

PRESENT MANAGEMENT

As on 5th July, 2008

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

CHAIRMAN-CUM-MANAGING DIRECTOR : Shri R.P. Ritolia

FUNCTIONAL DIRECTORS

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

Shri R.K. Saha : Director(Tech./Oprn.)

Shri T.K. Chand : Director(Personnel)

Shri T.K.Nag : Director(Tech./Projects & Plan.)

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.

Non-Official Part-time Directors:

Shri Kalyan Sen

Ms. Rama Rani Hota

Shri M.K. Sinha

Permanent Invitee:

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

COMPANY SECRETARY :

Shri C.V.N.Gangaram

MANAGEMENT DURING (2007-2008)

CHAIRMAN-CUM-MANAGING DIRECTOR

Shri R.P. Ritolia

FUNCTIONAL DIRECTORS

- Shri Ajay Kumar, : Director_(Personnel) (Upto 31.05.2007)
- Dr. A. K. Sarkar : Director(Finance)
- Shri A.K. Singh : Director(Tech./Oprn.) (Upto 31.12.2007)
- Shri R.K. Saha : Director(Tech./ Oprn.) (From 1.01.2008)
Director (Tech./P& P) (From 1.01.07 to 31.12.07)
- Shri T.K. Chand : Director(Personnel) (From 12.07.2007)
- Shri T.K. Nag : Director(Tech./P& P) (From 24.05.2008)

DIRECTORS

- Shri Md. Salim Uddin : Director(P&IR),Coal India Limited,
Kolkata (Upto 31.05.2007)
- Shri R. Mohan Das : Director(P&IR),Coal India Limited,
Kolkata (From 23.06.2007)
- Shri D.N. Prasad : Director(Tech.),Ministry of Coal,
Govt. of India, New Delhi.
- Shri Jai Shankar Tiwary, IAS Secretary, Mines & Geology Deptt.,
Govt. of Jharkhand, Ranchi
(Upto 30.06.2008)
- Shri R.S. Pandey, IRTS Chief Operations Manager,
East Central Railway,
Hajipur (Bihar) (Upto 02.07.2008)
- Shri Kalyan Sen Non-Official Part-time Directors
(From 24.08.2007)
- Ms. Rama Rani Hota (From 24.08.2007)
- Shri M.K. Sinha (From 24.08.2007)

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.

STATUTORY AUDITORS

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

BRANCH AUDITORS

M/s. Sanjay Bajoria & Associates
Chartered Accountants

M/s. Anjali Jain & Associates
Chartered Accountants

M/s. L.K. Saraf & Co.
Chartered Accounts

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

REGISTERED OFFICE

Darbhangra House
Ranchi 834 001
(Jharkhand)

FIFTY SECOND ANNUAL GENERAL MEETING

Notice is hereby given to all Shareholders of Central Coalfields Limited that the Fifty Second Annual General Meeting of the Company will be held on Saturday, the 5th day of July, 2008 at 11.00 AM at Darbhanga House, Ranchi to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 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 the year 2008-09 in line with the approval accorded in the previous year.
3. To declare dividend on Equity Shares for the financial year ended 31st March, 2008 as proposed by the Board.
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 Article 34 (iii) of the Articles of Association of the Company.

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SPECIAL BUSINESS:

1. Enhancement of delegation of powers and necessary amendment of Clauses 37(b)(i), 37(b)(vi), 48(7), 48(18)(ii), 48(25), 48(26) and 48(27) of the Articles of Association of CCL to give effect in the Articles of Association and the Revised Delegation of Power approved by the Board of Directors, CCL vide Item No.4(13) at its 346th meeting held on 29/4/2008 (as per **Annexure-I**).

By order of the Board of Directors
Central Coalfields Limited

(C.V.N. Gangaram)
Company Secretary

Registered. Office:

Darbhanga House:
Ranchi.-834001
(Jharkhand).

Note: 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.

ANNEXURE-I

**EXPLANATORY STATEMENT AS PER SECTION 173(2) OF THE
COMPANIES ACT, 1956 IN RESPECT OF ABOVE MENTIONED
SPECIAL RESOLUTION**

1. The Board of Directors, CIL at its 240th meeting held on 8th March 2008, adopted the Revised Delegation of Powers and also directed that necessary action be taken to amend relevant clauses of Articles of Association of subsidiary Companies to reflect the revised Delegation of Powers under reference.

The proposal seeking approval for amendment of Clauses 37(b)(i), 37(b)(vi), 48(7), 48(18)(ii), 48(25), 48(26) and 48(27) of the Articles of Association of CCL to give effect in the Articles of Association and the Revised Delegation of Power has been approved by the Board of Directors, CCL vide Item No.4(13) at its 346th meeting held on 29/4/2008.

None of the Directors is in any way concerned or interested in the resolution.

For CENTRAL COALFIELDS LIMITED

**(C.V.N. Gangaram)
Company Secretary**

MEMBERS

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

Shri Partha S. 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-834001

Shri S. Bhattacharya

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

STATUTORY AUDITORS

M/s. Anand Rungta & Co.
405, Capitol Tower-B,
Fraser Road,
Patna (Bihar)

MINUTES OF THE 52nd ANNUAL GENERAL MEETING OF CENTRAL COALFIELDS LIMITED HELD IN THE REGISTERED OFFICE AT DARBHANGA HOUSE, RANCHI ON 5th JULY, 2008.

PRESENT:

1. **Shri R.P. Ritolia** .. Member & Chairman
2. **Shri S. Chakraborty** .. 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 S. Chakraborty**, representative of CIL, and called the meeting to order.

The Statement of Accounts for the year 2007-08, 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, 2008 and Profit & Loss Account for the year ended 31st March, 2008, 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 S. Chakraborty 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 2008-09 in line with the approval accorded in the previous years was

moved by the Chairman and was seconded by Shri S. Chakraborty. The resolution was adopted unanimously.

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3. A proposal to declare an amount of Rs.25,023.00 lakh as dividend on Equity Shares for the financial year ended 31st March, 2008 as recommended by the Board at its 347th meeting held on 27th May, 2008, was moved by the Chairman and was seconded by Shri S. Chakraborty. The resolution was adopted unanimously.
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 S. Chakraborty. 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 S. Chakraborty. The resolution was adopted unanimously.
6. Regarding re-appointment of Secretary, Mines & Geology Department, Government of Jharkhand and Chief Operations Manager, East Central Railway, as Part-time Directors of the Company, the members noted that Secretary (Mines & Geology), Govt. of Jharkhand and Chief Operations Manager, East Central Railways have been nominated as **Permanent Invitees** by the Board at its 348th meeting held on 2nd July, 2008 as per the Re-constitution of the Board of Directors of Central Coalfields Limited

SPECIAL BUSINESS:

After discussion, the following resolution was moved by the Chairman as a Special Resolution and was seconded by Shri S. Chakraborty. The resolution was adopted unanimously.

RESOLVED THAT Clauses 37(b)(i), 37(b)(vi), 48(7), 48(18)(ii), 48(25), 48(26) and 48(27) of Articles of Association of CCL be amended so as to give effect in the Articles of Association and **RESOLVED FURTHER THAT** the Revised Delegation of Power, as approved by the Board of Directors, CCL vide item No.4(13) at its 346th meeting held on 29/4/2008 (as per **Annexure-I**) be and is hereby approved.

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

(C.V.N.Gangaram)
Company Secretary

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

Form No: 22-A

THE COMPANIES ACT,1956

**Consent by Shareholder of Shorter Notice
(Pursuant to Section 171(2))**

I, Rajendra Prasad Ritolia, son of Late Bishun Lal Ritolia resident of Ranchi holding One Equity Share of Rs.1000/-in the Company in my own name (as nominee of Coal India Limited) hereby give consent, pursuant to Section 171(2) of the Companies Act,1956 to hold the 52nd Annual General Meeting of Central Coalfields Limited on 5th July,2008 at Shorter Notice.

(Rajendra Prasad Ritolia)
Chairman-cum-Managing Director
Central Coalfields Limited.

Dated: the 4th July,2008.

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-15 , Sch-P) are as under:

	Particulars	2007-08	2006-07	Payment under protest and shown under Loans & Advances.(Sch-L)	
		(Rs. in lakh)	(Rs. in lakh)	2007-08(Rs. in lakh)	2006-07(Rs. in lakh)
(a)	Claims against the Company not acknowledged as debt	9160.90	4936.43	0.00	0.00
(b)	Sales Tax Liability that may arise in respect of matters in appeal	17740.01	17710.56	3004.10	1263.60
(c)	Royalty & Cess Liability that may arise in respect of matters in appeal	11688.38	11040.53	3148.21	4257.39
(d)	Income Tax liability that may arise in respect of which the Company have preferred an appeal.	375.94	375.94	311.84	311.84
(e)	Un-expired letter of credit	14.16	594.66	0.00	0.00

1.2 CAPITAL COMMITMENT:

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advance) is Rs. 2944.93 lakh (previous year Rs. 7698.59 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 Board Of Directors have approved the modification of charges to an amount of Rs. 8300.00 lakh in place of the existing charges of Rs. 15800.00 lakhs. But, the execution of documents by the company with the joint Consortium Of Banks is yet to be completed. Moreover, 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 41,959.32 Ha. Of land has been acquired under CBA (A&D) Act, 1957. Out of this approximately 13,644.32 Ha. is tenancy land. The balance is forest and GMK land. Out of 13,644.32 Ha. of tenancy land, compensation has been assessed as Rs. 32.53 crore for 6,578.32 Ha. Out of this amount Rs. 29.08 crores has been paid. The balance amount is being paid by holding regular payment camps in different projects.
- 4.4 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.
- 4.5 Provision of Rs. 164.01 lakh towards the loss of capital expenditures in respect of Harilong Project has been made . Total provision amounting to Rs. 1125.71 lakh (Previous year-Rs.961.70 lakh) as on 31.03.2008 has been retained which is considered adequate (refer Schedule-N).
- 4.6 Buildings include Electrical fittings, water supply arrangements, sanitary fittings.
- 4.7 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.
- 4.8 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.

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 during the year amounting to Rs. 425.10 lakh (previous year Rs. 491.12 lakh). Total provision as on 31.03.2008 is Rs. 3408.78 lakh (refer Schedule-G).
- 5.2 Total Provision towards the loss of capital expenditures amounting to Rs. 1276.61 lakh after withdrawal of provision of Rs. 137.12 lakh (Previous year-Rs.1413.73 lakh) as on 31.03.2008 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. 618.92 lakh (previous year Rs. 156.08 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. 4086.47 lakh (Previous year 3467.55 lakh) as on 31.03.2008 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
Rajrappa washery	Raw coal	329658	350496	(+) 20838	(+) 6.32
Rajrappa washery	Middlings	6278	7830	(+) 1552	(+) 24.74

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

6.5 A provision of Rs. 210.00 lakh was 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. The said provision has been retained as on 31.03.2008 as considered necessary.

7. SUNDRY DEBTORS

7.1 A provision of Rs. 7810.83 lakh (previous year Rs. 6413.73 lakh) has been made during the year against disputed dues on the basis of fair estimate. The total provision of Rs. 30637.00 lakh (after utilizing against Bad Debt written off Rs. 5356.20 lakh & withdrawal of excess provision no longer required Rs. 3171.81 lakh during the year) as on 31.3.2008 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, Advances, Stores in Transit and Claims Receivable include some old items pending reconciliation/ review and adjustments to appropriate accounts.

8.3 Provision of Rs. 38.35 lakh (previous year Rs. 28.54 lakh) has been made during the year towards long pending advances and claims. Total provision of Rs. 890.56 lakh (after write back of the excess provision of Rs. 18.97 lakh which had been made in earlier years) up to 31.3.08 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 payable for cess and sales tax under the head "Current liabilities and Provisions"(Sch-N) with corresponding Debit in "Claims Receivable-Cess"(Sch-M).

9.2 As required under the provisions of the Interest on delayed payment to Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006, the company has not received any memorandum(as required to be filled by the supplier with the notified authority under Micro,Small & Medium Enterprise Development Act, 2006) claiming their status as Micro, Small and Medium Enterprises. Consequently , the amount payable to those parties during the year is NIL.

9.3 Sundry creditors, other current liabilities includes some old items pending reconciliation and review and adjustments to appropriate accounts.

10. PROFIT AND LOSS ACCOUNT

10.1 The liability towards Incremental Gratuity for the year amounting to Rs.10185.45 lakh (previous year Rs.6205.66 lakh) has been provided on actuarial basis making a total provision of Rs.74511.31 lakh (Previous year 49465.52 lakh). including the transitional obligations of Rs. 14860.34 lakh as on 31.03.07.

- 10.2** An amount of Rs. 1315.65 lakh has been provided in the accounts during the year towards leave encashment & HPL (Previous year Rs. 1770.19 lakh)making a total provision of Rs. 11373.60 lakh .(Previous year Rs. 7284.34 lakh) including the transitional obligations of Rs. 2773.61 lakh as on 31.03.07.
- 10.3** The Expenditure on account of LTA/LTC,LCS, Settlement allowance and personal accident insurance was accounted on accrual basis till 31st March, 2007. The Company has adopted Accounting Standard-15 (Revised 2005) on employee's benefits effective from 1st April, 2007. Consequent to the adoption of applicable transitional provisions pursuant to Accounting Standard-15 (Revised) , an amount of Rs.1594.56 lakh (Net of deferred tax Rs.809.06 lakh) have been adjusted against the revenue reserve.
- 10.4** The Company has adopted Accounting Standard-15 (Revised 2005) on post employment benefits i.e. unfunded defined benefit plans (Retirement Gratuity) effective from 1st April, 2007. Consequent to the adoption, an amount of Rs. 9858.35 lakh (net of deferred tax Rs. 5001.99 lakh) has been adjusted against the general reserves as at 1st April, 2007 in accordance with the transitional provision in the standard. Similarly, in the case of short term benefits i.e. Leave Encashment and HPL, an amount of Rs. 1840.01 lakh(net of deferred tax Rs. 933.60 lakh) has also been adjusted against the general reserve as at 1st April, 2007.
- 10.5** Interest amounting to Rs. 5800.58 lakh lakh charged by the Holding Company (previous year Rs.8395.89 lakh) has been accounted for during the year.
- 10.6** Apex charges amounting to Rs. 2471.92 Lakh (previous year Rs. 2067.35 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.
- 10.7** IICM charge amounting to Rs.220.00 lakh (previous Year Rs. 206.74 lakh) levied by the Holding Company @ Rs. 0.50 per tonne of coal produced, has been accounted for.
- 10.8** In terms of CIL's letter No. CGM(F)/126/07 dtd. 08.04.2004 a charge of Rs. 2520.60 lakh (Previous year Rs. 2316.60 lakh) levied by the Holding Company @ Rs. 6.00 per tonne of coal released during 2007-08 towards Rehabilitation fund for dealing with fire, shifting and stabilization of unstable areas have been accounted for.
- 10.9** Pay revision of Non-executives employees and executive employees falls due from 01.07.2006 and 01.01.2007 respectively. Pursuant to the finalization of the payment of interim relief at the rate of 15% on the basic + DA pay to the non-executives employees for the period from 01.07.2006 to 31.03.2008, an amount of Rs. 21344.70 lakh (net of revenue expenditure capitalized amounting to Rs. 4.03 lakh) has been provided in the year 2007-08 towards salary & wages including PF thereon. Consequent to adoption of policy of DA merger into basic salary and payment of interim relief to the executives, an amount of Rs. 1074.53 lakh and Rs.2287.05 lakh respectively (net of revenue expenditure capitalized amounting to Rs. 6.71 lakh) has been provided in the year 2007-08 on estimated basis.
- 10.10** Pursuant to the order of the Hon'ble Supreme Court, CCL is liable to refund the amount together with interest which was taken from the linked consumers as a margin money for E-Auction price. An amount of Rs. 1012.98 lakh has been deposited with Supreme Court for the disbursement to the consumers. The documents for the disbursement has not been received from the Hon'ble Supreme Court, as such, the said amount remains un-adjusted as on 31.03.2008 by contra adjustment of the liability as on the date. The related interest on such deposit amounting to Rs. 196.47 lakh has duly been expensed to the Profit & Loss Account.

11. GENERAL

11.1 Following the study conducted by CMPDIL, at KDH OC and Parej East OC, the revised stripping ratio for the mine is 1.20 cu.m /tonne and 2.94 cu.m/tonne as on 19.06.2007 as compared to 1.23 cu.m/tonne and 2.88 cu.m/tonne as envisaged in the Project Report . Thus the accumulated balance as on 31.03.2007 in the advance stripping and ratio variance amounting to Rs. 1770.80 lakh (being the excess of debit balance in respect of KDH OC over the credit balance of Parej East) has been charged to Profit & Loss Account. During the year 2007-08 the OBR accounting has been done considering the revised stripping ratio of those mines and the consequential net impact is Rs. 434.07 lakh which has been charged to Profit & Loss Account.

11.2 In terms of lease agreement , the Company has granted a right to occupy and use the assets of the Company. The cost of gross carrying amount at the beginning of the year is Rs.5428.73 lakh. The accumulated depreciation as at the end of the year Rs. 4048.62 lakh. Depreciation for the year is Rs. 286.47 lakh. The future minimum lease payment receivable in the aggregate during the period of lease is Rs. 7305.34 lakh. The details of future lease payment receivables are as under:

	2007-08 (Rs. in lakh)
(i) Not later than one year	393.67
(ii) Later than one year and not later than five years.	1555.34
(iii) later than five years.	5356.33
Total	7305.34

There is no provision relating to contingent lease rent.

11.3 Current Liabilities and provisions include provision of Rs.4096.47 lakh towards service tax on transportation of coal and cargo handling.

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. 6206.47 lakh for the year 2007-08 making a total net deferred tax asset for Rs.27612.25 lakh as on 31.03.2008. The total deferred tax assets is Rs. 37511.12 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.9898.87 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. during the last 22 years.

11.8 The Company has reviewed the useful life of certain categories of fixed assets during the year. Consequently, depreciation rates of those categories have been revised (vide policy No.8.1), resulting in additional charge of depreciation of Rs.2697.94 lakh and profit for the year is lower to that extent.

- 11.9 The Company has changed the treatment of prior period adjustment account(vide policy No.17) . The consequential impact of such change of the policy is Rs.442.09 lakh and the profit before PPA for the year is lower to that extent.
- 11.10 The Carpet coal at colliery as measured by CIL Measurement Team, is 1.22 lakh tonne which has been included in adopted stock of 127.07 tonne as on 31.03.08. The quantity of carpet coal is only 0.96% of the total quantity of coal at collieries, as adopted in the accounts of 2007-08. 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 Pursuant to detailed technical assessment of required quantity and the methodology to be adopted by a constituted committee of CIL in respect of the provision for land reclamation, back filling and the other corrective activities within the purview of EMP/ EIA Act in regard to OC mines and U/G mines, total estimated provision equivalent to Rs. 1985.73 lakh has been made in the year 2007-08 in line with the provision of AS-29. The total provision (after the withdrawal of the provision made in the earlier years amounting to Rs. 362.04 lakh) as on 31.03.2008 is Rs.2132.62 lakh (Previous year Rs. 508.93 lakh). Similarly, an amount of Rs. 177.31 lakh has been provided in the accounts towards cost for sand stowing.
- 11.12 Due to the change in the method to determine the cost of Inventories on full absorption cost basis (applying normal capacity) the profit for the year 2007-08 has under gone a change to the extent of Rs.3335.98 lakh by corresponding decrease of the Inventories.

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 31.03.08. As a result, there is a favourable impact of Rs. 92.15 lakh which have been credited to P&L Account:

13. **DIRECTORS' REMUNERATION:**

(Rs. in lakh)

Particulars	Chairman/Managing Director		Functional Directors	
	2007-08	2006-07	2007-08	2006-07
Salary & Allowance (including Gratuity & leave Encashment)	6.09	5.60	37.61	29.20
Provident Fund	0.73	0.66	3.66	3.16
Perquisites	0.50	13.91	0.00	1.00

Note: 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.

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	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Coal	NA	NA	NA	NA	441.46	413.18
Washed Coal						
(a) Coking	48.10	48.10	48.10	48.10	18.38	18.24
(b) Non-Coking	86.40	86.40	86.40	86.40	65.95	66.76
Middlings/Slurry (coking)/Washed Coal Power	NA	NA	NA	NA	20.59	21.22
Hard Coke	NA	NA	NA	NA	0.00	0.00
Soft Coke	NA	NA	NA	NA	0.00	0.00
TOTAL					546.38	519.40

(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	2007-08		2006-07	
	Quantity	Value	Quantity	Value
Coal	294.63	334891.76	256.54	278715.31
<u>Washed Coal</u>				
(a) Coking	18.70	61547.60	18.98	63946.21
(b) Non-Coking	66.84	80364.55	66.00	77555.96
Middlings/Slurry/Washed coal Power	18.41	26912.79	21.26	29789.96
Hard Coke	0.00	0.00	0.00	0.00
Soft Coke	0.00	0.00	0.00	0.00
Bye-Products	5.16	2337.79	4.45	1083.55
TOTAL	403.74	506054.49	366.42	450640.99

(c) Particulars in respect of finished stocks:

(Value Rs. in lakhs)

(Quantity tonnes in lakhs)

Class of goods	2007-08		2006-07	
	Quantity	Value	Quantity	Value
<u>(i) Opening Stock</u>				
Coal	113.72	51032.82	82.68	39889.09
<u>Washed Coal</u>				
(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

Class of goods	2007-08		2006-07	
	Quantity	Value	Quantity	Value
(ii) Closing Stock				
Coal	139.31	65978.97	113.72	51032.82
Washed Coal				
(a) Coking	1.48	2744.33	1.80	699.29
(b) Non-Coking	0.29	309.86	1.18	2705.73
Middlings/Slurry (coking)/Washed coal Power	16.25	16601.21	14.07	13659.13
Hard Coke	0.017	63.98	0.018	65.69
Soft Coke	0.0004	0.69	0.0004	0.69
Bye-Products	0.06	103.23	0.06	103.23
Magnetite	0.003	1.61	0.003	1.61
TOTAL	157.4104	85803.88	130.8514	68268.19

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	2007-08		2006-07	
	Quantity	Value	Quantity	Value
Washeries	121.25	103705.66	124.07	102385.27
Coke Oven	0.00	0.00	0.00	0.00
Soft Coke	0.00	0.00	0.00	0.00
TOTAL	121.25	103705.66	124.07	102385.27

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

(Rs. in lakh)

Particulars	2007-08	Percentage	2006-07	Percentage
Imported	527.36	1.07	450.90	1.06
Indigenous	48338.24	98.93	41967.06	98.94
TOTAL	48865.60	100.00	42417.96	100.00

(f) CIF Value of Imports.

(Rs. in lakh)

	2007-08	2006-07
Components & Spares Parts	908.23	884.00
Capital Goods	0.00	0.00
TOTAL	908.23	884.00

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

(Rs. In Lakh)

	2007-08	2006-07
(i) Interest	420.72	498.53
(ii) Commitment Charges	0.00	0.00
(iii) Agency Commission	0.39	0.45
(iv) Project Implementation Facilities	0.00	0.00
(v) Consultancy	0.00	0.00
TOTAL	421.11	498.98

15. 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.

16. 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:

Dated:

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

Place:

Dated:

**(S.K.SHAHI)
PARTNER**

14. EFFECT CONSEQUENT TO CHANGES IN THE AMENDED ACCOUNTS:

The Accounts for the year 2007-08 with Notes on Accounts approved by the Board of Directors in itsth meeting held on reported upon by Statutory Auditors on have been revised resulting in decrease in profit of Rs. lakh in pursuance of audit mema issued by the Comptroller & Auditor General of India U/S 619(4) of the Companies Act, 1956.

SCHEDULE-P

SIGNIFICANT ACCOUNTING POLICIES

1.0 BASIS FOR PREPARATION OF FINANCIAL STATEMENT:

The Financial statements are prepared and presented under the historical cost convention on an accrual basis of accounting following going concern concept and complying with generally accepted Accounting Principles, the accounting standards (AS) issued by ICAI to the extent applicable and the relevant provisions of the Companies Act, 1956.

2.0 USE OF ESTIMATES:

The presentation of financial statements in conformity with the generally accepted Accounting Principles requires that the management of the Company makes estimates and assumptions that affect the reported amounts of Assets and Liabilities, revenue and expenses of the period and the disclosure relating to contingent liabilities as at the date of the financial statements. Actual results could differ from those estimates, but the management of the Company believes 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 Sale of 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 from sale of coal is recognized when all the significant risks and rewards of ownership of the products are passed on to the customers i.e. on the basis of D notes for despatch by Rail and weightment cards in respect of road despatches.
- 4.2 Sales exclude Royalty, SED, CST/JST /JVAT and accepted deductions made by customers on account of quality of coal and 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 in the case of sale of coal, 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 the accumulated 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. Cost of Inventories comprises all costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

- 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 generally valued at weighted average basis after providing for cost of obsolescence and other anticipated losses. 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 plus appropriate production overheads.
- 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.
- 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 prescribed in Schedule-XIV of the Companies Act, 1956. However, in respect of the following assets depreciation is provided at the higher rates in line with their estimated useful life.

<u>Particular of the asset.</u>	<u>Rate of depreciation.</u>
Telecommunication equipment	15.83% or 10.55%
Dumper upto 35T	15.83%
Dumper upto 50T	13.57%
Hydraulic Shovels >5.0-10.0 CUM	11.87%
Hydraulic Shovels upto 1.2 CUM	13.57%
Hydraulic Shovels >1.2-2.2 CUM	13.57%
Hydraulic Shovels >2.2-5.0 CUM	13.57%
B.H.Drills Less than 160 MM	13.57%

Depreciation for additions to /deductions from owned assets during the year is provided with reference to the month of addition /deduction Extra shift depreciation is provided on a location basis.

- 8.2 Capital asset whose ownership does not vest in the company is depreciated over their estimated useful life.
- 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 Prospecting, Boring and Development expenditure are amortized over 20 years from the year when the Mine is brought under Revenue or over the estimated useful working life of the Project whichever is lower.
- 8.5 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.
- 8.6 In case of impairment of assets, the depreciation is on the adjusted cost computed after impairment.

9. EFFECT OF EXCHANGE FLUCTUATION:

The reporting currency of the Company is Indian Rupee.

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 as the case may be.

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 of ECL & BCCL is 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:

<u>Annual Quantum of OBR of the Mine</u>	<u>Permissible limits of variance (whichever is less)</u>	
	<u>%age</u>	<u>Quantum (in Mill.Cu.Mtr.)</u>
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 are recognized in Profit & Loss Account when becomes due.

14. IMPAIRMENT OF ASSETS:

The carrying amount of the assets, other than Inventories is reviewed at each Balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated.

15. **PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

- (1) Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if
 - (a) The Company has a present obligation as a result of a past event.
 - (b) A probable outflow of resources is expected to settle the obligation :and
 - (c) The amount of the obligation can be reliably estimated.
- (2) Reimbursements by another party expected in respect of expenditure required to settle a provision is recognized when it is virtual certain that the reimbursement will be received if obligation is settled.
- (3) Contingent liability is disclosed in case of.
 - (a) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
 - (b) A present obligation when no reliable estimate is possible: and.
 - (c) A possible obligation arising from past events where the probability of outflow is not remote.
- (4) Contingent Assets are neither recognized nor disclosed.
- (5) Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

16. **EMPLOYEE BENEFITS:**

(a) **Defined contribution plan:**

Company's contributions paid / payable during the year to provident fund are recognized in the profit and Loss Accounts on actual liability basis.

(b) **Defined Benefit plan:**

Company's liabilities towards gratuity, leave encashment ,LLTC/LTC,LCS, Personal Accident Insurance and settlement allowance, are determined using the projected unit credit method which considers each period of service as giving rise to additional unit of benefit entitlement and measures each unit separately to build up the final obligation and is accrued on the basis of actuarial valuation.

17. **PRIOR PERIOD ADJUSTMENT/ EXTRA-ORDINARY ITEMS**

Material charges or credits (in excess of Rs.5,00,000/-for any individual item) which arises in the current period as a result of errors and omissions in the preparation of financial statement of one or more prior periods are disclosed in the P&L Account in a manner that their impact on current profit or loss can be perceived,

Similarly, extra-ordinary items, if material are separately disclosed in the P&L Account in the year in a which such events occur in a manner that their relative significance as well as effect in the operating result of the relevant financial year can be perceived.

18. **TAXES ON INCOME:**

- (a) Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act,1961 and based on the expected outcome of assessments /appeals.

- (b) **Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.**
- (c) **Deferred tax assets are recognized and carried forward only to the extent that there is reasonable certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.**
- (d) **Deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date.**

19. GENERAL:

- 19.1 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.**
- 19.2 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.**

CENTRAL COALFIELDS LIMITED
CASH FLOW STATEMENT(indirect method) FOR THE YEAR 2007-08
SCHEDULE-S

	Current Year	(Rs. In lakh)	Previous Year
A CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before Tax and extra-ordinary items	104303.09		103510.31
Adjustment for:			
Depreciation	19919.56	8731.1	
Deferred Tax	-12951.11	-4786.42	
O.B.R.Adjustment	10356.62	26383.39	
Adjustment of Transitional Provision	-13292.92	0.00	
Interest on Investment (Tax Free Bonds)	-359.93	-780.93	
Interest on Excess Payment of Corporate Tax	0.00	-142.38	
Interest on Surplus Fund Parked With CIL	-7121.62	-5735.73	
NRF (VRS Grants) credited to P& L Account	0.00	0.00	
Interest & Finance Charges	6600.02	9120.26	32789.29
Operating Profit before working Capital Changes	107453.71		136299.60
Adjustment for:			
Increase(-)/Decrease(+) in Loans & Advances	-16739.72	-19010.75	
Increase(-)/Decrease(+) in Debtors	-6913.67	13889.28	
Increase(-)/Decrease(+) in Inventories	-17754.43	-9778.96	
Increase(-)/Decrease(+) in Other Current Asset	740.38	-504.36	
Decrease(-)/Increase(+) in Current Liabilities	95163.58	-19755.82	-35160.61
Cash Flow before Extra ordinary items	161949.85		101138.99
Prior Period Adjustment	-778.58		-1479.92
Cash Flow from Operating activities	161171.27		99659.07
Tax Provision	-45219.21		-41210.09
Net Cash Flow from Operating activities	115952.06		58448.98
B CASH FLOW FROM INVESTING ACTIVITIES			
Purchase/Acquisition of Fixed Assets (Net of Adjustment)	-23612.97	-15722.34	
Redemption of Tax Free Power Bonds	942.30	942.30	
Interest on Excess Payment of Corporate Tax	0.00	142.38	
Interest on Surplus Fund Parked With CIL	7121.62	5735.73	
Interest on Investment (Tax Free Bonds)	359.93	780.93	-8121.00
C CASH FLOW FROM FINANCING ACTIVITIES			
World Bank Loan through C I L	-92.15	-307.44	
Repayment of World Bank Loan	-932.88	-973.52	
Repayment of CIL Loan	-15000.00	-30000.00	
Interest & Finance Charges	-6600.02	-9120.26	-40401.22
Net Increase/Decrease in Cash and Cash Equivalent(A+B+C)	78137.89		9926.76
Cash and Cash equivalent as on 01.04.2007	33408.78		23482.02
Cash and Cash equivalent as on 31.03.2008	111546.67		33408.78
	78137.89		9926.76

(C.V.N.Gangaram)
Company Secretary

(S.P.Samanta)
General Manager (Finance)

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

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

Place :
Dated : ,2008.

In terms of our report of even date
For M/s Anand Rungta & Co.
Chartered Accountants

Place :
Dated : ,2008.

(S.K.Shahi)
PARTNER

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 2008 and also the Profit & Loss Account of the Company and Cash Flow statement for the year ended on that date, in which are incorporated the accounts of the Areas audited by respective Branch Auditors. The report of the Branch Auditors as submitted and forwarded to us have been considered by us in preparing this report. These financial statements are the responsibility of the 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 mis-statements. 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.

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.

2. 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 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. 62556.35 lakh (as against the reported Rs.62557.96 Lakh), "Net Current Assets" would have been Rs.19498.76 Lakh (as against the reported Rs.17100.24 lakh), and Fixed Assets would have been Rs.169509.29 lakh (as against the reported Rs.171909.42 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 and 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;4.3,5.4 & 8.3 on Schedule "P" regarding Interest on delayed payment; accounting of interest on cash basis on staff advances in some areas; 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 land, provision for shortage/difference of raw coal and related party information and leases respectively.

2.5 As explained to us and 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, 2008 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. 3.45 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. The existing procedure of ascertaining the quantum of tenancy land and the unpaid amount thereon is being followed consistently.
- 3.2 A sum of Rs. 2656.49 lakh paid for Penal NPV is outstanding as Advance for Land which should have been properly accounted for. The amount paid to DFO under protest towards the compensatory NPV shall be adjusted with future payment to DFO for obtaining mining right. CCL is vigorously following up the matter with the DFO, Govt. of Jharkhand.
- 3.3 Capital Work-in-Progress includes both tangible and intangible assets including Advances and payments for Railway Siding Rs. 7660.80 lakh that have been appearing since long. In absence of linking and information about present status, we are unable to verify the same. Some facilities / assets do remain idle for some time due to technical or economical reason. Sometimes it requires considerable time to bring the assets for its intended use. However, Idle assets no longer required are expensed after proper scrutiny at the year end.
- 3.4 A substantial part of "Development-prospecting and boring" expenses included in Capital Work-in-Progress recorded in the Head Quarter costing Rs. 9560.69 lakh which includes non-CIL block amounting to Rs 2400.13 Lakh .As non -CIL block is meant for sale and hence it should have been shown as a separate item under inventory schedule. Reference is made to point no. 5.6 of Significant Accounting Policy (Sch-P) annexed to Balance Sheet. The accounting treatment of the expenditure on account of Prospecting & Boring and Exploration incurred in the case of Blocks for which the projects will not be formulated and the blocks identified for sale to outside agencies are clearly delineated in the said policy which is being consistently followed by the Company.
- 3.5 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. 4.4 in Schedule-Q); instead of being surveyed-off. A review regarding further use of the assets or otherwise to be gainfully used is carried out every year end and necessary accounting is made in respect of the assets no longer considered necessary.
- 3.6 The right, title and interest for land and Lease of coal mines nationalised under
-

mining, taken over from Holding / Subsidiary Companies and others at the time of Nationalization are not supported by title deeds and not available for our verification, as such we are unable to comment on the same.

Coal Mines(Nationalisation) Act, 1973 were vested in Coal Mines Authority Limited vide statutory order No. GSR/345-E dtd. The 9th July, 1973, New Delhi. Thus, individual title deeds are not available with the Company.

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 of Schedule-P). As a result, Net shortage within +/- 5% over book stock (colliery wise) weighing 4.43 lakh tonne Valued at Rs.1740.43 lakh remained unadjusted in the Books of Accounts. In our opinion, this does not consider justifiability of not taking into account of measured stock.

This is as per the accounting policy of the Company being consistently followed .

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. 2337.79 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 on conservative approach and the same is being consistently followed. However, a reference shall be made to CIL to make uniform guidelines in regard to valuation of the rejects.

4.3 Valuation of closing stock remaining at unit in respect of coal transferred from one colliery/area to another; is made at the rate applicable to the coal receiving unit instead of transferor unit . In absence of complete details, impact on profitability could not be ascertained.

The Cost as well as NRV is determined as per Uniform Guidelines read with AS-2 and the same is being consistently followed.

4.4 The provision of Rs. 618.92 lakh has been made during the year, in respect of non-moving stores and spares at Regional stores only (Refer para 7.4 on Schedule-P); but in absence of thorough technical review of the position of non-moving / obsolete / unserviceable stores and spares; we are unable to comment on the adequacy of the provision made in this respect.

Provisions made against stock of obsolete and damaged stores is considered to be adequate by the management. There is well defined policy in this regard. The assessment of items which are obsolete and un-moved for more than five years is made by the external firms of 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	SUNDRY DEBTORS (SCHEDULE-J)	
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 three Power Houses / SEBs (mostly for more than 3 years) net of provision amounting to Rs. 36685.72 lakh, out of which Rs. 13754.92 lakh are outstanding from two Power Houses 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 realization of these dues.	CCL has all along been trying to get the amount realized. Outstanding dues from the Power houses have been continuing mainly because of the delay in the finalisation of award through dispute settlement mechanism. It is pertinent to note here that CCL has settled and realized more than 15 years old disputed dues pending with other PSU/Govt. units in the last two consecutive years.
5.3	In absence of year wise break up of unlinked debit balance of Rs.34.18 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 in respect of advance deposit related to cash sale. The reconciliation of such balance is a continuous process and adjustment shall be carried out in due course.
6	LOANS AND ADVANCES (SCHEDULE- L) OTHER CURRENT ASSETS (SCHEDULE-M)	
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 correctness and impact on the profit and other accounts.	The system of taking confirmation from outside parties is not in vogue. However, the balances with major sundry debtors and creditors are reconciled at regular intervals.
6.2	Loans and Advances" and " Other Current Assets" wherever details were made available	Continuous review of the old carried forward amount is made for adjustment

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.14.78 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.

and realization . Necessary action is taken depending on the merit of individual case ,wherever considered necessary.

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 31.3.2008 the quantum of which though not significant, has not been ascertained.

These documents are the primary /necessary documents against which loans are sanctioned. Loan are sanctioned only after the those documents are verified at appropriate level.

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.

The amount is due from Government and cannot be considered bad because of the expiry of the limitation period of the same.

6.5 Deposit others includes Rs 3148.21 Lakh being deposit of Royalty / Cess and Rs.3004.10 lakh being deposit of sales tax against cases under appeal, etc. Implication of same on Profit, asset and liability could not be ascertained.

This is a case of demand in dispute in respect of Royalty & Sales Tax claim. The amount has been paid to authority under protest. All the cases are lying with the appropriate forum and are constantly being followed up. However, the said amount has been shown as Contingent Liability.

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 other subsidiaries 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 thereon lying unprovided/ undisclosed.

Up-to-date status of assessment towards sales tax and royalty are available with concerned project/unit. However, any liability arising out such assessment is accounted for in the year of settlement.

7.4 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 and it is the considered view of CCL that no liabilities have been crystallised.

8 GENERAL:

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. Due to unavoidable circumstances at the time of the merger of the Company's Accounts some journal entries are passed at HQ level, the impact of which are transferred to the Areas account.

8.2 Debit /Credit balances against various parties

Linking up of the old balances of loans &

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

advances with that of the Sundry Creditors and Liabilities is being followed regularly. However, CCL has generally followed the procedure of not netting up the credit balance in Sundry Debtors and loans & Advances and debit balance in the Sundry Creditors and Loans & Advances . The balances in such cases are shown as per the requirement of the Sch-VI of the Companies Act, 1956.

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

The said policy has not been followed in the case of Amlo OCP . The reasons has been disclosed in Point No. 11.7 of Notes on Accounts(Sch-Q) annexed to Balance Sheet.

8.4 Due to non-availability / verification of some schedules of Current Assets and Current Liabilities in some Areas we are unable to comment about impact of the same, if any, on the accounts.

Noted for necessary action.

8.5 The payment made till last year Rs. 78.36 lakh for Coal Net Software development is being created as advance. Further, no payment/ liability (if any) has been made in the accounts during the year. In absence of accounting policy for amortization of intangible assets; we are unable to comment upon the impact of the same in the accounts.

The applicability of the liability as on the Balance Sheet Date has been examined and it is the considered view that no liability has crystallised as on that date. However, the matter shall be examined in the financial year 2008-09.

For Anand Rungta & Co.,
Chartered Accountants

(S.K.Shahi)
Partner
(Membership No.071510)

Place: Camp: Kolkata
Date: 28.05.2008.

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.

(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, CWS/CS, Kathara Area and Dhori . Discrepancies observed during the course of physical verification, in other areas stated not to be material, have been adjusted.

(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.

The physical verification is carried out at the time of survey off of the P&M as well as at the time of disposal through 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.

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

2. In respect of its inventories:

(a) Stock of coal, coke etc. has been physically verified by way of 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.

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

(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 and Bokaro & Kargali Area. The procedure of physical Verification appears to be

The follow up is being made on regular basis so as to improve the position with regard to up-dation, maintenance , reconciliation and verification of the stock of stores. In the case of Giridih Area physical verification shall be done. The frequency of audit has also been increased over the years and the Internal Auditors are submitting their reports regularly. However, necessary action is being taken so as

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 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.

3(a) The Company has deposited surplus fund of Rs.6086.26 lakh with its holding Company Coal India Limited.

(b) As per information and explanations given to us, the holding company has allowed interest @ 10.49% on surplus fund parked with holding company. Considering the relationship of holding company with its subsidiary company, we are unable to express our opinion.

(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.

(d) The Company has taken loan from one party, M/s Coal India Limited, the holding company, amounting to Rs. 42287.77 lakh (including foreign loans through CIL).

to bring the required improvement in receipt of the audit report in time.

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

There is a Uniform Accounting Policy to deal with the case of discrepancy found on physical verification compared to book stock and it is being dealt in accordance with the Accounting Policy No. 7.1 of Sch-P.

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

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

This is a statement of fact in respect of the receipt of interest. In the case of repayment of the loan, CCL has adopted a steady policy till the loan amount becomes NIL.

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 @ 12.25% to 12.75% 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 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.

This is a statement of fact. But the company has adopted a consistent policy to repay the loan on a regular basis.

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 unit 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. However, the existing system is being reviewed for improvement.

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 having regard to the

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

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 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.

Presently, audit report for January to December i.e. the calendar year is made available. Thus, the Statutory Auditors have access to the Internal Audit Report on a continuous basis. As for the increase in the coverage of the scope of Internal Audit, the issue will be taken up with CIL, the Holding Company.

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 dues were outstanding as at 31st March, 2008 for a period of more than six months from the date of becoming payable, except an un-reconciled amount of Rs.1.25 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.

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

9(b) According to the information and explanations

In the case of disputed dues of sales

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.

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.

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.

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 available to us, so we are unable to comment on the adequacy of documentation and records relating to such loans and advances.

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.

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

tax, royalty, cess etc. advance payment is made to the authority as a pre-requisite for appeal. The same amount has been shown as Loans & Advances. Contingent Liabilities for the total amount disputed has also been shown in the Notes on Accounts.

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

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

There are well defined procedures which are required to be complied with before the approval/release of Loans & advances granted to the employees. Adequate documentation is available with the Company. No loans & advances are given to Ex-Army personnel. The HEMM was handed over to Ex-Service men for transportation purposes under a special package earlier but the said system has now been dispensed with.

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

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

been held by the Company in its own name.

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|----|---|--|
| 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. However, the Board of Directors have approved the modification of charges to an amount of Rs. 8300.00 lakh in place of existing charges of Rs. 15800.00 lakh. But, the execution of documents by the Company yet to be completed. | 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 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. | This is a statement of fact. 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. |

ANAND RUNGTA & CO.
CHARTERED ACCOUNTANTS

For Anand Rungta & Co.,
Chartered Accountants

(S.K.Shahi)
Partner
Membership No. 071510

Place: Camp: Kolkata

Date: 28.05.2008.

The above management's reply to the Statutory Audit observations may kindly be approved.

(S.P.Samanta)
GM(F)

D(F)

CMD

CENTRAL COALFIELDS LIMITED

DIRECTORS' REPORT

To
The Shareholders,
Central Coalfields Limited

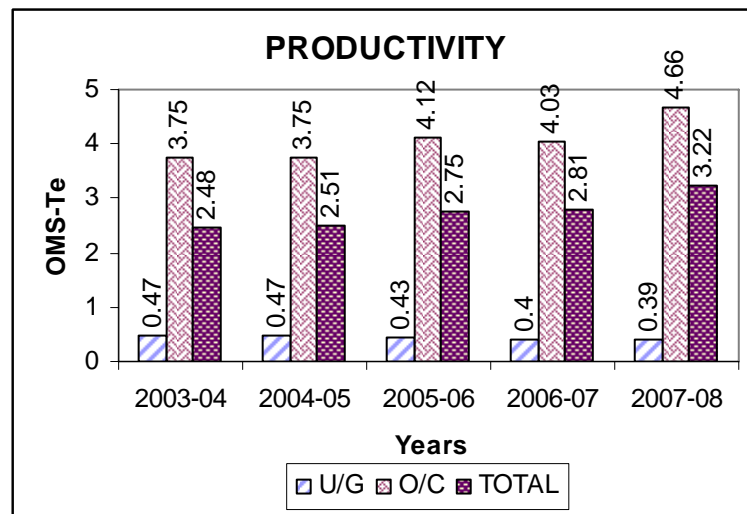
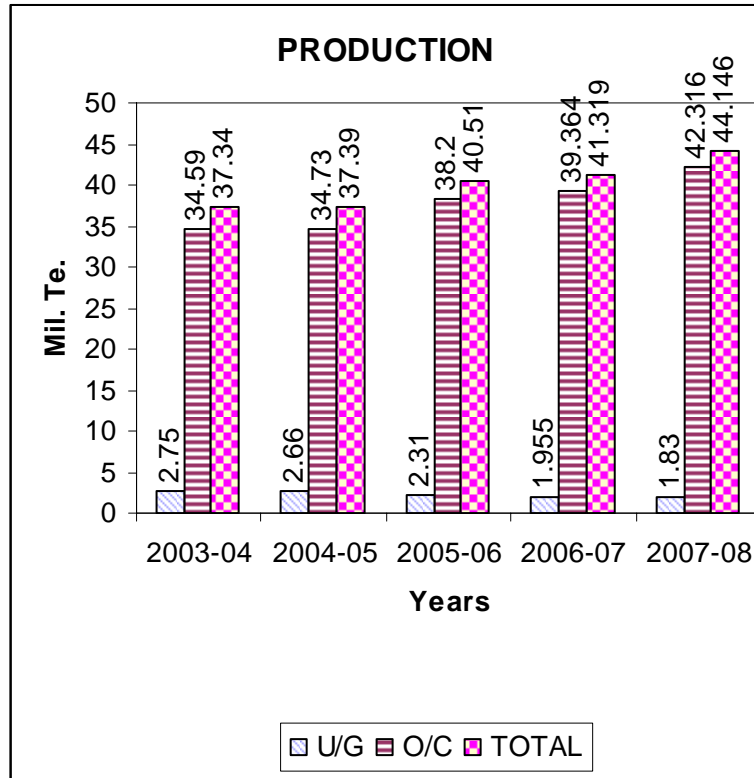
Members,

I on behalf of the Board of Directors have great pleasure in presenting to you the 52nd Annual Report of your Company along with the Audited Accounts for the year ended 31 March 2008. It gives me immense satisfaction to inform you that based on the performance of your company, the Government of India has conferred Miniratna I status to your Company on the 4th October 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 2007-08 as compared to the targets and actual of 2006-07.

Particulars	2007-08		2006-07	% age Growth over last year
	Target	Actual	Actual	
Production				
From OC (MT)	42.000	42.316	39.364	7.50
From UG (MT)	2.000	1.830	1.955	- 6.39
TOTAL (MT)	44.000	44.146	41.319	6.84
OBR (MM ³)	55.000	55.215	45.895	20.31
Washed Coal (Coking)				
Production(MT)	2.790	1.838	1.825	0.71
Dispatch (MT)	-	1.867	1.898	- 1.66
Washed Coal (Non-Coking)				
Production(MT)	6.491	6.595	6.676	-1.21
Dispatch (MT)	-	6.684	6.599	1.29
Productivity (OMS-Te)				
OC	4.72	4.66	4.02	15.92
UG	0.41	0.39	0.40	-2.50
OVERALL	3.19	3.22	2.81	14.59



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 :

Washed Coking Coal production during 2007-08 has been 18.38 lakh tonne against 18.25 lakh tones during 2006-07 recording a positive growth of 0.712 % as compared to last year. Coking Coal Washeries have registered a profit of Rs.165.50 Crore (**provisional**) during 2007-08 against Rs.156.53 Crore during 2006-07.

Washery-wise production and yield for 2007-08 vis-à-vis the last year are given below:

Washery	Production (lakh tonnes)		Yield percentage	
	2007-08	2006-07	2007-08	2006-07
Kathara	4.69	3.82	40.0	41.26
Sawang	2.84	2.83	47.6	49.90
Rajrappa	6.18	6.02	53.4	45.40
Kedla	4.67	5.58	38.7	40.40
Total	18.38	18.25	44.4	43.45

NON-COKING COAL WASHERIES :

The washed Non-Coking Coal production during 2007-08 has been 65.95 lakh tonne against 66.76 lakh tonne during 2006-07. The shortfall has mainly been due to reduced supply of raw coal from Piparwar Opencast Project to Piparwar Washery due to major maintenance at Piparwar opencast project.

The Washery-wise production and yield for 2007-08 vis-à-vis the last year is given below:

Washery	Prodn.(in lakh tonnes)		Yield (%)	
	2007-08	2006-07	2007-08	2006-07
Piparwar	54.67	55.65	83.9	83.02
Kargali	7.12	7.17	93.8	93.52
Gidi	4.16	3.94	58.7	53.54
Total	65.95	66.76	82.6	81.36

3. OFFTAKE :

The total off take during 2007-08 was 42.043 million tonnes. The mode – wise details of off take compared to that of previous year are given below:

(Fig in million tonnes)

MODE	2007-08	2006-07
RAIL	23.883	20.527
ROAD	5.569	5.127
INTERNAL TRANSFER TO WASHERIES	12.572	12.987
COLLIERY CONSUMPTION	0.019	0.034
TOTAL OFFTAKE	42.043	38.675

The sector wise dispatches of coal and its different by-products during the year 2007-08 are given below:

(Fig in million tonnes)

SECTOR	RAW COAL	CLEAN COAL	NON-COKING WASHED COAL	WASHED COAL POWER	SLURRY	REJECTS
STEEL		1.957		1.236		
POWER	20.333		6.794	0.406		0.114
CEMENT	0.069					
FERTILIZER	0.592					
SPONGE IRON	0.926					
OTHERS	7.532				0.380	1.564
TOTAL	29.452	1.957	6.794	1.642	0.380	1.678

4. COAL STOCK :

The stock of Raw Coal(*) as on 31 March 2008 stood at 13.91 Million Tonnes as against 11.37 Million Tonnes as on 31 March 2007.

(* Coal stock at all producing units, washeries & coke plant)

5. TURNOVER AND SALES REALIZATION :

During the year under reference the gross sales turnover of the company was Rs. 5076.66 Crore and the sales realization was Rs.5191.88 Crore. The Sector wise position of Debtors (Gross) as on 31 March 2008 is given below :

(Fig in Rs Crore)

SECTOR	AS ON 31.03.2008	AS ON 31.03.2007
POWER	583.78	593.00
STEEL	178.80	174.38
OTHERS	0.20	9.81

TOTAL	774.27	777.19
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6. POPULATION AND PERFORMANCE OF HEMM :

The details of population of HEMM in Mechanized Opencast Mines of CCL as on 31.03.08 and 31.03.07 are given below:

HEMM	POPULATION AS ON	
	31 .03.08	31 .03.07
Shovel	123	111
Dumper	614	580
Dozer	171	162
Drill	124	144

The performance of HEMM in terms of Availability and Utilization percentage against CMPDIL norms during the year under reference vis-à-vis 2006-07 are given as under:

HEMM	% Availability			% Utilisation		
	Norms	Actual		Norms	Actual	
		2007-08	2006-07		2007-08	2006-07
Shovel	80	74	74	58	47	47
Dumper	67	67	63	50	36	38
Dozer	70	59	60	45	28	29
Drill	78	74	73	40	27	33

7. SYSTEM CAPACITY UTILISATION (Departmental) :

System Capacity for 2007-08 assessed as on 01.04.07 (MM ³)	Achievement of Production by OC mines (07-08)			% Capacity Utilisation	
	Coal	OBR	Composite	07-08	06-07
	(MT)	(MM ³)	(MM ³)		
74.62	26.570	44.830	61.754	82.8	75.24

8. WAGON LOADING :

The coalfield wise wagon loading position for the year 2007-08 is given below:

(Fig in Fww/day)

RAILWAY FIELDS	2007-08	2006-07
SOUTH KARANPURA	667	679
NORTH KARANPURA	2149	2034
SUB TOTAL KARANPURA	2816	2713
JHARIA	602	379
TOTAL E.C.RAILWAY	3418	3092
GIRIDIH	27	45
TOTAL EASTERN RAILWAY	27	45
ADRA	274	267

TOTAL S.E. RAILWAY	274	267
TOTAL CCL	3719	3404

9. SIZING & CRUSHING OF COAL :

There are 8 full-fledged CHP's having facilities of 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 21 nos. of Feeder Breakers as on 31 March 2008 at different Projects for crushing of coal from (-)1200 mm to (-)200 mm size. One Feeder Breaker has been installed / commissioned at Tarmi Siding on 30/4/2007. One new Feeder Breaker at PF No. II of Jarangdih Siding, Kathara Area is proposed to be installed / commissioned during August'09, as replacement to ensure 100% crushing of coal before dispatch.

Further, it is proposed to install and commission Feeder Breakers in the following areas/locations during 2008-09 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

Out of the 8 nos. of Feeder Breakers, 5 nos. have already been supplied and are under installation and the balance 3 are under inspection.

During 2007-08, about 22.48 million tonne of coal was crushed through CHP's, and FBs which is 3.5% more than the previous year actual of 21.72 million tonne. Almost 100% coal despatch to the power sector was sized.

10. PERFORMANCE OF WEIGHBRIDGES :

It has been the endeavour of your Company to ensure 100% weighment of coal before despatch. With that end in view, 33 rail weighbridges, including 7 rail weighbridges working as standby, were fully functional as on 31 March 2008 to weigh the coal despatch by rail at Ray, Mcluskiganj, Jarangdih, RCM, Tarmi, Chainpur and N.R. siding. The overall availability of rail weighbridges during 2007-08 was 99% as against 97% during 2006-07. The total percentage of coal weighed by rail weighbridges during this period was 99%. One more new Rail weighbridge, at Gidi "W" is under installation.

Further, supply order has been placed for procurement and installation of 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% weighment of coal for despatch by Rail from your Company.

For weighing 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 2008-09. In addition, 2 new electronic road weighbridges are under installation at Bachra Project in Piparwar Area for weighing of coal despatch by road. In addition, 25 nos. of new Electronic Road Weighbridges are under procurement in order to ensure 100% weighing 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, Automatic Bomb Calorimeters have been installed and training imparted to the personnel, so as to cater to the future requirement of change over from present UHV system of coal grading to GCV system of grading. Further 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 despatch 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 95.9 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.

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, 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 a contract demand of 4.9 MVA.

Energy Conservation & Audit :

All initiatives were undertaken to create awareness at all levels about conservation of Power, Petroleum Oil & Lubricant (POL). Accordingly, energy conservation meets were organized during the year 2007-08 at Area level to create awareness amongst the Engineers, Supervisors and Operating personnel. In-depth deliberation was held on energy conservation measures and techniques. The efforts towards energy conservation have enabled the company to improve specific energy consumption. Following table shows specific energy consumption for the year 2007-08, vis-à-vis 2006-07:

Specific consumption		2007-2008	2006-2007
POWER	kWh/Tonne	11.788	12.242
	kWh/CuM	6.265	7.049
HSD	Ltrs./Tonne	1.290	1.294
	Ltrs./CuM	0.669	0.724
Lubricant	Ltrs./Tonne	0.074	0.079
	Ltrs./CuM	0.038	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 overall coal production, whereas the specific consumption per cubic metre is based on total composite output (Coal & OBR).*

The Reports on Benchmarking and Energy Audit of Electrical Energy consumption for Govindpur, Sirka, Kaju & Sayal-D underground mines have been submitted by CMPDIL. Some of the recommendations to reduce energy consumption have been implemented.

Reports on Benchmarking of Energy consumption (Power & HSD) by CMPDIL for Piparwar & KDH Opencast Projects have already been submitted. As recommended, procurement of Energy Meters is under progress for realistic auditing of power and some of the recommendations have been implemented.

The Petroleum Conservation Research Association (Eastern Region), Kolkata have been engaged to conduct audit for Power & HSD consumption of all the opencast projects, underground mines & Washeries of Kathara Area, i.e. Kathara, Govindpur & Jarangdih O/C Projects, Govindpur, Jarangdih & Sawang U/G mines, as well as Kathara & Swang Washeries.

The R&D Project on operational improvement of HEMM through lube oil analysis programme, sanctioned by the R&D Board of Coal India Ltd., is being implemented jointly with ISMU(Indian School of Mines University), Dhanbad. In the first phase, it would cover two large opencast projects, i.e. Piparwar & KDH of Piparwar & NK Areas, respectively.

13. COMMUNICATION ARRANGEMENT & INFORMATION SYSTEM :

Surface Communication

(A) **Land Line:** Your Company has 54 Electronic Exchanges having a capacity of about 6,800 lines. One exchange was replaced with enhanced version at CCL, HQ and another exchange has been added and installed at MRS, Ramgarh during the year under reference. The MRS exchange will also be utilized during implementation of COALNET programme for interconnecting CCL Areas with voice and DATA circuit.

(B) Radio Communication :

VHF Communication : Radio communication in the Opencast Projects and between AHQ and Project is through VHF based Walkie-talkie and Fixed Mobile sets. Three Areas have been provided Repeater Stations for smooth communication within Areas. During the year 82 Nos. of Walkie-talkie sets and 40 Nos. of Fixed/Mobile sets were added & installed at different Projects. During 2008-09, Repeater based Station will be provided to the remaining Areas including MRS.

(C) COALNET (VSAT) :

The VSAT link established in July 2003, 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.

(D) SAT PHONE : Two Satellite Phones are used at Piparwar and NK Area for emergency communication.

(E) Underground Communication system :

Thirteen U/G Mines are provided with Auto-cum-Manual (ACM) system in addition to point-to point Loud Hailer communication system in all the U/G mines. During 2007-08, one ACM was procured & installed at Churi UG and another six ACM will be installed during 2008-09.

(F) Virtual Private Network :

A scheme of Virtual Private Network (VPN) system is expected to be implemented shortly. This system will provide point to point and point to multipoint communication with the help of GSM and CDMA Net (Cellular Technology). There is provision to provide 196 numbers of SIM and 30 numbers of WLL to interconnect almost all the Exchanges of CCL and other important places.

14. SAFETY :

The safety, being a key thrust area, is 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. A system has been introduced to conduct enquiry of "Near miss Incidents" as well and discuss the recommendations in the Pit Safety Committee (PSC) meetings. 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. A culture of “No work other than support work after blasting” has been introduced. The inspection of face equipment and their required maintenance were carried out. Check survey was done in all the mines having potential danger of inundation. 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 operators/ maintenance crews of the HEMM for the operation of fire fighting equipment. Traffic Rule in “Hindi” has been circulated to all areas of our Company. Safe code of practice for machines including HEMM in opencast mines, 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 10th December to 16th December 2007. During the week, special emphasis was laid on wide publicity of safety rules, regulation and practices. Final day function was held at West Bokaro collieries, Ghato on 03.02.2008. The function was presided over by GM West Bokaro. Shri M.M. Sharma, Director General of Mines Safety was the Chief Guest and Guest of Honour was Sri R. P. Ritolia, CMD CCL on the occasion.

Safety Audit :

The 7th Safety Audit Phase-I has been completed and Phase –II is being conducted for underground mines by Ex.GM(S&R), CCL and Ex. GM (Rescue Services) CCL. The 7th Safety Audit Phase-I is being conducted for opencast mines.

Risk Management :

Your company has aligned itself with the concept of Risk management has ,which is participative and pro-active in nature and involves measurement of apprehended risk and its control. There are two stages namely Risk Assessment & Risk Management and these are exercised by a team of experienced persons at unit level.

Risk Assessment & its Management in the mines is a continuous process and period of review depends on level of risk. This is especially required whenever there is a change in working condition or introduction of new machine / practice.

In CCL, persons in different units have been trained by the Internal Safety Organisation (ISO) for Risk Assessment & Management exercise. Risk assessment exercise has been completed in 54 mines and it is likely to be completed by June'08 in the remaining mines.

Disaster Management :

Actions required to be taken at the time of a crisis arising out of any disaster have been framed by the Ministry of Coal for quick action & First Hand Information. Similar emergency action plan for all the mines has been drawn by your Company to meet any situation arising out of disaster, where lives of persons are lost or threatened.

The Action plan includes

- Sending First Information Report in the prescribed format by the Colliery Official to Company Head Quarters , DGMS , District Collector and then to Ministry of Coal, State Govt., within one hour of the disaster .
- Establishing Control Room at Area ,Company Head Quarter and also at Ministry of Coal.

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 aspiring to be Mining Sirdar, Overman, etc. to enable them to acquire requisite statutory qualifications from DGMS. A structured training of two weeks duration is being provided to the Statutory persons working in supervisory capacity.

Scientific Study :

A number of scientific studies have been conducted, wherever required, to eliminate dangers associated with the mines. For enhancement of safety in the mines, following equipments are proposed to be procured: Hydraulic Roof Bolter, Total Stations, Fluorescent, Jacket, BG-4 Breathing Apparatus, latest version of Rescue Tools, Non-Visible Dust collectors for Drills etc.

Besides safety in the mines, all-out efforts are made for prevention of Pnuemoconiosis and dangers against noise. Steps are also taken to ensure supply of potable water for the employees working in the mines. Continuous Miner and Man Riding System are also proposed to be introduced in a phased manner in the Underground mines.

Monsoon Preparation :

Before the onset of the monsoon, as has been done in previous years, strategies were chalked out for 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 neither any major disruption in production nor any incidence of inundation / flooding in the mines during the year.

Rescue :

Your company has one Central Mines Rescue Station at Ramgarh, three Rescue Rooms at Sayal, Dhori & Kedla, two Rescue Room cum Refresher Training (RRRT) Centres at Churi and Kathara 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 13.01.2008 at MRS, Ramgarh and the best performers were awarded with prizes at the Final Day Function.

General :

The 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 in the mines.

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

Area	Date of Area level Tripartite Safety Committee meetings
Hazaribagh	16.06.2007
Dhori	19.06.2007
Kathara	16.06.2007
B&K	20.06.2007
Kuju	23.06.2007
NK	15.06.2007
Argada	20.06.2007
Piparwar	18.06.2007
Barka-sayal	19.06.2007
Rajrappa	25.06.2007
Rajhara	28.06.2007
CCL Hq	21.06.2007

Accident Statistics :

Accident Statistics pertaining to CCL mines for the year 2007-2008 vis-à-vis 2006-2007 are given below:

	2007-08	2006-07
No. of fatal accident	7	5
No. of fatalities	7	6
No. of serious accident	15	20
No. of serious injuries	15	20

Place-wise classification of accident :

	2007-08	2006-07
Fatal:		
Underground	nil	1(1)
Opencast	4(4)	2(3)
Aboveground	3(3)	2(2)
Total	7(7)	5(6)
Serious:		
Underground	5(5)	4(4)
Opencast	8(8)	11(11)
Aboveground	2(2)	5(5)
Total	15(15)	20(20)

Rate of Accident :

	2007-08	2006-07
Overall		
Fatalities / MT	0.16	0.15
Fatalities / 3 Lakh Manshift	0.17	0.14
Serious injuries / MT	0.34	0.48
Serious injuries/ 3 Lakh Manshift	0.37	0.46
Underground		
Fatalities / MT	0.54	0.51
Fatalities / 3 Lakh Manshift	0.06	0.06
Serious injuries / MT	2.73	2.05
Serious injuries / 3 Lakh Manshift	0.32	0.23
Opencast		
Fatalities / MT	0.14	0.08
Fatalities / 3 Lakh Manshift	0.24	0.12
Serious injuries / MT	0.24	0.28
Serious injuries / 3 Lakh Manshift	0.40	0.42

Causewise break-up of Fatal and Serious Accidents :

Cause	2007-08		2006-07	
	Fatal	Serious	Fatal	Serious
Roof Fall	-	2(2)	-	-
Side Fall	-	-	-	-
Rope haulage	-	-	1(1)	-
Explosive	-	-	-	-
Dumper	-	4(4)	2(3)	2(2)
Truck	1(1)	-	1(1)	-
Other machinery	2(2)	4(4)	1(1)	4(4)
Fall of person	1(1)	1(1)	-	7(7)
Fall of Object	-	1(1)	-	-
In rush of water	-	-	-	-
Other Causes	3(3)	3(3)	-	7(7)
TOTAL	7(7)	15(15)	5(6)	20(20)

Area-wise break-up of Accidents :

Area	FATAL		SERIOUS	
	2007-08	2006-07	2007-08	2006-07
Barka-Sayal	-	-	4(4)	4(4)
Argada	1(1)	-	3(3)	2(2)
Piparwar	1(1)	-	-	4(4)
N.K.	-	2(3)	4(4)	4(4)
Rajhara	-	-	-	-
Kuju	-	1(1)	1(1)	4(4)
Hazaribagh	-	-	-	-
Rajrappa	-	-	-	1(1)
Kathara	1(1)	-	-	-
B&K	1(1)	-	2(2)	1(1)
Dhori	3(3)	2(2)	1(1)	-
TOTAL	7(7)	5(6)	15(15)	20(20)

*N.B: Figures outside bracket indicate accidents whereas the same in the brackets denote fatalities and injuries.
Figures for 2007-08 & 2006-07 are subject to reconciliation with DGMS*

15. PERSONNEL MANAGEMENT AND INDUSTRIAL RELATIONS :

The manpower strength of the Company as on 31.03.2008 was 58,808 as against 61,610 on 31.03.2007. The category-wise break up of manpower strength as on 31.03.2008 vis-à-vis 31.03.2007 is given below:

Category	31.03.2008	31.03.2007
Executive	2491	2486
Supervisory	3878	4001
Highly Skilled / Skilled	17152	17824
Semi Skilled / Unskilled (TR)	19714	20859
Semi Skilled / Unskilled (PR)	9897	10478
Ministerial Staff	5197	5460
Others	479	502
Total	58808	61610

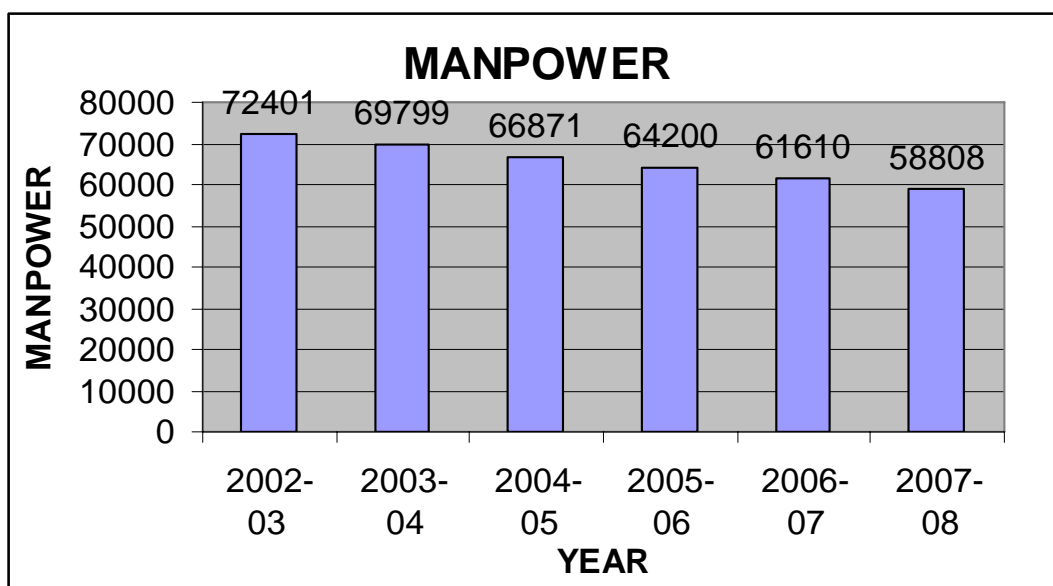
Hence, during the year 2007-08 the overall reduction in manpower was to the tune of 2,802. While the number of employees in the Company came down by 3,379 during the year under reference, 577 employees were added to the existing manpower. The aforesaid reduction and addition have been under the following heads:-

REDUCTION :

Manpower Reduction under the head	No. of Employees
Retirement / Superannuation	2162
VRS (GHS)	347
Death	588
Termination / Dismissal	101
Resignation	06
Inter Company Transfer	168
Medically unfit	07
Total Reduction	3,379

ADDITION :

Manpower Addition under the head	No. of Employees
Appointment under 9.3.2	341
Appointment under 9.4.0	005
Appointment under Dependent of deceased Executives	002
Appointment under Land loser's scheme	005
Inter Company Transfer	188
Reinstatement	007
Fresh Recruitment	029
Total	577



At the beginning of the year 2007-08, 431 cases relating to labour and industrial disputes were pending before different courts, authorities and tribunals. While 163 cases of labour and industrial disputes were added, 132 cases were disposed off during the year. Thus, 462 cases, in total, remained pending as on 31.03.08.

The Industrial Relations scenario was harmonious throughout the year (2007-08). There was no case of strike throughout the financial year.

With a view to maintaining harmonious industrial relation as well as to serve the nation as a responsible Corporate citizen, your Company has decided to provide a total number of 855 appointments under Para 9.3.2. to dependents. Apart from this, 118 workers, who were terminated on account of unauthorized long absenteeism and who appealed before the Appellate authority against such termination, have been considered for reinstatement. In summary, the manpower profile of the Company shows that the jobs in the Company have been accessible to poor and marginalized section of the society.

16. HUMAN RESOURCE DEVELOPMENT :

The Human Resource is a major driving force in the future growth of the organization, in uplifting production and productivity of the Company. To develop specific skills of the manpower, the focus has been job oriented training and re-training of the employees. Special emphasis was given to attitudinal development of 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, higher HEMM utilization and increased coal production.

As a special drive 240 workers were trained for 6 months by transformational training to fulfill the shortage of HEMM operators.

The details of training programmes are as under:

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)	416	162	94	672
2	Bhurkunda Technical Training Institute, Bhurkunda (BTTI)	-	205	229	434
3	Central Excavation Training Institute, Barkakana (CETI)	0	137	293	430
4	Security Training Institute, GNH, Ranchi (STI)	-	13	172	185
5	Institute of Occupational Health & Hygiene, GNH, Ranchi (IOMH)	-	112	8	120
	TOTAL	416	629	796	1841

B. TRAINING OUTSIDE COMPANY :

Sl. No.	Type of Training	Number of Persons Trained			
		Executives	Supervisors	Workers	Total
I	External Training (in India)	278	14	14	306
II	Foreign Training	11	-	-	11
III	Training at IICM				
	a) more than 6 days	36	-	-	36
	b) up to 6 days	224	-	-	224

	c)Workshop/seminar/Conference	79	-	-	79
	Total Training at IICM	339	-	-	339
IV	P.D.P.T. / VT	219 students from outside Mining Institutes completed PDPT courses during the year.			

N.B:

1. Out of the employees trained as mentioned at A above, 38 Executives, 74 Supervisors and 279 Workers belong to SC / ST.
2. On- the- job practical training / summer training was provided to 174 students coming from different Institutions/ Colleges doing MBA / BCA / BBA / MCA etc.
3. In addition to above, 376 employees attended Seminars / Workshops at different HRD Institutes.

17. Welfare & Community Development :

The welfare of employees is another major thrust area of your Company. During 2007-08. concerted efforts have been made to improve the quality of life of the employees at working places as well as at the living places.

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

- I. Housing :** As on 31.03.2008, the number of permanent houses stood at 59,679 serving manpower of 58,808.
- II. Water Supply :** Through operation of different Water Supply Schemes, 16.4696 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.)	7.6111
(b)	Through 76 nos. of Pressure Filters	4.5456
(c)	Through Deep Bore Holes	2.46
(d)	Through other arrangements	0.653
TOTAL :		16.4696

- III. Medical Facilities :** There are two Central Hospitals, 7 Regional Hospitals, 10 Colliery Hospitals, 63 Dispensaries, 114 Ambulances and 264 Doctors and 670 paramedical staff 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 Naisarai 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. Efforts are being made to improve the quality of the existing medical services in your Company.

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, 277 different camps have been organized under the Community Health Programme, through which 51,747 people benefited.

The persons working in Coal Industry under hazardous conditions require instant medical attention to take care of their health and keep them fit at any given time. Besides the employees, the dependents living with the employees also require appropriate medical care, which your company has been providing.

The preventive aspects of disease mitigation are also an aspect which the medical department of CCL caters to in a proactive manner through holding of awareness camps. Your company has decided to hold different types of camps in the medical units as well as the nearby villages surrounding the mines under the aegis of Community Development Programme where curative as well as preventive aspects and health education are rendered free of cost by the Medical Department.

The significant achievement of Medical Department is as follows:

- 1) Periodical Medical Examination (PME) Programme is a preventive measure and is undertaken for detection of diseases at an early stage of the employees. This programme is mandatory for all employees whereby an employee is examined clinically and investigated Radiologically & Pathologically once in every 5 years. The PME centers are also equipped with Audiometers to detect deafness and Spirometers to detect Lung Diseases. Under Periodical Medical Examination total numbers of 12,673 employees were examined.
- 2) There is a fleet of 114 ambulances to cater the need for transportation of patients from primary care unit to tertiary care unit,
- 3) To improve the infrastructure and the ambiance of the medical units, Civil Maintenance Work has been undertaken on an urgent basis involving all medical dispensaries and hospitals of CCL,
- 4) Total Patients attending Medical Units as out-patients by March'08 was 7,02,144.
- 5) Drugs amounting to Rs.2 crore has been procured in the current financial year and distributed to all medical units of CCL for disbursement among patients.
- 6) During 2007-08 new equipment like Operating Microscope, Ventilator, Ultrasound Therapy Unit, Transcutaneous Nerve Stimulator, Semi Auto Analyzer, Infusion Pump, X-ray Machine, Ultrasound Machine have been

procured. The addition of these equipments will result in better medical care and diagnosis of disease.

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 31.03.2008, 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. Others	04
5.	No. of Privately Managed Schools	44
Total:		68

V. During 2007-08, a sum of Rs.4.46 Crore was sanctioned towards financial assistance to various educational institutions and towards CIL Scholarship to 850 wards of employees. Moreover, CCL maintains and operates 92 School Buses for the benefit of children of the employees.

VI.In addition to the normal scholarship scheme, your Company has introduced a Reward Scheme for meritorious wards of the CCL employees by providing Rs.2000/- & Rs.3000/- cash to students who obtained 90% and more marks in Class X & XII Board Examinations respectively.

18. SPORTS & GAMES :

Your Company encourages sports activities amongst its employees and conducts different tournaments and sports meets and the details of major achievements are as under:

- i) During 2007-08, six Hockey Players/employees of CCL represented in the All India Public Sector Tournament at Rourkela.
- ii) Four Cricket Players/employees of CCL participated in the CIL and also in the All India Public Sector Cricket Tournament at Mumbai,
- iii) Inter Coal Hockey Tournament was organized by your Company at Ranchi during March'08.

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 social responsibility towards community

development in the surrounding villages and localities. Since the initiation of Community Development in the year 1982-83, a large number of villages have been benefited by the Company's C.D. activities.

In keeping with the principles of Global Compact, the management of your Company has specific vision under Corporate Social Responsibility (CSR) for providing quality life and all round development for a sizeable number of people belonging to SC/ST and other socio-economically challenged communities residing in the peripheral localities of its command area. Accordingly, the C.D. programme under the CSR covers Special Component Plan (SCP), Tribal Sub Plan (TSP) for SC communities besides the C.D. Component for others.

The C.D. Programme of your Company focuses on the following activities:-

- i) Improvement in living conditions through
 - A. Provision of potable water,
 - B. Construction of village roads,
 - C. Construction and repairing of community assets,
 - D. Self employment programme.
- ii) Promotion of Education and Health,
- iii) Promotion of sports and culture,
- iv) Protection and conservation of Environment

During the year infrastructural help has been extended to –

- 105 rural schools making 17,390 beneficiaries;
- Construction & repair of 52 K.Ms. of rural road link, provision of 200 solar light systems for rural electrifications;
- Providing artificial limbs and other appliances to 253 Nos. of physically challenged persons;
- Sponsoring and organizing state level sports for physically challenged persons have been done;
- 123 Nos. of works in the form of installation of hand pumps, digging and renovation of wells, development of ponds, laying of pipelines and supply of water to the villagers through tankers giving benefit to 14,115;
- The rural health programme under C.D. during the year, has been implemented. In the aggregate, Rs.385.28 Lakh has been spent during the year under CD Programme compared to Rs.294.99 lakh during 2006-07 by undertaking 683 Nos. of work and giving benefit to 81,214 persons.

20. CAPITAL EXPENDITURE ON SOCIAL OVERHEAD ITEMS UPTO 31.03.2008 :

Till 31.03.2008, the cumulative amount spent by your company towards social overhead is Rs.327.99, details of which are tabulated below:

(Rs.in Cr.)

Sl. No.	Particulars	2007-08	2006-07
i)	Building	241.54	238.96
ii)	Plant & Machinery	53.05	51.77
iii)	Furniture & Fittings	12.67	12.27
iv)	Vehicles	7.34	7.72
v)	Developments	13.39	10.92
TOTAL		327.99	321.64

21. The year 2007-08 has been a year of impressive financial performance. The net profit after tax has been Rs.625.58 Cr. after provision of Rs.461.23 Cr. towards Income Tax. Such improvement has been possible mainly due to significant increase in production, productivity and off-take. The financial results of your company during 2007-08 as compared to 2006-07 are as under:

(Rs.in Cr.)

Sl. No.	Particulars	2007-08	2006-07
i)	Gross profit before Depreciation and Interest	1325.04	1306.20
ii)	Depreciation	217.75	181.92
iii)	Interest	64.26	89.18
iv)	Net profit before prior period adjustment	1043.03	1035.10
v)	Adjustment pertaining to Prior period (Dr.)	7.78	14.80
vi)	Net profit after prior period adjustment	1035.25	1020.30
vii)	a) Provision for Income Tax	461.23	409.31
	b) Fringe Benefit Tax	10.5	9.11
viii)	Provision for Deferred Tax (Cr)	62.06	47.86
ix)	Net Profit after tax	625.58	649.74

The Board of Directors of your company has recommended a dividend of Rs.266.20 (previous year Rs.260/-) per Equity Share on 94,00,000 Equity Shares of Rs.1000/- each amounting to Rs.250.23 Crore (previous year Rs.244.40 Crore).

22. CAPITAL EXPENDITURE :

The capital expenditure during the year 2007-08 has been Rs.297.84 Cr. compared to Rs.302.86 Cr. in the previous year. The head-wise details of capital expenditure during the year 2007-08 are detailed below :

(Rs.in Cr.)

Sl. No.	Head of expenditure	2007-08	2006-07
i)	Land	2.17	6.39
ii)	Building	1.90	3.24
iii)	Plant & Machinery	170.33	254.47
iv)	Furniture & Fittings	1.98	1.61
v)	Railway Siding	0.00	0.00
vi)	Vehicles	0.02	0.17
vii)	Prospecting & Boring	0.00	1.82
viii)	Other Developments	4.97	2.78
ix)	Capital work in progress	116.47	32.38
	TOTAL	297.84	302.86

23. CONTRIBUTION TO EXCHEQUER :

The contribution to the State/Central Exchequer during the year 2007-08 vis-à-vis 2006-07 is detailed below :

(Rs.in Cr.)

Sl. No.	Particulars	2007-08	2006-07
i)	Royalty on Coal	485.53	392.03
ii)	Sales Tax / VAT	182.86	157.05
iii)	S.E.D	40.60	37.96
iv)	Income Tax	513.01	442.82
v)	Dividend Tax	41.54	40.87
vi)	Fringe Benefit Tax	9.15	11.35
	TOTAL	1272.69	1082.08

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. The networth of the company as on 31 March 2008 is Rs. 1886.17 crore compared to 1686.28 crore as on 31 March 2007.

25. LOAN :

- i) During the year, the company has repaid installments of IBRD and JBIC loan to the tune of Rs.4.39 Cr.and Rs.4.94 Cr. respectively. Moreover, outstanding loan amount has reduced by Rs.0.92 Cr due to favourable foreign exchange rate fluctuation. Thus the total outstanding loan amount has reduced to Rs.115.60 Cr. at the year-end against previous year's outstanding balance of Rs.125.85 Cr.
- ii) As against the opening balance of loan from CIL amounting to Rs.457.27 Cr as on 31 March 2007., Rs.150.00 Cr. has been repaid during the year, leaving a balance of Rs.307.27 Cr.at on 31 March 2008..

26. STATUS OF PROJECT IMPLEMENTATION :

Till 31.3.2008 a total number of 55 mining projects, including one Advance Action Proposal with ultimate capacity of 92.35 MTY and 26 Non-mining projects each costing Rs.2.00 Cr. and above, were sanctioned. Out of these, 53 Projects (33 mining & 20 non-mining) have already been completed. The remaining 21 mining projects (excluding 1 advance Action proposal) having an aggregate ultimate capacity of 49.53 million tones per annum at a sanctioned capital cost of Rs.2835.34 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. 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 CRORE			
MINING	8	2990.74	45.06
NON-MINING	1	130.41	-
RS.50 CR. TO RS.100 CR.			
MINING	6	475.85	12.75
NON-MINING	2	161.34	-
RS.20 CR. TO RS.50 CR.			
MINING	6	195.96	4.35
NON-MINING	1	48.78	-
RS.2 CR. TO RS.20 CR.			
MINING	34	519.75	18.19
NON-MINING	22	178.70	-
ADV. ACTION	1	8.89	12.0
MINING	55	4191.19	92.35
NON-MINING	26	519.23	-
GT.TOTAL :	81	4710.52	92.35

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 crs.	3	1	4	612.63	130.41	743.04	9.25

Between Rs.100 - Rs.50 Cr.	3	2	5	240.04	161.34	401.38	4.55
Between Rs.50 - Rs.20 Cr.	5	-	5	149.18	0.00	149.18	3.55
Between Rs.20 - Rs.2 Cr.	22	17	39	345.61	114.06	459.67	13.47
SUB-TOTAL	33	20	53	1347.46	405.81	1753.27	30.82

Implementation Status of 21 ongoing projects (including AAP) costing Rs.2 Cr. and above is under:

PROJECTS	NUMBER			SANC.CAPITAL (Rs.CR.)			ULTIMATE CAPACITY (MTY COAL)
	MIN	NON-MIN	TOTAL	MIN	NON-MIN	TOTAL	
ABOVE RS.100 CR.	5	-	5	2378.11	-	2378.11	35.81
Between Rs.50 Cr to 100 Cr.	3	-	3	236.31	-	236.31	8.2
Between Rs.20 Cr to 50 Cr.	1	1	2	46.78	48.78	95.56	0.8
Between Rs.2 Cr to 20 Cr.	12	5	17	174.14	64.64	238.78	4.72
SUB-TOTAL	21	6	27	2835.34	113.42	2948.76	49.53

Out of 14 delayed projects (mining) 3 projects namely, Hurilong UG, Purnadih OC & Tisri UG are yet to start. 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 commissioned during the X Plan Period (2002-2007)

Following 8 mining projects have been commissioned during X Plan period. The total capacity of these projects is 42.51 MTY. Out of this Topa RO OCP was sanctioned in 2002. Magadh, Ashok EPR (6.5 MTY), Karo OCP and Konar OCP have been sanctioned during 2006-07 and North Urimari & Churi Benti UGP have been sanctioned in 2007-08. Piparwar Expn (10 MTY) and Ashok Expn (10 MTY) have been approved under Emergency Coal Production Programme. Amrapali OCP is at CCEA for its approval. The following are the details:

Sl. No.	Name of Project	Capacity (MTY)	Proposed capital outlay (Rs.Cr.)	Approval from CCL/ Board	Govt's approval/ Present status
1.	Magadh OCP	12.00	469.78	Feb'2003 (CIL Board)	Approved by Govt. vide letter dated 19.7.06 from MOC. Project is under implementation.

2.	Ashok Expn. OCP	6.5	471.66	June'03 (CIL Board)	Approved by Govt. vide letter dated 13.4.06 from MOC. Project is under implementation.
3.	Konar OCP	3.5	74.53	April'04 (CIL Board)	Approved by CCL Board on 12.08.06. (As per revised Delegation of Power of CCL Board)
4.	Karo OCP	3.5	96.53	July'05 (CCL Board)	Approved by CCL Board on 12.08.06(As per revised delegation of power 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 06.11.06
7.	North Urimari OCP	3.00	179.87	May'04 (CCL Board)	Approved by CCL Board on 07.12.07 (as per Revised Delegation of Power of CCL Board)
8.	Churi Benti UGP	0.81	163.51	April'07 (CCL Board)	Approved by CIL Board on 27.08.07. Project is under implementation.

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. Project is under implementation.
2.	Magadh OCP	12.00	20.00	Dir.(Tech.), MOC vide letter no.43011/130/2006-CPAM dated 10.04.08 has instructed that the expansion proposal can be considered as a separate entity and in view of Mini Ratna Category-I Status accorded to CCL can be approved by CCL Board. UCE on current price is under preparation.
3.	Ashok Expn	6.50	10.00	Approved. Project is under implementation.

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

Figs in MT

Group	2007-08 (actual)	BE(2007-08)	Terminal year XI Plan (2011-12)
Existing mines & completed projects	26.46	23.65	21.22
On-going projects	17.69	13.85	19.93
New/Future projects	-	9.5	36.85
TOTAL	44.15	47.0	78.0

27. ENVIRONMENT MANAGEMENT

1. The Projects for which Environmental Clearance has been obtained are New Giddi C (0.6 MTY) and Piparwar OCP (10 MTY).
2. Presentations were made to Ministry of Environment & Forest and Terms of Reference were approved for 7 Projects namely Karma OCP, Khasmahal OCP, Purnadih OCP, Rohini OCP, Amlu OCP, Tarmi OCP, Tapin OCP.
3. EMPs of Ashoka expansion OCP (6.5 to 10 MTY), Magadih OCP (20 MTY), Karo OCP, Topa OCP (1.2 MTY), Tetariakhar OCP, were in the final stage of approval in March, 2008.
4. New draft EMPS were prepared for Karma OCP (1.0 MTY), Khasmahal OCP(0.7 MTY, Purnadih OCP (3.0 MTPA), Rohini OCP (2.0 MTPA), Amlu OCP (2.5 MTY), Tarmi OCP (1.0 MTPA) & Tapin OCP (2.5 MTY).
5. As per the decision taken by MOC/MOEF in Feb.'08, 13 EMP are required to be prepared for old existing mines. The work of data collections preparation of Mine plan is in progress.
6. Public Hearing was done for Purnadih OCP.
7. Application for Public hearing was submitted to Jharkhand State Pollution Control Board for Tapin OCP & Amlu OCP.
8. Annual Environmental Statement for all projects of CCL has been submitted to JSPCB. In compliance of the conditions of Environmental Clearance. Periodical Implementation Report in respect of all the Projects for which Environment Clearance was obtained were submitted to MoEF.

AFFORESTATION

During 2007 about 6,09,000 saplings were planted in Barka-Sayal, Dhori, B&K, Piparwar, Kuju, Hazaribagh, Kathara and N.K Areas. The sapplings were of fruit bearing, medicinal and commercial varieties. The plantation was done through State Forest Department in about 243 Ha. of land.

DIVERSION OF FOREST LAND

- Eighteen nos. of proposals for diversion of forest land involving 2242.137 hectares have been forwarded by Govt. of Jharkhand to MOEF, Govt. of India, for Stage II (final) forestry clearance,
- The forest land proposal regarding Tapin North OCP for 213.52 hectares has been forwarded by Govt. of Jharkhand to MOEF, Govt. of India, for Stage I forestry clearance.
- In cases of the closure notice of seventeen mines issued by State Forest Deptt. the Honourable Supreme Court of India, following IA/ Writ filed by your company, directed that that mining operation can continue in the mines if the Net Present Value in respect of the forest land is paid by the User Agency.

28. LAND ACQUISITION STATUS:

During the year under reference, 10 proposals involving 366.25 acres of land were in process for acquisition under Land Acquisition Act, 1894. Out of this, possession for 14.32 acres of land has been given by District Land Acquisition Officer. The award for 72.07 acres has been declared and possession will be given after making payment of the land compensation.

The proceeding under sections 7/17 of the LA Act has been completed for 265.57 acres of land. Action under sections 4/6 is in process for 3 (three) proposals covering 28.61 acres of land. However, no acquisition of land was made under Coal Bearing Areas (Acquisition & Development) Act, 1957 during the year under reference.

The compensation for 420.70 acres of land for Urimari North OCP acquired under CBA(A&D) Act, 1957 was assessed and competent approval was obtained for an amount of Rs.2.64 crore. Sanction for house compensation for 48 houses in Mangardaha village amounting to Rs.38.99,288.16 and 9 houses in Banwar village amounting to Rs.9,92,713.85 was obtained. For different projects 22 payment camps were held for payment of land compensation under CBA(A&D) Act, 1957 and an amount of Rs.4.45 crore was paid.

During the year 19 employment were given to the nominee of land owners and 346 families were rehabilitated in different projects.

Old cases/past commitments in respect of 306 employments, which were in deviation to R&R Policy of CIL, were processed and one time dispensation has been approved by CIL Board. Scrutiny of the nominees and land related documents is in progress for providing employment to the nominees.

Govt. of India has allotted Kotre Basnatpur and Pachmo Blocks to M/s Tata Steel Ltd. and Chitrarpur Block to M/s Corporate Ispat Alloys Ltd. As per the direction, surface right over the land has been transferred to these parties under registered Conveyance Deed and mineral rights have been surrendered to Govt. of Jharkhand.

29. CIVIL Engineering:

Your company observed 2007-08 as Welfare year. As such, main thrust was given on renovating Welfare buildings and refurbishing of colony roads in different areas of CCL. It is in the context more than 300 welfare buildings were thoroughly renovated and given a fresh look. Similarly, 120 KMs (approx.) of colony roads were revamped.

30. RAILWAY SIDING:

There are 24 (twenty four) no. of full rake sidings under operation, having a total daily loading capacity of 4220 (FWW)

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.

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. Out of 16.5 KM under Phase-II, formation work for 9.76 Km & track laying for 1 Km have been completed.

Your Company has engaged M/s. RITES Ltd. for completing the balance work related to Piparwar Rly. Sdg at a cost of Rs.90.61 crore – on deposit term basis. This amount has already been deposited by CCL to M/s. RITES Ltd. And the job is in progress.

Track linking of 1.683 K.M., electrification, signaling & telecommunication only at Junction point are to be completed by EC Railway as a deposit work.

(B) TORI RAILWAY SIDING FOR TETARIAKHAR OCP.

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

(C) CONSTRUCTION OF TORI-SHIVPUR-HAZARIBAGH RAILWAY LINE UNDER CCDA :

The Tori-Shivpur-Hazaribagh new BG rail line of 93.28 Km length is under execution by EC Railway, Patna, including land acquisition, etc. 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
- 2) Shivpur – Hazaribagh

Presently, the work of land acquisition & forestry clearance is under process and Rs.148.14 Crore has been deposited till date with EC Railway, Patna and in the 0-10 KM portion from Hazaribagh end, the work is in progress. The schedule date of completion is 30.06.2010.

31 GEOLOGICAL SERVICES

A. Drilling

A total of 1.44 lakh mtrs. of drilling has been done during the Financial year of 2007-08 against the target of 1.20 lakh mtrs., achieving a productivity level of 2000 mtrs. per drill per month with 6 operating drills from 2 base drilling camps at Topa and Lapanga. This includes drilling of blast holes for mining services, large diameter boreholes for dewatering & tube wells for potable water and non-coring boreholes for exploration purposes.

B. Project Documentations and Related works

(i) On Geology:

During the year 2007-08 the following geological notes/ documents related to mining services and for future mining activities have been prepared:-

1. Documentation of Salient features and preparation of plans of Amlo, Kaveri, Sel.Dhori and Tisri blocks for proposed High Wall mining at CCL.
2. Identification and documentation of geological details of the blocks in CCL Areas for strategic partners from leading mining companies along with the list of closed /abandoned mines to be considered for handing over to Pvt/PSU's.
3. Reports entitled 'Data package for selection of site for Pilot project on Underground Coal gasification in Lapanga (Chordhara) and part of Lapanga extn. Block, SKCF' and in 'Ramgarh Block II North, Ramgarh Coalfield'.

4. Finalization of the site of proposed Thermal Power Station located north of Magadh OCP in NKCF for Joint Venture with NLC.
5. Note submitted regarding opening an integrated OC mine of 4MTY in Sector-III of Argada block on the basis of Conceptual Pit Model of 4MTY in Argada block prepared against R&D project of SKCF.
6. Angwali mine, Dhori colliery, East Bokaro coalfield is identified as a closed mine. The geological details of this mine has been prepared and transmitted to the Secretary, Mines & Geology, Jharkhand in connection with Pilot study on Co-operative mining to curb illegal mining.
7. Study for changing the NK STPP, NK/Garhi reservoir, NTPC colony and R&R colony, ash pond sites which fall on the coal bearing area and future projects of CCL will be planned in this area.
8. Comments submitted on the list of additional coal blocks proposed to be retained by coal company with special interest for enhancing coking coal production of CCL in Joint Venture with SAIL.
10. Following three nos of scientific papers have been prepared and submitted to IGC seminar and GSI conference held at Dharwad.
 - a) Identification of floral assemblages for reclamation and revegetation in mine-degraded areas: A case study of SKCF, Jharkhand State, India.
 - b) Ocean floor metamorphism in the Deogiri metabasic rocks: A comparative study from the Sandur schist belt, Karnataka.
 - c) Resource assessment of coal mine methane in mining areas of SKCF, Ramgarh District, Jharkhand State, India.
11. Estimation of balance mineable coal reserve of Rohini OCP to be mined up to March'08 and for the patch to be worked during 2008-09.
12. Proving the area of disposition of seam-VIIT by drilling boreholes (non-coring) for the advancement of the quarry and showing the area of proposed rehabilitation sites I & II of Rajrappa OC.
13. Submission of the report regarding opening of colliery in Binda & Tihara areas.

ii) On Washery:

Fixing up the location of proposed washeries in Ashoka, Karo and Dhori projects.

iii) On Captive Mine Blocks:

1. Preparation of note on "Allocation of coal blocks" for the meeting of the Consultative Committee attached to MoC;

2. Signing for transfer of land acquired under CBA (A&D) Act-1957 in Chitarpur Block allotted to M/s Corporate Ispat Pvt. Ltd. and of Kotre – Basantpur & Pachmo Blocks allotted to M/s Tata Steel;
3. Conveyance deed for transfer of land under CBA in Lohari Block allotted to M/s.Usha Martin Ltd., is also under execution;
4. Upto 31/3/2008, a total of 42 Blocks in CCL Command Area has been allocated by the MoC to private parties.

iv) Others:

1. Updation of mineable coal reserves as on 01/04/07 of existing operating mines of your Company.
2. The mine statistic format for 2006-07 asked by Coal Controller, Govt. of India.
3. Exploration programme of CMPDI in CIL blocks during 2008-09 and up to 2011-12.

C. Hydrogeology:

A total of 52 deep tube well boreholes have been drilled for meeting the requirement of potable water in different Areas.

D. R&D and Computerization Work

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

1. Following five reports have been geologically vetted and comments have been sent to respective departments for revision of the reports.
 - a) Report entitled “Preparation of ground water resource management model in WBCF” prepared by BIT Mesra;
 - b) Report entitled “Preparation of palaeo-depositional, quality variance and geo-structural model of West Bokaro Coalfield” prepared by Jadavpur University
 - c) Report entitled ‘Environment Model in WBCF’, submitted by Central Institute of Mining and Fuel Research, Dhanbad;
 - d) Report entitled ‘Land use land cover Mapping of WBCF using Remote Sensing data’ submitted by Geomatics Division of CMPDIL;
 - e) Report entitled ‘Trace element availability in coal, coal bearing rocks, water, river bed sediments and soils in WBCF.

E. Coal Reserves:

The geological reserves as compiled & computed by Geological Survey of India as on 01/04/2007 in Proved, Indicated and Inferred categories, together within the CCL Command Area amount to 38.41 billion tonnes (up to a depth of 1200 mtrs.). The details of coal reserves are as under:-

Type of coal	(fig. in billion tonnes)			
	Proved	Indicated	Inferred	Total
Coking	6.831	8.633	1.661	17.125

Non-coking	11.109	6.971	3.205	21.285
Total	17.940	15.604	4.866	38.41

F.Right To Information

Under the RTI Act-2005, the details of applications dealt during the year 2007-08 are given as under:-

1.	No. of applications received	301
2.	No. of applications disposed	239
3.	No. of applications under process	15
4.	No. of applications transferred under para 6(3) of RTI Act	45
5.	No. of applications rejected	2

32. COMPUTERISATION & IT ENABLED SERVICES

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

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

Infrastructural Development:

An ICT based computer centre is operational at CCL HQ equipped with latest servers, communication equipments like routers, switches etc. for providing high speed Internet facility through established 2 mbps internet leased line.

817 nos. Windows based PCs have been provided to officers /s taff to be used for either as client of CoalNet system or as stand alone office automation tool.

CoalNet Project

Phase-1 (at CCL HQ):

CoalNet Software Status:

All the nodules of CoalNet Software have been ported and are at various stages of implementation under LAN environment.

Phase-II (at Area Level):

The turnkey scheme for CCL CoalNet with all upgradations with respect to Hardware, Communication within Area (HQ, Regional Stores, Sale points) and subsidiary HQ, networking etc. for entire CCL, vetted by IIT, Kharagpur have been

tendered, pre-bid meeting held with prospective vendors/bidders. The suggestions from vendors have been examined by IIT Kharagpur and the specifications have been finalized incorporating technical suggestions suitable for CoalNet implementation. The scheme has been tendered and is under finalization.

OMMS

All eleven stores have been made ready with required Hardware, Software and infrastructure for implementation of OMMS. The OMMS has been implemented and is fully operational at ten store sites namely, C/S Barkakana, R/S Piparwar, R/S NK, R/S Parej, R/S Gidi, R/S B&K and R/S Rajrappa, R/S Kathara, R/S Saunda and R/S Dhori. The implementation at R/S Kaju, is under trial run.

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 in the procurement process.

33. SECURITY MANAGEMENT

The Security Department of your Company keeps close liaison with the Police and District/State Administration for maintaining law and order in Coalfield Areas as well as to thwart, instances of pilferage of coal.. Besides a White Paper on Illegal Mining has been prepared and Action Plan has been drawn in consultation with State Govt., Professional bodies to check/stop illegal mining activities. CISF personnel are deployed in B&K, Dhori Areas and in addition, CISF contingent (1st phase) has now been inducted in N.K and Piparwar Areas as well. On completion of Civil infrastructure, etc., CISF will be fully inducted in these two Areas. The modernization process of Security set up has started and security techno-gadgets are being installed. Security communication network is being established and new Appointees/Land Oustees dependents are being absorbed in Security Cadre to be used as trained personnel to function as Crack-force.

34. Activities and Achievements of Vigilance Department during the year 2007-08:

The Vigilance Department is an integral organ of the Company, manned by 22 executives and 25 non-executives and 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, investigation, punitive and preventive fronts during the year 2007-08 is given below:

Investigation of cases

Investigation into 26 cases were completed and report submitted during the year based on which decision for initiation of major penalty proceedings as per provisions under the applicable Conduct Rules/Standing Orders was taken in 6 cases, minor penalty proceedings

in 6 cases and administrative action in 11 cases and decision of closure was taken in 3 cases. Besides above, action was also initiated on 516 complaints by the CCL Vigilance during this fiscal year. During the year, 31 Surprise Inspections were conducted by the Vigilance teams, in various units of CCL leading to institution of 9 cases of Regular Investigation.

Punitive Actions

A total of 28 disciplinary proceedings arising out of Vigilance investigations were fully completed during the year resulting in imposition of major penalty in 21 cases involving 44 persons and minor penalty in 7 cases involving 29 persons. In addition to above, 19 disciplinary proceedings arising out of Vigilance investigations were partly completed during the year resulting in imposition of major penalty in 7 cases involving 14 persons and minor penalty in 12 cases involving 27 persons.

Preventive Actions

On the basis of investigations and checks carried out by the CCL Vigilance, a number of system improvement recommendations were made. Some of the major recommendations made by CCL Vigilance are enumerated below:

1. Standard format of NIT for E&M contractual work may be prepared and adopted, as it has been done in the case of civil works.
2. When measurement is required for arriving into the quantity of work executed by the contractor, for E&M contractual work, detailed measurement of the work should be recorded in MB issued by the department Bill should be processed on the basis of work recorded in the MB only.
3. A clause may be incorporated in the contract agreement, which makes it mandatory for the contracts to deposit the valuable scrap generated from the execution of contract to the project through challans.
4. Record of returnable materials should be maintained at Security gate/ post of the Project.
5. P&M items may be procured through stores instead of work contract.
6. Clear and unambiguous guidelines may be issued regarding procurement of capital items not included in the Project Report.
7. Detailed guidelines were recommended for facilitating the enforcement of Performance & Penalty Clause based on 'Powder Factor' in CCL.
8. Proper record of all the existing repetitive type of transport contracts should be maintained and the NITs for the new contracts should be floated well in advance so as to ensure finalization/ commencement of new contract in time after the lapse of old contract.
9. The time period/ mode of displaying the notice for opening of part-II should be so kept as to ensure that all the qualifying bidders get the intimation in time.

10. If there is a provision in the GTC that the shortfall penalty could be deducted from security deposit then the amount kept in security deposit should be sufficient to cover the full penalty amount,.
11. Before releasing the payments to the contractor it should be ensured that the contractor had complied with all the clauses of GTC.
12. It had been observed that P&M/ capital items were being procured without formal approval of the scheme and re- appropriation of funds. Hence, it was recommended that unambiguous guidelines for procurement of P&M items in CCL may be issued.

Observance of Vigilance Awareness week :

Vigilance Awareness Week was observed in CCL from 12.11.2007 to 16.11.2007 in line with the directive of Central Vigilance Commission. During this week following activities were organized /observed:

- Taking of pledge by all the employees of CCL.
- Banners and posters containing thought provoking slogans to create vigilance awareness were displayed in all the units/ offices of CCL
- In the beginning of all the shifts on each day of Vigilance awareness week a vigilance talk was organized in almost all units of CCL to enhance the vigilance awareness among the work force.
- Activities observed during this week in different units of CCL were published in the local newspapers including photographs of the functions for publicity so that local people can also be associated with the Vigilance awareness week.
- A seminar / workshop on Coal Marketing under e-Booking Scheme was organized On 14.11.2007 under the guidance of CVO, CCL, which was attended by more than 60 participants including Coal Consumers. For the first time in CCL history that an open forum was provided to the coal customers/ consumers to highlight their problems in lifting of coal from CCL before the management.
- On 15.11.2007, one seminar /workshop on **Integrity Pact** was under the guidance of CVO, CCL, which was attended by 65 participants including important suppliers and executives of CCL. It was also told to the house that CCL is committed to implement the Integrity Pact Program whole-heartedly both in letter and in spirit.

Other Special Achievements:

- In compliance to directive of CVC publication of tenders for value over Rs. 5 lakhs, on Govt. Tender Portal developed by NIC has been started by the CCL from July'2007.

- Two lectures on Vigilance awareness were organized by the CCL Vigilance at MTI, HRD, Ranchi on 11.10.2007 and 29.10.2007 which were attended by a group of officers of Excavation Discipline and officers of Safety Department.
- System of **e-payment** was introduced at CCL Hq. with effect from March 2008. All efforts are being made to ensure that the system of e-payments is extended to cover most of the transactions and is also extended to all the Areas of CCL.
- As a follow up of earlier seminar organized in November 2007, another consumer meet of non core coal consumers was organized on 06.03.2008. Consumers were informed about the newly introduced system of refunds against unlifted quantity of coal booked by them. Salient features of new coal distribution policy introduced by the Ministry of Coal on 18.10.2007 were also explained. Coal consumers were informed and educated about e-payments and encouraged to submit their authorizations for receiving refunds through e-payment.
- In order to make the system more transparent, CCL Vigilance corner has been uploaded on the website of CCL which contains messages of CVC, procedure for lodging complaints, details of workshops & Seminar's organized by the CCL vigilance during the year 2007-08 and format for lodging complaint through e-mail.

35. CORPORATE GOVERNANCE

Your Company believes that great Companies are built on the foundation of good governance practices. The Corporate Governance is all about effective management of relationships among constituents of various stakeholders – shareholders, management, employees, customers, vendors, regulatory authorities and the community at large. Your Company strongly believes that this relationship can be strengthened through corporate fairness, transparency and accountability. Your Company places prime importance on reliable financial information, integrity, transparency, empowerment and compliance with the laws in letter and spirit.

A report on Corporate Governance is placed at **Annexure-I** and a Certification from Auditors regarding compliance of conditions of Corporate Governance by your Company for the year ended 31st March 2008 is also placed at **Annexure-II** to this report.

36. 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 09-08-2007 i.e. the date of the 51st Annual General Meeting :-

Shri R.P. Ritolia, CMD
 Shri D.N. Prasad, Dir.(Tech.), MoC
 Shri R. Mohan Das, Dir.,(P&IR), CIL
 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)

After the previous AGM was held on 09-08-2007, following three non-official Part-time Directors have been appointed in your Company vide MoC letter No. 21/35/2005-ASO(iv) dt. 24-08-07:

- i. Dr. Kalyan Sen.
- ii. Ms. Rama Rani Hota, and
- iii. Shri M.K. Sinha

Subsequently, Shri A.K. Singh relinquished the charge of Director (Tech./Oprn.), CCL, on 31/12/2007 on being appointment as C.M.D., CMPDIL and Shri T.K. Nag has assumed the charge of Director (Tech.), CCL vide MoC, New Delhi's letter No.21/44/2008-ASO dt. 21.5.2008.

Shri J.S. Tiwary, IAS, Secretary (Mines & Geology), Govt. of Jharkhand, relinquished the charge after being superannuated on 30/06/2008.

Accordingly, your Company has the following nine Directors and three non-official Part-time Directors in the Board as on 05-07-2008 i.e. the date of the 52nd Annual General Meeting

- 1 Shri R.P. Ritolia, CMD:
- 2 Shri R. Mohan Das, Director(P&IR),CIL
- 3 Shri D.N. Prasad, Director(Tech.), MoC
- 4 Shri R.S. Pandey*, IRTS, COM, E/C Rly.
- 5 Dr. A.K. Sarkar, Director(Finance)
- 6 Shri R.K. Saha, Director(Tech./Oprn.)
- 7 Shri T.K. Chand, Director (Personnel)
- 8 Shri T.K. Nag, Director(Tech./P&P)

The three Non-official Part-time Directors are :

- 1 Dr. Kalyan Sen.
- 2 Ms. Rama Rani Hota, and
- 3 Shri M.K. Sinha

* Shri R.S. Pandey has been made Permanent Invitee to the CCL Board vide MoC letter No.21/35/2005/ASO(iv) dt. 6/6/2008.

37. 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 2008, 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 2008 on a 'going concern' basis.

38. 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 2007-08:

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. Compund, Ranchi
L.K. Saraf & Co. 2 nd Floor Chauhan Mansion, Lalji Hirji Road, Ranchi	N.K.D. & Co. 1 st 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 2008-09 under Section 619(2) of the Companies Act, 1956.

39. AUDIT COMMITTEE OF DIRECTORS:

With the induction of 3 non-official part-time Directors on the Board of your Company, the Audit Committee of Directors has been reconstituted in compliance with the directives on Corporate Governance with the following Directors:

- | | |
|--|--------------|
| 1. Ms. Rama Rani Hota, Non-official part-time Director | ... Chairman |
| 2. Dr. Kalyan Sen, Non-official part-time Director | ... Member |
| 3. Shri D.N. Prasad, Director, MOC. | ... Member |

Besides the above, Shri R. Mohan Das, Dir.(P&IR), CIL and Shri R.S. Pandey, COM, East Central Rlys. Have been nominated as 'Invitees'.

During the year ended 31st March, 2008, 3 meetings were held on 28.5.07, 26.7.07 & 31.3.08.

40. 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.

41. 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) Review of the Accounts of the Company for the year ended 31st March 2008 by the Comptroller & Auditor General of India.
- (iv) 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

REPORT ON CORPORATE GOVERNANCE

Philosophy :

Transparency, accountability and integrity are the main ingredients of good Corporate Governance. Your Company as a Corporate Citizen believes in adhering to the highest standards of Corporate Governance. CCL provides appropriate access to information to the citizens of India under the provision of the Right to Information Act, 2005.

2. Board of Directors:

The Board of Directors of your Company as on 31st March, 2008 comprised of 11 Directors viz. four Functional Directors (including CMD), four part-time Directors and three non-official part-time Directors (Independent Directors).

During the financial year ended March 31st, 2008, 8 number of Board meetings were held on 30.04.2007, 01.06.2007, 26.07.2007, 21.09.2007, 12.10.2007, 07.12.2007, 31.12.2007 & 13.02.2008. Thus, the maximum time gap between consecutive Board meetings was not more than two calendar months.

The details of the composition of Board of Directors, Directors attendance at the Board meeting and last AGM meeting, number of Directorship in other companies and membership in other committees etc. during the year are as follows:

Sl. No	Name & Designation	Category	Board meetings		No. of other Directorships	Membership in other committees of Board	
			Held during the tenure	Attended		Audit Committee	Empowered Sub Committee
1.	Shri R.P. Ritolia, Chairman-cum-Managing Director	Functional Directors	8	8	Nil	-	Chairman
2	Dr. A.K. Sarkar Director (Finance)	Functional Directors	8	8	Nil	-	Member
3	Shri A.K.Singh, Director (Tech.) *	Functional Directors	7	7	Nil	-	-
4	Shri R.K. Saha, Director (Tech.)	Functional Directors	8	8	Nil	-	Member
5	Shri Ajay Kumar, Director (Personnel) **	Functional Directors	1	1	Nil	-	-
6	Shri T.K. Chand, Director (Personnel)	Functional Directors	6	6	Nil	-	-
7	Md. Salim Uddin, Director (P&IR), CIL ***	Part-time Directors	1	1	Nil	-	-
8	Shri R. Mohan Das, Director (P&IR), CIL	Part-time Directors	6	6	i) CIL ii) WCL	Member *****	-
9	Shri D.N. Prasad, Dir.(Tech.), MoC	Part-time Directors	8	8	-	Chairman ****	Member
10	Shri R.S. Pandey, COM, EC Rlys.	Part-time Directors	8	4	NCL	Member *****	Member
11	Shri J.S. Tiwary, IAS Secy., Govt. of Jharkhand	Part-time Directors	8	3	i) JSMDCL ii) BCCL	-	-
12	Dr. Kalyan Sen	Non-official Part Time Directors	5	5	Nil	Member	-
13	Ms. Rama Rani Hota	Non-official Part Time Directors	5	4	Nil	Chairman	-
14	Shri M.K. Sinha	Non-official Part Time Directors	5	5	Nil	-	Member

* Ceased to be Director w.e.f. 01.01.2008.

**Ceased to be Director w.e.f. 31.05.2007

*** Ceased to be Director w.e.f. 31.05.2007.

**** Ceased to be Chairman w.e.f. 7.12.2007 & nominated as member..

***** Ceased to be Member w.e.f. 7.12.2007 & nominated as Special Invitee.

Appointment of new Director – Shri T.K.Nag took over as Director Technical (Project & Planning) of Central Coalfields Limited (CCL) on 24th May, 2008.

Born on 5th September, 1957, Shri Nag graduated from esteemed Indian School of Mines, Dhanbad in 1979 and joined as Junior Executive Trainee (JET) in CCL. In CCL, he worked from 1979 to 2002 and thereafter, in SECL in various capacities before joining CCL again as Director (Tech/P&P). His previous assignments include Chief General Manager, Sohagpur Area (SECL), Dy.GM of prestigious Gevra OCP & Dipika OCP(SECL) & Project Officer of Piparwar OCP (CCL).

In 1992, he went to Australia for Advance training in Mining. Again in 2006, he visited Australia on official assignment.

He has rich experience in mechanized underground mines & large capacity Opencast mines. His wide experience of more than 28 years in the Coal Industry will be supportive in taking CCL to a new heights.

Remuneration of the Director:

A. Functional Directors:

Name	Relationship with other Director	Business relationship with the company	Remuneration for the year 07-08 (Rs.)	
			All elements of remuneration package (i.e. salary, P.F, Pension, Gratuity etc.)	Other benefits *
Shri R.P. Ritolia	Nil	Chairman-cum- Managing Director	6,81,773.33	50,000
Dr. A.K. Sarkar	Nil	Director (Finance)	6,93,468.70**	-
Shri A.K.Singh		Director (Tech.) ***	4,75,493.00	-
Shri R.K. Saha	Nil	Director (Tech.)	6,44,222.80	96.70
Shri Ajay Kumar	Nil	Director (Personnel) ****	11,81,415.70	-
Shri T.K. Chand	Nil	Director (Personnel)	4,27,795.00	1,198.69

* includes medical reimbursement, LLTA, Leave Travel Allowance, House accommodation, Entertainment, Educational Allowance, Ex-gratia, Gift Coupon, Incentive for acquiring higher qualification, Liveries, Scholarship etc.

** includes Leave Encashment

*** Ceased to be Director w.e.f. 01.01.2008.

**** Ceased to be Director w.e.f. 31.05.2007

Service contract

All the Directors of the Company are appointed by the President of India.

The terms & conditions of all the whole time functional Directors are decided by the President of India in terms of Article of Association of the Company.

B. Part-time Directors:

No remuneration is paid to the Part-time Directors by the company.

C. Non-official Part Time Directors

No remuneration is being paid except sitting fees for attending the Board/Committee meetings.

Board Committee:

i) Empowered Sub-Committee of Directors,

In compliance with the principles of Corporate Governance, Empowered Sub-Committee of Board, has been constituted for evaluation, appraisal & approval of projects, comprising the following:

1. Chairman-cum-Managing Director, CCL - Chairman
2. Director (Finance), CCL - Member
3. Director (Technical), CCL - Member
4. Director (Technical), MoC - Member
5. Chief Operations Manager, EC Rly. - Member
6. Shri M.K. Sinha - Member
(Non-official part-time Director)

ii) Audit Committee of Directors

The Board of Directors, CCL at its 340th (No.4 of 2007) meeting held on 26.07.07 had constituted an Audit Committee of Directors comprising of the following:

1. Shri D.N. Prasad, Director, MOC. ... Chairman
2. Shri R. Mohan Das, Dir.(P&IR),CIL ... Member
3. Shri R.S. Pandey, COM, East Central Rlys ... Member , and
4. Shri T.K. Chand, D(P), CCL. Member

Subsequent to the induction of 3 non-official part-time Directors on the Board of your Company, the Board at its 343rd meeting held on 07.12.2007 accorded approval for reconstitution of the Audit Committee of Directors in compliance with the directives on Corporate Governance with the following Directors:

1. Ms. Rama Rani Hota, Non-official part-time Director ... Chairman
2. Dr. Kalyan Sen, Non-official part-time Director ... Member
3. Shri D.N. Prasad, Director, MOC. ... Member

Besides the above, the Board nominated Shri R. Mohan Das, Dir.(P&IR), CIL and Shri R.S. Pandey, COM, East Central Rlys. as 'Invitees'.

The terms of reference of Audit Committee inter-alia are to oversee the Company's financial reporting process, review of internal control system, an adequacy of internal audit

functions. The Audit Committee periodically reviews reports of the internal auditors, interacts with the statutory and internal auditor and also reviews the half yearly and annual financial statement before submission to the Board.

During the year ended 31st March,2008, 3 meetings were held on 28.5.07, 26.7.07 & 31.3.08. Notice for another meeting scheduled to be held on 31st December, 2007 was given but it could not take place due to lack of quorum. The Company Secretary is also the Secretary to the Audit Committee.

The details of attendance of Members at the Audit Committee of the Company held during the year 2007-08 are as under:

Name	Audit Committee meeting		Remarks
	Held during the tenure	Attended	
Shri D.N. Prasad, Director, MOC	3	2	Ceased to be Chairman and nominated as Member w.e.f. 7.12.2007.
Md. Salim Uddin, Director (P&IR), CIL	1	1	Ceased to be Member w.e.f. 31.05.2007 i.e.on the date of superannuation..
Shri R. Mohan Das, Dir.(P&IR),CIL	0	0	Ceased to be Member and nominated as Invitee w.e.f. 7.12.2007..
Shri R.S. Pandey, COM, EC Rlys.	2	2	Ceased to be Member and nominated as Invitee w.e.f. 7.12.2007..
Shri Ajay Kumar, Director (Personnel)	1	1	Ceased to be Member w.e.f. 31.05.2007 i.e. on the date of superannuation.
Shri T.K. Chand, D(P), CCL.	0	0	Ceased to be Member w.e.f. 7.12.2007.
Ms. Rama Rani Hota, Non-official part-time Director	1	1	Inducted as Chairman of Committee w.e.f. 7.12.2007.
Dr. Kalyan Sen, Non-official part-time Director	1	1	Inducted as Member of Committee w.e.f. 7.12.2007.

Statutory Auditors

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 2007-08:

Statutory Auditors:

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

Branch Auditors:

Sanjay Bajoria & Associates 5,Kunjilal Street , Upper Bazar, Ranchi.	Anjali Jain & Associates Jain Villa, near Gurunanak School, P.P. Compound, Ranchi
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L.K. Saraf & Co. 2 nd Floor Chauhan Mansion, Lalji Hirji Road, Ranchi	N.K.D. & Co. 1 st Floor, Banka Bhawan, J.J. Road, Upper Bazar, Ranchi.
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In terms of Section 224 sub-section 8 of Clause-AA of Companies Act,1956. The shareholder of CCL at its 51st Annual General Meeting held on 9th August, 2007 has fixed remuneration to Statutory Auditors/Branch Auditors of Central Coalfields Ltd. for the year 2007-08 as 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.

Annual General Meeting

Particulars of the General meetings of the shareholders held during last 3 years:

Year	Date & Time	Location	Attendance	Special Resolution, if any
2004-05	27 th August'05 At 12.30 PM	Darbhangra House, Ranchi.	1.Shri R.P.Ritolia, Member & Chairman. 2. Shri U.S.Neogi, Rep. of CIL	Enhancement of fees for Statutory Auditors/Branch Auditors of Central Coalfields Ltd. from the year 2004-05.
2005-06	24 th August'06 At 10.30 AM	Darbhangra House, Ranchi.	1.Shri R.P.Ritolia, Member & Chairman, 2. Shri R.Chakraborty, Rep. of CIL.	Amendment in Sub-clauses 1(e), 1(f) & 1(g) in the Main Object Clause III of Memorandum & Articles of Association of CCL so as to enable CCL to explore, produce, sell and distribute Coal Bed Methane Gas and byproducts as well as electricity and gas
2006-07	9 th August'07 At 11.00AM	Darbhangra House, Ranchi.	1.Shri R.P.Ritolia, Member & Chairman, 2. Shri U.S.Neogi, Rep. of CIL	NIL
Extraordinary General Meeting.				
2006-07	13 th June'06 At 11.30 A.M.	Darbhangra House, Ranchi.	1.Shri R.P.Ritolia, Member & Chairman, 2. Shri CVN Gangaram, Rep. of CIL	Amendment of Articles of Association of Company to give effect to the Revised Delegation of Powers towards sanctioning of Capital expenditure without the approval of Government, CIL.

No special resolution was passed through postal ballot at any of the General meetings of the Members held during the above three years.

4. Disclosures:

Related Party Transactions

As per the disclosures given by the Directors of the Company, there were no material related party transactions that have potential conflicts with the interests of the Company at large.

Code of Conduct for Directors and Senior Executives

A Code of Conduct for Directors and Senior Executives has been placed before the Board of Directors of CCL at their 348th meeting held on 2.07.08 and has been uploaded on the website of CCL <http://ccl.cmpdi.co.in>

Accounting Treatment

The Financial Statements are prepared in accordance with applicable mandatory Accounting Standards and relevant presentational requirements of the Companies Act,1956.

Risk Management

As a part of strategic business policy, due importance is given to the process of risk identification, assessment and mitigation control in different functional areas of the organization. Inherent risk due to external and internal factors is assessed and necessary mitigation control measures are taken through policies and systems to manage the risk effectively.

5. Means of communication:

Operational & Financial Performance of the Company are published in Leading English Newspapers and also in local dailies. In addition to above, the financial results are also displayed in the Company's Website.

6. Audit qualifications:

It is always the Company's endeavour to present unqualified financial statements. **Management Reply to the Statutory Auditors' observation** on the Accounts of the Company for the year ended 31st March,2008 are furnished as an Annexure to Directors' Report. 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 31st March,2008 is also enclosed.

7. Training of Board Members:

The Functional Directors are the head of their respective functional areas by virtue of their possessing the requisite expertise and experience and are aware of the business model of the Company as well as the risk profile of the Company's business. The Part-time Directors are fully aware of the Company's business model. **The risk profile of the Company's business has been well defined by the Board and the Board Members are appraised periodically on the same.**

Mechanism for evaluation of Part-time Directors

The Part-time Directors representing the Ministry of Coal, Coal India Limited(Holding Company) Railways, State Government, the performance is evaluated as per the rules of their respective departments. The Non-Official Part-time Directors are selected by Government of India for appoint as Board Member, through Ministry of Coal and Department of Public Enterprises. Generally the appointment is made for a tenure of three years.

8. Whistle Blower Policy:

Being a PSU, the records of the Company are open for audit by C&AG and open for inspection by Vigilance/CBI etc.

Your Company has an independent Vigilance Branch, headed by a Chief Vigilance Officer. The Vigilance Branch, functioning under the overall guidance of the Central Vigilance Commission, mainly lays stress on preventive vigilance.

3. OFFTAKE :

The total off take during 2007-08 was 42.043 million tonnes. The mode – wise details of off take compared to that of previous year are given below:

(Fig in million tonnes)

MODE	2007-08	2006-07
RAIL	23.883	20.527
ROAD	5.569	5.127
INTERNAL TRANSFER TO WASHERIES	12.572	12.987
COLLIERY CONSUMPTION	0.019	0.034
TOTAL OFFTAKE	42.043	38.675

The sector wise dispatches of coal and its different by-products during the year 2007-08 are given below:

(Fig in million tonnes)

SECTOR	RAW COAL	CLEAN COAL	NON-COKING WASHED COAL	WASHED COAL POWER	SLURRY	REJECTS
STEEL		1.957		1.236		
POWER	20.333		6.794	0.406		0.114
CEMENT	0.069					
FERTILIZER	0.592					
SPONGE IRON	0.926					
OTHERS	7.532				0.380	1.564
TOTAL	29.452	1.957	6.794	1.642	0.380	1.678

9. SIZING & CRUSHING OF COAL :

There are 8 full-fledged CHP's having facilities of 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 21 nos. of Feeder Breakers as on 31 March 2008 at different Projects for crushing of coal from (-)1200 mm to (-)200 mm size. One Feeder Breaker has been installed / commissioned at Tarmi Siding on 30/4/2007. One new Feeder Breaker at PF No. II of Jarangdih Siding, Kathara Area is proposed to be installed / commissioned during August'09, as replacement to ensure 100% crushing of coal before dispatch.

Further, it is proposed to install and commission Feeder Breakers in the following areas/locations during 2008-09 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

Out of the 8 nos. of Feeder Breakers, 5 nos. have already been supplied and are under installation and the balance 3 are under inspection.

During 2007-08, about 22.48 million tonne of coal was crushed through CHP's, and FBs which is 3.5% more than the previous year actual of 21.72 million tonne. Almost 100% coal despatch to the power sector was sized.

10. PERFORMANCE OF WEIGHBRIDGES :

It has been the endeavour of your Company to ensure 100% weighment of coal before despatch. With that end in view, 33 rail weighbridges, including 7 rail weighbridges working as standby, were fully functional as on 31 March 2008 to weigh the coal despatch by rail at Ray, Mcluskiganj, Jarangdih, RCM, Tarmi, Chainpur and N.R. siding. The overall availability of rail weighbridges during 2007-08 was 99% as against 97% during 2006-07. The total percentage of coal weighed by rail weighbridges during this period was 99%. One more new Rail weighbridge, at Gidi "W" is under installation.

Further, supply order has been placed for procurement and installation of 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% weighment of coal for despatch by Rail from your Company.

For weighment 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 2008-09. In addition, 2 new electronic road weighbridges are under installation at Bachra Project in Piparwar Area for weighment of coal despatch by road. In addition, 25 nos. of new Electronic Road Weighbridges are under procurement in order to ensure 100% weighment of coal before despatch.