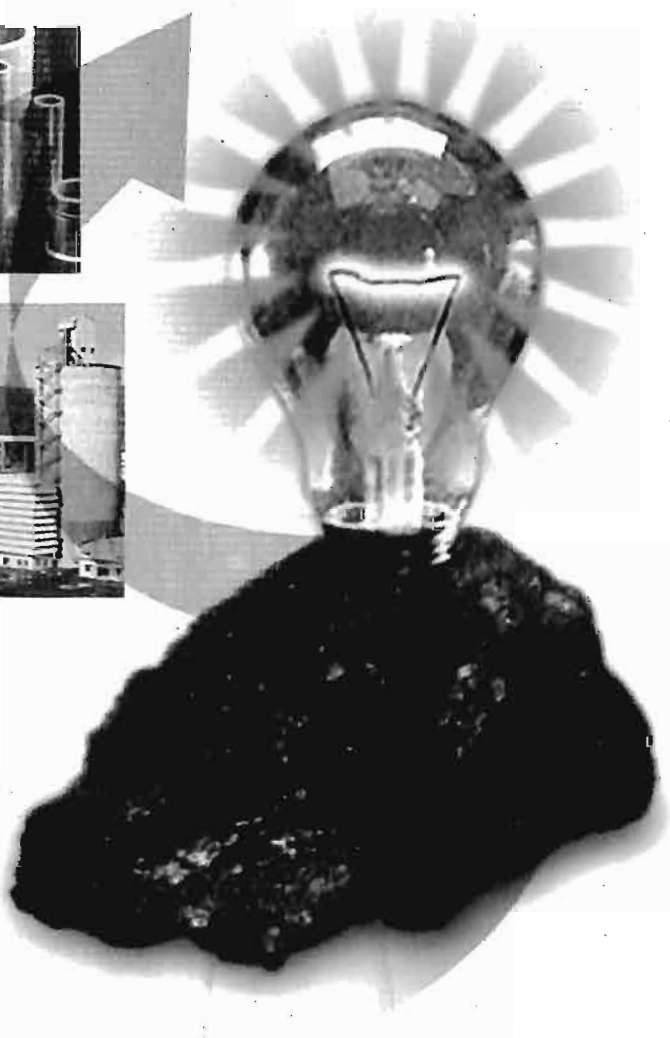
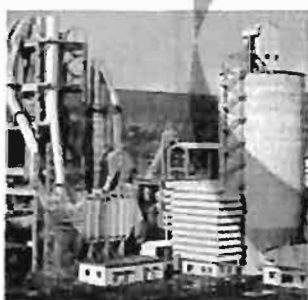


Annual Report & Accounts 2004-2005

AR2004



Coal India Limited

(A Government of India Undertaking)

www.coalindia.nic.in



कोलकाता मैदान में आयोजित अन्तर्राष्ट्रीय मइनिंग मशीनरी प्रदर्शनी 2004 में
कोल इण्डिया के पंडाल का बाहरी दृश्य
Front view of Coal India Pavilion at International Mining Machinery
Exhibition 2004 held at Kolkata Maidan



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Board of Directors



Shri Shashi Kumar



Shri Pradeep Kumar



Shri L. R. Thapar



Shri D. K. Verma



Md. Salim Uddin



Shri L. Jha



Shri R. P. Ritolia

Members of the Board

(As on 31st August, 2005)

CHAIRMAN

Shri Shashi Kumar

FUNCTIONAL DIRECTORS

Shri Shashi Kumar	: Marketing (Additional Charge)
Shri D. K. Verma	: Finance
Shri Md. Salim Uddin	: Personnel & Industrial Relations
Shri L. Jha	: Technical

DIRECTORS

Shri Pradeep Kumar	: Additional Secretary Ministry of Coal, New Delhi
Shri L. R. Thapar	: Additional Member (Traffic) Railway Board, New Delhi
Shri R. P. Ritolia	: Chairman-cum-Managing Director Central Coalfields Limited, Ranchi

COMPANY SECRETARY

Dr. H. Sarkar



2004-2005

Management During 2004-2005

CHAIRMAN

Shri Shashi Kumar : From 29.03.2005
[Addl. Charge from 2.12.2003 (AN) to 28.03.2005]

FUNCTIONAL DIRECTORS

Shri Shashi Kumar : Marketing (From 1.12.2001 to 28.3.2005)
(Additional charge from 29.3.2005)

Shri D. K. Verma : Finance (From 1.9.2002)

Shri Md. Salim Uddin : Personnel & Industrial Relations (From 22.12.2003)

Shri L. Jha : Technical [From 10.3.2005 (AN)]

Shri M. K. Sinha : Technical (From 23.1.2004 to 30.11.2004)

DIRECTORS

Shri Pradeep Kumar : Additional Secretary, Ministry of Coal, New Delhi
(From 12.1.2004)

Shri Rajiv Sharma : Joint Secretary, Ministry of Coal, New Delhi
(From 2.12.2003 to 28.9.2004)

Shri L. R. Thapar : Additional Member (Traffic), Railway Board, New Delhi
(From 19.11.2004)

Shri P. S. Bhattacharyya : Chairman-cum-Managing Director
Bharat Coking Coal Limited (From 19.7.2004 to 18.7.2005)

Shri M. K. Thapar : Chairman-cum-Managing Director
South Eastern Coalfields Ltd. (From 19.7.2003 to 18.7.2004)

Shri R. P. Ritolia : Chairman-cum-Managing Director
Central Coalfields Limited (From 2.3.2005)

Shri Abdul Kalam : Chairman-cum-Managing Director
Eastern Coalfields Limited (From 26.2.2004 to 31.1.2005)

COMPANY SECRETARY

Dr. H. Sarkar : From 30.9.97



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
I D B I

STATUTORY AUDITORS

M/s Singhi & Co.,
Chartered Accountants
1-B, Old Post Office Street
Kolkata 700 001



2004-2005

Notice

No. : CIL:XI(D) : 04043 : 928 :2005

Dated : 26th August, 2005

Notice of the 31st Annual General Meeting of Coal India Limited

Notice is hereby given to all Shareholders of Coal India Limited that the Thirty-first Annual General Meeting of the Company will be held on Wednesday, the 31st August, 2005 at 11.30 AM 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, 2005 and Profit and Loss Account for the year ended 31st March, 2005 together with the Reports of Statutory Auditors and Comptroller & Auditor General of India and Directors' Report.
2. To declare dividend on Equity Share Capital.
3. To appoint a Director in place of Shri Pradeep Kumar, Addl. Secretary, MOC 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 L. R. Thapar who retires in terms of Article 33 (d) (iii) of the Articles of Association of the company and is eligible for reappointment.
5. To appoint a Director in place of Shri R. P. Ritolia who retires in terms of Article 33 (d) (iii) of the Articles of Association of the company and is eligible for reappointment.

By order of the Board
Sd/-

(Dr. H. Sarkar)
Company Secretary

Kolkata,

Dated : the 26th August, 2005

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 31st Annual General Meeting of Coal India Limited. The report of the Directors and the audited accounts for the year ended 31st March, 2005 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. It is a matter of pride that with valuable support from all the stake holders, CIL has been able to maintain its record of growth and excellence in performance in another fiscal 2004-05. CIL as a whole achieved a raw coal production of 323.58 million tonnes in the year under review against 306.36 million tonnes in the last year slating a growth of 5.6%, the capacity utilisation being as high as 96.4%. The overall man productivity (output per manshift) in the year had, for the first time, crossed the milestone of 3 tonnes as against 2.82 tonnes in the previous year. On the raw coal off-take front, CIL could achieve the highest ever figure of 321.55 million tonnes during the year against an off-take of 304.44 million tonnes in the previous year with a growth over 5% and more than 102% of the target. An all-time high turnover (Gross Sales) of over Rs. 30,000 crores was achieved during the year registering a growth of about 17%. The pre-tax profit for the year was Rs. 4801.52 crores even after providing for impact of arrear wages arising out of National Coal Wage Agreement-VII. Your Directors have recommended a dividend payment of Rs. 274.55 crores @ Rs. 43.47 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. Consequent upon consolidation of financial position, CIL, the single largest coal producing company in the world, is now venturing into new initiatives in India and abroad.

3. Inputs for Coal Vision 2025 have been submitted, which aims at laying down the framework for guiding the policies relating to the coal sector for next 20 years. India now possesses about 8.6% of the total recoverable coal reserves of the world and contributes about 7.5% of the world's coal production. Considering an overall GDP growth of 8%, India would be requiring about 1267 Mt of coal (1147 Mt in case of overall GDP growth of 7%) by 2025 to drive its energy economy on coal as projected by the studies. It has been proposed to develop coal sector as a globally competitive industry through introduction of state-of-the-art high productive mining & beneficiation



technologies and capacity building in all facets of the industry.

4. CIL, with an impressive track record in meeting the coal requirement of energy need of the country by registering a growth in production in excess of 5% annually over the years, is aiming at playing a more purposeful role in establishing itself as the prime supplier of coal for power generation. In this respect, CIL has not restricted itself within the conventional gamut of coal mining, but is also exploring the possibilities of expanding its horizon in harnessing the potential of non-conventional energy sources viz. (i) Coal Bed Methane (CBM), (ii) Underground Coal Gasification (UCG), (iii) Coal Liquefaction and (iv) Overground Coal Gasification (OCG) CIL is also contemplating setting up of Power Plants in Joint-Venture. For this purpose, CIL is negotiating with both Neyveli Lignite Corporation Limited (NLC) and National Thermal Power Corporation Limited (NTPC) for power plant in Orissa.

The various initiatives, already taken for non-conventional energy sources are as follows:

(i) Coal Bed Methane (CBM)

The consortium of CIL and ONGC, an un-incorporated joint venture, had 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. 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



2004-2005

Environment Facility) had 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.

(ii) Underground Coal Gasification (UCG)

Underground coal gasification (UCG) is the in-situ gasification of coal in the seam. It is achieved by injecting oxidants, gasifying the coal and bringing the product (gas) to surface through boreholes drilled from the surface. The gas is used for power generation, industrial heating or as chemical feedstock. UCG was developed as a large-scale gas production process in the former Soviet Union and trial schemes have been evaluated in many other countries including United States, China, Australia and the UK. Coal India has given high priority to the issue of Underground Coal Gasification. CIL and ONGC is likely to take up jointly a pilot project for establishing UCG technology. A draft MOU after its approval by CIL Board is presently under consideration of the Ministry of Coal (MOC) for approval. However, initial work of data exchange needed for identification of trial site has already been taken up.

(iii) Coal Liquefaction

Oil India Limited (OIL) has approached CIL to become a partner in its venture of producing oil from coal in its Duliajan plant in Assam and requested for supply of about 3.5 Mt of coal per annum from NEC. CMPDIL has prepared a report on possibilities of producing 3.5 MTPA coal in NEC. CIL and OIL held a meeting on July 11, 2005 to discuss future possibilities when OIL had indicated that the tentative cost of production of oil obtained from this process was about US\$ 35 per barrel which appears to be quite attractive particularly keeping in view the burgeoning oil price in international market which has reached a level of US\$ 61 per barrel. It was decided to form a "Joint Task Force" of CIL and OIL which would study the CMPDIL report as also the possibility of formation of two joint ventures - one for coal production and the other for setting up a Coal Liquefaction plant and its upstream activities.

(iv) Overground Coal Gasification (OCG)

Director (Planning & Business Development), GAIL (India) Limited met Director (Technical), Coal India Limited on 20th July 2005 in connection with their interest to form a joint venture with CIL for joint evolution of work in various coal sector related potential opportunities including OCG. Accordingly, a draft memorandum of co-operation has been made.

5. The nature of actions needed to penetrate into the coal business opportunities in a foreign land are somewhat different from those in home land. CIL has, therefore, already decided to float a new subsidiary

viz Coal India Videsh Ltd. which is expected to come into being very shortly. Considering the fact that the demand for coal in India is always greater than supply from indigenous sources, more particularly for coking coal and low ash non-coking coal, primarily because of their limited availability, CIL is poised to venture into coal business potentialities abroad either through acquisition of equity in any existing coal company or through coal mining on green field area in order to ensure energy security of our country. On a quest for meeting the said objectives, CIL has, based on the extensive interactions with consultants of international repute, High Commissions/Embassies and Coal MNCs, shortlisted countries like Australia, Indonesia, South Africa, Mozambique and Zimbabwe as first preferred destinations and countries like Russia, Kazakhstan, Mongolia, China, Canada and Venezuela as second line of priority. CIL has so far participated in the bidding process of two opportunities - one for green field venture in Mozambique and other for acquisition of a part of equity in a company in Australia. But both the attempts ultimately could not materialise for some reasons or other. CIL is, however, geared up for taking an aggressive drive for fulfilling its objectives in this direction.

6. Apart from taking various measures for better consumer satisfaction, coal companies have also introduced the system of sale of coal through E-Auction in order to put in place more transparency in marketing of coal, more particularly to non-core consumers. This is, basically, based on the sole idea of going by market economy and eliminating the scope of black-marketing in coal distribution. During the year 2004-05, CIL and one of its subsidiaries viz. BCCL, as a trial-run, could sell more than 2 lakhs tonnes of coal through E-Auction and the coal companies have planned to achieve a sale of 10 million tonnes of coal through this mode during the year 2005-06. Besides this, CIL had, in order to mitigate the problem being faced by them in getting coal through official channel, introduced the system of releasing coal to small and tiny consumers (whose requirement of coal is small) through the channel of Union Ministry of Consumer Affairs, Food & Public Distributions and the state undertakings nominated by various states for the purpose.

7. It is heartening to note that consequent upon network of CCL being positive, AAIFR, the Appellate Authority under the Sick Industrial Companies (Special provisions) Act, 1985 (SICA), in its hearing held on 31st January, 2005 had granted the prayer of CCL to withdraw its case from them. Accordingly, CCL is no longer under the purview of SICA. The other two subsidiary companies viz. ECL and BCCL are still sick as per the provisions of SICA. Rehabilitation Scheme (March, 2004) of ECL as approved by the Board for Industrial and Financial Reconstruction (BIFR) on 2nd November, 2004 and recommended by the office of the Controller General of Accounts for revival of the

company is under implementation. As directed by BIFR, BCCL had submitted its Revival Plan on 12th April, 2004 and valuation Report of its assets carried out by a Govt. approved valuer, on 31st May, 2004 to it. No hearing of BIFR has yet taken place. Meanwhile, the National Coal Wage Agreement – VII (NCW A-VII) was signed between the representatives of the Unions and the Management on 15.7.2005 which has a huge financial impact on these two Companies. In view of the above, the revival packages of ECL and BCCL submitted to BIFR had to be revised and the new revival plans incorporating, inter-alia, the payment liability in respect of NCW A - VII have since been submitted to BRPSE. In its meeting held on 29th August, 2005, our views were presented. The matter is still under consideration.

8. Despite the topmost priority being assigned to the safety in mines, I regret to inform the members about the disaster that took place in Central Saunda Colliery of CCL in which 14 precious lives were lost. The reasons of accident are being investigated, and I assure the members that appropriate action in this matter will be taken to prevent recurrence of such incidents. Immediately after the accident, we have got the safety status of all our mines re-assessed, and I have been informed that no such unsafe condition exists in any of our mines. This apart during the year,

a good number of safety measures were taken with a view to enhancing safety in mining operations. Our endeavour for further improvement in this arena shall continue in the days to come. As in the previous years, special attention was given towards human resource development, welfare of employees, better environment etc. While working towards new capacity additions, concern for environment protection remains our main priority. All this has led to better industrial relations.

9. I am confident that CIL will scale new heights in all facets of performance in future also 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.

10. Lastly, I take the opportunity of expressing my sincere thanks to the Ministry of Coal, other Central Govt. Ministries, 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, 31st August, 2005

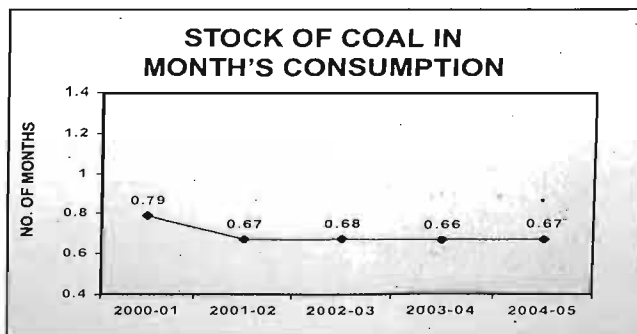
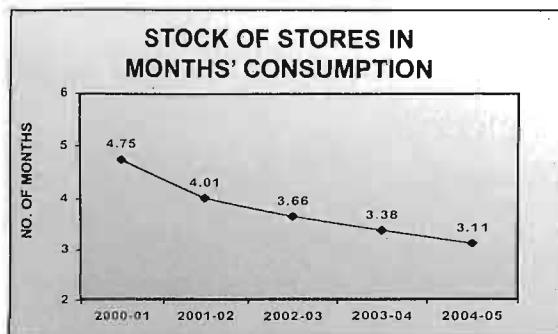
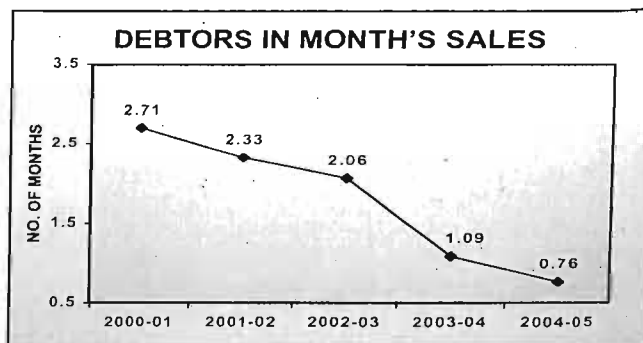
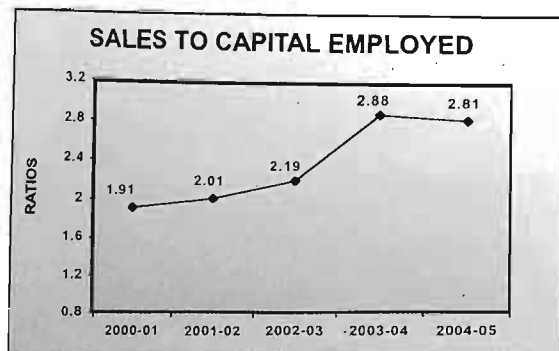
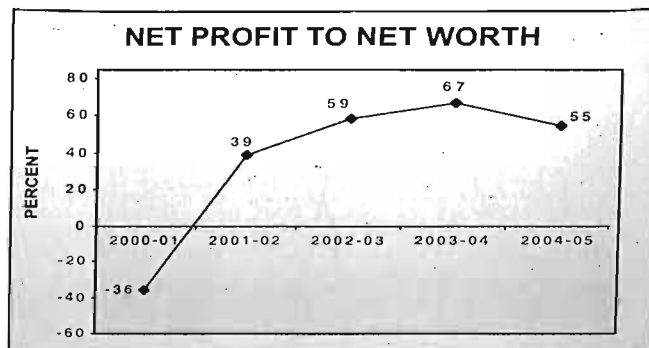
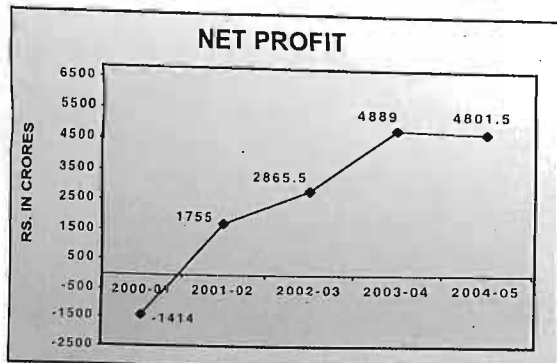
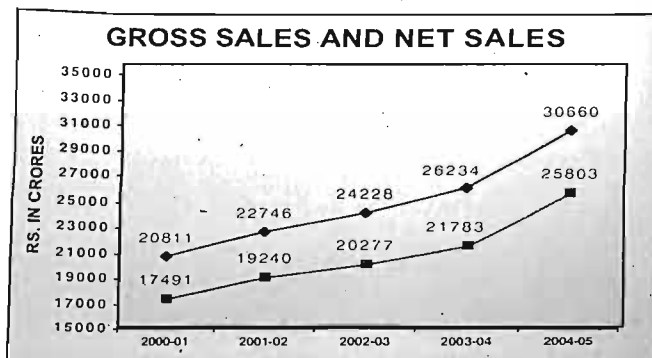
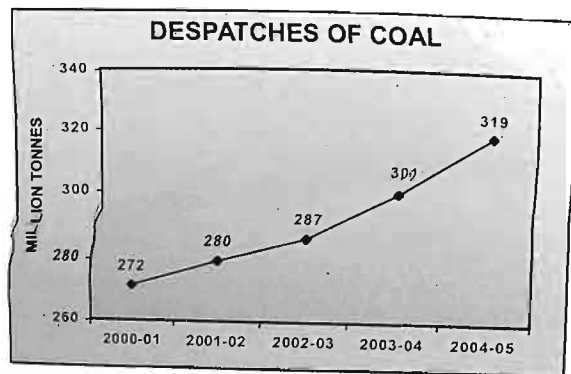


Dr. Dasari Narayana Rao, Hon'ble Minister of State for Coal, during the inauguration of Coal India Pavilion at International Mining Machinery Exhibition 2004



2004-2005

Performance of Coal India Limited At a Glance



OPERATIONAL STATISTICS

(Consolidated for Coal India Limited & its Subsidiary Companies)

Year Ending 31st March	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
1. (a) Production of Raw Coal : (Million Tonnes)										
Underground	47.04	47.44	48.42	49.22	50.56	52.32	53.32	53.97	55.20	54.81
Opencast	276.54	258.92	242.27	230.43	217.58	208.26	203.16	206.58	195.42	182.46
TOTAL	323.58	306.36	290.69	279.65	268.14	260.58	256.48	260.55	250.62	237.27
(b) Overburden Removal : (Million Cu.M.)	516.11	497.00	501.20	490.13	487.39	462.40	452.10	428.14	395.30	361.57
2. Off take (Raw Coal) (Million Tonnes)										
Power	248.86	234.23	219.93	217.18	207.43	195.08	182.10	189.66	177.14	164.04
Steel/Hard Coke	11.70	12.18	12.28	12.37	13.87	15.45	18.35	19.21	19.35	20.51
Railway	—	—	—	—	—	—	0.03	0.05	0.13	0.27
Domestic/Boiler Use	1.05	1.20	1.36	1.65	1.95	2.20	2.58	2.69	2.86	3.01
Others	59.94	56.83	55.65	51.23	50.56	50.91	49.15	48.90	51.45	51.53
TOTAL	321.55	304.44	289.22	282.43	273.81	263.64	252.21	260.51	250.93	239.36
3. Average Manpower	468450	484703	510671	530986	552061	574477	599293	619576	631999	638814
4. Productivity										
(A) Average per Man per Year (Tonnes)	652.70	632.06	569.23	526.65	485.71	453.60	427.97	420.53	396.53	371.42
(B) Output per manshift (OMS) :										
(i) Underground (Tonnes)	0.69	0.68	0.69	0.64	0.63	0.61	0.59	0.57	0.57	0.56
(ii) Opencast (Tonnes)	7.18	6.67	6.30	6.08	5.90	5.44	5.52	5.07	5.12	4.75
(iii) Overall (Tonnes)	3.05	2.82	2.67	2.45	2.29	2.10	2.03	1.93	1.86	1.75



Mining and dispatch operation over a thick coal seam of an open cast project



2004-2005

FINANCIAL POSITION

(Based on Consolidated Accounts of Coal India Limited & its Subsidiaries)

(Rs. Crores)

Year Ending 31st March	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
(A) What is owned										
Gross Fixed Assets	28222.82	27758.42	26827.45	26069.55	25305.86	24546.79	21667.79	20082.20	18445.26	17119.09
Less Depreciation & Impairment	18045.45	16645.05	15379.63	13883.68	12664.34	11457.95	10167.28	9157.31	8212.82	7381.46
(1) Net Fixed Assets	10177.37	11113.37	11447.82	12185.87	12641.52	13088.84	11500.51	10924.89	10232.44	9737.63
(2) Capital Work-in-Progress	1292.99	1152.67	1258.44	1112.96	1104.99	1194.11	1722.60	1893.85	2114.24	2281.38
(3) Deferred Tax Assets	580.05	102.61	161.54							
(4) Misc expenditure & other payable	-1210.68	-268.84	-225.85	160.88	216.44	70.84	81.02	126.23	516.42	213.79
(5) Investment (internal)	2244.60	2244.60	80.08	80.08	80.10	80.10	0.10	12.72	2.94	0.08
(6) Current Assets:										
(i) (a) Inventory of Coal, Coke etc.	1439.96	1205.54	1149.51	1067.99	1145.46	1242.19	1491.86	1299.44	1142.61	1363.89
(b) Inventory of Stores & Spares etc	916.50	903.15	946.90	984.50	1101.09	1121.20	1034.89	1017.35	1022.67	911.17
(c) Other Inventories	129.78	105.59	102.15	98.31	104.37	104.62	91.91	60.26	50.04	57.24
(ii) Sundry Debtors (Incl. CMPDIL)	2072.13	2484.34	4245.60	4503.80	4797.61	4155.22	3997.49	3357.44	2597.72	2167.95
(iii) Cash & Bank Balances	7986.95	2966.52	1590.82	1131.84	767.27	787.08	786.93	499.28	401.87	255.18
(iv) Loans & Advances	5332.07	4166.66	3177.53	2838.48	3163.53	2788.46	3389.48	2150.87	1428.07	823.74
(v) O.B.R. Adjustments	-2353.94	-1514.17	-1003.43	-658.98	-449.05	-468.46	-409.31	-468.93	-222.61	-158.31
Total Current Assets (6)	15523.45	10317.63	10209.08	9965.94	10630.28	9730.31	10383.25	7915.71	6420.37	5420.86
(7) Less Current Liab & Prov. (Excl. int Accr but not Due)	16462.91	13765.61	12363.99	12408.58	14021.56	10032.33	10185.89	8660.34	7140.41	5946.96
Net Current Assets (6 - 7)	-939.46	-3447.98	-2154.91	-2442.64	-3391.28	-302.02	197.36	-744.63	-720.04	-526.10
TOTAL (A)	12144.87	10896.43	10567.12	11097.15	10651.77	14131.87	13501.59	12213.06	12146.00	11706.78
(B) What is owed :										
(1) 10% Redeemable Pref. Shares	0.00		904.18	904.18	904.18	904.18	904.18	904.18	904.18	
(2) Govt. Loan	210.59	125.22	143.36	812.72	898.56	1446.20	1920.58	2230.82	2534.72	3737.83
(3) Interest Accrued & Due	71.62	98.51	98.51	262.63	163.59	80.57	26.93	38.01	53.27	59.82
(4) Intercompany Loan	85.71	178.57	286.43	467.04	722.74	840.48	964.48	240.21	155.49	102.82
(5) Term Loan (F. Intt. & Banks)	0.00	0.00	28.36	324.29	262.54	481.12	367.38	135.22	73.46	99.27
(6) Bonds	25.00	36.08	47.47	64.39	563.46	584.33	884.03	1084.03	1484.03	1100.00
(7) Deferred Tax Liability	607.53	439.56	470.47							
(8) Others	2193.14	2444.15	2705.81	2760.15	2809.41	2710.46	1290.97	957.43	932.19	1057.62
SUB TOTAL (1 TO 8)	3193.59	3322.09	4684.59	5595.40	6324.48	7047.34	6358.55	5589.90	6137.34	6157.36
(9) Bank Borrowings (incl. O.D. & Others)	202.32	303.17	1033.88	1009.58	388.72	944.87	716.45	704.71	593.58	561.89
TOTAL (B)	3395.91	3625.26	5718.47	6604.98	6713.20	7992.21	7075.00	6294.61	6730.92	6719.25
Net Worth (A - B)	8748.96	7270.25	4848.65	4492.17	3938.57	6139.66	6426.59	5918.45	5415.08	4987.53
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	5397.26	4693.50	4132.50	3687.96	3000.76	2484.64	1721.09	985.10	390.49	316.65
(3) Profit/Loss(+)/(-)	-2964.66	-3738.69	-5600.21	-5512.15	-5378.55	-2661.34	-1522.14	-1114.62	-1040.31	-1312.29
(4) Misc Expenditure (Deferred Liab)	0.00	0.92				-88.72	-268.39	-251.46	-333.19	
Net Worth (1 to 4)	8748.96	7270.25	4848.65	4492.17	3938.57	6139.66	6426.59	5918.45	5415.08	4987.53
Capital Employed	9166.29	7566.88	9274.48	9560.68	9166.75	12786.35	11671.04	10154.97	9462.07	9151.79

INCOME AND EXPENDITURE STATEMENT

(Based on Consolidated Accounts of Coal India Limited & its Subsidiaries)

(Rs. Crores)

Year Ending 31st March	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
(A) Earned From :										
Gross Sales	30660.30	26234.17	24228.07	22745.75	20811.00	19589.19	18646.19	18795.13	16597.78	13378.60
Less Coal from development Mines	8.85	54.88	51.88	66.27	67.57	* 62.64	73.43	88.22	114.72	77.45
Less Levies (Royalties, cesses etc.)	4848.56	4395.89	3898.83	3439.38	3252.74	3136.79	3174.09	3385.80	3192.02	2826.93
(1) Net Sales	25802.89	21783.40	20277.36	19240.10	17490.69	16389.76	15398.67	15321.11	13291.04	10474.22
(2) Accretion/Decretion in Stocks	253.00	50.56	82.66	-77.77	-102.21	-240.23	179.47	166.07	-230.70	-30.18
(3) Boiler & Domestic Consumption	167.83	132.65	148.89	172.15	186.32	194.37	214.91	222.03	214.45	190.65
(4) Other Revenue Receipts :										
CMPDIL	151.15	142.30	123.39	131.35	155.98	92.67	99.27	97.38	92.83	93.15
Others (Aft. Adj. Trans. & Recov. & Contras)	862.31	1842.39	493.15	376.90	320.84	344.31	272.49	205.00	234.74	382.08
Coal Price Regulation Accounts										-0.25
TOTAL (A)	27237.18	23951.60	21125.45	19842.73	18051.62	16780.88	16164.81	16011.59	13602.36	11109.67
(B) Paid to / Provided for										
Employees Remu. & Benefits (Gross-Rev.)	11256.20	9185.53	8187.57	8108.35	10204.32	6927.95	6128.37	5989.98	5396.36	5012.36
Less : Trans. to Oth. Rev. Heads	471.44	500.11	481.81	328.37	430.54	386.20	351.18	341.80	331.48	345.46
(1) Net S. & Wages (Excl. V.R.S. Payment)	10784.76	8685.42	7705.76	7779.98	9773.78	6541.75	5777.19	5648.18	5064.88	4666.90
(2) V.R.S. Payment (Net of Grant Recvd.)	150.42	176.20	76.90	165.61	98.41	116.65	96.18	16.39	24.40	31.82
(3) Social Overheads (Incl. LLTC & Dom. Coal)	1519.24	1509.50	1402.74	1231.99	1242.42	1126.94	1104.57	1071.11	979.80	890.19
Less : Social overheads Dep. & Intt.	62.79	62.10	68.38	62.15	58.11	57.15	60.13	53.08	48.22	40.89
Social Overheads (Excl. Dep. & Intt.)	1456.45	1447.40	1334.36	1169.84	1184.31	1069.79	1044.44	1018.03	931.58	849.30
(4) Stores & Spares (Gross - Rev.)	3534.20	3245.80	3104.79	2945.02	2782.89	2587.62	2413.39	2355.37	2075.66	1786.50
Less : Trans. to Oth. Rev. Heads	42.99	42.18	43.30	40.84	40.68	42.02	38.39	36.43	31.26	30.13
Stores & Spares (Net)	3491.21	3203.62	3061.49	2904.18	2742.21	2545.60	2375.00	2318.94	2044.40	1756.37
(5) (i) Power & Fuel (Excl. Coal Consumed)	1514.43	1480.12	1435.32	1378.30	1346.63	1317.70	1218.85	1191.56	1098.46	814.58
(ii) Boiler & Colliery Consumption	87.28	49.26	52.69	55.66	57.28	56.02	56.37	53.58	53.24	48.33
(6) Contractors (Trans. & Repairs)	1265.58	1022.99	888.87	809.56	892.92	812.74	745.34	699.47	631.47	651.16
(7) Misc. Expenses	996.18	823.24	649.62	655.95	653.60	814.51	595.28	633.02	476.66	437.37
(8) Provision for D/Debts. Obsol. etc.	283.71	86.93	640.41	843.31	537.10	578.77	812.01	471.92	174.91	146.57
(9) Interest (Incl. S/O & P. P.)	219.50	249.70	400.57	588.77	681.77	695.68	659.66	742.79	686.02	-129.26
(10) Depreciation (Incl. S/O, P. P. & Impairment)	1419.02	1471.04	1672.46	1519.09	1503.52	1518.54	1290.78	1240.30	1150.22	1089.82
(11) OBR Adjustment	840.46	508.82	344.45	207.44	-19.31	56.94	26.99	159.73	67.44	109.72
(12) P. P. Adj. (Excl. Intt. Depri. & CPRA)	-73.34	-142.30	-2.95	10.48	13.87	-37.68	14.93	13.69	61.26	25.55
TOTAL (B)	22435.66	19062.44	18259.95	18088.17	19466.09	16087.01	14713.02	14207.60	12464.94	10498.23
Profit/Loss for the Year (A - B)	4801.52	4889.16	2865.50	1754.56	-1414.47	693.87	1451.79	1803.99	1137.42	611.44
Investment Allowance Reserves	0.00	16.35	31.22	21.62	—	42.24	—	21.45	35.25	29.00
Tax on Profit	-2377.05	-1859.22	-1412.20	-1235.54	-660.29	-846.78	-942.85	-991.69	-883.29	-34.55
Proposed Dividend	-274.55	-181.32	-90.42	-90.42	-90.42	-115.67	-115.68	-109.37	-96.74	-249.95
Tax on Dividend	-248.26	-202.15	-124.49	—	-61.82	-104.41	-82.12	-181.85	-63.60	—
Trans. to General Reserve	-556.84	-491.79	-257.42	-256.85	-132.30	-197.75	-200.73	-234.99	-107.01	-20.86
Pref. Shares & Bond Redmpt. Fund	-258.64	-370.98	-607.39	-326.97	-357.91	-610.70	-517.92	-380.00	—	—
Other Adjus. (deferred tax, excess prov. of tax)	146.65	61.47	-492.86	—	—	—	—	-1.85	249.95	—
Adjustment of Impairment Loss	-458.81	—	—	—	—	—	—	—	—	—
Cumulative Profit/Loss from Last Year	-3738.69	-5600.21	-5512.15	-5378.55	-2661.34	-1522.14	-1114.62	-1040.31	-1312.29	-1647.37
Cumulative Profit/Loss to Balance Sheet	-2964.67	-3738.69	-5600.21	-5512.15	-5378.55	-2661.34	-1522.14	-1114.62	-1040.31	-1312.29
Cumul. P & L (Before Transfer to Reserves)	2432.59	954.81	-1467.71	-1824.19	-2377.79	-176.70	144.43	-168.56	-687.80	-1031.54



2004-2005

IMPORTANT FINANCIAL INFORMATION & RELATIVE RATIOS

(A) FINANCIAL INFORMATION

(Consolidation of Audited Accounts of Coal India Ltd. & its Subsidiaries)

(Rs. Crores)

Year Ending 31st March	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
(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	5397.26	4693.50	4132.50	3687.96	3000.76	2484.64	1721.09	985.10	390.49	316.65
(c) Accumulated Loss	-2964.66	-3738.69	-5600.21	-5512.15	-5378.55	-2661.34	-1522.14	-1114.62	-1040.31	-1312.29
(d) Misc. Expend. (D/Liab.)	0.00	0.92				88.72	268.39	251.46	333.19	
Net Worth	8748.96	7270.25	4848.65	4492.17	3938.57	6139.66	6426.59	5918.45	5415.08	4987.53
(2) Loan	2586.06	2882.53	4214.12	5595.40	6324.48	7047.34	6358.55	5589.90	6137.34	6157.36
(3) Capital Employed	9166.29	7566.88	9274.48	9560.68	9166.75	12786.35	11671.04	10154.97	9462.07	9151.79
(4) (i) Net Fixed Assets	10177.37	11113.37	11447.82	12185.87	12641.52	13088.84	11500.51	10924.89	10232.44	9737.63
(ii) Current Assets	15523.45	10317.63	10209.08	9965.94	10630.28	9730.31	10383.25	7915.71	6420.37	5420.86
(iii) Net Current Assets (W/C)	-939.46	-3447.98	-2154.91	-2442.64	-3391.28	-302.02	197.36	-744.63	-720.04	-526.10
(5) Current Liabilities (Excl'd. Intt. Accrued & Due)	16462.91	13765.61	12363.99	12408.58	14021.56	10032.33	10185.89	8660.34	7140.41	5946.96
(6) (a) Sundry Debtors (Net) (Excl'd. CMPDIL)	1954.57	2375.68	4165.09	4417.57	4701.37	4129.32	3975.98	3337.32	2545.85	2113.89
(b) Cash & Bank	7986.95	2966.52	1590.82	1131.84	767.27	787.08	786.93	499.28	401.87	255.18
(7) Closing Stock of :										
(a) Stores & Spares (Net)	916.50	903.15	946.90	984.50	1101.09	1121.20	1034.89	1017.35	1022.67	911.17
(b) Coal, Cokes etc. (Net)	1439.96	1205.54	1149.51	1067.99	1145.46	1242.19	1491.86	1299.44	1142.61	1363.89
(8) Average Stock of Stores & Spares (Net)	909.83	925.03	965.70	1042.80	1111.15	1078.05	1026.12	1020.01	966.92	900.54
(B) Related to Profit / Loss										
(1) (a) Gross Margin	6440.04	6609.90	4938.53	3862.42	770.82	2908.09	3402.23	3787.08	2973.66	1572.00
(b) Gross Profit	5021.02	5138.86	3266.07	2343.33	-732.70	1389.55	2111.45	2546.78	1823.44	482.18
(c) Net Profit (Before Tax & Inv't. Allow. etc)	4801.52	4889.16	2865.50	1754.56	-1414.47	693.87	1451.79	1803.99	1137.42	611.44
(d) Net Profit (After Tax)	2424.47	3029.94	1453.30	519.02	-2074.76	-152.90	508.94	812.30	254.13	576.89
(e) Net Profit (After Tax & Div. on Pref. & Equity)	2149.92	2848.62	1362.88	428.60	-2165.18	-243.32	418.52	721.88	163.71	576.89
(2) (a) Gross Sales	30660.30	26234.17	24228.07	22745.75	20811.00	19589.19	18646.19	18795.13	16597.78	13378.60
(b) Net Sales (After Levies & Dev. etc.)	25802.89	21783.40	20277.36	19240.10	17490.69	16389.76	15398.67	15321.11	13291.04	10474.22
(c) Sale Value of Production	26223.72	21966.91	20508.91	19334.48	17574.80	16343.90	15793.05	15709.21	13274.79	10634.69
(3) Cost of Goods Sold (Sales - Profit)	21001.37	16894.24	17411.86	17485.54	18905.16	15695.89	13946.88	13517.12	12153.62	9862.78
(4) (a) Total Expenditures (Excl'd. Recoveries)	22435.66	19062.44	18259.95	18088.17	19466.09	16087.01	14713.02	14207.60	12464.94	10498.23
(b) Salary & Wages (Gross Rev. only)	11256.20	9185.53	8187.57	8108.35	10204.32	6927.95	6128.37	5989.98	5396.36	5012.36
(c) Stores & Spares (Gross Rev. only)	3534.20	3202.93	3104.79	2945.02	2782.89	2587.62	2413.39	2355.37	2075.66	1786.50
(d) Power & Fuel	1514.43	1480.12	1435.32	1378.30	1346.63	1317.70	1218.85	1191.56	1098.46	814.58
(e) Int. & Depreciations (Gross Rev. only)	1638.52	1720.74	2073.03	2107.86	2185.29	2214.22	1950.44	1983.09	1836.24	960.56
(5) Average Consumption of Stores & Spares (Gross) per Month	294.52	266.91	258.73	245.42	231.91	215.64	201.12	196.28	172.97	148.88
(6) (a) Avg. Manpower Employed during the year	476577	493061	510671	530987	552061	574477	599293	619576	631999	638814
(b) Social Overheads (Incl. LTC/LLTC)	1519.24	1509.50	1402.74	1231.99	1242.42	1126.94	1104.57	1071.11	979.80	890.19
(c) S/Overheads expnd. per Employee (Rs.000)	31.88	30.61	27.47	23.20	22.51	19.62	18.43	17.29	15.50	13.94
(7) (a) Value Added	21281.95	17376.21	16082.80	15127.69	13584.66	12517.25	12242.10	12242.51	10171.52	8108.56
(b) Value Added per Employee (Rs.000)	446.56	352.42	314.93	284.90	246.07	217.89	204.28	197.59	160.94	126.93

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	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
(A) PROFITABILITY RATIOS										
(1) AS % NET SALES										
(a) Gross Margin	24.96	30.34	24.35	20.07	4.41	17.74	22.09	24.72	22.37	15.01
(b) Gross Profit	19.46	23.59	16.11	12.18	-4.19	8.48	13.71	16.62	13.72	4.60
(c) Net Profit	18.61	22.44	14.13	9.12	-8.09	4.23	9.43	11.77	8.56	5.84
(2) AS % TOTAL EXPENDITURES										
(a) Sal & Wages (Gross - Rev.)	50.17	48.19	44.84	44.83	52.42	43.07	41.65	42.16	43.29	47.74
(b) Stores & Spares (Gross - Rev.)	15.75	16.80	17.00	16.28	14.30	16.09	16.40	16.58	16.65	17.02
(c) Power & Fuel	6.75	7.76	7.86	7.62	6.92	8.19	8.28	8.39	8.81	7.76
(d) Interest & Depreciation (Gross - Rev.)	7.30	9.03	11.35	11.65	11.23	13.76	13.26	13.96	14.73	9.15
(3) AS % CAPITAL EMPLOYED										
(a) Gross Margin	70.26	87.35	53.25	40.40	8.41	22.74	29.15	37.29	31.43	17.18
(b) Gross Profit	54.78	67.91	35.22	24.51	-7.99	10.87	18.09	25.08	19.27	5.27
(c) Net Profit	52.38	64.61	30.90	18.35	-15.43	5.43	12.44	17.76	12.02	6.68
(4) OPERATING RATIO (SALES - PROFIT/SALES)	0.81	0.78	0.86	0.91	1.08	0.96	0.91	0.88	0.91	0.94
(B) LIQUIDITY RATIOS										
(1) Current Ratio (Current Asset/Current Liability)	0.94	0.75	0.83	0.80	0.76	0.97	1.02	0.91	0.90	0.91
(2) Quick Ratio (Quick Asset/Current Liability)	0.60	0.39	0.47	0.45	0.39	0.49	0.47	0.44	0.41	0.40
(C) TURNOVER RATIOS										
(1) Capital Turnover Ratio (Net Sales/Capital Employed)	2.81	2.88	2.19	2.01	1.91	1.28	1.32	1.51	1.40	1.14
(2) Sundry Debtors (net) as no. of months										
(a) Gross Sales	0.76	1.09	2.06	2.33	2.71	2.53	2.56	2.13	1.84	1.90
(b) Net Sales	0.91	1.31	2.46	2.76	3.23	3.02	3.10	2.61	2.30	2.42
(3) As Ratio of Net Sales										
(a) Sundry Debtors	0.08	0.11	0.21	0.23	0.27	0.25	0.26	0.22	0.19	0.20
(b) Coal Stocks	0.06	0.06	0.06	0.06	0.07	0.08	0.10	0.08	0.09	0.13
(4) Stock of Stores & Spares										
(a) Avg. Stock/Annual Consumption	0.26	0.29	0.31	0.35	0.40	0.42	0.43	0.43	0.47	0.50
(b) Closing Stock as in terms of No. of Month's Consumption	3.11	3.38	3.66	4.01	4.75	5.20	5.15	5.18	5.91	6.12
(5) Stock of Coal, Coke, W/coal etc.										
(a) As no. of Month's Value of production	0.66	0.66	0.67	0.66	0.78	0.91	1.13	0.99	1.03	1.54
(b) As no. of Month's of cost of goods sold	0.82	0.86	0.79	0.73	0.73	0.95	1.28	1.15	1.13	1.66
(c) As no. of Month's Net Sales	0.67	0.66	0.68	0.67	0.79	0.91	1.16	1.02	1.03	1.56
(D) STRUCTURAL RATIOS										
(1) Debt : Equity	0.41	0.46	0.67	0.89	1.00	1.12	1.01	0.88	0.97	0.97
(2) Debt : Net Worth	0.30	0.40	0.87	1.25	1.61	1.15	0.99	0.94	1.13	1.23
(3) Net Worth : Equity	1.39	1.15	0.77	0.71	0.62	0.97	1.02	0.94	0.86	0.79
(4) Net Fixed Assets : Net Worth	1.16	1.53	2.36	2.71	3.21	2.13	1.79	1.85	1.89	1.95
(E) SHARE HOLDER'S INTEREST										
(1) Book Value of Shares (Rs.) (Networth / No. of Equity)	1385.13	1151.02	767.63	711.20	623.55	972.02	1017.45	937.00	857.31	789.62
(2) Dividend per share (Rs.)	43.47	16.00				4.00	4.00	3.00	1.00	



2004-2005

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-second Annual Report of Coal India Limited and Audited Accounts for the year ended 31st March, 2005 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 2004-2005 compared to previous two years are shown in the table below :

	2004-05	2003-04	2002-03
Production (in million tonnes)	323.58	306.36	290.69
Off-take of Coal (in million tonnes)	321.55	304.44	289.22
Sales (Gross) (Rs./Crores)	30,660.30	26,234.17	24,228.07
Gross Profit (Rs./Crores)	5,021.02	5,138.86	3,266.07
Capital Employed (Rs./Crores)	9,166.29	7,566.88	9,274.48
Net Worth (Rs./Crores)	8,748.96	7,270.25	4,848.65
Profit before Tax (Rs./Crores)	4,801.52	4,889.16	2,865.50
Profit after Tax (Rs./Crores)	2,424.47	3,029.94	1,453.30
Gross Profit to Capital employed	54.78%	67.91%	35.22%
Profit before Tax to Net Worth	54.88%	67.25%	59.10%
Coal Stock (Net) (in terms of No. of months Net Sales)	0.67	0.66	0.68
Sundry Debtors (Net) (in terms of No. of months Gross Sales)	0.76	1.09	2.06

2. FINANCIAL PERFORMANCE

2.1 Financial Results

CIL and its Subsidiaries have achieved collectively a pre-tax profit of Rs.4801.52 Crores in the year 2004-2005 against a pre-tax profit of Rs. 4889.16 Crores in the year 2003-04.

Company-wise position with regard to profit (+) earned or loss (-) incurred during the year under review vis-a-vis in 2003-04 are given in the table appended below:

Company	Figures in Crores	
	2004-2005 Profit(+)/Loss(-)	2003-2004 Profit (+)/Loss (-)
ECL	(-) 679.20	(-) 326.38
BCCL	(-) 959.43	(-) 569.85
CCL	(+) 437.81	(+) 370.38
NCL	(+) 1976.03	(+) 1647.06
WCL	(+) 935.30	(+) 743.60
SECL	(+) 1580.93	(+) 1314.22
MCL	(+) 1469.36	(+) 1418.60
CMPDIL	(+) 1.73	(+) 1.76
CIL/NEC	(+) 1328.30	(+) 1355.97
Sub-Total	(+) 6090.83	(+) 5955.36
Less : Dividend from Subsidiaries	(-) 1289.31	(-) 1066.20
Total	(+) 4801.52	(+) 4889.16

NOTE : Profit for 2004-05 is after making provision of Rs. 2449.64 crores being impact of arrear wages arising out of NCWA-VII. However, profit of SECL in 2004-05 is before consideration of NCWA-VII (Rs. 388.95 crores)

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. 1289.31 crores as against dividend of Rs. 1066.20 crores in previous year, the Subsidiary-wise break-up of which are as under:

Name of the Subsidiary	Rs. in Crores
NCL	426.76 (361.74)
WCL	186.57 (138.23)
SECL	246.75 (329.18)
MCL	429.23 (237.05)

Figures in brackets are for previous year.

Your Directors recommended dividend payment of Rs. 274.55 crores @ Rs. 43.47 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 not only surpassed its targeted off-take in the current fiscal but also notched up a robust growth over previous year. CIL clocked actual off-take at 321.55 million tonnes against targeted off-take of 315.05 million tonnes showing an achievement of 2.06% over target. In relation to last years' off-take of 304.44 million tonnes, off-take of this year posted a jumps of 5.62%. CIL is poised to achieve 344.15 million tonne in year 2005-06 an increase of 22.60 million tonnes or 7% over actual off-take of 2004-05. From sectorwise figures of off-take given below, it may be seen that while power, cement and fertiliser and

BRK/Others received more coal this year compared to last fiscal, supplies of coal to Steel and Export suffered a dip. While in case of Steel sector, stringent quality requirements of Steel plants and consequent less yield caused poor availability of washed coal, in case of Export, less lifting of coal by importers of Nepal, the only country where coal is currently exported, reduced the chances of better despatches. Sector-wise break-up of despatch for 2004-05 against target and last year's actual is given below :

(Figs. in million tonnes)						
Sector	2004-05			2003-04		Growth
	Target	Achieved	% Achieved	Achieved	Abs.	%
Power (Utilities)*	240.61	248.86	103.43	234.23	14.63	6.25
Steel**	12.78	11.70	91.55	12.18	-0.48	-3.94
Cement	11.01	10.04	91.19	9.09	0.95	10.45
Fertilizer	2.91	2.94	101.03	2.45	0.49	20.00
Export	0.02	0.02	100.00	0.04	-0.02	-50.00
BRK/Others	46.55	46.94	100.84	45.25	1.69	3.73
Colliery Consumption	1.17	1.05	89.74	1.20	-0.15	-12.50
Total Off-take	315.05	321.55	102.06	304.44	17.11	5.62

* :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 NLW coal to cokeries.

Coal based power generation in the country was 393.067 Billion Units in 2004-05 and grew by 4.7% over that of previous year's generation of 375.43 Billion Units. Stocks with Power Houses also grew marginally from 9.924MT as on 1.4.04 to 10.255 MT as on 31.3.05 with the efforts of Railways and Coal Companies.

3.1 (b) Companywise Coal Off-take

Company-wise figure of actual off-take in 2004-05 vis-a-vis target for the year and actuals of the previous year are shown below:

2004-2005

(Figs. in million tonnes)

Company	2004-05			2003-04		Growth over last year	
	Target	Achieved	% Achieved	Achieved	Abs.	%	
ECL	29.00	27.17	93.69	27.43	-0.26	-0.95	
BCCL	25.70	22.44	87.32	23.79	-1.35	-5.67	
CCL	40.50	35.83	88.47	36.37	-0.54	-1.49	
NCL	47.50	50.12	105.52	46.49	3.63	7.81	
WCL	38.00	40.32	106.11	39.20	1.12	2.86	
SECL	74.50	78.80	105.77	70.93	7.87	11.10	
MCL	59.00	66.30	112.37	59.36	6.94	11.69	
NEC	0.85	0.57	67.06	0.87	-0.30	-34.48	
CIL as a whole	315.05	321.55	102.06	304.44	17.11	5.62	

It may be noted from above that off-take of NCL, WCL, SECL and MCL not only exceeded target but also surpassed last year's level. In case of ECL, BCCL, CCL and NEC,

actual off-take however was below target as also last year's level. While less production of coal, transportation problem caused by transporters/villagers, political parties contributed to less off-take in ECL, BCCL and CCL, in case of NEC, suspension of release of coal under OSS, suspension of issue of sponsorship under BRK by State Authorities, and embargo on release of coal under E-Auction by Hon'ble Court(s) are the factors which stood as an impediment in better off-take.

3.2 Despatches of Coal and Coal Products by Various Modes

Despatch of coal and coal products during 2004-05 was 319.12 million tonnes, with a growth of 6.07% over last year when despatch was 300.87 million tonnes. Despatches of coal and coal product by various modes for the year 2004-05 together with 2003-04 is given below :



Aerial view of Inpit Coal Crusher in Piparwar Opencast Mine

Figures in Million Tonnes

Year	Rail	Road	MGR	Belt	Rope	Overall
2004-2005	178.91	50.34	77.84	6.87	5.16	319.12
2003-2004	172.78	42.35	72.36	8.00	5.38	300.87
Increase/ Decrease	6.13	7.99	5.48	-1.13	-0.22	18.25
Growth%	3.50	18.87	7.57	-14.12	-4.09	6.07

3.3 Wagon Loading

Spurred by increase in production and wagon availability, Wagon loading surged by 3.6% over last year's record loading of 19753 wagons per day, though in relation to target same was marginally less.

Company-wise loading target vis-a-vis the actual in 2004-05 and actual in 2003-04 are given below :

Figures in FWWs/Day

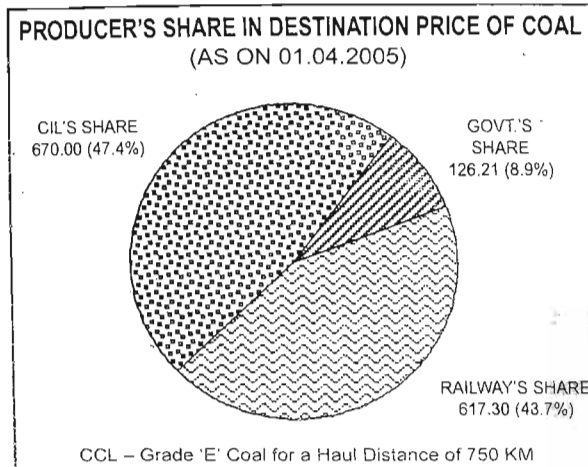
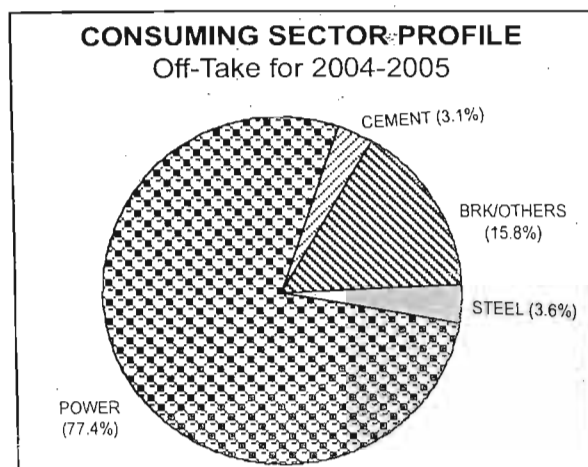
Company	2004-05			2003-04		
	Target	Achieved	% Achieved	Achieved	Abs.	%
ECL	2015	1943	96.4	1890	53	2.8
BCCL	2618	2163	82.6	2325	-162	-7.0
CCL	3712	3384	91.2	3322	62	1.9
NCL	992	1334	134.5	1088	246	22.6
WCL	2603	2590	99.5	2633	-43	-1.6
SECL	4548	4448	102.3	4177	271	6.5
MCL	4317	4565	105.7	4233	332	7.8
CIL/NEC	74	45	60.8	85	-40	-47.0
Total	20879	20472	98.1	19753	719	3.6

From the above table, it may be noted that while loading of NCL, MCL and SECL were

up compared to target as well as last year's level. Loading of NEC, BCCL and WCL were down in relation to target as also last year's level. In case of ECL and CCL though loading were below target, as compared to last year, same however were on higher side. Overall loading could have improved further but for transportation problems faced by coal companies, less availability of empties in Korba field of SECL.

3.4 Consumer Satisfaction

- (i) Coal India Ltd. and its subsidiaries have been coping up the increasing demand of coal with satisfaction of the consumers. It has attained the production level of 323.58 million tonnes in 2004-05 with total raw coal off-take of 321.55 million tonnes. With the limited resources at its disposal for massive mechanised production and despite different types of constraints to meet up the growing demands of consumer-sectors, CIL has been able to fulfil its commitments as no thermal plant (77.84% of total despatch) has ever suffered a generation loss due to short supply of coal of desired quality.
- (ii) CIL has adopted various measures, which ensured supply of quality coal to consumers. Quality Management is started right at the coalface so as to improve upon over all quality of coal despatches. Attempt have also been made to improve upon crushing, handling, loading & transport system.



(iii) CIL has built up coal handling plants capacity of about 276.21 million tonnes per annum so as to maximise despatches of crushed/sized coal to the consumers. In addition, the washeries at BCCL, CCL, WCL & NCL have adequate crushing/sizing facilities to the tune of about 39.88 million tonnes in their system for generation of different washery products, thus having an overall capacity of about 316.09 million tonne for crushing/sizing. Further, MCL has introduced successfully the system of size-reduction of coal to (-) 100 mm before despatch and other coal companies have also planned to crush/size the coal to (-) 100 mm in phases before despatch.

(iv) Measures like picking of shale/stone, selective mining by conventional mode as well by surface miners, adopting proper blasting procedure/technique for

reducing the possibility of admixture of coal with Over-Burden materials, improved fragmentation of coal etc. are being taken for improving coal quality.

(v) Deployment of Surface Miners for selective mining at various mines has been planned by CIL to improve quality of coal mines and is gradually increasing by numbers in coal companies. 24 nos. of Surface Miners have already been deployed in MCL and CCL at selected OCPs and are working satisfactorily. SECL & WCL have also identified OCPs for deployment of Surface Miners shortly.

Engagement of independent third party sampling agencies and adoption of joint sampling system are already in vogue for major consumer sectors e.g. power (utilities as well as captive), steel, cement, sponge iron taking more than



View of 'Continuous Miner' — a latest coal mining machine working in an underground mine

90% coal of total production from coal companies. On an overall basis, core sector and major non-core sector consumers (having minimum off-take of 0.4 MTPA and having FSA) have been covered to the extent of 94.26% of total despatches eligible for sampling, out of which 69.5% is covered under joint sampling arrangement & 30.5% under 3rd party sampling arrangement. The achievement of grade conformity in respect of 3rd party and joint sampling has been to the tune of 83.30% & 93.80% respectively in respect of supplies to power sector during 2004-05. Consumers, covered under agreed sampling arrangement are required to pay as per the analysed grade of coal. This system is working satisfactorily.

- (vi) Electronic/Mechanical weighbridges with the facility of electronic printout have been installed at rail loading points to ensure that coal despatches are made only after proper weighment. Weighbridges of different types (Electronic/Mechanised/converted Electronic), 175 (Rail) & 358 (Road) in number, have been installed by Coal Companies for this purpose. Coal companies have taken actions for installation of new electronic Weighbridges at sidings/despatch centres as per requirement of consumers.

Performance of weighment through Electronic Weighbridges and on sizing have improved in case of coal supply to Power Houses. Percentage of despatches weighed through Electronic Weighbridges during 2004-05 has reached the level of about 97.69% as compared to about 96.56% during the year 2003-04. The percentage of sized coal to Power Sector has reached a level of 97.37% in 2004-05 as compared to about 97.19% during 2003-04.

3.5 Steps Taken Towards Liberal Marketing of Coal

The year 2004-05 could be marked as a year of major change in marketing of coal. In order to bring about more transparency in marketing of coal to non core consumers, a trial was conducted for sale of coal under E-Auction mode in BCCL. This trial was found fairly successful and based on success, CIL intended to extend such trial in other coal companies as well. In 2004-05 only two (2) coal companies could conduct such trial i.e. BCCL and CIL(NEC) and the total quantity of coal despatched was 2.16 lac tonne. CIL plans to supply 10 million tonnes of coal in 2005-06 under E-Auction mode. Apart from E-Auction, CIL also released coal through a channel under the administrative control of the Union Ministry of Consumer Affairs, Food & Public Distributions for distribution to small and tiny consumers who were facing hardship in getting coal from official channel on account of their requirement being very small. During 2005-06, CIL also intends to release coal through the channels nominated by State Governments for such small buyers. As CIL intended to replace OSS and foray into sale of coal through E-Auction which is a more scientific and transparent concept, offer of coal by coal companies under OSS was regulated during 2004-05 and as result, despatches of coal under OSS reduced to 4.04 million tonnes in 2004-05 as against 5.121 million tonnes of last year.

3.6. Export

During 2004-05, CIL has exported 0.23 lakh tonnes of coal to Nepal and the amount billed was Rs. 6.56 crores. In the previous year quantity of coal despatched was 0.35 lac tonne and the corresponding amount billed was Rs.9.02 crore.

2004-2005

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 2004-05 after provision for stock deterioration etc. was Rs. 1439.96 crores which was equivalent to 0.67 months' value of net sales. The Company-wise position of stocks held on 31.3.2005 and on 31.3.2004 are given below :

Company	(Rs. in Crores)			
	Net Value of Stock as on 31.3.2005	Net Value of stock as on 31.3.2004	Stock in terms of no. of months Net sales	
			As on 31.3.2005	As on 31.3.2004
ECL	172.66	125.12	0.68	0.55
BCCL	364.97	347.55	1.77	1.90
CCL	442.69	335.06	1.52	1.36
NCL	60.22	69.90	0.17	0.23
WCL	131.82	71.79	0.40	0.26
SECL	167.85	169.34	0.37	0.46
MCL	54.43	53.68	0.23	0.28
CIL/NEC	45.32	33.10	—	—
Total	1439.96	1205.54	0.67	0.66

3.8 Coal Sales Dues

Net Coal Sales dues outstanding as on 31.3.2005 after providing of Rs. 1662.52 crores (previous year Rs. 1704.57 crores) for bad and doubtful debts, was Rs. 1954.57 crores (previous year Rs. 2375.69 crores) which is equivalent to 0.76 months combined gross sales of CIL as a whole (previous year 1.09 months). Subsidiary-wise break up of coal sale dues outstanding as on 31.3.2005 as against 31.3.2004 are shown below :-

Company	(Rs. in Crores)			
	Coal Sales dues As on 31.3.2005		Coal Sales dues As on 31.3.2004	
	Gross	Net	Gross	Net
ECL	574.92	321.12	938.95	684.34
BCCL	663.99	164.91	701.18	248.91
CCL	958.93	659.84	868.60	649.23
NCL	117.57	94.90	154.40	143.42
WCL	709.27	389.95	831.07	319.59
SECL	423.14	254.08	430.99	266.85
MCL	158.49	69.61	143.99	62.93
CIL/NEC	10.78	0.16	11.08	0.42
Total	3617.09	1954.57	4080.26	2375.69



'Side Discharge Loader' (SDL) being operated by remote control, in an underground coal mine

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

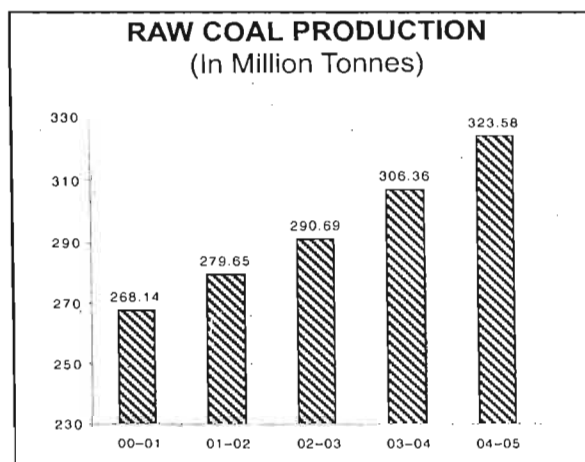
During the year 2004-05, CIL and its Subsidiaries paid/adjusted Rs. 5212.53 Crores (previous year Rs.4657.42 crores) towards Royalty, Cess, Sales-tax and other levies as detailed below:-

<i>Figures in Rs./Crores</i>		
	2004-2005	2003-2004
Royalty	2730.96	2590.17
Cess	955.31	819.86
Sales-tax	1183.87	1006.57
Stowing Ex. Duty	321.07	214.95
Entry Tax	21.32	25.87
Total	5212.53	4657.42

4. COAL PRODUCTION

4.1 Raw Coal Production

Raw coal production during 2004-05 was 323.58 million tonnes as against 306.36 million tonnes produced in 2003-04 registering a growth of 5.6%. Out of the total production, non-coking coal production was to the extent of 93%. The company-wise production are as follows:



(Figures in million tonnes)

Company	Coking		Non-coking		Total	
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
ECL	0.14	0.15	27.11	27.85	27.25	28.00
BCCL	10.08	10.69	12.24	11.99	22.32	22.68
CCL	11.69	10.95	25.70	26.38	37.39	37.33
NCL	—	—	49.95	47.03	49.95	47.03
WCL	0.76	0.70	40.65	38.83	41.41	39.53
SECL	0.15	0.15	78.40	70.86	78.55	71.01
MCL	—	—	66.08	60.05	66.08	60.05
NEC	—	—	0.63	0.73	0.63	0.73
CIL (overall)	22.82	22.64	300.76	283.72	323.58	306.36

4.2 Production from Underground and Open Cast Mines

Raw coal production from underground mines in 2004-05 was 47.04 million tonnes as compared to 47.44 million tonne in 2003-04. On the other hand, production from open cast mines during 2004-05 was 276.54 million tonnes. Production from Opencast mines was as high as 85.5%. Company-wise production are as under:

(Figures in Million tonnes)

Company	Underground Production		Opencast Production		Total Production	
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
ECL	9.45	9.91	17.80	18.09	27.25	28.00
BCCL	6.38	6.74	15.94	15.94	22.32	22.68
CCL	2.65	2.75	34.74	34.58	37.39	37.33
NCL	—	—	49.95	47.03	49.95	47.03
WCL	9.65	9.51	31.76	30.02	41.41	39.53
SECL	16.58	16.36	61.97	54.65	78.55	71.01
MCL	2.18	2.05	63.90	58.00	66.08	60.05
NEC	0.15	0.12	0.48	0.61	0.63	0.73
CIL (overall)	47.04	47.44	276.54	258.92	323.58	306.36

4.3 Hard Coke and Washed Coal (Coking) Production

Company-wise production of Hard coke and Washed coal (coking) during 2004-05 were as detailed below:



2004-2005

(Figures in lakh tonnes)

Company	Hard Coke		Washed coal (Coking)	
	2004-05	2003-04	2004-05	2003-04
ECL	—	—	—	—
BCCL	0.39	0.42	18.65	18.61
CCL	—	—	26.44	23.63
NCL	—	—	3.45	3.20
WCL	—	—	—	—
SECL	—	—	—	—
MCL	—	—	—	—
NEC	—	—	—	—
CIL (overall)	0.39	0.42	48.54	45.44

4.4 Overburden Removal

Overburden removed during 2004-05 was 516.11 million cubic metres as against 497.00 million cubic metres in 2003-04, with a growth of 3.9%, the details of which are shown below:

(Figures in Million Cu. Mtrs.)

Company	2004-05	2003-04
ECL	39.70	35.96
BCCL	39.60	35.55
CCL	46.68	48.10
NCL	133.08	142.33
WCL	121.91	104.35
SECL	80.52	72.78
MCL	49.81	52.70
NEC	4.81	5.23
CIL (Overall)	516.11	497.00

5. POPULATION OF EQUIPMENT

The population of major opencast equipment as on 1.4.2005 and 1.4.2004 alongwith their performance status in terms of availability and utilisation expressed as percentage of CMPDIL norms is tabulated below :

Equip-ment	No. of Equipment		Indicated as % of CMPDIL norms			
			Availability		Utilisation	
	As on 1.4.2005	As on 1.4.2004	2004-05	2003-04	2004-05	2003-04
Dragline	42	42	102	101	111	109
Shovel	702	755	87	88	79	76
Dumper	3325	3490	93	94	70	66
Dozer	1013	1080	85	86	61	57
Drill	741	781	89	88	68	62

6. CAPACITY UTILISATION

The overall capacity utilisation of CIL as a whole for the year has been 96.04% whereas it was 95.04% during 2003-04. Subsidiarywise details are as under:

(Fig. in %)

Subsidiaries	2004-05	2003-04
ECL	93.74	81.93
BCCL	64.48	65.61
CCL	78.14	83.54
NCL	90.71	99.66
WCL	117.51	104.27
SECL	109.80	104.26
MCL	109.97	105.58
NEC	80.44	121.10
CIL (overall)	96.04	95.04

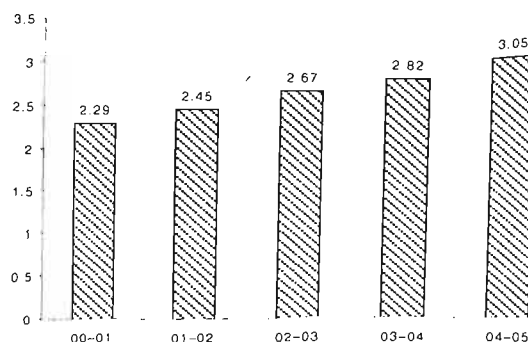
7. PRODUCTIVITY : OUTPUT PER MANSHIFT (OMS)

Output per manshift (OMS) during 2004-05 had been improved to 3.05 tonnes from 2.82 tonnes of previous year. The following table depicts company-wise achievements of OMS during 2004-05 as against those in 2003-04.

(Figures in tonnes)

Company	Underground		Opencast		Total	
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
ECL	0.43	0.45	5.30	5.30	1.07	1.09
BCCL	0.49	0.49	3.17	2.44	1.23	1.16
CCL	0.47	0.47	3.75	3.75	2.51	2.48
NCL	—	—	10.24	10.56	10.24	10.56
WCL	1.00	0.95	4.21	4.12	2.41	2.29
SECL	1.11	1.05	12.27	11.25	3.95	3.49
MCL	1.19	1.08	19.51	19.89	12.93	12.46
NEC	0.27	0.21	3.94	4.89	0.92	1.02
Overall CIL	0.69	0.68	7.18	6.67	3.05	2.82

MAN PRODUCTIVITY Output per manshift in Tonnes



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 Fire and Subsidence, Stabilization Schemes below unstable workings, Mine Safety, Infrastructure Developments, Operation Plans for 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 252 reports in all, which include 20 Project Reports/Revised Project Reports/ Revised Cost Estimates, 14 Geological Reports, 15 Special Reports, 14 Operational Plans, 130 Other reports and 59 Environmental Management Plans including 26 EMPs for post-facto environmental clearance for incremental production.

8.2 Project Implementation

During the year 2004-2005, following 4 mining projects, costing Rs. 20 crores and above, have been completed.

Sl. No.	Com-pany	Name of Project	Type	Sanctioned capacity in Mty	Sanctioned capital in Rs. Crores.
1	WCL	Kumbharkhani UG	UG	0.36	37.20
2	WCL	Naheria.	UG	0.36	46.17
3	NCL	Makardhokra-II.	OC	0.50	44.62
4	SECL	Rehar	UG	0.31	29.91

Completion Reports of the following 4 mining projects, costing Rs. 20 crores and above, are under approval.

Sl. No.	Com-pany	Name of Project	Type	Sanctioned capacity in Mty	Sanctioned capital in Rs. Crores.
1	ECL	Satgram	UG	0.51	118.87
2	ECL	Kalidaspur	UG	0.13	36.21
3	NCL	Nigahi Expn.	OC	10.00	1846.49
4	NCL	Dudhichua Expn.	OC	10.00	1281.39

Presently, 70 mining and 4 non-mining major projects, costing Rs. 20 Crores and above are under implementation. Out of 70 mining projects, 59 are on schedule and 11 are delayed. On the other hand, out of 4 non-mining projects, 3 are delayed.

Reasons of delay :

Mining (11 nos.) : 2 projects are delayed due to adverse geo-mining conditions, 3 are delayed due to fund constraints, 1 due to non-receipt of EMP clearance in time and 5 due to miscellaneous reasons including change of technology.

Non-mining (3 nos.): 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 2004-05 the Government had sanctioned Project Report (P.Rs) for the following projects :



2004-2005

Sl. No.	Company	Name of Project	Type	Sanctioned capacity in Mty	Sanctioned capital (Rs. in Crores)
1	MCL	Kaniha OC	OC	3.50	96.18
2	MCL	Bhubaneswari OC	OC	10.00	336.68
3	MCL	Kulda OC	OC	10.00	302.96

- (b) During 2004-05, CIL Board had sanctioned 1 mining (SECL) and 1 non-mining (MCL) projects :

Sl. No.	Company	Name of Project	Type	Sanctioned capacity in Mty	Sanctioned capital (Rs. in Crores)
1	SECL	Vijay West UG	UG	0.50	63.56
2	MCL	Coal Transport & Silo Loading Arrangement at Lingaraj OC	—	—	62.91

- (c) During the year 2004-05 Subsidiary Company Boards had sanctioned Project Reports (P.Rs) for the following 10 projects:

Sl. No.	Company	Name of Project	Type	Sanctioned capacity in Mty	Sanctioned capital (Rs. in Crores)
1	WCL	Chincholi/Inder.	OC	0.60	36.92
2	WCL	Gandegaon Expn.	OC	0.75	27.54
3	WCL	Yekona-1	OC	0.40	22.74
4	WCL	Sasti Extn.	OC	1.40	16.80
5	SECL	Amgaon	OC	1.00	39.28
6	SECL	Seam-III Anjanhill	UG	0.42	46.75
7	SECL	Seam-V, NCPH	UG	0.24	30.71
8	MCL	Ananta Expn.	OC	6.50	35.88
9	MCL	Belpahar Expn	OC	1.50	35.47
10	MCL	Samleswari Expn	OC	1.00	28.69

8.4 Revised Project Reports/Revised Cost Estimates

Revised Project Report/Revised Cost Estimate sanctioned by the Government during 2004-05 was as follows :

Sl. No.	Company	Name of Project	Type	Sanctioned capacity in Mty	Sanctioned capital (Rs. in Crores)
1.	ECL	J K Nagar (RPR)	UG	0.43	54.15

No RPR/RCE was sanctioned by CIL during 2004-05.

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

Till 31st March, 2005, 136 Blocks were identified for captive mining in the command area of Coal India and out of this, 68 blocks were allotted to different companies.

9. CAPITAL EXPENDITURE

Expenditure on capital account during 2004-05 was Rs. 1188.31 Crores as against Rs.1156.82 crores in previous year as detailed below, subsidiary-wise :

Company	2004-2005		2003-2004	
	(BE)	Actual	(BE)	Actual
ECL	200.00	115.81	190.00	82.49
BCCL	200.00	62.40	200.00	71.91
CCL	280.00	292.18	235.00	229.00
NCL	635.00	132.55	725.00	329.03
WCL	200.00	218.50	250.00	158.43
SECL	400.00	212.79	300.00	186.00
MCL	350.00	142.66	325.00	93.55
CMPDIL	4.00	2.02	4.00	3.86
CIL/NEC/Other	41.00	9.40	11.00	2.55
Total	2310.00	1188.31	2240.00	1156.82

10. CAPITAL STRUCTURE

The authorised share capital of the company as on 31.3.2005 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 31.3.2005 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 31.3.2005 was Rs. 6598.57 crores as against Rs. 6540.05 crores in the previous year as detailed below:

	Rs. in Crores	
	As on 31.3.2005	As on 31.3.2004
Share Capital — Equity	6316.36	6316.36
— Preference	—	—
Loan (including Interest accrued & due)	282.21	223.69
Total	6598.57	6540.05

11. BORROWINGS

During 2004-05, CIL has repaid loans to Government of India totalling a sum of Rs.95.41 crores as detailed below :

	Rs. in Crores		
	Plan Loan	Interest	Total
Loan repayment	18.14	77.27	95.41

Besides above, CIL has substantially reduced it's long-term debt by repaying a total sum of Rs. 74.65 crores during 2004-05 as detailed below :

		Principal	Interest	Total
(a)	12.25% Bonds	11.00	4.41	15.41
(b)	12.74% ICICI Loan	42.86	16.38	59.24
		53.86	20.79	74.65

12. FOREIGN COLLABORATION

To meet country's growing demand for coal, CIL has been looking for advanced mass production technologies for both underground and opencast mining. The priority areas have been identified and CIL, while exploring various ways, has also been endeavouring to make use



A long view of MGR — an automatic coal loading system in a Coal Handling Plant

of the platforms of bilateral co-operation, existing between our country and various developed countries, to have clear insight on the development taking place in those countries and the areas of mutual interest. Working group, dealing exclusively on coal related issues have been in place with several countries, including developed countries e.g. UK, Germany, Russia, USA, France, Australia, China, Poland etc.

With this objective, a number of meetings have taken place during the year with UK, Germany, Russia and USA in which Coal India's viewpoints and those of vendors/agencies of the respective foreign countries were presented. On CIL's stand of procuring technology, generally, through process of global tender, preferably on risk/gain sharing basis, delegations representing these countries have shown interest to participate in their respective areas of expertise.

UK had expressed their interest in the field of continuous miner technology for UG mining, clean coal technology including coal preparation, Coal Bed Methane etc., and Annual Maintenance Contract (AMC) for the vital equipment supplied by them. The UK technology deployed in the mines of SECL and WCL had already shown satisfactory results and they are interested in replicating the same in some more mines, according to suitability.

USA side expressed special interest in projects on utilisation of coal rejects, available abundantly in India, for generation of electricity. Details are being worked out for preparation of a feasibility report for a pilot plant to generate electricity by gainfully utilizing waste coal. Meaningful discussions were also held on imparting training to Indian Managers, Engineers, Supervisors' and Workmen engaged in coal mining activities.

Russia expressed interest in areas of Longwall mining, Drilling rigs, MOU with CMPDI, Development of OC projects etc. through Joint Venture.

Following projects with foreign collaboration are operating successfully during the year 2004-05.

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

The Continuous Miner was deployed in Chirimiri "O" seam during 2004-05 (till October, 2004). Thereafter it was shifted to NCPH Colliery after overhaul/major repair in January, 2005.

WCL entered into a contract with M/s. Joy Partnership Ltd., UK for introduction of Mass Production Technology with Continuous Miner, as package for five years' term on risk/gain sharing basis. The contract with M/s. Joy Partnership came into force with effect from 1.9.2003. The production achieved during 2004-05 is 227900 tonnes.

12.1 World Bank financed Projects

Till 31st March, 2004, the net utilisation of CSRP loan is US \$ 484.40 million as disbursed by IBRD and JBIC for procurement of equipment and technical assistance under Coal Sector Rehabilitation Project (CSRP). The disbursement of loan by IBRD and JBIC was completed in December, 2003. As such there is no withdrawal during 2004-05. With the repayment of loan of US \$51.26 million to IBRD and JBIC, the total CSRP loan as on 31st March, 2005 stands at US \$433.14 million.

The Coal Sector Environmental and Social Mitigation Project (CSESMP) with its major activities under Environmental Action Plan (EAP), Rehabilitation Action Plan (RAP) and Indigenous People Development Plan (IPDP) have been completed as per schedule on 30th June, 2002. However, few outstanding issues set out in the Implementation Completion report (ICR) for resolution at Parej East Mine of CCL. As suggested by the World Bank for resolving the issues, a survey is completed by NGO for the PAPs whose income

has reduced from start to finish of ESMP. Action has been taken/being taken to enhance the income of the PAPs with reduced income. The survey is also completed by NGO for the Project Affected Families (PAF) in Parej mine who have lost land and did not receive cash compensation/employment. All the activities and infrastructures created under ESMP are being sustained.

13. COAL BED METHANE (CBM) PROJECTS

13.1 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 approved by the Government of India on 15.9.99, under the S&T plan of Ministry of Coal at an estimated cost of Rs. 76.85 crores. The project is being funded jointly by the Global Environment Facility (GEF)/United Nations Development Programme (UNDP) and Govt. of India. The approved project duration is of 5 years. The project is under implementation w.e.f. 15.9.99 jointly by Central Mine Planning & Design Institute Ltd. (CMPDI) and Bharat Coking Coal Ltd.(BCCL) as the implementing agencies, on behalf of Ministry of Coal at Moonidih and Sudamdih mines of BCCL in Jharia Coalfield.

During the year 2004-05, following activities have been undertaken or are in progress:

- (i) International CBM recovery Equipment procurement under UNIDO: All the major equipment packages for surface drilling under procurement by UNIDO have arrived and the Surface drilling is likely to commence in the end of first quarter of 2005-06. The major equipment packages for underground drilling have been ordered and the Horizontal Long hole Drill is likely to be delivered in Nov'05. One package i.e. Steering Tool for the Long hole Drill is under evaluation.

There has been delay in procurement of various equipment packages due to number of re-tendering by UNIDO, which has resulted in project time over run.

- (ii) Laboratory Equipment under procurement by CMRI: Two of the laboratory equipment that have been installed and commissioned at CMRI, at the project cost, are Field Desorption Apparatus and Gas Chromatography System upgrade. Procurement of two other laboratory equipment i.e. Absorption Isotherm Apparatus upgrade and Mobile Field Desorption Laboratory, are in progress.
- (iii) Training/Study Tours abroad: Following two trainings/study tours have been undertaken during the year:
 - (a) Vertical Drilling Rig study tour at Odessa, Texas, USA at the premises of supplier- M/s. Crown Energy Technologies, was undertaken by six officials from BCCL and CMPDI.
 - (b) Four member High level Study tour to USA under the leadership of Addl. Secretary (Coal)/National Project Director was undertaken.
- (iv) Fund Transfer to UNIDO for procurement of International CBM recovery equipment: With the approval of Ministry of Coal, the transfer of 1.030 million USD was made from the GOI (Cash) contribution to the project. This was to bridge the Gap in the International equipment budget-line, under control of UNIDO, for procurement of Underground Packages.
- (v) Revised Cost Estimates (June'04) with time extension of the project: The Expenditure Finance Committee (EFC) on 1.11.04, chaired by Secretary, Department of Coal approved the Revised Cost Estimates (RCE June'04)

of the UNDP/DEF/GOI - Coalbed Methane Recovery & Commercial Utilisation project (IND/98/G34) for Rs. 92.427 crores with completion time up to October, 2006.

- (vi) Mid-term Evaluation of the Project: The mid-term evaluation of the CBM project was undertaken, through UNDP, New Delhi, during 1st -15th Oct. 2004. The mid-term evaluation was undertaken by one international and one national consultant (both independent). The final report was submitted by the experts on 23.11.2004.
- (vii) CBM Utilisation equipment: To demonstrate the utilisation through use of recovered CBM, 1 MW CBM gas-based Power Generating equipment for Moonidih site is in progress at CMPDI. The Specification of Vehicle Conversion kits, Refuelling station and CNG Compressor for the Project are being finalised by the Gas Plant Expert.
- (viii) Site preparation activities: Major site preparation activities are:
 - (a) Preparation of Drill sites at CBM-4 & CBM-10 (Moonidih) has been completed. Vertical Drilling Rig units parked at CBM-4, Moonidih well site.
 - (b) Preparation of other 3 surface drilling sites at Moonidih taken-up at CBM-3, 11 & 12.
 - (c) Work for Camp office, Expert guest house at Moonidih is in progress.
 - (d) Renovation of Quarters at Moonidih & Sudamdih has been completed.
 - (e) Drilling crew with other manpower is being posted in stages. Security guards have been deployed.

13.2 Collaborative development of CBM prospects in Jharia and Raniganj Coalfields by the consortium of CIL and ONGC:

In terms of Govt. of India CBM policy, consortium of CIL and ONGC has been allotted 2 blocks - one each in Raniganj and Jharia coalfields for development of coal bed methane. In this project, CMPDI is the implementing agency on behalf of CIL. The Govt. of Jharkhand has granted Petroleum Exploration License (PEL) to the consortium in August 2003 for Jharia CBM block, and thereafter 8 slimholes were located for drilling, which was backed by detailed geological exercise based on all available geological and geophysical data by CMPDI & ONGC joint CBM team. The drilling of slim hole was started on 30.12.2004 and so far one borehole has been completed and two are under progress. Total meterage of drilling works out to 1285.25 mtrs. and the CBM related tests are in progress.

The Petroleum Exploration License (PEL) for Raniganj CBM block has been granted by the Govt. of West Bengal on 9.6.2004 and geological exercise for locating slim holes/wells to be drilled in Raniganj CBM block has been carried out jointly by CMPDI-ONGC team. Consequent upon the above exercise, location of slim holes has been finalised.

13.3 CBM Related Studies under promotional Exploration during X Plan :

CMPDI has taken up studies related to "Assessment of Coalbed Methane Gas-in-Place Resource of India Coalfields" through boreholes being drilled under promotional exploration (X Plan period) being funded by Govt. of India with a total plan expenditure of Rs. 8.83 crores.

Govt. approval of the project was obtained in September 2004. The blocks under promotional exploration in 2004-05 were

prioritised for taking up CBM related studies. The sample has been collected for desorption studies from 4 boreholes spread over in different coalfields and the tests have been undertaken.

13.4 Delineation of CBM blocks and preparation of Data Package thereof for Directorate General of Hydrocarbons (DGH) for 3rd Round of bidding by the Govt. of India

The Directorate General of Hydrocarbons (DGH) has awarded the work of delineation of 7 prospective CBM blocks and preparation of their data packages/information docket for 3rd round of bidding of CBM Blocks by the Govt. of India. Accordingly, geological exercise is under progress.

13.5 UK-India CBM Technology Transfer Project

This project is sponsored by Department of Trade & Industry (DTI), Govt. of UK and being managed by M/s. Wardell Armstrong. CMPDI has been asked to take up the job with due approval of Ministry of Coal. This project is related to study of gas emissions characteristics of gassy mines with an objective to develop an understanding for the methane emission in Indian coal mines and for appraisal of one or two abandoned mines for assessment of Abandoned Mine Methane (AMM) prospects. In this regard, a report titled "Gas Emission Characteristics of Moonidih & Amlabad Mines, Jharia Coalfield, India has been prepared and submitted to M/s. Wardell Armstrong. Work has been taken-up in regard to assessment of one abandoned mine of AMM Project.

14.1 Geological Exploration

The coal exploration activities were spread in CIL, Non-CIL and promotional blocks. Exploration in CIL blocks was taken up to cater the needs of project planning/production support

of subsidiaries of CIL whereas exploration in Non-CIL/Captive Mining Blocks was taken up under the MOC scheme of Detailed Drilling in Non-CIL Blocks in X Plan. According to the guidelines of Ministry of Coal, all exploration in the captive blocks would be done by CMPDI or under its direct supervision. No allocation of a captive block will be done unless explored in detail. Exploration in Non-CIL blocks has been taken up to enrich the list of Captive Mining Blocks offered for allotment. CMPDI also took up Promotional Drilling for Coal within the command area of CIL to gather information on new coal blocks. The work was taken up under the MOC scheme of Promotional Exploration for Coal & Lignite in Xth Plan.

The departmental resources of CMPDI were deployed for exploration in CIL/ Non-CIL/ Promotional blocks. Apart from it, Directorate of Geology & Mining of the State Govts. of MP, Chhattisgarh and Orissa were allotted nominal quantum of drilling in CIL blocks as per routine. For priority exploration of two captive mining blocks, services of MECL were utilised for nominal quantum of exploratory drilling.

During the year under review, CMPDI and its contractual agencies took up exploratory drilling in 81 blocks spread over 20 coalfields. The coalfields along with number of blocks (given within parenthesis) are Raniganj(10), Rajmahal, (1), Bramhani (1), Jharia (1), North Karanpura (8), Auranga (1), Kamptee (2), Umrer (1), Wardha (10), Pathakhera (1), Pench Kanhan (4), Sohagpur (15), Mand Raigarh (4), Korba (3), Bistrampur (2), Chirimiri (1), Singrauli Moher Basin (2), Talcher (9), Ib Valley (4) and Makum (1). Out of 81 blocks, 15 were Non-CIL/Captive blocks, 5 Promotional blocks and 61 CIL blocks. 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 2004-2005 are given below:



2004-2005

Agency	Annual Target 2004-05	Agency-wise Performance of Exploratory Drilling during 2004-05			Achieved 2004-05 (m)
		Achieved (m)	% Achiev.	+/- (m)	
CMPDIL	192,000	182,621	95	-9,379	171,638
MECL/Unscheduled		10,834	-	(+)-10,834	21,759
State Govts: 7,000		8,194	117	(+)-1,194	9,768
Total	199,000	201,649	101	(+)-2,649	203,165

Out of the 182621 m of drilling by CMPDI, 117674m has been drilled in CIL blocks, 48,059m in Non-CIL/Captive Mining Blocks and 16888m in Promotional blocks. MECL has carried out drilling in two priority captive mining blocks and State Governments have drilled in CIL blocks only.

It can be seen from the table above that 199000 meter of drilling was targeted in 2004-05 and the actual achievement is 201649m (101%). Out of it, CMPDI has achieved 95% of its annual target while the State govts. (MP, Chhattisgarh and Orissa) have achieved 117% of the annual target. The shortfall in CMPDI drilling was mainly due to adverse law and order conditions in North Eastern Region & CCL areas and bad formations encountered in North Eastern Region & isolated patch of BCCL area. However, the performance of CMPDI was better than previous year by 10983m with a 6.4% growth. CMPDI executed its exploration programme through 21 exploration camps with 48 drilling rigs.

14.2 Geological Reports

A total of 14 Geological Reports on coal exploration have been submitted in 2004-05. Out of it, 2 reports are on promotional exploration blocks, 8 are on Non-CIL/Captive Mining blocks and 4 are for CIL/Subsidiaries.

The 14 Geological Reports have estimated 4.66 Billion Tonnes of in-situ coal reserves. Out of it, 2.05 Bt of reserves are under 'Proved' category and 2.16 Bt is in 'indicated' category. The 'indicated' category coal reserve includes 1.21 Bt of coal reserves estimated from two promotional exploration Geological

Reports and 0.82 Bt from Pakri Barwadih GR, a Captive Mining block.

15. OUTSIDE CONSULTANCY SERVICES

During the year 2004-05, 26 consultancy jobs were completed for 21 organisations outside CIL. Some of the major clients/organisations for whom jobs were completed are Uranium Corporation of India Ltd., Jharkhand State Mineral Development Corporation, National Aluminium Company Ltd., Manganese Ore (India) Ltd., Central Electricity authority, Bharat Sanchar Nigam Ltd., Govt. of Nagaland, NABARD, Indian School of Mines, Steel Authority of India Ltd., Damodar Valley Corporation etc.

Presently, 23 outside consultancy jobs are in hand for 15 organisations like Central Pollution Control Board, Tata Iron & Steel Company Ltd. (Tata Steel), National Thermal Power Corporation Ltd., Indian School of Mines, Singareni Collieries Company Ltd., Jharkhand State Electricity Board, Jharkhand State Mineral Development Corporation, Rajasthan State Mines & Minerals Ltd., Chhattisgarh Mineral Development Corporation, Orissa Mining Corporation, Hariyana Power Generation Corporation Ltd., etc.

During the 2004-05, 30 jobs worth Rs. 564.04 lakhs from 23 organisations were procured by CMPDI.

16. RESEARCH AND DEVELOPMENT PROJECTS

The R&D activities in Coal sector is administered through an apex body namely, Standing Scientific Research Committee (SSRC) with Secretary (Coal) as its Chairman. The other members of this apex body include Chairman of CIL, CMDs of CMPDI, SCCL and NLC, Director of concerned CSIR laboratories, representatives of Department of S&T, Planning Commission and educational institutions, among others. The main functions of SSRC are to plan, programme, budget and

oversee the implementations of research projects and seek application of the findings of the R&D work done. For in-house R&D work of CIL, R&D Board headed by Chairman, CIL is also functioning.

The SSRC is being assisted by three Standing sub-committees, each dealing with one of the three relevant major areas of research viz. (i) Production, Productivity & Safety (ii) Coal Beneficiation & Utilisation (iii) Environment & Ecology.

CMPDI acts as the Nodal Agency for co-ordination of research activities in the coal sector, which involves identification of Thrust Areas for research activities, identification of agencies, which can take up the research work in the identified fields, processing the proposals for Government approval. Monitoring the progress of implementation of the projects, preparation of budget estimates, disbursement of funds etc.

The status of Coal S&T Projects in the X Plan period are as under:

(i) Projects completed during 2002-03	10
(ii) Projects completed during 2003-04	10
(iii) Projects on-going as on 1.4.2004	49
(iv) Projects sanctioned by GOI during 2004-05	08
(v) Projects completed during 2004-05	10
(vi) Projects on-going as on 1.4.2005	47

Following Coal S&T projects were completed during 2004-05 :

- Response of structures and damage of structures caused by ground vibration from opencast mine blasting.
- Study on the effect of delay timing, total charge and direction of initiation of blast induced ground vibration.
- Design and development of wireless multimedia monitoring system for coal mines.
- Development of pressurised fluidised bed combustion system for high ash Indian coals.

- Development of reconstituted Coal-Water emulsion as clean coal technology for power generation.
- Development of equivalency chart between UHV & GCV.
- Pond ash reclamation and possibilities of utilisation of industrial waste for re-vegetation and developing green.
- Field studies on application of lignite humic acid on various crop response in different agro climatic conditions.
- Reclamation of mining wastelands and restoration of native vegetation through microbial technology in Rajmahal Coalfield area of ECL.
- Characterisation and teaching studies of Indian fly ashes for a evaluation of their suitability as mine fill material.

Budget provision vis-a-vis actual fund disbursement during the period are given below :

(Rs. in Crores)							
2002-03		2003-04		2004-05		2005-06	
RE	Actual	RE	Actual	RE	Actual	BE	
9.50	6.04	10.04	9.82	12.43	12.73	20.08	

CMPDI also acts 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 2004-05 was as follows :

(i) Projects on-going as on 1.4.2004	—	15
(ii) Projects approved in 2004-05	—	04
(iii) Projects completed during 2004-05	—	04
(iv) Projects on-going as on 1.4.2005	—	15

Following R&D projects were completed during 2004-05 :

- Strata control, roof support design for development and depillaring operations at Tandsi Project, Kanhan Area, WCL

with detailed geo-technical study including measurement of in-situ stress and its effect.

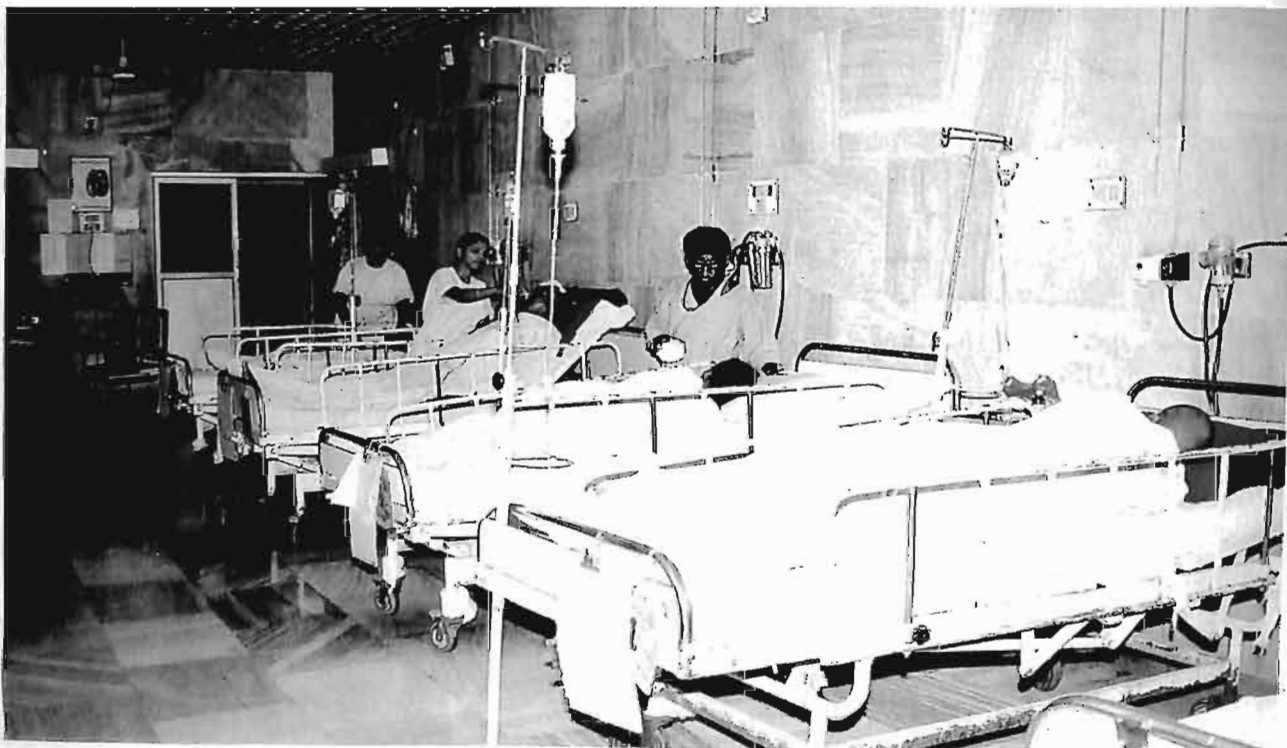
- (ii) Geo-mining statistical database of south Karanpura Coalfield, CCL
- (iii) Establishment of Longwall Strata Control Services
- (iv) Assessment of qualitative and quantitative impacts of dust on the agriculture crops around Padampur OCP, WCL.

17. TELECOMMUNICATION SYSTEM

Implementation of effective telecommunication network and various IT solutions have emerged as strategic infrastructure of CIL for achieving higher productivity, better human resource management, administrative decision making and improving operational efficiency.

As per Coalnet communication plans, SCPC-DAMA based VSAT network has been set up at CIL (HQ), Subsidiary Company (HQs) and MOC, in order to provide voice communication over exchange as well as high speed data connectivity over the LAN among various sites. Video-conferencing facilities on point-to-point as well as point-to-multi-point mode over the satellite media have been introduced for holding meeting and conference between CIL, Subsidiary Companies and MOC as and when required. Data communication links have been introduced between CIL's offices at 10, NS Road, 15, Park Street and 6, Lyons Range through BSNL's leased lines by installing Routers at the respective locations.

Subsidiary Companies have made considerable progress in extending voice and data communication facilities from hqrs. to Area offices, Regional Stores, Workshops etc. under Coalnet Plan (Phase-II) using state-of-the-art convergent technologies based on optic-fibre



Interior of a Coalfield Central Hospital

cable, IP based Radio Links, BSNL's leased lines etc. Similarly action has also been taken up by the subsidiary companies for setting up high speed LAN at hqr. office as well as Area offices, Stores etc. for connecting data base servers, mail servers etc. in a seamless manner.

In order to improve communication systems of opencast mines, Projects etc., Radio Trunking system has been introduced at Gevra, Bhatgaon Areas of SECL and similar network is being considered for implementation in WCL and NCL also.

The Websites hosted by CIL and subsidiary companies with National Informatics Centre (NIC)'s server, New Delhi are catering to dissemination of various information related to coal production, availability of various grades of coal, e-mail ID's of Key executive of coal companies as well as various tender documents for coal consumers and others concerned. Updation of data and information

and insertion of tender documents etc. are being made directly from CIL (HQ) through the IP-VPN links with the NIC's server.

18. SYSTEM ACTIVITIES

Coal India had taken initiative in development and implementation of COALNET Application Software, an integrated solution, to bring uniformity accross its subsidiary companies and entrusted the activities to IIT, Kharagpur in the year 2001. The Application Software has been developed and implemented at CIL and subsidiary(HQs). For effective implementation, steps have been taken for standardisation of Employee Identification Number, Chart of Accounts, Equipment Identification and Uniform Reporting System. Necessary Local Area Network (LAN) has been set up at respective subsidiary (HQs) for CoalNet Software. Wide Area Network (WAN) has been set up between CIL, MoC and subsidiary HQs for Data communication, using VSAT with the help of NIC.



Tree plantation along the approach road of a Central Hospital

Considering significant role of IT in providing a proper decision support system at area level, CIL has identified 36 areas of its subsidiary companies (BCCL, ECL CCL and MCL) for implementation of CoalNet Application Software. Necessary infrastructure preparation has been carried by respective subsidiaries and implementation is in progress. Initiative has been taken for establishing WAN between Subsidiary HQs and these 36 areas for data communication.

Towards 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 procurement action is in progress.

19. MINES SAFETY

19.1 Trend of Fatal Accidents & Fatalities

In the year 2004 fatal accidents could not be reduced to below the level achieved in 2003, the year in which Coal India Limited attained the lowest ever number of fatal accidents and fatalities. 66 fatal accidents with 70 fatalities took place in 2004 against 60 fatal accidents with 64 fatalities in 2003. The trend of fatal accidents and fatalities in the last five years in CIL is given below:



Note : (1) Figures for 2004 are subject to reconciliation with DGMS.

19.2 Safety Statistics

The Safety Statistics for CIL in 2004 compared to 2003 are given below :

Parameter	Year 2004	Year 2003
Fatal Accidents	66	60
Fatalities	70	64
Serious Accidents	402	439
Serious Injuries	414	457
Fatality rate per m.te. of coal production	0.22	0.21
Fatality rate per 300,000 manshifts deployed	0.20	0.18
Serious Injury rate per m.te. of coal production	1.29	1.52
Serious Injury rate per 300,000 manshifts deployed	1.17	1.29

Note : (i) Figures for 2004 are subject to reconciliation with DGMS.

(ii) Safety Statistics are maintained in calendar years in accordance with DGMS practice.

The Company-wise fatal accidents, fatalities, serious accidents and serious injuries in 2004 compared to 2003 are also given below :

Com- pany	Fatal Accidents & Fatalities				Serious Accident & Injuries			
	Accidents		Fatalities		Accidents		Serious Injuries	
	2004	2003	2004	2003	2004	2003	2004	2003
ECL	14	13	15	13	143	171	145	179
BCCL	11	12	12	13	70	60	71	62
CCL	11	6	11	6	19	22	22	24
NCL	4	2	5	2	9	18	10	18
WCL	13	9	13	12	47	63	50	65
SECL	7	11	8	11	97	93	99	97
MCL	4	7	4	7	17	12	17	12
NEC	2	0	2	0	0	0	0	0
CIL (overall)	66	60	70	64	402	439	414	457

Note : All figures for 2004 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 2004 for further enhancement of safety in mining operations of CIL :

- Conducting of Safety Audits of mines by experts for assessment of threats and implementation of the recommendations thereof once in every two years or earlier if necessary.

- (ii) Thrust was given –
 - (a) On inspections by senior officers like Area GMs/CGMs; Sub-Area Managers/Agents/Project Officers.
 - (b) Back-shift inspections
 - (c) Inspections by the Internal Safety Organisation.
- (iii) 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 in working areas belowground.
 - (c) Conducting of mock rehearsals and monitoring failure points for further improvement.
- (iv) Towards avoidance of accidents due to inundation the following measures were taken :
 - (a) Taking the required preventive measures against danger of inundation after assessment of danger from underground and surface sources of water in each mine prior to every monsoon.
 - (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.
- (v) 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 mechanized drilling by roof bolting machines thereby
 - (i) improving quality of roof bolting as well as
 - (ii) reducing exposure of roof-bolting crew to hazard of roof fall.
 - (d) Introduction of Resin grouted Roof Bolts in watery seams.
 - (e) Training of Support Personnel and Supervisors.
 - (f) Reducing exposure of workmen by increasing mechanization of operations in underground mines through the use of SDLs/LHDs, PSLW & Continuous Mines.
- (vi) 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.
- (vii) Risk Assessment has been conducted in some mines in each coal producing company of CIL.
- (viii). Thrust on training and retraining of workmen, supervisors to increase safety awareness of the workmen. CIL has prepared training films on CD for imparting standardized training in all its training centers.

20. MINES RESCUE SERVICES

Well equipped Rescue Service Organisations staffed by rescue personnel trained in modern training galleries and equipped with modern rescue equipment are



2004-2005

maintained by the subsidiary companies of CIL. 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

36051 employees were trained during 2004-05, out of which 9632 were executives, 9281 supervisors and 17138 workmen. The performance included 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 2004-05 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 2004-05 is given below :

Category	Employees trained
Executives	7282
Supervisor	9027
Workmen*	16822
Total	33131

* This 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, 2914 employees from eight subsidiary companies and CIL/HQ were trained under various training programme conducted outside the Company. The break up of training efforts to different level of employees is given below:

Category	Employees trained
Executives	2344
Supervisor	254
Workmen	316
Total	2914

(ii) Training Abroad

6 employees were trained abroad from April '2004 to March '2005. The details are as under:

Category	Employees trained
Executives	6
Supervisor	Nil
Workmen	Nil
Total	6

Out of 6 executives, 2 executives of CMPDI (Hq) were sent to Australia to attend an International Training programme at University of NSW, Sydney. Another 2 executives from CMPDI were sent to Germany for Training at M/s. Leica Micro System Wetzlar GmbH, Germany against purchase contract. 2 executives from SECL and CMPDI were sent to Japan on "Technology Transfer Project on Clean Coal Technology (Quality Control Course)."

22. MANPOWER

22.1 The total manpower of the company including its subsidiaries as on 31.3.2005 was 468450 against 484703 as on 31.3.2004. Company-wise position of manpower is as below :

Company	As on	Total
ECL	31.3.2005	105692
	31.3.2004	110132
BCCL	31.3.2005	92268
	31.3.2004	97110
CCL	31.3.2005	66871
	31.3.2004	69799
WCL	31.3.2005	68938
	31.3.2004	70515
SECL	31.3.2005	87590
	31.3.2004	89503
MCL	31.3.2005	21288
	31.3.2004	21506
NCL	31.3.2005	17174
	31.3.2004	17292
NEC	31.3.2005	3489
	31.3.2004	3581
CMPDI	31.3.2005	3290
	31.3.2004	3366
DCC	31.3.2005	647
	31.3.2004	653
CIL (HQ)	31.3.2005	1203
	31.3.2004	1246
CIL as a Whole	31.3.2005	468450
	31.3.2004	484703

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 1.1.2004 and 1.1.2005 are given below :

As on	Total Manpower	Scheduled Caste		Scheduled Tribe	
		Nos.	Percentage	Nos.	Percentage
1.1.2005	473,707	108,831	22.97	58,433	12.34
1.1.2004	490,003	113,351	23.13	60,289	12.30

23. INDUSTRIAL RELATIONS AND EMPLOYEES' PARTICIPATION IN MANAGEMENT

Industrial Relation scenario in CIL and its subsidiaries during the financial year under report remained cordial. Joint Consultative Committees (JCCs) and different Bipartite Committees at Unit/Area levels and Subsidiary (Hqrs) level continued to function regularly. Meetings of Standardisation Committee and Apex JCC were also held at regular intervals at CIL.

Strikes and Bundhs

The number of strikes during the period had marginally decreased compared to previous year. Company-wise details of strikes, mandays 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)	
	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05
ECL	2+2(IS) +1(BB)	2+1(IS)	94	202	122406	4398	103386	11110
BCCL	4+2(IS)	5+1(IS)	41	45	27870	1506	44878	10503
CCL	2(IS)	1	33	42	52780	3497	89749	17000
WCL	2+2(IS)	1+1(IS)	9	5	17918	21761	15710	25436
SECL	2(IS)	1+1(IS)	0	0	29875	24469	143501	25945
NCL	2(IS)	1(IS)	10	8	2253	4743	12100	0
MCL	00	1 (IS)	5	14	0	9311	0	234450
NEC	1(IS)	0	0	0	682	0	5,000	0
CMPDIL	1+2(IS)	1(IS)	0	3	1922	37	367(Mtg)	45(Mtg)
CIL	0	0	0	0	0	0	0	0
Total	9+2(IS) +1(BB)	10+1(IS)	192	319	255706	70172	414327+ 367(Mtg)	324444+ 45(Mtg)

* IS = Industrial Strike, BB = Bangla Bundh.

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

* Mtg = Metreage

* 2(two) Industrial Strikes called on 21.5.2003 and 24.2.2004 by various Political parties and Trade unions affected the workings of different companies.

* Bangla Bundh was called on 3.2.2004 by a Political party for which only ECL was affected

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 :



2004-2005

Sl. No.	Item	Available at the time of Nationalisation	Additions during 2004-05	Position as on 31.03.2005	Overall satisfaction
1	Housing	1,18,366	1,335	4,10,675	87.66%
2	Water supply (Population covered)	2,27,300	3,580	22,80,278	—
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)	—	—	61	—
(b)	No. of Project schools given infrastructure only	—	—	28	—
(c)	No. of Privately managed schools provided recurring grant	—	—	298	—
(d)	Other educational Institutions given grant/occasional help	—	5	288	—
TOTAL		—	5	675	—
4	Medical facilities				
(a)	Ambulances	42	1	673	—
(b)	Hospitals	49	—	86	—
(c)	Hospital beds	1,482	—	5,875	—
(d)	Dispensaries	197	—	430	—

Besides 15 Ayurvedic Dispensaries are also being run in the Subsidiary Coal Companies of CIL to provide indigenous system of treatment to workers. 40 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 26.29 Lakhs of seedlings in the Coalfield Areas during the year 2004-2005 to provide better environment.

25. PROGRESSIVE USE OF HINDI

The year under reference had witnessed a glittering function held on 25th January, 2005 at Coal Bhawan, Kolkata where distribution of awards and prizes to officers and employees

of CIL were made by the Secretary (Coal), Chairman, CIL, Director (Personnel & Industrial Relations), CIL and Director (Finance), CIL.

Awards and certificates were given to the officers and employees of CIL for their exemplary performance towards fulfilling the objectives of Rajbhasha. The occasion proved to be a source of impetus to the others for implementing Official language.

Steps taken towards implementation of official language, inter-alia, are as follows :

- (i) Intensive training has been imparted to 21 persons under the Praveen and 26 persons under the Pragya course.
- (ii) Efforts have been made to constantly fulfil the assurances given to the Parliamentary Committee on Official Language. A time-bound programme has been framed so as to ensure that the targets of the Annual Programme of the Ministry of Home are met.
- (iii) To augment the process of implementation of the provisions of the official language Acts and Rules in CIL and its subsidiaries, high-level meeting were organised where Chairman, CIL and Director (P&IR), Director (Finance) and Director (Tech.), CIL reviewed the entire gamut of activities relating to implementation of Rajbhasha.
- (iv) To facilitate functioning in Official Language, Hindi software has been loaded in about 105 of the existing computers at CIL (HQ). A proposal is on the anvil that all future procurements of Computers will have the Hindi software in built.
- (v) To ensure that maximum work is done in Hindi in each department, Nodal officers have been nominated by the Heads of Departments for implementation of Hindi at the departmental levels.
- (vi) Seminars and workshops both in-house

as well as external are held to facilitate exchange of views and ideas. A two-day seminar organised by Mahanadi Coalfields Ltd. on implementation of Official Language was well attended by the officers and staff of CIL. Seminars organised by the Rashtriya Hindi Academy, the Rajbhasha Sansthan were also attended by many.

Coal India has bagged the "Rajbhasha Baijayanti Award" for the year 2003-04. This is awarded by the Town official Language Implementation Committee (PSUs), Kolkata.

26 VIGILANCE

26.1 Set-up of the Vigilance Department

Coal India Limited (CIL) is a holding company with eight Subsidiary Companies. Each Subsidiary has a full fledged Vigilance Department under a Chief Vigilance Officer (CVO), which functions under the supervision of CIL Vigilance Department. CIL Vigilance Department is also headed by a CVO in the rank of Joint Secretary to the Govt. of India. The large size of the Organisation, both on account of high turnover of the Company and big size of its manpower, places huge responsibility on the shoulder of the Vigilance Department.

Apart from supervising and co-ordinating the activities of Subsidiary Vigilance Wings, CIL Vigilance maintains statistical data and provides reports/comments on specific complaints/cases referred to it by the Ministry of Coal and CVC from time to time. It also keeps liaison with CBI and other anti-corruption agencies. In addition, CIL Vigilance advises Chairman, CIL and CMDs of the Subsidiary Companies on matters relating to preventive and punitive vigilance.

26.2 Measures taken for improvement

During the year 2004-05, the Vigilance Department of CIL had taken up certain important measures towards minimisation of

corruption in different fields of work of the Organisation. Besides taking punitive actions against 169 officials, 168 cases of investigations and 60 departmental inquiries has been completed in the year under report. As a measure taken towards preventive vigilance, the Department had also conducted 366 numbers of checks and inspections in the corruption prone areas like coal production, overburden removal, coal transportation, explosive consumption, procurement of spares, civil works, diesel consumption etc., duly addressing the necessary rectifications against the lapses identified in those fields.

The Purchase Manual, Contract Manual and the Civil Manual of CIL have been revised after reviews and published during the year. These reviews were made in order to identify and overcome those the Companies were encountering in their day to day operations and bring in large measure of transparency and accountability in the system. Vigilance Department of CIL had taken active role in formulating the revised manuals. Apart from the above, CIL Vigilance have been assisting the other departments in interpreting the guidelines laid down by the Organisation, Ministry, as well as CVC.

In the year 2004-05, CIL Vigilance had constituted a team of vigilance officers in line with the CTE. The team has been regularly conducting technical examinations of major works. Based on the reports of the team, Ministry of Coal has suggested necessary changes in procedures and policies presently being adopted by CIL.

Like the previous year, job rotations of officers in sensitive posts have been done. A total of 2572 officials including non-executives had been transferred from sensitive posts during the year. The process of identifying the officers with doubtful integrity has been made in consultation with the CBI and such officers have been recommended for transfer from sensitive post.

26.3 Observance of Vigilance Awareness Week -2004

The Vigilance Awareness Week - 2004



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was observed from the 1st to 6th day of November, 2004. The employees of CIL pledged for maintenance of integrity, transparency and eradiction of corruption from all walks of life. Keeping in line with CVC guidelines towards utilising the Vigilance Awareness Week for conducting interactive sessions with the consumers/users, two programmes were organised at CIL. The first programme, which was conducted at Kolkata, consisted of sessions of interaction and workshop with the vendors and customers. Coal customers were invited to interact with the officers of Sales & Marketing Division, Material Management Division and Vigilance Division of CIL. Based upon the deliberations in the sessions, recommendations have been made for effective and suitable system improvement in the concerned areas. The second programme was organised at IICM, Ranchi, where workshops on Depot. Agreement were conducted. This was participated by the representative of CIL's Materials Management Department and Excavation Department along with major vendors/equipment suppliers of CIL. The focus of the discussion was to identify the bottleneck that affected smooth supply of spares to coal companies and to suggest remedial actions. A set of recommendations has been made in these workshop, which is under active consideration of CIL Management.

26.4 Statement on Punitive Vigilance

	Number of cases		
	CIL (HQ) Vigilance	Vigilance Division of Subsidiary Companies	Total
I. Investigation completed	9	159	168
II. Departmental Inquiries Completed	4	56	60
III. Penalty awarded :			
(i) Minor penalty	1	99	100
(ii) Major penalty	—	69	69

27. PARTICULARS OF EMPLOYEES

None of the employees received remuneration in the year 2004-05 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:

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

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

- (i) Review of financial statement before submission to the Board.
- (ii) Periodical review of internal control system.
- (iii) Review of Govt. Audit and Statutory Auditors' Report.
- (iv) Review of operational performance vis-a-vis standard parameters including that of subsidiaries;
- (v) Review of projects and other capital schemes including that of subsidiaries;
- (vi) Review of internal audit findings/ observations including that of subsidiaries;
- (vii) Development of a commensurate and effective Internal audit function in Coal India Ltd. including that of subsidiaries;

- (viii) 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 2004-05.

29. BOARD OF DIRECTORS

Shri Shahsi Kumar, who was Director (Marketing), CIL from 1.12.2001 to 28.3.2005 with additional charge of Chairman, CIL w.e.f. 2.12.2003, was appointed as Chairman, CIL with additional charge of Director (Marketing), CIL from 29.3.2005 (AN). During the year under review, Shri D.K. Verma, Director (Finance), CIL and Shri Md. Salim Uddin, Director (Personnel & Industrial Relation), CIL continued on the Board.

Shri M. K. Sinha, Director (Technical), CIL was on the Board upto 30.11.2004 and Shri L. Jha, Director (Technical), CIL was inducted on the Board w.e.f. 10.3.2005 (AN).

Shri Pradeep Kumar, Additional Secretary, Ministry of Coal continued on the Board during the year as part-time Director and Shri Rajiv Sharma, Joint Secretary, Ministry of Coal, on the other hand, was on the Board upto 28.9.2004 as part-time Director. Shri L.R. Thapar, Additional Member (Traffic), Railway Board was inducted on the Board as part-time Director w.e.f. 19.11.2004.

Shri M.K. Thapar, CMD, South Eastern Coalfields Limited and Shri Abdul Kalam, CMD, Eastern Coalfields Limited were on the Board as part-time Directors upto 18.7.2004 and 31.1.2005 respectively. Shri P.S. Bhattacharyya, CMD, Bharat Coking Coal Limited and Shri R.P. Ritolia, CMD, Central Coalfields Limited were on the Board as part-

time Directors from 19.7.2004 and 2.3.2005 respectively.

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 wholetime Directors shall retire at the ensuing Annual General meeting and they are eligible for reappointment.

The Board of Directors held in all 6 (six) meetings during the year 2004-2005.

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



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- (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 2004-2005 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)

As on 31st March, 1997, as accumulated loss of the company exceeded its network by Rs. 251.20 crores, Company was referred to BIFR during October, 1997 in terms of Sec. 15(1) of SICA. BIFR registered ECL's case as Case No. 501/98. Due to financial restructuring done by CIL as on 31.3.1998, by converting unsecured loan of Rs. 1179.45 crores into equity, the network became positive by Rs. 423.96 crores as on that date and the company came out of BIFR. Since company continued to incur losses year after year, the network of the company again became negative as on 31.3.1999 by Rs. 10.90 crores and the company was again referred to BIFR during November, 1999. Company's case was registered as Case No. 501/2000.

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) (o) 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 Draft Rehabilitation Scheme for ECL during June, 2002.

In the Joint Meeting held on 8th October 2002 the Scheme was discussed. No consensus could be reached in this meeting.

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.

As sequel to the discussion with the Stakeholders as well as 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 11th February, 2004. Coal India Board in its 214th meeting held on 12th February, 2004 accorded its in principle approval to the scheme, waiver of Rs. 519 crore of unsecured loan subject to ECL bringing down its negative network to Rs. 2051 crore in the year 2008-09 and recommended to Govt. of India for release of fund of the order of Rs. 1532 crore as relief towards equity in ECL subject to approval of the scheme by Government of India. The relief of Rs. 1532 crore would be provided in proportion to reduction of negatives network.

Ministry of Coal also wrote a letter to Operating Agency on 12th February, 2004 intimating that they were supporting the scheme and advised them to take up with BIFR for early hearing of the case.

Operating Agency convened a Joint Meeting with all the Stakeholders on 3rd March 2004 to discuss the Revised Draft Rehabilitation Scheme dated 31st January, 2004. In the Joint Meeting, all the Stakeholders supported the scheme in one voice. As a sequel to the discussion in the Joint meeting, Operating Agency prepared a fully tied up Draft Rehabilitation Scheme of ECL - March 2004 and submitted the same to BIFR and to other stakeholders.

BIFR circulated the Draft Rehabilitation Scheme of ECL on 8th June, 2004 to all the stakeholders inviting objections/suggestions to the scheme within 60 days from the date of the order. The objections/suggestions to the scheme was heard on 21st September, 2004.

BIFR sanctioned the Rehabilitation Scheme of the Company on 2nd November,

2004 under section 19(3) read with section 18(4) of SICA for implementation. The scheme is now binding on all concerned.

As advised by the Ministry of Coal, Office of the Controller General of Accounts examined the revival plan of ECL and recommended the same for the revival of the company.

As advised by the Ministry of Coal, Company submitted the information on revival plan to the newly formed Board for Reconstruction of Public Sector Enterprises (BRPSE) for its consideration. BRPSE heard the ECL Revival Plan on 29th August, 2005 at New Delhi. During the BRPSE hearing ECL presented the Revised Production and Financial Projections compared to the sanctioned BIFR Scheme as there was some delay in the implementation of the projects and due to the impact of NCWA-VII. Against the total production of 306.58 million tonnes envisaged in the BIFR sanctioned Rehabilitation Scheme for the year 2005-06 to 2012-13, the revised production came to 319.87 million tonnes i.e. 13.29 million tonnes more. Due to the revision in the production as well as the impact of NCWA-VII, the networth of the Company would become positive only in 2009-10 by Rs. 83 crore with conversion of Current Account Balance of Rs. 1532 crore into Equity and waiver of Unsecured Loan of Rs. 519 crore by Coal India Limited against the BIFR stipulation of 2008-09. BRPSE recommended the Rehabilitation Scheme for the revival of the Company with the condition that conversion of Current Account Balance into Equity and Waiver of Unsecured Loan would be done by Coal India Limited during 2009-10 subject to ECL achieving physical and financial parameters as per the revised projections presented to them.

32.2 Bharat Coking Coal Limited (BCCL)

(A) *Present BIFR status of BCCL*

BCCL was first registered as sick Company vide Registration No. 504/95 dated 18.12.95 as its net worth was negative after

completion of Accounts for the year 1994-95. At its first hearing held on 15.2.96, BIFR appointed Shri S. Krishnanmurthy as special Director on BCCL Board till 26.5.2003.

BCCL came out of BIFR at 4th hearing held on 22.12.97 as net worth of the Company became positive due to capital restructuring by converting loan into Equity by CIL amounting to Rs. 996 crores. Before converting loan into Equity by CIL, the paid up share capital of BCCL was Rs. 1122 crores. After conversion paid up share capital of BCCL is Rs. 2118 crores. However, BCCL was under watch of BIFR u/s 23 of SICA.

After completion of Accounts for the year 1999-2000, the net worth of the Company became negative and after making reference to BIFR, BCCL was once again registered as Sick Company vide Registration No. 502/2001 dated 4.5.2001.

In its 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 the AAIFR hearing held on 14.11.2002, after considering all facts and material and timely submission of Reports, the case was 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.

The Revised Revival Plan in the line with the approved revival scheme of Coal India Limited was considered by BCCL Board at its 232nd Board meeting held on 2.4.2004. Revival Plan was submitted to BIFR on 12.4.2004.

Valuation Report of the assets of BCCL, valued by approved valuers M/s. Devcon Engineers & Valuers, Kolkata was submitted to BIFR on 31.5.2004. Thereafter no hearing of BIFR has taken place.



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(B) **Submission of Rehabilitation scheme to Board for Reconstruction of Public Sector Enterprises (BRPSE).**

Government of India constituted a Board for reconstruction of Public Sector Enterprises by notification dated 6th December, 2004.

The Revival Plan submitted to BIFR was sent to Ministry of Coal for further examination. The Controller General of Accounts (CGA), Capital Restructuring Cell, Department of Expenditure, Ministry of Finance, Govt. of India, on the revival packages prepared by Bharat Coking Coal Limited, while broadly agreeing with the revival strategy formulated by BCCL, stressed on the need for closure of unviable mines, manpower rationalisation and production enhancement vide letter No. CGA/CRC/PSO/134/115 dated 24.11.2005 of Dy Controller General of Accounts (Capital Restructuring Cell).

As per instruction of Ministry of Coal, BCCL submitted its Rehabilitation Scheme in prescribed format to BRPSE in April, 2005 suitably modifying the Revival Plan submitted to BIFR on 12.4.04, considering the present scenario.

Taking into account the financial implication arising out of finalisation of NCWA-VII, and incorporating the suggestion of Dy. CGA, a modified Rehabilitation Scheme has been finalised which was placed to BRPSE on 29th August, 2005.

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.

In accordance with Section 15 of the Sick Industrial Companies (Special Provisions) Act (SICA), 1985, after adoption of the Annual Accounts for the year 2000-01, a 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 held on 25.3.03. Consequent upon net worth of CCL becoming positive, the Appellate Authority in its hearing held on 31st January, 2005 finally opined that the company was never declared sick in any case even though it deserved to be brought under the purview of SICA. Accordingly, the prayer of the company to withdraw the case was granted. Hence, CCL is no longer under the purview of SICA.

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 :

- (i) The comments and review of the Comptroller and Auditor General of India.
- (ii) Replies to the observations made by the Statutory Auditors on the Accounts for the year ended 31st March, 2005.
- (iii) 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 30th August, 2005

Annual Accounts

2004–2005



2004-2005

Balance Sheet

As at 31st March, 2005

(Rs. in '00,000)

	Schedule	Current Year		Previous Year
I. SOURCES OF FUND				
A. Shareholders' Fund				
(a) Share Capital	A	631636.44		631636.44
(b) Reserves & Surplus	B	426806.00		325356.22
B. Shifting & Rehabilitation Fund		29365.82		12724.86
C. Loan Fund				
(a) Secured	C	0.00	1.62	
(b) Unsecured	D	237240.16	252427.94	
		<u>237240.16</u>	<u>252427.94</u>	252429.56
		<u>1325048.42</u>		<u>1222147.08</u>
II. APPLICATION OF FUND				
A. Fixed Assets	E			
(a) Fixed assets		35191.85	34421.35	
Less : Depreciation		22281.94	21023.47	
		<u>12909.91</u>		
Less : Prov. for Impairment		1449.15		
		<u>11460.76</u>	<u>58.34</u>	13397.88
(b) Capital Work-in-Progress			8.79	184.34
(c) Surveyed Off Assets				8.25
B. Investment	F	631636.37		631636.37
C. Current Assets, Loans & Advances				
Inventories	G	4733.29	3482.10	
Sundry Debtors	H	16.04	42.01	
Cash & Bank Balances	I	253263.80	110720.38	
Loans & Advances	J	866737.82	885313.10	
		<u>1124750.95</u>	<u>999557.59</u>	
Less : Current Liabilities & Provisions	K	442866.79	422637.35	
		<u>681884.16</u>	<u>422637.35</u>	576920.24
		<u>1325048.42</u>		<u>1222147.08</u>

Accounting Policies and Notes on
Accounts are forming part of the Accounts M

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

Sd/-
(P. Bhattacharya)
General Manager (F)

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

Sd/-
(Shashi Kumar)
Chairman

Dated : 25th August, 2005
Place : Kolkata

As per our report annexed.
For Singh & Co.

Sd/-
(Pradeep Kumar Singhi)
(Partner)
Chartered Accountants

Profit & Loss Account

For the year ended 31st March, 2005

(Rs. in '00,000)

	Schedule	Current Year	Previous Year
INCOME :			
Sales	1	9155.42	12450.51
Coal Issued for other purposes	2	47.58	17.25
Other Income	3	148331.55	129017.47
Accretion (+)/Decretion (-) of stock	4	1221.88	(680.70)
Interest	13	4523.03	(2750.18)
Interest (CCL)		—	25638.91
		163279.46	163693.26
EXPENDITURE			
Consumption of Stores & Spares	5	654.79	637.44
Coal Issued for other purposes per contra	6	19.78	0.74
Employees' Remuneration and Benefits	7	11188.41	10628.12
Social Overhead	8	1477.59	1445.00
Power & Fuel	9	835.99	785.75
Repairs	10	158.55	270.99
Contractual Expenses	11	4286.27	4486.33
Other Expenditure	12	1762.10	2162.17
Finance Charges	14	2502.59	2731.69
Depreciation		1244.93	1463.23
Provisions/Write Off	15	4255.92	2844.07
Provision for impact of wage revision (Arrear)		2618.00	662.83
		31004.92	28118.36
PROFIT FOR THE YEAR		132274.54	135574.90
Prior Period Adjustment	16	555.75	22.73
PROFIT BEFORE TAX		132830.29	135597.63
Provision for Income Tax		(650.00)	(2300.00)
Excess Prov. for Income Tax Written Back (earlier period)		1552.30	
PROFIT AFTER TAX		133732.59	133297.63
Profit brought forward from previous year	133838.55		34702.46
Less : Prov. for impairment (Transitional period)	1240.16	132598.39	
Add : Transfer from Bond Redemption Reserve		1100.00	1138.00
PROFIT AVAILABLE FOR APPROPRIATIONS (Carried down)		267430.98	169138.09



2004-2005

PROFIT & LOSS ACCOUNT (CONTD.)

	Schedule	Current Year	(Rs. in '00,000) Previous Year
PROFIT AVAILABLE FOR APPROPRIATIONS (Brought down)		267430.98	169138.09
APPROPRIATION			
Reserve for Foreign Exchange Transactions		(25.94)	376.25
Transfer to General Reserve (Incid. Bond Red. Reserve)		14473.26	14467.76
Proposed Dividend on Preference Shares		—	8026.15
Proposed Dividend on Equity Shares			
Interim		14000.00	—
Final		13454.67	10106.18
Tax on Dividend		3587.98	2323.20
BALANCE CARRIED TO BALANCE SHEET		221941.01	133838.55
Basic and Diluted Earnings per Share (in Rupees)		211.77	197.73
(Ref. Note No. 13.21 in part B to Schedule - M)			
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. Bhattacharya)
General Manager (F)

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

Sd/-
(Shashi Kumar)
Chairman

Dated : 25th August, 2005
Place : Kolkata

As per our report annexed.
For **Singhi & Co.**

Sd/-
(Pradeep Kumar Singhi)
(Partner)
Chartered Accountants

Schedule to Balance Sheet

As At 31st March, 2005

SCHEDULE – A

SHARE CAPITAL	(Rs. in '00,000)	
	Current Year	Previous Year
<i>Authorised</i>		
(i) 90,41,800 Non-cumulative 10% Redeemable Preference Shares of Rs.1000/- each (Previous Year 90,41,800 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) 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
(ii) 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>631636.44</u>

Note : Entire Paid-up Share Capital held by Govt. of India.



2004-2005

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	3606.40		4744.40	
Less : Amount transferred to Profit & Loss Account	<u>1100.00</u>	2506.40	<u>1138.00</u>	3606.40
		90418.00		90418.00
(b) Capital Redemption Reserve				
(c) Reserve for Foreign Exchange Transactions				
Balance as per last account	8832.35		8456.10	
Add : Amount transferred from Profit and Loss Account	<u>—</u>		<u>376.25</u>	
Less : Amount transferred to Profit and Loss Account	<u>25.94</u>	8806.41	<u>—</u>	8832.35
(d) General Reserve				
Balance as per last account	88660.92		74193.16	
Add : Amount transferred from Profit and Loss Account	<u>14473.26</u>	103134.18	<u>14467.76</u>	88660.92
B. SURPLUS				
Profit and Loss Account				
Balance Carried forward	221941.01		133838.55	
TOTAL (A + B)	<u>426806.00</u>		<u>325356.22</u>	



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
	<u>—</u>	<u>1.62</u>

SCHEDULE – D

UNSECURED LOAN

(Rs. in '00,000)

Current Year

Previous Year

Long term loan from Government of India	10708.70	12522.50
Loan from Govt. (VRS)	10350.00	—
From World Bank (Guaranteed by Govt of India)		
JBIC (JPY 242665.09 Lacs)	99614.02	109845.80
IBRD (USD 2235.87 Lacs)	98333.60	103755.28
Un-Secured Bonds		
12.25% Non Convertible (Taxable) (earliest redemption Dec, 2004)	—	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
	<u>2500.00</u>	<u>3600.00</u>
Term Loan from Financial Institution	8571.43	12857.14
Interest Accrued and Due on Govt. Loan	7162.41	9847.22
	<u>237240.16</u>	<u>252427.94</u>



2004-2005

SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE – E

(Rs. in '00,000)

FIXED ASSETS

	COST				DEPRECIATION				IMPAIRMENT LOSS				NET BLOCK	
	As on 01.04.04	Addition during the year	Adj./Sales/ Trans. 2004 - 05	Total as on 31.03.05	As on 01.04.04	Addition during the year	Adj./Sales/ Trans. 2004 - 05	Total as on 31.03.05	Total as on 01.04.04	Addition during the year	Reversal during the year	Total as 31.03.2005	As on 31.03.05	As on 31.03.04
LAND														
(a) Freehold	547.37	—	—	547.37	—	—	—	0.00	—	—	—	0.00	547.37	547.37
(b) Leasehold	133.79	—	—	133.79	27.20	1.32	—	28.52	—	—	—	0.00	105.27	105.59
BUILDING	6830.37	637.63	1.98	7469.98	1806.54	139.13	0.45	1946.12	—	162.43	—	162.43	5361.43	5023.83
PLANT & MACHINERY	18038.71	81.70	-35.08	18085.33	12887.82	964.05	-31.66	13820.21	—	18.36	—	18.36	4246.76	5150.59
FURNITURE & FITTINGS/														
OFFICE EQUIPMENTS	1587.50	18.42	-1.86	1604.06	1212.36	58.18	-0.31	1270.23	—	0.98	—	0.98	332.85	375.14
RAILWAY SIDING	771.25	0.00	0.00	771.25	472.76	36.63	0.00	509.39	—	—	—	0.00	261.86	298.49
VEHICLES	351.41	27.64	-11.55	367.50	284.67	14.04	-10.98	287.73	—	—	—	0.00	79.77	66.74
AIRCRAFT	1665.38	0.00	0.00	1665.38	1179.95	65.09	0.00	1245.04	—	—	—	0.00	420.34	485.43
TELECOMMUNICATION	505.32	24.92	-0.52	529.72	402.08	22.25	0.28	424.61	—	—	—	0.00	105.11	103.24
DEVELOPMENT	3171.12	27.22	0.00	3198.34	2204.18	0.00	0.00	2204.18	966.94	27.22	0.00	994.16	0.00	966.94
PROSPECTING & BORING	819.13	0.00	0.00	819.13	545.91	0.00	0.00	545.91	273.22	0.00	0.00	273.22	0.00	273.22
TOTAL	34421.35	817.53	-47.03	35191.85	21023.47	1300.69	-42.22	22281.94	1240.16	208.89	0.00	1449.15	11460.76	13397.83
CAPITAL WORK-IN-PROGRESS	377.47	124.38	-2.30	499.55	—	—	—	—	—	—	—	—	499.55	377.47
Less : Provision	-193.13	-248.08	—	-441.21	—	—	—	—	—	—	—	—	-441.21	-193.13
C.W.I.P. (Net)	184.34	-123.70	-2.30	58.34	—	—	—	—	—	—	—	—	58.34	184.34
SURVEYED OFF ASSETS (P&M)	—	—	—	—	—	—	—	—	—	—	—	—	8.79	8.25
PREVIOUS YEAR														
FIXED ASSETS	34329.77	262.99	-171.41	34421.35	19673.43	1524.64	-174.60	21023.47	—	—	—	—	13397.88	14656.34
CAPITAL WORK-IN-PROGRESS	192.31	38.03	-46.00	184.34	—	—	—	—	—	—	—	—	184.34	192.31
SURVEYED OFF ASSETS (P&M)	—	—	—	—	—	—	—	—	—	—	—	—	8.25	13.03

ALLOCATION OF DEPRECIATION

CURRENT YEAR

PREVIOUS YEAR

Profit & Loss Account	1244.93	1463.23
Social Overhead	50.51	56.17
Power & Fuel	5.25	5.25
Prior Period Adjustment	4.06	-0.06
Transfer In/Out	0.00	1.83
Other Adjustment (Incl. Surveyed off Assets) and for Policy 7.4	-46.28	-176.38
TOTAL	1258.47	1350.04

SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE – F

INVESTMENT (Unquoted)

(Rs. in '00,000)

Current Year

Previous Year

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
9400000 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
190400 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
	<u>631636.37</u>	<u>631636.37</u>



2004-2005

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)	343.17		320.51	
Less : Provision for slow-moving/ non-moving obsolescence/shortage	141.51	201.66	148.16	172.35
Stock of Coal	4640.19		3444.25	
(Valued at lower of Cost or Market Price)				
Coke	0.75		0.75	
(Valued at lower of Cost or Market Price)				
	4640.94		3445.00	
Less : Provisions	109.31		135.25	
		4531.63		3309.75
		4733.29		3482.10

SCHEDULE TO BALANCE SHEET (CONTD.)

PARTICULARS IN RESPECT OF COAL STOCK AS ON 31.03.2005 (For Producing Unit)

QTY. IN '000 TONNE
VALUE IN RS. LAKHS

PARTICULARS	OVERALL STOCK		PROVISION FOR NON-VENDABLE STOCK		VENDABLE STOCK	
	QTY.	VALUE	QTY.	VALUE	QTY.	VALUE
(A) RECONCILIATION OF BOOK STOCK AND MEASURED STOCK						
1. Opening Stock as on 01.04.04 (As per Accounts)	331.38	3380.36			331.38	3380.36
2. Add : Production for the year	628.14	10153.07			628.14	10153.07
3. Sub-Total (1+2)	959.52	13533.43			959.52	13533.43
4. Less : Off Take for the year						
(a) (i) Outside Despatch	567.54	8889.22			567.54	8889.22
(ii) Transferred Out	—	—			—	—
(b) Coal issued for other purposes	3.71	47.58			3.71	47.58
Total (4)	571.25	8936.80			571.25	8936.80
5. Derived Stock (3-4)	388.27	4596.63			388.27	4596.63
6. Measured Stock	387.72	4590.04			387.72	4590.04
7. Difference (5-6)	0.55	6.59			0.55	6.59
8. Breakup of difference						
(a) Excess within 5%	—	—			—	—
(b) Shortage within 5%	0.55	6.59			0.55	6.59
(c) Excess beyond 5%	—	—			—	—
(d) Shortage beyond 5%	—	—			—	—
9. Closing Stock Adopted in Accounts (6+8a+8b)	388.27	4596.63			388.27	4596.63
					<u>QTY.</u>	<u>VALUE</u>
					388.27	4596.63
(B) RECONCILIATION OF CLOSING STOCK ADOPTED IN ACCOUNTS						
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					—	65.00
Stock as per Accounts after all provisions					<u>388.27</u>	<u>4531.63</u>



2004-2005

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	1066.93	1099.54
Other Debts	10.94	8.14
	1077.87	1107.68
Less : Provision	1061.83	1065.67
	16.04	42.01

CLASSIFICATION

Considered good	16.04	42.01
Considered doubtful	1061.83	1065.67

	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	3.22	2.97
Remittance-in-transit	7.50	2.60
Balance with Scheduled Banks		
In Current Account	1677.20	1304.45
In Cash Credit Account	2772.43	5078.95
In Deposit Account with Scheduled Banks	248799.97	104328.02
With Post Office Savings Bank Account	3.48	3.39
	253263.80	110720.38

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 (Ref. Note No. 10.5 & 13.14 of Sch.-M Part-B)	1106.86		1786.51	
For Others	192.30		188.15	
		1299.16		1974.66
ADVANCE TO EMPLOYEES				
For House Building	206.60		256.79	
For Motor Car & Other Conveyance	6.56		12.42	
For Others	101.95		107.67	
		315.11		376.88
DEPOSITS				
For Custom duty & Port Charges	90.86		88.61	
For Other Deposits	242.16		205.17	
		333.02		293.78
Short Term Loan to Body Corporates		150.00		150.00
Dividend receivable from Subsidiaries		26404.07		48543.00
Other Receivable (Ref. Note No. 13.17 of Sch.-M Part-B)		681.98		485.38
Other Advances (Ref. Note No. 13.15 of Sch.-M Part-B)		1341.92		629.79
AMOUNT RECEIVABLE FROM GOVERNMENT OF INDIA				
For transaction on behalf of Ex-Coal Board		84.31		75.36
Claims Receivable		346.50		347.26
Prepaid Expenses		28.70		21.20
TDS/Advance Tax		9118.24		9033.80
Balance with Subsidiaries				
Loan A/c.	251115.06		266115.06	
Current A/c.	367185.56		336068.06	
		618300.62		602183.12
Balance with Subsidiaries (World Bank Loan)				
Loan A/c.	197947.62		213601.08	
Current A/c.	2977.10		6332.76	
		200924.72		219933.84
Loan to Subsidiaries (VRS) (Ref. Note No. 13.18 of Sch.-M Part-B)		8635.00		—
Exploratory Drilling work (Ref. Note No. 7.4 of Sch.-M Part-B)		3127.37		1986.42
(Eastern Coalfields Ltd. Command Area)		871090.72		886034.49
		4352.90		721.39
Less : Provision				
		866737.82		885313.10
CLASSIFICATION				
Considered good		866737.82		885313.10
Considered doubtful		4352.90		721.39



2004-2005

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	217982.62	212602.36	216361.06	211826.20
Bharat Coking Coal Limited	309491.19	274117.11	310026.10	274117.11
Central Coalfields Limited	115013.01	142873.30	92427.15	124134.12
Western Coalfields Limited	14804.50	23455.64	12398.13	15351.94
Northern Coalfields Limited	100193.52	114360.04	-142618.56	-112662.77
South Eastern Coalfields Limited	42281.42	55475.84	42178.00	47248.95
Mahanadi Coalfields Limited	31912.87	18732.05	-91265.94	-98597.92
Central Mine Planning & Design Institute Limited	15768.74	15357.97	9080.03	9965.64
	847447.87	856974.31	448585.97	471383.27

Notes : House Building and cars/scooters advance for Rs.213.16 lakhs (Previous Year 269.21 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	286.45	276.43
For Coal	63.76	63.85
Advance from Customers	350.21	340.28
Deposits	2378.80	2766.57
Advance Deposit (Pre-Nationalisation)	1852.38	1105.85
	20.85	20.85
EMPLOYEES' REMUNERATION & BENEFITS		
Salaries, Wages & Allowances	581.10	971.63
Attendance Bonus	2.90	4.17
Ex-gratia	171.57	171.13
Unpaid salaries, Wages etc.	0.30	0.26
	755.87	1147.19
OTHER EXPENSES		
Power & Fuel	106.98	106.35
Contractual Expenses	892.52	956.58
Others	3769.73	4170.11
Due to Government of India (including ex-owner's Accounts)	4769.23	5233.04
	160.93	152.82
Interest accrued but not due on Loan	7265.57	10237.47
SALES TAX		
State	16.88	13.70
Central	40.85	62.09
Royalty & Cess on Coal	57.73	75.79
Provident Fund	164.36	498.49
Pension Fund	129.59	138.59
	34.03	30.72
INCOME TAX		
Employees	115.71	49.66
Contractors	0.24	1.38
Others	2883.88	2824.20
Professional Tax	2999.83	2875.24
Surplus Fund from Subsidiaries	6.82	6.51
Balance with Subsidiaries Current Account	364805.85	336888.39
Adv. Deposit Other Govt. Fund (Ref. Note No. 13.16 in Sch.-M Part-B)	14468.52	13845.30
Other Liability	7843.00	8379.00
	1885.22	1716.52
INVESTORS, EDUCATION & PROTECTION FUND		
Public Deposit (Incl. Intt. Thereon)	3.11	3.12
17% Non Convertible Bonds (Incl. Intt. Thereon)	9.49	9.67
	12.60	12.79
B. PROVISIONS		
Gratuity	3401.09	3156.27
Leave Encashment	1369.06	1166.25
Provision for Income Tax	650.00	4509.41
Proposed Dividend	13454.67	18132.33
Income Tax on Proposed Dividend	1758.35	2323.20
Provision for NCWA-VII	4912.27	1553.27
Contribution from Subsidiaries towards Indian Instt. of Coal Management pending reimbursement (Ref. Note No. 9.4 in Sch.-M Part-B)	435506.83	416312.14
	7359.96	6325.21
	442866.79	422637.35

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



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Schedule to Profit & Loss Account

For the Year Ended 31st March, 2005

SCHEDULE – 1

SALES

(Rs. in '00,000)

PARTICULARS	PRODUCTS		TOTAL	
	Raw Coal	Soft Coke	Current Year	Previous Year
Quantity (in '000 M.T.)	567.54	—	567.54	869.70
Gross Sales Value	10344.12	—	10344.12	14083.86
Add : Service Charges received	266.20	—	266.20	444.55
(A)	10610.32	0.00	10610.32	14528.41
Less : Statutory Levies				
Royalty on Coal	936.45	—	936.45	1434.96
Stowing Excise Duty	56.76	—	56.76	75.60
Sales Tax				
Central	235.06	—	235.06	475.14
State	179.07	—	179.07	92.20
Assam Land Tax	47.56	—	47.56	
Total Levies (B)	1454.90	0.00	1454.90	2077.90
Net Value (A - B)	9155.42	0.00	9155.42	12450.51

SCHEDULE – 2

COAL ISSUED FOR OTHER PURPOSES

(Rs. in '00,000)

	Current Year	Previous Year
Internal Consumption	25.44	14.54
Free Issue to Employees	2.36	1.97
Others	19.78	0.74
TOTAL	47.58	17.25

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD..)

SCHEDULE – 3

OTHER INCOME

(Rs. in '00,000)

	Current Year	Previous Year
Subsidy (stowing)	7.01	—
Apex Office Charges from Subsidiaries	13670.50	16289.45
Interest received	41.02	37.50
Rent (Outsider)	12.52	12.83
L.D./Penalty received	13.70	8.19
Tender Fees	5.23	1.47
Provision/Liability Write backs	563.15	26.08
Sale of Scraps	—	1.81
Hire Charges	1569.24	1574.42
Let out Rent (TDS - Rs.82.18 lakhs)	393.00	393.00
Interim Dividend/Dividend from Subsidiaries	128931.81	106619.80
Guarantee Fee from Subsidiaries	2969.21	3204.02
Profit on sale of Assets	—	0.18
Gain on Foreign Exchange Transactions	—	376.24
Gain/Loss on Foreign Exch. Rate Variance	—	449.21
Misc. Income	155.16	23.27
TOTAL	148331.55	129017.47



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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. Closing Stock (Revenue Mines only) as on 31.03.2005		
Raw Coal	4640.19	3444.25
Soft Coke	0.75	0.75
Less : Deterioration of Coal value due to fire or longer stocking	109.31	135.25
TOTAL (A)	4531.63	3309.75
B. Opening Stock (Revenue Mines only) as on 01.04.2004		
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)	1221.88	-680.70

SCHEDULE – 5

CONSUMPTION OF STORES & SPARES

(Rs. in '00,000)

	Current Year	Previous Year
Explosives	173.56	159.53
Timber	129.64	126.28
Petrol, Oil and Lubricants	219.79	187.91
Consumable Stores & Spares for HEMM	18.13	33.88
Other Consumable Stores & Spares	260.70	236.90
	801.82	744.50
Less : Transfer to		
Social Overhead	15.63	11.60
Power & Fuel	81.30	53.86
Other Expenditure	50.10	41.60
	147.03	107.06
TOTAL	654.79	637.44

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	25.44	14.54
Free Issue to Employees	2.36	1.97
Misc.	19.78	0.74
	<u>47.58</u>	<u>17.25</u>
Less : Transfer to		
Power & Fuel	25.44	14.54
Social Overhead	2.36	1.97
	<u>27.80</u>	<u>16.51</u>
TOTAL	<u>19.78</u>	<u>0.74</u>

SCHEDULE – 7

EMPLOYEES' REMUNERATION AND BENEFITS

(Rs. in '00,000)

	Current Year	Previous Year
SALARIES, WAGES AND ALLOWANCES		
Salaries & Wages (incl. Transport Subsidy)	7765.05	6816.09
Provision for NCWA - VII	741.00	369.00
Overtime		
(a) Normal	151.56	168.60
(b) Sunday Maintenance	148.50	124.46
	<u>300.06</u>	<u>293.06</u>
Leave Encashment	278.71	393.25
Contribution to Provident Fund and Other Funds (including Administrative Charges)	937.81	890.46
Attendance Bonus	281.19	287.71
Ex-gratia		
(a) PPLB - Non Executive	156.34	151.70
(b) PPLR - Executive	15.23	15.28
	<u>171.57</u>	<u>166.98</u>
LTC/LLTC/RRF	280.00	346.97
Pension	57.20	54.91
Gratuity	617.82	544.29
Workmen Compensation	5.21	8.20
Group Insurance	7.07	7.11
D. L. I.	8.66	8.27
Life Cover Scheme	9.77	11.05
V. R. S.	40.97	713.76
	<u>11502.09</u>	<u>10911.11</u>
Less : Transfer to		
Social Overhead	307.10	276.79
Power & Fuel	6.58	6.20
	<u>313.68</u>	<u>282.99</u>
TOTAL	<u>11188.41</u>	<u>10628.12</u>



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SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD..)

SCHEDULE – 8

SOCIAL OVERHEAD		<i>(Rs. in '00,000)</i>	
		Current Year	Previous Year
Salaries, Wages & Allowances		307.10	276.79
Free Issue of Coal to Employees		2.36	1.97
Medical Facilities			
(a) Medical Reimbursement	352.20		292.76
(b) Medicine	39.61		77.70
(c) Diet Expenses	10.59		7.99
		402.40	378.45
Grants to			
(a) Schools & Institutions	28.51		26.76
(b) Sports, Recreation	9.60		9.31
		38.11	36.07
Canteen and Creche			
Canteen up-keep		10.92	16.05
House Rent		24.05	30.75
Power		385.51	412.99
Repairs & Maintenance			
(a) Township (incl. welfare buildings)	66.68		67.43
(b) Plant & Machineries	0.77		1.29
		67.45	68.72
Maintenance of Vehicles			
(a) Petrol & Diesel	6.06		4.00
(b) Repairs	4.50		3.42
(c) Insurance	0.74		0.55
		11.30	7.97
Consumption of Stores & Spares		9.57	7.60
Depreciation		50.51	56.17
Community Development		10.37	18.51
Environmental Expenses			
Tree Plantation		0.06	1.35
Uniform		3.46	3.80
Training Expenses			
(i) Within the Co.	9.12		7.63
(ii) Outside the Co.	3.15		3.92
		12.27	11.55
Other Welfare Expenses		162.27	145.67
		1497.71	1474.41
Less : Recoveries			
House Rent	7.37		7.45
Hospital Charges	1.86		1.87
Electricity	10.89		20.09
		20.12	29.41
TOTAL		1477.59	1445.00

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD..)

SCHEDULE – 9

		(Rs. in '00,000)
POWER & FUEL	Current Year	Previous Year
	1093.93	1106.20
Purchase of Electricity		
Power Generation	6.58	6.20
Salary & Wages	25.44	14.54
Consumption of Coal	81.30	53.86
Consumption of Stores	9.00	12.69
Repair & Maintenance	5.25	5.25
Depreciation	127.57	92.54
	1221.50	1198.74
Less : Transfer to Social Overhead	385.51	412.99
TOTAL	835.99	785.75

SCHEDULE – 10

		(Rs. in '00,000)
REPAIRS	Current Year	Previous Year
	51.28	102.74
Building		
Plant & Machinery	22.02	21.79
Outside Agency	33.55	49.91
Office Equipment	132.65	181.38
Others	239.50	355.82
Less : Transfer to	71.95	72.14
(a) Social Overhead	9.00	12.69
(b) Power & Fuel	80.95	84.83
TOTAL	158.55	270.99



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SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD..)

SCHEDULE – 11

CONTRACTUAL EXPENSES

(Rs. in '00,000)

Current Year

Previous Year

Transportation Charges

- (a) Coal, Coke
- (b) Stores

54.27
0.36

65.35

54.63

65.35

4231.64

4420.98

Other Contractual Work

TOTAL

4286.27

4486.33

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD..)

SCHEDULE – 12

OTHER EXPENDITURE

(Rs. in '00,000)

		Current Year	Previous Year
Travelling			
(a) In country	269.39		304.19
(b) Outside country	5.11		13.64
		274.50	317.83
Printing & Stationery		80.82	95.96
Postage		17.65	8.22
Telephone		77.57	87.45
Advertisement & Publicity			
(i) Advertisement for			
(a) Tender	37.01		37.51
(b) Recruitment	—		—
		37.01	37.51
(ii) Publicity		61.55	174.88
Demurrage		1.92	25.41
Donation		6.83	44.75
Subscriptions		19.48	15.52
Security Expenses		142.22	125.00
Hire Charges			
(a) Computer	68.47		91.02
(b) Others	48.60		71.92
		117.07	162.94
Maintenance of Vehicles			
(a) Petrol & Diesel	50.10		41.60
(b) Repairs	19.89		32.68
(c) Road Tax & Insurance	6.97		6.50
		76.96	80.78
Legal Expenses		68.59	38.41
Bank Charges		7.45	7.22
Guest House Expenses	27.82		31.76
Less : Recoveries	5.20		5.60
		22.62	26.16
Consultancy Fees		87.49	248.49
Office Contingency Expenses		39.43	38.65
Underloading Charges		27.88	34.98
Loss on sale/discard of assets		1.06	—
Auditors' Remuneration			
(a) Audit Fees	1.85		1.81
(b) Travelling & Out-of-pocket exp.	1.00		1.34
		2.85	3.15
Tax Audit Fees		0.55	0.54
Internal Audit/Other Audit fees and exp.		2.20	2.30
Royalty & Cess		5.82	2.56
Rent, Rates & Taxes		301.94	330.69
Insurance		20.39	28.37
Dead Rent		32.56	28.58
Surface Rent		0.91	1.09
Loss on Exchange Variance		0.35	—
Loss on Foreign Exchange Transaction		25.94	—
Land Compensation		—	25.00
Miscellaneous		200.49	169.73
TOTAL		1762.10	2162.17



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SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD..)

SCHEDULE – 13

INTEREST		(Rs. in '00,000)	
	Current Year	Previous Year	
(a) Government Loan			
(i) Plan Loan	1753.10	2012.61	
(ii) Non-plan loan	232.88	—	
(b) Bank Overdraft	3.77	325.76	
(c) Bonds	396.33	531.08	
(d) Other Corporate/Financial Institutional Loan	1359.65	2140.24	
(e) Pension Fund	2.79	56.58	
(f) Interest on IBRD & JBIC Loan	4195.24	3379.19	
(g) Others	13740.30	13773.91	
	<hr/>	<hr/>	
	21684.06	22219.37	
Less : (a) Interest received from Deposits	11082.80	3716.01	
(b) Recovered from Subsidiaries	10929.05	12373.99	
(c) Transferred to Subsidiaries on account of IBRD & JBIC Loan	4195.24	3379.19	
	<hr/>	<hr/>	<hr/>
	26207.09	19469.19	
TOTAL	<hr/> 4523.03 <hr/>	<hr/> -2750.18 <hr/>	

SCHEDULE – 14

FINANCE CHARGES		(Rs. in '00,000)	
	Current Year	Previous Year	
Guarantee Fees on IBRD & JBIC Loan	2375.37	2563.21	
Other Bank Charges	127.22	168.48	
Other Charges on IBRD & JBIC Loan	6.35	5.91	
	<hr/>	<hr/>	
	2508.94	2737.60	
Less : Transferred to Subsidiaries on account of IBRD & JBIC Loan	6.35	5.91	
	<hr/>	<hr/>	
TOTAL	<hr/> 2502.59 <hr/>	<hr/> 2731.69 <hr/>	

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD..)

SCHEDULE – 15

PROVISIONS/WRITE OFF

(Rs. in '00,000)

	Current Year	Previous Year
A. Provision for :		
Doubtful Advances	3654.53	—
Others (including CWIP-248.08 lacs)	392.40	39.97
Doubtful Debts	208.99	—
Impairment of Assets		
Sub Total	4255.92	39.97
B. Write off		
Service charges ECL	—	2804.10
TOTAL	4255.92	2844.07



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SCHEDULE TO PROFIT & LOSS ACCOUNT (CONTD..)

SCHEDULE – 16

PRIOR PERIOD ADJUSTMENT

(Rs. in '00,000)

	Current Year	Previous Year
DEBITS :		
Consumption of Stores	17.86	0.08
Interest	0.02	1.84
Depreciation	4.06	—
Repairs	2.12	—
Social Overhead	—	7.37
Other Expenditure	—	14.37
Contractual Expenses	10.08	3.57
Employees Remuneration & Benefits	58.53	—
	92.67	27.23
CREDITS :		
Grant from Govt. of India for VRS Scheme of NEC	536.00	—
Employees' Remuneration & Benefits	—	40.79
Other Income	104.18	8.52
Depreciation	—	0.06
Power & Fuel	—	0.32
Repairs	—	0.27
Other Expenditure	8.24	—
	648.42	49.96
Net : Credit (+)/Debit (-)	555.75	22.73

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.

4.0 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. Except otherwise specially stated in the project report to determine the commercial readiness of the project to yield production on a sustainable basis and completion of required development activity during the period of construction, projects and 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" 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 which will be kept in C.W.I.P. till finalisation of sale.

5.0 Investments :

All investments, being long term in nature, are stated at cost.

6.0 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.

7.0 Depreciation :

7.1 Depreciation on Fixed Assets is provided on straight line method at the rates and manner 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 the 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 Impairment of Asset

Impairment loss is recognised wherever the carrying amount of an asset is in excess of its recoverable amount and the same is recognized as an expenses in the statement of profit and loss and carrying amount of the asset is reduced to its recoverable amount.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased.

9.0 Foreign Currency Transactions

9.1 Year-end balance of foreign currency transactions is translated at the year-end rates and the corresponding effect is given in the respective accounts. Transactions completed during the year are adjusted on actual basis.

9.2 Transactions covered by cross currency swap and options contracts to be settled on future dates are recognised at the year-end rates of the underlying foreign currency. Effects arising of swap contracts are being adjusted in the accounts on the date of settlement.

10.0 Retirement Benefits

Year-end liability, on account of gratuity and leave encashment is provided for on actuarial valuation basis.

11.0 Recognition of Income and Expenditure

Income and Expenditure are recognised on accrual basis and provision is made for all known liabilities.

12.0 Borrowing Costs

Borrowing Cost directly attributable to the acquisition or construction of qualifying assets are capitalised. Other borrowing costs are recognised as expenses in the period in which they are incurred.

13.0 Taxation

Provision of current income tax is made in accordance with the Income Tax Act, 1961. Deferred tax liabilities and assets are recognised at substantively enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period.

14.0 Provision

A provision is recognised when an enterprise has a present obligation as a result of past event: it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the balance sheet date.

15.0 Contingent Liability

Contingent liability is a possible obligation that arises from past events and the existence



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of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations can not be made.

Contingent liabilities are not provided for in the accounts and are disclosed by way of Notes.

16.0 Overburden Removal (OBR) Expenses

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 mines 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. 43.38 lakhs (Rs. 1353.87 lakhs).
- 1.2 Claims against the Company not acknowledged as debts are Rs. 933.41 lakhs (Rs. 906.03 lakhs).
- 1.3 Negative Marked to Market valuation of outstanding position involving foreign currency transactions as on 31.03.2005 stands at Rs. 3404.00 lakhs (Rs. 5169.00 lakhs).
- 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 31.03.2005 stood at Rs. 99614.02 lakhs and Rs. 98333.60 lakhs respectively. Further, the Company has given guarantee for loans obtained by subsidiaries the outstanding balance of which as on 31.03.2005 stood at Rs. 16172.72 lakhs (Rs. 22011.45 lakhs).
- 1.5 As on 31.03.05 outstanding letters of credits amounted to Rs. 27.99 lakhs, (Rs.278.79 lakhs) and outstanding Deferred payment guarantee issued by Banks amounted to Rs. 4926.98 lakhs (Rs.6052.84 lakhs).

- 1.6 TDS/Advance Tax of Rs. 9118.24 lakhs shown under the schedule of Loans & Advance (Schedule-J) includes an amount of Rs. 8978.37 lakhs representing TDS deducted by Subsidiaries of Coal India Ltd. 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, has filed suitable appeal there against, which is still pending before the Commissioner of Income Tax (Appeal). Keeping in view, the strong merit of the case in favour of the company as opined by the consultants, management does not envisage any provision there against.

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 lakhs. and related building and other assets of Rs. 3652.25 lakhs, both at book value (WDV) as on 31.3.95, have been let out to South Eastern Coalfields Ltd. under cancellable operating lease agreement. Additions to these assets including transfer from CWIP from the day of letting out to 31.03.2005 are Rs. 589.96 lakhs on value of plant and Rs. 156.84 lakhs on value of building and other assets. The cumulative provision for depreciation upto 31.03.2005 stood at Rs. 10095.35 lakhs (including depreciation charged for the current period of Rs. 643.03 lakhs). The net W.D.V. of the leased assets as per books as on 31.03.2005 is Rs. 4011.93 lakhs.
- (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 Indian Institute of Coal Management, a registered society under Societies Registration Act, 1861 under cancellable operating lease agreement. Additions to these assets from the day of letting out to 31.03.2005 are Rs. 359.39 lakhs on value of plant & machinery and Rs. 304.43 lakhs on value of building and other assets. The cumulative provision for depreciation upto 31.03.2005 stood at Rs. 871.84 lakhs (including depreciation charged for the current period of Rs. 75.35 lakhs). The net W.D.V. of the leased assets as per books as on 31.03.2005 is Rs. 1770.29 lakhs.
- 2.3 As per Accounting Standard (AS) 28, "Impairment of Assets", which came in effect from 1st April, 2004, the company carried impairment tests as on 1st April, 2004 and assessed following assets having no recoverable value, hence impaired and consequent loss of Rs. 1240.16 lakhs has been adjusted against opening balance of revenue reserve as per transitional provisions.

At the end of year impairment tests carried for the above stated assets by the company and resultant impairment loss of Rs. 208.99 lakhs has been charged to profit and loss account. Details are hereunder :

<i>Nature of Assets</i>	<i>Events/ Circumstances</i>	<i>Impairment Loss Amount (Rs. in Lakhs)</i>	<i>Basis of Recoverable Amount</i>	<i>Time of Assessment of Impairment</i>
Development	Erosion in value	966.94	Value in use	As on 01.04.2004
Prospecting and Boring	Erosion in value	273.22	Value in use	As on 01.04.2004
Development	Erosion in value	27.22	Value in use	As on 31.03.2005
Building	Erosion in value	162.43	Value in use	As on 31.03.2005
Plant & Machinery	Erosion in value	18.36	Value in use	As on 31.03.2005
Furniture & Fittings	Erosion in value	0.98	Value in use	As on 31.03.2005
TOTAL		1449.15		

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. as on 31.03.05 amounted to Rs. 211800.00 Lakhs and Rs. 221845.00 Lakhs respectively. Eastern Coalfields Ltd. and Bharat Coking Coal Ltd. have become sick and are referred to BIFR under Sick Industrial Companies Act, 1985. Plans for restructuring/revival of Eastern Coalfields Ltd. & Bharat Coking Coal Ltd. are in an advanced stage. Scheme recommending restructuring of Eastern Coalfields Ltd. has been formulated by Operating Agency and is under consideration of BIFR. In case of Bharat Coking Coal Ltd. the restructuring/revival proposal is under formulation. Once the revival schemes are finalised and implemented the financial position 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, is 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. 141.51 Lakhs (Rs. 148.16 Lakhs) has been kept in the accounts for unserviceable or obsolete spares which is considered adequate.
- 4.3 Stores and Spares also include loose tools and aircraft spares-value of which is not separately ascertained.

5. Sundry Debtors

- 5.1 Provision for Bad & Doubtful Debts amounting to Rs. 1061.83 Lakhs (Rs. 1065.67 Lakhs) is considered adequate.

6. Bonds

- 6.1 During the year the Company has redeemed 12.25% Non-Convertible Un-Secured Bonds (M-Series) amounting to Rs. 1100.00 Lakhs.

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 Lakhs (Rs. 193.49 Lakhs) due from Railways for missing/diversion of wagons 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 Central Mine Planning & Design Institute Ltd. under Eastern Coalfields Ltd. command area :

The expenditure incurred for carrying out exploratory drilling in blocks under Eastern Coalfields Ltd. command area by CMPDIL as per the approved Annual Action Plan of Coal India Ltd. and its subsidiaries in view of critically weak financial of Eastern Coalfields Ltd., now under BIFR, shall initially be borne by Coal India Ltd. and accounted for suitably in Coal India Ltd.'s books for recovery thereof only when mining activities in that block is projectised and implemented. Such expenses on exploratory drilling in blocks under command area of Eastern Coalfields Ltd. is to be funded by Coal India Ltd. and awaiting adjustments shall continue to reflect in Coal India Ltd.'s book for 5 years since they were incurred and accounted for and thereafter if remains unresolved/unadjusted for want of projectisation of mining activities, such unadjusted amounts shall be written off in the books of Coal India Ltd. The total amount on this account as on 31.03.2005 stood at Rs. 3127.37 Lakhs including current year addition of Rs. 1140.95 Lakhs. However, as an abundant precaution it has been fully provided.

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, sub-limit of Rs. 60.00 Crores has been allocated to the subsidiaries for which Coal India Ltd. is contingently liable to the extent the facility actually utilised by subsidiaries.

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.
- 9.3 The balance of the current account with the Subsidiaries are being reconciled on a continuous basis, and the same as on 31.3.2005 has been reconciled substantially, while reconciliation of the balance is in progress.



2004-2005

- 9.4 Current Account balance with Indian Institute of Coal Management (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.
- 9.5 The liabilities for Gratuity, Earned Leave/Half pay leave encashment as on 31.03.2005 are accounted for on actuarial basis. Further the amounts falling due within the year on actual basis are paid/provided for on actual basis.

10. Profit & Loss Account

- 10.1 Recognition of Revenue in respect of interest claim amounting to Rs. 7997.00 lakhs (Rs. 7054.32 lakh) and Apex Charges amounting to Rs. 1117.00 lakhs (Rs. 1135.05 lakhs) attributable to Bharat Coking Coal Limited in year's account have been deferred. This has been done in consistence with the provision of Accounting Standard-9 of Institute of Chartered Accountants of India of Revenue Recognition.
- 10.2 Interim dividend declared by four subsidiaries namely, NCL, MCL, SECL & WCL amounting to Rs. 56694.49 lakhs (Rs. 67022.27 lakhs) pertaining to the year 2004-05 has been accounted for as income for the year, over and above the final dividend for the year 2003-04 received during the current year from these subsidiaries amounting to Rs. 72237.32 lakhs (Rs. 39597.53 lakhs).
- 10.3 Depreciation includes the amount charged on account of amortisation of cost of Leasehold Land.
- 10.4 During mid July, 2005, National Coal Wage Agreement (NCWA) – VII was settled, which was pending for implementation w.e.f. 01.07.2001.

An amount of provision for Rs. 3359.00 lakhs has been made in the Accounts over and above the provision which was made in earlier periods and existing in the Accounts.

The above provision is considered to be adequate to cover the increase in all elements of wages as per the Agreement for the period upto 31.3.2005.

- 10.5 During the year provision was made against an old advance amounting to Rs. 465.45 lakhs paid to M/s MAMC for arranging supply of imported spares on behalf of BCCL, a Subsidiary Company.

11. Interest :

Interest on the loans owed by subsidiary companies to Coal India Limited 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. The above amount is utilised to meet the obligations of Coal India Limited in respect of interest on Government loans, Intercorporate loans, Fund based facilities, Bonds, etc. net of interest earned on short term deposits for the year.

12. Foreign Exchange Loan :

- 12.1 The foreign currency loans 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 thereon have been shown under "Loan to Subsidiaries" and all other financial charges viz. Interest, Commitment Charges etc. and interest earned are transferred through "Current Account with Subsidiaries".

- 12.2 Borrowing and other Costs (including exchange difference) in respect of foreign currency loans obtained for Subsidiary companies has been recovered from the respective Subsidiary companies. The company has entered into swap transaction against a portion of above stated borrowing and interest thereon. Gains/Losses arising out of swap transactions (except gain/loss on principle only swap which are being recovered from the respective Subsidiary Companies) are being carried as Reserve for Foreign Exchange Transactions. Net result of the said swap transactions will be recovered/paid to Subsidiary companies upon completion of repayment of foreign currency loans.

Unrealised loss of Rs. 3404 Lakhs due to negative marked to market value of these swap transaction as at year end has been shown as contingent liability which will be accounted for at a time of materialization thereof.

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 amounting to Rs. 17.29 Lakhs 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 Central Coalfields Ltd., except those earmarked as interest free.
- 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 existing practice, goods purchased by Coal India Ltd. 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 Vehicle etc., are generally 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. 650.00 Lakhs (Rs. 2300.00 Lakhs) has been provided in the Accounts during the current year towards Income Tax (calculated on the basis of Minimum Alternate Tax Provision), 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), issued by Institute of Chartered Accountants of India. Since as per existing 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 without considering such dividend CIL is expected to have loss/marginal profit in future, as a prudent practice no deferred tax asset is recognised in the Accounts in keeping with the provisions of AS-22, Accounting for taxes on income.

- 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 Eastern Coalfields Ltd. & Bharat Coking Coal Ltd." The above fund is invested in Fixed Deposit and any interest income arising thereon is also transferred to the said Fund. (Total interest income earned and transferred this year is Rs. 3.76 Crores).

13.10 **The Cash Flow Statement (Indirect method) for the year ended March 31, 2005 :**

		(Rs. '00,000)
	Current Year	Previous year
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	135448.29	136260.46
<i>Adjustment for :</i>		
Depreciation	1300.69	1524.64
Provisions/Write Off of Fixed Assets	457.07	0.00
Write Off of Misc. Exp.	0.00	414.45
Interest-pertaining to Financing Activities	3741.96	4683.93
(Profit)/Loss on sale of asset	1.06	(0.18)
Provision for Impact of wage revision (Arrear)	(2618.00)	(662.83)
Operating Profit before Working Capital changes (A)	138331.07	142220.47
<i>Adjustment for :</i>		
Sundry Debtors	25.97	(23.03)
Inventories	(1251.19)	708.34
Loans & Advance	11641.26	(1587.02)
Current Liabilities & Provisions	32949.36	41991.51
Receipt of VRS Loan	1715.00	0.00
(Purchase)/Sale of Fixed Deposits	(138730.99)	(60003.16)
Cash Generated from Operations (B)	(93650.59)	(18913.36)
Income Tax paid	(3041.55)	(797.91)
Net Cash Flow from Operating Activities (C) [(A) + (B) – Tax paid]	41638.93	122509.20

B. CASH FLOW FROM INVESTING ACTIVITIES :

Purchase of Fixed Assets	(942.45)	(301.02)
Sale of Fixed Assets	6.05	47.77
*Purchase of Fixed Deposits earmarked for Shifting and Rehabilitation Fund	(16640.96)	(12724.86)
Redemption/Sale of Investment	0.00	90418.00
Net cash used in Investing Activities (D)	(17577.36)	77439.89

C. CASH FLOW FROM FINANCING ACTIVITIES :

Repayment of Govt./other loan	(6101.12)	(71542.75)
Redemption of Bond	(1099.55)	(1138.45)
Interest Paid	(10045.23)	(8511.01)
Redemption of Preference Share Capital	0.00	(90418.00)
*Receipt of Shifting and Rehabilitation Fund from Subsidiaries	16640.96	12724.86
Repayment of National Renewal Fund to Subsidiaries	0.00	(6,799.82)
Dividend paid/(including Tax on Dividend)	(36285.16)	(10199.80)
Net cash used in Financing Activities (E)	(36890.10)	(175884.97)
Net increase/(decrease) in Cash and Cash Equivalents (C+D+E)	(12828.53)	24064.12
Cash & cash equivalents (Opening Balance)	37992.36	13928.24
Cash & cash equivalents (Closing Balance)	25163.83	37992.36

N.B. (1) The company is acting as the intermediary in respect of VRS loan and World Bank loan which have been obtained for the subsidiaries and hence reflected in operating activities.

(*2) Refer Note No. 13.9 of Part-B, Schedule-M.

(3) Previous years figures have been re-grouped/re-classified wherever necessary.

NOTES TO CASH FLOW :

- All figures in brackets represent outflow.
- Previous year's figures have been regrouped/recasted wherever necessary.
- Cash and cash equivalent comprises of following :

	<u>Current Year</u>	<u>Previous Year</u>
(a) Cash, Cheque, Draft, Stamps, etc in hand	3.22	2.97
(b) Remittance in transit	7.50	2.60
(c) Bank Balance in Current Account	1677.20	1304.45
(d) Bank Balance in Cash Credit Account	2772.43	5078.95
(e) Bank Balance in Fixed Deposit Account	20700.00	31600.00
(f) Balance with Post Office Savings Bank Account	3.48	3.39
TOTAL	25,163.83	37,992.36

- 13.11 The Coal India Ltd. 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 Eastern Coalfields Ltd. as sought by the operating agencies. Such relief and concession inter alia includes :
- Waiver of interest due on unsecured loans from Coal India Ltd. amounting to Rs. 135 Crores as outstanding on 31.03.2002.
 - Waiver of future interest on unsecured loan of Rs. 519 Crores till Eastern Coalfields Ltd.'s net worth becomes positive.
 - Waiver of service charges payable to Coal India Ltd. till Eastern Coalfields Ltd.'s net worth becomes positive.
- Accordingly no interest on the above unsecured loans and service charges has been charged during the year.
- 13.12 Current liabilities and provisions schedule includes Unclaimed Public deposit of Rs. 2.36 Lakhs and interest accrued and due thereon of Rs. 0.75 Lakhs which are due for transfer to Investors Education and Protection Fund. Steps are being taken to deposit overdue amount in the above stated fund.
- 13.13 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.) has been duly adjusted as per approval of the Competent Authority.
- 13.14 Advance for Capital of Rs. 1106.86 Lakhs as shown under the head Advances to suppliers in the Schedule of Loans & Advances includes Rs. 589.87 Lakhs as advance made to WBHIDCO: towards allotment of 15 Acres of land at Newtown, Rajarhat, Kolkata. Pending finalisation of Conveyance Deed and in absence of actual physical possession of the above land the same has been shown as advance.
- 13.15 Other advances of Rs. 1046.92 lakhs as shown under the schedule of Loans and Advances represents balance lying with Govt. of India as refundable deposit paid on behalf of Subsidiary companies on account of land compensation.
- 13.16 The Advance Deposit – other Government fund Account in the Schedule-K, current liabilities and provisions, represents unutilised amount of grants received from Govt. of India in respect of expenditure in North Eastern Coalfields, as listed below:

(Rs. in '00,000)

<u>Sl.</u>	<u>Particulars</u>	<u>Amounts</u>
1.	Rehabilitation of North Eastern Coalfields Area/Mines	5,514
2.	Voluntary Retirement Scheme	1,744
3.	Drilling and R&D	548
4.	Environment and other Projects	573
	Total	8,379
	Less : Adjustment during the year (Voluntary Retirement Scheme)	536
	As per current liabilities & provision (Schedule-K)	7,843

- 13.17 Other Receivable in Loans and Advances (Schedule-J) includes Rs. 434.12 Lakhs receivable from Eastern Coalfields Ltd. & Bharat Coking Coal Ltd. towards their contribution to Gujarat Earth Quake Relief Fund, which have already been paid by Coal India Ltd. on their behalf.
- 13.18 Loan amounting to Rs. 10,350.00 Lakhs has been obtained for the purpose of payment of Voluntary Retirement Scheme expenditure by Subsidiary Companies, out of which Rs. 8,635.00 Lakhs has been lent to Subsidiaries on the basis of their utilisation. Repayment terms of which are yet to be finalised.
- 13.19 In the mines located at NEC there is no obligation towards backfilling etc. as the mines are very old and there is no Environmental Management Plan. In view of this, no provision is considered in the accounts as no liability is envisaged in this regard.
- 13.20 (i) **Accounting Standard – 17 : Segment Reporting** — The Company is primarily engaged in a single segment business of production and sale of Coal. There is no reportable primary segment identifiable in accordance with AS-17.
- (ii) **Accounting Standard – 18 : Related Party Disclosures** — In view of the exemption granted to state controlled enterprises as regards related party relationship with other state controlled enterprises and transactions with such enterprises, no disclosures under the AS-18 is made, being not applicable for the Company.

		Amounting in Rs.	Amounting in Rs.
Sl. No.	Earning per Share particulars	As at 31st March'05	As at 31st March'04
(i)	Profit after Taxation	133732.59 lacs	133297.63 lacs
(ii)	Add (Less) Adjustment for Reserve for Foreign Exchange and Preference Dividend	25.94 lacs	(376.25) lacs (8026.15) lacs
(iii)	Net profit after tax attributable to Equity Share Holders	133758.53 lacs	124895.23 lacs
(iv)	Weighted average No. of Shares Outstanding during the Year	63163644	63163644
(v)	Basic and Diluted Earning per Share in Rupees (Face value Rs. in '000/- Share)	211.77	197.73

- 13.22 Significant accounting policy, Part-A of this Schedule (Schedule-M) has been suitably modified/re-drafted over previous year, as found necessary to elucidate the accounting policies adopted by the company.
- 13.23 Previous years' figures have been regrouped and rearranged wherever necessary.
- 13.24 Figures in the parentheses relates to previous year.
- 13.25 The Accounts together with Notes thereon approved by the Board of Directors of the Company vide Item No. 222:4(O) of 222nd meeting held on 5th July, 2005 and reported

upon by the Statutory Auditors on 5th July, 2005 has been revised to comply with the observations of the Comptroller and Auditor General of India. The revision has affected the Accounts and Notes on Accounts for the year as follows :

A. Profit & Loss A/c	<i>(Rs. in Lakhs)</i>
Profit of the Company has decreased due to acceptance of the observations of the Comptroller & Auditor General of India. (including the provision for NCWA-VII agreement subsequent to pre-revised accounts)	3540.77
Appropriation	354.07
General Reserve decreased by	
B. Balance Sheet	
(i) Reserve & Surplus	
General Reserve decreased by	354.07
Profit & Loss A/c balance decreased by	3186.70
(ii) Current Liabilities & Provisions increased by	3359.00
(iii) Fixed Assets decreased by	181.77
(iv) Revision of Note Nos. 2.3, 10.4 & 13.21 in Notes on Accounts (Part-B, Schedule-M of the Revised Accounts)	
(v) Revision of Cash Flow Statement (Note Nos.13.10, Part-B, Sch.-M)	
(vi) Revision of Balance sheet Abstract and General Business Profile (Annexure to Sch. M)	

Schedule A to K form part of the Balance sheet as at 31st March, 2005 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 K & M and 1 to 16.

Sd/-
Dr. H. Sarkar
Company Secretary

Sd/-
P. Bhattacharya
General Manager (F)

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

Sd/-
Shashi Kumar
Chairman

Place : Kolkata
Date : 25th Aug., 2005

As per our report annexed
For **SINGHI & CO.**
Sd/-
(Pradeep Kumar Singhi)
Partner
Chartered Accountants

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	26.56	29.77
(ii)	Company's Contribution to Provident Fund & other Funds.	3.50	3.39
(iii)	Medical Benefits	1.79	5.23
(iv)	Perquisites	Nil	Nil

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	11.92	Nil

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	4424.61	3612.03
(iii)	Exchange variation	0.35	Nil
(iv)	Commission to Foreign Agents	20.20	4.68
(v)	Training expenses and payments to Foreign Technicians	Nil	2.65
(vi)	Travelling	2.76	7.21
(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	Nil	448.63
(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	11.92	Nil
(ii) Indigenous	789.90	744.50

Additional information required in paragraph 3 & 4 of Part-II of schedule VI to the Companies Act, 1956 for the year ended 31st March, 2005.

(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	340.16	3309.75	478.47	3990.45
Adjustment				
Production :				
Coal	628.14	—	733.13	—
Purchase :				
Coal	—	—	—	—
Sales : (Adjusted & excl. Levies & Service Ch.)				
Coal	567.54	8889.22	869.68	12005.96
Own Consumption :				
Free issue to employees and Internal Consumption	3.71	—	1.76	17.25
Closing Stock :				
Coal & Coke	397.05	4531.63	340.16	3309.75

ANNEXURE TO SCHEDULE - M (Contd..)

BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE
I. REGISTRATION DETAILS :

Registration No.

	2	8	8	4	4
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 State Code :

2	1
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Balance Sheet Date

3	1
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0	3
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2	0	0	5
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Date Month Year

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

Public Issue	Rights Issue																				
<table border="1" style="width: 100%; height: 20px;"><tr><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td></tr></table>	—	—	—	—	—	—	—	—	—	—	<table border="1" style="width: 100%; height: 20px;"><tr><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td></tr></table>	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—												
—	—	—	—	—	—	—	—	—	—												
Bonus Issue	Private Placement																				
<table border="1" style="width: 100%; height: 20px;"><tr><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td></tr></table>	—	—	—	—	—	—	—	—	—	—	<table border="1" style="width: 100%; height: 20px;"><tr><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td></tr></table>	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—												
—	—	—	—	—	—	—	—	—	—												

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

Total Liabilities	Total Assets																				
<table border="1" style="width: 100%; height: 20px;"><tr><td></td><td>1</td><td>7</td><td>6</td><td>7</td><td>9</td><td>1</td><td>5</td><td>2</td><td>1</td></tr></table>		1	7	6	7	9	1	5	2	1	<table border="1" style="width: 100%; height: 20px;"><tr><td></td><td>1</td><td>7</td><td>6</td><td>7</td><td>9</td><td>1</td><td>5</td><td>2</td><td>1</td></tr></table>		1	7	6	7	9	1	5	2	1
	1	7	6	7	9	1	5	2	1												
	1	7	6	7	9	1	5	2	1												

Sources of Funds :

Paid-up Capital	Reserve & Surplus																				
<table border="1" style="width: 100%; height: 20px;"><tr><td></td><td></td><td>6</td><td>3</td><td>1</td><td>6</td><td>3</td><td>6</td><td>4</td><td>4</td></tr></table>			6	3	1	6	3	6	4	4	<table border="1" style="width: 100%; height: 20px;"><tr><td></td><td></td><td>4</td><td>2</td><td>6</td><td>8</td><td>0</td><td>6</td><td>0</td><td>0</td></tr></table>			4	2	6	8	0	6	0	0
		6	3	1	6	3	6	4	4												
		4	2	6	8	0	6	0	0												
Secured Loans	Unsecured Loans																				
<table border="1" style="width: 100%; height: 20px;"><tr><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td></tr></table>	—	—	—	—	—	—	—	—	—	—	<table border="1" style="width: 100%; height: 20px;"><tr><td></td><td></td><td>2</td><td>3</td><td>7</td><td>2</td><td>4</td><td>0</td><td>1</td><td>6</td></tr></table>			2	3	7	2	4	0	1	6
—	—	—	—	—	—	—	—	—	—												
		2	3	7	2	4	0	1	6												
Shifting & Rehabilitation Fund																					
<table border="1" style="width: 100%; height: 20px;"><tr><td></td><td></td><td></td><td>2</td><td>9</td><td>3</td><td>6</td><td>5</td><td>8</td><td>2</td></tr></table>				2	9	3	6	5	8	2											
			2	9	3	6	5	8	2												

Application of Funds :

Net Fixed Assets	Investments																				
<table border="1" style="width: 100%; height: 20px;"><tr><td></td><td></td><td></td><td>1</td><td>1</td><td>5</td><td>2</td><td>7</td><td>8</td><td>9</td></tr></table>				1	1	5	2	7	8	9	<table border="1" style="width: 100%; height: 20px;"><tr><td></td><td></td><td>6</td><td>3</td><td>1</td><td>6</td><td>3</td><td>6</td><td>3</td><td>7</td></tr></table>			6	3	1	6	3	6	3	7
			1	1	5	2	7	8	9												
		6	3	1	6	3	6	3	7												
Net Current Assets	Misc. Expenditure																				
<table border="1" style="width: 100%; height: 20px;"><tr><td></td><td></td><td>6</td><td>8</td><td>1</td><td>8</td><td>8</td><td>4</td><td>1</td><td>6</td></tr></table>			6	8	1	8	8	4	1	6	<table border="1" style="width: 100%; height: 20px;"><tr><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td></tr></table>	—	—	—	—	—	—	—	—	—	—
		6	8	1	8	8	4	1	6												
—	—	—	—	—	—	—	—	—	—												
Accumulated losses																					
<table border="1" style="width: 100%; height: 20px;"><tr><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td></tr></table>	—	—	—	—	—	—	—	—	—	—											
—	—	—	—	—	—	—	—	—	—												



2004-2005

ANNEXTURE TO SCHEDULE - M (Contd..)

BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

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

Turnover								
			9	1	5	5	4	2

Total Expenditure								
		2	9	1	7	9	7	1

Other Income								
	1	5	2	8	5	4	5	8

+/-		Profit/Loss before Tax								
+			1	3	2	8	3	0	2	9

+/-		Profit/Loss After Tax								
+			1	3	3	7	3	2	5	9

Earning per Equity Share (Rs.)									
—	—	—	—	2	1	1	.	7	7

Dividend %			
4	.	3	
Equity Share			

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, 2005

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 31.3.2005 Rs. in Crores	Profit (+), Loss (-) balance as on 31.3.2005 cumulative (after Tax Provisions for Divi- dends and Reserves) Rs. in Crores
Eastern Coalfields Limited	22,184,500	3	2218.45	(-) 679.20	(-) 5618.34
Bharat Coking Coal Limited	21,180,000	3	2118.00	(-) 959.43	(-) 7044.02
Central Coalfields Limited	9,400,000	3	940.00	(+) 437.81	(-) 43.63
Western Coalfields Limited	2,971,000	3	297.10	(+) 935.30	(+) 1061.78
Northern Coalfields Limited	1,776,728	3	177.67	(+) 1976.03	(+) 2678.26
South Eastern Coalfields Limited	3,597,000	3	359.70	(+) 1580.93	(+) 1839.02
Mahanadi Coalfields Limited	1,864,009	3	186.40	(+) 1469.36	(+) 1921.21
Central Mine Planning & Design Institute Limited	190,400	3	19.04	(+) 1.73	(+) 21.66
CIL				(+) 1328.30	(+) 2219.41
TOTAL				(+) 6090.83	(-) 2964.65

Less income from dividend received from subsidiaries included in the Profit of CIL = (-) 1289.31
Profit = (+) 4801.52



2004-2005

**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, 2005**

In view of the revisions made in the Accounts of the company as a result of the observations made by the Comptroller & Auditor General of India as indicated in Para No. 5. VI of Auditors' Report to the shareholders and item no. 13.25 of the Notes on Accounts (Schedule-M. B) forming part of the accounts, which has the effect of decreasing the profit (before tax) by Rs. 3540.77 Lakh, there are no further comments to offer upon or supplement to the Auditor's Report under Section 619 (4) of the Companies Act, 1956 on the Accounts of the Coal India Limited for the year ended 31st March, 2005.

Dated : 30.08.2005
Kolkata

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





2004-2005

(o) Working Capital = $k - d(i) - c(vi)$	526970.62	558679.45	650126.08
(p) Capital employed (h+o)	541639.99	572085.58	661595.63
(q) Net worth [$a + b(i) + b(ii) - l - m$]	830535.61	854135.91	956711.63
(r) Net worth per rupee of paid up capital (in Rs.)	1.15	1.35	1.51

2A. WORKING RESULTS

The working results of the company for the last three years ending 31st March, 2005 :

(Rs. in lakhs)

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
(i) Sales	10064.55	14528.41	10610.32
(ii) Less : Statutory levies	1404.84	2077.90	1454.90
(iii) Net Sales	8659.71	12450.51	9155.42
(iv) Other Adjustment & Misc. Income	66864.01	153992.19	154104.26
(v) Profit/Loss before Tax & prior period adjustments	28039.15	135574.90	132274.54
(vi) Prior Period Adjustments	-30.60	22.73	555.75
(vii) Profit/Loss before Tax	28008.55	135597.63	132830.29
(viii) Excess Prov. for I. Tax written Back	—	—	1552.30
(ix) Tax provision	3450.00	2300.00	650.00
(x) Profit after Tax	24558.55	133297.63	133732.59
(xi) Proposed dividend :			
(a) Preference Share	9041.80	8026.15	—
(b) Equity Share	—	10106.18	27454.67

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>2002-03</u>	<u>2003-04</u>	<u>2004-05</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 [$k/d(i) + c(vi)$])	2.37	2.27	2.37
(B) <i>Debt Equity Ratio :</i>			
Long term debt to equity [$c(i \text{ to } v \text{ but excluding short term loans}) / a]$	0.51	0.38	0.36
(C) <i>Profitability Ratios</i>	(In Percentage)		
(a) Profit before tax to :			
(i) Capital employed	5.17	23.70	20.08
(ii) Net Worth	3.37	15.88	13.88
(iii) Sales	323.44	1089.09	1450.84
(b) Profit after tax to Equity	3.89	21.10	21.17
(c) Earning per Equity Share (in Rs.)	38.88	211.04	211.72

3. SOURCES AND UTILISATION OF FUNDS

Fund amounting to Rs. 135647.68 lakhs from internal and external sources were generated and utilised during the year given below :



Annual Report

SOURCES OF FUNDS

(Rs. in Lakhs)

(a)	Funds applied for operation :		
	Depreciation	1258.47	
	Increase in Provision for Gratuity	244.82	
	Increase in provision for Leave Encashment	202.81	
			1706.10
(b)	Provision for Impairment		208.99
(c)	Profit for the year		133732.59
(d)	Increase in deferred Tax Liability/Decrease in deferred Tax Assets		—
			135647.68

APPLICATION OF FUNDS

(a)	Decrease in Borrowings	12513.36
(b)	Increase in Working Capital	91446.63
(c)	Dividend proposed	27454.67
(d)	Tax on Dividend	3587.98
(e)	Increase in Fixed Assets	645.04
(f)	Increase in deferred Tax Assets/Decrease in deferred Tax Liability	—
		135647.68

4. INVENTORY LEVELS

The Inventory levels at the close of last three years ending 31st March, 2005 were as under :

(Rs. in lakhs)

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	
(a)	Stock of Coal, Coke and by-products less provisions	3990.45	3309.75	4531.63
	Stock of Coal, Coke represents 5.53 months' sales in 2002-03, 3.19 months' sales in 2003-2004 and 5.94 months' sales in 2004-2005			

5. SUNDRY DEBTORS

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

(Rs. in lakhs)

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
(i) Sales	8659.71	12450.51	9155.42
(ii) Total Sundry Debtors	1092.82	1107.68	1077.87
(iii) Provision for doubtful debts	1073.84	1065.67	1061.83
(iv) Percentage of Sundry Debtors to Sales	12.62	8.90	11.77

Sd/-

(B. Mazumdar)

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

Dated, Kolkata
The 30th August, 2005



2004-2005

AUDITORS' REPORT

MANAGEMENT'S REPLY

1. We have audited the attached Balance Sheet of COAL INDIA LIMITED as at 31st March, 2005 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.
2. 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 misstatement. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose as Annexure, a statement on the matters specified in the paragraphs 4 and 5 of the said order.
4. Attention is invited to :
 - I. Non provision for investments in, loans to and other receivables from two subsidiaries of the company, M/s Bharat Coking Coal Limited

This has been fully explained in para 3.1 of Schedule-M, Part-B (Note on Accounts) forming part of Accounts. In view of which there is no further comments to offer.

AUDITORS' REPORT

(Rs.527104.10 lacs) and M/s Eastern Coalfields Limited (Rs. 443949.43 lacs), aggregating to Rs.971053.53 lacs which have been declared as sick companies and referred to BIFR under the Sick Industrial Companies Act, 1985.

- II. Note No. 2.3 in Part B to Schedule-M, regarding non assessment of impairment loss, if any, on fixed assets, other than Development, Prospecting & Boring Expenses, and certain unused assets, as required under Accounting Standard - 28, "Impairment of Assets", the impact of which has not been ascertained.

- III. Note No. 13.20 in Part B to Schedule - M

Regarding methodology of identification of segment as required under Accounting Standard 17, "Segment Reporting". The company has identified only one primary segment as Coal, whereas one of the primary activity of the company is Investments.

Regarding non disclosure of relationship and transactions with the individuals/ enterprises which are not state controlled and covered under Accounting Standard-18, "Related Party Disclosures".

- IV. Note No.10.5 in Part B to Schedule- M, regarding provision against advance to M/s Mining and Allied Machineries Corporation of Rs.465.45 lacs paid in an earlier year towards goods supplied to M/s Bharat Coking Coal Limited, one of the subsidiaries of the company. Such advance, in our

MANAGEMENT'S REPLY

As per accounting standard-28 the company carried impairment test as on 01.04.2004 and at the end of the year and as a consequence of which Rs. 1240.16 lakhs against opening balance of Revenue Reserve and Rs. 208.99 lakhs against current years profit have been provided respectively. This has been suitably disclosed in para 2.3 of Part-B, Schedule - M.

Company identifies Coal production as the only reporting Segment as per accounting standard-17 "Segment Reporting". Further the Company has made no investment otherwise than in its wholly owned Subsidiaries. This practice is being followed consistently over the years.

No further comments. However, the matter will be further examined and necessary disclosure, if any, shall be carried out in the next financial year.

Noted.

AUDITORS' REPORT

opinion, should be recovered from M/s. Bharat Coking Coal Limited.

- V. Outstanding Swap contracts if marked to market as at year end, will be higher by Rs.3404 lacs. This decline in value has not been provided during the year. Refer Note No.12.2 in Part B to Schedule- M.
- VI. Note No. 13.12 in Part B to Schedule - M regarding non transfer of Rs.3.11 lacs (matured Public Deposits amounting to Rs.2.36 lacs and Interest accrued and due thereon amounting to Rs.0.75 lacs), to Investor Education And Protection Fund within its statutory time limit.
- VII. Note No. 13.4 in Part B to Schedule - M regarding payment of Interest amounting to Rs. 13789.25 lacs to some of its subsidiaries on surplus funds parked by them, with the company.
- VIII. Note No. 10.1 in Part B to Schedule- M regarding deferment of recognition of income on account of Interest and Apex Charges amounting to Rs.7997.00 lacs and Rs.1117.00 lacs respectively from Bharat Coking Coal Limited due to critical financial position of above company.

5. Further to our comments in the Annexure referred 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 account as required by law have

MANAGEMENT'S REPLY

The liability, if any, on account of such decline in value is treated as contingent in nature and hence not provided. This practice which is followed consistently is also within the broad framework of Accounting standard - II, "The effects of changes in Foreign Exchange Rates".

The unclaimed deposits have since been deposited with the appropriate authority and steps have been taken to avoid delay in future.

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

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

AUDITORS' REPORT

been kept by the Company so far as appears from our examination of those books.

- III. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- IV. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except as stated in note no. II and III in paragraph 4 above.
- V. As per Notification No. GSR 829(E) dated 21-10-2003, provisions of clause (g) of sub section (1) to Section 274 is not applicable to the company.
- VI. In. our opinion and to the best of our information and according to the explanations given to us, subject to our observations vide Note Nos. (I) of paragraph 4 above, the impact of which is presently not ascertainable, the said accounts read with the notes in Schedule M. give the information required by the Companies Act, 1956 (as amended) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;

MANAGEMENT'S REPLY



2004-2005

AUDITORS' REPORT

- b. In the case of the Profit & Loss Account, of the Profit for the year ended on that date; and
- c. In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

The Balance Sheet as at 31st March, 2005 and Profit & Loss Account for the year ended on that date together with notes thereon which were approved by the Board of Directors of the Company vide item no. 222:4(0) of 222nd meeting held on 5th July, 2005 and reported upon by us on 5th July, 2005 have been revised. The revision has affected the Accounts of the company as per note no. 13.25 of Part-B, Schedule-M forming part of the Accounts.

For **Singhi & Co.**
Chartered Accountants
Sd/-
(Pradeep Kumar Singhi)
Partner

1-B, Old Post Office Street,
Kolkata-700 001

Dated the 25th day of August, 2005.

MANAGEMENT'S REPLY

ANNEXURE TO THE AUDITORS' REPORT

MANAGEMENT'S REPLY

- | | |
|---|--|
| <p>I. (a) The Company has maintained records showing full particulars including quantitative details and situation of Fixed Assets. However, in certain cases complete details like purchase order reference, date of commissioning; identification no., location code, etc., are missing. Moreover records are not updated for the current year purchase/sale.</p> | <p>Necessary steps have been taken to incorporate complete details etc. during current year.</p> |
| <p>(b) Fixed Assets located at North Eastern Coalfields, the production unit of the company, have been physically verified by the management periodically in a phased manner and no material discrepancies have been noticed as confirmed by the management. Other fixed assets remained unverified. Certain surveyed off assets remain in the Assets Register.</p> | <p>No further comments. However necessary steps will be taken to verify all assets during the current year.</p> |
| <p>(c) No substantial part of Fixed Assets has been disposed off during the year, which has bearing on the going concern assumption.</p> | <p>This being a statement of fact calls for no comment separately.</p> |
| <p>II. (a) Physical verification of Inventory has been conducted at reasonable intervals during the year by the management except in case of inventories kept at stockyard of Regional Sales Offices.</p> | <p>Coal stock at stockyard is very old and fully provided for in the accounts. However, necessary steps will be taken for its verification also.</p> |
| <p>(b) In our opinion, the procedures of physical verification of Inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.</p> | <p>This being a statement of fact calls for no comment separately.</p> |
| <p>(c) The Company has maintained proper records of inventory. No material discrepancies were noticed on physical verification.</p> | <p>This being a statement of fact calls for no comment separately.</p> |
| <p>III.(a) According to information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained</p> | <p>This being a statement of fact calls for no comment separately.</p> |



2004-2005

ANNEXURE TO THE AUDITORS' REPORT

under Section 301 of the Companies Act, 1956. Accordingly, clause 4(III)(b) to (d) of the Order are not applicable.

- (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause 4(III)(f) to (g) of the Order are not applicable.

- IV. On the basis of checks carried out during the course of audit and as per explanations given to us, we are of the opinion that there is adequate internal control system commensurate with the size of the Company and the nature of its business; for the purchase of Inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control.

- V. In our opinion and according to the information and explanations given to us, there are no contracts and arrangements referred to in section 301 of the Companies Act 1956, particulars of which need to be entered into a register maintained under Section 301 of the Act. Accordingly, clause 4(V)(b) of the Order is not applicable.

- VI. The Directives issued by the Reserve Bank of India and the provisions of sections 58A or any other relevant provisions of the Companies Act, 1956 and the rules framed there-under have been complied with in respect of deposits accepted from the public. However, provisions of Section 58AA of the Companies Act, 1956 are pending compliance in respect of intimation to the National Company Law Tribunal regarding default made by the Company in repayment of a part of Public Deposits and interest thereon. We have been

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 has since been deposited as per the provisions of the Companies Act and steps have been taken to avoid such delay in future.

ANNEXURE TO THE AUDITORS' REPORT

MANAGEMENT'S REPLY

informed that, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other Court or Tribunal in this regard.

- 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 under section 209 (1) (d) of the Companies Act, 1956 for the Company.

- IX.(a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education And Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities except in certain instances where delays were noticed.

According to information and explanations given to us, undisputed dues in respect of Investor Education and Protection Fund and Provident Fund which is outstanding, at the year end for more than six months from the date they became payable are as follows :

Sl. No.	Particulars	Amount Rs. in Lacs
1.	Matured Public Deposits lying unpaid/unclaimed	2.36
2.	Interest accrued and due in respect of matured public deposits	0.75
3.	Provident Fund	31.48
	Total	34.59

Noted and this will be reviewed during the current year.

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

Sl. No. 1 & 2 :

This has been deposited as per provision of the Companies Act.

Sl. No. 3 :

Regarding P.F. balance it is stated that the same are un-reconciled and old balances. This is under reconciliation and will be adjusted when completed. However, there is no dues as per our record.



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- (b) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, wealth Tax, Excise Duty and Cess, which have not been deposited on account of any dispute except the following :

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

Sl. No.	Particulars of disputed statutory dues	Amount Rs. in Lacs	Forum where dispute is pending
1.	Municipal Taxes in respect of premises no. 10, N.S. Road	5.99	Calcutta Municipal Corporation Tribunal
2.	Municipal Taxes in respect of premises of P-225, CIT Scheme No. VII-M, Ultadanga	1.78	Calcutta Municipal Corporation Tribunal
3.	Municipal Taxes including Penalty	234.21	Objection filed before Calcutta Municipal Corporation
Total		241.98	

- X. The Company does not have any accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- XI. The Company has not defaulted in repayment of dues to Financial Institutions or Banks.
- XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of Shares, Debentures and other securities.
- XIII. The Company is not a chit fund or a nidhi/ mutual benefit fund/society.
- XIV. The Company is not in the business of dealing or trading in shares. The Company has investments in shares of its wholly owned subsidiaries only and maintained proper records of

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

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transactions and contracts in respect thereof and timely entries have been made therein. All these Shares have been held by the Company, in its own name.

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| <p>XV. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by its Subsidiaries from Banks and Financial Institutions are not prima facie prejudicial to the interest of the Company except in respect of guarantee given in favour of M/s. Eastern Coalfields Ltd. and M/s. Central Coalfields Ltd. for loan taken by them from Export Development Corporation, Canada and Export Finance and Insurance Corporation, Australia respectively, for which no guarantee fee has been charged.</p> | <p>This is a statement of fact. However, no guarantee fee has been charged in the guarantees given in favour of ECL & CCL since no such guarantee fee has been imposed by Government of India on CIL for back to back guarantee given by the Government.</p> |
| <p>XVI. Based on information and explanations given to us by the Management, term loans were applied/ kept in fixed deposits for future application for the purpose for which the loans were obtained.</p> | <p>This being a statement of fact calls for no comment separately.</p> |
| <p>XVII. On the basis of our overall examination of the Cash Flow Statement, the funds raised on short-term basis have not been used for long-term Investment.</p> | <p>This being a statement of fact calls for no comment separately.</p> |
| <p>XVIII. During the year under Audit, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.</p> | <p>This being a statement of fact calls for no comment separately.</p> |
| <p>XIX. The Company has not issued any debentures during current or earlier year(s)</p> | <p>This being a statement of fact calls for no comment separately.</p> |
| <p>XX. The Company has not raised any money by way of Public Issue during the year.</p> | <p>This being a statement of fact calls for no comment separately.</p> |



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XXI. Based upon the audit procedures performed and on the basis of information and explanations provided by the Management, we report that no fraud, on or by the Company has been noticed or reported during the year.

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

For **Singhi & Co.**
Chartered Accountants

Sd/-
(Pradeep Kumar Singhi)
Partner

1-B, Old Post Office Street,
Kolkata-700 001

Dated the 25th day of August, 2005.