

ANNUAL REPORT & ACCOUNTS

2006-2007

CENTRAL COALFIELDS LIMITED
(A Subsidiary of Coal India Limited)
DARBHANGA HOUSE, RANCHI 834001

PRESENT MANAGEMENT

As on 9th August, 2007

(i.e on the date of the Fifty First Annual General Meeting)

CHAIRMAN-CUM-MANAGING DIRECTOR

Shri R.P. Ritolia

FUNCTIONAL DIRECTORS

Dr. A.K. Sarkar : Director(Finance)

Shri A.K. Singh : Director(Tech./Oprn.)

Shri R.K. Saha : Director(Tech./Projects & Plan.)

Shri T.K. Chand : Director(Personnel)

DIRECTORS

Shri D.N. Prasad : Director(Tech.),
Ministry of Coal,
Govt. of India, New Delhi

Shri R. Mohan Das : Director(P&IR),
Coal India Limited,
10, N.S. Road, Kolkata.

Shri Jai Shankar Tiwary, IAS : Secretary,
Mines & Geology Deptt.,
Govt. of Jharkhand, Ranchi

Shri R.S.Pandey, IRTS : Chief Operations Manager,
East Central Railway,
Hajipur (Bihar)

COMPANY SECRETARY :

Shri C.V.N.Gangaram

MANAGEMENT DURING (2006-2007)

As on 24th August 2006

(i.e on the date of Fiftieth Annual General Meeting)

CHAIRMAN-CUM-MANAGING DIRECTOR

Shri R.P. Ritolia

FUNCTIONAL DIRECTORS

Shri A. Kumar	:	Director(Personnel) (Upto 31.05.07)
Dr. A. K. Sarkar	:	Director(Finance)
Shri M.M. Singh	:	Director(Tech./Oprn.) (upto 31.12.06)
Shri A.K. Singh	:	Director(Tech./Oprn.) (From 01.01.07) Director(Tech./Projects & Planning) (From 2.10.06 – 31.12.06)
Shri R.K. Saha	:	Director(Tech./Projects & Planning) (From 01.01.07)
Shri T.K. Chand	:	Director(Personnel) (From 12.07.07)

DIRECTORS

Shri Md. Salim Uddin	:	Director(P&IR),Coal India Limited, Kolkata (Upto 31.05.07)
Shri R. Mohan Das	:	Director(P&IR),Coal India Limited, Kolkata (From 23.06.07)
Shri D.N. Prasad	:	Director(Tech.),Ministry of Coal, Govt. of India, New Delhi.

Shri Arun Kumar Singh : Secretary, Mines & Geology Deptt.,
Govt. of Jharkhand, Ranchi.
(upto 27.09.06)

Shri Santosh Kumar Satapathy, IAS : Secretary, Mines & Geology Deptt.,
Govt. of Jharkhand, Ranchi.
(From 27.09.06 to 12.03.2007)

Shri Jai Shankar Tiwary, IAS : Secretary, Mines & Geology Deptt.,
Govt. of Jharkhand, Ranchi
(From 12.03.2007)

Shri R.S. Pandey, IRTS : Chief Operations Manager,
East Central Railway,
Hajipur (Bihar)

COMPANY SECRETARY

Shri C.V.N. Gangaram :

BANKERS

State Bank of India
Punjab National Bank
United Bank of India
Union Bank of India
Corporation Bank
Indian Overseas Bank
Canara Bank
Bank of Baroda
Bank of India
Dena Bank
UTI Bank Ltd.
ICICI Bank Ltd.
State Bank of Patiala

STATUTORY AUDITORS

Anand Rungta & CO.,
Chartered Accountants,
405, Capitol Tower-B,
Fraser Road, Patna.

BRANCH AUDITORS

Sanjay Bajoria & Associates
Chartered Accountants

Anjali Jain & Associates
Chartered Accountants

L.K. Saraf & Co.
Chartered Accounts

M/s N.K.D. & Co.
Chartered Accountants

REGISTERED OFFICE

Darbhangra House
Ranchi 834 001
(Jharkhand)

Ref. No. : Secy3(2)/51st/2007/

Dated : 04.08.2007

N O T I C E

FIFTY FIRST ANNUAL GENERAL MEETING

Notice is hereby given to all Shareholders of Central Coalfields Limited that the fifty first Annual General Meeting of the Company will be held on Thursday, the 9th August 2007, at 11.00 at Darbhanga House, Ranchi to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2007 and Profit & Loss Account for the year ended on that date together with the Reports of the Statutory Auditors, Comptroller & Auditor General of India and the Board of Directors of the Company, thereon.
2. Fixation of remuneration to Statutory Auditors / Branch Auditors of Central Coalfields Ltd., for year 2007-08 in line with the approval accorded in the previous year, i.e.
“Rs.8,63,700.00 plus reimbursement of out of pocket expenses(Rs.4,31,800.00) as recommended by the Board of Directors, CCL at its 340th meeting held on 26.07.2007 against existing fees of Rs.4,93,500/- and out of pocket expenses of Rs.2,46,750/-as approved in the previous year i.e. in the 50th Annual General Meeting of the Company, held on 24.08.2006 u/s 224 sub-section 8 of Clause-AA of Companies Act, 1956”.
3. To declare an amount of Rs.24,440.00 lakh as dividend on Equity Shares for the financial year ended 31st March, 2007 as proposed by the Board at its 340th meeting held on 26.07.2007.

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4. To re-appoint Shri D.N. Prasad, Director(Technical), Ministry of Coal, Govt. of India, as a Part-time Director of the Company as per the provisions of Article 34(iii) of the Articles of Association of the Company.
5. To re-appoint Shri R. Mohan Das, Director (P&IR), Coal India Limited as a Part-time Director of the Company as per the provisions of Articles 34(iii) of the Articles of Association of the Company.
6. To re-appoint Shri R.S. Pandey, Chief Operations Manager, East Central Railway, as a Part-time Director of the Company as per the provisions of Article 34 (iii) of the Articles of Association of the Company.
7. To re-appoint Shri J.S. Tiwary, IAS, Secretary, Mines & Geology Department, Government of Jharkhand, as a Part-time Director of the Company as per the provisions of Article 34(iii) of Articles of Association of the Company.

By order of the Board of Directors
Central Coalfields Limited

(C.V.N.Gangaram)
Company Secretary

Regd. Office: Darbhanga House, Ranchi-834 001.

N.B.: A member entitled to attend and vote at the meeting is also entitled to appoint a proxy or proxies to attend and vote instead of himself and the proxy need not be a member of the Company.

Members are also requested to accord their consent for convening the meeting with a shorter notice.

MEMBERS

The Coal India Limited, Member
(Through Chairman, CIL)
10, Netaji Subhas Road,
Kolkata- 700 001

Shri Partha Sarathi Bhattacharyya,
Chairman,
Coal India Limited,
10, Netaji Subhas Road,
Kolkata- 700 001

Shri R. P. Ritolia,
Chairman-cum-Managing Director,
Central Coalfields Limited,
Darbhanga House,
Ranchi – 834 001

Shri S. Bhattacharya,
Director (Finance),
Coal India Limited,
10, Netaji Subhas Road,
Kolkata- 700 001

STATUTORY AUDITORS

M/s Anand Rungta & Co.,
405, Capital Towar – B,
Fraser Road, Patna (Bihar)

**MINUTES OF THE 51st ANNUAL GENERAL MEETING OF CENTRAL COALFIELDS
LIMITED HELD IN THE REGISTERED OFFICE
AT DARBHANGA HOUSE, RANCHI ON 9th AUGUST, 2007.**

PRESENT:

1. **Shri R.P. Ritolia** .. Member & Chairman
2. **Shri U.S. Neogi** .. Representative of CIL, a Corporate Member, and Proxy of Shri PARTHA S. BHATTACHARYYA, Member and Shri S. Bhattacharya, Member.

IN ATTENDANCE

Shri C.V.N.Gangaram, Company Secretary, CCL

Shri R.P. Ritolia, Chairman-cum-Managing Director, took the Chair. Being informed about the receipt of consent for Shorter Notice from all the members of the Company as per Article 22 and about the presence of quorum pursuant to Article 24 of the Articles of Association of the Company, the Chairman welcomed **Shri U.S. Neogi**, representative of CIL, and called the meeting to order.

The Statement of Accounts for the year 2006-07, Reports of Statutory Auditors as well as of Comptroller & Auditor General of India thereon, Management's comments on those Reports, and Review of Accounts by the Comptroller & Auditor General of India alongwith Directors' Report to the members, as circulated, were taken as read.

ORDINARY BUSINESS:

1. ADOPTION OF ACCOUNTS:

Thereafter, Shri R.P. Ritolia, Chairman & Member of the Company proposed that the audited Balance Sheet as on 31st March, 2007 and Profit & Loss Account for the year ended 31st March, 2007, Reports of Statutory Auditors as well as of Comptroller & Auditor General of India thereon, Management's comments on those Reports, and Review of Accounts by the Comptroller & Auditor General of India along with Directors' Report be received and adopted. The motion was seconded by Shri U.S. Neogi and after detailed discussion, the Accounts were adopted unanimously.

2. A proposal for fixation of remuneration to Statutory Auditors / Branch Auditors of the Company for the year 2007-08 in line with the approval accorded in the previous years was moved by the Chairman and was seconded by Shri U.S. Neogi. The resolution was adopted unanimously.
3. A proposal to declare an amount of Rs.24,440.00 lakh as dividend on Equity Shares for the financial year ended 31st March, 2007 as recommended by the Board at its 340th meeting held on 26th July, 2007, was moved by the Chairman and was seconded by Shri U.S. Neogi. The resolution was adopted unanimously.

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4. A proposal as per the provisions of Article 34(iii) of the Articles of Association of the Company for re-appointment of Shri D.N. Prasad, Director(Technical), Ministry of Coal, Govt. of India, as a Part-time Director of the Company was moved by the Chairman and seconded by Shri U.S. Neogi. The resolution was adopted unanimously.
5. A proposal as per the provisions of Article 34(iii) of the Articles of Association of the Company for re-appointment of Shri R. Mohan Das, Director(P&IR), Coal India Limited, as a Part-time Director of the Company was moved by the Chairman and seconded by Shri U.S. Neogi. The resolution was adopted unanimously.
6. A proposal as per the provisions of Article 34(iii) of the Articles of Association of the Company for re-appointment of Shri R.S. Pandey, Chief Operations Manager, East Central Railway, Hajipur as a Part-time Director of the Company was moved by the Chairman and seconded by Shri U.S. Neogi. The resolution was adopted unanimously.
7. A proposal as per the provisions of Article 34(iii) of the Articles of Association of the Company for re-appointment of Shri J.S. Tiwary, IAS, Secretary, Mines & Geology Department, Govt. of Jharkhand, as a Part-time Director of the Company was moved by the Chairman and seconded by Shri U.S. Neogi. The resolution was adopted unanimously.

There being no other matter for discussion, the meeting ended with a vote of thanks to the Chair.

Sd/-
(C.V.N.Gangaram)
Company Secretary

Sd/-
(R.P. Ritolia)
Chairman-cum-Managing Director.

CENTRAL COALFIELDS LIMITED

DIRECTORS' REPORT

To
The Shareholders,
Central Coalfields Limited

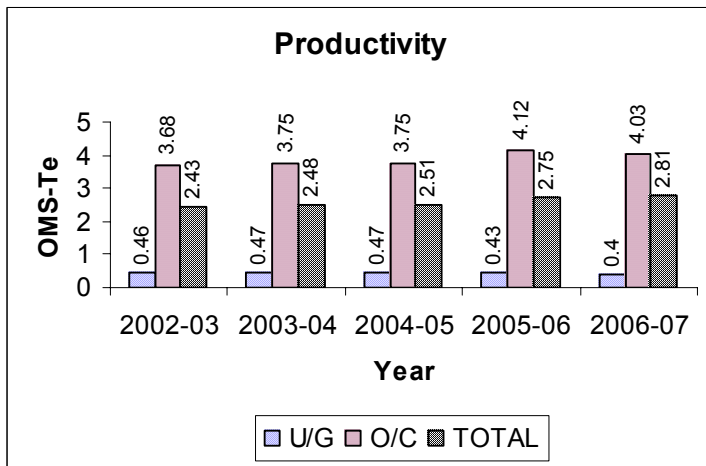
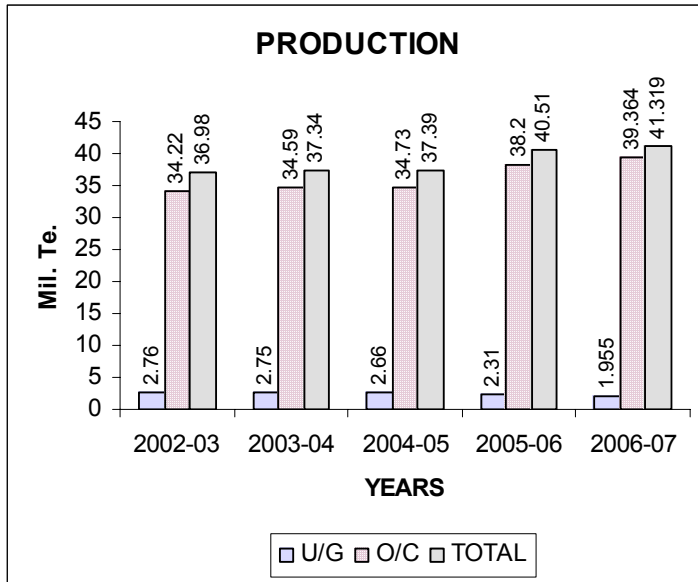
Gentlemen,

I on behalf of the Board of Directors have great pleasure in presenting to you the 51st Annual Report of your Company along with the Audited Accounts for the year ended 31 March 2007. The Audited Statements of Accounts, report of the Statutory Auditors and Management's reply thereon as well as comments of the Comptroller & Auditor General of India on the audited Accounts are annexed to this report.

1. PRODUCTION:

The table below shows the Production and Productivity Figures achieved by your Company during the year 2006-07 as compared to the targets for the year and actual of 2005-06.

Particulars	2006-07		2005-06	% age Growth over last year
	Target	Actual	Actual	
Production				
From OC (MT)	39.970	39.364	38.202	3.04
From UG (MT)	2.030	1.955	2.311	- 15.40
TOTAL (MT)	42.000	41.319	40.513	1.99
OBR (MM ³)	54.360	45.895	49.972	- 8.16
Washed Coal (Coking)				
Production (MT)	2.800	1.825	2.289	- 20.27
Dispatch (MT)	-	1.898	2.213	- 14.23
Washed Coal (Non-Coking)				
Production(MT)	6.700	6.676	6.558	1.80
Dispatch (MT)	-	6.599	6.622	- 0.48
Productivity (OMS-Te)				
OC	4.77	4.02	4.12	- 2.18
UG	0.39	0.40	0.43	- 6.98
OVERALL	3.09	2.81	2.75	2.18



2. WASHERY PERFORMANCE;

Your Company is in the business of washing Coking Coal as well as Non-Coking Coal. There are four Coking Coal Washeries and three Washeries for washing / beneficiation of Non-Coking Coal.

COKING COAL WASHERIES

The coking coal production during 2006-07 has been 18.25 lakh tonne against 22.89 lakh tonne during 2005-06. The shortfall has mainly been due to low production in Rajrappa O/C mine and lowering of yield in all Coking Coal Washeries towards maintaining quality of washed coal.

Washery-wise production and yield for 2006-07 vis-à-vis the last year are given below:

Washery	Production (lakh tonnes)		Yield (%)	
	2006-07	2005-06	2006-07	2005-06
Kathara	3.82	5.37	41.26	45.30
Sawang	2.83	3.07	49.90	52.50
Rajrappa	6.02	8.37	45.40	48.00
Kedla	5.58	6.08	40.40	48.40
Total	18.25	22.89	43.45	48.00

NON-COKING COAL WASHERIES

The Non-Coking coal washeries have registered a positive growth of 1.8%. The overall yield of Non-Coking coal washeries increased to 81.4% in 2006-07 against 80.9% achieved in the previous year. The overall utilization of Non-Coking coal washeries which was 69.2% during 2005-06 has increased to 70.01% during 2006-07.

Washery-wise production and yield for the year under reference vis-à-vis the last year are given below:

Washery	Prodn.(in lakh tonnes)		Yield (%)	
	2006-07	2005-06	2006-07	2005-06
Piparwar	55.65	52.66	83.02	81.80
Kargali	7.17	8.19	93.52	91.20
Gidi	3.94	4.73	53.54	61.30
Total	66.76	65.58	81.36	80.90

3. OFF TAKE:

The total off take during 2006-07 was 38.675 million tonnes. The mode-wise details of off take compared to that of the previous year are given below:

(In million tonnes)		
MODE	2006-07	2005-06
RAIL	20.527	21.456
ROAD	5.127	4.481
INTERNAL TRANSFER	12.987	12.628
COLLIERY CONSUMPTION	0.034	0.000
TOTAL OFFTAKE	38.675	38.618

The sector-wise dispatches of coal and its different bye-products during the year 2006-07 are given below:

(In million tonnes)

SECTOR	RAW COAL	CLEAN COAL	NON-COKING WASHED COAL	WASHED COAL POWER	SLURRY	REJECTS
STEEL	-	1.890	-	1.099	-	-
POWER	17.085	-	6.606	0.808	-	0.244
CEMENT	0.054	-	-	-	-	-
FERTILIZER	0.745	-	-	-	-	-
SPONGE IRON	0.649	-	-	-	-	-
OTHERS	7.121	-	-	-	0.258	0.041
TOTAL	25.654	1.890	6.606	1.907	0.258	0.285

4. COAL STOCK:

The stock of Raw Coal as on 31.3.2007 stood at 11.37 Million Tonnes as against 8.26 Million Tonnes as on 31.3.2006.

5. TURNOVER AND SALES REALISATION :

During the year under reference the gross sales turnover of your company was Rs.4,603.16 Crore and the sales realisation was Rs.4,694.36 Crore. The sector wise position of debtors (gross) as on 31.03.07 is given below:

	(Figs.in Crore)	
	As on 31.03.2007	As on 31.03.2006
POWER	593.00	704.29
STEEL	174.38	210.64
OTHERS	9.81	9.51
TOTAL	777.19	924.44

6. POPULATION AND PERFORMANCE OF HEMM:

The details of population of HEMM in Mechanized Opencast Mines of CCL as on 31.03.07 and 31.03.06 are given below:

HEMM	POPULATION AS ON	
	31 .03.07	31 .03.06
Shovel	111	113
Dumper	580	559
Dozer	162	159
Drill	144	136

The performances of HEMM in terms of Availability and Utilization percentage against CMPDIL norms during the year 2006-07 as against 2005-06 are given as under:

HEMM	% Availability			% Utilisation		
	Norms	2006-07	2005-06	Norms	2006-07	2005-06
		Actual	Actual		Actual	Actual
Shovel	80	74	75	58	47	49
Dumper	67	63	62	50	38	35
Dozer	70	60	56	45	29	28
Drill	78	73	71	40	33	31

7. SYSTEM CAPACITY UTILISATION (Departmental):

System Capacity for 2006-07 assessed as on 01.04.06 (MM ³)	Production Achievement by opencast mines (06-07)			% Capacity Utilisation	
	Coal	OBR	Composite	06-07	05-06
	(MT)	(MM ³)	(MM ³)		
75.25	24.691	40.891	56.618	75.24	74.57

8. WAGON LOADING:

The coalfield wise wagon loading position for the year 2006-07 is given below :

(F W W/Day)		
RAILWAY FIELDS	2006-07	2005-06
South Karanpura	679	712
North Karanpura	2034	2092
Sub Total Karanpura	2713	2804
Jharia	379	430
Total E.C.RAILWAYS	3092	3234
Giridih	45	17
Total Eastern Railways	45	17
Adra	267	337
Total S.E. Railways	267	337
TOTAL CCL:	3404	3588

9. SIZING & CRUSHING OF COAL:

There are 10 full-fledged CHP's having facilities of shale picking, coal crushing and loading of coal into railway wagons. In these CHP's coal of (-) 1200 mm size is crushed to (-) 200 mm size. Extraneous materials, if any, found with coal are picked at the picking stations.

Besides the above, there are 22 nos. of Feeder Breakers at different Projects for crushing of coal from (-)1200 mm to (-)200 mm size. These Feeder Breakers include one no. Feeder Breaker at Saunda Siding and one Feeder Breaker at Jarangdih PF no.1, Siding of B&K Area installed / commissioned during 2006-07. In addition, one new Feeder Breaker is under installation at Tarmi Siding, Dhori Area and one new Feeder Breaker at PF No.II of Jarangdih Siding, Kathara Area are proposed to be installed/commissioned during 2007-08 as replacement to ensure 100% crushing of coal before dispatch.

Further, it is proposed to procure Feeder Breakers in the following areas/locations during 2007-08 to achieve 100% crushing of coal in your Company.

Sl.No.	Location / Area	Number
1	Saunda Siding	1
2	Urimari (Pit Head)	2
3	Dakra Siding	2
4	Dhori (E) Siding	1
5	Tetariakhar (Rajhara)	2

During 2006-07, about 21.72 million tonne of coal was crushed through CHP's, and FBs which is 4.12% more than the previous year of 20.86 million tonne. Almost 100% coal despatched to the power sector was sized.

10. PERFORMANCE OF WEIGHBRIDGES:

It has been the endeavour of your Company to ensure 100% weightment of coal before despatch. With that end in view, 33 rail weighbridges, including 7 new rail weighbridges working as standby, were fully functional as on 31.03.07 to weigh the coal despatched by rail at Ray, Macluskiganj, Jarangdih, RCM, Tarmi, Chainpur and N.R. siding respectively. The overall availability of rail weighbridges during 06-07 was 97% as against 91% during 2005-06. The total percentage of coal weighed by rail weighbridges during this period was 98%. One more new Rail weighbridge, at Gidi "W" has been installed and is under calibration / FIO testing by Railways.

Further, it is proposed to procure/install 3 nos. of 100 T Electronic rail weighbridges for KD (New) and KD (Old) sidings as standby and at Tori Siding, in order to ensure 100% weightment of coal for despatch by Rail from your Company.

For weightment of coal dispatched by road, your Company has installed 76 road weighbridges, which include 61 electronic road weighbridges. The remaining 15 mechanical weighbridges are proposed to be converted into electronic road weighbridges during 2007-08. In addition, 2 new electronic road weighbridges are under installation at Bachra Project in Piparwar Area for weightment of coal dispatched by road. In addition, 25 nos. of new Electronic Road Weighbridges are under procurement in order to ensure 100% weightment of coal before despatch.

11. CONSUMER SATISFACTION

The satisfaction of consumers in respect of quantity, quality and size of coal supplies is one of the prime objectives of your Company. CCL has an effective Quality Management Team with well-trained officials and adequate infrastructure like sampling arrangements, well-equipped coal analysis laboratory, etc. at Hqrs. and Areas. During the year under reference, effective measures were taken for achieving better "Consumer Satisfaction" through delivery of sized coal of proper quality and quantity. Your Company has adopted the system of 3rd Party Sampling/ Joint Sample Analysis to ensure consumers' satisfaction. Almost 100% sized coal was despatched to the consumers. Necessary measures have been taken to redress consumers' grievances.

12. POWER SUPPLY MANAGEMENT:

CCL draws power from four sources, viz. DVC, JSEB, DLF & CPP Kathara. However, the main source of power supply is DVC having contract demand agreement for 107.8 MVA, which has reduced to 97.28 MVA during the period under reference. This reduction of contract demand was possible by re-commissioning of the 2 x 10 MW, FBC based captive power plant at Kathara. The plant was installed by your Company at a cost of Rs. 85 crore and leased out to M/s. Imperial Fasteners Pvt. Ltd., Delhi. The plant has been running successfully. The Kuju and Rajhara areas draw power from JSEB with contract demand agreement for 10.02 MVA. While the two DLF captive plants supply power to Argada & Rajrappa Areas respectively, the CPP at Kathara, partially caters to the need of Kathara Area. Besides above, colonies, hospitals, water supply, workshop etc., located at Ranchi, are receiving power from JSEB with contract demand of 4.9 MVA.

Energy Conservation & Audit:

"Creating awareness is the key to conservation" and hence, all initiatives were undertaken to propagate the same message at all levels for conservation of Power, Petroleum Oil & Lubricant (POL).

Like previous years, seminars & energy conservation meets were organized during the year 2006-07 to create further awareness amongst the Engineers, Supervisors and Operating personnel. The Energy Conservation Fortnight was observed from 15 to 31 Jan., 2007. During the Fortnight Conservation, programmes were organized at Area level. On the concluding day of the fortnight, a Conservation meet was also organised at HQ where in-depth deliberation was held on energy conservation measures & techniques. The efforts towards energy conservation have enabled your Company to improve specific energy consumption. The following table shows the specific consumption values for the year 2006-07, vis-a-vis 2005-06 :-

Specific consumption		2006-2007	2005-2006
POWER	kWh/Tonne	12.242	12.68
	kWh/CuM	7.049	6.82
HSD	Ltrs./Tonne	1.294	1.35
	Ltrs./CuM	0.724	0.70
Lubricant	Ltrs./Tonne	0.079	0.085
	Ltrs./CuM	0.044	0.044

** The specific power consumption includes the service units of the areas, whereas consumption of POL is only for the opencast projects of the Company. The specific consumption per tonne is based on total coal production, whereas the specific consumption per cubic metre is based on composite output (Coal & OBR).

The consumption of electric power during the year 2006-07 is 505.84 million KWH compared to 513.78 million KWH during 2005-06 resulting in the reduction of 7.94 million KWH.

The consumption of HSD during the year 2006-07 in Open Cast Projects is 50955.60 KL compared to 51442.52 KL during the year 2005-06, resulting in reduction of 486.93 KL.

Energy audit & benchmarking in all the Areas is being undertaken by CMPDI in a phased manner. The audit & benchmarking carried out during the year 2006-07, is for Sayal 'D' U/G mine of Barka-Sayal Area and Piparwar Open Cast Project of Piparwar Area.

An R&D project on "Operational improvement of HEMM through Lube Oil Analysis Programme" has been sanctioned by the R&D Board of Coal India on 01.07.2006, which is being implemented jointly with ISM, Dhanbad. In the first phase, the initiative would cover two large opencast projects i.e. Piparwar & KDH of Piparwar and NK Areas respectively.

13. COMMUNICATION ARRANGEMENT & INFORMATION SYSTEM:

Surface Communication

(A) **Land Line:** Your Company has 28 Electronic Exchanges having a capacity of about 3,200 lines. In addition, 19 nos, of EPABX including 3 nos. as replacement, were provided during the financial year, having a capacity of 1976 lines. The overall present installed capacity is about 5200 lines.

(B) **Radio Communication:**

VHF Communication: The emergency communication in the Opencast Project and between AHQ and Project is through VHF based Walkie-talkie and Fixed/Mobile sets. Details of VHF sets are as under:-

a.	Walkie-talkie sets	895
b.	Repeater for repeater based Walkie-talkie net	17
c.	Fixed/Mobile sets	213
d.	Radio link to interconnect 2 EPABX	9 links

During the year 2005-06, 6 nos. of Radio links, 3 each for Hazaribagh and Kujju Areas, were added to link the AHQ with their Projects.

- (C) **DMART:** Digital MART is the primary trunk media for communication, providing speech with Areas and data under information system. It is in its 7th year of operation. For improvement in communication system VPN net work is under process likely to be commissioned by Aug. / Sept.07.
- (D) **COALNET (VSAT);** The VSAT link, established in July'03, is in operation for speech and video conferencing. The Speech with direct dialing facility to CIL HQ, Kolkata, MoC, New Delhi and all other Subsidiaries are in full operation and Video Conferencing with MoC and other Subsidiaries is held regularly. The data channel was received in October, 2004 and is interfaced to CCL LAN for operation of COALNET data.
- (E) **SAT PHONE:** 2 SAT Phones were procured in 2005-06 for the purpose of emergency communication. purpose.

Underground Communication system:

7 nos. of U/G Mines are provided with Auto-cum-Manual system, in addition to point-to-point Loud Hailer communication system in all U/G Mines. In the financial year 2005-06, 4 nos. of ACM were installed. The total number of U/G Mines provided with ACM is now 11 (eleven).

Information System:

Information system is established jointly by the E&T Deptt., CCL and IT Deptt. of CMPDI. Information system and its associated Website “ cclprod.cmpdi.co.in” is maintained by E&T Department. The following information is available on Internet for authorized person:-

1. Daily production report of your Company.
2. Repair Status of HEMM at CWS, Barkakana
3. Stock position of major items at Central Stores.

14. SAFETY

Being a key thrust area, safety is being given due attention consistently. The safety in mines as well as in allied operations like Washeries and Workshops has improved through a well-planned safety awareness drive. The efforts in this regard have resulted in restricting the fatalities and serious injuries to the minimum level during the financial year under report.

Every accident is thoroughly enquired into and to avoid recurrence of such accidents, recommended measures are circulated for discussion in Safety Committee meetings at unit, Area, Headquarter levels and in the Co-ordination Meetings of CGMs / GMs. To upgrade Safety awareness / skills, basic, refresher and special training programmes on safety have been conducted throughout the year.

Underground Mines:

One of the major causes of fatal accidents in underground coal mines had been the fall of roof and sides. Accordingly, thrust was given to the support of "Green Roof" with steel supports e.g. Steel cogs, Pit props, Roof bolts, W-straps etc. The inspection of face equipment and their required maintenance were carried out. Check survey was done in all 11 (eleven) mines having potential danger of inundation. The same has been done by CMPDIL in one underground mine having potential danger of inundation from unapproachable water bodies. Emergency organisation plans in underground mines with marking of escape route were formulated and displayed at mine entrances to make all the workers aware of the same. Mock rehearsal/ drill were also done regularly to keep the workers prepared.

Opencast mines:

Training has been imparted regularly to HEMM operators/ maintenance crews for the operation of fire fighting equipment. Traffic Rule in "Hindi" has been prepared and circulated to all areas of your Company. Safe code of practice for machines including HEMM in opencast mine was prepared in Hindi and has been circulated in all mines for implementation. Special drive for testing the preparedness of "Emergency organization to deal with fire in opencast mines/HEMMs" was made during the year.

Annual Safety Week:

Annual Safety Week was observed from the 18th January to 24th January 2007. During the week, special emphasis was laid on wide publicity of safety rules, regulation and practices. Final day function was held at N.K. Area, Dakra on 15. 04.07. The function was presided over by CMD ,CCL and Shri K.K. Passi, Dy. Director General of Mines Safety (S.E. Zone) was the Chief Guest on the occasion.

Safety Week to enhance awareness for safe production in Washeries, was observed from 12.03.2007 to 18.03.2007 when all the washeries participated actively.

Safety Audit:

The 6th Safety Audit for all operating underground mines and open cast mines was conducted to appraise safety status / standard by a special team consisting of an ex-Director (T), CCL and an ex-Director of Mines Safety, DGMS. 7th Safety Audit for underground mines is being started by ex.GM(S&R), CCL and ex. GM(Rescue Services) CCL.

Safety Training:

To provide better training to workers, Basic and Refresher Training programmes were organized at the VTCs and at Group Vocational Training Centres at Area level. Moreover Training/Coaching was imparted to the potential candidates for Mining Sirdar, Overman etc. to enable them to acquire requisite statutory qualifications from DGMS.

Monsoon preparation:

Before the onset of monsoon, like previous years, strategies were chalked out to face monsoon and to take necessary preventive action. Close liaison was maintained with

DVC/State Authorities and meteorological agencies regarding release of water from Patratu, Tenughat and Konar dams. As a result, there was no major disruption in production or any incidence of inundation / flooding in the mines during the year.

Rescue:

Your company has altogether three Rescue Rooms at Sayal, Dhori & Kedla, two Rescue Room cum Refresher Training (RRRT) Centres at Churi and Kathara and one Central Mines Rescue Station at Ramgarh, to cater to the needs of rescue services. In order to improve the preparedness of rescue trained personnel, regular refresher training is imparted in mines and in the Rescue station. The Zonal Rescue Competition was organized on 21.11.2006 at MRS, Ramgarh and the best performers were awarded with prizes at the Final Day Function.

Your Company hosted and participated in the All India Mines Rescue Competition for Coal Mines held from 16.02.07 to 18.02.07 at MRS, Ramgarh and bagged the second prize in the March Past event in the **All India Rescue competition:-**

General:

Internal Safety Organization, headed by Chief General Manager (S&R), is maintaining close liaison with DGMS to enhance safety status in the mines. Tripartite Committee meeting on Safety is held at Area level with DGMS and Union Representatives for improvement of safety status in the mines.

Tripartite Safety Committee meetings were held in the following Areas:-

Area	Date of Area level Tripartite Safety Committee meetings
Hazaribagh	10.04.2006
Dhori	13.06.2006
Kathara	06.06.2006
B&K	18.07.2006
Kuju	29.09.2006
NK	25.11.2006
Argada	01.12.2006

Accident Statistics:

Accident Statistics pertaining to CCL mines for the year 2006-2007 vis-à-vis 2005 -2006 are given below:

	2006-07	2005-06**
No. of fatal accident	5	07
No. of fatalities	6	08
No. of serious accident	20	17
No. of serious injuries	20	17

Place-wise classification of accident:

	2006-07	2005-06**
Fatal:		
Underground	1(1)	1(1)
Opencast	2(3)	3(3)
Aboveground	2(2)	3(4)
Total	5(6)	7(8)
Serious:		
Underground	4(4)	8(8)
Opencast	11(11)	7(7)
Aboveground	5(5)	2(2)
Total	20(20)	17(17)

Rate of Accident:

	2006-07	2005-06**
Overall		
Fatalities / MT	0.15	0.20
Fatalities / 3 Lakh Manshift	0.14	0.18
Serious injuries / MT	0.48	0.42
Serious injuries/ 3 Lakh Manshift	0.46	0.39
Underground		
Fatalities / MT	0.51	0.87
Fatalities / 3 Lakh Manshift	0.06	0.11
Serious injuries / MT	2.05	1.73
Serious injuries / 3 Lakh Manshift	0.23	0.22
Opencast		
Fatalities / MT	0.08	0.16
Fatalities / 3 Lakh Manshift	0.12	0.23
Serious injuries / MT	0.28	0.18
Serious injuries / 3 Lakh Manshift	0.42	0.27

Causewise break-up of Fatal and Serious Accident:

Cause	2006-07		2005-06**	
	Fatal	Serious	Fatal	Serious
Roof Fall	-	-	1(1)	2(2)
Side Fall	-	-	-	-
Rope haulage	1(1)	-	-	-
Explosive	-	-	-	-
Dumper	2(3)	2(2)	2(3)	5(5)
Truck	1(1)	-	1(1)	-
Other machinery	1(1)	4(4)	2(2)	-
Fall of person	-	7(7)	1(1)	2(2)
Fall of Object	-	-	-	2(2)
In rush of water	-	-	-	-
Other Causes	-	7(7)	-	6(6)
TOTAL	5(6)	20(20)	7(8)	17(17)

Area-wise break-up of Accidents:

Area	FATAL		SERIOUS	
	2006-07	2005-06**	2006-07	2005-06**
Barka-Sayal	-	-	4(4)	5(5)
Argada	-	1(1)	2(2)	-
Piparwar	-	1(2)	4(4)	-
N.K.	2(3)	1(1)	4(4)	5(5)
Rajhara	-	-	-	-
Kuju	1(1)	1(1)	4(4)	1(1)
Hazaribagh	-	2(2)	-	1(1)
Rajrappa	-	-	1(1)	1(1)
Kathara	-	-	-	1(1)
B&K	-	1(1)	1(1)	2(2)
Dhori	2(2)	-	-	1(1)
TOTAL	5(6)	7(8)	20(20)	17(17)

N.B: Figures outside bracket indicate accidents whereas the same in the brackets denote fatalities and injuries.

Figures for 2005-06 & 2006-07 have NOT been reconciled with DGMS.

**** Figures for 2005-06 exclude 14 fatalities at Central Saunda on 15.06.05.**

15. PERSONNEL MANAGEMENT AND INDUSTRIAL RELATIONS:

The manpower strength of the Company as on 31.03.2007 was 61,610 as against 64,200 on 31.03.2006. The category-wise break up of manpower strength as on 31.03.2007 vis-à-vis 31.03.2006 is given below:

Category	31.03.2007	31.03.2006
Executive	2486	2549
Supervisory	4001	4000
Highly Skilled/Skilled	17824	18038
Semi skilled/Unskilled (TR)	20859	22080
Semi Skilled/Unskilled(PR)	10478	11238
Ministerial Staff	5460	5726
Others	502	569
Total	61610	64200

Hence, during the year 2006-07 the overall reduction in manpower was to the tune of 2,590. While the number of employees in the Company came down by 3,215 during the year under reference, 625 employees were added to the existing manpower. The aforesaid reduction and addition have been under the following heads:-

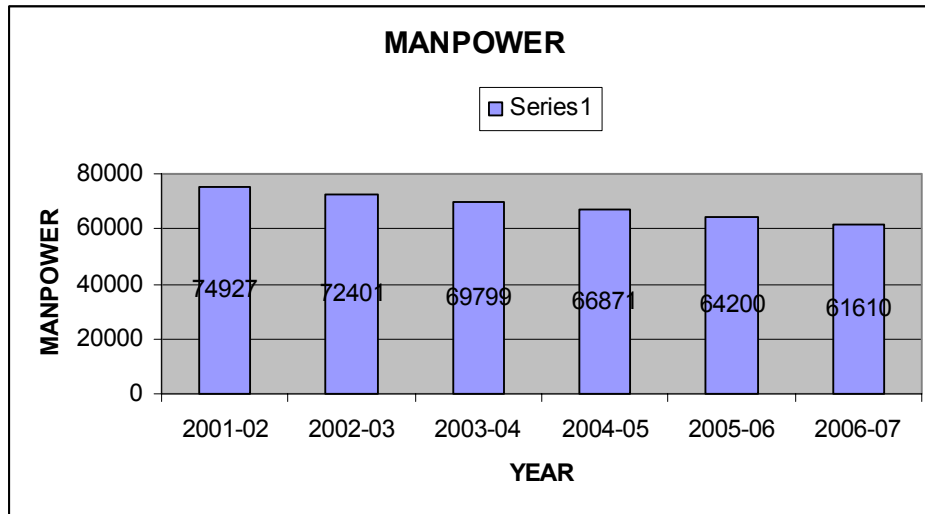
REDUCTION :

Manpower Reduction under the head	No. of Employees
Retirement/Superannuation	1,911
VRS(GHS)	626
Death	530
Termination/Dismissal	74
Resignation	08
Inter Company Transfer	60
Medically unfit	06

Total Reduction	3,215
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ADDITION:

Manpower Addition under the head	No.of Employees
Appointment under 9.3.2	515
Appointment under 9.4.0	002
Appointment under Dependent of deceased Executives	003
Appointment under Land loser's scheme	007
Regularization of SFVRS(Stipendary) / FVRS	015
Inter Company Transfer	051
Reinstatement	002
Fresh Recruitment	030
Total	625



At the beginning of the year 2006-07, 406 cases relating to labour and industrial disputes were pending before different courts, authorities and tribunals. While 174 cases of labour and industrial disputes were added, 149 cases were disposed off during the year. Thus, 431 cases, in total, remained pending as on 31.03.07.

The Industrial Relations scenario was harmonious throughout the year (2006-07), barring a one day strike on 14.12.2006 called by CITU, AITUC, HMS affiliated Unions causing loss of coal production by about 81,000 tonnes.

16. HUMAN RESOURCE DEVELOPMENT:

The Human Resource is a major factor in uplifting production and productivity of the Company. The focus area is job oriented training and re-training of the employees to develop specific skills of the manpower. The special emphasis was given to attitudinal development amongst the employees. The well-trained employees with increased level of job satisfaction have provided an added advantage to the Company in ensuring higher safety levels, maximum HEMM utilization and increased coal production.

The OEM experts from BEML, CUMMINS, L&T & CBWE were invited during the year to provide on job training for 115 Nos. HEMM operators & Maintenance personnel. Apart from this, 134 workers were interviewed for HEMM operation and 67 persons have undergone 6 months training.

The details of training programmes are as under:

TRAINING PERFORMANCE 2006-2007

A. IN-COMPANY TRAINING:

SL. NO.	NAME OF THE INSTITUTE	NUMBER OF PERSONS TRAINED			
		EXECUTIVES	SUPERVISORS	WORKERS	TOTAL
1	Management Training Centre, Darbhanga House, Ranchi (MTC)	331	199	121	651
2	Bhurkunda Technical Training Institute, Bhurkunda (BTTI)	-	62	354	416
3	Central Excavation Training Institute, Barkakana (CETI)	7	15	218	240
4	Security Training Institute, GNH, Ranchi (STI)	-	29	51	80
5	Institute of Occupational Health & Hygiene, GNH, Ranchi (IOMH)	14	47	18	79
	TOTAL	352	352	762	1466

B. OTHERS :

Sl. No.	Type of Training	Number of Persons Trained			
		Executives	Supervisors	Workers	Total
I	External Training (in India)	302	13	20	335
II	Foreign Training	1	-	-	1
III	IICM Training				
	a) more than 6 days	133	-	-	133
	b) upto 6 days	174	-	-	174
	c) Workshop/seminar/	92	-	-	92
	Total IICM Training	399	-	-	399
IV	P.D.P.T. / VT	235 students from outside Mining Institutes completed their courses during the year.			

N.B:

1. Out of the employees trained as mentioned at A above, 27 Executives, 52 Supervisors and 184 Workers belong to SC / ST.
2. On- the- job practical training / summer training was provided to 261 students coming from different Institutions/ Colleges doing MBA / BCA / BBA / MCA etc.
3. In addition to above, 507 employees attended Seminars / Training Programmes / Workshops at different HRD Institutes.

17. WELFARE MEASURES:

The welfare of employees is another major thrust area of your Company. During 2006-07. concerted efforts have been made to improve the quality of life at working places as well as at the living places of employees.

The achievements made by your Company in different areas of Welfare are detailed below:-

I. Housing: As on 31.03.2007, the number of permanent houses stood at 59,580, serving manpower of 61,610.

II. Water Supply: Through operation of different Water Supply Schemes, 24,924 MGD water was supplied to 5.02 lakh beneficiaries. The water supply status during the year under reference is noted below:-

Sl. No.	S c h e m e s	Total generation (in MGD)
(a)	Existing IWSS (12 Nos.)	12.002
(b)	Through 76 nos. of Pressure Filters.	6.160
(c)	Through Deep Bore Holes	2.550
(d)	Through other arrangements	4.212
TOTAL:		24.924

III. Medical Facilities: Efforts are on to improve the quality of the existing medical services in your Company. There are two Central Hospitals, 7 Regional Hospitals, 10 Colliery Hospitals, 63 Dispensaries, 112 Ambulances and 279 Doctors in your company. In total, there are 892 beds in different Hospitals with a bed to employee ratio of 1:69. The Central Hospitals at Ranchi and Naisari are equipped with some of the latest medical facilities. During the year under reference, your Company has added values facilities of Capsule Endoscopy, 17- bedded critical Care Unit, Continuous Ambulatory Peritoneal Dialysis-CAPD, Photo Emulsification for IOL etc.

Moreover, two mobile ambulance vans fully equipped with doctors, paramedical staff and medicines have been regularly visiting villages for rural health check-up. During the year under reference, 215 different camps have been organized under the Community Health Programme, through which 50,475 people benefited.

IV. Educational Facilities: Your Company provides financial assistance, both of recurring and non-recurring nature, to different schools. The details of schools running in the command area of your Company as on 31.03.2007, are as under:

Sl. No.	Types of Schools	No. of Schools
1.	Central Schools fully financed	02
2.	Central School under civil sector	01
3.	DAV Schools(Fully financed by CCL)	07
4.	Schools based on non financial support from CCL:	
	i. DAV	08
	ii. Krishna Sudarshan Central School	02
	iii. Sarswati Shishu Mandir	01
5.	No. of Privately Managed Schools	47
Total:		68

V. During 2006-07, a sum of Rs.4.46 Crore was sanctioned towards financial assistance to various educational institutions and towards CIL Scholarship and 819 wards of

employees were paid CIL Scholarship during the year. Moreover, CCL maintains and operates 92 School Buses for the benefit of children of the employees.

18. SPORTS & GAMES:

Your Company encourages sports activities amongst its employees and conducts different tournaments and sports meets.

- i). During 2006-07, the athletic team of your Company was declared overall champion at CIL competition held at MCL in which the team secured 6 Gold, 8 Silver and 3 Bronze medals with 122 points.
- ii). Inter- Coal Cricket Tournament was organized by your Company at HQ, Ranchi.
- iii). Inter-Coal Chess competition was also organized by your Company at CWS, Barkakana.

19. COMMUNITY DEVELOPMENT INCLUDING TRIBAL WELFARE:

The projects and collieries of CCL are located in Jharkhand State and are spread over the districts of Ranchi, Hazaribagh, Bokaro, Giridih, Chatra and Palamu. The management of your Company is conscious about its corporate responsibility towards Community Development in the surrounding villages and localities. Since the initiation of Community Development in 1982-83, a large number of villages have been benefited by the company's C.D. activities.

The community development programme covers special component plan (SCP) and Tribal Sub Plan (TSP) besides the C.D. component. There are sizeable number of SC/ST and other socio-economically challenged communities in the region in which your Company operates. Accordingly, the Company has all along been implementing the Tribal Sub Plan (TSP) and Special Component Plan (SCP). Moreover, the Community Development activities were directed towards economic empowerment of the above communities. For enhancing the standard of living of the people, particularly the Tribal and Scheduled Castes, the following infrastructural facilities were provided in the localities surrounding your Company's command Area :-

1. Self Employment Scheme
2. Drinking Water supply
3. Education
4. Health Care
5. Rural Roads
6. Sports & Culture
7. Community Centre and Environment Protection Plan.

During the year 2006-07, thrust has been to address the problems of water scarcity in the villages surrounding CCL's units. Under Community Development, Rs.98.26 lakh has been spent for installation of hand pumps, digging and renovation of wells, development of ponds, laying of pipeline and supply of water to villages through tankers. About 80 villages have been the beneficiaries of the said activities. The development and maintenance of educational infrastructure has also been a thrust area and accordingly, construction / repair of buildings, boundary walls, toilets and supply of accessories for nearly 75 village schools were undertaken. The rural health programme under C.D for the year 2006-07 has been

given special attention and around 215 health camps have been organized for villagers & number of beneficiaries was 50,475, whereas during 2005-06, there had been 164 health camps and 31,621 beneficiaries. In the aggregate, Rs.316 lakh has been spent in 2006-07 under Community Development programme, Special Component Plan and Tribal Sub Plan during 2006-07, compared to Rs.202 lakh during 2005-06.

20. CAPITAL EXPENDITURE ON SOCIAL OVERHEAD TILL 31.03.07 :

Till 31.03.2007, the cumulative amount spent by your company towards social overhead is Rs.321.64 Cr.. Head-wise details are tabulated below :

(Rs. in Cr.)

Sl.No.	Particulars	2006-07	2005-06
(i)	Building	238.96	233.09
(ii)	Plant & Machinery	51.77	51.07
(iii)	Furniture & Fittings	12.27	10.83
(iv)	Vehicles	7.72	7.83
(v)	Developments	10.92	10.97
	Total	321.64	313.79

21. FINANCIAL PERFORMANCE

- (i) The year 2006-07 has been a year of impressive financial performance. The net profit after tax has been Rs.649.74 Cr. after provision of Rs.409.31 Cr. towards Income Tax. Such improvement has been possible mainly due to increase in production and productivity.
- (ii) The financial results of your Company during 2006-07 as compared to 2005-06 are as under:

(Rs.in Cr.)

Sl. No.	Particulars	2006-07	2005-06
(i)	Gross profit before depreciation & Interest	1306.20	1461.73
(ii)	Depreciation	181.92	189.77
(iii)	Interest	89.18	97.98
(iv)	Net Profit before prior period adjustment	1035.10	1173.98
(v)	Adjustment pertaining to prior period (Dr.)	14.80	9.00
(vi)	Net profit after prior period adjustment	1020.30	1164.98
(vii)	(a) Provision for Income Tax	409.31	445.66
	(b) Fringe Benefit Tax	9.11	7.52
(ix)	Provision for Deferred Tax(Cr.)	47.86	36.47
(x)	Net Profit after Tax	649.74	748.27

- (iii) The Board of Directors has recommended a dividend of Rs.260/- (previous year Rs.310/-) per Equity Share on 94,00,000 Equity Shares of Rs.1000/- each amounting to Rs.244.40 Crore (previous year Rs.291.40 Crore).

22. CAPITAL EXPENDITURE

The capital expenditure during the year 2006-07 was Rs.302.86 Cr. compared to Rs.335.02 Cr. in the previous year. The head-wise break up of capital expenditure during the year 2006-07 is detailed below:

(Rs.in Cr.)

Sl.No.	Heads of expenditure	2006-07	2005-06
(i)	Land	6.39	184.35
(ii)	Buildings	3.24	3.43
(iii)	Plant & Machinery	254.47	92.15
(iv)	Furniture & Fittings	1.61	2.33
(v)	Railway Siding	0.00	0.00
(vi)	Vehicles	0.17	0.52
(vii)	Prospecting & Boring	1.82	0.00
(viii)	Other developments	2.78	11.19
(ix)	Capital work in Progress	32.38	41.05
	TOTAL	302.86	335.02

23. CONTRIBUTION TO EXCHEQUER:

The contribution to the State / Central Exchequer during the year 2006-07 vis-à-vis 2005-06 is detailed below :

(Rs.in Cr.)

Sl.No.	Particulars	2006-07	2005-06
(i)	Royalty on Coal	392.03	419.70
(ii)	Sales Tax	157.05	182.65
(iii)	S.E.D.	37.96	37.26
(iv)	Income Tax	442.82	437.77
(v)	Dividend Tax	40.87	0.00
(vi)	Fringe Benefit Tax	11.35	5.02
	TOTAL	1082.08	1082.40

24. CAPITAL STRUCTURE:

During the year under report, the Authorised Share Capital and the Paid-up Share Capital of your company remained unchanged viz. Rs.1100.00 Cr. and Rs.940.00 Cr. respectively.

25. LOAN:

- i) During the year, the company has repaid installments of IBRD and JBIC loan to the tune of Rs.4.46 Cr. and Rs.5.28 Cr. respectively. Moreover, the loan amount has reduced by Rs.3.07 Cr due to favorable foreign exchange rate fluctuation. Thus the total outstanding loan amount has come down to Rs.125.85 Cr. at the year-end against the previous year's outstanding balance of Rs.138.66 Cr.
- ii) As against the opening balance of CIL Loan amounting to Rs.757.27 Cr., Rs.300.00 Cr. has been repaid during the year, leaving a balance of Rs.457.27 Cr. at the year end.

26. STATUS OF PROJECT IMPLEMENTATION:

Till 31.3.2007, a total number of 55 mining projects (including two Advance Action Proposals with ultimate capacity of 88.20 MTY) and 26 non-mining projects, each costing Rs.2.00 Cr. and above were sanctioned. Out of these, 54 Projects (34 mining & 20 non-mining) have already been completed. The remaining 19 mining projects (excluding 2 advance Action proposals) having an aggregate ultimate capacity of 42.22 million tonnes per annum, at a sanctioned capital cost of Rs.2491.96 Cr. and six non-mining Projects at a sanctioned capital cost of Rs.113.42 Cr. (including DRD AAP) are at various stages of implementation. The category wise details of the projects are tabulated below:

PROJECTS	TOTAL NO. OF PROJECTS (INCL. COMPL. PROJ.)	CAPITAL OUTLAY (Rs. Cr.)	ULTIMATE CAPACITY (MTY)(COAL)
ABOVE RS.100 Cr.			
MINING	8	2663.49	52.75
NON-MINING	1	130.41	-
RS.50 Cr. TO RS.100 Cr.			
MINING	6	476.35	12.75
NON-MINING	2	161.34	-
RS.20 Cr. TO RS.50 Cr.			
MINING	7	195.96	4.51
NON-MINING	1	48.78	-
RS.2 Cr. TO RS.20 Cr.			
MINING	34	519.75	18.19
NON-MINING	22	178.70	-
TOTAL			
MINING	55	3855.55	88.20
NON-MINING	26	519.23	-
GRAND TOTAL:	81	4374.78	88.20

The details of 54 completed Projects are as under:

PROJECTS	NUMBER			SANC. CAPITAL(Rs.Cr.)			ULTIMATE CAP. (MTY) COAL
	MIN.	NON-MIN.	TOTAL	MIN.	NON-MIN.	TOTAL	
ABOVE RS.100 Cr.	3	1	4	612.63	130.41	743.04	9.25
RS.50 Cr. TO RS.100 Cr.	3	2	5	240.04	161.34	401.38	4.55
RS.20 Cr. TO RS.50 Cr.	6	-	6	149.18	0.00	149.18	3.71
RS.2 Cr. TO RS.20 Cr.	22	17	39	345.61	114.06	459.67	13.47
SUB-TOTAL	34	20	54	1347.46	405.81	1753.27	30.98

The implementation status of 21 ongoing projects (including AAP) costing Rs.2 Cr. and above are as under:

PROJECTS	NUMBER			SANCTIONED CAPITAL (Rs.Cr.)			ULTIMATE CAPACITY (MTY) (COAL)
	MIN.	NON-MIN.	TOTAL	MIN.	NON-MIN.	TOTAL	
ABOVE RS.100 Cr.	5	-	5	2050.86	-	2050.86	43.5
R.50 Cr. TO RS.100 Cr.	3	-	3	236.31	-	236.31	8.2
RS.20 Cr. TO RS.50 Cr.	1	1	2	46.78	48.78	95.56	0.8
RS.2 Cr. TO RS.20 Cr.	12	5	17	174.14	64.64	238.78	4.72
SUB-TOTAL:	21	6	27	2508.09	113.42	2621.51	57.22

Out of 14 delayed projects, three are yet to start, namely: Hurilong UG, Purnadih OC, & Tisri UG. The remaining 11 projects are delayed due to:

- (a) Land Acquisition : 5
 (b) Adverse Geo-Mining condition : 4
 (c) Change / Finalisation of Technology & others : 2

Projects Envisaged to be commissioned during the Xth Plan Period (2002-2007):

The following 7 (seven) mining projects are envisaged to be commissioned during the Xth Plan period and the total capacity of these projects is 41.7 MTY. Out of these seven projects, Topa OCP (RO) is a sanctioned project, and Magadh OCP, Ashok EPR, Karo OCP and Konar OCP have been sanctioned during 2006-07. For the remaining two projects, viz. Amrapali OCP and North Urimari OCP, CCEA approval is awaited. The brief status of seven Projects is as under:

Sl. No	Name of Project	Capacity (in MTY)	Proposed Capital outlay (Rs. in Cr.)	Approval from CCL/CIL Board	Govt.'s approval/ Present Status
1.	Magadh OCP	12.00	469.78	Feb'03 - CIL Board	Approval from Govt. vide letter dated 19.7.06 from MoC. Project is under implementation.
2.	Ashok Expn.OCP	6.5	471.66 (Incremental)	June'03 - CIL Board	Approval from Govt. vide letter dated 13.4.06 from MoC. Project is under implementation.
3.	Konar OCP	3.5	74.53	Apr.'04 - CIL Board	Approved by CCL Board on 12.08.06 (As per revised DoP power of CCL Board).
4.	Karo OCP	3.5	96.53	Approved by CCL Board on 19.7.05 with coal & OB both outsourcing.	Approved by CCL Board on 12.08.06 (As per revised DoP of CCL Board).
5.	Topa RO	1.2	65.25		Approved by CIL Board on 6.3.02. Project is under implementation.
6.	Amrapali OCP	12.00	517.62 (June'06)	Feb.'03 - CIL Board	CCEA note submitted to MoC on 06.11.2006.
7.	North Urimari OCP	3.00	177.25 (Sept.'06)	May'04 – CCL Board	CCEA note submitted to MoC on 10.11.2006.

Projects under Emergency Coal Production Plan:

Sl. No.	Project	Original Capacity (MTY)	New Capacity (MTY)	PR Status
1	Piparwar Expn	6.50	10.00	Approved
2	Magadh OCP	12.00	20.00	PIB meeting held
3	Ashok Expn	6.50	10.00	PIB meeting held

With the commissioning of the above projects, your Company's production level is expected to be as under:

(Fig. in MT.)

GROUP	2006-07 (Actual)	BE 2007-08)	Terminal Year of XI th Plan (2011-12)
Existing mines & Completed Projects	23.96	23.05	21.22
On-going Projects	17.36	12.95	19.63
New Projects/Future Projects	-	8.00	36.85
TOTAL	41.32	44.00	78.00

27. ENVIRONMENT MANAGEMENT

The Environment Management is one of the thrust areas of the Company. After obtaining NOC from JSPCB, Ranchi, the EMPs for New Gidi 'C' and Piparwar OCP (10.0 MTY) was submitted and a presentation was made before expert Committee Meeting (Thermal and Coal Mine Projects), MOEF, New Delhi for obtaining Environmental Clearance from Ministry of Environment and Forest, Government of India. The clearance from MOEF is expected shortly. The EMPs for Expansion of Ashoka OCP from 6.5 MTY to 10.0 MTY and Magadh OCP from 12.0 MTY to 20.0 MTY were submitted to Jharkhand State Pollution Control Board, Ranchi. The Public Hearing was conducted by JSPCB for issue of NOC in respect of Ashoka OCP, Topa R.O. OCP and Tetariyakhar OCP.

The application in Form-I along with the Pre-Feasibility Report was submitted and a presentation was made in Expert Committee meeting (Thermal and Coal Mine Projects) MOEF, New Delhi in respect of 7 projects viz. Purnadih OCP, Tapin OCP, Amlo OCP, Tarmi OCP, Khasmahal OCP, Karma OCP and Rohini OCP for finalization of Terms of Reference (TOR) as per the New EIA Notification of MOEF- Sept, 2006.

The Environmental Base Line Data have been generated for preparation of EIA / EMP for 10 Projects, namely Purnadih OCP (3.0 MTY), Amlo OCP (2.5 MTY), Tarmi OCP (1.0 MTY), Tapin OCP, Khasmahal OCP (0.7 MTY), Rohini OCP (1.90 MTY), Karma OCP(1.0 MTY), Kedla (Exp.) OCP (2.0 MTY), Urimari (Expansion) (2.5 MTY) and Hindegir U/G, OCP.

Annual Environmental Statement for all projects of CCL has been submitted to JSPCB. In compliance of the condition of Environmental Clearance, Periodical Implementation Report, in respect of all the projects for which Environmental Clearance was obtained, has been submitted to MOEF.

Afforestation:

During 2006-07, about 5,32,300 saplings of various species of fast growing fruit bearing, medicinal and trees of commercial value have been planted in about 198.2 Ha of reclaimed OB Dump/ Plain land and in 3.68 Km length along roadside.

Diversion of Forest Land:

Your Company obtained final forestry clearance (Stage II) of Khasmahal OCP (174.48 Ha) and Rajrappa OCP (510.82 Ha) and Stage I clearance of KDH OCP (28.95 Ha). Temporary permission for working has been granted for Selected Dhori OCP (143.05 Ha) and KDH OCP (101.41 Ha). A sum of Rs. 3.196 Crore has been deposited with the Forest Department towards forest compensation of KDH OCP and Tarmi OCP.

Your Company has already submitted proposals to the Forest Department and vigorous follow-up is being done for early release of 12.06 Ha of forest land in respect of Dhori Washery (New Kargali Washery) as well as in respect of proposal submitted earlier for Stage I and Stage II forest clearance.

28. LAND ACQUISITION STATUS:

The award for 171.41 acres of land has been declared under L.A Act out of which possession of 144.52 acres has been taken. The actions under Section 7/17 have been completed in respect of 6 proposals covering an area of 109.55 acres. Action under Section 4/6 completed in respect of 2 proposals covering an area of 271.81 acres of land under the L.A. Act. However, no acquisition of land was made under CBA (A&D) Act, 1957 during the year under reference.

During the year, 31 payment camps were held in different Areas for payment of compensation for land acquired under CBA (A&D) Act, 1957 and a total of Rs.238.37 lakh was paid. The authentication of ownership of 187.245 acres of land for Ashoka OCP was completed.

The compensation was assessed and approved for 10 acres of land amounting to Rs.8.77 lakh and 272 houses amounting to Rs.1.17 crore. A total of 5 employment to land losers have been given. In addition, 51 families were resettled from Pundi OCP (47 families) and Ashoka OCP (04 families), which were required for mining operation during the year.

All land related data regarding acquisition, compensation, employment and resettlement was compiled from 1956 till date and a report has been prepared which will serve as a ready reckoner on land matters.

29. RAILWAY SIDING:

Existing Sidings:

There are 26 (twenty six) no. of full rake sidings under operations, having total daily loading capacity of 3,770 (FWs)

New Sidings under construction:

(A) PIPARWAR SIDING:

The Piparwar Siding with 6x44 C / 58 N Box capacity and a total length of 30.50 Km, branching off from Mc-Cluskieganj Railway Station of East Central Railway, is under construction at a total estimated cost of Rs. 185.00 crore (approx.).

Status of Construction of Piparwar Siding:

The formation work of 13.783 Km long siding & track linking of 11 Km. covered under Phase - I and a bridge over Damodar river have been completed. The Track linking of 1.683 Km., electrification, signaling & telecommunication at Junction point are to be completed by Railway. Out of 16.5 Km under Ph-II, the formation work for 9.76 Km & track laying for 1 Km have been completed. The additional details of the siding are as under:

- (i) Your Company has engaged M/s RITES Ltd. for completing the balance work of Ph-I & part of Ph-II of Piparwar Railway Siding. The work is under progress.
- (ii) Revised survey for balance work has been completed by M/s RITES Ltd. for verification of centerline alignment as advised by EC Railway, Hajipur.
- (iii) Revised alignment survey report including Plan & drawing is under scrutiny and it will be submitted by M/s RITES Ltd. for obtaining further approval from EC Railway, Hajipur.
- (iv) Balance cost estimate for construction of Piparwar Railway siding upto commissioning has been submitted by M/s. RITES Ltd. for a total value of Rs.90.61Crore which is under process.

The likely date of completion is 31.03.2009.

(B) DANIA KEDLA WASHERY SIDING:

The Construction work has been awarded to Eastern Railway, which has procured permanent-way materials. But due to non-availability of forestland clearance, further construction has been delayed. The permanent-way materials procured for this siding are being utilized at Rajrappa & Kathara sidings.

Meanwhile, Korte-Basantpur-Pachmo coal block through which this siding passes, is being handed over to M/s. TISCO Ltd. as per Govt. decision. As such this siding is now being re-scheduled.

(C) TORI RAILWAY SIDING FOR TETARIAKHAR OCP.

An amount of Rs.3.47 crore has been deposited with East Central Railway as per their revised estimate for this work. The completion schedule has been revised due to cancellation, retendering and awarding of existing bridge extension work by EC Railway, Dhanbad. The work is in progress. It is expected that the work will be completed by 31.08.2007.

(D) CONSTRUCTION OF TORI-SHIVPUR-HAZARIBAGH RAILWAY LINE UNDER CCDAC :

The new BG rail line of Tori-Shivpur-Hazaribagh of length 93.28 Km is under execution by EC Railway, Patna. The present estimated cost of this work is Rs.600.58 Crore. It is being funded fully under CCDAC.

The work has been taken up in two phases –

- 1) Tori-Shivpur - 42.65 Km &

2) Shivpur – Hazaribagh - 50.63 Km.

Presently, the work of land acquisition & forestry clearance is under process by EC Railway, Patna and Rs.148.14 Crore has been deposited till date with EC Railway, Patna. An amount of Rs.22.20 Crore (approx.) has been incurred by E.C.Rly. against the work. The likely date of completion is 30.6.2010.

30. GEOLOGICAL SERVICES

A. Drilling

A total of 1.34 lakh mtrs. of drilling has been done during the financial year 2006-07 against the target of 1.32 lakh mtrs., achieving a productivity level of 2233 mtrs. per drill per month with 6 operating drills from two base drilling camps at Topa and Lapanga. This includes drilling of blast holes for mining services, large diameter boreholes for dewatering and tube wells for potable water and non-coring boreholes for exploration purposes.

B. Project Documentations and Related works

During the year 2006-07 following geological notes/ documents, mostly related to mining services and for future mining activities, were prepared :-

i) On Geology:

1. “Workability on Seam XIII, XII, XIA, and XI in Pindra Block WBCF”.
2. “Assessment of coal reserves of Lower Karharbari Top and Bottom split in Chakobad patch, Giridih coalfield”.
3. “Assessment of quarriable coal reserves in south east of quarry no.1, Rajhara block, Daltonganj C.F.”
4. “Petrological studies on sand samples in Central Saunda Mine, SKCF” and submitted to Safety Dept. for the use of enquiry committee.
5. “Geological structure and facies variation in Central Saunda Mine, SKCF” and submitted to Safety Dept. for the use of enquiry committee.
6. “Coking Coal reserves (including NLW coal) in CCL areas and their beneficiation potential”.

ii) On Illegal Mining:

Report on illegal coal mining in your Company command Area, particularly below Ranchi-Patna Highway(NH-33) around Loha & Lakadi gate Kuju project.

iii) On Transfer of Mining Lease:

1. Proposal for transfer of land acquired under CBA (A&D) Act 1957, to M/s TISCO for Kotre- Basantpur and Pachmo blocks.
2. Geological details towards surrendering the mining leases of Lohari, Macherkunda & Hurilong blocks.
3. Proposal for handing over mining leases of Semra, Gidhania and Pakri- Barwadih blocks to State Govt.(PSU).

iv) On Washery :

To fix up the location of proposed washeries in Piparwar, Parej, Karo and Urimari projects.

v) On Captive Mine Blocks:

Draft agreement (Option III) as per the guideline of MoC in connection with Tripartite Agreement on Dumri Coal block allotted to M/s NIPL and BPL and letter for obtaining guideline on the issue of your Company's role to play in tripartite agreement for approval from CIL / MoC.

Recovery of exploration cost of Rs.21.89 lakh on handing over the GR's of following blocks which have been allotted by MoC for Captive Mining purposes to different Pvt. Parties :-

- a. Sugia and Rauta Coal Blocks to M/s JSMD C
- b. Gondalpara block to M/s TVNL
- c. Meral block to M/s Abhijeet Infrastructure
- d. Chitarpur block to M/s Corporate Ispat Alloys
- e. Bundu block to M/s Rungta Mines Ltd.
- F. Chatti-Bariatu to M/s NTPC

vi) Others :

1. Updation of mineable coal reserves as on 1/4/06 of existing mines of your Company.
2. Views on Pilot Project forming Village Co-operative to mine coal in abandoned / uneconomic mines of Jharkhand for CIL.
3. Draft reply to CMPDI for framing policy guideline in respect of isolated small pockets.
4. Mine statistic format for Coal Controller, GOI.
5. Explorational programme from 2006-07 to 2011-12.

C. Hydrogeology

A total of 43 nos. deep tubewell boreholes have been drilled for meeting the requirement of potable water in different Areas. Besides 16 nos. Piezometer and 3 nos. Mother boreholes have been drilled for Hydro-Geological studies in WBCF under the R&D Project. Scheme of Rain Water Harvesting and Hydrogeological Investigation in Gandhinagar, Jawaharnagar, Rejendra Nagar colonies and in Darbhanga House has been prepared in association with CMPDI.

D. R&D and Computerisation Work

1. The CIL R&D Project entitled "Interactive Geo-Mining and Hydro-Geological models for augmentation of coking coal and ground water resources in WBCF" is in progress

in collaboration with CMPDIL, IIT, Kharagpur, Jadavpur University, Kolkata and MECL, Nagpur.

2. Coal/National Grid integrated surface plan comprising about 1850 boreholes along with the locations of inclines/UG workings, OC workings, CCL infrastructure and other surface features in WBCF has been prepared. This work is unique in the sense that now all the surface data of WBCF have been represented in one scale, with reference to same survey base station.
3. Integrated topographical map for WBCF with 3 mtr. and 12 mtr. interval surface contours, have been prepared for the first time. All the nineteen CIL blocks of WBCF are now depicted on one surface topographical map.

For environment management and planning for integrated OCPs to come in future integrated land use/land cover for WBCF based on remote sensing data for three different years has been prepared. Softwares like Minex, Arc GIS etc. are used to modernize our approach towards progress of the Company.

E. Coal Reserves

As per Geological Survey of India the total proved, indicated and inferred reserves of coal in your Company's Command Area is to 38.331 billion tonnes (up to a depth of 1200 mtrs.) as on 01/01/2007.

The details of coal reserves are as under:-

(fig. in billion tonnes)

Type of coal	Proved	Indicated	Inferred	Total
Coking	6.752	8.633	1.661	17.046
Non-coking	11.109	6.971	3.205	21.285
Total	17.861	15.604	4.866	38.331

F. Right To Information

During 2006-07 about 63.5% of applications Under the RTI Act-2005, have been dealt with satisfactorily and the balance 36.5% are under process. The details are as under:-

- a. No. of applications received : 222
- b. No. of applications disposed : 141
- c. No. of applications under process : 81

31. COMPUTERISATION & IT ENABLED SERVICES

Your company has embarked upon the following IT-enabled Projects/Services:

- a) COALNET Project (Phase- I & II)
- b) Online Material Management System
- c) Publication of Tenders on Website of the Company.

CoalNet Project

Phase-1 (at CCL HQ):

CoalNet Software Implementation:

All the modules of CoalNet Software have been ported, implemented and are at various stages of completion.

Communication :

Data Communication through VSAT to CIL has been made operational. Extension of VSAT port to CCL CoalNet Server for connectivity to CIL CoalNet Server has been established.

Phase-II (at Area Level):

The pre-bid meeting has been held with prospective vendors / bidders, for the turnkey scheme for CCL Coal Net. The suggestions from vendors have been examined and the specifications have been finalized incorporating technical suggestions suitable for Coal Net implementation. The draft NIT is now under finalization before publication for procurement.

OMMS

All eleven stores are ready with required Hardware, Software and infrastructure for implementation of OMMS. The OMMS has been implemented and is fully operational at eight store sites namely, C/S Barkakana, R/S Piparwar, R/S NK, R/S Parej, R/S Kuju, R/S Giddi, R/S B&K and R/S Rajrappa. The implementation at three other stores namely, R/S Kathara, R/S Saunda and R/S Dhori are at different stages of completion.

Publication of Tenders on Website of the company.

All tender enquiries which are to be published in newspaper or which require circulation to all Areas of CCL as per extant guidelines of the company, are being published on the company website to bring in more participation/competition and transparency to the procurement process.

32. SECURITY MANAGEMENT

The Security Department of your Company keeps close liaison with the Police & District Administration for maintaining law and order in coalfield areas as well as to thwart incidences of illegal mining and pilferage of coal. Besides, a white paper on illegal mining in CCL has been prepared, an Action Plan has been drawn and being implemented accordingly. The Security Department is also coordinating the proposal for induction of 1200 CISF personnel in Piparwar Area and NK , Dakra Area of your Company during the year 2007-08.

33. VIGILANCE ADMINISTRATION:

The Vigilance Department is an integral organ of the Company, manned by 20 executives and 24 non-executives and is headed by a Chief Vigilance Officer. This department has been rendering its services effectively in creating an environment conducive to achievement of organizational goals and objectives. A brief overview of important activities and achievements of the Vigilance Department on preventive, investigation and punitive fronts during the year 2006-07 is given below:

I. Preventive:

During the year, 42 Surprise Inspections were conducted by the Vigilance teams in various units of CCL leading to institution of 20 cases of Regular Investigation. On the basis of investigation and Surprise checks conducted during this year following measures were taken for system improvement:

- a. Guidelines were suggested for procurement of Safety items, as per provision of Purchase Manual. Safety budget should be prepared with due care excluding non-safety item. Specifications of Safety items should be clearly mentioned in the proposals and in NITs. Wherever applicable BIS nos. should also be mentioned, etc.
- b. Guidelines have been issued for publication of tender documents for different contractual works / procurement on the Company's Web Site and portal developed by NIC.
- c. Guidelines have been issued for publication of details on award of tenders / contracts in a bulletin form on the Company's Web Site.
- d. Before finalization of any new transportation contract measurement of route & preparation of route plan have been suggested.
- e. It has been advised to issue suitable guidelines in respect of invitation of Short Quotation Notices for award of work estimated below rupees one lakh.
- f. As a result of guidelines issued after Vigilance investigations, during the two months of July and August, 2006, the use of NONEL explosives, which is costly, has shown a decline of 9317 units which is about 16.73% less than that used in the corresponding period of last year, translating in savings of over Rs.25 lakh.
- g. It has been suggested to get a thorough study carried out -
 - (1) Regarding maintenance of records for day to day functioning of weighbridges.
 - (2) Regarding system for communication of information regarding levy of LBs at siding due to shortage of clean / power coal from siding to washery,
 - (3) To evolve proper guidelines for uniform application throughout CCL.
- g. Modalities of deducting CMPF contribution of contractor workers and their attendance have been suggested.
- h. It has been suggested to issue a comprehensive circular containing the guidelines issued by the Company regarding unauthorized absenteeism.
- i. Methodology of deducting penalty from the payment of explosive in case desired Powder Factor is not attained, has been suggested for its uniform implementation through out CCL.

II. Investigation:

Investigations into 54 cases were completed and reports submitted during the year . Based on the investigation, decision for initiation of major penalty proceedings as per provisions under the applicable Conduct Rules/Standing Orders were taken in 6 cases, minor penalty proceedings in 21 cases and administrative action in 13 cases and decision of closure was taken in 14 cases. Besides above, action was also initiated on 498 complaints by the CCL Vigilance Department during 2006.

III. Punitive Actions:

26 disciplinary proceedings arising out of Vigilance investigations were completed during the year resulting in imposition of major penalty in 15 cases involving 26 persons and minor penalty in 11 cases involving 65 persons.

In addition , 7 disciplinary proceedings arising out of vigilance investigations were partly completed during the year resulting in imposition of major penalty in 2 cases involving 4 persons and minor penalty in 5 cases involving 18 persons.

IV. Vigilance Awareness week:

In line with the Central Vigilance Commission's directive, Vigilance Awareness Week was observed from 6.11.2006 to 11.11.2006 with much fervour and enthusiasm in all units, Areas and Headquarters. The week started with taking of pledge by all the employees. The importance of celebrating Vigilance Awareness week was explained to the employees of HQ by the CMD, CVO, D(P), D(F) and D(T)Opn., CCL. Banners and posters containing thought-provoking slogans were displayed in all the units/ offices. The Vigilance Department ran a special campaign during the week to create awareness among the employees as well as the public.

V. Achievement :

During the year under reference two seminars / workshops were organized, namely,

- Seminar on Disciplinary Proceeding on 14.9.2006, in Darbhanga House, wherein around 45 participants including CVO, CCL and Director(Personnel), CCL actively participated. Sri Mitter Sain, CDI, CVC delivered the technical talk and shared his experience with the house.
- On 30.11.2006 a workshop on Contractual Coal Transportation in CCL was organized, in MTC, CCL, Ranchi wherein around 50 officials of HQ, NK Area and Piparwar Area, including the Area CGMs, actively participated. Three cases investigated by the CCL Vigilance were converted into case studies which were discussed at length followed by an interactive session in which various queries raised by the participants were replied by the Vigilance Department. It was emphasized that CCL officials should be transparent and fair while dealing with all types of contracts. A detailed write-up was also prepared and given to the participants in which salient points concerning coal transportation were discussed and a table of Dos and Don'ts was also provided. This was the first workshop of its kind ever organized at CCL.

1. BOARD OF DIRECTORS:

During the year under reference your Directors held 8 (eight) Board Meetings. Your Company had the following Directors on the Board as on 24-08-2006 i.e. the date of the 50th Annual General Meeting :-

Shri R.P. Ritolia, CMD
Shri Md. Salim Uddin, Director(P&IR),CIL
Shri D.N. Prasad, Dir.(Tech.), MoC
Shri R.S. Pandey, IRTS, COM, E/C Rly.
Shri Arun Kr. Singh, IAS, Secretary Mines & Geology, Govt. of Jharkhand
Shri Ajay Kumar, Director(Personnel)
Dr. A.K. Sarkar, Director(Finance)
Shri M.M. Singh, Director(Tech./Opr.)

After the previous AGM was held on 24-08-2006, Shri A.K. Singh and Shri R.K. Saha have been appointed as Director (Tech.), CCL vide MoC, New Delhi's letter No.21/10/2006-ASO dt. 27.9.2006.

Shri S.K. Satapathy, IAS, Secretary (Mines & Geology), Govt. of Jharkhand was appointed as a part-time Director of CCL vice Shri A.K. Singh vide Letter No.21/30/91-ASO(Vol.II) dt. 27.9.2006. Shri M.M. Singh Director(Tech./Opr.), CCL superannuated on 31.12.06.

Shri J.S. Tiwary, IAS was appointed as Secretary (Mines & Geology), Govt. of Jharkhand vice Shri S.K. Satapathy, IAS vide letter No.21/30/91-ASO dt. 12.03.2007.

Shri Md. Salim Uddin, Director(P&IR),CIL and Shri Ajay Kumar, Director(Personnel), CCL, superannuated on 31.05.07.

Shri R. Mohan Das, Director(P&IR),CIL has been appointed on CCL Board vide MoC, New Delhi's letter No. 21/ 20/ 2001-ASO dated 22/23.6.2007.

Shri T.K. Chand has been appointed as Director (Personnel) on the Board of Directors, CCL vide MoC, New Delhi's letter No. 21/14 / 2006-ASO dated 9.07.2007.

Accordingly, your Company has the following nine Directors in the Board as on 09-08-2007 i.e. the date of the 51st Annual General Meeting :-

Shri R.P. Ritolia, CMD
Shri R. Mohan Das, Director(P&IR),CIL
Shri D.N. Prasad, Director(Tech.), MoC
Shri R.S. Pandey, IRTS, COM, E/C Rly.
Shri J.S. Tiwary, IAS, Secretary(Mines & Geology), Govt. of Jharkhand
Dr. A.K. Sarkar, Director(Finance)
Shri A.K. Singh, Director(Tech./Opr.)
Shri R.K. Saha, Director(Tech./P&P)
Shri T.K. Chand, Director (Personnel)

35. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies (Amendment) Act 2000, with respect to Directors' Responsibility Statement, it is hereby confirmed:

That in the preparation of the accounts for the financial year ended 31st March 2007, the Uniform Accounting Policy approved by CIL, the Holding Company has been followed. The said uniform Accounting Policy has been drawn in compliance with the Accounting Standards issued by the ICAI subject to a few deviations from Accounting Standards which are not material in nature;

That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were considered reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.

That the Directors have taken proper and sufficient care for the 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;

That the Directors have prepared the annual accounts for the financial year ended 31st March 2007 on a 'going concern' basis.

36. AUDITORS OF THE COMPANY

Under Section 619(2) of the Companies Act, 1956 the following Chartered Accountants Firms were appointed by the Comptroller and Auditor General of India for auditing the Financial Accounts of your Company for the year 2006-07:

Statutory Auditors:

Anand Rungta & Co.,
405, Capitol Tower-B, Fraser Road, Patna.

Branch Auditors:

Sanjay Bajoria & Associates
5, Kunjlal Street, Upper Bazar,
Ranchi.

Anjali Jain & Associates
Jain Villa, near Gurunanak School,
P.P. Compound, Ranchi

L.K. Saraf & Co.
2nd Floor Chauhan Mansion,
Lalji Hirji Road, Ranchi

N.K.D. & Co.
1st Floor, Banka Bhawan,
J.J. Road, Upper Bazar, Ranchi.

Office of the Comptroller and Auditor General of India will be moved for the appointment of Statutory Auditor/Branch Auditors for the year 2007-08 under Section 619(2) of the Companies Act, 1956.

37. AUDIT COMMITTEE OF DIRECTORS:

The Audit Committee of Directors is headed by the Director (Technical), Ministry of Coal, an independent Director & includes three other Directors.

During the year 2006-07, there have been two meetings of the Audit Committee of Directors where Annual Accounts for the year ended 31.3.07 and the Revised Annual Accounts for the Finance Year ended 31st March'07 respectively were discussed.

38. ACKNOWLEDGEMENT

Your Directors express their sincere thanks to the Government of India in general and Ministry of Coal and Coal India Limited in particular for their valuable guidance and unstinted support to your Company towards attainment of the objectives of the Company. Your Directors also thank the Govt. of Jharkhand and other State Governments for their co-operation and valuable assistance extended to your Company. Your Directors convey their thanks to all the employees of the Company for their whole-hearted co-operation and devotion to duty.

Your Directors are fully confident that the employees of all ranks would continue to strive hard to improve the performance of the Company in the coming years. Your Directors also acknowledge, with thanks, the assistance and guidance rendered by the Statutory Auditors, Tax Auditors, the Comptroller & Auditor General of India and the Registrar of Companies, Bihar & Jharkhand.

39. ADDENDA:

The following papers are annexed hereto for your consideration:

- (i) Addendum to the Directors' Report pursuant to Section 217 of the Companies Act, 1956 giving:
 - (a) particulars of employees who were in receipt of remuneration Rs.24,00,000/- per annum / Rs.2,00,000/- per month or more, if employed for the year or part thereof.
 - (b) details of foreign exchange earning & outgo.
 - (c) details about research and development activities of the Company.
- (ii) Comments of the Comptroller and Auditor General of India under section 619(4) of the Companies Act, 1956.
- (iii) Addendum to the Director's Report under section 217(3) and 227(2) of the Company's Act, 1956 stating statutory Auditor's Report and Management's reply thereon.

For & on behalf of the Board of Directors.

**(R.P. Ritolia)
Chairman-cum-Managing Director**

SCHEDULE-P

SIGNIFICANT ACCOUNTING POLICIES

1.0 BASIS FOR PREPARATION OF FINANCIAL STATEMENT:

The Financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting following going concern concept, unless otherwise stated and comply with generally accepted Accounting Principles, statutory requirements of the Company's Act, 1956, the accounting standards (AS) issued by ICAI to the extent applicable.

2.0 USE OF ESTIMATES:

The presentation of financial statements, in conformity with the generally accepted Accounting Principles, requires the management to make estimate and assumption that affect the reported amount of Assets and Liabilities, revenue and expenses and disclosure of contingent liabilities at the date of the financial statement. Actual results could defer from those estimates, but management believe that the estimates used in the preparation of financial statements are prudent and reasonable. Any revision to the accounting estimates is recognized prospectively in the current and future periods.

3.0 REVENUES AND EXPENDITURES:

All Income and Expenditures having a material bearing on the financial statements are recognized on the accrual basis and provision is made for all known losses and liabilities except in the following cases:-

3.1 Liquidated damages, interest on delayed payment and escalation claims from customers are recognized on the basis of final settlement.

3.2 Insurances/Railway claims are accounted for on admission/final settlement.

3.3 Scraps are accounted for on realization.

3.4 Refund/ adjustment of Tax from Tax Authorities are accounted for on cash basis. Additional demand for Income Tax , Royalty, Cess, Sales Tax, Entry Tax etc. are accounted for after final order. In appeals, payment made against additional demand are treated as Advance Claim.

3.5 Interest payable on account of income tax / sales tax as demanded by tax authorities are accounted for in the year of payment. Similarly, interest receivable, if any, are accounted for in the year of receipt.

3.6 Demands/Claims against the Company, which are not likely to materialise into actual liabilities, are regarded as Contingent liabilities.

3.7 Pending finalization of investigation, no adjustment is carried out in the books in respect of contingent nature of assets and liabilities.

4.0 REVENUE RECOGNITION:

4.1 Revenue in respect of Coal Sale is recognised when the property in the goods with the risks and rewards of ownership are transferred to the buyer i.e. on the basis of D notes for dispatch by Rail and weighment cards in respect of road dispatches.

4.2 Sales of coal are net of Royalty, SED, CST/JST and accepted deductions made by customers on account of quality of coal shortage etc.

4.3 The revenue recognition is done where there is a reasonable certainty of collection. On the other hand revenue recognition is postponed in case of uncertainty as assessed by management.

4.4 Bonus claims on customers, as a result of Joint sampling, are accounted for in sales in the year of settlement irrespective of period of despatch.

5.0 FIXED ASSETS:

5.1 Land includes the cost of acquisition, compensation and cash rehabilitation expenses. Other expenditure incurred on acquisition of Land viz. resettlement cost, compensation in lieu of employment etc. are, however, treated as revenue expenditure.

5.2 Plant & Machinery include cost and expenses incurred for erection/ installation and other costs attributable to bring those assets, to working conditions for their intended use.

5.3 Capital Work-in-Progress includes the advances paid to acquire fixed assets and the cost of the assets not put to use during the year.

5.4 Gross Block as well as depreciation on surveyed off P&M, Vehicles etc. are taken out of Fixed Assets and provision for depreciation respectively

and the residual value at 5% of Book value are transferred to "Surveyed off assets for disposal" and the same is separately shown in the Fixed Assets Schedule(Sch-F). In case of premature survey off of assets the difference between the WDV and residual value of 5% is charged to Profit & Loss Account, as loss on surveyed off assets.

5.5 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.

5.6 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 and in such cases the expenditures will be kept under C.W.I.P. till finalization of sale.

6. INVESTMENTS:

Investments are stated at cost.

7.0 INVENTORIES:

7.1 Book stock of coal/coke is considered in the Accounts where the variance between book stock and measured stock is up to +/- 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.

7.2 Slurry, middlings of washeries are valued at net realisable value.

7.3 Stock of stores & spare parts (including loose tools) at Central & Area stores are valued at weighted average cost. The year end inventory of stores & spare parts lying at collieries/sub-stores/consuming centers, which have been initially charged off, are valued at issue price of Area stores. Work-shop jobs i.e. manufactured items in progress are valued at cost .

7.4 Provisions are made at the rate of 100% for unserviceable, damaged and obsolete stores and 50% for stores & spare parts not moved for 5 years excepting insurance items.

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

8.0 DEPRECIATION

8.1 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 equipment. Depreciation on such equipment is charged at higher rates of either @ 15.83% or @ 10.55% based on technical assessment. Depreciation on assets added / disposed off during the year is provided with reference to the month of addition /disposal. Extra shift depreciation is provided where applicable.

8.2 Value of leasehold land is amortised over the lease period or the balance life of the project whichever is earlier.

- 8.3 Provision equivalent to the amount of depreciation is made against machinery/assets which could not be put to use for more than three years from the date of purchase/acquisition after three years i.e. from the fourth year prospectively.
- 8.4 Depreciation is charged prospectively over the residual life of assets in which the gain or loss arising due to exchange fluctuation rate added and/or deducted in the carrying amount of such assets.
- 8.5 Prospecting, Boring and Development expenditure are amortized over 20 years from the year when the Mine is brought under Revenue or over the working life of the Project whichever is lower.
- 8.6 Individual Assets costing Rs. 5000/-or less are entirely depreciated in the year of acquisition. Assets attracting 100% depreciation, other than items costing Rs. 5,000/- are taken out from the Accounts after expiry of two years following the year in which these are fully depreciated.

9. EFFECT OF EXCHANGE FLUCTUATION:

Balances of dues from /to overseas parties at the end of the year are translated at the rate of exchange prevailing at year end date and the resultant net losses or net gains relating to revenue items are charged to P&L Accounts . Exchange fluctuation on foreign currency loans / liabilities attributable to the acquisition of fixed assets at the year end rate of exchange is included in the carrying amount of fixed assets.

10. BALANCE WITH COAL INDIA LIMITED(HOLDING COMPANY)

Amount due to Coal India Limited on account of loan is shown as Unsecured Loan. Amount due/receivable arising out of the transaction of revenue nature under Current Account is shown as Current Liabilities/Current Assets/ Short term deposit, as the case may be.

11. APEX OFFICE CHARGES AND INTEREST TO HOLDING COMPANY

- 11.1 Apex office charges by Holding Company is allocated to revenue mines on the basis of coal production.

11.2 Interest on loans from CIL is allocated to the units on the basis of Net Fixed Assets (excluding the Assets procured against specific loan) at the beginning of the year.

11.3 In terms of CIL's letter No. CGM(F)/126/07 dtd. 08.04.2004 an additional charge at the rate of Rs. 6/- per tonne of coal released towards rehabilitation fund for dealing with fire, shifting and stabilization of unstable areas has been accounted for on the basis of debit advice received from CIL.

12 OVERBURDEN REMOVAL(OBR) EXPENSES

12.1 For Opencast mines which have been brought to revenue and have rated capacity of 1 million tonnes or above, the cost of OBR is charged on technically evaluated average ratio(Coal : OB) at each mine with due adjustment for advance stripping and ratio variance account.The net balance of advance stripping and ratio variance at the end of the year is shown as cost of removal of Overburden.

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 here under:

Annual Quantum of OBR of the Mine	Permissible limits of variance (whichever is less)	
	%age	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%	NIL

If the variance between reported quantity and measured quantity is more than the above permissible limit, measured quantity will be considered in the Accounts.

13. LEASE TRANSACTIONS:

Assets given on operating lease are capitalized at cost. Rental receipts by CCL are recognized in Profit & Loss Account when due.

14. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

A provision is recognized when the Company has a present obligation as a result of past event when it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimates can be made. Provisions are not discounted on its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet Date. These are reviewed at each Balance Sheet Date and adjusted to reflect the current best estimates.

A disclosure of Contingent Liability is made when there is :

- (a) A possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non occurrence of one or more uncertain future events not within the control of the Company, or
- (b) A present obligation arising from a past event which is not recognized as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made.

Contingent Assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the assets and related income are recognized in the period in which the change occurs.

15. GENERAL:

- 15.1 Retirement Benefits: Provisions for /contribution to retirement benefit schemes are made as follows:

- (a) Contribution payable to the recognized provident fund, which is a defined contribution scheme, are recognized in the Profit & Loss Account,
- (b) Gratuity liability is accrued based on Actuarial Valuation conducted as at 31st March each year
- (c) The Company provides Leave Encashment Benefit (Long Term) which is a defined benefit scheme based on Actuarial Valuation as at the Balance Sheet Date conducted by independent actuary.
- (d) Superannuation/Pension scheme is on the basis of actual liability.

15.2 Securities by way of deposit in the form of Fixed Deposit Receipts, National Saving Certificates, Bank Guarantee etc. received from the suppliers, contractors etc. are kept in Company's custody and are not accounted for.

15.3 Research and Development Expenditure of revenue nature are charged to various natural revenue head of accounts in the year the expenses are incurred. Expenses of capital nature are treated as fixed assets.

15.4 Income tax expense is the aggregate amount of current tax, deferred tax and fringe benefit tax . Current year taxes and fringe benefit tax are determined in accordance with the Income Tax Act, 1961. Deferred Tax is recognized, subject to consideration of prudence on timing differences, being the difference between taxable and accounting income/ expenditure that originate in one period and are capable of reversal in one or more subsequent period(s).

SCHEDULE-"Q"

NOTES ON ACCOUNTS

1. CONTINGENT LIABILITIES/CAPITAL COMMITMENT

1.1 Description of Contingent Liabilities which have not been provided in the Accounts (refer Para-14 of Sch-P) are as under:

- (a) Claims against the Company not acknowledged as debt amounting Rs. 4936.43 lakh (previous year Rs. 6619.05 lakh)
- (b) Royalty and Cess amounting Rs.11040.53 lakh (previous year Rs. 11819.39 lakh), which the Company has been disputing and which have been referred to Court. An amount of Rs.4257.39 lakh (previous year Rs. 3385.11 lakh),which has been paid to the District Mining Authorities under protest for admission of Appeals against various demands, have been accounted for under" Loans & Advance" (Schedule-L).
- (c) Sales Tax claim to the extent of Rs.17710.56 lakh (previous year Rs. 15188.67 lakh) has not been acknowledged as debts by the Company. An amount of Rs. 1763.33 lakh (previous year Rs. 600.91 lakh) paid to the Sales Tax Authorities under protest for admission of Appeals against various demands, have been accounted for under" Loans & Advance" (Schedule-L).
- (d) Certain disputes with employees not admitted as debt and are under adjudication or settlement, which are not ascertainable.
- (e) The income tax demand disputed by the Company under appeal is Rs. 375.94 lakh (previous year Rs.375.94 lakh). Out of which an amount of Rs. 311.84 lakh (previous year Rs. 311.84 lakh), deposited under protest, has been included under "Loans & Advances"(Sch-L).
- (f) Un-expired letter of credit worth Rs. 594.66 lakh (previous year Rs.38.36 Lakh).

1.2 CAPITAL COMMITMENT:

Estimated value of contracts (net of advance), which remains to be executed on Capital Account and not provided for is Rs. 7698.59 lakh (previous year Rs. 8120.72 lakh).

2. SECURED LOANS:

The Company through its holding Company CIL entered into an agreement with State Bank Consortium to avail Cash Credit facilities for an aggregate sum of Rs. 15800.00 lakh and the said facilities shall be collaterally secured by creating hypothecation charge over the current assets comprising of Book Debts, Stock of Raw materials, Semi-finished and finished goods, Stores and Spares not relating to Plant & Machinery(Consumable Stores & Spares), both present and future jointly and severally in favour of the said Banks for a sum of Rs. 15800.00 lakh. However, the said facilities have not been availed by the Company during the year under review.

3. UNSECURED LOANS:

Loans from IBRD and JBIC on account of Coal Sector Rehabilitation Project forming part of Unsecured Loan (Ref. Schedule-E), obtained through CIL are covered by guarantee of CIL and counter-guarantee by Govt. of India.

4. FIXED ASSETS

- 4.1 Land consists of free/ lease hold land and land acquired under Coal Bearing Acquisition Act, 1957 the extent of which has not been classified in the Accounts.
- 4.2 Cost of Notified land is capitalized on physical /constructive possession basis and completion of assessment by the competent authority.
- 4.3 49,519.47 Ha. Of land has been acquired under CBA(A&D) Act, 1957. Out of this approximately 13,500 Ha. is tenancy land. Rest is forest and GMK land. Out of 13,500 Ha. of tenancy land compensation has been assessed for 6,130 Ha. For an amount of Rs. 35.93 crores. Out of this amount 24.31 crores has been paid. The balance amount is being paid by holding regular payment camp in different projects.
- 4.4 The Assets and Liabilities of two hospitals taken over from Coal Mines Labour Welfare Organization in 1981 have not been reflected in the accounts pending determination of values thereof.
- 4.5 The Assets and Liabilities of three Mines Rescue stations taken over during 1985-86 have not been reflected in the Accounts pending determination of values thereof.

4.6 Fixed Assets include certain tangible assets in respect of closed project during the year or in earlier year(s) and have not been adjusted in the accounts pending review regarding further use of these assets.

4.7 Total Provision towards the loss of capital expenditures amounting to Rs. 961.70 lakh (Previous year-Rs.961.70 lakh) as on 31.03.2007 has been retained which is considered adequate (refer Schedule-N).

4.8 Buildings include Electrical fittings, water supply arrangements, sanitary fittings and Roads & Culverts in Township.

5. CAPITAL WORK-IN-PROGRESS:

5.1 For machinery/assets, which could not be put to use for more than three years from the date of purchase/acquisition, provision equivalent to depreciation w.e.f. the fourth year from the date of purchase/acquisition has been made amounting to Rs. 491.12 lakh (previous year Rs. 624.30 lakh) during the year. Total provisions as on 31.03.2007 is Rs. 2983.68 lakh (refer Schedule-G).

5.2 Total Provision towards the loss of capital expenditures amounting to Rs. 1413.73 lakh (Previous year-Rs.1413.73 lakh) as on 31.03.2007 has been retained which is considered adequate (refer Schedule-G).

6. INVENTORIES

6.1 The difference on reconciliation of numerical ledger with price ledger for the purpose of these accounts have been reflected in the consumption of stores and spares parts to the extent such reconciliation is completed during the year.

6.2 Pursuant to the Accounting Policy as referred in para-7.4 of Sch-P, provision of Rs. 156.08 lakh (previous year Rs. 227.14 lakh) has been made during the year for unserviceable/damaged/obsolete stores and also for Stores & Spares unmoved for 5 years. The provision of Rs. 3467.55 lakh (Previous year 3311.48 lakh) as on 31.03.2007 is considered adequate.

6.3 Physical stock has been adopted in the following cases over the book stock, because of difference being beyond 5%, pursuant to the Accounting Policy as referred in Para 7.1 of Sch-P.

Name of the project	Type of coal	Book Stock	Physical stock	Difference	
				Qty.	%age
Karo-I OCP	Raw coal-E	185991.00	113035.00	(-) 72956	(-) 39.23
	Raw coal-	<u>63358.00</u>	<u>55992.00</u>	(-) 7366	(-) 11.63

	WIII. TOTAL-	<u>249349.00</u>	<u>169027.00</u>	<u>(-)80332</u>	
Rajrappa Washery	Raw coal	172165.00	136267.86	(-) 35897.14	(-)20.85
Kathara washery	Clean coal	63938.00	53184.26	(-)10753.74	(-)16.82
Rajrappa washery	Middlings	14031.00	12278.00	(-)1753.00	(-)12.49
Kathara washery	WCP	56835.00	53325.57	(-)3509.43	(-) 6.17

6.4 On conservative basis , the closing stock of Coking Slurry at Kathara Washery, Swang Washery, Kedla Washery, Giddi Washery and Middlings of Rajrappa Washery, Kargali Washery & Giddi Washery has been valued at last year's valuation rate although the current selling price is higher.

6.5 Consequent upon receipt of C&AG comments while supplementing the annual accounts 2006-07, a provision of Rs. 210.00 lakh has been made in the accounts 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.

7. SUNDRY DEBTORS

7.1 A provision of Rs. 6413.73 lakh (previous year Rs. 9011.73 lakh) has been made during the year against disputed dues on the basis of fair estimate. The total provision of Rs. 30501.77 lakh (after utilizing against Bad Debt written off Rs. 5193.34 lakh & withdrawal of excess provision no longer required Rs. 2056.61 lakh during the year) as on 31.3.2007 is considered adequate.

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

8. LOANS & ADVANCES AND OTHER CURRENT ASSETS:

8.1 Pending final hearing by the Commissioner of Payments in respect of claims of Rs.51.94 lakh receivable on account of certain collieries of Dhori Group, transferred from Bharat Coking Coal Limited, no adjustment has been made in this account.

8.2 Sundry Debtors, Sundry Creditors, Other Current Liabilities, Advances, Stores in Transit and Claims Receivable include some old items pending reconciliation and adjustments to appropriate accounts.

8.3 Provision of Rs. 28.54 lakh (previous year Rs. 13.12 lakh) has been made during the year towards long pending advances and claims. Total provision of Rs. 661.18 lakh (after write back of the excess provision of Rs. 33.65 lakh which had been made in earlier years) up to 31.3.07 is considered adequate(Refer Sch-L&M).

9. CURRENT LIABILITIES & PROVISIONS:

9.1 By virtue of enactment of Cess and Other Taxes on Minerals (Validation) Act, 1992, the Company, in 1992-93, raised supplementary bills on customers up to 4th April, 1991 for Rs.10033.04 lakh on account of cess and sales tax thereon. The said amount has been included in statutory dues for cess and sales tax under the head "Current liabilities and Provisions"(Sch-N) with corresponding Debit in "Claims Receivable-Cess"(Sch-M) after transfer from Sundry Debtors.

In view of the judgment of Hon'ble High Court, Patna, Ranchi Bench in writ case No.CWJC 1280 of 1992(R) Cess is not payable. However, S.L.P. of Bihar Government is pending in Supreme Court against the Judgment.

9.2 As required under the provisions of the Interest on delayed payment to Small Scale and Ancillary Industrial Undertaking Act, 1992 amount payable to SSI includes interest of Rs. 1.62 lakh (Previous year 0.97 lakh).

10. PROFIT AND LOSS ACCOUNT

10.1 The liability towards Incremental Gratuity for the year amounting to Rs.6205.66 lakh (previous year Rs.3080.14 lakh) has been provided for on actuarial basis making a total provision of Rs.49465.52 lakh(Previous year 43259.86 lakh).

10.2 An amount of Rs. 1770.19 lakh has been provided in the accounts during the year towards leave encashment (being the difference between total liability as on 31.03.07 amounting to Rs.7284.34 lakh and Rs. 5514.15 lakh as on 31.03.06).

10.3 Interest amounting to Rs.8395.89. lakh charged by the Holding Company (previous year Rs.9299.56 lakh) has been accounted for during the year.

10.4 Apex charges amounting to Rs. 2067.35 Lakh (previous year Rs. 2025.35 lakh) levied by the Holding Company @ Rs. 5 per tonne of coal produced towards rendering various services like procurement , marketing, Corporate Service etc. based on agreement entered into, have been accounted for.

- 10.5 IICM charge amounting to Rs.206.74 lakh (previous Year Rs. 202.54 lakh) levied by the Holding Company @ Rs. 0.50 per tonne of coal produced, has been accounted for.
- 10.6 In terms of CIL's letter No. CGM(F)/126/07 dtd. 08.04.2004 a charge of Rs. 2316.60 lakh (Previous year Rs. 2317.26 lakh) levied by the Holding Company @ Rs. 6.00 per tonne of coal released during 2006-07 towards Rehabilitation fund for dealing with fire, shifting and stabilization of unstable areas have been accounted for.
- 10.7 Pay revision of Non-executives employees and executive employees falls due from 01.07.2006 and 01.01.2007 respectively. The pay revision has not been concluded as on the reporting date. As such, the consequential impact on ad-hoc basis could not be estimated reliably in the absence of any convincing evidence. Accordingly, no provision has been made in the accounts 2006-07.

11. GENERAL

- 11.1 Following the study conducted by CMPDIL, at Rajrappa OC, the revised stripping ratio for the mine is 3.19 m³/tonne as on 31.03.2006 compared to 2.91 m³/tonne envisaged in the Project Report . Thus the accumulated balance as on 31.03.2006, in the advance stripping and ratio variance amounting to Rs. 11218.61 lakh has been charged to Profit & Loss Account. During the year 2006-07 the OBR accounting has been done considering the revised stripping ratio of 3.19 M³/tonne.
- 11.2 In terms of lease agreement dtd. 14th day of October, 2005 executed with M/s. Imperial Fasteners Pvt. Limited, the Company has granted the later a right to occupy and use the Captive Power Plant at Kathara together with superstructure. The lease agreement provides for a lease period 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. Limited is accounted for as per the agreement. The cost of gross carrying amount at the beginning of the year is Rs. 5422.82 lakh. The accumulated depreciation as at the end of the year Rs. 3475.82 lakh. Depreciation for the year is Rs. 286.33 lakh. The future minimum lease payment in the aggregate during the period of lease is Rs. 7436.39 lakh and each of the following periods is as under:

2006-07
(Rs. in lakh)

- | | | |
|-----|-------------------------|--------|
| (i) | Not later than one year | 384.00 |
|-----|-------------------------|--------|

(ii)	Later than one year and not later Than five years.	1536.00	
(iii)	later than five years.	<u>5516.39</u>	7436.39

There is no provision relating to contingent rent.

- 11.3 Current Liabilities and provisions include provision of Rs. 772.34 lakh towards service tax on transportation of coal for the period from 01.01.2005 to 31.03.2007. No demand for payment of the service tax has been received from the Service Tax Authority. The Company has not deposited the said amount.
- 11.4 The Mandatory Accounting Standard on Segment Reporting(AS-17) , related Party Transactions(AS-18), Leases (AS-19), Discontinuing Operation(AS-24) , Interim Financial Report(AS-25) and Financial Reporting of Interest in Joint Ventures(AS-27) are not applicable to the Company.
- 11.5 The Bonds received on securitization of dues from State Electricity Boards, from the State Government of Utter Pradesh and Hariyana are treated as long time investment and is valued at cost. During the year under audit an amount of Rs. 942.30 lakh has been redeemed.
- 11.6 In compliance with AS-22, Deferred Tax Assets has been recognized for Rs. 4786.42 lakh for the year 2006-07 making a total net deferred tax asset for Rs. 21405.78 lakh as on 31.03.2007. The total deferred tax assets is Rs. 33375.95 lakh, liable to reversal in one or more subsequent period(s) , consists of Doubtful debts , Gratuity and Leave encashment on actuarial basis, provision for Loans & Advances, Obsolescence of stores and carry forward of expenditures of VRS and P&B etc. Similarly, the deferred tax liability, being the difference of WDV of fixed assets as per books and as per I.T. Rules, is Rs. 11970.17 lakh.
- 11.7 As per Significant Accounting Policy No. 12.1 for Opencast mine with a rated capacity of 1 Million Tonnes or above, OBR Accounting is to be done. However, it has not been followed in case of Amlo Project since inception i.e. last 20 years.
- 11.8 The Company has not availed VAT Credit Receivable (Input) on Opening Stock of Stores and Spares as on 01.04.2006. VAT Credit Receivable(Input) has been availed on the purchases made during the year 2006-07 to the extent it is applicable . The Vat Credit Receivable(Input) has not been adjusted with the Inventory. As such, the Inventory as on 31.03.2007 is overstated to the extent it has not been adjusted.

However, the resultant impact has duly been incorporated in the Profit & Loss Account.

- 11.9 Professional Tax has been withdrawn by Jharkhand Government w.e.f. 17th day of December, 2004 . Owing to the delayed receipt of the Notification, the Company had continued to deduct and deposit professional Tax till March, 2005. The Company needs to refund all the deposit amount made after 17.12.2004 for which claim has been lodged with the Secretary, Hazaribagh Mines Board.
- 11.10 The Carpet coal at colliery as measured by CIL Measurement Team, is 2.51 lakh tonne which has been included in adopted stock of 104.61 tonne as on 31.03.07. The quantity of carpet coal is only 2.40% of the total quantity of coal at collieries, as adopted in the accounts of 2006-07. While valuing carpet coal, digging cost equivalent to loading cost is deducted from net realizable value of the coal in case the stock is valued at NRV.
- 11.11 The arrear salary & wages pursuant to finalization of pay revision (NCWA-VII) for Non- executives (for which the total estimated provision had been made as on 31.03.2006) has been paid during the year 2006-07. The excess/ short provision , as the case may be, over the estimated provision as on 31.03.2006 has been adjusted in the current period salary & wages . The resultant impact is not significant. As such, the said amount has not been transferred to Prior period Account.
- 11.12 After detailed technical assessment of required quantity of back filling and other connective activities , total estimated provision equivalent to Rs. 509.04 lakh has already been provided upto 31.03.2006 . There is no such closed mines where reclamation can be done during the year 2006-07. As such, no provision on account of mines closure expenditure has been made and the amount already provided is considered adequate.

12. EFFECT OF EXCHANGE FLUCTUATION:

- 12.1 Coal India Limited (Holding Company) has entered into Principal- Only Swap(POS) transaction which will entitle CIL to receive dollar at a fixed rate prevailing on the trade date, for repayment of IBRD loan falling due on different dates from 15.11.2005 to 15.05.2007. The loan amount covered under such Swap transaction has therefore been revalued at fixed rates prevailing on the trade dates. The balance amount of IBRD Loan(not covered under SWAP transaction) and the amount of JBIC(JEXIM) loan have been revalued at the spot USD/INR Rate and JPY/INR rate respectively prevailing on 31.03.07. As a result,

there is a favourable impact of Rs. 307.44 lakh which have been accounted for as under:

	(Rs. in lakh)
	AMOUNT
a. Credited to Revenue	55.88
b. Credited to carrying cost of Fixed Assets	251.56

Total:	307.44

13. DIRECTORS' REMUNERATION:

(Rs. in lakh)

Particulars	Chairman/Managing Director		Functional Directors	
	2006-07	2005-06	2006-07	2005-06
Salary & Allowance (including Gratuity & leave Encashment)	5.60	5.58	29.20	20.03
Provident Fund	0.66	0.66	3.16	2.37
Perquisites	13.91	3.85	1.00	0.82

Note: (1) Perquisites do not include value/charges for furniture rent and electric energy and use of Company's car which have been recovered as per rules of the Company and value of free medical facilities in Company's hospitals.

(2) Salary & Allowances and Provident Fund include arrear impact arising out of pay revision.

14. INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 4C AND 4D OF PART-II OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

(a) Licenced Capacity, Installed Capacity and Actual Production:

(Fig. in lakh tonne)

Class of goods	Licenced Capacity		Installed Capacity		Actual Production	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Coal	NA	NA	NA	NA	413.18	405.13
Washed Coal						
(a) Coking	48.10	48.10	48.10	48.10	18.24	22.89
(b) Non-Coking	86.40	86.40	86.40	86.40	66.76	65.66*

Middlings/Slurry (coking)/Washed Coal Power	NA	NA	NA	NA	21.22	22.18
Hard Coke	NA	NA	NA	NA	0.00	0.00
Soft Coke	NA	NA	NA	NA	0.00	0.00
TOTAL					519.40	515.86

(i) Licensed Capacity registered with appropriate authorities. No industrial license is required for production of these goods.

(ii) Installed Capacity has been certified by Company's Technical Expert.

(b) Particulars in respect of Outside Despatch :

(Value Rs. in lakh)

(Quantity tonnes in lakh)

Class of goods	2006-07		2005-06	
	Quantity	Value	Quantity	Value
Coal	256.54	278715.31	259.37	273536.88
<u>Washed Coal</u>				
(a) Coking	18.98	63496.21	22.10	68037.17
(b) Non-Coking	66.00	77555.96	66.39	79660.82
Middlings/Slurry/ Washed coal Power	21.26	29789.96	21.53	29852.25
Hard Coke	0.00	0.00	0.00	0.00
Soft Coke	0.00	0.00	0.00	0.00
Bye-Products	4.45	1083.55	2.49	203.43
TOTAL	366.42	450640.99	371.88	451290.55

(c) Particulars in respect of finished stocks:

(Value Rs. in lakhs)

(Quantity tonnes in

lakhs)

Class of goods	2006-07		2005-06	
	Quantity	Value	Quantity	Value

(i) Opening Stock				
Coal	82.68	39889.09	66.19	30810.07
Washed Coal				
(a) Coking	2.65	3544.62	1.86	2109.63
(b) Non-Coking	0.42	223.96	1.15	567.69
Middlings/Slurry (coking)/Washed coal Power	14.16	14050.75	13.58	12601.39
Hard Coke	0.02	67.77	0.02	69.17
Soft Coke	0.0004	0.69	0.0004	0.69
Bye-Products	0.06	103.28	0.06	103.28
Magnetite	0.003	1.61	0.003	1.61
TOTAL	99.9934	57881.77	82.8634	46263.53

Class of goods	2006-07		2005-06	
	Quantity	Value	Quantity	Value
(ii) Closing Stock				
Coal	113.72	51032.82	82.68	39889.09
Washed Coal				
(a) Coking	1.80	699.29	2.65	3544.62
(b) Non-Coking	1.18	2705.73	0.42	223.96
Middlings/Slurry (coking)/Washed coal Power	14.07	13659.13	14.16	14050.75
Hard Coke	0.018	65.69	0.02	67.77
Soft Coke	0.0004	0.69	0.0004	0.69
Bye-Products	0.06	103.23	0.06	103.28
Magnetite	0.003	1.61	0.003	1.61
TOTAL	130.8514	68268.19	99.9934	57881.77

Washed Coal excludes contaminated coal of 83795 tonne (previous year 83795 tonne)

(d) Details of coal consumed in Washeries, Coke Ovens and Soft Coke Making:
(Value Rs. in lakh)
(Quantity tonnes in lakh)

Class of goods	2006-07		2005-06	
	Quantity	Value	Quantity	Value
Washeries	124.07	102385.27	128.71	104166.84
Coke Oven	0.00	0.00	0.00	0.00

Soft Coke	0.00	0.00	0.00	0.00
TOTAL	124.07	102385.27	128.71	104166.84

(e) Value of imported and indigenous stores, spares parts and components consumed.

(Rs. in lakh)

Particulars	2006-07	Percentage	2005-06	Percentage
Imported	450.90	1.06	472.42	1.07
Indigenous	41967.06	98.94	43634.96	98.93
TOTAL	42417.96	100.00	44107.38	100.00

(f) CIF Value of Imports.

(Rs. in lakh)

	2006-07	2005-06
Components & Spares Parts	884.00	739.00
Capital Goods	0.00	0.00
TOTAL	884.00	739.00

(g) Expenditure incurred in Foreign Currency on account of (As per debit advice of Holding Company):

(Rs. In Lakh)

	2006-07	2005-06
(i) Interest	498.53	429.02
(ii) Commitment Charges	0.00	0.00
(iii) Agency Commission	0.45	0.44
(iv) Project Implementation Facilities	0.00	0.00
(v) Consultancy	0.00	0.00
TOTAL	498.98	429.46

15. EFFECT CONSEQUENT TO CHANGES IN THE AMENDED ACCOUNTS:

The Accounts for the year 2006-07 with Notes on Accounts approved by the Board of Directors in its 339th meeting held on 01.06.2007 reported upon by Statutory Auditors on 04.06.07 have been revised resulting in decrease in profit

of Rs. 3750.40 lakh in pursuance of audit mema issued by the Comptroller & Auditor General of India U/S 619(4) of the Companies Act, 1956.

As a result of revision the following changes have been made in the Profit & Loss Accounts and Balance Sheet.

1. PROFIT & LOSS ACCOUNT

(Rs. in Lakh)

Decrease in Net profit before tax (PBT) (-) 3750.40

-

Represented by

(a) Increase in OBR Adjustment	(-)	2030.39
(b) Increase in Social Overhead	(-)	2.41
(c) Increase in Contractual Exps.	(-)	20.42
(d) Increase in Misc. Expenses	(-)	320.94
(e) Increase in Depreciation	(-)	258.60
(f) Increase in provision	(-)	210.00
(g) Increase in Prior Period Adjustment	(-)	907.64

(-

)3750.40

2. BALANCE SHEET

(a) Decrease in Net Block	(-)	267.96
(b) Decrease in Capital WIP	(-)	591.25
(c) Increase in Current Liabilities & Provision.	(-)	864.26
(d) Decrease in I. Tax Provision	(-)	927.18
(e) Decrease in proposed dividend & I.T. thereon.	(-)	1099.75

(-

)3750.40

Due to above changes in Profit & Loss Account and Balance Sheet, Sch-7, Sch-10, Sch-11, Sch-13(A), Sch-14, depreciation and OBR Adjustment of the Profit & Loss Account and Sch-C, Sch-F, Sch-G, Sch-N, Sch-Q, Sch-R and Sch-S of the Balance Sheet have been modified/ corrected.

16. During the year various heads of account of Balance Sheet and Profit & Loss Account have been rearranged /regrouped and accordingly previous year's figures to the extent possible have been rearranged/ regrouped to make them comparable.

17. Figures have been expressed in "Lakh" and rounded off to the nearest thousand.

(C.V.N.Gangaram) (S.P.SAMANTA) (DR.A.K.SARKAR) (R.P.RITOLIA)
Company Secretary General Manager(Finance) Director(Finance) Chairman-cum-Managing
Director

Place: Kolkata

Dated: 26th July,2007

Signed for identification
For M/S Anand Rungta & Co.,
Chartered Accountants

Place: Patna

Dated: 26th July,2007

(A.K. RUNGTA)
PARTNER

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER
SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF
CENTRAL COALFIELDS LIMITED FOR THE YEAR ENDED 31 MARCH 2007.**

The preparation of financial statements of Central Coalfields Limited for the year ended 2007 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 26 July 2007.

I on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619 (3) (b) of the Companies Act, 1956 of the financial statements of Central Coalfields Limited for the year ended 2007. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. The financial statements of the Company have been revised by the management to give effect to some of my audit observations highlighted during supplementary audit as indicated in the Note No.15 of the Notes forming part of Accounts (Schedule No.Q). In addition, I would like to highlight the following significant matter under Section 619 (4) of the Companies Act, 1956 which has come to my attention and which in my view is necessary for enabling a better understanding of the financial statements and the related Audit Report.

PROFIT AND LOSS ACCOUNT

Profit for the year Rs.102030.39 lakh

The above was overstated by Rs.174.10 lakh for the year and profit for the earlier years was overstated by Rs.1757.00 lakh as provision for backfilling and other corrective Environmental Management Plan (EMP) activities in respect of eight Open Cast Projects (OCPs) was not made at the agreed rate of Re. one per Metric Tonne (MT) of coal production with effect from 1994-95.

This has also resulted in understatement of 'Current Liabilities and Provisions' to the same extent.

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

Sd/-

(B. Mazumdar)

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

Place: Kolkata Dated: 03.08.2007

CENTRAL COALFIELDS LIMITED

ADDENDUM TO DIRECTORS' REPORT
(Under Section 217(3) & 227(2) of the Companies Act, 1956

AUDITORS' REPORT

MANAGEMENT'S REPLY

To
The Members,

We have audited the attached Balance Sheet of Central Coalfields Limited as at 31st March 2007 and also the Profit & Loss Account of the Company and Cash Flow statement for the year ended on that date annexed thereto, in which are incorporated the accounts of the ten Areas audited by respective Branch Auditors. These financial statements are the responsibility of the company's management. Our responsibility is to express our opinion on these financial statements based on audit conducted by us as well as by the Branch Auditors for the respective area.

We conducted our Audit in accordance with Auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosure 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 statements presentation, we believe that our audit provides reasonable basis for our opinion.

A The statement of Accounts together with Notes thereon approved by the Board of

Directors in their meeting held on 1st June,2007 and reported thereon by us on 4th June,2007 have been revised and amended at Head office, including in respect of certain areas/ branches which were audited by the Branch Auditors to give effect to the observations of the Comptroller and Auditor General of India. Accordingly, the Balance Sheet as at 31st March, 2007 and Profit & Loss Account for the year ended on that date read together with Accounting Policy and Notes thereon have been amended as per Note No.15 of Schedule-Q and the impact of amendment of the accounts are summarised as follows:-

Decrease in Net Fixed Assets-	Rs.267.96. lakh.
Decrease in Capital W.I.P.-	Rs. 591.25 lakh
Increase in Current Liabilities & Provisions -	Rs.864.26 lakh
Decrease in net profit(before Tax) after adjustment of Prior Period Account	- Rs. 3750.40 lakh

Decrease in net profit(after Tax) after adjustment of Prior Period Account	- Rs. 2823.22 lakh
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B.1 As required by the Companies (Auditors' Report) Order, 2003 issued by the Government of India in term's of Section 227(4A) of the Companies Act, 1956 we annex hereto a statement on the matter specified in paragraphs 4 & 5 of the said order, to the extent applicable to the Company.

Further to our comments in annexure referred to in paragraph 1 above and subject to our observations contained in paragraphs 3 to 8 to follow and consequent impact thereof on the profit, assets and liabilities for the items quantified in para nos. 3.4; 3.5(b) and 4.5 and our inability to quantify the impact of Profit, assets and liabilities in the other paras in the absence of proper information/ explanation and record at the end of the Company as stated in appropriate part of

those paragraphs read together with "Significant Accounting Policies" in Schedule-P and other Notes in "Notes on Accounts" in Schedule-Q we report that:

Had the observations made in paras quantified as above been considered the "Profit for the year" would have been Rs. 64356.50 lakh (as against the reported Rs.64973.88 Lakh), "Net Current Assets" would have been Rs.30129.38 Lakh (as against the reported Rs.28838.11 lakh), and Fixed Assets would have been Rs.166307.36 lakh (as against the reported Rs.168216.01 lakh).

- 2.1 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.
 - 2.2.a In our opinion, proper books of account, as required by law, have been kept by the Company so far as, appears from our examination of those books.
 - 2.2.b The Branch Auditor's Report made available to us, has been appropriately dealt with while preparing our report.
 - 2.3 The said Balance Sheet and Profit & Loss Account are in agreement with the books of account.
 - 2.4 In our opinion, the Balance Sheet , Profit & Loss Account and Cash flow statement dealt with this report comply with the Accounting Standards referred to in Sub-Section 3(c) of Section 211 of the Companies Act, 1956. However, we draw attention to point No. 3.1;5.4 & 8.3 on Schedule "P" regarding Interest on delayed payment; accounting of surveyed-off assets and depreciation on CWIP respectively and point no. 4.1, 6.5 & 11.4 on Schedule "Q" regarding non-disclosure of depreciation for each class of
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land, provision for shortage/difference of raw coal and related party information respectively.

2.5 As per Notification No. GSR 829(E) issued by Department of Company Affairs the provisions of Section 274(1)(g) of the Companies Act, 1956 are not applicable to a Government Company.

2.6 In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 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 as on 31st March, 2007 and

(b) In the case of 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.

3 FIXED ASSETS (SCHEDULE-F)

3.1 Amount of un-assessed tenancy land as well as unpaid amount of Rs. 11.62 crore in respect of assessed tenancy land have not been accounted for; resulting under capitalisation of land and its' impact on profit due to non-amortisation of land; as stated in Note No. 4.3 of Schedule-Q.

Ascertainment of quantum of Tenancy as well as the claim is a continuing process and the existing system is being consistently followed.

3.2 Advance for land amounts to Rs. 6054.87 lakh; including Rs. 2656.49 lakh paid for Penal NPV, which has not been properly accounted for.

The amount paid on protest towards Penal NPV is subject to adjustment against normal payment to DFO for obtaining mining right. Pending the final decision on this regard, the said amount has been

carried forward and shown under Loan Advances.

- 3.3 Capital Work-in-Progress includes both tangible and intangible assets including Advances and payments for Railway Siding Rs. 110.20 lakh that have been appearing since long. In absence of linking and information about present status, we are unable to verify the same.
- 3.4 A substantial part of "Development-prospecting and boring" expenses included in Capital Work-in-Progress recorded in the Head Quarter costing Rs. 9450.29 lakh which includes non-CIL block amounting to Rs 1292.88 Lakh .As non -CIL block is meant for sale and hence it should have been shown as a separate item under inventory schedule.
- 3.5(a) Plant & Machinery pertaining to closed mines and other fixed assets which is not in use for considerable time continue to be shown under Fixed Assets schedule (Refer Note No. 4.6 in Schedule-Q); instead of being surveyed-off.
- (b) Profit for the year is overstated due to non-provision of Rs. 615.77 lakh in respect of dropped / shelved / long pending projects for Fixed assets / capital Work in Progress / Prospecting, Boring and Development Expenditure of different Area.
- 4 INVENTORIES (SCHEDULE-I)
- 4.1 Shortage/surplus found on physical verification of coal, coke etc. within +/- 5% over book stock (colliery wise), is ignored pursuant to Accounting Policy (refer para 7.1
- Some facilities / assets do remain idle some time due to technical or economic reason. However, year end review is made regarding the utility value of the facilities /assets. Idle assets no longer considered necessary are expensed.
- As per prudential norms , expenditure during development phase in respect of CIL and Non-CIL Blocks are carried forward till the project is formulated. Year end review is made for proper allocation of the deferred expenditure appearing in the Balance Sheet. In case of Non-CIL Blocks expenditure is carried forward till such time the Blocks are sold to outside parties.
- Review regarding further use of assets or otherwise to be gainfully used is carried out every year end and necessary accounting is made in the cases where assets is no longer considered necessary
- Assessment of sunk cost is being made by the Committee constituted by CCL and infructuous expenditure, if any, is charged to P&L Account wherever it is considered necessary
- This is as per the accounting policy of the Company being consistently followed .
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of Schedule-P). As a result, Net shortage within +/- 5% over book stock (colliery wise) weighing 2.35 lakh tonne Valued at Rs.928.93 lakh remained unadjusted in the Books of Accounts. In our opinion this does not consider justifiability of not taking into account of measured stock.

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| 4.2 | Rejects in coal washeries, as per practice has not been considered for valuation. However, sale of rejects during the year amounting to Rs. 1045.16 lakh indicates under valuation of the inventory resulting in understatement of Profit to the extent of the value of physical quantity in stock. | This is as per existing practice based conservative approach and the same being consistently followed. |
| 4.3(a) | Valuation of stock of raw coal has been made at lower of cost and net realisable value. However, distribution of overhead for determining cost has been made on the basis of actual production (colliery-wise) during the year instead of Normal Capacity based on average production over a number of years under normal circumstances. Again, Net Realisable Value has been worked out without considering Demurrage and Under loading charges. | The Cost as well as NRV is determined per Uniform Guidelines read with A and the same is being consistently followed. |
| 4.3(b) | The value of 9884 MT very old Middling at Argada Area valued at Rs. 61.13 lakh and 6012 MT of very old Coke Breeze at Giridih Area valued at 99.20 Lakh, having no movement, getting deteriorated and soiled also continued to be valued at selling price. These old and unmoved items should have been valued at net realisable value. We are unable to comment on adequacy of provision. | Stock valuation has been done as per grade certified by the Coal S Measurement Team of CIL . |
| 4.5 | The provision of Rs. 156.08 lakh has been made during the year, in respect of non-moving stores and spares at Regional stores (Refer para 7.4 on Schedule-P); but in absence of thorough technical review of the position of non-moving / obsolete / | Provisions made against stock of obsolete and damaged stores is considered to adequate by the management. There well defined policy in this regard. assessment of items which are obsolete and un-moved for more than five year |
-

	unserviceable stores and spares; we are unable to comment on the adequacy of the provision made in this respect.	made by the external firms accountants.
4.5	Closing stock of Magnetite Rs. 1.61 lakh of Gore Mines closed in 1990-91(termed as dead stock) should have been valued at Rs. NIL in the light of expected qualitative deterioration.	Noted for review. It is a dead stock and has remained un-moved for long period.
5	<u>SUNDRY DEBTORS (SCHEDULE-J)</u>	
5.1	Confirmation of balances due from Sundry Debtors were not available for our verification.	System of taking confirmation from Debtors is not in vogue . However, Sundry debtors balances are reconciled at regular intervals.
5.2	Dues outstanding from Power Houses / SEBs (mostly for more than 3 years) net of provision amounting to Rs. 40052.60 lakh, out of which Rs. 6031.74 lakh are outstanding from two Power House within 3 years and realisation is either slow or not received. Part of the provision consists of provision made on estimates, past trend, interim award, etc. At this stage we are unable to express our opinion on the adequacy of provision and time taken for full realisation of these dues.	Outstanding dues from the Power ho have been continuing mainly because the delay in the finalisation of av through dispute settlement mechan Vigorous efforts are being made to with the outstanding dues of BSEB other SEBs.
5.3	In absence of year wise break up of unlinked debit balance of Rs.30.04 lakh due from cash sale parties, we are unable to express opinion on it's realisability or adjustability.	This is a case of negative balance: respect of advance deposit related cash sale which shall be reviewed necessary adjustments.
6	<u>LOANS AND ADVANCES (SCHEDULE- L) OTHER CURRENT ASSETS (SCHEDULE-M)</u>	
6.1	Confirmation in respect of various debit and credit balances of parties included in " Loans & Advances" and " Other Current Assets" were not available for our verification and as such we are unable to comment on its	System of taking confirmation from outside parties is not in vogue. However, balances with CIL and its other

<p>correctness and impact on the profit and other accounts.</p>	<p>subsidiaries and major sundry debtors and other creditors are reconciled at regular intervals.</p>
<p>6.2 Loans and Advances" and " Other Current Assets" wherever details were made available shows old advances/receivables doubtful of recovery net of provision made; but excluding Rs. 51.94 lakh recoverable from Commissioner of Payment vide Note No. 8.1 in Schedule-Q, Rs.26.79 lakh recoverable from IICM against printing press bills of more than three years and cash loss balance amounting to Rs.6.37 lakh during 1994-95 in Dhori area. Pending review, linking and upward revision of provision on these accounts; we are unable to comment on impact of the same on profit for the year.</p>	<p>Continuous review of the old car forward amount is made for adjustment and realization . Necessary action taken depending on the merit of individual case ,wherever considered necessary.</p>
<p>6.3 Securities against House Building Loans and Loans for Vehicles could not be verified at the different areas as the Title Deeds for land and Hypothecation documents were not made available. Part of House Building advances in Ranchi H.Q. classified as fully secured in Schedule-L are observed to be unsecured as no equitable mortgage was created till 31.3.2007 the quantum of which though not significant, has not been ascertained.</p>	<p>These documents are the primary /necessary document against which loans are sanctioned. Loan are sanctioned only after the said documents are furnished.</p>
<p>6.4 The claim for refund of Sales Tax relating to 1985-86 onwards is still pending and in absence of details; amount involved and present position could not be ascertained.</p>	<p>Legal action for realization of the claim in progress. The amount is due to Government and cannot be considered bad.</p>
<p>6.5 Deposit others includes Rs 2535.70 Lakh being deposit of Royalty / Cess and Rs.1263.60 lakh being deposit of sales tax against cases under appeal, etc. Implication of same on Profit, asset and liability could not be ascertained.</p>	<p>This is a case of disputed Royalty claim. The amount has been paid to authorities under protest. All the cases are pending in court under litigation in the court of law and there is no obligation as on the date of Balance Sheet. The amount has been shown as contingent liability.</p>

7 **CURRENT LIABILITIES AND PROVISION**
(SCHEDULE-N)

- 7.1** **The Company has not accounted for a sum of Rs. 214.21 lakh payable to BCCL, a subsidiary Company of Coal India limited, since 1990-91, relating to its Gore Mine Project. In the absence of information, the effect on Assets and Liabilities could not be ascertained.**
- This is a very old case pertaining to the year 1986. Debit note of Rs. 307.36 lakh showing the transfer value of the assets and liabilities was sent by BCCL . Out of which stock of magnetite valued at Rs. 76.13 lakh and sundry debtors amounting to Rs. 138.08 lakh was not considered due to litigation about the stock and lack of details about debtors.
- 7.2** **In the absence of confirmation and/or complete reconciliation of the balance payable/receivable from/to Coal India Limited, and its subsidiaries, we are unable to form an opinion at this stage about the correctness of the amount shown in the accounts and also comment on the impact on profit , assets and liabilities after such reconciliation.**
- Transactions between CIL and the Company are reconciled periodically and are accounted for after verification, acceptance and linking up.
- 7.3** **Up-to-date status of assessment and appeal towards Sales Tax and position of non receipt of Sales Tax declaration forms and Royalty could not be verified in some of the areas in the absence of necessary documents or information with consequent inability on our part to comment on any additional liability incidental or contingent therefore lying unprovided/ undisclosed.**
- Up-to-date status of assessment towards sales tax and royalty are available with concerned project/unit.
- 7.4** **Rs. 146.03 lakh recovered on account of Prime Minister's Relief Fund, National Calamity Fund and National Defence Fund has not been deposited since long.**
- This is a statement of fact and CCL take necessary steps in consultation with JCC. However, an amount of Rs. 105 lakh has been kept as separate Dep with Bank.
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7.5	In absence of Expert legal opinion / latest position of cases/ litigation against the company as referred in Note no. 1 of Schedule -Q , we are unable to express our opinion on additional liability, if any, which are required to be provided under AS-29 lying un-provided.	The merit of individual case has been examined , expert legal opinion has been obtained and CCL has concluded that as on the date of Balance Sheet, no liabilities has been crystallised.
7.6	No amount has been provided during the year, for Mine Closure Expenses; as the company has no policy for systematic provision of the same over the years. Creation of provision every year to the extent of coal and OBR extracted during the year, representing the estimated liability on account of final mine closure expense should have been provided; although in absence of details amount could not ascertained I (Refer Note No. 11.12 on Schedule-Q).	This is being done as per Unif Accounting Policy of the Company.
8	<u>GENERAL:</u>	
8.1	We observed , as in the earlier years, that in the consolidated Central Ledger at the Headquarters a number of entries relating to different areas have been passed after completion of audit by the area auditors. The final position of Profit / Loss and Balance Sheet after such entries have not been certified by the respective Area Auditors.	This is a statement of fact. There are un-avoidable circumstances at the time of the merger of the Company's Accounts requiring some journal entries to be passed on, the impact of which are transferred to the Areas account.
8.2	Debit /Credit balances against various parties in Sundry Creditors/Loans & Advances have been deducted from gross aggregate of Sundry Creditors/loans & Advances instead of adding the debit/credit aggregate of respective accounts with Loans & Advances /Current Liabilities. The quantum of understatement of Sundry Creditors/	Linking up of the old balances of loans & advances with that of the Sundry Creditors and Liabilities is a continuous process. CCL has consistently followed the procedure so that netting up of the

Loans and Advances and corresponding Loans and Advances/Current liabilities remain unascertainable for non-availability of detailed information from the Company.

credit balance in Sundry Debtors and loans & Advances and debit balance in the Sundry Creditors and Loans & Advances is done.

8.3 The rated capacity of Amlo Open Cast mine is over one million tonnes and the mine has been brought to revenue since last twenty years. But over Burden removal accounting has not been done for the same, as accounting policy of the company(refer para 12.1 on Schedule-P and Notes on Accounts 11.7 on Schedule-Q)

As per Significant Accounting Policy 12.1 in Opencast mine with a re capacity of 1 million tonnes or above, (Accounting is to be done. However, it not been followed in the case of A OCP since inception i.e. 21 years already lapsed. As such, there is justification to re-start the (Accounting at this stage.

8.4 Due to non-availability / verification of following schedules in some Areas we are unable to comment about impact of the same on the accounts: Earnest Money, Security Deposit, Advance deposit from customers, Advance deposit from Others, Doubtful loans & Advances, Provision others, Claim Receivable others, Advance Adv. Payment.

Noted for necessary action.

**For M/s Anand Rungta & Co.,
Chartered Accountants**

**(A.K.Rungta)
Partner
(Membership No.070046)**

Place: Patna

Date:26th July,2007.

AUDITORS' REPORT TO THE MEMBERS
(As referred in paragraph -1 of our report of even date)

1. In respect of its fixed assets:

- | | |
|--|--|
| (a) The Company has generally maintained records to show particulars of fixed assets including quantitative details and location except in some area. However, in case of Giridih area no proper records has been maintained to show full particulars including quantitative details and situation of fixed assets. Similarly in the case of Ranchi office quantitative details of only the additions made to the fixed assets during the year is maintained while in respect of opening balances its' preparation is still in progress. | The maintenance of fixed assets registers is as per requirement of Sch-VI of the Companies Act, 1956. However, in respect of Giridih Area and HQ, necessary corrective measures will be taken in the following year. |
| (b) Physical verification of fixed assets have been conducted at reasonable interval except verification of surveyed off Assets. However no Physical verification of fixed assets conducted at Giridih area. Similarly in the case of Ranchi office physical verification has only been done on the additions made during the year to the fixed assets. Discrepancies observed during the course of physical verification, in other areas stated not to be material, have been adjusted. | Physical verification is done at the time of survey off of the P&M as well as at the time of disposal auction. Regarding the physical verification of the asset and the reconciliation of the same with the fixed assets registers for the areas , where such verification has not been done, the point has been noted for necessary action. |
| (c) In our opinion, the Company has not disposed off substantial part of fixed assets during the year, which would affect the going concern status of the Company. | This is a statement of fact, hence, calls for no comment. |

2. 1. In respect of its inventories:

- | | |
|---|---|
| (a) Stock of coal, coke etc. has been physically verified by way of | This is a statement of fact, hence, calls for no comment. |
|---|---|

volumetric measurement with reference to contour map at each mine, by Coal Measurement Team of CIL at the year-end and by the CCL team at reasonable interval. The procedure of physical verification of coal, coke etc. appears to be reasonable and adequate in relation to the size of the Company and nature of its business.

- (b) Physical verification of major part of stock of Stores and Spare parts of Regional Stores have been done by the management / outside agencies at reasonable interval and /or at year-end. However there is no procedure for physical verification of stores at Giridih area. Again, no physical verification Report of stores and spares was received at North Karanpura area. The procedure of physical Verification appears to be inadequate and considering the size of the area and nature of its business, coverage and frequency of physical verification need to be increased and reviewed and efforts should be made to make meaningful use of verification reports.

- (c) In our opinion, present system of SPL accounting which results into converting some non moving items into moving items and system of merging two items having high difference in prices in one code, etc. needs review for avoiding such stock mismatches.

- (d) Discrepancies found on physical verification compared to the book records in respect of Coal, Coke etc. which were not material have not been

The follow up is being taken on regular basis so as to improve the position with regard to up-dation, maintenance, reconciliation and verification of the stock of stores. The frequency of audit has also been enhanced over the years and the Internal Auditors have been submitting the report regularly.

The system shall be improved through the completion of NL/PL reconciliation. Necessary action is being taken so as to bring required improvement in the existing system.

There is a Uniform Accounting Policy to deal with the case of discrepancy found on physical verification compared to book

dealt with in the accounts; keeping in view the Accounting Policy No.7.1 of Schedule-P as shortage/ surplus was within +/- 5% over book stock. We are unable to state that discrepancies observed during physical verification of stock of stores and spares have been properly dealt with in the books in view of details at para 2(b) above and our observations in para 4.6 of our report.

stock and it is being dealt in accordance with the Accounting Policy No. 7.1 of Sch-P.

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|--|--|
| 3(a) The Company has deposited surplus fund of Rs.48,521.89 lakh with its holding Company Coal India Limited. | This is a statement of fact. Hence, it calls for no comment. |
| (b) As per information and explanations given to us, the holding company has allowed interest @ 5-5.5% on surplus fund parked with holding company. Considering the relationship of holding company with its subsidiary company, we are unable to express our opinion. | This is a statement of fact. Hence, it calls for no comment. |
| (c) As per information and explanations given to us, the receipt of interest is regular and there is no programme prescribed for repayment of Principal amount. | This is a statement of fact. Hence, it calls for no comment. |
| (d) The Company has taken loan from one party, M/s Coal India Limited, the holding company, amounting to Rs. 58312.80 lakh (including foreign loans through CIL). | This is a statement of fact. Hence, it calls for no comment. |
| (e) As per information and explanations given to us, the holding company has charged interest @ 10.25 to 12.25% on loan amount. Considering the relationship of holding company with its subsidiary company, we are unable to express our opinion. | This is a statement of fact. Hence, it calls for no comment. |
| (f) As per information and explanations | This is a statement of fact. |

given to us, there is no loan agreement prescribing repayment schedules and as such, we are unable to express any opinion on the payment of the principal and interest.

Hence, it calls for no comment.

4. In our opinion, there are reasonable internal control system commensurate with the size of the company and nature of its business relating to purchase of inventory and fixed assets and for sale of goods and services subject to certain lapses, such as long time lag between receipt of materials and recording of liabilities and/or adjustment with the advances, non maintenance of proper records for unexecuted orders and non receipt of goods ,or non/delayed accountal of such cases for which payments were made, non maintenance of inward bill register at the basic operational department etc. As per our test checks and as reported by the Branch Auditors there is no serious continuing failure to correct major weakness in internal control system.

This is a statement of fact.
Hence, it calls for no comment.

- 5 In respect of transactions covered under Section 301 of the Companies Act, 1956:

- (a) According to the information and explanation given to us, in our opinion the Company has entered particulars of contracts or arrangements referred to in Section 301 of the Act in the register maintained under that Section.

This is a statement of fact.
Hence, it calls for no comment.

- (b) According to the information and explanation given to us, in our opinion transactions made in pursuance of such contracts or arrangements have been made at prices, which are reasonable

This is a statement of fact.
Hence, it calls for no comment.

having regard to the prevailing market prices at the relevant time.

6 The Company has not accepted deposits from the public within the meaning of Section 58A and 58 AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.

This is a statement of fact. Hence, it calls for no comment.

7 The Company has an Internal Audit System. Reports of Internal Auditors pertaining to the financial year under audit were not available in some area for our or Branch auditors' reference. Further, the Coverage of Internal Audit is for the calendar year and not for whole Financial Year and in some Areas it was inadequate. The internal audit, in our opinion, leaves scope for improvement in widening scope and coverage of audit specially transaction audit to make it commensurate with the size and operations of the company, regular follow up actions and disposal of internal audit comments by the management.

Internal Auditors' Report to the extent received have been made available to the Auditors. Outside audit firms have been appointed to improve/increase the coverage of internal audit system.

8 As explained to us by the Management, the Central Government has not prescribed maintenance of Cost records under section 209(1)(d) of the Companies Act, 1956 for the products of the Company.

This is a statement of fact. Hence, it calls for no comment.

9(a) According to the information and explanations given by the Company, undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues are generally deposited regularly and no undisputed

This is a statement of fact. Hence, it calls for no comment.

dues were outstanding as at 31st March, 2007 for a period of more than six months from the date of becoming payable, except an un-reconciled amount of Rs.3.42 lacs which relates to Rajhara area in respect of Provident Fund pertaining to earlier years pending since long. As informed to us Investor Education and Protection Fund and Employees' State Insurance Act are not applicable to the Company.

- 9(b) According to the information and explanations given by the Company, there is no disputed dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise, Cess that have not been deposited on account of matters pending before appropriate authorities except the cases which are stated in Appendix -1 to the report.
- In the case of disputed dues of sales tax, royalty, cess etc. advance payment is to be made to the authority for appeal. The same amount has been shown as Loans & Advances. Contingent Liabilities for the total amount disputed has been shown in the Notes on Accounts.
- 10 There is no accumulated loss of the Company at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- This is a statement of fact. Hence, it calls for no comment.
- 11 Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- This is a statement of fact. Hence, it calls for no comment.
- 12 The records and documents relating to loans and advances granted by the Company to the ex army personnel for purchase of vehicle by way of pledge of the vehicles and Housing / Vehicle loans to employees were not made
- There are well defined procedures which are required to be complied with before the approval/release of Loans & advances granted to the employees. Adequate

- available to us, so we are unable to comment on the adequacy of documentation and records relating to such loans and advances.
- documentation is available with the Company.
- 13 In our opinion, the Company is not a chit fund or a Nidhi/Mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- This is a statement of fact. Hence, it calls for no comment.
- 14 The Company has not done any transactions for trading in Shares, securities, debentures and other investments. The Company has maintained proper records of transactions and contracts in respect of power bonds allotted to the company by Power companies under tripartite agreement. All power bonds have been held by the Company in its own name.
- This is a statement of fact. Hence, it calls for no comment.
- 15 The Company has not given guarantees for loans taken by others. However, charge has been created against the Current Assets of the Company amounting to Rs.15800.00 lakh in favour of State Bank of India and members of its consortium for a fund based loan of Rs.70000.00 lakh and Non Fund based loan of Rs.35000.00 lakh granted to Coal India Limited and its subsidiaries.
- This is a statement of fact. Hence, it calls for no comment.
- 16 According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, We are of the opinion that the term loans were applied for the purpose for which the loans were obtained.
- This is a statement of fact. Hence, it calls for no comment.
- 17 According to the information and
- This is a statement of fact.

explanation given to us and on an overall examination of the Balance Sheet of the Company, We report that no funds raised on short-term basis have been used for long-term investment by the Company.

Hence, it calls for no comment.

18 During the year the Company has not made any preferential allotment of shares.

This is a statement of fact.
Hence, it calls for no comment.

19 The Clauses 4(xix) & (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

It calls for no comment.

20 In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit, that causes the financial statements to be materially misstated.

It calls for no comment.

For M/s Anand Rungta & Co.,
Chartered Accountants

(Anand Rungta)
Partner

Place: PATNA

Date: 26 July, 2007

