

COAL INDIA LIMITED
ANNUAL PERFORMANCE 2008-09

Production:

Coal India Limited (CIL), the state owned *Navratna* coal mining Public Sector Unit, for the first time crossed the 400 Million Tonne (MT) mark in coal production as the coal mining giant produced 403.73 MTs of raw coal during the fiscal 2008-09, which is 24.27 MTs more than the production achieved previous year, registering a growth of 6.4%. This is 99.7% of the AAP target of 405 MTs and 101% of MoU target of 400 MTs for a 'Very Good' rating. Adjusting for the fact that fiscal 2007-08 had 366 days, the growth rate works out to 6.8%. In comparison the growth achieved by CIL till fiscal 2007-08 has been hovering around 5.2% to 5.4% per annum. 2008-09 therefore, marks the beginning of CIL's move to a higher growth trajectory.



Shri Partha S Bhattacharyya, Chairman, CIL emphasizing a point in CIL's Annual Press Meet flanked by Shri N C Jha, Director (Technical), CIL and Shri N R Banerji, CVO, CIL

In a clear indication of CIL's dynamic production momentum in recent years, CIL leaped from 300 MTs mark achieved in 2003-04 to 400 MTs (2008-09) in a time span of 5 years. Whereas, it took CIL 12 years to cross the 300 MTs production mark from that of 200 MTs achieved in

1991-92. CIL's production target, 3 years hence i.e the terminal year of XI Five Year Plan 2011-12, is 520.5 MTs.

Incidentally, the Bilaspur based Mini Ratna subsidiary of CIL, South Eastern Coalfields Limited, (SECL) crossed the three-figure mark as it produced 101.15 MTs during the fiscal. This is the first instance that any subsidiary of CIL crossed the 100 MT mark. SECL now joins the select band of 100 MTs coal production club, which has a few members globally.



Shri Partha S Bhattacharyya, Chairman, CIL speaking on the occasion

While the production through Opencast mines was 359.78 MTs during the fiscal the same in case of Underground mines was 43.96 MTs. CIL has renewed its focus on increasing the production through UG mines and declining trend in UG coal production has been arrested since 2007-08. The increase in UG coal production during the year was around 420 thousand tonnes over the previous fiscal - a growth of 1%.

South Eastern Coalfields (SECL), Northern Coalfields (NCL) and Western Coalfields Limited (WCL) have surpassed their targets by 5.15 MTs, 2.40 MTs and 1.65 MTs respectively and this surplus has made up the shortfall to the extent of 9.20 MTs made by Eastern Coalfields Limited ECL (2.86 MTs), Bharat Coking Coal Limited BCCL (0.99 MTs), Central Coalfields

Limited (CCL) 3.76 MTs, Mahanadi Coalfields Limited (MCL) (2.67 MTs) and North Eastern Coalfields (NEC) (0.19 MTs) leaving an overall shortfall of only 1.27 MTs.

Off-take

Raw Coal off-take during the fiscal was 401.42 MTs, an increase of 26 MTs compared to previous fiscal registering healthy growth of 7%.

Coal despatch to Power Utilities - the largest coal consuming sector in India - has been around 296 MTs as against Annual Action Plan target of 292.93 MTs. Incremental dispatch has been 16 MTs in comparison to 2007-08, showing a growth of 5.7%.

Coal Stocks

Despite best efforts to augment coal off-take, the coal stocks have increased by 2.40 MTs during the year reaching a level of 48.00 MTs as on 31-03-2009. Coal stock with the Power sector was 11.30 MTs as on 1-04-2009 - marginal improvement over 01-04-2008, which was 10.91 MTs. The accretion in coal stock during the year was however less than earlier years, corresponding figures being 2.55 MTs for 2007-08 and 10.23 MTs for 2006-07.



A view of the section of the press / media persons

Over Burden Removal

Over Burden Removal (OBR) in opencast mines during 2008-09 was 645 Million Cubic Metres against 607.56 Million Cubic Metres achieved last year registering a growth of 6.2%.

Sales

Gross Sales of CIL during the fiscal was Rs 45,682 Crores registering a growth of 17.54% compared to last fiscal.

Wagon Loading

Highest ever coal loading by rail system at a level of 22900 Four Wheeled Wagons (FWWs) per day during 2008-09 surpassing the previous highest of 22417 FWW per day achieved during the previous fiscal.



Senior officials of CIL

Coal Sales Realization

Coal Sales Realization upto 31 March, 2009 was Rs 47,031 Crores (provisional) during 2008-09. The realization as % of net billing (after adjustment of cess etc.) has been 100% during the year. In terms of month's billing the net coal sale dues had also come down from 0.60 month's to 0.51 month's billing. Coal sale dues which was Rs. 2053 Crores as on 31-3-08 came down marginally to Rs. 2046 Crores as on 31-3-09.

E-auction of Coal

The e-auction sale of coal increased sharply during 2008-09. The total quantity allocated during 2008-09 through online bidding increased by 69.7% to a level of 48.8 MTs from the previous fiscal's 28.79 MTs. The lifting of coal and coal products under the scheme was 38.6 MT as against 26.4 MTs in the previous year.

Profit

Coal India Limited as a whole, on a like to like basis, made a profit (before tax and dividend) of Rs 12,103.31 Crores (provisional) during 2008-09 as against Rs 8,738.46 Crores in 2007-08. However, after taking into account the impact of upward revision of wage for wage board employees with effect from 01-07-2006 and that of executives from 1-01-2007 the PBT is **Rs.4238.58 Crores (Provisional)** for 2008-09. The impact on account of pay revision is estimated at Rs.5410.48 crores plus incremental actuarial liability of Rs. 2454.25 crores. Except ECL and BCCL all coal companies of CIL registered profit during the fiscal.

Dividend paid

Coal India Limited paid a dividend of Rs 1705.42 crores to Government of India during the fiscal 2008-09, i.e. to 27% of the paid up equity of CIL of Rs 6316.36 Crores. The dividend paid was similar to the amount paid last fiscal, despite decline in PBT on account of pay revision.

Target for 2009-10

As per the Annual Action Plan, the production target for the year 2009- 2010 is 435 MTs .



Other Highlights

- CIL was conferred with the coveted *Navratna* status by Govt. of India on 24 October 2008. The improved physical performance and strong financial showing in recent years, coupled with the need for accelerated coal production to meet huge capacity addition that is taking place in the country, led to CIL being conferred the coveted *Navratna* status. CIL now joins the select band of significant players in the economic development of the country. *Navratna* means a lot more in terms of empowerment and the increased powers will help CIL in taking speedier decisions for its project approvals. The newly accorded status provides more financial and operational autonomy to CIL and it can now take decisions on its own for investing in projects.
- CIL finalized the National Coal Wage Agreement (NCWA) VIII on 23 January 2009 revising the salaries of around 4.33 Lakh workmen of CIL and its eight subsidiary companies. Including the workmen of Singareni Collieries Company Limited the wage increase effectively covers over 5 Lakh coal workers. Incidentally, CIL is the first Central Public Sector to finalize the wage revision due since 2006-07.

- CIL has also finalized the revised pay to 16,000 of its executives due since 1-01-2007. CIL has accepted all the recommendations of the government with regard to revised pay for its executives.
- CIL was rated 'Excellent' for its performance in achieving Memorandum of Understanding (MoU) Targets for the year 2007-08. The component of performance obligation mainly consists of Financial & Physical Performance indicators. The key parameters are gross margin, gross sales, financial ratios, customer satisfaction, quality of coal, coal production & productivity, HRD (training policy etc), safety (fatality/Mt) and environmental measurements etc. The MoU composite score for 2007-08, on the basis of audited data in respect of CIL, has been evaluated and finalized by the concerned syndicated group of the task force. The composite score and the rating of CIL are 1.47 and 'Excellent' respectively.
- CIL was successful in bagging two virgin coal blocks in Mozambique through competitive bidding. The two coal blocks A1 and A2 span an area of about 205 Sq. Kms. Preliminary estimates suggest reserves upto 1 Billion Tonnes of coal. Explorations on the blocks are likely to commence in about six months. CIL is in the process of forming a Joint Venture with a company to be nominated by Mozambique authorities. Coal mined from these blocks will be imported primarily to meet customer demand in the country, especially western India.
- CIL in a bid to bring in greater transparency and quicker decision making in its procurement activities had sealed a pact with MSTC Limited, which will act as service provider for CIL's e-tendering and reverse auction services, against tenders issued by CIL and its subsidiaries. The estimated value of purchases to be handled through e-procurement will be around Rs 3400 crores in the first year. The materials include equipments, consumables, spare parts etc. CIL had appointed about 15 Independent External Monitors to oversee the entire tender evaluation process.
- CIL being a responsible corporate entity lays special emphasis on CSR and has taken some initiatives in improving the quality of life of the community in and around its coal mining area and society at large. The CSR activities includes i) adoption of villages/ providing basic amenities such as clean water/ sanitation/ roads etc.; ii) setting up of CSR Dispensaries in all the subsidiary companies; iii) providing medical facilities to the villagers at their doorsteps in remote places using Mobile Medical vans; iv) organizing health awareness programmes amongst others.

- For sustainable development of the coal mining in India, CIL through its subsidiary Central Mine Planning & Design Institute (CMPDI) has started satellite surveillance for land reclamation and restoration of all the opencast coal mines. The monitoring has already been commenced and baseline information based on the satellite images are generated by CMPDI for 37 opencast projects during 2008-09. It has been decided by CIL that all the mines which are producing more than 5 million cu. m. per annum (coal and OB together) will be monitored annually, whereas mines which are producing less than 5 million cu. m. will be monitored at a regular interval of 3 years to assess the impact of coal mining on land environment.

- '*India CMM/CBM Clearing House*' - a joint effort of Govt. of India & US Govt. - established at Central Mine Planning and Design Institute Limited (CMPDIL) Ranchi - a mine design and consultation arm of Coal India Limited CIL was formally inaugurated. The clearing house would provide thrust to development of Coal Bed Methane/Coal Mine Methane in India as part of CIL's commitment to make use of coal in an environment friendly manner as well as pursuing clean coal technologies in right stride.