of stock (as on 31.3.99)	Net Value of stock (as on 31.3.98)	Stock in terms of no. of month's Net Sales	
			(as on 31.3.99)	(as on 31.3.98)
ECL	218.48	141.17	1.28	0.87
BCCL	543.94	535.22	3.39	3.32
CCL	246.81	260.72	1.52	1.59
NCL	71.25	42.15	0.39	0.23
WCL	129.12	86.42	0.64	0.42
SECL	170.13	143.14	0.63	0.54
MCL	71.53	37.96	0.55	0.29
NEC/ CIL	40.60	52.66	—	—
Total	1491.86	1299.44	1.16	1.02

3.8 Coal Prices

The prices of A, B, C Grades of non-coking coal were increased by 5% and grade D & below by 7% w.e.f. 21.8.98 except in WCL. The increase in prices of WCL coal were 6% in A, B, C grades and 4% in grade D and below.



Nursery in Singrauli coalfields

The price of coking coal produced in CCL were increased by 5% w.e.f. 21.8.98.

The prices of coal produced in ECL collieries located in West Bengal were revised w.e.f. 5.1.99.

3.9 Coal Sales Dues

Net Coal Sales dues outstanding as on 31.3.99 were Rs. 3975.98 Crores (previous year Rs. 3337.32 Crores) arrived at after providing for Rs. 1666.56 Crores (previous year Rs. 1261.88 Crores) towards bad and doubtful debt which is equivalent to 2.6 months' Gross Sales (previous year 2.13 months). The company-wise position is as under :

Company	(Rs. in Crores)			
	Coal Sales Dues as on 31.3.99		Coal Sales as on 31.3.98	
	Gross	Net	Gross	Net
ECL	876.14	636.05	706.38	527.22
BCCL	1164.07	570.05	911.31	351.59
CCL	1081.02	844.71	1067.38	910.84
NCL	305.27	219.38	319.94	247.95
WCL	597.64	400.97	410.38	344.64
SECL	1152.61	908.48	863.06	708.13
MCL	443.56	386.51	294.99	236.34
NEC/CIL	22.23	9.83	25.76	10.61
Total	5642.54	3975.98	4599.2	3337.32

The main reasons attributed to the accumulation of coal sale dues outstanding are as under :

- (i) Variation in the result of sampling and analysis between loading end done by Coal Controller's Organisation (as per the decision of the Committee of Secretaries in Oct. '91) and the unilateral sampling of coal at the power house end.

- (ii) SEBs failing to adhere to the payment schedule for liquidation of admitted dues.

In order to overcome the above, the coal companies have made the following arrangements with the SEBs/PUs.

- (a) Joint sampling/Third party sampling of coal both at loading point and receiving point.
- (b) Initial payment of 90% of coal value and 100% of levies through IRLC or advance payment in 3 equal instalments in each month on monthly linked quantity of coal.
- (c) Settlement of the retained 10% coal value within a period of 4 weeks of finalisation of sampling results.

3.10 Payment of Royalty, Cess and Sales-Tax etc.

During the year 1998-99, CIL and its subsidiaries paid Rs. 2860.65 Crores (previous year Rs. 3056.58 Crores) towards Royalty, Cess, Sales-tax and other levies, the details of which are as under. The payment figures includes adjustment of royalty/cess against coal sales dues of the SEBs.

	(Rs. in Crores)	
	1998-99	1997-98
Royalty	1799.25	1875.92
Cess	268.67	368.58
Sales-tax	714.44	698.07
Others	78.29	114.01
Total	2860.65	3056.58

4. PRODUCTION

Production of coal during 1998-99 was 256.48 million tonnes as against 260.55 million tonnes in the previous year. The subsidiary-wise position is as below :

4.1 Raw Coal

(Figures in Million Tonnes)

Company	Coking		Non-coking		Total	
	98-99	97-98	98-99	97-98	98-99	97-98
ECL	0.29	0.29	26.87	27.15	27.16	27.44
BCCL	22.02	24.85	5.15	6.07	27.17	30.92
CCL	10.03	12.46	22.14	20.61	32.17	33.07
NCL	—	—	36.52	37.12	36.52	37.12
WCL	0.65	0.74	31.10	31.77	31.75	32.51
SECL	0.46	0.47	57.10	56.16	57.56	56.63
MCL	—	—	43.51	42.17	43.51	42.17
NEC	—	—	0.64	0.69	0.64	0.69
Overall CIL	33.45	38.81	223.03	221.74	256.48	260.55

Coking coal includes coal graded as coking but used for non-metallurgical purpose also. Coal production was regulated on the basis of demand keeping the pit head stocks at manageable level.

4.2 Production from Underground and Opencast Mines

Coal production from underground mines in 1998-99 was 53.31 million tonnes as against 203.17 million tonnes from opencast mines. Production from opencast mines accounted for about 79% of the total production.

(Figures in Million Tonnes)

Com- pany	Underground production		Opencast production		Total production	
	98-99	97-98	98-99	97-98	98-99	97-98
ECL	12.94	12.65	14.22	14.79	27.16	27.44
BCCL	9.74	10.18	17.43	20.74	27.17	30.92
CCL	3.09	3.32	29.08	29.75	32.17	33.07
NCL	—	—	36.52	37.12	36.52	37.12
WCL	9.70	9.95	22.05	22.56	31.75	32.51
SECL	16.00	15.87	41.56	40.76	57.56	56.63
MCL	1.66	1.80	41.85	40.37	43.51	42.17
NEC	0.18	0.20	0.46	0.49	0.64	0.69
Total CIL	53.31	53.97	203.17	206.58	256.48	260.55



Side Discharge Loader (SDL) in operation in an underground mine of SECL.

In order to improve production and productivity of underground mines, introduction of modern technology and method of mining is being tried in a number of mines of SECL.

4.3 Soft Coke, Hard Coke and Washed Coal (Coking)

The production of Soft coke, Hard coke and Washed coal in 1998-99 was 0.09 lakh tonnes, 1.43 lakh tonnes and 62.30 lakh tonnes respectively. Subsidiary-wise position is as below :

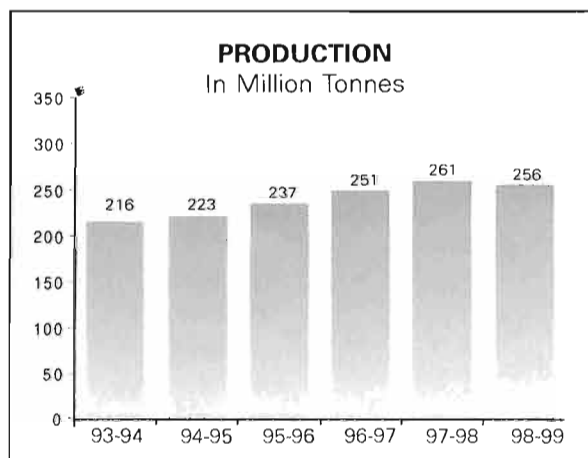
(Figs. in Lakh Tonnes)

Com- pany	Soft Coke		Hard Coke		Washed Coal (Coking)	
	98-99	97-98	98-99	97-98	98-99	97-98
ECL	—	0.02	—	—	—	—
BCCL	—	—	1.32	1.68	27.42	29.89
CCL	0.09	0.11	0.11	0.05	31.41	36.30
WCL	—	—	—	—	3.47	3.83
Total/CIL	0.09	0.13	1.43	1.73	62.30	70.05

Decrease in production of washed coal is attributable to lower availability of raw coking coal suitable for the washery and the need for reducing ash% in clean coal which resulted in the yield of washed coal being lower.

4.4 Overburden Removal

451.76 MM³ of Overburden was removed during 1998-99 as against 428.15



MM³ in 1997-98, registering a growth of 5.5%. Subsidiary-wise position is as below :

(Figs. in Million Cu. Mtrs.)

Company	1998-99	1997-98
ECL	34.23	33.63
BCCL	55.22	49.30
CCL	46.53	42.99
NCL	111.93	111.91
WCL	91.59	85.30
SECL	64.71	61.65
MCL	44.00	39.41
NEC	3.55	3.96
Total/CIL	451.76	428.15

5. POPULATION OF EQUIPMENT

The population of major opencast equipment as on 1.4.99 compared to 1.4.98 as well as their performance in terms of availability and utilisation as %age of CMPDIL norms are given below :

Equip- ment	No. of Equipment		Indicated as % of CMPDIL norms			
	As on 1.4.99	As on 1.4.98	Availability		Utilisation	
			98-99	97-98	98-99	97-98
Dragline	40	40	101	97	105	97
Shovel	830	805	87	87	74	70
Dumper	3753	3670	96	94	60	61
Dozer	1010	1042	89	85	58	57
Drill	780	772	90	87	64	66

5.1 Capacity Utilisation

The overall capacity utilisation of CIL for the year 1998-99 is 93.27% as compared to 92.84% of the year 1997-98. The Subsidiary-wise details are as under :

(Figs. in %.)

Subsidiaries	1998-99	1997-98
ECL	71.79	69.98
BCCL	89.65	91.63
CCL	73.54	69.84
NCL	93.87	92.51
WCL	110.44	116.82
SECL	101.93	103.26
MCL	109.10	105.91
NEC	70.78	79.09
CIL (overall)	93.27	92.84

6. AVAILABILITY OF POWER

ECL, BCCL and CCL operating in Eastern Region meet major part of their power requirements from DVC either directly or through BSEB, DPS and WBSEB. During 98-99 there was overall improvement in power supply from DVC excepting in case of BCCL where there was increase in feeder hrs. lost due to frequent circuit failures. The statement showing the position of power supply as was obtaining in ECL, BCCL and CCL during 98-99 and in 97-98 are indicated below :

(A) DVC Source

Com- pany	Demand in MVA		Availability in MVA		Interruptions in No.s		Feeder hours Lost	
	98-99	97-98	98-99	97-98	98-99	97-98	98-99	97-98
ECL	90.0	90.0	87.8	86.5	1320	1386	1320	1488
BCCL	167.8	169.2	164.0	165.2	1240	1405	2241	2110
CCL	113.9	109.9	110.2	105.8	1930	2327	2265	2820
Total	371.7	369.1	362.0	357.5	4490	5118	5826	6418

(B) WBSEB Source

Com- pany	Demand in MVA		Availability in MVA		Interruptions in No.s		Feeder hours Lost	
	98-99	97-98	98-99	97-98	98-99	97-98	98-99	97-98
ECL	35.0	29.5	34.3	28.5	1016	1542	1398	1753

(C) DPS Source

Com- pany	Demand in MVA		Availability in MVA		Interruptions in No.s		Feeder hours Lost	
	98-99	97-98	98-99	97-98	98-99	97-98	98-99	97-98
ECL	31.0	31.0	30.95	30.90	66	108	62	89

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) Moonidih, BCCL 2 x 10 MW – based on fluidised bed technology using washery reject as fuel.

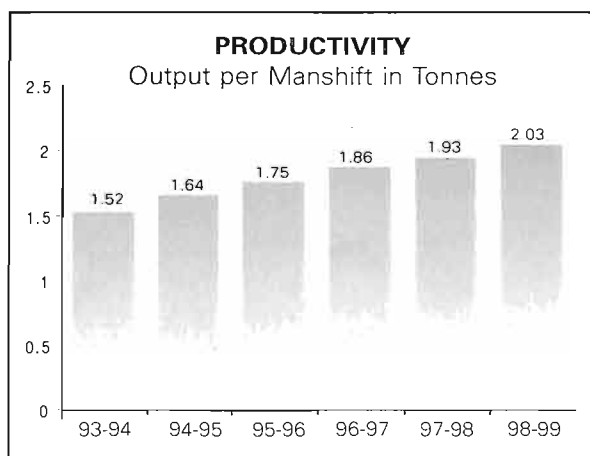
- (iii) Kathara, CCL 2 x 10 MW – based on fluidised bed technology using washery reject as fuel.

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

Location	Capacity
Rajrappa, CCL	1 x 10 MW
Gidi, CCL	1 x 10 MW
Madhuband, BCCL	1 x 10 MW
Piparwar, CCL	1 x 10 MW
Kedla, CCL	1 x 10 MW

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

Output per manshift (OMS) for the year under review has improved to 2.03 tonnes from 1.93 tonnes in the previous year, registering an improvement of 5.2%. The Company-wise position is as under :



(Figures in Tonnes)

8. PLANNING

The Annual Plan for the year 1999-2000 has set the following broad objectives :

Com- pany	Under- ground		Opencast		Overall	
	98-99	97-98	98-99	97-98	98-99	97-98
ECL	0.46	0.42	3.64	3.39	0.85	0.80
BCCL	0.49	0.48	3.16	2.67	1.07	1.07
CCL	0.39	0.39	2.86	2.70	1.78	1.69
NCL	—	—	8.78	8.55	8.78	8.55
WCL	0.74	0.72	4.11	4.02	1.72	1.68
SECL	0.92	0.91	9.24	8.55	2.64	2.57
MCL	0.69	0.68	13.94	13.87	8.03	7.59
NEC	0.24	0.27	3.31	3.50	0.72	0.77
Overall CIL	0.59	0.57	5.52	5.07	2.03	1.93

Sl. No.	Subsidiary	Production (MT)	Off-take (MT)	Capital Outlay (Rs. Cr.)
1.	ECL	29.0	29.00	120
2.	BCCL	27.5	27.75	120
3.	CCL	33.5	34.20	220
4.	NCL	37.5	37.20	1000
5.	WCL	32.0	32.00	303
6.	SECL	58.0	58.50	526
7.	MCL	41.0	41.30	250
8.	NEC	0.6	0.70	4
9.	CMPDI/DCC	—	—	13
Overall CIL		259.1	260.65	2556



Panaromic view of an opencast mine

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 1998-99, a total of 283 reports including 28 Project Reports, 17 Revised Project Report/Revised Cost Estimates, 58 Special Reports/Operational Plans, 19 Environmental Management Plans, 39 Geological Report and 122 Other Studies have been prepared.

8.2 Project Implementation

During the year the following 6 projects have been completed :

Sl. No.	Company	Name of Project	Sanctioned capacity in Mty	Sanctioned cost in Rs. Crores
1.	WCL	Muguli OC	0.80	83.63
2.	WCL	Ukni OC	1.10	100.37
3.	SECL	Rajendra UG	0.64	48.57
4.	SECL	Balarampur UG	0.54	47.79
5.	MCL	Bharatpur (AUG) OC	0.15	48.02
6.	CCL	Kedra Washery	2.60	130.41

51 projects are in different stages of implementation. Of these 51 projects, 25 are on schedule and 26 projects are delayed mostly due to factors like non-availability of land, problem of rehabilitation, delay in forest clearance and rescheduling of loan from World Bank.

8.3 Projects Sanctioned by CIL Board During 1998-99

During 1998-99, CIL Board sanctioned P. R. for one new project and Revised Cost Estimate for two projects.

Sl. No.	Company	Name of Project	Capacity (Mty)	Capital (Rs. in Crores)
New Projects				
1.	WCL	Kumbharkhani UG	0.36	56.90
RCE/RPR				
1.	WCL	Gondegaon OC	0.75	95.6
2.	WCL	Tandsi UG	0.60	81.36

8.4 Project Reports and Revised Cost Estimates Sanctioned by the Government During 1998-99

During 98-99 only one Project Report has been sanctioned by the Government of India.

No.	Company	Name of Project	Capacity (mty)	Sanctioned Capital (Rs.in Crores)
New Project				
1.	CCL	Jharkhand OC	1.00	110.89

8.5 Allotment of Mining Blocks for Captive Use

During the year 1998-99, one Block and two Sub-Blocks were allotted to Power Utility Sector and two Sub-Blocks were allotted to Captive Power Sector by the Screening Committee constituted by the Ministry of Coal.

9. CAPITAL EXPENDITURE

Expenditure on capital account during 1998-99 was Rs. 1831.97 Crores against Rs. 1824.55 Crores in the previous year.

The company-wise break-up of capital expenditure for 1998-99 is as under :

(Figures in Rs. Crores)

Company	1998-99		1997-98	
	BE	Actual	BE	Actual
ECL	140.00	131.23	246.16	173.68
BCCL	207.66	172.02	168.00	158.62
CCL	219.20	181.46	301.33	305.86
NCL	727.15	342.73	517.58	221.08
WCL	414.24	359.82	326.73	291.77
SECL	427.25	309.74	376.00	397.80
MCL	363.80	326.57	317.15	240.10
CMPDIL	5.00	2.91	—	4.43
NEC & CIL	12.70	5.49	17.00	31.21
Total	2517.00	1831.97	2269.95	1824.55

10. CAPITAL STRUCTURE

The authorised share capital of the company as on 31.3.99 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
Total	Rs. 8904.18 crores

The paid-up capital as on 31.3.99 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 31.3.99 was Rs. 9168.05 crores as detailed below :

(Rs. in Crores)			
		As on 31.3.99	As on 31.3.98
Share Capital	— Equity	6316.36	6316.36
	— Preference	904.18	904.18
Loan (including interest accrued and due)		1947.51	2268.83
Total		9168.05	9489.37

11. BORROWINGS

During the year CIL has made the following payments to the Government on account of repayment of loan and interest.

Repayment of loan	— Rs. 310.24 crores
Interest	— Rs. 311.33 crores
Total	— Rs. 621.57 crores

Besides the above, a sum of Rs. 10.25 crores deposited with the Government for land acquisition on being considered in excess of requirement has been adjusted against past and outstanding dues on account of penal interest. The Company has not received any loan from the Government during the year.

Term loans aggregating to Rs. 600 crores were obtained from ICICI, of which Rs. 300 crores have been prepaid during the course of the year. Besides term loans, short term inter-corporate loan of Rs. 175 crores obtained from Neyveli Lignite Corporation was outstanding on 31.3.1999.

12. FOREIGN COLLABORATION

Following foreign collaboration projects are under implementation during 98-99.

Sl. No.	Name of project	Subsidiary	Country of collaboration
1.	Balrampur PSLW	SECL	China
2.	Rajendra PSLW	SECL	China
3.	Refurbishment of Churcha PSLW equipment to be used at Jhanjhra mine of ECL	ECL	DFID, UK

During the year the following activities have been taken up with foreign collaboration :

Sl. No.	Name of project	Subsidiary	Country of collaboration
1.	Studies on "Slope Stability"	NCL	Russia
2.	Preparation of Master Plan for		
	(i) Talcher Coalfields	MCL	Russia
	(ii) Ib Valley Coalfields	MCL	Russia
	(iii) Korba Coalfields	SECL	Russia

12.1 World Bank Financed Projects

The loan from IBRD (530 million USD) and JEXIM Bank (530 million USD) for Coal Sector Rehabilitation Project (CSRP) became effective in June 1998 and the first disbursements into the Special Accounts took place in July, 1998. The procurement of equipment under CSRP is scheduled to take place in two stages namely, Stage A and Stage B. Out of a total of twenty one packages under Stage A, till March 31, 1999, procurement contracts for eighteen packages have been awarded following the world Bank's procurement guidelines. The value of the eighteen contracts is USD 451 million. A total sum of USD 87.62 million has been disbursed as loan from the IBRD and JEXIM Banks till March 31, 1999. The delivery of equipment under different packages of Stage A has been as per schedule.

All the major activities under 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 as per schedule. Till March 31, 1999, the total utilisation of the IDA loan was USD 10.38 million.

13. GEOLOGICAL EXPLORATION

For detailed exploration, CMPDI has 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. The services of private agencies for drilling were obtained for the exploration of two blocks in Assam.

During the year 1998-99, twenty two coalfields were selected for detailed exploration and drilling was conducted in 127 blocks spread over in the states of Assam, West Bengal, Bihar, Maharashtra, M. P. and Orissa.

The overall drilling performance of CMPDI and contractual drilling agencies for 1998-99 is given below :

Table 1
Agency-wise Drilling Achievements during 1998-99

Agency	Annual Target 1998-99 (m)	Achieved 1998-99 (m)	% Achieved against Annual Target	+/- (m)	Productivity (m/dr/mth)
CMPDI	192,000	197,561	103	5,561	355
MECL	62,500	67,101	107	4,601	222
State Govts. :					
— M. P.	5,000	7,422	148	2,422	73
— Orissa	5,000	5,198	104	198	193
Pvt. Parties	1,500	558	37	- 942	33
Total	266,000	277,840	104	11,840	276

Apart from detailed drilling mentioned at Table-1, CMPDI also carried out 13,979 metre of blast hole drilling for production support work in CCL command area.

14. CONSULTANCY SERVICES

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

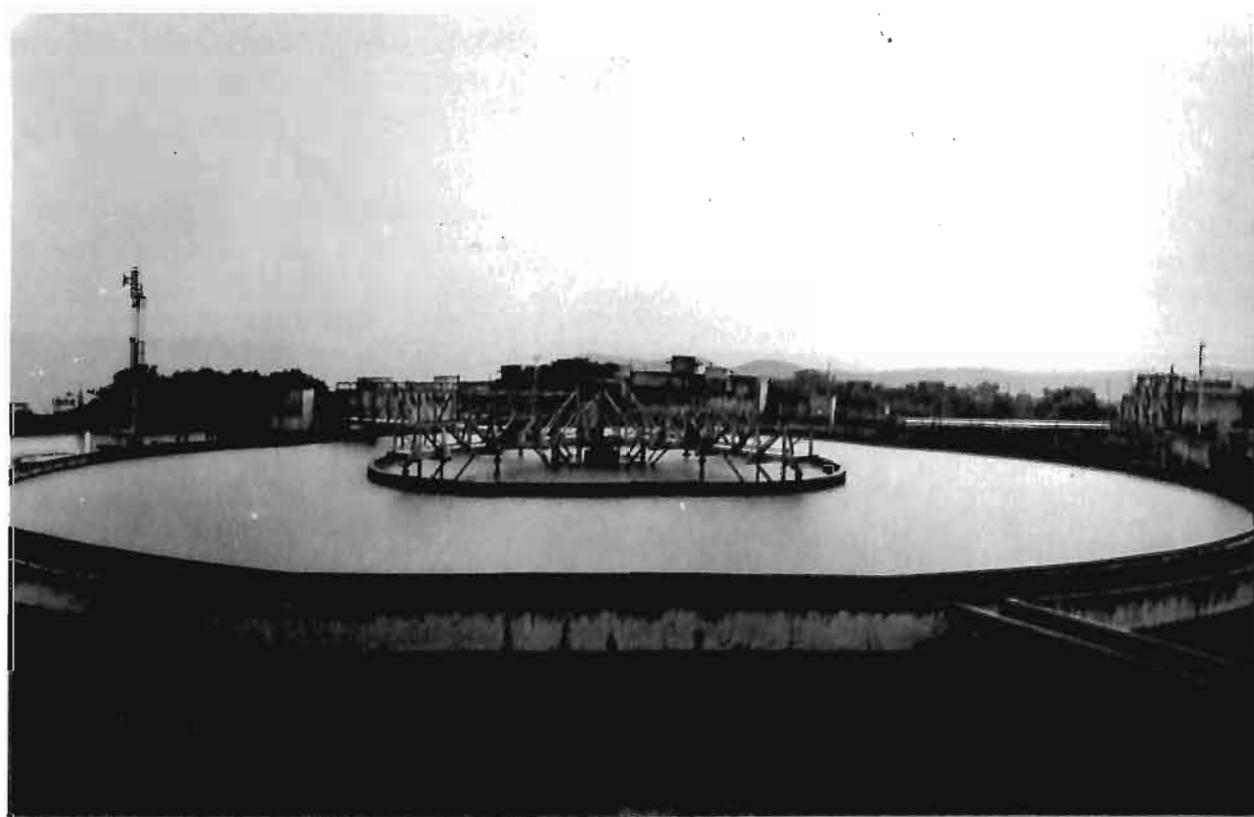
14.1 Consultancy Services to CIL

During the year 1998-99, expert consultancy services were provided to subsidiary companies of Coal India Limited 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.

During 1998-99, a total of 283 reports have been prepared.

14.2 Outside Consultancy Services

During the year 1998-99, consultancy services were provided to 22 organisations for 30 jobs. Some of the important clients/ organisations to whom services were provided are Directorate General of Hydrocarbons (Ministry of Petroleum & Natural Gas), the Tata Iron & Steel Co. Ltd., the Singareni Collieries Co. Ltd., Uranium Corporation of India Ltd, Haldia Dock Complex, Meghalaya Industrial Development Corporation, Integrated Coal Mining Pvt. Ltd., Remote Sensing Application Centre, U. P., Punjab State Electricity Board etc. Presently, 18 outside consultancy jobs are in hand for 17 organisations like Madhya Pradesh Electricity Board, Punjab State Electricity Board, Steel Authority of India Ltd., Haldia Dock Complex, Integrated Coal Mining Pvt Ltd., Bharat Heavy Electricals Ltd., Neyveli Lignite Corporation, Karanataka Power Corporation Ltd., etc.



Water purification plant at NCL, Singrauli

During the year 1998-99, 35 jobs worth Rs. 149.45 lakhs from 28 organisations were procured by CMPDI.

15. RESEARCH AND DEVELOPMENT

15.1 S&T Projects Funded by MOC

The Research & Development activities in Coal Sector are 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 R&D programmes in Coal Sector and also seeking application of research findings. The SSRC is assisted by four Sub-committees each dealing with one of the four relevant major areas of coal research viz.,

- Production, Productivity & Safety
- Coal Beneficiation
- Coal Utilisation
- Environment & Ecology.

CMPDI acts as a nodal agency and co-ordinates R&D/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 31.3.99, 39 projects are under various stages of implementation. During the year 1998-99, 6 projects were sanctioned and 5 projects were completed.

15.2 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 31.3.99, 8 R&D projects are under various stages of implementation. During the year 1998-99, 2 projects were approved by CIL R&D Board.

16. TELECOMMUNICATION SYSTEM

Information Technology is playing a key role for the Business Houses and Corporate Sectors to store, access and disseminate vast amount of information and data for responding to rapidly evolving events and situations. To keep pace with the all round developments in the field of Communication Technology, Coal India has been continuously updating the Telecommunication Systems for achieving higher productivity, human resource management and building up an efficient management information system.

In consideration of above, CIL's captive communication network "Coalnet" has been set up to extend voice and data connectivities from CIL HQrs. to Subsidiary Cos. HQrs. and further to Areas & Project/Mines. State-of-the-Art Digital Electronics Exchanges have been installed at CIL and Subsidiary Cos. Through which direct dialling to subscribers at either ends is possible without the help of operators.

Under COALNET Phase-III & IV scheme voice and data connectivities are being set up from Subsidiary Co. HQrs. to Areas and further to projects & Mines, utilising Digital MART, Multi-Channel (10/30) UHF Radio links, Shared-Radio Systems etc. In SECL, 13 Nos. of UHF links have been installed and BCCL as well as NCL have utilised these systems to connect areas and projects. Radio-Trunking (VHF band) has been installed in BCCL and NCL to extend

mobile communication facilities in open cast mines and to key executives working in areas, washeries etc.

Electronics Weighbridges have been installed in coal siding under subsidiaries like ECL, SECL, NCL etc. replacing the old mechanical systems.

Along with thrust on surface communication systems, action for augmenting communication system in UG mines of CIL has also been taken up under mine electronification programme. Intrinsically, safe UG communication systems have been installed in SECL, WCL, BCCL etc.

Satellite based communication network utilising Very Small Aperture Terminals (VSAT) are providing very effective and reliable connectivities to far flung locations under various subsidiary cos. as mentioned below :

- (a) SECL has finalised the contract for design, supply, installation and commissioning of an integrated VSAT network with a mini-hub at Bilaspur HQrs. and VSAT terminals at 12 area offices to cater voice and data communication requirements of the company.
- (b) High speed VSAT terminals under NICNET have been installed in CMPDIL and NCL for establishing Internet services along with E-mail sending facility on LAN environment to various locations including Ministry of Coal, New Delhi.

All the above mentioned programmes would help effectively in achieving the targets that have been set and contribute to overall growth of productivity and efficiency with higher safety level.

17. COMPUTERISATION

In the liberalised business environment, Information Technology (IT) has been accepted by both Government and Industries as an effective change agent. Coal India has acknowledged the potential of IT and has established its long term IT programme.

Coal India's IT strategy has set priority on development of Computerised Information System supported by matching data communication of the major business functions. Computerised Information System of Production, Sales, Material Management, Personnel and Finance are operational at CIL and its subsidiaries.

Exchange of messages with Ministry of Coal (MOC) and Subsidiary Companies and access to wealth of information through INTERNET have been identified as key areas of application of IT. A Local Area Network (LAN) has been planned to interconnect all the Personal Computers in order to exchange Electronic Mail (E-mail) intra-office as well as with MOC and Subsidiaries and also to browse INTERNET through the desktop PCs.

Realising the problems for all computer related systems due to change over to the year 2000, Coal India has taken steps for Y2K compliance. Awareness programs were conducted for all senior officers and users. Inventory of all systems was completed and impact analysis is under progress. Action plan is also under preparation so that Y2K compliance is made in time.

18. MINES SAFETY

18.1 In 1998, it has been possible to improve the Safety Performance of CIL as a whole compared to 1997.

Table 1
Safety Statistics for CIL in 1998 compared to 1997

Parameter	Year 1998	Year 1997
Fatal Accidents	86	100
Fatalities	99	112
Serious Accidents	389	486
Serious Injuries	407	519
Fatality Rate per m.te. of coal production	0.38	0.43
Fatality Rate per 300,000 manshifts worked	0.23	0.25
Serious Injury Rate per m.te. of coal production	1.55	1.99
Serious Injury Rate per 300,000 manshifts worked	0.95	1.15

Note : Safety Statistics are given in calendar years in conformity with DGMS.

18.2 Fatal Accidents & Fatalities

The Company-wise break-up of fatal accidents, fatalities, serious accidents and serious injuries are given in Table-2 below :

Table 2
Company-wise Safety Statistics for 1998 compared to 1997

Company	Fatal Accidents & Fatalities				Serious Accidents & Injuries			
	Accidents		Fatalities		Accidents		Serious Injuries	
	'98	'97	'98	'97	'98	'97	'98	'97
ECL	20	20	22	23	137	160	142	176
BCCL	25	28	26	29	88	92	90	95
CCL	6	14	10	20	20	21	23	27
NCL	5	2	5	3	25	37	25	38
WCL	13	11	14	11	68	133	71	133
SECL	10	16	12	17	34	30	39	35
MCL	5	8	8	8	16	13	16	15
NEC	2	1	2	1	1	—	1	—
CIL	86	100	99	112	389	486	407	519

18.3 Activities for further Improvement of the Safety Scenario

During the year 1998-99, the following measures were taken to bring about an improvement in the safety performance of the company :

- Thrust on inspections of mines by officials of the Internal Safety Organisation of CIL as well as the subsidiaries.
- Thrust on drawing up and implementation of Support Plans for underground mines based on Rock-Mass-Rating (RMR).
- Larger number of mines are being supported by roof-bolting and the use of roof bolts was increased by nearly 10% compared to previous year.
- Thrust on training and retraining of support personnel and supervisory staff. Out of a total 19133 support personnel on roll, 4371 were trained in 1998 with a view to complete retraining of all support personnel once in every five years. 3311 supervisory staff were also trained in 1998-99.
- Out of 558 development districts and 307 depillaring districts, steel support is being used in 415 districts. A programme has been taken up to phase out timber support in all development districts and maximise steel support in depillaring districts in the next five years.

19. MINES RESCUE SERVICES

In the year 1998-99 eight Rescue Rooms were constructed, equipped and commissioned. Also, two existing Rescue Rooms were upgraded to Rescue-Room-with-Refresher-Training facilities.

The Large-dia Boring Machine procured for emergency evacuation of miners who may

be trapped below-ground has been commissioned and two trial bore-holes have been completed.

20. HUMAN RESOURCE DEVELOPMENT

20.1 In-house Training

Total number of employees trained through in-house efforts during 1998-99 is given below :

Category	Employees Trained
Executives	7418
Supervisors	8315
Workmen	19270
Total	35003

20.2 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, 2709 employees from eight subsidiary companies and CIL/HQ were trained under Training programme conducted outside the Company. The break-up of training efforts at different levels of employees is given below :

Category	Employees Trained
Executives	1927
Supervisors	197
Workmen	585
Total	2709

(ii) Training Abroad

42 employees were trained abroad from April '98 to March '99, the details of which are mentioned below :

Category	Employees Trained
Executives	25
Supervisors	6
Workmen	11
Total	42

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.

21. MANPOWER

21.1 The total manpower of the company including its subsidiaries as on 31.3.99 was 5,86,882 as against 6,11,689 as on 31.3.98. Subsidiary company-wise position of manpower is as below :

Company	As on	Executives	Supervisor/ clerical staff	Skilled/ Semi-skilled/ unskilled workmen	Total
ECL	31.3.99	3089	17804	121853	142,746
	31.3.98	3147	19115	130892	153154
BCCL	31.3.99	3101	16860	107259	127220
	31.3.98	3172	17434	114929	135535
CCL	31.3.99	3178	11755	70060	84993
	31.3.98	3221	11865	73036	88122
WCL	31.3.99	2579	10929	69648	83156
	31.3.98	2517	10767	71503	84787
SECL	31.3.99	3160	13263	81682	98105
	31.3.98	3151	12840	82793	98784
MCL	31.3.99	1350	3376	18257	22983
	31.3.98	1289	3350	18752	23391
NCL	31.3.99	1389	3000	12804	17193
	31.3.98	1352	2917	12883	17152
NEC	31.3.99	136	827	3597	4560
	31.3.98	143	775	3793	4716
CMPDI	31.3.99	960	1001	1786	3747
	31.3.98	992	1034	1805	3831
DCC	31.3.99	78	142	476	696
	31.3.98	85	142	480	707
CIL (HQ)	31.3.99	400	776	307	1483
	31.3.98	388	818	304	1510
CIL as a whole	31.3.99	19420	79733	487729	586882
	31.3.98	19457	81057	511175	611689

21.2 The presidential directives for Scheduled Castes/Scheduled Tribes/OBC have been implemented in all the subsidiaries/units of Coal India Limited.

The representation of SC/ST employees in total manpower of CIL and its Subsidiary companies as on 1.1.1998 and 1.1.1999 are given below :

As on	Total Man-power	Scheduled Caste		Scheduled Tribe	
		Nos.	Percentage	Nos.	Percentage
1.1.1998	619,441	150094	24.23	78453	12.66
1.1.1999	594,468	143664	24.17	74894	12.6

22. INDUSTRIAL RELATIONS AND EMPLOYEES PARTICIPATION IN MANAGEMENT

The Industrial Relations in CIL and its subsidiaries remained cordial. However, there had been some increase in the mandays lost due to strikes in ECL during the year which was mainly due to certain managerial decisions like suspensions of operations in a few mines, stoppage of unproductive work practices etc. These decisions helped in bringing about better discipline and work culture.

Joint Bipartite Committees are effectively functioning right from the shop floor level to the company level and CIL (HQ) level, which has improved the service condition, living condition etc. of our employees including improvement in cultural activities, sports, games etc. A Public/Staff Grievance Redressal Cell headed by the Chief General Manager (Personnel) is also functioning at CIL (H/Q).

Strikes and Bundhs

The companywise break-ups of strikes and bundhs during 1997-98 and 1998-99 are given in the following table :

Name of Com-pany	No. of Strikes/ Bundhs		No. of other incidents*		Mandays lost (Nos.)		Production Lost (in tonnes)	
	1997-98	1998-99	1997-98	1998-99	1997-98	1998-99	1997-98	1998-99
ECL	10	14	51	137	71004	270425	50366	182556
BCCL	4	8	39	51	5217	11963	2253	78540
CCL	0	1	40	58	9816	25720	70848	69400
WCL	1	5	20	8	907	18311	1320	22126
SECL	6	7	1	1	3971	42620	6850	71720
NCL	1	2	14	35	453	2272	12000	0
MCL	0	2	0	0	0	5112	0	76,876
NEC	0	0	0	0	0	0	0	0
CMPDI	0	4	0	0	105	0	0	0
CIL	0	0	0	0	0	0	0	0
Total	22	43	165	290	91473	376423	143637	501218

* Other incidents include GO-slow, Gherao/Assault/Demonstration/Obstruction of stoppage of work/Dharna etc.

23. EMPLOYEES' WELFARE AND SOCIAL SECURITY SCHEME

The Management of Coal India and its Subsidiary Companies firmly believe that performance of the miners largely depend on contented 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 general environmental and ecological conditions of the Coalfield areas.

23.1 The table below shows the position of basic amenities provided :

Item	Available at the time of Nationalisation	Additions during 1998-99	Position as on 31.3.99	Overall satisfaction
(i) Houses	1,18,366	3,115	4,00,002	68.17%
(ii) Water Supply (Population covered)	2.27 Lakhs	0.14 Lakhs	23.46 Lakhs	
(iii) Educational Institutions functioning in and around Coalfield Areas	287	—	1,254	
(iv) Medical facilities*				
(a) Ambulance	42	25	714	
(b) Hospitals	49	—	86	
(c) Hospital beds	1,482	83	5,020	
(d) Dispensaries	—	—	433	

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

23.2 Tree Plantation/Afforestation

Under the Afforestation programme, CIL and its subsidiaries have planted 63.08 Lakhs of seedlings in the Coalfield Areas during the year 1998-99 to provide better environment.

24. PROGRESSIVE USE OF HINDI

Implementtion of Rajbhasha Rules was one of the priorities of CIL in the year under review. 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 in a phased manner by 2001. After this, a more conducive climate shall be available for adopting Hindi in the day-to-day work. There has been an appreciable improvement in the use of Hindi in the official working at CIL.



Children in a coalfield school

A Rajbhasha Karyaunwayan Samity constituted for effective implementation of Rajbhasha policy with HODs as its members has been functioning effectively. During the year, Hindi workshop has been organised and the complete set of official forms in use have been identified and made bilingual. Stationery materials have also been made bilingual. Signboards, nameplates etc. are in trilingual as a matter of past compliance.

Other measures to propagate Hindi such as distribution of the prizes, cash awards have also been implemented. Altogether 69 employees and officers have been given awards.

The use of Hindi has been propagated through various publications like the KHANAN BHARATI, JYOTSNA, SAURAV, PALLAV, VASUNDHARA, SAMPADA and PRATIBIMB, on a regular basis.

24.1 Training

A programme of Intensive Hindi Training Scheme has been introduced. The following number of employees/officers have been trained during the period under review :

Praveen	Pragya	Total
26	43	69

For ensuring completion of training target upto the end of 2000, special cash award for passing Hindi examination has been introduced. This has generated good response and participation from the employees and officers is on increase.

24.2 Provisions for Working Support

29 HINDI SOFTWARES have been provided to various departments. Training for

the operation of the same has been given on individual basis to the employees and officers concerned.

Further, the company has also set up check points to ensure progressive use of Hindi. Rajbhasha implementation in day to day working is also discussed in departmental meetings from time to time to promote use of Hindi.

25. ACTIVITIES OF VIGILANCE DEPARTMENT

25.1 CIL (HQ) Vigilance Department is headed by an IA & AS Officer designated as Chief Vigilance Officer. There are 16 other executives including four at M-2 level and 23 non-executives posted in this Department. Besides the Vigilance set-up at CIL (HQ), separate vigilance set-ups exist at subsidiary level headed by either an officer on deputation as CVO or by a Departmental officer. The CIL Vigilance Department co-ordinates the activities of the subsidiary vigilance wings as well as acts as a nodal agency for furnishing information/statistics, etc. to the MOC & CVC. The Vigilance Department also does liaison with CBI and other anti-corruption agencies and advises Chairman, CIL/subsidiary CMDs on all aspects of preventive and punitive vigilance. In addition to above, this Division renders the advice and guidance in Vigilance Investigation and other related activities to the subsidiary companies.

25.2 During the Year Emphasis was given on System-Improvement in the following Areas

- Curbing coal stock shortages and over reporting of production in coal producing subsidiary companies of Coal India Limited.

- (ii) Prevention of irregularities in providing employment by subsidiary companies in CIL at the levels of unskilled labour/junior clerks, particularly to the land losers/their dependents and to the dependents in medically unfit/death cases.
- (iii) Transport contracts and movement of coal and sand.
- (iv) Annual maintenance contract of weighbridges.
- (v) Quarterly review of disciplinary proceedings pending for more than one year.
- (vi) Amendments to CDA Rules, 1978 of CIL.
- (vii) Identification of sensitive departments and transfer of personnel occupying sensitive posts for long periods.
- (v) The instructions issued annually to the personnel of CIL coal stock measurement teams were vetted by the Vigilance Division as a result of which the specific duties/responsibilities of the CIL stock measurement teams have been more clearly defined.
- (vi) Several loopholes in the systems of conducting examinations for recruitment and promotion were pointed out to the management for remedial action.
- (vii) Regular surprise inspections of various departments of CIL were carried out which yielded good material for further investigations.
- (viii) As advised by CVC, action has been taken to computerise the Property Returns annually submitted by executives for effective monitoring and follow up action.

25.3 Important Achievements

- (i) After investigation in two vigilance cases, recovery of around Rs. 100 lakhs has been ordered, out of which an amount of Rs. 36 lakhs has been already recovered.
- (ii) A two day workshop of all GMs (Civil) was organised with CTE of CVC as the main speaker. The purpose was to remove the deficiencies in the Civil Engineering Manual including the standard format of contracts.
- (iii) A two day co-ordination meeting of GM/CGMs (purchase) of CIL and its subsidiaries was organised in which all aspects of problems were discussed with a view to bringing out a revised and more comprehensive purchase Manual for CIL.
- (iv) Arising out of Vigilance Investigation a decision has been taken to plug the loopholes in the existing system of Road Challans for Coal Sale under liberalised sales.

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

A list of the employees who received salary of Rs. 25,000/- 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) is annexed with the report.

27. BOARD OF DIRECTORS

During the year under review, Shri P. K. Sengupta, Chairman, Shri C. H. Khisty, Director (P&IR), and Shri A. Chatterjee, Director (Finance) continued on the Board. Shri A. K. Sahay, Director (Technical) was on the Board upto 29.4.98 and Shri N. K. Sharma, Director (Technical) joined the Board on 10.7.98.

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 K. C. Vijh, Chairman-cum-Managing Director, Western Coalfields Limited, Nagpur and Shri S. K. Varma, Chairman-cum-Managing Director, Central Mine Planning & Design Institute Limited, Ranchi continued on the Board.

Shri D. P. Sinha, Member (G&O), Central Electricity Authority was on the Board from 22.4.98 to 23.9.98.

Your Directors wish to place on record their deep sense of appreciation for the valuable guidance and services rendered by S/Shri D. P. Sinha and A. K. Sahay during their tenure as Part-time Directors on the Board.

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

The Board of Directors held 9 (Nine) meetings during the year 1998-99.

28. ACCOUNTS OF THE SUBSIDIARIES

The copies of Accounts of the Subsidiary Companies for the year 1998-99 are attached in Vol. - II of the Annual Report and Accounts in compliance with requirement of Sec. 212 of the Companies Act, 1956.

BIFR at its last hearing held on 22.12.97 discharged BCCL out of BIFR. As a result, BCCL is, now, no more a sick company under Sick Industrial Companies (Special Provision) Act. However, the company will continue to be under watch by BIFR under Section 23 of SICA, as accumulated losses of the company is still more than 50% of its paid-up share capital and it still continues to make losses.

As the Company's accumulated losses had exceeded its net worth as on 31.3.1997, ECL filed Form AA before the BIFR on 28.10.97 under Section 15 (1) of SICA 1985.

Due to restructuring of the Capital base, the networth of ECL exceeded its accumulated loss as on 31.3.1998 and the Company came out from the BIFR on 1.6.98.

At the end of the Financial year 1998-99, as the accumulated loss of ECL had exceeded its net-worth, necessary action as required under Section 15 (1) of the Sick Industrial Companies (Special Provision) Act, 1985 is being taken.

29. ACKNOWLEDGEMENT

The Board of Directors of your Company wish to record their deep sense of 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 Ministry of Coal in particular as also the State Governments. Your Directors also acknowledge with thanks the assistance and guidance rendered by the 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, 1999.
- (iii) Statement pursuant to Sec. 212 (i) (e) of the Companies Act, 1956.

For and on behalf of
the Board of Directors

Calcutta

Dated : 27th September, 1999

P. K. Sengupta
Chairman

PARTICULARS OF EMPLOYEES IN RECEIPT OF RS. 25,000/- PER MONTH OR RS. 3 LAKHS PER ANNUM OR MORE DURING THE YEAR

Sl. No.	Name	Designation	Remuneraion (Rs)	Qualification	Date of Birth	Date of Commencement of employment	Last employment held
1.	2.	3.	4.	5.	6.	7.	8.
1.	P. K. Sengupta	Chairman	333325	B. Com. FICWA	08.9.40	30.9.91 as D(F) CIL	NCDC Ltd.
2.	Amitava Chatterjee	Director (F)	331885	B. Com. FCA	29.8.42	27.1.97 as D(F) CIL	Rashtriya Ispat Nigam Ltd.
3.	M. G. K. Murthy	CGM (Prodn.)	401883	B. Sc. (Mining)	16.12.40	1.8.73	Taken over
4.	Col. Ali Akhtar	Sr. Pilot	354153	B. Sc.	02.1.49	9.8.93	Defence Service
5.	Utpal Bhattacharya	ED (Vig.) (On deputation)	432893	IA&AS	16.1.47	19.6.95	Office of IA&A
6.	Shyam Lal Sen	PM	301810	MA (Econ.) MA (LSW) Diploma in Sys. Mgt.	05.10.49	1976	Eastern Coalfields Ltd.
7.	N. C. Sengupta	Chief of Security (on deputation)	332308	Not available	Not Available	11.6.98	CISF
8.	Jamaluddin	Driver	341449	VIII Standard	20.1.58	1.1.82	Dankuni Coal Complex

Annual Accounts

1998-99

Balance Sheet

As At 31st March, 1999

(Rs. in '00,000)

	Schedule	Current Year		Previous Year
I. SOURCES OF FUND				
A. Shareholders' Fund				
(a) Share Capital	A	722054.44		722054.44
(b) Share Money Pending Allotment	B	—		—
(c) Reserves & Surplus	C	92184.07		44404.45
B. Loan Fund				
(a) Secured	D	189417.26	173196.29	
(b) Unsecured	E	251614.39	226915.95	
		441031.65		400112.24
		1255270.16		1166571.13
II. APPLICATION OF FUND				
A. Fixed Assets				
(a) Fixed Assets	F	33054.06	32920.31	
Less : Depreciation		14621.65	13213.34	
		18432.41		19706.97
(b) Capital Work-in-Progress		3995.22		3955.43
B. Investment	G	722056.00		631638.00
C. Current Assets, Loans & Advances				
Inventories	H	4465.87	5877.93	
Sundry Debtors	I	982.97	1060.75	
Cash & Bank Balances	J	19104.19	7595.89	
Loans & Advances	K	551283.33	561234.73	
		575836.36	575769.30	
Less : Current Liabilities & Provisions	L	65216.29	64789.10	510980.20
		510620.07		
D. Miscellaneous Expenditure	M	166.46		290.53
(To the extent not written-off or adjusted)				
		1255270.16		1166571.13
Accounting Policies and Notes on Accounts are forming part of the Accounts				
	N			
Sd/- Dr. H. Sarkar Company Secretary	Sd/- S. B. Das Chief General Manager(F)	Sd/- A. Chatterjee Director (F)	Sd/- P. K. Sengupta Chairman	

Sd/-
Dr. H. Sarkar
Company Secretary

Sd/-
S. B. Das
Chief 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

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

Calcutta
Dated : The 21st September, 1999

Profit & Loss Account

For the Year Ended 31st March, 1999

(Rs. in '00,000)

INCOME	Schedule	Current Year	Previous Year
Sales	1	7528.72	6691.72
Coal Issued for other purposes	2	209.06	175.81
Other Income	3	80662.85	86113.13
		88400.63	92980.66
EXPENDITURE			
Decretion of Stock	4	1210.47	- 1177.68
Purchase of Coal & Coke etc.	5	0.80	26.65
Consumption of Stores & Spares	6	764.52	800.58
Coal Issued for other purposes per contra	7	23.03	17.88
Employees' Remuneration and Benefits	8	7197.16	6389.18
Social Overhead	9	1086.71	894.38
Power & Fuel	10	655.75	485.22
Repairs	11	389.41	247.55
Contractual Expenses	12	2282.45	2640.20
Other Expenditure	13	1937.22	1798.83
Interest	14	9653.39	24458.20
Finance Charges	15	693.79	157.29
Depreciation		1375.67	1668.91
Provisions	16	173.93	408.38
		27444.30	38815.57
PROFIT FOR THE YEAR		60956.33	54165.09
Prior Period Adjustment	17	- 335.84	- 82.74
PROFIT BEFORE TAX		60620.49	54082.35
Provision for Income Tax			
PROFIT AFTER TAX		60620.49	54082.35
Profit brought forward from previous year		166.37	1217.63
Profit (Balance) upto current year		60786.86	55299.98
Investment Allowance (Utilised) Reserve written back			344.77
PROFIT AVAILABLE FOR APPROPRIATIONS		60786.86	55644.75
APPROPRIATION			
Bond Redemption Reserve		23234.44	20000.00
Preference Share Redemption Reserve		20742.00	18000.00
Transfer to General Reserve		3966.21	5448.00
Proposed Preference Dividends		9041.80	9041.80
Proposed Equity Dividends		2526.55	1894.91
Tax on proposed Preference and Equity Dividend		1272.52	1093.67
		3.34	166.37
BALANCE CARRIED TO BALANCE SHEET			

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. B. Das
Chief 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

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

Calcutta
Dated : The 21st September, 1999

Schedule to Balance Sheet

As At 31st March, 1999

SCHEDULE - A

	Current Year	(Rs. in '00,000) Previous Year
SHARE CAPITAL		
<i>Authorised</i>		
(i) 9041800 Non-cumulative 10% Redeemable Preference Shares of Rs. 1,000/- each (Previous Year 9041800 Non-Cumulative 10% Redeemable Preference Shares of Rs. 1,000/- each)	90418.00	90418.00
(ii) 8,00,00,000 Equity Shares of Rs. 1000/- each (Previous Year 8,00,00,000 Equity Shares of Rs. 1000/- each)	800000.00	800000.00
	890418.00	890418.00
ISSUED, SUBSCRIBED AND PAID UP		
(i) 9041800 Non-Cumulative 10% Redeemable Preference shares of Rs. 1000 each fully paid up by way of conversion of GOI loan (Previous year 9041800 Non-Cumulative 10% Redeemable Preference Shares of Rs. 1000/- each). (To be redeemed out of profit in the year 2003-2004)	90418.00	90418.00
(ii) 6,05,94,305 Equity Shares of Rs. 1000/- each fully paid in cash (Previous Year 6,05,94,305 equity shares of Rs. 1000/- each)	605943.05	605943.05
25,69,339 Equity Shares of Rs. 1000/- each allotted as fully paid up for consideration received other than cash (Previous Year 25,69,339 Equity Shares of Rs. 1000/- each)	25693.39	25693.39
	722054.44	722054.44

Note : Entire paid-up Share Capital held by GOI.

SCHEDULE - B

	Current Year	(Rs. in '00,000) Previous Year
SHARE MONEY PENDING ALLOTMENT		
Amount and/or consideration received from Government of India against Equity Shares pending allotment :		
For Land Compensation		
	0.00	0.00

SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE - C

		(Rs. in '00,000)	
RESERVES & SURPLUS		Current Year	Previous Year
A. RESERVES			
(a) Bond Redemption Reserve :			
Balance as per last account	20790.08		790.08
Add : Amount transferred from Profit and Loss Account	23234.44		20000.00
		44024.52	20790.08
(b) Preference Share Redemption Reserve :			
Balance as per last account	18000.00		—
Add : Amount transferred from Profit and Loss Account	20742.00		18000.00
		37842.00	18000.00
(c) Investment Allowance (Utilised) Reserve :			
Balance as per last account	—		344.77
Less : Amount transferred to Profit and Loss Account	—		344.77
		—	—
(d) General Reserve :			
Balance as per last account	5448.00		—
Add : Amount transferred from Profit and Loss Account	3966.21		5448.00
		9414.21	5448.00
B. SURPLUS			
Profit and Loss Account :			
Balance carried forward		3.34	166.37
TOTAL (A+B)		92184.07	44404.45

SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE - D

		(Rs. in '00,000)
	Current Year	Previous Year
SECURED LOAN		
Loan from Scheduled Banks		
(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. 8.1 of Schedule-N)		
Cash Credit	50014.26	53293.29
Working Capital Demand Loan	11000.00	1500.00
Secured Bond		
(To be secured by hypothecation of Plant & Machinery of NCL, SECL & WCL)		
All Redeemable at par		
15.5% Non Convertible (earliest redemption April '99)	30000.00	50000.00
9% Tax free Non Convertible (earliest redemption March, 2000)	15000.00	15000.00
17% Non Convertible (Taxable) (earliest redemption Feb., 2002)	18623.00	43403.00
17% Non Convertible (Taxable) (earliest redemption Feb., 2004)	24780.00	—
	88403.00	108403.00
Corporate Loan from Financial Institutions	40000.00	10000.00
(To be secured by hypothecation of movable assets of the company and certain specified assets of its subsidiaries)		
	189417.26	173196.29

SCHEDULE - E

		(Rs. in '00,000)
	Current Year	Previous Year
UNSECURED LOAN		
Long term loan from Government of India	192058.09	223082.03
Short Term Loan		
(Payable within one Year)		
From Body Corporates	17500.00	—
From World Bank (Guaranteed by GOI)		
JEXIM	20195.19	—
IBRD	19136.68	—
Public Deposit		
Fixed	4.99	4.55
Cumulative	26.44	28.59
	31.43	33.14
Interest Accrued and Due on Govt. Loan.	2678.80	3800.78
Interest Accrued and Due on Public Deposit	14.20	—
	251614.39	226915.95

SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE - F

(Rs. in '00,000)

FIXED ASSETS

	C O S T				DEPRECIATION				NET BLOCK	
	As on 01.04.98	Addition during the year	Adj./Sales/ Trans. during the year	Total as on 31.03.99	As on 01.04.98	Addition during the year	Adj./Sales/ Trans. during the year	Total as on 31.03.99	As on 31.03.99	As on 31.03.98
LAND										
(a) Freehold	671.90	—	—	671.90	—	—	—	—	671.90	671.90
(b) Leasehold	2.21	—	-1.20	1.01	0.34	0.01	-0.20	0.15	0.86	1.87
BUILDING	6603.09	59.18	-57.01	6605.26	990.84	138.42	-9.54	1119.72	5485.54	5612.25
PLANT & MACHINERY	16836.21	287.97	28.14	17152.32	8496.87	855.93	-14.02	9338.78	7813.54	8339.34
FURNITURE & FITTINGS/ OFFICE EQUIPMENTS	1480.79	12.99	-4.30	1489.48	837.13	95.31	-1.64	930.80	558.68	643.66
RAILWAY SIDING	1205.93	-	-300.00	905.93	301.50	43.03	-8.91	335.62	570.31	904.43
VEHICLES	344.45	17.97	-0.33	362.09	221.96	24.46	-0.66	245.76	116.33	122.49
AIRCRAFT	1572.12		-14.25	1557.87	625.31	81.70	-14.25	692.76	865.11	946.81
TELECOMMUNICATION	275.09	1.00	-	276.09	96.97	13.07	-	110.04	166.05	178.12
DEVELOPMENT	3169.31	58.63	0.51	3228.45	1361.33	158.55	0.30	1520.18	1708.27	1807.98
PROSPECTING & BORING	759.21	44.45	-	803.66	281.09	46.75	-	327.84	475.82	478.12
TOTAL (A)	32920.31	482.19	-348.44	33054.06	13213.34	1457.23	-48.92	14621.65	18432.41	19706.97
CAPITAL WORK-IN-PROGRESS	3955.43	289.56	-222.72	4022.27	—	—	—	—	4022.27	3955.43
LESS :PROVISION				-27.05					-27.05	—
TOTAL (B)	3955.43	289.56	-222.72	3995.22					3995.22	3955.43
GRAND TOTAL (A+B)	36875.74	771.75	-571.16	37049.28	13213.34	1457.23	-48.92	14621.65	22427.63	23662.40
PREVIOUS YEAR										
FIXED ASSETS	32020.88	1289.22	-389.79	32920.31	11738.04	1958.94	-483.64	13213.34	19706.97	20282.64
CAPITAL WORK-IN-PROGRESS	1860.77	2667.16	-572.50	3955.43	—	—	—	—	3955.43	1860.77

ALLOCATION OF DEPRECIATION

	CURRENT YEAR	PREVIOUS YEAR
Profit & Loss Account	1375.67	1668.91
Social Overhead	58.06	48.69
Power & Fuel	5.93	5.93
Prior Period Adjustment	-4.37	105.78
Development	10.21	10.23
Transfer In/Out	-3.24	—
Other Adjustment	-33.95	-364.24
Total	1408.31	1475.30

SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE - G

	Current Year	(Rs. in '00,000) Previous Year
INVESTMENT (Unquoted) (Valued at Cost)		
<i>In Fully Paid up Preference Shares of Subsidiary Companies :</i> <i>(Paid up by way of conversion of loan)</i>		
2041800 cumulative 10% Redeemable Preference Shares of Rs. 1000/- each in Mahanadi Coalfields Ltd. (Previous Year — NIL)	20418.00	—
4000000 cumulative 10% Redeemable Preference Shares of Rs. 1000/- each in Northern Coalfields Ltd. (Previous Year — NIL)	40000.00	—
3000000 cumulative 10% Redeemable Preference Shares of Rs. 1000/- each in South Eastern Coalfields Ltd. (Previous Year — NIL)	30000.00	—
<i>In Fully Paid up Equity Shares of Subsidiary Companies :</i>		
22184500 Equity Shares of Rs. 1000/- each in Eastern Coalfields Ltd. (Previous Year 22184500 Equity Shares of Rs. 1000/- each)	221845.00	221845.00
21180000 Equity Shares of Rs. 1000/- each in Bharat Coking Coal Ltd. (Previous Year 21180000 Equity shares of Rs. 1000/- each)	211800.00	211800.00
9400000 Equity Shares of Rs. 1000/- each in Central Coalfields Ltd. (Previous Year 9400000 Equity Shares of Rs. 1000/- each)	94000.00	94000.00
2971000 Equity Shares of Rs. 1000/- each in Western Coalfields Ltd. (Previous Year 29,71,000 Equity Shares of Rs. 1000/- each)	29710.00	29710.00
1,90,400 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
1864009 Equity Shares of Rs. 1000/- each in Mahanadi Coalfields Ltd. (Previous Year 18,64,009 Equity Shares of Rs. 1000/- each)	18640.09	18640.09
1776728 Equity Shares of Rs. 1000/- each in Northern Coalfields Ltd. (Previous Year 17,76,728 Equity Shares of Rs. 1000/- each)	17767.28	17767.28
3597000 Equity Shares of Rs. 1000/- each in South Eastern Coalfields Ltd. (Previous Year 35,97,000 Equity Shares of Rs. 1000/- each)	35970.00	35970.00
<i>In Fully Paid up Equity Shares of Other Company :</i>		
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
	722056.00	631638.00

SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE - H

(Rs. in '00,000)

Current Year

Previous Year

INVENTORIES

(As valued and certified by the Management)

Stock of Stores & Spareparts (at cost)	529.97	697.11		
Less : Provision for slow-moving/ non-moving obsolescence/shortage	132.54	90.62		
	397.43	606.49		
Stores-in-transit (at cost)	8.81	1.34		
	406.24	607.83		
Stock of Coal (Valued at lower of Cost or Market Price)	6803.59	7635.17		
Coke (Valued at lower of Cost or Market Price)	0.75	0.76		
	6804.34	7635.93		
Less : Provisions	2744.71	2369.49		
	4059.63	5266.44		
Stock of Bricks (at cost)		3.66		
	4465.87	5877.93		

SCHEDULE TO BALANCE SHEET (CONTD.)

ANNEXURE TO SCHEDULE - H

NAME OF COMPANY, NEC, CIL, MARGHERITA, ASSAM
 PARTICULARS IN RESPECT OF COAL STOCK AS ON 31.03.99

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

PARTICULARS	OVERALL STOCK		PROVISION FOR NON VENABLE STOCK		VENDBLE STOCK	
	QTY.	VALUE	QTY.	VALUE	QTY.	VALUE
(A) RECONCILIATION OF BOOK STOCK AND MEASURED STOCK						
1. Opening stock as on 01.04.98 (As Per Accounts)	927.09	7517.42			927.09	7517.42
2. Add production for the year	637.42	6679.40			637.42	6679.40
Add : Transfer in	0.00	0.00			0.00	0.00
3. Sub Total (1+2)	1564.51	14196.82			1564.51	14196.82
4. Less Off take for the year						
(A) (i) Outside despatch	700.59	7248.05			700.59	7248.05
(ii) Transferred out	0.00	0.00			0.00	0.00
(B) Internal Consumption for Washing etc.	20.84	209.06			20.84	209.06
(C) Consumption for Boiler and domestic coal						
Total (4)	721.43	7457.11			721.43	7457.11
5. Derived stock (3 - 4)	843.08	6739.71			843.08	6739.71
6. Measured Stock	841.56	6727.60			841.56	6727.60
7. (Difference (5-6))	1.52	12.11			1.52	12.11
8. Break up of difference :						
(A) Excess within 5%						
(B) Shortage within 5%	1.52	12.11			1.52	12.11
(C) Excess beyond 5%						
(d) Shortage beyond 5%						
9. Closing stock adopted in Accounts (6 - 8A + 8B + 8C)	843.08	6739.71			843.08	6739.71
(B) Reconciliation of closing stock adopted in Accounts					843.08	6739.71
Less : Net shortage of more than 5% accounted for in the Accounts but not adjusted from Book Stock pending write off						
Less : Non-venable stock including mixed stock and stock on which provision equivalent to the value has been made in accounts but qnty. not adjusted in Book Stock as well as accounts						2006.11
Less : Charges of Rehandling of pit head Stock						637.97
Less : Provision made in accounts to take care of future deterioration of Coal Stock						
Stock as per Accounts after all Provisions					843.08	4059.63

SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE - I

	Current Year	Previous Year
(Rs. in '00,000)		
SUNDRY DEBTORS (UNSECURED)		
Debts outstanding for a period exceeding 6 months	1532.11	1659.86
Other Debts	690.44	915.62
	<u>2222.55</u>	<u>2575.48</u>
Less : Provision	1239.58	1514.73
	<u>982.97</u>	<u>1060.75</u>
CLASSIFICATION		
Considered good	982.97	1060.75
Considered doubtful	1239.58	1514.73

	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

	Current Year	Previous Year
(Rs. in '00,000)		
CASH AND BANK BALANCES		
Cash, Cheques, Drafts, Stamps etc. in hand	3.87	3.62
Remittance-in-transit	14.67	9.81
In Current Account with Scheduled Banks	8504.75	7373.18
In Money Market Deposit Account	4377.47	—
In Overseas Business Unit Account	6182.58	—
In Deposit Account with Scheduled Banks	17.99	206.51
Fixed Deposit with Scheduled Banks (For Public Deposits)	—	0.02
With Post Office Savings Bank Account	2.86	2.74
	<u>19104.19</u>	<u>7595.89</u>

SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE - K

		(Rs. in '00,000)	
	Current Year	Previous Year	
LOANS & ADVANCES			
Loans & Advances (Unsecured)			
[Advance Receivable in cash or in kind or for value to be received]			
ADVANCE TO SUPPLIERS			
For Capital	684.74	608.67	
For Others	88.62	220.13	
	<u>773.36</u>	<u>828.80</u>	
ADVANCE TO EMPLOYEES			
For House Building (Secured)	347.18	329.30	
For Motor Car & Other Conveyance (Secured)	25.51	32.74	
For Others	112.20	63.82	
	<u>484.89</u>	<u>425.86</u>	
DEPOSITS			
For Custom duty & Port Charges	97.94	73.90	
For Other Deposits	118.99	1616.13	
	<u>216.93</u>	<u>1690.03</u>	
Short Term Loan from Body Corporates	150.00	164.00	
Other Receivable	466.15	80.80	
Other Advances	933.84	92.66	
AMOUNT DUE FROM GOVERNMENT OF INDIA			
For transaction on behalf of Ex-Coal Board	38.16	28.03	
Claims Receivable	380.92	412.13	
Prepaid Expenses	51.47	57.28	
TDS/Advance Tax	77.96	27.08	
Balance with Subsidiaries			
Loan A/c	312483.74		
Current A/c	199520.49		
	<u>512004.23</u>	<u>558188.53</u>	
Balance with Subsidiaries (Foreign Loan)			
Loan A/c	28895.55		
Current A/c	7599.98		
	<u>36495.53</u>	<u>—</u>	
	<u>552073.44</u>	<u>561995.20</u>	
Less : Provision	790.11	760.47	
	<u>551283.33</u>	<u>561234.73</u>	
CLASSIFICATION			
Considered good	551283.33	561234.73	
Considered Doubtful	790.11	760.47	

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	78286.70	177638.38	73351.68	60446.01
Bharat Coking Coal Limited	139030.60	210332.08	139030.60	111182.15
Central Coalfields Limited	131777.42	115140.66	131777.42	112854.96
Western Coalfields Limited	51575.98	41901.43	51575.98	41901.43
Northern Coalfields Limited	88237.27	84884.46	53069.95	84884.46
South Eastern Coalfields limited	106147.16	88818.78	53762.46	88818.78
Mahanadi Coalfields Limited	55880.07	69578.76	42929.97	54123.85
Central Mine Planning & Design Institute Limited	10374.12	8717.25	3001.70	3976.89
	661309.32	797011.80	548499.76	558188.53

Notes : House Building and cars/scooters advance for Rs. 372.69 lakhs (Previous year 362.04 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)	
CURRENT LIABILITIES & PROVISIONS		Current Year	Previous Year	
A. CURRENT LIABILITIES				
<i>SUNDRY CREDITORS</i>				
For Capital including Revenue Stores	401.45		628.32	
For Coal	63.59		66.41	
		465.04		694.73
Advance from Customers		1033.49		1344.31
Deposits		1061.02		1146.28
Advance Deposit (Pre-Nationalisation)		20.85		20.85
<i>EMPLOYEES' REMUNERATION & BENEFITS</i>				
Salaries, Wages & Allowances	1039.52		709.81	
Attendance Bonus	2.44		5.10	
Ex-gratia	189.07		156.17	
Unpaid salaries, Wages etc.	0.42		6.87	
Gratuity	1302.83		777.87	
Leave Encashment	137.88		158.82	
		2672.16		1814.64
<i>OTHER EXPENSES</i>				
Power & Fuel	79.89		43.39	
Contractual Expenses	1966.46		1129.71	
Others	1470.56		160.48	
		3516.91		1333.58
VRS GRANTS (National Renewal Fund)		1616.17		265.90
Due to Government of India		146.01		146.01
(including ex-owner's Accounts)				
Interest accrued but not due on Loan		35773.35		40509.70
13% Non Convertible Bond		0.40		101.90
<i>SALES TAX</i>				
State	13.98		6.32	
Central	12.28		40.24	
		26.26		46.56
Royalty & Cess on Coal		461.25		126.96
Provident Fund		183.84		126.67
Pension Fund		46.97		732.24
<i>INCOME TAX</i>				
Public Deposit	—		47.84	
Employees	19.08		25.78	
Contractors	2.96		3.62	
		22.04		77.24
Professional Tax		5.00		8.87
Other Liability		2143.23		1785.78
Current A/c balance with IICM		2500.76		1788.31
B. PROVISIONS				
Provision for Income Tax		680.67		688.19
Proposed Dividend		11568.35		10936.71
Income Tax on Proposed Dividend		1272.52		1093.67
		65216.29		64789.10

SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE - M

(Rs. in '00,000)

	Current Year	Previous Year
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
VRS Expenses carried forward	27.07	11.86
Gratuity	139.39	278.67
	166.46	290.53

Schedule to Profit & Loss Account

For the Year Ended 31st March, 1999

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.)	<u>709.5</u>	<u>0.1</u>	<u>709.6</u>	<u>571.7</u>
Gross Sales Value (A)	8434.73	1.00	8435.73	7440.49
Add : Service Charges received	274.52	—	274.52	239.41
(A)	8709.25	1.00	8710.25	7679.90
Less : Statutory Levies				
Royalty on Coal	840.71		840.71	681.30
Stowing Excise Duty	24.52		24.52	19.87
Sales Tax				
Central	212.40		212.40	171.72
State	103.86	0.04	103.90	115.29
Total Levies (B)	1181.49	0.04	1181.53	988.18
Net Value (A – B)	7527.76	0.96	7528.72	6691.72

SCHEDULE - 2

(Rs. in '00,000)

	Current Year	Previous Year
COAL ISSUED FOR OTHER PURPOSES		
Internal Consumption	36.79	30.66
Free Issue to Employees	149.24	127.27
Others	23.03	17.88
TOTAL	<u>209.06</u>	<u>175.81</u>

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD.)

SCHEDULE - 3

(Rs. in '00,000)

	Current Year	Previous Year
OTHER INCOME		
Subsidy (Stowing)	22.16	24.50
Apex Office Charges	12794.00	13032.15
Interest received	29.62	19.39
Rent (Outsider)	0.05	0.06
L. D./Penalty received	1.42	2.55
Tender Fees	4.76	10.11
Provision/Liability Write backs		
For Excess Provision	345.38	—
For Interest	—	313.27
	<u>345.38</u>	<u>313.27</u>
Hire charges	1560.00	1562.71
Let out Rent (TDS — Rs. 24.00 lakhs)	393.00	393.00
Dividend from Subsidiaries	64746.36	70660.01
Guarantee Fee from Subsidiaries	589.98	—
Others	176.12	95.38
	<u>80662.85</u>	<u>86113.13</u>
TOTAL	80662.85	86113.13

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD.)

SCHEDULE - 4

(Rs. in '00,000)

	Current Year	Previous Year
ACCRETION (DECRETION) OF STOCK		
<i>Stock of Coal/Coke etc.</i>		
A. Opening Stock (Revenue Mines only) as on 1.4.98		
Raw Coal	6018.18	4686.94
Soft Coke	—	0.76
Coal & Coke in Transit	—	0.19
Bricks	3.66	6.42
	<hr/> 6021.84	<hr/> 4694.31
Less : Deterioration of Coal Value due to fire or longer stocking	751.74	601.89
TOTAL (A)	<hr/> 5270.10 <hr/>	<hr/> 4092.42 <hr/>
B. Closing Stock (Revenue Mines only) as on 31.3.99		
Raw Coal	4733.60	6018.18
Soft Coke	—	—
Coal & Coke in transit	—	—
Bricks	—	3.66
	<hr/> 4733.60	<hr/> 6021.84
Less : Deterioration of Coal value due to fire or longer stocking	673.97	751.74
TOTAL (B)	<hr/> 4059.63 <hr/>	<hr/> 5270.10 <hr/>
NET TOTAL [TOTAL (A) - TOTAL (B)]	<hr/> 1210.47 <hr/>	<hr/> - 1177.68 <hr/>

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD.)

SCHEDULE - 5

(Rs. in '00,000)

	Current Year	Previous Year
PURCHASE OF COAL & COKE, ETC.		
Raw Coal	—	—
Coke	0.69	22.08
Transportation Charges of Coke	0.11	4.57
TOTAL	0.80	26.65

SCHEDULE - 6

(Rs. in '00,000)

	Current Year	Previous Year
CONSUMPTION OF STORES & SPARES		
Explosives	130.27	146.12
Timber	141.70	215.92
Petrol, Oil and Lubricants	148.02	178.71
Other Consumable Stores & Spares		
(a) HEMM	35.46	25.89
(b) Others	461.10	383.43
	496.56	409.32
	916.55	950.07
Less : Transfer to		
Social Overhead	44.90	27.46
Development	3.50	16.54
Power & Fuel	12.14	10.12
Repair & Maintenance	22.68	30.29
Other Expenditure	68.81	65.08
	152.03	149.49
TOTAL	764.52	800.58

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD.)

SCHEDULE - 7

	(Rs. in '00,000)	
	Current Year	Previous Year
COAL ISSUED FOR OTHER PURPOSES		
Internal Consumption	36.79	30.66
Free Issue to Employees	149.24	127.27
Others	23.03	17.88
	<u>209.06</u>	<u>175.81</u>
Less : Transfer to		
Power & Fuel	36.79	30.66
Social overhead	149.24	127.27
	<u>186.03</u>	<u>157.93</u>
TOTAL	<u>23.03</u>	<u>17.88</u>

SCHEDULE - 8

	(Rs. in '00,000)	
	Current Year	Previous Year
EMPLOYEES' REMUNERATION AND BENEFITS		
SALARIES, WAGES AND ALLOWANCES		
Salaries & Wages (Incl. Transport Subsidy)	5477.34	4787.37
Overtime		
(a) Normal	198.42	179.18
(b) Sunday Maintenance	13.08	0.18
	<u>211.50</u>	<u>179.34</u>
Leave Encashment	73.62	154.90
Contribution to Provident Fund and Other Funds (including Administrative Charges)	520.23	521.45
Attendance Bonus	178.03	172.57
Ex-gratia		
(a) PPLB - Non-Executive	171.81	150.55
(b) PPLR - Executive	17.12	6.08
	<u>188.93</u>	<u>156.63</u>
LTC/LLTC/RRF	267.37	250.36
Pension	4.38	4.82
Gratuity	516.80	294.90
Workmen Compensation	2.48	5.26
Group Insurance	10.28	8.21
D. L. I.	2.97	2.74
Life Cover Scheme	9.00	6.25
V. R. S.	18.35	93.43
Others	0.07	0.13
	<u>7481.35</u>	<u>6638.36</u>
Less : Transfer to		
Social Overhead	210.18	178.32
Power & Fuel	3.50	3.24
Development	70.51	67.62
	<u>284.19</u>	<u>249.18</u>
TOTAL	<u>7197.16</u>	<u>6389.18</u>

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD.)

SCHEDULE - 9

(Rs. in '00,000)

		Current Year	Previous Year
SOCIAL OVERHEAD			
Salaries, Wages & Allowances		210.18	178.32
Free Issue of Coal to Employees		149.24	127.27
Medical Facilities			
(a) Medical Reimbursement	166.49		123.94
(b) Medicine	47.86		48.71
(c) Diet Expenses	5.21		3.88
		219.56	176.53
Grants to			
(a) Schools & Institutions	42.85		31.64
(b) Sports, Recreation	14.49		12.88
		57.34	44.52
Canteen and Creche			
Canteen up-keep		15.23	12.99
House Rent		55.97	53.13
Power		117.91	76.29
Repairs & Maintenance			
(a) Township (incl. welfare buildings)	73.27		90.42
(b) Plant & Machineries	1.54		2.13
		74.81	92.55
Maintenance of Vehicles			
(a) Petrol & Diesel	3.75		6.36
(b) Repairs	1.08		3.44
(c) Insurance	0.19		0.15
		5.02	9.95
Consumption of Stores & Spares		41.15	21.10
Depreciation		58.06	48.69
Community Development		38.03	10.85
Environmental expenses			
Tree Plantation		2.98	5.72
Uniform		4.09	4.38
Training Expenses			
(i) Within the Co.	19.58		14.27
(ii) Outside the Co.	4.39		4.24
		23.97	18.51
Others		37.04	38.86
		1110.58	919.66
Less : Recoveries			
House Rent	11.03		12.64
Hospital Charges	6.19		4.31
Electricity Charges	5.12		4.46
		22.34	21.41
Less : Transferred to Development		1.53	3.87
TOTAL		1086.71	894.38

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD.)

SCHEDULE - 10

		(Rs. in '00,000)
	Current Year	Previous Year
POWER & FUEL		
Purchase of Electricity	722.95	516.91
Power Generation		
Salary & Wages	3.50	3.24
Consumption of Coal	36.79	30.66
Consumption of Stores	12.14	10.12
Repairs & Maintenance	0.30	2.79
Depreciation	5.93	5.93
	<u>58.66</u>	<u>52.74</u>
	781.61	569.65
Less : Transfer to		
Social Overhead	117.91	76.29
Development	7.95	8.14
	<u>125.86</u>	<u>84.43</u>
TOTAL	<u>655.75</u>	<u>485.22</u>

SCHEDULE - 11

		(Rs. in '00,000)
	Current Year	Previous Year
REPAIRS		
Building	89.85	80.32
Plant & Machinery		
Outside Agency	68.34	47.66
Others		
(a) Office Equipment	94.75	32.96
(b) Consumption of Stores	22.68	30.29
(c) Vehicles	6.48	8.80
(d) Others	183.90	147.96
	<u>307.81</u>	<u>220.01</u>
	466.00	347.99
Less : Transfer to		
(a) Social Overhead	75.21	95.99
(b) Power & Fuel	0.30	2.79
(c) Development	1.08	1.66
	<u>76.59</u>	<u>100.44</u>
TOTAL	<u>389.41</u>	<u>247.55</u>

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD.)

SCHEDULE - 12

	(Rs. in '00,000)	
	Current Year	Previous Year
CONTRACTUAL EXPENSES		
Transportation Charges		
Coal, Coke	10.46	0.52
Stores	15.78	5.01
	<u>26.24</u>	<u>5.53</u>
Other Contractual Work	2256.92	2634.67
	<u>2283.16</u>	<u>2640.20</u>
Less : Transfer to Development	0.71	—
	<u>2282.45</u>	<u>2640.20</u>
TOTAL	2282.45	2640.20

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD.)

SCHEDULE - 13

			(Rs. in '00,000)	
		Current Year	Previous Year	
OTHER EXPENDITURE				
Travelling				
(a) In Country	275.46		291.27	
(b) Outside Country	23.69		45.18	
		299.15		336.45
Printing & Stationery		68.57		83.44
Postage		40.07		8.69
Telephone		145.27		225.06
Advertisement & Publicity				
Advertisement for				
(a) Recruitment	15.02		16.99	
(b) Tender	41.00		83.40	
(c) Publicity	84.67		46.19	
		140.69		146.58
Demurrage		7.14		1.80
Donation		22.44		21.87
Subscriptions		20.17		13.03
Security expenses		115.25		90.52
Hire Charges				
(a) Computer	47.51		71.52	
(b) Others	108.57		93.49	
		156.08		165.01
Maintenance of Vehicles				
(a) Petrol & Diesel	68.81		65.08	
(b) Repairs	23.47		31.56	
(c) Road Tax & Insurance	8.35		7.92	
		100.63		104.56
Legal Expenses		9.52		21.62
Bank Charges		21.68		18.13
Guest House expenses	28.56		29.79	
Less : Recoveries	6.28		6.58	
		22.28		23.21
Consultancy fees		182.19		46.96
Office Contingency expenses		31.84		39.40
Underloading Charges		52.92		6.03
Loss on sale/discard of assets		0.21		1.19
Auditors' Remuneration				
(a) Audit fees	1.03		1.03	
(b) Tax Audit fees	0.36		0.34	
(c) Travelling & Out-of-pocket exp.	0.51		0.52	
		1.90		1.89
Internal Audit fees and expenses		1.85		1.69
Royalty & Cess		7.73		7.19
Rent, Rates & Taxes		283.63		311.22
Insurance		31.47		35.08
Dead Rent		16.45		8.84
Surface Rent		0.88		0.87
Loss on Foreign Exchange variance		9.11		0.86
Others		159.47		93.42
		1948.59		1814.61
Less : Transferred to Development		11.37		15.78
TOTAL		1937.22		1798.83

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD.)

SCHEDULE - 14

(Rs. in '00,000)

	Current Year	Previous Year
INTEREST		
(a) Government Loan		
(i) Plan Loan	26861.99	31371.82
(ii) Non-plan Loan	41.26	51.67
(b) Bank Overdraft	4972.12	5188.32
(c) Bonds	16444.07	22619.61
(d) Public Deposit	0.09	20.94
(e) Other corporate/Financial Institutional Loan	7123.30	393.43
(f) Pension Fund	85.17	60.61
(g) Interest in IBRD & JEXIM Loan	315.68	—
	<u>55843.68</u>	<u>59706.40</u>
Less : (a) Recovered from Subsidiaries	45873.73	35239.23
(b) Interest received on short-term deposits	0.88	—
(c) Transferred to Subsidiaries on account of IBRD & JEXIM Loan	315.68	—
	<u>46190.29</u>	<u>35248.20</u>
TOTAL	<u>9653.39</u>	<u>24458.20</u>

SCHEDULE - 15

(Rs. in '00,000)

	Current Year	Previous Year
FINANCE CHARGES		
Other expenses for Bond & Public Deposits	221.81	157.29
Guarantee Fees on Foreign Loan	471.98	—
Other expenditure on IBRD & JEXIM Loan	7284.30	—
	<u>7978.09</u>	<u>157.29</u>
Less : Transferred to Subsidiaries on account of IBRD & JEXIM Loan	7284.30	—
TOTAL	<u>693.79</u>	<u>157.29</u>

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD.)

SCHEDULE - 16

	(Rs. in '00,000)	
	Current Year	Previous Year
PROVISIONS		
<i>Provision for</i>		
Doubtful Debts	53.51	216.31
Doubtful Advances	44.33	149.12
Others	76.09	42.95
TOTAL	173.93	408.38

SCHEDULE - 17

	(Rs. in '00,000)	
	Current Year	Previous Year
PRIOR PERIOD ADJUSTMENT		
<i>Debits</i>		
Employees' Remuneration & Benefits	237.47	13.34
Other Expenditure	91.58	33.65
Power & Fuel	8.36	0.68
Interest	4.26	2.77
Repairs	6.67	0.28
Social Overhead	0.32	2.12
Depreciation	—	105.78
	348.66	158.62
<i>Credits</i>		
Depreciation	4.37	—
Consumption of Stores & Spareparts	—	9.19
Other Income	—	1.62
Contractual Expenses	—	65.07
Repairs	5.10	—
Financial Expenses	3.35	—
	12.82	75.88
NET CREDIT (+) / DEBIT (-)	- 335.84	- 82.74

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 applicable in India, 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 wherever required.
- 2.2 Accrual basis of accounting has been followed except in the following cases :
 - (a) Life Cover Scheme is accounted for on cash-cum-death basis.
 - (b) Interest on advance to employees e.g. House Building, Purchase of Conveyance etc., are accounted for on realisation after recovery of principal.
Sale of scrap are accounted for on realisation/cash basis.
 - (c) Demurrage, liquidated damages are accounted 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 recieved.
- 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.
- 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 for construction of Railway Siding 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 Siding 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,
 - (b) 2 years of touching of coal,
OR
 - (c) 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/Amortisation

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

- (a) Value of lease hold land is amortised equitably during the period of lease or life of the project whichever is less.
- (b) Value of land acquired under Coal Bearing Area (Acquisition & Development) Act, 1957, is charged off on the basis of 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 capitalised.

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 $\pm 5\%$, and incase the variance is beyond $\pm 5\%$, 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, bricks 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.

8. Overburden Removal Expenses

Expenditure relating to overburden removal is charged to revenue in the year in which these are incurred as per consistent accounting practice.

9. Apex Charges

Apex charges are recovered from Coal Producing Subsidiaries and NEC of Coal India Ltd. at the 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.

Revenue arising from the use by other, of the Company's resources save and except for items specified in para-2 (part-A) of this schedule are only recognised when no significant uncertainty as to realisability or collectibility exists.

11. Investment

Investments are stated at cost.

12. Interest

Interest on the loan owed by Subsidiary Companies to CIL has been charged on the opening balance of the loan in their books at rates determined in consideration of the provisions contained in the loan agreement as well as the principles of corporatisations of financial flows adopted by the Board. The above amount is utilised to meet the obligations of CIL in respect of interest on Government loans, Intercompany loans, Fund based facilities, Bonds, etc. net of interest earned on Short Term Deposits for the year.

13. Foreign Exchange Loan

The loan drawn from IBRD and JEXIM Banks on account of Coal Sector Rehabilitation Project to be implemented in various Subsidiaries has been shown under the head "Unsecured Loan" (Ref. Schedule-E). Loans remaining unallocated/unutilised at the end of the year have been kept in "Money Market Deposit Account" of State Bank of India, New York and "Overseas Business Unit Account" of State Bank of India, Tokyo.

In terms of the agreement with IBRD and JEXIM Bank, Coal India Ltd. has entered into back-to-back loan agreements with its participating Subsidiaries and loans including effect of exchange rate variation have been shown under "Loan to Subsidiaries" and all other financial charges viz : Interest, Commitment charges etc. and interest earned are transferred through "Current Account with Subsidiaries".

14. Conversion of Foreign Currency

Foreign Currency loan transactions are transferred at the exchange rate prevailing at the time of transaction. Year end balance is converted at the year end applying closing rates.

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. 172078.45 lacs (Rs. 3053.65 lacs).
- 1.2 Claims against the Company not acknowledged as debts are Rs. 411.54 lacs (Rs. 448.98 lacs).

- 1.3 Commitments relating to Forward Exchange Contracts as at the end of the year stood at Rs. 15828.80 lacs.
- 1.4 As on 31.3.99 outstanding letters of credit amounted to Rs. 171319.63 lacs, (Rs. 2981.07 lacs) outstanding Deferred payment guarantee issued by Banks amounted to Rs. 8381.16 lacs (Rs. 1167.45 lacs).

2.0 Fixed Assets

- 2.1 Title deeds for land acquired, in some cases, have not been executed in favour of the company and mutation in certain cases are yet to be executed.
- 2.2 **Dankuni Coal Complex/Indian Institute of Coal Management**: Fixed Assets comprising Power Plant of Rs. 6064.71 lakhs and related building and other assets of Rs. 3652.25 lakhs, both at book value as on 31.3.95, have been let out to SECL. Additions to these assets from the day of letting out to 31.03.1999 are Rs. 548.89 lakhs on value of plant and Rs. 229.02 lakhs on value of building and other assets.

Besides, Fixed Assets comprising of Plant & Machinery of Rs. 218.99 lakhs and related building and other assets of Rs. 1625.37 lakhs, both at book value as on 31.3.95 have been let out to IICM, a registered society under Societies Registration Act, 1861. Additions to these assets from the day of letting to 31.03.1999 are Rs. 268.88 lakhs on value of plant & machinery and Rs. 309.15 lakhs on value of building and other assets.

3.0 Investment in Subsidiaries

- 3.1 As a part of restructuring of the capital base of the Subsidiary Companies 10% Redeemable Preference Shares (cumulative) to the tune of Rs. 40000.00 lakhs, Rs. 30000.00 lakhs and Rs. 20418.00 lakhs have been issued by NCL, SECL and MCL respectively in favour of Coal India Ltd. by way of conversion of loan (Ref. Schedule-G).
- 3.2 Investment of the Company in share capital of Bharat Coking Coal Ltd. and Eastern Coalfields Ltd. as on 31.3.99 amounted to Rs. 211800.00 lakhs and Rs. 221845.00 lakhs respectively. ECL has become sick, is being referred to BIFR, and BCCL is potentially Sick under Sick Industrial Companies Act, 1985. Plans for restructuring/revival of ECL & BCCL are in an advanced stage of formulation and it is expected that with implementation of these plans, the Companies shall turnaround. In view of this, investment in ECL & BCCL have been valued at cost.

4.0 Inventories

Stores & Spares

- 4.1 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.
- 4.2 Provision for Rs. 132.54 lakhs (90.62 lakhs) has been kept in the accounts for unserviceable or obsolete spares which is considered adequate.
- 4.3 Stores and Spares also include loose tools value of which is not separately ascertained, as it is charged in the year of procurement as per consistent practice.

5.0 Sundry Debtors

- 5.1 An amount of Rs. 1239.58 lakhs exists in the Accounts (Rs. 1514.73 lakhs) towards Provision for Bad & Doubtful Debts and considered adequate

6.0 Bonds

- 6.1 During the year the Company has redeemed 15.5% Non-Convertible Secured Bonds (C-Series) amounting to Rs. 200 crores out of Rs. 500 crores.

7.0 Loans & Advances

- 7.1 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.
- 7.2 Claims receivable include Rs. 219.55 lacs due from Railways for missing/diversion of wagons (Rs.237.77 lacs) etc.
- 7.3 Pending linking with regard to Dues to Port Authorities certain credit balance and corresponding debit balance have been netted from gross amount.

8.0 Secured Loans

- 8.1 **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. 700 Crores (including Rs. 200 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 31.3.99.

9.0 Current Liabilities & Provisions

- 9.1 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.
- 9.2 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 Coal Mines Pension Scheme, 1998.
- 9.3 The balance of the current account with the Subsidiaries are being reconciled on a continuous basis, and the same as on 31.3.1999 has been reconciled substantially, while reconciliation of the balance is in progress.

10.0 Profit & Loss Account

- 10.1 Recognition of Revenue in respect of interest claim amounting to Rs. 10414.76 lakhs attributable to ECL & BCCL, in year's account have been deferred. This has been done in keeping with the published guidance note of ICAI for deferment of Revenue Recognition followed by Accounting Standard-9.
- 10.2 Employees' Remuneration & Benefits includes provision for Interim Relief arrears to Non-Executives for April '98 & May '98.

Further, pending finalisation of revision of pay scales to the executive cadre employees (below Board level) a recoverable advance is paid to such executives at a fixed monthly

rate. Provision for arrear salary from 1.1.97 has been made at the same rate including P. F. thereon.

- 10.3 As part of the capital restructuring plan approved by the Govt. for Coal India Ltd. in Feb. 1996 the repayment of the loan as well as the accrual of interest of the outstanding non-plan loan of Rs. 432.64 crores was allowed a moratorium for 3 years w.e.f. 1.4.96. Accordingly, no interest has been provided for the aforesaid component of the Govt. loan during the year.
- 10.4 Dividend recommended as per Accounts adopted by the Board of the respective Subsidiaries for the year 1998-99 has been considered as Income during the year.
- 10.5 Pending finalisation of allocation, gains amounting to Rs. 349.52 lakhs arising out of cancellation of forward contracts against foreign exchange loans, taken by the Company for its Subsidiaries and remaining in their books, have been kept in Suspense Account.

11.0 Effect due to change in Accounting Policy and Basis of Accounts

As against previous policy of allocating interest on the basis of closing balance of loan from Coal India Ltd. appearing in the books of accounts of Subsidiary Companies have been charged interest at a specified rate on opening balance of outstanding loan from Coal India Ltd. This has resulted in an increase of profit by Rs. 3668.47 lakhs.

12.0 Others

- 12.1 Current assets, loans and advances have realisable value in the course of business at least equal to the amount at which they are stated.
- 12.2 Pending confirmation of balance from the parties, Sundry Debtors, Creditors, Loans & Advances and Deposits have been taken in the Accounts as per book value.
- 12.3 As per extant practice, goods purchased by CIL on behalf of Subsidiaries are accounted for in the books of the Subsidiary Companies.
 - (a) There is no case of outstanding dues of the small scale industrial undertaking(s) to whom the Company owes a sum exceeding Rs. 1 lakh which is outstanding for more than 30 days arising out of recent ratification.
 - (b) All steps have been taken for Y2K compliance. final certificate to this effect from the competent authority is expected shortly.
- 12.4 Previous years' figures have been regrouped and rearranged wherever necessary.
- 12.5 As there is no taxable income during the year provision for tax has not been made.
- 12.6 In Notes on Accounts figure in the parentheses relates to previous year.
- 12.7 The Accounts together with Notes thereon approved by the Board of Directors of the Company in the meeting held on 17th August, 1999 and reported upon by the Statutory Auditors on 28th August, 1999 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 by 2328.70

(B) Balance Sheet

- | | |
|--|---------|
| (i) Reserve & Surplus : | |
| General Reserve for the year decreased by | 2328.70 |
| (ii) Fixed Assets (Capital WIP) decreased by | 27.05 |
| (iii) Inventory has been decreased by | 100.00 |
| (iv) Loans & Advances decreased by | 2184.99 |
| (v) Current Liabilities & Provisions increased by | 16.66 |
| (vi) Revision of earliest redemption date of Secured Bonds in Schedule - D has been made in the revised Accounts | |
| (vii) Revision in Annexure to Schedule H has been made in the revised Accounts. | |
| (viii) Revision of Note No. 1.2 in the Notes on Accounts (Part B, Schedule N of the Revised Accounts : Contingent Liability amounting to Rs. 556.32 lakhs has been replaced by Rs. 411.54 lakhs) | |
| (ix) Insertion of Note No. 12.7 in the Notes on Accounts (Part B, Schedule N) in the Revised Accounts. | |
| (x) 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, 1999 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. B. Das
Chief 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

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

Calcutta
Dated : The 21st September, 1999

SCHEDULE TO BALANCE SHEET (CONTD.)

ANNEXURE TO SCHEDULE - N

	(Rs. in '00,000)	
	Current Year	Previous Year
I. <i>Directors' Remuneration :</i>		
(i) Salaries	9.80	15.90
(ii) Company's Contribution to Provident Fund & Other Funds	0.94	1.70
(iii) Medical Benefits	0.87	0.40
(iv) Perquisites	0.29	0.18
Notes :		
(a) Perquisites do not include charges for electrical energy which has been recovered as per Rules of the Company.		
(b) 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.		

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	Nil

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	9.11	0.86
(iv) Commission to Foreign Agents	Nil	Nil
(v) Training expenses and payments to Foreign Technicians	3.00	8.68
(vi) Travelling	3.24	28.54
(vii) Medical Treatment	Nil	Nil
(viii) Membership Fees	Nil	Nil
(ix) Advertisement	Nil	Nil

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	Nil
(ii) Indigenous	916.55 (100%)	950.07 (100%)

Additional information required in paragraph 3 & 4 of Part II of Schedule VI to the Companies Act, 1956 for the year ended 31st March, 1999.

(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
Opening Stock				
Coal & Coke	946.10	5266.44	847.00	4086.00
Adjustment	- 1.26			
Production				
Coal & Coke	637.42	—	687.47	—
Purchase :				
Coal & Coke	0.09	0.69	3.60	22.08
Sales : (Adjusted & excluding Levies & Service Ch.)				
Coal & Coke	709.63	7254.20	571.70	6452.31
Own Consumption				
Free issue and Boiler Consumption	20.84	209.06	20.40	175.81
Closing Stock				
Coal & Coke	851.88	4059.63	946.10	5266.44

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	9
---	---

Date Month Year

II. CAPITAL RAISED DURING THE YEAR
(Amount in Rs. '000)

Public Issue	Rights Issue																				
<table border="1" style="display: inline-table;"><tr><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr></table>	-	-	-	-	-	-	-	-	-	-	<table border="1" style="display: inline-table;"><tr><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr></table>	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-												
-	-	-	-	-	-	-	-	-	-												
Bonus Issue	Private Placement																				
<table border="1" style="display: inline-table;"><tr><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr></table>	-	-	-	-	-	-	-	-	-	-	<table border="1" style="display: inline-table;"><tr><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr></table>	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-												
-	-	-	-	-	-	-	-	-	-												

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS
(Amount in Rs. '000)

Total Liabilities	Total Assets																		
<table border="1" style="display: inline-table;"><tr><td>1</td><td>3</td><td>2</td><td>0</td><td>3</td><td>1</td><td>9</td><td>9</td><td>9</td></tr></table>	1	3	2	0	3	1	9	9	9	<table border="1" style="display: inline-table;"><tr><td>1</td><td>3</td><td>2</td><td>0</td><td>3</td><td>1</td><td>9</td><td>9</td><td>9</td></tr></table>	1	3	2	0	3	1	9	9	9
1	3	2	0	3	1	9	9	9											
1	3	2	0	3	1	9	9	9											

Sources of Funds

Paid-up Capital	Reserves & Surplus																		
<table border="1" style="display: inline-table;"><tr><td></td><td>7</td><td>2</td><td>2</td><td>0</td><td>5</td><td>4</td><td>4</td><td>4</td></tr></table>		7	2	2	0	5	4	4	4	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td>9</td><td>2</td><td>1</td><td>8</td><td>4</td><td>0</td><td>7</td></tr></table>			9	2	1	8	4	0	7
	7	2	2	0	5	4	4	4											
		9	2	1	8	4	0	7											
Secured Loans	Unsecured Loans																		
<table border="1" style="display: inline-table;"><tr><td></td><td>1</td><td>8</td><td>9</td><td>4</td><td>1</td><td>7</td><td>2</td><td>6</td></tr></table>		1	8	9	4	1	7	2	6	<table border="1" style="display: inline-table;"><tr><td></td><td>2</td><td>5</td><td>1</td><td>6</td><td>1</td><td>4</td><td>3</td><td>9</td></tr></table>		2	5	1	6	1	4	3	9
	1	8	9	4	1	7	2	6											
	2	5	1	6	1	4	3	9											

Application of Funds

Net Fixed Assets	Investments																		
<table border="1" style="display: inline-table;"><tr><td></td><td></td><td>2</td><td>2</td><td>4</td><td>2</td><td>7</td><td>6</td><td>3</td></tr></table>			2	2	4	2	7	6	3	<table border="1" style="display: inline-table;"><tr><td></td><td>7</td><td>2</td><td>2</td><td>0</td><td>5</td><td>6</td><td>0</td><td>0</td></tr></table>		7	2	2	0	5	6	0	0
		2	2	4	2	7	6	3											
	7	2	2	0	5	6	0	0											
Net Current Assets	Misc. Expenditure																		
<table border="1" style="display: inline-table;"><tr><td></td><td>5</td><td>1</td><td>0</td><td>6</td><td>2</td><td>0</td><td>0</td><td>7</td></tr></table>		5	1	0	6	2	0	0	7	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>1</td><td>6</td><td>6</td><td>4</td><td>6</td></tr></table>					1	6	6	4	6
	5	1	0	6	2	0	0	7											
				1	6	6	4	6											
Accumulated Losses																			
<table border="1" style="display: inline-table;"><tr><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr></table>	-	-	-	-	-	-	-	-	-										
-	-	-	-	-	-	-	-	-											

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

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

Turnover (Net)								Total Expenditure									
			7	5	2	8	7	2			2	7	5	7	1	0	8
Other Income																	
			8	0	6	6	2	8	5								
+ - Profit/Loss Before Tax																	
+					6	0	6	2	0	4	9						
+ - Profit/Loss After Tax																	
+					6	0	6	2	0	4	9						
Earning per share (Rs.) including preference Shares												Dividend %		on 10% Non Cumulative Redeemable Preference Shares.			
			-	-	-	-	8	3	.	9	6			1	0	On Equity Shares @ Rs. 4/- 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	BITUMINOUS COAL								
Item Code No. (ITC Code)	2	7	0	4	0	0	.	0	4
Product Description	SOFT COKES OF COAL								

**STATEMENT PURSUANT TO SECTION 212 (1) (E) OF
THE COMPANIES ACT, 1956 AS AT 31ST MARCH, 1999**

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	Pre-tax Profit (+) Loss (-) for the year ended 31.3.1999 Rs. in Crores	Profit (+) Loss (-) balance as on 31.3.99 cumulative (after Tax Provisions, Provision for Dividends and Reserves) Rs. in Crores
Eastern Coalfields Limited	22,184,500	3	2,218.45	(-) 472.47	(-) 2201.07
Bharat Coking Coal Limited	21,180,000	3	2,118	(-) 442.34	(-) 2096.83
Central Coalfields Limited	9,400,000	3	940	(-) 149.35	(-) 95.62
Western Coalfields Limited	2,971,000	3	297.1	(+) 476.58	(+) 492.98
Northern Coalfields Limited	1,776,728	3	177.67	(+) 802.14	(+) 1068.84
South Eastern Coalfields Limited	3,597,000	3	359.7	(+) 676.55	(+) 660.00
Mahanadi Coalfields Limited	1,864,009	3	186.4	(+) 601.31	(+) 626.48
Central Mine Planning & Design Institute Limited	190,400	3	19.04	(+) 0.63	(+) 23.05
CIL				(+) 606.20	(+) 0.03
TOTAL				(+) 2099.25	(-) 1522.14

Less income from dividend received from subsidiaries included in the

Profit of CIL

= (-) 647.46

Profit (before tax)

= (+) 1451.79

**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, 1999**

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 12 of the Auditors' Report to the Shareholders and item No. 12.7 of the Notes forming part of Accounts (Schedule-N, Para-B), 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, 1999.

Dated : Calcutta
the 28th September, 1999

Sd/-
(Arijit 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 1999 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:

	996-97	1997-98	(Rs. in crores) 1998-99
LIABILITIES			
(a) Paid up Capital			
(i) Government	7220.54	7220.54	7220.54
(ii) others	—	—	—
(b) Reserves & Surplus			
(i) Free Reserves & Surplus	23.52	56.14	94.17
(ii) Share Premium Account	—	—	—
(iii) Capital Reserve	—	387.90	827.67
(c) Borrowings			
(i) From Govt. of India	2534.72	2230.82	1920.58
(ii) From Financial Institutions	—	100.00	400.00
(iii) Foreign Currency Loans (Credit)	—	—	393.32
(iv) Cash Credit	457.74	532.93	500.14
(v) Others (Including short term loan)	1613.78	1099.36	1169.34
(vi) Interest Accrued and Due	56.40	38.01	26.93
(d) (i) Current Liabilities & Provisions (excluding provisions for Gratuity)	609.30	640.11	639.13
(ii) Provisions for Gratuity	7.80	7.78	13.03
TOTAL	12523.80	12313.59	13204.85
ASSETS			
(e) Gross Block	320.21	329.20	330.54
(f) Less : Cumulative depreciation	117.38	132.13	146.22
(g) Net Block	202.82	197.07	184.32
(h) Capital Work-in-progress	18.61	39.55	39.95
(i) Investments	6230.53	6316.38	7220.56
(j) Current Assets, Loans & Advances	6066.74	5757.69	5758.36
(k) Misc-expenditure not written off	5.10	2.90	1.66
(l) Accumulated Losses	—	—	—
TOTAL	12523.80	12313.59	13204.85
(m) Working Capital [j- d (i) - c(vi)]	5401.04	5079.57	5092.30
(n) Capital Employed [g+m]	5603.86	5276.64	5276.62
(o) Net Worth [a+b (i) - b (ii) - k-l]	7238.96	7273.78	7313.05
(p) Net Worth per Rupee of paid up Capital (in Rs.)	1.00	1.01	1.01

2. WORKING RESULTS

The working results of the company for the last three years ending 31st march 1999 :

		(Rs. in crores)		
		1996-97	1997-98	1998-99
(i)	Sales	96.82	64.52	75.29
(ii)	Less : Excise Duty	—	—	—
(iii)	Net Sales	96.82	64.52	75.29
(iv)	Other or Miscellaneous Income	617.01	861.13	806.63
(v)	Profit/Loss after Prior period adjustments (but before Tax)	192.04	541.65	609.56
(vi)	Prior Period Adjustments	+ 250.01	- 0.83	- 3.36
(vii)	Profit/Loss before tax	442.06	540.82	606.20
(viii)	Tax Provisions	50.00	—	—
(ix)	Profit after tax	392.06	540.82	606.20
(x)	Proposed Dividend	96.73	109.37	115.68

3. RATIO ANALYSIS

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

		(In Percentages)		
		1996-97	1997-98	1998-99
A.	Liquidity Ratio			
	Current Ratio [j / { d (i) + C (vi) }]	911.33	849.07	864.54
B.	Debt Equity Ratio			
	Long term debt to Equity	55.72	45.91	44.29
	[c (ii) to c(v) excluding short term loan / a]			
C.	Profitability Ratios			
a.	Profit before tax to			
	(i) Capital employed	7.89	10.25	11.49
	(ii) Net worth	6.11	7.43	8.29
	(iii) Sales	456.58	838.22	805.15
b.	Profit after tax to Equity	6.21	8.56	9.60
c.	Earning per share (in Rupees)	62.07	85.62	95.97
	(Profit after Tax/No. of Equity Share)			

4. SOURCES AND UTILISATION OF FUNDS

Fund amounting to Rs. 1047.06 crores from internal and external sources were generated and utilised during the year as per details given below:

(Rs. in crores)

SOURCES OF FUNDS :

(a)	Funds from operations -		
	Depreciation	14.09	
	Decrease in misc. expenses (to the extent not written off)	1.24	
	Increase in Provision for Gratuity	5.25	
		-----	20.58
(b)	Increase in Borrowings		420.27
(c)	Profit for the year		606.20

			1047.05

APPLICATION OF FUNDS :

(a)	Increase in Working Capital	12.73
(b)	Additions to Fixed Assets (Net of CWIP)	1.74
(c)	Increase in Investments	904.18
(d)	Dividend Proposed	115.68
(e)	Provision for Income Tax	12.72
		<u>1047.05</u>

5. INVENTORY LEVELS

The inventory levels of stocks of stores and spares, raw materials, work-in-progress and coal and coke etc. at the end of 3 years ending 31st March, 1999 are as under :

	(Rs. in crores)		
	1996-97	1997-98	1998-99
(a) Stock of Stores & Spares	6.04	6.08	4.06
(b) Work-in-Progress	—	—	—
(c) (i) Stock of coal & coke etc.	46.88	60.18	47.34
(ii) Provision for deterioration	6.02	7.52	6.74
(d) Stock of Raw materials	—	—	—
	(In Month's)		
	1996-97	1997-98	1998-99
(i) Stock of Stores & Spares to Consumption	7.62	7.68	5.31
(ii) Stock of coal & coke to Sales	5.80	11.18	7.55
(iii) Stock of WIP to Production	—	—	—
(iv) Stock of raw materials to Consumption	—	—	—

6. SUNDRY DEBTORS

The Sundry Debtors vis-a-vis Sales in the last three years ending 31st March, 1999 are as follows :

	(Rs. in crores)				
Year	Considered Good	Considered Doubtful	Total	Sales	%age of Debtors to Sales
31.03.1997	10.28	12.98	23.26	96.82	24.02
31.03.1998	10.61	15.15	25.76	64.52	39.91
31.03.1999	9.83	12.40	22.23	75.29	29.53

The age-wise break-up of Sundry Debtors as at the end of the year 1998-99 is as follows :

	(Rs. in crores)			
Debtors outstanding for	Dues from Govt. Deptt.	Dues from PSUs/ Corporation/Board	Dues from Private Parties	Total
Less than 6 months	0.02	4.89	1.99	6.90
More than 6 months but less than 1 year	—	2.93	—	2.93
More than 1 year but less than 3 years	0.02	0.69	0.01	0.72
Above 3 years	0.54	10.84	0.30	11.68
Total	0.58	19.35	2.30	22.23

Sd/-

(Arijit Ganguly)

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

Dated : Calcutta
The 28th September, 1999

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, 1999 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. Physical verification, however, has been carried out in respect of certain assets only during the year. 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 those units are necessary.
2. None of the fixed assets have been revalued during the year.
3. Physical verification of stock of Coal, have been carried out by the Management except at stockyard of Regional Sales Offices.
4. In our opinion and according to the information and explanations given to us the procedure of physical verification of

The Fixed Asset Registers are maintained giving all relevant details of each item of Assets which are being verified physically at reasonable intervals. The observation of the auditors may thus have to be viewed in the light of above.

This being a mere statement of fact, calls for no comments separately.

This being a mere statement of fact, calls for no comments separately.

This being a mere statement of fact, calls for no comments separately.

AUDITORS' REPORT**MANAGEMENT'S REPLY**

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

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.
6. On the basis of information and explanations given to us, valuation of stock is fair and in accordance with the normally accepted accounting principles. At NEC full provision has been made against the slow moving coal stock identified by the team of survey measurement. This apart an adhoc provision of Rs. 1.00 crore has also been made against other slow moving stock not identified by Survey Measurement Team. However, we are unable to comment on the exact amount of provision required to be made and the realisability of the value at which the stock is being carried.
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.
8. The Company has not granted any loans secured or unsecured to companies, firms or other parties listed in the register maintained U/s 301 of the Companies Act, 1956, except to its wholly owned subsidiaries to whom funds have been granted in the form of loans and current accounts. Interest is charged on agreed rate on opening balance of loans in the books of subsidiary companies. As there is not match between the interest rates on the loans taken by CIL and interest

The discrepancies requiring reconciliation at NEC as observed by audit in the para has been noted for compliance.

The very fact that over and above 100% provision to cover against slow-moving stock at NEC coal as identified by the team of surveyors, there exists in accounts an additional ad-hoc provision of Rs. 1 crores observed in the para by the auditor themselves clearly demonstrates about the adequacy of the size of the provision in this regard already available in the accounts. The observation of the auditor at the concluding portion of this para may thus have to be viewed in the light of above.

This being a mere statement of fact, calls for no comments separately.

During the year CIL had executed loan agreement with all its Subsidiaries as part of its corporatisation programme approved by the Board. The loan agreement so executed clearly provides for, among others, that the rates of interest to be charged by CIL to the loss making Subsidiaries on loans outstanding from them could be softer than the rates to be charged on profit making Subsidiaries. Not only above, its own overall interest obligation to various lending agencies including to be Govt. have also been kept in view by CIL while fixing the

AUDITORS' REPORT

charged to the subsidiary companies on different rates, in some cases the charging of interest has become prima facie prejudicial to the interest of the company although aggregate interest charged to the subsidiary companies are higher than the interest paid by the company.

MANAGEMENT'S REPLY

differential rates of interest separately for its profit making and loss making Subsidiaries in line with its said corporatisation programme. It would also be relevant to mention in this connection that the interests at differential rates recovered by CIL on the whole from its all Subsidiaries, both loss and profit making, has been adequate to cover fully its interest obligations to all such lending agencies. Thus, viewing the matter in the light of above it would no doubt appear that not only the arrangement has not been prejudicial to the interest of CIL as observed by audit, their observation on this issue also seems to have not much relevance since the matter of charging differential interest on loans outstanding separately from the loss making and profit making Subsidiaries had the competent approval of CIL Board which the auditors have also observed in course of their audit scrutiny of relevant records of CIL.

9. In respect of Loans or Advances in the nature of loans, where repayments have been stipulated or restipulated the parties are repaying the principal and interest amounts accordingly except the following :

- (a) Interest claim amounting to Rs. 10414.76 lakhs attributable to ECL & BCCL and Rs. 393.99 lakhs on the loans to IDPL have not been recognised as income in the accounts.

The observation of audit in this para may have to be viewed in the light of the clarification appearing at Note No. 10.1 (Pt.B) in Schedule "N" forming part of accounts. In this connection, it is further clarified that in view of the persistent failure on the part of ECL & BCCL in making payment of interest besides loan repayments, necessarily because of their negative debt servicing capacity, there can hardly have any sense in recognising revenue by CIL in its account for above notional interest income particularly when the deferment thereof cannot be construed to have violated in any way the principles of accounting standard 9 of the ICAI. Exactly for similar reasons as in cases of ECL & BCCL mentioned above, interest on loans outstanding from IDPL has also not been recognised as income in the

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accounts following the practice in this regard that is being pursued consistently since past several years.

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

All such cases requiring recovery of interest portion, though few in number as observed by the audit in the para have in fact been kept under close watch and the recovery of such dues are in progress.

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.

Strengthening of internal control procedure is a continuous process and the practice followed on that at CIL is no exception. Thus the observation of audit at the concluding portion of this para needs to be viewed in the light of above.

11. There were no transaction for the purchases of goods and materials and sale of goods, materials and services in pursuance 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 a mere statement of fact, calls generally for no comments excepting that the purchase from Subsidiaries referred to at the concluding portion of the para relates to a single transaction valuing Rs. 0.67 lakhs only from ECL which had to be made in adherence of the direction of Hon'ble Calcutta High Court in order to ensure supplying coal in due discharge to the contractual obligation of CIL under the agreement entered in the past. Thus the factual position of the matter being as stated above, the word "Subsidiaries" mentioned by the auditors at the concluding portion of this para does not seem to bear with fact and requires review.

12. The Company do not have any Raw Material and Finished Goods as such. However, determination of unserviceable or damaged stores and spares are still pending against which an ad-hoc provision is being maintained, adequacy of which cannot be commented upon.

This being a mere statement of fact, calls for no comments separately.

13. In our opinion and according to the information and explanations given to us

This being a mere statement of fact, calls for no comments separately.

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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 in the earlier years.

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| 14. Reasonable records have been maintained by the Company for the sale and disposal of realisable scraps. | This being a mere statement of fact, calls for no comments separately. |
| 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. | Need for strengthening internal audit coverage at RSO(s) and New Delhi Offices as observed in the para has been noted for adherence. |
| 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 a mere statement of fact, calls for no comments separately. |
| 17. According to the records of the Company Provident Fund dues have been generally regularly deposited during the year with the appropriate authorities. The Employees State Insurance Act is not applicable to the Company. | This being a mere statement of fact, calls for no comments separately. |
| 18. There is no undisputed amount outstanding as at 31st March, 99 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 a mere statement of fact, calls for no comments separately. |
| 19. According to the information and explanations given to us and as far as we could ascertain the Personal expenditure have not been charged to revenue other than those payable under contractual obligation and/or in accordance with the generally accepted business practice. | This being a mere statement of fact, calls for no comments separately. |
| 20. The Company is not a Sick Industrial Undertaking within the meaning of Section 3 (1) (0) of Sick Industrial | This being a mere statement of fact, calls for no comments separately. |

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Companies (Special Provisions) Act, 1985.

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 a mere statement of fact, calls for no comments separately.

We further report that :

1. Rs. 123.81 lakhs have been capitalised during the year (cumulative upto 1998-99 Rs. 1151.77 lakhs) under Fixed assets and Capital Work-in-Progress against Simsong Project (Sanctioned in 1987 at an 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 items as per Project report. Expenditure incurred over and above the project report requires approval of the competent authority.

This being a statement of fact, calls for no clarification separately excepting that all the papers/documents, etc. relevant for Simsong Project including the details of expenses incurred, item wise, are available for verification at the Project office and the competent approval for expenses incurred over Project report, observed in the para, shall be obtained in due course, following the usual practice in vogue for that.

2. As per practice certain expenditure at existing 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. 101.27 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 expenditure referred to in the para pertains to developmental activities in the mine for maintaining production, the benefit of which will continue to accrue in future year also. It is further clarified that without this expenditure it would not have been possible to keep the mine going. Viewing the matter in the light of above, it would no doubt appear that the expenditure has correctly been capitalised in adherence of the practice in this regard, being followed consistently over the years.

3. ECL and BCCL, wholly owned subsidiaries of the Company have become sick/potentially sick, since their capital has been completely/almost completely eroded, recovery of interest on the loans drawn amounting to Rs. 65443.99 lakhs in consecutive three years ending 1998-99 have been waived and/or not recognised. In our opinion

This being a statement of fact, requires no clarification separately excepting that the need for providing against likely loss in the value of CIL's investment in ECL & BCCL as opined by the auditors in this para calls for review in the light of the fact that, providing for against such likely losses based on historical data with even ascertaining the exact asset back up position existing presently in these two Subsidiaries,

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provision against investment in the form of share capital Rs. 433645.00 lakhs and against loan & advance Rs. 13021.10 lakhs (i.e. to the extent deficit in the value of assets available against loans & advances of the company) should have been made.

4. Gratuity of Rs. 139.39 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 years (refer Accounting Policy No. A-2.3 of Schedule-N) in contravention of AS-15

5. A reference is invited to Accounting Policy No. 12 of Schedule N.

Contrary to the above policy agreements have been entered with the Subsidiary Companies where rate of interest leviable on them has been indicated as 'Prime lending rate of SBI with a spread thereon within the ceiling permitted under RBI regulations'. As per the specific terms of agreement additional interest should have been charged for Rs. 10414.76 lakhs. Moreover interest income recoverable from subsidiary companies should have been more by Rs. 412.60 lakhs, had the same is computed on the basis adopted in the Accounting Policy No. 12 of Schedule N.

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duly revalued on replacement cost basis, cannot be said to conform to any sense of prudence. It is in recognition of above, CIL has already engaged duly competent agency to carry out such revaluation which are in progress. It is only after receipt of the report of the exercise from the appointed agency, action regarding creation of provision required, if any, shall be initiated and for disclosure accordingly in the accounts. The observation of the audit in this para may thus have to be viewed in the light of above.

This being a statement of fact, requires no clarification separately excepting that the matter has long been disclosed adequately in the Accounting Policy No. 2.3 at Part A in Schedule "N", forming part of the accounts.

Observation of Audit in the para is not borne by the fact in the sense that the same selectively deals with one part of note no. 12 in the Accounting Policy while remaining silent on the other part namely, the provision contained in the Scheme of Corporatisation, duly approved by the CIL Board, which also constitute an integral part of the said policy. Viewed the matter under observation in the light of above it is no doubt appear that the same suffers from apparent infirmities. In this connection attention is also invited to the management's reply to para 8 of the Audit report, contained herein above, which is also relevant.

With regard to the observation about the inaccuracy in interest computation, in accordance with the adopted accounting policy of CIL maintained by the Audit in the para, it is clarified which audit has also observed in course of their scrutiny of related records, that these loans to the subsidiaries mentioned in the para were converted subsequently to

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preference equity. Till the period these loans were converted into preference equity, interest on these loans have been charged and accounted for. Following conversion of these loans into preference equity, dividend at the coupon rate of 10% prorata for the period from conversion till 31st March 1999 as declared and recommended by the respective subsidiaries have separately been accounted for.

The audit observation on this issue may thus have to be viewed in the light of above.

6. Company has commenced a new business in the form of Forward Trading in foreign exchange which is not specified in the object clause of the Company. Necessary formalities prescribed in the law required to be complied in this regard.

It is denied that the company has in fact commenced any new business on forward trading, nor any legal formalities for that, as observed by the audit in this para, awaits compliance.

7. A reference is invited to Note No. 10.5 of Schedule N.

This being a mere statement of fact, calls for no comments separately.

The company has not recognised income of Rs. 349.52 lakhs earned against forward exchange contracts, pending finalisation of its ultimate allocation.

8. Sundry debtors balances at NEC have not been scrutinised. Linking up of the bills raised with the payment received have been pending for several years. In many cases payment against sales bills are received through middleman and subsequently apportioned to different debtors. Under the circumstances identification of debtors, determination of age of debtors balance and ascertainment of good and doubtful debts and provision required there against could not be ascertained with reasonable accuracy.

Scrutiny of balances due from sundry debtors and linking of payments from them with reference to the relevant bills have since been activated and are in progress.

9. Refer Note No. 10.4 of Schedule - N. Income from dividend amounting to Rs. 64562.10 lakhs have been accounted for

This being a mere statement of fact, calls for no comments separately.

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in the accounts of CIL on the basis of proposed dividend declared by the Subsidiaries which is subject to the approval by AGM of the respective Companies.

10. No provision has been made against the claim from Assam Electricity Board on account of energy charges pending since July '97 amounting to Rs. 25.27 lakhs.

Assam Electricity Board failing to establish their claim mentioned by audit in the para has stopped pursuing the matter any more. The observation in the para regarding absence of provision may thus have to be viewed in the back drop of above.

11. Reference is invited to Note No. 10.2.
In absence of details, adequacy of or otherwise of the provision for pay revision of the officers (below board level) could not be commented upon.

In absence of any decision regarding revision in the pay of Officers (below Board level), no provision for that has been made in the accounts.

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 the Profit & loss account and the Balance Sheet comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 to the extent applicable except :
 - different basis of accounting have been followed as against Accrual basis (refer note no. 2.2 of significant Accounting Policies AS-9);

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- charging of gratuity liability as on 31.03.95 equally in five years from the year 1995-96 (refer Note No. 2.3 of significant Accounting Policies - AS-15); Non recognition of revenue in respect of interest claim of ECL & BCCL (refer Note No. 10.1 of Notes on the Accounts); Dividend Income (refer Note No. 10.4 of Notes on the Accounts AS-9), Non Recognition of gains arisen out of Forward Foreign exchange contracts (refer Note No. 10.5 AS-9).
- (iv) 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, 1999 and
- (b) in the case of Profit & Loss Account of the Profit of the Company for the year ended on that date.
12. The Balance Sheet as at 31st March, 1999 and Profit & Loss Account for the year ended on that date together with notes thereon which were approved by the Board of Directors of the Company on 17th August, 1999 and reported upon by us on 28th August, 1999 have been revised. The revision has affected the accounts of the company as per Note No. 12.7 of Schedule N Para-B.

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

(M. R. Jain)

Partner

Calcutta,
Dated : 21st September, 1999