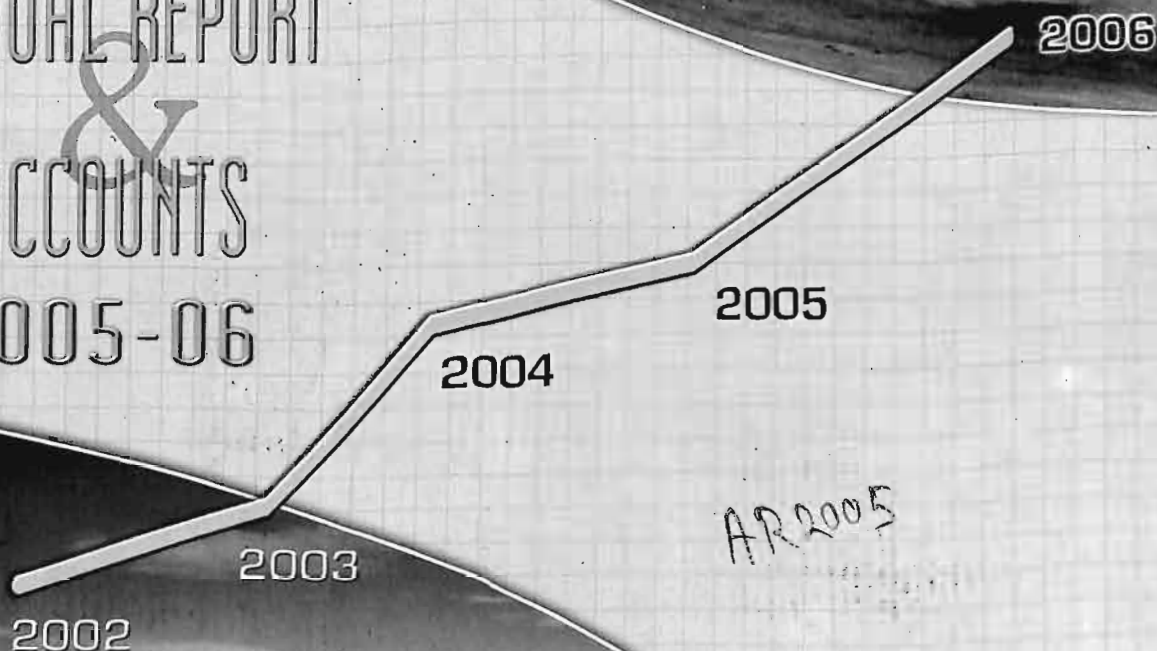


# ANNUAL REPORT & ACCOUNTS 2005-06



**Coal India Limited**  
[www.coalindia.nic.in](http://www.coalindia.nic.in)



"पावर मार्ट-2006" में कोल इण्डिया पैवेलियन के सामने का दृश्य,  
प्रदर्शनी नेताजी इण्डोर स्टेडियम, कोलकाता में जनवरी-2006 में आयोजित की गई थी  
Front view of Coal India Pavilion at 'POWERMART 2006' Exhibition  
held at Netaji Indoor Stadium, Kolkata, during January 2006

# Coal India

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# **Board of Directors**

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*Shri Shashi Kumar*



*Shri Pradeep Kumar*



*Shri Sujit Gulati*



*Shri Ashok Gupta*



*Shri Md. Salim Uddin*



*Shri L. Jha*



*Shri K. Ranganath*



*Shri S. Bhattacharya*



*Shri V. K. Singh*

## Members of the Board

(As on 13th September, 2006)

### CHAIRMAN

Shri Shashi Kumar

### FUNCTIONAL DIRECTORS

Shri Md. Salim Uddin	: Personnel & Industrial Relations
Shri L. Jha	: Technical
Shri K. Ranganath	: Marketing
Shri S. Bhattacharya	: Finance

### DIRECTORS

Shri Pradeep Kumar	: Additional Secretary, Ministry of Coal, New Delhi
Shri Sujit Gulati	: Jt. Secretary and Financial Adviser, Ministry of Coal, New Delhi
Shri Ashok Gupta	: Adviser (Traffic), Railway Board, New Delhi
Shri V. K. Singh	: Chairman-cum-Managing Director, Northern Coalfields Limited, Singrauli

### COMPANY SECRETARY

Dr. H. Sarkar



2005–2006

## **Management During 2005-2006**

### **CHAIRMAN**

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

### **FUNCTIONAL DIRECTORS**

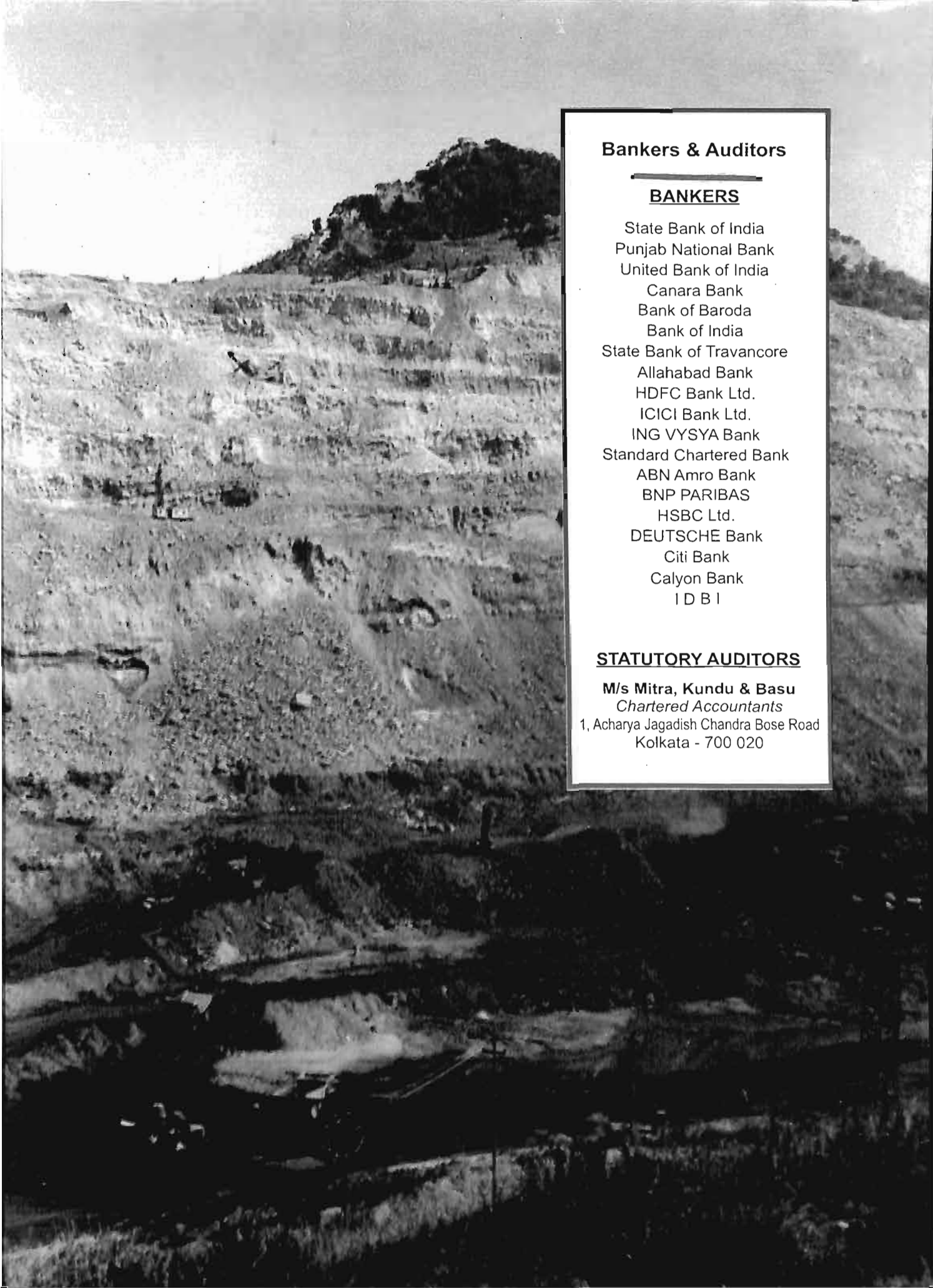
Shri Shashi Kumar : Marketing  
(Additional charge from 29.3.2005 to 3.10.2005)  
Shri D. K. Verma : Finance (From 1.9.2002)  
Shri Md. Salim Uddin : Personnel & Industrial Relations (From 22.12.2003)  
Shri L. Jha : Technical [From 10.3.2005 (AN)]  
Shri K. Ranganath : Marketing (From 4.10.2005 (FN))

### **DIRECTORS**

Shri Pradeep Kumar : Additional Secretary, Ministry of Coal, New Delhi  
(From 12.1.2004 )  
Shri Sujit Gulati : Jt. Secretary and Financial Adviser  
Ministry of Coal, New Delhi (From 7.3.2006)  
Shri L. R. Thapar : Additional Member (Traffic), Railway Board  
New Delhi (From 19.11.2004 to 16.10.2005)  
Shri Ashok Gupta : Adviser (Traffic), Railway Board  
New Delhi (From 17.10.2005)  
Shri P. S. Bhattacharyya : Chairman-cum-Managing Director  
Bharat Coking Coal Ltd.  
(From 19.7.2004 to 18.7.2005)  
Shri R. P. Ritolia : Chairman-cum-Managing Director  
Central Coalfields Limited  
(From 2.3.2005 to 1.3.2006)  
Shri V. K. Singh : Chairman-cum-Managing Director  
Northern Coalfields Limited  
(From 9.11.2005)

### **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 Mitra, Kundu & Basu**  
*Chartered Accountants*  
1, Acharya Jagadish Chandra Bose Road  
Kolkata - 700 020





2005–2006

## Notice

No. : CIL:XI(D) : 04043 : 1270 :2006

Dated : 7th September, 2006

### **Notice of the Thirty-second Annual General Meeting of Coal India Limited**

Notice is hereby given to all Shareholders of Coal India Limited that the Thirty-second Annual General Meeting of the Company will be held on Wednesday, the 13th September, 2006 at 11-00 AM at the Registered Office of the Company at Coal Bhawan, 10, Netaji Subhas Road, Kolkata to transact the following business:

#### **Item No. 1**

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2006 and Profit and Loss Account for the year ended 31st March, 2006 together with the Reports of Statutory Auditor & 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, Spl. Secretary, MOC who retires in terms of Article 33(d) (iii) of the Articles of Association of the Company and is eligible for reappointment.
4. To appoint a Director in place of Shri S. Gulati, JS & F.A., MOC 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 Ashok Gupta, Adviser (Traffic), Railway Board who retires in terms of Article 33(d)(iii) of the Articles of Association of the Company and is eligible for reappointment.
6. To appoint a Director in place of Shri V. K. Singh, CMD, NCL who retires in terms of Article 33(d)(iii) of the Articles of Association of the Company and is eligible for reappointment.

#### **Item No. 2**

#### **SPECIAL BUSINESS**

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

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

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

- (i) Any programme of capital expenditure for an amount exceeding Rs. 150 Crores in cases which do not form part of sanctioned estimates, provided that within any financial year the funds required will be found within the budget allocation for the project and provided also that the expenditure on such project in subsequent years would be the first call on the respective budget allocation; provided further that in cases where the



Detailed Project Reports have been prepared with estimates of different component parts of the projects and where such reports have been approved by the President, it shall not be necessary for the Board to obtain the President's sanction to incurrence of capital expenditure and the Board Directors shall have the power to sanction the same, subject to the provision in the sanctioned estimates for each component part and the limit of Rs. 150 crores shall not apply; provided further that the project should be included in the approved Five Year and Annual Plans and outlays provided for and the required funds can be found from the internal resources of the company and the expenditure is incurred on schemes included in the capital budget approved by the Government. Provided further that in cases of variations in approved estimates which are not more than 10% for any particular part the Board of Directors shall be competent to proceed with the work without further reference to the President provided there is no substantial variation in the scope of the Project.

### SPECIAL POWERS OF DIRECTORS:

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

(18)(ii) To authorise the undertaking of works of a capital nature, not covered by Clause (i) above, if required to be taken up in advance of the preparation of a Detailed Project Report or otherwise as individual works, whether as part of existing or new schemes, not exceeding Rs. 150 (hundred and fifty) Crores provided that:

- (a) the project should be included in the approved Five Year and Annual Plans and outlays provided for ;
- (b) the expenditure on such works in subsequent years will be the first call on the respective allocations; and
- (c) the required funds can be found from the internal resources of the company and the expenditure is incurred on schemes included in the capital budget approved by the Government
- (d) the enchanted delegation will be applicable in respect of projects for which no budgetary supports is envisaged i.e. projects funded 100% from IEBR. The term IEBR (Internal and Extra Budgetary Resources) for this purpose would include extra budgetary resources such as bonds, ECB and other similar mobilisation made on their own internal strength by the PSUs but excluding Govt. guaranteed borrowings."

2. "Also resolved that the present clause 1(f) under the Main Object clause IIIA of the MoA of CIL be and is hereby modified to read as under:

1(f) To explore, produce, sell and distribute Coal Bed Methane Gas and its byproducts in India and abroad and for this purpose, to install, operate and manage all necessary plants, mines, establishments and works."

3. "Further resolved that the following clauses under the Main Object Clause III A of the MoA of CIL be and are hereby inserted to read as under:

1(g) To produce, process, store, distribute, sell, import, export or otherwise deal in gas



2005-2006

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and other byproducts arising from the coal gasification process in India and abroad and for this purpose, to install, operate and manage all necessary plants, mines, establishments and works.

- 1(h) To carry on in India and abroad all or any of the business of generation, purchase, production, manufacture, processing, ~~import, development~~, storage, accumulation, ~~transmission, distribution~~, sale, export or otherwise dealing in all aspects of electricity, (including products derived from or connected with any other forms of energy), including without limitation thermal (based on coal/gas), solar, hydro, wind, tidal, geo-thermal, biological and any other forms of energy through Conventional or Non conventional Renewable energy sources, construction, operation and maintenance, renovation and modernisation of power stations and projects, cables, wires, lines, accumulators, lamps and works and for that purpose, to promote, operate and carry on the business of coal washeries, liquefied natural gas for supply of fuel to power stations and also to undertake in India and abroad the business of other allied/ancillary industries including those for utilisation of steam generated at power stations, coal ash and other byproducts and install, operate and manage all necessary plants, establishments and works."

By order of the Board

Sd/-

( Dr. H. Sarkar )

Company Secretary

Kolkata

Dated: the 7th. September, 2006

Note:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and that the Proxy need not be a member of the Company.
2. The Shareholders are requested to give their consent for calling the Annual General Meeting at the Shorter Notice pursuant to the provisions of Sec. 171(2) of the Companies Act, 1956.
3. The Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Notice set out above is annexed hereto.

## EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT. 1956.

### Item No. 2 :

#### Sub: Amendment of Memorandum and Articles of Association of CIL.

The Board of Directors of CIL in its 224th meeting held on 24th January, 2006 vide Item No 224:4(1) passed the following resolutions:

- (1) "Resolved that Delegation of Power for incurring capital expenditure without approval of the Government be and is hereby adopted subject to the following limits and conditions:

CIL	—	Rs. 150 crores
NCL	—	Rs. 100 crores
WCL	—	Rs. 100 crores
SECL	—	Rs. 100 crores
MCL	—	Rs. 100 crores
CCL	—	Rs. 100 crores

- (i) The project should be included in the approved Five Year and Annual Plans and outlays provided for.
- (ii) The required funds can be found from the internal resources of the company and the expenditure is incurred on schemes included in the capital budget approved by the Government.
- (iii) The enhanced delegation will be applicable in respect of projects for which no budgetary supports is envisaged i.e. projects funded 100% from IEBR. The term IEBR (Internal and Extra Budgetary Resources) for this purpose would include extra budgetary resources such as bonds, ECB and other similar mobilisation made on their own internal strength by the PSUs but excluding Govt. guaranteed borrowings."
- (2) "Also resolved that necessary amendments in the Articles/Memorandum of Association of CIL and its profit making subsidiaries as above be carried out with intimation to Ministry of Coal."

2. To give effect on the above decision of the Board of Directors of CIL, the Articles 36(b)(i) and 47(18)(ii) of the Articles of Association need to be amended.

The CIL Board also in its 222nd meeting held on 5th July, 2005 passed the following:

#### In case of CIL :

The following clauses under the Main Object Clause III A should be inserted:

- 1(g) To produce, process, store, distribute, sell, import, export or otherwise deal in gas and other byproducts arising from the coal gasification process in India and abroad and for this purpose, to install, operate and manage all necessary plants, mines, establishments and works.
- 1(h) To carry on in India and abroad all or any of the business of generation, purchase, production, manufacture, processing, import, development, storage, accumulation,



2005-2006

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transmission, distribution, sale, export or otherwise dealing in all aspects of electricity, (including products derived from or connected with any other forms of energy), including without limitation thermal (based on coal/gas), solar, hydro, wind, tidal, geo-thermal, biological and any other forms of energy through Conventional or Non conventional Renewable energy sources, construction, operation and maintenance, renovation and modernisation of power stations and projects, cables, wires, lines, accumulators, lamps and works and for that purpose, to promote, operate and carry on the business of coal washeries, liquefied natural gas for supply of fuel to power stations and also to undertake in India and abroad the business of other allied/ancillary industries including those for utilisation of steam generated at power stations, coal ash and other byproducts and install, operate and manage all necessary plants, establishments and works.

The present clause I (f) under the Main Object Clauses IIIA of the MoA should be modified as under:

- 1(f) To explore, produce, sell and distribute Coal Bed Methane Gas and its byproducts in India and abroad and for this purpose, to install, operate and manage all necessary plants, mines, establishments and works.

To give effect of the above, Clause I(f) under the Main Object Clauses IIIA of MoA of CIL needs to be modified and Clauses I(g) and I(h) under the Main Object Clauses IIIA of MoA of CIL need to be inserted.

In accordance with Section 31 of the Companies Act, 1956, the Articles of Association of the Company can be amended by passing a special resolution at the General Meeting of the Company. Hence, this resolutions are proposed.

3. None of the Directors is interested or concerned in the resolution.
4. The relevant documents are available for inspection at the Registered Office of the Company during the office hours.

Sd/-  
Company Secretary

## Chairman's Statement

Friends,

I have great pleasure in welcoming you to the 32nd Annual General Meeting of Coal India Limited. The report of the Directors and the audited accounts for the year ended 31<sup>st</sup> March, 2006 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. I take this opportunity to declare with pride that 2005-06 is yet another fiscal which had witnessed excellent performance of CIL in different facets. Surpassing the target of 343 Mt, CIL as a whole could achieve a raw coal production of 343.39 Mt during the year as against 323.58 Mt in the previous year, the growth being 6.12% and about 20 Mt in absolute terms though there was a reduction in manpower to the extent of more than 16,000 during 2005-06. And the overall capacity utilization was 99.28% as against 96.04% in 2004-05. As a natural corollary of these phenomena, both productivity and profitability had shot up. Overall productivity (output per manshift) and pre-tax profit as a whole for the year, both being the highest ever, were 3.26 tonnes and Rs. 8676.72 crores as against 3.05 tonnes and Rs. 4801.52 crores respectively in the previous year. CIL could also achieve an all-time high off-take of 333.66 Mt vis-a-vis turn over (Gross sales) of Rs. 33998.11 crores in this year. Your Directors have recommended a dividend payment of Rs. 1263.27 crores @ Rs. 200/- per share (20% of paid up equity) on 63163644 equity shares of Rs. 1000/- each (fully paid) valued at Rs. 6316.36 crores and payment of tax as applicable thereon.

3. Xth five year plan is now on the verge of completion when CIL has been able to achieve its physical and financial targets. Next year i.e. 2007-08 is the beginning of the XIth five years plan and CIL is to march ahead with more responsibilities and challenges in view of the country's GDP growth set at an average of 8.5% for XIth plan which shoots up the energy demand. To achieve the desired energy security, the country's coal demand is also increasing considerably which will be about 710 Mt in 2011-12 against 474 Mt in 2006-07, as projected by the Expert Sub-group under the Expert Committee on Road Map for Coal Sector Reforms. However, Working Group on coal and Lignite for XIth Plan, set up by the Planning Commission is also working on coal demand among other parameters and figures have not been yet firmed up. In view of this whooping increase in coal demand, CIL has also



planned to increase its coal production from the level of 363.80 Mt in 2006-07 to about 520 Mt in 2011-12 resulting in an increase of 156 Mt in a span of five years, which is a stupendous task. All out efforts are required from all stake holders for materialization of the plan.

4. Being the single largest coal producing company in the world, CIL is not complacent and is doing enough in various fields. It is also contemplating diversification of its business in the arena of non-conventional energy, a need of the hour, with a view to ensuring energy security of our country in the days to come. Initiatives taken by CIL towards this direction are as follows:

**(a) Coal Liquefaction (CTL):** Coal India Limited and Oil India Limited are making a joint venture project for conversion of Coal into liquid. Coal of North Eastern Coalfields has been found to be the most suitable for this project. The project cost will be Rs. 12,600 crores including Rs. 3600 crores investment for 3.5 mt coal production from new mines, by the year 2014-15. Joint Task Force (JTF) has been formed. M/s HTI, USA, Consultant for this project, has submitted its techno-feasibility report and M/s. EIL, another consultant for this project, will submit the report by October'06. The final technology will be chosen out of the two reports. JTF is also meeting State Governments in order to seek clearance from them to start new mines.

**(b) Underground Coal Gasification (UCG):** CIL and ONGC are making a joint venture project for gasification of coal in Underground. Cost of the pilot plant is in the tune of Rs. 100 crores. A MOU with equal participation was signed in November'05. Data package for 5 blocks were given to SIM, Russia (the

2005–2006

consultant) out of which 1 block has been short-listed where further drilling to generate additional data is being taken up.

**(c) Surface Coal Gasification (SCG):** A joint venture between GAIL and CIL proposed for gasification of coal at surface is under consideration at the Board level. Talcher Coalfield is considered ideal for this project. The projects cost is almost Rs. 2400 crores, excluding cost of production of 1.5 mt coal, which is required for this gasification project.

**(d) Coal Bed Methane (CBM):** Coal India Limited is already involved in two projects - (i) Collaborative development of Coal Bed Methane (CBM) by CIL and ONGC in Jharia and Raniganj Coalfield. Commercial production of CBM is expected in the middle of 2007. Cost of commercial production is in the tune of Rs. 650 crores, where CIL's share is likely to be 26%. (ii) CBM Recovery & Commercial Utilisation Project is under implementation at Moondih and Sudamdih mines of BCCL. Secretary (Coal), Govt. of India has formally inaugurated the drilling rig at Moondih site on 14th September'05. Crown Energy Technologies Inc, Canada, supplied the drilling rig. Work is in progress.

**(e) Coal Mine Methane (CMM):** With a view to reduce the-hazard and earn revenue, Coal India Limited has signed a MOU with Mitsui (India) Co. to capture and

utilize Coal Mine Methane as fuel to generate power from the working mines. Work is in progress. Discussion is going on with different organisation like, Global CBM, Tata Projects Limited and CMRI. CIL is also seriously thinking for delineating the CMM blocks and global tendering for opting the blocks.

CIL has also taken up various steps for promoting a number of joint ventures for setting up of coal based power plants with the companies, both in the private and public sector.

5. To meet the projected gap between demand and supply, while the efforts are on to enhance coal production from the indigenous sources, it will not be possible to bridge the entire gap in demand of coking coal and high-grade low ash thermal coal primarily because of limited availability of techno-economically recoverable coking coal reserves and near absence of high-grade low ash thermal coal reserves in the country. Therefore, acquiring equity in some companies abroad, engaged in coking coal and low ash thermal coal is essential for ensuring energy security of the country.

CIL's proposed venture for incorporation of a new subsidiary namely "Coal India Videsh Limited" has been approved by CIL Board and is awaiting



*Hon'ble Prime Minister of India, Dr. Manmohan Singh graciously visited the Coal India's stall, put-up on the occasion of function held to mark the augmentation and expansion of production capacity of North Eastern Coalfields. Shri Shashi Kumar, Chairman, Coal India briefing the Hon'ble Prime Minister about coal mining activities*

government approval. Meanwhile, a Coal Videsh department has been created at CIL headquarter to perform the ground work for launching the proposed company, identifying prospective opportunities, undertaking their due diligence, implementing their way forward etc. A fact-finding mission was sent to countries like Australia, South Africa, Zimbabwe, Mozambique and Bangladesh while similar visits are being contemplated to Indonesia, Poland and Russia. Several business prospects and potential joint venture partners have been identified in these countries. Country specific action plan has also been framed which are under consideration.

6. It gives me great pleasure and happiness to inform you that both BCCL and ECL have been able to turnaround by making profit during the year under report. Consequently, none of the companies under CIL are on loss making track. The turn around of these two companies has been possible even with the implementation of National Coal Wage Agreement (NCW A-VII) for the huge numbers of Wage Board employees in those companies. This is basically a result of the combined sincere efforts of the employees of the different rank and file and of the whole-hearted support received from different authorities viz. Ministry of Coal, Trade Unions, State Govts. etc.

7. Safety in mines continues to receive priority. Though there has been improvement in this front as a result of a number of measures taken towards this end but efforts are still continuing for further improvement. Well-equipped rescue service organizations are maintained in the coal companies. Special attention is given towards welfare of the employees for improving the quality of their lives. This has led to industrial relation being very cordial.

8. I am confident that CIL shall scale new height in the days to come and meet the expectation of all stake holders viz. the employees, the Governments, the consumers and the nation at large with the dedicated performance at all levels as in the past.

9. Finally, I take the opportunity of expressing my sincere thanks to Ministry of Coal, other Central Govt. Ministries and Departments, State Governments, our employees, Trade Unions and our consumers and suppliers for their unstinted support and relentless co-operation.

Sd/-  
**Shashi Kumar**  
Chairman

Kolkata  
Dated, 13th September, 2006

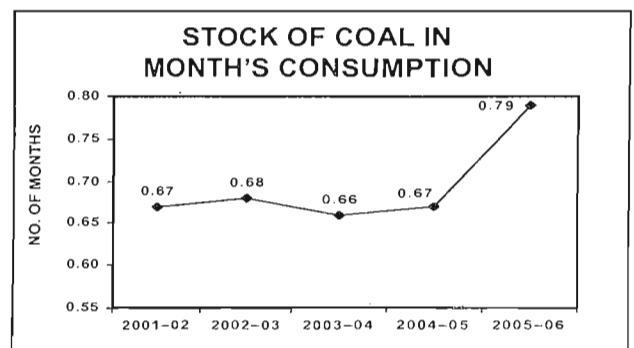
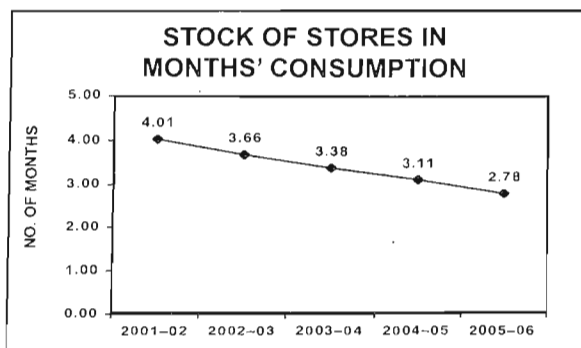
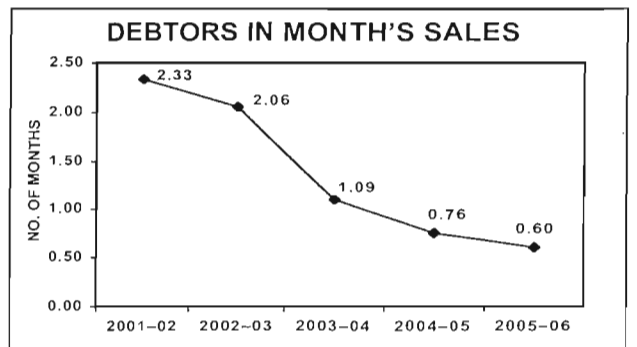
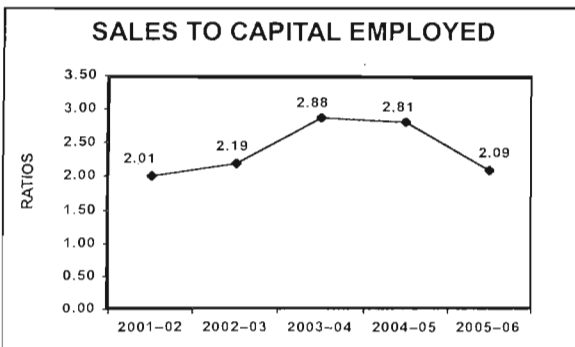
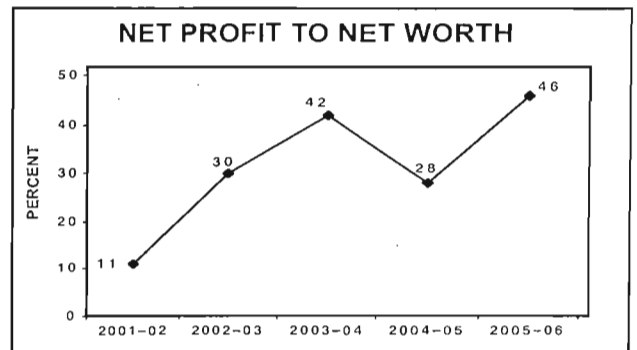
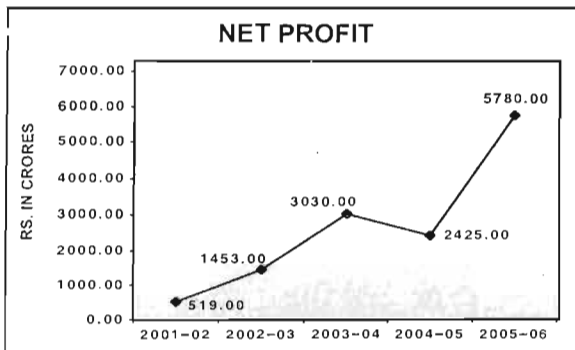
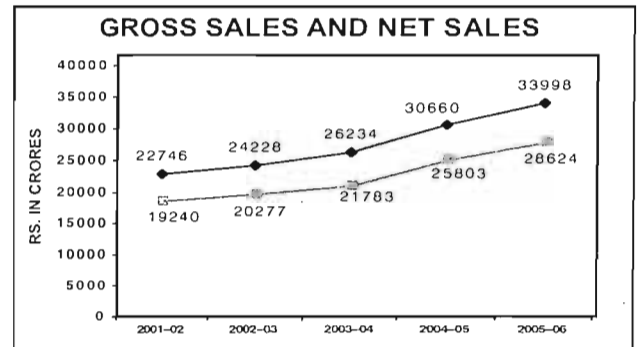
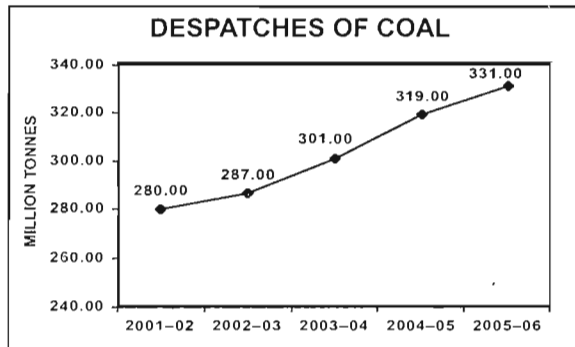


Hon'ble Prime Minister of India, Dr. Manmohan Singh, Shri Tarun Gogoi, Hon'ble Chief Minister, Assam, and Dr. Dasari Narayana Rao, Hon'ble Minister of State for Coal acknowledging cheers of gathering at NEC, Margherita, Assam.



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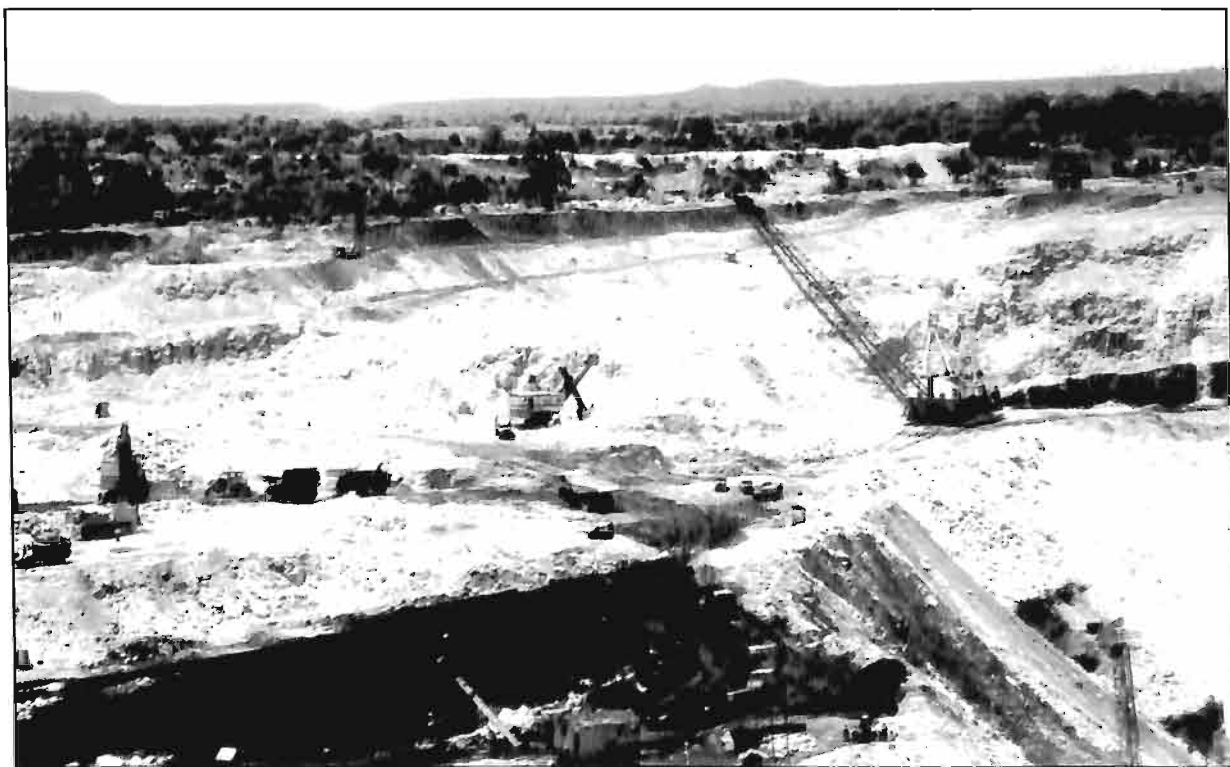
# Performance of Coal India Limited At a Glance



## OPERATIONAL STATISTICS

### (Consolidated for Coal India Limited & its Subsidiary Companies)

Year Ending 31st March	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>1. (a) Production of Raw Coal :</b> (Million Tonnes)										
Underground	45.82	47.04	47.44	48.42	49.22	50.56	52.32	53.32	53.97	55.20
Opencast	297.57	276.54	258.92	242.27	230.43	217.58	208.26	203.16	206.58	195.42
<b>TOTAL</b>	<b>343.39</b>	<b>323.58</b>	<b>306.36</b>	<b>290.69</b>	<b>279.65</b>	<b>268.14</b>	<b>260.58</b>	<b>256.48</b>	<b>260.55</b>	<b>250.62</b>
<b>(b) Overburden Removal :</b> (Million Cu.M.)	533.94	516.11	497.00	501.20	490.13	487.39	462.40	452.10	428.14	395.30
<b>2. Off take (Raw Coal)</b> (Million Tonnes)										
Power	256.65	248.86	234.23	219.93	217.18	207.43	195.08	182.10	189.66	177.14
Steel/Hard Coke	10.02	11.70	12.18	12.28	12.37	13.87	15.45	18.35	19.21	19.35
Railway	—	—	—	—	—	—	—	0.03	0.05	0.13
Others	66.99	59.94	56.83	55.65	51.23	50.56	50.91	49.15	48.90	51.45
<b>TOTAL</b>	<b>333.66</b>	<b>321.55</b>	<b>304.44</b>	<b>289.22</b>	<b>282.43</b>	<b>273.81</b>	<b>263.64</b>	<b>252.21</b>	<b>260.51</b>	<b>250.93</b>
<b>3. Average Manpower</b>	452287	468450	484603	510671	530986	552061	574477	599293	619576	631999
<b>4. Productivity</b>										
(A) Average per Man per Year	759.23	652.70	632.06	569.23	526.65	485.71	453.60	427.97	420.53	396.53
(B) Output per manshift (OMS) :										
(i) Underground (Tonnes)	0.71	0.69	0.68	0.69	0.64	0.63	0.61	0.59	0.57	0.57
(ii) Opencast (Tonnes)	7.51	7.18	6.67	6.30	6.08	5.90	5.44	5.52	5.07	5.12
(iii) Overall (Tonnes)	3.26	3.05	2.82	2.67	2.45	2.29	2.10	2.03	1.93	1.86



A broad view of a coalface and Large Dragline in over burden removal operation in an opencast coal mine



2005-2006

## FINANCIAL POSITION

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

### OPERATIONAL STATISTICS

(Rs. Crores)

Year Ending 31st March	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>(A) What is owned</b>										
Gross Fixed Assets	29205.17	28222.82	27758.42	26827.45	26069.55	25305.86	24546.79	21667.79	20082.20	18445.26
Less Depreciation	19080.62	18045.45	16645.05	5379.63	13883.68	12664.34	11457.95	10167.28	9157.31	8212.82
(1) Net Fixed Assets	10124.55	10177.37	11113.37	11447.82	12185.87	12641.52	13088.84	11500.51	10924.89	10232.44
(2) Capital Work-in-Progress	1183.72	1292.99	1152.67	1258.44	1112.96	1104.99	1194.11	1722.60	1893.85	2114.24
(3) Deferred Tax Asset	639.46	580.05	102.61	161.54						
(4) Misc expenditure & other payable	-2376.39	-1210.68	-268.84	-225.85	160.88	216.44	70.84	81.02	126.23	516.42
(5) Investment (internal)	2244.60	2244.60	2244.60	80.08	80.08	80.10	80.10	0.10	12.72	2.94
(6) Current Assets:										
(i) (a) Inventory of coal, coke etc.	1889.51	1439.96	1205.54	1149.51	1067.99	1145.46	1242.19	1491.86	1299.44	1142.61
(b) Inventory of stores & Spares etc	923.07	916.50	903.15	946.90	984.50	1101.09	1121.20	1034.89	1017.35	1022.67
(c) Other Inventories	130.46	129.78	105.59	102.15	98.31	104.37	104.62	91.91	60.26	50.04
(ii) Sundry Debtors (Incl. CMPDIL)	1804.45	2072.13	2484.34	4245.60	4503.80	4797.61	4155.22	3997.49	3357.44	2597.72
(iii) Cash & Bank Balances	13427.22	7986.95	2966.52	1590.82	1131.84	767.27	787.08	786.93	499.28	401.87
(iv) Loans & Advances	7249.32	5332.07	4166.66	3177.53	2838.48	3163.53	2788.46	3389.48	2150.87	1428.07
(v) O.B.R. Adjustments	-3563.82	-2353.94	-1514.17	-1003.43	-658.98	-449.05	-468.46	-409.31	-468.93	-222.61
Total Current Assets (6)	21860.21	15523.45	10317.63	10209.08	9965.94	10630.28	9730.31	10383.25	7915.71	6420.37
(7) Less Current Liab & Prov. (Excl. intt Accr. & Due)	18243.94	16462.91	13765.61	12363.99	12408.58	14021.56	10032.33	10185.89	8660.34	7140.41
Net Current Assets (6 - 7)	3616.27	-939.46	-3447.98	-2154.91	-2442.64	-3391.28	-302.02	197.36	-744.63	-720.04
<b>TOTAL (A)</b>	<b>15432.21</b>	<b>12144.87</b>	<b>10896.43</b>	<b>10567.12</b>	<b>11097.15</b>	<b>10651.77</b>	<b>14131.87</b>	<b>13501.59</b>	<b>12213.06</b>	<b>12146.00</b>
<b>(B) What is owed :</b>										
(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
(3) Interest Accrued & Due	73.94	71.62	98.51	98.51	262.63	163.59	80.57	26.93	38.01	53.27
(4) Intercompany Loan		85.71	178.57	286.43	467.04	722.74	840.48	964.48	240.21	155.49
(5) Term Loan (F. Intl. & Banks)		0.00	0.00	28.36	324.29	262.54	481.12	367.38	135.22	73.46
(6) Bonds	14.00	25.00	36.08	47.47	64.39	563.46	584.33	884.03	1084.03	1484.03
(7) Deferred Tax Liability	480.64	607.53	439.56	470.47						
(8) Others (foreign loan, incl. deferred credit)	2044.56	2193.14	2444.15	2705.81	2760.15	2809.41	2710.46	1290.97	957.43	932.19
<b>SUB TOTAL (1 TO 8)</b>	<b>2613.14</b>	<b>3193.59</b>	<b>3322.09</b>	<b>4684.59</b>	<b>5595.40</b>	<b>6324.48</b>	<b>7047.34</b>	<b>6358.55</b>	<b>5589.90</b>	<b>6137.34</b>
(9) Bank Borrowings (incl. O.D. & Others)	214.96	202.32	303.17	1033.88	1009.58	388.72	944.87	716.45	704.71	593.58
<b>TOTAL (B)</b>	<b>2828.10</b>	<b>3395.91</b>	<b>3625.26</b>	<b>5718.47</b>	<b>6604.98</b>	<b>6713.20</b>	<b>7992.21</b>	<b>7075.00</b>	<b>6294.61</b>	<b>6730.92</b>
<b>Net Worth (A - B)</b>	<b>12604.11</b>	<b>8748.96</b>	<b>7270.25</b>	<b>4848.65</b>	<b>4492.17</b>	<b>3938.57</b>	<b>6139.66</b>	<b>6426.59</b>	<b>5918.45</b>	<b>5415.08</b>
<b>Represented by</b>										
(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	6379.94	5397.26	4693.50	4132.50	3687.96	3000.76	2484.64	1721.09	985.10	390.49
(3) Profit/Loss(+)/(-)	-92.19	-2964.66	-3738.69	-5600.21	-5512.15	-5378.55	-2661.34	-1522.14	-1114.62	-1040.31
(4) Misc Expenditure (D/Liab)		0.00	0.92				-88.72	-268.39	-251.46	-333.19
<b>Net Worth (1 to 4)</b>	<b>12604.11</b>	<b>8748.96</b>	<b>7270.25</b>	<b>4848.65</b>	<b>4492.17</b>	<b>3938.57</b>	<b>6139.66</b>	<b>6426.59</b>	<b>5918.45</b>	<b>5415.08</b>
<b>Capital Employed</b>	<b>13666.88</b>	<b>9166.29</b>	<b>7566.88</b>	<b>9274.48</b>	<b>9560.68</b>	<b>9166.75</b>	<b>12786.35</b>	<b>11671.04</b>	<b>10154.97</b>	<b>9462.07</b>

## INCOME AND EXPENDITURE STATEMENT

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

### OPERATIONAL STATISTICS

(Rs. Crores)

Year Ending 31st March	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>(A) Earned From :</b>										
Gross Sales	33998.11	30660.30	26234.17	24228.07	22745.75	20811.00	19589.19	18646.19	18795.13	16597.78
Less Coal from development Mines	9.71	8.85	54.88	51.88	66.27	67.57	62.64	73.43	88.22	114.72
Less Levies (Royalties, cesses etc.)	5364.29	4848.56	4395.89	3898.83	3439.38	3252.74	3136.79	3174.09	3385.80	3192.02
(1) Net Sales	28624.11	25802.89	21783.40	20277.36	19240.10	17490.69	16389.76	15398.67	15321.11	13291.04
(2) Accretion/Decretion in Stocks	461.80	253.00	50.56	82.66	-77.77	-102.21	-240.23	179.47	166.07	-230.70
(3) Boiler & Domestic Consumption	144.21	167.83	132.65	148.89	172.15	186.32	194.37	214.91	222.03	214.45
(4) Other Revenue Receipts :										
CMPDIL	145.79	151.15	142.30	123.39	131.35	155.98	92.67	99.27	97.38	92.83
Others (Aft. Adj. Trans. & Recov. & Contrs)	1542.00	862.31	1842.39	493.15	376.90	320.84	344.31	272.49	205.00	234.74
Coal Price Regulation Accounts							-0.25			
<b>TOTAL (A)</b>	<b>30917.91</b>	<b>27237.18</b>	<b>23951.60</b>	<b>21125.45</b>	<b>19842.73</b>	<b>18051.62</b>	<b>16780.88</b>	<b>16164.81</b>	<b>16011.59</b>	<b>13602.36</b>
<b>(B) Paid to / Provided for</b>										
Employees Remu. & Benefits (Gross-Rev.)	9973.66	11256.20	9185.53	8187.57	8108.35	10204.32	6927.95	6128.37	5989.98	5396.36
Less : Trans. to Oth. Rev. Heads	448.21	471.44	500.11	481.81	328.37	430.54	386.20	351.18	341.80	331.48
(1) Net S. & Wages (Excl. V.R.S. Payment)	9525.45	10784.76	8685.42	7705.76	7779.98	9773.78	6541.75	5777.19	5648.18	5064.88
(2) V.R.S. Payment (Net of Grant Recvd.)	134.36	150.42	176.20	76.90	165.61	98.41	116.65	96.18	16.39	24.40
(3) Social Overheads (Incl. LLTC & Dom. Coal)	1507.63	1519.24	1509.50	1402.74	1231.99	1242.42	1126.94	1104.57	1071.11	979.80
Less : Social overheads Dep. & Intt.	60.49	62.79	62.10	68.38	62.15	58.11	57.15	60.13	53.08	48.22
Social Overheads (Excl. Dep. & Intt.)	1447.14	1456.45	1447.40	1334.36	1169.84	1184.31	1069.79	1044.44	1018.03	931.58
(4) Stores & Spares (Gross - Rev.)	3982.33	3534.20	3245.80	3104.79	2945.02	2782.89	2587.62	2413.39	2355.37	2075.66
Less : Trans. to Oth. Rev. Heads	48.01	42.99	42.18	43.30	40.84	40.68	42.02	38.39	36.43	31.26
Stores & Spares (Net)	3934.32	3491.21	3203.62	3061.49	2904.18	2742.21	2545.60	2375.00	2318.94	2044.40
(5) (i) Power & Fuel (Excl. Coal Consumed)	1551.33	1514.43	1480.12	1435.32	1378.30	1346.63	1317.70	1218.85	1191.56	1098.46
(ii) Boiler & Colliery Consumption	84.83	87.28	49.26	52.69	55.66	57.28	56.02	56.37	53.58	53.24
(6) Contractors (Trans. & Repairs)	1577.92	1265.58	1022.99	888.87	809.56	892.92	812.74	745.34	699.47	631.47
(7) Misc. Expenses	1258.95	996.18	823.24	649.62	655.95	653.60	814.51	595.28	633.02	476.66
(8) Provision for D/Debts, Obsol. etc.	106.80	283.71	86.93	640.41	843.31	537.10	578.77	812.01	471.92	174.91
(9) Interest (Incl. S/O & P. P.)	86.32	219.50	249.70	400.57	588.77	681.77	695.68	659.66	742.79	686.02
(10) Depreciation (Incl. S/O & P. P. & Impairment)	1543.81	1419.02	1471.04	1672.46	1519.09	1503.52	1518.54	1290.78	1240.30	1150.22
(11) OBR Adjustment	1209.89	840.46	508.82	344.45	207.44	-19.31	56.94	26.99	159.73	67.44
(12) P. P. Adj. (Excl. Intt. Depri. & CPRA)	-219.93	-73.34	-142.30	-2.95	10.48	13.87	-37.68	14.93	13.69	61.26
<b>TOTAL (B)</b>	<b>22241.19</b>	<b>22435.66</b>	<b>19062.44</b>	<b>18259.95</b>	<b>18088.17</b>	<b>19466.09</b>	<b>16087.01</b>	<b>14713.02</b>	<b>14207.60</b>	<b>12464.94</b>
<b>Profit/Loss for the Year (A - B)</b>	<b>8676.72</b>	<b>4801.52</b>	<b>4889.16</b>	<b>2865.50</b>	<b>1754.56</b>	<b>-1414.47</b>	<b>693.87</b>	<b>1451.79</b>	<b>1803.99</b>	<b>1137.42</b>
Investment Allowance Reserves		0.00	16.25	31.22	21.62	—	42.24	—	21.45	35.25
Tax on Profit	-2896.94	-2377.05	-1859.22	-1412.20	-1235.54	-660.29	-846.78	-942.85	-991.69	-883.29
Proposed Dividend	-1263.27	-274.55	-181.32	-90.42	-90.42	-90.42	-115.67	-115.68	-109.37	-96.74
Tax on Dividend	-475.63	-248.26	-202.15	-124.49	—	-61.82	-104.41	-82.12	-181.85	-63.60
Trans. to General Reserve	-787.65	-556.84	-491.79	-257.42	-256.85	-132.30	-197.75	-200.73	-234.99	-107.01
Pref. Shares & Bond Redmpt. Fund	-380.77	-258.64	-370.98	-807.39	-326.97	-357.91	-610.70	-517.92	-380.00	—
Other Adjustments (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	-2964.65	-3738.69	-5600.21	-5512.15	-5378.55	-2661.34	-1522.14	-1114.62	-1040.31	-1312.29
Cumulative Profit/Loss to Balance Sheet	-92.19	-2964.67	-3738.69	-5600.21	-5512.15	-5378.55	-2661.34	-1522.14	-1114.62	-1040.31
<b>Cumul. P &amp; L (Before Transfer to Reserves)</b>	<b>6287.75</b>	<b>2432.59</b>	<b>954.81</b>	<b>-1467.71</b>	<b>-1824.19</b>	<b>-2377.79</b>	<b>-176.70</b>	<b>144.43</b>	<b>-168.56</b>	<b>-687.80</b>



2005-2006

## OPERATIONAL STATISTICS IMPORTANT FINANCIAL INFORMATION

(Rs. Crores)

Year Ending 31st March	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>(A) Related to Assets &amp; Liabilities</b>										
(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	4693.50	6316.36	6316.36	6316.36	6316.36	6316.36	6316.36	6316.36
(b) Reserves	6379.94	5397.26	-3738.69	4132.50	3687.96	3000.76	2484.64	1721.09	985.10	390.49
(c) Accumulated Loss/Profit	-92.19	-2964.66	0.92	-5600.21	-5512.15	-5378.55	-2661.34	-1522.14	-1114.62	-1040.31
(d) Misc. Expend. (D/Liab.)					88.72	268.39	251.46	333.19		
Net Worth	12604.11	8748.96	7270.25	4848.65	4492.17	3938.57	6139.66	6426.59	5918.45	5415.08
(2) Loan	2132.50	2586.06	2882.53	4214.12	5595.40	6324.48	7047.34	6358.55	5589.90	6137.34
(3) Capital Employed	13666.87	9166.29	7566.88	9274.48	9560.68	9166.75	12786.35	11671.04	10154.97	9462.07
(4) (i) Net Fixed Assets	10124.55	10177.37	11113.37	11447.82	12185.87	12641.52	13088.84	11500.51	10924.89	10232.44
(ii) Current Assets	21860.21	15523.45	10317.63	10209.08	9965.94	10630.28	9730.31	10383.25	7915.71	6420.37
(iii) Net Current Assets (W/C)	3616.27	-939.46	-3447.98	-2154.91	-2442.64	-3391.28	-302.02	197.36	-744.63	-720.04
(5) Current Liabilities (Exclud. Intt. Accrued & Due)	18243.94	16462.91	13765.61	12363.99	12408.58	14021.56	10032.33	10185.89	8660.34	7140.41
(6) (a) Sundry Debtors (Net) (Exclud. CMPDIL)	1690.93	1954.57	2375.68	4165.09	4417.57	4701.37	4129.32	3975.98	3337.32	2545.85
(b) Cash & Bank	13427.22	7986.95	2966.52	1590.82	1131.84	767.27	787.08	786.93	499.28	401.87
(7) Closing Stock of :										
(a) Stores & Spares (Net)	923.07	916.50	903.15	946.90	984.50	1101.09	1121.20	1034.89	1017.35	1022.67
(b) Coal, Cokes etc. (Net)	1889.51	1439.96	1205.54	1149.51	1067.99	1145.46	1242.19	1491.86	1299.44	1142.61
(8) Average Stock of Stores & Spares (Net)	919.79	909.83	925.03	965.70	1042.80	1111.15	1078.05	1026.12	1020.01	966.92
<b>(B) Related to Profit / Loss</b>										
(1) (a) Gross Margin	10306.85	6440.04	6609.90	4938.53	3862.42	770.82	2908.09	3402.23	3787.08	2973.66
(b) Gross Profit	8763.04	5021.02	5138.86	3266.07	2343.33	-732.70	1389.55	2111.45	2546.78	1823.44
(c) Net Profit (Before Tax & Invnt. Allow. etc)	8676.72	4801.52	4889.16	2865.50	1754.56	-1414.47	693.87	1451.79	1803.99	1137.42
(d) Net Profit (After Tax)	5779.78	2424.47	3029.94	1453.30	519.02	-2074.76	-152.90	508.94	812.30	254.13
(e) Net Profit (After Tax & Div. on Pref. & Equity)	4516.51	2149.92	2948.62	1362.88	428.60	-2165.18	-243.32	418.52	721.88	163.71
(2) (a) Gross Sales	33998.11	30660.30	26234.17	24228.07	22745.75	20811.00	19589.19	18646.19	18795.13	16597.78
(b) Net Sales (After Levies & Dev. etc.)	28624.11	25802.89	21783.40	20277.36	19240.10	17490.69	16389.76	15398.67	15321.11	13291.04
(c) Sale Value of Production	29230.12	26223.72	21966.91	20508.91	19334.48	17574.80	16343.90	15793.05	15709.21	13274.79
(3) Cost of Goods Sold (Sales - Profit)	19947.39	21001.37	16894.24	17411.86	17485.54	18905.16	15695.89	13946.88	13517.12	12153.62
(4) (a) Total Expenditures (Exclud. Recoveries)	22241.19	22435.66	19062.44	18259.95	18088.17	19466.09	16087.01	14713.02	14207.60	12464.94
(b) Salary & Wages (Gross Rev. only)	9973.66	11256.20	9185.53	8187.57	8108.35	10204.32	6927.95	6128.37	5989.98	5396.36
(c) Stores & Spares (Gross Rev. only)	3982.33	3534.20	3202.93	3104.79	2945.02	2782.89	2587.62	2413.39	2355.37	2075.66
(d) Power & Fuel	1551.33	1514.43	1480.12	1435.32	1378.30	1346.63	1317.70	1218.85	1191.56	1098.46
(e) Int. & Depreciations (Gross Rev. only)	1630.13	1638.52	1720.74	2073.03	2107.86	2185.29	2214.22	1950.44	1983.09	1836.24
(5) Average Consumption of Stores & Spares (Gross) per Month	331.86	294.52	266.91	258.73	245.42	231.91	215.64	201.12	196.28	172.97
(6) (a) Avg. Manpower Employed during the year	460369	476577	493061	510671	530987	552061	574477	599293	619576	631999
(b) Socia Overheads (Incl. LTC/LLTC)	1507.63	1519.24	1509.50	1402.74	1231.99	1242.42	1126.94	1104.57	1071.11	979.80
(c) S/Overheads expnd. per Employee (Rs.000)	32.75	31.88	30.61	27.47	23.20	22.51	19.62	18.43	17.29	15.50
(7) (a) Value Added	23805.43	21281.95	17376.21	16082.80	15127.69	13584.66	12517.25	12242.10	12242.51	10171.52
(b) Value Added per Employee (Rs.000)	517.10	446.56	352.42	314.93	284.90	246.07	217.89	204.28	197.59	160.94

## OPERATIONAL STATISTICS IMPORTANT FINANCIAL RELATIVE RATIOS

Year Ending 31st March	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>(A) PROFITABILITY RATIOS</b>										
<b>(1) AS % NET SALES</b>										
(a) Gross Margin	36.01	24.96	30.34	24.35	20.07	4.41	17.74	22.09	24.72	22.37
(b) Gross Profit	30.61	19.46	23.59	16.11	12.18	-4.19	8.48	13.71	16.62	13.72
(c) Net Profit	30.31	18.61	22.44	14.13	9.12	-8.09	4.23	9.43	11.77	8.56
<b>(2) AS % TOTAL EXPENDITURES</b>										
(a) Sal & Wages (Gross - Rev.)	44.84	50.17	48.19	44.84	44.83	52.42	43.07	41.65	42.16	43.29
(b) Stores & Spares (Gross - Rev.)	17.91	15.75	16.80	17.00	16.28	14.30	16.09	16.40	16.58	16.65
(c) Power & Fuel	6.98	6.75	7.76	7.86	7.62	6.92	8.19	8.28	8.39	8.81
(d) Interest & Depreciation (Gross - Rev.)	7.33	7.30	9.03	11.35	11.65	11.23	13.76	13.26	13.96	14.73
<b>(3) AS % CAPITAL EMPLOYED</b>										
(a) Gross Margin	75.41	70.26	87.35	53.25	40.40	8.41	22.74	29.15	37.29	31.43
(b) Gross Profit	64.12	54.78	67.91	35.22	24.51	-7.99	10.87	18.09	25.08	19.27
(c) Net Profit	63.49	52.38	64.61	30.90	18.35	-15.43	5.43	12.44	17.76	12.02
<b>(4) OPERATING RATIO (SALES - PROFIT/SALES)</b>	0.70	0.81	0.78	0.86	0.91	1.08	0.96	0.91	0.88	0.91
<b>(B) LIQUIDITY RATIOS</b>										
<b>(1) Current Ratio</b> (Current Asset/Current Liability)	1.20	0.94	0.75	0.83	0.80	0.76	0.97	1.02	0.91	0.90
<b>(2) Quick Ratio</b> (Quick Asset/Current Liability)	0.83	0.60	0.39	0.47	0.45	0.39	0.49	0.47	0.44	0.41
<b>(C) TURNOVER RATIOS</b>										
<b>(1) Capital Turnover Ratio</b> (Net Sales/Capital Employed)	2.90	2.81	2.88	2.19	2.01	1.91	1.28	1.32	1.51	1.40
<b>(2) Sundry Debtors (net) as no. of months</b>										
(a) Gross Sales	0.60	0.76	1.09	2.06	2.33	2.71	2.53	2.56	2.13	1.84
(b) Net Sales	0.71	0.91	1.31	2.46	2.76	3.23	3.02	3.10	2.61	2.30
<b>(3) As Ratio of Net Sales</b>										
(a) Sundry Debtors	0.06	0.08	0.11	0.21	0.23	0.27	0.25	0.26	0.22	0.19
(b) Coal Stocks	0.07	0.06	0.06	0.06	0.06	0.07	0.08	0.10	0.08	0.09
<b>(4) Stock of Stores &amp; Spares</b>										
(a) Avg. Stock/Annual Consumption	0.23	0.26	0.29	0.31	0.35	0.40	0.42	0.43	0.43	0.47
(b) Closing Stock in terms of No. of Month's Consumption	2.78	3.11	3.38	3.66	4.01	4.75	5.20	5.15	5.18	5.91
<b>(5) Stock of Coal, Coke, W/coal etc.</b>										
(a) As no. of Month's Value of production	0.78	0.66	0.66	0.67	0.66	0.78	0.91	1.13	0.99	1.03
(b) As no. of Month's of cost of goods sold	1.14	0.82	0.86	0.79	0.73	0.73	0.95	1.28	1.15	1.13
(c) As no. of Month's Net Sales	0.79	0.67	0.66	0.68	0.67	0.79	0.91	1.16	1.02	1.03
<b>(D) STRUCTURAL RATIOS</b>										
<b>(1) Debt : Equity</b>	0.34	0.41	0.46	0.67	0.89	1.00	1.12	1.01	0.88	0.97
<b>(2) Debt : Net Worth</b>	0.17	0.30	0.40	0.87	1.25	1.61	1.15	0.99	0.94	1.13
<b>(3) Net Worth : Equity</b>	2.00	1.39	1.15	0.77	0.71	0.62	0.97	1.02	0.94	0.86
<b>(4) Net Fixed Assets : Net Worth</b>	0.80	1.16	1.53	2.36	2.71	3.21	2.13	1.79	1.85	1.89
<b>(E) SHARE HOLDER'S INTEREST</b>										
<b>(1) Book Value of Shares (Rs.)</b> (Networth / No. of Equity)	1995.47	1385.13	1151.02	767.63	711.20	623.55	972.02	1017.45	937.00	857.31



2005-2006

## 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-third Annual Report of Coal India Limited and Audited Accounts for the year ended 31st March, 2006 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 2005-2006 compared to previous two years are shown in the table below :

	2005-06	2004-05	2003-04
Production (in million tonnes)	343.39	323.58	306.36
Off-take of Coal (in million tonnes)	333.66	321.55	304.44
Sales (Gross) (Rs./Crores)	33,998.11	30,660.30	26,234.17
Gross Profit (Rs./Crores)	8,763.04	5,021.02	5,138.86
Capital Employed (Rs./Crores)	13,666.88	9,166.29	7,566.88
Net Worth (Rs./Crores)	12,604.11	8,748.96	7,270.25
Profit before Tax (Rs./Crores)	8,676.72	4,801.52	4,889.16
Profit after Tax (Rs./Crores)	5,779.78	2,424.47	3,029.94
Gross Profit to Capital employed	64.12%	54.78%	67.91%
Profit before Tax to Net Worth	68.84%	54.88%	67.25%
Coal Stock (Net) (in terms of No. of months Net Sales)	0.79	0.67	0.66
Sundry Debtors (Net) (in terms of No. of months Gross Sales)	0.60	0.76	1.09

## 2. FINANCIAL PERFORMANCE

### 2.1 Financial Results

CIL and its Subsidiaries have achieved collectively a pre-tax profit of Rs.8676.72 Crores in the year 2005-2006 against a pre-tax profit of Rs. 4801.52 Crores in the year 2004-05.

Company-wise position with regard to profit (+) earned or loss (-) incurred during 2005-06 vis-a-vis in 2004-05 are given in the table appended below:

Figures in Crores				
Company	2005-2006 Profit(+)/Loss(-)		2004-2005 Profit (+)/Loss (-)	
ECL	(+)	371.96	(-)	679.20
BCCL	(+)	205.08	(-)	959.43
CCL	(+)	1164.98	(+)	437.81
NCL	(+)	2116.26	(+)	1976.03
WCL	(+)	1446.96	(+)	935.30
SECL	(+)	1286.12	(+)	1580.93
MCL	(+)	1837.21	(+)	1469.36
CMPDIL	(+)	3.94	(+)	1.73
CIL/NEC	(+)	1979.27	(+)	1328.30
Sub-Total	(+)	10411.78	(+)	6090.83
Less : Dividend from Subsidiaries	(-)	1735.06	(-)	1289.31
Total	(+)	8676.72	(+)	4801.52

NOTE : Profit of SECL for 2005-06 is after making provision of Rs. 388.32 crores being impact of arrear wages arising out of NCWA-VII. Profit of companies in 2004-05 is after consideration of NCWA-VII amounting to Rs 2449.64 crore (excluding SECL).



## 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. 1735.06 crores as against dividend of Rs. 1289.31 crores in previous year, the Subsidiary-wise break-up of which are as under:

Name of the Subsidiary	Rs. in Crores
NCL	450.51 (426.76)
WCL	315.02 (186.57)
SECL	559.33 (246.75)
MCL	410.20 (429.23)

Figures in brackets are for previous year.

Your Directors recommended dividend payment of Rs. 1263.27 crores @ Rs. 200/- 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

Off-take of raw coal continued to maintain its upward trend and reached 333.66 million tonnes for fiscal ended March, 2006, registering a jump of 3.77% over previous year. However in relation to target, there has been a modest slippage of about 3% which may be ascribed to less acceptance of coal by power sector due to heavy monsoon and consequent rise in hydel generation to the extent of 20% over last year, coupled with inflow of imported coal in power sector to the tune of 10.40 million tonnes. Even then coal stock at power stations as on 31.3.06 was as high as 18 million tonnes equivalent to 19 days consumption. Further improved

availability of imported coking coal resulted in slow down in despatches of coal to steel sector from CCL. Change in demand dynamics in respect of non core sector arising out of discontinuation of coal supply to units having adverse report on verification also stood as impediment in the better off-take of coal. Sector-wise break-up of off-take for 2005-06 against target and last year's actual is given below:

Sector	2005-06			2004-05			Growth over	
	Target	Off-take	%	Off-take			Last Year	
			Satn.				Abs.	%
Power								
(Utilities)*	255.65	256.65	100.39	248.86		7.79	3.13	
Steel**	12.29	10.02	81.53	11.7		-1.68	-14.36	
Cement	9.9	9.87	99.7	10.04		-0.17	-1.69	
Fertilizer	2.6	2.93	112.69	2.94		-0.01	-0.34	
Export	0.02	0.02	100	0.02		0	0	
BRK/Others	62.49	53.23	85.18	46.94		6.29	13.4	
Colliery								
Consumption	1.15	0.94	81.74	1.05		-0.11	-10.48	
Total Off-take	344.1	333.66	96.97	321.55		12.11	3.77	

\* 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 405.34 Billion Units in 2005-06 and climbed by 3% over that of previous year's generation of 393.082 Billion Units. Stocks with Power Houses also rose from 10.435MT as on 1.4.05 to 18.003 MT as on 31.3.06 with the efforts of Railways and Coal Companies.

### 3.1 (b) Companywise Coal Off-take

Company-wise figure of actual off-take in 2005-06 vis-a-vis target for the year and actuals of the previous year are shown below:

2005-2006

Company	(Figs. in million tonnes)					
	2005-06			2004-05		Growth over last year
	Target	Achieved	% Achieved	Achieved	Abs.	%
ECL	29.83	28.68	96.14	27.17	1.51	5.56
BCCL	24.52	22.34	91.11	22.44	-0.1	-0.45
CCL	40.90	38.62	94.43	35.83	2.79	7.79
NCL	51.00	51.68	101.33	50.12	1.56	3.11
WCL	41.90	41.75	99.64	40.32	1.43	3.55
SECL	83.00	81.20	97.83	78.80	2.4	3.05
MCL	72.00	68.22	94.75	66.30	1.92	2.9
NEC	0.95	1.17	123.16	0.57	0.6	105.26
CIL as a whole	344.10	333.66	96.97	321.55	12.11	3.77

From above, it may be noted that barring BCCL, all other coal companies saw its off-take surge over last year's level. In case of NCL and NEC, even targets fixed, have been

surpassed. Apart from less acceptance of coal by power sector, and inadequate availability of wagons during last quarter which took toll in off-take in almost all coal companies, less acceptance of coal from ECL by NTPC Farakka due to shut down of 2 units for non availability of water from Farakka Barrage, frequent agitation in MCL/CCL by political parties disrupting dispatches of coal, less transportation in WCL because of compliance of supreme court order directing truck owners to carry coal strictly as per carrying capacity etc. were also attributable to off-take being less than target in concerned coal companies. Further, less booking in BCCL by buyers of coal under e-marketing due to apprehension that outcome of the case pending with supreme court may go in favour of linked consumers and in that case coal procured under e-marketing scheme may not find adequate market is also another factor which reduced the chances of better off-take in BCCL.



Bird eye view of a coal washery – quality coal to consumer

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

Despatch of coal and coal products during 2005-06 was 331.37 million tonnes, up by 3.84% over last year when despatch was 319.12 million tonnes. Despatches of coal and coal product by various modes for the year 2005-06 together with 2004-05 is given below :

(Figs. in million tonnes)

Year	Rail	Road	MGR	Belt	Rope	Overall
2005-2006	181.90	56.03	80.61	7.32	5.51	331.37
2004-2005	178.91	50.34	77.84	6.87	5.16	319.12
Increase/Decrease	2.99	5.69	2.77	0.45	0.35	12.25
Growth %	1.67	11.30	3.56	6.55	6.78	3.84

### 3.3 Wagon Loading

Better availability and regular follow up with Railway saw wagon loading improve by another 103 wagons per day over last year. However in relation to target loading was less due to less supply of empties in relation to offer made in last quarter of the year under review, transportation problems causing less availability of coal in the siding, acceptance of more coal by road by sponge iron units for washing through private washeries and subsequent despatch of such beneficiated coal to their end.

Company-wise loading target vis-a-vis the actual in 2005-06 and actual in 2004-05 are given below:

(Figs. in FWWs/Day)

Company	2005-06			2004-05		
	Target	Achieved	% Achieved	Achieved	Growth over last year	%
ECL	2020	2064	102.18	1943	121	6.23
BCCL	2579	2325	90.15	2163	162	7.49
CCL	3638	3589	98.65	3384	205	6.06
NCL	1112	1242	111.69	1334	-92	-6.9
WCL	2622	2498	95.27	2590	-92	-3.55
SECL	4729	4039	85.41	4448	-409	-9.2
MCL	4978	4709	94.6	4565	144	3.15
NEC	82	109	132.93	45	64	142.22
CIL	21760	20575	94.55	20472	103	0.5

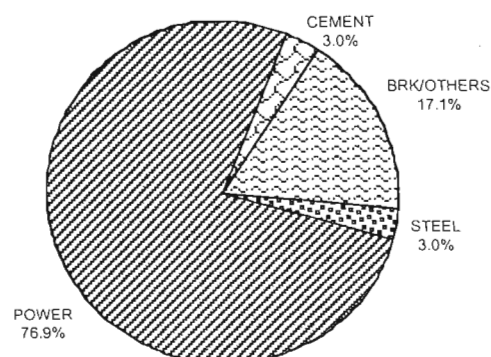
From the above table, it may be noted that while loading of ECL, BCCL, CCL, MCL and NEC were on higher side compared to last year, Loading of NCL, WCL and SECL however showed a negative growth over last. In relation to target, ECL, NCL and NEC have put up a better performance.

### 3.4 Consumer satisfaction

- (i) Coal India Ltd. and its subsidiaries have been coping up the increase demand of coal with satisfaction of the consumers.

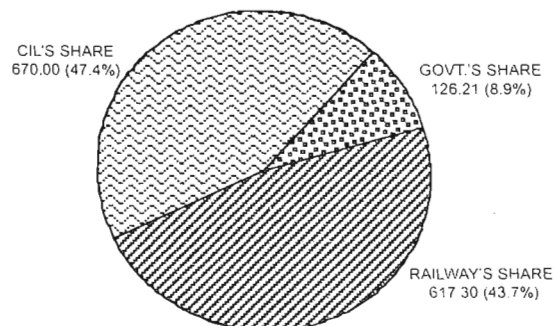
#### CONSUMING SECTOR PROFILE

Off-take for 2005-2006



#### PRODUCER'S SHARE IN DESTINATION PRICE OF COAL

(As on 01.04.2006)



CCL - Grade 'E' Coal for a Haul Distance of 750 KM

It has attained the production level of 343.39 million tonnes in 2005-06 with total raw coal off-take of 333.66 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-sector, CIL has been able to fulfil its commitment 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 starts right at the coalface so as to improve upon over all quality of coal despatches. Attempts have also been made to improve upon crushing, handling, loading & transport system.



*Automatic coal loading system  
Merry-Go-Round (MGR)*

- (iii) CIL has built up coal handling plants capacity of about 284 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 39.4 million tonnes in their system for generation of different washery products, thus having an overall capacity of about 323.4 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.
- (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) Surface Miners for selective mining at some of the mines have been deployed by CIL to improve quality of coal mines. Action is being taken for deployment of more surface miners in other mines where Geo-mining condition permits. Already 28 nos. of Surface Miners have been deployed in MCL, CCL & SECL at open cast mines and are working satisfactorily.
- (vi) 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 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 and about 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 84.40% & 90.10% respectively in respect of supplies to power sector during 2005-06. Consumers, covered under agreed sampling arrangement, are required to pay as per the analysed grade of coal. This system is working satisfactorily.

- (vii) Electronic 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. For this purpose, Coal Companies have installed 168 weighbridges in the Railway Sidings and 412 weighbridges for weighment of trucks. Coal Companies have also taken actions for installation of standby weighbridges to ensure 100% weighment.

During 2005-06, about 97.96% of coal despatches to power-houses have been weighed as compared to about 97.69% during the year 2004-05. Sized coal despatches to powerhouses during 2005-06 has been 97.40% as compared to about 97.37% during the year 2004-05.

### 3.5 Steps Taken Towards Liberal Marketing of Coal

CIL introduced sale of coal through e-marketing – a new concept which allowed free access to all & sundry to purchase coal through a transparent mechanism on fair & equitable basis in which buyers have total freedom to get choice of source, quality, quantity and more at price determined by market forces obtained through competitive bidding. Trials

conducted in 2004-05 were confined in BCCL and NEC only. The response received had been very encouraging, and as a result, in year 2005-06, the scheme was introduced in all coal companies and a quantity of 10 million tonnes was earmarked for the above purpose. The entire quantity of 10 million tonnes was fully bid by Nov.'05 itself. Subsequently, the quantity earmarked as enhanced to 20 million tonne against which at the end of the year, the total quantity allocated to successful bidders was to the extent of 19.51 million tonne. CIL has been able to realise 48.1% higher price as compared to the notified price through e-marketing during 2005-06. The percentage increase in average e-auction price over notified price came down from 76.1% in April '05 to 38.1% in March '06 as more quantity was offered which had a salutary effect on the prices offered under e-marketing.

Another 5 million tonnes of coal was earmarked for the year 2005-06 for distribution of small & tiny consumers through Central/State nominated agencies (2 million a/c NCCF – a Central Govt. agency and 3 million tonne a/c nominated State agencies). The allocated quantities was for distribution to those small & tiny consumers of the state whose requirement is not more than 500 tonnes annually and the price at which the nominated agency is to deliver coal to small & tiny consumers is not to be in excess of 105% of the base price at which coal has been made available by the coal companies to such agencies. Such agencies are to lift coal from the respective coal companies at floor price i.e., 120% of the notified price. Total quantity dispatched in 2005-06 under E-Auction/Central/State Agencies/OSS/BRK was 16.24 million tonnes as against 5.48 million tonne clocked during last year. Dispatches could have improved further but for non-lifting of coal by central/state agencies against allocations

made for them. The new scheme of sale of coal has pushed overall dispatch a/c non-core sector to 20.91 million tonnes from 17.00 million tonnes of last year and thereby reversed the downward trend in share of dispatch of non-core out of total dispatch by registering a figure of 6% from 5% of last year.

### 3.6. Export

During 2005-06, CIL has exported 0.24 lakh tonnes of coal to Nepal and the amount billed was Rs. 7.99 crores. In the previous year quantity of coal despatched was 0.23 lac tonne and the corresponding amount billed was Rs.6.56 crore.

### 3.7 Stock of Coal, Coke etc.

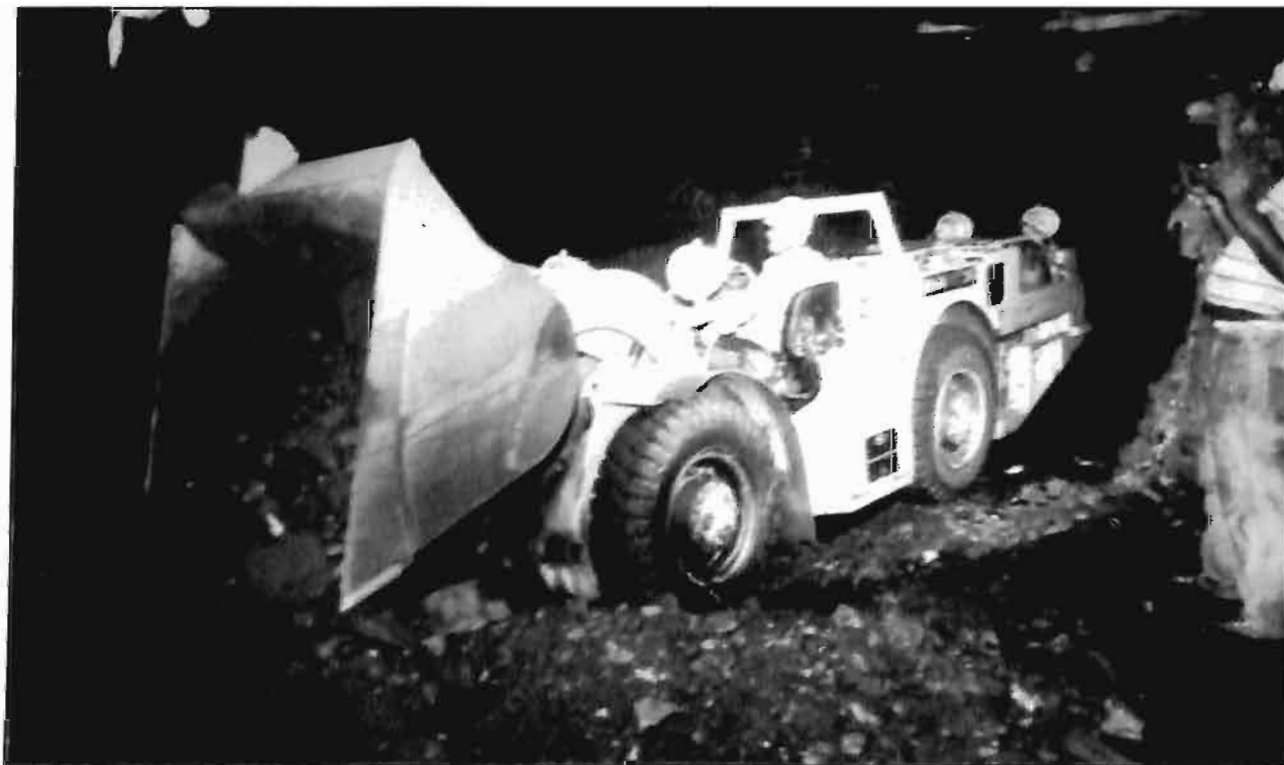
Net adjusted value of the pithead stock of coal and other products at the close of the year 2005-06 after provision for stock deterioration etc. was Rs. 1889.51 crores

which was equivalent to 0.79 months' value of net sales. The Company-wise position of stocks held on 31.3.2006 and on 31.3.2005 are given below :

Company	(Rs. in Crores)			
	Net Value of Stock as on 31.3.2006	Net Value of stock as on 31.3.2005	Stock in terms of no. of months Net sales	
			As on 31.3.2006	As on 31.3.2005
ECL	272.73	172.66	0.96	0.68
BCCL	427.61	364.97	1.69	1.77
CCL	578.82	442.69	1.78	1.52
NCL	56.60	60.22	0.15	0.17
WCL	213.43	131.82	0.58	0.40
SECL	214.74	167.85	0.43	0.37
MCL	95.74	54.43	0.36	0.23
CIL/NEC	29.84	45.32	1.55	5.94
<b>Total</b>	<b>1889.51</b>	<b>1439.96</b>	<b>0.79</b>	<b>0.67</b>

### 3.8 Coal Sales Dues

Net Coal Sales dues outstanding as on 31.3.2006 after providing of Rs.1357.95 crores (previous year Rs. 1662.52 crores) for bad and doubtful debts, was Rs. 1690.93 crores



'Side Discharge Loader' (SDL) being operated in an underground coal mine

(previous year Rs. 1954.57 crores) which is equivalent to 0.60 months combined gross sales of CIL as a whole (previous year 0.76 months). Subsidiary-wise break up of coal sale dues outstanding as on 31.3.2006 as against 31.3.2005 are shown below :-

(Rs. in Crores)

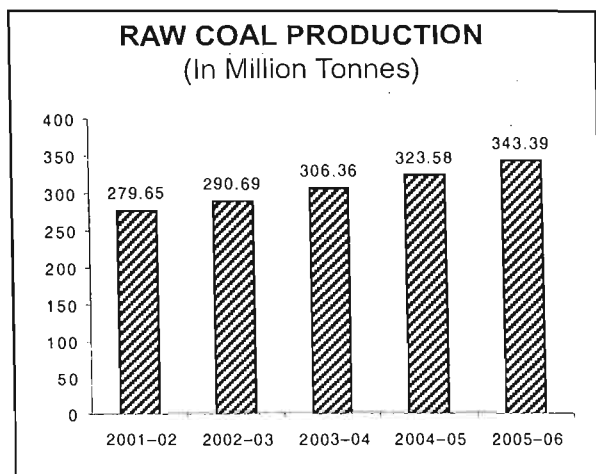
Company	Coal Sales dues As on 31.3.2006		Coal Sales dues As on 31.3.2005	
	Gross	Net	Gross	Net
ECL	513.48	276.07	574.92	321.12
BCCL	480.54	148.15	663.99	164.91
CCL	924.45	611.06	958.93	659.84
NCL	127.29	108.91	117.57	94.90
WCL	420.82	235.06	709.27	389.95
SECL	485.79	303.93	423.14	254.08
MCL	84.98	6.94	158.49	69.61
CIL/NEC	11.53	0.81	10.78	0.16
<b>Total</b>	<b>3048.88</b>	<b>1690.93</b>	<b>3617.09</b>	<b>1954.57</b>

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

During the year 2005-06, CIL and its Subsidiaries paid/adjusted Rs. 5301.87 Crores (previous year Rs.5212.53 crores) towards Royalty, Cess, Sales-tax and other levies as detailed below:-

Figures in Rs./Crores

	2005-2006	2004-2005
Royalty	2911.55	2730.96
Cess	681.95	955.31
Sales-tax	1345.76	1183.87
Stowing Ex. Duty	329.87	321.07
Entry Tax	32.74	21.32
<b>Total</b>	<b>5301.87</b>	<b>5212.53</b>



## 4. COAL PRODUCTION

### 4.1 Raw Coal Production

Production of Raw Coal during 2005-06 was 343.39 million tonnes as against 323.58 million tonnes produced in 2004-05. The company-wise production are as follows:

(Figures in million tonnes)

Company	Coking		Non-coking		Total	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
ECL	0.13	0.14	30.98	27.11	31.11	27.25
BCCL	10.89	10.07	12.42	12.24	23.31	22.32
CCL	12.06	11.69	28.45	25.70	40.51	37.39
NCL	—	—	51.52	49.95	51.52	49.95
WCL	0.93	0.76	42.27	40.65	43.20	41.41
SECL	0.15	0.15	82.88	78.40	83.03	78.55
MCL	—	—	69.61	66.08	69.61	66.08
NEC	—	—	1.10	0.63	1.1	0.63
<b>TOTAL</b>	<b>24.16</b>	<b>22.82</b>	<b>319.23</b>	<b>300.76</b>	<b>343.39</b>	<b>323.58</b>

### 4.2 Production from Underground and Open Cast Mines

Coal production from underground mines in 2005-06 was 45.82 million tonnes as compared to 47.04 million tonnes produced in 2004-05. Production from Opencast mines during 2005-06 was 86.7% of coal production. Company-wise production are as under:

(Figures in Million tonnes)

Company	Underground Production		Opencast Production		Total Production	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
ECL	9.33	9.45	21.78	17.80	31.11	27.25
BCCL	5.47	6.38	17.84	15.94	23.31	22.32
CCL	2.31	2.65	38.20	34.74	40.51	37.39
NCL	—	—	51.52	49.95	51.52	49.95
WCL	10.04	9.65	33.16	31.76	43.20	41.41
SECL	16.53	16.58	66.50	61.97	83.03	78.55
MCL	2.02	2.18	67.59	63.90	69.61	66.08
NEC	0.12	0.15	0.98	0.48	1.10	0.63
<b>TOTAL</b>	<b>45.82</b>	<b>47.04</b>	<b>297.57</b>	<b>276.54</b>	<b>343.39</b>	<b>323.58</b>



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### 4.3 Hard Coke and Washed Coal (Coking) Production

Subsidiary-wise production of Hard coke and Washed coal (coking) is given below :

(Figures in lakh tonnes)

Company	Hard Coke		Washed coal (Coking)	
	2005-06	2004-05	2005-06	2004-05
ECL	—	—	—	—
BCCL	0.39	0.39	22.90	18.65
CCL	—	—	22.9	26.44
NCL	—	—	—	—
WCL	—	—	4.04	3.45
SECL	—	—	—	—
MCL	—	—	—	—
NEC	—	—	—	—
<b>TOTAL</b>	<b>0.39</b>	<b>0.39</b>	<b>49.84</b>	<b>48.54</b>

### 4.4 Overburden Removal

Overburden removed during 2005-06 was 533.94 million cubic metres as against 516.11million cubic metres achieved in 2004-05, with a growth of 3.46%, the details of which are shown below:

(Figures in Million Cu. Mtrs.)

Company	2005-06	2004-05
ECL	44.30	39.70
BCCL	43.96	39.60
CCL	49.97	46.68
NCL	133.86	133.08
WCL	118.55	121.91
SECL	84.38	80.52
MCL	51.42	49.81
NEC	7.50	4.81
<b>TOTAL</b>	<b>533.94</b>	<b>516.11</b>

### 5. POPULATION OF EQUIPMENT

The population of major opencast equipment as on 1.4.2006 and 1.4.2005 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			
	As on 1.4.2006	As on 1.4.2005	Availability		Utilisation	
			2005-06	2004-05	2005-06	2004-05
Dragline	42	42	100	102	107	111
Shovel	693	702	90	87	83	79
Dumper	3325	3325	96	93	72	70
Dozer	1027	1013	90	85	61	61
Drill	724	741	93	89	76	68

### 6. CAPACITY UTILISATION (%)

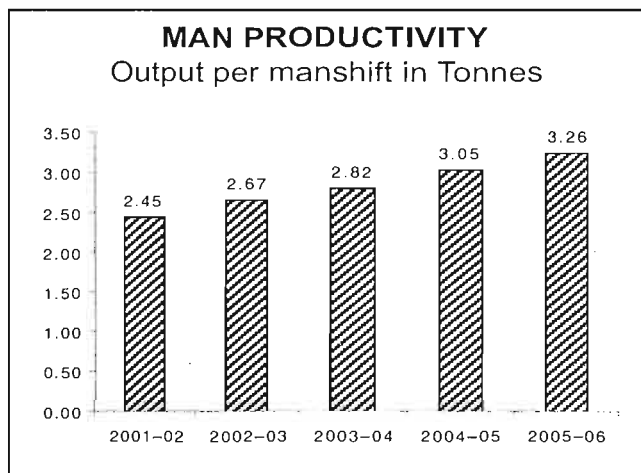
The overall capacity utilisation of CIL as a whole for the year 2005-06 has been 99.28%. It was 96.04% during 2004-05. Subsidiarywise details are as under:

(Fig. in %)

Company	2005-06	2004-05
ECL	103.07	93.74
BCCL	89.12	64.48
CCL	84.32	78.14
NCL	86.33	90.71
WCL	116.77	117.51
SECL	115.94	109.80
MCL	101.44	109.97
NEC	111.4	80.44
<b>CIL (overall)</b>	<b>99.28</b>	<b>96.04</b>

### 7. PRODUCTIVITY : OUTPUT PER MANSHIFT (OMS)

Output per manshift (OMS) during 2005-06 improved to 3.26 tonnes from 3.05 tonnes of previous year. Company-wise position is given in the following table :



(Figures in tonnes)

Company	Underground Production		Opencast Production		Overall	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
ECL	0.45	0.43	6.63	5.30	1.29	1.07
BCCL	0.46	0.49	2.63	3.17	1.04	1.23
CCL	0.43	0.47	4.12	3.75	2.75	2.51
NCL	—	—	10.60	10.24	10.60	10.24
WCL	1.05	1.00	4.03	4.21	2.43	2.41
SECL	1.13	1.11	12.77	12.27	4.19	3.95
MCL	1.12	1.19	19.68	19.51	13.30	12.93
NEC	0.22	0.27	7.92	3.94	1.64	0.92
<b>TOTAL</b>	<b>0.71</b>	<b>0.69</b>	<b>7.51</b>	<b>7.18</b>	<b>3.26</b>	<b>3.05</b>

## 8. PROJECTS

### 8.1 Project Formulation

During the year 2005-06, preparation of project reports for new/expansion/ re-organisation mines for building of additional coal production capacity was carried out as per prioritisation of coal producing subsidiary companies of Coal India Ltd. Thrust was given for identification & preparation of reports of XI Plan Projects and completion of balance reports of X Plan projects.

'Emergency Coal Production Plan' for production of additional 59.5 Mt. of coal by CIL by the terminal year of XI Plan (2011-12) was prepared. The preparation of Projects Reports of Projects identified under 'Emergency Coal Production Plan' has also been taken up, out of which four projects have already been prepared and processed for Govt. approval.

In addition to above, the following jobs were also undertaken :

- Revision of project reports/cost estimates.
- Feasibility reports for coking/non-coking coal washeries.
- Study on improvement/modernisation of existing BCCL washeries.
- Operational plans for large OC mines.
- Environment Management Plan (EMP) including EMP for Post-facto environmental clearance for incremental production.

- Special reports for dealing with fire & subsidence, stabilisation schemes below unstable workings, safety, development of infrastructures, etc.
- Detailed design and drawings, NIT, tender scrutiny etc.
- Mine capacity assessment of underground & opencast mines of CIL.
- Various technical studies relating to operation of opencast & underground mines.
- Performance analysis of HEMM deployed in OC mines, Powered Support Longwall faces and intermediate technology using SDLs and LHDs in CIL mines.

During the year 2005-06, expert consultancy services of CMPDI were also utilised by the subsidiary companies of Coal India Ltd. in the field of Environmental Management and Monitoring, Remote Sensing, Energy Audit (Diesel & Electrical), Bench marking of diesel & Electrical Consumption and Fixation of Diesel & Electrical Consumption Norms of Opencast and Underground mines, Physico-Mechanical Tests on Rock and Coal samples, Subsidence Studies, Strata Control, Non-Destructive Testing (NDT), Controlled Blasting & Vibration Studies, Explosives Utilisation, Ventilation/Gas Survey of UG mines, Mining Electronics, Slope stability, Petrography and /cleat Study on coal samples, Coal Core processing & Analysis, Washability tests etc.

During the year under review, CMPDIL has prepared 274 reports in all, which include 31 Project Reports, 1 Revised Project Report, 14 Geological Reports, 15 Special Reports, 12 Operational Plans, 137 Other reports and 64 Environmental Management Plans including 27 EMPs for post-facto environmental clearance for incremental production and 14 EMPs for incremental production during 2005-06.



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## 8.2 Project Implementation

During the year 2005-2006, following 2 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	SECL	Bagdeva	UG	0.41	38.46
2	NCL	Kakri Aug.	OC	0.5	48.79

Completion Reports of the following projects, costing Rs. 20 crores and above, is still under approval.

Sl. No.	Com-pany	Name of Project	Type	Sanctioned capacity in Mty	Sanctioned capital in Rs. Crores.
1	NCL	Nigahi Expn.	OC	10	1,846.49

Presently, 75 mining and 4 non-mining major projects, costing Rs. 20 Crores and above are under implementation. Out of 75 mining projects, 58 are on schedule and 17 are delayed. On the other hand, out of 4 non-mining projects, 2 are delayed.

### Reasons of delay :

Mining (17 nos.) : 3 projects are delayed due to adverse geo-mining conditions, 1 delayed due to fund constraints, 1 due to non-receipt of EMP clearance, 3 due to less expenditure w.r.t. existing norms, 2 delayed due to delay in land acquisition and 7 delayed 7 due to miscellaneous reasons including change of mining technology.

Non-mining (3 nos.): 2 non-mining projects are delayed due to land and rehabilitation problem and 1 kept in abeyance.

## 8.3 Projects Sanctioned

(a) During the year 2005-06 the Government had sanctioned Project Report (P.Rs) for the following projects :

Sl. No.	Company	Name of Project	Type	Sanctioned capacity in Mty	Sanctioned capital (Rs. in Crores)
1	ECL	Rajmahal Expn.	OC	6.5	50.08
2	SECL	Gevra Expn.	OC	13	1,339.69
3	SECL	Dipka Expn.	OC	10	856.59

(b) During 2005-06, CIL Board had sanctioned only one mining project :

Sl. No.	Company	Name of Project	Type	Sanctioned capacity in Mty	Sanctioned capital (Rs. in Crores)
1.	WCL	Makardhokra-I	OC	1	39.98

(c) During the year 2005-06 Subsidiary Company Boards had sanctioned only one Project Report :

Sl. No.	Company	Name of Project	Type	Sanctioned capacity in Mty	Sanctioned capital (Rs. in Crores)
1.	SECL	Mahan-II	OC	1	37.45

## 8.4 Revised Project Reports/Revised Cost Estimates/Foreclosure Report

Foreclosure Report sanctioned by the Government during 2005-06 was as follows :

Sl. No.	Company	Name of Project	Type	Sanctioned capacity in Mty	Sanctioned capital (Rs. in Crores)
1.	ECL	Jhanjra FC Report	UG	1.03	363.07

No RPR/RCE was sanctioned by CIL during 2005-06.

## 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.

The number of Blocks identified for captive mining in the command area of Coal India were 136. Till 31st March, 2006, 94 Coal blocks were allotted to different companies from identified captive blocks of CIL and non-CIL blocks.

Figures in Rs/Crores

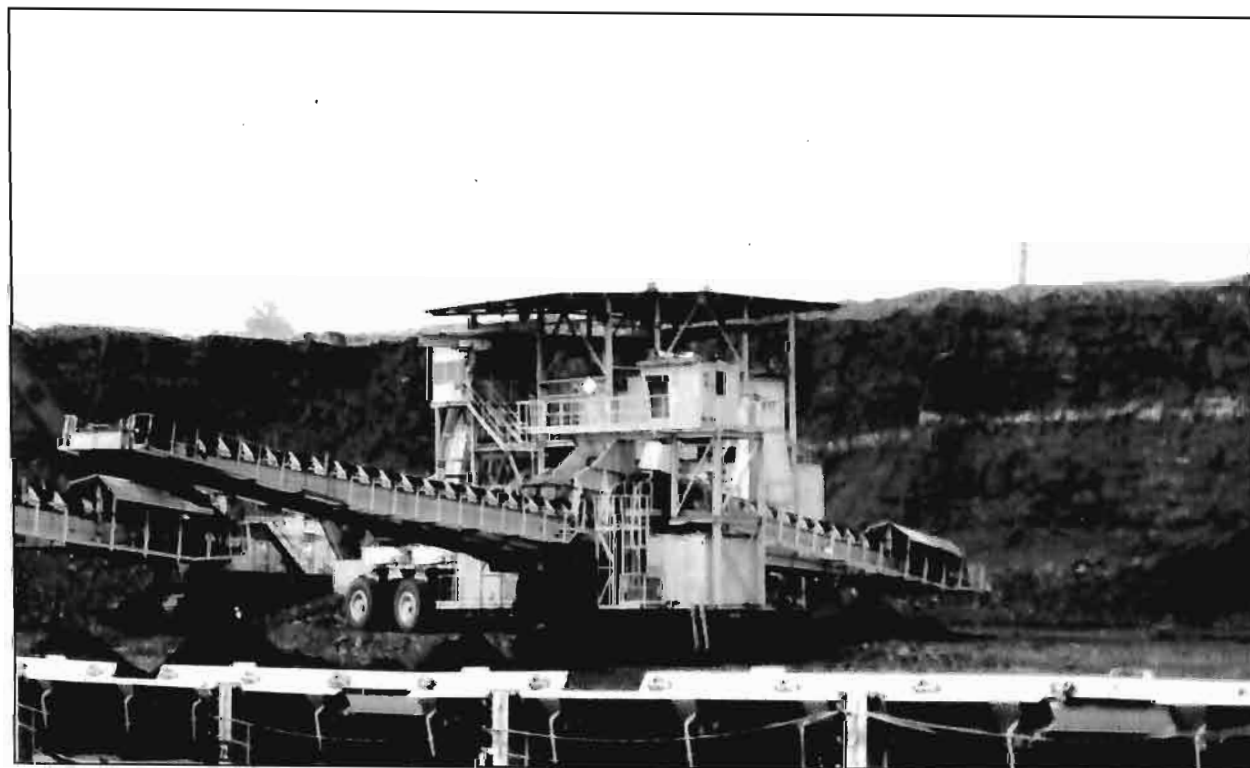
Company	2005-2006		2004-2005	
	(BE)	Actual	(BE)	Actual
ECL	333.10	125.46	200.00	115.81
BCCL	300.00	290.90	200.00	62.40
CCL	440.70	335.02	280.00	292.18
NCL	620.00	153.56	635.00	132.55
WCL	205.28	206.18	200.00	218.50
SECL	500.00	298.00	400.00	212.79
MCL	350.00	185.54	350.00	142.66
CMPDIL	5.21	5.94	4.00	2.02
CIL/NEC/ Other	60.06	10.63	41.00	9.40
<b>Total</b>	<b>2814.35</b>	<b>1611.23</b>	<b>2310.00</b>	<b>1188.31</b>

## 9. CAPITAL EXPENDITURE

Expenditure on capital account during 2005-06 was Rs. 1611.23 Crores as against Rs.1188.31 crores in previous year as detailed below, subsidiary-wise :

## 10. CAPITAL STRUCTURE

The authorised share capital of the company as on 31.3.2006 was Rs. 8,904.18 crores, distributed between Equity and Non-cummulative redeemable preference shares as under:



In-pit Crusher in operation in opencast mine at Piparwar



## 2005–2006

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

The paid-up equity capital as on 31.3.2006 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 31.3.2006 was Rs. 6387.98 crores as against Rs. 6598.57 crores in the previous year as detailed below:

	<i>Rs. in Crores</i>	
	As on 31.3.2006	As on 31.3.2005
Share Capital — Equity	6316.36	6316.36
Loan (including Interest accrued & due)	71.62	282.21
<b>Total</b>	<b>6387.98</b>	<b>6598.57</b>

### 11. BORROWINGS

During 2005-06, CIL has repaid loans to Government of India totalling a sum of Rs.248.26 crores as detailed below :

	<i>Rs. in Crores</i>		
	Plan Loan	Interest	Total
Loan repayment	210.59	37.67	248.26

Besides above, CIL has substantially reduced its long-term debt by repaying a total sum of Rs. 110.69 crores during 2005-06 as detailed below :

	<i>Rs. in Crores</i>		
	Principal	Interest	Total
(a) 12.25% Bonds	11.00	3.06	14.06
(b) 12.74% ICICI Loan	85.71	10.92	96.63
<b>TOTAL</b>	<b>96.71</b>	<b>13.98</b>	<b>110.69</b>

### 12. FOREIGN COLLABORATION

Exploratory endeavour to identify state-of-art technologies suitable for Indian condition for Mass Production Technology in the areas

of underground and opencast mines have been continuing. Efforts are also on to look for technologies relating to Coal Beneficiation, Coal Mines Methane (CMM), Underground Coal Gasification (UCG), amongst others.

Bilateral Working Group (WG) meetings with foreign countries, known to have expertise in the above mentioned fields, were held during the year and outcome are as follows:

Indo-Australia Joint Working Group meeting was held in New Delhi, where Australian side was intimated of CIL's interest in building coal washeries by outside agencies on Build-Own-Operate (BOO) basis. Other projects of mutual interest were Coal Mine Methane, Underground Coal Gasification, supply of mining equipment on risk/gain sharing basis etc. The possibility of CMPDI collaborating with counterpart Institution in Australia were also discussed. Formation of sub-group to address above coal related issues were suggested. Mine closure planning, implementation of which is in nascent stage in the country, was also an area where Australian expertise was sought.

Indo-China Working Group meeting on coal was held in Beijing. Information was exchanged on prospective projects, likely to be taken up in the companies of CIL, by inviting global tenders. Chinese side had shown their interest in participating on those tenders they participated in the global tender for Powered Support Longwall Face at Moonidih mine of BCCL.

Meeting of the Indo-Russian Working Group on Mines and Metallurgy was held in Moscow. A few Memorandum of Understandings (MOU) between CMPDI and Russian Planning and Design Institutes were suggested following which MOU between CMPDI and Giproshakht, Russia, for taking up joint consultancy work in India and abroad, was signed.

In the US-India Working Group Meeting held in Washington, action and deliverance, for

compliance by both sides of the Coal Working Group, were firmed up focusing on coal preparation/waste utilisation, Safety/productivity, mine closure/reclamation, in-situ coal gasification, coal bed/coal mine/abandoned mine methane, ash utilisation, coal liquefaction, emerging technologies including CO<sub>2</sub> capture and storage and future technology. The meeting was followed by a Coal & Power Conference attended by representatives of CIL, amongst others.

In keeping with adopted policy of procurement of technology/equipment on global tender basis, tenders were being floated by respective companies. In ECL, a contract has already been signed with M/s. Joy Mining Machinery Ltd. UK, for introduction of continuous Miner at Jhanjra underground mine aiming at augmentation of production.

Contract with M/s. Joy Partnership Ltd., UK, on Mass production Technology introduced in WCL and SECL on risk/gain sharing basis have been continuing.

### 12.1 World Bank financed Projects

The net utilisation of loan as disbursed by IBRD and JBIC is to the tune of USD 245.73 million and JPY 28,440.82 million respectively, for procurement of equipment and technical assistance under Coal Sector Rehabilitation Project (CSRP). The disbursement for funding of procurement by IBRD and JBIC was completed in December 2003. As such, there was no withdrawal of loan since January 2004. With the repayment of loan of USD 33.87 million to IBRD and JPY 5,908.86 million to JBIC till 2005-06, the total CSRP loan as on 31st March, 2006 stands at USD 211.86 million (equivalent to Rs. 950.42 Crores) to IBRD and JPY 22,531.96 million (equivalent to Rs. 862.97 Crores) to JBIC. Thus, a total amount of Rs. 1,813.39 Crore is lying outstanding under CSRP Loan as on 31st March 2006.

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 ESMP related issues as indicated in the Implementation Completion Report (ICR) are taken up at Parej East OCP of CCL. These are mainly in enhancement of reduced income of the Project Affected Person (PAP) and job/monetary compensation to the Project Affected Family (PAF) whose land is required by the project.

### 12.2 Master Plan for dealing with fire, subsidence & Rehabilitation.

Master Plan for dealing with fire, subsidence & Rehabilitation in the leasehold area of BCCL and ECL have been prepared by CMPDI in 1999 and subsequently updated in 2004. Approved Updated Master Plan is under review by MOC. Recently MOC has advised to modify the Master Plan on a total period of 10(ten) years instead of 20 years and all the proposed stabilisation sites to be considered for total resettlement. The Master Plan is being modified accordingly. Nodal agencies have already been formed by the concerned state government for the resettlement of people at Ranigunj and Jharia affected areas. These are Asansol Durgapur Development Authority (ADDA) of West Bengal Government and Jharia Rehabilitation Development Authority (JRDA) of Jharkhand Government.

### 12.3 Environmental Management.

Environmental Mitigatory measures and corrective actions are being taken for air, water and noise pollution, effect on hydrology, land and soil etc. to create environmental friendly mining for sustainable growth.

These are like :- Dust suppression in mines through fixed and mobile water sprinklers, Oil and Grease Traps in the Workshops, Sedimentation ponds for mine discharges, Effluent treatment plants (ETPs)



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for workshops/CHPs/Washeries, Domestic Effluent Treatment Plants (DETPs) to deal with the domestic effluents.

Technical and Biological reclamation of the mined out areas and the external overburden dumps is major environmental mitigatory measures taken up by Coal India. Reclamation of exhausted mined out areas by dumping fly ash from nearby power plants into mine voids is also a significant step taken by CIL.

### 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 in Sept.'99, under the S&T plan of Ministry of Coal, at an estimated cost of Rs. 76.85 crores (USD 18.082 million) with the 5 years duration (completion time Sept.'04). The project is being funded jointly by the Global Environment Facility (GEF)/United Nations Development Programme (UNDP) and Govt. of India (GOI). Central Mine Planning & Design Institute Ltd. (CMPDI) and Bharat Coking Coal Ltd. (BCCL) are the implementing agencies on behalf of GOI. The project is under implementation at Moonidih and Sudamdih mines of BCCL in Jharia Coalfield.

The RCE-June'04 was cleared by EFC in Nov'04 for Rs. 92.427 crores with completion schedule October'06 and DEA, Ministry of Finance conveyed its acceptance of the time extension of the project upto September'06 in July'04. With the approval of MOC, the project was subjected to Mid-term evaluation by two independent experts engaged by UNDP, which recommended for extension with three years until the end of 2007. In the 5th NSC under Chairmanship of Secretary (Coal), MOC it was agreed that the project activities can go upto the end of 2007.

During the year 2005-06, 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 commenced on 14th September 2005 at Moonidih. The major equipment packages for underground drilling have been ordered and the Down Hole Motors delivered at site in Oct.'05 and Horizontal Longhole Drill delivered in Feb. 2006. 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 laboratory equipment viz. Field Desorption Apparatus and Gas Chromatography System upgrade have been installed and commissioned at CMRI, at the project cost. Procurement of two other laboratory equipment i.e. Absorption Isotherm Apparatus upgrade and Mobile Field Desorption Laboratory, are in progress.
- (iii) **Training/Sutdy Tours abroad:** Following trainings/study tours have been undertaken during the year:
  - (a) Gas Utilisation Study Tour/training in USA was undertaken by seven project personnel from BCCL.
  - (b) Down Hole Motors Training & Pre despatch inspection at USA was undertaken by two project personnel from BCCL.
  - (c) Chief Project Manager attended 4th International CMM Conference on 15th & 16th Sep'05 at Bochum, Germany.



(iv) **CBM Utilisation equipment:** To demonstrate the utilisation through use of recovered CBM/CMM, 1 MW (250KW x 4) CBM gas-based Power Generating equipment at Moonidih site and as fuel to converted Mine Trucks at Sudamdih site are in procurement stage.

(v) **Site activities:** (i) Vertical drilling was inaugurated by Secretary (Coal) on 14th September at Moonidih site. Total drill depth of 1st Vertical well is 559m and likely completion depth is 1000m. All proposed seven wells and one gob well have been located for future drilling activities to recover gas for utilisation.

(ii) Underground drilling sites have finalised at Sudamdih and Moonidih mine. Immediately on receipt of Steering tool UG drilling will commence at Sudamdih, which is likely to commence in mid of 2006.

(iii) Gas pipeline route survey completed and laying will commence immediately on receipt of Fusion machine, which is under procurement by UNIDO.

### 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. Based on detail study and all available geological and geophysical data by CMPDI and ONGC joint

CBM team, location of 8 slimholes were fixed.

The drilling of slim hole had been started on 30th Dec.'04 and so far six boreholes have been completed and 1 is under progress while drilling in 1 borehole is under suspension. Total meterage drilled during 2005-06 is 7277.00m while 8562.25m have been drilled since commencement. CBM related tests are being carried out.

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.

The drilling of 1 slim hole has been started on 23rd March 06 by CMPDI's own drilling rig. Total meterage drilled during 2005-06 is 149.00m.

### 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.

On getting approval of this project from Govt. in September 2004, the blocks under promotional exploration were prioritised and CBM related studies were taken up. Samples have been collected for desorption studies from 8 boreholes spread over in different coalfields during 2005-06 while CBM related tests have been carried out in 12 boreholes since commencement.

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### **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 dockets for 3rd round of bidding of CBM Blocks by the Govt. of India.

Data package and Information docket for all the seven blocks have been submitted to DGH.

### **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 and CMPDI has been commissioned 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 already been submitted to M/s. Wardell Armstrong as stipulated in contract for 1st Part of the project.

As 2nd part of the project a report titled "a preliminary appraisal of Abandoned Mine Methane Resource in Girmint & Banksimulia collieries, Raniganj Coalfield" has been prepared and submitted. With this the assigned work for this transfer project has been concluded.

### **14.1 Geological Exploration & Drilling**

CMPDI continued to carry out its coal exploration in 2005-06. CBM exploration

through departmental drill was also taken up during the year. The thrust areas, however, were 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 to facilitate allotment of coal blocks to prospective entrepreneurs for captive mining. Promotional exploration was taken up to identify new coal resources. According to the guidelines of Ministry of Coal, all exploration for allotment of captive mining blocks would be done by CMPDI or under its direct supervision. Ministry of Coal is providing fund for exploration in Non-CIL/Captive Mining and promotional blocks whereas subsidiaries of CIL meet expenses of exploration in CIL blocks.

The departmental resources of CMPDI were deployed for exploration in CIL/ Non-CIL/ Promotional/CBM blocks. Apart from it, services of Directorate of Geology & Mining of the State Govts. of MP, Chhattisgarh and Orissa were utilised for nominal amount of drilling in CIL blocks as per routine. MECL was asked to take up priority exploration in extension area of a WCL mine.

In 2005-06, CMPDI and its contractual agencies took up exploratory drilling in 80 blocks/mines spread over 19 coalfields. The coalfields are Raniganj (9 blocks/mines), Bramhani (1), Jharia (1), North Karanpura (9), South Karanpura (2), Tawa Valley (2), Pathakhera (1), Pench Kanhan (5), Kamptee (1), Umrer-Bander (2), Wardha (10), Sohagpur (15), Mand Raigarh (4), Korba (4), Bistrampur (4), Chirimiri (1), Singrauli (1), Talcher (5) and Ib Valley (3). Out of 80 blocks/mines, 8 were Non-CIL/Captive blocks, 4 Promotional blocks and 68 CIL blocks/mines. Departmental drills of CMPDI took up exploration in 65 blocks/mines whereas drilling in 15 mine areas was undertaken by contractual agencies.

The overall performance of exploratory drilling by CMPDI and its contractual agencies during 2005-2006 are given below:

Agency	Annual Target 2005-06 BE (m)	Agency-wise Performance of Exploratory Drilling during 2005-06			Achieved 2004-05 (m)
		Achieved (m)	% Achiev.	+/- (m)	
CMPDIL	192,000	192,296	100	(+) 296	182,621
MECL	Unscheduled	2,029	—	(+) 2029	10,834
State Govts:	7,000	5,795	83	(-) 1,205	8,194
<b>Total</b>	<b>199,000</b>	<b>200,120</b>	<b>101</b>	<b>(+) 1120</b>	<b>201,649</b>

The departmental drilling of 1,92,296m includes 1,40,466m in CIL blocks, 40,386m in Non-CIL/Captive Mining Blocks, 11,123m in Promotional blocks and 149m in a CIL – ONGC Joint Venture block in Raniganj coalfield for CBM exploration. The Directorate of Geology of three State Govts. have drilled in CIL blocks only. In 2005-06, MECL was also assigned drilling in extension area of a WCL mine.

In 2005-06, CMPDI achieved its departmental and overall target of drilling by 100% and 101% respectively. The performance of departmental drilling was better than previous year by 9,675m with a 5% growth. The average productivity of operational drills of CMPDI has also risen by 22m per drill per month to reach at 359m/drill/month. The marginal shortfall in State Govts, drilling was mainly due to late start of work by DG (Orissa).

#### 14.2 Geological Reports:

A total of 14 Geological Reports on coal exploration have been submitted in 2005-06. Out of it, 6 reports are on CIL blocks (including one Interim GR) and 8 are on Non-CIL/Captive Mining blocks.

The 14 Geological Reports have estimated 3.44 Billion Tonnes of in-situ coal resources in 2005-06. Out of it, 2.24 Bt of resources are under 'Proved' category and 1.20 Bt is in 'indicated' category. The proved reserves in SONEPUR Bazari GR were re-categorisation of earlier estimates. The indicated category resources includes 0.66 Bt of coal resources estimated in IGR of Arkhapal 'A' block and 0.35 Bt in GR of Nakiya block.

#### 15. OUTSIDE CONSULTANCY SERVICES

During the year 2005-06, 22 consultancy jobs were completed for 16 organisations outside CIL. Some of the major clients/organisations for whom jobs were completed are National Thermal Power Corporation Ltd., Uranium Corporation of India Ltd., Jharkhand State Mineral Development Corporation, ESSAR Power Ltd., Tata Steel Ltd., SINGARENI Collieries Company Ltd., Rajasthan State Pollution Control Board, Wardell Armstrong (UK), Directorate General of Hydrocarbons, Govt. of Jharkhand (Water Resource Division), etc.

Presently, 16 outside consultancy jobs are in hand for 13 organisations like Central Pollution Control Board (Ministry of Environment and Forest), Tata Steel Ltd., National Thermal Power Corporation Ltd., Indian School of Mines, Singareni Collieries Company Ltd., Chhattisgarh Mineral Development Corporation Ltd., Chattisgarh State Electricity Board, National Aluminium Company Ltd., Haryana Power Generation Corporation Ltd., Orissa Mining Corporation etc.

During the 2005-06, 16 jobs worth Rs. 403.74 lakhs from 14 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

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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,



*Online data and voice communication through satellite link from the information base.*

preparation of budget estimates, disbursement of funds etc.

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

(i) Projects completed during 2003-04	10
(ii) Projects completed during 2004-05	10
(iii) Projects on-going as on 1.4.2005	47
(iv) Projects sanctioned by GOI during 2005-06	09
(v) Projects completed during 2005-06	11
(vi) Projects on-going as on 1.4.2006	45

Following Coal S&T projects were completed during 2005-06 :

- (i) Study of problems of spontaneous heating of coal pillars and development of techniques for its prevention and early detection and control.
- (ii) Development of suitable subsidence prediction model for single seam workings in SECL Area.
- (iii) Trial of fibre reinforced shotcrete- blot support in an underground gallery in coal subjected to high induced stresses.
- (iv) To study the role of blast design parameters on ground vibration and correlation of vibration level to blasting damage to surface structures.
- (v) Optimisation of production from underground coal mines by achieving longer pull.
- (vi) Application of chemical treatment and centrifugation in environment friendly disposal of coal watery tailing/effluent slurry.
- (vii) Studies on Multi Gravity Separator for treating fine coal.
- (viii) Development of a process for clarification of inlet water and waste water on coal washery by using magnetic particle technology.
- (ix) Production of clean fuel gas from coal derived gases using reactive,

regenerable sorbents for sulphur removal and candle filters for fine particulate control.

- (x) Bioprocessing of lignite and bioremediation of its sulphur rich wastes for development of environment friendly value added products.
- (xi) Air pollution resistance and filtering capacities in trees and shrubs of surrounding opencast coal mines area.

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

(Rs. in Crores)

2003-04		2004-05		2005-06		2006-07
RE	Actual	RE	Actual	RE	Actual	BE
10.04	9.82	12.43	12.73	14.84	14.74	21.09

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 2005-06 was as follows :

(i)	Projects on-going as on 1.4.2005	—	12
(ii)	Projects approved in 2005-06	—	02
(iii)	Projects completed during 2005-06	—	03
(iv)	Projects on-going as on 1.4.2006	—	11

Following R&D projects were completed during 2005-06 :

- (i) Characterisation of cleats in coal from Raniganj and Jharia Coalfields.
- (ii) Capacity building for creation of an e-information centre on coal and lignite
- (iii) Utilisation of overburden materials through modification of physico-Mechanical properties for construction of haul road.



Tree plantation along the approach of a residential colony near coalfield



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## **17. TELECOMMUNICATION SYSTEM**

Continued efforts in updating the communication networks and implementation of various IT solutions are being made by CIL and subsidiary Cos. to excel in productivity, sales and marketing management of operation, utilisation of human resource and achieve optimum efficiency in the backdrop of rapidly changing events of the industry.

SCPC-DAMA based VSAT network has already been established at CIL (HQ), Subsidiary Company (HQs) and MOC, providing Data, Voice communication and video-conferencing facilities in an integrated manner under Coalnet Ph.I plan.

Action has been taken to extend voice and data (Coalnet Application software) connectivity from subsidiary Co. HQs to Areas, Workshops, stores etc. under Coalnet Ph.II scheme using state-of-the-art technologies with advanced networking features, scalability of bandwidth and data security. Installation of such connectivity has been completed in NCL, SECL, WCL and is under implementation in other subsidiary Companies.

CIL's website hosted with NIC server, New Delhi is being updated regularly with various information related to coal production, availability of various grades of coal, coal dispatch to power houses, e-mail IDs of key executives of coal companies, tender documents as well as information regarding E-auction of coal to non-core consumer sectors.

Scheme has been drawn for installation of a state-of-the-art IP based Electronics exchange (EPABX) with support of convergent technology as replacement of the existing hot-line exchange at Coal Bhawan and 15 Part Street Office. The system is expected to be installed and commissioned in the year 2006-07. Subsidiary Companies also have been replacing the old electronics exchanges gradually with latest digital exchanges with

interface of IP telephony. Underground mines are being provided with electronics Auto-cum-manual exchanges replacing the old sound powered/manual CDS communication system.

## **18. SYSTEM ACTIVITIES**

Coal India is implementing a customised ERP solution, "Integrated COALNET Application software" in its headquarters and subsidiary companies, with the help of IIT Kharagpur. Implementation of the software at CIL HQ and subsidiary HQs have been done. Considering heterogeneous system prevailing in coal companies, efforts were put to local level customisation in subsidiaries to meet the requirements. This has brought uniform file structure and data to great extent. Implementation of the software in 36 areas of the coal companies have been taken up and is in progress in 16 areas. In balance 20 areas of the coal companies, infrastructure is being made ready. Necessary Local Area Network (LAN) has been installed and made operational in each subsidiary headquarters for implementation of CoalNet application software. In order to improve the efficiency and productivity, and also to modernise the Open Cast Mines of the Coal India subsidiaries, CIL has taken action for installation of GPS based Truck Despatch System in 8 mines and procurement action is in progress.

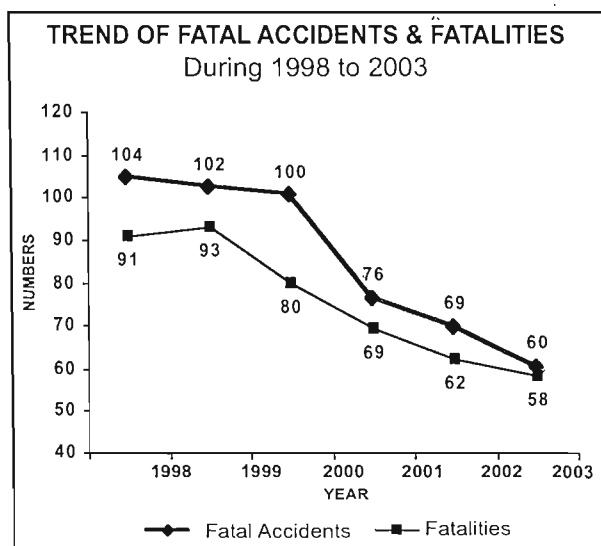
## **19. MINES SAFETY**

### **19.1 Trend of fatal accidents & fatalities**

Safety performance in the year 2005 was marred by a fatal accident at Central Saunda Colliery of CCL on 15.6.2005, due to air-blast followed by inrush of water from an upper seam, in which twelve workmen and two supervisors lost their lives.

### **19.2 Safety Statistics**

The Safety Statistics for CIL in 2005 compared to 2004 are given below :



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

Parameter	Year 2005	Year 2004
Fatal Accidents	73	66
Fatalities	94	70
Serious Accidents	354	459
Serious Injuries	364	474
Fatality rate per m.te. of coal production	0.28	0.22
Fatality rate per 300,000 manshifts deployed	0.27	0.20
Serious Injury rate per m.te. of coal production	1.08	1.48
Serious Injury rate per 300,000 manshifts deployed	1.06	1.35

Note : Figures for 2004 & 2005 are subject to reconciliation with DGMS.

The Company-wise fatal accidents, fatalities, serious accidents and serious injuries in 2005 compared to 2004 are also given below :

Com- pany	Fatal Accidents & Fatalities				Serious Accident & Injuries			
	Accidents		Fatalities		Accidents		Serious Injuries	
	2005	2004	2005	2004	2005	2004	2005	2004
ECL	15	14	16	15	114	183	114	187
BCCL	12	11	17	12	61	70	66	71
CCL	8	11	22	11	16	20	16	24
NCL	3	4	3	5	17	9	18	10
WCL	11	13	11	13	44	63	45	66
SECL	14	7	15	8	87	97	90	99
MCL	9	4	9	4	13	17	13	17
NEC	1	2	1	2	2	0	2	0
<b>CIL</b>	<b>73</b>	<b>66</b>	<b>94</b>	<b>70</b>	<b>354</b>	<b>459</b>	<b>364</b>	<b>474</b>

Note : Figures for 2005 & 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 2005 for improvement of safety in mining operations of CIL:

- (i) Immediately after the accident at Central Saunda, Directions were issued by Director (Tech), CIL to re-examine each underground mine for:
  - (a) Danger of inundation from underground - from the same/overlying/ underlying seams
  - (b) Danger of inundation from surface water such as nala/jore/river/caved area/low lying area/rain.
  - (c) Danger of fire/gassess and other safety hazards,
  - (d) Adequacy of support systems and their effective implementation
  - (e) In stowing districts, stowing is done strictly as per terms of permission.
  - (f) In caving districts, it has to be ensured that the roof comes down regularly, the hanging goaf should not be more than what is permitted as per permission granted by DGMS.
  - (g) Water in overlying/same/ underlying seam likely to affect the caving district has to be regularly and properly drained/pumped out as per provisions of the statute.
  - (h) The possibility of air-blast in case of massive/main fall has to be foreseen well in advance and air-blast shelters have to be made and mock rehearsals conducted.
- (ii) Examination of all underground mines for precautions against danger of inundation and for compliance with the above directives was done by a Committee comprising Area CGM/GM, Chief of ISO/



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representative, Agent/SAM/PO and Manager. The status of implementation of the directives has been reviewed by Director (Tech), CIL and Director's (Tech) of subsidiary companies have reported that the directives have been complied with.

(iii) Thrust was maintained on inspections of mines, supplemental to normal inspections by line management functionaries, through -

- (a) Back-shift inspections by senior officials of the HQ/Area/mine.
- (b) Inspections by the Internal Safety Organisation.

(iv) Thrust was maintained on conducting of Safety Audits of mines by experts and implementing recommendations thereof.

(v) System of Safety Clearance of districts prior to commencement of operations was introduced.

(vi) For avoidance of accidents due to inundation, besides inspection of all underground mines by Committees, the following activities were undertaken:

- (a) Proving barriers between likely waterlogged excavations and working areas by drilling.
- (b) Check Correlation survey of underground mines attended with threat of inundation from possible waterlogged underground workings was done. Recheck survey has been done wherever doubts exist through CMPDIL and ISM.
- (c) Strengthening Survey Organisation by assessment of infrastructure and providing collieries with modern state-of-the-art survey instruments like Electronic Theodolites, Electronic Distances Measuring Instruments

(EDMs), Total Stations with survey software and plotters.

(vii) Thrust was maintained on preparedness for emergencies through :

- (a) Reviewing Emergency Action Plans for each and every working district in underground mines.
- (b) Demarcating escape routes on plans, as well as in working areas below ground.
- (c) Conducting mock rehearsals and monitoring failure points for further improvement.

(viii) Thrust on measures for reduction of roof and side fall accidents in belowground mines were continued.

- (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.

(ix) 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.
- (x) Thrust on making up shortage of statutory manpower.
- (xi) Strengthening the Internal Safety Organisation.
- (xii) Thrust on introduction of Risk assessment was maintained in each coal producing company of CIL.
- (xiii) Thrust on safety related training and retraining of workmen, supervisors was maintained. CIL has prepared training films on CD for imparting standardised training in all its training centers.
- (xiv) Enhancement of safety awareness through publicity and propaganda, safety drives, safety weeks etc.

## 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 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

35763 employees were trained during 2005-06, out of which 9641 were executives, 9326 supervisors and 16796 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.



*Shri Shibu Soren, Hon'ble Minister of Coal, exchanging encouraging words with a patient at Nehru Shatabdi Central Hospital, MCL*

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## 21.2 In-house training

The corporate HRD plan for 2005-06 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 Coal India.

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 2005-06 is given below :

Category	Employees trained
Executives	7047
Supervisor	9060
Workmen*	16616
<b>Total</b>	<b>32723</b>

\* 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 receive inter-organisational experience and also for supplementing in-house training efforts, 2993 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	2550
Supervisor	263
Workmen	180
<b>Total</b>	<b>2993</b>

### (ii) Training Abroad

47 employees were trained abroad from April '2005 to March '2006. The details are as under:

Category	Employees trained
Executives	44
Supervisor	3
Workmen	Nil
<b>Total</b>	<b>47</b>

## 22. MANPOWER

**22.1** The total manpower of the company including its subsidiaries as on 31.3.2006 was 452287 against 468450 as on 31.3.2005. Company-wise position of manpower is as below :

Company	As on	Total
ECL	31.3.2006 31.3.2005	101474 105692
BCCL	31.3.2006 31.3.2005	87146 92268
CCL	31.3.2006 31.3.2005	64200 66871
WCL	31.3.2006 31.3.2005	67378 68938
SECL	31.3.2006 31.3.2005	85871 87590
MCL	31.3.2006 31.3.2005	20876 21288
NCL	31.3.2006 31.3.2005	16914 17174
NEC	31.3.2006 31.3.2005	3391 3489
CMPDI	31.3.2006 31.3.2005	3234 3290
DCC	31.3.2006 31.3.2005	647 647
CIL (HQ)	31.3.2006 31.3.2005	1156 1203
<b>CIL as a Whole</b>	<b>31.3.2006 31.3.2005</b>	<b>452287 468450</b>

**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 1.1.2006 and 1.1.2005 are given below :

As on	Total Manpower	Scheduled Caste		Scheduled Tribe	
		Nos.	Percentage	Nos.	Percentage
1.1.2006	457,108	103,310	22.6	56,441	12.35
1.1.2005	473,707	108,831	22.97	58,433	12.34

**22.3** National Coal Wages Agreement VII was finalised and signed on 15.7.2005. The wage agreement is effective from 1.7.2001 to 30.6.2006. The wage agreement has been done with 100% DA neutralisation and has given substantial rise in the wage and perks of the employees.

## 23. INDUSTRIAL RELATIONS AND EMPLOYEES' PARTICIPATION IN MANAGEMENT

Industrial Relation scenario in CIL and its subsidiaries during the financial year remained cordial. Joint Consultative Committees (JCCs) and different Bipartite Committees at Unit/Area levels and Subsidiary (Hqrs) level continued to function normally. 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 shown a decreasing trend as compared to previous year. Company-wise details of strikes, mandays and production lost and other incidents are furnished in the table below :

Company	No. of Strikes/ Bundhs		No. of other Incidents		Mandays lost		Production lost (in tonnes)	
	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06
ECL	2+1 (IS)	1+1 (IS)	202	183	4398	122489	11110	104913
BCCL	5+1 (IS)	4+1 (IS)	45	58	1506	17190	10503	12757
CCL	1+1 (IS)	0+1 (IS)	42	40	3497	11489	17000	55000
WCL	1+1 (IS)	1+1 (IS)	5	4	21761	12587	25436	21000
SECL	1+1 (IS)	0+1 (IS)	0	0	24469	10828	25945	0
NCL	1 (IS)	1 (IS)	8	26	4743	2074	0	0
MCL	1 (IS)	0	14	111	9311	0	234450	0
NEC	0	0	0	0	0	0	0	0
CMPDIL	1 (IS)	1 (IS)	3	2	37	241	45 (Mtg)	174 (Mts)
CIL	0	0	0	0	0	0	0	0
<b>Total</b>	<b>10+1 (IS)</b>	<b>5+1 (IS)</b>	<b>319</b>	<b>424</b>	<b>70172</b>	<b>176898</b>	<b>324444+ 45 (Mtg)</b>	<b>193670+ 174 (Mts)</b>

\* IS = Industrial Strike, BB = Bangla Bundh.

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

\* Mtg = Metreage, Mts = Meters

\* 1 (one) Industrial Strike called on 29.9.2005.

\* There was 1 (one) strike on 23.6.2005 which affected ECL & BCCL.

## 24. EMPLOYEES' WELFARE AND SOCIAL SECURITY SCHEME

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

Sl. No.	Item	Available at the time of Nationalisation	Additions during 2005-06	Position as on 31.03.2006
1	Housing			
	(a) Number of houses	1,18,366	1,199	4,11,874
	(b) Overall housing satisfaction	21.07%	—	91.06%
2	Water supply (Population covered)	2,27,300	2,095	22,82,373
3	Educational Institutions			
	(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	—	—	288
<b>TOTAL</b>		<b>287</b>	<b>—</b>	<b>675</b>
4	Medical facilities			
	(a) Ambulances	42	—	673
	(b) Hospitals	49	—	86
	(c) Hospital beds	1,482	—	5,875
	(d) Dispensaries	197	—	429

Besides 12 Ayurvedic Dispensaries are also being run in the Subsidiary Coal

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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

In order to provide better environment, CIL and its Subsidiary Companies have planted 27.14 Lakhs of seedlings in the Coalfield Areas during the year 2005-2006 under Afforestation programme.

### 25. PROGRESSIVE USE OF HINDI.

Coal India Limited is committed to comply the instructions relating to the Official Language Act. The Official Language Policy of Union is based on encouragement and motivation. Coal India Ltd. is also speeding the pace of implementation through encouragement and motivation among its employees. The abstract of the important works done towards this direction during 2005-06 are as follows :

#### 25.1 Meetings of Official Language Implementation Committee

As per the instructions contained in the Annual Programme circulated by Govt. of India, Ministry of Home Affairs, Deptt. of O.L., the Office Language Implementation Committee of CIL (HQ) was met on 4.5.2005, 1.8.2005 and 15.3.2006. All the HODs of CIL were present in these meetings. These meetings were held under the Chairmanship of Chairman, CIL and presided over by Director (P&IR), CIL where Director (T) and Director (F) were also present. Cent percent implementation of Article 3(3) were seriously reviewed in these meetings, as a result of which all the documents required to be issued under this Act were issued bilingually and reply of all the papers received under Rule 5 were given in Hindi. In the area of implementation, these meetings were much useful.

#### 25.2 Training

With a view to improve the use of Hindi in Official works, intensive Hindi training programmes were organised in CIL office itself with the Co-operation of Dy. Director, Hindi Teaching Scheme, Eastern Region, Kolkata. In the aforesaid training, the details of Officers/ employees trained, are as follows :-

- (i) 7 Officers and staff were trained in Praveen Classes organised from 7.6.2005 to 4.7.2005.
- (ii) 8 Officers and staff were trained in Praga Classes organised from 5.7.2005 to 25.7.2005.
- (iii) 6 Officers and staff were trained in Praveen Classes organised from 6.10.2005 to 8.11.2005 and 7 Officers and staff were trained in Praga classes organised from 9.11.2005 to 30.11.2005.
- (iv) 5 Officers and staff were trained in Praveen Classes organised from 10.2.2006 to 9.3.2006 and 5 officers and staff were trained in Praga Classes organised from 10.3.2006 to 31.3.2006.

In addition to this, 5 days Hindi workshop from 16.1.2006 to 20.1.2006 was organised at Coal India Ltd. with the co-operation of Hindi Teaching Scheme, Eastern Region, Kolkata. Deptt. of Official Language, Ministry of Home Affairs in which 21 persons were trained.

#### 25.3 Hindi Fortnight

In order to create working atmosphere of Hindi in the office, Hindi fortnight from 14.9.2005 to 28.9.2005 was celebrated in all offices of CIL (HQ) as per guidelines of Govt. of India. During the Fortnight, Hindi Noting and Drafting, Translation, Hindi Essay competition and Hindi dictation competitions were organised among employees. Officials in large number have participated in these competitions enthusiastically.

## 25.4 Inspections

Implementation inspection of Hindi is a part of implementation, so the officials of CIL (HQ) have inspected WCL on 16.6.2005, CCL on 18.4.2006 and CMPDIL on 19.4.2006. In addition to this, parliamentary Committee on Official Language has inspected Guwahati office, a subordinate office of CIL on 1.9.2005. On 16.3.2006, a representative of Dy. Director (Implementation), Eastern Region, Kolkata has inspected CIL office and after inspection she was very much pleased with CIL's Hindi implementation system.

## 26. VIGILANCE

### 26.1 Set-up of the Vigilance Department

In all the eight subsidiary companies of Coal India Ltd., anti-corruption activities have been institutionalised through setting up individual full-fledged Vigilance Departments which are headed by Chief Vigilance Officer (CVO) appointed by Government of India in consultation with Central Vigilance Commission (CVC) on deputation basis from various Central Services. A full-fledged Vigilance Division is also functioning at coal India level which exercises its command over Coal India Ltd. (HQ) as well as all the eight subsidiary companies. In addition to investigation jobs, the Vigilance Department at Coal India Ltd. level monitors the activities of subsidiary level vigilance functions, prepares various guidelines for anti-corruption measures, functions as an interface between the CVC and the management of Coal India Ltd. and its subsidiaries, liaise with the Ministry and prepares various reports and returns for Ministry of Coal, Central Vigilance Commission, Department of Personnel as well as Department of Public Enterprises. The Vigilance Department at Coal India level is presently headed by a Chief Vigilance Officer deputed from the Indian Administrative Service.

In addition to the above, the Vigilance Department of Coal India Ltd. keeps close

liaison with the Central Bureau of Investigation and other anti-corruption agencies. It maintains a statistical database which facilitates reporting to higher authorities as well as communication of vigilance status in respect of individual officers as required by the management, Ministry of coal, Central Vigilance Commission and the Public Enterprises Selection Board. The Chief Vigilance officer of coal India Ltd. has been functioning formally as the Principal advisor to the Chairman and the Board of Directors of CIL in matters relating to anti-corruption activities and streamlining of rules and procedures.

Further, the Management of CIL as well as subsidiaries informally seeks the advice of CVO, CIL in matter related to tenders and awards of contracts.

### 26.2 Anti-corruption measures during the reporting year.

During the previous year the focus of anti-corruption measures was shifted towards System Improvement aiming at imbuing transparency and accountability in system procedures. During the reporting year the Central Vigilance commission (CVC) has also issued guidelines for undertaking intensive examination of works and contracts, both at pre-tender and post-tender stages. Accordingly, in addition to the surprise inspection, intensive examination was also undertaken by Vigilance Division of CIL as well as the subsidiary companies. Though the idea of intensive examination or system improvement studies basically aimed at improving the system, in some cases corrupt intention of officials came to notice. In such cases actions were initiated against the erring officials.

Total number of intensive examination of works/contract were 47. In addition, surprise inspection at work sites were carried out by Subsidiary Vigilance units in 435 cases resulting in initiation of departmental action in 30 cases. Subsidiary-wise break-up of



2005-2006

intensive examination and surprise inspection conducted are shown in the Table below :

	ECL	BCCL	CCL	WCL	SECL	NCL	CMPDIL	MCL	CIL (HQ)	Total
Surprise inspection	61	135	56	36	93	32	8	14	0	435
Intensive examinations	7	12	3	2	12	0	0	9	2	47

### 26.3 Number of Investigation completed, Inquiries Disposed etc.

Based on complaints received from various corners and from source information 266 investigation cases were completed during the reporting year. Total number of Departmental Inquiries disposed during the year was 89 and a number of officials against whom punitive actions were taken was 160 including 24 non-executives. In subsidiary companies, number of investigation cases completed and punitive actions initiated/penalty imposed are shown in the statement below :

#### Number of investigation completed

Name of the Company	ECL	BCCL	CCL	WCL	SECL	NCL	CMPDIL	MCL	CIL (HQ)	Total
2005-06 (Upto March '06)	35	65	43	20	53	15	1	23	11	266

#### Number of Departmental inquiries disposed and number of Officials imposed with penalties :

**Year : 2005 - 06**

Name of the Company	ECL	BCCL	CCL	WCL	SECL	NCL	CMPDIL	MCL	CIL (HQ)	Total
Oral Inquiry against GO's disposed	4	4	—	—	7	—	—	—	2	17
Oral Inquiry against NGO's disposed	5	18	11	7	24	2	—	4	1	72
Minor Penalty :										
Exe.	7	21	27	3	9	20	2	—	—	87
Non-Exe.	—	1	—	—	1	—	—	—	—	2
Major Penalty :										
Exe.	11	4	5	1	15	4	1	2	4	46
Non-Exe.	2	11	5	1	1	—	—	2	—	22
Total :										
Exe.	18	25	32	4	24	24	3	2	4	133
Non-Exe.	2	12	5	1	2	—	—	2	—	24

As a result of investigation during the reporting year, recoveries were made from two erring contractors which amounted to Rs. 1.62 crores. This may be seen as a significant contribution of Vigilance.

### 26.4 Vigilance Awareness Week

Vigilance Awareness Week was observed during the 1st week of November, 2005. Three separate group discussion/workshops were organised as a part of observance of the week. The Vigilance Department also remained actively associated with interpretation of CVC guidelines/circulars and rendering informal advice to the management in decision making process in operational areas.

### 27. PARTICULARS OF EMPLOYEES

None of the employees received remuneration in the year 2005-06 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, 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 2005-06.

## 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) and continued such additional charge upto 3.10.05. During the year under review, Shri Shashi Kumar, Chairman, CIL, Shri D.K. Verma, Director (Finance), CIL,

Shri Md. Salim Uddin, Director (Personnel & Industrial Relation), CIL and Shri L. Jha, Director (Technical), CIL continued on the Board. Shri K. Ranganath was inducted on the Board as Director (Marketing), CIL from 4.10.05 (FN).

Shri Pradeep Kumar, Additional/Special Secretary, Ministry of Coal continued on the Board during the year as part-time Director and Shri Sujit Gulati, Jt. Secretary and Financial Adviser, Ministry of Coal, on the other hand, was inducted on the Board from 7.3.06 as part-time Director. Shri L. R. Thapar, Additional Member (Traffic), Railway Board was on the Board as part-time Director upto 16.10.05 and Shri Ashok Gupta, Adviser (Traffic), Railway Board joined the Board as part-time Director from 17.10.05.

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 upto 18.7.05 and 1.3.2006 respectively. Shri V. K. Singh, CMD, Northern Coalfields Limited was on the Board from 9.11.05.

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 5 (five) meetings during the year 2005-2006.

## 30. DIRECTORS' RESPONSIBILITY STATEMENT

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



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

### 31. ACCOUNTS OF THE SUBSIDIARIES

The copies of Accounts of the Subsidiary Companies for the year 2005-2006 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 Reconstructions (BIFR) 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 the Rehabilitation Scheme under Section 18 of the SICA. After protracted deliberation with the stakeholders, Revised Draft Rehabilitation Scheme of ECL dated 31st January, 2004 was prepared. This was discussed in the joint meeting held on 3rd March, 2004. In the Joint Meeting all the Stakeholders supported the scheme. As per discussion held in the Joint Meeting, Operating Agency prepared a fully tied up Draft Rehabilitation Scheme of ECL (March' 2004) and submitted the same to BIFR for its consideration. As per the scheme, the network of the Company was slated to become positive by 2008-09.

BIFR hearing was held on 21st September, 2004. BIFR sanctioned the Rehabilitation Scheme of ECL (March, 2004) on 2nd November, 2004, under section 19(3) read with Section 18(4) of SICA, for implementation.

The scheme was examined by the office of the Controller General of Accounts. They had also recommended the scheme for the revival of the company.

In the meantime, on 15th July, 2005 the National coal Wage Agreement - VII (NCWAVII) was signed between the operating Trade Unions, Coal India Limited and its subsidiary companies for a period of five years from 1st July, 2001. The impact of NCWA (Other than Interim Relief @ 15% of basic) was not considered in the financial projection of the BIFR sanctioned Rehabilitation Scheme. Due to implementation of NCWA-VII, the scheme was revised. As per the revised scheme, the network of the company was slated to become positive by 2009-10.



The Revised Scheme was presented to newly formed Board for Reconstruction of Public Enterprises (BRPSE) on 29th August, 2005. They had recommended the scheme subject to ECL achieving the physical and financial parameters. The recommendations of BRPSE was also heard by the Committee of Secretaries under the Chairmanship of Cabinet Secretary on 13th January, 2006. They had also recommended the scheme for the revival of the company. Based on the recommendations, a note for Cabinet Committee on Economic Affairs (CCEA) was prepared at the MOC level and sent to various departments for their comments. Comments were received from Planning Commission, Department of Expenditure, Department of Heavy Industries and Public Enterprises. The comments of various Ministries and the views of the company on these comments were incorporated in the CCEA note and a revised note for Cabinet Committee on Economic affairs was prepared for consideration of the Union Cabinet.

After the scheme is approved by CCEA, Company will submit the Revised Scheme to BIFR for its consideration and sanction.

### 32.2 Bharat Coking Coal Limited (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. 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.

In its first hearing held on 3.4.2002, BIFR dismissed the reference as Time Barred and nonmaintainable. 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 was submitted to BIFR on 31.5.2004 valued by Govt. approved valuer, M/s. Devcon Engineers & Valuers, Kolkata. Thereafter no hearing of BIFR has taken place.

### (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



2005-2006

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 and presented.

BRPSE at its 19th meeting held on 29.8.2005 has advised MOC/BCCL to resubmit the Revival Proposal duly appraised by independent consultant for its consideration. Accordingly BCCL Board at its 244th meeting held on 21.1.06 appointed CARE as independent consultant for appraisal of Revival Plan. Final Report of M/s. CARE on Revival Plan was accepted by BCCL Board at its 245th meeting on 21.4.2006. A copy of report on revival plan has been sent to MOC and Coal India Ltd. for further action.

### 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, 2006.
- (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 7th September, 2006

# **Annual Accounts**

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## **2005–2006**



2005-2006

# Balance Sheet

## As at 31st March, 2006

(Rs. in '00,000)

	Schedule	Current Year	Previous Year
<b>I. SOURCES OF FUND</b>			
<b>A. Shareholders' Fund</b>			
(a) Share Capital	A	631636.44	631636.44
(b) Reserves & Surplus	B	453928.10	426806.00
<b>B. Shifting &amp; Rehabilitation Fund</b>	C	48594.58	29365.82
<b>C. Loan Fund</b>			
Unsecured	D	189901.29	237240.16
		<b>1324060.41</b>	<b>1325048.42</b>
<b>II. APPLICATION OF FUND</b>			
<b>A. Fixed Assets</b>	E		
(a) Fixed assets		<b>35147.75</b>	<b>35195.32</b>
Less : Depreciation		22893.10	22281.94
		<b>12254.65</b>	<b>12913.38</b>
Less : Prov. for Impairment		1832.04	1449.15
		<b>10422.61</b>	<b>11464.23</b>
Less : Other Provisions		57.92	—
		<b>10364.69</b>	<b>11464.23</b>
(b) Capital Work-in-Progress		12.00	54.87
(c) Surveyed Off Assets		5.77	8.79
<b>B. Investment</b>	F	631636.37	631636.37
<b>C. Current Assets, Loans &amp; Advances</b>			
Inventories	G	3129.69	4733.29
Sundry Debtors	H	81.31	16.04
Cash & Bank Balances	I	286315.01	253263.53
Loans & Advances	J	877864.16	866737.82
		<b>1167390.17</b>	<b>1124750.68</b>
Less : Current Liabilities & Provisions	K	485348.59	442866.52
		<b>682041.58</b>	<b>681884.16</b>
		<b>1324060.41</b>	<b>1325048.42</b>

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

M

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

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

Sd/-  
(S. Bhattacharya)  
Director (F)

Sd/-  
(Shashi Kumar)  
Chairman

Dated : 4th September, 2006  
Place : New Delhi

As per our report annexed.  
For **Mitra Kundu & Basu**  
Chartered Accountants

Sd/-  
(S. Das)  
Partner

5th September, 2006

# Profit & Loss Account

## For the year ended 31st March, 2006

(Rs. in '00,000)

	Schedule	Current Year	Previous Year
<b>INCOME :</b>			
Sales	1	23169.81	9155.42
Coal Issued for other purposes	2	28.71	47.58
Other Income	3	193345.58	148331.55
Interest	13	13196.83	4523.03
		<b>229740.93</b>	<b>162057.58</b>
<b>EXPENDITURE</b>			
Decretion (+)/ Accretion(–) of stock	4	1547.93	(1221.88)
Consumption of Stores & Spares	5	688.17	654.79
Coal Issued for other purposes per contra	6	0.00	19.78
Employees' Remuneration and Benefits	7	11925.39	11188.41
Social Overhead	8	1489.89	1492.77
Power & Fuel	9	875.92	820.81
Repairs	10	163.51	158.55
Contractual Expenses	11	7744.54	4286.27
Other Expenditure	12	2670.22	1762.10
Finance Charges	14	2456.12	2502.59
Depreciation		929.15	1244.93
Provisions	15	1334.73	4255.92
Provision for impact of wage revision (Arrear)		—	2618.00
		<b>31825.57</b>	<b>29783.04</b>
<b>PROFIT FOR THE YEAR</b>		<b>197915.36</b>	<b>132274.54</b>
Add : Prior Period Adjustment	16	10.48	555.75
<b>PROFIT BEFORE TAX</b>		<b>197925.84</b>	<b>132830.29</b>
Provision for Income Tax			
For current year		(2300.00)	(650.00)
For earlier year		(24628.33)	—
For Fringe Benefit Tax		(100.00)	—
		<b>(27028.33)</b>	<b>(650.00)</b>
Excess Prov. for Income Tax Written Back (earlier period)		269.29	1552.30
<b>PROFIT AFTER TAX</b>		<b>171166.80</b>	<b>133732.59</b>
Profit brought forward from previous year	221941.01		133838.55
Less : Prov. for impairment (Transitional period)	—		1240.16
		<b>221941.01</b>	<b>132598.39</b>
Add : Transfer from Bond Redemption Reserve		1103.00	1100.00
<b>PROFIT AVAILABLE FOR APPROPRIATIONS</b> (Carried down)		<b>394210.81</b>	<b>267430.98</b>



2005–2006

## PROFIT & LOSS ACCOUNT (CONTD.)

	Schedule	Current Year	(Rs. in '00,000) Previous Year
PROFIT AVAILABLE FOR APPROPRIATIONS (Brought down)		394210.81	267430.98
<b>APPROPRIATION</b>			
Reserve for Foreign Exchange Transactions		309.53	(25.94)
Transfer to General Reserve (Incl. Bond Red. Reserve)		18219.68	14473.26
Proposed Dividend on Preference Shares			
Proposed Dividend on Equity Shares			
Interim		126327.29	14000.00
Final		—	13454.67
Tax on Dividend		17717.40	3587.98
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>231636.91</b>	<b>221941.01</b>
Basic and Diluted Earnings per Share (in Rupees)		270.50	211.77
(Ref. Note No. 13.17 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)  
Chief General Manager (F)

Sd/-  
(S. Bhattacharya)  
Director (F)

Sd/-  
(Shashi Kumar)  
Chairman

Dated : 4th September, 2006  
Place : New Delhi

As per our report annexed.  
For **Mitra Kundu & Basu**  
Chartered Accountants  
Sd/-  
(S. Das)  
Partner  
5th September, 2006

# Schedule to Balance Sheet

As At 31st March, 2006

## SCHEDULE – A

### SHARE CAPITAL

(Rs. in '00,000)

Current Year

Previous Year

#### Authorised

(i) 9041800 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) 80000000 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) 60594305 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) 2569339 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.



2005-2006

*SCHEDULE TO BALANCE SHEET (CONTD.)*

**SCHEDULE – B**

**RESERVES & SURPLUS**

(Rs. in '00,000)

	<b>Current Year</b>		<b>Previous Year</b>	
<b>A. RESERVES</b>				
<b>(a) Bond Redemption Reserve</b>				
Balance as per last account	2506.40		3606.40	
Less : Amount transferred to Profit & Loss Account	1103.00	1403.40	1100.00	2506.40
<b>(b) Capital Redemption Reserve</b>		90418.00		90418.00
<b>(c) Reserve for Foreign Exchange Transactions</b>				
Balance as per last account	8806.40		8832.35	
Add : Amount transferred from Profit and Loss Account	309.53		—	
Less : Amount transferred to Profit and Loss Account	—	9115.93	25.94	8806.41
<b>(d) General Reserve</b>				
Balance as per last account	103134.18		88660.92	
Add : Amount transferred from Profit and Loss Account	18219.68	121353.86	14473.26	103134.18
<b>B. SURPLUS</b>				
<b>Profit and Loss Account</b>				
Balance Carried forward	231636.91		221941.01	
<b>TOTAL (A + B)</b>	<b>453928.10</b>		<b>426806.00</b>	



## SCHEDULE TO BALANCE SHEET (CONTD.)

### SCHEDULE – C

#### SHIFTING AND REHABILITATION FUND

(Rs. in '00,000)

	Current Year	Previous Year
Opening Balance as on 01.04.05	29365.82	12724.86
Add : Interest from investment of the fund	2350.35	376.04
Add : Contribution from Subsidiaries	16878.41	16264.92
	<u>48594.58</u>	<u>29365.82</u>

### SCHEDULE – D

#### UNSECURED LOAN

(Rs. in '00,000)

	Current Year	Previous Year
Long term loan from Government of India	—	10708.70
Loan from Govt. (VRS)	—	10350.00
From World Bank (Guaranteed by Govt of India)		
JBIC (JPY 225319.63 Lacs)	86297.42	99614.02
IBRD (USD 2118.62 Lacs)	95041.46	98333.60
Un-Secured Bonds		
12.25% Non Convertible (Taxable) (earliest redemption Dec, 2005)	—	1100.00
12.25% Non Convertible (Taxable) (earliest redemption Dec, 2006)	1400.00	1400.00
	<u>1400.00</u>	<u>2500.00</u>
Term Loan from Financial Institution	—	8571.43
Interest Accrued and Due on Govt. Loan	7162.41	7162.41
	<u>189901.29</u>	<u>237240.16</u>



2005-2006

SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE – E

(Rs. in '00,000)

FIXED ASSETS

	COST				DEPRECIATION				IMPAIRMENT LOSS				NET BLOCK	
	As on 01.04.05	Addition during the year	Adj/Sales/ Trans. 2005 - 06	Total as on 31.03.06	As on 01.04.05	Addition during the year	Adj/Sales/ Transfer 2005 - 06	Total as on 31.03.06	Total as on 01.04.05	Addition during the year	Adj/Sales/ Transfer 2005 - 06	Total as on 31.03.2006	As on 31.03.06	As on 31.03.05
<b>LAND</b>														
(a) Freehold	550.84	—	—	550.84	0.00	—	—	0.00	0.00	—	—	0.00	550.84	550.84
(b) Leasehold	133.79	—	—	133.79	28.52	1.32	—	29.84	0.00	—	—	0.00	103.95	105.27
<b>BUILDING</b>	7469.98	89.44	-22.98	7536.44	1946.12	143.13	-5.62	2083.63	162.43	1.65	—	164.08	5288.73	5361.43
<b>PLANT &amp; MACHINERY</b>	18086.48	169.73	-305.04	17951.17	13820.21	648.86	-311.60	14157.47	18.36	21.12	—	39.48	3754.22	4247.91
<b>FURNITURE &amp; FITTINGS/</b>														
OFFICE EQUIPMENTS	1602.91	23.11	-1.94	1624.08	1270.23	48.40	-49.84	1268.79	0.98	4.81	—	5.79	349.50	331.70
RAILWAY SIDING	771.25	—	—	771.25	509.39	36.64	—	546.03	0.00	—	—	0.00	225.22	261.86
VEHICLES	367.50	—	-3.97	363.53	287.73	13.70	-3.85	297.58	0.00	—	—	0.00	65.95	79.77
AIRCRAFT	1665.38	—	—	1665.38	1245.04	65.09	—	1310.13	0.00	355.25	—	355.25	0.00	420.34
TELECOMMUNICATION	529.72	2.38	1.70	533.80	424.61	23.65	1.28	449.54	0.00	0.06	—	0.06	84.20	105.11
DEVELOPMENT	3198.34	—	—	3198.34	2204.18	—	—	2204.18	994.16	—	—	994.16	0.00	0.00
PROSPECTING & BORING	819.13	—	—	819.13	545.91	—	—	545.91	273.22	—	—	273.22	0.00	0.00
<b>TOTAL</b>	35195.32	284.66	-332.23	35147.75	22281.94	980.79	-369.63	22893.10	1449.15	382.89	0.00	1832.04	10422.61	11464.23
Less : Other Provisions													-57.92	
<b>TOTAL</b>	35195.32	284.66	-332.23	35147.75	22281.94	980.79	-369.63	22893.10	1449.15	382.89	0.00	1832.04	10364.69	11464.23
<b>CAPITAL WORK-IN-PROGRESS</b>	496.08	12.00	-49.56	458.52	—	—	—	—	—	—	—	—	458.52	496.08
Less : Provision	-441.21	-5.31	—	-446.52	—	—	—	—	—	—	—	—	-446.52	-441.21
<b>C.W.I.P. (Net)</b>	54.87	6.69	-49.56	12.00	—	—	—	—	—	—	—	—	12.00	54.87
<b>SURVEYED OFF ASSETS (P&amp;M)</b>	—	—	—	—	—	—	—	—	—	—	—	—	5.77	8.79
<b>PREVIOUS YEAR</b>														
<b>FIXED ASSETS</b>	34421.35	817.53	-47.03	35191.85	21023.47	1300.69	-42.22	22281.94	1240.16	208.99	—	1449.15	11464.23	13397.88
<b>CAPITAL WORK-IN-PROGRESS</b>	180.87	-123.70	-2.30	54.87	—	—	—	—	—	—	—	—	54.87	184.34
<b>SURVEYED OFF ASSETS (P&amp;M)</b>	—	—	—	—	—	—	—	—	—	—	—	—	8.79	8.25

ALLOCATION OF DEPRECIATION

CURRENT YEAR

PREVIOUS YEAR

Profit & Loss Account	929.15
Social Overhead	46.39
Power & Fuel	5.25
Prior Period Adjustment	-50.84
Other Adjustment (Incl. Surveyed off Assets) and for Policy 7.4	-318.79
<b>TOTAL</b>	<b>611.16</b>

1244.93
50.51
5.25
4.06
-46.28
<b>1258.47</b>

# SCHEDULE TO BALANCE SHEET (CONTD.)

## SCHEDULE – F

INVESTMENT (Unquoted)	(Rs. in '00,000)	
	Current Year	Previous Year
<b>In Fully Paid up Equity Shares of Subsidiary Companies (Valued at cost) :</b>		
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 Central Mine Planning & Design Institute Ltd. (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
	<b>631636.37</b>	<b>631636.37</b>



2005–2006

*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)	311.58		343.17	
Less : Provision for slow-moving/ non-moving obsolescence/shortage	165.59	145.99	141.51	201.66
Stock of Coal	3027.26		4640.19	
(Valued at lower of Cost or Market Price)				
Coke	0.75		0.75	
(Valued at lower of Cost or Market Price)				
	3028.01		4640.94	
Less : Provisions	44.31	2983.70	109.31	4531.63
		3129.69		4733.29

# *SCHEDULE TO BALANCE SHEET (CONTD.)*

## **PARTICULARS IN RESPECT OF COAL STOCK AS ON 31.03.2006 (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
<b>RECONCILIATION OF BOOK STOCK AND MEASURED STOCK</b>						
1. Opening Stock as on 01.04.05 (As per Accounts)	388.27	4596.64			388.27	4596.64
2. Add : Production for the year	1100.61	20998.67			1100.61	20998.67
3. Sub-Total (1+2)	<b>1488.88</b>	<b>25595.31</b>			<b>1488.88</b>	<b>25595.31</b>
4. Less : Off Take for the year						
(a) (i) Outside Despatch	1170.38	22579.67			1170.38	22579.67
(ii) Transferred Out	—	—			—	—
(b) Coal issued for other purpose	2.18	28.71			2.18	28.71
Total (4)	<b>1172.56</b>	<b>22608.38</b>			<b>1172.56</b>	<b>22608.38</b>
5. Derived Stock (3-4)	316.32	2986.93			316.32	2986.93
6. Measured Stock	314.98	2974.28			314.98	2974.28
7. Difference (5-6)	1.34	12.65			1.34	12.65
8. Break up of difference						
(a) Excess within 5%	1.34	12.65			1.34	12.65
(b) Shortage within 5%						
(c) Excess beyond 5%						
(d) Shortage beyond 5%						
9. Closing Stock Adopted in Accounts (6+8a+8b)	<b>316.32</b>	<b>2986.93</b>			<b>316.32</b>	<b>2986.93</b>



2005-2006

## 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	1104.80	1066.93
Other Debts	48.26	10.94
	<u>1153.06</u>	<u>1077.87</u>
Less : Provision	1071.75	1061.83
	<u>81.31</u>	<u>16.04</u>

#### CLASSIFICATION

Considered good	81.31	16.04
Considered doubtful	1071.75	1061.83

	Maximum amount due at any time		Closing Balance	
	During Current Year	During Previous Year	During Current Year	During Previous Year
Due by the Companies under the same management with the names of the companies	—	—	—	—
Due by the parties in which the Director(s) of the companies is/are interested	—	—	—	—

### SCHEDULE – I

#### CASH AND BANK BALANCES

(Rs. in '00,000)

	Current Year	Previous Year
Cash, Cheques, Drafts, Stamps etc. in hand	2.56	3.22
Remittance-in-transit	5.00	7.50
<b>Balance with Scheduled Banks</b>		
In Current Account	5202.68	1677.20
In Cash Credit Account	1324.05	2772.43
In Deposit Account with Scheduled Banks	279780.72	248799.97
With Post Office Savings Bank Account	0.27	3.48
Less Provision	0.27	0.27
	<u>286315.01</u>	<u>253263.53</u>

# SCHEDULE TO BALANCE SHEET (CONTD.)

## SCHEDULE – J

### LOANS & ADVANCES

(Rs. in '00,000)

	Current Year	Previous Year
<b>Loans &amp; Advances (Unsecured)</b> (Advance Receivable in cash or in kind or for value to be received)		
<b>ADVANCE TO SUPPLIERS</b>		
For Capital (Ref. Note No. 10.5 & 13.10 of Sch.-M Part-B)	1073.06	1106.86
For Others	202.43	192.30
	1275.49	1299.16
<b>ADVANCE TO EMPLOYEES</b>		
For House Building	158.16	206.60
For Motor Car & Other Conveyance	2.18	6.56
For Others	128.20	101.95
	288.54	315.11
<b>DEPOSITS</b>		
For Custom duty & Port Charges	88.09	90.86
For Other Deposits	206.84	242.16
	294.93	333.02
Short Term Loan to Body Corporates	150.00	150.00
Dividend receivable from Subsidiaries	33078.66	26404.07
Other Receivable	7309.19	681.98
Other Advances (Ref. Note No. 13.11 of Sch.-M Part-B)	249.52	1341.92
<b>AMOUNT RECEIVABLE FROM GOVERNMENT OF INDIA</b>		
For transaction on behalf of Ex-Coal Board	94.35	84.31
Claims Receivable	346.04	346.50
Prepaid Expenses	24.32	28.70
TDS/Advance Tax	322.27	9118.24
<b>Balance with Subsidiaries</b>		
Loan A/c.	236115.06	251115.06
Current A/c.	408179.86	367185.56
	644294.92	618300.62
<b>Balance with Subsidiaries (World Bank Loan)</b>		
Loan A/c.	181338.88	197947.62
Current A/c.	—	2977.10
	181338.88	200924.72
Loan to Subsidiaries (VRS)	10025.00	8635.00
Exploratory Drilling work (Ref. Note No. 7.4 of Sch.-M Part-B)	3881.14	3127.37
(Eastern Coalfields Ltd. Command Area)	882973.25	871090.72
Less : Provision	5109.09	4352.90
	877864.16	866737.82
<b>CLASSIFICATION</b>		
Considered good	877864.16	866737.82
Considered doubtful	5109.09	4352.90



2005–2006

*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	218281.35	220598.62	215965.63	216361.06
Bharat Coking Coal Limited	359584.80	314769.19	357579.25	310026.10
Central Coalfields Limited	74783.84	115754.01	11073.93	92427.15
Western Coalfields Limited	10944.60	14324.61	–2395.09	12398.13
Northern Coalfields Limited	–101488.19	–121546.44	–108879.36	–142618.56
South Eastern Coalfields Limited	38692.18	42281.42	38658.31	42178.00
Mahanadi Coalfields Limited	–136748.53	–82756.29	–96802.78	–91265.94
Central Mine Planning & Design Institute Limited	15205.29	15768.74	4981.86	9080.03
	<b>479255.34</b>	<b>519193.86</b>	<b>420181.75</b>	<b>448585.97</b>

**Notes :** House Building and cars/scooters advance for Rs.160.34 lakhs (Previous Year 213.16 lakhs) which are included under Loans & Advances (unsecured and considered good) 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	
<b>A. CURRENT LIABILITIES</b>				
<b>SUNDRY CREDITORS</b>				
For Capital including Revenue Stores	294.48		286.45	
For Coal	63.56		63.76	
		358.04		350.21
Advance from Customers		3019.73		2378.80
Deposits		1500.36		1852.38
Advance Deposit (Pre-Nationalisation)		20.85		20.85
Other Deposit from Customers		40.25		—
<b>EMPLOYEES' REMUNERATION &amp; BENEFITS</b>				
Salaries, Wages & Allowances	632.67		549.48	
Attendance Bonus	4.32		2.90	
Ex-gratia	170.69		171.57	
Unpaid salaries, Wages etc.	0.17		0.30	
		807.85		724.25
<b>OTHER EXPENSES</b>				
Power & Fuel	113.33		106.98	
Contractual Expenses	2174.71		892.52	
Others	3720.36		3769.73	
		6008.40		4769.23
Due to Government of India (including ex-owner's Accounts)		160.93		160.93
Interest accrued but not due on Loan		4447.90		7265.57
<b>SALES TAX</b>				
State	24.91		16.88	
Central	116.28		40.85	
		141.19		57.73
Royalty & Cess on Coal		608.10		164.36
Provident Fund		140.88		129.59
Pension Fund		7.46		34.03
<b>INCOME TAX</b>				
Employees	68.13		115.71	
Contractors	0.14		0.24	
Others	3253.99		2883.88	
		3322.26		2999.83
Professional Tax		8.34		6.82
Surplus Fund from Subsidiaries		404234.50		364805.85
Balance with Subsidiaries Current Account		11242.55		14468.52
Adv. Deposit Other Govt. Fund (Ref. Note No. 13.12 in Sch.-M Part-B)		7843.00		7843.00
Other Liability		1798.53		1884.95
<b>INVESTORS, EDUCATION &amp; PROTECTION FUND</b>				
Public Deposit (Incl. Intt. Thereon)	—		3.11	
17% Non Convertible Bonds (Incl. Intt. Thereon)	5.91		9.49	
		5.91		12.60
<b>B. PROVISIONS</b>				
Gratuity		4727.03		3401.09
Leave Encashment		1359.57		1369.06
Provision for Income Tax		2400.00		650.00
Proposed Dividend		—		13454.67
Income Tax on Proposed Dividend		17717.40		1758.35
Provision for NCWA-VII		4999.98		4943.89
		476921.01		435506.56
Contribution from Subsidiaries towards Indian Instt. of Coal Management pending reimbursement (Ref. Note No. 9.4 in Sch.-M Part-B)		8427.58		7359.96
		<b>485348.59</b>		<b>442866.52</b>

**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.



2005-2006

# Schedule to Profit & Loss Account

For the Year Ended 31st March, 2006

## SCHEDULE – 1

### SALES

(Rs. in '00,000)

PARTICULARS	PRODUCTS		TOTAL	
	Raw Coal	Soft Coke	Current Year	Previous Year
Quantity (in '000 M.T.)	1170.37	—	1170.37	567.54
Gross Sales Value	26251.15	—	26251.15	10344.12
Add : Service Charges received	590.14	—	590.14	266.20
<b>(A)</b>	<b>26841.29</b>	<b>—</b>	<b>26841.29</b>	<b>10610.32</b>
Less : Statutory Levies				
Royalty on Coal	1931.12	—	1931.12	936.45
Stowing Excise Duty	117.04	—	117.04	56.76
Sales Tax				
Central	773.78	—	773.78	235.06
State	264.35	—	264.35	179.07
Assam Land Tax	585.19	—	585.19	47.56
<b>Total Levies (B)</b>	<b>3671.48</b>	<b>—</b>	<b>3671.48</b>	<b>1454.90</b>
<b>Net Value (A - B)</b>	<b>23169.81</b>	<b>—</b>	<b>23169.81</b>	<b>9155.42</b>

## SCHEDULE – 2

### COAL ISSUED FOR OTHER PURPOSES

(Rs. in '00,000)

	Current Year	Previous Year
Internal Consumption	26.33	25.44
Free Issue to Employees	2.38	2.36
Others	—	19.78
<b>TOTAL</b>	<b>28.71</b>	<b>47.58</b>

## 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	14392.85	13670.50
Interest received	64.53	41.02
Rent (Outsider)	19.10	12.52
L.D./Penalty received	12.40	13.70
Tender Fees	2.82	5.23
Provision/Liability Write backs	234.70	563.15
Hire Charges	1561.14	1569.24
Let out Rent (TDS - Rs.88.19 lakhs)	393.00	393.00
Interim Dividend/Dividend from Subsidiaries	173505.86	128931.81
Guarantee Fee from Subsidiaries	2720.08	2969.21
Profit on sale of Assets	0.08	—
Gain on Foreign Exchange Transactions	310.81	—
Misc. Income	128.21	155.16
<b>TOTAL</b>	<b>193345.58</b>	<b>148331.55</b>



2005-2006

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

**SCHEDULE – 4**

**DECRETION (+)/ACCRETION (-) OF STOCK**

(Rs. in '00,000)

	Current Year	Previous Year
<b>Stock of Coal/Coke etc.</b>		
A. Opening Stock (Revenue Mines only) as on 01.04.2005		
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
<b>TOTAL (A)</b>	<b>4531.63</b>	<b>3309.75</b>
B. Closing Stock (Revenue Mines only) as on 31.03.2006		
Raw Coal	3027.26	4640.19
Soft Coke	0.75	0.75
Less : Deterioration of Coal Value due to fire or longer stocking	44.31	109.31
<b>TOTAL (B)</b>	<b>2983.70</b>	<b>4531.63</b>
<b>NET TOTAL (Total A - Total B)</b>	<b>1547.93</b>	<b>-1221.88</b>

**SCHEDULE – 5**

**CONSUMPTION OF STORES & SPARES**

(Rs. in '00,000)

	Current Year	Previous Year
Explosives	83.65	173.56
Timber	124.74	129.64
Petrol, Oil and Lubricants	279.00	219.79
Consumable Stores & Spares for HEMM	30.35	18.13
Other Consumable Stores & Spares	341.47	260.70
	859.21	801.82
Less : Transfer to		
Social Overhead	19.72	15.63
Power & Fuel	92.58	81.30
Other Expenditure	58.74	50.10
	171.04	147.03
<b>TOTAL</b>	<b>688.17</b>	<b>654.79</b>

# 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	26.33	25.44
Free Issue of Coal to Employees	2.38	2.36
Miscellaneous	—	19.78
	<u>28.71</u>	<u>47.58</u>
Less : Transfer to		
Power & Fuel	26.33	25.44
Social Overhead	2.38	2.36
	<u>28.71</u>	<u>27.80</u>
<b>TOTAL</b>	<b>0.00</b>	<b>19.78</b>

## SCHEDULE – 7

### EMPLOYEES' REMUNERATION AND BENEFITS

(Rs. in '00,000)

	Current Year	Previous Year
<b>SALARIES, WAGES AND ALLOWANCES</b>		
Salaries & Wages (incl. Transport Subsidy)	8094.64	7765.05
Provision for National Coal Wage Agreement - VII	133.76	741.00
Overtime		
(a) Normal	174.92	151.56
(b) Sunday Maintenance	177.60	148.50
	<u>352.52</u>	<u>300.06</u>
Leave Encashment	117.40	278.71
Contribution to Provident Fund and Other Funds (including Administrative Charges)	966.26	937.81
Attendance Bonus	400.68	281.19
Ex-gratia		
(a) PPLB - Non Executive	155.18	156.34
(b) PPLR - Executive	15.49	15.23
	<u>170.67</u>	<u>171.57</u>
LTC/LLTC/RRF	192.24	280.00
Pension	61.74	57.20
Gratuity	1693.87	617.82
Workmen Compensation	9.56	5.21
Group Insurance	8.51	7.07
D. L. I.	8.77	8.66
Life Cover Scheme	16.73	9.77
V. R. S.	21.84	40.97
Others	—	—
	<u>12249.19</u>	<u>11502.09</u>
Less : Transfer to		
Social Overhead	316.60	307.10
Power & Fuel	7.20	6.58
	<u>323.80</u>	<u>313.68</u>
<b>TOTAL</b>	<b>11925.39</b>	<b>11188.41</b>



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

**SCHEDULE – 8**

**SOCIAL OVERHEAD**

(Rs. in '00,000)

		<b>Current Year</b>	<b>Previous Year</b>
Salaries, Wages & Allowances		316.60	307.10
Free Issue of Coal to Employees		2.38	2.36
Medical Facilities			
(a) Medical Reimbursement	334.15		352.20
(b) Medicine	39.70		39.61
(c) Diet Expenses	9.14		10.59
		382.99	402.40
Grants to			
(a) Schools & Institutions	41.13		28.51
(b) Sports, Recreation	15.51		9.60
		56.64	38.11
Canteen and Creche			
Canteen up-keep		9.94	10.92
House Rent		22.53	24.05
Power		387.54	400.69
Repairs & Maintenance			
(a) Township (incl. welfare buildings)	63.04		66.68
(b) Plant & Machineries	0.76		0.77
		63.80	67.45
Maintenance of Vehicles			
(a) Petrol & Diesel	5.25		6.06
(b) Repairs	3.56		4.50
(c) Insurance	0.56		0.74
		9.37	11.30
Consumption of Stores & Spares		14.47	9.57
Depreciation		46.39	50.51
Community Development		5.41	10.37
Environmental Expenses (Tree Plantation)		1.09	0.06
Uniform		3.41	3.46
Training Expenses			
(i) Within the Co.	16.30		9.12
(ii) Outside the Co.	5.55		3.15
		21.85	12.27
Other Welfare Expenses		166.63	162.27
		1511.04	1512.89
Less : Recoveries			
House Rent	6.58		7.37
Hospital Charges	0.80		1.86
Electricity	13.77		10.89
		21.15	20.12
<b>TOTAL</b>		<b>1489.89</b>	<b>1492.77</b>

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

## SCHEDULE – 9

POWER & FUEL		(Rs. in '00,000)	
	Current Year	Previous Year	
Purchase of Electricity	1117.76	1093.93	
Power Generation			
Salary & Wages	7.20	6.58	
Consumption of Coal	26.33	25.44	
Consumption of Stores	92.58	81.30	
Repair & Maintenance	14.34	9.00	
Depreciation	5.25	5.25	
	145.70	127.57	
	1263.46	1221.50	
Less : Transfer to Social Overhead	387.54	400.69	
<b>TOTAL</b>	<b>875.92</b>	<b>820.81</b>	

## SCHEDULE – 10

REPAIRS		(Rs. in '00,000)	
	Current Year	Previous Year	
Building	74.04	51.28	
Plant & Machinery (Outside Agency)	30.06	22.02	
Office Equipment	8.24	33.55	
Others	132.87	132.65	
	245.21	239.50	
Less : Transfer to			
(a) Social Overhead	67.36	71.95	
(b) Power & Fuel	14.34	9.00	
	81.70	80.95	
<b>TOTAL</b>	<b>163.51</b>	<b>158.55</b>	



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

**SCHEDULE – 11**

**CONTRACTUAL EXPENSES**

*(Rs. in '00,000)*

	<b>Current Year</b>		<b>Previous Year</b>	
Transportation Charges				
(a) Coal, Coke	64.72		54.27	
(b) Stores	—		0.36	
		64.72		54.63
Other Contractual Work		7679.82		4231.64
<b>TOTAL</b>		<b>7744.54</b>		<b>4286.27</b>



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

## SCHEDULE – 12

### OTHER EXPENDITURE

(Rs. in '00,000)

		Current Year	Previous Year
Travelling			
(a) In country	361.51		269.39
(b) Outside country	67.38		5.11
		428.89	274.50
Printing & Stationery		87.89	80.82
Postage		29.51	17.65
Telephone		67.79	77.57
Advertisement & Publicity			
(i) Advertisement for			
(a) Tender	61.69		37.01
(b) Recruitment	2.67		—
		64.36	37.01
(ii) Publicity		157.39	61.55
Demurrage		94.36	1.92
Donation		10.62	6.83
Subscriptions		18.82	19.48
Security Expenses		140.98	142.22
Hire Charges			
(a) Computer	59.43		68.47
(b) Others	43.32		48.60
		102.75	117.07
Maintenance of Vehicles			
(a) Petrol & Diesel	58.74		50.10
(b) Repairs	21.29		19.89
(c) Road Tax & Insurance	6.92		6.97
		86.95	76.96
Legal Expenses		60.67	68.59
Bank Charges		7.27	7.45
Guest House Expenses	27.39		27.82
Less : Recoveries	3.74		5.20
		23.65	22.62
Consultancy Fees		239.56	87.49
Office Contingency Expenses		49.87	39.43
Underloading Charges		191.48	27.88
Loss on sale/discard of assets		—	1.06
Auditors' Remuneration			
(a) Audit Fees	1.85		1.85
(b) Travelling & Out-of-pocket exp.	1.00		1.00
		2.85	2.85
Tax Audit Fees		0.68	0.55
Internal Audit/Other Audit fees and exp.		2.56	2.20
Royalty & Cess		3.29	5.82
Rent, Rates & Taxes		312.90	301.94
Insurance		18.32	20.39
Dead Rent		29.08	32.56
Surface Rent		0.96	0.91
Loss on Exchange Variance		—	0.35
Loss on Foreign Exchange Transaction		—	25.94
Miscellaneous		436.77	200.49
<b>TOTAL</b>		<b>2670.22</b>	<b>1762.10</b>



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

**SCHEDULE – 13**

**INTEREST**

(Rs. in '00,000)

	Current Year	Previous Year
<b>A. INTEREST (INCOME)</b>		
(a) Interest received from Deposits	20030.56	11082.80
(b) Recovered from Subsidiaries	9337.72	10929.05
(c) Transferred to Subsidiaries on account of IBRD & JBIC Loan	5629.22	4195.24
<b>Total (A)</b>	<b>34997.50</b>	<b>26207.09</b>
Less :		
<b>B. INTEREST (EXPENDITURE)</b>		
(a) Government Loan		
(i) Plan Loan	426.92	1753.10
(ii) Non-plan loan	—	232.88
(b) VRS Loan	437.04	—
(c) Bank Overdraft	—	3.77
(d) Bonds	261.58	396.33
(e) Other Corporate/Financial Institutional Loan	535.48	1359.65
(f) Pension Fund	1.21	2.79
(g) Interest on IBRD & JBIC Loan	5629.22	4195.24
(h) Others	14509.22	13740.30
<b>Total (B)</b>	<b>21800.67</b>	<b>21684.06</b>
<b>TOTAL (A – B)</b>	<b>13196.83</b>	<b>4523.03</b>

**SCHEDULE – 14**

**FINANCE CHARGES**

(Rs. in '00,000)

	Current Year	Previous Year
Guarantee Fees on IBRD & JBIC Loan	2176.07	2375.37
Other Bank Charges	130.05	127.22
Prepayment Premium	150.00	—
Other Charges on IBRD & JBIC Loan	5.84	6.35
	<b>2461.96</b>	<b>2508.94</b>
Less : Transferred to Subsidiaries on account of IBRD & JBIC Loan	5.84	6.35
<b>TOTAL</b>	<b>2456.12</b>	<b>2502.59</b>

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

## SCHEDULE – 15

### PROVISIONS

(Rs. in '00,000)

	Current Year	Previous Year
<b>Provision for :</b>		
Doubtful Advances	821.24	3654.53
Doubtful Debts	9.92	—
Impairment of Assets	382.89	208.99
Surveyed off Assets	0.25	—
Others (including CWIP – 5.31 lacs & Fixed Assets – 57.92 lacs)	120.43	392.40
<b>Total</b>	<b>1334.73</b>	<b>4255.92</b>

## SCHEDULE – 16

### PRIOR PERIOD ADJUSTMENT

(Rs. in '00,000)

	Current Year	Previous Year
<b>DEBITS :</b>		
Consumption of Stores	—	17.86
Interest	—	0.02
Depreciation	—	4.06
Repairs	—	2.12
Social Overhead	0.44	—
Other Income	—	—
Other Expenditure	51.19	—
Contractual Expenses	7.65	10.08
Employees' Remuneration & Benefits	32.57	58.53
	<b>91.85</b>	<b>92.67</b>
<b>CREDITS :</b>		
Grant from Govt. of India for VRS Scheme of NEC	—	536.00
Employees' Remuneration & Benefits	—	—
Other Income	50.27	104.18
Depreciation	50.84	—
Interest	0.73	—
Social Overhead	—	—
Repairs	0.49	—
Other Expenditure	—	8.24
	<b>102.33</b>	<b>648.42</b>
<b>Net : Credit (+)/Debit (-)</b>	<b>10.48</b>	<b>555.75</b>



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## 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 relevant 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 includes 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 SIDINGS : Pending commissioning, payments made to the railway authorities for construction of railway sidings 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 specifically 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 Slurry, middlings of washaries are valued at net realisable value.

6.2 Stock of stores & spareparts 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, are value at issue price of Area Stores, Cost/estimated cost. Workshop jobs including work-in-progress are valued at cost.

### 6.2.1 Stores & Spares :

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.

6.2.2 Stores & spare parts include loose tools.

6.2.3 Provision are made at the rate of 100% for unserviceable, damaged and obsolete stores and at the rate of 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.



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## **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 options contracts to be settled on future dates are recognised at the year-end rates of the underlying foreign currency. Effects arising out of such contracts are taken into 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 generally 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 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 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.)
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 not provided for is Rs.20.10 lakhs (Rs. 43.38 lakhs).
- 1.2 Claims against the Company not acknowledged as debts are Rs. 956.57 lakhs (Rs. 933.41 lakhs).
- 1.3 Negative Marked to Market valuation of outstanding position involving foreign currency transactions as on 31.03.2006 stands at Rs. 720.00 lakhs (Rs. 3404.00 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 31.03.2006 stood at Rs. 86297.42 lakhs and Rs. 95041.46 lakhs respectively. Further, the Company has given guarantee for loans obtained by subsidiaries the outstanding balance of which as on 31.03.2006 stood at Rs. 16007.85 lakhs (Rs. 16172.72 lakhs).
- 1.5 As on 31.03.2006 outstanding letters of credits amounted to Rs. Nil lakhs, (Rs. 27.99 lakhs) and outstanding Deferred payment guarantee issued by Banks amounted to Rs. 4473.07 lakhs (Rs.4926.98 lakhs).

### 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 31.03.2006 are Rs. 631.45 lakhs on value of plant and Rs. 157.05 lakhs on value of building and other assets. The cumulative provision for depreciation upto 31.03.2006 stood at Rs. 10433.41 lakhs (including depreciation charged for the current period of Rs. 338.08 lakhs). The net W.D.V. of the leased assets as per books as on 31.03.2006 is Rs. 3715.80 lakhs.

- (B) Besides, Fixed Assets comprising of Plant & Machinery of Rs. 218.99 lakhs and related building and other assets of Rs. 1625.37 lakhs, both at book value (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 31.03.2006 are Rs. 360.25 lakhs on value of plant & machinery and Rs. 312.43 lakhs on value of building and other assets. The cumulative provision for depreciation upto 31.03.2006 stood at Rs. 880.56 lakhs. The net W.D.V. of the leased assets as per books as on 31.03.2006 is Rs. 1770.43 lakhs.

- 2.3 As per Accounting Standard (AS) 28, "Impairment of Assets", the company carried impairment tests on its assets at the end of the year i.e. 31.03.2006 and assessed following assets having no recoverable value, hence impaired. The resultant impairment loss 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>
Building	Erosion in value	1.65	Value in use	As on 31.03.2006
Plant & Machinery	Erosion in value	21.12	Value in use	As on 31.03.2006
Furniture & Fittings	Erosion in value	4.81	Value in use	As on 31.03.2006
Aircraft	Erosion in value	355.25	Value in use	As on 31.03.2006
Telecom	Erosion in value	0.06	Value in use	As on 31.03.2006
<b>TOTAL</b>		<b>382.89</b>		

### 3. Investment

#### 3.1 Investment in ECL and BCCL

Investment of the Company in share capital of Bharat Coking Coal Ltd. and Eastern Coalfields Ltd. which are long term in nature amounted to Rs. 211800.00 Lakhs and Rs. 221845.00 Lakhs respectively as on 31.03.06. Eastern Coalfields Ltd. and Bharat Coking Coal Ltd. have become sick and are referred to BIFR under Sick Industrial Companies (Special Provision) 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 has been formulated and is under review by an external agency. 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

- 4.1 Provision for Rs. 165.59 Lakhs (Rs. 141.51 Lakhs) has been kept in the accounts for unserviceable or obsolete spares which is considered adequate.



## 5. Sundry Debtors

- 5.1 Provision for Bad & Doubtful Debts amounting to Rs. 1071.75 Lakhs (Rs. 1061.83 Lakhs) is considered adequate.

## 6. Bonds

- 6.1 During the year the Company has redeemed 12.25% Non-Convertible Un-Secured Bonds (N-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 31.03.2006 stood at Rs. 3881.14 Lakhs including current year addition of Rs. 753.77 Lakhs. However, as an abundant precaution it has been fully provided.

## 8. Secured Loans — 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.



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- 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 31.3.2006 has been reconciled substantially, while reconciliation of the balance is in progress.
- 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.

During the year total contribution received from the subsidiaries on this account amounted to Rs. 1716.86 lakhs. Further Rs. 530.57 lakhs (Net) were remitted to IICM during the year, and hire charges/lease rent recovered from IICM amounted to Rs. 153.00 lakhs (TDS Rs. 34.33 lakhs).

- 9.5 The liabilities for Gratuity, Earned Leave/Half pay leave encashment as on 31.03.2006 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. 10011.50 lakhs (Rs. 7984.07 lakh) and Apex Charges amounting to Rs. 1165.00 lakhs (Rs. 1117.00 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.

Similarly, recognition of Rs. 174.65 lakhs attributable to interest for the year on VRS loan to ECL has been deferred in the year's Accounts.

- 10.2 Interim dividend declared by four subsidiaries namely, NCL, MCL, SECL & WCL amounting to Rs. 74278.66 lakhs (Rs. 56694.49 lakhs) pertaining to the year 2005-06 has been accounted for as income for the year, over and above the final dividend for the year 2004-05 received during the current year from these subsidiaries amounting to Rs. 99227.20 lakhs (Rs. 72237.32 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 Rs. 4943.89 lakhs was kept as provision for arrear wages on this account for the period covering 01.07.2001 to 31.03.2005 upto the previous year's Accounts.

During the year a further provision of Rs. 133.76 lakhs has been made in the Accounts for the period covering April '05, May '05, June '05 i.e. till the month prior to the implementation of the revised wages.

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

- 10.5 Full provision has been kept in the Accounts against an old advance amounting to Rs. 428.69 lakhs paid to M/s MAMC for arranging supply of imported spares on behalf of BCCL, a Subsidiary Company.

### 10.5.1 Effect of Change in Accounting Policy ;

From the year ended 31.03.2006 the company discontinued its policy of providing 10% on the value of its year end Coal inventory on account of deterioration for longer stocking and fire.

This change in accounting policy has resulted in showing the profit for the year higher by Rs. 26.35 lakhs.

### 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 Intercompany loans, Fund based facilities, Bonds, etc.( net of interest earned on short term deposits for the year).

### 12. Foreign Currency 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 have 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 principal 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.

Uncrystallised loss of Rs. 720.00 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 the 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 at least 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 Interest has been paid on Surplus Fund parked by Northern Coalfields Ltd., Mahanadi Coalfields Ltd., Western Coalfields Ltd. and Central Coalfields Ltd., except on fund earmarked as interest free.



2005–2006

- 13.4 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.
- 13.5 As per existing practice, goods purchased by Coal India Ltd. on behalf of Subsidiaries are accounted for in the books of the Subsidiary Companies.
- 13.6 (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.
- 13.7 An amount of Rs. 2300.00 Lakhs (Rs. 650.00 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. Further Rs. 100.00 lakhs have also been provided for Fringe Benefit Tax.

During the year an Income Tax demand of Rs. 24628.33 lakhs were raised on the Company [net after partial settlement by way of relief on appeal to Commissioner (Appeal)] relating to an earlier financial year (2002-03). The entire amount has been provided in the current year's Accounts. During the year the entire amount has also been paid/settled with refund dues from TDS. The matter has since been suitably appealed against by the Company before the Income Tax Appellate Tribunal, hearing for which is pending.

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 since without considering such dividend there is no virtual certainty of future taxable income, 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.

- 13.8 Shifting and Rehabilitation Fund (Schedule-C) 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. 2350.35 lakhs).
- 13.9 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 :
- (a) Waiver of interest due on unsecured loans from Coal India Ltd. amounting to Rs. 135 Crores as outstanding on 31.03.2002.
- (b) Waiver of future interest on unsecured loan of Rs. 519 Crores till Eastern Coalfields Ltd.'s net worth becomes positive.

- (c) 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.

- 13.10 Advance for Capital of Rs. 1073.06 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.
- 13.11 Other advances of Rs. 249.52 lakhs as shown under the schedule of Loans and Advances includes Rs. 5.46 lakhs lying with Govt. of India as refundable deposit paid on behalf of Subsidiary companies on account of land compensation.
- 13.12 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)

<b>Sl.</b>	<b>Particulars</b>	<b>Amounts</b>
1.	Rehabilitation of North Eastern Coalfields Area/Mines	5514
2.	Voluntary Retirement Scheme	1744
3.	Drilling and R&D	548
4.	Environment and other Projects	573
<b>Total</b>		<b>8,379</b>
Less : Adjustment during the year (Voluntary Retirement Scheme)		536
<b>As per current liabilities &amp; provision (Schedule-K)</b>		<b>7,843</b>

Interest of Rs. 398.10 lakhs received on incidental investment of such unutilised amount (grant) are taken to the income statement of the relevant year as interest received from deposits.

- 13.13 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.

- 13.14 The position of various provisions as on 31.03.06 is given below :

(Rs. in '00,000)

<b>Provisions</b>	<b>Opening Balance</b>	<b>Addition during the year</b>	<b>Write back/Adj. during the year</b>	<b>Closing Balance</b>
Doubtful advance	4352.90	821.24	65.05	5109.09
Doubtful debts	1061.83	9.92	—	1071.75
Impairment of assets	1449.15	382.89	—	1832.04
CWIP	441.21	5.31	—	446.52
Other Provisions : Fixed Assets (Against old/unverified assets)	—	57.92	—	57.92

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**13.15 The Cash Flow Statement (Indirect method) for the year ended March 31, 2006 :**

		Current Year	(Rs. '00,000) Previous year
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit Before Tax		197925.84	135448.29
<i>Adjustment for :</i>			
Depreciation		980.79	1300.69
Provisions/Write Off of Fixed Assets		446.12	457.07
Interest-pertaining to Financing Activities		1661.02	3741.96
(Profit)/Loss on sale of asset		(0.08)	1.06
Provision for Impact of wage revision (Arrear)		—	(2618.00)
Operating Profit before Working Capital changes (A)		201013.69	138331.07
<i>Adjustment for :</i>			
Sundry Debtors		(65.27)	25.97
Inventories		1603.60	(1251.19)
Loans & Advance		(35141.05)	11641.26
Current Liabilities & Provisions		41505.52	32949.36
VRS Loan Adjustment		(11740.00)	1715.00
(Purchase)/Sale of Fixed Deposits		60348.01	(138730.99)
Cash Generated from Operations (B)		56510.81	(93650.59)
Income Tax paid		(16213.07)	(3041.55)
Net Cash Flow from Operating Activities (C) [ (A) + (B) – Tax paid ]		241311.43	41638.93
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>			
Purchase of Fixed Assets		(284.66)	(942.45)
Sale of Fixed Assets		3.26	6.05
*Purchase of Fixed Deposits earmarked for Shifting and Rehabilitation Fund		(19228.76)	(16640.96)
Net cash used in investing Activities (D)		(19510.16)	(17577.36)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>			
Repayment of Govt./other loan		(19282.49)	(6101.12)
Redemption of Bond		(1103.00)	(1099.55)
Interest Paid		(4933.49)	(10045.23)
*Receipt of Shifting and Rehabilitation Fund from Subsidiaries		19228.76	16640.96
Dividend paid/(including Tax on Dividend)		(141540.32)	(36285.16)
Net cash used in Financing Activities (E)		(147630.54)	(36890.10)
Net increase/(decrease) in Cash and Cash Equivalents (C+D+E)		74170.73	(12828.53)
Cash & cash equivalents (Opening Balance)		25163.56	37992.36
Cash & cash equivalents (Closing Balance)		99334.29	25163.83

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. 13.8 of Part-B, Schedule-M.

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

#### NOTES TO CASH FLOW :

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

	<u>Current Year</u>	<u>Previous Year</u>
(a) Cash, Cheque, Draft, Stamps, etc. in hand	2.56	3.22
(b) Remittance in transit	5.00	7.50
(c) Bank Balance in Current Account	5202.68	1677.20
(d) Bank Balance in Cash Credit Account	1324.05	2772.43
(e) Bank Balance in Fixed Deposit Account (Less than 3 months)	92800.00	20700.00
(f) Balance with Post Office Savings Bank Account	—	3.21
<b>TOTAL</b>	<b>99334.29</b>	<b>25163.56</b>

#### 13.16 Segment Reporting

The Company is primarily engaged in a single segment business of production and sale of Coal. However, there is significant income from dividend from Subsidiaries also. The details are given below :

(Rs. in '00,000)

Description	Coal Mining		Other incidental Activities		Consolidation	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
<b>Revenue</b>						
External Sales	23169.81	9155.42	—	—	23169.81	9155.42
Dividend Income	—	—	173505.86	128931.81	173505.86	128931.81
<b>Total Revenue</b>	<b>23169.81</b>	<b>9155.42</b>	<b>173505.86</b>	<b>128931.81</b>	<b>196675.67</b>	<b>138087.23</b>
Segment Result	1155.82	-6881.81	173505.86	128931.81	174661.68	122050.00
Unallocated Expenditure (Net)	—	—	—	—	10067.33	6257.26
Operating Profit	—	—	—	—	184729.01	128307.26
Interest Income	—	—	—	—	13196.83	4523.03
Income Tax	—	—	—	—	-26759.04	902.30
<b>Profit from Ordinary Activities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>171166.80</b>	<b>133732.59</b>
<b>Other Information</b>						
Segment Assets	11762.51	11883.13	—	—	11762.51	11883.13
Unallocated Corporate Assets	—	—	—	—	23385.24	23312.19
<b>Total Assets</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>35147.75</b>	<b>35195.32</b>
Segment Liabilities	16101.66	12631.27	—	—	16101.66	12631.27
Unallocated Liabilities	—	—	—	—	469246.93	430235.25
<b>Total Liabilities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>485348.59</b>	<b>442866.52</b>
<b>Capital Expenditure</b>	<b>211.14</b>	<b>112.78</b>				
Depreciation (Including provision for impairment)	8717.05	8779.10	—	—	8717.05	8779.10
Unallocated Depreciation (Incl. Other Provs.)	—	—	—	—	16066.01	14951.99
<b>Total Depreciation (Including provision for impairment)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>24783.06</b>	<b>23731.09</b>

2005–2006

### 13.17 Earning per Share

Sl. No.	Earning per Share particulars	As at 31st March'06	As at 31st March'05
(i)	Profit after Taxation	Rs. 171166.80 lacs	Rs. 133732.59 lacs
(ii)	Add (Less) Adjustment for Reserve for Foreign Exchange and Preference Dividend	Rs. (309.53) lacs	Rs. 25.94 lacs
(iii)	Net profit after tax attributable to Equity Share Holders	Rs. 170857.27 lacs	Rs. 133758.53 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)	Rs. 270.50	Rs. 211.77

13.18 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.

13.19 Previous years' figures have been regrouped and rearranged wherever necessary.

13.20 Figures in the parentheses relates to previous year.

13.21 The Accounts together with Notes thereon approved by the Board of Directors of the Company vide Item No. 227:4(C) of 227th meeting held on 27th July, 2006 and reported upon by the Statutory Auditors on 29th July, 2006 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

(Rs. in Lakhs)

Profit of the Company has decreased (net) due to acceptance of the observations of the Comptroller & Auditor General of India. 91.86

Change in format of Interest Schedule (Sch. 13)

#### Profit & Loss (Appropriation)

Transfer to General Reserve decreased by 9.19

Transfer of Profit & Loss Accounts balance to Balance Sheet decreased by 82.67

#### B. Balance Sheet

(i) Reserves & Surplus

General Reserve decreased by 9.19

Profit & Loss A/c balance decreased by 82.67

(ii) Current Liabilities & Provisions increased by 33.94

(iii) Fixed Assets decreased by 57.92



### C. Notes on Accounts (Schedule - M, Part - B)

- (i) Revision of amount in Note No. 1.2
- (ii) Addition of explanation to the Note No. 13.12  
Further, the following Notes have been suitably revised to give effect to the above adjustments/changes.
- (iii) Revision of Note Nos. 13.14, 13.17 in Notes on Accounts  
(Part-B, Schedule-M of the Revised Accounts)
- (iv) Revision of Cash Flow Statement (Note Nos.13.15, Part-B, Sch.-M)
- (v) Revision of Segment Reporting (Note Nos.13.16, Part-B, Sch.-M)
- (vi) Revision of Item No. of VI of Annexure to Schedule - M
- (vii) Revision of Annexure to Schedule-G. (Coal stock as on 31.06.2006 — For Producing Unit).
- (viii) 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, 2006 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)  
Chief General Manager (F)

Sd/-  
(S. Bhattacharya)  
Director (F)

Sd/-  
(Shashi Kumar)  
Chairman

Place : New Delhi  
Date : 4th September, 2006

As per our report annexed  
For **Mitra Kundu & Basu**  
Chartered Accountants

Sd/-  
(S. Das)  
Partner  
5th September, 2006



2005-2006

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

**ANNEXURE TO SCHEDULE - M**

	<u><b>Current Year</b></u>	<u><b>(Rs. in '00,000) Previous Year</b></u>
<b>I. Directors' Remuneration :</b>		
(i) Salaries	28.62	26.56
(ii) Company's Contribution to Provident Fund & other Funds.	3.19	3.50
(iii) Medical Benefits	1.54	1.79
(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><b>Current Year</b></u>	<u><b>(Rs. in '00,000) Previous Year</b></u>
(i) Raw Material	Nil	Nil
(ii) Capital Goods	Nil	Nil
(iii) Stores, Spares & components	1.03	11.92

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

	<u><b>Current Year</b></u>	<u><b>(Rs. in '00,000) Previous Year</b></u>
(i) Know how	Nil	Nil
(ii) Interest & commitment charges	5629.22	4424.61
(iii) Exchange variation (net)	Nil	26.29
(iv) Commission to Foreign Agents	Nil	20.20
(v) Training expenses and payments to Foreign Technicians	Nil	Nil
(vi) Travelling	35.67	2.76
(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 :

	<u>Current Year</u>	(Rs. in '00,000) <u>Previous Year</u>
(i) Export of Goods (calculated on FOB basis)	Nil	Nil
(ii) Exchange variation (net)	310.81	Nil
(iii) Miscellaneous	Nil	Nil

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

	<u>Current Year</u>	(Rs. in '00,000) <u>Previous Year</u>
(i) Imported materials	1.03	11.92
(ii) Indigenous	858.18	789.90

Additional information required in paragraph 3 & 4 of Part-II of schedule VI to the Companies Act, 1956 for the year ended 31st March, 2006.

	<u>Current Year</u>	<u>Previous Year</u>
(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 :

	<u>Current Year</u>		(Rs. in '00,000) (Quantity in '000 MT) <u>Previous Year</u>	
	<u>Qty.</u>	<u>Value</u>	<u>Qty.</u>	<u>Value</u>
<b>Opening Stock :</b>				
Coal & Coke	397.05	4531.63	340.16	3309.75
<b>Production :</b>				
Coal	1100.61	—	628.14	—
<b>Purchase :</b>				
Coal	—	—	—	—
<b>Sales : (Adjusted &amp; excl. Levies &amp; Service Ch.)</b>				
Coal	1170.38	22579.67	567.54	8889.22
<b>Own Consumption :</b>				
Free issue to employees and Internal Consumption	2.18	—	3.71	—
<b>Closing Stock :</b>				
Coal & Coke	325.10	2983.70	397.05	4531.63



2005-2006

ANNEXURE TO SCHEDULE - M (Contd..)

**BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE**

**I. REGISTRATION DETAILS :**

Registration No. 

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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	6
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Date Month Year

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

Public Issue	Rights Issue																				
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Bonus Issue	Private Placement																				
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—	—	—	—	—	—	—	—	—	—												

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

Total Liabilities	Total Assets																				
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	1	8	0	9	4	0	9	0	0												
	1	8	0	9	4	0	9	0	0												

**Sources of Funds :**

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

**Application of Funds :**

Net Fixed Assets	Investments																				
<table border="1" style="width: 100%;"><tr><td></td><td></td><td>1</td><td>0</td><td>3</td><td>8</td><td>2</td><td>4</td><td>6</td></tr></table>			1	0	3	8	2	4	6	<table border="1" style="width: 100%;"><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	0	3	8	2	4	6													
		6	3	1	6	3	6	3	7												
Net Current Assets	Misc. Expenditure																				
<table border="1" style="width: 100%;"><tr><td></td><td></td><td>6</td><td>8</td><td>2</td><td>0</td><td>4</td><td>1</td><td>5</td><td>8</td></tr></table>			6	8	2	0	4	1	5	8	<table border="1" style="width: 100%;"><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	2	0	4	1	5	8												
—	—	—	—	—	—	—	—	—	—												
Accumulated losses																					
<table border="1" style="width: 100%;"><tr><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td></tr></table>	—	—	—	—	—	—	—	—	—	—											
—	—	—	—	—	—	—	—	—	—												

## ANNEXTURE TO SCHEDULE - M (Contd..)

## BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

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

Turnover (Net)								Total Expenditure									
		2	3	1	6	9	8	1			3	1	7	8	6	3	8
Other Income																	
	2	0	6	5	4	2	4	1									
+/- Profit/Loss before Tax																	
+			1	9	7	9	2	5	8	4							
+/- Profit/Loss After Tax																	
+			1	7	1	1	6	6	8	0							
Earning per Equity Share (Rs.)										Dividend %							
—	—	—	—	2	7	0	.	5	0		2	0					
										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



2005-2006

## STATEMENT PURSUANT TO SECTION 212 (1) (e) OF THE COMPANIES ACT, 1956 AS AT 31ST MARCH, 2006

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 31.3.2006 Rs. in Crores	Profit (+), Loss (-) balance as on 31.3.2006 cumulative (after Tax Provisions for Divi- dends and Reserves) Rs. in Crores
Eastern Coalfields Limited	22,184,500	3	2218.45	(+)	371.96	(-) 5254.48
Bharat Coking Coal Limited	21,180,000	3	2118.00	(+)	205.08	(-) 6841.35
Central Coalfields Limited	9,400,000	3	940.00	(+)	1164.98	(+) 265.98
Western Coalfields Limited	2,971,000	3	297.10	(+)	1446.96	(+) 1429.37
Northern Coalfields Limited	1,776,728	3	177.67	(+)	2116.26	(+) 3255.77
South Eastern Coalfields Limited	3,597,000	3	359.70	(+)	1286.12	(+) 2238.49
Mahanadi Coalfields Limited	1,864,009	3	186.40	(+)	1837.21	(+) 2474.57
Central Mine Planning & Design Institute Limited	190,400	3	19.04	(+)	3.94	(+) 23.08
CIL				(+)	1979.27	(+) 2316.38
<b>TOTAL</b>				(+)	<b>10411.78</b>	(-) <b>92.19</b>

Less income from dividend received from subsidiaries included in the Profit of CIL	=	(-) 1735.06
Profit	=	(+) 8676.72

**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, 2006**

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. VI of Auditors' Report to the shareholders and item no. 13.21 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. 91.86 lakhs and disclosure of interest of Rs. 398.10 lakhs included in the income of unutilized grant, 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, 2006.

Dated : 11.09.2006  
Kolkata

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



2005–2006

## AUDITORS' REPORT

## MANAGEMENT'S REPLY

We have audited the attached Balance Sheet of COAL INDIA LIMITED as at 31st March, 2006 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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.

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.

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.

Further to our comments in the Annexure referred to above, we report that:

- I. We have obtained all the Information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit.
- II. In our opinion, proper books of Accounts as required by Law have been kept by the Company so far as appears from our examination of those books.



## AUDITORS' REPORT

## MANAGEMENT'S REPLY

- III. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- IV. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement read with Significant Accounting Policy and Notes to Accounts as referred in Schedule-M comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- 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. Subject to :

Non provision for investments in, loans to and other receivables from two Subsidiaries — namely, Bharat Coking Coal Limited and Eastern Coalfields Limited aggregating to Rs. 5,69,379.25 lakhs and Rs. 4,41,691.77 lakhs respectively as they have been declared sick under the Sick Industrial Companies (Special Provision) Act, 1985 and were referred to BIFR.

In our opinion and to the best of our information and according to the explanations given to us, 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, 2006;
- b. In the case of the Profit & Loss

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



2005-2006

### AUDITORS' REPORT

### MANAGEMENT'S REPLY

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, 2006 and Profit & Loss Account for the year ended on that date with notes thereon which were approved by the Board of Directors of the Company vide item no. 227:4(C) of 227th meeting held on 27th July, 2006 and reported upon by us on 29th July, 2006 have been revised and approved by the Board of Directors on 4th September, 2006. Consequent upon the observations of the Comptroller and Auditor General of India during the course of audit u/s 619(4) of the Companies Act, 1956 the accounts have been suitably revised as per note no. 13.21 of Part-B, Schedule-M forming part of the Accounts.

For **Mitra Kundu & Basu**  
*Chartered Accountants*

*Sd/-*

**(S. Das)**  
*Partner*

Place : Kolkata

Date : The 5th september, 2006

## **ANNEXURE TO THE AUDITORS' REPORT**

## **MANAGEMENT'S REPLY**

- |   |   |
|---|---|
| <p>1. (a) The Company has maintained records showing full particulars including quantitative details and situation of Fixed Assets. However, certain details as purchase order reference, date of commissioning etc.; are absent there. Records for the current year's purchases/sales are not incorporated in full. Reconciliation of the said Register with General Ledger is under progress.</p> | <p>Necessary steps have been taken to incorporate complete details etc. during current year (2006-07).</p>  |
| <p>(b) Fixed Assets located at North Eastern Coalfields, the production unit of the company, has 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 located elsewhere remains unverified. Certain surveyed-off assets still remain in the Asset 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>2. (a) Physical verification of Inventory has been conducted at reasonable intervals during the year by the Management except for inventories kept at stockyard of Regional Sales Offices. However, no review has been made for old and unmoved inventories lying at North Eastern Coalfields on their state of usability.</p>   | <p>Coal stock at stockyard is very old and fully provided for in the accounts. Further, necessary steps shall be taken to review old and un-moved inventories at NEC.</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>  |



2005–2006

**ANNEXURE TO THE AUDITORS' REPORT**

**MANAGEMENT'S REPLY**

- |   |   |
|---|---|
| (c) The Company has maintained proper records of inventory. No material discrepancies were noticed on physical verification.  | This being a statement of fact calls for no comment separately. |
| 3.(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 under Section 301 of the Companies Act, 1956. Accordingly, clause 4(III)(b) to (d) of the Order are not applicable.  | This being a statement of fact calls for no comment separately. |
| (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.   | This being a statement of fact calls for no comment separately. |
| 4. 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 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 in internal control has been noticed except for certain advances lying unadjusted pending availability of details and for certain reconciliations pending in respect of Provident Fund accounts. | This being a statement of fact calls for no comment separately. |
| 5. In our opinion and according to the information and explanations given to us, there are no contracts and arrangements  | This being a statement of fact calls for no comment separately. |

## **ANNEXURE TO THE AUDITORS' REPORT**

## **MANAGEMENT'S REPLY**

as 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 said Act. Accordingly, clause 4(V)(b) of the Order is not applicable.

6. The Directives issued by the Reserve Bank of India and the provisions of section 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.
7. The Company has an Internal Audit System the coverage whereof needs to be widened.
8. 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.
- 9.(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, 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 the delays were noticed.

According to information and explanations given to us, undisputed dues in respect of the following items which are outstanding at the year end for

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.

These are under reconciliation and shall be deposited/adjusted during the current year 2006-07.



2005-2006

## ANNEXURE TO THE AUDITORS' REPORT

## MANAGEMENT'S REPLY

more than six months from the date they became payable :

(i)	Income Tax – Others	–	Rs. 649.87
(ii)	DLI	–	Rs. 18152.51
(iii)	CMAL Pension Fund	–	Rs. 542.00
(iv)	CCL P. F.	–	Rs.2941.50
(v)	CMAL P. F.	–	Rs. 2268.99

- (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, Cess and other statutory dues which have not been deposited on account of any dispute except for the following :

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

Sl. No.	Particulars of disputed Liability	Amount Rs. in Lacs	Forum where dispute is pending
1.	Sales Tax	34.47	Sales Tax Tribunal
2.	Income Tax	0.62	Income Tax Tribunal
3.	Municipal Tax	241.98	Kolkata Municipal Corpn./ Tribunal

10. 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.

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

11. The Company has not defaulted in repayment of dues to Financial Institutions or Banks.

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

12. 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.

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

## **ANNEXURE TO THE AUDITORS' REPORT**

## **MANAGEMENT'S REPLY**

- |  |   |
|--|---|
| 13. The Company is not a Chit Fund or a Nidhi/ Mutual Benefit Fund/Society.  | This being a statement of fact calls for no comment separately. |
| 14. 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 transactions and contracts in respect thereof and timely entries have been made therein. The Company, in its own name, has held all these shares. | This being a statement of fact calls for no comment separately. |
| 15. 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.   | This being a statement of fact calls for no comment separately. |
| 16. Based on information and explanations given to us by the Management, no term loan has been applied for during the year. However, the term loans availed by the Company in earlier years have been utilized for the purposes for which the said loan has been taken.  | This being a statement of fact calls for no comment separately. |
| 17. 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.  | This being a statement of fact calls for no comment separately. |
| 18. 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.  | This being a statement of fact calls for no comment separately. |



2005–2006

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**ANNEXURE TO THE AUDITORS' REPORT**

**MANAGEMENT'S REPLY**

- |  |   |
|--|---|
| 19. The Company has not issued any debenture during current or earlier year(s) .   | This being a statement of fact calls for no comment separately. |
| 20. The Company has not raised any money by way of Public Issue during the year.   | This being a statement of fact calls for no comment separately. |
| 21. 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 **Mitra Kundu & Basu**  
*Chartered Accountants*

Sd/-  
**(S. Das)**  
*Partner*

Place : Kolkata

Dated : The 5th September, 2006



# **Annual Accounts**

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## **(Consolidated CIL & Its Subsidiaries)**

### **2005–2006**

**Note :** The Consolidated Accounts have been prepared according to the provisions of the Accounting Standard-21 on 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India. Since the non-recognition of interest etc. in Holding Companies' Accounts, from one of its subsidiaries (as per Accounting Standard-9) has been ignored in such consolidation, the profit shown in Consolidated Accounts may be read with such deviation.

The Consolidated Accounts are presented here as an additional information to the users and are not mandatory as per the provisions of the Companies Act, 1956.



2005-2006

# Balance Sheet (Consolidated)

As at 31st March, 2006

(Rs. in '00,000)

	Schedule	Current Year		Previous Year
<b>I. SOURCES OF FUND</b>				
A. Shareholders' Fund				
(a) Share Capital	A	631636.44		631636.44
(b) Reserves & Surplus	B	800938.69		382198.35
B. Shifting & Rehabilitation Fund		48594.58		29365.82
C. Deferred Tax Liability		48064.37		64679.47
D. Loan Fund				
(a) Secured	C	24771.68	20231.60	
(b) Unsecured	D	207127.14	254680.18	274911.78
		<b>1761132.90</b>		<b>1382791.86</b>
<b>II. APPLICATION OF FUND</b>				
A. Fixed Assets	E			
(a) Fixed Assets		2922334.88	2823605.73	
Less : Depreciation		1752803.10	1791488.15	
		<b>1169531.78</b>	<b>1032117.58</b>	
Less : Prov. For Impairment		155201.68	13057.25	
		<b>1014330.10</b>		<b>1019060.33</b>
(b) Capital Work-in-Progress		118314.36		129298.93
(c) Surveyed Off Assets		2281.05		2142.59
B. Investment	F	224452.00		224452.00
C. Deferred tax Assets		65088.18		59013.41
D. Current Assets, Loans & Advances				
Inventories	G	290181.97	241717.99	
Sundry Debtors	H	180447.43	207214.24	
Cash & Bank Balances	I	1342723.68	798694.78	
Loans & Advances	J	627752.04	505971.89	
		<b>2441105.12</b>	<b>1753598.90</b>	
Less : Current liabilities & Provisions	K	2104437.91	1804774.30	(51175.40)
		<b>336667.21</b>		
		<b>1761132.90</b>		<b>1382791.86</b>
Accounting Policies and Notes on Accounts are forming part of the Accounts	M			

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

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

Sd/-  
(S. Bhattacharya)  
Director (F)

As per our report annexed.  
For **Mitra Kundu & Basu**  
Chartered Accountants

Sd/-  
(S. Das)  
Partner

12th October, 2006

Dated : 12th October, 2006  
Place : Kolkata

# Profit & Loss Account (Consolidated)

For the year ended 31st March, 2006

(Rs. in '00,000)

	Schedule	Current Year	Previous Year
<b>INCOME :</b>			
Sales	1	2870183.14	2586286.25
Coal Issued for other purposes	2	205404.65	181974.96
Accretion(+) / Decretion(-) of Stock	3	48377.59	23046.64
Other Income	4	276914.50	197404.20
		<b>3400879.88</b>	<b>2988712.05</b>
<b>EXPENDITURE :</b>			
Internal consumption of coal		201366.51	173923.18
Consumption of Stores & Spares	5	388875.02	332711.91
Employees' Remuneration and Benefits	6	978799.37	1111009.24
Power & Fuel	7	155133.33	150214.48
Social Overhead	8	136773.49	133243.27
Repairs	9	65017.79	73673.20
Contractual Expenses	10	197450.28	160936.45
Other Expenditure	11	132809.37	108667.76
Interest	12	9090.41	19015.43
Overburden removal adjustment		120988.84	85273.88
Finance Charges	13	2830.55	2885.89
Depreciation		131541.06	132653.53
Impairment		3188.41	1792.15
Provisions / Write Off	14	4448.87	20533.62
		<b>2528313.30</b>	<b>2506533.99</b>
<b>PROFIT FOR THE YEAR</b>		<b>872566.58</b>	<b>482178.06</b>
Prior Period Adjustment		2849.62	7225.82
Extra ordinary item		3431.86	—
<b>PROFIT BEFORE TAX</b>		<b>878848.06</b>	<b>489403.88</b>
Provision for Income Tax		287084.28	255372.36
Provision for Deferred Tax		(18763.99)	(16539.72)
Provision for Income Tax for earlier year		19208.14	(1127.35)
Excess Prov.For Income tax written back (earlier period)		(1279.99)	(70.22)
Fringe Benefit Tax		3447.15	—
<b>PROFIT AFTER TAX</b>		<b>589152.47</b>	<b>251768.81</b>
Profit/ (Loss) brought forward from previous year	(145739.26)	(253508.14)	
Less : Prov. For Impairment (Transitional period)	—	(45881.52)	
<b>Add: Transfer from Bond Redemption Reserve</b>		<b>1103.00</b>	<b>1100.00</b>
<b>PROFIT/ (LOSS) AVAILABLE FOR APPROPRIATIONS</b> (Carried Down)		<b>444516.21</b>	<b>(46520.85)</b>

Profit &amp; Loss Account (Contd.)



2005–2006

**PROFIT & LOSS ACCOUNT (CONTD.) CONSOLIDATED**

	Schedule	Current Year	(Rs. in '00,000) Previous Year
PROFIT AVAILABLE FOR APPROPRIATIONS (Brought down)		444516.21	(46520.85)
<b>APPROPRIATION</b>			
Reserve for Foreign Exchange Transactions		309.53	(25.94)
Transfer to General Reserve (Incl. Bond Red. Reserve)		79867.57	55731.14
Proposed Dividend on Preference Shares			
Proposed Dividend on Equity Shares			
Interim	126327.29		14000.00
Final	—		13454.67
		126327.29	27454.67
Tax on Dividend		47563.96	24778.86
Reversal of Deferred Tax Liab. (Earlier Period)		—	(8720.32)
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>190447.86</b>	<b>(145739.26)</b>
Basic and Diluted Earnings per Share (in Rupees)		932.25	398.64
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)  
Chief General Manager (F)

Sd/-  
(S. Bhattacharya)  
Director (F)

Dated : 12th October, 2006  
Place : Kolkata

As per our report annexed.  
For **Mitra Kundu & Basu**  
Chartered Accountants  
Sd/-  
(S. Das)  
Partner  
12th October, 2006

# Schedule to Balance Sheet (Consolidated)

As At 31st March, 2006

## SCHEDULE – A

### SHARE CAPITAL

(Rs. in '00,000)

	Current Year	Previous Year
<i>Authorised</i>		
(i) 9041800 Non-cumulative 10% Redeemable Preference Shares of Rs.1000/- each	90418.00	90418.00
(ii) 8,00,00,000 Equity Shares of Rs.1000/- each	800000.00	800000.00
	<u>890418.00</u>	<u>890418.00</u>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
(i) 6,05,94,305 Equity Shares of Rs.1000/- each fully paid in cash	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	25693.39	25693.39
	<u>631636.44</u>	<u>631636.44</u>



2005–2006

*SCHEDULE TO BALANCE SHEET (CONTD.) CONSOLIDATED*

**SCHEDULE – B**

**RESERVES & SURPLUS**

*(Rs. in '00,000)*

	<b>Current Year</b>	<b>Previous Year</b>
<b>RESERVES:</b>		
Capital Reserve	1658.41	1694.99
Capital Redemption Reserve	180836.00	180836.00
Other Specified Reserve	21092.24	17576.53
Bond Redemption Reserve	1403.40	2506.40
Pref. Share Redemption Reserve		
Reserve for Foreign Exch. Transaction	9115.93	8806.41
Ratio Variance Reserve		
General Reserve	396384.85	316517.28
<b>SURPLUS :</b>		
Profit & Loss Account		
Balance Carried Forward	190447.86	(145739.26)
<b>TOTAL:</b>	<b>800938.69</b>	<b>382198.35</b>

## SCHEDULE TO BALANCE SHEET (CONTD.) CONSOLIDATED

### SCHEDULE – C

#### SECURED LOANS

(Rs. in '00,000)

	Current Year	Previous Year
<b>LOAN FROM SCHEDULE BANKS :</b>		
(a) Deferred Credits	3275.36	—
(b) Working Capital Demand Loan	14065.06	6000.00
(c) Term Loan from Schedule Banks	7431.26	14231.60
<b>Total</b>	<b>24771.68</b>	<b>20231.60</b>

### SCHEDULE – D

#### UNSECURED LOAN

(Rs. in '00,000)

	Current Year	Previous Year
Long Term Loan from Govt. of India	—	10708.70
Loan from World Bank (JBIC/ IBRD)	181338.87	197947.62
Loan from Govt. (VRS)	--	10350.00
Export Development Corp., Canada	16087.78	16186.98
Liability for Deferred Payment	1138.08	1253.04
<b>UNSECURED BOND</b>		
(A) 12.25% Non Convertible (Taxable) Dec.'05	--	1100.00
(B) 12.25% Non Convertible (Taxable) Dec.'06	1400.00	1400.00
Term Loan from Financial Institutions	--	8571.43
Interest accrued & deu On Government Loan	7162.41	7162.41
<b>TOTAL:</b>	<b>207127.14</b>	<b>254680.18</b>



2005–2006

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

**SCHEDULE – E**

(Rs. in '00,000)

**FIXED ASSETS**

	COST				DEPRECIATION				IMPAIRMENT LOSS				TOTAL	NET BLOCK	
	As on 01.04.05	Addition during the year	Adj./Sales/ Trans. 2005 - 06	Total as on 31.03.06	As on 01.04.05	Addition during the year	Adj./Sales/ Transfer 2005 - 06	Total as on 31.03.06	Total as on 01.04.05	Addition during the year	Adj./Sales/ Transfer 2005 - 06	Total as on 31.03.2006	Depreciation/ Impairment Loss	As on 31.03.06	As on 31.03.05
<b>LAND</b>															
Freehold & Lease hold	70514.37	28028.40	2636.60	101179.37	22788.57	16755.70	(6463.73)	33080.54	—	1100.11	6423.23	7523.34	40603.88	60575.49	47725.80
<b>BUILDING</b>	362572.83	6439.80	182.82	369195.45	99699.38	7302.46	(10353.48)	96648.36	162.43	1224.14	9906.82	11293.39	107941.75	261253.70	262711.02
<b>PLANT &amp; MACHINERY</b>	1835061.02	100011.99	(53386.96)	1881686.05	1293671.71	95942.85	(142315.26)	1247299.30	18.36	9701.02	91437.96	101157.34	1348456.64	533229.41	541370.95
<b>FURNITURE &amp; FITTINGS</b>															
OFFICE EQUIPMENTS	65477.40	1883.19	(220.50)	67140.09	39787.36	2458.95	(2466.73)	39779.58	0.98	208.80	2198.37	2408.15	42187.73	24952.36	25689.06
RAILWAY SIDING	35900.70	2004.51	(13.61)	37891.60	18495.63	1049.61	(3674.04)	15871.20	—	523.03	3649.90	4172.93	20044.13	17847.47	17405.07
VEHICLES	25116.82	265.23	(363.52)	25018.53	20536.15	881.38	(2173.33)	19244.20	—	106.51	1807.25	1913.76	21157.96	3860.57	4580.67
AIRCRAFT	1665.38	—	—	1665.38	1245.04	65.09	—	1310.13	—	355.25	—	355.25	1665.38	—	420.34
TELECOMMUNICATION	5527.18	161.72	(8.64)	5680.26	4323.23	252.28	(8.40)	4567.11	—	0.06	—	0.06	4567.17	1113.09	1203.95
DEVELOPMENT	364008.99	8145.97	(1221.28)	370933.68	245137.16	13286.90	(10189.24)	248234.82	10845.68	2559.95	9480.79	22886.42	271121.24	99812.44	108026.15
PROSPECTING & BORING	39893.39	2117.07	(69.05)	41941.41	31239.72	1338.87	(1540.01)	31038.58	2029.80	424.41	1036.83	3491.04	34529.62	7411.79	6623.87
SURVEYED OFF ASSETS	17867.65	1032.51	1102.90	20003.06	14564.20	—	1165.08	15729.28	—	—	—	—	15729.28	4273.78	3303.45
<b>TOTAL</b>	2823605.73	150090.39	(51361.24)	2922334.88	1791488.15	139334.09	(178019.14)	1752803.10	13057.25	16203.28	125941.15	155201.68	1908004.78	1014330.10	1019060.33



# SCHEDULE TO BALANCE SHEET (CONTD.) CONSOLIDATED

## SCHEDULE – F

INVESTMENT	(Rs. in '00,000)	
	Current Year	Previous Year
8.5% Tax Free Power Bonds	224452.00	224452.00
(On securitisation of Sundry Debtors)		
<b>TOTAL</b>	<b>224452.00</b>	<b>224452.00</b>

## 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)	109119.50	108932.58
Les : Provision for Slow-moving/Non-moving	(21451.74)	(20418.56)
	<b>87667.76</b>	<b>88514.02</b>
Stores-in-Transit (at cost)	4426.88	3025.45
Stock Adjustment	97.47	35.87
	<b>92192.11</b>	<b>91575.34</b>
Stock of Coal in Revenue Mines	188949.53	140571.94
Stock of Medicine at Central Hospital	81.85	95.55
<b>WORKSHOP JOBS :</b>		
Work-in-progress and Finished Goods	8901.13	9395.75
<b>PRESS :</b>		
Work-in-progress/Finished Goods	57.35	79.41
<b>TOTAL</b>	<b>290181.97</b>	<b>241717.99</b>



2005-2006

## SCHEDULE TO BALANCE SHEET (CONTD.) CONSOLIDATED

### SCHEDULE – H

#### SUNDRY DEBTORS

(Rs. in '00,000)

	Current Year	Previous Year
Debts outstanding for a period exceeding 6 months	222107.51	265270.94
Other Debts	93641.82	107168.00
	<b>315749.33</b>	<b>372438.94</b>
Less : Provision for Doubtful Debts	(135301.90)	(165224.70)
<b>TOTAL</b>	<b>180447.43</b>	<b>207214.24</b>

### SCHEDULE – I

#### CASH AND BANK BALANCES

(Rs. in '00,000)

	Current Year	Previous Year
Cash, Cheques, Drafts, Stamps etc. in hand	50662.42	17698.28
Remittance-in-transit	1050.77	8086.08
In Current Account with Scheduled Banks	66540.04	80852.60
In Cash Credit Account with Scheduled Banks	119525.98	8945.46
In Deposit Account with Scheduled Banks	1104944.47	683112.36
<b>TOTAL</b>	<b>1342723.68</b>	<b>798694.78</b>

# SCHEDULE TO BALANCE SHEET (CONTD.) CONSOLIDATED

## SCHEDULE – J

LOANS & ADVANCES	Current Year	Previous Year
		(Rs. in '00,000)
<i>Loans &amp; Advances (Unsecured)</i> <i>(Advance Receivable in Cash or</i> <i>in kind or for value to be received)</i>		
<b>ADVANCE TO SUPPLIERS :</b>		
For Capital	8004.24	7595.82
For Others	7689.27	8506.61
	<b>15693.51</b>	<b>16102.43</b>
<b>ADVANCE TO CONTRACTORS :</b>		
For Capital	2929.18	2174.62
For Others	529.56	1783.60
	<b>3458.74</b>	<b>3958.22</b>
<b>ADVANCE TO EMPLOYEES :</b>		
For House Building	7194.03	8004.44
For Motor Car and Other Conveyance	239.68	431.35
For Others	6135.82	5982.87
	<b>13569.53</b>	<b>14418.66</b>
<b>DEPOSITS :</b>		
For Custom Duty, Port Charges etc.	88.09	328.49
For P&T, Electricity etc.	5505.44	4568.36
For Others	8049.00	6198.99
	<b>13642.53</b>	<b>11095.84</b>
<b>ADV. PAYMENT OF OTHER STATUTORY DUES :</b>		
Sales Tax	4268.39	10163.76
Royalty	9327.46	14.14
Adv. Payment of I.T. Corporate/I.T. Refundable	456555.91	386978.81
Income Tax deducted at source from Income	5505.89	6058.74
Others	5026.80	6029.81
	<b>480684.45</b>	<b>409245.26</b>
Short Term Loan to Body Corporate	150.00	150.00
Other Receivables	31907.41	14881.99
Ex-Coal Board	336.29	356.41
Exploratory Drilling Work at E.C.L. etc.	3881.14	3127.37
Other Advances	16967.26	4969.16
Claims Receivable	38809.21	29219.02
Interest Accrued (Receivables)	19777.37	6949.86
Prepaid Expenses	1024.39	1003.59
<b>TOTAL</b>	<b>639901.83</b>	<b>515477.81</b>
Less : Provision for Doubtful Advances	(12149.79)	(9505.92)
<b>TOTAL</b>	<b>627752.04</b>	<b>505971.89</b>
<b>CLASSIFICATION</b>		
Considered good	627752.04	505971.89
Considered doubtful	12149.79	9505.92



2005–2006

## SCHEDULE TO BALANCE SHEET (CONTD.) CONSOLIDATED

### SCHEDULE – K

#### CURRENT LIABILITIES & PROVISIONS

	Current Year	Previous Year
(Rs. in '00,000)		
<b>(A) CURRENT LIABILITIES :</b>		
<b>SUNDRY CREDITORS :</b>		
For Capital Goods	24261.19	25186.46
For Revenue Goods	35458.42	34915.86
For S.S.I. Units (Coal)	844.62	444.71
	<b>60564.23</b>	<b>60547.03</b>
<b>EMPLOYEES REMUNERATIONS :</b>		
Salaries and Wages	481015.04	450076.66
Attendance Bonus	10547.11	6779.91
PPLB/PPLR	11519.77	79491.87
Ex-gratia	4577.67	4799.40
Unpaid Wages	2199.13	2107.37
VRS	107.36	54.26
Gratuity	283478.35	190964.14
Leave Encashment etc.	21884.20	21785.46
Life Cover Scheme	671.48	594.70
Provident Fund	26170.05	25683.75
Pension Fund	12048.73	33612.69
Others	6471.99	6833.40
	<b>860690.88</b>	<b>822783.61</b>
<b>FOR EXPENSES :</b>		
Power & Fuel	27142.69	25449.98
Contractual Expenses	48682.32	40744.27
Repairs	2029.12	6887.52
CISF Expenses	5307.73	14715.81
Audit Fee & Expenses	33.03	38.73
Others	42893.93	33584.69
	<b>126088.82</b>	<b>121421.00</b>
<b>STATUTORY DUES :</b>		
Sales Tax	4732.78	4606.88
Central Excise Duty	171.92	187.62
Royalty on Coal	17838.47	16279.69
Cess on Coal	19285.86	20321.20
Water Charges	1462.10	949.62
Stowing Excise Duty	8689.50	8537.14
Professional Tax	32.55	27.96
Deposit Link Insurance	158.75	139.21
Other Statutory Levies	13485.64	3980.40
	<b>65857.57</b>	<b>55029.72</b>
Due to G.O.I. on Account of Ex-Owners	160.93	160.93
Interest accrued but not due on Loan	4540.73	7376.80
	<b>4701.66</b>	<b>7537.73</b>

# SCHEDULE TO BALANCE SHEET (CONTD.) CONSOLIDATED

## SCHEDULE – K (Contd..)

	Current Year	(Rs. in '00,000) Previous Year
<b>TAX DEDUCTED AT SOURCE (INCOME TAX) :</b>		
Employees	1374.02	1691.84
Contractors	283.10	252.05
Others	5369.10	4196.83
	<b>7026.22</b>	<b>6140.72</b>
Adv. & Deposit from customers/others	237410.91	180287.94
Others Liabilities	49685.32	26944.83
Grants (unutilised)	12434.04	13090.13
O.B.R. Suspense A/c	335290.85	217817.73
Current A/c with IICM	8427.58	7359.96
	<b>643248.70</b>	<b>445500.59</b>
<b>TOTAL (A)</b>	<b>1768178.08</b>	<b>1518960.40</b>
<b>(B) PROVISIONS :</b>		
Provisions (including Div. Tax etc.) for Income Tax	317842.88	258425.50
Land Reclamation	17597.51	13114.29
Disputed Claims	814.71	814.71
Loss on Theft and Damaged Assets	4.73	4.73
Proposed Dividend (Interim)	—	13454.67
<b>TOTAL (B)</b>	<b>336259.83</b>	<b>285813.90</b>
<b>TOTAL (A + B)</b>	<b>2104437.91</b>	<b>1804774.30</b>



2005–2006

## Schedule to Profit & Loss Account (Consolidated)

For the Year Ended 31st March, 2006

### SCHEDULE – 1

SALES	(Rs. in '00,000)	
	Current Year	Previous Year
Gross Sales	3399719.45	3065946.23
Less : Statutory Levies		
Royalty	275007.87	264718.23
Cess on Coal	79650.36	63835.98
Stowing Excise Duty	32778.31	30711.53
Sales Tax :		
Central	73219.16	63326.59
State	53063.13	53165.35
Octroi	14938.40	3102.25
<b>TOTAL LEVIES :</b>	<b>528657.23</b>	<b>478859.93</b>
<b>BASIC VALUE :</b>	<b>2871062.22</b>	<b>2587086.30</b>
Less : Transfer to Dev. :	879.08	800.05
<b>TOTAL</b>	<b>2870183.14</b>	<b>2586286.25</b>

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

## SCHEDULE – 2

### COAL ISSUED FOR OTHER PURPOSES

(Rs. in '00,000)

	Current Year	Previous Year
<b>BASIC VALUE (A) :</b>		
Hard Coke Making	1797.42	1427.18
Washeries	166291.92	143878.43
Internal/Workshop Consumption	3380.14	3654.15
Boiler Consumption	5510.06	5250.38
Free issue to Employees	7177.14	8050.75
Others	8.74	66.82
<b>TOTAL VALUES (A) :</b>	<b>184165.42</b>	<b>162327.71</b>
<b>Add : Statutory Levies :</b>		
Royalty on Coal	19537.06	18167.53
Stowing Excise Duty	1700.63	1479.62
Other Levies	1.54	0.10
<b>TOTAL LEVIES (B) :</b>	<b>21239.23</b>	<b>19647.25</b>
<b>TOTAL (A + B) :</b>	<b>205404.65</b>	<b>181974.96</b>



2005–2006

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

**SCHEDULE – 3**

**ACCRETION (+) / DECRETION (–) OF STOCK**

(Rs. in '00,000)

	Current Year	Previous Year
<b>(A) CLOSING STOCK OF COAL/COKE ETC. :</b>		
Stock of Coal/Coke	220213.51	175709.90
Less : Raw Coal at Washery	1517.95	3329.80
Raw Coal at Coke Oven	4.22	4.22
Grade Slippage	402.52	345.61
Handling Charges etc.	1568.59	1090.03
Deterioration of Coal	27770.70	30368.30
<b>TOTAL (A)</b>	<b>188949.53</b>	<b>140571.94</b>
<b>(B) OPENING STOCK COAL/COKE :</b>		
Stock of Coal/Coke	175709.90	144179.96
Less : Raw Coal at Washery	3329.80	3603.75
Raw Coal at Coke Oven	4.22	13.32
Grade Slippage	345.61	151.61
Handling Charges	1090.03	827.27
Deterioration of Coal	30368.30	22058.71
<b>TOTAL (B)</b>	<b>140571.94</b>	<b>117525.30</b>
<b>NET TOTAL (A – B)</b>	<b>48377.59</b>	<b>23046.64</b>



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

## SCHEDULE – 4

OTHER INCOME	(Rs. in '00,000)	
	Current Year	Previous Year
Stowing Subsidy	8345.45	6514.67
Workshop Credit/Workshop & Press Job	29679.28	24429.78
Interest on Bonds	17900.67	17900.67
Interest recd. from Bank, Employees & Others	92138.02	30151.66
Rent from Outsiders	477.74	6623.33
Recovery of Transportation & Loading Cost	73834.53	66732.69
Hire Charges	2.79	69.53
Profit on Sale of Assets	653.14	1160.24
Sale of Scrap	2233.79	2311.66
Tender Fees	302.05	227.87
L.D./Penalty Received	3389.52	1967.22
Rebates and Discounts	212.47	256.14
Gain/Loss on Foreign Exchange Transactions	384.53	120.94
Recovery of Lease Rent	350.00	350.00
Provision / Liability Write Backs	15446.64	2055.46
Other / Misc. Income	31635.91	36596.43
	<b>276986.53</b>	<b>197468.29</b>
Less : Transfer to Development	72.03	64.09
<b>TOTAL</b>	<b>276914.50</b>	<b>197404.20</b>



2005–2006

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

**SCHEDULE – 5**

**CONSUMPTION OF STORES & SPARES**

(Rs. in '00,000)

	Current Year	Previous Year
Explosives	65945.94	57573.79
Timber	3235.66	3422.58
P.O.L.	137889.46	116618.29
<b>OTHER CONSUMABLE STORES &amp; SPARES :</b>		
HEMM	99730.49	92759.98
Plant & Machinery	7823.80	6135.78
Vehicles	583.04	542.84
S.O.H.	177.91	202.21
Others	78610.35	60070.54
<b>TOTAL</b>	<b>393996.65</b>	<b>337326.01</b>
Less :		
Transfer to S.O.H.	1908.39	1677.80
Transfer to Repairs & Maintenance	741.60	399.53
Transfer to Development	327.64	318.35
Transfer to Power & Fuel	152.56	150.46
Transfer to Other Exp.	1991.44	2067.96
	<b>5121.63</b>	<b>4614.10</b>
<b>TOTAL</b>	<b>388875.02</b>	<b>332711.91</b>

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

## SCHEDULE – 6

### EMPLOYEES' REMUNERATION & BENEFITS

(Rs. in '00,000)

	Current Year	Previous Year
Salary, Wages and Allowances	676428.75	812499.31
<b>OVER TIME :</b>		
Normal	22812.73	20554.99
Sunday/Holiday Productions	25579.17	25291.18
Sunday/Holiday Maintenance	23334.52	15100.25
Incentive	4105.03	3483.29
Leave Encashment	11077.40	15041.24
Attendance Bonus	38721.69	27030.72
Fall Back Wages	699.51	572.23
Contribution to P.F. & Other Funds	85865.85	83172.32
Ex-Gratia, PPLB & PPLR	15605.75	16251.27
Transport Subsidy	491.34	427.48
LTC/LLTC/RRF	13914.63	18681.60
Pension	2640.32	1223.63
Gratuity	73552.58	83757.07
Workman Compensation	727.78	608.94
Group Insurance	8.51	7.07
D.L.I. 392.87	330.75	
Life Cover Scheme	1234.03	984.58
V.R.S. 13436.46	15236.39	
Others	1376.41	1348.77
<b>TOTAL (A)</b>	<b>1012005.33</b>	<b>1141603.08</b>
Less : Transfer to		
Social Overhead	30690.46	28358.74
Development	1254.36	972.92
Power & Fuel	96.49	80.79
Repairs & Maintenance	1164.65	1181.39
<b>TOTAL (B)</b>	<b>33205.96</b>	<b>30593.84</b>
<b>TOTAL (A – B)</b>	<b>978799.37</b>	<b>1111009.24</b>



2005–2006

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

**SCHEDULE – 7**

**POWER & FUEL**

(Rs. in '00,000)

	Current Year	Previous Year
Purchase of Electricity	190964.00	186041.28
Power Generation	1196.19	1019.30
	<u>192160.19</u>	<u>187060.58</u>
<b>Less : Transfer to</b>		
Social Overhead	36840.60	36715.61
Development	186.26	130.49
<b>TOTAL</b>	<u>155133.33</u>	<u>150214.48</u>

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

## SCHEDULE – 8

### SOCIAL OVERHEAD

(Rs. in '00,000)

	Current Year	Previous Year
Salaries, Wages & Allowances	30690.46	28358.74
Free issue of Coal to Employees	7792.48	8629.89
<b>MEDICAL FACILITIES :</b>		
(a) Medical Reimbursement	9454.93	9125.47
(b) Medicines & Diet Expenses	3593.05	3347.96
(c) Others	83.94	1398.42
<b>GRANTS TO :</b>		
(a) Schools & Institutions	3007.03	2854.83
(b) Sports & Recreation	482.59	376.28
Canteen and Creche	241.51	13772.70
House Rent	3307.23	2954.39
Power	29239.94	17230.89
<b>REPAIRS &amp; MAINTENANCE :</b>		
(a) Township / Buildings	12243.94	11552.21
(b) Plant & Machineries	335.68	372.08
(c) Vehicles	2565.66	2115.68
(d) Others	311.63	223.38
Consumption of Stores & Spares	1254.97	1245.30
Electricity Charges	7600.74	5968.78
Depreciation	6049.89	6278.44
Community Development	2596.34	1464.34
Resettlement Expenses	30.60	—
Environmental Expenses	2309.85	2641.24
Uniform	335.86	350.17
Training Expenses	1798.17	1740.32
Family Planning Expenses	15.53	11.68
Hire Charges of Bus & Ambulance etc.	1039.33	862.68
Water Charges	2249.83	2573.81
Other Welfare Expenses	9407.88	9044.54
<b>TOTAL (A)</b>	<b>138039.06</b>	<b>134494.22</b>
Less : Recoveries/Transfers :		
House Rent & Electricity	466.46	483.19
Hospital Charges	370.93	467.78
School Bus	218.63	179.66
Hire Charges	3.68	1.15
Others	80.59	95.58
Development	125.28	23.59
<b>TOTAL (B)</b>	<b>1265.57</b>	<b>1250.95</b>
<b>TOTAL (A – B)</b>	<b>136773.49</b>	<b>133243.27</b>



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

**SCHEDULE – 9**

**REPAIRS**

(Rs. in '00,000)

	Current Year	Previous Year
<b>BUILDINGS :</b>	5378.47	4533.37
<b>PLANT &amp; MACHINERY :</b>		
(a) Outside Agency	21361.82	23549.95
(b) Workshop Debit	27051.44	40286.67
(c) Salary & Wages	1164.65	1181.39
(d) Consumption of Stores	401.34	399.53
(e) Others	8346.22	2836.14
<b>REHABILITATION OF HEMM ETC. :</b>	4801.01	1603.57
<b>OTHERS :</b>		
(a) Office Equipment	521.72	525.26
(b) Vehicle	2381.03	2362.31
(c) Others	4517.33	6549.53
<b>TOTAL (A)</b>	<b>75925.03</b>	<b>83827.72</b>
<b>Less : Transfer to</b>		
Social Overhead	5268.67	4823.06
Miscellaneous	534.50	524.29
Development	16.80	14.08
Service Charges W/shop	2406.77	2454.44
Stock of Stores	2069.95	1968.29
P & M	569.98	347.77
Power & Fuel	40.57	22.59
<b>TOTAL (B)</b>	<b>10907.24</b>	<b>10154.52</b>
<b>TOTAL (A – B)</b>	<b>65017.79</b>	<b>73673.20</b>

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

## SCHEDULE – 10

**CONTRACTUAL EXPENSES**
*(Rs. in '00,000)*

	Current Year	Previous Year
TRANSPORTATION CHARGES FOR :		
(a) Sand	6292.50	5362.82
(b) Coal & Coke	106057.08	94020.64
(c) Stores etc.	1043.24	2986.79
Wagon Loading	1097.33	1124.95
Other Contractual Work	52398.08	33544.00
P&M / HEMM etc. (Hiring)	30943.27	24028.76
<b>TOTAL</b>	<b>197831.50</b>	<b>161067.96</b>
Less : Transfer to Development	(381.22)	(131.51)
<b>TOTAL</b>	<b>197450.28</b>	<b>160936.45</b>



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

**SCHEDULE – 11**

**MISCELLANEOUS EXPENSES**

(Rs. in '00,000)

	Current Year	Previous Year
<b>TRAVELLING EXP. :</b>		
(a) In Country	4913.67	4908.57
(b) Outside Country	142.11	28.47
Printing & Stationery	1783.84	2133.04
Training Exp.	150.08	149.74
Postage	510.44	253.31
Telephone	760.32	1037.34
<b>ADVERTISEMENT &amp; PUBLICITY :</b>		
(a) Advertisement others	1373.95	1332.25
(b) Publicity	285.10	175.88
Freight Charges	3977.06	3437.51
Demurrage	4012.66	1675.15
Donation	56.06	114.98
Subscription	55.49	47.68
Security Expenses	7647.00	7134.06
<b>HIRE CHARGES</b>		
(a) Computers	1853.52	2097.54
(b) Others	4602.14	3344.04
Maintenance of Vehicles	5104.01	4653.43
Legal Expenses	874.03	618.17
Bank Charges	592.00	321.15
Guest House Exp.	119.31	132.53
Consultancy charges	1549.19	1252.63
Office Contingency Exp.	363.55	309.29
Reimbursement of Conv.	307.86	286.81
Under/Over Loading Charges	13269.05	8309.39
Loss on Sale/Discard of Assets	258.30	389.53
Loss on Surveyed Off Assets	161.66	974.16
C.I.S.F. Expenses	4754.75	3859.23
Auditors' Remuneration	35.40	34.63



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

## SCHEDULE – 11 (Contd..)

(Rs. in '00,000)

	Current Year	Previous Year
Travelling & Out of Pocket Expenses	20.66	17.34
Tax Audit Fees & Exp.	7.35	8.23
Internal Audit Fees	275.01	239.94
Royalty & Cess	14413.57	11948.78
Rent, Rates & Taxes	5139.74	3861.30
Insurance	84.28	136.67
Isolation/Ventilation	141.13	105.67
Dead Rent	87.90	56.57
Surface Rent	18.08	15.81
Loss on Exch. Rate Variance	0.16	26.29
Lease Rent – HEMM/P&M/Land/Building	16.21	27.16
Land/Crops Compensation	9018.79	1768.07
Cost of Stowing	259.22	265.84
Siding Maintenance Charges	1185.06	1817.84
Rescue & Safety Exp.	864.65	966.07
Incentive on Securitisation	4926.48	11612.80
Rehab. Charges & Stabilisation Cess	16887.44	16264.08
Others	21362.42	13153.44
<b>TOTAL (A)</b>	<b>134220.70</b>	<b>111302.41</b>
Less : Transfer to		
Development	18.15	329.88
Others	1393.18	2304.77
<b>TOTAL (B)</b>	<b>1411.33</b>	<b>2634.65</b>
<b>TOTAL (A – B)</b>	<b>132809.37</b>	<b>108667.76</b>



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

**SCHEDULE – 12**

**INTEREST**

(Rs. in '00,000)

	Current Year	Previous Year
GOVERNMENT LOAN :		
(i) Plan Loan	426.92	1753.10
(ii) Non-Plan Loan	—	232.88
VRS Loan	437.04	—
Deferred Payments	—	573.36
Bank Overdraft/Cash Credit	253.74	296.51
Bonds	261.58	396.33
Other Corporate/Financial Institutional Loan	535.48	1932.02
Interest on IBRD & JBIC Loan	5629.22	4190.45
Pension Fund	5.83	2001.71
Others	1540.60	8213.55
<b>TOTAL (A)</b>	<b>9090.41</b>	<b>19589.91</b>
Less : Transfer to Development	—	574.48
<b>TOTAL (B)</b>	<b>—</b>	<b>574.48</b>
<b>TOTAL (A – B)</b>	<b>9090.41</b>	<b>19015.43</b>

**SCHEDULE – 13**

**FINANCE/COMMITMENT CHARGES**

(Rs. in '00,000)

	Current Year	Previous Year
Guarantee Fees on (IBRD & JBIC) Loan	2378.66	2375.37
Other Expenses/Bank Charges	301.89	510.52
Prepayment Premium	150.00	—
<b>TOTAL</b>	<b>2830.55</b>	<b>2885.89</b>

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

## SCHEDULE – 14

**PROVISIONS/WRITE-OFF/WRITE BACK**
*(Rs. in '00,000)*

	Current Year	Previous Year
<b>(A) PROVISION FOR</b>		
Doubtful Debts	15955.21	16521.77
Doubtful Advances	2889.36	4025.82
Stores & Spares	1186.43	1223.16
Reclamation of Land	4483.22	4746.49
Loss/Impairment of Assets	1008.09	929.26
Surveyed Off Assets	302.57	657.44
Capital Work-in-Progress	401.27	694.21
Others	878.56	4835.87
<b>TOTAL (A)</b>	<b>27104.71</b>	<b>33634.02</b>
<b>(B) PROVISION WRITE BACK</b>		
Doubtful Debts	21870.24	26095.23
Doubtful Advance	76.83	0.00
Others	970.80	2179.77
<b>TOTAL (B)</b>	<b>22917.87</b>	<b>28275.00</b>
<b>(C) WRITE-OFF</b>		
Doubtful / Bad Debts	212.11	15163.13
Doubtful Advance	28.63	—
Others	21.29	11.47
<b>TOTAL (C)</b>	<b>262.03</b>	<b>15174.60</b>
<b>TOTAL (A–B+C)</b>	<b>4448.87</b>	<b>20533.62</b>



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## **SCHEDULE - M**

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### **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 relevant 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 includes 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 Sidings :**

Pending commissioning, payments made to the railway authorities for construction of railway sidings 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 specifically 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 beginning of the financial year immediately after the year in which the Project achieves physical 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 +/- 5% and in cases where the variance is beyond +/- 5% the measured stock is considered. Such stock are valued at Net Realisable Value or cost whichever is lower.

- 6.1.1 Slurry, middling of washeries 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, are valued at issue price of Area Stores, Cost / estimated cost. Workshop jobs including work-in-progress are valued at cost.

##### 6.2.1 Stores & Spares

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.

- 6.2.2 Stores & spare parts include loose tools.

- 6.2.3 Provisions are made at the rate of 100% for unserviceable, damaged and obsolete stores and at the rate of 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.

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## **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 leasehold 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 expense 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 options contracts to be settled on future dates are recognised at the year-end rates of the underlying foreign currency. Effects arising out of such contracts are taken into 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 generally 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 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 mine with due adjustment for advance stripping and ratio variance account after the mines are brought to revenue. Net of balance of advance stripping and ratio variance at the end of the year is shown as Deferred Revenue Expenditure or Current Liabilities as the case may be.

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

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



2005–2006

## The Cash Flow Statement (Indirect Method) for the year ended March 31, 2006

(Rs. '00,000)

### A. CASH FLOW FROM OPERATING ACTIVITIES

Net Profit Before Tax		878848.06
<i>Adjustment for :</i>		
Depreciation		(38685.05)
Provisions/Write Off of Fixed Assets		142144.43
Interest-pertaining to Financing Activities		1661.02
Operating Profit before Working Capital changes	(A)	983968.46

#### *Adjustment for :*

Sundry Debtors		26766.81
Inventories		(45039.79)
Loans & Advances		(121780.15)
Current Liabilities & Provisions		262893.24
Deferred Tax		18763.99
Deferred Tax Asset		(6074.77)
Deferred Tax Liability		(16615.10)

Cash Generated from Operations	(B)	118914.23
Income Tax paid		(296606.07)

Net Cash Flow from Operating Activities [(A) + (B) – Tax Paid]	(C)	806276.62
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### B. CASH FLOW FROM INVESTING ACTIVITIES :

Increase of Fixed Assets		(87883.04)
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Net cash used in Investing Activities	(D)	(87883.04)
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### C. CASH FLOW FROM FINANCING ACTIVITIES :

Repayment of Govt./other loan		(46338.08)
Redemption of Bond		(1103.00)
Interest Paid		(4612.04)
Receipt of Shifting and Rehabilitation Fund from Subsidiaries		19228.76
Dividend paid/(including Tax on Dividend)		(141540.32)

Net cash used in Financing Activities	(E)	(174364.68)
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Net increase/(decrease) in Cash and Cash Equivalents (C+D+E)		544028.90
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Cash & cash equivalents (Opening Balance)		798694.78
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Cash & cash equivalents (Closing Balance)		1342723.68
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## B. Notes to Accounts – Schedule – M

### 1. PRINCIPLES OF CONSOLIDATION

- 1.1 The consolidated financial statements relate to Coal India Ltd. and its subsidiaries. The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard – 21 – “Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India.
- 1.2 Significant Accounting Policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the Companies. Recognizing this purpose, the Company has disclosed only such Policies and Notes from the individual financial statements, which fairly present the needed disclosures.

### 2. FIXED ASSETS

- 2.1 In accordance with the Government directives, the assets and liabilities of Singrauli Division of Central Coalfields Ltd. as on 01-04-1986 were taken over by Northern Coalfields Ltd. at net value. The legal formalities for transfer of such assets and liabilities to the company are yet to be completed.
- 2.2 The assets and liabilities taken over by Mahanadi Coalfields Ltd. from Mines Labour Welfare Organization and Coal Mines Rescue Organization for which no quantitative details are available and have not been incorporated in the accounts pending determination of value thereof.
- 2.3 In most of the cases conveyancing of land in favour of Mahanadi Coalfields Ltd. are pending for execution.
- 2.4 The net value assets of Rs. 817.02 lakhs ( details not available ) acquired by Eastern Coalfields Ltd. on nationalization of coal mines under Coal Mines Nationalization Act, 1973 have been taken into accounts and fully provided for
- 2.5
  - (i) 49519.47 Ha. of land at Central Coalfields Ltd. has been acquired under CBA(A&D) Act, 1957. Out of this, approximately 13500 Ha. is tenancy land and rest is forest and GMK land. Out of 13500 Ha. of tenancy land compensation has been assessed for 6130 Ha. for an amount of Rs. 35.93 crores. Out of this an amount of Rs. 21.84 crores has been paid and the balance is being paid by holding regular payment camp in different projects.
  - (ii) In case of Western Coalfields Ltd. land, acquired under Land Acquisition Act, CBA (A&D) Act, 1957, and on private negotiations, amounting to Rs. 10822.76 lakhs (previous year Rs. 10319.42 lakhs ) are included in Fixed Assets, on the basis of payment / compensation made as per approval of Competent authorities pending final settlement.
  - (iii) Land acquired by Northern Coalfields Ltd. under Coal Bearing Area(A&D) Act, 1957 has been shown as Land- Leasehold.

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- 2.6 In respect of Chandrapur area of Western Coalfields Ltd., Rs. 6437.34 lakhs has been paid during the year towards acquisition of forest land from Forest Department, Government of Maharashtra. Till date the ownership of land has not been vested and the amount is shown as advance under capital commitments.
- 2.7 During the year 119 nos. residential quarters in Makardhokda – II OC mines of Umer area under Western Coalfields Ltd. has been demolished as per directive of 194th. Board meeting. The amount written off on this account is Rs. 140.60 lakhs.
- 2.8 Discarded / surveyed off assets lying in Stores of Western Coalfields Ltd. amounting to Rs. 1233.82 lakhs (previous year Rs. 985.12 lakhs) valued at residual 5% have not been physically verified.
- 2.9 The carrying cost of fixed assets in World Bank aided projects have been adjusted to the extent of Rs. 4036.68 lakhs due to foreign exchange fluctuation and Rs. 545.40 lakhs has been adjusted against revenue.
- 2.10 Fixed Assets comprising of Plant & Machinery of Rs. 218.99 lakhs related to building and other assets of Rs. 1625.37 lakhs, both at book value ( WDV ) as on 31-03-1995 have been let out to Indian Institute of Coal Management, a registered society under Societies Registration Act, under cancellable operating lease agreement. Addition to these assets from letting out to 31-03-2006 are Rs. 360.25 lakhs on value of plant & machinery and Rs. 312.43 lakhs on value of building and other assets. The cumulative provision for depreciation upto 31-03-2006 stood at Rs. 880.56 lakhs. The net W.D.V. of the leased assets as per book as on 31-03-2006 is Rs. 1770.43 lakhs.

The yearly lease rent of Rs. 153.00 lakhs has been recovered

- 2.11 As per lease agreement dated 31st. March, 1993 executed with Dishergarh Power Supply Company Ltd., Eastern Coalfields Ltd. leased out the 2X10 MW Chinakuri Thermal Power Station including land, building, plant & machinery etc. The lease agreement is for 20 years from the commencement of the lease w.e.f., 01-04-1991. The gross value of Power Plant; Building and Other Assets is Rs. 4608.97 lakhs; Rs. 1074.54 lakhs and Rs. 25.34 lakhs respectively. The cumulative depreciation upto 31-03-2006 against the abovementioned assets is Rs. 3681.54 lakhs ; Rs.391.10 lakhs and Rs. 11.55 lakhs respectively.

The lease rental for the year Rs. 350 lakhs has been received.

- 2.12 In terms of license agreement dated 19th. Day of March, 2001 executed with M/s Apollo Hospital Enterprise Ltd. Chennai, South Eastern Coal fields Ltd. has granted a right to occupy and use the fully constructed main hospital Building measuring 2,97,099.74 Sq. ft. and the residential quarters measuring 55,333 Sq. ft. with super structures on the land such as sub station building, sewerage treatment plant and pump house. The cost of the gross assets is Rs. 3132.21 lakhs against which cumulative depreciation is Rs. 382.83 lakhs. The license agreement provides for a lease period of 30 years from the effective date of commencement of the lease i.e. November, 2001.

The lease rental payable is accounted for as per agreement. During the year Rs. 133.08 lakhs has been accounted for against the said lease rent.

### 3. CAPITAL WORK-IN-PROGRESS

- 3.1 An amount of Rs. 1105.80 lakhs received during the year from M/s Sunflag Iron & Steel Co. Ltd., Field Mining Ispat Ltd. and Gondwana Ispat Ltd., towards prospecting & boring of prospective mines has been booked to Profit & Loss Account by Western Coalfields Ltd. and reduced from Capital WIP – A/C – Majn. Area. This has resulted in an addition to profit to the tune of Rs. 433.47 lakhs. However, an amount of Rs. 12.84 lakhs received from M/s BLA Industries Ltd. towards prospecting & boring of prospective mines are continued to be shown as Deposit from Customer pending settlement.
- 3.2 Provision of Rs.3788.62 lakhs ( 1296.06+ 2492.56) has been made for machinery / assets and incomplete civil works which could not be put to use for more than three years from the date of purchase / acquisition, equivalent to the rate of depreciation.
- 3.3 Provision of Rs. 1336.60 lakhs has been made at the rate of 100% for abandoned Capital WIP at Eastern Coalfields Ltd.

### 4. DEVELOPMENT EXPENDITURE

- 4.1 Expenditure relating to projects yet to be sanctioned or construction yet to be taken up has been carried forward under "Prospecting & Boring under construction". Development expenditure of South Eastern Coalfields Ltd. has been shown in the accounts after deduction of Rs. 879.08 lakhs (previous year Rs. 800.05 lakhs ) being sale of coal from development mines and Rs. 181.86 lakhs ( previous year Rs. 68.53 lakhs ) being closing stock of coal stock at development mines.

### 5. INVENTORY

- 5.1 Quantitative discrepancies as noticed on physical verification between Bin cards and Store ledger upto june,1985 are identified and booked as Store Suspense for which equivalent provision of Rs. 231.71 lakhs is being carried at Eastern Coalfields Ltd.
- 5.2 At Eastern Coalfields Ltd. the variance above +/- 5% found on physical verification of stock (measured stock) of coal as compared to book stock as follows and the same is accounted for as per accounting policy:

	<u>Quantity</u> <u>( In M. T. )</u>	<u>Value</u> <u>(Rs.in Lakhs)</u>
Shortages	0.29	234.51
Excess	0.08	85.84
Net Shortages	0.21	148.67

- 5.3 Coal of 471561M.T. mixed with soil, treated as non- vendable at Eastern Coalfields Ltd. and has been taken as NIL value.

### 6. SUNDRY DEBTORS

- 6.1 At Central Coalfields Ltd. a provision of Rs. 9011.73 lakhs ( previous year Rs. 9290.77 lakhs ) has been made in the accounts during the year against disputed dues on the basis of fair estimate.

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6.2 The board of Directors of Northern Coalfields Ltd. in the 114th. Meeting held on 07-04-2006 approved the package settlement of dispute with NTPC and accordingly claim has been raised on 50:50 basis for the period from April 1997 to March 2006 amounting to Rs. 2951.98 lakhs and accounted for in the current year which includes Rs. 2477.57 lakhs for the period upto March 2005. Similarly surface transport of Dudhichua Coal to SSTPS from Jayant CHP during the period from February '03 to August '03 amounting to Rs. 139.31 lakhs has been accounted for in the current year.

6.3 No adjustments in the accounts of Northern Coalfields Ltd. has been made in respect of moisture quantity upto 31-03-2005 pending settlement of dispute as to acceptance of methodology of computation of actual moisture quantity. A provision of Rs. 814.71 lakhs against disputed moisture claims held as on 31-03-2006 is considered adequate.

6.4 Due to the bifurcation of State of Madhya Pradesh, Ministry of Power, Government of India has apportioned the outstanding principal and interest accrued upto 30-09-2001 in respect of Madhya Pradesh Power Generation Corporation Ltd. formerly known as Madhya Pradesh State Electricity Board and further directed that CSEB and MPSEB to issue bonds for Rs. 19946 lakhs and Rs. 7002 lakhs respectively in favour of Western Coalfields Ltd.

MPPGCL has not yet issued bonds against apportioned amount of Rs. 7002.00 lakhs, which includes principal amount of Rs. 6549.00 lakhs and interest of Rs. 453.00 lakhs. MPPGCL has gone in court.

6.5 Western Coalfields Ltd. has charged @ 5% of basic value of coal sales with effect from 30-09-2005 on credit sales and with effect from 19-12-2005 on e-auction sales on the basis of gazette notification dated 30-09-2005 by Government of Madhya Pradesh in respect of "Madhya Pradesh Gramin Avsanrachana Tatha Sadak Vikas Adhiniyam, 2005.

However, some consumers moved the Hon'ble High Court of Madhya Pradesh, Jabalpur and obtained interim relief. As per the interim order dated 15-02-2006, the Hon'ble High Court, Jabalpur had directed the company not to deposit this tax to the State Government but to keep it in a fixed deposit. The matter is, however, still sub-judiced. Pending final decision by the Hon'ble High Court, the company has not deposited 5% Gramin Tax billed with appropriate authorities.

MPPGCL and SAIL have not made payment of this tax, totalling Rs. 1675 lakhs to the company. For other, consumers the company has received upto 31-03-2006 an amount of Rs. 54 lakhs on this account. An amount of Rs. 1729 lakhs is yet to be deposited in fixed deposit as on 30-04-2006.

6.6 Sundry Debtors balances are subject to confirmation by the parties.

## **7. LOANS & ADVANCES**

7.1 As per MOU between Western Coalfields Ltd. and PWD, 16 Km stretch of road is to be constructed under CCBA scheme at a total estimated cost of Rs. 490 lakhs. PWD has raised their bills for Rs. 446 lakhs against the advance payment of RS. 450 lakhs. Out of the said bills an amount of Rs. 287.16 lakhs has been admitted and adjusted and the balance amount of Rs. 162.84 lakhs has been shown as advance pending admission of the said bills.

- 7.2 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 position of Eastern Coalfields Ltd., now under BIFR, shall initially be borne by Coal India Ltd. and accounted for suitably in Holding Company'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 Holding Company and awaiting adjustments shall continue to reflect in Holding Company's book for 5 years since they were incurred and accounted for thereafter if remains unresolved / unadjusted for want of projectisation of mining activities, such unadjusted amounts shall be written off in the books of Holding Company. The total amount on this account as on 31-03-2006 stood at Rs. 3881.14 lakhs including current year addition of Rs. 753.77 lakhs. However, as an abundant precaution it has been fully provided.

## 8. CURRENT LIABILITIES

- 8.1 Interest receivable / payable is not accounted for as revised agreement in respect of price of Rejects and Power tariff with D. L. F. is not yet finalized at Bharat Coking Coal Ltd. The matter is also pending before an arbitrator. However, interest due to delay in payment to D. L. F. has been provisionally determined as Rs. 272.76 lakhs upto financial year 2005 – 06.
- 8.2 By virtue of enactment of Cess and other Taxes on Minerals ( Validation) Act, 1992, Central Coalfields Ltd. in 1992-1993 has raised supplementary bills on customers upto 4th. April, 1991 for Rs. 10033.04 lakhs on account of cess and sales tax thereon. The said amount is reflected in "Current Liabilities and Provisions" with corresponding debit in "Claims Receivable – Cess", adjusting Sundry Debtors.
- 8.3 Provisional claims preferred by CDFI, France for technical assistance and other services for Khottadih Project at Eastern coalfields Ltd. amounting to Rs. 5.24 crores has not been accounted for as the company has a counter claim of Rs.181.24 crores.
- 8.4 Eastern Coalfields Ltd. has received an amount of Rs. 2.27 crores through CMPDIL on account of assets and liabilities of Tara Block of Salanpur Area handed over to M/S Bengal Emta Ltd. a joint venture of West Bengal Power Development Corporation and EMTA Group and an amount of Rs. 278.64 lakhs received on allotment of Barjora ( North ) Coal block to Damodar Valley Corporation by Ministry of Coal, Government of India, have been shown as Deposit under Current Liabilities.
- 8.5 Singrauli Municipal Authority has claimed license and composite fees for construction of building of Rs. 986.62 lakhs (previous year Rs. 967.27 Lakhs) to Northern Coalfields Ltd. and the same is not provided for in the accounts.
- 8.6 In pursuance of MP Government Forest department's notification no. F-5/9/10-3/2001 dt. 28-05-2001, transit fee @ Rs. 7.00 per tonne of coal is levied on coal sold to customer. The claim to the extent of Rs. 652.62 lakhs (previous year Rs. 572.26 lakhs) on this account has not been accounted for by Northern Coalfields Ltd. pending acceptance of the same by the customer.
- 8.7 In pursuance of notification no. Nil dt. 31-03-2005 & subsequent no. F/19/60/04/XII dt. 30-09-2005 of Government of Madhya Pradesh, MPRI & RD tax @ 5% of basic coal



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price of reliable grade w.e.f. 30-09-2005 is levied on coal sold to customer by Northern Coalfields Ltd. The claim to the extent of Rs. 8800.98 lakhs has not been accounted for pending acceptance by the customer.

- 8.8 Government of Madhya Pradesh has claimed Land Revenue Premium for an amount of Rs. 6321.78 lakhs (previous year Rs. 7451.50 lakhs) to Northern Coalfields Ltd. against which Rs. 300.00 lakhs has been deposited under protest and no liability is provided in the accounts. However, during the year Rs. 1129.72 lakhs has been paid and capitalized under Land Acquisition Cost.
- 8.9 MP Cess and MAD Cess which were declared ultra-vires by the MP High Court in earlier years have been, revalidated upto 04-04-1991 as per the Cess and other taxes on Mineral (validation) Ordinance, 1992 issued by the Government of India. MP Government has agreed for net claim of MAD Cess. Balance claim of MAD after adjusting MP Cess amounting to Rs. 421.78 lakhs (previous year Rs. 421.78 lakhs) including sales tax thereon on customers have not been accounted for by Northern Coalfields Ltd. pending formal acceptance of the same by them.

## **9. FOREIGN CURRENCY LOAN**

- 9.1 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.

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 rates variation thereon have been shown in the accounts.

- 9.2 Borrowing and other costs ( including exchange difference ) in respect of foreign currency loans obtained for subsidiaries have 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 principal 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 from/paid to subsidiary companies upon completion of repayment of foreign currency loans.

Uncrystallised loss of Rs. 720.00 lakhs due to negative marked to market value of these swap transactions at year end has been shown as contingent liability which will be accounted for at the time of materialization thereof.

## **10. GENERAL**

- 10.1 M/s Uttar Pradesh Rajkiya Vidyut Utpadan Nigam Ltd. has claimed to Northern Coalfields Ltd., incentive of Rs. 2405.00 lakhs under securitization scheme upto 31-03-2006 (previous year Rs. 2062.28 lakhs). Due to non fulfillment of certain conditions of securitization scheme by UPRVUNL, the claim has not been acknowledged and accounted for.
- 10.2 Rs.589.87 lakhs paid to WBHIDCO towards allotment of 15 acres of land at Newtown, Rajarhat, Kolkata. Pending finalization of conveyance deed and in absence of actual physical possession of the above land the same has been shown as advance.

- 10.3 In the mines located at N.E.C. 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.

## 11. PROFIT & LOSS ACCOUNTS

- 11.1 An amount of Rs. 10019.24 lakhs for grade slippage has been adjusted against current year's sales of Eastern Coalfields Ltd. after reconciliation, settlement and issuing credit notes to parties during the year. Out of Rs. 10019.24 lakhs, Rs. 6231.58 lakhs relate to previous year's sale.
- 11.2 In support of relief/concession required for revival of Eastern Coalfields Ltd., according to BIFR sanctioned scheme, Government of West Bengal, Industrial Reconstruction Department, sanctioned a grant of waiver of electricity duty for five years from 2nd. November, 2004 vide its letter no. 40/PA/Pr. Secy./IRPE dated 30-08-2005. Accordingly a quantum of waiver of electricity duty from November, 2004 to January, 2006 in respect of Industrial duty paid has been worked out to Rs. 3431.86 lakhs for which a claim was lodged with the Director of Electricity, Government of West Bengal and taken as income in the accounts.

## 12. EFFECT DUE TO CHANGE IN ACCOUNTING POLICY

- 12.1 Provision @ 10% was previously considered where the stock of coal; coke etc, are valued at N. R.V. As no provision is required the profit is increased by Rs.4373.35 lakhs
- 12.2 Valuation of W.I.P. at CRS / RRS in respect of revenue items was previously done. As no valuation & accounting is done profit is decreased by Rs. 1205.00 lakhs.

## 13. CONTINGENT LIABILITIES / CAPITAL COMMITMENTS

- 13.1 The amount remaining to be executed on capital account not provided for is Rs. 104924.36 Lakhs(52720.84 Lakhs).
- 13.2 Claims against the Company not acknowledged as debts are Rs.704170.27 Lakhs(884720.89 Lakhs).
- 13.3 As on 31.03.2006 outstanding letters of credit amounted to Rs.798.04 Lakhs( 2327.37 Lakhs).
- 13.4 Negative Marked to Market Valuation of outstanding position involving foreign currency transactions as on 31.03.2006 stood at Rs 720.00 Lakhs (3404.00 Lakhs)
- 13.5 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 31.03.2006 stood at Rs. 86297.42 Lakhs and Rs.95041.46 Lakhs respectively. Further



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the Company has also given guarantee for loans obtained by subsidiaries the outstanding balance of which as on 31.03.2006 stood at Rs 16007.85 Lakhs (Rs 16172.72 Lakhs).

- 13.6 As on 31.03.2006 outstanding Deferred payment guarantee issued by Banks amounted to Rs.4527.13 Lakhs (Rs 4955.14 lakhs).

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

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

Sd/-  
(S. Bhattacharya)  
Director (F)

Dated : 12th October, 2006  
Place : Kolkata

As per our report annexed.  
For **Mitra Kundu & Basu**  
Chartered Accountants  
Sd/-  
(S. Das)  
Partner  
12th October, 2006



# Auditor's Report on the Consolidated Financial Statements of Coal India Limited for the year ended 31st March' 2006

1. We have examined the attached consolidated Balance Sheet of Coal India Limited as at 31st. March, 2006, and also the consolidated Profit & Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto.

These consolidated financial statements are the responsibility of the management of Coal India Limited and have been prepared by the management on the basis of separate financial statements and other financial information regarding component. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting frame work and are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis of our opinion.
3. We did not audit the financial statements of the following subsidiaries. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of other auditors. The total assets including Capital Work In Progress as at 31st. March, 2006 and the total revenue for the year ended on that date in respect of these Subsidiaries are as under:

(Rs. In Lakhs)

<u>Subsidiary</u>	<u>Assets</u>	<u>Revenue</u>
Eastern Coalfields Ltd.	130370.45	387108.98
Bharat Coking Coal Ltd.	118278.33	430673.30
Central Coalfields Ltd.	161224.77	533713.93
Western Coalfields Ltd.	154174.29	490555.11
South Eastern Coalfields Ltd	203124.66	653213.06
Northern Coalfields Ltd.	205779.58	490200.51
Mahanadi Coalfields Ltd.	145542.83	377767.07
C.M.P.D.I. Ltd.	6048.14	14983.05



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4. We report that the consolidated financial statements have been prepared by the management of Coal India Limited in accordance with the requirements of Accounting standard – 21 “ Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India.
5. Based on our audit and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements read with the Notes in Schedule – M give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the consolidated balance sheet, of the state of affairs of Coal India Limited as at 31st. March, 2006;
  - (b) in the case of the consolidated profit & loss account, of the profit for the year ended on that date; and
  - (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

Kolkata  
The 12th day of October, 2006

For Mitra Kundu & Basu  
Chartered Accountants  
Sd/-  
**( S. Das )**  
Partner

