

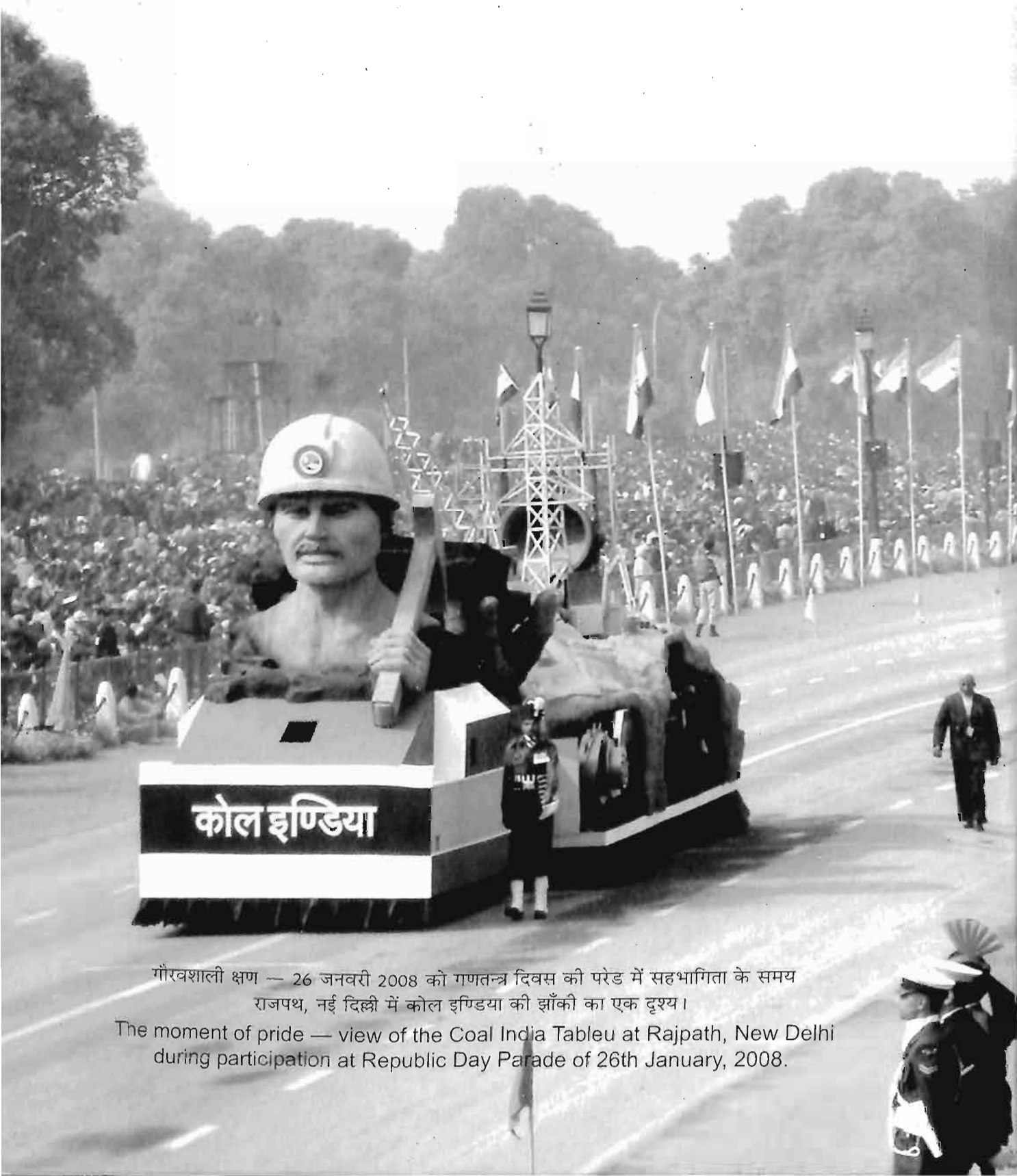


annual report & accounts

2007- 2008

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





गौरवशाली क्षण — 26 जनवरी 2008 को गणतन्त्र दिवस की परेड में सहभागिता के समय  
राजपथ, नई दिल्ली में कोल इण्डिया की झाँकी का एक दृश्य।  
The moment of pride — view of the Coal India Tableau at Rajpath, New Delhi  
during participation at Republic Day Parade of 26th January, 2008.



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# Board of Directors



*Shri Partha S. Bhattacharyya*



*Dr. S. P. Seth*



*Shri Sanjiv Mittal*



*Shri P. K. Banerjee*



*Shri Arvind Pande*



*Shri S. Murari*



*Prof. S. K. Barua*



*Shri S. Bhattacharya*



*Shri N. C. Jha*



*Shri R. Mohan Das*

## **PERMANENT INVITEES**



*Shri D. C. Garg*



*Shri A. K. Singh*

## Members of the Board

(As on 29th July, 2008)

### FUNCTIONAL DIRECTORS

Shri Partha S. Bhattacharyya	: Chairman
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 Sanjiv Mittal	: Jt. Secretary and Financial Adviser, Ministry of Coal, New Delhi

### PART-TIME NON-OFFICIAL DIRECTORS

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

### PERMANENT INVITEES

Shri D. C. Garg	: Chairman-cum-Managing Director, Western Coalfields Limited
Shri A. K. Singh	: Chairman-cum-Managing Director, Central Mine Planning & Design Institute Limited

### CHIEF GENERAL MANAGER (F)/COMPANY SECRETARY

Dr. H. Sarkar



2007-2008

## **Management During 2007-2008**

### **CHAIRMAN**

Shri Partha S. Bhattacharyya : (From 1.10.2006)

### **FUNCTIONAL DIRECTORS**

Shri K. Ranganath : Marketing (From 4.10.2005)  
Shri S. Bhattacharyya : Finance (From 1.7.2006)  
Shri N. C. Jha : Technical (From 1.1.2007)  
Shri Md. Salim Uddin : Personnel & Industrial Relations (From 22.12.2003 to 31.5.2007)  
Shri R. Mohan Das : Personnel & Industrial Relations (From 1.6.2007)

### **PART-TIME OFFICIAL DIRECTORS**

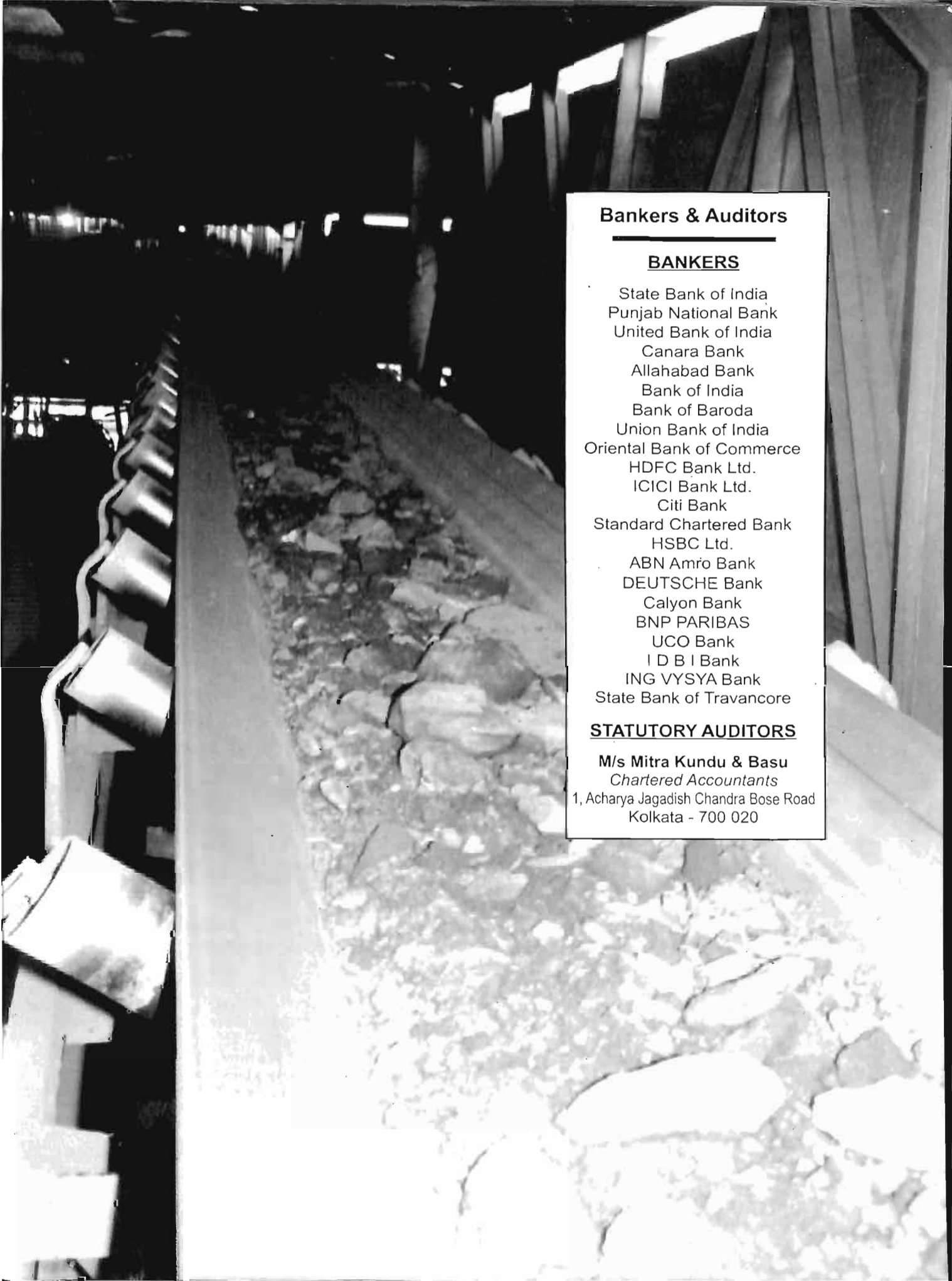
Dr. S. P. Seth : Additional Secretary, Ministry of Coal,  
New Delhi (From 23.10.2006)  
Shri Sujit Gulati : Jt. Secretary and Financial Adviser,  
Ministry of Coal, New Delhi (From 7.3.2006 to 10.9.2007)  
Shri Sanjiv Mittal : Jt. Secretary and Financial Adviser,  
Ministry of Coal, New Delhi (From 10.9.2007)  
Shri Ashok Gupta : Adviser (Traffic), Railway Board,  
New Delhi (From 17.10.2005 to 9.7.2007)  
Shri Vivek Sahai : Adviser (Traffic Transportation), Railway Board,  
New Delhi (From 9.7.2007)  
Shri S. Narsing Rao : Chairman-cum-Managing Director, Singareni Collieries Co. Limited,  
Hyderabad (From 6.2.2007 to 5.2.2008)  
Shri B. K. Sinha : Chairman-cum-Managing Director,  
South Eastern Coalfields Limited (From 7.2.2007 to 6.2.2008)  
Shri D. C. Garg : Chairman-cum-Managing Director,  
Western Coalfields Limited (From 15.2.2008)  
Shri A. K. Singh : Chairman-cum-Managing Director,  
Central Mine Planning & Design Institute Limited, Ranchi  
(From 15.2.2008)

### **PART-TIME NON-OFFICIAL DIRECTORS**

Shri P. K. Banerjee : (From 24.8.2007)  
Shri Arvind Pande : (From 24.8.2007)  
Shri S. Murari : (From 24.8.2007)  
Prof. S. K. Barua : (From 24.8.2007)

### **COMPANY SECRETARY**

Dr. H. Sarkar : (From 30.9.1997)



## **Bankers & Auditors**

### **BANKERS**

State Bank of India  
Punjab National Bank  
United Bank of India  
Canara Bank  
Allahabad Bank  
Bank of India  
Bank of Baroda  
Union Bank of India  
Oriental Bank of Commerce  
HDFC Bank Ltd.  
ICICI Bank Ltd.  
Citi Bank  
Standard Chartered Bank  
HSBC Ltd.  
ABN Amro Bank  
DEUTSCHE Bank  
Calyon Bank  
BNP PARIBAS  
UCO Bank  
I D B I Bank  
ING VYSYA Bank  
State Bank of Travancore

### **STATUTORY AUDITORS**

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



2007-2008

## Notice

No. : CIL:XI(D) : 04043 :2008 : 353

Dated : 4th July, 2008

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

Notice is hereby given to all Shareholders of Coal India Limited that the Thirty-fourth Annual General Meeting of the Company will be held on Tuesday, the 29th July, 2008 at 11.30 A M at the Registered Office of the Company at "Coal Bhawan", 10, Netaji Subhas Road, Kolkata to transact the following business:

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2008 and Profit and Loss Account for the year ended 31st March, 2008 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 Sanjiv Mittal, Jt. Secretary & F.A., MOC who retires in terms of Article 33(d) (iii) of the Articles of Association of the Company and is eligible for reappointment.
5. To appoint a Director in place of Shri D. C. Garg, CMD, WCL 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 A. K. Singh, CMD, CMPDIL 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 4th July, 2008

#### **Note :**

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.



## Chairman's Statement

Friends,

I have great pleasure in welcoming you to the 34th Annual General Meeting of Coal India Limited. The report of the Directors and the audited accounts for the year ended 31st March, 2008 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. Performance Highlights

Coal is the cheapest and most dominant source of energy in India accounting for 55% of the nation's primary energy needs. CIL, a monolith, meets 46% of energy requirement of the country by contributing 84% of the nation's overall coal output. Raw coal production achieved by CIL together with its seven coal producing subsidiaries during the year under report was 379.46 million tonnes against 360.91 million tonnes in 2006-07 registering a growth of 5.14%. Off-take, on the other hand, was 375.33 million tonnes corresponding to 351.14 million tonnes in 2006-07, the growth being the highest of 6.89%. During the same period, overburden removed was 607.56 million cu. metres leading to the highest growth rate of 13%. During the year, CIL as a whole could achieve the highest turnover of Rs. 38,865.70 crores with a pre-tax profit of Rs. 8738.46 crores. Your Directors have recommended a dividend payment of Rs. 1705.42 crores to Govt. of India @ Rs. 270/- per share on 63163644 fully paid equity share of Rs. 1000/- each valued at Rs. 6316.36 crores and payment of tax as applicable thereon.

### 3. Vision

The vision of CIL is to emerge from the position of domestic leader to leading global player in the energy sector by adopting best practices from mine to market. In physical terms, CIL envisages to ensure energy supply of over 1 billion tonnes of coal equivalent by 2020 through development of coal mines in India and abroad and foraying into alternative energy sources like Coal Bed Methane, Coal Gasification and Coal to Oil.

### 4. Growth Strategies

Entrusted with the task of fuelling country's energy



needs, CIL has planned to reach a production level of about 520.50 million tonnes from its mines by the end of XI<sup>th</sup> Plan (2011-12) and 664 million tonnes in 2016-17. The projected increase in XI<sup>th</sup> Plan is nearly twice of production increase in X<sup>th</sup> Plan period and 45% more than the incremental production achieved in IX<sup>th</sup> and X<sup>th</sup> Plan period together. The majority of the incremental production will be strategically through opencast mining with less gestation to meet the rapidly rising coal demand.

CIL plans for taking up 122 new projects for an estimated capital investment of Rs. 23,400 crores with ultimate capacity of around 295 million tonnes per year during XI Plan period to meet the future coal production target.

### 5. Upgradation of technology in the mines

In order to attain high growth rate of coal production during next two decades, it was felt necessary to evolve strategies for technological upgradation in both underground and opencast mines, covering entire gamut of mining activities including coal evacuation and handling systems, coal beneficiation, environmental management, mine reclamation and mine closure. With this objective in mind, CIL invited global Expression of Interest (EOI) from Mining Consultancy companies of International repute for assessment of current status of technology in the identified mines and benchmarking against the best in the world as well as making an action plan for implementation of optimal technology. The offers

received against the EOI are being evaluated for short listing.

#### 6. Development of high capacity underground coal mines.

In a bid to develop a few high capacity underground mines, CIL has opted for development, construction and operation of selected mines on contractual basis through global bidding. For this purpose, CIL invited global Expression of Interest (EOI) from internationally reputed mine developers and operators for seven underground coal mining blocks on a long term contract basis. The offers received from the parties are being scrutinized by CMPDI for short listing.

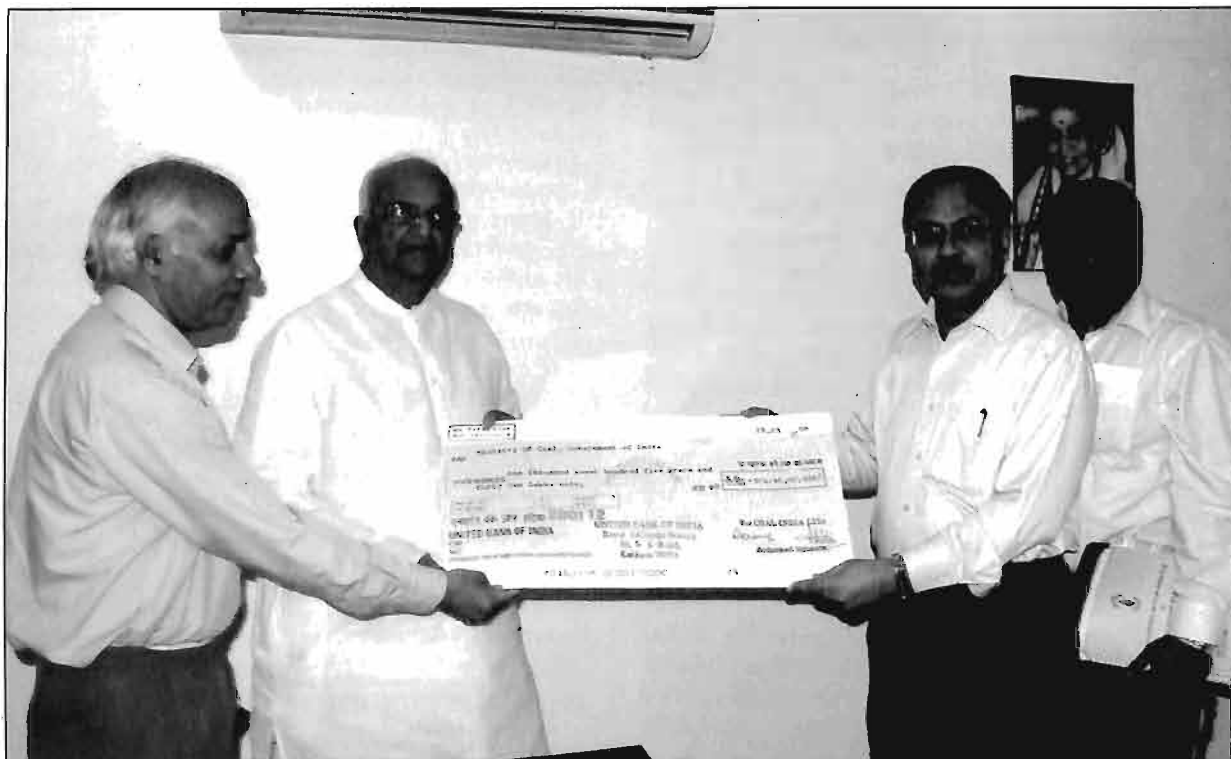
#### 7. Salvaging, rehabilitation and operation of abandoned/derelict mines.

Many underground mines were abandoned, closed or discontinued due to various reasons such as, adverse geo-mining condition, water logging and presence of fire and other safety related constraints. In view of the acute scarcity of coking coal and

superior grade non-coking coal, it was felt necessary to explore possibility of economic exploitation of some of the abandoned/derelict mines in ECL, BCCL and CCL with the assistance of International agencies having appropriate technical expertise. With this objective in view, CIL invited global Expression of Interest (EOI) to select an internationally accredited, experienced and financially capable companies having wide experience in underground mining and proven technical and managerial expertise in salvaging, rehabilitation and operation of abandoned/derelict mines as a joint venture partner. The proposed Joint Venture company would re-open and operate 18 abandoned/derelict identified underground mines. The date of submission of offer is 13th October, 2008.

#### 8. Joint Venture with BEML and DVC for revival of MAMC

With a view to increase underground coal production in coming years and to ensure availability of supporting indigenous underground mining equipment, CIL had entered into an Agreement with



Mr. Partha S Bhattacharyya, Chairman, Coal India Limited (CIL) handing over the cheque of Rs. 1705.42 Crores to Shri Santosh Bagrodia, Hon'ble Minister of State for Coal as Dividend to Government of India, for the fiscal 2007-08 in the presence of Shri Harish Chandra Gupta, Secretary to Government of India, Ministry of Coal. During the occasion Directors of CIL and CMDs of subsidiary coal companies and senior officials of the Ministry of Coal were also present.

BEML and DVC on 18th September 2007 for revival of 'Mining and Allied Machinery Corporation' (Under Liquidation). Equity participation of BEML, DVC and CIL will be 48%, 26% and 26% respectively. The Consortium of CIL, DVC and CIL filed a joint application in the Hon'ble High Court, Kolkata, praying for stay of auction for sale of assets of MAMC, which was granted. 'Due Diligence' exercise was carried out to ascertain the liabilities of MAMC and preparation of revival Plan. The issue of waiver of outstanding dues has been taken up with Government of India, State Governments, Banks etc. The matter of MAMC will be heard by the Hon'ble High Court, Kolkata on 15th September, 2008.

#### 9. Acquisition of coal resources abroad.

Government has approved participation of CIL in a Joint Venture Company with SAIL, RINL, NMDC & NTPC for acquisition of coal resources abroad. The equity contribution of CIL in this Joint Venture will be Rs. 1000 crores, out of initial paid up capital of Rs. 3500 crores. The Joint Venture company has started functioning as an unincorporated entity and is proposed to be registered as International Coal Venture (P) Limited (ICVL).

CIL is also considering to pursue foreign venture initiatives through Coal Videsh Division functioning at CIL (HQ), Kolkata. CIL is focusing primarily on acquisition of thermal coal resources abroad and is in the process of locating prospective coal resources. This initiative has become imperative in the context of the role assigned to CIL under the New Coal Distribution Policy and the yawning gap between demand of coal in the country and indigenous availability. Coal Videsh Division has also created a panel of Merchant Bankers (MB)/ Investment Bankers (IB) for assistance in due diligence of coal business opportunities.

#### 10. Corporate Governance

CIL has complied with the conditions (except a few which are under progress) of corporate Governance as stipulated in the Guidelines on Corporate Governance issued by the Department of Public Enterprises, Govt. of India. As required under the said guidelines, a separate section on corporate Governance has been added to the Directors'

Report and a Certificate regarding compliance of conditions of Corporate Governance obtained from the practicing Company Secretary.

#### 11. Safety and Welfare

In conformity with the mission statement, safety is always given the highest priority in CIL. The year 2007 had been observed as the year of Safety by CIL. Various programmes, safety initiatives, special safety drives, seminars etc. were conducted throughout year to promote awareness in safety. In the year 2007 the number of fatalities and fatality rate per million tonne of coal production of CIL was 57 and 0.15 respectively, which were the lowest number in a single calendar year since inception of Coal India Ltd. in 1975. However, we are not complacent with the facts and figures. We are sincerely striving to achieve a status of "Zero Harm Potential" in our mines. One M-4 grade Executive Director post with pay scale of schedule 'C' Director at CIL has been created for strengthening the Safety Organisation of CIL. 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.

#### 12. Expectation

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.

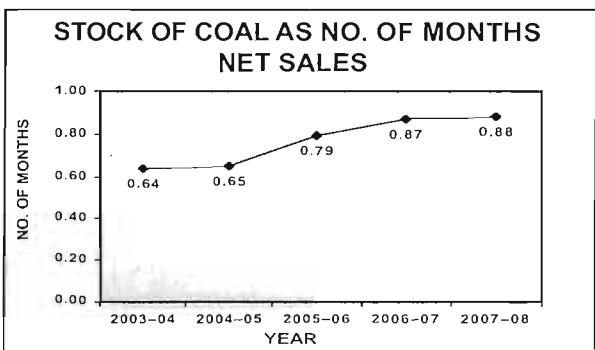
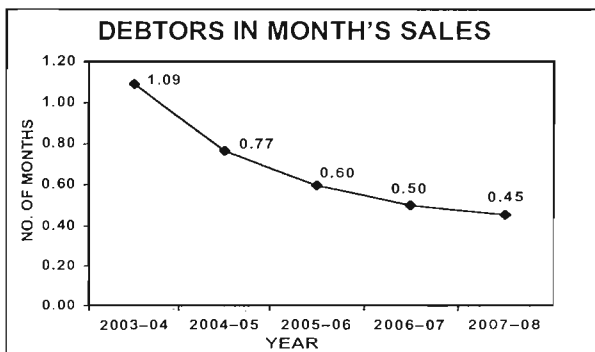
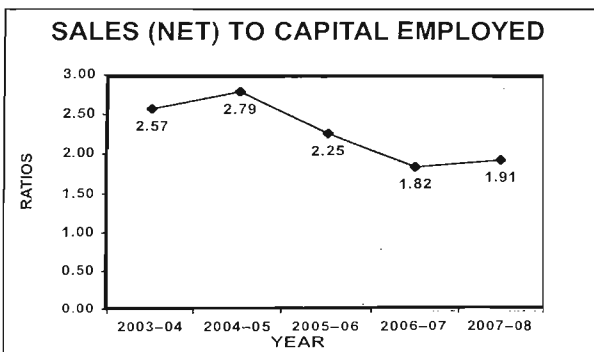
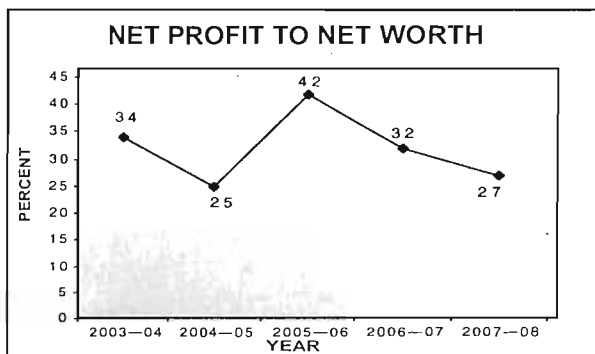
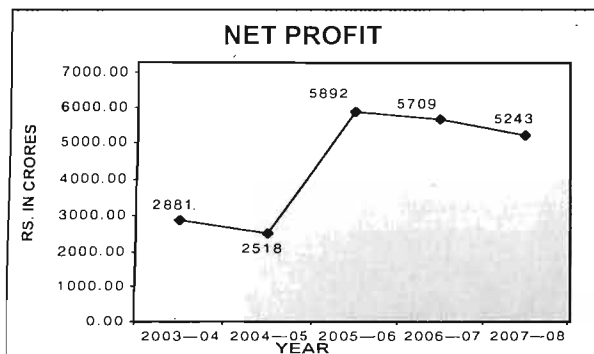
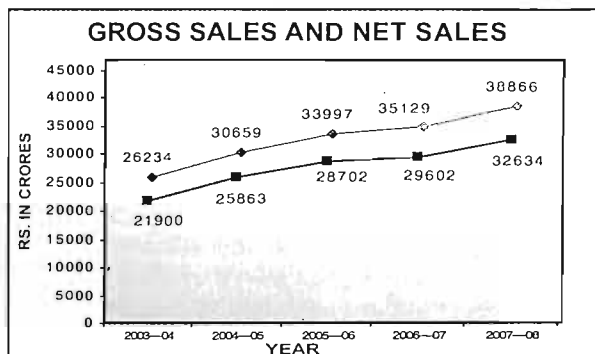
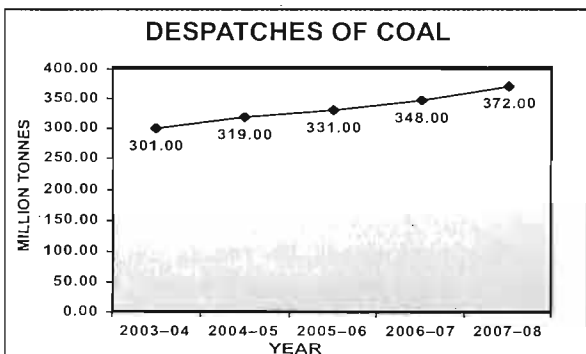
#### 13. Acknowledgement

At the end, 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, 29th July, 2008

# Performance of Coal India Limited At a Glance



## OPERATIONAL STATISTICS

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

Year Ending 31st March	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
1. (a) Production of Raw Coal : (Million Tonnes)										
Underground	43.54	43.32	45.82	47.04	47.44	48.42	49.22	50.56	52.32	53.32
Opencast	335.92	317.59	297.57	276.54	258.92	242.27	230.43	217.58	208.26	203.16
<b>TOTAL</b>	<b>379.46</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) Overburden Removal : (Million Cu.M.)	607.56	537.65	533.94	516.11	497.00	501.20	490.13	487.39	462.40	452.10
2. Off take (Raw Coal) (Million Tonnes)										
Power	280.15	262.14	256.65	248.86	234.23	219.93	217.18	207.43	195.08	182.10
Steel/Hard Coke	10.01	9.85	10.02	11.70	12.18	12.28	12.37	13.87	15.45	18.35
Railway	—	—	—	—	—	—	—	—	—	0.03
Others	85.17	79.15	66.99	59.94	56.83	55.65	51.23	50.56	50.91	49.15
<b>TOTAL</b>	<b>375.33</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>
3. Average Manpower	426077	439343	452287	468450	484603	510671	530986	552061	574477	599293
4. Productivity										
(A) Average per Man per Year (Tonnes)	890.59	821.48	759.23	652.70	632.06	569.23	526.65	485.71	453.60	427.97
(B) Output per manshift (OMS) :										
(i) Underground (Tonnes)	0.73	0.71	0.71	0.69	0.68	0.69	0.64	0.63	0.61	0.59
(ii) Opencast (Tonnes)	8.60	8.00	7.51	7.18	6.67	6.30	6.08	5.90	5.44	5.52
(iii) Overall (Tonnes)	3.79	3.54	3.26	3.05	2.82	2.67	2.45	2.29	2.10	2.03



*A broad view of a coal-face and Large Dragline in over burden removal operation, other Hydraulic Shovel and Heavy Machines in operation in an OCP*

2007-2008

## 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			
	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
(A) What is owned										
Gross Fixed Assets	31856.91	30257.42	29223.34	28057.55	27622.92	26812.12	26054.82	25305.86	24546.79	21667.79
Less Depreciation & Impairment	21360.32	20040.56	19080.62	17899.98	16523.06	15377.60	13882.07	12664.34	11457.95	10167.28
(1) Net Fixed Assets	10496.59	10216.86	10142.72	10157.57	11099.86	11434.52	12172.75	12641.52	13088.84	11500.51
(2) Capital Work-in-Progress	1620.09	1335.18	1205.95	1347.45	1188.57	1288.94	1130.87	1104.99	1194.11	1722.60
(3) Deferred Tax Asset	977.72	690.63	650.88	590.13	131.91	167.86				
(4) Misc expenditure & other payable							216.44	70.84	81.02	
(5) Investment (internal)	1717.90	2025.88	2244.52	2244.52	2244.52	80.08	80.08	80.10	80.10	0.10
(6) Current Assets:										
(i) (a) Inventory of coal, coke etc.	2381.24	2137.04	1889.50	1405.72	1175.25	1138.65	1057.23	1145.46	1242.19	1491.86
(b) Inventory of Stores & Spares etc	909.36	900.67	921.92	915.75	931.64	950.66	1002.47	1101.09	1121.20	1034.89
(c) Other Inventories	93.36	82.76	90.40	95.71	85.01	92.08	86.32	104.37	104.62	91.91
(ii) Sundry Debtors (incl. CMPDIL)	1657.06	1586.41	1804.47	2072.14	2484.34	4245.61	4503.81	4797.61	4155.22	3997.49
(iii) Cash & Bank Balances	20961.48	15929.27	13427.24	7986.95	2966.55	1590.84	1131.84	767.27	787.08	786.93
(iv) Loans & Advances	10304.29	8191.88	6278.10	5059.72	4361.32	3648.99	3875.70	3163.53	2788.46	3389.48
Total Current Assets (6)	36306.79	28828.03	24411.63	17535.99	12004.11	11666.83	11657.37	10630.28	9730.31	10383.25
(7) Less Current Liab & Prov.	29695.18	22820.97	21741.25	18341.40	14478.96	12464.22	12602.59	13930.33	10032.33	10185.89
Net Current Assets (6 - 7)	6611.61	6007.06	2670.38	-805.41	-2474.85	-797.39	-945.22	-3300.05	-302.02	197.36
<b>TOTAL (A)</b>	<b>21423.91</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) What is owed :										
(1) 10% Redeemable Pref. Shares							904.18	904.18	904.18	
(2) Govt. Loan			107.09	125.23	143.36	812.72	898.56	1446.20	1920.58	
(3) Interest Accrued & Due		0.18	71.62	71.62	98.65	98.47	816.86	163.59	80.57	26.93
(4) Intercompany Loan							722.74	840.48	964.48	
(5) Term Loan (F. init. & Banks)							262.54	481.12	367.38	
(6) Bonds		14.00	25.00	36.00	47.07	58.06	563.46	584.33	884.03	
(7) Deferred Tax Liability	197.64	242.41	480.64	646.79	507.32	528.57	67.40			
(8) Others (foreign loan, incl. deferred credit)	1675.48	1835.88	2018.41	2343.10	2526.14	2849.13	3228.55	2809.41	2710.46	1290.97
<b>SUB TOTAL (1 TO 8)</b>	<b>1873.12</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>
(9) Bank Borrowings (incl. O.D. & Others)	208.43	307.84	214.96	202.32	353.23	1147.70	1271.47	388.72	944.87	716.45
<b>TOTAL (B)</b>	<b>2081.55</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>Net Worth (A - B)</b>	<b>19342.36</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>Represented by</b>										
(1) Equity Capital (incl. pending allotment)	6316.36	6316.36	6316.36	6316.36	6316.36	7220.54	7220.54	6316.36	6316.36	6316.36
(2) Reserves	7676.20	6798.49	5893.98	5279.37	4820.91	4699.50	4098.41	3000.76	2484.64	1721.09
(3) Profit/Loss(+) / (-)	5349.80	4774.45	1904.48	-1457.39	-2593.83	-4560.33	-5135.53	-5287.32	-2661.34	-1522.14
(4) Misc Expenditure (D/Liab)									-88.72	
<b>Net Worth (1 to 4)</b>	<b>19342.36</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>Capital Employed</b>	<b>17108.20</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>

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			
	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
<b>(A) Earned From :</b>										
Gross Sales	38865.70	35129.17	33997.19	30659.46	26234.17	24228.06	22686.86	20811.00	19589.19	18646.19
Less : Coal from development Mines	9.25	1.20	8.79	8.00	0.81	1.13	7.38	67.57	62.64	73.43
Less : Levies (Royalties, cesses etc.)	6222.59	5525.78	5286.57	4788.60	4333.35	3829.65	3375.24	3252.74	3136.79	3174.09
(1) Net Sales	32633.86	29602.19	28701.83	25862.86	21900.01	20397.28	19304.24	17490.69	16389.76	15398.67
(2) Accretion/Decretion in Stocks	244.20	247.55	483.77	230.47	36.60	81.42	-79.80	-102.21	-240.23	179.47
(3) Boiler & Domestic Consumption	1974.54	1940.47	2054.04	1819.75	1568.40	1560.61	1505.79	186.32	194.37	214.91
(4) Other Revenue Receipts :										
CMPDIL							155.98	92.67	99.27	
Others (Aft. Adj. Trans. & Recov., Contrs etc.)	3764.10	3215.21	2769.14	1974.04	2258.08	1547.64	1305.41	320.84	344.31	272.49
Coal Price Regulation Accounts										
<b>TOTAL (A)</b>	<b>38616.70</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>(B) Paid to / Provided for</b>										
Employees Remu. & Benefits (Gross-Rev.)	12939.48	10350.39	9985.69	11263.67	9191.73	8195.15	8157.62	10204.32	6927.95	6128.37
Less : Trans. to Oth. Rev. Heads	378.76	355.02	332.06	305.94	279.70	269.66	262.73	430.54	386.20	351.18
(1) Net S. & Wages (Excl. V.R.S. Payment)	12560.72	9995.37	9653.63	10957.73	8912.03	7925.49	7894.89	9773.78	6541.75	5777.19
(2) V.R.S. Payment (Net of Grant Recvd.)	74.44	102.16	134.36	152.36	271.52	246.54	359.31	98.41	116.65	96.18
(3) Social Overheads (Incl. LLTC & Dom. Coal)	1642.15	491.93	1380.39	1344.94	1280.09	1185.41	1159.57	1242.42	1126.94	1104.57
Less : Social overheads Dep. & Intt.	19.29	13.88	12.65	12.51	11.34	13.66	13.78	58.11	57.15	60.13
Social Overheads (Excl. Dep. & Intt.)	1622.86	1478.05	1367.74	1332.43	1268.75	1171.75	1145.79	1184.31	1069.79	1044.44
(4) Stores & Spares (Gross - Rev.)	4432.11	4182.28	3939.97	3373.26	3246.50	3105.97	2946.47	2782.89	2587.62	2413.39
Less : Trans. to Oth. Rev. Heads	53.55	56.68	51.22	46.14	42.87	44.51	42.28	40.68	42.02	38.39
Stores & Spares (Net)	4378.56	4125.60	3888.75	3327.12	3203.63	3061.46	2904.19	2742.21	2545.60	2375.00
(5) (i) Power & Fuel (Excl. Coal Consumed)	1593.70	1600.35	1551.33	1502.14	1480.17	1435.38	1378.36	1346.63	1317.70	1218.85
(ii) Boiler & Colliery Consumption	1950.86	1848.05	2013.67	1739.23	1394.18	1391.42	1277.40	57.28	56.02	56.37
(6) Contractors (Trans. & Repairs)	3342.95	2758.31	2624.68	2346.09	1927.40	1794.00	1581.03	892.92	812.74	745.34
(7) Misc. Expenses	1506.70	1287.16	1356.40	1108.07	949.42	762.61	752.46	653.60	814.51	595.28
(8) Provision for D/Debts, Obsol. etc.	232.01	116.86	34.41	202.26	17.38	417.31	560.44	537.10	578.77	812.01
(9) Interest	149.93	84.93	90.90	190.15	147.90	303.60	447.93	681.77	695.68	659.66
(10) Depreciation (incl. S/O, P.P. & Impairment)	1560.65	1357.81	1357.38	1355.01	1397.60	1393.39	1450.98	1503.52	1518.54	1290.78
(11) OBR Adjustment	1564.03	1686.58	1209.89	852.74	497.48	344.47	207.44	-19.31	56.94	26.99
(12) P. P. Adj. (Excl. int. depri. & CPRA)	-659.17	-38.28	-62.82	-72.26	-383.49	206.74	35.44	13.87	-37.68	14.93
<b>TOTAL (B)</b>	<b>29878.24</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>Profit/Loss for the Year (A - B)</b>	<b>8738.46</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>
Investment Allowance Reserves				16.35	31.22			42.24		
Tax on Profit	-3495.19	-2893.74	-2896.94	-2376.35	-1797.74	-1410.83	-1213.94	-660.29	-846.78	-942.85
Proposed Dividend	-1705.42	-1500.00	-1263.27	-274.55	-181.32	-90.42	-90.42	-90.42	-115.67	-115.68
Tax on Dividend	-885.34	-534.43	-475.64	-247.79	-202.15	-124.50		-61.82	-104.41	-82.12
Trans. to General Reserve	-889.74	-904.61	-798.68	-557.31	-503.16	-257.43	-256.86	-132.30	-197.75	-200.73
Prof. Shares & Bond Redmpt Fund	-6.75	-13.80	-3.09	87.46	-44.60	-211.41	-326.97	-357.91	-610.70	-517.92
Other Adjustments (deferred tax, excess prov. of tax)	-1180.66	114.08	11.03	69.75		-494.22		91.23		
Adjustment of Impairment Loss			-458.82							
Cumulative Profit/Loss from Last Year	4774.44	1904.48	-1457.39	-2593.83	-4560.33	-5135.53	-5287.32	-2661.34	-1522.14	-1114.62
Cumulative Profit/Loss to Balance Sheet	5349.80	4774.45	1904.48	-1457.39	-2593.83	-4560.33	-5135.53	-5287.32	-2661.34	-1522.13
Cumul. P & L (Before Transfer to Reserves)	13026.01	11572.94	7798.46	3821.98	2227.08	-427.83	-1447.57	-2286.56	-176.70	144.43

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 INFORMATION**

(Rs. Crores)

Year Ending 31st March	As per Consolidated Audited Accounts						As per unaudited Consolidated Accounts			
	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
<b>(A) Related to Assets &amp; Liabilities</b>										
(1) (i) No. of Equity Shares (CIL) of Rs.1000 each	63163644	63163644	63163644	63163644	63163644	72205444	72205444	63163644	63163644	63163644
(ii) Shareholder's Funds :										
(a) Equity	6316.36	6316.36	6316.36	6316.36	6316.36	7220.54	7220.54	6316.36	6316.36	6316.36
(b) Reserves	7676.20	6798.49	5893.98	5279.37	4820.91	4699.50	4098.41	3000.76	2484.64	1721.09
(c) Accumulated Loss/Profit	5349.80	4774.45	1904.48	-1457.39	-2593.83	-4560.33	-5135.53	-5378.55	-2661.34	-1522.14
(d) Misc. Expend. (D/Liab.)									88.72	
Net Worth	19342.36	17889.30	14114.82	10138.34	8543.44	7359.71	6183.42	3938.57	6139.66	6426.59
(2) Loan	1675.48	1836.06	2104.03	2439.72	2660.79	2994.67	4103.47	6324.48	7047.34	6358.55
(3) Capital Employed	17108.20	16223.74	12741.48	9280.54	8526.36	10618.74	10490.75	9166.75	12786.35	11671.04
(4) (i) Net Fixed Assets	10496.59	10216.86	10142.72	10157.57	11099.86	11434.52	12172.75	12641.52	13088.84	11500.51
(ii) Current Assets	36306.79	28828.03	24411.63	17535.99	12004.11	11666.83	11657.37	10630.28	9730.31	10383.25
(iii) Net Current Assets (W/C)	6611.61	6007.06	2670.38	-805.41	-2474.85	-797.39	-945.22	-3391.28	-302.02	197.36
(5) Current Liabilities (Excl'd. Int'l. Accrued & Due)	29695.18	22820.97	21741.25	18341.40	14478.96	12464.22	12602.59	14021.56	10032.33	10185.89
(6) (a) Sundry Debtors (Net) (Excl'd. CMPDIL)	1456.43	1459.29	1690.93	1954.58	2375.68	4165.10	4417.58	4701.37	4129.32	3975.98
(b) Cash & Bank	20961.48	15929.27	13427.24	7986.95	2966.55	1590.84	1131.84	767.27	787.08	786.93
(7) Closing Stock of :										
(a) Stores & Spares (Net)	909.36	900.67	921.92	915.75	931.64	950.66	1002.47	1101.09	1121.20	1034.89
(b) Coal, Cokes etc. (Net)	2381.24	2137.04	1889.50	1405.72	1175.25	1138.65	1057.23	1145.46	1242.19	1491.86
(8) Average Stock of Stores & Spares (Net)	905.02	911.30	918.84	923.70	941.15	976.57	1051.78	1111.15	1078.05	1026.12
<b>(B) Related to Profit / Loss</b>										
(1) (a) Gross Margin	10449.04	10045.21	10236.74	6439.21	6224.62	4829.78	3938.89	770.82	2908.09	3402.23
(b) Gross Profit	8888.39	8687.40	8879.36	5084.20	4827.02	3436.39	2487.91	-732.70	1389.55	2111.45
(c) Net Profit (Before Tax & Inv't. Allow. etc)	8738.46	8602.47	8788.46	4894.05	4679.12	3132.79	2039.98	-1414.47	693.87	1451.79
(d) Net Profit (After Tax)	5243.27	5708.73	5891.52	2517.70	2881.38	1721.96	826.04	-2074.76	-152.90	508.94
(e) Net Profit (After Tax & Div. on Pref. & Equity)	3537.85	4208.73	4628.25	2243.15	2700.06	1631.54	735.62	-2165.18	-243.32	418.52
(2) (a) Gross Sales	38865.70	35129.17	33997.19	30659.46	26234.17	24228.06	22686.86	20811.00	19589.19	18646.19
(b) Net Sales (After Levies & Dev. etc.)	32633.86	29602.19	28701.83	25862.86	21900.01	20397.28	19304.24	17490.69	16389.76	15398.67
(c) Sale Value of Production	34852.60	31629.89	31093.85	27761.93	23362.71	21915.92	20598.88	17574.80	16343.90	15793.05
(3) Cost of Goods Sold (Sales - Profit)	23895.40	20999.72	19913.37	20968.81	17220.89	17264.49	17264.26	18905.16	15695.89	13946.88
(4) (a) Total Expenditures (Excl'd. Recoveries)	27659.50	24214.93	22682.51	22942.85	19478.97	18812.13	18569.67	19466.09	16087.01	14713.02
(b) Salary & Wages (Gross Rev. only)	12939.48	10350.39	9985.69	11263.67	9191.73	8195.15	8157.62	10204.32	6927.95	6128.37
(c) Stores & Spares (Gross Rev. only)	4432.11	4182.28	3939.97	3373.26	3246.50	3105.97	2946.47	2782.89	2587.62	2413.39
(d) Power & Fuel	1593.70	1600.35	1551.33	1502.14	1480.17	1435.38	1378.36	1346.63	1317.70	1218.85
(e) Int. & Depreciations (Gross Rev. only)	1710.58	1442.74	1448.28	1545.16	1545.50	1696.99	1898.91	2185.29	2214.22	1950.44
(5) Average Consumption of Stores & Spares (Gross) per Month	369.34	348.52	328.33	281.11	270.54	258.83	245.54	231.91	215.64	201.12
(6) (a) Avg. Manpower Employed during the year	432710	445815	460369	476577	493061	510671	530987	552061	574477	599293
(b) Social Overheads (Incl. LTC/LLTC)	1642.15	1491.93	1380.39	1344.94	1280.09	1185.41	1159.57	1242.42	1126.94	1104.57
(c) S/OVerheads expnd. per Employee (Rs.000)	37.95	33.47	29.98	28.22	25.96	23.21	21.84	22.51	19.62	18.43
(7) (a) Value Added	26929.48	24216.21	23785.89	21344.59	17427.03	16151.05	15170.28	13584.66	12517.25	12242.10
(b) Value Added per Employee (Rs.000)	622.34	543.19	516.67	447.87	353.45	316.27	285.70	246.07	217.89	204.28

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			
	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
<b>(A) PROFITABILITY RATIOS</b>										
<b>(1) AS % NET SALES</b>										
(a) Gross Margin	32.02	33.93	35.67	24.90	28.42	23.68	20.40	4.41	17.74	22.09
(b) Gross Profit	27.24	29.35	30.94	19.66	22.04	16.85	12.89	-4.19	8.48	13.71
(c) Net Profit	26.78	29.06	30.62	18.92	21.37	15.36	10.57	-8.09	4.23	9.43
<b>(2) AS % TOTAL EXPENDITURES</b>										
(a) Sal & Wages (Gross - Rev.)	46.78	42.74	44.02	49.09	47.19	43.56	43.93	52.42	43.07	41.65
(b) Stores & Spares (Gross - Rev.)	16.02	17.27	17.37	14.70	16.67	16.51	15.87	14.30	16.09	16.40
(c) Power & Fuel	5.76	6.61	6.84	6.55	7.60	7.63	7.42	6.92	8.19	8.28
(d) Interest & Depreciation (Gross - Rev.)	6.18	5.96	6.39	6.73	7.93	9.02	10.23	11.23	13.76	13.26
<b>(3) AS % CAPITAL EMPLOYED</b>										
(a) Gross Margin	61.08	61.92	80.34	69.38	73.00	45.48	37.55	8.41	22.74	29.15
(b) Gross Profit	51.95	53.55	69.69	54.78	56.61	32.36	23.72	-7.99	10.87	18.09
(c) Net Profit	51.08	53.02	68.98	52.73	54.88	29.50	19.45	-15.43	5.43	12.44
(4) OPERATING RATIO (SALES - PROFIT/SALES)	0.73	0.71	0.69	0.81	0.79	0.85	0.89	1.08	0.96	0.91
<b>(B) LIQUIDITY RATIOS</b>										
(1) Current Ratio (Current Asset/Current Liability)	1.22	1.26	1.12	0.96	0.83	0.94	0.92	0.76	0.97	1.02
(2) Quick Ratio (Quick Asset/Current Liability)	0.75	0.76	0.70	0.54	0.37	0.46	0.44	0.39	0.49	0.47
<b>(C) TURNOVER RATIOS</b>										
(1) Capital Turnover Ratio (Net Sales/Capital Employed)	1.91	1.82	2.25	2.79	2.57	1.92	1.84	1.91	1.28	1.32
<b>(2) Sundry Debtors (net) as no. of months</b>										
(a) Gross Sales	0.45	0.50	0.60	0.77	1.09	2.06	2.34	2.71	2.53	2.56
(b) Net Sales	0.54	0.59	0.71	0.91	1.30	2.45	2.75	3.23	3.02	3.10
<b>(3) As Ratio of Net Sales</b>										
(a) Sundry Debtors	0.04	0.05	0.06	0.08	0.11	0.20	0.23	0.27	0.25	0.26
(b) Coal Stocks	0.07	0.07	0.07	0.05	0.05	0.06	0.05	0.07	0.08	0.10
<b>(4) Stock of Stores &amp; Spares</b>										
(a) Avg. Stock/Annual Consumption	0.20	0.22	0.23	0.27	0.29	0.31	0.36	0.40	0.42	0.43
(b) Closing Stock in terms of No. of Month's Consumption	2.46	2.58	2.81	3.26	3.44	3.67	4.08	4.75	5.20	5.15
<b>(5) Stock of Coal, Coke, W/coal etc.</b>										
(a) As no. of Month's Value of production	0.82	0.81	0.73	0.61	0.60	0.62	0.62	0.78	0.91	1.13
(b) As no. of Month's of cost of goods sold	1.20	1.22	1.14	0.80	0.82	0.79	0.73	0.73	0.95	1.28
(c) As no. of Month's Net Sales	0.88	0.88	0.79	0.65	0.64	0.67	0.66	0.79	0.91	1.16
<b>(D) STRUCTURAL RATIOS</b>										
(1) Debt : Equity	0.27	0.29	0.33	0.39	0.42	0.41	0.57	1.00	1.12	1.01
(2) Debt : Net Worth	0.09	0.10	0.15	0.24	0.31	0.41	0.66	1.61	1.15	0.99
(3) Net Worth : Equity	3.06	2.83	2.23	1.61	1.35	1.02	0.86	0.62	0.97	1.02
(4) Net Fixed Assets : Net Worth	0.54	0.57	0.72	1.00	1.30	1.55	1.97	3.21	2.13	1.79
<b>(E) SHARE HOLDER'S INTEREST</b>										
(1) Book Value of Shares (Rs.) (Networth / No. of Equity)	3062.26	2832.21	2234.64	1605.09	1352.59	1019.27	856.36	623.55	972.02	1017.45
(2) Dividend per Share (Rs.) - (Equity)	270.00	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.



2007-2008

## 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-fifth Annual Report of Coal India Limited and Audited Accounts for the year ended 31st March, 2008 together with the reports of the Statutory Auditors and 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. during the year under review.

### HIGHLIGHTS OF PERFORMANCE

The highlights of performance of Coal India Limited including its Subsidiaries in the year 2007-08 compared to previous two years are shown in the table below :

	2007-08	2006-07	2005-06
Production (in million tonnes)	379.46	360.91	343.39
Off-take of Coal (in million tonnes)	375.33	351.14	333.66
Sales (Gross) (Rs./Crores)	38865.70	35129.16	33,997.19
Gross Profit (Rs./Crores)	8888.39	8687.38	8879.36
Capital Employed (Rs./Crores)	17108.20	16223.74	12741.48
Net Worth (Rs./Crores)	19342.36	17889.30	14114.82
Profit before Tax (Rs./Crores)	8738.46	8602.46	8788.46
Profit after Tax (Rs./Crores)	5243.27	5708.73	5891.52
Gross Profit to Capital employed	51.95%	53.55%	69.69%
Profit before Tax to Net Worth	45.18%	48.09%	62.26%
Coal Stock (Net) ( in terms of No. of months Net Sales)	0.88	0.88	0.79
Sundry Debtors (Net) ( in terms of No.of months Gross Sales)	0.45	0.50	0.60

(The above financial position has been prepared as per the Consolidated Accounts (Accounting Standard (AS-21). Since, non-recognition of interest etc. in Holding Company's Accounts, from one of its subsidiaries (as per Accounting Standard-9) has been ignored in such consolidation (to comply with provisions of AS-21), the profit as well as related corresponding figures shown above may be read with such deviation.)

## 2. FINANCIAL PERFORMANCE

### 2.1 Financial Results

CIL and its Subsidiaries have achieved collectively a pre-tax profit of Rs.8738.46 crores in the year 2007-08 against a pre-tax profit of Rs.8602.46 crores in the year 2006-07.

Company-wise position with regard to profit (+) earned or loss (-) incurred during the year under review vis-a-vis in 2006-07 are given in the table appended below:

## Figures in Crores

Company	2007-08 Profit (+)/Loss(-)	2006-2007 Profit (+)/Loss(-)
ECL	(-) 1026.66	(+) 118.12
BCCL	(+) 97.05	(+) 52.30
CCL	(+) 1035.25	(+) 1020.30
NCL	(+) 2763.75	(+) 2177.61
WCL	(+) 930.22	(+) 1054.44
SECL	(+) 2067.37	(+) 1777.83
MCL	(+) 2504.79	(+) 2081.39
CMPDIL	(+) 5.00	(+) 4.47
CIL/NEC.	(+) 2642.58	(+) 2864.84
<b>Sub-Total</b>	<b>(+) 11019.35</b>	<b>(+) 11151.30</b>
Less : Dividend from Subsidiaries	(-) 2378.27	(-) 2629.08
<b>Total</b>	<b>(+) 8641.08</b>	<b>(+) 8522.22</b>
Adjustment for deferred Revenue income(*)	(+) 97.38	(+) 80.24
<b>Overall Profit as per Consolidation of Accounts</b>	<b>(+) 8738.46</b>	<b>(+) 8602.46</b>

(\*) Recognition of revenue in respect of interest claim and apex charges attributable to BCCL in years' account have been deferred by CIL in consistence with the provision of AS-9 of ICAI of Revenue Recognition.

Note: Profit for 2007-08 are after taking into account the impact of Rs. 1561.21 crores on account of 15% hike in Basic and Dearness Allowance for NCWA-VIII for the period from 1.7.2006 to 31.3.2008.

## 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. 2378.27 crores as against dividend of Rs. 2629.08 crores in previous year, the Subsidiary-wise break-up of which are as under:

Name of the Subsidiary	Rs. in Crores
CCL	244.40 (291.40)
NCL	776.59 (563.39)
WCL	296.00 (388.76)
SECL	510.78 (566.53)
MCL	550.50 (819.00)

Figures in brackets are for previous year.

Your Directors recommended dividend payment of Rs.1705.42 crores @ Rs. 270/- 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

Due to better availability of coal and various marketing strategies adopted in current fiscal, total off-take of raw coal had improved to 375.33 million tonnes from 351.14 million tonnes clocked in last year – up by 6.89% . Off-take for the year had been 97.3% of annual target. Meterialization could have been even better but for limited indigenous coking coal availability resulting in less dispatch of coal to integrated steel plant, less acceptance of coal by Fertilizer plants. Mismatch in rolling stock availability in comparison to rate of production during peak production months affected off-take and despatch to various sectors. This had resulted in accumulation in pithead stock at the end of the year.

Sector-wise break-up of off-take for 2007-08 against target and last year's actual is given below:

(Figs. in million tonnes)

Sector	Target	2007-08 Off-take	% Satn.	2006-07 Actual	Growth over Last Year Abs.	%
Power (Util)						
Raw Coal*	279.40	280.15	100.27	262.14	18.01	6.87
Steel**	11.78	10.01	84.97	9.85	0.16	1.62
Cement	10.95	9.45	86.30	9.36	0.09	0.96
Fertilizer	2.65	2.47	93.21	2.44	0.03	1.23
Export	0.02	0.01	50.00	0	0.01	-
BRK/Others	80.16	72.48	93.42	66.51	5.97	8.98
Colliery Consumption	0.94	0.76	80.85	0.84	-0.08	-9.52
<b>Total Off-take</b>	<b>385.90</b>	<b>375.33</b>	<b>97.26</b>	<b>351.14</b>	<b>24.19</b>	<b>6.89</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 target vis-à-vis actual off-take for 2007-08 and 2006-07 are shown below:

*(Figs. in million tonnes)*

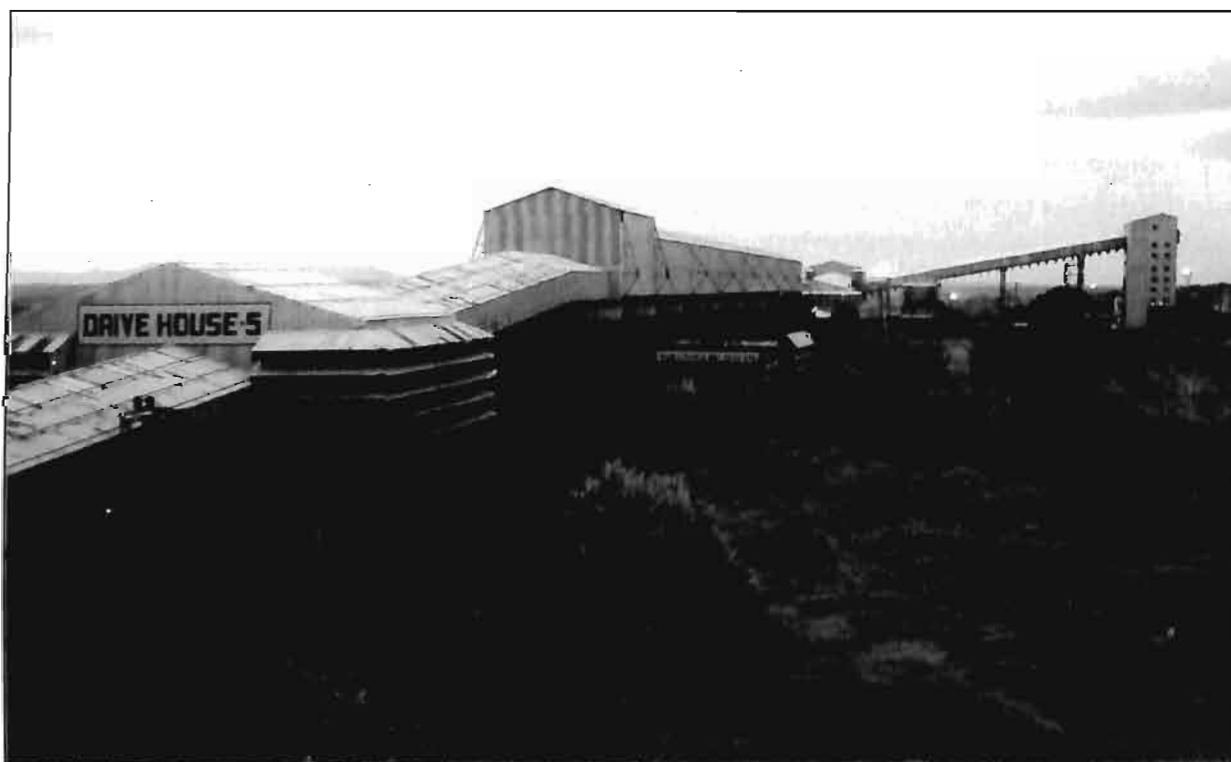
Company	2007-08			2006-07		Growth over last year	
	Target	Achieved	% Achieved	Achieved	Abs.	%	
ECL	33.41	25.44	76.14	29.79	-4.35	-14.60	
BCCL	26.00	24.09	92.65	24.10	-0.01	-0.04	
CCL	44.00	42.04	95.55	38.68	3.36	8.69	
NCL	58.00	59.02	101.76	52.62	6.4	12.16	
WCL	42.94	44.90	104.56	42.17	2.73	6.47	
SECL	91.50	95.00	103.83	86.17	8.83	10.25	
MCL	88.00	83.64	95.05	76.43	7.21	9.43	
NEC	2.05	1.20	58.54	1.18	0.02	1.69	
<b>CIL as a whole</b>	<b>385.90</b>	<b>375.33</b>	<b>97.26</b>	<b>351.14</b>	<b>24.19</b>	<b>6.89</b>	

Barring ECL and BCCL, all other coal companies have shown positive growth in off-take during 2007-08. In case of NCL, WCL and SECL, off-take even surpassed the target. In

case of ECL, off-take has been less mainly due to shortfall in targeted production by about 9 million tonnes because of land acquisition problem at Rajmahal and delay in executing new outsourcing patches. However, off-take exceeded production resulting in depletion in stock by about 1 million tonne. Similarly, in case of NEC also, less production by about 1 million tonne compared to target reduced the chances of better off-take despite same being more than production. Frequent obstruction of transportation of coal to the siding by villagers on local issues coupled with political unrest affected off-take both at MCL and CCL.

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

Despatches of coal and coal products during 2007-08 were 371.90 mt, an increase of 6.93% over last year when despatch was 347.80 mt. Despatches of coal and coal products by various modes for the year 2007-08 together with 2006-07 are given below:



A Long view of MGR – an automatic coal loading system in a Coal Handling Plant

(Figs. in million tonnes)

Year	Rail	Road	MGR	Belt	Rope	Overall
2007-2008	204.84	72.87	81.02	7.36	5.81	371.90
2006-2007	195.63	60.38	78.82	7.14	5.83	347.80
Increase/Decrease	9.21	12.49	2.20	0.22	-0.02	24.10
Growth %	4.71	20.69	2.79	3.08	-0.34	6.93

### 3.3 Wagon Loading

Wagon loading registered a growth of 2.23% to 22417 wagons per day during the year against 21928 wagons/day in 2006-07. However, in terms of actual haulage, growth achieved during the year had been 4.7%. Company-wise target vis-à-vis loading in 2007-08 and performance of 2006-07 is given below:

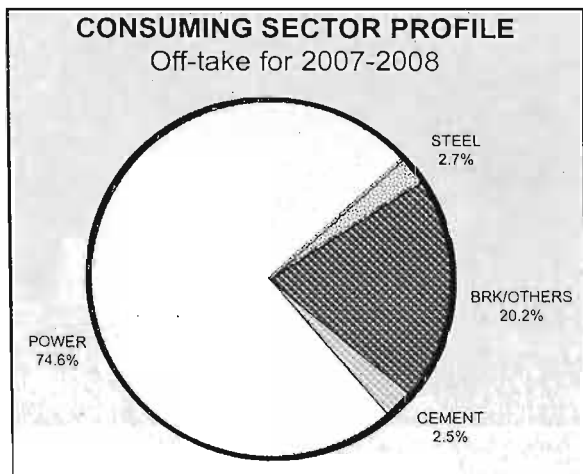
(Figs. in FWWs/Day)

Company	2007-08			2006-07			Growth over last year
	Target	Achieved	% Achieved	Achieved	Absolute	%	
ECL	1870	1627	87.01	2005	-378	-18.85	
BCCL	2482	2389	96.25	2407	-18	-0.75	
CCL	3828	3717	97.10	3402	315	9.26	
NCL	1477	1792	121.33	1469	323	21.99	
WCL	2378	2489	104.67	2557	-68	-2.66	
SECL	4603	4719	102.52	4631	88	1.90	
MCL	6046	5563	92.01	5342	221	4.14	
NEC	199	121	60.80	115	6	5.22	
CIL	22883	22417	97.96	21928	489	2.23	

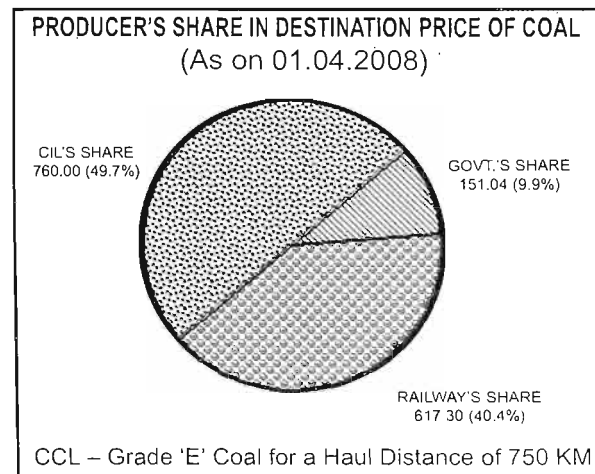
### 3.4 Consumer satisfaction

- (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 379.46 MT in 2007-08, which is to go up to 405.0 MT during 2008-09. The corresponding raw coal off take is required to increase to 405.0 MT from a level of 375.33 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 74.79% of 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 259.77 MT 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

**CONSUMING SECTOR PROFILE**  
Off-take for 2007-2008



**PRODUCER'S SHARE IN DESTINATION PRICE OF COAL**  
(As on 01.04.2008)



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

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. 2008-09. The 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 mined. Action is being taken for deployment of more surface miners in other mines where Geo-mining condition permits. Already 32 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



*Loaded wagons coming out from Merry-go-Round (MGR) – an automatic coal loading system*

sampling system are already in vogue for major consuming 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 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 99.25% 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 86.3% & 92.20% respectively in respect of supplies to power sector during 2007-08. 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 169 weighbridges in the Railway Sidings and 415 weighbridges for weighment of trucks. Coal Companies have also taken actions for installation of standby weighbridges to ensure 100% weighment.

During 2007-08, about 98.41% of coal despatches to power-houses have been weighed as compared to about 98.15% during the year 2006-07. Sized coal despatches to powerhouses during 2007-08 had been 97.25% as compared to about 97.29% during the year 2006-07.

### 3.5 Steps Taken towards Liberal Marketing of Coal

After E-Auction scheme was withdrawn from December, 2006, an interim arrangement was put in place, pending

formulation of a new policy by the Government through a committee under the Chairmanship of Secretary (Coal) as per order of Apex Court.

As per interim arrangement, during the current year, the sale of coal was made to different segments of buyers in the following manner:

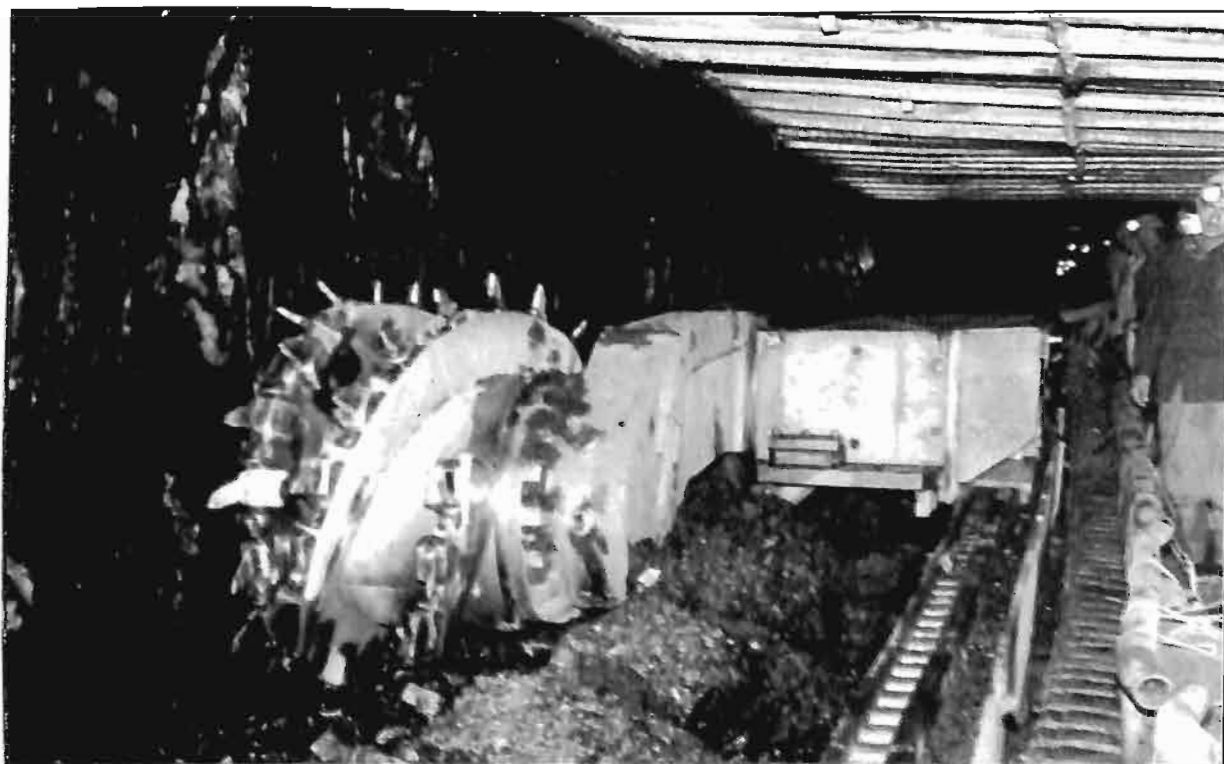
- Linked core sector consumers to continue getting coal in accordance with linkages/FSAs at the notified prices.
- Linked non-core sector consumers as well as Central and State nominated agencies distributing coal to small and tiny consumers would get coal up to their Maximum Permissible Quantities (MPQ)/the allotted quantities at 120% of the notified prices.
- 'E-booking' of coal for 'any buyer' needing coal either for self-consumption or for trading at 130% of the notified prices.

During the intervening period, it was noted that Linked consumers were reluctant to pay 20% above notified for their supply as other core sector consumers like sponge iron, paper, aluminum were paying notified prices. Consumers participating in e-Booking were finding it difficult to bid due to congestion of server, misuse of IDs by bombarding servers by few buyers. NCCF/State Agencies were expressing their difficulties to get adequate buyers with requirement 500 tonne per annum for which they were not drawing adequate quantity. Further supplying coal at 120% of notified price was also standing as deterrent.

MOC came out with a policy on 18.10.07 based on recommendation of the committee, the salient features of which are as under:

- Core-Non Core classification to be done away with New Classification to be done keeping in view the regulatory provision.

- Defence & Railway to get full requirement at notified price.
- Power (Including CPP) & Fertilizer Sector to get 100% of normative requirement through FSA at fixed price
- All other to get 75% of normative requirement through FSA.
- Small & Medium Enterprise Sector having requirement up to 4200MT per year to get coal from Agencies to be nominated by States/Uts. State Nominated Agencies to sign FSA with coal companies.
- All existing linkage holders required to execute FSA for continuation of coal supply.
- For new commitments to Power, Cement and Sponge Iron sectors – CIL to issue LOA after approval of application by the SLC(LT).
- For other sector, CIL will be responsible for issuance of LOA.
- LOA will have validity for 24/12 months for Power/other consumers respectively.
- LOAs to be converted to enforceable FSAs after completion of stipulated milestones/conditions within the given time.
- CIL, to meet full domestic requirement of coal under FSA, even by resorting to import, if feasible.
- Fresh e-auction to introduce for providing source to consumers otherwise unable to procure from the available institutional mechanism.
- 10% of the annual Qty to be earmarked for e-auction
- Forward e-auction scheme for industrial consumer to be introduced for ensuring long term requirement.



*Longwall Support and Shearer working in an underground mine*



NCDP was implemented by CIL E-auction Scheme 2007 for Spot sale was implemented for Spot sale of coal from November, 2007. During November, 2007 to March, 2008, quantity offered under E-auction was 17.49 million tonnes against which quantity allocated was 15.57 million tonnes. Forward scheme for E-auction for supply over a long period has also been finalized and notified.

FSA was also developed for all existing linked consumers with the assistance of M/s. CRISIL – A Business Advisory Group and circulated for implementation. The same was also placed on the Website. Individual Letters was also issued by Coal Companies/CIL advising their linked consumers to execute FSA at the earliest.

LOAs were also developed in consultation with Business Advisory – M/s. CRISIL. Letters offering LOAs were issued to the units cleared by SLC(LT) requesting them to deposit commitment guarantee (CG) so that LOAs can be issued forthwith. Model LOAs for all the units under SLC(LT) sector were developed and conveyed to units concerned apart from uploading it on the company's websites. No of consumers who were issued notices inviting commitment of bank guarantee works out to 471 (Power utility-32, Cement-44, CPP-165 and Sponge iron-230).

### 3.6 Stock of Coal, Coke etc.

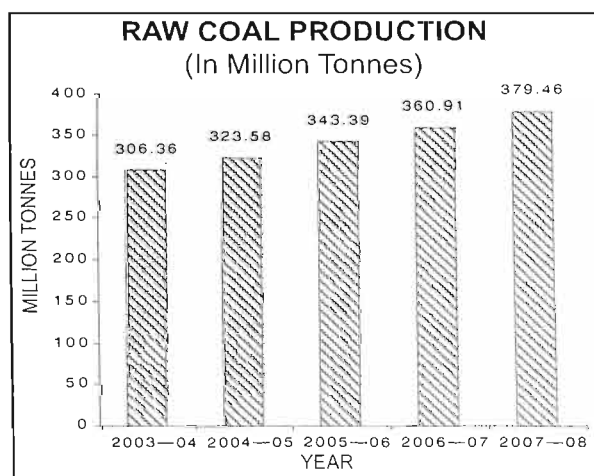
Net adjusted value of the pithead stock of coal and other products at the close of the year 2007-08 after provision for stock deterioration etc. was Rs. 2381.24 crores which was equivalent to 0.88 months' value of net sales. The Company-wise position of stocks held on 31.3.2008 and on 31.3.2007 are given below:

(Rs. in Crores)

Company	Net Value of Stock as on 31.3.2008	Net Value of stock as on 31.3.2007	Stock in terms of no. of months Net sales	
			As on 31.3.2008	As on 31.3.2007
ECL	209.22	294.95	0.79	1.01
BCCL	483.52	434.04	1.96	1.81
CCL	858.04	682.68	2.36	2.10
NCL	75.65	39.52	0.17	0.10
WCL	231.38	286.28	0.57	0.78
SECL	252.10	240.54	0.42	0.46
MCL	262.16	169.95	0.72	0.55
CIL/NEC	9.17	22.37	0.47	1.10
<b>Total</b>	<b>2381.24</b>	<b>2170.33</b>	<b>0.88</b>	<b>0.88</b>

### 3.7 Coal Sales Dues

Net Coal Sales dues outstanding as on 31.3.2008 after providing of Rs.1191.04 crores (previous year Rs. 1355.16 crores) for bad and doubtful debts, was Rs. 1456.43 crores (previous year Rs. 1461.85 crores) which is equivalent to 0.45 months combined gross sales of CIL as a whole (previous year 0.50 months). Subsidiary-wise break up of coal sale dues outstanding as on 31.3.2008 as against 31.3.2007 are shown below:





2007-2008

(Rs. in Crores)

Company	Coal Sales dues As on 31.3.2008		Coal Sales dues As on 31.3.2007	
	Gross	Net	Gross	Net
ECL	450.26	269.84	480.71	266.99
BCCL	310.51	51.44	447.84	86.17
CCL	847.68	541.31	777.19	472.17
NCL	57.08	51.83	63.32	50.53
WCL	325.46	126.02	401.88	238.14
SECL	439.04	276.41	461.99	259.05
MCL	206.67	139.58	173.30	88.79
CIL/NEC	10.77	0.00	10.78	0.01
<b>Total</b>	<b>2647.47</b>	<b>1456.43</b>	<b>2817.01</b>	<b>1461.85</b>

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

During the year 2007-08, CIL and its Subsidiaries paid/adjusted Rs.5999.28 Crores (previous year Rs. 5381.65 crores) towards Royalty, Cess, Sales-tax and other levies as detailed below:

Figures in Rs./Crores

	2007-08	2006-07
Royalty	3602.23	2935.77
Cess	697.75	812.69
Sales-tax	1287.64	1343.35
Stowing Ex. Duty	375.00	259.66
Entry Tax	36.66	30.18
<b>Total</b>	<b>5999.28</b>	<b>5381.65</b>

## 4. COAL PRODUCTION

### 4.1 Raw Coal Production

Production of raw coal during 2007-08 was 379.46 million tonnes as against 360.91 million tonnes produced in 2006-07. The company-wise production is given below:

(Figures in million tonnes)

Company	Coking		Non-coking		Total	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
ECL	0.04	0.08	24.02	30.39	24.06	30.47
BCCL	12.01	11.10	13.21	13.10	25.22	24.20
CCL	13.29	12.17	30.86	29.15	44.15	41.32
NCL	—	—	59.62	52.16	59.62	52.16
WCL	0.67	0.77	42.84	42.44	43.51	43.21
SECL	0.16	0.16	93.63	88.34	93.79	88.50
MCL	—	—	88.01	80.00	88.01	80.00
NEC	—	—	1.10	1.05	1.10	1.05
<b>TOTAL</b>	<b>26.17</b>	<b>24.28</b>	<b>353.29</b>	<b>336.63</b>	<b>379.46</b>	<b>360.91</b>

### 4.2 Production from Underground and Open Cast Mines

Coal production from underground mines in 2007-08 was 43.54million tonnes as compared to 43.32 million tonnes produced in 2006-07. Production from open cast mines during 2007-08 was 88.5% of total coal production. Company-wise production is as under :

(Figures in Million tonnes)

Company	Underground Production		Opencast Production		Total Production	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
ECL	8.32	8.27	15.74	22.20	24.06	30.47
BCCL	4.47	4.90	20.75	19.30	25.22	24.20
CCL	1.83	1.96	42.32	39.36	44.15	41.32
NCL	—	—	59.62	52.16	59.62	52.16
WCL	9.98	9.91	33.53	33.30	43.51	43.21
SECL	16.73	16.20	77.06	72.30	93.79	88.50
MCL	2.12	1.97	85.89	78.03	88.01	80.00
NEC	0.09	0.11	1.01	0.94	1.10	1.05
<b>TOTAL</b>	<b>43.54</b>	<b>43.32</b>	<b>335.92</b>	<b>317.59</b>	<b>379.46</b>	<b>360.91</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)	
	2007-08	2006-07	2007-08	2006-07
ECL	—	—	—	—
BCCL	0.14	0.25	16.62	16.60
CCL	—	—	18.38	18.25
NCL	—	—	—	—
WCL	—	—	3.31	3.27
SECL	—	—	—	—
MCL	—	—	—	—
NEC	—	—	—	—
<b>TOTAL</b>	<b>0.14</b>	<b>0.25</b>	<b>38.31</b>	<b>38.12</b>

### 4.4 Overburden Removal

Overburden removed during 2007-08 was 607.56 million cubic metres as against 537.65 million cubic metres achieved in 2006-07, recording a growth of 13.0%. Company-wise the details of overburden

removal are shown below:-

(Figures in Million Cu. Mtrs.)

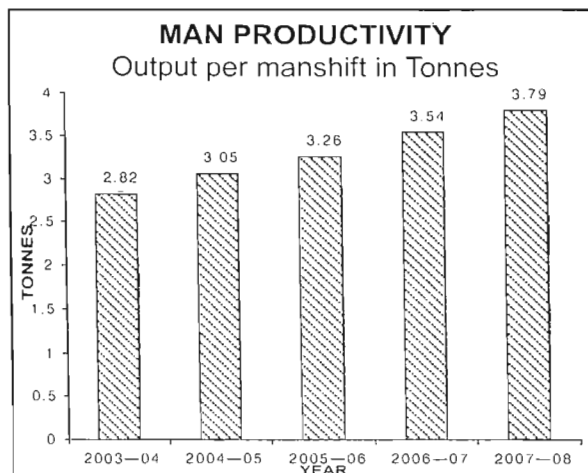
Company	2007-08	2006-07
ECL	39.98	48.78
BCCL	50.61	46.25
CCL	55.21	45.89
NCL	186.25	139.60
WCL	113.89	106.33
SECL	100.64	87.27
MCL	54.56	55.47
NEC	6.42	8.06
<b>TOTAL</b>	<b>607.56</b>	<b>537.65</b>

## 5. POPULATION OF EQUIPMENT

The population of major opencast equipment as on 1.4.2008 and on 1.4.2007 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 1.4.2008	As on 1.4.2007	Availability		Utilisation	
			2007-08	2006-07	2007-08	2006-07
Dragline	41	41	98	100	104	107
Shovel	687	686	90	91	83	84
Dumper	3240	3364	99	100	70	72
Dozer	998	989	92	92	60	61
Drill	670	696	96	96	73	75

(2007-08 has been reported on 330 working days per annum while reporting of 2006-07 was partly on 330 and partly on 300 working days per annum basis.)



## 6. CAPACITY UTILISATION

The overall capacity utilisation of CIL as a whole for the year 2007-08 has been 93.82%. It was 96.97% during 2006-07. Subsidiary-wise details are as under :

Company	2007-08	2006-07
ECL	72.79	114.40
BCCL	91.42	86.22
CCL	95.70	82.36
NCL	94.89	90.18
WCL	100.50	93.70
SECL	102.14	111.79
MCL	93.14	106.76
NEC	45.16	97.97
<b>CIL (overall)</b>	<b>93.82</b>	<b>96.97</b>

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

Output per manshift (OMS) during 2007-08 improved to 3.79 tonnes from 3.54 tonnes of previous year. Company-wise position is given in the following table :

(Figures in tonnes)

Company	Underground Production		Opencast Production		Overall	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
ECL	0.43	0.42	5.04	7.03	1.07	1.34
BCCL	0.42	0.44	3.08	3.07	1.18	1.15
CCL	0.39	0.40	4.66	4.03	3.22	2.81
NCL	-	-	13.81	10.97	13.81	10.97
WCL	1.11	1.09	4.06	4.07	2.52	2.50
SECL	1.19	1.14	14.30	13.38	4.83	4.53
MCL	1.18	1.16	23.57	23.48	16.19	15.93
NEC	0.20	0.23	8.09	7.42	1.88	1.70
<b>TOTAL</b>	<b>0.73</b>	<b>0.71</b>	<b>8.60</b>	<b>8.00</b>	<b>3.79</b>	<b>3.54</b>

## 8. PROJECTS

### 8.1 Project Formulation

During the year 2007-08, 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).
- Reports for dealing with fire.
- Detailed design and drawings, NIT, tender scrutiny etc.
- Mine capacity assessment of underground & opencast mines of CIL.
- Various technical studies relating to operation of opencast & underground mines.
- Performance analysis of HEMM operating in OC mines, Powered Support Longwall faces 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 2007-08, expert consultancy services were also provided by CMPDIL to the other subsidiary companies of Coal India Ltd. in the field of Environmental Management and Monitoring, Remote Sensing, Energy Audit (Diesel & Electrical), Bench marking of Diesel & Electrical Consumption and Fixation of Diesel & Electrical Consumption Norms of Opencast and Underground mines, Physico-Mechanical Tests on Rock and Coal samples, Subsidence Studies, Strata Control, Non-Destructive Testing (NDT), Controlled Blasting & Vibration Studies and Explosives Utilisation, Ventilation/Gas Survey of UG mines, Mining Electronics, Petrography and

Cleat Study on coal samples, Coal Core processing & Analysis, Washability tests, Structural Adequacy Study of CHP, OBR Survey, Normative Cost of sand stowing etc.

During the year under review, CMPDIL has prepared 264 reports in all, which include 17 Geological Reports, 30 Project Report/ Revised Project Reports, 10 Operation Plans, 146 Other Reports and 61 Environment Management Plans (including Form-I).

## 8.2 Project Implementation

During the year 2007-08, no project costing Rs. 20 crores & above has been completed.

### *Status of Ongoing Projects:*

Presently, 100 mining and 7 non-mining projects, costing Rs. 20 crores & above, are under implementation. Out of 100 mining projects, 82 are on schedule and 18 are delayed.

Out of 7 non-mining projects, 3 are on schedule, 4 are delayed.

### *Reasons of delay:*

#### Mining (18 nos) :

Sl. No.	Reasons for delay	No. of projects
1	Adverse geo-mining condition.	4
2	Project could not be completed due to less expenditure, as per completion criteria.	1
3	Land acquisition problems	6
4	Miscellaneous reasons including change of mining technology.	7

#### Non-mining (4 nos) :

Sl. No.	Reasons for delay	No. of projects
1	Land acquisition & rehabilitation problems	3
2	Delay in construction of residential houses by implementing agency	1

### 8.3 Project Sanctioned (Costing Rs. 20 crores & above):

#### (a) During 2007-08, the Government sanctioned 1 project:

Cos	Sl. No.	Name of Projects	Type	Sanctioned Capacity (MTY)	Sanctioned Capital (Rs. Crs)
NCL	1	Nigahi Expn. (Phase-II ) (15 MTY)	OC	5.00 (Incr)	259.40

#### (b) During 2007-08, CIL Board sanctioned 2 mining projects.

Cos	Sl. No.	Name of Projects	Type	Sanctioned Capacity (MTY)	Sanctioned Capital (Rs. Crs)
ECL	1	Chitra East (2.5 MTY)	OC	1.30(Incr)	112.69
CCL	2	Churi-Benti (0.81)	UG	0.65 (Incr)	145.44

#### (c) During 2007-08 Company Boards sanctioned PRS for 12 mining and 1 non-mining project:

#### Mining Projects :

Sl. No.	Com-pany	Name of Project	Type	Sanctioned capacity in Mty	Sanctioned capital in Rs. Crores.
1	CCL	Ashoka Expansion	OC	10.00	341.63
2	CCL	North Urimari	OC	3.00	179.87
3	WCL	Junad Extension	OC	0.60	38.76
4	WCL	Bhatadih Expansion	OC	0.65	99.68
5	WCL	Durgapur Deep Extension	OC	2.00	42.98
6	SECL	Mahamaya Augmentation	UG	0.48	90.48
7	MCL	Bhubaneswari Expansion	OC	20.00	490.10
8	MCL	Kaniha Expansion	OC	10.00	457.77
9	MCL	Samleswari Expansion (5 MTY)	OC	2.00 (Incr)	87.95
10	MCL	Balaram Extension	OC	8.00	172.08
11	MCL	Gopal Prasad	OC	15.00	395.87
12	MCL	Talabira II & III	OC	20.00	447.72



A combination of Hydraulic Shovel and Dumper in operation in an OCP



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### Non-Mining Projects :

Sl. No.	Com-pany	Name of Project	Type	Sanctioned capacity in Mty	Sanctioned capital in Rs. Crores.
1	MCL	Railway Infrastructure – Gopalpur Track, Ib Valley	—	—	465.09

### 8.4 Revised Project Report/Revised Cost Estimates

- (a) RPR/RCEs sanctioned by Government during 2007-08

No RPR/RCE has been sanctioned by Govt. during 2007-08

- (b) RPR/RCEs sanctioned by CIL during 2007-08

No RPR/RCE has been sanctioned by CIL during 2007-08.

- (c) RPR/RCEs sanctioned by Company Boards during 2007-08:

Sl. No.	Com-pany	Name of Project	Type	Sanctioned capacity in Mty	Sanctioned capital in Rs. Crores.
1	SECL	Chhal (RPR)	OC	3.00	50.38
2	SECL	Kanchan (RPR)	OC	0.65	26.01
3	SECL	Saraipalli (RCE)	OC	1.40	42.89

### 9. CAPITAL EXPENDITURE

Overall capital expenditure during 2007-08 was Rs. 2033.51 crores as against Rs.2059.69 crores in previous year, subsidiary-wise details of which are given below:

*Figures in Rs/Crores*

Company	2007-08		2006-07	
	(BE)	Actual	(BE)	Actual
ECL	298.29	161.79	250.00	154.32
BCCL	250.00	133.82	300.00	196.94
CCL	400.00	297.84	465.00	302.86
NCL	400.00	404.71	600.00	352.31
WCL	241.50	176.05	231.50	227.01
SECL	492.35	560.42	750.00	539.16
MCL	350.00	276.16	425.00	266.88
CMPDIL	10.00	5.83	7.00	3.14
CIL/NEC/Other	30.00	16.89	35.20	17.07
<b>Total</b>	<b>2472.14</b>	<b>2033.51</b>	<b>3063.70</b>	<b>2059.69</b>

### 10. CAPITAL STRUCTURE

The authorised share capital of the company as on 31.3.2008 was Rs. 8904.18 crores, distributed between Equity and Non-cumulative redeemable preference shares as under:

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

The paid-up equity capital as on 31.3.2008 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 31.3.2008 was Rs. 6316.36 crores as against Rs. 6316.36 crores in the previous year as detailed below:

	<i>Rs. in Crores</i>	
	As on 31.3.2008	As on 31.3.2007
Share Capital — Equity	6316.36	6316.36
Loan (including Interest accrued & due)	0.00	0.00
<b>Total</b>	<b>6316.36</b>	<b>6316.36</b>

### 11. BORROWINGS

Aggregate borrowings of CIL (excluding repayment of Loan to GOI) as mentioned above has reduced to Rs. 1675.48 Crores in 2007-08 from 1836.06 crores in 2006-07 as detailed below:

	<i>Rs. in Crores</i>		
Particulars	2007-08	2006-07	
Foreign Loans including deferred credits			
	2007-08	2006-07	
IBRD/JBIC	1510.83	1646.10	1664.37
EDC Canada	137.26	153.99	
CME China	16.28	24.86	
Deferred Payments & Others		11.11	11.11
<b>Total</b>	<b>1675.48</b>	<b>1836.06</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.
- Exploration and exploitation of Coal bed methane.
- Locating over-sea countries interested in joint venture in the field of coal mining with special thrust on coking coal mining.
- Exploring financial assistance for import of equipment and other investment needs of Coal Industry.

Keeping the above objectives in view, discussions are being held from time to time with various countries like United Kingdom, Russia, Germany, United States, China, France, Poland, Australia, Japan etc. to identify the areas of mutual cooperation for India in general and Coal India Ltd. in particular.

The important areas identified include modern technologies for mass production in both under-ground and open-cast mining, dealing with fire and subsidence, mine safety, coal preparation, extraction of Coal bed Methane, coal gasification, application of Geographical Information system, environmental control, overseas ventures in coal mining. Besides the above emphasis is being given to transfer of modern technologies, and training.

While CIL would endeavor to acquire suitable technology through international bidding on risk/gain sharing basis, bilateral cooperation may also be encouraged for locating availability of cost effective and latest technologies in the aforesaid area, if the technology proves to be discernibly advantageous. CIL therefore, has been following both these routes, in its subsidiary companies, albeit in varied measures.

### *Indo-Russian Collaboration*

The third meeting of Russian Indian Working Group on Metallurgy and Mines of the Russian – Indian Inter Governmental Commission for Trade, Economic, Scientific, Technical & Cultural Cooperation was held on 11th & 12th September 2007 at Moscow. During the meeting the Russian side showed their interest for participating in tenders for design and construction of coal mines in India. Russian side informed that they will intimate about the tenders in Russia to facilitate India to participate in the same. The Russian side desired that the MOU could be signed between the Russian company Giproskhakht and CMPDIL by the end of 2007. It expected constructive proposals from CMPDIL with regard to the rate of reimbursement to specialist. The matter is being looked into.

### *Indo-China Collaboration*

The 11th meeting was held in April, 2007 to review the progress made and identify further areas of cooperation. During the meeting the items discussed were Manufacturing of spare parts in India, Short long-wall equipment for Balrampur project of SECL, Foreclosure of Deferred Guarantee payment (DGP) issued by SBI to CMEI&E towards three sets of long – wall equipment of SECL, Hard Roof Management Techniques for Churcha West Mine of SECL, Retraining and rehabilitation of mining workers, Resin Capsule Manufacturing, Technology for deep shaft sinking, Development of Coal Bed Methane, Underground Coal gasification, Co-operation in capacity building, Coal Liquefaction, Investment Opportunities, Authentication of the Mining equipment between the two sides, Seminar on Coal Mining, Coal Mines Safety, Technology and equipment.

Chinese side presented the new items – Long term visa, OTR Tyres

The Indian side proposed Feasibility of co-operation in the area of over-ground Coal gasification, Possibility of setting up of a plant



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for making resin capsules and cuttable roof bolts in India, Application of laser technology in blasting and maintenance of equipment (power and mining), Cooperation in identification of coal blocks suitable for induction of long-wall technology, High pressure water jet technology for extinguishing mine fires and for excavation.

Both sides agreed that the Task Force will meet more frequently in order to ensure a more coordinated follow up action on decisions taken in the Task Force and Joint Working Group Meetings.

For OTR tyres, a team of CIL officers visited China and studied the details of production process and quality control. The Committee that visited China has submitted their report. Action is being taken in line with the recommendations of the committee.

### ***Indo-Polish Collaboration***

Consequent to previous discussions, a MOU has been signed giving the modalities of further discussion on subjects of mutual interest.

MOC, has vide letter dated 28th September, 2006 communicated that a discussion was held between Hon'ble Minister of Commerce and Industry, Govt. of India with Hon'ble Minister of Economy, Republic of Poland 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. Hon'ble India Minister (CIM) hinted a co-operation in the areas of working deep mines and coal gasification.

### ***Indo-Australia Collaboration***

The 5th meeting of Indo-Australia joint Working Group on Energy and Minerals was held at Canberra, Australia on 2-3 July 2007. In the protocol signed, under the head Coal, it

was reported that Indian Companies report no significant barrier or constraints to trade and investment in Australia apart from shortage of skilled labour and some mineral inputs.

Significant impediments remain for trade and investment in India, particularly high WTO bindings for tariffs on many products, onerous requirement on foreign companies with existing or former joint ventures in Indian market, Delays and unpredictable cost due to actions of sub-national governments and high costs associated with inefficient custom clearance system. Australia and India agreed to support further work to develop industry collaboration on mining technology services and equipment and export opportunities – under the frame work of Australia India Resource strategy and/ or as part of broader Asia Pacific Partnership strategy in relation to sustainable use of fossil fuels.

CIL's interest for investment in coal business in Australia has been communicated a number of times to the Australian Federal Government (through Invest Australia) and State Government of new South Wales and Queensland. The matter was again raised during the visit of CIL team to Australia in Feb.'07. The state Government of these two states were requested to allocate blocks on nomination basis. On this request, the Department of Geology and Mineral resources of both the States informed that no coking coal block has been left for allocation. However, there could be some allocation of non-coking coal blocks, but those too could be only through competitive bidding. The CIL Team also offered to certain major Australian Companies, the opportunities for exchanging resources position in their respective countries. Request has been made to Australian Government to take up the matter with major Australian coal companies having metallurgical coal resources and motivate them for alliance with CIL. CIL is also willing to allow the Australian Coal Companies for Joint venture opportunities in India in whatever form found mutually suitable.



### **Indo-Japan Collaboration**

The meeting of India-Japan Energy Dialogue was held on 16th January, 2007. In the above meeting, CIL suggested the items like Coal Mine Safety, Coal beneficiation, Coal up gradation for low rank coal, Coal gasification, Coal liquifaction, CBM/CMM utilization, instrumentation in the areas of communication, environment monitoring, prediction of strata behavior etc. for cooperation under proposed Indo-Japan Working Groups and also requested to apprise of the action taken in this regard.

Japan –India Energy Dialogue working group meeting was held on 28-6-2007 in a seminar form.

Joint Secretary (Coal), MOC, held a meeting in February, 2008 to consider the proposals to be taken up in the next Indo-Japan Coal Working Group Meeting. The issues emerging from this meeting include:

- Feasibility study for applying coal washing technology on Indian coal by NEDO has been completed. It has been decided to intimate a model project.
- Expansion of training programme by NEDO through launch of small exclusive module for Indian trainees under Clean Coal Technology project.
- Institutionalization of information exchange on coal mining safety with specific reference to underground wireless communications, rescue operations, instrumentation and monitoring systems for mine gases, fires etc.

These issues would be taken up in the next meeting of Indo-Japan Coal Group.

### **Indo-South Africa Cooperation**

A working group has been formed for cooperation under the co-chairmanship of Secretary, Ministry of Coal, from Indian Side

and Director General (Coal & Mines) from South African side. Chairman, CIL and the DGMS are also the members of the group.

Areas under which discussions are to be taken up in the forthcoming meeting of the Working Group include Mechanisation of Board and Pillar System of Mining, Benefaction of coal, Technology for conversion from coal to oil, Hard roof Management Techniques, Technology for deep shaft sinking, Development of CBM, Underground coal gasification, Cooperation in capacity building specially in under ground mines, High pressure water jet technology for extinguishing mine fires and excavation, Identification of coal blocks to be worked jointly in Africa & India, Seminar on coal Mining, coal mines safety, technology & equipment and Improvement of Mine Safety.

### **Asia Pacific Partnership**

Seven countries Australia, China, India, Japan, The Republic of Korea, United States of America and Canada of the Asia Pacific Partnership on Clean Development and Climate have decided to cooperate in the increased energy needs and associated challenges, including those related to air pollution, energy security and greenhouse gas intensities. The Partnership has established eight task forces in key sectors. Coal Mining Task Force (CMTF) is one of these Task Forces.

The 3rd CMTF meeting was held in Stamboat Springs, Colorado, USA in June, 2007 to review the progress made against each identified projects. This was followed by a 3 days workshop on Coal Beneficiation and Waste Coal management, held at IICM, Ranchi, India. The 4th CMTF meeting was held in Beijing, China in November, 2007, where apart from review of projects, the action plan for holding two days CMTF Sustainable Development Workshop on "Mine Rehabilitation, Closure and Completion" to be held at Kolkata from 18-19th April, 2008 was finalized.



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Two R&D projects (i) Development of a Coal Preparation Plant Simulator and (ii) Cost effective technology for beneficiation and recovery of Fine coal, under CMTF has been approved by R&D Board of CIL. CMPDIL is the nodal agency for implementation of these R&D projects.

### **13. 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 59.53 million to IBRD and JPY 9,479.00 million to JBIC till 2007-08, the total CSRP loan as on 31st March, 2008 stands at USD 186.20 million (equivalent to Rs. 746.86 Crores) to IBRD and JPY 18961.82 million (equivalent to Rs. 763.97 Crores) to JBIC. Thus, a total amount of Rs. 1,510.83 Crore is lying outstanding under CSRP Loan as on 31st March 2008.

### **14. 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 that all the proposed stabilisation sites are 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 Raniganj and Jharia affected areas. These are Asansol Durgapur Development Authority (ADDA) of

West Bengal Government and Jharia Rehabilitation Development Authority (JRDA) of Jharkhand Government.

The Resettlement & Rehabilitation package for the Raniganj Coalfield areas have been principally approved by Government of West Bengal in November, 2007. JRDA has proposed for a revised R&R package for Non-BCCL people in a meeting held on 5.3.2008.

### **15. 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 (DETPs) to deal with the domestic effluents etc.

Technical and Biological reclamation of the mined out areas and the external overburden dumps is a 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. Action plan for monitoring of mine closure and land use pattern, for OC project and major coalfields by remote sensing application has been taken up by CIL.

In addition to the above, steps have been taken to prepare EMPs of all new projects based on the highest level of production achievable from that project.

Also for small projects of such mines with mining lease boundaries lying in close vicinity, steps have been taken to develop common EMPs for a block/cluster of projects.

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

### 16.1 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 at an estimated cost of Rs. 76.85 crores (USD 18.082 million) by Govt. of India 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 in December, 2007. Central Mine Planning & Design Institute Limited (CMPDI) and Bharat Coking Coal Limited (BCCL) are the implementing agencies on behalf of GOI.

During the year 2007-08, following activities have been undertaken or are in progress:

- (i) **Time Extention** : Status of field activities was reviewed in the 9th National Steering Committee (NSC) meeting held on 29th November'07, wherein it was agreed to extend the project up to December '08 in its existing form, and thereafter it shall remain a Govt. of India S&T Project for completion of remaining objectives. Ministry of Finance, Department of Economic Affairs issued its 'no objection' to the extension of the project till December, 2008. In the 2nd Technical sub committee of SSRC, it was agreed to extend the project duration by two years i.e. upto December, 2009 as recommended by the NSC.
- (ii) **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 Long hole Drill has been delivered. Steering Tool for underground drill unit was ordered in July'07 by UNIDO and is under testing by the manufacturer before shipment to site.
- (iii) **Laboratory Equipment under procurement by CIMFR**: Three laboratory equipment viz. Field Desorption Apparatus, Gas Chromatography System upgrade and the Mobile Field Desorption Laboratory on the chassis, procured at the project cost, have been installed and commissioned at CIMFR. Procurement of 4th Lab equipment i.e. Absorption Isotherm Apparatus (New) is in the process of procurement by CIMFR.
- (iv) **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 delivered. Installation is being taken-up. Compressor and Fuelling Station Unit were ordered by CMPDIL in July'07. Pre-despatch inspection at supplier's end of Gas Compression and re-fuelling station was completed in February'08 and unit has arrived at site in March'08. Procurement of Conversion Kits for mine trucks/tippers is under tendering.
- (v) **Site activities at Moonidih** : Two vertical CBM wells drilled down to depth of 1059m & 1071m and developed for production well with 5-1/2" casing. Hermetical test with 4500 psi has been completed for both drilled CBM wells in October'07. Geo-physical Logging & Perforation have been completed. Hydro-

fracturing jobs in three potential coal zones in both the drilled wells have been completed. Cleaning of sand by circulation completed in CBM 10 well and in CBM 4, sand cleaning by BCCL work-over Rig is in progress.

PC Pump installation and commissioning was undertaken by supplier in November, 2007 in the 2nd well. Testing of PC pump commenced on 3rd March 2008. Civil work for 3rd CBM well site has been completed.

Gas Pipe Line laying to connect two vertical wells and gas collection center has been completed at Moonidih. Foundation for Gas generator sets and Gas Gathering Centre completed.

Demonstration of power generation will be conducted on receipt of Moonidih Mine CBM Fuel Gas Control Unit (Package 6A-part) which has been ordered by UNIDO and is expected to be delivered in April '08.

- (vi) **Field activities at Sudamdih :** For functionality test, one underground drainage hole of 86m at an angle of 35° and second hole of 114m at an angle of 30° from same point was drilled with Beam Based Long Hole Drill (Underground) in seam XV at Sudamdih Shaft mine. Both the drilled holes were plugged with safety valve which is judiciously opened in every shift to drain out the gas from these holes by Sudamdih mine personnel.

Underground drilling will commence after receipt of Steering tool (Package 4B). On receipt of Steering Tool and DGMS permission, Drilling Expert and DBT Engineers and IDS Engineer will be organizing training for project personnel to undertake underground drilling and training.

Gas pipeline laying on surface has been completed. After obtaining DGMS permission for use of Fusion machine underground, underground pipeline

laying will be undertaken. HDPE pipes shifted in underground to connect underground will to Gas collection center for demonstration of CBM gas as fuel in converted mine trucks. Pre-despatch inspection of Gas Compression and re-fuelling station completed in February'08 and the unit has arrived at site in March 2008.

The required equipment Package 6A for CMM/CBM Fuel Gas Control Unit for Sudamdih to recover gas from underground & surface and CMM Fuel Gas Control Unit for Moonidih to recover gas from underground mine is being re-tendered by UNIDO.

## 16.2 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.

## 16.3 Jharia CBM Block

The Govt. of Jharkhand granted Petroleum Exploration License (PEL) to the consortium in August 2003 for Jharia CBM block. The drilling of slimholes commenced on 30th December 2004 and all the 8 slimholes were completed in July 2006 involving 8703.65m of drilling. CBM related tests were carried out by CIMFR while other chemical and geo-engineering tests were carried out at CMPDI laboratory. Petrophysical studies were carried out at the laboratory of IRS(ONGC), Ahmedabad.

A report based on slimhole drilling carried out by CMPDI and other drilling data of ONGC and CBM/other test results has been prepared and submitted to ONGC in February, 2008. ONGC took up exploratory and horizontal multilateral in-seam drilling in the block in association with CMPDI.

#### 16.4 Raniganj CBM Block

The Govt. of West Bengal granted Petroleum Exploration License (PEL) for Raniganj CBM block on 9.6.2004. The drilling of slimholes commenced on 23rd March, 2006 and all the 8 slimholes have been completed in November, 2007 involving 7853.50m of drilling. A total of 2479.00m has been drilled in the block during 2007-08. The samples generated in the slimholes have been sent to labs of CIMFR for generation of CBM specific data and CMPDI labs for chemical and Geo-engineering data. Work has been taken up for preparation of report based on slimhole drilling and other available data. ONGC has taken up drilling of exploratory well in the block in association with CMPDI.

#### 16.5 CBM Related Studies under promotional Exploration during X<sup>th</sup> Plan

A Project proposal for taking up 'Assessment of Coalbed Methane Gas-in-

Place Resource' through boreholes being drilled under promotional exploration during XI<sup>th</sup> Plan Period being funded by Govt. of India with a total plan expenditure of Rs. 8.59 crores has been submitted. A total of 50 boreholes (30 by CMPDI and 20 by GSI) are proposed to be taken up for studies.

During 2007-08, 6 boreholes located in different coal/lignite fields were taken up for studies and samples collected for desorption and other tests.

#### 16.6 Preparation of CBM Data Package for Directorate General of Hydrocarbons (DGH)

Directorate General of Hydrocarbons (DGH) has awarded the work of 'Preparation of data dossiers on 8 prospective CBM blocks for 4th round of Global bidding' to CMPDI in March, 2008 at a cost of Rs. 3.91 crore. The work for preparation of data dossiers has been taken up.



*Toward a greener tomorrow – tree plantation in coalfield area*



2007-2008

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

Project proposals for assessment of CMM Potential related to large open cast mines in Moher Sub Basin of NCL. Singaruli Coalfield and Korba Coalfield have been approved by NCL and SECL respectively. Action has been taken for generation of CBM specified data through slimhole drilling in both the coalfields.

### **16.8 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. The clearing house is to be established at CMPDI, Ranchi, as per the decision of MOC.

Detailed discussions on modalities of functioning of the clearing house were taken up with USEPA team, which visited CMPDI, Ranchi from 22.1.08 to 24.1.2008. Follow up actions are being taken.

### **17. GENERATION OF UCG SPECIFIC ADDITIONAL DATA FOR KASTA BLOCK, RANIGANJ COALFIELD INITIATED AFTER RECEIPT OF APPROVAL FROM CIL**

CIL has entered into an MOU with ONGC to jointly pursue UCG projects. For selection of suitable block for pilot scale studies, data packages for five prospective blocks had been prepared by CMPDI and submitted to ONGC. Soviet consultants appointed by ONGC evaluated the data packages and suggested for generation of additional data in Kasta Block for further studies. As per requirement of Soviet consultant, generation of hydro-geological data has started in Kasta block in December 2007 and work has been taken up for generation of other additional data.

#### **17.1 Identification of Coal/Lignite Blocks for UCG**

CMPDI along with GSI, SCCL and NLC has prepared preliminary criteria for selection

of suitable coal reserves for UCG application in line with the decision taken by MOC. CMPDI has also been entrusted with identification of suitable coal/lignite blocks in consultation with GSI, SCCL and NLC, which can be offered for public/private participation for development of UCG.

Five nos. of lignite blocks have been identified for the development of UCG and communicated to MOC and identification of other UCG blocks in coalfield areas is under progress.

### **18. GEOLOGICAL EXPLORATION & DRILLING**

CMPDI continued to carry out its coal exploration activities in 2007-08. The thrust areas, however, were detailed exploration of CIL and non-CIL 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 and Promotional blocks whereas subsidiaries of CIL meet expenses of exploration in CIL blocks.

CMPDI deployed its departmental resources for exploration of 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 2007-08, CMPDI and its contractual agencies took up exploratory drilling in 73 blocks/mines spread over 17 coalfields. These coalfields are Raniganj (5 blocks/mines), North Karanpura (3), South Karanpura (1), E. Bokaro (2), W. Bokaro (4), Ramgarh (1), Tawa Valley/Pathakhera (3), Pench Kanhan (7), Kamptee (2), Wardha (11), Sohagpur (14), Mand Raigarh (1), Korba (4), Birsampur (2), Singrauli (4), Talcher (6) and Ib Valley (3). Out of such 73

blocks/mines, 9 were Non-CIL/Captive blocks, 4 Promotional blocks and 60 CIL blocks/mines. Departmental drills of CMPDI took up exploration in 58 blocks/mines whereas drilling in 15 block/mines was undertaken by contractual agencies.

The overall performance of exploratory drilling by CMPDI and its contractual agencies in 2007-08 is given below:

Agency	Annual Target 2007-08 BE (Metre)	Agency-wise Performance of Exploratory Drilling during 2007-08			Achieved 2006-07 (metre)
		Achieved (m)	% Achieved	+/- (m)	
CMPDIL	1,92,000	2,01,850	105	(+)9850	1,98,496
MECL	Unscheduled	1,071	—	(+)1071	715
State Govts:	5000	6,280	126	(+)1280	6,535
Private Party	3,000	—	—	(-)3000	—
For NE region					
<b>Total</b>	<b>2,00,000</b>	<b>2,09,201</b>	<b>105</b>	<b>(+)9,201</b>	<b>2,05,746</b>

The departmental drilling of 2,01,850 metre includes 1,53,707 metre in CIL blocks, 45,151 metre in Non-CIL/Captive Mining Blocks and 2,992 metre in Promotional blocks. The Directorate of Geology of State Govt. and MECL have taken up drilling in CIL blocks only.

In 2007-08, CMPDI achieved its departmental and overall drilling target by 105% in each case. The performance of departmental drilling was better than previous year by 3,354 metre with 1.7% growth. The average productivity of operational drills of CMPDI was 374m/drill/month for the year. DGM (Govt. of Chhattisgarh) did not take up the work during the year.

### 18.1 Geological Reports

A total of 17 Geological Reports were prepared in 2007-08 on the basis of detailed exploration conducted in previous years. Out of it, 1 report was for a Non-CIL/Captive Mining blocks and remaining for CIL blocks.

Out of above 17 GRs, twelve have upgraded 2.51 Billion Tonnes of resources to proved category besides estimating 0.68 Billion Tonnes in indicated category. The resources

of other 5 reports were largely re-assessment of earlier GRs of CMPDI.

## 19. OUTSIDE CONSULTANCY SERVICES

During the year 2007-08, 38 consultancy jobs were completed for 29 organisations outside CIL. Some of the major clients/organisations for whom jobs were completed are Steel Authority of India Ltd., Chhattisgarh Mineral Development Corporation Ltd., Neyveli Lignite Corporation Ltd., National Thermal Power Corporation Ltd., Central Pollution Control Board, Tata Steel Ltd., Singareni Collieries Company Ltd., Indian School of Mines etc.

Presently, 23 outside consultancy jobs are in hand for 14 organisations like Directorate General of Hydrocarbons, Steel Authority of India Ltd., Tata Steel Ltd., Neyveli Lignite Corporation Ltd., Chhattisgarh State Electricity Board, National Aluminium Company Ltd., Haryana Power Generation Corporation Ltd., HINDALCO, Central Electricity Authority, Orissa Mining Corporation, Gujarat Mineral development Corporation, Mahaguj Collieries Ltd., etc.

During the year 2007-08, 43 jobs worth Rs. 10.32 crores from 33 organisations were procured by CMPDI.

## 20. RESEARCH AND DEVELOPMENT PROJECTS

### 20.1 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 a Technical sub-committees headed by CMD, CMPDI. The committee deals with research proposals related to coal exploration, mining, mine safety, coal beneficiation & utilization and also the project proposals on mine environment and reclamation.

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.

## 20.2 Physical performance

During the X<sup>th</sup> Plan Period, a total of 51 projects were completed by various agencies.

The status of Coal S&T Projects in the XI<sup>th</sup> Plan period is as under :

(i)	Projects on-going as on 1.4.2007	-	36
(ii)	Projects sanctioned by GOI during 2007-08	-	09
(iii)	Projects completed during 2007-08	-	10
(iv)	Projects terminated during 2007-08	-	01
(v)	Projects on-going as on 1.4.2008	-	34

Following Coal S&T projects were completed during 2007-08 :

- (i) Optimisation of pillar parameters for development and final extraction of highly inclined seams at SCCL mines.
- (ii) Development of support guidelines for depillaring panels in Indian coal mines.
- (iii) Effect of production blasts on ground water and geo technical properties on pit-wall and dump stability in open pit coal mines.
- (iv) A study on effect of underground blasting on surface structures vis-à-vis standardization of blast vibration damage threshold.

- (v) Model studies on the efficiency of gravity blind back filling method and evaluation of a pre-jamming indication parameters.
- (vi) Development of process/technique for potential utilization of less matured non-coking coal for making hard coke by utilizing stamp charging.
- (vii) Development of a process for the production of activated carbon from Neyveli Lignite.
- (viii) Development of cost effective high performance highway using fly ash composite.
- (ix) Studies on the impact of atmospheric biotic/abiotic particulates on the environment of Jharia Coalfield and their abatement strategies.
- (x) Studies on the use of Bottom slag in corp production.

## 20.3 Financial Status

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

(Rs. in Crores)

2006-07		2007-08	
RE	Actual	RE	Actual
6.00	8.09	12.86	12.48

## 20.4 CIL R&D Projects

For in-house R&D work of CIL, R&D Board headed by Chairman, CIL is also functioning. CMPDI acts as the Nodal Agency for co-ordination of research activities funded by CIL R&D Board. So far, 34 projects have been taken up under the funds of CIL R&D Board, out of which 22 projects have been completed.

The status of CIL R&D Board Projects during 2007-08 was as follows :

(i)	Projects on-going as on 1.4.2007	-	15
(ii)	Projects Sanctioned during 2007-08	-	Nil
(iii)	Projects completed during 2007-08	-	03
(iv)	Projects on-going as on 1.4.2008	-	12



The disbursement of fund for R&D jobs during the year 2007-08 was Rs. 11.08 crores.

## 21. TELECOMMUNICATION SYSTEM

Continued efforts in updating the communication networks and implementation of various IT solutions are being made by CIL and Subsidiary Companies to excel in productivity, sales and marketing, management of operation, utilization of human resources and achieve optimum efficiency in the backdrop of rapidly changing events of the industry. The following actions have been undertaken by Telecom Division.

(i) Provisioning of High Speed Internet over LAN at CIL(HQ) & CIL(Mkt.) has already been made and up gradation of LAN is under completion stage. A centralized mail and messaging system along with proper Network security is also expected to be commissioned soon.

(ii) In order to enhance the operational efficiency of large opencast mines of the different subsidiaries a GPS based Operator Independent Trunk Despatch System (OITDS) is going to be implemented with high speed data and voice connectivity along with GUI display. The scrutiny of the offers has been carried out and the same is under approval stage.

(iii) The Order has been placed for installation of state-of-the-art IP based EPABX with support of convergent technology (using voice and data through same backbone) as a replacement of old Hotline exchange at Coal Bhawan and 15, Part Street office. The system is expected to be installed and commissioned shortly. Subsequently it will be extended to Subsidiary Companies and Areas for convergent Voice, Video and Data application.



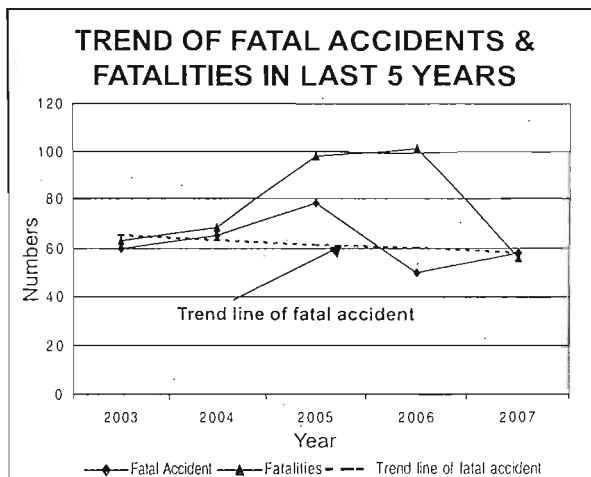
*Plantation over OB Dump, along the approach road of a coal mine*

- (iv) M/s. Deloitte has been appointed as a Consultant for formation of IT policy and drawing up the scheme for a converged IT Network from Project/Mine up to CIL level with connectivity of public portal. After getting information from different subsidiary Companies, communication scheme will be drawn for extending vice facilities and data connectivity in an integrated manner from Project, Mine, Regional stores, Workshops etc. to Area office, Subsidiary(HQ), CIL(HQ) and Ministry of Coal.
- (v) Action has been taken for Hosting of CIL corporate web Portal to substantially augment its image building endeavour and to bring it to a level commensurate with size and strategic importance of CIL, emphasizing its role in energy security of the nation. The web portal is also envisaged to conduct different business application in line with other Navaratna PSUs and will be connected with CIL intranet.

## 22. MINES SAFETY

### 22.1 Trend of fatal accidents & fatalities

CIL has achieved best ever safety performance in the year 2007 both in terms of numbers of reducing fatalities and fatality rate since its inception. CIL has also obtained excellent grade on MOU rating on safety as it has able to reduce Fatality Rate/MT of coal production (Safety Indicator as per MOU) to 0.15 against target 0.22 and corresponding figure of last year was 0.30 due to continuous and sustained efforts on safety front. There was no major fatal accident occurred in the year 2007. However, number of fatal accidents has slightly increased compared to 2006. The trend in fatal accidents in last five years in CIL are in declining mode. The trend of fatal accident in the last five years in CIL is given in Graph below:



### 22.2 Safety Statistics

- A. Overall accident Statistics for CIL in 2007 compared to 2006 are given below:

TABLE - A

Sl. No.	Parameter	Year 2007	Year 2006
1	Numbers of fatal accidents	55	51
2	Numbers of fatalities	57	106
3	Numbers of serious accidents	326	317
4	Numbers of serious injuries	340	336
5	Fatality rate per m.t.e. of coal production	0.15	0.30
6	Fatality rate per 3 lakhs manshift deployed	0.18	0.32
7	Serious injury rate per m.t.e. of coal production	0.92	0.96
8	Serious injury rate per 3 lakhs manshift deployed	1.05	1.02

Note : 1. Accident Statistics are maintained calendar year-wise in conformity with DGMS practice  
2. All figures for 2007 and figures for serious accident & serious injuries in 2006 are subject to reconciliation with DGMS.

#### B. Company-wise break-up of Accidents:

The Company-wise fatal accidents, fatalities, serious accidents and serious injuries in 2007 compared to 2006 are also given below:

TABLE - B

Company	Fatal Accidents & Fatalities				Serious Accident & Injuries			
	Accidents		Fatalities		Accidents		Serious Injuries	
	2007	2006	2007	2006	2007	2006	2007	2006
ECL	7	8	8	13	105	102	115	105
BCCL	10	12	10	61	66	45	66	47
CCL	7	5	8	5	16	19	16	19
NCL	5	4	5	5	10	15	10	15
WCL	12	13	12	13	60	57	61	60
SECL	10	7	10	7	60	68	63	72
MCL	4	2	4	2	9	10	9	17
NEC	0	0	0	0	0	1	0	1
<b>CIL</b>	<b>55</b>	<b>51</b>	<b>57</b>	<b>106</b>	<b>326</b>	<b>317</b>	<b>340</b>	<b>336</b>

Note :All figures for the year 2007and figures for serious accident & serious injuries in the year 2006 are subject to reconciliation with DGMS.

### C. Company-wise Break-up of Fatality & Serious Injuries Rate:

The Company-wise Fatality & Serious Injury Rate in 2007 compared to 2006 are also give below:

TABLE - C

Com- pany	Fatality Rates				Serious Injury Rates			
	Per M. Te.		Per 3 Lakh Manshifts		Per M. Te.		Per 3 Lakh Manshifts	
	2007	2006	2007	2006	2007	2006	2007	2006
ECL	0.32	0.41	0.11	0.17	4.63	3.32	1.54	1.37
BCCL	0.42	2.52	0.19	1.11	2.77	1.94	1.25	0.85
CCL	0.19	0.13	0.20	0.12	0.37	0.51	0.40	0.44
NCL	0.09	0.10	0.36	0.36	0.18	0.29	0.72	1.07
WCL	0.28	0.30	0.21	0.22	1.40	1.38	1.05	1.04
SECL	0.11	0.08	0.15	0.11	0.68	0.84	0.95	1.10
MCL	0.05	0.03	0.28	0.14	0.11	0.22	0.63	1.19
NEC	0.00	0.00	0.00	0.00	0.00	0.81	0.00	0.36
CIL	0.15	0.30	0.18	0.32	0.92	0.96	1.05	1.02

**Note :** All figures for the year 2007 and figures for serious accident & serious injuries in the year 2006 are subject to reconciliation with DGMS.

### 22.3 Activities for further improvement in Safety in Mines undertaken in 2007

For further enhancement of safety standard in its mining operations, CIL has pursued several measures in the year 2007 along with others on-going safety related activities/initiatives apart from compliance of statutory requirements for safety which are given below:

#### Disaster Prevention

The primary thrust of the Safety Strategy of CIL has been towards averting accidents with a large number of casualties (accidents involving more than 10 fatalities are termed disasters in Indian mining parlance). Towards this end, the following activities were taken:

#### Thrust on measures for prevention of inundation

- Regular Check Surveys.
- Before monsoon details Action Plan for preventive measures against inundation were prepared, implemented and monitored.

- Trial of Geo-physical Methods for Detection of waterlogged bodies/proving partings.
- Use of modern Survey Instrument like Total Station etc.
- Digitization of Mine Plan for enhancing accuracy.

#### Explosion & Fire

- Computerized Environmental Tele-monitoring Systems (ETMS) for getting advance warning on build up of excessive inflammable gases in mine environment that could lead to outbreak of fire or explosion were installed in some identified highly gassy or fiery mines.
- Modern Hand-held /Portable Digital Multi-gas Detectors were provided in mines for monitoring mine environment for early detection of heating/accumulation of inflammable/noxious gases.
- Introduction of Gas Chromatograph for getting better accuracy in analyzing mine air samples.
- Initiative has been taken to develop Carbon Nano-Technology (CNT) based personal gas detector device along with audio-alarm in collaboration with Jadavpur University.
- Stress was given on retraining of supervisory staffs on operation of Flame Safety Lamp (FSL) and other digital apparatus being extensively used.

#### Strata Management

Roof & Side fall is still one of the major causes of fatal accident and fatality in underground mines. Thrust on prevention of roof & side fall accidents was continued.

Main thrust areas are:

- Stress on underground mechanization so as to reduce the exposers of workers at the active faces.

- Mechanisation of Roof Drilling process for roof bolting purpose.
- Initiatives have been taken to develop device with appropriate audio-visual alarm to monitor the behaviour of overlying roof strata. One R&D project for development of indicators for monitoring impending load on roof has already initiated in collaboration with IIT-Kharagpur.
- Several roof-monitoring devices have been developed at Area/Mine level workshop and tried to use it in underground mines particularly in SECL.
- Creating awareness through extensive training of support personnel, dressers and supervisors.

In addition to this the following measures were also taken:

#### **Risk Assessment & Safety Management Plan:**

Risk Assessment has been completed in 427 mines and potential dangers associated in mining activities due to existing geo-mining conditions of the mine, method of mining being adopted for extraction of coal and from machineries being engaged for operations have been identified. Time-bound action programmes to eliminate or to reduce or to avoid the identified risks for each mine has been chalked out along with review mechanism. It is an on-going cyclical process.

#### **Safety Audit**

Safety Audit of the mines are being conducted in more meaningful way in two phases:

- a. **1st Phase:** Deficiencies (i.e. unsafe conditions and unsafe acts) are being identified and remedial measures suggested or recommended.
- b. **2nd Phase:** Review the status of implementation of the recommendations/

suggestions of 1st phase are being done in 2nd phase and thereafter final report is submitted.

S&R Division of CIL has conducted several co-ordination meeting at regular interval where Director (Tech.), CIL, Director (Tech)(Op)s and Chiefs of ISO of all subsidiaries participated to review the safety status of the mines and to adopt strategies for enhancing safety standard. Several initiatives were taken on the basis of the adopted resolutions of those meetings.

Thrust was given on further activating Pit Safety Committee at mine level and other Bi-partite & Tripartite Safety Committee at Area and subsidiary HQ level.

#### **ISO Inspection**

Inspections by the Internal Safety Organisation (ISO) officials were intensified. This has been resulted positive impact in safety management.

Thrust continued on Emergency preparedness through

- Preparation of Mine-specific Emergency Action Plans
- Demarcation of Escape Routes belowground as well as on plans.
- Conducting of Mock Rehearsals, monitoring failure points for further improvement.
- Initiative to introduce the Tracking system to locate the trapped miners in emergency by various technologies such as RFID

Initiative has been taken to procure training simulator for imparting training to operator/driver of tippers & dumpers.

#### **23. MINES RESCUE SERVICES**

A well equipped Rescue Service Organisations staffed by rescue personnel trained in modern training galleries and

equipped with modern rescue equipment is maintained by the subsidiary companies of CIL. At present, there are 6 Rescue Stations, 15 Rescue Room-with- Refresher- Training facilities and 18 Rescue Rooms in CIL. Company-wise details regarding Mine Rescue services of CIL have been posted at CIL web-site.

## 24. HUMAN RESOURCE DEVELOPMENT

### 24.1 Overall performance

31912 employees were trained during 2007-08, out of which 8091 were executives, 9608 supervisors and 14213 workmen. The performance included in-house training efforts, external training efforts and training abroad. The training of supervisors and Workers under "Statutory obligations" were taken care of separately.

### 24.2 In-house training

The corporate HRD plan for 2007-08 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 situated at different locations in Coal India.

In order to formalize Strategic HRD plan, a comprehensive HRD training 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 & supervisors and also transforming new employees for learning skills.

Total number of employees trained through in-house training efforts during 2007-08 is given below :

Category	Employees trained
Executives	5874
Supervisor	9279
Workmen*	14059
<b>Total</b>	<b>29212</b>

### 24.3 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, 2588 employees from eight subsidiary companies and CIL/HQ were trained under the various training programmes conducted outside Company. The break up of training efforts at different categories of employees is given below:

Category	Employees trained
Executives	2107
Supervisor	327
Workmen	154
<b>Total</b>	<b>2588</b>

#### (ii) Training Abroad

112 employees were trained abroad from April, 2007 to March, 2008, the details of which are given below:

Category	Employees trained
Executives	110
Supervisor	2
Workmen	0
<b>Total</b>	<b>112</b>

### 24.4 Additional Information on HRD in CIL during the year 2007-08

- The new CIL Training Policy has been prepared.
- The Structure of training has been prepared.
- In all 11 (executives) from CIL and its Subsidiary companies have passed the Certification of Project Managers' Course conducted by the Project Management Association, New Delhi.
- Training Module of Newly recruited Management Trainees in CIL has been prepared.



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## 25. MANPOWER

**25.1** The total manpower of the company including its subsidiaries as on 31.3.2008 is 426077 as against 439343 as on 31.3.2007. Company-wise position of manpower is as below :

Company	As on	Total
ECL	31.3.2008 31.3.2007	94943 98780
BCCL	31.3.2008 31.3.2007	80051 83578
CCL	31.3.2008 31.3.2007	58808 61610
WCL	31.3.2008 31.3.2007	64160 65599
SECL	31.3.2008 31.3.2007	82782 84368
MCL	31.3.2008 31.3.2007	20786 20591
NCL	31.3.2008 31.3.2007	16697 16726
NEC	31.3.2008 31.3.2007	3072 3210
CMPDI	31.3.2008 31.3.2007	3048 3127
DCC	31.3.2008 31.3.2007	641 647
CIL (HQ)	31.3.2008 31.3.2007	1089 1107
<b>CIL as a Whole</b>	<b>31.3.2008 31.3.2007</b>	<b>426077 439343</b>

**25.2** 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 1.1.2008 and 1.1.2007 are given below :

As on	Total Manpower	Scheduled Caste		Scheduled Tribe	
		Nos.	Percentage	Nos.	Percentage
1.1.2008	429507	95231	22.17	53065	12.35
1.1.2007	443128	97977	22.11	54456	12.29

## 25.3 Wage Negotiations

The Joint Bipartite Committee for the Coal Industry was constituted on 21.5.2007 to negotiate National Coal Wages Agreement-VIII in accordance

with the DPE's guidelines in terms of letter No. 55011-01-2006-PRIW dated 28th February, 2007 and letter No. 55011-1-2006-PRIW dated 14.5.2007 of Director, Govt. of India, Ministry of Coal, New Delhi. The last wage agreement i.e. NCWA-VII, was made for a period of 5 year i.e., from 1.7.2001 to 30.6.2006 with 100% neutralization of DA with the approval of GOI.

The first meeting of JBCCI-VIII was held on 29th June'07 at Kolkata and subsequently 3 more meetings have been held. Interim relief @ 15% of basic wages as on 30.6.2006 has been granted to the employees w.e.f. 1.7.2006.

## 26. 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)	
	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08
ECL	0+1(IS)	0+2(BB)	131	83	63251	1400	59000	500
BCCL	5+1(IS)	0+0(IS)	55	46	7846	0	8470	0
CCL	0+1(IS)	0+0(IS)	43	48	20527	0	81000	0
WCL	0+1(IS)	1+0(IS)	0	10	10001	18745	18293	83877
SECL	0+1(IS)	1+0(IS)	0	1	22512	3678	26595	11100
NCL	1+1(IS)	0+0(IS)	11	44	1998	0	0	0
MCL	0+1(IS)	0+0(IS)	9	25	0	0	0	0
NEC	0+1(IS)	0+0(IS)	2	0	894	0	65	0
CMPDIL	0+1(IS)	0+0(IS)	0	0	674	0	224.26 (Mtg.)	0
CIL	0	0	0	0	0	0	0	0
<b>Total</b>	<b>6+1 (IS)</b>	<b>2+2 (BB)</b>	<b>251</b>	<b>257</b>	<b>127703</b>	<b>23823</b>	<b>193423 (+) 224.26 (Mtg)</b>	<b>95477</b>

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

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

\* Mtg = Metreage / Mts., Metres

\* 1 (one) Industrial Strike was called on 14.12.2006.

\* Two Bangla Bundh were called by political party on 31.10.2007 & 12.11.07

## 27. EMPLOYEES' WELFARE AND SOCIAL SECURITY SCHEME

Coal India and its subsidiaries continue to give due attention for the welfare of its employees with a view to improve their quality of life. Some of the major achievements relating to welfare of employees of Coal India Limited are as follows:

- (a) Hon'ble Minister of Coal declared on CIL Foundation Day a Scheme under which direct dependent of employees who died or were permanently disabled in a mine accident are to be paid an amount of Rs. 5 lakhs. This amount is in addition to the payment made under Workmens' Compensation Act.
- (b) Coal India Limited has introduced a Scheme under which post retirement medical benefits have been provided to Executives on payment of a certain amount.
- (c) To further increase integration, it has been decided to celebrate 1st November of every year as CIL Foundation Day. The first CIL Foundation Day was observed on 1st November 2007 in CIL and all subsidiaries. Awards for Production, Productivity and Safety were presented to workers of all the subsidiary companies at a Central Function held at Kolkata. On this occasion, the CIL Corporate Geet was sung and CIL Flag unfurled all over the mines and areas of subsidiaries and at CIL(HQ).
- (d) Meritorious wards of CIL employees were awarded Merit and General Scholarship. Special Cash Award were presented to the wards of the employees of CIL(HQ) and Desk Offices of the subsidiaries for the first time who secured 90% or more in aggregate in 10th and 12th Standard Examination conducted by the Board.
- (e) Coal India continues to give special emphasis on promotion of sports and cultural activities for the employees and

their wards. Events in different sports disciplines were organized by CIL and its subsidiary companies. Inter colliery and inter area Sports and Cultural Meets were also held in the Subsidiary Coal Companies.

- (f) An amount of Rs. 10 crores was approved for the opening of an Engineering College at Korba in Chhatishgarh as a part of Corporate Social Responsibility (CSR) activities.

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.

Table below shows the position of basic amenities provided:

Sl. No.	Item	Available at the time of Nationalisation	Additions during 2007-08	Position as on 31.03.2008
1.	Housing			
	(a) Number of houses	1,18,366	525	4,13,022
	(b) Overall housing satisfaction	21.07%	—	96.93%
2.	Water supply (Population covered)	2,27,300	2,625	22,93,063
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	—	—	290
	(d) Other educational Institutions given grant/occasional help	—	—	207
	<b>TOTAL</b>	<b>287</b>	<b>—</b>	<b>584</b>
4.	Medical facilities			
	(a) Ambulances	42	—	667
	(b) Hospitals	49	—	85
	(c) Hospital beds	1,482	—	5,835
	(d) Dispensaries	197	—	424



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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.

## **28. TREE PLANTATION/AFFORESTATION**

In order to provide better environment, CIL and its Subsidiary Companies have planted 22.73 Lakhs of seedlings in the Coalfield Areas during the year 2007-08 under Afforestation programme.

## **29. PROGRESSIVE USE OF HINDI**

Coal India Ltd. continued its efforts to propagate and spread the progressive use of Hindi during the period under review. Adopting the Official Language policy of the Union Govt. which is based on motivation and encouragement, the Coal India is speeding the pace of implementation among its employees. The top management gives high priority on it. The abstracts of the important works done toward this direction during the period from 1.4.2007 to 31.3.2008 are as follows:

The period under reference had witnessed a glittering function held on 10th July, 2007 at Bengal Chamber of Commerce & Industry Conference Room. All the eight companies of Coal India Limited situated in A.B.C region were awarded "Rajbhasha Samman" Purskar by Hon'ble Chairman, Coal India Limited, Mr. Partha S Bhattacharyya for their best performance. The occasion was graced by all the Functional Directors of CIL. The Officers and employees working in Coal India Limited (HQ), Kolkata were awarded cash prizes for their best personal efforts in the field of implementation of Rajbhasha, Hindi in their Official work. This function brought sense of collective awareness towards Rajbhasha Hindi.

Another feather in the cap during the period under review is that Coal India bags

"Rajbhasha Shield" award given by Town Official Language Implementation Committee (PSUs) Kolkata in the area of outstanding performance towards implementation of Rajbhasha Act, Rules & Regulations during its half yearly meeting held on 30th August, 2007 at Flotel.

To augment the process of implementation of the provisions of the Official Languages Act & Rules and to increase the Hindi correspondence in the departments, regular meeting of Official Language Implementation Committee is being held under the Chairmanship of Director (P&IR), CIL. Chairman, CIL is also very much serious to attend the meetings. In such a meeting organized on 12.12.2007 in Coal Bhawan, Dr. Y. Lakshmi Prasad, Member, Hindi Salahkar Samiti, Ministry of Coal and Observer (Rajbhasha) for Coal India Ltd. was also present.

With a view to create working atmosphere of Hindi in the official works, Hindi Fortnight starting from 14.9.2007 was celebrated in all offices of Coal India Ltd. During the Fortnight various Hindi competitions such as Hindi Noting – Drafting, Hindi Essay, Hindi Dictation, Hindi Translation, Hindi typing were organized among the employees of Coal India Ltd. A large number of officers and staff participated in the competition enthusiastically.

Hindi inspection of the offices is also a part of implementation programme. During the period under review, offices of 4 subsidiary companies were inspected by CGM(Rajbhasha) & Rajbhasha Department Officials. Apart from this, a high power parliamentary committee on Rajbhasha inspected NEC office situated at Margherita, Desk office ECL, Kolkata, Regional Sales Office, Ahmedabad and Mahanadi Coalfields Ltd., Sambalpur. In order to train the Officers & Staff of CIL in Official Language who have working knowledge of Hindi, three Hindi workshops were organized by the Department during the year under review where 37 persons were trained.



### 30. VIGILANCE

#### 30.1 Vigilance Set-up

Coal India Limited (CIL) is the holding company of 8 (eight) Subsidiary Companies spread over the State of West Bengal, Jharkhand, Orissa, Madhya Pradesh, Chattisgarh and Maharashtra. Each subsidiary company is headed by Chairman-cum-Managing Director, assisted by Functional Directors. CIL acts as an Apex Body and holding company, which takes care of inter-company affairs and policy decisions across the subsidiary companies according to the Delegation of Powers vested with the holding company.

The anti-corruption activities in CIL and its subsidiary companies have been institutionalized by setting up Vigilance Department in the subsidiary companies each of which is headed by a Chief Vigilance Officer (CVO), appointed by the Govt. of India in consultation with Central Vigilance Commission (CVC) on tenure basis, drawn from various government services.

CVO, CIL apart from monitoring vigilance activities of departments and offices under direct control of CIL and North Eastern Coalfields (NEC) also enquires into/monitors such cases referred by the CVC/MOC to CIL Vigilance. He also investigates specific complaints against officials of subsidiary coal companies specifically referred by Chairman, CIL to CIL Vigilance or on the basis of complaints or source information received directly at CIL Vigilance. Some co-ordination with the subsidiary coal companies is effected informally since CIL Vigilance Division has to liaise with institutions like CVC, MOC, CBI as also in view of the fact that CMD, CIL is the Appointing/Disciplinary/Appellate Authority in case of executive cadre employees and CVO, CIL is required to act as an advisor whenever CMD, CIL has to discharge his authority in one of the above mentioned capacity vis-à-vis a vigilance matter.

Any interface therefore, is maintained with the Vigilance Division of the different subsidiary companies and their CMDs. It may be mentioned that formal CVO, CIL does not exercise superintendence or control over the CVOs or the vigilance set up in the different subsidiary companies.

One of the major tasks is to report the vigilance status of different officials when required by CIL management or MOC or CVC or PESB. In so far as cases of promotion are concerned, the vigilance status of the concerned required officials is sent to Personnel Division of CIL after collecting the same from the vigilance wings of the different subsidiary companies. Similarly, in case of selection, the vigilance status in respect of the required employees is sent to the concerned authorities i.e. MOC/CVC after collecting the same from the different subsidiary companies. CIL Vigilance maintains the vigilance data in respect of only such employees who are/were posted in CIL or NEC.

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

Total number of Intensive Examination of works/contracts undertaken/conducted was 79. In addition, Surprise Inspection at worksites were carried out by Subsidiary Vigilance units in 167 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 2007-08.

Name of the Company	ECL	BCCL	CCL	WCL	SECL	NCL	CMPDIL	MCL	CIL (HQ)	Total
Surprise	31	22	31	18	29	22	10	04	Nil	167
Intensive examination	01	19	12	12	06	08	09	11	01	79

Based on complaints received from various corners and from source information, 258 investigation cases were completed during



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the reporting year. Total number of Departmental Inquiries disposed during the year was 70 and a number of officials against whom punitive actions were taken was 327 including 62 non-executives. In Coal India Limited (HQ) and its subsidiaries, 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 2007-08**

Name of the Company	ECL	BCCL	CCL	WCL	SECL	NCL	CMPDIL	MCL	CIL (HQ)	Total
2007-08 (Up to March '08)	40	27	26	14	16	87	04	21	23	258

**(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	01	03	03	Nil	03	02	Nil	01	02	15
Oral Inquiry against NGO's disposed	12	11	14	05	05	01	01	06	Nil	55
<b>Minor Penalty :</b>										
Exe.	34	35	56	01	11	31	06	17	Nil	191
Non-Exe.	Nil	02	Nil	Nil	01	05	Nil	Nil	Nil	08
<b>Major Penalty :</b>										
Exe.	06	10	36	01	07	04	Nil	09	01	74
Non-Exe.	16	08	22	02	02	Nil	Nil	04	Nil	54

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

Grade	M3	M2	M1	E5	E4	E3	E2	E1	Total
Number	00	01	01	05	01	02	00	00	10

**30.3 Special Achievement**

CIL Vigilance arranged in inter-active session between Central Vigilance Commission, Ministry of Coal and Coal India Ltd. and its Subsidiary Companies in association with IICM, Ranchi on 19th and 20th July, 2007 at IICM, Ranchi which was attended by the officials of CVC, Officials of Ministry of

Coal including Secretary, Ministry of Coal, CMDs of Subsidiary Companies of CIL, including Chairman, CIL and all the Functional Directors of CIL, CVO, CIL, including all CVOs of Subsidiary Companies of CIL.

During the inter-active sessions various important issues as presented by the CMDs/ Directors of CIL and Subsidiary Companies and all CVOs of the Subsidiary Companies, were discussed. Some of the important issues discussed/deliberated during the inter-active sessions were issues relating to disposal in composite disciplinary cases involving Minor and Major penalty, imposition of penalty of termination with retrospective effect, variation in different circulars/OM issued by the Commission relating to closure of complaint involving officers up to two level below the Board level, issues relating to current status of the contracts executed with ESM transporter, procurement policy of HEMM, in view of Supreme Court Judgment of allocating the supply order in the ratio of 60:40 between L-1 and L-2 bidders vis-à-vis Purchase preference policy, issue relating to special dispensation from the CVC's guidelines to facilitate Coal Videsh to attain its objective expeditiously, complexities and delay in decision making involved in procurement of large size HEMM against Global tenders, issues relating to negotiation with L-1 tender only, participation of CVOs in administrative decision making process, issues of reimbursement of service tax and dispute arising out of imposition of service tax where NIT does not provide for it, Trap cases-simultaneous trial and RDA, award of contract on nomination basis, issues relating to vigilance clearance, promotion and personnel policies in the WEB site, issues covering discount bidding system in respect of coal & sand transportation, bearing on transfer and posting of the executives whose names have been included in the Agreed List, CIL marketing related issues, capacity assessment of the two privately run /washeries at Gevra Project of SECL etc.

Record notes of the discussions/decisions at the inter-active session, as approved by CVC was communicated to all concerned by CIL Vigilance in November, 2007.

During the inter-active session, CVC was informed about the implementation of the Integrity Pact in the procurement being finalized at CIL. CIL Vigilance took active part in the process of finalising the names of the Independent External Monitors which was approved by CVC.

During discussion, Chairman, CIL requested CVC to allow CVO, CIL to act in an advisory capacity on behalf of CVC. Secretary, MOC also reiterated Chairman, CIL's request for defining the role of CVO, CIL and his working relationship with CVOs of the Subsidiary Companies.

### 30.4 Vigilance Awareness Week

Vigilance Awareness Week was observed at Coal India Ltd(HQ) from 12th November to 16 November, 2007 as per the directives of the Central Vigilance Commission.

A circular dated 7/11/2007 requesting observance of Vigilance Awareness Week from 12th November, 2007 to 16th November, 2007 was issued by CVO, CIL addressed to Chairman, Coal India Ltd, all Functional Directors of CIL and all Departmental Heads of CIL Head Qtr. It was requested that the pledge should be taken on November 12, 2007 at 11.00 AM along with all officials of their respective Departments. CIL also vide letter dated 7/11/2007 requested all CVOs of Subsidiary Companies to prepare an action plan and organize the Vigilance Awareness week in a befitting manner in their respective subsidiaries.

On the 1st day of observance of Vigilance Awareness Week, i.e. on 12.11.2007 matter

containing messages from President of India, Prime Minister of India, Chief Vigilance Commission and CIL was published in Times of India, Kolkata, as well as New Delhi edition.

The observance of Vigilance Awareness Week was commenced with the pledge on 12th November, at 11-00AM, in Vigilance Division, CIL (HQ) by all the officials of Vigilance Division of CIL present on the day.

A one-day Interactive Session was organized on 15/11/2007 at Vigilance Division, CIL(HQ). As CVC has laid stress on efficiency and transparency in customer oriented issues, specially in the context of taking initiatives in improvement of the systems and procedures in gear, complaint handling policy, avenues available for redressal of grievances in Departments/Organisations etc., the following topics were deliberated during the interactive session, which was attended by Director (Finance), CIL, all the Heads of the Department of CIL and CVO, CIL and all officers of Vigilance Division of CIL:

1. Implementation of e-Payment
2. Operation of e-Procurement and handling of grievances
3. E-Booking of coal and essential features of New Coal Sales Policy including handling of grievances from clientele.
4. System of handling and redressal of grievances of the employees of CIL

CVO, CIL emphasized on internalization of rules, regulations so as to pre-empt external imposition of control and penalty. He stressed that efforts be made to raise awareness among the users of the services provided by the Departments. He also emphasized that the Departments have to act as focal points to fight



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corruption and mentioned that the Vigilance Awareness Week would provide an opportunity to rededicate ourselves to this mission and to devise strategies in priority areas like System Improvement and Preventive Vigilance. Vigilance Awareness Week will provide an opportunity to reach out to the stakeholders with an open mind and invite suggestion to chalk out way and means to deliver services in a transparent and efficient manner and to devise methodologies to eliminate corruption from public life.

On the topic of "Implementation of e-Payment", Director (Finance), CIL stated that release of payment to parties is a very long process and in order to avoid any mischief in payments, e-payment, is a better solution. In this regard, he described the process of e-payment and stressed on its implementation in CIL in view of its effectiveness towards transparent business procedure.

On the topic of "Operation of e-procurement and handling of grievances", CGM(Materials Management), CIL deliberated on the process of e-procurement. He elaborated on the "Four Demons" in finalizing a procurement action namely Delay, Discretion, Dispensation and Disinformation. To minimize these drawbacks in procurement action and for a more transparent solution, he welcomed e-procurement as major tool. He informed that, the system of e-procurement had been introduced in Coal India Ltd in 2006-07 with the approval of CIL Board. He further intimated that this process of e-procurement was introduced in 2006-07 for the first time in CIL in respect of central procurement of Explosives for all Subsidiary coal companies. He also described the total process of e-procurement in detail and its different merits in comparison with Manual/paper bidding.

General Manager (Sales & Marketing), CIL deliberated on "e-Booking of coal and

essential features of New Coal Sales Policy including handling of grievances from clienteles". He briefed the audience on the New Coal Sales Policy and specially highlighted on policies for existing as well as new consumers.

Chief General Manager (Personnel), CIL deliberated on the topic of "System of handling and redressal of grievances of the employees of CIL". He elaborated on the different committees at CIL and its Subsidiaries to deal with grievances at different levels. It was informed that in addition, grievances from executives of coal companies are directly disposed off at CIL HQ and the concerned executives are replied to through their respective coal companies. He also informed regarding existence of different Standing Grievance Committees to deal with grievances from Wage Board employees. During the discussions, he intimated that amendment of Common Coal Cadre and CDA Rules are in progress. He also shared his views with the participants and answered queries on relevant issues.

### **31. PARTICULARS OF EMPLOYEES**

None of the employees received remuneration in the year 2007-08 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.

### **32. BOARD OF DIRECTORS**

Shri Partha S. Bhattacharyya, appointed as Chairman w.e.f. 1.10.2006, continued during the year under report. Shri Md. Salim Uddin, Director (Personnel & Industrial Relation), CIL was on the Board upto 31.5.2007, 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 on the

Board through out the year. Shri R. Mohan Das, as Director (P&IR) was inducted on the Board w.e.f. 1.6.2007.

Dr. S. P. Seth, Addl. Secretary, MOC continued as part-time Director on the Board during the year. Shri Sujit Gulati, Jt. Secretary and Financial Adviser, MOC and Shri Ashok Gupta, Adviser (Traffic), Railway Board were on the Board as part-time Director upto 10.9.2007 and 9.7.2007 respectively. Shri Sanjiv Mittal, Jt. Secretary and Financial Adviser, MOC and Shri Vivek Sahai, Adviser (Traffic Transportation), Railway Board were inducted on the Board as part-time Director w.e.f. 10.9.2007 and 9.7.2007 respectively.

Shri S. Narsing Rao, CMD, Singareni Colliery Co. Limited, Part-time Director was on the Board upto 5.2.2008. Shri B. K. Sinha, CMD, South Eastern Coalfields Limited was on the Board as Part-time Director upto 6.2.2008. Shri D.C. Garg, CMD, Western Coalfields Limited and Shri A.K. Singh, CMD, Central Mine & Design Institute Limited became Part-time Director w.e.f. 6.2.2008 and 15.2.2008 respectively and continued on the Board during the year.

Shri P. K. Banerjee, Shri Arvind Pande, Shri S. Murari and Prof. S. K. Barua were inducted on the Board as non-official Part-time Directors w.e.f. 24.8.2007.

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 11 (eleven) meetings during the year 2007-08.

### 33. 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.

### 34. ACCOUNTS OF THE SUBSIDIARIES

The copies of Accounts of the Subsidiary Companies for the year 2007-08 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.



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### **35. B.I.F.R AND BRPSE STATUS**

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

As on 31st March, 1997, accumulated loss of the company exceeded its network by Rs. 251.20 crores, hence 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 31st March, 1998, by converting unsecured loan of Rs. 1179.45 crores into equity, the network became positive by Rs. 423.96 crores as on that date and the company came out of BIFR. Since the company continued to incur losses year after year, the network of the company again became negative as on 31st March, 1999 by Rs. 10.90 crores and hence 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. After detailed 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 network of the Company was slated to become positive by 2008-09. BIFR hearing was held on 21st September, 2004. BIFR sanctioned the Rehabilitation Scheme of ECL (March, 2004) on 2nd November, 2004

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 16th June, 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 to 15th July, 2005. The impact of enhanced sale value as well as NCWA-VII (Other than Interim Relief @ 15% of basic) was not considered in the financial projection of the BIFR sanctioned Rehabilitation Scheme. Due to implementation of NCWA-VII, as well as the enhancement of sales price and delay in implementation of projects the scheme was revised as per the advice of BRPSE. As per the revised scheme, the network of the company was slated to become positive by 2009-10. The Revised Scheme was heard by the 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. Cabinet Committee on Economic Affairs had approved the BRPSE recommended Revival Plan of ECL on 5th October 2006.

After obtaining the 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 12th June 2007. BIFR advised the company to submit Govt. approved Revival Plan to Monitoring Agency with a copy to them with 60 days. Company had submitted the same to Monitoring Agency

with a copy to BIFR on 7th August 2007. BIFR is yet to approve the scheme.

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

BCCL came out of BIFR at 4th hearing held on 22.12.97 as net worth of the Company became positive due to capital restructuring by converting loan into Equity by CIL amounting to Rs. 996 crores. Before converting loan into Equity by CIL, the paid up share capital of BCCL was Rs. 1122 crores. After conversion, paid up share capital of BCCL is Rs. 2118 crores. However, BCCL was under watch of BIFR u/s 23 of SICA. Since 1997 BCCL is regularly sending Annual Report of BCCL from time to time.

After completion of Accounts for the year 1999-2000, the net worth of the Company became negative and after making reference to BIFR, BCCL was once again registered as Sick Company vide Registration No. 502/2001. In its first hearing held on 3.4.2002, BIFR dismissed the reference as time barred and 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 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 considered by BCCL Board at its 232nd meeting held on 2.4.2004. Revival Plan was submitted to BIFR on 12.4.2004. Valuation Report of the assets of BCCL was submitted to BIFR on 31.5.2004 valued by Govt. approved valuer, M/s. Devcon Engineers & Valuers, Kolkata. Thereafter no hearing of BIFR has taken place.

### (B) *Submission of rehabilitation scheme to Board for reconstruction of Public Sector Enterprises*

Government of India constituted a Board for Reconstruction of Public Sector Enterprises (BRPSE) 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, 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 24.1.2005 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



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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 was sent to Secretary (Coal), MOC and Chairman, Coal India Ltd. for further action.

As desired by BRPSE vide its letter no. BRPSE/3(33)2005 dated 21.5.2007, 18 copies of the each of the following documents were submitted for consideration of BRPSE.

- (i) Updated Revival Proposal of BCCL (figures updated till 2006-07)
- (ii) Final report of M/s. CARE Advisory on appraisal of BCCL's Revival report.
- (iii) Summarised note on Revival Proposal of BCCL.
- (iv) Annual Report of BCCL for the year 2005-06
- (v) Provisional accounts with Schedules of BCCL for the year 2006-07.

While evaluating the performance of the company for the year 2006-07, it was observed that physical parameter achieved was more or less in line with those envisaged in the report of M/s. CARE Advisory. However, the financial parameter set could not be achieved due to various reasons. Further during the intermediate period, changes had occurred in respect of various factors having a bearing on the operation of the company.

As desired vide letter dated 21.5.07 from Director BRPSE revival/restructuring proposal of BCCL duly updated with the latest available

information/figure for the year 2005-06 and 2006-07 was submitted to Director MOC vide letter No. CMD/ES/F-2(B-07-412) dated 25.8.2007.

As desired by Secretary to the Govt. of India, MOC vide letter No. 13011/4/2004-CA-II dated 20.9.2007, a summarized note on revival proposal of BCCL was submitted to BRPSE in September 2007.

As per advice of Under Secretary to the Government of India, MOC vide reference No. 1301/4/2024-CA-II Vol.-II dated 20.2.2008, a PPT presentation on the revival Proposal of BCCL was made before the Board during 56th meeting of the Board for Reconstruction of Public Sector Enterprises (BRPSE) at New Delhi on 22.2.2008.

As conveyed vide Office Memorandum No. BRPSE/5(2)/2008 Dated 27.2.2008 issued by Director, BRPSE, it is stated that BRPSE has given its recommendation for revival of BCCL under ministry of Coal. The Recommendation of BRPSE recorded in the minutes of 56th meeting of BRPSE is as follows :

#### QUOTE

#### 17. Recommendation of the Board:

17.1 The Board discussed the revival proposal in detail and having taken into account all the relevant factors, the view of the MOC as well as CIL, the holding company of BCCL recommended the following revival package:

#### (a) Cash infusion by Coal India Ltd.

Cash support by the way loan upto maximum of Rs. 1350 crores as per year wise phasing indicated in the report of M/s. CARE to be repaid by BCCL as per prescribed repayment schedule.



(b) Conversion of loan of CIL into interest free loan: Conversion of past loan of Rs. 1083 crores of CIL into interest free w.e.f. 1/4/05.

(c) Waiver of interest, loan by CIL

(i) Waiver of interest by CIL in 2009-10 amounting to Rs. 493 crores accrued upto 31.3.2005 and not recognized as income in the books of CIL.

(ii) Waiver of the loan of Rs. 1083 crores as on 1.4.2005 by CIL in the year in which BCCL shall be consequently enable to report a positive net-worth.

(iii) Waiver of current account balance of Rs. 1456 crores as on 1.4.2003 by CIL in the year in which BCCL shall be consequently enabled to report a positive net-worth.

(iv) Waiver of accrued interest on other loans by CIL in the year in which BCCL shall be consequently enabled to report a positive net-worth.

17.2 The Board advised MOC/CIL/BCCL to ensure that the funds infused are utilized strictly for the purpose for which they were meant.

17.3 The Board also advised MOC/CIL/BCCL to implement the recommendations of CARE on (i) improving the age profile of workforce, (ii) strengthening the costing system so that viability analysis of various initiatives and profitability analysis of product/mines can be carried out and (iii) investment in information technology for implementation of enterprise wide software solutions in BCCL.

17.4 The Board further recommended that BCCL should, after implementation of the above revival package, achieve the projected performance outlined in para 12 above and the same should be indicated clearly in the Government orders sanctioning the revival package.

17.5 The Board further recommended that while Chairman, CIL should monitor the implementation of the revival plan of BCCL on monthly basis. Secretary, MOC should also monitor it on regular basis. A compliance report should be sent to the Board within one year.

UNQUOTE

The relevant part of the minutes of the Meeting of REVIEW OF COAL SECTOR taken by Principal Secretary to Prime Minister on 3rd June 2008 circulated by Director, PMO New Delhi vide reference No. 200/31/c/78/2005-ES.I dated 6.6.2008 reads as follows:

"REVIVAL OF BCCL- The confirmed minutes of the meeting held on 22.2.2008 by BRPSE for revival package have been received. The matter is being referred to BIFR for further concurrence."

### 36. 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



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wishes to place on record their sincere thanks to the Consumers for their patronage.

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

### 37. 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, 2008.

For and on behalf of

the Board of Directors

Sd/-

**(Partha S. Bhattacharyya)**  
*Chairman*

Kolkata, the dated 24th July, 2008

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY :

Corporate Governance is for ensuring values, ethical business conduct, transparency, disclosures as per laws, rules and guidelines to the highest extent. CIL is committed to observe Corporate Governance practices at different levels and to achieve its objectives.

### 2. BOARD OF DIRECTORS :

As on 31st March, 2008, the Board of Directors comprised a full-time Chairman, 5 Functional Directors and 8 Non-Executive Directors ( including 2 Government Nominees and 2 Part-time Directors of Subsidiary Companies and 4 Non-official Part-time Directors). During the year, 11 Board meetings were held on 11.5.2007, 2.7.2007, 1.8.2007, 27.8.2007, 25.9.2007, 7.11.2007, 24.11.2007, 18.12.2007, 18.1.2008, 8.3.2008 and 24.3.2008.

The composition of Directors and their attendance in the Board meetings during the year 2007-08 are as follows :

Sl. No.	Name of the Director.	Category of Directorship	No. of Board meetings attended during 2007-08	Attended at the last AGM	No. of other Directorship as on 31.3.2008
1	Shri Partha S. Bhattacharyya	Chairman	11	Yes	NIL
2	Shri K. Ranganath	Director(Mktg.)	10	No	02
3	Shri S. Bhattacharya	Director(Finance)	11	Yes	02
4	Shri N. C. Jha	Director(Tech.)	10	No	02
5	Shri R.Mohan Das	Director (P&IR )	10	No	02
6	Dr. S.P.Seth	Non-Executive Director	09	Yes (Through Proxy)	02
7	Shri Vivek Sahay	Non-Executive Director	02	No	NA
8	Shri Sanjiv Mittal	Non-Executive Director	07	Yes (Through Proxy)	07
9	Shri P.K.Banerjee	Non-Executive Director	07	No	02
10	Shri Arvind Pande	Non-Executive Director	06	No	05
11	Shri S. Murari	Non-Executive Director	06	No	02
12	Prof. S.K.Barua	Non-Executive Director	03	No	03
13	Shri D.C.Garg	Non-Executive Director	02	No	02
14	Shri A.K.Singh	Non-Executive Director	01	No	01

### 3. AUDIT COMMITTEE :

#### (a) Terms of reference

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

- Review of financial statement before submission to the Board .
- Periodical review of internal control system.
- Review of Govt. Audit and Statutory Auditor's Report .



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- (iv) Review 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 Limited including that of Subsidiaries.
- (viii) Special studies/investigation of any matter including issues referred by the Board.

**(b) Composition**

The statutory requirement relating to meetings of the Audit Committee are looked after by the Company Secretary, Coal India Limited. The Head of Internal Audit Department of CIL coordinates the meeting of Audit Committee in association with Company Secretary, CIL. The Audit Committee held 5 (five) meetings during the financial year 2007-08.

The present Audit Committee was re-constituted on 18.12.2007, which consists of Shri P.K.Banerjee as Chairman and other members are S/Shri Arvind Pande, Prof. S. K. Barua, S. Murari, Sanjiv Mittal and Director(Mktg.), CIL. Their attendance are as follows :-

<i>Name of the Directors</i>	<i>Status</i>	<i>Nos. of meetings attended</i>
1. Shri P.K.Banerjee	Chairman	2
2. Shri Arvind Pande	Member	1
3. Prof. S. K. Barua	Member	NIL
4. Shri S. Murari	Member	1
5. Shri Sanjiv Mittal	Member	2
6. Director(Mktg.), CIL.	Member	2

**4. EMPOWERED SUB-COMMITTEE FOR EVALUATION APPRAISAL AND APPROVAL OF PROJECTS**

An Empowered Sub-Committee for evaluation, appraisal and approval of the projects was re-constituted in accordance with the decision of the 238th Board meeting of CIL held on 18-12-2007, details of which are as under :

<i>Name of the Directors</i>	<i>Status</i>	<i>Nos. of meetings attended</i>
1. Chairman, CIL	Chairman	1
2. Director(Finance), CIL	Member	1
3. Director(Technical), CIL	Member	1
4. Jt. Secretary & FA, MOC	Member	NIL
5. Shri Arvind Pande	Member	NIL
6. Shri S. Murari	Member	1
7. CMD, CMPDIL	Permanent Invitee	1
8. CMD of Subsidiary Company, whose projects are under consideration.	Invitee	—

**5. SUB-COMMITTEE FOR REVIEWING DOPS :**

A Sub-Committee was constituted in terms of the decision of 239th Board meeting of CIL held on 18.1.2008 for reviewing DOPs of CIL, details of which are as under :-

<i>Name of the Directors</i>	<i>Status</i>	<i>Nos. of meetings attended</i>
1. Shri S. Murari	Chairman	2
2. Shri Sanjiv Mittal	Member	2
3. Shri P.K. Banerjee	Member	2
4. Shri S. Bhattacharya	Member	2
5. Shri B.K. Sinha	Member	NIL

## 6. GENERAL BODY MEETINGS

Date, time and venue, of the last three Annual General Meetings held are as under :-

Financial Year	Date	Time	Location
2006-2007	18-09-2007	3.00 P.M	Coal Bhawan, 10, N.S. Road, Kolkata –1
2005-2006	13-09-2006	11.00 A.M.	Coal Bhawan, 10, N.S.Road, Kolkata-1
2004-2005	31-08-2005	11.30 A.M.	Coal Bhawan, 10, N.S. Road, Kolkata-1.

## 7. DISCLOSURES

There were no transactions by the company of material nature with promoters, Directors or the Management, their relatives etc. that may have potential conflict with the interests of company at large. The Non-Executive Directors had no pecuniary relationships or transactions with the company during the year except receipt of sitting fees for attending meetings of the Board/Board Sub-committee. None of the Non-Executive Directors held any share of the Company.

## 8. SHAREHOLDING PATTERN OF CIL

100% Shares of Coal India Ltd. is held by President of India.

## 9. DETAILS OF SUBSIDIARIES OF COAL INDIA LTD AND ITS LOCATION

Coal India Ltd. at present having Eight Subsidiaries. (Seven Coal Producing Companies and One Service Oriented Company). The Company's Subsidiaries are located at :

- (i) Eastern Coalfields Ltd, Sanctoria , Disergarh, West Bengal
- (ii) Bharat Cocking Coal Ltd, Dhanbad, Jharkhand.
- (iii) Central Coalfields Ltd, Ranchi , Jharkhand.
- (iv) Western Coalfields Ltd., Nagpur, Maharashtra.
- (v) South Eastern Coalfields Ltd, Bilaspur, Chhatisgarh.
- (vi) Northern Coalfields Ltd, Singurali, Madhya Pradesh.
- (vii) Mahanadi Coalfields Ltd., Sambalpur, Orissa
- (viii) C.M.P.D.I. L, Ranchi, Jharkhand.

## 10. CODE OF CONDUCT

Finalisation of Code of Conduct for all Board members and Senior Management of Coal India Ltd. is under progress.



2007-2008

## **PS & ASSOCIATES**

225D, A.J.C Bose Road, Kolkata-700020, India

Tel: +91 332280-9045 Fax: +91 332287-6329

Email: ps@gravityinfotech.com

### **CORPORATE GOVERNANCE CERTIFICATE**

To

**The Members**  
Coal India Limited

We have examined the compliance of conditions of Corporate Governance by Coal India Limited for the year ended 31st March 2008 as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) issued by the Department of Public Enterprises, Govt. of India, vide O.M. No. 18(8)/2005-GM dated 10th August, 2007.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions (except a few which are under progress) of Corporate Governance as stipulated in the above mentioned OM dated 10th August, 2007.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **PS & Associates**  
Company Secretaries  
Sd/-  
**Swati Bajaj**  
Partner  
(Membership No. 3502)

Dated: 22nd July, 2008  
Place: Kolkata

# **Annual Accounts**

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

### **2007–2008**

**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.



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# Balance Sheet (Consolidated)

As at 31st March, 2008

(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	1302600.80		1157293.96
B. Shifting & Rehabilitation Fund	C	94587.79		68807.75
C. Deferred Tax Liability		19764.38		24241.24
D. Loan Fund				
(a) Secured	D	22470.63	33270.56	
(b) Unsecured	E	165920.26	188390.89	214372.09
		<u>2236980.30</u>	<u>181101.53</u>	<u>2096351.48</u>
<b>II. APPLICATION OF FUND</b>				
A. Fixed Assets	F			
(a) Gross Block		3185691.35	3025742.41	
Less : Depreciation		2094926.60	1966239.87	
Less : Impairment		41064.66	37766.85	
Less : Other Provisions		40.41	49.31	
(b) Capital Work-in-Progress		<u>1049659.68</u>	<u>159095.64</u>	<u>1021686.38</u>
(c) Surveyed Off Assets		159095.64	2913.56	131111.51
B. Investment	G	2913.56	171790.15	2405.09
C. Deferred tax Assets		171790.15	97771.92	202587.65
D. Current Assets, Loans & Advances				69063.15
Inventories	H	338396.44	312049.63	
Sundry Debtors	I	165705.81	158640.53	
Cash & Bank Balances	J	2096147.99	1592926.54	
Loans & Advances	K	1030428.66	819188.28	
		<u>3630678.90</u>	<u>2882804.98</u>	
Less : Current liabilities & Provisions	L	<u>2874929.55</u>	<u>2213307.28</u>	
		<u>755749.35</u>		<u>669497.70</u>
<b>Total</b>		<u>2236980.30</u>		<u>2096351.48</u>
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 (Finance)

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

Dated : 29th July '08  
Place : Kolkata

As per our report annexed  
For **Mitra Kundu & Basu**  
Chartered Accountants  
Sd/-  
(S. Das)  
Partner  
Membership No. 051391  
The 29th July, 2008



# Profit & Loss Account (Consolidated)

For the year ended 31st March, 2008

(Rs. in '00,000)

	Schedule	Current Year	Previous Year
<b>INCOME :</b>			
Sales	1	3263386.00	2960218.49
Coal Issued for other purposes	2 (a)	197454.22	194046.97
Decretion(+)/Accretion (-) of stock	3	24419.52	24755.23
Other Income	4	376410.03	321520.04
<b>Total</b>		<b>3861669.77</b>	<b>3500540.73</b>
<b>EXPENDITURE :</b>			
Internal consumption of coal	2 (b)	195086.06	184804.87
Consumption of Stores & Spares	5	437855.54	412559.22
Employees' Remuneration and Benefits	6	1263515.90	1009753.21
Power & Fuel	7	159369.96	160034.77
Social Overhead	8	162285.69	147804.81
Repairs	9	70969.22	66491.40
Contractual Expenses	10	263325.75	209340.29
Other Expenditure	11	148734.72	126398.24
Interest	12	14993.30	8492.83
Overburden removal adjustment		156403.30	168658.21
Finance/commitment charges	13	1935.59	2317.99
Depreciation		152994.53	131163.49
Impairment		3070.22	4617.97
Provisions / Write Off	14	23200.87	11685.52
<b>Total</b>		<b>3053740.65</b>	<b>2644122.82</b>
<b>PROFIT FOR THE YEAR</b>		<b>807929.12</b>	<b>856417.91</b>
Prior Period Adjustment		11112.79	2205.65
Extra ordinary item		54804.15	1622.08
<b>PROFIT BEFORE TAX</b>		<b>873846.06</b>	<b>860245.64</b>
Provision for Income Tax		361922.93	316849.24
Provision for Deferred Tax (written back)		(24883.88)	(27798.10)
Provision for Income Tax for earlier year		7646.09	(6439.91)
Excess Prov.For Income tax written back (earlier period)		(3.30)	2881.01
Fringe Benefit Tax		4837.01	3880.62
<b>PROFIT AFTER TAX</b>		<b>524327.21</b>	<b>570872.78</b>
Profit/ (Loss) brought forward from previous year	477443.83		190447.86
Add : Adjustment for deemed Dividend Tax of earlier year -	—		10008.00
Add: Transfer from Bond Redemption Reserve	—		1400.00
Less : Transitional Provision for Employee Benefits (Ref. Note No. 12.10; Schedule M; Part B)	(68776.09)		
Less : Waiver of Past Accrued Interest (Ref. Note No. 12.6; Schedule M; Part B)	(49290.15)		
		359377.59	201855.86
<b>PROFIT/ (LOSS) AVAILABLE FOR APPROPRIATIONS</b> (Carried Down)		<b>883704.80</b>	<b>772728.64</b>



2007-2008

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

Profit & Loss Account (Contd.)

		(Rs. in '00,000)	
	Schedule	Current Year	Previous Year
PROFIT/(LOSS) AVAILABLE FOR APPROPRIATIONS (Brought down)		883704.80	772728.64
<b>APPROPRIATION</b>			
Reserve for Foreign Exchange Transactions		673.89	1380.33
Transfer to General Reserve (Incl'd. Bond Red. Reserve)		88974.37	90461.43
Proposed Dividend on Preference Shares		—	—
Proposed Dividend on Equity Shares			
Interim Dividend		170542.00	150000.00
Tax on Dividend		88534.22	53443.05
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>534980.32</b>	<b>477443.83</b>
Basic and Diluted Earnings per Share (in Rupees)		827.79	901.61

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 (Finance)

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

Dated : 29th July '08  
Place : Kolkata

As per our report annexed  
For **Mitra Kundu & Basu**  
Chartered Accountants  
Sd/-  
(S. Das)  
Partner  
Membership No. 051391  
The 29th July, 2008

# Schedule to Balance Sheet (Consolidated)

As At 31st March, 2008

## SCHEDULE – A

### SHARE CAPITAL

(Rs. in '00,000)

	Current Year	Previous Year
<i>Authorised</i>		
(i) 9041800 Non-cumulative 10% Redeemable Preference Shares of Rs.1000/- each	90418.00	90418.00
(ii) 8,00,00,000 Equity Shares of Rs.1000/- each	800000.00	800000.00
	<u>890418.00</u>	<u>890418.00</u>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
(i) 6,05,94,305 Equity Shares of Rs.1000/- each fully paid in cash	605943.05	605943.05
(ii) 25,69,339 Equity Shares of Rs.1000/- each allotted as fully paid up for consideration received other than cash	25693.39	25693.39
<b>TOTAL</b>	<u>631636.44</u>	<u>631636.44</u>



2007-2008

*SCHEDULE TO BALANCE SHEET (CONTD.) CONSOLIDATED*

**SCHEDULE – B**

RESERVES & SURPLUS		(Rs. in '00,000)
	Current Year	Previous Year
RESERVES:		
Capital Reserve	1639.81	1668.19
Capital Redemption Reserve	180836.00	180836.00
Bond Redemption Reserve	3.40	3.40
Reserve for Foreign Exch. Transaction	11170.15	10496.26
General Reserve	573971.12	486846.28
	<hr/>	<hr/>
	767620.48	679850.13
SURPLUS :		
Balance Carried Forward	534980.32	477443.83
	<hr/>	<hr/>
	534980.32	477443.83
Total :	<hr/>	<hr/>
	1302600.80	1157293.96

**SCHEDULE – C**

SHIFTING & REHABILITATION FUND		(Rs. in '00,000)	
	Current Year	Previous Year	
Opening Balance as on 01.04.2007	68807.75	48594.58	
Add : Interest from Investment of the fund (Net of TDS)	6305.24	4710.05	
Add : Contribution from Subsidiaries	19474.80	17751.60	
	<hr/>	<hr/>	
	94587.79	71056.23	
Less : Transferred to Subsidiary		2248.48	
	<hr/>	<hr/>	
<b>TOTAL</b>	94587.79	68807.75	
	<hr/>	<hr/>	

## SCHEDULE TO BALANCE SHEET (CONTD.) CONSOLIDATED

### SCHEDULE – D

SECURED LOANS		(Rs. in '00,000)
	Current Year	Previous Year
LOAN FROM SCHEDULE BANKS :		
(a) Deferred Credits	1627.47	2486.33
(b) Overdraft against Pledge of Term Deposit	20843.16	17065.99
(c) Cash Credit against Hypothecation of Stock of Coal, Coke etc., Debtors and other Assets of CIL and guaranteed by Coal India Limited	—	13718.24
TOTAL	22470.63	33270.56

### SCHEDULE – E

UNSECURED LOAN		(Rs. in '00,000)
	Current Year	Previous Year
Deferred Credits		
Export Development Corp., Canada	13726.27	15399.30
Liebherr France, S.A., France	1110.71	1092.64
Loan from IBRD & JBIC	151083.28	164609.59
TOTAL	165920.26	181101.53



2007-2008

## SCHEDULE TO BALANCE SHEET (CONTD.) CONSOLIDATED

### SCHEDULE – F

(Rs. in '00,000)

#### FIXED ASSETS

	COST				DEPRECIATION				IMPAIRMENT LOSS				TOTAL	NET BLOCK	
	As on 01.04.07	Addition during the year	Adj/Sales/ Transfer 2007 - 08	Total as on 31.03.08	As on 01.04.07	Addition dur:ng the year	Adj/Sales/ Transfer 2007 - 08	Total as on 31.03.08	As on 01.04.07	Addition during the year	Adj/Sales/ Transfer 2007 - 08	Total as on 31.03.2008	Depreciation/ Impairment Loss	As on 31.03.08	As on 31.03.07
<b>LAND</b>															
(a) Freehold	27884.73	1416.14	113.02	29413.89	9781.53	509.85	(15.82)	10275.56					10275.56	19138.33	18103.20
(b) Lease hold	94807.80	65080.53	3513.58	163401.91	41468.87	22345.64	(202.66)	63611.85					63611.85	99790.06	53338.93
BUILDING/WTR SUP/ ROAD & CLV	376523.62	5162.61	(418.19)	381268.04	115513.12	8336.46	(632.36)	123217.22	164.08	12.31		176.39	123393.61	257874.43	260846.42
PLANT & MACHINERY/ STORES/CHP	1942355.01	100936.19	(42270.83)	2001020.37	1399712.62	109442.67	(36047.03)	1473108.26	7127.61	740.52		7868.13	1480976.39	520043.98	535514.78
FURNITURE & FITTINGS/ OFFICE EQUIPMENTS/ ELC. INSTLN/FIRE ARMS/ TOOLS & EQUIP	69541.93	2018.15	761.09	72321.17	45041.63	2940.98	(165.60)	47817.01	5.79			5.79	47822.80	24498.37	24494.51
RAILWAY SIDING	39174.00	769.71	0.01	39943.72	21640.11	1576.18	(181.28)	23035.01					23035.01	16908.71	17533.89
VEHICLES	24965.31	291.36	(438.64)	24818.03	21607.38	617.76	(503.60)	21721.54					21721.54	3096.49	3357.93
AIRCRAFT	1665.38			1665.38	1310.13			1310.13	355.25		(199.91)	155.34	1465.47	199.91	
TELECOMMUNICATION	5971.06	135.58	83.35	6189.99	4782.32	243.89	(3.17)	5023.04	0.06			0.06	5023.10	1166.89	1188.68
DEVELOPMENT	378066.09	15349.85	3438.33	396854.27	255970.25	15293.14	1335.47	272598.86	27454.77	2259.12	(0.14)	29713.75	302312.61	94541.66	94641.07
PROSPECTING & BORING	43286.53	745.77	294.00	44326.30	33087.78	1420.45	(269.29)	34238.94	2659.29	485.91		3145.20	37384.14	6942.16	7539.46
ASSETS TAKEN ON NATIONALISATION	906.56	0.00	0.00	906.56	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	20594.39	977.83	1989.50	23561.72	15418.57	608.91	2036.13	18063.61					18063.61	5498.11	5175.82
<b>TOTAL</b>	<b>3025742.41</b>	<b>192883.72</b>	<b>(32934.78)</b>	<b>3185691.35</b>	<b>1966239.87</b>	<b>163335.93</b>	<b>(34649.21)</b>	<b>2094926.59</b>	<b>37766.85</b>	<b>3497.86</b>	<b>(200.05)</b>	<b>41064.66</b>	<b>2135991.25</b>	<b>1049700.10</b>	<b>1021735.69</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	(40.41)	(49.31)
<b>TOTAL</b>	<b>3025742.41</b>	<b>192883.72</b>	<b>(32934.78)</b>	<b>3185691.35</b>	<b>1966239.87</b>	<b>163335.93</b>	<b>(34649.21)</b>	<b>2094926.59</b>	<b>37766.85</b>	<b>3497.86</b>	<b>(200.05)</b>	<b>41064.66</b>	<b>2135991.25</b>	<b>1049659.69</b>	<b>1021686.38</b>

# SCHEDULE TO BALANCE SHEET (CONTD.) CONSOLIDATED

## SCHEDULE – G

### INVESTMENT

(Rs. in '00,000)

	Current Year	Previous Year
<b>A. 8.5% Tax Free Power Bonds includes :</b>	<b>171782.13</b>	<b>202579.60</b>
(On securitisation of Sundry Debtors)		
UP	26721.60	30634.60
Haryana	1066.40	1199.70
Maharashtra	46360.15	51047.10
Madhya Pradesh	60436.35	67293.90
Gujarat	28118.40	31633.20
Tamilnadu		10557.00
West Bengal	9052.80	10184.40
Others	26.43	29.70
<b>B. Non-Trade (Shares in Co-operative Shares)</b>	<b>8.02</b>	<b>8.05</b>
<b>C. TOTAL (A+B)</b>	<b>171790.15</b>	<b>202587.65</b>

## SCHEDULE – H

### INVENTORIES

(Rs. in '00,000)

	Current Year	Previous Year
(As Valued and Certified by the Management)		
Stock of Stores & Spare Parts (at cost)	108718.52	105923.65
Less : Provision	(23123.97)	(21709.84)
Sub-Total	85594.55	84213.81
Stores-in-Transit	5292.25	5640.49
Stock Adjustment	49.61	213.54
Sub-Total	5341.86	5854.03
Net Stock of Stores & Spare Parts (at cost)	90936.41	90067.84
Net Stock of Coal in Revenue Mines	238124.28	213704.76
Stock of Medicine at Central Hospital	53.23	106.68
Workshop Jobs :		
Work-in-Progress and Finished Goods	9163.38	8065.26
Press :		
Work-in-Progress/Finished Goods	119.14	105.09
<b>TOTAL</b>	<b>338396.44</b>	<b>312049.63</b>



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## SCHEDULE TO BALANCE SHEET (CONTD.) CONSOLIDATED

### SCHEDULE – I

#### SUNDRY DEBTORS

(Rs. in '00,000)

	Current Year	Previous Year
Debts outstanding for a period exceeding 6 months	160862.29	189256.64
Other Debts	124261.33	105157.04
	<u>285123.62</u>	<u>294413.68</u>
Less : Provision for Doubtful Debts	(119417.81)	(135773.15)
<b>TOTAL</b>	<u>165705.81</u>	<u>158640.53</u>
<b>Classification :</b>		
Considered Good	165705.81	158640.53
Considered Doubtful	119417.81	135773.15
	<u>285123.62</u>	<u>294413.68</u>

### SCHEDULE – J

#### CASH AND BANK BALANCES

(Rs. in '00,000)

	Current Year	Previous Year
Cash, Cheques, Drafts, Stamps etc. in hand	16394.35	56810.59
Remittance-in-transit	172.31	2314.82
In Current Account with Scheduled Banks	77410.63	83051.35
In Cash Credit Account with Scheduled Banks	13527.44	6445.09
In Deposit Account with Scheduled Banks	1988643.26	1444304.69
<b>TOTAL</b>	<u>2096147.99</u>	<u>1592926.54</u>



# SCHEDULE TO BALANCE SHEET (CONTD.) CONSOLIDATED

## SCHEDULE – K

### 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	17006.49	11122.25
For Others	9944.94	8822.29
	<b>26951.43</b>	<b>19944.54</b>

#### ADVANCE TO CONTRACTORS :

For Capital	1149.49	6724.60
For Others	5966.76	479.77
	<b>7116.25</b>	<b>7204.37</b>

#### Advance to SPV

50.00

#### ADVANCE TO EMPLOYEES :

For House Building	5715.69	6550.79
For Motor Car and Other Conveyance	79.09	137.33
For Others	7250.49	5749.25
	<b>13045.27</b>	<b>12437.37</b>

#### DEPOSITS :

For Custom Duty, Port Charges etc.	82.54	82.04
For P&T, Electricity etc.	4409.95	3538.11
For Others	16113.22	10022.89
	<b>20605.71</b>	<b>13643.04</b>

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

Sales Tax	5271.76	5632.04
Royalty	9376.65	8624.95
Adv. Payment of I.T. Corporate/I.T. Refundable	764336.38	612340.94
Income Tax deducted at source from Income	16395.82	9075.04
Others	4805.16	812.06
	<b>800185.77</b>	<b>636485.03</b>

#### Short Term Loan to Body Corporate

150.00

Other Receivables	48264.55	28782.08
Ex-Coal Board	307.41	312.27
Exploratory Drilling Work at E.C.L. etc.	4446.24	4238.83
Other Advances	30237.54	48665.47
Claims Receivable	55237.94	31986.86
Interest Accrued (Receivables)	36628.65	27285.41
Prepaid Expenses	1368.13	900.04

#### TOTAL

1044594.89

832035.31

Less : Provision for Doubtful Advances

(14166.23)

(12847.03)

#### TOTAL

1030428.66

819188.28

#### CLASSIFICATION

Considered good	1030428.66	819188.28
Considered doubtful	14166.23	12847.03



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*SCHEDULE TO BALANCE SHEET (CONTD.) CONSOLIDATED*

**SCHEDULE – L**

CURRENT LIABILITIES & PROVISIONS	(Rs. in '00,000)	
	Current Year	Previous Year
<b>(A) CURRENT LIABILITIES :</b>		
<b>SUNDRY CREDITORS :</b>		
Liability Against Coal Block	2569.83	7830.24
For Capital Goods	29504.54	29442.80
For Revenue Goods	37997.92	34785.91
For S.S.I. Units (Coal)	499.25	716.02
	<b>70571.54</b>	<b>72774.97</b>
<b>EMPLOYEES REMUNERATIONS :</b>		
Salaries and Wages	308173.37	168949.61
Attendance Bonus	9723.91	10347.62
PPLB/PPLR	25795.27	21867.41
Unpaid Wages	2585.52	3181.40
VRS	12.55	70.72
Gratuity	403651.56	332806.21
Leave Encashment etc.	51263.63	36113.05
Life Cover Scheme	1195.30	676.47
Provident Fund	18949.39	23586.40
Employees Pension contribution (incl. interest)	7584.83	7847.15
Others	1539.60	11112.41
	<b>830474.93</b>	<b>616558.45</b>
<b>FOR EXPENSES :</b>		
Power & Fuel	31389.26	27110.41
Contractual Expenses	64323.74	50681.73
Repairs	7778.80	7478.44
CISF Expenses	973.36	848.26
Audit Fee & Expenses	62.14	59.77
Others	62401.92	48294.42
	<b>166929.22</b>	<b>134473.03</b>
<b>STATUTORY DUES :</b>		
Sales Tax	10105.76	6315.68
Royalty on Coal	28108.30	17229.04
Cess on Coal	17919.24	16644.45
Water Rates	1360.97	1370.83
Stowing Excise Duty	9275.74	9412.30
Professional Tax	20.16	24.07
Deposit Link Insurance	145.94	142.64
Other Statutory Levies	49651.04	31505.46
	<b>116587.15</b>	<b>82644.47</b>
Due to G.O.I. on Account of Ex-Owners	160.93	160.93
Interest accrued but not due on Loan	1625.02	2078.73

# SCHEDULE TO BALANCE SHEET (CONTD.) CONSOLIDATED

## SCHEDULE – L (Contd..)

	Current Year	(Rs. in '00,000) Previous Year
<b>TAX DEDUCTED AT SOURCE (INCOME TAX) :</b>		
Employees	2597.06	3177.97
Contractors	1675.58	345.53
Others	12182.68	10565.43
	<b>16455.32</b>	<b>14088.93</b>
Adv. & Deposit from customers/others	250650.78	177784.54
Others Liabilities	153528.74	124603.02
Grants (unutilised)	8231.29	12879.43
O.B.R. A/c	677717.29	522429.69
Current A/c with IICM	10942.11	9704.45
	<b>1101070.21</b>	<b>847401.13</b>
<b>TOTAL (A)</b>	<b>2303874.32</b>	<b>1770180.64</b>
<b>(B) PROVISIONS :</b>		
For Income Tax	536394.65	416451.15
For Foreign Exchange Transactions (Marked to Market)	2330.00	—
OCP Reclamation	1194.49	765.00
Cost of Stowing Lag	506.81	322.97
Land Reclamation	30497.89	25558.71
Provision for Rehab./Resettlement of Land Oustees	87.07	—
Loss on Theft & Damaged Assets	44.32	28.81
	<b>571055.23</b>	<b>443126.64</b>
<b>TOTAL (B)</b>	<b>571055.23</b>	<b>443126.64</b>
<b>TOTAL (A + B)</b>	<b>2874929.55</b>	<b>2213307.28</b>



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

**For the Year Ended 31st March, 2008**

### **SCHEDULE – 1**

<b>SALES</b>	<i>(Rs. in '00,000)</i>	
	<b>Current Year</b>	<b>Previous Year</b>
Gross Sales	3886569.85	3512916.45
Less : Statutory Levies		
Royalty	362464.88	285375.91
Cess on Coal	84859.45	88326.22
Stowing Excise Duty	37016.32	34558.26
<b>Sales Tax (VAT) :</b>		
Central	61729.33	74475.87
State	76188.68	69841.99
<b>TOTAL LEVIES :</b>	<b>622258.66</b>	<b>552578.25</b>
<b>BASIC VALUE :</b>	<b>3264311.19</b>	<b>2960338.20</b>
Less : Transfer to Dev. :	925.19	119.71
<b>TOTAL</b>	<b>3263386.00</b>	<b>2960218.49</b>



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

**SCHEDULE – 2 (a)**

**COAL ISSUED FOR OTHER PURPOSES**

(Rs. in '00,000)

	Current Year	Previous Year
<b>BASIC VALUE (A) :</b>		
Hard Coke Making	1044.67	1557.41
Washeries	157374.75	156618.98
Internal/Workshop Consumption	5087.16	4308.49
Boiler Consumption	5321.05	5142.52
Free issue to Employees	5694.01	5675.37
Others	143.27	19.31
<b>TOTAL VALUES (A) :</b>	<b>174664.91</b>	<b>173322.08</b>
<b>Add : Statutory Levies :</b>		
Royalty on Coal	21154.29	19025.09
Stowing Excise Duty	1635.02	1699.19
Other Levies	—	0.61
<b>TOTAL LEVIES (B) :</b>	<b>22789.31</b>	<b>20724.89</b>
<b>TOTAL (A + B) :</b>	<b>197454.22</b>	<b>194046.97</b>

**SCHEDULE – 2 (b)**

**INTERNAL CONSUMPTION OF COAL**

(Rs. in '00,000)

	Current Year	Previous Year
<b>BASIC VALUE :</b>		
Internal/Workshop Consumption	82351.08	73400.36
Washeries	112601.10	111274.74
Purchase of Coal	133.88	129.77
<b>TOTAL VALUES</b>	<b>195086.06</b>	<b>184804.87</b>



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**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	283062.49	248099.71
Less : Raw Coal at Washery	8654.31	4840.11
Raw Coal at Coke Oven	4.22	4.22
Grade Slippage	124.52	238.65
Handling Charges etc.	1662.07	1323.69
Deterioration of Coal	34493.09	27988.28
<b>TOTAL (A)</b>	<b>238124.28</b>	<b>213704.76</b>
<b>(B) OPENING 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 (B)</b>	<b>213704.76</b>	<b>188949.53</b>
<b>NET TOTAL (A – B)</b>	<b>24419.52</b>	<b>24755.23</b>

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

**SCHEDULE – 4**

**OTHER INCOME**
*(Rs. in '00,000)*

	Current Year	Previous Year
Stowing Subsidy	9864.51	8075.76
Workshop Credit/Workshop & Press Job	32871.65	23233.87
Interest on Bonds	14449.74	17453.13
Interest recd. from Bank, Employees & Others	195103.68	138071.87
Rent from Outsiders	820.50	520.91
Recovery of Transportation & Loading Coal	91312.58	77205.34
Hire Charges	4.17	2.54
Profit on Sale of Assets	951.15	8855.31
Sale of Scrap	2456.92	3032.77
Tender Fees	394.36	405.08
L.D./Penalty Received	4180.86	1107.27
Rebates and Discounts	155.32	179.83
Gain/Loss on Foreign Exchange Transactions	1384.77	1380.33
Gain on Exchange Rate Variance	109.94	126.69
Recovery of Lease Rent	1155.73	746.61
Provision / Liability Write Backs	6405.69	25354.52
Other / Misc. Income	11757.21	15168.42
Profit on Sale of Coal Block/GR on Non-CIL Block	3062.15	606.97
	<b>376440.93</b>	<b>321527.22</b>
Less : Transfer to Development	30.90	7.18
<b>TOTAL</b>	<b>376410.03</b>	<b>321520.04</b>



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

**SCHEDULE – 5**

**CONSUMPTION OF STORES & SPARES**

(Rs. in '00,000)

	Current Year	Previous Year
Explosives	65269.88	53975.46
Timber	3384.97	3465.83
P.O.L.	162550.31	165936.58
<b>OTHER CONSUMABLE STORES &amp; SPARES :</b>		
HEMM	109046.94	105120.79
Plant & Machinery	8928.45	8110.22
Vehicles	535.86	617.64
S.O.H.	225.14	164.95
Others	93269.23	80836.24
<b>TOTAL</b>	<b>443210.78</b>	<b>418227.71</b>
Less :		
Transfer to S.O.H.	1780.43	1841.82
Transfer to Repairs & Maintenance	238.49	240.94
Transfer to Development	302.86	265.04
Transfer to Power & Fuel	157.19	148.85
Recovered from Contractors	195.75	—
Transfer to Other Exp.	2680.52	3171.84
	<b>5355.24</b>	<b>5668.49</b>
<b>TOTAL</b>	<b>437855.54</b>	<b>412559.22</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	859646.85	644731.12
Normal Over Time	28919.06	25092.73
Sunday/Holiday Productions Over Time	40962.15	26948.94
Sunday/Holiday Maintenance Over Time	17543.34	25860.91
Incentive	5195.97	4494.91
Leave Encashment	22290.48	17419.52
Attendance Bonus	41101.97	41202.29
Fall Back Wages	820.29	929.66
Contribution to P.F. & Other Funds	102263.06	93496.51
Ex-Gratia, PPLB & PPLR	28041.28	28768.85
Transport Subsidy	582.03	586.13
LTC/LLTC/RRF	19331.98	14881.10
Pension	2638.57	2458.28
Gratuity	118910.32	103900.81
Workman Compensation	549.79	680.67
Group Insurance	8.79	8.28
D.L.I.	435.78	588.62
Life Cover Scheme	1246.98	1589.42
V.R.S.	7444.19	10215.65
Others	3459.12	1400.45
<b>TOTAL (A)</b>	<b>1301392.00</b>	<b>1045254.85</b>
Less : Transferred to		
Social Overhead	35433.01	33392.70
Development	1052.63	784.62
Power & Fuel	107.32	80.28
Repairs & Maintenance	1283.14	1244.04
<b>TOTAL (B)</b>	<b>37876.10</b>	<b>35501.64</b>
<b>TOTAL (A – B)</b>	<b>1263515.90</b>	<b>1009753.21</b>



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

**SCHEDULE – 7**

**POWER & FUEL**

*(Rs. in '00,000)*

	Current Year	Previous Year
Purchase of Electricity	202011.82	199432.68
Power Generation	1062.30	1027.34
	<hr/>	<hr/>
	203074.12	200460.02
	<hr/>	<hr/>
Less : Transfer to		
Social Overhead	43397.54	40110.88
Development	306.62	314.37
	<hr/>	<hr/>
<b>TOTAL</b>	<b>159369.96</b>	<b>160034.77</b>
	<hr/>	<hr/>

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

## SCHEDULE – 8

### SOCIAL OVERHEAD

(Rs. in '00,000)

	Current Year	Previous Year
Salaries, Wages & Allowances	35433.01	33392.70
Free issue of Coal to Employees	6259.94	6556.70
<b>MEDICAL FACILITIES :</b>		
(a) Medical Reimbursement	12897.76	11321.12
(b) Medicines & Diet Expenses	3817.86	3538.78
(c) Others	112.51	105.08
<b>GRANTS TO :</b>		
(a) Schools & Institutions	3835.79	3110.99
(b) Sports & Recreation	768.88	539.98
Canteen and Creche	197.10	230.24
House Rent	4150.90	4004.31
Power	43397.54	40110.88
<b>REPAIRS &amp; MAINTENANCE :</b>		
(a) Township / Buildings	17562.53	14365.38
(b) Plant & Machineries	187.95	174.81
(c) Vehicles	3406.06	3259.27
(d) Others	141.90	255.43
Consumption of Stores & Spares	1066.84	1095.30
Depreciation	5933.07	6060.70
Community Development	4760.63	2396.68
Resettlement Expenses	251.80	93.57
Environmental Expenses	3115.67	2371.86
Uniform	311.82	391.47
Training Expenses	2163.88	2111.21
Family Planning Expenses	16.48	23.31
Hire Charges of Bus & Ambulance etc.	1192.74	1115.95
Water Charges	2464.71	2419.21
Other Welfare Expenses	10767.73	10148.30
<b>TOTAL (A)</b>	<b>164215.10</b>	<b>149193.23</b>
Less : Recoveries/Transfers :		
House Rent & Electricity	802.61	662.82
Hospital Charges	502.22	425.99
School Bus	435.58	144.02
Hire Charges	6.27	2.34
Others	91.61	70.65
Transfer to Development	91.12	82.60
<b>TOTAL (B)</b>	<b>1929.41</b>	<b>1388.42</b>
<b>TOTAL (A – B)</b>	<b>162285.69</b>	<b>147804.81</b>



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

**SCHEDULE – 9**

REPAIRS	Current Year	Previous Year
(Rs. in '00,000)		
<b>BUILDINGS :</b>	7275.70	6683.32
<b>PLANT &amp; MACHINERY :</b>		
(a) Outside Agency	29404.85	27711.41
(b) Workshop Debit	29132.55	26991.42
(c) Salary & Wages	1283.14	1244.04
(d) Consumption of Stores	238.49	240.94
(e) Others	6993.31	4955.57
<b>REHABILITATION OF HEMM ETC. :</b>	1577.01	2698.30
<b>OTHERS :</b>		
(a) Office Equipment	620.07	842.89
(b) Vehicle	2438.12	2430.87
(c) Others	5277.72	4396.71
<b>TOTAL (A)</b>	<b>84240.96</b>	<b>78195.47</b>
<b>Less : Transfer to</b>		
Social Overhead	7578.91	6349.09
Miscellaneous	557.99	626.21
Development	73.38	56.52
Service Charges W/shop	2115.00	1960.70
Stock of Stores	2497.20	2456.62
P & M	441.88	244.34
Power & Fuel	7.38	10.59
<b>TOTAL (B)</b>	<b>13271.74</b>	<b>11704.07</b>
<b>TOTAL (A – B)</b>	<b>70969.22</b>	<b>66491.40</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	5645.07	6052.65
(b) Coal & Coke	124221.25	118199.73
(c) Stores etc.	958.10	1019.33
Wagon Loading	1050.44	12500.62
Other Contractual Work	35099.95	38363.03
P&M / HEMM etc. (Hiring)	102491.51	33261.74
<b>TOTAL</b>	<b>269466.32</b>	<b>209397.10</b>
Less : Transfer to Development	(6140.57)	(56.81)
<b>TOTAL</b>	<b>263325.75</b>	<b>209340.29</b>



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

**SCHEDULE – 11**

<b>MISCELLANEOUS EXPENSES</b>		<i>(Rs. in '00,000)</i>	
	<b>Current Year</b>	<b>Previous Year</b>	
<b>TRAVELLING EXP. :</b>			
(a) In Country	6304.55	5330.22	
(b) Outside Country	208.51	120.21	
Printing & Stationery	2032.49	1922.60	
Training Expenses	170.73	176.75	
Postage	289.70	424.32	
Telephone	1131.27	907.26	
<b>ADVERTISEMENT &amp; PUBLICITY :</b>			
(a) Advertisement – others	1571.26	1220.48	
(b) Publicity	698.28	771.56	
Freight Charges	5223.33	4434.77	
Demurrage	4223.75	5133.97	
Donation	469.57	31.09	
Subscription	47.65	62.31	
Security Expenses	9632.19	9291.70	
<b>HIRE CHARGES</b>			
(a) Computers	1914.35	1789.10	
(b) Others	5732.61	5370.27	
Maintenance of Vehicles	5305.66	5586.35	
Legal Expenses	759.54	773.17	
Bank Charges	301.02	311.70	
Guest House Exp.	149.23	127.83	
Consultancy charges	1328.66	1257.24	
Office Contingency Exp.	602.80	543.78	
Under/Over Loading Charges	18896.10	16133.99	
Loss on Sale/Discard of Assets	201.60	363.29	
Loss on Surveyed Off Fixed Assets	236.98	254.72	
C.I.S.F. Expenses	5548.86	4991.14	
Auditors' Remuneration	76.58	73.70	

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

**SCHEDULE – 11 (Contd..)**

(Rs. in '00,000)

	Current Year	Previous Year
Travelling & Out of Pocket Expenses	31.75	28.07
Tax Audit Fees & Exp.	23.32	14.30
Internal Audit Fees	276.06	249.91
Rehabilitation charges	19473.83	17752.02
Royalty & Cess	13887.23	12124.70
Rent, Rates & Taxes	7686.13	5579.65
Insurance	51.00	52.75
Isolation/Ventilation	180.51	141.89
Dead Rent	55.92	84.88
Surface Rent	24.78	24.53
Lease Rent – HEMM/P&M/Land/Building	10.30	15.43
Land/Crops Compensation	453.04	118.80
Siding Maintenance Charges	3449.71	1764.34
Rescue & Safety Exp.	1183.97	1001.31
Quality Allowance	1580.44	3306.81
Others	28930.08	17975.10
<b>TOTAL (A)</b>	<b>150355.34</b>	<b>127638.01</b>
Less : Transfer to		
Development	288.94	104.18
Others	1331.68	1135.59
<b>TOTAL (B)</b>	<b>1620.62</b>	<b>1239.77</b>
<b>TOTAL (A – B )</b>	<b>148734.72</b>	<b>126398.24</b>



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

**SCHEDULE – 12**

**INTEREST**

(Rs. in '00,000)

	Current Year	Previous Year
Deferred Payments	195.01	269.31
Bank Overdraft/Cash Credit	870.70	517.05
Bonds	—	114.65
Interest on IBRD & JBIC Loan	5528.07	6551.94
Pension Fund	1470.44	31.06
Others	6929.08	1008.82
<b>TOTAL</b>	<b>14993.30</b>	<b>8492.83</b>

**SCHEDULE – 13**

**FINANCE/COMMITMENT CHARGES**

(Rs. in '00,000)

	Current Year	Previous Year
Guarantee Fees on (IBRD & JBIC) Loan	1813.00	2072.52
Other Expenses/Bank Charges	122.59	245.47
<b>TOTAL</b>	<b>1935.59</b>	<b>2317.99</b>



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

**SCHEDULE – 14**

(Rs. in '00,000)

**PROVISIONS / WRITE-OFF / WRITE BACK**

	Current Year	Previous Year
<b>(A) PROVISION FOR</b>		
Doubtful Debts	5886.99	13278.20
Doubtful Advances	2272.13	1470.60
Stores & Spares	1782.47	1078.00
Reclamation of Land	4704.27	2698.29
Surveyed of Fixed Assets/Impairment of Assets	1575.59	914.04
Others	5220.13	1342.33
	<hr/>	<hr/>
<b>TOTAL (A)</b>	<b>21441.58</b>	<b>20781.46</b>
	<hr/>	<hr/>
<b>(B) PROVISION WRITE BACK</b>		
Doubtful Debts	3371.80	8323.58
Doubtful Advance	25.72	1054.00
Others	313.21	853.97
	<hr/>	<hr/>
<b>TOTAL (B)</b>	<b>3710.73</b>	<b>10231.55</b>
	<hr/>	<hr/>
<b>(C) WRITE-OFF</b>		
Doubtful Debts	4788.38	1081.44
Others	681.64	54.17
	<hr/>	<hr/>
<b>TOTAL (C)</b>	<b>5470.02</b>	<b>1135.61</b>
	<hr/>	<hr/>
<b>TOTAL (A-B+C)</b>	<b>23200.87</b>	<b>11685.52</b>
	<hr/>	<hr/>



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

**SCHEDULE – 15**

**PRIOR PERIOD ADJUSTMENTS**

(Rs. in '00,000)

	Current Year	Previous Year
<b>(A) DEBIT</b>		
Consumption of Stores & Spares	933.75	570.46
Employees Remuneration & Benefits	383.65	694.97
Power & Fuel	301.54	131.85
Repairs – Others	116.40	48.45
Social Overhead	626.18	5.80
Contractual Expenses	342.11	354.23
Miscellaneous Expenses	600.53	957.48
Sale of Coal & Coke	234.33	256.24
Other Income	208.53	4.31
Royalty & Cess	207.58	892.77
Interest	3.71	196.24
Depreciation	3574.03	5965.85
<b>TOTAL (A)</b>	<b>7532.34</b>	<b>10078.65</b>
<b>(B) CREDIT</b>		
Stock of Coal & Coke	0.00	1.18
Sale of Coal & Coke	6582.95	3006.90
Subsidy for Stowing & Protective Works	959.25	370.45
Employees Remuneration & Benefits	4425.55	345.13
Other Receipts	2273.84	984.96
Repairs	15.00	60.95
Contractual Expenses	171.74	116.49
Consumption of Stores & Spares	588.36	609.23
Social Overhead	2.33	37.86
Other Expenditure	1506.13	1964.56
Depreciation	28.70	867.55
Interest – Others	71.89	3704.82
Power & Fuel	853.27	41.20
Royalty & Cess	32.51	—
OBR Adjustment	1115.69	172.76
<b>TOTAL (B)</b>	<b>18627.21</b>	<b>12284.04</b>
Transferred to Development	17.92	0.26
<b>TOTAL (A-B+C)</b>	<b>11112.79</b>	<b>2205.65</b>

# The Cash Flow Statement (Indirect Method) for the year ended March 31, 2008

## CASH FLOW FROM OPERATING ACTIVITIES

(Rs. in '00,000)

	Current Year	Previous Year
Net Profit Before Tax	873846.06	860245.64
Adjustment for :		
Depreciation/Impairment of Fixed Assets	131975.64	95993.33
Interest pertaining to Financing Activities	—	114.65
<b>Operating Profit before Working Capital changes (A)</b>	<b>1005821.70</b>	<b>956353.62</b>
Adjustment for :		
Investments	30797.50	21864.35
Sundry Debtors	(7065.28)	21806.90
Inventories	(26346.81)	(21867.66)
Loans & Advances	(211240.38)	(191378.32)
Current Liabilities & Provisions	390350.90	10129.71
Deferred Tax	24883.88	27798.10
Deferred Tax Assets	(28708.77)	(3974.97)
Deferred Tax Liability	(4476.86)	(23823.13)
<b>Cash Generated from Operations (B)</b>	<b>168194.18</b>	<b>-159445.02</b>
Income Tax Paid	(292972.34)	(233250.84)
<b>Net Cas Flow from Operating Activities [ (A) + (B) – Tax paid] (C)</b>	<b>881043.54</b>	<b>563657.76</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Increase of Fixed Assets	(188441.54)	(116328.72)
<b>Net Cash used in Investing Activities (D)</b>	<b>(188441.54)</b>	<b>(116328.72)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Govt. Loan/Other Loan	(15199.34)	(17417.76)
Redemption of Bond	—	(1400.00)
Interest Paid	(435.64)	(9766.69)
Receipt of Shifting & Rehabilitation Fund from Subsidiaries	25780.04	20213.17
Dividend Paid (including Tax on Dividend)	(199525.61)	(188754.90)
<b>Net Cash used in Financing Activities (E)</b>	<b>(189380.55)</b>	<b>(197126.18)</b>
Net (Increase) / Decrease in Cash & Bank Balance (C+D+E)	503221.45	250202.86
Cash & Bank Balance (Opening Balance)	1592926.54	1342723.68
Cash & Bank Balance (Closing Balance)	2096147.99	1592926.54



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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 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 constructions,

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 CWIP 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 and spare parts at Central & Area Stores are valued at cost calculated on the basis of weighted average method. The year-end inventory of stores and 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.

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



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## 7.0. DEPRECIATION :

- 7.1. Depreciation on Fixed Assets is provided on straight line method at the rates and manner specified in Schedule XIV of the Companies Act, 1956 (as amended) except for telecommunication equipments. Depreciation on such equipments is charged over the technically estimated life, at higher rates, viz.:- @15.83% and @10.55%.

Further, depreciation on certain Equipments / HEMM is charged over the technically estimated life at higher rates viz. 11.88%, 13.57% and 15.83% as applicable. 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. 5000/- 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:

- 8.1 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.
- 8.2 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:

- (a) **Defined contribution Plans** : The company makes contributions towards Provident Fund and Pension Fund to a defined contribution retirement benefit plan for qualifying employees. The Provident Fund and Pension fund are operated by the Coal Mines Provident Fund (CMPF) Authorities. As per rules of these schemes, the company is required to contribute a specified percentage of pay roll cost to the CMPF authorities to fund the benefits.
- (b) **Defined Benefit Plans** : The year-end liability on account of gratuity and leave encashment is provided on actuarial valuation basis by applying projected unit credit method. Further the company has created a Trust with respect to establishment of

Funded Group Gratuity (cash accumulation) Scheme through Life Insurance Corporation of India. Contribution is made to the said fund based on actuarial valuation.

- (c) **Other employee Benefits :** Further year-end liability of certain other employee benefits viz. benefits on account of LTA/LTC, Life Cover Scheme, Group Personal Accident Insurance Scheme and Settlement Allowance are also valued on actuarial basis by applying projected unit credit method.

## 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 recognized 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:

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

## 16.0 PRIOR PERIOD ADJUSTMENT:

Income/ Expenditure items relating to prior period(s) which do not exceed Rs.5.00 lakhs in each case are treated as income/expenditure for the current year.

## 17.0 OVERBURDEN REMOVAL (OBR) EXPENSES :

In opencast mines with rated capacity of 1 million tones and above, the cost of OBR is charged on average ratio (Coal : OB) at each mine with due adjustment for advance



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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%	0.20
More than 5 Mill CUM	+/-2%	—



## **Schedule – M**

### **B. Notes to Accounts**

#### **1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

- (a) The financial statements of the subsidiaries used in the consolidation are drawn up to 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 unrealised profits or losses in accordance with Accounting Standards – 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 individual financial statements, which fairly present the needed disclosure.

#### **3. FIXED ASSETS**

- 3.1 The assets and liabilities taken over from Coal Mines Labour Welfare Organisation and Coal Mines Rescue Organisation for which no quantitative details are available, 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 and the same is shown as Leasehold land.
- 3.4 Land includes certain land taken on possession by the company for which legal formalities in respect of title deeds are pending.
- 3.5 Land includes Rs.1121.25 lakhs paid to Compensatory Afforestation Fund, Orissa by Mahanadi Coalfields Limited, towards Net Present Value for diversion of 149.5 acres of Forest Land for Basundhara (West) during the year.
- 3.6 The net value of assets of Rs.817.02 lakh, details of which are 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.

- 3.7 The assets taken over on nationalisation by Bharat Coking Coal Limited amounting to Rs. 1145.81 lakhs being gross value of assets including land valuing Rs.88.30 lakhs (quantitative and value-wise details of which are not available ) on which depreciation has been fully provided for in the Accounts except land.
- 3.8 Due to revised date of capitalisation of Madhuband Washery of Bharat Coking Coal Limited, i.e. 30-11-2000 instead of 31.03.1998 the revenue expenditure during the period of 01.04.1998 to 30.11.2000 earlier charged to revenue Rs.2593.09 lakhs (Rs.7382.42-Rs.4789.33) & additional provision of interest as per RCE of Rs.4789.33 lakhs has been capitalised resulting in net increase in profit by Rs.889.57 lakhs.
- 3.9 41959.32 Ha of land at Central Coalfields Ltd has been acquired under CBA (A&D) Act, 1957. Out of this, approximately 13644.32 Ha. is tenancy land and rest is forest and GMK land. Out of 13644.32 Ha. of tenancy land compensation has been assessed for 6578.32 Ha. for an amount of Rs.3253.00 lacs. Out of this an amount of Rs.2908.00 lakhs has been paid and the balance is being paid by holding regular payment camp in different projects.
- 3.10 In respect of Chandrapur area of Western Coalfields Limited, till date the ownership of land valued at Rs. 2324.66 lakhs has not been vested with the Area, the amount paid is kept in advance account and shown in Capital Commitments. The amount will be transferred to Land Account as soon as the approval is received from Ministry of Environment and Forest, Govt. of India.
- 3.11 DFD Plant and CBE Plant at Western Coalfields Limited continue to remain inoperative during the year. CBE Plant stands closed since 28.04.03 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.
- 3.12 Discarded/Surveyed off assets lying in Stores of Western Coalfields Ltd. amounting to Rs.1251.32 lakhs ( Rs. 1429.65 lakhs) valued at residual 5% have not been physically verified. The provision has come down to Rs.115.19 lakhs (Rs.300.40 lakhs) after adjustment on identification.
- 3.13 In terms of lease agreements dated 14 th day of October 2005 executed with M/s Imperial Fastners Pvt Ltd , Central Coalfields Limited has granted the latter 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 M/s Imperial Fasteners Pvt. Ltd is accounted for as per the agreement. The cost of gross carrying amount at the beginning of the year is Rs.5428.73 lakhs and the accumulated depreciation as at the end of the year is Rs.4048.62 lakhs. Depreciation for the year is Rs.286.47 lakhs. The future minimum lease payment in the aggregate during the period of lease is Rs.7305.34 lakhs. Out of which not later than 1 year is Rs.393.67 lakhs. There is no provision relating to contingent lease rent.
- 3.14 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 31.03.95 have been let to the 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 31-03-2008 are Rs.364.19 lakhs on value of plant & machinery and Rs.362.81lakhs on value of building and other assets. The cumulative provision for depreciation upto

31.03.2008 stood at Rs.1021.65 lakhs (including depreciation charged for the current year of Rs.72.11 lakhs). The net WDV of the leased assets as per book as on 31-03-2008 is Rs.1683.66 lakhs.

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

- 3.15 As per lease agreement dated 31st March 1993 executed with Dishergarh Power Supply Company Ltd., Eastern Coalfields Limited. Leased out 2X10MW Chinakuri Thermal Power station including land, building, plant & machinery etc. The lease agreement is for 20 years from the commencement of lease w.e.f. 01-04-1991. The gross value of Power Plant, Building and other assets is Rs. 4024.00 lakhs (Rs.4024.00 lakhs); Rs.1019.64 lakhs (Rs.1019.64 lakhs) and Rs.772.61 lakhs (Rs.772.61 lakhs) respectively. The cumulative depreciation upto 31.03.08 against the abovementioned assets is Rs. 3700.47 Lakhs (Rs. 3488.00 lakhs); Rs.544.35 Lakhs ( Rs.513.10lakhs) and Rs. 584.67 Lakhs (Rs.556.62 lakhs) respectively.

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

- 3.16 In terms of license agreement dated 19th day of March 2001 executed with M/s Appollo Hospital Enterprise Ltd. Chennai, South Eastern Coalfields 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. 494.84 lakhs (Rs. 438.83 lakhs). The license agreement provides for a lease period of 30 years from the effective date of commencement of lease i.e. November 2001. The future minimum lease payments in the aggregate during the period of lease are Rs.3585.42 lakhs (Rs. 3741.31 lakhs)

The lease rental payable is accounted for as per agreement. During the year Rs.249.00 Lakhs (Rs. 165.18 lakhs) has been accounted for against the said lease rent.

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

- 4.1 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.
- 4.2 "Prospecting & Boring" and also Development shown under Capital-Work-in-Progress mostly relates to jobs awaiting completion.
- 4.3 During the year, the Geological Reports (GRs) pertaining to coal blocks of Warora (W) in Majri area, Sial-Ghogri and Mandala (N) in Pench Area and Lohara west in Chandrapur Area of Western Coalfields Limited were sold by CMPDIL, a sister subsidiary as GRs of captive blocks, as per directives from the Ministry of Coal, to private parties for a total sale value of Rs.2115.93 lakhs and passed on the credit to the company. Against the same the expenses incurred by the company over the years was Rs.287.29 lakhs, yielding a profit to the company of Rs.1828.64 lakhs.

#### 5. DEVELOPMENT EXPENDITURE

- 5.1 Expenditure relating to projects yet to be sanctioned or construction yet to be taken up has been carried forward under "Prospecting & Boring under construction". Development

expenditure of South Eastern Coalfields Limited has been shown in the accounts after deduction of Rs. 925.19 lakhs (Rs.119.71 lakhs) being sale of coal from development mines and Rs.32.33 lakhs (Rs. 5.85 lakhs) being closing stock of coal at development mines.

## 6. INVENTORY

- 6.1 Coal of 471361 MT mixed with soil, treated as non-vendable at Eastern Coalfields Ltd. and has been taken as NIL value.
- 6.2 Inventories do not include 0.91 lakhs tones of slurry stock flown out of Washery premises and lying on land not belonging to Bharat Coking Coal Limited (Dugda Washery 0.54 lakh tones and Barora Washery 0.37 lakh tones).
- 6.3 The apparent net shortage/surplus of coal & coke etc. found on physical verification beyond +/-5% compared to book stock are disclosed hereunder :

Product	Quantity (lakhs tonne)	Value (Rs. In Lakhs)
Coal (Shortage)	20.38756	7112.97
Hard Coke (shortage)	0.00021	0.08
Coal (Excess)	0.21	184.38

- 6.4 A provision of Rs.210.00 lakhs was made in the accounts of 2006-07 pending investigation of shortage/difference in the closing stock of raw coal as on 31.03.07 in between the Kathara colliery and Kathara washery under Central Coalfields Limited. The said provision has been retained as on 31.03.2008 as considered necessary.

## 7. SUNDRY DEBTORS

- 7.1 At Western Coalfields Limited, 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. MPGCL has securitised Rs.12391 lacs in 2003 leaving Rs.7002 lacs as un-securitised.
- 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 Avasanrachana 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 MP Government. The company has filed a writ before the Hon'ble Supreme Court and the matter is still sub judice. The total amount due as per bills raised is Rs.10838.21 lakhs.

SAIL has not made payment of this tax, totalling Rs.1079.00 lakhs to the company. For other consumers the company has received upto 31-03-2008 an amount of Rs.10620.00 lakhs on this account and shown under Advances and Deposits from customers. An amount of Rs. 9730.00 lakhs is deposited in fixed deposit as on 31.03.2008. 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.374.34 lakhs (Rs.278.05 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 Mahandai 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 the company. The balance of Rs. 167.16 lakhs (Rs. 167.16 lakhs) is to be adjusted on completion of job/ receipt of CCDA subsidy.
- 8.3 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 23-12-97 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. Necessary provision for bad and doubtful debts for Rs. 193.91 lakhs (including accumulated interest of Rs.80.91 lakhs which includes current year interest of Rs. 10.17 lakhs) is made.

- 8.4 Advance for Capital includes Rs. 589.87 lakhs amount paid to WBHIDCO towards allotment of 14.536 acres of land at Newtown, Rajarhat, Kolkata. Pending finalisation of conveyance deed the same has been shown as advance.
- 8.5 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 Limited and its subsidiaries, in view of critically weak financial position of Eastern Coalfields Limited, now under BIFR, shall initially be borne by Coal India Limited 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 Limited 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 31-03-08 stood at Rs. 4446.24 lakhs including current year addition of Rs.1158.26 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. 950.86 lacs (Rs.360.06 lakhs), for which full provision exists on the date has been written off.

- 8.6 Notices were served on Western Coalfields Limited during the year on HQ, Umrer & Nagpur Areas raising demands of income tax on perks for the period 2004-05 to 2006-07. The company filed appeals before the CIT (Appeals), Nagpur who insisted on payment of the demand with interest in order to admit the appeals. Accordingly, the company has paid the

demand of Rs. 338.84 lakhs during the year (P.Y. Rs.33.00 lakhs ) on account of HQ, Umrer & Nagpur Areas. The same has been booked under Advances Recoverable from Employees. A total of 75 appeals are pending before ITAT covering the different areas in Maharashtra. The total demand of Rs.1721.31 lakhs is shown in contingent liability. However, the income tax on perks for rental accommodation to employees for the year 2007-08 amounting to Rs. 940.09 lakhs has been borne by the company as per directives from CIL.

- 8.7 CIL has entered into a Memorandum of Understanding (vide approval from its Board in 237th meeting held on 24th November, 2007) regarding formation of Special Purpose Vehicle (SPV) through joint venture involving CIL/SAIL/RINL/NTPC & NDMC for acquisition of coal properties abroad. The formation of the SPV had been approved by Govt of India vide its approval dated 8th November 2007.

As per agreement, CIL would invest Rs.1000 crores in the SPV. The registration of company for the purpose of SPV is at an advanced stage, and till 31.03.2008 CIL has paid a sum of Rs.50.00 lakhs towards its share for initial expenses (pre-incorporation). Pending the finalisation of formation of the company for the SPV, the initial contribution in the SPV has been shown as investment in SPV in the Loans and Advance Schedule.

- 8.8 Loans and Advance includes Rs.342.99 lakhs (Rs.142.99 lakhs) paid by Mahanadi Coalfields Limited to GRIDCO/OPTCL for construction of 220KV overhead line and 3/20 MVA 220 KVA sub-station at Garjanbahal.
- 8.9 Advance payment for Sales tax of Rs.2591.57 lakhs (Rs. 2736.76 lakhs) by Northern Coalfields Limited includes Sales Tax and Entry Tax paid under protest of Rs.2116.53 lakhs (Rs.1525.33 lakhs), which pertains to the cases under appeal.

## **9. CASH AND BANK BALANCE**

At Mahanadi Coalfields Limited it includes Rs.96.60 lakhs (unclaimed OREEP Tax) received from Hon'ble Supreme Court of India towards corpus fund of trust. The trust is yet to be formed. Further, Rs. 95.53 lakhs (Rs.89.08 lakhs) balance with scheduled 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 includes principal of Rs.840.27 lakhs (net of payments) and interest of Rs. 947.11lakhs (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 judgement dated 31-07-2001. The company has provided interest of Rs.100.84 lakhs (Rs.100.83 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.2042.04 lakhs (Rs.1941.20 lakhs) as at 31-03-2008. 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 The Current Liabilities and Provision includes Rs.800.30 lakhs on account of provision taken towards stowing and stabilization of unstable workings of Deulbera colliery under Mahanadi Coalfields Limited. This provision is in addition to the current year expenditure (other than expenditure on Salaries & Wages) of Rs.144.11 lakhs against comprehensive scheme of Rs.944.41 lakh (excluding Salaries & Wages). As the stabilization of unstable workings of Deulbera colliery through sand stowing is being carried out by existing departmental manpower, Salaries and Wages for Rs.1643.53 lakhs being part of the scheme has not been provided for.

- 10.3 As Eastern Coalfields Limited is 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 31-03-2007 and realization made from customers on the value of despatches of coal there remains a balance accumulating to Rs.86227.44 lakhs (Rs. 87750.34 lakhs), which has been shown in Cess Equalisation Account under Current Liabilities and Provision. There is an additional demand of Rs. 26003 lakhs arising out of the assessment made upto 2001-02 which has been shown as Contingent Liability.
- 10.4 An amount of Rs.278.64 lakhs received by Eastern Coalfields Limited on allotment of Bajora (North) Coal Block to Damodar Valley Corporation by the Ministry of Coal, Govt of India has been shown in Deposit Account under Current Liabilities.
- 10.5 Bazaar fees collected by Bharat Coking Coal Limited on sale of coal/coke as per Gazettee Notification no.34 at 18th January 2006 but the same has not been deposited to the appropriate authority as the matter is subjudice at Jharkahnd High Court.
- 10.6 Interest receivable / payable is not accounted for as revised agreement in respect of price of rejects and power tariff with DLF 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 DLF has been provisionally determined as Rs. 623.07 lakhs upto financial year 2007-08.
- 10.7 By virtue of enactment of Cess and other Taxes on Minerals (Validation ) Act, 1992 , Central Coalfields Limited 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" with corresponding debit "Claims Receivable – Cess".
- 10.8 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 (Rs. 524 lakhs) has not been accounted for as the company has a counter claim of Rs.18124.00 lakhs (Rs.18124.00 lakhs).
- 10.9 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 Limited and the same is not provided for in the accounts. However, Rs.600.00 lakhs has been deposited under protest.
- 10.10 From Northern Coalfields Ltd, Government of Madhya Pradeash has claimed Land Revenue Premium for an amount of Rs. 6213.04 lakhs (Rs. 6213.04 lakhs ) against which an amount of Rs. 300.00 lakhs has been deposited under protest.
- 10.11 SSADA cess on sale of coal has not been collected from a few parties by Northern Coalfields Limited after the stay obtained by the respective parties from Hon'ble High Court, Allahabad. The amount not collected on this account amounts to Rs. 339.26 lakhs (Rs. 285.51 lakhs) upto 31.03.2008.
- 10.12 Pending decision of Hon'ble Supreme Court of India Rs. 452.07 lakhs (Rs.472.33 lakhs) being interest on delayed payments on account of enhancement of rate of royalty on coal, collected from customers in the earlier years continued to appear in account 'Advance & deposits from Customers' under the head 'Current Liabilities & provisions' of Western Coalfields Limited.
- 10.13 Central excise department had been issuing show cause notice over the years with regard to CWS, Tadali under Western Coalfields Limited, considering the workshop as under

Factories Act instead of Mines Act where eligibility exists for exemption. In this regard an appeal pending before the Hon'ble Supreme Court of India (CA no 8403-04/2003) has been decided in favour of the company. The balance refund of Rs.53.47 lakhs is pending clearance of CESTAT though necessary COD permission has been obtained and the appeals before CESTAT revived during the year.

- 10.14 By virtue of enactment of Cess and Other Taxes on mineral Validation Act, 1992, Western Coalfields Limited raised supplementary bills on customers upto 04.04.91. An amount of Rs.295.66 lakhs (Rs.295.66 lakhs) has been shown as liability for cess on royalty under the head 'Current Liabilities & Provisions'. In view of the judgement of Hon'ble High Court, Patna, Ranchi, Bench in writ petition no. CWJC/1280 of 1990-92, cess is not payable. However, a special leave petition is pending in Supreme Court against it.
- 10.15 The Government of Madhya Pradesh had passed 'Madhay Pradesh Gramin Avsanrachna Tatha Sadak Vikash Adhiniyam 2005' which provided for charging of Gramin Tax @5% on annual value of acquired coal bearing land / mineral land from financial year 2005-06 onwards. This tax has been duly collected from coal customers. Some of the consumers had moved the Madhya Pradesh High Court at Jabalpur and as per the hon'ble High Court of Jabalpur's interim order dated 15.02.2006, the company was directed not to deposit this tax to state government but to keep it in the Fixed Deposit. Pending final decision of the court, the company has not deposited this 5% Gramin tax but kept them in FDs at HQ. The amount so billed under this head till 31.03.2008, Rs.10838.21 lakhs has been credited to 'Surface Rent Payable- State Government' excepting Pench which has booked this amount in 'Other Deductions'.
- 10.16 In Madhya Pradesh areas, an amount of Rs.292.37 lakhs collected by Western Coalfields Limited from coal consumers towards sales/entry tax on Gramin Tax has not been deposited due to dispute regarding the Gramin Tax.
- 10.17 Kanhan area under Western Coalfields Limited, has levied during the year Transit Fees payable to forest department on SAIL on sale of washed coal. SAIL has not paid this amount on the grounds that the same is not leviable on sale of washed coal. This amount has not been deposited with the appropriate authority by the company. The disputed amount not remitted till 31.03.2008 is Rs.155.63 lakhs (Rs. 132.32 lakhs).
- 10.18 Rs. 603.94 lakhs (Rs.537.32 lakhs for Lingaraj Area and Rs. 66.62 lakhs for Talcher Area) towards Orissa Entry Tax which were disputed and not paid as the same have been disputed by the customers.

## 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 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 in the accounts.

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 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 currency transactions. Net result of the said swap transactions will be recovered from/paid to subsidiary companies upon completion of repayment of foreign currency loans.

- 11.2 The overall Marked to Market position of the existing hedge transactions (net of the positive values) as on 31.03.2008 stood at Rs.2089.00 lakhs (negative). However, the negative Marked to Market valuation of outstanding position involving six individual Foreign Exchange transactions as on 31.03.2008 before netting up with transactions having positive values stood at Rs.2330 lakhs (Rs.473.00 lakhs).

Further, the Accounting Standard – 30 on Financial Instruments : Recognition and Measurement issued by Institute of Chartered Accountants of India (ICAI) has been issued with recommendatory implementation from 01-04-2009 and mandatory from 01-04-2011. However, following the announcement of ICAI on accounting for derivatives the value of negative marked to market position of foreign exchange transactions amounting to Rs. 2330.00 lakhs have been provided in the year's Accounts.

- 11.3 Though the amount is not material, the effect of foreign currency fluctuation in case of loans from World Bank has been adjusted in the cost of Fixed Assets and necessary adjustment is made to depreciation prospectively for the remaining useful life of the assets.

## 12. PROFIT & LOSS ACCOUNTS

- 12.1 An amount of Rs. 5658.14 lakhs (Rs.8588.74 lakhs) for grade slippage has been adjusted against current year's sales of Eastern Coalfields Limited after and issuing credit notes to parties during the year.
- 12.2 Total claim of Rs. 4766.83 lakhs was lodged with the Director of Electricity, Govt. of West Bengal, in support of relief/concession required for revival of ECL according to BIFR's sanctioned scheme vide its letter no. 40/PA/PR.Secy./IRPE dated 30.08.2005. During the year Rs.1516.55 lakhs has been received and recovery of the balance amount of Rs.3250.28 lakhs are in process.
- 12.3 Service Tax on Cargo Handling due from 16.08.2002 amounting to Rs.1061.12 lakhs has been provided for in the current year by Eastern Coalfields Limited.
- 12.4 An amount of Rs.227.44 lakhs being the excess value between the exploration cost and the amount received from CMPDIL on account of transfer of Tara Block of Salanpur Area to M/s. Bengal Emta Limited, a joint venture of West Bengal Power Development Corporation and EMTA Group, has been credited to current year and shown under Other Income schedule by Eastern Coalfields Limited.
- 12.5 Due to revision of life of Bharatpur Project of Mahanadi Coalfields Limited, there is an increase in the amortization of the land and development expenses by Rs.36.13 lakhs in comparison to the last year, resulting in decrease in profit to that extent.
- 12.6 Net Present Value amounting to Rs. 39725.82 lakhs paid/adjusted/provided in respect of renewal of Forest Land Lease/Diversion of Forest Land of Underground and Opencast Mines of South Eastern Coalfields Limited, in pursuance of the direction of the Hon'ble Supreme Court has been capitalised during the year and depreciation has been provided for with retrospective effect i.e. from 1st May 2003 (the due date of renewal of lease). The depreciation provided for the period upto 31st March 2007 amounting to Rs. 10937.33



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lakhs and for the period 2007-08 amounting to Rs.2796.79 lakhs has been charged to Profit & Loss Account.

- 12.7 During the year, CIL Board approved the waiver of accrued interest of Rs.49290.15 lakhs on loans to BCCL from CIL. Accordingly, necessary adjustments for such waiver of past accrued interest has been made in the Consolidated Accounts by way of adjustment against brought forward profit of earlier years.
- 12.8 Following the recent JBCCI decision to pay interim relief for NCWA-VIII to all Wage Board employee a provision @15% of Basic plus DA as on 30.06.2006 for the entire period from 01.07.2006 ( the date from which NCWA-VIII is applicable) to 31.03.2008 has been made in the years' account along with related employee contributions. The total provision made on this account is Rs. 156120.66 lakhs.
- 12.9 Further, provision has also been made in the accounts to cover the likely expenditure on account of merger of Industrial Dearness Allowance equal to 50% of existing basic(w.e.f. 01-01-07) for executives and for payment of ad-hoc advance to executives against likely increase in their pending pay revision. The total provision made on this account is Rs. 19491.39 lakhs. These, however, have not been considered for valuation of actuarial liabilities of employees benefits.
- 12.10 The liabilities for Gratuity, Earned Leaves/Half Pay Leaves Encashment as on 31.03.2008 are accounted for on actuarial basis. Further, the amounts falling due within the year on actual basis are paid / provided for on actual basis.
- 12.11 Further year-end liability of certain other employee benefits viz. benefits on account of LTA/LTC, Life Cover Scheme, Group Personal Accident Insurance Scheme and Settlement Allowance have also been valued on actuarial basis from the current year. The transitional provision in this respect for the past service cost have been recognised in the financial statements against the opening balance of surplus. The current cost based on such actuarial valuation as at 31.03.2008 has been adjusted in the income statement of the current year.

Further, due to such valuation from the 2007-08 financial year, the opening balance of profit brought forward from previous year has been reduced by Rs. 68776.09 lakhs (transitional provision).

Liability for some employee benefits viz., VRS for non-executives, Ex-gratia in lieu of employment on death in harness for employees, Ex-gratia payment to employees on death due to mines accident, Retirement Medical Benefits, etc have not been valued on actuarial basis..

Out of total liability of Rs. 587176.56 lakhs as on 31.03.2008 under the above three heads, Coal India Limited and its subsidiaries have invested Rs.125296.06 lakhs in LIC funds.

Summary of actuarial assumptions are as under :

Formula Used	Projected Unit Credit Method
Interest Rate	8.5%
Inflation Rate	5.0%
Mortality Rate	LICI 1994/96
Attrition Rate	1%

### 13. INVESTMENT IN EASTERN COALFIELDS LIMITED AND BHARAT COKING COAL LIMITED

- 13.1 Investment of the Company, in share capital of Bharat Coking Coal Limited and Eastern Coalfields Limited which are long term in nature amounted to Rs. 211800.00 lakhs and Rs.221845.00 lakhs respectively as on 31-03-2008. Eastern Coalfields Ltd and Bharat Coking Coal Limited have become sick and are referred to BIFR under Sick Industrial Companies (Special Provisions) Act,1985. Plans for restructuring / revival of Eastern Coalfields Limited and Bharat Coking Coal Limited are in an advanced stage. Scheme recommending restructuring/revival of Eastern Coalfields Limited has been formulated by Operating Agency and is under consideration of BIFR. In case of Bharat Coking Coal Limited, 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, BCCL is earning profits and its net worth is improving. ECL also earned profit in 2006-07. 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.

### 14. GENERAL

- 14.1 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.
- 14.2 Shifting & Rehabilitation Fund (Schedule – C) shown in Balance Sheet represents the fund set-up for "Implementation of action plan for Shifting & Rehabilitation dealing with Fire and stabilization on unstable areas of Eastern Coalfields Limited & Bharat Coking Coal Ltd". The above fund is invested in Fixed Deposit and any interest income arising thereon (net of TDS) is also transferred to the said fund.
- 14.3 Bharat Coking Coal Limited has received SSRC and R&D Grant upto 31.03.2008 for Rs. 9004.36 and Rs. 175.00 lakhs respectively and total expenditure incurred against these are as follows: :

(Rs. In Lakhs)

	SSRC Scheme	R & D
Capital	2784.32	50.21
Revenue	872.34	38.88

- 14.4 Further provision for impairment loss recognized in an earlier period (2005-06) on Aircraft, has been reversed during the year, on the basis of indication of better economic performance of the asset which increased the value in use. The resultant reversal of impairment loss recognized in Profit & Loss Account are as under:



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Nature of Assets	Events/ Circumstances	Impairment Loss Reversal Amount (Rs. In Lakhs)	Basis of Recoverable Amount	Time of Assessment of Impairment
Aircraft	Better economic performance	199.91	Value in use	31.03.2008

## 15. EFFECT OF CHANGES IN ACCOUNTING POLICY

- 15.1 Due to change in charging depreciation on certain Equipments / HEMM at higher rates than that specified in Schedule XIV of the Companies Act, 1956, the profit for the year is reduced by Rs.11800.58 lakhs.
- 15.2 Due to change in accounting of Prior Period Expenses, a sum of Rs.748.97 lakhs ( as far as could be ascertained ), has been charged to natural head of accounts instead of through Prior Period Adjustment Account.
- 15.3 Due to deletion of word "excepting insurance items" in case of provisioning against stores and spares the profit for the year is reduced by Rs.28.11 lakhs.
- 15.4 In case of Mahanadi Coalfields Limited, due to change in the method of valuation of closing stock of coal, the profit has reduced by Rs. 814.84 lakhs.
- 15.4 Due to change in the method to determine the cost of inventories on full absorption cost basis (applying normal capacity) the profit for the year 2007-08 of Central Coalfields Limited has undergone a change to the extent of of Rs. 3335.98 lakhs by corresponding decrease of the inventories.

## 16. DISCONTINUING OPERATION

### 16.1 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 28-04-03.

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 & machinery 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 31-03-2008 for maintenance and upkeep of the Plant is Rs.39.57 lakhs.

The revenue expenses incurred during the current year is Rs. 2.69 lakhs (Rs.5.06 lakhs). Since, the Plant works on no-profit-no-loss basis, all expenses are passed on to the Areas. 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.0.23 lakhs (Rs. 0.66 lakhs).

### 16.2 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.2.67 lakhs and the liability towards Municipal Taxes is Rs.1.93 lakhs. The company has applied for the waiver of taxes to the authority. The revenue expenses incurred during the year is Rs. 1.10 lakhs (Rs.0.51 lakhs). Since, the Plant is inoperative for the past 10 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.

## 17. FINANCIAL REPORTING OF INTEREST IN JOINT VENTURE

- 17.1 As per directives from the Ministry of Coal, the company has entered into a Joint Venture Agreement (JVA) on 30.06.2007 with Neyveli Lignite Corporation Limited and Hindalco Industries, with the main objective to carry out coal mining activity jointly at Talabira II and III coal blocks as a single mine for deployment of optimum technology and conservation of coal. The expenditure incurred in this regard is booked under the head Prospecting and Boring in the books of IB Valley Area.
- 17.2 Further as per the directives from the Ministry of Coal, the company has entered into another Joint Venture Agreement on 12.11.07 with JSW Steel Ltd, JSW Energy Ltd, Jindal Stainless Ltd and Shyam DRI Power Ltd for coal mining activity jointly at Utkal-A and Gopalprasad (West). The expenditure in these projects so far incurred by the company has been booked under the head Prospecting & Boring in the books of Hingula Area. Pending identification of the expenditure in detail, these have not been transferred to the respective Joint Venture Companies.

## 18. CONTINGENT LIABILITIES / CAPITAL COMMITMENTS

- 18.1 The amount remaining to be executed on capital account not provided for is Rs. 162506.97 Lakhs (Rs.97379.98 lakhs)
- 18.2 Claims against the company not acknowledged as debt are Rs. 518481.64 Lakhs (Rs.680372.91 lakhs).
- 18.3 As on 31.03.2008 outstanding letters of credit amounted to Rs. 4245.45 Lakhs (Rs. 1874.62 lakhs)
- 18.4 The company had 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 31.03.2008 stood at Rs.76397.18 lakhs and Rs.74686.10 lakhs respectively. Further, the company has also given guarantee for loans obtained by subsidiaries the outstanding balance of which as on 31.03.2008 stood at Rs. 13726.27 Lakhs (Rs.15269.88 lakhs).
- 18.5 South Eastern Coalfields Limited has deposited Rs.35000.00 lakhs against a revised demand of Rs. 39725.82 lakhs by Forest Department of Chattisgarh on account of Net Present Value for renewal of forest land lease. The balance amount of Rs. 28847.00 lakhs for underground mines is payable subject to order of the court.

Demand from Forest Department against penal compensatory afforestation is received for Rs.1514.00 lakhs against the estimation of Rs.4702.00 lakhs. Further, a claim of Rs. 385.00



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lakhs for interest on NPV has been received. Both the claims are represented to the appropriate authority or affidavit has been filed.

- 18.6 In pursuance of notification no. nil dt 31-03-2005 & subsequent no. F/19/60/04/XII-2 dt 05.08.2005 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. 48209.06 lakhs (previous year Rs. 24398.84 lakhs ) and the same has not been booked in the accounts.
- 18.7 As on 31.03.2008 Outstanding Deferred Payment Guarantee issued by Banks amounted to Rs.1860.71 Lakhs (Rs.2951.48 lakhs)

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

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

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

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

Dated : 29th July, 2008  
Place : Kolkata

Sd/-  
(S. Das)  
Partner  
Membership No. 051391  
The 29th July, 2008

# Auditor's Report on the Consolidated Financial Statements of Coal India Limited for the year ended 31st March, 2008

1. We have examined the attached consolidated Balance sheet of Coal India Limited as at 31st March 2008, and also the consolidated Profit & Loss Account and the consolidated Cash Flow statement for the year ended on that date annexed thereto.

The 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 framework 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 informations 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 2008 and the total revenue for the year ended on that date in respect of these subsidiaries are as under:-

( Rs. In Lakhs)

<b><u>Subsidiary</u></b>	<b><u>Assets</u></b>	<b><u>Revenue</u></b>
Eastern Coalfields Ltd.	128215.09	335957.16
Bharat Coking Coal Ltd.	117898.10	396951.31
Central Coalfields Ltd.	171909.42	594281.32
Western Coalfields Ltd.	215384.19	612310.13
South Eastern Coalfields Ltd	149757.59	545304.78
Northern Coalfields Ltd.	252422.32	805371.46
Mahanadi Coalfields Ltd.	160918.07	520306.87
C.M.P.D.I. Ltd.	6186.97	19907.70



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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 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, 2008;
  - (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 29th July 2008

For **Mitra Kundu & Basu**  
Chartered Accountants  
Sd/-  
**(S. Das)**  
Partner  
Membership No. .051391





Annual Report

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# **Annual Accounts**

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## **2007–2008**

**COAL INDIA LIMITED**  
**10, NETAJI SUBHAS ROAD**  
**KOLKATA - 700 001**



2007-2008

# Balance Sheet

## As at 31st March, 2008

(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	610705.65	565019.82
<b>B. Shifting &amp; Rehabilitation Fund</b>	C	94587.79	68807.75
<b>C. Loan Fund</b>			
Unsecured	D	151083.28	164609.59
		<u>1488013.16</u>	<u>1430073.60</u>
<b>II. APPLICATION OF FUND</b>			
<b>A. Fixed Assets</b>	E		
(a) Fixed assets		35530.45	35188.40
Less : Depreciation		24265.25	23653.72
		<u>11265.20</u>	<u>11534.68</u>
Less : Prov. for Impairment		2354.83	2170.19
		<u>8910.37</u>	<u>9364.49</u>
Less : Other Provisions		40.41	49.31
		<u>8869.96</u>	<u>9315.18</u>
(b) Capital Work-in-Progress		107.17	8.34
(c) Surveyed Off Assets		-	3.60
<b>B. Investment</b>	F	631636.37	631636.37
<b>C. Current Assets, Loans &amp; Advances</b>			
Inventories	G	1043.93	2367.46
Sundry Debtors	H	0.00	1.49
Cash & Bank Balances	I	466395.81	372898.43
Loans & Advances	J	857553.09	882292.08
		<u>1324992.83</u>	<u>1257559.46</u>
Less : Current Liabilities & Provisions	K	477593.17	468449.35
		<u>847399.66</u>	<u>789110.11</u>
		<u>1488013.16</u>	<u>1430073.60</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)  
CGM (F)/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/-  
(S. Das)  
Partner  
Membership No. 051391  
The 12th June, 2008

Dated : 10th June, 2008  
Place : Kolkata

# Profit & Loss Account

## For the year ended 31st March, 2008

(Rs. in '00,000)

	Schedule	Current Year	Previous Year
<b>INCOME :</b>			
Sales	1	23546.33	24380.23
Coal Issued for other purposes	2	31.08	28.40
Other Income	3	258985.56	285607.29
Interest	13	16855.57	10518.22
		<b>299418.54</b>	<b>320534.14</b>
<b>EXPENDITURE</b>			
Decretion of stock	4	1319.48	747.06
Consumption of Stores & Spares	5	761.92	653.53
Employees' Remuneration and Benefits	7	15752.99	12541.56
Social Overhead	8	2086.05	1767.65
Power & Fuel	9	899.96	829.39
Repairs	10	286.27	221.46
Contractual Expenses	11	7401.12	8776.80
Other Expenditure	12	3904.62	3096.24
Finance Charges	14	1854.22	2039.40
Depreciation	6	608.24	802.22
Provisions	15	5794.12	2520.52
		<b>40668.99</b>	<b>33995.83</b>
<b>PROFIT FOR THE YEAR</b>		<b>258749.55</b>	<b>286538.31</b>
Add: Grant for past losses (Ref.Note No. 13.12 Sch.M, Part B)		5514.00	—
Less : Prior Period Adjustment	16	(5.93)	(54.17)
<b>PROFIT BEFORE TAX</b>		<b>264257.62</b>	<b>286484.14</b>
Provision for Income Tax			
For current year		(11800.00)	(2850.00)
For Fringe Benefit Tax		(281.00)	(180.20)
For earlier year (Including FBT)		(6837.61)	(1430.20)
		<b>(18918.61)</b>	<b>(4460.40)</b>
Excess Prov. for Income Tax Written Back (earlier period)		40.82	105.48
<b>PROFIT AFTER TAX</b>		<b>245379.83</b>	<b>282129.22</b>
Profit brought forward from previous year		313135.38	231636.91
(Less) : Transitional Provision for Employee Benefits (Ref. Note No. 9.5, Sch. M, Part-B)		(168.39)	—
Add : Transfer from Bond Redemption Reserve		—	1400.00
		<b>312966.99</b>	<b>233036.91</b>
<b>PROFIT AVAILABLE FOR APPROPRIATIONS</b>		<b>558346.82</b>	<b>515166.13</b>
(Carried down)			



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

	Schedule	Current Year	(Rs. in '00,000) Previous Year
PROFIT AVAILABLE FOR APPROPRIATIONS (Brought down)		558346.82	515166.13
<b>APPROPRIATION</b>			
Reserve for Foreign Exchange Transactions		673.89	1380.33
Transfer to General Reserve		24537.98	29612.92
Proposed Dividend on Equity Shares			
Interim		170542.00	150000.00
Final		—	—
Tax on Dividend		28983.61	21037.50
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>333609.34</b>	<b>313135.38</b>
Basic and Diluted Earnings per Share (in Rupees) (Ref. Note No. 13.17 in part B to Schedule - M)		387.42	444.48
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)

Sd/-  
(Partha S. Bhattacharyya)  
Chairman

Dated : 10th June, 2008  
Place : Kolkata

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

Sd/-  
(S. Das)  
Partner  
Membership No. 051391  
The 12th June, 2008

# Schedule to Balance Sheet

As At 31st March, 2008

## SCHEDULE – A

### SHARE CAPITAL

(Rs. in '00,000)

	Current Year	Previous Year
<i>Authorised</i>		
(i) 9041800 Non-cumulative 10% Redeemable Preference Shares of Rs.1000/- each (Previous Year 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.



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*SCHEDULE TO BALANCE SHEET (CONTD.)*

**SCHEDULE – B**

**RESERVES & SURPLUS**

(Rs. in '00,000)

	Current Year	Previous Year
<b>A. RESERVES</b>		
(a) <b>Bond Redemption Reserve</b>		
Balance as per last account	3.40	1403.40
Less : Amount transferred to Profit & Loss Account	—	1400.00
	3.40	3.40
(b) <b>Capital Redemption Reserve</b>	90418.00	90418.00
(c) <b>Reserve for Foreign Exchange Transactions</b>		
Balance as per last account	10496.26	9115.93
Add : Amount transferred from Profit and Loss Account	673.89	1380.33
	11170.15	10496.26
(d) <b>General Reserve</b>		
Balance as per last account	150966.78	121353.86
Add : Amount transferred from Profit and Loss Account	24537.98	29612.92
	175504.76	150966.78
<b>B. SURPLUS</b>		
<b>Profit and Loss Account</b>		
Balance Carried forward	333609.34	313135.38
<b>TOTAL (A + B)</b>	<b>610705.65</b>	<b>565019.82</b>

## SCHEDULE TO BALANCE SHEET (CONTD.)

### SCHEDULE – C

#### SHIFTING AND REHABILITATION FUND

(Rs. in '00,000)

	Current Year	Previous Year
Opening Balance as on 01.04.07	68807.75	48594.58
Add : Interest from investment of the fund (Net of TDS)	6305.24	4710.05
Add : Contribution from Subsidiaries	19474.80	17751.60
	94587.79	71056.23
Less : Transferred to Subsidiary	—	2248.48
<b>TOTAL</b>	<b>94587.79</b>	<b>68807.75</b>

### SCHEDULE – D

#### UNSECURED LOAN

(Rs. in '00,000)

	Current Year	Previous Year
<b>Loan From World Bank</b>		
<b>(Guaranteed by Govt of India)</b>		
JBIC (JPY 189618.22 Lacs)	76397.18	77325.00
IBRD (USD 1862.03 Lacs)	74686.10	87284.59
<b>TOTAL</b>	<b>151083.28</b>	<b>164609.59</b>



2007-2008

## SCHEDULE TO BALANCE SHEET (CONTD.)

### SCHEDULE – E

(Rs. in '00,000)

#### FIXED ASSETS

	COST				DEPRECIATION				IMPAIRMENT LOSS				NET BLOCK	
	As on 01.04.07	Addition during the year	Adj/Sales/ Transfer 2007 - 08	Total as on 31.03.08	As on 01.04.07	Addition during the year	Adj/Sales/ Transfer 2007 - 08	Total as on 31.03.08	As on 01.04.07	Addition during the year	Adj/Sales/ Transfer 2007 - 08	Total as on 31.03.2008	As on 31.03.08	As on 31.03.07
<b>LAND</b>														
(a) Freehold	550.84	40.59	—	591.43	0.00	—	—	0.00	0.00	—	—	0.00	591.43	550.84
(b) Leasehold	133.79	—	—	133.79	31.16	1.32	—	32.48	0.00	—	—	0.00	101.31	102.63
<b>BUILDING</b>	7540.55	16.01	28.17	7584.73	2228.01	151.35	—	2379.36	164.08	—	—	164.08	5041.29	5148.46
<b>PLANT &amp; MACHINERY</b>	17964.18	227.88	-45.83	18146.23	14665.22	390.74	-43.52	15012.44	377.63	384.55	—	762.18	2371.61	2921.33
<b>FURNITURE &amp; FITTINGS/</b>														
OFFICE EQUIPMENTS	1648.42	55.46	-0.67	1703.21	1313.90	44.55	-0.48	1357.97	5.79	—	—	5.79	339.45	328.73
RAILWAY SIDING	771.25	—	—	771.25	582.66	36.63	—	619.29	0.00	—	—	0.00	151.96	188.59
VEHICLES	359.68	11.13	—	370.81	300.07	9.60	—	309.67	0.00	—	—	0.00	61.14	59.61
AIRCRAFT	1665.38	—	—	1665.38	1310.13	—	—	1310.13	355.25	—	-199.91	155.34	199.91	0.00
TELECOMMUNICATION	536.84	9.54	-0.23	546.15	472.48	21.34	0.00	493.82	0.06	—	—	0.06	52.27	64.30
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>	35188.40	360.61	-18.56	35530.45	23653.72	655.53	-44.00	24265.25	2170.19	384.55	-199.91	2354.83	8910.37	9364.49
Less : Other Provisions													-40.41	-49.31
<b>TOTAL</b>	35188.40	360.61	-18.56	35530.45	23653.72	655.53	-44.00	24265.25	2170.19	384.55	-199.91	2354.83	8869.96	9315.18
<b>CAPITAL WORK-IN-PROGRESS</b>	454.86	107.17	-8.34	553.69	—	—	—	—	—	—	—	—	553.69	454.86
Less : Provision	-446.52	—	—	-446.52	—	—	—	—	—	—	—	—	-446.52	-446.52
<b>C.W.I.P. (Net)</b>	8.34	107.17	-8.34	107.17	—	—	—	—	—	—	—	—	107.17	8.34
<b>SURVEYED OFF ASSETS (P&amp;M)</b>	—	—	—	—	—	—	—	—	—	—	—	—	0.00	3.60
<b>PREVIOUS YEAR</b>														
<b>FIXED ASSETS</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>	12.00	8.34	-12.00	8.34	—	—	—	—	—	—	—	—	8.34	12.00
<b>SURVEYED OFF ASSETS (P&amp;M)</b>	—	—	—	—	—	—	—	—	—	—	—	—	3.60	5.77

#### ALLOCATION OF DEPRECIATION

Profit & Loss Account	608.24
Social Overhead	42.04
Power & Fuel	5.25
Prior Period Adjustment	—
Other Adjustment (Incl. Surveyed off Assets) and for Policy 7.4	-44.00
<b>TOTAL</b>	<b>611.53</b>

#### CURRENT YEAR

608.24
42.04
5.25
—
-44.00
<b>611.53</b>

#### PREVIOUS YEAR

802.22
42.67
5.25
-6.29
-83.23
<b>760.62</b>





*SCHEDULE TO BALANCE SHEET (CONTD.)*

**SCHEDULE – F**

**INVESTMENT (Unquoted)**

(Rs. in '00,000)

Current Year

Previous Year

***In Fully Paid up Equity Shares of  
Subsidiary Companies (Valued at cost) :***

22184500 Equity Shares of Rs.1000/- each in Eastern Coalfields Ltd. (Previous Year - 221,84,500 Equity Shares of Rs.1000/- each)	221845.00	221845.00
21180000 Equity Shares of Rs.1000/- each in Bharat Coking Coal Ltd. (Previous Year - 211,80,000 Equity Shares of Rs.1000/- each)	211800.00	211800.00
9400000 Equity Shares of Rs.1000/- each in Central Coalfields Ltd. (Previous Year - 94,00,000 Equity Shares of Rs.1000/- each)	94000.00	94000.00
2971000 Equity Shares of Rs.1000/- each in Western Coalfields Ltd. (Previous Year - 29,71,000 Equity Shares of Rs.1000/- each)	29710.00	29710.00
190400 Equity Shares of Rs.1000/- each in 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>



2007-2008

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)	285.96		297.46	
Less : Provision for slow-moving/ non-moving obsolescence/shortage	159.19	126.77	166.64	130.82
Stock of Coal	960.72		2280.20	
(Valued at lower of Cost or Market Price)				
Coke	0.07		0.75	
(Valued at lower of Cost or Market Price)				
	960.79		2280.95	
Less : Provisions	43.63	917.16	44.31	2236.64
<b>TOTAL</b>		<b>1043.93</b>		<b>2367.46</b>

# SCHEDULE TO BALANCE SHEET (CONTD.)

## PARTICULARS IN RESPECT OF COAL STOCK AS ON 31.03.2008 (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 01.04.07 (As per Accounts)	181.48	1046.79			181.48	1046.79
2. Add : Production for the year	1100.72	—			1100.72	—
3. Sub-Total (1+2)	1282.20	1046.79			1282.20	1046.79
4. Less : Off Take for the year						
(a) (i) Outside Despatch	1200.28	22808.57			1200.28	22808.57
(ii) Transferred Out	—	—			—	—
(b) Coal issued for other purpose	2.18	31.08			2.18	31.08
<b>Total (4)</b>	<b>1202.46</b>	<b>22839.65</b>			<b>1202.46</b>	<b>22839.65</b>
5. Derived Stock (3-4)	79.74	917.16			79.74	917.16
6. Measured Stock	80.41	924.98			80.41	924.98
7. Difference (5-6)	-0.67	-7.82			-0.67	-7.82
8. Break up of difference						
(a) Excess within 5%					-0.67	-7.82
(b) Shortage within 5%	-0.67	-7.82				
(c) Excess beyond 5%						
(d) Shortage beyond 5%						
9. Closing Stock Adopted in Accounts (6+8a+8b)	79.74	917.16			79.74	917.16
<b>(B) RECONCILIATION OF CLOSING STOCK ADOPTED IN ACCOUNTS</b>					79.74	917.16
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					79.74	917.16



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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	1076.73	1076.75
Other Debts	—	1.47
	1076.73	1078.22
Less : Provision	1076.73	1076.73
TOTAL	0.00	1.49

#### CLASSIFICATION

Considered good	0.00	1.49
Considered doubtful	1076.73	1076.73

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

### SCHEDULE – I

#### CASH AND BANK BALANCES

(Rs. in '00,000)

	Current Year	Previous Year
Cash, Cheques, Drafts, Stamps etc. in hand	3.36	6.96
Remittance-in-transit	—	1.50
<b>Balance with Scheduled Banks</b>		
In Current Account	7687.09	7041.77
In Cash Credit Account	1569.63	2120.52
In Deposit Account with Scheduled Banks	457135.73	363727.68
With Post Office Savings Bank Account	0.27	0.27
Less Provision	0.27	0.27
TOTAL	0.00	0.00
	466395.81	372898.43

# SCHEDULE TO BALANCE SHEET (CONTD.)

## SCHEDULE – J

### LOANS & ADVANCES

(Rs. in '00,000)

	Current Year	Previous Year
<b>Loans &amp; Advances (Unsecured)</b> <b>(Advance Receivable in cash or in kind or for value to be received)</b>		
<b>ADVANCE TO SUPPLIERS</b>		
For Capital (Ref. Note No. 9.6 & 13.10 of Sch.-M Part-B)	986.72	1031.85
For Others	214.95	202.74
	1201.67	1234.59
<b>ADVANCE TO SPV</b>	<b>50.00</b>	
<b>ADVANCE TO EMPLOYEES</b>		
For House Building	82.43	115.07
For Motor Car & Other Conveyance	0.46	2.25
For Others	199.15	183.29
	282.04	300.61
<b>DEPOSITS</b>		
For Custom duty & Port Charges	82.54	82.04
For Other Deposits	252.03	220.20
	334.57	302.24
Short Term Loan to Body Corporates	150.00	150.00
Dividend receivable from Subsidiaries	10772.25	25000.00
Other Receivable	1288.99	1980.40
Other Advances (Ref. Note No. 13.11 of Sch.-M Part-B)	1154.60	1825.83
<b>AMOUNT RECEIVABLE FROM GOVERNMENT OF INDIA</b>		
For transaction on behalf of Ex-Coal Board	117.24	104.82
Claims Receivable	318.27	345.84
Prepaid Expenses	22.41	27.02
TDS/Advance Tax	24806.91	4122.31
<b>Balance with Subsidiaries</b>		
Loan A/c.	191115.06	206115.06
Current A/c.	469002.58	470082.56
	660117.64	676197.62
<b>Balance with Subsidiaries (World Bank Loan)</b>		
Loan A/c.	151083.28	164609.59
Loan to Subsidiaries (VRS)	7409.00	7409.00
Exploratory Drilling work (Ref. Note No. 7.3 of Sch.-M Part-B)	4446.24	4238.83
(Eastern Coalfields Ltd. Command Area)	863555.11	887848.70
Less : Provision	6002.02	5556.62
<b>TOTAL</b>	<b>857553.09</b>	<b>882292.08</b>
<b>CLASSIFICATION</b>		
Considered good	857553.09	882292.08
Considered doubtful	6002.02	5556.62



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*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	230876.66	218731.80	223077.23	212302.32
Bharat Coking Coal Limited	412153.73	423229.86	401599.76	419435.87
Central Coalfields Limited	75180.74	27783.45	30693.65	4932.16
Western Coalfields Limited	-12507.01	4142.64	-12817.44	4157.73
Northern Coalfields Limited	-129046.98	-117867.58	-133552.20	-121998.23
South Eastern Coalfields Limited	21687.10	32396.97	20148.43	32396.97
Mahanadi Coalfields Limited	-126136.95	-111571.84	-126136.94	-116231.32
Central Mine Planning & Design Institute Limited	13416.83	8055.57	12122.20	-358.98
<b>TOTAL</b>	<b>485624.12</b>	<b>484900.87</b>	<b>415134.69</b>	<b>434636.52</b>

**Notes :** House Building and cars/scooters advance for Rs.82.89 lakhs (Previous Year 117.32 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	378.08		322.69
For Coal	63.56		63.56
		441.64	386.25
Advance from Customers		1993.08	2269.04
Deposits		2255.17	1798.42
Other Deposit from Customers		327.73	278.85
Advance Deposit (Pre-Nationalisation)		20.85	20.85
<b>EMPLOYEES' REMUNERATION &amp; BENEFITS</b>			
Salaries, Wages & Allowances	791.05		622.82
Gratuity	6626.22	5574.01	
Less : Gratuity Fund with LIC	- 5392.81		
	1233.41	5574.01	
		159.33	
Ex-gratia	250.82		1432.20
Leave Encashment	1726.43		
Other Employee Benefits	152.10		
	4153.81		7788.36
<b>OTHER EXPENSES</b>			
Power & Fuel	121.92		126.31
Contractual Expenses	1859.96		2711.02
Others	3737.52		3233.42
	5719.40		6070.75
Due to Government of India (including ex-owner's Accounts)	160.93		160.93
Interest accrued but not due on Loan		1578.91	2008.28
<b>SALES TAX</b>			
State	30.84		27.76
Central	85.61		79.97
	116.45		107.73
Royalty & Cess on Coal		633.01	623.06
Provident Fund		218.75	285.91
Pension Fund		7.07	8.88
<b>INCOME TAX</b>			
Employees	85.35		148.10
Contractors	4.43		10.46
Others	7051.94		4682.35
	7141.72		4840.91
Professional Tax	6.65		12.12
Surplus Fund from Subsidiaries		379407.81	390888.99
Balance with Subsidiaries Current Account		24067.41	22690.77
Adv. Deposit Other Govt. Fund (Ref. Note No. 13.12 in Sch.-M Part-B)		2516.92	7843.00
Other Liability		5556.64	3653.41
<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	25579.94		7002.48
Provision for Interim Relief for NCWA-VIII	1657.40		
Provision for Executive Pay Revision	753.86		
Provision for Foreign Exchange Transactions (Marked to Market)	2330.00		
	466651.06		458744.90
Contribution from Subsidiaries towards Indian Instt. of Coal Management pending reimbursement (Ref. Note No. 9.4 in Sch.-M Part-B)	10942.11		9704.45
<b>TOTAL</b>		<b>477593.17</b>	<b>468449.35</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.



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# Schedule to Profit & Loss Account

For the Year Ended 31st March, 2008

## SCHEDULE – 1

SALES

(Rs. in '00,000)

PRODUCT – RAW COAL

PARTICULARS	Current Year	Previous Year
Quantity (in '000 M.T.)	1200.28	1182.13
Gross Sales Value	26493.86	27526.48
Add : Other Recoveries	737.77	611.01
<b>(A)</b>	<b>27231.63</b>	<b>28137.49</b>
Less : Statutory Levies		
Royalty on Coal	2101.64	1950.88
Stowing Excise Duty	120.03	118.24
SALES TAX		
Central	660.17	852.51
State	203.32	244.45
Assam Land Tax	600.14	591.18
<b>Total Levies (B)</b>	<b>3685.30</b>	<b>3757.26</b>
<b>Net Value (A - B)</b>	<b>23546.33</b>	<b>24380.23</b>

## SCHEDULE – 2

COAL ISSUED FOR OTHER PURPOSES

(Rs. in '00,000)

	Current Year	Previous Year
Internal Consumption (Power & Fuel)	28.52	25.99
Free Issue to Employees (Social Overhead)	2.56	2.41
<b>TOTAL</b>	<b>31.08</b>	<b>28.40</b>



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

## SCHEDULE – 3

OTHER INCOME	(Rs. in '00,000)	
	Current Year	Previous Year
Subsidy (stowing)	38.20	6.72
Apex Office Charges from Subsidiaries (TDS — Rs. 2095.42 lakhs)	16460.00	15261.00
Interest received	29.86	38.46
Rent (Outsider)	2.76	6.12
L.D./Penalty received	1.56	4.40
Tender Fees	6.52	5.99
Provision/Liability Write backs	726.14	2135.12
Hire Charges (TDS – Rs. 115.57 lakhs)	510.00	510.00
Let out Rent (TDS - Rs.89.05 lakhs)	393.00	393.00
Interim Dividend/Dividend from Subsidiaries	237827.37	262907.86
Guarantee Fee from Subsidiaries	2266.25	2469.14
Profit on sale of Assets	7.87	0.01
Net Gain on Foreign Exchange Transactions	673.89	1380.33
Misc. Income	42.14	489.14
<b>TOTAL</b>	<b>258985.56</b>	<b>285607.29</b>



2007-2008

**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 01.04.2007		
Raw Coal	2280.20	3027.26
Soft Coke	0.75	0.75
Less : Deterioration of Coal value due to longer stocking etc.	44.31	44.31
<b>TOTAL (A)</b>	<b>2236.64</b>	<b>2983.70</b>
B. Closing Stock (Revenue Mines only) as on 31.03.2008		
Raw Coal	960.72	2280.20
Soft Coke	0.07	0.75
Less : Deterioration of Coal Value due to longer stocking etc.	43.63	44.31
<b>TOTAL (B)</b>	<b>917.16</b>	<b>2236.64</b>
<b>NET TOTAL (Total A - Total B)</b>	<b>1319.48</b>	<b>747.06</b>

**SCHEDULE – 5**

**CONSUMPTION OF STORES & SPARES**

(Rs. in '00,000)

	Current Year	Previous Year
Explosives	214.25	280.27
Timber	134.61	120.77
Petrol, Oil and Lubricants	301.79	296.42
Consumable Stores & Spares for HEMM	16.30	29.36
Other Consumable Stores & Spares	485.48	398.13
	1152.43	1124.95
Less : Transfer to		
Social Overhead	20.61	16.55
Power & Fuel	116.55	108.88
Other Expenditure	57.60	74.98
Less : Recovered from contractor (Explosives)	195.75	271.01
	390.51	471.42
<b>TOTAL</b>	<b>761.92</b>	<b>653.53</b>

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

## SCHEDULE – 6

		(Rs. in '00,000)	
		Current Year	Previous Year
DEPRECIATION			
Total Depreciation (Schedule – E)		611.53	760.62
Less :	Transferred to		
	Social Overhead	42.04	42.67
	Power & Fuel	5.25	5.25
	Prior period adjustment	—	(6.29)
	Other adjustment	(44.00)	(83.23)
		3.29	(41.60)
TOTAL (Net)		608.24	802.22

## SCHEDULE – 7

		(Rs. in '00,000)	
		Current Year	Previous Year
EMPLOYEES' REMUNERATION AND BENEFITS			
SALARIES, WAGES AND ALLOWANCES			
Salaries & Wages (incl. Transport Subsidy)		8622.85	8038.83
Provision for Interim Relief for NCWA-VIII (Ref. Note : 10.6)		1657.40	—
Provision for Executive Pay Revision (Ref. Note : 10.6)		753.86	—
Overtime			
(a)	Normal	255.08	263.80
(b)	Sunday Maintenance	237.11	208.44
		492.19	472.24
Leave Encashment		636.05	407.02
Contribution to Provident Fund and Other Funds (including Administrative Charges)		1036.12	1098.18
Attendance Bonus		417.91	515.27
Ex-gratia			
(a)	PPLB - Non Executive	239.21	147.15
(b)	PPLR - Executive	34.87	17.37
(c)	Rewards	—	80.73
		274.08	245.25
LTC/LLTC/RRF		318.77	196.06
Pension		68.41	63.65
Gratuity		1563.42	1412.91
Workmen Compensation		3.23	8.04
Group Insurance		8.79	8.28
D. L. I.		11.63	9.45
Life Cover Scheme		17.61	13.60
V. R. S.		235.48	396.81
Other Employees Benefit (Settlement Allowance)		0.01	—
		16117.81	12885.59
Less :	Transfer to		
	Social Overhead	354.02	335.73
	Power & Fuel	10.80	8.30
		364.82	344.03
TOTAL		15752.99	12541.56



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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		354.02		335.73
Free Issue of Coal to Employees		2.56		2.41
Medical Facilities				
(a) Medical Reimbursement	498.70		515.19	
(b) Medicine	29.91		33.56	
(c) Diet Expenses	9.10		9.80	
		537.71		558.55
Grants to				
(a) Schools & Institutions	44.59		45.19	
(b) Sports, Recreation	256.20		13.04	
		300.79		58.23
Canteen and Creche				
Canteen up-keep		20.06		11.59
House Rent		14.58		18.42
Power		433.65		397.93
Repairs & Maintenance				
(a) Township (incl. welfare buildings)	97.22		119.43	
(b) Plant & Machineries	0.11		1.49	
		97.33		120.92
Maintenance of Vehicles				
(a) Petrol & Diesel	10.01		7.90	
(b) Repairs	2.11		3.62	
(c) Insurance	1.93		0.54	
		14.05		12.06
Consumption of Stores & Spares		10.60		8.65
Depreciation		42.04		42.67
Community Development		14.91		12.99
Uniform		5.48		6.91
Training : Conference & Seminar				
(a) Within the Co.	2.77		0.94	
(b) Outside the Co.	90.70		47.01	
		93.47		47.95
Other Welfare Expenses		167.17		156.77
		2108.42		1791.78
Less : Recoveries				
House Rent	5.88		4.61	
Hospital Charges	0.87		0.39	
Electricity	15.62		19.13	
		22.37		24.13
<b>TOTAL</b>		<b>2086.05</b>		<b>1767.65</b>

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

## SCHEDULE – 9

### POWER & FUEL

(Rs. in '00,000)

	Current Year	Previous Year
Purchase of Electricity	1165.35	1068.32
Power Generation		
Salary & Wages	10.80	8.30
Consumption of Coal	28.52	25.99
Consumption of Stores	116.55	108.88
Repair & Maintenance	7.14	10.58
Depreciation	5.25	5.25
	<u>168.26</u>	<u>159.00</u>
	1333.61	1227.32
Less : Transfer to Social Overhead	433.65	397.93
<b>TOTAL</b>	<b><u>899.96</u></b>	<b><u>829.39</u></b>

## SCHEDULE – 10

### REPAIRS

(Rs. in '00,000)

	Current Year	Previous Year
Building	102.74	87.54
Plant & Machinery (Outside Agency)	41.93	24.82
Office Equipment	28.42	21.44
Others	219.76	222.78
	<u>392.85</u>	<u>356.58</u>
Less : Transfer to		
(a) Social Overhead	99.44	124.54
(b) Power & Fuel	7.14	10.58
	<u>106.58</u>	<u>135.12</u>
<b>TOTAL</b>	<b><u>286.27</u></b>	<b><u>221.46</u></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	42.07	53.17
Other Contractual Work	7359.05	8723.63
<b>TOTAL</b>	<b>7401.12</b>	<b>8776.80</b>

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

## SCHEDULE – 12

### OTHER EXPENDITURE

(Rs. in '00,000)

		Current Year		Previous Year
Travelling				
(a) In country	593.14		545.42	
(b) Outside country	101.61		74.62	
		694.75		620.04
Printing & Stationery		83.81		94.57
Postage		20.87		20.72
Telephone		71.69		80.01
Advertisement & Publicity				
(i) Advertisement for				
(a) Tender	88.23		85.91	
(b) Recruitment	23.22		37.06	
		111.45		122.97
(ii) Publicity		417.03		429.59
Demurrage		37.25		30.81
Donation		1.49		9.33
Subscriptions		11.11		22.52
Security Expenses		179.99		152.69
Hire Charges				
(a) Computer	53.31		55.80	
(b) Others	70.10		98.68	
		123.41		154.48
Maintenance of Vehicles				
(a) Petrol & Diesel	57.60		74.98	
(b) Repairs	27.65		27.20	
(c) Road Tax & Insurance	9.05		7.63	
		94.30		109.81
Legal Expenses		47.99		49.10
Bank Charges		9.24		9.88
Guest House Expenses	22.92		22.32	
Less : Recoveries	5.88		3.65	
		17.04		18.67
Consultancy Fees		366.91		76.42
Office Contingency Expenses		95.82		97.41
Underloading Charges		293.14		227.83
Auditors' Remuneration				
(a) Audit Fees	3.30		3.30	
(b) Travelling & Out-of-pocket exp.	1.00		1.00	
		4.30		4.30
Tax Audit Fees		0.63		0.63
Internal Audit/Other Audit fees and exp.		2.57		6.04
Royalty & Cess		6.48		10.58
Rent, Rates & Taxes		420.96		334.13
Insurance		7.95		10.40
Dead Rent		32.61		32.53
Surface Rent		—		0.75
Loss on Exchange Variance		5.33		1.59
Commission & Brokerage to Selling Agents		123.31		186.23
Miscellaneous		623.19		182.21
<b>TOTAL</b>		<b>3904.62</b>		<b>3096.24</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 (TDS — Rs. 9120.22 lakhs)	49928.48	27792.76
(b) Recovered from Subsidiaries	5820.94	8413.69
(c) Transferred to Subsidiaries on account of IBRD & JBIC Loan	3949.16	6571.92
<b>Total (A)</b>	<b>59698.58</b>	<b>42778.37</b>
<b>Less :</b>		
<b>B. INTEREST (EXPENDITURE)</b>		
(a) Interest on Surplus Fund parked by Subsidiaries	31120.61	20862.52
(b) Transfer to Rehabilitation Fund	6305.24	4710.05
(c) Bonds	—	114.65
(d) Interest on IBRD & JBIC Loan	3949.16	6571.92
(e) Others (Net)	1468.00	1.01
<b>Total (B)</b>	<b>42843.01</b>	<b>32260.15</b>
<b>TOTAL (A – B)</b>	<b>16855.57</b>	<b>10518.22</b>

**SCHEDULE – 14**

**FINANCE CHARGES**

(Rs. in '00,000)

	Current Year	Previous Year
Guarantee Fees on IBRD & JBIC Loan	1813.00	1975.32
Other Bank Charges	41.22	64.08
Other Charges on IBRD & JBIC Loan	4.91	6.03
	<b>1859.13</b>	<b>2045.43</b>
<b>Less :</b> Transferred to Subsidiaries on account of IBRD & JBIC Loan	4.91	6.03
<b>TOTAL</b>	<b>1854.22</b>	<b>2039.40</b>



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

## SCHEDULE – 15

(Rs. in '00,000)

PROVISIONS	Current Year	Previous Year
<b>A. Provision for :</b>		
Doubtful Advances	1470.53	838.08
Doubtful Debts	—	5.02
Impairment of Assets	384.55	338.15
Surveyed off Assets	—	5.31
Foreign Exchange Transactions (Marked to Market)	2330.00	—
Others	1609.04	1333.96
<b>Total (A)</b>	<b>5794.12</b>	<b>2520.52</b>
<b>B. Write-offs :</b>		
Doubtful Advances (Exploratory Drilling work at ECL)	950.86	360.06
Doubtful Claims	31.42	—
Others (Stock of Coal)	0.69	—
	982.97	360.06
<b>Less :</b>		
Equivalent Provision Written-back	982.97	360.06
<b>Total (B)</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL (A + B)</b>	<b>5794.12</b>	<b>2520.52</b>

## SCHEDULE – 16

(Rs. in '00,000)

PRIOR PERIOD ADJUSTMENT	Current Year	Previous Year
<b>DEBITS :</b>		
Social Overhead	—	4.31
Other Income	—	9.46
Other Expenditure	5.93	—
Contractual Expenses	—	47.17
Employees' Remuneration & Benefits	—	—
	5.93	60.94
<b>CREDITS :</b>		
Other Income	—	—
Depreciation	—	6.29
Interest	—	0.04
Repairs	—	—
Other Expenditure	—	0.44
	0.00	6.77
<b>Net : Credit (+)/Debit (-)</b>	<b>-5.93</b>	<b>-54.17</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 include cost and expenses incurred for erection/ installation and other attributable costs of bringing those assets to working conditions for their intended use.
- 4.3 **RAILWAY SIDINGS** : Pending commissioning, payments made to the railway authorities for construction of railway siding are shown under Capital Work-in-Progress.
- 4.4 **Development** : Expenses net of income of the projects / mines under development are booked to Development account and grouped under Capital Work-in-Progress till the projects/ mines are brought to revenue account. Except otherwise specially stated in the project report to determine the commercial readiness of the project to yield production on a sustainable basis and completion of required development activity during the period of construction, projects and mines under development are brought to revenue :
  - (a) From 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 .

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%. Further, depreciation on certain Equipments/HEMM is charged over the technically estimated life at higher rates viz. 11.88% ; 13.57% and 15.83% as applicable. 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 upto 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 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/Other Employee Benefits

- (a) **Defined contributions plans** : The company makes contributions towards Provident Fund and Pension Fund to a defined contribution retirement benefit plan for qualifying employees. The Provident Fund and Pension Fund are operated by the Coal Mines Provident Fund (CMPF) Authorities. As per the rules of these schemes, the company is required to contribute a specified percentage of pay roll cost to the CMPF authorities to fund the benefits.
- (b) **Defined benefits plans** : The year-end liability on account of gratuity and leave encashment is provided for on actuarial valuation basis by applying projected unit credit method. Further the company has created a Trust with respect to establishment of Funded Group Gratuity (cash accumulation) Scheme through Life Insurance Corporation of India. Contribution is made to the said fund based on the actuarial valuation.
- (c) **Other employee benefits** : Further year-end liability of certain other employee benefits viz. benefits on account of LTA/ LTC; Life Cover Scheme; Group Personal accident insurance scheme and Settlement Allowance are also valued on actuarial basis by applying projected unit credit method.

## 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%	(-)

#### 17.0 Prior Period Adjustments

Income / expenditure items relating to prior period(s) which do not exceed Rs. 5.00 Lakhs in each case are treated as income / expenditure for the current year.

## B. NOTES ON ACCOUNTS

### 1. Contingent Liabilities /Capital Commitments

- 1.1 The amount remaining to be executed on Capital Account not provided for is Rs.402.36 Lakhs (Rs.42.90 Lakhs).
- 1.2 Claims against the Company not acknowledged as debts are Rs.1477.47 Lakhs (Rs.6126.52 Lakhs).
- 1.3 The overall Marked to Market position of the existing hedge transactions (net of the positive values) as on 31.03.2008 stood at Rs.2089.00 lakhs (negative). However, the negative Marked to Market valuation of outstanding position involving six individual foreign currency transactions as on 31.03.2008 before netting up with transactions having positive values stood at Rs.2330.00 lakhs (Rs.473.00 lakhs ).

Further the Accounting Standard- 30 on Financial Instruments: Recognition and Measurement issued by Institute of Chartered Accountants of India (ICAI) has been issued with recommendatory implementation from 01-04-2009 and mandatory from 01-04-2011. However, following the announcement of ICAI on Accounting for Derivatives the value of negative marked to market position of foreign exchange transactions amounting to Rs.2330.00 lakhs have been provided for in the year's Accounts.

- 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 31.03.2008 stood at Rs.76397.18 Lakhs and Rs.74686.10 Lakhs respectively.

Further, the Company has also given guarantee for loans obtained by subsidiaries the outstanding balance of which as on 31.03.2008 stood at Rs.13614.74 Lakhs (Rs.15269.88 Lakhs).

- 1.5 As on 31.3.2008 outstanding letters of credits amounted to Rs.1401.00 Lakhs ( NIL ) and outstanding Deferred Payment Guarantee issued by Banks amounted to Rs.1834.97 Lakhs (Rs.2909.04 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. (for a lease rent of Rs.750.00 Lakhs per annum) under cancellable operating lease agreement. Additions to these assets including transfer from CWIP from the day of letting out to 31.03.2008 are Rs.631.45 Lakhs on value of plant and Rs.162.31 Lakhs on value of building and other assets. The cumulative provision for depreciation upto 31.03.2008 stood at Rs.11024.79 Lakhs (including depreciation charged for the current period of Rs.293.40 Lakhs). The net W.D.V. of the leased assets as per books as on 31.03.2008 is Rs.3129.69 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 (for an annual lease rent of Rs.153.00 Lakhs) under cancellable operating lease agreement.

Additions to these assets from the day of letting out to 31.03.2008 are Rs.364.19 Lakhs on value of plant & machinery and Rs.362.81 Lakhs on value of building and other assets. The cumulative provision for depreciation upto 31.03.2008 stood at Rs.1021.65 Lakhs (including depreciation charged for the current year of Rs.72.11 Lakhs). The net W.D.V. of the leased assets as per books as on 31.03.2008 is Rs.1683.66 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. 31.03.2008; and assessed the following assets having no recoverable value, hence impaired. The resultant impairment loss has been charged to Profit & Loss Account. The 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	384.55	Value in use	As on 31.03.2008

Further, provision for impairment loss recognised in an earlier period (2005-06) on Air Craft, has been reversed during the year, on the basis of indication of better economic performance of the asset which increased the value in use. The resultant reversal of impairment loss recognised in the Profit & Loss Account are as under :

<i>Nature of Assets</i>	<i>Events/ Circumstances</i>	<i>Impairment Loss Reversal Amount (Rs. in Lakhs)</i>	<i>Basis of Recoverable Amount</i>	<i>Time of Assessment of Impairment</i>
Aircraft	Better economic performance	199.91	Value in use	As on 31.03.2008

### 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 31.3.2008. Eastern Coalfields Ltd. and Bharat Coking Coal Ltd. have become sick and are referred to BIFR under Sick Industrial Companies (Special Provisions) 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, BCCL is earning profits and its net-worth is improving. ECL also earned profit in 2006-07. 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.159.19 Lakhs (166.64 Lakhs) has been kept in the accounts for unserviceable or obsolete spares which is considered adequate.



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## **5. Sundry Debtors**

- 5.1 Provision for Bad & Doubtful Debts amounting to Rs.1076.73 Lakhs (Rs.1076.73 Lakhs) is considered adequate.

## **6. Investment in SPV**

- 6.1 CIL has entered into a Memorandum of Understanding (vide approval from its Board in 237th meeting held on 24th November, 2007) regarding formation of Special Purpose Vehicle (SPV) through joint venture involving CIL/SAIL/RINL/NTPC & NMDC for acquisition of coal properties abroad. The formation of the SPV had been approved by the Cabinet, Govt. of India, vide its approval dated 8th November, 2007.

As per the agreement, CIL would invest Rs.1000 Crores in the SPV. The registration of company for the purpose of SPV is at an advance stage, and till 31.03.2008 CIL has paid a sum of Rs.50.00 Lakhs towards its share for initial expenses (pre-incorporation). Pending the finalisation of formation of the company for the SPV, the initial contribution of Rs.50.00 Lakhs which shall ultimately form part of the Equity Contribution in the SPV; has been shown as investment in SPV in the Loans & Advance Schedule (Sch-J).

## **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.193.95 Lakhs ( Rs.193.95 Lakhs) due from Railways for missing/diversion of wagons etc.
- 7.3 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 upto 31.03.2008 stood at Rs.4446.24 Lakhs including current year addition of Rs.1158.26 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.950.86 Lakhs (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 C.I.L. and its Subsidiary Companies.

Out of total cash credit limit of Rs.550.00 Crores, sub-limit of Rs.29.00 Crores has been allocated to the subsidiaries for which Coal India Ltd. is contingently liable to the extent the facility actually utilised by Subsidiaries.

## 9. Current Liabilities & Provisions

- 9.1 The provisions made in the Accounts against slow moving/non-moving and obsolete stores, claims receivable, advance, doubtful debts etc. are considered adequate to cover possible losses.
- 9.2 Interest paid/payable on the amounts collected from the employees towards the Pension Scheme and held by the Company pending completion of necessary formalities has been charged in the accounts at rates prescribed by Coal Mines Pension Scheme 1998.
- 9.3 The balance of the current account with the Subsidiaries are being reconciled on a continuous basis, and the same as on 31.3.2008 has been reconciled substantially, while reconciliation for 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.1901.50 Lakhs. Further Rs.510.84 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. 34.67 Lakhs).

- 9.5 The liabilities for Gratuity, Earned Leave/ Half pay Leave encashment as on 31.03.2008 are accounted for on actuarial basis. Further the amounts falling due within the year on actual basis are paid/ provided for on actual basis.

Further year-end liability of certain other employee benefits viz. benefits on account of LTA/ LTC; Life Cover Scheme; Group Personal accident insurance scheme and Settlement Allowance have also been valued on actuarial basis from the current year. The transitional provision in this respect for the past service cost have been recognised in the financial statement against the opening balance of surplus. The current cost based on such actuarial valuation as at 31-03-08 has been adjusted in the income statement of the current year.

Further, due to such valuation from the 2007-08 financial year, the opening balance of profit brought forward from previous year has been reduced by Rs.168.39 Lakhs (transitional provision) and current year profit increased by Rs.16.29 Lakhs.

Liability for some employee benefits viz. VRS (non-executives), Exgratia in lieu of employment on death in harness for employees, Exgratia payment to employees on death due to mines accident, Retirement Medical Benefits etc. have not been valued on actuarial basis.

The disclosure as per actuary's certificate for funded employee benefits for gratuity are given below :



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**ACTUARIAL VALUATION OF GRATUITY LIABILITY AS AT 31-03-2008**  
**CERTIFICATE AS PER ACCOUNTING STANDARD 15 (Revised 2005)**

**Table 1 : DISCLOSURE ITEM 120 (c)**  
**Table Showing Charges in Present Value of Obligations**

*Rs. in lakhs*

	<b>As at 31-03-2008</b>
Present value of obligation at beginning of year	5386.79
Acquisition Adjustment	0.00
Interest Cost	435.78
Past Service Cost	0.00
Current Service Cost	414.22
Curtailment Cost	0.00
Settlement Cost	0.00
Benefits Paid	520.03
Actuarial Gain / Loss on Obligations	644.02
Present Value of Obligations at End of Year	6360.78

**Table 2 : DISCLOSURE ITEM 120 (e)**  
**Table Showing Charges in Fair Value of Plan Assets**

*Rs. in lakhs*

	<b>As at 31-03-2008</b>
Fair Value of Plan Asset at Beginning of Year	5386.79
Acquisition Adjustment	0.00
Expected Return on Plan Asset	430.94
Contributions	0.00
Benefits Paid	520.03
Actuarial Gain / Loss on Plan Asset	95.10
Fair Value of Plan Asset at End of Year	5392.81

**Table 3 : DISCLOSURE ITEM 120 (f)**
**Table Showing Funded Status**
*Rs. in lakhs*
**As at  
31-03-2008**

Present Value of Obligation at End of the Year	6360.78
Fair Value of Plan Asset at End of the Year	5392.81
Funded Status	(-) 967.97
Un-recognised Actuarial Gain / Loss at End of the Year	0.00
Net Asset (Liability)	
Recognised in Balance Sheet	(-) 967.97

**Table 4 : DISCLOSURE ITEM 120 (g)**
**Table Showing Expense Recognised in Statement of Profit / Loss**
*Rs. in lakhs*
**As at  
31-03-2008**

Current Service Cost	414.22
Past Service Cost	0.00
Interest Cost	435.78
Expected Return on Plan Asset	430.94
Curtailment Cost	0.00
Settlement Cost	0.00
Actuarial Gain / Loss Recognised in the Year	548.92
Expense Recognised in Statement of Profit / Loss	967.97



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**Table 7 : DISCLOSURE ITEM 120 (I)**  
**Table Showing Actuarial Assumptions**

		<i>As at 31-03-2008</i>
Mortality Table	:	LICI 1994 – 1996
Superannuation Age	:	60
Early retirement & Disablement	:	10 per thousand P.A.
	:	6 above age 45
	:	3 between 29 and 45
	:	1 below age 29
Discount Rate	:	8.50
Inflation Rate	:	5.00
Return on Asset	:	8.00
Remaining Working Life	:	15
FORMULA USED	:	Projected Unit Credit Method

**Table 8 : DISCLOSURE ITEM 120(M)**

Not applicable as Scheme is not related to Medical cost

**Table 9 : DISCLOSURE ITEM 120(n)**

Summary of last Valuation Record

**Table 11 : Showing Movements in the Liability Recognised in Balance Sheet:**

	<i>Rs. in lakhs</i>
	<i>As at 31-03-2008</i>
Opening Net Liability	0.00
Expenses as above	967.97
Contributions	0.00
Closing Net Liability	967.97
Closing Fund / Provision at end of Year	6360.78

- 9.6 Full provision has been kept in the Accounts against an old advance amounting to Rs.345.81 Lakhs paid to M/s MAMC for arranging supply of imported spares on behalf of BCCL, a Subsidiary Company.

## 10. Profit & Loss Account

- 10.1 Recognition of Revenue in respect of interest claim amounting to Rs.8464.17 Lakhs (Rs.6811.78 Lakhs) and Apex Charges amounting to Rs.1275.00 Lakhs (Rs.1210.00 Lakhs) attributable to Bharat Coking Coal Ltd. 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 Rs108329.98 lakhs already made interest free vide 229 th meeting of CIL Board). Recovery of such apex office charge and interest from ECL is already waived by CIL Board as explained in Note No 13.9.
- 10.2 Interim dividend declared by four subsidiaries namely, N.C.L., M.C.L., S E C L & W.C.L. amounting to Rs.151058.65 Lakhs ( Rs.125912.39 Lakhs) pertaining to the year 2007-08 has been accounted for as income for the year, over and above the final dividend for the year 2006-07 received during the current year from these Subsidiaries amounting to Rs.86768.72 Lakhs (Rs. 136995.47 Lakhs).
- 10.3 Depreciation includes the amount charged on account of amortisation of cost of Leasehold Land.
- 10.4 As a measure of abundant precaution pending ascertainment of relatable proportionate unprovided cost of Overburden Removal vis-à-vis the relevant ratio of Coal raised during the year an amount of Rs. 1446.45 Lakhs has been provided in the Accounts, as per the existing contractual terms and period of three years.
- 10.5 Due to change in accounting policy in para 7.1 of Significant Accounting Policy of charging depreciation on certain Equipments/HEMM at higher rates than that specified in Schedule – XIV of the companies act 1956, the profit for the year is reduced by Rs.1.61 Lakhs.
- Further, Policy No – 6.2.3 was modified during the year deleting the words “excepting insurance items”. There is no impact in profit of the company arising out of such modification.
- Further, due to change in the Policy No : 17, a sum of Rs.26.05 (Net Debit) ( as per as could be ascertained), has been charged to natural head of Accounts instead of through Prior period adjusted Account.
- 10.6 Following the recent JBCCI decision to pay interim relief for NCWA – VIII to all Wage Board employees a provision @ 15% of Basic plus DA as on 30.06.2006 for the entire period from 01.07.2006 ( the date from which NCWA – VIII is applicable) to 31.03.2008 has been made in the year's accounts alongwith related employee contributions. The total provision made on this account is Rs.1657.40 Lakhs.
- Further, provision has also been made in the Accounts to cover the likely expenditure on account of merger of Industrial Dearness Allowance equal to 50% of existing basic (w.e.f. 01-01-07) for executives; and for payment of adhoc advance to executives against likely increase in their pending pay revision . The total provision made on this account is Rs.753.86 Lakhs. These however, have not been considered for valuation of actuarial liabilities of employee benefits.

## 11. Interest :

Interest on the loans owed by subsidiary companies to Coal India Ltd. 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.



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## 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 "Loans 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 .

## 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 Other liability of Rs. 5556.64 Lakhs includes the amount of Rs. 191.66 Lakhs deducted from employees / recovered from Subsidiaries towards National Calamity Fund .
- 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 parties, the Sundry Debtors, Creditors, Loans & Advances and Deposits have been taken in the Accounts as per their book value.
- 13.5 As per existing practice, goods purchased by Coal India Ltd. on behalf of Subsidiaries are accounted for in the books of the Subsidiary Companies.
- 13.6 (a) Interest on advance to employees e.g. House Building, Purchase of Vehicle etc., are generally accounted for on realisation after recovery of principal.
- (b) Insurance and escalation claims are accounted for on the basis of admission/final settlement.
- (c) Additional Liability for royalty, cess etc. - if any, are accounted for in the year in which final assessment orders are received.
- 13.7 An amount of Rs. 11800.00 Lakhs (Rs.2850.00 Lakhs) has been provided in the Accounts during the current year towards Income Tax, Wealth Tax, Interest on tax payment etc. Further Rs. 281.00 Lakhs (Rs.180.20 Lakhs) have been provided for Fringe Benefit Tax. and Rs.6837.61 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 (net of TDS) is also transferred to the said Fund. (Total interest income earned and transferred this year (net of TDS) is Rs.6305.24 (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.135.00 Crores as outstanding on 31.03.2002.
- (b) Waiver of future interest on unsecured loan of Rs.519.00 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.986.72 Lakhs as shown under the head Advances to suppliers in the Schedule of Loans & Advances includes Rs.589.87 Lakhs as advance made to WBH IDCO; 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. 1154.60 Lakhs as shown under the schedule of Loans and Advances includes Rs.705.10 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 of Rs.2516.92 Lakhs in the Schedule-K, current liabilities and provisions, includes unutilised / refundable amount of grants received from Govt. of India in respect of expenditure in North Eastern Coalfields, as listed below:

		(Rs. in '00,000)	
		As on 31.03.2008	
<u>Sl.</u>	<u>Particulars</u>	<u>Amounts</u>	
1.	Rehabilitation of North Eastern Coalfields Area/Mines	5514.00	
	Utilised during the year	5514.00	0.00
2.	Voluntary Retirement Scheme		1208.00
3.	Drilling and R&D		548.00
4.	Environment and other Projects		573.00
	<b>Total</b>		<b>2329.00</b>



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As per consistent practice interest of Rs.244.31 Lakhs received on incidental investment of such unutilised amount (grant) are taken to the income statement of the relevant year as interest received from deposits.

13.13 In the mines located at NEC there is no obligation towards backfilling etc. as the mines are very old and there is no Environmental Management Plan . However , on the basis of uniform guideline, adopted for the Coal Companies to provide for Technical and Biological reclamation @ Rs.75000/- per Ha. (on total area requiring reclamation) where CMPDI estimate is not available, a sum of Rs.160.00 lakhs have been provided in the year's account.

13.14 The position of various provisions as on 31.03.08 is given below :

(Rs. in '00,000)				
Provisions	Opening Balance	Addition during the year	Write back/Adj. during the year	Closing Balance
Doubtful advance	5556.62	1470.53	1025.13	6002.02
Doubtful debts	1076.74	—	—	1076.74
Impairment of assets	2170.19	384.55	199.91	2354.83
CWIP	446.52	—	—	446.52
Other Provisions : Fixed Assets	54.62	—	9.03	45.59

**13.15 The Cash Flow Statement (Indirect method) for the year ended March 31, 2008 :**

(Rs. '00,000)		
	Current Year	Previous year
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	264257.62	286484.14
Adjustment for :		
Depreciation	655.53	850.16
Provisions/Write Off of Fixed Assets	184.64	338.15
Interest-pertaining to Financing Activities	—	114.65
Profit/Loss on sale of asset	(7.87)	(0.01)
Operating Profit before Working Capital changes (A)	<b>265089.92</b>	<b>287787.09</b>
Adjustment for :		
Sundry Debtors	1.49	79.82
Inventories	1323.53	762.23
Loans & Advance	20775.50	(20019.70)
Current Liabilities & Provisions	(9902.36)	(1299.78)
VRS Loan Adjustment	—	2616.00
Purchase/Sale of Fixed Deposits	(95728.01)	(130233.79)
Cash Generated from Operations (B)	<b>(83529.85)</b>	<b>(148095.22)</b>
Income Tax paid	(9562.82)	(3462.98)
<b>Net Cash Flow from Operating Activities</b> [ (A) + (B) – Tax paid ]	<b>171997.25</b>	<b>136228.89</b>



**B. CASH FLOW FROM INVESTING ACTIVITIES :**

Purchase of Fixed Assets	(360.61)	(127.03)
Sale/Adjustment of Fixed Assets	(121.70)	(5.94)
*Purchase of Fixed Deposits earmarked for Shifting and Rehabilitation Fund	(23980.04)	(20213.17)
<b>Net cash used in Investing Activities (D)</b>	<b>(24462.35)</b>	<b>(20346.14)</b>

**C. CASH FLOW FROM FINANCING ACTIVITIES :**

Repayment of Govt./other loan	—	—
Redemption of Bond	—	(1400.00)
Interest Paid	—	(9804.56)
*Receipt of Shifting and Rehabilitation Fund from Subsidiaries	25780.04	20213.17
Dividend paid/(including Tax on Dividend)	(199525.61)	(188754.90)
<b>Net cash used in Financing Activities (E)</b>	<b>(173745.57)</b>	<b>(179746.29)</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents (C+D+E)</b>	<b>(26210.67)</b>	<b>(63863.54)</b>
Cash & cash equivalents (Opening Balance)	35470.75	99334.29
Cash & cash equivalents (Closing Balance)	9260.08	35470.75

- 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 :**

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

	<u>Current Year</u>	<u>Previous Year</u>
(a) Cash, Cheque, Draft, Stamps, etc. in hand	3.36	6.96
(b) Remittance in transit	—	1.50
(c) Bank Balance in Current Account	7687.09	7041.77
(d) Bank Balance in Cash Credit Account	1569.63	2120.52
(e) Bank Balance in Fixed Deposit Account (Less than 3 months)	—	26300.00
<b>TOTAL</b>	<b>9260.08</b>	<b>35470.75</b>



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### 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	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
<b>Revenue</b>						
External Sales	23546.33	24380.23	—	—	23546.33	24380.23
Dividend Income	—	—	237827.37	262907.86	237827.37	262907.86
<b>Total Revenue</b>	<b>23546.33</b>	<b>24380.23</b>	<b>237827.37</b>	<b>262907.86</b>	<b>261373.70</b>	<b>287288.09</b>
Segment Result	-1592.53	1789.90	237827.37	262907.86	236234.84	264697.76
Add grant to past losses	5514.00	—	—	—	5514.00	—
Net Segment Result	3921.47	1789.90	237827.37	262907.86	241748.84	264697.76
Unallocated Expenditure (Net)	—	—	—	—	5653.21	11268.16
Operating Profit	—	—	—	—	247402.05	275965.92
Interest Income	—	—	—	—	16855.57	10518.22
Income Tax	—	—	—	—	-18877.79	-4354.92
<b>Profit from Ordinary Activities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>245379.83</b>	<b>282129.22</b>
<b>Other Information</b>						
Segment Assets	11911.36	11770.89	—	—	11911.36	11770.89
Unallocated Corporate Assets	—	—	23619.09	23417.51	23619.09	23417.51
<b>Total Assets</b>	<b>11911.36</b>	<b>11770.89</b>	<b>23619.09</b>	<b>23417.51</b>	<b>35530.45</b>	<b>35188.40</b>
Segment Liabilities	17113.80	14858.05	—	—	17113.80	14858.05
Unallocated Liabilities	—	—	—	—	460479.37	453591.30
<b>Total Liabilities</b>	<b>17113.80</b>	<b>14858.05</b>	<b>—</b>	<b>—</b>	<b>477593.17</b>	<b>468449.35</b>
Segment Capital Expenditure	186.30	92.57	—	—	186.30	92.57
Unallocated Capital Expenditure	281.48	42.80	—	—	281.48	42.80
<b>Total Capital Expenditure</b>	<b>467.78</b>	<b>135.37</b>	<b>—</b>	<b>—</b>	<b>467.78</b>	<b>135.37</b>
Depreciation (Including provision for impairment)	9557.80	9012.99	—	—	9557.80	9012.99
Unallocated Depreciation (Incl. Other Provs.)	—	—	—	—	17102.69	16860.23
<b>Total Depreciation (Including provision for impairment)</b>					<b>26660.49</b>	<b>25873.22</b>

### 13.17 Earning per Share

Sl. No.	Earning per Share particulars	As at 31st March'08	As at 31st March'07
(i)	Profit after Taxation	Rs. 245379.83 lakhs	Rs. 282129.22 lakhs
(ii)	Add/(Less) Adjustment for Reserve for Foreign Exchange	Rs. (673.89) lakhs	Rs. (1380.33) lakhs
(iii)	Net profit after tax attributable to Equity Share Holders	Rs. 244705.94 lakhs	Rs. 280748.89 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. 387.42	Rs. 444.48



- 13.18 Significant accounting policy, part A of this schedule (Sch-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 Schedule A to K form part of the Balance Sheet as at 31st March, 2008 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)  
CGM (F)/Company Secretary

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

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

Sd/-  
(Partha S. Bhattacharyya)  
Chairman

Date : 10th June, 2008  
Place : Kolkata

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

Sd/-  
(S. Das)  
Partner  
Membership No. 051391  
The 12th June, 2008



2007-2008

SCHEDULE TO BALANCE SHEET (Contd...)

**ANNEXURE TO SCHEDULE - M**

	<u>Current Year</u>	<u>(Rs. in '00,000)</u> <u>Previous Year</u>
<b>I. Directors' Remuneration :</b>		
For Whole Time Directors :		
(i) Salaries	44.29	38.08
(ii) Company's Contribution to Provident Fund & other Funds	5.25	4.41
(iii) Medical Benefits	1.14	5.43
For Part Time Directors	50.68	47.92
(iv) Sitting Fees	2.80	Nil

Notes :

- (a) Besides above, Whole-time Directors have been allowed to use of cars for private journey upto a ceiling of 1000/750 KMs on payment of Rs. 400/Rs.250 per month as per service conditions.

- II. The information required in paragraph 3 & 4 of Part (ii) of Schedule -VI of Companies Act, 1956, 3(b) value of imports on CIF basis :**

	<u>Current Year</u>	<u>(Rs. in '00,000)</u> <u>Previous Year</u>
(i) Raw Material	Nil	Nil
(ii) Capital Goods	3108.00	Nil
(iii) Stores, Spares & components	Nil	Nil

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

	<u>Current Year</u>	<u>(Rs. in '00,000)</u> <u>Previous Year</u>
(i) Interest & commitment charges	3949.16	6571.92
(ii) Commission to Foreign Agents	4.91	6.03
(iii) Travelling	101.61	39.89
(iv) Training Expenses in foreign currency	24.60	Nil
(v) Advertisement	1.69	Nil

- IV. Earning in Foreign Exchange on account of :**

	<u>Current Year</u>	<u>(Rs. in '00,000)</u> <u>Previous Year</u>
(i) Export of Goods (calculated on FOB basis)	Nil	Nil
(ii) Exchange variation (net)	673.89	1380.33
(iii) Miscellaneous	Nil	Nil



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

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

		(Rs. in '00,000)
	<u>Current Year</u>	<u>Previous Year</u>
(i) Imported materials	Nil	Nil
(ii) Indigenous	1152.43	1124.95

Additional information required in paragraph 3 & 4 of Part-II of schedule VI to the Companies Act, 1956 for the year ended 31st March, 2008.

	<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 :

			(Rs. in '00,000)	
			(Quantity in '000 MT)	
	<u>Current Year</u>	<u>Previous Year</u>		
	<u>Qty.</u>	<u>Value</u>	<u>Qty.</u>	<u>Value</u>
<b>Opening Stock :</b>				
Coal & Coke Adjustment	186.97	2236.64	324.50	2983.70
<b>Production :</b>				
Coal	1100.72	—	1050.04	—
<b>Sales : (Gross)</b>				
Coal	1200.28	26493.86	1182.13	27526.48
<b>Own Consumption :</b>				
Free issue to employees and Internal Consumption	2.18	—	2.15	—
<b>Closing Stock :</b>				
Coal & Coke	85.23	917.16	190.26	2236.64



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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
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 State Code : 

2	1
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Balance Sheet Date 

3	1
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0	3
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2	0	0	8
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Date Month Year

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

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

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

Total Liabilities	Total Assets																				
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	1	9	6	5	6	0	6	3	3												
	1	9	6	5	6	0	6	3	3												

**Sources of Funds :**

Paid-up Capital	Reserve & Surplus																				
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		6	3	1	6	3	6	4	4												
		6	1	0	7	0	5	6	5												
Secured Loans	Unsecured Loans																				
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		1	5	1	0	8	3	2	8												
Shifting & Rehabilitation Fund																					
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			9	4	5	8	7	7	9												

**Application of Funds :**

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

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

## BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

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

Turnover (Net)								Total Expenditure									
		2	3	5	4	6	3	3			4	0	6	4	3	8	4
Other Income																	
	2	7	5	8	4	1	1	3									
+/- Profit/Loss before Tax																	
+			2	6	4	2	5	7	6	2							
+/- Profit/Loss After Tax																	
+			2	4	5	3	7	9	8	3							
Earning per Equity Share (Rs.)								Dividend %									
—	—	—	—	3	8	7	.	4	2	27							
								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



2007-2008

## STATEMENT PURSUANT TO SECTION 212 (1) (e) OF THE COMPANIES ACT, 1956 AS AT 31ST MARCH, 2008

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 31.3.2008 Rs. in Crores	Profit (+), Loss (-) balance as on 31.3.2008 cumulative (after Tax Provisions for Divi- dends and Reserves) Rs. in Crores
Eastern Coalfields Limited	22,184,500	3	2218.45	(-) 1026.66	(-) 6458.31
Bharat Coking Coal Limited	21,180,000	3	2118.00	(+) 97.05	(-) 6934.61
Central Coalfields Limited	9,400,000	3	940.00	(+) 1035.25	(+) 620.37
Western Coalfields Limited	2,971,000	3	297.10	(+) 930.22	(+) 1794.26
Northern Coalfields Limited	1,776,728	3	177.67	(+) 2763.75	(+) 4293.15
South Eastern Coalfields Limited	3,597,000	3	359.70	(+) 2067.37	(+) 2995.97
Mahanadi Coalfields Limited	1,864,009	3	186.40	(+) 2504.79	(+) 3371.71
Central Mine Planning & Design Institute Limited	190,400	3	19.04	(+) 5.00	(+) 26.27
CIL				(+) 2642.58	(+) 3336.09
<b>SUB-TOTAL</b>				<b>(+) 11019.35</b>	<b>(+) 3044.90</b>
Less income from dividend received from subsidiaries included in the Profit of CIL =				(-) 2378.27	
TOTAL				(+) 641.08	
Adjustment for Deferred Revenue Income				(+) 97.38	
Overall Profit as per Consolidation of Accounts				(+) 8738.46	



**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, 2008**

The preparation of financial statements of Coal India Limited for the year ended 31st March, 2008 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 auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are 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 12.06.2008.

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 31st March, 2008. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment 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 : 09.07.2008



2007-2008

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### AUDITORS' REPORT

### MANAGEMENT'S REPLY

We have audited the attached Balance Sheet of COAL INDIA LIMITED as at 31st March, 2008 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 :
- (a) 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. 4,49,368.47 lakhs and Rs. 6,13, 399.76 lakhs respectively as they have been declared sick under the Sick Industrial Companies (Special Provision) Act, 1985 and were referred to BIFR.
- (b) As referred in item no. 13.13 of Notes to Accounts -Schedule - M the provision against back filling is not based on any technical evaluation.
- (c) As referred in item no. 9.5 and 10.6 of Notes to Accounts - Schedule - M certain items are not considered for actuarial liability provision, the quantum of which is not ascertainable.
- (d) As referred in item no. 9.5 of Notes to Accounts - Schedule-M, we relied upon the Actuary's certificate for disclosure of funded liability against Defined Benefit

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.



2007-2008

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### **AUDITORS' REPORT**

Plan under AS - 15 issued by the Institute of Chartered Accountants of India.

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, 2008;
- 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.

For **Mitra Kundu & Basu**

*Chartered Accountants*

*Sd/-*

**(S. Das)**

*Partner*

Membership No. 051391

Place : Kolkata

Dated : The 12th June, 2008

### **MANAGEMENT'S REPLY**

## ANNEXURE TO THE AUDITORS' REPORT

## MANAGEMENT'S REPLY

- |  |   |
|--|---|
| <p>1. (a) The Company has maintained records showing full particulars including quantitative details and situation of Fixed Assets. However, certain details as purchase order reference; date of commissioning etc. are absent there. Records for the current year's purchases/sales are not incorporated in full. Reconciliation of the said Register with General Ledger is under progress.</p> | <p>Necessary steps have been taken to incorporate complete details etc. as mentioned by the Audit.</p>                  |
| <p>(b) Fixed Assets located at North Eastern Coalfields, the production unit of the company, has been physically verified by the Management periodically in a phased manner and no material discrepancies have been noticed as confirmed by the Management. Other fixed assets located elsewhere remains unverified. Certain surveyed-off assets still remain in the Asset Register.</p>           | <p>No further comments. However, necessary steps will be taken to increase the coverage of verifications of assets.</p> |
| <p>(c) No substantial part of Fixed Assets has been disposed off during the year, which has bearing on the going concern assumption.</p>   | <p>This being a statement of fact calls for no comment separately.</p>  |
| <p>2. (a) Physical verification of Inventory has been conducted at reasonable intervals during the year by the Management, except for inventories kept at stockyard of Regional Sales Offices.</p>   | <p>Coal stock at stockyard is very old and fully provided for in the accounts.</p>                                      |
| <p>(b) In our opinion, the procedures of physical verification of Inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.</p>  | <p>This being a statement of fact calls for no comment separately.</p>  |
| <p>(c) The Company has maintained proper records of inventory. No material</p>   | <p>This being a statement of fact calls for no comment separately.</p>  |



2007-2008

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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 thereagainst 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 2008-09 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.

- |       |  |   |
|-------|--|---|
| 6.    | The Company does not have any deposits accepted from the public.   | This being a statement of fact calls for no comment separately.                                 |
| 7.    | The Company has an Internal Audit System the coverage whereof needs to be widened.   | This being a statement of fact calls for no comment separately.                                 |
| 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.  | This being a statement of fact calls for no comment separately.                                 |
| 9.(a) | According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities except in certain instances where the delays were noticed. | This being a statement of fact calls for no comment separately.                                 |
|       | According to information and explanations given to us, undisputed dues in respect of Sales/Income Tax aggregating to Rs. 0.08 lakhs is outstanding at the year end for more than six months from the date they became payable.   |   |
| (b)   | According to the information and explanations given to us, there are no  | These are under reconciliation and shall be deposited/adjusted during the current year 2008-09. |



2007-2008

**ANNEXURE TO THE AUDITORS' REPORT**

**MANAGEMENT'S REPLY**

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	109.40	Kolkata Municipal Corpn./ Tribunal

- |  |   |
|--|---|
| 10. The Company does not have any accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding financial year.   | This being a statement of fact calls for no comment separately. |
| 11. The Company has not defaulted in repayment of dues to Financial Institutions or Banks.   | This being a statement of fact calls for no comment separately. |
| 12. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of Shares, Debentures and other securities.                     | This being a statement of fact calls for no comment separately. |
| 13. The Company is not a Chit Fund or a Nidhi/ Mutual Benefit Fund/Society.  | This being a statement of fact calls for no comment separately. |
| 14. The Company is not in the business of dealing or trading in shares. The Company has investments in shares of its wholly owned subsidiaries only and maintained proper records of transactions and contracts in respect | This being a statement of fact calls for no comment separately. |



## ANNEXURE TO THE AUDITORS' REPORT

## MANAGEMENT'S REPLY

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.



2007-2008

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**ANNEXURE TO THE AUDITORS' REPORT**

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.

**MANAGEMENT'S REPLY**

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

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

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

Membership No. 051391

Place : Kolkata

Dated : The 12th June, 2008