

ANNUAL REPORT & ACCOUNTS 2003-2004

Annual Report

AR2003



कोल इण्डिया



Coal India Limited
(A Government of India Enterprise)



Moment of glory for Coal India. Coal India pavilion bagged the First Prize during the 19th World Mining Congress & Expo 2003 held at Pragati Maidan, New Delhi during November 1—5, 2003

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Board of Directors



Shri Shashi Kumar



Shri Pradeep Kumar



Shri Rajiv Sharma



Shri D. K. Verma



Shri M. K. Sinha



Md. Salim Uddin



Shri Abdul Kalam



Shri P. S. Bhattacharyya

Members of the Board

(As on 28th September, 2004)

CHAIRMAN

Shri Shashi Kumar : Additional Charge

FUNCTIONAL DIRECTORS

Shri Shashi Kumar : Marketing
Shri D. K. Verma : Finance
Shri M. K. Sinha : Technical
Shri Md. Salim Uddin : Personnel & Industrial Relations

DIRECTORS

Shri Pradeep Kumar : Additional Secretary, Deptt. of Coal
Ministry of Coal & Mines, New Delhi
Shri Rajiv Sharma : Joint Secretary, Deptt. of Coal
Ministry of Coal & Mines, New Delhi
Shri Abdul Kalam : Chairman-cum-Managing Director
Eastern Coalfields Limited, Sanctoria
Shri P. S. Bhattacharyya : Chairman-cum-Managing Director
Bharat Coking Coal Limited, Dhanbad

COMPANY SECRETARY

Dr. H. Sarkar



2003–2004

Management During 2003-2004

CHAIRMAN

Shri N. K. Sharma	:	From 14.02.2001 to 4.6.2003
Shri Lakshmi Chand	:	Addl. Charge (From 4.6.2003 (AN) to 2.12.2003)
Shri Shashi Kumar	:	Addl. Charge (From 2.12.2003 (AN))

FUNCTIONAL DIRECTORS

Shri Shashi Kumar	:	Marketing (From 1.12.2001)
Shri D. K. Verma	:	Finance (From 1.9.2002)
Shri M. K. Sinha	:	Technical (From 23.1.2004)
Shri Abdul Kalam	:	Technical (From 23.1.2003 to 22.1.2004)
Shri Md. Salim Uddin	:	Personnel & Industrial Relations (From 22.12.2003)
Shri C. H. Khisty	:	Personnel & industrial Relations (From 6.2.96 to 30.11.2003)

DIRECTORS

Shri C. D. Arha	:	Additional/Special Secretary, Deptt. of Coal, Ministry of Coal & Mines, New Delhi (From 17.8.99 to 11.5.2003)
Shri Lakshmi Chand	:	Additional/Special Secretary, Deptt. of Coal, Ministry of Coal & Mines, New Delhi (From 12.5.2003 to 11.1.2004)
Shri Pradeep Kumar	:	Additional Secretary, Deptt. of Coal, Ministry of Coal & Mines, New Delhi (From 12.1.2004)
Dr. S. Behuria	:	Joint Secretary & Financial Adviser, Deptt. of Coal, Ministry of Coal & Mines, New Delhi (From 24.3.2000 to 1.12.2003)
Shri Rajiv Sharma	:	Joint Secretary, Deptt. of Coal, Ministry of Coal & Mines, New Delhi (From 2.12.2003)
Shri K. K. Gupta	:	Additional Member (Traffic), Railway Board New Delhi (From 16.7.2002 to 14.4.2003)
Shri S. B. Ghosh Dastidar	:	Additional Member (Traffic), Railway Board New Delhi (From 8.7.2003 to 26.12.2003)
Shri R. K. Chechani	:	Chairman-cum-Managing Director Mahanadi Coalfields Limited (From 2.7.2002 to 30.6.2003)
Shri B. N. Pan	:	Chairman-cum-Managing Director Bharat Coking Coal Limited (From 19.7.2002 to 18.7.2003)
Shri M. K. Thapar	:	Chairman-cum-Managing Director South Eastern Coalfields Limited (From 19.7.2003)
Shri M. K. Sinha	:	Chairman-cum-Managing Director Eastern Coalfields Ltd. (From 8.7.2003 to 22.1.2004)
Shri Abdul Kalam	:	Chairman-cum-Managing Director Eastern Coalfields Ltd. (From 26.2.2004)

COMPANY SECRETARY

Dr. H. Sarkar	:	From 30.9.97
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Bankers & Auditors

BANKERS

State Bank of India
Punjab National Bank
United Bank of India
Canara Bank
Bank of Baroda
Bank of India
State Bank of Travancore
Allahabad Bank
HDFC Bank Ltd.
ICICI Bank Ltd.
ING VYSYA Bank
Standard Chartered Bank
ABN Amro Bank
BNP PARIBAS
HSBC Ltd.
DEUTSCHE Bank
Citi Bank
Calyon Bank

STATUTORY AUDITORS

M/s S. Ghosh & Co.,
Chartered Accountants
Bharat Bhawan
3, Chittaranjan Avenue
Kolkata 700 072



2003–2004

Notice

No. : CIL:XI(D) : 04043 : 550 :2004

Dated : 21st September, 2004

Notice of the 30th Annual General Meeting of Coal India Limited

Notice is hereby given to all Shareholders of Coal India Limited that the Thirtieth Annual General Meeting of the Company will be held on Tuesday, the 28th September, 2004 at 3 P.M. at the Registered Office of the Company at Coal Bhawan, 10, Netaji Subhas Road, Kolkata to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2004 and Profit and Loss Account for the year ended 31st March, 2004 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 Pradeep Kumar, Addl. Secretary, MOC&M who retires in terms of Article 33 (d) (iii) of the Articles of Association of the company and is eligible for re-appointment.
4. To appoint a Director in place of Shri Rajiv Sharma who retires in terms of Article 33 (d) (iii) of the Articles of Association of the company and is eligible for re-appointment.
5. To appoint a Director in place of Shri Abdul Kalam who retires in terms of Article 33 (d) (iii) of the Articles of Association of the company and is eligible for re-appointment.
6. To appoint a Director in place of Shri P. S. Bhattacharyya who retires in terms of Article 33 (d) (iii) of the Articles of Association of the company and is eligible for re-appointment.

By order of the Board

Sd/-

(Dr. H. Sarkar)

Company Secretary

Kolkata,

Dated : the 21st September, 2004

Notes :

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 30th Annual General Meeting of Coal India Limited. The report of the Directors and the audited accounts for the year ended 31st March, 2004 together with the report of the Statutory Auditors and the report and review of the Comptroller & Auditor General of India, are already with you.

2. CIL ended the fiscal 2003-04 with excellent performance in all facets viz. production, productivity, off-take, profitability etc. The company for the first time in its history could cross the 300 million tonnes mark in production. The actual production in the year was 306.36 million tonnes against that of 290.69 million tonnes in the previous year, registering a growth of over 5% with capacity utilisation of 95.4%. The overall productivity (output per man shift) was as high as 2.82 tonnes recording an improvement of 5.6% over the previous year. The highest ever off-take of 304.44 million tonnes with 5.3% growth rate could be achieved during the year meeting the target satisfaction of 101.5%. It is really heartening to note that CIL has posted the highest ever pre-tax profit of Rs. 4889.16 crores in the year under review with an all time high turnover, (Gross Sales) of more than Rs. 26000 crores. Your Directors recommended dividend payment of Rs. 80.26 crores (Pro-rata upto the date of redemption) on 9041800 - 10% Redeemable Non-cumulative Preference Shares of Rs. 1000/- each and Rs. 101.06 crores @ Rs. 16/- per share on 63163644 Equity Shares of Rs. 1000/- each fully paid, valued at Rs. 6316.36 crores and payment of tax as applicable thereon. As a result of all these together with securitisation scheme for settlement of outstanding coal sale dues from SEBS being rolled into operation, the fund liquidity position of CIL as a whole has improved substantially. Total investment as on 31.3.2004 by Govt. of India in CIL is Rs. 6540.05 crores, out of which only Rs. 223.69 crores is on account of loan (including interest accrued and due) and the rest of Rs. 6316.36 crores is for paid up equity capital. In



such a scenario, your company is looking forward for entering into new ventures.

3. Coal will continue to be the preferred fuel for "energising the nation" at least for the coming two decades. Coal India satisfies about 85% of country's coal demand. Considering the leadership position of Coal India in the coal sector and the fact that coal will be the key driver of country's fuel need, it is but obvious that Coal India will occupy a significant role in the energy vision of India. Coal India would envision to "Be the dominant energy supplier in the country following the path of sustainable development through best practices from mine to market". Through this vision, CIL will aspire to satisfy needs of different stake holders like power companies, cement & steel manufacturers, brick manufacturers, State Governments, environment scientist/NGOs, vendors, consumers, Central Government and the community at large.

CIL's vision for 2025 would be constituted of basic two elements -

- (i) The physical targets of planned production programme for producing coal and coal products efficiently and economically.
- (ii) The other aspect would be to comply to the intangible goals like environmental safeguards, customers' satisfaction, image

enhancement and earn respect and recognition from all stake holders and the community.

In this direction, a core group has been formed comprising of inter-disciplinary personnel who would put in their collective wisdom to frame the canvas for CIL through a "Blue sky approach" keeping the above background and perspective in mind.

4. In our country, there is a wide gap between demand and supply of natural gas. Development of Coal Bed Methane (CBM), an emerging clean energy resource, will go a long way in bridging such gap. It is in this backdrop, Govt. of India is very much keen in harnessing CBM on commercial scale. The consortium of CIL and ONGC, an un-incorporated joint venture, has already obtained Petroleum Exploration Licence (PEL) from the respective Governments against the two blocks allotted by Govt. of India, one at Raniganj Coalfields in West Bengal and other at Jharia Coalfields in Jharkhand. At the exploratory stage, CIL's participation in the venture is in the form of sharing technical input and other know-how with option to take upto 26% share in it in future, either directly or through its authorized nominee(s). The Project is in progress since August, 2003 under the guidance of CMPDIL, a subsidiary of CIL. Besides this, Govt. of India, in collaboration with UNDP/GEF (Global Environment Facility) has taken up a 'Demonstration Project' at Moonidih and Sudamdih mines of BCCL, a subsidiary of CIL in Jharia Coalfields, for Coal Bed Methane Recovery and Commercial Utilisation. The project costing about Rs. 100 crores is under implementation by CMPDIL and BCCL since 15th September, 1999. Some of the CBM blocks have already been allotted to the Investors for exploration and harnessing of the CBM potential.

5. CIL also in collaboration with GAIL is taking part in the bidding process for CBM Blocks invited by the Ministry of Petroleum and Natural Gas. CMPDIL has already delineated 7 (seven) prospective CBM blocks with corresponding data packages in the command area of CIL on behalf of the Directorate General of Hydrocarbons and the Ministry of Petroleum and Natural Gas for 2nd round of such bidding. CIL is also seriously

thinking for exploration and exploitation of CBM on stand alone basis in its command area.

6. Underground Coal Gassification (UCG) is a new dimension in the energy scene in India. The UCG is a process by which coal is converted insitu to a combustible gas that can be used as a fuel. Steps are being taken by CIL for joining hands with both ONGC and GAIL in this field also.

7. Apart from these, CIL is looking forward for signing MOU with GAIL for carrying out jointly some other activities viz. (i) evaluation of the possibility of transporting coal through pipelines, (ii) evaluation of the Dankuni Coal Complex, a unit of CIL for ascertaining the possibility of implementing various state of the art coal gassification technologies, (iii) other coal sector related opportunities in India or abroad that may be of mutual interest for both GAIL and CIL.

8. It is a known fact that techno-economically feasible coking coal reserves are a major constraint in India. On the other hand, there is non-availability of high grade low ash thermal coal reserve. The market of imported coal has increased considerably over the past few years and is expected to increase further. Under such a situation, reserves of such coal in countries like Australia, Mozambique, South Africa, Indonesia etc. offer business opportunities since coal is aimed to be brought to India to enhance energy security of the country. It is in this background and with globalisation becoming order of the day, it is felt necessary that organisation like CIL should leverage its "core competence" in coal business in the international market. Pursuant to a decision of CIL Board held on 12th December, 2003, CIL, therefore, is in the process of floating a new Indian Subsidiary of CIL, a special purpose vehicle to look into the prospective coal business opportunities abroad, with particular focus on metallurgical coal and low ash thermal coal. Besides this, CIL is already on the move for taking other steps necessary for achieving its objectives in this direction.

9. ECL, BCCL and CCL, three subsidiary companies of CIL still stand referred to the Board for Industrial and Financial Reconstruction (BIFR) as sick companies as per the provisions of Sick Industrial Companies (Special Provisions) Act, 1985. While ECL and BCCL carry substantially

high negative network, CCL is with positive network since the end of the year 2002-03 with change of track from loss to profit in that year. CCL has posted a pre-tax profit of Rs. 370.38 crores during the year under review. Loss of ECL has been reduced from Rs. 338.78 crores to Rs. 326.38 crores but that of BCCL has increased to Rs. 569.85 crores from Rs. 507.13 crores in this year as compared to previous year. Revival Schemes both for ECL and BCCL are under consideration of BIFR. CCL on the other side is expected to come out of BIFR soon, after following the prescribed procedures.

10. Safety in mines always gets priority over others. Rescue service organisations duly equipped are maintained in all coal companies. Besides, a number of safety measures were taken during the year. This has resulted in, better safety performance. As in the previous years, special attention was given towards human resource development, welfare of employees, better environment etc. All this has led to industrial relation being very cordial.

11. I am confident that CIL will achieve new heights in all fronts of performance in the days to come and meet the expectation of all stake holders viz. the employees, the Governments, the consumers and the nation at large with the dedicated performance and strong will at all levels as in the past.

12. Last but not the least, I seize the opportunity of expressing my sincere thanks to the Ministry of Coal & Mines, other Central Govt. Ministries and Departments, State Governments, our employees, Trade Unions and our consumers and suppliers for their unstinted support and relentless co-operation.

Sd/-
Shashi Kumar
Chairman

Kolkata
Dated, 28th September, 2004

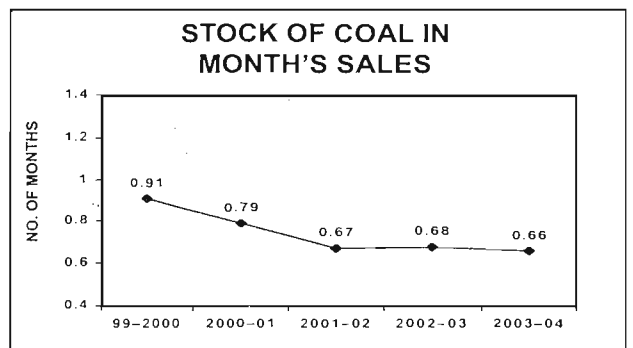
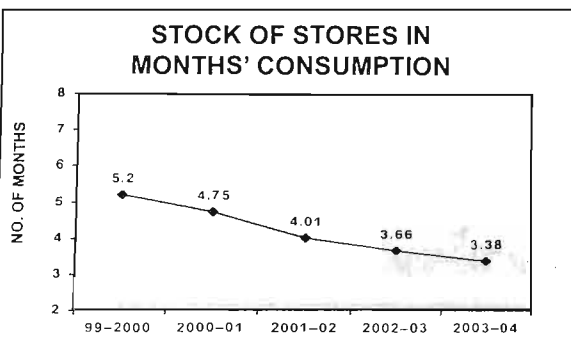
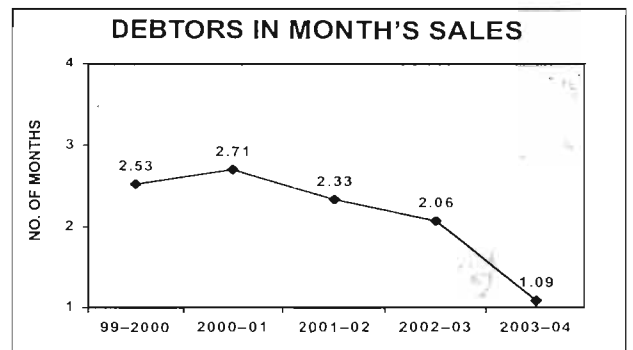
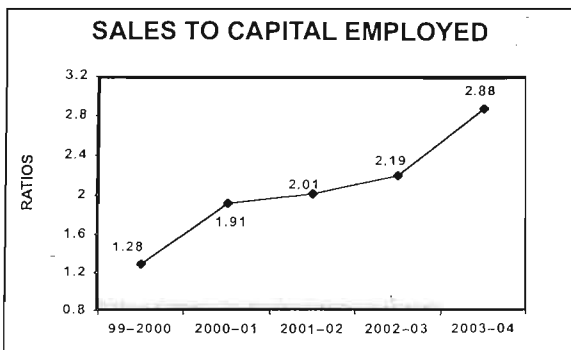
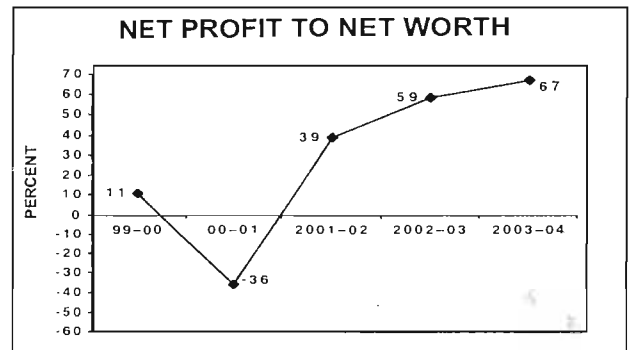
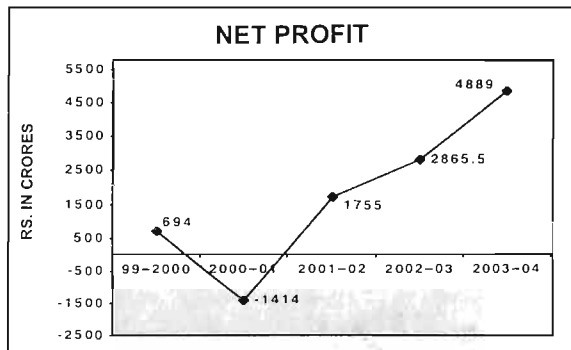
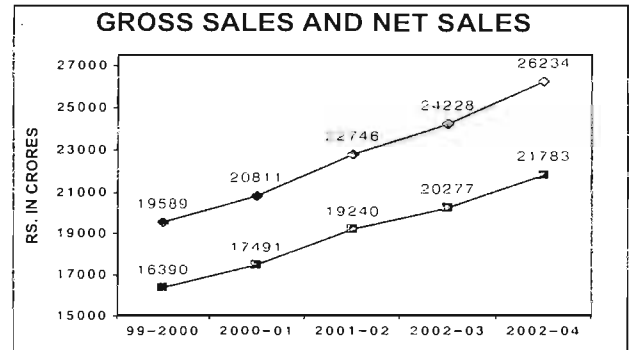
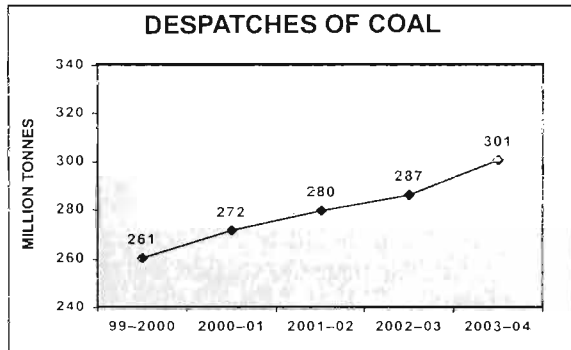


Shri P. C. Parakh, Secretary, Government of India, Ministry of Coal & Mines, Department of Coal inspecting a coal mining project at MCL



2003-2004

Performance of Coal India Limited At a Glance



OPERATIONAL STATISTICS

(Consolidated for Coal India Limited & its Subsidiary Companies)

Year Ending 31st March	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
1. (a) Production of Raw Coal : (Million Tonnes)										
Underground	47.44	48.42	49.22	50.56	52.32	53.32	53.97	55.20	54.81	55.60
Opencast	258.92	242.27	230.43	217.58	208.26	203.16	206.58	195.42	182.46	167.46
TOTAL	306.36	290.69	279.65	268.14	260.58	256.48	260.55	250.62	237.27	223.06
(b) Overburden Removal : (Million Cu.M.)	497.00	501.20	490.13	487.39	462.40	452.10	428.14	395.30	361.57	340.03
2. Off take (Raw Coal) (Million Tonnes)										
Power	234.23	219.93	217.18	207.43	195.08	182.10	189.66	177.14	164.04	148.29
Steel/Hard Coke	12.18	12.28	12.37	13.87	15.45	18.35	19.21	19.35	20.51	21.38
Railway	—	—	—	—	—	0.03	0.05	0.13	0.27	0.59
Domestic/Boiler Use	1.20	1.36	1.65	1.95	2.20	2.58	2.69	2.86	3.01	3.20
Others	56.83	55.65	51.23	50.56	50.91	49.15	48.90	51.45	51.53	49.13
TOTAL	304.44	289.22	282.43	273.81	263.64	252.21	260.51	250.93	239.36	222.59
3. Average Manpower	484703	510671	530986	552061	574477	599293	619576	631999	638814	648519
4. Productivity										
(A) Average per Man per Year (Tonnes)	632.06	569.23	526.65	485.71	453.60	427.97	420.53	396.53	371.42	343.95
(B) Output per manshift (OMS) :										
(i) Underground (Tonnes)	0.68	0.69	0.64	0.63	0.61	0.59	0.57	0.57	0.56	0.57
(ii) Opencast (Tonnes)	6.67	6.30	6.08	5.90	5.44	5.52	5.07	5.12	4.75	4.35
(iii) Overall (Tonnes)	2.82	2.67	2.45	2.29	2.10	2.03	1.93	1.86	1.75	1.64



Side Discharge Loader in an Underground Coal Mine



2003-2004

FINANCIAL POSITION

(Based on Consolidated for Coal India Limited & its Subsidiary Companies)

(Rs. Crores)

Year Ending 31st March	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
(A) What is owned										
Gross Fixed Assets	27758.42	26827.45	26069.55	25305.86	24546.79	21667.79	20082.20	18445.26	17119.09	15570.04
Less Depreciation	16645.05	15379.63	13883.68	12664.34	11457.95	10167.28	9157.31	8212.82	7381.46	6530.28
(1) Net Fixed Assets	11113.37	11447.82	12185.87	12641.52	13088.84	11500.51	10924.89	10232.44	9737.63	9039.76
(2) Capital Work-in-Prog	1152.67	1258.44	1112.96	1104.99	1194.11	1722.60	1893.85	2114.24	2281.38	2326.80
(3) Deferred Tax Assets	102.61	161.54								
(4) Misc expenditure (others)	-268.84	-225.85	160.88	216.44	70.84	81.02	126.23	516.42	213.79	234.65
(5) Investment (internal)	2244.60	80.08	80.08	80.10	80.10	0.10	12.72	2.94	0.08	0.10
(6) Current Assets:										
(i) (a) Inventory of coal, coke etc.	1205.54	1149.51	1067.99	1145.46	1242.19	1491.86	1299.44	1142.61	1363.89	1374.86
(b) Inventory of stores & Spares etc.	903.15	946.90	984.50	1101.09	1121.20	1034.89	1017.35	1022.67	911.17	889.91
(c) Other inventories	105.59	102.15	98.31	104.37	104.62	91.91	60.26	50.04	57.24	52.91
(ii) Sundry Debtors (Incl. CMPDIL)	2484.34	4245.60	4503.80	4797.61	4155.22	3997.49	3357.44	2597.72	2167.95	2555.55
(iii) Cash & Bank Balances	2966.52	1590.82	1131.84	767.27	787.08	786.93	499.28	401.87	255.18	340.59
(iv) Loans & Advances (incl. Other C/Assets & Adj)	4166.66	3177.53	2838.48	3163.53	2788.46	3389.48	2150.87	1428.07	823.74	735.11
(v) O.B.R. Adjustments	-1514.17	-1003.43	-658.98	-449.05	-468.46	-409.31	-468.93	-222.61	-158.31	-44.21
Total Current Assets (6)	10317.63	10209.08	9965.94	10630.28	9730.31	10383.25	7915.71	6420.37	5420.86	5904.72
(7) Less Current Liab & Prov. (Excl. init Accr. but not Due)	13765.61	12363.99	12408.58	14021.56	10032.33	10185.89	8660.34	7140.41	5946.96	4816.42
Net Current Assets (6 - 7)	-3447.98	-2154.91	-2442.64	-3391.28	-302.02	197.36	-744.63	-720.04	-526.10	1088.30
TOTAL (A)	10896.43	10567.12	11097.15	10651.77	14131.87	13501.59	12213.06	12146.00	11706.78	12689.61
(B) What is owed :										
(1) 10% Redeemable Pref. Shares		904.18	904.18	904.18	904.18	904.18	904.18	904.18		
(2) Govt. Loan	125.22	143.36	812.72	898.56	1446.20	1920.58	2230.82	2534.72	3737.83	3813.58
(3) Interest Accrued & Due	98.51	98.51	262.63	163.59	80.57	26.93	38.01	53.27	59.82	1122.64
(4) Inter corporate Loan	178.57	286.43	467.04	722.74	840.48	964.48	240.21	155.49	102.82	130.00
(5) Term Loan (F. Intl. & Banks)	0.00	28.36	324.29	262.54	481.12	367.38	135.22	73.46	99.27	116.13
(6) Bonds	36.08	47.47	64.39	563.46	584.33	884.03	1084.03	1484.03	1100.00	1100.00
(7) Deferred Tax Liability	439.56	470.47								
(8) Others	2444.15	2705.81	2760.15	2809.41	2710.46	1290.97	957.43	932.19	1057.62	941.10
SUB TOTAL (1 TO 8)	3322.09	4684.59	5595.40	6324.48	7047.34	6358.55	5589.90	6137.34	6157.36	7223.45
(9) Bank Borrowings (incl. O.D. & Others)	303.17	1033.88	1009.58	388.72	944.87	716.45	704.71	593.58	561.89	472.37
TOTAL (B)	3625.26	5718.47	6604.98	6713.20	7992.21	7075.00	6294.61	6730.92	6719.25	7695.82
Net Worth (A - B)	7270.25	4848.65	4492.17	3938.57	6139.66	6426.59	5918.45	5415.08	4987.53	4993.79
Represented by										
(1) Equity Capital (incl. pending allotment)	6316.36	6316.36	6316.36	6316.36	6316.36	6316.36	6316.36	6316.36	6316.36	6316.36
(2) Reserves	4693.50	4132.50	3687.96	3000.76	2484.64	1721.09	985.10	390.49	316.65	324.80
(3) Profit/Loss (+)/(-)	-3738.69	-5600.21	-5512.15	-5378.55	-2661.34	-1522.14	-1114.62	-1040.31	-1312.29	-1647.37
(4) Misc Expenditure (Deferred Liab)	0.92				-88.72	-268.39	-251.46	-333.19		
Net Worth (1 to 4)	7270.25	4848.65	4492.17	3938.57	6139.66	6426.59	5918.45	5415.08	4987.53	4993.79
Capital Employed	7566.88	9274.48	9560.68	9166.75	12786.35	11671.04	10154.97	9462.07	9151.79	9005.52

INCOME AND EXPENDITURE STATEMENT

(Based on Consolidated for Coal India Limited & its Subsidiary Companies)

(Rs. Crores)

Year Ending 31st March	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
(A) Earned From :										
Gross Sales	26234.17	24228.07	22745.75	20811.00	19589.19	18646.19	18795.13	16597.78	13378.60	11778.51
Less Coal from development Mines	54.88	51.88	66.27	67.57	62.64	73.43	88.22	114.72	77.45	31.51
Less Levies (Royalties, cesses etc.)	4395.89	3898.83	3439.38	3252.74	3136.79	3174.09	3385.80	3192.02	2826.93	2429.43
(1) Net Sales	21783.40	20277.36	19240.10	17490.69	16389.76	15398.67	15321.11	13291.04	10474.22	9317.57
(2) Accretion/Decretion in Stocks	50.56	82.66	-77.77	-102.21	-240.23	179.47	166.07	-230.70	-30.18	-298.68
(3) Boiler & Domestic Consumption	132.65	148.89	172.15	186.32	194.37	214.91	222.03	214.45	190.65	188.25
(4) Other Revenue Receipts :										
CMPDIL	142.30	123.39	131.35	155.98	92.67	99.27	97.38	92.83	93.15	79.74
Others (Aftt. Adj. Trans. & Recov. & Contras)	1842.39	493.15	376.90	320.84	344.31	272.49	205.00	234.74	382.08	263.02
Coal Price Regulation Accounts									-0.25	2.57
TOTAL (A)	23951.60	21125.45	19842.73	18051.62	16780.88	16164.81	16011.59	13602.36	11109.67	9552.47
(B) Paid to / Provided for										
Employees Remu. & Benefits (Gross-Rev.)	9185.53	8187.57	8108.35	10204.32	6927.95	6128.37	5989.98	5396.36	5012.36	4178.51
Less : Trans. to Oth. Rev. Heads	500.11	481.81	328.37	430.54	386.20	351.18	341.80	331.48	345.46	210.47
(1) Net S. & Wages (Excltd. V.R.S. Payment)	8685.42	7705.76	7779.98	9773.78	6541.75	5777.19	5648.18	5064.88	4666.90	3968.04
(2) V.R.S. Payment (Net of Grant Recvd.)	176.20	76.90	165.61	98.41	116.65	96.18	16.39	24.40	31.82	7.54
(3) Social Overheads (Incltd. LLTC & Dom. Coal)	1509.50	1402.74	1231.99	1242.42	1126.94	1104.57	1071.11	979.80	890.19	696.71
Less : Social overheads Dep. & Intt.	62.10	68.38	62.15	58.11	57.15	60.13	53.08	48.22	40.89	39.39
Social Overheads (Excltd. Dep. & Intt.)	1447.40	1334.36	1169.84	1184.31	1069.79	1044.44	1018.03	931.58	849.30	657.32
(4) Stores & Spares (Gross - Rev.)	3245.80	3104.79	2945.02	2782.89	2587.62	2413.39	2355.37	2075.66	1786.50	1599.99
Less : Trans. to Oth. Rev. Heads	42.18	43.30	40.84	40.68	42.02	38.39	36.43	31.26	30.13	31.01
Stores & Spares (Net)	3203.62	3061.49	2904.18	2742.21	2545.60	2375.00	2318.94	2044.40	1756.37	1568.98
(5) (i) Power & Fuel (Excltd. Coal Consumed)	1480.12	1435.32	1378.30	1346.63	1317.70	1218.85	1191.56	1098.46	814.58	707.16
(ii) Boiler & Colliery Consumption	49.26	52.69	55.66	57.28	56.02	56.37	53.58	53.24	48.33	46.47
(6) Contractors (Trans. & Repairs)	1022.99	888.87	809.56	892.92	812.74	745.34	699.47	631.47	651.16	565.59
(7) Misc. Expenses	823.24	649.62	655.95	653.60	814.51	595.28	633.02	476.66	437.37	397.25
(8) Provision for D/Debts, Obsol. etc.	86.93	640.41	843.31	537.10	578.77	812.01	471.92	174.91	146.57	9.87
(9) Interest (Incltd. S/O & P. P.)	249.70	400.57	588.77	681.77	695.68	659.66	742.79	686.02	-129.26	497.96
(10) Depreciation (Incltd. S/O & P. P.)	1471.04	1672.46	1519.09	1503.52	1518.54	1290.78	1240.30	1150.22	1089.82	969.82
(11) OBR Adjustment	508.82	344.45	207.44	-19.31	56.94	26.99	159.73	67.44	109.72	63.01
(12) P. P. Adj. (Excltd. Intt. Depri. & CPRA)	-142.30	-2.95	10.48	13.87	-37.68	14.93	13.69	61.26	25.55	63.73
TOTAL (B)	19062.44	18259.95	18088.17	19466.09	16087.01	14713.02	14207.60	12464.94	10498.23	9522.74
Profit/Loss for the Year (A - B)	4889.16	2865.50	1754.56	-1414.47	693.87	1451.79	1803.99	1137.42	611.44	29.73
Investment Allowance Reserves	16.35	31.22	21.62	—	42.24	—	21.45	35.25	29.00	91.42
Tax on Profit	-1859.22	-1412.20	-1235.54	-660.29	-846.78	-942.85	-991.69	-883.29	-34.55	-0.64
Proposed Dividend	-181.32	-90.42	-90.42	-90.42	-115.67	-115.68	-109.37	-96.74	-249.95	—
Tax on Dividend	-202.15	-124.49	—	-61.82	-104.41	-82.12	-181.85	-63.60	—	—
Trans. to General Reserve	-491.79	-257.42	-256.85	-132.30	-197.75	-200.73	-234.99	-107.01	-20.86	—
Pref. Shares & Bond Redmt. Fund	-370.98	-607.39	-326.97	-357.91	-610.70	-517.92	-380.00	—	—	—
Other Adjustments (Deferred Tax, Excess Prov. of tax)	61.47	-492.86	—	—	—	—	-1.85	249.95	—	—
Cummulative Profit/Loss from Last Year	-5600.21	-5512.15	-5378.55	-2661.34	-1522.14	-1114.62	-1040.31	-1312.29	-1647.37	-1767.88
Cummulative Profit/Loss to Balance Sheet	-3738.69	-5600.21	-5512.15	-5378.55	-2661.34	-1522.14	-1114.62	-1040.31	-1312.29	-1647.37
Cumul. P & L (Before Transfer to Reserves)	954.81	-1467.71	-1824.19	-2377.79	-176.70	144.43	-168.56	-687.80	-1031.54	-1358.48



2003-2004

IMPORTANT FINANCIAL INFORMATION & RELATIVE RATIOS **(A) FINANCIAL INFORMATION** **(Consolidation of Audited Accounts of Coal India Ltd. & its Subsidiaries)**

(Rs. Crores)

Year Ending 31st March	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
(A) Related to Assets & Liabilities										
(1) (i) No. of Equity Shares (CIL) of Rs.1000 each	63163644	63163644	63163644	63163644	63163644	63163644	63163644	63163644	63163644	63163644
(ii) Shareholder's Funds :										
(a) Equity	6316.36	6316.36	6316.36	6316.36	6316.36	6316.36	6316.36	6316.36	6316.36	6316.36
(b) Reserves	4693.50	4132.50	3687.96	3000.76	2484.64	1721.09	985.10	390.49	316.65	324.80
(c) Accumulated Loss	-3738.69	-5600.21	-5512.15	-5378.55	-2661.34	-1522.14	-1114.62	-1040.31	-1312.29	-1647.37
(d) Misc. Expend. (D/Liab.)	0.92				88.72	268.39	251.46	333.19		
Net Worth	7270.25	4848.65	4492.17	3938.57	6139.66	6426.59	5918.45	5415.08	4987.53	4993.79
(2) Loan	2882.53	4214.12	5595.40	6324.48	7047.34	6358.55	5589.90	6137.34	6157.36	7223.45
(3) Capital Employed	7566.88	9274.48	9560.68	9166.75	12786.35	11671.04	10154.97	9462.07	9151.79	9005.52
(4) (i) Net Fixed Assets	11113.37	11447.82	12185.87	12641.52	13088.84	11500.51	10924.89	10232.44	9737.63	9039.76
(ii) Current Assets	10317.63	10209.08	9965.94	10630.28	9730.31	10383.25	7915.71	6420.37	5420.86	5904.72
(iii) Net Current Assets (W/C)	-3447.98	-2154.91	-2442.64	-3391.28	-302.02	197.36	-744.63	-720.04	-526.10	1088.30
(5) Current Liabilities (Excl'd. Intt. Accrued & Due)	13765.61	12363.99	12408.58	14021.56	10032.33	10185.89	8660.34	7140.41	5946.96	4816.42
(6) (a) Sundry Debtors (Net) (Excl'd. CMPDIL)	2375.68	4165.09	4417.57	4701.37	4129.32	3975.98	3337.32	2545.85	2113.89	2533.48
(b) Cash & Bank	2966.52	1590.82	1131.84	767.27	787.08	786.93	499.28	401.87	255.18	340.59
(7) Closing Stock of :										
(a) Stores & Spares (Net)	903.15	946.90	984.50	1101.09	1121.20	1034.89	1017.35	1022.67	911.17	889.91
(b) Coal, Cokes etc. (Net)	1205.54	1149.51	1067.99	1145.46	1242.19	1491.86	1299.44	1142.61	1363.89	1374.86
(8) Average Stock of Stores & Spares (Net)	925.03	965.70	1042.80	1111.15	1078.05	1026.12	1020.01	966.92	900.54	850.14
(B) Related to Profit / Loss										
(1) (a) Gross Margin	6609.90	4938.53	3862.42	770.82	2908.09	3402.23	3787.08	2973.66	1572.00	1497.51
(b) Gross Profit	5138.86	3266.07	2343.33	-732.70	1389.55	2111.45	2546.78	1823.44	482.18	527.69
(c) Net Profit (Before Tax & Invnt. Allow. etc)	4889.16	2865.50	1754.56	-1414.47	693.87	1451.79	1803.99	1137.42	611.44	29.73
(d) Net Profit (After Tax)	3029.94	1453.30	519.02	-2074.76	-152.90	508.94	812.30	254.13	576.89	29.09
(e) Net Profit (After Tax & Div. on Pref. & Equity)	2848.62	1362.88	428.60	-2165.18	-243.32	418.52	721.88	163.71	576.89	29.09
(2) (a) Gross Sales	26234.17	24228.07	22745.75	20811.00	19589.19	18646.19	18795.13	16597.78	13378.60	11778.51
(b) Net Sales (After Levies & Dev. etc.)	21783.40	20277.36	19240.10	17490.69	16389.76	15398.67	15321.11	13291.04	10474.22	9317.57
(c) Sale Value of Production	21966.91	20508.91	19334.48	17574.80	16343.90	15793.05	15709.21	13274.79	10634.69	9207.14
(3) Cost of Goods Sold (Sales - Profit)	16894.24	17411.86	17485.54	18905.16	15695.89	13946.88	13517.12	12153.62	9862.78	9287.84
(4) (a) Total Expenditures (Excl'd. Recoveries)	19062.44	18259.95	18088.17	19466.09	16087.01	14713.02	14207.60	12464.94	10498.23	9522.74
(b) Salary & Wages (Gross Rev. only)	9185.53	8187.57	8108.35	10204.32	6927.95	6128.37	5989.98	5396.36	5012.36	4178.51
(c) Stores & Spares (Gross Rev. only)	3202.93	3104.79	2945.02	2782.89	2587.62	2413.39	2355.37	2075.66	1786.50	1599.99
(d) Power & Fuel	1480.12	1435.32	1378.30	1346.63	1317.70	1218.85	1191.56	1098.46	814.58	707.16
(e) Int. & Depreciations (Gross Rev. only)	1720.74	2073.03	2107.86	2185.29	2214.22	1950.44	1983.09	1836.24	960.56	1467.78
(5) Average Consumption of Stores & Spares (Gross) per Month	266.91	258.73	245.42	231.91	215.64	201.12	196.28	172.97	148.88	133.33
(6) (a) Avg. Manpower Employed during the year	493061	510671	530987	552061	574477	599293	619576	631999	638814	648519
(b) Social Overheads (Incl. LTC/LLTC)	1509.50	1402.74	1231.99	1242.42	1126.94	1104.57	1071.11	979.80	890.19	696.71
(c) S/Overheads expnd. per Employee (Rs.000)	30.61	27.47	23.20	22.51	19.62	18.43	17.29	15.50	13.94	10.74
(7) (a) Value Added	17376.21	16082.80	15127.69	13584.66	12517.25	12242.10	12242.51	10171.52	8108.56	6964.27
(b) Value Added per Employee (Rs.000)	352.42	314.93	284.90	246.07	217.89	204.28	197.59	160.94	126.93	107.39

IMPORTANT FINANCIAL INFORMATION & RELATIVE RATIOS **(B) FINANCIAL RATIOS/PERCENTAGES** **(Consolidation of Audited Accounts of Coal India Ltd. & its Subsidiaries)**

(Rs. Crores)

Year Ending 31st March	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
(A) PROFITABILITY RATIOS										
(1) AS % NET SALES										
(a) Gross Margin	30.34	24.35	20.07	4.41	17.74	22.09	24.72	22.37	15.01	16.07
(b) Gross Profit	23.59	16.11	12.18	-4.19	8.48	13.71	16.62	13.72	4.60	5.66
(c) Net Profit	22.44	14.13	9.12	-8.09	4.23	9.43	11.77	8.56	5.84	0.32
(2) AS % TOTAL EXPENDITURES										
(a) Sal & Wages (Gross - Rev.)	48.19	44.84	44.83	52.42	43.07	41.65	42.16	43.29	47.74	43.88
(b) Stores & Spares (Gross - Rev.)	16.80	17.00	16.28	14.30	16.09	16.40	16.58	16.65	17.02	16.80
(c) Power & Fuel	7.76	7.86	7.62	6.92	8.19	8.28	8.39	8.81	7.76	7.43
(d) Interest & Depreciation (Gross - Rev.)	9.03	11.35	11.65	11.23	13.76	13.26	13.96	14.73	9.15	15.41
(3) AS % CAPITAL EMPLOYED										
(a) Gross Margin	87.35	53.25	40.40	8.41	22.74	29.15	37.29	31.43	17.18	16.63
(b) Gross Profit	67.91	35.22	24.51	-7.99	10.87	18.09	25.08	19.27	5.27	5.86
(c) Net Profit	64.61	30.90	18.35	-15.43	5.43	12.44	17.76	12.02	6.68	0.33
(4) OPERATING RATIO (SALES - PROFIT/SALES)	0.78	0.86	0.91	1.08	0.96	0.91	0.88	0.91	0.94	1.00
(B) LIQUIDITY RATIOS										
(1) Current Ratio (Current Asset/Current Liability)	0.75	0.83	0.80	0.76	0.97	1.02	0.91	0.90	0.91	1.23
(2) Quick Ratio (Quick Asset/Current Liability)	0.39	0.47	0.45	0.39	0.49	0.47	0.44	0.41	0.40	0.60
(C) TURNOVER RATIOS										
(1) Capital Turnover Ratio (Net Sales/Capital Employed)	2.88	2.19	2.01	1.91	1.28	1.32	1.51	1.40	1.14	1.03
(2) Sundry Debtors (net) as no. of months										
(a) Gross Sales	1.09	2.06	2.33	2.71	2.53	2.56	2.13	1.84	1.90	2.58
(b) Net Sales	1.31	2.46	2.76	3.23	3.02	3.10	2.61	2.30	2.42	3.26
(3) As Ratio of Net Sales										
(a) Sundry Debtors	0.11	0.21	0.23	0.27	0.25	0.26	0.22	0.19	0.20	0.27
(b) Coal Stocks	0.06	0.06	0.06	0.07	0.08	0.10	0.08	0.09	0.13	0.15
(4) Stock of Stores & Spares										
(a) Avg. Stock/Annual Consumption	0.29	0.31	0.35	0.40	0.42	0.43	0.43	0.47	0.50	0.53
(b) Closing Stock as in terms of No. of Month's Consumption	3.38	3.66	4.01	4.75	5.20	5.15	5.18	5.91	6.12	6.67
(5) Stock of Coal, Coke, W/coal etc.										
(a) As no. of Month's Value of production	0.66	0.67	0.66	0.78	0.91	1.13	0.99	1.03	1.54	1.79
(b) As no. of Month's of cost of goods sold	0.86	0.79	0.73	0.73	0.95	1.28	1.15	1.13	1.66	1.78
(c) As no. of Month's Net Sales	0.66	0.68	0.67	0.79	0.91	1.16	1.02	1.03	1.56	1.77
(D) STRUCTURAL RATIOS										
(1) Debt : Equity	0.46	0.67	0.89	1.00	1.12	1.01	0.88	0.97	0.97	1.14
(2) Debt : Net Worth	0.40	0.87	1.25	1.61	1.15	0.99	0.94	1.13	1.23	1.45
(3) Net Worth : Equity	1.15	0.77	0.71	0.62	0.97	1.02	0.94	0.86	0.79	0.79
(4) Net Fixed Assets : Net Worth	1.53	2.36	2.71	3.21	2.13	1.79	1.85	1.89	1.95	1.81
(E) SHARE HOLDER'S INTEREST										
(1) Book Value of Shares (Rs.) (Networth / No. of Equity)	1151.02	767.63	711.20	623.55	972.02	1017.45	937.00	857.31	789.62	790.61
(2) Dividend per share (Rs.)					4.00	4.00	3.00	1.00		



2003-2004

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 Thirty-first Annual Report of Coal India Limited and Audited Accounts for the year ended 31 st March, 2004 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 continue to be managed directly by Coal India Limited. Similarly, Dankuni Coal Complex also continues 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 2003-2004 compared to previous two years are shown in the table below :

	2003-04	2002-03	2001-02
Production (in million tonnes)	306.36	290.69	279.65
Off-take of Coal (in million tonnes)	304.44	289.22	282.43
Sales (Gross) (Rs./Crores)	26,234.17	24,228.07	22,745.75
Gross Profit (Rs./Crores)	5,138.86	3,266.07	2,343.33
Capital Employed (Rs./Crores)	7,566.88	9,274.48	9,560.68
Net Worth (Rs./Crores)	7,270.25	4,848.65	4,492.17
Profit before Tax (Rs./Crores)	4,889.16	2,865.50	1,754.56
Profit after Tax (Rs./Crores)	3,029.94	1,453.30	519.02
Gross Profit to Capital employed	67.91%	35.22%	24.51 %
Profit before Tax to Net Worth	67.25%	59.10%	39.06%
Coal Stock (Net) (in terms of No. of months Net Sales)	0.66	0.68	0.67
Sundry Debtors (Net) (in terms of No. of months Gross Sales)	1.09	2.06	2.33

2. FINANCIAL PERFORMANCE

2.1 Financial Results

CIL and its Subsidiaries have achieved collectively a pre-tax profit of Rs.4889.16 Crores in the year 2003-2004 against a pre-tax profit of Rs. 2865.50 Crores in the year 2002-03.

Company-wise position with regard to profit (+) earned or loss (-) incurred during the year under review vis-a-vis in 2002-03 are given in the table appended below:

Company	2003-2004		2002-2003	
	Profit(+)/Loss(-)		Profit (+)/Loss (-)	
ECL	(-)	326.38	(-)	338.78
BCCL	(-)	569.85	(-)	507.13
CCL	(+)	370.38	(+)	384.65
NCL	(+)	1647.06	(+)	1293.01
WCL	(+)	743.60	(+)	472.52
SECL	(+)	1314.22	(+)	882.13
MCL	(+)	1418.60	(+)	882.31
CMPDIL	(+)	1.76	(+)	1.99
CIL/NEC	(+)	1355.97	(+)	280.08
Sub-Total	(+)	5955.36	(+)	3350.78
Less : Dividend from Subsidiaries	(-)	1066.20	(-)	485.28
Total	(+)	4889.16	(+)	2865.50

2.2 Dividend Income and Pay Outs

Dividend income of CIL accounted for during the year under review, based on the recommendations from four profit making subsidiaries namely, NCL, WCL, SECL and MCL was Rs. 1066.20 crores as against dividend of Rs. 485.28 crores in previous year, the Subsidiary-wise break-up of which are as under:

Name of the Subsidiary	Rs. in Crores
NCL	361.74 (197.00)
WCL	138.23 (55.96)
SECL	329.18 (117.41)
MCL	237.05 (114.91)

Figures in brackets are for previous year.

Your Directors recommended dividend payment of Rs. 80.26 crores (Pro-rata upto the date of redemption) on 9041800 - 10% Redeemable Non-cumulative Preference Shares of Rs. 1000/- each and Rs. 101.06 crores @ Rs. 16/- per share on 63163644 Equity Shares of Rs. 1000/- each fully paid valued at Rs. 6316.36 crores and payment of tax as applicable thereon.

3. COAL MARKETING

3.1 (a) Sectorwise Off-take of Raw Coal

CIL has outperformed its targeted off-take of 299.85 million tonnes by registering actual off-take of 304.44 million tonnes showing satisfaction of 101.50%. As compared to last year's off-take of 289.22 million tonnes, off-take for this year has increased by 15.22 million tonnes (i.e. 5.30%).

Sectorwise analysis of off-take reveals that major sectors like power and cement received more coal this year compared to last

fiscal. In case of power and cement sector, even target has also been exceeded. In case of steel sector, off-take fell short of target and also was less than last year level due to limited availability of required quality of coking coal feed for the washeries to meet the stringent quality parameters enforced by Steel plants. In case of fertiliser, less despatch may be ascribed to drop in demand. Increased demand of power sector caused drop in despatch to BRK/Others sector. Sectorwise details of raw coal off-take for 2003-04 against target and last year's actual are given below:

(Figs. in million tonnes)						
Sector	2003-04		% Achieved	2002-03		Growth
	Target	Achieved		Achieved	Abs.	%
Power (Utilities)*	223.50	234.23	104.80	219.93	14.30	6.50
Steel**	13.51	12.18	90.20	12.32	-0.14	-1.10
Cement	8.51	9.09	106.80	8.36	0.73	8.70
Fertilizer	3.14	2.05	65.30	2.49	-0.44	-17.70
Export	0.02	0.04	200.00	0.01	0.03	300.00
BRK/Others	49.65	45.65	91.90	44.75	0.90	2.00
Colliery Consumption	1.52	1.20	78.90	1.36	-0.16	-11.80
Off-take	299.85	304.44	101.50	289.22	15.22	5.30

* includes coking and non-coking coal feed to washery and Bina Deshaling Plant for beneficiation.

** includes coking coal feed to washeries, direct feed, blendable to steel plants, coke ovens, private cokeries and NL W coal to cokeries.

Coal based power generation in the country was 375.327 Billion Units in 2003-04 and grew by 3.6% over previous year's generation of 362.258 Billion Units. Stocks with Power Houses fell from 10.696 MT as on 1.4.03 to 9.924 MT as on 31.3.04 with increase in PLF of coal based power sector from 72.4% in 2002-03 to 73.2% in 2003-04.

3.1 (b) Companywise Coal Off-take

Company-wise figure- of actual off-take in 2003-04 vis-a-vis target for the year and actuals of the previous year are shown below:

(Figs. in million tonnes)

Company	2003-04			2002-03		Growth over last year	
	Target	Achieved	% Achieved	Achieved	Abs.	%	
ECL	29.00	27.43	94.60	27.29	0.14	0.50	
BCCL	27.50	23.79	86.50	22.22	1.57	7.10	
CCL	36.50	36.37	99.60	36.74	-0.37	-1.00	
NCL	46.50	46.49	100.00	44.43	2.06	4.65	
WCL	37.50	39.20	104.50	38.16	1.04	2.70	
SECL	69.00	70.93	102.80	68.37	2.56	3.70	
MCL	53.10	59.36	111.80	51.37	7.99	15.60	
NEC	0.75	0.87	116.00	0.64	0.23	35.90	
CIL	299.85	304.44	101.50	289.22	15.22	5.30	

It may be noted from above that all coal companies except CCL have registered a growth in off-take this year compared to last year. If performance is compared in relation to target, it will be seen that only 2 companies (ECL & BCCL) have been wide off the target

and rest either exceeded the target or were close to the target. While in case of CCL marginal dip in off-take may be attributed to frequent law and order problem caused by villagers and political outfits, in case of BCCL and ECL several input constraints resulted in less production and consequent dip in off-take. In case of NCL, less placement of rakes by NTPC in MGR circuit stood in the way of better off-take.

3.2 Despatches of Coal and Coal Products by Various Modes

Despatch of coal and coal products by various modes during 2003-04 was 300.87 million tonnes, which during the year 2002-03 was 286.20 million tonnes only. Thus, the growth was 5.12%. Despatches of coal and coal products by various modes for the year 2003-04 and 2002-03 are appended below:



Hydraulic Rope Shovel – Dumper combination in operation in an opencast coal mine

Figures in Million Tonnes

Year	Rail	Road	MGR	Belt	Rope	Overall
2003-2004	172.78	42.35	72.36	8.00	5.38	300.87
2002-2003	167.82	36.49	66.73	7.69	5.60	286.20
Increase/ Decrease	4.91	4.40	5.63	0.31	-0.22	14.67
Growth%	2.92	10.54	8.43	4.03	-3.92	5.12

Coal products include slurry and rejects.

3.3 Wagon Loading

Wagon loading continued to maintain its upward trend and touched a figure of 19753 wagons per day in 2003-04 crossing previous highest figure of 19282 wagons per day recorded in 2002-03. However in relation to target of 20262 wagons/day, actual loading shows a marginal shortfall of 2.5%.

Company-wise loading target vis-a-vis the actual achieved in 2003-04 and actual in 2002-03 are given below :

Figures in FWWs/Day

Company	2003-04		2002-03	Growth over last year	
	Target	Achieved	Achieved	Abs.	%
		Achieved			
ECL	2000	1890	94.50	2050	-160 -7.80
BCCL	2763	2325	84.10	2156	169 7.80
CCL	3440	3322	96.60	3393	-71 -2.10
NCL	873	1088	124.60	725	363 50.10
WCL	2850	2633	92.40	2823	-190 -6.70
SECL	4366	4177	95.70	4072	105 2.60
MCL	3911	4233	108.20	4006	227 5.70
NEC	59	85	144.10	57	28 49.10
CIL	20262	19753	97.50	19282	471 2.40

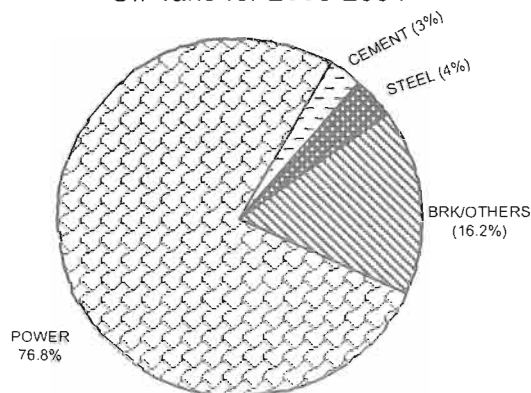
From the above table, it may be noted that while loading of NCL, MCL and NEC were up compared to target as well as last year's level, loading of ECL, CCL & WCL was below target and also below last year's level. In case of BCCL & SECL though loading was less than target, however, in relation to last year, loading improved. While in case of BCCL, less availability of coal, transportation bottlenecks and less feed to coal washeries contributed mostly to less loading, in case of SECL, dislocation of traffic arising out of accident at Sarbamangala bridge on Hasdeo river, construction work in Champa railway track, less supply of empties in Korba field etc. were responsible for less loading. In case of CCL, position could have improved further but for less transportation of coal to siding due to frequent strike by transporters apart from sporadic agitation by villagers, political parties etc.. As regards WCL, loading has plummeted mainly because certain consumers of S.C.Rly who were earlier taking coal by rail route are now taking coal by road to private washeries for beneficiation and subsequent movement by rail.

3.4 Consumer Satisfaction

In order to secure consumer satisfaction on grade conformity as well as general quality of coal supplies to consumers, the following steps have been taken. These steps have additionally eliminated progressively the contamination of coal with overburden materials, boulders/stones, extraneous material etc. from the consignments loaded and supplied to different consuming sectors.

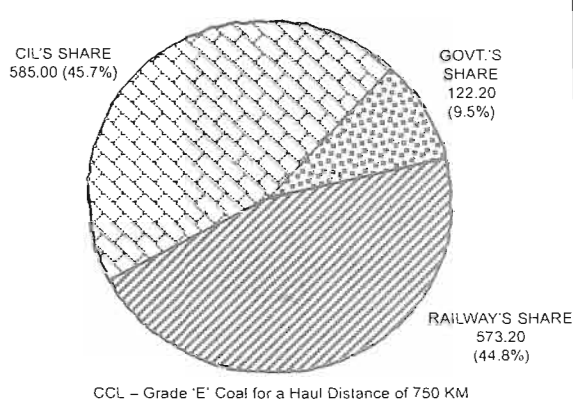
CONSUMING SECTOR PROFILE

Off-Take for 2003-2004



PRODUCER'S SHARE IN DESTINATION PRICE OF COAL

(AS ON 01.04.2004)



2003-2004

- (a) To maximise despatches of crushed/ sized coal to consumers, particularly in power sector, coal handling plants with handling capacity of 228.05 million tonnes per annum have been built up as on 31.3.04. Besides, crushing capacities of 40.30 Million tonnes from washeries have been available for despatch of crushed/sized coal to consumers, Despatches of sized coal to power utilities in 2003-04 was 97.19% against 96.22% in 2002-03.
- (b) To ensure that coal despatches are made only after proper weighment, 172 Electronic/Mechanical Weighbridges with facility of electronic printouts, wherever possible, have been installed at Rail Loading Points. With such installations, it has been possible to improve despatches by rail, weighed through electronic weigh bridges to 96.56% in 2003-04 from 95.46% in 2002-03.
- (c) For reducing possibility of admixture of coal with Over Burden materials, securing improvement in fragmentation for improving coal quality etc., measures like picking of shales/stones, selective mining by conventional mode as well as surface miners with increased number, adopting proper blasting procedures/ techniques etc. are being adopted.
- (d) To ensure value to the customers at least equivalent to the payments they are called upon to make against coal supplies to them and to help eliminating thereby possibilities of disputes with them on quality related issues, majority of the customers, particularly in power sector, are now required to pay for coal supplies to them as per analysed grades as reflected from the actual analysis of sampling of supplies done either jointly or by independent third party agency engaged for the purpose on mutual agreement, as the case may be.



A broad view of a large Dragline in over burden removal operation

These practises have long been introduced and are working satisfactorily in the coal companies. The collective effect of all these steps have led to raise the proportion of sized and weighed coal despatches gradually over the years and also to enhance the percentage of grade conformity of supplies to Power Sector from 77.00% in 2002-03 to 80.30% in 2003-04 in respect of third party sampling and from 89.70% in 2002-03 to 94.40% in 2003-04 in respect of joint sampling. These steps improved consumer satisfaction.

3.5 Steps taken towards Liberal Marketing of Coal

In order to improve availability of coal to small buyers, efforts are on to release coal under liberalised scheme to the extent possible. But less availability of coal after meeting core sector and linked/contractual buyer particularly in ECL, BCCL and CCL is standing as a deterrent. Even then sale of coal and coal products under Open Sales Scheme (OSS) in 03-04 went upto 5.01 million tonnes in 2003-04 from 4.8 million tones of previous year.

However, sale of coal through Trade Channel Network has been discontinued this year (2003-04) as TCN operators were found not carrying entire coal to destination points and off loading at other places, and thereby violating provisions of the scheme. Agreement with TCN operators of all companies other than MCL were terminated. This resulted a drop in despatches to 0.594 million tonnes in 2003-04 from 0.927 million tonnes in 2002-03.

However, a few aggrieved operators in SECL and WCL subsequently went to the court and obtained stay.

3.6 Export

During the period 2003-04, CIL has exported 0.355 lakh tonnes of coal to Nepal. The amount billed was Rs. 9.02 crores. Both railway and road transport were used for export of coal. Export of coal to Nepal for 2003-2004 vis-a-vis that of last year are shown below :

	<u>2003-04</u>	<u>2002-03</u>
Quantity (in '000 tonnes)	35.53	12.65
Billing (in Rs. Crores)	9.02	2.97

3.7 Stock of Coal, Coke etc.

Net adjusted value of the pithead stock of coal and other products at the close of the year 2003-04 after provision for stock deterioration etc. was Rs. 1205.54 crores which was equivalent to 0.66 months' value of net sales. The Company-wise position of stocks held on 31.3.2004 and on 31.3.2003 are given below:

Company	Net Value of Stock as on 31.3.2004	Net Value of stock as on 31.3.2003	(Rs. in Crores)	
			Stock in terms of no. of months Net sales	
			As on 31.3.2004	As on 31.3.2003
ECL	125.12	111.43	0.55	0.49
BCCL	347.55	450.89	1.90	2.73
CCL	335.06	259.86	1.36	1.09
NCL	69.90	40.78	0.23	0.15
WCL	71.79	45.04	0.26	0.17
SECL	169.34	147.08	0.46	0.42
MCL	53.68	54.53	0.28	0.33
NEC/CIL	33.10	39.90	—	—
Total	1205.54	1149.51	0.66	0.68

3.8 Coal Sales Dues

Net Coal Sales dues outstanding as on 31.3.2004 after providing of Rs.1704.57 crores (previous year Rs. 1931.44 crores) for bad and doubtful debts, was Rs. 2375.69 crores (previous year Rs. 4165.09 crores) which is equivalent to 1.09 months combined gross sales of CIL as a whole (previous year 2.06 months). Subsidiary-wise break up of coal sale dues outstanding as on 31.3.2004 as against 31.3.2003 are shown below :-

Company	(Rs. in Crores)			
	Coal Sales dues As on 31.3.2004		Coal Sales dues As on 31.3.2003	
	Gross	Net	Gross	Net
ECL	938.95	684.34	1,243.39	1,077.35
BCCL	701.18	248.91	865.94	407.90
CCL	868.60	649.23	986.42	668.68
NCL	154.40	143.42	139.72	129.58
WCL	831.07	319.59	955.91	471.93
SECL	430.99	266.85	1,482.76	1,172.83
MCL	143.99	62.93	411.46	236.63
NBC/CIL	11.08	0.42	10.93	0.19
Total	4080.26	2,375.69	6,096.53	4,165.09

3.9 Payment of Royalty, Cess and Sales-tax, Stowing Excise Duty & Entry Tax

During the year 2003-04, CIL and its Subsidiaries paid/adjusted Rs.4657.42 Crores (previous year Rs.3852.48 Crores) towards Royalty, Cess, Sales-tax and other levies as detailed below:-

<i>Figures in Rs./Crores</i>		
	2003-2004	2002-2003
Royalty	2,590.17	2,248.13
Cess	819.86	601.16
Sales-tax	1,006.57	924.04
Stowing Ex. Duty	214.95	65.43
Entry Tax	25.87	13.72
Total	4657.42	3852.48

4. COAL PRODUCTION

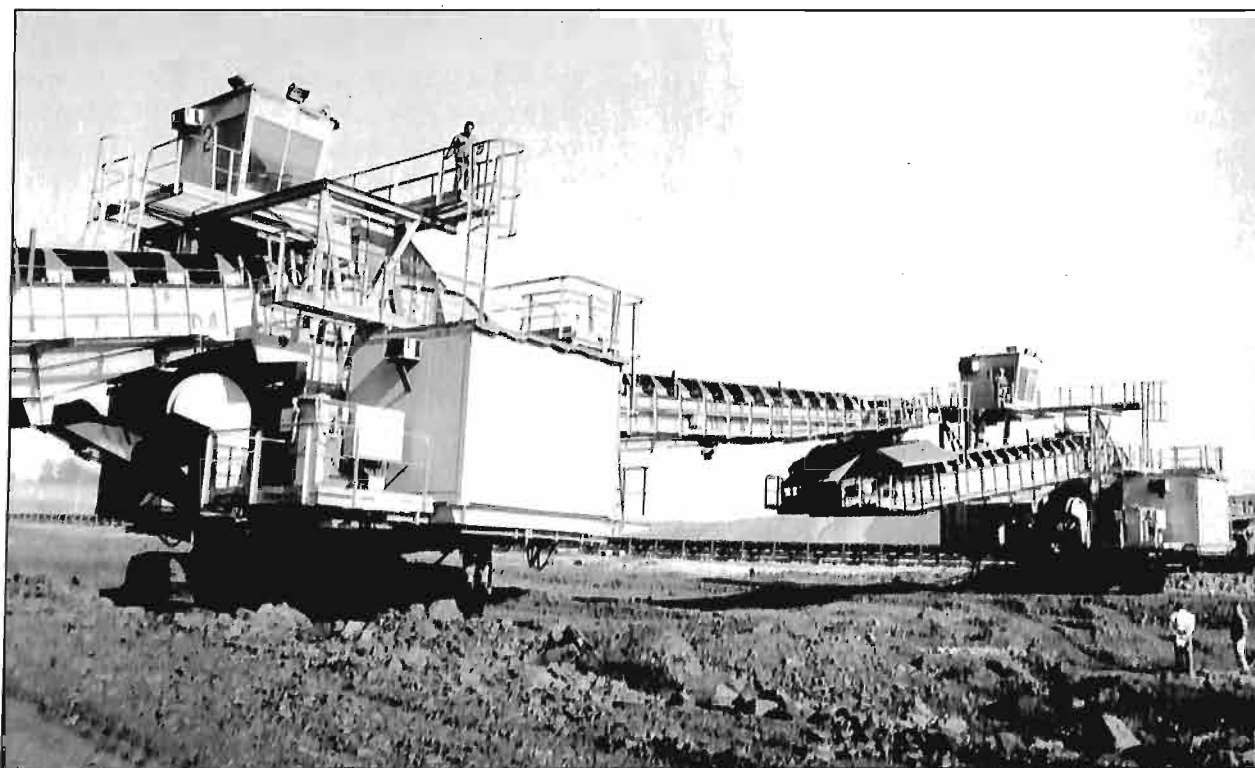
4.1 Raw Coal Production

Production of coal during 2003-04 was 306.36 million tonnes as against 290.69 million

tonnes in the previous year. The subsidiary-wise position is given below:

<i>(Figures in million tonnes)</i>						
Company	Coking		Non-coking		Total	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
ECL	0.15	0.18	27.85	27.00	28.00	27.18
BCCL	10.69	12.82	11.99	11.33	22.68	24.15
CCL	10.95	10.09	26.38	26.89	37.33	36.98
NCL	—	—	47.03	45.10	47.03	45.10
WCL	0.70	0.59	38.83	37.23	39.53	37.82
SECL	0.15	0.15	70.86	66.45	71.01	66.60
MCL	—	—	60.05	52.23	60.05	52.23
NEC	—	—	0.73	0.63	0.73	0.63
CIL (overall)	22.64	23.83	283.73	266.86	306.36	290.69

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



IN-pit Coal Crusher at Piparwar Opencast Coal Mining Project

4.2 Production from Underground and Open Cast Mines

Coal production from underground mines in 2003-04 was 47.44 million tonnes as compared to 258.92 million tonnes from open cast mines. Production from Opencast mines accounted for 84.5% of the total production. The details are summarised below:

(Figures in Million tonnes)

Company	Underground Production		Opencast Production		Total Production	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
ECL	9.91	10.95	18.09	16.23	28.00	27.18
BCCL	6.74	7.29	15.94	16.86	22.68	24.15
CCL	2.75	2.76	34.58	34.22	37.33	36.98
NCL	—	—	47.03	45.10	47.03	45.10
WCL	9.51	9.39	30.02	28.43	39.53	37.82
SECL	16.36	16.16	54.65	50.44	71.01	66.60
MCL	2.05	1.76	58.00	50.47	60.05	52.23
NBC	0.12	0.11	0.61	0.52	0.73	0.63
CIL (overall)	47.44	48.42	258.92	242.27	306.36	290.69

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

The production of Soft coke, Hard coke and Washed coal (coking) of CIL in 2003-04 was nil, 0.42 lakh tonnes and 45.44 lakh tonnes respectively. Subsidiary-wise position is as follows:

(Figures in lakh tonnes)

Company	Soft Coke		Hard Coke		Washed coal (Coking)	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
ECL	—	—	—	—	—	—
BCCL	—	—	0.42	0.61	18.61	21.64
CCL	—	—	—	—	23.63	21.75
NCL	—	—	—	—	—	—
WCL	—	—	—	—	3.20	2.88
SECL	—	—	—	—	—	—
MCL	—	—	—	—	—	—
NEC	—	—	—	—	—	—
CIL (overall)	—	—	0.42	0.61	45.44	46.27

4.4 Overburden Removal

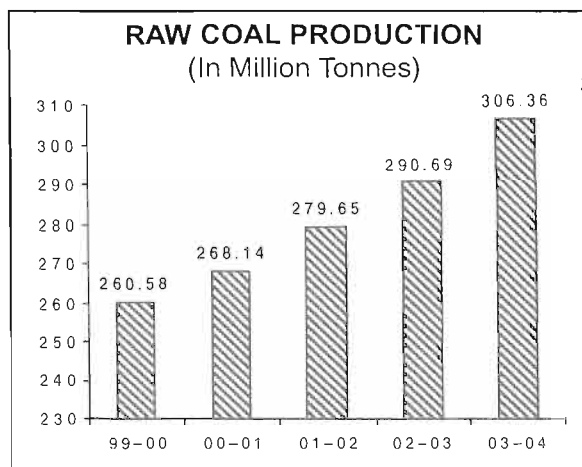
Overburden removal in 2003-04 was 497.00 million cubic metres as against 501.20 million cubic metres in 2002-03. Subsidiary-wise position is shown below:-

(Figures in Million Cu. Mtrs.)

Company	2003-04	2002-03
ECL	35.96	32.04
BCCL	35.55	45.18
CCL	48.10	46.64
NCL	142.33	137.73
WCL	104.35	109.98
SECL	72.78	70.91
MCL	52.70	54.05
NEC	5.23	4.67
CIL (Overall)	497.00	501.20

5. POPULATION OF EQUIPMENT

The population of major opencast equipment existed on 1.4.2004 and on 1.4.2003 alongwith their performance status in terms of availability and utilisation expressed as percentage of CMPDIL norms are tabulated below:



Equipment	No. of Equipment		Indicated as % of CMPDIL norms			
	As on 1.4.2004	As on 1.4.2003	Availability		Utilisation	
			2003-04	2002-03	2003-04	2002-03
Dragline	42	42	101	100	109	107
Shovel	755	764	88	89	76	76
Dumper	3490	3523	94	97	66	66
Dozer	1080	1077	86	87	57	55
Drill	781	791	88	90	62	61

6. CAPACITY UTILISATION

The overall capacity utilisation of CIL as a whole for the year has been 95.04% whereas it was 95.07% during 2002-03. Subsidiarywise details are as under:

(Fig. in %)

Subsidiaries	2003-04	2002-03
ECL	81.93	77.94
BCCL	65.61	75.60
CCL	83.54	81.43
NCL	99.66	95.79
WCL	104.27	112.95
SECL	104.26	99.44
MCL	105.58	104.67
NEC	121.10	164.57
CIL (overall)	95.04	95.07

7. PRODUCTIVITY : OUTPUT PER MANSHIFT (OMS)

Output per man shift (OMS) for the year under review has improved to 2.82 tonnes from 2.67 tonnes in the previous year registering improvement of 5.6%. The subsidiary-wise position is as under:

(Figures in tonnes)

Company	Underground		Opencast		Total	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
ECL	0.45	0.48	5.30	4.89	1.09	1.03
BCCL	0.49	0.58	2.44	2.32	1.16	1.21
CCL	0.47	0.46	3.75	3.68	2.48	2.43
NCL	—	—	10.56	10.58	10.56	10.58
WCL	0.95	0.91	4.12	4.11	2.29	2.21
SECL	1.05	1.01	11.25	10.71	3.49	3.23
MCL	1.08	0.91	19.89	19.59	12.46	11.57
NEC	0.21	0.18	4.89	4.17	1.02	0.85
Overall CIL	0.68	0.69	6.67	6.30	2.82	2.67

8. PROJECTS

8.1 Project Formulation

Additional coal production capacities are built up to meet the gap in supply with reference to demand as assessed, either by setting up new mines or by expanding/re-organising the existing mines, as the case may be. Services of CMPDIL, a subsidiary of CIL, are hired for examination and preparation of the project reports necessary in connection with above.

In addition to above, services of CMPDIL are also hired for examination and producing special reports on Mine Safety, Infrastructure Developments, Operation Plans of Large

Opencast Mines, Environment Management Plans, Remote Sensing, Energy Audit, Physico-Mechanical Testing on Rock and Coal samples, Subsidence Studies, Strata Control, Non-Destructive Testing, Controlled Blasting, Vibration Studies, Explosives Utilisation, Mining Electronics etc.

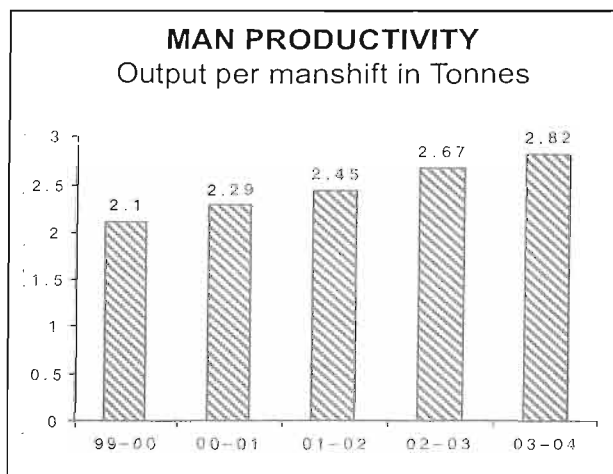
During the year under review, CMPDIL has prepared 237 Reports in all which include 36 Project Reports/Revised Project Reports/ Revised Cost Estimates, 13 Geological Reports, 4 Special Reports, 26 Operational Plans, 131 Other reports and 27 Environmental Management Plans.

8.2 Project Implementation

During the year 2003-2004, while completion reports of the following 7 (seven) mining projects are under approval, 3 (three) non-mining projects have been completed. All the projects are costing Rs. 20 crores and above.

Projects costing Rs. 20 Crs. and above

Sl. No.	Company	Name of Project	Type	Sanctioned capacity in Mty	Sanctioned capital in Rs. Crores.
MINING PROJECT :					
1	CCL	Jharkhand	OC	1.00	110.89
2	NCL	Nighai Expn.	OC	10.00	1,846.49
3	NCL	Dudhichua Expn.	OC	10.00	1,281.39
4	WCL	Kamptee UG to OC	OC	0.65	88.39
5	WCL	Dhurwasa	OC	0.55	62.74
6	WCL	Kumbharkhani	UG	0.36	56.90
7	WCL	Naheiyra	UG	0.36	46.17
NON-MINING PROJECT :					
1	MCL	Balinga-Hingir-Belpahar Road			38.00
2	MCL	Sundargarh-Dudka Road			31.33
3	MCL	Aug. Central Workshop, Talcher			21.37



Presently, 65 mining and 3 non-mining major projects costing Rs. 20 Crores and above are under implementation. Out of 65 mining projects, 14 projects have been approved by the Company Boards subject to EMP clearance and land acquisition.

Out of 65 mining projects, 51 are on schedule. 14 mining and 3 non-mining projects are delayed.

Reasons of delay :

Mining : 2 projects are delayed due to adverse geo-mining conditions, 3 due to fund constraints and 1 due to fire, 4 due to non-receipt of EMP clearance and 4 due to miscellaneous reasons including change of technology.

Non-mining: 2 non-mining projects are delayed due to land and rehabilitation problem and 1 due to miscellaneous reasons.

8.3 Projects Sanctioned

(a) During the year 2003-04 the Government sanctioned Project Report (P.R.) for the following project:

Sl. No.	Company	Name of Project	Type	Sanctioned capacity in Mty	Sanctioned capital (Rs. in Crores)
1.	MCL	Basundhara West	OC	2.4	176.54

(b) During 2003-04, CIL Board sanctioned Project Reports (P.R.) for the following 8 projects:

Sl. No.	Company	Name of Project	Type	Sanctioned capacity in Mty	Sanctioned capital (Rs. in Crores)
1	ECL	Sarpi Aug.	UG	0.42	74.07
2	ECL	Jhanjra Aug.	UG	0.42	69.28
3	ECL	Kottadih Aug.	UG	0.42	60.57
4	BCCL	Dahibari Basantimata	OC	1.3	81.25
5	SECL	Amadand	OC	1.15	83.39
6	SECL	Khairaha	UG	0.59	88.33
7	MCL	Lakhanpur Expn.	OC	5	98.74
8	MCL	Bharatpur Expn.	OC	6	95.87

(c) During the year 2003-04 Subsidiary Company Boards sanctioned Project Reports (P.R.) for the following 9 projects:

Sl. No.	Company	Name of Project	Type	Sanctioned capacity in Mty	Sanctioned capital (Rs. in Crores)
1.	WCL	Singori	OC	0.8	48.71
2.	WCL	Yekona-II	OC	0.6	48.05
3.	WCL	Bhanegaon	OC	0.6	30.44
4.	WCL	Pauni- II	OC	0.6	28.11
5.	WCL	Tawa-II	UG	0.39	36.43
6.	SECL	Baroud	OC	1.00	28.02
7.	SECL	Haldibari	UG	0.42	47.59
8.	SECL	Ketki	UG	0.42	46.24
9.	SECL	Bincara	UG	0.36	41.98

8.4 Revised Project Reports/Revised Cost Estimates

During the year 2003-04, the following Revised Project Reports/Revised Cost Estimates have been sanctioned by the Government and CIL Board.

(a) Revised Project Reports/Revised Cost Estimates sanctioned by the Government.

Sl. No.	Company	Name of Project	Type	Sanctioned capacity in Mty	Sanctioned capital (Rs. in Crores)
1.	ECL	Kalidaspur	UG	0.14	36.49

(b) Revised Project Reports/Revised Cost Estimates sanctioned by the CIL Board.

Sl. No.	Company	Name of Project	Type	Sanctioned capacity in Mty	Sanctioned capital (Rs. in Crores)
1	SECL	Rajendra (PSLW) RCE	UG	0.64	84.26
2	SECL	New Kunda (PSLW) RCE	UG	0.60	73.55
3	SECL	Balarampur (PSLW) RCE	UG	0.54	70.91

8.5 Allotment of Captive Blocks

Coal mining blocks identified for captive mining are allotted for captive end use to Private/Public Sector companies engaged in generation of Power, production of Iron and Steel and production of Cement by the



2003-2004

Screening Committee constituted by the Ministry of Coal and Mines and headed by Additional Secretary, Ministry of Coal and Mines.

Till 31st March, 2004, 136 Blocks were identified for captive mining in the command area of Coal India and out of this, 40 blocks were allotted to various companies.

9. CAPITAL EXPENDITURE

Expenditure on capital account during 2003-04 was Rs. 1156.82 Crores as against Rs.1192.18 crores in previous year are detailed below, subsidiary-wise :

Company	Figures in Rs/Crores			
	2003-2004		2002-2003	
	(BE)	Actual	(BE)	Actual
ECL	190.00	82.49	150.00	131.45
BCCL	200.00	71.91	200.00	55.39
CCL	235.00	229.00	150.00	13 1.60
NCL	725.00	329.03	750.00	432.08
WCL	250.00	158.43	275.00	145.01
SECL	300.00	186.00	400.00	153.34
MCL	325.00	93.55	250.00	139.83
CMPDIL	4.00	3.86	4.00	0.68
NEC & CIL	11.00	2.55	11.00	2.80
Total	2240.00	1156.82	2190.00	1192.18

10. CAPITAL STRUCTURE

The authorised share capital of the company as on 31.3.2004 was Rs. 8,904.18 crores, distributed between Equity and Non-cummulative redeemable preference shares as under:

(i)	90,41,800 Non-cummulative 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
		Rs. 8904.18 Crores

The paid-up equity capital as on 31.3.2004 was Rs. 6316.36 crores, all issued in favour of the Government of India which includes Rs. 256.93 crores worth of Equity Shares issued towards value of land acquired.

Total investment by the Government of India in CIL and its subsidiaries as on 31.3.2004 was Rs. 6540.05 Crores as against Rs. 7462.38 crores in the previous year as detailed below:

	Rs. in Crores	
	As on 31.3.2004	As on 31.3.2003
Share Capital — Equity	6316.36	6316.36
— Preference	—	904.18
Loan (including Interest accrued & due)	223.69	241.84
Total	6540.05	7462.38

11. BORROWINGS

During 2003-04, CIL has repaid loans to Government of India totalling a sum of Rs.975.33 crores as detailed below:

	Rs. in Crores		
	Plan Loan	Interest	Total
Loan repayment	18.13	53.02	71.15
10% Preference Shares	904.18	—	904.18
Total	922.31	53.02	975.33

Besides above, CIL has substantially reduced its long-term debt by repaying a total sum of Rs. 115.36 crores during 2003-04 as detailed below:

		Principal	Interest	Total
(a)	12.25% Bonds	11.00	5.76	16.76
(b)	13.00% IDBI Loan (fully repaid)	30.00	3.90	33.90
(c)	12.74% ICICI Loan	42.86	21.84	64.70
		83.86	31.50	115.36

12. FOREIGN COLLABORATION

Following projects with foreign collaboration were under implementation during the year 2003-04.

Sl. No.	Name of Project	Subsidiary	Country of Collaboration
1.	Chirimiri 'O' seam	SECL	Joy Mining, UK
2.	Tandsi Project	WCL	Joy Mining, UK

ECL has floated global tender for introduction of Mass Production Technology on a risk/gain sharing basis at Kottadih, Sarpi and Millennium mines of ECL.

BCCL will soon float a tender for working a Longwall face at Moonidih Project for a guaranteed production of 0.5 million tonnes on a risk/gain sharing basis.

Similarly ECL has floated a global Expression of Interest for the expansion of Rajmahal Expansion Project from 10 mty to 17 mty.

12.1 World Bank Financed Projects

Till 31st March, 2003, the net utilisation of CSRP loan is US \$477.40 million as disbursed by IBRD and JBIC for procurement of equipment and technical assistance under Coal Sector Rehabilitation Project (CSRP). Furthermore, during the year 2003-04 World Bank and JBIC have disbursed a total sum of US \$7.00 million. With the repayment of loan

of US \$ 25.51 million to IBRD and JBIC, the total CSRP loan as on 31st March, 2004 stands at US \$ 458.89 million. The supply of balance equipment and spares under CSRP are as per schedule. The disbursement for funding the procurement by IBRD and JBIC was completed in December, 2003.

The Coal Sector Environmental and Social Mitigation Project (CSESMP) with its major activities under Environmental Action Plan (EAP), Rehabilitation Action Plan (RAP), Indigenous People Development Plan (IPDP) have been completed as per schedule and the total utilisation of IDA credit has US \$ 39.25 million. As per the date stipulated by IDA, the Project has been closed on 30th June, 2002. Draft Implementation Completion Report (ICR) has been completed. However, as suggested by Bank, the survey for the present status of the Project Affected Persons (PAPs) with reduced income from start to finish of ESMP, has been completed for 13 RAP mines. In the



Towards a greener tomorrow. Thick afforestation around MGR—an automatic coal loading system at SECL

other RAP mine, Parej in CCL, survey is being done for the PAPs by NGO and Land Based Income Generation (LBVIG) pilot project for PAPs is under implementation at Dipka in SECL. All the activities and infrastructures created under ESMP are being sustained.

13. COAL BED METHANE (CBM) PROJECT

The following Coal Bed Methane (CBM) projects have been taken up :

(i) **UNDP/Global Environment Facility (GEF) - GOI Project - "Coalbed Methane Recovery and Commercial Utilisation".**

The CBM demonstration project "Coalbed Methane Recovery and Commercial utilisation" has been taken up to exploit CBM in the active coal mining areas of Moonidih and Sudamdih of BCCL in Jharia Coalfield with a project cost of Rs. 76.85 crores. The project approved by GOI vide 34012/15/96-CRC dated 15.9.99 under the S&T plan of MOC and is being funded jointly by the Global Environment Facility (GEF)/United Nations Development Programme (UNDP) and Govt. of India. The project is under implementation w.e.f 15.9.99 jointly by Central Mine Planning & Design Institute Ltd. (CMPDI) as main implementing agency and Bhart Coking Coal Ltd.(BCCL) as co-implementing agency, on behalf of Ministry of Coal. The RCE (March 2003) of the project has been approved in the 36th SSRC meeting on 27.5.03 at the revised cost of Rs. 94.999 crores. The updated RCE (June'04) at an estimated cost Rs. 92.427 crores has been sent to MOC for consideration and approval by EFC.

(ii) **Collaborative development of CBM prospects by consortium of CIL and ONGC in Jharia and Raniganj Coalfields:**

Govt. of India has cleared the proposal for development of CBM by consortium of CIL and ONGC for 356 sq. km. area in Raniganj coalfield and 85 sq. km. area in Jharia coalfield on nomination basis. An operating agreement

was signed between CIL and ONGC in Oct'03 as per the provision of the contract signed between Govt. of India and consortium of CIL and ONGC. The consortium applied for grant of PEL to Govt. of Jharkhand and Govt. of West Bengal for Jharia and Raniganj coalfields respectively. PEL for Jharia Block has been granted on 28th August'03 by Govt of Jharkhand and the operation in this block has started from that day. The implementation of this project is to be carried out by CMPDI on behalf of CIL. The funding for this project is through R&D fund of CIL. The grant of PEL for Raniganj block from Govt. of West Bengal is granted on 9.6.2004. Activity has already started in this field also.

(iii) **Delineation of seven prospective CBM blocks and preparation of corresponding data packages:**

For 2nd round of bidding, the Directorate General of Hydrocarbons and Ministry of Petroleum and Natural Gas has entrusted CMPDI to delineate 7 (seven) prospective CBM blocks in North and South Karanpura, Sonhat, Satpura, Wardha and Godavari Coalfields and Mannargudi Lignite basin and preparation of corresponding data packages, which has been completed in May 2003 and the report submitted.

14.1 GEOLOGICAL EXPLORATION

CMPDI carried its exploration activities in 2003-04 also. The activities were spread in CIL, Non-CIL and promotional blocks. In November 2003, Ministry of Coal decided that henceforth all exploration in the captive blocks would be carried out by CMPDI or under its direct supervision. No allocation of a captive block will be done unless the block has been explored enough to base a mining plan on the so available data (including assessment of extractable reserves). Apart from it, the proposal for promotional exploration for coal and lignite in the Xth Plan was also approved by EFC. The resources of CMPDI were deployed for Exploration in CIL/Non-CIL/ Captive blocks and for promotional (Regional) Exploration in the command area, of CIL.

Services of MECL and State Government of M.P., Chhattishgarh and Orissa were utilised in a limited manner for exploratory drilling on contractual basis.

During the year 2003-2004, drills of CMPDI and its contractual agencies (i.e. State Govt.s) were deployed in twenty coalfields for exploration of 94 blocks. This includes detailed exploration of 19 Non-CIL blocks (CMPDI-15 and MECL-4) and promotional exploration of 8 blocks by CMPDI. One more coalfield/block was explored for Jharkhand State Mineral Development Corporation (JSMD) as consultancy work.

The Exploration Drilling in 19 Non-CIL/Captive blocks was taken up in North Karanpura (3), West Bokaro (1), Sohagpur (3), Mand Raigarh (3), Hasdo Arand (1), Singrauli Main Basin (1), Talcher (6) and Ib Valley (1) coalfields. The Promotional Drilling of 8 blocks was carried out in North Karanpura(1), Kamptee(1), Wardha Valley (1), Mand Raigarh (2), Talcher (2) and Makum (1) coalfields. Exploration in CIL blocks was funded by subsidiaries of CIL while Ministry of Coal funded the exploration in Non-CIL/Promotional blocks.

The overall performance of exploratory drilling by CMPDI and its contractual agencies during 2003-2004 is as under:

Agency	Annual Target 2003-04	Agency-wise Performance of Exploratory Drilling during 2003-04			Achieved 2002-03 (m)
		Achieved (m)	% Achiev.	+/- (m)	
CMPDI	191,500	171,638	90	-19,862	192,234
MECL	—	21,759	—	21,759	0
State Govts.	10,000	9,768	98	-232	10,267
Total	201,500	203,165	101	1,665	202,501

*Note : (1) Drilling by CMPDI includes 14487m of Promotional drilling, 79619m of Exploratory Drilling in Non-CIL/Captive Blocks and 106m of drilling for Jharkhand Govt.

(2) MECL has carried out detailed drilling in 4 identified captive mining blocks.

(3) Additionally, services of a private party were utilised to complete the ongoing work of exploration in Sikni area of JSMD. A total of 177m of drilling have been carried out for consultancy work and Geological Report submitted.

14.2 Geological Reports

During the year 2003-04, a total of 13 Geological Reports have been submitted from the regular exploration work of CMPDI. Apart from it, one Geological Report on Sikni Mine Extn. area has been submitted as consultancy work for Jharkhand State Mineral Development Corporation (JSMD).

The 13 Geological Reports prepared in 2003-04, under regular exploration programme, have estimated 2.55 Billion tonnes of coal resources. Out of it, 2.06 Bt (0.11 Bt coking) is under 'Proved' category and 0.49 Bt (0.04 Bt coking) is under 'indicated' category.

15. CONSULTANCY SERVICES

During the period April, 2003 to March, 2004, consultancy services were provided to 23 organisations for 44 jobs. Some of the important clients/organisations to whom services were provided are Uranium Corporation of India Ltd., National Thermal Power Corporation Ltd., Jharkhand State Mineral Development Corporation, National Aluminium Company Ltd., Neyveli Lignite Corporation, Manganese Ore (India) Ltd., Water Resource Divn. Govt. of Jharkhand, Indian School of Mines, Steel Authority of India Ltd., HINDALCO, Usha Martin, Indian Bureau of Mines, Central Pollution Control Board, Damodar Valley Corporation etc. Presently, 24 outside consultancy jobs are in hand for 18 organisations like Central Pollution Control Board, Ministry of Environment and Forest, Indian Bureau of Mines, Tata Iron & Steel Company Ltd.(Tata Steel), National Thermal Power Corporation Ltd., India School of Mines, Singareni Collieries Company Ltd., Jharkhand State Electricity Board, Jharkhand State Mineral Development Corporation, Manganese Ore (India) Ltd., Central Electricity Authority etc.

During the year 2003-2004, 43 jobs worth Rs. 500.48 lakhs from 35 organisations were procured by CMPDI.

16. RESEARCH AND DEVELOPMENT PROJECTS

CMPDI acts as the Nodal Agency for co-ordination of research activities funded by Coal

S&T Grant of the Ministry of Coal and Mines. The work involves identification of research requirement, identification of agencies which can take up the research work in the identified field, processing of proposals for Government approval, monitoring the progress of projects, preparation of budget estimates, disbursement of funds and dissemination of findings for application in the industry.

The status of Coal S&T Projects during 2003-04 was as follows:

(i)	Projects on-going as on 1.4.2003	-	44
(ii)	Projects approved in 2003 -04	-	16
(iii)	Projects on-going during 2003-04	-	60
(iv)	Projects completed during 2003-04	-	10
(v)	Projects terminated during 2003-04	-	01
(vi)	Projects on-going as on 1.4.2004	-	49

A budget provision of Rs. 10.04 crores was available in RE 2003-04 for funding research projects under Coal S&T Grant. The total disbursement made during the period was Rs. 9.82 crore indicating substantial increase over last year's disbursement of Rs. 6.03 crore. An amount of Rs.9.88 crore has been approved for BE 2004-05 by the Government of India.

Some of the major projects competed during 2003-04 include development of micro-controller based continuous monitoring system for longwall powered supports for evaluation of strata behaviour during extraction of coal by underground method, development of light weight adjustable height steel props and fly ash supports for use in underground mines, which are likely to bring considerable benefits to the industry.

CMPDI also act as the Nodal Agency for co-ordination of research activities funded by CIL R&D Board.

The status of CIL R&D Board Projects during 2003-04 was as follows:

(i)	Projects on-going as on 1.4.2003	-	12
(ii)	Projects approved in 2003-04	-	02
(iii)	Projects completed during 2003-04	-	03
(iv)	Projects on-going as on 1.4.2004	-	11

A major project on "Geo-mining statistical database of South Karanpura Coalfield" has been completed during the year. A geological database has been created for the South Karanpura Coalfield. The database includes all the relevant geominning data and is stored digitally, and is expected to be helpful for mine planners.

17. TELECOMMUNICATION SYSTEM

Continuous efforts in updating communication networks and implementation of various IT solutions have set up a roadmap for CIL and its Subsidiaries to excell in management of operations, productivity, human resource and achieve optimum efficiency in the backdrop of rapidly changing events of the industry.

As per Coalnet communication plans, SCPC-DAMA based micro satellite Earth Stations (VSATs) have been installed at CIL., Subsidiary Company Hqrs, and MOC and VSAT network is providing voice communication facilities over exchange among various location in mesh configuration. Video conferencing facility between CIL and Subsidiary Companies is being introduced for which studio equipments like PTZ Camera, TV monitor and other communication hardware equipments have already been procured and the same is expected to be commissioned during 1st Qr. of the year 2004-2005. In order to introduce data communication facilities between CIL and Subsidiary Companies in a seamless manner, Routers have been procured to interconnect the LAN's at various locations over the wide area network (WAN) of VSAT. The Satellite Service Provider, NICS, New Delhi is providing the necessary routes for the same.

Subsidiary Companies have formulated detailed schemes in consultation with CIL for extending voice and data communication facilities using convergent technologies based on optic fibre cable, IP based Radio Links and leased lines of BSNL etc.

CIL and its Subsidiary Companies have already hosted Websites with National Informatic Centre (NIC)'s Server. Informations related to activities like Coal production, availability of various grades of coal, manpower, e.mail ID's of Key executive and Various Tenders are being regularly put up in the websites. Tender documents can be down loaded from the sites directly.

In order to improve communication systems in the Areas, Mines etc., Repeater based VHF Wireless sets with EP AX interfaces are being installed in various subsidiary companies. The old electronic exchanges are gradually being replaced with state of the art digital exchanges with interface of IP telephony. Underground mines are being provided with Auto-cum-mannual exchanges replacing the old Sound powered/manual CDS communication systems.

18. SYSTEM ACTIVITIES

Coal India had taken initiative in development and implementation of COALNET Application Software, an integrated solution, to bring uniformity across its subsidiary companies and entrusted the activities to IIT, Kharagpur in the year 2001. The Application Software has been developed and implemented at CIL(HQ) for its functionalities.

Subsidiary companies were advised to prepare necessary infrastructure with setting up LAN at their HQs. for implementation of the software. IIT has started implementation of the software at subsidiary Hqs. For effective implementation, steps have been taken for standardisation of Employee Identification Number, Chart of Accounts, Equipment Identification and Uniform Reporting System. Considering signification role of IT in providing a proper decision support system, CIL has marched ahead in identifying 36 areas of its subsidiary companies for implementation of Coal Net Application Software.

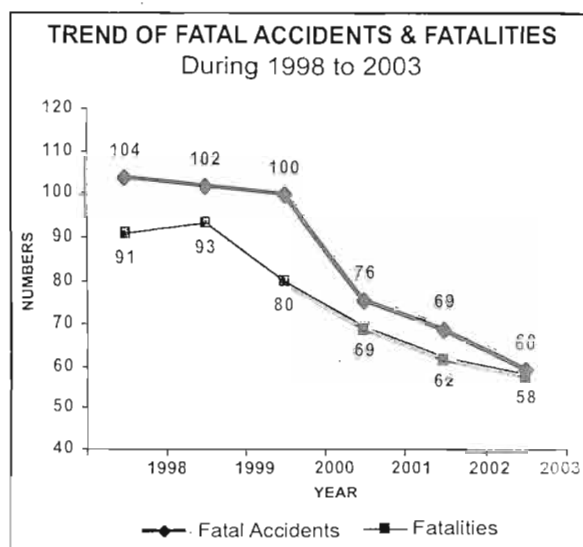
For modernisation of mines, CIL has taken action for installation of GPS based Truck

Despatch System in 15 mines as laid down in 10th Plan and necessary specifications have been prepared.

19. MINES SAFETY

19.1 Trend of Fatal Accidents & Fatalities

The year 2003 saw the lowest ever fatal accidents and fatalities in the history of CIL. The trend of reduction in fatal accidents and fatalities in the last five years may be seen from the graph below :



Note : (1) Figures for 2003 are subject to reconciliation with DGMS.
(2) Excluding 29 fatalities due to the inundation at Bagdi in 2001.

19.2 Safety Statistics

The Safety Statistics for CIL in 2003 compared to 2002 are given below :

Parameter	Year 2003	Year 2002
Fatal Accidents	56	62
Fatalities	60	69
Serious Accidents	339	482
Serious Injuries	354	509
Fatality rate per m.te. of coal production	0.2	0.24
Fatality rate per 300,000 manshifts deployed	0.17	0.19
Serious Injury rate per m.te. of coal production	1.18	1.76
Serious Injury rate per 300,000 manshifts deployed	1	1.4

Note : (i) All figures are subject to reconciliation with DGMS.
(ii) Safety Statistics are maintained in calendar years in conformity with DGMS

The Company-wise fatal accidents, fatalities, serious accidents and serious injuries in 2003 compared to 2002 are also given below :

Com- pany	Fatal Accidents & Fatalities				Serious Accident & Injuries			
	Accidents		Fatalities		Accidents		Serious Injuries	
	2003	2002	2003	2002	2003	2002	2003	2002
ECL	12	9	12	12	144	191	151	192
BCCL	12	10	13	11	33	68	36	81
CCL	5	11	5	11	14	26	15	28
NCL	3	1	3	1	14	9	14	9
WCL	7	15	10	15	46	60	47	63
SECL	10	13	10	16	77	111	80	119
MCL	7	3	7	3	11	17	11	17
NEC	0	0	0	0	0	0	0	0
CIL	56	62	60	69	339	482	354	509

Note : All figures are subject to reconciliation with DGMS.

19.3 Activities Towards Further Improvement in Safety in Mines

The following major safety measures were taken in the year 2003 for further enhancement of safety in the coal mines of CIL:

1. Introduction of Risk Assessment as a tool for improvement of safety - Risk assessment has been conducted in some mines in each coal producing company of CIL.
2. Conducting of Safety Audits of mines by external experts for assessment of threats and implementation of the recommendations thereof were continued.
3. Thrust was maintained on preparedness for emergencies through:
 - (a) Reviewing Emergency Action Plans for each and every working districts in underground mines.
 - (b) Demarcating escape routes on plans as well as belowground.
 - (c) Conducting of mock rehearsals and monitoring failure points for further improvement.
4. Towards avoidance of accidents due to inundation:
 - (a) Taking the required preventive measures against danger of inundation after assessment of danger from underground and surface sources of water in each mine.
 - (b) Conducting of check surveys by company's surveyors as well as cross-checking the same in some cases by external agencies like ISM & CMPDIL.
 - (c) Efforts were taken for identification of water bodies belowground without physically proving the barrier by drilling though:
 - (i) Electrical Resistivity Survey by CMRI in ECL
 - (ii) Seismic method for identification of water body in MCL by NIRM.
 - (iii) Ground Penetrating Radar by NIRM.
 - (d) Establishment of centralised emergency pumping arrangement for use during emergencies.
5. Thrust on measures for reduction of roof and side fall accidents in belowground mines were continued by
 - (a) Drawing up of Support Plans based on RMR and implementation of the same.
 - (b) Greater use of Roof Bolting/ Stitching methods of roof support by quick setting cement capsules.
 - (c) Introduction of Resin grouted Roof Bolts in watery seams.
 - (d) Training of Support Personnel and Supervisors.
6. Measures for reduction of accidents in opencast mines were pursued through:
 - (a) Implementation of various Codes of Practices, Traffic Rules, checking of contractor's vehicles/ equipment by company's engineers.

- (b) Training of Heavy Earth Moving Machinery Operators and contractor's workers.
 - (c) Enhancement of safety awareness through publicity and propaganda, safety drives, safety weeks, etc.
7. A drive was conducted for examination of CHPs/tunkers and taking corrective action wherever necessary for prevention of accidents.
 8. Thrust on training and retraining of workmen, supervisors to increase safety awareness of the workmen. CIL has taken up a programme of preparation of Video films for imparting standardised training in all its training centres and 52 out of 58 planned films have been completed.

20. MINES RESCUE SERVICES

A well equipped Rescue Service Organisation staffed by rescue personnel trained in modern training galleries and equipped with modern rescue equipment is maintained by the subsidiary companies of CIL to make available rescue cover to all underground mines within 30 minutes of receiving information of any exigency. At present, 6 Rescue Stations, 15 Rescue Room-with-Refresher-Training facilities and 17 Rescue Rooms are being maintained.

21. HUMAN RESOURCE DEVELOPMENT

21.1 Overall Performance

35056 employees were trained during 2003-04, out of which 8912 were executives, 8732 supervisors and 17412 workmen. The performance includes in-house training efforts, external training efforts and training abroad. The training of workmen and supervisors under "Statutory obligations" were taken care of separately.

21.2 In-house Training

The corporate HRD plan for 2003-04 was developed within the framework of the Strategic HRD plan, by integrating efforts of HRD in all the subsidiary companies and considering

capabilities of twenty-six training Institutes at different locations,

In order to formalise Strategic HRD plan, a comprehensive HRD policy is being followed. The strategy arising out of HRD policy envisaged efforts in terms of inputs to technical training, management training, general development of workmen and supervisors and also transforming new employees for learning skills.

Total number of employees trained through in-house training efforts during 2003-04 is given below:

Category	Employees trained
Executives	6942
Supervisor	8252
Workmen *	16961
Total	32155

* The figure excludes the training of workmen at Vocational Training Centre. The training of Workmen for meeting statutory obligation are carried out separately at Vocational Training Centres, located at all the subsidiary companies of CIL.

21.3 Training Outside Company

(i) Within the Country

In order to expose the employees in specialised fields to gain inter-organisational experience and also for supplementing in-house training efforts, 2890 employees from eight subsidiary companies and CIL/HQ were trained under various training programme conducted outside the Company. The break up of training efforts of different level of employees is given below:

Category	Employees trained
Executives	1960
Supervisor	480
Workmen	450
Total	2890

(ii) Training Abroad

11 employees were trained abroad from April '2003 to March '2004. The details are as under:

Category	Employees trained
Executives	10
Supervisor	Nil
Workmen	1
Total	11

These employees were provided equipment-based training against the slots received through purchase contracts. A few slots on management training, to expose them on management principles and to improve knowledge and skill in specific spheres, were also utilised.

22. MANPOWER

22.1 The total manpower of the company including its subsidiaries as on 31.3.2004 was 484703 against 501419 as on 31.3.2003. Company-wise position of manpower is as below:

Company	As on	Total
ECL	31.3.2003 31.3.2004	114,582 110132
BCCL	31.3.2003 31.3.2004	102414 97110
CCL	31.3.2003 31.3.2004	72401 69799
WCL	31.3.2003 31.3.2004	72501 70515
SECL	31.3.2003 31.3.2004	91390 89503
MCL	31.3.2003 31.3.2004	21661 21506
NCL	31.3.2003 31.3.2004	17278 17292
NEC	31.3.2003 31.3.2004	3779 3581
CMPDI	31.3.2003 31.3.2004	3436 3366
DCC	31.3.2003 31.3.2004	671 653
CIL (HQ)	31.3.2003 31.3.2004	1306 1246
CIL as a Whole	31.3.2003 31.3.2004	501419 484703



Modern residential complex for miners in a coalfield

22.2 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. 1.2003 and 1.1.2004 are given below:

As on	Total Manpower	Scheduled Caste		Scheduled Tribe	
		Nos.	Percentage	Nos.	Percentage
1.1.2004	490,003	113,351	23.13	60,289	12.30
1.1.2003	507,509	118,392	23.33	62233	12.26

23. INDUSTRIAL RELATIONS AND EMPLOYEES' PARTICIPATION IN MANAGEMENT

The Industrial Relations scenario in CIL and its subsidiaries during the financial year remained cordial. Joint Consultative Committees and different Bipartite Committees at Unit/Area levels and Subsidiary (Hqs) level continued to function normally. Meetings of Standardisation Committee and Apex JCC were held at regular intervals at CIL.

Strikes and Bundhs

The number of strikes during the period was on decreasing trend compared to previous year. Company-wise details of strikes, mandays lost and production lost and other incidents are furnished in the table below :-

Comp- any	No. of Strikes/ Bundhs		No. of other Incidents		Mandays lost		Production lost (in tonnes)	
	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04
ECL	6	2+2(IIS) + 1(BIS)	43	94	81439	122406	86809	103386
BCCL	5	4+2(IIS)	28	41	49753	27870	711 02	44878
CCL	1	2(IIS)	26	33	49256	52780	70022	89749
WCL	2	2+2(IIS)	13	9	67606	17918	162485	15710
SECL	1	2(IIS)	0	0	43827	29675	101952	143501
NCL	3	2(IIS)	13	10	10627	2253	138013	12100
MCL	1	00	18	5	10323	0	104054	0
NEC	0	1 (IIS)	0	0	0	682	0	5000
CMPDIL	1	1+2(IIS)	0	0	1094	1922	284*	367*
CIL	0	0	0	0	0	0	0	0
Total	20	9+2(IIS) + 1(BB)	141	192	313925	255706	734437+ 284*	414327+ 367*

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

* Metreage



Interior of a Central Hospital in a Coalfield

24. EMPLOYEES' WELFARE AND SOCIAL SECURITY SCHEME

Due attention was given by the management to the welfare activities, with a view to improve the quality of life of the employees. The basic facilities of Housing, Water Supply, Medical Care etc. were continued to be provided to the employees. Some Educational Institutions operating in and around coal companies were given assistance by way of grant-in-aid and infrastructure as a part of welfare and community development activities. The table below shows the position of basic amenities provided to the employees:

Sl. No.	Item	Available at the time of Nationalisation	Additions during 2003-04	Position as on 31.03.2004	Overall satisfaction
1	Housing	1,18,366	1,156	4,09,340	83.85%
2	Water supply (Population covered)	2,27,300	4,435	22,76,698	—
3	Educational Institutions functioning in and around the Coalfield Area who have been provided grant-in-aid and infrastructure facilities				
(a)	No. of fully financed Project schools (KV, DAV & other schools)	—	—	62	—
(b)	No. of Project schools given infrastructure only	—	12	28	—
(c)	No. of Privately managed schools provided recurring grant	—	—	298	—
(d)	Other educational institutions given grant/occasional help	—	96	283	—
4	Medical facilities				
(a)	Ambulances	42	5	672	—
(b)	Hospitals	49	—	87	—
(c)	Hospital beds	1,482	—	5,894	—
(d)	Dispensaries	197	—	431	—

Besides 15 Ayurvedic Dispensaries are also being run in the Subsidiary Coal Companies of CIL to provide indigenous system of treatment to workers. 50 beds are reserved in Ramkrishna Mission T.B. Sanatorium at Ranchi for the treatment of T.B. patients.

24.1 Tree Plantation/Afforestation

Under the Afforestation programme, CIL and its Subsidiary Companies had planted 26.28 Lakhs of seedlings in the Coalfield Areas during the year 2003-2004 to provide better environment.

25. PROGRESSIVE USE OF HINDI

On 7th November, 2003, the Parliamentary Committee on Official Language inspected CIL HQ within a span of 21 month. During the course of inspection, the Committee lauded the efforts of the Company on the progress made but also pointed out the gaps so that those too are filled up at the earliest on the basis of the time bound programme.

Coal India Ltd. in conjunction with it's eight subsidiaries has been making all out efforts for effective implementation of the Hindi language, as per rules, in it's official functioning at all levels. The consistent efforts of all the employees of CIL and its subsidiaries have borne fruit and the use of Rajbhasha in official functioning is gaining ground. Steps taken towards this direction are as follows:

- To augment the process of implementation of the provisions of the Official Language Acts & Rules in CIL and its subsidiaries, a high level meeting was organised where Chairman, CIL and Director (P), Director (F) and Director (T) reviewed the entire gamut of activities to ensure effective implementation of Rajbhasha.
- "The Rajbhasha Fortnight" was organised with customary gaiety and fervour in the month of September, 2003. There was active participation by all.
- A very high level one day long conference was organised to augment the process of implementation of the provisions of the Official Language Act on, 10th April, 2003 in which Chairman, CIL and the Director (Personnel) of CIL and its subsidiaries participated.

- (iv) The quarterly meetings of the Official Language implementation Committee chaired by top officials of CIL has created impact on the working in Hindi. These meetings have been held on a regular basis to proliferate the use of Hindi in day to day working of the company. The Heads of Department have been advised to monitor and encourage the implementation of Hindi within their respective areas of operation.
- (v) CIL has been regularly participating in the CAL TOLIC meetings and has been awarded with the consolation prize for the Rajbhasha implementation work.
- (vi) All the 16 Code & Manuals that are in vogue in CIL and its subsidiaries have now been made bi-lingual and circulated.
- (vii) Training of employees who do not have working knowledge of Hindi is an integral part of Coal India's scheme to speed up execution of the Act and rules of the Official language. With this end in view, 19 employees have been nominated and trained under the "Pragya" course, whereas 65 employees underwent a refresher course in Hindi workshop organised by the Central Hindi Teaching Scheme.

Coal India once again bagged the "Rajbhasha Shield" for the year 2002-2003 for effective implementation of the official Language amongst the PSU group.

26. VIGILANCE

26.1 Set-up of the Vigilance Department

Coal India Limited, is a holding company with eight Subsidiary Companies. Each Subsidiary has a separate wing of Vigilance Department other than one at CIL Hqrs. All these Vigilance Wings are headed by individual Chief Vigilance Officers. Apart from looking after its own vigilance activities, the Vigilance Division of CIL Hqrs. also co-ordinates the activities of the Vigilance Departments of its Subsidiary Companies. Keeping liaison with

CBI and other anti-corruption agencies also comes under the purview of CIL Vigilance Division. The statistical and other information related to the vigilance activities of CIL are also furnished by the Vigilance Division at CIL Hqrs. to the Ministry of Coal and the Central Vigilance Commission. The CIL Vigilance also monitors and reviews the pending vigilance cases pertaining to investigations, penalty proceeding etc. of the Subsidiary Companies to facilitate early disposal of cases. It also advises the Disciplinary Authorities of CIL and its Subsidiary Companies in the matters of preventive and punitive vigilance, prosecutions, appeals, reviews etc.

26.2 Important Activities and Achievements

As a measure of preventive vigilance, areas of malpractices have been identified in the field of coal transportation. Necessary instructions have been issued for rectification of the same to the concerned departments of some subsidiaries enabling them to make recoveries in case of any failure on the part of the transporter. Tendering procedures and proper participation in tender was also being monitored. De-escalation was ensured in case of price reduction of diesel. Efforts were also being made by CIL vigilance to ensure that the maintenance, repair and the upkeep of the HEMMs, including the overhauling of major sub-assemblies were not entrusted to any external repairing agency, until or unless it was certified by the authorities of its Central Workshops that they were unable to carry out such repairs.

In continuation to its effort towards computerisation of its functioning, a software named 'Vigilance Information System' covering all aspects of vigilance activities has been installed at Vigilance Division, CIL. This has been developed for better upkeep of records as well as for generating reports.

The identification of officers with doubtful integrity, in consultation with CBI has been made and recommended for transfer from sensitive posts during the year. Besides this, the process of transferring officers from

sensitive areas has also been carried out on rotation basis.

A study on inventory system has been taken up by the Vigilance Division of CIL in order to assess the quantum of surplus stores as well as to identify the areas where improvement can be made in this field. The study will also help in formulating a guideline for future procurement.

26.3 Observance of Vigilance Awareness Week 2003-2004

The Vigilance Awareness Week - 2003 was observed from 3rd to 8th of November, 2003 with much enthusiasm at CIL Hqrs. During the week, seminars on two topics were arranged other than organising essay and debate competitions. These were participated by the employees and their family members as well as by the local school children. The Vigilance Awareness Week was observed with equal enthusiasm in the Subsidiary companies of CIL also.

26.4 Statement on Punitive Vigilance

	Number of cases		
	CIL (HQ) Vigilance	Vigilance Division of Subsidiary Companies	Total
(i) Investigation completed (including cases of previous year)	8	206	214
(ii) Action recommended after investigation :			
Prosecution	1	18	19
Major Penalty Action	6	112	118
Minor Penalty Action	5	55	60
Administrative Action	0	64	64
(iii) Penalty Awarded :			
Imposition of Major Penalty	0	67	67
Imposition of Minor Penalty	3	57	60
Administrative Action	1	8	9

27. PARTICULARS OF EMPLOYEES

None of the employees received remuneration in the year 2003-04 in excess of limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with the companies (particulars of employees) Rules, 1975 as amended.

28. AUDIT COMMITTEE

Though the formation of Audit Committee in CIL is not mandatory as per Companies Act, 1956 yet, since CIL is a private company, but in pursuance of excellence in corporate governance an Audit Committee of the Board of Directors of CIL has been formed, in the year 2002-03 in line with the Section 292A of the Companies Act, 1956. The Audit Committee consists of the following members:

- Joint Secretary & Financial Adviser, MOC&M, Govt. of India.
- Two CMDs of the subsidiaries who are members of the CIL Board
- Director (Technical), CIL

The terms of reference of Audit Committee include all commercial aspects of the Organisation including inter-alia:

- Review of financial statement before submission to the Board.
- Periodical review of internal control system.
- Review of Govt. Audit and Statutory Auditors' Report.
- Review of operational performance vis-a-vis standard parameters including that of subsidiaries;
- Review of projects and other capital schemes including that of subsidiaries;
- Review of internal audit findings/ observations including that of subsidiaries;
- Development of a commensurate and effective Internal audit function in Coal India Ltd. including that of subsidiaries;
- Special studies/investigation of any matter including issues referred by Board.

The statutory requirements relating to meetings of the Audit Committee are looked after by the Company Secretary, CIL. The Head of Internal Audit Department of CIL co-ordinates the meeting of Audit Committee in association with Company Secretary, CIL.

The Audit Committee held four meetings during the year 2003-04.

29. BOARD OF DIRECTORS

During the year under review, Shri Shahsi Kumar, Director (Marketing), CIL with additional charge of the post of Chairman, CIL w.e.f 2.12.2003 (AN) and Shri D.K Verma, Director (Finance), CIL continued on the Board. Shri N.K Sharma was Chairman, CIL upto 4.6.2003 and Shri Lakshmi Chand, Additional/Special Secretary, Department of Coal, Ministry of Coal & Mines continued on the Board from 12.5.2003 to 11. 1.2004 with additional charge of the post of Chairman, CIL from 4.6.2003(AN).

Shri M. K Sinha, Director (Tech) and Shri Md. Salim Uddin, Director (Personnel & Industrial Relation), CIL were on the Board from 23.1.2004 and 22.12.2003 respectively. Shri Abdul Kalam, Director (Technical) and Shri C.H. Khisty, Director (Personnel & Industrial Relations), CIL were on the Board upto 22.1.2004 and 30.11.2003 respectively.

Shri C. D. Arha, Addl./Special Secretary and Dr. S. Behuria, Joint Secretary & Financial Adviser, Deptt. of Coal, Ministry of Coal & Mines continued on the Board as Part-time Directors upto 11.5.2003 and 1.12.2003 respectively. Shri Pradeep Kumar, Additional Secretary and Shri Rajiv Sharma, Joint Secretary, Deptt. of Coal, Ministry of coal & Mines, on the other hand, were inducted on the Board as part-time Directors w.e.f 12.1.2004 and 2.12.2003 respectively.

While Shri KK Gupta, Additional Member (Traffic), Railway Board continued on the Board as part-time Director upto 14.4.2003, Shri S.B. Ghosh Dastidar, Additional Member (Traffic), Railway Board was on the Board as part-time Director from 8.7.2003 to 26.12.2003.

Shri R. K Chechani, CMD, Mahanadi Coalfields Limited and Shri B. N. Pan, CMD, Bharat Coking Coal Limited were on the Board as part-time Directors upto 30.6.2003 and 18.7.2003 respectively. Shri M.K. Thappar,

CMD, South Eastern Coalfields Limited and Shri Abdul Kalam, CMD, Eastern Coalfields Limited continued on the Board as part-time Directors from 19.7.2003 and 26.2.2004 respectively. Shri M.K. Sinha, CMD, Eastern Coalfields Limited was on the Board as part-time Director from 8.7.2003 to 22.1.2004.

Your Directors wish to place on record their deep sense of appreciation for the valuable guidance and services rendered by the Directors during their tenure who ceased to be Directors during the year.

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

The Board of Directors held in all 8 (eight) meetings during the year 2003-2004.

30. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of section 217(2AA) of the Companies Act, 1956, read with the significant accounting policy at part A and Notes of Accounts at part B of Schedule M forming part of accounts, it is confirmed:

- (i) That in preparation of the Annual Accounts, applicable Accounting Standards have been followed and that no material departures have been made from the same;
- (ii) That such accounting policies have been selected and applied consistently through judgements and estimates that are reasonable and prudent, to give a true and fair view of state of affairs of the company at the end of the financial year and Profit & Loss of the company for that period;
- (iii) That proper and sufficient care have been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the



Company and for preventing and detecting fraud and other irregularities; and

- (iv) That annual accounts have been prepared on a going concern basis.

31. ACCOUNTS OF THE SUBSIDIARIES

The copies of Accounts of the Subsidiary Companies for the year 2003-2004 are attached in Vol.- II with the Annual Report and Accounts of the Company in compliance with requirement of Sec. 212 of the Companies Act, 1956.

32. B.I.F.R. POSITION

32.1 Eastern Coalfields Limited (ECL)

The Board for Industrial and Financial Reconstruction (B.I.F.R) vide Order No. 501/2000 dated 23rd February, 2001 declared the Company as a Sick Company under Section 3(1) (0) of the Sick Industrial Companies (Special Provisions) Act, (SICA), 1985 and appointed State Bank of India as Operating Agency under Section 17(3) of the SICA to formulate a Rehabilitation Scheme under Section 18 of the SICA. The Consultant appointed by the Operating Agency after holding extensive discussion at various levels prepared a Rehabilitation Scheme for ECL during June, 2002.

In the Joint Meeting held on 8th October 2002 the Scheme was discussed and no consensus could be reached. However, comments were received from Government of India, Government of West Bengal and Coal India Limited on the various relief and concessions sought from them.

During the last BIFR hearing held on 7th July 2003, BIFR directed -

- (i) Government of India would decide on the quantum of relief and concessions and induction of funds for the revival of the Company and inform the Operating Agency within a period of 90 days, but not later than 7.10.2003.

- (ii) The Company would discuss with the workers union the issue of outsourcing and closure of the mines and submit a fully tied up rehabilitation proposal to the Operating Agency within the same 90 days. This is last chance being given to the Company.

- (iii) State Bank of India (Operating Agency) would examine the proposal submitted by the Company in further 4 weeks and submit their status report along with the minutes of the joint meeting.

- (iv) If no viable scheme emerges at the end of the period mentioned above, the Board would be left with no alternative but to issue a SCN for winding up of the Company without holding any further hearing.

Accordingly, a meeting with all the stakeholders was held on 23rd August 2003 to discuss and prepare a Modified Rehabilitation Scheme acceptable to all concerned. Most of the Trade Unions (except CITU, AITUC and HMS) agreed to outsourcing for a temporary period but all the trade unions wanted to have mine to mine discussions with management to explore the possibility whether anyone of the mines identified for suspension of activities could be worked economically with a marginal investment. Accordingly, date for discussions was announced in the meeting from 26th August 2003 to 8th September 2003. After completing the mine-wise discussions. The meeting with the stakeholders was held on 9th September 2003. In the meeting, Unions agreed for suspension of activities in 5 mines where the reserves would be exhausted within a year and demanded continuing the operations on the balance 17 mines. Except CITU, AITUC and HMS all other Unions agreed for outsourcing of patches. However, work on the outsourcing of OC patches commenced from the first week of September, 2003.

As a sequel to the discussion with the Stakeholders as well as the comments received on the Draft Rehabilitation Scheme - June '2002, Company prepared a Revised Draft

Rehabilitation Scheme dated 31st January' 2004. The same was approved by ECL Board in its 182nd meeting held on 11th February 2004 and Coal India Board accorded its in principle approval to the scheme in its 214th meeting held on 12th February 2004 with the direction that ECL should be advised to submit immediately the Revised Draft Rehabilitation Scheme of ECL incorporating therein the changes relating to IR, to CIL for onwards transmission of the same by CIL to MOC&M for approval. As per the direction of CIL Board, Company Secretary, ECL vide his letter No. ECL:CS:3(183-C):03 dated 31st March, 2004 had forwarded Draft Rehabilitation Scheme of ECL- March, 2004, after having been approved by ECL Board in its 183rd meeting held on 20th March, 2004 for onward transmission of the same by CIL to MOC&M for approval. Accordingly, Draft Rehabilitation Scheme of ECL-March, 2004 was forwarded to MOC&M on 30th April, 2004 for approval. Ministry of Coal also wrote a letter to Operating Agency intimating that they were supporting the scheme. As per the Scheme, net worth of the Company was slated to become positive by 2008-09.

Operating Agency convened a Joint Meeting with all the Stakeholders on 3rd March 2004. In the Joint Meeting, all the Stakeholders supported the scheme in one voice. However, CITU, AITUC and HMS while supporting the Scheme expressed some reservations on outsourcing of patches. As per the discussion in the Joint Meeting held on 3rd March 2004, Operating Agency prepared a fully tied up Draft Rehabilitation Scheme of ECL - March 2004 and submitted the same to BIFR for its consideration.

BIFR, Bench-I, vide order dated 9th July 2004 appointed and inducted Mrs. Aruna Makhan, as a Special Director on the Board of Eastern Coalfields Limited under Section 16(4) of the Sick Industrial Companies (Special Provisions) Act, 1985. BIFR had circulated the DRS during June, 2004 to all Stakeholders inviting objection/suggestions to the scheme. The objection/suggestions were heard in the

next BIFR hearing held on 21st September, 2004.

32.2 Bharat Coking Coal Limited (BCCL)

After completion of Accounts for the year 1999-2000, the net worth of the Company became negative by Rs. 671.14 crores and after making reference to BIFR, BCCL was once again registered as Sick Company vide Registration No. 502/2001.

In first hearing held on 3.4.2002, BIFR dismissed the reference as Time Barred and non-maintainable. BCCL made an appeal vide no. 92/2002 dated 7.5.2002 to AAIFR under section 25 of SICA, 1985 challenging the order. At AAIFR hearing held on 14.11.2002, after considering all facts and material and timely submission of performance report and Accounts of BCCL since 1997, verdict of AAIFR was as follows:

"...In the circumstances, BIFR was not justified in rejecting the reference on the ground of delay in making the reference. The reference is deemed to have been made on 14.10.2000 which is within law. The impugned order is liable to be set aside. This appeal is allowed, the impugned order is set aside and case is remanded back to BIFR for proceeding further in accordance with the law."

After above directive of AAIFR, BIFR issued a notice of hearing which was held on 11.2.2004. In the said hearing, BIFR directed to submit Valuation Report of the assets of BCCL carried out by the company through a Govt. approved Valuer and Revival Plan of BCCL.

CIL Board in its 214th meeting held on 12.2.2004 accorded its in principle approval to the Review of BCCL with direction that the said plan be forwarded to MOC&M for approval, with a copy of the same to BCCL for further necessary actions. Accordingly, the decision of CIL Board along with revival plan of BCCL was forwarded to MOC&M for approval on 1st March, 2004 with a copy of the same to BCCL for taking further necessary action.

The Revised Revival Plan in the line with the approved revival scheme of Coal India

Limited was approved by BCCL Board at its 232nd Board meeting held on 2.4.2004. Such Revival Plan duly endorsed by Worker's representative and officer's association was submitted to BIFR on 12.4.2004. Valuation Report of the assets of BCCL was also submitted to BIFR on 31.5.2004 valued by approved valuers M/s. Devcon Engineers & Valuers, Kolkata. Further directives from BIFR is awaited.

32.3 Central Coalfields Limited (CCL)

As per Statement of Accounts for the year 2000-01, the Net Worth of CCL had become negative as on 31.3.2001 and the company became a Sick Industrial Company. However, during the year under report the company registered a net profit of Rs. 335.86 crores. Accordingly, the position of Net Worth as on 31.3.2004 as compared to the previous year is tabulated below:

(Rs. in Cr.)		
Particulars	2003-04	2002-03
Share Capital/Reserves	940	940
Accumulated Loss up to the previous year	718.11	1,102.76
Profit for the year	335.86	384.65
Accumulated Loss up to end of the year	382.25	718.11
Net Worth at the year end	557.75	221.89

As per Section 15 of the Sick Industrial Companies (Special Provisions) Act (SICA), 1985, after adoption of the Annual Accounts for the year 2000-01, a fresh reference based on the audited accounts for the year 2000-01 was made and the BIFR had registered the application vide their letter no. 3(C-18) BC/2001 dated 10.1.2002 as Case no.502/2002. Subsequently, at the time of first hearing held on 29.11.02, the BIFR rejected the reference as time barred. An appeal was filed with AAIFR against this decision of BIFR. AAIFR (the Appellate authority) registered the Appeal of CCL as Appeal No. 15/2003 and hearing was scheduled to be held on 25.3.03. Hearing took place on the scheduled date. As desired by AAIFR during the hearing, a written submission was field with them. The Hon'ble AAIFR fixed

the date of next hearing on 9th September, 2003 which was later postponed to 8th January, 2004. Subsequently, the date was postponed to 17th May 2004. It was again postponed to 20th August 2004 and according to a recent communication from AAIFR, the date of next hearing now stands postponed to 14th December, 2004.

33. ACKNOWLEDGEMENT

The Board of Directors of your Company wishes to record their deep sense of appreciation for the sincere efforts put in by the employees of the company and the Trade Unions. Your Directors also gratefully acknowledges 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, besides the State Governments. Your Directors also acknowledges with thanks the assistance and guidance rendered by the Auditors, the Comptroller and Auditor General of India and the Registrar of Companies, West Bengal and wishes to place on record their sincere thanks to the Consumers for their patronage.

34. ADDENDA

The following are annexed :

- The comments and review of the Comptroller and Auditor General of India.
- Replies to the observations made by the Statutory Auditors on the Accounts for the year ended 31st March, 2004.
- Statement pursuant to Sec. 212(i)(e) of the Companies Act, 1956.

For and on behalf of
the Board of Directors
Sd/-
(Shashi Kumar)
Chairman

Kolkata
dated 25th September, 2004

Annual Accounts

2003–2004



2003-2004

Balance Sheet

As at 31st March, 2004

(Rs. in '00,000)

	Schedule	Current Year		Previous Year
I. SOURCES OF FUND				
A. Shareholders' Fund				
(a) Share Capital	A	631636.44		722054.44
(b) Reserves & Surplus	B	325356.22		212514.12
Shifting & Rehabilitation Fund		12724.86		—
National Renewal Fund		—		6799.82
B. Loan Fund				
(a) Secured	C	8.02	62550.88	
(b) Unsecured	D	252434.33	273288.72	
		<u>252442.35</u>	<u>—</u>	<u>335839.60</u>
		<u>1222159.87</u>		<u>1277207.98</u>
II. APPLICATION OF FUND				
A. Fixed Assets	E			
(a) Fixed assets		34421.35	34329.77	14656.34
Less : Depreciation		<u>21023.47</u>	<u>19673.43</u>	<u>192.31</u>
(b) Capital Work-in-Progress		13397.88		13.03
(c) Surveyed Off Assets		184.34		
		8.25		
B. Investment	F	631636.37		722054.37
C. Current Assets, Loans & Advances				
Inventories	G	3482.10	4190.44	
Sundry Debtors	H	42.01	18.98	
Cash & Bank Balances	I	110720.38	13928.24	
Loans & Advances	J	885313.10	894375.78	
		<u>999557.59</u>	<u>912513.44</u>	
Less : Current Liabilities & Provisions	K	<u>422624.56</u>	<u>372635.96</u>	539877.48
		576933.03	—	
D. Miscellaneous Expenditure	L	—		414.45
(To the extent not written-off or adjusted)		<u>1222159.87</u>		<u>1277207.98</u>
Accounting Policies and Notes on Accounts are forming part of the Accounts	M			

Sd/-
(Dr. H. Sarkar)
Company Secretary

Sd/-
(P. K. Dutta)
Chief General Manager (F)

Sd/-
(D. K. Verma)
Director (F)

Sd/-
(Shashi Kumar)
Chairman

In terms of our attached report of even date
For **S. Ghosh & Co.**
Chartered Accountants

Sd/-
(S. Ghosh)
(Partner)
30th July, 2004

Dated : 19th July, 2004
Place : New Delhi

Profit & Loss Account

For the year ended 31st March, 2004

(Rs. in '00,000)

	Schedule	Current Year	Previous Year
INCOME :			
Sales	1	12450.51	8659.71
Coal Issued for other purposes	2	17.25	29.87
Other Income	3	129017.47	65846.60
Interest (CCL) (See Note No. 10.1 Sch.-M)		25638.91	—
		167124.14	74536.18
EXPENDITURE			
Accretion (+)/Decretion (-) of Stock	4	680.70	-1000.27
Consumption of Stores & Spares	5	637.44	635.01
Coal Issued for other purposes per contra	6	0.74	12.73
Employees' Remuneration and Benefits	7	11290.95	10420.61
Social Overhead	8	1445.00	1454.58
Power & Fuel	9	785.75	719.21
Repairs	10	270.99	272.90
Contractual Expenses	11	4486.33	3903.28
Other Expenditure	12	2162.17	2427.31
Interest	13	2750.18	23055.43
Finance Charges	14	2731.69	3061.00
Depreciation		1463.23	1490.42
Provisions/Write Off	15	2844.07	44.82
		31549.24	46497.03
PROFIT FOR THE YEAR		135574.90	28039.15
Prior Period Adjustment	16	22.73	-30.60
PROFIT BEFORE TAX		135597.63	28008.55
Provision for Income Tax		2300.00	3450.00
		133297.63	24558.55
PROFIT AFTER TAX			
Profit brought forward from previous year		34702.46	24357.05
PROFIT AVAILABLE FOR APPROPRIATIONS		168000.09	48915.60
APPROPRIATION			
Preference Share Redemption Reserve		—	—
Reserve for Foreign Exchange Transactions		376.25	1557.01
Transfer to General Reserve		13329.76	2455.85
<u>Proposed Dividends</u>			
On Preference Shares		8026.15	9041.80
On Equity Shares		10106.18	—
Tax on Dividend		2323.20	1158.48
		133838.55	34702.46
BALANCE CARRIED TO BALANCE SHEET			
Statement on Significant Accounting Policies, Notes on Accounts M			
The Schedules referred to above form an integral part of Accounts			

Sd/-
(Dr. H. Sarkar)
Company Secretary

Sd/-
(P. K. Dutta)
Chief General Manager (F)

Sd/-
(D. K. Verma)
Director (F)

Sd/-
(Shashi Kumar)
Chairman

In terms of our attached report of even date
For S. Ghosh & Co.
Chartered Accountants

Sd/-
(S. Ghosh)
(Partner)
30th July, 2004

Dated : 19th July, 2004
Place : New Delhi



2003-2004

Schedule to Balance Sheet

As At 31st March, 2004

SCHEDULE – A

SHARE CAPITAL

(Rs. in '00,000)

	Current Year	Previous Year
<i>Authorised</i>		
(i) 9041800 Non-cumulative 10% Redeemable Preference Shares of Rs.1000/- each (Previous Year 9041800 Non-Cumulative 10% Redeemable Preference Shares of Rs.1000/- 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
	<u>890418.00</u>	<u>890418.00</u>
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. (Redeemed out of profits in the year 2003-2004)	—	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
	<u>631636.44</u>	<u>722054.44</u>

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

SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE – B

RESERVES & SURPLUS		(Rs. in '00,000)	
	Current Year	Previous Year	
A. RESERVES			
(a) Bond Redemption Reserve			
Balance as per last account	4744.40	6433.40	
Less : Amount transferred to General Reserve	1138.00	1689.00	4744.40
	3606.40		
(b) Preference Share Redemption Reserve(Utilised)	90418.00		90418.00
(c) Reserve for Foreign Exchange Transactions			
Balance as per last account	8456.10	6899.09	
Add : Amount transferred from Profit and Loss Account	376.25	1557.01	8456.10
	8832.35		
(d) General Reserve			
Balance as per last account	74193.16	70048.31	
Add : Amount transferred from Bond Redemption Reserve	1138.00	1689.00	
Add : Amount transferred from Profit and Loss Account	13329.76	2455.85	74193.16
	88660.92		
B. SURPLUS			
Profit and Loss Account			
Balance Carried forward	133838.55	34702.46	
TOTAL (A + B)	325356.22	212514.12	



2003-2004

SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE – C

SECURED LOAN

(Rs. in '00,000)

Current Year

Previous Year

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 - M)

Cash Credit	1.62	4172.15
Working Capital Demand Loan	—	31130.00
Foreign Currency Non Resident Borrowing	—	27143.15

Secured Bonds (Unclaimed)

(To be secured by hypothecation of Plant & Machinery of NCL, SECL & WCL)

All Redeemable at par

17% Non Convertible (Taxable) (earliest redemption Feb, 2002)	—	13.00	
17% Non Convertible (Taxable) (earliest redemption Feb, 2002)	6.00	31.00	
13% Non Convertible (Taxable) (earliest redemption Feb, 1998)	0.40	0.40	
	6.40		44.40

Interest accrued & due on WCCL

—	61.18
8.02	62550.88

SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE – D

UNSECURED LOAN

(Rs. in '00,000)

	Current Year	Previous Year
Long term loan from Government of India	12522.50	14336.30
From World Bank (Guaranteed by GOI)		
JBIC (JPY 259682.74 Lacs)	109845.80	108540.78
IBRD (USD 2346.34 Lacs)	103755.28	115714.50
Un-Secured Bonds		
12.25% Non Convertible (Taxable) (earliest redemption Dec, 2003)	—	1100.00
12.25% Non Convertible (Taxable) (earliest redemption Dec, 2004)	1100.00	1100.00
12.25% Non Convertible (Taxable) (earliest redemption Dec, 2005)	1100.00	1100.00
12.25% Non Convertible (Taxable) (earliest redemption Dec, 2006)	1400.00	1400.00
	3600.00	4700.00
Public Deposit		
Fixed	0.91	0.91
Cumulative	1.46	1.91
	2.37	2.82
Term Loan from Financial Institution	12857.14	20142.86
Interest Accrued and Due on Govt. Loan	9847.22	9847.22
Interest Accrued and Due on Public Deposit & Bond	4.02	4.24
	252434.33	273288.72



2003-2004

SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE – E

(Rs. in '00,000)

FIXED ASSETS

	COST				DEPRECIATION				NET BLOCK	
	As on 01.04.03	Addition during the year	Adj/Sales/ Trans. 2003 - 04	Total as on 31.03.04	As on 01.04.03	Addition during the year	Adj/Sales/ Trans. 2003 - 04	Total as on 31.03.04	As on 31.03.04	As on 31.03.03
LAND										
(a) Freehold	547.37	—	—	547.37	—	—	—	0.00	547.37	547.37
(b) Leasehold	133.79	—	—	133.79	25.88	1.32	—	27.20	106.59	107.91
BUILDING	6836.01	2.70	-8.34	6830.37	1674.42	140.46	-8.34	1806.54	5023.83	5161.59
PLANT & MACHINERY	17981.27	203.98	-159.12	18026.13	12046.00	986.45	-152.64	12879.81	5146.32	5935.27
FURNITURE & FITTINGS/										
OFFICE EQUIPMENTS	1550.37	27.03	10.10	1587.50	1153.70	58.53	0.13	1212.36	375.14	396.67
RAILWAY SIDING	771.25	—	—	771.25	436.13	36.63	—	472.76	298.49	335.12
VEHICLES	361.46	4.53	-14.58	351.41	282.60	16.30	-14.23	284.67	66.74	78.86
AIRCRAFT	1665.38	—	—	1665.38	1114.86	65.09	—	1179.95	485.43	550.52
TELECOMMUNICATION	498.78	8.01	0.53	505.32	378.14	23.46	0.48	402.08	103.24	118.64
DEVELOPMENT	3166.96	16.74	—	3183.70	2067.09	145.10	—	2212.19	971.51	1099.87
PROSPECTING & BORING	819.13	—	—	819.13	494.61	51.30	—	545.91	273.22	324.52
	34329.77	262.99	-171.41	34421.35	19673.43	1524.64	-174.60	21023.47	13397.88	14656.34
CAPITAL WORK-IN-PROGRESS	303.95	38.03	-46.00	295.98	—	—	—	—	295.98	303.95
Less : Provision	-111.64	—	—	-111.64	—	—	—	—	-111.64	-111.64
C.W.I.P. (Net)	192.31	38.03	-46.00	184.34	0.00	0.00	0.00	0.00	184.34	192.31
SURVEYED OFF ASSETS (P&M)									8.25	13.03
PREVIOUS YEAR										
FIXED ASSETS	34790.70	336.30	-797.23	34329.77	18918.24	1552.87	-797.68	19673.43	14656.34	15872.46
CAPITAL WORK-IN-PROGRESS	248.47	—	-56.16	192.31	—	—	—	—	192.31	248.47
SURVEYED OFF ASSETS (P&M)									13.03	13.91

ALLOCATION OF DEPRECIATION

	<u>CURRENT YEAR</u>	<u>PREVIOUS YEAR</u>
Profit & Loss Account	1463.23	1490.42
Social Overhead	56.17	54.52
Power & Fuel	5.25	5.25
Prior Period Adjustment	-0.06	-3.55
Transfer In/Out	1.83	-8.35
Other Adjustment (Incl. Surveyed off Assets) and for Policy 7.4	-176.38	-783.10
TOTAL	<u>1350.04</u>	<u>755.19</u>

SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE – F

INVESTMENT (Unquoted) (Valued at Cost)	Current Year	Previous Year
(Rs. in '00,000)		
I. In Fully Paid up Preference Shares of Subsidiary Companies : (Valued at Cost) (Paid up by way of conversion of loan)		
2041800 Cumulative 10% Redeemable Preference Shares of Rs.1000/- each in Mahanadi Coalfields Ltd.	—	20418.00
4000000 Cumulative 10% Redeemable Preference Shares of Rs.1000/- each in Northern Coalfields Ltd.	—	40000.00
3000000 Cumulative 10% Redeemable Preference shares of Rs.1000/- each in South Eastern Coalfields Ltd.	—	30000.00
II. In Fully Paid up Equity Shares of Subsidiary Companies (Valued at cost) :		
22184500 Equity Shares of Rs.1000/- each in Eastern Coalfields Ltd. (Previous Year - 221,84,500 Equity Shares of Rs.1000/- each)	221845.00	221845.00
21180000 Equity Shares of Rs.1000/- each in Bharat Coking Coal Ltd. (Previous Year - 211,80,000 Equity Shares of Rs.1000/- each)	211800.00	211800.00
94,00,000 Equity Shares of Rs.1000/- each in Central Coalfields Ltd. (Previous Year - 94,00,000 Equity Shares of Rs.1000/- each)	94000.00	94000.00
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
III. In Fully Paid up Equity Shares of Other Company :		
16,334 Equity Shares of Rs.10/- each in Management and Technology Applications (India) Ltd.	—	1.63
Less : Provision for Diminution in Value	—	1.52
Less : Amount received on Winding up through court	—	0.11
	631636.37	722054.37



2003-2004

SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE – G

INVENTORIES

(Rs. in '00,000)

Current Year

Previous Year

(As valued and certified by the Management)

Stock of Stores & Spare parts (at cost)	320.51		335.74	
Less : Provision for slow-moving/ non-moving obsolescence/shortage	148.16	172.35	135.75	199.99
Stock of Coal	3444.25		4761.79	
(Valued at lower of Cost or Market Price)				
Coke	0.75		0.75	
(Valued at lower of Cost or Market Price)				
	3445.00		4762.54	
Less : Provisions	135.25	3309.75	772.09	3990.45
		3482.10		4190.44

SCHEDULE TO BALANCE SHEET (CONTD.)

NORTH EASTERN COALFIELDS COAL INDIA LIMITED MARGHERITA, ASSAM

PARTICULARS IN RESPECT OF COAL STOCK OF NEC (OVERALL) AS ON 31.03.2004

PARTICULARS	QTY. IN '000 TONNE VALUE IN RS. LAKHS					
	OVERALL STOCK		NON-VENDABLE		VENDABLE STOCK	
	QTY.	VALUE	QTY.	VALUE	QTY.	VALUE
(A) RECONCILIATION OF BOOK STOCK AND MEASURED STOCK						
1. Opening Stock as on 01.04.03 (As per Accounts)	469.69	4697.91			469.69	4697.91
2. Add : Production for the year	733.13	10705.67			733.13	10705.67
Add : Transfer in	0.00	0.00			0.00	0.00
3. Sub-Total (1+2)	1202.82	15403.58			1202.82	15403.58
4. Less : Off Take for the year						
(a) (i) Out side Despatch	869.68	12005.96			869.68	12005.96
(ii) Transferred Out	0.00	0.00			0.00	0.00
(b) Internal Consumption for Washing etc.	1.76	17.25			1.76	17.25
(c) Consumption for Boiler & Domestic Coal						
Total (4)	871.44	12023.21			871.44	12023.21
5. Derived Stock (3-4)	331.38	3380.37			331.38	3380.37
6. Measured Stock	323.23	3280.23			323.23	3280.23
7. Difference (5-6)	8.15	100.14			8.15	100.14
8. Breakup of difference						
(a) Excess within 5%						
(b) Shortage within 5%	8.15	100.14			8.15	100.14
(c) Excess beyond 5%						
(d) Shortage beyond 5%						
9. Closing Stock Adopted in Accounts (6+8a+8b)	331.38	3380.37			331.38	3380.37
(B) RECONCILIATION OF CLOSING STOCK ADOPTED IN ACCOUNTS					331.38	3380.37
Less : Net shortage of more than 5% accounted for in the Accounts but not adjusted from Book Stock pending write-off					—	—
Less : Non-vendable stock including mixed stock and stock on which provision equivalent to the value has been made in accounts					—	—
Less : Charges for Rehandling of pit head Stock					—	—
Less : Provision made in accounts to take care of future deterioration of Coal Stock					—	70.62
Stock as per Accounts after all provisions					331.38	3309.75



2003-2004

SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE – H

SUNDRY DEBTORS (Unsecured)

(Rs. in '00,000)

	Current Year	Previous Year
Debts outstanding for a period exceeding 6 months	1099.54	1074.82
Other Debts	8.14	18.00
	1107.68	1092.82
Less : Provision	1065.67	1073.84
	42.01	18.98

CLASSIFICATION

Considered good	42.01	18.98
considered doubtful	1065.67	1073.84

	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 – I

CASH AND BANK BALANCES

(Rs. in '00,000)

	Current Year	Previous Year
Cash, Cheques, Drafts, Stamps etc. in hand	2.97	3.89
Remittance-in-transit	2.60	3.58
In Current Account with Scheduled Banks	6383.40	13891.32
In Deposit Account with Scheduled Banks	104328.02	26.15
With Post Office Savings Bank Account	3.39	3.30
	110720.38	13928.24

SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE – J

LOANS & ADVANCES

(Rs. in '00,000)

	Current Year		Previous Year	
Loans & Advances (Unsecured) (Advance Receivable in cash or in kind or for value to be received)				
ADVANCE TO SUPPLIERS				
For Capital	1786.51		1774.28	
For Others	188.15		185.14	
		1974.66		1959.42
ADVANCE TO EMPLOYEES				
For House Building (Secured)	256.79		320.94	
For Motor Car & Other Conveyance (Secured)	12.42		20.45	
For Others	107.67		96.85	
		376.88		438.24
DEPOSITS				
For Custom duty & Port Charges	88.61		97.29	
For Other Deposits	205.17		179.63	
		293.78		276.92
Short Term Loan to Body Corporates		150.00		150.00
Other Receivable		49028.38		49575.59
Other Advances		629.79		306.47
Exploratory Drilling Work for ECL		1986.42		1310.92
AMOUNT DUE FROM GOVERNMENT OF INDIA				
For transaction on behalf of Ex-Coal Board		75.36		65.78
Claims Receivable		347.26		362.53
Prepaid Expenses		21.20		33.00
TDS/Advance Tax		9033.80		9029.29
Balance with Subsidiaries				
Loan A/c.	266115.06		279879.40	
Current A/c.	336068.06		322969.95	
		602183.12		602849.35
Balance with Subsidiaries (World Bank Loan)				
Loan A/c.	213601.08		224255.29	
Current A/c.	6332.76		4500.37	
		219933.84		228755.66
		886034.49		895113.17
Less : Provision		721.39		737.39
		885313.10		894375.78
CLASSIFICATION				
Considered good		885313.10		894375.78
Considered doubtful		721.39		737.39



2003-2004

SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE – J (Contd..)

(Rs. in '00,000)

AMOUNT DUE FROM SUBSIDIARY COMPANIES

	Maximum Amount due at any time during the year		Closing Balance	
	Current Year	Previous Year	Current Year	Previous Year
Eastern Coalfields Limited	212602.36	210026.96	211826.20	205160.77
Bharat Coking Coal Limited	274117.11	253968.50	274117.11	253968.50
Central Coalfields Limited	142873.30	186507.17	124134.12	142873.30
Western Coalfields Limited	23455.64	32561.99	15351.94	21879.18
Northern Coalfields Limited	114360.04	91133.71	-112662.77	-85971.22
South Eastern Coalfields Limited	55475.84	59153.20	47248.95	55475.83
Mahanadi Coalfields Limited	18732.05	10361.00	-98597.92	-83123.29
Central Mine Planning & Design Institute Limited	15357.97	17210.57	9965.64	8987.49
	856974.31	860923.10	471383.27	519250.56

Notes : House Building and cars/scooters advance for Rs.269.21 lakhs (Previous Year 341.39 lakhs) included under Loans & Advances (unsecured) considered good and are secured by equitable mortgage on assets concerned.

SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE – K

CURRENT LIABILITIES & PROVISIONS

(Rs. in '00,000)

	Current Year		Previous Year	
A. CURRENT LIABILITIES				
SUNDRY CREDITORS				
For Capital including Revenue Stores	276.43		284.29	
For Coal	63.85		63.85	
		340.28		348.14
Advance from Customers		2766.57		1986.05
Deposits		1105.85		892.68
Advance Deposit (Pre-Nationalisation)		20.85		20.85
EMPLOYEES' REMUNERATION & BENEFITS				
Salaries, Wages & Allowances	971.63		542.49	
Attendance Bonus	4.17		4.20	
Ex-gratia	171.13		177.21	
Unpaid salaries, Wages etc.	0.26		0.25	
Gratuity	3156.27		2937.21	
Leave Encashment	1166.25		868.39	
		5469.71		4529.75
OTHER EXPENSES				
Power & Fuel	106.35		78.18	
Contractual Expenses	956.58		904.21	
Others	4170.11		4067.55	
		5233.04		5049.94
Due to Government of India (including ex-owner's Accounts)		152.82		149.90
Interest accrued but not due on Loan		10237.47		14576.45
SALES TAX				
State	13.70		15.35	
Central	62.09		52.08	
		75.79		67.43
Royalty & Cess on Coal		498.49		300.51
Provident Fund		138.59		111.14
Pension Fund		30.72		66.74
INCOME TAX				
Employees	49.66		20.16	
Contractors	1.38		3.91	
Others	2824.20		2017.84	
		2875.24		2041.91
Professional Tax		6.51		7.20
Surplus Fund from Subsidiaries		336888.39		303763.06
Balance with Subsidiaries Current Account		13845.30		8591.39
Adv. Deposit Other Govt. Fund		8379.00		8379.00
Other Liability		1716.52		1797.96
B. PROVISIONS				
Provision for Income Tax		4509.41		3002.81
Other Misc. Provision				
Proposed Dividend		18132.33		9041.80
Income Tax on Proposed Dividend		2323.20		1158.48
Ad-hoc provision for NCWA-VII		1553.27		1295.65
		416299.35		367178.84
Current A/c. balance with IICM		6325.21		5457.12
		422624.56		372635.96

Note : The above amount does not include any sum together with interest that the Company owes to any Small Scale Industrial Undertaking outstanding for more than thirty days.



2003-2004

SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE – L

MISCELLANEOUS EXPENDITURE
(To the extent not written off or adjusted)

(Rs. in '00,000)

	Current Year	Previous Year
VRS Expenses carried forward	—	414.45
	—	414.45

Schedule to Profit & Loss Account

For the Year Ended 31st March, 2004

SCHEDULE – 1

SALES

(Rs. in '00,000)

PARTICULARS	PRODUCTS		TOTAL	
	Raw Coal	Soft Coke	Current Year	Previous Year
Quantity (in '000 M.T.)	869.70	—	869.70	639.80
Gross Sales Value	14083.86	—	14083.86	9748.42
Add : Service Charges received	444.55	—	444.55	316.13
(A)	14528.41	0.00	14528.41	10064.55
Less : Statutory Levies				
Royalty on Coal	1434.96	—	1434.96	994.55
Stowing Excise Duty	75.60	—	75.60	22.40
Sales Tax				
Central	475.14	—	475.14	268.94
State	92.20	—	92.20	118.95
Total Levies (B)	2077.90	0.00	2077.90	1404.84
Net Value (A - B)	12450.51	0.00	12450.51	8659.71

SCHEDULE – 2

COAL ISSUED FOR OTHER PURPOSES

(Rs. in '00,000)

	Current Year	Previous Year
Internal Consumption	14.54	15.42
Free Issue to Employees	1.97	1.72
Others	0.74	12.73
TOTAL	17.25	29.87



2003-2004

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD..)

SCHEDULE – 3

OTHER INCOME

(Rs. in '00,000)

	Current Year	Previous Year
Subsidy (stowing)	—	21.03
Apex Office Charges	16289.45	10087.40
Interest received	37.50	100.97
Rent (Outsider)	12.83	12.59
L.D./Penalty received	8.19	6.67
Tender Fees	1.47	2.70
Provision/Liability Write backs	26.08	79.23
Sale of Scraps	1.81	—
Hire Charges	1574.42	1562.38
Let out Rent (TDS - Rs.48.96 lakhs)	393.00	393.00
Interim Dividend/Dividend from Subsidiaries	106619.80	48527.52
Guarantee Fee from Subsidiaries	3204.02	3363.83
Profit on sale of Assets	0.18	0.45
Gain on Foreign Exchange Transactions	376.24	1557.01
Gain/Loss on Foreign Exch. Rate Variance	449.21	76.68
Others	23.27	55.14
TOTAL	129017.47	65846.60

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD..)

SCHEDULE – 4

ACCRETION (–)/DECRETION (+) OF STOCK

(Rs. in '00,000)

	Current Year	Previous Year
Stock of Coal/Coke etc.		
A. Opening Stock (Revenue Mines only) as on 01.04.2003		
Raw Coal	4524.12	3515.99
Soft Coke	0.75	0.75
Less : Deterioration of Coal value due to fire or longer stocking	534.42	526.56
TOTAL (A)	3990.45	2990.18
B. Closing Stock (Revenue Mines only) as on 31.03.2004		
Raw Coal	3444.25	4524.12
Soft Coke	0.75	0.75
Less : Deterioration of Coal Value due to fire or longer stocking	135.25	534.42
TOTAL (B)	3309.75	3990.45
NET TOTAL (Total A - Total B)	680.70	-1000.27

SCHEDULE – 5

CONSUMPTION OF STORES & SPARES

(Rs. in '00,000)

	Current Year	Previous Year
Explosives	159.53	197.41
Timber	126.28	120.11
Petrol, Oil and Lubricants	187.91	175.75
Other Consumable Stores & Spares		
(a) HEMM	33.88	7.58
(b) Others	236.90	244.36
	270.78	251.94
	744.50	745.21
Less : Transfer to		
Social Overhead	11.60	17.60
Power & Fuel	53.86	51.21
Other Expenditure	41.60	41.39
	107.06	110.20
TOTAL	637.44	635.01



2003-2004

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD..)

SCHEDULE – 6

COAL ISSUED FOR OTHER PURPOSES PER CONTRA

(Rs. in '00,000)

	Current Year	Previous Year
Internal Consumption	14.54	15.42
Free Issue to Employees	1.97	1.72
Others	0.74	12.73
	<u>17.25</u>	<u>29.87</u>
Less : Transfer to		
Power & Fuel	14.54	15.42
Social Overhead	1.97	1.72
	<u>16.51</u>	<u>17.14</u>
TOTAL	<u>0.74</u>	<u>12.73</u>

SCHEDULE – 7

EMPLOYEES' REMUNERATION AND BENEFITS

(Rs. in '00,000)

	Current Year	Previous Year
SALARIES, WAGES AND ALLOWANCES		
Salaries & Wages (incl. Transport Subsidy)	6816.09	6896.11
Provision (Ad-hoc) for NCWA - VII	1031.83	741.71
Overtime		
(a) Normal	168.60	136.79
(b) Sunday Maintenance	124.46	137.70
Leave Encashment	<u>293.06</u>	<u>274.49</u>
Contribution to Provident Fund and Other Funds (including Administrative Charges)	393.25	484.85
Attendance Bonus	890.46	812.73
Ex-gratia	287.71	296.98
(a) PPLB - Non Executive	151.70	159.42
(b) PPLR - Executive	15.28	13.87
LTC/LLTC/RRF	<u>166.98</u>	<u>173.29</u>
Pension	346.97	254.28
Gratuity	54.91	56.04
Workmen Compensation	544.29	589.54
Group Insurance	8.20	12.55
D. L. I.	7.11	8.68
Life Cover Scheme	8.27	8.17
V. R. S.	11.05	13.90
	<u>713.76</u>	<u>107.23</u>
Less : Transfer to	11573.94	10730.55
Social Overhead		
Power & Fuel	276.79	304.14
	6.20	5.80
	<u>282.99</u>	<u>309.94</u>
TOTAL	<u>11290.95</u>	<u>10420.61</u>

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD..)

SCHEDULE – 8

SOCIAL OVERHEAD

(Rs. in '00,000)

	Current Year	Previous Year
Salaries, Wages & Allowances	276.79	304.14
Free Issue of Coal to Employees	1.97	1.72
Medical Facilities		
(a) Medical Reimbursement	292.76	314.01
(b) Medicine	77.70	29.70
(c) Diet Expenses	7.99	6.97
	378.45	350.68
Grants to		
(a) Schools & Institutions	26.76	33.08
(b) Sports, Recreation	9.31	13.12
	36.07	46.20
Canteen and Creche		
Canteen up-keep	16.05	16.42
House Rent	30.75	31.10
Power	412.99	366.47
Repairs & Maintenance		
(a) Township (incl. welfare buildings)	67.43	84.62
(b) Plant & Machineries	1.29	0.31
	68.72	84.93
Maintenance of Vehicles		
(a) Petrol & Diesel	4.00	3.01
(b) Repairs	3.42	4.06
(c) Insurance	0.55	0.45
	7.97	7.52
Consumption of Stores & Spares	7.60	14.59
Depreciation	56.17	54.52
Community Development	18.51	24.90
Environmental Expenses		
Tree Plantation	1.35	0.63
Uniform	3.80	8.73
Training Expenses		
(i) Within the Co.	7.63	5.70
(ii) Outside the Co.	3.92	3.39
	11.55	9.09
Other Welfare Expenses	145.67	160.30
	1474.41	1481.94
Less : Recoveries		
House Rent	7.45	8.06
Hospital Charges	1.87	3.15
Electricity	20.09	16.15
	29.41	27.36
TOTAL	1445.00	1454.58



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SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD..)

SCHEDULE – 9

POWER & FUEL

(Rs. in '00,000)

	Current Year	Previous Year
Purchase of Electricity	1106.20	1004.87
Power Generation		
Salary & Wages	6.20	5.80
Consumption of Coal	14.54	15.42
Consumption of Stores	53.86	51.21
Repair & Maintenance	12.69	3.13
Depreciation	5.25	5.25
	92.54	80.81
	1198.74	1085.68
Less : Transfer to Social Overhead	412.99	366.47
TOTAL	785.75	719.21

SCHEDULE – 10

REPAIRS

(Rs. in '00,000)

	Current Year	Previous Year
Building	102.74	113.06
Plant & Machinery		
Outside Agency	21.79	32.03
Others		
(a) Office Equipment	49.91	28.82
(b) Others	181.38	191.11
	231.29	219.93
	355.82	365.02
Less : Transfer to		
(a) Social Overhead	72.14	88.99
(b) Power & Fuel	12.69	3.13
	84.83	92.12
TOTAL	270.99	272.90

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD..)

SCHEDULE – 11

CONTRACTUAL EXPENSES

	(Rs. in '00,000)	
	Current Year	Previous Year
Transportation Charges		
(a) Coal, Coke	65.35	48.87
(b) Stores	—	—
	<u>65.35</u>	<u>48.87</u>
Other Contractual Work	4420.98	3854.41
	<u>4420.98</u>	<u>3854.41</u>
TOTAL	<u>4486.33</u>	<u>3903.28</u>



2003-2004

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD..)

SCHEDULE – 12

OTHER EXPENDITURE

(Rs. in '00,000)

		Current Year	Previous Year
Travelling			
(a) In country	304.19		279.52
(b) Outside country	13.64		13.13
		317.83	292.65
Printing & Stationery		95.96	68.76
Postage		8.22	23.31
Telephone		87.45	92.90
Advertisement & Publicity			
(i) Advertisement for			
(a) Tender	37.51		79.74
(b) Recruitment	—		—
		37.51	79.74
(ii) Publicity		174.88	66.18
Demurrage		25.41	13.67
Donation		44.75	10.76
Subscriptions		15.52	25.64
Security Expenses		125.00	128.95
Hire Charges			
(a) Computer	91.02		125.38
(b) Others	71.92		195.12
		162.94	320.50
Maintenance of Vehicles			
(a) Petrol & Diesel	41.60		41.39
(b) Repairs	32.68		33.66
(c) Road Tax & Insurance	6.50		4.94
		80.78	79.99
Legal Expenses		38.41	48.35
Bank Charges		7.22	7.48
Guest House Expenses	31.76		31.14
Less : Recoveries	5.60		6.22
		26.16	24.92
Consultancy Fees		248.49	627.85
Office Contingency Expenses		38.65	33.04
Underloading Charges		34.98	29.70
Loss on sale/discard of assets		—	0.23
Auditors' Remuneration			
(a) Audit Fees	1.81		1.76
(b) Travelling & Out-of-pocket exp.	1.34		0.88
		3.15	2.64
Tax Audit Fees		0.54	0.52
Internal Audit/Other Audit fees and exp.		2.30	2.06
Royalty & Cess		2.56	5.21
Rent, Rates & Taxes		330.69	282.77
Insurance		28.37	30.99
Dead Rent		28.58	23.31
Surface Rent		1.09	0.99
Land Compensation		25.00	—
Others		169.73	104.20
TOTAL		2162.17	2427.31

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD..)

SCHEDULE – 13

INTEREST

(Rs. in '00,000)

	Current Year	Previous Year
(a) Government Loan		
(i) Plan Loan	2012.61	4989.77
(ii) Non-plan loan	—	6549.46
(b) Bank Overdraft	325.76	1889.59
(c) Bonds	531.08	665.83
(d) Other corporate/Financial Institutional Loan	2140.24	3306.28
(e) Pension Fund	56.58	3.99
(f) Interest on IBRD & JBIC Loan	3379.19	5091.19
(g) Others	13773.91	9819.68
	<u>22219.37</u>	<u>32315.79</u>
Less : (a) Interest received from Deposits	3716.01	78.86
(b) Recovered from Subsidiaries	12373.99	4090.31
(c) Transferred to Subsidiaries on account of IBRD & JBIC Loan	<u>3379.19</u>	<u>5091.19</u>
	<u>19469.19</u>	<u>9260.36</u>
TOTAL	<u>2750.18</u>	<u>23055.43</u>

SCHEDULE – 14

FINANCE CHARGES

(Rs. in '00,000)

	Current Year	Previous Year
Guarantee Fees on IBRD & JBIC Loan	2563.21	2691.06
<u>Other Expenses for Bond, Public Deposit & CP :</u>		
Trustee Fee – Bond	—	0.01
Discount on CP	—	325.24
Others	<u>168.48</u>	<u>44.69</u>
	<u>168.48</u>	<u>369.94</u>
Other Bank Charges	—	—
Other Charges on IBRD & JBIC Loan	<u>5.91</u>	<u>6.09</u>
	<u>2737.60</u>	<u>3067.09</u>
Less : Transferred to Subsidiaries on account of IBRD & JBIC Loan	<u>5.91</u>	<u>6.09</u>
TOTAL	<u>2731.69</u>	<u>3061.00</u>



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SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD..)

SCHEDULE – 15

PROVISIONS/WRITE OFF

(Rs. in '00,000)

	Current Year	Previous Year
A. Provision for :		
Doubtful Advances (Stores)	—	0.52
Others (including CWIP)	39.97	42.81
Doubtful Debts	—	1.49
Sub Total	39.97	44.82
B. Write off		
Service charges ECL	2804.10	—
TOTAL	2844.07	44.82

SCHEDULE – 16

PRIOR PERIOD ADJUSTMENT

(Rs. in '00,000)

	Current Year	Previous Year
DEBITS :		
Other Income	—	0.28
Consumption of Stores	0.08	2.24
Interest	1.84	—
Power & Fuel	—	16.16
Repairs	—	2.55
Social Overhead	7.37	1.00
Other Expenditure	14.37	26.01
Contractual Expenses	3.57	—
	27.23	48.24
CREDITS :		
Employees' Remuneration & Benefits	40.79	2.93
Other Income	8.52	—
Depreciation	0.06	3.55
Contractual Expenses	—	11.16
Power & Fuel	0.32	—
Repairs	0.27	—
	49.96	17.64
Net : Credit (+)/Debit (-)	22.73	-30.60

SCHEDULE - M

A. SIGNIFICANT ACCOUNTING POLICIES

1.0 Accounting Convention

Financial statements are prepared on the basis of historical cost and on accrual basis following going concern concept, accounting standards and generally accepted accounting principles except otherwise stated elsewhere.

2.0 Basis of Accounting

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

3.0 Subsidies/Grants from Government

- 3.1 Subsidies/Grants on Capital Account are deducted from the cost of respective assets to which they relate. The unspent amount at the year end, if any, is shown as Current Liabilities.
- 3.2 Subsidies/Grants on Revenue Account are credited to Profit & Loss Account under the head Other Receipts and the expenses are debited to the respective heads.

4. Fixed Assets

- 4.1 LAND : Land includes cost of acquisition, compensation and cash rehabilitation expenses incurred for concerned displaced persons. Other expenditure incurred on acquisition of Land viz Resettlement cost, compensation in lieu of employment etc. are, however, treated as revenue expenditure.
- 4.2 PLANT & MACHINERY : Plant & Machinery include cost and expenses incurred for erection/ installation and other attributable costs of bringing those assets to working conditions for their intended use.
- 4.3 RAILWAY SIDING : Pending commissioning, payments made to the railway authorities for construction of railway siding are shown under Capital Work -in-Progress.
- 4.4 DEVELOPMENT : Expenses net of income of the projects/mines under development are booked to Development account and grouped under Capital Work-in-Progress till the projects/mines are brought to revenue account. Projects/mines under development are brought to revenue :
 - (a) From the beginning of the financial year immediately after the year in which the project achieves physical coal output of 25% of rated capacity as per approved project report, or
 - (b) 2 years of touching of coal, or
 - (c) From the beginning of the financial year in which the value of production is more than total expenses.

— Whichever event occurs first.

4.5 Prospecting & Boring and other Development Expenditure :

The cost of exploration and other development expenditure incurred in one "Five Year"



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plan period will be kept in Capital work-in-progress till the end of subsequent two "Five Year" plan periods for formulation of projects before it is written-off except in the case of Blocks identified for sale or proposed to be sold to outside agency will be kept in C.W.I.P. till finalisation of sale.

5.0 Investments :

Investments are stated at cost.

6. Inventories :

6.1 Book stock of coal/coke is considered in the Accounts where the variance between book stock and measured stock is upto $\pm 5\%$ and in cases where the variance is beyond $\pm 5\%$ the measured stock is considered. Such stock are valued at Net Realisable Value or cost whichever is lower.

6.1.1 Provision at the rate of 10% on the value of Closing Stock of Coal is made to take care of deterioration of stock due to fire and longer period of stocking etc., except in the case where closing stock of coal is valued at cost.

6.1.2 Slurry, middlings of washaries are valued at net realisable value.

6.2 Stock of stores & Spare parts at Central & Area Stores are valued at cost calculated on the basis of weighted average method. The year end inventory of stores & spare parts lying at collieries/sub-stores/consuming centres, initially charged off, at issue price of Area Stores, Cost/estimated cost. Workshop jobs including work-in-progress are valued at cost.

6.2.1 Stores & spare parts include loose tools.

6.2.2 Provision are made at the rate of 100% for unserviceable, damaged and obsolete stores and 50% for stores & Spares not moved for 5 years excepting insurance items.

6.3 Stock of stationery (other than lying at printing press), bricks, sand, medicine (except at Central Hospitals), aircraft spares and scraps are not considered in inventory.

7. Depreciation :

7.1 Depreciation on Fixed Assets is provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 (as amended) except for telecommunication equipments. Depreciation on such equipments is charged over the technically estimated life, at higher rates, viz : @ 15.83% and @ 10.55%. Depreciation on the assets added/disposed off during the year is provided on pro-rata basis with reference to the month of addition/disposal.

7.2 Value of land acquired under Coal Bearing Area (Acquisition & Development) Act 1957 is amortised on the basis of balance life of the project. Value of the lease hold land is amortised on the basis of lease period or balance life of the project whichever is earlier.

7.3 Prospecting Boring and Development expenditure are amortised from the year when the Mine is brought under Revenue in 20 years or working life of the Project whichever is less.

7.4 Assets attracting 100% depreciation, other than items costing Rs. 5,000/- are taken out from the Accounts after expiry of 2 years following the year in which these are fully depreciated.

8.0 Overburden Removal (OBR) Expenses

- 8.1 In Opencast mines with rated capacity of 1 million tonnes and above, the cost of OBR is charged on average ratio (Coal :OB) at each mine with due adjustment for advance stripping and ratio variance account after the mines are brought to revenue. Net of balance of advance stripping and ratio variance at the end of the year is shown as Deferred Revenue Expenditure or Current Liabilities as the case may be.

The reported quantity of overburden is considered in the Accounts where the variance between reported quantity and measured quantity is within the permissible limits detailed hereunder :

Annual Quantum of OBR of the Mine	Permissible limits of variance (whichever is less)	
	%	Quantum (in Mill Cu. Mtr.)
A Less than 1 Mill CUM	+/-5%	0.03
Between 1 and 5 Mill CUM	+/-3%	0.2
More than 5 Mill CUM	+/-2%	(-)

B. NOTES ON ACCOUNTS

1. Contingent Liabilities /Capital Commitments

- 1.1 The amount remaining to be executed on Capital Accounts including that on behalf of Subsidiaries not provided for is Rs. 1353.87 lacs (Rs. 5140.88 lacs.)
- 1.2 Claims against the Company not acknowledged as debts are Rs. 22917.48 lacs (Rs. 35304.01 lacs.)
- 1.3 Negative Marked to Market valuation of outstanding position involving foreign currency transactions as on 31.03.2004 stood at Rs. 5169.00 lacs (Rs. 1592.36 lacs.)
- 1.4 The Company has given counter-guarantee to Government of India for loans obtained from JBIC & IBRD Banks and on lent to its Subsidiaries the outstanding balance of which as on 31.03.2004 stood at Rs. 109845.80 lacs and Rs. 103755.28 lacs respectively.
- 1.5 As on 31.3.04 outstanding letters of credits amounted to Rs. 278.79 lacs, (Rs.4600.89 lacs) and outstanding Deferred payment guarantee issued by Banks amounted to Rs. 6052.84 lacs (Rs. 7801.64 lacs).
- 1.6 TDS/Advance Tax of Rs. 9033.80 lacs shown in the schedule of Loans & Advance (Schedule-J) includes an amount of Rs. 8974.86 lacs representing TDS deducted by Subsidiaries of CIL on payment of dividend which has been claimed as refund in the relevant year's Income Tax Return. The Company, on receipt of the Income Tax Department's prima-facie disallowances of such refund, after the Balance Sheet date has filed suitable appeal thereagainst.

2. 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 :

- A. Fixed Assets comprising Power Plant of Rs. 6064.71 lacs. and related building and other assets of Rs. 3652.25 lacs, both at book value (WDV) as on 31.3.95, have been let out to SECL. Additions to these assets including transfer from CWIP from the day of letting out to 31.03.2004 are Rs.635.79 lacs on value of plant and Rs. 156.08 lacs on value of building and other assets. The cumulative provision for depreciation upto 31.03.2004 stood at Rs. 9452.55 lacs (including depreciation charged for the current period of Rs. 657.72 lacs). The net W.D.V of the leased assets as per books as on 31.03.2004 is Rs. 4654.28 lacs.
- (B) Besides, Fixed Assets comprising of Plant & Machinery of Rs. 218.99 lacs and related building and other assets of Rs. 1625.37 lacs, both at book value (WDV) 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 out to 31.03.2004 are Rs. 357.38 lacs on value of plant & machinery and Rs. 301.87 lacs on value of building and other assets. The cumulative provision for depreciation upto 31.03.2004 stood at Rs. 798.37 lacs (including depreciation charged for the current period of Rs. 76.21 lacs). The net W.D.V. of the leased assets as per books as on 31.03.2004 is Rs. 1839.19 lacs.

3. Investment

3.1 Investment in Subsidiaries

Investment of the company which are long term in nature in share capital of Bharat Coking Coal Ltd., Eastern Coalfields Ltd. and Central Coalfields Ltd. as on 31.3.04 amounted to Rs. 211800.00 lakhs, Rs. 221845.00 lakhs and Rs. 94000.00 Lakhs respectively. ECL, BCCL and CCL have become sick and are referred to BIFR under Sick Industrial Companies Act, 1985. Plans for restructuring/revival of ECL & BCCL are in an advanced stage. Scheme recommending restructuring of ECL has been formulated by Operating Agency and is under consideration of BIFR. In case of BCCL the restructuring/revival proposal is under formulation. CCL has originally been referred to BIFR and now under consideration of Appellate Authority of BIFR. The revival scheme of CCL is under formulation. Once the revival schemes are finalised and implemented the financials of these Companies will substantially improve which will turn them into viable Companies. In view of the above the decline in the value of investments, if any, are temporary in nature, and hence, are valued at cost.

On the same analogy i.e. these subsidiaries on the above stated grounds will turn into viable companies; no provision on the loans outstanding from these subsidiaries are considered.

4. Inventories

Stores & Spares

- 4.1 The closing stock of stores and spare parts has been considered in the Accounts as per balances appearing in priced stores ledger of the Central Stores and as per physically verified stores lying at the collieries/units.
- 4.2 Provision for Rs. 148.16 lacs (135.75 lacs) has been kept in the accounts for unserviceable or obsolete spares which is considered adequate.

- 4.3 Stores and Spares also include loose tools and aircraft spares-value of which is not separately ascertained.

5. Sundry Debtors

- 5.1 Provision for Bad & Doubtful Debts amounting to Rs. 1065.67 lacs (Rs. 1073.84 lacs) is considered adequate.

6. Bonds

- 6.1 During the year the Company has redeemed 12.25% Non-Convertible Un-Secured Bonds (L-Series) amounting Rs. 1100.00 lacs. Further, it has also discharged liability on Bonds redeemed in earlier period, but not presented by the Bond holders; amounting to Rs. 38.00 lacs.

7. 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. 193.49 lacs due from Railways for missing/diversion of wagons (Rs. 218.40 lacs) etc.
- 7.3 Pending reconciliation with regard to dues to Port Authorities net amount has been shown in certain cases.
- 7.4 Funding of Exploration Services provided by CMPDIL to ECL

During the year an amount of Rs. 675.51 lacs has been funded by CIL for carrying out exploratory drilling in Blocks under ECL. Command Area and has been shown in CIL books under 'Exploratory Drilling Work for ECL' in the Schedule of "Loans & Advances". The total advance on this account as on 31.03.2004 stood at Rs. 1986.42 lacs.

8. Secured Loans

8.1 Cash Credit

Pending finalisation of formalities for 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 and other assets of CIL and its Subsidiary Companies.

Out of total cash credit limit of Rs. 700.00 Crores including sub-limit of Rs. 87.00 Crores have been allocated to the subsidiaries against which Coal India Ltd. is contingently liable to the extent the facility has been actually utilised by subsidiaries as on 31.3.04.

9. Current Liabilities & Provisions

- 9.1 The provisions made in the Accounts against slow moving/non-moving and obsolete stores, claims receivable, advance, doubtful debts 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 pending completion of necessary formalities has been charged in the accounts at rates prescribed by Coal Mines Pension Scheme, 1998.

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- 9.3 The balance of the current account with the Subsidiaries are being reconciled on a continuous basis, and the same as on 31.3.2004 has been reconciled substantially, while reconciliation of the balance is in progress.
- 9.4 Current Account balance with IICM (in Current Liabilities & Provisions Schedule of Balance Sheet) represents the fund accumulated by receiving Re. 0.50 per tonne of productions of Subsidiaries, net of expenditure/Fund made/remitted on behalf of IICM.

10. Profit & Loss Account

- 10.1 Recognition of Revenue in respect of interest claim amounting to Rs. 7054.32 lacs (Rs. 22309.10 lacs-including for ECL & CCL) and Apex Charges amounting to Rs. 1135.05 lacs (Rs. 4417.55 lacs-including for ECL & BCCL) attributable to BCCL in year's account have been deferred. These have been done in consistence with the provision of Accounting Standard-9 of ICAI of Revenue Recognition.

During the year the CIL Board vide its 209th Meeting held on 29th July, 2003 (Item No. 209:4(B)) has granted relief and concession on several account for revival of ECL as sought by the operating agency. Such relief and concession inter alia includes :

- (a) Waiver of interest due on unsecured loan from CIL amounting to Rs. 135 crores as outstanding on 31.03.2002.
- (b) Waiver of future interest on unsecured loan of Rs. 519 crores till ECL's net worth becomes positive.
- (c) Waiver of service charges payable to CIL till ECL's net worth becomes positive.

The total interest due from ECL in this respect till 31.03.2003 which was not recognised as income in the respective year's Accounts in keeping with the provisions of AS-9 issued by ICAI on Revenue Recognition is thus cancelled. Further, Service Charges (Apex Office Charges) due from ECL, which was already accounted for as income in respective year's Accounts in the past amounting to Rs. 2804.10 lacs have been written off on the basis of above.

During the year CCL has remitted substantial amount of fund and, has substantially squared off its dues in Current Account including Interest and Apex Office Charges of earlier years. In the light of above the amount of Rs. 25638.91 lacs of interest and Rs. 3541.95 lacs of Apex Office charges payable to CIL for earlier periods which were not recognised as income in the respective year's Accounts have been duly accounted for in the current year, together with the Current Year's interest and Apex Office Charges for Rs. 11431.78 lacs and Rs. 1866.80 lacs respectively.

- 10.2 Interim dividend declared by four subsidiaries namely, NCL, MCL, SECL & WCL amounting to Rs. 67022.27 lacs pertaining to the year 2003-04 has been accounted for as income for the year, over and above the final dividend for the year 2002-03 received during the current year from these subsidiaries amounting to Rs. 39597.53 lacs.
- 10.3 Gains amounting to Rs. 376.24 lacs (Rs. 1557.01 lacs) arising from cancellation of Forward Contracts against Foreign Exchange Loans taken by the Company for its subsidiaries have been kept as a separate Reserve.
- 10.4 Depreciation includes the amount charged on account of amortisation of cost of Leasehold Land.
- 10.5 During the year from the month of January, 2004 (payable in February, 2004) the Company is paying Interim Relief @15% of Basic Wages to the employees covered under National

Coal Wage Agreement, pending finalisation of NCWA-VII, which as per extant practice is due for negotiation and implementation w.e.f. 01.07.2001.

The Ad-hoc provision on this account @10% of Basic Pay of the Non-Executives prevalent as on 30.06.2001, to cover against likely rise in all elements of wages of Non-executives, that were kept in the Accounts upto 31.03.2003 has been revised to cover @15% of Basic Wages from that date. Provision for Employer's Contribution towards P.F. etc. has also been made in the Accounts. Further, similar provisions has also been made in the year's Accounts for the 9 months period ending 31.12.2003 i.e. before the commencement of the Interim Relief.

Furthermore, provision has been made for payment of Arrear House Rent Allowance to concerned executives/non-executives arising out of Revised Basic Pay for 23 months covering the period 01.07.1999 to 31.05.2001.

11. Interest :

Interest on the loans 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 Corporatisation 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.

12. Foreign Exchange Loan :

The loan drawn from IBRD and JBIC Banks on account of Coal Sector Rehabilitation Project to be implemented in various subsidiaries has been shown under the head Unsecured Loan (Ref. Schedule-D)

In terms of the agreement with IBRD and JBIC Banks 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 "Loans to Subsidiaries" and all other financial charges viz -Interest, Commitment Charges etc. and interest earned are transferred through "Current Account with Subsidiaries".

13. Others

- 13.1 In the opinion of the management current assets, Loans and Advances, Sundry Debtors etc. have realisable value in the course of business atleast equal to the net amount at which they are stated.
- 13.2 Cash & Bank Balance (Sch.-I) includes fund held on behalf of Orissa Cyclone Relief Fund created by contribution from employees of Coal India Ltd., its Subsidiaries and others.
- 13.3 Balance with Post Office Savings Bank Account in Schedule-I (Cash & Bank Balances) includes Rs. 0.27 lakhs short credited by Post offices in 1991-92 on Postal Orders deposited with them for which full provision has been made in the accounts.
- 13.4 Interest has been paid on Surplus Fund parked by Northern Coalfields Ltd., Mahanadi Coalfields Ltd. and Western Coalfields Ltd. (all subsidiaries of Coal India Ltd.). Such interest

to NCL and MCL has been paid after considering the interest free fund accessed from these two Subsidiaries out of their surplus funds parked upto the year end.

- 13.5 In absence of balance confirmation from the parties, Sundry Debtors, Creditors, Loans & Advances and Deposits have been taken in the Accounts as per their book value.
- 13.6 As per extant practice, goods purchased by CIL on behalf of Subsidiaries are accounted for in the books of the Subsidiary Companies.
- 13.7 (a) Interest on advance to employees e.g. House Building, Purchase of Conveyance etc., are accounted for on realisation after recovery of principal.
- (b) Insurance and escalation claims are accounted for on the basis of admission/final settlement.
- (c) Additional Liability for royalty, cess etc. - if any, are accounted for in the year in which final assessment orders are received.
- 13.8 An amount of Rs. 2300.00 lacs has been provided in the Accounts towards provision for Income Tax for the current year calculated on the basis of Minimum Alternate Tax provision. The amount is considered adequate to cover any liability towards Wealth Tax, Interest on tax payment etc.

The Company is having a deferred tax asset on the basis of calculation as per Accounting for taxes on income (AS-22). Since as per extant provisions of tax laws the dividend received from subsidiaries which accounts for the income of Coal India Ltd. is tax free w.e.f. Financial year 2003-04 and since without considering such dividend CIL is expected to have loss in future, as a prudent practice no deferred tax asset is recognised in the Accounts in keeping with the provisions of Accounting for taxes on income (AS-22)

- 13.9 Shifting and rehabilitation fund shown in the Balance Sheet represents the fund set-up for "Implementation of action plan for Shifting & Rehabilitation dealing with Fire & Stabilisation on Unstable Areas of ECL & BCCL".

13.10 Effect of change in Accounting Policy :

- (A) The policy of charging off of terminal benefits over and above related grants received under Voluntary Retirement Scheme has been changed from hitherto over 5 years to charging off such expenditure in the year in which it is incurred.

The above has resulted in a decrease in profit by Rs. 491.51 lacs.

- (B) Further, the policy of providing 10% on the value of closing stock of coal to take care of deterioration of stock due to fire and longer period of stocking etc. has been modified to exclude the making of such provision on closing stock taken on the basis of valuation at cost. This has resulted in increase in profit by Rs. 267.42 lacs. (refer Policy No. 6.1.1)

- 13.11 Other Advance includes amount on account of Pension Fund pending reconciliation.

13.12 The Cash Flow Statement (indirect method) for the year is given below :

	Current Year	(Rs. in lakhs) Previous year
A. Cash flow from operating activities		
Net profit before tax	135597.63	28008.55
<i>Adjustment for :</i>		
Depreciation	1350.04	755.19
Interest received (transfer to investing activities)	(37.50)	(100.97)
Interest paid/transfer from financing activities	2750.18	23055.43
Dividend income (transfer to investing activities)	(106619.80)	(48527.52)
Operating profit before working capital changes (A)	33040.55	3190.68
<i>Adjustment for :</i>		
(Increase)/decrease in Sundry Debtors	(23.03)	(16.08)
(Increase)/decrease in Inventories	708.34	(982.55)
(Increase)/decrease in Loans & Advance	9062.68	437.81
(Increase)/decrease in Misc. Expenditure	414.45	(75.40)
Increase/(decrease) in Current Liabilities (including Shift & Rehab. Fund)	55913.64	80661.72
Total (B)	66076.08	80025.50
Cash Generated from operations (A+B)	99116.63	83216.18
Tax provision	(2300.00)	(3450.00)
Net cash from operating activities (C)	96816.63	79766.18
B. Cash flow from Investing activities :		
(Purchase)/sale of Fixed Assets (incl. adjt)	(78.83)	517.97
(Increase)/decrease in Investment	90418.00	0.11
Interest received/transfer from operating activities	37.50	100.97
Dividend income/transfer from operating activities	106619.80	48527.52
Total (D)	196996.47	49146.57
Net cash used in Investing activities (C+D)	293813.10	128912.75
C. Cash flow from Financing Activities :		
Increase/(decrease) in World Bank Loan	(10654.20)	6560.20
Increase/(decrease) in Govt./other loan	(72743.05)	(104318.01)
Interest paid(transfer to operating activities)	(2750.18)	(23055.43)
Increase/(decrease) in Share Capital	(90418.00)	—
Dividend paid (including tax on dividend)	(20455.53)	(10200.28)
Net cash used in financial activities	(197020.96)	(131013.52)
Net increase/(decrease) in cash	96792.14	(2100.77)
Cash & cash equivalents as on 01.04.2003	13928.24	16029.01
Cash & cash equivalents as on 31.03.2004	110720.38	13928.24



2003-2004

- 13.13 Consequences resulting in additional cost/benefit against Foreign Exchange exposure with regard to repayment of Principal Amount of loan, interest, commitment charges etc. and the Amount lying under Reserve for Foreign Exchange transaction will be passed on to the participating Subsidiary at the end of the Loan period.
- 13.14 Action based on recommendation by the specific Committee set up for the purpose of write back/write off of age old unmoved balances (Sales & Marketing Unit) Amounting to Rs. 195.02 lakhs (Cr.)/Rs. 3.63 lakhs (Dr.) is pending for approval of the Competent Authority.
- 13.15. Previous years' figures have been regrouped and rearranged wherever necessary.
- 13.16 Figures in the parentheses relates to previous year.

Schedule A to L form part of the Balance sheet as at 31st march, 2004 and 1 to 16 form part of Profit & Loss Account for the year ended on that date and Schedule-M represents Accounting Policies and explanatory notes on the Accounts. Additional information required as per Schedule-VI (Part-II and III) of the Companies Act, 1956 are given in the Annexure to Schedule-M.

Signature to Schedule A to M and 1 to 16.

Sd/-
Dr. H. Sarkar
Company Secretary

Sd/-
P. K. Dutta
Chief General Manager (F)

Sd/-
D. K. Verma
Director (F)

Sd/-
Shashi Kumar
Chairman

Place : New Delhi
Date : 19th July, 2004

In terms of our attached report of even date

For **S. Ghosh & Co.**
Chartered Accountants

Sd/-
(S. Ghosh)
Partner
30th July, 2004

SCHEDULE TO BALANCE SHEET (Contd...)

ANNEXURE TO SCHEDULE - M

	<u>Current Year</u>	(Rs. in '00,000) <u>Previous Year</u>
I. Directors' Remuneration :		
(i) Salaries	29.77	27.94
(ii) Company's Contribution to Provident Fund & other Funds.	3.39	2.95
(iii) Medical Benefits	5.23	6.43

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 :

	<u>Current Year</u>	(Rs. in '00,000) <u>Previous Year</u>
(i) Raw Material	Nil	Nil
(ii) Capital Goods	Nil	Nil
(iii) Stores, Spares & components	Nil	20.51

III. Expenditure incurred in Foreign Currency on account of :

	<u>Current Year</u>	(Rs. in '00,000) <u>Previous Year</u>
(i) Know how	Nil	Nil
(ii) Interest & commitment charges	3612.03	5354.73
(iii) Exchange variation	Nil	Nil
(iv) Commission to Foreign Agents	4.68	Nil
(v) Training expenses and payments to Foreign Technicians	2.65	Nil
(vi) Travelling	7.21	9.67
(vii) Medical Treatment	Nil	Nil
(viii) Membership Fees	Nil	Nil
(ix) Advertisement	Nil	Nil

ANNEXURE TO SCHEDULE - M (Contd...)

IV. Earning in Foreign Exchange on account of :

	(Rs. in '00,000)	
	<u>Current Year</u>	<u>Previous Year</u>
(i) Export of Goods (calculated on FOB basis)	Nil	Nil
(ii) Exchange variation	448.63	76.57
(iii) Miscellaneous	Nil	Nil

V. Total Consumption of Stores during the year :

	(Rs. in '00,000)	
	<u>Current Year</u>	<u>Previous Year</u>
(i) Imported materials	Nil	Nil
(ii) Indigenous	744.50	745.21

Additional information required in paragraph 3 & 4 of Part-II of schedule VI to the Companies Act, 1956 for the year ended 31st March, 2003.

(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 MT)			
	<u>Current Year</u>		<u>Previous Year</u>	
	<u>Qty.</u>	<u>Value</u>	<u>Qty.</u>	<u>Value</u>
Opening Stock :				
Coal & Coke	478.47	3990.45	489.09	2990.18
Adjustment				
Production :				
Coal	733.13	—	633.00	—
Purchase :				
Coal	—	—	—	—
Sales : (Adjusted & excl. Levies & Service Ch.)				
Coal	869.68	12005.96	639.78	8343.58
Own Consumption :				
Free issue to employees and Internal Consumption	1.76	17.25	3.84	29.88
Closing Stock :				
Coal & Coke	340.16	3309.75	478.47	3990.45

ANNEXTURE TO SCHEDULE - M (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
---	---

2	0	0	4
---	---	---	---

Date Month Year

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

Public Issue

—	—	—	—	—	—	—	—	—	—
---	---	---	---	---	---	---	---	---	---

 Rights Issue

—	—	—	—	—	—	—	—	—	—
---	---	---	---	---	---	---	---	---	---

Bonus Issue

—	—	—	—	—	—	—	—	—	—
---	---	---	---	---	---	---	---	---	---

 Private Placement

—	—	—	—	—	—	—	—	—	—
---	---	---	---	---	---	---	---	---	---

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

Total Liabilities

	1	6	4	4	7	8	4	4	3
--	---	---	---	---	---	---	---	---	---

 Total Assets

	1	6	4	4	7	8	4	4	3
--	---	---	---	---	---	---	---	---	---

Sources of Funds :

Paid-up Capital

		6	3	1	6	3	6	4	4
--	--	---	---	---	---	---	---	---	---

 Reserve & Surplus

		3	2	5	3	5	6	2	2
--	--	---	---	---	---	---	---	---	---

Secured Loans

							8	0	2
--	--	--	--	--	--	--	---	---	---

 Unsecured Loans

		2	5	2	4	3	4	3	3
--	--	---	---	---	---	---	---	---	---

Shifting & Rehabilitation Fund

			1	2	7	2	4	8	6
--	--	--	---	---	---	---	---	---	---

Application of Funds :

Net Fixed Assets

			1	3	5	9	0	4	7
--	--	--	---	---	---	---	---	---	---

 Investments

		6	3	1	6	3	6	3	7
--	--	---	---	---	---	---	---	---	---

Net Current Assets

		5	7	6	9	3	3	0	3
--	--	---	---	---	---	---	---	---	---

 Misc. Expenditure

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

Accumulated losses

—	—	—	—	—	—	—	—	—	—
---	---	---	---	---	---	---	---	---	---

ANNEXTURE TO SCHEDULE - M (Contd..)

BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

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

Turnover

		1	2	4	5	0	5	1
--	--	---	---	---	---	---	---	---

Total Expenditure

		3	1	5	0	9	2	6
--	--	---	---	---	---	---	---	---

Other Income

	1	5	4	6	5	6	3	8
--	---	---	---	---	---	---	---	---

+/-

Profit/Loss before Tax

+			1	3	5	5	9	7	6	3
---	--	--	---	---	---	---	---	---	---	---

 $+/ -$

Profit/Loss After Tax

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

Earning per Equity Share
(Rs.)

—	—	—	—	1	9	6	.	7	0
---	---	---	---	---	---	---	---	---	---

Dividend
%

1	0
---	---

on 10% Non-Cumulative Redeemable Preference Shares (Pro-rata upto the date of Redemption)

1	.	6
---	---	---

Equity Shares

V. GENERIC NAME OF PRINCIPAL PRODUCT OF THE COMPANY

Item Code No. (ITC Code)

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

Product Description

B	I	T	U	M	I	N	O	U	S			C	O	A	L
---	---	---	---	---	---	---	---	---	---	--	--	---	---	---	---

Item Code No. (ITC Code)

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

Product Description

C	O	K	E	S		O	F		C	O	A	L
---	---	---	---	---	--	---	---	--	---	---	---	---

STATEMENT PURSUANT TO SECTION 212 (1) (e) OF THE COMPANIES ACT, 1956 AS AT 31ST MARCH, 2004

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 31.3.2004 Rs. in Crores	Profit (+), Loss (-) balance as on 31.3.2004 cumulative (after Tax Provisions for Divi- dends and Reserves) Rs. in Crores
Eastern Coalfields Limited	22,184,500	3	2218.45	(-)	326.38	(-) 4789.30
Bharat Coking Coal Limited	21,180,000	3	2118.00	(-)	569.85	(-) 5897.83
Central Coalfields Limited	9,400,000	3	940.00	(+)	370.38	(-) 382.25
Western Coalfields Limited	2,971,000	3	297.10	(+)	743.60	(+) 926.38
Northern Coalfields Limited	1,776,728	3	177.67	(+)	1647.05	(+) 2078.86
South Eastern Coalfields Limited	3,597,000	3	359.70	(+)	1314.22	(+) 1412.73
Mahanadi Coalfields Limited	1,864,009	3	186.40	(+)	1418.60	(+) 1553.53
Central Mine Planning & Design Institute	190,400	3	19.04	(+)	1.76	(+) 20.80
CIL				(+)	1355.98	(+) 1338.39
TOTAL				(+)	5955.36	(-) 3738.69

Less income from dividend received from subsidiaries included in the Profit of CIL =	=	(-) 1066.20
Profit	=	(+) 4889.16



2003-2004

**COMMENTS OF THE COMPTROLLER AND
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, 2004**

I have to state that Comptroller & Auditor General of India has no comment upon or supplement to Auditor's Report under Section 619 (4) of the Companies Act, 1956 on the Accounts of Coal India Limited for the year ended 31st March, 2004.

Dated : Kolkata
The 10th September 2004

Sd/-
(B. Mazumdar)
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
AND EX-OFFICIO MEMBER AUDIT BOARD-II
KOLKATA



Note : Review of Accounts has been prepared without taking into Account the qualifications contained in the Statutory Auditor's Report.

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

85

2003–2004

(o)	Working Capital = k – d(i) – c(vi)	591767.91	526970.62	558679.45
(p)	Capital employed (h+o)	607654.28	541639.99	572085.58
(q)	Net worth [a + b(i) – b(ii) – l – m]	816120.75	830535.61	854135.91
(r)	Net worth per rupee of paid up capital (in Rs.)	1.13	1.15	1.35

2A. WORKING RESULTS

The working results of the company for the last three years ending 31st March, 2004 :

		<u>2001–02</u>	<u>2002–03</u>	<u>2003–04</u>
				(Rs. in lakhs)
(i)	Sales	9276.19	10064.55	14528.41
(ii)	Less : Statutory levies	1124.29	1404.84	2077.90
(iii)	Net Sales	8151.90	8659.71	12450.51
(iv)	Other Adjustment & Misc. Income	105380.86	66864.01	153992.19
(v)	Profit/Loss before Tax & prior period adjustment	56209.35	28039.15	135574.90
(vi)	Prior Period Adjustment	–29.53	–30.60	22.73
(vii)	Profit/Loss before Tax	56179.82	28008.55	135597.63
(viii)	Tax provision	4500.00	3450.00	2300.00
(ix)	Profit after Tax	51679.82	24558.55	133297.63
(x)	Proposed dividend :			
(a)	Preference Share	9041.80	9041.80	8026.15
(b)	Equity Share	—	—	10106.18

2B. RATIO ANALYSIS

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

		<u>2001–02</u>	<u>2002–03</u>	<u>2003–04</u>
(A)	<i>Liquidity Ratio :</i>			
	Current Ratio (Current assets to liabilities and provisions and interest accrued and due but excluding provisions for Gratuity and Leave Encashment [k/d(i) + c (vi)]	2.84	2.37	2.27
(B)	<i>Debt Equity Ratio :</i>			
	Long term debt to equity [c (i to v but excluding short term loans) / a]	0.54	0.51	0.38
(C)	<i>Profitability Ratios</i>		(In Percentage)	
(a)	Profit before tax to :			
	(i) Capital employed	9.25	5.17	23.70
	(ii) Net Worth	6.88	3.37	15.88
	(iii) Sales	689.16	323.44	1089.09
(b)	Profit after tax to Equity	8.18	3.89	21.10
(c)	Earning per Equity Share (in Rs.)	81.82	38.88	211.04

3. SOURCES AND UTILISATION OF FUNDS

Fund amounting to Rs. 225997.04 lakhs from internal and external sources were generated and utilised during the year given below :

SOURCES OF FUNDS
(Rs. in Lakhs)

(a)	Funds applied for operation :		
	Depreciation	1350.04	
	Increase in Provision for Gratuity	219.06	
	Increase in provision for Leave Encashment	297.86	
			1866.96
(b)	Profit for the year		133297.63
(c)	Decrease in Investment		90418.00
(d)	Decrease in Misc. Expenditure		414.45
(e)	Decrease in Fixed Assets		—
(f)	Increase in deferred Tax Liability/Decrease in deferred Tax Assets		—
			225997.04

APPLICATION OF FUNDS

(a)	Decrease in Borrowings	83335.85
(b)	Increase in Working Capital	31708.83
(c)	Dividend proposed	18132.33
(d)	Tax on Dividend	2323.20
(e)	Decrease in Share Capital	90418.00
(f)	Increase in Fixed Assets	78.83
(g)	Increase in deferred Tax Assets/Decrease in deferred Tax Liability	—
		225997.04

4. INVENTORY LEVELS

The Inventory levels at the close of last three years ending 31st March, 2004 were as under :

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
(a)			
	2990.18	3990.45	3309.75
	Stock of Coal, Coke represents 4.40 months' sales in 2001-02, 5.53 months' sales in 2002-2003 and 3.19 months' sales in 2003-2004		

5. SUNDRY DEBTORS

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

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
(i)	8151.90	8659.71	12450.51
(ii)	1075.26	1092.82	1107.68
(iii)	1072.36	1073.34	1065.67
(iv)	13.19	12.62	8.90

Sd/-

(B. Mazumdar)

Principal Director of Commercial Audit &
Ex-officio Member, Audit Board-II
Kolkata

Dated, Kolkata
The 10th September, 2004



2003-2004

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, 2004 and the annexed Profit and Loss Account for the year ended on that date.

These financial statements are the responsibilities of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our Audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 (issued by the Government of India) and in terms of Sub-section 4A of Section 227 of the companies Act, 1956 and on the basis of such examination of the books and records of the Company as we considered appropriate and the information given to us during the course of our audit, we report that :

- (i) (a) The Company is maintaining records showing particulars including quantitative details and situation of fixed assets. However, in certain cases complete details like purchase Order reference, date of commissioning and location code etc., are missing. Grouping of different nature of items in one card or vice-versa

The Fixed Asset Registers are maintained giving all the relevant details of each item of assets. Regarding absence of certain details as indicated efforts are being made during the Current financial year to depict complete details.

AUDITORS' REPORT

have also been noticed. Identification nos. are generally not maintained.

- (b) Most of the items of fixed assets lying at various locations including assets given on lease remained unverified. As a result reconciliation of fixed assets with financial ledger based on records of physical verification wherever available could not be completed. Certain surveyed off assets remained in the Assets Register. No material discrepancies between book records and physical inventory wherever carried out have been reported.
- (c) In our opinion the Company has not disposed off substantial part of the fixed assets during the year and going concern status of the Company is not effected.
- (ii) (a) Physical verification of inventories have been carried out by the Management except at stockyard of Regional Sales Offices. In case of stores & spares only, a part of inventory has been verified during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventory followed by the Management is generally reasonable and adequate in relation to the size of Company and the nature of its business.
- (c) The Company has maintained records of inventories. No material discrepancies between inventory and book records were noticed.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured to/from 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

MANAGEMENT'S REPLY

Necessary actions are being taken for physical verification of Assets.

This being a Statement of fact calls for no comment separately.

Coal stock at Stockyard is very old and fully provided for in the Accounts. However, efforts will be taken for its verification. Steps will be taken for verification of stores and Spares completely during the Current year.

No Comments.

No Comments.

This being a Statement of fact calls for no comment separately.

AUDITORS' REPORT

MANAGEMENT'S REPLY

loans and Current Accounts. The provision of section 370 of the Companies Act, 1956 is not applicable to the Company. Clauses (iii) (b), (iii) (c) and (iii) (d) of the paragraph 4 of the order are not applicable.

- (iv) 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 inventory, fixed assets and also for the sale of goods. The same needs to be strengthened.
- (v) There was no transaction exceeding Rs. 5 lacs that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956. Hence clause v (b) of the order is not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58A of the Companies Act, 1956 and their applicable rules framed thereunder with regard to the deposits accepted from the public in earlier years. Provision of section 58AA of the Companies Act, 1956 is pending compliance for. As per the information and explanations given to us no order under the aforesaid section has been passed by the Company Law Board on the Company.
- (vii) The company has an internal audit system the coverage whereof needs to be widened.
- (viii) The maintenance of cost records has not been prescribed by the Central Government u/s 209(1)(d) of the Companies act, 1956 as informed.
- (ix) (a) According to the information and explanations given to us and according to the books and records as produced and as examined by us, in our opinion the undisputed statutory dues in respect of Provident Fund, Investor education

This is being reviewed and steps wherever required will be taken to improve the system of internal control.

This being a Statement of fact calls for no comment separately.

This being a Statement of fact calls for no comment separately.

Noted and necessary steps are being taken to improve the coverage of Audit.

This being a Statement of fact calls for no comment separately.

This being a Statement of fact calls for no comment separately.

AUDITORS' REPORT

and protection fund, Employees' state Insurance, Income Tax, Sales Tax, Wealth Tax, Customs duty, Excise duty, Cess and others as applicable have been regularly deposited by the Company during the year with appropriate authorities.

- (b) According to the information and explanations given to us there are no undisputed Statutory dues with regard to Sales Tax, Income Tax, Customs duty, Wealth Tax, Excise duty and Cess matters.
- (x) The Company has neither accumulated losses as at 31.03.2004 nor it has incurred any cash loss during the financial year ended on that date or in the immediately proceeding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of its dues to any financial institution, bank or to debenture holders during the year wherever applicable.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute as specified under clause (xiii) of paragraph 4 of the order are not applicable to the company.
- (xiv) According to the information and explanations given to us the Company is not dealer or trader in securities.
- (xv) The Company has given guarantee for loans taken by its subsidiaries from Banks or financial institutions, the terms and conditions, whereof, in our opinion, are prima facie not prejudicial to the interest of the company.

MANAGEMENT'S REPLY

This being a Statement of fact calls for no comment separately.

This being a Statement of fact calls for no comment separately.

This being a Statement of fact calls for no comment separately.

This being a Statement of fact calls for no comment separately.

This being a Statement of fact calls for no comment separately.

This being a Statement of fact calls for no comment separately.

This being a Statement of fact calls for no comment separately.

AUDITORS' REPORT

MANAGEMENT'S REPLY

- | | |
|---|---|
| (xvi) Term Loans taken by the Company has been applied for the purpose for which these were obtained. | This being a Statement of fact calls for no comment separately. |
| (xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion no funds were raised on a short term basis which have been used for long term investment, and vice-versa. | This being a Statement of fact calls for no comment separately. |
| (xviii) The company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year. Accordingly clause 4 (xviii) of the order is not applicable. | This being a Statement of fact calls for no comment separately. |
| (xix) The company has not issued any debenture. Hence, the clause 4(xix) of the order is not applicable. | This being a Statement of fact calls for no comment separately. |
| (xx) The Company has not raised any money by public issue during the year. Hence the clause as specified in the order 4(xx) is not applicable. | This being a Statement of fact calls for no comment separately. |
| (xxi) To the best of our knowledge and belief and according to the information and explanations given to us no fraud on or by the Company was noticed or reported during the year.
We further report that : | This being a Statement of fact calls for no comment separately. |
| 1. Three Subsidiaries VIZ : ECL, BCCL & CCL, wherein CIL has invested in Shares have been referred to BIFR. These investments are long term (permanent) in nature, in case of ECL and BCCL accumulated losses are higher than the face value of investment in Shares and in case of CCL Substantial face value of the investment in Shares has been eroded by the accumulated losses. Based on erosion being temporary in nature, as considered by the Company, no provisions have been made. The impact of such non provision on the profit for the year and net Assets position as at | No further comments. |

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the year end is not ascertainable. (Ref. Note 3.1, part-B, Schedule-M, AS-13).

2. Interest and Apex Charges receivable amounting to Rs. 8,189.37 lacs from BCCL (previous year Rs. 26,726.65) has been deferred due to critical financial position of above Company (Ref. Note No. 10.1, Part-B, Schedule-M). Consequently profit for the year is lower by Rs. 8,189.37 lacs.

No further comments.

3. The Company has paid interest of Rs. 13,773.91 lakhs (previous Yr. Rs. 9605.12 lakhs) to some of its Subsidiaries on Surplus Fund parked by them.

This being a Statement of fact calls for no comment separately.

4. Certain old Sundry Creditors, Advance from Customers and Sundry Debtors are pending for Payment/Adjustment/Realisation over years for want of completion of scrutiny thereof. (Ref. Note 13.14, Part-B, SCH-M).

Efforts are being made for complete reconciliation and adjustments thereof wherever required.

5. Had the observation made by us in paragraph 2 above been considered without considering our remarks under paragraph 1, 3 and 4 above as the effects could not be determined, there would have been a Profit of Rs. 1,43,764.27 lakhs as against the reported Profit of Rs. 1,35,574.90 lakhs.

No Comments.

- 6(a) Different basis of Accounting have been followed as against the Accrual basis. (Refer Item 13.7, Part-B, Schedule-M, AS-1).

No Comments.

- (b) Valuation of Stores & Spares :

Valuation of Charged off Stocks is made on estimated basis. Stock of stationery (other than lying at printing Press) sand, medicine (except at Central Hospitals) Bricks, Aircraft Spares and Scraps are not considered in inventory. (Ref. Item No. 6.3, Part-A, Schedule-M, AS-2).

As the requirement of Stock is kept at minimum level keeping the distance between Area stores and colliery store in view, charged off stores are valued at the rate at which this was issued by the Area Stores. For other items, since these are purchased for immediate requirement basis, keeping concept of materiality in view, were Accounted for in the revenue as and when purchased.



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7. Subject to our comments as referred herein above, we report that :
- i. We have obtained all the information 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. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of Account.
 - iv. 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.
 - v. In our opinion and to the best of our information and according to the explanations given to us and subject to our remark in paragraph-5 above with corresponding effect on Profit for the year to the extent indicated therein, the Profit & Loss Account together with Notes thereon and the Schedules annexed thereto give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
 - (a) In the case of Balance Sheet of the State of affairs of the Company as at 31st March., 2004 and
 - (b) In the case of Profit & Loss Account of the "Profit" for the year ended on that date.

For **S. GHOSH & CO.**
Chartered Accountants

Sd/-
(S. GHOSH)
Partner

Dated : Kolkata
The 30th July, 2004