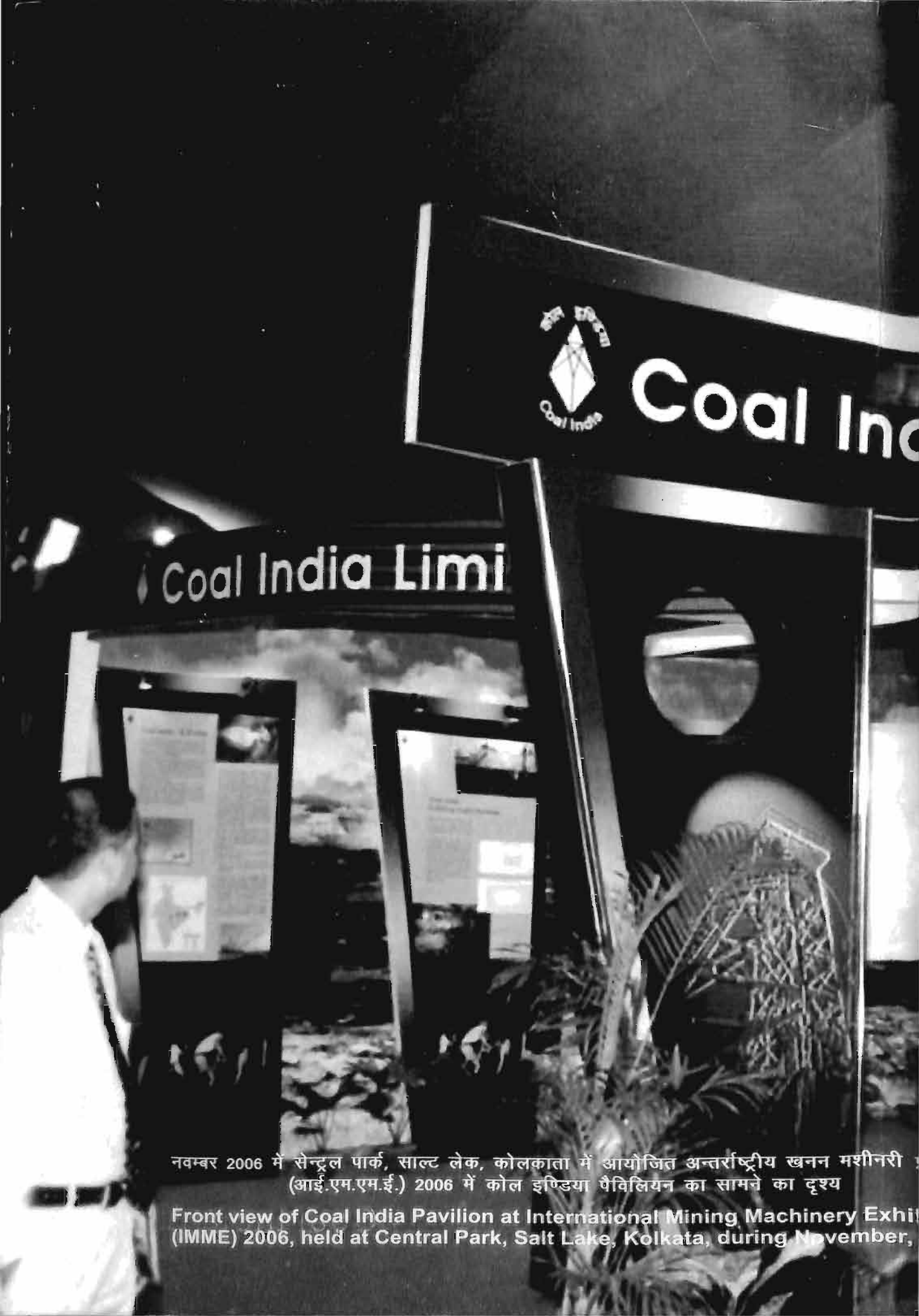


ANNUAL REPORT  
& ACCOUNTS  
2006 - 2007



**Coal India Limited**



नवम्बर 2006 में सेन्ट्रल पार्क, साल्ट लेक, कोलकाता में आयोजित अन्तर्राष्ट्रीय खनन मशीनरी  
(आई.एम.एम.ई.) 2006 में कोल इण्डिया पैविलियन का सामने का दृश्य

Front view of Coal India Pavilion at International Mining Machinery Exhibition  
(IMME) 2006, held at Central Park, Salt Lake, Kolkata, during November,

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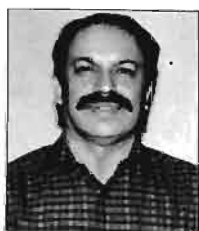
nergizing



## **Board of Directors**



*Shri Partha S. Bhattacharyya*



*Dr. S. P. Seth*



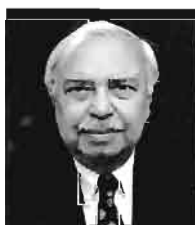
*Shri S. Narsing Rao*



*Shri Sanjiv Mittal*



*Shri Vivek Sahai*



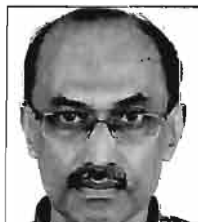
*Shri P. K. Banerjee*



*Shri Arvind Pande*



*Shri S. Murari*



*Prof. S. K. Barua*



*Shri K. Ranganath*



*Shri S. Bhattacharya*



*Shri N. C. Jha*



*Shri R. Mohan Das*



*Shri B. K. Sinha*

# Members of the Board

(As on 18th September, 2007)

## FUNCTIONAL DIRECTORS

Shri Partha S. Bhattacharyya	: Chairman
Shri K. Ranganath	: Marketing
Shri S. Bhattacharya	: Finance
Shri N. C. Jha	: Technical
Shri R. Mohan Das	: Personnel & Industrial Relations

## PART-TIME OFFICIAL DIRECTORS

DR. S. P. Seth	: Additional Secretary, Ministry of Coal, New Delhi
Shri Vivek Sahai	: Adviser (Traffic), Railway Board, New Delhi
Shri Sanjiv Mittal	: Jt. Secretary and Financial Adviser, Ministry of Coal, New Delhi
Shri S. Narsing Rao	: Chairman-cum-Managing Director, Singareni Collieries Co. Limited, Hyderabad
Shri B. K. Sinha	: Chairman-cum-Managing Director, South Eastern Coalfields Limited, Bilaspur

## PART-TIME NON-OFFICIAL DIRECTORS

Shri P. K. Banerjee
Shri Arvind Pande
Shri S. Murari
Prof. S. K. Barua

## CHIEF GENERAL MANAGER (F)/COMPANY SECRETARY

Dr. H. Sarkar
---------------



2006-2007

## **Management During 2006-2007**

### **CHAIRMAN**

- Shri Shashi Kumar : (From 29.03.2005 TO 30.09.2006)  
[Addl. Charge from 2.12.2003 (AN) to 28.03.2005]
- Shri Partha S. Bhattacharyya : (From 1.10.2006)

### **FUNCTIONAL DIRECTORS**


- Shri D. K. Verma : Finance (From 1.9.2002 to 30.6.2006))
- Shri Md. Salim Uddin : Personnel & Industrial Relations (From 22.12.2003)
- Shri L. Jha : Technical [From 10.3.2005 (AN) to 31.12.2006]
- Shri K. Ranganath : Marketing (From 4.10.2005 (FN))
- Shri S. Bhattacharya : Finance (From 1.7.2006)
- Shri N. C. Jha : Technical (From 1.1.2007)

### **DIRECTORS**

- Shri Pradeep Kumar : Additional Secretary/Spl. Secretary, Ministry of Coal, New Delhi (From 12.1.2004 to 23.10.2006)
- Dr. S. P. Seth : Additional Secretary, Ministry of Coal, New Delhi (From 23.10.2006)
- Shri Sujit Gulati : Jt. Secretary and Financial Adviser, Ministry of Coal, New Delhi (From 7.3.2006)
- Shri Ashok Gupta : Adviser (Traffic), Railway Board, New Delhi (From 17.10.2005)
- Shri S. Narsing Rao : Chairman-cum-Managing Director, Singareni Collieries Co. Limited, Hyderabad (From 6.2.2007)
- Shri V. K. Singh : Chairman-cum-Managing Director, Northern Coalfields Limited (From 9.11.2005 to 7.2.2007)
- Shri B. K. Sinha : Chairman-cum-Managing Director, South Eastern Coalfields Limited (From 7.2.2007)

### **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



2006-2007

## Notice

No. : CIL:XI(D) : 04043 : 1670 :2007

Dated : 11th September, 2007

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

Notice is hereby given to all Shareholders of Coal India Limited that the Thirty-third Annual General Meeting of the Company will be held on Tuesday, the 18th September, 2007 at 3.00 PM 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, 2007 and Profit and Loss Account for the year ended 31st March, 2007 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 Dr. S. P. Seth, Addl. 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 Vivek Sahai, Addl. Member (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.
5. To appoint a Director in place of Shri S. Narsing Rao, CMD, SCCL 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 B. K. Sinha, CMD, SECL who retires in terms of Article 33(d)(iii) of the Articles of Association of the Company and is eligible for reappointment.

By order of the Board

Sd/-

( Dr. H. Sarkar )

Chief General Manager (F)/  
Company Secretary

Kolkata

Dated: the 11th. September, 2007

Note:

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



## Chairman's Statement

Friends,

I have great pleasure in welcoming you to the 33rd Annual General Meeting of Coal India Limited. The report of the Directors and the audited accounts for the year ended 31st March, 2007 together with the report of the Statutory Auditors and the report and review of the Comptroller & Auditor General of India, are already with you.

2. CIL has been able to maintain its track record of excellence in the different fields of activities in the year 2006-07. The flagship company, CIL and its seven coal producing subsidiaries have achieved a highest ever coal production of 360.91 million tonnes in this fiscal as against 343.39 million tonnes in the previous year, leading a production jump of 17.52 million tonnes. Correspondingly off-take of coal has reached an all time high of 351.14 million tonnes with a growth of 5.2% over the previous year and the target satisfaction of 96%. During the year under report, CIL group as a whole could achieve the highest turnover of 34990 crores INR, posting a pre-tax profit of Rs. 8522.22 crores as against Rs 8676.72 crores in the previous year. Reduction in profit by Rs. 154.50 crores is more than explained by input cost escalation not covered by corresponding coal price hike. Your Directors have recommended a dividend payment of Rs. 1500 crores to GOI @ Rs. 237.48 per share on 63163644 fully paid equity shares of Rs. 1000/- each valued at Rs. 6316.36 crores and payment of tax as applicable thereon.

3. During Xth five year plan period CIL has been able to achieve its physical and financial targets. The year 2007-08 is the beginning of the XIth five year 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 9.5% for XIth plan which shoots up the energy demand. The country's coal demand is increasing considerably which will be about 731 Mt in 2011-12 against 464 Mt in 2006-07, as projected by the Working Group on Coal and Lignite for XIth Plan, set up by the Planning Commission. In view of this whopping increase in coal demand and to ensure the desired energy security of the country, CIL has planned to increase its coal production from the level of 360.91 Mt in 2006-07 to about 520 Mt in



2011-12 resulting in an increase of 159 Mt in a span of five years, which is an uphill task. Sincere efforts at all levels need to be taken for achieving the planned targets.

4. In order to take stock of the challenges and formulate Road Map for meeting the same, a Brain Storming session was carried out at Vedic Village, Kolkata on 11.1.2007 when the Hon'ble MOS (Coal), Secretary (Coal), other senior officials from Ministry of Coal and CMDs were present. Renewed thrust on underground mining, washing of thermal coal on a large scale, measures for achieving higher levels of availability and utilization of Heavy Earth Moving Machinery, restoration of land after mining etc. were some of the key issues deliberated in depth. Follow up actions have been initiated to ensure that the decisions taken are implemented in a time bound manner.

5. This is an era of Merger, Acquisition, Diversification and Joint Venture with the features of robust economy, booming stock market, swelling forex reserves and expectations of high corporate earning in India. CIL, having developed core competency in the field of coal mining and substantially high cash liquidity, has entered into joint ventures for coal mining, thermal power generation with captive coal mining and other activities. Initiatives taken by CIL towards this direction are as follows:

- \* Your Board of Directors has accorded in-principle approval for participation of CIL in the SPV to be

formed in consortium with SAIL, RINL, NTPC and NMDC with equity contributions as under:

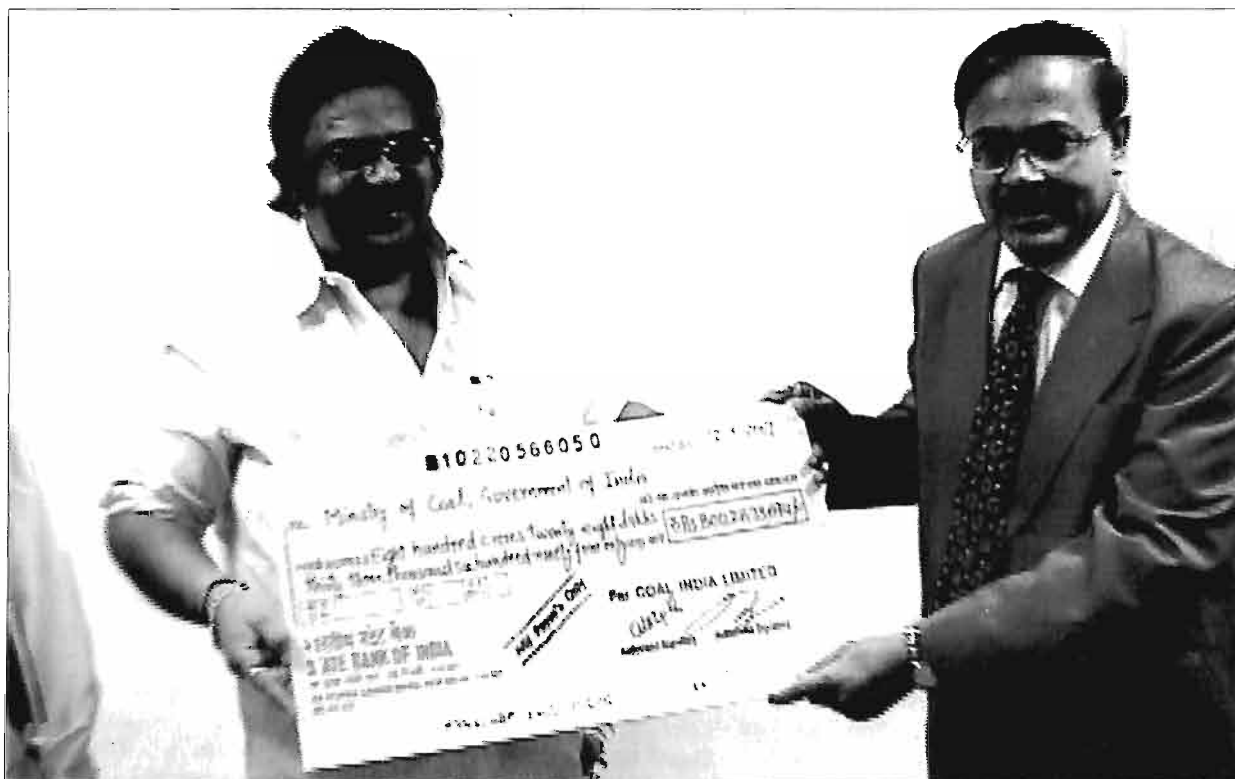
CIL	–	1000 crores
SAIL	–	1000 crores
RINL	–	500 crores
NTPC	–	500 crores
NMDC	–	500 crores
	–	<u>3500 crores</u>

The SPV will be formed for ensuring supplies of both metallurgical and thermal coal.

- \* The Board has also accorded in-principle approval for setting up a joint Venture with Tyre Corporation of India Ltd. by incorporating a new company with equity participation to be decided mutually by the parties. SPV will be formed for production of OTR Tyres of various sizes for consumption of CIL. The estimated cost of the project to be taken up is Rs. 200 crores.
- \* Dankuni Coal Complex (DCC), a Low Temperature Coal Carbonization Plant of CIL and presently under lease to SECL, has been incurring

loss since its inception. It produces coal gas, coke, tar etc. Following the decision in a meeting held on 26th June, 2007 between Govt. of West Bengal, Joint Secretary, Ministry of Petroleum & Natural Gas, Govt. of India, CMD, CIL and CMD, HPCL, a joint venture company will be formed with equity participation of 51% of HPCL, 26% of Govt. of West Bengal and 23% of CIL for taking over DCC.

- \* With a view to improving the availability of indigenous underground mining equipments, an agreement between BEML, CIL and DVC has been signed on 18th September, 2007 for formation of a SPV for taking over MAMC Ltd., a BIFR company, for revival. Equity participation of BEML, CIL and DVC in the proposed SPV will be 48%, 26% and 26% respectively.
  - \* 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.
6. CIL is also in the process of diversification of its business in the field of non-conventional energy for ensuring the energy security of the country. Initiatives taken by CIL towards this direction are as follows:



Coal India Limited paid the highest ever dividend of Rs. 1500 crores to Government of India during the fiscal 2006-07. The cheque was handed over to Dr. Dasari Narayana Rao, Hon'ble Minister of State for Coal, Govt. of India, by Shri Partha S Bhattacharyya, Chairman, Coal India Limited at New Delhi

- \* Coal Bed Methane (CBM): Coal India Limited is already involved in implementing two projects – (i) Collaborative development of Coal Bed Methane (CBM) by CIL and ONGC in Jharia and Raniganj Coalfield. Commercial production of CBM from a part area of Jharia Block is expected from middle of 2009. Cost of this commercial production is in the tune of Rs. 650.56 crores, where CIL's share is likely to be 26% (ii) CBM Recovery & Commercial utilization Demonstration Project is under implementation at Moonidih and Sudamdih mines of BCCL. The total project cost is Rs. 92.43 crores which is funded by GOI/GEF/UNDP. Production is likely to commence from December, 2007.
- \* Coal Mine Methane (CMM): CIL is delineating the CMM blocks and taking steps for global tendering for selection of the blocks. CMPDI on behalf of CIL has floated an EoI for commercial development of CMM in five coalfields. The EoI is under evaluation and a tender document will be formulated for inviting global tender for commercial production of CMM.
- \* 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. Projected coal requirement for this project will be around 3.5 Mt by the year 2014-15 for commercial plant. Joint Task Force (JTF) has been formed. OIL has awarded a contract to M/s. Headwaters CTL, USA, a consultant for this project. OIL decided to form a Joint Task Force (JTF) of OIL & CIL and take decision on priority basis to examine (i) Enhancement of production schedule of 3.5 Mt coal from NEC, (ii) examine formation of two joint venture – one for coal production and the other for setting up a commercial plant. JTF prepared a roadmap to study availability of coal and possibility of formation of JVC for coal production and commercial plant. JTF has held meetings with Govt. of Meghalaya, Arunachal Pradesh and Govt. of Assam for making coal available to the commercial plant. Draft MOU submitted by OIL for coal supply and formation of joint venture is under study by CIL.
- \* Underground Coal Gasification (UCG): A MOU with equal participation has been signed between CIL and ONGC for a joint venture project for gasification of coal in Underground. Out of Data package for five blocks given to SIM, Russia (the consultant engaged by ONGC), one block has been short-listed by them for generation of additional data. In addition, additional blocks suitable for UCG are being identified at the instance of MOC.
- \* Surface Coal Gasification (SCG): A joint venture

between GAIL and CIL proposed for surface gasification of coal at Talcher Coalfield is under consideration. Projected coal requirement for the proposed project will be around 1.5 mt. GAIL is preparing feasibility report in this regard.

7. In view of the surging high demand of coal, the gap particularly of the metallurgical coal, between demand and supply is widening year after year because of limited availability of techno-economically recoverable coking coal reserves in India. CIL is eyeing on both coking coal and non-coking coal (low ash) resources in the countries viz. USA, Venezuela, Canada, Australia, South Africa, Mozambique, Zimbabwe, Indonesia, Mongolia, Russia, Poland, Columbia and Bangladesh. Steps taken so far in this direction have not yet been concretized. However, some of the recent initiatives are –

- \* Your Board of Directors has agreed for engagement of a lawyer or any other consultant/adviser in Australia and Canada with the approval of MOC to represent CIL in connection with identification and acquisition of coal properties in those countries.
- \* The Board has also agreed for appointment of a Investment Banker/Consultant for carrying out due diligence on the offer of investment in Gujrat NRE Australia Pty. Ltd., a coal producing company in Australia.
- \* CIL is also in the process of submission of application for exploration license for coal blocks in Bangladesh and engagement of an authorized agent there to represent CIL.

8. Safety in mines continues to receive priority. A number of measures have been taken for improvement of safety in mines. 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.

9. I am confident that CIL shall continue to scale new height in the future 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.

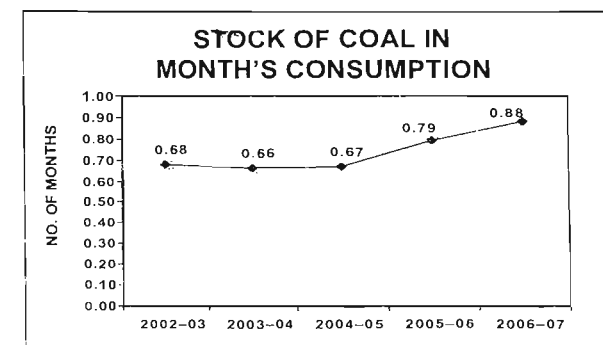
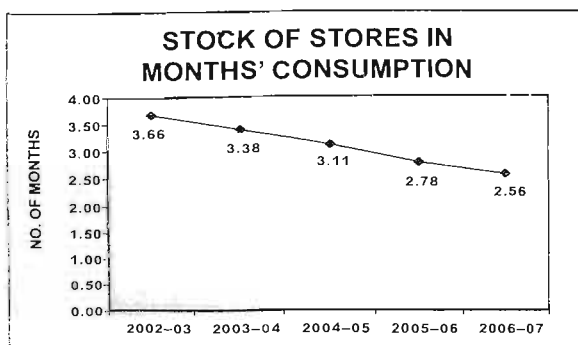
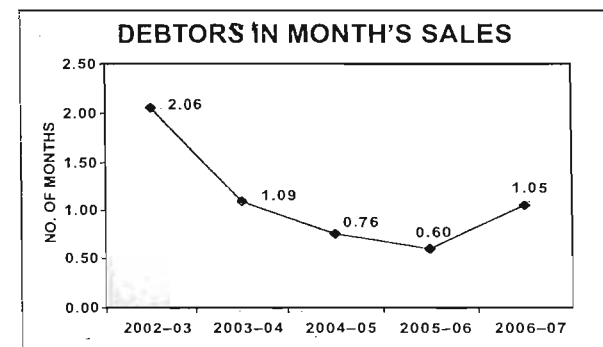
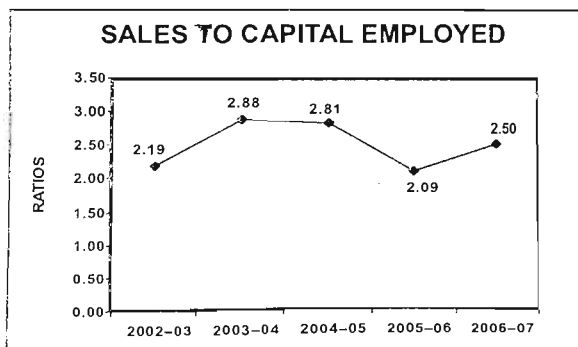
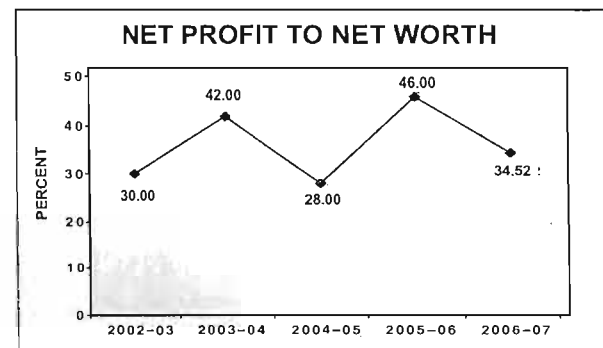
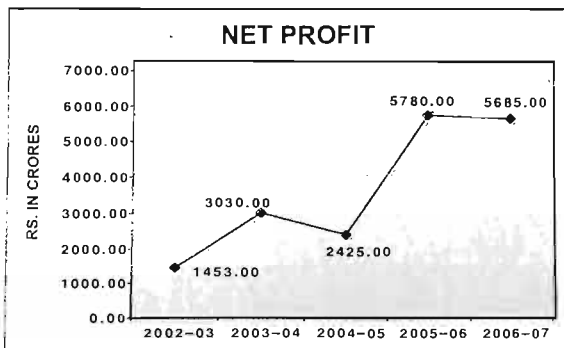
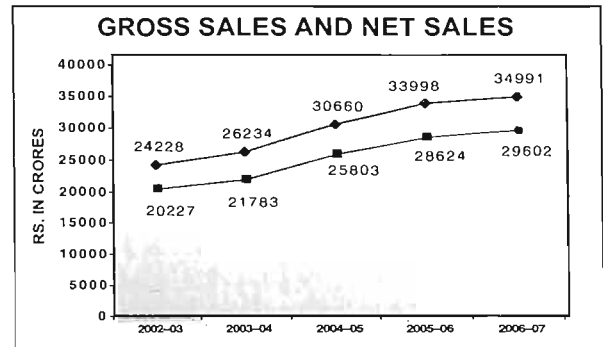
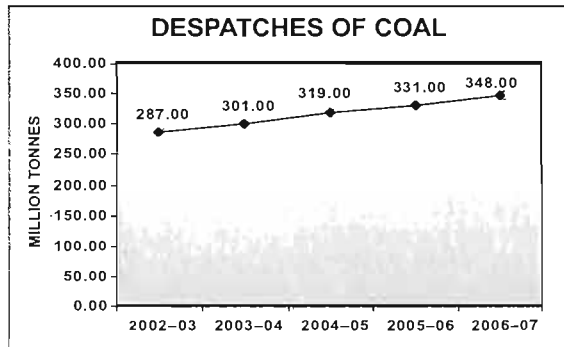
10. Last but not the least, I take the opportunity of expressing my sincere thanks to Ministry of Coal, other Central Govt. Ministries and Departments, State Governments, our employees, Trade Unions and our consumers and suppliers for their unstinted support and relentless co-operation.

Sd/-  
**Partha S Bhattacharyya**  
 Chairman

Kolkata

Dated, 18th September 2007.

# Performance of Coal India Limited At a Glance



## OPERATIONAL STATISTICS

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

Year Ending 31st March	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>1. (a) Production of Raw Coal :</b> (Million Tonnes)										
Underground	43.32	45.82	47.04	47.44	48.42	49.22	50.56	52.32	53.32	53.97
Opencast	317.59	297.57	276.54	258.92	242.27	230.43	217.58	208.26	203.16	206.58
<b>TOTAL</b>	<b>360.91</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>(b) Overburden Removal :</b> (Million Cu.M.)	537.65	533.94	516.11	497.00	501.20	490.13	487.39	462.40	452.10	428.14
<b>2. Off take (Raw Coal)</b> (Million Tonnes)										
Power	262.14	256.65	248.86	234.23	219.93	217.18	207.43	195.08	182.10	189.66
Steel/Hard Coke	9.85	10.02	11.70	12.18	12.28	12.37	13.87	15.45	18.35	19.21
Railway	—	—	—	—	—	—	—	—	0.03	0.05
Others	79.15	66.99	59.94	56.83	55.65	51.23	50.56	50.91	49.15	48.90
<b>TOTAL</b>	<b>351.14</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>3. Average Manpower</b>	439343	452287	468450	484603	510671	530986	552061	574477	599293	619576
<b>4. Productivity</b>										
(A) Average per Man per Year	821.48	759.23	652.70	632.06	569.23	526.65	485.71	453.60	427.97	420.53
(B) Output per manshift (OMS) :										
(i) Underground (Tonnes)	0.71	0.71	0.69	0.68	0.69	0.64	0.63	0.61	0.59	0.57
(ii) Opencast (Tonnes)	8.00	7.51	7.18	6.67	6.30	6.08	5.90	5.44	5.52	5.07
(iii) Overall (Tonnes)	3.54	3.26	3.05	2.82	2.67	2.45	2.29	2.10	2.03	1.93



*A view of Heavy Mining Machineries in operation in an opencast coal mine*



2006-2007

## FINANCIAL POSITION

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

### OPERATIONAL STATISTICS

(Rs. Crores)

Year Ending 31st March	As per Consolidated Audited Accounts						As per unaudited Consolidated Accounts			
	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98
<b>(A) What is owned</b>										
Gross Fixed Assets	30257.42	29223.34	28057.55	27622.92	26812.12	26054.82	25305.86	24546.79	21667.79	20082.20
Less Depreciation/Impairment/Other Provn.	20040.56	19080.62	17899.98	16523.06	15377.60	13882.07	12664.34	11457.95	10167.28	9157.31
(1) Net Fixed Assets	10216.86	10142.72	10157.57	11099.86	11434.52	12172.75	12641.52	13088.84	11500.51	10924.89
(2) Capital Work -in -Progress/Surveyed off Assets	1335.18	1205.95	1347.45	1188.57	1288.94	1130.87	1104.99	1194.11	1722.60	1893.85
(3) Deferred Tax Asset	690.63	650.88	590.13	131.91	167.86					
(4) Misc expenditure & other payable							216.44	70.84	81.02	126.23
(5) Investment (internal)	2025.88	2244.52	2244.52	2244.52	80.08	80.08	80.10	80.10	0.10	12.72
(6) Current Assets:										
(i) (a) Inventory of coal, coke etc.	2137.04	1889.50	1405.72	1175.25	1138.65	1057.23	1145.46	1242.19	1491.86	1299.44
(b) Inventory of Stores & Spares etc	900.67	921.92	915.75	931.64	950.66	1002.47	1101.09	1121.20	1034.89	1017.35
(c) Other Inventories	82.76	90.40	95.71	85.01	92.08	86.32	104.37	104.62	91.91	60.26
(ii) Sundry Debtors	1586.41	1804.47	2072.14	2484.34	4245.61	4503.81	4797.61	4155.22	3997.49	3357.44
(iii) Cash & Bank Balances	15929.27	13427.24	7986.95	2966.55	1590.84	1131.84	767.27	787.08	786.93	499.28
(iv) Loans & Advances	8191.88	6278.10	5059.72	4361.32	3648.99	3875.70	3163.53	2788.46	3389.48	2150.87
(v) O.B.R. Adjustments							-449.05	-468.46	-409.31	-468.93
Total Current Assets (6)	28828.03	24411.63	17535.99	12004.11	11666.83	11657.37	10630.28	9730.31	10383.25	7915.71
(7) Less Current Liab & Prov. (Exclud. intt Accr. & Due)	22820.97	21741.25	18341.40	14478.96	12464.22	12602.59	13930.33	10032.33	10185.89	8660.34
Net Current Assets (6 - 7)	6007.06	2670.38	-805.41	-2474.85	-797.39	-945.22	-3300.05	-302.02	197.36	-744.63
<b>TOTAL (A)</b>	<b>20275.61</b>	<b>16914.45</b>	<b>13534.26</b>	<b>12190.01</b>	<b>12174.01</b>	<b>12438.48</b>	<b>10743.00</b>	<b>14131.87</b>	<b>13501.59</b>	<b>12213.06</b>
<b>(B) What is owed :</b>										
(1) 10% Redeemable Pref. Shares							904.18	904.18	904.18	904.18
(2) Govt. Loan			107.09	125.23	143.36	812.72	898.56	1446.20	1920.58	2230.82
(3) Interest Accrued & Due	0.18	71.62	71.62	98.65	98.47	816.86	163.59	80.57	26.93	38.01
(4) Intercompany Loan							722.74	840.48	964.48	240.21
(5) Term Loan (F. Intt. & Banks)							262.54	481.12	367.38	135.22
(6) Bonds		14.00	25.00	36.00	47.07	58.06	563.46	584.33	884.03	1084.03
(7) Deferred Tax Liability	242.41	480.64	646.79	507.32	528.57	67.40				
(8) Others (foreign loan, incld. deferred credit)	1835.88	2018.41	2343.10	2526.14	2849.13	3228.55	2809.41	2710.46	1290.97	957.43
<b>SUB TOTAL (1 TO 8)</b>	<b>2078.47</b>	<b>2584.67</b>	<b>3193.60</b>	<b>3293.34</b>	<b>3666.60</b>	<b>4983.59</b>	<b>6324.48</b>	<b>7047.34</b>	<b>6358.55</b>	<b>5589.90</b>
(9) Bank Borrowings (inclcd. O.D. & Others)	307.84	214.96	202.32	353.23	1147.70	1271.47	388.72	944.87	716.45	704.71
<b>TOTAL (B)</b>	<b>2386.31</b>	<b>2799.63</b>	<b>3395.92</b>	<b>3646.57</b>	<b>4814.30</b>	<b>6255.06</b>	<b>6713.20</b>	<b>7992.21</b>	<b>7075.00</b>	<b>6294.61</b>
<b>Net Worth (A - B)</b>	<b>17889.30</b>	<b>14114.82</b>	<b>10138.34</b>	<b>8543.44</b>	<b>7359.71</b>	<b>6183.42</b>	<b>4029.80</b>	<b>6139.66</b>	<b>6426.59</b>	<b>5918.45</b>
<b>Represented by</b>										
(1) Equity Capital (inclcd. pending allotment)	6316.36	6316.36	6316.36	6316.36	7220.54	7220.54	6316.36	6316.36	6316.36	6316.36
(2) Reserves & Surplus	6798.49	5893.98	5279.37	4820.91	4699.50	4098.41	3000.76	2484.64	1721.09	985.10
(3) Profit/Loss (+)/(-)	4774.45	1904.48	-1457.39	-2593.83	-4560.33	-5135.53	-5287.32	-2661.34	-1522.14	-1114.62
(4) Misc Expenditure (Dil/ab)									-88.72	-268.39
<b>Net Worth (1 to 4)</b>	<b>17889.30</b>	<b>14114.82</b>	<b>10138.34</b>	<b>8543.44</b>	<b>7359.71</b>	<b>6183.42</b>	<b>4029.80</b>	<b>6139.66</b>	<b>6426.59</b>	<b>5918.45</b>
<b>Capital Employed</b>	<b>16223.74</b>	<b>12741.48</b>	<b>9280.54</b>	<b>8526.36</b>	<b>10618.74</b>	<b>10490.75</b>	<b>9257.98</b>	<b>12786.35</b>	<b>11671.04</b>	<b>10154.97</b>

**Note :** The above financial position has been prepared as per the Consolidated Accounts (Accounting Standard - 21). 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 (to comply with provision of Accounting Standard - 21); the profit as well as related corresponding figures shown above may be read with such deviation.

## INCOME AND EXPENDITURE STATEMENT

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

### OPERATIONAL STATISTICS

(Rs. Crores)

Year Ending 31st March	As per Consolidated Audited Accounts						As per unaudited Consolidated Accounts			
	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98
<b>(A) Earned From :</b>										
Gross Sales	35129.17	33997.19	30659.46	26234.17	24228.06	22686.86	20811.00	19589.19	18646.19	18795.13
Less : Coal from development Mines	1.20	8.79	8.00	0.81	1.13	7.38	67.57	62.64	73.43	88.22
Less : Levies (Royalties, cesses etc.)	5525.78	5286.57	4788.60	4333.35	3829.65	3375.24	3252.74	3136.79	3174.09	3385.80
(1) Net Sales	29602.19	28701.83	25862.86	21900.01	20397.28	19304.24	17490.69	16389.76	15398.67	15321.11
(2) Accretion/Decretion in Stocks	247.55	483.77	230.47	36.60	81.42	-79.80	-102.21	-240.23	179.47	166.07
(3) Boiler & Domestic Consumption	1940.47	2054.04	1819.75	1568.40	1560.61	1505.79	186.32	194.37	214.91	222.03
(4) Other Revenue Receipts :										
CMPDIL							155.98	92.67	99.27	97.38
Others (Aft. Adj. Trans. & Recov., Contrs etc.)	3215.21	2769.14	1974.04	2258.08	1547.64	1305.41	320.84	344.31	272.49	205.00
Coal Price Regulation Accounts										
<b>TOTAL (A)</b>	<b>35005.42</b>	<b>34008.78</b>	<b>29887.12</b>	<b>25763.09</b>	<b>23586.95</b>	<b>22035.64</b>	<b>18051.62</b>	<b>16780.88</b>	<b>16164.81</b>	<b>16011.59</b>
<b>(B) Paid to / Provided for</b>										
Employees Remu. & Benefits (Gross-Rev.)	10350.39	9985.69	11263.67	9191.73	8195.15	8157.62	10204.32	6927.95	6128.37	5989.98
Less : Trans. to Oth. Rev. Heads	355.02	332.06	305.94	279.70	269.66	262.73	430.54	386.20	351.18	341.80
(1) Net S. & Wages (Excl. V.R.S. Payment)	9995.37	9653.63	10957.73	8912.03	7925.49	7894.89	9773.78	6541.75	5777.19	5648.18
(2) V.R.S. Payment (Net of Grant Recvd.)	102.16	134.36	152.36	271.52	246.54	359.31	98.41	116.65	96.18	16.39
(3) Social Overheads (Incl. LLTC & Dom. Coal)	1491.93	1380.39	1344.94	1280.09	1185.41	1159.57	1242.42	1126.94	1104.57	1071.11
Less : Social overheads Dep. & Intt.	13.88	12.65	12.51	11.34	13.66	13.78	58.11	57.15	60.13	53.08
Social Overheads (Excl. Dep. & Intt.)	1478.05	1367.74	1332.43	1268.75	1171.75	1145.79	1184.31	1069.79	1044.44	1018.03
(4) Stores & Spares (Gross - Rev.)	4182.28	3939.97	3373.26	3246.50	3105.97	2946.47	2782.89	2587.62	2413.39	2355.37
Less : Trans. to Oth. Rev. Heads	56.68	51.22	46.14	42.87	44.51	42.28	40.68	42.02	38.39	36.43
Stores & Spares (Net)	4125.60	3888.75	3327.12	3203.63	3061.46	2904.19	2742.21	2545.60	2375.00	2318.94
(5) (i) Power & Fuel (Excl. Coal Consumed)	1600.35	1551.33	1502.14	1480.17	1435.38	1378.36	1346.63	1317.70	1218.85	1191.56
(ii) Internal Consumption of Coal	1848.05	2013.67	1739.23	1394.18	1391.42	1277.40	57.28	56.02	56.37	53.58
(6) Contractors (Trans. & Repairs)	2758.31	2624.68	2346.09	1927.40	1794.00	1581.03	892.92	812.74	745.34	699.47
(7) Misc. Expenses	1287.16	1356.40	1108.07	949.42	762.61	752.46	653.60	814.51	595.28	633.02
(8) Provision for D/Debts, Obsol. etc.	116.86	34.41	202.26	17.38	417.31	560.44	537.10	578.77	812.01	471.92
(9) Interest	84.93	90.90	190.15	147.90	303.60	447.93	681.77	695.68	659.66	742.79
(10) Depreciation incl. Impairment	1357.81	1357.38	1355.01	1397.60	1393.39	1450.98	1503.52	1518.54	1290.78	1240.30
(11) OBR Adjustment	1686.58	1209.89	852.74	497.48	344.47	207.44	-19.31	56.94	26.99	159.73
(12) P. P. Adj. / Extra Ordinary Item	-38.28	-62.82	-72.26	-383.49	206.74	35.44	13.87	-37.68	14.93	13.69
<b>TOTAL (B)</b>	<b>26402.95</b>	<b>25220.32</b>	<b>24993.07</b>	<b>21083.97</b>	<b>20454.16</b>	<b>19995.66</b>	<b>19466.09</b>	<b>16087.01</b>	<b>14713.02</b>	<b>14207.60</b>
<b>Profit/Loss for the Year (A - B)</b>	<b>8602.47</b>	<b>8788.46</b>	<b>4894.05</b>	<b>4679.12</b>	<b>3132.79</b>	<b>2039.98</b>	<b>-1414.47</b>	<b>693.87</b>	<b>1451.79</b>	<b>1803.99</b>
Investment Allowance Reserves				16.35	31.22			42.24		21.45
Tax on Profit	-2893.74	-2896.94	-2376.35	-1797.74	-1410.83	-1213.94	-660.29	-846.78	-942.85	-891.69
Proposed Dividend	-1500.00	-1263.27	-274.56	-181.32	-90.42	-90.42	-90.42	-115.67	-115.68	-109.37
Tax on Dividend	-534.43	-475.64	-247.79	-202.15	-124.50		-61.82	-104.41	-82.12	-181.85
Trans. to General Reserve	-904.61	-798.68	-557.31	-503.16	-257.43	-256.86	-132.30	-197.75	-200.73	-234.99
Bond Redmp. Resv/Cap. Red Resv/Foreign Exch. Resv.	-13.80	-3.09	87.46	-44.60	-211.41	-326.97	-357.91	-610.70	-517.92	-380.00
Other Adjustments (deferred tax, excess prov. of tax)	114.08	11.03	69.75		-494.22		91.23			-1.85
Adjustment of Impairment Loss			-458.82							
Cumulative Profit/Loss from Last Year	1904.48	-1457.39	-2593.83	-4560.33	-5135.53	-5287.32	-2661.34	-1522.14	-1114.62	-1040.31
Cumulative Profit/Loss to Balance Sheet	4774.45	1904.48	-1457.39	-2593.83	-4560.33	-5135.53	-5287.32	-2061.34	-1522.13	-1114.62
Cumul. P & L (Before Transfer to Reserves)	11572.94	7798.46	3821.98	2227.08	-427.83	-1447.57	-2286.56	-176.70	144.43	-168.56

Note : The above financial position has been prepared as per the Consolidated Accounts (Accounting Standard - 21). 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 (to comply with provision of Accounting Standard - 21); the profit as well as related corresponding figures shown above may be read with such deviation.



2006-2007

## OPERATIONAL STATISTICS IMPORTANT FINANCIAL INFORMATION

(Rs. Crores)

Year Ending 31st March	As per Consolidated Audited Accounts						As per unaudited Consolidated Accounts			
	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98
<b>(A) Related to Assets &amp; Liabilities</b>										
(i) No. of Equity Shares (CIL) of Rs.1000 each	63163644	63163644	63163644	63163644	72205444	72205444	63163644	63163644	63163644	63163644
(ii) Shareholder's Funds :										
(a) Equity	6316.36	6316.36	6316.36	6316.36	7220.54	7220.54	6316.36	6316.36	6316.36	6316.36
(b) Reserves	6798.49	5893.98	5279.37	4820.91	4699.50	4098.41	3000.76	2464.64	1721.09	985.10
(c) Accumulated Loss/Profit	4774.45	1904.48	-1457.39	-2593.83	-4560.33	-5135.53	-5378.55	-2661.34	-1522.14	-1114.62
(d) Misc. Expend. (D/Liab.)									88.72	268.39
Net Worth	17889.30	14114.82	10138.34	8543.44	7359.71	6183.42	3938.57	6139.66	6426.59	5918.45
(2) Loan	1836.06	2104.03	2439.72	2660.79	2994.67	4103.47	6324.48	7047.34	6358.55	5589.90
(3) Capital Employed	16223.74	12741.48	9280.54	8526.36	10618.74	10490.75	9166.75	12786.35	11671.04	10154.97
(4) (i) Net Fixed Assets	10216.86	10142.72	10157.57	11099.86	11434.52	12172.75	12641.52	13088.84	11500.51	10924.89
(ii) Current Assets	28828.03	24411.63	17535.99	12004.11	11666.83	11657.37	10630.28	9730.31	10383.25	7915.71
(iii) Net Current Assets (W/C)	6007.06	2670.38	-805.41	-2474.85	-797.39	-945.22	-3391.28	-302.02	197.36	-744.63
(5) Current Liabilities (Excl. Intt. Accrued & Due)	22820.97	21741.25	18341.40	14478.96	12464.22	12602.59	14021.56	10032.33	10185.89	8660.34
(6) (a) Sundry Debtors (Net) (Excl. CMPDIL)	1459.29	1690.93	1954.58	2375.68	4165.10	4417.58	4701.37	4129.32	3975.98	3337.32
(b) Cash & Bank	15929.27	13427.24	7986.95	2966.55	1590.84	1131.84	767.27	787.08	786.93	499.28
(7) Closing Stock of :										
(a) Stores & Spares (Net)	900.67	921.92	915.75	931.64	950.66	1002.47	1101.09	1121.20	1034.89	1017.35
(b) Coal, Cokes etc. (Net)	2137.04	1889.50	1405.72	1175.25	1138.65	1057.23	1145.46	1242.19	1491.86	1299.44
(8) Average Stock of Stores & Spares (Net)	911.30	918.84	923.70	941.15	976.57	1051.78	1111.15	1078.05	1026.12	1020.01
<b>(B) Related to Profit / Loss</b>										
(1) (a) Gross Margin	10045.21	10236.74	6439.21	6224.62	4829.78	3938.89	770.82	2908.09	3402.23	3787.08
(b) Gross Profit	8687.40	8879.36	5084.20	4827.02	3436.39	2487.91	-732.70	1389.55	2111.45	2546.78
(c) Net Profit (Before Tax & Inv. Allow. etc)	8602.47	8788.46	4894.05	4679.12	3132.79	2039.98	-1414.47	693.87	1451.79	1803.99
(d) Net Profit (After Tax)	5708.73	5891.52	2517.70	2881.38	1721.96	826.04	-2074.76	-152.90	508.94	812.30
(e) Net Profit (After Tax & Div. on Pref. & Equity)	4208.73	4628.25	2243.15	2700.06	1631.54	735.62	-2165.18	-243.32	418.52	721.88
(2) (a) Gross Sales	35129.17	33997.19	30659.46	26234.17	24228.06	22686.86	20811.00	19589.19	18646.19	18795.13
(b) Net Sales (After Levies & Dev. etc.)	29602.19	28701.83	25862.86	21900.01	20397.28	19304.24	17490.69	16389.76	15398.67	15321.11
(c) Sale Value of Production	31629.89	31093.85	27761.93	23362.71	21915.92	20598.88	17574.80	16343.90	15793.05	15709.21
(3) Cost of Goods Sold (Sales - Profit)	20999.72	19913.37	20968.81	17220.89	17264.49	17264.26	18905.16	15695.89	13946.88	13517.12
(4) (a) Total Expenditures (Excl. Recoveries)	24214.93	22682.51	22942.85	19478.97	18812.13	18569.67	19466.09	16087.01	14713.02	14207.60
(b) Salary & Wages (Gross Rev. only)	10350.39	9985.69	11263.67	9191.73	8195.15	8157.62	10204.32	6927.95	6128.37	5989.98
(c) Stores & Spares (Gross Rev. only)	4182.28	3939.97	3373.26	3246.50	3105.97	2946.47	2782.89	2587.62	2413.39	2355.37
(d) Power & Fuel	1600.35	1551.33	1502.14	1480.17	1435.38	1378.36	1346.63	1317.70	1218.85	1191.56
(e) Int. & Depreciations (Gross Rev. only)	1442.74	1448.28	1545.16	1545.50	1696.99	1898.91	2185.29	2214.22	1950.44	1983.09
(5) Average Consumption of Stores & Spares (Gross) per Month	348.52	328.33	281.11	270.54	258.83	245.54	231.91	215.64	201.12	196.28
(6) (a) Avg. Manpower Employed during the year	445815	460369	476577	493081	510671	530987	552061	574477	599293	619576
(b) Social Overheads (Incl. LTC/LLTC)	1491.93	1380.39	1344.94	1280.09	1185.41	1159.57	1242.42	1126.94	1104.57	1071.11
(c) S/Overheads expend. per Employee (Rs.000)	33.47	29.98	28.22	25.96	23.21	21.84	22.51	19.62	18.43	17.29
(7) (a) Value Added	24216.21	23785.89	21344.59	17427.03	16151.05	15170.28	13584.66	12517.25	12242.10	12242.51
(b) Value Added per Employee (Rs.000)	543.19	516.67	447.87	353.45	316.27	285.70	246.07	217.89	204.28	197.59

Note : The above financial position has been prepared as per the Consolidated Accounts (Accounting Standard - 21). 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 (to comply with provision of Accounting Standard - 21); the profit as well as related corresponding figures shown above may be read with such deviation.



## OPERATIONAL STATISTICS

### IMPORTANT FINANCIAL RELATIVE RATIOS

Year Ending 31st March	As per Consolidated Audited Accounts						As per unaudited Consolidated Accounts			
	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98
<b>(A) PROFITABILITY RATIOS</b>										
<b>(1) AS % NET SALES</b>										
(a) Gross Margin	33.93	35.67	24.90	28.42	23.68	20.40	4.41	17.74	22.09	24.72
(b) Gross Profit	29.35	30.94	19.66	22.04	16.85	12.89	-4.19	8.48	13.71	16.62
(c) Net Profit	29.06	30.62	18.92	21.37	15.36	10.57	-8.09	4.23	9.43	11.77
<b>(2) AS % TOTAL EXPENDITURES</b>										
(a) Sal & Wages (Gross - Rev.)	42.74	44.02	49.09	47.19	43.56	43.93	52.42	43.07	41.65	42.16
(b) Stores & Spares (Gross - Rev.)	17.27	17.37	14.70	16.67	16.51	15.87	14.30	16.09	16.40	16.58
(c) Power & Fuel	6.61	6.84	6.55	7.60	7.63	7.42	6.92	8.19	8.28	8.39
(d) Interest & Depreciation (Gross - Rev.)	5.96	6.39	6.73	7.93	9.02	10.23	11.23	13.76	13.26	13.96
<b>(3) AS % CAPITAL EMPLOYED</b>										
(a) Gross Margin	61.92	80.34	69.38	73.00	45.48	37.55	8.41	22.74	29.15	37.29
(b) Gross Profit	53.55	69.69	54.78	56.61	32.36	23.72	-7.99	10.87	18.09	25.08
(c) Net Profit	53.02	68.98	52.73	54.88	29.50	19.45	-15.43	5.43	12.44	17.76
(4) OPERATING RATIO (SALES - PROFIT/SALES)	0.71	0.69	0.81	0.79	0.85	0.89	1.08	0.96	0.91	0.88
<b>(B) LIQUIDITY RATIOS</b>										
(1) Current Ratio (Current Asset/Current Liability)	1.26	1.12	0.96	0.83	0.94	0.92	0.76	0.97	1.02	0.91
(2) Quick Ratio (Quick Asset/Current Liability)	0.76	0.70	0.54	0.37	0.46	0.44	0.39	0.49	0.47	0.44
<b>(C) TURNOVER RATIOS</b>										
(1) Capital Turnover Ratio (Net Sales/Capital Employed)	1.82	2.25	2.79	2.57	1.92	1.84	1.91	1.28	1.32	1.51
<b>(2) Sundry Debtors (net) as no. of months</b>										
(a) Gross Sales	0.50	0.60	0.77	1.09	2.06	2.34	2.71	2.53	2.56	2.13
(b) Net Sales	0.59	0.71	0.91	1.30	2.45	2.75	3.23	3.02	3.10	2.61
<b>(3) As Ratio of Net Sales</b>										
(a) Sundry Debtors	0.05	0.06	0.08	0.11	0.20	0.23	0.27	0.25	0.26	0.22
(b) Coal Stocks	0.07	0.07	0.05	0.05	0.06	0.05	0.07	0.08	0.10	0.08
<b>(4) Stock of Stores &amp; Spares</b>										
(a) Avg. Stock/Annual Consumption	0.22	0.23	0.27	0.29	0.31	0.36	0.40	0.42	0.43	0.43
(b) Closing Stock in terms of No. of Month's Consumption	2.58	2.81	3.26	3.44	3.67	4.08	4.75	5.20	5.15	5.18
<b>(5) Stock of Coal, Coke, W/coal etc.</b>										
(a) As no. of Month's Value of production	0.81	0.73	0.61	0.60	0.62	0.62	0.78	0.91	1.13	0.99
(b) As no. of Month's of cost of goods sold	1.22	1.14	0.80	0.82	0.79	0.73	0.73	0.95	1.28	1.15
(c) As no. of Month's Net Sales	0.87	0.79	0.65	0.64	0.67	0.66	0.79	0.91	1.16	1.02
<b>(D) STRUCTURAL RATIOS</b>										
(1) Debt : Equity	0.29	0.33	0.39	0.42	0.41	0.57	1.00	1.12	1.01	0.88
(2) Debt : Net Worth	0.10	0.15	0.24	0.31	0.41	0.66	1.61	1.15	0.99	0.94
(3) Net Worth : Equity	2.83	2.23	1.61	1.35	1.02	0.86	0.62	0.97	1.02	0.94
(4) Net Fixed Assets : Net Worth	0.57	0.72	1.00	1.30	1.55	1.97	3.21	2.13	1.79	1.85
<b>(E) SHARE HOLDER'S INTEREST</b>										
(1) Book Value of Shares (Rs.) (Networth / No. of Equity)	2832.21	2234.64	1605.09	1352.59	1019.27	856.36	623.55	972.02	1017.45	937.00
(2) Dividend per Share (Rs.) - (Equity)	237.50	200.00	43.00	16.00						

Note : The above financial position has been prepared as per the Consolidated Accounts (Accounting Standard - 21). 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 (to comply with provision of Accounting Standard - 21); the profit as well as related corresponding figures shown above may be read with such deviation.



2006-2007

## 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-fourth Annual Report of Coal India Limited and Audited Accounts for the year ended 31st March, 2007 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 (ECL),  
Bharat Coking Coal Limited (BCCL),  
Central Coalfields Limited (CCL),  
Western Coalfields Limited (WCL),  
South Eastern Coalfields Limited (SECL),  
Northern Coalfields Limited (NCL),  
Mahanadi Coalfields Limited (MCL) and  
Central Mine Planning & Design Institute Limited (CMPDIL).

The mines in Assam i.e. 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 2006-07 compared to previous two years are shown in the table below :

	2006-07	2005-06	2004-05
Production (in million tonnes)	360.91	343.39	323.58
Off-take of Coal (in million tonnes)	351.14	333.66	321.55
Sales (Gross) (Rs./Crores)	34990.55	33,998.11	30,660.30
Gross Profit (Rs./Crores)	8729.69	8,763.04	5,021.02
Capital Employed (Rs./Crores)	14015.44	13,666.88	9,166.29
Net Worth (Rs./Crores)	16470.33	12,604.11	8,748.96
Profit before Tax (Rs./Crores)	8522.22	8,676.72	4,801.52
Profit after Tax (Rs./Crores)	5684.68	5,779.78	2,424.47
Gross Profit to Capital employed	62.29%	64.12%	54.78%
Profit before Tax to Net Worth	51.74%	68.84%	54.88%
Coal Stock (Net) ( in terms of No. of months Net Sales)	0.88	0.79	0.67
Sundry Debtors (Net) ( in terms of No. of months Gross Sales)	1.05	0.60	0.76

## 2. FINANCIAL PERFORMANCE

### 2.1 Financial Results

CIL and its Subsidiaries have achieved collectively a pre-tax profit of Rs.8522.22 crores in the year 2006-07 against a pre-tax profit of Rs.8676.72 crores in the year 2005-06.

Company-wise position with regard to profit earned during the year under review vis-a-vis in 2005-06 are given in the table appended below:

Company	Figures in Crores	
	2006-07 Profit	2005-2006 Profit
ECL	118.12	371.96
BCCL	52.30	205.08
CCL	1020.30	1164.98
NCL	2177.61	2116.26
WCL	1054.44	1446.96
SECL	1777.83	1286.12
MCL	2081.39	1837.21
CMPDIL	4.47	3.94
CIL/NEC	2864.84	1979.27
<b>Sub-Total</b>	<b>11151.30</b>	<b>10411.78</b>
Less : Dividend from Subsidiaries	2629.08	1735.06
<b>Total</b>	<b>8522.22</b>	<b>8676.72</b>

## 2.2 Dividend Income and Pay Outs

Dividend income of CIL accounted for during the year under review, based on the recommendations from five profit making subsidiaries namely, CCL, NCL, WCL, SECL and MCL was Rs. 2629.08 crores as against dividend of Rs. 1735.06 crores in previous year, the Subsidiary-wise break-up of which are as under :

Name of the Subsidiary	Figures in Rs. Crores	
	2006-07	2005-2006
CCL	291.40	—
NCL	563.39	450.51
WCL	388.76	315.02
SECL	566.53	559.33
MCL	819.00	410.20
<b>TOTAL</b>	<b>2629.08</b>	<b>1735.06</b>

Your Directors recommended dividend payment of Rs.1500.00 crores @ Rs. 237.48 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

Registering a growth of 5.24%, off-take during 2006-07 had been 351.14Mt, being 17.48 Mt more in absolute terms in comparison to 2005-06. However, compared to annual target of 366.088 Mt, there has been a marginal shortfall of about 4%. This shortfall is mainly attributable to less acceptance of coal by power stations reduced to 14 Mt as on 1.4.07 from a level of 18 Mt in the beginning of the year. Limited availability of requisite quality of coking coal to meet the stringent quality parameters of steel plants had also been a contributing factor for slippage in target. Other factors

adversely impacted off-take were less movement of coal during change-over period from e-auction to e-booking in December '06 - January'07, discontinuation of movement of coal to a few linked non-core sector consumers owing to negative operating status of these units found on verification and reluctance of a section of consumers in this segment to accept coal at average e-auction price. Mismatch in infrastructure available for off-take and rate of production in the concluding months of the year had also been a factor for slippage in off-take. During the year, accretion of coal stock had been to the tune of 10Mt. However, till January'07 off-take was ahead of production. Stock accumulation had been 8Mt in March'07 alone. Sector-wise break-up of off-take for 2006-07 against target and last year's actual is given below:

Sector	2006-07			2005-06 Actual	Growth over Last Year	
	Target	Off-take	% Satn.		Abs.	%
Power (Util)						
Raw Coal*	272.68	262.14	96.13	256.65	5.49	2.13
Steel**	12.04	9.85	81.81	10.02	-0.17	-1.69
Cement	10.18	9.36	91.94	9.87	-0.17	-1.72
Fertilizer	2.26	2.44	107.96	2.93	-0.49	-16.72
Export	0.00	0.00	0.00	0.02	0.00	0.00
BRK/Others	67.86	66.51	97.75	53.23	13.28	24.95
Colliery Consumption	1.07	0.84	78.50	0.94	-0.10	-10.63
<b>Total Off-take</b>	<b>366.09</b>	<b>351.14</b>	<b>95.92</b>	<b>333.66</b>	<b>17.48</b>	<b>5.24</b>

\* :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.

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

Company-wise figures of targeted off-take for 2006-07 vis-a-vis actual off-take for 06-07 together with 05-06 are shown below:

*(Figs. in million tonnes)*

Company	2006-07			2005-06		Growth over last year	
	Target	Achieved	% Achieved	Achieved	Abs.	%	
ECL	33.00	29.79	90.27	28.68	1.11	3.87	
BCCL	26.00	24.10	92.69	22.34	1.76	7.88	
CCL	42.50	38.68	91.01	38.62	0.06	0.15	
NCL	52.80	52.62	99.66	51.68	0.94	1.82	
WCL	42.00	42.17	100.40	41.75	0.42	1.00	
SECL	88.50	86.17	97.36	81.20	4.97	6.12	
MCL	80.00	76.43	95.53	68.22	8.21	12.03	
NEC	1.29	1.18	91.47	1.17	0.01	0.08	
CIL as a whole	366.09	351.14	95.92	333.66	17.48	5.24	

All coal companies have registered growth in off-take during 2006-07. However, there had been shortfall in respect of targets in most of the Companies. In case of MCL, off-take could have improved further but for less acceptance of coal by southern power stations, less supply of empties by railway both at

Talcher and Ib-valley, particularly during peak production months was made. In fact, average wagon supply in Ib-field in first seven months of the year had been more than that of last five months. Frequent obstructions of activities by villagers had also badly affected transportation of coal. In case of ECL, less acceptance of coal by NTPC from Rajmahal, closure of Jamtara siding, transportation problem at Rajmahal/ Mugma area, less acceptance of coal under e-auction in general and Chitra/Rajmahal in particular because of price factor stood as deterrents for off-take. Less availability of wagons at Korba field had resulted in marginal shortfall in off-take at SECL. Reluctance on part of a few power stations had also been a contributing factor for slippage in off-take at SECL. Sporadic law and order problem, bundh called by political outfits had badly affected transportation of coal at CCL. Lukewarm response from steel plants to accept medium coking coal had also affected off-take at CCL.



Wagons to go through an automatic coal loading system Merry-Go-Round (MGR) for coal loading

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

Despatches of coal and coal products during 2006-07 were 347.56 million tonnes, an increase of 4.87% over last year when despatch was 331.37 mt. Despatches of coal and coal product by various modes for the year 2006-07 together with 2005-06 is given below:

(Figs. in million tonnes)

Year	Rail	Road	MGR	Belt	Rope	Overall
2006-2007	195.61	60.16	78.82	7.14	5.83	347.56
2005-2006	181.90	56.03	80.61	7.32	5.51	331.37
Increase/Decrease	14.35	3.46	-1.79	-0.19	0.32	16.15
Growth %	7.89	6.18	-2.22	-2.60	5.81	4.87

### 3.3 Wagon Loading

Spurred by better availability and regular follow up with Railways, wagon loading posted a jump of 1353 four wheeler wagons (FWWs) per day over last year. Even in relation to target, performance has been fairly satisfactory with a marginal shortfall of about 1% only. However, quantity-wise, despatch by rail-mode had been 195.61 Mt, being 101% of target of 194.617 Mt. Company-wise performance further reveals that actual loading has been more than target so also last year's level at NCL, WCL and SECL. In case of BCCL and MCL though actual loading displayed a positive growth, there had been shortfall in respect of target. In case of

ECL and CCL performance was not encouraging as loading was less both in comparison to target and last year's performance.

Company-wise target vis-à-vis loading in 2006-07 and performance of 2005-06 is given below:

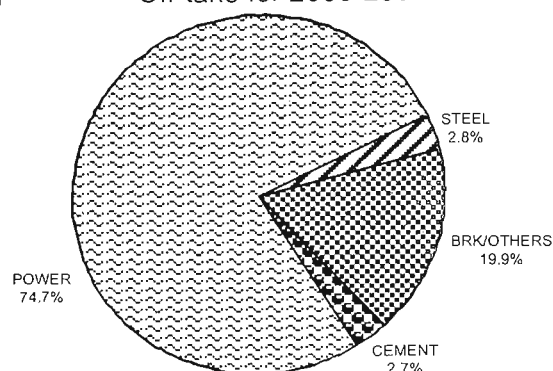
(Figs. in FWWs/Day)

Company	2006-07		% Achieved	2005-06		Growth over last year
	Target	Achieved		Achieved	Absolute	%
ECL	2059	2005	97.38	2064	-59	-2.86
BCCL	2635	2407	91.35	2325	82	3.53
CCL	3848	3402	88.41	3589	-187	-5.21
NCL	1110	1469	132.34	1242	227	18.28
WCL	2382	2557	107.35	2498	59	2.36
SECL	4575	4631	101.22	4039	592	14.66
MCL	5498	5342	97.16	4709	633	13.44
NEC	117	115	98.29	109	6	5.50
CIL	22224	21928	98.67	20575	1353	6.58

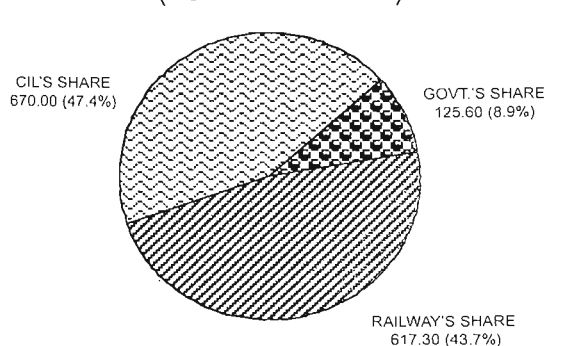
### 3.4 Consumer satisfaction

- (i) Coal India Ltd. and its subsidiaries are meeting the burgeoning demand of coal attuned to GDP and Industrial growth. It has attained the production level of 360.91 MT in 2006-07, which is to go up to 384.5 MT during 2007-08. The corresponding raw coal off take is required to increase to 386.5 MT from a

#### CONSUMING SECTOR PROFILE Off-take for 2006-2007



#### PRODUCER'S SHARE IN DESTINATION PRICE OF COAL (As on 01.04.2007)



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

level of 351.14 Mt. Even with inadequate infrastructure for faster coal evacuation, CIL has so far been able to fulfill its commitments as no thermal plant has ever suffered generation loss due to short supply of coal of desired quality. Thermal power plants account for 74.63% to total despatch of CIL.

- (ii) CIL has adopted various measures to ensure supply of assured quality of 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.
- (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. Further, MCL has successfully introduced the system of size-reduction of coal to (-) 100 mm and other coal companies have also planned to crush/size coal to (-) 100 mm in phases.

- (iv) However, complaints are received from various power houses mainly on account of supply of oversized coal and presence of extraneous materials leading to, as reported, various breakdowns in the unloading and coal handling system at the power stations end. The problem caused by such eventuality is of major concern for the power stations. The issue needs to be addressed for which it is essential that an overall performance of 100% sizing be achieved during the current financial year i.e. 2007-08. The



*Wagons coming out of Silo after coal loading, heading towards power station*

companies, which need to take action on priority, are ECL, BCCL, CCL and SECL where complaints are frequently received regarding oversized coal and extraneous materials.

- (v) Measures like picking of shale/stone, selective mining by conventional mode as well as 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.
- (vi) 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.
- (vii) Engagement of independent 3rd 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 commitment of 0.4 MTPA and having FSA) have been covered to the extent of 96.30% of total despatches eligible for sampling, out of which about 70.00% is covered under joint sampling arrangement and about 30.00% under 3rd party sampling arrangement. The achievement of grade conformity in respect of 3rd party and joint sampling has been to the tune of 83.60% & 91.00% respectively in respect of supplies to power sector during 2006-07.

Consumers, covered under agreed sampling arrangement, are required to pay as per the analysed grade of coal. This system is working satisfactorily.

- (viii) 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 2006-07, about 98.15% of coal despatches to power-houses have been weighed as compared to about 97.96% during the year 2005-06. Sized coal despatches to powerhouses during 2006-07 has been 97.29% as compared to about 97.40% during the year 2005-06.

### 3.5 Steps Taken towards Liberal Marketing of Coal

E-marketing of coal has been put on operation since September'04. The Government during 2006-07 earmarked 36 mt of coal. Marketing through e-auctioning continued till 8th December 2006. However, the scheme of e-auctioning was stopped from 9th December'06 and was modified to e-booking in January'07 under the direction of Hon'ble Apex Court.

As directed by the Hon'ble Apex Court, a Committee headed by Secretary (Coal), Govt. of India has now been constituted for formulating a new sales policy in line with the directives of the Apex Court. The recommendations of the Committee are

in the process of getting approved and once it is made available, a new policy would be put in place.

During the intervening period, CIL has formulated an interim arrangement under which the sales of coal is being made to different segments of buyers in the following manner.

- (a) Linked core sector consumers to continue getting coal in accordance with linkages/FSAs at the notified prices.
- (b) Linked non-core sector consumers as well as Central and State nominated agencies distributing coal to small and tiny consumers would get coal up to their Maximum Permissible Quantities (MPQ)/the allotted quantities at 120% of the notified prices.

- (c) For 'E-booking' of coal for 'any buyer' needing coal either for self-consumption or for trading at 130% of the notified prices, the coal companies from time to time based on availability would notify the sources from where 'e-booking' would be resorted.

In 2006-07, total quantity earmarked for E-auction and distribution through Central/State Agencies was 41 Mt against which actual despatch was around 25Mt.

### 3.6 Stock of Coal, Coke etc.

Net adjusted value of the pithead stock of coal and other products at the close of the year 2006-07 after provision for stock deterioration etc. was Rs. 2170.33 crores which was equivalent to 0.88 months' value of net sales. The Company-wise



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



position of stocks held on 31.3.2007 and on 31.3.2006 are given below :

(Rs. in Crores)

Company	Net Value of Stock as on 31.3.2007	Net Value of stock as on 31.3.2006	Stock in terms of no. of months Net sales	
			As on 31.3.2007	As on 31.3.2006
ECL	294.95	272.73	1.01	0.96
BCCL	434.04	427.61	1.85	1.69
CCL	682.68	578.82	2.10	1.78
NCL	39.52	56.60	0.10	0.15
WCL	286.28	213.43	0.78	0.58
SECL	240.54	214.74	0.46	0.43
MCL	169.95	95.74	0.55	0.36
CIL/NEC	22.37	29.84	1.10	1.55
<b>Total</b>	<b>2170.33</b>	<b>1889.51</b>	<b>0.88</b>	<b>0.79</b>

### 3.7 Coal Sales Dues

Net Coal Sales dues outstanding as on 31.3.2007 after providing of Rs.1355.16 crores (previous year Rs. 1357.95 crores) for bad and doubtful debts, was Rs. 1461.85 crores (previous year Rs. 1690.93 crores) which is equivalent to 1.05 months combined gross sales of CIL as a whole (previous year 0.60 months). Company-wise break up of coal sale dues outstanding as on 31.3.2007 as against 31.3.2006 are shown below :

(Rs. in Crores)

Company	Coal Sales dues As on 31.3.2007		Coal Sales dues As on 31.3.2006	
	Gross	Net	Gross	Net
ECL	400.71	266.99	513.48	276.07
BCCL	447.84	86.17	480.54	148.15
CCL	777.19	472.17	924.45	611.06
NCL	63.32	50.53	127.29	108.91
WCL	401.88	238.14	420.82	235.06
SECL	461.99	259.05	485.79	303.93
MCL	173.30	88.79	84.98	6.94
CIL/NEC	10.78	0.01	11.53	0.81
<b>Total</b>	<b>2817.01</b>	<b>1461.85</b>	<b>3048.88</b>	<b>1690.93</b>

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

During the year 2006-07, CIL and its Subsidiaries paid/adjusted Rs.5381.65 Crores (previous year Rs. 5301.87 crores) towards Royalty, Cess, Sales-tax and other levies as detailed below:-

Figures in Rs./Crores

	2006-07	2005-2006
Royalty	2935.77	2911.55
Cess	812.69	681.95
Sales-tax	1343.35	1345.76
Stowing Ex. Duty	259.66	329.87
Entry Tax	30.18	32.74
<b>Total</b>	<b>5381.65</b>	<b>5301.87</b>

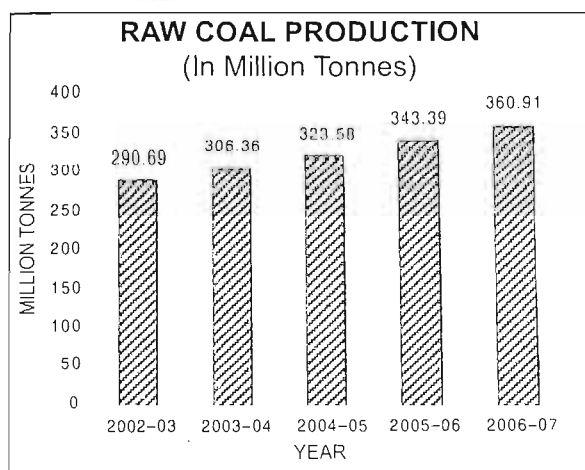
## 4. COAL PRODUCTION

### 4.1 Raw Coal Production

Production of raw coal during 2006-07 was 360.91 million tonnes as against 343.39 million tonnes produced in 2005-06. The company-wise production is given below:

(Figures in million tonnes)

Company	Coking		Non-coking		Total	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
ECL	0.08	0.13	30.39	30.98	30.47	31.11
BCCL	11.10	10.89	13.10	12.42	24.20	23.31
CCL	12.17	12.06	29.15	28.45	41.32	40.51
NCL	—	—	52.16	51.52	52.16	51.52
WCL	0.77	0.93	42.44	42.27	43.21	43.20
SECL	0.16	0.15	88.34	82.88	88.50	83.03
MCL	—	—	80.00	69.61	80.00	69.61
NEC	—	—	1.05	1.10	1.05	1.10
<b>TOTAL</b>	<b>24.28</b>	<b>24.16</b>	<b>336.63</b>	<b>319.23</b>	<b>360.91</b>	<b>343.39</b>



## 4.2 Production from Underground and Open Cast Mines

Coal production from underground mines in 2006-07 was 43.32 million tonnes as compared to 45.82 million tonnes produced in 2005-06. Production from open cast mines during 2006-07 was 88.00% of total coal production. Company-wise production is as under:

(Figures in Million tonnes)

Company	Underground Production		Opencast Production		Total Production	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
ECL	8.27	9.33	22.20	21.78	30.47	31.11
BCCL	4.90	5.47	19.30	17.84	24.20	23.31
CCL	1.96	2.31	39.36	38.20	41.32	40.51
NCL	—	—	52.16	51.52	52.16	51.52
WCL	9.91	10.04	33.30	33.16	43.21	43.20
SECL	16.20	16.53	72.30	66.50	88.50	83.03
MCL	1.97	2.02	78.03	67.59	80.00	69.61
NEC	0.11	0.12	0.94	0.98	1.05	1.10
<b>TOTAL</b>	<b>43.32</b>	<b>45.82</b>	<b>317.59</b>	<b>297.57</b>	<b>360.91</b>	<b>343.39</b>

## 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)	
	2006-07	2005-06	2006-07	2005-06
ECL	—	—	—	—
BCCL	0.25	0.39	16.60	22.90
CCL	—	—	18.25	22.90
NCL	—	—	—	—
WCL	—	—	3.27	4.04
SECL	—	—	—	—
MCL	—	—	—	—
NEC	—	—	—	—
<b>TOTAL</b>	<b>0.25</b>	<b>0.39</b>	<b>38.12</b>	<b>49.84</b>

## 4.4 Overburden Removal

Overburden removed during 2006-07 was 537.65 million cubic metres as against 533.94 million cubic metres achieved in 2005-06, recording a growth of 0.7%, the details of which is shown below:-

(Figures in Million Cu. Mtrs.)

Company	2006-07	2005-06
ECL	48.78	44.30
BCCL	46.25	43.96
CCL	45.89	49.97
NCL	139.60	133.86
WCL	106.33	118.55
SECL	87.27	84.38
MCL	55.47	51.42
NEC	8.06	7.50
<b>TOTAL</b>	<b>537.65</b>	<b>533.94</b>

## 5. POPULATION OF EQUIPMENT

The population of major opencast equipment as on 1.4.2007 and on 1.4.2006 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 1.4.2007	As on 1.4.2006	Availability		Utilisation	
			2006-07	2005-06	2006-07	2005-06
Dragline	41	42	100	100	107	107
Shovel	686	693	91	90	84	83
Dumper	3364	3325	100	96	72	72
Dozer	989	1027	92	90	61	61
Drill	696	724	96	93	75	76

## 6. CAPACITY UTILISATION

The overall capacity utilisation (%) of CIL as a whole for the year 2006-07 has been 96.97%. It was 99.28% during 2005-06. Subsidiary-wise details are as under:

(Fig. in %)

Company	2006-07	2005-06
ECL	114.40	103.07
BCCL	86.22	89.12
CCL	82.36	84.32
NCL	90.18	86.33
WCL	93.70	116.77
SECL	111.79	115.94
MCL	106.76	101.44
NEC	97.97	111.40
<b>CIL (overall)</b>	<b>96.97</b>	<b>99.28</b>

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

Output per manshift (OMS) during 2006-07 improved to 3.54 tonnes from 3.26 tonnes of previous year. Company-wise position is given in the following table:

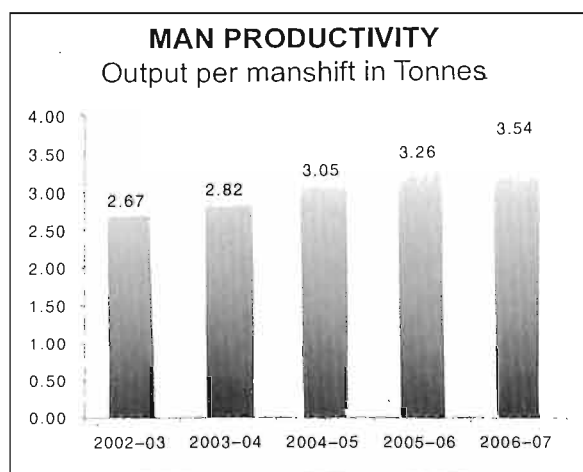
(Figures in tonnes)

Company	Underground Production		Opencast Production		Overall	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
ECL	0.42	0.45	7.03	6.63	1.34	1.29
BCCL	0.44	0.46	3.07	2.63	1.15	1.04
CCL	0.40	0.43	4.03	4.12	2.81	2.75
NCL	—	—	10.94	10.60	10.94	10.60
WCL	1.09	1.05	4.07	4.03	2.50	2.43
SECL	1.14	1.13	13.38	12.77	4.53	4.19
MCL	1.16	1.12	23.48	19.68	15.93	13.30
NEC	0.23	0.22	7.42	7.92	1.70	1.64
<b>TOTAL</b>	<b>0.71</b>	<b>0.71</b>	<b>8.00</b>	<b>7.51</b>	<b>3.54</b>	<b>3.26</b>

## 8. PROJECTS

### 8.1 Project Formulation

During the year 2006-07, 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 preparation of reports of XI Plan Projects.



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.
- Environmental Management Plan (EMP) including EMP for Post-facto environmental clearance for incremental production.
- Special reports for dealing with fire, subsidence and rehabilitation etc.
- Detailed design and drawings, NIT, tender scrutiny etc.
- Mine capacity assessment of underground & opencast mines of CIL.
- Various technical studies relating to opencast & underground mines.
- Performance analysis of HEMM operating in OC mines, Powered Support Longwall faces, Continuous Miners and intermediate technology using SDLs and LHDs in CIL mines.
- Preparation of Global bid documents for introduction of Longwall and Continuous Miner Technology in underground mines of CIL.

During the year 2006-07, expert consultancy services of CMPDI were also provided to 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), Structural Adequacy Study of CHPs, Rainwater Harvesting, Controlled Blasting & Vibration Studies and Explosives Utilisation, Ventilation/ Gas Survey of UG mines, Mining Electronics, Slope stability, OBR Survey, Petrography and Cleat Study on coal samples, Coal Core processing & Analysis, Washability tests etc.

During the year under review, CMPDIL has prepared 242 reports in all, which include 17 Geological Reports, 23 Project Report, 2 Revised Project Reports, 2 Revised Cost Estimates, 2 Special Reports, 12 Operational Plans, 151 Other reports and 33 Environmental Management Plans ( in addition to 33 EMPs, Form-1 has also been submitted for 32 Projects).

## 8.2 Project Implementation

During the year 2006-2007, following 7 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.	CCL	Jharkhand	OC	1.00	110.39
2.	WCL	Adasa	UG	0.21	39.87
3.	MCL	Basundhara (West)	OC	2.40	176.54
4.	MCL	Belpahar Expansion	OC	1.50 (Incr.)	35.47
5.	MCL	Lingaraj Expansion	OC	5.00 (Incr.)	98.89
6.	MCL	Samaleswari Expansion (Phase-I)	OC	1.00 (Incr.)	28.69
7.	MCL	Ananta Expansion (Phase-II)	OC	6.50 (Incr.)	35.88

Completion Reports of the following 7 mining project, costing Rs. 20 crores and above, are under approval of company and Govt. levels.

Sl. No.	Com-pany	Name of Project	Type	Sanctioned capacity in Mty	Sanctioned capital in Rs. Crores.
1.	CCL	Jharkhand	OC	1.00	110.39
2.	WCL	Adasa	UG	0.21	39.87
3.	MCL	Basundhara (West)	OC	2.40	176.54
4.	MCL	Belpahar Expansion	OC	1.50 (Incr.)	35.47
5.	MCL	Lingaraj Expansion	OC	5.00 (Incr.)	98.89
6.	MCL	Samaleswari Expansion (Phase-I)	OC	1.00 (Incr.)	28.69
7.	MCL	Ananta Expansion (Phase-II)	OC	6.50 (Incr.)	35.88

Presently, 86 mining and 6 non-mining major projects, costing Rs. 20 Crores and above are under implementation. Out of 86 mining projects, 69 are on schedule and 17 are delayed.

Out of 6 non-mining projects, 1 is on schedule, 4 are delayed while 1 project was kept in abeyance.

### Reasons for delay :

Mining (17 nos.) : 3 projects are delayed due to adverse geo-mining conditions, 2 delayed due to fund constraints, 1 due to non-receipt of EMP clearance, 1 delayed as the project could not be declared completed due to less expenditure, as per completion criteria, 2 delayed due to delay in land acquisition and 8 delayed due to miscellaneous reasons including change of mining technology.

Non-mining (4 nos.): 3 non-mining projects are delayed due to land and rehabilitation problem and 1 delayed due to in construction of residential houses by implementing agency.

(b) During 2006-07, CIL Board sanctioned 5 mining project. No non-mining project was approved by CIL during the year. They are as under:

Sl. No.	Company	Name of Project	Type	Sanctioned capacity (Mty)	Sanctioned capital (Rs. in Crores)
1	ECL	Khottadih	OC	1.00	23.01
2	ECL	Kumardih B	UG	0.42	79.23
3	ECL	Nabakajora	UG	0.30	56.14
		Madhabpur Block			
4	ECL	Siduli Block	UG	0.30	59.99
5	MCL	Bharatpur Expansion (Phase-III)	OC	9.00 (Incr)	131.39

### 8.3 Projects Sanctioned

(a) During the year 2006-07, the Government had sanctioned Project Reports (PRs) for 8 projects:

Sl. No.	Company	Name of Project	Type	Sanctioned capacity (Mty)	Sanctioned Capital (Rs. in Crores)
1	ECL	Jhanjra LW (Phase-II)	UG	1.70	287.17
2	CCL	Ashoka Expansion	OC	5.00 (Incr)	471.66
3	CCL	Magadh	OC	12.00	469.78
4	NCL	Amlohri Expansion	OC	6.00 (Incr)	1352.04
5	NCL	Bina Expansion	OC	6.00	168.97
6	NCL	Block - B	OC	3.50	746.04
7	NCL	Krishnashila	OC	4.00	789.88
8	SECL	Kusmunda Expansion	OC	4.00 (Incr)	360.25

(c) During the year 2005-06 Subsidiary Company Boards had sanctioned PRs for 8 projects:



Surface Miner – a modern coal mining machine in operation in opencast mine



2006-2007

Sl. No.	Company	Name of Project	Type	Sanctioned capacity (Mty)	Sanctioned capital (Rs. in Crores)
1	CCL	Karo	OC	3.50	96.53
2	CCL	Konar	OC	3.50	74.53
3	CCL	Piparwar Expansion	OC	3.50	21.87
4	WCL	Gokul	OC	1.00	79.83
5	WCL	Kolar Pimpri Expansion	OC	1.50	72.90
6	SECL	Ambika	OC	1.00	22.30
7	SECL	Bijari	OC	1.50	23.75
8	SECL	Dugga Expansion	OC	1.00	87.05

#### 8.4 Revised Project Report/Revised Cost Estimates:

- (a) RPR/RCEs sanctioned by Government during 2006-07. No RPR/RCE has been sanctioned by Govt. during 2006-07
- (b) RPR/RCEs sanctioned by CIL during 2006-07

RPR/RCE sanctioned by CIL during 2006-07 is as under:

Sl. No.	Company	Name of Project	Type	Sanctioned capacity (Mty)	Sanctioned capital (Rs. in Crores)
1.	ECL	Jhanjra Continuous Miner Augmentation	UG	0.4375	93.60

#### 9. CAPITAL EXPENDITURE

Expenditure on capital account during 2006-07 was Rs. 2059.69 Crores as against Rs. 1611.23 crores in previous year as detailed below, subsidiary-wise :

Company	2006-07		2005-2006	
	(BE)	Actual	(BE)	Actual
ECL	250.00	154.32	333.10	125.46
BCCL	300.00	196.94	300.00	290.90
CCL	465.00	302.86	440.70	335.02
NCL	600.00	352.31	620.00	153.56
WCL	231.50	227.01	205.28	206.18
SECL	750.00	539.16	500.00	298.00
MCL	425.00	266.88	350.00	185.54
CMPDIL	7.00	3.14	5.21	5.94
CIL/NEC/ Other	35.20	17.07	60.06	10.63
<b>Total</b>	<b>3063.70</b>	<b>2059.69</b>	<b>2814.35</b>	<b>1611.23</b>

#### 10. CAPITAL STRUCTURE

The authorised share capital of the company as on 31.3.2007 was Rs. 8904.18 crores, distributed between Equity and Non-cummulative redeemable preference shares as under:

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

The paid-up equity capital as on 31.3.2007 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 31.3.2007 was Rs. 6316.36 crores as against Rs. 6387.98 crores in the previous year as detailed below:

	Rs. in Crores	
	As on 31.3.2007	As on 31.3.2006
Share Capital — Equity	6316.36	6316.36
Loan (including interest accrued & due)	0.00	71.62
<b>Total</b>	<b>6316.36</b>	<b>6387.98</b>

#### 11. BORROWINGS

During 2006-07, CIL has repaid Rs. 96.33 crores to Govt. of India towards Interest on Loan. Aggregate borrowings of CIL (Excluding repayment of Loan to GOI) as mentioned above has reduced to Rs. 1836.06 Crores in 2006-07 from 2104.02 crores in 2005-06 as detailed below:

	Rs. in Crores	
Particulars	2006-07	2005-06
Interest Accrued & Due	0.18	71.62
12.25% Bonds	0	14.00
Foreign Loans including deferred credits		
2006-07    2005-06		
IBRD/JBIC	1646.10	1813.39
EDC Canada	153.99	160.88
CME China	24.86	32.75
Deferred Payments	10.93	11.38
<b>Total</b>	<b>1836.06</b>	<b>2104.02</b>

## 12. FOREIGN COLLABORATION

Coal India is looking for foreign collaboration with a view to

- Bringing in proven technologies and advanced management skills for running under-ground (UG) and open-cast (OC) mines and coal preparation plants.
- Exploration and exploitation of Coal bed methane
- Finding partners interested in joint venture in the field of coal mining abroad with special thrust on coking coal mining.
- Exploring financial assistance for import of equipment, technologies and other investment needs of Coal Industry.

Keeping the above objectives in view, discussions are being held from time to time with various countries and Bilateral Working groups have been formed to identify the areas of mutual cooperation.

### *Indo-Russian Collaboration*

Indo-Russian Collaboration meeting at the Government level has taken place wherein CIL has shown interest in joint venture on Magadh and Amrapali projects of CCL. CIL is also interested in the Renewal of MOU between CMPDIL and Giproskhakht, Russia. Besides above, CIL has shown interest in collaboration in working in deep mines. 12th Session of Inter Governmental Commission (IRIGC) on Trade, Economic, Scientific, Technological and cultural operation and 2nd Session of the Working Group on Mines and Metallurgy were held in October, 2006.

### *Indo-US Collaboration*

A review on progress of Indo-US Coal Working Group was held in January, 2007 to discuss progress made in the Working Plan of 3rd meeting of Indo-US CWG and possible agenda/review items for discussion in the 4th

meeting of Indo-US CWG. The areas of cooperation identified include underground coal gasification, coal mining and methane extraction and Developing on Coal Cleaning Plant Simulator, Cost Effective Technology for Benefaction and Recovery of Fine Coal.

### *Indo-China Collaboration*

Meeting of Indo-China Working Group are being held from time to time. Ten such meetings have been held. The Chinese side has shown great interest in participation in a Joint Venture for the manufacture of spares and supply of Resin Capsules for underground mines, and supply of equipment etc. CIL has shown interest in procurement of OTR tyres from China.

### *Indo-Polish Collaboration*

A meeting at Ministerial level was held on 19th May 2006. During the meeting, the Polish Minister (EM) expressed his country's interest in assisting India in the power sector. He further stated that coking coal sector in Poland was likely to be opened up by the present Govt. of Poland.

### *Indo-Australia Collaboration*

Indo-Australia joint Working Group on Energy and Minerals held its 4th meeting in June 2006, where the Australian side was intimated of CIL's interest in building Coal washeries on Build Own Operate (BOO) basis. Other fields of interest were Coal Mines Methane, Underground Coal Gasification and supply of mining Equipment of risk/gain sharing basis. Possibilities of CMPDI collaborating with counterpart institutions in Australia were also discussed. Mine closure planning implementation which is in nascent stage in this country was also an area where Australian expertise was sought.

### *Indo-Japan Collaboration*

The meeting of India-Japan Energy Dialogue was held on 16th January, 2007. In

the above meeting, areas identified for cooperation were coal mines safety, coal beneficiation, coal gasification, coal liquefaction and CBM/CMM utilization.

### **Indo-Belarus Collaboration**

3rd Indo-Belarus joint Commission Meeting (JCM) was held in Minsk during 11-13 July, 2006. Coal India has shown its interest in the procurement of tyres. The Belarus agency has been requested to send a broad framework agreement to enable initiating discussions to work out modalities for the intended contract.

### **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 46.31 million to IBRD and JPY 7,676.86 million to JBIC till 2006-07, the total CSRP loan as on 31st March, 2007 stands at USD 199.42 million (equivalent to Rs. 872.85 Crores) to IBRD and JPY 20,763.96 million (equivalent to Rs. 773.25 Crores) to JBIC. Thus, a total amount of Rs. 1,646.10 Crore is lying outstanding under CSRP Loan as on 31st March 2007.

### **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. MOC in a review 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. Accordingly, the Master Plan has been modified and CIL Board approved it in Feb'07 and it was sent to MOC. 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. Level of pollutions are being monitored and kept within the allowable limits. The mitigatory measures, apart from others include 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) for workshops/CHPs/washeries, Domestic Effluent Treatment Plants (DEPTs) to deal with the domestic effluents etc.

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 the mined out areas by dumping fly ash from nearby power plants into mine voids is also a significant step taken by CIL. Monitoring of land reclamation as per implementation plan of EMPs is undertaken by CIL through remote sensing for all coalfields covering every project at interval of 2 to 3 years. This is an ongoing activity.

## **13. COAL BED METHANE (CBM) / COAL MINE METHANE (CMM) AND UNDERGROUND COAL GASIFICATION (UCG)**

### **13.1 UNDP/Global Environment Facility (GEF) - GOI Project - Coalbed Methane Recovery and Commercial Utilisation**

A demonstration project named "Coalbed Methane Recovery and Commercial utilisation" has been taken up by the Government of India in collaboration with United Nations



Development Programme (UNDP)/Global Environment Facility (GEF) at Moonidih and Sudamdih mines of Bharat Coking Coal Limited in Jharia coalfield. The project document was prepared by expert engaged by UNDP. The project was sanctioned by Govt. of India at an estimated cost of Rs. 76.85 crores (USD 18.082 million) in September, 1999 with the project duration of 5 years. Ministry of Coal approved the Revised Cost Estimate (RCE) June'2004 in August, 2006 for Rs. 92.427 crores with the completion schedule December, 2007. Central Mine Planning & Design Institute Limited (CMPDIL) and Bharat Coking Coal Limited (BCCL) are the implementing agencies on behalf of GOI.

During the year 2006-07, 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. The major equipment packages for underground drilling have been ordered. Horizontal Beam Based Longhole Drill was delivered in Feb. 2006. One package i.e. Steering Tool for underground drill unit is under procurement by UNIDO. 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. Body building activity for the 3rd package 'Mobile Field Desorption Laboratory on the chassis' procured at project cost, has been taken-up. Procurement of 4th Lab equipment i.e. Absorption Isotherm Apparatus (New) is in tendering stage by CMRI.

- (iii) **CBM Utilisation equipment:** To demonstrate the utilisation through recovered CBM/CMM, 1 MW (250KW x 4) CBM gas-based Power Generating equipment at Moonidih mine have been ordered. To use CBM/CMM as fuel in the converted Mine Trucks at Sudamdih mine procurement of (i) Refuelling Station and (ii) Conversion Kits are under tendering stage.

(iv) **Site activities:**

- (i) Vertical drilling unit commissioned at Moonidih has completed drilling of 1st Vertical well with completion depth of 1059m. The 2nd Vertical well has been drilled down to depth of 748m.
- (ii) Functionality test for the Beam Based Long Hole Drill (UG) has been done at surface. M/s DBT has furnished desired information to DGMS and DGMS has consented to shift the unit in the underground for functionality and performance test in the mine. DBT technical personnel arrived at site on 21st March, 2007 for shifting and performance test. Immediately on receipt of Steering tool the underground drilling will commence at Sudamdih.
- (iii) Gas Pipe Line route survey has been completed. Gas pipe line laying job is under tendering by respective areas. Laying will commence immediately after training on the Fusion Machine which has been delivered at site on 7th March, 2007.

### 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.

**13.2.1 Jharia CBM Block:** The Govt. of Jharkhand granted Petroleum Exploration License (PL) to the consortium in August'03 for Jharia CBM block. Based on detailed study of all available geological and geophysical data by CMPDI & ONGC joint CBM team, location of 8 slimholes were fixed. The drilling of slim hole had been started on 30th Dec.'04 and drilling in all the 8 boreholes has since been completed. A total of 8703.65m has been drilled in the block. The meterage drilled during 2006-07 has been 141.04m. The CBM related tests have been undertaken and samples sent to CMRI for desorption test and to CMPDI Lab for other tests. All the test results have been received. Processing and compilation of geological data for the preparation of geological report are under progress. ONGC has taken up drilling of exploratory well in association with CMPDI.

**13.2.2 Raniganj CBM Block:** The Petroleum Exploration License (PEL) for Raniganj CBM block was 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 slimhole has been started on 23rd March 06. Out of 8 slimholes envisaged for drilling, 5 slimholes have been completed till March'07 and one slimhole is under progress. The drilling progress during 2006-07 has been 5225.50m and

cumulative progress since commencement till March'07 is 5374.50m.

### 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 Indian 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 prioritized and CBM related studies were taken up. Samples have been collected for desorption studies from 9 boreholes spread over in different coalfields during 2006-07 while CBM related tests have been carried out in 21 boreholes since commencement.

### 13.4 Project proposal for assessment of CMM potential related to large Opencast Mines

Project proposals for (i) Assessment of CMM Potential related to large open cast mines in Moher Sub Basin of NCL, Singrauli Coalfield at a project cost of Rs. 1.94 crore and (ii) Assessment of CMM Potential associated with large open cast mines in Korba Coalfield at a project cost of Rs. 1.76 crores have been submitted to NCL and SECL respectively. Work order/approval for taking up these projects has since been received.

### 13.5 Establishment of CBM/CMM Clearing House in India

An MOU was signed between ministry of Coal, Govt. of India and United States Environmental Protection Agency (USEPA) on 16th November'06 for establishment of CBM/CMM Clearing House in India. MOC has decided to establish the clearing house at CMPDI, Ranchi.

### 13.6 Generation of UCG specific additional data for Kasta Block, Raniganj coalfield has been initiated after receipt of approval from CIL

CIL has entered into an MOU with ONGC to jointly pursue UCG projects. ONGC has entered into an MOU with Skochinsky Institute of Mining (SIM), Russia for providing technical consultancy in this field. CIL/CMPDI has identified 5 blocks and data packages were prepared for these blocks based on the formats supplied by ONGC/SIM. The data supplied were examined by the Soviet experts and only one block namely Kasta in Raniganj coalfield was selected for generation of additional data for considering its suitability for taking up Pilot Scale studies. Actions have been taken to generate the required data.

### 14.1 Geological Exploration & Drilling:

CMPDI continued to carry out its coal exploration activities in 2006-07. CBM exploration through departmental drills was also taken up during the year. The thrust areas, however, were exploration of 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. A nominal amount of Promotional (regional) exploration was also taken up to identify new coal resources. 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 & Orissa and MECL were utilised for nominal amount of drilling in CIL areas.

In 2006-07, CMPDI and its contractual agencies took up exploratory drilling in 84

blocks/mines spread over 17 coalfields. These coalfields are Raniganj (9 blocks/mines), Jharia (1), North Karanpura (6), South Karanpura (2), Tawa Valley (2), Pathakhera (4), Pench Kanhan (7), Kamptee (4), Umrer-Bander (2), Wardha (8), Sohagpur (13), Mand Raigarh (3), Korba (4), Bistrampur (3), Singrauli (5), Talcher (7) and Ib Valley (4). Out of such 84 blocks/mines, 11 were Non-CIL/Captive blocks, 3 Promotional blocks and 70 CIL blocks/mines. Departmental drills of CMPDI took up exploration in 71 blocks/mines whereas drilling in 13 mine areas was undertaken by contractual agencies.

The overall performance of exploratory drilling by CMPDI and its contractual agencies in 2006-2007 is given below:

Agency	Annual Target 2006-07 BE (m)	Agency-wise Performance of Exploratory Drilling during 2006-07			Achieved 2005-06 (m)
		Achieved (m)	% Achiev.	+/- (m)	
CMPDIL	192,000	198,496	103	(+) 6496	192,296
MECL	Unscheduled	715	—	(+) 715	2,029
State Govts:	7,000	6,535	93	(-) 465	5,795
<b>Total</b>	<b>1,99,000</b>	<b>2,05,746</b>	<b>103</b>	<b>(+) 6746</b>	<b>200,120</b>

The departmental drilling of 1,98,496 metre includes 1,36,754 metre in CIL blocks, 51,774 metre in Non-CIL/Captive Mining Blocks and 6,879 metre in Promotional blocks. Apart from it, 3,089 metre have been drilled in a CIL-ONGC Joint Venture block for CBM exploration in Raniganj coalfield. The Directorate of Geology of State Govts. and MECL have taken up drilling in CIL blocks only.

In 2006-07, CMPDI achieved its departmental and overall drilling target by 103% in each case. The performance of departmental drilling was better than previous year by 6,200 metre with a 3.2% growth. The average productivity of operational drills of CMPDI has also risen by 15 metre per drill per month to reach at the level of 374 metre/drill/month. The State Govts. have drilled 740 metre more than the previous year. However, a marginal shortfall in State Govts. targeted drilling has occurred as DGM (Chhattisgarh) did not take up the work.



2006-2007

## 14.2 Geological Reports

A total of 17 Geological Reports on coal exploration have been prepared in 2006-07. Out of it, 5 reports were on Detailed Exploration of Non-CIL/Captive Mining blocks and remaining for CIL blocks.

A total of 1.78 Billion tonnes of additional coal resources had been estimated from the 12 new GRs. The resources of other 5 GRs were re-amalgamation/re-categorisation of existing GRs for CIL projects. Out of the above estimated resources, 1.30 Bt of coal resources were under 'Proved' category and 0.47 Bt is in 'indicated' category.

## 15. OUTSIDE CONSULTANCY SERVICES

During the year 2006-07, 19 consultancy jobs were completed for 12 organisations outside CIL. Some of the major clients/organisations for whom jobs were completed are National Thermal Power Corporation Ltd., Tata Steel Ltd., Singareni Collieries Company Ltd., Manganese Ore (India) Ltd., Orissa Mining Corporation, Electrosteel Casting Ltd. etc.

Presently, 15 outside consultancy jobs are in hand for 12 organisations like Central Pollution Control Board, National Thermal power Corporation Ltd., Tata Steel Ltd., Indian School of Mines, Neyveli Lignite Corporation Ltd., Steel Authority of India Ltd., Chhattisgarh Mineral Development Corporation Ltd., Chhattisgarh State Electricity Board, National Aluminium Company Ltd., Haryana Power Generation Corporation Ltd., and HINDALCO etc.

During the year 2006-07, 21 jobs worth Rs. 324.31 lakhs from 12 organisations were procured by CMPDI.

## 16. RESEARCH AND DEVELOPMENT PROJECTS

### 16.1 R&D Projects under S&T Grant of Ministry of Coal

The R&D activities in Coal sector is administered through an apex body namely,

Standing Scientific Research Committee (SSRC) with Secretary (Coal) as its Chairman. The other members of this apex body include Chairman of CIL, CMDs of CMPDI, SCCL and NLC, Director of concerned CSIR laboratories, representatives of Department of S&T, Planning Commission and educational institutions, among others. The main functions of SSRC are to plan, programme, budget and oversee the implementations of research projects and seek application of the findings of the R&D work done.

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

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

#### 16.1.1 Physical performance

During the X Plan Period (April 2002 to March 2007), a total of 51 projects have been completed by various agencies.

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

(i)	Projects on-going as on 1.4.2007	-	36
(ii)	Projects sanctioned by GOI during 2006-07	-	06
(iii)	Projects completed during 2006-07	-	10
(iv)	Projects on-going as on 1.5.2007	-	42

Following Coal S&T projects were completed during 2006-07:

- (i) Study on enhancement of recharge potential in the recharge area to the Neyveli deep seated aquifers.

- (ii) Standardisation of blast vibration damage threshold for the residential structures in mining areas.
- (iii) Study into extent of abutment loading trend and design of advance support during pillar extraction by stowing in a coal mine.
- (iv) Development of high strength corrosion resistant roof bolts and guidelines for selection of bolts and accessories.
- (v) Development of integrated mine operation management system for a large opencast coal mine.
- (vi) Feasibility study for the application of radar technique for detection and mapping of geological faults and water bodies in UG coal mines.
- (vii) Separation of marcasite from pulverised lignite using fluidized bed.
- (viii) Evaluation of /combustion behaviour of coal at different ash levels.
- (ix) Development of process for potential utilization of natural coke (Jhama) in industrial Application.
- (x) R&D leading to gainful industrial utilization of heat affected jharia Coals.

### 16.1.2 Financial Status

Budget provisions vis-à-vis actual fund disbursement are given below:

(Rs. in Crores)

2002-03		2003-04		2004-05		2005-06		2006-07	
RE	Actual	RE	Actual	RE	Actual	RE	Actual	RE	Actual
9.50	6.04	10.04	9.82	9.50	6.04	10.04	9.82	6.00	7.63

### 16.2 CIL R&D Projects

For in-house R&D work of CIL, R&D Board headed by Chairman, CIL is also



Planned tree plantation along the approach road near coalfield

functioning. CMPDI 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 2006-07 was as follows:

(i)	Projects on-going as on 1.4.2006	-	15
(ii)	Projects Sanctioned during 2006-07	-	02
(iii)	Projects completed during 2006-07	-	02
(iv)	Projects on-going as on 1.4.2007	-	15

The disbursement of fund for R&D jobs during the year 2006-07 was Rs. 8.66 crores.

## 17. TELECOMMUNICATION SYSTEM

Coal India has reserved its Domain, coalindia.gov.in to establish standardised mail and messaging system encompassing CIL and all the subsidiary companies. This will also facilitate access to the different modules of Coalnet applications software in a regulated manner. The B2B portal of CIL would also be hosted on the same domain.

CIL's website hosted with NIC server, New Delhi on coalindia.gov.in domain is being updated regularly covering various information related to coal production, availability of various grade of coal, bulletin on e-auction/e-selling of coal, contact information of key executives of coal companies, tender documents etc. Efforts are on to include different audiovisual contents on quasi-real-time basis for easy dissemination of information.

A state-of-the-art IP based Electronics Exchange (EPABX) with capability of voice, data, video convergent technology is under process of installation at Coal Bhawan of CIL.

In order to enhance the operational efficiency of large opencast mines of the different subsidiaries, a GPS based operator independent Truck Despatch System (OITDS) is being implemented with high speed data and voice connectivity along with GUI display. The system would be integrated with the Coalnet

communication backbone to be extended upto CIL level.

Communication schemes have been drawn in consultation with subsidiary companies for extending Coalnet data and voice facilities in an integrated manner from Company HQrs. to Area offices, Regional stores, Workshops etc. and the same is under implementation.

## 18. SYSTEM ACTIVITIES

A customized ERP Solution, "Integrated CoalNet Application Software" (ICAS) is being implemented in Coal India Ltd. and its subsidiaries. In Phase-I, implementation of the Software has been done at CIL and its Subsidiary Head Quarters. There being heterogeneous system at different subsidiaries, by introduction of ICAS, effort has been put to bring uniformity to a larger extent. During phase-II, implementation is to be done in 36 areas, out of which the work was taken up in 16 areas.

## 19. MINES SAFETY

### 19.1 Trend of fatal accidents & fatalities

During the year 2006, there were 49 fatal accidents involving 104 fatalities in CIL mines, the number of fatal accidents and fatalities during previous year 2005 being 73 and 94 respectively. Safety performance in the year 2006 in terms of fatalities was worsened on account of a tragic mine disaster due to firedamp explosion at Bhatdih Colliery of BCCL in a depillaring with stowing panel on 6.9.2006, in which fifty workmen including three supervisor lost their lives and also due to one major roof fall accident at Shyamsundarpur Colliery of ECL in a depillaring with caving district on 30.11.2006, in which six loaders lost their lives.

### 19.2 Safety Statistics

Accident Statistics for CIL in 2006 compared to 2005 are given below:

Parameter	Year 2006	Year 2005
Number of Fatal Accidents	49	73
Number of Fatalities	104	94
Number of Serious Accidents	299	391
Number of Serious Injuries	316	405
Fatality rate per m.te. of coal production	0.30	0.28
Fatality rate per 300,000 manshifts deployed	0.32	0.27
Serious Injury rate per m.te. of coal production	0.90	1.20
Serious Injury rate per 300,000 manshifts deployed	0.96	1.18

**Note :** 1. Accident Statistics are maintained calendar year-wise in conformity with DGMS practice.  
2. Figures are subject to reconciliation with DGMS.

The Company-wise fatal accidents, fatalities, serious accidents and serious injuries in 2006 compared to 2005 are also given below:

Com- pany	Fatal Accidents & Fatalities				Serious Accident & Injuries			
	Accidents		Fatalities		Accidents		Serious Injuries	
	2006	2005	2006	2005	2006	2005	2006	2005
ECL	8	15	13	16	92	123	94	125
BCCL	11	12	60	17	45	71	47	76
CCL	4	8	4	22	14	24	14	24
NCL	4	3	5	3	15	18	15	19
WCL	13	11	13	11	56	47	59	48
SECL	7	14	7	15	66	93	69	98
MCL	2	9	2	9	10	13	17	13
NEC	0	1	0	1	1	2	1	2
<b>CIL</b>	<b>49</b>	<b>73</b>	<b>104</b>	<b>94</b>	<b>299</b>	<b>391</b>	<b>316</b>	<b>405</b>

**Note :** Figures are subject to reconciliation with DGMS.

Company-wise Fatality & Serious Injury Rate in 2006 compared to 2005 are also given below:

Com- pany	Fatality Rates				Serious Injury Rates			
	Per M. Te.		Per 3 Lakh Manshifts		Per M. Te.		Per 3 Lakh Manshifts	
	2006	2005	2006	2005	2006	2005	2006	2005
ECL	0.41	0.54	0.17	0.20	2.97	4.25	1.22	1.55
BCCL	2.48	0.75	1.09	0.29	1.94	3.35	0.85	1.30
CCL	0.11	0.56	0.09	0.50	0.38	0.61	0.33	0.54
NCL	0.10	0.06	0.36	0.21	0.29	0.37	1.07	1.34
WCL	0.30	0.26	0.22	0.19	1.36	1.12	1.02	0.81
SECL	0.08	0.18	0.11	0.23	0.81	1.20	1.07	1.49
MCL	0.03	0.13	0.14	0.51	0.22	0.19	1.19	0.74
NEC	0.00	1.31	0.00	0.45	0.81	2.61	0.34	0.89
<b>CIL</b>	<b>0.30</b>	<b>0.28</b>	<b>0.32</b>	<b>0.27</b>	<b>0.90</b>	<b>1.20</b>	<b>0.96</b>	<b>1.18</b>

**Note :** Figures are subject to reconciliation with DGMS.

### 19.3 Activities for further improvement in Safety in Mines undertaken in 2006

The following broad safety measures were pursued for reduction of accidents in CIL:

(i) Roof & Side fall is a major cause of accident and fatality in underground mines. Thrust on prevention of roof & side fall accidents was given priority, which has resulted in reduction of such type of accident in CIL in 2006.

(a) Roof/Side fall fatal accidents are reduced from 22 to 9 i.e. 59% reduction in this category compared to last year.

(b) Roof/side fall fatalities are reduced from 29 to 14 i.e. 51% reduction in this category compared to last year.

Main thrust area pursued:

(c) Creating awareness through extensive training of support personnel, dressers and supervisors.

(d) More stress on using steel support in mines. About 90% of working districts (both development & depillaring) are supported by some type of steel support. Stress was given for support by Roof bolting. About 70% of development districts are being supported with roof bolts.

(ii) As measure of precaution against in-rush of water the following measures were pursued:

(a) Check surveys of all mines has been completed.

(b) Joint Survey Plans has been re-examined and updated.

(c) CCL has procured three Burn-side Boring Apparatus to probe water

body in UG. Each Area of all subsidiary companies having underground workings have been advised to keep ready/procure at least one of Burn-side Boring Apparatus.

- (d) Before monsoon details Action plan for preventive measures against inundation were prepared, implemented and monitored.
- (iii) Immediately after Bhatdih Mine disaster, senior officials inspected all degree-III gassy mines and corrective actions, wherever required, have been taken.
  - (a) Stress was given on proper and adequate facilities for calibration of methane detectors and other gas detecting apparatus.
  - (b) Stress was given on retraining of supervisory staffs on operation of Flame Safety lamp (FSL) and other digital apparatus being extensively used.

In addition, to this the following measures were also taken:

- (iv) Safety Audits of each mine is undertaken by external agencies. It has been decided that Safety Audits to be done in two phases; In pahse-1, deficiencies and remedial measures required will be pointed out after completion of initial safety audit and subsequently, in Phase-2, after allowing time for implementation of at least 6 months to the mine management the status of implementation of recommendations will be audited and final report will be submitted. The status of implementation will be reviewed periodically at the level of Director (Tech.) of each company.
- (v) To create impact and awareness, three

Brain Storming sessions were held. Director (Tech.)s and Chiefs of ISO of all subsidiaries participated. A detailed discussion on aspect of safety monitoring was discussed and strategies both in short and long term were decided for implementation.

- (vi) Thrust was given on further activating Pit Safety Committee at mine level and other Bi-partite and Tripartite Safety Committee at Area and HQ level.
- (vii) ISO Inspection: Inspections by the internal Safety Organisation (ISO) officials were intensified and report of inspection was placed before CMDs. This has been resulted positive impact in safety management.

Thrust continued on Emergency preparedness through:

- (a) Preparation of mine-specific Emergency Action Plans.
- (b) Demarcation of escape routes belowground as well as on plans.
- (c) Conducting of Mock Rehearsals and monitoring failure points for further improvement.
- (viii) Accident of contractor's worker in 2006 has increased compared to previous years. All such accidents were analysed and comprehensive guideline to prevent accident of contractor worker is formulated and monitored for implementation.

In addition to this, the following measures specific to opencast mines were undertaken:

- (a) Slope Stability Studies of Coal/ OB bench and dump were undertaken during this year in WCL and CCL.



- (b) For monitoring environmental condition, two numbers of Digital Dust Analysers are procured by CCL in 2006.
- (c) Twenty numbers of noise level meter have been procured for monitoring noise level in CCL.
- (d) Providing training and re-training of the HEMM operators was intensified.

## 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 18 Rescue Rooms are being maintained.

Company-wise details of Rescue services are given below:

Company	Rescue establishment presently operating		
	Mine Rescue Station (MRS)	Rescue room with Reference Training (RRRT)	Rescue Room (RR)
ECL	Sitarampur	Kenda	Jhanjra Kalidaspur Perbelia Mugma
BCCL	Dhansar	Madhuband Sudamdih	Moonidih Murulidih Chataband
CCL	Ramgarh	Kathara Churi	Dhori Kedla Urimari
SECL	Manindragarh	Burhar Kusmunda Bisrampur Baikunthpur Nawrozabad	Chirimiri Raigarh Rajgamar Bhatgaon Jamuna & Kotma
WCL	Nagpur	Parasia Patharkhera Tadali/(Chandrapur)	Damua/(Tandsi) New Majri Sasti
MCL	Brajraj Nagar	Talcher	—
NEC	—	Ledo	—
CIL	6	15	18



Central Hospital – contemporary medical facilities for miners and their families



2006-2007

## 21. HUMAN RESOURCE DEVELOPMENT

### 21.1 Overall performance

35409 employees were trained during 2006-07, out of which 9242 were executives, 10624 supervisors and 15543 workmen. The performance included in-house training efforts, external training efforts and training abroad. The training of workmen and supervisors under "Statutory obligations" were taken care of separately.

### 21.2 In-house training

The corporate HRD plan for 2006-07 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 formalize 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 2006-07 is given below :

Category	Employees trained
Executives	6484
Supervisor	10173
Workmen*	15002
<b>Total</b>	<b>31659</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 specialized fields to receive inter-organisational experience and also supplementing in-house training efforts, 3690 employees from eight subsidiary companies and CIL/HQ were trained under various training programmes conducted outside the Company. The break up of training efforts to different levels of employees is given below:

Category	Employees trained
Executives	2715
Supervisor	443
Workmen	532
<b>Total</b>	<b>3690</b>

### (ii) Training Abroad

60 employees were trained abroad from April, 2006 to March, 2007, the details of which are given below :

Category	Employees trained
Executives	43
Supervisor	8
Workmen	9
<b>Total</b>	<b>60</b>

## 22. MANPOWER

22.1 The total manpower of the company including its subsidiaries as on 31.3.2007 is 439343 as against 452287 as on 31.3.2006. Company-wise position of manpower is as below :

Company	As on	Total
ECL	31.3.2007 31.3.2006	98780 101474
BCCL	31.3.2007 31.3.2006	83578 87146
CCL	31.3.2007 31.3.2006	61610 64200
WCL	31.3.2007 31.3.2006	65599 67378
SECL	31.3.2007 31.3.2006	84368 85871
MCL	31.3.2007 31.3.2006	20591 20876
NCL	31.3.2007 31.3.2006	16726 16914
NEC	31.3.2007 31.3.2006	3210 3391
CMPDI	31.3.2007 31.3.2006	3127 3234
DCC	31.3.2007 31.3.2006	647 647
CIL (HQ)	31.3.2007 31.3.2006	1107 1156
<b>CIL as a Whole</b>	<b>31.3.2007 31.3.2006</b>	<b>439343 452287</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 1.1.2007 and 1.1.2006 are given below :

As on	Total Manpower	Scheduled Caste		Scheduled Tribe	
		Nos.	Percentage	Nos.	Percentage
1.1.2007	443128	97977	22.11	54456	12.29
1.1.2006	457108	103310	22.60	56441	12.35

**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 was done with 100% DA neutralisation and had given substantial rise in the wage and perks of the employees. JBCCI-VIII has been constituted and the first meeting of JBCCI-VIII was held on 30th June'07 at Kolkata.

## 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) levels continued to function normally. Meetings of Standardisation Committee and Apex JCC were held at regular intervals at CIL.

### Strikes and Bundhs

Company-wise details of strikes, mandays lost and production lost and other incidents are furnished in the following table:

Comp- any	No. of Strikes/ Bundhs		No. of other Incidents		Mandays lost		Production lost (in tonnes)	
	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
ECL	1+1 (IS)	0+1 (IS)	183	131	122489	63251	104913	59000
BCCL	4+1 (IS)	5+1 (IS)	58	55	17190	7846	12757	8470
CCL	0+1 (IS)	0+1 (IS)	40	43	11489	20527	55000	81000
WCL	1+1 (IS)	0+1 (IS)	4	0	12587	10001	21000	18293
SECL	1 (IS)	0+1 (IS)	0	0	10828	22512	0	26595
NCL	1 (IS)	1+1 (IS)	26	11	2074	1998	0	0
MCL	0	0+1 (IS)	111	9	0	0	0	0
NEC	0	0+1 (IS)	0	2	0	894	0	65
CMPDI	1 (IS)	0+1 (IS)	2	0	241	674	174 (Mtg)	224.26 (Mtg.)
CIL	0	0	0	0	0	0	0	0
<b>Total</b>	<b>5+1 (IS)</b>	<b>6+1 (IS)</b>	<b>424</b>	<b>251</b>	<b>176898</b>	<b>127703</b>	<b>193670+ 174 (Mtg)</b>	<b>193423+ 224.26 (Mts)</b>

IS = Industrial Strike, BB = Bangla Bundh.  
Other incidents GO-slow, Gherao/Assault/Demonstration/Obstruction for stoppage of work.

Mtg = Metreage

1 (one) Industrial Strike was called on 14.12.2006.

## 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 like 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:

Sl. No.	Item	Available at the time of Nationalisation	Additions during 2006-07	Position as on 31.03.2007
1.	Housing			
	(a) Number of houses	1,18,366	623	4,12,497
	(b) Overall housing satisfaction	21.07%	—	93.89%
2.	Water supply (Population covered)	2,27,300	8,065	22,90,438
3.	Educational Institutions			
	(a) No. of fully financed Project schools (KV, DAV & other schools)	—	—	61
	(b) No. of Project schools given infrastructure only	—	—	26
	(c) No. of Privately managed schools provided recurring grant	—	—	298
	(d) Other educational Institutions given grant/occasional help	—	—	207
<b>TOTAL</b>		<b>287</b>	<b>—</b>	<b>592</b>
4.	Medical facilities			
	(a) Ambulances	42	—	667
	(b) Hospitals	49	—	85
	(c) Hospital beds	1,482	—	5,835
	(d) Dispensaries	197	—	425

Besides above, 12 Ayurvedic Dispensaries are also being run in the Subsidiary Coal Companies of CIL to provide indigenous system of treatment to workers and 15 beds are reserved in Ramkrishna Mission T.B. Sanatorium at Ranchi for the treatment of employees suffering from T.B.

#### 24.1 Tree Plantation/Afforestation

In order to provide better environment, CIL and its Subsidiary Companies have planted 24.90 Lakhs of seedlings in the Coalfield Areas during the year 2006-2007 under Afforestation programme.

#### 25. PROGRESSIVE USE OF HINDI

The implementation of the provisions of the Official Language Act and Rules made thereof is top priority of Coal India Management. The top management always

takes it seriously. As a result of this, the use of Rajbhasha in official works has been increasing day by day. The Official Language Policy of Union is based on encouragement and motivation. Coal India always encourages and motivates its employees to use Rajbhasha in their official works. In this direction, various activities undertaken and achievements made during the year are as follows:

- (i) Hindi competitions were organized amongst the employees during Hindi Fortnight starting from 14th September, 2006. A prize distribution ceremony of the same was organized on 18th August, 2006 at "Coal Bhawan", Kolkata where Shri Shrikant Sharma, Member, Hindi Advisory Committee, Ministry of Coal, New Delhi and Rajbhasha observer of Coal India Ltd. was the Chief Guest.
- (ii) In the area of outstanding performance towards implementation of O.L. Act, and Rules & Regulations, Coal India Ltd. Bags "Rajbhasha Shield" awarded by Town official Language Committee (PSUs), Kolkata during its half yearly meeting on 6th September, 2006. All the officers and employees are aware of their responsibilities for implementing Hindi in official work. For supplementing this, workshops are organized from time to time.
- (iii) CIL has organized Hindi training for their officers and staff with co-operation of Hindi Teaching Scheme, Govt. of India, Eastern Region, Kolkata. From April, 2006 to March, 2007 CIL has trained 26 persons in "Praveen Classes" and 22 persons in "Pragya Classes".
- (iv) The Heads of Departments at CIL(HQ) are regularly paying their attention to encourage the work in Official Language. During meeting of Official Language Implementation Committee held on 29-12-2006, the CGM(System) has assured to organize a computer training for all the departments, so that everyone may learn Hindi working on computers.
- (v) As a result of regular review of higher management, the papers required to be issued under Article 3(3) of Official

Language Act, 1963 have been issued bilingually and replies of papers received under Rule-5 were given in Hindi. Subsidiaries of CIL are also advised to ensure compliance of this provision strictly.

- (vi) Attendance at workshops both in-house as well as external are encouraged to facilitate exchange of views and ideas. In the workshops organized by Bhartiya Sanskrit Sansthan, Delhi from 18.5.2006 to 20.5.2006 at New Delhi and also a workshop organized by Bharitya Bhasha Sanskrit Sansthan, Hyderabad from 27 – 29 June, 2006 at Hyderabad and 19.12.2006 to 21.12.2006 at puri were well attended by the officers and staff members of CIL.
- (vii) During the year under review, two subsidiary companies and subordinate Office were inspected with a view to review the position of compliance of official Language Act, Rules made thereunder and Annual programme. During inspections it was advised to make efforts for rectifying shortcomings. As per the advice of Hindi Advisory Committee, Ministry of Coal, Telephone Directory of CIL was published in Hindi.

## 26 VIGILANCE

### 26.1 Vigilance Set-up

Coal India Limited (CIL) as holding company, having 8 (eight) Subsidiary Companies under its command, has a full fledged Vigilance Department at CIL (HQ), Kolkata as well as in each of the Subsidiary Companies under Chief Vigilance Officers (CVO), which functions independently at each Subsidiary level as well as in liaison with Coal India Vigilance Department, as and when situation calls for. Coal India Vigilance Department is headed by a CVO in the rank of Joint Secretary to the Govt. of India, appointed by Government of India on deputation basis in consultation with Central Vigilance Commission (CVC).

The CIL Vigilance Department, which is functioning at Coal India level, exercises jurisdiction over CIL, NEC and coordinate with the eight Subsidiary Companies (in respect of certain sensitive complaints) depending upon

the nature of complaint received at CIL and the officials alleged to be involved in such cases, having a district vigilance angle. In addition to undertaking investigation jobs at CIL level in respect of the complaints against the officials posted at CIL & NEC and sometimes against Senior level executives posted at Subsidiary Companies, Vigilance Department of CIL apart from monitoring the vigilance activities of Subsidiary Vigilance wings, maintains statistical data and provides reports/comments on specific complaints/cases referred to it by the Ministry of Coal, CVC, PM's Office etc. from time to time.

CIL Vigilance also prepares various guidelines for anti-corruption and preventive measures, functions as an interface between the CVC, Ministry and the Management of CIL & its Subsidiaries and prepares various reports and returns for Ministry of Coal, CVC, Department of Personnel as well as Department of Public Enterprises. It also keeps close liaison with CBI and other anti-corruption agencies.

Apart from the above anti-corruption activities, CIL maintains the updated statistical database, which facilitates reporting to higher authorities as well as reports relating to Vigilance Status in respect of individual officers as required by the management, Ministry of Coal, CVC and the public Enterprises Selection Board. It also assists Management of CIL to identify & finalise the Agreed List and the List of Doubtful Integrity in respect of officials posted at CIL after consultation with respective CBI Branches. CVO, CIL also advises management of CIL for job rotation of officers in sensitive posts. CVO, CIL has been functioning formally as the Principal advisor to the Chairman, CIL and the Board of Directors of CIL in the matters relating to anti-corruption activities bringing greater transparency in system activities, streamlining of rules, procedures and guidelines both from the preventive and punitive point of view.

As Chairman, CIL is the designated Appellate Authority in respect of all the executives posted both in CIL (HQ) and the Subsidiary Companies, most of the cases of Appeals preferred by the delinquents posted at Subsidiary level as well as CIL (HQ) are referred to CIL for appropriate orders of the Appellate Authority. CVO, CIL acts as an

2006-2007

advisor to Appellate Authority in the matter of disposing of the Appeals preferred by such delinquents and its related court cases in consultation with Legal Departments. All the cases relating to Prosecution sanction U/S 19 (C) of the P.C. Act, 1988 against CIL executives are also examined and processed by the Vigilance Department of CIL for according sanction of Chairman, CIL being the Competent Authority.

## 26.2 Anti-corruption measures during the reporting year by CIL and Subsidiaries.

Total number of Intensive Examination of works/contracts undertaken/conducted was 65. In addition, surprise inspection at work sites were carried out by Subsidiary Vigilance units in 223 cases. Subsidiary-wise break-up of Intensive Examination and Surprise Inspection conducted are shown in the Table below:

### (a) Subsidiary-wise numbers of surprise inspections and intensive examination during the year.

Name of the Company	ECL	BCCL	CCL	WCL	SECL	NCL	CMPDIL	MCL	CIL (HQ)	Total
Surprise inspection	37	42	42	13	50	20	04	15	NIL	223
Intensive examinations	02	16	05	17	11	02	NIL	12	NIL	65

Based on complaints received from various corners and from source information 244 investigation cases were completed during the reporting year. Total number of Departmental Inquiries disposed during the year was 81 and a number of officials against whom punitive actions were taken was 284 including 53 non-executives. In Coal India Limited (HQ) and its subsidiary, number of investigation cases completed and punitive actions initiated/penalty imposed are shown in the statement below:

### (b) Number of investigation completed during the year

Name of the Company	ECL	BCCL	CCL	WCL	SECL	NCL	CMPDIL	MCL	CIL (HQ)	Total
2006-07 (Upto March '07)	51	09	54	09	08	86	05	14	08	244

### (c) Number of Departmental inquiries disposed and number of Officials imposed with penalties during the year :

Name of the Company	ECL	BCCL	CCL	WCL	SECL	NCL	CMPDIL	MCL	CIL (HQ)	Total
Oral Inquiry against GO's disposed	NIL	05	03	NIL	01	NIL	NIL	01	02	12
Oral Inquiry against NGO's disposed	08	14	20	12	06	NIL	NIL	07	02	69
Minor Penalty : Exe.	28	30	91	09	11	NIL	NIL	16	02	187
Non-Exe.	NIL	08	01	01	01	NIL	NIL	NIL	NIL	11
Major Penalty : Exe.	03	10	20	07	01	NIL	NIL	02	01	44
Non-Exe.	05	17	10	01	01	NIL	NIL	08	NIL	42
Total : Exe.	31	40	111	16	12	NIL	NIL	18	03	231
Non-Exe.	05	25	11	02	02	NIL	NIL	08	NIL	53

### (d) Sanction for prosecution during the year:

Grade	M3	M2	M1	E5	E4	E3	E2	Total
Number	01	00	01	06	01	00	00	09

## 26.3 Special Achievement

Coal despatch arrangement and quality of coal:

A study was conducted in Gevra Area, SECL by a team of CIL Vigilance. Over the past two years a large number of complaints were lodged regarding Coal Despatch Arrangement and Quality of Coal. The team undertook a thorough study and the following recommendations were made towards improvement of the system:

- Installation of weighbridges at all transfer points as suggested earlier in the report of CIL vigilance and agreed by SECL Board
- Entering FSA with all consumers who will be taking coal through washeries with the provision of joint sampling arrangement as in case of FSA with NTPC
- Consumers' representative should be present at the time of joint sampling and the dispute on quality can only be lodged by the consumers only.
- Consumers should also ensure that no washery operators should raise any issue

to SECL. Whatever grievances are there, consumers should bring to the notice of SECL directly within the provision of Agreement/FSA.

- (v) No private washery should be allowed to be installed within mining leasehold.
- (vi) The consumers should be asked to maintain a record of rejects which should be made available to SECL at the end of every month.
- (vii) As long as the 40-55 m thick bench is worked in such large number of benches without planning for selective mining (which can not be said to scientific way of mining) and ESM Companies having clear links with washeries will exist, the complaints regarding quality parameters would continue to flow.

#### 26.4 Vigilance Awareness Week

Vigilance Awareness Week was observed during the 6th November, 2006 to 10th November, 2006. An interactive session titled "Vigilance as a Management Tool for Enhancing Efficiency and Ensuring Transparency" was organized 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 2006-07 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 2006-07.

#### 29. BOARD OF DIRECTORS

Shri Shahsi Kumar was on the Board as Chairman upto 30.9.2006. Thereafter, Shri Partha S. Bhattacharyya was appointed as Chairman w.e.f. 1.10.2006. Shri Md. Salim Uddin, Director (Personnel & Industrial Relation), CIL and Shri K. Ranganath, Director (Marketing), CIL continued on the Board during the year. Shri S. Bhattacharya, as Director (Finance) and Shri N. C. Jha, as Director (Technical) were inducted on the Board w.e.f. 1.7.2006 and 1.1.2007 in place of Shri D.K. Verma, Ex-Director (Finance) and Shri L. Jha,



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Ex-Director (Technical) who continued on the Board upto 30.6.2006 and 31.12.2006 respectively.

Shri Pradeep Kumar, Additional/Special Secretary, Ministry of Coal (MOC) was on the Board as part-time Director upto 23.10.2006. In his place Dr. S. P. Seth, Addl. Secretary, MOC become part-time Director on the Board from 23.10.2006. Shri Sujit Gulati, Jt. Secretary and Financial Adviser, MOC and Shri Ashok Gupta, Adviser (Traffic), Railway Board, on other hand, continued on the Board as part-time Director during the year.

Shri S. Narsing Rao, CMD, Singareni Colliery Co. Limited and Shri B. K. Sinha, CMD, South Eastern Coalfields Limited were inducted on the Board as part-time Director w.e.f. 6.2.2007 and 7.2.2007 respectively. Shri V. K. Singh, CMD, Northern Coalfields Limited continued on the Board upto 7.2.2007 as part-time Director.

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, whole-time Directors and part-time non-official 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 2006-2007.

### **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 judgments 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 2006-2007 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 AND BRPSE STATUS**

#### **32.1 Eastern Coalfields Limited (ECL)**

As on 31st March, 1997, as accumulated loss of the company exceeded its networth 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 networth 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 networth 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. As per the scheme, the networth 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.

Coal price was enhanced from 16.6.2004. National Coal Wage Agreement - VII (NCWA-VII) was signed between the operating Trade Unions, Coal India Limited and its subsidiary companies for a period of five years from 1st July, 2001 on 15th July, 2005. The impact of enhanced sale value as well as NCWA-VII (Other than Interim Relief @ 15% of basic) were not considered in the financial projection of the BIFR sanctioned Rehabilitation Scheme. Due to implementation of NCWA-VII, as well as the enhancement of sales price, the scheme was revised as per the advice of BRPSE. As per the revised scheme, the networth of the company was slated to become positive by 2009-10. The Revised Scheme was heard by the 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.

BIFR reviewed the ECL's case on 4th September, 2006. In the hearing they had allowed the Company to incur capital expenditure as may be required without any restriction, after obtaining the approval from the concerned Ministry. Cabinet Committee on Economic Affairs (CCEA) had approved the BRPSE- recommended Revival Plan of ECL on 5th October, 2006. After obtaining their approval of Cabinet Committee on Economic

Affairs, Company had submitted the Revised Rehabilitation Scheme to the monitoring Agency and BIFR during October, 2006 with a request to approve the Revised Revival plan for implementation. BIFR reviewed the ECL's case on 12.6.2007 and advised the company to submit Govt. approved Revival plan to them for their consideration. The company has already submitted the same to them.

## 32.2 Bharat Coking Coal Limited (BCCL)

### (A) BIFR status

BCCL was first registered as sick Company vide Registration No. 504/95 dated 18.12.95 as its networth 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 networth of the Company became positive due to capital restructuring by converting loan into Equity by CIL amounting to Rs. 996 crores. Before converting loan into Equity by CIL, the paid up share capital of BCCL was Rs. 1122 crores. After conversion, paid up share capital of BCCL is Rs. 2118 crores. However, BCCL was under watch of BIFR u/s 23 of SICA.

After completion of Accounts for the year 1999-2000, the networth 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 non-maintainable. BCCL made an appeal vide no. 92/2002 dated 7.5.2002 to AAIFR under section 25 of SICA, 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 Ltd. was



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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) BRPSE status.**

Government of India constituted a Board for reconstruction of Public Sector Enterprises by notification dated 6th December, 2004. The Revival Plan submitted to BIFR was sent to Ministry of Coal for further examination. The Controller General of Accounts (CGA), Capital Restructuring Cell, Department of Expenditure, Ministry of Finance, Govt. of India, on the revival packages prepared by Bharat Coking Coal Limited, while broadly agreeing with the revival strategy formulated by BCCL, stressed on the need for closure of unviable mines, manpower rationalisation and production enhancement vide letter No. CGA/CRC/PSO/134/115 dated 24.11.2005 of Dy Controller General of Accounts (Capital Restructuring Cell).

As per instruction of Ministry of Coal, BCCL submitted its Rehabilitation Scheme in prescribed format to BRPSE in April, 2005 suitably modifying the Revival Plan submitted to BIFR on 12.4.04. Considering the present scenario, taking into account the financial implication arising out of finalisation of NCWA-VII and incorporating the suggestion of Dy. CGA, a modified Rehabilitation Scheme has been finalised and presented. BRPSE at its 19th meeting held on 29.8.2005 has advised MOC/BCCL to resubmit the Revival Proposal duly appraised by an independent consultant for its consideration. Accordingly BCCL Board at its 244th meeting held on 21.1.06 appointed M/s CARE Advisory as independent consultant for appraisal of Revival Plan. Final Report of M/s. CARE Advisory 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 Secretary (Coal), MOC and Chairman, Coal India Ltd. for further action.

BRPSE vide its letter no. BRPSE/3(33)2005 dated 21.5.2007 addressed to Ministry of Coal has requested for submission of the following by BCCL.

- (1) 18 copies of updated Revival proposal

with latest figure/information for the year 2005-06 and 2006-07 along with details of the proposals seeking approval of BRPSE.

- (2) Action taken on the recommendation of the board with regard to exploring the feasibility of placing BCCL on management contract with other public/private sector enterprises having synergy with BCCL
- (3) 18 Copies of the provisional accounts with schedule for the financial year 2006-07 if Audited Accounts is not available. Action is being taken accordingly.

**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, 2007.
- (iii) Statement pursuant to Sec. 212(i) (e) of the Companies Act, 1956.

For and on behalf of  
the Board of Directors  
Sd/-  
**(Partha S. Bhattacharyya)**  
Chairman

Kolkata, the dated 14th September, 2007



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Annual Report

# **Annual Accounts**

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## **2006–2007**



2006-2007

# Balance Sheet

## As at 31st March, 2007

(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	565019.82	453928.10
<b>B. Shifting &amp; Rehabilitation Fund</b>	C	68807.75	48594.58
<b>C. Loan Fund</b>			
Unsecured	D	164609.59	189901.29
		<u>1430073.60</u>	<u>1324060.41</u>
<b>II. APPLICATION OF FUND</b>			
<b>A. Fixed Assets</b>	E		
(a) Fixed assets		35188.40	35147.75
Less : Depreciation		23653.72	22893.10
		<u>11534.68</u>	<u>12254.65</u>
Less : Prov. for Impairment		2170.19	1832.04
		<u>9364.49</u>	<u>10422.61</u>
Less : Other Provisions		49.31	57.92
		<u>9315.18</u>	<u>10364.69</u>
(b) Capital Work-in-Progress		8.34	12.00
(c) Surveyed Off Assets		3.60	5.77
<b>B. Investment</b>	F	631636.37	631636.37
<b>C. Current Assets, Loans &amp; Advances</b>			
Inventories	G	2367.46	3129.69
Sundry Debtors	H	1.49	81.31
Cash & Bank Balances	I	372898.43	286315.01
Loans & Advances	J	882292.08	878154.69
		<u>1257559.46</u>	<u>1167680.70</u>
Less : Current Liabilities & Provisions	K	468449.35	485639.12
		<u>789110.11</u>	<u>682041.58</u>
		<u>1430073.60</u>	<u>1324060.41</u>

Statement on Significant Accounting Policies, M  
Notes on Accounts

The Schedules referred to above form an  
integral part of Accounts

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

Sd/-  
(A. Kundu)  
Chief General Manager (F)

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

Sd/-  
(Partha S. Bhattacharyya)  
Chairman

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

Sd/-  
(P. Poddar)  
Partner

Membership No. 51063  
The 24th August, 2007

Dated : 18th August, 2007  
Place : Kolkata

# Profit & Loss Account

## For the year ended 31st March, 2007

	Schedule	Current Year	Previous Year
(Rs. in '00,000)			
<b>INCOME :</b>			
Sales	1	24380.23	23169.81
Coal Issued for other purposes	2	28.40	28.71
Other Income	3	285607.29	193345.58
Interest	13	10518.22	13196.83
		<b>320534.14</b>	<b>229740.93</b>
<b>EXPENDITURE</b>			
Decretion of stock	4	747.06	1547.93
Consumption of Stores & Spares	5	653.53	688.17
Employees' Remuneration and Benefits	7	12541.56	11925.39
Social Overhead	8	1753.61	1489.89
Power & Fuel	9	843.43	875.92
Repairs	10	221.46	163.51
Contractual Expenses	11	8776.80	7744.54
Other Expenditure	12	3096.24	2670.22
Finance Charges	14	2039.40	2456.12
Depreciation	6	802.22	929.15
Provisions	15	2520.52	1334.73
		<b>33995.83</b>	<b>31825.57</b>
<b>PROFIT FOR THE YEAR</b>		<b>286538.31</b>	<b>197915.36</b>
Add (Less) : Prior Period Adjustment	16	(54.17)	10.48
<b>PROFIT BEFORE TAX</b>		<b>286484.14</b>	<b>197925.84</b>
Provision for Income Tax			
For current year		(2850.00)	(2300.00)
For Fringe Benefit Tax		(180.20)	(100.00)
For earlier year (Including FBT)		(1430.20)	(24628.33)
		<b>(4460.40)</b>	<b>(27028.33)</b>
Excess Prov. for Income Tax Written Back (earlier period)		105.48	269.29
<b>PROFIT AFTER TAX</b>		<b>282129.22</b>	<b>171166.80</b>
Profit brought forward from previous year		231636.91	221941.01
Add : Transfer from Bond Redemption Reserve		1400.00	1103.00
<b>PROFIT AVAILABLE FOR APPROPRIATIONS</b>		<b>515166.13</b>	<b>394210.81</b>
(Carried down)			



2006–2007

## PROFIT & LOSS ACCOUNT (CONTD.)

Schedule	(Rs. in '00,000)	
	Current Year	Previous Year
PROFIT AVAILABLE FOR APPROPRIATIONS (Brought down)	515166.13	394210.81
<b>APPROPRIATION</b>		
Reserve for Foreign Exchange Transactions	1380.33	309.53
Transfer to General Reserve (Incl'd. Bond Red. Reserve)	29612.92	18219.68
Proposed Dividend on Equity Shares		
Interim	150000.00	126327.29
Final	—	—
Tax on Dividend	21037.50	17717.40
<b>BALANCE CARRIED TO BALANCE SHEET</b>	<b>313135.38</b>	<b>231636.91</b>
Basic and Diluted Earnings per Share (in Rupees) (Ref. Note No. 13.17 in part B to Schedule - M)	<b>444.48</b>	<b>270.50</b>
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/-  
(A. Kundu)  
Chief General Manager (F)

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

Sd/-  
(Partha S. Bhattacharyya)  
Chairman

Dated : 18th August, 2007  
Place : Kolkata

As per our report annexed.  
For **Mitra Kundu & Basu**  
Chartered Accountants  
Sd/-  
(P. Poddar)  
Partner  
Membership No. 51063  
The 24th August, 2007

# Schedule to Balance Sheet

As At 31st March, 2007

## 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) 8,00,00,000 Equity Shares of Rs.1000/- each (Previous Year 8,00,00,000 Equity Shares of Rs.1000/- each)	800000.00	800000.00
	<b>890418.00</b>	<b>890418.00</b>

### ISSUED, SUBSCRIBED AND PAID UP

(i) 6,05,94,305 Equity Shares of Rs.1000/- each fully paid in cash (Previous Year 6,05,94,305 Equity Shares of Rs.1000/- each)	605943.05	605943.05
(ii) 25,69,339 Equity Shares of Rs.1000/- each allotted as fully paid up for consideration received other than cash (Previous Year 25,69,339 Equity Shares of Rs.1000/- each)	25693.39	25693.39
<b>TOTAL</b>	<b>631636.44</b>	<b>631636.44</b>

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



2006-2007

*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	1403.40		2506.40
Less : Amount transferred to Profit & Loss Account	1400.00		1103.00
	3.40		1403.40
<b>(b) Capital Redemption Reserve</b>	90418.00		90418.00
<b>(c) Reserve for Foreign Exchange Transactions</b>			
Balance as per last account	9115.93		8806.40
Add : Amount transferred from Profit and Loss Account	1380.33		309.53
	10496.26		9115.93
<b>(d) General Reserve</b>			
Balance as per last account	121353.86		103134.18
Add : Amount transferred from Profit and Loss Account	29612.92		18219.68
	150966.78		121353.86
<b>B. SURPLUS</b>			
<b>Profit and Loss Account</b>			
Balance Carried forward	313135.38		231636.91
<b>TOTAL (A + B)</b>	<b>565019.82</b>		<b>453928.10</b>



## SCHEDULE TO BALANCE SHEET (CONTD.)

### SCHEDULE – C

#### SHIFTING AND REHABILITATION FUND

(Rs. in '00,000)

	Current Year	Previous Year
Opening Balance as on 01.04.06	48594.58	29365.82
Add : Interest from investment of the fund	4710.05	2350.35
Add : Contribution from Subsidiaries	17751.60	16878.41
	71056.23	48594.58
Less : Transferred to Subsidiary	2248.48	—
<b>TOTAL</b>	<b>68807.75</b>	<b>48594.58</b>

### SCHEDULE – D

#### UNSECURED LOAN

(Rs. in '00,000)

	Current Year	Previous Year
<b>Loan From World Bank</b>		
(Guaranteed by Govt of India)		
JBIC (JPY 207639.63 Lacs)	77325.00	86297.42
IBRD (USD 1994.16 Lacs)	87284.59	95041.46
<b>Un-Secured Bonds</b>		
12.25% Non Convertible (Taxable) (earliest redemption Dec, 2006)	—	1400.00
Interest Accrued and Due on Govt. Loan	—	7162.41
<b>TOTAL</b>	<b>164609.59</b>	<b>189901.29</b>



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SCHEDULE TO BALANCE SHEET (CONTD.)

SCHEDULE – E

(Rs. in '00,000)

FIXED ASSETS

	COST				DEPRECIATION				IMPAIRMENT LOSS				NET BLOCK	
	As on 01.04.06	Addition during the year	Adj/Sales/ Transfer 2006 - 07	Total as on 31.03.07	As on 01.04.06	Addition during the year	Adj/Sales/ Transfer 2006 - 07	Total as on 31.03.07	As on 01.04.06	Addition during the year	Adj/Sales/ Transfer 2006 - 07	Total as on 31.03.2007	As on 31.03.07	As on 31.03.06
<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	29.84	1.32	—	31.16	0.00	—	—	0.00	102.63	103.95
<b>BUILDING</b>	7536.44	4.11	—	7540.55	2083.63	144.59	-0.21	2228.01	164.08	—	—	164.08	5148.46	5288.73
<b>PLANT &amp; MACHINERY</b>	17951.17	95.50	-82.49	17964.18	14157.47	588.48	-80.73	14665.22	39.48	338.15	—	377.63	2921.33	3754.22
<b>FURNITURE &amp; FITTINGS/</b>														
OFFICE EQUIPMENTS	1624.08	24.38	-0.04	1648.42	1268.79	45.25	-0.14	1313.90	5.79	—	—	5.79	328.73	349.50
RAILWAY SIDING	771.25	—	—	771.25	546.03	36.63	—	582.66	0.00	—	—	0.00	188.59	225.22
VEHICLES	363.53	—	-3.85	359.68	297.58	10.95	-8.46	300.07	0.00	—	—	0.00	59.61	65.95
AIRCRAFT	1665.38	—	—	1665.38	1310.13	—	—	1310.13	355.25	—	—	355.25	0.00	0.00
TELECOMMUNICATION	533.80	3.04	—	536.84	449.54	22.94	—	472.48	0.06	—	—	0.06	64.30	84.20
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>	35147.75	127.03	-86.38	35188.40	22893.10	850.16	-89.54	23653.72	1832.04	338.15	0.00	2170.19	9364.49	10422.61
Less : Other Provisions													-49.31	-57.92
<b>TOTAL</b>	35147.75	127.03	-86.38	35188.40	22893.10	850.16	-89.54	23653.72	1832.04	338.15	0.00	2170.19	9315.18	10364.69
<b>CAPITAL WORK-IN-PROGRESS</b>	458.52	8.34	-12.00	454.86	—	—	—	—	—	—	—	—	454.86	458.52
Less : Provision	-446.52	—	—	-446.52	—	—	—	—	—	—	—	—	-446.52	-446.52
<b>C.W.I.P. (Net)</b>	12.00	8.34	-12.00	8.34	—	—	—	—	—	—	—	—	8.34	12.00
<b>SURVEYED OFF ASSETS (P&amp;M)</b>	—	—	—	—	—	—	—	—	—	—	—	—	3.60	5.77
<b>PREVIOUS YEAR</b>														
<b>FIXED ASSETS</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>	54.87	6.69	-49.56	12.00	—	—	—	—	—	—	—	—	12.00	54.87
<b>SURVEYED OFF ASSETS (P&amp;M)</b>	—	—	—	—	—	—	—	—	—	—	—	—	5.77	8.79

ALLOCATION OF DEPRECIATION

	CURRENT YEAR	PREVIOUS YEAR
Profit & Loss Account	802.22	929.15
Social Overhead	42.67	46.39
Power & Fuel	5.25	5.25
Prior Period Adjustment	-6.29	-50.84
Other Adjustment (Incl. Surveyed off Assets) and for Policy 7.4	-83.23	-318.79
<b>TOTAL</b>	<b>760.62</b>	<b>611.16</b>

# SCHEDULE TO BALANCE SHEET (CONTD.)

## SCHEDULE – F

INVESTMENT (Unquoted)	(Rs. in '00,000)	
	Current Year	Previous Year
<b><i>In Fully Paid up Equity Shares of Subsidiary Companies (Valued at cost) :</i></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>TOTAL</b>	<b>631636.37</b>	<b>631636.37</b>



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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)	297.46		311.58	
Less : Provision for slow-moving/ non-moving obsolescence/shortage	166.64	130.82	165.59	145.99
Stock of Coal	2280.20		3027.26	
(Valued at lower of Cost or Market Price)				
Coke	0.75		0.75	
(Valued at lower of Cost or Market Price)				
	2280.95		3028.01	
Less : Provisions	44.31	2236.64	44.31	2983.70
<b>TOTAL</b>		<b>2367.46</b>		<b>3129.69</b>

# SCHEDULE TO BALANCE SHEET (CONTD.)

## PARTICULARS IN RESPECT OF COAL STOCK AS ON 31.03.2007 (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>(A) RECONCILIATION OF BOOK STOCK AND MEASURED STOCK</b>						
1. Opening Stock as on 01.04.06 (As per Accounts)	315.72	2983.70			315.72	2983.70
2. Add : Production for the year	1050.04	23050.56			1050.04	23050.56
3. Sub-Total (1+2)	1365.76	26034.26			1365.76	26034.26
4. Less : Off Take for the year						
(a) (i) Outside Despatch	1182.13	23769.22			1182.13	23769.22
(ii) Transferred Out	—	—			—	—
(b) Coal issued for other purpose	2.15	28.40			2.15	28.40
<b>Total (4)</b>	<b>1184.28</b>	<b>23797.62</b>			<b>1184.28</b>	<b>23797.62</b>
5. Derived Stock (3-4)	181.48	2236.64			181.48	2236.64
6. Measured Stock	183.99	2267.57			183.99	2267.57
7. Difference (5-6)	-2.51	-30.93			-2.51	-30.93
8. Break up of difference						
(a) Excess within 5%	-2.51	-30.93			-2.51	-30.93
(b) Shortage within 5%						
(c) Excess beyond 5%						
(d) Shortage beyond 5%						
9. Closing Stock Adopted in Accounts (6+8a+8b)	181.48	2236.64			181.48	2236.64
<b>(B) RECONCILIATION OF CLOSING STOCK ADOPTED IN ACCOUNTS</b>					181.48	2236.64
Less : Net shortage of more than 5% accounted for in the Accounts but not adjusted from Book Stock pending write off						
Less : Non vendable stock including mixed stock & stock on which provision equivalent to the value has been made in accounts						
Less : Charges for rehandling of pit head stock						
Less : Provision made in accounts to take care of future deterioration of coal stock						
Stock as per Accounts after all Provisions					181.48	2236.64



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## 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	1076.75	1104.80
Other Debts	1.47	48.26
	1078.22	1153.06
Less : Provision	1076.73	1071.75
<b>TOTAL</b>	<b>1.49</b>	<b>81.31</b>

#### CLASSIFICATION

Considered good	1.49	81.31
Considered doubtful	1076.73	1071.75

	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	6.96	2.56
Remittance-in-transit	1.50	5.00
<b>Balance with Scheduled Banks</b>		
In Current Account	7041.77	5202.68
In Cash Credit Account	2120.52	1324.05
In Deposit Account with Scheduled Banks	363727.68	279780.72
With Post Office Savings Bank Account	0.27	0.27
Less Provision	0.27	0.27
<b>TOTAL</b>	<b>372898.43</b>	<b>286315.01</b>

## 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. 10.4 & 13.10 of Sch.-M Part-B)	1031.85	1073.06
For Others	202.74	202.43
	1234.59	1275.49
<b>ADVANCE TO EMPLOYEES</b>		
For House Building	115.07	158.16
For Motor Car & Other Conveyance	2.25	2.18
For Others	183.29	128.20
	300.61	288.54
<b>DEPOSITS</b>		
For Custom duty & Port Charges	82.04	88.09
For Other Deposits	220.20	206.84
	302.24	294.93
Short Term Loan to Body Corporates	150.00	150.00
Dividend receivable from Subsidiaries	25000.00	33078.66
Other Receivable	1980.40	7309.19
Other Advances (Ref. Note No. 13.11 of Sch.-M Part-B)	1825.83	292.49
<b>AMOUNT RECEIVABLE FROM GOVERNMENT OF INDIA</b> For transaction on behalf of Ex-Coal Board	104.82	94.35
Claims Receivable	345.84	346.04
Prepaid Expenses	27.02	24.32
TDS/Advance Tax	4122.31	569.83
<b>Balance with Subsidiaries</b>		
Loan A/c.	206115.06	236115.06
Current A/c.	470082.56	408179.86
	676197.62	644294.92
<b>Balance with Subsidiaries (World Bank Loan)</b> Loan A/c.	164609.59	181338.88
Loan to Subsidiaries (VRS)	7409.00	10025.00
Exploratory Drilling work (Ref. Note No. 7.4 of Sch.-M Part-B) (Eastern Coalfields Ltd. Command Area)	4238.83	3881.14
	887848.70	883263.78
Less : Provision	5556.62	5109.09
<b>TOTAL</b>	<b>882292.08</b>	<b>878154.69</b>
<b>CLASSIFICATION</b>		
Considered good	882292.08	878154.69
Considered doubtful	5556.62	5109.09



2006-2007

*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	218731.80	218281.35	212302.32	215965.63
Bharat Coking Coal Limited	423229.86	359584.80	419435.87	357579.25
Central Coalfields Limited	27783.45	74783.84	4932.16	11073.93
Western Coalfields Limited	4142.64	10944.60	4157.73	-2395.09
Northern Coalfields Limited	-117867.58	-101488.19	-121998.23	-108879.36
South Eastern Coalfields Limited	32396.97	38692.18	32396.97	38658.31
Mahanadi Coalfields Limited	-111571.84	-136748.53	-116231.32	-96802.78
Central Mine Planning & Design Institute Limited	8055.57	15205.29	-358.98	4981.86
<b>TOTAL</b>	<b>484900.87</b>	<b>479255.34</b>	<b>434636.52</b>	<b>420181.75</b>

**Notes :** House Building and cars/scooters advance for Rs.117.32 lakhs (Previous Year 160.34 lakhs) included under Loans & Advances (unsecured) considered good and are secured by equitable mortgage on assets concerned.



# SCHEDULE TO BALANCE SHEET (CONTD.)

## SCHEDULE – K

### CURRENT LIABILITIES & PROVISIONS

(Rs. in '00,000)

	Current Year	Previous Year
<b>A. CURRENT LIABILITIES</b>		
<b>SUNDRY CREDITORS</b>		
For Capital including Revenue Stores	322.69	294.48
For Coal	63.56	63.56
Advance from Customers	386.25	358.04
Deposits	2269.04	3019.73
Other Deposit from Customers	1798.42	1500.36
Advance Deposit (Pre-Nationalisation)	278.85	40.25
	20.85	20.85
<b>EMPLOYEES' REMUNERATION &amp; BENEFITS</b>		
Salaries, Wages & Allowances	622.65	636.99
Ex-gratia	159.33	170.69
Unpaid salaries, Wages etc.	0.17	0.17
Gratuity	5574.01	4727.03
Leave Encashment	1432.20	1359.57
	7788.36	6894.45
<b>OTHER EXPENSES</b>		
Power & Fuel	126.31	113.33
Contractual Expenses	2711.02	2174.71
Others	3233.42	3720.36
	6070.75	6008.40
Due to Government of India (including ex-owner's Accounts)	160.93	160.93
Interest accrued but not due on Loan	2008.28	4447.90
<b>SALES TAX</b>		
State	27.76	24.91
Central	79.97	116.28
	107.73	141.19
Royalty & Cess on Coal	623.06	608.10
Provident Fund	285.91	183.26
Pension Fund	8.88	7.46
<b>INCOME TAX</b>		
Employees	148.10	68.13
Contractors	10.46	0.14
Others	4682.35	3253.99
	4840.91	3322.26
Professional Tax	12.12	8.34
Surplus Fund from Subsidiaries	390888.99	404234.50
Balance with Subsidiaries Current Account	22690.77	11242.55
Adv. Deposit Other Govt. Fund (Ref. Note No. 13.12 in Sch.-M Part-B)	7843.00	7843.00
Other Liability	3653.41	1799.12
<b>INVESTORS, EDUCATION &amp; PROTECTION FUND</b>		
17% Non Convertible Bonds (Incl. Intt. Thereon)	5.91	5.91
<b>B. PROVISIONS</b>		
Provision for Income Tax	7002.48	2647.56
Income Tax on Proposed Dividend	—	17717.40
Provision for NCWA-VII	—	4999.98
	458744.90	477211.54
Contribution from Subsidiaries towards Indian Instt. of Coal Management pending reimbursement (Ref. Note No. 9.4 in Sch.-M Part-B)	9704.45	8427.58
<b>TOTAL</b>	<b>468449.35</b>	<b>485639.12</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.



2006–2007

# Schedule to Profit & Loss Account

For the Year Ended 31st March, 2007

## SCHEDULE – 1

SALES

(Rs. in '00,000)

PARTICULARS	PRODUCTS		TOTAL	
	Raw Coal	Soft Coke	Current Year	Previous Year
Quantity (in '000 M.T.)	1182.13	—	1182.13	1170.37
Gross Sales Value	27526.48	—	27526.48	26251.15
Add : Service Charges received	611.01	—	611.01	590.14
<b>(A)</b>	<b>28137.49</b>	<b>0.00</b>	<b>28137.49</b>	<b>26841.29</b>
Less : Statutory Levies				
Royalty on Coal	1950.88	—	1950.88	1931.12
Stowing Excise Duty	118.24	—	118.24	117.04
Sales Tax				
Central	852.51	—	852.51	773.78
State	244.45	—	244.45	264.35
Assam Land Tax	591.18	—	591.18	585.19
<b>Total Levies (B)</b>	<b>3757.26</b>	<b>0.00</b>	<b>3757.26</b>	<b>3671.48</b>
<b>Net Value (A - B)</b>	<b>24380.23</b>	<b>0.00</b>	<b>24380.23</b>	<b>23169.81</b>

## SCHEDULE – 2

COAL ISSUED FOR OTHER PURPOSES

(Rs. in '00,000)

	Current Year	Previous Year
Internal Consumption (Power & Fuel)	25.99	26.33
Free Issue to Employees (Social Overhead)	2.41	2.38
<b>TOTAL</b>	<b>28.40</b>	<b>28.71</b>

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

### SCHEDULE – 3

#### OTHER INCOME

(Rs. in '00,000)

	Current Year	Previous Year
Subsidy (stowing)	6.72	—
Apex Office Charges from Subsidiaries	15261.00	14392.85
Interest received	38.46	64.53
Rent (Outsider)	6.12	19.10
L.D./Penalty received	4.40	12.40
Tender Fees	5.99	2.82
Provision/Liability Write backs	2135.12	234.70
Hire Charges	510.00	1561.14
Let out Rent (TDS - Rs.88.19 lakhs)	393.00	393.00
Interim Dividend/Dividend from Subsidiaries	262907.86	173505.86
Guarantee Fee from Subsidiaries	2469.14	2720.08
Profit on sale of Assets	0.01	0.08
Gain on Foreign Exchange Transactions	1380.33	310.81
Misc. Income	489.14	128.21
<b>TOTAL</b>	<b>285607.29</b>	<b>193345.58</b>



2006-2007

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

**SCHEDULE – 4**

**DECRETION 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 01.04.2006		
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 (A)</b>	<b>2983.70</b>	<b>4531.63</b>
B. Closing Stock (Revenue Mines only) as on 31.03.2007		
Raw Coal	2280.20	3027.26
Soft Coke	0.75	0.75
Less : Deterioration of Coal Value due to fire or longer stocking	44.31	44.31
<b>TOTAL (B)</b>	<b>2236.64</b>	<b>2983.70</b>
<b>NET TOTAL (Total A - Total B)</b>	<b>747.06</b>	<b>1547.93</b>

**SCHEDULE – 5**

**CONSUMPTION OF STORES & SPARES**

(Rs. in '00,000)

	Current Year	Previous Year
Explosives	280.27	83.65
Timber	120.77	124.74
Petrol, Oil and Lubricants	296.42	279.00
Consumable Stores & Spares for HEMM	29.36	30.35
Other Consumable Stores & Spares	398.13	341.47
	1124.95	859.21
Less : Transfer to		
Social Overhead	16.55	19.72
Power & Fuel	108.88	92.58
Other Expenditure	74.98	58.74
Less : Recovered from contractor (Explosives)	271.01	—
	471.42	171.04
<b>TOTAL</b>	<b>653.53</b>	<b>688.17</b>

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

## SCHEDULE – 6

### DEPRECIATION

		(Rs. in '00,000)
	Current Year	Previous Year
Total Depreciation (Schedule – E)	760.62	611.16
Less : Transferred to		
Social Overhead	42.67	46.39
Power & Fuel	5.25	5.25
Prior period adjustment	(6.29)	(50.84)
Other adjustment	(83.23)	(318.79)
	(41.60)	(317.99)
<b>TOTAL (Net)</b>	<b>802.22</b>	<b>929.15</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)	8303.32	8094.64
Provision for National Coal Wage Agreement - VII	—	133.76
Overtime		
(a) Normal	263.80	174.92
(b) Sunday Maintenance	208.44	177.60
	472.24	352.52
Leave Encashment	142.53	117.40
Contribution to Provident Fund and Other Funds	1098.18	966.26
(including Administrative Charges)		
Attendance Bonus	515.27	400.68
Ex-gratia		
(a) PPLB - Non Executive	147.15	155.18
(b) PPLR - Executive	17.37	15.49
(c) Rewards	80.73	—
	245.25	170.67
LTC/LLTC/RRF	196.06	192.24
Pension	63.65	61.74
Gratuity	1412.91	1693.87
Workmen Compensation	8.04	9.56
Group Insurance	8.28	8.51
D. L. I.	9.45	8.77
Life Cover Scheme	13.60	16.73
V. R. S.	396.81	21.84
	12885.59	12249.19
Less : Transfer to		
Social Overhead	335.73	316.60
Power & Fuel	8.30	7.20
	344.03	323.80
<b>TOTAL</b>	<b>12541.56</b>	<b>11925.39</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		335.73		316.60
Free Issue of Coal to Employees		2.41		2.38
Medical Facilities				
(a) Medical Reimbursement	515.19		334.15	
(b) Medicine	33.56		39.70	
(c) Diet Expenses	9.80		9.14	
		558.55		382.99
Grants to				
(a) Schools & Institutions	45.19		41.13	
(b) Sports, Recreation	13.04		15.51	
		58.23		56.64
Canteen and Creche				
Canteen up-keep		11.59		9.94
House Rent		18.42		22.53
Power		383.89		387.54
Repairs & Maintenance				
(a) Township (incl. welfare buildings)	119.43		63.04	
(b) Plant & Machineries	1.49		0.76	
		120.92		63.80
Maintenance of Vehicles				
(a) Petrol & Diesel	7.90		5.25	
(b) Repairs	3.62		3.56	
(c) Insurance	0.54		0.56	
		12.06		9.37
Consumption of Stores & Spares		8.65		14.47
Depreciation		42.67		46.39
Community Development		12.99		5.41
Environmental Expenses (Tree Plantation)		0.05		1.09
Uniform		6.91		3.41
Training Expenses				
(a) Within the Co.	41.48		16.30	
(b) Outside the Co.	6.47		5.55	
		47.95		21.85
Other Welfare Expenses		156.72		166.63
		1777.74		1511.04
Less : Recoveries				
House Rent	4.61		6.58	
Hospital Charges	0.39		0.80	
Electricity	19.13		13.77	
		24.13		21.15
<b>TOTAL</b>		<b>1753.61</b>		<b>1489.89</b>

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

### SCHEDULE – 9

		(Rs. in '00,000)
POWER & FUEL	Current Year	Previous Year
Purchase of Electricity	1068.32	1117.76
Power Generation		
Salary & Wages	8.30	7.20
Consumption of Coal	25.99	26.33
Consumption of Stores	108.88	92.58
Repair & Maintenance	10.58	14.34
Depreciation	5.25	5.25
	159.00	145.70
	1227.32	1263.46
Less : Transfer to Social Overhead	383.89	387.54
<b>TOTAL</b>	<b>843.43</b>	<b>875.92</b>

### SCHEDULE – 10

		(Rs. in '00,000)
REPAIRS	Current Year	Previous Year
Building	87.54	74.04
Plant & Machinery (Outside Agency)	24.82	30.06
Office Equipment	21.44	8.24
Others	222.78	132.87
	356.58	245.21
Less : Transfer to		
(a) Social Overhead	124.54	67.36
(b) Power & Fuel	10.58	14.34
	135.12	81.70
<b>TOTAL</b>	<b>221.46</b>	<b>163.51</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		
Coal, Coke	53.17	64.72
Other Contractual Work	8723.63	7679.82
<b>TOTAL</b>	<b>8776.80</b>	<b>7744.54</b>



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

## SCHEDULE – 12

### OTHER EXPENDITURE

(Rs. in '00,000)

		Current Year		Previous Year
Travelling				
(a) In country	545.42		361.51	
(b) Outside country	74.62		67.38	
		620.04		428.89
Printing & Stationery		94.57		87.89
Postage		20.72		29.51
Telephone		80.01		67.79
Advertisement & Publicity				
(i) Advertisement for				
(a) Tender	85.91		61.69	
(b) Recruitment	37.06		2.67	
		122.97		64.36
(ii) Publicity		429.59		157.39
Demurrage		30.81		94.36
Donation		9.33		10.62
Subscriptions		22.52		18.82
Security Expenses		152.69		140.98
Hire Charges				
(a) Computer	55.80		59.43	
(b) Others	98.68		43.32	
		154.48		102.75
Maintenance of Vehicles				
(a) Petrol & Diesel	74.98		58.74	
(b) Repairs	27.20		21.29	
(c) Road Tax & Insurance	6.48		6.92	
		108.66		86.95
Legal Expenses		49.10		60.67
Bank Charges		9.88		7.27
Guest House Expenses	22.32		27.39	
Less : Recoveries	3.65		3.74	
		18.67		23.65
Consultancy Fees		76.42		239.56
Office Contingency Expenses		97.41		49.87
Underloading Charges		227.83		191.48
Auditors' Remuneration				
(a) Audit Fees	3.30		1.85	
(b) Travelling & Out-of-pocket exp.	1.00		1.00	
		4.30		2.85
Tax Audit Fees		0.63		0.63
Internal Audit/Other Audit fees and exp.		6.04		2.61
Royalty & Cess		10.58		3.29
Rent, Rates & Taxes		334.13		312.90
Insurance		11.55		18.32
Dead Rent		32.53		29.08
Surface Rent		0.75		0.96
Loss on Exchange Variance		1.59		—
Miscellaneous		368.44		436.77
<b>TOTAL</b>		<b>3096.24</b>		<b>2670.22</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	23082.71	20030.56
(b) Recovered from Subsidiaries	8413.69	9337.72
(c) Transferred to Subsidiaries on account of IBRD & JBIC Loan	6571.92	5629.22
<b>Total (A)</b>	<b>38068.32</b>	<b>34997.50</b>
<b>Less :</b>		
<b>B. INTEREST (EXPENDITURE)</b>		
(a) Government Loan (Plan Loan)	—	426.92
(b) VRS Loan	—	437.04
(c) Bonds	114.65	261.58
(d) Other Corporate/Financial Institutional Loan	—	535.48
(e) Pension Fund	1.01	1.21
(f) Interest on IBRD & JBIC Loan	6571.92	5629.22
(g) Others	20862.52	14509.22
<b>Total (B)</b>	<b>27550.10</b>	<b>21800.67</b>
<b>TOTAL (A – B)</b>	<b>10518.22</b>	<b>13196.83</b>

**SCHEDULE – 14**

**FINANCE CHARGES**

(Rs. in '00,000)

	Current Year	Previous Year
Guarantee Fees on IBRD & JBIC Loan	1975.32	2176.07
Other Bank Charges	64.08	130.05
Prepayment Premium	—	150.00
Other Charges on IBRD & JBIC Loan	6.03	5.84
	<b>2045.43</b>	<b>2461.96</b>
<b>Less :</b> Transferred to Subsidiaries on account of IBRD & JBIC Loan	6.03	5.84
<b>TOTAL</b>	<b>2039.40</b>	<b>2456.12</b>

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

### SCHEDULE – 15

PROVISIONS		(Rs. in '00,000)	
	Current Year	Previous Year	
<b>A. Provision for :</b>			
Doubtful Advances	838.08	821.24	
Doubtful Debts	5.02	9.92	
Impairment of Assets	338.15	382.89	
Surveyed off Assets	5.31	0.25	
Others	1333.96	120.43	
Total (A)	2520.52	1334.73	
<b>B. Write-offs :</b>			
Doubtful Advances (Exploratory Drilling work at ECL)	360.06	—	
Less : Provision written-back	360.06	—	
Total (B)	0.00	0.00	
<b>TOTAL (A + B)</b>	<b>2520.52</b>	<b>1334.73</b>	

### SCHEDULE – 16

PRIOR PERIOD ADJUSTMENT		(Rs. in '00,000)	
	Current Year	Previous Year	
<b>DEBITS :</b>			
Social Overhead	—	0.44	
Other Income	4.31	—	
Other Expenditure	9.46	51.19	
Contractual Expenses	—	7.65	
Employees' Remuneration & Benefits	47.17	32.57	
	<b>60.94</b>	<b>91.85</b>	
<b>CREDITS :</b>			
Other Income	—	50.27	
Depreciation	6.29	50.84	
Interest	0.04	0.73	
Repairs	—	0.49	
Other Expenditure	0.44	—	
	<b>6.77</b>	<b>102.33</b>	
<b>Net : Credit (+)/Debit (-)</b>	<b>-54.17</b>	<b>10.48</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 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 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 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. 42.90 lakhs (Rs. 20.10 lakhs).
- 1.2 Claims against the Company not acknowledged as debts are Rs. 6126.52 lakhs (Rs. 956.57 lakhs).
- 1.3 The negative Marked to Market valuation of outstanding position involving two foreign currency transactions as on 31.03.2007 stood at Rs. 473.00 lakhs (Rs. 720.00 lakhs). However, the overall Marked to Market position of the existing hedge transactions (net of the negative values) as on 31.03.2007 stood at Rs. 142.00 Lakhs (positive).
- 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 31.03.2007 stood at Rs. 77325.00 lakhs and Rs. 87284.59 lakhs respectively. Further, the Company has also given guarantee for loans obtained by subsidiaries the outstanding balance of which as on 31.03.2007 stood at Rs. 15269.88 lakhs (Rs. 16007.85 lakhs).
- 1.5 As on 31.03.2007 outstanding Deferred payment guarantee issued by Banks amounted to Rs. 2909.04 lakhs (Rs. 4473.07 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 31.03.2007 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 31.03.2007 stood at Rs. 10731.53 lakhs (including depreciation charged for the current period of Rs. 298.33 lakhs). The net W.D.V. of the leased assets as per books as on 31.03.2007 is Rs. 3417.68 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, 1860 under cancellable operating lease agreement. Additions to these assets from the day of letting out to 31.03.2007 are Rs. 361.57 lakhs on value of plant & machinery and Rs. 317.19 lakhs on value of building and other assets. The cumulative provision for depreciation upto 31.03.2007 stood at Rs. 949.54 lakhs (including depreciation charged for the current year of Rs. 68.78 Lakhs). The net W.D.V. of the leased assets as per books as on 31.03.2007 is Rs. 1707.53 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. 31.03.2007; and assessed the following assets (including those at the instance of the observations by CAG) 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>
Plant & Machinery	Erosion in value	338.15	Value in use	As on 31.03.2007

### 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 31.03.07. 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 plan for restructuring/revival has been formulated and has been reviewed by an external agency. The same has since been approved by the CIL Board and is under consideration of the competent authority. Once the revival schemes are finalised and implemented the financial position of these Companies will substantially improve which will turn them into viable Companies. Further, the companies are earning profits and their net-worth is improving. 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. 166.64 Lakhs (Rs. 165.59 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. 1076.73 Lakhs (Rs. 1071.75 Lakhs) is considered adequate.

## 6. Bonds

- 6.1 During the year the Company has redeemed 12.25% Non-Convertible Un-Secured Bonds (O-Series) amounting to Rs. 1400.00 Lakhs (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 financials 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 31.03.2007 stood at Rs. 4598.89 Lakhs including current year addition of Rs. 717.75 Lakhs. As an abundant precaution the same has been fully provided.

Further, considering the expiry of five years from the date of incurring and accounting of such expenses an amount of Rs. 360.06 Lakhs, for which full provision exists on the date has been written off.

## 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. 29.00 Crores (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.



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## 9. Current Liabilities & Provisions

- 9.1 The provisions made in the Accounts against slow moving/non-moving and obsolete stores, claims receivable, advance, doubtful debts etc. are considered adequate to cover possible losses.
- 9.2 Interest paid/payable on the amounts collected from the employees towards the Pension Scheme and held by the Company pending completion of necessary formalities has been charged in the accounts at rates prescribed by Coal Mines Pension Scheme, 1998.
- 9.3 The balance of the current account with the Subsidiaries are being reconciled on a continuous basis, and the same as on 31.3.2007 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 made/Fund remitted on behalf of IICM.

During the year total contribution received from the subsidiaries on this account amounted to Rs. 1804.68 lakhs. Further Rs. 527.81 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 31.03.2007 are accounted for on actuarial basis. Further the amounts falling due within the year on actual basis are paid/provided for on actual basis.
- 9.6 The balance with subsidiaries current account includes Rs.6500.00 Lakhs remitted by CMPDIL as proceeds of sale of Geological Reports. Pending final allocation/confirmation, the same has been shown as balance with subsidiaries (Cr.).

## 10. Profit & Loss Account

- 10.1 Recognition of Revenue in respect of interest claim amounting to Rs. 6811.78 lakhs (Rs. 10011.50 lakh) and Apex Charges amounting to Rs. 1210.00 lakhs (Rs. 1165.00 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. (Loan to BCCL for Rs. 108329.98 lakhs already made interest free vide 229th meeting of CIL Board).  
Similarly, recognition of Rs. 176.58 lakhs attributable to interest for the year on VRS loan to ECL has been deferred in the year's Accounts. (The VRS loan has been squared up by ECL to CIL on 31.03.2007).
- 10.2 Interim dividend declared by four subsidiaries namely, NCL, MCL, SECL & WCL amounting to Rs. 125912.39 lakhs (Rs. 74278.66 lakhs) pertaining to the year 2006-07 has been accounted for as income for the year, over and above the final dividend for the year 2005-06 received during the current year from these subsidiaries amounting to Rs. 136995.47 lakhs (Rs. 99227.20 lakhs).
- 10.3 Depreciation includes the amount charged on account of amortisation of cost of Leasehold Land.
- 10.4 Full provision has been kept in the Accounts against an old advance amounting to Rs. 388.65 lakhs paid to M/s MAMC for arranging supply of imported spares on behalf of BCCL, a Subsidiary Company.

10.5 The company as a policy and consistent practice recognises in the financial statements only the actual cost of overburden removal for mines with rated capacity of less than one million tonnes (Ref. to the policy No. 16.0 of part A, Schedule-M). However, as a measure of abundant precaution pending ascertainment of relatable proportionate un-provided cost of Overburden Removal vis-a-vis the relevant ratio of coal raised during the year an amount of Rs. 1300.00 Lakhs has been provided in the Accounts, as per the existing contractual terms and period of three years.

#### 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.

#### 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 transactions 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. 473.00 Lakhs due to negative marked to market value of these swap transactions 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., Central Coalfields Ltd. and South Eastern Coalfields Ltd. except on fund earmarked as interest free.

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.



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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. 2850.00 Lakhs (Rs. 2300.00 Lakhs) has been provided in the Accounts during the current year towards Income Tax (calculated on the basis of Minimum Alternate Tax Provision), Wealth Tax, Interest on tax payment etc. Further Rs. 180.20 lakhs (Rs. 100.00 lakhs) have also been provided for Fringe Benefit Tax and Rs. 1430.20 lakhs is also provided during the current year for earlier years Income Tax and Fringe Benefit Tax.

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. 4710.05 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. 1031.85 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 14.536 Acres of land at Newtown, Rajarhat, Kolkata.

Pending finalisation of Conveyance Deed of the above land the same has been shown as advance.

- 13.11 Other advances of Rs. 1825.83 lakhs as shown under the schedule of Loans and Advances includes Rs. 1415.40 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:

<u>Sl.</u>	<u>Particulars</u>	(Rs. in '00,000)
		<u>Amounts</u>
1.	Rehabilitation of North Eastern Coalfields Area/Mines	5514.00
2.	Voluntary Retirement Scheme	1744.00
3.	Drilling and R&D	548.00
4.	Environment and other Projects	573.00
	<b>Total</b>	<b>8379.00</b>
	Less : Adjustment against payment of Voluntary Retirement Scheme	536.00
	<b>As per current liabilities &amp; provision (Schedule-K)</b>	<b>7843.00</b>
	Less : VRS paid during the year – unadjusted	380.78
	<b>Balance Total (See Note below)</b>	<b>7462.22</b>

As per consistent practice interest of Rs. 580.08 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.

The above figure of Govt. grant of Rs. 7843.00 Lakhs (as per Schedule-K) has not been adjusted in Schedule-K by Rs. 380.78 lakhs relating to payment of VRS, pending final approval/utilisation certificate thereof.

- 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 31.03.07 is given below :

(Rs. in '00,000)

Provisions	Opening Balance	Addition during the year	Write back/Adj. during the year	Closing Balance
Doubtful advance	5109.09	854.01	406.48	5556.62
Doubtful debts	1071.75	5.02	0.04	1076.73
Impairment of assets	1832.04	338.15	—	2170.19
CWIP	446.52	—	—	446.52
Other Provisions : Fixed Assets	57.92	5.55	8.85	54.62



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### 13.15 The Cash Flow Statement (Indirect method) for the year ended March 31, 2007

		Current Year	(Rs. '00,000) Previous year
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit Before Tax		286484.14	197925.84
Adjustment for :			
Depreciation		850.16	980.79
Provisions/Write Off of Fixed Assets		338.15	446.12
Interest-pertaining to Financing Activities		114.65	1661.02
Profit/Loss on sale of asset		(0.01)	(0.08)
Operating Profit before Working Capital changes (A)		<b>287787.09</b>	<b>201013.69</b>
Adjustment for :			
Sundry Debtors		79.82	(65.27)
Inventories		762.23	1603.60
Loans & Advance		(20019.70)	(35141.05)
Current Liabilities & Provisions		(1299.78)	41505.52
VRS Loan Adjustment		2616.00	(11740.00)
Purchase/Sale of Fixed Deposits		(130233.79)	60348.01
Cash Generated from Operations (B)		<b>(148095.22)</b>	<b>56510.81</b>
Income Tax paid		(3462.98)	(16213.07)
<b>Net Cash Flow from Operating Activities (C)</b> [ (A) + (B) – Tax paid ]		<b>136228.89</b>	<b>241311.43</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>			
Purchase of Fixed Assets		(127.03)	(284.66)
Sale/Adjustment of Fixed Assets		(5.94)	3.26
*Purchase of Fixed Deposits earmarked for Shifting and Rehabilitation Fund		(20213.17)	(19228.76)
<b>Net cash used in Investing Activities (D)</b>		<b>(20346.14)</b>	<b>(19510.16)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>			
Repayment of Govt./other loan		—	(19282.49)
Redemption of Bond		(1400.00)	(1103.00)
Interest Paid		(9804.56)	(4933.49)
*Receipt of Shifting and Rehabilitation Fund from Subsidiaries		20213.17	19228.76
Dividend paid/(including Tax on Dividend)		(188754.90)	(141540.32)
<b>Net cash used in Financing Activities (E)</b>		<b>(179746.29)</b>	<b>(147630.54)</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents (C+D+E)</b>		<b>(63863.54)</b>	<b>74170.73</b>
Cash & cash equivalents (Opening Balance)		99334.29	25163.56
Cash & cash equivalents (Closing Balance)		35470.75	99334.29

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 :

	Current Year	Previous Year
(a) Cash, Cheque, Draft, Stamps, etc. in hand	6.96	2.56
(b) Remittance in transit	1.50	5.00
(c) Bank Balance in Current Account	7041.77	5202.68
(d) Bank Balance in Cash Credit Account	2120.52	1324.05
(e) Bank Balance in Fixed Deposit Account (Less than 3 months)	26300.00	92800.00
<b>TOTAL</b>	<b>35470.75</b>	<b>99334.29</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	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
<b>Revenue</b>						
External Sales	24380.23	23169.81	—	—	24380.23	23169.81
Dividend Income	—	—	262907.86	173505.86	262907.86	173505.86
<b>Total Revenue</b>	<b>24380.23</b>	<b>23169.81</b>	<b>262907.86</b>	<b>173505.86</b>	<b>287288.09</b>	<b>196675.67</b>
Segment Result	1789.90	1155.82	262907.86	173505.86	264697.76	174661.68
Unallocated Expenditure (Net)	—	—	—	—	11268.16	10067.33
Operating Profit	—	—	—	—	275965.92	184729.01
Interest Income	—	—	—	—	10518.22	13196.83
Income Tax	—	—	—	—	- 4354.92	-26759.04
<b>Profit from Ordinary Activities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>282129.22</b>	<b>171166.80</b>
<b>Other Information</b>						
Segment Assets	11770.89	11762.51	—	—	11770.89	11762.51
Unallocated Corporate Assets	—	—	—	—	23417.51	23385.24
<b>Total Assets</b>	<b>11770.89</b>	<b>11762.51</b>	<b>—</b>	<b>—</b>	<b>35188.40</b>	<b>35147.75</b>
Segment Liabilities	14858.05	16101.66	—	—	14858.05	16101.66
Unallocated Liabilities	—	—	—	—	453591.30	469246.93
<b>Total Liabilities</b>	<b>14858.05</b>	<b>16101.66</b>	<b>—</b>	<b>—</b>	<b>468449.35</b>	<b>485348.59</b>
Capital Expenditure	92.57	211.14	—	—	92.57	211.14
Unallocated Capital Expenditure	42.80	80.21	—	—	42.80	80.21
<b>Total Capital Expenditure</b>	<b>135.37</b>	<b>291.35</b>	<b>—</b>	<b>—</b>	<b>135.37</b>	<b>291.35</b>
Depreciation (Including provision for impairment)	9012.99	8717.05	—	—	9012.99	8717.05
Unallocated Depreciation (Incl. Other Provs.)	—	—	—	—	16860.23	16066.01
<b>Total Depreciation (Including provision for impairment)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>25873.22</b>	<b>24783.06</b>



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### 13.17 Earning per Share

Sl. No.	Earning per Share particulars	As at 31st March'07	As at 31st March'06
(i)	Profit after Taxation	Rs. 282129.22 lakhs	Rs. 171166.80 lakhs
(ii)	Add/(Less) Adjustment for Reserve for Foreign Exchange and Preference Dividend	Rs. (1380.33) lakhs	Rs. (309.53) lakhs
(iii)	Net profit after tax attributable to Equity Share Holders	Rs. 280748.89 lakhs	Rs. 170857.27 lakhs
(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. 444.48	Rs. 270.50

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.232:7 (vii) of 232nd meeting held on 2nd July, 2007 and reported upon by the Statutory Auditors on 2nd July, 2007 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 etc. for the year as follows :

#### A. Profit & Loss A/c (Rs. in Lakhs)

Profit of the Company (for the year) has decreased 152.08  
due to acceptance of the observations of the Comptroller &  
Auditor General of India by

Schedule-15 –Provisions

Provision for Impairment of Assets increased by — Rs. 152.08 lakhs

#### Profit & Loss (Appropriation)

Transfer to General Reserve decreased by 15.21

Transfer of Profit & Loss Accounts balance to Balance Sheet  
decreased by 136.87

Schedule-7 – Employees Remuneration and Benefits

Addition to the figure of VRS by – Rs. 213.24 lakhs

Deduction to the figure of Salaries & Wages  
(including Transport Subsidy) by – Rs. 213.24 lakhs

#### B. Balance Sheet

(i) Reserves & Surplus

(a) General Reserve decreased by 15.21

(b) Profit & Loss A/c balance decreased by 136.87

(ii) Fixed Assets (Net Block) decreased by 152.08

Schedule-E – Fixed Assets

Addition to Impairment Loss during the year by – Rs. 152.08 lakhs



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

- (i) Revision of Note No. 13.12
- (a) Insertion of adjustment in the fig. of Rs. 7843.00 lakhs by Rs. 380.78 lakhs
- (b) Addition of explanation to the Note No. 13.12 (second para)
- (c) Revision of explanation to the Note No. 13.12 (first para)
- in the figure of Interest – reduction by Rs.29.32 lakhs

Further, the following Notes have been suitably revised to give effect to the above adjustments/changes.

- (ii) Revision of Note Nos. 2.3 in Notes on Accounts (Part-B, Schedule-M of the Revised Accounts) –addition in impairment loss amount of Rs. 152.08 lakhs.
- (iii) Revision of Note Nos. 13.14 in Notes on Accounts (Part-B, Schedule-M of the Revised Accounts) – addition in provision for impairment of assets amount of Rs. 152.08 lakhs
- (iv) Revision of Cash Flow Statement (Note No.13.15, Part-B, Sch.-M)
- (v) Revision of Segment Reporting (Note No.13.16, Part-B, Sch.-M)
- (vi) Revision of Earning per Share (Note No.13.17, Part-B, Sch.-M)
- (including the corresponding revision in Profit & Loss Account).
- (vii) 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, 2007 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/-  
(A. Kundu)  
Chief General Manager (F)

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

Sd/-  
(Partha S. Bhattacharyya)  
Chairman

Date : 18th August, 2007  
Place : Kolkata

As per our report annexed  
For **Mitra Kundu & Basu**  
Chartered Accountants  
Sd/-  
**(P. Poddar)**  
Partner  
Membership No. 51063  
The 24th August, 2007



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SCHEDULE TO BALANCE SHEET (Contd...)

ANNEXURE TO SCHEDULE - M

	<u>Current Year</u>	(Rs. in '00,000) <u>Previous Year</u>
<b>I. Directors' Remuneration :</b>		
(i) Salaries	38.08	28.62
(ii) Company's Contribution to Provident Fund & other Funds	4.41	3.19
(iii) Medical Benefits	5.43	1.54
<b>Notes :</b>		
(a) 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.		
<b>II. The information required in paragraph 3 &amp; 4 of Part (ii) of Schedule -VI of Companies Act, 1956, 3(b) value of imports on CIF basis :</b>		
	<u>Current Year</u>	(Rs. in '00,000) <u>Previous Year</u>
(i) Raw Material	Nil	Nil
(ii) Capital Goods	Nil	Nil
(iii) Stores, Spares & components	Nil	1.03
<b>III. Expenditure incurred in Foreign Currency on account of :</b>		
	<u>Current Year</u>	(Rs. in '00,000) <u>Previous Year</u>
(i) Interest & commitment charges	6571.92	5629.22
(ii) Commission to Foreign Agents	6.03	5.84
(iii) Travelling	39.89	35.67
<b>IV. Earning in Foreign Exchange on account of :</b>		
	<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)	1380.33	310.81
(iii) Miscellaneous	Nil	Nil
<b>V. Total Consumption of Stores during the year :</b>		
	<u>Current Year</u>	(Rs. in '00,000) <u>Previous Year</u>
(i) Imported materials	Nil	1.03
(ii) Indigenous	1124.95	858.18

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

Additional information required in paragraph 3 & 4 of Part-II of schedule VI to the Companies Act, 1956 for the year ended 31st March, 2007.

	<u>Current Year</u>	<u>Previous Year</u>
(i) Installed Capacity	Not Applicable	Not Applicable
(ii) Licensed 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>		<u>Previous Year</u>	
	<u>Qty.</u>	<u>Value</u>	<u>Qty.</u>	<u>Value</u>
<i>(Rs. in '00,000)</i>				
<i>(Quantity in '000 MT)</i>				
<b>Opening Stock :</b>				
Coal & Coke Adjustment	325.10	2983.70	397.05	4531.63
<b>Production :</b>				
Coal	1050.04	—	1100.61	—
<b>Sales : (Gross)</b>				
Coal	1182.13	27526.46	1170.38	26251.15
<b>Own Consumption :</b>				
Free issue to employees and Internal Consumption	2.15	—	2.18	—
<b>Closing Stock :</b>				
Coal & Coke	190.86	2236.64	325.10	2983.70



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ANNEXURE TO SCHEDULE - M (Contd..)

**BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE**

**I. REGISTRATION DETAILS :**

Registration No.

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

State Code :

2	1
---	---

Balance Sheet Date

3	1	0	3	2	0	0	7
Date		Month		Year			

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

Public Issue

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

Rights Issue

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

Bonus Issue

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

Private Placement

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

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

Total Liabilities

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

Total Assets

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

**Sources of Funds :**

Paid-up Capital

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

Reserve & Surplus

		5	6	5	0	1	9	8	2
--	--	---	---	---	---	---	---	---	---

Secured Loans

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

Unsecured Loans

		1	6	4	6	0	9	5	9
--	--	---	---	---	---	---	---	---	---

Shifting & Rehabilitation Fund

			6	8	8	0	7	7	5
--	--	--	---	---	---	---	---	---	---

**Application of Funds :**

Net Fixed Assets

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

Investments

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

Net Current Assets

		7	8	9	1	1	0	1	1
--	--	---	---	---	---	---	---	---	---

Misc. Expenditure

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

Accumulated losses

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

# ANNEXTURE TO SCHEDULE - M (Contd..)

## BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

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

Turnover (Net)								Total Expenditure									
		2	4	3	8	0	2	3			3	4	0	2	1	6	0
Other Income																	
	2	9	6	1	2	5	5	1									
+/- Profit/Loss before Tax																	
+			2	8	6	4	8	4	1	4							
+/- Profit/Loss After Tax																	
+			2	8	2	1	2	9	2	2							
Earning per Equity Share (Rs.)								Dividend %									
			—	4	4	4	.	4	8	23.75							
								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



2006-2007

## STATEMENT PURSUANT TO SECTION 212 (1) (e) OF THE COMPANIES ACT, 1956 AS AT 31ST MARCH, 2007

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 31.3.2007 Rs. in Crores	Profit (+), Loss (-) balance as on 31.3.2007 cumulative (after Tax Provisions for Divi- dends and Reserves) Rs. in Crores
Eastern Coalfields Limited	22,184,500	3	2218.45	(+)	118.12	(-) 5143.88
Bharat Coking Coal Limited	21,180,000	3	2118.00	(+)	52.30	(-) 6791.77
Central Coalfields Limited	9,400,000	3	940.00	(+)	1020.30	(+) 524.00
Western Coalfields Limited	2,971,000	3	297.10	(+)	1054.44	(+) 1673.11
Northern Coalfields Limited	1,776,728	3	177.67	(+)	2177.61	(+) 3954.22
South Eastern Coalfields Limited	3,597,000	3	359.70	(+)	1777.83	(+) 2753.83
Mahanadi Coalfields Limited	1,864,009	3	186.40	(+)	2081.39	(+) 3073.81
Central Mine Planning & Design Institute Limited	190,400	3	19.04	(+)	4.47	(+) 25.11
CIL				(+)	2864.84	(+) 3131.35
<b>TOTAL</b>				<b>(+)</b>	<b>11151.30</b>	<b>(+) 3199.78</b>

Less income from dividend received from subsidiaries included in the Profit of CIL	=	(-) 2629.08
Profit	=	(+) 8522.22

**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, 2007**

The preparation of financial statements of Coal India Limited for the year ended 31st March, 2007 in accordance with the financial reporting frame work prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 24th August, 2007.

I on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of Coal India Limited for the year ended 2007. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. The financial statements of the Company have been revised by the management to give effect to some of my audit observations highlighted during supplementary audit as indicated in the Note No. 13.21 of the Notes forming part of Accounts (Schedule-M Part B). I have no further comments to offer upon or supplement to Statutory Auditor's Report under section 619(4) of the Companies Act, 1956.

For and on behalf of the  
Comptroller & Auditor General of India

Sd/-

**(B. Mazumdar)**

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT  
AND EX-OFFICIO MEMBER, AUDIT BOARD-II  
KOLKATA

Kolkata

Dated : 01.09.2007



2006-2007

## AUDITORS' REPORT

## MANAGEMENT'S REPLY

We have audited the attached Balance Sheet of COAL INDIA LIMITED as at 31st March, 2007 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. 6,31,235.87 lakhs and Rs. 4,38,386.15 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, 2007;

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.

**AUDITORS' REPORT**

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

The Balance Sheet as at 31st March, 2007 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. 232:7(vii) of 232nd meeting held on 2nd July, 2007 and reported upon by us on 2nd July, 2007 have been revised and approved by the Board of Directors vide circular resolution No. CIL :XI (D) : 04001: 1639 : 2007, 17th August, 2007. 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/-*

**(P. Poddar)**

*Partner*

Membership No. 51063

Place : Kolkata

Dated : The 24th August, 2007

**MANAGEMENT'S REPLY**

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

## **MANAGEMENT'S REPLY**

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.

Necessary steps have been taken to incorporate complete details etc. as mentioned by the Audit.

(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.

No further comments. However, necessary steps will be taken to increase the coverage of verifications of assets.

(c) No substantial part of Fixed Assets has been disposed off during the year, which has bearing on the going concern assumption.

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

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.

Coal stock at stockyard is very old and fully provided for in the accounts.

(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 the nature of its business.

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

(c) The Company has maintained proper records of inventory. No material

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



2006–2007

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**ANNEXURE TO THE AUDITORS' REPORT**

**MANAGEMENT'S REPLY**

discrepancies were noticed on physical verification.

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 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 advance accounts where details/schedules are absent for a long time and the adjustments made there against are basically effected on adhoc basis leading to the emergence of credit balances often.

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

Steps have been taken to prepare details/Schedules for various advance Accounts, during the current year 2007-08 as mentioned by the Audit.

5. In our opinion and according to the information and explanations given to us, there are no contracts and arrangements as referred to in section 301 of the

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

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

## **MANAGEMENT'S REPLY**

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.

- |   |  |
|---|--|
| <p>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.</p>  | <p>This being a statement of fact calls for no comment separately.</p> |
| <p>7. The Company has an Internal Audit System the coverage whereof needs to be widened.</p>  | <p>This being a statement of fact calls for no comment separately.</p> |
| <p>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.</p>   | <p>This being a statement of fact calls for no comment separately.</p> |
| <p>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 delays were noticed.</p> | <p>This being a statement of fact calls for no comment separately.</p> |

According to information and explanations given to us, undisputed dues in respect of Sales/Income Tax aggregating to Rs. 0.44 lakhs is outstanding at the year end for more than



2006-2007

## ANNEXURE TO THE AUDITORS' REPORT

## MANAGEMENT'S REPLY

six months from the date they became payable.

- (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 :

<i>Particulars of disputed Liability</i>	<i>Amount Rs. in Lakhs</i>	<i>Forum where dispute is pending</i>
Municipal Tax	264.55	Kolkata Municipal Corpn./ Tribunal

These are under reconciliation and shall be deposited/adjusted during the current year 2007-08.

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.
11. The Company has not defaulted in repayment of dues to Financial Institutions or Banks.
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.
13. The Company is not a Chit Fund or a Nidhi/ Mutual Benefit Fund/Society.
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
- This being a statement of fact calls for no comment separately.
- This being a statement of fact calls for no comment separately.
- This being a statement of fact calls for no comment separately.
- This being a statement of fact calls for no comment separately.
- This being a statement of fact calls for no comment separately.

## ANNEXURE TO THE AUDITORS' REPORT

## MANAGEMENT'S REPLY

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.

- |  |   |
|--|---|
| 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. |
| 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. |



2006–2007

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**ANNEXURE TO THE AUDITORS' REPORT**

**MANAGEMENT'S REPLY**

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/-*  
**(P. Poddar)**  
*Partner*

Membership No. 51063

Place : Kolkata

Dated : The 24th August, 2007



# **Annual Accounts**

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

### **2006–2007**

**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.



2006-2007

# Balance Sheet (Consolidated)

As at 31st March, 2007

(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	1157293.96		779846.45
B. Shifting & Rehabilitation Fund		68807.75		48594.58
C. Deferred Tax Liability		24241.24		48064.37
D. Loan Fund				
(a) Secured	C	33270.56	24771.68	
(b) Unsecured	D	181119.34	207127.14	231898.82
		<b>2096369.29</b>		<b>1740040.66</b>
<b>II. APPLICATION OF FUND</b>				
A. Fixed Assets	E			
(a) Fixed Assets		3025742.41	2922334.88	
Less : Depreciation/Impairment		2004006.72	1908004.78	
		1021735.69	1014330.10	
Less : Other Provision		49.31	57.92	
		<b>1021686.38</b>		<b>1014272.18</b>
(b) Capital Work-in-Progress		131111.51		118314.36
(c) Surveyed Off Assets		2405.09		2281.05
B. Investment	F	202587.65		224452.00
C. Deferred tax Assets		69063.15		65088.18
D. Current Assets, Loans & Advances				
Inventories	G	312049.63	290181.97	
Sundry Debtors	H	158640.53	180447.43	
Cash & Bank Balances	I	1592926.54	1342723.68	
Loans & Advances	J	819188.28	627809.96	
		2862804.98	2441163.04	
Less : Current liabilities & Provisions	K	2213289.47	2125530.15	
		<b>669515.51</b>		<b>315632.89</b>
		<b>2096369.29</b>		<b>1740040.66</b>
Accounting Policies and Notes on Accounts are forming part of the Accounts	M			

Sd/-  
(Dr. H. Sarkar)  
CGM (F) & Company Secretary

Sd/-  
(A. Kundu)  
Chief General Manager (F)

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

Dated : 15th September, 2007  
Place : Kolkata

As per our report annexed.  
For **Mitra Kundu & Basu**  
Chartered Accountants  
Sd/-  
(P. Poddar)  
Partner  
Membership No. 51063  
The 15th September, 2007

# Profit & Loss Account (Consolidated)

For the year ended 31st March, 2007

(Rs. in '00,000)

	Schedule	Current Year	Previous Year
<b>INCOME :</b>			
Sales	1	2960218.49	2870183.14
Coal Issued for other purposes	2	194046.97	205404.65
Accretion(+) / Decretion(-) of Stock	3	24755.23	48377.59
Other Income	4	321520.04	276914.50
		<b>3500540.73</b>	<b>3400879.88</b>
<b>EXPENDITURE :</b>			
Internal consumption of coal		184804.87	201366.51
Consumption of Stores & Spares	5	412559.22	388875.02
Employees' Remuneration and Benefits	6	1009753.21	978799.37
Power & Fuel	7	160034.77	155133.33
Social Overhead	8	147804.81	136773.49
Repairs	9	66491.40	65017.79
Contractual Expenses	10	209340.29	197450.28
Other Expenditure	11	126398.24	132809.37
Interest	12	8492.83	9090.41
Overburden removal adjustment		168658.21	120988.84
Finance Charges	13	2317.99	2830.55
Depreciation		131163.49	131541.06
Impairment		4617.97	4196.50
Provisions / Write Off	14	11685.52	3440.78
		<b>2644122.82</b>	<b>2528313.30</b>
<b>PROFIT FOR THE YEAR</b>		<b>856417.91</b>	<b>872566.58</b>
Prior Period Adjustment		2205.65	2849.62
Extra ordinary item		1622.08	3431.86
<b>PROFIT BEFORE TAX</b>		<b>860245.64</b>	<b>878848.06</b>
Provision for Income Tax		316849.24	287084.28
Provision for Deferred Tax (written back)		(27798.10)	(18763.99)
Provision for Income Tax for earlier year (written back)		(3558.90)	19208.14
Excess Prov.For Income tax written back (earlier period)		—	(1279.99)
Fringe Benefit Tax		3880.62	3447.15
<b>PROFIT AFTER TAX</b>		<b>570872.78</b>	<b>589152.47</b>
Profit/ (Loss) brought forward from previous year	190447.86	(145739.26)	—
Add : Adjustment for deemed Dividend Tax of earlier year	10008.00	—	—
Add: Transfer from Bond Redemption Reserve	1400.00	1103.00	—
		<b>201855.86</b>	<b>(144636.26)</b>
<b>PROFIT/ (LOSS) AVAILABLE FOR APPROPRIATIONS</b>		<b>772728.64</b>	<b>444516.21</b>
(Carried Down)			

Profit & Loss Account (Contd.)



2006-2007

## PROFIT & LOSS ACCOUNT (CONTD.) CONSOLIDATED

	Schedule	Current Year	(Rs. in '00,000) Previous Year
PROFIT/(LOSS) AVAILABLE FOR APPROPRIATIONS (Brought down)		772728.64	444516.21
<b>APPROPRIATION</b>			
Reserve for Foreign Exchange Transactions		1380.33	309.53
Transfer to General Reserve (Incl. Bond Red. Reserve)		90461.43	79867.57
Proposed Dividend on Preference Shares		—	—
Proposed Dividend on Equity Shares			
Interim		150000.00	126327.29
Tax on Dividend		53443.05	47563.96
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>477443.83</b>	<b>190447.86</b>
Basic and Diluted Earnings per Share (in Rupees)		901.61	932.25
Statement on Significant Accounting Policies, Notes on Accounts	M		
The Schedules referred to above form an integral part of Accounts			

Sd/-  
(Dr. H. Sarkar)  
CGM (F) & Company Secretary

Sd/-  
(A. Kundu)  
Chief General Manager (F)

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

Dated : 15th September, 2007  
Place : Kolkata

As per our report annexed.  
For **Mitra Kundu & Basu**  
Chartered Accountants  
Sd/-  
(P. Poddar)  
Partner  
Membership No. 51063  
The 15th September, 2007

# Schedule to Balance Sheet (Consolidated)

As At 31st March, 2007

## 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>

### ISSUED, SUBSCRIBED AND PAID UP

(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
<b>TOTAL</b>	<u><b>631636.44</b></u>	<u><b>631636.44</b></u>



2006-2007

*SCHEDULE TO BALANCE SHEET (CONTD.) CONSOLIDATED*

**SCHEDULE – B**

**RESERVES & SURPLUS**

*(Rs. in '00,000)*

	Current Year	Previous Year
<b>RESERVES:</b>		
Capital Reserve	1668.19	1658.41
Capital Redemption Reserve	180836.00	180836.00
Bond Redemption Reserve	3.40	1403.40
Pref. Share Redemption Reserve		
Reserve for Foreign Exch. Transaction	10496.26	9115.93
General Reserve	486846.28	396384.85
<b>SURPLUS :</b>		
Balance Carried Forward	477443.83	190447.86
<b>Total :</b>	<b>1157293.96</b>	<b>779846.45</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	2486.33	3275.36
(b) Overdraft against Pledge of Term Deposit	17065.99	14065.06
(c) Cash Credit against Hypothecation of Stock of Coal, Coke etc., Debtors and other Assets of CIL and guaranteed by Coal India Ltd.	13718.24	7431.26
<b>TOTAL</b>	<b>33270.56</b>	<b>24771.68</b>

### SCHEDULE – D

**UNSECURED LOAN**
*(Rs. in '00,000)*

	Current Year	Previous Year
Loan from World Bank (JBIC/ IBRD)	164609.59	181338.87
Export Development Corp., Canada	15399.30	16087.78
Liability for Deferred Payment	1092.64	1138.08
<b>UNSECURED BOND</b>		
12.25% Non Convertible (Taxable) Dec.'06	—	1400.00
<b>INTEREST ACCRUED &amp; DUE</b>		
ON GOVERNMENT LOAN	17.81	7162.41
<b>TOTAL</b>	<b>181119.34</b>	<b>207127.14</b>



2006-2007

SCHEDULE TO BALANCE SHEET (CONTD.) CONSOLIDATED

SCHEDULE – E

(Rs. in '00,000)

FIXED ASSETS

	COST				DEPRECIATION				IMPAIRMENT LOSS				TOTAL	NET BLOCK	
	As on 01.04.06	Addition during the year	Adj/Sales/ Transfer 2006 - 07	Total as on 31.03.07	As on 01.04.06	Addition during the year	Adj/Sales/ Transfer 2006 - 07	Total as on 31.03.07	As on 01.04.06	Addition during the year	Adj/Sales/ Transfer 2006 - 07	Total as on 31.03.2007	Depreciation/ Impairment Loss	As on 31.03.07	As on 31.03.06
<b>LAND</b>															
(a) Freehold	20892.58	7010.03	(17.88)	27884.73	4081.60	5693.52	6.41	9781.53	0.00	0.00	0.00	0.00	9781.53	18103.20	16810.98
(b) Lease hold	80286.79	14967.68	(446.67)	94807.80	36522.28	4930.90	15.69	41468.87	0.00	0.00	0.00	0.00	41468.87	53338.93	43764.51
BUILDING/WTR SUP/ ROAD & CLV	369143.34	6993.69	386.59	376523.62	107740.25	8142.16	(369.29)	115513.12	164.08	0.00	0.00	164.08	115677.20	260846.42	261239.01
PLANT & MACHINERY/ STORES/CHP	1879185.20	112196.02	(49026.21)	1942355.01	1341876.79	104290.67	(46454.84)	1399712.62	4080.00	3047.61	0.00	7127.61	1406840.23	535514.78	533228.41
FURNITURE & FITTINGS/ OFFICE EQUIPMENTS/ ELC. INSTLN./FIRE ARMS/ TOOLS & EQUIP	67433.74	2236.43	(128.24)	69541.93	42460.90	2866.08	(285.35)	45041.63	5.79	0.00	0.00	5.79	45047.42	24494.51	24967.05
RAILWAY SIDING	37891.60	1500.51	(218.11)	39174.00	20044.12	1586.19	9.80	21640.11	0.00	0.00	0.00	0.00	21640.11	17533.89	17847.48
VEHICLES	25018.53	336.76	(389.98)	24965.31	21157.96	835.59	(386.17)	21607.38	0.00	0.00	0.00	0.00	21607.38	3357.93	3860.57
AIRCRAFT	1665.38	0.00	0.00	1665.38	1310.13	0.00	0.00	1310.13	355.25	0.00	0.00	355.25	1665.38	0.00	0.00
TELECOMMUNICATION	5680.26	363.29	(72.49)	5971.06	4567.11	286.91	(71.70)	4782.32	0.06	0.00	0.00	0.06	4782.38	1188.68	1113.09
DEVELOPMENT	370933.68	10179.47	(3047.05)	378066.09	243413.53	13236.56	(679.84)	255970.25	27604.16	514.18	(663.57)	27454.77	283425.02	94641.07	99915.99
PROSPECTING & BORING	41941.41	1378.46	(33.34)	43286.53	32125.96	1063.26	(101.44)	33087.78	2507.22	202.58	(50.51)	2659.29	35747.07	7539.46	7308.23
ASSETS TAKEN ON NATIONALISATION	905.56	0.00	0.00	905.56	905.56	0.00	0.00	905.56	0.00	0.00	0.00	0.00	905.56	1.00	1.00
SURVEYED OFF ASSETS/ CAPITAL EXPN. ON ASSETS NOT BELONGING TO THE COMPANY	21355.81	1308.50	(2069.92)	20594.39	17082.03	317.51	(1980.97)	15418.57	0.00	0.00	0.00	0.00	15418.57	5175.82	4273.78
<b>TOTAL</b>	<b>2922334.88</b>	<b>158470.84</b>	<b>(55063.31)</b>	<b>3025742.41</b>	<b>1873288.22</b>	<b>143249.35</b>	<b>(50297.70)</b>	<b>1966239.87</b>	<b>34716.56</b>	<b>3764.37</b>	<b>(714.08)</b>	<b>37766.85</b>	<b>2004006.72</b>	<b>1021735.69</b>	<b>1014330.10</b>
Less : Other Provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(49.31)	(57.92)
<b>TOTAL</b>	<b>2922334.88</b>	<b>158470.84</b>	<b>(55063.31)</b>	<b>3025742.41</b>	<b>1873288.22</b>	<b>143249.35</b>	<b>(50297.70)</b>	<b>1966239.87</b>	<b>34716.56</b>	<b>3764.37</b>	<b>(714.08)</b>	<b>37766.85</b>	<b>2004006.72</b>	<b>1021686.38</b>	<b>1014272.18</b>



# SCHEDULE TO BALANCE SHEET (CONTD.) CONSOLIDATED

## SCHEDULE – F

INVESTMENT	(Rs. in '00,000)	
	Current Year	Previous Year
8.5% Tax Free Power Bonds	202587.65	224452.00
(On securitisation of Sundry Debtors)		
<b>TOTAL</b>	<b>202587.65</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)	105923.65	109119.50
Less : Provision for Slow-moving/Non-moving	(21709.84)	(21451.74)
	<b>84213.81</b>	<b>87667.76</b>
Stores-in-Transit (at cost)	5640.49	4426.88
Stock Adjustment	213.54	97.47
	<b>90067.84</b>	<b>92192.11</b>
Stock of Coal in Revenue Mines	213704.76	188949.53
Stock of Medicine at Central Hospital	106.68	81.85
<b>WORKSHOP JOBS :</b>		
Work-in-progress and Finished Goods	8065.26	8901.13
<b>PRESS :</b>		
Work-in-progress/Finished Goods	105.09	57.35
<b>TOTAL</b>	<b>312049.63</b>	<b>290181.97</b>



2006–2007

## 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	189256.64	222107.51
Other Debts	105157.04	93641.82
	<u>294413.68</u>	<u>315749.33</u>
Less : Provision for Doubtful Debts	(135773.15)	(135301.90)
<b>TOTAL</b>	<u>158640.53</u>	<u>180447.43</u>

### SCHEDULE – I

#### CASH AND BANK BALANCES

(Rs. in '00,000)

	Current Year	Previous Year
Cash, Cheques, Drafts, Stamps etc. in hand	56810.59	50662.42
Remittance-in-transit	2314.82	1050.77
In Current Account with Scheduled Banks	83051.35	66540.04
In Cash Credit Account with Scheduled Banks	6445.09	4096.79
In Deposit Account with Scheduled Banks	1444304.69	1220373.66
<b>TOTAL</b>	<u>1592926.54</u>	<u>1342723.68</u>

## SCHEDULE TO BALANCE SHEET (CONTD.) CONSOLIDATED

### SCHEDULE – J

**LOANS & ADVANCES**

Current Year

(Rs. in '00,000)  
Previous Year

*Loans & Advances (Unsecured)  
(Advance Receivable in Cash or  
in kind or for value to be received)*

**ADVANCE TO SUPPLIERS :**

For Capital	11122.25	8004.24
For Others	8822.29	7689.27
	<b>19944.54</b>	<b>15693.51</b>

**ADVANCE TO CONTRACTORS :**

For Capital	6724.60	2929.18
For Others	479.77	529.56
	<b>7204.37</b>	<b>3458.74</b>

**ADVANCE TO EMPLOYEES :**

For House Building	6550.79	7194.03
For Motor Car and Other Conveyance	137.33	239.68
For Others	5749.25	6135.82
	<b>12437.37</b>	<b>13569.53</b>

**DEPOSITS :**

For Custom Duty, Port Charges etc.	82.04	88.09
For P&T, Electricity etc.	3538.11	5505.44
For Others	10022.89	8049.00
	<b>13643.04</b>	<b>13642.53</b>

**ADV. PAYMENT OF OTHER STATUTORY DUES :**

Sales Tax	5632.04	4268.39
Royalty	8624.95	9327.46
Adv. Payment of I.T. Corporate/I.T. Refundable	612340.94	456555.91
Income Tax deducted at source from Income	9075.04	5505.89
Others	812.06	5026.80
	<b>636485.03</b>	<b>480684.45</b>

Short Term Loan to Body Corporate	150.00	150.00
Other Receivables	28782.08	31907.41
Ex-Coal Board	312.27	336.29
Exploratory Drilling Work at E.C.L. etc.	4238.83	3881.14
Other Advances	48665.47	17025.18
Claims Receivable	31986.86	38809.21
Interest Accrued (Receivables)	27285.41	19777.37
Prepaid Expenses	900.04	1024.39

**TOTAL**
**832035.31**
**639959.75**

Less : Provision for Doubtful Advances

(12847.03)

(12149.79)

**TOTAL**
**819188.28**
**627809.96**
**CLASSIFICATION**

Considered good	819188.28	627809.96
Considered doubtful	12847.03	12149.79



2006-2007

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

**SCHEDULE – K**

**CURRENT LIABILITIES & PROVISIONS**

**Current Year**

**(Rs. in '00,000)**  
**Previous Year**

**(A) CURRENT LIABILITIES :**

**SUNDRY CREDITORS :**

Liability Against Coal Block	7830.24	—
For Capital Goods	29442.80	24261.19
For Revenue Goods	34785.91	35458.42
For S.S.I. Units (Coal)	716.02	844.62
	<b>72774.97</b>	<b>60564.23</b>

**EMPLOYEES REMUNERATIONS :**

Salaries and Wages	168949.61	481015.04
Attendance Bonus	10347.62	10547.11
PPLB/PPLR	21867.41	16097.44
Unpaid Wages	3181.40	2199.13
VRS	70.72	107.36
Gratuity	332806.21	283478.35
Leave Encashment etc.	36113.05	21884.20
Life Cover Scheme	676.47	671.48
Provident Fund	23586.40	26170.05
Pension Fund	7847.15	12048.73
Others	11112.41	6471.99
	<b>616558.45</b>	<b>860690.88</b>

**FOR EXPENSES :**

Power & Fuel	27110.41	27142.69
Contractual Expenses	50681.73	48682.32
Repairs	7478.44	2029.12
CISF Expenses	848.26	5307.73
Audit Fee & Expenses	59.77	33.03
Others	48294.42	42893.93
	<b>134473.03</b>	<b>126088.82</b>

**STATUTORY DUES :**

Sales Tax	6315.68	4732.78
Central Excise Duty		171.92
Royalty on Coal	17229.04	17838.47
Cess on Coal	16644.45	19285.86
Water Rates	1370.83	1462.10
Stowing Excise Duty	9412.30	8689.50
Professional Tax	24.07	32.55
Deposit Link Insurance	142.64	158.75
Other Statutory Levies	31505.46	13485.64
	<b>82644.47</b>	<b>65857.57</b>

Due to G.O.I. on Account of Ex-Owners  
Interest accrued but not due on Loan

	160.93	160.93
	2078.73	4540.73
	<b>2239.66</b>	<b>4701.66</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	3177.97	1374.02
Contractors	345.53	283.10
Others	10565.43	5369.10
	<b>14088.93</b>	<b>7026.22</b>
Adv. & Deposit from customers/others	177784.54	237410.91
Others Liabilities	124585.21	49685.32
Grants (unutilised)	12879.43	12434.04
O.B.R. A/c	522429.69	356383.09
Current A/c with IICM	9704.45	8427.58
	<b>847383.32</b>	<b>664340.94</b>
<b>TOTAL (A)</b>	<b>1770162.83</b>	<b>1789270.32</b>
<b>(B) PROVISIONS :</b>		
Provisions (including Div. Tax etc.) for Income Tax	416451.15	317842.88
Land Reclamation	26323.71	17597.51
Disputed Claims	322.97	814.71
Loss on Theft and Damaged Assets	28.81	4.73
	<b>443126.64</b>	<b>336259.83</b>
<b>TOTAL (B)</b>	<b>443126.64</b>	<b>336259.83</b>
<b>TOTAL (A + B)</b>	<b>2213289.47</b>	<b>2125530.15</b>



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## **Schedule to Profit & Loss Account (Consolidated)**

**For the Year Ended 31st March, 2007**

### **SCHEDULE – 1**

SALES	(Rs. in '00,000)	
	Current Year	Previous Year
Gross Sales	3512916.45	3399719.45
Less : Statutory Levies		
Royalty	285375.91	275007.87
Cess on Coal	88326.22	79650.36
Stowing Excise Duty	34558.26	32778.31
Sales Tax (VAT) :		
Central	74475.87	73219.16
State	69841.99	68001.53
<b>TOTAL LEVIES :</b>	<b>552578.25</b>	<b>528657.23</b>
<b>BASIC VALUE :</b>	<b>2960338.20</b>	<b>2871062.22</b>
Less : Transfer to Dev. :	119.71	879.08
<b>TOTAL</b>	<b>2960218.49</b>	<b>2870183.14</b>



## SCHEDULE TO PROFIT &amp; 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	1557.41	1797.42
Washeries	156618.98	166291.92
Internal/Workshop Consumption	4308.49	3380.14
Boiler Consumption	5142.52	5510.06
Free issue to Employees	5675.37	7177.14
Others	19.31	8.74
<b>TOTAL VALUES (A) :</b>	<b>173322.08</b>	<b>184165.42</b>
<b>Add : Statutory Levies :</b>		
Royalty on Coal	19025.09	19537.06
Stowing Excise Duty	1699.19	1700.63
Other Levies	0.61	1.54
<b>TOTAL LEVIES (B) :</b>	<b>20724.89</b>	<b>21239.23</b>
<b>TOTAL (A + B) :</b>	<b>194046.97</b>	<b>205404.65</b>



2006-2007

*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	248099.71	220213.51
Less : Raw Coal at Washery	4840.11	1517.95
Raw Coal at Coke Oven	4.22	4.22
Grade Slippage	238.65	402.52
Handling Charges etc.	1323.69	1568.59
Deterioration of Coal	27988.28	27770.70
<b>TOTAL (A)</b>	<b>213704.76</b>	<b>188949.53</b>
<b>(B) OPENING STOCK OF COAL/COKE :</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	1568.59	1090.03
Deterioration of Coal	27770.70	30368.30
<b>TOTAL (B)</b>	<b>188949.53</b>	<b>140571.94</b>
<b>NET TOTAL (A – B)</b>	<b>24755.23</b>	<b>48377.59</b>



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

## SCHEDULE – 4

### OTHER INCOME

(Rs. in '00,000)

	Current Year	Previous Year
Stowing Subsidy	8075.76	8345.45
Workshop Credit/Workshop & Press Job	23233.87	29679.28
Interest on Bonds	17453.13	17900.67
Interest recd. from Bank, Employees & Others	138071.87	92138.02
Rent from Outsiders	520.91	477.74
Recovery of Transportation & Loading Cost	77205.34	73834.53
Hire Charges	2.54	2.79
Profit on Sale of Assets	8855.31	653.14
Sale of Scrap	3032.77	2233.79
Tender Fees	405.08	302.05
L.D./Penalty Received	1107.27	3389.52
Rebates and Discounts	179.83	212.47
Gain/Loss on Foreign Exchange Transactions	1380.33	384.53
Gain on Exchange Rate Variance	126.69	—
Recovery of Lease Rent	746.61	350.00
Provision / Liability Write Backs	25354.52	15446.64
Other / Misc. Income	15168.42	31635.91
Profit on Sale of Coal Block	606.97	—
	<b>321527.22</b>	<b>276986.53</b>
Less : Transfer to Development	7.18	72.03
<b>TOTAL</b>	<b>321520.04</b>	<b>276914.50</b>



2006-2007

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

**SCHEDULE – 5**

**CONSUMPTION OF STORES & SPARES**

(Rs. in '00,000)

	Current Year	Previous Year
Explosives	53975.46	65945.94
Timber	3465.83	3235.66
P.O.L.	165936.58	137889.46
<b>OTHER CONSUMABLE STORES &amp; SPARES :</b>		
HEMM	105120.79	99730.49
Plant & Machinery	8110.22	7823.80
Vehicles	617.64	583.04
S.O.H.	164.95	177.91
Others	80836.24	78610.35
<b>TOTAL</b>	<b>418227.71</b>	<b>393996.65</b>
Less :		
Transfer to S.O.H.	1841.82	1908.39
Transfer to Repairs & Maintenance	240.94	741.60
Transfer to Development	265.04	327.64
Transfer to Power & Fuel	148.85	152.56
Transfer to Other Exp.	3171.84	1991.44
	<b>5668.49</b>	<b>5121.63</b>
<b>TOTAL</b>	<b>412559.22</b>	<b>388875.02</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	644731.12	676428.75
Normal Over Time	25092.73	22812.73
Sunday/Holiday Productions Over Time	26948.94	25579.17
Sunday/Holiday Maintenance Over Time	25860.91	23334.52
Incentive	4494.91	4105.03
Leave Encashment	17419.52	11077.40
Attendance Bonus	41202.29	38721.69
Fall Back Wages	929.66	699.51
Contribution to P.F. & Other Funds	93496.51	85865.85
Ex-Gratia, PPLB & PPLR	28768.85	15605.75
Transport Subsidy	586.13	491.34
LTC/LLTC/RRF	14881.10	13914.63
Pension	2458.28	2640.32
Gratuity	103900.81	73552.58
Workman Compensation	680.67	727.78
Group Insurance	8.28	8.51
D.L.I.	588.62	392.87
Life Cover Scheme	1589.42	1234.03
V.R.S.	10215.65	13436.46
Others	1400.45	1376.41
<b>TOTAL (A)</b>	<b>1045254.85</b>	<b>1012005.33</b>
Less : Transferred to		
Social Overhead	33392.70	30690.46
Development	784.62	1254.36
Power & Fuel	80.28	96.49
Repairs & Maintenance	1244.04	1164.65
<b>TOTAL (B)</b>	<b>35501.64</b>	<b>33205.96</b>
<b>TOTAL (A – B)</b>	<b>1009753.21</b>	<b>978799.37</b>



2006-2007

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

**SCHEDULE – 7**

**POWER & FUEL**

(Rs. in '00,000)

	Current Year	Previous Year
Purchase of Electricity	199432.68	190964.00
Power Generation	1027.34	1196.19
	<u>200460.02</u>	<u>192160.19</u>
Less : Transfer to		
Social Overhead	40110.88	36840.60
Development	314.37	186.26
	<u>160034.77</u>	<u>155133.33</u>
<b>TOTAL</b>	<b>160034.77</b>	<b>155133.33</b>

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

## SCHEDULE – 8

### SOCIAL OVERHEAD

(Rs. in '00,000)

#### Current Year

#### Previous Year

Salaries, Wages & Allowances  
Free issue of Coal to Employees

33392.70  
6556.70

30690.46  
7792.48

### MEDICAL FACILITIES :

(a) Medical Reimbursement  
(b) Medicines & Diet Expenses  
(c) Others

11321.12  
3538.78  
105.08

9454.93  
3593.05  
83.94

### GRANTS TO :

(a) Schools & Institutions  
(b) Sports & Recreation  
Canteen and Creche  
House Rent  
Power

3110.99  
539.98  
230.24  
4004.31  
40110.88

3007.03  
482.59  
241.51  
3307.23  
29239.94

### REPAIRS & MAINTENANCE :

(a) Township / Buildings  
(b) Plant & Machineries  
(c) Vehicles  
(d) Others

14365.38  
174.81  
3259.27  
255.43

12243.94  
335.68  
2565.66  
311.63

Consumption of Stores & Spares  
Electricity Charges  
Depreciation  
Community Development  
Resettlement Expenses  
Environmental Expenses  
Uniform  
Training Expenses  
Family Planning Expenses  
Hire Charges of Bus & Ambulance etc.  
Water Charges  
Other Welfare Expenses

1095.30  
—  
6060.70  
2396.68  
93.57  
2371.86  
391.47  
2111.21  
23.31  
1115.95  
2419.21  
10148.30

1254.97  
7600.74  
6049.89  
2596.34  
30.60  
2309.85  
335.86  
1798.17  
15.53  
1039.33  
2249.83  
9407.88

### TOTAL (A)

149193.23

138039.06

### Less : Recoveries/Transfers :

House Rent & Electricity  
Hospital Charges  
School Bus  
Hire Charges  
Others  
Transfer to Development

662.82  
425.99  
144.02  
2.34  
70.65  
82.60

466.46  
370.93  
218.63  
3.68  
80.59  
125.28

### TOTAL (B)

1388.42

1265.57

### TOTAL (A – B)

147804.81

136773.49



2006-2007

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

**SCHEDULE – 9**

**REPAIRS**

(Rs. in '00,000)

	Current Year	Previous Year
<b>BUILDINGS :</b>	6683.32	5378.47
<b>PLANT &amp; MACHINERY :</b>		
(a) Outside Agency	27711.41	21361.82
(b) Workshop Debit	26991.42	27051.44
(c) Salary & Wages	1244.04	1164.65
(d) Consumption of Stores	240.94	401.34
(e) Others	4955.57	8346.22
<b>REHABILITATION OF HEMM ETC. :</b>	2698.30	4801.01
<b>OTHERS :</b>		
(a) Office Equipment	842.89	521.72
(b) Vehicle	2430.87	2381.03
(c) Others	4396.71	4517.33
<b>TOTAL (A)</b>	<b>78195.47</b>	<b>75925.03</b>
<b>Less : Transfer to</b>		
Social Overhead	6349.09	5268.67
Miscellaneous	626.21	534.50
Development	56.52	16.80
Service Charges W/shop	1960.70	2406.77
Stock of Stores	2456.62	2069.95
P & M	244.34	569.98
Power & Fuel	10.59	40.57
<b>TOTAL (B)</b>	<b>11704.07</b>	<b>10907.24</b>
<b>TOTAL (A – B)</b>	<b>66491.40</b>	<b>65017.79</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	6052.65	6292.50
(b) Coal & Coke	118199.73	106057.08
(c) Stores etc.	1019.33	1043.24
Wagon Loading	12500.62	1097.33
Other Contractual Work	38363.03	52398.08
P&M / HEMM etc. (Hiring)	33261.74	30943.27
<b>TOTAL</b>	<b>209397.10</b>	<b>197831.50</b>
Less : Transfer to Development	(56.81)	(381.22)
<b>TOTAL</b>	<b>209340.29</b>	<b>197450.28</b>



2006–2007

*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	5330.22	5221.53
(b) Outside Country	120.21	142.11
Printing & Stationery	1922.60	1783.84
Training Exp.	176.75	150.08
Postage	424.32	510.44
Telephone	907.26	760.32
<b>ADVERTISEMENT &amp; PUBLICITY :</b>		
(a) Advertisement – others	1220.48	1373.95
(b) Publicity	771.56	285.10
Freight Charges	4434.77	3977.06
Demurrage	5133.97	4012.66
Donation	31.09	56.06
Subscription	62.31	55.49
Security Expenses	9291.70	7647.00
<b>HIRE CHARGES</b>		
(a) Computers	1789.10	1853.52
(b) Others	5370.27	4602.14
Maintenance of Vehicles	5586.35	5104.01
Legal Expenses	773.17	874.03
Bank Charges	311.70	592.00
Guest House Exp.	127.83	119.31
Consultancy charges	1257.24	1549.19
Office Contingency Exp.	543.78	363.55
Under/Over Loading Charges	16133.99	13269.05
Loss on Sale/Discard of Assets	363.29	258.30
Loss on Surveyed Off Fixed Assets	254.72	161.66
C.I.S.F. Expenses	4991.14	4754.75
Auditors' Remuneration	73.70	35.40



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

**SCHEDULE – 11 (Contd..)**

(Rs. in '00,000)

	Current Year	Previous Year
Travelling & Out of Pocket Expenses	28.07	20.66
Tax Audit Fees & Exp.	14.30	7.35
Internal Audit Fees	249.91	275.01
Royalty & Cess	12124.70	14413.57
Rent, Rates & Taxes	5579.65	5139.74
Insurance	52.75	84.28
Isolation/Ventilation	141.89	141.13
Dead Rent	84.88	87.90
Surface Rent	24.53	18.08
Loss on Exch. Rate Variance	—	0.16
Lease Rent – HEMM/P&M/Land/Building	15.43	16.21
Land/Crops Compensation	118.80	9018.79
Siding Maintenance Charges	1764.34	1185.06
Rescue & Safety Exp.	1001.31	864.65
Incentive on Securitisation	—	4926.48
Rehab. Charges & Stabilisation Cess	17752.02	16887.44
Others	21281.91	21621.64
<b>TOTAL (A)</b>	<b>127638.01</b>	<b>134220.70</b>
Less : Transfer to		
Development	104.18	18.15
Others	1135.59	1393.18
<b>TOTAL (B)</b>	<b>1239.77</b>	<b>1411.33</b>
<b>TOTAL (A – B)</b>	<b>126398.24</b>	<b>132809.37</b>



2006-2007

*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
(ii) Non-Plan Loan	—	—
VRS Loan	—	437.04
Deferred Payments	269.31	—
Bank Overdraft/Cash Credit	517.05	253.74
Bonds	114.65	261.58
Other Corporate/Financial Institutional Loan	—	535.48
Interest on IBRD & JBIC Loan	6551.94	5629.22
Pension Fund	31.06	5.83
Others	1008.82	1540.60
<b>TOTAL</b>	<b>8492.83</b>	<b>9090.41</b>

**SCHEDULE – 13**

**FINANCE/COMMITMENT CHARGES**

(Rs. in '00,000)

	Current Year	Previous Year
Guarantee Fees on (IBRD & JBIC) Loan	2072.52	2378.66
Other Expenses/Bank Charges	245.47	301.89
Prepayment Premium	—	150.00
<b>TOTAL</b>	<b>2317.99</b>	<b>2830.55</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	13278.20	15955.21
Doubtful Advances	1470.60	2889.36
Stores & Spares	1078.00	1186.43
Reclamation of Land	2698.29	4483.22
Fixed Assets	914.04	703.84
Others	1342.33	878.56
<b>TOTAL (A)</b>	<b>20781.46</b>	<b>26096.62</b>
<b>(B) PROVISION WRITE BACK</b>		
Doubtful Debts	8323.58	21870.24
Doubtful Advance	1054.00	76.83
Others	853.97	970.80
<b>TOTAL (B)</b>	<b>10231.55</b>	<b>22917.87</b>
<b>(C) WRITE-OFF</b>		
Doubtful / Bad Debts	1081.44	212.11
Doubtful Advance		28.63
Others	54.17	21.29
<b>TOTAL (C)</b>	<b>1135.61</b>	<b>262.03</b>
<b>TOTAL (A-B+C)</b>	<b>11685.52</b>	<b>3440.78</b>

## **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.



## **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%	(-)

## The Cash Flow Statement (Indirect Method) for the year ended March 31, 2007

	2006-07	(Rs. '00,000) 2005-06
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	860245.64	878848.06
<b>Adjustment for :</b>		
Depreciation/Impairment of Fixed Assets	95993.33	103517.30
Interest-pertaining to Financing Activities	114.65	1661.02
Operating Profit before Working Capital changes (A)	956353.62	984026.38
<b>Adjustment for :</b>		
Investment	21864.35	—
Sundry Debtors	21806.90	26766.81
Inventories	(21867.66)	(45039.79)
Loans & Advances	(191378.32)	(121838.07)
Current Liabilities & Provisions	10129.71	262893.24
Deferred Tax	27798.10	18763.99
Deferred Tax Asset	(3974.97)	(6074.77)
Deferred Tax Liability	(23823.13)	(16615.10)
Cash Generated from Operations (B)	(159445.02)	118856.31
Income Tax paid	(233250.84)	(296606.07)
<b>Net Cash Flow from Operating Activities [(A) + (B) – Tax Paid] (C)</b>	563657.76	806276.62
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Increase of Fixed Assets	(116328.72)	(87883.04)
<b>Net cash used in Investing Activities (D)</b>	(116328.72)	(87883.04)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Repayment of Govt./Other Loan	(17417.76)	(46338.08)
Redemption of Bond	(1400.00)	(1103.00)
Interest Paid	(9766.69)	(4612.04)
Receipt of Shifting and Rehabilitation Fund from Subsidiaries	20213.17	19228.76
Dividend paid/(including Tax on Dividend)	(188754.90)	(141540.32)
<b>Net cash used in Financing Activities (E)</b>	(197126.18)	(174364.68)
<b>Net (increase)/decrease in Cash and Bank Balances (C+D+E)</b>	250202.86	544028.90
Cash & Bank Balances (Opening Balance)	1342723.68	798694.78
Cash & Bank Balances (Closing Balance)	1592926.54	1342723.68



## B. Notes to Accounts – Schedule – M

### 1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

- (a) The financial statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as that of the Parent Company, i.e. year ending 31st March.
- (b) The financial statements have been prepared under the historical cost convention and on the accrual basis of accounting. The accounts of the subsidiaries have been prepared in accordance with the Accounting Standard issued by the Institute of Chartered Accountants of India and on the basis of accounting principles generally accepted in India.

### 2. PRINCIPLES OF CONSOLIDATION

- 2.1 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.
- 2.2 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.

### 3. FIXED ASSETS

- 3.1 The assets and liabilities taken over by 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.
- 3.2 The transfer formalities from the Holding Company and other subsidiaries have not been completed and consequently some documents continue to be held in the name of the holding Company and other subsidiaries.
- 3.3 Land acquired under Coal Bearing Areas (Acquisition and Development) Act, 1957 and Land Acquisition Act, 1984 is accounted for on payment basis.
- 3.4 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.
- 3.5 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.3593.00 lakhs. Out of this an amount of Rs.2431.00 lakhs has been paid and the balance is being paid by holding regular payment camp in different projects.
- 3.6 Land acquired by Northern Coalfields Ltd. under Coal Bearing Area (A&D) Act, 1957 has been shown as Land – Leasehold in Fixed Assets (Schedule – E).
- 3.7 In respect of Chandrapur area of Western Coalfields Ltd., Rs. 968.29 lakhs ( 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.
- 3.8 In Chandrapur Area of Western Coalfields Limited, the estimated life of Durgapur Opencast

Mine is 26 years as per original Project report which ended on 31.03.2006. The actual mining of the project had stopped from 10.10.2003 onwards, due to restriction by forest department for fulfillment certain conditions being the safety zone area. The company has since fulfilled the conditions relating to transfer of land to Forest Department and will be able to extract coal from the said area and the life of the mine will be extended for more than five years. The acquisition received final approval from the Central Government during the current year and accordingly a sum of Rs.1235.05 lakhs has been capitalized in Land account.

- 3.9 DFD Plant and CBE Plant at Western Coalfields Limited continue to remain inoperative during the year. CBE Plant stands closed since 28.04.2003 and DFD Plant since 1994. Leasehold Land of DFD Plant is being amortised over the lease period of 30 years. Plant & Machinery of CBE Plant excepting hospital equipments has been disposed of by auction through MSTC. All the other assets of both these plants are carried in the books at a residual value of 5% of their cost.
- 3.10 Discarded / surveyed off assets lying in Stores of Western Coalfields Ltd. amounting to Rs. 1429.65 lakhs (Rs. 1233.82 lakhs) valued at residual 5% have not been physically verified. A provision has been made to the extent of Rs. 300.40 lakhs (Rs. 185.21 lakhs) for discrepancies on verification.
- 3.11 In terms of lease agreement dtd. 14th Day of October, 2005 executed with M/s Imperial Fasteners Pvt. Limited, Central Coalfields Limited has granted the later a right to occupy and use the Captive Power Plant at Kathara together with superstructure. The lease agreement provides for a lease of 20 years from the effective date of commencement of the lease i.e. 3rd day of February, 2006. The lease rental payable by the M/s Imperial Fasteners Pvt. Limited is accounted for as per the agreement. The cost of gross carrying amount at the beginning of the year is Rs.5422.82 lakhs and the accumulated depreciation as at the end of the year is Rs. 3475.82 lakhs. Depreciation for the year is Rs. 286.33 lakhs. The future minimum lease payment in the aggregate during the period of lease is Rs. 7436.39 lakhs.
- 3.12 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 31-03-2007 are Rs. 361.57 lakhs on value of plant & machinery and Rs. 317.19 lakhs on value of building and other assets. The cumulative provision for depreciation upto 31-03-2007 stood at Rs. 949.54 lakhs(including depreciation charged for the current year of Rs. 68.78 lakhs). The net W.D.V of the leased assets as per book as on 31-03-2007 is Rs. 1707.53 lakhs.

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

- 3.13 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. 4608.97 lakhs); Rs. 1074.54 lakhs (Rs. 1074.54 lakhs) and Rs. 25.34 lakhs (Rs. 25.34 lakhs) respectively. The cumulative depreciation upto 31-03-2007 against the abovementioned assets is Rs. 3924.89 lakhs (Rs. 3681.54 lakhs) ; Rs. 415.54 lakhs (Rs.391.10 lakhs) and Rs. 12.18 lakhs (Rs. 11.55 lakhs) respectively.

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

- 3.14 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 (Rs. 3132.21 lakhs) against which cumulative depreciation is Rs. 438.83 lakhs (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. 165.18 lakhs (Rs. 133.08 lakhs) has been accounted for against the said lease rent.

#### 4. CAPITAL WORK-IN-PROGRESS

Provision has been made on Plant & Machinery which have not been put to use for more than three years and on incomplete civil jobs lying for more than four years at the rates of depreciation which would have been otherwise applicable to such items.

#### 5. DEVELOPMENT EXPENDITURE

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. 119.71 lakhs (Rs. 879.08 lakhs) being sale of coal from development mines and Rs. 5.85 lakhs (Rs. 181.86 lakhs) being closing stock of coal stock at development mines.

#### 6. INVENTORY

- 6.1 At Bharat Coking Coal Limited the value of inventory of coal & coke does not include 652.45 MT seized coal received at different areas from police authorities and CISF.
- 6.2 Coal of 471561 M.T. mixed with soil, treated as non-vendible at Eastern Coalfields Ltd. and has been taken as NIL value.

#### 7. SUNDRY DEBTORS

- 7.1 Ministry of Power, Government of India had advised Madhya Pradesh Power generation Corporation Ltd. to securitise outstanding principal and interest upto 30-09-2001 of Rs. 17194.00 lakhs and Rs. 2199.00 lakhs respectively.

MPPGCL has not yet issued bonds against apportioned amount of Rs. 7002.00 lakhs, which includes principal amount of Rs. 6208.00 lakhs and interest of Rs. 794.00 lakhs.

- 7.2 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 as well as Western Coalfields Limited moved the Hon'ble High Court of Madhya Pradesh, Jabalpur which was dismissed by Jabalpur High Court in favour of M. P. Government. The company has filed a writ before the hon'ble Supreme Court and the matter is still subjudice. The total amount due as per bills raised is Rs. 6158.61 lakhs.

SAIL has not made payment of this tax, totalling Rs. 599.00 lakhs to the company. For other, consumers the company has received upto 31-03-2007 an amount of Rs. 829.00 lakhs on this account. An amount of Rs. 1019.00 lakhs is deposited in fixed deposit as on 31.03.2007. The interest on such deposits is treated as liability.

- 7.3 Sundry Debtors balances are subject to confirmation by the parties.

#### 8. LOANS & ADVANCES

- 8.1 Other Receivables include Rs. 278.05 lakhs (net of amount received Rs. 86.29 lakhs) being the amount reimbursable from Prime Minister's National Relief Fund towards

construction cost of schools in cyclone affected areas of Orissa under Mahanadi Coalfields Limited.

- 8.2 Out of Rs. 492.16 lakhs deposited with SEC railway by Mahanadi Coalfields Limited for railway overbridge, Rs. 246.08 lakhs has been adjusted in the year 2005-06 and Rs. 78.92 lakhs has been adjusted during the financial year as asset not belonging to company. The balance of Rs. 167.16 lakhs (Rs. 246.08 lakhs) is to be adjusted on completion of job/ receipt of CCDA subsidy.
- 8.3 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. 490.00 lakhs. PWD has raised their bills for Rs. 446.00 lakhs against the advance payment of Rs. 450.00 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.
- 8.4 Western Coalfields Limited had approached MSRDC to construct a bridge over Wardha river near Nakoda in Wani Area to reduce the lead for coal transportation between the mines of Wani Area and railway siding at Wani. An agreement was entered into with MSRDC on 23-12-1997 for construction of the bridge and a loan of Rs. 113.00 lakhs, carrying a simple interest @9% was given to MSRDC in 1997-98. The loan is to be repaid by MSRDC after repayment of its other loans. The bridge is currently being used to transport coal across Wardha river.

The balance loan of Rs. 122.00 lakhs has not been released as Western Coalfields Limited wants to establish a time bound schedule for repayment of the loan and interest thereon. As per information, the cost of the project has gone upto Rs. 766.00 lakhs.

The interest accrued upto 31-03-2007 amounting to Rs. 70.74 lakhs (Current year Rs. 10.17 lakhs) has been accounted for in the respective years.

- 8.5 Rs. 589.87 lakhs paid to WBHIDCO towards allotment of 14.536 acres of land at Newtown, Rajarhat, Kolkata. Pending finalization of conveyance deed the same has been shown as advance.
- 8.6 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 31-03-2007 stood at Rs. 4598.89 lakhs including current year addition of Rs. 717.75 lakhs. However, as an abundant precaution it has been fully provided.

Further, considering the expiry of five years from the date of incurring and accounting of such expenses an amount of Rs. 360.06 lakhs, for which full provision exists on the date has been written off.

## 9. CASH AND BANK BALANCE

At Mahanadi Coalfields Limited it includes Rs. 96.60 lakhs (unclaimed OREP Tax) received from Hon'ble Supreme Court of India towards corpus fund of trust. The trust is yet to be formed.

Further, Rs. 89.08 lakhs (Rs. 83.92 lakhs) balance with schedule bank in Deposit Account which is under lien to Hon'ble District Court of Sundergarh.

## 10. CURRENT LIABILITIES

- 10.1 The liability on account of Cess on coal includes principal of Rs. 840.27 lakhs and interest of 947.11 lakhs (net of payments) against receipt from Government of Orissa in the year 2005-06 by Mahanadi Coalfields Limited as per directive of Hon'ble Supreme Court judgment dated 31-07-2001. The company has provided interest of Rs. 100.83 lakhs (Rs. 53.00 lakhs) calculated at the rate of 12% for the unpaid principal amount of Cess liability as the money is refundable to the customers. The total liability becomes Rs. 1941.21 lakhs (Rs. 1840.38 lakhs). The company has not identified the customers/parties to whom the refund is to be made. Finalisation of modalities for refunding the same to the customers/parties is yet to be done.
- 10.2 Mahanadi Coalfields Limited has not yet deposited Rs. 1788.11 lakhs towards Service Tax on transportation of coal within the mining area and the issue is pending before Commissioner of Central Excise, Customs and Service Tax, Bhubaneswar. Interest, if any, payable thereon will be accounted for during the year of disposal of issue.  
Current Liabilities of Central Coalfields Limited include provision of Rs. 772.34 lakhs towards service tax on transportation of coal for the period from 01-01-2005 to 31-03-2007. The amount has not yet been deposited to the authority as no demand has been raised by the Service Tax Authority.
- 10.3 In Talcher Area of Mahanadi Coalfields Limited, a comprehensive scheme of Rs. 2765.56 lakhs (inclusive of Salaries & Wages for Rs. 1822.15 lakhs) has been prepared for stowing and stabilization of unstable working of Deulbera Colliery land effected due to mining in the area. The Company has accepted to undertake stowing and stabilization of unstable land in principle at the request of the State Government. The scheme has been submitted to CMPDI for technical examination and the feasibility of implementation of the same. Pending examination by CMPDI and final approval of the same by the Board, no provision has been made in the accounts for the same. However, a provision of Rs. 172.12 lakhs (Rs. Nil) has been made on account of expenses (other than wages) related to the portion approved by the Board for execution of the work under the Right Main Canal.
- 10.4 At Eastern Coalfields Limited in the process of making payment of cess on the annual value of coal bearing land based on average production of preceding two years valuing at a rate prevailing on 31-03-2006 and realization made from customers on the value of dispatches of coal there remains a balance accumulating to Rs. 87750.34 lakhs (Rs. 83819.37 lakhs), which has been shown in Cess Equilisation Account under Current Liabilities & Provision.
- 10.5 An amount of Rs. 227.00 lakhs received by Eastern Coalfields Limited through CMPDIL on account of value of assets and liabilities of Tara Block of Salanpur Area handed over to M/s Bengal Emta Limited, a joint venture of West Bengal Power Development Corporation and Emta Group, and an amount of Rs. 278.64 lakhs received on allotment of Bajora (North) Coal Block to Damodar Valley Corporation by the Ministry of Coal, Government of India has been shown in Deposit Account under Current Liabilities.
- 10.6 Bazaar fees collected at Bharat Coking Coal Limited on sale of coal/coke vide Gazette Notification No. 34 at 18th January, 2006 but the same has not been deposited to the appropriate authority as the matter is subjudice at Jharkhand High Court.
- 10.7 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. 424.45 lakhs upto financial year 2006-07.

- 10.8 By virtue of enactment of Cess and other Taxes on Minerals ( Validation) Act, 1992, the company has raised supplementary bills on customers upto 4th. April, 1991 for Rs. 10328.70 lakhs on account of cess and sales tax thereon. The said amount is reflected in "Current Liabilities and Provisions". A special leave petition is pending in Supreme Court as the cess is not payable.
- 10.9 Provisional claims preferred by CDFI, France for technical assistance and other services for Khottadih Project at Eastern coalfields Ltd. amounting to Rs. 524.00 lakhs has not been accounted for as the company has a counter claim of Rs.18124.00 lakhs.
- 10.10 In respect of Chandrapur Area under Western Coalfields Limited, the Maharashtra Government has, through the office of Collector, Chandrapur, raised demand of Rs. 1000.37 lakhs on account of Non-Agriculture Tax. The company has made a payment of Rs. 150.00 lakhs upto 2006-07 under protest and no liability has been provided in the accounts as the company has filed an appeal before S.D.O., Chandrapur.  
  
In Wani Area of Western Coalfields Limited, against the demand of Rs. 1943.95 lakhs on account of Non-Agricultural Tax pertaining to the period 1973-2007 from the District Collector, Chandrapur, an appeal is preferred and part payment of Rs. 40.00 lakhs has been made. The payment of Rs. 20.00 lakhs during the year is debited to expenditure since Area has assessed an amount of approx. Rs. 40.00 lakhs payable on this account as on 31.03.2007.
- 10.11 Singrauli Municipal Authority has claimed license and composite fees for construction of building of Rs. 986.62 lakhs (Rs. 986.62 Lakhs) to Northern Coalfields Ltd. and the same is not provided for in the accounts. However, Rs. 600.00 lakhs has been deposited under protest.
- 10.12 At Northern Coalfields Limited, Government of Madhya Pradesh has claimed Land Revenue Premium for an amount of Rs. 6213.04 lakhs (Rs. 6321.78 lakhs) against which an amount of Rs. 300.00 lakhs has been deposited under protest.
- 10.13 SSADA cess on sale of coal has not been collected from a few parties after the stay obtained by the respective parties from Hon'ble High Court, Allahabad. The amount not collected on this account amounts to Rs. 285.51 lakhs (Rs. 252.12 lakhs) upto 31.03.2007.
- 10.14 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 price of reliable grade w.e.f. 30-09-2005 is levied on coal sold to customer by Northern Coalfields Ltd. The Company had filed a writ petition in Jabalpur High Court against the claim of Rs. 24398.84 lakhs (previous year Rs. 8800.98 lakhs) and the same has not been booked in the accounts.

## 11. FOREIGN CURRENCY LOAN

- 11.1 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.

- 11.2 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. 473.00 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.

## 12. PROFIT & LOSS ACCOUNTS

- 12.1 An amount of Rs. 8588.74 lakhs (Rs. 6231.58 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.
- 12.2 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 in 2005-06, a sum of Rs. 34.32 crores was credited in Profit & Loss Account as an extra ordinary item for 15 months from November, 2004 to January, 2006. In 2006-07, total credit of Rs. 1622.08 lakhs has been considered in the accounts as an extra ordinary income on this account.

## 13. GENERAL

- 13.1 The applicability of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA, 2006) to the Company for the purpose of disclosure and other requirements are being examined, pending which, the disclosure required under MSMEDA, 2006 has not been made.
- 13.2 In compliance with Accounting Standard - 29 the company has made a provision equivalent to Re.1/- per tonne of coal production for back filling (reclamation of land) and other corrective EMP activities as per EMP/EIA plan, pending review of technical assessment by CMPDIL.

## 14. DISCONTINUING OPERATION

- 14.1 CBE Plant, Bhandara – Western Coalfields Limited :

The Plant used to manufacture Nitro-Glycerine based permitted explosives used in the underground mines of the company. Consequent upon decision of the Government of India to discontinue/ban production of NG-based explosives in the country and its adoption by the Board of ordinance Factories of India, the joint venture partner of the Plant, the Plant was closed on and from 28-04-2003.

The company had given its approval for disposal of the Plant and the company in its 197th Board meeting held on 19-04-2006 had approved the disposal of plant & machineries by tendering/e-auction and accordingly the plant & machineries along with related stores & spares have been disposed of during the year by auction through MSTC. The net block of assets pending disposal is Rs. 11.84 lakhs. The liability towards overheads after closure of the Plant till 31-03-2007 for maintenance and upkeep of the Plant is Rs. 37.12 lakhs.



2006–2007

The revenue expenses incurred during the current year is Rs. 5.06 lakhs. Since the Plant works on No-Profit-No-Loss basis, all expenses are passed on to the Area. Hence there is no question of profit/loss. There is a net cash outflow attributable to operating, investing and financing of discontinuance to the tune of Rs. 0.66 lakhs.

**14.2 DFD Plant, Hinganghat – Western Coalfields Limited :**

The Plant used to manufacture Coal Briquettes from raw coal for domestic fuel purposes. Consequent upon non-viability of the Plant as per the decision of the Board, the Plant was closed in 1994.

The disposal of the Plant is under process and the exact date of completion of discontinuance is not determinable as of now. The net block of assets pending disposal is Rs. 2.70 lakhs and the liability towards municipal taxes is Rs. 1.45 lakhs. The company has applied for the waiver of the taxes to the authority. The revenue expenses incurred during the year is Rs. 0.51 lakh. Since the Plant is inoperative for the past ten years and the final disposal of the Plant is yet to be done, there is no question of profit/loss. There is no cash outflow attributable to operating, investing and financing of discontinuance.

**15. CONTINGENT LIABILITIES / CAPITAL COMMITMENTS**

15.1 The amount remaining to be executed on capital account not provided for is Rs. 97379.98 Lakhs (Rs. 104924.36 Lakhs).

15.2 Claims against the Company not acknowledged as debts are Rs.680372.91 Lakhs (Rs. 702932.96 Lakhs).

15.3 As on 31.03.2007 outstanding letters of credit amounted to Rs. 1874.62 Lakhs (Rs. 798.04 Lakhs).

15.4 The negative Marked to Market Valuation of outstanding position involving two foreign currency transactions as on 31.03.2007 stood at Rs 473.00 Lakhs (Rs 720.00 Lakhs). However, the overall Marked to Market position of the existing hedge transactions (net of the negative values) as on 31.03.2007 stood at Rs. 142.00 lakhs (Positive).

15.5 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 31.03.2007 stood at Rs. 77325.00 Lakhs and Rs.87284.59 Lakhs respectively. Further the Company has also given guarantee for loans obtained by subsidiaries the outstanding balance of which as on 31.03.2007 stood at Rs 15269.88 Lakhs (Rs 16007.85 Lakhs).

15.6 As on 31.03.2007 outstanding Deferred payment guarantee issued by Banks amounted to Rs.2951.48 Lakhs (Rs 4527.13 lakhs).

Sd/-  
(Dr. H. Sarkar)  
CGM(F) & Company Secretary

Sd/-  
(A. Kundu)  
Chief General Manager (F)

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

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

Sd/-  
(P. Poddar)  
Partner

Membership No. 51063  
The 15th September, 2007

Dated : 15th September, 2007  
Place : Kolkata



# Auditor's Report on the Consolidated Financial Statements of Coal India Limited for the year ended 31st March, 2007

1. We have examined the attached consolidated Balance Sheet of Coal India Limited as at 31st. March, 2007, 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 (WDV) including Capital-Work-in-Progress and Expenditure During Construction as at 31st. March, 2007 and the total revenue for the year ended on that date in respect of these Subsidiaries are as under:

( Rs. In Lakhs)

<u><b>Subsidiary</b></u>	<u><b>Assets</b></u>	<u><b>Revenue</b></u>
Eastern Coalfields Ltd.	130958.00	379594.73
Bharat Coking Coal Ltd.	120650.87	396365.46
Central Coalfields Ltd.	168216.01	545045.00
Western Coalfields Ltd.	152241.95	494415.41
South Eastern Coalfields Ltd	203559.42	701641.86
Northern Coalfields Ltd.	207666.19	516913.96
Mahanadi Coalfields Ltd.	156600.74	436267.29
C.M.P.D.I. Ltd.	5982.68	16316.15



2006–2007

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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, 2007;
  - (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.

Place : Kolkata  
Date : The 15th day of September, 2007

For **Mitra Kundu & Basu**  
Chartered Accountants  
Sd/-  
**(P. Poddar)**  
Partner  
Membership No. 51063