PROSPECTUS
Delivered for registration to the Registrar of Companies, West Bengal
Please read Section 60 of the Companies Act, 1956
Dated October 26, 2010
Book Building Offer

Coal India Limited

Our Company was originally incorporated as a private limited company with the name of 'Coal Mines Authority Limited', under the Companies Act, 1956, as amended ("**Companies Act**") on June 14, 1973. Subsequently, pursuant to a shareholder's resolution dated October 15, 1975 and approval of the Ministry of Law, Justice and Company Affairs (letter number RD/T/5226) dated October 21, 1975, the name of our Company was changed to 'Coal India Limited' and we received a fresh certificate of incorporation consequent upon change of name dated October 21, 1975 from the Registrar of Companies, West Bengal ("**RoC**"). Thereafter, pursuant to a resolution passed by the shareholders dated February 16, 2010 and approval of the Ministry of Coal (letter number 38038/1/96-CA-II (Vol.II)) dated July 31, 2009, our Company was converted into a public limited company with effect from February 24, 2010. For further details in relation to corporate history of our Company and for details of changes in the registered office of our Company, please see the section titled "History and Certain Corporate Matters" on pages 125 and 130 respectively.

Registered and Corporate Office: Coal Bhawan, 10, Netaji Subhas Road, Kolkata 700 001, West Bengal; **Telephone**: + 91 33 2248 8099; **Facsimile**: +91 33 2243 5316
Compliance Officer: Dr. H. Sarkar; **Telephone**: + 91 33 2248 5123; **Facsimile**: +91 33 2231 5060; **Email**: complianceofficer@coalindia.in; **Website**: www.coalindia.in

PROMOTER OF THE COMPANY: THE PRESIDENT OF INDIA, ACTING THROUGH THE MINISTRY OF COAL, GOVERNMENT OF INDIA

PUBLIC OFFER OF 631,636,440 EQUITY SHARES OF FACE VALUE OF RS. 10 EACH ("EQUITY SHARES") OF COAL INDIA LIMITED ("COAL INDIA" OR "OUR COMPANY") THROUGH AN OFFER FOR SALE BY THE PRESIDENT OF INDIA, ACTING THROUGH THE MINISTRY OF COAL, GOVERNMENT OF INDIA ("THE SELLING SHAREHOLDER") FOR CASH AT A PRICE OF RS. 245* PER EQUITY SHARE AGGREGATING UP TO RS. 154,750.93 MILLION (THE "OFFER"). THE OFFER COMPRISES A NET OFFER TO PUBLIC OF 568,472,796 EQUITY SHARES ("THE NET OFFER") AND A RESERVATION OF 63,163,644 EQUITY SHARES FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES ("THE EMPLOYEE RESERVATION PORTION"). THE OFFER SHALL CONSTITUTE 10.00% OF THE POST OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY AND THE NET OFFER SHALL CONSTITUTE 9.00% OF THE POST OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.**

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 EACH. THE OFFER PRICE IS RS. 245 AND IS 24.5 TIMES THE FACE VALUE OF THE EQUITY SHARES.

THE SELLING SHAREHOLDER AND OUR COMPANY IN CONSULTATION WITH THE BRLMS HAVE OFFERED A DISCOUNT OF FIVE PER CENT TO THE OFFER PRICE TO THE RETAIL INDIVIDUAL BIDDERS AND ELIGIBLE EMPLOYEES BIDDING UNDER THE EMPLOYEE RESERVATION PORTION RESPECTIVELY ON ALLOTMENT ("RETAIL AND EMPLOYEE DISCOUNT"). THE EXCESS AMOUNT PAID AT THE TIME OF BIDDING SHALL BE REFUNDED TO THE RETAIL INDIVIDUAL BIDDERS AND ELIGIBLE EMPLOYEES. THE EXCESS AMOUNT PAID AT THE TIME OF BIDDING SHALL BE REFUNDED WITHIN 12 WORKING DAYS FROM THE OFFER CLOSING DATE TO THE RETAIL INDIVIDUAL BIDDERS AND ELIGIBLE EMPLOYEES.

*****SUBJECT TO FINALIZATION OF THE BASIS OF ALLOTMENT. THIS AMOUNT WILL BE REDUCED TO THE EXTENT OF FIVE PER CENT DISCOUNT TO THE OFFER PRICE OFFERED TO THE RETAIL INDIVIDUAL BIDDERS AND THE ELIGIBLE EMPLOYEES BIDDING UNDER THE EMPLOYEE RESERVATION PORTION, BASED ON ACTUAL ALLOTMENT.***

This Offer is being made through the Book Building Process wherein at least 50% of the Net Offer shall be Allotted on a proportionate basis to Qualified Institutional Buyers ("**QIBs**" and such portion the "**QIB Portion**"). Such number of Equity Shares representing 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Offer Price. In the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion and allocated proportionately to the QIBs (including Mutual Funds) subject to valid Bids being received from them at or above the Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Offer Price. Further, 63,163,644 Equity Shares shall be available for allocation on a proportionate basis to the Eligible Employees, subject to valid Bids being received from them at or above the Offer Price. Any Bidder may participate in this Offer through the ASBA process by providing the details of the respective bank accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. Specific attention of investors is invited to the section titled "Offer Procedure" on page 330.

RISKS IN RELATION TO FIRST OFFER

This being the first public offer of the Equity Shares of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is Rs. 10 and the Offer Price is 24.5 times of the face value. The Offer Price (as determined by the Selling Shareholder and our Company, in consultation with Book Running Lead Managers, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process and as stated in the section titled "Basis for Offer Price" on page 42) should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the section titled 'Risk Factors' carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" on page xv.

IPO GRADING

This Offer has been graded by CRISIL Limited, ICRA Limited and Credit Analysis & Research Limited, and has been assigned the "CRISIL IPO Grade 5/5", "IPO Grade 5/5" and "CARE IPO Grade 5/5", respectively, indicating that the fundamentals of the Offer are strong relative to the other listed equity securities in India. For more information on IPO grading, see the section titled "General Information" on page 19.

THE COMPANY AND THE SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

Each of the Company and the Selling Shareholder, having made all reasonable inquiries, accept responsibility for and confirm that this Prospectus contains all information with regard to the Company, the Selling Shareholder and this Offer, which is material in the context of this Offer, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading, in any material respect.

LISTING

The Equity Shares offered through this Prospectus are proposed to be listed on the NSE and the BSE. Our Company has received in-principle approvals from the NSE and the BSE for listing of the Equity Shares pursuant to their letters dated August 25, 2010 and August 13, 2010, respectively. For the purposes of this Offer, the BSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS			REGISTRAR TO THE OFFER
Citigroup Global Markets India Private Limited 12th, Floor, Bakhtawar Nariman Point Mumbai 400 021, Maharashtra. Telephone: +91 22 6631 9821 Facsimile : +91 22 6646 6050 Email id: coalindia.ipo@citi.com Website: http://www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm Investor Grievance id: investors.cgmib@citi.com Contact Person: Mr. Akhilesh Poddar SEBI Registration Number: INM000010718	**Deutsche Equities (India) Private Limited** D B House Hazarimal Somani Marg, Fort Mumbai 400 001, Maharashtra. Telephone: +91 22 6658 4600 Facsimile : +91 22 2200 6765 Email id: coalindia.ipo@db.com Website: www.db.com/India Investor Grievance ID: db.redressal@db.com Contact Person: Mr. Ameya Deshpande SEBI Registration Number: INM000010833	**DSP Merrill Lynch Limited** 8th Floor, Mafatlal Centre Nariman Point Mumbai 400 021, Maharashtra. Telephone: +91 22 6632 8761 Facsimile : +91 22 22048518 Email id: cil.ipo@baml.com Website: www.dspml.com Investor Grievance ID: India_merchantbanking@ml.com Contact Person: Mr. N.S. Shekhar SEBI Registration Number: INB000011625	**Link Intime India Private Limited** C-13, Pannalal Silk Millls Compound, L.B.S. Marg, Bhandup (West) Mumbai 400 078, Maharashtra Telephone: +91 22 25960320 Facsimile: +91 22 25960329 E-mail id: cil.ipo@linkintime.co.in Website: www.linkintime.co.in Contact Person: Mr. Vishwas Attavar SEBI Registration Number: INR000004058
ENAM Securities Private Limited 801/802, Dalamal Towers Nariman Point Mumbai 400 021, Maharashtra. Telephone: + 91 22 6638 1800 Facsimile : +91 22 2284 6824 Email id: coalindia.ipo@enam.com Website: www.enam.com Investor Grievance id: complaints@enam.com Contact Person: Mr. Anurag Byas SEBI Registration Number: INM000006856	**Kotak Mahindra Capital Company Limited** 1st Floor, Bakhtawar 229, Nariman Point Mumbai 400 021, Maharashtra. Telephone: +91 22 6634 1100 Facsimile +91 22 2283 7517 Email id: coalindia.ipo@kotak.com Website: www.kmcc.co.in Investor Grievance id: kmccredressal@kotak.com Contact Person: Mr. Chandrakant Bhole SEBI Registration Number: INM000008704	**Morgan Stanley India Company Private Limited** 5 F, 55 - 56, Free Press House Free Press Journal Marg Nariman Point Mumbai 400 021, Maharashtra. Telephone: :+91 22 6621 0555 Facsimile +91 22 6621 0556 Email id: coalindia@morganstanley.com Website: www.morganstanley.com/indiaofferdocuments Investor Grievance id: investors_india@morganstanley.com Contact Person: Mr. Vivek Mohan SEBI Registration Number: INM00011203	

OFFER PROGRAMME

FOR ALL BIDDERS	**OFFER OPENED ON OCTOBER 18, 2010**
FOR QIBs	**OFFER CLOSED ON OCTOBER 20, 2010**
FOR RETAIL AND NON-INSTITUTIONAL BIDDERS (INCLUDING ELIGIBLE EMPLOYEES BIDDING UNDER THE EMPLOYEE RESERVATION PORTION)	**OFFER CLOSED ON OCTOBER 21, 2010**

TABLE OF CONTENTS

SECTION I – GENERAL ..... **I**

DEFINITIONS AND ABBREVIATIONS I
CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL AND OTHER INFORMATION AND CURRENCY OF PRESENTATION X
NOTICE TO INVESTORS XII
FORWARD-LOOKING STATEMENTS XIII

SECTION II – RISK FACTORS ..... **XV**

SECTION III – INTRODUCTION **1**

SUMMARY OF BUSINESS 1
SUMMARY OF INDUSTRY 3
SUMMARY FINANCIAL INFORMATION 5
THE OFFER 9
GENERAL INFORMATION 10
CAPITAL STRUCTURE 26
OBJECTS OF THE OFFER 41
BASIS FOR THE OFFER PRICE 42
STATEMENT OF TAX BENEFITS 45

SECTION IV – ABOUT THE COMPANY **53**

INDUSTRY OVERVIEW 53
OUR BUSINESS 68
REGULATIONS AND POLICIES 114
HISTORY AND CERTAIN CORPORATE MATTERS 125
OUR MANAGEMENT 155
OUR PROMOTERS AND GROUP COMPANIES 180
RELATED PARTY TRANSACTIONS 181
DIVIDEND POLICY 182

SECTION V – FINANCIAL INFORMATION **183**

FINANCIAL STATEMENTS 183
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS 184
FINANCIAL INDEBTEDNESS 234

SECTION VI – LEGAL AND OTHER INFORMATION **239**

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS 239
GOVERNMENT AND OTHER APPROVALS 303
OTHER REGULATORY AND STATUTORY DISCLOSURES 308

SECTION VII – OFFER INFORMATION **321**

TERMS OF THE OFFER 321
OFFER STRUCTURE 324
OFFER PROCEDURE 330

SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION **362**

SECTION IX – OTHER INFORMATION **374**

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION 374
DECLARATION 377

ANNEXURE I – IPO GRADING REPORT OF CRISIL LIMITED……..

ANNEXURE II – IPO GRADING REPORT OF ICRA LIMITED……

ANNEXURE III - IPO GRADING REPORT OF CREDIT ANALYSIS & RESEARCH LIMITED……..

ANNEXURE IV - AN INDEPENDENT TECHNICAL REPORT ON THE COAL RESOURCES AND RESERVES OF COAL INDIA LIMITED……

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, all references in this Prospectus to "our Company" or to "Coal India" or to "CIL" are to Coal India Limited, a public limited company incorporated under the Companies Act and all references in this Prospectus to "we" or "us" or "our" are to the Company, the Subsidiaries and the joint venture companies, on a consolidated basis.

Unless the context otherwise indicates or requires, the following terms shall have the following meanings in this Prospectus. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

Company Related Terms

Term	Description
Articles or Articles of Association	The articles of association of our Company, as amended.
Auditors	The auditors of our Company, being Deoki Bijay & Co., Chartered Accountants.
Board of Directors or Board or our Board	The board of directors of our Company, or a committee thereof.
Director(s)	The director(s) on our Board.
Equity Shares	The equity shares of our Company of face value Rs. 10 each.
Extractable Coal Reserves	According to the ISP Guideline, Extractable Coal Reserves is the term we use to indicate the portion of a resource for which extraction is established to be technically and economically feasible through mining studies (mine planning and feasibility studies).
Indicated Geological Reserves	According to the ISP Guideline, indicated geological reserves comprise that material occurring within a radius of 1,000 meters around boreholes taken up for regional and detailed exploration. While estimating Indicated Geological Reserves, qualitative information obtained from the regional exploratory boreholes are projected in the Indicated Geological Reserve category.
Indicated Mineral Resource	As classified under the JORC Code, that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.
Inferred Geological Reserves	According to the ISP Guideline, inferred geological reserves comprise that material occurring within the influence area of beyond 1,000 meters and up to two kilometers from the point of observation.
Inferred Mineral Resource	As classified under the JORC Code, that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.
Measured Mineral Resource	As classified under the JORC Code, that part of a mineral resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.
Memorandum or Memorandum of Association	The memorandum of association of our Company, as amended.
Probable Reserves	The economically mineable part of an Indicated Mineral Resource as classified under the JORC Code, and in some cases Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when material is

Term	Description
	mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed, mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could be reasonably justified.
Proved Geological Reserves	According to the ISP Guideline, proved geological reserves represent resource base with the highest confidence. The delineated tonnage within an area falling within a radius of 200 meters around boreholes is categorized as Proved Geological Reserves. Proved Geological Reserves can be produced only on the completion of detailed exploration.
Proved Reserves	The economically mineable part of a Measured Mineral Resource as classified under the JORC Code. It includes diluting materials and allowances for losses which may occur when material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed, mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could be reasonably justified.
Promoter	The President of India, acting through the Ministry of Coal, Government of India.
Key Management Personnel	The personnel listed as key management personnel in the section titled "Our Management" on page 175.
Registered and Corporate Office	The registered and corporate office of our Company at Coal Bhawan, 10, Netaji Subhas Road, Kolkata 700 001, West Bengal.
Selling Shareholder	The President of India, acting though the Ministry of Coal, Government of India.
Subsidiaries	The direct and indirect subsidiaries of our Company i.e. Bharat Coking Coal Limited, Central Coalfields Limited, Central Mine Planning and Development Institute Limited, Coal India Africana Limitada, Eastern Coalfields Limited, Mahanadi Coalfields Limited, Northern Coalfields Limited, South Eastern Coalfields Limited, Western Coalfields Limited and MJSJ Coal Limited and MNH Shakti Limited.

Offer Related Terms

Term	Description
Allot or Allotment or Allotted	The transfer of Equity Shares pursuant to this Offer.
Allottee	A successful Bidder to whom an Allotment is made.
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after discovery of the Offer Price in accordance with the Book Building Process, including any revisions thereof.
ASBA or Application Supported by Blocked Amount	The application (whether physical or electronic) used to make a Bid authorizing the SCSB to block the Bid Amount in the specified bank account maintained with such SCSB.
ASBA Account	Account maintained with an SCSB which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by an ASBA Bidder.
ASBA Bidders	Prospective investors in this Offer who Bid/ apply through the ASBA process.
ASBA Form	The form, whether physical or electronic, in terms of which an ASBA Bidder shall make a Bid pursuant to the terms of the Red Herring Prospectus.
ASBA Revision Form	The forms used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Forms (if submitted in physical form).
Bankers to the Offer/ Escrow Collection Banks	The banks which are clearing members and registered with SEBI, in this case being ICICI Bank Limited, HDFC Bank Limited, Kotak Mahindra Bank Limited, Standard Chartered Bank, Axis Bank, The Royal Bank of Scotland N.V., Union Bank of India, Central Bank of India, Hongkong and Shanghai Banking Corporation Limited, IDBI Bank Limited, State Bank of India, United Bank of India, Bank of India and Punjab National Bank.
Basis of Allotment	The basis on which the Equity Shares will be allocated as described in the section titled "Offer Procedure–Basis of Allotment" on page 355.
Bid	An indication by a Bidder to make an offer to subscribe for Equity Shares in terms of the Red Herring Prospectus.
Bidder	A prospective investor who makes a Bid in this Offer, and unless otherwise stated or implied, includes an ASBA Bidder.
Bidding	The process of making a Bid.
Bid Amount	The highest value of the optional Bids as indicated in the Bid cum Application Form or ASBA Form, as the case may be.

Term	Description
Bid cum Application Form	The form in terms of which a Bidder (other than an ASBA Bidder) makes a Bid in terms of the Red Herring Prospectus and which will be considered as an application for Allotment.
Bid Price	The prices indicated against each optional Bid in the Bid cum Application Form or the ASBA Form, as the case may be.
Bidding Centres	A centre for acceptance of the Bid cum Application Form.
Book Building Process	The book building process as described in Part A Schedule XI of the SEBI Regulations.
Book Running Lead Managers or BRLMs	Book Running Lead Managers to this Offer, in this case being, Citigroup Global Markets India Private Limited, Deutsche Equities (India) Private Limited, DSP Merrill Lynch Limited, Enam Securities Private Limited, Kotak Mahindra Capital Company Limited and Morgan Stanley India Company Private Limited.
Cap Price	The higher end of the Price Band, in this case being Rs. 245, above which the Offer Price will not be finalized and above which no Bids will be accepted.
Controlling Branches	Such branches of the SCSBs which co-ordinate Bids under this Offer by the ASBA Bidders with the Registrar to the Offer and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in/pmd/scsb.html or at such other website as may be prescribed by SEBI from time to time.
Cut-off Price	Any price within the Price Band determined by the Selling Shareholder and our Company in consultation with the Book Running Lead Managers, at which only the Retail Individual Bidders and Eligible Employees are entitled to Bid.
Demographic Details	The demographic details of the Bidders such as their address, PAN, occupation and bank account details.
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.
Depository Participant or DP	A depository participant as defined under the Depositories Act.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms and a list of which is available on http://www.sebi.gov.in/pmd/scsb.html or at such other website as may be prescribed by SEBI from time to time.
Designated Date	The date on which the Escrow Collection Banks transfer and the SCSBs issue instructions for transfer of funds from the Escrow Accounts and the ASBA Accounts, respectively, to the Public Offer Account in terms of this Prospectus.
Designated Stock Exchange or DSE	BSE.
Draft Red Herring Prospectus or DRHP	The draft red herring prospectus dated August 9, 2010 filed with SEBI and issued in accordance with the SEBI Regulations.
Eligible Employees	A permanent and full-time employee of our Company and that of our Subsidiaries or a Director of our Company (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines), as on the date of filing of the Red Herring Prospectus with the RoC, who are Indian nationals and are based, working and present in India as on the date of submission of the Bid cum Application Form/ ASBA Form and who continue to be in the employment of our Company or the Subsidiaries, as the case may be, until submission of the Bid cum Application Form/ ASBA Form. An employee of our Company or or a Subsidiary who is recruited against a regular vacancy but is on probation as on the date of submission of the Bid cum Application Form/ ASBA Form will also be deemed a 'permanent employee' of our Company or the Subsidiary as the case may be.
Eligible NRI	An NRI from such a jurisdiction outside India where it is not unlawful to make an offer or invitation under this Offer and in relation to whom the Red Herring Prospectus constitutes an invitation to Bid on the basis of the terms thereof.
Employee Reservation Portion	The portion of the Offer being 63,163,644 Equity Shares available for allocation to Eligible Employees.
Escrow Accounts	Accounts opened for this Offer to which cheques or drafts of the Bid Amount are issued by Bidders (excluding ASBA Bidders).
Escrow Agreement	Agreement dated October 14, 2010 entered among our Company, the Selling Shareholder, the Registrar to the Offer, the Escrow Collection Banks, the Book Running Lead Managers and the Syndicate Member for the collection of Bid Amounts and for remitting refunds, if any, to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form or the ASBA Form or ASBA Revision Form, as the case may be.
Floor Price	The lower end of the Price Band below which no Bids will be accepted, in this case being Rs. 225.

Term	Description
IPO Grading Agencies	CRISIL Limited, ICRA Limited and Credit Analysis & Research Limited, the IPO grading agencies appointed by our Company for grading this Offer.
Mutual Fund Portion	5% of the QIB Portion or 14,211,820 Equity Shares, available for allocation to Mutual Funds only.
Net Offer	The Offer less the Employee Reservation Portion.
Non-Institutional Bidders	All Bidders (including Sub-Accounts which are foreign corporates or foreign individuals) who are not Qualified Institutional Buyers, Retail Individual Bidders or Eligible Employees Bidding under Employee Reservation Portion.
Non-Institutional Portion	The portion of this Offer being not less than 15% of the Net Offer consisting of not less than 852,709,190 Equity Shares, available for allocation to Non-Institutional Bidders.
Offer/ Offer for Sale	Public offer of 631,636,440 Equity Shares through an offer for sale by the Selling Shareholder for cash at a price of Rs. 245 per Equity Share, aggregating up to Rs. 154,750.93 million[#], consisting of the Net Offer and the Employee Reservation Portion. [#]*Subject to finalization of the Basis of Allotment. This amount will be reduced to the extent of the five per cent discount to the Offer Price offered to the Retail Individual Bidders and the Eligible Employees bidding under the Employee Reservation Portion, based on actual allotment.*
Offer Closing Date	October 21, 2010, and in case of QIBs, October 20, 2010.
Offer Opening Date	October 18, 2010.
Offer Period	The period between the Offer Opening Date and the Offer Closing Date (inclusive of both days) and during which Bidders can submit their Bids, inclusive of any revision thereof.
Offer Price	Rs. 245 per Equity Share.
Price Band	The price band between the Floor Price and Cap Price.
Pricing Date	The date on which the Offer Price was finalized by the Selling Shareholder and our Company, in consultation with the Book Running Lead Managers, being October 25, 2010.
Prospectus	This prospectus of our Company dated October 26, 2010 filed with the RoC for this Offer on or after the Pricing Date, in accordance with Sections 56, 60 and 60B of the Companies Act and the SEBI Regulations.
Public Offer Account	The bank account opened under Section 73 of the Companies Act with the Banker to the Offer to receive money from the Escrow Accounts on the Designated Date and where the funds transferred by the SCSBs from the ASBA Accounts shall be received.
QIBs or Qualified Institutional Buyers	Public financial institutions as defined in Section 4A of the Companies Act, FIIs and Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals), VCFs, FVCIs (subject to appropriate approvals received by the FVCI from the appropriate regulatory authorities), multilateral and bilateral financial institutions, Mutual Funds, scheduled commercial banks, state industrial development corporations, insurance companies registered with the IRDA, provident funds and pension funds with a minimum corpus of Rs. 250 million, the NIF and insurance funds set up and managed by army, navy or air force of the Union of India, eligible for bidding in this Offer.
QIB Portion	The portion of the Offer to be allocated to QIBs, being at least 284,236,398 Equity Shares.
Qualified Purchasers or QPs	Qualified Purchasers as defined in the U.S. Investment Company Act and related rules.
Red Herring Prospectus or RHP	The red herring prospectus dated September 28, 2010 issued in accordance with Sections 56, 60 and 60B of the Companies Act and the SEBI Regulations, read along with the corrigendum notice dated October 16, 2010 and the notice to investors dated October 20, 2010.
Refund Account(s)	The account opened with the Refund Banker(s), from which refunds of the whole or part of the Bid Amount (excluding the ASBA Bidders), if any, shall be made.
Refund Banker(s)	The Bankers to the Offer with whom the Refund Accounts is opened, in this case being ICICI Bank Limited, HDFC Bank Limited and State Bank of India.
Registrar to the Offer	Link Intime India Private Limited.
Retail and Employee Discount	Discount of five per cent to the Offer Price given to Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion on Allotment, i.e. Rs. 12.25 per Equity Share.
Retail Individual Bidders	Persons, including HUFs (applying through their *Karta*), NRIs and ASBA Bidders, who have Bid for an amount less than or equal to Rs. 100,000.
Retail Portion	The portion of this Offer being not less than 35% of the Net Offer, consisting of

Term	Description
	198,965,479 Equity Shares, available for allocation to Retail Individual Bidders on a proportionate basis.
Revision Form	The form used by the Bidders other than ASBA Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable.
Self Certified Syndicate Bank or SCSB	The banks registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 offering services in relation to ASBA, including blocking of an ASBA Account in accordance with the SEBI Regulations and a list of which is available on http://www.sebi.gov.in/pmd/scsb.html.
Stock Exchanges	The BSE and the NSE.
Syndicate Agreement	The agreement dated October 14, 2010 entered into among our Company, the Selling Shareholder, the Registrar to the Offer and the Syndicate, in relation to the collection of Bids (excluding Bids from the ASBA Bidders).
Syndicate Member	Intermediary registered with the SEBI permitted to carry out activities as an underwriter, in this case being Kotak Securities Limited.
Syndicate or members of the Syndicate	The Book Running Lead Managers and the Syndicate Member.
Transaction Registration Slip or TRS	The slip or document issued by any of the members of the Syndicate to a Bidder as proof of registration of the Bid.
Underwriters	The Book Running Lead Managers and the Syndicate Member.
U.S. Investment Company Act	U.S. Investment Company Act of 1940, as amended.
U.S. Person	As defined in Regulation S under the U.S Securities Act.
U.S. QIBs	Qualified institutional buyers, as defined in Rule 144A under the U.S Securities Act.
U.S Securities Act	U.S Securities Act of 1933, as amended.
Working Days	All days except Sunday and any public holiday, except during the Offer Period where a working day means all days other than a Saturday, Sunday or a public holiday on which banks in Mumbai are open for business.

Conventional/ General Terms/ Abbreviations and and Reference to other Business Entities

Abbreviation	Full Form
AGM	Annual General Meeting.
AITUC	All India Trade Union Congress.
Air Act	Air (Prevention and Control of Pollution) Act, 1981, as amended.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
BCCL	Bharat Coking Coal Limited.
BEML	BEML Limited.
BICP	Bureau of Industrial Cost and Prices.
BIFR	Board for Industrial and Financial Reconstruction.
BMS	Bhartiya Mazdoor Sangh.
BSE	The Bombay Stock Exchange Limited.
CAGR	Compound Annual Growth Rate.
CBA Act	Coal Bearing Areas (Acquisition & Development) Act, 1957, as amended.
CBI	Central Bureau of Investigation.
Coal Nationalization Act	Coal Mines (Nationalization) Act, 1973, as amended.
Contract Labour Act	Contract Labour (Regulation and Abolition) Act, 1970, as amended.
CCL	Central Coalfields Limited.
CDSL	Central Depository Services (India) Limited.
CEA	Central Electricity Authority of India.
Citi	Citigroup Global Markets India Private Limited.
CITU	Confederation of Indian Trade Unions.
CIAL	Coal India Africana Limitada.
CMPDIL	Central Mine Planning & Design Institute Limited.
CM Regulations	Coal Mines Regulations, 1957.
CNUL	CIL NTPC Urja Private Limited.
Companies Act	Companies Act, 1956, as amended.
CSR	Corporate Social Responsibility.
CST	Central Sales Tax Act, 1956, as amended.
CVC	Central Vigilance Commission.
Depositories Act	Depositories Act, 1996, as amended.

Abbreviation	Full Form
Deutsche	Deutsche Equities (India) Private Limited.
DGMS	Director General for Mines Safety.
DIN	Directors Identification Number.
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.
DP ID	Depository Participant's Identity.
DPE	Directorate of Public Enterprises.
DSPML	DSP Merrill Lynch Limited.
DVC	Damodar Valley Corporation.
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation.
ECL	Eastern Coalfields Limited.
ECS	Electronic Clearing System.
EGM	Extraordinary General Meeting.
Enam	Enam Securities Private Limited.
EPS	Earnings Per Share.
ESI	Employee's State Insurance.
ESIC	Employee's State Insurance Corporation.
FCNR Account	Foreign Currency Non-Resident Account.
FDI	Foreign Direct Investment, as laid down in the Consolidated FDI Policy dated April 1, 2010.
FEMA	Foreign Exchange Management Act, 1999, together with rules and regulations framed thereunder.
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
FII	Foreign Institutional Investors, as defined under the FII Regulations and registered with SEBI under applicable laws in India.
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995.
FIPB	Foreign Investment Promotion Board of the Government of India.
Fiscal/ Financial Year/FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
FVCI	Foreign venture capital investor registered under the FVCI Regulations.
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
GAIL	GAIL (India) Limited.
GDP	Gross Domestic Product.
GoI/Government of India/ Central Government	The Government of India.
GSI	Geological Survey of India.
HIL	Hindalco Industries Limited.
HMS	Hind Mazdoor Sabha.
HUF	Hindu Undivided Family.
ICVL	International Coal Ventures Private Limited.
IICM	Indian Institute of Coal Management.
IFRS	International Financial Reporting Standards.
Indian GAAP	Generally accepted accounting principles in India.
INTUC	Indian National Trade Union Congress.
IOCL-IBP	Indian Oil Corporation Limited, IBP Division.
IPO	Initial Public Offer.
IRDA	The Insurance Regulatory and Development Authority constituted under the Insurance Regulatory and Development Authority Act, 1999, as amended.
IT Act	Income Tax Act, 1961, as amended.
IT Department	Income Tax Department, GoI.
JRDA	Jharia Rehabilitation & Development Authority.
JSL	Jindal Stainless Limited.
JSERC	Jharkhand State Electricity Regulatory Commission.
JSW	Collectively, JSW Steel Limited and JSW Energy Limited.
Land Acquisition Act	Land Acquisition Act, 1894, as amended.
Listing Agreement	Listing Agreement to be entered into by our Company with the Stock Exchanges.
Ltd.	Limited.
Kotak	Kotak Mahindra Capital Company Limited.
Morgan Stanley	Morgan Stanley India Company Private Limited.
MAMC	Mining and Allied Machinery Corporation.

Abbreviation	Full Form
MECL	Mineral Exploration Corporation Limited.
MCL	Mahanadi Coalfields Limited.
MICR	Magnetic Ink Character Recognition.
Mines Act	The Mines Act, 1952, as amended.
Mitsui	Mitsui & Co. Limited.
MJSJ	MJSJ Coal Limited.
MMDR Act	Mines and Minerals (Development and Regulation) Act, 1957, as amended.
MoC	Ministry of Coal, Government of India.
MoEF	Ministry of Environment and Forest, Government of India.
MoM	Ministry of Mines, Government of India.
MSL	MNH Shakti Limited.
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
N.A.	Not Applicable.
NAV	Net Asset Value.
NCDP	New Coal Distribution Policy.
NCL	Northern Coalfields Limited.
NEC	North Eastern Coalfields, a division of our Company.
NECS	National Electronic Clearing System.
NIF	National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India.
NLCL	Neyveli Lignite Corporation Limited.
NMDC	NMDC Limited.
No.	Number.
NRE Account	Non-Resident External Account.
NRI	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, such term as defined under the Foreign Exchange Management (Deposit) Regulations, 2000.
NRO Account	Non-Resident Ordinary Account.
NR(s) or Non Resident(s)	A person resident outside India, as defined under FEMA, including an Eligible NRI and an FII.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
NTPC	NTPC Limited.
OCB(s)	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under FEMA.
ONGC	Oil and Natural Gas Corporation Limited.
p.a.	Per annum.
PAN	Permanent Account Number allotted under the IT Act.
P/E Ratio	Price/Earnings Ratio.
PLR	Prime Lending Rate.
P.O.	Post Office.
Pvt.	Private.
RBI	Reserve Bank of India.
RCF	Rashtriya Chemicals & Fertilizers Limited.
RoC	Registrar of Companies, West Bengal, located at Nizam Palace, 2nd M.S.O. Building, 2nd Floor 234/4, Acharya J.C Bose Road, Kolkata 700 020, West Bengal.
RINL	Rashtriya Ispat Nigam Limited.
RoNW	Return on Net Worth.
Rs./Rupees	Indian Rupees.
RITES	RITES Limited.
RTGS	Real Time Gross Settlement.
SCCL	Singareni Collieries Company Limited
SAIL	Steel Authority of India Limited.
SCRA	Securities Contracts (Regulation) Act, 1956, as amended.
SCRR	Securities Contracts (Regulation) Rules, 1957.
SDPL	Shyam DRI Power Limited.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.

Abbreviation	Full Form
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended.
SEBI Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
SECL	South Eastern Coalfields Limited.
SEIAA	State Level Environmental Impact Assessment Authority.
SICA	The Sick Industrial Companies (Special Provisions) Act, 1985, as amended.
Sq. ft.	Square foot.
Sq. mt.	Square meter.
SRK	Collectively, SRK Mining Services (India) Private Limited and SRK Consulting (UK) Limited.
Sub-Account	Sub-accounts registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995, other than sub-accounts which are foreign corporates or foreign individuals.
Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
TAN	Tax deduction account number allotted the IT Act.
U.S./ US/ U.S.A/United States	The United States of America, together with its territories and possessions.
USEPA	United States Environmental Protection Agency.
U.S. GAAP	Generally accepted accounting principles in the United States of America.
VCFs	Venture Capital Funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996.
Water Act	Water (Prevention and Control of Pollution) Act, 1974, as amended.
WCL	Western Coalfields Limited.

Industry Related Terms

Industry Related Terms	Definition/Full Form
ACQ	Annual contracted quantity.
Beneficiation/washing	Process for cleaning of coal.
BOM	Build-own-maintain.
Btu.	British thermal unit.
Calorific value	Amount of heat released during the combustion of a material.
CRISIL Coal Outlook	CRISIL Research, Coal Outlook: 2009 – 2010 to 2013 – 2014, Annual Review, November 2009.
CBM	Coal bed methane.
CMM	Coal mine methane.
Coal face	Coal production area in a mine.
Coal tubs	Small wagons used to carry coal from the coal face to the surface.
Coalfield	Coal bearing land area.
Coke	Solid carbonaceous material derived from destructive distillation of low-ash, low-sulfur bituminous coal.
Coking coal	Coal used for metallurgical purpose (steel making).
Continuous miners	Equipment used in underground mines.
Conveyor belt	Equipment used for coal transport
CPP	Captive power plants.
CRIRSCO Code	Combined Reserves International Reporting Standards Committee Code.
Excavators	Equipment used in opencast mines viz shovels.
Feeder breakers	Coal crushing equipment.
Fly ash	Ash in micro size.
FOB	Free-on-board
Free-on-rail	Goods loaded onto wagons without charge to the buyer.
Free-on-road	Goods loaded onto trucks without charge to the buyer.
Froth floatation	Coal washing process.
FSA	Fuel supply agreement.
GCV	Gross calorific value.
Graders	Equipment used in opencast mines including shovels.
HEMM	Heavy earth moving machinery.
HP	Horse power, measure of mechanized power.
IPP	Independent power plants.
Jigs	Equipment used in production of coal.
JORC Code	2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
LOA	Letter of assurance.

Industry Related Terms	Definition/Full Form
LHD	Load haul and dump, a tyre mounted underground loading machine.
Lignite	Low-rank coal with a relatively high moisture and low heat/energy content, available in colours ranging from black to brown.
Long wall	Method of underground mining.
MARC	Maintenance and repair contracts.
Man days	Unit of production of a person can produce in one day.
Man shift	Unit of production of a person can produce in one shift.
MGR	Merry go round, rail circuit.
Middling	By-product obtained from washing of cooking coal.
Nlw	Non linked washery.
Non coking coal	Thermal coal.
OB	Overburden.
OBR	Overburden removal.
OC	Open cast.
OTR tyres	Off-the-road tyres.
Pit head	Entrance to a coal mine.
PPU	Private power utilities.
PSLW	Power support long wall.
Rakes	Train comprising of no. of wagons.
Rated capacity	Estimated annual production capacity assessed by CMPDIL.
Raw coal	Coal as produced from a mine.
RFP	Request for proposal.
RMR	Rock mass rating.
rope shovels	Equipment used in opencast mines.
ROM	Run - of - mine.
RQF	Request for qualification.
SAP	System application products.
SDL	Side discharge loader, a crawler under ground loading machine.
Seams	Coal formation strata.
Short wall	Method of underground mining.
Shovels	Equipment used in opencast mining.
Sidings	Railway low speed track section.
Stripping ratio	Ratio between thickness of coal seam and above lying strata.
Surface miners	Equipment used in opencast mining.
Surface rights	Ownership of the surface land.
Tons	Metric tonnes.
Topsoil	Uppermost layer of the earth.
UG	Under ground.
UCG	Underground coal gasification.
UHV	Useful heat value, a measure of heat value of coal.
VAM	Ventilation air methane.
Wagons	Container used for rail transportation.
Washeries	Coal washing plants.

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, SEBI Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in sections titled “Main Provisions of the Articles of Association”, “Statement of Tax Benefits”, “Regulations and Policies” and “Financial Statements” on pages 362, 45, 114 and 183 respectively, shall have the meanings given to such terms in these respective sections.

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL AND OTHER INFORMATION AND CURRENCY OF PRESENTATION

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references to "India" in this Prospectus are to the Republic of India, together with its territories and possessions and all references to the "US", the "USA", the "United States" or the "U.S." are to the United States of America, together with its territories and possessions.

Unless otherwise specified or the context otherwise requires, all references to "tons" in this Prospectus are to "metric tonnes".

Reserve and Resource Information

In this Prospectus, unless otherwise indicated, a reference to our "resource" base information is a reference to our Measured Mineral Resource, Indicated Mineral Resource and Inferred Mineral Resource and a reference to our "reserve" base is a reference to our "Proved Reserves" and "Probable Reserves" under the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("**the JORC Code**"). Additionally, a reference to our "resources" insofar as relating to our classifications under ISP Guidelines is a reference to our Proved Geological Reserves, our Indicated Geological Reserves and our Inferred Geological Reserves, and reference to our "reserves" insofar as relating to our classification under the Indian Standard Procedure Guidelines (the "**ISP Guidelines**") is a reference to our Extractable Coal Reserves as classified under ISP Guidelines.

At our request, SRK Mining Services (India) Private Limited and SRK Consulting (UK) Limited (collectively, "**SRK**"), independent mining and geological consultancy firms, have conducted an audit on our coal resources and reserves classified in accordance with the JORC Code as of April 1, 2010. The report prepared by SRK dated September 25 2010 in accordance with the JORC Code (the "**SRK Report**") is annexed to this Prospectus. The SRK Report also includes a review of our estimates of coal resources and reserves classified in accordance with the ISP Guidelines and SRK's conclusions are set forth in the report. SRK Mining Services (I) Private Limited and SRK Consulting (UK) Limited are experts in relation to the SRK Report annexed to this Prospectus in terms of the provisions of Companies Act.

The methodology followed for coal resource estimation and the resource classification under the ISP Guidelines is different from, and may not be comparable to, that followed under certain international codes such as the the JORC Code and the Combined Reserves International Reporting Standards Committee Code ("**the CRIRSCO Code**"). For further information on resource classification under the ISP Guidelines and reserve and resource classification under the JORC Code and the CRIRSCO Code, see "Business – Reserve and Resource Base Information – Presentation of Reserve and Resource Base Information" on page 75 and the SRK Report.

Financial Information

Unless indicated otherwise, the financial information in this Prospectus is derived from our Company's restated consolidated financial statements as of and for the fiscal years ended March 31, 2006, 2007, 2008, 2009 and 2010, and for the three month period ended June 30, 2010, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI Regulations, as stated in the report of our Auditors, Deoki Bijay & Co., and included in this Prospectus. Our fiscal / financial year commences on April 1 and ends on March 31 of a particular year. Unless otherwise stated, references herein to a fiscal year or a financial year or to "FY", are to the year ended March 31 of a particular year.

There are significant differences between generally accepted accounting principles in India ("**Indian GAAP**"), International Financial Reporting Standards ("**IFRS**") and generally accepted accounting principles in the United States of America ("**U.S. GAAP**"); accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI Regulations on the financial disclosures presented in this Prospectus should accordingly be limited. Our Company has not attempted to explain these differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on financial data.

Unless otherwise indicated in this Prospectus, all figures have been expressed in millions. In this Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

Currency of Presentation

All references to "Rupees" or "Rs." or "INR" are to Indian Rupees, the official currency of the Republic of India. All references to "$", "US$", "USD", "U.S.$", "U.S. Dollar(s)" or "US Dollar(s)" are to United States Dollars, the official currency of the United States of America. All references to "JPY" are to the Japanese Yen, the official currency of Japan. All references to "Can$" are to Canadian Dollars, the official currency of Canada. All references to "Euros" are to the single currency of the participating member states in the Third Stage of the European Economic and Monetary Union of the Treaty establishing the European Community, as amended from time to time. All references to "FF" is to the French Franc the erstwhile currency of France.

Exchange Rates

The following table sets forth, for each period indicated, information concerning the number of Rupees for which one US dollar could be exchanged. The row titled 'average' in the table below is the average of the daily rate for each day in the period.

Fiscal	Period End (Rs.)	Period Average (Rs.)
2006	44.61	44.28
2007	43.59	45.29
2008	39.97	40.24
2009	50.95	45.91
2010	45.14	47.42
April 1, 2010 to September 30, 2010	44.92	46.09

Source: www.rbi.org.in

Unless otherwise stated, in this Prospectus we have used a conversion rate of Rs. 46.60 for one U.S. Dollar, being the RBI reference rate as of June 30, 2010.

Such translations should not be considered as a representation that such U.S. Dollar amounts have been, could have been or could be converted into Rupees at any particular rate, the rates stated above or at all.

Industry and Market Data

Unless stated otherwise, industry data used throughout this Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although our Company believes that the industry data used in this Prospectus is reliable, neither we nor the BRLMs have independently verified such information.

Further, the extent to which the market data presented in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

NOTICE TO INVESTORS

United States

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Our Company has not registered and does not intend to register under the U.S. Investment Company Act of 1940, as amended (the "**U.S. Investment Company Act**") in reliance upon Section 3(c)(7) thereof.

Accordingly, the Equity Shares are being offered and sold (i) in the United States only to, and only to U.S. persons that are, "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**") and referred to in this Prospectus as "U.S. QIBs"; which, for the avoidance of doubt, does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Prospectus as "**QIBs**") that are also "qualified purchasers" ("**QPs**") (as defined in Section 2(a)(51) of the U.S. Investment Company Act and the rules and regulations thereunder) acting for its own account or for the account of another U.S. QIB that is a QP (and meets the other requirements set forth herein), in reliance on the exemption from registration under the U.S. Securities Act provided by Rule 144A or other available exemption and in reliance upon Section 3(c)(7) of the U.S. Investment Company Act and (ii) outside the United States to non-U.S. persons in reliance on Regulation S.

Each purchaser of Equity Shares inside the United States or who is a U.S. person will be required to represent and agree, among other things, that such purchaser (i) is a U.S. QIB and a QP; and (ii) will only reoffer, resell, pledge or otherwise transfer the Equity Shares in an "offshore transaction" in accordance with Rule 903 or Rule 904 of Regulation S and under circumstances that will not require the Company to register under the U.S. Investment Company Act.

Each purchaser of Equity Shares outside the United States that is not a U.S. person will be required to represent and agree, among other things, that such purchaser is a non-U.S. person acquiring the Equity Shares in an "offshore transaction" in accordance with Regulation S.

European Economic Area

This Prospectus has been prepared on the basis that all offers of Equity Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area ("**EEA**"), from the requirement to produce a prospectus for offers of Equity Shares. The expression "Prospectus Directive" means Directive 2003/71/EC of the European Parliament and Council and includes any relevant implementing measure in each Relevant Member State (as defined below). Accordingly, any person making or intending to make an offer within the EEA of Equity Shares which are the subject of the placement contemplated in this Prospectus should only do so in circumstances in which no obligation arises for our Company or any of the Underwriters to produce a prospectus for such offer. None of our Company and the Underwriters have authorized, nor do they authorize, the making of any offer of Equity Shares through any financial intermediary, other than the offers made by the Underwriters which constitute the final placement of Equity Shares contemplated in this Prospectus.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to mining industries and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions which have an impact on our business activities or investments, the monetary and fiscal policies, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- our estimates of our reserves and resources;
- supply and demand changes in coal and power markets;
- claims against us due to an environmental disaster, mining accidents or any other uninsured event;
- our ability to timely acquire the mining leases and land for our mining projects;
- our obtaining the necessary environmental, forest and other approvals in a timely manner;
- risks inherent to coal mining, including geologic conditions or equipment problems;
- law and order problems;
- long-term fuel supply arrangements;
- reduction in the use of coal as a fuel source for power generation;
- the unavailability of materials, equipment (including heavy earthmoving machinery) or other critical supplies such as tyres and explosives, fuel, lubricants and other consumables of the type, quantity and/or size required to meet production expectations;
- our production and transportation capabilities;
- our rehabilitation and resettlement estimates;
- the unavailability of skilled and qualified labor and contractors;
- replacement of our coal reserves;
- our plans and objectives for future operations and expansion;
- the effectiveness of our cost-control measures;
- our relationship with, and other conditions affecting, our customers;
- adverse weather and natural disasters, such as heavy rains, flooding and other natural events affecting operations, transportation or customers;
- environmental laws, including those affecting our customers' coal usage;
- regulatory and court decisions;
- future legislation, including regulations and rules as well as changes in enforcement policies;
- changes in laws, policies, regulations including environmental and labor regulations and compliance costs, taxation or accounting standards or practices that apply to our business, our customers and suppliers, and our ability to respond to them;
- substantial reliance on Government-owned and Government-controlled entities for revenue;
- general economic and business conditions in India and elsewhere and particularly the coal industry in India; and
- changes in the political and social conditions in India and other countries.

For further discussion of factors that could cause our actual results to differ from our expectations, see "Risk Factors", "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages xv, 68 and 184. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, our Directors, nor any of the Underwriters nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof. In accordance with SEBI requirements our

Company and the BRLMs will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

SECTION II – RISK FACTORS

An investment in equity shares involves a high degree of risk. You should consider all the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks or any of the other risks and uncertainties discussed in this Prospectus actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. These risks and uncertainties are not the only issues that we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition.

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors below. However, there are risk factors the potential effect of which are not quantifiable and therefore no quantification has been provided with respect to such risk factors. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of this Offer, including the merits and risks involved.

Unless otherwise stated, the financial information of our Company used in this section is derived from our audited consolidated financial statements under Indian GAAP, as restated.

INTERNAL RISKS

Risk Factors relating to our Business and Operations

1. Our Company, our Directors and our Subsidiaries are involved in a number of legal proceedings including criminal proceedings which, if determined against us, may have a material adverse impact on our financial condition and results of operations.

Our Company, certain of our Directors and our Subsidiaries are involved in a number of outstanding legal proceedings, including criminal legal proceedings and other proceedings such as public interest litigations, land acquisition proceedings and title disputes relating to land, civil suits (including eviction suits), arbitration proceedings, consumer cases, service and employee grievances and labour disputes, royalty and surface rents, consumer proceedings and mine safety and accident-related proceedings. These proceedings are presently pending at different levels of adjudication before various courts, tribunals, enquiry officers, appellate tribunals and other adjudicatory authorities and fora. Should any new developments arise, such as change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and our liabilities. We cannot assure you that these legal proceedings will be decided in our favour, our Directors or our Subsidiaries. Any adverse decision may have a material adverse effect on our business, reputation, financial condition and results of operations and cash flow. We have provided a summary of such outstanding legal proceedings hereunder, including particulars to the extent ascertainable. For further details, see the section titled "Outstanding Litigation and Material Developments" beginning on page 239.

Criminal Proceedings involving our Company, our Directors and our Subsidiaries as on October 10, 2010:

A. Our Company

Criminal proceedings initiated against our Company

Set forth below is a tabular summary of the outstanding criminal proceedings initiated against our Company:

S. No.	Nature of the cases/ claims	No. of cases outstanding	Amount involved (Rs. million approx) only in matters where amount could be ascertained
1	Litigation in courts	3	Not applicable
2	Litigation before government/regulatory authorities	Nil	Not applicable
3	Other litigation	Nil	Not applicable

For further details of the criminal proceedings initiated against our Company, see the section titled "Outstanding Litigation and Material Developments" beginning at page 240.

Criminal proceedings initiated by our Company

Set forth below is a tabular summary of the outstanding criminal proceedings initiated by our Company:

S. No.	Nature of the cases/ claims	No. of cases outstanding	Amount involved (Rs. million approx) only in matters where amount could be ascertained
1	Litigation in courts	2	Not applicable
2	Litigation before government/regulatory authorities	Nil	Not applicable
3	Other litigation	Nil	Not applicable

For further details of the criminal proceedings initiated by our Company, see the section titled "Outstanding Litigation and Material Developments" beginning at page 248.

B. Our Directors

Criminal proceedings Initiated against our Directors

There are no criminal proceedings initiated against our Directors.

Criminal proceedings initiated by our Directors

Set forth below is a tabular summary of the outstanding criminal proceedings initiated by our Directors:

S. No.	Nature of the cases/ claims	No. of cases outstanding	Amount involved (Rs. million approx) only in matters where amount could be ascertained
1	Litigation in courts	1	Not applicable
2	Litigation before government/regulatory authorities	Nil	Not applicable
3	Other litigation	Nil	Not applicable

For further details of the criminal proceedings initiated by our Directors, see the section titled "Outstanding Litigation and Material Developments" beginning at page 249.

C. Our Subsidiaries

Criminal proceedings initiated against our Subsidiaries

Set forth below is a tabular summary of the outstanding criminal proceedings initiated against our Subsidiaries:

S. No.	Nature of the cases/ claims	No. of cases outstanding	Amount involved (Rs. million approx) only in matters where amount could be ascertained
1	Litigation in courts	346	Not applicable
2	Litigation before government/regulatory authorities	Nil	Not applicable
3	Other litigation	Nil	Not applicable

For further details of the criminal proceedings initiated against our Subsidiaries, see the section titled "Outstanding Litigation and Material Developments" beginning at page 250.

Criminal proceedings initiated by our Subsidiaries

Set forth below is a tabular summary of the outstanding criminal proceedings initiated by our Subsidiaries:

S. No.	Nature of the cases/ claims	No. of cases outstanding	Amount involved (Rs. million approx) only in matters where amount could be ascertained
1	Litigation in courts	135	Not applicable
2	Litigation before government/regulatory authorities	Nil	Not applicable
3	Other litigation	301	Not applicable

For further details of the criminal proceedings initiated by our Subsidiaries, see the section titled "Outstanding Litigation and Material Developments" beginning at page 250.

Other Proceedings involving our Company, our Directors and our Subsidiaries as on October 10, 2010:

A. Our Company

Other proceedings initiated against our Company

Set forth below is a tabular summary of the legal proceedings (excluding criminal legal proceedings) initiated against our Company:

S. No.	Nature of the cases/ claims	No. of cases outstanding	Amount involved (Rs. million approx) only in matters where amount could be ascertained
1	Tax cases	12	25,621.39
2	Civil suits	210	489. 03
3	Arbitration matters	16	464.23
4	Notices received	2	24.94
5	Land cases	15	2
7	Public interest litigation	9	Not ascertainable
8	Service matters	244	Not ascertainable
9	Consumer cases	8	Not ascertainable
10	Other Miscellaneous cases	37	Not ascertainable

For further details of the legal proceedings initiated against our Company, see the section titled "Outstanding Litigation and Material Developments" beginning at page 240.

Other Proceedings Initiated by our Company

There are nine civil suits initiated by our Company pending before various forums. The amounts involved in these cases is not ascertainable. For further details of the legal proceedings initiated by our Company, see the section titled "Outstanding Litigation and Material Developments" beginning at page 248.

Our Directors

Other than the criminal proceedings initiated by our Directors as summarized above, there are no other legal proceedings pending by or against our Directors.

B. Our Subsidiaries

Other proceedings initiated against our Subsidiaries

Set forth below is a tabular summary of the legal proceedings (excluding criminal legal proceedings) initiated against our Subsidiaries.

S. No.	Nature of the cases/ claims	No. of cases outstanding	Amount involved (Rs. Million approx) only in matters where amount could be ascertained
1	Tax cases	1531	35,656.49
2	Notices	136	7,244.67
3	Arbitration matters	406	2,308.36

S. No.	Nature of the cases/ claims	No. of cases outstanding	Amount involved (Rs. Million approx) only in matters where amount could be ascertained
4	Civil suits	2041	1,028.81
5	Land cases	3091	687.55
6	Motor accident	93	103.91
7	Service matters	5774	76.93
8	Consumer cases	263	6.34
9	Public interest litigation	37	Not ascertainable
10	Environment and forests	22	Not ascertainable
11	Right to information cases	64	Not ascertainable
12	Mine accident and safety cases	22	Not ascertainable
13	Regulatory matter	1	Not ascertainable
14	Contempt proceedings	4	Not ascertainable
15	Pre-nationalisation cases	4	Not ascertainable
16	Others	219	Not ascertainable

For further details of the legal proceedings initiated against our Subsidiaries, see the section titled "Outstanding Litigation and Material Developments" beginning at page 250.

Other proceedings initiated by our Subsidiaries

Set forth below is a tabular summary of the legal proceedings (excluding criminal legal proceedings) initiated by our Subsidiaries:

S. No.	Nature of the cases/ claims	No. of cases outstanding	Amount involved (Rs. Million approx) only in matters where amount could be ascertained
1	Civil suits	165	2,061.30
2	Arbitration matters	17	882.72
3	Environment and forests	6	873.80
4	Anti-dumping	1	Not ascertainable
5	Pre-nationalisation cases	1	Not ascertainable

For further details of the legal proceedings initiated by our Subsidiaries, see the section titled "Outstanding Litigation and Material Developments" beginning at page 250.

2. Information relating to our reserve and resource base included in this Prospectus are estimates, and our actual production, revenues and expenditure with respect to our reserves and resources may differ materially from these estimates. Additionally, certain reserve and resource base information provided in this Prospectus has been prepared and classified in accordance with ISP Guidelines, which has not been audited by SRK and differs from international standards such as JORC.

Our future performance depends on, among other things, the accuracy of our estimates of our reserve and resource base. We base our estimates of our reserve and resource base on geological, engineering and economic data collected and analyzed by our wholly-owned subsidiary CMPDIL and our internal team of geologists and mining engineers. We prepare and classify our estimates of reserves and resources in accordance with the Indian Standard Procedure guidelines (the "ISP Guidelines") and have included our estimates of reserves and resources under ISP Guidelines in this Prospectus.

The methodology followed for coal resource estimation and the resource classification under the ISP Guidelines is different from, and may not be comparable to, that followed under certain international codes such as the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code") and the Combined Reserves International Reporting Standards Committee Code (the "CRIRSCO Code"). For a comparison on the JORC Code and ISP Guidelines, see "Business – Reserve and Resource Base Information – Comparison between the JORC Code and ISP Guidelines" on page 77. Accordingly, the degree to which the reserve and resource estimates included in this Prospectus prepared in accordance with ISP Guidelines will provide meaningful information is entirely dependent on the reader's level of familiarity with the the ISP Guidelines. We intend to continue to follow the ISP Guidelines for such reserve base estimation and reporting as a listed company following this Offer. Consequently, your ability to evaluate our reserve and resource base following this Offer will continue to depend upon your familiarity with the ISP Guidelines. As a result, any estimates of reserves and resources that we may prepare following this Offer may not provide you

with a basis for comparison of our estimated reserve and resource base with that of other listed mining companies.

At our request, SRK Mining Services (India) Private Limited and SRK Consulting (UK) Limited (collectively, "SRK"), independent mining and geological consultancy firms, have conducted an audit on our coal resources and reserves classified in accordance with the JORC Code as of April 1, 2010. The report by SRK dated September 25, 2010 in accordance with the JORC Code (the "SRK Report") is annexed to this Prospectus. The SRK Report also includes a review of our estimates of coal resources and reserves classified in accordance with the ISP Guidelines and SRK's conclusions are set forth in the report.

In addition, the reserve and resource information included in this Prospectus is not intended to comply with, the reporting requirements of the United States Securities Exchange Commission. In particular, Industry Guide 7 under the Securities Act does not permit the inclusion of estimates of resources in registration statements filed under that Act. Consequently, the reserve and resource estimates contained in this Prospectus are not comparable to those that contained in registration statements filed with the the Securities Exchange Commission of the United States and undue reliance should not be placed on our estimates of resources by investors that are not familiar with resource classifications under JORC.

There are various factors and assumptions inherent in the estimation of our reserve and resource base and the cost associated with mining such reserves that may materially differ from actual production, revenues and expenditure with respect to our reserves. These factors and assumptions include: interpretation of geological and geophysical data; geological and mining conditions, which may not be fully identified by available exploration data and/or may differ from our experiences in areas where we currently mine; quality of the coal and the percentage of coal ultimately recoverable; the assumed effects of regulation, including the issuance of required permits, and taxes, including royalties, and other payments to governmental agencies; assumptions concerning the timing for the development of the reserves; and assumptions concerning equipment and productivity, future coal prices, operating costs, including for critical supplies such as fuel, tires and explosives, capital expenditures and development and reclamation costs. Many of the factors, assumptions and variables involved in estimation of our reserve and resource base are based on data that are currently available and subject to variations over time. Reserve estimation is a subjective process of estimating deposits of minerals that cannot be measured in an exact manner, and the accuracy of any reserve estimate is a function of the quality of available data and engineering and geological interpretation and judgment. Estimates of different engineers may vary, and results of our mining and production subsequent to the date of an estimate may lead to revision of estimates. Results of drilling, testing and production subsequent to the date of such estimates may require revisions in our reserve and resource data. In addition, there can be no assurance that all our reserves can be economically exploited.

As of April 1, 2010, we had 92 legacy mines that we acquired at the time of nationalization of the coal industry in India. Reserves and resources attributable to the legacy mines, except to the extent expressly provided to the contrary, are not included in the reserve and resource estimates prepared under the JORC Code included in this Prospectus. For details, see section 9.4 of the SRK Report.

No information relating to our reserve and resource base included in this Prospectus should be interpreted as an assurance of the economic lives of our coal reserves and resources or the profitability of our future operations. Any material inaccuracy in, or future variations from, our estimates related to our reserves and resources could result in decreased profitability from lower than expected revenues and/or higher than expected costs, which could adversely affect our business prospects, financial condition and the price of our Equity Shares.

3. If we are unable to acquire land and associated surface rights to access our coal reserves, we may be unable to mine coal from our reserves which could materially and adversely affect our business, results of operations and financial condition.

We are required to acquire the land and associated surface rights overlying our coal reserves prior to commencing mining activities on such land. We may face difficulties in the acquisition of land in a timely manner, particularly in respect of land owned by private parties and forest land, resulting in delays in some of our projects. In addition, for the land with respect to our underground mines, we do not acquire the entire land below which we have reserves. We may be unable to mine coal from our reserves if we are unable to acquire the relevant land and associated surface rights to access our coal reserves. Such land acquisition is governed by the process stipulated under the Coal Bearing Areas (Acquisition & Development) Act, 1957, as amended (the "CBA Act") or the Land Acquisition Act, 1894, as amended (the "Land Acquisition Act"), as applicable.

We have in the past experienced significant delays in obtaining relevant statutory and regulatory approvals for the acquisition of land and surface rights to commence mining activities on some of our projects, including delays related to negotiation of rehabilitation packages for existing owners and displaced communities and the implementation of the rehabilitation and resettlement process. We cannot assure you that we will not face such delays in the future.

With respect to forest land to be acquired, we have in the past faced, and may face in the future, significant procedural delays in obtaining the requisite approvals from the Ministry of Environment and Forests (the "MoEF"). There can be no assurance that we will be able to acquire land and associated surface rights for all of our projects or that the land acquisition will be completed in a timely manner, at commercially reasonable terms, including for any relocation and resettlement costs, without opposition, or at all. In circumstances where the GoI and/or relevant State Governments facilitate the acquisition, transfer or lease of, or secure rights of way over, relevant tracts of land, there can be no assurance that all requisite approvals relating to the acquisition or transfer of, or lease of such land or the granting of such right of way over land or the registration of the acquired or leased land, or the transfer of such land, will be completed in a timely manner and on terms that are commercially acceptable to us, if at all. For further information relating to the regulatory approvals required in connection with acquiring land or surface rights in forest areas, see "Regulations and Policies" and "Government and Other Approvals" beginning on pages 114 and 303, respectively. In addition, our ability to acquire land and associated surface rights overlying our coal reserves is adversely affected by infrastructure development and structures built on such land.

In addition, the public may oppose the acquisition or lease of land due to the perceived adverse impact it may have on surrounding communities or the environment. We may face significant opposition to the development of our mines from local communities, non-government organizations and other parties. Such opposition or circumstances is beyond our control and even if we are able to overcome any such opposition, we may be subject to significant expenses arising from the rehabilitation and resettlement of communities affected by our projects. In addition, under our resettlement and rehabilitation policies, in the event more than two acres of land for our operations is acquired from any person, we generally provide employment to such persons. We have incurred in the past and will be required to incur in the future significant expenses towards the rehabilitation and resettlement of affected individuals and families.

In addition, the acquisition of land pursuant to the Land Acquisition Act requires the relevant State Government to issue a formal notification for the entire area of land acquired. With respect to certain parts of coalfields that we have been mining for many years, although we have applied for such formal notification by the relevant State Government under the Land Acquisition Act, formal notification has not yet been issued by the relevant State Government. In the event we are unable to obtain such notification from the State Government, we may be prevented from undertaking mining activities on such area and may be faced with legal proceedings for undertaking mining activities in the absence of such formal notification.

Any inability to acquire land and associated surface rights to access our existing or future coal reserves in a timely manner on commercially acceptable terms or at all could have a material and adverse effect on our business, results of operations and financial condition.

4. We have certain contingent liabilities that have not been provided for in our accounts, and if such contingent liabilities materialize it may adversely affect our financial condition.

The following table sets forth the principal components of our contingent liabilities and capital commitments as of June 30, 2010:

Particulars	**Amount** (Rs. million)
Capital Commitment	
Amount remaining to be executed on capital account not provided	18,990.57
Contingent Liability	
Claims against the Company not acknowledged as debts	12,540.05
Sales tax/levies	42,278.63
Income tax liability	12,989.37
Others	18,462.36
Suits against the Company	5,568.21
Letters of credit	1,030.87
Outstanding deferred payment guarantees issued by banks	3.98

Particulars	Amount (Rs. million)
Total Contingent Liability and Capital Commitments	**111,864.04**

We have significant contingent liabilities, primarily relating to claims not acknowledged as debt, and disputed tax liabilities. As of June 30, 2010, our aggregate contingent liabilities was Rs.92,873.46 million. Our contingent liabilities as of March 31, 2007, 2008, 2009 and 2010 were Rs.86,507.84 million, Rs.81,732.33 million, Rs.104,566.07 million and Rs.101,279.82 million, respectively, compared to our profit after tax, as restated, of Rs.42,052.69 million, Rs.42,850.07 million, Rs.40,626.23 million and Rs.98,336.99 million, in fiscal 2007, 2008, 2009 and 2010, respectively. Historically, our contingent liabilities as of the end of a fiscal year has been greater than our profit after tax for such period. Our high contingent liabilities have historically principally related to disputed tax liabilities, guarantees given by our Company and letters of credit. If a material portion such contingent liabilities were to materialize, it would materially adversely affect our results of operations and financial condition.

Sales tax levies and income tax cases are all disputed cases. However, we have obtained an expert opinion in this regard, which was in our favour. Additionally, most of these cases are repetitive in nature and have been decided in our favour in the past. Accordingly, we have not made any provisions in the accounts for such amounts. For further information relating to our contingent liabilities, see "Management's Discussion and Analysis of our Financial Condition and Results of Operations – Contingent Liabilities and Capital Commitments" beginning on page 230. The contingent liability amounts recorded in our audited restated consolidated financial statements represent estimates and assumptions of our management based on advice received. There can be no assurance that any or all of these contingent liabilities and will not become direct liabilities. In the event any or all of these contingent liabilities and become direct liabilities, it may have an adverse effect on our business, financial condition and results of operations.

5. Our operations are subject to various risks inherent to mining activities and we do not maintain insurance coverage in accordance with applicable industry standards.

Our business operations involve significant risks and occupational hazards that are inherent to mining activities and may not be eliminated through the implementation of preventive measures. These risks and hazards could result in personal injury, grievous hurt or even death of our personnel, which could result in additional litigation costs, damage to or destruction of properties, environmental damage, business interruption, legal liability, damage to our business reputation and corporate image and, in severe cases, fatalities. The occurrence of natural disasters including earthquake, fire, severe weather, floods, power outages and the consequences, damages and disruptions resulting from them may adversely affect our business and operations. In addition, natural disasters or accidents can result in unexpected hazards, such as fires, explosions, mining and coal processing equipment failures, casing collapses, discharge of toxic gases, and damage or destruction of mining facilities. We may become subject to liabilities, including liabilities for environmental or industrial accidents or pollution or other hazards, in addition to compensation payable to personnel affected by any such incidents. Further, the Jharia and Raniganj coalfields are susceptible to coal fires and land subsidence and pose a serious environmental, health and safety risk. We do not maintain any insurance for environmental matters and if we are unable to extinguish such mine fires, or if any of the mine fires should escalate in an environmental catastrophe, or instances of serious land subsidence result in harm to persons or property, it may have a material adverse impact on our business, reputation, financial condition and results of operations. For details, see "- The Jharia and Raniganj coalfields are susceptible to coal fires and land subsidence and pose a serious environmental, health and safety risk. Extinguishing mine fires can be dangerous and may not always be economically feasible, and such mine fires are unlikely to be suppressed by rainfall. Further, if we are unable to implement the rehabilitation plans within the stipulated time frame or within the approved amounts, we may incur additional costs, and diversion of our resources for the implementation of the Jharia and Raniganj Master Plans may have an adverse effect on our business, results of operations and financial condition." on page xxxiii.

We currently maintain very limited insurance coverage, primarily for cash-in-transit and fidelity insurance. We do not maintain insurance coverage for loss of our assets such as our equipment, plant and machinery or buildings. We do not maintain insurance coverage in accordance with applicable industry standards and do not have full coverage for all risks facing our operations and facilities discussed above and any claims against us could have a material and adverse effect on our business, operations, results of operations and financial condition.

Losses and liabilities arising from such risks may involve additional costs relating to mine reclamation, rehabilitation of affected persons, environmental clean-up, disaster recovery and workers' compensation. In addition, any uninsured loss or damage to property, associated legal proceedings or business disruption may cause us to incur substantial costs and the diversion of resources, which could have a material adverse effect on our business, financial condition and results of operations. If we were to incur substantial liabilities or if our business operations were interrupted for a substantial period of time, we could incur costs and suffer losses. Even if we decide to obtain insurance for these risks, insurance coverage may not be available at commercially acceptable premiums, or at all. In addition, we may elect not to obtain required insurance if we believe that the cost of available insurance is excessive relative to the perceived risk presented. Any claim against us for which we are not insured could have a material and adverse effect on our business, results of operations and financial condition.

6. The recent proposal of the GoI to demarcate certain coal-bearing forest areas in India into various categories, which is proposed to include a category in which mining activities are prohibited, may materially adversely affect our business prospects, results of operations and financial condition.

The MoEF is currently in discussion with the MoC regarding a proposal for the demarcation of certain coal bearing forest areas in India based on the permissibility of using such land for mining purposes.The identification of such designated areas where coal mining activities will, or will not, be permitted will be based on mapping of forest and coal reserves as well as field-level studies. Such proposal is currently in a preliminary stage and is expected to be finalized through mutual consultation within the next few months. If such proposal is implemented and forest areas are demarcated where mining activities are restricted, our business prospects and results of operations will be adversely affected. If we are unable to produce coal from such designated areas, estimates of our reserves could be materially adversely affected. Implementation of such proposal may also affect our future expansion or new projects.

7. Our Company's financial results depend on the financial performance of our Subsidiaries and their ability to declare and pay dividends.

We are a holding company and conduct most of our business operations through our Subsidiaries. The ability of these Subsidiaries to make dividend payments is subject to applicable laws and regulations in India relating to payment of dividends and the MoUs signed between our Company and our Subsidiaries. In the event of a bankruptcy, liquidation or reorganization of a Subsidiary, our Company’s claim in the assets of such Subsidiary as a shareholder remains subordinated to the claims of lenders and other creditors. Lenders to the Subsidiary also typically have a floating charge over all current assets of the Subsidiary, including dividend payments by, and all cash of, these Subsidiaries, effectively providing the lenders to the Subsidiaries a first priority lien over any distribution upon the occurrence of an event of default under the financing arrangements. In addition, two of our subsidiaries, BCCL and ECL are currently subject to financial reconstruction scheme administered by the BIFR.

8. We are subject to trade union activity, and labor disputes could lead to lost production and/or increased costs.

Our non-executive employees are represented by several labor unions under collective wage settlement agreements. The majority of our non-executive employees are members of several unions including certain registered trade unions such as Indian National Trade Union Congress ("**INTUC**"), the All India Trade Union Congress ("**AITUC**"), the Hind Mazdoor Sabha ("**HMS**"), the Bhartiya Mazdoor Sangh ("**BMS**") and the Confederation of Indian Trade Unions ("**CITU**"). The National Coal Wage Agreement VIII (NCWA VIII), which was finalized in January 2009, is effective for a period of five years from July 1, 2006. We may not be able to satisfactorily renegotiate our wage settlement agreements when they expire and may face tougher negotiations or higher wage demands from unionized labor than would be the case for non-unionized labor.

We have in the past faced, and may in the future face, strikes or work stoppages, which could have an adverse impact on our mining operations, particularly given our dependence on a large workforce. Further, threats of strikes, work stoppages or other labor actions often have occurred in the past with government companies that were proposing public offerings or other significant transactions in order to disrupt these transactions. For example, INTUC, AITUC, HMS, BMS and CITU had given notice of a labour agitation from May 5, 2010 to May 7, 2010 to stop the disinvestment process through the Offer. However, following detailed discussions with the GoI in April 2010, AITUC, BMS, INTUC and HMS withdrew their agitation programme. We received a further notice dated September 21, 2010, from CITU, HMS, AITUC and BMS demanding that the GoI

withdraw its decision to divest through the Offer, and to abolish contract labor in the coal industry and regularize our contract laborers. The notice stated that if these demands were not met by October 17, 2010, these trade unions would call a strike from October 18, 2010 until October 24, 2010. CITU and AITUC did not proceed with the strike as planned on October 18, 2010. However, HMS and BMS observed a one day strike on October 18, 2010. However, the issues raised by the September 21, 2010 notice may not be fully resolved and we continue to work with our trade unions to resolve such issues and foster good relations with our employees. We cannot accurately estimate the number of employees that are members of our trade unions or assure you that our existing labor agreements will prevent a strike or work stoppage or the threat of such actions in the future, and any strike or work stoppage by our employees, whether relating to the issues raised in the September 21 notice or otherwise, could have a material adverse effect on our business, financial operation and results of operations.

9. Certain employees and personnel of our Company, and directors, employees and personnel of our Subsidiaries, face allegations of engaging in corrupt practices, which may adversely impact our business reputation and operations.

Certain employees and personnel of our Company, and certain directors, employees and personnel of our Subsidiaries, face allegations of engaging in corrupt practices including possession of disproportionate assets, cheating, criminal misconduct, misappropriation of funds, demand and acceptance of illegal gratification and pilferage of coal under the Coal India Executives Conduct, Discipline and Appeal Rules, 1978 and the Prevention of Corruption Act, 1988, as applicable. Investigation proceedings have been initiated against these management executives and personnel, and are presently pending investigation before the CBI, the Central Vigilance Commission, the respective chief vigilance officers of the Company/Subsidiaries and in the MoC.

Based on the records available with our Company, there are approximately 615 proceedings pending against employees of our Company and our Subsidiaries, including investigation by the CBI, Central Vigilance Commission, the MoC and the chief vigilance officers, relating to corruption and other charges. As on date, based on the information available with the Company, there are no pending proceedings in relation to charges of corruption against the Directors of our Company. Further, on the basis of information available with our Company, there are certain proceedings pending in relation to charges of corruption against the directors of our Subsidiaries, including four proceedings against Mr. M.P. Dikshit, ex-chairman and managing director of SECL. These proceedings, *inter alia*, relate to allegations that that Mr. Dikshit had demanded and agreed to accept an amount of Rs. 10 million as illegal gratification from a certain third party which had a contractual relationship with SECL. Mr. Dikshit was arrested on May 27, 2010 in Raipur, Chhattisgarh and the investigation against Mr. Dikshit is currently ongoing. Pursuant to an order dated May 30, 2010 bearing order no. F. No.13029/10/2010-Vig. from the MoC, Mr. Dikshit has been suspended as chairman and managing director, SECL. The other three proceedings pending against Mr. Dikshit, include a proceeding relating to allegations of irregularities in the procurement of certain mining equipment. For information on such proceedings, see "Outstanding Litigation and Material Developments" beginning on page 239.

We have in the past experienced several incidents involving our employees and officers relating to various corrupt practices. While we have initiated various internal compliance procedures to address such corrupt practices, there can be no assurance that we will be able to prevent such incidents in the future. Such corrupt activities by officers, directors, employees and personnel of our Company and our Subsidiaries have resulted, and may continue to result in, loss of revenue, resources and property of our Company, as well as disruption in operations, which could have a material adverse effect on our business, operations and financial results. In addition, such corrupt practices have historically attracted and may continue to attract, significant media attention in India, which could harm our reputation.

10. We sell our coal at prices lower than the prices otherwise in the Indian and international coal markets.

Although pricing of coal in India was completely deregulated with effect from January 1, 2000, since the price of coal has significant ramifications on the Indian economy in general and the thermal power sector in particular, we have followed a strategy of focusing on improving cost efficiencies to avoid price increases, particularly for our lower grade coal, and generally consult with the GoI in determining the price of our coal. In determining the price of our coal, we take into consideration general inflation levels, increase in production costs that cannot be offset through efficiency improvements, the need for generating internal resources to ensure viability of projects and, to a lesser extent, the landed cost of comparative imported coal. The price of raw coal sold under our FSAs does not fully reflect market prices for coal in India or in international coal markets. In

addition, in the event that our production costs or other costs associated with the purchase of our coal that are payable by our customers, such as transportation cost and statutory levies, were to increase, there can be no assurances that we would be able to increase the price of coal to offset any such increases. For policy or other reasons, we may not price our coal at levels that would adversely impact the power sector or the Indian economy. For further information, see "Business – Pricing of Coal" beginning on page 106.

11. If the assumptions underlying our reclamation and mine closure obligations are materially inaccurate, our costs could be significantly greater than anticipated.

The GoI establishes operational, reclamation and closure standards for all aspects of surface mining. As of March 31, 2010, we operated 471 mines and we have significant ongoing mine reclamation and rehabilitation obligations. We estimate our total reclamation and mine-closing liabilities based on permit requirements, engineering studies and our engineering expertise related to these requirements. The estimate of ultimate reclamation liability is reviewed periodically by our management and engineers. For further information on provisions relating to mine closure obligations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations" beginning on page 184. The final land reclamation or mine closure liability at the end of the life of the mine depends on the outcome of various events during the period of operation. We make provisions on the basis of current estimates for such liability with effect from fiscal 1995. As on June 30, 2010, we have made provisions for such expenditure amounting to Rs.4,125.19 million.The estimated liability can change significantly if actual costs vary from our original assumptions or if governmental regulations change significantly, which could have a material adverse effect on our business, financial condition, and results of operations.

12. If the price of imported coal decreases, or the effective price of our coal to our customers increases, our customers may elect to meet a larger proportion of their coal requirements from imported coal rather than coal sourced from us. Further, most of the coal available in India, including our reserves, is lower quality non-coking or thermal coal, used primarily in the power generation sector.

The quality of Indian coal is considered lower in comparison to coal from some other countries, primarily due to its higher ash content and lower GCV. Most of the coal available in India, including our reserves, is lower quality non-coking or thermal coal, used primarily in the power generation sector. If as a result of governmental or environmental regulations, our customers, particularly thermal power generation companies, are required to upgrade their power generation facilities for use of higher value coal with lower ash content and higher GCV values, they may require coal of higher quality for their operations. If the price of imported coal decreases, or effective price of our raw coal to our customers increases as a result of increased production costs or increases in royalties, cess or other duties and taxes payable on coal produced by us or otherwise, our customers may elect to meet a larger proportion of their coal requirements from imported coal rather than coal sourced from us, which may have an adverse effect on our business, results of operations and financial condition.

13. The auditors' report on the audited restated standalone financial statements of our Company included in this Prospectus contains certain qualifications.

The auditors' report on our audited restated standalone financial statements contain certain qualifications:

- With respect to fiscal 2006, 2007, 2008 and 2009, the non-provision for investments in, loans to and other receivables from, our two wholly owned subsidiaries, ECL and BCCL, as they have been declared sick under the Sick Industrial Companies (Special Provisions) Act, 1985 and were referred to the BIFR. Our non-provisioning was Rs.44,169.18 million, Rs.43,838.62 million, Rs.44,936.85 million and Rs.47,726.88 million for ECL with respect to fiscal 2006, 2007, 2008 and 2009, respectively, and Rs.56,937.93 million, Rs.63,123.59 million, Rs.61,339.98 million and Rs.59,102.18 million for BCCL with respect to fiscal 2006, 2007, 2008 and 2009, respectively;
- with respect to fiscal 2008 and 2009, provision made in connection with back filling (included under provision for reclamation of land), which was not based on any technical evaluation amounted to Rs.16.00 million and Rs.1.60 million, respectively; and
- with respect to fiscal 2008, the liability for some employee benefits that were not valued on actuarial basis and the impact of the implementation of the National Coal Wage Agreement (NCWA VIII) and the current compensation level for our executive employees finalized in May 2009 (the Executive Pay Revision) were not considered for the valuation of actuarial liabilities of employee benefits.

However, these qualifications did not continue with respect to our audited restated standalone financial statements in fiscal 2010. For further information, see Annexure VIII of our audited restated standalone financial statements on page F 28. In addition, the respective auditors' reports on the audited financial statements of several of our Subsidiaries draw attention to certain factual matters emphasized, as exhibited in the notes to accounts forming an integral part of the audited financial statements of the respective Subsidiaries.

14. If we are unable to implement initiatives for further cost reduction and improved realizations from some of our legacy mines, our results or operations and financial condition may be adversely affected.

We currently operate 279 loss making mines, or 59.2% of our total mines, which accounted for 13.0% of our total production, a majority of which were vested in us at the time of nationalization of coal assets in India and were vested in us pursuant to the Coal Nationalization Act. These mines have historically contributed to losses in our operating subsidiaries in the absence of scope of mechanization and adverse geo-mining conditions, together with socio-political conditions that make it difficult for us to discontinue operations at these mines. Although we continue to introduce various initiatives to reduce operating costs and increase production and realizations from these mines, there can be no assurance that we will be able to effectively implement such initiatives, which could have a material adverse effect on our business, results of operations and financial condition.

15. Our coal mining operations have been adversely affected by illegal mining and pilferage of coal from our mines.

Our operations have been adversely affected by illegal mining and pilferage of coal from our mines. Unauthorized extraction and pilferage of coal from our mining areas has increased significantly in recent years primarily due to increases in market prices for coal and increased black-market demand for coal. We have been unable to prevent illegal mining carried out by others at some of our mines (primarily abandoned mines). Such illegal mining affects our reputation, endangers our operations around such mines and poses a security risk to our employees. Our losses from illegal mining include reserve losses and the rehabilitation costs associated with illegally mined areas. We have also been adversely affected by unauthorized removal of coal from our mines or stockpiles, particularly from mines or coalfields that are located in politically unstable areas with law and order problems, where we are unable to effectively monitor and prevent such activities. In addition, we are required to incur significant security costs to prevent such incidents. There can be no assurance that illegal mining activities or pilferage of coal from our mines or stockpiles will not increase in the future. Any significant increase in such activities within any of our mines or coalfields could have a material adverse effect on our business, financial condition, results of operations and prospects.

16. Some of the notifications under the CBA Act vesting mining rights in us are not traceable.

We are unable to trace copies of certain orders issued under section 11(1) the CBA Act vesting mining rights in the Company and/or its Subsidiaries. Some of untraceable orders under the CBA Act pertain to top 71 mines of the Company as disclosed in the chapter "Government and other Approvals" on page 303. An order issued under Section 11(1) of the CBA Act, establishes the rights of the Company and/or its Subsidiaries in or over the land. If such order is not available with the Company or its Subsidiaries, their rights in or over the land cannot be ascertained with certainty.

17. Some of our records relating to forms filed with the Registrar of Companies required under the provisions of the Companies Act are not traceable.

We are unable to trace copies of some prescribed forms filed with the relevant Registrar of Companies in India by our Company, as required under the provisions of the Companies Act, including, inter-alia, in respect of the allotment of equity shares and changes in registered office as required under the Companies Act. While we believe that these forms were duly filed on a timely basis, we have not been able to obtain copies of these documents, including from the Registrar of Companies. There is no perceptible impact on the operations of the Company due to non-availability of copies of forms required to be filed under the Companies act.

18. A significant part of our business transactions are with government entities or agencies, which may expose us to various risks, including additional regulatory scrutiny and delayed collection of receivables.

A significant majority of the coal produced by us is sold to public sector thermal power companies and utilities. Coal sold to government-owned and controlled power generation companies and utilities contributed 67.7%, 65.1%, 64.1% and 64.3% of our total sales in fiscal 2008, 2009 and 2010 and in the three months ended June 30, 2010, respectively. We may be subject to additional regulatory or other scrutiny associated with commercial transactions with government owned or controlled entities and agencies. In addition, there may be delays associated with collection of receivables from government owned or controlled entities, including from our significant customers that are power utilities. In addition, approximately 35.0% of our debts are considered doubtful. Although we believe our provisions for such doubtful accounts to be adequate, we cannot assure you that such provisions will be adequate and our failure to collect such debts may adversely affect our results of operation and/or cash inflows. Our operations involve significant working capital requirements and delayed collection of our receivables could adversely affect our liquidity. Contracts with government agencies are subject to various uncertainties, restrictions, and regulations including oversight audits by various government authorities and profit and cost controls. In addition, government contracts are subject to specific procurement regulations and a variety of other socio-economic requirements. We must also comply with various regulations applicable to government companies relating to employment practices, recordkeeping and accounting. These regulations and requirements affect how we transact business with our customers and, in some instances, impose additional costs on our business operations. We are also subject to government audits, investigations, and proceedings. If we violate applicable rules and regulations, fail to comply with contractual or regulatory requirements or do not satisfy an audit, we may be subject to a variety of penalties including monetary penalties and criminal and civil sanctions, which may harm our reputation and could have a material adverse impact on our business, financial condition, and results of operations.

19. We are dependent on our senior management personnel as well as the availability of qualified personnel and our business and operations will be adversely affected if we cannot attract and retain qualified personnel.

We are dependent on our senior management personnel, including members of our Board. If we lose the services of any of our key senior management, employees, it may be difficult to find, relocate and integrate adequate replacement personnel into our operations, which could seriously hamper our operations and the growth of our business. We are also dependent on qualified technical employees such as geologists and mining engineers for our exploration and mining operations.

As a public sector undertaking, the GoI policies regulate and control the emoluments, benefits and perquisites that we pay to our employees, including our key managerial personnel and other employees. We may be unable to compete with private sector companies for qualified personnel because of more competitive salaries and benefits packages provided by them. Additionally, a significant portion of our mining operations are located in remote and politically sensitive areas, with various law and order problems. In addition, as some of our key personnel approach retirement age, we need to have appropriate succession plans in place and to successfully implement such plans. For example, our Chairman and Managing Director, Mr. Partha S. Bhattacharyya, who has been associated with our Company since 1977, is due to retire in February 2011. If we cannot attract and retain qualified personnel, it could have a material adverse impact on our business, financial condition, and results of operations.

20. The distribution of our coal and allocation among customers is administered by the GoI in accordance with the New Coal Distribution Policy which reduces our negotiating power.

The distribution of our coal is made in accordance with the NCDP which was introduced by the GoI in 2007. All new customers are allocated coal through a process of issuance of a LOA under which they are required to meet certain project milestones within a specified period. For Central or State Government power utilities, independent power producers, captive power plants and customers in the fertilizer, cement and sponge iron and steel industries, an LOA is issued by us on the basis of the recommendation of an inter-ministerial Standing Linkage Committee (Long-Term), which take into account various factors in assessing such application, including LOAs or linkages already granted to customers in the relevant sector, as well as existing capacities and proposed capacity additions for such sector. For customers in other industries, LOAs are required to be issued by us on the basis of prevailing norms for such sector and recommendations of the relevant administrative ministry. In certain circumstances, a part of our coal produced is allocated for customers in the thermal power sector and the annual allocation is administered by the Central Electricity Authority. For further information on the distribution of our coal, see "Business - Distribution of Coal" beginning on page 100. This allocation process reduces our negotiating power with respect to the prices of our coal and restricts our ability to respond to market conditions.

21. The interests of our Directors may cause conflicts of interest in the ordinary course of our business.

Conflicts may arise in the ordinary course of decision-making by the Board. Some of our non-executive Directors may also be on the board of directors of certain companies engaged in businesses similar to the business of our Company. In accordance with the procedure laid down in the Companies Act, our Directors are required to disclose any conflict of interest to the Board, following which they are allowed to participate in any discussions concerning the matters tabled before the Board. Although, we have, in the past not had any incidence of conflict of interest, there is no assurance that our Directors will not provide competitive services or otherwise compete in business lines in which we are already present or will enter into in the future.

22. Failure to protect our intellectual property rights may adversely affect our business.

Our trademark and logo are not registered. We also do not have registered patents for any of the technological advances we have made in our research and development activities. If we fail to protect our intellectual property rights, including patents, trademarks, trade secrets and copyrights, our business and financial condition may be adversely affected. We have applied for registration of our logo, as appearing on the cover page of this Prospectus.

Pending our application for registration, our trademark shall have limited legal protection. For further details on our intellectual property rights, see section titled "Government and Other Approvals" on page 303.

23. Our operations are sensitive to seasonal changes.

Our operations may be adversely affected by difficult working conditions due to high temperatures during summer months and rain during monsoon that restrict our ability to carry on mining activities and fully utilize our resources, particularly during the first half of our fiscal year. During periods of curtailed activity due to adverse weather conditions, we may continue to incur operating expenses, but our revenues from operations may be delayed or reduced. Although such adverse weather conditions do not typically have a material impact on our revenue from operations, abnormally hot summer months or rainy monsoon could have a material impact. We have also in the past faced an increase in the shortage of adequate rail transportation facilities for coal supplies during the third and fourth quarters of our fiscal year, when India tends to experience higher freight transportation activities resulting from increased industrial production, which may result in our inability to meet fully the typically higher demand for our coal by the power sector during these quarters.

24. The GoI will continue to control us post listing of our Equity Shares.

Upon the completion of this Offer, the GoI will hold approximately 5,684,727,360 Equity Shares, or approximately 90.0% of our post-Offer paid up equity share capital. Consequently, the GoI, acting through the MoC, will continue to control us and will have the power to elect and remove our directors and determine the outcome of most proposals for corporate action requiring approval of our Board or shareholders, such as proposed five-year plans, revenue budgets, capital expenditure, dividend policy, transactions with other GoI-controlled companies. Under the Companies Act, this will continue to be a public sector undertaking which is owned and controlled by the Government of India. This may affect the decision making process in certain business and strategic decisions taken by the Company going forward.

25. The interests of the GoI as our controlling shareholder may conflict with your interests as a shareholder.

Under the MoU signed with the MoC and our Articles of Association, the President of India may issue directives with respect to the conduct of our business or our affairs for as long as we remain a government owned Company, as defined under the Companies Act. For instance, under Article 33 of our Articles of Association, the President of India, by virtue of holding a majority of our Equity Share capital, has the power to appoint the non-retiring Directors on our Board, i.e. one-third of the members of the Board, and also has the power to appoint our Chairman and Managing Director and determine the terms and conditions including remuneration and tenure applicable to the appointment. The interests of the GoI may be different from our interests or the interests of our other shareholders. As a result, the GoI may take actions with respect to our business and the businesses of our peers and competitors that may not be in our or our other shareholders' best interests. The GoI could, by exercising its powers of control, delay or defer or initiate a change of control of our

Company or a change in our capital structure, delay or defer a merger, consolidation, or discourage a merger with another public sector undertaking.

In particular, given the importance of the coal industry to the economy, the GoI has historically played a key role, and is expected to continue to play a key role, in regulating, reforming and restructuring the Indian coal mining industry. The GoI also exercises substantial control over the growth of the power industry in India which is dependent on the coal we produce and could require us to take actions designed to serve the public interest and not necessarily to maximize our profits.

26. The proceeds from this Offer will not be available to us.

As this Offer is by way of an offer for sale of Equity Shares by the Selling Shareholder, the proceeds from this Offer will be remitted to the Selling Shareholder and our Company will not benefit from such proceeds.

27. We are subject to risks arising from exchange rate fluctuations.

Changes in currency exchange rates may affect our results of operations. Approximately 92.2% of our total indebtedness of Rs.18,689.90 million as of June 30, 2010 was denominated in foreign currencies, most significantly the U.S. dollar and the Japanese Yen, and we expect that a portion of our future indebtedness will continue to be denominated in foreign currencies. We also expect our future capital expenditure in connection with our proposed expansion plans to include expenditure in foreign currencies for imported equipment and machinery. Depreciation of the Indian rupee against the U.S. dollar, the Japanese Yen and other foreign currencies may adversely affect our results of operations by increasing the cost of financing any debt denominated in foreign currency, any letters of credit, hedging transactions, or any proposed capital expenditure in foreign currencies.

Our foreign currency exposure is not significant. We however selectively enter into hedging transactions to minimize our currency exchange risks. There can however be no assurance that such measures will enable us to avoid the effect of any adverse fluctuations in the value of the Indian rupee against the U.S. dollar, the Japanese Yen or other relevant foreign currencies. For further information relating to hedging transactions that we have entered into, see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Off Balance Sheet Arrangements" beginning on page 230. In addition, since we enter into transactions in derivative financial instruments that are sensitive to movements in certain interest and currency exchange rates, and changes in the fair values of our derivative financial instruments are recognized in our audited financial statement at the end of each financial reporting period, any resulting decrease in the fair value of such derivative financial instruments could adversely affect our results of operations. As of June 30, 2010 there are certain derivative contracts outstanding, for which the Company has made provisions of Rs.166.10 million for any potential losses that may arise on account of such derivative contracts.

28. Changes in interest rates could affect our results of operations and financial condition. As of June 30, 2010, 37.7% of our total indebtedness were at floating rates of interest.

Changes in interest rates could affect our cost of borrowings and our results of operations and financial condition. As of June 30, 2010, Rs.7,041.83 million, or 37.7% of our total indebtedness were at floating rates of interest. If the interest rates for our existing or future borrowings increase significantly, our cost of funds will increase. This may adversely impact our results of operations, planned capital expenditures and cash flows. We currently do not enter into any derivative transactions to hedge against our exposure to interest rate risks. Even if we do enter into hedging arrangements against interest rate risks in the future, there can be no assurance that these arrangements will successfully protect us from losses due to fluctuations in interest rates.

29. Any shortage in the availability or the reliability of transportation infrastructure and capacities for the offtake of our coal may adversely affect our business and results of operations.

We depend primarily on a combination of rail and road transportation to deliver coal to our customers. Although we utilize significant road transportation facilities, rail transportation operated by the Indian Railways is the main transportation mode utilized by us for coal transportation, particularly for long distance supply arrangements. Our sales volumes have in the past been constrained by inadequate transportation capacities, including non-availability of adequate railway infrastructure. We are also dependent on third party road transportation providers, including truckers, for the supply of coal from the mine to the beneficiation facilities and the railway sidings and further for the supply of our coal to customers. Non-availability of adequate road

transportation, including in the form of transportation strikes, have had in the past, and could have in the future, an adverse effect on our receipt of materials and offtake arrangements for coal produced by us. In addition, road and rail transportation may be adversely affected as a result of adverse weather conditions, mechanical failures, infrastructure damage, accidents, strikes, insurgency threats in the regions we operate in or other factors beyond our control, which could adversely affect our ability to supply coal and comply with our supply obligations under applicable coal supply arrangements with our customers, resulting in penalties. We have also in the past faced an increase in the shortage of adequate rail transportation facilities for coal supplies during the third and fourth quarters of our fiscal year, when India tends to experience higher freight transportation activities, which may result in our inability to meet fully the typically higher demand for our coal by the power sector during these quarters.

Although we propose to invest in the development of additional railway infrastructure and dedicated berths at strategic ports in India to improve transportation capacities for the offtake of our coal, there can be no assurance that we will be able to develop such infrastructure within time or as planned or that such infrastructure will be adequate for our requirements or that such proposal will not involve significant capital expenditure on our part that will result in the landed cost of our coal commercially non-viable for our customers. For further information, see "Business - Transportation, Infrastructure and Logistics" beginning on page 97.

Inadequate transportation and offtake arrangements may also result in increased inventories. Increased inventories could result in the need for additional land for stocking of coal beyond that contemplated in the applicable mining plan and relevant permits for a particular project which may result in penalties or the revocation of such permits, or result in decreased, non-optimal production from these mines due to lack of adequate coal stocking land and increased production costs. Increased inventories could also result in an increase in loss of stock through fires or pilferage of coal.

There can be no assurance that we will have access to adequate transportation infrastructure and capacities for our expansion projects, and the non-availability of adequate transportation infrastructure may adversely affect our ability to successfully implement our growth strategies. If we are unable to secure adequate rail or road transportation capacities or secure economically viable alternative modes of transportation for the offtake of coal produced by us or any coal imported by us, our business, results of operations and financial condition may be materially and adversely affected.

30. We require various approvals, licenses and permits and must comply with various statutory and regulatory requirements in connection with our business and operations, and any failure to comply with such requirements in a timely manner may adversely affect our operations.

Our exploration and mining activities depend on the grant, renewal or continuance in force of various exploration and mining activities related approvals, licences and permits and must comply with various statutory and regulatory requirements in connection with our business and operations. Bringing mines into operation and maintaining such mines requires obtaining approval of a mining plan, which stipulate extraction limits, as well as applicable forest and environmental approvals in respect of the mine. Our mining leases are typically granted for a period of 20 to 30 years and we cannot assure you that we will be able to renew all our leases in a timely manner, or at all, which will have a material adverse effect on our business, results of operations and financial condition. In connection with our mining operations, we are required to obtain various regulatory approvals including, but not limited to, Central Government notification under Section 9(1) for identifying the areas and under Section 11(1) to vest mining rights or all rights on such areas in our Company or our Subsidiaries, of the CBA Act; Central Government approval under the Mines and Minerals (Development and Regulation) Act, 1957, as amended (the “MMDR Act”) and the Mineral Concession Rules, 1960, as amended (the “MC Rules”) to enter into the mining leases following the acquisition of the coal bearing land; MoEF approval for conducting mining operations on forest lands; GoI and MoEF approval for renewal of existing mining leases; and Directorate General of Mines Safety ("DGMS") certifications stipulating various conditions for the operation of a mine. For further information relating to statutory and regulatory approvals relating to our operations, see "Government and Other Approvals" beginning on page 303.

In the past we have faced and expect to face in the future significant delays in obtaining such approvals and permits including renewals for expired approvals and permits. For example, the DGMS has modified the terms and conditions of approvals issued with respect to the working of the Jayant open cast mine, operated by NCL. Our operations are also subject to continued review and applicable statutory and regulatory requirements may be amended or modified. There can be no assurance that we have in the past obtained or complied with the conditions stipulated in all relevant statutory and regulatory approvals and permits in connection with our

operations, including any breach of the extraction limits prescribed by the authorities including those imposed by the DGMS, MoEF and the State Pollution Control Boards. In addition, various applications are pending for consents to operate. Further, our statutory and regulatory approvals and licenses, including environmental approvals, are subject to numerous conditions, some of which are onerous and require us to incur substantial expenditure. There can be no assurance that we will be able to obtain or comply with all necessary licenses, permits and approvals required for our production and exploration activities in a timely manner or at all, which could have a material and adverse effect on our business and operations.

In addition, certain of our contractors and other counterparties are required to obtain approvals, licenses, registrations and permits with respect to the services they provide to us. There can be no assurance that such contractors or counterparties have obtained and will maintain the validity of such approvals, licenses, registrations and permits.

There can be no assurance that the approvals, licenses, registrations and permits issued in our favor will not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. For example, the mining plan approved for a specific mining lease granted by the GoI and the relevant State Government stipulates extraction and production limits, as well as the capacity of the relevant coal mine. Coal extraction and production exceeding such limits may result in a breach of the terms of such mining lease and the relevant approvals from the MoEF. In certain of our current mining projects such as in the Ananta and Samaleshwari mines, we have exceeded coal extraction and production limits specified in the relevant mining leases and environmental clearances. We are also facing various legal proceedings initiated by the state environmental protection boards with regard to the extraction of coal in excess of the limits prescribed under the pollution control approval in the Chirimiri mine. If we fail to comply with any applicable statutory and regulatory requirements or if such statutory and regulatory requirements relating to our business and operations or the implementation thereof are altered, we may incur increased costs, be subject to penalties and suffer a disruption in our operations, any of which could materially and adversely affect our business and results of operations. Any failure to renew the approvals that have expired or apply for and obtain the required approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations and permits that have been or may be issued to us, may adversely affect our business, results of operations and financial condition.

We have submitted a proposal to the Ministry of Coal, GoI ("MoC") on July 3, 2009 for the de-notification of our coal mining areas of approximately 1,422.78 hectares, i.e. mines that were originally vested under the CBA Act to us and where we have already carried out mining activities. The mining areas consist of mines under the following Subsidiaries: ECL, NCL, MCL, SECL and WCL . However, currently, the CBA Act does not permit for such de-notification. In the absence of any formal de-notification of these mines, we may continue to be liable for any mine reclamation and rehabilitation costs or other potential risks associated with such mines, including expenses relating to provision of security measures to prevent illegal mining and compliance with applicable statutory and regulatory requirements with respect to these mines, which could have an adverse effect on our business, results of operations and financial condition.

31. The regulatory framework in India is evolving, and regulatory changes as and when introduced by the GoI could have a material adverse effect on our business, financial condition and results of operations.

Various changes in the regulatory framework governing the coal sector are expected, which can have a bearing on our operations. Among others, the GoI plans to introduce a regulator for the coal sector to regulate the operations of the sector including enforcing standards of performance and operational norms and determine the price of coal. There can be no assurance that the rules, regulations and jurisprudence of the coal regulator will not evolve in a manner which may result in a material adverse effect on our business, financial condition and results of operations, including through the imposition of different pricing mechanisms for coal mining.

32. Various statutory and regulatory approvals that are material to the conduct of our business and operations have not been received or are pending with various regulatory authorities.

We and our Subsidiaries operate 471 coal mines in India. We are required to obtain several approvals, permits, licenses, leases, clearances, consents and registrations from various central and state government departments and other authorities for undertaking mining activities, at various stages in our business. Given the enormity of information, we have disclosed only certain key approvals of the major operating mines that had produced more than 1.00 million ton of coal during fiscal 2010, being 70 out of 471 mines, in the section titled "Government

and Other Approvals" on page 303. We have applied for, or are in the process of applying for, such key approvals. We may not receive such key approvals within the time frames anticipated by us or at all, which could adversely affect our business.

If we fail to obtain, or experience material delays in obtaining or renewing key approvals, our operations could be substantially disrupted, which could have an adverse effect on our business prospects, financial condition and results of operations.

33. Our coal mining operations are subject to various operating risks, which could result in materially increased operating expenses and decreased production levels and could materially and adversely affect our results of operations.

Our coal mining operations are subject to a number of operating risks. These conditions and events include, among others:

- poor mining conditions resulting from geological, hydrologic or other conditions, including variations of coal seam thickness, the amount and type of rock and soil overburden overlying the coal seam and other discrepancies to our geological models;
- adverse weather and natural disasters, such as heavy rains, flooding and other natural events affecting operations, transportation or customers;
- the unavailability of skilled and qualified labor and contractors;
- the unavailability of materials, equipment (including heavy earthmoving machinery) or other critical supplies such as tires and explosives, fuel, lubricants and other consumables of the type, quantity and/or size required to meet production expectations;
- the lack of capacity of, and longer distance from rail transportation facilities and rail transportation delays or interruptions;
- delays, challenges to, and difficulties in acquiring, maintaining or renewing necessary permits, including environmental permits, or mining or surface rights;
- accessibility of project sites;
- delays or difficulties in, the unavailability of, or unexpected increases in the cost of acquiring, developing and permitting new mining reserves and surface rights;
- competition and/or conflicts with other natural resource extraction activities and production within our operating areas;
- a major incident or accident at a mine site, such as slope failures in large open cast mines, that causes all or part of the operations of a mine to cease for some period of time or explosions or inundations in underground mines;
- unexpected equipment failures and maintenance problems;
- law and order problems;
- loss of man days due to industrial labor problems and unauthorized absentees of labor;
- power interruptions; and
- current and future health, safety and environmental regulations or changes in interpretation or implementation of current regulations.

These conditions and events may materially increase our cost of mining operations and delay or disrupt production at particular mines either permanently or for varying lengths of time, which could have a material adverse effect on our business, results of operations and financial condition. Additionally, our operations involve high fixed costs, and any reduction in our ability to sustain or increase the level of production will have a material adverse effect on our results of operation and financial condition.

34. We may incur material costs to comply with, or suffer material liabilities or other adverse consequences as a result of, environmental laws and regulations.

Our operations are subject to extensive environmental and hazardous waste management laws and regulations in India, including the Environmental Protection Act, 1986, as amended (the "Environment Act"), the Air (Prevention and Control of Pollution) Act, 1981, as amended (the "Air Act"), the Water (Prevention and Control of Pollution) Act, 1974, as amended (the "Water Act") and other regulations promulgated by the MoEF and various statutory and regulatory authorities and agencies of the relevant States in India. The coal mining industry in particular is subject to increasingly strict regulations with respect to a range of environmental matters including limitations on land use, including forest land; mine permit and licensing requirements; risks of

exploration activities; reclamation and restoration of mining properties after mining is completed; management of materials used in mining operations; the storage of coal and associated risks; the storage, treatment and disposal of wastes; remediation of contaminated soil and groundwater; air quality standards; water pollution; protection of human health, plant-life and wildlife and discharge of hazardous materials into the environment. Additionally, the MoEF may adopt a rigorous approach when enforcing applicable laws and regulations and may order the closure of any mine that fails to comply with orders requiring it to correct or cease operations that raise environmental concerns. Further, we may not be successful in receiving environmental and forest clearances from the MoEF and/or State Governments for some of our mines, which may hamper our operations.

Our mining operations involve significant environmental hazards including land degradation resulting in land subsidence and destruction of surface infrastructure, deforestation, generation of coal dust resulting in air pollution, mines fires and resultant land subsidence, damage to the local ecosystem, as well as water pollution and dilapidation of the water table in and around mining areas. For example, our mining operations in the Jharia and Raniganj coalfields suffer from fires and land subsidence from time to time and pose a serious environmental, health and safety risk. We are required to implement a rehabilitation plan, approved by the GoI for dealing with fire, subsidence and rehabilitation and diversion of surface infrastructure in the Jharia and Raniganj coalfields. For further information, see " - The Jharia and Raniganj coalfields are susceptible to coal fires and land subsidence and pose a serious environmental, health and safety risk. Extinguishing mine fires can be dangerous and may not always be economically feasible, and such mine fires are unlikely to be suppressed by rainfall. Further, if we are unable to implement the rehabilitation plans within the stipulated time frame or within the approved amounts, we may incur additional costs, and diversion of our resources for the implementation of the Jharia and Raniganj Master Plans may have an adverse effect on our business, results of operations and financial condition." beginning on page xxxiii.

A significant majority of our coal production is from open cast mines. In fiscal 2008, 2009, 2010 and in the three months ended June 30, 2010, raw coal produced from open cast mines represented 88.5%, 89.1%, 90.0% and 89.8% respectively, of our total raw coal production. Open cast mining is inherently more damaging to the environment than underground mining. Open cast mining can result in destruction of landforms and the local environment, may divert waterways and water tables and displace persons and, if not rehabilitated correctly, it may make the reclaimed site unstable, produce siltation problems in local watercourses, and potentially damage the environmental. In addition, any adverse change in regulations and policies of the GoI relating to open cast mining may have a material adverse effect of our business, financial condition and results of operations.

The impact of these laws and regulations, or any changes to such laws or regulations, may be significant and may delay the commencement of, or cause interruptions to, our operations. We incur, and expect to continue to incur, significant capital and operating costs to comply with these requirements, including various provisions made for land reclamation and other environmental related expenditure. We may not have complied with all such applicable environmental laws and regulations in the past and in the future may not comply with applicable laws and regulations. In addition, we may incur environmental liabilities in respect of our operations even for environmental damage caused by acts or omissions of our contractors. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of cleanup and site restoration costs and liens, the issuance of injunctions to limit or cease operations, the suspension or revocation of permits and other enforcement measures that could have the effect of limiting production from our operations. We may incur material costs and liabilities resulting from litigation and claims for damage to property or injury to persons arising from our operations. If we are pursued for sanctions, costs and liabilities in respect of these matters, our mining operations and, as a result, our profitability could be materially and adversely affected. In addition, we do not carry any insurance to cover potential liabilities that may arise as a result of environmental damage caused by us or by our contractors and this may result in a material adverse impact on our results of operations.

Further, new legislation or administrative regulations or new judicial interpretations or administrative enforcement of existing environmental laws and regulations, including proposals that would further regulate and tax the coal industry in India and restricting mining operations in certain areas by the MoEF, may also require us to change operations significantly or incur increased costs. Such changes could have a material adverse effect on our financial condition and results of operations.

35. We do not conduct a formal reconcilation of our resource and reserve estimates to reflect the geological data derived from our production which may cause a higher level of variance between our extractable reserve estimates and our actual production.

With respect to our producing mines, we generally estimate the balance of our extractable reserves based on our initial estimates of extractable reserves contained in the project report for the mine after giving effect to the mine's historical production. Although additional data is generated as part of the production process, for example through production drilling, that could enable us to revise the initial estimate of extractable reserves for a number of factors such as the geological conditions and stripping ratio encountered, we do not currently conduct formal reconcilations of our producing mines to account for such data. Consequently, our resource and reserve estimates with respect to our producing mines are generally based only on the information available to us at the time we prepare the project product report and, over the life of a mine, our actual production may show a higher level variation from our estimates than would be the case if we conducted a formal reconciliation process in accordance with international standards. SRK has recommended that we adopt an formal annual reconciliation process to revise our estimates of the balance of extractable reserves with respect to our producing mines to account for the data available to us through our production process. For additional information, see section 9.6 of the SRK Report.

36. Some of our coal mining assets are located in politically unstable areas which create security risks that could have a material adverse effect on our business, results of operations and financial condition. In addition, a significant portion of our mining operations are located in geographically remote areas.

Certain of our assets and mining operations are located in areas of India that are exposed to risks of attack by rebel groups, such as in Jharkhand, Chhattisgarh, Orissa and Assam. Such attacks may be directed at our property or personnel, at property belonging to our customers or at transportation infrastructure. These circumstances may adversely impact our business, results of operations and financial condition, as well as place our assets and personnel at risk.

We have in the past experienced interruptions in our operations as a result of such attacks. In addition, as a result of these disruptions, state-owned railway lines in these areas have been restricted from time to time in the past due to security concerns from possible terrorist activities of Naxalite rebels. Such disruptions have in the past and may affect in the future the availability of adequate transportation capacities for the offtake of our coal, resulting in increased inventory, increased operating costs resulting from inability to complete night-loading schedules due to suspension of night trains or other transportation means at night, as well as increased costs for provision of adequate security personnel in affected areas. Although, we have implemented various security measures, including increasing security personnel at affected areas, coordination with the relevant State administration and security forces, and appropriate disaster management systems, there can be no assurance that in the future such incidents will not continue, or even increase, or that security measures implemented by us will prevent such incidents or limit the consequences thereof. These circumstances could materially and adversely affect our mining operations and production in such affected areas and consequently our results of operations and financial condition.

Additionally, as of March 31, 2010, 418 mines out of our total 471 mines are located in areas that may be considered to be remote due to their distance from main cities, and such mines may lack certain infrastructure or facilities such as large hospitals and facilities for higher education. As a result, we may be impaired in our ability to attract, develop and retain a sufficient number of engineers, geologists and other skilled workers for our operations in such locations. Our success in our operations depends upon our ability to attract, develop and retain a sufficient number of engineers, geologists and other skilled workers that can execute its services in remote locations under difficult working conditions.

37. The Jharia and Raniganj coalfields are susceptible to coal fires and land subsidence and pose a serious environmental, health and safety risk. Extinguishing mine fires can be dangerous and may not always be economically feasible, and such mine fires are unlikely to be suppressed by rainfall. Further, if we are unable to implement the rehabilitation plans within the stipulated time frame or within the approved amounts, we may incur additional costs, and diversion of our resources for the implementation of the Jharia and Raniganj Master Plans may have an adverse effect on our business, results of operations and financial condition.

The mining area in the Jharia and Raniganj coalfields, operated by BCCL and ECL, respectively, are susceptible to fire and land subsidence due to non-scientific mining carried out by the mine owners prior to nationalization of the coal industry in India, and pose a serious environmental, health and safety risk. Coal mine fires are inherently dangerous and can lead to loss of lives, property, natural disasters, subsidence of surface infrastructure and severe environmental pollution. The GoI approved the Master Plan Dealing with Fire,

Subsidence and Rehabilitation in the Jharia coalfield ("Jharia Master Plan") and the Master Plan Dealing with Fire, Subsidence and Rehabilitation in the Raniganj coalfield ("Raniganj Master Plan"). Coal fires pose a serious problem due to the hazards to the environment which include toxic fumes, reigniting grass, brush, or forest fires, health and safety issues and the subsidence of surface infrastructure such as roads, pipelines, electric lines, buildings and homes. We inherited approximately 70 mine fires in the Jharia coalfield at the time of nationalization of the coal industry. Currently, there are 67 mine fires in the Jharia coalfield and seven mine fires in the Raniganj coalfield. Extinguishing these mine fires can be dangerous and costly and may not always be economically feasible, and such mine fires are unlikely to be suppressed by rainfall. Their environmental effects of coal fires include pollution of the atmosphere with toxins, and mine fires often leave a landscape devoid of vegetation and make it uninhabitable. In addition, the effects of mine fires on ambient air quality are severe once the fires become surface fires. The interaction of the gases with percolating water causes the change in the characteristic of the water quality of the area. In addition, the Jharia coalfield fire is believed to be responsible for asthma, chronic bronchitis, and lung and skin cancer. There is also a threat of serious land subsidence in several areas in the Raniganj coalfield and the old abandoned mines underlying the populated areas are mostly water logged and unapproachable. We do not maintain any insurance for environmental matters and if we are unable to extinguish such mine fires, or if any of the mine fires should escalate in an environmental catastrophe, or instances of serious land subsidence result in harm to persons or property, it may have a material adverse impact on our business, reputation, financial condition and results of operations. Losses and liabilities arising from events such as those mentioned above may significantly reduce our earnings or increase our costs (for example, by incurring extra costs on site restoration, disaster recovery and workers' compensation or rehabilitation) and may have an adverse effect on our business, financial condition and results of operations. In addition, such mine fires have been, and may continue to be, the subject of media attention, which may harm our reputation or attract action from various international or Indian non-governmental organizations.

In addition, we are required to implement a rehabilitation plan approved by the GoI for dealing with fire, subsidence and rehabilitation and diversion of surface infrastructure in the Jharia and Raniganj coalfields. Our scope of work in dealing with the fires at the Jharia and Raniganj Master Plans involves the identification of fire areas, selection of technologies to deal with fires, prioritization for implementation and assessment of fund requirement. Further, the rehabilitation and resettlement scheme of affected people also includes the identification of affected sites, identification of resettlement sites and assessment of fund requirements. Implementation of the rehabilitation of infrastructure and property owned by BCCL and ECL employees is the responsibility of BCCL and ECL, whereas rehabilitation of other affected persons will be the responsibility of the nominated state agencies, namely, the Jharia Rehabilitation & Development Authority ("JRDA") and Asansol Durgapur Development Authority ("ADDA") for the Jharia and Raniganj Master Plans, respectively. We may not be able to effectively implement the rehabilitation plan due to significant opposition from affected/displaced persons and/or other social or political groups. If we are unable to contain the fires and rehabilitate and relocate the affected persons within the stipulated time frame, or at all, we may not be able to access our reserves in the Jharia and Raniganj coalfields, which will affect our production and have an adverse effect on our business, results of operation and financial conditions.

The aggregate expenditure sanctioned by the GoI for the Jharia and Raniganj Master Plans is Rs.97,738.40 million. We are required to contribute Rs.3,500.00 million per annum by allocating Rs.6.00 per ton of coal dispatched by our Subsidiaries (excluding BCCL, ECL and NEC) and the balance is to be funded through a cess charged under the stowing excise duty ("SED") of Rs.10.00 per ton of coal produced by us and other private coal producers in India. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Results of Operations – Statutory Levies” on page 195. The funding arrangement for the implementation of the Jharia and Raniganj Master Plans over a period of ten years (in addition to a two year period for the Jharia Master Plan for pre-implementation studies) will be met through our internal resources and collection of SED under the Coal Conservation and Development Act, 1974 (the "CCDA"). Our contributions to these funds are included in the price we charge our customers for the raw coal we sell and are required to be used initially, whereas the SED amount is sent directly to CCDA and are to be applied to the balance of the aggregate sanctioned amounts. Out of our allocated contributions, we have utilized Rs.431.25 million as of March 31, 2010. The total balance in the Jharia and Raniganj Master Plans funds were Rs.9,458.78 million, Rs.12,238.43 million, Rs.14,774.27 million and Rs.15,548.70 million as of March 31, 2008, 2009, 2010 and in the three months ended June 30, 2010, respectively. If we are unable to implement the Jharia and Raniganj Master Plans within the stipulated time frame or within the approved amounts, we may incur additional costs, and diversion of our resources for the implementation of the Jharia and Raniganj Master Plans may have an adverse effect on our business, results of operations and financial condition.

38. Significant increases in our employee remuneration and benefits may adversely affect our expenses and may adversely affect our financial condition.

Employee remuneration and benefits represent the largest component of our total expenditure. Employee remuneration and benefits expenses were Rs.126,351.59 million, Rs.197,420.85 million, Rs.166,555.22 million and Rs.43,362.94 million in fiscal 2008, 2009, 2010 and in the three months ended June 30, 2010, respectively, which constituted 41.4%, 48.9%, 43.2% and 46.3% of our total expenditure and 32.7%, 42.9%, 31.7% and 33.1% of our total income in these periods, respectively. Salaries, wages and benefits for our non-executive employees is governed by an agreement between the trade unions and us, the National Coal Wage Agreement, which is fixed from time to time for a period of five years. The National Coal Wage Agreement VIII ("NCWA VIII"), which was finalized in January 2009, is effective for a period of five years from July 1, 2006. Salaries, wages and benefits of our executive employees are determined by the GoI and are fixed for a period of ten years. The current compensation level for our executive employees was finalized in May 2009 and is effective for a period of ten years from January 1, 2007 (the "Executive Pay Revision"). For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Factors Affecting Results of Operations – Expenditure – Employee Remuneration and Benefits" beginning on page 190. In addition, the Pay Committee of the GoI has recommended that all public sector undertakings should formulate an employees' stock option plan ("ESOP") and that 10.0% to 25.0% of the performance related payment should be paid as ESOPs. The effect of the implementation of such an ESOP scheme by our Company is not presently possible to quantify. Significant increases in our employee remuneration and benefits may adversely affect our expenses and may adversely affect our financial condition.

39. Some of the risks relating to our business and organization are not quantifiable or their disclosure in this Prospectus may be generic.

Due to the history, magnitude, geographical presence and nature of our business and organization, we are subject to certain inherent risks, described in more detail above, but which are not quantifiable or their disclosure may be generic. In particular:

- Our operations have been adversely affected by illegal mining, which comprises unauthorized extraction and pilferage of coal from our mining areas particularly those located in politically unstable areas. Our losses from illegal mining include reserve losses and the rehabilitation costs associated with illegally mined areas. However, these losses are not quantifiable due to the size of our operations and geographical spread of our mining areas.

- There are several corruption and similar proceedings pending against our employees, all of which may not involve material sums or charges. These proceedings are pending before various authorities, including the Central Bureau of Investigation (CBI) and the Central Vigilance Commission (CVC). Information in relation to some of these proceedings is not available with us.

- We are involved in a large number of outstanding legal proceedings, many of which we believe are not material to our operations and business. We believe the financial impact of these non-material legal proceedings is not likely to have any material adverse impact us and, hence, such litigation are not considered for the calculation of contingent liabilities forming part of our restated financial statements included in this Prospectus. Accordingly, we have not provided a comprehensive list of such legal proceedings in this Prospectus.

- We possess immovable properties across several states in India, which we have acquired over 30 years under a variety of arrangements and legislation. As a result, it is difficult to identify irregularities of our title to each of these properties and quantify the losses we may suffer in the event we are unable to retain some or all of these properties in future.

- We are required to comply with the applicable regulations and standards on employee health and safety, which require us to incur significant costs for their implementation. However, we are not required to maintain separate accounting records for the costs we incur towards such compliances and, hence, are unable to quantify such costs.

- Owing to the large number of sundry debtors, creditors, and loans and advances, we do not maintain detailed records and these amounts may not be confirmed in our restated financial statements included in this Prospectus. Accordingly, we have explained the position in a note to our audited financial

statements. For further information, see "Financial Statements – Other Notes on Restated Financial Statements Summary Statement of Assets and Liabilities - Restated" on page F 74.

For further details on risks relating to our business and organization, see "- Our coal mining operations have been adversely affected by illegal mining and pilferage of coal from our mines", "- Certain employees and personnel of our Company, and directors, employees and personnel of our Subsidiaries, face allegations of engaging in corrupt practices, which may adversely impact our business reputation and operations", "- Our Company, our Directors and our Subsidiaries are involved in a number of legal proceedings including criminal proceedings which, if determined against us, may have a material adverse impact on our financial condition and results of operations", "- Some of our immovable properties have certain irregularities in title, as a result of which our operations may be impaired", "- Extensive governmental regulation relating to employee safety and health impose significant costs. A violation of health and safety requirements and the occurrence of accidents could disrupt our operations and increase operating costs" on pages xxv, xxiii, xv, xlvi and xli, respectively.

40. We face various risks related to our expansion programs; our capital investment projects may exceed our original budgets, may not generate the expected benefits or may not be completed.

We continue to focus on the expansion of our existing mine capacities and the development of new mines, as well as the development of additional coal beneficiation facilities. For further information on our proposed expansion projects, see "Business – Expansion of our Coal Mines" beginning on page 91 and "Business – Coal Production Process – Coal Processing – Beneficiation Facilities" beginning on page 96. We also intend to procure additional mining and mining support equipment and machinery at various mines, and improve our internal transportation infrastructure and loading capacities. The success of these expansion programs and capital investment projects are subject to various risks, including the following:

- we must obtain government permits, licenses and approvals to proceed with our expansion programs and any failure to receive such permits, licenses and approvals within the timeframe we anticipate or at all could delay or prevent our expansion and new projects;
- the equipment and machinery installed in our coal mining operations to increase production may not perform according to specifications or our expectations;
- we may experience difficulties in obtaining machinery, equipment and spare parts, particularly heavy earthmoving machinery, required to increase production, due to capacity and supply constraints and high global demand for equipment and materials;
- unforeseen conditions or developments could arise during our expansion programs that could substantially delay our planned expansion, including adverse weather conditions, land disputes with project affected people, difficulties negotiating resettlement and rehabilitation packages and equipment and machinery malfunctions once operations commence; and
- if we utilize third party mining contractors, such contractors may not be able to fulfill their obligations under their operating agreements.

Our inability to expand our operations and production at our coal mines as planned could have a material adverse effect on our business, financial condition, results of operations and prospects and there can be no assurances that our expansion plans will achieve the expected levels of increased production.

We have incurred time overruns in relation to some of our projects in the past and may incur time and cost overruns for some of our projects in the future. We cannot assure you that we will be able to implement our expansion and new projects in a timely manner, or at all and any failure to do so, would adversely affect our business and result of operations. Additionally, actual capital expenditures for our capital investment projects may significantly exceed our budgets because of various factors beyond our control. If our actual capital expenditures for expansion programs and capital investment projects significantly exceed our budgets, or even if our budgets were sufficient to cover these projects, we may not be able to achieve the intended economic benefits of these projects, which in turn may materially and adversely affect our financial condition, results of operations and prospects. Even if we complete our expansion projects as planned, we cannot assure that such projects will achieve the expected levels of increased production or be as profitable as expected.

41. A portion of our coal production and coal handling operations are conducted through third party contractors which exposes us to fluctuations in contractor costs and risks relating to the quality of their services.

We primarily conduct our own coal mining, however a significant portion of our transportation and overburden removal operations are conducted through third party contractors. In fiscal 2010, transportation operations conducted by third parties accounted for approximately 48.0% of our total transportation operations and overburden operations conducted by third parties accounted for approximately 41.0% of our total of overburden removal operations. We engage third party contractors for transportation of coal from pit head to loading points, transportation of materials, loading of coal on wagons and a range of activities ancillary to our mining operations. Under some operating agreements with third party contractors, the contractor is responsible for providing substantially all equipment, labor and management required for coal mining operations from the designated mining pits, including drilling, blasting, excavation, loading and transportation of the coal. We are required to pay the contractors for their services according to specified rates fixed by us.

We are exposed to risks relating to the quality of the services, equipment and supplies provided by contractors necessitating additional investments by us to ensure the adequate performance and delivery of contracted services and to pay for cost overruns. Any failure by our contractors to comply with their obligations under their operating agreements (whether as a result of financial or operational difficulties or otherwise), any termination or breach of our operating agreements by our contractors, any protracted dispute with a contractor, any material labor dispute between our contractors and their employees or any major labor action by those employees against our contractors could materially adversely affect the development or operation of the relevant mines. We have also experienced a gradual increase in the cost of third party contractors in recent years, resulting from, among other factors, increases in the cost of machinery and equipment and fuel costs incurred by these contractors, as well as, in certain instances, cartelization by some of these third party contractors. We may not be able to recover from a contractor any losses that may be suffered by us due to any performance shortfalls of our contractors.

42. Our operations are extensively regulated by the GoI, State Governments and various statutory and regulatory authorities. The compliance costs, liabilities and requirements associated with existing statutory and regulatory requirements and adverse regulatory or policy developments can have a significant impact on our operations.

Our operations are subject to extensive regulation by the GoI, the relevant State Governments within which we operate, and various central, State, provincial and municipal statutory and regulatory authorities and agencies, including without limitation the MoC, MoEF, Ministry of Mines, GoI ("MoM"), the DGMS, the Controller of Coal, Controller of Explosives and State Pollution Control Boards. These authorities and agencies regulate many aspects of India's coal industry, including, among others, the following aspects:

- grant and renewal of coal exploration rights and mining rights;
- acquisition of land and surface rights;
- environmental matters and pollution control, including forest land related approvals;
- grant of mining licences;
- grant of approval for blasting, explosives and depillaring;
- conditions relating to continuing mining operations;
- safety and health standards;
- labor matters;
- distribution of coal produced by us in accordance with applicable GoI policies;
- allocation of coal linkages and coal supply under long-term fuel supply agreements (“FSAs”) and under the E-Auction schemes;
- coal export and import; and
- royalty, cess and other duties and taxes payable.

The compliance costs, liabilities and requirements associated with existing and any new policies and statutory and regulatory requirements can have a significant impact on our operations. In addition, there can be no assurance that our results of operations will not be materially adversely affected by any future changes in such regulations and policies. In addition, a significant majority of our total coal production is supplied for use in the thermal power industry in India and historically our most significant customers have all been public sector thermal power generation companies and utilities. Our business, operations and prospects may therefore be affected by various policies and statutory and regulatory requirements and developments that affect the thermal power industry in India in general or public sector power utilities in particular, including those introduced or administered by the Ministry of Power, GoI and the Central Electricity Authority ("CEA").

In addition, the GoI may from time to time, acting through the MoC, require us to renounce certain coal blocks in favor of third parties in relation to certain mines that were granted to us at the time of nationalization of the coal industry and were vested in us pursuant to the Coal Mines (Nationalization) Act, 1973, as amended (the "Coal Nationalization Act"). For example, we renounced our rights to certain mines in the Parvatpur and Brahmani blocks in the Jharia and Rajmahal coalfields, respectively. In the event that we are required to renounce our mining rights with respect to certain coalfields or mines, this may adversely affect our reserve base, production capacities and results of operations.

In addition, the MoC is contemplating that coal blocks where we do not propose to commence operations will be allocated to public and private sector companies through a bidding process. The implementation of the Coal Mines (Nationalization) Bill of 2000, or any proposed legislation with similar effect that contemplate admission of private sector companies in non-captive coal mining operations may result in increased competition and materially and adversely affect our business prospects, financial condition and results of operations.

43. The Mines and Minerals (Regulation and Development and Regulation) Bill, 2010 has been proposed which shall amend the Mines and Mineral Development and Regulation Act, 1957, with significant changes in the law regulating the mining sector. This Bill requires us to share 26% of our profits with local inhabitants and would base the award of mining blocks in the future on an auction basis.

The Mines and Minerals (Development and Regulation) Bill, 2010 (the "Bill") has been approved on September 17, 2010 by the "group of ministers" headed by the Finance Minister, Government of India. It proposes to implement the National Mining Policy, 2008, based on the recommendations given in 2006 by the Hoda Committee appointed by the Planning Commission, Government of India. The Bill is slated to amend the Mines and Mineral Development and Regulation Act, 1957, as amended ("MMDR Act").

The Bill seeks to decentralize powers to the States and increase revenues to the Government, including through rationalization of royalties, taxes and cesses and through the offer of mining blocks on an auction basis, pursuant to promotional regional exploration by the concerned State Governments. The Bill among other things replaces the procedure of renewal of mining leases currently applicable under the MMDR Act, provides for expeditious disposal of mining applications and an efficient dispute resolution mechanism. In the provisions of the Bill, mining leases are to be extended when an application is made at least 24 months prior to the expiry of the lease. The Bill further mandates that with respect to the land in which minerals vest, the holder of a license or mining license shall be liable to pay reasonable annual compensation to the person holding occupation or usufruct or traditional rights of the surface of the land over which the license and lease has been granted ("Stakeholders"), as mutually agreed (failing which State Government determines). The holder of the mining lease is also liable to allot free shares equal to 26.0 % through the promoters' quota of the mining company or an annuity equal to 26.0% of the profit after deduction of tax paid in case the holder of lease is a person to the Stakeholders as annual compensation and employment and other assistance in accordance with the Rehabilitation and Resettlement Policy of the concerned state government. Even in respect of mining operations which are nonfunctional or unprofitable, the Bill provides for payment of an amount as compensation to the Stakeholders in lieu of annuity for the first five years from the date of commencement of mining activity. The proposal includes the formation of National Mineral Royalty Commission consisting of representatives of Central Government, the state governments and the mining industry which shall review the existing royalty payable.

The GoI proposes to introduce the Bill in the winter session of Indian Parliament in 2010. After such introduction, the Bill is likely to go to a standing committee for further deliberations. The Bill is subject to change based on such debates and discussions and if approved, shall be in its final form the law which will apply to the mining sector in India. In its current form, we are unable to predict the impact the Bill would have on our business, results of operation and financial condition as its provisions require substantial interpretation, which makes its application uncertain, and there can be no assurances as to the provisions of the final law which may be adopted as result of the proposed introduction of the Bill or the scope of such law. However, the Bill purports to address many areas that are critical to our business and future results of operation, including our ability to obtain new mining blocks, renew our existing mining licenses and obtain new mining licenses and the level of compensation and royalties we pay in respect of mining licenses we seek to renew or new mining licenses we seek to obtain and there can be no assurances that any law adopted as a result of the proposed introduction of the Bill will not have a materially adverse impact on us in these or other areas, or a material impact on our business, results of operation and financial condition as a whole.

44. Any significant decline in the demand for our coal in the thermal power industry in India could have a material adverse effect on our business, results of operations and financial condition.

Non-coking, or thermal coal used in the thermal power generation industry constitutes most of our coal production. Non-coking coal represented 93.1%, 93.4%, 91.6% and 90.5% of our total coal production in fiscal 2008, 2009 and 2010 and in the three months ended June 30, 2010, respectively. Coal sold to government-owned and controlled power generation companies and utilities contributed 67.7%, 65.1%, 64.1% and 64.3% of our total sales in fiscal 2008, 2009 and 2010 and in the three months ended June 30, 2010, respectively. Our five largest customers are all public sector power utilities accounted for 45.0%, 42.8%, 42.6% and 43.5% of our total income in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. NTPC, which is a public sector power utility, has historically been our most significant customer. For further information, see "Business – Customers" beginning on page 99. We have entered into long term coal supply arrangements with these customers. See "Business – Distribution of Coal" beginning on page 100. The business policies, capacity expansion and capital expenditure plans as well as procurement strategies of our significant customers have had and will continue to have a significant impact on our business, results of operations and financial condition. In addition, our business, operations and prospects may be affected by various policies and statutory and regulatory requirements and developments that affect the power industry in India. In the event of a significant decline in the demand for our coal in the thermal power industry in India, our business, results of operations and financial condition may be materially and adversely affected.

45. Increase in the cost of fuel, materials and spares used in our mining operations, or the inability to obtain a sufficient quantity of materials and supplies, could increase our operating expenses, disrupt or delay our production and materially and adversely affect profitability.

We use significant quantities of petroleum-based fuel and lubricants, explosives, tires, steel and other materials, as well as spare parts and other consumables in our operations. Consumption of stores and spares represented 14.3%, 12.1%,12.8% and 11.4% of our total expenditure in fiscal 2008, 2009,2010 and in the three months ended June 30, 2010, respectively.

We use significant quantities of high speed diesel for the operation of major equipment for coal mining and processing operations. The cost of diesel represents a significant portion of our operating expenditure. Any significant fluctuation in global oil prices may result in an increase in our expenditure and expose us to fluctuations in our purchase of fuel. We have not historically hedged and currently do not hedge, our fuel price risk. We require bulk and cartridge explosives and accessories for blasting of overburden and coal. The price of explosives has increased significantly in recent years due to various factors, including consolidation in the industry. If the price for explosives continue to increase, our costs of production could increase.

Spare parts for heavy earthmoving machinery and other spares accounted for 24.6%, 24.2%, 23.1% and 19.5% and 23.2%, 22.8%, 22.8% and 22.1% of our consumption of stores and spares in fiscal 2008, 2009, 2010 and in the three months ended June 30, 2010, respectively. Due to worldwide increases in the price of steel and rubber, prices for spares for our mining equipment and coal handling plant machinery has increased significantly in recent years. A significant increase in the cost of spare parts for mining equipment and machinery may increase our cost of production and adversely affect our profitability.

A limited number of suppliers exist for certain supplies, such as explosives and tires and other spares for certain heavy earthmoving equipment, and any of our suppliers may divert their products to buyers in other mines or industries or divert their raw materials to produce other products that have a higher profit margin. Shortages in materials used in the manufacturing of supplies and mining equipment, which, in some cases, do not have ready substitutes, could limit our ability to obtain such supplies or equipment. In addition, we have in the past faced disruptions in operations at some of our mines as a result of cartelization of certain suppliers, particularly for explosives. Any significant increase in our coal production costs, whether as a result of increases in prices for fuel, spare parts, equipment, machinery or explosives, or otherwise, could have a material adverse effect on our business, and cease, disrupt or delay our operations. For further information, see "Business - Materials, Energy and Water" beginning on page 98 and "Management's Discussion and Analysis of Financial Condition and Results of Operations - Factors Affecting Results of Operations – Expenditure - Cost of Fuel and Other Materials" beginning on page 192.

46. Any increase in transportation costs that we are unable to pass on to our customers could have an adverse effect on our business and results of operations.

Transportation costs have been steadily increasing in the recent past. Continuing increases in coal transportation costs may have an adverse effect on our business and results of operations. The cost of transportation of coal from our mines to designated dispatch points (either at rail-head or at road-head) is borne by us for dispatch points located within three kilometers from the pit head. If the dispatch point from our mines is more than three kilometers but within 20 kilometers, the customers bear such transportation cost at specified rates as notified by us from time to time, which may not directly correspond to our costs incurred with respect to such transportation and may result in under-recovery of transportation costs from our customers. In circumstances where the distance from the dispatch point is greater than 20 kilometers from our mines, the customer is responsible for the actual cost of transportation. Our results of operations may, however, be impacted if we are unable to pass on any increase in transportation costs to the customers. In the event that transportation costs increase and we are unable to pass these additional costs to our customers or if the pre-determined rate which is charged to our customers is lower than what we actually incur, we will incur additional expenses, which may adversely affect our business, financial condition and results of operations. In addition, we have received various claims raised by some customers relating to additional freight paid on account of over-loading and under-loading of coal by us on rail wagons.

47. If we are unable to pass on to our customers any significant increases in the statutory levies paid on the coal we produce, our results of operations could be adversely affected.

Indirect taxes and statutory levies such as royalty, cess and stowing excise duty levied are an important component of the cost of our coal and coal products to our customers. These statutory levies and taxes are paid by our customers. A substantial portion of our royalties are levied on semi ad-valorem basis, a fixed component depending on the grade of coal and a variable component as a percentage (currently 5.0%) of prices as reflected in the invoice. Cess is payable to certain State Governments at rates per ton as stipulated by the respective State Government. In addition, the GoI has recently introduced an environmental cess on coal at Rs.50 per ton of production, with effect from July 1, 2010, which will result in a further increase in our statutory levies in fiscal 2011. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Results of Operations – Statutory Levies" beginning on page 195. If such royalties, cess and stowing excise duty is significantly increased or additional duties and cess such as environment cess is levied and we are unable to pass on such increases to our customers, our results of operations could be adversely affected. In addition, a significant portion of our raw coal is used in the thermal power sector in India and increases in duties and cess may restrict our ability to increase prices, as we try and protect our customers against increases in prices of our raw coal as it has a direct impact on the price of electricity.

48. An inability to successfully exploit existing reserves and acquire and develop additional reserves will adversely affect our growth strategy.

Our existing coal reserves decline as we produce coal. Our continuing growth and success therefore depends on our ability to conduct successful exploration and development activities at our existing mines and to acquire and develop additional reserves. For further information on our reserve and resource base, see "Business – Reserve and Resource Base Information" beginning on page 75. Our coal reserves may not be capable of being mined at costs comparable to our current costs. Additionally, if we encounter geophysical or geological conditions different from that predicted by past exploration activities, sampling and similar examination our reserve estimates may have to be adjusted downward. In the event that the coal mined is of a lower quality than expected, the demand for, and realizable price of, our coal may decrease, thereby affecting our profitability and financial condition.

Our strategy for increasing our coal resources and reserves includes leveraging our exploration capabilities to enhance our reserve and resource base in India, as well as acquisition of strategic coal resources and identification of joint development opportunities outside India. There can be no assurance that our planned development and exploration projects and acquisition initiatives will result in additional reserves or that such reserves will result in profitable mining activities. Exploration activities involve significant cost and we cannot assure you that we will be able to recover such costs. If we fail to acquire or develop additional economically viable reserves on a continuing basis in pace with our production levels, our existing reserves may eventually be depleted in the long term, which would adversely affect our business, results of operation and financial condition.

49. Extensive governmental regulation relating to employee safety and health impose significant costs. A violation of health and safety requirements and the occurrence of accidents could disrupt our operations and increase operating costs.

Central and State safety and health regulations applicable to the coal mining industry in India consist of a comprehensive regulatory framework for protection of employee safety, and compliance with these requirements imposes significant costs. Moreover, new health and safety legislation and regulations may be introduced that may adversely affect our operations. The DGMS is responsible for the implementation of health and safety laws and regulations applicable to our coal mining operations. Any failure to comply with applicable health and safety laws and regulations could result in temporary shutdowns of all, or a portion of our mines and coal processing and handling facilities, which may disrupt our operations and result in imposition of costly remedial measures. If we fail to comply with the relevant health and safety laws and regulations or fail to pass applicable safety inspections, our business reputation could also be adversely impacted. In addition, we do not make provisions for our workers' compensation liabilities relating to accidents and other hazards, which could adversely affect our future operating results. We do not maintain insurance coverage against various potential risks associated with our operations, including any accidents or other hazards, and there can be no assurance that we will not be required to make significant payouts in this connection in the future.

50. We depend on key equipment and machinery to conduct our coal mining operations. Acquisition of mining equipment is capital intensive, and if such equipment is not utilized in a productive and efficient manner, we may not realize the benefits we expect from such equipment and our operations and profitability may be adversely affected.

Our coal mining and processing operations depend on various key equipment and heavy earthmoving machinery. 51.9% of the equipment which we use in our open cast mines and production facilities is more than ten years old and requires maintenance, upgradation or replacement. In order for us to develop and operate large open cast mines and develop mechanized underground mining operations, we need to invest in additional advanced technologies and higher capacity equipment.

As acquisition of mining equipment is capital intensive, if such equipment cannot be utilized in a productive and efficient manner as a result of various circumstances including difficult geo-mining conditions in the coalfields in which we operate or the unavailibility of skilled manpower, we may not fully realize the benefits we expect from such equipment and our operations and profitability may be adversely affected. Further, if there is any potential delay or default on the part of equipment suppliers or if we are unable to acquire advanced technology or equipment in a timely manner or fail to appropriately upgrade existing technology and equipment, we may not be able to fully exploit our reserves, which could have an adverse effect on our business, financial condition, results of operations and prospects. In particular, there are a limited number of suppliers for heavy earthmoving machinery, some of which are imported. Moreover, due to the significant expansion of mining investments worldwide, mining equipment prices have increased significantly in recent years. Increase in the cost of mining equipment and spares may increase our cost of production and could adversely affect our profitability.

51. Two of our Subsidiaries, BCCL and ECL have been referred to the Board for Industrial and Financial Reconstruction ("BIFR"). Any disruption in the operation of these two companies could have an adverse affect on our financial condition, results of operation and profitability.

Two of our Subsidiaries, BCCL and ECL were incorporated in 1972 and 1975, respectively, through the nationalization of coking coal mines and non-coking coal mines. BCCL and ECL have been predominantly loss making companies since incorporation due to difficult geo-mining conditions, limited scope to conduct open cast mining, low productive underground mines and excess manpower. These two Subsidiaries have been declared sick under the Sick Industrial Companies (Special Provisions) Act, 1985 and have been referred to the BIFR in the late 1990s. Under the scheme implemented by the BIFR, these Subsidiaries currently do not have adequate independent decision making powers with respect to its investments and do not have access to financial market. Our investments in BCCL and ECL, which are long term in nature, amounted to Rs.35,745.89 million and Rs.24,614.55 million as of March 31, 2010, respectively. ECL and BCCL contributed 39.3%, 40.1%, 36.4% and 36.9% of our total employees' remuneration and benefits in fiscal 2008, 2009, 2010 and in the three months ended June 30, 2010, respectively, although raw coal produced from these subsidiaries represented 13.0%, 13.3%, 13.4% and 14.0% of our total raw coal production in these periods. The viability of these two companies is largely dependent upon continuous growth in production of coal, cost control through reduction of manpower and obtaining a remunerative price from coal consumers for the coal produced by them.

Both the companies have implemented revival plans approved by BIFR. Any disruption in the operation of these two companies could have an adverse affect on our financial condition, results of operation and profitability.

52. We may be unable to produce or import sufficient amounts of coal to fulfill our customers' requirements or otherwise meet our contractual obligations under our FSAs, which could adversely affect our business, results or operations and financial condition.

Under our FSAs, we are required to supply an annual contracted quantity ("ACQ") of coal to our customers. For information on certain significant terms of our FSAs, see "Business - Fuel Supply Agreements" beginning on page 100. We are subject to various risks associated with our obligations under our FSAs, including among others, the following:

- We may be required to import coal to fulfill supply obligations under our FSAs and to carry out the mandate established by the Planning Commission of India for the import of coal for power utilities in India. However, currently, we do not import coal to fulfil any such obligations. Operational difficulties, changes in demand and other factors could affect the availability, pricing and quality of coal, including imported coal, purchased by us. Although our customers have agreed pursuant to our FSAs to bear any such additional cost relating to coal procured from third-party sources, including imported coal, if we are unable to fill a customer order, we may lose existing customers, and our results of operations could be adversely affected.
- We are liable to pay compensation to our customers for short delivery of coal at rates specified in the respective FSAs. Although we have contractually limited our short delivery compensation liability under the FSAs to certain circumstances, there can be no assurance that we will not be required to make short delivery compensation payments to our customers or that such payments will not be material.
- Our FSAs may be terminated by our customers under various circumstances, including, among other conditions, force majeure events, breach of terms of the relevant FSA, our inability to supply certain minimum percentages of the ACQ as specified in the FSA, or if the customer is prevented by law to use the coal supplied for reasons beyond its control resulting from changes in environmental or statutory requirements. Customers may also temporarily suspend performance under our FSAs for force majeure events. In the event that our FSAs are terminated as a consequence of such events or circumstances or we are required to suspend performance under any of our FSAs, our revenues and profits could be adversely affected.

Our inability to satisfy our contractual obligations and our customers' demands could result in customers initiating claims against us or otherwise harm our relationships with our customers, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, we have entered into letter of assurances (“LOAs”) for the sale of coal that exceed our expected production. If we were to enter into FSAs with respect to all such LOAs, we estimate the shortfall in our ability to supply coal from our production to be approximately 110.00 million tons for fiscal 2011 and 235.00 million tons for fiscal 2012 and to increase in subsequent years to the extent we are unable to increase our production through expansion.

53. Acquisitions or strategic investments that we may undertake in the future involve a number of risks, any of which could cause us not to realize the anticipated benefits.

Our growth strategy includes equity investment in or acquisition of strategic brownfield and greenfield coal mining projects outside India. We have initiated the process of selecting coal companies as prospective strategic partners for our international initiatives in Australia, the United States, South Africa and Indonesia, countries from which coal is currently imported into India. We have commenced the due diligence process for and are currently evaluating the proposals for acquisition of coal assets in Australia, Indonesia and the United States. In our annual plan for fiscal 2011, we have earmarked Rs.60,000 million for the acquisition of international coal assets. If we are unable to successfully integrate the businesses or assets we acquire our business, financial condition or results of operations could be negatively affected. Acquisitions or strategic investments that we may undertake in the future may involve various risks, including:

- uncertainties in assessing the reserve and resource base through exploration in prospective international properties;

- uncertainties in assessing the strengths and potential profitability, and the related weaknesses, risks, contingent and other liabilities, of acquisition candidates;
- changes in business, industry, market, or general economic conditions that affect the assumptions underlying our rationale for pursuing the acquisition;
- ownership risks arising out of change in political regime or applicable laws relating to foreign investment in the jurisdiction in which coal assets have been acquired;
- the inability to achieve identified operating and financial synergies anticipated to result from an acquisition;
- the potential loss of key customers, management or employees of an acquired business;
- the nature and composition of the workforce, including the acquisition of a unionized workforce;
- diversion of our management's attention from other business concerns;
- regulatory challenges for completing and operating the acquired business, including opposition from environmental groups or regulatory agencies or any changes in the regulatory framework;
- environmental or geological problems in the acquired properties, including factors that make the coal unsuitable for intended customers due to ash, heat value, moisture or contaminants;
- inability to acquire sufficient surface rights to enable extraction of the coal resources;
- lack of experience in international logistics;
- outstanding permit violations associated with acquired assets;
- any decrease in the import price of coal compared to our estimates could adversely affect our projected returns from the coal asset resulting in decreased returns; and
- risks related to operating in foreign jurisdictions, including increased exposure to foreign government and currency risks with respect to any international operations.

In addition, foreign acquisitions involve risks related to integration of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with specific countries. We may have to incur substantial expenditures to develop the acquired coal assets or businesses, and the expenditures we incur to develop such coal assets or businesses may exceed our sales from such coal assets or businesses. Moreover, any acquisition opportunities we pursue could materially increase our liquidity and capital resource needs and may require us to incur indebtedness, seek equity capital or both. In addition, future acquisitions could result in our assuming significant long-term liabilities relative to the value of the acquisitions.

54. We have entered into joint ventures with third parties which may not always be successful.

We have entered into four joint ventures through our Company and two joint ventures through our Subsidiaries with certain entities in connection with our business and operations. Investments through joint ventures may, under certain circumstances, involve risks as joint venture partners may fail to meet their financial, commercial or other obligations in respect of the joint venture. In addition, joint venture partners may have business interests or goals that differ from our or our shareholders' business interests or goals. Any disputes that may arise between us and our joint venture partners may cause delays, suspension or abandonment of our projects. Further, under our existing joint venture arrangements, our partners have the right to terminate such joint ventures in the event of breach of any of our contractual obligations.

In addition, as a part of growth strategy, we intend to continue to pursue suitable joint venture and strategic partnership opportunities in India and internationally. We may not be able to identify suitable joint venture or strategic partners or we may not complete transactions on terms commercially acceptable to us, or at all. We cannot assure you that we will be able to successfully form such alliances and ventures or realize the anticipated benefits of such alliances and joint ventures. Any unforeseen costs or losses can adversely affect our business, profitability and financial position.

55. If coal produced from underground mines represent a larger proportion of our total coal production in the future, our cost of operations may increase leading to lower margins and profitability.

Most of our historical coal production has been from open cast mines. The cost of production of raw coal from open cast mines is significantly lower than that produced from underground mines. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Results of Operations – Unit Cost of Production" beginning on page 193. Underground mines involve higher exploration costs, higher investment in equipment and technology as well as higher operating costs, including employee costs, compared to that involved in open cast mines. As part of our business strategy, we are currently exploring

various initiatives to increase production of coal from our underground mines. In the event that we fail to acquire or develop additional reserves that support coal production from open cast mines, or if coal produced from underground mines otherwise represents a larger proportion of our total coal production in the future, our costs of operations may increase which could lead to lower margins and profitability.

56. We have not made any restatement adjustments with respect to our auditor's qualifications dealing with non-provisioning for the investments in, loans to and other receivables from ECL and BCCL in the audited restated standalone financial statements of our Company for fiscal 2006, 2007, 2008 and 2009, included in this Prospectus.

Our auditors had made qualifications in fiscal 2006, 2007, 2008 and 2009 with the Company's audited standalone accounts for non-provisioning for investments in, loans to and other receivables from BCCL and ECL. The non-provisioning was Rs.44,169.18 million, Rs.43,838.62 million, Rs.44,936.85 million and Rs.47,726.88 million for ECL with respect to fiscal 2006, 2007, 2008 and 2009, respectively, and Rs.56,937.93 million, Rs.63,123.59 million, Rs.61,339.98 million and Rs.59,102.18 million for BCCL with respect to fiscal 2006, 2007, 2008 and 2009, respectively. Owing to the improved financial performance of the subsidiaries, there is no permanent dimunition in value of investment of the Company in BCCL and ECL in terms of Accounting Standard 13. In fiscal 2010, there is no qualification in the standalone accounts for these loans to BCCL and ECL due to an improvement in the financial performance of these Subsidiaries, and as these Subsidiaries started making repayments loans, advances and receivables to the Company. Further, in fiscal 2010, both these Subsidiaries registered a profit and hence no restatement for the above was made in fiscal 2006, 2007, 2008 and 2009. For fiscal 2006, 2007, 2008 and 2009, the Company had not carried out any valuation for BCCL and ECL to determine the decline in the investments and therefore such amount is not ascertainable. We believe that the valuation of these Subsidiaries will involve not only the determination of future cash flows, but also coal reserves and resources, which do not form part of the audited financial statements and certain value can be attributed to such reserves and resources. Therefore, as any potential decline was temporary in nature, and due to the improved financial performance of the subsidiaries our statutory auditors and the Comptroller and Auditor General have not made any qualifications in this regard for fiscal 2006, 2007, 2008 and 2009, respectively.

57. We have not made any provisions with respect to investments in, loans to and other receivables from ECL and BCCL in the audited restated standalone financial statements of our Company for fiscal 2010 included in this Prospectus.

BCCL and ECL have been declared sick under the Sick Industrial Companies (Special Provisions) Act, 1985 and have been referred to the BIFR in the late 1990s. Our auditors had made qualifications in fiscal 2006, 2007, 2008 and 2009 with the Company's audited standalone accounts for non-provisioning for investments in, loans to and other receivables from BCCL and ECL amounting to Rs.44,169.18 million, Rs.43,838.62 million, Rs.44,936.85 million and Rs.47,726.88 million for ECL with respect to fiscal 2006, 2007, 2008 and 2009, respectively, and Rs.56,937.93 million, Rs.63,123.59 million, Rs.61,339.98 million and Rs.59,102.18 million for BCCL with respect to fiscal 2006, 2007, 2008 and 2009, respectively. For fiscal 2010 there is no qualification in the audited standalone accounts for these loans to BCCL and ECL due to an improvement in the financial performance of these Subsidiaries, and as these Subsidiaries started making repayments loans, advances and receivables to the Company. Owing to the improved financial performance of the subsidiaries, there is no permanent dimunition in value of investment of the Company in BCCL and ECL in terms of Accounting Standard 13, and therefore the same has been valued at cost and accordingly our statutory auditors and the Comptroller and Auditor General have not made any qualifications in this regard for fiscal 2010.

58. We have not made any restatement for certain adjustments with respect to arrear liability on account of gratuity and other employee benefits arising out of salary and wages for executives and non-executives in fiscal 2009, which has been charged in the restated accounts of our Company in fiscal 2009.

We have not made any restatement in case of increased gratuity and other employee benefits liability on account of upward revision in the gratuity ceiling and salary, as the amount is unascertainable for each year. Determination of such amounts for each year has not been carried out given the calculation of scale of pay, basic salary and dearness allowance for each employee for each year, after considering leave and absentism for the existing approximately 0.4 million employees of the Company as well as the retired employees of the Company, is extremely onerous. The total liability on account of gratuity and other employee benefits not restated is Rs.31,292.60 million and Rs.584.60 million for our audited restated consolidated and standalone accounts of our

Company, respectively. For further information, see "points 1 and 2 of Annexure VII" of our audited restated standalone financial statements on page F 27 and "points 1 and 2 of Annexure G" of our audited restated consolidated financial statements on page F 73.

59. Underground mining operations are particularly hazardous and subject to unexpected disruptions which could adversely affect our results of operations.

Underground mining activities are inherently risky and hazardous. In fiscal 2008, 2009, 2010 and in the three months ended June 30, 2010, raw coal produced from our underground mines represented 11.5%, 10.9%, 10.0% and 10.2%, respectively, of our total raw coal production in these periods. Specific risks associated with the underground mining operations include underground fires and explosions (including those caused by flammable gas), cave-ins or ground falls, discharge of gases or toxic chemicals, flooding, sinkhole formation and ground subsidence during underground drillings, removal and processing of coal. We cannot assure you that such accidents will not occur in the future, resulting in death, serious injury to our personnel or destruction of property and equipment. Any disruption of our operations due to any of these events or otherwise could have a material adverse effect on our business, financial condition, results of operations and prospects.

60. Accounting policies that we follow for overburden removal may differ from international practice and accounting standards.

Accounting policies that we follow for overburden removal may differ from international practice and accounting standards under IFRS or US GAAP. In an opencast mine, overburden is removed for extraction of coal and a standard ratio is fixed in the project report. During the life of the project, the actual ratio of overburden removal varies for a particular year based on the geo-mining conditions. The expenditure incurred for removal of excess/less quantity of overburden for production of coal in a particular year is adjusted against the profit and loss account by creating/utilizing reserves in the financial account. This is done to maintain uniformity of expenditure for production of coal by removing over burden throughout the life of the project. If we discontinue the abovementioned practice as required under IFRS and are required to charge this amount in the same year, it may have a significant impact on our profit and loss account, including tax implications. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 184.

61. Any significant indebtedness in the future could adversely affect our financial condition and results of operations. We are subject to certain restrictive covenants under our current financing arrangements.

As of June 30, 2010, we had total outstanding indebtedness of Rs.18,689.90 million. Although we are currently not significantly leveraged, we may incur additional indebtedness in the future. Any significant indebtedness in the future could have several important consequences, including that a portion of our cash flow will be used towards servicing and repayment of our indebtedness, which will reduce the availability of cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements.

Most of our current financing arrangements are secured by our current assets, including a charge on our equipment. Some of our current financing agreements also include various conditions and covenants that require our Company to obtain lender consents prior to carrying out certain activities and entering into certain transactions, including incurring additional debt, issuance of equity, changing the capital structure, dilution of GoI's shareholding in our Company, increase or modify capital expenditure plans, undertake any expansion, provide additional guarantees, or merge with or acquire other companies, whether or not there is any failure by such entities to comply with the other terms of such agreements. Whilst, we have received consents from various lenders for the purpose of this Offer, any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities and/or acceleration of all amounts due under such facilities and may affect our ability to conduct our business and operations or implement our business plans. In addition, under the provisions of our secured financing agreements for overdraft against pledge of term deposits, and certain unsecured loans, our lenders have the right to recall the payments of the amounts due under the loan facility at any time at their discretion. If our lenders recall the payments of the outstanding amounts before they fall due, it may adversely affect our financial condition.

62. We have invited tenders for the implementation of an enterprise resource planning system to manage our operations and an inability to implement such system within the expected time frame or at all could adversely affect our business.

We have invited tenders for the implementation of SAP enterprise resource planning system to cater to various functions of our operations, which is expected to be implemented within three years from the commencement of the contract with the successful bidder. If we are unable to implement such system within the expected time frame, or at all, we will not be able to integrate our operations effectively, which could adversely affect our business and operations.

63. Some of our immovable properties have certain irregularities in title, as a result of which our operations may be impaired.

We possess immovable properties at various locations for the purpose of our business, held either on a freehold or a leasehold basis. We acquire most of our coal bearing land under the CBA Act. Certain of our properties have also been acquired through processes instituted under the Land Acquisition Act, upon payment of compensation as determined through examinations conducted by the Land Acquisition Officer. In some instances, the land acquisition procedures prescribed under the Land Acquisition Act are yet to be completed so as to provide us with a clear and absolute title to the relevant immovable properties. We also purchase some of our land from private owners. Additionally, some of our immovable properties have one or more of the following irregularities in title:

- the conveyance/sale deeds have not been executed;
- the conveyance deeds have not been registered in the land records maintained by the relevant authorities and are insufficiently stamped;
- the process by which changes in beneficial ownership are formally recorded in the land registries in India, i.e. mutations, have not yet been carried out in the records of the local land registries;
- the lease deeds have not been executed;
- the lease deeds have not been registered in the land records maintained by the relevant authorities and are insufficiently stamped;
- certain eviction suits have been filed in relation to premises occupied by our Company and our Subsidiaries; and
- the lease deeds have expired and have not yet been renewed.

For example, the title deed for our Registered Office is not traceable and we cannot assure you that such title deed has been duly executed. Although we have enjoyed uninterrupted and peaceful possession of the property, we may not be able to establish a good and marketable title to it. Moreover, our inability to identify defects or irregularities of title, and any inability to correct any such defects or irregularities of title may have further adverse effect on our title to the property, which may in turn adversely affect our business and cash flows.

Owing to irregularities in title, we have been subjected to various litigation. The material litigation pertaining to such irregularities of title are as follows:

- Mr. Mariyanush Marandi has filed a writ petition (W.P (C) No. 6602 of 2007) before the Jharkhand High Court against our Chairman and ECL, alleging that his land was acquired by the respondents in 1981 for 15 years pursuant to a notification issued under the CBA Act, allegedly, without any payment of compensation. He has also alleged that the land acquired had not handed over to him within the agreed period. In lieu of these grievances Mr. Marandi prays for a compensation amount of Rs. 2 million and interest on the amount from February 1996 till handing over the land to him in a fit condition as per the agreement. The matter is currently pending.

- Mr. Krishna Prasad Agarwal and others have filed an appeal (M.A. No. 23 of 2002) against the Union of India, CCL and others before the Jharkhand High Court. The appellants have challenged the judgment and award dated August 30, 2001 of the Tribunal constituted under the CBA Act. The High Court of Jharkhand has, *vide* judgment dated August 30, 2001, dismissed the claim of Mr. Krishna Prasad and others for declaration of their title over 137.89 acres of land acquired under the CBA Act *vide* Notification No. 3894 dated December 29, 1962 and for enhancement of compensation. Both the reference case and the appeal have been valued at Rs. 13.70 million in the appeal application but the Company has valued the suit as Rs. 137.89 million being the cost of the land and other interest, i.e.

solatium at the rate of 20% and severance cost at the rate of 10% to be included. The matter is currently pending.

- Mr. Mohan Mandal and others have filed a civil writ petition (W.P. (C) No. 6059/2009) against CCL and others before the Jharkhand High Court alleging that the GoI had acquired their land amounting to 37.76 acres vide Notification dated March 31, 1983 issued under the CBA Act but that CCL and others had failed to pay compensation and provide employment despite the verification of the raiyati status of the land. Mr. Mohan Mandal and others have prayed that the court issue Rule Nisi asking CCL and others to show cause as to why compensation in lieu of lands belonging to the Mr. Mohan Mandal and others has not been finalized despite lapse of several years and directing them to forthwith consider the case of Mr. Mohan Mandal and others and finalize compensation payable to them in lieu of acquisition of land under CBA Act and also provide employment to them. The amount involved in the petition is not ascertainable because the same has not mentioned in the petition but according to the Company's internal records cost of the land is Rs. 377.60 million and other interest, i.e. solatium at the rate of 30%, 9%, 15%, 12% additional compensation to be included on the rate as determined by the High Court of Jharkhand. The case is currently pending.

For details of these proceedings and other cases pertaining to land, see "Outstanding Litigation and Material Developments" beginning on page 239.

64. Significant differences exist between Indian GAAP used throughout our financial information and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our financial condition. Our failure to successfully adopt IFRS could have a material adverse effect on the price of our Equity Shares.

Our audited financial statements, including the audited restated consolidated financial statements provided in this Prospectus, are prepared in accordance with Indian GAAP. US GAAP and IFRS differ in significant respects from Indian GAAP.

As a result, our audited standalone and consolidated financial statements and reported earnings could be different from those which would be reported under IFRS or US GAAP. Such differences may be material. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Prospectus, nor do we provide a reconciliation of our audited financial statements to those of US GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Had the audited financial statements and other financial information been prepared in accordance with IFRS or US GAAP, the results of operations and financial position may have been materially different. Because differences exist between Indian GAAP and IFRS or US GAAP, the financial information in respect of our Company contained in this Prospectus may not be an effective means to compare us with other companies that prepare their financial information in accordance with IFRS or US GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited. In making an investment decision, investors must rely upon their own examination of our Company, the terms of this Offer and the financial information relating to our Company. Potential investors should consult their own professional advisers for an understanding of these differences between Indian GAAP and IFRS or US GAAP, and how such differences might affect the financial information contained herein.

The Institute of Chartered Accountants of India, the accounting body that regulates the accounting firms in India, has announced a road map for the adoption of and convergence with the IFRS, pursuant to which some public companies in India will be required to prepare their annual and interim financial statements under IFRS beginning with the fiscal period commencing April 1, 2011. Since there is significant lack of clarity on the adoption of and convergence with IFRS and there is not yet a significant body of established practice on which to draw in forming judgments regarding its implementation and application, we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting. There has been press coverage about the impact that our adoption of IFRS may have on our financial condition, primarily in India. We do not accept any responsibility for the accuracy or completeness of such press articles; such press articles were not prepared or approved by us. Accordingly, you should not rely on any such information. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IFRS than under Indian GAAP. As we transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems.

Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IFRS by April 1, 2011 could have a material adverse effect on the price of the Equity Shares.

65. Certain significant provisions under the Competition Act, 2002, have recently become effective and their impact on the business environment in India generally and our business and activities, in particular, is as yet unclear.

The Indian Parliament has enacted the Competition Act, 2002 (the "Competition Act") for the purpose of preventing business practices that have an appreciable adverse effect on competition in India under the auspices of the Competition Commission of India, which (other than for certain provisions relating to the regulation of combinations) has recently become effective. Under the Competition Act, any arrangement, understanding or action in concert between enterprises, whether or not formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and attracts substantial monetary penalties. Any agreement which directly or indirectly determines purchase or sale prices, limits or controls production, shares the market by way of geographical area or market or number of customers in the market is presumed to have an appreciable adverse effect on competition.

The effect of the Competition Act and the Competition Commission of India on the business environment in India is as yet unclear. Any application of the Competition Act to us may be unfavorable and may have a material adverse effect on our business, financial condition and results of operations. Additionally, we have received a notice from the Competition Commission of India ("CCI") dated May 14, 2010 under Section 36(2), read with Section 41 of the Competition Act, in relation to a complaint filed by one of our explosive suppliers alleging abuse of dominant position by us in relation to the coal sector. For details of such proceedings, see "Outstanding Litigation and Material Developments" on page 250.

Risk Factors Relating to this Offer

66. There is no existing market for the Equity Shares and the price of the Equity Shares may be volatile and fluctuate significantly in response to various factors.

There is no existing market for the Equity Shares. An active market for the Equity Shares may not develop or be sustained after this Offer. The market price of our Equity Shares may vary from the Offer Price after this Offer. The market price of our Equity Shares may fluctuate significantly due to factors beyond our control, including, but not limited to: volatility in the Indian and global securities markets; external factors affecting our operating results, including the risks outlined in this section; investor perceptions of our future performance; changes in factors affecting general market valuations of companies in the coal industry, including changes in the price of coal; announcements by us or others of significant technological developments, contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments; political developments or other governmental action or regulation in India or other countries; and additions or departures of key personnel. In addition, the BSE or the NSE may experience significant price and volume fluctuations, which may have a material adverse effect on the market price of the Equity Shares. There is a risk that you will not be able to sell your Equity Shares at a price at or above the Offer Price.

67. You will not be able to sell immediately any of the Equity Shares you subscribe to in this Offer on an Indian stock exchange.

The Equity Shares will be listed on the BSE and the NSE. Pursuant to Indian regulations certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry, or "demat" accounts with Depositary Participants in India are expected to be credited within two Business Days of the date on which this Offer and Allotment is approved by the Board. Thereafter, upon receipt of final approval of the Stock Exchanges, trading in the Equity Shares is expected to commence. There can be no assurance that the Equity Shares allocated to investors prior to the commencement of trading will be credited to their demat accounts, or that trading will commence, within the time periods specified above.

68. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

Our Equity Shares may be subject to a circuit breaker imposed by the stock exchanges in India which does not allow transactions beyond a certain level of volatility in the price of the Equity Shares. An index based market-wide (equity and equity derivatives) circuit breaker system has been implemented and the circuit breakers are applied to the market for movement by 10.0%, 15.0% and 20.0% for two prescribed market indices: the BSE Sensex for the BSE and the Nifty for the NSE ("NSE Nifty"), whichever is breached earlier. If any of these circuit breaker thresholds are reached, trading in all equity and equity derivatives markets nationwide is halted. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by the SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges may change such limits without our knowledge. This circuit breaker effectively limits upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at a particular point in time.

69. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors.

Pursuant to guidelines issued by the Ministry of Finance in September 2004, the minimum amount of dividend required to be declared is the higher of 20.0% of equity or 20.0% of profits after tax. According to this guideline, our minimum payout is 20.0% of profits after tax. See "Dividend Policy" beginning on page 182. We have in the past paid dividends to the GoI. We paid dividends of Rs.17,054.20 million, Rs.17,054.20 million and Rs.22,100.00 million in fiscal 2008, 2009 and 2010, respectively. However, the amount of our future dividend payments, if any, is subject to the discretion of the Directors, and will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors. There can be no assurance as to whether our Company will pay a dividend in the future and if so the level of such future dividends. For more information on our dividend policy, see the section titled "Dividend Policy" beginning on page 182.

70. You should read this Prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles, including, in particular, any financial projections, valuations or other forward-looking information. To the extent that any such statements are inconsistent with, or conflict with, the information contained in this Prospectus, we disclaim them. Accordingly, you should not rely on any such information.

There has been press coverage about us and this Offer, primarily in India, that included certain projections, valuations and other forward-looking information. We wish to emphasize to potential investors that we do not accept any responsibility for the accuracy or completeness of such press articles and that such press articles were not prepared or approved by us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information, or of any assumptions underlying such projections, valuations or other forward-looking information, included in or referred to by the media. To the extent that any such statements are inconsistent with, or conflict with, the information contained in this Prospectus, we disclaim them. Accordingly, you should not rely on any such information. In making your decision as to whether to purchase our Equity Shares, you should rely only on the financial, operational and other information contained in this Prospectus. The information about the Company in the press coverage may not be true of the Company and any decision to invest in the equity shares based on such information in the press coverage may not be based on correct information.

EXTERNAL RISK FACTORS

71. The use of alternative energy sources for power generation could reduce coal consumption by Indian electric power generators, which could result in lower demand for our coal.

Most of our coal is used in the thermal power industry in India. Raw coal dispatch to customers in the power sector (including to captive power plants in other industries) represented 82.7%, 81.4%, 79.9% and 78.2%, of our total dispatch of raw coal (external sales and internal dispatch) in fiscal 2008, 2009, 2010 and in the three

months ended June 30, 2010, respectively. The amount of coal consumed for Indian electric power generation is affected by, among other things:

- the location, availability, quality and price of alternative energy sources for power generation, such as natural gas, fuel oil, nuclear, hydroelectric, wind and solar power; and
- technological developments, including those related to alternative energy sources.

Gas-fired generation has the potential to displace coal-fired generation, particularly from older, less efficient coal-powered generators. The use of natural gas in the energy industry has been gaining significance in the Indian market with its share in the primary energy market. With increased spending on infrastructure in the oil and natural gas sector, oil and natural gas may become easily available to the power generation companies, increasing their use as a alternative energy source. Further, many of the new power plants needed to meet increasing demand for Indian electricity generation may be fired by natural gas because gas-fired plants are cheaper to construct and permits to construct these plants are easier to obtain as natural gas is seen as having a lower environmental impact than coal-fired generators. Additionally, wind power is also becoming increasingly popular as a renewable energy source. In addition, possible advances in technologies and incentives, such as tax credits, to enhance the economics of renewable energy sources could make these sources more competitive with coal.

Any reduction in the amount of coal consumed by the power sector in India could reduce the demand and price of coal that we mine and sell, thereby, reducing our revenues and materially and adversely affecting our business and results of operations.

72. There is no guarantee that the Equity Shares will be listed and traded on the BSE and the NSE in a timely manner or at all, and any trading closures at the BSE and the NSE may adversely affect the trading price of our Equity Shares.

In accordance with Indian law and practice, permission for listing and trading of Equity Shares will not be granted until after those Equity Shares have been transferred. Approval will require all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and the NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

The BSE and the NSE have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on, either of the BSE and the NSE could adversely affect the trading price of the Equity Shares. Historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

73. Global economic conditions have been unprecedented and challenging and have had, and continue to have, an adverse effect on the global and Indian financial markets and the world and Indian economies in general, which has had, and may continue to have, a material adverse effect on our business and financial performance, and may have an impact on the price of our Equity Shares.

Recent global market and economic conditions have been unprecedented and challenging with tighter credit conditions and an economic recession has been witnessed in most major economies in 2009. Continued concerns about the systemic impact of potential long-term and wide-spread economic recession, energy costs, geopolitical issues, the availability and cost of credit, and the global housing and mortgage markets have contributed to increased market volatility and diminished expectations for western and emerging economies. In the second half of 2008, added concerns fuelled by the United States government conservatorship of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association, the declared bankruptcy of Lehman Brothers Holdings Inc., the United States government financial assistance to certain financial and other institutions and other federal government interventions in the United States financial system led to increased market uncertainty and instability in both United States and international capital and credit markets. These conditions, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have contributed to volatility of unprecedented levels.

As a result of these market conditions, the cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets

generally and the strength of counterparties specifically has led many lenders and institutional investors to reduce, and in some cases, cease to provide credit to businesses and consumers. These factors have led to a decrease in spending by businesses and consumers alike and corresponding decreases in global infrastructure spending and commodity prices. Continued turbulence in the United States and international markets and economies and prolonged declines in business consumer spending may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our customers, including our ability to access the capital markets to meet liquidity needs. These market and economic conditions have had, and continue to have, an adverse effect on the global and Indian financial markets and the global and Indian economy in general, which has had, and may continue to have, a material adverse effect on our business and financial performance, and may have an impact on the price of the Equity Shares.

74. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our Company's operations directly, or may result in a more general loss of customer confidence which would have a material adverse effect on our business, results of operations, financial condition and cash flows.

Terrorist attacks, civil unrest and other acts of violence or war involving India or other neighboring countries may adversely affect the Indian markets and the worldwide financial markets. South Asia more generally has experienced instances of civil unrest and hostilities among neighboring countries from time to time. The occurrence of any of these events may result in a loss of business confidence, which could potentially lead to economic recession and generally have an adverse effect on our business, results of operations, financial condition and cash flows. In addition, any deterioration in international relations may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. If India were to become engaged in armed hostilities, particularly hostilities that were protracted or involved the threat or use of nuclear weapons, we might not be able to continue our operations. Military activity or terrorist or rebel group attacks in the future could adversely affect the Indian economy by disrupting communications and making travel more difficult or by disrupting our operations directly, including through disruptions to the transportation lines over which we transport our goods, such as domestic railway lines. In particular, certain of our projects may be located in geographically remote areas that may be more prone to vandalism or other attacks by representatives of rebel forces or other political groups. Moreover, our Company's officers and employees may be held hostage by terrorists against the payment of ransom. Any of these conditions could have an adverse effect on our business, financial condition and results of operations.

75. Any downgrading of India's sovereign debt rating by a credit rating agency may adversely affect our ability to raise financing on terms commercially acceptable to us.

Any adverse revisions to India's sovereign credit ratings for domestic and international debt by credit rating agencies may adversely impact our ability to raise financing, and the interest rates and other commercial terms at which such financing is available. This could have a material adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures, and the price of the Equity Shares.

Prominent Notes:

- Public Offer of 631,636,440 Equity Shares for cash at a price of Rs. 245 per Equity Share aggregating up to Rs. 154,750.93 million[#], of the Company through an Offer for Sale by the Selling Shareholder. The Offer comprises a Net Offer and an Employee Reservation Portion. The Offer shall constitute 10.00% of the post-Offer paid-up Equity Share capital of our Company and the Net Offer shall constitute 9.00% of the post-Offer paid-up Equity Share capital of our Company. The Selling Shareholder and our Company, in consultation with the Book Running Lead Managers, have offered a discount of five per cent to the Offer Price to the Retail Individual Investors and the Eligible Employees bidding under the Employee Reservation category on Allotment. The excess amount paid at the time of Bidding shall be refunded within 12 Working Days from the Offer Closing Date to the Retail Individual Bidders and Eligible Employees.

  [#] *Subject to finalization of the Basis of Allotment. This amount will be reduced to the extent of five per cent discount to the Offer Price offered to the Retail Individual Bidders and the Eligible Employees bidding under the Employee Reservation Portion, based on actual allotment.*

- The average cost of acquisition of Equity Shares by our Promoter is Rs. 10 which has been calculated on the basis of the average of amounts paid by it to acquire the Equity Shares currently held by it.

- Except as disclosed in the section titled "Financial Statements" on pages F 39 and F 84, there have been no transactions between our Company and our Subsidiaries/joint ventures during the last Fiscal including the nature and cumulative value of the transactions.

- The net worth of our Company on a standalone basis and consolidated basis as at June 30, 2010 was Rs. 187,525.92 million and Rs. 283,879.79 million, respectively, as per the restated audited stand alone financial statements and as per the restated audited consolidated financial statements.

- The NAV/ book value per Equity Share as at June 30, 2010 was Rs. 26.69 as per our restated audited stand alone financial statements and Rs. 44.94 as per our restated audited consolidated financial statements. For more information, see the section titled "Financial Statements" beginning on page F-1.

- There has been no financing arrangement whereby the Directors and/ or their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of filing of the DRHP with SEBI.

- Investors may contact the Book Running Lead Managers who have submitted the due diligence certificate to the SEBI, for any complaint pertaining to this Offer. All grievances relating to ASBA process may be addressed to the Registrar to the Offer, with a copy to the relevant SCSBs, giving full details such as name, address of the applicants, number of Equity Shares applied for, Bid Amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Form has been submitted by the ASBA Bidder.

SECTION III – INTRODUCTION

SUMMARY OF BUSINESS

Overview

We are the largest coal producing company in the world *(Source: CRISIL Research)*, based on our raw coal production of 431.26 million tons in fiscal 2010. We are also the largest coal reserve holder in the world *(Source: CRISIL Research)* based on our reserve base as of April 1, 2010. According to the audited reserve and resource estimates carried out by SRK Mining Services (India) Private Limited and SRK Consulting (UK) Limited (collectively, "SRK"), independent mining and geological consultancy firms, and classified in accordance with the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"), we had a total of 18,862.9 million tons of Total Reserves, comprising 10,595.1 million tons of Proved Reserves and 8,267.8 million tons of Probable Reserves, respectively, and a total of 64,218.0 million tons of Total Resources, comprising 51,326.3 million tons, 9,924.4 million tons and 2,967.3 million tons of Measured Resources, Indicated Resources and Inferred Resources, respectively, as of April 1, 2010. For details see the sub section titled "- Reserve and Resource Base Information" at page 75 below.

India is the world's third largest producer and consumer of coal. *(Source: CRISIL Coal Outlook)* Coal produced by us accounted for approximately 81.9% of coal production in India in fiscal 2009 *(Source: CRISIL Coal Outlook)*. According to CRISIL Coal Outlook, the power generation sector in India consumed 77.0% of the total coal produced in fiscal 2009. Further, in fiscal 2009, coal met 52.4%, while oil and natural gas met 41.6%, of the total primary energy requirement of India. *(Source: BP Statistics)*

As of March 31, 2010, we operated 471 mines in 21 major coalfields across eight states in India, including 163 open cast mines, 273 underground mines and 35 mixed mines (which include both open cast and underground mines). We produce non-coking coal and coking coal of various grades for diverse applications. In fiscal 2008, 2009 and 2010, and in the three months ended June 30, 2010, we produced 379.46 million tons, 403.73 million tons, 431.26 million tons and 95.15 million tons, respectively, of raw coal. Non-coking coal represents a substantial majority of our raw coal production, and represented 93.1%, 93.4%, 91.6% and 90.5% of our total coal production in fiscal 2008, 2009 and 2010 and in the three months ended June 30, 2010, respectively. Most of our coal production is from open cast mines. In fiscal 2008, 2009, 2010 and in the three months ended June 30, 2010, raw coal produced from open cast mines represented 88.5%, 89.1%, 90.0% and 89.8% respectively, of our total raw coal production. We continue to expand our raw coal production capacities. As of March 31, 2010, 45 projects (comprising 22 capacity expansion projects for existing mines and 23 new mine projects) had received relevant investment approval (of our Board and the board of directors of relevant Subsidiary companies) and were in various stages of mine planning and development: (i) 25 projects, with an aggregate estimated capacity of 47.51 million tons per annum were at various stages of implementation and are expected to become operational by the end of fiscal 2012; and (ii) 20 longer gestation projects, with an aggregate estimated capacity of 33.27 million tons per annum, are expected to become operational during the 12th Five Year Plan period (2013-2018).

Some of the raw coal we produce is used for the production of beneficiated coal. As of March 31, 2010, we operated 17 coal beneficiation facilities with an aggregate designed feedstock capacity of 39.40 million tons per annum. In addition, we intend to develop an additional 20 coal beneficiation facilities with an aggregate additional proposed feedstock capacity of 111.10 million tons per annum. Further, we also intend that all new open cast mining projects with coal production capacities greater than 2.5 million tons per annum not linked to pit head customers will be equipped with dedicated coal beneficiation facilities.

We sell substantially all of the raw coal we produce in the Indian market. Our customers include large thermal power generation companies, steel and cement producers and other industrial companies in the public and private sector with many of whom we have long-standing relationships. Most of our coal is used in the thermal power sector in India. NTPC, a public sector power generation company and utility, has historically been our most significant customer, and our five largest customers are all public sector power utilities. Following the introduction of the New Coal Distribution Policy ("NCDP") by the GoI in October 2007, we commenced the sale of our raw coal under long-term fuel supply agreements ("FSAs").

Our Company was established in 1973 and is wholly owned by the GoI. Our coal production operations are primarily carried out through seven of our wholly-owned Subsidiaries in India. In addition, another wholly-owned Subsidiary, CMPDIL, carries out exploration activities for our Subsidiaries and provides technical and

consultancy services for our operations as well as to third-party clients for coal exploration, mining, processing and related activities. We have also established a wholly-owned subsidiary in Mozambique, Coal India Africana Limitada ("CIAL"), to pursue coal mining opportunities in Mozambique and have acquired prospecting licenses for two coal blocks in Mozambique. We have been conferred the *Navratna* status by the GoI, which provides us certain operational and financial autonomy. In addition, six of our wholly owned Subsidiaries, including CMPDIL, have also been accorded the *Mini Ratna* status by the GoI.

We continue to focus on maintaining a safe work environment through the implementation of our safety policies and a structured multidisciplinary safety organization that oversees our operations. We have established and continue to focus on various environmental initiatives including land reclamation and restoration in open cast mines, water harvesting, afforestation and rehabilitation at our mines. We have also implemented satellite surveillance for our land reclamation and restoration and afforestation and rehabilitation initiatives. We have also made significant investments in education, health and community development initiatives.

As per our audited restated consolidated financial statements, ur total income increased from Rs.340,087.99 million in fiscal 2006 to Rs.525,922.92 million in fiscal 2010, while our profit after tax, as restated, increased from Rs.61,136.01 million in fiscal 2006 to Rs.98,336.99 million in fiscal 2010. Our total income in the three months ended June 30, 2010 was Rs.131,100.32 million while our profit after tax, as restated, in the same period was Rs.25,217.78 million. As of June 30, 2010, we had reserves and surplus of Rs.220,731.50 million, and our net worth was Rs.283,879.79 million. As of June 30, 2010, our cash and bank balances were Rs.380,463.35 million while our total indebtedness was Rs.17,794.53 million. As of June 30, 2010, we had 394,041 employees, including 14,968 executives, 38,773 supervisors and 340,300 workmen.

Our Competitive Strengths

The largest coal producer and reserve holder in the world

Well positioned to capitalize on the high demand for coal in India

Track record of growth and cost efficient operations

Strong track record of financial performance

Strong capabilities for exploration, mine planning, research and development

Experienced senior management team and large pool of skilled employees

Business Strategies

Continue to increase production and capitalize on the significant demand-supply gap for coal in India

Improve realizations through increased sales of beneficiated coal and higher quality coal, and the use of E-Auction pricing mechanisms

Enhance our profitability and maintain our competitiveness by improving operating and cost efficiencies

Continue to increase our reserve base in India

Acquire strategic international resources or mining rights and identify joint development opportunities

Continue to focus on developing environmentally and socially sustainable operations

SUMMARY OF INDUSTRY

Overview of the Indian economy

With an estimated GDP of approximately US$3.56 (RS.165.9) trillion in 2009, on a purchasing power parity basis, India is the fifth largest economy in the world after the European Union, the United States, China and Japan *(Source: CIA World Factbook)*. India is also one of the fastest growing economies in the world. Coal is the one of the prime fuels in India and has met 52.4% of India's total energy needs in fiscal 2009 and will continue to be crucial to India's future energy needs. *(Source: CRISIL Coal Outlook).*

Global coal industry and reserves

The world coal reserves as per the rate of production in 2009 are estimated to suffice for the next 119 years (*Source: BP Statistics*). According to CRISIL Coal Outlook, India is the third largest coal producing country in the world after China and United States. Although coal deposits are widely distributed across the world, 80.0% of the world's recoverable reserves are located in five regions: the United States (28.0%), Russia (19.0%), China (14.0%), certain non-OECD countries in Europe and Eurasia (primarily former Soviet countries) (10.0%), and Australia, New Zealand (9.0%) *(Source: International Energy Outlook, May 2009 ("IEO 2010)*. According to the IEO 2010, India accounted for 6.7% of the world's recoverable reserves.

Global coal production and consumption

China is the largest producer of coal 3,050.0 million tons (44.0% of the total worldwide production in 2009), followed by the United States 973.2 million tons (14.0% of the total worldwide production in 2009. *(Source: BP Statistical Review World Energy June 2010)* whereas India's coal production was approximately 532.06 million tons, in fiscal 2010 *(Source: Annual Plan 2010–11, MoC)*.

Asia is the biggest market for coal and currently accounts for 65.0% of global coal consumption, owing to China and India, who are the primary consumers. Approximately 29.4% of the world's primary energy needs was met through coal in 2008, and coal was used to generate 41.0% of electricity used throughout the world. Further, about 13.00% of the total hard coal production is used by the steel industry. *(Source: CRISIL Coal Outlook).* In addition, coal's share of total world energy consumption is projected to increase to 28.0% in 2035 while its share in the power generation sector is projected to be approximately 43.0% in 2035 *(Source: IEO 2010).*

Indian coal industry and reserves

As of April 2010, the geological resource of Indian coal was 276.81 billion tons *(Source: GSI, GoI).* In India, coal is the prime fuel used to fire thermal power plants due to its availability and affordability. Coal is the dominant source of energy and met 52.4%, while oil and natural gas met approximately 41.6%, of the total primary energy requirement of India in fiscal 2009 (*Source: BP Statistics*). As projected by the Planning Commission of the GoI in the Integrated Energy Policy, 2006, coal is projected to meet over 50.0% of the primary commercial energy requirement by fiscal 2032. The coal sector in India is primarily dominated by the PSUs under the central and the state governments, as more than 90.0% of the coal produced in India in fiscal 2009 was by government owned companies (*Source: CRISIL Coal Outlook*).

Coal production and consumption in India

According to CRISIL Coal Outlook, India is the third largest producer of coal in the world. The total coal production in India during fiscal 2008, 2009 and 2010 was 457.00 million tons, 492.76 million tons and a projected 532.06 million tons, respectively, representing a growth rate of 6.1%, 7.8% and 8.0%, during the said period.

In addition, India is the third largest consumer of coal in the world. Coal meets 52.4% of the energy needs in India. Approximately 77.0% of the total coal in India was consumed only by the power sector during fiscal 2009, for generation of electricity in the country. In addition coal is also used in other industries such as steel, cement, fertilizers, bricks manufacturing, textiles and chemicals. Demand of coal from captive plants if projected to grow at a high rate, thereby increasing its share in total demand by fiscal 2014 *(Source: CRISIL Coal Outlook)*.The primary energy consumption in India has grown by approximately 700.0% in the last four decades *(Source: MoC, GoI)* and is expected to rise to around 450 kgoe/year in 2010 *(Source: MoC).*

Coal Imports

As per the current import policy, coal is allowed to be freely imported under the Open General License by consumers directly. In fiscal 2010, India imported about 67.74 million tons (provisional) of coal which is 11.69 % of its total coal consumption. However, only 44.28 million tons of non-coking coal was imported during fiscal 2010 *(Source:Provisional Coal Statistics 2009-10, Coal Controller's Organization, MoC).*

Power, Steel, Cement and Other Sectors

In India, coal is the prime fuel used to fire thermal power plants due to its availability and affordability. As on June, 2010, the total installed power generation capacity in India was 162,366.8 MW and the total installed thermal power generation capacity was 104,423.98 MW, of which coal was 86,003.38 MW i.e. 82.4% of the total thermal power generation capacity. *(Source: CEA, "Power Scenario at a Glance," June 2010).* CRISIL Research believes that the total capacity addition in the power sector during the next five years (fiscal 2010 to 2014) which is expected to be approximately 66 GW of which coal based capacity additions are expected to be approximately 52 GW. This is expected to take the total capacity of coal based power plants by 2013-14 to approximately 130 GW. Further, more than 90.0% of the capacity additions scheduled to be commissioned by private players is expected to be coal-based. *(Source: CRISIL Research).* In the steel sector, coking coal is used as a reducing agent, where it is mixed with iron ore to make steel. Coal offtake in the cement industry increased from 13.6 million tons in fiscal 2004 to 15.3 million tons in fiscal 2009, which represented a growth of 3.1%. The offtake from the chemical, bricks and textiles industries during fiscal 2009 was 83.3 million tons, approximately 17.0% of the total offtake of coal. *(Source: CRISIL Coal Outlook)*

Pricing and Distribution of Coal

Post the deregulation of the pricing of coal in 2000, coal producing companies were entitled to fix the coal prices on their own and revise the same periodically. The pricing of coal is based on factors such as the type of coal, its net calorific value, the content level of impurities and such price would be revised considering the escalation in input cost, inflation and landed cost of imported coal. The final customer price includes freight and other charges (royalties and sales tax). Coal is typically sold under the long-term fuel supply agreements ("FSAs") or the E-Auction scheme. The New Coal Distribution Policy ("NCDP") has been introduced in 2007, with an objective to meet the demand of coal from consumers of different sectors of the economy, both on short term and long term basis, in an assured, sustained transparent and efficient manner with built-in commercial discipline.

Logistics

Coal is mostly produced in the Central and Eastern parts of India, while it is consumed all over the country; therefore, it has to be transported over long distances. In India, coal is typically transported using rail, road and sea routes of which rail accounts for more than 46.3% of the mode of transportation.

Coal Characteristics/Mining Techniques

Coal is characterized by its use as either "thermal" or "metallurgical coal." Energy content and sulphur content are the most important coal characteristics that help to determine the use and the price of the different types/qualities of coal. There are mainly three types of coal such as coking coal, semi-coking or weakly coking coal and non-coking coal. The mining techniques depend on the depth of the coal seam and there are typically two ways to mine coal, mainly, open cast/surface mining and underground mining. There are certain other coal based technologies such as Coal-to-Liquid, Underground Coal Gasification and Coal-bed-Methane.

SUMMARY FINANCIAL INFORMATION

The following table set forth our selected financial information derived from the audited and restated financial statements for the three months ended 30.06.2010 and fiscal 2010,2009,2008,2007 and 2006 prepared in accordance with Indian GAAP, The Companies Act and restated in accordance with the SEBI Guidelines as described in the Auditor's Report including in "**Financial Statements**" on page F-1.The summary financial information presented below should be read in conjunction with the restated financial statements included in the Prospectus, the notes thereto and " Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 184 .

COAL INDIA LIMITED (STANDALONE)

SUMMARY STATEMENT OF ASSETS AND LIABILITIES- RESTATED

(Rs. in Million)

		As At	As at March 31st				
		30.06.2010	**2010**	**2009**	**2008**	**2007**	**2006**
	FIXED ASSETS:						
A.	Gross Block	3,777.37	3,770.01	3,693.39	3,553.05	3,518.84	3,514.78
	Less:						
	Accumulated Depreciation	2,595.08	2,581.55	2,489.49	2,426.92	2,365.59	2,289.49
	Provision for Impairment	250.72	250.72	249.63	235.48	217.02	183.20
	Other Provisions	3.73	3.73	4.15	4.04	4.93	5.79
	Net Block	927.84	934.01	950.12	886.61	931.30	1,036.30
	Add:Capital Work in progress	145.05	139.23	18.04	10.72	0.84	1.20
	Surveyed off Assets	0.11	0.07	0.10	-	0.36	0.58
	TOTAL FIXED ASSETS	1,073.00	1,073.31	968.26	897.33	932.50	1,038.08
B.	**INVESTMENTS**	63,165.69	63,165.69	63,163.64	63,163.64	63,163.64	63,163.64
C.	**CURRENT ASSETS, LOANS AND ADVANCES**						
	Inventories	318.39	265.88	195.25	104.40	236.76	312.98
	Sundry Debtors	0.00	0.00	0.20	-	0.15	8.13
	Cash and Bank Balances	100,257.58	91,333.61	64,627.64	46,639.58	37,289.85	28,631.51
	Loans and Advances	101,595.06	83,840.99	93,584.99	85,755.29	88,229.20	87,815.43
	TOTAL CURRENT ASSETS	202,171.03	175,440.48	158,408.07	132,499.27	125,755.96	116,768.05
	Total Assets	**266,409.72**	**239,679.48**	**222,539.98**	**196,560.24**	**189,852.10**	**180,969.77**
D.	**LIABILITIES AND PROVISIONS**						
	Secured Loans	-	-	-	-	-	-
	Unsecured Loans	15,192.66	14,642.97	17,866.25	15,108.33	16,460.96	18,990.13
	Current Liabilities & Provisions	48,142.44	54,429.28	51,277.65	48,887.04	48,537.72	49,944.75
	Shifting & Rehabilitation Fund	15,548.70	14,774.27	12,238.43	9,458.78	6,880.78	4,859.46
	Total Liabilities	**78,883.80**	**83,846.52**	**81,382.33**	**73,454.15**	**71,879.46**	**73,794.34**
	NET WORTH (A+B+C-D)	**187,525.92**	**155,832.96**	**141,157.65**	**123,106.09**	**117,972.64**	**107,175.43**
	REPRESENTED BY						
E.	Share Capital	63,163.64	63,163.64	63,163.64	63,163.64	63,163.64	63,163.64
F.	Reserves & Surplus	124,362.28	92,669.32	77,994.01	59,942.45	54,809.00	44,011.79
	NET WORTH (E+F)	**187,525.92**	**155,832.96**	**141,157.65**	**123,106.09**	**117,972.64**	**107,175.43**

Notes:

1. The above statement should be read with the Notes on Adjustments made for Restated Financial Statements (Annexure-VI), Notes on Adjustment not made for Restated Financial Statement (Annexure-VII), Auditiors' qualification and treatment in Restated Financial Information (Annexure-VIII), Significant Accounting Policies (Annexure-V) and other Notes on Restated Financial Statements (Annexure-IX).
2. Reserve & Surplus comprises Capital Redemption Reserve, Bond Redemption Reserve, Reserve for Foreign Exchange Transaction, General Reserve, CSR Reserve, Profit & Loss Balance carried forward.

COAL INDIA LIMITED (STANDALONE)

SUMMARY STATEMENT OF PROFIT AND LOSS - RESTATED

(Rs. in Million)

Particulars	Quarter Ended	For the year ended March 31st				
	30.06.2010	2010	2009	2008	2007	2006
INCOME						
Sales	600.58	4,031.82	2,843.93	2,354.63	2,438.02	2,316.98
Coal Issued for other Purposes	-	0.15	3.84	3.11	2.84	2.87
Accretion in Stock	54.45	66.69	83.34	(131.95)	(74.71)	(154.79)
Interest	649.59	3,486.17	2,805.17	1,685.56	1,051.82	1,319.68
Other Income	31,945.99	35,983.32	35,566.45	25,898.56	28,560.73	19,334.56
Total	**33,250.61**	**43,568.15**	**41,302.73**	**29,809.91**	**31,978.70**	**22,819.30**
EXPENDITURE						
Consumption of Stores & Spares	13.76	60.59	76.42	76.19	65.35	68.82
Employees' Remuneration & Benefits	609.12	2,430.57	2,832.93	1,575.30	1,254.16	1,192.54
Power & Fuel	20.59	59.33	84.82	90.00	84.34	87.59
Social Overhead	74.28	285.50	325.59	208.61	175.36	148.99
Repairs	6.46	64.56	54.24	28.63	22.15	16.35
Contractual Expenses	111.80	820.01	507.92	740.11	877.68	774.45
Other Expenses	115.83	500.63	466.48	390.46	309.62	267.02
Finance Charges/Commitment Charges	45.61	179.49	218.44	185.42	203.94	245.61
Depreciation	13.08	89.89	61.67	60.82	80.22	92.92
Provision/Write-off	247.13	373.57	150.90	579.41	252.05	133.47
Total	**1,257.66**	**4,864.14**	**4,779.43**	**3,934.95**	**3,324.87**	**3,027.76**
PROFIT FOR THE YEAR	**31,992.95**	**38,704.01**	**36,523.30**	**25,874.96**	**28,653.83**	**19,791.54**
Prior Period Adjustment	-	-	(0.82)	(0.59)	(5.42)	1.04
PROFIT BEFORE TAX and Extra Ordinary Items	**31,992.95**	**38,704.01**	**36,522.48**	**25,874.37**	**28,648.41**	**19,792.58**
Provision for Income Tax	(300.00)	(2,000.00)	(1,597.62)	(1,155.38)	(285.00)	(230.00)
Provision for Income Tax for earlier year	-	(30.00)	(2,080.54)	(683.76)	(143.02)	(2,462.83)
Excess Prov for Income Tax written back (earlier period)	-	1,125.15	86.01	4.08	10.55	26.93
Fringe Benefit Tax	-	-	(28.50)	(28.10)	(18.02)	(10.00)
PROFIT AFTER TAX, BEFORE EXTRA ORDINARY ITEMS	**31,692.95**	**37,799.16**	**32,901.83**	**24,011.21**	**28,212.92**	**17,116.68**
Extra Ordinary Items(Net of Tax)	-	-	51.98	526.77	-	-
PROFIT AFTER TAX (As per Audited Accounts)	**31,692.95**	**37,799.16**	**32,953.81**	**24,537.98**	**28,212.92**	**17,116.68**
ADJUSTMENT FOR RESTATEMENT:						
a) Change in Accounting Policies	-	-	0.40	2.33	(2.54)	(0.04)
b) Other adjustments and prior period items	-	-	0.82	0.32	4.95	(7.36)
c) Current Tax impact on adjustments	-	(1,095.15)	1,964.53	679.68	(174.32)	1,559.37
e) Arrear Salary & Wages	-	71.32	186.20	(117.46)	(140.06)	-
Total of adjustments after tax impact	-	**(1,023.83)**	**2,151.95**	**564.87**	**(311.97)**	**1,551.97**
PROFIT AFTER TAX (RESTATED)	**31,692.95**	**36,775.33**	**35,105.76**	**25,102.85**	**27,900.95**	**18,668.65**
Profit (Loss) brought forward from previous year	57,428.55	46,919.11	32,232.81	29,620.55	21,782.67	19,261.11
Less: Transitional Provision for Employee Benefits	-	-	-	(16.84)	-	-
PROFIT / (LOSS) AVAILABLE FOR APPROPRIATION	**89,121.50**	**83,694.44**	**67,338.57**	**54,706.56**	**49,683.62**	**37,929.76**
APPROPRIATION						
Reserve for Foreign Exchange Transaction	15.56	72.62	69.88	67.39	138.03	30.95
Transfer to General Reserve	-	3,779.92	3,295.38	2,453.80	2,821.29	1,711.67
Transfer to CSR Reserve	74.04	313.35	-	-	-	-
Proposed Dividend on Equity Shares						
Interim	-	22,100.00	17,054.20	17,054.20	15,000.00	12,632.73
Tax on Dividend	-	-	-	2,898.36	2,103.75	1,771.74
Total Appropriation	**89.60**	**26,265.89**	**20,419.46**	**22,473.75**	**20,063.07**	**16,147.09**
BALANCE CARRIED TO BALANCE SHEET	**89,031.90**	**57,428.55**	**46,919.11**	**32,232.81**	**29,620.55**	**21,782.67**

Notes:

1. The above statement should be read with the Notes on Adjustments made for Restated Financial Statements (Annexure-VI), Notes on Adjustment not made for Restated Financial Statement (Annexure-VII), Auditiors' qualification and treatment in Restated Financial Information (Annexure-VIII), Significant Accounting Policies (Annexure-V) and other Notes on Restated Financial Statements (Annexure-IX).

2. Negative figures have been shown in brackets

COAL INDIA LIMITED (CONSOLIDATED)

SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES-RESTATED

(Rs. in Million)

		As At	As at March 31st				
		30.06.2010	**2010**	**2009**	**2008**	**2007**	**2006**
A.	**FIXED ASSETS**						
	Gross Block	352,060.62	349,453.16	332,549.85	318,592.40	307,017.14	296,734.13
	Less:						
	Accumulated Depreciation	228,067.46	224,911.41	218,028.29	210,094.65	199,310.10	177,915.74
	Provision for Impairment	4,234.41	4,228.42	4,429.60	4,106.47	3,776.69	15,520.17
	Other Provisions	3.73	3.73	4.15	4.04	4.93	-
	Net Block	119,755.02	120,309.60	110,087.81	104,387.24	103,925.42	103,298.22
	Add:						
	Capital Work in progress	22,001.19	21,082.10	18,222.99	15,391.96	12,377.38	10,988.28
	Surveyed off Assets	1,219.86	1,197.90	971.92	291.36	240.51	228.11
	Total Fixed Assets	142,976.07	142,589.60	129,282.72	120,070.56	116,543.31	114,514.61
B.	Investments	12,764.12	12,821.40	15,051.79	17,179.01	20,258.77	22,445.20
C.	Net Interest in Joint Venture	2.00	2.00	-	-	-	-
D.	Deferred Tax Assets	9,850.88	9,657.55	9,548.29	7,877.52	6,602.16	7,280.76
E.	**CURRENT ASSETS, LOANS AND ADVANCES**						
	Inventories	45,350.33	44,014.96	36,665.91	34,073.57	31,250.08	29,134.45
	Sundry Debtors	20,265.25	21,686.48	18,474.84	16,571.58	16,822.29	18,840.52
	Cash and Bank Balances	380,463.35	390,777.60	296,950.09	209,614.80	159,292.66	134,272.37
	Loans and Advances	86,490.12	86,654.64	117,270.50	102,662.87	78,184.36	65,004.26
	Total Current Assets	**532,569.05**	**543,133.68**	**469,361.34**	**362,922.82**	**285,549.39**	**247,251.60**
	Total Assets	**698,162.12**	**708,204.23**	**623,244.14**	**508,049.91**	**428,953.63**	**391,492.17**
F.	**LIABILITIES AND PROVISIONS**						
	Secured Loans	1,002.80	4,669.08	1,804.63	2,247.07	3,327.05	2,477.18
	Unsecured Loans	16,791.73	16,199.43	19,680.17	16,592.03	18,111.93	20,712.72
	Current Liabilities & Provisions	380,703.03	413,846.87	399,422.33	305,944.58	236,171.42	216,437.77
	Minority Interest	236.07	236.07	18.97	-	-	-
	Shifting and Rehabilitation Fund	15,548.70	14,774.27	12,238.43	9,458.78	6,880.78	4,859.46
G.	Deferred Tax Liability	-	-	-	1,800.62	2,331.22	4,468.65
	Total Liabilities	**414,282.33**	**449,725.72**	**433,164.53**	**336,043.08**	**266,822.40**	**248,955.78**
	NET WORTH (A+B+C+D+E-F-G)	**283,879.79**	**258,478.51**	**190,079.61**	**172,006.83**	**162,131.23**	**142,536.39**
	Represented By						
H.	Share Capital	63,163.64	63,163.64	63,163.64	63,163.64	63,163.64	63,163.64
I.	Reserves & Surplus	220,731.50	195,330.22	126,916.21	108,843.19	98,967.59	79,372.75
J.	Less: Miscellaneous Expenditure (not written off)	15.35	15.35	0.24	-	-	-
	NET WORTH (H+I-J)	**283,879.79**	**258,478.51**	**190,079.61**	**172,006.83**	**162,131.23**	**142,536.39**

Notes:

1. The above statement should be read with the Notes on Adjustments made for Restated Financial Statements (Annexure- F), Notes on Adjustment not made for Restated Financial Statement (Annexure-G), Significant Accounting Policies (Annexure-E) and other Notes on Restated Financial Statements (Annexure-H).

2. Reserves & Surplus comprises Capital Reserve, Capital Redemption Reserve, Bond Redemption Reserve, Reserve for Foreign Exchange Transaction, General Reserve, CSR Reserve,Profit & Loss Balance carried forward.

COAL INDIA LIMITED (CONSOLIDATED)

SUMMARY STATEMENT OF CONSOLIDATED PROFIT AND LOSS-RESTATED

(Rs. In Million)

Particulars	Quarter Ended	For The Year Ended March 31st				
	30.06.2010	2009-10	2008-09	2007-08	2006-07	2005-06
INCOME						
Sales	114356.36	446,152.51	387,888.30	326,338.60	296,021.85	287,018.31
Coal Issued for other Purposes	5046.92	20,690.44	20,219.81	19,745.42	19,404.70	20,540.47
Accretion/(Decreation) in Stock	(80.35)	6,671.58	1,336.07	2,441.95	2,475.52	4,837.76
Other Income	11777.39	52,408.39	51,196.47	37,641.00	32,152.00	27,691.45
Total	**131100.32**	**525,922.92**	**460,640.65**	**386,166.97**	**350,054.07**	**340,087.99**
EXPENDITURE						
Internal Consumption of Coal	4910.53	19,721.13	19,921.53	19,508.61	18,480.49	20,136.65
Consumption of Stores & Spares	10719.74	49,269.18	48,613.01	43,785.55	41,255.92	38,887.50
Employees' Remuneration & Benefits	43362.94	166,555.22	197,420.85	126,351.59	100,975.32	97,879.94
Power & Fuel	4330.17	17,395.95	15,950.52	15,937.00	16,003.48	15,513.33
Social Overhead	4682.66	20,174.87	18,851.22	16,228.57	14,780.48	13,677.35
Repairs	1517.51	8,479.39	7,860.61	7,096.92	6,649.14	6,501.78
Contractual Expenses	10118.01	37,318.37	33,398.54	26,332.58	20,934.03	19,745.03
Miscellaneous Expenses	4288.38	19,335.99	19,285.19	14,873.47	12,639.82	13,280.94
Interest	521.42	1,364.59	1,564.97	1,499.33	849.28	909.04
Overburden Removal Adjustment	4333.39	30,539.18	21,771.86	15,640.33	16,865.82	12,098.88
Finance Charges/Commitment Charges	46.05	194.95	223.83	193.56	231.80	283.06
Depreciation	4094.18	13,138.41	16,629.29	15,299.45	13,116.35	13,154.11
Impairment	17.54	156.12	279.74	307.02	461.80	318.84
Provision/Write-off	690.02	2,093.69	1,759.96	2,320.09	1,168.55	444.88
Total	**93632.54**	**385,737.04**	**403,531.12**	**305,374.07**	**264,412.28**	**252,831.33**
PROFIT FOR THE YEAR	**37467.78**	**140,185.88**	**57,109.53**	**80,792.90**	**85,641.79**	**87,256.66**
Prior Period Adjustment	(111.07)	(536.60)	277.18	1,111.28	220.56	284.96
PROFIT BEFORE TAX AND EXTRA - ORDINARY ITEMS	**37356.71**	**139,649.28**	**57,386.71**	**81,904.18**	**85,862.35**	**87,541.62**
Provision for Income Tax	12291.17	44,332.47	36,839.42	35,985.88	31,684.92	28,708.43
Provision for Deferred Tax (written back)	(193.32)	(336.23)	(1,032.34)	(2,488.39)	(2,779.81)	(1,876.40)
Provision for Income Tax for earlier year	-	576.02	460.30	764.61	(355.89)	1,920.81
Excess Prov for Income Tax written back (earlier period)	-	(1,147.45)	(141.87)	(0.33)	-	(128.00)
Fringe Benefit Tax	-	-	506.91	483.70	388.06	344.72
PROFIT AFTER TAX, BEFORE EXTRA ORDINARY ITEMS	**25258.86**	**96,224.47**	**20,754.29**	**47,158.71**	**56,925.07**	**58,572.06**
Extra Ordinary Items(Net of Tax)	-	-	32.63	5,274.01	162.21	343.19
PROFIT AFTER TAX (As per Audited Accounts)	**25258.86**	**96,224.47**	**20,786.92**	**52,432.72**	**57,087.28**	**58,915.25**
ADJUSTMENT FOR RESTATEMENT:						
a) Change in Accounting Policies	0.00	58.49	533.27	779.71	(272.42)	(841.43)
b) Other adjustments and prior period items	(62.24)	2,437.31	(769.12)	(5,523.34)	(1,493.56)	3,218.52
c) Current Tax impact on adjustments	21.16	(2,341.79)	(2,880.61)	5,208.64	2,654.07	(685.69)
d) Deferred Tax impact on adjustments	-	(226.97)	2,004.49	(1,512.62)	(1,320.96)	529.36
e) Arrear Salary & Wages	-	2,185.48	20,951.28	(8,535.04)	(14,601.72)	-
Total of adjustments after tax impact	(41.08)	2,112.52	19,839.31	(9,582.65)	(15,034.59)	2,220.76
PROFIT AFTER TAX (RESTATED)	**25,217.78**	**98,336.99**	**40,626.23**	**42,850.07**	**42,052.69**	**61,136.01**
Profit (Loss) brought forward from previous year	94,883.25	40,757.62	32,087.89	30,987.88	18,323.67	(17,515.80)
Less: Transitional Provision for Employee Benefits	-	(4.27)	-	(6,877.61)	-	-
Add: Adjustment on Brought Forward profit	173.31					
PROFIT / (LOSS) AVAILABLE FOR APPROPRIATION	**120,274.34**	**139,090.34**	**72,714.12**	**66,960.34**	**60,376.36**	**43,620.21**
APPROPRIATION						
Reserve for Foreign Exchange Transaction	15.56	72.62	69.88	67.39	138.03	30.95
Transfer to General Reserve (Incl. Bond Redemption Reserve)		12,671.22	9,338.85	8,897.44	8,906.14	7,876.46
Transfer to CSR Reserve	446.93	1,591.93	-	-	-	-
Interim Dividend		22,100.00	17,054.20	17,054.20	15,000.00	12,632.73
Tax on Dividend	(14.96)	7,771.32	5,493.57	8,853.42	5,344.31	4,756.40
Total Appropriation	**447.53**	**44,207.09**	**31,956.50**	**34,872.45**	**29,388.48**	**25,296.54**
BALANCE CARRIED TO BALANCE SHEET	**119,826.81**	**94,883.25**	**40,757.62**	**32,087.89**	**30,987.88**	**18,323.67**

Notes:

1. The above statement should be read with the Notes on Adjustments made for Restated Financial Statements (Annexure-F), Notes on Adjustment not made for Restated Financial Statement (Annexure-G), Significant Accounting Policies (Annexure-E) and other Notes on Restated Financial Statements (Annexure-H).

2. Negative figures have been shown in brackets

THE OFFER

The following table summarizes the Offer details:

Offer aggregating up to Rs. 154,750.93[#] million	631,636,440 Equity Shares*.
Of which	
Employee Reservation Portion [# (1)]	63,163,644 Equity Shares
Therefore,	
Net Offer [##]	568,472,796 Equity Shares
Of which	
QIB Portion [###]	At least 284,236,398 Equity Shares**
Of which	
Mutual Funds	14,211,820 Equity Shares**
Balance for all QIBs including Mutual Funds	270,024,578 Equity Shares**
Non-Institutional Portion	Not less than 85,270,919 Equity Shares**
Retail Portion[(1)]	Not less than 198,965,479 Equity Shares**
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer:	6,316,364,400 Equity Shares
Equity Shares outstanding post the Offer:	6,316,364,400 Equity Shares
Use of Offer proceeds	See the section titled "Objects of the Offer" on page 41. Our Company will not receive any proceeds of this Offer.

* *The Equity Shares offered by the Selling Shareholder in the Offer have been held by it for more than a period of one year as on the date of filing of this Prospectus. The MoC, through its letter (No.38038/1/1996-CA-II (Vol-IV)) dated July 7, 2010 conveyed the approval granted by the GoI for the Offer.*

** *In the event of over-subscription, allocation shall be made on a proportionate basis, subject to valid Bids being received at or above the Offer Price.*

\# *Subject to finalization of the Basis of Allotment. This amount will be reduced to the extent of five per cent discount to the Offer Price offered to the Retail Individual Bidders and the Eligible Employees bidding under the Employee Reservation Portion, based on actual allotment.*

\## *Under subscription, if any, in the Employee Reservation Portion, shall be added to the Net Offer. In the event of under subscription in the Net Offer, except the QIB Portion, spill over to the extent of under subscription shall be allowed from the Employee Reservation Portion. Subject to valid Bids being received at or above the Offer Price under subscription, if any, in any other category except the QIB Portion, would be allowed to be met with spill-over from other categories or a combination of categories, at the discretion of the Selling Shareholder and our Company, in consultation with the Book Running Lead Managers and the Designated Stock Exchange.*

\### *Allocation to QIBs is proportionate as per the terms of this Prospectus. 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. Under-subscription below 5% of the Mutual Fund Portion would be included for allocation to the remaining QIBs on a proportionate basis. In case we do not receive subscriptions of at least 50% of the Net Offer from QIBs, we shall refund the subscription monies forthwith.*

(1) *The Selling Shareholder and our Company in consultation with the Book Running Lead Managers have offered a discount of five per cent to the Retail Individual Investors and the Eligible Employees bidding under the Employee Reservation Portion, respectively on Allotment. The excess amount paid at the time of Bidding shall be refunded within 12 Working Days from the Offer Closing Date to the Retail Individual Bidders and Eligible Employees.*

GENERAL INFORMATION

Our Company was originally incorporated as a private limited company with the name 'Coal Mines Authority Limited', under the Companies Act on June 14, 1973. Subsequently, pursuant to a shareholders resolution dated October 15, 1975 and approval of the Ministry of Law, Justice and Company Affairs (letter number RD/T/5226) dated October 21, 1975, the name of our Company was changed to 'Coal India Limited' and we received a fresh certificate of incorporation consequent upon change of name from the RoC on October 21, 1975. Thereafter, pursuant to a shareholders resolution dated February 16, 2010 and approval of the MoC (letter number 38038/1/96-CA-II(Vol.II)) dated July 31, 2009, our Company was converted into a public company, with effect from February 24, 2010. For further details in relation to corporate history of our Company, please see the section titled "History and Certain Corporate Matters" on page 125.

Registered and Corporate Office

Coal Bhawan
10, Netaji Subhas Road
Kolkata 700 001
West Bengal
Telephone: +91 33 2248 8099
Facsimile: +91 33 2243 5316

Corporate Identity Number: U23109WB1973GO1028844

Registration Number: 28844

For details of the changes to our Registered Office, please refer to the section titled "History and Certain Corporate Matters" on page 130.

Address of the RoC

The RoC is located at the following address:

Registrar of Companies, West Bengal
Nizam Palace, 2nd M.S.O. Building, 2nd Floor
234/4, A.J.C. Bose Road
Kolkata 700 020
West Bengal

Board of Directors

Our Board comprises the following:

Name and Designation	Age (years)	Director's Identification Number (DIN)	Address
Mr. Partha S. Bhattacharyya *Chairman and Managing Director*	59	00329479	Flat No. 2CD, 2nd Floor, 21B Belvedere Road, Alipore Kolkata 700 027 West Bengal
Mr. N.C. Jha *Director (Technical), executive non independent Director*	58	00657309	Flat no. 1A & 1H, 1st Floor Block 1 Sunny Season, Ramchandrapur, Garia Kolkata 700 103 West Bengal
Mr. R. Mohan Das *Director (Personnel & Industrial Relations), executive non independent Director*	53	01594255	Flat No. 4A, Minto Park Syndicate 13, D.L. Khan Road Kolkata 700 027 West Bengal

Name and Designation	Age (years)	Director's Identification Number (DIN)	Address
Dr. A.K. Sarkar *Director (Marketing), executive non independent Director*	59	00409230	Niladri Apartment Flat no. 103 (1st Floor), 30 Raja Santosh Roy Road Alipore Kolkata 700 027 West Bengal
Mr. A.K. Sinha *Director (Finance), executive non independent Director*	58	00822485	Flat No. 6, Kheya Apartment 60/260B Hari Pada Dutta Lane PO Golf Garden Kolkata 700 033 West Bengal
Mr. Alok Perti *Government nominee Director, non executive non independent Director*	58	00475747	D 1/S - 21 Nivedita Kunj Sector - 20, R.K. Puram New Delhi 110 022
Mr. Sanjiv Kumar Mittal *Government nominee Director, non executive non independent Director*	47	00449867	A-76, Sector-61 Noida 201 301 Uttar Pradesh
Dr. A. K. Rath *Independent Director*	61	00109711	D 701, Jagaran Apartment Plot – 17, Sector 22 Dwarka New Delhi 110 077
Mr. Kamal R. Gupta *Independent Director*	56	01506541	3A/62, Azad Nagar Kanpur 208 002 Uttar Pradesh
Mr. Mohd. Anis Ansari *Independent Director*	61	03242478	4, Vikramaditya Marg Lucknow 226 001 Uttar Pradesh
Dr. R. N. Trivedi *Independent Director*	62	03243439	113/216, Swarup Nagar Kanpur 208 002 Uttar Pradesh
Ms. Sachi Chaudhuri *Independent Director*	60	03271389 (Provisional)	C -303, Curzon Road Apartments Kasturba Gandhi Marg New Delhi 110 002
Prof. S.K. Barua *Independent Director*	58	00211077	House No. 501 Indian Institute of Management Ahmedabad 380 015 Gujarat
Ms. Sheela Bhide *Independent Director*	62	01843547	CI/7, Rajesh Pilot Marg Opposite Lodhi Gardens New Delhi 110 003

For further details regarding our Board, see the section titled "Our Management" on page 155.

Compliance Officer

Our Company has appointed Dr. H. Sarkar, the Company Secretary as the Compliance Officer. His contact details are as follows:

Dr. H. Sarkar
Coal Bhawan
10, Netaji Subhas Road

Kolkata 700 001
West Bengal
Telephone: + 91 33 2248 5123/ 2262 2776
Fascimile: + 91 33 2231 5060
E-mail: complianceofficer@coalindia.in

Investors can contact the Compliance Officer, the Registrar to the Offer or the Book Running Lead Managers in case of any pre-Offer or post-Offer related problems/redressal of complaints such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary account or refund orders. All complaints, queries or comments received by SEBI shall be forwarded to the Book Running Lead Managers, who shall respond to the same.

Book Running Lead Managers

Citigroup Global Markets India Private Limited 12th Floor, Bakhtawar Nariman Point Mumbai 400 021 Maharashtra Telephone: +91 22 6631 9821 Facsimile : +91 22 6646 6050 Email Id: coalindia.ipo@citi.com Website: http://www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm Investor Grievance Id: investors.cgmib@citi.com Contact Person: Mr. Akhilesh Poddar SEBI Registration Number: INM000010718	**Deutsche Equities (India) Private Limited** D B House Hazarimal Somani Marg, Fort Mumbai 400 001, Maharashtra. Telephone: +91 22 6658 4600 Facsimile : +91 22 2200 6765 Email Id: coalindia.ipo@db.com Website: www.db.com/India Investor Grievance Id: db.redressal@db.com Contact Person: Mr. Ameya Deshpande SEBI Registration Number: INM000010833	**DSP Merrill Lynch Limited** 8th Floor, Mafatlal Centre Nariman Point Mumbai 400 021, Maharashtra. Telephone: +91 22 6632 8761 Facsimile : +91 22 22048518 Email Id: cil.ipo@baml.com Website: www.dspml.com Investor Grievance Id: India_merchantbanking@ml.com Contact Person: Mr. N.S. Shekhar SEBI Registration Number: INB000011625
ENAM Securities Private Limited 801/802, Dalamal Towers Nariman Point Mumbai 400 021, Maharashtra. Telephone: + 91 22 6638 1800 Facsimile : +91 22 2284 6824 Email Id: coalindia.ipo@enam.com Website: www.enam.com Investor Grievance Id: complaints@enam.com Contact Person: Mr. Anurag Byas SEBI Registration Number: INM000006856	**Kotak Mahindra Capital Company Limited** 1st Floor, Bakhtawar 229, Nariman Point Mumbai 400 021, Maharashtra. Telephone: +91 22 6634 1100 Facsimile +91 22 2283 7517 Email Id: coalindia.ipo@kotak.com Website: www.kmcc.co.in Investor Grievance Id: kmccredressal@kotak.com Contact Person: Mr. Chandrakant Bhole SEBI Registration Number: INM000008704	**Morgan Stanley India Company Private Limited** 5F, 55- 56, Free Press House Free Press Journal Marg Nariman Point Mumbai 400 021 Maharashtra Telephone: :+91 22 6621 0555 Fascimile +91 22 6621 0556 Email Id: coalindia@morganstanley.com Website: www.morganstanley.com/indiaofferdocuments Investor Grievance Id: investors_india@morganstanley.com Contact Person: Mr. Vivek Mohan SEBI Registration Number: INM00011203

Syndicate Member

Kotak Securities Limited
1st Floor, Nirlon House
Dr. Annie Besant House
Near Passport Office
Worli, Mumbai 400 025
Maharashtra

Telephone: + 91 22 6740 9708
Facsimile: + 91 22 661 7041
E-mail: umesh.gupta@kotak.com
Website: www.kotak.com
Contact Person: Mr. Umesh Gupta
SEBI Registration number: BSE: INB010808153, NSE: INB230808130

Domestic Legal Counsel to the Company and the Selling Shareholder

Luthra & Luthra Law Offices	
103, Ashoka Estate 24, Barakhambha Road New Delhi 100 001 Telephone: +91 11 4121 5100 Fascimile: +91 11 2372 3909 E-mail: delhi@luthra.com	704-706, Embassy Center Nariman Point Mumbai 400 021 Telephone: +91 22 6630 3600 Fascimile: +91 22 6630 3700 E-mail: mumbai@luthra.com

Domestic Legal Counsel to the Underwriters

Amarchand & Mangaldas & Suresh A. Shroff & Co.
216, Okhla Industrial Estate Phase III
New Delhi 110 020
Telephone: + 91 11 2692 0500
Facsimile: +91 11 2692 4900

International Legal Counsel to the Company and the Selling Shareholder

DLA Piper Singapore Pte. Ltd.
80, Raffles Place
#48-01 UOB Plaza 1
Singapore 048624
Telephone: +65 6512 9595
Facsimile: +65 6512 9500

International Legal Counsel to the Underwriters

Ashurst Hong Kong
16/F, ICBC Tower
Citibank Plaza
3, Garden Road
Central, Hong Kong
Telephone: + 852 2846 8989
Facsimile: +852 2868 0898
E-mail: coalindia.ipo@ashurst.com

Registrar to the Offer

Link Intime India Private Limited
C-13, Pannalal Silk Millls Compound
L.B.S. Marg, Bhandup (West)
Mumbai 400 078
Telephone: +91 22 25960320
Facsimile: +91 22 25960329
E-mail: cil.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Vishwas Attavar

All grievances relating to ASBA process may be addressed to the Registrar to the Offer, with a copy to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch where the ASBA Form was submitted.

Experts

SRK Mining Services (I) Private Limited
(SRK Consulting)
BD 327, Sector I
Salt Lake City
Kolkata 700 064
West Bengal
Telephone: +91 33 6548 8317
Facsimile: +91 33 2866 1073
E-mail: sghosh@srk.co.in
Website: www.srk.com, www.srk.co.in
Contact Person: Mr. Subrato K. Ghosh

SRK Consulting (UK) Limited
Fifth Floor, Churchill House
17 Churchill Way
Cardiff, CF10 2HH
United Kingdom
Telephone: +44 2920 348 158
Facsimile: +44 2920 348 199
E-mail: enquiries@srk.co.uk
Website: www.srk.co.uk
Contact Person: Dr. Mike Armitage

SRK Mining Services (I) Private Limited and SRK Consulting (UK) Limited are experts in relation to the SRK Report annexed to this Prospectus in terms of the provisions of Companies Act.

Auditors

Deoki Bijay & Co., Chartered Accountants
213C, Jabakusum House
34, Chittaranjan Avenue
Kolkata 700 012
West Bengal
Telephone: +91 33 2212 1110
Facsimile: +91 33 2212 1464
Email: deokinagrawal@rediffmail.com
Registration No.: 313105E

Our Auditor is an expert in relation to its report on the audited financial information included in this Prospectus in terms of the provisions of Companies Act.

Bankers to the Offer

Axis Bank Limited Bandra Kurla Branch Fortune 2000, "C" Wing Ground Floor Bandra Kurla Complex Mumbai 400 051 Maharashtra Tel : +91 22 6710 5264 Fax : +91 22 3062 0069 Email: bkc.branchhead@axisbank.com Website: www.axisbank.com Contact Person: Mr. Kedar Singh Thakur (Branch Head) SEBI Registration Number: INBI00000017	**Central Bank of India** Merchant Banking Department, 1st Floor, Bajaj Bhawan, Nariman Point Mumbai, 400021 Maharashtra Telephone: +91 22 6638 7769, +91 22 6638 7756 Fax No: +91 22 2282 0989 Email: cmmbd@centralbank.co.in, Website: www.centralbankofindia.co.in Contact Person: Mr. S. P. Dhal SEBI Registration Number: INBI00000012
HDFC Bank Limited FIG-OPS Department - Lodha, I Think Techno Campus, O-3, Level, Next to Kanjurmarg Railway Station	**The Hongkong and Shanghai Banking Corporation Limited** HSBC Securities Services Department

Kanjurmarg (East), Mumbai- 400 042 Maharashtra Tel: +91 22 3075 2928 Fax: +91 22 2579 9801 Email: deepak.rane@hdfcbank.com Website: www.hdfcbank.com Contact Person: Mr. Deepak Rane SEBI Registration Number: INBI00000063	Shiv Building, 2nd Floor Plot No. 139-140B Western Express Highway Sahar Road Junction Vile Parle (East), Mumbai- 400 057 Maharashtra Tel: +91 22 4035 7458 Fax: +91 22 4035 7657 Email: mustafasanchawalla@hsbc.co.in, anitakohli@hsbc.co.in Website: www.hsbc.co.in Contact Person: Mr. Mustafa Sanchawalla SEBI Registration Number: INBI00000027
ICICI Bank Limited Capital Markets Division 30, Mumbai Samachar Marg Mumbai 400 001 Maharashtra Tel: +91 22 6631 0311, +91 22 6631 0312 Fax: +91 22 2261 1138, +91 22 6631 0350 Email: viral.bharani@icicibank.com Website: www.icicibank.com Contact Person: Mr. Viral Bharani SEBI Registration Number: INBI00000004	**IDBI Bank Limited** Unit No. 2, Corporate Park Sion Trombay Road Chembur, Mumbai 400 071 Maharashtra Tel: +91 22 6690 8402 Fax: +91 22 2528 6173 Email: mn.kamat@idbi.co.in Website: www.idbibank.com Contact Person: Mr. M.N. Kamat SEBI Registration No: INBI00000076
Kotak Mahindra Bank Limited 5th Floor, Dani Corporate Park 158, CST Road, Santacruz (E) Mumbai 400 098 Maharashtra Tel: +91 22 6759 5336, +91 22 6605 6631 Fax: +91 22 6759 5374 Email: amit.kr@kotak.com Website: www.kotak.com Contact person: Mr. Amit Kumar SEBI registration no.: INBI00000927	**The Royal Bank of Scotland N.V.** Brady House, 14 Veer Nariman Road Hornimon Circle, Fort Mumbai 400 023 Maharashtra Tel: +91 22 6658 5858, +91 22 6658 5817 Fax: +91 22 2204 2673 Email:dhanesh.bachawat@rbs.com, chaitali.nandi@rbs.com Website: www.rbs.in Contact Person: Mr. Dhanesh Bacchawat/ Mrs. Chaitali Nandi SEBI Registration Number: INBI00000968
Standard Chartered Bank 270, D.N. Road, Fort Mumbai 400 001 Maharasthra Tel: +91 22 2268 3955 Fax: +91 22 2209 2216 Email: joseph.george@sc.com Website: www.standardchartered.co.in Contact person: Mr. Joseph George SEBI registration no.: INBI00000885	**State Bank of India** Capital Market Branch Videocon Heritage (Killic House) Ground Floor, Charanjit Rai Marg Mumbai 400 001 Maharashtra Tel: +91 22 2209 4932, +91 22 2209 4927 Fax: +91 22 2209 4921, +91 22 2209 4922 Email: nib.11777@sbi.co.in, sbi11777@yahoo.co.in Website: www.statebankofindia.com Contact person: Ms. Surekha Shinde SEBI registration no.: INBI00000038
Union Bank of India Union Bank Bhavan 239, Vidhan Bhavan Marg, Nariman Point Mumbai 400 021 Maharashtra Telephone: +91 11 2341 4229, +91 22 2341 3685 Facsimile: +91 11 2341 3686 E-mail: hkbehra@unionbankofindia.com Website: www.unionbankofindia.co.in Contact Person: Mr. H.K. Behera SEBI Registration No: INBI00000006	**United Bank of India** United Towers 11 Hemanta Basu Sarini Kolkata 700 001, West Bengal Telephone: + 91 33 2248 0592/ 2248 1054 Fax: +91 33 2248 5852 E-mail: dgmifm@unitedbank.co.in/ co.sec@unitedbank.co.in Website: www.unitedbankofindia.com Contact Person: Mr. A.K. Sanyal (Deputy General Manager/ Mr. Bikramjit Shom (Company Secretary) SEBI Registration: INBI00000028
Bank of India	**Punjab National Bank**

Star House, C-5, 'G' Block Bandra Kurla Complex Bandra (E), Mumbai – 400 051 Maharashtra Telephone: +91 22 6668 4610/6668 4614 Fax: +91 22 6668 4630/ 6668 4633 E-mail: hocic@bankofindia.co.in Website: www.bankofindia.co.in Contact Person: Mr. P.R. Wagaskar/ Mr. Kumar Naidu SEBI Registration: INBI00000009	Capital Markets Services Branch 5, Sansad Marg New Delhi 110 001 Telephone: + 91 11 2372 7531/ 2373 7533 Fax: + 91 11 2373 7533 E-mail: bo4552@pnb.co.in Website:www.pnbindia.in Contact Person: Mr. S.K. Sachdeva SEBI Registration: INB100000084

Refund Bankers

ICICI Bank Limited Capital Markets Division 30, Mumbai Samachar Marg, Mumbai- 400 001 Maharashtra, India Tel: + (91 22) 6631 0311/ 12 Fax: + (91 22) 2261 1138/ 6631 0350 Email: viral.bharani@icicibank.com Website: www.icicibank.com Contact Person: Mr. Viral Bharani SEBI Registration Number: INBI00000004	**HDFC Bank Limited** FIG-OPS Department, - Lodha, I Think Techno Campus O-3, Level, Next to Kanjurmarg Railway Station Kanjurmarg (East), Mumbai- 400 042 Maharashtra, India Tel: + (91 22) 3075 2928 Fax: + (91 22) 2579 9801 Email: deepak.rane@hdfcbank.com Website: www.hdfcbank.com Contact Person: Mr. Deepak Rane SEBI Registration Number: INBI00000063
State Bank of India Capital Market Branch, Videocon Heritage (Killic House), Ground Floor Charanjit Rai Marg Mumbai 400 001, India Tel: (+91 22) 2209 4932 Fax: (+91 22) 2209 4921 Email: nib.11777@sbi.co.in Website: www.statebankofindia.com Contact person: Ms. Surekha Shinde SEBI registration no.: INBI00000038	

SCSBs

The list of banks that have been notified by SEBI to act as SCSBs are provided at http://www.sebi.gov.in/pmd/scsb.html. For details on Designated Branches collecting the ASBA Form, please refer the abovementioned SEBI link.

Bankers to our Company

State Bank of India Corporate Accounts Group Branch 2nd Floor, Reliance House 34, J.L. Nehru Road Kolkata 700 071 West Bengal Telephone: +91 33 2226 2253 Facsimile : +91 33 2288 7037 Email : sbi.09998@sbi.co.in Website : www.statebankofindia.com Contact Person : Ms. Mitali Raha	**Punjab National Bank** 135, BRBB Road Kolkata 700 001 West Bengal Telephone: +91 33 2242 6008 Facsimile : +91 33 2242 5619 Email : bo90@pnb.co.in Website : www.pnbindia.com Contact Person : Mr. B.B Bhatia	**Bank Of Baroda** 4, India Exchange Place Kolkata 700 001 West Bengal Telephone: +91 33 2231 4240 Facsimile : +91 33 2230 8775 Email :indiae@bankofbaroda.co.in Website : www.bankofbaroda.co.in Contact Person : Mr. U.K Ghosh
Canara Bank 33/1, N.S. Road, Marshall House Kolkata 700 001 West Bengal Telephone: +91 33 2210 2889 Facsimile : +91 33 2230 9417 Email : cmkolkata2213@canbank.co.in	**United Bank of India** 10, N.S. Road Kolkata 700 001 West Bengal Telephone: +91 33 2242 1814 Facsimile : +91 33 2242 1814 Email: bmrlx@unitedbank.co.in	**HDFC Bank Limited** Bank House 3A Gurusaday Road Kolkata 700 020 West Bengal Telephone: +91 33 3057 8203 Facsimile : +91 33 2281 4333

Website : www.canbank.co.in Contact Person : Mr. A. Satyanarayana	Website: www.unitedbank.com Contact Person : Ms. Seema Singh	Email : naveen.mehra@hdfcbank.com Website : www.hdfcbank.com Contact Person : Mr. Naveen Mehra
Allahabad Bank 14, India Exchange Place Kolkata 700 001 West Bengal Telephone: +91 33 2230 5028 Facsimile : +91 33 2230 5028 Email : br.kolkatamain@allahabadbank.in Website: www.allahabadbank.com Contact Person : Mr. Anup Bhattacharya	**Standard Chartered Bank** 19, N.S. Road Kolkata 700 001 West Bengal Telephone: +91 33 2222 0227 Facsimile : +91 33 2231 1196 Email : anand.rai@sc.com Website : www.standardchartered.co.in Contact Person : Mr. Anand Rai	**Deutsche Bank** Brooke House, 9, Shakespeare Sarani Kolkata 700 071 West Bengal Telephone: +91 33 2282 3333 Facsimile : +91 33 2282 1716 Email : apparswamy.subramanian@db.com Website : www.db.com Contact Person : Mr. Apparswamy Subramanian
The Royal Bank of Scotland Azimganj House 7, Camac Street Kolkata 700 017 West Bengal Telephone: +91 33 3982 8044 Facsimile : +91 33 3982 8038 Email :partha.ray@rbs.com Website : www.rbs.com Contact Person : Mr. Partha Ray	**HSBC Limited** Shiv Building , Plot no. 139-140(B) Western Express Highway Sahar Road Junction, Ville Parle Mumbai 400 057 Maharashtra Telephone: +91 22 4035 7657 Facsimile : +91 22 6746 5624 Email : mustafasanchawalla@hsbc.co.in Website : www.hsbc.co.in Contact Person : Mr. Mustaffa Sanchawalla	**BNP Paribas** Infinity Building No. 4 Unit No. 61, 6th Floor Off Film City Road, Malad (East) Mumbai 400 097 Maharashtra Telephone: +91 22 6783 2152 Facsimile : +91 22 6783 2090 Website : www.bnpparibas.co.in Email : anand.jadhav@asia.bnpparibas.com Contact Person : Mr. Anand Jadhav
ICICI Bank Limited 2B, Gorky Terrace Kolkata 700 017 West Bengal Telephone: +91 33 4402 5300 Facsimile : +91 33 2283 2613 Email : corporate.care@icicibank.com Website : www.icicibank.com Contact Person : Mr. Sumit Sanghai	**Citibank** Kanak Building, 41, Chowringhee Road Kolkata 700 071 West Bengal Telephone: +91 33 4400 3404 Facsimile : +91 33 2288 2002 Email : biplab.banerjee@citi.com Website : www.citibank.co.in Contact Person : Mr. Biplab Banerjee	**Bank of India** 5, B.T.M. Sarani Kolkata 700 001 West Bengal Telephone: +91 33 2248 8577 Facsimile : +91 33 2248 1969 Email : zo.kolkata@bankofindia.co.in Website : www.bankofindia.com Contact Person : Mr. Ashok Ghosh
Oriental Bank of Commerce Thapar House 25, Brabourne Road Kolkata 700 001 West Bengal Telephone: +91 33 2243 7223 Facsimile : +91 33 2242 2702 Email : bm0003@obc.co.in Website : www.obcindia.com Contact Person : Mr. L.P. Bansal	**UCO Bank** 2, India Exchange Place Ground Floor Kolkata 700 001 West Bengal Telephone: +91 33 2230 3383 Facsimile : +91 33 2230 5104 Email : ucodemat@vsnl.com Website : www.ucobank.com Contact Person : Mr. S.C Gupta	**Bank of Maharashtra** 3, N.S. Road Kolkata 700 001 West Bengal Telephone: +91 33 2243 5996 Facsimile : +91 33 2248 4837 Email : bom455@mahabank.co.in Website : www.bankofmaharashtra.in Contact Person : Mr. D.H Das
IDBI Bank Limited Unit No. 2, Corporate Park Near Swastik Chambers, Sion Trombay Road Chembur, Mumbai 400 071 Maharashtra Telephone: +91 22 6690 8402 Facsimile : +91 22 6690 8424 Email : mn.kamat@idbi.co.in Website : www.idibank.com Contact Person : Mr. M.N Kamat	**Central Bank of India** 1, Park Street Kolkata 700 016 West Bengal Telephone: +91 33 2229 6516 Facsimile : +91 33 2229 1266 Website : www.centralbankofindia.co.in Email : bmkols0108@centralbank.co.in Contact Person : Mr. S.K Patel	**Credit Agricole Corporate & Investment Bank** 11,12 & 14 Floor, Hoechst House Nariman Point Mumbai – 400 021 Maharashtra Telephone: +91 22 6737 1012 Facsimile : +91 33 6635 1813 Website : www.ca-cib.com Email : Anderson.pollock@ca-cib.com Contact Person : Mr. Anderson Pollock (Head Compliance)
Union Bank of India 15, India Exchange Place Kolkata 700 001 West Bengal Telephone: +91 33 2230 6867 Facsimile : +91 33 2230 8202		

Website : www.unionbankofindia.co.in
Email : agmiep@unionbankofindia.co.in
Contact Person: Mr. Tapas Nag

Inter se allocation of responsibilities among the Book Running Lead Managers

The following table sets forth the *inter se* allocation of responsibilities for various activities among the Book Running Lead Managers:

Activities	Reponsibility	Co-ordination
Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, etc.	Citi, DSPML, Deutsche, Enam, Kotak, Morgan Stanley	Deutsche
Due diligence of the Company's operations/ management/ business plans/ legal etc. Drafting & Design of offer document containing salient features of the Prospectus. The designated Lead Manager shall ensure compliance with stipulated requirements and completion of prescribed formalities with Stock Exchange, Registrar of Companies and SEBI	Citi, DSPML, Deutsche, Enam, Kotak, Morgan Stanley	Citi
Drafting and approval of statutory advertisements	Citi, DSPML, Deutsche, Enam, Kotak, Morgan Stanley	Citi
Drafting and approval of all publicity material other than statutory advertisement as mentioned in (3) above including corporate advertisement, brochures, etc.	Citi, DSPML, Deutsche, Enam, Kotak, Morgan Stanley	Deutsche
Appointment of Ad Agency, Registrar and Bankers Appointment of Printer • Ensure availability of adequate number of forms at all the centres • Follow-up on distribution of publicity and issue material including form, Prospectus and deciding on the quantum of the issue material	Citi, DSPML, Deutsche, Enam, Kotak, Morgan Stanley	Kotak
Domestic Institutional Marketing • Finalise the list and division of investors for one to one meetings and • Finalising domestic QIB roadshow schedule	Citi, DSPML, Deutsche, Enam, Kotak, Morgans Stanley	Kotak
International Institutional Marketing • Finalise the list and division of investors for one to one meetings and • Finalising international QIB roadshow schedule	Citi, DSPML, Deutsche, Enam, Kotak, Morgan Stanley	DSPML
Domestic Retail marketing alongwith HNI • Formulating marketing strategies, preparation of publicity budget • Finalize Media & PR strategy • Finalizing centers for holding conferences for brokers, etc. • Finalize collection centers	Citi, DSPML, Deutsche, Enam, Kotak, Morgan Stanley	Enam
Preparation of road show presentation, Preparation of FAQs	Citi, DSPML, Deutsche, Enam, Kotak, Morgan Stanley	Deutsche
Co-ordination with stock exchanges for Book Building Software	Citi, DSPML, Deutsche, Enam, Kotak, Morgan Stanley	Enam
Finalizing of Pricing	Citi, DSPML, Deutsche, Enam, Kotak, Morgan Stanley	DSPML
Post bidding activities including management of Escrow Accounts, co-ordination with Registrar and Banks, Refund to Bidders, etc. Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable agreements with offeror/Company	Citi, DSPML, Deutsche, Enam, Kotak, Morgan Stanley	Morgan Stanley

Credit Rating

As the Offer is of equity shares, a credit rating is not required.

IPO Grading Agencies

CRISIL Limited
CRISIL House, Central Avenue
Hiranandani Business Park, Powai
Mumbai 400 076
Maharashtra
Telephone: +91 22 3342 8012
Facsimile: +91 22 3342 8088
E-mail: ssawwarkar@crisil.com
Contact Person: Mr. Sagar Sawarkar

ICRA Limited
1105, Kailash Building
11th Floor
26, Kasturba Gandhi Marg
New Delhi 110 001
Telephone: +91 33 2283 1411/2281 3158
Facsimile: +91 33 2287 0728
E-mail: anuradha@icraindia.com/ jayanta@icraindia.com
Contact Person: Ms. Anuradha Ray/ Mr. Jayanta Roy

Credit Analysis & Research Limited
4th Floor, Godrej Coliseum
Somaiya Hospital Road
Off Eastern Highway
Sion (East)
Mumbai 400 022
Telephone: +91 22 6754 3456
Facsimile: +91 22 6754 3457
E-mail: care@careratings.com
Contact Person: Mr. Sukanta Nag

IPO Grading

The Offer has been graded by CRISIL Limited ("**CRISIL**"), ICRA Limited ("**ICRA**") and Credit Analysis & Research Limited ("**CARE**"), all SEBI registered IPO grading agencies, as "CRISIL IPO Grade 5", "IPO Grade 5" and "CARE Grade 5", in each case indicating strong fundamentals of the Offer are strong relative to the other listed equity securities in India through their letters dated September 3, 2010, September 22, 2010 and September 23, 2010, respectively.

The IPO grading is assigned on a five point scale from 1 to 5 with an "IPO Grade 5" indicating strong fundamentals and "IPO Grade 1" indicating poor fundamentals. A copy of the reports provided by CRISIL, ICRA and CARE, furnishing the rationale for their grading will be made available for inspection at our Registered and Corporate Office from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Offer Closing Date.

Summary of rationale for grading by the IPO Grading Agencies

For details of the rationale for grading by CRISIL, ICRA and CARE, see Annexure I, Annexure II and Annxure III.

Disclaimer of IPO Grading Agencies

CRISIL

"A CRISIL IPO grading is a one-time assessment and reflects CRISIL's current opinion on the fundamentals of the graded equity issue in relation to other listed equity securities in India. A CRISIL IPO grading is neither an audit of the issuer by CRISIL nor is it a credit rating. Every CRISIL IPO grading is based on the information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the grading is based. A CRISIL IPO grading is not a recommendation to buy/ sell or hold the graded instrument; it does not comment on the issur price, future market price or suitability of a particular investor.

CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers/ users/ transmitters/ distributors of CRISIL IPO gradings. For information on any IPO grading assigned by CRISIL, please contact 'Client Servicing' at +91-22-33423561, or via email: clientservicing@crisil.com.

For more information on CRISIL IPO grading, please visit http://www.crisil.com/ipo-gradings."

ICRA

"Notwithstanding anything to the contrary: An ICRA IPO Grade is a statement of current opinion of ICRA and is not a statement of appropriateness of the graded security for any of the investors. Such grade is assigned with due care and caution on the basis of analysis of information and clarifications obtained from the issuer concerned and also other sources considered reliable by ICRA. However, ICRA makes no representation or warranty, express or implied as to the accuracy, authenticity, timelines, or completeness of such information. An ICRA IPO Grade is not (a) a comment on the present or future price of the security concerned (b) a certificate of statutory compliance and/or (c) a credit rating. Further, the ICRA IPO grade is not a recommendation of any kind including but not limited to recommendation to buy, sell, or deal in the securities of such issuer nor can it be considered as an authentication of any of the financial Statements of the company and ICRA shaft not be table for any losses incurred by users from any use of the grade in any manner. It is advisable that the professional assistance be taken by any prospective investor in the securities of the company including in the fields of investment, banking, tax or law while making such investment. All services and information provided by ICRA is provided on an "as is" basis without representations and warranties of any nature."

CARE

"CARE's IPO Grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, the adequacy, the completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO Grading does not take cognizance of the price of the security and is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performed an audit function or forensic exercise to detect fraud. It is also not forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO Grading."

Trustees

As the Offer is of equity shares, the appointment of trustees is not required.

Monitoring Agency

As this is an Offer for Sale, there is no requirement for appointing a monitoring agency.

Project Appraisal

The objects of the Offer are to carry out the divestment of 631,636,440 Equity Shares by the Selling Shareholder and to achieve the benefits of lisitng the Equity Shares on the Stock Exchanges. Accordingly, no project appraisal is required.

Book Building Process

Book building refers to the process of collection of Bids on the basis of the Red Herring Prospectus, the Bid cum Application Forms and the ASBA Forms. The Offer Price is determined by the Selling Shareholder and our Company, in consultation with the Book Running Lead Managers, after the Offer Closing Date. The principal parties involved in the Book Building Process are:

1. our Company;
2. the Selling Shareholder;
3. the Book Running Lead Managers;
4. Syndicate Member;
5. the Registrar to the Offer;
6. the Escrow Collection Banks; and
7. SCSBs.

This Offer is being made through the Book Building Process, wherein at least 50% of the Net Offer shall be Allotted to QIBs. In case we do not receive subscriptions of at least 50% of the Net Offer from QIBs, we shall refund the subscription monies forthwith.

5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs subject to valid Bids being received from them at or above the Offer Price. In the event that the demand from Mutual Funds is greater than 14,211,820 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the QIB Portion and allocated to QIBs (including Mutual Funds) on a proportionate basis, subject to valid Bids at or above Offer Price.

Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. Under subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Selling Shareholder and our Company in consultation with the Book Running Lead Managers and the Designated Stock Exchange. Further, 63,164,644 Equity Shares are reserved from the Offer for allocation on a proportionate basis to Eligible Employees, subject to valid bids being received at or above the Offer Price. Under subscription, if any, in the Employee Reservation Portion, shall be added to the Net Offer. In the event of under subscription in the Net Offer, except the QIB Portion, spill over to the extent of under subscription shall be allowed from the Employee Reservation Portion.

Our Company and the Selling Shareholder shall comply with the SEBI Regulations and any other ancillary directions issued by SEBI for this Offer. In this regard, the Selling Shareholder has appointed the Book Running Lead Managers to manage the Offer and procure subscriptions to the Offer.

The process of book building under the SEBI Regulations is subject to change. Investors are advised to make their own judgment about investment through this process prior to submitting a Bid in the Offer.

Steps to be taken by the Bidders for Bidding:

- Check eligibility for making a Bid. For further details, see the section titled “Offer Procedure” on page 330;
- Ensure that you have a PAN and the demat account details are correctly mentioned in the Bid cum Application Form or the ASBA Form, as the case may be;
- Ensure that the Bid cum Application Form or the ASBA Form is duly completed as per the instructions given in the Red Herring Prospectus and in the respective forms;
- Except for bids on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, for Bids of all values ensure that you have mentioned your PAN allotted under the I.T. Act in the Bid cum Application Form and the ASBA Form (see the section titled “Offer Procedure” on page 330). The exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the

Depository Participants' verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Bids, the Registrar will check under the Depository records for the appropriate description under the PAN field and whether the PAN flag has been enabled.

- Ensure the correctness of your PAN, DP ID and Client ID given in the Bid cum Application Form and the ASBA Form. Based on these three parameters, the Registrar to the Offer will obtain details of the Bidders from the Depositories including Bidder's name, bank account, number etc.
- Bids by QIBs (excluding ASBA Bidders) will only have to be submitted to the Book Running Lead Managers and their affiliates; and
- Bids by ASBA Bidders will have to be submitted to the Designated Branches. ASBA Bidders should ensure that the bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that the ASBA Form is not rejected.

Illustration of Book Building Process and the Price Discovery Process

(Investors should note that the following is solely for the purpose of illustration and is not specific to the Offer)

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 20 to Rs. 24 per share, an offer size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below, the illustrative book would be as given below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below indicates the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the offeror is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The offeror, in consultation with the book running lead managers, will finalise the offer price at or below such cut-off, i.e., at or below Rs. 22. All bids at or above this offer price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Withdrawal of the Offer

In accordance with the SEBI Regulations, the Selling Shareholder and our Company, in consultation with the Book Running Lead Managers, reserve the right not to proceed with the Offer at anytime including after the Offer Opening Date, without assigning the reasons thereof. Provided, if the Selling Shareholder and our Company withdraw the Offer after the Offer Closing Date, the Selling Shareholder will give the reason thereof within two days of the Offer Closing Date by way of a public notice in the same newspapers where the pre-Offer advertisement had appeared. The Stock Exchanges shall also be informed promptly and the Book Running Lead Managers, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day from the date of receipt of such notification.

In the event the Selling Shareholder and our Company, in consultation with the Book Running Lead Managers, withdraw the Offer after the Offer Closing Date, a fresh offer document will be filed with the RoC/SEBI in the event we subsequently decide to proceed with the public offering.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and (ii) the final RoC approval of this Prospectus.

In terms of the SEBI Regulations, QIBs are not allowed to withdraw their Bids after the Offer Closing Date. Since, the Bidding Period for QIBs closed one day prior to the Offer Closing Date, as under SEBI Regulations, QIBs could not withdraw their Bids after October 20, 2010 i.e., one day prior to the Offer Closing Date. However, pursuant to a notice to investors dated October 20, 2010 read along with the Red Herring Prospectus issued by our

Company, Bidders (including QIB Bidders), if they so desired, had been permitted to withdraw their Bids, such that the request for withdrawal of Bids is received on or before 5.00 p.m. on October 25, 2010.

Offer Programme

OFFER PROGRAMME	
FOR ALL BIDDERS	**OFFER OPENED ON OCTOBER 18, 2010**
FOR QIBs	**OFFER CLOSED ON OCTOBER 20, 2010**
FOR RETAIL AND NON-INSTITUTIONAL BIDDERS (INCLUDING ELIGIBLE EMPLOYEES BIDDING UNDER THE EMPLOYEE RESERVATION PORTION)	**OFFER CLOSED ON OCTOBER 21, 2010**

Bids and any revision in Bids were accepted **only between 10 a.m. and 5.00 p.m**. (Indian Standard Time) during the Offer Period as mentioned above at the Bidding Centres mentioned on the Bid cum Application Form or in case of Bids submitted through ASBA Form, the Designated Branches **except that on the Offer Closing Date** (which for the QIBs was a day prior to that of the other Bidders)**, the Bids were accepted only between 10 a.m. and 3.00 p.m.** (Indian Standard Time) and uploaded till (i) 5.00 p.m. in case of Bids by QIBs, (ii) until 4.00 p.m in case of Bids by Non Institutional Bidders, and (iii) until 5.00 p.m. in case of Bids by Retail Individual Bidders and Eligible Employees, which was extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by Book Running Lead Managers to the Stock Exchanges within half an hour of such closure. Due to limitation of time available for uploading the Bids on the Offer Closing Date, non QIB Bidders were advised to submit their Bids one day prior to the Offer Closing Date and, no later than 3.00 p.m (Indian Standard Time) on the Offer Closing Date. Non QIB Bidders were cautioned that in the event a large number of Bids are received on the Offer Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids were only accepted on Working Days.

In order that the data captured by the brokers in the electronic book is accurate, the members of the Syndicate, the SCSBs may be permitted one additional day, post Offer Closing Date, to amend some of the data fields entered by them in the electronic bidding system.

On the Offer Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received from Retail Individual Bidders and Eligible Employees after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms and ASBA Forms as stated herein and reported by the Book Running Lead Managers to the Stock Exchange within half an hour of such closure.

Underwriting Agreement

After the determination of the Offer Price, but prior to filing of this Prospectus with the RoC, our Company and the Selling Shareholder have entered into an underwriting agreement with the Underwriters for the Equity Shares proposed to be offered through this Offer except such Equity Shares as are required to be compulsorily allotted to QIBs under the QIB Portion. The underwriting arrangement does not apply to the subscription by the ASBA Bidders in this Offer. In terms of the underwriting agreement, the obligations of the Underwriters are several and are subject to certain conditions to closing, as specified therein.

The underwriting agreement is dated October 25, 2010. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Details of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. Million)
Citigroup Global Markets India Private Limited 12th Floor, Bakhtawar Nariman Point Mumbai 400 021, Maharashtra Telephone: +91 22 6631 9999 Facsimile : +91 22 6646 6056	57,899,990	14,185.50*

Email Id: coalindia.ipo@citi.com		
Deutsche Equities (India) Private Limited D B House Hazarimal Somani Marg, Fort Mumbai 400 001, Maharashtra Telephone: +91 22 6658 4600 Facsimile : +91 22 2200 6765 Email Id: coalindia.ipo@db.com	57,899,990	14,185.50*
DSP Merrill Lynch Limited 8th Floor, Mafatlal Centre Nariman Point Mumbai 400 021, Maharashtra Telephone: +91 22 6632 8761 Facsimile : +91 22 22048518 Email Id: cil.ipo@baml.com	57,899,990	14,185.50*
ENAM Securities Private Limited 801/802, Dalamal Towers Nariman Point Mumbai 400 021, Maharashtra Telephone: + 91 22 6638 1800 Facsimile : +91 22 2284 6824 Email Id: coalindia.ipo@enam.com	57,899,990	14,185.50
Kotak Mahindra Capital Company Limited 1st Floor, Bakhtawar, 229, Nariman Point Mumbai 400 021, Maharashtra Telephone: +91 22 6634 1100 Facsimile +91 22 2283 7517 Email Id: coalindia.ipo@kotak.com	57,899,990	14,185.50*
Morgan Stanley India Company Private Limited 5F, 55- 56, Free Press House Free Press Journal Marg Nariman Point Mumbai 400 021, Maharashtra Telephone: :+91 22 6621 0555 Facsimile +91 22 6621 0556 Email Id: coalindia@morganstanley.com	57,899,990	14,185.50*
Kotak Securities Limited 1st Floor, Nirlon House Dr. Annie Besant House Near Passport Office Worli, Mumbai 400 025 Maharashtra Telephone: + 91 22 6740 9708 Facsimile: + 91 22 661 7041 E-mail id: umesh.gupta@kotak.com	102	0.02*
Total	347,400,042#	85,113.01*

Pursuant to Regulation 13(2) of the SEBI Regulations, does not include 284,236,398 Equity Shares (being 50% of the Net Offer) to be compulsorily allotted to QIBs under the QIB Portion.

* *Subject to finalization of the Basis of Allotment. This amount will be reduced to the extent of five per cent discount to the Offer Price offered to the Retail Individual Bidders and the Eligible Employees bidding under the Employee Reservation Portion, based on actual allotment.*

The above-mentioned number and amount is indicative and will be finalized after finalization of the 'Basis of Allotment'.

In the opinion of the Board of Directors (based on a certificate given by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as

brokers with the Stock Exchanges. The Selling Shareholder, and the Board at its meeting held on October 25, 2010, has accepted and entered into the underwriting agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in the proportion of their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to Bidders procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations mentioned in the underwriting agreement, will also be required to procure/subscribe for Equity Shares to the extent of the defaulted amount in accordance with the underwriting agreement.

CAPITAL STRUCTURE

The share capital of our Company, as of the date of this Prospectus, is set forth below:

		Aggregate Value at nominal value (in Rs.)	Aggregate Value at Offer Price (in Rs.)
A)	**AUTHORISED SHARE CAPITAL**[(a)]		
	8,000,000,000 Equity Shares	80,000,000,000	
	9,041,800 non cumulative 10% redeemable preference shares of Rs. 1,000 each	9,041,800,000	
B)	**ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**		
	6,316,364,400 Equity Shares	63,163,644,000	
C)	**PRESENT OFFER IN TERMS OF THIS PROSPECTUS** [(b)]		
	631,636,440 Equity Shares	6,316,364,400	154,750,927,800[#]
	Which comprises		
	Employee Reservation Portion of 63,163,644 Equity Shares[(c)]	631,636,440	
	Net Offer of 568,472,796 Equity Shares	5,684,727,960	
	Of which:		
	QIB Portion of at least 284,236,398 Equity Shares [(d) & (e)]:	2,842,363,980	
	Non-Institutional Portion of not less than 85,270,919 Equity Shares[(e)]:	852,709,190	
	Retail Portion of not less than 198,965,479 Equity Shares[(e)]:	1,989,654,790	
D)	**ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL AFTER THE OFFER**		
	6,316,364,400 Equity Shares	63,163,644,000	1,547,509,278,000[#]
E)	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer	Nil	
	After the Offer	Nil	

(a) Set forth below are certain details of the amendments to our authorized share capital:

Date of Amendment	Details of Amendment
October 15, 1975	The authorized share capital of our Company was increased from Rs. 2,500 million divided into 2,500,000 equity shares of Rs. 1,000 each to Rs. 7,500 million divided into 7,500,000 equity shares of Rs. 1,000 each.
February 7, 1980	The authorized share capital of our Company was increased from Rs. 7,500 million divided into 7,500,000 equity shares of Rs. 1,000 each to Rs. 10,000 million divided into 10,000,000 equity shares of Rs. 1,000 each.
June 24, 1981	The authorized share capital of our Company was increased from Rs. 10,000 million divided into 10,000,000 equity shares of Rs. 1,000 each to Rs. 15,000 million divided into 15,000,000 equity shares of Rs. 1,000 each.
April 13, 1983	The authorized share capital of our Company was increased from Rs. 15,000 million divided into 15,000,000 equity shares of Rs. 1,000 each to Rs. 20,000 million divided into 20,000,000 equity shares of Rs. 1,000 each.
December 28, 1984	The authorized share capital of our Company was increased from Rs. 20,000 million divided into 20,000,000 equity shares of Rs. 1,000 each to Rs. 30,000 million divided into 30,000,000 equity shares of Rs. 1,000 each.
December 30, 1986	The authorized share capital of our Company was increased from Rs. 30,000 million divided into 30,000,000 equity shares of Rs. 1,000 each to Rs. 50,000 million divided into 50,000,000 equity shares of Rs. 1,000 each.
December 24, 1988	The authorized share capital of our Company was increased from Rs. 50,000 million divided into 50,000,000 equity shares of Rs. 1,000 each to Rs. 60,000 million divided into 60,000,000 equity shares of Rs. 1,000 each.

March 30, 1992	The authorized share capital of our Company was increased from Rs. 60,000 million divided into 60,000,000 equity shares of Rs. 1,000 each. to Rs. 80,000 million divided into 80,000,000 equity shares of Rs. 1,000 each.
February 21, 1997	The authorized share capital of our Company was increased by creating an additional 9,041,800 10% redeemable preference shares of Rs. 1,000 each, thereaby increasing the authorized share capital of our Company from Rs. 80,000 million divided into 80,000,000 equity shares of Rs. 1,000 each to Rs. 89,041.8 million divided into 80,000,000 equity shares of Rs. 1,000 each and 9,041,800 10% redeemable preference shares of Rs. 1,000 each.
February 16, 2010	The face value of the equity shares of our Company was split from Rs. 1,000 each to Rs. 10 each and consequently, the authorized equity share capital of our Company of Rs. 80,000 million was split into 8,000,000,000 equity shares of Rs. 10 each.

(b) The Offer has been authorized by a resolution of our Board dated August 5, 2010. The MoC, through its letter (No.38038/1/1996-CA-II (Vol-IV)) dated July 7, 2010 conveyed the approval granted by the GoI for the Offer.

(c) Under-subscription, if any, in the Employee Reservation Portion shall be added to the Net Offer. In case of under- subscription in the Net Offer, except in the QIB Portion, spill-over to the extent of under-subscription shall be permitted to the Employee Reservation Portion.

(d) Allocation to QIBs, is proportionate as per the terms of this Prospectus. At least 50% of the Net Offer shall be Allotted to the QIBs. 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. Under-subscription in the Mutual Fund Portion would be included for allocation to the remaining QIBs on a proportionate basis. In case we do not receive subscriptions of at least 50% of the Net Offer from QIBs, we shall refund the subscription monies forthwith.

(e) Subject to valid Bids being received at or above the Offer Price, under subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from other categories or a combination of categories, at the discretion of the Selling Shareholder and our Company, in consultation with the Book Running Lead Managers.

 # Subject to finalization of the Basis of Allotment. This amount will be reduced to the extent of five per cent discount to the Offer Price offered to the Retail Individual Bidders and the Eligible Employees bidding under the Employee Reservation Portion, based on actual allotment.

Offer for Sale by the Selling Shareholder:

The Offer comprises an offer for sale of 631,636,440 Equity Shares by the President of India, acting through the MoC, GoI.

Notes to the Capital Structure

1. Share capital history of our Company

1 (a) Equity share capital history of our Company

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Reasons for Allotment	Cumulative number of Equity Shares	Cumulative Equity Share Capital (Rs.)	Cumulative Share Premium (Rs.)
14.6.1973	3	1,000	1,000	Cash	Issued to the President of India on signing the MoA	3	3,000	Nil
14.6.1973	1	1,000	1,000	Cash	Issued to Mr. S.K.Dhar on signing the MoA	4	4,000	Nil
14.6.1973	1	1,000	1,000	Cash	Issued to Mr. P.K.Lahiri on signing the MoA	5	5,000	Nil
26.3.1974	79,995	1,000	1,000	Cash	Further issue to the President of India	80,000	80,000,000	Nil
15.3.1975	388,466	1,000	1,000	Cash	Further issue to the President of India	468,466	468,466,000	Nil
19.11.1975	1,475,377	1,000	1,000	Partly in cash and partly in lieu of consideration other than	Further issue to the President of India	1,943,843	1,943,843,000	Nil

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Reasons for Allotment	Cumulative number of Equity Shares	Cumulative Equity Share Capital (Rs.)	Cumulative Share Premium (Rs.)
				cash [1]				
31.12.1975	150,403	1,000	1,000	Consideration other than Cash [2]	Further issue to the President of India	2,094,246	2,094,246,000	Nil
30.6.1976	114,000	1,000	1,000	Consideration other than Cash[3]	Further issue to the President of India	2,208,246	2,208,246,000	Nil
22.9.1976	357,600	1,000	1,000	Partly in cash and partly in lieu of consideration other than cash [4]	Further issue to the President of India	2,565,846	2,565,846,000	Nil
22.12.1976	1,797,333	1,000	1,000	Partly in cash and partly in lieu of consideration other than cash [5]	Further issue to the President of India	4,363,179	4,363,179,000	Nil
2.12.1977	449,240	1,000	1,000	Partly in cash and partly in lieu of consideration other than cash[6]	Further issue to the President of India	4,812,419	4,812,419,000	Nil
2.12.1977	36,600	1,000	1,000	Consideration other than Cash[7]	Further issue to the President of India	4,849,019	4,849,019,000	Nil
13.1.1978	100,000	1,000	1,000	Cash	Further issue to the President of India	4,949,019	4,949,019,000	Nil
6.4.1979	1,015,440	1,000	1,000	Cash	Further issue to the President of India	5,964,459	5,964,459,000	Nil
31.5.1979	280,850	1,000	1,000	Cash	Further issue to the President of India	6,245,309	6,245,309,000	Nil
1.9.1979	542,791	1,000	1,000	Partly in cash and partly in lieu of consideration other than cash[8]	Further issue to the President of India	6,788,100	6,788,100,000	Nil
1.9.1979	390,500	1,000	1,000	Cash	Further issue to the President of India	7,178,600	7,178,600,000	Nil
8.8.1980	1,061,640	1,000	1,000	Consideration other than cash[9]	Further issue to the President of India	8,240,240	8,240,240,000	Nil
7.10.1980	262,600	1,000	1,000	Cash	Further issue to the President of India	8,502,840	8,502,840,000	Nil
22.12.1980	320,000	1,000	1,000	Cash	Further issue to the President of India	8,822,840	8,822,840,000	Nil
19.2.1981	350,000	1,000	1,000	Cash	Further issue to the President of India	9,172,840	9172,840,000	Nil

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Reasons for Allotment	Cumulative number of Equity Shares	Cumulative Equity Share Capital (Rs.)	Cumulative Share Premium (Rs.)
9.4.1981	400,000	1,000	1,000	Cash	Further issue to the President of India	9,572,840	9,572,840,000	Nil
24.6.1981	217,400	1,000	1,000	Cash	Further issue to the President of India	9,790,240	9,790,240,000	Nil
21.8.1981	715,189	1,000	1,000	Partly in cash and partly in lieu of consideration other than cash(10)	Further issue to the President of India	10,505,429	10,505,429,000	Nil
18.9.1981	654,400	1,000	1,000	Cash	Further issue to the President of India	11,159,829	11,159,829,000	Nil
3.11.1981	625,700	1,000	1,000	Cash	Further issue to the President of India	11,785,529	11,785,529,000	Nil
3.3.1982	400,426	1,000	1,000	Partly in cash and partly in lieu of consideration other than cash(11)	Further issue to the President of India	12,185,955	12,185,955,000	Nil
25.6.1982	16,210,00	1,000	1,000	Cash	Further issue to the President of India	13,806,955	13,806,955,000	Nil
30.9.1982	1,100,000	1,000	1,000	Cash	Further issue to the President of India	14,906,955	14,906,955,000	Nil
12.5.1983	1,910,000	1,000	1,000	Cash	Further issue to the President of India	16,816,955	16,816,955,000	Nil
30.9.1983	1,330,000	1,000	1,000	Cash	Further issue to the President of India	18,146,955	18,146,955,000	Nil
29.11.1983	970,000	1,000	1,000	Cash	Further issue to the President of India	19,116,955	19,116,955,000	Nil
21.2.1984	580,000	1,000	1,000	Cash	Further issue to the President of India	19,696,955	19,696,955,000	Nil
22.2.1985	4,910,000	1,000	1,000	Cash	Further issue to the President of India	24,606,955	24,606,955,000	Nil
23.5.1985	770,000	1,000	1,000	Cash	Further issue to the President of India	25,376,955	25,376,955,000	Nil
15.7.1985	250,000	1,000	1,000	Cash	Further issue to the President of India	25,626,955	25,626,955,000	Nil
29.8.1985	420,000	1,000	1,000	Cash	Further issue to the President of India	26,046,955	26,046,955,000	Nil
20.11.1985	1,630,000	1,000	1,000	Cash	Further issue to the President of India	27,676,955	27,676,955,000	Nil
20.12.1985	750,000	1,000	1,000	Cash	Further issue to the President of India	28,426,955	28,426,955,000	Nil

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Reasons for Allotment	Cumulative number of Equity Shares	Cumulative Equity Share Capital (Rs.)	Cumulative Share Premium (Rs.)
21.3.1986	1,000,000	1,000	1,000	Cash	Further issue to the President of India	29,426,955	29,426,955,000	Nil
17.5.1986	480,000	1,000	1,000	Cash	Further issue to the President of India	29,906,955	29,906,955,000	Nil
17.3.1987	5,170,000	1,000	1,000	Cash	Further issue to the President of India	35,076,955	35,076,955,000	Nil
14.5.1987	880,000	1,000	1,000	Cash	Further issue to the President of India	35,956,955	35,956,955,000	Nil
16.7.1987	1,154,074	1,000	1,000	Partly in cash and partly in lieu of consideration other than cash(12)	Further issue to the President of India	37,111,029	37,111,029,000	Nil
11.9.1987	2,440,000	1,000	1,000	Cash	Further issue to the President of India	39,551,029	39,551,029,000	Nil
12.11.1987	1,320,000	1,000	1,000	Cash	Further issue to the President of India	40,871,029	40,871,029,000	Nil
29.4.1988	278,592	1,000	1,000	Cash	Further issue to the President of India	41,149,621	41,149,621,000	Nil
9.6.1988	1,050,000	1,000	1,000	Cash	Further issue to the President of India	42,199,621	42,199,621,000	Nil
14.7.1988	1,000,000	1,000	1,000	Cash	Further issue to the President of India	43,199,621	43,199,621,000	Nil
10.8.1988	630,000	1,000	1,000	Cash	Further issue to the President of India	43,829,621	43,829,621,000	Nil
26.9.1988	1,950,000	1,000	1,000	Cash	Further issue to the President of India	45,779,621	45,779,621,000	Nil
21.11.1988	1,423,771	1,000	1,000	Cash	Further issue to the President of India	47,203,392	47,203,392,000	Nil
5.12.1988	340,000	1,000	1,000	Cash	Further issue to the President of India	47,543,392	47,543,392,000	Nil
27.1.1989	82,135	1,000	1,000	Cash	Further issue to the President of India	47,625,527	47,625,527,000	Nil
23.6.1989	1,778,903	1,000	1,000	Cash	Further issue to the President of India	49,404,430	49,404,430,000	Nil
23.8.1989	1,730,000	1,000	1,000	Cash	Further issue to the President of India	51,134,430	51,134,430,000	Nil
30.9.1989	1,040,000	1,000	1,000	Cash	Further issue to the President of India	52,174,430	52,174,430,000	Nil
7.2.1990	43,784	1,000	1,000	Cash	Further issue to the President of India	52,218,214	52,218,214,000	Nil
6.6.1990	220,425	1,000	1,000	Cash	Further issue to	52,438,639	52,438,639,000	Nil

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Reasons for Allotment	Cumulative number of Equity Shares	Cumulative Equity Share Capital (Rs.)	Cumulative Share Premium (Rs.)
					the President of India			
13.7.1990	3,250,000	1,000	1,000	Cash	Further issue to the President of India	55,688,639	55,688,639,000	Nil
12.9.1990	274,167	1,000	1,000	Cash	Further issue to the President of India	55,962,806	55,962,806,000	Nil
20.12.1990	1,002,318	1,000	1,000	Cash	Further issue to the President of India	56,965,124	56,965,124,000	Nil
18.2.1991	9,094	1,000	1,000	Cash	Further issue to the President of India	56,974,218	56,974,218,000	Nil
20.3.1991	42,966	1,000	1,000	Cash	Further issue to the President of India	57,017,184	57,017,184,000	Nil
31.7.1991	1,330,000	1,000	1,000	Cash	Further issue to the President of India	58,347,184	58,347,184,000	Nil
22.8.1991	415,945	1,000	1,000	Cash	Further issue to the President of India	58,763,129	58,763,129,000	Nil
15.11.1991	416,068	1,000	1,000	Cash	Further issue to the President of India	59,179,197	59,179,197,000	Nil
20.3.1992	811,529	1,000	1,000	Cash	Further issue to the President of India	59,990,726	59,990,726,000	Nil
2.6.1992	356,466	1,000	1,000	Cash	Further issue to the President of India	60,347,192	60,347,192,000	Nil
27.7.1992	420,000	1,000	1,000	Cash	Further issue to the President of India	60,767,192	60,767,192,000	Nil
29.8.1992	379	1,000	1,000	Cash	Further issue to the President of India	60,767,571	60,767,571,000	Nil
22.12.1992	2,988	1,000	1,000	Cash	Further issue to the President of India	60,770,559	60,770,559,000	Nil
19.2.1993	200,093	1,000	1,000	Cash	Further issue to the President of India	60,970,652	60,970,652,000	Nil
10.6.1993	4,359	1,000	1,000	Cash	Further issue to the President of India	60,975,011	60,975,011,000	Nil
2.9.1993	29,154	1,000	1,000	Cash	Further issue to the President of India	61,004,165	610,04,165,000	Nil
15.11.1993	3,431	1,000	1,000	Cash	Further issue to the President of India	61,007,596	61,007,596,000	Nil
5.3.1994	26,844	1,000	1,000	Cash	Further issue to the President of India	61,034,440	61,034,440,000	Nil
6.5.1994	10,941	1,000	1,000	Cash	Further issue to the President of India	61,045,381	61,045,381,000	Nil
20.7.1994	3,063	1,000	1,000	Cash	Further issue to the President of India	61,048,444	61,048,444,000	Nil

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Reasons for Allotment	Cumulative number of Equity Shares	Cumulative Equity Share Capital (Rs.)	Cumulative Share Premium (Rs.)
6.3.1995	2,115,200	1,000	1,000	Cash	Further issue to the President of India	63,163,644	631,63,644,000	Nil
On February 16, 2010, the face value of the equity shares of our Company was split into Rs. 10 each and consequently, 63,163,644 equity shares of Rs. 1,000 each were split into 6,316,364,400 equity shares of Rs. 10 each.								
Total	**6,316,364,400**					**6,316,364,400**	**63,163,644,000**	**Nil**

(1) *1,466,843 equity shares issued for consideration other than cash and 8,534 equity shares issued for cash. For further details on consideration other than cash, please see the section titled "Capital Structure – Equity Shares issued for consideration other than cash".*

(2) *Equity shares issued to the President of India, in lieu of equivalent amount of shares of BCCL received from the President of India.*

(3) *114,000 equity shares issued in lieu of equivalent amount of shares received from BCCL.*

(4) *200,000 equity shares issued for cash and 157,600 equity shares issued in lieu of shares received from BCCL.*

(5) *1,528,100 equity shares issued for cash and 269,233 equity shares issued in lieu of vesting of mines by the Government of India.*

(6) *4,25,000 equity shares issued for cash and 24,240 equity shares for balance consideration amount including interest due to the government of India and due to rounding off figure at the allotment made to the President on December 22, 1976.*

(7) *Equity shares issued in consideration of net assets (written down value of assets reduced by the amount of loan liabilities) taken over from the coal board by our Company.*

(8) *300,000 equity shares issued for cash, 7,868 equity shares issued in lieu of equity received from CCL and 234,923 equity shares issued in lieu of equity shares received from BCCL.*

(9) *1,059,800 equity shares issued for cash and 1,840 equity shares issued in lieu of 1,840 equity shares received from CCL, in lieu of money received by CCL from GoI in connection with the payment of compensation sanctioned for acquisition of land and rights under CBA Act.*

(10) *713,900 equity shares issued for cash and 1,289 equity shares issued in lieu of 1,289 equity shares received from CCL, in lieu of money received by CCL from GoI in connection with the payment of compensation sanctioned for acquisition of land and rights under the CBA Act.*

(11) *400,000 equity shares issued for cash and 426 equity shares issued in lieu of 426 equity shares received from WCL, in lieu of money received by WCL from GoI in connection with the payment of compensation for acquisition of land and rights under the CBA Act.*

(12) *1,050,000 equity shares issued for cash and 104,074 equity shares issued in lieu assets taken over from Central Coal Washeries Organisation.*

1(b) Equity shares issued for consideration other than cash

Except as detailed below, no equity shares of the Company have been issued for consideration other than cash.

Date of allotment	Name of the Alottee	Number of Equity Shares allotted	Issue Price (Rs.)	Reasons for allotment
19.11.1975	The President of India	1,466,843	1,000	Equity shares issued in lieu of (a) transfer of Singarani Coal Company Limited's shares to our Company; (b) transfer of NCDC's shares to our Company; (c) conversion of loan into equity incurred by NCDC; (d) Amount paid for nationalisation of Dhori group of mines; and (e) payment for compensation in lieu for acquisition and rights under CBA Act.
31.12.1975		150,403	1,000	Equity shares issued in lieu of equivalent amount of shares received from BCCL.
30.06.1976		114,000	1,000	Equity shares issued in lieu of shares received from BCCL.
22.09.1976		157,600	1,000	Equity shares issued is lieu of shares received from BCCL
22.12.1976		269,233	1,000	Equity shares issued in lieu of vesting of mines by the Government of India
2.12.1977		24,240	1,000	Equity shares issued for balance consideration amount including interest due to the government of India and due to rounding off figure at the allotment made to the President of India on December 22, 1976.
2.12.1977		36,600	1,000	Equity shares issued in consideration of net assets (written down value of assets reduced by the amount of loan liabilities) taken over from the coal board by our Company.

Date of allotment	Name of the Alottee	Number of Equity Shares allotted	Issue Price (Rs.)	Reasons for allotment
1.9.1979		242,791	1,000	7,868 equity shares issued in lieu of equity shares received from CCL and 234,923 Equity Shares issued in lieu of equity shares received from BCCL.
8.8.1980		1,840	1,000	Equity shares issued in lieu of 1,840 equity shares received from CCL, in lieu of money received by CCL from GoI in connection with the payment of compensation sanctioned for acquisition of land and rights under CBA Act.
21.8.1981		1,289	1,000	Equity shares issued in lieu of 1,289 equity shares received from CCL, in lieu of money received by CCL from GoI in connection with the payment of compensation sanctioned for acquisition of land and rights under the CBA Act.
3.3.1982		426	1,000	Equity shares issued in lieu of 426 equity shares received from WCL, in lieu of money received by WCL from GoI in connection with the payment of compensation for acquisition of land and rights under the CBA Act.
16.07.1987		104,074	1,000	For assets taken over from Central Coal Washeries Organisation
On February 16, 2010, the face value of the equity shares of our Company was split into Rs. 10 each and consequently, 63,163,644 equity shares of Rs. 1,000 each were split into 6,316,364,400 equity shares of Rs. 10 each.				
Total		**256,933,900**		

1(c) Preference shares capital history of our Company

Our Company had issued 9,041,800, 10% redeemable non-cumulative preference shares of Rs. 1,000 each on February 22, 1997 to the President of India, acting through the MoC, GoI, which were redeemed on February 20, 2004.

1. Build up of Promoter's shareholding, Promoter's Contribution and Lock-in

a) Build up of equity shareholding of the Promoter

Name of the Promoter	Date of Allotment/ Transfer	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Reasons for Allotment
The President of India	14.06.1973	3	1,000	1,000	Cash	Issued on signing of MoA
	26.3.1974	79,995	1,000	1,000	Cash	Further issue to the President of India
	15.3.1975	388,466	1,000	1,000	Cash	Further issue to the President of India
	26.8.1975	1	1,000	1,000	Cash	Transfer from Mr. P.K.Lahari*
	26.8.1975	(1)	1,000	1,000	Cash	Transfer to Mrs. S. Kandpal*
	19.11.1975	1,475,377	1,000	1,000	Partly in cash and partly in lieu of consideration other than cash (1)	Further issue to the President of India
	31.12.1975	150,403	1,000	1,000	Consideration other than Cash (2)	Further issue to the President of India
	30.06.1976	114,000	1,000	1,000	Consideration other than Cash(3)	Further issue to the President of India
	22.09.1976	357,600	1,000	1,000	Partly in cash and partly in lieu of consideration other than cash (4)	Further issue to the President of India
	22.12.1976	1,797,333	1,000	1,000	Partly in cash and partly	Further issue to the

Name of the Promoter	Date of Allotment/ Transfer	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Reasons for Allotment
					in lieu of consideration other than cash [5]	President of India
	2.12.1977	449,240	1,000	1,000	Partly in cash and partly in lieu of consideration other than cash[6]	Further issue to the President of India
	2.12.1977	36,600	1,000	1,000	Consideration other than Cash[7]	Further issue to the President of India
	13.1.1978	100,000	1,000	1,000	Cash	Further issue to the President of India
	6.4.1979	1,015,440	1,000	1,000	Cash	Further issue to the President of India
	31.5.1979	280,850	1,000	1,000	Cash	Further issue to the President of India
	1.9.1979	542,791	1,000	1,000	Partly in cash and partly in lieu of consideration other than cash[8]	Further issue to the President of India
	1.9.1979	390,500	1,000	1,000	Cash	Further issue to the President of India
	8.8.1980	1,061,640	1,000	1,000	Consideration other than cash[9]	Further issue to the President of India
	7.10.1980	262,600	1,000	1,000	Cash	Further issue to the President of India
	22.12.1980	320,000	1,000	1,000	Cash	Further issue to the President of India
	19.2.1981	350,000	1,000	1,000	Cash	Further issue to the President of India
	9.4.1981	400,000	1,000	1,000	Cash	Further issue to the President of India
	24.6.1981	217,400	1,000	1,000	Cash	Further issue to the President of India
	21.8.1981	715,189	1,000	1,000	Partly in cash and partly in lieu of consideration other than cash[10]	Further issue to the President of India
	18.9.1981	654,400	1,000	1,000	Cash	Further issue to the President of India
	28.10.81	1	1,000	1,000	Cash	Transfer from Mr. S K Dhar
	28.10.81	(1)	1,000	1,000	Cash	Transfer to Mr. H N Basu*
	3.11.1981	625,700	1,000	1,000	Cash	Further issue to the President of India
	1982-2009	(4)	1,000	1,000	Cash	Transfer to the then nominee of the GoI*
	3.3.1982	400,426	1,000	1,000	Partly in cash and partly in lieu of consideration other than cash[11]	Further issue to the President of India
	25.06.1982	1,621,000	1,000	1,000	Cash	Further issue to the President of India
	30.9.1982	1,100,000	1,000	1,000	Cash	Further issue to the President of India
	12.5.1983	1,910,000	1,000	1,000	Cash	Further issue to the President of India
	30.9.1983	1,330,000	1,000	1,000	Cash	Further issue to the President of India
	29.11.1983	970,000	1,000	1,000	Cash	Further issue to the President of India
	21.2.1984	580,000	1,000	1,000	Cash	Further issue to the President of India
	22.2.1985	4,910,000	1,000	1,000	Cash	Further issue to the

Name of the Promoter	Date of Allotment/ Transfer	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Reasons for Allotment
						President of India
	23.5.1985	770,000	1,000	1,000	Cash	Further issue to the President of India
	15.7.1985	250,000	1,000	1,000	Cash	Further issue to the President of India
	29.8.1985	420,000	1,000	1,000	Cash	Further issue to the President of India
	20.11.1985	1,630,000	1,000	1,000	Cash	Further issue to the President of India
	20.12.1985	750,000	1,000	1,000	Cash	Further issue to the President of India
	21.3.1986	1,000,000	1,000	1,000	Cash	Further issue to the President of India
	17.5.1986	480,000	1,000	1,000	Cash	Further issue to the President of India
	17.3.1987	5,170,000	1,000	1,000	Cash	Further issue to the President of India
	14.5.1987	880,000	1,000	1,000	Cash	Further issue to the President of India
	16.7.1987	1,154,074	1,000	1,000	Partly in cash and partly in lieu of consideration other than cash(12)	Further issue to the President of India
	11.9.1987	2,440,000	1,000	1,000	Cash	Further issue to the President of India
	12.11.1987	1,320,000	1,000	1,000	Cash	Further issue to the President of India
	29.4.1988	278,592	1,000	1,000	Cash	Further issue to the President of India
	9.6.1988	1,050,000	1,000	1,000	Cash	Further issue to the President of India
	14.7.1988	1,000,000	1,000	1,000	Cash	Further issue to the President of India
	10.08.1988	630,000	1,000	1,000	Cash	Further issue to the President of India
	26.9.1988	1,950,000	1,000	1,000	Cash	Further issue to the President of India
	21.11.1988	1,423,771	1,000	1,000	Cash	Further issue to the President of India
	5.12.1988	340,000	1,000	1,000	Cash	Further issue to the President of India
	27.1.1989	82,135	1,000	1,000	Cash	Further issue to the President of India
	23.6.1989	1,778,903	1,000	1,000	Cash	Further issue to the President of India
	23.08.1989	1,730,000	1,000	1,000	Cash	Further issue to the President of India
	30.9.1989	1,040,000	1,000	1,000	Cash	Further issue to the President of India
	7.2.1990	43,784	1,000	1,000	Cash	Further issue to the President of India
	6.6.1990	220,425	1,000	1,000	Cash	Further issue to the President of India
	13.7.1990	3,250,000	1,000	1,000	Cash	Further issue to the President of India
	12.9.1990	274,167	1,000	1,000	Cash	Further issue to the President of India
	20.12.1990	1,002,318	1,000	1,000	Cash	Further issue to the President of India
	18.2.1991	9,094	1,000	1,000	Cash	Further issue to the President of India

Name of the Promoter	Date of Allotment/ Transfer	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Reasons for Allotment
	20.3.1991	42,966	1,000	1,000	Cash	Further issue to the President of India
	31.7.1991	1,330,000	1,000	1,000	Cash	Further issue to the President of India
	22.8.1991	415,945	1,000	1,000	Cash	Further issue to the President of India
	15.11.1991	416,068	1,000	1,000	Cash	Further issue to the President of India
	20.3.1992	811,529	1,000	1,000	Cash	Further issue to the President of India
	2.6.1992	356,466	1,000	1,000	Cash	Further issue to the President of India
	27.7.1992	420,000	1,000	1,000	Cash	Further issue to the President of India
	29.8.1992	379	1,000	1,000	Cash	Further issue to the President of India
	22.12.1992	2,988	1,000	1,000	Cash	Further issue to the President of India
	19.2.1993	200,093	1,000	1,000	Cash	Further issue to the President of India
	10.6.1993	4,359	1,000	1,000	Cash	Further issue to the President of India
	2.9.1993	29,154	1,000	1,000	Cash	Further issue to the President of India
	15.11.1993	3,431	1,000	1,000	Cash	Further issue to the President of India
	5.3.1994	26,844	1,000	1,000	Cash	Further issue to the President of India
	6.5.1994	10,941	1,000	1,000	Cash	Further issue to the President of India
	20.7.1994	3,063	1,000	1,000	Cash	Further issue to the President of India
	6.3.1995	2,115,200	1,000	1,000	Cash	Further issue to the President of India
On February 16, 2010, the face value of the equity shares of our Company was split into Rs. 10 each and consequently, 63,163,644 equity shares of Rs. 1,000 each were split into 6,316,364,400 equity shares of Rs. 10 each.						
	Total	**6,316,363,800**				

(1) *1,466,843 equity shares issued for consideration other than cash and 8,534 Equity Shares issued for cash. For further details on consideration other than cash, please see the section titled "Capital Structure – Equity Shares issued for consideration other than cash".*

(2) *Equity shares issued to the President of India, in lieu of equivalent amount of shares of BCCL received from the President of India.*

(3) *114,000 equity shares issued in lieu of equivalent amount of shares received from BCCL.*

(4) *200,000 equity shares issued for cash and 157,600 Equity Shares issued in lieu of shares received from BCCL.*

(5) *1,528,100 equity shares issued for cash and 269,233 Equity Shares issued in lieu of vesting of mines by the Government of India.*

(6) *4,25,000 equity shares issued for cash and 24,240 Equity Shares for balance consideration amount including interest due to the government of India and due to rounding off figure at the allotment made to the President on December 22, 1976.*

(7) *Equity shares issued in consideration of net assets (written down value of assets reduced by the amount of loan liabilities) taken over from the coal board by our Company.*

(8) *300,000 equity shares issued for cash, 7,868 Equity Shares issued in lieu of equity received from CCL and 234,923 equity shares issued in lieu of equity shares received from BCCL.*

(9) *1,059,800 equity shares issued for cash and 1,840 equity shares issued in lieu of 1,840 equity shares received from CCL, in lieu of money received by CCL from GoI in connection with the payment of compensation sanctioned for acquisition of land and rights under CBA Act.*

(10) *713,900 equity shares issued for cash and 1,289 equity shares issued in lieu of 1,289 equity shares received from CCL, in lieu of money received by CCL from GoI in connection with the payment of compensation sanctioned for acquisition of land and rights under the CBA Act.*

(11) *400,000 equity shares issued for cash and 426 equity shares issued in lieu of 426 equity shares received from WCL, in lieu of money received by WCL from GoI in connection with the payment of compensation for acquisition of land and rights under the CBA Act.*

(12) *1,050,000 equity shares issued for cash and 104,074 equity shares issued in lieu assets taken over from Central Coal Washeries Organisation.*

* *These equity shares were transferred by the President of India to the representatives of the GoI who transferred it back to the President of India on ceasing to be associated with the Company. Currently, these Equity Shares are held by the following members:*

Name	***Number of Equity Shares***
Mr. A.K. Jyotishi#	*100*

Mr. A.K.Sinha #	*100*
Mr. Sanjiv Kumar Mittal#	*100*
Mr. Alok Perti #	*100*
Mr. Partha S. Bhattacharyya#	*100*
Mr. Sharad Ghodke#	*100*
Total	***600***

 # As a nominee of the President of India.

b) Details of Promoter's Contribution Locked-in for Three Years

Pursuant to Regulations 32 and 36 of the SEBI Regulations, Equity Shares aggregating to 20% of the post Offer equity capital of our Company held by our Promoter shall be considered as promoter's contribution and locked-in for a period of three years from the date of Allotment ("**Promoter's Contribution**").

The MoC pursuant to its letter dated July 28, 2010 granted consent to include 1,263,272,880 Equity Shares held by them as the Promoter's Contribution and have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner the Promoter's Contribution from the date of transfer in the Offer, for a period of three years, or for such other time as required under SEBI Regulation. Details of Promoter's Contribution are as provided below:

Name of the Promoter	No. of Equity Shares	% of Pre-Offer Capital	% of Post-Offer Capital
The President of India	1,263,272,880	20.00	20.00

All Equity Shares, which are being considered for the purpose of the Promoter's Contribution, are eligible for such purpose as per the SEBI Regulations.

The above mentioned Equity Shares proposed to be included as part of the Promoter's Contribution:

(a) have not been subject to pledge or any other form of encumbrance; or
(b) are not resulting from a bonus issue by utilisation of revaluation reserves, unreleased profits of our Company or from a bonus issue against Equity Shares which are ineligible for Promoter's Contribution; or
(c) have not been acquired for consideration other than cash and revaluation of assets or from a transaction involving capitalisation of intangible assets in last three years; or
(d) are not arising out of securities acquired during the preceding one year, at a price lower than the price at which Equity Shares are being offered to the public in the Offer.

Further, our Company has not been formed by conversion of a partnership firm into a company.

c) Equity Shares locked-in for one year

The MoC through its letter dated July 28, 2010 granted approval for the lock-in of its pre-Offer shareholding, less the Promoter's Contribution, i.e. 1,263,272,880 Equity Shares and 631,636,440 Equity Shares being offered in this Offer, from the date of transfer in the Offer, for a period of one year, or such other time as required under the SEBI Regulations.

e) Other Requirements in respect of Lock in

The Equity Shares held by the Promoter, which are locked in for a period of one year, as specified above, may be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan.

In terms of Regulation 40 of the SEBI Regulations, the Equity Shares held by the Promoter may be transferred to any person of the promoter group or to new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Regulations, as applicable.

2. *Our shareholding pattern*

The table below represents the shareholding pattern of our Company before the proposed Offer and as adjusted for the Offer:

Shareholders	Pre-Offer		Post-Offer*	
	No. of Equity Shares	Percentage of shareholding	No. of Equity Shares	Percentage of shareholding
Promoter (A)				
President of India, acting through the MoC	6,316,363,800	99.99	5,684,727,360**	89.99
Sub-Total (A)	6,316,363,800	99.99	5,684,727,360**	89.99
Others (B)				
Mr. A.K. Jyotishi#	100	Negligible	100	Negligible
Mr. A.K.Sinha #	100	Negligible	100	Negligible
Mr. Sanjiv Kumar Mittal#	100	Negligible	100	Negligible
Mr. Alok Perti #	100	Negligible	100	Negligible
Mr. Partha S. Bhattacharyya#	100	Negligible	100	Negligible
Mr. Sharad Ghodke#	100	Negligible	100	Negligible
Sub-Total (B)	600	Negligible	600	Negligible
Public shareholding (C)	Nil	Nil	631,636,440	10
Sub-Total (C)	Nil	Nil	631,636,440	10
Total (A+B+C)	**6,316,364,400**	**100**	**6,316,364,400**	**100**

* *This is based on the assumption that existing shareholders, except the Selling Shareholder, shall continue to hold the same number of Equity Shares after the Offer. This does not include any Equity Shares that such shareholders (excluding our Promoter and Directors) may Bid for and be Allotted. Our Directors will not participate in the Offer.*

** *Assuming that the Offer is fully subscribed.*

\# *Nominee of the President of India*

4 None of our Key Management Personnel hold Equity Shares, as on the date hereof, in our Company. Further, except as set forth below, none of the Directors hold Equity Shares, as on the date hereof, in our Company:

Name of the Director	No. of Equity Shares	Pre- Offer Percentage Shareholding (%)	Post- Offer Percentage Shareholding# (%)
Mr. Partha S. Bhattacharyya*	100	Negligible	Negligible
Mr. A.K. Sinha*	100	Negligible	Negligible
Mr. Sanjiv Kumar Mittal*	100	Negligible	Negligible
Mr. Alok Perti*	100	Negligible	Negligible

**As a nominee of the President of India*

#Assuming that Directors do not subscribe for Equity Shares in the Offer

5. Top ten shareholders

The list of our Company's shareholders and the number of Equity Shares held by them is provided below:

(a) As on the date of this Prospectus:

S. No.	Name of Shareholder	No. of Equity Shares Held	Pre- Offer %
1.	President of India, acting through the MoC	6,316,363,800	99.99%
2.	Mr. A.K.Jyotishi*	100	Negligible
3.	Mr. A.K.Sinha *	100	Negligible
4.	Mr. Sanjiv Kumar Mittal*	100	Negligible
5.	Mr. Alok Perti*	100	Negligible

S. No.	Name of Shareholder	No. of Equity Shares Held	Pre- Offer %
6.	Mr. Partha S. Bhattacharyya*	100	Negligible
7.	Mr. Sharad Ghodke*	100	Negligible

**As a nominee of the President of India.*

(b) As on 10 days before the date of this Prospectus:

S. No.	Name of Shareholder	No. of Equity Shares Held	Pre- Offer %
1.	President of India, acting through the MoC	6,316,363,800	99.99%
2.	Mr. A.K.Jyotishi*	100	Negligible
3.	Mr. A.K.Sinha *	100	Negligible
4.	Mr. Sanjiv Kumar Mittal*	100	Negligible
5.	Mr. Alok Perti*	100	Negligible
6.	Mr. Partha S. Bhattacharyya*	100	Negligible
7.	Mr. Sharad Ghodke*	100	Negligible

**As a nominee of the President of India.*

(c) As on two years before the date of filing of this Prospectus:

S. No.	Name of Shareholder	No. of Equity Shares Held	Pre- Offer %
1.	President of India	63,163,639	99.99%
2.	Mr. A.K.Jyotishi*	1	Negligible
3.	Mr. S. Bhattacharya *	1	Negligible
4.	Mr. Sanjiv Kumar Mittal*	1	Negligible
5.	S P Seth*	1	Negligible
6.	Mr. Partha S. Bhattacharyya *	1	Negligible

**As a nominee of the President of India.*

6. Our Company, the Selling Shareholder, our Directors, and the Book Running Lead Managers have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares from any person.

7. The Selling Shareholder has not purchased or sold or financed any securities of our Company, during a period of six months preceding the date of filing the Draft Red Herring Prospectus with SEBI.

8. There will be no further issue of capital whether by way of public issue, bonus shares, preferential allotment, rights issue, qualified institutional placement, or in any other manner during the period commencing from the submission of the DRHP with SEBI until the Equity Shares to be transferred pursuant to the Offer have been listed. Further, our Company does not have any intention, proposal, negotiations or consideration to alter its capital structure by way of split /consolidation of the denomination of the Equity Shares, or issue of Equity Shares on a preferential basis or issue of bonus or rights or further public issue of shares or any other securities, within a period of six months from the Offer Opening Date.

9. During the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus, no financing arrangements existed whereby our Promoter, our Directors and their relatives may have financed the purchase of Equity Shares by any other person.

10. None of the BRLMs hold any Equity Shares as on the date of filing of this Prospectus. The BRLMs and their respective affiliates may engage in the transactions with and perform services for our Company and our Subsidiaries in the ordinary course of business and have engaged or may in the future engage, in commercial banking and investment banking transactions with our Company and our Subsidiaries, for which they have received, and may in future receive, customary compensation.

11. As on the date of this Prospectus, the total number of holders of Equity Shares is seven, consisting of the President of India, acting through the MoC, GoI and six other members, holding shares as

nominees of the President of India.

12. Our Company has not issued any Equity Shares out of its revaluation reserves.

13. Our Company does not have any scheme of employee stock option or employee stock purchase.

14. Except as disclosed under "Capital Structure – Notes to Capital Structure – Note 1(b) – Equity Share issued for consideration other than cash" on page 32, our Company has not issued any Equity Shares for consideration other than cash.

15. Our Company has not issued any Equity Shares at a price less than the Offer Price in the last one year preceding the date of filing of this Prospectus.

16. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing this Prospectus.

17. Our Company has not made any public issue or rights issue of any kind or class of securities since its incorporation.

18. There are no outstanding convertible securities or any other right which would entitle any person any option to receive Equity Shares after the Offer.

19. Our Company will not, without the prior written consent of the Book Running Lead Managers, during the period commencing from the date of the Draft Red Herring Prospectus and ending 180 calendar days after the date of listing and commencement of trading of the Equity Shares, alter its capital structure in any manner including by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares or any securities convertible into or exchangeable, directly or indirectly, for the Equity Shares. If we enter into acquisitions or joint ventures for the purposes of our business, we may, subject to necessary approvals and consents, consider raising additional capital to fund such activities or use the Equity Shares as currency for acquisition or participation in such joint ventures.

20. Our Promoter will not participate in this Offer. Our Directors will not participate in the Offer.

21. A total of 10.00% of the Offer, i.e. 63,163,644 Equity Shares, have been reserved for allocation to Eligible Employees on a proportionate basis, subject to valid Bids being received at the Offer Price. Eligible Employees bidding under the Employee Reservation Portion can also Bid in the Net Offer and such Bids shall not be treated as multiple Bids. If the aggregate demand in the Employee Reservation Portion is greater than 63,163,644 Equity Shares, allocation shall be made on a proportionate basis.

22. Under-subscription, if any, in the Employee Reservation Portion will be added to the Net Offer. Under-subscription, if any, in any category, except in the QIB Portion, shall be met with spill-over from other categories, at the sole discretion of the Selling Shareholder and our Company, in consultation with the Book Running Lead Managers. In case of under-subscription in the Net Offer, except in the QIB Portion, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion. In case we do not receive subscriptions of at least 50% of the Net Offer from QIBs, we shall refund the subscription monies forthwith.

23. The Equity Shares transferred pursuant to the Offer shall be fully paid-up at the time of Allotment, failing which no Allotment shall be made.

24. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

25. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

26. Our Company has ensured that any transactions in the Equity Shares by our Promoter between the date of filing of the Draft Red Herring Prospectus and the Offer Closing Date has been intimated to the Stock Exchanges within 24 hours of such transaction.

OBJECTS OF THE OFFER

The objects of the Offer are to carry out the divestment of 631,636,440 Equity Shares by the Selling Shareholder and to achieve the benefits of lisitng the Equity Shares on the Stock Exchanges. Our Company will not receive any proceeds from the Offer and all proceeds shall go to the Selling Shareholder.

Offer Related Expenses

The expenses for this Offer include lead management fees, underwriting commission, registrar's fees, advertisement and marketing expenses, legal fees, and depository charges. The details of the estimated Offer expenses are set forth below:

S. No.	Activity Expense	Amount (Rs. million)	Percentage of Total Estimated Offer Expenditure	Percentage of Offer Size
1.	Fees of the Book Running Lead Managers	0.00	0.0%	0.0%
2.	Fees of the Registrar to the Offer	0.01	0.0%	0.0%
3.	Fees of the legal advisors	0.85	0.2%	0.0%
4.	Advertisement and marketing expenses	99.27	18.1%	0.1%
5.	Fees to the Bankers to the Offer	-	0.0%	0.0%
6.	Other Expenses (Listing fees,Auditor's fees, fees for Depositories, printing and stationery expenses, IPO Grading fees etc)	184.21	33.5%	0.1%
7.	Underwriting commission, brokerage and selling commission (including fees payable to SCSBs)	265.42	48.3%	0.2%
	Total Estimated Offer Expenses	549.76	100.0%	0.4%

All expenses with respect to the fees payable to the Book Running Lead Managers, Registrar to the Offer, legal advisors, brokerage and selling commission and expenses towards the publication of offer related advertisements in connection with the Offer would be paid by the Department of Disinvestment, Ministry of Finance, GoI.

BASIS FOR THE OFFER PRICE

The Offer Price of Rs. 245 has been determined by the Selling Shareholder and our Company in consultation with the BRLMs, on the basis of assessment of market demand from the investors for the offered Equity Shares by way of the Book Building Process. The face value of the equity shares is Rs. 10 each and the Offer Price is 24.5 times the face value.

Investors should also refer to the sections titled "Risk Factors" and "Financial Information" on pages xv and F-1, to have an informed view before making the investment decision.

QUALITATIVE FACTORS

- The largest coal producer and one of the largest reserve holders in the world
- Well positioned to capitalize on the high demand for coal in India
- Track record of increasing productivity and cost efficient operations
- Robust financial position with a strong track record of financial performance
- Strong capabilities for exploration, mine planning, research and development
- Experienced senior management team and large pool of technically skilled employees

For more details on qualitative factors, refer to section "Our Business" on page 68.

QUANTITATIVE FACTORS

Information presented in this section is derived from our Standalone and Consolidated Restated Financial Statements prepared in accordance with Indian GAAP.

On February 16, 2010, the face value of the equity shares of our Company was split into Rs. 10 each and consequently, 63,163,644 equity shares of Rs. 1,000 each were split into 6,316,364,400 equity shares of Rs. 10 each. Accordingly all accounting ratios mentioned below have been calculated post split.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

1. EARNING PER SHARE (EPS)[(1)(2)]

As per our restated audited unconsolidated financial statements:

Year ended	Basic & Diluted EPS (in Rs.)	Weight
March 31, 2010	5.82	3
March 31, 2009	5.56	2
March 31, 2008	3.97	1
Weighted Average	5.43	

For the three months period ending June 30, 2010 (not annualized): Rs. 5.02

As per our restated audited consolidated financial statements:

Year ended	Basic & Diluted EPS (in Rs.)	Weight
March 31, 2010	15.57	3
March 31, 2009	6.43	2
March 31, 2008	6.78	1
Weighted Average	11.06	

For the three months period ending June 30, 2010 (not annualized): Rs. 3.99

(1) Earning per share represents basic earnings per share calculated as net profit attributable to equity shareholders as restated divided by a weighted average number of shares outstanding at the end of the period.
(2) Face value per share is Rs.10

2. PRICE EARNING RATIO (P/E RATIO)

Price/Earning (P/E) ratio in relation to Offer Price of Rs. 245 per share of face value of Rs. 10 each:

a) As per our restated audited unconsolidated financial statements for year ended March 31, 2010: 42.1x
b) As per our restated audited consolidated financial statements for year ended March 31, 2010: 15.7x
c) Industry P/E – We are a coal mining company and there is no other listed peer in India with which we can be compared with.

3. RETURN ON NET WORTH:

Return on net worth as per restated unconsolidated financial statements

Year ended	RONW (%)	Weight
March 31, 2010	23.60%	3
March 31, 2009	24.87%	2
March 31, 2008	20.39%	1
Weighted Average	23.49%	

For the three months period ending June 30, 2010: 16.90%

Return on Net Worth as Per Audited Restated Consolidated Financial Statements

Year ended	RONW (%)	Weight
March 31, 2010	38.04%	3
March 31, 2009	21.37%	2
March 31, 2008	24.91%	1
Weighted Average	30.29%	

For the three months period ending June 30, 2010: 8.88%

Note:

a) Return on Net Worth represents restated Net profit after tax, divided by Net Worth (excluding miscellaneous expenditures, if any) at the end of the period.

4. MINIMUM RETURN ON INCREASED NET WORTH REQUIRED TO MAINTAIN PRE-OFFER EPS:

There will be no change in the net worth post-Offer as the Offer is by way of offer for sale by the Selling Shareholder.

5. NET ASSET VALUE PER EQUITY SHARE:

a. As of June 30, 2010 (Consolidated) : Rs. 44.94
b. As of June 30, 2010 (Standalone) : Rs. 29.69
c. Offer Price: Rs. 245
d. As of June 30, 2010 (Consolidated) after the Offer[1] : Rs. 44.94
e. As of June 30, 2010 (Standalone) after the Offer[1] : Rs. 29.69

(1) There will be no change in the net worth post-Offer as the Offer is by way of offer for sale by the Selling Shareholder.

Note:

a) Net asset value per Equity Share represents net worth (excluding miscellaneous expenditures, if any) as restated, divided by the number of Equity Shares outstanding at the end of the period.
b) The above information has been adjusted for all periods, based on new number of shares after sub division of each equity share of face value of Rs. 1,000 each into 100 equity shares face value of Rs. 10 each.

6. COMPARISON WITH INDUSTRY PEERS:

We are a coal mining company and there is no other listed peer in India with which we can be compared with.

Since the Offer is being made through the Book Building Process, the Offer Price will be determined on the basis of investor demand.

The face value of our Equity Shares is Rs. 10 each and the Offer Price is 24.5 times of the face value of our Equity Shares.

The Offer Price of Rs. 245 has been determined by the Selling Shareholder and our Company in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares through the Book Building Process and is justified based on the above accounting ratios. For further details, see the section titled "Risk Factors" on page xv and the financial information of the Company including important profitability and return ratios, as set out in the section titled "Financial Information" on page F-1 to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in "Risk Factors" and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

AUDITORS' REPORT ON STATEMENT OF TAX BENEFITS

To

The Board of Directors,
Coal India Limited,
10, Netaji Subhas Road,
Kolkata- 700 001.

Dear Sirs,

We hereby report that the enclosed statement states the possible tax benefits available to Coal India Limited ('Coal India Limited' or 'Company') and to its shareholders under the Income Tax Act, 1961 and the Wealth Tax Act, 1957, presently in force in India. The benefits outlined in the statement will be dependent upon the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statue. Hence, the ability of the Company or its shareholders to derive the tax benefits will be 'dependent upon such conditions being fulfilled. Additionally, in respect of the Company benefits listed, the business imperatives faced by the Company in the future will also affect the benefits actually claimed.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the offer.

We do not express any opinion or provide any assurance as to whether:

i) the Company is currently availing any of these benefits or will avail these benefits in future; or
ii) the Company's share holders will avail these benefits in future; or
iii) the conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of the understanding of the business activities and operations of the Company.

This report is intended solely for informational purposes for the inclusion in the Offer Document in connection with the Proposed Offer for Sale of Equity Shares of "the Company" by the President of India ("the Offer") and is not to be used in, referred to or distributed for any other purpose.

For **DEOKI BIJAY & CO.**
Chartered Accountants
F. R. No. 313105E

Place: Kolkata

(CA. D. N. Agrawal)
Partner
Membership No. 051157

Date: the fifth day of August 2010.

Statement of Tax Benefit

This statement lists out the possible key tax benefits that may be available to the Company and the prospective shareholders under the current direct tax laws in India.

The tax benefits listed below are the possible tax benefits available under the current direct tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives it faces in the future, which the Company may or may not choose to fulfill. This Statement is intended to provide the tax benefits to the Company and its shareholders in a general and summary manner and does not purport to be a complete analysis or listing of all the provisions of potential tax consequences of the subscription, purchase, ownership or disposal etc. of equity shares. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult his or her or their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

SPECIAL TAX BENEFITS

1. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

There are no special tax benefits available to the company.

2. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY

There are no special tax benefits available to the shareholders of the company.

GENERAL TAX BENEFITS

1. Key benefits available to the Company under the Income-tax Act, 1961 ("the Act")

A. COMPUTATION OF BUSINESS INCOME:

I. Depreciation

The company is entitled to claim depreciation on specific tangible and intangible assets owned by it and used for the purpose of its business under Section 32 of the Act.

In case of any new plant and machinery (other than ships and aircraft) that will be acquired by the company and **is put to use for 180 days or more**, the company may be entitled to a further sum equal to twenty percent of the actual cost of such machinery or plant subject to conditions specified in Section 32 of the Act in the year in which it is first put to use.

Unabsorbed depreciation, if any, for an Assessment Year (AY) can be carried forward **without any time limit** and set off against any source of income in the subsequent AYs as per section 32 of the Act.

II. Preliminary expenses

As per Section 35D, the company is eligible for deduction in respect of specified preliminary expenses incurred by the company, in connection with extension of its undertaking or in connection with setting up a new unit of an amount equal to $1/5^{th}$ of such expenses over 5 successive AYs subject to conditions and limits specified in the said section.

III. Expenditure incurred on voluntary retirement scheme:

As per Section 35DDA, the company is eligible for deduction in respect of payments made to its employees in connection with their voluntary retirement in accordance **with any scheme or schemes** of an amount equal to $1/5^{th}$ of such payments over 5 successive AYs subject to conditions and limits specified in that section.

IV. Expenditure on Scientific Research

As per Section 35, the company is eligible for deduction in respect of any expenditure (not being expenditure on the acquisition of any land) on scientific research related to the business subject to conditions specified in that section.

Finance Act, 2010 has amended section 35(2AB), subject to fulfillment of conditions specified therein, by extending weighted deduction **(a sum equal to two times of expenditure not being expenditure on the acquisition of any land or building)** for in-house research & development for companies engaged in any business of manufacture or production of any article or thing except those provided in the Eleventh Schedule of the Act and would be applicable w.e.f **F.Y 1st April 2010.**

V. Set off & Carry forward of business loss:

Business losses (not from speculation business), if any, can be set off against any income of that year & the balance would be carried forward and set off against business profits for eight subsequent AYs.

VI. Minimum Alternative Tax

The Finance Act, 2010 increased the rate of minimum alternative tax to 18% w.e.f **FY 2010-11**.

The Finance (No.2) Act, 2009 also inserted a new clause in Section 115JB which provides that if any provision for diminution in value of any asset has been debited to the profit and loss account, it shall be added to the net profit as shown in the profit and loss account for the purpose of computation of book profit. Similar amendment is also made in Section 115JA of the Income Tax Act.

The amendment in Section 115JA is made retrospectively from 1St day of April, 1998 and will accordingly apply in relation to the assessment year 1998-99 and subsequent years.

The amendment in Section 115JB is made retrospectively from 1St day of April, 2001 and will accordingly apply in relation to the assessment year 2001-02 and subsequent years.

VII. MAT Credit

The Company would be required to pay tax on its book profits under the provisions of section 115JB in case where tax on its "total income" [the term defined under section 2(45) of the IT Act] is less than **18% w.e.f. FY 1st April, 2010** of its book profit (the term defined under section 115JB of the IT Act). Such tax is referred to as Minimum Alternate Tax (MAT.)

The difference between the MAT payable under section 115JB of the IT Act and the tax on its total income payable for that assessment year shall be allowed to be carried forward as "MAT credit" upto tenth assessment year **(effective from FY 2009-10)** immediately succeeding the assessment year in which the tax credit becomes allowable. The MAT credit can be utilized to be set off against taxes payable on the total income computed under the provisions of the IT Act other than 115JB thereof if any, in the subsequent assessment years in accordance with the provisions & limit specified in section 115JAA of the IT Act.

B. CAPITAL GAINS:

I. **a. Long Term Capital Gain (LTCG)**

LTCG means Capital Gain arising from the transfer of a capital asset being share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10 or a Zero-coupon bond, held by an assessee for more than 12 months.

In respect of any other capital assets, LTCG means capital gain arising from the transfer of an asset, held by an assessee for more than 36 months.

b. Short Term Capital Gain (STCG)

STCG means Capital gain arising from the transfer of capital asset being share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a

unit of a mutual fund specified under clause (23D) of section 10 or a Zero-coupon bond, held by an assessee for 12 months or less.

In respect of any other capital assets, STCG means capital gain arising from the transfer of an asset, held by an assessee for 36 months or less.

II. a. LTCG arising on transfer of equity share of a company or units of an equity oriented fund (as defined) which has been set up under a scheme of a mutual fund specified under section 10(23D), on a recognized stock exchange on or after October 1, 2004 are exempt from tax under section 10(38) of the Act provided the transaction is chargeable to securities transaction tax (STT) and subject to conditions specified in that section.

b. With effect from AY 2007-08, income by way of LTCG exempt u/s 10(38) of a company is taken into account in computing book profit and income tax is payable under section 115JB.

III. As per second proviso read with third proviso to Section 48, LTCG arising on transfer of capital assets, which is chargeable to tax other than bonds and debentures (excluding capital indexed bonds issued by the Government), is to be computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.

a. As per section 112, LTCG is taxed @ 20% plus applicable surcharge thereon and 3% Education and Secondary & Higher education cess on tax plus Surcharge (if any) (hereinafter referred to as applicable Surcharge + Education and Secondary & Higher Education Cess)

b. However as per proviso to section 112(1), if such tax payable on transfer of listed securities / units / Zero coupon bond which is chargeable to tax, exceeds 10% of the LTCG, without availing benefit of indexation, then the excess tax shall be ignored.

IV. As per section 111A of the Act, STCG arising on sale of equity shares of company or units of equity oriented mutual fund [as defined under Section 10(23D)], on a recognized stock exchange are subject to tax at the rate of 15%(plus applicable surcharge + Education and Secondary & Higher Education cess), provided the transaction is chargeable to STT. In other case, i.e. where the transaction is not subjected to STT, the short term capital gains would be chargeable as a part of the total income.

V. As per section 70 read with section 74, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gain arising in that year. Balance loss if any, should be carried forward and available for set-off against subsequent year's short term or long term capital gains for subsequent 8 years.

VI. As per section 70 read with section 74, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss if any, should be carried forward and available for set-off against subsequent year's long term capital gains for subsequent 8 years.

VII. Under section 54EC of the Act, capital gains arising on transfer of a long term capital asset is exempt from capital gains tax if such capital gains are invested within a period of six months after the date of such transfer in specified bond issued by the following and subject to the conditions specified therein:-

- National Highway Authority of India constituted under section 3 of National Highway Authority of India Act, 1988.
- Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

If only part of the long term capital gain is reinvested, the exemption shall be proportionately reduced.

However, if the new bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier, shall be taxable as Capital gains in the year of transfer or conversion.

With effect from 1st April, 2007 the investment in the Long Term Specified Asset made by the company during a financial year should not exceed 50 Lakh rupees.

C. INCOME FROM OTHER SOURCES

Dividend income:

Under Section 10(34) of the IT Act, income by way of dividend referred to in Section 115-O received by the Company on its investments in shares of another Domestic company is exempt from income tax in the hands of the Company.

Income received in respect of units of a mutual fund specified under Section 10(23D) of the Act (other than income arising from transfer of units in such mutual fund) shall be exempt from tax under section 10(35) of the Act.

However, it is pertinent to note that section 14A of the IT Act provides that no deduction shall be allowed in respect of any expenditure incurred in relation such exempt income.

2. Key benefits available to the Members of the Company

2.1 Resident Members

a. Dividend income:

Dividend (both interim and final) income, if any, received by the resident shareholders from a Domestic Company shall be exempt from tax under Section 10(34) read with Section 115O of the Act. However, it is pertinent to note that section 14A of the IT Act provides that no deduction shall be allowed in respect of any expenditure incurred in relation such exempt income.

b. Capital gains:

i) Benefits outlined in Paragraph 1(B) excluding sub-paragraph II(b) thereof, are also applicable to resident shareholders. **Levy of surcharge in case of individuals has been removed vide Finance (No.2) Act, 2009.** In addition to the same, the following benefits are also available to resident shareholders.

ii) As per Section 54F of the Act, LTCG arising from transfer of shares will be exempt from tax if net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of a new residential house, or for construction of residential house within three years from the date of transfer subject to fulfillment of conditions & limits specified therein.

2.2 Key Benefits available to Non-Resident Member

a. Dividend Income:

Dividend (both interim and final) income, if any, received by the non-resident shareholders from a Domestic Company shall be exempt from tax under Section 10(34) read with Section 115-O of the Act. However, it is pertinent to note that section 14A of the IT Act provides that no deduction shall be allowed in respect of any expenditure incurred in relation such exempt income.

b. Capital gains:

Benefits outlined in Paragraph 2.1(b) above are also available to a non-resident shareholder except that as per first proviso to Section 48 of the Act, the capital gains arising on transfer of capital assets being shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation as provided in second proviso to section 48 is not available to non-

resident shareholders. Whether non-resident shareholders can avail the benefit of proviso to section 112(1) of the Act is not free from doubts, as mentioned in Paragraph 1(B)(III)(b).

c. Tax Treaty Benefits:

As per Section 90 of the Act, the shareholder can claim relief in respect of double taxation if any as per the provision of the applicable double taxation avoidance agreements.

d. Special provision in respect of income / LTCG from specified foreign exchange assets available to non-resident Indians under Chapter XII-A.

i. Non-Resident Indian (NRI) means a citizen of India or a person of Indian origin who is not a resident of India. Person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.

ii. Specified foreign exchange assets include shares of an Indian company acquired/purchased/ subscribed by NRI in convertible foreign exchange.

iii. As per section 115E, income [other than dividend which is exempt under Section 10(34)] from investments and LTCG from assets (other than specified foreign exchange assets) shall be taxable @ 20% (plus applicable Surcharge + Education and Secondary & Higher Education Cess). However, indexation benefit will not be available for computation of capital gain. Further, no deduction in respect of any expenditure allowance from such income will be allowed and no deductions under chapter VI-A will be allowed from such income. **Levy of surcharge in case of individuals has been removed vide Finance (No.2) Act, 2009.**

iv. As per section 115E, LTCG arising from transfer of specified foreign exchange assets shall be taxable @ 10% (plus applicable Surcharge + Education and Secondary & Higher Education Cess). However indexation benefit will not be available for determining the amount of capital gain chargeable to tax. **Levy of surcharge in case of individuals has been removed vide Finance (No.2) Act, 2009.**

v. As per section 115F, LTCG on transfer of specified foreign exchange asset shall be exempt under Section 115F, in the proportion of the net consideration from such transfer being invested in specified assets or savings certificates within six months from date of such transfer, subject to further conditions specified under Section 115F.

vi. As per section 115G, if the income of an NRI taxable in India consists only of income/LTCG from such shares and tax has been properly deducted at source in respect of such income in accordance with the Act, it is not necessary for the NRI to file return of income under Section 139.

vii. As per section 115H, where the NRI becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income, for the assessment year, in which he is first assessable as a resident, under section 139 of the Act to the effect that the provisions of the chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent years until such assets are transferred or converted into money.

viii. As per section 115I, the NRI can opt not to be governed by the provisions of chapter XII-A for any AY by declaring the same in the return of income filed under Section 139 in which case the normal benefits as available to non-resident shareholders will be available.

2.3 Key Benefits available to Foreign Institutional Investors (FIIs)

1. Dividend Income:

i. Dividend (both interim and final) income, if any, received by the shareholder from the domestic company shall be exempt from tax under Section 10(34) read with Section 115-O of the IT Act. However, it is pertinent to note that section 14A of the IT Act provides that no deduction shall be allowed in respect of any expenditure incurred in relation such exempt income.

ii. Under Section 115AD, income (other than income by way of dividends referred in Section 115O) received in respect of securities (other than units referred to in Section **115AB i.e units of mutual fund specified under Section 10(23D) or of the Unit Trust of India**) shall be taxable at the rate of 20% (plus applicable Surcharge + Education and Secondary & Higher Education Cess). No deduction in respect of any expenditure/allowance shall be allowed from such income.

2. Capital Gains:

i. The characterization of gain or loss i.e whether business income or capital gain would depend on the nature of holding in hands of members and various other factors.

ii. Under Section 115AD, capital gains arising from transfer of securities (other than units referred to in Section 115AB), shall be taxable as follows:

- As per section 111A, STCG arising on transfer of securities where such transaction is chargeable to STT, shall be taxable at the rate of 15% (plus applicable Surcharge + Education and Secondary & Higher Education Cess). STCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 30% (plus applicable Surcharge + Education and Secondary & Higher Education Cess).

- LTCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 10% (plus applicable Surcharge & Education and Secondary & Higher Education Cess). The benefit of indexation and benefit of foreign exchange fluctuation, as mentioned under 1st and 2nd proviso to section 48 would not be allowed while computing the capital gains.

3. Exemption of capital gains from income-tax:

i. LTCG arising on transfer of a long term capital asset, being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to STT is exempt from tax under Section 10(38) of the Act.

ii. Benefit of exemption under Section 54EC shall be available as outlined in Paragraph 1(B) (vii) above.

4. Tax Treaty Benefits:

As per Section 90 of the Act, a shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable double taxation avoidance agreements.

2.4 Key Benefits available to Mutual Funds

As per the provisions of Section l0 (23D) of the Act, any income of mutual funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, mutual funds set up by public sector banks or public financial institutions and mutual funds authorized by the Reserve Bank of India, would be exempt from income-tax, subject to the prescribed conditions.

3. Wealth Tax Act, 1957

Shares in a company, held by a shareholder are not treated as an asset within the meaning of Section 2(ea) of the Wealth Tax Act, 1957; hence, wealth tax is not leviable on shares held in a company.

4. The Gift Tax Act, 1958

Gift of shares of the company made on or after October 1, 1998 are not liable to Gift Tax since abolished.

Notes:

a) All the above benefits are as per the current tax law and will be available only to the sole/first named holder in case the shares are held by joint holders unless otherwise provided in the Act.

b) In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Tax Avoidance Agreement (DTAA), if any, between India and the country in which the non-resident has fiscal domicile.

c) Wherever applicable, the benefits mentioned hereinabove are subject to fulfillment of the specified conditions and up to the limits as mentioned in the relevant provisions.

d) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

e) Direct Tax code proposed to be introduced with effect from 01-04-2011 would replace the Act.

SECTION IV – ABOUT THE COMPANY

INDUSTRY OVERVIEW

The information in this section has been extracted from the websites of and publicly available documents from various sources, including the CRISIL Limited ("CRISIL"), the Ministry of Coal, the Planning Commission of India, Energy Information Administration, United States (International Energy Outlook, May 2009), Geological Survey of India and the Central Electricity Authority. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with the Offer has independently verified the information provided in this chapter. Industry sources and publications, referred to in this section, generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information.

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Overview of the Indian Economy

With an estimated GDP of approximately US$3.56 (Rs.165.9) trillion in 2009, on a purchasing power parity ("PPP") basis, India is the fifth largest economy in the world after the European Union, the United States, China and Japan *(Source: CIA World Factbook)*. India is now one of the fastest growing economies in the world. According to the Central Statistical Organization, India's GDP grew at a rate of 7.4% in the fiscal year 2010.

Electricity is a crucial infrastructural sector of a national economy and an essential factor in sustaining economic growth. Providing adequate and affordable electric power is essential for economic development and raising standards of living. Based on the infrastructure investment projections for the 11th Five-Year plan (2007-2012), the power sector is expected to attract 32.4% of the total US$514.04 (Rs.20,561.6) billion projected investment in infrastructure.

Sector	U.S./INR (billion)[1]	Sectoral shares (%)
Electricity (including Non-Conventional Energy)	**166.63** (Rs. 6,665.2)	**32.4**
Roads and Bridges	78.54 (Rs.3,141.6))	15.3
Telecom	64.61 (Rs.2,58.4)	12.6
Railways (including mass rapid transport system)	65.45 (Rs.2,618.0)	12.7
Irrigation (including watershed)	63.33 (Rs. 2,533.2)	12.3
Water Supply and Sanitation	35.93 (Rs. 1,437.2)	7.0
Ports	22.00 (Rs.880.0)	4.3
Airports	7.74 (Rs.309.6)	1.5
Storage	5.59 (Rs.223.6)	1.1
Gas	4.21 (Rs.168.4)	0.8
TOTAL	**514.04** (Rs.20,561.6)	**100.0**

(1) Exchange rate of Rs. 40.00 per US$1.00.
(Source: "Projections in the Eleventh Plan: Investment in Infrastructure", August 14, 2008, available at http://infrastructure.gov.in/pdf/IBEF.pdf)

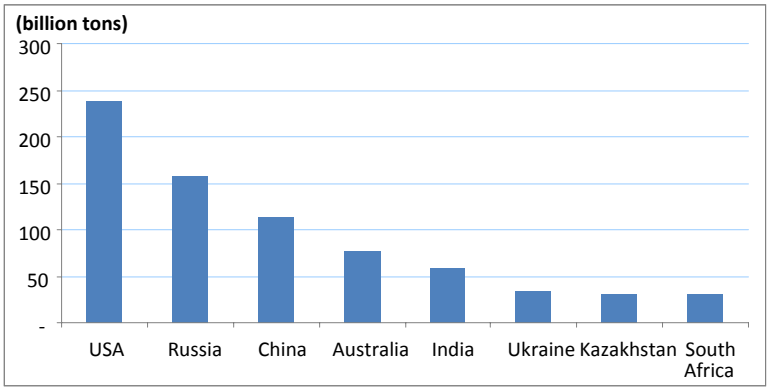
According to CRISIL Coal Outlook (2009-10 to 2013-14), primary energy consumption in India has grown at a CAGR of 4.96% in the last two decades, while coal production has grown at a CAGR of 4.89% during the same period. Further, as of the date of the CRISIL Coal Outlook report, the estimated energy consumption in India is 468.9 mtoe per year. Energy usage in India is expected to surge driven by rising population, expanding economy and the quest for improvement in the quality of life. In India, coal is the prime fuel used to fire thermal power plants due to its availability and affordability. Coal accounted for 52.4% of India's total energy

needs in fiscal 2009 and is expected to continue to be crucial to India's future energy needs. In fiscal 2009, coal produced by Coal India Limited accounted for 81.9% of coal production of India *(Source: CRISIL Research, Coal Outlook: 2009-2010 to 2013-2014, Annual Review, November 2009 ("CRISIL Coal Outlook"))*

Overview of the Global Coal Industry and Reserves

The world coal reserves as per the rate of production in 2009 are estimated to suffice for the next 119 years *(Soruce: BP Statistics)*. According to CRISIL Coal Outlook, as of the date of the report, coal meets approximately 41.0% of the world's electricity needs. However, in certain countries such as South Africa, coal accounts for approximately 78.0% of their electricity needs, while in China and India, it accounts for 78.0%, and 52.4% of their electricity needs, respectively. India is the third largest coal producing country in the world after China and United States (by million tons). According to CRISIL Coal Outlook, we are the largest coal producing company in the world. The United States has the largest proved coal reserves, followed by Russia, China, Australia and India, respectively. In 2009, the average market price for world thermal coal was US$72 (Rs.3,355.2)/ton, a 44.0% decline from US$129 (Rs.6,011.4)/ton in 2008 primarily due to bad weather conditions in Australia and an energy crisis in South Africa. Similarly coking coal prices fell from US$269 (Rs.12,535.4)/ton during 2008 to US$153 (Rs.7,129.8)/ton during 2009. However, during the first quarter of 2010, non-coking coal prices rebounded as cold weather conditions in Europe and China raised demand for power. *(Source: CRISIL Research)*

Global coal reserves in 2009



(Source: CRISIL Coal Outlook)

Although coal deposits are widely distributed across the world, 82.0% of the world's recoverable reserves are located in five regions: the United States (29.0%), Russia (19.0%), China (14.0%), certain non-OECD countries in Europe and Eurasia (primarily former Soviet countries) (10.0%), and Australia and New Zealand (9.0%) *(Source: International Energy Outlook, July 2010 ("IEO 2010"))*. In 2007, the above-mentioned five regions, taken together, produced 4.9 billion tons of coal, representing 71.0% of total world coal production *(Source: IEO 2010)*. According to IEO 2010, India accounted for 6.7% of the world's recoverable reserves. As of April 2010, the geological resource of Indian coal was 276.81 billion tons *(Source: Geological Survey of India, GoI ("GSI, GoI"))*.

Global Coal Production and Consumption

Coal is the most widely available and well distributed fossil fuel in the world *(Source: CRISIL Coal Outlook)*. China is the largest producer of coal 3,050.0 million tons, or 44.0% of the total worldwide production in calendar year 2009, followed by the United States 973.2 million tons, or 14.0% of the total worldwide production in calendar year 2009. *(Source: BP Statistical Review World Energy June 2010 ("BP Statistical Review 2010"))* In fiscal 2010, India's coal production was 532.06 million tons *(Source: Annual Plan 2010 – 11, MoC)*. Most of the coal produced in these countries is utilized in their respective domestic markets.

Worldwide coal production statistics (Calendar year 2002 – 2009)

Worldwide coal production																(in million tons)
	2002	% of Total	2003	% of Total	2004	% of Total	2005	% of Total	2006	% of Total	2007	% of Total	2008	% of Total	2009	% of Total

Worldwide coal production																(in million tons)
	2002	% of Total	2003	% of Total	2004	% of Total	2005	% of Total	2006	% of Total	2007	% of Total	2008	% of Total	2009	% of Total
China	1,454.6	29	1,722.0	33	1,992.3	36	2,205.7	37	2,373.0	38	2,526.0	39	2,803.3	41	3,050.0	44
USA	992.7	20	972.3	18	1,008.9	18	1,026.5	17	1,054.8	17	1,040.2	16	1,063.0	16	973.2	14
India	358.1	7	375.4	7	407.7	7	428.4	7	449.2	7	478.4	7	515.9	8	557.6	8
South Africa	220.2	4	237.9	4	243.4	4	244.4	4	244.8	4	247.7	4	252.6	4	250.0	4
Indonesia	103.4	2	114.3	2	132.4	2	152.7	3	193.8	3	216.9	3	229.0	3	252.5	4
Russian Federation	255.8	5	276.7	5	281.7	5	298.3	5	309.9	5	313.5	5	328.6	5	298.1	4
Australia	340.8	7	350.4	6	364.3	6	375.4	6	382.2	6	392.7	6	397.6	6	409.2	6
Others	1,127.1	23	1,139.4	21	1,155.0	20	1,159.7	19	1,178.9	19	1,192.7	18	1,203.6	17	1,150.0	16
Total world	**4,852.7**		**5,188.4**		**5,585.7**		**5,891.1**		**6,186.6**		**6,408.1**		**6,793.6**		**6,940.6**	

(Source: BP Statistics)

Approximately 3,278.3 mtoe of coal was consumed worldwide in 2009, almost at the same levels as compared to the consumption in 2008 (*BP Statistical Review 2010*). Most of the countries have a congruent consumption and production pattern, except Australia, which produces much more than its domestic demand. China consumes the maximum amount of coal, while India is the third largest consumer of coal. Asia, the biggest market for coal, currently accounts for 60.0% of global coal consumption, owing to China and India, who are the primary consumers. CRISIL expects the global non-coking coal demand to increase at a CAGR of 3.5% between 2008 and 2013 and believes that China and India are projected to account for more than half of the total non-coking coal demand by 2013. *(Source: CRISIL Coal Outlook)*

The share of Asia in total coking coal consumption is expected to increase from 70.0% in 2008 to 75.0% in 2013, while Europe's share is expected to decline from 23.0% in 2008 to 19.0% in 2013 *(Source: CRISIL Coal Outlook).* The world non-coking coal consumption in 2008 for North America (1,099.1 million tons), South and Central America (16.9 million tons), Middle East (11.9 million tons), Africa (208.2 million tons) and Asia Pacific (3,374.4 million tons) is projected to rise to 1,103.9 million tons, 17.3 million tons, 13.3 million tons, 223.7 million tons and 4,355.5 million tons respectively by 2013 while the non-coking coal consumption for Europe and Eurasia is expected to decline from 1,074.8 million tons to 1,071.8 by 2013. *(Source: CRISIL Coal Outlook)*. Accordingly, the demand for non-coking coal in India is projected to increase from 491 million tons in 2008 to 857 million tons in 2013 *(Source: CRISIL Coal Outlook)*. Further, the combined share of China and India in total world consumption is expected to increase from 49.0% in 2008 to 55.0% in 2013 *(Source: CRISIL Coal Outlook).*

Approximately 29.4% of the world's primary energy needs was met through coal in 2009, and coal was used to generate 41.0% of electricity used throughout the world. Further, about 13.0% of the total hard coal production is used by the steel industry. *(Source: CRISIL Coal Outlook)* Generally, growth in coal consumption in developing countries is a result of higher rates of economic growth and increasing rates of electrification. According to the IEO 2010, the world coal consumption is projected to increase by 56.0%, from 132 quadrillion Btu in 2007 to 206 quadrillion Btu in 2035. The growth rate for coal consumption projected to amount to 1.1% per year from 2007 to 2020 and 2.0% per year from 2020 to 2035. *(Source: IEO 2010)*. In addition, coal's share of total world energy consumption is projected to increase to 28.0% in 2035 while its share in the power generation sector is projected to be approximately 43.0% in 2035. *(Source: IEO 2010).*

Global Coal Exports and Imports

As estimated in calendar year 2007, the major coal exporting countries in the world are Australia (244 million tons), Indonesia (202 million tons), Russia (100 million tons) and South Africa (67 million tons). The major coal importing countries are Japan (182 million tons), Republic of Korea (88 million tons), Taiwan (69 million tons), the United Kingdom (50 million tons) and Germany (46 million tons). (*Source: CRISIL Coal Outlook*). In fiscal 2010, India imported about 67.74 million tons of coal. *(Source: Provisional Coal Statistics 2009-10, Coal Controller's Organization, GoI)*

The lack of indigenous coal resources, the technology to mine coal resources and the need for specific types of coal prompts countries to import coal. Major coal producers such as China, the United States and India also import coal for quality and logistical reasons. India has small reserves of coking coal which are generally of low quality and hence imports coking coal to meet its requirement *(Source: CRISIL Coal Outlook).*

Overview of the Coal Sector in India

Nationalization of the Indian coal industry occurred in the early 1970s with a view to enable investment of large public fund for faster growth in coal sector and to stop wasteful mining, optimize available coal resources, improve mine standards and working conditions. Subsequently, in the context of safety, conservation and scientific development, the GoI acquired all coking coal mines on October 16, 1971 and nationalized them on May 1, 1972. Following the state takeover of non-coking coal mines on January 31, 1973, the Coal Mines Authority Limited was formed in May 1973, leading to the formation of our Company on November 1, 1975.

According to CRISIL Coal Outlook, coal is the dominant source of energy and met 52.4%, while oil and natural gas met approximately 41.6% of the total primary energy requirement of India in fiscal 2009 *(Source: BP Statistics)*. Further, in India, during fiscal 2009, the non-coking coal off-take to the power sector was approximately 77.0% for electricity generation *(Source: CRISIL Coal Outlook)*. As projected by the Planning Commission of the GoI in the Integrated Energy Policy, 2006, coal is projected to meet over 50.0 % of the primary commercial energy requirement by fiscal 2032. Known coal reserves are projected to last for over 80 years at the 2006 levels of production. *(Source: Integrated Energy Policy, Report of the Expert Committee, GoI, Planning Commission, August 2006)*.

According to CRISIL Coal Outlook, demand for non-coking coal in the power sector is expected to increase at a CAGR of 11.3% between fiscal 2009 and 2014. In addition, according to CRISIL Coal Outlook, it expects that the total capacity addition in the power sector during fiscal 2011 and 2014 will be approximately 66 GW, of which coal based capacity additions are expected to be approximately 52 GW, which will take the total capacity of coal based power plants in India to approximately 130 GW by fiscal 2014. As a result of the high demand for coal in the thermal power and iron and steel industries, demand for non-coking coal in India is expected to increase at a rate of 11.3% from 508 million tons in fiscal 2009 to approximately 868 million tons in fiscal 2014, while the demand for coking coal is likely to increase at the rate of 9.7% in the same period. The low cost of power generation using coal and the availability of huge coal reserves in India are the major incentives for setting up coal-based power plants. Similarly, vast iron ore reserves have encouraged domestic steel players to set up huge steel capacities in India. *(Source: CRISIL Coal Outlook).*

The coal sector in India is primarily dominated by the PSUs under the central and the state governments. According to CRISIL Coal Outlook, more than 90.0% of the coal produced in India in fiscal 2009 was by government owned companies, and coal produced by us, accounted for 81.9% of coal production in India in fiscal 2009. Most of the coal produced in India is fit for use in power generation. Of the total proven reserves in India, approximately 87.0% of non-coking coal is fit for use in the power sector and the remaining reserves (coking coal) are fit for steel production. *(Source: CRISIL Coal Outlook)*

An overview of the performance of the coal sector in India in fiscal 2008, 2009 and 2010 of the 11th Five-Year plan and the projected production for fiscal 2012 is set out below:

Parameter	Fiscal 2008 (Actual)	Fiscal 2009 (Actual)	Fiscal 2010 (Actual)	MTA Target Fiscal 2012
Physical Performance				
Coal Demand assessed by Planning Commission (million tons)	492.50	550.00	597.98	713.24
Indigenous Coal Supply (million tons)	454.49	490.02	514.58	629.91
Coal Production (million tons)	457.00	492.76	532.06	629.91
Coal Imports (Total)	49.80	59.00	67.74	83.33
• Coking Coal	22.03	21.08	23.47	42.48
• Thermal Coal	27.77	37.92	44.28	40.85
Net Gap in Demand Supply	-11.79	0.98	15.66	0.00

MTA - Mid-Term Appraisal
(Source: Annual Plan 2010 - 11, MoC, GoI)

Overview of Coal Reserves and Resources in India

As of April 2010, the geological resource of Indian coal was 276.81 billion tons *(Source: Geological Survey of India, GoI ("GSI, GoI"))*. Continuous exploration in different coalfields by national and state exploration agencies succeeded in augmenting geological coal resources of India by 9.6 billion tons during fiscal 2010 *(Source: GSI, GoI).* In addition, to further boost the exploration strategies, the GoI has proposed to enhance the investment from Rs. 1,009.30 million in fiscal 2010 to Rs. 2,300.00 million in fiscal 2011 for regional

exploration, detailed drilling, environmental measures and subsidence control and development of transportation infrastructure in coalfields *(Source: Annual Plan 2010 - 11, MoC).*

The following table provides information on the state-wise distribution of coal resources in India and its categorization as on April 1, 2010:

State	Geological Resources of Coal (in million tons)			
	Proved	Indicated	Inferred	Total
Andhra Pradesh	9,256.51	9,730.37	3,029.36	22,016.24
Arunachal Pradesh	31.23	40.11	18.89	90.23
Assam	348.65	33.06	3.02	384.73
Bihar	0	0	160	160
Chhattisgarh	12,441.01	30,230.12	4,010.88	46,682.01
Jharkhand	39,633.05	30,992.38	6,338.25	76,963.69
Madhya Pradesh	8,504.85	11,266.70	2,216.07	21,987.62
Maharashtra	5,359.82	2,983.76	1,964.51	10,308.09
Meghalaya	89.04	16.51	470.93	576.48
Nagaland	8.76	0	306.65	315.41
Orissa	21,506.66	32,074.29	12,726.30	66,307.25
Sikkim	0	58.25	42.98	101.23
Uttar Pradesh	866.05	195.75	0	1061.80
West Bengal	11,752.54	13,029.61	5,070.69	29,852.84
Total	**10,9798.17**	**13,0653.70**	**36,358.54**	**276,810.41**

(Source: GSI, GoI)

The following table provides information of the type and category-wise coal resources of India as on April 1, 2010:

Type of Coal	Proved	Indicated	Inferred	Total
				(million tons)
Coking :				
Prime Coking	4,614.35	698.71	0	5313.06
Medium Coking	12,572.52	11,939.85	1,880.33	26392.70
Semi-Coking	482.16	1,003.29	221.68	1707.13
Sub-Total Coking	17,669.03	13,641.85	2,101.91	33412.79
Non-Coking:	91,651.46	116,922.17	33,457.14	242030.77
Tertiary Coal	477.68	89.68	799.49	1366.85
Total	**10,9798.17**	**130,653.70**	**36,358.54**	**276,810.41**

(Source: GSI, GoI)

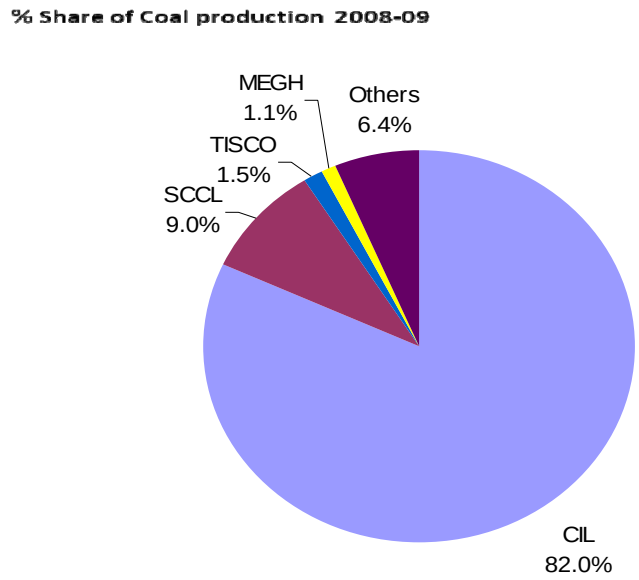
Coal Demand and Supply in India

In fiscal 2008, domestic production accounted for 90.0% of the total coal consumed in India, while the rest was imported. During fiscal 2009, there was a shortage of approximately 11.0% of the coal consumption, primarily due to the growth in demand of coal. Coal in India is produced through open cast and underground mining. In India open cast mining has increased from 84.5% in fiscal 2004 to 89.1% in fiscal 2009. *(Source: CRISIL Coal Outlook)*

Coal Production and Consumption in India

According to CRISIL Coal Outlook, India is the third largest producer of coal in the world. The total coal production in India during fiscal 2008, 2009 and 2010 was 457.00 million tons, 492.76 million tons and a projected 532.06 million tons, respectively, representing a growth rate of 6.1%, 7.8% and 8.0%, during the said period. *(Source: Annual Plan 2010 - 11, MoC)*

The following chart depicts the share of production of the different coal producing companies in India during fiscal 2010:



(Source: Coal Directory of India, 2008-09)

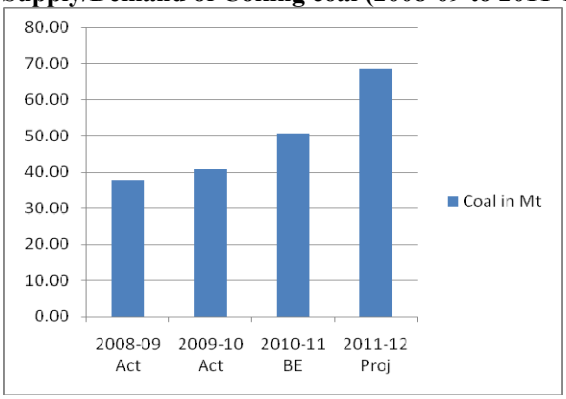
Coal demand: sector-wise (2006-07 to 2011-12)

	10th Five-Year Plan	11th Five-Year Plan				
Sector	**(2006-07) Actual Supply**	**2007-08 Actual Supply**	**2008-09 Actual Supply**	**2009-10 Actual Supply (Provisional)**	**2010-11 BE**	**2011-12 MTA revised**
I)Coking Coal						
Steel/Coke Ovens & Cokeries	17.30	16.99	16.58	17.23	17.92	26.02
Steel (Import)	17.88	22.03	21.08	23.47	32.59	42.48
Sub-Total Coking	**35.17**	**39.02**	**37.66**	**40.69**	**50.51**	**68.50**
II) Non-Coking Coal						
Power Utilities (Gen.Req.)	307.92 (1.61)*	332.40 1.45)*	362.93 (1.23)*	371.66 (0.80)*	442.00 (1.03)*	473.00
Captive Power	28.13 (1.64)*	29.31 (1.55)*	32.74 (1.38)*	39.08 (1.53)*	44.00 (1.70)*	47.00
Cement	19.67	21.27	18.85	18.98	30.00	33.35
Steel DR	17.47	20.92	19.78	23.09	28.80	28.96
BRK & Others	55.51	61.37	77.07	88.82	61.00	62.43
Sub-Total Non-Coking	428.70 (3.25)*	465.27 (3.00)*	511.37 (2.61)*	541.63 (2.33)*	605.80 (2.73)*	644.74
Grand Total (I+II)	463.87 (3.25)*	504.29 (3.00)*	549.02 (2.61)*	582.32 (2.33)*	656.31 (2.73)*	713.24

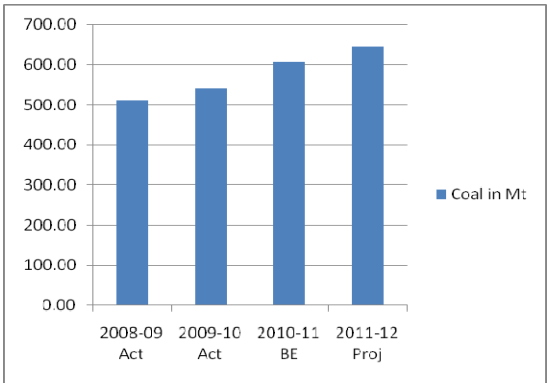
**Denotes middlings*
(Source: Annual Plan 2010-11, MoC)

The graphs below give an estimate of the demand for coking and non-coking coal in India between 2008 and 2012.

Supply/Demand of Coking coal (2008-09 to 2011-12)

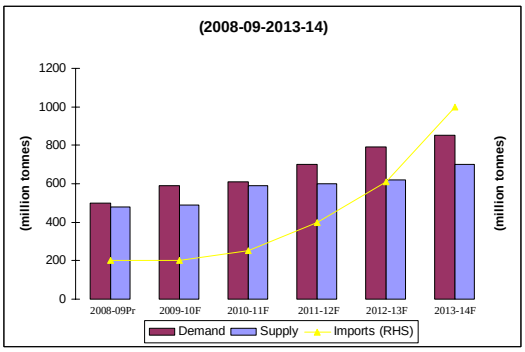


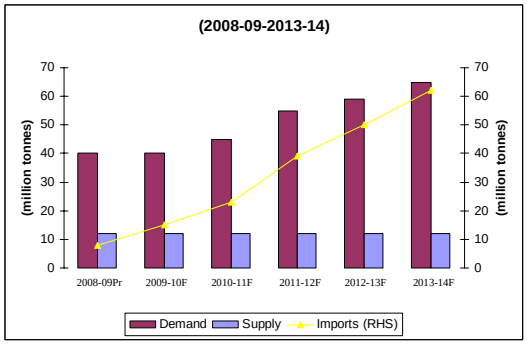
Supply/Demand of Non-Coking Coal (2008-09 to 2012)



(Source: Annual Plan 2010 – 11, MoC)

The graphs below give an estimate of the demand-supply gap for coking and non-coking coal in India between 2008 and 2014





(Source: CRISIL Coal Outlook)

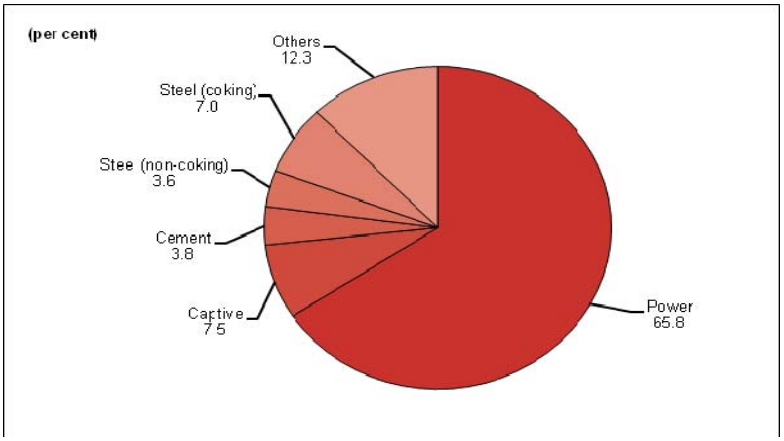
(Source: CRISIL Coal Outlook)

The Working Group of the 11th Five-Year plan projected a gap between the demand and availability of coal in fiscal 2012 to be 51.0 million tons, which included a shortfall of 41.0 million tons and 10.0 million tons in coking coal and non-coking requirement, respectively. However, the revised projections according to the MTA estimate the shortfall to be 83.3 million tons, of which a shortfall of coking and non-coking coal is expected to be 42.48 million tons and 40.85 million tons, respectively.

Coal meets 52.4% of energy needs in India. India is the third largest consumer of coal in the world and approximately 77.0% of non-coking coal in India was consumed only by the power sector during fiscal 2009, for generation of electricity in the country *(Source: CRISIL Coal Outlook)*. In addition, other industries such as steel, cement, fertilizers, bricks manufacturing, textiles and chemicals.

Demand of coal from captive plants if projected to grow at a high rate, thereby increasing its share in total demand by fiscal 2014. The following chart depicts the projected share of consumption of the different industries in India during fiscal 2014:

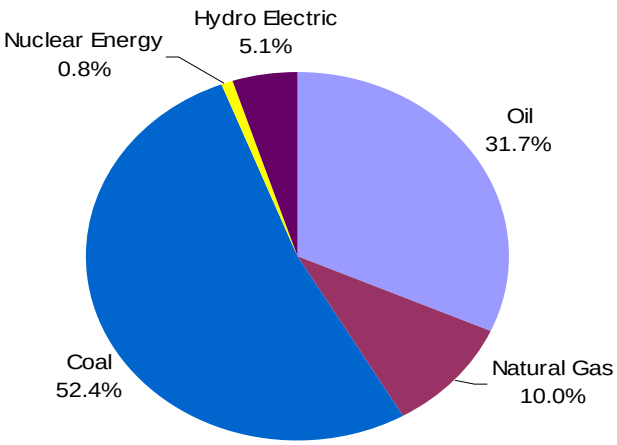
Share of sectors in total coal demand (2013-14 Forecast)



(Source: CRISIL Research)

The primary energy consumption in India has grown by approximately 700.0% in the last four decades *(Source: MoC)*. The current per capita commercial primary energy consumption in India is approximately 350 kgoe/year, as a result of factors such as the rising population, expanding economy and a quest for improved quality of life *(Source: MoC)*. Energy usage in India is expected to rise to around 450 kgoe/year in 2010 *(Source: MoC).* Coal produced by us accounted for approximately 81.9% of coal production in India. *(Source: CRISIL Coal Outlook)*

The following charts provide details of the primary energy consumption in India in 2009:



(Source: BP Statistics/CRISIL Research)

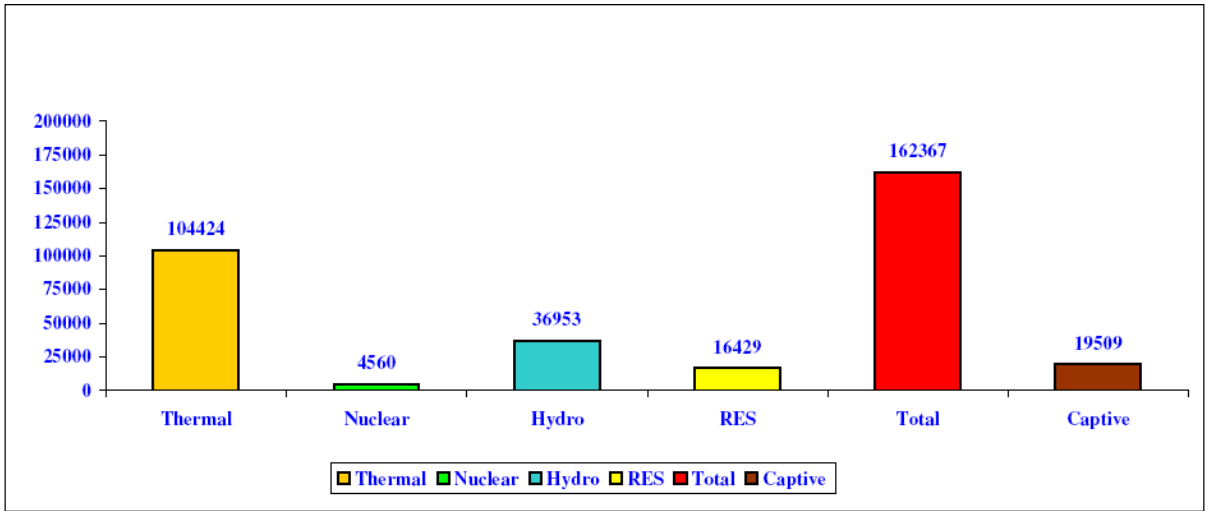
Coal Imports

India's appetite for coal imports has grown steadily over the past years due to the constantly widening gap between demand and supply in the coal sector. As per the current import policy, coal is allowed to be freely imported under the Open General License by consumers directly. Coking coal is imported by the steel sector and coke manufacturers. Coal-based power generators and cement producers also import non-coking coal. *(Source: Coal of India, 2008-09 - Coal Statistics, MoC)*. In fiscal 2010, India imported about 67.74 million tons (provisional) of coal which is 11.69 % of its total coal consumption. *(Source: Provisional Coal Statistics 2009-10, Coal Controller's Organization, MoC)* Due to the poor quality of indigenous non-coking coal, India imports non-coking coal for blending with its domestic production to increase the calorific value of coal. *(Source: CRISIL Coal Outlook)* However, only 44.28 million tons of non-coking coal was imported during fiscal 2010 *(Source:Provisional Coal Statistics 2009-10, Coal Controller's Organization, MoC)*

Power Sector

In India, coal is the prime fuel used to fire thermal power plants due to its availability and affordability. As on June, 2010, the total installed power generation capacity in India was 162,366.8 MW. *(Source: CEA, "Power Scenario at a Glance," June 2010)* Further, as on June 30, 2010, the total installed thermal power generation capacity was 104,423.98 MW (or 64.3% of the total installed power generation capacity), of which coal, gas and diesel based power generation capacity was 86,003.38 MW, 17,220.85 MW and 1,199.75 MW, which accounted for 82.4%, 16.5% and 1.1% of the total thermal power generation capacity. *(Source: CEA, "Power Scenario at a Glance," June 2010)*

All India Generating Installed Capacity (MW) as on June 30, 2010



(Source: Central Electricity Authority, June 2010 Power Scenario)

According to GoI, Integrated Energy Policy, Report of the Expert Committee (August 2006), India projected to require 778,000 MW of installed capacity by fiscal 2032 to sustain 8% GDP growth rate.

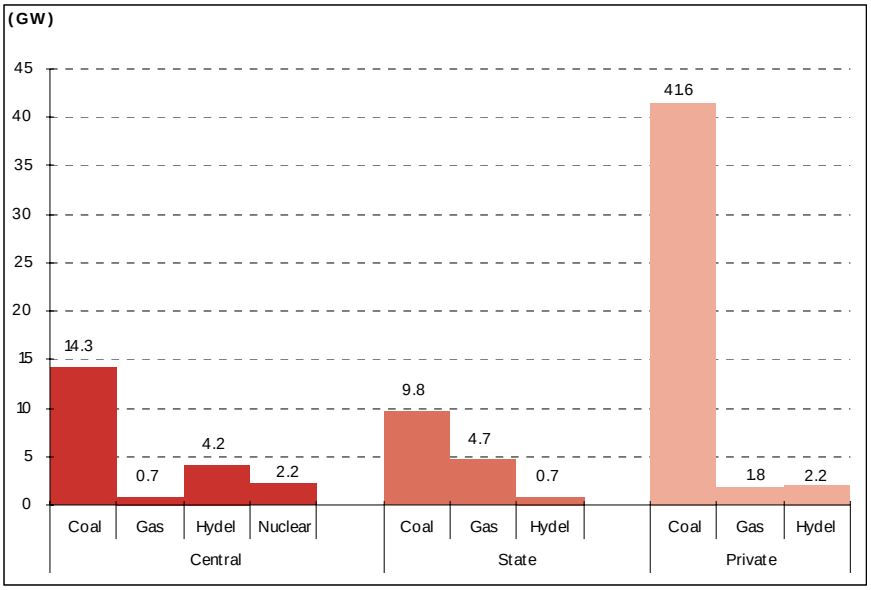
Fiscal	Billion kWh				Projected Peak Demand (GW)		Installed Capacity Required (GW)	
	Total Energy Requirement @ GDP Growth Rate		Energy Required at Bus Bar[1] @ GDP Growth Rate		@ GDP Growth Rate		@ GDP Growth Rate	
	8%	9%	8%	9%	8%	9%	8%	9%
2012	1,097	1,167	1,026	1,091	158	168	220	233
2017	1,524	1,687	1,425	1,577	226	250	306	337
2022	2,118	2,438	1,980	2,280	323	372	425	488
2027	2,866	3,423	2,680	3,201	437	522	575	685
2032	3,880	4,806	3,628	4,493	592	733	778	960

[1] Energy demand at bus bar is estimated assuming 6.5% auxiliary consumption.
(Source: GoI Integrated Energy Policy, Report of the Expert Committee (August 2006)

The total energy deficit and peak power deficit from April 2009 to March 2010 was approximately 10.1% and 13.3% respectively. *(Source: CEA, "Power Scenario at a Glance", April, 2010).*

CRISIL Research believes that the total capacity addition in the power sector during the next five years (fiscal 2010 to 2014) which is expected to be approximately 66 GW of which coal based capacity additions are expected to be approximately 52 GW. This is expected to take the total capacity of coal based power plants by 2013-14 to approximately 130 GW.

Fuel-wise capacity additions (2011-2015)



(Source: CRISIL Research)

The GoI has recognized the power sector as a key infrastructure sector to be developed to sustain Indian economic growth and has taken various steps to reform the power sector to attract private participation, increase competition and reduce aggregate technical and commercial losses ("AT&C").

Currently, Indian generation uses all available fuel options including conventional, non-conventional and emerging power generation technologies. As of March 31, 2010, thermal power plants powered by coal, gas and diesel accounted for approximately 64.3% of power generated, hydro electric plants accounted for 23.1% of power generated, nuclear power plants accounted for 2.9% of power generated and renewable energy sources accounted for approximately 9.7% of power generated.

Installed Capacity as on March, 2010 (Figures in MW)								
Sector	**Hydro**	**Thermal**				**Nuclear**	**R.E.S**	**Total**
		Coal	**Gas**	**Diesel**	**Total**		**(MNRE)**	
State	27,065.00	44,977.00	4,046.12	602.61	49,625.73	0.00	2,701.12	79,391.85
Private	1,233.00	8,056.38	6,307.50	597.14	14,961.02	0.00	12,819.99	29,014.01
Central	8,565.40	31,165.00	6,702.23	0.00	37,867.23	4,560.00	0.00	50,992.63
Total	**36,863.40**	**84,198.38**	**17,055.85**	**1199.75**	**102,453.98**	**4,560.00**	**15,521.11**	**159,398.49**
% Total of production	**23.1%**	**52,8%**	**10.7%**	**0.8%**	**64.3%**	**2.9%**	**9.7%**	**100.0%**

(Source: CEA, "Power Scenario at a Glance," April 2010)

Steel, Cement and Other Sectors

Apart from power, coal is also used in industries such as steel, cement, fertilizers and other sectors such as bricks manufacturing, textiles and chemicals. In the steel sector, coking coal is used as a reducing agent, where it is mixed with iron ore to make steel. Coal consumption in the steel sector has increased over the years, however a substantial portion of coking coal comes from imports due to the low quality of coking coal in India. Coal offtake in the cement industry increased from 13.6 million tons in fiscal 2004 to 15.3 million tons in fiscal 2009, which represented a growth of 3.1%. The offtake from the chemical, bricks and textiles industries during fiscal 2009 was 83.3 million tons, approximately 17% of the total offtake of coal. *(Source: CRISIL Coal Outlook)*

Particulars	**Fiscal**				
	2005	**2006**	**2007**	**2008**	**2009 (P)**
	(in million tons)				
Power plants	300.9	306.0	298.3	322.3	374.5
Steel plants	17.5	19.7	16.3	17.0	16.8
Cement plants	14.7	15.0	14.7	15.3	15.3

Particulars	Fiscal				
	2005	2006	2007	2008	2009 (P)
	(in million tons)				
Others	45.3	54.0	91.5	100.0	83.3
Total	**378.5**	**394.7**	**420.8**	**454.5**	**489.9**

P - Provisional
(Source: Ministry of Coal/ CRISIL Coal Outlook)

Pricing of Coal

The pricing of coal was deregulated pursuing to the colliery control order 2000 with effect from January 1, 2000 subsequent to which the coal producing companies were entitled to fix the coal prices on their own and revise the same periodically. The pricing of coal is also based on factors such as the type of coal, its net calorific value, the content level of impurities. The coal price is revised considering the escalation in input cost, inflation and landed cost of imported coal. The final customer price includes freight and other charges (royalties, sales tax and others). In India, coal price is highly competitive at all destinations of the country and rise in price position after deregulation has been less than inflation.

Coal is mostly sold under the long-term fuel supply agreements ("FSAs") that set the price of coal over the term of the contract which is periodically revised and adjusted. In addition, coal is also sold pursuant to the E-Auction scheme introduced in accordance with the New Coal Distribution Policy ("NCDP") issued in 2007.

Distribution and Marketing Policy

A NCDP has been issued on October 18, 2007 with an objective to meet the demand of coal from consumers of different sectors of the economy, both on short term and long term basis, in an assured, sustained transparent and efficient manner with built-in commercial discipline. Salient features of the NCDP are as follows:

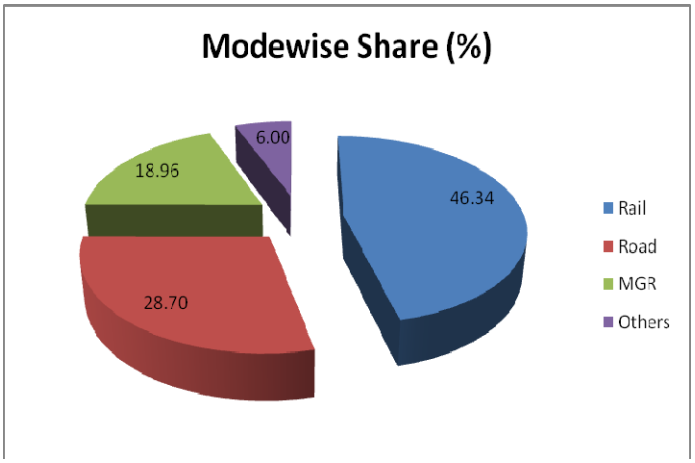
- Existing classification of core and non core sector was dispensed with under this new distribution policy. Each sector/consumers would be treated on merit keeping in view regulatory provision applicable thereto and coal will accordingly be supplied through FSAs;
- Power (utilities), including Independent Power Producers ("IPP")/Captive Power Plants ("CPP"), the fertilizer sector, the defense and the railway sector would receive 100% of their normative coal requirement, while the other consumers would receive 75%.
- Supply of coal to steel plants would be based on FSA and pricing would be on import parity pricing.
- Consumers in the small and medium sector, requiring coal less than 4200 tons annually will take coal either from the State Government Notified Agencies or from CIL through FSAs;
- Linkage system will be replaced by FSA;
- New consumers such as power utilities, IPP, CPP, fertiliser and cement manufacturers will be issued with a Letter of Assurance ("LOA"), with a validity of 24 months which can be converted to an FSA on successfully meeting certain criteria;
- The Existing Standing Linkage Committee will continue to recommend LOAs in respect of power utilities, IPP, CPP, cement and steel manufacturers.

For further information, please see "Business – Distribution of Coal" beginning on page 100.

Logistics

Coal is mostly produced in the Central and Eastern parts of India, while it is consumed all over the country. As coal is predominantly used in power, cement and steel sectors and its consumption is distributed throughout India, it needs to be transported over long distances. In India, coal is typically transported using rail, road and sea routes of which rail accounts for 46.3% of the mode of transportation. Coal is also the single largest commodity transported by rail and is governed by a preferential traffic schedule of the Indian Railways. Coal handling at Indian ports was 91.9 million tons during fiscal 2009 and formed approximately 12.0% of the total traffic at major ports in India during that period. *(Source: CRISIL Coal Outlook)*

Mode of coal transportation in India in fiscal 2010



(Source: Provisional Coal Statistics 2009-10, Coal Controller's Organization, MoC)

Currently, passengers and freight are ferried in India on the same railway tracks and trains carrying passengers are given priority over those carrying goods. The railway infrastructure, in terms of line capacity and rolling stock, does not match up with the existing demand for container transportation. Further, there is concern over the expansion plans with regard to the transportation of coal. In India, coal is transported through a single rake system that contain 58 wagons, each carrying a capacity of 58 tons, and a total capacity of 3,364 tons. However, in North America, one rake has 125 wagons and each wagon carries a capacity of 100 tons (total capacity of 12,500 tons), while Australia has an average capacity of 9,600 tons. To improve the rail infrastructure, the annual plan outlay for fiscal 2010 includes an investment of Rs.407.50 billion. The GoI is planning to acquire 18,000 wagons in fiscal 2010 as compared to 11,000 wagon it acquired in fiscal 2009. Further, new proposals have been introduced for better rail connectivity. In addition, approximately 2,093 kilometers of track is being built to strengthen the connectivity of the four metros of Delhi, Kolkata, Chennai and Mumbai (also known as the golden quadrilateral) at an estimated investment of Rs. 53.4 billion. Railway tracks are also being built connecting the various ports and covering a distance of approximately 2,852 kilometers. Further, the National Maritime Development Programme has formulated plans to improve port capacity, which involves 387 projects with an estimated investment of Rs. 1,003.4 billion on maritime infrastructure. *(Source: CRISIL Coal Outlook)*

Coal Characteristics

Coal is characterized by its use as either "steam coal" or "metallurgical coal." Steam/thermal coal, is used by electricity generators and by industrial facilities to produce steam, electricity or both. Metallurgical/ coking coal is used to produce coke, which is used as a reluctant in blast furnaces for the production of steel.

There are four types of coal by geological composition: lignite, sub-bituminous, bituminous and anthracite. Energy content and sulphur content are the most important coal characteristics and help to determine the best use of particular types of coal, as well as being used to determine the price of different qualities of coal.

Energy Content

The energy content of coal is commonly measured as the heat released on complete combustion in air or oxygen, expressed as the amount of heat (measured in kilocalories) per unit weight of coal (measured in kilograms) or "kcal/kg." Bituminous coal is a "soft" black coal with energy content generally higher and moisture content generally lower than sub-bituminous coal and is the type most commonly used for electricity generation. Bituminous coal is used for utility and industrial steam purposes, and includes metallurgical coal, a feedstock for coke, which is used in steel production. Sub-bituminous coal is a black coal most commonly used by electricity generators and some industrial consumers. Generally, coal with higher energy content commands a premium.

Sulphur Content

Coal combustion produces sulphur dioxide, the amount of which varies depending on the chemical composition and the concentration of sulphur in the coal. Low-sulphur coal is coal with a sulphur content of 1.0% or less by weight. Sub-bituminous coal typically has a lower sulphur content than bituminous coal. Coal with lower

sulphur content is considered to be of a higher quality as electricity generators worldwide have increasingly become subject to various regulatory restrictions intended to reduce sulphur dioxide emissions.

Other Characteristics

Ash is the inorganic residue remaining after the combustion of coal. Coal with lower ash content is considered to be of a higher quality. The moisture content of coal varies by the type of coal, the region where it is mined and the location of coal within a seam. In general, high moisture content decreases the energy content and increases the weight of the coal, thereby making it more expensive to transport. Moisture content in coal, as sold, can range from approximately 5.0% to 30.0% of the coal's weight. Coal with lower moisture content is considered to be of a higher quality.

Types of Coal

Coking coal

This type of coal when heated in the absence of oxygen, forms a strong and coherent mass free from volatiles, called coke. Coking coal is primarily used in steel making and metallurgical industries and for manufacturing hard coke.

Semi-coking or weakly coking coal

This type of coal, when heated in the absence of air, forms a coherent mass not strong enough to be directly fed into the blast furnace. Such coal is blended with coking coal in adequate proportion to make coke. This type of coal has comparatively less coking properties than coking coal and is primarily used as blendable coal in steel making, merchant coke manufacturing and other metallurgical industries.

Non-coking coal

This type of coal is without any coking properties and is primarily used as thermal grade coal for power generation, in cement, fertilizer, glass, ceramic, paper, chemical and brick manufacturing industries, and for other heating purposes.

Hard coke

Hard coke is formed from coking or semi-coking coal through the process of carbonization and is primarily used in metallurgical industries and in industrial plants that utilize furnaces.

Coal Beneficiation

Coal washing, technically called coal beneficiation, is a process by which the quality of raw coal is improved by reducing the ash content and extraneous matter that gets extracted along with the mined coal. Such coal is primarily used in manufacturing of hard coke for making steel. Beneficiated and washed non-coking coal is primarily used for power generation and by cement, sponge iron and other industrial plants.

India's coal reserves are primarily low quality coal reserves with high ash and moisture content. The grade of non-coking coal is dependent on the heat value and primarily most of India coal is between Grades D and F. In addition, run-of-mine coal, on average, has ash content between 36-45% and burning coal of higher ash content produces higher emissions of carbon dioxide, sulphur and other particulate matter, all of which contribute to air pollution, which makes coal washing increasingly important. *(Source: CRISIL Coal Outlook)*

Grades of Raw Coal

The table below sets forth the various grades of non-coking coal produced by us:

Grade	UHV (Kcal/Kg) UHV= 8900-138 (A+M)	Gross Calorific Value GCV (Kcal/Kg) (at 5% moisture level)
A	Exceeding 6,200	Exceeding 6,401
B	Exceeding 5,600 but not exceeding 6,200	Exceeding 5,800 but not exceeding 6,401
C	Exceeding 4,940 but not exceeding 5,600	Exceeding 5,400 but not exceeding 5,801

Grade	UHV (Kcal/Kg) UHV= 8900-138 (A+M)	Gross Calorific Value GCV (Kcal/Kg) (at 5% moisture level)
D	Exceeding 4,200 but not exceeding 4,940	Exceeding 4,800 but not Exceeding 5,401
E	Exceeding 3,360 but not exceeding 4,200	Exceeding 4,200 but not exceeding 4,801
F	Exceeding 2,400 but not exceeding 3,360	Exceeding 3,600 but not exceeding 4,201
G	Exceeding 1,300 but not exceeding 2,400	Exceeding 3,200 but not exceeding 3,601

The table below sets forth the various grades of coking coal produced by us:

Grade	Ash Content
Steel Grade I ("ST I")	Ash content < 15%
Steel Grade II ("ST II")	15% < = Ash content < 18%
Washery Grade I ("W I")	18% < = Ash content < 21%
Washery Grade II ("W II")	21% < = Ash content < 24%
Washery Grade III ("W III")	24% < = Ash content < 28%
Washery Grade IV ("W IV")	28% < = Ash content < 35%

The table below describes the grades of semi-coking coal produced by us:

Grade	Ash + Moisture Content
Semi coking grade I ("SC I")	Ash + moisture content < 19%
Semi coking grade II ("SC II")	19% < = Ash + moisture content < 24%

(Source: Coal Directory of India, 2009-10)

Coal Mining Techniques

The mining technique to be used depends on the depth of the coal seam. If the seam is deep inside the earth, then underground mining needs to be employed. If the seam is the near surface, opencast mining can be used. However, there is no demarcated depth stating when underground or opencast mining should be employed, as the type of soil, overburden (refers to the layer between the coal seams and the surface) ratio and a few other factors also determine the type of mine.

Broadly there are two ways to mine coal: (i) open cast/surface mining; and (ii) underground mining.

Open Cast (Surface) Mining

In OM, the whole portion of land (overburden) is dug from the top until the coal seam is sighted. This is known as surface mining. The ratio of overburden excavated to the amount of coal removed is called the overburden ratio. The productivity of the mine is inversely proportional to the ratio.

Underground Mining

In this type of mining, coal is found deep inside the earth. The depth can vary from a few metres to more than 1,000 metres. Here, a small portion of land is excavated until the coal is seam is found. Such mines have to be developed deep inside the earth. This also affects productivity vis-à-vis opencast production. When the coal seam is found, different techniques are applied to extract coal.

There are three types of underground coal mines; (a) shaft mines, (b) slope mines and (c) coal mines. The decision on what type of mine to construct depends on the depth of the coal seam and surrounding terrain.

Other Coal Based Technologies

Coal-to-liquid

Coal-to-liquid technology involves converting coal to a liquid fuel - a process known as liquefaction. The liquid fuel can be refined to produce transport fuels like diesel, gasoline and other oil products, such as plastics and solvents. There are two key methods of liquefaction - direct coal liquefaction and indirect coal liquefaction.

Direct coal liquefaction involves conversion of coal to a liquid by dissolving coal in a solvent at high temperature and pressure. The process is followed by hydrocracking (that is, adding oxygen over a catalyst). Hydrocracking results in further refining of the liquid products to achieve high-grade fuel characteristics.

Indirect liquefaction involves the complete breakdown of the coal structure by gasification with steam. The composition of this synthesis gas, or 'syngas' is adjusted to give the required balance of hydrogen and carbon monoxide. Sulphur compounds are also removed at this stage to prevent poisoning of the reaction catalyst and to provide low sulphur transport fuels. The syngas then reacts with a catalyst at relatively low pressure and temperature. Products vary according to the reaction conditions and catalyst.

Carbon dioxide emissions from the liquefaction process can be reduced through carbon capture and storage ("**CCS**"). CCS involves capture of carbon dioxide emissions from the source, followed by transportation to and storage in geological formations.

Underground Coal Gasification ("UCG")

UCG is a method of converting unmined coal into combustible syngas - a combination of hydrogen and carbon monoxide. In its simplest form, the UCG process involves drilling two deep boreholes into the coal seam, one for injecting oxidants (water/air or water/oxygen mixtures) and another one for recovering product gas. The boreholes are connected by special linking techniques. The coal is then heated and due to careful regulation of the oxidant flow, it does not burn, but rather separates into the syngas. The syngas is then drawn out of the second well. The gas is used for power generation, industrial heating or as chemical feedstock.

Coal-bed Methane ("CBM")

Coal-bed methane is simply methane found in coal seams. It is produced by non-traditional means. CBM is generated either from a biological process as a result of microbial action, or from a thermal process as a result of increasing heat within the depths of the coal seams. Often, when a coal seam is saturated with water, methane is trapped in the coal due to water pressure. CBM extraction is a method for extracting methane from a coal deposit. To retrieve methane, wells are drilled into the deposit, the seam is dewatered and methane is extracted from the seam. Water pressure in the coal seam is decreased by pumping some of the water through the well. CBM has very low solubility in water and readily separates as pressure decreases, allowing it to be piped out of the well separately from the water. Water flowing from the coal seam to the well bore encourages gas migration towards the well and to the surface. The gas obtained is captured and transported through pipelines to storage facilities or is shipped.

OUR BUSINESS

Overview

We are the largest coal producing company in the world *(Source: CRISIL Research)*, based on our raw coal production of 431.26 million tons in fiscal 2010. We are also the largest coal reserve holder in the world *(Source: CRISIL Research)* based on our reserve base as of April 1, 2010. According to the audited reserve and resource estimates carried out by SRK Mining Services (India) Private Limited and SRK Consulting (UK) Limited (collectively, "SRK"), independent mining and geological consultancy firms, and classified in accordance with the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"), we had a total of 18,862.9 million tons of Total Reserves, comprising 10,595.1 million tons of Proved Reserves and 8,267.8 million tons of Probable Reserves, respectively, and a total of 64,218.0 million tons of Total Resources, comprising 51,326.3 million tons, 9,924.4 million tons and 2,967.3 million tons of Measured Resources, Indicated Resources and Inferred Resources, respectively, as of April 1, 2010. For details see the sub section titled "- Reserve and Resource Base Information" at page 75 below.

India is the world's third largest producer and consumer of coal. *(Source: CRISIL Coal Outlook)* Coal produced by us accounted for approximately 81.9% of coal production in India in fiscal 2009 *(Source: CRISIL Coal Outlook)*. According to CRISIL Coal Outlook, the power generation sector in India consumed 77.0% of the total coal produced in fiscal 2009. Further, in fiscal 2009, coal met 52.4%, while oil and natural gas met 41.6%, of the total primary energy requirement of India. *(Source: BP Statistics)*

As of March 31, 2010, we operated 471 mines in 21 major coalfields across eight states in India, including 163 open cast mines, 273 underground mines and 35 mixed mines (which include both open cast and underground mines). We produce non-coking coal and coking coal of various grades for diverse applications. In fiscal 2008, 2009 and 2010, and in the three months ended June 30, 2010, we produced 379.46 million tons, 403.73 million tons, 431.26 million tons and 95.15 million tons, respectively, of raw coal. Non-coking coal represents a substantial majority of our raw coal production, and represented 93.1%, 93.4%, 91.6% and 90.5% of our total coal production in fiscal 2008, 2009 and 2010 and in the three months ended June 30, 2010, respectively. Most of our coal production is from open cast mines. In fiscal 2008, 2009, 2010 and in the three months ended June 30, 2010, raw coal produced from open cast mines represented 88.5%, 89.1%, 90.0% and 89.8% respectively, of our total raw coal production. We continue to expand our raw coal production capacities. As of March 31, 2010, 45 projects (comprising 22 capacity expansion projects for existing mines and 23 new mine projects) had received relevant investment approval (of our Board and the board of directors of relevant Subsidiary companies) and were in various stages of mine planning and development: (i) 25 projects, with an aggregate estimated capacity of 47.51 million tons per annum were at various stages of implementation and are expected to become operational by the end of fiscal 2012; and (ii) 20 longer gestation projects, with an aggregate estimated capacity of 33.27 million tons per annum, are expected to become operational during the 12th Five Year Plan period (2013-2018).

Some of the raw coal we produce is used for the production of beneficiated coal. As of March 31, 2010, we operated 17 coal beneficiation facilities with an aggregate designed feedstock capacity of 39.40 million tons per annum. In addition, we intend to develop an additional 20 coal beneficiation facilities with an aggregate additional proposed feedstock capacity of 111.10 million tons per annum. Further, we also intend that all new open cast mining projects with coal production capacities greater than 2.5 million tons per annum not linked to pit head customers will be equipped with dedicated coal beneficiation facilities.

We sell substantially all of the raw coal we produce in the Indian market. Our customers include large thermal power generation companies, steel and cement producers and other industrial companies in the public and private sector with many of whom we have long-standing relationships. Most of our coal is used in the thermal power sector in India. NTPC, a public sector power generation company and utility, has historically been our most significant customer, and our five largest customers are all public sector power utilities. Following the introduction of the New Coal Distribution Policy ("NCDP") by the GoI in October 2007, we commenced the sale of our raw coal under long-term fuel supply agreements ("FSAs").

Our Company was established in 1973 and is wholly owned by the GoI. Our coal production operations are primarily carried out through seven of our wholly-owned Subsidiaries in India. In addition, another wholly-owned Subsidiary, CMPDIL, carries out exploration activities for our Subsidiaries and provides technical and consultancy services for our operations as well as to third-party clients for coal exploration, mining, processing and related activities. We have also established a wholly-owned subsidiary in Mozambique, Coal India Africana

Limitada ("CIAL"), to pursue coal mining opportunities in Mozambique and have acquired prospecting licenses for two coal blocks in Mozambique. We have been conferred the *Navratna* status by the GoI, which provides us certain operational and financial autonomy. In addition, six of our wholly owned Subsidiaries, including CMPDIL, have also been accorded the *Mini Ratna* status by the GoI.

We continue to focus on maintaining a safe work environment through the implementation of our safety policies and a structured multidisciplinary safety organization that oversees our operations. We have established and continue to focus on various environmental initiatives including land reclamation and restoration in open cast mines, water harvesting, afforestation and rehabilitation at our mines. We have also implemented satellite surveillance for our land reclamation and restoration and afforestation and rehabilitation initiatives. We have also made significant investments in education, health and community development initiatives.

As per our audited restated consolidated financial statements, our total income increased from Rs.340,087.99 million in fiscal 2006 to Rs.525,922.92 million in fiscal 2010, while our profit after tax, as restated, increased from Rs.61,136.01 million in fiscal 2006 to Rs.98,336.99 million in fiscal 2010. Our total income in the three months ended June 30, 2010 was Rs.131,100.32 million while our profit after tax, as restated, in the same period was Rs.25,217.78 million. As of June 30, 2010, we had reserves and surplus of Rs.220,731.50 million, and our net worth was Rs.283,879.79 million. As of June 30, 2010, our cash and bank balances were Rs.380,463.35 million while our total indebtedness was Rs.17,794.53 million. As of June 30, 2010, we had 394,041 employees, including 14,968 executives, 38,773 supervisors and 340,300 workmen.

Our Competitive Strengths

The largest coal producer and reserve holder in the world

We are the largest coal producing company in the world *(Source: CRISIL Research)*, based on our raw coal production of 431.26 million tons in fiscal 2010. Our raw coal production increased from 343.39 million tons in fiscal 2006 to 431.26 million tons in fiscal 2010. In fiscal 2009, coal produced by us accounted for 81.9% of coal production in India. *(Source: CRISIL Coal Outlook)* As of March 31, 2010, we operated 471 mines in 21 major coalfields across eight states in India. Our large scale of operations enables us to realize economies of scale in production, procurement and sales.

We are also the largest coal reserve holder in the world *(Source: CRISIL Research)*. According to the audited reserve and resource estimates carried out by SRK classified in accordance with the JORC Code, we had a total of 18,862.9 million tons of Total Reserves, comprising 10,595.1 million tons of Proved Reserves and 8,267.8 million tons of Probable Reserves, respectively, and a total of 64,218.0 million tons of Total Resources, comprising 51,326.3 million tons, 9,924.4 million tons and 2,967.3 million tons of Measured Resources, Indicated Resources and Inferred Resources, respectively, as of April 1, 2010. We have also recently undertaken various initiatives for the acquisition of coal assets outside India and have acquired prospecting licenses for two coal blocks in Mozambique.

Well positioned to capitalize on the high demand for coal in India

We believe we are well positioned to capitalize on the high demand for coal in India, particularly in the thermal power, iron and steel, cement and other manufacturing and industrial sectors. As a result of the high demand for coal in the thermal power sector and the iron and steel industry, demand for non-coking coal in India is projected to grow at a CAGR of 11.3% from 508 million tons in fiscal 2009 to approximately 868 million tons in fiscal 2014, while the demand for coking coal is likely to increase at CAGR of 9.7% in the same period *(Source: CRISIL Coal Outlook)*.

Most of our raw coal production is supplied for use in the thermal power sector in India. Raw coal dispatched to customers in the power sector (including to captive power plants in other industries) represented 82.7%, 81.4%, 79.9% and 78.2% of our total raw coal dispatch in fiscal 2008, 2009, 2010 and in the three months ended June 30, 2010, respectively. The relatively low per capita consumption of power in India compared to the world average and the continuing power deficit in India presents significant potential for growth in the demand for power in India, and demand for non-coking coal in the thermal power sector is projected to grow at a CAGR of 11.3% between fiscal 2009 and fiscal 2014 *(Source: CRISIL Coal Outlook).* Because of our pre-eminent position in the coal industry in India, the continuing dependence of the power sector on coal as a cost effective source of fuel and our long standing relationship with significant customers such as NTPC and other government-owned and controlled power utilities, we believe we play a strategic role in the development of

India's thermal power sector, which continues to be a key driver for growth in the Indian economy.

Track record of growth and cost efficient operations

We have achieved significant growth in our operations in recent years, with a focus on increasing production and redeployment of resources and workforce from less productive units to more productive units. Our production was 343.39 million tons, 360.91 million tons, 379.46 million tons, 403.73 million tons and 431.26 million tons in fiscal 2006, 2007, 2008, 2009 and 2010, respectively, which represents a growth rate of 5.1%, 5.1%, 6.4% and 6.8% in fiscal 2007, 2008, 2009 and 2010, respectively. Our raw coal production in the three months ended June 30, 2010 was 95.15 million tons.

We believe that our cost efficient operations enable us to enjoy cost competitiveness with other international coal producers. In fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, as per our audited restated consolidated financial statements, our average cost per ton of raw coal produced (calculated on the basis of total expenditure, as adjusted for restatement adjustments other than restatement for tax impact, divided by total raw coal production in these periods) was Rs.714.81, Rs.737.88, Rs.744.99 and Rs.847.93, respectively. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Results of Operations – Unit Cost of Production" on page 193 and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations – Adjustment for Restatements" on page 203.

We benefit from favorable geographic and geological conditions of many of the coalfields in which we operate, including relatively thick flat-lying coal seams located at shallow depths, stable ground conditions, relatively simple geological structures and low stripping ratio which enables us to bring into operation large open cast mines within relatively short time frames with relatively low specific investment. In addition, a majority of our raw coal production is from open cast mines where cost of production is significantly lower than in underground mines due to favorable geo-economic conditions and lower employee and equipment cost. In fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, raw coal produced from open cast mines represented 88.5%, 89.1%, 90.0% and 89.8%, respectively, of our total raw coal production. We have upgraded our technologies and equipment for our open cast mines, including high capacity surface miners, shovels, dumpers and draglines. In fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, the average cost per ton of raw coal produced from our open cast mines (calculated on the basis of total expenditure for raw coal produced from open mines, as adjusted for restatement adjustments other than restatement for tax impact, divided by total raw coal production from open mines) was Rs.476.42, Rs.506.87, Rs.519.96 and Rs.581.74, respectively, while the average cost per ton of raw coal produced from underground mines (calculated on the basis of total expenditure for raw coal produced from underground mines, as adjusted for restatement adjustments other than restatement for tax impact, divided by total raw coal production from underground mines) was Rs.2,583.84, Rs.2,660.40, Rs.2,795.41 and Rs.3,230.97, respectively. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Results of Operations – Unit Cost of Production" on page 193. Employee costs represent the largest component of our operating expenditure and we benefit from India's relatively low employee and labor costs as compared to other industrial nations.

Since the price of coal has significant ramifications on the Indian economy in general and the thermal power sector in particular, we have followed a strategy of focusing on improving cost efficiencies. We have increased the price of our raw coal from time to time to primarily address increases in production costs that were not possible to be offset by productivity and efficiency improvements. Consequently, our raw coal price increases have been lower than average inflation rates in India and are significantly less than the landed cost of imported coal in India. The annualized rate of increase in the price of our raw coal since January 2000 when the price of coal was completely deregulated until March 31, 2010 was 4.9%. We believe that the price of our raw coal is lower than the price of coal sold in international markets and the landed cost of imported coal in India, even on adjustment for respective GCV values. For information on price of our coal compared to Indonesian and South African coal on an equated energy basis, See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Results of Operations – Sales Volume and Pricing – Pricing" beginning on page 187.

Strong track record of financial performance

We believe that our strong track record of financial performance and steady cash flows from our existing operations provide us with sufficient resources to fund our projects, support our working capital requirements,

service our existing debt on a timely basis and maintain a healthy level of cash on our balance sheet. As per our audited restated consolidated financial statements, our total income increased from Rs.340,087.99 million in fiscal 2006 to Rs.525,922.92 million in fiscal 2010, while our profit after tax, as restated, increased from Rs.61,136.01 million in fiscal 2006 to Rs.98,294.09 million in fiscal 2010, representing profit margin after tax of 18.0% and 18.7% in fiscal 2006 and 2010, respectively. Our total income and profit after tax, as restated, was Rs.131,100.32 million and Rs.25,217.78 million in the three months ended June 30, 2010, respectively, representing a profit margin after tax of 19.2% for such period. As of June 30, 2010, we had reserves and surplus of Rs.220,731.50 million, and our net worth was Rs.283,879.79 million.

As per our audited restated consolidated financial statements, as of June 30, 2010, our cash and bank balances were Rs.380,463.35 million while total indebtedness was Rs.17,794.53 million. Our working capital as of June 30, 2010 was Rs.151,866.02 million and current ratio (current assets divided by current liabilities) was 1.40.

Strong capabilities for exploration, mine planning, research and development

Our wholly-owned Subsidiary CMPDIL is an established exploration and coal mine design and planning institute in India and provides technical and consultancy services for our operations as well as to third party clients for geological exploration and drilling, mine planning and design, coal beneficiation and utilization, allied engineering services, human resource development, environmental engineering, information and communication technology, research and development and laboratory and field services. CMPDIL has significant knowledge of geological and geo-mining conditions in India and is a repository of information relating to coal blocks in India, which enables us to implement effective mine development and mine planning activities. CMPDIL has received certifications such as the ISO-9001: 2000 from Certification International (UK) Limited, which is valid until January 2011. CMPDIL has undertaken a number of integrated coal exploration projects in varying geological and terrain conditions and executed drilling operations in various coal blocks spread across India.

In fiscal 2010, we achieved approximately 0.47 million meters of drilling operations under the supervision of CMPDIL and intend to continue to introduce modern technologies and advanced equipment to achieve a higher targeted drilling capacity. We believe that the strong research and development capabilities and technical expertise of CMPDIL is an important strength that has enabled sustained growth in our operations, increase production, the introduction of technological and equipment initiatives to improve operating efficiencies, as well as identify and formulate new projects.

Experienced senior management team and large pool of skilled employees

Our senior management team has extensive experience in the coal industry, and brings to our Company industry experience and knowledge of exploration and production, cost and operational efficiencies, financial structuring, coal marketing and business development initiatives. Several members of our senior management team have been with our Company or our Subsidiaries for more than 30 years and are knowledgeable about our operations. We also have a large pool of skilled employees, including technically qualified professionals, with relevant industry experience. As of June 30, 2010, we had 394,041 employees, including 14,968 executives, 38,773 supervisors and 340,300 workmen.

Business Strategies

Continue to increase production and capitalize on the significant demand-supply gap for coal in India

We seek to steadily increase our raw coal production and provide accessibility of our resources by increasingly deploying advanced equipment, including those developed by our research and development initiatives, in our coal mining and production process. As of March 31, 2010, the gross rated production capacity of our current operations was 461.86 million tons per annum. As contemplated in the Annual Plan 2011 of the MoC, we intend to increase our production to 460.50 million tons in fiscal 2011 and to 486.50 million tons in fiscal 2012. Our future plans focus on mining deeper seams of comparatively better quality coal and our capital equipment program has been formulated with a view to increasing our production.

- *Expand capacity of existing mines and develop new projects*. We continue to focus on the expansion of our existing mine capacities and the development of new mines. As of March 31, 2010, 45 expansion and new projects had received relevant investment approval and were in various stages of mine planning and development: (i) 25 projects, with an aggregate estimated capacity of 47.51 million tons

per annum, were at various stages of implementation as of March 31, 2010, and are expected to become operational by the end of fiscal 2012; and (ii) 20 projects, with an aggregate estimated capacity of 33.27 million tons per annum, involve longer gestation periods and are expected to become operational during the 12th Five-Year Plan (fiscal 2013-2018). We continue to assess various factors relating to the commercial viability of these proposed projects, including the quantity and quality of resources, equipment requirements, applicable permits, and the time and cost involved.

- *Increase productivity of our underground mines and revive abandoned mines.* Historically coal produced from our underground mines has contributed a small percentage of our total raw coal production. In fiscal 2008, 2009, 2010 and in the three months ended June 30, 2010, raw coal produced from our underground mines represented 11.5%, 10.9%, 10.0% and 10.2%, respectively, of our total raw coal production in these periods. We intend to focus on increased production from our underground mines, including large reserves below 300 meters depth, by deploying advanced production equipment and technologies. We have also identified, and propose to re-work mining operations at 18 underground mines that were abandoned in the past primarily because of safety issues and due to lack of adequate technology. We believe that these underground mining projects present significant production potential and we have undertaken initiatives for the selection of suitable international mining companies as technology partners to re-work these mines as joint venture initiatives. We have also entered into an agreement with DVC and BEML for the acquisition of the assets of Mining and Allied Machineries Corporation ("MAMC") at Durgapur, which intends to manufacture a range of mining equipment specifically for underground mines.

Improve realizations through increased sales of beneficiated coal and higher quality coal, and the use of E-Auction pricing mechanisms

In order to capitalize on the increasing demand for beneficiated coal, we intend to expand our existing coal beneficiation infrastructure which is currently comprised of 17 coal beneficiation facilities with an aggregate designed feedstock capacity as of March 31, 2010 of 39.40 million tons per annum, by developing an additional 20 coal beneficiation facilities with an aggregate additional proposed feedstock capacity of 111.10 million tons per annum. We intend that all new open cast mines with coal production capacities greater than 2.5 million tons per annum, which are not linked to pit head customers will be equipped with dedicated coal beneficiation facilities. Although the cost of production of beneficiated coal is not significantly higher than the cost of production of non-beneficiated coal, because of its higher calorific value, reduced ash content and associated benefits, as well as lower environmental pollution, beneficiated coal commands significantly higher prices than non-beneficiated coal. The price of beneficiated non-coking coal is determined on the basis of cost of production and an appropriate margin for the value addition provided. The price of beneficiated coking coal sold under specific memorandum of understandings are negotiated directly with the customer and is fixed at a price that is generally at a discount to the prevailing landed cost of comparative quality imported coal. In terms of calorific value, our beneficiated coal is comparable to imported coal, and we believe that the difference between the cost of our beneficiated coal and the landed cost of imported coal in India presents potentially significant opportunity for increased sales of our beneficiated coal, which will enable us to improve our margins. In addition, under applicable Indian regulations, all power plants located at a distance greater than 1,000 kilometers from the coal mines or located in urban areas and other specified areas are required to use coal with ash percentage not exceeding 34.0% on an annual average basis for power generation, and we believe that this will enhance the demand of our beneficiated coal.

We also propose to pursue market driven pricing mechanisms in order to achieve better realizations for our coal. In this connection, we operate a spot electronic auction scheme known as "E-Auction scheme" for providing a source of coal to all kinds of customers. We have also implemented a forward E-Auction scheme to provide access to coal for customers that wish to have an assured supply of coal over a period of time through the E-Auction scheme to enable them to plan their operations and coal consumption. The reserve price of raw coal sold pursuant to our E-Auction scheme is determined on the basis of prevailing market prices. The price of raw coal sold under our E-Auction scheme is significantly higher than the price of raw coal sold pursuant to our FSAs as notified by us from time to time. In fiscal 2008, 2009, 2010 and in the three months ended June 30, 2010, the volume of raw coal allotted under our E-Auction scheme was 28.79 million tons, 48.87 million tons, 45.73 million tons and 9.30 million tons, respectively. As a percentage of total volume of raw coal sold in fiscal 2008, 2009, 2010 and in the three months ended June 30, 2010, the volume of raw coal allotted under our E-Auction scheme was 8.1%, 12.9%, 11.6% and 9.6%, respectively. As per our audited restated consolidated financial statements, the average price of raw coal allotted through the E-Auction scheme, calculated as value of raw coal allotted under our E-Auction scheme divided by the total volume of raw coal allotted through the E-

Auction scheme, was Rs.1,346.73 per ton, Rs.1,480.76 per ton, Rs.1,582.80 per ton and Rs.1,747.53 per ton in fiscal 2008, 2009, 2010 and in the three months ended June 30, 2010, respectively. As a percentage of total sales in fiscal 2008, 2009, 2010 and in the three months ended June 30, 2010, the value of raw coal allotted under E-Auction scheme was 11.9%, 18.7%, 16.2% and 14.2%, respectively.

Enhance our profitability and maintain our competitiveness by improving operating and cost efficiencies

We intend to enhance our profitability and maintain our competitiveness by improving our operating efficiencies by increasing productivity, reducing per unit production costs, implementing advanced mechanized production technologies and equipment and expanding and integrating our transportation and logistics infrastructure.

We believe that the use of advanced equipment and technology will enable us to achieve significant productivity enhancements. We plan to introduce modern mine planning technologies for our underground mines, deeper open cast mines and mines with high quality thin seams. We intend to increase the use of higher capacity surface miners for efficient coal recovery from our open cast mines and advanced equipment such as "PSLWs" and "continuous miners" for our underground mines wherever geo-mining conditions permit.

We also intend to continue to improve operating efficiencies by undertaking strategic cost reductions, reviving non-performing projects, reallocating and redeploying our workforce from non-performing projects to new projects or more productive projects, and continuing to work with our employee unions to improve labor productivity. We also intend to continue to selectively outsource certain of our operations to enable us to achieve better operating efficiencies.

We intend to further integrate our transportation and logistics infrastructure including through the increase of mechanized rapid loading facilities and the implementation of automated truck dispatch systems for efficient fleet management for internal coal transportation. We continue to evaluate various initiatives for the upgradation of our current railway infrastructure in consultation with RITES Limited ("RITES"). We have invested in railway sidings to connect our coalfields to dedicated freight corridors and other evacuation centers. We are also currently evaluating proposals for the development of dedicated berths for coal unloading facilities at the Vishakhapatnam port in Andhra Pradesh, India, which will facilitate supply of imported as well as domestic coal to our customers. The facility is expected to be used for coastal shipment of domestic coal from the Talcher and Ib Valley coalfields to our customers in the southern and south-eastern regions of India and result in reduction of transportation time and costs. We intend to enter into strategic JVs for the establishment of such dedicated berths and continue to evaluate suitable joint venture opportunities.

Continue to increase our reserve base in India

We continue to leverage our strong exploration capabilities and technical expertise related to mining activities to strengthen our reserve base. We utilize a systematic exploration plan to implement our reserve strategy, which is focused on enhancing productivity and increasing the size of our reserve base. We continue to invest in updating our equipment and technology to develop a geological database of our resources to optimize the development and utilization of our resource base. In fiscal 2008, 2009 and 2010, we incurred approximately Rs.988.82 million, Rs.1,738.62 million and Rs.2,486.51 million, respectively, in exploration and drilling expenses related to our coal mining activities. We intend to significantly increase exploratory drilling targets for our existing mines to assess the viability of our resources and maximize the development of our resource base on a continuous basis.

Acquire strategic international resources or mining rights and identify joint development opportunities

We intend to continue to build our coal resources through the identification of suitable investment opportunities outside India particularly in Africa, Indonesia and the Asia Pacific region, that we believe will enhance our revenue growth, operations and profitability. Consistent with this strategy, we have acquired prospecting licenses for, and intend to enter into strategic joint ventures for the development of, two coal blocks in Mozambique.

As part of our strategy for international expansion, we plan to make equity investments in strategic brownfield and greenfield coal assets and enter into long-term off take arrangements for the import of coal into India. We have initiated the process of selecting coal companies as prospective strategic partners for our international initiatives in Australia, the United States, South Africa and Indonesia, countries from which coal is currently

imported into India. We have commenced the due diligence process and are currently evaluating proposals for the acquisition of coal assets in Australia, Indonesia and the United States. We have also established a strategic joint venture ICVL with four large Indian public sector companies across diverse industries, namely, SAIL, NTPC, NMDC and RINL for the acquisition of coal assets outside India.

Continue to focus on developing environmentally and socially sustainable operations

We seek to continue to focus on developing environmentally and socially sustainable operations.

Health and Safety. We seek to continue to focus on maintaining a safe work environment through the implementation of our safety policy and a structured multidisciplinary internal safety oversight body to oversee safety in our operations. We continue to focus on reducing employee injury incident rates and avoid lost time injuries. We continue to invest in advanced equipment and technology for increased mechanization of our coal mining operations to enhance the safety of our workforce.

Environment. We have implemented and seek to continue to implement various environmental initiatives such as land reclamation/restoration of open cast mines, ground water re-charge/water harvesting, reforestation and rehabilitation of mining areas during and after mining activities. We seek to continue the implementation of our satellite surveillance program to monitor the land reclamation and reforestation of major open cast mines. We have initiated the process of integrating environment management system (ISO:14001) along with quality management system (ISO:9001) and as of June 2010, 53 of our projects including one coal beneficiation have been accredited with ISO:14001 certification. We intend to integrate these systems in all our mines in phases.

We continue to implement more environment-friendly mining technologies and coal beneficiation facilities and use of more environment-friendly equipment such as surface miners in open cast mines, which reduces noise pollution. We continue to provide effluent treatment facilities for treatment of effluent generated from our mines, workshops, colonies and coal handling plants at our various mining areas. We continue to implement mine reclamation and reforestation initiatives at our mines and we believe we have achieved success in these areas in various coalfields. We maintain environmental management systems to facilitate our compliance with applicable laws and regulations.

Community development. We continue to focus on the development of communities that are affected by our projects through our corporate social responsibility ("CSR") initiatives, including the provision of employment and cash compensation for land acquisition. Under our CSR policy, 5.0% of retained earnings of the previous fiscal year, subject to a minimum of Rs.5.00 per ton of raw coal production, is allocated for our CSR budget. Accordingly, our CSR budget for fiscal 2011 is Rs.2,622.80 million. We have made significant investments in education, health and community development initiatives for our employees and communities affected by our projects.

Our corporate environmental and social management systems, and resettlement and rehabilitation policies comply with all applicable Indian laws and regulations. We believe these policies are consistent with internationally accepted standards.

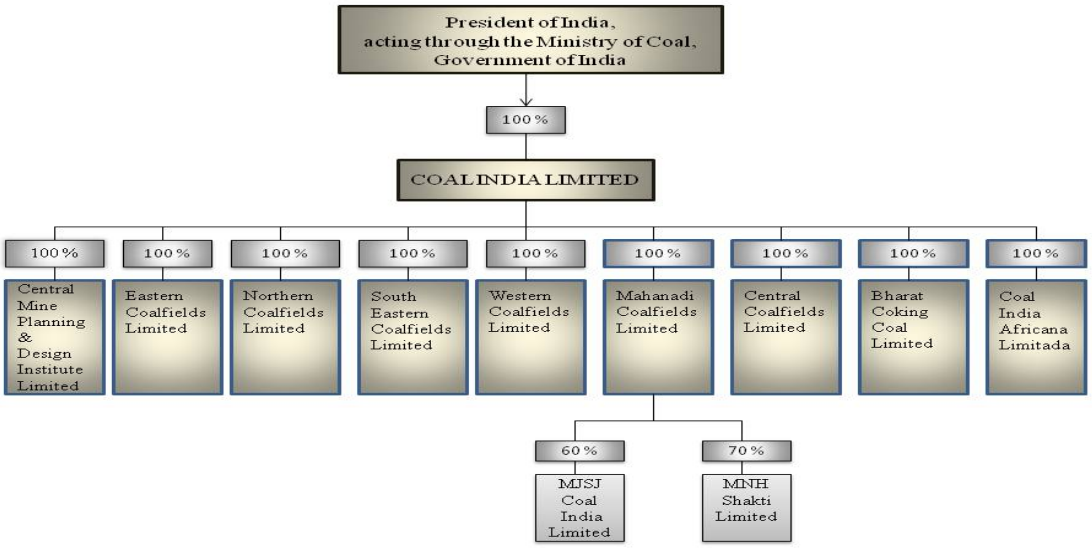
Corporate Structure

We were established in 1973 as a wholly-owned enterprise of the GoI. We have 11 direct and indirect Subsidiaries. Nine of our Subsidiaries are involved in coal production in India: SECL, MCL, NCL, CCL, WCL, ECL, BCCL, MNS and MJSJ. Another Subsidiary, CMPDIL, provides technical and consultancy services for our operations as well as third party clients for coal exploration, mining, processing and related activities. We have also established CIAL to pursue coal mining opportunities in Mozambique.

We have established a joint venture, ICVL, with SAIL, NTPC, NMDC and RINL for the acquisition of coal assets outside India. SAIL and our Company each holds a 28.7% equity interest in ICVL and NTPC, RINL and NMDC each hold a 14.3% equity interest. In addition, we have also entered into a joint venture with NTPC to establish CIL NTPC Urja Private Limited ("CIL NTPC Urja"), a company formed primarily to jointly undertake the development, operation and maintenance of certain coal mine blocks in Jharkhand, and integrated coal-based power plants. NTPC and our Company each hold 50.0% equity interest in CIL NTPC Urja. We have also entered into an agreement with DVC and BEML to acquire the assets of MAMC at Durgapur, which manufactures a range of mining equipment specifically for underground mines. Our Company and DVC each hold a 26.0% equity interest in MAMC and BEML holds the remaining 48.0% equity interest. We have also

entered into a memorandum of understanding with GAIL (India) Limited (“GAIL”) in January 2008 ("GAIL MoU") for the joint development of a surface coal gasification project for the production of synthesis gas to be used as a feedstock for fertilizer production. Further to the GAIL MoU, we entered into a memorandum of intent in December 2009 with GAIL and Rashtriya Chemicals and Fertilizers Limited (“RCF”) to jointly set-up a coal gasification based ammonia urea and ammonium nitrate complex. GAIL is required to co-ordinate all pre-project activities, RCF is responsible for engaging a consultant for the detailed feasibility report and technology selection services, while we are to facilitate coal availability. For further information, see "History and Certain Corporate Matters - Material Agreements" beginning on page 146.

We have been conferred the *Navratna* status by the GoI, which provides us with certain operational and financial autonomy, including for the approval of capital investment without any limit for projects in India and the formation of joint ventures or wholly owned subsidiaries within India and outside India up to 30.0% of our net worth. In addition, our Subsidiaries SECL, MCL, CCL, NCL, WCL and CMPDIL have also been accorded *Mini Ratna* status by the GoI. The performance of GoI undertaking companies are evaluated at the beginning of each fiscal year through a memorandum of understanding signed between the company and the relevant ministry overseen by the Department of Public Enterprises. Under our MoU, we have received an "excellent" rating for fiscal 2008 and 2009 and have also received a provisional rating of "excellent" from the MoC for fiscal 2010.
The chart below sets out our corporate structure:



Reserve and Resource Base Information

Presentation of Reserve and Reserve Base Information

We prepare and classify our estimates of reserves and resources in accordance with the Indian Standard Procedure guidelines (the "ISP Guidelines") and have included our estimates of reserves and resources under ISP Guidelines in this Prospectus.

The methodology followed for coal resource estimation and the resource classification under the ISP Guidelines is different from, and may not be comparable to, that followed under certain international codes such as the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code") and the Combined Reserves International Reporting Standards Committee Code (the "CRIRSCO Code"). For a comparison on the JORC Code and ISP Guidelines, see "Business – Reserve and Resource Base Information – Comparison between the JORC Code and ISP Guidelines" on page 77. We intend to continue to follow the ISP Guidelines for such reserve base estimation and reporting as a listed company following this Offer.

At our request, SRK Mining Services (India) Private Limited and SRK Consulting (UK) Limited (collectively, "SRK"), independent mining and geological consultancy firms, have conducted an audit on our coal resources and reserves classified in accordance with the JORC Code as of April 1, 2010. The report prepared by SRK in September 25, 2010 in accordance with the JORC Code (the "SRK Report") is annexed to this Prospectus. The

SRK Report also includes a review of our estimates of coal resources and reserves classified in accordance with the ISP Guidelines and SRK's conclusions are set forth in the report. Resources and reserves are classified under the JORC Code as follows:

Reserve Categories

- *Proved Reserves*. The economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed, mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could be reasonably justified.

- *Probable Reserves*. The economically mineable part of an Indicated Mineral Resource, and in some cases Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed, mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could be reasonably justified.

Resource Categories

- *Measured Mineral Resource*. That part of a mineral resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

- *Indicated Mineral Resource*. That part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

- *Inferred Mineral Resource*. That part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

ISP does not distinguish between resources and reserves. However, in this Prospectus, unless otherwise indicated, a reference to our “resources” insofar as relating to our classifications under ISP Guidelines is a reference to our Proved Geological Reserves, our Indicated Geological Reserves and our Inferred Geological Reserves, and reference to our "reserves" insofar as relating to our classification under ISP Guidelines is a reference to our Extractable Coal Reserves as classified under ISP Guidelines.

Reserves are classified under ISP as follows:

- *Proved Geological Reserves*. Proved Geological Reserves represent resource base with the highest confidence. The delineated tonnage within an area falling within a radius of 200 meters around boreholes is categorized as Proved Geological Reserves. Proved Geological Reserves can be produced only on the completion of detailed exploration.

- *Indicated Geological Reserves*. Indicated Geological Reserves comprise that material occurring within a radius of 1,000 meters around boreholes taken up for regional and detailed exploration. While estimating Indicated Geological Reserves, qualitative information obtained from the regional

exploratory boreholes are projected in the Indicated Geological Reserve category.

- *Inferred Geological Reserves*. Inferred Geological Reserves comprise that material occurring within the influence area of beyond 1,000 meters and up to two kilometers from the point of observation.

Extractable Coal Reserves. Extractable Coal Reserves is the term we use to indicate the portion of a resource for which extraction is established to be technically and economically feasible through mining studies (mine planning and feasibility studies).

The following is a table showing the comparison between the JORC Code and the ISP Guidelines:

Comparison between the JORC Code and ISP Guidelines

JORC Code	ISP Guidelines
A methods based approach for coal reserve and resource reporting that relies on the use of relevant and accepted estimation methodologies and the demonstration of overall positive project economics, as applied by an experienced professional (qualified person or competent person)	ISP provides a "rule based" approach for coal resource estimation; qualifying coal criteria are quantified (such as minimum seam thickness, maximum parting thickness and maximum drill hole spacing).
A coal resource is sub-divided in order of increasing geological confidence into; Inferred Coal Resources, Indicated Coal Resources, Measured Coal Resources	Based on borehole spacing, ISP provides a guideline to classify resources, into; "Proved Reserve", "Indicated Reserve" and "Inferred Reserve"
A coal resource must have the potential for eventual economic viability.	ISP Guidelines allow for all coal in the ground to be considered as original *in-situ* resources. The guideline do not consider economic aspects for reporting coal resource. We, however, distinguish between material that is in the ground and has potential to be mined.
A coal reserve is the economically mineable part of Measured and Indicated Coal Resources.	"Extractable Reserves" are estimated after applying modifying factors to reflect the economy of mining the coal.
Coal reserves are derived from resources through appropriate assessments and studies and include consideration of and modification by the application of realistically assumed 'modifying factors'.	Typically, "Proved Geological Reserve" is considered in any Mining Study. In some cases, Indicated Geological Reserves are also considered along with the Proved category in which case capital provisions are made for further exploration for updating the Indicated category to the Proved one as part of the mine development.
The JORC Code has been directly implemented into various stock exchange listing rules in order to provide improved confidence for mineral industry investors and lenders.	Not implemented into India's stock exchange rules.
A Competent Person assumes reporting responsibility.	ISP Guidelines do not require a Competent Person for resource reporting though a mining plan must be prepared by a registered qualified person (RQP).

Our Coal Reserves and Resources classified under the JORC Code

According to the SRK audited reserve and resource estimates classified in accordance with the JORC Code, we had a total of 18,862.9 million tons of Total Reserves, comprising 10,595.1 million tons of Proved Reserves and 8,267.8 million tons of Probable Reserves, respectively, and a total of 64,218.0 million tons of Total Resources, comprising 51,326.3 million tons, 9,924.4 million tons and 2,967.3 million tons of Measured Resources, Indicated Resources and Inferred Resources, respectively, as of April 1, 2010. SRK's audited resource statements are reported inclusive of those resources converted to reserves, therefore our audited reserves statement is a sub-set of our resource and should not be considered as being additional to this.

The following table provides certain information on our coal reserves and resources as of April 1, 2010 in the various coalfields, as classified under the JORC Code, as audited by SRK:

Coalfield	Resource				Reserve		
	Measured	Indicated	Inferred	Total	Proved	Probable	Total
	(million tons)						
Coalfields currently under production							
Korba	3,473.7	108.6	990.0	4,572.3	2,006.3	387.1	2,393.4
Singrauli	3,283.6	196.1	0.0	3,479.7	1,877.8	12.8	1,890.6
Talcher [1]	7,972.2	1,830.1	0.0	9802.3	2,629.8	2,542.3	5,172.1
IB-Valley [2]	3,615.4	198.1	0.0	3,813.5	1,243.9	1,157.9	2,401.8
Wardha Valley	1,849.9	942.8	58.6	2,851.3	247.0	435.9	682.9
Jharia	5,867.9	1,039.1	117.0	7,024.0	315.2	183.3	498.5
North Karanpura	4,502.0	76.3	0.0	4,578.3	420.5	1,605.0	2,025.5
Central India Coalfields [3]	2,379.8	628.1	138.2	3,146.1	279.3	233.7	513.0
Raniganj	7,344.2	1,130.5	646.7	9,121.4	307.2	25.3	332.5
Rajmahal/Deogarh [4]	1,247.9	1,031.0	952.0	3,230.9	455.7	90.0	545.7
East Bokaro	2,063.3	1,150.8	0.0	3,214.1	84.4	464.6	549.0
West Bokaro	1,483.2	264.0	11.8	1,759.0	309.0	98.8	407.8
Kamptee	755.1	180.9	0.0	936.0	106.7	39.8	146.5
Mand-Raigarh	1,912.7	156.2	0.0	2,068.9	37.1	617.3	654.4
Umrer Nand Bander	557.8	0.7	0.0	558.5	36.8	172.6	209.4
South Karanpura	1,445.0	212.2	6.5	1,663.7	130.2	57.0	187.2
Pench-Kanhan	673.2	201.2	36.0	910.4	8.5	44.3	52.8
Pathakhera	188.2	29.7	0.0	217.9	28.1	48.5	76.6
Makum	308.4	14.8	10.5	333.7	49.5	1.0	50.5
Ramgarh	382.8	22.0	0.0	404.8	7.5	50.7	58.2
Giridih	0.0	17.5	0.0	17.5	14.6	0.0	14.6
Coalfields currently not under production							
Daltonganj	15.7	0.2	0.0	15.9	0.0	0.0	0.0
Hutar	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tatapani-Ramkola	0.0	478.8	0.0	478.8	0.0	0.0	0.0
Dilli-Jeypore	4.2	14.7	0.0	18.9	0.0	0.0	0.0
Total	**51,326.3**	**9,924.4**	**2,967.3**	**64,218.0**	**10,595.1**	**8,267.8**	**18,862.9**

1 Includes our share of resource and reserve estimates for the coal block in India in which we have a joint venture (JV) agreement with an Indian company ("**JV block**")

2 Includes our share for the JV block

3 Central India Coalfields comprises Jhilimili, Bisrampur, Lakhanpur, Sindudurg, Umaria, Johila, Sohagpur, Sonhat and Chirimiri coalfields

4 Includes our share for the JV block

For additional information with respect to our reserves and resources classified under the JORC Code, see the SRK Report annexed to this Prospectus, which includes a summary of resource and reserves for our projectized assets, our unprojectized assets, our projectized opencast projects, our projectized underground projects and a summary of our reserves and resources by type of coal, in each case audited by SRK.

Our Coal Reserves and Resources classified under ISP Guidelines

The following table provides certain information on our coal reserves and resources as of April 1, 2010 in the various coalfields, as classified under the ISP Guidelines:

Coalfield	Resource				Reserve
	Proved Geological Reserves[1]	**Indicated Geological Reserves[1]**	**Inferred Geological Reserves[1]**	**Total Geological Reserves[2]**	**Extractable/Mineable Coal Reserves[3]**
	(million tons)				
Coalfields currently under production					
Korba	3,473.7	2,013.7	64.0	5,551.4	2,670.0
Singrauli	3,283.6	198.1	0.0	3,481.7	1,891.1
Talcher [4]	7,972.2	1,848.5	700.0	10,520.7	6,297.0
IB-Valley [5]	3,615.4	200.1	0.0	3,815.5	2,506.9
Wardha Valley	1,988.3	867.5	65.2	2,921.0	794.7
Jharia	5,905.3	1,056.9	80.5	7,042.7	1,151.4
North Karanpura	4,502.0	77.1	0.0	4,579.1	2,053.6
Central India Coalfields [6]	2,413.4	1,113.4	153.5	3,680.3	752.1

Raniganj	7,482.8	1,260.9	433.7	9,177.4	661.6
Rajmahal/Deogarh [7]	1,247.9	1,476.5	579.2	3,303.6	545.7
East Bokaro	2,063.3	1,162.4	0.0	3,225.7	684.1
West Bokaro	1,483.2	266.6	13.1	1,762.9	453.1
Kamptee	755.1	182.8	0.0	937.9	214.3
Mand-Raigarh	1,912.7	157.8	0.0	2,070.5	659.3
Umrer Nand Bander	557.8	0.7	0.0	558.5	214.9
South Karanpura	1,445.0	214.3	7.2	1,666.5	307.8
Pench-Kanhan	673.2	203.2	60.0	936.4	148.7
Pathakhera	188.2	30.0	0.0	218.2	87.0
Makum	308.4	15.0	11.7	335.1	92.6
Ramgarh	382.8	22.2	0.0	405.0	137.7
Giridih	17.5	0.0	0.0	17.5	14.6
Coalfields currently not under production					
Daltonganj	15.7	0.2	0.0	15.9	0.0
Hutar	0.0	0.0	0.0	0.0	0.0
Tatapani-Ramkola	0.0	483.7	0.0	483.7	0.0
Dilli-Jeypore	4.2	14.9	0.0	19.1	0.0
Total	**51,691.8**	**12,866.5**	**2,168.1**	**66,726.4**	**22,338.1**

[1] Based on classification in accordance with ISP Guideline
[2] Total of Proved Geological Reserve, Indicated Geological Reserve and Inferred Geological Reserve
[3] Extractable or Mineable coal reserve is the term, used by us for the part of a resource for which technical and economical viability is established through mining studies
[4] Includes our share for the JV block
[5] Includes our share for the JV block
[6] Central India Coalfields comprises Jhilimili, Bisrampur, Lakhanpur, Sindudurg, Umaria, Johila, Sohagpur, Sonhat and Chirimiri coalfiels
[7]Includes our share for the JV block

For certain information relating our estimates of reserves and resources in accordance with the the ISP Guidelines to SRK's audited reserve and resource estimates classified in accordance with the JORC Code, see section 10.6 of the SRK Report which is annexed to this Prospectus.

Important Note on Prior Estimates of Reserves and Resources under ISP Guidelines

In connection with this Offer, we prepared for purposes of the Draft Red Herring Prospectus estimates of our resources and reserves under ISP Guidelines as of April 1, 2010 (the "Initial Estimates") that differ from the estimates included in this Prospectus.

Our Initial Estimates reported: Proved Geological Reserves of 52,546 million tons, Indicated Geological Reserves of 10,298 million tons and Inferred Geological Reserves of 1,942 million tons, aggregating Total Geological Resources of 64,786 million tons. Our Initial Estimates for Extractable Coal Reserves were 21,754 million tons.

In connection with SRK's review of our estimates of our resources and reserves under ISP Guidelines as of April 1, 2010 for purposes of this Prospectus, we made certain adjustments to the Initial Estimates, primarily as a result of the following considerations:

- We had attributed a portion of our historical production to our Indicated Geological Reserves rather than our Proved Geological Reserves and in our estimates of our resources and reserves under ISP for the purposes of this Prospectus we have now reversed the depletion of Indicated Geological Reserves and allocated such depletion to Proved Geological Reserves.

- A review of certain underlying data required for the audit of our estimates carried out by SRK in accordance with the JORC Code required us to prepare more detailed information than is required for our estimates under ISP Guidelines and such data revealed information that has caused us to revise our estimates under ISP Guidelines.

Consequently, the resource and reserve estimates under ISP Guidelines as of April 1, 2010 for our mining assets included in the Initial Estimates have been revised as follows: Proved Geological Reserves of 50,687 million tons, Indicated Geological Reserves of 11,902 million tons and Inferred Geological Reserves of 2,168 million

tons, aggregating Total Geological Resources of 64,757 million tons. Our estimates for Extractable Coal Reserves for our mining assets included in the Initial Estimates have been revised to 21,546 million tons.

However, our resources and reserves under ISP Guidelines as of April 1, 2010 included in this Prospectus account for additional mining assets that were not considered for purposes of the Initial Estimates, namely our proportional share of three joint venture blocks in the Talcher Coalfield, the Ib Valley Coalfield and the Rajmahal/ Deogarh Coalfield. Our estimates of our resouces and reserves under ISP Guidelines as of April 1, 2010 attributable to our interest in these joint venture blocks were Proved Geological Reserves of 1,004.4 million tons, Indicated Geological Reserves of 964.1 million tons, aggregating Total Geological Resources of 1,968.5 million tons. Our estimates for Extractable Coal Reserves for our share of these joint venture blocks were 791.6 million tons.

Our aggregate estimated resources and reserves under ISP Guidelines as of April 1, 2010 included in this Prospectus are therefore now Proved Geological Reserves of 51,691.8 million tons, Indicated Geological Reserves of 12,866.5 million tons and Inferred Geological Reserves of 2,168.1 million tons, aggregating Total Geological Resources of 66,726.4 million tons. Our estimates for Extractable Coal Reserves included in this Prospectus are 22,338.10 million tons. The SRK Report includes a review of our estimates of coal resources and reserves classified in accordance with the ISP Guidelines and is included in this Prospectus and SRK's conclusions are set forth in the report.

You should rely only on resource and reserve estimates and the financial, operational and other information contained in this Prospectus in making your decision as to whether to purchase our Equity Shares, and no reliance should be placed on any information not contained in this Prospectus, including the Initial Estimates.

Coal Production

We produce non-coking coal and coking coal of various grades for diverse applications. The following table provides certain information relating to the non-coking coal and coking coal produced by us in the periods indicated:

	Fiscal										Three months ended June 30, 2010	
	2006		2007		2008		2009		2010			
	Raw Coal Production	Percentage of Raw Coal Production	Raw Coal Production	Percentage of Raw Coal Production	Raw Coal Production	Percentage of Raw Coal Production	Raw Coal Production	Percentage of Raw Coal Production	Raw Coal Production	Percentage of Raw Coal Production	Raw Coal Production	Percentage of Raw Coal Production
	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)	(millions tons)	(%)
Non-coking coal[1]	319.23	93.0%	336.64	93.3%	353.30	93.1%	377.19	93.4%	395.13	91.6%	86.12	90.5%
Coking coal[2]	24.16	7.0%	24.27	6.7%	26.16	6.9%	26.54	6.6%	36.13	8.4%	9.03	9.5%
Total	**343.39**	**100.0%**	**360.91**	**100.0%**	**379.46**	**100.0%**	**403.73**	**100.0%**	**431.26**	**100.0%**	**95.15**	**100.0%**

1. Includes NEC (Assam grade) coal. For details of the various grades of coal see "Industry – Grades of Raw Coal" beginning on page 65.

2. Includes semi-coking coal and weakly coking coal.

A significant majority of our non-coking coal is produced by us from mines operated in the Korba, Singrauli, Talcher, Ib Valley and Wardha Valley coalfields, which in the aggregate accounted for 68.7%, 69.5%, 70.7% and 72.3% of our total non-coking coal production in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. Most of our coking (metallurgical) coal is produced at the Jharia coalfield.

Some of the raw coal we produce is used as feedstock for the production of beneficiated coal. We operate five non-coking coal beneficiation facilities with an aggregate designed feedstock capacity as of March 31, 2010 of 17.22 million tons per annum and 12 coking coal beneficiation facilities with an aggregate designed feedstock capacity as of March 31, 2010 of 22.18 million tons per annum.

The following table provides certain information relating to beneficiated coal produced by us in the periods indicated:

Particulars	Fiscal					Three months ended June 30, 2010
	2006	2007	2008	2009	2010	
	(million tons)					
Beneficiated non-coking coal	10.53	10.31	10.46	11.28	11.62	2.47
Beneficiated coking coal	4.89	3.81	3.83	3.68	2.97	0.77

Production by Coalfield

The following table provides certain information relating to non-coking coal and coking coal production from our mines in the various coalfields in which we operate for the periods indicated:

Coalfield	Fiscal										Three months ended June 30, 2010	
	2006		2007		2008		2009		2010			
	Raw Coal Production	Percentage of Raw Coal Production	Raw Coal Production	Percentage of Raw Coal Production	Raw Coal Production	Percentage of Raw Coal Production	Raw Coal Production	Percentage of Raw Coal Production	Raw Coal Production	Percentage of Raw Coal Production	Raw Coal Production	Percentage of Raw Coal Production
	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)
Korba	58.24	17.0%	62.72	17.4%	67.42	17.8%	73.35	18.2%	78.46	18.2%	17.99	18.9%
Singrauli	51.52	15.0%	52.16	14.5%	59.62	15.7%	63.65	15.8%	67.67	15.7%	14.81	15.6%
Talcher	45.47	13.2%	50.58	14.0%	53.65	14.1%	57.53	14.3%	59.74	13.9%	11.47	12.1%
Ib Valley	24.13	7.03%	29.42	8.2%	34.35	9.1%	38.80	9.6%	44.34	10.3%	10.43	11.0%
Wardha Valley	28.03	8.2%	27.70	7.7%	27.79	7.3%	28.90	7.2%	29.32	6.8%	7.58	8.0%
Jharia	22.05	6.4%	22.84	6.3%	23.62	6.2%	24.14	6.0%	27.45	6.4%	6.96	7.3%
North Karanpura	20.79	6.1%	21.15	5.9%	22.17	5.8%	21.95	5.4%	23.56	5.5%	4.01	4.2%
Central India Coalfields[1]	23.63	6.9%	23.35	6.5%	23.40	6.2%	23.35	5.8%	24.72	5.7%	5.985	6.3%
Raniganj	19.64	5.7%	19.27	5.3%	17.34	4.5%	17.57	4.4%	17.02	4.0%	3.45	3.6%
Rajmahal/ Deogarh	12.73	3.7%	12.56	3.5%	8.32	2.2%	11.94	3.0%	13.10	3.0%	2.86	3.0%
East Bokaro	8.80	2.6%	8.78	2.4%	9.98	2.6%	9.91	2.5%	12.70	3.1%	2.34	2.5%
West Bokaro	5.43	1.6%	5.31	1.5%	5.60	1.5%	4.91	1.2%	5.16	1.2%	0.86	0.9%
Kamptee	4.41	1.3%	4.31	1.2%	4.36	1.2%	4.26	1.1%	5.03	1.2%	1.19	1.3%
Mand Raigarh	1.16	0.3%	2.43	0.7%	2.97	0.8%	4.45	1.1%	4.83	1.1%	1.35	1.4%
Umrer Nand Bander	3.68	1.1%	4.21	1.2%	4.26	1.1%	4.50	1.1%	4.27	1.0%	0.95	1.0%
South Karanpura	4.47	1.3%	4.97	1.4%	4.94	1.3%	4.84	1.2%	3.98	0.9%	0.81	0.9%
Pench-Kanhan	3.82	1.1%	3.69	1.0%	3.88	1.0%	3.78	0.9%	3.86	0.9%	0.96	1.0%
Pathakhera	3.27	1.0%	3.31	0.9%	3.23	0.9%	3.26	0.8%	3.26	0.8%	0.74	0.8%
Makum	1.10	0.3%	1.05	0.3%	1.10	0.3%	1.01	0.3%	1.11	0.3%	0.16	0.2%
Ramgarh	0.72	0.2%	0.72	0.2%	0.85	0.2%	1.00	0.3%	1.10	0.3%	0.15	0.2%
Giridh	0.30	0.1%	0.38	0.1%	0.61	0.2%	0.63	0.2%	0.58	0.0%	0.12	0.1%
Total	**343.39**	**100.0%**	**360.91**	**100.0%**	**379.46**	**100.0%**	**403.73**	**100.0%**	**431.26**	**100.0%**	**95.15**	**100.0%**

1. *Central India Coalfields are comprised of the Jhilimili, Bisrampur, Lakhanpur, Sindurgarh, Umaria, Johilla, Sohagpur, Sonhat and Chirmiri coalfields.*

Open Cast and Underground Mines

As of March 31, 2010, we operated 163 open cast mines, 273 underground mines and 35 mixed mines (which include both underground mines and open cast mines). Most of our current raw coal production is from our open cast mines. The following table provides certain information relating to coal production from our open cast mines and underground mines in the periods indicated:

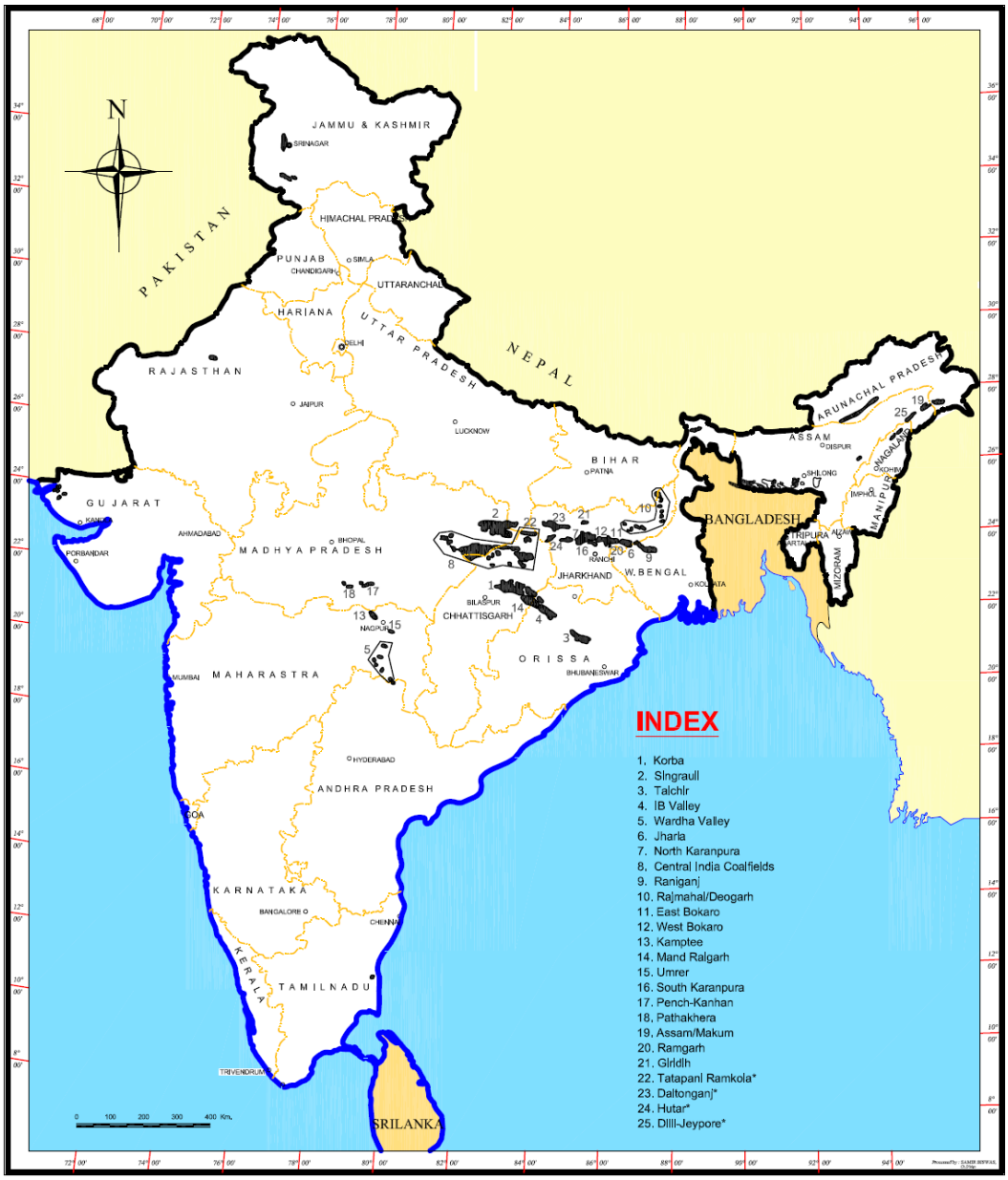
Particulars	Fiscal										Three months ended June 30, 2010	
	2006		2007		2008		2009		2010			
	Raw Coal Production	Percentage of Raw Coal Production	Raw Coal Production	Percentage of Raw Coal Production	Raw Coal Production	Percentage of Raw Coal Production	Raw Coal Production	Percentage of Raw Coal Production	Raw Coal Production	Percentage of Raw Coal Production	Raw Coal Production	Percentage of Raw Coal Production
	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)
Open Cast Mine Production[1]	297.57	86.7%	317.59	88.0%	335.92	88.5%	359.77	89.1%	388.01	90.0%	85.5	89.8%
Underground Mine Production[1]	45.82	13.3%	43.32	12.0%	43.54	11.5%	43.96	10.9%	43.25	10.0%	9.65	10.2%
Total	**343.39**	**100.0%**	**360.91**	**100.0%**	**379.46**	**100.0%**	**403.73**	**100.0%**	**431.26**	**100.0%**	**95.15**	**100.0%**

1. *Coal production from open cast mines and underground mines within our mixed mines have been included under production from open cast mines and underground mines, respectively*.

Coalfields and Mines

As of March 31, 2010, we operated 471 mines in 21 major coalfields across eight states in India: Chhattisgarh, West Bengal, Jharkhand, Maharashtra, Madhya Pradesh, Assam, Orissa and Uttar Pradesh.

The following map illustrates the location of various coalfields relating to our coal reserves and resources in India as of April 1, 2010:



*Non-producing coalfields as of April 1, 2010

The following table provides certain information relating to the coalfields in which we operate, that are currently under production:

Coalfield	Operating Subsidiary/ Division	Location (District/State)	Type of Mines[1]				Grades of Coal[2]	Rated Capacity[3] as of March 31, 2010 (million tons per annum)
			UG	OC	M	T		
Korba	SECL	Korba/ Chattisgarh	10	5	-	15	B, C, E, F	75.22
Singrauli	NCL	Singrauli and Sonebhadra/ Madhya Pradesh and Uttar Pradesh	-	10	-	10	C, D, E	77.36
Talcher	MCL	Angul/Orissa	4	9	-	13	B, C, E, F	69.30
Ib Valley	MCL	Jharsugudah and Sundargarh/Orissa	5	7	-	12	C, D, E, F	45.30
Wardha	WCL	Chandrapur and Yeotmal/	12	26	-	38	B, C, D, E	29.23

Coalfield	Operating Subsidiary/ Division	Location (District/State)	Type of Mines[1]				Grades of Coal[2]	Rated Capacity[3] as of March 31, 2010 (million tons per annum)
			UG	OC	M	T		
Valley		Maharashtra						
Jharia	BCCL	Dhanbad, Bokaro/ Jharkhand	38	17	23	78	ST I, ST II, W I, W II, W III, W IV, B, C, D	32.74
North Karanpura	CCL	Ranchi, Hazaribagh, Chatra, Palamu and Latehar/Jharkhand	2	9	-	11	B, E, F	23.67
Central India Coalfields[4]	SECL	Korea, Sarguja Shahdol, Umaria, Anuppur/Madhya Pradesh and Chhattisgarh	56	15	1	72	SC II, A, B, C, D, F	28.63
Raniganj	ECL/BCCL	Burdwan, Bankura, Purulia, Birbhum/West Bengal, Dhanbad/Jharkhand	84	16	7	107	SC I, ST I A, B, C, D	20.97
Rajmahal/ Deogarh	ECL	Deogarh and Godda/ Jharkhand	-	4	-	4	D, F	11.14
East Bokaro	CCL	Bokaro/ Jharkhand	8	10	1	19	W III, W IV, E, F	10.47
West Bokaro	CCL	Ramgarh, Hazaribagh/ Jharkhand	6	9	-	15	W III, W IV, C, E	6.57
Kamptee	WCL	Nagpur/Maharashtra	9	3	-	12	B, C, D, E	4.78
Mand Raigarh	SECL	Raigarh/Chhattisgarh	2	2	-	4	D, F	5.24
Umrer Nand Bander	WCL	Nagpur/Maharashtra	1	2	-	3	C, D	4.31
South Karanpura	CCL	Ramgarh, Hazaribagh/ Jharkhand	8	6	1	15	B, C, D, E	4.98
Pench-Kanhan	WCL	Chindwara/Madhya Pradesh	15	7	2	24	W II, B, C, D, E	5.0
Pathakhera	WCL	Betul/ Madhya Pradesh	8	-	-	8	D, E	3.56
Makum	NEC[5]	Tinsukia/Assam	5	3	-	8	A (Assam)	1.1[6]
Ramgarh	CCL	Ramgarh/Jharkhand	-	1	-	1	W III	1.36
Giridih	CCL	Giridhih/Jharkhand	-	2	-	2	E	0.93
Total			**273**	**163**	**35**	**471**		**461.86**

1. *UG: underground mines; OC: open cast mines; M: mixed mines (includes both open cast and underground mines); T: Total as on April 1, 2010.*
2. *For details of the various grades of coal see "Industry – Grades of Raw Coal" beginning on page 65.*
3. *Rated capacity is the estimated annual production capacity assessed by CMPDIL.*
4. *Central India Coalfields are comprised of the Jhilimili, Bisrampur, Lakhanpur, Sindurgarh, Umaria, Johilla, Sohagpur, Sonhat and Chirmiri coalfields.*
5. *NEC is a division of our Company.*
6. *For the Makum coalfield, the actual production during fiscal 2010 has been taken as rated capacity as we have not prepared a detailed project report for this coalfield.*

Description of Significant Coalfields and Mines

The 11 coalfields in which we conduct our most significant mining operations are the Korba, Singrauli, Talcher, Ib Valley, Wardha Valley, Jharia, North Karanpura, Central India Coalfields, Raniganj, Rajmahal/Deogarh and East Bokaro coalfields. In fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, coal produced from our mining operations in these coalfields contributed 89.0%, 89.5%, 92.3% and 92.3%, respectively, of our total raw coal production in these periods.

Following is a brief description of the 11 coalfields in which we conduct our most significant mining operations along with certain significant mines in the respective coalfields:

1. Korba Coalfield

Our mining operations in the Korba coalfield are the most productive of any coalfield in which we operate, with the aggregate rated production capacity of 75.22 million tons per annum as of March 31, 2010. Our operations in the Korba coalfield produced 67.42 million tons, 73.35 million tons, 78.46 million tons and 17.99 million tons of raw coal in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. Our coal produced from the Korba coalfield is primarily sold to clients in the thermal power industry.

The Gevra Expansion, Dipka Expansion and Kusmunda Expansion mines are our most significant mines in the

Korba coalfield on the basis of production in fiscal 2010, and accounted for 15.6%, 16.2% and 16.3% of our total raw coal production in fiscal 2008, 2009 and 2010, respectively. These mines accounted for 16.9% of our total raw coal production in the three months ended June 30, 2010.

- *Gevra Expansion Mine*

The Gevra Expansion mine is an open cast mine and is located in the Korba district in the state of Chhattisgarh. The Gevra Expansion mine has coal seams varying in thickness between 8.6 meters and 42.7 meters with gradients varying from five to 10 degrees. The average stripping ratio of the mine is 1.27. The Gevra Expansion mine produced 29.06 million tons, 32.10 million tons, 35.00 million tons and 8.06 million tons and accounted for 7.7%, 8.0%, 8.1% and 8.5% of our total raw coal production in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The Gevra Expansion mine produces non-coking coal of Grades E and D. The raw coal produced from the Gevra Expansion mine is primarily sold to thermal power generation companies around the Korba district in Chhattisgarh and other states such as Rajasthan, Punjab and Maharashtra.

- *Dipka Expansion Mine*

The Dipka Expansion mine is an open cast mine and is located in the Korba district in the state of Chhattisgarh. The Dipka Expansion mine has coal seams varying in thickness between 2.2 meters and 44.9 meters with gradients varying from three to six degrees. The average stripping ratio of the mine is 1.00. The Dipka Expansion mine produced 21.50 million tons, 22.81 million tons, 24.09 million tons and 5.04 million tons and accounted for 5.7%, 5.6%, 5.6% and 5.7% of our total raw coal production, in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The Dipka Expansion mine produces non-coking coal of Grade F. The coal produced from the Dipka Expansion mine is primarily sold to thermal power generation companies around the Korba district of Chhattisgarh and other states such as Gujarat, Rajasthan and Maharashtra.

- *Kusmunda Expansion Mine*

The Kusmunda Expansion mine is an open cast mine and is located in the Korba district in the state of Chhattisgarh. The Kusmunda Expansion mine has coal seams varying in thickness between 13.1 meters and 60.2 meters with gradients varying from four to 10 degrees. The average stripping ratio of the mine is 1.42. The Kusmunda Expansion mine produced 8.71 million tons, 10.56 million tons, 11.20 million tons and 2.62 million tons in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The Kusmunda Expansion mine produces non-coking coal of Grade F. The coal produced from the Kusmunda Expansion mine is primarily sold to thermal power generation companies around the Korba district in Chhattisgarh and Umaria district in Madhya Pradesh.

As part of our expansion plans, we intend to develop a 10.00 million tons per annum feedstock capacity non-coking coal beneficiation facility on a BOM scheme at the Kusmunda Expansion mine.

2. Singrauli Coalfield

Our mining operations in the Singrauli coalfield are the second most productive of the coalfields in which we operate, with the aggregate rated production capacity of 77.36 million tons per annum as of March 31, 2010. Our operations in the Singrauli coalfield produced 59.62 million tons, 63.65 million tons, 67.67 million tons and 14.81 million tons of raw coal in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. Our coal produced from the Singrauli coalfield is primarily sold to the thermal power generation sector.

The Jayant, Dudhichua, Nigahi and Amlohri mines are our most significant mines in the Singrauli coalfield on the basis of production in fiscal 2010, and accounted for 11.0%, 10.7% and 10.5% of our total raw coal production in fiscal 2008, 2009 and 2010, respectively. These mines accounted for 10.2% of our total raw coal production in the three months ended June 30, 2010.

- *Jayant Mine*

The Jayant mine is an open cast mine and is located in the Singrauli district in the state of Madhya Pradesh. The Jayant mine has coal seams varying in thickness between 7.0 meters and 17.0 meters, with gradients varying from one to four degrees. The average stripping ratio of the mine is 2.60. The Jayant mine produced 12.79

million tons, 13.02 million tons, 13.35 million tons and 3.13 million tons and accounted for 3.4%, 3.2%, 3.1% and 3.3% of our total raw coal production in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The Jayant mine produces non-coking coal of Grades C and E. The coal produced from the Jayant mine is primarily sold to the pit head super thermal power plant of NTPC.

- *Dudhichua Mine*

The Dudhichua mine is an open cast mine and is located in the Sonebhadra district in the state of Uttar Pradesh. The Dudhichua mine has coal seams varying in thickness between 9.0 meters and 20.0 meters with gradients varying from two to three degrees. The average stripping ratio of the mine is 3.29. The Dudhichua mine produced 12.79 million tons, 13.27 million tons, 13.31 million tons and 2.55 million tons and accounted for 3.4%, 3.3%, 3.1% amd 2.7% of our total raw coal production, in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The Dudhichua mine produces non-coking coal of Grades C and E. The coal produced from the Dudhichua mine is primarily supplied to the Western Indian power stations of NTPC and pit head power stations in the Singrauli coalfield.

- *Nigahi Mine*

The Nigahi mine is an open cast mine and is located in the Singrauli district in the state of Madhya Pradesh. The Nigahi mine has coal seams varying in thickness between 7.0 meters thick and 18.0 meters with gradients varying from one to four degrees. The average stripping ratio of the mine is 3.76. The Nigahi mine produced 11.31 million tons, 11.66 million tons and 12.36 million tons and 2.83 million tons accounted for 3.0%, 2.9%, 2.9% and 3.0% of our total production, in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The Nigahi mine produces non-coking coal of Grades C and E. The coal produced from the Nigahi mine is primarily sold to the pit head plant of NTPC's Vindhyachal super thermal power station and is supplied through a MGR system owned and operated by NTPC.

- *Amlohri Mine*

The Amlohri mine is an open cast mine and is located in the Singrauli district in the state of Madhya Pradesh. The Amlohri mine has coal seams varying in thickness between 5.8 meters and 23.5 meters with gradients varying from two to three degrees. The average stripping ratio of the mine is 4.30. The Amlohri mine produced 4.70 million tons, 5.28 million tons, 6.15 million tons and 1.23 million tons in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The Amlohri mine produces non-coking coal of Grades C and E. The coal produced from the Amlohri mine is primarily sold to the pit head plant of NTPC's Rihand super thermal power station and is supplied through a MGR system owned and operated by NTPC.

3. Talcher Coalfield

Our mining operations in the Talcher coalfield are the third most productive of the coalfields in which we operate with the aggregate rated production capacity of 69.30 million tons per annum as of March 31, 2010. Our mining operations at the Talcher coalfield produced 53.65 million tons, 57.53 million tons, 59.74 million tons and 11.47 million tons of raw coal in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. Our coal produced from the Talcher coalfield is primarily sold to the thermal power generation companies.

The Lingaraj, Ananta Expansion and Bharatpur mines are the most significant mines in the Talcher coalfield on the basis of production in fiscal 2010, and accounted for 8.6%, 9.1% and 8.5% of our total raw coal production in fiscal 2008, 2009 and 2010, respectively. These mines accounted for 7.77% of our total raw coal production in the three months ended June 30, 2010.

- *Lingaraj Mine*

The Lingaraj mine is an open cast mine and is located in the Angul district in the state of Orissa. The Lingaraj mine has coal seams varying in thickness between 0.6 meters and 17.3 meters, with gradients varying from two to 28 degrees. The average stripping ratio of the mine is 0.71. The Lingaraj mine produced 11.09 million tons, 12.90 million tons, 13.00 million tons and 2.71 million tonnes and accounted for 2.9%, 3.2%, 3.0% and 2.9% of our total raw coal production, in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The Lingaraj mine produces non-coking coal of Grades E and F. The coal produced from Lingaraj mine is supplied primarily to NTPC through a MGR system owned and operated by NTPC and certain other

customers.

- *Ananta Expansion Mine*

The Ananta Expansion mine is an open cast mine and is located in the Angul district in the state of Orissa. The Ananta Expansion mine has coal seams varying in thickness between 0.26 meters and 21.35 meters, with gradients varying from six to eight degrees. The average stripping ratio of the mine is 2.2. The Ananta Expansion mine produced 12.83 million tons, 12.52 million tons, 12.82 million tons and 2.55 million tons and accounted for 3.4%, 3.1%, 3.0% and 2.7% of our total raw coal production, in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The Ananta Expansion mine produces non-coking coal of Grades E and F. The raw coal produced from Ananta Expansion mine is sold primarily to power sector customers in Southern India through rail transportation.

- *Bharatpur Mine*

The Bharatpur mine is an open cast mine and is located in the Angul district in the state of Orissa. The Bharatpur mine has coal seams varying in thickness between 1.52 meters and 46.9 meters with gradients varying from four to five degrees. The average stripping ratio of the mine is 0.89. The Bharatpur mine produced 8.64 million tons, 11.34 million tons, 10.91 million tons and 2.07 million tons in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The Bharatpur mine produces non-coking coal of Grades E and F. We also supply portion of our raw coal produced from surface miners from the Bharatpur mine to power sector customers in Southern India through rail transportation.

4. Ib Valley Coalfield

We also have significant mining operations at the Ib Valley coalfield with an aggregate rated production capacity of 45.30 million tons per annum as of March 31, 2010. Our operations in the Ib Valley coalfield produced 34.35 million tons, 38.80 million tons, 44.34 million tons and 10.43 million tons of raw coal in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. Our coal production from the Ib Valley coalfield is primarily sold to the thermal power sector. As part of our expansion plans, we intend to develop two 10.00 million tons per annum feedstock capacity non-coking coal beneficiation facilities on a BOM scheme in the Ib Valley coalfield.

The Lakhanpur and Samleshwari Expansion mines are the most significant mines in the Ib Valley coalfield on the basis of production in fiscal 2010, and accounted for 5.3%, 5.4% and 5.5% of our total raw coal production in fiscal 2008, 2009 and 2010, respectively. These mines accounted for 5.7% of our total raw coal production in the three months ended June 30, 2010.

- *Lakhanpur Mine*

The Lakhanpur mine is an open cast mine and is located in the Jhasarguda district in the state of Orissa. The Lakhanpur mine has coal seams varying in thickness between 0.1 meters and 33.5 meters with gradient varying from four to five degrees. The average stripping ratio of the mine is 2.34. The Lakhanpur mine produced 10.33 million tons, 11.78 million tons, 13.06 million tons and 2.93 million tons in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The Lakhanpur mine produces non-coking coal of Grade F. The coal produced from Lakhanpur mine is primarily sold to a thermal power station through a MGR system owned and operated by the thermal power station and to different power stations through railway sidings.

- *Samleshwari Expansion Mine*

The Samleshwari Expansion mine is an open cast mine and is located in the Jhasarguda district in the state of Orissa. The Samleshwari Expansion mine has coal seams varying in thickness between 17.1 meters and 25.2 meters, with gradient varying from two to five degrees. The average stripping ratio of the mine is 2.24. The Samleshwari Expansion mine produced 9.71 million tons, 10.19 million tons, 10.76 million tons and 2.45 million tons in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The Samleshwari Expansion mine produces non-coking coal of Grade F. The raw coal produced from Samleshwari Expansion mine is sold to various customers.

5. Wardha Valley Coalfield

We also have significant mining operations at the Wardha Valley coalfield with an aggregate rated production capacity of 29.23 million tons per annum as of March 31, 2010. Our mining operations at the Wardha Valley coalfield produced 27.79 million tons, 28.90 million tons, 29.32 million tons and 7.58 million tons of coal in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. Our coal produced from the Wardha Valley coalfield is primarily sold to the thermal power generation companies.

The Padampur and Niljai mines are our most significant mines in the Wardha Valley coalfield on the basis of production in fiscal 2010, and accounted for 1.4%, 1.4% and 1.3% of our total raw coal production in fiscal 2008, 2009 and 2010, respectively. These mines accounted for 1.5% of our total raw coal production in the three months ended June 30, 2010.

- *Padampur Mine*

The Padampur mine is an open cast mine and is located in the Chandrapur district in the state of Maharashtra. The Padampur mine has coal seams varying in thickness between 17 meters and 23 meters, with gradient varying between eight to 14 degrees. The average stripping ratio of the mine is 4.0. The Padampur mine produced 2.36 million tons, 2.43 million tons, 2.45 million tons and 0.61 million tons in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The Padampur mine produces non-coking coal of Grade C, D and E. Coal is primarily sold to a thermal power station and other private sector customers, such as cement industries.

- *Niljai Mine*

The Niljai mine is an open cast mine and is located in the Yeotmal district in the state of Maharashtra. The Nijai mine has coal seams varying in thickness between 15.7 meters and 19.2 meters, with gradient varying between nine to 11 degrees. The average stripping ratio of the mine is 3.13. The Niljai mine produced 3.00 million tons, 3.02 million tons, 3.27 million tons and 0.83 million tons in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The Niljai mine produces non-coking coal of Grades D and E. Coal produced from the Niljai mine is primarily sold to power generation companies.

6. Jharia Coalfield

We also have significant mining operations at the Jharia coalfield with an aggregate rated production capacity of 32.74 million tons per annum as of March 31, 2010. Our mining operations at the Jharia coalfield produced 23.62 million tons, 24.14 million tons, 27.45 million tons and 6.96 million tons of raw coal in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The coal produced at most of our coal mines at the Jharia coalfield is primarily sold to steel and power companies after beneficiation. As part of our expansion plans to develop beneficiation facilities, we intend to develop a 2.00 million tons per annum feedstock capacity non-coking coal beneficiation facility and four feedstock capacity coking coal beneficiation facilities with an aggregate capacity of 15.00 million tons per annum.

The Muraidih, Block-II and Moonidih mines are the most significant open cast and underground mine on the basis of production in fiscal 2010, respectively, in the Jharia coalfield and accounted for 1.2%, 1.3% and 1.2% of our total raw coal production in fiscal 2008, 2009 and 2010, respectively. These mines accounted for 1.5% of our total raw coal production in the three months ended June 30, 2010.

- *Muraidih Mine*

The Muraidih mine is an open cast mine located in the Dhanbad district in the state of Jharkand. The Muraidih mine has coal seams varying in thickness between 0.9 meters and 22.3 meters, with gradients varying from six to nine degrees. The average stripping ratio of the mine is 1.27. The Muraidih mine produced 2.87 million tons, 3.06 million tons, 2.65 million tons and 0.73 million tons in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The Muraidih mine produces coal of Grades W-III and W-IV. Coal produced from the Muraidih mine is primarily sold to power generation companies at a negotiated price.

- *Block-II Mine*

The Block-II mine is an open cast mine and is located in the Dhanbad district in the state of Jharkhand. The Block-II mine has coal seams varying in thickness between 0.7 meters and 24 meters, with gradients varying from seven to 15 degree. The average stripping ratio of the mine is 4.49. The Block-II mine produced 1.32

million tons, 2.14 million tons, 2.46 million tons and 0.60 million tons in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. Coal produced from the Block-II mine is primarily sold to power generation companies.

- *Moonidih Mine*

The Moonidih mine is an underground mine and is located in the Dhanbad district in the state of Jharkhand. The Moonidih mine had a total production of 0.20 million tons, 0.17 million tons, 0.20 million tons and 0.06 million tons in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The Moonidih mine produces coking coal of Grade W-II. The coal produced from the Moonidih mine is sold primarily to steel plants after washing.

Master Plan for Jharia Coalfields

The mining area in the Jharia coalfields, operated by BCCL, has faced and continues to face mine fires and land subsidence issues due to non-scientific mining carried out by the mine owners prior to nationalization of the coal industry. We inherited 70 mine fires at the time of nationalization. Currently, there are 67 mine/coal fires out of which nine underground fires have been sealed and now are dormant. The MoC approved the Master Plan Dealing with Fire, Subsidence and Rehabilitation in the Jharia coalfield ("Jharia Master Plan") in 1999. The Jharia Master Plan was implemented to address various issues relating to fires, subsidence, rehabilitation and diversion of surface infrastructure within the area operated by BCCL. The Jharia Master Plan subsequently revised in 2008 and was approved by the GoI in August 2009 and scheduled an initial two year period for pre-implementation activities and implemented within 10 years, in two phases of five years each.

According to the Jharia Master Plan, 79,159 houses are to be rehabilitated. The rehabilitation and resettlement of the affected people from the areas affected by fire and subsidence includes identifying the affected areas, identifying the resettlement sites and assessment of tentative fund requirement. Implementation of rehabilitation of BCCL houses/structures will be the responsibility of BCCL, whereas rehabilitation of non-BCCL houses/structures will be the responsibility of state Government. The Jharia Rehabilitation & Development Authority, a State Government agency has been entrusted with the job of implementing the rehabilitation of non-BCCL houses/structures.

The 67 existing mine fires are grouped into 45 mine fire projects, of which 28 mine fires are proposed to be implemented in the first phase (after pre-implementation activities). As of June 30, 2010, CMPDIL has prepared plans to deal with five fire schemes, which have received the relevant approval. In addition, we have initiated the land acquisition process for resettlement and have already acquired certain land for such re-settlement. We have also completed the demographic survey of families to be resettled in the first phase and have completed the construction of some houses/structures and have initiated the tender process for the construction of the remaining houses/structures under the first phase. The total approved capital expenditure by the GoI for the Jharia Master Plan is Rs.71,121.10 million. We are required to contribute Rs.3,500.00 million per annum by allocating Rs.6.00 per ton of raw coal dispatched by our Subsidiaries (excluding BCCL, ECL and NEC) and the balance will be funded through a cess charged under the stowing excise duty ("SED") of Rs.10.00 per ton of raw coal produced by us and the other private coal producers in India. The funding arrangement for the implementation of the Jharia Master Plan over a period of 12 years will be met through our internal resources and collection of SED under the Coal Conservation and Development Act, 1974 (the "CCDA"). Also see "Risk Factors - The Jharia and Raniganj coalfields are susceptible to coal fires and land subsidence and pose a serious environmental, health and safety risk. Extinguishing mine fires can be dangerous and may not always be economically feasible, and such mine fires are unlikely to be suppressed by rainfall. Further, if we are unable to implement the rehabilitation plans within the stipulated time frame or within the approved amounts, we may incur additional costs, and diversion of our resources for the implementation of the Jharia and Raniganj Master Plans may have an adverse effect on our business, results of operations and financial condition." beginning on page xxxiii.

7. North Karanpura Coalfield

We also have significant mining operations at the North Karanpura coalfield with an aggregate rated production capacity of 23.67 million tons per annum as of March 31, 2010. Our mining operations at the North Karanpura coalfield produced 22.17 million tons, 21.95 million tons and 23.56 million tons of raw coal in fiscal 2008, 2009 and 2010, respectively. Our coal produced from the North Karanpura coalfield is primarily sold to the thermal power generation companies.

The Piparwar, Ashok and K.D. Hesalong mines are the most significant mines in the North Karanpura coalfield on the basis of production in fiscal 2010, and accounted for 5.1%, 4.8% and 4.8% of our total raw coal production in fiscal 2008, 2009 and 2010, respectively. These mines accounted for 3.60% of our total raw coal production in the three months ended June 30, 2010.

- *Piparwar Mine*

The Piparwar mine is an open cast mine and is located in the Chatra district in the state of Jharkhand. The Piparwar mine has coal seams varying in thickness between 1.7 meters and 35 meters, with gradient varying from two to three degrees. The average stripping ratio of the mine is 0.75. The Piparwar mine produced 9.00 million tons, 9.00 million tons, 9.51 million tons and 1.58 million tons in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The Piparwar mine produces non-coking coal of Grades E and F. Coal from the Pipawar mine is primarily sold to the thermal power plants of Dadri, Badarpur, Unchhahar, Ropar and Bhatinda. As part of our expansion plans, we intend to develop an additional beneficiation facility of 3.50 million tons per annum feedstock capacity non-coking coal on a turnkey basis at the Piparwar mine.

- *Ashoka Mine*

The Ashoka mine is an open cast mine and is located in the Chatra district in the state of Jharkhand. The Ashok mine has coal seams with an average thickness of 19.0 meters and 29.0 meters, with gradients varying from three to four degree. The average stripping ratio of the mine is 1.31. The Ashoka mine produced 6.30 million tons, 7.10 million tons, 7.60 million tons and 1.37 million tons in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The Ashoka mine produces non-coking coal of Grade E. The coal produced from the Ashoka mine is sold primarily to the power plants of Ropar, Roza, Bhatinda, Panki, Parichha and Patratu. As part of our expansion plans, we intend to develop a 10.00 million tons per annum feedstock capacity non-coking coal beneficiation facility on a BOM scheme at the Ashoka mine.

- *K. D. Hesalong Mine*

The K.D. Hesalong ("KDH") mine is an open cast mine and is located in the Ranchi district in the state of Jharkhand. The KDH mine has coal seams varying in thickness between 10.1 meters and 34.7 meters with gradient varying from two to three degrees. The average stripping ratio of the mine is 1.19. The KDH mine produced 4.01 million tons, 3.14 million tons, 3.51 million tons and 0.48 million tons in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The KDH mine produces non-coking coal of Grade E. The coal produced from the mine is dispatched primarily to the customer's washery and to the thermal power plants of Patratu, Harduaganj, Parichha, Panki, Tanda, Dadri and Badarpur.

8. Central India Coalfields

We also have significant mining operations at the Central India coalfields with an aggregate rated production capacity of 28.63 million tons per annum as of March 31, 2010. Our mining operations at the Central India coalfields produced 23.40 million tons, 23.35 million tons, 24.72 million tons and 5.96 million tons of raw coal in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The Central India coalfields are comprised of the Jhilimili, Bisrampur, Lakhanpur, Sindurgarh, Umaria, Johilla, Sohagpur, Sonhat and Chirmiri coalfields. Our coal produced from the Central India coalfields is primarily sold to the thermal power generation companies.

The Churcha RO, Chirimiri OC Expansion and Dhanpuri OC mines are the most significant mines in the Central India coalfields on the basis of production in fiscal 2010, and accounted for 0.7%, 0.8% and 0.9% of our total raw coal production in fiscal 2008, 2009 and 2010, respectively. These mines accounted for 1.2% of our total raw coal production in the three months ended June 30, 2010.

- *Churcha RO*

The Churcha RO mine is an underground mine located in the Korea district in the state of Chhattisgarh. The Churcha RO mine has coal seams varying in thickness between 0.9 meters and 6.2 meters with gradient varying from two to four degrees. The Churcha RO mine produced 1.12 million tons, 1.22 million tons, 1.32 million tons and 0.31 million tons in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively.

- *Chirimiri OC Expansion Mine*

The Chirimiri OC Expansion mine is an open cast mine located in the Korea district in the state of Chhattisgarh. The Chirimiri OC Expansion mine has coal seams varying in thickness between 1.6 meters and 12.4 meters with gradient of about three degree. The average stripping ratio of the mine is 3.75. The mine produced 0.90 million tons, 0.97 million tons, 1.20 million tons and 0.21 million tons in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The Chirimiri OC Expansion mine produces non-coking coal of average Grade B/C. The coal produced from the mine is primarily sold to thermal power generation companies and cement industries.

- *Dhanpuri OC Mine*

The Dhanpuri OC mine is an open cast mine located in the Shahdol district in the state of Madhya Pradesh. The Dhanpuri OC mine has coal seams VI Top 7.26 meter thick and VI Bottom 1.9 meter with gradient varying from two to three degrees. The average stripping ratio of the mine is 5.05. The Dhanpuri OC mine produced 0.47 million tons, 1.0 million tons, 1.27 million tons and 0.60 million tons in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The Dhanpuri OC mine produces non-coking coal of average Grade D. The coal produced form the Dhanpuri OC mine is primarily sold to a thermal power station and certain other customers.

9. Raniganj Coalfield

We also have significant mining operations at the Raniganj coalfield and primarily conduct such mining operations through ECL. A smaller portion of our operations at this coalfield is conducted through BCCL. Our mining operations conducted through ECL at the Raniganj coalfield had an aggregate rated production capacity of 20.97 million tons per annum as of March 31, 2010. Our mining operations conducted through ECL at the Raniganj coalfield produced 17.34 million tons, 17.58 million tons, 17.02 million tons and 3.45 million tons of coal in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively.

The Sonepur Bazari mine is the most significant mine in the Raniganj coalfield on the basis of production in fiscal 2010, and accounted for 0.9%, 0.9%, 1.0% and 0.9% of our total coal production in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively.

- *Sonepur Bazari Mine*

The Sonepur Bazari mine is an open cast mine and is located in the Burdwan district in the state of West Bengal. The Sonepur Bazari mine has coal seams varying in thickness between 3.1 meters and 8.0 meters, with gradient of three degrees. The average stripping ratio of the mine is 5.19. The Sonepur Bazari mine produced 3.40 million tons, 3.50 million tons, 4.20 million tons and 0.86 million tons in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The Sonepur Bazari mine produces non-coking coal of Grade B. The coal produced from Sonepur Bazari mine is primarily sold to power companies. In addition, we have recently introduced surface miners to extract the coal at our Sonepur Bazari mine. As part of our expansion plans, we intend to develop a 8.00 million tons per annum non-coking coal beneficiation facility on a BOM scheme at the Sonepur Bazari mine.

Master Plan of Raniganj Coalfields

The mining area in the Raniganj coalfields, operated by ECL, also suffer from fires and land subsidence due to non-scientific mining carried out by the mine owners prior to nationalization of the coal industry. The Raniganj Master Plan for Raniganj coalfields dealing in fires, subsidence and rehabilitation and diversion of surface infrastructure was approved by the MoC and scheduled to be implemented within 10 years.

A total of 139 sites are proposed to be rehabilitated under the Raniganj Master Plan, including ongoing schemes are scheduled to be implemented in two phases of five years each. However, in ECL, the fires are confined to a very small area. Fire schemes and diversions of railway lines and roads are scheduled to be completed during the first phase. A total 33,196 house owners are proposed to be resettled in four developed satellite townships with basic amenities and infrastructural facilities. Each township is envisaged to accommodate approximately 8,000 house owners. Implementation of rehabilitation of ECL houses/structures will be the responsibility of ECL, whereas rehabilitation of non-ECL houses/structures will be the responsibility of state Government. The Asansol Durgapur Development Authority ("ADDA"), a state Government agency has been entrusted with the

job of implementation of the rehabilitation for the non-ECL persons.

The total approved capital expenditure by the GoI for the Raniganj Master Plan is Rs.26,617,30 million. We are required to contribute Rs.3,500.00 million per annum by allocating Rs.6.00 per ton of coal dispatched by our Subsidiaries (excluding BCCL, ECL and NEC) and the balance will be funded through a cess charged under the SED of Rs.10.00 per raw ton of coal produced by us and the other private coal producers in India. The funding arrangement for the implementation of the Raniganj Master Plan over a period of ten years will be met through our internal resources and collection of SED under the CCDA. Also see "Risk Factors - The Jharia and Raniganj coalfields are susceptible to coal fires and land subsidence and pose a serious environmental, health and safety risk. Extinguishing mine fires can be dangerous and may not always be economically feasible, and such mine fires are unlikely to be suppressed by rainfall. Further, if we are unable to implement the rehabilitation plans within the stipulated time frame or within the approved amounts, we may incur additional costs, and diversion of our resources for the implementation of the Jharia and Raniganj Master Plans may have an adverse effect on our business, results of operations and financial condition." beginning on page xxxiii.

10. Rajmahal/Deogarh Coalfield

We also have significant mining operations at the Rajmahal/Deogarh coalfield with an aggregate rated production capacity of 11.14 million tons per annum as of March 31, 2010. Our mining operations at the Rajmahal/Deogarh coalfield produced 8.32 million tons, 11.94 million tons, 13.10 million tons and 2.86 million tons of raw coal in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The coal produced from the Rajmahal/Deogarh coalfield is primarily sold to the power sectors.

The Rajmahal/Deogarh mine is the most significant mine in the Rajmahal/Deogarh coalfield on the basis of production in fiscal 2010, and accounted for 1.9%, 2.6% and 2.6% of our total raw coal production in fiscal 2008, 2009 and 2010, respectively. The Rajmahal/Deogarh mine accounted for 2.8% of our total raw coal production in the three months ended June 30, 2010.

- *Rajmahal Mine*

The Rajmahal mine is an open cast mine and is located in the Godda district in the state of Jharkhand. The Rajmahal mine has coal seams varying in thickness between 1.4 meters and 26.5 meters and has a nearly flat gradient. The average stripping ratio of the mine is 2.0. The Rajmahal mine produced 7.06 million tons, 10.66 million tons, 11.26 million tons and 2.71 million tons in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The Rajmahal mine produces non-coking coal of Grade F. The coal produced from the Rajmahal mine is primarily linked to the Farakka and Kahalgaon power stations of NTPC.

11. East Bokaro Coalfield

We also conduct significant mining operations at the East Bokaro coalfield with an aggregate rated production capacity of 10.47 million tons per annum as of March 31, 2010. Our mining operations at the East Bokaro coalfield produced 9.98 million tons, 9.91 million tons and 12.70 million tons of raw coal in fiscal 2008, 2009 and 2010, respectively. Our coal produced from the East Bokaro coalfield is primarily sold to the thermal power sector.

The Amlo mine is our most significant mine in the East Bokaro coalfield on the basis of production in fiscal 2010, and accounted for 0.4%, 0.7% and 0.7% of our total raw coal production in fiscal 2008, 2009 and 2010, respectively. The Amlo mine accounted for 0.5% of our total raw coal production in the three months ended June 30, 2010.

- *Amlo Mine*

The Amlo mine is an open cast mine and is located in the Bokaro district in the state of Jharkhand. The Amlo mine has coal seams varying in thickness between 2.0 meters and 21.0 meters, with gradients varying from seven to 10 degrees. The average stripping ratio of the mine is 1.71. The Amlo mine produced 1.43 million tons, 2.81 million tons, 3.13 million tons and 0.49 million tons in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, respectively. The Amlo mine produces coal of Grades W-III, W-IV, E and F.

Expansion of Our Coal Mines

We continue to increase our coal production to meet the growing demand for coal in India. As of March 31, 2010, 77 projects with an aggregate proposed capacity addition of 184.78 million tons per annum, involving an aggregate proposed capital expenditure of Rs.110,064.60 million had received project investment approval from our Board and the board of directors of the relevant Subsidiaries for the implementation of these projects.

Of the 77 projects for which requisite investment approval had been received as of March 31, 2010, 32 projects, with an aggregate capacity of 104.00 million tons per annum had been implemented by March 31, 2010, and have contributed 57.0 million tons towards our production during fiscal 2010.

As of March 31, 2010, of the 77 projects, 45 identified projects (comprising 22 capacity expansion projects for existing mines and 23 new mine projects) had received the requisite investment approval and were in various stages of mine planning and development:

- 25 projects, with an aggregate estimated capacity of 47.51 million tons per annum, and involving an aggregate estimated capital expenditure of Rs.33,857.10 million, were at various stages of implementation as of March 31, 2010, and are expected to become operational by the end of fiscal 2012; and
- 20 projects, with an aggregate estimated capacity of 33.27 million tons per annum, and involving an aggregate estimated capital expenditure of Rs.25,762.79 million, involve longer gestation periods and are expected to become operational during the 12th Five-Year Plan (2013-2018) period.

We continue to assess various factors relating to the commercial viability of these proposed projects, including the quantity and quality of reserves, equipment requirement, applicable permits and the time and costs involved in such projects.

We also intend to develop an additional 20 coal beneficiation facilities with an aggregate additional proposed feedstock capacity of 111.10 million tons per annum to increase our production of beneficiated non-coking coal and beneficiated coking coal. In addition, we intend that all new open cast mines with coal production capacities greater than 2.5 million tons per annum not linked to pit head customers will eventually be equipped with dedicated coal beneficiation facilities. For further information, see "- Coal Production Process - Coal Processing - Beneficiation Facilities" beginning on page 96.

Mining Rights and Acquisition of Land

The mines in which we carry out mining activities were granted to us pursuant to either (i) the grant of deemed mining lease pursuant to the Coal Mines (Nationalisation) Act, 1973; or (ii) grant of mining rights pursuant to the Coal Bearing Areas (Acquisition & Development) Act, 1957 (CBA Act).

We have been granted mining rights for certain of our mines pursuant to Section 5(2) of the Coal Mines (Nationalization) Act, 1973, under which we enjoy the status of a deemed lessee of the concerned State Government in relation to all the nationalized coal mines. Prior to nationalization, the coal mines were vested in private lessees. Pursuant to the nationalization of the coal industry under the Coal Mines (Nationalisation) Act, 1973 and the vesting of the land, our Company and respective Subsidiaries were granted mining rights replacing the erstwhile lessees under the Mineral Concession Rules, 1960, as amended ("MC Rules").

We have also been granted mining rights for certain of our mines pursuant to Section 11(1) of the CBA Act. Under the CBA Act, we acquire ownership on the surface rights and mining rights on the coal-bearing areas. However, in certain circumstances where the rights which are originally granted through a mining lease are acquired pursuant to the CBA Act, we are deemed to have become the lessee of the state government from the date of such vesting. A majority of the mines we inherited during nationalization of the coal industry were underground mines leased under the MMDR Act. However, currently, a majority of our production is derived from open cast mines that were acquired pursuant to the CBA Act, for which we own the surface rights and the mining rights.

We are required to acquire the land and associated surface rights overlying our coal reserves prior to commencing mining activities on such land. Surface rights are acquired under the Land Acquisition Act, 1894, ("Land Acquisition Act"). Prior to acquiring surface rights, we are required to obtain coal mining leases from the relevant State Governments under the Mines and Minerals (Development and Regulation) Act, 1957 ("MMDR Act"). As coal is a mineral listed in the first schedule of the MMDR Act, the State Governments can grant coal mining leases only with the prior approval of the Central Government accorded under the proviso to

Section 5 (1) of MMDR Act.

Prior to the approval of the GoI, we are required to get the mining plan for the proposed coal mining area approved by the GoI. The coal mining leases under the MMDR Act are typically granted for a period of 20 to 30 years initially which can be renewed for a further period of 20 years with the approval of the GoI. The coal mining leases granted under the MMDR Act ordinarily delineates an area of ten square kilometers for each mining project.

Surface land is acquired by us under the Land Acquisition Act, which enables acquisition of land by public sector companies such as us for a “public purpose”. Land acquired under the Land Acquisition Act vests in us as freehold land.

The procedure for acquisition of coal-bearing land under the CBA Act involves: (i) issuance of a preliminary notification of the intention to prospect for coal in a particular area; (ii) receipt of objections, if any, from the public that has an interest in the land; (iii) issuance of declaration for acquisition of land; (iv) vesting of land or rights in or over such land in our Company or the relevant Subsidiary; and (v) payment of compensation for the land acquired determined on the basis of various factors, including market value of the land and damages or losses sustained on account of such acquisition. Although there may be objections relating to the compensation awarded, the acquisition of the relevant land for a “public purpose” cannot be challenged following a declaration to that effect issued by the relevant regulatory authorities. For further information, see “Regulations and Policies” beginning on page 114.

The procedure for acquisition of land in accordance with the Land Acquisition Act is as follows: (i) issuance of the notification for the acquisition of such land; (ii) issuance of the declaration for the acquisition of such land; (iii) acquisition of the land; and (iv) payment of compensation and ownership of land.

In addition to the Land Acquisition Act and the CBA Act, the MMDR Act, together with the Mineral Conservation and Development Rules, 1988, as amended, (the "MCD Rules") and the MC Rules empower the State Governments to develop and regulate mines and minerals, including the grant of the prospecting licences (also known as reconnaissance permits) and mining leases. As stipulated in the MMDR Act, for the minerals specified in the first schedule of the MMDR Act, the State Governments are required to obtain approval of the GoI before entering into the mining lease. The GoI typically grants such approvals on the basis of the recommendations of the State Governments, following which the State Government grants the final mining lease and prospecting licence. A reconnaissance permit for any mineral or prescribed group of associated minerals is granted for a maximum period of three years and is subject to renewal. The MMDR Act also provides for the payment of royalty in respect of any mineral removed or consumed, payment of dead rent as specified by the third schedule to the State Government and payment of surface rent. For further information, see “Regulations and Policies” beginning on page 114.

In the event that forest land is involved, the mining lease can be executed only after forest clearances have been obtained in accordance with the Forest (Conservation) Act, 1980, as amended (the "Forest Act") from the MoEF. In addition, any project involving an area greater than five hectares may commence operations only following the receipt of environment clearances from the MoEF under the Environment (Protection) Act, 1986, as amended (the "Environment Act"). For the issuance of the environmental clearance, the State Government conducts "public consultations" and the recommendations thereof are incorporated in the final Environment Management Plan ("EMP") and submitted to the MoEF for its final approval. In order to issue the forest clearances within a period of 300 days from the date of application, the MoC and MoEF have decided to delineate the mine working areas in the forest land and thereby reduce the process of rigorous scrutiny and inspection.

In addition, to the MoC and the MoEF, certain other permissions are required prior to mining, such as clearance for mining and blasting from the Director General for Mines Safety ("DGMS"). Once the site clearance has been granted for a sanctioned capacity, we can commence the construction, operation or mining activities. For further information see “Regulations and Policies” beginning on page 114.

Exploration Activities

Exploration of coal deposits in India is carried out in two stages: regional exploration and detailed exploration. In the first stage, regional exploration for coal is carried out by government organizations such as Geological Survey of India ("GSI") of the MoM, while in the second stage detailed exploration is typically undertaken by

the relevant coal companies.

We conduct our detailed exploration and drilling activity through CMPDIL. CMPDIL is required to obtain all applicable permits and licenses prior to carrying out detailed exploration. Based on data collected from regional/ promotional exploration conducted by GSI or MECL and other available data, we plan our exploration activities in potential coal blocks taking into account long term regional and national demand forecasts. We use an integrated exploration methodology using various exploration tools including mapping, regional modeling, exploratory drilling, surface geophysical surveys and borehole geophysics to generate data for a comprehensive assessment of our resources and reserves with respect to its structural frame work, reserve potential and quality of coal.

Our exploration personnel include qualified geologists and surveyors. We intend to continue to invest in efficient equipment and technology to develop a comprehensive geological database of our resources and reserves. In fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, we incurred Rs.988.82 million, Rs.1,738.63 million, Rs.2,486.51 million and Rs.647.60 million, respectively, in exploration and drilling expenses.

We are currently conducting detailed exploration activities in 12 coalfields through CMPDIL and exploring potential open cast deposits (including expansion projects) in 14 blocks. In addition, we are studying the feasibility of mining underground coal deposits in 14 coal blocks. We intend to increase exploratory drilling targets for our existing mines to assess the viability of our resources and reserves and maximize the development of our reserve and resource base on continuous basis. We expect our drilling and exploration costs to increase as we increase our exploration and associated drilling activities.

Coal Production Process

Mine Planning

Detailed project reports for mining projects are prepared on the basis of available geological information in the geological reports, anticipated customer demand, surface features such as habitat, forest area, railway lines, roads and rivers. These detailed project reports address various issues, including mine size, selection of appropriate technology, broad equipment specification, project implementation schedule, production schedule, environmental impact and surface infrastructure requirement as well as the economic evaluation of the project. For open cast projects, these detailed project reports also address the pit limit, mine geometry and the areas for, and coordination of, disposal of overburden during the mining process and reclamation and rehabilitation of mined areas. For underground projects, location, size and service duty of mine entries, size and orientation of mine panels, ventilation, pumping, transportation of coal, workmen and material and power supply, are covered in detail in the project reports. In these detailed project reports, we also provide the amount and quality of coal to be produced during the period covered by the project report.

Detailed operations plans are prepared for short-term planning of large mines. These operations plans take into consideration the latest geological/ geographical factors, unanticipated circumstances at the mine, including differences between the projected and the actual stripping ratio, the configuration of the coal seam, equipment failures and malfunctions, operating costs and weather conditions and suggest corrective actions to modify the project report as required.

Following relevant internal approvals, our mining plans are provided to our sales and marketing department to formulate a sales and marketing plan which address various coal allocation, distribution and logistics issues as well as the linkage of appropriate quality and quantity of coal produced to the customer.

Coal Extraction

Open cast mines

Most of our open cast mines use shovel and dumper technology and blasting to strip the overburden as well as for excavation and transportation of coal. We also use in-pit crushing equipment in certain of our mines. Draglines are used for overburden removal in large open cast mines. Surface miners, which limit noise pollution, drilling and crushing or blasting and enable production of sized coal, have been introduced in several of our open cast mines. Coal is transported from the open cast mines by dumpers, trucks or conveyors to dispatch points, our coal preparation and handling plants or our coal beneficiation facilities.

Underground mines

We primarily employ two types of mining methods at our underground mines. The specific mining method or combination of methods chosen for each underground mine is dependent on the particular geo-mining conditions and design of each mine:

- *Bord and pillar mining*. Bord and pillar mining is the traditional mining method used in India which is employed where geo-mining conditions are complex and not suitable for longwall mining methods. Coal is removed from the coal faces initially by developing a set of galleries leaving pillars in between to support the roof. Thereafter, the pillars are extracted by a process known as depillaring. At first, only approximately 30.0% of the coal can be extracted, while most of the remaining coal is extracted during de-pillaring.

    - *Semi-mechanized method*: Currently, most of our mines using this method of mining remove coal from the face by blasting and deploy side discharge loaders or load haul dumpers for loading and transport of coal in the active working areas. Coal transportation to surface is either by a series of belt conveyors or rope haulage drawn coal tubs. This mining system requires comparatively less investment, but is more labor-intensive than the continuous mining method and powered support longwall method.

    - *Continuous mining method*. In many of our new underground mines, bord and pillar mining is carried out using the continuous miner method wherever geo-mining conditions permit. This method affords greater productivity and is used in coal properties that have geological discontinuities which precludes the use of longwall technology. The coal is mined by a continuous miner unit and loaded on to shuttle cars which deliver coal to a feeder-breaker linked with belt conveyor for onward transport to surface.

- *Longwall mining*. Longwall mining is a fully mechanized underground mining method where the roof at the coal face is supported by self-advancing powered supports (with steel canopies mounted on hydraulic jacks) and the coal is mined by a shearer. Armored face conveyor and stageloader-crusher are used for transport of coal at the longwall face while a series of belt conveyors is used to transport coal to the surface. When the mining of a longwall panel has been completed, the equipment is moved to a new longwall face. The key characteristics of longwall mining include high productivity, comparatively high reserve recovery, safety and reliability.

Equipment

We conduct a significant portion of our mining operations using our own equipment, materials, supplies and labor. We have a large fleet of mining equipment of various specifications. As on March 31, 2010, for open cast mining operations, we had 40 draglines, 747 shovels, four surface miners 3,366 trucks, 991 dozers and 713 drills. As on March 31, 2010, we also use 689 SDLs, 305 LHDs, six road headers, five continuous miners, five PSLWs and shortwall equipment package. We conduct a portion of our mining operations through third party contractors that provide equipment and services, including road headers, continuous miners and PSLWs and the operation of such equipment is primarily the responsibility of the third party contractor. In addition, we enter into maintenance and repair contracts ("MARC") with our equipment suppliers for our higher capacity equipment used in open cast mines to provide supply of equipment.

Contractors

We conduct a part of our coal mining and overburden removal operations through third party contractors. We also engage third party contractors for transportation of coal from pit head to loading points, transportation of materials, loading of coal on wagons and a range of activities ancillary to our mining operations. Under some of our contract mining arrangements, the contractor assumes total operational responsibility for mining at the site and for transporting the coal to the beginning of the coal chain for a fee based upon the actual amount of coal delivered and the extraction costs incurred.

Coal Conveying

Coal produced from working faces in open cast mines is loaded into dumpers. It is transported out of the mine

into a coal handling plant/feeder breaker for further processing and dispatch to the customer. We also transport coal from the mine/working face and/or from the dispatch points to different internal consumption centers such as beneficiation facilities and boilers. In addition, in one of our mine we have an in-pit crushing facility. In some places, for dispatch of coal to customers a dedicated MGR system is used, which is owned and operated by our customers. We also use silos in many of our mines to facilitate rapid loading and dispatch of coal through MGR and railway wagons.

Within underground mines, the coal produced from the working faces is transported within the mining district by pony belts, chain conveyors and a combination of rope haulages using coal tubs. For further transport haulages, belt conveyors and/or vertical transport system with winders is used. This coal is further transported to the customer by rail or road transport.

Coal Processing

As of March 31, 2010, we had 209 coal handling plants with capacities varying between 0.03 million tons per annum and 20.00 million tons per annum. Our mines that have dedicated coal processing and handling plants are connected to adjacent railway tracks. In order to maintain the quality of our coal, we have established and implemented quality control systems in accordance with applicable Indian industrial standards and ISO 9001 systems. Our quality control measures include regular inspections of the coal quality at mining faces, monitoring of coal quality throughout the production, preparation and transportation process and promptly responding to customer feedback regarding our coal quality.

Beneficiation Facilities

We currently operate 17 coal beneficiation facilities, comprising five non-coking coal beneficiation facilities with an aggregate designed feedstock capacity as of March 31, 2010 of 17.22 million tons per annum and 12 coking coal beneficiation facilities with an aggregate designed feedstock capacity as of March 31, 2010 of 22.18 million tons per annum. We also produce middling, as a by-product of our beneficiation of coking coal. We supply beneficiated non-coking coal to thermal power plants, cement plants and other customers, beneficiated coking coal to iron and steel plants, and send middling to thermal power plants from our coking coal beneficiated facilities.

We generally provide washed or beneficiated coal to our customers based on their requirements. Our coal beneficiation facilities are generally located in close proximity to our mines to cater to our customers' requirements.

Capacity utilization at our beneficiation facilities and production of beneficiated coal has been constrained by the older technology at some of our existing beneficiation facilities as well as deterioration in raw coal input qualify for which the benefication plant was designed. In order to enhance the capacity utilization and to improve the performance of our existing beneficiation facilities, several of our beneficiation facilities are being modified and/or upgraded. As part of our expansion plans, we also intend to develop 20 additional coal beneficiation facilities, comprising 14 non-coking coal beneficiation facilities and six coking coal beneficiation facilities. We intend to develop 18 of these proposed facilities on a Build Operate Maintain (BOM) basis and the remaining two facilities on a turnkey basis. We expect that these 20 additional coal beneficiation facilities, with an aggregate additional proposed feedstock capacity of 111.10 million tons per annum, will be completed in phases during the 12th Five-Year Plan (2013-2018) period. The estimated capital expenditure for our these proposed 20 beneficiation facilities is approximately Rs.23,275.00 million.

Tenders for seven of our proposed beneficiation facilities under the BOM scheme are currently under evaluation. Of these seven facilities, we have issued a letter of award for the proposed beneficiation facility at Madhuband and are currently awaiting environmental clearance before entering into a formal agreement. We have also completed a global tender process for the remaining 11 proposed beneficiation facilities under the BOM scheme and successful bidders will be communicated very shortly. We expect to issue the request for proposal ("RFP") documents to the qualified short listed bidders for most of these proposed beneficiation facilities by December 2010.

We also intend that all new open cast mines with coal production capacities greater than 2.5 million tons per annum, which are not linked to pit head customers will be equipped with dedicated coal beneficiation facilities.

Transportation, Infrastructure and Logistics

Following the extraction of coal from a mine/working face, coal is transported to dispatch points primarily through conveyor belts and tipping trucks. In case of certain pit head customers coal is transported directly from the mine face through conveyor belts or rope-ways. Coal is delivered to the customers from the dispatch points primarily through rail, road or dedicated rail MGR systems owned and operated by the customers. We also transport coal from the mine/working face and/or from the dispatch points to different internal consumption centers such as our beneficiation facilities, coke-oven plants and boilers.

For long distance transportation, coal is loaded onto either trucks or rail cars at our sidings connecting our mines with railway lines. All consignments dispatched are weighed at weighbridges available at all our dispatch points.

Our sales are either "free on rail" or "free on road" from the designated dispatch points, and transportation is arranged by the customers at their cost. Customers may choose the mode of transport between rail and road. In India, rail transportation is generally less expensive than road transportation. The cost of transportation of coal from the mines to designated dispatch points (either at rail-head or at road-head) is borne by us provided such dispatch points are located within three kilometers from the mines. If the dispatch point from our mines is more than three kilometres but within 20 kilometres, the customers bear such transportation cost at specified rates as notified by us from time to time, which may not directly correspond to our costs incurred with respect to such transportation and may result in under-recovery of transportation costs from our customers. In circumstances where the distance from the dispatch point is greater than 20 kilometres from our mines, the customer is responsible for the actual cost of transportation.

The following table sets forth certain information relating to various modes of transportation utilized for raw coal dispatch (raw coal dispatch includes raw coal sold to customers and raw coal used as feedstock for production of beneficiated coal) from our mines in the periods indicated:

	Fiscal										Three months ended June 30, 2010	
	2006		2007		2008		2009		2010			
	Raw Coal Production	Percentage of Coal Dispatch	Raw Coal Production	Percentage of Coal Dispatch	Raw Coal Production	Percentage of Coal Dispatch	Raw Coal Production	Percentage of Coal Dispatch	Raw Coal Production	Percentage of Coal Dispatch	Raw Coal Production	Percentage of Coal Dispatch
	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)	(millions tons)	(%)
Rail[1]	165.78	49.8%	180.69	51.6%	188.94	50.5%	191.87	47.9%	193.77	46.7%	47.66	47.22
MGR	80.61	24.2%	78.82	22.5%	81.02	21.6%	82.68	20.6%	86.57	20.8%	19.81	19.63
Road	73.50	22.1%	77.82	32.2%	91.45	24.4%	113.14	28.2%	122.33	29.5%	30.81	30.53
Others[2]	12.83	3.90%	12.96	3.7%	13.17	3.5%	13.06	3.3%	12.55	3.0%	2.65	2.63
Total	**332.72**	**100.0%**	**350.30**	**100.0%**	**374.57**	**100.0%**	**400.75**	**100.0%**	**415.22**	**100.0%**	**100.93**	**100.0%**

1. Includes movement of coal by rail to ports for coastal shipment.
2. Includes coal transported directly through conveyor belts / rope ways to pit head customers.

Our dispatch is dependent on the availability of adequate coal transportation capacities and the efficiency of coal handling and loading infrastructure at our mines. The success of our expansion projects will also depend on our ability to access or develop adequate additional coal transportation and coal handling and loading infrastructure.

Rail transportation operated by the Indian Railways is the main mode of transportation utilized for the transportation of our coal. Our dispatch volumes have historically been constrained by inadequate transportation capacities, including non-availability of adequate rail. We believe that the development of dedicated freight corridors under implementation by the Indian Railways will result in increased transportation capacities for our coal. We have entered into a memorandum of understanding with RITES, a subsidiary of Indian Railways, in June 2010, pursuant to which RITES provides us project management and consultancy services in connection with the upgradation of existing and development of additional railway track connectivity. We continue to implement various initiatives for the improvement of railway track connectivity between our existing and new mines, coal processing plants and respective dispatch points, including a broad-gauge line between Tori - Shivpur and Hazaribagh connecting the North Karanpura coalfields, a railway line between Gopalpur and Manoharpur for evacuation of coal from the Basundhara- Garjanbahal area of the Ib Valley coalfield and a railway track in the Mand Raigarh coalfield.

We are also dependent on third party road transportation providers, including truckers, for the supply of materials, the supply of coal from our stockpiles and coal crushing and handling plants to the dispatch points

and for the supply of our coal to customers.

We are currently evaluating proposals for the development of dedicated berths for coal unloading facilities at the Visakhapatnam port, which we believe will facilitate supply of imported coal to our customers. The facility is expected to be used for coastal shipment of coal in India from the Talcher and Ib Valley coalfields to our customers in the southern and south-eastern regions of India and reduce transportation time and costs. We intend to enter into strategic JVs for the establishment of such dedicated berths and are currently evaluating suitable joint venture partners.

Materials, Energy and Water

We purchase various materials and other supplies required for our operations, including high speed diesel, explosives, tires, wire rope and safety materials. We incur significant expenditure on diesel fuel, explosives and tires. Procurement is carried out through tenders.

High speed diesel is primarily used for the operation of major equipment for coal mining and processing operations and represents a significant portion of our operating expenditure. We source high speed fuel from several public sector oil companies.

We require bulk and cartridge explosives and accessories for blasting of overburden and coal. We source our explosives from vendors selected through an open tender from various vendors in India. We typically enter into contracts for the supply of bulk and cartridge explosives and accessories with vendors determined through the tender process for a period of one year. In addition, we have entered into an agreement with IBP (IOCL) for a period of five years for the supply of bulk explosives which caters to approximately 20.0% of our annual requirement.

Spare parts are primarily procured from original equipment manufacturers or from authorized agents. We require various sizes of “off the road” (“OTR”) tires for our heavy equipment used in coal and overburden transportation. We source OTR tires from certain vendors in India and internationally. We have entered into certain medium term agreements for the purchase of tires. We have also entered into an agreement with BEML until May 8, 2020, for the supply of certain sizes of OTR tires required for various equipment used by us. BEML has identified two tire manufacturers to manufacture specific sizes of OTR tires to meet the supply requirements of BEML and us and we have agreed to partly fund (through a loan to BEML) the capacity expansions of the two tire manufacturers to the extent of Rs.1,000.00 million each, or 75.0% of the project cost, whichever is lower. In addition, we have entered into an agreement for a period of five years expiring in 2012 with an international company to purchase Bridgestone tires, to meet a portion of our annual OTR tire requirement.

We require electricity for our mining operations for the operation of various equipment and facilities and for lighting of our facilities and offices. We source electricity primarily from relevant state electricity power boards and other supply agencies.

We require water for our beneficiation facilities, in the dust suppression systems to suppress the coal dust generated during transfer of coal at feed/discharge points of conveyors at various transfer points, in our coal handling plants, at haul roads in open cast mines and for the washing and cooling systems for our equipment. Our main source of water for our underground mines is from water accumulated in our underground mines and for our open cast mines from quarries created during our mining operations.

Coal Sales

Our sales and marketing division headquartered at Kolkata formulates sales procedures and coordinates sales activities and distribution of coal and coal products produced by us in accordance with prevailing policies and regulations. See "- Distribution of Coal" beginning on page 100. We have 12 regional sales offices across India.

The following table provides certain information relating to volume of raw coal dispatch (dispatch includes raw coal sold to customers and raw coal used as feedstock for the production of beneficiated coal) in the periods indicated:

Particulars	Fiscal					Three months ended June 30, 2010
	2006	2007	2008	2009	2010	

	Raw Coal Dispatch	Percentage of Coal Dispatch	Raw Coal Dispatch	Percentag of Coal Dispatch	Raw Coal Dispatch	Percentag of Coal Dispatch	Raw Coal Dispatch	Percentage of Coal Dispatch	Raw Coal Dispatch	Percentage of Coal Dispatch	Raw Coal Dispatch	Percentag of Coal Dispatch
	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)	(millions tons)	(%)
Non-coking coal	309.49	93.0%	326.20	93.1%	349.32	93.3%	373.24	93.1%	381.09	91.8%	91.00	90.16
Coking coal	23.23	7.0%	24.10	6.9%	25.25	6.7%	27.51	6.9%	34.13	8.2%	9.93	9.84
Total	**332.72**	**100.0%**	**350.30**	**100.0%**	**374.57**	**100.0%**	**400.75**	**100.0%**	**415.22**	**100.0%**	**100.93**	**100.0%**

The following table provides certain information relating to volume of beneficiated non-coking coal and beneficiated coking coal sold by us in the periods indicated:

	Fiscal					Three months ended June 30, 2010
	2006	2007	2008	2009	2010	
	(million tons)					
Beneficiated non-coking coal	10.53	10.25	10.58	11.21	11.66	2.70
Beneficiated coking coal	4.89	3.90	3.88	3.70	2.94	0.76

Coal is sold to our customers pursuant to long-term FSAs, separate memoranda of understanding entered into with customers or under our E-Auction scheme. Raw coal allotted under our E-Auction scheme is approximately 10.0% of our annual total raw coal production. In fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, the volume of raw coal allotted under our E-Auction scheme was 28.79 million tons, 48.87 million tons, 45.73 million tons and 9.30 million tons, respectively. As a percentage of total volume of raw coal sold in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, the volume of raw coal allotted under our E-Auction scheme was 8.1%, 12.9%, 11.6% and 9.6%, respectively.

Customers

Our customers include large companies, including thermal power generating companies, steel producers and industrial companies both in the public and the private sector with whom we have long-standing relationships. A significant majority of our coal is used in, and we believe we play a strategic role in the development of, the thermal power sector in India.

The following table sets forth, for the periods indicated, raw coal dispatch by industry:

	Fiscal										Three months ended June 30, 2010	
	2006		2007		2008		2009		2010			
	Raw Coal Dispatch	Percentage of Coal Dispatch	Raw Coal Dispatch	Percentage of Coal Dispatch	Raw Coal Dispatch	Percentage of Coal Dispatch	Raw Coal Dispatch	Percentag of Coal Dispatch	Raw Coal Dispatch	Percentage of Coal Dispatch	Raw Coal Dispatch	Percentage of Coal Dispatch
	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)	(millions tons)	(%)
Power (including captive power plants)	280.74	84.4%	289.56	82.7%	309.83	82.7%	326.06	81.4%	331.94	79.9%	78.87	78.15
Steel (including sponge iron)	18.87	5.7%	19.29	5.5%	22.12	5.9%	19.74	4.9%	21.51	5.2%	5.16	5.11
Cement	9.87[3]	3.0%	9.40[3]	2.7%	7.03[2]	1.9%	6.62[2]	1.7%	6.44[2]	1.6%	1.71	1.70
Other industries	8.11	2.4%	6.63	1.9%	8.32	2.2%	7.19	1.8%	8.84	2.1%	2.59	2.56
Small and medium enterprises[1]	15.13	4.5%	25.42	7.3%	27.27	7.3%	41.14	10.3%	46.49	11.2%	12.60	12.48
Total	**332.72**	**100.0%**	**350.30**	**100.0%**	**374.57**	**100.0%**	**400.75**	**100.0%**	**415.22**	**100.0%**	**100.93**	**100.0%**

1. *Includes coal sold to small customers through state and central agencies and e-auction, open sales scheme and brick sector*
2. *Does not include dispatch to cement captive*
3. *Includes dispatch to captive cement plants*

Other than certain insignificant quantities of coal sold in Nepal and Bangladesh, we sell all of our coal in India.

Non-coking coal used in the thermal power industry constitutes most of our coal production. Coal sold to government-owned and controlled power generation companies and utilities contribute a substantial majority of

our total sales. Volume of raw coal sold to our five largest customers in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, as a percentage of total volume of raw coal dispatch in these periods, was 50.8%, 49.9%, 47.9% and 45.1%, respectively. Historically, our five largest customers have all been public sector thermal power generation companies. NTPC, which is a public sector power generation company and power utility, has historically been our most significant customer. Volume of raw coal sold to NTPC in fiscal 2008, 2009, 2010 and the three months ended June 30, 2010, as a percentage of total volume of raw coal dispatch in these periods, was 27.7%, 26.7%, 26.7% and 24.9%, respectively.

Distribution of Coal

The GoI introduced the New Coal Distribution Policy (NCDP) in October 2007 to provide a comprehensive framework for the distribution of coal in India. The NCDP classifies various industries and sectors taking into account government policy initiatives, the relevance of such industry in the development of the Indian economy as well as the prevailing regulatory regime applicable to such industries and sectors. Following is a discussion of the salient features of the NCDP as applicable to sales and distribution of our coal:

Allocation Process under the NCDP

Under the NCDP all valid linked customers as on the date that the NCDP was introduced, i.e., October 18, 2007, were entitled to enter into long term FSAs with us in accordance with the applicable model of FSA. Most of such customers have already entered into FSAs with us.

All new customers are allocated coal through a process of issuance of a letter of assurance ("LOA") under which they are required to meet certain project milestones within a specified period.

For Central or State Government power utilities, independent power producers, captive power plants and customers in the fertilizer, cement and sponge iron and steel industries, an LOA is issued by us on the basis of the recommendation of an inter-ministerial Standing Linkage Committee (Long-Term) (the "Linkage Committee"), which take into account various factors in assessing such application, including LOAs or linkages already granted to customers in the relevant sector, as well as existing capacities and proposed capacity additions for such sector. For customers in other industries, LOAs are required to be issued by us on the basis of prevailing norms for such sector and recommendations of the relevant administrative ministry. We may also engage independent government or other reputed institutions to ascertain coal requirements of the applicant in the event that there are no prevailing norms for such sector. The Linkage Committee is an inter-ministerial committee under the aegis of MoC that includes representatives from our Company, our coal producing subsidiaries and CMPDIL, the Ministry of Steel, the Ministry of Commerce and Industry, the Ministry of Railways, the Ministry of Surface Transport, the Central Electricity Authority of India ("CEA") and SCCL (another public sector coal company in India).

The LOA provides an assurance of future coal supply subject to the fulfilment of certain conditions and project milestones by the customers as specified in the LOA. The LOA issued for GoI or State power utilities, independent power producers and captive power plants are valid for a period of 24 months while LOAs for all other customers are valid for a period of 12 months. On the fulfilment of conditions and project milestones stipulated in the LOA, the LOA holders are entitled to enter into long-term FSAs with us for the supply of coal. In the event that such conditions and applicable project milestones are not met within the stipulated period, the LOA will stand terminated and the commitment guarantee deposit is forfeited.

The NCDP also contemplates, following the execution of an FSA, the execution of a fuel supply and transport agreement, a tripartite agreement among us, the customer and transportation provider involved.

Customer Classification and Entitlement under the NCDP

The defense and railways are entitled to receive their full normative coal requirement in accordance with the prevailing system at the price notified by us.

Other consumers are classified into two categories, based upon their entitlement through the FSAs:

- Power utilities, including independent power producers and captive power plants, and customers in the fertilizer sector are entitled to receive their full normative coal requirement through FSAs;
- All other customers are entitled to receive 75.0% of their normative coal requirements through FSAs,

while the remaining 25.0% of their requirement may be met by such customers, at their option, through our e-Auction scheme or through import of coal.

Coal Distribution through FSAs and through State Nominated Agencies

The NCDP stipulates that customers with coal requirements more than 4,200 tons per annum are required to enter into FSAs with us.

Valid linked existing customers as of the date of introduction of the NCDP with annual coal requirements up to 4,200 tons per annum were provided with an option to either:

- enter into FSAs with us directly for the supply of coal; or
- access their coal requirements through the applicable agencies and associations nominated by the respective State Governments ("State Nominated Agencies").

All new customers with coal requirement up to 4,200 tons per annum will receive coal through State Nominated Agencies only.

E-Auction Scheme

The E-Auction scheme of coal has been introduced to provide access to coal for customers who were not able to source their coal requirement through the available institutional mechanisms under the NCDP for various reasons, for example, due to a less than full allocation of their normative requirement under NCDP, seasonality of their coal requirement and limited requirement of coal that does not warrant a long-term linkage. The quantity of coal to be offered under E-Auction is reviewed from time to time by the MoC. Currently approximately 10.0% of our aggregate raw coal production may be offered under the E-Auction scheme. The E-Auction scheme also provides an avenue for additional coal procurement by some of our existing industrial customers.

Fuel Supply Agreements

As contemplated in and in accordance with the terms of the NCDP, we enter into legally enforceable FSAs with our customers or with State Nominated Agencies that in turn enters into appropriate distribution arrangements with end customers. Our FSAs can be broadly categorized into:

- FSAs with customers in the power utilities sector, including State power utilities, private power utilities (“PPUs”) and independent power producers (“IPPs”);

- FSAs with customers in non-power industries (including captive power plants (“CPPs”)); and

- FSAs with State Nominated Agencies.

In addition to the FSA forms discussed above, WCL currently supplies coal under certain “cost plus” coal supply agreements.

FSAs with Customers in Power Utilities

Under the NCDP, we have developed model FSAs for our customers in the power utilities sector: (i) FSAs with State power utilities; and (ii) FSAs with IPPs and PPUs. The terms of our model FSAs for State power utilities and that for IPPs and PPUs are substantially similar.

We have developed a model FSA applicable for power utilities existing as on March 31, 2009 (the “Existing Power FSA”), under which the annual contracted quantity ("ACQ") for entering into the FSA was determined by the CEA.

The ACQ for power projects which were commissioned after March 31, 2009 is to be determined by the CEA from the incremental annual coal production projection provided by us on an annual basis. These power projects have an option to either (i) accept the ACQ allocated by the CEA, in which case the Existing Power FSA form will be applicable; or (ii) it can opt for a separate model FSA (“New Power FSA”) which will entitle the customer to the ACQ at the level indicated in the relevant LOA.

- *Existing Power FSAs*

Existing Power FSAs are valid for a period that is earlier of (i) 20 years with effect from April 1, 2009 (the "Effective Date") and (ii) life of the power generation facility, with provision for review of terms of the agreement every five years from the Effective Date or in the event of any material change in our coal distribution system resulting from any regulatory or policy changes. We agree to supply an annual contracted quantity, or ACQ, of coal and in case of a shortfall in the ACQ, we are entitled to arrange coal from alternate sources in India, to be supplied directly to customer, at the cost of the customer. The shortfall in supply may also be met through imported coal subject to mutual agreement, and if a customer declines an offer to provide imported coal, it is not considered a default by the customer.

The Existing Power FSAs stipulate that the delivered price of our coal includes: (i) the base price of our coal; (ii) other charges, including transportation charges for delivery beyond three kilometers from the pit head, sizing/crushing charges and rapid loading charges; (iii) statutory charges comprising royalties, cess, duties, taxes, levies etc. Under the terms of our Existing Power FSAs, we are entitled to stipulate the base price and other charges from time to time, while statutory charges are to be charged as specified by the relevant statutory authorities. Coal supplied under our FSAs is required to be used in the relevant specified facility or other facility of the customer subject to certain conditions, and the sale or transfer of coal to other parties constitutes a breach of the terms of the FSA.

Under the terms of our Existing Power FSAs, we are liable to compensate our customers for any short delivery of the ACQ, while the customer is liable to compensate us for any short lifting of the ACQ. Compensation for short delivery of ACQ by us and compensation for short lifting of ACQ by the customer is payable at the following rates: (i) 90.0% and above of ACQ: no compensation; (ii) 85.0% to below 90.0% of ACQ: 10.0% of price of shortfall quantity below 90.0%; (iii) 80.0% to below 85.0% of ACQ: 20.0% of price of shortfall quantity below 85.0%; (iv) below 80.0% of ACQ: 40.0% of price of shortfall quantity below 80.0%.

We are also entitled to a performance incentive for delivery in excess of 90.0% of ACQ at the following rates: (i) 90.0% to below 95.0% of ACQ: 10.0% of price of quantity in excess of 90.0%; (ii) 95.0% to below 100.0% of ACQ: 20.0% of price of quantity in excess of 95.0%; and (iii) above ACQ: 40.0% of price of quantity in excess of ACQ. Performance incentive is payable by the customer on the basis of the weighted average of base prices of various grades of coal supplied.

Transfer of title and risk to coal supplied passes on the delivery of coal at agreed delivery point, i.e., the colliery sidings and colliery loading points in the designated coal mine (for coal produced by us) and/or the locations or ports identified by us (for imported coal).

The Existing Power FSAs may be terminated under the following circumstances: (i) in the event of any force majeure event resulting in the inability by a party to perform its obligations under the FSA for a period of nine continuous months or for a period of 12 months (on a non-continuous basis) within a period of two years, by the non-affected party; (ii) in the event of a material breach of the terms of the FSA by the other party by providing prior written notice of 30 days and such material breach has not been cured or rectified; (iii) insolvency, dissolution and similar circumstances affecting the other party; (iv) by the customer in case of our failure to supply at least 30.0% of the ACQ; (iv) by us in case of the customer's failure to lift at least 30.0% of the ACQ; and (v) by the customer if it is prevented under law from using the coal supplied for reasons beyond its control as a result of changes in environmental law or other regulations.

- *New Power FSAs*

The New Power FSA is valid for a term of five years from the date on which all conditions precedent under the New Power FSA have been met, unless otherwise agreed. A review of the terms of the New Power FSA may be undertaken (i) following the completion of three years of the first delivery date or (ii) in the event of any material change in our coal distribution system resulting from any regulatory or policy changes.

Under the New Power FSA, certain conditions precedent must be met within a period of 24 months from the date of execution of the New Power FSA or such further period as may be extended (subject to a maximum of 180 days) on account of any force majeure events. At the request of the customer, we may extend such period at our discretion. In the event the customer fails to meet such conditions applicable to the customer within such period due to any reason other than force majeure events, the security deposit may be forfeited by us. Our

obligations under the New Power FSAs are subject to the following conditions precedent: (i) with respect to our own coal production, we must have received (a) all requisite regulatory and other approvals relating to land acquisition and environmental clearances for the specified coal block and (b) achieved financial closure for the operation of the specified coal block; and (ii) with respect to imported coal, we must have (a) acquired a definitive right under the fuel supply agreements with the relevant international supplier; and (b) completed all requisite shipping and port arrangements for delivery of imported coal. The customer is required to comply with the following within the conditions precedent period: (i) all requisite regulatory and other approvals for the construction, commissioning, operation and maintenance of the power facility must have been received; (ii) order for boiler turbine generator main package for the plant must have been placed; (iii) construction of at least 50.0% of the plant must have been completed in accordance with the stipulated implementation schedule submitted within the LOA period and (iv) a power purchase agreement for sale of at least 50.0% of the installed capacity of the plant (in case the customer is not an integrated utility) must have been executed.

Under the New Power FSA, we are required to supply an annual contracted quantity, or ACQ, of coal; there is however no fixed quantity for coal supply during the "build up period" of six months commencing on the "first delivery date" (the actual first date of delivery of coal or the last day of the "target start period" (the 18 month period commencing on the date that the New Power FSA is effective). In case of a shortfall in the ACQ, we are entitled to arrange coal from alternate sources in India, to be supplied directly to customer, at the cost of the customer. The shortfall in supply may also be met through imported coal at the cost of the customer. The customer has no right to decline the offer for supply of imported coal in case of shortfall.

The price terms and end use terms under the New Power FSA are similar to those under the Existing Power FSA.

Under the New Power FSA, compensation for short delivery of ACQ by us and compensation for short lifting of ACQ by the customer is payable at the following rates: (i) 50.0% and above of ACQ: no compensation; (ii) below 50.0% of ACQ: 10.0% of price of shortfall quantity below 50.0%.

We are also entitled to a performance incentive for delivery in excess of 90.0% of ACQ at the following rates: (i) 90.0% to below 95.0% of ACQ: 15.0% of price of quantity in excess of 90.0%; and (ii) 95.0% and above of ACQ: 30.0% of price of quantity in excess of 95.0%. Performance incentive is payable by the customer on the basis of the simple average of base prices of various grades of coal supplied.

The New Power FSA may be terminated under circumstances that are similar to those stipulated in the Existing Power FSAs. In addition, the New Power FSA may be terminated (i) by either party in the event that no agreement is reached on the review of terms undertaken after the completion of three years of the first delivery date; and (ii) by us in the event that no agreement is reached on the review of terms undertaken as a result of any material change in our coal distribution system resulting from any regulatory or policy changes. Under the New Power FSAs for PPUs, in addition to these termination events, we are entitled to terminate the FSA (i) on the diversion or breach of the end use condition of coal supplied has led to the suspension of coal supplies and the customer has failed to resolve the matter to our satisfaction; and (ii) if the customer fails to replenish the encashed security deposit/ bank guarantee within the stipulated notice period.

FSAs with Customers in Non-Power Industries (including Captive Power Plants)

Under the NCDP, we have developed model FSAs for customers in industries other than power, including for supply of coal to captive power plants. We have entered into FSAs with our existing non-power customers as on the date of the announcement of NCDP (the "Existing Non-Power FSAs"). For all projects of our non-power customers commissioned or to be commissioned subsequent to the date of announcement of the NCDP, a separate model FSA has been developed (the "New Non-Power FSAs").

➢ *Existing Non-Power FSAs*

The Existing Non-Power FSAs are valid for a period of five years from the date of execution. A review of the terms of the Existing Non-Power FSAs may be initiated by either party following completion of three years of the first delivery date by written notice; if no agreement is reached on review terms within nine months of such notice, the FSA may be terminated by providing three months written notice. In addition, the ACQ for the remaining two years may be revised as per the highest of the yearly quantities of the previous three years subject to the average level of lifting by the customer. However, no such revision will take place if the average level of lifting is greater than 80.0%.

We agree to supply an ACQ of coal and in case of shortfall in ACQ, we are entitled to arrange coal from alternate sources in India as well as imported coal to be supplied directly to customer at additional cost to the customer.

The Existing Non-Power FSAs stipulate that the delivered price of our coal includes (i) the base price; (ii) other charges, including transportation charges for delivery beyond three kilometer from pit head, sizing/crushing charges and rapid loading charges; (iii) statutory charges comprising royalties, cess, duties, taxes, levies etc. Under the terms of our Existing Power FSAs, we are entitled to stipulate the base price and other charges from time to time, while statutory charges are to be charged as specified by the relevant statutory authorities. Coal supplied under our FSAs is required to be used in the relevant specified facility or other facility of the customer subject to certain conditions, and the sale or transfer of coal to other parties constitutes a breach of the terms of the FSA.

Compensation for short delivery of ACQ by us and compensation for short lifting of ACQ by the customer is payable at the following rates: (i) 60.0% and above of ACQ: no compensation; and (ii) below 60.0% of ACQ: 10.0% of price of shortfall quantity below 60.0%.

We are entitled to a performance incentive for delivery in excess of 90.0% of ACQ: (i) 90.0% to below 95.0% of ACQ: 15.0% of price of quantity in excess of 90.0%; and (ii) 95.0% and above of ACQ: 30.0% of price of quantity in excess of 95.0%. The performance incentive is payable by the customer on the basis of the base price of the highest grade of coal supplied.

The Existing Non-Power FSA may be terminated under the following circumstances: (i) force majeure event resulting in inability by a party to perform its obligations under the FSA for a period of nine continuous months or for a period of 12 months (on a non-continuous basis) within a period of two years, by the non-affected party; (ii) material breach of terms of the FSA by the other party by providing prior written notice of 30 days and such material breach has not been cured or rectified; (iii) insolvency, dissolution and similar circumstances affecting the other party; (iv) by the customer in case of our failure to supply at least 30.0% of the ACQ; (iv) by us in case of the customer's failure to lift at least 30.0% of the ACQ; and (v) by the customer if it is prevented under law from using the coal supplied for reasons beyond its control as a result of changes in environmental law or other regulations. In addition, the FSA may be terminated (i) by either party in the event that no agreement is reached on the review of terms undertaken after the completion of three years of the first delivery date; and (ii) by us in the event that no agreement is reached on the review of terms undertaken as a result of any material change in our coal distribution system resulting from any regulatory or policy changes. We are also entitled to terminate the FSA (i) if the diversion or breach of the end use of coal has led to suspension of the deliveries of coal and the customer has failed to resolve the matter to our satisfaction, we may terminate the FSA without any liabilities or damages payable to the customer and (ii) if the customer fails to replenish the encashed security deposit/ bank guarantee within the stipulated notice period.

- *New Non-Power FSAs*

The New Non-Power FSAs are valid for a period of five years from the date of execution. A review of the terms of the New Non-Power FSAs may be initiated by either party following the completion of three years of the first delivery date by written notice; if no agreement is reached on review terms within nine months of such notice, the FSA may be terminated by providing three months written notice. In addition, the ACQ for the remaining two years may be revised as per the highest of the yearly quantities of the previous three years subject to the average level of lifting by the customer. However, no such revision will take place if the average level of lifting is greater than 80.0%. The terms of the New Non-Power FSAs may be reviewed in the event of any material change in our coal distribution system resulting from any regulatory or policy changes; if no agreement is reached on review terms within 30 days of notice to commence the review process, we may terminate the FSA by providing three months written notice.

Certain conditions are required to be met by the parties within the later of (i) 12 months and (ii) the period specified in the FSA not exceeding two years, or such further period as may be extended (subject to a maximum of 180 days) on account of any force majeure events. At the request of the customer, we may extend such period at our discretion. If any of the conditions precedent are not satisfied or waived within such period or any extended period, the non-defaulting party may extend such period at its discretion or terminate the FSA by providing 30 days written notice subject to the completion of conditions precedent applicable to such party. In the event the customer fails to meet the conditions precedent applicable to customer within such period due to

any reason other than force majeure events, the security deposit may be forfeited by us. Our obligations under the FSA are subject to the following conditions precedent: (i) with respect to our own coal production, we must have received (a) all requisite regulatory and other approvals relating to land acquisition and environmental clearances for the specified coal block and (b) achieved financial closure for the operation of the specified coal block; and (ii) with respect to imported coal, we must have (a) acquired a definitive right under the fuel supply agreements with the relevant international supplier; and (b) completed all requisite shipping and port arrangements for delivery of imported coal. The customer is required to comply with the following within the conditions precedent period: (i) all requisite regulatory and other approvals for the construction, commissioning, operation and maintenance of the facility must have been received; and (ii) construction of at least 50.0% of the plant must have been completed in accordance with the stipulated implementation schedule submitted during the validity of the LOA, as certified by an independent engineer.

Under the New Non-Power FSA, we agree to supply an ACQ of coal and in case of shortfall in ACQ, we are entitled to arrange coal from alternate sources in India and imported coal to be supplied directly to customer, at additional cost to customer.

The price terms and end use restrictions under the New Non-Power FSA are similar to that provided in the Existing Non-Power FSA.

Under the New Non-Power FSAs, compensation for short delivery of ACQ by us and compensation for short lifting of ACQ by the customer is payable at the following rates: (i) 50.0% and above of ACQ: no compensation; and (ii) below 50.0% of ACQ: 10.0% of price of shortfall quantity below 50.0%.

We are entitled to a performance incentive for delivery in excess of 90.0% of ACQ: (i) 90.0% to below 95.0% of ACQ: 15.0% of price of quantity in excess of 90.0%; and (ii) 95.0% and above of ACQ: 30.0% of price of quantity in excess of 95.0%. The performance incentive is payable by the customer on the basis of the base price of the highest grade of coal supplied.

The New Non-Power FSAs may be terminated under circumstances similar to that specified for the Existing Non-Power FSAs.

Memorandum of Understandings related to LOAs/ New Power FSAs/ New Non-Power FSAs

In addition to the model FSAs applicable for new customers coming under FSA through the LOA route, we also enter into a memorandum of understanding with our customers that forms an integral part of such FSAs. Pursuant to such memorandum of understanding, our customers agree (i) that the ACQ stipulated in the applicable LOA/ New Power FSA / New Non-Power FSA is to be met through either coal produced by us or through imported coal and supply of coal produced by us shall not exceed 50.0% of the ACQ; and (ii) to accept imported coal at the landed cost of such imported coal and handling and service charges that are subject to revision by us from time to time. In addition, pursuant to such memorandum of understanding the customers agree to indefinitely defer the conditions precedent period stipulated in the FSA until (i) domestic coal can be supplied through an alternative source to the customer on a cost plus basis and (ii) we are able to finalize a source for international coal supply and establish the relevant import infrastructure for such imported coal. Customers are also entitled to opt out from the supply of imported coal and accept only indigenous coal supplied by us pursuant to the FSAs. In such event we are entitled to reduce/revise the ACQ stipulated in the FSAs to the extent of entitled component of domestic coal of the original ACQ.

FSAs with State Nominated Agencies

We also enter into FSAs with State Nominated Agencies for the supply of coal to such entities which in turn enter into appropriate distribution arrangements with end customers.

FSAs with State Nominated Agencies are typically valid for a term of two years from the date on which the FSA has been executed, unless otherwise agreed between the parties. We agree to supply an ACQ of coal either from indigenous coal or through imports. The coal is supplied to the ultimate customers by the State Nominated Agencies at the "as declared price of coal" plus up to 5.0% margin over the base price as service charges. The State Nominated Agencies may also charge any taxes, levies and any other statutory dues as may be applicable to such sale to the end customer.

The ACQ of coal supplied is revised by us annually taking into account the coal quantities lifted by the State

Nominated Agency in the immediately preceding operative year. The State Nominated Agencies are required to supply coal only to end consumers and must ensure that the coal supplied is not resold or traded.

Compensation for short delivery by us and compensation for short lifting by the customer is payable at the following rates: (i) 60.0% and above of ACQ: no compensation payable; (ii) below 60.0% of ACQ: 5.0% of price of shortfall quantity below 60.0%.

The delivered price of coal includes: (i) base price; (ii) other charges, including transportation charges up to delivery point, sizing/crushing charges and rapid loading charges; (iii) statutory charges comprising royalties, cess, duties, taxes, levies etc. The base price and other charges are notified by us from time to time. Statutory charges are charged as specified by the relevant statutory authorities.

The FSAs with the State Nominated Agencies may be terminated under the following circumstances: (i) the FSA stands automatically terminated if the nomination of the State Nominated Agency is withdrawn or cancelled by the relevant State Government; (ii) by the State Nominated Agency, in case of our failure to supply at least 30.0% of the ACQ; (iii) by us, in case of the State Nominated Agency's failure to lift at least 30.0% of the ACQ; (iv) by us, if the State Nominated Agencies fail to supply coal in accordance with the end user stipulations; (v) by us, in the event that no agreement is reached on the review of terms undertaken as a result of any material change in our coal distribution system resulting from any regulatory or policy changes; and (vi) in case of any force majeure event resulting in inability by a party to perform its obligations under the FSA for a period of not less than 90 days within a continuous period of 180 days, by the non-affected party.

Pricing of Coal

Under the Colliery Control Order of 1945 and the Essential Commodities Act, 1955, as amended, the price of coal in India was regulated by the GoI. Beginning in March 1996, the GoI gradually deregulated, in phases, the price of various types and grades of coal. The pricing of coal in India was completely deregulated pursuant to the Colliery Control Order, 2000 with effect from January 1, 2000, subsequent to which we were entitled to fix the price of our coal.

The principal factors that affect the price of our raw coal and beneficiated coal are the quality of our raw coal (grade of coal) and the mode of sale, i.e. whether such coal is sold under our FSAs, under our E-Auction scheme or under specific memoranda of understanding entered into with the customer.

The price of non-coking coal and coking coal to be supplied under our FSAs is fixed by us in consultation with the GoI and notified from to time. We fix the price of our raw coal primarily on the basis of general inflation levels, increase in production costs that cannot be offset through efficiency improvements, the need for generating internal resources to ensure viability of projects and, to a lesser extent, the landed cost of comparative imported coal. In accordance with the terms of our FSAs, we have the right to revise the price of our coal sold under the FSAs from time to time. Since the complete deregulation of pricing of coal with effect from January 1, 2000, there have been four significant revisions in our coal prices: with effect from January 31, 2001, June 15, 2004, December 12, 2007 and October 16, 2009, when the average price increase was approximately 8.5%, 16.2%, 10.0% and 11.0%, respectively. In addition, we have increased the price of certain grades of non-coking coal and coking coal from certain coalfields from time to time. The annualized increase in the price of our coal since January 2000 when the price of coal was completely deregulated until March 31, 2010 was 4.9% which is lower than average inflation rates in India in this period. The price of raw coal sold under our FSAs does not fully reflect market prices for coal in India or in international coal markets.

The current prices of our various types and grades of coal are specified in our notification dated October 15, 2009 which came into effect on October 16, 2009 and are summarized in the table below. The price of our raw coal within the same grade varies depending on the coalfield from which such coal is produced. For further information on various grades of coal, see "Industry – Grades of Raw Coal" on page 65:

Non-coking Coal	Price Range (Rs. per ton) with effect from October 16, 2009
A	Rs.1,280 to Rs.2,580
B	Rs,1,130 to Rs.2,120
C	Rs.950 to Rs.1,860
D	Rs.790 to Rs.1610
E	Rs.620 to Rs.1,090
F	Rs.480 to Rs.870

G	Rs.350 to Rs.700
Coking Coal	
Steel Grade I	Rs.3,750
Steel Grade II	Rs.3,140
Washery Grade I	Rs.1,710 to Rs.2,740
Washery Grade II	Rs.1,410 to Rs.1,990
Washery Grade III	Rs.1,200 to Rs.1,480
Washery Grade IV	Rs.1,120 to Rs.1,370
Others (SC-I/II/SLV)	Rs.1,450 to Rs.2,150

As specified in our FSAs, the delivered price of coal comprises (i) the basic price of coal; (ii) other charges such as transportation charges for delivery beyond three kilometers from the pit head, sizing and crushing charges and rapid loading charges; and (iii) statutory charges comprising royalties, cess, duties, taxes (including sales tax) and other levies. The basic price and other charges are notified by us from time to time. We notify additional charges payable for slack coal and steam coal, and sizing and crushing charges depending on the top size required by the customer. Customized coal sizing charges are negotiated with the customer. Additional charges are payable for high capacity loading facilities with a nominal capacity of 3,500 tons or more per hour.

We charge additional fixed transportation costs for transportation of coal to dispatch points beyond three kilometers from the pit head, based on the distance involved. We currently charge fixed transportation charges for: (i) dispatch points located between three and ten kilometers from the pit head and (ii) dispatch points located between ten and 20 kilometers from the pit head. In circumstances where the distance from the dispatch point is greater than 20 kilometers from our mines, the customer is responsible for the actual cost of transportation, and pays such transportation costs.

Statutory levies are applicable as specified by the relevant statutory authorities.

We also sell raw coal through our E-Auction scheme. The reserve price of raw coal sold pursuant to our E-Auction scheme is determined on the basis of prevailing market prices. The price of raw coal sold under our E-Auction scheme is significantly higher than the price of raw coal sold under our FSAs as notified by us from time to time.

We sell a significant portion of our higher quality non-coking coal (Grade A, B and C coal with GCV greater than 5,597 Kcal/Kg) under specific memoranda of understanding negotiated with the customer. The price of such coal is fixed at a price that is generally at a 15.0% discount to the prevailing landed cost of comparative quality imported coal, and is typically significantly higher than the notified price of non-coking coal of the same grades sold under our FSAs.

The price of beneficiated non-coking coal is determined on the basis of cost of production and an appropriate margin for the value addition provided. The price of beneficiated coking coal sold under specific memoranda of understanding is negotiated directly with the customer and is fixed at a price that is generally at a 15.0% discount to the prevailing landed cost of comparable quality imported coal.

We believe that the price of our raw coal is lower than the price of coal sold in international markets and the landed cost of imported coal in India, even on adjustment for respective GCV values. For information on price of our coal compared to Indonesian and South African coal on an equated energy basis, See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Results of Operations – Sales Volume and Pricing – Pricing" beginning on page 187.

International Initiatives

We have established a specific division, *Coal Videsh*, to streamline our activities related to sourcing of coal from international sources to bridge the demand-supply gap in India. We have successfully bid in a global tender floated by the Government of Mozambique and acquired prospecting licenses in August 2009 for two coal blocks in Mozambique for further exploration and development of these coal blocks over a period of five years. In this connection, we have established a wholly owned subsidiary CIAL in Mozambique.

As part of our strategy for international expansion, we plan to make equity investments in strategic brown field and green field coal mining projects and enter into long-term offtake arrangements for the import of coal into India. We have initiated the process of selecting coal companies as prospective strategic partners for our

international initiatives in Australia, the United States, South Africa and Indonesia, countries from which coal is currently imported into India. We have commenced the due diligence process for and are currently evaluating the proposals for acquisition of coal assets in Australia, Indonesia and the United States. In our annual plan for fiscal 2011, we have earmarked Rs.60,000 million for the acquisition of international coal assets.

We have established a joint venture company, ICVL, with NTPC, SAIL, RINL and NMDC for the acquisition of metallurgical and thermal coal assets outside India to provide supply of coal from international sources to meet part of the requirements of SAIL and RINL and also to serve the organizational aspirations of our Company, NTPC and NMDC. For details, see "History and Certain Corporate Matters - Material Agreements" beginning on page 146.

The GoI has also formed an empowered committee of secretaries, comprising the secretaries of the Ministries of Steel, Mines, Power, Finance, Coal, External Affairs, Law and Justice and the Department of Public Enterprises, to approve overseas investment proposals of CIL and ICVL for the acquisition of metallurgical and thermal coal assets exceeding Rs.10,000 million and Rs.15,000.00 million in each instance, respectively, with the committee's recommendation being presented to the Cabinet of Ministers of the GoI directly for approval.

CBM, CMM and Underground Coal Gasification Initiatives

Coal Bed Methane ("CBM") and Coal Mine Methane ("CMM")

CBM is methane gas formed during the coalification process and stored within the coal seams. Its composition is similar to natural gas, and is a clean energy resource. We have implemented a CBM project funded by the GoI, United Nations Development Programme ("UNDP") and Global Environment Facility at the Jharia coalfield and are currently recovering CBM gas which is utilized to generate electricity through a gas-based generator at Moonidih to provide electricity to our mine colony. Based on the viability of this project, we plan to implement similar projects in other coalfields. In addition, we have entered into operating agreements with Oil and Natural Gas Corporation Limited ("ONGC") in February 2003, to undertake prospecting, exploring and drilling of CBM in Jharia and Raniganj coalfields. These projects are being implemented as per the work program envisaged in the contract with the GoI. The commercial production of CBM in the Jharia coalfield is expected to commence by December 2010, however sale of incidental gas produced from the Jharia coalfield commenced in January 2010.

In order to expedite CMM development, a research and development project has received relevant approval to settle several technical issues associated the commercialization of CMM within the coalfields in which we operate. Five CMM blocks in the Jharia and East Bokaro coalfields have been identified and an expression of interest ("EoI") was floated in January 2010 to identify a suitable project developer. We are currently in the process of formulating the draft Notice Inviting Tender ("NIT") incorporating the views of the respondents to our EoI for the CMM blocks. We have also undertaken certain initiatives to identify mines for the implementation of ventilation air methane projects, for which data has been generated in selected mines of the Raniganj and Jharia coalfields.

A CMM/CBM clearing-house has been established at CMPDIL under the aegis of the MoC and United States Environmental Protection Agency ("USEPA") in November 2008 to facilitate commercial development of CMM projects in India. The CMM/CBM clearing-house is funded by USEPA and by us on behalf of the MoC.

Underground Coal Gasification

Underground coal gasification ("UCG") is a process that enables coal to be converted in-situ into syngas that may be used as a chemical feedstock or fuel for power generation. We have entered into a memorandum of understanding with ONGC to jointly pursue UCG initiatives and have collected data for five prospective UCG sites, of which the Kasta block in the Raniganj coalfield has been identified for collection of additional data to examine the possibility of undertaking a pilot scale UCG project. Drilling of boreholes to generate the UCG specific additional data commenced in April 2009 and 12 boreholes have been completed and assessment of data has been undertaken.

Competition

In fiscal 2009, coal produced by us accounted for 81.9% of coal production in India. *(Source: CRISIL Coal Outlook)* We do not believe we have any directly comparable competitor in India. As we do not export any coal

and we do not expect to export coal in the short or medium term, we do not consider international coal companies in international markets as direct competitors. However, international coal companies, particularly coal companies from Indonesia and Australia, that supply coal to India, may be considered as our competition.

Health and Safety Standards

Although mining is an inherently hazardous activity due to varying geology and geo mining conditions, we seek to minimize the risk of accidents, injuries and illness to our employees and our contractors' employees by improving health and safety standards and closely monitoring our operations. We continue to focus on maintaining a safe work environment through the implementation of our safety policy and a structured multidisciplinary "Internal Safety Organization" to oversee safety in our operations. Our system for the safe operation of our mines, includes safety management plans, rules, codes of practice, manuals and procedures with which our employees and our contractors' employees are required to comply.

We have implemented various safety programs, safety training of our workforce, technologically advanced mining methods and use of advanced equipment. We believe that our commitment to safety and avoidance of lost time injuries fosters good relationship with our employees, regulatory agencies and regional administrative authorities, which ultimately enhance our business. We have invested and continue to invest in advanced equipment and technology for increased mechanization of extraction and enhance the safety environment of our workforce.

We have completed risk assessment for most of our mines and identified potential hazards associated with mining activities, including those resulting from geo-mining conditions and mining operations. Time-bound action programs have been implemented for the elimination, reduction and avoidance of identified risks for each mine. These programs are reviewed from time to time. We conduct safety audits in our mines to identify deficiencies and recommend remedial measures. In addition, we have developed rescue service organizations staffed by trained rescue personnel and equipped with modern rescue equipment. We also maintain periodical medical examination centers staffed with doctors trained in occupational health services in accordance with International Labor Organization specifications.

In addition to the statutory safety monitoring carried out by the DGMS, Pit Safety Committee and Workman Inspectors, our safety standards are also monitored by various agencies including the Standing Committee for Safety in Coal Mines, safety audits and various Parliamentary Committees. Several of our mines have received the National Mine Safety Awards in recognition for maintaining superior safety standards. We also periodically organize safety-related informational programs in our mines to educate workers on mine safety.

Environmental Matters and Mine Reclamation

Our operations are subject to numerous environmental laws and regulations relating to air emission, water discharge, hazardous substances, waste management, mining site reclamation and restoration, and ground water quality and availability. Our corporate environmental and social management systems, and resettlement and rehabilitation policies comply with all applicable Indian laws and regulations. We believe these policies are consistent with internationally accepted standards.

We seek to follow environmentally responsible practices and abide by relevant environmental laws and regulations in all aspects of our business. We conduct non-mining projects before seeking environmental clearance and environmental impact assessment for all our mining and coal washery projects. Installation for the prevention and control of pollution at mining and washery projects are designed, built and commissioned together with the project.

We have developed mine reclamation and rehabilitation strategies for our mines which are mine specific. The geological characteristics of each of our mines are taken into account in developing and implementing these strategies. Reclamation of mined out areas is carried out in accordance with the Environmental Management Plan approved by the MoEF. When overburden is removed, the initial overburden is dumped out of the pit while subsequent overburden is dumped into the pit as back-filling. Erosion control systems, perimeter drains and water-settling ponds are constructed to intercept and treat water discharged from the mining site. Topsoil is first removed and dumped in an identified site and subsequently/concurrently utilized for reclamation. Topsoil is provided on overburden, which has been graded and contoured for plantation with native multi species of plants including fruit bearing, medicinal and commercial categories. Concurrent reclamation and rehabilitation of mined out areas (subject to technical feasibility as per geo-mining conditions) are carried out for gainful land

use. The reclamation and rehabilitation planning of mines are reviewed at regular basis.

As reclaimed areas reach their design profile, they are graded, topsoil is spread on the surface and rapidly growing trees are planted. We also have implemented afforestation programs to improve the environmental conditions in certain areas in which we have ceased our mining activities. We have initiated the process of integrating environment management system (ISO:14001) along with quality management system (ISO:9001) and as of June 2010, 53 of our projects including one coal beneficiation plant have been accredited with ISO:14001 certification. We intend to integrate these systems in all our mines in phases.

We have also implemented satellite surveillance for land reclamation and restoration and reforestation and rehabilitation activities. The satellite surveillance system was introduced in fiscal 2009 to monitor the land reclamation and reforestation of our major open cast mines. Of the 163 open cast mines currently operated by us, our satellite surveillance has identified 49 open cast projects producing more than 5.0 million cu.m. (which includes coal and the overburden) per annum, which will be monitored once a year whereas the remaining 114 open cast projects producing less than 5.0 million cu.m. (which includes coal and the overburden) per annum will be monitored once in three years. Our monitoring indicates that we have made significant reclamation of the mined out areas of 49 major open cast mines.

Mine closure forms an important aspect of land restoration. We seek environment clearance in accordance with our mine closure plans and intend to allocate funds for such mine closure plans in accordance with the guidelines of the MoC. We reclaiming and restoring some of our abandoned/mined-out areas.

We continue to implement more environment friendly mining technologies such as surface miners in open cast mines, which reduces the drilling, blasting and crushing operations in coal production and hence limits pollution caused due to these operations. In addition, we work towards conserving water resources by means of ground water re-charging and rainwater harvesting. Some of our open cast mine voids act as water bodies and a major source of ground water re-charge after cessation of mining. We also have effluent treatment facilities to clean the water and try to re-use the water after treatment.

Some of our mines mosty of the pre-nationalized have, in the past, suffered from adverse environmental conditions such as air pollution, fires and subsidence and depletion of ground water level. For details see, "-Description of Significant Coalfields and Mines - Jharia Coalfield - Master Plan for Jharia Coalfield", "-Description of Significant Coalfields and Mines - Raniganj Coalfield - Master Plan for Raniganj Coalfield" and "Risk Factors - The Jharia and Raniganj coalfields are susceptible to coal fires and land subsidence and pose a serious environmental, health and safety risk. Extinguishing mine fires can be dangerous and may not always be economically feasible, and such mine fires are unlikely to be suppressed by rainfall. Further, if we are unable to implement the rehabilitation plans within the stipulated time frame or within the approved amounts, we may incur additional costs, and diversion of our resources for the implementation of the Jharia and Raniganj Master Plans may have an adverse effect on our business, results of operations and financial condition." beginning on pages 87, 90 and xxxiii respectively.

Social and Community Welfare Programs and Resettlement and Rehabilitation

We actively promote various programs for the enhancement of the health, education and economic well-being of the communities located near our mines. Our corporate social responsibilities ("CSR") initiatives are principally focused on project affected persons and persons living within a radius of 15 kilometers of our project sites to provide welfare measures based on immediate and long term social and community development programs. In addition, we have developed a policy for community and peripheral development, pursuant to which we support infrastructure programs, including for sports facilities, roads, schools, places of worship, clinics and water facilities near our mines. We also provide skills development and capacity building programs such as vocational training programs, income generation programs and entrepreneurship development programs. In addition, we conduct awareness programs and community activities such as health camps, medical aides, family welfare camps, AIDs awareness programs, sports and cultural activities and immunization camps. We also conduct literacy programs, adult education programs, assist in the formation of village working groups and other women groups. We work with local non-governmental organizations to develop farming and cottage industries which provide economic independence to the local communities near our mines.

In addition, as part of our CSR initiatives for education, we support technical and vocational educational institutions, provide assistance to primary, middle and higher secondary school, provide parental counseling, run awareness programs for education of girls, and provide scholarships. We have also established educational

institutions that offer courses in engineering, nursing, management studies, medicines and other technical courses. As of March 31, 2010, we supported 590 educational institutions, provided 85 hospitals with 1,565 doctors and 5,835 hospital beds and 424 dispensaries. We also provide water supplies (including drinking water supplies) by installing hand pumps, tube wells, rain-water harvesting schemes, digging or renovating wells.

In order to fund our CSR activities under each subsidiary, we allocate 5.0% of the subsidiary's profit in the previous fiscal year (subject to a minimum of Rs.5.00 per ton of raw coal production in the previous fiscal year), of which 4.0% is allocated towards CSR activities within a radius of 15 kilometers of the project site and the balance 1.0% is allocated towards CSR initiatives to be carried out by the respective Subsidiaries in the state in which they operate. In order to fund our Company's CSR activities, 2.5% of the retained profit of the previous fiscal year is allocated for CSR activities, of which 1.5% is allocated towards CSR activities in the states that are not covered by our Subsidiaries as well as for supporting CSR activities of Subsidiaries that may not have recorded a profit in the previous fiscal year, and the remaining 1.0% is allocated towards local CSR initiatives.

In March 2008, we adopted a rehabilitation and resettlement policy. The main objectives of our resettlement and rehabilitation policies are to improve the standard of living of the project affected persons by providing them educational, medical and other facilities, to avoid disturbance to local communities and to resettle project affected persons in close association with non-governmental organizations. The policy also aims to pursue best practices for CSR initiatives in the vicinity of coalfields and to ensure community involvement and participation. Our resettlement and rehabilitation activities involve offering project affected persons employment and rehabilitation packages, compensation to persons whose houses are acquired, self employment to sharecroppers, land lessees, tenants and day laborers, self employment to landless tribals who are dependent on forest produce and community facilities and activities under our CSR initiatives.

Research and Development

Our wholly owned subsidiary CMPDIL is an established coal mine design and planning institute in India and provides comprehensive technical and consultancy services for our operations as well as third party clients for geological exploration and drilling, mine planning and design, coal beneficiation and utilization, allied engineering services, human resource development, environmental engineering, information and communication technology, research and development and laboratory and field services.

The Standing Scientific Research Committee ("SSRC") administers the research and development activities in the coal sector which includes planning, programming and supervising the implementations of the research projects for the overall development of the coal sector. A technical sub-committee headed by the chairman cum managing director of CMPDIL assists SSRC amongst other things, for scrutiny of the research proposals, in processing government approvals for these proposals and monitoring progress of the implementation of the projects.

The research and development (“R&D”) board of our Company has been established to promote research and development efforts funded by our Company. The projects are formulated and implemented by educational institutes, research/technical organizations, other PSEs, international technical service providers/research organizations. CMPDIL acts as a nodal agency for coordination of the research activities, disbursement of funds as well as monitoring of progress of our research and development activities. Our R&D team has conducted trials of mining methods such as "blasting gallery and cable bolting", for recovery of coal from thick seams and "shortwall mining", which was introduced successfully at SECL. "Controlled blasting", which was also introduced through our R&D initiatives is now being used for removal of overburden rocks and coal in open cast mines close to surface structures without endangering the safety of the inhabitants.

Our R&D department has also developed a quantified assessment of roof strata called rock mass rating ("RMR"), which is currently being used for support design in underground mines. Our R&D department has recently developed a 4x800 ton capacity chock shield at a lower cost than what it would have cost us to import similar equipment. Other research projects conducted include projects on land reclamation after mining and utilization of fly ash. Further, a number of research projects have been taken up in the area of environment and ecology to integrate coal mining activities with ecological conservation and hazards due to mining.

We are currently conducting 45 research projects with total planned capital expenditure of Rs.1,894.83 million. Certain of CMPDIL's mine sites are ISO-9001:2000 certified by Certification International (UK) Limited for activities such as consultancy in mineral exploration and environmental management and planning and design

in mining.

Vigilance Measures

We have established a Vigilance Division in our Company and in each of our Subsidiaries which is headed by a Chief Vigilance Officer ("CVO"), appointed by the GoI in consultation with Central Vigilance Commission ("CVC") of the GoI on tenure basis. The Chief Vigilance Officers act as special assistants or advisors to the respective chief executives of our Company and Subsidiaries. The functions of the CVOs include the collection of intelligence regarding corrupt practices; investigating verifiable allegations; processing investigation reports for further consideration of the disciplinary authority concerned; and referring matters to the CVC. The Vigilance Divisions of our Subsidiaries and the Vigilance Division of our Company work in co-ordination with the CVC, the MoC and the Central Bureau of Investigation. The CVC has established various procedures and directives with respect to allegation of corrupt practices. We also enter into "integrity pact" contracts with our vendors aimed at eliminating corrupt practices and establishing transparency and credibility to the respective organizations.

In addition, we have taken various measures to reduce losses due to pilferage and illegal mining, including collection of intelligence reports relating to illegal coal depots and illegal movement of coal from the district authorities; erection of barriers to prevent illegal mining; construction of watch towers and provision of lighting arrangements; fencing of the pit head depots; and security training to identify unauthorized transportation trucks. We have also established committees and task forces at various levels (block level, district level and state level) at certain of our Subsidiaries in order to identify authorized coal transportation trucks. In addition, regular unannounced raids/checks are conducted.

Insurance

We only maintain insurance for our cash-in-transit insurance and fidelity insurance. We do not maintain typical industry standard insurance coverage and do not have any insurance coverage for any potential risks associated with our operations. In particular, we do not have insurance for environmental hazards, such as pollution or other hazards arising from our disposal of waste products. We do not generally maintain any insurance against losses relating to our assets, including plant, equipment, business interruption, third party insurance against fire earthquake, freight insurance or any insurance for our employees. The occurrence of a significant adverse event, the risks of which are not fully covered by insurance, could have a material adverse effect on our financial condition or results of operations. For details, see "Risk Factors - Our operations are subject to various risks inherent to mining activities and we do not maintain insurance coverage in accordance with applicable industry standards." beginning on page xxi.

Information Technology

We have invited tenders for the implementation of SAP enterprise resource planning ("SAP-ERP") system to cater to various functions of our operations. For details, see "Risk Factors - We have invited tenders for the implementation of an enterprise resource planning system to manage our operations and an inability to implement such system within the expected time frame or at all could adversely affect our business." beginning on page x1vi.

Regulatory Environment

For a description of the regulatory environment in which we operate in India, see "Regulations and Policies" beginning on page 114.

Employees

The following table sets forth the number of our employees for the periods indicated:

Particulars	As on March 31,			As on June 30, 2010
	2008	2009	2010	
Executives	16,021	15,624	15,092	14,968
Supervisors	39,081	38,868	38,475	38,773

Particulars	As on March 31,			As on June 30, 2010
	2008	2009	2010	
Workmen	370,975	357,858	343,571	390,300
Total	**426,077**	**412,350**	**397,138**	394041

The majority of our employees are members of several unions including Indian National Trade Union Congress, the All India Trade Union Congress, the Hind Mazdoor Sabha, the Bhartiya Mazdoor Sangh and the Confederation of Indian Trade Unions. The MoC on February 28, 2007 authorized us to constitute the Joint Bipartite Committee for Coal Industry ("JBCCI")-VIII in consultation with the members of JBCCI-VII. Accordingly, JBCCI-VIII was constituted providing adequate representation to the major labor unions. The Wage Settlement under the National Coal Wage Agreement (NCWAVIII) was signed on January 24, 2009 at New Delhi and covers all the categories of our employees other than executive employees for a period of five years from July 1, 2006. As a public sector undertaking, salaries, wages and benefits of our executive employees are determined by the GoI and are fixed for a period of ten years. The current compensation level for our executive employees was finalized in May 2009 and is effective for a period of ten years from January 1, 2007.

Training

We aim to provide continuous training for our employees. We established the Indian Institute of Coal Management ("IICM") in 1994 to provide training and development opportunities to our middle and senior management executives, other level officers and our management trainees. IICM offers training programs such as advanced management programs, leadership development programs, general management programs and young managers' programs. The areas covered included advanced maintenance practices, general management program, management development program, training and coaching, career development for junior officers and communication skills. In addition, our Company has arranged for a significant number of executives to attend external training programs and sent our employees (including directors, senior executives and non-executive employees) for a number of international training sessions outside India.

Intellectual Property

We have not yet completed the registration of our trademark or logo, although we have made applications to do so. For additional details see "Risk Factors - Failure to protect our intellectual property rights may adversely affect our business." beginning on page xxvii. For details of approvals relating to intellectual property, see "Government and Other Approvals" on page 304.

Properties

Our Company and Subsidiaries, currently, own or lease a variety of properties, primarily for office space throughout India. Our registered office is situated at Coal Bhawan, 10, Netaji Subash Road, Kolkata 700 001, West Bengal, which is owned by us. In addition, we maintain various corporate offices across India through our Subsidiaries.

REGULATIONS AND POLICIES

The following description is a summary of some of the relevant regulations and policies as prescribed by the Government of India and/or the State Governments that are applicable to our business in India. The information detailed in this chapter has been obtained from the various legislations, including rules and regulations promulgated by the regulatory bodies that are available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice. Taxation statutes such as the Income Tax Act, 1961, Central Sales Tax Act, 1956 and applicable local sales tax statutes, labour regulations such as the Contract Labour (Regulation and Abolition) Act, 1970, Coal Mines Provident Fund Act, 1948 and other miscellaneous regulations and statutes such as the Trade Marks Act, 1999 apply to us as they do to any other Indian company.

The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. For details on Government approvals obtained by us, see the section titled "Government and Other Approvals" on page 303.

Laws relating to Coal Mines

We are governed by the following legislations in respect of acquisition of land, mining rights of the coal mines and the conduct of coal mining operations in India:

- Coal Mines (Nationalization) Act, 1973, as amended, ("**Coal Nationalization Act**");
- Coking Coal Mines (Nationalization) Act, 1972, as amended, ("**Coking Coal Nationalization Act**");
- Coal Mines (Taking Over of Management) Act, 1973, as amended, ("**Coal Mines Takeover Act**"):
- Coking Coal Mines (Emergency Provision) Act, 1971 as amended, ("**CCME Act**");
- Land Acquisition Act, 1894, as amended, ("**Land Acquisition Act**");
- Coal Bearing Areas (Acquisition and Development) Act, 1957, as amended, ("**CBA Act**");
- Coal India (Regulation of Transfers and Validation) Act, 2000, as amended, ("**Coal Mines Transfer and Validation Act**");
- Mines and Minerals (Development and Regulation) Act, 1957, as amended, ("**MMDR Act**"); and
- Coal Mines (Conservation and Development) Act, 1974, as amended ("**Conservation and Development Act**").

Nationalization of Coal Mines

The Coal Nationalization Act was enacted for the purposes of the acquisition and transfer of the right, title and interest of the owners in respect of coal mines. Under the Coal Nationalization Act, on and from May 1, 1973, the right, title and interest of the owners of coal mines were transferred to the Government of India and the Government of India is required to pay a specified amount for such transfer to the owner. The Coal Nationalization Act prohibits any person from carrying on coal mining operations in India, except for: (a) the Government of India or a Government Company including corporations owned, managed or controlled by the Government of India; (b) a person to whom a sub-lease has been granted by the Government of India or such company or corporation mentioned in (a) above; or (c) a company which is engaged in the production of iron and steel, generation of power, washing of coal obtained from a mine, or such other end use as the Government of India may notify. Also, the Coal Nationalization Act provides the Government of India with an option of vesting in a Government Company the right, title and interest of an owner of a coal mine by passing an order in writing. Where the Government of India passes an order in writing for vesting of such coal mines in the Government Company, such Government Company is deemed to be the lessee. The general superintendence, direction, control and management of the affairs and business of a coal mines is vested in the Government of India or such other person appointed by the Government of India.

Further, the Coal Nationalization Act provides that all property vested in the Government of India or the Government Company, as the case may be, shall be free from any encumbrances including mortgages, charges, liens, etc. Any liability of the erstwhile owner that arose prior to May 1, 1973 could not be passed to the Government of India or a Government Company.

Pursuant to the Coal Nationalization Act, the Government of India notified the Coal Mines (Intimation Regarding Mortgage, Charges, Lien or Other Interests) Rules, 1974, under which every mortgagee of any property which has vested under the Coal Nationalization Act in the Government of India or a Government Company, and every person holding any charge, lien or other interest in relation to such a property was required to give an intimation of the same within 30 days from the date stipulated by the Government of India.

Prior to the Coal Nationalization Act, the Government of India had also enacted the Coking Coal Nationalisation Act, which provides for the acquisition and transfer of the right, title and the interest of owners of the coking coal mines specified in the First Schedule of the enactment with effect from May 1, 1972. Pursuant to the Coking Coal Nationalisation Act, the Government of India notified the Coking Coal Mines (Intimation Regarding Mortgage, Charges, Lien or Other Interests) Rules, 1973, under which every mortgagee of any property which has vested under the Coking Coal Nationalisation Act in the Government of India or a Government Company, and every person holding any charge, lien or other interest in relation to such a property was required to give an intimation of the same within 30 days from the date stipulated by the Government of India.

During the period 1971, and pending the completion of nationalisation of coal mines, the Government of India enacted the Coal Mines Takeover Act and the CCME Act, for the taking over of the management of all the coal mines and coking coal mines and coke oven plants respectively. Under the Coal Mines Takeover Act, on and from January 31, 1973, the management of coal mines specified in the Schedule to the enactment was vested with the Government of India. The enactment has further empowered the Government of India to take over the management of any coal mine which to the knowledge of the Central Government may also come within the ambit of this enactment at a later point of time. The Government of India may appoint any person including any Government Company as the custodian for the purpose of taking over the management of such coal mines and the person so appointed shall carry on the management of such mines for and on behalf of the government. Similarly, the CCME Act has empowered the Government of India, on and from October 17, 1971, to take over the management of coking coal mines and coke oven plants. The acquisitions under the Coal Mines Takeover Act and the CCME Act mandate the Government of India to make payment in cash.

Acquisition of Coal Bearing Land

Though the Coal Nationalization Act vested all the coal mines in the Government of India, acquisition of additional land where coal is likely to be obtained is governed by the CBA Act and the Land Acquisition Act, read with the MMDR Act.

Unlike the Land Acquisition Act which grants general power to the GoI to acquire land, the CBA Act specifically grants power to the Government of India to acquire coal bearing land by notifying in the Official Gazette such land, besides, empowering the Government of India to vest in the Government Company such rights in or over the land. The procedure under the CBA Act envisages the following process:

- a preliminary notification of the intention to prospect for coal in an area;
- objections from the public;
- a declaration for acquisition of land;
- vesting of land or rights in or over the land in the Government of India or a Government Company, as the case may be; and
- payment of compensation for such acquisition, the value of which, depends on various factors, such as, market value of the land, damage to be sustained by the person, etc.

Further, a government company that has been vested with the right under the CBA Act would become the owner from the date of vesting of such right by the Government of India. However, where the rights under mining lease are acquired under the CBA Act, then from the date of such vesting, the acquirer is deemed to have become the lessee of the State Government.

Where the acquisition of land takes place under the Land Acquisition Act, the following procedure shall be followed:

- identification of land;
- notification of land;

- declaration of land;
- acquisition of land; and
- payment and ownership of land.

However, any person having an interest in such land has the right to object to such acquisition and has the right to receive compensation. The value of compensation for the property acquired depends on several factors, which, among other things, include the market value of the land and damage sustained by the person in terms of loss of profits. The land owner can raise objections in relation to the amount of compensation but cannot challenge the fact that any particular land is needed for a "public purpose" or for a company once a declaration to the same effect has been issued by the appropriate government. The term "public purpose" has been defined to include, among other things:

- the provision of village sites, or the extension, planned development or improvement of existing village sites;
- provision of land for town or rural planning;
- provision of land for the planned development of such land from public funds pursuant to any scheme or policy of the government and subsequent disposal thereof in whole or in part by lease, assignment or outright sale with the object of securing further development as planned;
- the provision of land for a corporation owned or controlled by the state;
- the provision of land for any other scheme of development sponsored by the government, or, with the prior approval of the appropriate government, by a local authority; and
- the provision of any premises or building for locating a public office, but does not include acquisition of land for companies.
- the provision of land for a corporation owned or controlled by the state.

In addition, certain states have amended the central statute and framed their own rules for compulsory land acquisition. The Company has to abide by the State legislations in those states in which it conducts its business, in addition to the Central legislation.

Reconnaissance Permit, Prospecting Licence and Mining Lease

Whereas the aforementioned legislations deal with the process of acquisition of coal bearing land, the MMDR Act, along with the Mineral Conservation and Development Rules, 1988, as amended, ("**MCD Rules**") and the Mineral Concession Rules, 1960, as amended ("**MC Rules**") deal with the mining rights and the operations of mines in India, the MMDR Act empowers the State Governments to develop and regulate mines and minerals, which includes powers in relation to the granting of reconnaissance permits, prospecting licences and mining leases.

A reconnaissance permit or a prospecting licence for any mineral or prescribed group of associated minerals is granted by the relevant State Government for a maximum period of three years. A prospecting licence may be renewed for a longer period by the relevant State Government, if it is satisfied that a longer period is required to enable the licencee to complete prospecting operations subject to such renewal period not exceeding five years. However, the MMDR Act does not provide for renewal of the reconnaissance permit and also a person can be granted a maximum area of 10,000 square kilometers in one or more reconnaissance permits. Similarly, a person can be granted a maximum area of 25 square kilometers in one or more prospecting licences, but if the Government of India is of the opinion that in the interest of development of any mineral it is necessary to do so, the maximum area limit can be relaxed. A person may obtain a prospecting licence in various states simultaneously up to the state-wide area limits. The person who undertakes prospecting under a prospecting licence enjoys preferential right for the grant of the mining lease over any other person, subject to the satisfaction of the relevant State Government in respect of certain conditions. Further, no licence can be granted unless there is evidence to show that the area for which the lease is applied for has been prospected earlier and there is a mining plan approved by the relevant State Government.

Further, where any person has made an application for a mining lease in respect of mineral(s) not specified in the existing mining lease(s) by another, then the State Government shall notify such fact to the person who already holds mining leases in the land applied for. If the existing lessee applies for a prospecting licence or mining lease for another mineral in respect of the newly discovered mineral(s) within six months of the date of

communication of such information by the State Government, then the existing lessee shall get preference in respect of such grant.

Moreover, the MCD Rules provide that every holder of a mining lease shall take all possible precautions for the protection of the environment and control of pollution while conducting prospecting, mining, beneficiation or metallurgical operations in the area. The environmental protection measures that are required to be taken in any mining operation includes, among others, removal and utilization of top soil, storage of overburden, waste rock, etc., reclamation and rehabilitation of lands, precaution against ground vibrations, control of surface subsidence, precautions in respect of air pollution and noise levels, discharge of toxic liquid and impact on flora. Pursuant to the Supreme Court judgment in *M.C. Mehta* v. *Union of India*, environmental clearance from the Ministry of Environment and Forest, Government of India ("**MoEF**") is also required at the time of renewal of a mining lease if the area under the lease is in excess of five hectares and the mining lease is in respect of a major mineral.

In respect of coal, as mentioned in the First Schedule of the MMDR Act, prior approval of the Government of India is required to be obtained by the State Government for entering into the mining lease. The approval of the Government of India is granted on the basis of the recommendations of the State Governments, though the Government of India has the discretion to overlook such recommendations. On receiving the clearance of the Government of India, the State Government grants the final mining lease and prospecting licence. The mining lease can be executed only after obtaining the mine plan approval, along with the progressive mine closure plan approval from the Indian Bureau of Mines (IBM). Such plans are required to be in formats as prescribed by the Indian Bureau of Mines (IBM) in this regard.

The mining lease agreement governs the terms on which the lessee can use the land for the purposes of mining operations. If the land on which the mines are located belongs to private parties, the lessee would have to acquire the surface rights from such private party. If such private party refuses to grant such surface rights, the lessee is to inform the same to the State Government and deposit the compensation for the acquisition of the surface rights with the State Government, and if the State Government deems that such amount is fair and reasonable then the State Government will order the private occupier to permit the lessee to enter the land and carry out such operation as may be necessary for the purpose of the mining lease. In case of government land, the surface right to operate in the lease area is granted by the Government upon application and as per the norms of that State Government. Surface rights of private land can be directly negotiated with the owner and the rights obtained.

If the mining operation in respect of any mining lease leads to displacement of people, the mining project can become functional only after ensuring resettlement and rehabilitation of the persons displaced by the mining operations and payment of other benefits have been carried out in accordance with the guidelines of the relevant State Governments, including payment for the acquired land, owned by those displaced persons.

In case forest lands are involved, the mining lease can be executed only after obtaining the forest clearances from the MoEF as per the Forest (Conservation) Act, 1980, as amended, ("**Forest Act**"). In a State, a person can be granted one or more mining leases for a mineral or prescribed group of associated minerals for a total area not exceeding 10 square kilometres. However, if the Government of India is of the opinion that it is necessary in the interest of development of any mineral to do so, it may relax the aforesaid requirement. Further, in order to determine the total area of 10 square kilometres, the area held under a mining lease by a person in his capacity as member of a co-operative society, company or any other corporation, or a Hindu undivided family or a partner of a firm shall be deducted from the area held under a mining lease in his own name so that the sum total of the area held under the mining lease does not exceed 10 square kilometres.

The maximum term for which a mining lease may be granted is 30 years provided that the minimum period shall not be less than 20 years. A mining lease may be renewed for further a period of 20 years or for a lesser period as per the request of the lessee. The renewals are subject to the lessee not being in default of any applicable laws (including environmental laws) and in respect of certain specified minerals, the previous approval of the Government of India. The MMDR Act provides that if the holders of a mining lease are using the mineral for their "own industry", then such holder would be entitled to a renewal of his mining lease for a period of 20 years unless he applies for a lesser period. The lessee has to apply to the relevant State Government for renewal of the mining lease at least one year prior to the expiry of the lease. However, the State Government can condone the delay in submitting an application for renewal of a lease provided that the application is made before the expiry of the lease. In the event that the State Government does not pass any orders in relation to an

application for renewal prior to the expiry of the lease, the lease period will be deemed to be extended until the State Government passes its orders on such application for renewal.

Under the MC Rules, the approval of the Government of India is required for the transfer of a mining lease, including assignment, subletting or transfer of right, title or interest in any other manner. Further, the transferee must accept all the conditions and liabilities to which the transferor was subject in respect of such lease.

Royalty Payable

Royalty on the mineral removed or consumed from a leased area at a specified rate, or the dead rent, whichever is higher, is payable to the State Government by the lessee in accordance with the MMDR Act. The mineral royalty is payable in respect of an operating mine that has started dispatching and is computed in accordance with the stipulated rates. The Government of India has broad powers to change the royalty rates but cannot do so more than once every three years.

In terms of the Second Schedule to the MMDR Act, the royalty currently payable with respect to iron ore lumps, fines and concentrates of all grades is at a rate of 10% on an ad valorem basis, on the sales price.

In addition, the lessee will be liable to pay the occupier of the surface of the land over which he holds the mining lease an annual compensation determined by the Central Government, which varies depending on whether the land is agricultural or non-agricultural.

Conservation and Development of Coal Mines

The Conservation and Development Act authorizes the Central Government to take measures for conservation of coal and development of coal mines. Under the Conservation and Development Act, the Government of India is also empowered to direct any person to take measures which may be necessary for conservation of coal and the development of coal mines, including stowing for safety, washing of coal with a view to beneficiating and reducing the ash-contents of coal. It lays down specific duties which the owner is mandated to carry out for the conservation of coal and the development of the coal mine. Further, the owner is required to pay excise and customs duty as specified. The provisions of the enactment requires Central Government to distribute a part of the collection of customs and excise duties to the owner of the coal mines, who are required to open a separate account. The funds to the credit of this account are required to be used by the owner of the coal mines to further the objects of the Conservation and Development Act.

Transfer and Validation in relation to Coal India Limited

The Coal Mines Transfer and Validation Act empowers the Government of India to transfer of land, or of rights in and over lands or of the right, title, interest in relation to a coal mine, coking coal mine or a coke oven plant which is vested in our Company or in a Subsidiary incorporated under the Companies Act ("**Indian Subsidiaries**") company to any other Indian Subsidiary. The transferee Indian Subsidiary would be required and willing to comply, or has already complied, with such terms and conditions as the government may think fit to impose. Prior to the Coal Mines Transfer and Validation Act, an Indian Subsidiary which was operating or, was in control of, any coal mine, coking coal mine, or coke oven plants which was vested in our Company or an Indian Subsidiary shall be deemed to have been vested with the land, or rights, title, interest in relation to a coal mine, coking coal mine or a coke oven plant with the Government of India, with the Government of India having the power to retrospectively validate such transfers.

National Mineral Policy, 2008

The Planning Commission had appointed a High Level Committee ("Hoda Committee") in 2005 to make recommendations regarding the National Mineral Policy and the MMDR Act. National Mineral Policy, 2008 was notified, based on the Hoda Committee Report. The salient features of National Mineral Policy, 2008 are as under:-

- Development of capital market structures to attract risk investment into survey and prospecting.
- Development of a proper inventory of resources and reserves, a mining tenement registry and a mineral atlas, on a priority basis.
- Enforcement of mining plans for adoption of proper mining methods and optimum utilization of minerals.

- Designing of framework of sustainable development which takes care of bio diversity issues and special care to be taken to protect the interest of host and indigenous (tribal) populations through developing models of stakeholder interest based on international best practice.
- Devising of innovative structures for developing and financing the infrastructure needs of mining sector.
- Provision of fair share of value of minerals to the mineral bearing states.
- Financial and operational assistance to be provided to states to address the problem of illegal mining.
- Establishment of appropriate educational and training facilities for human resource development.
- States to ensure with transparency, facilitation and regulation of exploration and mining activities of investors and entrepreneurs, and provision of infrastructure and tax collection, and
- Arms' length distance to be ensured between mining Public Sector Undertakings and regulatory arm of the state.

The Central Government in consultation with State Governments and other stakeholders, formulated Mines and Minerals (Development and Regulation), Bill, 2010, to implement the National Mineral Policy, 2008.

Laws relating to Mines Safety

The Mines Act, 1952, as amended, ("**Mines Act**"), along with the rules and regulations therein, seeks to regulate the working condition in mines by providing for measures to be taken for the safety of the workers employed. The Mines Act has been enacted with the objective of providing for the health, safety and welfare of workers employed in the mines against industrial and occupational hazards. The enactment provides duties, guidelines and standards that are to be maintained during mining operations and management of mines; hours and limitation of employment; leave with wages of mine workers. It empowers the Central Government to appoint qualified persons as inspectors and chief inspectors of mines who shall have the power to inspect and examine any part of the mine at any time, in order to ascertain whether the provisions of the Mines Act, and the rules and regulations therein, are being followed. General disobedience of orders or non compliance of provisions of the Mines Act may result in both criminal and civil penalties.

The Mines Act is administered through the DGMS, with the objective of reduction in risk of occupational diseases and casualty to persons employed in mines, is the regulatory agency for safety in mines and oversees compliance with the Mines Act and the rules and regulations thereunder.

The Mines Rules, 1955, ("**Mines Rules**"), which were notified pursuant to the Mines Act, provides for, *inter alia,* detailed guidelines regarding Committees, Court of Inquiry constituted under the Mines Act, requirements for initial and periodical medical examinations of persons employed or to be employed in mines, constitute a workmen's inspector and safety committee, provide health and sanitation standards, provisions related to first aid and medical appliances, employment of persons, leave with wages and overtime and welfare amenities.

Also, the Government of India notified the Mines Rescue Rules, 1985 ("**MR Rules**"), under the Mines Act, in order to empower the Chief Inspector (established by the Mines Act, 1952) to permit or require the owner of a below ground mine or a group of below-ground mines to establish and maintain rescue station(s) which shall: (a) provide both initial and refresher training in rescue and recovery work; (b) provide support in case of major accidents or long lasting rescue and recovery operations; and (c) carryout the functions of rescue room in respect of these below ground mines where there is no rescue room. A rescue room has the facility for the storage, assembly, testing and adjustments of rescue equipment and for their speedy transport to mines.

Pursuant to the powers under the Mines Act, the Government of India also enacted the Coal Mines Regulations, 1957 ("**CM Regulations**"), under the Mines Act. The CM Regulations lay down the duties and the responsibilities of the workmen, the officials and the other people looking after the working of the coal mines; the general requirements about mine plans; requirements regarding health and safety of workers. The CM Regulations also requires, in pursuance of Section 16 of the Mines Act, the submission of a notice of opening to the regional inspector accompanied by a plan showing the boundaries of the mine and shafts and openings of the mines and other prominent and permanent surface features.

Regulations on Coal Distribution and Quality Control

Quality Control

In exercise of the powers conferred by the Essential Commodities Act, 1955 and the MMDR Act, the Government of India issued the Colliery Control Order, 2000, as amended, ("**CC Order**") and the Colliery Control Rules, 2004, as amended, ("**CC Rules**"). Both the CC Order and the CC Rules empowers the Central Government to prescribe the criteria for categorization of coal and the Coal Controller for prescribing the procedure for the categorization of coal, inspection of collieries and quality surveillance, etc. The Coal Controller has also been empowered to issue directions to any colliery owner regulating disposal of stocks of coal, prohibiting or limiting the mining or production of any grade of coal and the requirement of prior permissions to open a coal mine.

Distribution of Coal

The MoC issued the New Coal Distribution Policy, 2007, as amended ("**NCD Policy**") in order to regulate the distribution of coal. This policy removed the classification of consumers into consumers of the core and the noncore sectors and instead, stated that each sector consumers would be treated on merit keeping in view, *inter alia*, the regulatory provisions applicable thereto and other relevant factors. The NCD Policy also deals with the (a) distribution and pricing of coal to different consumers or sectors like the defence sector, railways, power utilities, integrated steel plants, etc.; (b) exclusive distribution policy for the consumers in small and medium sector, replacement of the linkage system with enforceable Fuel Supply Agreements; and (c) laying down of policies for new consumers and a fresh scheme for e-auctioning of coal. The NCD Policy also lays down that discipline and economy should be maintained in the usage of coal since it is considered a scarce fuel. The policy requires our Company to undertake verification of consumers of erstwhile non-core sector consumers to check the veracity of their claim of being *bonafide* consumers of coal and empowers our Company to cancel the allocation of the consumers who are not found to be *bonafide*.

Environmental Laws

Clearances under the Environment (Protection) Act, 1986, as amended, ("**Environment Act**"), the Forest Act, if any forest land is involved, and other environmental laws, such as, Air (Prevention and Control of Pollution) Act, 1981, as amended, ("**Air Act**"), the Water (Prevention and Control of Pollution) Act, 1974, as amended, ("**Water Act**"), and Water (Prevention and Control of Pollution) Cess Act, 1977, as amended, ("**Water Cess Act**") are required before commencing the operations of the mines. Mining activity within a forest area is not permitted in contravention of the provisions of the Forest Act. The final clearance in respect of both forest and environment is given by the Government of India, through the MoEF. However, all applications have to be made through the respective State Governments who then recommend the application to the Government of India. The penalties for non-compliance range from closure or prohibition of mining activity in respect of the mines as well as the power to stop supply of energy, water or other service and monetary penalties on and imprisonment of the persons in charge of the conduct of the business of the company in accordance with the terms of the Environment Act and the Forest Act.

Environment Act

The Environment Act has been formulated by the Central Government for the protection and improvement of the environment in India and for matters connected there with. The Environment Act is an umbrella legislation designated to provide a framework for the Central Government to co-ordinate activities of various state and central authorities established under previous environmental laws. The scope of the Environment Act is very broad with the term "environment" being defined to include water; air and land; human beings; and other living creatures, plant, micro-organisms and property. Section 7 of the Environment Act specifies that no person carrying on any industry, operation or process shall discharge or emit or permit to be discharged or emitted any environment pollutants in excess of such standards as may be prescribed.

Under Section 3 and 5 of the Environment Act, the Government of India is empowered to give directions to ensure remedial measures in the event there are damages to any of the constituents of "environment" defined under the Environment Act. The power to adjudge the account of compensation is with the Central Government. The Supreme Court in *Indian Council for Enviro-Legal Action and Ors.* v. *Union of India and Ors*, observed that it was the Central Government which is responsible for determining the amount of compensation required for carrying out the remedial measures, its recovery/ realization and undertaking the remedial measures in light of the provisions of the Environment Act.

The Central Government has been provided with broad rule making powers, such as, (a) the standards of quality of air, water or soil for various areas and purposes; (b) the prohibition and restriction on the location of

industries and the carrying on process and operations in different areas; and (c) the procedures and safeguards for the prevention of accidents which may cause environmental pollution and for providing for remedial measures for such accidents. The Environment Act also prohibits any person carrying on any industry, operation or process from discharging or emitting or permitting to be discharged or emitted any environmental pollutants in excess of such standards as may be prescribed.

Pursuant to notification No. 60(E) issued by the MoEF dated January 27, 1994, project authorities in mining projects are required to intimate the location of the project site to the MoEF while initiating any investigation and surveys. The MoEF then conveys a decision regarding suitability or otherwise of the proposed site within a maximum period of thirty days. Such site clearance is granted for a sanctioned capacity and is valid for a period of five years for commencing the construction, operation or mining. The mine can be operational only when the project (greater than 5 hectare area) receives the Environment Clearance from the MoEF under the Environment Act, as amended. The notification made it mandatory for any person undertaking any new project or expanding or modernizing any existing industry or project listed in the Schedule I of this notification to submit an application along with a project report to the MoEF.

Subsequently, the Government of India issued another Notification No. S.O. 1533(E) dated September 14, 2006, as amended, ("**2006 EIA Notification**"), whereby, the earlier notification dated January 27, 1994 (including the amendments thereto) were superseded. The 2006 EIA Notification changed the entire procedure for granting of environmental clearances. According to the 2006 EIA Notification, all new projects, expansion of existing projects, product-mix activities and projects require prior environment clearance if they are listed in the schedule to the said notification. The projects and activities listed under 'category A' of the schedule require clearance from the regulatory authority constituted by the Central Government, whereas, the projects and activities listed under 'Category B' are required to obtain clearance from State Environment Impact Assessment Authority, ("**SEIAA**").

The SEIAA will base its decision of granting prior environment clearance on the basis of the recommendations of the State Expert Appraisal Committee ("**SEAC**") while the Central Government will grant prior environmental clearance for category A projects on the basis of the recommendations of the Expert Appraisal Committee ("**EAC**") to be constituted as per this notification. If the SEIAA or the SEAC is not constituted in any state then the Category B project will be deemed to be Category A project.

The notification provides for four stages for prior environment clearance. However not all stages apply to all projects. The four stages are:

1) Screening: During this process the appraisal authority shall determine whether there is a requirement of Environment Impact Assessment Report to be submitted as per the guidelines given by the Central Government in this context.
2) Scoping: During this process the appraisal committee will determine the Terms of Reference ("TOR") for each of the category (i.e. category A and B 1 projects). TOR will be conveyed to the applicant within 60 days of receipt of the application in prescribed format.
3) Public Consultancy and Public Hearing: This process involves obtaining and receiving objections and other concerns of local affected persons and others who have a stake in the project and its impact. Public Hearing should be conducted by the State Pollution Control Board or the Union Territory Pollution Control Committee within 45 days from the date of receiving the application from the project proponent to this effect.
4) Appraisal: SEAC or EAC accordingly shall consider the final Environment Impact Assessment report and the outcome of public consultation and other documents and make recommendations to the regulatory authority. They may recommend granting prior environmental clearance on stipulated terms and conditions or rejecting the applications recording the reasons for the same.

Further, as per the 2006 EIA notification, the management of the project which obtained prior environmental clearance shall submit to the regulatory authority compliance report every six months. All the compliance reports shall be public documents.

Air Act

Under the provisions of the Air Act, under which any individual, industry or institution responsible for emitting smoke or gases by way of use as fuel or chemical reactions must apply in a prescribed form and obtain consent from the state pollution control board prior to commencing any mining activity. The board is required to grant

consent within four months of receipt of the application. The consent may contain conditions relating to specifications of pollution control equipment to be installed.

For ensuring the continuation of the mining operations, a yearly consent certification from the state pollution control board is required both under the Air Act and Water Act, as discussed above.

Forest Act

In case forest lands are involved, the mining lease can be executed only after obtaining the forest clearances as per the Forest Act. The Forest Act provides that no State Government or any other authority shall authorize, without the prior approval of the Central Government, that any forest land or any portion thereof may be used for any non-forest purpose where 'non-forest' purpose refers to the breaking up or clearing of any forest land or portion thereof for:

- the cultivation of tea, coffee, spices, rubber, palms, oil-bearing plants, horticultural crops or medicinal plants; or
- any purpose other than reafforestation but does not include any work relating or ancillary to conservation , development and management of forests and wildlife.

Water Act

The Water Act, which aims at the prevention and control of water pollution as well as restoration of water quality, through the establishment of state pollution control boards. Under the provisions of the Water Act, any individual, industry or institution discharging industrial or domestic wastewater is required to obtain consent of the state pollution control board. The consent to operate is granted for a specific period after which the conditions stipulated at the time of granting consent are reviewed by the state pollution control board. Even before the expiry of the consent period, the state pollution control board is authorized to carry out periodic checks on any industry to verify if the standards prescribed are being complied with by the concerned person/company. If the standards are not being complied with, the state pollution control board is authorized to serve a notice to the concerned person/company. In the event of non-compliance, the state pollution control board may mandate closure the mine or withdraw its water supply to the mine or cause magistrates to pass injunctions to restrain such polluters.

Water Cess Act

Mining is a specified industry under the Water Cess Act and a lessee is required to pay the surcharge as stipulated on the basis of water consumed. The assessing authority at the state level levies and collects the surcharge based on the amount of water consumed by such industries. The rate is also determined on the basis of the purpose for which the water is used. Based on the surcharge returns to be furnished by the industry every month, the amount of cess is assessed by the relevant authorities. A rebate of up to 25% on the surcharge payable is available to those industries which install any plant for the treatment of sewage or trade effluent, provided that they consume water within the quantity prescribed for that category of industries and also comply with the effluents standards prescribed under the Water Act or the Environment Act.

Labour laws

The Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 ("**the Gratuity Act**") establishes a scheme for the payment of gratuity to employees engaged in every factory, mine, oil field, plantation, port and railway company, every shop or establishment in which ten or more persons are employed or were employed on any day of the preceding twelve months and in such other establishments in which ten or more persons are employed or were employed on any day of the preceding twelve months, as the central government may, by notification, specify. Penalties are prescribed for non-compliance with statutory provisions.

Under the Gratuity Act, an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement, resignation, superannuation, death or disablement due to accident or disease. However, the entitlement to gratuity in the event of death or disablement will not be contingent upon an employee having completed five years of continuous service.

Employees State Insurance Act, 1948

The Employees State Insurance Act, 1948 ("**ESI Act**") provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. It applies to, *inter alia*, seasonal power using factories employing ten or more persons and non-power using factories employing 20 or more persons. Every factory or establishment to which the ESI Act applies is required to be registered in the manner prescribed in the ESI Act. Under the ESI Act every employee (including casual and temporary employees), whether employed directly or through a contractor, who is in receipt of wages up to Rs. 10,000 per month is entitled to be insured.

The ESI Act states that a principal employer, who has paid contribution in respect of an employee employed by or through an immediate employer, shall be entitled to recover the amount of the contribution so paid from the immediate employer, either by deduction from any amount, payable to him by the principal employer under any contract, or as a debt, payable by the immediate employer.

Employees Provident Fund and Miscellaneous Provisions Act, 1952

The Employees Provident Fund and Miscellaneous Provisions Act, 1952 ("**EPF Act**") provides for the institution of compulsory provident fund, pension fund and deposit linked insurance funds for the benefit of employees in factories and other establishments. A liability is placed both on the employer and the employee to make certain contributions to the funds mentioned above.

Regulation of Foreign Investment in India

Foreign investment in Indian securities is governed by the provisions of the FEMA read with the applicable FEMA Regulations. The DIPP has issued 'Circular 2 of 2010' ("**FDI Circular**") which consolidates the policy framework on FDI, with effect from October 1, 2010. The FDI Circular consolidates and subsumes all the press notes, press releases, and clarifications on FDI issued by DIPP as on September 30, 2010.

Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, where approval from the Government of India or RBI is required, depending upon the sector in which foreign investment is sought to be made.

Under the automatic route, the foreign investor or the Indian company does not require any approval from the RBI or Government of India for investments. However, if the foreign investor has any previous joint venture/tie-up or a technology transfer/trademark agreement in the "same field" in India as on January 12, 2005, prior approval from the FIPB is required even if that activity falls under the automatic route, except as otherwise provided. 100% FDI is allowed under the automatic route in coal and lignite mining for captive consumption by power projects, iron and steel and cement units and other eligible activities permitted under and subject to the provisions of the Coal Nationalization Act.

Under the approval route, prior approval of the Government of India through FIPB is required. FDI for the items or activities that cannot be brought in under the automatic route may be brought in through the approval route.

Where FDI is allowed on an automatic basis without the approval of the FIPB, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, no approval of the RBI is required except with respect to fixing the issuance price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company.

Investment by FIIs

FIIs including institutions such as pension funds, mutual funds, investment trusts, insurance and reinsurance companies, international or multilateral organizations or their agencies, foreign governmental agencies, sovereign wealth funds, foreign central banks, asset management companies, investment managers or advisors, banks, trustees, endowment funds, university funds, foundation or charitable trusts or societies and institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in

transactions regulated under the FEMA. FIIs must also comply with the provisions of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time ("**FII Regulations**"). The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely, securities issued by Indian companies, to realize capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

FIIs are permitted to purchase shares of an Indian company through public/private placement under:

i. Regulation 5 (1) of the FEMA Regulations, subject to terms and conditions specified under Schedule 1 of the FEMA Regulations ("**FDI Route**").
ii. Regulation 5 (2) of the FEMA Regulations subject to terms and conditions specified under Schedule 2 of the FEMA Regulations ("**PIS Route**").

In case of investments under FDI Route, investments are made either directly to the company account, or through a foreign currency denominated account maintained by the FII with an authorised dealer, wherein Form FC-GPR is required to be filed by the company. Form FC-GPR is a filing requirement essentially for investments made by non-residents under the 'automatic route' or 'approval route' falling under Schedule 1 of the FEMA Regulations.

In case of investments under the PIS Route, investments are made through special non-resident rupee account, wherein Form LEC (FII) is required to be filed by the designated bank of the FII concerned. Form LEC (FII) is essentially a filing requirement for FII investment (both in the primary as well as the secondary market) made through the PIS Route.

Foreign investment under the FDI Route is restricted/ prohibited in sectors provided in part A and part B of Annexure A to Schedule 1 of the FEMA Regulations.

Ownership Restrictions of FIIs

The issue of securities to a single FII under the PIS Route should not exceed 10% of the issued and paid-up capital of the company. In respect of an FII investing in securities on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued and paid-up capital. The aggregate FII holding in a company cannot exceed 24% of its total paid-up capital.

The said 24% limit can be increased up to 100% by passing a resolution by the board of directors followed by passing a special resolution to that effect by the shareholders of the company. As on the date of filing of this Prospectus, no such resolutions have been passed either by our Board or the shareholders of our Company.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the FII Regulations, an FII may issue, deal or hold, offshore derivative instruments such as "Participatory Notes", equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or their Sub-Account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity. FIIs and their Sub-Accounts are not allowed to issue offshore derivative instruments with underlying as derivatives.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief History of our Company and our Subsidiaries

In order to provide for a higher growth in coal sector to meet the growing energy needs of the country, the Government in 1973, nationalized the coal mines by enacting the Coal Nationalization Act. Pursuant to the nationalization of coal mines, our Company was incorporated as a private limited company with the name of 'Coal Mines Authority Limited', under the Companies Act on June 14, 1973, and in terms of notification no. G.S.R. 345(F) dated July 9, 1973, issued pursuant to the provisions of Section 5 of the Coal Nationalization Act certain nationalized coal mines were vested in our Company by the Central Government.

Thereafter in 1975, Department of Coal, Ministry of Energy, GoI, with a view to integrate and streamline the structural set up in a manner which could be conducive to a more efficient administration, issued letter no. 38011/1/1/74-CAF dated September 27, 1975, providing for the re-organisation of 'Coal Mines Authority Limited' as 'Coal India Limited', which was to be responsible for the entire coal mining sector owned and controlled by the Central Government. Further to the above direction from the Ministry of Energy, Department of Coal, the following steps were undertaken to re-organize our Company:

(a) BCCL was made a Subsidiary of our Company.

(b) 'National Coal Development Corporation' was renamed as 'Central Coalfields Limited' and made a Subsidiary of our Company. Further, the central division of our Company was transferred to CCL.

(c) CMPDIL was incorporated as a private limited company and made Subsidiary of our Company. Further, the mine planning division of our Company was transferred to CMPDIL.

(d) ECL was incorporated as a private limited company and made a Subsidiary of our Company. Further, the eastern division of our Company was transferred to ECL.

(e) WCL was incorporated as a private limited company and made a Subsidiary of our Company. Further, the western division of our Company was transferred to WCL.

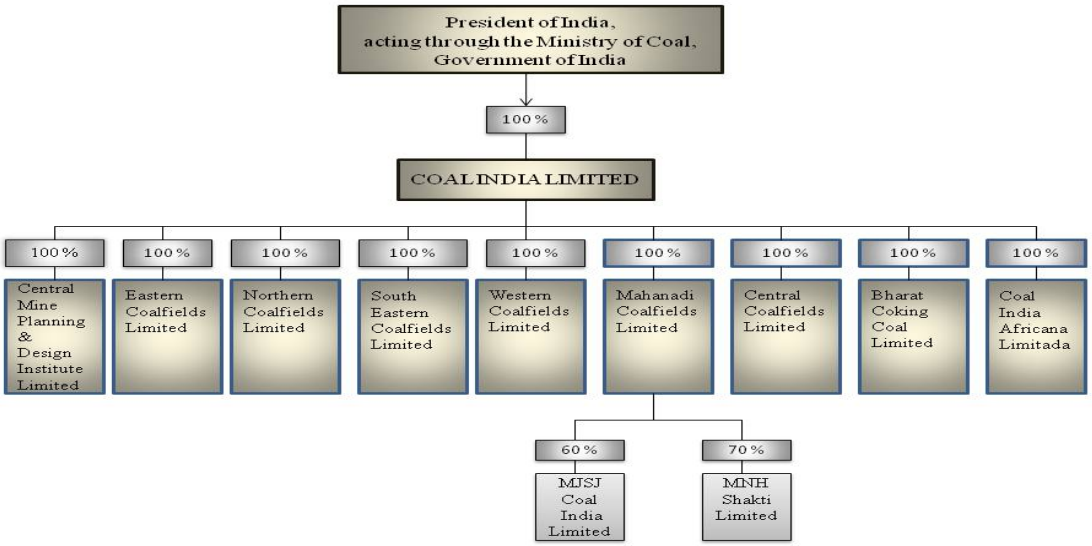
In compliance with the above direction from the Ministry of Energy, Department of Coal, and pursuant to a resolution of our shareholders dated October 15, 1975 and approval of the Ministry of Law, Justice and Company Affairs (letter no. RD/T/5226) dated October 21, 1975, the name of our Company was changed to 'Coal India Limited' and we received a fresh certificate of incorporation dated October 21, 1975 from the RoC, consequent upon such change of name.

Pursuant to the nationalization of coal mines and during the period upto 1991, our Company was able to enhance the growth rate of coal production from a CAGR of 2.18% at the time of nationalisation in Fiscal 1974 to a CAGR of 5.63% by Fiscal 1991. However during this period, due to certain macro-economic and socio economic factors, our Company continued to operate certain legacy mines inherited pursuant to the nationalization and to operate certain new projects irrespective of financial viability. Further, on account of certain internal reasons and policy issues, our Company's accumulated losses in Fiscal 1991 and overdue liabilities to the Government in Fiscal 1993, reached Rs. 24,989.80 million and Rs. 23,113.10 million respectively. Thereafter, post 1991 upon our Company achieving certain milestones and certain policy changes initiated by the Government our Company endeavoured to consolidate its financial position. For details in relation to milestones achieved by our Company and the financial conditions of our Company, please see the sub section titled "Major Events and Milestones" and the section titled "Financial Statements", respectively at pages 126 and F-1.

For further details in relation to our business including description of our activities, services, market of each segment, our growth, research and development, managerial competence and capacity build-up, our standing with reference to our prominent competitors, see the sections titled "Our Business" and " Management's Discussion of Financial Conditions and Results of Operations" page 68 and 184.

Subsequently to the corporate re-organization of our Company in 1975, pursuant to a letter no. 38011/1/83-OA dated November 1, 1985 from the Ministry of Energy, Department of Coal, NCL and SECL were incorporated as private limited companies and made Subsidiaries of our Company, to manage mines in certain areas hitherto managed by CCL and WCL. Thereafter, pursuant to a letter dated March 26, 1992 from the MoC, MCL was

incorporated as private limited company and made a Subsidiary of our Company, to manage mines in Talcher and Ib valley in the state of Orissa. Thereafter, pursuant to a resolution passed by our shareholders on February 16, 2010 and approval of MoC (letter no. 38038/1/96-CA-II (Vol. II)) dated July 31, 2009, with effect from February 24, 2010, our Company was converted into a public company. Pursuant to the corporate reorganization and the subsequent acquisition of Subsidiaries by our Company, the structure of our Company and our Subsidiaries, as on the date of this Prospectus is as follows:



For details of raising of capital in the form of equity and debt, see the sections titled "Capital Structure" and "Financial Indebtedness" on pages 26 and 234, respectively.

Major Events and Milestones

Date	Events
1973-74	• Nationalization of coal mines, in order to provide for a higher growth in coal sector to meet the growing energy needs of the country.
1973-74	• Incorporation of our Company as 'Coal Mines Authority Limited'.
1975-76	• Change of name of our Company to 'Coal India Limited'. • Incorporation of CMPDIL, ECL and WCL, and formation of BCCL, CCL, CMPDIL, ECL and WCL, as our Subsidiaries.
1979-80	• Construction of the low temperature carbonized plant started in Dankuni Coal Complex. • The pricing policy of CMPDIL was reviewed to ensure that the company was working on a commercial line instead of working on "no profit no loss" basis.
1980-81	• Construction of five new washeries: Moonidih washery, Ramgarh washery, Mohuda washery, Barora washery, Kedla washery. • Overall production of coal by our Company and our Subsidiaries crossed 100 million tonnes.
1981-82	• Introduction of retention prices of coal by amending the Colliery Control Order, 1945 by notification dated March 31, 1982, in respect of our Subsidiaries.
1985-86	• Formation of NCL and SECL as Subsidiaries of our Company, to manage certain mines managed by WCL and CCL.
1987-88	• 'Blasting Gallery Method' introduced at East Katras mine under BCCL and Chora mine under ECL.
1991-92	• Uptrend of profit started in 1991 and our Company earned a profit of Rs. 1,670 million in Fiscal 1992. • Overall production of coal by our Company and our Subsidiaries crossed 200 million tonnes. • Fixing of coal prices once a year to compensate for increase in price of inputs on a normative cost basis, and adoption of the escalation formula prescribed by the Bureau of Industrial Cost and Prices ("**BICP**").

Date	Events
1992-93	• Formation of MCL as our Subsidiary to manage mines Talcher and Ib valley in the state of Orissa.
1995-96	• Approval of a financial restructuring package by the Government, whereby Rs. 8,917 million of interest liability was waived, Rs. 9,041.8 million of plan loan repayment arrears was converted to preference equity and Rs. 4,326.4 million of non plan payment arrears were allowed a moratorium for repayment and interest accrual for a period of three years, to be repaid in three equal instalments. • A profit of Rs. 6,116 million in Fiscal 1996 was earned by our Company.
1996-97	• Rating of 'A+', indicating adequate safety with regard to timely payment of interest and principal, awarded by CRISIL in respect of the Rs. 4,000 million bond issue by our Company. • Adoption of financial viability as the basis for approval of coal development projects. • Discontinuation of retention prices scheme and the Coal Price Regulation Account (CPRA), with the deregulation in prices of certain grades of coal.
1997-98	• Corporatization of the financial flow between our Company and Subsidiaries, such that our Company is to receive only dividends under applicable policy from our Subsidiaries and the corpus of our Company was to be utilized to provide strategic support to a loss making entity only for, *inter alia*, maintaining their productive capital assets. • Sanction of loan of USD 1.03 billion (Rs. 47,998 million) from the World Bank and the Japanese Bank for International Co-operation for implementing 24 highly viable open case projects with global sourcing of equipments, of which USD 484.40 million (Rs. 22,573.04 million) was availed during the period between Fiscal 1998 to Fiscal 2004.
2001-02	• Laying down of a minimum internal rate of return of 12% at 85% capacity utilization as cut off for the development of a project.
2003-04	• Overall production of coal by our Company and our Subsidiaries crosses 300 million tonnes.
2005-06	• Rating of 'AAA/Stable', indicating highest degree of safety with regard to timely payment of interest and principal, awarded by CRISIL in respect of the Rs. 250 million bond programme of our Company. • Introduction of sale of coal through 'e-auction method'. • ECL and BCCL reported profit of Rs. 3,638 million and Rs. 2,026.67 million in Fiscal 2006.
2006-07	• Award of '*Mini Ratna*' status by the Department of Public Enterprises, GoI, to our Company and to MCL, NCL, SECL and WCL. • Decline in debt as a percentage of net worth from 66 % in 2001-2002 to 10 % in 2006 -2007.
2007-08	• Award of '*Mini Ratna*' status by the Department of Public Enterprises, GoI, to CCL.
2008-09	• Award of '*Navratna*' status to our Company by the Department of Public Enterprises, GoI, for our operational efficiency and financial strength, which affords greater operational freedom and autonomy in decision making. • Overall production of coal by our Company and our Subsidiaries, crossed 400 million tonnes.
2009-10	• Award of the Scope Excellence Award to our Company by the Standing Conference of Public Enterprises for the year 2007-08. • Establishment of Coal India Africana Limitada, a foreign subsidiary in Mozambique; • Conversion of our Company into a public limited company. • Award of '*Mini Ratna*' status by the Department of Public Enterprises, GoI, to CMPDIL. • Receipt by our Company of a composite score of 1.47 and rating as "excellent" for the year 2007-2008 by Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, GoI.

Awards and Accreditations

Year	Awards / Accreditations
2007	Conferred with the "*Enterprise Excellence Award 2007*" by the Indian Institution of Industrial Engineering.*
2008	Conferred with the "*SCOPE Gold Trophy 2007-08 for Excellence and Outstanding Contribution to the Public Sector Management*".**
2009	Conferred with the "*World's Largest Coal Producing Company*" Award at the first Dalal Street Investment Journal PSU Awards, 2009.
2009	Ranked among the top five finalists in the 11th Anniversary of Platts Global Energy Awards 2009, in the 'Energy Producer of the Year' category.
2010	Chairman and Managing Director of our Company, Mr. Partha S. Bhattacharyya was conferred with the "*CEO with HR Orientation*" Award by the Council of World HRD Congress at the Global HR Excellence Awards Ceremony 2010.

**It is awarded for financial and operational strength as assessed under five perspectives, namely, financial strength, achievements, internal processes, innovation and learning and external consumer orientation.*
***SCOPE (Standing Conference of Public Enterprises – an apex body of Government owned Public Enterprises) Excellence Awards has been conceptualized and instituted to recognize the contribution of public enterprises.*

Our Main Objects

Our main objects as contained in our Memorandum of Association are:

Clause	Particulars
1(a)	To carry on in India and elsewhere the trade or business of coal mining including the management of coal mines either independently or for and on behalf of or under the directions of the Central Government or any State Government whether as custodian, receiver or in any other similar capacity.
1(b)	To acquire coal mines by purchase, lease, licence, grant, amalgamation or otherwise.
1(c)	To produce or otherwise engage generally in the production, sale and disposal of coal and its by- products.
1(d)	To mine, quarry or beneficiate coal and manufacture coke and other by-products of coal, purchase or otherwise acquire all minerals and other materials of every kind needed for or resulting from, the mining, manufacturing, production or processing of coal, coke and other by -products of every kind and, for this purpose to install, operate and manage all necessary plants, mines, establishment works.
1(e)	To carry on the business of buying, selling, importing, exporting, producing, trading, manufacturing or otherwise dealing in all products made of iron and steel, coal, manganese, limestone, refractories and other allied industries and for that purpose to install, operate and manage all necessary plants, mines establishment works.
1(f)	To explore, produce, sell and distribute Coal Bed Methane Gas and its by products in India and abroad and for this purpose, to install, operate and manage all necessary plants, mines, establishments and works.
1(g)	To produce, process, store, distribute, sell, import, export or otherwise deal in gas and other by products arising from the coal gasification process in India and abroad and for this purpose, to install, operate and manage all necessary plants, mines establishments and works.
1(h)	To carry on in India and abroad all or any of the business of generation, purchase, production, manufacture, processing, import, development, storage, accumulation, transmission, distribution, sale, export or otherwise dealing in all aspects of electricity (including products derived from or connected with any other forms of energy), including without limitation thermal (based on coal/gas), solar, hydro, wind, tidal, geo-thermal, biological and any other forms of energy through Conventional or Non conventional Renewable energy sources, construction, operation and maintenance, renovation and modernisation of Power stations and projects, cables, wires, lines, accumulators, lamps and works and for that purpose, to promote, operate and carry on the business of coal washeries, liquefied natural gas for supply of fuel to power stations and also to undertake in India and abroad the business of other allied/ancillary industries including those for utilization of steam generated at power stations, coal ash and other by products and install, operate and manage all necessary plants, establishment and works.
2	To reorganise and reconstruct any coal mines taken over by the Government of India, to take over the charge of management of such mines and to operate them on sound commercial principles in order to ensure rational and co-ordinated development of coal production and to ensure optimum utilization of capacity in the various projects.
3	To formulate and recommend to the Central Government a national policy for conservation, development and scientific utilization of the coal reserves of the country and advise the Government on all policy matters relating to the Coal industry.
4	To act as an entrepreneur on behalf of the State in respect of the coal industry and plan and organize production of coal as also its beneficiation and the manufacturer of other by-products of coal in accordance with the targets fixed in the Five Year Plans and the economic policy and objectives laid down by the Government from time to time.
5	To finance its replacement expenditure and repayment of loans from its own internal resources and to plough back in the plan expenditure or new projects any surplus that may be left after meeting the above mentioned expenditure and with due regard to its obligation to pay a reasonable dividend.
6	To develop technical know-how in coal mining and coal washery and undertake applied research and development relating to exploitation of coal deposits as well as utilization of coal so that dependence on foreign technical collaboration is eliminated.
7	To search for, inspect, examine, explore, mine, quary, purchase or otherwise acquire in the Union of India or elsewhere in the world, deposits of coal and all other metals, minerals and

Clause	Particulars
	mineral substances of every kind as an incident to or by-product of any of the foregoing.
8	To search for, get work, raise, make merchantable sell and deal in coal and to manufacture and sell patent fuel.
9	To carry on mining and quarrying coal and other by-products incidental thereto.
10	To manufacture coke and other by-products of coal.
11	To act as traders and carriers of coal and coke and other by-products directly or through agents.
12	To act as Colliery and mine proprietors, coke manufacturers in all their respective branches.

For details, relating to our business and operations, see the section titled "Our Business" on page 68.

Amendments to the Memorandum of Association

Since incorporation, the following changes have been made to our Memorandum of Association:

Date of Amendment	Details of Amendment
October 15, 1975	The name of our Company was changed from Coal Mines Authority Limited to Coal India Limited. The authorized share capital of our Company was increased from Rs. 2,500 million divided into 2,500,000 equity shares of Rs. 1,000 each to Rs. 7,500 million divided into 7,500,000 equity shares of Rs. 1,000 each.
February 7, 1980	The authorized share capital of our Company was increased from Rs. 7,500 million divided into 7,500,000 equity shares of Rs. 1,000 each to Rs. 10,000 million divided into 10,000,000 equity shares of Rs. 1,000 each.
June 24, 1981	The authorized share capital of our Company was increased from Rs. 10,000 million divided into 10,000,000 equity shares of Rs. 1,000 each to Rs. 15,000 million divided into 15,000,000 equity shares of Rs. 1,000 each.
April 13, 1983	The authorized share capital of our Company was increased from Rs. 15,000 million divided into 15,000,000 equity shares of Rs. 1,000 each to Rs. 20,000 million divided into 20,000,000 equity shares of Rs. 1,000 each.
December 28, 1984	The authorized share capital of our Company was increased from Rs. 20,000 million divided into 2,00,00,000 equity shares of Rs. 1,000 each to Rs. 30,000 million divided into 3,00,00,000 equity shares of Rs. 1,000 each.
December 30, 1986	The authorized share capital of our Company was increased from Rs. 30,000 million divided into 30,000,000 equity shares of Rs. 1,000 each to Rs. 50,000 million divided into 50,000,000 equity shares of Rs. 1,000 each.
December 24, 1988	The authorized share capital of our Company was increased from Rs. 50,000 million divided into 50,000,000 equity shares of Rs. 1,000 each to Rs. 60,000 million divided into 60,000,000 equity shares of Rs. 1,000 each.
March 30, 1992	The authorized share capital of our Company was increased from Rs. 60,000 million divided into 60,000,000 equity shares of Rs. 1,000 each. to Rs. 80,000 million divided into 80,000,000 equity shares of Rs. 1,000 each.
September 28, 1995	*Clause III(A)(1)(f) was inserted in the Memorandum of Association of our Company, so as to be read as follows:* "To explore, produce, sell and distribute coal bed methane gas and its by products."
February 21, 1997	The authorized share capital of our Company was increased by creating an additional 9,041,800 10% redeemable preference shares of Rs. 1,000 each, thereby increasing the authorized share capital of our Company from Rs. 80,000 million divided into 80,000,000 equity shares of Rs. 1,000 each to Rs. 89,041.8 million divided into 80,000,000 equity shares of Rs. 1,000 each and 9,041,800 10% Redeemable preference shares of Rs. 1,000 each.
September 13, 2006	*Clause III(A)(1)(f) of the Memorandum of Association of our Company, was amended so as to read as follows:* "To explore, produce, sell and distribute coal bed methane gas and its byproducts in India and abroad, and for this purpose, to install operate and manage all necessary plants, mines, establishments and works". *Clause III(A)(1)(g) and 1(h) was inserted in the Memorandum of Association of our Company, so as to be read as follows:*

Date of Amendment	Details of Amendment
	"To produce, process, store, distribute, sell, import, export or otherwise, deal in gas and other byproducts arising from coal gasification process in India and abroad and for this purpose to install operate and manage all necessary plants, mines, establishments and works" " To carry on in India and abroad all or any of the business of generation, purchase, production, manufacture, processing, import, development, storage, accumulation, transmission, distribution, sale, export or otherwise dealing in all aspects of aspects of electricity (including products derived from or connected with any other forms of energy), including without limitation thermal (based on coal or gas), solar hydro, wind, tidal, geo-thermal, biological and any other forms of energy through conventional or non conventional renewable energy sources, construction, operation and maintenance, renovation and modernization of power stations and projects, cables, wires, lines, accumulators, lamps and works and for that purpose to promote, operate and carry on the business of coal washeries, liquefied natural gas for supply of fuel to power stations and also to undertake in India and abroad the business of other allied/ ancillary industries including those for utilisation of steam generated at power stations, coal ash and other byproducts and install, operate and manage all necessary plants, establishments and works."
February 16, 2010	The face value of the equity shares of our Company was split into Rs. 10 each and consequently, the authorized equity share capital of our Company of Rs. 80,000 million was split into 8,000,000,000 Equity Shares of Rs. 10 each *The word "coking" was deleted from Clause III(A)(1)(e) of the Memorandum of Association of our Company, so as to be read as follows:* "To carry on the business of buying, selling, importing, exporting, producing, trading, manufacturing or otherwise dealing in all products made of iron and steel, coal, manganese, limestone, refractories and other allied industries and for that purpose to install, operate and manage all necessary plants, mines establishment works."

Changes in the Registered Office of our Company

At the time of incorporation of our Company the registered office of our Company was located at No. 10, Camac Street, Kolkata 700 017, West Bengal. Pursuant to a resolution passed by our Board of Directors on June 3, 1974, the registered office of our Company was shifted to 15, Park Street, Kolkata 700 016, West Bengal, for administrative reasons. Thereafter, the registered office of our Company was shifted to Coal Bhawan, 10, Netaji Subhas Road, Kolkata 700 001, West Bengal, the present Registered and Corporate Office of our Company, again for administrative reasons.

Time and Cost Overrun

As on September 1, 2010, we are facing time overrun in respect of 26 projects being developed by our Subsidiaries. None of the projects currently being developed by our Company or our Subsidiaries have experienced cost overrun. The details of the projects experiencing time overrun are as below:

S. No.	Coal Mine Project/Area	Capacity (million tonnes)	Scheduled date of completion*	Anticipated date of completion*	Time Overrun (years)	Reasons for Time Overrun
ECL						
1	Kottadih, open cast mine, Pandeshwar area	1.00	March 2010	March 2011	1	Delay in land acquisition.
2	J.K. Nagar, underground mine, Satgram area	0.44	March 2005	March 2011	6	Delay in skip installation work by the contractor.
3	Jhanjhra Aug.(RCE), underground mine, Jhanjhra area	0.44	March 2010	March 2011	1	Delay in construction of coal handling plant and strata bunker.

S. No.	Coal Mine Project/Area	Capacity (million tonnes)	Scheduled date of completion*	Anticipated date of completion*	Time Overrun (years)	Reasons for Time Overrun
4	Jhanjhra Pslw (R-VI), underground mine, Jhanjhra	1.70	March 2010	March 2012	2	Delay due to fresh tender process for equipment relating to powered support long wall face.
CCL						
5	Bokaro Bermo Seam, open cast mine, B&K area	0.80	March 2000	March 2014	14	Delay in land acquisition and due to adverse geo mining conditions.
6	Topa Re-Org, open cast mine, Kuju area	1.20	March 2006	March 2012	6	Delay in over burden work
7	Karo, open cast mine, B&K area	3.50	March 2010	March 2012	2	Delay in land acquisition.
NCL						
8	Krishnasila, open cast mine, Krishnasila area	4.00	March 2010	March 2013	3	Delay in land acquisition.
WCL						
9	Gondegaon Extn., open cast mine, Nagpur area	0.75	March 2010	March 2012	2	Delay in land acquisition.
10	Gouri Deep, open cast mine, Ballarpur area	0.40	March 2010	March 2012	2	Delay in land acquisition.
11	Bhatadih Expn, open cast mine, Chandrapur area	0.65	March 2010	March 2012	2	Delay in land acquisition.
SECL						
12	Mahan (RPR), open cast mine, Bhatgaon area	0.36	March 2009	March 2012	3	Delay in land acquisition.
13	Amera, open cast mine, Bisrampur area	1.00	March 2008	March 2011	3	Delay in land acquisition and due to fresh tender process for over burden work.
14	Gayatri, underground mine, Bisrampur area	0.30	March 2004	March 2011	7	Delay due to adverse geo mining conditions.
15	Nawapara, underground mine, Bhatgaon area	0.36	March 2006	March 2011	5	Delay due to adverse geo mining conditions.
16	Seam-III Anjanhill, underground mine, Chirimiri area	0.42	October 2008	September 2011	3	Delay in obtaining permission from DGMS for introducing blast gallery method of mining.
17	Rani Atari, underground mine, Chirimiri area	0.48	March 08	March 2011	3	Delay in land acquisition.
18	Vindhya Aug, underground mine, Johilla area	0.59	March 04	March 2011	7	Delay in finalization of contract for introduction of continuous miner technology.
19	Pinoura Aug, underground mine, Johilla area	0.48	March 04	March 2011	7	Delay in finalization of contract for introduction of continuous miner technology.
20	Sheetaldhar & Kurja RP, open cast mine, Hasdeo area	0.88	March 06	March 2012	6	Delay in finalization of contract for introduction of continuous miner technology.
MCL						
21	Bharatpur Phase-III, open cast mine, Bharatpur area	9.00	March 2010	March 2011	1	Delay in obtaining forest clearance and due to rehabilitation

S. No.	Coal Mine Project/Area	Capacity (million tonnes)	Scheduled date of completion*	Anticipated date of completion*	Time Overrun (years)	Reasons for Time Overrun
						and resettlement of land oustees.
22	Balaram Extension, open cast mine, Hingula area	8.00	March 2010	March 2011	1	Delay in land acquisition.
23	HBI(Aug), underground mine, Orient area	0.90	March 2010	March 2013	3	Delay in obtaining environment clearance and due to a fresh tender process for hiring of continuous miner.
24	Jagannath, underground mine, Jaganath area	0.67	March 2010	March 2017	7	Decline in construction of incline drivage at the coal mine.
25	Talcher West, underground mine, Talcher area	0.52	March 2010	March 2014	4	Delay in construction of incline and air shaft drivage at the coal mine.
26	Nataraj, underground mine, Talcher area	0.64	March 2008	March 2017	9	Delay in acquisition of land.

** As per letter no .45013/2/82-CPM September 20, 1984 from the Ministry of Energy, Department of Coals, GoI, the construction of a project is treated as completed when:*
(a) All the major development jobs directly linked with production and despatch are completed. These include coal handling plant, sidling and principal service buildings;
(b) In case of underground shaft sinking, incline drivage, development of main arterial roadways, installation of main underground transport, opening of districts in sufficient number to achieve the targeted production;
(c) In case of open case mine, completion of box cut, opening of coal benches, construction of haul road etc.
(d) Procurement of major and essential equipment, the capital of which may be 80-90% of the total capital provided for plant & machinery; and
(e) Capacity for 80% of the targeted production has been built up.

For details of related risk, see "Risk Factors - We face various risks related to our expansion programs; our capital investment projects may exceed our original budgets, may not generate the expected benefits or may not be completed" at page xxxvi.

Strikes or Labour Unrest

Our non-executive employees are represented by several labor unions under collective wage settlement agreements. The majority of our non-executive employees are members of several unions including certain registered trade unions such as INTUC, AITUC, HMS, BMS and CITU. The National Coal Wage Agreement VIII (NCWA VIII), which was finalized in January 2009, is effective for a period of five years from July 1, 2006.

Our Company and our Subsidiaries have lost time on account of strikes or labour unrest, including industrial strikes and *Bandhs*, in the past. Further, threats of strikes, work stoppages or other labor actions often have occurred in the past with government companies that were proposing public offerings or other significant transactions in order to disrupt these transactions. For example, INTUC, AITUC, HMS, BMS and CITU had given notice of a labour agitation from May 5, 2010 to May 7, 2010 to stop the disinvestment process through the Offer. However, following detailed discussions with the GoI in April 2010, AITUC, BMS, INTUC and HMS withdrew their agitation programme. We received a further notice dated September 21, 2010, from CITU, HMS, AITUC and BMS demanding that the GoI withdraw its decision to divest through the Offer, and to abolish contract labor in the coal industry and regularize our contract laborers. The notice stated that if these demands were not met by October 17, 2010, these trade unions would call a strike from October 18, 2010 until October 24, 2010. CITU and AITUC did not proceed with the strike as planned on October 18, 2010. However, HMS and BMS observed a one day strike on October 18, 2010. For details of related risk, see the section titled "Risk Factors - We are subject to trade union activity, and labor disputes could lead to lost production and/or increased costs" at page xxii.

Defaults or Rescheduling of Borrowings with Financial Institutions/ Banks

There are no defaults or rescheduling of borrowings with financial institutions/ banks, conversion of loans into equity in relation to our Company.

Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets

Our Company has neither acquired any entity, business or undertakings nor undertaken any mergers, amalgamation, revaluation of assets in the last fiscal.

However, our Company had entered into a scheme of arrangement with each of CCL, CMPDIL, ECL and WCL, which was approved by our Board in its meeting dated December 30, 1987. Pursuant to letter no. 38011/1/1/74-CAF dated September 27, 1975 from the Ministry of Energy, Department of Coal, BCCL and CCL, became Subsidiaries of our Company, and CMPDIL, ECL, WCL, were incorporated as private limited companies and as Subsidiaries of our Company in the year 1975. Thereafter, a scheme of arrangement was entered into by our Company with each of CCL, CMPDIL, ECL and WCL, and was approved by our Board on December 30, 1987, in terms of which the central division, the mine planning division, the eastern division and the western division, including all assets, undertakings and liabilities in each division, were transferred from our Company, to each of CCL, CMPDIL, ECL and WCL, respectively with effect from November 1, 1975. Further, in consideration of the transfer, each of CCL, CMPDIL, ECL and WCL issued and allotted 126,300, 9,300, 500,900 and 480,900 equity shares of Rs. 1,000 each respectively, to our Company. For details of brief history of our Company, please see the section titled "*Brief History of our Company and Subsidiaries*" above.

Holding Company

As on the date of this Prospectus, we do not have a holding company.

Members

As on the date of this Prospectus, we have seven members in our Company of which six hold Equity Shares as nominees of the President of India.

Subsidiaries

Our Company has nine direct Subsidiaries and two indirect Subsidiaries, details of which are provided below. Except Bharat Coking Coal Limited ("**BCCL**") and Eastern Coalfields Limited ("**ECL**"), none of the Subsidiaries have been declared a 'sick industrial company' under the provisions of the SICA. Also, no winding up proceedings are pending or have been initiated against any of our Subsidiaries in accordance with the provisions of the Companies Act. Further, no application has been made in respect of any of our Subsidiaries to the RoC for striking off their respective names.

The following are our direct Subsidiaries:

Indian Subsidiaries

1. Bharat Coking Coal Limited;
2. Central Coalfields Limited;
3. Central Mine Planning & Design Institute Limited;
4. Eastern Coalfields Limited;
5. Mahanadi Coalfields Limited;
6. Northern Coalfields Limited;
7. South Eastern Coalfields Limited; and
8. Western Coalfields Limited.

Foreign Subsidiary

1. Coal India Africana Limitada.

The following are our indirect Subsidiaries, which are held through our Subsidiary, Mahanadi Coalfields Limited:

1. MJSJ Coal Limited; and
2. MNH Shakti Limited.

Details of our direct Subsidiaries

Indian Subsidiaries

1. Bharat Coking Coal Limited ("BCCL")

BCCL was incorporated as a private limited company on January 1, 1972 under the Companies Act by *a* certificate of incorporation issued by the Registrar of Companies, Bihar. BCCL has its registered office at Koyla Bhawan, P.O. BCCL Township, Koyla Nagar, Dhanbad 826 005, Jharkhand. The company is engaged in the business of, *inter alia*, coal mining including management of coking coal mines either, independently or for or on behalf of or under the directions of the GoI, or any other state government. BCCL is also engaged in the production, sale and disposal of coking coal and its by products, producing, processing, storing, distributing, selling, importing, exporting or otherwise deal in gas and other by products arising from the coal gasification including CBM gas and its bye products.

Capital structure

Authorised	Aggregate Nominal Value
25,000,000 equity shares of Rs. 1,000 each	Rs. 25,000 million
Issued, subscribed and paid up	
21,180,000 equity shares of Rs. 1,000 each	Rs. 21,180 million

Shareholding pattern

The shareholding pattern of BCCL, as on October 10, 2010, is given below:

Name of the Shareholder	No. of Equity Shares	% of Equity Capital
Coal India Limited	21,179,997	99.99
Mr. Partha S. Bhattacharyya *	1	Negligible
Mr. A.K. Sinha *	1	Negligible
Mr. T.K. Lahiry *	1	Negligible
Total	**21,180,000**	**100**

** as a nominee of our Company*

Board of directors

The board of directors of BCCL, as on October 10, 2010 comprises:

1. Mr. T.K. Lahiry;
2. Mr. N.C. Jha;
3. Mr. A.K. Jyotishi;
4. Mr. P.E. Kachhap;
5. Mr. Rakesh Sinha;
6. Mr. P.G. Nandy; and
7. Mr. D.C. Jha

Financial performance

BCCL has been declared a 'sick industrial company' under the provisions of the SICA. The restated audited financial results of the company for the last three financial years are as follows:

(In Rs. Million, except per share data)

	Fiscal 2010	Fiscal 2009	Fiscal 2008
Sales and other income*	61,584.92	49,646.97	39,696.61
Profit/ (Loss) after tax	8,351.94**	(9,268.18) **	(6,862.40) **

	Fiscal 2010	Fiscal 2009	Fiscal 2008
Equity capital (par value Rs. 1000 per share) (Rs.)	21,180.00	21,180.00	21,180.00
Reserves and Surplus (excluding revaluation reserves)	(75,208.78)	(83,560.72)	(74,292.54)
Earnings/ (Loss) per share (basic) (Rs.)	394.33	(437.59)	(324.00)
Earnings/ (Loss) per share (diluted) (Rs.)	394.33	(437.59)	(324.00)
Book value per equity share (Rs.)	(2,550.93)	(2,945.27)	(2,507.67)
Net Asset Value	(54,028.78)	(62,380.72)	(53,112.54)

** Sales and other income includes net sales, coal issued for other purposes, accretion in stock, other income etc.*
*** During Fiscal 2008 and Fiscal 2009, BCCL made a provision in its books of accounts for payment of arrears in salary and wages to its employees. For Fiscal 2010, BCCL registered substantial profit after tax as compared to losses during Fiscal 2009 and Fiscal 2008, as inter alia no provision was made for payment of arrears in salary and wages, increase in production of coal in Fiscal 2010 and sale of all grades of coal at a higher price.*

BCCL is an unlisted company and it has not made any public issue or a rights issue.

2. Central Coalfields Limited ("CCL")

CCL was originally incorporated as a private limited company on September 5, 1956 with the name of 'Hindustan Collieries (Private) Limited', which was subsequently changed to 'National Coal Development Corporation (Private) Limited' on September 20, 1956, and the word 'Private' was deleted on May 4, 1959 consequent upon the notification issued by the GoI exempting government companies from the use of word 'Private' in their name. On November 1, 1975, the name of National Coal Development Corporation Limited was changed to 'Central Coalfields Limited'. CCL has its registered office at Darbhanga House, Ranchi 834 029, Jharkhand. The company is engaged in the business of, *inter alia*, production of coal by purchasing, taking on lease, constructing coal mines, coke plants (including plants for recovery of by-products, power house, plants and equipments) and such further dealing in coal.

Capital structure

Authorised	Aggregate Nominal Value
11,000,000 equity shares of Rs. 1,000 each	Rs. 11,000 million
Issued, subscribed and paid up	
9,400,000 equity shares of Rs. 1,000 each	Rs. 9,400 million

Shareholding pattern

The shareholding pattern of CCL, as on Septmeber 10, 2010, is given below:

Name of the Shareholder	No. of Equity Shares	% of Equity Capital
Coal India Limited	9,399,997	99.99
Mr. Partha S. Bhattacharyya*	1	Negligible
Mr. A.K. Sinha *	1	Negligible
Mr. R.K. Saha *	1	Negligible
Total	**9,400,000**	**100**

** as a nominee of our Company*

Board of directors

The board of directors of CCL, as on October 10, 2010 comprises:

1. Mr. R.K. Saha;
2. Mr. T.K. Nag;
3. Mr. A. Chatterjee;
4. Mr. R.K. Mahajan;
5. Mr. R. Mohan Das;
6. Mr. Gautam Basu; and
7. Mr. S.K. Sarkar.

Financial performance

The restated audited financial results of the company for the last three financial years are as follows:

(In Rs. Million, except per share data)

	Fiscal 2010	Fiscal 2009	Fiscal 2008
Sales and other income*	72,496.55	66,439.71	59,430.56
Profit/ (Loss) after tax	9,779.89	7,970.68	5,696.14
Equity capital (par value Rs. 1000 per share) (Rs.)	9,400.00	9,400.00	9,400.00
Reserves and Surplus (excluding revaluation reserves)	17,196.24	11,936.10	6,258.18
Earnings/ (Loss) per share (basic) (Rs.)	1,040.41	847.94	605.97
Earnings/ (Loss) per share (diluted) (Rs.)	1,040.41	847.94	605.97
Book value per equity share (Rs.)	2,829.39	2,269.80	1,665.76
Net Asset Value	26,596.24	21,336.10	15,658.18

** Sales and other income includes net sales, coal issued for other purposes, accretion in stock, other income etc.*

CCL is an unlisted company and it has not made any public issue or a rights issue.

3. Central Mine Planning & Design Institute Limited ("CMPDIL")

CMPDIL was incorporated as a private limited company on November 1, 1975 under the Companies Act by certificate of incorporation issued by the Registrar of Companies, Bihar. CMPDIL has its registered office at Gondwana Place, Kanke Road, Ranchi 834 031, Jharkhand. The company is engaged in the business of, *inter alia*, conducting geological exploration, carrying out the work of project planning and designing and rendering engineering, consultancy and management services in relation to the development of coal and minerals.

Capital structure

Authorised	Aggregate Nominal Value
500,000 equity shares of Rs. 1,000 each	Rs. 500 million
Issued, subscribed and paid up	
190,400 equity shares of Rs. 1,000 each	Rs. 190.4 million

Shareholding pattern

The shareholding pattern of CMPDIL, as on October 10, 2010, is given below:

Name of the Shareholder	No. of Equity Shares	% of Equity Capital
Coal India Limited	190,397	99.99
Mr. Partha S. Bhattacharyya*	1	Negligible
Mr. A.K. Sinha *	1	Negligible
Mr. A.K. Singh *	1	Negligible
Total	**190,400**	**100**

** as a nominee of our Company*

Board of directors

The board of directors of CMPDIL, as on October 10, 2010 comprises:

1. Mr. A.K. Singh;
2. Mr. N. Khurana;
3. Mr. A.K. Debnath;
4. Mr. S.K. Mitra;
5. Mr. A.N. Sahay;
6. Mr. N.C. Jha; and
7. Mr. D.N. Prasad.

Financial performance

The restated audited financial results of the company for the last three financial years are as follows:

(In Rs. Million, except per share data)

	Fiscal 2010	Fiscal 2009	Fiscal 2008
Sales and other income*	4,572.92	3,327.69	1,990.77
Profit/ (Loss) after tax	389.14	106.86	(244.24)
Equity capital (par value Rs. 1000 per share) (Rs.)	190.40	190.40	190.40
Reserves and Surplus (excluding revaluation reserves)	548.88	211.39	109.98
Earnings/ (Loss) per share (basic) (Rs.)	2,043.79	561.21	(1,282.76)
Earnings/ (Loss) per share (diluted) (Rs.)	2,043.79	561.21	(1,282.76)
Book value per equity share (Rs.)	3,882.76	2,110.24	1,577.59
Net Asset Value	739.28	401.79	300.37

** Sales and other income includes net sales, coal issued for other purposes, accretion in stock, other income etc.*

CMPDIL is an unlisted company and it has not made any public issue or a rights issue.

4. Eastern Coalfields Limited ("ECL")

ECL was incorporated as a private limited company on November 1, 1975 under the Companies Act by certificate of incorporation issued by the RoC. ECL has its registered office at Sanctoria, P.O. Dishergarh, Burdwan 713 333, West Bengal. The company is engaged in the business of, *inter alia*, coal mining including the management of coal mines either independently or for and on behalf of or under the directions of our Company, besides, buying, selling in all products made of iron and steel, coking coal, manganese, limestone refractories and other allied industries.

Capital structure

Authorised	Aggregate Nominal Value
25,000,000 equity shares of Rs. 1,000 each	Rs. 25,000 million
Issued, subscribed and paid up	
22,184,500 equity shares of Rs. 1,000 each	Rs. 22,184.5 million

Shareholding pattern

The shareholding pattern of ECL, as on October 10, 2010, is given below:

Name of the Shareholder	No. of Equity Shares	% of Equity Capital
Coal India Limited	22,184,497	99.99
Mr. Partha S. Bhattacharyya,*	1	Negligible
Mr. A.K. Sinha *	1	Negligible
Mr. S. Chakrabarti *	1	Negligible
Total	**22,184,500**	**100**

** as a nominee of our Company*

Board of directors

The board of directors of ECL, as on October 10, 2010 comprises:

1. Mr. T.K. Lahiri*;
2. Mr. A.K. Sinha;
3. Mr. S.K. Srivastava;
4. Mr. S. Chakravarty;
5. Mr. N. Kumar; and
6. Mr. P.R. Mandal;

** Pursuant to letter no. 21/14/2010 – ASO(I) dated September 1, 2010, from the MoC, chairman and managing director,BCCL has assumed additional charge of chairman and managing director, ECL with effect from September 1, 2010 for a period of three months, or till an appointment is made or until further orders, whichever is the earliest.*

Financial performance

ECL has been declared a 'sick industrial company' under the provisions of the SICA and the restated audited financial results of the company for the last three financial years are as follows:

(In Rs. Million, except per share data)

	Fiscal 2010	Fiscal 2009	Fiscal 2008
Sales and other income*	58,291.43	41,483.07	34,198.72
Profit/ (Loss) after tax	3,991.64**	(16,186.79) **	(11,981.42) **
Equity capital (par value Rs. 1000 per share) (Rs.)	22,184.50	22,184.50	22,184.50
Reserves and Surplus (excluding revaluation reserves)	(82,339.97)	(86,331.61)	(70,144.83)
Earnings/ (Loss) per share (basic) (Rs.)	179.93	(729.64)	(540.08)
Earnings/ (Loss) per share (diluted) (Rs.)	179.93	(729.64)	(540.08)
Book value per equity share (Rs.)	(27,11.60)	(2,891.53)	(2,161.88)
Net Asset Value	(60,155.47)	(64,147.11)	(47,960.33)

** Sales and other income includes net sales, coal issued for other purposes, accretion in stock, other income etc.*

*** During Fiscal 2008 and Fiscal 2009, ECL made a provision in its books of accounts for payment of arrears in salary and wages to its employees. For Fiscal 2010, ECL registered substantial profit after tax as compared to losses during Fiscal 2009 and Fiscal 2008, as inter alia no provision was made for payment of arrears in salary and wages, increase in production in Fiscal 2010, sale of all grades of coal at a higher price and increase in the negotiated price of coal from Ranigunj coalfileds.*

ECL is an unlisted company and it has not made any public issue or a rights issue.

5. Mahanadi Coalfields Limited ("MCL")

MCL was incorporated as a private limited company on April 3, 1992 under the Companies Act *vide* certificate of incorporation issued by the Registrar of Companies, Orissa. MCL has its registered office at P.O. Jagruti Vihar, Burla, Sambalpur 768 020, Orissa. The company is engaged in the business of *inter alia*, coal mining including the management of coal mines either independently or for and on behalf of or under the directions of our Company, besides, buying and selling in all products made of iron and steel, coking coal, manganese, limestone refractories and other allied industries.

Capital structure

Authorised	Aggregate Nominal Value
2,958,200 equity shares of Rs. 1,000 each and 20,41,800 10% Cumulative Redeemable Preference Shares of Rs. 1,000 each	Rs. 5,000 million
Issued, subscribed and paid up	
1,864,009 equity shares of Rs. 1,000 each	Rs. 1,864 million

Shareholding pattern

The shareholding pattern of MCL, as on October 10, 2010, is given below:

Name of the Shareholder	No. of Equity Shares	% of Equity Capital
Coal India Limited	1,864,0006	99.99
Mr. Partha S. Bhattacharyya *	1	Negligible
Mr. A.K. Sinha *	1	Negligible
Mr. S.R. Upadhyay *	1	Negligible
Total	**1,864,0009**	**100**

** as a nominee of our Company*

Board of directors

The board of directors of MCL, as on October 10, 2010 comprises:

1. Mr. A.K. Singh;*
2. Mr. A.K. Singh;
3. Mr. A.K. Tiwari;
4. Mr. S.C. Padhy;
5. Dr. A.K. Sarkar;

6. Mr. R.K. Mahajan;
7. Mr. M.B. Sridharan; and
8. Dr. A.K. Rath

** Pursuant to letter no. 21/14/2010 – ASO(I) dated August 30/31, 2010, from the MoC, chairman and managing director, CMPDIL has assumed additional charge of chairman and managing director, MCL with effect from September 1, 2010 for a period of three months, or till an appointment is made or until further orders, whichever is the earliest.*

Financial performance

The restated audited financial results of the company for the last three financial years are as follows:

(In Rs. Million, except per share data)

	Fiscal 2010	Fiscal 2009	Fiscal 2008
Sales and other income*	74,810.64	64,348.90	51,134.60
Profit/ (Loss) after tax	19,853.64	17,452.09	15,977.65
Equity capital (par value Rs. 1000 per share) (Rs.)	1,864.01	1,864.01	1,864.01
Reserves and Surplus (excluding revaluation reserves)	55,658.69	49,455.92	44,171.30
Earnings/ (Loss) per share (basic) (Rs.)	10,651.05	9,362.67	8,571.66
Earnings/ (Loss) per share (diluted) (Rs.)	10,651.05	9,362.67	8,571.66
Book value per equity share (Rs.)	30,859.67	27,532.02	24,696.93
Net Asset Value	57,522.70	51,319.93	46,035.31

** Sales and other income includes net sales, coal issued for other purposes, accretion in stock, other income etc.*

MCL is an unlisted company and it has not made any public issue or a rights issue.

6. Northern Coalfields Limited ("NCL")

NCL was incorporated as a private limited company on November 28, 1985 under the Companies Act by a certificate of incorporation issued by the Registrar of Companies, Madhya Pradesh. NCL has its registered office at P.O. Singrauli Colliery, Singrauli 486 889, Madhya Pradesh. The company is engaged in the business of, *inter alia*, coal mining including the management of coal mines either independently or for and on behalf of or under the directions of our Company, besides, buying, selling in all products made of iron and steel, coking coal, maganize, limestone refractories and other allied industries.

Capital structure

Authorised	Aggregate Nominal Value
10,000,000 equity shares of Rs. 1,000 each and 4,000,000 10% Cumulative Redeemable Preference Shares of Rs. 1,000 each	Rs. 14,000 million
Issued, subscribed and paid up	
1,776,728 equity shares of Rs. 1,000 each	Rs. 1,776.7 million

Shareholding pattern

The shareholding pattern of NCL, as on October 10, 2010, is given below:

Name of the Shareholder	No. of Equity Shares	% of Equity Capital
Coal India Limited	1,776,725	99.99
Mr. Partha S. Bhattacharyya *	1	Negligible
Mr. A.K. Sinha *	1	Negligible
Mr. Vinay Kumar Singh *	1	Negligible
Total	**1,776,728**	**100**

** as a nominee of our Company*

Board of directors

The board of directors of NCL, as on October 10, 2010 comprises: *

1. Mr. V.K. Singh;
2. Ms. Shantilal Sahu;
3. Mr. Niranjan Das;
4. Mr. O.P. Mishra;
5. Mr. S.K. Rawat ;
6. Mr. Kailash Pati;
7. Dr. A.K. Sarkar;
8. Dr. B.B. Goel; and
9. Ms. Sheela Bhide

Financial performance

The restated audited financial results of the company for the last three financial years are as follows:

(In Rs. Million, except per share data)

	Fiscal 2010	Fiscal 2009	Fiscal 2008
Sales and other income*	81,404.96	73,564.22	61,370.27
Profit/ (Loss) after tax	23,892.01	20,159.57	16,998.71
Equity capital	1,776.73	1,776.73	1,776.73
Reserves and Surplus (excluding revaluation reserves)	71,796.06	64,190.95	57,796.49
Earnings/ (Loss) per share (basic) (Rs.)	13,447.20	11,346.46	9,567.43
Earnings/ (Loss) per share (diluted) (Rs.)	13,447.20	11,346.46	9,567.43
Book value per equity share (Rs.)	41,409.10	37,128.74	33,529.73
Net Asset Value	73,572.79	65,967.68	59,573.22

** Sales and other income includes net sales, coal issued for other purposes, accretion in stock, other income etc.*

NCL is an unlisted company and it has not made any public issue or a rights issue.

7. South Eastern Coalfields Limited ("SECL")

SECL was incorporated as a private limited company on November 28, 1985 under the Companies Act by certificate of incorporation issued by the Registrar of Companies, Madhya Pradesh. SECL has its registered office at Seepat Road, Bilaspur 495 006, Chhattisgarh. The company is engaged in the business of, *inter alia*, coal mining including the management of coal mines either independently or for and on behalf of or under the directions of our Company, besides, buying, selling in all products made of iron and steel, coking coal, maganize, limestone refractories and other allied industries.

Capital structure

Authorised	Aggregate Nominal Value
10,000,000 equity shares of Rs. 1,000 each and 3,000,000 10% Cumulative Preference Redeemable Shares of Rs. 1,000 each	Rs. 13,000 million
Issued, subscribed and paid up	
3,597,000 equity shares of Rs. 1,000 each	Rs. 3,597 million

Shareholding pattern

The shareholding pattern of SECL, as on October 10, 2010, is given below:

Name of the Shareholder	No. of Equity Shares	% of Equity Capital
Coal India Limited	3,596,997	99.99
Mr. Partha S. Bhattacharyya *	1	Negligible
Mr. A.K. Sinha *	1	Negligible
Mr. M.P. Dikshit *	1	Negligible
Total	**3,597,000**	**100**

** as a nominee of our Company*

Board of directors

The board of directors of SECL, as on October 10, 2010 comprises:

1. Mr. N.C. Jha;
2. Mr. M.P. Dikshit*
3. Mr. A.K. Sinha;
4. Mr. A.R. Komawar;
5. Mr. R.S. Singh;
6. Mr. P.K. Roychoudhury; and
7. Mr. Gopal Singh;
8. Mr. A.K. Bhalla; and
9. Prof. S.K. Barua

**Mr. M. P. Dikshit has been suspended vide order dated May 30, 2010 bearing order no. F. No. 13029/10/2010-Vig. issued by MoC. In terms of the order, since there is a criminal investigation pending against Mr. M. P. Dikshit and he has been in the custody for more than 48 hours, he was deemed to have been suspended in terms of sub-rule 24.3(ii) of the Conduct, Discipline and Appeal Rules, 1978 with effect from the date of detention till further orders.*

Financial performance

The restated audited financial results of the company for the last three financial years are as follows:

(In Rs. Million, except per share data)

	Fiscal 2010	Fiscal 2009	Fiscal 2008
Sales and other income*	1,04,866.40	94,666.92	80,519.38
Profit/ (Loss) after tax	22,371.21	11,954.09	14,463.83
Equity capital (par value Rs. 1000 per share) (Rs.)	3,597.00	3,597.00	3,597.00
Reserves and Surplus (excluding revaluation reserves)	50,651.56	43,144.10	38,428.30
Earnings/ (Loss) per share (basic) (Rs.)	6,219.41	3,323.35	4,021.08
Earnings/ (Loss) per share (diluted) (Rs.)	6,219.41	3,323.36	4,021.08
Book value per equity share (Rs.)	15,081.61	12,994.47	11,683.43
Net Asset Value	54,248.56	46,741.10	42,025.30

** Sales and other income includes net sales, coal issued for other purposes, accretion in stock, other income etc.*

SECL is an unlisted company and it has not made any public issue or a rights issue.

8. Western Coalfields Limited ("WCL")

WCL was incorporated as a limited company on October 29, 1975 under the Companies Act by certificate of incorporation issued by the Registrar of Companies, Maharashtra. WCL has its registered office at Coal Estate, Civil Lines, Nagpur 440 001, Maharashtra. The company is engaged in the business of, *inter alia*, coal mining including the management of coal mines either independently or for and on behalf of or under the directions of our Company, besides, buying, selling in all products made of iron and steel, coking coal, maganize, limestone refractories and other allied industries.

Capital structure

Authorised	Aggregate Nominal Value
8,000,000 equity shares of Rs. 1,000 each	Rs. 8,000 million
Issued, subscribed and paid up	
2,971,000 equity shares of Rs. 1,000 each	Rs. 2,971 million

Shareholding pattern

The shareholding pattern of WCL, as on October 10, 2010, is given below:

Name of the Shareholder	No. of Equity Shares	% of Equity Capital
Coal India Limited	2,970,997	99.99
Mr. Partha S. Bhattacharyya*	1	Negligible
Mr. A.K. Sinha *	1	Negligible
Mr. D.C. Garg*	1	Negligible
Total	**2,971,000**	**100**

** as a nominee of our Company*

Board of directors

The board of directors of WCL, as on October 10, 2010 comprises:

1. Mr. D.C. Garg;
2. Mr. O.P Miglani;
3. Mr. B.K. Saxena;
4. Mr. Om Prakash;
5. Mr. Sushil Behl;
6. Mr. R. Mohan Das;
7. Mr.A.Chakraborty; and
8. Mr. A.K. Bhalla

Financial performance

The restated audited financial results of the company for the last three financial years are as follows:

(In Rs. Million, except per share data)

	Fiscal 2010	Fiscal 2009	Fiscal 2008
Sales and other income*	64,834.26	62,954.27	55,079.48
Profit/ (Loss) after tax	5,891.85	5,801.36	6,349.54
Equity capital (par value Rs. 1000 per share) (Rs.)	2,971.00	2,971.00	2,971.00
Reserves and Surplus (excluding revaluation reserves)	28,330.87	26,971.62	23,524.92
Earnings/ (Loss) per share (basic) (Rs.)	1,983.12	1,952.66	2,137.17
Earnings/ (Loss) per share (diluted) (Rs.)	1,983.12	1,952.66	2,137.17
Book value per equity share (Rs.)	10,535.80	10,078.30	8,918.18
Net Asset Value	31,301.87	29,942.62	26,495.92

** Sales and other income includes net sales, coal issued for other purposes, accretion in stock, other income etc.*

WCL is an unlisted company and it has not made any public issue or a rights issue.

Foreign Subsidiary

Coal India Africana Limitada ("CIAL")

CIAL was incorporated as a private limited company on September 4, 2009 under the Commercial Code of the Republic of Mozambique and was granted prospecting license by the Ministry of Mineral Resources, Republic of Mozambique on August 6, 2009. CIAL has its registered office at 167, Kenneth Kaunda Avenue, Maputo, Mozambique. The company proposes to be engaged in the business of exploration in order to assess the qualitative and quantitative parameter of the coal asset and based on the outcome of exploration and other associated studies final decision on exploration will be taken.

Capital structure

Authorised	Aggregate Nominal Value
100 equity shares of Meticas 250 each	Meticas 25,000 (Approximately USD 1,000 i.e. Rs. 49,363)*
Issued, subscribed and paid up	
100 equity shares of Meticas 250 each	Meticas 25,000 (Approximately USD 1,000 i.e. Rs. 49,363) *

** At a conversion rate of Rs. 49.363 for one U.S. Dollar, being the conversion rate as on the date of transfer of remittance by our Company.*

Shareholding pattern

The shareholding pattern of CIAL, as on October 10, 2010, is given below:

Name of the Shareholder	No. of Equity Shares	% of Equity Capital
Coal India Limited	98	98
Mr. Partha S. Bhattacharyya*	1	1
Mr. Narinder Khurana*	1	1

Total	**100**	**100**

** As a nominee of our Company*

Board of directors

As of October 10, 2010, the board of directors of CIAL has not been constituted. However, Mr. Narinder Khurana has been appointed as the authorised representative of our Company and the Chairman and Managing Director in relation to the following:

(a) Registration and incorporation of CIAL, as a wholly owned subsidiary of Coal India Limited in Mozambique;
(b) Obtaining prospecting licenses from the Government of Mozambique; and
(c) Taking preliminary action for opening of an office in Mozambique and undertaking exploration and other activities.

Financial performance

The restated audited financial results of the company for the last three financial years are as follows:

(In Rs. Million, except per share data)

	Fiscal 2010	Fiscal 2009*	Fiscal 2008*
Sales and other income	0.00	-	-
Profit/ (Loss) after tax	0.00	-	-
Equity capital	0.05	-	-
Reserves and Surplus (excluding revaluation reserves)	0.00	-	-
Earnings/ (Loss) per share (basic) (Rs.)	0.00	-	-
Earnings/ (Loss) per share (diluted) (Rs.)	0.00	-	-
Book value per equity share (Rs.)	493.63	-	-
Net Asset Value	0.05	-	-

**The company was incorporated in Fiscal 2010.*

Details of our indirect Subsidiaries, held through MCL

1. MJSJ Coal Limited ("MJSJ")

MJSJ was incorporated as a private limited company on August 13, 2008 under the Companies Act by certificate of incorporation issued by the Registrar of Companies, Orissa. MJSJ has its registered office at House No. 42, 1st Floor, Anand Nagar, Hakimpada, Angul 759 153, Orissa. The company is *inter alia* engaged in the business of acquisition in part or full, of green field or operational coal/lignite mine blocks in India, presently, Utkal-Gopalprasad mine. For details relating to the joint venture agreement entered into by MCL in respect of MJSJ, please see the sub section titled "Joint Venture Agreements in respect of our Indirect Subsidiaries" at page 152 below.

Capital structure

Authorised	Aggregate Nominal Value
200,000,000 equity shares of Rs. 10 each	Rs. 2,000 million
Issued, subscribed and paid up	
40,100,000 equity shares of Rs. 10 each	Rs. 401 million

Shareholding pattern

The shareholding pattern of MJSJ, as on October 10, 2010, is given below:

Name of the Shareholder	No. of Equity Shares	% of Equity Capital
Mahanadi Coalfields Limited	24,060,000	60
JSW (Steel) Limited	4,411,000	11
JSW (Energy) Limited	4,411,000	11
Shyam Metallic & Energy Limited	3,609,000	9

Jindal Stainless Limited	3,609,000	9
Total	**40,100,000**	**100**

Board of directors

The board of directors of MJSJ, as on October 10, 2010 comprises:

1. Mr. A.K. Tiwari;
2. Mr. S.C. Padhy;
3. Mr. B.N. Jha;
4. Mr. Sharad Ghodke;
5. Mr. Shashi Kumar;
6. Mr. Sandeep Gokhale;
7. Mr. R.B. Mathur;
8. Mr. Rajdeep Mohanty; and
9. Mr. Amarjit Singh*.

**As a nominee of MCL.*

Financial performance

The restated audited financial results of the company for the last three financial years are as follows:

(In Rs. Million, except per share data)

	Fiscal 2010	Fiscal 2009	Fiscal 2008*
Sales and other income	0.00	0.00	-
Profit/ (Loss) after tax	0.00	0.00	-
Equity capital (par value Rs. 10 per share) (Rs.)	401.00	1.00	-
Reserves and Surplus (excluding revaluation reserves)	0.00	0.00	-
Earnings/ (Loss) per share (basic) (Rs.)	0.00	0.00	-
Earnings/ (Loss) per share (diluted) (Rs.)	0.00	0.00	-
Book value per equity share (Rs.)	9.75	8.8	-
Net Asset Value	390.87	0.88	-

**The company was incorporated in Fiscal 2009.*

MJSJ is an unlisted company and it has not made any public issue or a rights issue. It has not become a 'sick industrial company' under the SICA and is not under winding up in accordance with the provisions of the Companies Act.

2. MNH Shakti Limited ("MSL")

MSL was incorporated as a private limited company on July 16, 2008 under the Companies Act *by* certificate of incorporation issued by the Registrar of Companies, Orissa. MSL has its registered office at Anand Vihar, P.O. Jagruti Vihar, Sambalpur 768 020, Orissa. The company is engaged in the business of acquisition, in part or full, of greenfield or operational coal/lignite mine blocks in India (presently Talabira open cast mine, Jharsuguda, Sambalpur District, Orissa). For details relating to the joint venture agreement entered into by MCL in respect of MSL, please see the sub section titled "Joint Venture Agreements in respect of our Indirect Subsidiaries" at page 152 below.

Capital structure

Authorised	Aggregate Nominal Value
100,000,000 equity shares of Rs. 10 each	Rs. 1,000 million
Issued, subscribed and paid up	
25,100,000 equity shares of Rs. 10 each	Rs. 251 million

Shareholding pattern

The shareholding pattern of MSL, as on October 10, 2010, is given below:

Name of the Shareholder	No. of Equity Shares	% of Equity Capital

Mahanadi Coalfields Limited	1,75,70,000	70%
Neyveli Lignite Corporation Limited	37,65,000	15%
Hindalco Industries Limited	37,65,000	15%
Total	**2,51,00,000**	**100**

Board of directors

The board of directors of MSL, as on October 10, 2010 comprises:

1. Mr. Ashok Kumar Singh;
2. Mr. R. Kandasamy;
3. Mr. Sharad Ghodke; and
4. Mr. Suriyanarayana Bontha.

Financial performance

The restated audited financial results of the company for the last three financial years are as follows:

(In Rs. Million, except per share data)

	Fiscal 2010	Fiscal 2009	Fiscal 2008
Sales and other income	0.00	0.00	-
Profit/ (Loss) after tax	0.00	0.00	-
Equity capital (par value Rs. 10 per share) (Rs.)	251.00	1.00	-
Reserves and Surplus (excluding revaluation reserves)	0.00	0.00	-
Earnings/ (Loss) per share (basic) (Rs.)	0.00	0.00	-
Earnings/ (Loss) per share (diluted) (Rs.)	0.00	0.00	-
Book value per equity share (Rs.)	9.79	8.8	-
Net Asset Value	245.78	0.88	-

**The company was incorporated in Fiscal 2009.*

MSL is an unlisted company and it has not made any public issue or a rights issue, in the preceding three years. It has not become a 'sick industrial company' under the SICA and is not under winding up in accordance with the provisions of the Companies Act.

Accumulated profits or losses of Subsidiaries not accounted for by our Company.

There are no profits or losses of Subsidiaries not accounted for by our Company.

Injunctions or restraining orders

Our Company is currently under the following restraining orders:

1. Pursuant to an order passed by the Calcutta High Court on May 12, 2009 in the matter of *Kumar Narendra and others v. Coal India Limited and others* (W.P. 386 of 2009) and an order dated March 17, 2003, in the matter of *Pancham Rao Khadipure and others v. Coal India Limited* (W.P. No. 164 of 2009), our Company has been restrained from giving effect to the recommendations of the departmental promotion committee in respect of promotion from E-5 Grade to M-1 grade. i.e. revised E6 - E7 grade before the last pay revision.

2. Pursuant to an order passed by the Calcutta High Court on April 5, 2010 in the matter of *Dipak Kumar Mukherjee v. Coal India Limited and others* (W.P. No. 110 of 2010), our Company has been restrained from proceeding with the memorandum of charges issued by our Company on the petitioner under Clause 29 of the Coal India Executives Conduct, Discipline and Appeal Rules, 1978.

3. Pursuant to an order passed by the Chhattisgarh High Court on August 11, 2010 in the matter of *P.C Saxena & others v. Coal India Limited and others* (W.P. No. 4491 of 2010), our Company has been restrained from finalizing the process of selection from the non-executive to the executive cadre grade in the mining (under manager) and survey discipline, till the next date of hearing.

4. Pursuant to an order passed by the Calcutta High Court on January 6, 2009, in the matter of *Durga Pada Roy v. CIL & others* (W.P No.1770 of 2008), the departmental proceedings against the writ petitioner has been stayed and the stay order is operative till date.

5. Pursuant to an order dated September 8, 2010 by the Calcutta High Court in the matter of Mahendra Narayan Ghosh v. UOI & others (W.P No.1439 of 2008), our Company has been restrained from proceeding with the departmental proceedings against the above mentioned petitioner.

Material Agreements

Some of the agreements entered into by our Company which are subsisting as on the date and are considered material by the Company are as follows:

Agreement dated July 31, 2008 between Indian Oil Corporation Limited, IBP Division ("IOCL-IBP") and our Company for the supply of bulk loading explosives to our Subsidiaries

Our Company has entered into a long-term agreement dated July 31, 2008 with IOCL-IBP for supply of bulk loading explosives (of the product name, 'Indogel 614/1116 Series') to our Subsidiaries, for an initial quantity of 60,000 MT per annum for the year 2008-2009, and to be increased to the extent of 20% of the total tendered quantity by mutual agreement in every subsequent year, subject to allocation to our Subsidiaries as prescribed in the Explosives Agreement. The tenure of the agreement is for a period of five years with effect from August 1, 2008, provided that our Company retains the right to terminate the agreement in the event of breach of the terms and conditions of the agreement by IOCL-IBP, along with the right to reduce or extend the tenure of the agreement, in part or full. The consideration payable by our Company to IOCL-IBP for supply of the bulk loading explosives shall be calculated as per the applicable price of supply of such explosives, determined through the application of the prescribed formula in the Explosives Agreement, based on a uniform initial basic price of Rs. 16,700.00 per MT (as on August 1, 2006). In the event of failure to deliver or dispatch such bulk loading explosives and/or in the event of any breach, our Company and Subsidiaries are entitled to, *inter alia*, liquidated damages as stipulated within the Explosives Agreement.

Agreement dated June 4, 2007 between Mitsui & Co. Limited ("Mitsui") and our Company for the supply of OTR Tyres to NCL and ECL

Our Company has entered into a long-term contract dated June 4, 2007, amended pursuant to letters dated August 6, 2007, August 31, 2007, September 27, 2007, December 26, 2008 and December 31, 2009 from our Company to Mitsui, for supply of OTR tyres manufactured by Bridgestone Corporation, Japan to our Company, with allocation of such OTR tyres in favor of NCL and ECL. The tenure of the agreement is for a period of five years from 2008 to 2012, provided that our Company reserves the right to exit the agreement in case of consistent breach of the agreement by Mitsui. The total consideration for the supply of such OTR tyres supplied during the period of 2008 is fixed, with prices for subsequent years to be reviewed and mutually decided in respective years pursuant to certain terms stipulated in the agreement. Further, in terms of the agreement the prices charged for the supplied OTR tyres is not to exceed the lowest prices at which they have been offered for sale or sold to any customer in India from the date of the agreement, until completion of supplies. In the event of failure to deliver or dispatch such OTR tyres and/or in the event of any breach, our Company and Mitsui are entitled to, *inter alia*, liquidated damages as stipulated in the agreement.

Memorandum of Understanding between CMPDIL and our Company for 2010-2011

Our Company has entered into a memorandum of understanding with our Subsidiary, CMPDIL for assistance in coal and mineral exploration, mining, engineering and allied fields as a consultant in India and abroad. In terms of the memorandum of understanding, CMPDIL is to provide for, *inter alia*:

(i) Field services to our Subsidiaries;
(ii) Consultancy services to organizations other than our Company and our Subsidiaries;
(iii) Consultancy support in coal and mineral exploration including geological, geophysical, hydrological, remote sensing and environmental data generation;
(iv) Improvement of quality of exploration and feasibility reports;
(v) Optimizing generation of internal resources by improving productivity and preventing wastage, and mobilizing adequate external resources to meet investment need;

(vi) Project planning and designing for projects including coal mines and coal beneficiation and utilization plants;
(vii) Assimilation and dissemination of technological information through information networks; and
(viii) Undertaking formulation of environmental management plans and environment impact assessment for coal mining and related projects.

In order to facilitate the achievement of above objects by CMPDIL, in terms of the memorandum of understanding, our Company is to, *inter alia*, assist CMPDIL in securing funding from our Subsidiaries, securing consultancy/assignment support from our Subsidiaries in all areas where CMPDIL has expertise.

Memorandum of Understanding dated June 28, 2010 between our Company and RITES Limited ("RITES") for provision of management consultancy services

Our Company has entered into a memorandum of understanding dated June 28, 2010 with RITES for project management consultancy services, from conception to commissioning, in connection with the upgradation/renovation and new rail connectivity for existing and proposed coal mining areas including washeries under our Subsidiaries, and at NEC. In terms of the memorandum of understanding, RITES shall provided management consultancy services for all projects, as required under the memorandum of understanding, in connection with rail infrastructure and allied civil works, including roads and bridges for our Subsidiaries, and obtain the acceptance of such proposals from the relevant railway ministry, as required. The validity of the memorandum of understanding is for a period of five years. RITES is to be paid fees for provision of such management consultancy services by our Company at rates specified in the memorandum of understanding. Further, pursuant to the memorandum of understanding, a formal agreement is to be entered into between our Company and RITES on work-to-work basis, setting out the detailed terms and conditions, scope of work and methodology applicable to such respective works.

Agreement dated May 9, 2008 between our Company and BEML for the supply of OTR Tyres

Our Company has entered into an agreement dated May 9, 2008 with BEML Limited in order to part-fund the expansion projects of Apollo Tyres Limited ("**ATL**") and J.K. Industries Limited ("**JKI**") for the manufacture of Off the Road Tyres ("**OTR Tyres**") to be supplied by BEML to our Company for use in relation to various equipment supplied by BEML to our Company ("**BEML-OTR Agreement**"). Under the terms of the BEML-OTR Agreement, our Company is required to extend funds in the form of a recoverable loan to BEML to the extent of 75% of the cost of each of the expansion projects of ATL and JKI for manufacture of the OTR Tyres, which funds will be routed to ATL and JKI by BEML. This loan will be disbursed by our Company to BEML in four quarterly installments, for which interest will be payable at the rate of three hundred basis points above the prevailing bank rate as notified by the RBI. BEML shall ensure the repayment of the principal amount with the interest within 18 months of the execution of the BEML- OTR Agreement through 40 quarterly installments.

Our Company is required to purchase 625 OTR Tyres manufactured annually by ATL and JKI from BEML under the terms of this agreement, of the make and specification as stipulated by our Company in the agreement. The price for purchase of such OTR Tyres will be as per the price finalized by BEML with ATL and JKI. The tyres supplied will be subject to a warranty in terms of sub-standard materials, poor workmanship and faulty design for a period of the lesser of 12 months of operation from the date of commissioning or 18 months from the date of dispatch. The BEML-OTR Agreement is valid for 12 years, and may be terminated in the event of liquidation or material breach by either party. The agreement may not be assigned to any third party except for our Subsidiaries without the prior consent of BEML.

Agreement dated February 6, 2003 between the President of India, acting through the Joint Secretary, Ministry of Petroleum and Natural Gas ("JS-MoPNG"), ONGC, and our Company for the development, production and commercial exploitation of Coal Bed Methane ("CBM") in India

The JS-MoPNG has entered into a contract dated February 6, 2003 with our Company and ONGC for exploration, development and production of CBM (''**CBM Agreement**"), through assessment of CBM resources which exist in India and exploited in commercial quantities with the utmost expedition and in accordance with modern CBM/oilfields and petroleum industry practices. The initial participating interest stipulated by the CBM Agreement is 74% for ONGC and 26% for our Company, and our Company and ONGC shall contribute to their respective participating interest towards all costs, and assume their respective participating interest share of all rights and obligations. Under the CBM Agreement, exploration operations such as drilling or testing shall commence within six months of the date of execution of the CBM Agreement,

for a period of three years, followed by the pilot assessment and market surveys and commitments phase for a period of four years from the date of completion of the exploration phase. This will be followed by grant of mining lease for CBM being granted to our Company and ONGC, for a period of twenty years, extendable to thirty years, for the development and production phase. At the end of the first two phases, our Company and ONGC shall have the right to exit or terminate the CBM Agreement. As per the CBM Agreement, ONGC shall be appointed as the operator of the CBM Agreement, and within 15 days of execution of the CBM Agreement, the JS-MoPNG and ONGC shall enter into an Operating Agreement to provide for, *inter alia*, the establishment and functions of an operating committee for decision-making with respect to the operations prescribed under the CBM Agreement. Our Company and ONGC shall have the right to carry out operations pertaining to development of CBM, the right to use, free of charge such quantities of CBM produced as are reasonable required for conducting operations and such other rights as specified in the CBM Agreement. Further, our Company and ONGC shall have the right to sell CBM at arms-length sales prices, subject to certain conditions. In consideration of the mining rights for CBM, our Company and ONGC shall pay to the JS-MoPNG statutory levies and taxes, one time lump sum signature bonus equal to USD 0.30 million (Rs. 13.98 million) upon execution of the CBM Agreement, royalty at the rate of 10% ad-valorem sale value and a monthly payment on CBM production at the rate of 2.5% of sale value of the CBM produced in the respective month.

The CBM Agreement may be terminated by our Company or ONGC with respect to any part of the area covered under the CBM Agreement, other than a field or development area, with written notice of 90 days, and with respect to any development area with written notice of 180 days. The CBM Agreement may be terminated by the JS-MoPNG, with written notice of 90 days in the event of, *inter alia*, submission of false statement by our Company or ONGC, intentional extraction of any unauthorized mineral under the CBM Agreement, resolution for liquidation proceedings of our Company and/or ONGC, bankruptcy, assignment or transfer of any participating interest without prior consent of the JS-MoPNG or upon failure to provide requisite financial and performance guarantees.

Memorandum of Understanding dated November 3, 2005 between ONGC and our Company for long-term co-operation in activities related to Underground Coal Gasification ("UCG")

Our Company has entered into a memorandum of understanding with ONGC for long-term co-operation in services, operations, development and research related to UCG ("**UCG MoU**"). Pursuant to the UCG MoU, our Company and ONGC have agreed to jointly operate in the states where our Company is operational, to participate in research and development of UCG technology, including experiments and pilots at suitable sites in coal areas in reserves belonging to our Company and Subsidiaries, to be followed by production and marketing of 'Syngas'/ 'Syncrude'/ 'Synfuels'. Our Company and ONGC shall collaborate towards, *inter alia*, obtaining necessary licenses and various activities, facilitating land acquisition and establishment of a pipeline network for transportation and marketing of produced gas and power generation and surface facilities designing and layout. Under the terms of the UCG MoU, while ONGC shall function as the operator for the purposes of the UCG MoU with the participation of our Company, our Company and ONGC shall contribute equally towards the investments in the initial process of development stage. The MoU is intended for one pilot project at a mutually agreeable location, and is extendable to other projects by mutual agreement. In the event the pilot project is successful, a joint venture company may be formed for exploiting the UCG. The consideration for the project is to be mutually decided depending upon the quantity and quality of reserves allocated to respective projects. The UCG MoU shall be valid for a period of five years from the date of execution of the UCG MoU, subject to renewal by mutual consent. The UCG MoU may be terminated by our Company or ONGC upon providing 90 days written notice or automatically upon the bankruptcy of either party.

Joint Ventures Agreements of our Company

Our Company has entered into the following joint venture agreements:

1. Joint Venture Agreement dated September 27, 2007 with BEML Limited and Damodar Valley Corporation

Our Company has entered into a joint venture agreement dated September 27, 2007 with BEML Limited ("**BEML**") and Damodar Valley Corporation ("**DVC**") for the purposes of taking over and reviving Mining and Allied Machinery Corporation ("**MAMC**"). This joint venture agreement was amended by an agreement dated June 8, 2010. In terms of the amendment agreement, it was agreed that they shall make joint efforts to acquire the assets of the MAMC and restart the operations in the premises of MAMC on such acquisition of assets through joint participation in the sale proceedings to be conducted by the High Court of Calcutta.

The key terms of this joint venture agreement (together with the amendment agreement) are set forth below:

- *Funds for investment*: The parties to this joint venture agreement shall bring in funds for investment to takeover and revive MAMC to the tune of up to Rs. 2,000 million in the following ratio:

Joint Venture Partners	Share of investment
BEML	48%
Coal India Limited	26%
DVC	26%

- *Restriction on transfer of funds*: None of the parties shall increase their share of funds by transfer from the other party, without the prior consent of all the parties to this joint venture agreement. Further, in the event any of the parties intend to withdraw their shares of funds (in full or in part), such party withdrawing from the joint venture agreement shall give a written notice to the other parties of its intention. In addition to the notice, the party withdrawing from the joint venture agreement shall offer the other parties to transfer its share in the ratio of the shareholding of the other parties.

- *Interim Board of Management*: This joint venture agreement provides for constitution of an interim board of management comprising four members, upon being successful in the sale proceedings to be conducted by the High Court of Calcutta. DVC and our Company shall nominate one director each on the interim board of management, while, BEML shall nominate two directors. The interim board of management shall cease to function, once the joint venture company and its board of directors is constituted. The interim board of management is responsible for, *inter alia*, (a) drafting a Shareholders' Agreement and Memorandum of Association and Articles of Association; (b) assignment of the MAMC's factory land by Asansol Durgapur Development Authority; (c) incorporation of a joint venture company; and (d) taking such other measures as may be necessary for expediting the restart operations.

- *Board of directors*: The board of directors of the joint venture company, to be formed pursuant to this joint venture agreement, shall comprise seven directors including the chairman. DVC and our Company will appoint one director each, whereas, BEML will appoint two directors including the chairman of the board of directors. The remaining three directors will be invitee directors *viz*. one each from industry, educational institutes and banking industry or any other specialist to be selected jointly by the functional directors.

- *Termination*: This joint venture agreement shall remain in force till the time shareholders' agreement is executed and the joint venture company is formed. Details relating to lock-in period and exit policy are to be incorporated in the shareholders' agreement.

2. Joint Venture Agreement dated October 12, 2009 with NTPC

Our Company has entered into a joint venture agreement dated October 12, 2009 with NTPC to form a joint venture company in the name of 'CIL NTPC Urja Private Limited' ("**CNUL**") for the purposes of jointly undertaking development, operation and maintenance of Brahmini coal block, Chichro Patsimal coal blocks in Jharkhand, and integrated coal based power plants, if found feasible.

Pursuant to the joint venture agreement, CNUL was incorporated as a private limited company on April 27, 2010 under the Companies Act, having its registered office at NTPC Bhawan, SCOPE Complex, 7 Institutional Area, Lodhi Road, New Delhi - 110003. CNUL is authorized in terms of its memorandum of association, *inter alia*, to engage in the business of acquisition in part or full, of green-field or operational coal/lignite mine blocks in India and abroad, and to carry out prospecting, exploring, developing, drilling, purchasing, importing, storing, manufacturing, producing, processing, marketing, beneficiation, selling and trading reserves of coal, lignite and gases (coal-bed methane) and other mineral resources and development of and dealing in all kinds of coal/lignite mining and other related gaseous substances. The authorized share capital of CNUL is Rs. 100,000,000 divided into 10,000,000 equity shares of Rs. 10 each.

The key terms of this joint venture agreement are set forth below:

- *Share capital and subscription*: CNUL shall have an initial authorized share capital of Rs. 100 million divided into 10 million equity shares of Rs. 10 each. Both NTPC (and its affiliates/associates) and our Company (and our affiliates/associates) shall subscribe to 50% each of the initial issued and paid up capital respectively, with NTPC and our Company subscribing to 0.5 million each equity shares, respectively. If CNUL proposes to increase its share capital, it shall first offer such shares to its existing shareholders in proportion to their existing shareholding. Subject to applicable laws, the parties may arrange for subscription to the equity shares by their affiliates, upon entering into agreements/arrangements with such affiliates. The terms contained in such agreements/arrangements shall not contravene and not supercede the terms of this joint venture agreement.

- *Board of directors*: The board of directors of CNUL shall comprise not less than two directors and not more than fifteen directors. Both the parties shall be entitled to nominate equal number of directors in CNUL. Initially, NTPC and our Company shall nominate two directors each. In the event the shareholding of any of the party is reduced below 26% of the paid-up equity capital of CNUL, the right to nominate the director would be reduced proportionally. If the shareholding of any of the party falls below 10% of the paid-up equity shares, all rights of such party under this joint venture agreement shall cease including the right to nominate the directors and the other party shall have the option, exercisable at any time, to terminate the agreement in respect of the other party, where shareholding falls below 10%.

- *Reserved matters*: In respect certain matters, no resolution shall be passed at any meeting of the board of directors of CNUL or any committee thereof, unless it has affirmative vote of at least one director nominated by each of the parties. Such matters include, annual capital and revenue budgets, five yearly or annual plans of development, recommendation or approval of dividend, restructuring of equity capital of the company and promotion of a new company.

- *Pricing:* The pricing of coal is to be decided by the board of directors of CNUL so as to ensure that the investment in the mining project shall provide a minimum internal rate of return of 12%, taking into account the life of the mining project as 20 years, and further subject to the price of coal not been less than the notified price of coal of Rajmahal coalfields.

- *Restriction on transfer of shares*: No party (including its affiliates/associates) is permitted to transfer its shares/voting rights in CNUL to a third party or *inter se* for a period of five years commencing from the date of incorporation of CNUL or the commercial operation date of the projects to be developed by the mines to be developed or the coal based power plant, whichever is later. However, such restriction on transfer of shares/voting rights does not preclude the GoI, a state government, government company, to subscribe to the equity capital of CNUL, subject to the mutual consent of NTPC and our Company. Subject to the aforementioned restrictions on transfer, if any party intends to transfer any shares to a third party, the selling party is required to first offer such shares to the non selling party in proportion to its shareholding, at a price which higher of: (a) price certified by independent and reputed chartered accountants; and (b) price mutually agreed between the parties. In case the non-selling parties do not accept the prescribed offer, the selling party shall be entitled to transfer the offered shares to the proposed transferee at a price no less than that offered to the non-selling party. The transferee would be required to sign an undertaking addressed to the non-selling party and CNUL stating that it complies with all the terms and conditions of this joint venture agreement.

3. Joint Venture Agreement dated January 14, 2009 with Steel Authority of India Limited, Rashtriya Ispat Nigam Limited, NMDC Limited and NTPC Limited.

Our Company has entered into a joint venture agreement dated January 14, 2009 with Steel Authority of India Limited ("**SAIL**"), Rashtriya Ispat Nigam Limited ("**RINL**"), NMDC Limited ("**NMDC**") and NTPC to form a joint venture company in the name of 'International Coal Ventures Private Limited' ("**ICVL**") for the purposes of securing metallurgical coking coal and thermal coal assets from overseas.

Pursuant to this joint venture agreement, ICVL was incorporated as a private limited company on May 20, 2009 under the Companies Act, having its registered office at 20th Floor, Scope Minar, (Core – 2), North Tower, Laxmi Nagar District Centre, Delhi – 110092. ICVL is authorized in terms of its memorandum of association, *inter alia*, to engage in the business of acquisition and/or operation of coal mines or blocks or assets or properties by way of purchasing, taking on lease, license, grant, amalgamation or otherwise acquiring stake in part or full, coal/lignite mines/blocks or companies having coal mines overseas, and to carry out in overseas the

activities of prospecting, exploring, developing, mining, drilling, blasting, handling, storing and beneficiation of metallurgical coal, thermal coal, coke and related gaseous substances, and to undertake activities for proving and estimating the reserves of coal, lignite, gases and other mineral resource. The authorized share capital of the Company is Rs. 10,000,000 divided into 1,000,000 equity shares of Rs. 10 each.

The key terms of this joint venture agreement are set forth below:

- *Share capital and subscription*: ICVL shall have an initial authorized share capital of Rs. 10 million divided into 1 million equity shares of Rs. 10 each. Both SAIL and our Company shall subscribe to 2/7th each of the initial issued paid up capital respectively, with SAIL and our Company subscribing to 0.2 million equity shares each, respectively. Whereas, RINL, NMDC and NTPC shall subscribe to 1/7th of the initial issued paid up capital respectively, with each RINL, NMDC and NTPC subscribing to 0.1 million equity shares, respectively. The shareholding of all the parties to this joint venture agreement would include the shareholding of their respective affiliates in ICVL.

- *Board of directors*: The board of directors of ICVL shall comprise not less than three directors and not more than twelve directors, including directors nominated by any financial institution(s). Both SAIL and our Company shall be entitled to nominate two directors each, whereas, RINL, NMDC and NTPC shall be entitled to nominate one director each. However, the entitlement of the parties to the joint venture agreement shall be in proportion to their respective shareholding and shall be regulated in the following manner:

Shareholding in percentage	Entitlement to appoint number of Directors
Less than 10%	Nil
10%-20%	1
20%-30%	2
30%-40%	3
	And so on

- *Reserved matters*: In respect certain matters, no resolution shall be passed at any meeting of the board of directors of ICVL or any committee thereof or by its chief executive officer, unless it has affirmative vote of majority of the directors, which majority shall include at least one director each of the parties holding not less than 10% of the fully paid up share capital of ICVL. Such matters include, :

  (a) Any reconstruction, re-organisation, merger, amalgamation or consolidation of ICVL with another entity;
  (b) Any amendment to the memorandum of association and/or articles of association of ICVL;
  (c) Any issues of share capital or debentures, whether or not convertible, or altering the capital structure of ICVL;
  (d) Abandonment, waiver or settlement of any legal action, suits, claims and other legal proceedings except for minor debt collection matters not exceeding Rs. 100 million;
  (e) Taking long term loans for a term exceeding 12 months for an amount exceeding Rs. 1,000 million or altering any material term or condition of any such loan.

- *Competition*: Any of the parties (either by themselves or in association with or through any entity) shall not, directly or indirectly, approach or enter into negotiations or discussions with any third party for direct dealing for itself with whom ICVL is in discussions/negotiations/agreements for specific coal asset/company. Similarly, ICVL shall not enter into negotiations or discussions with any third party for direct dealing for itself with whom any party to this joint venture agreement is in discussions/negotiations/agreements for specific coal asset/company.

- *Restriction on transfer of shares*: No party is permitted to transfer its shares in ICVL to a third party for a period of five years commencing from the date of incorporation of ICVL. However, at all times, the parties are free to transfer the shares held by it in ICVL to any of its affiliates provided that the transferor has given a 30 days prior notice to the other parties and the affiliate is not in receivership, bankruptcy, insolvency, dissolution, liquidation. On expiry of the aforesaid five years period (or such other period spanning more than five years, as provided in a non-disposal undertaking given by a party to a bank or financial institution), if any of the party sells or otherwise disposes of the shares held by it in ICVL then such a party (offeror) shall offer the first right of purchase/refusal to the other parties

(offeree) in the same proportion at which the offerees are holding shares in ICVL. If any of the offeree fails to accept the offer within ninety days, it would be deemed that the said offeree is not interested in purchasing the shares. In case of such failure of the offeree to accept the offer to purchase shares, the offeror and the offeree shall jointly appoint an independent auditor/valuer to determine the fair market price, within 60 days from the date to accept the offer. Where such independent auditor/valuer is appointed, a fresh offer shall be made by the offeror to the offeree to purchase the shares at a price determined by the independent auditor/valuer. In the event the offeror and/or offeree fail to complete the sale of shares, the whole process mentioned above would have to be repeated.

4. Memorandum of Understanding dated January 10, 2008 with GAIL (India) Limited ("GAIL") and Memorandum of Intent dated December 14, 2009 with GAIL and Rashtriya Chemicals and Fertilizers Limited ("RCF")

Our Company has entered into a memorandum of understanding dated January 10, 2008 with GAIL for the joint development of a surface coal gasification project for the production of synthesis gas to be used as a feedstock for fertilizer production. The memorandum of understanding provides for co-operation in various studies required for the purposes of the surface coal gasification project and the project and process development relating to the project in the coal bearing areas in and around Talcher, Orissa. Further, the memorandum of understanding provides for the induction of a public sector entity engaged in the production of fertilizers in the project in the venture. The memorandum of understanding is valid for a period of five years from the date of execution unless terminated earlier by either party by giving three months notice.

Pursuant to the memorandum of understanding dated January 10, 2008 and the memorandum of understanding dated December 28, 2007 entered into between GAIL and RFCL, our Company entered into a memorandum of intent dated December 14, 2009 with GAIL and RCF for the purposes of setting up a coal gasification based ammonia urea and ammonium nitrate complex. In terms of the memorandum of intent, the parties agreed to initiate steps for the joint development of the project and take steps including engagement of a consultant to advice on the project and for this purpose form a joint working committee to manage the affairs of the project until the formation of a joint venture company. Further, while GAIL is to co-ordinate the carrying our all pre-project activities, our Company is to facilitate coal availability and RCF is to be the nodal agency on behalf of the joint working committee for engaging a consultant for detailed feasibility report and technology selection services. Under the memorandum of intent, the implementation of the project is subject to*, inter alia*, allocation of land for the project, assured availability of required grade and quantity of coal and receipt of necessary approvals.

Joint Ventures Agreements in respect of our indirect Subsidiaries

Our Subsidiary, MCL, has entered into joint ventures agreements in respect of our indirect Subsidiaries, MJSJ and MSL, details of which are provided below:

1. ***Joint Venture Agreement dated November 12, 2007 with JSW Steel Limited, JSW Energy Limited, Jindal Stainless Limited and Shyam DRI Power Limited.***

Our Subsidiary, MCL had entered into a joint venture agreement dated November 12, 2007 with JSW Steel Limited and JSW Energy Limited (collectively, "**JSW**"), Jindal Stainless Limited ("**JSL**") and Shyam DRI Power Limited ("**SDPL**") to form a joint venture company in the name of 'MJSJ Coal Limited' for the purposes of jointly establishing, developing, operating and maintaining Utkal-Gopalprasad mine in Angul District of Orissa. Pursuant to the joint venture agreement, MJSJ has been incorporated as a private limited company, and is our indirect Subsidiary. For details relating to MJSJ, please the section titled "Details of our indirect Subsidiaries, held through MCL" above at page 143.

The key terms of this joint venture agreement are set forth below:

- *Duration*: The joint venture agreement shall come into force on the date of its execution and shall continue till the exhaustion of coal reserves and closure of the Utkal-Gopalprasad mine.

- *Share capital and subscription*: MJSJ shall have an initial authorized share capital of Rs. 50 million divided into 500,000 equity shares of Rs. 10 each. The initial paid up capital shall be Rs. 1 million

divided into 100,000 equity shares of Rs. 10 each, to be subscribed by the parties in the following proportion :

Joint Venture Partner	No. of shares	% of Equity Capital
MCL	60,000	60
JSW	22,000	22
JSL	9,000	9
SDPL	9,000	9
Total	**100,000**	**100**

- *Board of directors*: The board of directors of MSL shall consist of nine directors, with five directors nominated by MCL, two directors nominated by JSW, and one director nominated by JSL and SDPL respectively. Subject to applicable law, the board shall have the right to delegate any of its power to the chief executive officer, except certain matters which shall be decided only by the board, including, annual revenue budget, Five year annual plans of development, capital budget, entering into partnerships or foreign collaborations and any amendment to the memorandum of articles of association of the MJSJ.

- *Restriction on transfer of shares*: No party is to transfer its equity holding in MJSJ, directly or indirectly, without the prior written consent of the other parties to the joint venture agreement. In the event one or more parties propose to transfer a part of or the entire shareholding in MJSJ to any third party, the selling party is first required to offer the shares by way of a written notice to other parties to this joint venture agreement, in the proportion of their shareholding in MJSJ. Such notice shall also state the terms and conditions and the offer price for the transfer of the shares. In the event the transfer is not concluded at a mutually agreed price within 30 days from the date of receipt of notice by the other parties, then the selling party can transfer the shares to a third party, subject to written approval from the remaining parties, within a period of further 90 days provided the sale is on terms and conditions not more favourable to the third party than the terms and conditions offered in the written notice.

- *Supply and pricing of Coal*: In terms of this joint venture agreement, the coal produced from Utkal-Gopalprasad mine is to be distributed among the joint venture partners in the following manner:

  (a) 60% of the coal produced shall be handed over to MCL, which shall be disposed off by MCL as it chooses;
  (b) 22% of the coal produced shall be handed over to JSW, which shall be utilized for JSW's captive consumption;
  (c) 9% of the coal produced shall be handed over to JSL, which shall be utilized for JSL's captive consumption; and
  (d) 9% of the coal produced shall be handed over to SDPL, which shall be utilized for SDPL's captive consumption

  The transfer price of coal will be initially fixed on cost plus basis as per the project report prepared by CMPDIL so as to achieve a minimum of 12% of internal rate of returns. The revision of the price shall be made on a year to year basis of actual cost plus the same percentage as was fixed initially. Further, MJSJ, as per the allocation made by the MoC, is required enter into an off-take agreement with MCL, JSW, JSL and SDPL.

2. ***Joint Venture Agreement dated June 30, 2007 with Neyveli Lignite Corporation Limited and Hindalco Industries Limited***

Our Subsidiary, MCL had entered into a joint venture agreement dated June 30, 2007 with Neyveli Lignite Corporation Limited ("**NLCL**") and Hindalco Industries Limited ("**HIL**") to form a joint venture company' in the name of 'MNH Shakti Limited' for the purposes of jointly undertaking development on a built, own and operate basis of Talabira mines in Jharsuguda, Sambalpur District, Orissa. Pursuant to the joint venture agreement, MSL has been incorporated as a private limited company, and is an indirect Subsidiary of our Company. For details relating to MSL, please the section titled "Details of our indirect Subsidiaries, held through MCL" above at page 143.

The key terms of this joint venture agreement are set forth below:

- *Duration*: The joint venture agreement shall come into force on the date of its execution and shall continue till the closure of Talabira mine.

- *Share capital and subscription*: MSL shall have an initial authorized share capital of Rs. 5 million divided into 500,000 equity shares of Rs. 10 each. The initial paid up capital shall be Rs. 1 million divided into 100,000 equity shares of Rs. 10 each, to be subscribed by the parties in the following proportion :

Joint Venture Partner	No. of shares	% of holding of paid up capital (in percentage)
MCL	70,000	70
NLCL	15,000	15
HIL	15,000	15
Total	**100,000**	**100**

- *Board of directors*: The board of directors of MSL shall consist of six directors, with four directors nominated by MCL and one director nominated by NLCL and HIL respectively. Subject to applicable law, the board shall have the right to delegate any of its power to the chief executive officer, except certain matters which shall be decided only by the board, including annual revenue budget, Five year annual plans of development, capital budget, entering into partnerships or foreign collaborations and any amendment to the memorandum of articles of association of the MSL.

- *Restriction on transfer of shares*: No party is to transfer its equity holding in MSL, directly or indirectly, without the prior written consent of the other parties to the joint venture agreement. In the event one or more parties propose to transfer a part of or the entire shareholding in MSL to any third party, the selling party is first required to offer the shares by way of a written notice to other parties to this joint venture agreement, in the proportion of their shareholding in MSL. Such notice shall also state the terms and conditions and the offer price for the transfer of the shares. In the event the transfer is not concluded at a mutually agreed price within 30 days from the date of receipt of notice by the other parties, then the selling party can transfer the shares to a third party, subject to written approval from the remaining parties, within a period of further 90 days provided the sale is on terms and conditions not more favourable to the third party than the terms and conditions offered in the written notice.

- *Supply and pricing of Coal*: in terms of the joint venture agreement, the coal produced from Talabira mine is to be distributed among the joint venture partners in the following manner:

  (a) 70% of the coal produced shall be handed over to MCL, which shall be disposed off by MCL as it chooses;
  (b) 15% of the coal produced shall be handed over to NLCL which shall be utilized for NLCL's captive consumption; and
  (c) 15% of the coal produced shall be handed over to HIL which shall be utilized for HIL's captive consumption.

  The transfer price of coal will be initially fixed on cost plus basis as per the project report prepared by CMPDIL so as to achieve a minimum of 12% of internal rate of returns. The revision of the price shall be made on a year to year basis of actual cost plus the same percentage as was fixed initially. Further, MSL, as per the allocation made by the MoC, is required to enter into an off-take agreement with MCL, NLCL and HIL.

Strategic or Financial Partners

Our Company currently does not have any strategic or financial partners.

Details of past performance

For further details in relation to the financial performance of our Company in the previous five financial years, including details of non-recurring items of income, see the section titled "Financial Statements" on page F-1.

OUR MANAGEMENT

Under the Articles of Association, our Company is required to have not less than three Directors and not more than 15 Directors. Our Company currently has 14 Directors on its Board, of which five are executive Directors, two are Government nominee Directors and seven are independent Directors.

The following table sets forth details regarding our Board of Directors as of the date of this Prospectus:

Name, Father's Name, Designation, Occupation, Address and Nationality	Age (in years)	DIN	Other Directorships
Mr. Partha S. Bhattacharyya *Father's Name:* Late Mr. Benoy Krishna Bhattacharyya *Designation:* Chairman and Managing Director, executive non independent Director *Occupation:* Service *Address:* Flat No. 2CD, 2nd Floor 21B, Belvedere Road Alipore, Kolkata 700 027 West Bengal *Nationality:* Indian	59	00329479	Nil
Mr. N.C. Jha *Father's Name:* Late Mr. Deo Kant Jha *Designation:* Director (Technical), executive non independent Director *Occupation:* Service *Address:* Flat no. 1A & 1H, 1st Floor Block 1, Sunny Season Ramchandrapur, Garia Kolkata 700 103 West Bengal *Nationality:* Indian	58	00657309	• Bharat Coking Coal Limited • South Eastern Coalfields Limited • Central Mine Planning & Design Institute Limited • International Coal Ventures Private Limited

Name, Father's Name, Designation, Occupation, Address and Nationality	Age (in years)	DIN	Other Directorships
Mr. R. Mohan Das *Father's Name:* Mr. Rajasingh Appapillai *Designation:* Director (Personnel & Industrial Relations), executive non independent Director *Occupation:* Service *Address:* Flat No. 4A Minto Park Syndicate 13, D.L. Khan Road Kolkata 700 027 West Bengal *Nationality:* Indian	53	01594255	• Western Coalfields Limited • Central Coalfields Limited
Dr. A.K. Sarkar *Father's Name:* Late Mr. Gokulananda Sarkar *Designation:* Director (Marketing), executive non independent Director *Occupation:* Service *Address:* Flat no. 103 (1st Floor) Niladri Apartment 30, Raja Santosh Roy Road, Alipore, Kolkata 700 027 West Bengal *Nationality:* Indian	59	00409230	• Northern Coalfields Limited • Mahanadi Coalfields Limited

Name, Father's Name, Designation, Occupation, Address and Nationality	Age (in years)	DIN	Other Directorships
Mr. A.K. Sinha *Father's Name:* Late Mr. Sakti Saran Sinha *Designation:* Director (Finance), executive non independent Director *Occupation:* Service *Address:* Flat No. 6, Kheya Apartment 60/260B Hari Pada Dutta Lane PO Golf Garden Kolkata 700 033 West Bengal *Nationality:* Indian	58	00822485	• Eastern Coalfields Limited • South Eastern Coalfields Limited
Mr. Alok Perti *Father's Name:* Mr. Onkar Nath Perti *Designation:* Government nominee Director, non executive non independent Director *Occupation:* Service *Address:* D 1/S - 21, Nivedita Kunj Sector-20, R.K. Puram New Delhi 110 022 *Nationality:* Indian	58	00475747	• Neyveli Lignite Corporation Limited

Name, Father's Name, Designation, Occupation, Address and Nationality	Age (in years)	DIN	Other Directorships
Mr. Sanjiv Kumar Mittal *Father's Name:* Mr. Amar Nath Mittal *Designation:* Government nominee Director, non executive non independent Director *Occupation:* Service *Address:* A-76, Sector-61 Noida 201 301 Uttar Pradesh *Nationality:* Indian	47	00449867	• Hindustan Copper Limited • Bharat Aluminium Company Limited • Hindustan Zinc Limited
Dr. A. K. Rath *Father's Name:* Late Braja Bandhu Rath *Designation:* Independent Director *Occupation:* Professor, Management Development Institute, Gurgaon *Address:* D 701, Jagaran Apartment Plot – 17, Sector 22 Dwarka New Delhi 110 077 *Nationality:* Indian	61	00109711	• Mangalore Refinery & Petrochemical Limited • Mahanadi Coalfields Limited
Mr. Kamal R. Gupta *Father's Name:* Late Mr. G.P. Gupta *Designation:* Independent Director *Occupation:* Self employed professional *Address:* 3A/62, Azad Nagar Kanpur 208 002 Uttar Pradesh *Nationality:* Indian	56	01506541	• Corporate Consultants Private Limited • Govind Polymers Private Limited

Name, Father's Name, Designation, Occupation, Address and Nationality	Age (in years)	DIN	Other Directorships
Mr. Mohd. Anis Ansari *Father's Name:* Mr. Mohd. Yusuf Ansari *Designation:* Independent Director *Occupation:* Vice Chancellor U.P. Urdu, Arabi and Farsi University, Lucknow *Address:* 4, Vikramaditya Marg Lucknow 226 001 Uttar Pradesh *Nationality:* Indian	61	03242478	Nil
Dr. R.N. Trivedi *Father's Name:* Late Mr. J.N. Trivedi *Designation:* Independent Director *Occupation:* Retired, Indian Administrative Services Officer *Address:* 113/216, Swarup Nagar Kanpur 208 002 Uttar Pradesh *Nationality:* Indian	62	03243439	Nil
Ms. Sachi Chaudhuri *Father's Name:* Late Mr. P.C. Shome *Designation:* Independent Director *Occupation:* Retired Civil Servant *Address:* C -303, Curzon Road Apartments Kasturba Gandhi Marg New Delhi 110 002 *Nationality:* Indian	60	03271389 (Provisional)	Nil

Name, Father's Name, Designation, Occupation, Address and Nationality	Age (in years)	DIN	Other Directorships
Prof. S.K. Barua *Father's Name:* Mr. Prakriti Ranjan Barua *Designation:* Independent Director *Occupation:* Director, Indian Institute of Management, Ahmedabad *Address:* House No. 501, Indian Institute of Management Ahmedabad 380 015, Gujarat *Nationality:* Indian	58	00211077	• Bharat Petroleum Company Limited • Securities Trading Corporation Limited • Paras Pharmaceuticals Limited • Torrent Power Limited • IOT Infrastructure and Energy Services Limited • South Eastern Coalfields Limited
Ms. Sheela Bhide *Father's Name:* Mr. Damodar Narhar Thakar *Designation:* Independent Director *Occupation:* Retired government servant *Address:* CI/7, Rajesh Pilot Marg Opposite Lodhi Gardens New Delhi 110 003 *Nationality:* Indian	62	01843547	• Northern Coalfields Limited

Brief Profile of our Directors

Mr. Partha S. Bhattacharyya, aged 59 years, is the Chairman and Managing Director of our Company. Mr. Bhattacharyya holds a post graduate degree in physics from Jadavpur University, Kolkata, and a diploma in finance from ICFAI University, Hyderabad. He is also a Fellow of the Institute of Cost and Works Accountants of India and the World Academy of Productivity Science. Mr. Bhattacharyya joined our Company as a management trainee in 1977 and since then has handled various assignments in our Company and in our Subsidiaries. Prior to joining our Company as the Chairman and Managing Director, Mr. Bhattacharyya was the Chairman and Managing Director of BCCL, where he played a crucial role in the turnaround of the company, which had been reporting losses since its inception. As the chairman and managing director of BCCL, Mr. Bhattacharyya is also credited with the introduction of e-marketing of coal, which was later adopted by our other Subsidiaries. For his achievements as chairman and managing director of BCCL, Mr. Bhattacharyya has been bestowed the "Chief Executive of the year 2005" award by the Indian Institute of Materials Management, Pune and has also been felicitated by the Citizens Forum of Dhanbad. Mr. Bhattacharyya has also been conferred the '*CEO with HR Orientation*' award by the Prime Minister of Bhutan, the '*CII President's Award*', the '*Distinguished Management Fellowship Award*' from the Indian Institute of Social Welfare and Business Management, the '*CEO with HR Orientation Award*' from the Jury and Council of Board Members of Employer Branding Institute CMO Asia, Singapore and has been conferred the '*Distinguished Fellowship Award*' by the Institute of Directors. Mr. Bhattacharyya has also been nominated as the chairman of the research council of the Central Institute of Mining and Fuel Research, Dhanbad. In our Company as the

Chairman and Managing Director, Mr. Bhattacharyya has initiated action on strategic areas such as thrust on underground mining, coal beneficiation and land reclamation. He has also spearheaded the introduction of integrity pact in high value procurements with the objective of bringing transparency, equity, fairness and speedy decision making by our Company.

Mr. N.C. Jha, aged 58 years, is the Director (Technical) of our Company. Mr. Jha holds a bachelor's degree and a master's degree in mining engineering from the Indian School of Mines, Dhanbad, and has also received the First Class Mine Manager's Certificate of Competency (Coal). Mr. Jha joined BCCL in 1975 and subsequently was associated with CMPDIL for 25 years. During his tenure at CMPDIL, he planned a large number of both underground and opencast coal projects for BCCL. Mr. Jha joined our Company in 2002 and was the Chief General Manager of the Department Of Quality Control and was also the Technical Secretary to the Chairman and Managing Director. Prior to becoming the Director (Technical) of our Company, he was the Director (Technical) of CMPDIL and was responsible for coal resource development. As the Director (Technical) of our Company, Mr. Jha is responsible for all policy decision on technical matters for all our Subsidiaries and the administration of NEC. Presently, Mr. Jha is also holding additional charge of chairman and managing director, SECL.

Mr. R. Mohan Das, aged 53 years, is the Director (Personnel & Industrial Relations) of our Company. Holding a post graduate degree in social work from Madurai University, Mr. Mohan Das began his professional career over three decades ago with Bharat Heavy Electricals Limited in their human resources department. Mr. Mohan Das has also participated in the 'Advanced Management Programme' at the Queens' College, Cambridge, United Kingdom and the 'Management Development programme' at Wharton School, University of Pennsylvania, United States of America. In the course of his career at Bharat Heavy Electricals Limited, Mr. Mohan Das was credited with various human resource initiatives such as the introduction of an 'Integrated Human Resource Information System' to usher in the concept of paper-less office in the Nagpur unit and was involved in development and piloting of the 'E-Enabled Performance Management System' for officers with linkage to balance scorecard during his stint in the Bhopal office. Prior to joining our Company, Mr. Mohan Das was the General Manager (Personnel & Administration) of the state owned Madras Fertilizers Limited, where he concluded long pending promotion policy agreement with unions. Mr. Mohan Das has training as a lead auditor for the 'ISO Quality System' and lead assessor for 'Total Quality Management'. Mr. Mohan Das has also been elected as the National President of National Institute of Personnel Management for the period 2010-2012. As Director (Personnel & Industrial Relations) of our Company, Mr. Mohan Das is responsible for the formulation and implementation of personnel policies of our Company.

Dr. A.K. Sarkar, aged 59 years, is the Director (Marketing) of our Company. Dr. Sarkar holds a post graduate degree and a doctorate in physics from Calcutta University. Dr. Sarkar joined our Company as a management trainee in 1977 and since then has held various positions in our Company and in our Subsidiaries. From 1994 to 2004, Dr. Sarkar was a chief finance manager in our Company and played a crucial role in our Company obtaining USD 1.03 billion multi currency sectoral loan from the World Bank and the Japanese Bank of International Cooperation, and USD 63.00 million for the Coal Sector Environment and Social Mitigation Project from the International Development Authority. In October 2004, Dr. Sarkar was appointed as the Director (Finance) of CCL and was instrumental in CCL being awarded '*Mini-Ratna*' status. As Director (Marketing) of our Company, Dr. Sarkar is in charge of sales and marketing functions of our Company and is responsible for developing strategies, action plans, pricing, systems and for sale and marketing of coal and coal products.

Mr. A.K. Sinha, aged 58 years, is the Director (Finance) of our Company. Mr. Sinha graduated with honours in physics from Belur Ramakrishna Vidyamandir, Calcutta University in 1971 and became a member of the Institute of Chartered Accountants of India in 1977. He has also obtained a bachelor's degree in law from Calcutta University in 1976. Mr. Sinha has over three decades of experience as a finance executive in the mining industry. He was associated with ECL in various capacities from 1977 to 2001 and was also the General Manager (Finance) of BCCL and Director (Finance) of ECL. Mr. Sinha joined our Company as Director (Finance) on March 13, 2010 and is responsible for overall financial management and audit functions of our Company and our Subsidiaries and in advising the Board on all financial matters. Mr. Sinha is experienced in the field of management accounting and has held the post of chairman of Asansol Chapter of Chartered Accountants. He has also participated in the 'Advanced Management Programme' at the Queens' College, Cambridge, United Kingdom and has completed the 'Scope-IMI Global Leadership Advance Management Programme' on strategic issues of national and international leadership.

Mr. Alok Perti, aged 58 years, is a non executive, non independent nominee Director of the GoI, on our Board. He holds a bachelor's degree in science and a master's degree in physics from the University of Allahabad. Mr. Perti has also completed a master's course in social planning and policy in developing countries from the London School of Economics, United Kingdom. He joined the Indian Administrative Service in 1977 and has worked in various capacities with the Central Government and the Assam Government. In Central Government, he has worked in the Ministry of Health and Welfare and in the Ministry of Defence and with the Assam Government, he has served in departments such as health and family welfare, transport and public enterprises. He was also a member secretary to the Kelkar Committee set up by the Ministry of Defence to suggest modifications to defence acquisitions, WHO consultant for conducting study and validation of National Immunization Programme in Bhutan and also served as a consultant to UNICEF to develop a material management systems for supply in Myanmar. During his tenure with the Ministry of Health and Family Welfare, he was responsible for establishing a network of vaccine movement and storage system (cold chain) throughout the country over a period of five years. Mr. Perti is presently an Additional Secretary in the MoC, and is also on the board of directors of Neyveli Lignite Corporation Limited.

Mr. Sanjiv Kumar Mittal, aged 47 years, is a non executive, non independent nominee Director of the GoI, on our Board. Mr. Mittal holds a bachelor's degree in electrical engineering from the Indian Institute of Technology, New Delhi. He joined the Indian Administrative Services in the year 1987 and was allotted Uttar Pradesh cadre. In his career of over two decades, Mr. Mittal has held various key positions such as Sub Divisional Officer, Chief Development Officer, Collector and District Magistrate, Special Secretary, Department of Industrial Department, Government of Uttar Pradesh, Divisional Commissioner, Secretary, Department of Finance, Government of Uttar Pradesh, Sugar and Cane Commissioner, Uttar Pradesh and Director MoC. Mr. Mittal is presently the Joint Secretary and Financial Advisor, MoC. He is also holding charge of Joint Secretary & Financial Advisor in the Ministry of Mines and Ministry of Youth Affairs and Sports, GoI. Other than being a Director of our Company, Mr. Mittal is also a director on the board of Hindustan Copper Limited, Bharat Aluminium Company Limited and Hindustan Zinc Limited.

Dr. A.K. Rath, aged 61 years, is an independent Director on the Board of our Company. He holds a master's degree in physics from Delhi University and a doctorate in business administration from KIIT University, Bhubaneshwar. He joined the Indian Administrative Services in the 1973 and held various positions in his three decade long career with the Indian Administrative Services, including Joint Secretary in the Department of Public Enterprises, GoI, Special Secretary and Financial Advisor, Ministry of Steel and Secretary, Department of School Education & Literacy. During his stint in the Department of Public Enterprises, he played an active role in introducing reform in the governance of central public sector enterprises, and while with the Department of School Education & Literacy, he was involved in shaping the Right of Children to Free and Compulsory Education Bill, 2008. During his stint with the Ministry of Steel, he was also on the board of certain public sector companies such as SAIL and NMDC. Dr. Rath is currently professor and chairman (public policy) at Management Development Institute, Gurgaon, member of the academic council of Central University, Orissa and is currently on the board of directors of Mangalore Refinery & Petrochemical Limited.

Mr. Kamal R. Gupta, aged 56 years, is an independent Director on the Board of our Company. He holds a bachelor's degree in science from CSJM University, Kanpur and became a member of the Institute of Chartered Accountants of India in 1977. Mr. Gupta has over 33 years of experience in the field of taxation and finance consultancy. Other than being an independent Director on the Board of our Company, Mr. Gupta is also a director on the board of Corporate Consultants Private Limited and Govind Polymers Private Limited. In the past, Mr. Gupta has been a director/member in various organizations including, U.P. Stock Exchange, Regional Direct Taxes Committee, U.P. Sales Tax Committee, U.P. Merchants Association and the President of Kanpur Income Tax Bar Association.

Mr. Mohd. Anis Ansari, aged 61 years, is an independent Director on the Board of our Company. Mr. Ansari holds a bachelor's degree in arts, a bachelor's degree in law and a master's degree in law from Aligarh Muslim University, Aligarh. He joined the Indian Administrative Services in 1973 and in the course of his over three decades long career has held various significant posts such as Agriculture Production Commissioner, Government of Uttar Pradesh, Secretary, Department of Agriculture, Government of Uttar Pradesh, Principal Secretary of Labour Department and Rural Development Department, Government of Uttar Pradesh and Chairman and Managing Director of U.P. Food and Essential Commodities Corporation. Mr. Ansari has also been a member of the board of directors of Bombay Mercantile Co-operative Bank Limited. Mr. Ansari is presently the Vice Chancellor of U.P. Urdu, Arabi and Farsi University, Lucknow. Mr. Ansari is also a member of various social and cultural organizations, including the All India Management Association, Lucknow Management Association and was the founder chairman of Asma Hussain Institute of Fashion Technology,

Lucknow. Mr. Ansari has received numerous literary and other awards including the 'Top Professional Manager of the Year Award' for the year 1994 from the Institute of Marketing and Management, New Delhi and has published eight collections of his poems in Urdu and Hindi.

Dr. R.N. Trivedi, aged 62 years, is an independent Director on the Board of our Company. Mr. Trivedi holds a bachelor's degree in technology from the Indian Institute of Technology, Kanpur and also holds a master's degree in arts (economics), a doctorate in economics and a doctorate in science (agricultural economics) from CSJM University, Kanpur. Dr. Trivedi joined the Indian Administrative Services in 1972 and in the course of his career has held various significant posts such as Collector of Farrukhabad, Lakhimpur Kheri and Lucknow, Principal Secretary to the Government of Government of Uttar Pradesh and Director General Training, Government of Uttar Pradesh. Dr. Trivedi was also the Managing Director of certain public sector undertakings such as, Uttar Pradesh Financial Corporation, Uttar Pradesh State Industrial Development Corporation and Uttar Pradesh Co-operative Spinning Mills Federation.

Ms. Sachi Chaudhuri, aged 60 years, is an independent Director on the Board of our Company. Ms. Chaudhuri graduated in Economics (Honours), with subsidiary Mathematics from Presidency College, Calcutta University and has pursued Post Graduate studies in Economics with specialization in Econometrics, Statistics and Mathematical Economics from Calcutta University through Presidency College. She joined the Indian Revenue Services in 1975 and in the course of her career has held various significant posts such as Chief Commissioner of Income Tax, Delhi, Directorate of Income Tax (IT & Audit), Central Board of Direct Taxes, Commissioner of Income Tax, Joint Secretary, Financial Adviser, All India Council for Technical Education, Ministry of Human Resources Development, GoI, Joint Secretary level post in a Schedule 'A' public sector undertaking under the Ministry of Commerce, Government of India, GoI, Director (Finance), Department of Biotechnology, Ministry of Science & Technology, GoI. She was a faculty member at the National Academy of Direct Taxes, Nagpur and also a Departmental Representative before the Income Tax Appellate Tribunal. Ms. Chaudhuri has also held ex-cadre posts in the Cabinet Secretariat, Department of Biotechnology, Ministry of Science & Technology and Ministry of Finance. In addition, Ms. Chaudhuri was also the Executive Director (Vigilance) of MMTC Limited, and was responsible *inter alia* for investigation of vigilance cases and submission of reports to the Central Vigilance Commission and other investigative agencies. Presently, Ms. Chaudhuri is also a special director on BIFR.

Prof. S.K. Barua, aged 58 years, is an independent Director on the Board of our Company. Prof. Barua holds a master's degree in technology from the Indian Institute of Technology, Kanpur and has a doctorate in management from the Indian Institute of Management, Ahmedabad. Prof. Barua has been on the faculty of Indian Institute of Management, Ahmedabad, for the past 30 years and having held various administrative positions, is currently, the director of Indian Institute of Management, Ahmedabad. Other than being an independent Director on the Board of our Company, Prof. Barua is also an independent director on the board of corporates such as Bharat Petroleum Corporation Limited, Securities Trading Corporation Limited, Paras Pharmaceuticals Limited, Torrent Power Limited and IOT Infrastructure and Energy Services Limited

Ms. Sheela Bhide, aged 62 years, is an independent Director on the Board of our Company. Ms. Bhide holds a doctorate in international trade from the Institute of International Studies, Geneva and also holds a master's degree in economics from George Mason University, United States of America, a master's in public policy from John F. Kennedy School of Government, Harvard University, United States of America. Ms. Bhide joined the Indian Administrative Service in 1973 and in the course of her 36 year long career has held various posts such as Chairman and Managing Director, India Trade Promotion Organization, Ministry of Commerce, GoI, Additional Secretary and Financial Advisor, Ministry of External Affairs, GoI, Additional Secretary and Financial Advisor, Ministry of Defence, GoI and Joint Secretary, Ministry of Corporate Affairs, GoI.

Permanent Invitees to the meetings of the Board

Pursuant to letter no 21/21/2008 – ASO dated August 21, 2008 from the MoC, Mr. D.C. Garg (Chairman and Managing Director, WCL) and Mr. A.K. Singh (Chairman and Managing Director, CMPDIL), and pursuant to letter no 21/21/2008 – ASO dated September 7, 2010 from the MoC, Mr. Pradeep Bhatnagar (Additional Member (Traffic Transportation), Railway Board), have been appointed as permanent invitees to the meetings of the Board of our Company.

Relationships between Directors

None of our Directors are related to each other.

Details of Appointment of our Directors

Name of Director	Appointment Letter from the MoC	Term
Mr. Partha S. Bhattacharyya	21/29/2005-ASO dated July 31, 2006	From the date of assumption of charge i.e. October 1, 2006 until the date of superannuation, or until further orders from the MoC, whichever is earlier.
Mr. N.C. Jha	21/2/2006-ASO dated December 11, 2006	Five years from the date of assumption of charge, i.e. January 1, 2007, or until the date of his superannuation, or until further orders from the MoC, whichever is earlier.
Mr. R. Mohan Das	21/13/2006-ASO dated April 30, 2007	Five years from the date of assumption of charge, i.e. June 1, 2007, in the first instance, or until the date of his superannuation, or until further orders from MoC, whichever is earlier.
Dr. A.K. Sarkar	21/16/2008-ASO dated March 17, 2009	From the date of assumption of charge, i.e. March 18, 2009, until the date of his superannuation, or until further orders from MoC, whichever is earlier.
Mr. A.K. Sinha	21/5/2009-ASO dated March 12, 2010	Five years from the date of assumption of charge, i.e. March 13, 2010, until the date of his superannuation, or until further orders from the MoC, whichever is earlier.
Mr. Alok Perti	21/2/98-ASO dated January 27, 2010	From January 27, 2010, until further orders from the MoC.
Mr. Sanjiv Kumar Mittal	21/2/1998-ASO dated September 10, 2007	From September 10, 2007, until further orders of the MoC.
Dr. A.K. Rath	21/35/2005 – ASO(I) dated April 27, 2010	Three years from the date of appointment i.e. April 27, 2010, or until further orders from the MoC, whichever is earlier.
Mr. Kamal R. Gupta	21/35/2005-ASO (Vol.III) dated August 4, 2010	Three years from August 4, 2010, or until further orders from MoC whichever is earlier.
Mr. Mohd. Anis Ansari	21/35/2005-ASO (Vol.III) dated August 19, 2010	Three years from August 24, 2010, or until further orders from MoC whichever is earlier.
Dr. R.N. Trivedi	21/35/2005-ASO (Vol.III) dated August 19, 2010	Three years from August 24, 2010, or until further orders from MoC whichever is earlier.
Ms. Sachi Chaudhuri	21/35/2005-ASO (Vol.III) dated August 19, 2010	Three years from August 24, 2010, or until further orders from MoC whichever is earlier.
Prof. S.K. Barua	21/35/2005-ASO (Vol.III) dated August 4, 2010.	Three years from August 4, 2010, or until further orders from MoC whichever is earlier.
Ms. Sheela Bhide	21/35/2005-ASO (Vol.III) dated August 4, 2010.	Three years from August 4, 2010, or until further orders from MoC whichever is earlier.

Remuneration Details of our Directors

The following table sets forth the details of the gross remuneration of our executive Directors and the sitting fees paid to our independent Directors, for the Fiscal 2010. Our executive Directors are also entitled to benefits/facilities such as official vehicle, medical reimbursements, leave travel concession and gratuity.

S. No.	Name	Basic Salary in Rs.	Allowances and Perquisites in Rs. ^	Sitting Fees in Rs.	Total in Rs.
1.	Mr. Partha S. Bhattacharyya	1,276,094	723,269	-	1,999,363
2.	Mr. N.C. Jha	1,317,582	605,153	-	1,922,735
3.	Mr. R. Mohan Das	1,168,452	853,808	-	2,022,260
4.	Dr. A.K. Sarkar	1,174,990	659,406	-	1,834,396
5.	Mr. A.K. Sinha *	Nil	Nil	-	Nil
6.	Mr. Alok Perti**	Nil	Nil	Nil	Nil
7.	Mr. Sanjiv Kumar Mittal**	Nil	Nil	Nil	Nil
8.	Dr. A.K. Rath***	-	-	Nil	Nil
9.	Mr. Kamal R. Gupta***	-	-	Nil	Nil
10.	Mr. Mohd. Anis Ansari***	-	-	Nil	Nil

S. No.	Name	Basic Salary in Rs.	Allowances and Perquisites in Rs. ^	Sitting Fees in Rs.	Total in Rs.
11.	Dr. R.N. Trivedi***	-	-	Nil	Nil
12.	Ms. Sachi Chaudhuri***	-	-	Nil	Nil
13.	Prof S.K. Barua	-	-	120,000	120,000
14	Ms. Sheela Bhide***	-	-	Nil	Nil

** As Mr. A.K. Sinha joined our Company on March 13, 2010, no remuneration was paid by our Company to him in Fiscal 2010.*
*** As Mr. Alok Perti and Mr. Sanjiv Kumar Mittal are Government nominee Directors on our Board, they are not entitled to any remuneration from our Company, including in the nature of salaries or sitting fees.*
****As our independent Directors, other than Prof. S.K. Barua, were appointed post March 31, 2010, no sitting fees was paid by our Company to them in Fiscal 2010.*
^ Includes leave travel concession encashment and leave encashment paid by our Company.

Our Government nominee Directors are not entitled to any remuneration or fees from us as they have been nominated on our Board by the MoC. Apart from a sitting fee of Rs. 15,000 paid for attending the meeting of our Board and Rs. 10,000 for attending the meetings of the sub committee of the Board as well as to the extent of reimbursement of actual expenses, if any, payable to them under our Articles, the independent Directors of our Company do not receive any other remuneration from our Company. The sitting fee for our Directors has been fixed pursuant to a Board resolution dated December 22, 2009.

Details of terms and conditions of appointment of our executive Directors

The detailed terms and conditions of appointment of Mr. A.K. Sinha are yet to be notified by the GoI. The terms and conditions governing the appointment of Mr. Partha S. Bhattacharyya, Mr. N.C. Jha, Mr. R. Mohan Das and Dr. A.K. Sarkar are set forth below:

1. Mr. Partha S. Bhattacharyya was appointed as the Chairman and Managing Director of our Company with effect from October 1, 2006 until the date of his superannuation i.e. February 28, 2011, or until further orders from the MoC, whichever is earlier, by the President of India pursuant to letter number 21/29/2005-ASO dated July 31, 2006 issued by the MoC. The terms of employment of Mr. Partha S. Bhattacharyya was set out in letter number 21/23/2001 – ASO dated December 6, 2006, issued by the MoC and subsequently revised in terms of letter number 21/23/2001-ASO dated December 9, 2009. The significant terms and conditions of employment of Mr. Partha S. Bhattacharyya are as under:

Basic Salary	Rs. 87,418.16 per month, in the existing scale of Rs. 80,000-125,000.
Dearness Allowance	In accordance with the new 'Industrial Dearness Allowance Scheme' mentioned in the DPE's office memoranda dated November 26, 2008 and April 2, 2009.
Annual Increment	At 3% of basic pay on the anniversary date of appointment in the scale and further increments on the same date in subsequent years until the maximum of the pay-scale is reached.
Housing and Furnishing	Entitled to suitable residential accommodation from our Company including company leased accommodation. Accommodation can also be taken on self lease basis provided that a lease deed in favour of our Company is executed or on the basis of existing lease deeds. Housing rent allowance at the rates indicated in the DPE's office memorandum dated November 26, 2008.
Provident Fund and Gratuity	Entitled to provident fund and gratuity as per the rules of our Company.
Superannuation Benefits	Eligible for superannuation benefit based on approved schemes as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Other Allowances/Perks	Entitled to perks and allowances as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Conveyance	Entitled to staff car for private use subject to a ceiling of 1,000 km per month.
Performance Related Payment	Eligible for approved PRP as per DPE's office memorandum dated November 26, 2008, February 9, 2009 and April 2, 2009.
Leave and Vacation	As per the leave rules of our Company.
Restriction on Joining Private Commercial Undertaking	After retirement from the services of our Company, shall not accept any appointment or post whether advisory or administrative, in any company which has or has business relations, within one years from the date of his retirement, without prior approval of the GoI.
Conduct Discipline and	Subject to the Conduct, Discipline and Appeal Rules of our Company, with the Disciplinary Authority being the President of India.

Appeal	

2. Mr. N.C. Jha was appointed as the Director (Technical) of our Company with effect from January 1, 2007 for a period of five years or until the age of superannuation or until further orders, whichever is earlier, by the President of India pursuant to letter number 21/2/2006-ASO dated December 11, 2006 issued by the MoC. The terms of employment of Mr. N.C. Jha was set out in letter number 21/15/2005 – ASO dated April 9, 2007, issued by the MoC and subsequently revised in terms of letter number 21/15/2005-ASO dated May 10, 2010. The significant terms and conditions of employment of Mr. N.C. Jha are as under:

Basic Salary	Rs. 81,954.53 per month, in the existing scale of Rs. 75,000-100,000.
Dearness Allowance	In accordance with the new 'Industrial Dearness Allowance Scheme' mentioned in the DPE's office memoranda dated November 26, 2008 and April 2, 2009.
Annual Increment	At 3% of basic pay on the anniversary date of appointment in the scale and further increments on the same date in subsequent years until the maximum of the pay-scale is reached.
Housing and Furnishing	Entitled to suitable residential accommodation from our Company including company leased accommodation. Accommodation can also be taken on self lease basis provided that a lease deed in favour of our Company is executed or on the basis of existing lease deeds. Housing rent allowance at the rates indicated in the DPE's office memorandum dated November 26, 2008.
Provident Fund and Gratuity	Entitled to provident fund and gratuity as per the rules of our Company.
Superannuation Benefits	Eligible for superannuation benefit based on approved schemes as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Other Allowances/Perks	Entitled to perks and allowances as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Conveyance	Entitled to staff car for private use subject to a ceiling of 1,000 km per month.
Performance Related Payment	Eligible for approved PRP as per DPE's office memorandum dated November 26, 2008, February 9, 2009 and April 2, 2009.
Leave and Vacation	As per the leave rules of our Company.
Restriction on Joining Private Commercial Undertaking	After retirement from the services of our Company, shall not accept any appointment or post whether advisory or administrative, in any company which has or has business relations, within one years from the date of his retirement, without prior approval of the GoI.
Conduct Discipline and Appeal	Subject to the Conduct, Discipline and Appeal Rules of our Company, with the Disciplinary Authority being the President of India.

3. Mr. R. Mohan Das was appointed as the Director (Personnel & Industrial Relations) of our Company with effect from June 1, 2007 until the date of his superannuation, or until further orders from the MoC, whichever is earlier, by the President of India pursuant to letter number 21/31/2006-ASO dated April 30, 2007 issued by the MoC. The terms of employment of Mr. R. Mohan Das was set out in letter number 21/13/2006 – ASO dated July 11, 2007, issued by the MoC and subsequently revised in terms of letter no. 21/13/2006-ASO dated May 10, 2010. The significant terms and conditions of employment of Mr. R. Mohan Das are as under:

Basic Salary	Rs. 81,954.53 per month, in the existing scale of Rs. 75,000-100,000.
Dearness Allowance	In accordance with the new 'Industrial Dearness Allowance Scheme' mentioned in the DPE's office memoranda dated November 26, 2008 and April 2, 2009.
Annual Increment	At 3% of basic pay on the anniversary date of appointment in the scale and further increments on the same date in subsequent years until the maximum of the pay-scale is reached.
Housing and Furnishing	Entitled to suitable residential accommodation from our Company including company leased accommodation. Accommodation can also be taken on self lease basis provided that a lease deed in favour of our Company is executed or on the basis of existing lease deeds. Housing rent allowance at the rates indicated in the DPE's office memorandum dated November 26, 2008.
Provident Fund and Gratuity	Entitled to provident fund and gratuity as per the rules of our Company.
Superannuation	Eligible for superannuation benefit based on approved schemes as per DPE's office

Benefits	memorandum dated November 26, 2008 and April 2, 2009.
Other Allowances/Perks	Entitled to perks and allowances as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Conveyance	Entitled to staff car for private use subject to a ceiling of 1,000 km per month.
Performance Related Payment	Eligible for approved PRP as per DPE's office memorandum dated November 26, 2008, February 9, 2009 and April 2, 2009.
Leave and Vacation	As per the leave rules of our Company.
Restriction on Joining Private Commercial Undertaking	After retirement from the services of our Company, shall not accept any appointment or post whether advisory or administrative, in any company which has or has business relations, within one years from the date of his retirement, without prior approval of the GoI.
Conduct Discipline and Appeal	Subject to the Conduct, Discipline and Appeal Rules of our Company, with the Disciplinary Authority being the President of India.

4. Dr. A. K. Sarkar was appointed as the Director (Marketing) of our Company with effect from March 18, 2009 until April 30, 2011, i.e. the date of his superannuation, or until further orders from MoC, whichever is earlier by the President of India pursuant to letter number 21/16/2008-ASO dated March 17, 2009 issued by the MoC. The terms of employment of Dr. A.K. Sarkar has been set out in letter number 21/9/2003 – ASO (I) dated May 12, 2010, issued by the MoC. The significant terms and conditions of employment of Dr. A.K. Sarkar are as under:

Basic Salary	Rs. 77,250 per month, in the existing scale of Rs. 75,000-100,000.
Dearness Allowance	In accordance with the new 'Industrial Dearness Allowance Scheme' mentioned in the DPE's office memoranda dated November 26, 2008 and April 2, 2009.
Annual Increment	At 3% of basic pay on the anniversary date of appointment in the scale and further increments on the same date in subsequent years until the maximum of the pay-scale is reached.
Housing and Furnishing	Entitled to suitable residential accommodation from our Company including company leased accommodation. Accommodation can also be taken on self lease basis provided that a lease deed in favour of our Company is executed or on the basis of existing lease deeds. Housing rent allowance at the rates indicated in the DPE's office memorandum dated November 26, 2008.
Provident Fund and Gratuity	Entitled to provident fund and gratuity as per the rules of our Company.
Superannuation Benefits	Eligible for superannuation benefit based on approved schemes as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Other Allowances/Perks	Entitled to perks and allowances as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Conveyance	Entitled to staff car for private use subject to a ceiling of 1,000 km per month.
Performance Related Payment	Eligible for approved PRP as per DPE's office memorandum dated November 26, 2008, February 9, 2009 and April 2, 2009.
Leave and Vacation	As per the leave rules of our Company.
Restriction on Joining Private Commercial Undertaking	After retirement from the services of our Company, shall not accept any appointment or post whether advisory or administrative, in any company which has or has business relations, within one years from the date of his retirement, without prior approval of the GoI.
Conduct Discipline and Appeal	Subject to the Conduct, Discipline and Appeal Rules of our Company, with the Disciplinary Authority being the President of India.

Details of Service Contracts

There are no service contracts entered into by our Company with any Directors for provision of benefits or payments of any amount upon termination of employment.

Shareholding of Directors in our Company

Other than Mr. Partha S. Bhattacharyya, Mr. A.K. Sinha, Mr. Sanjiv Kumar Mittal and Mr. Alok Perti, who hold 100 Equity Shares each as nominees of the President of India, acting through the MoC, GoI, none of our other Directors have any shareholding in our Company. For further details, see section titled "Capital Structure" on page 26.

Borrowing powers of the Board

Pursuant to a resolution passed at the AGM of our Company dated November 3, 1981, in accordance with the provisions of the Companies Act, our Board has been authorized to borrow from time to time, all such sums of money for the purposes of the business of our Company, as the Board may in its discretion think fit, notwithstanding that the money or monies to be so borrowed together with the sums already borrowed by our Company may not exceed the aggregate of the paid-up capital of our Company and its free reserves by Rs. 5,000 million.

Interest of Directors

All of our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of reimbursement of expenses, if any, payable to them under our Articles, and to the extent of remuneration, if any, paid to them for services rendered as an officer or employee of our Company.

Except for our executive Directors who are entitled to statutory benefits upon termination of their tenure in the board, or upon their resignation or retirement, along with certain post retirement benefits, no other Director is entitled to any benefit upon termination of their tenure in the board, or upon their resignation or retirement, as the case may be.

All the independent Directors are entitled to receive sitting fees for attending the Board/committee meetings within the limits laid down in the Companies Act and as decided by our Board.

Our Directors have no interest in any property acquired by our Company or its Subsidiaries within two years of the date of filing of this Prospectus or presently intended to be acquired by our Company or its Subsidiaries as disclosed in this Prospectus.

None of the Directors were interested in any transaction by our Company involving acquisition of land, construction of building or supply of any machinery.

Except as stated in this section on page 164, no amount or benefits were paid or were intended to be paid to our Directors during the last two years from the date of filing of this Prospectus.

Changes in our Board of Directors during the last three years

The changes in our Board in the last three years are as follows:

Name	Date of Appointment	Date of Cessation	Reason
Mr. Mohd Anis Ansari	August 24, 2010	-	Appointed pursuant to letter no. 21/35/2005-ASO (Vol.III) dated August 19, 2010, from the MoC.
Dr. R.N. Trivedi	August 24, 2010	-	Appointed pursuant to letter no. 21/35/2005-ASO (Vol.III) dated August 19, 2010, from the MoC.
Ms. Sachi Chaudhuri	August 24, 2010	-	Appointed pursuant to letter no. 21/35/2005-ASO (Vol.III) dated August 19, 2010, from the MoC.
Ms. Sheela Bhide	August 4, 2010	-	Appointed pursuant to letter no. 21/35/2005-ASO (Vol.III) dated August 4, 2010, from the MoC.
Mr. Kamal R. Gupta	August 4, 2010	-	Appointed pursuant to letter no. 21/35/2005-ASO (Vol.III) dated August 4, 2010, from the MoC.
Dr. A.K. Rath	April 27, 2010	-	Appointed pursuant to letter no 21/35/2005 – ASO(I) dated April 27,

Name	Date of Appointment	Date of Cessation	Reason
			2010, from the MoC.
Mr. A.K. Sinha	March 13, 2010	-	Appointed pursuant to letter no 21/5/2009-ASO dated March 12, 2010 from the MoC.
Mr. S. Bhattacharya	July 1, 2006	January 31, 2010	Superannuation
Mr. Alok Perti	January 27, 2010	-	Appointed pursuant to letter no 21/2/98-ASO dated January 27, 2010, from the MoC.
Dr. Rajiv Sharma	December 23, 2008	August 3, 2009	Pursuant to letter no. 12/1/2002-ASO dated August 3, 2009, from the MoCs transferred to the State Government of Rajasthan.
Dr. A.K. Sarkar	March 18, 2009	-	Appointed pursuant to letter no 21/16/2008-ASO dated March 17, 2009, from the MoC.
Mr. S. P. Seth	October 23, 2006	December 23, 2008	Pursuant to letter no 21/2/98-ASO (I) dated December 23, 2008, from the MoC, Dr. Rajiv Sharma appointed on the Board in place of Mr. S. P. Seth.
Mr. D. C. Garg	February 15, 2008	August 21, 2008	Pursuant to letter number 21/21/2008-ASO dated August 21, 2008, from the MoC, Mr. D.C. Garg, ceased to be Directors of our Company and was appointed as permanent invitees on the Board of our Company.
Mr. A.K. Singh	February 15, 2008	August 21, 2008	Pursuant to letter number 21/21/2008-ASO dated August 21, 2008, from the MoC, Mr. A.K. Singh ceased to be Directors of our Company and was appointed as permanent invitees on the Board of our Company.
Mr. Vivek Sahai	July 9, 2007	August 21, 2008	Pursuant to letter number 21/21/2008-ASO dated August 21, 2008, from the MoC, Mr. Vivek Sahai, ceased to be Directors of our Company and was appointed as permanent invitees on the Board of our Company.
Mr. K Ranganath	October 4, 2005	May 22, 2008	Pursuant to letter no 21/29/2003-ASO dated May 21, 2008 read with Order No. 5/1/2007-kdm dated May 19, 2008, from the Ministry of Steel, GoI, transferred as chairman and managing director of Kudremukh Iron Ore Company Limited.
Mr. S. Narsing Rao	February 6, 2007	February 15, 2008	Pursuant to letter no 21/26/91-ASO (Vol.III) dated February 15, 2008, Mr. D.C. Garg and Mr. A.K. Singh appointed on the Board in place of Mr. S. Narsing Rao and Mr. B.K. Sinha.
Mr. B.K. Sinha	February 7, 2007	February 15, 2008	Pursuant to letter no 21/26/91-ASO (Vol.III) dated February 15, 2008, Mr. D.C. Garg and Mr. A.K. Singh appointed on the Board in place of Mr. S. Narsing Rao and Mr. B.K. Sinha.
Mr. Sanjiv Kumar Mittal	September 10, 2007	-	Appointed pursuant to letter no 21/2/1998-ASO dated September 10, 2007, from the MoC.
Mr. Sujit Gulati	March 7, 2006	September 10, 2007	Pursuant to letter no 21/2/1998-ASO dated September 10, 2007, from the MoC, Mr. Sanjiv Kumar Mittal appointed on the Board in place of Mr. Sujit Gulati.
Mr. P.K. Banerji	August 24, 2007	August 24, 2010	In terms of letter no 21/35/2005-

Name	Date of Appointment	Date of Cessation	Reason
			ASO(i) dated August 24, 2007, from the MoC, term of appointment as an independent Director expired on August 24, 2010.
Mr. Arvind Pande	August 24, 2007	August 24, 2010	In terms of letter no 21/35/2005-ASO(i) dated August 24, 2007, from the MoC, term of appointment as an independent Director expired on August 24, 2010.
Mr. S. Murari	August 24, 2007	August 24, 2010	In terms of letter no 21/35/2005-ASO(i) dated August 24, 2007, from the MoC, term of appointment as an independent Director expired on August 24, 2010.
Prof. S.K. Barua	August 24, 2007	-	Appointed pursuant to letter no 21/35/2005-ASO(i) dated August 24, 2007, from the MoC, for a period of three years or until further orders from the MoC, whichever is earlier. Re-appointed pursuant to letter no. 21/35/2005-ASO (Vol.III) dated August 4, 2010, from the MoC, for a futher period of three years with effect from August 4, 2010 or until further orders of the MoC, whichever is earlier.

Corporate Governance

The provisions of the Listing Agreement with respect to corporate governance and the SEBI Regulations in respect of corporate governance will be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges. Our Company has complied with the corporate governance code in accordance with Clause 49 (as applicable), especially in relation to appointment of independent Directors to our Board and constitution of the audit committee, the investor grievance committee and the remuneration committee. Further, as required under Clause 49(III)(i) of the listing agreement, certain independent Directors on the Board of our Company have also been appointed as independent directors on the board of our material non listed Indian Subsidiaries – MCL, NCL and SECL. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 49 of the Listing Agreement.

Currently, our Board has 14 Directors, of which the Chairman of the Board is an executive Director, and in compliance with the requirements of Clause 49 of the Listing Agreement, our Company has five executive Directors, two non executive non independent Directors and seven non executive independent Directors.

In terms of Clause 49 of the Listing Agreement, our Company has constituted the following committees:

1. Audit Committee;
2. Remuneration Committee; and
3. Shareholders'/Investors' Grievance Committee.

Audit Committee

The audit committee of our Company was constituted by the Directors with effect from July 20, 2001 ("**Audit Committee**"). The Audit Committee of our Company currently comprises of:

Name of the Directors	Designation
Ms. Kamal R. Gupta (Chairman)	Independent Director
Prof. S.K. Barua	Independent Director
Dr. R. N. Trivedi	Independent Director
Mr. Mohd. Anis Ansari	Independent Director
Ms. Sachi Chaudhuri	Independent Director
Dr. R. Mohan Das	Director(Personnel & Industrial Relations), executive non independent Director

Name of the Directors	Designation
Mr. Sanjiv Kumar Mittal	Government nominee Director, non executive non independent Director

The powers of the Audit Committee include the following:

(i) To investigate any activity within its terms of reference;
(ii) To seek information from any employee;
(iii) To obtain outside legal or other professional advice;
(iv) To secure attendance of outsiders with relevant expertise, if it considers necessary; and
(v) To protect whistle blowers.

The roles and responsibilities of the Audit Committee are:

(i) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
(ii) Recommending to the Board, the fixation of the audit fee;
(iii) Recommendation to the Board, for payment to the statutory auditors for any other services rendered by the statutory auditors;
(iv) Reviewing, with management, the annual financial statements of our Company before submission to the Board for approval, with particular reference to:

    (a) Matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act;
    (b) Changes, if any, in accounting policies and practices and reasons for the same;
    (c) Major accounting entries involving estimates based on exercise of judgment by management;
    (d) Significant adjustments made in the financial statements arising out of audit findings;
    (e) Compliance with legal requirements concerning financial statements;
    (f) Disclosure of any related party transactions; and
    (g) Qualifications in the draft audit report.

(v) Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
(vi) Reviewing with the management, performance of internal auditors and the adequacy of internal control systems;
(vii) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
(viii) Discussion with the internal auditor and or auditors about any significant findings and follow up thereon;
(ix) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to our Board;
(x) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
(xi) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
(xii) Reviewing the functioning of whistle blower mechanism;
(xiii) Reviewing the follow up action on the recommendations of Committee on Public Undertakings of the Parliament;
(xiv) Providing an open avenue of communication between the independent auditor, internal auditor and the Board of Directors;
(xv) Reviewing and pre-approve all related party transactions in the company. For this purpose, the Audit Committee may designate a member who should be responsible for pre-approving related party transactions;
(xvi) Reviewing with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources;
(xvii) Considering and reviewing the following with the independent auditor and the management:

(a) The adequacy of internal controls including computerized information system controls and security, and
(b) Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.

(xviii) Considering and reviewing the following with the management, internal auditor and the independent auditor:

(i) Significant findings during the year, including the status of previous audit recommendations; and
(ii) Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.

(xix) Reviewing the financial statements of our Subsidiary; and
(xx) Reviewing the follow up action on the audit observations of the Comptroller and Auditor General audit.

The Audit Committee is to mandatorily review the following information:

(i) Management discussion and analysis of financial condition and results of operations;
(ii) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
(iii) Management letters / letters of internal control weaknesses issued by the statutory auditors;
(iv) Internal audit reports relating to internal control weaknesses; and
(v) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.

The Audit Committee has held four meetings in Fiscal 2010, on June 13, 2009, January 30, 2010, March 12, 2010 and March 30, 2010 respectively. Post March 31, 2010, the Audit Committee has held two meetings on May 3, 2010 and August 21, 2010 respectively. The details of the attendance of the members of the Audit Committee for these six meetings is as below:

Name of the Directors	No. of meetings attended
Mr. P.K. Banerji *	Six
Mr. Arvind Pande*	Two
Prof S.K. Barua	Three
Mr. S. Murari *	Four
Mr. Sanjiv Kumar Mittal	Four
Dr. A.K. Sarkar *	Four
Dr. A.K. Rath*#	Nil#

** Ceased to be a member of the Audit Committee, pursuant to a resolution passed by our Board in its meeting dated September 25, 2010.*
 # Appointed as a member of the Audit Committee pursuant to a resolution passed by our Board on May 31, 2010.

Remuneration Committee

The remuneration committee was constituted by the Directors by a Board resolution dated April 10, 2009 ("**Remuneration Committee**"). The composition of the Remuneration Committee is as follows:

Name of the Directors	Designation
Prof. S.K. Barua (Chairman)	Independent Director
Mr. Kamal R. Gupta	Independent Director
Dr. R.N. Trivedi	Independent Director
Ms. Sachi Chaudhuri	Independent Director
Mr. Sanjiv Kumar Mittal	Government nominee Director, non executive non independent Director
Mr. R. Mohan Das (Permanent Invitee)	Director (Personnel & Industrial Relations), executive non independent Director

The Remuneration Committee decides the annual bonus/ variable pay pool, and policy for its distribution across executives within prescribed limits.

Till date the Remuneration Committee has held one meeting on February 5, 2010.

Shareholders'/Investors' Grievance Committee

The shareholders'/investors' grievance committee ("**Shareholders'/Investors Grievance Committee**") was constituted by the Directors by a Board resolution dated August 5, 2010. The composition of the Shareholders'/Investors' Grievance Committee is as follows:

Name of the Directors	Designation
Dr. A.K. Rath (Chairman)	Independent Director
Mr. Kamal R. Gupta	Independent Director
Mr. R. Mohan Das	Director (Personnel & Industrial Relations), executive non independent Director
Mr. A.K. Sinha	Director (Finance), executive non independent Director

The terms of reference of the Shareholders'/Investors' Grievance Committee is as follows:

(i) Redressal of investors' complaints;
(ii) Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
(iii) Issue of duplicate certificates and new certificates on split/consolidation/renewal;
(iv) Non - receipt of declared dividends, balance sheets of our Company; and
(v) Carrying out any other function contained in the Listing Agreement as and when amended from time to time.

Till date the Shareholders'/Investors' Grievance Committee has not held any meeting.

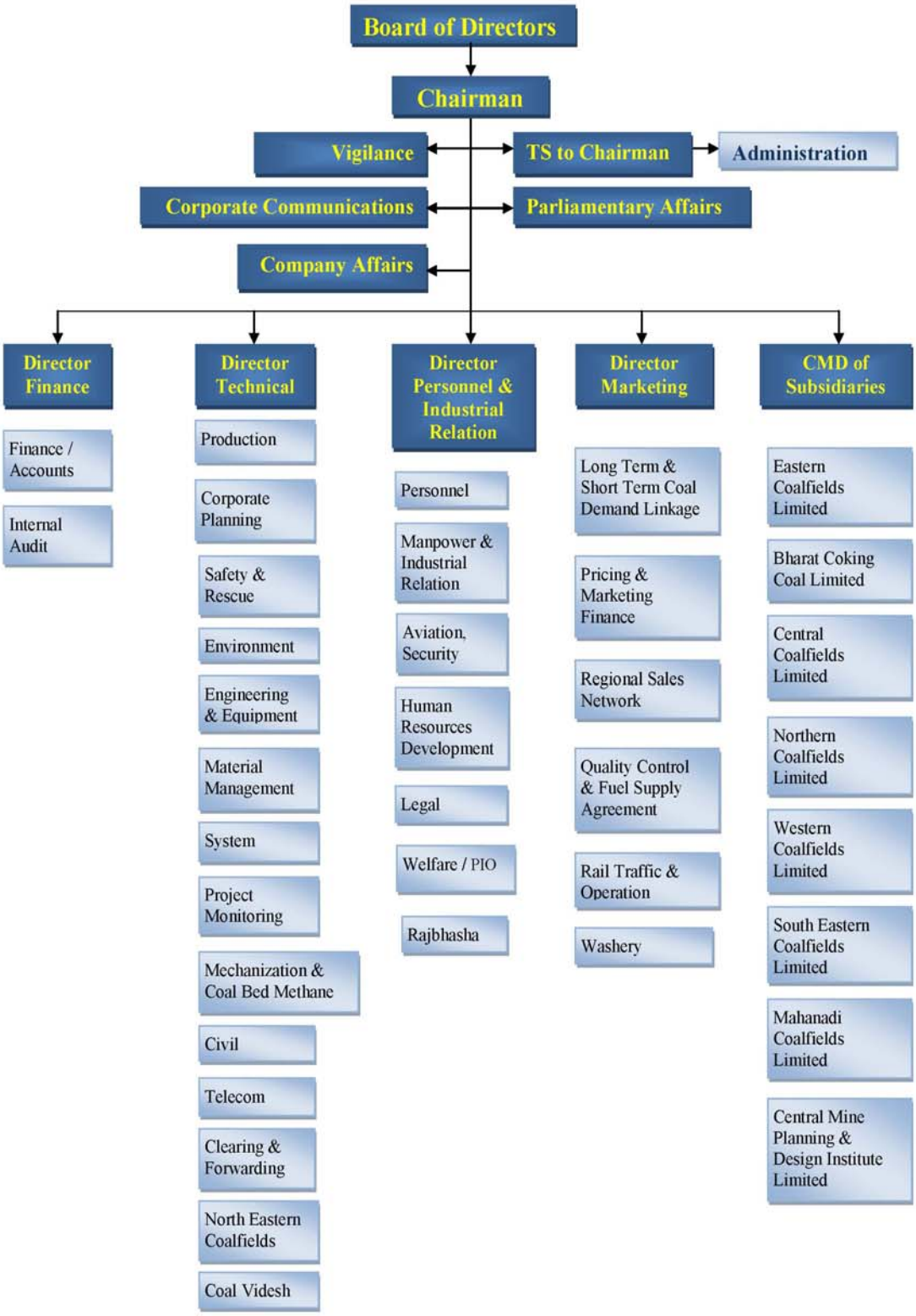
Empowered Sub Committee for the Initial Public Offer

The Board has constituted an empowered sub committee ("**Empowered Sub Committee**") by a Board resolution dated March 17, 2010 so as to expedite the decision making process in relation to the Offer. The composition of the Empowered Sub Committee is as follows:

Name of the Director	Designation
Mr. Partha S. Bhattacharyya (Chairman)	Chairman and Managing Director
Mr. A.K. Sinha	Director (Finance), executive non independent Director
Mr. Sanjiv Kumar Mittal	Government nominee Director, non executive non independent Director

Till date the Empowered Sub Committee has held three meetings, on July 3, 2010, August 5, 2010 and October 10, 2010.

Management Organisational Structure



Key Management Personnel

In addition to our executive Directors, whose details have been provided above under "Brief Profile of our Directors", the details of our other Key Management Personnel, as of the date of this Prospectus, are set forth below. Except for Mr. N.R. Banerjee, our Chief Vigilance Officer, who is on deputation with our Company, all Key Management Personnel are permanent employees of our Company.

Mr. N.R Banerjee, aged 54 years, is the Chief Vigilance Officer of our Company and joined our Company on deputation on March 1, 2007. Mr. Banerjee holds a bachelor's degree in science with honours in chemistry from Delhi University. Mr. Banerjee joined the Indian Railway Traffic Service in 1979 and the Indian Administrative Service in 1981. In the course of his career, Mr. Banerjee has held various positions such as Chairman, Durgapur Projects Limited, Managing Director, West Bengal State Warehousing Corporation, Chief Executive Officer, Asansol – Durgapur Development Authority, Principal Secretary, Consumer Affairs Department, Government of West Bengal and Principal Secretary, Minorities Development Department, Government of West Bengal. As the Chief Vigilance Officer of our Company, Mr. Banerjee oversees, *inter alia* investigation of allegations received from the public or those referred from the Central Vigilance Commission, the MoC or the management of our Company, co-ordination in vigilance matters with the chief vigilance officers of our Subsidiaries and improvement in the vigilance administration in our Company. Mr. Banerjee was paid a remuneration of Rs. 1.34 million in Fiscal 2010.

Mr. A.D. Mathur, aged 55 years, is the Executive Director (Safety & Rescue) of our Company. Mr. Mathur holds a bachelor's degree in science from Agra University and a bachelor's degree in technology (mining engineering) from Banaras Hindu University, Varanasi. Mr. Mathur has also obtained the First Class Mine Manager's Certificate of Competency. Mr. Mathur has also attended a course in mining at the University of New Castle, Australia and attended a training programme on general mechanization from Charbonnages de France, France. He has a total experience of 31 years in the mining industry, both in underground mines and opencast mines. Mr. Mathur joined our Company in 1979, and in the course of his career has held key positions such as Chief General Manager, Pathakhera Area, WCL and General Manager, Chirimiri Area, SECL. As the Executive Director (Safety & Rescue) of our Company, he is responsible for framing policy decisions on safety related issues and monitoring safety standards of our mines. Mr. Mathur was paid a remuneration of Rs. 1.38 million in Fiscal 2010.

Mr. A.K. Charanpahari, aged 58 years, is the Chief General Manager (Parliament Affairs Division) of our Company. Mr. Charanpahari holds a bachelor's degree in mining engineering from Indian School of Mines, Dhanbad and a First Class Mine Managers' Certificate of Competency. He has over 36 years in the mining industry, including 35 years of experience in active management of coal mines. Mr. Charanpahari, joined our Company in 1974 and in the course of his career has held key positions such as Area General Manager at ECL and BCCL. As the Chief General Manager (Parliament Affairs Division) of our Company, he is responsible for dealing in all parliamentary related matters. Mr. Charanpahari was paid a remuneration of Rs. 1.54 million in Fiscal 2010.

Mr. Ajit Kumar Verma, aged 58 years, is the Chief General Manager (Manpower & Industrial Relations) of our Company. Mr. Verma holds a bachelor's degree in law from Ranchi University, a bachelor's degree in business management from Annamalai University and a diploma in social work from Calcutta University. Mr. Verma joined our Company in 1972 and in the course of his career has held various significant positions such as General Manager (Personnel), NCL and was in charge of the centralized promotion cell of our Company. As the Chief General Manager (Manpower & Industrial Relations) of our Company, Mr. Verma is responsible for formulating human resource policy for the employees of our Company and the uniform implementation of the same in all Subsidiaries. Mr. Verma is also in charge of the welfare division, aviation division, *Rajbhasa* division and the human resources development and social responsibility wing of our Company. Mr. Verma was paid a remuneration of Rs. 1.49 million in Fiscal 2010.

Mr. A. Kundu, aged 59 years, is the Chief General Manager (Finance) our Company. Mr. Kundu holds a bachelor's degree in science (with honours) from Calcutta University and is a qualified cost accountant. He has over 38 years in the fields such as cost and budget, fund management, corporate accounts, corporate tax and taxation. Mr. Kundu joined our Company in 1972 and in the course of his career has held key positions such as General Manager (Finance) of CCL. As the Chief General Manager (Finance) of our Company, he is responsible for various finance related work, including cost and budget for our Company. Mr. Kundu was paid a remuneration of Rs. 1.69 million in Fiscal 2010.

Mr. A.K. Bora, aged 57 years, is the Chief General Manager (North Eastern Coalfields) of our Company. Mr. Bora holds a bachelor's degree in mining engineering from the Institute of Technology, Varanasi and holds a First Class Mine Manager's Certificate of Competency. He has over 34 years of experience in the mining industry. He joined North Eastern Coalfields, a division of our Company, in 1976 and during his tenure has held various key positions such as Additional General Manger and General Manager of North Eastern Coalfields. As Chief General Manager (North Eastern Coalfields), he is in charge of NEC, which manages coal mines in Assam and Meghalaya. Mr. Bora was paid a remuneration of Rs. 1.45 million in Fiscal 2010.

Mr. Amitabha Ray, aged 59 years, is the Chief General Manager (Sales & Marketing) of our Company. Mr. Ray holds a bachelor's degree in science with honours in physics from Calcutta University and a master's degree in business administration from XLRI, Jamshedpur. Mr. Ray joined our Company in 1975 and in the course of his career has held various significant positions such as General Manager/Chief General Manager (Sales & Marketing, Quality Control) of our Company and as Chief Sales Manager of BCCL. As the Chief General Manager (Sales & Marketing) of our Company, Mr. Ray is responsible for planning guidelines on policy matters, implementation of NCDP of GoI, fuel supply agreements and quality matters. Mr. Ray was paid a remuneration of Rs. 1.68 million in Fiscal 2010.

Mr. D.K. Ghosh, aged 58 years, is the Chief General Manager (Finance) of our Company. Mr. Ghosh holds a bachelor's degree in commerce from the University of Burdwan and is a chartered accountant. Mr. Ghosh has approximately 33 years of experience in the field of financial management and control, internal audit, fund management, financial concurrence, corporate taxation, preparation and review of periodical as well as annual accounts. Mr. Ghosh joined our Company in 1977 and as Chief General Manager (Finance) looks after corporate accounts, corporate fund/cash management, foreign exchange management, financial concurrence etc of our Company. As Mr. Ghosh was transferred to our Company as Chief General Manager (Finance) on May 3, 2010, no remuneration was paid by our Company to him in Fiscal 2010.

Mr. Gautam Dhar, aged 57 years, is the Chief General Manager (Corporate Planning) of our Company. Mr. Dhar holds a bachelor's degree in mining engineering and a master's degree in industrial engineering and management from Indian School of Mines, Dhanbad, and also holds a First Class Mine Manager's Certificate of Competency (Coal). Mr. Dhar joined ECL as a management trainee in 1976 and in the course of his career, in addition to stints in production and planning, has worked in environment, safety and parliamentary affairs departments of our Company. Mr. Dhar was involved in the formulating the Ninth, Tenth and Eleventh Five Year Plan documents of the Planning Commission for the coal and lignite sector and was a member of the National Level Working Group constituted for the eleventh five year plan for the coal and lignite sector. In our Company as the Chief General Manager (Corporate Planning), he oversees various strategic initiatives of our Company in the planning domain such as corporate plan, annual plan, annual action plan, coal linkage, demand availability assessment, memorandum of understanding between our Company and its administrative ministry as well as with our Subsidiaries, R&D activities and new business development. Mr. Dhar is also a council member of the Mining, Geological and Metallurgical Institute of India and a member of the Academic Council of the Indian School of Mines University, Dhanbad. Mr. Dhar was paid a remuneration of Rs. 1.60 million in Fiscal 2010.

Dr. H. Sarkar, aged 58 years, is our Chief General Manager (Finance/Corporate Affairs) and the Company Secretary of our Company. Dr. Sarkar holds a bachelor's degree in commerce and a bachelor's degree in law from Calcutta University. In addition, Dr. Sarkar also holds a doctorate in management from Benaras Hindu University and is a Fellow of the Institute of Company Secretaries of India and the Institute of Cost and Works Accountant of India. Dr. Sarkar has over 36 years of experience in the field of accounts, finance, audit and corporate affairs and joined our Company in 1977. Dr. Sarkar has been the Company Secretary of our Company since September 30, 1997, and as the Chief General Manager (Finance/Corporate Affairs) and the Company Secretary of our Company is responsible for the corporate affairs of our Company. Dr. Sarkar is also a director on the board of CNUL, a company in which our Company is a joint venture partner. Dr. Sarkar was paid a remuneration of Rs. 1.55 million in Fiscal 2010.

Mr. H.K. Vaidya, aged 57 years, is the Chief General Manager (Sales & Marketing) of our Company. Mr. Vaidya holds a master's degree in business administration with specialization in marketing from Himachal Pradesh University, Shimla. Mr. Vaidya joined our Company in 1976 and has over 33 years experience in the marketing department. In the course of his career, Mr. Vaidya has worked in various key positions, including that of General Manager (Sales & Marketing) of our Company. As the Chief General Manager (Sales &

Marketing) of our Company, Mr. Vaidya is responsible for planning and sales operations. Mr. Vaidya was paid a remuneration of Rs. 1.60 million in Fiscal 2010.

Mr. Phalguni Guha, aged 56 years, is the Chief General Manager (Coal Videsh) of our Company. Mr. Guha holds a bachelor's degree in mining engineering from Indian School of Mines, Dhanbad and also holds a First Class Mine Manager's Certificate of Competency. In addition Mr. Guha also holds a diploma in business management and a diploma in marketing management from Nagpur University and a diploma in industrial engineering and management from the Indian School of Mines. Mr. Guha joined our Company in 1975 and in the course of his career has held various significant positions such as Regional Director and Chief General Manager at CMPDIL, General Manager/ Technical Secretary to Director (Technical) in our Company and General Manager (Technical Services) to Director (Technical/ P&P) at BCCL. In our Company, as Chief General Manager (Coal Videsh), he looks after the Coal Videsh Division of our Company, which has been set up to acquire coal properties in foreign countries pertaining to low ash thermal coal and metallurgical coal and import the produce from such acquisitions to India. Mr. Guha was paid a remuneration of Rs. 1.43 million in Fiscal 2010.

Mr. S.P. Datta Majumdar, aged 53 years, is the Technical Secretary to the Chairman and Managing Director and the Chief General Manager (Administration) of our Company. Mr. Datta Majumdar holds a bachelor's degree in mining engineering from B.E. College, Shibpur and a First Class Mine Managers' Certificate of Competency. He has a total experience of 31 years in the mining industry, including underground mines and open cast mines, and in the course of his career with our Company has held significant posts such as Area Chief General Manager, Kakri, NCL, Area Chief General Manager, Nigahi, NCL, Area General Manager, Hingula, MCL and Area General Manager, Lakhanpur, MCL. As the Technical Secretary to Chairman and Managing Director and Chief General Manager (Administration), he is responsible for ensuring coordination with Subsidiaries and various directorates at corporate levels and handling communications between our Company, Subsidiaries and the MoC. He is also in charge of overall administration of our Company's headquarters in Kolkata. As Mr. Datta Majumdar was transferred to our Company from NCL on September 2, 2010, no remuneration was paid by our Company to him in Fiscal 2010.

Mr. U. N. Mukherjee, aged 58 years, is the Chief General Manager (Civil) of our Company. Mr. Mukherjee holds a bachelor's degree in civil engineering from Jalpaiguri Government Engineering College and a diploma in business management from Institute of Modern Management, Kolkata. Mr. Mukherjee joined our Company in 1977 and in the course of his career has held various significant positions in our Company and our Subsidiaries. As the Chief General Manager (Civil) of our Company, Mr. Mukherjee is over all in charge of civil engineering department of our Company including the construction work of our Company's new office building in New Town, Rajarhat, Kolkata. Mr. Mukherjee was paid a remuneration of Rs. 1.57 million in Fiscal 2010.

Service Contracts

No service contracts have been entered into with any Key Management Personnel for provision of benefits or payments of any amount upon termination of employment.

Changes in our Key Management Personnel in the Past Three Years

Name	Designation	Date of Appointment as a Key Management Personnel	Date of cessation as a Key Management	Reason
Mr. S.P. Datta Majumdar	Chief General Manager (Administration) & Technical Secretary to Chairman and Managing Director	September 2, 2010	-	Transferred from NCL
Mr. Anil Deshmukh	Chief General Manager (Administration) & Technical Secretary to Chairman and Managing Director	February 26, 2008	August 31, 2010	Superannuation
P.P. Sengupta	Chief General Manager (Material Management)	September 25, 2007	July 31, 2010	Superannuation
Mr. A.K. Charanpahari	Chief General Manager (Safety And Rescue) and Chief General Manager (Parliament Affairs Division) *	February 13, 2008	-	Transfer from CMPDIL

Name	Designation	Date of Appointment as a Key Management Personnel	Date of cessation as a Key Management	Reason
Mr. Anil Deshmukh	Chief General Manager (Parliamentary Affairs Division)	February 2, 2006	August 9, 2007	Transfer to NCL
Mr. A K Bora	Chief General Manager (North Eastern Coalfields)	September 20, 2007	-	Promotion
Mr. Subrata Chakravarty	Chief General Manager (Administration) & Technical Secretary to Chairman and Managing Director	January 1, 2007	February 25, 2008	Transfer to NCL
Dr. D.K. Ray	Chief General Manager (Corporate Planning/Technical Coordination)	December 2, 2005	May 31, 2008	Superannuation
Mr. Phalguni Guha	Chief General Manager (Coal Videsh)	May 4, 2009	-	Transfer from CMPDIL
Mr. S.K. Mitra	Chief General Manager/Director In Charge (Coal Videsh)	November 21, 2006	May 4, 2009	Transfer as director (technical), CMPDIL.
Mr. W.N Haider	Chief General Manager (Welfare)	October 31, 2008	March 31, 2009	Superannuation
Mr. R.S. Ram	Chief General Manager (Manpower & Industrial Relations)	September 19, 2007	December 31, 2008	Superannuation
Mr. Tapan Sarkar	Chief General Manager (Human Resources Department)	October 31, 2008	November 30, 2008	Superannuation
Mr. Ranjan Kumar Bhattacharjee	General Manager (Civil)	June 3, 2002	May 31, 2008	Superannuation
Mr. A.D. Mathur	Executive Director (Safety & Rescue)	October 20, 2009	-	Transfer from WCL
Mr. H.K. Vaidya	Chief General Manager (Sales & Marketing)	March 7, 2008	-	Promotion
Mr. Amitabha Ray	Chief General Manager (Sales & Marketing)	September 20, 2007	-	Transfer from BCCL
Mr. A.K. Pal	Chief General Manager (Finance)	November 1, 2008	March 31, 2010	Superannuation
Mr. D.K. Ghosh	Chief General Manager (Finance)	May 3, 2010	-	Transfer from CCL.
Mr. P.K. Chatterjee	Executive Director (Safety & Rescue)	June 27, 2008	January 31, 2009	Superannuation
Mr. Subash Pal	Chief General Manager (Safety & Rescue)	February 2, 2006	January 31, 2008	Superannuation
Mr. A.K. Verma	Chief General Manager (Manpower & Industrial Relations)	December 2, 2008	-	Transfer from NCL
Mr. U.N. Mukherjee	Chief General Manager (Civil)	November 20, 2008	-	Promotion
Mr. N.R Banerjee	Chief Vigilance Officer on deputation basis	March 1, 2007	-	Posted from West Bengal State Warehousing Corporation

** With effect from June 26, 2008, Mr. A.K. Charanpahari relinquished additional charge of Chief General Manager (Safety & Rescue) of our Company.*

Shareholding of our Key Management Personnel

None of our Key Management Personnel hold any Equity Shares in our Company.

Bonus or profit sharing plan for our Key Management Personnel

There is no bonus or profit sharing plan for our Key Management Personnel and our Directors except the performance related pay scheme, as laid down in the DPE Guidelines OM No. 2(70)/08-DPE (WC) – GLXVI/08 dated November 26, 2008. The above mentioned guidelines seek to link the performance related pay to the profits of our Company. This remuneration is expressed as a percentage of the basic pay, based on the performance of our Company and is determined out of the profits of our Company.

Interest of our Key Management Personnel

Except as disclosed in this section, none of our Key Management Personnel have any interest in our Company and/or our Subsidiaries other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Except statutory benefits upon termination of their employment in our Company, resignation or superannuation, as the case may be, and certain post retirement benefits, no officer of our Company is entitled to any benefit upon termination of such officer's employment in our Company or superannuation.

None of our Key Management Personnel are directors in our Subsidiaries.

Payment of benefit to officers of our Company (non-salary related)

No amount or benefit has been paid or given to any officer of our Company since the incorporation of our Company or is intended to be paid, other than in the ordinary course of their employment.

Employee Stock Option Plan

We do not have any employee stock option schemes as on the date of filing this Prospectus.

Arrangements and understanding with major shareholders, customers, suppliers or others

As per Article 33 of the Articles of Association, our Directors are appointed by the President of India. Pursuant to the DPE Guidelines, one-sixth of the total strength of the directors of any Government company, subject to a maximum limit of two directors will be Government nominees. In this regard, Mr. Sanjiv Kumar Mittal and Mr. Alok Perti have been appointed as the Government nominee Directors on our Board. Except as stated above, beginning on page 164, none of our Directors or Key Management Personnel have been appointed pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others.

Turnover of our Key Management Personnel

The changes in our Key Management Personnel in the last three years have been on account of promotions, superannuation or transfers to our Subsidiaries, and not on account of appointments or resignations. Accordingly, the turnover of our Key Management Personnel for the last three years has been nil.

Loans taken by Directors / Key Management Personnel

Other than Mr. Gautam Dhar, who has availed a housing loan of Rs. 0.25 million from our Company, there are no outstanding loans taken by our Directors and Key Management Personnel from our Company.

Relationships among Key Management Personnel

None of our Key Management Personnel are related to each other.

OUR PROMOTERS AND GROUP COMPANIES

Our Promoter is the President of India acting through the MoC. Our Promoter currently holds, directly and indirectly, 100% of the pre-Offer paid-up equity share capital of our Company. Assuming the sale of all Equity Shares offered pursuant to this Offer, our Promoter shall hold 90% of the post Offer paid-up equity share capital of our Company. As our Promoter is the President of India acting through the MoC, disclosures on our group companies as defined under Schedule VIII of the SEBI Regulations has not been provided.

RELATED PARTY TRANSACTIONS

For details of our related party transactions, see section titled “Financial Statements-Related Party Transactions” at pages F 39 and F 84.

DIVIDEND POLICY

The declaration and payment of dividends on our Equity Shares will be recommended by our Board and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements, contractual obligations, restrictive covenants under our loan and financing arrangements and the overall financial condition of our Company. As per the Office Memorandum (F.No. 7(5)/E-Coord/2004) dated September 24, 2004 issued by the Department of Expenditure, Ministry of Finance, GoI, all profit making public sector enterprises are required to declare a minimum dividend on equity of 20% or a minimum dividend pay out of 20% of post tax profits, whichever is higher.

The dividend and dividend tax paid by our Company during the last three Fiscals is presented below.

	Fiscal 2010	**Fiscal 2009**	**Fiscal 2008**
Face value of Equity Shares (in Rs. per Equity Share)	10	1000	1000
Dividend (in Rs. Million)	22,100.00	17,054.20	17,054.20
Dividend per Equity Share (Rs.)	3.50	270	270
Dividend Rate (%)	35	27	27
Dividend Tax (in Rs. Million)	Nil*	Nil*	2,898.36

** Since our Company paid dividend out of the dividend received from its Subsidiaries only on which the Subsidiaries have paid the dividend tax, in terms of the IT Act, from financial Year 2009 onwards, no dividend tax is payable by our Company for dividend paid the GoI. Accordingly, no dividend tax has been paid by our Company for Fiscal 2009 and Fiscal 2010.*

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts payable, if any, in the future.

SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

S. No.	Particulars	Page
1	Auditors Report dated October 25, 2010 on the Restated Standalone Financials of our Company	F 1
2	Auditors Report dated September 24, 2010 on the Restated Consolidated Financials of our Company	F 48

AUDITORS' REPORT

To
The Board of Directors
Coal India Limited
10, N. S. Road
Kolkata – 700 001

Dear Sirs,

1) We have examined the attached standalone financial information of Coal India Limited ("Company") as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B (1) of Part-II of Schedule II to the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended to date (the "SEBI Regulations") and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 12th June 2010 in connection with the proposed Equity offering by the selling Shareholder, the Government of India, in the company.

2) These information have been extracted by the Management from the financial statements for the three months period ended June 30, 2010 and year ended March 31, 2010, 2009, 2008, 2007 and 2006. Audit for financial year ended March 31, 2009, 2008, 2007 and 2006 were conducted by previous auditors, M/s Mitra Kundu & Basu, Chartered Accountants. The Financial information included for these financial years i.e. 2005-06, 2006-07, 2007-08 and 2008-09 are based on reports submitted by them and have been relied upon by us while expressing our opinion and reporting on various restated financial information and Annexure thereof expressly stated in the following paragraphs.

3) a) Without qualifying our report, attention is drawn to Note No. 2 to Other Notes on Restated Accounts in Annexure IX. Revival plan of the subsidiaries namely Bharat Coking Coal Limited and Eastern Coalfields Limited have been approved by the Board for Industrial & Financial Reconstruction. In the opinion of the management the implementation of the revival schemes will substantially improve the financial position of these companies.

b) Without qualifying our report, attention is drawn to Note No. 13.8 to Other Notes on Restated Accounts in Annexure IX. In absence of technical evaluation, provision for technical and biological reclamation is made on uniform guideline of the company.

4) In accordance with the requirements of Paragraph B of Part-II of Schedule-II of the Act, the SEBI Regulations and terms of our engagement agreed with you, we report that:

a) The Restated Summary Statement of Assets and Liabilities of the Company as at June 30, 2010, March 31, 2010, 2009, 2008, 2007 and 2006 as set out in Annexure I to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies (Annexure V), Notes on Adjustments made for Restated Financial Statement (Annexure VI), Notes on Adjustments not made for Restated Financial Statement (Annexure VII) and Other Notes on Restated Accounts (Annexure IX).

b) The Restated Summary Statement of Profit or Loss of the Company for the three months period ended June 30, 2010 and the years ended March 31, 2010, 2009, 2008, 2007 and 2006 as set out in Annexure-II to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies (Annexure V), Notes on Adjustments made for Restated Financial Statement (Annexure VI), Notes on Adjustments not made for Restated Financial Statement (Annexure VII) and Other Notes on Restated Accounts (Annexure IX).

c) The Restated Summary Statement of Cash Flow of the Company for the three months period ended June 30, 2010 and the years ended March 31, 2010, 2009, 2008, 2007 and 2006 as set out in Annexure-III to this report are after making adjustments and regrouping as in our opinion were appropriate.

5) Based on above and also as per the reliance placed on the reports submitted by the previous auditors M/s Mitra Kundu & Basu, Chartered Accountants for the respective years, we are of the opinion that the Restated Financial information have been made after incorporating:

(i) Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.

(ii) Adjustments for the material amounts in the respective financial years to which they relate.

(iii) Extra-ordinary items have been disclosed separately.

(iv) And there are no qualification in the auditors' reports which remain to be adjusted in the Restated Summary Statements, except as mentioned in Annexure VIII, read with Significant Accounting Policies (Annexure V) and Other Notes on Restated Financial Statements (Annexure IX).

6) We have also examined the following other financial information relating to the Company prepared by the management and approved by the Board of Directors for the three months period ended June 30, 2010 and the year ended March 31, 2010, 2009, 2008, 2007 and 2006. In respect of the years ended 31st March 2009, 2008, 2007 and 2006 these information's have been included based upon the reports submitted by previous auditors M/s Mitra Kundu & Basu, Chartered Accountants and relied upon by us.

(i) Statement of Fixed Assets and Capital Work In Progress (Annexure IV-A).

(ii) Statement of Investments (Annexure IV-B).

(iii) Statement of Sundry Debtors (Annexure IV-C).

(iv) Statement of Cash and Bank Balances (Annexure IV-D).

(v) Statement of Inventories (Annexure IV-E).

(vi) Statement of Loans and Advances (Annexure IV-F).

(vii) Statement of Secured and Unsecured Loans (Annexure IV-G).

(viii) Statement of Current Liabilities & Provision (Annexure IV-H).

(ix) Statement of Share Capital (Annexure IV-I).

(x) Statement of Reserves and Surplus (Annexure IV-J).

(xi) Statement of Other Income (Annexure IV-K).

(xii) Statement of Employee Benefits (Annexure X).

(xiii) Statement of Related Party Transactions (Annexure XI).

(xiv) Statement of Segment Reporting (Annexure XII).

(xv) Statement of Dividend Paid / Proposed (Annexure XIII).

(xvi) Statement of Capitalization as on June 30, 2010 (Annexure XIV).

(xvii) Statement of Accounting Ratios (Annexure XV).

(xviii) Statement of Tax Shelters (Annexure XVI).

(xix) Statement of Financial Indebtedness (Annexure XVII).

(xx) Statement of Prior Period Adjustments (Annexure XVIII).

(xxi) Statement of Contingent Liabilities and Capital Commitments (Annexure XIX).

In our opinion the financial information contained in Annexure IV-A to IV-K and Annexure X to XIX of this report read along with Significant Accounting Policies (Annexure V), Notes on Adjustment made for Restated Financial Statements (Annexure VI), Notes on Adjustment not made for Restated Financial Statements (Annexure VII), Auditors' Qualifications and Treatment in Restated Financial Information (Annexure VIII) and Other Notes on Restated Accounts (Annexure IX) have been prepared after making adjustments and regrouping as considered appropriate in accordance with Paragraph B of Part II of Schedule II of the Act and SEBI Regulations.

7) In the Company's Standalone Restated Summary Statement of Profit or Loss, referred to in our report dated 24th September, 2010, the amounts shown under 'Accretion in Stock' and 'Other Income' for the quarter ended June 30, 2010, were inadvertently interchanged with each other due to typographical error. Specifically:

a) 'Accretion in Stock' for the quarter ended June 30, 2010 was stated as Rs. 31,945.99 million instead of Rs. 54.45 million; and

b) 'Other Income' for the quarter ended June 30, 2010 was stated as Rs. 54.45 million instead of Rs. 31,945.99 million.

However due to above errors, there has been no change in the total income of the Company or otherwise in the Company's Standalone Restated Summary Statement of Profit or Loss.

Consequent upon correction of said errors in the Standalone Restated Summary Statement of Profit or Loss, this report is issued. As a result, this report supersedes our earlier report dated 24th September, 2010 to the Board of Directors of the Company on Standalone Restated Financial Statements.

Save and except as stated above, neither this report should be construed as a reissuance or re-dating of any of the previous audit reports nor should this be construed as a new opinion on any of the financial statements referred to herein.

8) Our report is intended solely for the use of management and for inclusion in the offer document in connection with the proposed equity offering of the Company and should not be used, referred to or circulated for any other purpose without our prior written consent.

For **DEOKI BIJAY & CO.**
Chartered Accountants
F. R. No. 313105E

Place: Kolkata

Date: the 25th day of October 2010.

(CA. D. N. Agrawal)
Partner
Membership No. 051157

COAL INDIA LIMITED (STANDALONE)

ANNEXURE-I

SUMMARY STATEMENT OF ASSETS AND LIABILITIES- RESTATED

(Rs. in Million)

		As At	As at March 31st				
		30.06.2010	2010	2009	2008	2007	2006
	FIXED ASSETS:						
A.	Gross Block	3,777.37	3,770.01	3,693.39	3,553.05	3,518.84	3,514.78
	Less:						
	Accumulated Depreciation	2,595.08	2,581.55	2,489.49	2,426.92	2,365.59	2,289.49
	Provision for Impairment	250.72	250.72	249.63	235.48	217.02	183.20
	Other Provisions	3.73	3.73	4.15	4.04	4.93	5.79
	Net Block	927.84	934.01	950.12	886.61	931.30	1,036.30
	Add:Capital Work in progress	145.05	139.23	18.04	10.72	0.84	1.20
	Surveyed off Assets	0.11	0.07	0.10	-	0.36	0.58
	TOTAL FIXED ASSETS	1,073.00	1,073.31	968.26	897.33	932.50	1,038.08
B.	**INVESTMENTS**	63,165.69	63,165.69	63,163.64	63,163.64	63,163.64	63,163.64
C.	**CURRENT ASSETS, LOANS AND ADVANCES**						
	Inventories	318.39	265.88	195.25	104.40	236.76	312.98
	Sundry Debtors	0.00	0.00	0.20	-	0.15	8.13
	Cash and Bank Balances	100,257.58	91,333.61	64,627.64	46,639.58	37,289.85	28,631.51
	Loans and Advances	101,595.06	83,840.99	93,584.99	85,755.29	88,229.20	87,815.43
	TOTAL CURRENT ASSETS	202,171.03	175,440.48	158,408.07	132,499.27	125,755.96	116,768.05
	Total Assets	**266,409.72**	**239,679.48**	**222,539.98**	**196,560.24**	**189,852.10**	**180,969.77**
D.	**LIABILITIES AND PROVISIONS**						
	Secured Loans	-	-	-	-	-	-
	Unsecured Loans	15,192.66	14,642.97	17,866.25	15,108.33	16,460.96	18,990.13
	Current Liabilities & Provisions	48,142.44	54,429.28	51,277.65	48,887.04	48,537.72	49,944.75
	Shifting & Rehabilitation Fund	15,548.70	14,774.27	12,238.43	9,458.78	6,880.78	4,859.46
	Total Liabilities	**78,883.80**	**83,846.52**	**81,382.33**	**73,454.15**	**71,879.46**	**73,794.34**
	NET WORTH (A+B+C-D)	**187,525.92**	**155,832.96**	**141,157.65**	**123,106.09**	**117,972.64**	**107,175.43**
	REPRESENTED BY						
E.	Share Capital	63,163.64	63,163.64	63,163.64	63,163.64	63,163.64	63,163.64
F.	Reserves & Surplus	124,362.28	92,669.32	77,994.01	59,942.45	54,809.00	44,011.79
	NET WORTH (E+F)	**187,525.92**	**155,832.96**	**141,157.65**	**123,106.09**	**117,972.64**	**107,175.43**

Notes:

1. The above statement should be read with the Notes on Adjustments made for Restated Financial Statements (Annexure-VI), Notes on Adjustment not made for Restated Financial Statement (Annexure-VII), Auditiors' qualification and treatment in Restated Financial Information (Annexure-VIII), Significant Accounting Policies (Annexure-V) and other Notes on Restated Financial Statements (Annexure-IX).
2. Reserve & Surplus comprises Capital Redemption Reserve, Bond Redemption Reserve, Reserve for Foreign Exchange Transaction, General Reserve, CSR Reserve, Profit & Loss Balance carried forward.

COAL INDIA LIMITED (STANDALONE)

ANNEXURE-II

SUMMARY STATEMENT OF PROFIT AND LOSS - RESTATED

(Rs. in Million)

Particulars	Quarter Ended	For the year ended March 31st				
	30.06.2010	2010	2009	2008	2007	2006
INCOME						
Sales	600.58	4,031.82	2,843.93	2,354.63	2,438.02	2,316.98
Coal Issued for other Purposes	-	0.15	3.84	3.11	2.84	2.87
Accretion in Stock	54.45	66.69	83.34	(131.95)	(74.71)	(154.79)
Interest	649.59	3,486.17	2,805.17	1,685.56	1,051.82	1,319.68
Other Income	31,945.99	35,983.32	35,566.45	25,898.56	28,560.73	19,334.56
Total	**33,250.61**	**43,568.15**	**41,302.73**	**29,809.91**	**31,978.70**	**22,819.30**
EXPENDITURE						
Consumption of Stores & Spares	13.76	60.59	76.42	76.19	65.35	68.82
Employees' Remuneration & Benefits	609.12	2,430.57	2,832.93	1,575.30	1,254.16	1,192.54
Power & Fuel	20.59	59.33	84.82	90.00	84.34	87.59
Social Overhead	74.28	285.50	325.59	208.61	175.36	148.99
Repairs	6.46	64.56	54.24	28.63	22.15	16.35
Contractual Expenses	111.80	820.01	507.92	740.11	877.68	774.45
Other Expenses	115.83	500.63	466.48	390.46	309.62	267.02
Finance Charges/Commitment Charges	45.61	179.49	218.44	185.42	203.94	245.61
Depreciation	13.08	89.89	61.67	60.82	80.22	92.92
Provision/Write-off	247.13	373.57	150.90	579.41	252.05	133.47
Total	**1,257.66**	**4,864.14**	**4,779.43**	**3,934.95**	**3,324.87**	**3,027.76**
PROFIT FOR THE YEAR	**31,992.95**	**38,704.01**	**36,523.30**	**25,874.96**	**28,653.83**	**19,791.54**
Prior Period Adjustment	-	-	(0.82)	(0.59)	(5.42)	1.04
PROFIT BEFORE TAX and Extra Ordinary Items	**31,992.95**	**38,704.01**	**36,522.48**	**25,874.37**	**28,648.41**	**19,792.58**
Provision for Income Tax	(300.00)	(2,000.00)	(1,597.62)	(1,155.38)	(285.00)	(230.00)
Provision for Income Tax for earlier year	-	(30.00)	(2,080.54)	(683.76)	(143.02)	(2,462.83)
Excess Prov for Income Tax written back (earlier period)	-	1,125.15	86.01	4.08	10.55	26.93
Fringe Benefit Tax	-	-	(28.50)	(28.10)	(18.02)	(10.00)
PROFIT AFTER TAX, BEFORE EXTRA ORDINARY ITEMS	**31,692.95**	**37,799.16**	**32,901.83**	**24,011.21**	**28,212.92**	**17,116.68**
Extra Ordinary Items(Net of Tax)	-	-	51.98	526.77	-	-
PROFIT AFTER TAX (As per Audited Accounts)	**31,692.95**	**37,799.16**	**32,953.81**	**24,537.98**	**28,212.92**	**17,116.68**
ADJUSTMENT FOR RESTATEMENT:						
a) Change in Accounting Policies	-	-	0.40	2.33	(2.54)	(0.04)
b) Other adjustments and prior period items	-	-	0.82	0.32	4.95	(7.36)
c) Current Tax impact on adjustments	-	(1,095.15)	1,964.53	679.68	(174.32)	1,559.37
e) Arrear Salary & Wages	-	71.32	186.20	(117.46)	(140.06)	-
Total of adjustments after tax impact	-	**(1,023.83)**	**2,151.95**	**564.87**	**(311.97)**	**1,551.97**
PROFIT AFTER TAX (RESTATED)	**31,692.95**	**36,775.33**	**35,105.76**	**25,102.85**	**27,900.95**	**18,668.65**
Profit (Loss) brought forward from previous year	57,428.55	46,919.11	32,232.81	29,620.55	21,782.67	19,261.11
Less: Transitional Provision for Employee Benefits	-	-	-	(16.84)	-	-
PROFIT / (LOSS) AVAILABLE FOR APPROPRIATION	**89,121.50**	**83,694.44**	**67,338.57**	**54,706.56**	**49,683.62**	**37,929.76**
APPROPRIATION						
Reserve for Foreign Exchange Transaction	15.56	72.62	69.88	67.39	138.03	30.95
Transfer to General Reserve	-	3,779.92	3,295.38	2,453.80	2,821.29	1,711.67
Transfer to CSR Reserve	74.04	313.35	-	-	-	-
Proposed Dividend on Equity Shares						
Interim	-	22,100.00	17,054.20	17,054.20	15,000.00	12,632.73
Tax on Dividend	-	-	-	2,898.36	2,103.75	1,771.74
Total Appropriation	**89.60**	**26,265.89**	**20,419.46**	**22,473.75**	**20,063.07**	**16,147.09**
BALANCE CARRIED TO BALANCE SHEET	**89,031.90**	**57,428.55**	**46,919.11**	**32,232.81**	**29,620.55**	**21,782.67**

Notes:

1. The above statement should be read with the Notes on Adjustments made for Restated Financial Statements (Annexure-VI), Notes on Adjustment not made for Restated Financial Statement (Annexure-VII), Auditiors' qualification and treatment in Restated Financial Information (Annexure-VIII), Significant Accounting Policies (Annexure-V) and other Notes on Restated Financial Statements (Annexure-IX).

2. Nagative figures have been shown in brackets

COAL INDIA LIMITED (STANDALONE)

ANNEXURE-III

SUMMARY STATEMENT OF CASH FLOW-RESTATED

(Rs. in Million)

			Quarter Ended	For the year ended March 31st				
			30.06.2010	2010	2009	2008	2007	2006
A.	**CASH FLOW FROM OPERATING ACTIVITIES**							
	Profit Before Tax and Extra Ordinary Items		31992.95	38,704.01	36,522.48	25,874.37	28,648.41	19,792.58
	Extra Ordinary Items(Gross)		-	-	54.33	551.40	-	-
	Adjustments(excluding Current Tax Impact)		-	71.32	187.42	(114.81)	(137.65)	(7.39)
	Net Profit Before Tax		31,992.95	38,775.33	36,764.23	26,310.96	28,510.76	19,785.19
	Adjustment for:							
	Depreciation		14.21	94.91	65.89	65.95	85.24	98.27
	Provisions/Write off of Fixed Assets			-	14.14	18.46	33.82	44.61
	Profit /Loss on sale of asset		0.03	(0.01)	-	(0.79)	-	(0.01)
	Operating Profit before Working Capital changes	**(A)**	**32,007.19**	**38,870.23**	**36,844.26**	**26,394.58**	**28,629.82**	**19,928.06**
	Adjustment for:							
	Sundry Debtors		-	0.20	(0.20)	0.15	7.98	(6.53)
	Inventories		(52.53)	(70.63)	(90.85)	132.35	76.22	160.36
	Loans & Advance		(17012.48)	6,556.16	(3,918.01)	2,077.55	(2,001.97)	(3,514.11)
	Current Liabilities & Provisions		(5542.68)	1,152.01	781.69	(875.83)	7.45	4,157.76
	VRS Loan adjustment		-	-	-	-	261.60	(1,174.00)
	Purchase/Sale of Fixed Deposits		(9236.04)	(23,536.46)	(14,954.79)	(9,572.80)	(13,023.38)	6,034.80
	Total Adjustments	**(B)**	**(31,843.73)**	**(15,898.72)**	**(18,182.16)**	**(8,238.58)**	**(14,672.10)**	**5,658.28**
	Cash Generated from Operations	**(C=A+B)**	**163.46**	**22,971.51**	**18,662.10**	**18,156.00**	**13,957.72**	**25,586.34**
	Income Tax paid	**(D)**	(1236.03)	(35.44)	(1,203.39)	(956.28)	(346.30)	(1,621.31)
	Net Cash flow from Operating Activities	**(E=C+D)**	**(1,072.57)**	**22,936.07**	**17,458.71**	**17,199.72**	**13,611.42**	**23,965.03**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**							
	Investment			(2.05)	-	-	-	-
	Purchase of Fixed Assets			(80.47)	(142.79)	(36.06)	(12.70)	(28.47)
	Sale/Adjustment of Fixed Assets		(13.94)	(119.88)	(7.78)	(12.17)	(0.59)	0.33
	Purchase of Fixed Deposits earmarked for Shifting and Rehabilitation Fund		(774.43)	(2,535.84)	(2,569.24)	(2,398.00)	(2,021.32)	(1,922.88)
	Net Cash used in Investing Activities	**(F)**	**(788.37)**	**(2,738.24)**	**(2,719.81)**	**(2,446.23)**	**(2,034.61)**	**(1,951.02)**
C.	**CASH FLOW FROM FINANCING ACTVITIES**							
	Repayment of Govt./other loan			-	-	-	-	(1,928.25)
	Redemption of Bond			-	(0.34)	-	(140.00)	(110.30)
	Interest Paid			-	-	-	(968.99)	(327.25)
	Shifting and Rehabilitation Fund		774.43	2,684.78	2,779.65	2,578.00	2,021.32	1,922.88
	Dividend paid			(22,100.00)	(17,054.20)	(19,952.56)	(18,875.49)	(14,154.03)
	Net Cash used in Financing Activities	**(G)**	**774.43**	**(19,415.22)**	**(14,274.89)**	**(17,374.56)**	**(17,963.16)**	**(14,596.95)**
	Net increase/(Decrease) in Cash and Cash Equivalents	**(E+F+G)**	**(1,086.51)**	**782.61**	**464.01**	**(2,621.07)**	**(6,386.35)**	**7,417.06**
	Cash & Cash equivalent (Opening Balance)		2172.65	1,390.04	926.01	3,547.09	9,933.43	2,516.37
	Cash & Cash equivalent (Closing Balance)		1,086.14	2,172.65	1,390.04	926.01	3,547.08	9,933.43
	Notes: Cash and cash equivalent comprises of following							
	(a) Cash, Cheque, Draft, Stamps, etc. in hand :		0.31	0.34	0.37	0.34	0.70	0.26
	(b) Remittance in transit :		0.50	-	-	-	0.15	0.50
	(c) Bank Balance in Current Account :		593.26	924.98	381.86	768.71	704.18	520.27
	(d) Bank Balance in Cash Credit Account :		492.07	1,247.33	1,007.81	156.96	212.05	132.41
	(e) Bank Balance in Fixed Deposit Account (Less than 3 months):		-	-	-	-	2,630.00	9,279.99
	Total:		**1,086.14**	**2,172.65**	**1,390.04**	**926.01**	**3,547.08**	**9,933.43**

COAL INDIA LIMITED (STANDALONE)

ANNEXURE-IV-A

Statement of Fixed Assets & Capital Work-In-Progress

(Rs. in Million)

DESCRIPTION	As At	As at March 31st				
	30.06.2010	2010	2009	2008	2007	2006
A) **LAND**						
a) Freehold						
Gross Block	118.13	118.13	118.13	59.14	55.08	55.08
Less: Accumulated Depreciation	-	-	-	-	-	-
Less: Impairment Loss	-	-	-	-	-	-
Net Block	**118.13**	**118.13**	**118.13**	**59.14**	**55.08**	**55.08**
b) Leasehold						
Gross Block	13.38	13.38	13.38	13.38	13.38	13.38
Less: Accumulated Depreciation	3.55	3.51	3.38	3.25	3.12	2.98
Less: Impairment Loss	-	-	-	-	-	-
Net Block	**9.83**	**9.87**	**10.00**	**10.13**	**10.26**	**10.40**
B) **BUILDING**						
Gross Block	773.81	773.81	766.32	758.47	754.06	753.64
Less: Accumulated Depreciation	271.10	267.40	252.40	237.94	222.80	208.36
Less: Impairment Loss	16.41	16.41	16.41	16.41	16.41	16.41
Net Block	**486.30**	**490.00**	**497.51**	**504.12**	**514.85**	**528.87**
C) **PLANT & MACHINERY**						
Gross Block	1,904.21	1,898.47	1,850.33	1,814.62	1,796.42	1,795.12
Less: Accumulated Depreciation	1,573.82	1,566.23	1,534.91	1,501.65	1,466.75	1,415.94
Less: Impairment Loss	89.81	89.81	90.36	76.22	37.76	3.95
Net Block	**240.58**	**242.43**	**225.06**	**236.75**	**291.91**	**375.23**
D) **FURNITURE & FITTINGS/ OFFICE EQUIPMENT**						
Gross Block	180.69	179.20	174.25	170.32	164.84	162.41
Less: Accumulated Depreciation	144.39	143.46	139.36	135.80	131.39	126.88
Less: Impairment Loss	0.58	0.58	0.58	0.58	0.58	0.58
Net Block	**35.72**	**35.16**	**34.31**	**33.94**	**32.87**	**34.95**
E) **RAILWAY SIDING**						
Gross Block	77.13	77.13	77.13	77.13	77.13	77.13
Less: Accumulated Depreciation	69.13	68.99	65.59	61.93	58.27	54.60
Less: Impairment Loss	-	-	-	-	-	-
Net Block	**8.00**	**8.14**	**11.54**	**15.20**	**18.86**	**22.53**
F) **VEHICLES**						
Gross Block	49.88	49.88	35.42	37.08	35.97	36.35
Less: Accumulated Depreciation	31.53	30.98	29.51	30.97	30.01	29.76
Less: Impairment Loss	-	-	-	-	-	-
Net Block	**18.35**	**18.90**	**5.91**	**6.11**	**5.96**	**6.59**
G) **AIRCRAFT**						
Gross Block	199.48	199.48	199.48	166.54	166.54	166.54
Less: Accumulated Depreciation	175.62	175.33	138.91	131.01	131.01	131.01
Less: Impairment Loss	17.18	17.18	15.53	15.53	35.53	35.53
Net Block	**6.68**	**6.97**	**45.04**	**20.00**	**-**	**-**

DESCRIPTION	As At	As at March 31st				
	30.06.2010	2010	2009	2008	2007	2006
H) **TELECOMMUNICATION**						
Gross Block	58.92	58.78	57.20	54.62	53.68	53.38
Less: Accumulated Depreciation	50.93	50.64	50.42	49.38	47.25	44.95
Less: Impairment Loss	0.01	0.01	0.01	0.01	0.01	0.01
Net Block	**7.98**	**8.13**	**6.77**	**5.23**	**6.42**	**8.42**
I) **DEVELOPMENT**						
Gross Block	319.83	319.83	319.83	319.83	319.83	319.83
Less: Accumulated Depreciation	220.42	220.41	220.41	220.41	220.41	220.41
Less: Impairment Loss	99.42	99.42	99.42	99.42	99.42	99.42
Net Block	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
J) **PROSPECTING & BORING**						
Gross Block	81.91	81.91	81.91	81.91	81.91	81.91
Less: Accumulated Depreciation	54.59	54.59	54.59	54.59	54.59	54.59
Less: Impairment Loss	27.32	27.32	27.32	27.32	27.32	27.32
Net Block	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL :						
Gross Block	3,777.37	3,770.01	3,693.39	3,553.05	3,518.84	3,514.78
Less: Accumulated Depreciation	2,595.08	2,581.55	2,489.49	2,426.92	2,365.59	2,289.49
Less: Impairment Loss	250.72	250.72	249.63	235.48	217.02	183.20
Net Block	**931.57**	**937.74**	**954.27**	**890.65**	**936.23**	**1,042.09**
Less: Other Provisions	(3.73)	(3.73)	(4.15)	(4.04)	(4.93)	(5.79)
TOTAL NET BLOCK	**927.84**	**934.01**	**950.12**	**886.61**	**931.30**	**1,036.30**
CAPITAL WORK-IN-PROGRESS						
C.W.I.P.	189.99	184.17	67.11	55.37	45.49	45.85
Less: Provision	(44.94)	(44.94)	(49.07)	(44.65)	(44.65)	(44.65)
C.W.I.P(Net)	**145.05**	**139.23**	**18.04**	**10.72**	**0.84**	**1.20**
SURVEYED OFF ASSETS (P & M)	**0.11**	**0.07**	**0.10**	**-**	**0.36**	**0.58**

COAL INDIA LIMITED (STANDALONE)

ANNEXURE-IV-B

Statement of Investments

(Rs. in Million)

	As At	As at March 31st				
	30.06.2010	**2010**	**2009**	**2008**	**2007**	**2006**
Long Term Investments						
Trade	-	-	-	-	-	-
Non Trade						
Investment in Fully Paid up Unquoted Equity Shares Of Indian Subsidiary Companies (Valued at cost)						
Eastern Coalfields Ltd.	22,184.50	22,184.50	22,184.50	22,184.50	22,184.50	22,184.50
Bharat Coking Coal Ltd.	21,180.00	21,180.00	21,180.00	21,180.00	21,180.00	21,180.00
Central Coalfields Ltd.	9,400.00	9,400.00	9,400.00	9,400.00	9,400.00	9,400.00
Western Coalfields Ltd.	2,971.00	2,971.00	2,971.00	2,971.00	2,971.00	2,971.00
Central Mine Planning & Design Institute Ltd.	190.40	190.40	190.40	190.40	190.40	190.40
Mahanadi Coalfields Ltd.	1,864.01	1,864.01	1,864.01	1,864.01	1,864.01	1,864.01
Northern Coalfields Ltd.	1,776.73	1,776.73	1,776.73	1,776.73	1,776.73	1,776.73
South Eastern Coalfields Ltd.	3,597.00	3,597.00	3,597.00	3,597.00	3,597.00	3,597.00
	63,163.64	**63,163.64**	**63,163.64**	**63,163.64**	**63,163.64**	**63,163.64**
Investment in Fully Paid up Unquoted Equity Shares Of Foreign Subsidiary Companies(at cost)						
Coal India Africana Limitada	0.05	0.05	-	-	-	-
Investment in Joint Venture	2.00	2.00	-	-	-	-
Total	**63,165.69**	**63,165.69**	**63,163.64**	**63,163.64**	**63,163.64**	**63,163.64**
Quoted	-	-	-	-	-	-
Unquoted	63,165.69	63,165.69	63,163.64	63,163.64	63,163.64	63,163.64
Other Investments	-	-	-	-	-	-
Total	**63,165.69**	**63,165.69**	**63,163.64**	**63,163.64**	**63,163.64**	**63,163.64**
Aggregate of Quoted Investment						
Cost	-	-	-	-	-	-
Market value	-	-	-	-	-	-
Aggregate of Unquoted Investment						
Cost	63,165.69	63,165.69	63,163.64	63,163.64	63,163.64	63,163.64

COAL INDIA LIMITED (STANDALONE)

ANNEXURE-IV-C

Statement of Sundry Debtors

(Rs. in Million)

	As At	As at March 31st				
	30.06.2010	2010	2009	2008	2007	2006
SUNDRY DEBTORS						
Debts outstanding for a period exceeding six months	107.66	107.66	107.86	107.67	107.67	110.48
Other Debts	-	-	-	-	0.15	4.83
TOTAL	107.66	107.66	107.86	107.67	107.82	115.31
Less: Provision for Bad & Doubtful Debts	107.66	107.66	107.66	107.67	107.67	107.18
TOTAL	-	-	0.20	-	0.15	8.13
Classification :						
Considered Good	-	-	0.20	-	0.15	8.13
Considered Doubtful	107.66	107.66	107.66	107.67	107.67	107.18
TOTAL	**107.66**	**107.66**	**107.86**	**107.67**	**107.82**	**115.31**

COAL INDIA LIMITED (STANDALONE)

ANNEXURE-IV-D

Statement of Cash and Bank Balances

(Rs. in Million)

Particular	As At 30.06.2010	As at March 31st 2010	2009	2008	2007	2006
Cash,Cheques,Drafts,Stamps etc. in hand	0.31	0.34	0.37	0.34	0.70	0.26
Remittance - in transit	0.50	-	-	-	0.15	0.50
In Current Account with Scheduled Banks	593.26	924.98	381.86	768.71	704.18	520.27
In Cash Credit Account with Scheduled Banks	492.07	1,247.33	1,007.81	156.96	212.05	132.41
In Deposit Account with Scheduled Banks	99,171.44	89,160.96	63,237.60	45,713.57	36,372.77	27,978.07
Total	**100,257.58**	**91,333.61**	**64,627.64**	**46,639.58**	**37,289.85**	**28,631.51**

COAL INDIA LIMITED (STANDALONE)

ANNEXURE-IV-E

Statement of Inventories

(Rs. In Million)

Particulars	As At 30.06.2010	As at March 31st 2010	2009	2008	2007	2006
Stock of Stores & Spare Parts (at cost)	39.94	41.87	37.93	28.60	29.75	31.16
Less : Provision	(17.75)	(17.75)	(17.75)	(15.92)	(16.66)	(16.56)
A Sub-Total (Net)	**22.19**	**24.12**	**20.18**	**12.68**	**13.09**	**14.60**
Stock of Coal & Coke in Revenue Mines	300.56	246.12	179.43	96.08	228.10	302.81
Less : Provision	4.36	4.36	4.36	4.36	4.43	4.43
B Sub-Total (Net)	**296.20**	**241.76**	**175.07**	**91.72**	**223.67**	**298.38**
Total (A+B)	**318.39**	**265.88**	**195.25**	**104.40**	**236.76**	**312.98**

COAL INDIA LIMITED (STANDALONE)

ANNEXURE-IV-F

Statement of Loans and Advances

(Rs. in Million)

	As At	As at March 31st				
Particulars	**30.06.2010**	**2010**	**2009**	**2008**	**2007**	**2006**
Considered Good						
Loans & Advances (Unsecured)						
(Advance Recoverable in Cash or in kind						
or for value to be received)						
ADVANCE TO SUPPLIERS						
For Capital	39.26	39.16	41.83	98.67	103.19	107.31
For Others	11.65	11.65	12.18	21.50	20.27	20.24
	50.91	**50.81**	**54.01**	**120.17**	**123.46**	**127.55**
ADVANCE TO CONTRACTORS						
For Capital	-	-	-	-	-	-
For Others	126.34	126.34	-	-	-	-
	126.34	**126.34**	**-**	**-**	**-**	**-**
Advance to Special Purpose Vehicle	-	-	5.00	5.00	-	-
Advance For Revival of Mining and Allied Machinery Corporations	239.22	3.25	-	-	-	-
Advance to Bharat Earth Movers Limited	1,582.94	1,569.87	973.90	-	-	-
ADVANCE TO EMPLOYEES						
For House Building	1.69	1.92	4.88	8.24	11.51	15.82
For Motor Car and Other Conveyance	-	0.00	0.01	0.05	0.23	0.22
For Others	22.48	20.61	17.63	19.92	18.33	12.82
	24.17	**22.53**	**22.52**	**28.21**	**30.07**	**28.86**
DEPOSITS						
For Customs Duty, Port Charges etc.	160.35	9.49	8.38	8.25	8.20	8.81
For Others	36.85	34.57	29.12	25.20	22.02	20.68
	197.20	**44.06**	**37.50**	**33.45**	**30.22**	**29.49**
TDS/ Advance Tax	4,787.40	4,595.52	5,366.12	2,480.70	412.23	56.98
Short Term Loan to Body Corporate	15.00	15.00	15.00	15.00	15.00	15.00
Dividend receivable from subsidiaries	-	-	3,363.19	1,077.22	2,500.00	3,307.87
Other Receivables	56.75	33.67	26.36	128.90	198.04	730.92
Amount Receivable from Govt of India for transactions on behalf of Ex-Coal Board	15.40	13.81	12.73	11.72	10.48	9.44
Exploratory Drilling Work at ECL etc.	628.83	558.75	500.77	444.62	423.88	388.11
Other Advances	70.49	153.34	61.06	115.44	182.58	29.20
Claims Receivable	34.57	31.49	31.49	31.83	34.58	34.60
Interest Accrued (Receivables)	2,223.31	976.37	325.57	-	-	-
Prepaid Expenses	0.80	1.30	1.67	2.24	2.70	2.43
Balance with subsidiaries						
Loan Account	16,022.71	16,022.71	17,611.51	19,111.50	20,611.50	23,611.51
Current Account	60,375.44	44,955.69	47,229.14	46,900.26	47,008.26	40,817.99
Balance with subsidiaries (World Bank loan)						
Loan Account	15,192.66	14,642.97	17,866.25	15,108.33	16,460.96	18,133.89
Loan to subsidiaries (VRS)	740.90	740.90	740.90	740.90	740.90	1,002.50
TOTAL	**102,385.04**	**84,558.38**	**94,244.69**	**86,355.49**	**88,784.86**	**88,326.34**
Less : Provision	789.98	717.39	659.70	600.20	555.66	510.91
TOTAL	**101,595.06**	**83,840.99**	**93,584.99**	**85,755.29**	**88,229.20**	**87,815.43**
CLASSIFICATION						
Considered Good	101,595.06	83,840.99	93,584.99	85,755.29	88,229.20	87,815.43
Considered Doubtful	789.98	717.39	659.70	600.20	555.66	510.91

COAL INDIA LIMITED (STANDALONE)

ANNEXURE-IV-G

Statement of Secured and Unsecured Loans

(Rs. in Million)

	As At	As at March 31st				
Particular	**30.06.2010**	**2010**	**2009**	**2008**	**2007**	**2006**
A. Secured Loans	Nil	Nil	Nil	Nil	Nil	Nil
B. Unsecured Loans						
Loan from World Bank						
Japan Bank for International Cooperation	8,150.83	7,473.63	9,007.67	7,639.72	7,732.50	8,629.74
International Bank for Reconstruction and Development	7,041.83	7,169.34	8,858.58	7,468.61	8,728.46	9,504.15
Unsecured Bond	-	-	-	-	-	140.00
Interest accrued on Government. loan	-	-	-	-	-	716.24
Total (B)	**15,192.66**	**14,642.97**	**17,866.25**	**15,108.33**	**16,460.96**	**18,990.13**
Total Secured and Unsecured Loans (A)+(B)	**15,192.66**	**14,642.97**	**17,866.25**	**15,108.33**	**16,460.96**	**18,990.13**

Note:-None of the above loans has been taken from Promoters/Group Companies /subsidiaries /material associate companies and others

COAL INDIA LIMITED (STANDALONE)
Statement of Current Liabilities & Provisions

ANNEXURE-IV-H
(Rs. in Million)

	As At	As at March 31st				
	30.06.2010	2010	2009	2008	2007	2006
A. CURRENT LIABILITIES						
SUNDRY CREDITORS						
For Capital including Revenue Stores	82.87	78.14	78.53	37.81	32.27	29.45
For Coal	6.38	6.36	6.36	6.36	6.36	6.36
Advance from Customers	373.33	442.19	226.37	199.31	226.90	301.97
Deposits	257.83	267.69	205.93	225.52	179.84	150.04
Other Deposit from Customers	-	-	167.93	32.77	27.89	4.03
Advance Deposit (Pre-Nationalisation)	2.09	2.09	2.09	2.09	2.09	2.09
Sub Total	**722.50**	**796.47**	**687.21**	**503.86**	**475.35**	**493.94**
EMPLOYEES' REMUNERATION & BENEFITS						
Salaries, Wages & Allowances	133.44	89.85	101.20	79.11	62.63	63.70
Gratuity	1,248.07	1,257.30	1,124.46	662.62	557.40	472.70
Less: Gratuity Fund with LIC	(1,178.81)	(1,178.81)	(673.83)	(539.28)	-	-
Ex-gratia	43.72	36.00	33.98	25.08	15.93	17.07
Unpaid salaries, Wages etc.	-	-	-	-	-	0.02
Leave Encashment	350.88	337.13	299.72	172.64	143.22	135.96
Medical Benefits- Retired employees	59.47	43.40	21.18	-	-	-
Other Employee Benefits	51.00	49.52	44.50	15.21	-	-
Sub Total	**707.77**	**634.39**	**951.21**	**415.38**	**779.18**	**689.45**
OTHER EXPENSES						
Power & Fuel	9.87	9.17	8.72	12.19	12.63	11.33
Contractual Expenses	203.30	309.39	231.58	186.00	271.10	217.47
Others	703.14	841.76	662.45	374.57	326.63	378.12
Due to Government of India (including ex-owner's Accounts)	16.09	16.09	16.09	16.09	16.09	16.09
Interest accrued but not due on Loan	83.78	35.67	113.47	157.89	200.83	444.79
Sub Total	**1,016.18**	**1,212.08**	**1,032.31**	**746.74**	**827.28**	**1,067.80**
SALES TAX						
State	2.21	4.90	4.24	3.08	2.78	2.49
Central	3.40	5.79	5.80	8.56	8.00	11.63
Royalty & Cess on Coal	33.08	27.66	53.61	63.30	62.31	60.81
Provident Fund	35.08	31.42	24.51	21.88	28.59	18.33
Pension Fund	1.80	0.78	3.16	0.71	0.89	0.75
INCOME TAX						
Employees	43.59	6.14	11.30	8.54	14.81	6.81
Contractors	1.10	2.57	1.96	0.44	1.05	0.01
Others	45.00	224.88	671.57	705.19	468.24	325.40
Professional Tax	0.74	0.76	0.70	0.67	1.21	0.83
Surplus Fund from Subsidiaries	36,955.18	40,259.10	37,450.75	37,940.78	39,088.90	40,423.45
Balance with Subsidiaries Current Account	404.76	2,023.16	2,291.56	2,406.74	2,269.08	1,124.26
Advance Deposit Other Government Fund (Ref. Note No 13.12 in Sch.-M,Part-B.)	-	-	18.79	251.69	784.30	784.30
Other Liabilities	1,171.41	1,078.57	790.64	555.66	365.34	179.91
Sub Total	**38,697.35**	**43,665.73**	**41,328.59**	**41,967.24**	**43,095.50**	**42,938.98**
Investors, Education & Protection Fund						
17% Non Convertible Bonds (incld. Intt. Thereon)	-	-	-	0.59	0.59	0.59
B. PROVISIONS						
Provision for Income Tax	4,748.48	5,492.63	5,036.64	3,427.37	2,249.31	1,639.49
Proposed Dividend						
Income Tax on Proposed Dividend	-	-	-	-	-	1,771.74
Provision for NCWA-VII	-	-	-	-	-	500.00
Provision for NCWA-VIII	0.22	310.34	428.02	423.26	140.06	-
Provision for Executive Pay Revision	0.67	341.51	409.09	75.39	-	-
3%Pension & PRP	361.74	257.14	-	-	-	-
Provision for Foreign Exchange Transactions (Marked to Market)	555.90	389.80	191.30	233.00	-	-
Sub Total	**5,667.01**	**6,791.42**	**6,065.05**	**4,159.02**	**2,389.37**	**3,911.23**
	46,810.81	**53,100.09**	**50,064.37**	**47,792.83**	**47,567.27**	**49,101.99**
Contribution from Subsidiaries towards Indian Instt. of Coal Management pending re-imbursement. (Ref. Note No. 9.3 in Sch.-M, Part-B)	1,331.63	1,329.19	1,213.28	1,094.21	970.45	842.76
	48,142.44	**54,429.28**	**51,277.65**	**48,887.04**	**48,537.72**	**49,944.75**

COAL INDIA LIMITED (STANDALONE)

ANNEXURE-IV-I

Statement of Share Capital

(Rs. in Million)

	As At 30.06.2010	As At March 31st 2010	2009	2008	2007	2006
Authorised						
(i) 9,041,800 Non-cumulative 10% Redeemable PreferenceShares of Rs.1,000/- each	9,041.80	9,041.80	9,041.80	9,041.80	9,041.80	9,041.80
(ii) 8,000,000,000 Equity Shares of Rs.10/- each	80,000.00	80,000.00	80,000.00	80,000.00	80,000.00	80,000.00
	89,041.80	**89,041.80**	**89,041.80**	**89,041.80**	**89,041.80**	**89,041.80**
Issued, Subscribed and Paid-up						
(i) 6,059,430,500 Equity Shares of Rs.10/- each fully paid in cash	60,594.30	60,594.30	60,594.30	60,594.30	60,594.30	60,594.30
(ii) 256,933,900 Equity Shares of Rs.10/- each allotted as fully paid up for consideration received other than cash	2,569.34	2,569.34	2,569.34	2,569.34	2,569.34	2,569.34
	63,163.64	**63,163.64**	**63,163.64**	**63,163.64**	**63,163.64**	**63,163.64**

Note:- 1)Entire Paid-up Share Capital is held by Govt.of India.
2) * The face value of Equity Shares were split from Rs. 1,000 per share to Rs. 10 per share in 2009-10.

COAL INDIA LIMITED (STANDALONE)

ANNEXURE-IV-J

Statement of Reserves & Surplus

(Rs in Million)

	As At	As At March 31st				
	30.06.2010	**2010**	**2009**	**2008**	**2007**	**2006**
RESERVES :						
Capital Redemption Reserve	9,041.80	9,041.80	9,041.80	9,041.80	9,041.80	9,041.80
Reserve for Foreign Exchange Transactions	1,275.08	1,259.51	1,186.90	1,117.02	1,049.63	911.59
CSR Reserve	387.39	313.35	-	-	-	-
General Reserve (Including Bond Redemption Reserve)	24,626.11	24,626.11	20,846.20	17,550.82	15,097.02	12,275.73
Total(A)	**35,330.38**	**35,240.77**	**31,074.90**	**27,709.64**	**25,188.45**	**22,229.12**
SURPLUS :						
Balance Carried Forward(B)	89,031.90	57,428.55	46,919.11	32,232.81	29,620.55	21,782.67
Total (A+B)	**124,362.28**	**92,669.32**	**77,994.01**	**59,942.45**	**54,809.00**	**44,011.79**

COAL INDIA LIMITED (STANDALONE)

ANNEXURE-IV-K

Statement of Other Income

(Rs in Million)

Particular	Quarter Ended	For the yaer ended March 31st				
	30.06.2010	2010	2009	2008	2007	2006
Stowing Subsidy	0.00	0.74	4.30	3.82	0.67	-
Apex Office Charges From Subsidiaries	408.75	1,862.88	1,745.40	1,646.00	1,526.10	1,439.28
Interest Recd. from Bank, Employees & Others	0.69	2.15	2.53	2.99	3.85	6.45
Rent from Outsiders	0.14	0.28	0.31	0.28	0.61	1.91
Hire Charges	12.75	51.00	51.00	51.00	51.00	156.11
Profit on Sale of Assets		0.01	0.00	0.78	0.00	0.01
Tender Fees	0.14	1.26	0.90	0.65	0.60	0.28
LD/Penalty Received	0.16	0.41	0.40	0.16	0.44	1.24
Gain / Loss on Foreign exchange Transactions	15.56	72.62	69.88	67.40	138.03	31.08
Gain on Exchange Rate Variance	0.22	-	1.48	-	-	-
Recovery of Lease Rent	9.83	39.30	39.30	39.30	39.30	39.30
Provision / Liability Write Backs	68.49	51.36	71.83	72.61	213.51	23.47
Other / Misc. Income	1.80	8.08	13.72	4.20	48.92	12.83
Interim Dividend From Subsidiaries	31370.49	33,673.58	33,297.41	23,782.74	26,290.79	17,350.59
Guarantee Fee From Subsidiaries	56.97	219.65	267.99	226.63	246.91	272.01
TOTAL	**31,945.99**	**35,983.32**	**35,566.45**	**25,898.56**	**28,560.73**	**19,334.56**
Profit Before Tax and Extra Ordinary Items	31992.95	38704.01	36522.48	25874.37	28648.41	19792.58
Total Other Income as % of profit before tax and extra ordinary items	99.85%	92.97%	97.38%	100.09%	99.69%	97.69%

Coal India Limited (STANDALONE)

ANNEXURE-V

SIGNIFICANT ACCOUNTING POLICIES

1.0 ACCOUNTING CONVENTION

Financial statements are prepared on the basis of historical cost and on accrual basis following going concern concept, accounting standards and generally accepted accounting principles except otherwise stated elsewhere.

2.0 BASIS OF ACCOUNTING

All expenses and incomes are booked initially in the natural heads of accounts and then transferred to functional heads wherever required.

3.0 SUBSIDIES / GRANTS FROM GOVERNMENT

3.1 Subsidies / Grants on Capital Account are deducted from the cost of respective assets to which they relate. The unspent amount at year-end, if any, is shown as current liabilities.

3.2 Subsidies / Grants on Revenue Account are credited to Profit & Loss Account under the head Other Receipts and the relevant expenses are debited to the respective heads. The unspent amount at the year end, if any, is shown as Current Liabilities.

4.0 FIXED ASSETS:

4.1 **Land:**

Value of land includes cost of acquisition, cash rehabilitation expenses and resettlement cost incurred for concerned displaced persons. Other expenditure incurred on acquisition of Land viz., compensation in lieu of employment etc. are, however, treated as revenue expenditure.

4.2 **Plant & Machinery:**

Plant & Machinery includes cost and expenses incurred for erection / installation and other attributable costs of bringing those assets to working conditions for their intended use.

4.3 **Railway Sidings:**

Pending commissioning, payments made to the railway authorities for construction of railway sidings are shown under Capital Work-in-Progress.

4.4 **Development:**

Expenses net of income of the projects / mines under development are booked to Development Account and grouped under Capital Work-in-Progress till the projects / mines are brought to revenue account. Except otherwise specifically stated in the project report to determine the commercial readiness of the project to yield production on a sustainable basis and completion of required development activity during the period of constructions, projects and mines under development are brought to revenue:

(a) From beginning of the financial year immediately after the year in which the project achieves physical output of 25% of rated capacity as per approved project report, or
(b) 2 years of touching of coal, or
(c) From the beginning of the financial year in which the value of production is more than total expenses,

- Whichever event occurs first.

4.5 **Prospecting & Boring and other Development Expenditure:**

The cost of exploration and other development expenditure incurred in one "Five year" plan period will be kept in Capital work-in-progress till the end of subsequent two "Five year" plan periods for formulation of projects before it is written-off except in the case of Blocks identified for sale or proposed to be sold to outside agency which will be kept in inventory till finalization of sale.

5.0 INVESTMENTS:

All investments, being long term in nature, are stated at cost.

6.0 INVENTORIES:

6.1 Book stock of coal / coke is considered in the Accounts where the variance between book stock and measured stock is upto +/- 5% and in cases where the variance is beyond +/- 5% the measured stock is considered. Such stock are valued at Net Realisable Value or cost whichever is lower.

6.1.1 Slurry, middling of washeries are valued at net realisable value.

6.2 Stock of stores and spare parts at Central & Area Stores are valued at cost calculated on the basis of weighted average method. The year-end inventory of stores and spare parts lying at collieries / sub-stores / consuming centres, initially charged off, are valued at issue price of Area Stores, Cost/estimated cost. Workshop jobs including work-in-progress are valued at cost.

Stores & Spares

6.2.1 The closing stock of stores and spare parts has been considered in the Accounts as per balances appearing in priced stores ledger of the Central Stores and as per physically verified stores lying at the collieries/units.

6.2.2 Stores & Spare Parts include loose tools.

6.2.3 Provisions are made at the rate of 100% for unserviceable, damaged and obsolete stores and at the rate of 50% for stores & spares not moved for 5 years.

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

7.0 DEPRECIATION

7.1 Depreciation on Fixed Assets is provided on straight line method at the rates and manner specified in Schedule XIV of the Companies Act, 1956 (as amended) except for:

(a) The Earth Science Museum	5.15%
(b) High Volume Samplers and Respiratory Dust	33.33%
(c) Telecommunication Equipments	15.83%
(d) General Communication / Instrumentation Systems	10.55%

Depreciation on such equipments is charged over the technically estimated life, at higher rates.

Further, depreciation on certain Equipments / HEMM is charged over the technically estimated life at higher rates viz. 11.88%, 13.57% and 15.83% as applicable. Depreciation on the assets added /disposed off during the year is provided on pro-rata basis with reference to the month of addition/ disposal, except on those assets attracting 100% depreciation p.a. (SLM basis), which are fully depreciated in the year of their addition.

7.2 Value of land acquired under Coal Bearing area (Acquisition & Development) Act, 1957 is amortised on the basis of the balance life of the project. Value of leasehold land is amortised on the basis of lease period or balance life of the project whichever is earlier.

7.3 Prospecting, Boring and Development expenditure are amortised from the year when the mine is brought under revenue, in 20 years or working life of the project whichever is less.

Depreciation on SDL and LHD (equipments) are charged @19% p.a. and @15.83% p.a. respectively.

7.4 Depreciation after major overhauling of Helicopter is charged @ 47.5% p.a., based on its expected year of life / flying hours.

8.0 IMPAIRMENT OF ASSETS

8.1 Impairment loss is recognised wherever the carrying amount of an asset is in excess of its recoverable amount and the same is recognized as an expense in the statement of profit and loss and carrying amount of the asset is reduced to its recoverable amount.

8.2 Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased.

9.0 FOREIGN CURRENCY TRANSACTIONS

9.1 Year-end balance of foreign currency transactions is translated at the year-end rates and the corresponding effect is given in the respective accounts. Transactions completed during the year are adjusted on actual basis.

9.2 Transactions covered by cross currency swap options contracts to be settled on future dates are recognised at the year-end rates of the underlying foreign currency. Effects arising out of such contracts are taken into accounts on the date of settlement.

10.0 RETIREMENT BENEFITS / OTHER EMPLOYEE BENEFITS

a) Defined contribution Plans:

The Company makes contributions towards Provident Fund and Pension Fund to a defined contribution retirement benefit plan for qualifying employees. The Provident Fund and Pension fund are operated by the Coal Mines Provident Fund (CMPF) Authorities. As per rules of these schemes, the Company is required to contribute a specified percentage of pay roll cost to the CMPF authorities to fund the benefits.

b) Defined Benefit Plans:

The year-end liability on account of gratuity and leave encashment is provided for on actuarial valuation basis by applying projected unit credit method. Further the Company has created a Trust with respect to establishment of Funded Group Gratuity (cash accumulation) Scheme through Life Insurance Corporation of India. Contribution is made to the said fund

based on actuarial valuation.

c) Other employee Benefits:

Further year-end liability of certain other employee benefits viz. benefits on account of LTA/LTC; Life Cover Scheme, Group Personal Accident Insurance Scheme and Settlement Allowance, Retired Executive Medical Benefit Scheme and compensation dependants of deceased in mine accidents, etc. are also valued on actuarial basis by applying projected unit credit method.

11.0 RECOGNITION OF INCOME AND EXPENDITURE

Income and Expenditure are generally recognised on accrual basis and provision is made for all known liabilities.

12.0 BORROWING COST

Borrowing cost directly attributable to the acquisition or construction of qualifying assets are capitalised. Other borrowing costs are recognised as expenses in the period in which they are incurred.

13.0 TAXATION:

Provision of current income tax is made in accordance with the Income Tax Act, 1961. Deferred tax liabilities and assets are recognised at substantively enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period.

14.0 PROVISION:

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the balance sheet date.

15.0 CONTINGENT LIABILITY:

15.1 Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise or a present obligation that arises from the past events but is not recognised because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations can not be made.

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

16.0 PRIOR PERIOD ADJUSTMENT

Income/ Expenditure items relating to prior period(s), which do not exceed Rs.0.5 million in each case, are treated as income/expenditure for the current year.

17.0 OVERBURDEN REMOVAL (OBR) EXPENSES:

In opencast mines with rated capacity of one million tonnes per annum and above, 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 after the mines are brought to revenue. Net of balances of advance stripping and ratio variance at the end of the year is shown as Cost of Removal of OB under the head Current Assets / Liabilities as the case may be.

The reported quantity of overburden as per our record is considered in calculating the ratio for OBR Accounting where the variance between reported quantity and measured quantity is within the lower of the two alternative permissible limits, as detailed hereunder:-

Annual Quantum of OBR of the Mine	Permissible limits of variance, whichever is less	
	%	Quantum (in Mill. Cu.Mtr.)
Less than 1 mill CUM	+/- 5%	0.03
Between 1 and 5 Mill CUM	+/- 3%	0.20
More than 5 Mill CUM	+/- 2%	-

However, where the variance is beyond the permissible limits as above, the measured quantity is considered.

COAL INDIA LIMITED (STANDALONE)

ANNEXURE-VI

Notes on Adjustments Made For Restated Financial Statement

1. Adjustments on changes in Accounting Policies and prior period items

(Rs. in Million)

	Quarter Ended	Year ended March, 31st				
	30.06.2010	2010	2009	2008	2007	2006
Profit after tax as per Audited Statements of Accounts (A)	31,692.95	37,799.16	32,953.81	24,537.98	28,212.92	17,116.68
Adjustments on account of :						
i) Changes in Accounting Policies: (B)						
Method of Providing Depreciation	-	-	0.40	2.33	(2.54)	(0.04)
Sub Total (B)	**-**	**-**	**0.40**	**2.33**	**(2.54)**	**(0.04)**
ii)Other Adjustments and Prior Period Items:						
Arrear of Salary & Wages	-	71.32	186.20	(117.46)	(140.06)	-
Prior Period Items	-	-	0.82	0.32	4.95	(7.36)
Sub Total (C)	**-**	**71.32**	**187.02**	**(117.14)**	**(135.11)**	**(7.36)**
Total Adjustments (B+C)	**-**	**71.32**	**187.42**	**(114.81)**	**(137.65)**	**(7.40)**
iii)Tax Adjustments :(D)						
Normal Tax impact of adjustments	-	(1,095.15)	1,964.53	679.68	(174.32)	1,559.37
Sub Total (D)	**-**	**(1,095.15)**	**1,964.53**	**679.68**	**(174.32)**	**1,559.37**
Total Adjustments (B+C+D)(E)	**-**	**(1,023.83)**	**2,151.95**	**564.87**	**(311.97)**	**1,551.97**
Net Adjusted Profits after Tax (A)+(E)	**31,692.95**	**36,775.33**	**35,105.76**	**25,102.85**	**27,900.95**	**18,668.65**

(Contd…)

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2. Notes on adjustments made for Restated Financial Statements

2.1 The prior period items in the Profit and Loss Account have been re-allocated to the respective years to which they relate.

2.2 Certain arrears of expenses shown in the year of incurrence earlier have now been taken to the respective years to which they relate.

2.3 The company has been providing depreciation on the fixed assets under Straight Line Method at the rates and manners prescribed in Sch-XIV of the Companies Act, 1956. However, in the financial years 2007-08 and 2008-09 respectively the company has changed the estimated useful life of certain Plant & Machinery based on technical evaluation. The consequential impact is lowering of the economic life than that was envisaged earlier. Depreciation has been recomputed and adjusted accordingly in the restated financial statements.

2.4 Arrears of expenses in respect of Salary and Wages paid to the executives and non-executives arising out of wage agreement under National Coal Agreement- VIII and pay revisions for the executives which was previously shown in the year of incurrence, have now been restated and taken into respective years to which they relate.

2.5 Provision for tax for earlier years have been bifurcated and considered under respective years.

2.6 The company has accounted for the deferred tax assets & liabilities for earlier years in terms of 'Accounting for Taxes on Income' (AS22) issued by the Institute of Chartered Accountants of India (ICAI). Current tax and Deferred tax impact of adjustments made have been computed on the profit arrived after making the adjustment and on the basis of rates applicable to respective years.

2.7 The Accounts for the years have been restated considering the Guidance Note "Reports in Company Prospectuses" issued by Institute of Chartered Accountants of India and other changes / adjustments referred to above. Effect of these changes has been shown as separate line items under para 1 referred above. Effect of changes for financial years prior to 2005-06 have been adjusted in Reserves & Surplus as on 31.03.2005 net of taxes including deferred tax relatable to financial years prior to 2005-06.

COAL INDIA LIMITED (STANDALONE)

Annexure-VII

Notes on adjustments not made for Restated Financial Statements

1. As per the Notification dated 26.11.2008 of Ministry of Heavy Industries and Public Enterprises, Govt. of India, while reviewing the pay scales of the employees of PSUs, inter-alia revised the ceiling of gratuity to Rs.1.00 million from Rs.0.35 million w.e.f. 01.07.2007. Accordingly, gratuity liability as per AS-15 has been accounted under Employees cost in the year 2008-09 and such amount has not been recast to the relevant earlier years as the same has not been ascertained.

2. Further arrear liability on account of Gratuity and other Employee Benefits arising out of revision of salary and wages for executives and non-executives in 2008-09 has been charged in the Accounts of 2008-09 and the restatement of same to respective years has not been made as the same has not been ascertained.

3. During the year 2008-09, the company had changed the policy in respect of Prospecting & Boring and other Development Expenditure that the cost of exploration and other development expenditure incurred in one 5 year plan period will be kept in Capital Work in Progress till the end of subsequent two 5 year plan periods for formulation of project beyond which it is to be written off except in the case of Blocks identified for sale off or proposed to be sold to outside agency. The adjustment on this account has not been carried out in the earlier year as information to that effect is not available. However, the impact of the same to Profit and Loss Account is not expected to be significant.

4. Transitional Provision: As required by AS-15 (Revised 2005) Employee Benefits issued by the Institute of Chartered Accountants of India, the difference between the transitional liability and the liability that would have been recognized at the same date, as per the pre revised AS-15, should be adjusted, against opening balances of revenue reserve and surplus. For compliance of the requirement of AS-15 (Revised 2005), the transitional provision has been shown accordingly.

COAL INDIA LIMITED (STANDALONE)

ANNEXURE- VIII

AUDITOR'S QUALIFICATIONS AND TREATMENT IN RESTATED FINANCIAL INFORMATION

SL No	Financial year Ended	Auditors Qualification	How dealt with in the restated financial information
1	31.03.2009 31.03.2008 31.03.2007 31.03.2006	Non provision for investments in, loans to and other receivables from two subsidiaries – namely, Bharat Coking Coal Limited and Eastern Coalfields Limited. as they have been declared sick under the Sick Industrial Companies (Special Provision) Act, 1985 and were referred to BIFR.	These two companies viz. BCCL& ECL are 100% subsidiaries of CIL and CIL is having long term interest in these investments. The diminution in the value of investments / loan and other current assets in these two subsidiaries are not permanent in nature and on implementation of schemes of BIFR; they are expected to turn around financially. In 2009-10, both these companies have registered profit. In view of above, no restatement for the above was made.
2	31.03.2009 31.03.2008	The provision against back filling is not based on any technical evaluation.	The provision for back filling was made on the basis of book estimates, where technical estimates could not be carried out. The amount of provisions on this account was not material also. Hence, no restatement was made on this account.
3	31.03.2008	Liability for some employee benefits viz. VRS (Non –Executives), Exgratia in lieu of Employment on death in harness for Employees, Exgratia payment to employees on death due to Mines Accident, Retirement Medical benefit etc. have not been valued on Actuarial basis. Pay revision impact in respect of Executives (from 1.1.2007) & Non – Executives (against NCWA – VIII from 1.7.2006) have not been considered for valuation of Actuarial liabilities of Employee benefits.	The liabilities of these employee benefits on actuarial basis were ascertained from 2008-09 and necessary accounting have been made from financial year 2008-09.

OTHER NOTES ON RESTATED ACCOUNTS (STANDALONE)

1. Fixed Assets

1.1 Title deeds for land acquired, in some cases, have not been executed in favour of the Company and mutations in certain cases are yet to be executed.

1.2 **Surveyed off Fixed Assets**

The items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realizable value and are shown separately in the financial statements. Accordingly assets that have been surveyed off are shown separately under the head " Surveyed off assets" under Fixed Assets Schedule.

1.2 Dankuni Coal Complex / Indian Institute of Coal Management :

A. Fixed Assets comprising Power Plant of Rs.606.47 Million and related building and other assets of Rs.365.22 Million, both at book value (WDV) as on 31.03.95, have been let out to South Eastern Coalfields Ltd. (for a lease rent of Rs.75.00 Million per annum) under cancellable operating lease agreement. Additions to these assets including transfer from CWIP from the day of letting out to 30.06.2010 are Rs.63.24 Million on value of plant and Rs.16.23 Million on value of building and other assets. The cumulative provision for depreciation upto 30.06.2010 stood at Rs. 1164.96 Million (Rs. 1159.04 Million upto 31.03.2010) (including depreciation charged for the year 2009-10 and Quarter ended 30.06.2010 of Rs.33.95 Million). The net W.D.V. of the leased assets as per books as on 30.06.2010 is Rs. 250.59 Million (Rs. 256.50 Million as on 31.03.2010).

B. Besides, Fixed Assets comprising of Plant & Machinery of Rs.21.90 Million and related building and other assets of Rs.162.54 Million, both at book value (WDV) as on 31.03.95 have been let out to Indian Institute of Coal Management, a registered society under Societies Registration Act, 1860 (for an annual lease rent of Rs.15.30 Million) under cancellable operating lease agreement.

   Additions to these assets from the day of letting out to 30.06.2010 are Rs.37.62 Million (Rs37.43 Million upto 31.03.2010) on value of Plant & Machinery and Rs.39.29 Million (Rs.39.20 Million upto 31.03.2010) on value of building and other assets. The cumulative provision for depreciation upto 30.06.2010 stood at Rs. 116.67 Million (Rs.115.07 Million upto 31.03.2010) (including depreciation charged for the year 2009-10 and quarter ending 30.06.2010 of Rs.8.23 Million). The net W.D.V. of the leased assets as per books as on 30.06.2010 is Rs. 157.39 Million (Rs. 158.71 Million as on 31.03.2010).

1.3 Land in possession of North Eastern Coalfields, Assam includes 8,069.70 hectare of leasehold land for which no value has been shown in the Balance Sheet.

2. Investment:

Investment in ECL and BCCL

Investment of the Company, in share capital of Bharat Coking Coal Ltd. (BCCL) and Eastern Coalfields Ltd. (ECL), which are long term in nature, amounted to Rs.21,180.00 Million and Rs.22,184.50 Million respectively as on 30.06.2010. ECL and BCCL have become sick and are referred to BIFR under Sick Industrial Companies (Special Provisions) Act, 1985. The revival plan of both ECL & BCCL has already been approved by BIFR and thereafter vetted by the concerned Ministry.

The implementation of these revival schemes will substantially improve the financial positions of these companies.

In view of the above the decline in the value of investments, if any, is temporary in nature, and hence, are valued at cost. On the same analogy i.e. these subsidiaries on the above stated grounds

will turn into viable companies; no provision on the loans outstanding from these subsidiaries are considered.

3. Inventories

Provision for Rs.17.75 Million has been kept in the accounts for unserviceable or obsolete spares, which is considered adequate.

4. Sundry Debtors

At the year-end, outstanding sundry debtors are evaluated by the management on the basis of merits in each case as to their realisibility and based on such evaluation; provision for doubtful debts is made in the accounts.

Provision for Bad & Doubtful Debts amounting to Rs.107.66 Million is considered adequate.

5. Investment

5.1 Investment in Special Purpose Vehicle

CIL has entered into a Memorandum of Understanding (vide approval from its Board in 237th meets held on 24th November, 2007) regarding formation of Special Purpose Vehicle (SPV) through joint venture involving Coal India Limited, Steel Authority of India Limited, Rashtriya Ispat Nigam Limited, National Thermal Power Corporation & National Mineral Development Corporation for acquisition of coal properties abroad. The formation of the SPV had been approved by the Cabinet, Govt. of India; vide its approval dated 8th November 2007.

The aforesaid SPV viz. International Coal Ventures Pvt. Ltd. has been formed by incorporation under Companies Act, 1956 on 20th May, 2009 with an authorised capital of Rs.10.00 Million and Paid up Capital of Rs.7.00 Million. Out of above Paid up Capital, Coal India Ltd. is owning 2/7th share i.e. worth Rs.2.00 Million equity shares.

5.2 Investment in Subsidiary (Overseas)

Coal India Ltd. in 2009-10 has formed a 100% owned subsidiary in Republic of Mozambique, named "Coal India Africana Limitada". The initial paid up capital on such formation (known as "Quota Capital") was Rs.0.05 Million (USD 1000).

6. Loans & Advances

6.1 The fund available with the Company against Cash, Bank Balances, Road Coupons etc. taken over by the Company from the Management period of non-coking coal mines i.e. on 01.05.1973 has been adjusted against the deposit made by the Company on behalf of the Govt of India to Commissioner of Payments on account of surplus of the Management Period in respect of such non coking coal mines.

6.2 Claims receivable include Rs.19.40 Million due from Railways for missing/diversion of wagons etc.

6.3 Funding of Exploration Services provided by Central Mine Planning & Design Institute Ltd. under Eastern Coalfields Ltd. command area:-

The expenditure incurred for carrying out exploratory drilling in blocks under Eastern Coalfields Ltd. command area by CMPDIL as per the approved Annual Action Plan of Coal India Ltd. and its subsidiaries, in view of critically weak financials of Eastern Coalfields Ltd., now under BIFR, shall initially be borne by Coal India Ltd. and accounted for suitably in Coal India Ltd.'s books for recovery thereof only when mining activities in that block is projectised and implemented. Such expenses on exploratory drilling in blocks under command area of Eastern Coalfields Ltd. is to be funded by Coal India Ltd. and awaiting adjustments shall continue to reflect in Coal India Ltd.'s book for 5 years since they were incurred and accounted for and thereafter if remains unresolved/unadjusted for want of projectisation of mining activities, such unadjusted amounts shall be written off in the books of Coal India Ltd.

The total amount on this account upto 30.06.2010 stood at Rs. 628.83 Million (Rs. 558.75 Million upto 31.03.2010). As an abundant precaution the same has been fully provided.

Further, considering the expiry of five years from the date of incurring and accounting of such expenses for which full provision exists, the same is written off.

7. Secured Loans - Cash Credit

Pending finalisation of formalities for transfer of assets and liabilities of erstwhile CMAL and its divisions, now Coal India Ltd, the bank borrowings of Coal India Ltd. has been secured by creating charge against stock of Coal, stock of stores and spare parts and book debts and other assets of C.I.L. and its Subsidiary Companies.
The total working capital credit limit available to CIL as on 30-06-2010 is Rs.5,500.00 Million, out of which fund based limit is Rs.2,500.00 Million. The balance Rs.3,000.00 Million limit is non-fund based and Coal India Limited is contingently liable to the extent such facility is actually utilised by the subsidiaries.

8. Current Liabilities & Provisions.

8.1 The provisions made in the Accounts against slow moving/non-moving and obsolete stores, claims receivable, advance, doubtful debts etc. are considered adequate to cover possible losses.

8.2 The balances of the current account with the Subsidiaries are reconciled on a continuous basis.

8.3 Current Account balance with Indian Institute of Coal Management (IICM) (in Current Liabilities & Provisions Schedule of Balance Sheet) represents the fund accumulated by receiving Re.0.50 per tonne of productions of Subsidiaries, net of expenditure made / Fund remitted on behalf of IICM.

8.4 The disclosures as per actuary's certificate for employee benefits for gratuity and leave encashment (as at 30.06.2010 & 31.03.2010) are given below: -

ACTUARIAL VALUATION OF GRATUITY LIABILITY
AS AT 31-03-2010 & 30-06-2010

CERTIFICATES AS PER ACCOUNTING STANDARD 15 (Revised 2005)

Rs. in Million

Table 1 : Disclosure Item 120 (C)		
Table showing changes in Present Value of obligations	**As at**	**As at**
Present Value of obligations at beginning of the year	1,211.28	1,098.80
Acquisition Adjustment	0	0
Interest Cost	23.62	83.89
Past Service Cost	0	0
Current Service Cost	12.44	50.79
Curtailment Cost	0	0
Settlement Cost	0	0
Benefits Paid	60.82	100.46

Benefits Paid	60.82	100.46
Actuarial Gain / Loss on obligations	(16.89)	78.28
Present Value of Obligation at the end of year	**1,169.64**	**1,211.30**

Rs. in Million

Table 2: Disclosure Item 120 (e)	**As at 30.06.2010**	**As at 31.03.2010**
Table showing changes in Fare Value of Plan Assets		
Fair Value of Plan Asset at Beginning of the year	**1178.81**	**673.83**
Acquisition Adjustment	0	0
Expected Return on Plan Asset	23.58	53.91
Contributions	0	504.98
Benefits Paid	60.82	100.46
Actuarial gain/loss on Plan Asset	65.01	46.56
Fair Value of Plan Asset at end of year	**1206.58**	**1,178.82**

Rs. in Million

Table 3: Disclosure Item 120 (f)	**As at 30.06.2010**	**As at 31.03.2010**
Table showing Funded Status		
Present Value of Obligation at end of the year	1,169.64	1,211.28
Fair Value of Plan Asset at end of the year	1,206.58	1,178.81
Funded Status	36.94	-32.48
Unrecognized actuarial gain/loss at end of the year	0	0
Net Asset (Liability) recognized in Balance Sheet	36.94	-32.48

Rs. in Million

Table 4: Disclosure Item 120 (g)		
Table showing Expense Recognized	**As at**	**As at**
in statement of Profit/Loss		
Current Service Cost	12.44.	50.79

Current Service Cost	12.44.	50.79
Past Service Cost	0	0
Interest Cost	23.62	83.88
Expected Return on Plan Asset	23.58	53.90
Curtailment Cost	0	0
Settlement Cost	0	0
Actuarial gain/ loss recognized in the year	(81.90)	31.72
Expense Recognised in Statement of Profit/Loss	**(69.42)**	**112.49**

Table 7: DISCLOSURE ITEM 120 (l)

Table Showing Actuarial Assumptions:

		As at 31-03-2010 & 30-06-2010
Mortality Table	:	LICI 1994 – 1996
Superannuating Age	:	60
Early Retirement & Disablement	:	10 PER THOUSAND P.A.
	:	6 above age 45
	:	3 between 29 and 45
	:	1 below age 29
Discount Rate	:	8.00
Inflation Rate	:	6.50
Return on Asset	:	8.00
Remaining Working Life	:	9
FORMULA USED	:	PROJECTED UNIT CREDIT METHOD

Table 8: DISCLOSURE ITEM 120(m)

Not applicable as Scheme is not related to Medical cost

Table 9: DISCLOSURE ITEM 120(n)

Summary of last 4 Valuation Record Company to produce.

Table 10: DISCLOSURE ITEM 120(p)

Movements in the Liability Recognised in Balance Sheet:

Rs. in Million

	As at 30-06-2010	As at 31-03-2010
Opening Net Liability	32.48	424.96
Expenses as above	(69.42)	112.49
Contributions	0.00	504.98
Closing Net Liability	(36.94)	32.47
---	---	---
Closing Fund / Provision at end of the Year	1,169.64	1,211.28

ACTUARIAL VALUATION OF LEAVE ENCASHMENT BENEFIT
(EL/ HPL) AS AT 31-03-2010

CERTIFICATES AS PER ACCOUNTING STANDARD 15 (Revised 2005)

Rs. in Million

Table 1: Disclosure Item 120 (C)	**As at 30.06.2010**	**As at 31.03.2010**
Table showing changes in Present Value of obligations		
Present Value of obligation at beginning of the year	**331.40**	**296.90**
Acquisition Adjustment	0	0
Interest Cost	6.57	22.83
Past Service Cost	0	0
Current Service Cost	33.24	38.73
Curtailment Cost	0	0
Settlement Cost	0	0
Benefits Paid	6.01	23.02
Actuarial Gain / Loss on obligations	-20.85	- 4.04
Present Value of Obligation at the end of the year	**344.35**	**331.40**

Table 2: DISCLOSURE ITEM 120(e)

Table Showing Changes in Fair Value of Plan Assets:

Not applicable as Scheme is unfunded

Table 3: DISCLOSURE ITEM 120(f)

Table Showing Funded Status

Not applicable as Scheme is unfunded

Rs. in Million

Table 4: Disclosure Item 120 (g)		
Table showing Expense Recognized in statement of Profit/Loss	**As at**	**As at**
Current Service Cost	33.24	38.73
Past Service Cost	0	0
Interest Cost	6.57	22.83
Expected Return on Plan Asset	0	0

Curtailment Cost	0	0
Settlement Cost	0	0
Actuarial gain/loss recognized in the year	-20.85	- 4.04
Expenses Recognized in Statement of Profit/Loss	**18.96**	**57.52**

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

		As at 31-03-2010 & 30-06-2010
Mortality Table	:	LICI 1994 – 1996
Superannuation Age	:	60
Early Retirement & Disablement	:	10 PER THOUSAND P.A.
	:	6 above age 45
	:	3 between 29 and 45
	:	1 below age 29
Discount Rate	:	8.0
Inflation Rate	:	6.0
Return on Asset	:	0.0
Remaining Working Life	:	9
FORMULA USED	:	PROJECTED UNIT CREDIT METHOD

Table 10: DISCLOSURE ITEM 120(p)
Movements in the Liability Rcognised in Balance Sheet

	As at 31-03-2010
Opening Net Liability	0
Expenses as above	57.52
Contributions	0
Closing Net Liability	57.52
---	---
Closing Fund / Provision at end of the Year	331.40

NOTE TO APPENDIX B OF AS15 (REVISED 2005)

AS THE SCHEME IS UNFUNDED CHARGES TO PROFIT / LOSS ACCOUNT HAS BEEN BASED ON FOLLOWING ASSUMPTIONS: -

(1) PREVIOUS OBLIGATION WAS PROVIDED FOR AT LAST ACCOUNTING DATE
(2) BENEFIT TO EXITS HAS BEEN PAID TO DEBIT OF ABOVE PROVISION
(3) CURRENT OBLIGATION WILL BE PROVIDED FOR AT CURRENT ACCOUNTING DATE

9. There is no reported Micro, Small and Medium Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006", to whom the Company owes dues.

10. Profit & Loss Account

10.1 Recognition of Revenue in year's Accounts in respect of interest and apex charges receivable from Bharat Coking Coal Ltd., a sick subsidiary has been deferred following the provision of Accounting Standard-9 issued by ICAI on "Revenue Recognition". Such non-recognition was as follows:

Figures in Rs. Million

Period	Interest	Apex Charge
Quarter ended 30.06.2010	108.99	34.82
2009-10	533.46	137.57
2008-09	702.46	125.57
2007-08	846.42	127.50
2006-07	681.18	121.00
2005-06	1,001.15	116.50

10.2 The final dividend for the fiscal 2009-10 received during the three months period ending 30.06.2010 from the subsidiaries namely NCL, MCL, CCL, WCL and SECL amounting to Rs. 31370.49 Million has been accounted for as income for the period.

10.3 Depreciation includes the amount charged on account of amortisation of cost of Leasehold Land.

10.4 During the period, liability for payment of pension under new schemes for executives (Company's contribution) viz. @3% and @6.84% effective from 01.07.2007 (date from which salary for executives were revised), have been accounted for. Further provision for Performance Related Pay for executives for 2007-08, 08-09,09-10 & 2010-11 has also been accounted for.

10.5 As per CSR Policy of the Company a reserve equivalent to 2.5% of the retained profit of previous year has been created for funding CSR activities.

10.6 **Related party disclosure**

Key management person

Mr. Partha S. Bhattacharyya

Relationship with the Company – Chairman

Nature of transactions / Remunerations: -

Salary : Rs.2.00 Million

Contribution to PF & other funds : Rs. 0.16 Million

Medical Benefits : Rs. 0.02 Million

11 Interest:

Interest on the loans owed by subsidiary companies to Coal India Ltd. has been charged on the opening balance of the loan in their books at rates determined in consideration of the provisions contained in the loan agreement. No interest has been charged for the three months ending 30.06.2010 as CCL and CMPDIL have repaid the loan.

12 Foreign Currency Loan:

12.1 The foreign currency loans drawn from International Bank for Reconstruction and Development and Japan Bank of International Cooperation Banks on account of Coal Sector Rehabilitation Project to be implemented in various subsidiaries has been shown under the head Unsecured Loan.

In terms of the agreement with International Bank for Reconstruction and Development and Japan Bank of International Cooperation Banks, Coal India Ltd. has entered into back to back loan agreements with its participating Subsidiaries and loans including effect of exchange rate variation thereon have been shown under "Loans to Subsidiaries" and all other financial charges viz. Interest, Commitment Charges etc. and interest earned are transferred through "Current Account with Subsidiaries".

12.2 Borrowing and other Costs (including exchange difference) in respect of foreign currency loans obtained for Subsidiary companies have been recovered from the respective Subsidiary companies. The Company has entered into swap transactions against a portion of above stated borrowing and interest thereon. Gains/Losses arising out of swap transactions are being carried as reserve for Foreign Exchange Transactions. Net result of the said swap transactions will be recovered / paid to Subsidiary companies upon completion of repayment of foreign currency loans .

13 Others

13.1 In the opinion of the Management Current assets, Loans and Advances, Sundry Debtors etc. have realisable value in the course of business at least equal to the net amount at which they are stated.

13.2 Other liability includes the amount deducted from employees / recovered from Subsidiaries towards Natural Calamity Fund. Such deduction / recovery upto 30.06.2010 remaining unutilised till 30.06.2010 stood at Rs. 43.87 Million (Rs. 42.99 Million upto 31.03.2010).

13.3 Interest has been paid on Surplus Fund parked by Northern Coalfields Ltd., Mahanadi Coalfields Ltd., Western Coalfields Ltd., Central Coalfields Ltd. and South Eastern Coalfields Ltd. except on fund earmarked as interest free.

13.4 In absence of balance confirmation from some parties, the Sundry Debtors, Creditors, Loans & Advances and Deposits have been taken in the Accounts as per their book value.

13.5 As per existing practice, goods purchased by Coal India Ltd. on behalf of Subsidiaries are accounted for in the books of the Subsidiary Companies.

a) Interest on advance to employees e.g. House Building, Purchase of Vehicle etc., are generally accounted for on realisation after recovery of principal.

b) Insurance and escalation claims are accounted for on the basis of admission/final settlement.

13.6 The Company is having a deferred tax asset on the basis of calculation as per Accounting for Taxes on Income (AS-22), issued by Institute of Chartered Accountants of India. Since as per existing provisions of tax laws the dividend received from subsidiaries, which accounts for the income of Coal India Ltd, is tax-free w.e.f. Financial year 2003-04 and since without considering such dividend there is no virtual certainty of future taxable income, as a prudent practice no deferred tax asset is recognised in the Accounts in keeping with the provisions of AS-22, Accounting for taxes on income.

Further dividend to GOI has been paid out of dividend received from subsidiary companies of CIL, on which Dividend Distribution Tax has been paid by the respective subsidiaries. No further tax on dividend to GOI has been considered as per the provision of Income Tax Act, 1961.

13.7 Shifting and Rehabilitation Fund (Schedule-C) shown in the Balance Sheet represents the fund set-up for "Implementation of action plan for Shifting & Rehabilitation dealing with Fire & Stabilisation on Unstable Areas of Eastern Coalfields Ltd. & Bharat Coking Coal Ltd.". The above fund is invested in Fixed Deposit and any interest income arising thereon (net of TDS) is also transferred to the said Fund.

13.8 On the basis of uniform guideline, adopted for the Coal Companies to provide @Rs.75,000/- per Ha for each Technical and Biological reclamation. (on total area requiring reclamation) where CMPDI estimate is not available, a provision of equivalent amount has been made in the year's account.

COAL INDIA LIMITED (STANDALONE)

ANNEXURE-X

Statement of Employee Benefits

The Company has adopted AS 15 (Revised 2005) for Employee Benefits issued by ICAI as against erstwhile AS 15. Consequent to the adoption, the following disclosures related to accounting, etc. are made as far as practicable under AS 15 (Revised 2005) requirement. The valuation of year-end liability is made on actuarial basis.

Defined Contribution Plans

The Company's contribution to Provident Fund for employees and executives (which includes amount towards pension fund) is Rs.47.33 Million for the year ended 30.06.2010.

Defined Benefit Plans:

The various benefit plans which are in operation are gratuity fund, pension fund, life cover scheme, settlement allowance, group personal accident insurance scheme, leave travel concession, medical benefit for retired executives, compensation to dependents in case of mine accidental death etc.

The closing liability (based on valuation made by the Actuary) provided on above employee benefits upto 30.06.2010 stood as below:

Rs. in Million

Head	Closing Actuarial Liability as on 31.03.10
Gratuity	1,169.64
Earned Leave	249.80
Half Pay Leave	94.55
Life Cover Scheme	5.95
Settlement Allowance	1.00
Gross Personal Accident Insurance Scheme	0.29
Leave Travel Concession	24.68
Medical Benefits	47.79
Compensation to dependants incase of mine accidental death	19.08
Total	**1,612.78**

COAL INDIA LIMITED (STANDALONE)

ANNEXURE-XI

Statement of Related Party Transactions

There were no related party transaction involved in the transactions undertaken by the company, except those between the company (which itself is a state controlled enterprise) and other state controlled enterprises which as per provisions of Accounting Standard-18 (Related Party Disclosures) does not require any separate disclosure.

However, the disclosure regarding the Key Managerial Personal are given below:

DIRECTORS' REMUNERATION FOR THE F. Y. 2009-10:

For Whole time Directors :

(Rs in Million)

Sl. No.	Name & Designation	Salaries(Rs.)						Company's.'s contribution to PF & Other Funds.(Rs.)						Medical Benefits(Rs.)					
		30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006	30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006	30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
1	Shri Partha S. Bhattacharyya, Chairman	1.70	2.00	1.16	0.61	0.61	-	0.16	0.16	0.11	0.08	0.07		0.01	0.02	0.01	0.01	-	
2	Shri Sashi Kumar, Chairman	-	-	-	0.26	0.33	0.59	-	-	-	0.03	0.04	0.07	-	-	-	-	-	0.03
3	Shri S. Bhattacharya, Director(F)	-	1.88	1.17	0.71	0.62		-	0.23	0.11	0.08	0.06		-	0.07	0.02	0.02	0.01	-
4	Dr. Asok Kumar Sarkar, Director(Mktg.)	1.15	1.83	-	-	-		0.11	0.14	-	-	-		-	0.01	-	-	-	-
5	Shri Nirmal Ch. Jha, Director(T)	1.31	1.92	1.05	0.61	0.55	-	0.14	0.15	0.10	0.08	0.07		0.02	0.07	0.06	0.04	-	-
6	Shri R. Mohan Das, Director(P)	1.25	2.02	1.00	0.48	-	-	0.14	0.27	0.17	0.06	-	-	0.02	0.07	0.10	0.02	-	-
7	Shri K.Ranganath, Director(Mktg.)	-	-	0.25	0.65	0.56	0.50	-	-	0.02	0.08	0.07	0.06	-	-	-	0.01	0.01	-
8	Md. Salimuddin, Director(P)	-	-	-	0.86	0.56	0.56	-	-	-	0.10	0.07	0.07	-	-	-	0.03	0.37	0.05
9	Shri Laksman Jha, Director(T)	-	-	-	0.26	0.58	0.55	-	-	-	0.03	0.07	0.06	-	-	-	-	0.15	0.07
10	Shri D.K. Verma, Director(F)	-	-	-	-	-	0.67	-	-	-	-	-	0.07	-	-	-	-	-	0.01
11	Shri A.K. Sinha Director(F)	1.07	-	-	-	-	-	0.10	-	-	-	-	-	0.01	-	-	-	-	-
	T O T A L :	**6.48**	**9.66**	**4.63**	**4.44**	**3.81**	**2.87**	**0.65**	**0.95**	**0.51**	**0.54**	**0.45**	**0.33**	**0.06**	**0.24**	**0.19**	**0.13**	**0.54**	**0.16**

COAL INDIA LIMITED (STANDALONE)

ANNEXURE-XII

Statement of Segment Reporting

The Company is primarily engaged in a single segment business of production and sale of Coal. However, there is significant income from dividend from Subsidiaries also. The details are given below:

(Rs. in Million)

Description	Coal Mining						Other Incidental Activities						Consolidation					
	30.06.2010	2009-10	2008-09	2007-08	2006-07	2005-06	30.06.2010	2009-10	2008-09	2007-08	2006-07	2005-06	30.06.2010	2009-10	2008-09	2007-08	2006-07	2005-06
Revenue																		
External Sales	600.58	4,031.82	2,843.93	2,354.63	2,438.02	2,316.98	-	-	-	-	-	-	600.58	4,031.82	2,843.93	2,354.63	2,438.02	2,316.98
Dividend Income	-	-	-	-	-	-	31,370.49	33,673.58	33,297.41	23,782.74	26,290.79	17,350.59	31,370.49	33,673.58	33,297.41	23,782.74	26,290.79	17,350.59
Total Revenue	**600.58**	**4,031.82**	**2,843.93**	**2,354.63**	**2,438.02**	**2,316.98**	**31,370.49**	**33,673.58**	**33,297.41**	**23,782.74**	**26,290.79**	**17,350.59**	**31,971.07**	**37,705.40**	**36,141.34**	**26,137.37**	**28,728.81**	**19,667.57**
Segment Result	132.85	1,763.32	329.40	(403.30)	103.14	111.18	31,370.49	33,673.58	33,297.41	23,782.74	26,290.79	17,350.59	31,503.34	35,436.90	33,626.81	23,379.44	26,393.93	17,461.77
Add: Grant to past losses	-	-	54.33	551.40	-	-	-	-	-	-	-	-	-	-	54.33	551.40	-	-
Net Segment Result	132.85	1,763.32	383.73	148.10	103.14	111.18	31,370.49	33,673.58	33,297.41	23,782.74	26,290.79	17,350.59	31,503.34	35,436.90	33,681.14	23,930.84	26,393.93	17,461.77
Unallocated Income/Exp (Net)	-	-	-	-	-	-	-	-	-	-	-	-	(159.99)	(219.07)	73.22	565.32	1,126.82	1,006.73
Operating Profit	-	-	-	-	-	-	-	-	-	-	-	-	31,343.35	35,217.84	33,959.08	24,625.41	27,458.93	18,465.52
Interest Income	3.02	13.84	-	-	-	-	646.58	3,472.33	-	-	-	-	649.60	3,486.17	2,805.17	1,685.56	1,051.82	1,319.68
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	(300.00)	(1,928.68)	(1,658.50)	(1,208.10)	(609.81)	(1,116.53)
Profit from Ordinary Activities	3.02	13.84	-	-	-	-	646.58	3,472.33	-	-	-	-	31,692.95	36,775.33	35,105.75	25,102.86	27,900.94	18,668.67
Other Information																		
Segment Assets	2,328.54	2,422.55	1,757.23	1,401.59	1,543.03	1,630.54	-	-	-	-	-	-	2,328.54	2,422.55	1,757.23	1,401.59	1,543.03	1,630.54
Unallocated Corporate Assets	-	-	-	-	-	-	203,809.96	176,787.94	160,344.24	134,650.74	127,731.76	118,623.28	203,809.96	176,787.94	160,344.24	134,650.74	127,731.76	118,623.28
Total Assets	2,328.54	2,422.55	1,757.23	1,401.59	1,543.03	1,630.54	203,809.96	176,787.94	160,344.24	134,650.74	127,731.76	118,623.28	206,138.50	179,210.49	162,101.47	136,052.33	129,274.79	120,253.82
Segment Liabilities	2,435.23	2,767.77	2,459.97	1,955.43	1,561.66	1,614.57	-	-	-	-	-	-	2,435.23	2,767.77	2,459.97	1,955.43	1,561.66	1,614.57
Unallocated Liabilities	-	-	-	-	-	-	45,707.21	51,661.49	48,817.68	46,931.60	46,976.02	48,330.16	45,707.21	51,661.49	48,817.68	46,931.60	46,976.02	48,330.16
Total Liabilities	2,435.23	2,767.77	2,459.97	1,955.43	1,561.66	1,614.57	45,707.21	51,661.49	48,817.68	46,931.60	46,976.02	48,330.16	48,142.44	54,429.26	51,277.65	48,887.03	48,537.68	49,944.73
Segment Capital Expenditure	6.67	158.97	27.71	18.63	9.26	21.11	-	-	-	-	-	-	6.67	158.97	27.71	18.63	9.26	21.11
Unallocated Capital Expenditure	-	-	-	-	-	-	7.23	45.37	128.98	28.15	4.28	8.02	7.23	45.37	128.98	28.15	4.28	8.02
Capital Expenditure	6.67	158.97	27.71	18.63	9.26	21.11	7.23	45.37	128.98	28.15	4.28	8.02	13.90	204.34	156.69	46.78	13.54	29.13
Depreciation (Including provision	1,000.28	996.96	982.33	955.18	901.53	871.90	-	-	-	-	-	-	1,000.28	996.96	982.33	955.18	901.53	871.90
Unallocated Depreciation (Including Other provisions)		-	-	-	-	-	1,849.25	1,839.05	1,760.95	1,710.27	1,686.02	1,606.60	1,849.25	1,839.05	1,760.95	1,710.27	1,686.02	1,606.60
Total Depreciation (Including provision for impairment)	1,000.28	996.96	982.33	955.18	901.53	871.90	1,849.25	1,839.05	1,760.95	1,710.27	1,686.02	1,606.60	2,849.53	2,836.01	2,743.28	2,665.45	2,587.55	2,478.50

COAL INDIA LIMITED (STANDALONE)

ANNEXURE-XIII

Statement of Dividend Paid/ Proposed

(Rs in Million)

	Quarter Ended	Year ended March, 31st				
	30.06.2010	2010	2009	2008	2007	2006
Equity Share Capital	63,163.64	63,163.64	63,163.64	63,163.64	63,163.64	63,163.64
Face Value per share (Rs.) (Note 1)	10.00	10.00	10.00	10.00	10.00	10.00
Number of Shares (units) (Note 1)	6,316,364,400	6,316,364,400	6,316,364,400	6,316,364,400	6,316,364,400	6,316,364,400
Rate of Dividend (%)						
Interim (Note 3)	0.00	35.00	27.00	27.00	23.75	20.00
Amount of Dividend						
Interim (Note 3)	0.00	22,100.00	17,054.20	17,054.20	15,000.00	12,632.73
Corporate Dividend Tax	-	-	-	2,898.36	2,103.75	1,771.74

Notes:

1) Equity Shares were split from Rs. 1000 per share as face value to Rs. 10 per share from 2009-10. While showing the data for 2005-06 to 2008-09 in above statements, face value has been considered as Rs 10 per share uniformly. The number of shares has been adjusted accordingly to reflect a face value of Rs.10 per share.

2) Since CIL paid dividend to Governmet of India out of dividend received from its subsidiaries only, on which the subsidiaries have paid dividend tax , the same as per amended Income Tax Act from 2009 fiscal does not further attract any dividend tax liability, while making payment of dividend to Govt. of India.

3) There were no further dividend paid as final dividend over and above interim dividend in fiscal 2006 to 2010.

COAL INDIA LIMITED (STANDALONE)

ANNEXURE-XIV

Statement of Capitalization AS ON 30.06.2010

(Rs in Million)

	Pre-Issue as at 30.06.2010	**Post Issue ***
Debt:		
Short Term Debt	-	-
Long Term Debt	15,192.66	15,192.66
Total	**15,192.66**	**15,192.66**
Shareholders' Funds		
Share Capital	63,163.64	63,163.64
Reserves and surplus	124,362.28	124,362.28
Total Shareholders' Funds	**187,525.92**	**187,525.92**
Debt/Equity Ratio	0.08	0.08
Long Term Debt /Equity	0.08	0.08

Notes:

1. *As the IPO is only Offer for Sale by Government of India, there would be no change in Debt and Shareholders Funds Post Issue
2. The above has been computed on basis of the restated financial statements of the company
3. Long term debt includes loan repayable within 1 year amounting to Rs.1787.18 Million

COAL INDIA LIMITED (STANDALONE)

ANNEXURE-XV

Statement of Accounting Ratios of The Company

(Rs in Million)

	Quarter Ended	Year ended March 31st				
	30.06.2010	2010	2009	2008	2007	2006
Restated Profit after Tax and Before Extra Ordinary Items	31,692.95	36,775.33	35,053.81	24,576.07	27,900.95	18,668.65
Extra Ordinary Items(Net of Taxes)	-	-	51.95	526.78	-	-
Restated Profit after Tax and After Extra Ordinary Items	31,692.95	36,775.33	35,105.76	25,102.85	27,900.95	18,668.65
Net Worth	187,525.92	155,832.96	141,157.65	123,106.09	117,972.64	107,175.43
No of Equity shares outstanding at the end of the year (units)	6,316,364,400	6,316,364,400	6,316,364,400	6,316,364,400	6,316,364,400	6,316,364,400
Earning Per Share Before extra ordinary items (Rs)	5.02	5.82	5.55	3.89	4.42	2.96
Earning Per Share After extra ordinary items (Rs)	5.02	5.82	5.56	3.97	4.42	2.96
Diluted Earning Per Share Before extra ordinary items (Rs)	5.02	5.82	5.55	3.89	4.42	2.96
Diluted Earning Per Share After extra ordinary items (Rs)	5.02	5.82	5.56	3.97	4.42	2.96
Return on Net Worth(%)	16.90%	23.60%	24.87%	20.39%	23.65%	17.42%
Net Asset Value/Shares (Rs.)	29.69	24.67	22.35	19.49	18.68	16.97

Formula:

Earning Per Share Before extra ordinary items (Rs) = $\frac{\text{Restated Profit after Tax and Before Extra Ordinary Items}}{\text{No. of equity Shares}}$

Earning Per Share After extra ordinary items (Rs) = $\frac{\text{Restated Profit after Tax and After Extra Ordinary Items}}{\text{No. of equity Shares}}$

Return on Net Worth = $\frac{\text{Restated Profit after tax X 100}}{\text{Net Worth}}$

Net Asset Value Per Share (Rs.) = $\frac{\text{Net Worth}}{\text{No. of Equity Shares}}$

Notes:

1. The Earning Per share is calculated in accordance with "Earning Per Share"(AS-20) issued by ICAI
2. Net worth means Equity share Capital + Reserves and Surplus- Miscelleneous Expenditure to the extent not written off
3. Ratios have been computed/ adjusted on the basis of adjusted Profit/Loss for the respective years
4. No dilution of equity in any of the period / years referred above.
5. Equity Shares were split from Rs. 1000 per share as face value to Rs. 10 per share from 2009-10. While showing the data for 2005-06 to 2008-09 in above statements, face value has been considered as Rs 10 per share uniformly. The number of shares has been adjusted accordingly to reflect a face value of Rs.10 per share.

COAL INDIA LIMITED (STANDALONE)

ANNEXURE-XVI

Statement of Tax Shelter of The Company

Rs. in Million

PARTICULARS	30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Profit before Tax as per Audited accounts	31,992.95	38,704.01	36,576.83	26,425.76	28,648.41	19,792.58
Adjustments	-	71.32	187.42	(114.81)	(137.65)	(7.40)
Restated Profit Before Tax (A)	**31,992.95**	**38,775.33**	**36,764.25**	**26,310.95**	**28,510.76**	**19,785.18**
Applicable tax rate %	33.22	33.99	33.99	33.99	11.22	8.42
Tax on Restated Profit	**10,628.06**	**13,179.73**	**12,496.17**	**8,943.09**	**3,198.91**	**1,664.92**
Adjustments						
Permanent Differences (B)						
Dividend Income	(31,370.49)	(33,673.58)	(33,297.41)	(23,782.74)	(26,290.79)	(17,350.59)
Income from sale of Assets	-	-	-	(0.79)	-	-
Perquisite tax paid by the company	-	0.01	7.20	1.42	-	-
Donation	0.27	0.28	0.18	0.15	-	-
Total Permanent Differences (B)	**(31,370.22)**	**(33,673.29)**	**(33,290.03)**	**(23,781.96)**	**(26,290.79)**	**(17,350.59)**
Timing Differences (C)						
Difference between tax depreciation and book depreciation	(0.48)	21.90	12.47	25.28	-	-
Difference of gratuity provision and payment of gratuity	(41.65)	112.49	-	(443.04)	-	-
Difference of leave encashment provision and payment provision	12.95	35.51	-	-	-	-
Deffered Installments of Voluntary retirement scheme u/s 35DDA	-	-	(16.29)	(28.18)	-	-
Provision of doubtful debts, Claims ,Advances, land reclamation e.t.c (Net off return back)	257.06	252.74	66.74	222.26	-	-
Disallowances/Allowances u/s 43 B	-	-	133.39	40.36	-	-
Amount Inadmissable/Admissable u/s 40(a) (ia)	-	-	-	(1.08)	-	-
Salary And Wages	-	(71.32)	(186.44)	117.46	140.06	3.24
Other adjustments	-	21.46	-	8.83	(2.41)	4.16
Other Provisions and Payment to Tax authorities	-	-	-	(16.84)	(26.04)	(10.00)
Total Timing Differences (C)	**227.88**	**372.78**	**9.87**	**(74.95)**	**111.61**	**(2.60)**
Net Adjustments: D(B+C)	**(31,142.34)**	(33,300.51)	(33,280.16)	(23,856.91)	(26,179.18)	(17,353.19)
Tax (Saving)/Outgo thereon (E) (D*Tax Rate)	(10,345.49)	(11,318.84)	(11,311.93)	(8,108.96)	(2,937.30)	(1,460.27)
Taxable Income from Business F(A+D)	**850.61**	**5,474.82**	**3,484.09**	**2,454.04**	**2,331.58**	**2,432.00**
Total Taxable Income as per Return of Income	850.61	5,474.82	3,484.09	2,454.04	2,331.58	2,432.00
Tax on Business Income	**282.57**	**1,860.89**	**1,184.24**	**834.13**	**261.60**	**204.65**
Total Tax as per Return of Income	**282.57**	**1,860.89**	**1,184.24**	**834.13**	**261.60**	**204.65**

COAL INDIA LIMITED (STANDALONE)

ANNEXURE-XVII

Statement of Financial Indebtness

A. SECURED LOANS

Rs in Million

Sl. No	Lender	Facility	Amount (Rs in Million) outstanding as of 30.06.10	Interest Rate	Security
	Total		**Nil**		

B. UNSECURED LOANS

Sl. No	Lender	Facility	Amount (Rs in Million) outstanding as of 30.06.10	Interest Rate	Repayment Terms
1	IBRD	Procurement of equipment	7,041.83	6 month LIBOR plus Spread	30 half yearly instalments falling due on May,15 and November,15 between May 2003 to Nov. 2017
2	JBIC	Procurement of equipment	8,150.83	1.05% to 2.70%	30 half yearly instalments falling due on Feb.,15 and Augest,15 each year between Feb.2003 to Aug. 2017
	Total		**15,192.66**		

COAL INDIA LIMITED (STANDALONE)
Statement od Prior Period Adjustments

ANNEXURE-XVIII

Prior Period Items arose in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods and these have been disclosed seprately for complying the disclosure requirement of AS-5 (Net Profit or Loss for the period, Prior Period Items and changes in Accounting Policies)

The details of nature of Prior Period Adjustment are furnished in the following table:

(Rs in Million)

	30.06.2010	2009-10	2008-09	2007-08	2006-07	2005-06
(A) DEBIT						
Employees Remuneration & Benefits	-	-	-	-	4.72	3.26
Social Overhead	-	-	-	-	-	0.04
Contractual Expenses	-	-	-	-	-	0.77
Miscellaneous Expenses	-	-	-	0.59	0.95	5.12
Other Income	-	-	-	-	0.42	-
Depreciation	-	-	0.82	-	-	-
TOTAL (A)	**-**	**-**	**0.82**	**0.59**	**6.09**	**9.19**
(B) CREDIT						
Other Receipts	-	-	-	-	-	5.03
Repairs	-	-	-	-	-	0.05
Other Expenditure	-	-	-	-	0.04	-
Depreciation	-	-	-	-	0.63	5.09
Interest - Others	-	-	-	-	0.00	0.06
TOTAL (B)	**-**	**-**	**-**	**-**	**0.67**	**10.23**
TOTAL (A-B)	**-**	**-**	**(0.82)**	**(0.59)**	**(5.42)**	**1.04**

COAL INDIA LIMITED (STANDALONE)
Contigent Liabilities and Capital Commitments
As on 30th June 2010

ANNEXURE-XIX
Rs. In Million)

Sl.	Descriptions	Amount
i)	**Capital Commitment :**	
	The amount remaining to be executed on Capital Account not provided.	35.59
ii)	**Contingent Liability :**	
	Claims against the Company not acknowledged as debts	1,403.66
iii)	**Letters of Credit**	504.95
iv)	The Company has given guarantee for loans obtained by subsidiaries the outstanding balance of which as on 30.06.2010.	1,509.90

AUDITORS' REPORT

To
The Board of Directors,
Coal India Limited.
10, N. S. Road
Kolkata – 700 001

Dear Sirs,

1) We have examined the attached consolidated financial information of Coal India Limited (the " Company") and its subsidiaries and a newly formed joint venture (collectively referred to as the "Group"), as approved by the Board of Directors of the Company prepared in terms of the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the "Act") and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended to date (the "SEBI Regulations") and terms of our engagement agreed with you in accordance with our letter dated 12th June 2010 in connection with the proposed Equity offering by the selling Shareholder, the Government of India, in Coal India Limited.

2) These information have been prepared by the Management from the financial statements for the three months period ended June 30, 2010 and year ended March 31, 2010, 2009, 2008, 2007 and 2006. Audit for the financial years ended March 31, 2009, 2008, 2007 and 2006 were conducted by previous auditors, M/s. Mitra Kundu & Basu, Chartered Accountants and accordingly reliance has been placed on the consolidated financial information examined by them for the said years. The financial report included for these years are based solely on the report submitted by them.

   We did not audit the financial statements of the subsidiaries. These financial statements have been audited by other firms of Chartered Accountants, whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in these Consolidated Restated Summary Statement of Asset & Liabilities and Consolidated Restated Summary Statement of Profit & Loss Account are based solely on the report of other auditors.

   For as on and period ended 30th June, 2010 share of "Company" in Joint Venture, International Coal Venture Private Limited has been consolidated on the basis of unaudited financial statements. (Refer Note No 15.1 of Other Notes on Restated Financial Statements, Annexure H).

3) In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Regulations and terms of our engagement agreed with you; we further report that:

   a) The Restated Summary Statement of Consolidated Assets and Liabilities of the Company and its subsidiaries as at June 30, 2010, March 31, 2010, 2009, 2008, 2007 and 2006 as set out in

Annexure - A to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies (Annexure E), Notes on Adjustments made for Consolidated Restated Financial Statement (Annexure F), Notes on Adjustments not made for Consolidated Restated Financial Statement (Annexure G) and Other Notes on Restated Financial Statement (Annexure H).

b) The Restated Summary Statement of Consolidated Profit or Loss of the Company and its subsidiaries for the three months period ended June 30, 2010 and year ended March 31, 2010, 2009, 2008, 2007 and 2006 as set out in Annexure - B to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies (Annexure E), Notes on Adjustments made for Consolidated Restated Financial Statement (Annexure F), Notes on Adjustments not made for Consolidated Restated Financial Statement (Annexure G) and Other Notes on Restated Financial Statement (Annexure H).

c) The Restated Summary Statement of Consolidated Cash Flow of the Company and its subsidiaries for the three months period ended June 30, 2010 and year ended March 31, 2010, 2009, 2008, 2007 and 2006 as set out in Annexure - C to this report are after making adjustments and regrouping as in our opinion were appropriate.

d) Based on above and also as per the reliance placed on the reports submitted by the previous auditors and other auditors for subsidiaries, for the respective years, we confirm that the restated financial information has been made after incorporating:

(i) Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
(ii) Adjustments for the material amounts in the respective financial years to which they relate.
(iii) Extra-ordinary items have been disclosed separately.
(iv) And there are no qualifications in the auditors' reports, which require any adjustment to the Consolidated Summary Statements.

4) We have also examined the following other consolidated financial information relating to the group prepared by the management and approved by the Board of Directors for the three months period ended June 30, 2010 and year ended March 31, 2010, 2009, 2008, 2007 and 2006.

(i) Statement of Fixed Assets and Capital Work In Progress (Annexure D-I).
(ii) Statement of Investments (Annexure D-II).
(iii) Statement of Sundry Debtors (Annexure D-III).
(iv) Statement of Cash and Bank Balances (Annexure D-IV).
(v) Statement of Inventories (Annexure D-V).
(vi) Statement of Loans and Advances (Annexure D-VI).

(vii) Statement of Secured and Unsecured Loans (Annexure D-VII).

(viii) Statement of Current Liabilities and Provision (Annexure D-VIII).

(ix) Statement of Share Capital (Annexure D-IX).

(x) Statement of Reserves and Surplus (Annexure D-X).

(xi) Statement of Other income (Annexure D-XI).

(xii) Statement of Employee Benefits (Annexure I).

(xiii) Statement of Related Party Transactions (Annexure J).

(xiv) Statement of Dividend Paid / Proposed (Annexure K).

(xv) Statement of Capitalization (Annexure L).

(xvi) Statement of Accounting Ratios (Annexure M).

(xvii) Statement of Tax Shelter (Annexure N).

(xviii) Statement of Financial Indebtedness (Annexure O).

(xix) Statement of Prior Period Adjustments (Annexure P).

(xx) Statement of Contingent Liabilities and Capital Commitments (Annexure Q).

In our opinion the financial information contained in Annexure D-I to D-XI and Annexure I to Q of this report read along with the Significant Accounting Policies (Annexure E), Notes on Adjustments made for Consolidated Restated Financial Statement (Annexure F), Notes on Adjustments not made for Consolidated Restated Financial Statement (Annexure G) and Other Notes on Restated Financial Statement (Annexure H) have been prepared after making adjustments and regrouping as considered appropriate in accordance with Part II of Schedule II of the Act and the SEBI Regulations.

5) This report should not, in any way, be construed as a reissuance or re-dating of any of the previous audit reports nor should this be construed as a new opinion on any of the financial statements referred to herein.

6) Our report is intended solely for use of the management and for inclusion in the offer document in connection to the proposed offering of equity shares of the Company. Our report should not be used for any other purpose except with our consent in writing.

For **DEOKI BIJAY & CO.**
Chartered Accountants
F. R. No. 313105E

Place: Kolkata

(CA. D. N. Agrawal)
Partner
Membership No. 051157

Date: the 24th day of September 2010.

COAL INDIA LIMITED (CONSOLIDATED)

ANNEXURE-A

SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES-RESTATED

(Rs. in Million)

		As At	As at March 31st				
		30.06.2010	2010	2009	2008	2007	2006
A.	**FIXED ASSETS**						
	Gross Block	352,060.62	349,453.16	332,549.85	318,592.40	307,017.14	296,734.13
	Less:						
	Accumulated Depreciation	228,067.46	224,911.41	218,028.29	210,094.65	199,310.10	177,915.74
	Provision for Impairment	4,234.41	4,228.42	4,429.60	4,106.47	3,776.69	15,520.17
	Other Provisions	3.73	3.73	4.15	4.04	4.93	-
	Net Block	119,755.02	120,309.60	110,087.81	104,387.24	103,925.42	103,298.22
	Add:						
	Capital Work in progress	22,001.19	21,082.10	18,222.99	15,391.96	12,377.38	10,988.28
	Surveyed off Assets	1,219.86	1,197.90	971.92	291.36	240.51	228.11
	Total Fixed Assets	142,976.07	142,589.60	129,282.72	120,070.56	116,543.31	114,514.61
B.	Investments	12,764.12	12,821.40	15,051.79	17,179.01	20,258.77	22,445.20
C.	Net Interest in Joint Venture	2.00	2.00	-	-	-	-
D.	Deferred Tax Assets	9,850.88	9,657.55	9,548.29	7,877.52	6,602.16	7,280.76
E.	**CURRENT ASSETS, LOANS AND ADVANCES**						
	Inventories	45,350.33	44,014.96	36,665.91	34,073.57	31,250.08	29,134.45
	Sundry Debtors	20,265.25	21,686.48	18,474.84	16,571.58	16,822.29	18,840.52
	Cash and Bank Balances	380,463.35	390,777.60	296,950.09	209,614.80	159,292.66	134,272.37
	Loans and Advances	86,490.12	86,654.64	117,270.50	102,662.87	78,184.36	65,004.26
	Total Current Assets	**532,569.05**	**543,133.68**	**469,361.34**	**362,922.82**	**285,549.39**	**247,251.60**
	Total Assets	**698,162.12**	**708,204.23**	**623,244.14**	**508,049.91**	**428,953.63**	**391,492.17**
F.	**LIABILITIES AND PROVISIONS**						
	Secured Loans	1,002.80	4,669.08	1,804.63	2,247.07	3,327.05	2,477.18
	Unsecured Loans	16,791.73	16,199.43	19,680.17	16,592.03	18,111.93	20,712.72
	Current Liabilities & Provisions	380,703.03	413,846.87	399,422.33	305,944.58	236,171.42	216,437.77
	Minority Interest	236.07	236.07	18.97	-	-	-
	Shifting and Rehabilitation Fund	15,548.70	14,774.27	12,238.43	9,458.78	6,880.78	4,859.46
G.	Deferred Tax Liability	-	-	-	1,800.62	2,331.22	4,468.65
	Total Liabilities	**414,282.33**	**449,725.72**	**433,164.53**	**336,043.08**	**266,822.40**	**248,955.78**
	NET WORTH (A+B+C+D+E-F-G)	**283,879.79**	**258,478.51**	**190,079.61**	**172,006.83**	**162,131.23**	**142,536.39**
	Represented By						
H.	Share Capital	63,163.64	63,163.64	63,163.64	63,163.64	63,163.64	63,163.64
I.	Reserves & Surplus	220,731.50	195,330.22	126,916.21	108,843.19	98,967.59	79,372.75
J.	Less: Miscellaneous Expenditure (not written off)	15.35	15.35	0.24	-	-	-
	NET WORTH (H+I-J)	**283,879.79**	**258,478.51**	**190,079.61**	**172,006.83**	**162,131.23**	**142,536.39**

Notes:

1. The above statement should be read with the Notes on Adjustments made for Restated Financial Statements (Annexure- F), Notes on Adjustment not made for Restated Financial Statement (Annexure-G), Significant Accounting Policies (Annexure-E) and other Notes on Restated Financial Statements (Annexure-H).

2. Reserves & Surplus comprises Capital Reserve, Capital Redemption Reserve, Bond Redemption Reserve, Reserve for Foreign Exchange Transaction, General Reserve, CSR Reserve,Profit & Loss Balance carried forward.

COAL INDIA LIMITED (CONSOLIDATED)

ANNEXURE-B

SUMMARY STATEMENT OF CONSOLIDATED PROFIT AND LOSS-RESTATED

(Rs. In Million)

Particulars	Quarter Ended	For The Year Ended March 31st				
	30.06.2010	2009-10	2008-09	2007-08	2006-07	2005-06
INCOME						
Sales	114,356.36	446,152.51	387,888.30	326,338.60	296,021.85	287,018.31
Coal Issued for other Purposes	5,046.92	20,690.44	20,219.81	19,745.42	19,404.70	20,540.47
Accretion/(Decreation) in Stock	(80.35)	6,671.58	1,336.07	2,441.95	2,475.52	4,837.76
Other Income	11,777.39	52,408.39	51,196.47	37,641.00	32,152.00	27,691.45
Total	**131,100.32**	**525,922.92**	**460,640.65**	**386,166.97**	**350,054.07**	**340,087.99**
EXPENDITURE						
Internal Consumption of Coal	4,910.53	19,721.13	19,921.53	19,508.61	18,480.49	20,136.65
Consumption of Stores & Spares	10,719.74	49,269.18	48,613.01	43,785.55	41,255.92	38,887.50
Employees' Remuneration & Benefits	43,362.94	166,555.22	197,420.85	126,351.59	100,975.32	97,879.94
Power & Fuel	4,330.17	17,395.95	15,950.52	15,937.00	16,003.48	15,513.33
Social Overhead	4,682.66	20,174.87	18,851.22	16,228.57	14,780.48	13,677.35
Repairs	1,517.51	8,479.39	7,860.61	7,096.92	6,649.14	6,501.78
Contractual Expenses	10,118.01	37,318.37	33,398.54	26,332.58	20,934.03	19,745.03
Miscellaneous Expenses	4,288.38	19,335.99	19,285.19	14,873.47	12,639.82	13,280.94
Interest	521.42	1,364.59	1,564.97	1,499.33	849.28	909.04
Overburden Removal Adjustment	4,333.39	30,539.18	21,771.86	15,640.33	16,865.82	12,098.88
Finance Charges/Commitment Charges	46.05	194.95	223.83	193.56	231.80	283.06
Depreciation	4,094.18	13,138.41	16,629.29	15,299.45	13,116.35	13,154.11
Impairment	17.54	156.12	279.74	307.02	461.80	318.84
Provision/Write-off	690.02	2,093.69	1,759.96	2,320.09	1,168.55	444.88
Total	**93,632.54**	**385,737.04**	**403,531.12**	**305,374.07**	**264,412.28**	**252,831.33**
PROFIT FOR THE YEAR	**37,467.78**	**140,185.88**	**57,109.53**	**80,792.90**	**85,641.79**	**87,256.66**
Prior Period Adjustment	(111.07)	(536.60)	277.18	1,111.28	220.56	284.96
PROFIT BEFORE TAX AND EXTRA - ORDINARY ITEMS	**37,356.71**	**139,649.28**	**57,386.71**	**81,904.18**	**85,862.35**	**87,541.62**
Provision for Income Tax	12,291.17	44,332.47	36,839.42	35,985.88	31,684.92	28,708.43
Provision for Deferred Tax (written back)	(193.32)	(336.23)	(1,032.34)	(2,488.39)	(2,779.81)	(1,876.40)
Provision for Income Tax for earlier year	-	576.02	460.30	764.61	(355.89)	1,920.81
Excess Prov for Income Tax written back (earlier period)	-	(1,147.45)	(141.87)	(0.33)	-	(128.00)
Fringe Benefit Tax	-	-	506.91	483.70	388.06	344.72
PROFIT AFTER TAX, BEFORE EXTRA ORDINARY ITEMS	**25,258.86**	**96,224.47**	**20,754.29**	**47,158.71**	**56,925.07**	**58,572.06**
Extra Ordinary Items(Net of Tax)	-	-	32.63	5,274.01	162.21	343.19
PROFIT AFTER TAX (As per Audited Accounts)	**25,258.86**	**96,224.47**	**20,786.92**	**52,432.72**	**57,087.28**	**58,915.25**
ADJUSTMENT FOR RESTATEMENT:						
a) Change in Accounting Policies	-	58.49	533.27	779.71	(272.42)	(841.43)
b) Other adjustments and prior period items	(62.24)	2,437.31	(769.12)	(5,523.34)	(1,493.56)	3,218.52
c) Current Tax impact on adjustments	21.16	(2,341.79)	(2,880.61)	5,208.64	2,654.07	(685.69)
d) Deferred Tax impact on adjustments	-	(226.97)	2,004.49	(1,512.62)	(1,320.96)	529.36
e) Arrear Salary & Wages	-	2,185.48	20,951.28	(8,535.04)	(14,601.72)	-
Total of adjustments after tax impact	(41.08)	2,112.52	19,839.31	(9,582.65)	(15,034.59)	2,220.76
PROFIT AFTER TAX (RESTATED)	**25,217.78**	**98,336.99**	**40,626.23**	**42,850.07**	**42,052.69**	**61,136.01**
Profit (Loss) brought forward from previous year	94,883.25	40,757.62	32,087.89	30,987.88	18,323.67	(17,515.80)
Less: Transitional Provision for Employee Benefits	-	(4.27)	-	(6,877.61)	-	-
Add: Adjustment on Brought Forward profit	173.31					
PROFIT / (LOSS) AVAILABLE FOR APPROPRIATION	**120,274.34**	**139,090.34**	**72,714.12**	**66,960.34**	**60,376.36**	**43,620.21**
APPROPRIATION						
Reserve for Foreign Exchange Transaction	15.56	72.62	69.88	67.39	138.03	30.95
Transfer to General Reserve (Incl. Bond Redemption Reserve)		12,671.22	9,338.85	8,897.44	8,906.14	7,876.46
Transfer to CSR Reserve	446.93	1,591.93	-	-	-	-
Interim Dividend		22,100.00	17,054.20	17,054.20	15,000.00	12,632.73
Tax on Dividend	(14.96)	7,771.32	5,493.57	8,853.42	5,344.31	4,756.40
Total Appropriation	**447.53**	**44,207.09**	**31,956.50**	**34,872.45**	**29,388.48**	**25,296.54**
BALANCE CARRIED TO BALANCE SHEET	**119,826.81**	**94,883.25**	**40,757.62**	**32,087.89**	**30,987.88**	**18,323.67**

Notes:

1. The above statement should be read with the Notes on Adjustments made for Restated Financial Statements (Annexure-F), Notes on Adjustment not made for Restated Financial Statement (Annexure-G), Significant Accounting Policies (Annexure-E) and other Notes on Restated Financial Statements (Annexure-H).

2. Nagative figures have been shown in brackets

COAL INDIA LIMITED (CONSOLIDATED)

ANNEXURE-C

SUMMARY STATEMENT OF CONSOLIDATED CASH FLOW - RESTATED

(Rs. In Million)

	Particulars		Quarter Ended	For The Year ended March 31st				
			30.06.2010	2010	2009	2008	2007	2006
I	**CASH FLOW FROM OPERATING ACTIVITIES**							
	Profit Before Tax and Extra Ordinary Items		37,356.70	139,649.28	57,386.71	81,904.18	85,862.35	87,541.62
	Extra Ordinary Items(Gross)		-	-	54.33	5,480.42	162.21	343.19
	Adjustments(excluding Current Tax Impact)		(62.24)	4,454.31	22,719.92	(14,791.29)	(17,688.65)	2,906.44
	Restated Profit Before Tax		37,294.46	144,103.59	80,160.96	72,593.31	68,335.91	90,791.26
	Adjustment for :							
	Depreciation / Impairment of Fixed Assets		3,190.55	6,794.71	10,630.29	13,799.56	12,285.45	12,987.16
	Operating Profit before Working Capital changes	**(A)**	**40,485.01**	**150,898.30**	**90,791.25**	**86,392.87**	**80,621.36**	**103,778.42**
	Adjustment for change in working capital :							
	Investments		-	-	-	3,079.75	2,186.44	-
	Sundry Debtors		1,421.23	(3,425.03)	(1,904.26)	(707.53)	1,222.45	1,880.91
	Inventories		(1,335.38)	(7,188.86)	(2,826.28)	(2,868.61)	(2,231.89)	(4,620.24)
	Loans & Advances		(622.37)	25,790.50	(14,227.60)	(20,744.01)	(15,403.36)	(14,412.85)
	Current Liabilities & Provisions		(33,037.33)	7,504.27	75,015.03	51,941.06	16,651.44	28,213.23
	Deferred Tax Assets/Liabilities		(193.32)	(389.91)	(1,747.54)	893.67	211.23	(1,502.32)
	Total Adjustments	**(B)**	**(33,767.17)**	**22,290.97**	**54,309.35**	**31,594.33**	**2,636.31**	**9,558.73**
	Cash Generation from Operations	**Total C=(A+B)**	**6,717.84**	**173,189.27**	**145,100.60**	**117,987.20**	**83,257.67**	**113,337.15**
	Income Tax Paid/Refund/Adjustment for earlier years	**(D)**	(11,212.79)	(39,989.86)	(27,907.10)	(29,297.23)	(23,325.08)	(29,660.61)
	Net Cash Flow from Operating Activities	**E=C+D**	**(4,494.95)**	**133,199.41**	**117,193.50**	**88,689.97**	**59,932.60**	**83,676.53**
II	**CASH FLOW FROM INVESTING ACTIVITIES**							
	Increase of Fixed Assets (net of sale of fixed assets)		(3,577.03)	(19,976.97)	(18,746.12)	(18,349.83)	(15,342.00)	(12,445.78)
	Redemption of Power Bond		57.28	2,230.41	2,127.22	-	-	-
	Net Cash used in Investing Activities	**(F)**	**(3,519.75)**	**(17,746.56)**	**(16,618.90)**	**(18,349.83)**	**(15,342.00)**	**(12,445.78)**
III	**CASH FLOW FROM FINANCING ACTIVITIES**							
	Increase/ (Decrease) of Loan (inclusive of exchange rate variation)		(3,073.98)	(616.28)	2,645.69	(2,599.88)	(1,610.92)	(4,191.30)
	Redemption of Bond		-	-	-	-	(140.00)	(110.30)
	Interest Paid		-	(1,444.90)	(1,610.45)	(43.56)	(965.21)	(295.11)
	Shifting & Rehabilitation Fund		774.43	2,535.84	2,779.65	2,578.00	2,021.32	1,922.88
	Dividend Paid (including Tax on Dividend)		-	(22,100.00)	(17,054.20)	(19,952.56)	(18,875.49)	(14,154.03)
	Net Cash used in Financing Activities	**(G)**	**(2,299.55)**	**(21,625.34)**	**(13,239.31)**	**(20,018.00)**	**(19,570.30)**	**(16,827.86)**
	Net (Increase) / Decrease in Cash & Bank Balances	**E+F+G**	(10,314.25)	93,827.51	87,335.29	50,322.14	25,020.29	54,402.90
	Cash & Bank Balance (Opening Balance)		390,777.60	296,950.09	209,614.80	159,292.66	134,272.37	79,869.48
	Cash & Bank Balance (Closing Balance)		380,463.35	390,777.60	296,950.09	209,614.80	159,292.66	134,272.37

ANNEXURE-D1

COAL INDIA LIMITED

Statement of Fixed Assets & Capital Work-in-Progress

(Rs in millions)

	DESCRIPTION	As At	As at March 31st				
		30.06.2010	2010	2009	2008	2007	2006
A)	**LAND**						
	a) Freehold						
	Gross Block	3,450.63	3,429.08	3,245.19	3,054.08	2,901.16	2,201.95
	Less: Accumulated Depreciation	1,143.36	1,132.53	1,070.18	1,027.56	978.15	408.16
	Less: Impairment Loss	-	-	-	-	-	-
	Net Block	**2,307.27**	**2,296.56**	**2,175.01**	**2,026.52**	**1,923.01**	**1,793.79**
	b) Leasehold						
	Gross Block	20,884.65	20,828.96	18,538.99	16,212.57	13,664.58	12,272.60
	Less: Accumulated Depreciation	8,452.72	8,239.45	7,188.81	5,263.42	4,435.42	3,248.56
	Less: Impairment Loss	-	-	-	-	-	752.33
	Net Block	**12,431.93**	**12,589.51**	**11,350.18**	**10,949.15**	**9,229.15**	**8,271.71**
B)	**BUILDING**						
	Gross Block	39,530.77	39,495.44	38,644.13	38,126.80	37,652.36	36,919.55
	Less: Accumulated Depreciation	14,205.25	13,991.50	13,126.16	12,322.34	11,552.43	9,666.45
	Less: Impairment Loss	24.72	24.72	20.26	17.64	16.41	1,129.34
	Net Block	**25,300.80**	**25,479.22**	**25,497.71**	**25,786.83**	**26,083.53**	**26,123.76**
C)	**PLANT & MACHINERY**						
	Gross Block	226,665.93	224,312.78	211,575.89	200,131.36	194,258.03	188,199.28
	Less: Accumulated Depreciation	159,784.00	157,554.17	154,021.52	149,046.71	142,262.55	126,891.41
	Less: Impairment Loss	911.54	911.54	889.23	786.81	712.76	10,115.73
	Net Block	**65,970.39**	**65,847.07**	**56,665.13**	**50,297.84**	**51,282.72**	**51,192.14**
D)	**FURNITURE & FITTINGS/**						
	OFFICE EQUIPMENT						
	Gross Block	7,732.97	7,682.72	7,430.90	7,232.12	6,954.19	6,714.01
	Less: Accumulated Depreciation	5,359.64	5,291.72	5,029.03	4,780.56	4,504.07	3,977.96
	Less: Impairment Loss	0.62	0.62	0.58	0.58	0.58	240.82
	Net Block	**2,372.71**	**2,390.37**	**2,401.29**	**2,450.98**	**2,449.54**	**2,495.24**
E)	**RAILWAY SIDING**						
	Gross Block	4,212.42	4,212.42	4,057.33	3,994.37	3,917.40	3,789.16
	Less: Accumulated Depreciation	2,651.85	2,613.08	2,447.21	2,303.50	2,164.01	1,587.12
	Less: Impairment Loss	0.97	0.97	-	-	-	417.29
	Net Block	**1,559.60**	**1,598.38**	**1,610.12**	**1,690.87**	**1,753.39**	**1,784.75**
F)	**VEHICLES**						
	Gross Block	2,568.87	2,571.99	2,456.68	2,481.80	2,496.53	2,501.85
	Less: Accumulated Depreciation	2,177.09	2,168.97	2,173.22	2,172.18	2,160.76	1,924.44
	Less: Impairment Loss	0.11	0.11	0.43	-	-	191.38
	Net Block	**391.67**	**402.91**	**283.04**	**309.63**	**335.77**	**386.04**
G)	**AIRCRAFT**						
	Gross Block	199.48	199.48	199.48	166.54	166.54	166.54
	Less: Accumulated Depreciation	175.62	175.33	138.91	131.01	131.01	131.01
	Less: Impairment Loss	17.18	17.18	15.53	15.53	35.53	35.53
	Net Block	**6.68**	**6.97**	**45.04**	**19.99**	**-**	**-**

	DESCRIPTION	As At	As at March 31st				
		30.06.2010	2010	2009	2008	2007	2006
H)	**TELECOMMUNICATION**						
	Gross Block	644.20	642.09	631.80	619.00	597.11	568.03
	Less: Accumulated Depreciation	542.48	538.25	523.11	502.30	478.23	456.71
	Less: Impairment Loss	0.01	0.01	0.01	0.01	0.01	0.01
	Net Block	**101.71**	**103.84**	**108.69**	**116.69**	**118.87**	**111.31**
I)	**DEVELOPMENT**						
	Gross Block	41147.85	41,078.93	40,932.35	39,694.30	37,930.50	37,206.72
	Less: Accumulated Depreciation	29694.49	29,354.81	28,607.25	27,224.27	25,702.27	24,947.14
	Less: Impairment Loss	2913.14	2,907.15	3,147.52	2,971.38	2,745.48	2,288.64
	Net Block	**8,540.22**	**8,816.97**	**9,177.58**	**9,498.65**	**9,482.75**	**9,970.94**
J)	**PROSPECTING & BORING**						
	Gross Block	4,773.20	4,750.64	4,688.39	4,432.63	4,328.65	4,194.14
	Less: Accumulated Depreciation	3,631.41	3,603.10	3,554.29	3,423.89	3,308.78	3,103.86
	Less: Impairment Loss	366.12	366.11	356.05	314.52	265.93	349.10
	Net Block	**775.67**	**781.44**	**778.06**	**694.22**	**753.95**	**741.18**
K)	**ASSETS TAKEN ON**						
	NATIONALISATION						
	Gross Block	249.65	248.62	148.71	90.66	90.66	-
	Less: Accumulated Depreciation	249.55	248.52	148.61	90.56	90.56	-
	Less: Impairment Loss		-	-	-	-	-
	Net Block	**0.10**	**0.10**	**0.10**	**0.10**	**0.10**	**-**
L)	**CAPITAL EXPN ON ASSETS NOT**						
	BELONGING TO THE CO.						
	Gross Block	-	-	-	2,356.17	2,059.44	2,000.31
	Less: Accumulated Depreciation	-	-	-	1,806.36	1,541.86	1,572.93
	Less: Impairment Loss	-	-	-	-	-	-
	Net Block	**-**	**-**	**-**	**549.81**	**517.58**	**427.38**
	TOTAL :						
	Gross Block	352,060.62	349,453.16	332,549.85	318,592.40	307,017.14	296,734.13
	Less: Accumulated Depreciation	228,067.46	224,911.41	218,028.29	210,094.65	199,310.10	177,915.74
	Less: Impairment Loss	4,234.41	4,228.42	4,429.60	4,106.47	3,776.69	15,520.17
	Net Block	**119,758.75**	**120,313.33**	**110,091.96**	**104,391.28**	**103,930.35**	**103,298.22**
	Less: Other Provisions	(3.73)	(3.73)	(4.15)	(4.04)	(4.93)	-
	TOTAL NET BLOCK	**119,755.02**	**120,309.60**	**110,087.81**	**104,387.24**	**103,925.42**	**103,298.22**
	CAPITAL WORK-IN-PROGRESS						
	C.W.I.P.	23,884.58	22,937.99	20,017.57	-	-	-
	Less: Provision	1,773.95	1,758.01	1,644.01	-	-	-
	Less: Impairment Loss	109.44	97.89	150.57	-	-	-
	C.W.I.P(Net)	**22,001.19**	**21,082.10**	**18,222.99**	**15,391.96**	**12,377.38**	**10,988.28**
	SURVEYED OFF ASSETS (P & M)	**1,219.86**	**1,197.90**	**971.92**	**291.36**	**240.51**	**228.11**

COAL INDIA LIMITED (CONSOLIDATED)

ANNEXURE-D-II

Statement of Investments

(Rs in Million)

	As At	Year ended March 31st				
	30.06.2010	2010	2009	2008	2007	2006
INVESTMENT-LONG TERM						
Trade	-	-	-	-	-	-
Non Trade						
8.5% Tax Free RBI Power Bonds (On securitisation of Sundry Debtors) (A)	12,763.32	12,820.60	15,050.99	17,178.21	20,258.77	22,445.20
Shares in Co-operative Shares (B)	0.80	0.80	0.80	0.80	-	-
Total (A+B)	**12,764.12**	**12,821.40**	**15,051.79**	**17,179.01**	**20,258.77**	**22,445.20**
Quoted		-	-	-	-	-
Unquoted	12,764.12	12,821.40	15,051.79	17,179.01	20,258.77	22,445.20
Other Investments		-	-	-	-	-
Total	**12,764.12**	**12,821.40**	**15,051.79**	**17,179.01**	**20,258.77**	**22,445.20**
Aggregate of Quoted Investment						
Cost	-	-	-	-	-	-
Market value	-	-	-	-	-	-
Aggregate of Unquoted Investment						
Cost	12,764.12	12,821.40	15,051.79	17,179.01	20,258.77	22,445.20

COAL INDIA LIMITED (CONSOLIDATED)

ANNEXURE-D-III

Statement of Sundry Debtors

(Rs in Million)

	As At	As At March 31st				
	30.06.2010	2010	2009	2008	2007	2006
SUNDRY DEBTORS						
Debts outstanding for a period exceeding six months	19,800.10	20,387.87	16,625.66	16,097.10	18,236.56	22,185.13
Other Debts	15,936.99	15,891.17	16,178.18	12,406.06	11,766.22	9,656.55
TOTAL	**35,737.09**	**36,279.04**	**32,803.84**	**28,503.16**	**30,002.78**	**31,841.68**
Less: Provision for Bad & Doubtful Debts	15,471.84	14,592.56	14,329.00	11,931.58	13,180.49	13,001.16
TOTAL	**20,265.25**	**21,686.48**	**18,474.84**	**16,571.58**	**16,822.29**	**18,840.52**
Classification :						
Considered Good	20,265.25	21,686.48	18,474.84	16,571.58	16,822.29	18,840.52
Considered Doubtful	15,471.84	14,592.56	14,329.00	11,931.58	13,180.49	13,001.16
TOTAL	**35,737.09**	**36,279.04**	**32,803.84**	**28,503.16**	**30,002.78**	**31,841.68**

COAL INDIA LIMITED (CONSOLIDATED)

ANNEXURE-D-IV

Statement of Cash and Bank Balances

(Rs in Million)

Particular	As At 30.06.2010	As At 31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Cash,Cheques,Drafts,Stamps etc. in hand	264.22	581.30	756.96	1,639.44	5,681.06	5,066.24
Remittance - in transit	164.30	741.96	46.74	17.23	231.48	105.08
In Current Account with Scheduled Banks	15,975.55	27,605.11	10,501.42	7,741.06	8,305.14	6,654.00
In Cash Credit Account with Scheduled Banks	727.21	2,009.76	1,990.86	1,352.74	644.51	11,952.60
In Deposit Account with Scheduled Banks	363,332.03	359,839.43	283,654.11	198,864.33	144,430.47	110,494.45
In Current Account with Foreign Banks (Outside India)	0.04	0.04	-	-	-	-
Total	**380,463.35**	**390,777.60**	**296,950.09**	**209,614.80**	**159,292.66**	**134,272.37**

COAL INDIA LIMITED (CONSOLIDATED)

ANNEXURE-D-V

Statement of Inventories

(Rs. In Million)

	Particulars	As At 30.06.2010	As At 31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
	Stock of Stores & Spare Parts (at cost)	13,796.51	12,367.49	11,919.00	10,865.77	10,508.20	10,849.67
	Less : Provision	(2,352.97)	(2,338.50)	(2,244.74)	(2,312.40)	(2,170.98)	(2,145.17)
A	**Sub-Total (Net)**	**11,443.54**	**10,028.99**	**9,674.26**	**8,553.37**	**8,337.22**	**8,704.50**
	Stores -in -transit	892.94	839.77	871.67	529.23	564.05	442.69
	Stock Adjustment	5.68	3.92	6.13	4.96	21.35	9.75
B	**Sub-Total**	**898.62**	**843.69**	**877.80**	**534.19**	**585.40**	**452.44**
(A+B)	**Net Stock of Stores & Spare Parts (at cost)**	**12,342.16**	**10,872.68**	**10,552.06**	**9,087.56**	**8,922.62**	**9,156.94**
C	Stock of Coal in Revenue Mines	31,784.50	31,864.85	24,989.98	23,812.43	21,370.48	18,894.95
D	Stock of Medicine at Central Hospital	7.50	10.91	6.79	5.32	10.67	8.19
E	Workshop Jobs :						
	Work-in-progress and Finished Goods	889.30	943.85	735.93	916.34	806.53	890.11
F	Press :						
	Work-in-Progress/Finished Goods	14.33	13.24	6.16	11.91	10.51	5.74
G	Prospecting & Boring Exp. Non-CIL blocks	124.08	124.08	74.86	-	-	-
H	Development Exp. Non-CIL blocks	5.26	5.26	21.42	240.01	129.27	178.52
I	Coal Block meant for Sale	183.20	180.09	278.71	-	-	-
	Total (A to I)	**45,350.33**	**44,014.96**	**36,665.91**	**34,073.57**	**31,250.08**	**29,134.45**

COAL INDIA LIMITED (CONSOLIDATED)

ANNEXURE-D-VI

Statement of Loans and Advances

(Rs in Million)

	As At	As at March 31st				
	30.06.2010	2010	2009	2008	2007	2006
CONSIDERED GOOD						
Loans & Advances (Unsecured)						
(Advance Recoverable in Cash or in kind						
or for value to be received)						
ADVANCE TO SUPPLIERS						
For Capital	2,000.35	1,593.68	1,960.29	1,700.65	1,112.23	800.42
For Others	1,822.93	1,004.57	1,221.79	1,048.52	931.59	827.55
	3,823.28	**2,598.25**	**3,182.08**	**2,749.17**	**2,043.82**	**1,627.97**
ADVANCE TO CONTRACTORS						
For Capital	81.42	105.30	101.41	114.95	672.46	292.92
For Others	1,407.95	1,402.53	730.95	596.68	47.98	52.96
	1,489.37	**1,507.83**	**832.36**	**711.63**	**720.44**	**345.88**
Advance to Special Purpose Vehicle	-	-	5.00	5.00	-	-
Advance For Revival of Mining and Allied Machinery Corporation Limited	239.22	3.25	-	-	-	-
Mobilisation Advance to Contractor	126.34	126.34	-	-	-	-
Advance to Bharat Earth Movers Limited	1,582.94	1,569.87	973.90	-	-	-
ADVANCE TO EMPLOYEES						
For House Building	509.10	532.54	478.94	571.57	655.08	719.40
For Motor Car and Other Conveyance	7.76	9.70	4.49	7.91	13.73	23.97
For Others	927.11	864.27	768.56	725.05	574.93	613.58
	1,443.97	**1,406.51**	**1,251.99**	**1,304.53**	**1,243.74**	**1,356.95**
DEPOSITS						
For Customs Duty, Port Charges etc.	160.35	9.49	8.39	8.25	8.20	8.81
For P&T, Electricity etc.	814.99	594.96	481.79	441.00	353.81	550.54
For Others	3,728.24	3,291.82	1,866.84	1,611.32	1,002.29	804.90
	4,703.58	**3,896.27**	**2,357.02**	**2,060.57**	**1,364.30**	**1,364.25**
ADVANCE PAYMENT OF OTHER STATUTORY DUES						
Sales Tax	929.90	1,576.59	1,293.64	527.18	563.20	426.84
Royalty	0.81	41.36	5.85	937.67	862.50	932.75
Advance Income Tax	51,603.68	52,449.68	88,025.25	75,458.37	60,045.47	45,250.45
Income Tax Deducted at source from income	1,788.84	1,729.73	2,588.81	1,639.58	907.50	550.59
Others	907.76	989.62	631.43	480.52	52.50	473.97
	55,230.99	**56,786.98**	**92,544.98**	**79,043.32**	**62,431.17**	**47,634.60**
Short Term Loan to Body Corporate	15.00	15.00	15.00	15.00	15.00	15.00
Other Receivables	4,425.83	4,421.44	5,832.72	5,256.98	3,398.05	5,935.72
Amount Receivable from Govt of India for transactions on behalf of Ex-Coal Board	15.50	13.81	12.73	30.74	31.23	33.63
Ex-Owners' Account	18.51	18.51	18.51	18.51	18.51	18.51
Exploratory Drilling Work at ECL etc.	628.83	558.75	500.77	444.62	423.88	388.11
Other Advances	2,302.75	2,012.98	1,534.11	3,310.76	1,660.15	1,487.76
Claims Receivable	4,502.08	8,493.28	5,453.63	5,328.98	3,300.23	3,930.68
Interest Accrued (Receivables)	8,233.82	5,355.54	4,550.00	3,662.87	2,728.54	1,977.74
Prepaid Expenses	122.11	181.01	154.01	136.81	90.00	102.44
	20,264.43	**21,070.32**	**18,071.48**	**18,205.27**	**11,665.59**	**13,889.59**
TOTAL	**88,904.12**	**88,965.62**	**119,218.81**	**104,079.49**	**79,469.06**	**66,219.24**
Less : Provision for Doubtful Advances	(2,414.00)	(2,310.98)	(1,948.31)	(1,416.62)	(1,284.70)	(1,214.98)
TOTAL	**86,490.12**	**86,654.64**	**117,270.50**	**102,662.87**	**78,184.36**	**65,004.26**
CLASSIFICATION						
Considered Good	86,490.12	86,654.64	117,270.50	102,662.87	78,184.36	65,004.26
Considered Doubtful	(2,414.00)	2,310.98	1,948.31	1,416.62	1,284.70	1,214.98

COAL INDIA LIMITED (CONSOLIDATED)

ANNEXURE-D-VII

Statement of Secured and Unsecured Loans

(Rs in Million)

	As At	As at March 31st				
	30.06.2010	**2010**	**2009**	**2008**	**2007**	**2006**
A. Secured Loans						
LOAN FROM SCHEDULED BANKS						
Deferred Credits*	-	37.37	125.26	162.75	248.63	327.54
Overdraft against pledge of term deposits	1,002.80	4,631.71	1,679.37	2,084.32	1,706.60	1,406.51
Cash Credit against Hypothecation of Stock of Coal, Coke etc, Debtors and Other Assets and guaranteed by Coal India Limited.	-	-	-	-	1,371.82	743.13
Total(A)	**1,002.80**	**4,669.08**	**1,804.63**	**2,247.07**	**3,327.05**	**2,477.18**
B. Unsecured Loans						
Deferred Credits						
Export Development Corp., Canada	1,514.31	1,465.54	1,702.84	1,372.63	1,539.93	1,608.78
Liebherr France S.A,France	84.75	90.92	111.08	111.07	109.26	113.81
Loan from International Bank for Reconstruction and Development & Japan Bank for International Cooperation	15,192.67	14,642.97	17,866.25	15,108.33	16,460.96	18,133.89
Interest Accrued on Government Loan	-	-	-	-	1.78	716.24
Bonds	-	-	-	-	-	140.00
Total (B)	**16,791.73**	**16,199.43**	**19,680.17**	**16,592.03**	**18,111.93**	**20,712.72**
Total Secured and Unsecured Loans (A)+(B)	**17,794.53**	**20,868.51**	**21,484.80**	**18,839.10**	**21,438.98**	**23,189.90**

Note:

1.* The Company has executed hypothecation agreement in favour of State Bank of India, Kolkata for three deferred payment guarantees issued by them in connection with supply and commissioning of sets of longwall equipments by M/s China National Coal Mining Engineering Equipment (Group) Corporation (CME). As per the deed of hypothecation, SBI has been authorised to have exclusive first charge on the assets to be purchased under the three deferred payment guarantees as primary securities, and first charge on entire movable property of South Eastern Coalfields Limited. Total value of the bank guarantees as on 31.03.2010 stood at US$ 31,478,149.31 equivalent to Rs.1,434.77 million

2. None of the above loans has been taken from Promoters/Group Companies/subsidiaries/material associate companies and others

COAL INDIA LIMITED (CONSOLIDATED)

ANNEXURE-D-VIII

Statement of Current Liabilities and Provisions

(Rs in Million)

	As At	As at March 31st				
	30.06.2010	2010	2009	2008	2007	2006
(A) CURRENT LIABILITIES						
SUNDRY CREDITORS :						
Liability Against Coal Block	-	146.58	156.66	256.98	783.02	2,426.12
For Capital Goods	3,485.18	2,881.31	3,820.04	2,950.45	2,944.28	-
For Revenue Goods	5,350.21	4,697.03	4,685.83	3,849.72	3,550.19	3,630.30
Sub Total	**8,835.39**	**7,724.92**	**8,662.53**	**7,057.15**	**7,277.49**	**6,056.42**
EMPLOYEES REMUNERATIONS :						
Salaries & Wages	19,230.81	18,725.11	13,513.72	30,817.34	16,894.96	48,113.56
Attendance Bonus	1,181.82	1,489.14	961.60	972.39	1,034.76	1,054.71
PPLB/PPLR (Employee Bonus)	5,884.09	6,505.94	3,430.15	2,579.53	2,186.74	1,151.98
Exgratia		-	-	-	-	457.77
Unpaid Wages	436.93	655.37	302.12	258.55	318.14	219.91
VRS	16.03	16.20	17.20	1.26	7.07	10.74
Gratuity (Net of Fund with LIC)	56,361.27	57,682.09	65,633.32	40,365.16	33,280.62	28,347.84
Leave Encashment etc.	10,520.47	14,249.04	13,307.24	5,126.36	3,611.31	2,188.42
Life Cover scheme	157.34	161.32	68.65	119.53	67.65	67.15
Provident Fund	2,694.22	2,923.88	2,604.45	2,024.83	2,404.92	2,617.01
Employees Pension Contribution (incl. interest)	1,478.62	2,249.46	1,211.86	927.92	799.84	1,178.47
Others	244.71	990.92	596.83	296.45	1,933.95	4,376.22
Sub Total	**98,206.31**	**105,648.47**	**101,647.14**	**83,489.32**	**62,539.96**	**89,783.78**
FOR EXPENSES :						
Power & Fuel	3,948.09	3,414.77	3,262.72	3,135.51	2,707.25	2,718.15
Contractual Expenses	7,975.52	7,979.79	7,576.82	6,641.81	5,287.83	5,040.58
Repairs	1,061.18	1,208.14	974.47	770.03	750.85	200.68
Security Expenses (CISF)	299.23	189.36	557.81	97.34	84.83	530.77
Audit Fee & Expenses	4.63	5.80	5.67	6.21	5.98	3.30
Others	8,243.04	9,973.89	6,660.36	6,020.66	4,734.31	4,263.75
Sub Total	**21,531.69**	**22,771.75**	**19,037.85**	**16,671.56**	**13,571.05**	**12,757.23**
STATUTORY DUES :						
SalesTax	1,777.59	1,308.21	1,015.21	1,471.14	1,105.79	947.50
Central Excise Duty	-	-	-	-	-	17.19
Royalty on Coal	3,799.00	2,503.67	2,872.99	2,812.00	1,708.78	1,774.49
Cess on Coal	1,998.46	2,205.32	1,488.56	1,791.92	1,664.45	1,928.59
Water Rates	126.68	128.57	117.06	126.27	125.77	127.69
Stowing Excise Duty	924.65	1,015.84	966.21	918.83	932.49	868.43
Professional Tax	2.53	1.18	1.27	2.02	2.41	3.26
Deposit Link Insurance	9.85	7.76	16.88	14.59	14.26	15.88
Other Statutory Levies	6,033.43	5,691.84	4,222.65	4,965.10	3,150.53	1,348.56
Sub Total	**14,672.19**	**12,862.39**	**10,700.83**	**12,101.87**	**8,704.48**	**7,031.59**
Due to Government of India on Account of Ex-Owners	16.09	16.09	16.09	16.09	16.09	16.09
Interest Accrued but not due on Loan	86.22	36.72	117.02	162.50	207.87	454.07
TAX DEDUCTED AT SOURCE (INCOME TAX) :						
Employees	574.98	513.15	238.66	259.71	317.80	137.40
Contractors	83.17	161.07	176.26	167.56	34.55	28.31
Others	513.15	764.31	1,210.55	1,218.27	1,056.54	536.91
	1,171.30	**1,438.53**	**1,625.47**	**1,645.54**	**1,408.89**	**702.62**
Advance & Deposit from customers / others	37,651.30	43,549.34	34,524.61	25,065.06	17,778.43	15,359.15
Cess Equilisation Account	9,493.94	9,493.94	9,179.74	8,622.74	8,775.03	8,381.94
Others Liabilities	8,173.44	5,315.95	5,501.21	6,730.13	3,683.49	4,968.53
Grants Unutilised	1,075.54	1,101.58	675.38	823.13	1,287.94	1,243.40
OBR Adjustment Account	124,473.90	120,140.52	89,789.34	68,017.48	52,319.40	33,377.08
Current Account with Indian Institute of Coal Management	1,331.63	1,329.19	1,213.28	1,094.21	970.45	842.76
	182,199.75	**180,930.52**	**140,883.56**	**110,352.75**	**84,814.74**	**64,172.86**
TOTAL (A)	**326,718.94**	**331,429.39**	**282,690.50**	**231,496.78**	**178,540.57**	**180,974.66**
(B) PROVISIONS						
For Income Tax	34,006.55	33,736.23	62,092.73	47,388.03	40,374.59	33,621.42
Provision for Pay Revision - Executives & Non-Executives	13,515.36	40,838.48	48,104.34	23,593.72	14,588.71	-
Actuarial - Other Employee Benefits	1,612.00	3,049.42	3,101.06	-	-	-
For Foreign Exchange Transactions (Marked to Market)	555.90	389.80	191.30	233.00	-	-
OCP/Land Reclamation	4,125.19	4,267.05	3,140.67	3,169.24	2,632.37	1,759.75
Cost of Stowing Lag	166.54	133.94	61.54	50.68	-	-
Disputed Claims	-	-	40.19	8.71	32.30	81.47
Loss on Theft & Damaged Assets	2.55	2.56	-	4.42	2.87	0.47
TOTAL (B)	**53,984.09**	**82,417.48**	**116,731.83**	**74,447.80**	**57,630.84**	**35,463.11**
TOTAL (A+B)	**380,703.03**	**413,846.87**	**399,422.33**	**305,944.58**	**236,171.42**	**216,437.77**

COAL INDIA LIMITED (CONSOLIDATED)

ANNEXURE-D-IX

Statement of Share Capital

(Rs. in Million)

	As At	As at March 31st				
	30.06.2010	**2010**	**2009**	**2008**	**2007**	**2006**
Authorised						
(i) 9,041,800 Non-cumulative 10% Redeemable PreferenceShares of Rs.1,000/- each	9,041.80	9,041.80	9,041.80	9,041.80	9,041.80	9,041.80
(ii) 8,000,000,000 Equity Shares of Rs.10/- each	80,000.00	80,000.00	80,000.00	80,000.00	80,000.00	80,000.00
	89,041.80	**89,041.80**	**89,041.80**	**89,041.80**	**89,041.80**	**89,041.80**
Issued, Subscribed and Paid-up						
(i) 6,059,430,500 Equity Shares of Rs.10/- each fully paid in cash	60,594.30	60,594.30	60,594.30	60,594.30	60,594.30	60,594.30
(ii) 256,933,900 Equity Shares of Rs.10/- each allotted as fully paid up for consideration received other than cash	2,569.34	2,569.34	2,569.34	2,569.34	2,569.34	2,569.34
	63,163.64	**63,163.64**	**63,163.64**	**63,163.64**	**63,163.64**	**63,163.64**

Note:- 1)Entire Paid-up Share Capital is held by Govt.of India.

2) * The face value of Equity Shares were split from Rs. 1,000 per share to Rs. 10 per share in 2009-10.

COAL INDIA LIMITED (CONSOLIDATED)

ANNEXURE-D-X

Statement of Reserves & Surplus

(Rs in Million)

	As At	As at March 31st				
	30.06.2010	**2010**	**2009**	**2008**	**2007**	**2006**
RESERVES :						
Capital Reserve	99.64	104.41	151.79	157.23	161.51	165.84
Capital Redemption Reserve	18,083.60	18,083.60	18,083.60	18,083.60	18,083.60	18,083.60
Reserve for Foreign Exchange Transactions	1,275.07	1,259.51	1,186.90	1,117.02	1,049.63	911.59
CSR Reserve	1,965.99	1,519.06	-	-	-	-
General Reserve (Including Bond Redemption Reserve)	79,480.39	79,480.39	66,736.30	57,397.45	48,684.97	41,888.05
Total(A)	**100,904.69**	**100,446.97**	**86,158.59**	**76,755.30**	**67,979.71**	**61,049.08**
SURPLUS :						
Balance Carried Forward(B)	119,826.81	94,883.25	40,757.62	32,087.89	30,987.88	18,323.67
Total (A+B)	**220,731.50**	**195,330.22**	**126,916.21**	**108,843.19**	**98,967.59**	**79,372.75**

COAL INDIA LIMITED (CONSOLIDATED)

ANNEXURE-D-XI

Statement of Other Income

(Rs in Million)

	As At	Year ended March 31st				
	30.06.2010	**2010**	**2009**	**2008**	**2007**	**2006**
Stowing Subsidy	124.32	828.48	945.61	986.45	807.58	834.55
Workshop Credit/Workshop & Press Job	772.42	3,885.55	3,709.13	3,287.17	2,323.39	2,967.93
Interest on Bonds	224.61	1,141.22	1,344.07	1,444.97	1,745.31	1,790.07
Interest Recd. from Bank, Employees & Others (Note-2)	6,679.11	25,798.68	27,103.08	19,510.37	13,807.19	9,213.80
Rent from Outsiders	29.40	66.50	87.54	82.05	52.09	47.77
Recovery of Transportation & Loading Coal	3,324.01	12,259.72	14,697.93	9,131.26	7,720.53	7,383.45
Profit on Sale of Assets	9.78	215.31	96.35	95.12	885.53	65.31
Sale of Scrap	104.86	190.85	344.32	245.69	303.28	223.38
Tender Fees	12.07	50.49	44.96	39.44	40.51	30.21
LD/Penalty Received	74.55	555.45	738.72	418.09	110.73	338.95
Rebates and Discounts	2.92	10.77	11.05	15.53	17.98	21.25
Gain / Loss on Foreign exchange Transactions	15.56	72.62	69.88	138.48	138.03	38.45
Gain on Exchange Rate Variance	0.22	-	1.48	10.99	12.67	-
Recovery of Lease Rent	25.58	117.91	114.01	115.57	74.66	35.00
Provision / Liability Write Backs	145.29	4,417.95	173.08	640.57	2,535.44	1,544.66
Other / Misc. Income	235.56	1,799.80	1,496.80	1,176.12	1,517.10	3,163.87
Profit on Sale of Coal Block/Geological Report on Non-CIL Block	-	1,002.13	225.08	306.22	60.70	-
	11,780.26	**52,413.43**	**51,203.09**	**37,644.09**	**32,152.72**	**27,698.65**
Less : Transfer to Development	(2.87)	(5.04)	(6.62)	(3.09)	(0.72)	(7.20)
TOTAL	**11,777.39**	**52,408.39**	**51,196.47**	**37,641.00**	**32,152.00**	**27,691.45**
Profit Before Tax and Extra Ordinary Items	37,356.71	139,649.28	57,386.71	81,904.18	85,862.35	87,541.62
Total Other Income as % of profit before tax and extra ordinary items	31.53%	37.53%	89.21%	45.96%	37.45%	31.63%

Note:

1. All items of income included under "Other Income" above are related to the business activities of the company and are recurring in nature, as per current operations and business activities of the company as determined by the management.

2. Interest shown above include interest on Bank FDs , advance to employees etc.

Bank FDs

As on	**30.06.2010**	**31.03.2010**	**31.03.2009**	**31.03.2008**	**31.03.2007**	**31.03.2006**
Fixed Deposit with Scheduled Banks (Rs in Million)	363,332.03	359,839.43	283,654.11	198,864.33	144,430.47	110,494.45

The Bank Fixed Deposits, were generated from profit earned from business activities (net of dividend paid)

COAL INDIA LIMITED (CONSOLIDATED)

ANNEXURE-E

SIGNIFICANT ACCOUNTING POLICIES

1.0 ACCOUNTING CONVENTION

Financial statements are prepared on the basis of historical cost and on accrual basis following going concern concept, accounting standards and generally accepted accounting principles except otherwise stated elsewhere.

2.0 BASIS OF ACCOUNTING

All expenses and incomes are booked initially in the natural heads of accounts and then transferred to functional heads wherever required.

3.0 SUBSIDIES / GRANTS FROM GOVERNMENT

3.1 Subsidies / Grants on Capital Account are deducted from the cost of respective assets to which they relate. The unspent amount at year end, if any, is shown as current liabilities.

3.2 Subsidies / Grants on Revenue Account are credited to Profit & Loss Account under the head Other Receipts and the relevant expenses are debited to the respective heads. The unspent amount at the year end, if any, is shown as Current Liabilities.

4.0 FIXED ASSETS:

4.1 **Land:**

Value of land includes cost of acquisition, cash rehabilitation expenses and resettlement cost incurred for concerned displaced persons. Other expenditure incurred on acquisition of Land viz., compensation in lieu of employment etc. are, however, treated as revenue expenditure.

4.2 **Plant & Machinery:**

Plant & Machinery includes cost and expenses incurred for erection / installation and other attributable costs of bringing those assets to working conditions for their intended use.

4.3 **Railway Sidings:**

Pending commissioning, payments made to the railway authorities for construction of railway sidings are shown under Capital Work-in-Progress.

4.4 **Development:**

Expenses net of income of the projects / mines under development are booked to Development Account and grouped under Capital Work-in-Progress till the projects / mines are brought to revenue account. Except otherwise specifically stated in the project report to determine the commercial readiness of the project to yield production on a sustainable basis and completion of required development activity during the period of constructions, projects and mines under development are brought to revenue:

(a) From beginning of the financial year immediately after the year in which the project achieves physical output of 25% of rated capacity as per approved project report, or

(b) 2 years of touching of coal , or
(c) From the beginning of the financial year in which the value of production is more than total expenses,

- Whichever event occurs first.

4.5 **Prospecting & Boring and other Development Expenditure:**

The cost of exploration and other development expenditure incurred in one "Five year" plan period will be kept in Capital work-in-progress till the end of subsequent two "Five year" plan periods for formulation of projects before it is written-off except in the case of Blocks identified for sale or proposed to be sold to outside agency which will be kept in inventory till finalization of sale.

5.0 INVESTMENTS:

All investments, being long term in nature, are stated at cost.

6.0 INVENTORIES:

6.1 Book stock of coal / coke is considered in the Accounts where the variance between book stock and measured stock is upto +/- 5% and in cases where the variance is beyond +/- 5% the measured stock is considered. Such stock are valued at Net Realisable Value or cost whichever is lower.

6.1.1 Slurry, middling of washeries are valued at net realisable value.

6.2 Stock of stores and spare parts at Central & Area Stores are valued at cost calculated on the basis of weighted average method. The year-end inventory of stores and spare parts lying at collieries / sub-stores / consuming centres, initially charged off, are valued at issue price of Area Stores, Cost/estimated cost. Workshop jobs including work-in-progress are valued at cost.

6.2.1 Stores & Spares
The closing stock of stores and spare parts has been considered in the Accounts as per balances appearing in priced stores ledger of the Central Stores and as per physically verified stores lying at the collieries/units.

6.2.2 Stores & Spare Parts include loose tools.

6.2.3 Provisions are made at the rate of 100% for unserviceable, damaged and obsolete stores and at the rate of 50% for stores & spares not moved for 5 years.

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

7.0 DEPRECIATION

7.1 Depreciation on Fixed Assets is provided on straight line method at the rates and manner specified in Schedule XIV of the Companies Act, 1956 (as amended) except for :

(a) The Earth Science Museum	5.15%
(b) High Volume Samplers and Respiratory Dust	33.33%
(c) Telecommunication Equipments	15.83%
(d) General Communication / Instrumentation Systems	10.55%

Depreciation on such equipments is charged over the technically estimated life, at higher rates.

Further, depreciation on certain Equipments / HEMM is charged over the technically estimated life at higher rates viz. 11.88%, 13.57% and 15.83% as applicable. Depreciation on the assets added /disposed off during the year is provided on pro-rata basis with reference to the month of addition/ disposal, except on those assets attracting 100% depreciation p.a. (SLM basis), which are fully depreciated in the year of their addition.

Value of land acquired under Coal Bearing area (Acquisition & Development) Act, 1957 is amortised on the basis of the balance life of the project. Value of leasehold land is amortised on the basis of lease period or balance life of the project whichever is earlier.

7.2 Prospecting, Boring and Development expenditure are amortised from the year when the mine is brought under revenue, in 20 years or working life of the project whichever is less.

7.3 Depreciation on SDL and LHD (equipments) are charged @19% p.a. and @15.83% p.a. respectively.

7.4 Depreciation after major overhauling of Helicopter is charged @ 47.5% p.a., based on its expected year of life / flying hours.

8.0 IMPAIRMENT OF ASSETS

8.1 Impairment loss is recognised wherever the carrying amount of an asset is in excess of its recoverable amount and the same is recognized as an expense in the statement of profit and loss and carrying amount of the asset is reduced to its recoverable amount.

8.2 Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased.

9.0 FOREIGN CURRENCY TRANSACTIONS

9.1 Year-end balance of foreign currency transactions is translated at the year-end rates and the corresponding effect is given in the respective accounts. Transactions completed during the year are adjusted on actual basis.

9.2 Transactions covered by cross currency swap options contracts to be settled on future dates are recognised at the year-end rates of the underlying foreign currency. Effects arising out of such contracts are taken into accounts on the date of settlement.

10.0 RETIREMENT BENEFITS / OTHER EMPLOYEE BENEFITS

a) Defined contribution Plans:

The Company makes contributions towards Provident Fund and Pension Fund to a defined contribution retirement benefit plan for qualifying employees. The Provident Fund and Pension fund are operated by the Coal Mines Provident Fund (CMPF) Authorities. As per rules of these schemes, the Company is required to contribute a specified percentage of pay roll cost to the CMPF authorities to fund the benefits.

b) Defined Benefit Plans:

The year-end liability on account of gratuity and leave encashment is provided for on actuarial valuation basis by applying projected unit credit method. Further the Company has created a Trust with respect to establishment of Funded Group Gratuity (cash accumulation) Scheme through Life Insurance Corporation of India. Contribution is made to the said fund

based on actuarial valuation.

c) Other employee Benefits:

Further year-end liability of certain other employee benefits viz. benefits on account of LTA/LTC; Life Cover Scheme, Group Personal Accident Insurance Scheme and Settlement Allowance, Retired Executive Medical Benefit Scheme and compensation dependants of deceased in mine accidents, etc. are also valued on actuarial basis by applying projected unit credit method.

11.0 RECOGNITION OF INCOME AND EXPENDITURE

Income and Expenditure are generally recognised on accrual basis and provision is made for all known liabilities.

12.0 BORROWING COST

Borrowing cost directly attributable to the acquisition or construction of qualifying assets are capitalised. Other borrowing costs are recognised as expenses in the period in which they are incurred.

13.0 TAXATION:

Provision of current income tax is made in accordance with the Income Tax Act, 1961. Deferred tax liabilities and assets are recognised at substantively enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period.

14.0 PROVISION:

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the balance sheet date.

15.0 CONTINGENT LIABILITY:

15.1 Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise or a present obligation that arises from the past events but is not recognised because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations can not be made.

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

16.0 PRIOR PERIOD ADJUSTMENT

Income/ Expenditure items relating to prior period(s), which do not exceed Rs.0.5 million in each case, are treated as income/expenditure for the current year.

17.0 OVERBURDEN REMOVAL (OBR) EXPENSES:

In opencast mines with rated capacity of one million tonnes per annum and above, 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 after the mines are brought to revenue. Net of balances of advance stripping and ratio variance at the end of the year is shown as Cost of

Removal of OB under the head Current Assets / Liabilities as the case may be.

The reported quantity of overburden as per our record is considered in calculating the ratio for OBR Accounting where the variance between reported quantity and measured quantity is within the lower of the two alternative permissible limits, as detailed hereunder:-

Annual Quantum of OBR of the Mine	Permissible limits of variance, whichever is less	
	%	Quantum (In Mill. Cu.Mtr.)
Less than 1 mill CUM	+/- 5%	0.03
Between 1 and 5 Mill CUM	+/- 3%	0.20
More than 5 Mill CUM	+/- 2%	-

However, where the variance is beyond the permissible limits as above, the measured quantity is considered.

COAL INDIA LIMITED (CONSOLIDATED)

ANNEXURE-F

Notes on Adjustments Made for Consolidated Restated Financial Statements

1.Adjustments on changes in Accounting Policies and Prior period items

(Rs in Million)

	30.06.2010	2010	2009	2008	2007	2006
Profit after tax as per Audited Statements of Accounts (A)	25,258.86	96,224.47	20,786.92	52,432.72	57,087.28	58,915.25
Adjustments on accounts of :						
i) Changes in Accounting Policies: (B)						
Method of Providing Depreciation	-	58.49	533.27	779.71	(272.42)	(841.43)
Sub Total (B)	-	58.49	533.27	779.71	(272.42)	(841.43)
ii)Other Adjustment and Prior Period Items:						
Arrear of Salary & Wages	-	2,185.48	20,951.28	(8,535.04)	(14,601.72)	-
Other Adjustments and Prior Period Items	(62.24)	2,437.31	(769.12)	(5,523.34)	(1,493.56)	3,218.52
Sub Total (C)	(62.24)	4,622.79	20,182.16	(14,058.38)	(16,095.28)	3,218.52
Total Adjustments (B+C)	**(62.24)**	**4,681.28**	**20,715.43**	**(13,278.67)**	**(16,367.70)**	**2,377.09**
iii)Tax Adjustments :(D)						
Normal Tax impact of adjustments	21.16	(2,341.79)	(2,880.61)	5,208.64	2,654.07	(685.69)
Deferred Tax impact of adjustments	-	(226.97)	2,004.49	(1,512.62)	(1,320.96)	529.36
Sub Total (D)	21.16	(2,568.76)	(876.12)	3,696.02	1,333.11	(156.33)
Total Adjustments (B+C+D)(E)	(41.08)	2,112.52	19,839.31	(9,582.65)	(15,034.59)	2,220.76
Net Adjusted Profits after Tax (A)+(E)	**25,217.78**	**98,336.99**	**40,626.23**	**42,850.07**	**42,052.69**	**61,136.01**

(Contd from previous page…)

2. Notes on adjustments made for Restated Financial Statements

2.1 The prior period items in the Profit and Loss Account have been re-allocated to the respective years to which they relate.

2.2 Certain arrears of expenses shown in the year of incurrence earlier have now been taken to the respective years to which they relate.

2.3 The Company has been providing depreciation on the fixed assets under Straight Line Method at the rates and manners prescribed in Schedule-XIV of the Companies Act, 1956. However, in the financial years 2007-08 and 2008-09 respectively the Company has changed the estimated useful life of certain Plant & Machinery based on technical evaluation. The consequential impact is lowering of the economic life than that was envisaged earlier. Depreciation has been recomputed and adjusted accordingly in the restated financial statements.

2.4 Arrears of expenses in respect of Salary and Wages paid to the executives and non-executives arising out of wage agreement under National Coal Agreement- VIII and pay revisions for the executives which was previously shown in the year of incurrence, have now been restated and taken into respective years to which they relate.

2.5 Provision for tax for earlier years have been bifurcated and considered under respective years.

2.6 The Company has accounted for the deferred tax assets & liabilities for earlier years in terms of 'Accounting for Taxes on Income' (AS 22) issued by the Institute of Chartered Accountants of India (ICAI). Current tax and Deferred tax impact of adjustments made have been computed on the profit arrived after making the adjustment and on the basis of rates applicable to respective years.

2.7 The Accounts for the years have been restated considering the Guidance Note "Reports in Company Prospectuses" issued by Institute of Chartered Accountants of India and other changes / adjustments referred to above. Effect of these changes has been shown as separate line items under Para 1 referred above. Effect of changes for financial years prior to 2005-06 have been adjusted in Reserves & Surplus as on 31.03.2005 net of taxes including deferred tax relatable to financial years prior to 2005-06.

COAL INDIA LIMITED (CONSOLIDATED)

Annexure-G

Notes on adjustments not made for Restated Financial Statements

1. As per the Notification dated 26.11.2008 of Ministry of Heavy Industries and Public Enterprises, Govt. of India, while reviewing the pay scales of the employees of PSU's, inter-alia revised the ceiling of gratuity to Rs.1.00 million from Rs.0.35 million w.e.f. 01.07.2007. Accordingly, gratuity liability as per AS-15 has been accounted under Employees cost in the year 2008-09 and such amount has not been recast to the relevant earlier years as the same has not been ascertained.

2. Further arrear liability on account of Gratuity and other Employee Benefits arising out of revision of salary and wages for executives and non-executives in 2008-09 has been charged in the Accounts of 2008-09 and the restatement of it to respective years has not been made, as the same has not been ascertained.

3. Transitional Provision: As required by AS-15 (Revised 2005) Employee Benefits issued by the Institute of Chartered Accountants of India, the difference between the transitional liability and the liability that would have been recognized at the same date, as per the pre revised AS-15, should be adjusted, against opening balances of revenue reserve and surplus. For compliance of the requirement of AS-15 (Revised 2005), the transitional provision has been shown accordingly.

COAL INDIA LIMITED (CONSOLIDATED)

Annexure-H

Other Notes on Restated Financial Statements

1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1.1 The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Parent Company, i.e. year ending 31st March and three months period ending 30th June.

1.2 The financial statements have been prepared under the historical cost convention and on the accrual basis of accounting. The accounts of the subsidiaries have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and on the basis of accounting principles generally accepted in India.

2 PRINCIPLES OF CONSOLIDATION

2.1 The consolidated financial statements relate to Coal India Limited (CIL), its wholly owned subsidiary companies, namely, Eastern Coalfields Limited (ECL), Bharat Coking Coal Limited (BCCL), Central Coalfields Limited (CCL), Northern Coalfields Limited (NCL), Western Coalfields Limited (WCL), South Eastern Coalfields Limited (SECL), Mahanadi Coalfields Limited (MCL), Central Mine planning & Design Institute Limited (CMPDIL) & Coal India Africana Limitada (Overseas Subsidiary) and proportionate stake in International Coal Venture Pvt. Limited (ICVL).

The financial statement of MCL has been consolidated with its two subsidiary companies – MNH Shakti Limited and MJSJ Coal Limited.

On incorporation of subsidiaries on the basis of joint venture agreement as per directives from the Ministry of Coal, Mahanadi Coalfields Ltd has deposited money / transferred debits for capital and other expenditure.

The position of investment and other current account as at 31.03.2010 and 30.06.2010 is as under: -

Name of Subsidiary	Country of Incorporation	Stake in Subsidiary*	Date of incorporation	Address	Minority Interest as per consolidated accounts as on 30.06.2010	Minority Interest as per consolidated accounts as on 31.03.2010
1) MNH Shakti Ltd	India	70%	16.07.2008	Anand Vihar, Burla	Rs.75.30 million	Rs.75.30 million
2) MJSJ Coal Ltd	India	60%	13.08.2008	House no 42, 1st Floor, Anand Nagar, Hakim Para, Angul	Rs 160.77 million	Rs 160.77 million
Total					**Rs 236.07 million**	**Rs 236.07 million**

* The Company had same stake in the subsidiaries from the very inception .

Both the subsidiaries are in development stage and the related expenditure has been consolidated.

2.2 The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard – 21 " Consolidated Financial Statements" issued by the Institute of Chartered accountants of India.

Significant Accounting Policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the companies. Recognizing this purpose, the Company has disclosed only such Policies and Notes from individual financial statements, which fairly present the needed disclosure.

3 FIXED ASSETS

3.1 The assets and liabilities taken over from Coal Mines Labour Welfare Organisation and Coal Mines Rescue Organisation, for which no quantitative details are available, have not been incorporated in the accounts pending determination of value thereof.

3.2 The transfer formalities from the Holding Company and other subsidiaries have not been completed and consequently some documents continue to be held in the name of the Holding Company and other subsidiaries.

3.3 Land acquired under Coal Bearing Areas (Acquisition and Development) Act, 1957 and Land Acquisition Act, 1984 is accounted for on payment basis and the same is shown as Leasehold land.

3.4 Land includes certain land taken on possession by the Company for which legal formalities in respect of title deeds are pending.

3.5 Land in possession of North Eastern Coalfields, Assam includes 8069.70 hectares of leasehold land for which no value has been shown in the Balance Sheet.

3.6 In respect of Chandrapur area of Western Coalfields Limited, till date the ownership of land valued at Rs. 232.47 Million has not been vested with the Area, the amount paid is kept in advance account and shown in Capital Commitments.

3.7 Fixed Assets comprising of Plant & Machinery of Rs.21.90 Million and related building and other assets of Rs.162.54 Million, both at book value (WDV) as on 31.03.95 have been let out to Indian Institute of Coal Management, a registered society under Societies Registration Act, 1860 (for an annual lease rent of Rs.15.30 Million) under cancellable operating lease agreement. Additions to these assets from the day of letting out to 30.06.2010 are Rs. 37.62 Million (upto 31.03.2010 Rs. 37.43 Million) on value of plant & machinery and Rs.39.20 Million on value of building and other assets. The cumulative provision for depreciation upto 30.06.2010 stood at Rs.116.67Million (Upto 31.03.2010 stood at Rs115.07 Million). The net W.D.V. of the leased assets as per books as on 30.06.2010 is Rs. 157.39 Million (as on 31.03.2010 is Rs. 158.71 Million).
The lease rent is recovered at the rate of Rs.15.30 Million per annum.

3.8 As per lease agreement dated 31st March 1993 executed with Dishergarh Power Supply Company Ltd., Eastern Coalfields Limited leased out 2X10MW Chinakuri Thermal Power station including land, building, plant & machinery etc. The lease agreement is for 20 years from the commencement of lease w.e.f. 01-04-1991. The gross value of Power Plant, Building and other assets is Rs. 402.40 Million; Rs.101.96 Million and Rs.77.26 Million respectively. The cumulative depreciation upto 30.06.2010 against the abovementioned assets is Rs. 382.37 Million; Rs. 61.47 Million and Rs.64.09 Million (Upto 31.03.2010 is Rs. 382.37 Million; Rs 60.69. Million and Rs.64.09 Million) respectively**.**

The lease rentals have been fixed at Rs.35.00 Million per annum.

3.9 South Eastern Coalfields Limited in terms of License Agreement dated 19th day of March 2001 executed with M/s Apollo Hospital Enterprises Ltd., Chennai has granted the latter a right to occupy and use the fully constructed main hospital building measuring 2,97,099.74 Sq.ft. (27611.50 Sqm) and the residential quarters measuring 55,333 Sq.ft. (5142.47 Sqm) together with superstructures on the land such as sub

station building, sewerage treatment plant and pump house. The License Agreement provides for a lease period of 30 years from the effective date of the commencement of the lease i.e. November 2001. The cost of the gross assets leased to Apollo Hospital Enterprises Ltd. furnished under the schedule of Fixed Assets Rs.313.22 Million and accumulated depreciation as on 30.06.2010 is Rs. 62.08 Million (as on 31.03.2010 is Rs. 60.68 Million). The lease rental has been fixed at Rs.22.82 Million p.a.

3.10 **Surveyed off Fixed Assets**

The items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realizable value and are shown separately in the financial statements. Accordingly assets that have been surveyed off are shown separately under the head " Surveyed off assets" under Fixed Assets Schedule.

Assets not belonging to the company

These Represent Capital Expenditures incurred for creation of assets which are not owned by the company, e.g. public roads, overhead electric lines etc. Following the Guidance Note (Volume I) issued by The Institute of Chartered Accountants of India such capital expenditures are classified as "Assets not belonging to the company".

4. CAPITAL-WORK-IN-PROGRESS

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

4.2 "Prospecting & Boring" and also Development shown under Capital-Work-in-Progress mostly relates to jobs awaiting completion.

5. INVENTORY

5.1 Shortage of coal at Rajmahal OCP of 1.95 Million ton including fired stock valued at Rs.638.57 Million was accounted for i.e. shortage was recognized by way of making provision in accounts, by Eastern Coalfields Limited in accounts of 2007-08 for which enquiry is in progress.

5.2 Prospecting and boring and Development expenditure of Mahanadi Coalfields Limited and South Eastern Coalfields Limited on allotted non-CIL blocks meant for sale amounting to Rs. 63.78 Million (Rs. 62.89 Million) and Rs.88.56 Million (Rs.88.56 Million) respectively has been shown as "inventories" at cost as on 30.06.2010 (31.03.2010).

6. SUNDRY DEBTORS

6.1 The Government of Madhya Pradesh by Gazette Notification dated 30.09.2005 imposed a new tax under "Madhya Pradesh Gramin Avsanrachana Tatha Sadak Vikas Adhiniyam, 2005". This Adhiniyam provides for charging of tax @ 5% on basic coal value w.e.f. 30.09.2005.

Total liability on this account till 30.06.2010 is Rs.2,093.69 Million. Some consumers as well as WCL moved the Hon'ble High Court of Madhya Pradesh, Jabalpur and obtained interim relief. As per the interim order dated 15.02.2006, the Hon'ble High Court, Jabalpur had directed the Company not to deposit this tax to the State Government but to keep it in a fixed deposit. The matter was later dismissed by the Jabalpur High Court in favour of the MP Government. WCL has filed an SLP before the hon'ble Supreme Court and the matter is still sub judice. Total amount due as per bills raised is Rs. 1748.10 Million. An amount of Rs.57.72 Million collected from coal consumers towards Sales/Entry Tax on Gramin Tax has not been deposited due to dispute regarding Gramin Tax.

SAIL has not made payment of this tax, totaling Rs. 310.23 Million upto 30.06.2010(Rs. 244.04 Million upto 31.03.2010), to the Company but consented to abide by decision of Hon'ble Supreme Court. For other consumers the Company has received upto 30.06.2010 an amount of Rs. 1978.59 Million (Rs. 1849.65 upto 31.03.2010) on this a/c. Which is shown under Advances and Deposits from Customers. An amount of Rs.1784.87 Million against the said receipt of Rs.1849.65 Million is deposited in fixed deposit

as on 30.06.2010. The balance of Rs.64.78 Million has been deposited in April 2010. Interest on such fixed deposits is treated as liability by WCL. The case is now pending in the Hon'ble Supreme Court of India.

6.2 South Eastern Coalfields Limited has billed Rs 3931.91 Million upto 30.06.2010(Rs. 3678.92 Million upto 31.03.2010) to customers towards MP Gramin Adhosanrachana Tatha Sadak Vikas Upkar, 2005 levied by the Government of Madhya Pradesh. The levy of cess by the Government of Madhya Pradesh has been challenged before the Hon'ble Supreme Court by way of Special Leave petition. But the Company is recovering the cess from the Consumers and the amount is shown as liability. For the year 2009-10 interest of Rs.203.74 Million has been accrued and the same has been treated as income of the Company. There is a contingent liability against the Company to the extent of interest, if any, awarded by the Court on final disposal of the case. However, the quantum of interest is unascertainable. The amount, so recovered is being deposited in a separate bank account in State Bank of India, Bilaspur. The amount lying in this bank account is Rs. 4049.46 Million (Rs. 3571.86 Million as on 31.03.2010) excluding interest accrued.

South Eastern Coalfields Limited has also billed to customers towards Chhatisgarh (Adhosanrachana Vikas Evem Paryavaran) Upkar, 2005 levied by the Government of Chhatisgarh. The Hon'ble High Court in its interim order Dated 26.10.07 has permitted the Chhatisgarh Government to collect the Cess subject to final result of the writ petition filed by the Company. The Company is depositing the amount with the Govt. of Chhatisgarh.

The Company has billed Rs. 488.40 Million upto 30.06.2010(Rs. 431.34 Million upto 31.03.2010) to customers towards Terminal Tax enhanced by various Municipal Corporations in the State Madhya Pradesh and Chhatisgarh. The enhanced levy of Cess has been challenged in the Hon'ble High Court of Jabalpur and Chhatisgarh. As per Interim Order of the Hon'ble High Court Rs.11.69 Million has been deposited with the High Court. The Company is recovering the Terminal Tax from the Consumers and the amount is shown as liability. The interest earned on such deposits upto 30.06.2010 amounts to Rs.8.51 Million has been shown as liability. There is a contingent liability against the Company to the extent of interest, if any, awarded by the Court on final disposal of the case. However, the quantum of interest is unascertainable. The amount, so recovered is being deposited in separate bank accounts in the Areas. The amount lying in this bank account is Rs. 391.62 Million (Rs. 324.14 Million as on 31.03.2010).

6.3 In absence of balance confirmation from some parties, the Sundry Debtors, Creditors, Loans & Advances and Deposits have been taken in the Accounts as per their book value.

6.4 **Provision for Sundry Debtors**

At the year-end, outstanding sundry debtors are evaluated by the management on the basis of merits in each case as to their realisibility and based on such evaluation; provision for doubtful debts is made in the accounts.

7. LOANS AND ADVANCES

Commercial Tax Department has raised a demand of Rs. 3174.36 Million till 30-06-2010(Rs 2789.14 Million till 31.03.2010) for Sales Tax and Entry tax, against which an appeal has been filed and Rs. 433.99 Million (Rs. 392.56 Million upto 31.03.2010) has been deposited under protest by Northern Coalfields Limited and the balance has been shown as Contingent Liability.

8. CASH AND BANK BALANCE

It includes Rs.11.55 Million (Rs.11.34 Million upto 31.03.2010) balance with Scheduled Bank in Deposit account, which is under lien to Hon'ble District Court of Sundergarh. Rs.12.60 Million (unclaimed OREEP Tax), out of which Rs.9.66 Million represents amount received from Hon'ble Supreme Court of India towards corpus fund of trust and the balance of Rs. 2.94 Million being interest thereon. As per directives of the Hon'ble Supreme Court, the interest income is to be utilized for welfare of employees. The Trust is yet to be formed.

9. CURRENT LIABILITIES

9.1 Advance from customers of Mahanadi Coalfields Limited includes Cess on Coal including principal of Rs.84.03 Million (net of payments) and interest of Rs.94.71 Million (net of payments) against receipts from Government of Orissa in the year 2005-06 as per directive of Hon'ble Supreme Court judgement dated 31.7.2001. The money is refundable to the customers. During the year 2009-10 and quarter ended 30.06.2010 the Group has provided interest of Rs. 12.60 Million calculated at the rate of 12% for the unpaid principal amount of the Cess liability. The total liability thus included therein becomes Rs. 226.89 Million as at 30.6.2010(Rs. 224.37 Million as at 31.03.2010). The Company has not identified the customers / parties to whom the refund is to be made. Finalization of modalities for refunding the same to the customers / parties is yet to be done.

9.2 In the process of making payment of cess by Eastern Coalfields Limited on the annual value of coal bearing land based on average production of preceding two years valuing at a rate prevailing as on 1st April of each year and realization made from customers on the value of despatches of coal there remains a balance accumulating to Rs.9493.94 Million, which has been shown in Cess Equalisation Account under Current Liabilities and Provision. There is an additional demand of Rs.3225.80 Million arising out of the assessment made upto 2002-03 which has been shown as Contingent Liability.

9.3 Bazaar fees amounting to Rs. 1314.43 Million (Rs. 1210.92 Million upto 31.03.2010) collected by Bharat Coking Coal Limited on sale of coal/coke vide Gazette Notification No.34 dated 18th Jan'2006 but the same has not been deposited to the appropriate authority as the matter is subjudice at Jharkhand High Court under case No.6507 of 2006.

9.4 In Bharat Coking Coal Limited, revised agreement in respect of price of Rejects and power tariff with DLF is not yet finalized. However, interest receivable/payable at this stage is not accounted for. The matter is also pending before the Appellate Tribunal for Electricity, New Delhi. However, interest due to delay in payment to DLF has been provisionally determined as Rs. 109.04 Million upto Year ending on 30.06.2010(Rs. 103.85 Million upto 31.03.2010).

9.5 Singrauli Municipal Authority has claimed license and composite fees for construction of building of Rs. 98.66 Million from Northern Coalfields Limited and the same is not provided for in the accounts. However, Rs.60.00 Million has been deposited under protest.

9.6 From Northern Coalfields Ltd, Government of Madhya Pradesh has claimed Land Revenue Premium for an amount of Rs.621.30 Million against which an amount of Rs.30.00 Million has been deposited under protest.

9.7 SSADA cess on sale of coal has not been collected from a few parties by Northern Coalfields Limited after the stay obtained by the respective parties from Hon'ble High Court, Allahabad. The amount not collected on this account amounts to Rs.29.94 Million upto 30.06.2010.

9.8 By virtue of enactment of Cess and Other Taxes on Mineral Validation Act, 1992, Western Coalfields Limited raised supplementary bills on customers' upto 04.04.1991. An amount of Rs. 29.57 Million has been shown as liability for Cess on Royalty under the head Current Liabilities & Provisions. In view of the judgment of Hon'ble High Court, Patna, and Ranchi Bench in writ petition No.CWJC/1280 of 1992, Cess is not payable. However a Special Leave Petition is pending in Supreme Court against it.

9.9 Northern Coalfields Ltd has received a demand notice of Rs.27.25 Million from the Service Tax Authority regarding transportation of coal by road for the period 01.01.2005 to 30.09.2006 in respect of MP projects of NCL. As per legal opinion obtained, no service tax is payable on account of transportation of coal and as such an appeal has been filed against the above order. However, the Company has deposited Rs.93.39 Million for the period from 01.01.05 to 30.06.2010 under protest.

9.10 In the process of making payment of cess on the annual value of coal bearing land based on average production of preceding two years valuing at a rate prevailing as on 1st April of each year and realization made from customers on the value of dispatches of coal, there remains a balance accumulating to Rs.9,493.94 Million, which has been shown in Cess Equalization Account under Current Liabilities & Provision. There is an additional demand of Rs.3,225.80 Million arising out of the assessment made upto 2002-03 which has been shown as contingent liability.

10. FOREIGN CURRENCY LOAN

10.1 The foreign currency loans drawn from International Bank for Reconstruction and Development and Japan Bank for International Cooperation on account of Coal Sector Rehabilitation Project to be implemented in various subsidiaries has been shown under the head Unsecured Loan.

The Company has entered into swap transactions against a portion of above stated borrowing and interest thereon. Gains/ losses arising out of swap transactions are being carried as Reserve for foreign currency transactions.

10.2 The overall Marked to Market position of the existing hedge transactions (net of the positive values) as on 30.06.2010 stood at Rs.543.90Million-negative(Rs.373.10 Million-negative as on 31.03.2010). However, the negative Marked to Market valuation of outstanding position involving six individual foreign currency transactions as on 30.06.2010 before netting up with transactions having positive values stood at Rs.559.10 Million (Rs. 389.80 Million as on 31.03.2010), which have been fully provided for.

11. PROFIT & LOSS ACCOUNT

11.1 Total claim of Rs. 476.68 Million was lodged with the Director of Electricity, Govt. of West Bengal, in support of relief/concession required for revival of ECL according to BIFR's sanctioned scheme vide its letter No. 40/PA/PR.Secy./IRPE dated 30.8.2005. During the year 2009-10 Rs. 21.29 Million has been received and recovery of the balance amount of Rs. 242.89 Million are in process

11.2 Allocation of the fund for the CSR activities is based on 5% of the retained earnings of the previous year, subject to minimum of Rs.5/- per ton of coal production of previous year of coal producing subsidiary companies. In case of CIL, allocation is 2.5% of retained profit of last year of CIL for execution of CSR activities.

12. INVESTMENT IN EASTERN COALFIELDS LIMITED AND BHARAT COKING COAL LIMITED

ECL and BCCL have become sick and were referred to BIFR under Sick Industrial Companies (Special Provisions) Act, 1985. The revival plan of both ECL & BCCL has already been approved by BIFR and thereafter rated by the concerned Ministry. The implementation of these revival schemes will substantially improve the financial positions of these companies. Accumulated Profit(Loss) and Net Worth of ECL and BCCL as on 30.06.2010 & 31.03.2010 are as under:-

Rs. in Million

Company	Accumulated Profit(Loss)		Net Worth	
	As on 30.06.2010	As on 31.03.2010	As on 30.06.2010	As on 31.03.2010
ECL	(82333.71)	(82339.97)	(60149.21)	(60155.47)
BCCL	(73204.58)	(75208.78)	(52024.58)	(54028.78)

13. DISCONTINUING OPERATION

13.1 **CBE Plant, Bhandra – Western Coalfields Limited:**
The Plant used to manufacture Nitro-Glycerine based Permitted Explosives used in the underground mines of the Company till its closure on 28.04.2003. Consequent upon decision of the Government of India to discontinue/ban production of NG-based explosives in the country and its adoption by the Board of Ordnance Factories of India, the Joint Venture partner of the Plant, the Plant was closed on and from 28.04.2003.

CIL had given its approval for disposal of the Plant and the Company in its 197th Board Meeting held on 19.04.2006 had approved the disposal of P&M by tendering/e-auction and accordingly the P&M along with related stores & spares have been disposed of during 2006-07 by auction through MSTC. The Net Block of assets pending disposal is Rs.0.81 Million. The liability towards Overheads after closure of the Plant till 30.06.2010 for maintenance and upkeep of the Plant is Rs. 3.96 Million.

The claims on a/c of MODVAT for the years 1986 to 1988 to the tune of Rs.0.79 Million have been written off as time barred as per the advice of the Ministry of Coal, duly approved by the WCL Board. Consequently, the provision for doubtful advances for the same amount has also been withdrawn.

The revenue expenses incurred during the year 2009-10 is Rs.0.36 Million. Since the Plant works on No-Profit-No-Loss basis, all expenses are passed on to the Areas. Hence there is no question of profit/loss. There is a net cash outflow attributable to operating, investing and financing of discontinuance to the tune of Rs.0.02 Million.

13.2 **DFD Plant, Hinganghat, Western Coalfields Limited:**
The Plant used to manufacture Coal Briquettes from raw coal for domestic fuel purposes till its closure in 1994. Consequent upon non-viability of the Plant as per the decision of the Board of the Company, the Plant was closed in 1994.

The disposal of the Plant is under process and the exact date of completion of discontinuance is not determinable as of now. The Net Block of assets pending disposal is Rs.0.26 Million and the liability towards Municipal Taxes is Rs.0.30 Million. The Company has applied to the Hinganghat Nagar Palika for waiver of the Municipal Taxes for the past four years on the ground that the Plant is no more in operation. The revenue expenses incurred during the year 2009-10 is Rs.0.05 Million. Since the Plant is inoperative for the past ten years and the final disposal of the Plant is yet to be done, there is no question of profit/loss. There is no cash outflow attributable to operating, investing and financing of discontinuance.

14. GENERAL

14.1 Amount of Rs.4750.61 Million has been provided in the accounts with the "Report of the Committee on Methodology to be adopted in connection with the provision for back filling and other necessary jobs to meet environmental requirements whether covered under EMP or not", an amount equivalent to Rs.75,000/- per hectare each for technical and biological reclamation of the area excavated at the end of the year less the pro-rata area, which are not required to be backfilled.

14.2 As required by section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 the following information is disclosed:

(Rs.in Million)

Sl. No.	Descriptions	30.06.2010	31.03.2010
1	Principal amount remaining unpaid.	17.37	271.10
2	Interest due thereon	0	
3	Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	0	0
4	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	0	0
5	Interest accrued and remaining unpaid.	0	0
6	Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	0	0
	Total	**17.37**	**271.10**

14.3 Bharat Coking Coal Limited has received JAP, SSRC and R&D grant upto 30.06.2010 for Rs.723.50 Million, Rs.770.59 Million & Rs.17.50 Million respectively and total expenditure incurred against these are as follows:

(Rs. in Million)

	JAP scheme	SSRC Scheme	R&D
Capital	53.85	333.70	5.02
Revenue	33.18	54.08	3.89

14.4 **Use of Estimate:**

In preparing the financial statements in conformity with Accounting Principles generally accepted in India, Management is required to make estimates and assumptions that effect the reported amounts of assets and liabilities and the disclosures of contingent liability as at the date of financial statements and the amount of revenue and expenses during the reported period. Actual results would defer from those estimates. Any revision to such estimate is recognized in the period the same is determined.

15. FINANCIAL REPORTING OF INTEREST IN JOINT VENTURE AND OVERSEAS SUBSIDIARY

15.1 CIL has entered into a Memorandum of Understanding (vide approval from its Board in 237th meets held on 24th November, 2007) regarding formation of Special Purpose Vehicle (SPV) through joint venture involving Coal India Limited, Steel Authority of India Limited, Rashtriya Ispat Nigam Limited, National Thermal Power Corporation & National Mineral Development Corporation for acquisition of coal properties abroad. The formation of the SPV had been approved by the Cabinet, Govt. of India; vide its approval dated 8th November 2007.

The aforesaid SPV viz. International Coal Ventures Pvt. Ltd. (ICVL) has been formed by incorporation under Companies Act, 1956 on 20th May, 2009 with an authorised capital of Rs.10.00 Million and Paid up Capital of Rs.7.00 Million. Out of above Paid up Capital, Coal India Ltd. is owning 2/7th share i.e. worth Rs.2.00 Million equity shares.

Operational activities of (ICVL) is yet to be started, as such, all expenses are debited to Pre-operative Expenses account. Due to non-availability of audited financial accounts of 2009-10, the consolidated accounts do not include assets and liabilities of ICVL in accordance with AS-27. Since the amount being not very significant, 'Net Interest in Joint Venture' – ICVL is shown separately. Proportionate share of Coal India Limited in assets and liabilities of ICVL as on 30.06.2010 & 31.03.2010 is as under: -

Rs. in Million

Items	ICVL		CIL's Share		Others' Share	
	As on		As on		As on	
	30.06.2010	31.03.2010	30.06.2010	31.03.2010	30.06.2010	31.03.2010
Share Capital	7.00	7.00	2.00	2.00	5.00	5.00
Total	**7.00**	**7.00**	**2.00**	**2.00**	**5.00**	**5.00**
Fixed Assets	0.08	0.08	0.02	0.02	0.06	0.06
Current Assets	15.62	15.62	4.46	4.46	11.15	11.15
Current Liabilities	(12.48)	(12.48)	(3.56)*	(3.56)*	(8.91)	(8.91)
Pre-operative and Other Expenses pending allocation	3.78	3.78	1.08	1.08	2.70	2.70
Total	**7.00**	**7.00**	**2.00**	**2.00**	**5.00**	**5.00**

* Current Liabilities is inclusive of Share Application Money of Rs.9.75 Million.

15.2 Investment in Subsidiary (Overseas)

During the year 2009-10 Coal India Ltd., formed a 100% owned subsidiary in Republic of Mozambique, named “Coal India Africana Limitada”. The initial paid up capital on such formation (known as “Quota Capital”) was Rs.0.05 Million (USD 1000).

16.0 Segment Reporting

The Company has only one business segment i.e. Coal Mining and its sale, and one geographical reportable segment i.e. operation within India, hence segment reporting as defined in AS-17 is not given.

COAL INDIA LIMITED (CONSOLIDATED)

ANNEXURE-I

Statement of Employee Benefits

The Company has adopted AS 15 (Revised 2005) for Employee Benefits issued by ICAI as against erstwhile AS 15. Consequent to the adoption, the following disclosures related to accounting, etc. are made as far as practicable under AS 15 (Revised 2005) requirement. The valuation of year end liability is made on actuarial basis.

Defined Contribution Plans

The Company's contribution to Provident Fund for employees and executives (which includes) amount towards pension fund is Rs.14896.93 Million for the year ended 31.03.2010.

Defined Benefit Plans:

The various benefit plans which are in operation are gratuity fund, pension fund, life cover scheme, settlement allowance, group personal accident insurance scheme, leave travel concession, medical benefit for retired executives, compensation to dependents in case of mine accidental death etc.

The closing liability (based on valuation made by the Actuary) provided on above employee benefits upto 31.03.2010 stood as below:

Rs. in Million

Head	Closing Actuarial Liability as on 31.03.10
Gratuity	90,286.16
Earned Leave	11,213.58
Half Pay Leave	2,975.99
Life Cover Scheme	579.92
Settlement Allowance	33.18
Gross Personal Accident Insurance Scheme	11.98
Leave Travel Concession	1,111.93
Medical Benefits	112.33
Compensation to dependants incase of mine accidental death	1,791.35
Total	**108,116.42**

COAL INDIA LIMITED (CONSOLIDATED)

ANNEXURE-J

Statement of Related Party Transactions

There were no related party transaction involved in the transactions undertaken by the company, except those between the company (which itself is a state controlled enterprise) and other state controlled enterprises which as per provisions of Accounting Standard-18 (Related Party Disclosures) does not require any separate disclosure.

However, the disclosure regarding the Key Managerial Personal are given below:

DIRECTORS' REMUNERATION FOR THE F. Y. 2009-10:

For Whole time Directors :

(Rs in Million)

Sl. No.	Name & Designation	Salaries(Rs.)						Company's.'s contribution to PF & Other Funds.(Rs.)						Medical Benefits(Rs.)					
		30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006	30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006	30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
1	Shri Partha S. Bhattacharyya, Chairman	1.70	2.00	1.16	0.61	0.61	-	0.16	0.16	0.11	0.08	0.07		0.01	0.02	0.01	0.01	-	
2	Shri Sashi Kumar, Chairman	-	-	-	0.26	0.33	0.59	-	-	-	0.03	0.04	0.07	-	-	-	-	-	0.03
3	Shri S. Bhattacharya, Director(F)	-	1.88	1.17	0.71	0.62		-	0.23	0.11	0.08	0.06		-	0.07	0.02	0.02	0.01	-
4	Dr. Asok Kumar Sarkar, Director(Mktg.)	1.15	1.83	-	-	-		0.11	0.14	-	-	-		-	0.01	-	-	-	-
5	Shri Nirmal Ch. Jha, Director(T)	1.31	1.92	1.05	0.61	0.55	-	0.14	0.15	0.10	0.08	0.07		0.02	0.07	0.06	0.04	-	-
6	Shri R. Mohan Das, Director(P)	1.25	2.02	1.00	0.48	-	-	0.14	0.27	0.17	0.06	-	-	0.02	0.07	0.10	0.02	-	-
7	Shri K.Ranganath, Director(Mktg.)	-	-	0.25	0.65	0.56	0.50	-	-	0.02	0.08	0.07	0.06	-	-	-	0.01	0.01	-
8	Md. Salimuddin, Director(P)	-	-	-	0.86	0.56	0.56	-	-	-	0.10	0.07	0.07	-	-	-	0.03	0.37	0.05
9	Shri Laksman Jha, Director(T)	-	-	-	0.26	0.58	0.55	-	-	-	0.03	0.07	0.06	-	-	-	-	0.15	0.07
10	Shri D.K. Verma, Director(F)	-	-	-	-	-	0.67	-	-	-	-	-	0.07	-	-	-	-	-	0.01
11	Shri A.K. Sinha Director(F)	1.07	-	-	-	-	-	0.10	-	-	-	-	-	0.01	-	-	-	-	-
	T O T A L :	**6.48**	**9.66**	**4.63**	**4.44**	**3.81**	**2.87**	**0.65**	**0.95**	**0.51**	**0.54**	**0.45**	**0.33**	**0.06**	**0.24**	**0.19**	**0.13**	**0.54**	**0.16**

COAL INDIA LIMITED (CONSOLIDATED)

ANNEXURE-K

Statement of Dividend Paid/ Proposed

(Rs in Million,unless otherwise stated))

	Quarter ended	Year ended March 31st				
	30.06.2010	**2010**	**2009**	**2008**	**2007**	**2006**
Equity Share Capital	63,163.64	63,163.64	63,163.64	63,163.64	63,163.64	63,163.64
Face Value per share (Rs.) (Note 1)	10.00	10.00	10.00	10.00	10.00	10.00
Number of Shares (units) (Note 1)	6,316,364,400	6,316,364,400	6,316,364,400	6,316,364,400	6,316,364,400	6,316,364,400
Rate of Dividend (%)						
Interim	0.00	35.00	27.00	27.00	23.75	20.00
Amount of Dividend						
Interim (Note 4)	0.00	22,100.00	17,054.20	17,054.20	15,000.00	12,632.73
Corporate Dividend Tax	0.00	0.00	0.00	2,898.36	2,103.75	1,771.74

Notes:

1) Equity Shares were split from Rs. 1000 per share as face value to Rs. 10 per share from 2009-10. While showing the data for 2005-06 to 2008-09 in above statements, face value has been considered as Rs 10 per share uniformly. The number of shares has been adjusted accordingly to reflect a face value of Rs.10 per share.

2) Since CIL paid dividend to Govt. of India out of dividend received from its subsidiaries only, on which the subsidiaries have paid dividend tax , the same as per amended Income Tax Act from 2009 fiscal does not further attract any dividend tax liability, while making payment of dividend to Govt. of India.

3) In Consolidated Accounts of CIL, dividend tax paid by the subsidiaries, while making payment of dividend to CIL has been included.

4) There were no further dividend paid as final dividend over and above interim dividend in fiscal 2006 to 2010.

COAL INDIA LIMITED (CONSOLIDATED)

ANNEXURE-L

STATEMENT OF CAPITALIZATION AS ON 30.06.2010

(Rs in Million)

Particulars	Pre-Issue as at 30.06.2010	Post Issue *
Debt:		
Short Term Debt	1,002.80	1,002.80
Long Term Debt	16,791.73	16,791.73
Total	**17,794.53**	**17,794.53**
Shareholders' Funds		
Share Capital	63,163.64	63,163.64
Reserves and surplus	220,731.50	220,731.50
Total Shareholders' Funds	**283,895.14**	**283,895.14**
Debt/Equity Ratio	0.06	0.06
Long Term Debt /Equity	0.06	0.06

Notes:

1. * As the IPO is only Offer for Sale by Government of India, there would be no change in Debt and Shareholders Funds Post Issue
2. The above has been computed on basis of the restated financial statements of the company
3. Long term debt includes loan repayable within 1 year (2010-11) amounting to Rs.1693.31 Million

COAL INDIA LIMITED (CONSOLIDATED)

ANNEXURE-M

Statement of Accounting Ratios of the Company

(Rs in Million,unless otherwise stated)

	Year ended March 31st					
	30.06.2010	**2010**	**2009**	**2008**	**2007**	**2006**
Restated Profit after Tax and Before Extra Ordinary Items	25,217.78	98,336.99	40,593.60	37,576.06	41,890.48	60,792.82
Extra Ordinary Items(Net of Taxes)	0.00	0.00	32.63	5,274.01	162.21	343.19
Restated Profit after Tax and After Extra Ordinary Items	25,217.78	98,336.99	40,626.23	42,850.07	42,052.69	61,136.01
Net Worth	283,879.79	258,478.51	190,079.61	172,006.83	162,131.23	142,536.39
No of Equity shares outstanding at the end of the year (units)	6,316,364,400	6,316,364,400	6,316,364,400	6,316,364,400	6,316,364,400	6,316,364,400
Earning Per Share Before extra ordinary items (Rs)	3.99	15.57	6.43	5.95	6.63	9.62
Earning Per Share After extra ordinary items (Rs)	3.99	15.57	6.43	6.78	6.66	9.68
Diluted Earning Per Share Before extra ordinary items (Rs)	3.99	15.57	6.43	5.95	6.63	9.62
Diluted Earning Per Share After extra ordinary items (Rs)	3.99	15.57	6.43	6.78	6.66	9.68
Return on Net Worth(%)	8.88%	38.04%	21.37%	24.91%	25.94%	42.89%
Net Asset Value/Shares (Rs.)	44.94	40.92	30.09	27.23	25.67	22.57

Formula:

Earning Per Share Before extra ordinary items (Rs) = $\frac{\text{Restated Profit after Tax and Before Extra Ordinary Items}}{\text{No. of equity Shares}}$

Earning Per Share After extra ordinary items (Rs) = $\frac{\text{Restated Profit after Tax and After Extra Ordinary Items}}{\text{No. of equity Shares}}$

Return on Net Worth = $\frac{\text{Restated Profit after tax X 100}}{\text{Net Worth}}$

Net Asset Value Per Share (Rs.) = $\frac{\text{Net Worth}}{\text{No. of Equity Shares}}$

Notes:

1. The Earning Per share is calculated is accordance with "Earning Per share"(AS-20) issued by ICAI
2. Net worth means Equity share Capital + Reserves and Surplus- Miscelleneous Expenditure to the extent not written off
3. Ratios have been computed/ adjusted on the basis of adjusted Profit/Loss for the respective years
4. No dilution of equity in any of the period / years referred above.
5. Equity Shares were split from Rs. 1000 per share as face value to Rs. 10 per share from 2009-10. While showing the data for 2005-06 to 2008-09 in above statements, face value has been considered as Rs 10 per share uniformly. The number of shares has been adjusted accordingly to reflect a face value of Rs.10 per share.

COAL INDIA LIMITED (CONSOLIDATED)

ANNEXURE-N

Statement of Tax Shelter of The Company

(Rs in Million)

PARTICULARS	Quarter ended	Year ended March 31st				
	30.06.2010	2009-10	2008-09	2007-08	2006-07	2005-06
Profit before Tax as per Audited accounts	37,356.71	139,649.28	57,441.04	87,384.61	86,024.57	87,884.81
Adjustments	(62.24)	4,681.34	20,715.43	(13,278.67)	(16,367.70)	2,377.09
Restated Profit Before Tax (A)	37,294.47	144,330.62	78,156.47	74,105.94	69,656.87	90,261.90
Tax on Restated Profit	22,094.21	56,080.86	46,229.87	39,299.73	27,173.69	28,945.83
Adjustments						
Permanent Differences (B)						
Dividend	(31,370.49)	(33,673.58)	(33,297.41)	(23,782.74)	(26,290.79)	(17,350.59)
Income from sale of Assets	(6.63)	(21.93)	(85.05)	(240.25)	(46.98)	(66.03)
Interest recived on tax free bonds	(253.51)	(1,141.03)	(1,343.85)	(1,444.73)	(1,745.04)	(1,789.79)
Deletion of assets		2.31	4.57	68.16	5.42	2.13
Perquisite tax paid by the company		14.42	421.29	343.55	-	-
Wealth tax	2.58	17.39	5.38	4.20	2.78	2.66
OBR adjustment	1,100.79	6,519.27	288.65	2,515.04	4,020.89	4,238.61
Loss on sale of assets	0.16	(0.80)	52.07	1.71	20.03	19.41
Contribution to Rehabiliation fund	279.24	1,165.46	1,151.92	1,091.52	1,000.92	1,378.53
Provision for EMP Activities	1.87	227.21	12.15	198.57	-	22.11
Change in policy-Inventory		-	-	-	-	(103.46)
Interset payment to IT authorities	0.44	119.35	1.05	1.26	(344.14)	112.79
Custodian charges		1.98	2.13	2.61	5.18	-
Donation	1.49	6.77	0.42	5.26	0.24	2.20
Other Adjustments	(501.30)	(634.40)	(219.00)	553.53	682.53	351.04
Total Permanent Differences (B)	(30,745.36)	(27,397.57)	(33,005.69)	(20,682.30)	(22,688.95)	(13,180.38)
Timing Differences (C)						
Difference between tax depreciation and book depreciation	(316.11)	8.88	3,556.38	2,915.22	2,836.52	3,494.76
Deduction u/s 35E	(15.91)	-	-	-	(4.25)	(4.38)
Development expenditure	(84.21)	(211.90)	(223.65)	(640.16)	(247.28)	(221.54)
Difference of gratuity provision and payment of gratuity	(70.84)	(7,649.36)	8,085.99	(432.73)	3,817.85	1,676.44
Difference of leave encashment provision and payment provision	359.99	548.88	1,951.50	314.22	267.62	(3.54)
Deffered Installments of Voluntary retirement scheme u/s 35DDA	(263.35)	5.81	(334.86)	(192.31)	2.60	(45.13)
Provision of doubtful debts, Claims ,Advances, land reclamation e.t.c (Net off return back)	508.75	2,724.06	1,308.42	626.43	643.71	105.55
Provision for non moving inventory / stores/damaged assets (Net off return back)	(2.22)	(45.59)	104.65	64.08	41.48	44.09
Disallowances/Allowances u/s 43 B	309.29	(135.23)	783.67	1,393.09	644.34	(24.24)
Amount Inadmissable/Admissable u/s 40(a) (ia)	48.07	1.65	318.90	(8.39)	(83.50)	218.16
Payment of lease hold land	(1.25)	(50.76)	(24.29)	(180.00)	(520.48)	(402.87)
Other adjustments	(0.72)	(547.78)	(6,151.70)	2,367.39	5,053.92	(6,103.04)
Provision for loans and advancs (Net off return back)	10.69	105.67	408.46	127.21	85.86	45.48
Provision for wealth tax		0.02	0.10	0.07	0.12	0.14
Deffered Installments of prospecting and boring sec 35E		(6.13)	(6.14)	(6.58)	(21.43)	(26.47)
Carried forward loss		-	-	-	-	(431.45)
Bad debts written off		(297.59)	(470.23)	(535.62)	(519.33)	(733.83)
Provision for medical benefits		-	-	(158.20)		
Other Provisions and Payment to Tax authorities	416.17	(935.87)	(3,575.62)	(1,886.17)	4,062.75	3,995.37
Employee separation and retirement		-	-	(16.84)	-	3.24
Total Timing Differences (C)	898.35	(6,485.23)	5,731.57	3,750.71	16,060.51	1,586.77
Net Adjustments: D(B+C)	(29,847.01)	(33,882.81)	(27,274.11)	(16,931.59)	(6,628.45)	(11,593.61)
Tax (Saving)/Outgo thereon (E)	(9,915.18)	(11,516.77)	(9,270.47)	(5,755.05)	(2,253.01)	(3,940.67)
Taxable Income from Business	36,663.68	131,109.43	108,736.07	98,689.86	93,108.65	89,240.02
Total Taxable Income as per Return of Income	Note 4	131,109.43	108,736.08	98,689.86	93,108.65	89,240.02
Tax on Business Income	12,179.67	44,564.09	36,959.39	33,544.68	31,647.63	30,332.68
Total Tax as per Return of Income	Note 4	44,564.09	36,959.39	33,544.68	31,647.63	30,332.68

Note: (1) The above statement is based on consolidated figures of Subsidiaries and CIL standalone accounts which falls under different jurisdiction of Tax Authorities

Note: (2) Applicable tax rate under normal provisions of Income Tax Act was 33.66% for F.Y.2005-06 & 2006-07 and 33.99% for F.Y. 2007-08, 2008-09 & 2009-10). Applicable tax rate for F.Y's 2005-06 and 2006-07 for CIL standalone taxable income, forming part of the consolidated taxable income, was 8.42% for F.Y. 2005-06 and 11.22% for F.Y. 2006-07 under the Minimum Alternate Tax provisions of the Income Tax Act. Further the above includes two subsidiaries which are having no taxable income due to loss incurred by them and having unabsorbed accumulated losses

Note: (3) Return of Income for the financial year 2009-10 is yet to be filed and the due date for the same is 30th September 2010.

Note: (4) Return of Income for the Quarter ending 30.06.2010 is not required to be filed.

COAL INDIA LIMITED (CONSOLIDATED)

ANNEXURE-O

Statement of Financial Indebtedness

A. SECURED LOANS

(Rs in Million)

Sl. No	Lender	Facility	Amount (Rs in Million) outstanding as of 30.06.10	Interest Rate	Security	Repayment Terms
1	Overdraft from State Bank of India	Overdraft	1002.80	Upto Rs.3500 Million @ 5.21 % p.a. Next Rs.500 million @ 10.70 % p.a. Next Rs.2400 million @ 12.36 % p.a.	Against pledge of Term Deposit	To be repaid on the basis of requirement.
	Total		**1002.80**			

B. UNSECURED LOANS

Sl. No	Lender	Facility	Amount (Rs in Million) outstanding as of 30.06.10	Interest Rate	Repayment Terms
1	Export Development Corporation	Tranche-B	1514.31	Non Interest Bearing Loan	80 equal half yearly instalments falling due on January,31 and July,31 each year between Aug. 2004 to Jan. 2044
2	Leibherr France (Deffered Credit) (Payable through BNP 45% of loan and through Natexis Banque-55% of loan)	Procurement of equipment	84.76	6.8% & 0.9%	22 Half yearly Installments falling due in March and September each year between September 2000 to September 2010 for BNP i.e. 45% of total Loan and 126 quarterly Installments due in June,September,December and march each year between June 1999 to September 2030 for Natexis Banque i.e 55% of total Loan.
3	IBRD	Procurement of equipment	7041.83	6 month LIBOR plus Spread	30 half yearly instalments falling due on May,15 and November,15 between May 2003 to Nov. 2017
4	JBIC	Procurement of equipment	8150.83	1.05% to 2.70%	30 half yearly instalments falling due on Feb.,15 and Augest,15 each year between Feb.2003 to Aug. 2017
	Total		**16791.73**		

COAL INDIA LIMITED (CONSOLIDATED)

ANNEXURE-P

Statement of Prior Period Adjustments

Prior Period Items arose in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods and these have been disclosed seprately for complying the disclosure requirement of AS-5 (Net Profit or Loss for the Period, Prior Peroid Items and changes in Accounting Policies)

The details of nature of Prior Period Adjustment are furnished in the following table:

(Rs in Million)

	30.06.2010	2009-10	2008-09	2007-08	2006-07	2005-06
(A) DEBIT						
Consumption of Stores & Spares	2.76	7.82	6.55	93.38	24.41	(33.18)
Stock of Coal & Coke	-	159.84	-	-	-	-
Employees Remuneration & Benefits	-	7.90	63.97	38.37	65.59	(219.18)
Power & Fuel	0.93	0.92	13.23	30.15	9.07	21.01
Repairs - Others	-	9.71	4.73	11.64	(0.29)	6.99
Social Overhead	-	0.78	4.44	62.62	(3.68)	8.17
Contractual Expenses	-	15.79	100.09	34.21	28.65	5.94
Miscellaneous Expenses	-	94.35	82.46	60.05	(98.70)	888.39
Sale of Coal & Coke	-	0.02	122.95	23.43	-	-
Other Income	107.38	27.04	26.86	20.85	(29.06)	9.81
Royalty & Cess	-	1.11	4.77	20.76	89.28	-
Interest	-	501.95	0.24	0.37	15.78	507.35
OBR Adjustment	-	-	57.75	-	(17.28)	-
Depreciation	-	46.30	73.34	357.40	510.46	1,412.18
Rent Rates & Taxes	-	-	-	-	35.42	25.03
Royalty & Cess	-	-	-	-	-	(14.23)
Loss on disposal Discard	-	-	-	-	0.09	-
	-					
TOTAL (A)	**111.07**	**873.53**	**561.38**	**753.23**	**629.74**	**2,618.28**
(B) CREDIT						
Stock of Coal & Coke	-	-	89.03	-	0.12	880.41
Sale of Coal & Coke	-	200.63	-	658.30	278.48	-
Subsidy for Stowing & Protective Works	-	-	-	95.93	37.05	72.76
Employees Remuneration & Benefits	-	2.48	33.85	442.56	30.13	1,711.33
Other Receipts	-	42.82	123.36	227.38	95.02	152.15
Repairs	-	-	2.38	1.50	0.96	1.01
Contractual Expenses	-	23.45	6.88	17.17	4.87	0.25
Consumption of Stores & Spares	-	27.41	143.55	58.84	28.29	68.88
Social Overhead	-	15.67	1.51	0.23	-	4.94
Other Expenditure	-	11.18	6.28	150.60	0.06	0.03
Depreciation	-	13.29	143.21	2.87	0.63	5.08
Interest - Others	-	-	281.47	7.19	366.64	0.08
Power & Fuel	-	-	2.76	85.33	-	1.18
Royalty & Cess	-	-	4.39	3.25	-	-
OBR Adjustment	-	-	-		-	-
Demurrage	-	-	-	-	0.48	-
Rent	-	-	-	-	-	0.85
Loco Siding Charges	-	-	-	-	7.54	1.45
Life Cover Scheme	-	-	-	-	-	0.54
C.M.Bonus	-	-	-	-	-	0.15
PPLB/PPLR	-	-	-	-	-	1.43
Royalty & Cess	-	-	-	-	-	0.31
Deposit Linked Insurance	-	-	-	-	-	0.13
TOTAL (B)	**-**	**336.93**	**838.67**	**1,862.72**	**850.27**	**2,902.96**
(C) Transferred to Development	-	-	(0.11)	1.79	0.03	0.28
TOTAL (A-B+C)	**(111.07)**	**(536.60)**	**277.18**	**1,111.28**	**220.56**	**284.96**

COAL INDIA LIMITED (CONSOLIDATED)

ANNEXURE-Q

Statement of Contingent Liabilities and Capital Commitments As on 30th June 2010

(Rs in Million)

Sl.	Descriptions	T O T A L
i)	**Capital Commitment** :	
	The amount remaining to be executed on Capital Account not provided.	18,990.57
ii)	**Contingent Liability** :	
a)	Claims against the Company not acknowledged as debts	12,540.05
b)	i) Sales Tax / Lavies	42,278.63
c)	i) Income Tax Liability	12,989.37
d)	Others	18,462.36
e)	Suits against the Company	5,568.21
	T O T A L :	**91,838.62**
iii)	**Letters of Credit**	1,030.87
iv)	Outstanding Deferred Payment Guarantee issued by Banks .	3.98

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements as of and for the years ended March 31, 2006, 2007, 2008, 2009 and 2010, and as of and for the three months ended June 30, 2010, prepared in accordance with the Companies Act and Indian GAAP and restated in accordance with the ICDR Regulations, including the schedules, annexures and notes thereto and the reports thereon, included in the section titled "Financial Statements" beginning on page F-1 *of this Prospectus. Unless otherwise stated, the financial information used in this section is derived from our audited consolidated financial statements, as restated.*

Indian GAAP differs in certain material respects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Prospectus, nor do we provide a reconciliation of our financial statements to those under U.S. GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with the Companies Act, Indian GAAP and ICDR Regulations.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the sections titled "Risk Factors" and "Forward Looking Statements" beginning on page xv *and page* xiii*, respectively.*

In this section, unless the context otherwise requires, a reference to "our Company" is a reference to Coal India Limited and a reference to "we", "us" and "our" refers to Coal India Limited and its subsidiaries and joint venture companies, on a consolidated basis.

Overview

We are the largest coal producing company in the world *(Source: CRISIL Research)*, based on our raw coal production of 431.26 million tons in fiscal 2010. We are also the largest coal reserve holder in the world *(Source: CRISIL Research)* based on our reserve base as of April 1, 2010. According to the audited reserve and resource estimates carried out by SRK classified in accordance with the JORC Code, we had a total of 18,862.9 million tons of Total Reserves, comprising 10,595.1 million tons of Proved Reserves and 8,267.8 million tons of Probable Reserves, respectively, and a total of 64,218.0 million tons of Total Resources, comprising 51,326.3 million tons, 9,924.4 million tons and 2,967.3 million tons of Measured Resources, Indicated Resources and Inferred Resources, respectively, as of April 1, 2010. For further details see the sub section titled "Our Business – Reserve and Resource Base Information" at page 75.

As of March 31, 2010, we operated 471 mines in 21 major coalfields across eight states in India. We produce non-coking coal and coking coal of various grades for diverse applications. In fiscal 2010, we produced 395.13 million tons of non-coking coal and 36.13 million tons of coking coal. Some of our raw coal production is used for the production of beneficiated coal. In fiscal 2010, we produced 11.62 million tons of beneficiated non-coking coal and 2.97 million tons of beneficiated coking coal.

India is the world's third largest producer and consumer of coal. *(Source: CRISIL Coal Outlook)* Coal produced by us accounted for approximately 81.9% of coal production in India in fiscal 2009 *(Source: CRISIL Coal Outlook)*. According to CRISIL Coal Outlook, the power generation sector in India consumed 77.0% of the non-coking coal produced in fiscal 2009. Further, in fiscal 2009, coal met 52.4%, while oil and natural gas met 41.6%, of the total primary energy requirement of India. *(Source: BP Statistics)*

Because of our pre-eminent position in the coal industry in India, the continuing dependence of the power sector on coal as a cost effective source of fuel and our long standing relationship with significant customers such as NTPC and other government owned and controlled power utilities, we believe we play a strategic role in the development of India's thermal power sector which continues to be a key driver for growth in the Indian economy.

Following the complete deregulation of coal prices in January 2000, we were permitted to determine the price of our coal and coal products. Since the price of coal has significant ramifications on the Indian economy in

general and the thermal power sector in particular, we have followed a strategy of focusing on improving cost efficiencies to avoid increasing prices, particularly for our lower grade coal. While we have followed a strategy of developing cost competitiveness of our lower grade coal, we have followed a strategy of pricing our higher quality coal that is comparable to imported coal at approximately a 15.0% discount to the landed cost of comparative quality imported coal. We seek to follow a similar strategy for the pricing of our beneficiated coal that is comparable to the quality of imported coal and have commenced significant expansion plans for the development of our coal beneficiation infrastructure. See "- Factors Affecting Results of Operations – Coal Production and Expansion – Beneficiated Coal" and "- Factors Affecting Results of Operations – Sales Volume and Pricing – Pricing" beginning on pages 186 and 187, respectively.

We have a large employee base, most of them engaged in our mining operations. We had 439,343, 426,077, 412,350, 397,138 and 394,041 employees as of March 31, 2007, 2008, 2009 and 2010, and June 30, 2010, respectively. The total number of employees has decreased steadily in recent years as a result of natural attrition.

We have been conferred the *Navratna* status by the GoI, which provides us with certain operational and financial autonomy. As per our audited restated consolidated financial statements, our total income increased from Rs.340,087.99 million in fiscal 2006 to Rs.525,922.92 million in fiscal 2010, while our profit after tax, as restated, increased from Rs.61,136.01 million in fiscal 2006 to Rs.98,336.99 million in fiscal 2010. Our total income in the three months ended June 30, 2010 was Rs.131,100.32 million while our profit after tax, as restated, in the same period was Rs.25,217.78 million. As of June 30, 2010, we had reserves and surplus of Rs.220,731.50 million, and our net worth was Rs.283,879.79 million. As of June 30, 2010, our cash and bank balances were Rs.380,463.35 million while our total indebtedness was Rs.17,794.53 million.

Factors Affecting our Results of Operations

Various factors have affected our results of operations in the past and may continue to do so in the future, including:

Coal Production and Expansion

Raw Coal

Our ability to generate revenue is dependent on the amount of raw coal produced by us. Our coal production volumes are based primarily on the performance of our mining activities and our coal handling and processing capacities.

The following table sets forth certain information relating to our raw coal production by grade in the periods indicated. For further information on various grades of coal, see "Industry – Grades of Raw Coal" on page 65:

	Fiscal								Three Months Ended June 30, 2010	
	2007		2008		2009		2010			
	Raw Coal Production	Percentage of Total Raw Coal Production	Raw Coal Production	Percentage of Total Raw Coal Production	Raw Coal Production	Percentage of Total Raw Coal Production	Raw Coal Production	Percentage of Total Raw Coal Production	Raw Coal Production	Percentage of Raw Coal Production
	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)
Non-coking Coal										
A[1]	4.97	1.4%	4.90	1.3%	4.55	1.1%	4.64	1.1%	1.03	1.1%
B	20.39	5.7%	21.37	5.6%	22.71	5.6%	23.74	5.5%	5.20	5.5%
C	41.24	11.4%	41.79	11.0%	39.25	9.7%	44.39	10.3%	9.14	9.6%
D	32.91	9.1%	34.69	9.1%	34.68	8.6%	34.74[2]	8.1%	7.61	8.0%
E	84.13	23.3%	89.44	23.6%	99.02	24.5%	95.74[2]	22.2%	22.66	23.8%
F	153.01	42.4%	161.1	42.5%	176.98	43.8%	191.89	44.5%	40.48	42.5%
G	0.00[3]	0.0[4]%	0.00[3]	0.0[4]%	0.00[3]	0.0[4]%	0.00[3]	0.0[4]%	0.00	0.0%
Total Non-coking Coal	**336.64**	**93.3%**	**353.30**	**93.1%**	**377.19**	**93.4%**	**395.13**	**91.6%**	86.12	90.5%
Coking Coal[5]										
Steel Grade I	0.13	0.0[4]%	0.08	0.0[4]%	0.08	0.0[4]%	0.1	0.0[4]%	0.08	0.1%

	Fiscal								Three Months Ended June 30, 2010	
	2007		2008		2009		2010			
	Raw Coal Production	Percentage of Total Raw Coal Production	Raw Coal Production	Percentage of Total Raw Coal Production	Raw Coal Production	Percentage of Total Raw Coal Production	Raw Coal Production	Percentage of Total Raw Coal Production	Raw Coal Production	Percentage of Raw Coal Production
Steel Grade II	0.56	0.2%	0.28	0.1%	0.96	0.2%	1.38	0.3%	0.40	0.4%
Washery Grade I	0.29	0.1%	0.47	0.1%	0.32	0.1%	0.3	0.1%	0.06	0.1%
Washery Grade II	2.05	0.6%	1.98	0.5%	1.85	0.5%	1.6	0.4%	0.39	0.4%
Washery Grade III	6.01	1.7%	6.19	1.6%	6.62	1.6%	8.03	1.9%	1.74	1.8%
Washery Grade IV	15.02	4.2%	16.95	4.5%	16.68	4.1%	24.56[2]	5.7%	3.32	6.6%
Others(SC-1/II/SLV)	0.21	0.1%	0.21	0.1%	0.03	0.0[4]%	0.17	0.0[4]%	0.04	0.0%
Total Coking Coal	**24.27**	**6.7%**	**26.16**	**6.9%**	**26.54**	**6.6%**	**36.13**	**8.4%**	9.03	9.5%
Total Raw Coal	**360.91**	**100.0%**	**379.46**	**100.0%**	**403.73**	**100.0%**	**431.26**	**100.0%**	**95.15**	**100.0%**

1. Includes NEC (Assam grade) coal.
2. In fiscal 2010 we reclassified a portion of non-coking coal of Grade D and Grade E into Washery Grade IV coking coal, as Grade D and E non-coking coal can be washed to yield limited quality beneficiated coking coal for use in steel plants.
3. Less than 0.01 million tons.
4. Less than 0.1%.
5. Includes semi-coking coal and weakly coking coal.

The increase in our raw coal production since fiscal 2007 is primarily the result of the expansion of mining capacities and increased mining activities, particularly in the Korba, Singrauli, Talcher, Ib Valley, Jharia and East Bokaro coalfields. For further information, see "Business – Coal Production – Production by Coalfield" on page 81. Our raw coal production for the three months ended June 30, 2010 was 95.15 million tons, which was a decrease from that in the three months ended June 30, 2009, and 22.06 million tons of our total production for fiscal 2010. The proportionate decrease in our raw coal production in the three months ended June 30, 2010 relative to fiscal 2010 was largely as a result of seasonal fluctuations and, in particular, hot weather conditions and monsoon. The effects of hot weather conditions and monsoon also had a greater impact on our production in the the three months ended June 30, 2010, as compared to the three months ended June 30, 2009. In addition, during the three months ended June 30, 2010, we encountered a higher level of overburden in our mining operations than during the three months ended June 30, 2009 and, consequently, the overburden accounted for a portion of the decrease in raw coal production. Composite production, which includes raw coal and overburden increased in the three months ended June 30, 2010 relative to the three months ended June 30, 2009.

We continue to expand our raw coal production capacities. As contemplated in the Annual Plan for fiscal 2011 of the MoC, we intend to increase our production to 460.50 million tons in fiscal 2011 and to 486.50 million tons in fiscal 2012. As of March 31, 2010, 45 projects (comprising 22 capacity expansion projects for existing mines and 23 new mine projects) had received relevant investment approval (of our Board and the board of directors of relevant Subsidiary companies) and were in various stages of mine planning and development:

- 25 projects, with an aggregate estimated capacity of 47.51 million tons per annum and involving an aggregate estimated capital expenditure of Rs.33,857.10 million, were at various stages of implementation and are expected to become operational by the end of fiscal 2012; and
- 20 longer gestation projects, with an aggregate estimated capacity of 33.27 million tons per annum and involving an aggregate estimated capital expenditure of Rs.25,762.79 million, are expected to become operational during the 12th Five Year Plan (2013-2018).

We continue to assess various factors relating to the commercial viability of these projects, including quantity and quality of resources, equipment requirements, applicable permits, and the time and cost involved. For further information on our expansion projects, see "Business – Expansion of our Coal Mines" beginning on page 91.

Beneficiated Coal

Historically we have produced small quantities of beneficiated coal, which commands higher prices than raw coal. We currently operate 17 coal beneficiation facilities with an aggregate designed feedstock capacity as of March 31, 2010 of 39.40 million tons per annum. The following table provides certain information relating to production of beneficiated coal in the periods indicated:

	Fiscal				Three Months Ended June 30, 2010
	2007	2008	2009	2010	
	(million tons)				
Beneficiated Non-coking Coal	10.31	10.46	11.28	11.62	2.47
Beneficiated Coking Coal	3.81	3.83	3.68	2.97	0.77

Capacity utilization at our beneficiation facilities and production of beneficiated coal has been constrained by the older technology at some of our existing beneficiation facilities. Production of beneficiated coking coal has been particularly constrained by the limited volume of coking coal produced by us. We are currently implementing various measures to increase capacity utilization at some of our existing beneficiation facilities. We also intend to develop 20 additional coal beneficiation facilities, including 15 non-coking coal beneficiation facilities and five coking coal beneficiation facilities, with an aggregate additional proposed feedstock capacity of 111.10 million tons per annum, to be completed progressively in phases within the 12th Five Year Plan (2013-2018) period. In addition, as a policy all our new open cast mining projects with coal production capacities greater than 2.5 million tons per annum and not linked to pit head customers are proposed to be equipped with dedicated coal beneficiation facilities. For further information relating to our coal beneficiation facilities, see "Business – Coal Production Process - Coal Processing – Beneficiation Facilities" beginning on page 96.

Sales Volume and Pricing

Sales Volume

The primary factors affecting our revenues are sales volume and the price of our raw coal, beneficiated coal and other coal products. The following table sets forth certain information relating to our sales by type of coal and coal product in the periods indicated:

	Fiscal										Three Months Ended June 30, 2010	
	2006		2007		2008		2009		2010			
	Sales	Percentage of Sales	Sales	Percentage of Sales	Sales	Percentage of Sales	Sales	Percentage of Sales	Sales	Percentage of Sales	Sales	Percentage of Sales
	(Rs. million)	(%)	(Rs. million)	(%)	(Rs. million)	(%)	(Rs. million)	(%)	(Rs. million)	(%)	(Rs. million)	(%)
Raw coal[1]	253,958.18	88.5%	267,314.75	90.3%	297,485.30	91.2%	351,878.85	90.7%	413,159.44	92.6%	106,144.50	92.8%
Beneficiated coal[2]	31,859.11	11.1%	27,514.54	9.3%	27,333.04	8.4%	33,808.28	8.7%	31,159.67	7.0%	7,769.03	6.8%
Coke	386.89	0.1%	188.74	0.1%	57.49	0.0[3]%	84.36	0.0[3]%	122.55	0.0[3,4]%	7.83	0.0[3]
Other by products	814.13	0.3%	1,003.82	0.4%	1,462.77	0.5%	2,116.81	0.6%	1,710.84	0.4%	434.99	0.4%
Total Sales	**287,018.31**	**100.0%**	**296,021.85**	**100.0%**	**326,338.60**	**100.0%**	**387,888.30**	**100.0%**	**446,152.51**	**100.0%**	**114,356.40**	**100.0%**

1. *Non-coking and coking coal.*
2. *Beneficiated non-coking coal and beneficiated coking coal.*
3. *Less than 0.1%.*
4. *Production of hard coke was discontinued during fiscal 2010, however, sales of hard coke from stores continued during the three months ended June 30, 2010.*

Raw Coal Dispatch

Raw coal dispatch includes raw coal sold to customers and raw coal used as feedstock for the production of beneficiated coal. The following table provides certain information relating to the volume of various grades of raw coal dispatched in the periods indicated. For further information on various grades of coal, see "Industry – Grades of Raw Coal" on page 65:

	Fiscal				Three Months Ended June 30, 2010
	2007	2008	2009	2010	

	Raw Coal Dispatch	Percentage of Total Raw Coal Dispatch	Raw Coal Dispatch	Percentage of Total Raw Coal Dispatch	Raw Coal Dispatch	Percentage of Total Raw Coal Dispatch	Raw Coal Dispatch	Percentage of Total Raw Coal Dispatch	Raw Coal Dispatch	Percentage of Total Raw Coal Dispatch
	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)
Non-coking Coal										
A[1]	4.82	1.4%	4.65	1.2%	4.02	1.0%	4.24	1.0%	0.98	1.0%
B	23.09	6.6%	24.07	6.4%	25.03	6.3%	25.61	6.2%	6.13	6.1%
C	39.29	11.2%	37.59	10.0%	35.11	8.8%	38.93	9.4%	9.39	9.3%
D	30.16	8.6%	34.05	9.1%	36.26	9.1%	30.88[2]	7.4%	7.26	7.2%
E	84.15	24.0%	91.84	24.5%	103.61	25.9%	105.74[2]	25.5%	25.50	25.5%
F	144.69	41.3%	157.10	41.9%	169.06	42.2%	175.68	42.3%	42.94	42.6%
G	0.00[3]	0.0[4]%	0.02	0.0[4]%	0.15	0.0[3]%	0.01	0.0[4]%	0.00	0.0%
Total Non-coking Coal	**326.20**	**93.1%**	**349.32**	**93.3%**	**373.24**	**93.1%**	**381.09**	**91.8%**	91.00	90.2%
					Coking Coal[5]					
Steel Grade I	0.13	0.0[4]%	0.09	0.0[4]%	0.06	0.0[4]%	0.09	0.0[4]%	0.06	0.1%
Steel Grade II	0.51	0.2%	0.28	0.1%	0.87	0.2%	1.06	0.3%	0.35	0.3%
Washery Grade I	0.28	0.1%	0.46	0.1%	0.31	0.1%	0.29	0.1%	0.05	0.1%
Washery Grade II	2.12	0.6%	2.00	0.5%	1.65	0.4%	1.48	0.4%	0.35	0.4%
Washery Grade III	6.17	1.8%	5.64	1.5%	6.62	1.7%	7.07	1.7%	1.89	1.9%
Washery Grade IV	14.62	4.2%	16.40	4.4%	17.78	4.4%	23.98[2]	5.8%	7.20	7.1%
Others(SC-1/II/SLV)	0.27	0.1%	0.38	0.1%	0.22	0.1%	0.16	0.0[4]%	0.04	0.0%
Total Coking Coal	**24.10**	**6.8%**	**25.25**	**6.6%**	**27.51**	**6.8%**	**34.13**	**8.2%**	9.93	9.8%
Total Raw Coal	**350.30**	**100.0%**	**374.57**	**100.0%**	**400.75**	**100.0%**	**415.22**	**100.0%**	**100.93**	**100.0%**

1. *Includes NEC (Assam grade) coal.*
2. *In fiscal 2010 we reclassified a portion of non-coking coal of Grade D and Grade E into Washery Grade IV coking coal, as Grade D and E non-coking coal can be washed to yield limited quality beneficiated coking coal for use in steel plants.*
3. *Less than 0.01 million tons.*
4. *Less than 0.1%.*
5. *Includes semi-coking coal and weakly coking coal.*

Pricing

General. Under the Colliery Control Order of 1945 and the Essential Commodities Act, 1955, as amended, the price of coal in India was regulated by the GoI. Beginning in March 1996, the GoI gradually deregulated, in phases, the price of various types and grades of coal. The pricing of coal in India was completely deregulated pursuant to the Colliery Control Order, 2000 with effect from January 1, 2000, subsequent to which we were entitled to fix the price of our coal.

Since the price of coal has significant ramifications on the Indian economy in general and the thermal power sector in particular, we have followed a strategy of focusing on improving cost efficiencies to avoid increasing prices, particularly for our lower grade coal. We have increased the price of our raw coal from time to time to primarily address increases in production costs that were not possible to be offset by productivity and efficiency improvements. Consequently, our raw coal price increases have been lower than average inflation rates in India and are significantly less than the landed cost of imported coal in India.

While we have followed a strategy of developing significant cost competitiveness for our lower grade coal, we have followed a strategy of pricing our higher quality coal that is comparable to imported coal at approximately a 15.0% discount to the landed cost of comparative quality imported coal. For example, the price of our higher grade (Grade A and B) coal produced at the Raniganj coalfield is comparable to the landed cost of comparative imported coal. We also currently produce small amounts of beneficiated coal. We seek to follow a similar

strategy for the pricing of our beneficiated coal that is comparable to the quality of imported coal and have commenced expansion plans for the development of our coal beneficiation infrastructure. In addition, approximately 10.0% of our raw coal is sold through the E-Auction scheme to customers.

In fiscal 2007, 2008, 2009 and 2010, our average price per ton of raw coal, calculated as total sales of raw coal divided by the volume of raw coal sold, was Rs.811.77 per ton, Rs.841.14 per ton, Rs.925.73 per ton, Rs.1,045.26 per ton, respectively. The increasing trend reflects the impact of additional realization on account of raw coal sold under the E-Auction scheme and import parity base pricing for our higher grade non-coking coal introduced in October 2009. In the three months ended June 30, 2010, our average price per ton of raw coal was Rs.1,096.76 per ton and benefited from the full quarter benefits of our revisions to the prices of coal sold under our FSAs with effect from October 16, 2009.

In fiscal 2007, 2008, 2009, 2010 and in the three months ended June 30, 2010, our average price per ton of beneficiated coal, calculated as total sales of beneficiated coal divided by the volume of beneficiated coal sold, was Rs.1,944.49 per ton, Rs.1,890.25 per ton, Rs.2,267.49 per ton, Rs.2,134.21 per ton and Rs.2,238.91 per ton, respectively.

The price of our raw coal and beneficiated coal varies based on the quality of our raw coal (grade of coal) and the mode of sale, i.e., whether such coal is sold under our FSAs, under our E-Auction scheme or under specific memoranda of understanding entered into with the customer.

Pricing under FSAs. The price of non-coking coal and coking coal to be supplied pursuant to our FSAs is fixed by us in consultation with the GoI and notified from time to time. We fix the price of our raw coal primarily on the basis of general inflation levels, increase in production costs that cannot be offset through efficiency improvements, the need for generating internal resources to ensure viability of projects and, to a lesser extent, the landed cost of comparative imported coal. Our obligations under the Jharia and Raniganj Master Plans of allocating Rs.6.00 per ton of coal dispatched by our Subsidiaries (excluding BCCL, ECL and NEC, a division of our Company) is taken into account in the base price of coal notified by us from time to time.

In accordance with the terms of our FSAs, we have the right to revise the price of our coal sold under the FSAs from time to time. Since April 1, 2005, we have made two significant revisions to the prices of coal sold under our FSAs: with effect from December 12, 2007 when the average price increase was approximately 10.0%; and with effect from October 16, 2009 when the average price increase was approximately 11.0%. In addition, we have increased the price of certain grades of non-coking coal and coking coal from certain coalfields from time to time. The annualized increase in the price of our raw coal since January 2000 when the price of coal was completely deregulated until March 31, 2010 was 4.9%, which is less than the rise in inflation rates in India during this period.

We believe that the price of our raw coal is lower than the price of coal sold in international markets and the landed cost of imported coal in India, even on adjustment for respective GCV values, providing us with significant cost competiveness. Grade E raw coal from NCL is representative of the weighted average GCV of our total raw coal production at 4,704 Kcal/Kg. The table below sets forth certain information relating to the energy price of pit head (including sizing, transportation and statutory levies) Grade E raw coal from NCL, as compared to Indonesian and South African coal on an equated energy basis (Rs. per million Kcal), calculated on the basis of prevailing currency exchange rates:

Month	**Indonesian Coal[1,4] (McCloskey Marker) (5,200 Kcal/Kg)**	**South African[2,4] (globalCOAL® RB Index™) (6,200 Kcal/Kg)**	**Grade E Non-coking Coal from NCL[3,4] (4,502 Kcal/Kg)**
	(Rs. per million Kcal)		
January 2006	262.73	314.25	184.11
January 2007	356.76	356.14	184.11
January 2008	465.85	628.91	206.41
January 2009	690.52	613.62	206.41
January 2010	582.30	643.35	225.93

1. *Calculated based on the price of Indonesian coal of calorific value of 4,900 Kcal/Kg (assumed as net calorific value) as indicated by McCloskey Marker. GCV has been calculated on the basis of the formula net calorific value = GCV – (10.02 x moisture percentage). GCV of 5,160.52 has been rounded up to 5,200 Kcl/Kg.*
2. *Calculated based on the price South African coal of net calorific value of 6,000 Kcal/Kg as indicated by globalCOAL® RB Index™. GCV has been calculated on the basis of the formula net calorific value = GCV – (10.02 x moisture percentage). GCV of 6,120.24 Kcal/Kg has been rounded up to 6,200 Kcl/Kg.*
3. *Price of Grade E non-coking coal from NCL has been taken as representative of our raw coal price as the weighted average*

GCV of our total raw coal production is 4,704 Kcal/Kg which corresponds to Grade E non-coking coal, and NCL contributes the largest percentage of our Grade E non-coking coal.

4. *Calculated on the basis of IMF exchange rates as on the last working day in January 2006, 2007, 2008, 2009 and 2010 of Rs.44.07, Rs.44.17, Rs.39.39, Rs.49.02 and Rs.46.37, respectively, per U.S.$1.00.*

Pricing under E-Auction Scheme. We also sell raw coal through our E-Auction scheme. The reserve price of raw coal sold pursuant to our E-Auction scheme is determined on the basis of prevailing market prices. The price of raw coal sold under our E-Auction scheme is significantly higher than the price of raw coal sold under our FSAs as notified by us from time to time.

In fiscal 2007, 2008, 2009, 2010 and in the three months ended June 30, 2010, the volume of raw coal allotted under our E-Auction scheme was 30.58 million tons, 28.79 million tons, 48.87 million tons, 45.73 million tons and 9.30 million tons, respectively. As a percentage of total volume of raw coal sold in fiscal 2007, 2008, 2009, 2010 and in the three months ended June 30, 2010, the volume of raw coal allotted under our E-Auction scheme was 9.3%, 8.1%, 12.9%, 11.6% and 9.6%, respectively. However, we may not realize sales of raw coal allotted under our E-Auction Scheme during the period in which we make such allotment. The decrease in the proportion of raw coal allotted under our E-Auction scheme in the three months ended June 30, 2010 relative to fiscal 2010 was consistent with the general decrease experienced in the first quarer of each fiscal year, as customers typically seek to purchase coal through our E-Auction Scheme during the second half of each fiscal year following monsoon when road transportation conditions are more favorable.

Depending on the enhancement of our raw coal production levels, the proportion of raw coal allocated under the E-Auction scheme may increase in the future. In fiscal 2008, 2009, 2010 and in the three months ended June 30, 2010, value of raw coal allotted under our E-Auction scheme was Rs.38,772.50 million, Rs.72,371.14 million, Rs.72,384.78 million and Rs.16,255.50 million, respectively. As a percentage of total sales in fiscal 2008, 2009, 2010 and in the three months ended June 30, 2010, the value of raw coal allotted under E-Auction scheme was 11.9%, 18.7%, 16.2% and 14.2 %, respectively.

Our average price of coal allotted through the E-Auction scheme, calculated as value of raw coal allotted under our E-Auction Scheme divided by the total volume of raw coal allotted through the E-Auction scheme, was Rs.1,148.29 per ton, Rs.1,346.73 per ton, Rs.1,480.76 per ton, Rs.1,582.80 per ton and Rs.1,747.53 per ton in fiscal 2007, 2008, 2009, 2010 and in the three months ended June 30, 2010, respectively.

Pricing for Higher Quality Coal. We sell a significant portion of our higher quality non-coking coal (Grade A, B and C coal with GCV greater than 5,597 Kcal/Kg), under specific memoranda of understanding negotiated with the customer. The price of such coal is fixed at a price that is generally at approximately a 15.0% discount to the prevailing landed cost of comparative quality imported coal, and is typically significantly higher than the notified price of non-coking coal of the same grades sold under our FSAs. During fiscal 2010, the price of Grade A, B and C non coking coal sold under specific memorandum of understanding was approximately 92.0%, 99.0% and 96.0%, respectively, higher than the notified price of such grades of non coking coal.

Pricing for Beneficiated Coal. The price of beneficiated non-coking coal is determined on the basis of cost of production and an appropriate margin for the value addition provided. The price of beneficiated coking coal sold under specific memoranda of understanding is negotiated directly with the customer and is fixed at a price that is generally at a 15.0% discount to the prevailing landed cost of comparative quality imported coal.

Expenditure

Our most significant expenditures are our employee costs, costs relating to materials used in our coal mining and processing operations, including diesel, explosives and spares for our heavy earthmoving machinery and other plant and machinery, electricity costs and various contractor expenses relating to coal mining and overburden removal, coal transportation and loading activities.

- *Employee Remuneration and Benefits*

  General. We had 439,343, 426,077, 412,350, 397,138 and 394,041 employees as of March 31, 2007, 2008, 2009, 2010 and June 30, 2010, and, consequently, employee remuneration and benefits represent the most significant component of our expenditure. Our employee remuneration and benefits expenses were Rs.100,975.32 million, Rs.126,351.59 million, Rs.197,420.85 million, Rs.166,555.22 million and Rs.43,362.94 million in fiscal 2007, 2008, 2009, 2010 and in the three months ended June 30, 2010, respectively, which constituted 38.2%, 41.4%, 48.9%, 43.2% and 33.1% of our total expenditure in these

periods, respectively. As a percentage of total income, employee remuneration and benefits expenses were 28.8%, 32.7%, 42.9%, 31.7% and 33.1% in fiscal 2007, 2008, 2009, 2010 and in the three months ended June 30, 2010, respectively. Although we experienced increases in employee remuneration and benefits during fiscal 2007, fiscal 2008 and fiscal 2009, employee remuneration and benefits decreased in fiscal 2010. The significant increase in employee remuneration and benefits we experienced in fiscal 2009 was in large part due to provisions made for expected retroactive increases in employee remuneration and benefits, which is discussed below. The increase in employee remuneration and benefits expenses as a percentage of total income during the three monts ended June 30, 2010 relative to fiscal 2010, resulted primarily from annual wage increases.

Retroactive Increases for Non-executive Employees. Salaries, wages and benefits for our non-executive employees is governed by the National Coal Wage Agreement which is fixed from time to time for a period of five years. The National Coal Wage Agreement VIII (NCWA VIII), which was finalized in January 2009, is effective for a period of five years from July 1, 2006.

Retroactive Increases for Executive Employees. As a public sector undertaking, salaries, wages and benefits of our executive employees are determined by the GoI and are fixed for a period of ten years. The current compensation level for our executive employees was finalized in May 2009 and is effective for a period of ten years from January,1, 2007 (Executive Pay Revision).

Retroactive Revision for Increase in Gratuity Ceiling. Pursuant to a notification of the Ministry of Heavy Industries and Public Enterprises, GoI, dated November 26, 2008, the ceiling of gratuity for our employees was revised from Rs.0.35 million to Rs.1.00 million with effect from July 1, 2007.

Provisions for Retroactive Increases and Revisions. In anticipation of the implementation of higher salaries and wages under the NCWA VIII and the Executive Pay Revision, the related increases in gratuity and other employee benefits as a result of the increase in such base salaries and wages, as well as the increase in the gratuity ceiling:

- In fiscal 2008 we made an interim provision of Rs.17,560.78 million relating to salaries and wages.
- In fiscal 2009 we made an additional provision of Rs.41,157.80 million relating to salaries and wages, and a provision of Rs.39,997.01 million on account of the increased liability towards gratuity and other employee benefits.
- In fiscal 2010, we wrote back Rs.2,640.00 million of provisions made in prior years on the basis of final adjustment following the implementation of the NCWA VIII and the Executive Pay Revision.
- An amount of Rs.11,046.53 million of provision primarily relating to performance related pay and pension payments, and Rs.2,468.83 million relating to the implementation of the NCWA VIII and the Executive Pay Revision, are yet to be paid.

As of June 30, 2010, we had remaining provisions for pay revisions of Rs.13,515.36 million, and we expect that substantial part of the liabilities for such provisions will be settled during the remainder of fiscal 2011, which will have an adverse impact on our cash flows.

As part of our restatement adjustments, we have restated arrears of salaries and wages to allocate such arrears in the respective fiscal year for which such expenses were incurred, as well as the current and deferred tax impact of such restatement adjustments. Restatement adjustments on account of arrears in salaries and wages resulted in a decrease of Rs.14,601.72 million, a decrease of Rs.8,535.04 million, an increase of Rs.20,951.28 million and an increase of Rs.2,185.48 million to our profit after tax under our audited consolidated financial statements in fiscal 2007, 2008, 2009 and 2010, respectively. We did not have any restatement adjustments on account of arrears in salaries and wages in the three months ended June 30, 2010. For further information, see "– Results of Operations – Adjustments for Restatement" beginning on page 204. However, restatement adjustments in the respective fiscal year have not been made for (i) the increase in the ceiling of gratuity and (ii) the effect of the increase in gratuity and other employee benefits resulting from the increase in base salaries and wages under the NCWA VIII and the Executive Pay Revision. For further information, see "– Results of Operations – Adjustments for Restatement" beginning on page 203.

Taking into account the applicable restatement adjustments as specified in "– Results of Operations – Adjustment for Restatement" beginning on page 203, employee remuneration and benefits were Rs.115,577.04 million, Rs.134,886.63 million, Rs.176,469.57 million, Rs.164,369.74 million and

Rs.43,362.94 million in fiscal 2007, 2008, 2009, 2010 and in the three months ended June 30, 2010, respectively.

Manpower Productivity. Although our workforce decreased from fiscal 2007 to fiscal 2010 as a result of natural attrition, output per manshift, calculated as total raw coal production divided by manshift (of eight hours per day) was 3.54 tons, 3.79 tons, 4.09 tons and 4.47 tons in fiscal 2007, 2008, 2009 and 2010, respectively. Our output per manshift, calculated as total raw coal production divided by manshift was 4.37 tons for the three months ended June 30, 2010.

Legacy Mines. A significant portion of our employees are deployed in manual underground mines that were vested with us at the time of nationalization, primarily operated by ECL and BCCL. A significant percentage of our employee remuneration and benefits are attributable to our underground mining operations, particularly several legacy mines at ECL and BCCL where production is relatively low. ECL and BCCL contributed 38.8%, 39.3%, 40.1%, 36.4% and 36.9% of our total employees' remuneration and benefits in fiscal 2007, 2008, 2009, 2010 and in the three months ended June 30, 2010, respectively, although raw coal produced from ECL and BCCL represented 15.2%, 13.0%, 13.3%, 13.4% and 14.0 % of our total raw coal production in these periods.

- *Cost of Fuel and Other Materials*

We use significant quantities of petroleum-based fuel and lubricants, explosives, tires, steel and other materials, as well as spare parts and other consumables in our operations, which we account for as consumption of stores and spares. Consumption of stores and spares represented 15.6%, 14.3%, 12.1%, 12.8% and 11.4% of our total expenditure in fiscal 2007, 2008, 2009, 2010 and in the three months ended June 30, 2010, respectively. As a percentage of total income, consumption of stores and spares was 11.8%, 11.3%, 10.6%, 9.4% and 8.2% in fiscal 2007, 2008, 2009, 2010 and in the three months ended June 30, 2010, respectively. The general decrease in consumption of stores and spares relative to our total expenditure and total income has been primarily driven by increased efficiencies resulting from new higher capacity equipment and machinery and an increase in outsourced operations.

We use significant quantities of petroleum oil and lubricant for our mining machinery and coal handling plants. In fiscal 2007, 2008, 2009, 2010 and in the three months ended June 30, 2010, expenses for petroleum oil and lubricants represented 40.2%, 37.1%, 35.6%, 35.0% and 39.6%, respectively, of our consumption of stores and spares in these periods. The general decrease in expenses for petroleum oil and lubricants relative to our consumption of stores and spares has been primarily driven by increased efficiencies resulting from new higher capacity equipment and machinery. However, fluctuations in global oil prices may result in an increase in our expenditure and expose us to fluctuations in our purchase of fuel. We have not historically hedged and currently do not hedge, our fuel price risk.

Explosives represented 13.1%, 14.9%, 17.3%, 18.9% and 18.6% of consumption of stores and spares in fiscal 2007, 2008, 2009, 2010 and in the three months ended June 30, 2010, respectively. The price of explosives has increased significantly in recent years due to consolidation in the industry, which in some cases has resulted in lower competition among the suppliers from whom we source explosives. If the price for explosives continue to increase, our costs of production could increase.

Spare parts for heavy earthmoving machinery and other spares, most significantly tires, also represent a significant percentage of our consumption of stores and spares. Due to worldwide increases in the price of steel and rubber, prices for spares for our mining equipment and coal handling plant machinery has increased significantly in recent years. A significant increase in the cost of spare parts for mining equipment and machinery may increase our cost of production and adversely affect our profitability.

- *Contractor Expenses*

We conduct a portion of our coal mining and overburden removal operations through third party contractors. We also engage third party contractors for transportation of coal from pit head to loading points, transportation of materials, loading of coal on wagons and a range of activities ancillary to our mining operations. In fiscal 2007, 2008, 2009, 2010 and in the three months ended June 30, 2010, contractual expenses, representing expenses for such third party contractors, was Rs.20,934.03 million, Rs.26,332.58 million, Rs.33,398.54 million, Rs.37,318.37 million and Rs.10,118.01 million, respectively, and represented 7.9%, 8.6%, 8.3%, 9.7% and 10.8%, respectively, of our total expenditure in these periods.

As a percentage of total income, contractual expenses were 5.9%, 6.8%, 7.3%, 7.1% and 7.7% in fiscal 2007, 2008, 2009, 2010 and in the three months ended June 30, 2010, respectively.

Transportation charges for coal and coke, principally consisting of transportation charges we pay to third party contractors for transportation of coal from the pit head to dispatch points, represented 4.5%, 4.1%, 3.7%, 4.1% and 4.4% of our total expenditure in fiscal 2007, 2008, 2009, 2010 and in the three months ended June 30, 2010, respectively. Hiring of plant and machinery/heavy earthmoving machinery, which represents expenses for coal mining and overburden removal operations through third party contractors, represented 1.3%, 3.4%, 3.6%, 4.3% and 3.9% of our total expenditure in fiscal 2007, 2008, 2009, 2010 and in the three months ended June 30, 2010, respectively. Coal mining and overburden removal operations through third party contractors have generally increased in recent years. We have also experienced a gradual, general increase in the cost of third party contractors in recent years, resulting from, among other factors, increases in the cost of machinery and equipment and fuel costs incurred by these contractors.

Unit Cost of Production

Most of our historical coal production has been from open cast mines where employee costs and cost of equipment is significantly lower than that involved in underground mines. The cost of production of raw coal from open cast mines differs significantly from cost of production of raw coal from underground mines, and our results of operations are affected by the relative proportion of coal produced from open cast and underground mines. As we revive old underground mines and set up new underground mines, our cost of production may increase. The following table sets forth certain information relating to the relative cost of raw coal production from open cast mines and underground mines in the periods indicated:

	Fiscal				**Three Months Ended June 30, 2010**
	2007	**2008**	**2009**	**2010**	
	(Rs. per ton)				
Cost per ton of raw coal produced from open cast mines[1,2]	446.56	476.42	506.87	519.96	581.74
Cost per ton of raw coal produced from underground mines[1,2]	2,254.34	2,583.84	2,660.40	2,795.41	3,230.97
Average cost per ton of raw coal produced[1]	**660.34**	**714.81**	**737.88**	**744.91**	**847.93**

1. Calculated on the basis of total expenditure in the relevant periods, as adjusted for restatement adjustments other than tax implications. For further information on restatement adjustments, see "- Results of Operations – Restatement Adjustments" beginning on page 203.

2. Coal production from open cast mines and underground mines within our mixed mines have been included under production from open cast mines and underground mines, respectively.

As part of our strategy, we intend to increase production from underground mines, increase production of beneficiated coal and increase our use of advanced mining technologies and equipment. Additionally, as our expansion plans come into production, we may rely more heavily on third party contractors to accommodate such expansion. Consequently, if we are unable to implement cost efficiency measures, such as redeployment of resources and workforce from less productive units to more productive units, and increase the capacity utilization of our mining operations, we may experience higher cost per unit of production.

Transportation Charges

Our sales are either "free on rail" or "free on road" to the designated dispatch points. The cost of transportation of coal from our mines to designated dispatch points (either at the rail head or at the road head) is borne by us for dispatch points located within three kilometers from the pit head. If the dispatch point from our mines is more than three kilometers but within 20 kilometers, the customers bear such transportation cost at specified rates as notified by us from time to time, which may not directly correspond to our costs incurred with respect to such transportation and may result in under-recovery of transportation costs from our customers. In circumstances where the distance from the dispatch point is greater than 20 kilometers from our mines, the customer is responsible for the actual cost of transportation. Although transportation charges form a significant component of the total cost of our coal to the customer, we recoup all or a portion of transportation charges beyond three kilometers from our customers, and therefore transportation charges have not significantly affected our results of operations. Our results of operations may, however, be impacted if we are unable to pass on any increase in transportation costs to the customers.

We account for transportation charges with respect to our sales of coal as well as transportation for internal

consumption as part of our contractual expenses and the extent of our recovery of such transportation charges from our customers as other income.

Transportation Capacities and Coal Handling and Loading Infrastructure

Our sales are dependent on the availability of adequate coal transportation capacities and the efficiency of coal handling and loading infrastructure at our mines. The success of our expansion projects will also depend on our ability to access or develop adequate additional coal transportation and coal handling and loading infrastructure.

Rail transportation operated by the Indian Railways is the main mode of transportation utilized for the transportation of our coal. In fiscal 2007, 2008, 2009, 2010 and in the three months ended June 30, 2010, raw coal dispatch (raw coal dispatch includes raw coal sold to our customers and raw coal used for production of beneficiated coal) by rail represented 51.6%, 50.5%, 47.9%, 46.7% and 47.2%, respectively, of our total raw coal dispatch in these periods. Our sales volumes have historically been constrained by inadequate transportation capacities, including non-availability of adequate rail infrastructure. Coal dispatch from our mines has also been constrained by inadequate coal handling and loading infrastructure, including non-availability of rapid loading systems at some of our mines. Coal dispatch constraints resulting from inadequate coal handling and loading infrastructure and coal transportation capacities are generally exacerbated during the third and fourth quarters of our fiscal year which typically experience higher freight transportation activities as well as increased power generation by utilities resulting in higher demand for our coal.

We continue to implement various initiatives for the upgradation and development of additional railway track connectivity between our existing and new mines, coal processing plants and respective dispatch points. We believe that the development of dedicated freight corridors under implementation by the Indian Railways will result in increased transportation capacities for our coal. We are also evaluating proposals for the development of dedicated berths at Vishakhapatnam port, to improve coal transportation from our mines to southern and south–eastern regions of India and for the import of coal in the future. We intend to strengthen our internal coal handling and loading infrastructure to improve the efficiency of our dispatch systems, through increased utilization of automated loading facilities and automated truck dispatch systems for efficient fleet management. For further information, see "Business – Transportation, Infrastructure and Logistics" beginning on page 97.

Demand for Coal in the Power Sector

Most of our non-coking coal is supplied for use in the thermal power industry in India. Raw coal dispatch to customers in the power sector (including to captive power plants in other industries) represented 82.7%, 82.7%, 81.4%, 79.9% and 78.2% of our total raw coal dispatch in fiscal 2007, 2008, 2009, 2010, respectively. As of the date of the CRISIL Coal Outlook report, the estimated energy consumption in India was 468.9 mtoe per year. The relatively low per capita consumption of power in India compared to the world average presents significant potential for growth in the demand for power in India. Further, as a result of the high demand for coal in the thermal power, iron and steel industries, demand for non-coking coal in India is expected to increase at a rate of 11.3% from 508 million tons in fiscal 2009 to approximately 868 million tons in fiscal 2014 while the demand for coking coal is likely to increase at the rate of 9.7% in the same period. *(Source: CRISIL Coal Outlook)* We expect to continue to benefit from these industry trends and the high demand for coal in India.

Historically our most significant customers have primarily been public sector thermal power generation companies and utilities. Our business, operations and prospects may therefore be affected by various policies and statutory and regulatory requirements and developments that affect the thermal power industry in India in general or public sector power utilities in particular. The amount of coal consumed by the power sector in India is also affected by, among other things, (i) the location, availability, quality and price of alternative energy sources for power generation, such as natural gas, fuel oil, nuclear, hydroelectric, wind and solar power; and (ii) technological developments, including those related to alternative energy sources.

Anticipated Capital Expenditures

Our budgeted capital expenditure for fiscal 2011 is Rs.38,000 million and we anticipate capital expenditure of Rs.46,500 million in fiscal 2012 for, among others, the expansion of our production capacities, improvement of our coal handling and loading infrastructure, upgradation and expansion of our coal beneficiation capacities, expansion of transportation capacities, and improvements to our coal mining operations through introduction of advanced technologies and higher capacity equipment. During the three months ended June 30, 2010, our capital expenditure was Rs. 4,896.43 million, or 12.9% of our budged capital expenditure for fiscal 2011.

However, during the first quarter of each fiscal year we typically have proportionally lower capital expenditures relative to the full fiscal year as a result of new orders being placed during the first quarter for which capital expenditure is not recognized until later in the year in accordance with our accounting policies.

The costs associated with these expansion and upgradation plans and the revenue we expect to derive from them could have a significant impact on our future financial condition and results of operations. For further information on our capital expenditure plans and expansion projects, see "- Capital Expenditure" beginning on page 26 and "- Factors Affecting Results of Operations – Coal Production and Expansion" beginning on page 185.

Acquisition of heavy earthmoving machinery used in our operations constitutes the largest component of our capital expenditure. We intend to invest in additional advanced technologies and higher capacity equipment. In addition, a significant part of our existing equipment is old and requires maintenance, upgrading, revamping or replacement. We have introduced various programs to modernize, replace and expand our mining equipment fleet and procure higher capacity equipment. Acquisition of mining equipment is capital intensive, and if such equipment is not utilized in a productive and efficient manner, we may not realize the benefits we expect from such equipment. Between late 2003 and early 2009, due to worldwide shortages of steel and rubber, prices for mining equipment, machinery and related spare parts, and rental payments for operating and financing leases of such equipment and machinery, materially increased. Increase in the cost of spares for our mining equipment and machinery may increase our cost of production and adversely affect our profitability. In addition, as we acquire additional mining equipment and plant and machinery for our operations, our depreciation expenses could increase.

Statutory Levies

Indirect taxes and statutory levies such as royalty, cess and stowing excise duty levied are an important component of the cost of our coal and coal products to our customers. These statutory levies and taxes are paid by our customers. We present our sales net of such statutory levies and taxes. Changes in royalty, cess, stowing excise duty and sales tax and other fiscal levies may affect our results of operations if we are unable to pass on such levies and taxes to our customers. Statutory levies payable were Rs.55,257.83 million, Rs.62,225,87 million, Rs.69,962.11 million, Rs.75,725.36 million and Rs.19,282.13 million in fiscal 2007, 2008, 2009, 2010 and in the three months ended June 30, 2010, respectively.

Royalty is payable to relevant State Governments. Royalty (i) at specified rates per ton of coal production as notified by the GoI, based on the relevant grade of coal (currently ranging from Rs.55 per ton for Grade F and G non-coking coal to Rs.180 per ton for coking coal of Steel Grade I and II and Washery Grade I); plus (ii) an ad valorem rate of 5.0% of the pit head price of raw coal reflected in our invoice. Royalty rates were last revised by the GoI with effect from August 1, 2007.

Various cess on coal is payable to certain State Governments at rates per ton as stipulated by the respective State Government which typically ranges from Rs.1.00 per ton to Rs.7.00 per ton of coal produced, except in the State of West Bengal where cess is payable on an ad valorem basis. There may be multiple cesses payable to certain State Governments. The cess on coal is significantly higher in the State of West Bengal, where we operate several mines in the Raniganj coalfield which produces high quality coal. The rural employment and primary education cess in West Bengal is currently payable at an ad valorem rate of 25.0% of the raw coal price notified by us from time to time. In addition, the GoI has recently introduced an environmental cess on coal at Rs.50 per ton of production, with effect from July 1, 2010, which will result in a further increase in our statutory levies in fiscal 2011.

Stowing excise duty is a duty payable to the Coal Controller, GoI at the rate of Rs.10.00 per ton of coal produced.

Central and State sales taxes are also payable on our coal sales at rates notified by the GoI and State Governments from time to time. Central sales tax rates currently applicable is 2.0% for registered dealers (4.0% for unregistered dealers) and State sales tax rates currently applicable is 4.0%.

Regulatory Developments

The GoI and State Governments through various regulatory authorities regulate or are involved in the development of policy guidelines for various matters, including: the grant and renewal of coal exploration rights

and mining rights; acquisition of land and surface rights; environmental matters associated with mining operations, including forest land related approvals; approval of mining plans; conditions relating to continuing mining operations; safety and health standards; labor matters; distribution of coal produced by us in accordance with applicable GoI policies including allocation of coal linkages and coal supply under long-term FSAs and under the E-Auction scheme; and royalty, dead rent, cess and other duties, and taxes payable. The compliance costs, liabilities and requirements associated with existing and any new policies and statutory and regulatory requirements can have a significant impact on our operations.

The MoEF is currently in discussion with the MoC regarding the demarcation of certain coal-bearing forest areas in India into various categories, which is proposed to include a category in which mining activities will be prohibited. These discussions are currently at a preliminary stage. For further information, see "Risk Factors - The recent proposal of the GoI to demarcate certain coal-bearing forest areas in India into various categories, which is proposed to include a category in which mining activities are prohibited, may materially adversely affect our business prospects, results of operations and financial condition." beginning on page xxii.

Critical Accounting Policies

Our financial statements are prepared under the historical cost convention in accordance with Indian GAAP and the relevant provisions of the Companies Act. We have restated our financial statements for each of fiscal 2006, fiscal 2007, fiscal 2008, fiscal 2009, fiscal 2010 and for the three months ended June 30, 2010 included elsewhere in this Prospectus in accordance with the ICDR Regulations.

Preparation of financial statements in accordance with Indian GAAP and the provisions of the Companies Act, as well as their restatement to reflect guidance as per ICDR Regulations, require our management to make judgments, estimates and assumptions that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amounts of revenues and expenses. These judgments, assumptions and estimates are reflected in our accounting policies, which are more fully described in the auditors' report in “Financial Statements—Significant Accounting Policies” in Annexure E to our restated consolidated financial statements beginning on page F 66.

Certain of our accounting policies are particularly important to the presentation of our financial position and results of operations and require the application of significant assumptions and estimates of our management. We refer to these accounting policies as our “critical accounting policies”. Our management uses its historical experience and analyzes the terms of existing contracts, historical cost conventions, global industry practices and information provided by outside sources, as appropriate when forming its assumptions and estimates. However, this task is inexact because our management is making assumptions and providing estimates on matters that are inherently uncertain.

While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results of operations, we believe that the following critical accounting policies warrant particular attention.

Recognition of Income and Expenditure

Income and expenditure are generally recognized on accrual basis and provision is made for all known liabilities.

Fixed Assets

Land. The value of land includes the cost of acquisition, cash rehabilitation expenses and resettlement costs incurred towards the displaced persons. Other expenditure incurred on acquisition of land such as compensation in lieu of employment, are, however, treated as a revenue expenditure.

Plant and machinery. Plant and machinery includes the cost and expenses incurred towards the erection or installation and other attributable costs incurred to bring those assets to working conditions for their intended use.

Railway sidings. Pending commissioning, payments made to the railway authorities for the construction of railway sidings are reflected as capital work-in-progress.

Development. Expenses net of income of the mines under development are booked to the development account and grouped under capital work-in-progress until the mines are brought to the revenue account. Unless, otherwise stated in the relevant project report to determine the commercial readiness of the project to yield production on a sustainable basis and completion of required development activity during the period of constructions, projects or mines under development are brought to revenue on the earliest of: (i) from the beginning of the financial year immediately following the year in which the project achieves physical output of 25.0% of rated capacity in accordance with the approved project report; or (ii) two years of touching of coal; or (iii) from the beginning of the financial year in which the value of production is greater than total expenses.

Prospecting, Boring and Other Development Expenditure. The cost of exploration and other development expenditure incurred in a particular five year plan period is kept under capital work-in-progress until 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 agencies, which will be kept in inventory till finalization of sale.

Inventories

Book stock of coal or coke is considered in the accounts where the variance between book stock and measured stock is up to +/- 5.0%, and in cases where the variance is beyond +/- 5.0% the measured stock is considered. Such stock is valued at net realizable value or cost whichever is lower. If the difference between book stock and measured stock exceeds +/-5.0%, the measured stock is taken into account and the resultant adjustment is reflected in the profit and loss account.

Depreciation

- Depreciation on fixed assets is provided on straight line method at the rates and manner specified in Schedule XIV of the Companies Act other than for: (i) the earth science museum: 5.15%; (ii) high volume samplers and respiratory dust: 33.33%; (iii) telecommunication equipment: 15.83%; and (iv) general communication/instrumentation systems: 10.55%. Depreciation on equipment is charged over their technically estimated life, at higher rates. Further, depreciation on certain equipment/HEMM is charged over their technically estimated life at higher rates, i.e. 11.88%, 13.57% and 15.83% as applicable. Depreciation on the assets added or disposed-off during the year is provided on a pro-rata basis with reference to the month of addition or disposal, except on those assets which attract 100.0% depreciation per annum (on a straight line method basis), which are fully depreciated in the year of their addition.

- Value of land acquired under the CBA Act is amortized on the basis of the balance life of the project. Value of leasehold land is amortized on the basis of the lease period or balance life of the project, whichever is earlier.

- Prospecting, boring and development expenditure is amortized from the year when the mine is brought under revenue, in 20 years, or the working life of the project, whichever is less.

- Depreciation on SDL and LHD equipment is charged at the rate of 19.0% per annum and 15.83% per annum, respectively.

- Depreciation after major overhauling of the helicopter is charged at the rate of 47.5% per annum, based on its expected year of life or flying hours.

Foreign Currency Transactions

Year-end balance of foreign currency transactions is translated at the year-end rates and the corresponding effect is given in the respective accounts. Transactions completed during the year are adjusted on actual basis. Transactions covered by cross currency swap option contracts to be settled on future dates are recognized at the year-end rates of the underlying foreign currency. Effects arising out of such contracts are taken into accounts on the date of settlement.

Retirement Benefits /Other Employee Benefits

- *Defined contribution plans*. We make contributions towards provident fund and pension fund to a

defined contribution retirement benefit plan for qualifying employees. The provident fund and pension fund are operated by the Coal Mines Provident Fund ("CMPF") authorities. According to the rules of these schemes, we are required to contribute a specified percentage of pay roll costs to the CMPF authorities to fund the benefits.

- *Defined benefit plans*. The year-end liability on account of gratuity and leave encashment is provided for on actuarial valuation basis by applying projected unit credit method. Further, we have created a trust with respect to establishment of a funded group gratuity (cash accumulation) scheme through the Life Insurance Corporation of India for a portion of our total liability. Contributions have been made to the said fund based on actuarial valuation.

- *Other employee benefits*. Further, year-end liability of certain other employee benefits, such as benefits on account of LTA/LTC; Life Cover Scheme, Group Personal Accident Insurance Scheme and Settlement Allowance, Retired Executive Medical Benefit Scheme and compensation dependants of deceased in mine accidents, are also valued on actuarial basis by applying projected unit credit method.

Taxation

Provision of current income tax is made in accordance with the IT Act. Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods.

Provision

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the balance sheet date.

Contingent Liability

Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise or a present obligation that arises from the past events but is not recognized because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations cannot be made. Contingent liabilities are not provided for in the accounts and are disclosed by way of notes to the financial statements.

Overburden Removal Expenses

In open cast mines, with rated capacity of one million tons per annum and above, the cost of overburden removal expenses is charged on technically evaluated average ratio (coal: overburden) at each mine with due adjustment for advance stripping and ratio variance account after the mines are brought to revenue. The net of balances of advance stripping and ratio variance at the end of the relevant period is shown as cost of removal of overburden under the head current assets or current liabilities, as applicable.

The reported quantity of overburden as per our record is considered in the calculation of the ratio for overburden removal. Accounting where the variance between reported quantity and measured quantity is within the lower of the two alternative permissible limits, as detailed hereunder:

Annual Quantum of OBR of the Mine	**Permissible limits of variance, whichever is lesser**	
	%	**Quantum (in million cu.m.)**
Less than one million cu.m.	+/-5.0%	0.03
Between one and five million cu.m.	+/-3.0%	0.20
More than five million cu.m.	+/-2.0%	-

However, where the variance is beyond the permissible limits specified above, the measured quantity is considered.

Components of Income and Expenditure

Income

Our income comprises (i) sales, (ii) coal issued for other purposes, (iii) accretion in stock, if any and (iv) other income.

Sales

Sales comprise revenues from sales of our various coal products: raw coal (non-coking coal and coking coal), (ii) beneficiated coal (beneficiated non-coking coal and beneficiated coking coal), (iii) coke and (iv) other by products produced during our coal mining and beneficiation operations, such as slurry, slack, middlings, coal gas and coal tar. We discontinued production of coke during fiscal 2010, however, sales of hard coke from stores is ongoing.

Sales is presented as gross sales net of (i) various statutory levies comprising royalty, cess on coal and stowing excise duty; and (ii) sales tax.

Coal Issued for Other Purposes

Coal issued for other purposes include primarily (i) raw coal used in production of beneficiated coal, (ii) raw coal used for internal consumption at our workshops, boilers and coal processing and beneficiation facilities, and (iii) free coal issued to our employees. Coal issued for other purposes is presented net of statutory levies such as royalty, cess on coal and stowing excise duty payable on such coal.

Coal issued for other purposes do not represent external sales but represent coal that is used for internal purposes. Other than free coal issued to employees, income from coal issued for other purposes is therefore almost entirely offset by internal consumption of coal. Free coal issued to employees is reflected in our social overhead. Free coal issued to employees is accounted for on basis of basic value of the raw coal issued to employees.

Accretion (Decretion) in Stock

Accretion (decretion) in stock reflects any accretion or decretion in a particular fiscal period to our inventory of raw coal, calculated as the difference between closing stock of raw coal at the end of such fiscal period and the opening stock of raw coal at the beginning of such fiscal period. Accretion and decretion in stock is presented net of (i) raw coal inventory at our beneficiation facilities and coke oven; (ii) any grade slippage of raw coal inventory; (iii) any deterioration in the quality of coal inventory; and (iv) any related handling charges incurred in connection with our inventory.

Other Income

Other income primarily includes (i) interest income from banks, employees and others, (ii) interest on our investments in the 8.5% Tax Free RBI Power Bonds (which resulted from the securitization of our sundry debtors), (iii) recovery of transportation and loading charges that we charge our customers, (iv) any income from our workshops and press jobs, (v) any liquidated damages or penalty payments by our suppliers and third party contractors, and (vi) any profit on sale of coal block/geological reports on third party blocks relating to coal blocks renounced by us pursuant to direction of the MoC, GoI. Other income also includes stowing subsidies granted by the Coal Controller of India, rental income, any income from sale of scrap, and any profit on sale of assets.

Other income also includes any write back of provisions and liabilities made in previous years and any gain on foreign exchange variations relating to our operations, primarily relating to our financing arrangements and bank deposits denominated in foreign currencies. Other/miscellaneous income primarily includes income from water charges supplied to third party contractors and other miscellaneous income from our operations.

Expenditure

Our expenditure comprises: (i) internal consumption of coal; (ii) consumption of stores and spares; (iii)

employee's remuneration and benefits; (iv) power and fuel; (v) social overhead; (vi) repairs; (vii) contractual expenses; (viii) miscellaneous expenses; (ix) interest; (x) overburden removal adjustments; (xi) finance and commitment charges; (xii) depreciation; (xiii) impairment and (xiv) provisions and write-offs.

Internal Consumption of Coal

Internal consumption of coal comprises (i) raw coal used in production of beneficiated coal and (ii) raw coal used for internal consumption at our workshops, boilers and coal processing and beneficiation facilities. Royalty, cess on coal and stowing excise duty payable on coal used for internal consumption is reflected under miscellaneous expenses.

Consumption of Stores and Spares

Consumption of stores and spares relate to materials used in our coal mining and processing operations, primarily petrol oil and lubricant (including diesel), explosives, and timber. Other consumables used in our coal mining operations include tires, spares for heavy earthmoving machineries, other plant and machinery relating to our coal handling plants and beneficiation facilities, vehicles, and other miscellaneous stores and spares.

Employees' Remuneration and Benefits

Employees' remuneration and benefits include salary, wages and allowances, any provisions relating to employees' remuneration and benefits, contributions to provident fund and gratuity, overtime payments, leave encashment, attendance bonus, productivity and performance linked bonus and other incentives, and other employee benefits.

Power and Fuel

Power and fuel represents cost of electricity consumed in our operations, including electricity purchased from external sources and cost of internal power generation relating to diesel generator sets.

Social Overhead

Social overhead represents various expenses associated with non-cash components of employee benefits, social welfare activities and expenses associated with medical facilities (including medical reimbursements) and educational institutions operated by us. Expenses towards community development and environmental expenditure are also reflected under social overhead expenses.

Repairs

Repairs consist of cost of repair and maintenance of plant and machinery relating to our operations, rehabilitation of heavy earthmoving machinery, office equipment, vehicles and other miscellaneous assets.

Contractual Expenses

Contractual charges primarily consist of transportation charges for coal, sand and materials carried out through third party contractors, contractor expenses relating to wagon loading operations, hiring charges for plant and machinery and heavy earthmoving machinery representing cost of coal extraction and overburden removal activities outsourced to third party contractors, and other miscellaneous works carried out through third party contractors such as for road maintenance and temporary lighting.

Miscellaneous Expenses

Miscellaneous expenses include various operational, selling and administrative expenses, most significantly under-loading expenses paid to Indian Railways, mine rehabilitation expenses, security expenses, royalty and cess payable on coal used for internal consumption and rent, rates and taxes. Miscellaneous expenses also include travelling expenses, employee training expenses, cost of printing and stationery, communication, advertisement and publicity related expenses, freight charges for equipment and machinery and materials, demurrage paid to Indian Railways and equipment and materials freight carriers, land/crop compensation and hire charges for office administration equipment. Other miscellaneous expenses include expenses incurred for land reclamation relating to rehabilitation and resettlement of affected communities.

Interest

Interest expenses include interest paid on our financing arrangements with IBRD and JBIC, transfers made to the Shifting and Rehabilitation Fund established by the GoI for the implementation of certain rehabilitation plans in the Jharia coalfield, interest on bank overdrafts and cash credit, interest on deferred credit arrangements with the Export Development Corporation of Canada and Liebherr France S.A. of France, and other interest expenses such as pension fund interest. Interest expenses are presented net of interest income received for any loans advanced.

Overburden Removal Adjustment

In open cast mines, with rated capacity of one million tons per annum and above, the cost of overburden removal expenses is charged on technically evaluated average ratio (coal: overburden) at each mine with due adjustment for advance stripping and ratio variance account after the mines are brought to revenue. The net of balances of advance stripping and ratio variance at the end of the relevant period is shown as cost of removal of overburden under the head current assets or current liabilities, as applicable.

Finance/Commitment Charges

Finance and commitment charges include fees paid to the GoI for guarantees issued by the GoI in connection with the IBRD and JBIC loans, and other bank expenses and charges.

Depreciation

Depreciation on our fixed assets is provided on straight line method at the rates and manner specified in Schedule XIV of the Companies Act and as specified in "– Critical Accounting Policies – Depreciation" beginning on page 197.

Impairment

Impairment loss is recognized wherever the carrying amount of an asset is in excess of its recoverable amount and the same is recognized as an expense in the statement of profit and loss and carrying amount of the asset is reduced to its recoverable amount. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased.

Provisions/Write-off

Provisions/write-off include any provisions for doubtful debts and advances, provisions for stores and spares inventory, provisions relating to impairment of assets, provisions for any marked to market losses on our outstanding foreign currency derivatives, and any other miscellaneous provisions. We also make provision for any shortfall for land reclamation for open cast mines and stowing for underground mines as on the relevant balance sheet date.

Provisions made are presented net of any write back of provisions. Write-offs include write-offs for doubtful debts, doubtful advances and other write-offs.

Taxation

Income tax expense comprises current tax expense and deferred tax expense or credit computed in accordance with the relevant provisions of the I.T. Act, as amended. Provision for current taxes is recognized based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the I.T. Act. Fringe benefit tax has been discontinued from April 1, 2009.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits shown in our financial statements. Deferred tax assets and liabilities are measured using tax rates and tax regulations enacted or substantively enacted up to the balance sheet date. The effect on deferred tax assets and liabilities due to a change in tax rates is recognized in the financial statement of the relevant fiscal year of change of rate. Deferred tax assets in respect of carry forward losses are recognized only to the extent that there is virtual certainty that

sufficient future taxable income will be available against which such deferred tax asset can be realized. Other deferred tax assets are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably /virtually certain (as the case may be) to be realized.

Results of Operations

Our restated consolidated financial statements for fiscal 2006, 2007, 2008, 2009 and 2010 and for the three months ended June 30, 2010, and our restated standalone financial statements for fiscal 2006, 2007, 2008, 2009 and 2010 and for the three months ended June 30, 2010, included in this Prospectus have been presented in compliance with the Companies Act, Indian GAAP and the ICDR Regulations. For further information relating to the restatement adjustments, see "- Adjustment for Restatement" below.

The following table sets forth certain information with respect to our results of operations for the periods indicated:

Particulars	Fiscal								Three Months Ended June 30, 2010	
	2007		2008		2009		2010			
	(Rs. million)	Percentage of Total Income (%)	(Rs. million)	Percentage of Total Income (%)	(Rs. million)	Percentage of Total Income (%)	(Rs. million)	Percentage of Total Income (%)	(Rs. million)	Percentage of Total Income (%)
Income										
Sales	296,021.85	84.6%	326,338.60	84.5%	387,888.30	84.2%	446,152.51	84.8%	114,356.36	87.2%
Coal issued for other purposes	19,404.70	5.5%	19,745.42	5.1%	20,219.81	4.4%	20,690.44	3.9%	50,46.92	3.8%
Accretion in stock	2,475.52	0.7%	2,441.95	0.6%	1,336.07	0.3%	6,671.58	1.3%	(80.35)	(0.1)%
Other income[1]	32,152.00	9.2%	37,641.00	9.8%	51,196.47	11.1%	52,408.39	10.0%	11,777.39	9.0%
Total Income	**350,054.07**	**100.0%**	**386,166.97**	**100.0%**	**460,640.65**	**100.0%**	**525,922.92**	**100.0%**	**131,100.32**	**100.0%**
Expenditure										
Internal consumption of coal	18,480.49	5.3%	19,508.61	5.1%	19,921.53	4.3%	19,721.13	3.8%	4,910.53	3.7%
Consumption of stores and spares	41,255.92	11.8%	43,785.55	11.3%	48,613.01	10.6%	49,269.18	9.4%	10,719.74	8.2%
Employees remuneration and benefits	100,975.32	28.9%	126,351.59	32.7%	197,420.85	42.9%	166,555.22	31.7%	43,362.94	33.1%
Power and fuel	16,003.48	4.6%	15,937.00	4.1%	15,950.52	3.5%	17,395.95	3.3%	4,330.17	3.3%
Social overhead	14,780.48	4.2%	16,228.57	4.2%	18,851.22	4.1%	20,174.87	3.8%	4,682.66	3.6%
Repairs	6,649.14	1.9%	7,096.92	1.8%	7,860.61	1.7%	8,479.39	1.6%	1,571.51	1.2%
Contractual expenses	20,934.03	6.0%	26,332.58	6.8%	33,398.54	7.3%	37,318.37	7.1%	10,118.01	7.7%
Miscellaneous expenses	12,639.82	3.6%	14,873.47	3.9%	19,285.19	4.2%	19,335.99	3.7%	4,288.38	3.3%
Interest	849.28	0.2%	1,499.33	0.4%	1,564.97	0.3%	1,364.59	0.3%	521.42	0.4%
Overburden removal adjustment	16,865.82	4.8%	15,640.33	4.1%	21,771.86	4.7%	30,539.18	5.8%	4,333.39	3.3%
Finance charges/ commitment charges	231.80	0.1%	193.56	0.1%	223.83	0.1%	194.95	0.0[2]%	46.05	0.0%
Depreciation	13,116.35	3.8%	15,299.45	4.0%	16,629.29	3.6%	13,138.41	2.5%	4,094.18	3.1%
Impairment	461.80	0.1%	307.02	0.1%	279.74	0.1%	156.12	0.0[2]%	17.54	0.0%
Provision/write-off	1,168.55	0.3%	2,320.09	0.6%	1,759.96	0.4%	2,093.69	0.4%	690.02	0.5%
Total Expenditure	**264,412.28**	**75.5%**	**305,374.07**	**79.1%**	**403,531.12**	**87.6%**	**385,737.04**	**73.3%**	**93,632.54**	**71.4%**
Profit for the year	**85,641.79**	**24.5%**	**80,792.90**	**20.9%**	**57,109.53**	**12.4%**	**140,185.88**	**26.7%**	**37,467.78**	**28.6%**
Prior period adjustment	220.56	0.1%	1,111.28	0.3%	277.18	0.1%	(536.60)	(0.1)%	(111.07)	(0.1)%
Profit before tax and extra ordinary items	**85,862.35**	**-**	**81,904.18**	**-**	**57,386.71**	**-**	**139,649.28**	**-**	**37,356.71**	**-**
Provision for income tax	31,684.92	-	35,985.88	-	36,839.42	-	44,332.47	-	12,291.17	-
Provision for deferred tax (written back)	(2,779.81)	-	(2,488.39)	-	(1,032.34)	-	(336.23)	-	(193.32)	-
Provision for income tax for	(355.89)	-	764.64	-	460.30	-	576.02	-	-	-

Particulars	Fiscal								Three Months Ended June 30, 2010	
	2007		2008		2009		2010			
earlier year										
Excess provision for income tax written back (earlier period)	0.00	-	(0.33)	-	(141.87)	-	(1,147.45)	-	-	-
Fringe benefit tax	388.06	-	483.70	-	506.91	-	0.00	-	-	-
Profit after tax, before extra ordinary items	**56,925.07**	**-**	**47,158.71**	**-**	**20,754.29**	**-**	**96,224.47**	**-**	**25,258.86**	**-**
Extra ordinary items (net of tax)	162.21	-	5,274.01	-	32.63	-	0.00	-	-	-
Profit after tax (as per audited accounts)	**57,087.28**	**-**	**52,432.72**	**-**	**20,786.92**	**-**	**96,224.47**	**-**	**25,258.86**	**-**
Adjustment for restatement:										
Total restatement adjustments including tax impact	**(15,034.59)**	**-**	**(9,582.65)**	**-**	**19,839.31**	**-**	**2,112.52**	**-**	**(41.08)**	**--**
Profit after tax, as restated	**42,052.69**	**-**	**42,850.07**	**-**	**40,626.23**	**-**	**98,336.99**	**-**	**25,217.78**	**-**

1. *For further information on other income, see Annexure D-XI of our restated consolidated financial statements beginning on page* F 65.
2. *Less than 0.1%.*

Adjustment for Restatement

The following table sets forth certain information relating to the restatement adjustments for the periods indicated:

	Fiscal				Three Months Ended June 30, 2010
	2007	2008	2009	2010	
	(Rs. million)				
Adjustment for Restatement					
Change in accounting policies	(272.42)	779.71	533.27	58.49	-
Other adjustments and prior period items	(1,493.56)	(5,523.34)	769.12	2,372.31	(62.24)
Current tax impact on adjustments	2,654.07	5,208.64	2,880.61	(2,319.69)	21.16
Deferred tax impact on adjustments	(1,320.96)	(1,512.62)	2,004.49	(226.97)	-
Arrear salary and wages	(14,601.72)	(8,535.04)	20,951.28	2,185.48	-
Total of adjustments after tax impact	**(15,034.59)**	**(9,582.65)**	**19,839.31**	**2,069.62**	**(41.08)**

Following are the restatement adjustments carried out for the preparation of our restated consolidated financial statements in compliance with the ICDR Regulations:

- The prior period items in our Profit and Loss Account have been re-allocated to the respective years to which they relate.

- Certain arrears of expenses shown in the year of incurrence earlier have now been taken to the respective years to which they relate.

- We have in the past been providing for depreciation on fixed assets under the straight line method at the rates and manners prescribed in Schedule XIV of the Companies Act. However, in fiscal 2008 and 2009, we had changed the estimated useful life of certain of our plant and machinery based on technical evaluation, which resulted in the reduction of the economic life of such plant and machinery that was estimated earlier. Depreciation has been recomputed and adjusted accordingly in the restated financial statements.

- Arrears of expenses in respect of salary and wages paid to the executives and non-executives arising

out of wage agreement under National Coal Agreement - VIII and pay revisions for our executives that was shown in the year of incurrence, have been restated and reflected in the respective years to which they relate.

- Provision for tax for earlier years has been bifurcated and considered under respective years.

- We have accounted for deferred tax assets and liabilities for earlier years in terms of Accounting Standard 22 - Accounting for Taxes on Income ("AS 22") issued by the ICAI. The impact of current and deferred tax on the adjustments has been computed on profit arrived after making the necessary adjustments and on the basis of rates applicable to respective years.

For further information, see Annexure F of our restated consolidated financial statements beginning on page F 71.

The following restatement adjustments have not been reflected in our restated consolidated financial statements for the reasons specified below:

- Pursuant to a notification of the Ministry of Heavy Industries and Public Enterprises, GoI, dated November 26, 2008, while reviewing pay scales of employees of public sector undertakings, the ceiling of gratuity was revised to Rs.1.00 million from Rs.0.35 million with effect from July 1, 2007. Accordingly, the liability towards gratuity in accordance with Accounting Standard 15 was accounted as employee costs in fiscal 2009 and such amounts have not been restated to the relevant earlier years as the same could not be ascertained. Further arrear liability on account of gratuity and other employee benefits arising out of the revision of salary and wages for executives and non-executives in fiscal 2009 has been accounted in fiscal 2009 and the restatement of these liabilities and the corresponding write-offs for the respective years has not been made as the same has not been ascertained.

- Transitional Provision: As required by Accounting Standard 15 (Revised 2005) employee benefits issued by the ICAI, the difference between the transitional liability and the liability that would have been recognized at the same date, as per the Accounting Standard 15 prior to such revision in 2005, should be adjusted against opening balances of revenue reserve and surplus. The transitional provision has been shown accordingly in compliance with the requirements of Accounting Standard 15 (Revised 2005).

For further information, see Annexure G of our restated consolidated financial statements beginning on page F 73.

Three Months Ended June 30, 2010

Income

Our total income was Rs.131,100.32 million in the three months ended June 30, 2010. Our total income in the three months ended June 30, 2010 was primarily impacted by the effects of monsoon on our production level, a lower proportion of raw coal allotted under our E-Auction, which is typically experienced in the first quarter of each fiscal year, which was offset by the full quarter benefits of our revisions to the prices of coal sold under our FSAs with effect from October 16, 2009.

Sales

Sales were Rs.114,356.36 million, or 87.2% of our total income in the three months ended June 30, 2010. Overall production of non-coking coal decreased by 3.2% from 88.97 million tons in the three months ended June 30, 2009 to 86.12 million tons in the three months ended June 30, 2010, while overall production of coking coal increased by 27.2% from 7.1 million tons in the three months ended June 30, 2009 to 9.03 million tons in the three months ended June 30, 2010, respectively.

In the three months ended June 30, 2010, our average price per ton of raw coal, calculated as total revenue from sales of raw coal divided by the volume of raw coal sold, was Rs.1,096.76 per ton.

In the three months ended June 30, 2010, our average price per ton of beneficiated coal, calculated as total revenue from sales of beneficiated coal divided by the volume of beneficiated coal sold, was Rs. 2,238.91 per ton.

The following table sets forth certain information relating to sales of our coal and coal products in the periods indicated:

Particulars	**Three months ended June 30, 2010**	
	Sales	Percentage of Sales
	(Rs. million)	(%)
Raw coal[1]	106,144.50	92.8
Beneficiated coal[2]	7,769.03	6.8
Coke	7.83	0.0[3, 4]
Other by products	434.99	0.4
Total Sales	114,356.40	100.0

1. *Non-coking and coking coal.*
2. *Beneficiated non-coking coal and coking coal.*
3. *Less than 0.1%.*
4. *Production of hard coke has been discontinued during fiscal 2010; however, sales of hard coke from stores continued during the three months ended June 30, 2010.*

The following table sets forth certain information relating to volume of raw coal dispatch (raw coal dispatch includes raw coal sold to customers and raw coal used as feedstock for production of beneficiated coal) and raw coal sales in the periods indicated:

Particulars	**Three months ended June 30, 2010**
	(million tons)
Non-coking coal[1]	91.00
Coking coal[2]	9.93
Total raw coal dispatch	100.93
Less: Feedstock for beneficiated coal	4.15
Raw coal sales	96.78

1. *Includes NEC (Assam grade) coal.*
2. *Includes semi-coking coal and weakly coking coal.*

The following table sets forth certain information relating to volume of beneficiated coal sold in the periods indicated:

Particulars	**Three months ended June 30, 2010**
	(million tons)
Beneficiated non-coking coal	2.71
Beneficiated coking coal	0.76
Total beneficiated coal sales	3.47

Our raw coal production for the three months ended June 30, 2010 was 95.15 million tons, which was a decrease from that in the three months ended June 30, 2009 and 22.06 % of our total production for fiscal 2010. The proportionate decrease in our raw coal production in the three months ended June 30, 2010 relative to fiscal 2010 was largely as a result of seasonal fluctuations and, in particular, hot weather conditions and monsoon. The effects of hot weather conditions and monsoon also had a greater impact on our production in the the three months ended June 30, 2010, as compared to the three months ended June 30, 2009. In addition, during the three months ended June 30, 2010, we encountered a higher level of overburden in our mining operations than during the three months ended June 30, 2009 and, consequently, the overburden accounted for a portion of the decrease in raw coal production. Composite production, which includes raw coal and overburden, increased in the three months ended June 30, 2010 relative to the three months ended June 30, 2009.

During the three months ended June 30, 2010, our raw coal sales benefited from our revisions to the prices of coal sold under our FSAs with effect from October 16, 2009, when the average price increase was

approximately 11.0%, as compared to the pre-revision prices during three months ended June 30, 2009 and the part year effects of the revision during fiscal 2010.

Further, raw coal sales during the three months ended June 30, 2010 reflected a decrease in the proportion of raw coal allotted under our E-Auction scheme relative to fiscal 2010, which was consistent with the general decrease experienced in the first quarer of each fiscal year, as customers typically seek to purchase raw coal through the E-Auction Scheme during the second half of each fiscal year following monsoon when road transportation conditions are more favorable.

Coal Issued for Other Purposes

Coal issued for other purposes was Rs.5,046.92 million, or 3.8% of our total income in the three months ended June 30, 2010, primarily on account of coal issued for production of beneficiated coal of Rs.4,129.92 million and royalty paid on coal of Rs.510.63 million. As a percentage of total income, coal issued for other purposes in the three months ended June 30, 2010 was in line with fiscal 2010.

Accretion/Decretion in Stock

There was a decretion in stock in the three months ended June 30, 2010 of Rs.80.35 million, as compared to an overall decretion of stock in fiscal 2010. We customarily experience decretion of stock during the first quarter of each fiscal year as we utilize stock to satisfy demand to offset the seasonal decrease in production.

Other Income

Other income was Rs.11,777.39 million, or 9.0% of our total income in the three months ended June 30, 2010. Interest income from banks, employees and others was Rs.6,679.11 million in the three months ended June 30, 2010. The primary component of our interest income is derived from fixed deposits with banks. Fixed deposits with banks as of June 30, 2010 was Rs.363,332.03 million at an average bank interest rate on deposits of 6.56% in the three months ended June 30, 2010. As of March 31, 2010, fixed deposits with banks were Rs.359,839.43 million at an average bank interest rate on deposits of 6.56% in fiscal 2010.

Transportation and loading charges that we charge our customers was Rs.3,324.01 million, or 28.2% of our total other income in the three months ended June 30, 2010. Our income from our workshops and press jobs was Rs.772.42 million, or 6.6% of our total other income and other miscellaneous income was Rs.235.56 million, or 2.0% of our total other income in the three months ended June 30, 2010, respectively. Our interest income from our Tax Free RBI Power Bonds was Rs.224.61 million in the three months ended June 30, 2010.

Our other income during the three months ended June 30, 2010 did not include a writeback of provisions made in prior years on the basis of final adjustment following the implementation of the NCWA VIII and the Executive Pay Revision, as compared to fiscal 2010.

Expenditure

Total expenditure was Rs.93,632.54 million, or 71.4% of our total income in the three months ended June 30, 2010, as compared to 73.3% in fiscal 2010. The decrease in expenditure relative to income generally reflected the lower over burden adjustment recorded.

Internal Consumption of Coal

Internal consumption of coal was Rs.4,910.53 million, or 3.8% of our total income in the three months ended June 30, 2010, as compared to 3.7% in fiscal 2010.

Consumption of Stores and Spares

Consumption of stores and spares was Rs.10,719.74 million, or 8.2% of our total income in the three months ended June 30, 2010, as compared to 9.4% in fiscal 2010. The lower consumption of stores and spares relative to total income in the the three months ended June 30, 2010 primarily reflected relatively lower production and associated production costs.

Employees Remuneration and Benefits

Employees remuneration and benefits, which represents the largest component of our expenditure, was Rs.43,362.94 million, or 33.1% of our total income in the three months ended June 30, 2010. After giving effect the writebacks in fiscal 2010 of the provisions made in prior years on the basis of final adjustment following the implementation of the NCWA VIII and the Executive Pay Revision, employees remuneration and benefits primarily were primarily impacted by annual wage increases as compared to fiscal 2010, in part offset by the continuing trend of reduced headcount.

Output per manshift, calculated as total coal production divided by manshift (of eight hours per day), was 4.37 tons in the three months ended June 30, 2010, as compared to 4.01 tons in the three months period ended June 30, 2009.

Power and Fuel

Power and fuel expenses were Rs.4,330.17 million, or 3.3% of our total income in the three months ended June 30, 2010, which was in line with fiscal 2010.

Social Overhead

Social overhead expenses were Rs.4,682.66 million, or 3.6% of our total income in the three months ended June 30, 2010, as compared with 3.8% in fiscal 2010.

Repairs

Repairs expenses were Rs.1,517.51 million, or 1.2% of our total income in the three months ended June 30, 2010, as compared with 1.6% in fiscal 2010.

Contractual Expenses

Contractual expenses were Rs.10,118.01 million, or 7.7% of our total income in the three months ended June 30, 2010, as compared with 7.1% in fiscal 2010. The relatively higher contractual expenses as a percentage of total income in the three months ended June 30, 2010 reflected the high level of overburden removal during the three months ended June 30, 2010, as a significant portion of our overburden removal operations are conducted through third party contractors.

Transportation charges for coal and coke were Rs.4,092.07 million, or 3.1% of our total income in the three months ended June 30, 2010, while transportation charges for sand was Rs.1,093.68 million in the three months ended June 30, 2010.

Hiring of plant and machinery and heavy earthmoving equipment, representing payments to third party contractors engaged for coal mining and overburden removal was Rs.3,654.49 million, or 2.8% of our total income in the three months ended June 30, 2010, as compared with 1.6% in fiscal 2010.

Expenses for other contractual work, which include ancillary activities such as haul road maintenance and temporary lighting, was Rs.847.44 million, or 0.65% of our total income in the three months ended June 30, 2010.

Miscellaneous Expenses

Miscellaneous expenses were Rs.4,288.38 million, or 3.3% of our total income in the three months ended June 30, 2010, as compared with 3.7% in fiscal 2010.

Under/overloading charges were Rs.351.51 million in the three months ended June 30, 2010. Security expenses paid to private entities were Rs.480.07 million, while security expenses paid to the CISF was Rs.355.64 million in the three months ended June 30, 2010, respectively.

Rehabilitation expenses were Rs.516.60 million in the three months ended June 30, 2010. Rent, rates and taxes were Rs.109.13 million in the three months ended June 30, 2010. Other miscellaneous expenses, which include expenses for land reclamation and provisions made for closure of mines, was Rs.692.47 million in the three

months ended June 30, 2010. Exchange rate variation relating to loans and bank deposits denominated in foreign currencies was Rs.138.30 million in the three months ended June 30, 2010.

Interest

Interest expenses were Rs.521.42 million in the three months ended June 30, 2010. In the three months ended June 30, 2010, we reduced our total secured and unsecured loans to Rs.17,794.53 million as of June 30, 2010, from Rs.20,868.51 million as of March 31, 2010.

Overburden Removal Adjustment

Overburden removal adjustment was Rs.4,333.39 million, or 3.3% of our total income in the three months ended June 30, 2010, as compared to 5.8% during fiscal 2010. The decreased adjutment reflected a higher level of actual overburden removal in our mining operations during the three months ended June 30, 2009 and, consequently, a lower level of provisions required by our accounting policy pursuant to which an overburden removal adjustment is made to the extent of a variance from the technical evaluated stripping ratio.

Finance and Commitment Charges

Finance and commitment charges were Rs.46.05 million in the three months ended June 30, 2010.

Depreciation

Depreciation expenses were Rs.4,094.18 million, or 3.1% of our total income in the three months ended June 30, 2010, as compared to 2.5% in fiscal 2010. Depreciation expense in the three months ended June 30, 2010 was impacted by the full quarter effects of depreciation on fixed assets acquired during the fourth quarter of fiscal 2010.

Impairment

Impairment charges were Rs.17.54 million in the three months ended June 30, 2010.

Provision/Write-off

Provisions and write-offs were Rs.690.02 million, or 0.5% of our total income in the three months ended June 30, 2010, comprising primarily mark to market losses on outstanding foreign currency denominated derivatives and doubtful debts.

Profit before Tax and Extraordinary Items

Profit before tax and extraordinary items were Rs.37,356.71 million, or 28.5% of our total income in the three months ended June 30, 2010,

Provision for Taxation

Provision for income tax was Rs.12,291.17 million, or 9.4% of our total income in the three months ended June 30, 2010. We made additional write-back of provision for deferred tax in the three months ended June 30, 2010 of Rs.193.32 million, primarily on account of provision for doubtful debts and provision for gratuity.

Fringe benefit taxes were discontinued in fiscal 2010.

Profit after Tax before Extraordinary Items

Our profit after tax before extraordinary items was Rs. 25,258.86 million, or 19.3% of our total income in the three months ended June 30, 2010.

Extraordinary Items (Net of Tax)

We did not record any extraordinary items in the three months ended June 30, 2010.

Profit after Tax, as Restated

Our profit after tax, as restated was Rs.25,217.78 million, or 19.2% of our total income in the three months ended June 30, 2010. Our profit after tax, as restated was lower than our profit after tax in the three months ended June 30, 2010 by Rs.41.08 million. The difference was primarily attributable to restatement adjustments other adjustments for prior period items, offset in part by the current tax impact on such adjustments.

Fiscal 2010 compared to Fiscal 2009

Income

Total income increased by Rs.65,282.27 million, or 14.2%, from Rs.460,640.65 million in fiscal 2009 to Rs.525,922.92 million in fiscal 2010.

Sales

Sales increased by Rs.58,264.21 million, or 15.0%, from Rs.387,888.30 million in fiscal 2009 to Rs.446,152.51 million in fiscal 2010, as a result of increase in sales volumes as well as the effect of the revision in price of our raw coal with effect from October 16, 2009. Overall production of non-coking coal increased by 4.8% from 377.19 million tons in fiscal 2009 to 395.13 million tons in fiscal 2010, while overall production of coking coal increased by 36.1% from 26.54 million tons to 36.13 million tons in fiscal 2010. Raw coal production in fiscal 2010 increased primarily due to the addition of production capacities at several of our existing mines as well as commencement of production at seven new mines.

In fiscal 2010, our average price per ton of raw coal, calculated as total revenue from sales of raw coal divided by the volume of raw coal sold, was Rs.1,045.26 per ton, as compared to Rs.925.73 per ton in fiscal 2009.

In fiscal 2010, our average price per ton of beneficiated coal, calculated as total revenue from sales of beneficiated coal divided by the volume of beneficiated coal sold, was Rs.2,134.21 per ton, as compared to Rs.2,267.49 per ton in fiscal 2009.

The following table sets forth certain information relating to sales of our coal and coal products in fiscal 2009 and 2010:

Particulars	**Fiscal**			
	2009		**2010**	
	Sales	Percentage of Sales	Sales	Percentage of Sales
	(Rs. million)	(%)	(Rs. million)	(%)
Raw coal[1]	351,878.85	90.7%	413,159.44	92.6%
Beneficiated coal[2]	33,808.28	8.7%	31,159.67	7.0%
Coke	84.36	0.0[3]%	122.55	0.0[3, 4]%
Other by products	2,116.81	0.6%	1,710.84	0.3%
Total Sales	**387,888.30**	**100.0%**	**446,152.51**	**100.0%**

1. *Non-coking and coking coal.*
2. *Beneficiated non-coking coal and coking coal.*
3. *Less than 0.1%.*
4. *Production of hard coke has been discontinued during fiscal 2010.*

The following table sets forth certain information relating to volume of raw coal dispatch (raw coal dispatch includes raw coal sold to customers and raw coal used as feedstock for production of beneficiated coal) and raw coal sales in the periods indicated:

Particulars	**Fiscal**	
	2009	**2010**
	(million tons)	
Non-coking coal[1]	373.24	381.09
Coking coal[2]	27.51	34.13
Total raw coal dispatch	400.75	415.22
Less: Feedstock for beneficiated coal	(20.54)	(19.95)
Raw coal sales	380.21	395.27

1. *Includes NEC (Assam grade) coal.*
2. *Includes semi-coking coal and weakly coking coal.*

The following table sets forth certain information relating to volume of beneficiated coal sold in the periods indicated:

Particulars	**Fiscal**	
	2009	**2010**
	(million tons)	
Beneficiated non-coking coal	11.21	11.66
Beneficiated coking coal	3.70	2.94
Total beneficiated coal sales	**14.91**	**14.60**

Sales contributed 84.2% and 84.8% of our total income in fiscal 2009 and 2010, respectively.

Coal Issued for Other Purposes

Coal issued for other purposes increased by Rs.470.63 million, or 2.3%, from Rs.20,219.81 million in fiscal 2009 to Rs.20,690.44 million in fiscal 2010. Coal issued for production of beneficiated coal increased by Rs.383.42 million, or 2.4%, from Rs.16,223.51 million in fiscal 2009 to Rs.16,606.93 million in fiscal 2010. Coal issued for other purposes represented 4.4% and 3.9% of our total income in fiscal 2009 and 2010, respectively.

Accretion in Stock

There was an accretion in stock in fiscal 2010 of Rs.6,671.58 million compared to an accretion of stock of Rs.1,336.07 million in fiscal 2009. The higher accretion in stock in fiscal 2010 compared to that in fiscal 2009 resulted from several factors that adversely affected our raw coal offtake, including inadequate transportation capacities and coal handling and loading infrastructure at some of our mines, adverse law and order situation and related security issues at some of the coalfields we operate in Jharkhand, Chhattisgarh and Orissa, as well as inadequate logistics infrastructure and non-availability of adequate coal stocking infrastructure at several thermal power plants of our customers. Accretion in stock represented 0.3% and 1.3% of our total income in fiscal 2009 and 2010, respectively.

Other Income

Other income increased by Rs.1,211.92 million, or 2.4%, from Rs.51,196.47 million in fiscal 2009 to Rs.52,408.39 million in fiscal 2010 primarily on account of certain write-backs of provisions and liabilities in fiscal 2010. Other income contributed 11.1% and 10.0% of our total income in fiscal 2009 and 2010, respectively.

We recorded write-backs of provisions and liabilities of Rs.4,417.95 million in fiscal 2010 compared to write-backs of provisions and liabilities of Rs.164.38 million in fiscal 2009. The significant write-back of provisions and liabilities in fiscal 2010 was primarily on account of excess provisioning for arrears in salaries and wages made in fiscal 2008 and 2009, which provisions were written back following settlement of such arrears in fiscal 2010 pursuant to the implementation of the wage settlement under the NCWA VIII and the Executive Pay Revision. For further information, see "- Factors Affecting Results of Operations – Expenditure – Employee Remuneration and Benefits" beginning on page 190.

Transportation and loading charges that we charge our customers decreased by Rs.2,438.21 million, or 16.6%, from Rs.14,697.93 million in fiscal 2009 to Rs.12,259.71 million in fiscal 2010 primarily on account of variance in coal transportation distances to dispatch points.

These increases were offset in part by a decrease in interest income from banks, employees and others by Rs.1,304.40 million, or 4.8%, from Rs.27,103.08 million in fiscal 2009 to Rs.25,798.68 million in fiscal 2010. Although there was an increase in fixed deposits with banks from Rs.283,654.11 million as of March 31, 2009 to Rs.359,839.43 million as of March 31, 2010 as a result of increased operations, interest income decreased due to a decrease in the average bank interest rates on deposits from 10.2% in fiscal 2009 to 7.5% in fiscal 2010.

Expenditure

Total expenditure decreased by Rs.17,794.08 million, or 4.4%, from Rs.403,531.12 million in fiscal 2009 to Rs.385,737.04 million in fiscal 2010, primarily due to decreases in employees remuneration and benefits on account of provisions for salaries and wages made in fiscal 2009 with respect to earlier years as well as lower depreciation expenses. Total expenditure as a percentage of total income decreased from 87.6% in fiscal 2009 to 73.3% in fiscal 2010.

Internal Consumption of Coal

Internal consumption of coal decreased by Rs.200.40 million, or 1.0%, from Rs.19,921.53 million in fiscal 2009 to Rs.19,721.13 million in fiscal 2010. Although there was an increase in consumption of raw coal for the production of beneficiated coal, this was offset by a decrease in internal coal consumption at our workshops and facilities including boiler consumption. Internal consumption of coal as a percentage of total income decreased from 4.3% in fiscal 2009 to 3.8% in fiscal 2010.

Consumption of Stores and Spares

Consumption of stores and spares increased by Rs.656.17 million, or 1.4%, from Rs.48,613.01 million in fiscal 2009 to Rs.49,269.18 million in fiscal 2010 due to an increase in use of fuel, materials and consumable stores and spares as well as increases in price of diesel and explosives. Consumption of stores and spares as a percentage of total income however decreased from 10.6% in fiscal 2009 to 9.4% in fiscal 2010.

Employees Remuneration and Benefits

Employees remuneration and benefits, which represents the largest component of our expenditure, decreased by Rs.30,865.63 million, or 15.6%, from Rs.197,420.85 million in fiscal 2009 to Rs.166,555.22 million in fiscal 2010.

The decrease in employees remuneration and benefits in fiscal 2010 compared to that in fiscal 2009 primarily reflected the adjustments on account of the implementation of the NCWA VIII and the Executive Pay Revision as well as the effect of increase in the gratuity ceiling for our employees. For further information, see "- Factors Affecting Results of Operations – Expenditure – Employee Remuneration and Benefits" beginning on page 190.

Output per manshift, calculated as total coal production divided by manshift (of eight hours per day), increased from 4.09 tons in fiscal 2009 to 4.47 tons in fiscal 2010.

Employees remuneration and benefits as a percentage of total income decreased from 42.9% in fiscal 2009 to 31.7% in fiscal 2010.

Power and Fuel

Power and fuel expenses increased by Rs.1,445.43 million, or 9.1%, from Rs.15,950.52 million in fiscal 2009 to Rs.17,395.95 million in fiscal 2010. Although electricity consumption decreased in fiscal 2010 as a result of discontinuation of operations in certain unproductive underground mines and the increase in outsourced coal handling activities in some of our mines, power and fuel expenses increased in fiscal 2010 due to an increase in the price of electricity. Power and fuel as a percentage of total income however decreased from 3.5% in fiscal 2009 to 3.3% in fiscal 2010.

Social Overhead

Social overhead increased by Rs.1,323.65 million, or 7.0%, from Rs.18,851.22 million in fiscal 2009 to Rs.20,174.87 million in fiscal 2010 primarily on account of an increase in salaries, wages and allowances for employees associated with our employee benefits and social welfare activities, and expenses associated with medical facilities (including medical reimbursements) and educational institutions operated by us. In fiscal 2010, we incurred environmental expenses of Rs.353.86 million, compared to Rs.345.66 million in fiscal 2009. In fiscal 2010, we incurred community development expenses of Rs.453.59 million, compared to Rs.380.57 million in fiscal 2009.

Social overhead as a percentage of total income however decreased from 4.1% in fiscal 2009 to 3.8% in fiscal 2010.

Repairs

Repairs increased by Rs.618.78 million, or 7.9%, from Rs.7,860.61 million in fiscal 2009 to Rs.8,479.39 million in fiscal 2010 on account of an increase in repair costs for our plant and machinery, including our equipment, workshops, and our coal handling and beneficiation facilities. Repairs as a percentage of total income however decreased from 1.7% in fiscal 2009 to 1.6% in fiscal 2010.

Contractual Expenses

Contractual expenses increased by Rs.3,919.83 million, or 11.7%, from Rs.33,398.54 million in fiscal 2009 to Rs.37,318.37 million in fiscal 2010. Contractual expenses as a percentage of total income however decreased from 7.3% in fiscal 2009 to 7.1% in fiscal 2010.

Hiring of plant and machinery and heavy earthmoving equipment, representing payments to third party contractors engaged for coal mining and overburden removal, increased by Rs.1,910.51 million, or 13.1%, from Rs.14,629.09 million in fiscal 2009 to Rs.16,539.60 million in fiscal 2010 primarily on account of increase in mining work through third party contractors that reflected our increased production. The increase in third party contractor costs also reflected an increase in cost of third party contractor services and increased use of third party contractors for overburden removal. Hiring of plant and machinery and heavy earthmoving equipment represented 3.6% and 4.3% of our total expenditure in fiscal 2009 and 2010, respectively.

Transportation charges for coal and coke increased by Rs.973.80 million, or 6.6%, from Rs.14,770.78 million in fiscal 2009 to Rs.15,744.58 million in fiscal 2010 reflecting increased offtake and sales and increase in cost of third party contractor services. Transportation charges for coal and coke represented 3.7% and 4.1% of our total expenditure in fiscal 2009 and 2010, respectively.

Expenses for other contractual work, which include ancillary activities such as haul road maintenance and temporary lighting, increased by Rs.989.30 million, or 30.9%, from Rs.3,207.89 million in fiscal 2009 to Rs.4,197.19 million in fiscal 2010.

Miscellaneous Expenses

Miscellaneous expenses remained relatively steady at Rs.19,285.19 million in fiscal 2010 compared to Rs.19,335.99 million in fiscal 2009. Miscellaneous expenses as a percentage of total income decreased from 4.2% in fiscal 2009 to 3.7% in fiscal 2010.

Under/overloading charges increased by Rs.569.72 million, or 28.3%, from Rs.2,010.69 million in fiscal 2009 to Rs.2,580.41 million in fiscal 2010 due to increased production and offtake in fiscal 2010. Security expenses paid to private entities increased by Rs.490.66 million, or 34.8%, from Rs.1,409.20 million in fiscal 2009 to Rs.1,899.86 million in fiscal 2010, while security expenses paid to the CISF decreased by Rs.73.69 million, or 5.8%, from Rs.1,272.06 million in fiscal 2009 to Rs.1,198.37 million in fiscal 2010.

Rehabilitation expenses remained relatively steady at Rs.2,163.28 million in fiscal 2010 compared to Rs.2,085.03 million in fiscal 2009. Rent, rates and taxes decreased by Rs.1,013.43 million, or 57.3%, from Rs.1,768.78 million in fiscal 2009 to Rs.755.35 million in fiscal 2010. The higher rent, rates and taxes paid in fiscal 2009 was primarily on account of settlement of certain disputed service tax liabilities in fiscal 2009. Royalty and cess on internal consumption of coal remained relatively steady at Rs.1,514.07 million in fiscal 2010 compared to Rs.1,583.39 million in fiscal 2009. Demurrage costs, freight charges and land/crops compensation also decreased in fiscal 2010 compared to that in fiscal 2009.

Other miscellaneous expenses, which include expenses for land reclamation and provisions made for closure of mines, increased by Rs.406.61 million, or 12.0%, from Rs.3,380.14 million in fiscal 2009 to Rs.3,786.75 million in fiscal 2010.

While we incurred loss on exchange rate variation relating to loans and bank deposits denominated in foreign currencies of Rs.325.72 million in fiscal 2009, we recognized a gain from exchange rate variation in fiscal 2010, which was reflected in other income.

Interest

Interest expenses decreased by Rs.200.38 million, or 12.8%, from Rs.1,564.97 million in fiscal 2009 to Rs.1,364.59 million in fiscal 2010, primarily on account of decrease in interest expense relating to our IBRD and JBIC financing arrangements. Interest paid on our IBRD and JBIC financing arrangements decreased by Rs.187.51 million, or 41.5%, from Rs.451.62 million in fiscal 2009 to Rs.264.11 million in fiscal 2010, on account of lower outstanding balances. Interest expenses as a percentage of total income remained relatively steady at 0.3% in fiscal 2009 and 2010, respectively.

Overburden Removal Adjustment

Overburden removal adjustment increased by Rs.8,767.32 million, or 40.3%, from Rs.21,771.86 million in fiscal 2009 to Rs.30,539.18 million in fiscal 2010 primarily on account of provision/liability created for lower overburden expenditure incurred on coal produced during fiscal 2010 compared to the standard overburden ratio contemplated under the relevant mining plans. Overburden removal adjustment as a percentage of total income increased from 4.7% in fiscal 2009 to 5.8% in fiscal 2010.

Finance and Commitment Charges

Finance and commitment charges decreased by Rs.28.88 million, or 12.9%, from Rs.223.83 million in fiscal 2009 to Rs.194.95 million in fiscal 2010 primarily due to a decrease in guarantee fees paid to the GoI in connection with our IBRD and JBIC financing arrangements, from Rs.214.40 million in fiscal 2009 to Rs.175.72 million in fiscal 2010, on account of a decrease in outstanding balances. Finance and commitment charges as a percentage of total income decreased from 0.1% in fiscal 2009 to 0.0% in fiscal 2010.

Depreciation

Depreciation expenses decreased by Rs.3,490.88 million, or 21.0%, from Rs.16,629.29 million in fiscal 2009 to Rs.13,138.41 million in fiscal 2010. Depreciation expenses decreased in fiscal 2010 on account of (i) the full depreciation in prior years of certain older equipment and plant and machinery, particularly equipment we had acquired pursuant to the JBIC and IBRD financing arrangements and (ii) the notional decrease in valuation of certain equipment and plant and machinery funded by the Export JBIC and IBRD loans to reflect the effect of increase in exchange rates for the U.S. dollar and Japanese Yen against the Indian rupee in fiscal 2010 as required under Accounting Standard 11. Depreciation as a percentage of total income decreased from 3.6% in fiscal 2009 to 2.5% in fiscal 2010.

Impairment

Impairment charges decreased by Rs.123.62 million, or 44.2%, from Rs.279.74 million in fiscal 2009 to Rs.156.12 million in fiscal 2010. Impairment as a percentage of total income decreased from 0.1% in fiscal 2009 to 0.0% in fiscal 2010.

Provision/Write-off

Provisions and write-offs increased by Rs.333.72 million, or 19.0%, from Rs.1,759.96 million in fiscal 2009 to Rs.2,093.69 million in fiscal 2010, primarily on account of mark to market loss provided on outstanding foreign currency denominated derivatives. Provisions and write-offs as a percentage of total income was 0.4% in both fiscal 2009 and 2010.

Profit before Tax and Extraordinary Items

Profit before tax and extraordinary items increased by Rs.82,262.57 million, or 143.4%, from Rs.57,386.71 million in fiscal 2009 to Rs.139,649.28 million in fiscal 2010. Profit before tax and extraordinary items as a percentage of total income increased from 12.5% in fiscal 2009 to 26.6% in fiscal 2010.

Provision for Taxation

Provision for income tax increased by Rs.7,471.35 million, or 20.3%, from Rs.36,861.12 million in fiscal 2009 to Rs.44,332.47 million in fiscal 2010 on account of the increase in profit in fiscal 2010. We made additional write-back of provision for deferred tax in fiscal 2010 of Rs.336.23 million compared to Rs.1,032.34 million in fiscal 2009 on account of an increase in provision for doubtful debts and higher provision for gratuity and

increase in the ceiling for gratuity for our employees, resulting in deferred tax assets increasing significantly in fiscal 2010 and withdrawal of provision for deferred tax in fiscal 2010 in accordance with Accounting Standard 22 on deferred taxes. Provision for income tax for earlier year was Rs.460.30 million and Rs.576.02 million in fiscal 2009 and 2010, respectively. Write-back of excess provision for income tax in earlier years was Rs.141.87 million and Rs.1,147.45 million in fiscal 2009 and 2010, respectively.

We incurred fringe benefit taxes of Rs.506.91 million in fiscal 2009. Fringe benefit taxes were discontinued in fiscal 2010 and accordingly we did not incur any fringe benefit taxes in fiscal 2010.

Our effective tax rate, calculated on the basis of net provision for tax for the relevant fiscal year on a consolidated basis divided by profit before tax, was 63.8% and 31.1% in fiscal 2009 and 2010, respectively.

Our effective tax rate in fiscal 2009 was significantly higher as in fiscal 2009 provisions made for employees remuneration and benefits relating to the proposed implementation of the NCWA VIII and the Executive Pay Revision as well as the increase in the gratuity ceiling for our employees resulted in significant losses for two of our subsidiaries, ECL and BCCL. As a result, the consolidated profit was lower in fiscal 2009 and the effective tax rate for other subsidiaries that made a profit was significantly higher. In fiscal 2009 ECL and BCCL incurred losses of Rs.21,090.89 million and Rs.13,804.67 million, respectively, compared to a profit of Rs.3,333.99 million and Rs.7,941.94 million, respectively, in fiscal 2010. In accordance with Accounting Standard 22, deferred tax assets were not created for such losses as there was no virtual certainty of the adjustments of assets against future profit.

Profit after Tax before Extraordinary Items

As a result of the foregoing, profit after tax before extraordinary items increased by Rs.75,470.18 million, or 363.6%, from Rs.20,754.29 million in fiscal 2009 to Rs.96,224.47 million in fiscal 2010.

Extraordinary Items (Net of Tax)

In fiscal 2009, we recognized extraordinary income (net of tax) of Rs.32.63 million in connection with the utilization of a grant received from the GoI relating to voluntary retirement scheme expenses for our operations in the North Eastern Coalfields. In fiscal 2010, we did not record any extraordinary items.

Profit after Tax, as Restated

Our profit after tax, as restated, was Rs.98,336.99 million in fiscal 2010, which was higher than our profit after tax in fiscal 2010 by Rs.2,112.52 million. The difference was primarily attributable to restatement adjustments for arrears in salaries and wages and other adjustments for prior period items, offset in part by the current tax impact on such adjustments.

Our profit after tax, as restated, was Rs.40,626.23 million in fiscal 2009, which was higher than our profit after tax in fiscal 2009 by Rs.19,8839.31 million. The difference was primarily attributable to restatement adjustments for arrears in salaries and wages.

Restatement adjustments with respect to the provision of Rs.39,997.01 million made in fiscal 2009 on account of the increased liability towards gratuity and other employee benefits could not be allocated to the respective fiscal years (for fiscal 2008 and fiscal 2007) as the same could not be ascertained. For further information, see "– Results of Operations – Adjustment for Restatement" beginning on page 203 and "- Factors Affecting Results of Operations – Expenditure – Employees Remuneration and Benefits" beginning on page 190. Our profit after tax, as restated, in fiscal 2009 would have been higher if such restatement had been carried out.

Fiscal 2009 compared to Fiscal 2008

Income

Total income increased by Rs.74,473.68 million, or 19.3%, from Rs.386,166.97 million in fiscal 2008 to Rs.460,640.65 million in fiscal 2009.

Sales

Sales increased by Rs.61,549.70 million, or 18.9%, from Rs.326,338.60 million in fiscal 2008 to Rs.387,888.30 million in fiscal 2009 on account of an increase in sales volume and the effect of the revision in our raw coal prices with effect from December 12, 2007 for the full year in fiscal 2009 compared to approximately four months in fiscal 2008. Overall production of non-coking coal increased by 6.8% from 353.29 million tons in fiscal 2008 to 377.19 million tons in fiscal 2009, while overall production of coking coal increased by 1.5% from 26.16 million tons in fiscal 2008 to 26.54 million tons in fiscal 2009. Raw coal production in fiscal 2009 increased due to the addition of production capacities at several of our existing mines as well as commencement of production at 14 new mines.

In fiscal 2009, our average price per ton of raw coal, calculated as total revenue from sales of raw coal divided by the volume of raw coal sold, was Rs.841.14 per ton, as compared to Rs.925.73 per ton in fiscal 2008. In fiscal 2009, our average price per ton of beneficiated coal, calculated as total revenue from sales of beneficiated coal divided by the volume of beneficiated coal sold, was Rs.2,267.49 per ton, as compared to Rs.1,890.25 per ton in fiscal 2008.

The following table sets forth certain information relating to sales of our coal and coal products in fiscal 2008 and 2009:

Particulars	**Fiscal**			
	2008		**2009**	
	Sales	**Percentage of Sales**	**Sales**	**Percentage of Sales**
	(Rs. million)	%	(Rs. million)	%
Raw coal[1]	297,485.30	91.2%	351,878.85	90.7%
Beneficiated coal[2]	27,333.04	8.4%	33,808.28	8.7%
Coke	57.49	0.0[3]%	84.36	0.0[3]%
Other by products	1,462.77	0.5%	2,116.81	0.6%
Total Sales	**326,338.60**	**100.0%**	**387,888.30**	**100.0%**

1. Non-coking and coking coal.
2. Beneficiated non-coking coal and coking coal.
3. Less than 0.1%.

The following table sets forth certain information relating to volume of raw coal dispatch (raw coal dispatch includes raw coal sold to customers and raw coal used as feedstock for production of beneficiated coal) and raw coal sales in the periods indicated:

Particulars	**Fiscal**	
	2008	**2009**
	(million tons)	
Non-coking coal[1]	349.32	373.24
Coking coal[2]	25.25	27.51
Total raw coal dispatch	374.57	400.75
Less: Feedstock for beneficiated coal	(20.90)	(20.54)
Raw coal sales	353.67	380.21

1. Includes NEC (Assam grade) coal.
2. Includes semi-coking coal and weakly coking coal.

The following table sets forth certain information relating to volume of beneficiated coal sold in the periods indicated:

Particulars	**Fiscal**	
	2008	**2009**
	(million tons)	
Beneficiated non-coking coal	10.58	11.21
Beneficiated coking coal	3.88	3.70
Total beneficiated coal sales	**14.46**	**14.91**

Sales contributed 84.5% and 84.2% of our total income in fiscal 2008 and 2009, respectively.

Coal Issued for Other Purposes

Coal issued for other purposes increased by Rs.474.39 million, or 2.4%, from Rs.19,745.42 million in fiscal

2008 to Rs.20,219.81 million in fiscal 2009. Coal issued for production of beneficiated coal increased by Rs.486.03 million, or 3.1%, from Rs.15,737.48 million in fiscal 2008 to Rs.16,223.51 million in fiscal 2009. Coal issued for other purposes represented 5.1% and 4.4% of our total income in fiscal 2008 and 2009, respectively.

Accretion in Stock

There was an accretion in stock in fiscal 2009 of Rs.1,336.07 million compared to an accretion of stock of Rs.2,441.95 million in fiscal 2008. The lower accretion in stock in fiscal 2009 compared to that in fiscal 2008 was principally on account of higher offtake of coal relative to production in fiscal 2009. Accretion in stock represented 0.6% and 0.3% of our total income in fiscal 2008 and 2009, respectively.

Other Income

Other income increased by Rs.13,555.47 million, or 36.0%, from Rs.37,641.00 million in fiscal 2008 to Rs.51,196.47 million in fiscal 2009 primarily resulting from increases in interest from banks, employees and others and an increase in recovery of transportation and loading coal. Other income contributed 9.8% and 11.1% of our total income in fiscal 2008 and 2009, respectively.

Interest from banks, employees and others increased by Rs.7,592.71 million, or 38.9%, from Rs.19,510.37 million in fiscal 2008 to Rs.27,103.08 million in fiscal 2009, primarily on account of increase in fixed deposits with banks from Rs.198,864.33 million as of March 31, 2008 to Rs.283,654.11 million as of March 31, 2009 resulting from increased cash from operations. Average bank interest rates on deposits however decreased from 10.5% in fiscal 2008 to 10.2% in fiscal 2009. Interest on our investments in 8.5% Tax Free RBI Power Bonds decreased by Rs.100.90 million, or 7.0%, from Rs.1,444.97 million in fiscal 2008 to Rs.1,344.07 million in fiscal 2009 as a result of redemption of some these bonds.

Recovery of transportation and loading coal, representing transportation and loading charges that we charge our customers, increased by Rs.5,566.67 million, or 61.0%, from Rs.9,131.26 million in fiscal 2008 to Rs.14,697.93 million in fiscal 2009 on account of variance in coal transportation distances to dispatch points, increased sales and dispatch and the full year effect of the increase in transportation and loading charges we charge customers with effect from December 12, 2007.

Expenditure

Total expenditure increased by Rs.98,157.05 million, or 32.1%, from Rs.305,374.07 million in fiscal 2008 to Rs.403,531.12 million in fiscal 2009, primarily due to an increase in employees remuneration and benefits. Total expenditure as a percentage of total income increased from 79.1% in fiscal 2008 to 87.6% in fiscal 2009.

Internal Consumption of Coal

Internal consumption of coal increased by Rs.412.92 million, or 2.1%, from Rs.19,508.61 million in fiscal 2008 to Rs.19,921.53 million in fiscal 2009. Although consumption of raw coal for the production of beneficiated coal remained relatively steady at Rs.11,260.11 million in fiscal 2009 compared to Rs.11,178.58 million in fiscal 2008, internal coal consumption at our workshops and facilities including boiler consumption increased by Rs.490.28 million, or 6.0%, from Rs.8,235.11 million in fiscal 2008 to Rs.8,725.39 million in fiscal 2009 primarily reflecting the increase in coal prices with effect from December 12, 2007. Internal consumption of coal as a percentage of total income decreased from 5.1% in fiscal 2008 to 4.3% in fiscal 2009.

Consumption of Stores and Spares

Consumption of stores and spares increased by Rs.4,827.46 million, or 11.0%, from Rs.43,785.55 million in fiscal 2008 to Rs.48,613.01 million in fiscal 2009 due to an increase in use of fuel, materials and consumable stores and spares as well as increases in price of diesel and explosives. Consumption of stores and spares as a percentage of total income decreased from 11.3% in fiscal 2008 to 10.6% in fiscal 2009.

Employees Remuneration and Benefits

Employees remuneration and benefits increased by Rs.71,069.26 million, or 56.3%, from Rs.126,351.59 million in fiscal 2008 to Rs.197,420.85 million in fiscal 2009, primarily on account of the provision made in fiscal 2009

on account of the proposed implementation of the NCWA VIII and the Executive Pay Revision as well as the effect of increase in the gratuity ceiling for our employees. For further information, see "- Factors Affecting Results of Operations – Expenditure – Employee Remuneration and Benefits" beginning on page 190.

Output per manshift, calculated as total coal production divided by manshift (of eight hours per day), increased from 3.79 tons in fiscal 2008 to 4.09 tons in fiscal 2009.

Employee remuneration and benefits as a percentage of total income increased from 32.7% in fiscal 2008 to 42.9% in fiscal 2009.

Power and Fuel

Power and fuel expenses remained relatively steady at Rs.15,950.52 million in fiscal 2009 compared to Rs.15,937.00 million in fiscal 2008. Although electricity consumption decreased in fiscal 2009 as a result of discontinuation of operations in certain unproductive underground mines and the increase in outsourced coal handling activities in some of our mines, this was offset by an increase in the price of electricity. Power and fuel as a percentage of total income however decreased from 4.1% in fiscal 2008 to 3.5% in fiscal 2009.

Social Overhead

Social overhead increased by Rs.2,622.65 million, or 16.2%, from Rs.16,228.57 million in fiscal 2008 to Rs.18,851.22 million in fiscal 2009 primarily on account of an increase in salaries, wages and allowances for employees associated with our employee benefits and social welfare activities, and expenses associated with medical facilities (including medical reimbursements) and educational institutions operated by us. In fiscal 2009, we incurred environmental expenses of Rs.345.66 million, compared to Rs.311.57 million in fiscal 2008. In fiscal 2009, we incurred community development expenses of Rs.380.57 million, compared to Rs.476.06 million in fiscal 2008.

Social overhead as a percentage of total income however decreased from 4.2% in fiscal 2008 to 4.1% in fiscal 2009.

Repairs

Repairs increased by Rs.763.69 million, or 10.8%, from Rs.7,096.92 million in fiscal 2008 to Rs.7,860.61 million in fiscal 2009 on account of an increase in repair costs for our plant and machinery, including our equipment, workshops, and our coal handling and coal beneficiation facilities. Repairs as a percentage of total income decreased from 1.8% in fiscal 2008 to 1.7% in fiscal 2009.

Contractual Expenses

Contractual expenses increased by Rs.7,065.96 million, or 26.8%, from Rs.26,332.58 million in fiscal 2008 to Rs.33,398.54 million in fiscal 2009. Contractual expenses as a percentage of total income increased from 6.8% in fiscal 2008 to 7.3% in fiscal 2009.

Transportation charges for coal and coke increased by Rs.2,348.65 million, or 18.9%, from Rs.12,422.13 million in fiscal 2008 to Rs.14,770.78 million in fiscal 2009 reflecting increased offtake and sales. Transportation charges for coal and coke represented 4.1% and 3.7% of our total expenditure in fiscal 2008 and 2009, respectively.

Hiring of plant and machinery and heavy earthmoving equipment representing payments to third party contractors engaged for coal mining and overburden removal, increased by Rs.4,379.94 million, or 42.7%, from Rs.10,249.15 million in fiscal 2008 to Rs.14,629.09 million in fiscal 2009 on account of increased mining activities and coal production in fiscal 2009 and increase in volume of mining contractor work. Hiring of plant and machinery and heavy earthmoving equipment represented 3.4% and 3.6% of our total expenditure in fiscal 2008 and 2009, respectively.

Expenses for other contractual work, which include ancillary activities such as haul road maintenance and temporary lighting, increased by Rs.302.11 million, or 8.6%, from Rs.3,510.00 million in fiscal 2008 to Rs.3,207.89 million in fiscal 2009.

Miscellaneous Expenses

Miscellaneous expenses increased by Rs.4,411.72 million, or 29.7%, from Rs.14,873.47 million in fiscal 2008 to Rs.19,285.19 million in fiscal 2009. Miscellaneous expenses as a percentage of total income increased from 3.9% in fiscal 2008 to 4.2% in fiscal 2009.

Rehabilitation charges increased by Rs.137.65 million, or 7.1%, from Rs.1,947.38 million in fiscal 2008 to Rs.2,085.03 million in fiscal 2009, while under/overloading charges increased by Rs.121.08 million, or 6.4%, from Rs.1,889.61 million in fiscal 2008 to Rs.2,010.69 million in fiscal 2009 due to increased production and offtake in fiscal 2009. Royalty and cess increased by Rs.194.67 million, or 14.0%, from Rs.1,388.72 million in fiscal 2008 to Rs.1,583.39 million in fiscal 2009 reflecting an increase in coal used for internal consumption. Security expenses increased significantly in fiscal 2009 on account of various security initiatives undertaken by us in connection with deteriorating law and order situation in certain mines we operate in Jharkhand, Chhattisgarh and Orissa. Security expenses paid to private entities increased by Rs.445.98 million, or 46.3%, from Rs.963.22 million in fiscal 2008 to Rs.1,409.20 million in fiscal 2009, while security expenses paid to the CISF increased by Rs.717.17 million, or 129.3%, from Rs.554.89 million in fiscal 2008 to Rs.1,272.06 million in fiscal 2009. Demurrage costs and freight charges also increased in fiscal 2009 reflecting increase in offtake and growth in operations.

Rent, rates and taxes also increased by Rs.1,000.17 million, or 130.1%, from Rs.768.61 million in fiscal 2008 to Rs.1,768.78 million in fiscal 2009. The higher rent, rates and taxes paid in fiscal 2009 was primarily on account of settlement of certain disputed service tax liabilities in fiscal 2009.

Other miscellaneous expenses, which include expenses for land reclamation and provisions made for closure of mines, also increased by Rs.487.13 million, or 16.8%, from Rs.2,893.01 million in fiscal 2008 to Rs.3,380.14 million in fiscal 2009. We also incurred loss on exchange rate variation of Rs.325.72 million in fiscal 2009.

Interest

Interest expenses increased by Rs.65.64 million, or 4.4%, from Rs.1,499.33 million in fiscal 2008 to Rs.1,564.97 million in fiscal 2009, primarily due to an increase in interest on pension fund payments, which increased from Rs.147.04 million in fiscal 2008 to Rs.212.31 million in fiscal 2009 and an increase in interest expenses on transfers to the Shifting and Rehabilitation Fund, which increased from Rs.630.52 million in fiscal 2008 to Rs.761.92 million in fiscal 2009. Interest paid on IBRD and JBIC loans decreased by Rs.101.19 million, or 18.3%, from Rs.552.81 million in fiscal 2008 to Rs.451.62 million in fiscal 2009, on account of lower outstanding balances. Interest expense as a percentage of total income decreased from 0.4% in fiscal 2008 to 0.3% in fiscal 2009.

Overburden Removal Adjustment

Overburden removal adjustment increased by Rs.6,131.53 million, or 39.2%, from Rs.15,640.33 million in fiscal 2008 to Rs.21,771.86 million in fiscal 2009 primarily on account of provision/liability created for lower overburden expenditure incurred on coal produced during fiscal 2009 compared to the standard overburden ratio contemplated under the relevant mining plans. Overburden removal adjustment as a percentage of total income increased from 4.1% in fiscal 2008 to 4.7% in fiscal 2009.

Finance and Commitment Charges

Finance and commitment charges increased by Rs.30.27 million, or 15.6%, from Rs.193.56 million in fiscal 2008 to Rs.223.83 million in fiscal 2009 primarily due to a decrease in guarantee fees paid to the GoI in connection with our IBRD and JBIC financing arrangements, from Rs.181.30 million in fiscal 2008 to Rs.214.40 million in fiscal 2009, on account of a decrease in outstanding balances. Finance and commitment charges as a percentage of total income remained steady at 0.1% in both fiscal 2008 and 2009.

Depreciation

Depreciation expenses increased by Rs.1,329.84 million, or 8.7%, from Rs.15,299.45 million in fiscal 2008 to Rs.16,629.29 million in fiscal 2009 primarily on account of an increase in fixed assets, including equipment and heavy earthmoving machinery acquired for our operations and the notional increase in valuation of certain equipment and plant and machinery funded by the JBIC and IBRD loans to reflect the effect of decrease in

exchange rates for the U.S. dollar and Japanese Yen against the Indian rupee in fiscal 2009 as required under Accounting Standard 11. Depreciation as a percentage of total income however decreased from 4.0% in fiscal 2008 to 3.6% in fiscal 2009.

Impairment

Impairment charges decreased by Rs.27.28 million, or 8.9%, from Rs.307.02 million in fiscal 2008 to Rs.279.74 million in fiscal 2009. The high impairment charges in fiscal 2008 were on account of major impairment of assets relating to certain loss making mines that were provided for in fiscal 2008. Impairment as a percentage of total income remained steady at 0.1% in both fiscal 2008 and 2009.

Provision/Write-off

Provisions and write-offs decreased by Rs.560.13 million, or 24.1%, from Rs.2,320.09 million in fiscal 2008 to Rs.1,759.96 million in fiscal 2009, primarily on account of write-back of excess provision for mine closure liability. Provisions and write-offs as a percentage of total income decreased from 0.6% in fiscal 2008 to 0.4% in fiscal 2009.

Profit before Tax and Extraordinary Items

Profit before tax and extraordinary items decreased by Rs.24,517.47 million, or 29.93%, from Rs.81,904.18 million in fiscal 2008 to Rs.57,386.71 million in fiscal 2009. Profit before tax and extraordinary items as a percentage of total income decreased from 21.2% in fiscal 2008 to 12.5% in fiscal 2009.

Provision for Taxation

Provision for income tax increased by Rs.853.54 million, or 2.4%, from Rs.35,985.88 million in fiscal 2008 to Rs.36,839.42 million in fiscal 2009. There was a write-back of provision for deferred tax in fiscal 2009 of Rs.1,032.34 million in fiscal 2009 compared to Rs.2,488.39 million in fiscal 2008 on account of an increase in deferred tax assets. Provision for income tax for earlier year was Rs.764.61 million and Rs.460.30 million in fiscal 2008 and 2009, respectively. Write-back of excess provision for income tax for earlier periods was Rs.141.87 million in fiscal 2009 compared to Rs.0.33 million in fiscal 2008, resulting from settlement of certain disputed tax liabilities.

We incurred fringe benefit taxes of Rs.506.91 million in fiscal 2009 compared to Rs.483.70 million in fiscal 2008.

Our effective tax rate, calculated on the basis of net provision for tax for the relevant fiscal year on a consolidated basis divided by profit before tax, was 40.0% and 63.8% in fiscal 2008 and 2009, respectively.

Our effective tax rate in fiscal 2009 was significantly higher on account of the loss incurred in fiscal 2009 by ECL and BCCL of Rs.21,090.89 million and Rs.13,804.67 million, respectively, compared to a loss of Rs.10,299.35 million by ECL and profit of Rs.866.14 million by BCCL in fiscal 2008. As a result, the consolidated profit was lower in fiscal 2009 and the effective tax rate for other subsidiaries that made a profit was significantly higher. In accordance with Accounting Standard 22, deferred tax assets were not created for such losses as there was no virtual certainty of the adjustments of assets against future profit.

Profit after Tax before Extraordinary Items

As a result of the foregoing, profit after tax before extraordinary items decreased by Rs.26,404.42 million, or 56.0%, from Rs.47,158.71 million in fiscal 2008 to Rs.20,754.29 million in fiscal 2009.

Extraordinary Items (Net of Tax)

In fiscal 2008, we recognized extraordinary income (net of tax) of Rs.5,274.01 million relating to (i) waiver of interest on certain loans which were shown as an expense in the financial statements of earlier years; and (ii) utilization of a grant received from the GoI utilized for past losses relating to the North Eastern Coalfields.

In fiscal 2009, we recognized extraordinary income (net of tax) of Rs.32.63 million in connection with the utilization of a grant received from the GoI relating to voluntary retirement scheme expenses for our operations

in the North Eastern Coalfields as this income was non-recurring in nature, in accordance with Accounting Standard 5.

Profit after Tax, as Restated

Our profit after tax, as restated, was Rs.40,626.23 million in fiscal 2009, which was higher than our profit after tax in fiscal 2009 by Rs.19,839.31 million. The difference was primarily attributable to restatement adjustments for arrears in salaries and wages.

Our profit after tax, as restated, was Rs.42,850.07 million in fiscal 2008, which was lower than our profit after tax in fiscal 2008 by Rs.9,582.65 million. The difference was primarily attributable to restatement adjustments for arrears in salaries and wages and other adjustments for prior period items, offset in part by the current tax impact on such adjustments.

Restatement adjustments with respect to the provision of Rs.39,997.01 million made in fiscal 2009 on account of the increased liability towards gratuity and other employee benefits could not be allocated to the respective fiscal years (for fiscal 2008 and fiscal 2007) as the same could not be ascertained. For further information, see "– Results of Operations – Adjustments for Restatement" beginning on page 203 and "- Factors Affecting Results of Operations – Expenditure – Employee Remuneration and Benefits" beginning on page 190. Our profit after tax, as restated, in fiscal 2009 would have been higher if such restatement had been carried out.

Fiscal 2008 Compared to Fiscal 2007

Income

Total income increased by Rs.36,112.90 million, or 10.3%, from Rs.350,054.07 million in fiscal 2007 to Rs.386,166.97 million in fiscal 2008.

Sales

Sales increased by Rs.30,316.75 million, or 10.2%, from Rs.296,021.85 million in fiscal 2007 to Rs.326,338.60 million in fiscal 2008 on account of an increase in sales volume and the effect of the revision in our raw coal prices with effect from December 12, 2007. Overall production of non-coking coal increased by 5.0% from 336.63 million tons in fiscal 2007 to 353.29 million tons in fiscal 2008, while overall production of coking coal increased by 7.8% from 24.27 million tons in fiscal 2007 to 26.16 million tons in fiscal 2008. Raw coal production in fiscal 2008 increased due to the addition of production capacities at several of our existing mines as well as commencement of production at eight new mines.

In fiscal 2008, our average price per ton of raw coal, calculated as total revenue from sales of raw coal divided by the volume of raw coal sold, was Rs.841.14 per ton, as compared to Rs.811.77 per ton in fiscal 2007.

In fiscal 2008, our average price per ton of beneficiated coal, calculated as total revenue from sales of beneficiated coal divided by the volume of beneficiated coal sold, was Rs.1,890.25 per ton, as compared to Rs.1,944.49 per ton in fiscal 2007.

The following table sets forth certain information relating to sales of our coal and coal products in fiscal 2007 and 2008:

Particulars	**Fiscal**			
	2007		**2008**	
	Sales	**Percentage of Sales**	**Sales**	**Percentage of Sales**
	(Rs. million)	(%)	(Rs. million)	(%)
Raw coal[1]	267,314.75	90.3%	297,485.30	91.2%
Beneficiated coal[2]	27,514.54	9.3%	27,333.04	8.4%
Coke	188.74	0.1%	57.49	0.0[3]%
Other by products	1,003.82	0.4%	1,462.77	0.5%
Total Sales	**296,021.85**	**100.0%**	**326,338.60**	**100.0%**

1. *Non-coking and coking coal.*
2. *Beneficiated non-coking coal and coking coal.*
3. *Less than 0.1%.*

The following table sets forth certain information relating to volume of raw coal dispatch (raw coal dispatch includes raw coal sold to customers and raw coal used as feedstock for production of beneficiated coal) and raw coal sales in the periods indicated:

Particulars	Fiscal	
	2007	2008
	(million tons)	
Non-coking coal[1]	326.20	349.32
Coking coal[2]	24.10	25.25
Total raw coal dispatch	350.30	374.57
Less: Feedstock for beneficiated coal	(21.00)	(20.90)
Raw coal sales	329.30	353.67

1. Includes NEC (Assam grade) coal.
2. Includes semi-coking coal and weakly coking coal.

The following table sets forth certain information relating to volume of beneficiated coal sold in the periods indicated:

Particulars	Fiscal	
	2007	2008
	(million tons)	
Beneficiated non-coking coal	10.25	10.58
Beneficiated coking coal	3.90	3.88
Total beneficiated coal sales	**14.15**	**14.46**

Sales contributed 84.6% and 84.5% of our total income in fiscal 2007 and 2008, respectively.

Coal Issued for Other Purposes

Coal issued for other purposes increased by Rs.340.72 million, or 1.8%, from Rs.19,404.70 million in fiscal 2007 to Rs.19,745.42 million in fiscal 2008. Coal issued for production of beneficiated coal increased by Rs.75.58 million, or 0.5%, from Rs.15,661.90 million in fiscal 2007 to Rs.15,737.48 million in fiscal 2008. Coal issued for other purposes represented 5.5% and 5.1% of our total income in fiscal 2007 and 2008, respectively.

Accretion in Stock

There was an accretion in stock in fiscal 2008 of Rs.2,441.95 million compared to an accretion of stock of Rs.2,475.52 million in fiscal 2007. The marginally lower accretion in stock in fiscal 2008 compared to that in fiscal 2007 was principally on account of higher offtake of coal relative to our production in fiscal 2008. Accretion in stock represented 0.7% and 0.6% of our total income in fiscal 2007 and 2008, respectively.

Other Income

Other income increased by Rs.5,489.00 million, or 17.1%, from Rs.32,152.00 million in fiscal 2007 to Rs.37,641.00 million in fiscal 2008 primarily resulting from an increase in interest from banks, employees and others and an increase in recovery of transportation and loading coal, offset in part by write-backs of provisions and liabilities in fiscal 2008. Other income contributed 9.2% and 9.8% of our total income in fiscal 2007 and 2008, respectively.

Interest from banks, employees and others increased by Rs.5,703.18 million, or 41.3%, from Rs.13,807.19 million in fiscal 2007 to Rs.19,510.37 million in fiscal 2008, primarily on account of increase in fixed deposits with banks from Rs.144430.47 million as of March 31, 2007 to Rs.198,864.33 million as of March 31, 2008 resulting from increased cash from operations as well as an increase in average bank interest rates on deposits from 7.8% in fiscal 2007 to 10.5% in fiscal 2008.

Recovery of transportation and loading coal, representing transportation and loading charges that we charge our customers, increased by Rs.1,410.73 million, or 18.3%, from Rs.7,720.53 million in fiscal 2007 to Rs.9,131.26 million in fiscal 2008 on account of variance in coal transportation distances to dispatch points, increased sales and dispatch and an increase in transportation and loading charges we charge customers with effect from December 12, 2007.

These increases were offset in part by a decrease in write-backs of provisions and liabilities of Rs.640.57 million in fiscal 2008 compared to write-backs of provisions and liabilities of Rs.2,535.45 million in fiscal 2007. Higher write-backs of provisions and liabilities in fiscal 2007 was due to write-back of excess provision made earlier under various items of expenditure, including employees remuneration and benefits and interest.

Expenditure

Total expenditure increased by Rs.40,961.79 million, or 15.5%, from Rs.264,412.28 million in fiscal 2007 to Rs.305,374.07 million in fiscal 2008, primarily due to increases in employees remuneration and benefits and depreciation expenses. Total expenditure as a percentage of total income increased from 75.5% in fiscal 2007 to 79.1% in fiscal 2008.

Internal Consumption of Coal

Internal consumption of coal increased by Rs.1,028.12 million, or 5.6%, from Rs.18,480.49 million in fiscal 2007 to Rs.19,508.61 million in fiscal 2008. Internal consumption of coal as a percentage of total income decreased from 5.3% in fiscal 2007 to 5.1% in fiscal 2008.

Consumption of Stores and Spares

Consumption of stores and spares increased by Rs.2,529.63 million, or 6.1%, from Rs.41,255.92 million in fiscal 2007 to Rs.43,785.55 million in fiscal 2008 due to an increase in use of fuel, materials and consumable stores and spares as well as increases in price of diesel and explosives. Consumption of stores and spares as a percentage of total income decreased from 11.8% in fiscal 2007 to 11.3% in fiscal 2008.

Employees Remuneration and Benefits

Employees remuneration and benefits increased by Rs.25,376.27 million, or 25.1%, from Rs.100,975.32 million in fiscal 2007 to Rs.126,351.59 million in fiscal 2008, primarily on account of the interim provision made in fiscal 2008 relating to the proposed implementation of the NCWA VIII and the Executive Pay Revision. For further information, see "- Factors Affecting Results of Operations – Expenditure – Employee Remuneration and Benefits" beginning on page 190.

Output per manshift, calculated as total coal production divided by manshift (of eight hours per day), increased from 3.54 tons in fiscal 2007 to 3.79 tons in fiscal 2008.

Employees remuneration and benefits as a percentage of total income increased from 28.8% in fiscal 2007 to 32.7% in fiscal 2008.

Power and Fuel

Power and fuel expenses remained relatively steady at Rs.15,937.00 million in fiscal 2008 compared to Rs.16,003.48 million in fiscal 2007. Power and fuel as a percentage of total income decreased from 4.6% in fiscal 2007 to 4.1% in fiscal 2008.

Social Overhead

Social overhead increased by Rs.1,448.09 million, or 9.8%, from Rs.14,780.48 million in fiscal 2007 to Rs.16,228.57 million in fiscal 2008 primarily on account of an increase in salaries, wages and allowances for employees associated with our employee benefits and social welfare activities, and expenses associated with medical facilities (including medical reimbursements) and educational institutions operated by us. In fiscal 2008, we incurred environmental expenses of Rs. 311.57 million, compared to Rs.237.19 million in fiscal 2007. In fiscal 2008, we incurred community development expenses of Rs.476.06 million, compared to Rs.239.67 million in fiscal 2007.

Social overhead as a percentage of total income remained relatively steady at 4.2% in both fiscal 2007 and 2008.

Repairs

Repairs increased by Rs.447.78 million, or 6.7%, from Rs.6,649.14 million in fiscal 2007 to Rs.7,096.92 million in fiscal 2008 on account of an increase in repair costs for our plant and machinery, including our equipment, workshops, and our coal handling and coal beneficiation facilities. Repairs as a percentage of total income decreased from 1.9% in fiscal 2007 to 1.8% in fiscal 2008.

Contractual Expenses

Contractual expenses increased by Rs.5,398.55 million, or 25.8%, from Rs.20,934.03 million in fiscal 2007 to Rs.26,332.58 million in fiscal 2008. Contractual expenses as a percentage of total income increased from 6.0% in fiscal 2007 to 6.8% in fiscal 2008.

Transportation charges for coal and coke increased by Rs.602.16 million, or 5.1%, from Rs.11,819.97 million in fiscal 2007 to Rs.12,422.13 million in fiscal 2008 reflecting primarily increased offtake and sales. Transportation charges for coal and coke represented 4.5% and 4.1% of our total expenditure in fiscal 2007 and 2008, respectively.

Hiring of plant and machinery and heavy earthmoving equipment representing payments to third party contractors engaged for coal mining and overburden removal increased by Rs.6,922.98 million, or 208.1%, from Rs.3,326.17 million in fiscal 2007 to Rs.10,249.15 million in fiscal 2008 on account of increased mining activities and coal production in fiscal 2008 and significant increase in volume of outsourced mining contractor work. Hiring of plant and machinery and heavy earthmoving equipment represented 1.3% and 3.4% of our total expenditure in fiscal 2007 and 2008, respectively.

Expenses for other contractual work, which includes ancillary activities such as haul road maintenance and temporary lighting, decreased by Rs.326.30 million, or 8.5%, from Rs.3,836.30 million in fiscal 2007 to Rs.3,510.00 million in fiscal 2008.

Miscellaneous Expenses

Miscellaneous expenses increased by Rs.2,233.65 million, or 17.7%, from Rs.12,639.82 million in fiscal 2007 to Rs.14,873.47 million in fiscal 2008. Miscellaneous expenses as a percentage of total income increased from 3.6% in fiscal 2007 to 3.9% in fiscal 2008.

Rehabilitation charges increased by Rs.172.18 million, or 9.7%, from Rs.1,775.20 million in fiscal 2007 to Rs.1,947.38 million in fiscal 2008. Under/overloading charges increased by Rs.276.21 million, or 17.1%, from Rs.1,613.40 million in fiscal 2007 to Rs.1,889.61 million in fiscal 2008 due to increased production and offtake. Royalty and cess also increased by Rs.176.25 million, or 14.5%, from Rs.1,212.47 million in fiscal 2007 to Rs.1,388.72 million in fiscal 2008 as a result of increase in coal used for internal consumption.

Rent, rates and taxes increased by Rs.210.64 million, or 37.8%, from Rs.557.97 million in fiscal 2007 to Rs.768.61 million in fiscal 2008 on account of introduction of service tax relating to services provided by our Company to our subsidiaries. Freight charges and land/crops compensation also increased in fiscal 2008.

Other miscellaneous expenses, which include expenses for land reclamation and provisions made for closure of mines, also increased by Rs.764.82 million, or 35.9%, from Rs.2,128.19 million in fiscal 2007 to Rs.2,893.01 million in fiscal 2008.

Interest

Interest expenses increased by Rs.650.05 million, or 76.5%, from Rs.849.28 million in fiscal 2007 to Rs.1,499.33 million in fiscal 2008, primarily on account of interest transfers to the Shifting and Rehabilitation Fund. Interest income from banks and others in other income includes interest earned from deposits on account of Shifting and Rehabilitation Fund. These increases in interest expenses in fiscal 2008 were however offset in part by a decrease in interest expenditure on the IBRD and JBIC loans on account of lower outstanding balances. Interest expense as a percentage of total income increased from 0.2% in fiscal 2007 to 0.4% in fiscal 2008.

Overburden Removal Adjustment

Overburden removal adjustment decreased by Rs.1,225.49 million, or 7.27%, from Rs.16,865.82 million in fiscal 2007 to Rs.15,640.33 million in fiscal 2008 primarily on account of provision/liability created for higher expenditure of overburden raised on coal produced during fiscal 2008 compared to the standard overburden ratio contemplated under the relevant mining plans. Overburden removal adjustment as a percentage of total income decreased from 4.8% in fiscal 2007 to 4.1% in fiscal 2008.

Finance and Commitment Charges

Finance and commitment charges decreased by Rs.38.24 million, or 16.5%, from Rs.231.80 million in fiscal 2007 to Rs.193.56 million in fiscal 2008 primarily due to a decrease in guarantee fees paid to the GoI in connection with our IBRD and JBIC financing arrangements from Rs.207.25 million in fiscal 2007 to Rs.181.30 million in fiscal 2008, on account of a decrease in outstanding balances. Finance and commitment charges as a percentage of total income remained steady at 0.1% in both fiscal 2007 and 2008.

Depreciation

Depreciation expenses increased by Rs.2,183.10 million, or 16.6%, from Rs.13,116.35 million in fiscal 2007 to Rs.15,299.45 million in fiscal 2008 primarily on account of an increase in fixed assets, including equipment and heavy earthmoving machinery acquired for our operations. Depreciation as a percentage of total income increased from 3.8% in fiscal 2007 to 4.0% in fiscal 2008.

Impairment

Impairment charges decreased by Rs.154.78 million, or 33.5%, from Rs.461.80 million in fiscal 2007 to Rs.307.02 million in fiscal 2008. Impairment as a percentage of total income remained relatively steady at 0.1% in both fiscal 2007 and 2008.

Provision/Write-off

Provisions and write-offs increased by Rs.1,151.54 million, or 98.5%, from Rs.1,168.55 million in fiscal 2007 to Rs.2,320.09 million in fiscal 2008, primarily on account of write-off of doubtful debt relating to coal sales dues. Provisions and write-offs as a percentage of total income increased from 0.3% in fiscal 2007 to 0.6% in fiscal 2008.

Profit before Tax and Extraordinary Items

Our profit before tax and extraordinary items decreased by Rs.3,958.17 million, or 4.6%, from Rs.85,862.35 million in fiscal 2007 to Rs.81,904.18 million in fiscal 2008. Profit before tax and extraordinary items as a percentage of total income decreased from 24.5% in fiscal 2007 to 21.2% in fiscal 2008.

Provision for Taxation

Provision for income tax increased by Rs.4,300.96 million, or 13.6%, from Rs.31,684.92 million in fiscal 2007 to Rs.35,985.88 million in fiscal 2008. There was a write-back of provision for deferred tax in fiscal 2008 of Rs.2,779.81 million compared to Rs.2,488.39 million in fiscal 2007 on account of a decrease in deferred tax liability. Provision for income tax for earlier year was Rs.764.61 million, compared to a write back of Rs.355.89 million in fiscal 2007. We incurred fringe benefit taxes of Rs.388.06 million in fiscal 2007 compared to Rs.483.70 million on fiscal 2008.

Our effective tax rate, calculated on the basis of net provision for tax for the relevant fiscal year on a consolidated basis divided by profit before tax, was 33.6% and 40.0% in fiscal 2007 and 2008, respectively. Our effective tax rate in fiscal 2008 was higher primarily on account of the loss incurred in fiscal 2008 by ECL of Rs.10,299.35 million compared to a profit of Rs.1,106.01 million by ECL in fiscal 2007. As a result, the consolidated profit was lower in fiscal 2008 and the effective tax rate for other subsidiaries that made a profit was higher. In accordance with Accounting Standard 22, deferred tax assets were not created for such loss as there was no virtual certainty of the adjustments of assets against future profit.

Profit after Tax before Extraordinary Items

As a result of the foregoing, profit after tax before extraordinary items decreased by Rs.9,766.36 million, or

17.2%, from Rs.56,925.07 million in fiscal 2007 to Rs.47,158.71 million in fiscal 2008.

Extraordinary Items (Net of Tax)

In fiscal 2007, we recorded extraordinary items (net of tax) of Rs.162.21 million relating to waiver of electricity duty by our suppliers on electricity consumed. In fiscal 2008, we recognized extraordinary income (net of tax) of Rs.5,274.01 million relating to (i) waiver of interest on certain loans which were shown as an expense in the financial statements of earlier years; and (ii) utilization of a grant received from the GoI utilized for past losses relating to the North Eastern Coalfields.

Profit after Tax, as Restated

Our profit after tax, as restated, was Rs.42,850.07 million in fiscal 2008, which was lower than our profit after tax in fiscal 2008 by Rs.9,582.65 million. The difference was primarily attributable to restatement adjustments for arrears in salaries and wages and other adjustments for prior period items, offset in part by the current tax impact on such adjustments.

Our profit after tax, as restated, was Rs.42,052.69 million in fiscal 2007, which was lower than our profit after tax in fiscal 2007 by Rs.15,034.59 million. The difference was primarily attributable to restatement adjustments for arrears in salaries and wages.

Liquidity and Capital Resources

Historically, our primary liquidity requirements have been to finance our working capital requirements and our capital expenditure. To fund these costs, we have relied on cash flows from operations and short term and long term borrowings. As of June 30, 2010, our cash and cash equivalents amounted to Rs.380,463.35 million. We believe that our anticipated cash flow from operations, together with our existing cash, will be sufficient to meet our operating and capital expenditure requirements for fiscal 2011 and 2012. Our anticipated cash flows are however dependent on several factors beyond our control. See "Risk Factors" beginning on page xv.

Cash Flows

The following table summarizes our cash flows for the periods indicated:

Particulars	Fiscal				Three Months Ended June 30, 2010
	2007	2008	2009	2010	
	(Rs. million)				
Net cash from operating activities	59,932.59	88,689.97	117,193.50	133199.41	(4,494.95)
Net cash used in investing activities	(15,342.00)	(18,349.83)	(16,618.90)	(17746.56)	3,519.75
Net cash used in financing activities	(19,570.30)	(20,018.00)	(13,239.31)	(21,625.34)	2,299.55
Net increase/(decrease) in cash and cash equivalents	25,020.29	50,322.14	87,335.29	93,827.51	10,314.25

Operating activities

Net cash used in operating activities in the three months ended June 30, 2010 was Rs.4,494.95 million, resulting from operating profit before working capital changes of Rs.40,485.01 million, working capital adjustments of Rs.33,767.17 million and income tax payments of Rs. 11,212.79 million. Our principal working capital adjustments in the three months ended June 30, 2010 consisted of:

- A decrease in current liabilities and provisions of Rs.33,037.33 million resulting primarily from settlement of arrears of the NCWA VIII and the Executive Pay Revision.

- An increase in loans and advances of Rs.622.37 million resulting primarily from increased advance payments to suppliers;

- An increase in inventories of Rs.1,335.38 million resulting from an increase in the stock of stores and

spares for future use in our production;

- A decrease in sundry debtors of Rs.1,421.23 million resulting primarily from higher realization of debtors in the three months ended June 30, 2010; and

Net cash from operating activities in fiscal 2010 was Rs.133,199.41 million, resulting from operating profit before working capital changes of Rs.150,898.30 million, working capital adjustments of Rs.22,290.97 million and income tax payments of Rs.39,989.86 million. Our principal working capital adjustments for fiscal 2010 consisted of:

- A decrease in loans and advances of Rs.25,790.50 million resulting primarily from the settlement of advances made in respect of income tax obligation as result of a final assessment in respect of such obligations;

- An increase in inventories of Rs.7,188.86 million resulting from offtake capacity constraints as a result of several factors, including inadequate transportation capacities and coal handling and loading infrastructure at some of our mines, adverse law and order situation and related security issues at some of the coalfields we operate in Jharkhand, Chhattisgarh and Orissa, as well as inadequate logistics infrastructure and non-availability of adequate coal stocking infrastructure at several thermal power plants of our customers;

- An increase in sundry debtors of Rs.3,425.03 million resulting primarily from increased sales in fiscal 2010; and

- An increase in current liabilities and provisions of Rs.7,504.27 million resulting primarily from proposed implementation of the NCWA VIII and the Executive Pay Revision.

Net cash from operating activities in fiscal 2009 was Rs.117,193.50 million, resulting from operating profit before working capital changes of Rs.90,791.25 million, working capital adjustments of Rs.54,309.35 million and income tax payments of Rs.27.907.10 million. Our principal working capital adjustments for fiscal 2009 consisted of:

- An increase in current liabilities and provisions of Rs. 75,015.03 million primarily on account of provision of employee remuneration and benefits in connection with the proposed implementation of the NCWA VIII and revised executive compensation proposal, as well as the increase in the gratuity ceiling for our employees from Rs.0.35 million to Rs.1.00 million for each employee; and

- An increase in loans and advances of Rs.14,227.60 million primarily on account of advance income tax payments.

Net cash from operating activities in fiscal 2008 was Rs.88,689.97 million, resulting from operating profit before working capital changes was Rs.86,392.87 million, working capital adjustments of Rs.31,594.33 million and income tax payments of Rs.29,297.23 million. Our principal working capital adjustments for fiscal 2009 consisted of:

- An increase in current liabilities and provisions of Rs.51,941.06 million primarily on account of provision of employee remuneration and benefits in connection with the proposed implementation of the NCWA VIII and revised executive compensation proposal as well as an increase in advances/deposits from customers; and

- An increase in loans and advances of Rs.20,744.01 million primarily on account of advance income tax payments.

Net cash from operating activities in fiscal 2007 was Rs.59,932.59 million, resulting from operating profit before working capital changes was Rs. 80,621.36 million, working capital adjustments of Rs.2,636.31 million and income tax payments of Rs.23,325.08 million. Our principal working capital adjustments for fiscal 2007 consisted of:

- An increase in current liabilities and provisions of Rs.16,651.44 million resulting from an increase in provisions made for overburden removal adjustment, accumulated provision for salary and wage

increases and increase in provision for income tax.

- An increase in loans and advances of Rs.15,403.36 million primarily on account of advance income tax payments.

Investing activities

Net cash used in investing activities was Rs.3,519.75 million in the three months ended June 30, 2010, resulting primarily from:

- Cash used for purchases of fixed assets (net of sales) of Rs.3,577.03 million. Plant and machinery, primarily heavy earthmoving machinery, represented 80.3% of our purchase of fixed assets in the three months ended June 30, 2010.

- Cash received from partial redemption of our investments in the 8.5% RBI Tax Free Bonds in an amount of Rs.57.28 million.

Net cash used in investing activities was Rs.17,746.56 million in fiscal 2010, resulting primarily from:

- Cash used for purchases of fixed assets (net of sales) of Rs.19,976.97 million. Plant and machinery, primarily heavy earthmoving machinery, represented 73.1% of our purchase of fixed assets in fiscal 2010.

- Cash received from partial redemption of our investments in the 8.5% RBI Tax Free Bonds in an amount of Rs.2,230.41 million.

Net cash used in investing activities was Rs.16,618.90 million in fiscal 2009, resulting primarily from:

- Cash used for the purchase of fixed assets (net of sales) of Rs.18,746.12 million. Plant and machinery, primarily heavy earthmoving machinery, represented 76.6% of our purchase of fixed assets in fiscal 2009.

- Cash received from partial redemption of our investments in the 8.5% RBI Tax Free Bonds in an amount of Rs.2,127.22 million.

Net cash used in investing activities was Rs.18,349.83 million in fiscal 2008 relating to cash used for the purchase of fixed assets. Plant and machinery, primarily heavy earthmoving machinery, represented 50.3% of our purchase of fixed assets in fiscal 2008.

Net cash used in investing activities was Rs.15,342.00 million in fiscal 2007 relating to cash used for the purchase of fixed assets. Plant and machinery, primarily heavy earthmoving machinery, represented 72.9% of our purchase of fixed assets in fiscal 2007.

Financing activities

Net cash used in financing activities in the three months ended June 30, 2010 was Rs.2,299.55 million, resulting from decrease in loan, resulting primarily from the repayment of principal on certain foreign currency loans. On an annual basis, our largest component of cash used in financing activity is dividend payments, however, dividend payments are typically recorded in the fourth quarter of each fiscal year and our cash used in financing activity did not reflect any dividend payments.

Net cash used in financing activities in fiscal 2010 was Rs.21,625.34 million, resulting from dividend payments to the GoI of Rs.22,100.00 million and interest payment of Rs.1,444.90 million, primarily relating to our financing arrangements with IBRD and JBIC and subsidiary contributions to the Shifting and Rehabilitation Fund of Rs.2,535.84 million.

Net cash used in financing activities in fiscal 2009 was Rs.13,239.31 million, resulting from dividend payments to the GoI of Rs.17,054.20 million, interest payments of Rs.1,610.45 million primarily relating to our financing arrangements with IBRD and JBIC, increase in loan amount outstanding of Rs.2,645.69 million resulting from year-end exchange fluctuation and subsidiary contributions to the Shifting and Rehabilitation Fund of

Rs.2,779.65 million.

Net cash used in financing activities in fiscal 2008 was Rs.20,018.00 million, resulting primarily from dividend payments to the GoI of Rs.19,952.56 million, net loan repayments of Rs.2,599.88 million primarily relating to our IBRD and JBIC financing arrangements, and subsidiary contributions to the Shifting and Rehabilitation Fund of Rs.2,578.00 million.

Net cash used in financing activities in fiscal 2007 was Rs.19,570.30 million, resulting primarily from dividend paid to the GoI of Rs.18,875.49 million, net loan repayments of Rs.1,610.92 million primarily relating to our IBRD and JBIC financing arrangements and subsidiary contributions to the Shifting and Rehabilitation Fund of Rs.2,021.32 million.

Indebtedness

The following table summarizes our outstanding indebtedness as of the dates indicated:

Particulars	**As of March 31,**				**As of June 30, 2010**
	2007	**2008**	**2009**	**2010**	
	(Rs. million)				
Secured Loans					
Loans from scheduled banks:					
Deferred credits[1]	248.63	162.75	125.26	37.37	0.00
Overdraft against pledge of term deposits	1,706.60	2,084.32	1,679.37	4,631.71	1,002.80
Cash credit against hypothecation of stock of coal, coke, debtors and other assets and guaranteed by our Company	1,371.82	-	-	-	-
Total secured loans	**3,327.05**	**2,247.07**	**1,804.63**	**4,669.08**	1,002.80
Unsecured Loans					
Export Development Corporation, Canada	1,539.93	1,372.63	1,702.84	1,465.54	1,514.31
Liebherr France S.A., France	109.26	111.07	111.08	90.92	84.76
Loan from International Bank for Reconstruction and Development and Japan Bank for International Cooperation	16,460.96	15,108.33	17,866.25	14,642.97	15,192.66
Interest accrued on Government loans	1.78	-	-	-	-
Bonds	-	-	-	-	
Total unsecured loans	**18,111.93**	**16,592.03**	**19,680.17**	**16,199.43**	**16,791.73**
Total	**21,438.98**	**18,839.10**	**21,484.80**	**20,868.51**	**17,794.53**

1. We have executed a hypothecation agreement in favour of State Bank of India, Kolkata for three deferred payment guarantees issued by them in connection with supply and commissioning of sets of longwall equipments by China National Coal Mining Engineering equipment (Group) Corporation (CME). As per the deed of hypothecation, SBI has been authorised to have exclusive first charge on the assets to be purchased under the three deferred payment guarantees as primary securities, and first charge on entire movable property of SECL. Total value of the bank guarantees as on March 31, 2010 was Rs.1,434.77 million (US$ 31,478,149.31).

Most of our current financing arrangements are secured by our current assets, including a charge on our equipment. Some of our current financing agreements also include various conditions and covenants that require our Company to obtain lender consents prior to carrying out certain activities and entering into certain transactions, including incurring additional debt, issuance of equity, changing the capital structure, dilution of GoI's shareholding in our Company, increase or modify capital expenditure plans, undertake any expansion, provide additional guarantees, or merge with or acquire other companies, whether or not there is any failure by such entities to comply with the other terms of such agreements. Any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities and/or acceleration of all amounts due under such facilities and may affect our ability to conduct our business and operations or implement our business plans.

For further information, see "Financial Indebtedness" beginning on page 234.

Capital Expenditure

Historical Capital Expenditure

Capital expenditures represent our fixed assets plus changes in capital work in progress (i.e., expenses incurred in relation to work in progress but not capitalised) and advance payments on account of capital expenditures.

In the three months ended June 30, 2010, our total capital expenditure was Rs.4,896.43 million of which 12.5% was utilized for development and exploration activities, 80.3% was invested in plant and machinery including heavy earthmoving equipment and other equipment used in our coal mining and coal processing operations, and 7.2% was utilized for acquisition of land, buildings, vehicles, furniture and other fixed assets used in our operations.

In fiscal 2010, our total capital expenditure was Rs.26,750.01 million of which 11.3% was utilized for development and exploration activities, 73.1% was invested in plant and machinery including heavy earthmoving equipment and other equipment used in our coal mining and coal processing operations, and 15.6% was utilized for acquisition of land, buildings, vehicles, furniture and other fixed assets used in our operations.

In fiscal 2009, our total capital expenditure was Rs.26,678.23 million of which 9.5% was utilized for development and exploration activities, 76.6% was invested in plant and machinery including heavy earthmoving equipment and other equipment used in our coal mining and coal processing operations, and 13.9% was utilized for land, buildings, vehicles, furniture and other fixed assets used in our operations.

In fiscal 2008, our total capital expenditure was Rs.22,332.63 million of which 10.8% was utilized for development and exploration activities, 50.3% was invested in plant and machinery including heavy earthmoving equipment and other equipment used in our coal mining and coal processing operations, and 38.9% was utilized for land, buildings, vehicles, furniture and other fixed assets used in our operations.

In fiscal 2007, our total capital expenditure was Rs.17,153.88 million of which 8.8% was utilized for development and exploration activities, 72.9% was invested in plant and machinery including heavy earthmoving equipment and other equipment used in our coal mining and coal processing operations, and 18.3% was utilized for land, buildings, vehicles, furniture and other fixed assets used in our operations.

In fiscal 2010, 2009, 2008 and 2007, our total capital expenditure was 96.9%, 78.0%, 82.3% and 67.2% of our budgeted expenditure for such periods, respectively.

Planned Capital Expenditure

We have received the necessary authorization for budgeted expenditure of an aggregate amount of Rs.38,000 million in fiscal 2011 and up to Rs.46,500 million in fiscal 2012. During the three months ended June 30, 2010, our capital expenditure was Rs.4,896.43 million, or 12.9% of our budged capital expenditure for fiscal 2011. However, during the first quarter of each fiscal year we typically have proportionally lower capital expenditures relative to the full fiscal year as a result of new orders being placed during the first quarter for which capital expenditure is not recognized until later in the year in accordance with our accounting policies.

Our planned capital expenditure for fiscal 2011 includes proposed acquisition of heavy earthmoving machinery for our open cast mining operations of Rs.16,763.30 million, acquisition of various equipment for underground mining operations of Rs.6,596.00 million, mine development expenditure of Rs.2,623.20 million, expenditure for exploration and drilling activities of Rs.2,543.20 million, proposed acquisition of land of Rs.2,163.00 million, and expenditure for development of railway infrastructure (primarily for railway sidings) of Rs.1,309.00 million. Our capital expenditure plan for fiscal 2011 also includes expenditure for coal handling plants of Rs.945.60 million and Rs.380.00 million for upgradation of our existing beneficiation facilities. In addition, in our annual plan for fiscal 2011, we have earmarked Rs.60,000 million for the acquisition of international coal assets.

Research and Development

In fiscal 2007, 2008, 2009 and 2010, we spent Rs.84.27 million, Rs.110.45 million, Rs.140.42 million and Rs.258.00 million , respectively, on various research and development initiatives.

For further information on our various research and development initiatives, see "Business - Research and Development" beginning on page 111.

Off Balance Sheet Arrangements

Contingent Liabilities and Capital Commitments

The following table sets forth the principal components of our contingent liabilities and capital commitment as of June 30, 2010:

Particulars	**Amount** (Rs. million)
Capital Commitment	
Amount remaining to be executed on capital account not provided	18,990.57
Contingent Liability	
Claims against the Company not acknowledged as debts	12,540.05
Sales tax/levies	42,278.63
Income tax liability	12,989.37
Others	18,462.36
Suits against the Company	5,568.21
Letters of credit	1,030.87
Outstanding deferred payment guarantees issued by banks	3.98
Total Contingent Liability and Capital Committments	**111,864.04**

We have significant contingent liabilities, primarily relating to claims not acknowledged as debt, and disputed tax liabilities. As of June 30, 2010, our aggregate contingent liabilities was Rs.92,873.46 million. Our contingent liabilities as of March 31, 2007, 2008, 2009 and 2010 were Rs.86,507.84 million, Rs.81,732.33 million, Rs.104,566.07 million and Rs.101,279.82 million, respectively, compared to our profit after tax, as restated, of Rs.42,052.69 million, Rs.42,850.07 million, Rs.40,626.23 million and Rs.98,336.99 million, in fiscal 2007, 2008, 2009 and 2010, respectively. Historically, our contingent liabilities as of the end of a fiscal year has been greater that our profit after tax for such period. Our high contingent liabilities have historically principally related to disputed tax liabilities, guarantees given by our Company and letters of credit. If such contingent liabilities were to materialize, it would significantly adversely affect our results of operations and financial condition.

We have entered into certain currency swap transactions to hedge against a portion of the foreign currency loans and interest thereon under our financing arrangements with JBIC and IBRD. The gains and losses, as applicable, arising out of such swap transactions are reflected as reserves for foreign currency transactions in our financial statements. The marked to market position of our existing hedging transactions (net) as on June 30, 2010 was Rs.543.90 million (negative). The negative marked to market valuation of outstanding position involving six distinct foreign currency transactions as on June 30, 2010 prior to netting of transactions with positive values was Rs.559.10 million, which have been fully provided for.

We do not have any other off-balance sheet arrangements, derivative instruments or other relationships with unconsolidated entities that have been established for the purpose of facilitating off-balance sheet arrangements.

Contractual Obligations and Commercial Commitments

The following table sets forth certain information relating to future payments due under our outstanding indebtedness as of March 31, 2010:

Particulars	**Payment due by period**				
	Total as of March 31, 2010	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
					(Rs. million)
Secured loans[1]	37.37	37.37	-	-	-
Unsecured loans	16,199.43	1,703.47	3,597.00	3,872.34	7,026.62
Total	**16,236.80**	**1,740.84**	**3,597.00**	**3,872.34**	**7,026.62**

1. Loan on overdraft facility is not included as the same is repayable on requirement.

In the course of our business and operations, we and our Subsidiaries enter into contracts of various durations with our suppliers for the supply of stores, spares and consumables.

We had outstanding capital commitment as of June 30, 2010 of Rs.18,990.57 million.

Related Party Transactions

We have entered into and expect to enter into transactions with a number of related parties in the course of our business. For further information regarding our related party transactions, see "Related Party Transactions" beginning on page F 39 and Annexure J of our restated consolidated financial statements on page F 84.

Qualitative Disclosure about Market Risk

Commodity risk

The price of our raw coal and products sold at negotiated prices pursuant to our memoranda of understanding with customers and the price of raw coal sold under our E-Auction schemes, and consequently our revenues, are subject to the risk of fluctuation in prices of coal and coal products in the international markets. In addition, we use significant quantities of petroleum-based fuel and lubricants, explosives, tires, steel and other raw materials and consumables in our mining operations, and are exposed to fluctuations in the prices of these materials. We do not enter into any derivative transactions to hedge against our exposure to movements in such commodity prices.

Operating risk

Our operations are subject to various operating risks that may materially increase our cost of mining operations and delay or disrupt production at particular mines either permanently or for varying lengths of time, which could have a material adverse effect on our business, results of operations and financial condition. We currently only maintain insurance for our business premises and cash-in-transit insurance. We may not maintain insurance coverage in accordance with applicable Indian and international industry standards and do not have full coverage for all risks facing our operations and facilities discussed above. We also do not maintain insurance coverage for loss of our assets such as our equipment, plant and machinery nor do we maintain third party insurance. For further information relating to operating risks that we are exposed to, see "Risk Factors - Our operations are subject to various risks inherent to mining activities and we do not maintain insurance coverage in accordance with applicable industry standards." beginning on page xxi.

Currency exchange risk

Changes in currency exchange rates may affect our results of operations. Approximately 94.4% of our total indebtedness of Rs.16,791.73 million as of June 30, 2010 was denominated in foreign currencies, most significantly the U.S. dollar and the Japanese Yen, and we expect that a portion of our future indebtedness will continue to be denominated in foreign currencies. We also expect our future capital expenditure in connection with our proposed expansion plans to include expenditure in foreign currencies for imported equipment and machinery. Depreciation of the Indian rupee against the U.S. dollar, the Japanese Yen and other foreign currencies may adversely affect our results of operations by increasing the cost of financing any debt denominated in foreign currency or any proposed capital expenditure in foreign currencies.

Our foreign currency exposure is not significant. We however selectively enter into hedging transactions to minimize our currency exchange risks. There can be no assurance that such measures will enable us to avoid the effect of any adverse fluctuations in the value of the Indian rupee against the U.S. dollar, the Japanese Yen or other relevant foreign currencies. For further information relating to hedging transactions that we have entered into, see "- Off Balance Sheet Arrangements" beginning on page 230. In addition, since we enter into transactions in derivative financial instruments that are sensitive to movements in certain interest and currency exchange rates, and changes in the fair values of our derivative financial instruments are recognized in our financial statement at the end of each financial reporting period, any resulting decrease in the fair value of such derivative financial instruments could adversely affect our results of operations.

Interest rate risk

Changes in interest rates could affect our results of operations and financial condition. As of June 30, 2010, Rs.15,192.66 million, or 85.4% of our total indebtedness were at floating rates of interest. If the interest rates for our existing or future borrowings increase significantly, our cost of funds will increase. We do not enter into any derivative transactions to hedge against our exposure to interest rate risks.

Effect of Inflation

During fiscal 2007, 2008, 2009, 2010 and the three months ended June 30, 2010, the All India Consumer Price Index increased by 5.88%, 6.59%, 7.57%, 10.34% and 2.4%, respectively. (Source: RBI Bulletin). We set the price for our products sold in India based on various factors, including inflation. Inflation has not had a significant impact on the results of our operations.

Analysis of Certain Changes

Known Trends or Uncertainties

Other than as described in this Prospectus, particularly in the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages xv and 184, respectively, to our knowledge, there are no trends or uncertainties that have or had or are expected to have a material adverse impact on our income from continuing operations.

Unusual or Infrequent Events or Transactions

Except as described in this Prospectus, to our knowledge, there have been no events or transactions that may be described as "unusual" or "infrequent".

Seasonality of Business

Our operations may be adversely affected by difficult working conditions due to high temperatures during summer months and rain during monsoon that restrict our ability to carry on mining activities and fully utilize our resources, particularly during the first half of our fiscal year. During periods of curtailed activity due to adverse weather conditions, we may continue to incur operating expenses, but our revenues from operations may be delayed or reduced. Although such adverse weather conditions do not typically have a material impact on our revenue from operations, abnormally hot summer months or rainy monsoon could have a material impact. We have also in the past faced an increase in the shortage of adequate rail transportation facilities for coal supplies during the third and fourth quarters of our fiscal year, when India tends to experience higher freight transportation activities resulting from increased industrial production, which may result in our inability to meet fully the typically higher demand for our coal by the power sector during these quarters.

Future Relationship between Costs and Income

Other than as described in the sections "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages xv and 184, respectively, to our knowledge, there are no known factors which will have a material adverse impact on our operations and finances.

Significant Regulatory Changes

To the best of our knowledge, except as described in the section entitled "Regulations and Policies", and elsewhere in this Prospectus, there have been no significant regulatory changes that could affect our revenue from continuing operations.

Significant Dependence on a Single or Few Customers

Non-coking coal used in the thermal power industry constitutes most of our coal production. Coal sold to government-owned and controlled power generation companies and utilities contribute a substantial majority of our total sales. Volume of raw coal sold to our five largest customers in fiscal 2008, 2009, 2010 and in the three months ended June 30, 2010, as a percentage of total volume of raw coal dispatched in these periods, was 50.8%, 49.9%, 47.9% and 45.1%, respectively. Historically, our five largest customers have all been public sector thermal power generation companies. NTPC, which is a public sector power generation company and power utility, has historically been our most significant customer. Volume of raw coal sold to NTPC in fiscal

2008, 2009, 2010 and in the three months ended June 30, 2010, as a percentage of total volume of raw coal dispatched in these periods, was 27.7%, 26.7%, 26.7% and 24.9%, respectively. As a result of our customer concentration and the long term nature of our coal supply arrangements with our customers, particularly in the thermal power industry, the business policies, capacity expansion and capital expenditure plans as well as procurement strategies of our significant customers have had and will continue to have a significant impact on our business, results of operations and financial condition.

Competitive Conditions

In fiscal 2009, coal produced by us accounted for 81.9% of coal production in India *(Source: CRISIL Coal Outlook).* We do not believe we have any directly comparable competitor in India. As we do not export any coal and we do not expect to export coal in the short or medium term, we do not consider international coal companies in international markets as direct competitors. However, international coal companies, particularly coal companies from Indonesia and Australia, that supply coal to India, may be considered as our competition.

Significant Developments Subsequent to Date of Latest Audited Financial Statements

Except as stated in this Prospectus, to our knowledge no circumstances have arisen since June 30, 2010, the date of the last financial statements as disclosed in this Prospectus, which materially and adversely affect or are likely to affect, the operations or profitability of our Company, or the value of our assets or our ability to pay our material liabilities within the next 12 months. Except as stated in this Prospectus, there is no development subsequent to June 30, 2010 that we believe is expected to have a material impact on the reserves, profits, earnings per share and book value of our Company.

Recent Accounting Pronouncements

There are no recent accounting pronouncements that are expected to impact our accounting policies or the manner of our financial reporting. However, the Institute of Chartered Accountants of India has announced a road map for the adoption of, and convergence of Indian GAAP with, IFRS, pursuant to which certain public companies in India will be required to prepare their annual and interim financial statements under IFRS beginning with financial year commencing April 1, 2011. Because there is significant lack of clarity on the adoption of and convergence with IFRS and there is not yet a significant body of established practice on which to draw in forming judgments regarding its implementation and application, we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting.

FINANCIAL INDEBTEDNESS

Borrowings of our Company

Set forth below, is a brief summary of our Company's borrowings (both, fund based and non-fund based) as of June 30, 2010, together with a brief description of certain significant terms of such financing arrangements.

In this section, we have used a conversion rate of Rs. 47.10 for one U.S. Dollar, being the RBI telegraph transfer selling rate as of June 30, 2010.

The total amount outstanding amounted to Rs. 18,689.90 million as on June 30, 2010:

Name of the Lender	Documentation	Amount sanctioned (Rs. in million unless mentioned otherwise)	Amount Outstanding, as on June 30, 2010 (Rs. in million unless mentioned otherwise)	Rate of interest (%), p.a.	Tenure / Last date of repayment	Repayment schedule	Security
Export Development Corporation, Canada ("**EDC**")*	Our Company and EDC have entered into the loan agreement dated March 31, 1989 for the purposes of purchasing capital goods and services from Canada to be used for development of coal deposits in Rajmahal, Bihar.	Can$ 166 million (USD 139.52 million) (Rs. 6,571.39 million)	USD 32.06 million (Rs. 1,514.31 million)	8.3%**	July 31, 2044	Repayment of instalments is made semi-annually, i.e. on January 31 and July 31.	Guarantee executed by the President of India.
Credit National *(acting in the name and on behalf of the Government of the French Republic)*	Our Company and Credit National have entered into the loan agreement dated December 1, 1994 for the purposes of purchasing French good and services in relation to the implementation of projects of hydraulic shovels for our Company.***	FF (French Francs) 27.64 million (Euro 4.21 million) (Rs. 243.42 million)	Euro 1.46 million (Rs. 84.75 million)	0.9%	Repayment under these loan facilities will be completed on September 30, 2028 and September 30, 2030 respectively.	Each portion of the loan, which has a duration of 30 years, is repayable in 20 years, in 40 equal and successive half-yearly instalments, starting from the last day of the quarter falling 126 months after the quarter in which the last drawing were made.[11]	The GoI provided an irrevocable and unconditional guarantee in relation to all our payment obligations.

Name of the Lender	Documentation	Amount sanctioned (Rs. in million unless mentioned otherwise)	Amount Outstanding, as on June 30, 2010 (Rs. in million unless mentioned otherwise)	Rate of interest (%), p.a.	Tenure / Last date of repayment	Repayment schedule	Security
(a) International Bank for Reconstruction and Development ("**IBRD**") *	Loan agreement dated March 19, 1998 for the purposes of improving and maintaining commercial viability of project mines and institutional development; and Our Company and International Development Association have entered into the Development Credit Agreement dated March 19, 1998. ‡	USD 530 million (Rs. 24,963 million)	USD 149.50 million (Rs. 7,041.83 million)	Total lending rate (i.e. lending rate with Interest spread of 50 basis point). The total lending rate is the cumulative of 6 month LIBOR plus Total Spread.	November 15, 2017	Repayment is in 30 instalments, to be made semi-annually, starting May 15, 2003 and ending on November 15, 2017.	Guarantee Agreement dated March 19, 1998 executed between India and IBRD.
(b) Export – Import Bank of Japan ("**JEXIM**") #; and other Financial Institutions *	Loan agreement dated April 13, 1998 for the purposes of financing of cost of goods and services required during the improvement and maintenance of commercial viability of project mines, and institutional development. ##		JPY 15,252.30 million (Rs. 8,150.83 million)	The interest should be the higher of: (a) the Long-Term Prime Lending Rate on the date upon which such disbursement is made minus 0.2% p.a.; and (b) the Fiscal Investment and Loans Program Rate on such date. ###	August 15, 2017	Repayment is in 30 instalments, to be made semi-annually, starting May 15, 2003 and ending on August 15, 2017.	Guarantee executed by the President of India.
State Bank of India*	Sanction letter dated June 7, 2008 for one time ad-hoc Import letter of credit for capital goods. ††	10,000 €	497.73	N.A.	N.A.	N.A.	None
State Bank of India; Punjab National Bank; Bank of Baroda; United Bank of India; Bank of India; Oriental	Working Capital Consortium Agreement dated September 1, 2008 for the purposes of providing banking facilities to our Company; The Consortium Lenders have entered into the Inter-se	5,500 (Total of the fund based and non-fund based)		11.75%	It can be revoked by our Company by providing a one month's written notice. ¥¥		*Refer to Note 1 below.*

Name of the Lender	Documentation	Amount sanctioned (Rs. in million unless mentioned otherwise)	Amount Outstanding, as on June 30, 2010 (Rs. in million unless mentioned otherwise)	Rate of interest (%), p.a.	Tenure / Last date of repayment	Repayment schedule	Security
Bank of Commerce; Canara Bank; Allahabad Bank; HDFC Bank Limited; ABN Amro N.V.; Calyon Bank; Standard Chartered Bank; HSBC Limited; BNP Paribas; Deutsche Bank; ICICI Bank Limited; Union Bank of India; and Citi Bank N.A. ("**Consortium Lenders**")*	Agreement dated September 1, 2008 entered into amongst the Lenders for the purposes of operations convenience of the terms and conditions set forth in the Working Capital Consortium Agreement; and The State Bank of India has issued the sanction letter dated June 27, 2009, on behalf of the consortium of lender, for the annual revision of the fund based and non-fund based limits, if any.	2,500 (Fund based).	N.A.			N.A.	
		3,000 (Non-Fund based)	955.84			N.A.	
Citi Bank N.A.*	Unsecured Agreement dated January 18, 2010 for the purposes of availing unsecured working capital credit facilities and Letter Agreement for Unsecured Working Capital Credit Facilities dated January 18, 2010.	471	170.79	14.75% p.a.	N.A.	Repayment on demand	None
HSBC*	Sanction Letter dated May 18, 2010; Trade Financing General Agreement dated June 1, 2008; Revised sanction letter dated July 20, 2010.	850	273.82	N.A.	*Refer to Note 2 below.*	Repayment on demand	*Refer to Note 3 below.*

* *Under the terms of the loan agreements executed between our Company and EDC, IBRD, JEXIM, State Bank of India, Citi Bank N.A and HSBC., our Company is required to obtain prior written consents of the abovementioned lenders for any change in the shareholding structure of the Company and any change in the composition of the board of directors of our Company to ensure compliance with Clause 49 of the Listing Agreement. Further, under the loan agreement executed between our Company and EDC,*

prior consent of EDC is required to be obtained by our Company in the event the GoI ceases to own all the subscribed and paid up capital of our Company. In relation to the aforesaid, as on the date of filing of this Prospectus, we have received consents from all the lenders.

** *The total amount sanctioned is bifurcated into two components viz. (a) Can$ 119.52 million, and (b) Can$ 46.48 million. The loan agreement provides that no interest shall be chargeable on the component mentioned in (b) above however the rate of interest on (a) above would be 8.3%. Currently, only the component under (b) above is outstanding, on which no interest is chargeable.*

*** *(1) This loan agreement provides January 6, 1997 as the 'effective date'.*
(2) Under this loan agreement, two separate loans were availed viz. (a) from Natexis and Credit Agricole; and (b) Natexis and BNP.

Π *The loan from Natexis and Credit Agricole is repayable on semi-annual basis. The loan from Natexis and BNP is repayable on quarterly basis.*

‡ *(1) The Co-financing Ratio out of the proceeds of the loan amount of USD 530 million (Rs. 24,963 million) is 50:50, i.e. IBRD and JEXIM were required to disburse 50% of USD 530 million each, respectively.*
(2) Under this agreement, the loan amount was changed to USD 261.3 million (Rs.12,307.23), which amount was subsequently revised to USD 245.72 million (Rs.11,573.41 million).
(3) The amount includes commercial credits guaranteed by Compagnie Française d'Assurance pour le Commerce Extérieur (COFACE).

(1) JEXIM is now merged with the Japan Bank for International Cooperation (JBIC).
(2) Other financial institutions are: (a) the Industrial Bank of Japan, Limited (now known as Mizuho Corporate Bank, Limited); (b) the Sumitomo Bank, Limited; (c) the Fuji Bank, Limited; (d) Nippon Life Insurance Company; (e) the Nomura Trust and Banking Co. Limited; (f) the Norinchukin Bank; (g) the Sumitomo Trust and Banking Co., Limited; and (h) the Zenshinren.

The following are some key points in relation to this loan agreement:
(1) This loan agreement was amended by the letter agreement dated August 1, 2000. As per the loan agreement, the loan amount was JPY 40,501.5 million, which amount was revised to JPY 30,284.93 million.
(2) The terms of this loan agreement envisages that the lenders to this loan agreement and the loan by IBRD, under the loan agreement dated March 19, 1998, shall become co-financers with the company. The total amount stipulated under both the loan agreements is USD 530 million (Rs. 24,963 million) respectively. The Co-financing Ratio out of the proceeds of the loan amount of USD 530 million (Rs. 24,963 million) is 50:50, i.e. IBRD and the parties to this loan agreement were required to disburse 50% of USD 530 million (Rs. 24,963 million) each, respectively.

Long-Term Prime Lending Rate means the rate which is applied by the long-term credit banks in Japan as their long-term prime lending rate on the relevant date to their JPY loans with terms exceeding one year to their prime customers in Japan. Fiscal Investment and Loans Program Rate means the interest rate per annum which is applied by the Japanese government's Trust Fund Bureau as its lending rate for its loan under the Fiscal Investment and Loans Program.

€ *The ad-hoc capex LC limit was reduced from Rs. 10,000 million to Rs. 5,380 million.*

¥¥ *The Working Capital Consortium Agreement is valid for a period of 3 years only.*

†† *In addition to the funds and non-funds based limits contemplated under the Working Capital Consortium Agreement dated September 1, 2008, the State Bank of India, on a standalone basis, has further offered the following, though none of them have been availed:*

NON-FUND BASED	Amount Proposed (Rs. in million)
LC (ad-hoc)	8,581.9
DPG (Deferred Payment Guarantee)	116.2
FC/Derivatives	2,000

Note 1: The Company is required to create a first charge, by way of hypothecation, on current assets comprising stocks of raw material, semi-finished and finished goods, stores and spares not relating to plant and machinery (consumable stores and spares), bills receivable and book debts of the Company, both present and future. The Company is also required to cause certain of its Subsidiaries *viz*. BCCL, CCL, ECL, MCL, NCL, SECL and WCL to create a first charge, by way of hypothecation, on such current assets comprising stocks of raw material, semi-finished and finished goods, stores and spares not relating to plant and machinery (consumable stores and spares), bills receivable and book debts of the Company, both present and future. In furtherance of such terms and contained set forth in the Working Capital Consortium Agreement dated September 1, 2008, our Company has created a first charge, by way of hypothecation, in favour of the Consortium Lenders, by executing a Joint Deed of Hypothecation dated September 1, 1998. Further, each of our aforementioned Subsidiaries have created a first charge by way of hypothecation in favour of the Consortium Lenders, by executing a Modified Joint Deed of Hypothecation dated September 1, 1998.

Note 2: The tenure under the Sanction Letter dated May 18, 2010, is as follows:

Details	Tenure
Working Capital Facilities - Overdraft (as a sub-limit).	12 months, or On demand in case of overdraft.
Import Facilities: Documentary Credit - Import (Deferred Payment Credit/Trust Receipt).	Sight or 180 days
Import Facilities: Documentary Credit (one-off) - Import Deferred Payment Credit.	Sight or 365 days
Treasury Facilities - Foreign Exchange Lines, Foreign Exchange Options, Currency Swap, and	60 months

Interest Swap.	

Note 3: The Trade Financing General Agreement dated June 1, 2008, requires our Company to pledge, by way of security, on the 'Documents' and the goods (i.e. goods and/or produce to which the Documents relate) until all the money, including interest and any expense, owing by our Company has been paid or otherwise discharged. The 'Documents', under this Trade Financing General Agreement includes to all bills, documents of title, transportation documents, insurance policies and other documents relating to goods and/or produce which are in the name, possession or control of the lender or held by or to the order of the lender.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below, as of October 10, 2010, there is no outstanding material litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company and our Subsidiaries, and there are no material defaults, non payment of statutory dues, over-dues to banks or financial institutions, defaults against banks or financial institutions, defaults in dues payable to holders of any debenture, bonds or fixed deposits or arrears of preference shares issued by our Company and our Subsidiaries, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic, civil or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Subsidiaries or Directors, that may have a material adverse effect on our unconsolidated financial position, nor, so far as we are aware, are there any such proceedings pending or threatened.

We have disclosed all the legal proceedings pending against our Company and the Subsidiaries in a consolidated manner. In addition, we have summarised the significant proceedings pending against our Company and Subsidiaries in relation to criminal cases, public interest litigation, environment cases, mines accident cases, and other proceedings involving claims exceeding Rs. 100 million.

Neither our Company nor our Subsidiaries or Directors have been declared as wilful defaulters by the RBI or any other Governmental authority. Except as stated below there are no violations of securities laws committed by our Company, our Subsidiaries or our directors in the past or pending against them.

Further, there are various inquiries/proceedings against certain employees of our Company and certain directors and employees of our Subsidiaries, at various levels of management, pending before the Criminal Bureau of Investigation, the Central Vigilance Commission and the respective chief vigilance officers of our Company and our Subsidiaries and the Ministry of Coal, Government of India which are at various stages of investigation with these authorities. These inquiries/proceedings are in relation to allegations on corruption, criminal conspiracy, cheating, criminal misconduct, demand and acceptance of illegal gratification and pilferage of coal, possession of disproportionate assets, misappropriation of funds, irregularities in the allotment of linkage quota of coal under the fuel supply agreements, manipulation of records and misappropriation of huge quantity of explosives, irregularities in tendering and in the dispatch of coal, unlawful unloading of coal from railway wagons at unauthorized points, irregularities in the matter of award of transportation of coal, *inter alia*, under the Coal India Executives Conduct, Discipline and Appeal Rules, 1978 and the Prevention of Corruption Act, 1988 as applicable.

Based on the records available with our Company, there are approximately 615 proceedings pending against employees of our Company and our Subsidiaries, including investigation by the CBI, Central Vigilance Commission, the MoC and the chief vigilance officers, relating to corruption and other charges. As on date, based on the information available with the Company, there are no pending proceedings in relation to charges of corruption against the Directors of our Company. Further, on the basis of information available with our Company, there are certain proceedings pending in relation to charges of corruption against the directors of our Subsidiaries, including four proceedings against Mr. M.P. Diskhit, ex-chairman and managing director of SECL. These proceedings, inter alia, relate to allegations that that Mr. Dikshit had demanded and agreed to accept an amount of Rs. 10 million as illegal gratification from a certain third party which had a contractual relationship with SECL. Mr. Dikshit was arrested on May 27, 2010 in Raipur, Chhattisgarh and the investigation against Mr. Dikshit is currently ongoing. Pursuant to an order dated May 30, 2010 bearing order no. F. No.13029/10/2010-Vig. from the MoC, Mr. Dikshit has been suspended as chairman and managing director, SECL. The other three proceedings pending against Mr. Dikshit, include a proceeding relating to allegations of irregularities in the procurement of certain mining equipments.

Contingent Liabilities of our Company as of June 30, 2010:

Our contingent liabilities not provided for Fiscal 2008, Fiscal 2009 and Fiscal 2010 (as disclosed in our restated audited financial statements) include:

(In Rs. Million)

Particulars	Fiscal 2008	Fiscal 2009	Fiscal 2010

Particulars	Fiscal 2008	Fiscal 2009	Fiscal 2010
The amount remaining to be executed on Capital Account not provided	16,250.70	9,713.66	17,956.93
Claims against the Company not acknowledged as debts	51,848.16	79,561.67	82,499.75
Outstanding letters of credits	424.55	5,296.46	2,674.47
Outstanding Deferred Payment Guarantee	186.07	138.58	1.46
Counter Guarantee to GoI for loans obtained from Japan Bank of International Co-operation	7,639.72	9,007.67	7,473.63
Counter Guarantee to GoI for loans obtained from International Bank For Reconstruction and Development	7,468.61	8,858.58	7,169.34

Our contingent liabilities not provided for the three month period ended June 30, 2010 (as disclosed in our restated financial statements) include:

Particulars	Amount (Rs. million)
Capital Commitment	
Amount remaining to be executed on capital account not provided	18,990.57
Contingent Liability	
Claims against the Company not acknowledged as debts	12,540.05
Sales tax/levies	42,278.63
Income tax liability	12,989.37
Others	18,462.36
Suits against the Company	5,568.21
Letters of credit	1,030.87
Outstanding deferred payment guarantees issued by banks	3.98
Total Contingent Liability	111,864.04

If any of these contingent liabilities materialize, the value of our capital works in progress and profitability could be adversely affected.

Outstanding Litigation/ Proceedings involving our Company

The details of the outstanding litigation/proceedings involving our Company as on October 10, 2010 are as follows:

Cases filed against our Company

Criminal Cases

There are three criminal cases pending against our Company, details of which are as follows:

1. Mr. Pradip Kumar Saha and another filed a writ petition (W.P No. 19513 (W) of 2008) against the State of West Bengal and others before the Calcutta High Court praying for quashing of the Alipore Police Station Case no. 268 of 2007 dated November 6, 2007 under section 120/387 of the IPC arising out of FIR no. JM 168/08 lodged in Alipore Police Station on November 6, 2007. Mr. Pradip Kumar amongst others, alleges that he was subjected to an arbitrary transfer order dated December 7, 2007 and further was suspended from service after he pointed out certain corrupt practices in CIL. Thereafter, it is alleged that CIL filed an FIR against Mr. Pradip Kumar Saha making various false allegations in it. The matter is currently pending.

2. The GoI represented by the Regional Inspector of Mines, Burdwan, West Bengal has filed a complaint petition (Criminal Case No. 31c of 2009) under section 200(a) of the Code of Criminal Procedure, 1973 against certain officials of the Ledo Colliery, Northeastern Coalfields, CIL before the First Class Judicial Magistrate at Margherita, Assam. It has been alleged that certain contraventions of the Coal Mines Regulations, 1957 led to an accident when a depillaring panel overhanging from a roof fell from a height expelling accumulated hot methane/ inflammable gas and caused an explosion, resulting in the loss of lives of five persons and injury to 10 other persons. The accident was caused due to contraventions including failure to provide continuous environmental monitoring systems to monitor influx of methane and carbon mono-oxide, failure to ascertain environmental conditions in the

depillaring district, failure to ensure that stoppings were constructed as per standards prescribed by the Director General of Mines Safety and failure to ensure that the panels were worked after installation of convergence recorders. The complainants have prayed that the respondents be held vicariously liable under section 72 of the Mines Act. The matter is currently pending.

3. The GoI represented by the Regional Inspector of Mines, Burdwan, West Bengal has filed a complaint petition (Criminal Case No. 32c of 2009) under section 200(a) of the Code of Criminal Procedure, 1973 against certain officials of the Ledo Colliery, NEC, CIL before the First Class Judicial Magistrate at Margherita, Assam. It has been alleged that during the abovementioned accident, the place of accident had been wilfully disturbed and altered before the arrival and without the consent of the Chief Inspector to whom the notice of the accident had been given, by constructing stone dust barriers and by constructing brick-in-cement mortar stoppings with an intention to seal off the panel and the area had been cleaned of objects which would have assisted in establishing the causes and circumstances that led to the abovementioned explosion. The complainants have prayed that the respondents be held vicariously liable under section 73 of the Mines Act. The matter is currently pending.

Public Interest Litigation

There are nine public interest litigation pending against our Company, details of which are as follows:

1. Mr. Partha Ghosh has filed a writ petition by way of a public interest litigation (W.P No. 1253 of 2009) against CIL, ECL and others, before the Calcutta High Court alleging illegal and unauthorised use of abandoned quarters/bungalows and other establishments of our Company including ECL, by certain unauthorised occupants. Mr. Ghosh prays for eviction of unauthorised occupants and charging of penal rent from those occupants and various other reliefs. The matter is currently pending.

2. The Goa Foundation has filed a writ petition by way of a public interest litigation (W.P. No. 460 of 2004) against BCCL, CCL, WCL, SECL and MCL, through CIL, before the Supreme Court, alleging that certain mines were operating in violation of the Environment Protection Act, 1986 and the rules framed thereunder. Pursuant to order dated February 21, 2005 the Supreme Court, directed the GoI to close down the defaulting units pursuant to which the GoI issued instructions by order dated March 2, 2005 for closure of the mining units. Thereafter, all the subsidiary companies of our Company moved an application for intervention (I.A. nos. 3-13) before the Supreme Court and the Supreme Court passed an interim order dated March 11, 2005 staying the operation of the March 2, 2005 order until the next date of hearing is fixed. The matter is currently pending.

3. Mr. Haradhan Ray has filed a writ petition by way of a public interest litigation (W.P No. 381 of 1997) against the Union of India, CIL, BCCL, ECL and others, before the Supreme Court, alleging that due to unscientific underground mining methods adopted by the Jharia and Raniganj minefields, these minefields were subjected to serious problems of fire and subsidence. Mr. Ray prays for order of initiation of immediate steps for control of subsidence and fire in BCCL/ECL and mitigations of its impact on the coalfield surface. He also prays for rehabilitation of the affected persons. The matter is currently pending.

4. Mr. Sushil Kumar Singh has filed a writ petition by way of a public interest litigation (W.P. (PIL) No. 3499 of 2009) against the Union of India, Chairman BCCL, the Managing Director of CIL and others before the Jharkhand High Court, alleging that the Jharia Rehabilitation and Development Authority is forcibly grabbing certain labour quarters at the Bhuli Township, and endangering the livelihood of the people living in the area. Mr. Singh prays for directions against the eviction of residents of the township and also prays for the maintenance of the Bhuli Township and the supply of water and electricity facilities to them. The matter is currently pending.

5. Mr. Prayag Modi filed a writ petition by way of a public interest litigation (W.P. No. 4571 of 2009) against the Union of India, Chairman-cum-Managing Director, CIL and others, before High Court of Madhya Pradesh, alleging amongst others that the respondents were involved in many corrupt practices and mala fide acts including awarding work to people without publishing job advertisements, awarding employment to employees who had already died, employees at WCL being involved in theft, misappropriation of funds etc. Mr. Prayag Modi prays for proper investigation in matters of promotion and other mal practices of the company that he highlighted in his public interest litigation. The amount involved in the case is not ascertainable and the matter is currently pending.

6. Mr. Ishwar Singh Chandel filed a a writ petition by way of a public interest litigation (PIL 6289 of 2007) against the Union of India and others before the Chattisgarh High Court alleging misappropriation of fund including misuse of the Prime Minister Relief Fund mainly at SECL. Mr. Ishwar Singh Chandel prays for prohibition on the mal-practices of the misappropriation of public funds so that the funds could be accounted for. The amount involved in the matter is not ascertainable and the matter is currently pending.

7. The Central Cooperative Glass Works Limited filed a writ petition by way of a public interest litigation (W.P. No. 34582 of 2005) against Union of India, ECL, BCCL, CCL, SECL and WCL before the Allahabad High Court alleging certain fraud in relation to the e-auction (non- core sector) which was dissuading and depriving the small scale industry unit/actual consumers of the non-core sector of fair share in supply of coal. The petitioners also challenge the allocation of coal to the National Cooperative Consumers Federation of India Limited as a valid linked consumer which was in gross contravention of distribution of coal to the non-core sector. The amount involved in the case is not ascertainable and the matter is currently pending.

8. Mr. Satish Sinha filed a writ petition by way of a public interest litigation (W.P. (PIL) No. 2842 of 2010) against the Union of India, our Company and others before the Jharkhand High Court challenging the e-auction scheme under the NCDP as arbitrary, unjust and violative of Articles 14 and 19(6)(ii) of the Constitution of India. Mr. Sinha alleges that the method of pricing in the e-auction is undemocratic and amounts to profiteering by our Company through the sale of an essential commodity and an abuse of its monopolistic position. Mr. Sinha prays for issuance of appropriate writ to quash the NCDP to the extent that it allows the sale of coal through an e-auction as well as an order to our Company to cease the sale of coal through e-auction and to sell coal at notified prices. The High Court has issued notice to our Company in this regard and the matter is currently pending.

9. Mr. Somnath Chatterjee has filed a writ petition by way of a public interest litigation against the Union of India, Central Bureau of Investigation, our Company and others before the Jharkhand High Court alleging that a large number of entities that have coal linkages with our Company are fraudulent in nature and utilise the coal sold to them by our Company under fuel supply agreements to resale the same to third parties at higher prices. Mr. Chatterjee has further alleged that coal is sold to these entities at discounted prices under the fuel supply agreements than the price that would be charged to them under the e-auction scheme leading to considerable loss to public money and also a number of officials of our Company are complicit in the same. Mr. Chatterjee prays for an appropriate writ for directions to the Central Bureau of Investigation to initiate an inquiry into the operations of such fraudulent entities and a direction to our Company to institute vigilance enquiries against the concerned officials and to institute first information reports against these fraudulent entities. The amount in the matter is not ascertainable and the matter is currently pending.

Income Tax cases

There are 10 income tax proceedings pending against our Company, details of which are provided below. Our Company can only appeal against the assessment orders of various assessing officers after depositing the disputed demands imposed on our Company by such assessing officers under protest. As such if any unfavourable order is passed against our Company, the same would not impose any additional liability on our Company. If a favourable order is passed, our Company will be entitled to refund of the amount previously deposited under protest.

Assessment Year 2007-2008

1. Our Company filed an appeal (Appeal No. 944/CIT(A)-VI/09-10/Cir-5/Kol) dated January 22, 2010 before the CIT(Appeals), Kolkata against the assessment order dated December 14, 2009 of the Assistant Commissioner of Income Tax, Kolkata passed under section 143(3) of the IT Act, 1961 for the assessment year 2007-2008, contending the below disallowances and additions made by the order. The impugned order, disallowed *inter alia* an amount of Rs. 157.94 million under section 14 A of the IT Act, on account of expenses pertaining to earned dividend income, made additions for certain alleged income by way of interest for an amount of Rs. 681.18 million and apex charges of Rs 121 million with respect to BCCL, and made additions for an amount of Rs. 1,775.16 million received from all our Subsidiaries (except ECL and BCCL) as contribution towards shifting and rehabilitation fund,

made additions of Rs. 6.09 million on account of prior period expenses and made additions for provisions of overburden removal for an amount of Rs. 130 million. Pursuant to order dated June 16, 2010, CIT(Appeals) has allowed the above grounds in favour of our Company except under the provision of overburden removal for an amount of Rs. 130 million, against which our Company is in the process of filing a second appeal before the Income Tax Appellate Tribunal, Kolkata ("**ITAT**").

Assessment Year 2006-2007

1. The IT Department filed an appeal (ITA Appeal No. 115/Kol/2010) dated January 18, 2010 before the ITAT, Kolkata against the order of CIT (Appeals) dated October 21, 2009, passed under passed under section 250 of the IT Act for the assessment year 2006-2007, on the grounds that the CIT (Appeals) had erred in deleting various disallowances. The impugned order deleted disallowances *inter alia* under section 14A of the IT Act for an amount of Rs. 173.51 million, as earned dividend income, and made additions of Rs. 13.38 million on account of liability arising out of non-payment of arrears in relation to the 7th National Coal Wage Agreement, Rs. 1,117.65 million on account of amount not credited to profit and loss account and Rs. 1,922.88 million on account of amount received from various Subsidiaries (except ECL and BCCL) towards contribution for shifting and rehabilitation fund and deleted the addition of Rs. 9.18 million on the ground of prior period expenses.

   In relation to the above appeal, our Company filed a cross objection (CO 18/K/2010) dated February 19, 2010 on the ground that the CIT (Appeals) had erred in upholding the addition of provision for other expenses to the tune of Rs. 3.31 million while computing book profit under Section 115JB of the IT Act and also erred in holding that interest under Section 234B cannot be levied if tax is payable under Section 115JB of the IT Act. The ITAT dismissed the IT Department's appeal on June 9, 2010 due to non-receipt of the Committee on Disputes ("**COD**") approval and directed that the IT Department's appeal would be restored once COD approval is obtained. The order of the COD is currently pending.

Assessment Year 2005-2006

1. The IT Department filed an appeal (ITA No. 776/Kol/2009) dated May 12, 2009 before the ITAT, Kolkata against the order, of the CIT(Appeals) dated February 20, 2009, passed under Section 250 of the IT Act for the assessment year 2005-2006, on the grounds that the CIT(Appeals) had erred in deleting various disallowances. The impugned order deleted disallowances by the Additional Commissioner of Income Tax under Section 14A of the IT Act for an amount of Rs. 1,802.42 million on account of earned dividend income and deleted additions of Rs. 911.40 million on account of interest and apex charges with respect to BCCL. The order also deleted addition of Rs. 166.50 million on account of expenses made for shifting and rehabilitation and deleted the addition of Rs. 74.10 million on account of liability arising out of non-payment of arrears in relation to the 7th National Coal Wage Agreement and deleted additions on account of other provisions including capital work in progress to the tune of Rs. 601.14 million. The ITAT dismissed the IT Department's appeal *vide* order dated October 23, 2009 due to non-receipt of the COD approval and directed that the IT Department's appeal would be restored once the COD approval is obtained. The order of the COD is currently pending.

Assessment Year 2004-2005

1. The IT Department filed an appeal (ITA No. 1599/Kol/2008) dated August 18, 2008 before the ITAT, Kolkata against the order of the CIT(Appeals) dated June 4, 2008, passed under Section 250 of the IT Act for the assessment year 2004-2005, on the ground that the CIT(Appeals) had erred in deleting various disallowances. The impugned order deleted disallowances by the Additional Commissioner of Income Tax under Section 14A of the IT Act for an amount of Rs. 1,059.98 million on account of earned dividend income and deleted additions of Rs. 818.94 million on account of interest and apex charges with respect to BCCL. The order also deleted addition of Rs. 1,272.49 million on account of expenses made for shifting and rehabilitation and deleted the addition of Rs. 103.18 million on account of liability arising out of non-payment of arrears in relation to the 7th National Coal Wage Agreement and Rs. 280.41 million on account of write off of service charges with respect to ECL. The ITAT dismissed the IT Department's appeal *vide* order dated September 30, 2008 due to non-receipt of the COD approval and directed that the IT Department's appeal would be restored once COD approval is

obtained. Thereafter, the COD accorded its approval on December 8, 2009. The matter is currently pending.

Assessment Year 2003-2004

1. Our Company filed an appeal (no. 349/Kol/2006) dated February 20, 2006 before the ITAT, Kolkata against the order of the CIT (Appeals) dated December 29, 2005 passed under Section 250 of the IT Act for the assessment year 2003-2004 on the ground that the CIT(Appeals) had erred in upholding various disallowances. The impugned order amongst others upheld the addition of Rs. 3.06 million on account of prior period expenses and confirmed the addition of provision for doubtful debts and advances amounting to Rs. 0.20 million . The order further confirmed the levy of interest under Section 234D of the IT Act and disallowed set off brought forward business loss of earlier years against the dividend income of Rs. 8,550.80 million. The ITAT dismissed the IT Department's appeal *vide* order dated June 10, 2008 due to non-receipt of the COD approval and directed that the IT Department's appeal would be restored once COD approval is obtained. Thereafter, the COD accorded its approval on June 6, 2006 on some issues. The matter is currently pending.

2. The IT Department filed an appeal (ITA No. 121/Kol/2010) dated January 21,2010 before the ITAT, Kolkata against the order of the CIT(Appeals) dated October 15, 2009 passed under passed under Section 250 of the IT Act for the assessment year 2003-2004, on the ground that the CIT(Appeals) had erred in deleting various disallowances. The impugned order deleted disallowances by the Assistant Commissioner of Income Tax on account of liability arising out of non-payment of arrears in relation to the 7th National Coal Wage Agreement for an amount of Rs. 74.17 million and deleted addition of Rs. 2,672.67 million on account of interest and apex charges with respect to ECL, BCCL and CCL and deleted addition of Rs. 4.41 million on account of levy of interest under Section 234D of the IT Act. In relation to the above appeal, our Company filed a cross objection (CO 17/K/2010) dated February 19, 2010 contesting the notice dated December 22, 2007, issued by the CIT (Appeals) under Section 148 of the IT Act which alleged that our Company had escaped assessment within the meaning of Section 147 of the IT Act and proposed a re-assessment of our income for the assessment year 2003-2004. The matter is currently pending.

Assessment Year 2002-2003

1. The IT Department filed an appeal (No.625 of 2006) dated March 23, 2006 before the ITAT, Kolkata against the order of the CIT(Appeals) dated December 29, 2005 passed under Section 250 of the IT Act for the assessment year 2002-2003, on the ground that the CIT(Appeals) had erred in deleting various disallowances. The impugned order deleted disallowances by the Assistant Commissioner of Income Tax on account of liability arising out of unascertained liability under Section 115JB of the IT Act and further deleted disallowances under Section 14A of the IT Act for an amount of Rs. 3,796.26 million and additions of Rs. 12.64 million while computing book profits. The ITAT dismissed the IT Department's appeal *vide* order dated May 25, 2006 due to non-receipt of the COD approval and directed that the IT Department's appeal would be restored once COD approval is obtained. The matter is currently pending.

Assessment Year 2001-2002

1. Our Company filed an appeal (ITA No. 1633/Kol/2006) dated October 6, 2006 before the ITAT, Kolkata against the order of the CIT(Appeals) dated July 14, 2006, passed under passed under Section 250 of the IT Act for the assessment year 2001-2002, on the ground that the CIT(Appeals) had erred in upholding various disallowances. The impugned order upheld disallowances of Rs. 43.62 million under Section 43B of the IT Act on account of delayed payments in relation to provident fund and pension fund dues. The ITAT dismissed the IT Department's appeal *vide* order dated January 18, 2007 due to non-receipt of the COD approval and directed that the IT Department's appeal would be restored once COD approval is obtained. Thereafter, the COD accorded its approval on May 1, 2007. The matter is currently pending.

Assessment Year 2000-2001

1. Our Company filed a writ petition (WP No. 89 of 2005) before the Calcutta High Court contesting the issuance of notices under Section 142(1), 148, and 143(2) of the IT Act dated November 16, 2004,

December 4, 2003, and November 16, 2004 respectively for the assessment year 2000-2001. The notices alleged that our Company had escaped assessment within the meaning of Section 147 of the IT Act and proposed a re-assessment of our income for the said assessment year on account of non-addition of expenditure related to dividend income under the provisions of Section 115JA of the IT Act. The matter is currently pending.

Assessment Year 1999-2000

1. Our Company filed a writ petition (no. 88 of 2005) dated February 1, 2005 before the Calcutta High Court, contesting the issuance of notices under Sections 142(1), 148, and 143(2) of the IT Act dated November 11, 2004, December 4, 2003, and November 11, 2004 respectively for the assessment year 1999-2000. The notices alleged that our Company had escaped assessment within the meaning of Section 147 of the IT Act and proposed a re-assessment of our income for the said assessment year on account of non-addition of expenditure related to dividend income under the provisions of Section 115JA of the IT Act. The matter is currently pending.

Service Tax Cases

Our Company filed an appeal (Appeal no. 111 of 2009) dated May 18, 2009 before the CESTAT, Kolkata against the order of the Commissioner of Service Tax, Kolkata dated February 13, 2009, demanding arrears for the period between 2003-2004 to 2007-2008 in relation to service tax dues on management consultancy services provided by our Company and further imposed a penalty of Rs. 603.36 million and a penalty of Rs. 5,000 under Sections 78 and 77 of the Finance Act, 1994 respectively in relation to the same subject matter. As our Company had already paid service tax including education cess along with interest for the assessment year 2003-2004 to 2007-2008, the Commissioner of Service Tax only required our Company to pay 25% of the total penalty amount of Rs. 603.36 million. Pursuant to challans dated March 12, 2009 our Company made payments towards satisfying the entire penalty amount of Rs. 150.84 million (being 25% of Rs. 603.36 million). As such currently only payment of Rs. 5,000 as penalty amount is outstanding. The matter is pending and the date of hearing is yet to be fixed.

Cases relating to Central Excise and Customs

The Department of Central Excise and Customs has raised a claim of Rs. 6.40 million against our Company, a claim upheld by the Commissioner of Customs and Excise by an order dated April 9, 2007, and subsequently by the CESTAT, Kolkata by an order dated April 20, 2010. Our Company has filed an appeal against the order of the CESTAT (appeal no. 024742 of 2010) in the Supreme Court, which is pending.

Arbitration Matters

There are 16 arbitration matters involving our Company and pending before the Supreme Court, Calcutta High Court and various arbitrators. The arbitration matters amongst others, relate to resolving of disputes in relation to claims arising towards shortage of stock, payment of plot rent, payment of damages for premature termination of contract in connection with various stockyards. The amount involved in 15 matters is approximately Rs. 268.69 million and all the matters are currently pending. Out of the 16 cases one case involves an amount in excess of Rs. 100 million. Brief description of the case is provided below:

1. White Industries Australia Limited ("**White**") has filed a petition (C.A No. 6284 of 2004 and SLP (C) No. 18883 of 2004) against CIL before the Supreme Court. The case relates to an agreement dated September 28, 1989 between our Company and White to develop an opencast coal mine at Piparwar, Jharkhand. Pursuant to the terms of the agreement, White was to demonstrate achievement of the agreed performance bench mark for the coal handling plant and coal preparation plant, failing which a penalty was to be paid. Upon failure of White to pay the net penalty on time, our Company invoked performance bank guarantee of White to an amount of Aus. Dollars 2.77 million against which White raised a dispute (no. 10558/OLG/ESR/MS) before the International Chamber of Commerce ("**ICC**") and claimed additional amount as bonus from our Company. Pursuant to an award made on May 27, 2002 by an arbitrational tribunal set up by the ICC, a claim of Australian Dollars 4.66 million was allowed against our Company. Our Company filed an objection against the award (Arbitration Petition No. T/500 of 2002) under Section 34 of the Arbitration and Conciliation Act, 1996, before the Calcutta High Court and White challenged the maintainability of the objection. Pursuant to an order of the single judge of the Calcutta High Court dated November 17, 2003, the challenge to maintainability was

dismissed, which was confirmed, on appeal, by the division bench of the Calcutta High Court by an order dated May 7, 2004. Aggrieved by the order of the Calcutta High Court, White has filed the present appeal before the Supreme Court. The matter is currently pending before the Supreme Court and the Calcutta High Court. White had also filed an execution petition (Execution Petition No. 199 of 2002) before the Delhi High Court for the execution of the award, which pursuant to an order dated March 9, 2006, pending the disposal of the matter by the Supreme Court and the Calcutta High Court, has been stayed.

Civil Cases

There are 11 civil suits filed by various individuals against our Company before the Supreme Court, the Guwahati High Court, the Calcutta High Court and the district courts of Tinsukia and Margherita districts, alleging *inter alia*, claims for payment of arrears and rentals, expiration of lease and claims regarding security deposits. The amount involved in the above matters is not ascertainable and all the matters are currently pending. These cases include two material cases, one of which involves an amount in excess of Rs. 100 million. Brief description of the case is provided below:

1. Our Company had agreed to supply low-ash Assam Coal to Mahabir Coke Industries in September 20, 1989, pursuant to a letter of allocation, on a 50:50 basis from Tirap and Tikak Mines at prices notified by the GoI. However, following notifications dated January 9, 1996 and March 11, 1996, the liberalized sale scheme was notified, which empowered our Company to fix the price of coal in respect of non-linked consumers. Further, on November 16, 1996, a meeting was held of the Non-Core Sector Linkage Committee of our Company, which deemed coking units as linked units, provided the pricing of coal to be sold to such units would still be determined by our Company. Our Company followed the liberalized sale scheme and determined price for Mahabir Coke Industries accordingly. Against such action, Mahabir Coke Industries filed writ petition (no. WP(C) 656 of 1997). Further, writ petition (no. WP(C) 807 of 1997) was filed before the High Court of Judicature at Kolkata against supply of coal to Mahabir Coke Industries from only Tirap colliery, and not Tikak colliery. Stay order dated March 27, 1997 was passed in writ petition (no. WP(C) 656 of 1997on charging of higher price by our Company during the pendency of the proceedings. However, such interim orders were vacated by order dated September 20, 2001, which declared the price charged by our Company as valid. Thereafter, by order dated July 12, 2006 in writ petition (no. WP(C) 807 of 1997) and order dated January 14, 2009 in writ petition (no. WP(C) 656 of 1997), the High Court of Judicature at Kolkata directed Mahabir Coke Industries to pay the difference in price of coal supplied for the period between April 1, 1997 and August 2001 with interest. Special leave petition (no. 13980 of 2007) was filed by Mahabir Coke Industries against the order dated July 12, 2006 and was dismissed by the Supreme Court by order dated December 14, 2007. Special leave petition (no. 5169 of 2009) was filed against the order dated January 14, 2009 and is currently pending.

   The amount demanded by our Company is Rs. 87.88 million as principal and Rs. 67.44 million as interest, totaling Rs. 155.33 million. Mahabir Coke Industries has claimed refund of Rs. 12.74 million in separate e-Auction batch matters before the Supreme Court in refund proceeding (no. 100 of 2006).

   Furthermore, writ petition (no. 1280 of 2010) was filed by Mahabir Coke Industries against our Company for discontinuation of supplies, in which interim order dated February 3, 2010 was passed directing Mahabir Coke Industries to deposit Rs. 37.5 million, against which special leave petition (no. 7837 of 2010) was filed, which was dismissed. Mahabir Coke Industries filed further appeal (no. 3892 of 2010) in which the Supreme Court passed order dated April 27, 2010 directing the deposit of Rs. 20 million as bank guarantee, which was done. Accordingly, order dated April 17, 2010 was passed for resumption of supplies, which has been complied with.

2. Turner Morrision Limited has filed a title suit (No. 1038 of 2009) against CIL, before the Calcutta High Court praying for recovery of possession of the premises at No. 6, Lyons Range, P.S Hare Street, Kolkata, specifically housing two departments of our Company, on the grounds that our Company failed to pay the increased rent, as per the agreement dated April 18, 2002 and also failed to vacate the premises in spite of being served with due notice for handing over vacant and peaceful possession of the premises upon expiry of September 30, 2008. The amount involved in the matter is around Rs. 0.46 million. Our Company has filed a written statement dated March 1, 2010 and the matter is currently pending.

3. Nicco Corporation Limited ("Nicco") filed a money suit (no. 269 of 1997) against our Company before the Calcutta City Civil Court ("Civil Court"), claiming that our Company had illegally deducted a sum of Rs. 0.54 million as turn over tax, in relation to an order for supply of haulage wire ropes that it had placed with Nicco. The Civil Court by an ex-parte order dated May 6, 2008 decreed a sum of Rs. 0.78 million along with interest in favour of Nicco, pursuant to which our Company filed a case for setting aside of the ex-parte order of the Civil Court. In the meantime Nicco filed a winding up petition (Company Petition No. 483 of 2009) against our Company, before the Calcutta High Court under Sections 433,434 and 439 of the Companies Act, alleging non-payment of Rs. 0.78 million along with interest as per the ex-parte order dated May 6, 2008 in money suit (no. 269 of 1997). Our Company contested the winding up petition, pursuant to which the Calcutta High Court on June 18, 2010 passed an order stating that the sum of Rs. 0.78 million along with interest must be deposited by our Company if the winding up petition against our Company is to be suspended for a period of six months and within this time of six months our Company should attempt to get the ex-parte decree of the Civil Court set aside. In case the decree is not set side by the Civil Court, the high court stated that the winding up petition would continue against our Company. Our Company has deposited the requisite amount of Rs. 0.94 million vide pay order dated September 9, 2010 and the winding up petition (though currently suspended) is pending before the high court.

Additionally, there are 167 cases relating to sales and marketing filed by our consumers, against our Company, pending before various forums including the Supreme Court and the High Courts at Patna, Kolkata, Chhattisgarh and Bombay. These cases *inter alia* relate to, the validity of the e-auction method for sale of coal, refund of excess amount paid for coal over and above the notified price, resumption of supply of coal to customers which was stayed for various reasons, prices charged in excess of the government notified prices, forfeiture of earnest money, enhancement of annual contracted quantity of coal and challenge relating to clauses 2.3 and 4, of the office memorandum laying down the NCDP, which provided for 25% sale through e-auction method and entering into a compulsory fuel supply agreement regardless of allotted linkage respectively. All the matters are currently pending.

Further, there are 32 cases relating to supply of bulk explosives to our Company and our Subsidiaries pending before various forums including the Supreme Court, Calcutta High Court and the Appellate Authority for Industrial and Financial Reconstruction. These cases *inter alia*, relate to, dispute with the suppliers as to supply of explosives to certain other organizations at a price lower than the price supplied to our Company and our Subsidiaries, disputes in relation to return of security deposit and bank guarantee furnished by the supplier at the time of accepting the supply tender, addition of a clause relating to performance of the supplier during the course of the tender, adjusting or withholding of amounts towards price difference and price dispute as to supply of explosives for an additional period beyond the original period of the tender. Of the 32 cases pending against us, 15 cases involve an aggregate amount of approximately Rs. 471.70 million and for the remaining cases, the amount is not ascertainable. All the matters are currently pending.

Land Cases

There are 15 land related matters filed by various individuals *inter alia* before the Supreme Court, the High Courts at Jharkhand, Bilaspur, Gauhati and the district courts of Tinsukia and Margherita districts, relating to disputes, regarding title to land and encroachment of land by our Company to carry on mining activities. The amount involved in the above matters cannot be ascertained and all the matters are currently pending. There is one material case as detailed below:

1. Mr. Mariyanush Marandi has filed a writ petition (W.P (C) No. 6602 of 2007) against the Chairman, CIL, and ECL before the Jharkhand High Court alleging that his land was acquired by the respondents in 1981 for 15 years pursuant to a notification issued under the CBA Act allegedly without any payment of compensation. He also alleges that the land acquired was not handed back to him within the period of 15 years as promised and the date by which the land was to be returned expired in January 1996. In lieu of these grievances Mr. Marandi prays for a compensation amount of Rs. 2 million along with interest on the amount from February 1996 till handing over the land to him in a fit condition as per the agreement. The matter is currently pending.

Labour/ Service Matters

There are 244 service matters filed by various individuals against our Company pending before the Supreme Court and various High Courts including *inter alia*, the High Courts at Patna, Calcutta, Chattisgarh, Gauhati and

Madhya Pradesh alleging amongst others, failure to provide dearness allowance and retirement benefits, failure to determine the correct seniority position, illegal and wrongful suspension, denial of promotion and discrimination in matters of determining promotion, imposition of high interest rates towards pension contribution, arbitrary reduction in allowances without assigning of proper reasons and irregularities in payment of pension, and praying amongst others for reinstatement with back wages and continuation of service, departmental promotion, transfer to a different department, payment of retirement benefits including dearness allowance and pension. The amount involved in the above matters cannot be ascertained and all the matters are currently pending.

Consumer cases

There are eight consumer related matters filed by various individuals against NEC, CIL before the Gauhati High Court and the district courts of Tinsukia and Margherita districts, alleging *inter alia*, non delivery of coal under the e-auction scheme, wrongful deductions, disputed pricing of the coal supplied and such other matters. The amount involved in the above matters cannot be ascertained and all the matters are currently pending.

Other miscellaneous cases

There are 32 other miscellaneous cases against our Company pending *inter alia* before the Court of Small Causes Mumbai, Calcutta City Civil Court, High Courts at Jabalpur, Delhi, Calcutta and Chattisgarh. These cases *inter alia*, relate to, disputes over premises that our Company had taken on a sub-lease, tenders relating to mechanical transfer of coal and certain payment to be made for works completed, disputes in relation to recovery of money pursuant to supply of goods and disputes in relation to payment of earnest money. The amount involved in these cases is not ascertainable. All the matters are currently pending.

There are five cases relating to bank guarantees and letters of credit filed against our Company before the Calcutta High Court. These cases relate to disputes regarding enforcement of various bank guarantees. The amount involved in these matters is not ascertainable and the matters are currently pending.

Cases filed by our Company

Criminal Cases

There are two criminal cases filed by our Company, details of which are as follows:

1. CIL, represented by Tushar Kanti Mukherjee, has filed a a criminal complaint (No. 3303 of 2010) against Agni Media Private Limited and others ("**Agni Media**"), before the Court of the Chief Metropolitan Magistrate, Kolkata and an application under Section 482 of the Code of Criminal Procedure, 1973, (AST 379 of 2010) before the same forum. CIL alleges that false and misleading imputations against the conduct of various officials of the Company appeared in a news item in "Tehelka" a weekly news magazine, in the edition published on May 17, 2008. Our Company alleged that the news item contained defamatory statements and initiated a complaint under section 500, 501, and 502 of the Indian Penal Code on the grounds of defamation and publication of defamatory matter. Our Company has prayed for issuance of process and suitable punishment in accordance with law. Subsequently, Agni Media filed an application alleging that the summons issued in criminal complaint (No. 3303 of 2010) was bad in law, as the news item in "Tehelka", in the edition published on May 17, 2008 was covered under the exceptions to the offence of defamation as stated in Section 499 of the Indian Penal Code. Agni Media prays that all proceedings in relation to the criminal complaint (No. 3303 of 2010) be stayed and a show cause notice be issued for quashing the aforesaid criminal complaint. The matter is currently pending.

2. CIL has filed a contempt petition (Contempt Petition No. 185 of 2006) against Mr. Hansraj Jain and others before the Calcutta High Court alleging violation of the the order of the Calcutta High Court dated July 12, 2006 which directed the Mr. Jain to pay the difference in price between the basic linked price as paid from time to time and the price actually paid. The order was passed in APO No. 472 of 1997. Our Company amongst others prays for imprisonment of the contemnors.

Civil Cases

Our Company has filed nine cases against various individuals and entities *inter alia* currently pending before the Supreme Court, City Civil Court, Kolkata, High Courts at Calcutta, Gauhati and the district court of Tinsukia, alleging *inter alia* failure on part of the defendants to fulfil its contractual obligations in spite of receipt and appropriation of advance payment by the defendants from our Company, claims for payment of rental arrears and non-payment for construction works and other claims in relation to coal shortage. Our Company in these matters amongst others prays for quashing of various orders and appointment of arbitrators for resolving of disputes. The amounts involved in the matters are not ascertainable and the matters are currently pending.

Outstanding Litigation/Proceedings involving the Directors of our Company

Cases filed against our Directors

There are no pending adjudicatory, regulatory or arbitral proceedings involving any of our Directors as on date of this Prospectus. Further, neither our Company nor our Directors have received any notices from any regulatory body or any other person with respect to any threatened or potential litigation or regulatory proceedings or investigation against them. However incidental to the business of our Company and our Subsidiaries, parties may from time to time file suits/ cases impleading our Company and its Subsidiaries through or along with their respective officers and Directors in their official capacity.

Cases filed by our Directors

1. Mr. Partha S. Bhattacharyya filed a complaint in the Alipore police station on November 6, 2008 against Mr. Subrata Kumar Saha and another, alleging offences under Sections 387 and 120B of the IPC stating that Mr. Saha had threatened and intimated him on various occasions after disciplinary action had been initiated, which was taken up by the authorities and a chargesheet was filed. The same was submitted to the Chief Judicial Magistrate Alipore on June 29, 2009 who transferred the case to the Court of the Judicial Magistrate, Alipore. This was registered on February 2, 2010 as the present matter (C.G.R Case No. 3590 of 2007 filed on December 2, 2009). Mr. Subrata Kumar Saha has filed a criminal revision application (C.R.R. No. 274 of 2010 arising out of C.G.R Case No. 3590 of 2007). He alleges that the Learned Chief Judicial Magistrate should not have taken cognizance of the case arising out of Alipore Police Station Case No. 268 of 2007 dated November 6, 2007 and prays for quashing of proceedings in the above case, and pending hearing, prays for a stay in all proceedings. The court, *vide* order dated February 3, 2010 had granted a stay of eight weeks and directed the matter to appear on the list of contested applications. Mr. Saha has also filed a writ petition (W.P. No. 5560 (W) of 2008) against the cognizance of the C.G.R. No. 3590 of 2007 in the Calcutta High Court. The matter is currently pending.

Proceedings Initiated/ Pending against our Company for Economic Offences

There are no proceedings pending against our Company for any economic offences.

Details of Past Penalties Imposed on our Company

There are no past penalties imposed on our Company, by any statutory/ regulatory authority.

Potential Material Litigation/ Notices Received

Except as stated below, there are no potential material litigation or notices received by our Company:

1. Our Company has received a notice (No. 0794900), dated January 12, 2009, from the Chief Manager (Revenue) of Kolkata Municipal Corporation stating that our Company is liable to pay a total amount of Rs. 9.42 million on account of outstanding dues for the occupation of premises at 10, Netaji Subash Road, Kolkata for certain short periods between February 1990-2008. Further *vide* letter dated January 15, 2009, the advocate of our Company informed the legal manager, that a sum of Rs. 24.94 million was due from our Company as interests and penalty for not being able to deposit the above outstanding dues in relation to occupation of premises at 10, Netaji Subash Road, Kolkata for the above mentioned period. The matter is currently being negotiated.

2. Our Company has received a notice dated May 14, 2010, from the Additional Director General, Competition Commission of India ("**Competition Commission**"), under Section 36(2) read with Section 41(2) of the Competition Act 2002, stating that our Company arbitrarily pressurised the information provider of the present complaint to the Competition Commission, into entering into agreements and contracts which were prejudicial and biased and in favour of our Company, and against the interests of the information provider for procurement of explosives, by incorporating unrealistic and unfair conditions in the tender documents, making it mandatory and unconditional for acceptance by the participants. Further the notice alleges that the agreements for procuring explosives by our Company against its notice inviting tenders dated July 4, 2008 for running contract were prima facie unfair and discriminatory. Our Company replied to the notice *vide* letter dated June 2, 2010 and subsequently our Company filed an additional response dated July 19, 2010 and the matter is currently pending.

Material Developments since the Date of the Last Balance Sheet

Except as disclosed in the sub section titled "Significant Development Subsequent To The Date Of Latest Audited Financial Statement" on page 233, in the opinion of our Board, there have not arisen, since the date of the last financial statements disclosed in this Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our total assets or ability to pay our material liabilities within the next 12 months.

Outstanding dues to Small Scale Undertakings or any other Creditors

As required by Section 22 of the Micro, Small and Medium enterprises Development Act, 2006, as amended, the following information is disclosed on the basis of information available with our Company:

S.No.	Description	Rs. in million June 30, 2010
1.	Principal amount remaining unpaid	17.37
2.	Interest due thereon (Interest due and / or payable)	Nil
3.	Interest paid by the Company in terms of Section 16 of micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	Nil
4.	Interest due and payable for the period of delay in making payment (which have been due but beyond the appointed day during the year) but without the adding interest under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil
5.	Interest accrued and remaining unpaid.	Nil
6.	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to small enterprise.	Nil

Cases against other Companies whose outcome could have an effect on our Company.

There are no cases against other Companies whose outcome could have an effect on our Company.

H. Outstanding Litigation/ Proceedings involving the Subsidiaries

Litigation involving our Subsidiaries

As on October 10, 2010, except as mentioned below, there are no outstanding litigation/proceedings involving the Subsidiaries.

Bharat Coking Coal Limited ("BCCL")

Outstanding Litigation/ Proceedings Involving BCCL

The details of the outstanding litigation/proceedings involving BCCL as on October 10, 2010 are as follows:

Cases Filed against BCCL

Criminal Cases

There are 253 criminal cases filed by various individuals against BCCL pending *inter alia* before various lower courts in Dhanbad including courts of the Chief Judicial Magistrate, Session Judge, Judicial Magistrate and Motor Accidents Tribunal. Amongst others, the cases mainly relate to prayer for quashing of various orders by which cognizance was taken of offences committed under Section 33 of the Indian Forest Act, Sections 72A, 72 C(1)(a) and 72C(1) (b) of the Mines Act, Sections 23 and 24 of the Contract Labour Act and Section 29 of the Industrial Disputes Act 1947. Other criminal cases filed against BCCL *inter alia* include initiation of criminal cases under Section 200 (a) of the Code of Criminal Procedure, 1973 for trial of offence under Section 73 and 72 C (1) (a) of the Mines Act in relation to non-compliance of safety and construction compliance orders issued by the Inspector of Mines and cases under Section 24 of Weights and Measurements Act, 1976. Also various contempt applications were filed against BCCL for wilful and deliberate violation of court orders directing promotion of various individuals, payment of salary arrears, payment of retirement benefits, re-instatement, regularization and others. Further certain FIRs have been lodged against BCCL under *inter alia* Sections 287 read with 304A of IPC, Sections 72C (1)A of the Mines Act, Sections 447, 341, 323, 504 of the IPC, Section 3 of the Scheduled Caste and Scheduled Tribes (Prevention of Atrocities) Act, 1989, Sections 287, 337, 338, 304(A), 34, 420, 467, 471 of the IPC. The amount involved in the above matters cannot be ascertained and all the matters are currently pending. These cases include two material cases, brief description of which are provided below:

1. The Directorate General of Mines Safety has filed a criminal case (CMA Criminal Case No. 515 of 2000) against Mr. A.K. Paul, then General Manager of the Western Jharia area, and other officials of BCCL, in the Court of the Chief Judicial Magistrate, Dhanbad. It was alleged that certain offences under Section 73 of the Mines Act had been committed, as certain BCCL officials failed to take timely action to repair or replace badly deteriorated pipe lines which resulted in the death of three workers. This was in contravention of Sections 18(1) of the Mines and Minerals Act, 1952 read with Regulation 190 of the Coal Mines Regulations, 1957 as well as regulation 190 read with regulations 41(1) (a) and 50(a) of the Coal Mines Regulations, 1957. The complaint prayed that the concerned officials be put on trial and punished accordingly. BCCL has filed a bail petition as well as a petition under Section 205 of the Code of Criminal Procedure, 1973 for excusing the physical presence of the defendants and the matter is currently pending.

2. The Directorate General of Mines Safety has filed a criminal case (CMA Criminal Case No. 315 of 2003) against Mr. J. Kumar, then Director (Technical) Operations of BCCL and other officials of BCCL, before the Court of the Chief Judicial Magistrate, Dhanbad. It was alleged that the officials failed to take timely action and precautions with regard to the fire and dense smoke in the Kujama Colliery and this was in contravention of Regulation 122 (5) read with Regulation 190 of the Coal Mines Regulations, 1957. The complaint prayed that the concerned officials be put on trial and punished accordingly. BCCL has filed a bail petition as well as a petition under Section 205 of the Code of Criminal Procedure, 1973 for excusing the physical presence of the defendants and the matter is currently pending.

Public Interest Litigation

There are six public interest litigation pending against BCCL, details of which are as follows:

1. Mr. Sukhdeo Vidrohi has filed a writ petition by way of a public interest litigation (W.P. (PIL) No. 1419 of 2010) against the Union of India, BCCL and others, before the Jharkhand High Court, alleging that the conversion of 15 underground mines into opencast mines was causing ecological imbalance, environment pollution in the entire area coupled with the destruction of forests and trees and affecting wildlife. He prayed for a direction to stop the conversion of these underground mines into open cast mines. The matter is currently pending.

2. Mr. Dinesh Ram has filed a writ petition by way of a public interest litigation (W.P. (PIL) No. 1728 of 2008) against the Union of India, BCCL and others, before the Jharkhand High Court, alleging irregularities in the tender process for engaging Heavy Earth Moving Machinery , for removing overburden of coal. Mr. Ram prayed for an appropriate writ to stay the award of the tender with respect to the tender notice 38 and 39 and make the process of tendering transparent and impartial. BCCL has filed an affidavit in opposition, and the matter is currently pending.

3. Gramin Ekta Manch has filed a writ petition by way of a public interest litigation (W.P. (PIL) No. 3633 of 2008) against the State of Jharkhand, BCCL and others, before the Jharkhand High Court,

alleging that as a result of the mining operations, plants and trees are being destroyed leading to several types of pollution due to which various individuals are suffering from various diseases. Gramin Ekta Manch has prayed for an appropriate remedy to prevent the cutting of trees in the Putki Balihari area of BCCL and issuance of appropriate writs to replant new plants on the land of the Putki Balihari. area of BCCL which has been left vacant, and take action against the concerned authorities who allowed cutting of trees against provisions of the law. BCCL has filed a counter affidavit and the matter is currently pending.

4. Mr. Nimai Mukherjee has filed a writ petition by way of a public interest litigation (W.P No. 18046 (W) of 2001) against BCCL and others before the Calcutta High Court, alleging that illegal mining operations carried on in the Borira open cast mines by BCCL resulted in subsidence of land in the Borira and Basi villages at, Burdwan causing threat to life and property of the villagers. Mr. Mukherjee further alleges that BCCL and others failed to take necessary measures for shifting the affected inhabitants to a safer place and make necessary arrangements for rehabilitating them. Mr. Mukherjee prays for a writ compelling BCCL to frame a rehabilitation scheme and rehabilitate the inhabitants to a safe place along with payment of damages for the loss of property. The counter written submission has been filed by BCCL on March 20, 2002, pursuant to which the matter is yet to be listed and is currently pending.

5. Mr. Dilip Kumar Mukherjee has filed a writ petition by way of a public interest litigation (W.P. No. 2950(W) of 2006) against the Union of India, BCCL and others before the Calcutta High Court alleging failure on the part of BCCL to control the illegal mining in the Raniganj and Jharia coal fields area. Mr. Mukherjee has prayed for a direction from the High Court to BCCL to take positive steps to stop illegal mining and illegal transportation of coal, to institute a CBI enquiry and to set up appropriate security measures so as to minimise illegal mining incidences in the said coalfields. BCCL has filed a counter affidavit, and the matter is currently pending.

6. Mr. Subash Kumar Singh has filed a writ petition by way of a public interest litigation against the Chairman BCCL, District Commissioner Dhanbad, and others before the Supreme Court alleging failure to control the illegal mining and causing environmental pollution in the Dahibadi Basantimata colliery of "Chanch Victoria" area of BCCL. No formal notice has been received of the proceedings and the matter is currently pending.

Tax Cases

There are 448 tax cases against BCCL relating to sales tax, service tax, royalties, rural employment and primary education cess, and bank guarantees, pending *inter alia* before various authorities including the Supreme Court, Jharkhand High Court, Certificate Officer, Dhanbad, Deputy Commissioner of Commercial Taxes Jharia Circle, Sales Tax Authority, Dhanbad and the Assistant Commissioner, Central Excise, Asansol. The total amount involved in these cases is Rs. 5,696.27 million and the matters are currently pending. These cases include two cases which involve amounts in excess of Rs. 100 million. Brief description of these cases is provided below:

1. A show cause notice was issued by the Additional Director General of Central Excise and Service Tax, Kolkata against BCCL *vide* DGCE, Show Cause Notice No. 128/KZU/KOL/JSR/ST/Gr. F/08/2325 dated April 9, 2008. It has been alleged in the said notice, that BCCL is engaged in rendering cargo handling services to their customers by way of loading of coal in railway wagons including transportation of coal from pithead to railway siding. For the rendition of such services, BCCL charges certain amounts to its customers and is receiving payments thereof which appear to be liable for payment of service tax with effect from August 16, 2002, under the category of cargo handling service. The notice alleges that BCCL has caused loss to the Government exchequer by way of non-payment of service tax under cargo handling service, to the tune of Rs. 167.91 million, including education cess and secondary and higher education cess. BCCL filed a reply with the Commissioner, Central Excise and Service Tax, Ranchi, dated June 23, 2008. The matter is currently pending.

2. The Commercial Tax Officer, Asansol has raised 12 notices of demand for 6 assessment years relating to the payment of Rural Employment Cess and Primary Education Cess *vide* 6 demand notices (R.E. Cess No. 01/2002-2003 to 06/2003-2003 dated July 31, 2002 and P.E.Cess No. 01/2002-2003 to 06 2002/2003 dated July 31, 2002 for assessment years 1995-1996 to 2000-2001). The demands in all the notices are of the same nature, i.e. that BCCL has not paid the required amount of cess, and the same is

demanded along with interest and penalty. The total amount as of July 31, 2002 with interest and penalty amounts to Rs. 2,257.77 million, and the matter is currently pending.

Arbitration Matters

There are 71 arbitration petitions filed by various individuals against BCCL, including petitions, before the Supreme Court, Jharkhand High Court, Calcutta High Court and Dhanbad Court, relating to construction of quarters, plants, haulage roads, buildings and various other development work. The amount involved in the above matters cannot be ascertained and all the matters are currently pending.

Civil Cases

There are 858 civil cases filed by various individuals, against BCCL pending *inter alia* before the Supreme Court, Jharkhand High Court and the Dhanbad court. Amongst others, the cases mainly relate to claims of payments for work done, claims of rent and royalty, allegation of short stockage of coal, coal linkages, implementation of the fuel supply agreements, title suits, declaratory suits and injunctions and disputes relating to mine safety measures in place and mines accident, disputes relating to supply of coal on account of inability to prove the end use of coal supply under the fuel supply agreement, disputes relating to title and interest of purchased land, disputes in relation to the land looser scheme, motor accidents claim, consumer cases and cases relating to the environment and forests. The amount involved in the above matters cannot be ascertained and all the matters are currently pending. These cases include one material case which involves an amount in excess of Rs. 100 million, brief description of which is provided below:

1. BCCL has filed an appeal (No. 82 of 2008), against Eastern India Powertech Limited (formarly known as DLF Power Limited) ("**EIPL**") and JSERC before the Appellate Tribunal for Electricity, New Delhi ("**ATE**") under Section 111 of the Electricity Act, 2003 ("**Electricity Act**") for setting aside of the order dated March 28, 2008 passed by the Jharkhand State Electricity Regulatory Commission ("**JSERC**") laying out the applicable tariff rate from second year onwards for the Madhuband 1x11 MW (gross power) power plant as per the terms of the power purchase agreement dated January 11, 1995, ("**Power Purchase Agreement**") entered into between EIPL and BCCL. The Power Purchase Agreement required calculation of the applicable tariff rate for subsequent years to be based on capital cost amount incurred up to commissioning of the plant. JSERC fixed the tariff rate for subsequent years (being 2003-2008) based on a capital cost amount of Rs. 762.2 million which was calculated by M/s Ernst & Young. EIPL has claimed the tariff rate fixed by the JSERC vide order dated March 28, 2008. BCCL has contested the capital cost amount on which the applicable tariff rates were calculated by the JSERC. BCCL has claimed that the tariff rate should be fixed at the accepted norms of the Indian power sector. As of June 30, 2010 BCCL has admitted a liability of Rs. 109.04 million. The matter is currently pending.

Labour/ Service Matters

There are 840 service matters filed by various individuals against BCCL pending *inter alia* before the Calcutta High Court, Jharkhand High Court, Delhi High Court, Central Government Industrial cum Labour Tribunal, Dhanbad, the Dhanbad Court, Commissioner of Workmen's Compensation Kolkata, District Court at Rajkot, District Court at Bangalore, District Court at Panchkula and District Court at Rangareddy, alleging amongst others, non payments of various benefits including life cover scheme, injury on duty wages, yearly bonus and coal mines provident fund, failure to provide retirement benefits such as gratuity and pension, failure to determine the correct seniority position and appropriate pay, illegal and wrongful dismissal, denial of promotion and discrimination in matters of determining promotion, in-correct recording of date of birth of employees, denial of employment to dependants of deceased BCCL employees and praying amongst others for reinstatement with back wages and continuation of service, departmental promotion, transfer to a different department, retirement benefits including gratuity and pension, correction in date of birth records, coal mines provident fund, absconding cases and employment etc. The amount involved in the above matters cannot be ascertained and all the matters are currently pending.

Cases Filed by BCCL

Arbitration Matters

There is one material arbitration proceeding initiated by BCCL involving an amount in excess of Rs. 100 million, the details of which are as follows:

1. BCCL has filed a case (Misc. Arbitration Case No. 71 of 2008) against DLF Power Limited ("**DLF Power**") before the Court of Sub Ordinate Judge 1st court, Dhanbad. This case was filed under Section 34 of the Arbitration and Conciliation Act, 1986 by BCCL for setting aside an arbitral award of Rs. 840 million and interest till the date of payment by BCCL awarded on October 1, 2008 under an agreement to set up a power plant on "build-own-operate" basis and generate /sell power to CIL and BCCL at Madhuban Coal Washery, DLF Power had installed a 1x10 megawatt captive power plant at Madhuban to provide power to BCCL. DLF Power alleged that the coal rejects were of deficient quality and hence consumed more quantity of these rejects and also the poor quality led to break down of the power plant as well as other extra expenditure. The extra amount of rejects was deducted from the electricity tariff and DLF power termed this a violation of the agreement. DLF Power took up the matter with the JSERC for implementation of the agreement. The JSERC referred the matter to an arbitrator who gave an award dated October 1, 2008 against us amounting to Rs. 840 million. An appeal has been filed in the Court of the Sub-ordinate Judge at Dhanbad, regarding the implementation of tariff for the first year and the payments thereof. The matter is currently pending.

Civil Cases

There are 26 cases filed by BCCL against various individuals and entities *inter alia* currently pending before the Jharkhand High Courts and various lower courts at Dhanbad *inter alia* relating to disputes in relation to title of land and alleging various unauthorised constructions over a piece of land. The amount involved in these matters is not ascertainable and the matters are all currently pending. There is one material case as detailed below:

1. BCCL has filed a case (C.A. No. 2325 of 2006 arising out of the judgment and order dated December 6, 2005 in L.P.A. No. 77 of 2005) against the State of Jharkhand and others, before the Supreme Court. The State of Jharkhand alleged that we have not paid an adequate amount of royalty cess on the amount of coal mined. The amount claimed amounts to Rs. 225.80 million. BCCL has claimed the royalty should be paid on the amount of coal that is removed from the mining area and not the coal that is taken out of the pit at the time of extraction. As many similar notices were being sent to BCCL for various areas, BCCL filed a civil appeal in the Supreme Court to decide on whether royalty should be paid on coal extracted from coal pit or leasehold area and praying that BCCL be allowed to pay royalty on the coal that is removed from the leasehold area. A stay dated April 3, 2010 was passed in the matter declaring that no coercive action should be taken against BCCL, for recovery of the royalty amounts, and the matter is currently pending.

Environment and Forest Cases

1. BCCL filed a writ petition (W.P. No. 4503 of 2003) against the State of Jharkhand before the Jharkhand High Court, Ranchi. The matter arose out of the order of the Divisional Forest Officer ("**DFO**"), in 1998, which asked BCCL to submit the lease document on the basis of which BCCL was mining in certain areas. BCCL appealed against the said order in the Patna High Court, Ranchi Bench (L.P.A. 203 of 2001) which was dismissed and remanded to the office of the DFO. A reply was filed by BCCL and in answer to the reply, the office of the DFO passed an order through a forwarding letter (No. 2837) dated August 19, 2003 alleging that there has been ongoing opencast mining in the forest land of Ghanuadih and Bera, and that the same was totally in violation of the order and spirit of the Supreme Court order dated December 12, 1996 in the case of *T.N. Godhavarman v. Union of India*, regarding permission to mine on forest land. Secondly, the order claimed that as the land in question was forest land and compensation to the State Government had not been paid, either by the Central Government or BCCL at the time of nationalization. Thirdly, the order also stated that legitimate permission under Section 2 of the Forest Conservation Act, 1980, had not been obtained.

   As BCCL had been mining in violation of said order of the Supreme Court for the past five years and committed other violations, the DFO ordered them to immediately cease the mining activity on the forest land of Bera and Ganuadih. Against this order, BCCL filed the present writ petition in the Jharkhand High Court. Through an order dated September 10, 2003, the High Court stayed the operation of the order of the DFO and allowed BCCL to continue mining, without felling any tree or timber during the pendency of the case. Claiming that BCCL had felled one tree, the DFO filed a contempt petition (No. 347 of 2007) in the Jharkhand High Court at Ranchi dated April 18, 2007,

alleging wilful violation of the order dated September 10, 2003. The said contempt petition was subsequently dismissed on March 5, 2010 for non appearance. Aggrieved by the contempt petition, BCCL filed an interim application (I.A. No. 1774 of 2007) dated June 25, 2007, in the Jharkhand High Court at Ranchi, asking for a modification of the order dated September 10,2003 and seeking permission for BCCL to cut trees in order to carry out mining activities. The Jharkhand High Court at Ranchi, passed an order dated August 16, 2007, asking BCCL to approach the Chief Secretary of Jharkhand for an amicable settlement of the disputes between the two parties. Pursuant to the order dated August 16, 2007, BCCL filed an application before the Chief Secretary and after hearings, the Chief Secretary passed an order dated January 21, 2008 stating that the amicable settlement was not possible. Aggrieved by the order, BCCL filed another application for amicable settlement and the Chief Secretary through a subsequent order dated December 1, 2008 asked BCCL to apply to the relevant authority for forestry clearance in respect of the land in question. Following this order, BCCL has filed an application which is pending before the Ministry of Environment and Forests. The writ petition is also pending the grant of this approval.

Anti Dumping Cases

1. India Ferro Alloy Producers Association and BCCL have filed a special leave petition (S.L.P. (C) Nos. 9781-90 of 2000) against the Union of India and others, before the Supreme Court against the final findings of the designated authority ("**DA**") dated August 8, 1998 and corrigendum dated September 2, 1998 with regard to the imposition of anti-dumping duty on the import of metallurgical coke from China. The DA came to the conclusion that metallurgical coke originating in or exported from China had been exported to India below normal value resulting in dumping which had caused material injury to the domestic industry. Accordingly DA recommended provisional anti-dumping duty of Rs. 1,800 per metric tonne and after confirming the preliminary findings imposed an anti-dumping duty calculated at a rate as equivalent to the difference between Rs. 4,673 per metric tonne and the landed value of metallurgical coke. The importers, including BCCL filed an appeal before the Customs Excise and Gold (Control) Appellate Tribunal ("**CEGAT**"). *Vide* order dated January 21, 2000, the CEGAT upheld the order of the DA dated August 8, 1998 and set aside the order dated September 2, 1998. It is against this order that the importers further filed the current appeal before the Supreme Court under Section 130E (b) of the Customs Act and under Order XX-B of the Supreme Court Rules, 1996 praying for quashing of the order of CEGAT. BCCL is only a pro-forma party to this appeal. The matter is currently pending and is yet to be listed.

2. <u>Central Coalfields Limited ("CCL")</u>

Outstanding Litigation/ Proceedings involving CCL

The details of the outstanding litigation/proceedings involving CCL as on October 10, 2010 are as follows:

Cases filed against CCL

Criminal Cases

There are 19 criminal cases filed against CCL, details of which are as follows:

1. The Weights and Measures Authority initiated criminal proceedings against CCL and also passed an order taking cognizance of an offence committed by CCL under Section 47 of the Weights and Measures Act, 1985. CCL was charged with the offence of having an underground tank for supply of petrol/high speed diesel, which had not been verified and stamped by the Weights and Measures Authorities. Thereafter, Mr. Gopal Singh, the then project officer (Parej), filed a criminal petition against the State of Jharkhand before the Jharkhand High Court praying for setting aside of the entire criminal proceeding initiated as against CCL including the order passed by the authorities for commission of offence under Section 47 of the Weights and Measures Act, 1985. The matter is currently pending.

2. The Sub-Divisional Judicial Magistrate, Hazaribagh issued an order dated May 28, 2002 and took cognizance of an offence committed by CCL under Section 47 of the Weights and Measures Act, 1985. Thereafter, Mr. Bharat Kumar Dubey, the then project officer (Urimari Project), filed a criminal

petition (Cr. M.P. 1173 of 2002) against the State of Jharkhand before the Jharkhand High Court, praying for quashing of the order dated May 28, 2002. The matter is currently pending.

3. The Sub-Divisional Judicial Magistrate, Hazaribagh issued an order dated May 28, 2002 and took cognizance of an offence committed by CCL under Section 47 of the Weights and Measures Act, 1985. Thereafter, Mr. T. Kumar filed a criminal petition (Cr. M.P. 1227 of 2002) against the State of Jharkhand before the Jharkhand High Court praying for quashing of the order dated May 28, 2002. The matter is currently pending.

4. The Chief Judicial Magistrate, Hazaribagh initiated criminal proceedings against CCL and also passed an order dated August 1, 2001 in connection with G. case No. 125 of 2001 taking cognizance of an offence committed by CCL under Section 29 of the Industrial Disputes Act, 1947 for non-implementation of the award dated April 27, 2000 by the Central Government Industrial Tribunal, Dhanbad to reinstate Mr. Safi Mian in service with full back wages and other consequential benefits. Thereafter, Mr. S. K. Verma, Chairman-cum-Managing Director, CCL and others filed a case (Cr. M.P. No. 1055 of 2002) against the State of Jharkhand, Labour Enforcement Officer (Central) Hazaribagh on January 20, 2003 before the Jharkhand High Court praying for an appropriate order for quashing of the entire criminal proceeding initiated against them including the order dated August 1, 2001. The matter is currently pending.

5. The appropriate authority initiated criminal proceedings against CCL and some of its officials in connection with Forest Case No. 40 of 2003 corresponding to T.R. No. 219 of 2003 for allegedly committing offences under Section 33 of the Indian Forest Act, 1927 and Sections 2 and 3 of the Forest Conservation Act, 1980 and passed an order dated July 2, 2003 whereby cognizance was taken of an offence committed by CCL and others under Section 33 of the Indian Forest Act, 1927 and Sections 2 and 3 of the Forest Conservation Act, 1980 and a Forest Case no. 40 of 2003 corresponding to T.R. No. 219 of 2003 was filed before the Court of the Chief Judicial Magistrate, Bermo at Tenughat. Thereafter, Mr. U.S. Roy, General Manager, Kathara area, CCL and another filed a case (Cr M.P. 1078 of 2003) against the State of Jharkhand before the Jharkhand High Court praying for an appropriate order for quashing of the entire criminal proceeding initiated against them in connection with Forest Case No. 40 of 2003 corresponding to T.R. No. 219 of 2003 including the order dated July 2, 2003 and all subsequent proceedings in the said Forest Case no. 40 of 2003 corresponding to T.R. No. 219 of 2003. The matter is currently pending.

6. The appropriate authority initiated criminal proceedings against CCL and some of its officials in connection with Forest Case No. 42 of 2003 corresponding to T.R. No. 220 of 2003 for allegedly committing offences under Sections 33 and 63 of the Indian Forest Act, 1927 and Sections 2 and 3 of the Forest Conservation Act, 1980. These criminal proceedings were pending before the Court of the Additional Chief Judicial Magistrate, Bermo at Tenughat. Thereafter, Mr. S.H.A. Kazmi, General Manager, Bokaro and Kargali Area, CCL, and others filed a case (Cr. M.P. No. 918 of 2003) against the State of Jharkhand and others before the Jharkhand High Court pray for quashing of the entire criminal proceeding initiated as against them in connection with Forest Case No. 42 of 2003 corresponding to T.R. No. 220 of 2003. The matter is currently pending.

7. The Chief Judicial Magistrate, Hazaribagh, passed an order dated February 9, 2004 in Misc. No. G-26 of 2004 corresponding to T.R. 975 of 2004, taking cognizance of an offence committed by CCL under Section 23 and 24 of the Contract Labour Act. Thereafter, Mr. V.K. Singh, Director (Technical-Operation)-cum-Owner, CCL filed a criminal petition (Cr. M.P. 1293 of 2004) against the State of Jharkhand and A. Khan, Assistant Labour Commissioner and Inspector under the Contract Labour Act, Hazaribagh before the Jharkhand High Court praying for quashing of the order dated February 9, 2004. The matter is currently pending.

8. The Assistant Labour Commissioner alleged that Mr. J.P. Sharma, the Chairman cum Managing Director of CCL, Ranchi, had engaged contract labour prohibited by Notification No. S.O. 2063 dated July 2, 1998 issued by the Ministry of Labour, GoI and thus violated Section 10 of the Contract Labour Act. Thereafter, Mr. J.P Sharma filed a criminal petition (Cr. M.P. No. 651 of 2004) before the Chief Judicial Magistrate, Hazaribagh praying for quashing of the assistant labour commissioner's finding but the Chief Judicial Magistrate vide order dated February 10, 2004, upheld the findings of the labour commissioner and the same was also upheld by the Jharkhand High Court vide order dated June 15, 2007. Thereafter, Mr. J.P. Sharma, filed a special leave petition (S.L.P. (Crl.) 6795 of 2007) dated

October 3, 2007 against the State of Jharkhand and A. A. Khan, Assistant Labour Commissioner (Central), Hazaribagh and Inspector under Contract Labour Act, Jharkhand before the Supreme Court challenging the final order and judgment dated June 15, 2007 passed the Jharkhand High Court. The matter is currently pending.

9. A complaint case (Misc. No. 19 of 2004) corresponding to T.R. No. 976 of 2004 was filed against CCL and some of its officials, which alleged an offence committed by CCL under Sections 23 and 24 of the Contract Labour Act. Mr. J.P. Sharma, Chairman cum Managing Director of CCL, Ranchi filed a criminal petition (Cr. M.P. No. 658 of 2004) before the Chief Judicial Magistrate, Hazaribagh praying for quashing of the complaint case but the Chief Judicial Magistrate, Hazaribagh *vide* order dated February 7, 2004 dismissed CCL's petition, which was also upheld by the Jharkhand High Court vide order dated June 15, 2007. Thereafter, Mr. J.P. Sharma, Chairman cum Managing Director of CCL, Ranchi filed a special leave petition (S.L.P. (Crl.) 6804 of 2007) dated October 3, 2007 against the State of Jharkhand and A. A. Khan, Assistant Labour Commissioner (Central), Hazaribagh and Inspector under the Contract Labour Act, Jharkhand before the Supreme Court challenging the final order and judgment of the Jharkhand High Court dated June 15, 2007. The matter is currently pending.

10. A complaint case (G. Case No. 26 of 2004) corresponding to T.R. No. 976 of 2004 was filed against CCL and some of its officials, which alleged an offence committed by CCL under Sections 23 and 24 of the Contract Labour Act. Mr. J.P. Sharma, Chairman cum Managing Director of CCL, Ranchi filed a criminal petition (Cr.M.P. No. 639 of 2004) before the Chief Judicial Magistrate Hazaribagh praying for quashing of the complaint case but the Chief Judicial Magistrate, Hazaribagh dismissed CCL's petition vide order dated February 9, 2004, which was also upheld by the Jharkhand High Court *vide* order dated June 15, 2007. Thereafter, Mr. J.P. Sharma, filed a special leave petition (S.L.P. (Crl.) 7516 of 2007) dated October 3, 2007 against the State of Jharkhand and A. Khan, Assistant Labour Commissioner (Central), Hazaribagh and Inspector under Contract Labour Act, Jharkhand before the Supreme Court challenging the final order and judgment of the Jharkhand High Court dated June 15, 2007. The matter is currently pending.

11. Criminal proceedings were initiated against CCL before the Additional Chief Judicial Magistrate, Bermo at Tenughat in connection with the Forest Case Nos. 42 of 2003 and 2 of 2003. Thereafter, Mr. S.L. Soni, Chief General Manager, Dhori Area, CCL and others filed a criminal petition (Cr. M.P. 837 of 2003) against the State of Jharkhand and Bhuwaneshwar Gope, Forest Guard Incharge, Mandu East Sub Bloc P.O. P.S. Mandu, District Hazaribag before the Jharkhand High Court praying for the quashing of all criminal proceedings initiated against them in connection with the Forest Case Nos. 42 of 2003 and 2 of 2003. The Jharkhand High Court *vide* order dated June 21, 2004 stayed all further proceedings in Forest Case Nos. 42 of 2003 and 2 of 2003. The matter is currently pending.

12. A lower court took cognizance of offences committed by CCL and some of its officials under Section 33 of the Indian Forest Act, 1927 and Sections 2 and 3 of the Forest (Conservation) Act, 1980. Thereafter, Mr. S.L. Soni, Chief General Manager, Dhori Area, CCL and others filed a criminal petition (Cr. M.P. 1150 of 2003) against the State of Jharkhand and Bhuwaneshwar Gope, Forest Guard Incharge, Mandu East Sub Bloc P.O. P.S. Mandu, District Hazaribag before the Jharkhand High Court praying for quashing of all criminal proceedings initiated against them in connection with the Forest Case No. 20 of 2003 corresponding to T.R. No. 218 of 2003 including the order dated July 2, 2003. The matter is currently pending.

13. The Chief Judicial Magistrate, Hazaribagh passed an order dated April 16, 2004 and took cognizance of an offence committed by Mr. Umashankar Singh, an official of CCL and others under Section 33 of the Indian Forest Act, 1927. Thereafter, Mr. Umashankar Singh and others filed a criminal petition (Cr. M.P. 902 of 2004) dated August 9, 2004 against the State of Jharkhand and another before the Jharkhand High Court for quashing all the criminal proceedings initiated against them including the order dated April 16, 2004. The matter is currently pending.

14. The Chief Judicial Magistrate, Dhanbad passed an order dated July 15, 2003 and took cognizance of an offence committed by Mr. Virendra Kumar Singh, the then Chief General Manager, CCL, Dhanbad under Section 33 of the Indian Forest Act, 1927 in B.P. Case No. 21 of 2003. Thereafter, Mr. Virendra Kumar Singh filed a criminal petition (Cr. M.P. 1187 of 2003) against the State of Jharkhand and another before the Jharkhand High Court for quashing of all the criminal proceedings initiated against them including the order dated July 15, 2003. The matter is currently pending.

15. The Chief Judicial Magistrate, Dhanbad passed an order dated July 15, 2003 and took cognizance of an offence committed by Mr. Virendra Kumar Singh, the then Chief General Manager, CCL, Dhanbad under Sections 33 and 64 of the Indian Forest Act, 1927 in B.P. Case No. 20 of 2003. Thereafter, Mr. Virendra Kumar Singh, at present the Director Technical (Operations), filed a criminal petition (Cr. M.P. 1186 of 2003) against the State of Jharkhand and the Forest Guard, Department of Forest, Topchanchi, Police Station, before the Jharkhand High Court praying for quashing of all the criminal proceedings initiated against them including the order dated July 15, 2003. The matter is currently pending.

16. The Chief Judicial Magistrate, Dhanbad passed an order dated July 15, 2003 and took cognizance of an offence committed by Mr. Virendra Kumar Singh, the then Chief General Manager, CCL, Dhanbad under Section 33 of the Indian Forest Act, 1927 in B.P. Case No. 23 of 2003. Thereafter, Mr. Virendra Kumar Singh, at present the Director Technical (Operations), filed a criminal petition (Cr. M.P. 1188 of 2003) against the State of Jharkhand and the Forest Guard, Department of Forest, Topchanchi, Police Station, Dhanbad, before the Jharkhand High Court praying for quashing of all the criminal proceedings initiated against them including the order dated July 15, 2003. The matter is currently pending.

17. The Chief Judicial Magistrate, Dhanbad passed an order dated May 3, 2005 and took cognizance of an offence committed by Mr. S.K. Khare, the then General Manager of CCL, Hazaribag and others, under Section 33 of the Indian Forest Act, 1927. Also criminal proceedings were initiated against Mr. S.K Khare and others in relation to case no. T.R. No. 595 of 2006 (G. 162 of 2003). Thereafter, Mr. S.K. Khare, and others filed a criminal petition (Cr. M.P. No. 1500 of 2006) dated November 6, 2009 against the State of Jharkhand and Bhuwaneshwar Gope, Forest Guard Incharge, Mandu East Sub Bloc P.O. P.S. Mandu, District Hazaribag before the Jharkhand High Court for quashing of all criminal proceedings initiated against them in relation to case no. T.R. No. 595 of 2006 (G. 162 of 2003) including the order dated May 3, 2005. The matter is currently pending.

18. The Chief Judicial Magistrate, Dhanbad passed an order dated December 12, 1998, and took cognizance of an offence committed by Mr. S.K. Lal, the Chief General Manager, CCL, Hazaribagh and others, under Section 33 of the Indian Forest Act, 1927. Also criminal proceedings were initiated against Mr. S.K Lal and others in relation to case no. G-352 of 1996. Thereafter, Mr. S.K Lal and others filed a petition (Cr.M.P. 609 of 1999) before the Jharkahnd High Court praying for quashing of the criminal proceedings initiated against them and the order dated December 12, 1998. Vide order dated April 28, 2005, the Jhakhand High Court dismissed the petition of Mr. S.K Lal and others against which Mr. S.K. Lal and others filed a special leave petition (S.L.P.(Crl.) No. 9 of 2006) against the State of Jharkhand before the Supreme Court challenging the order dated April 28, 2005 passed by the Jharkhand High Court in Cr.M.P. 609 of 1999. The matter is currently pending.

19. A first information report (RC.02(A)/2010-AHD-R) dated May 12, 2010, was filed against the GM (Sales) of CCL and other unknown officials of our Company and CMPDIL under sections 120-B and 420 of the IPC and sections 13(2) read with 13(1)(d) of the Prevention of Corruption Act, 1988 alleging criminal conspiracy consequent to which coal was dishonestly and fraudulently made available at a subsidized rate to certain private parties, causing wrongful loss of Rs. 76.70 million to CCL. Thereafter, S.R. Industries and Indica Smokeless Fuel Industries filed criminal miscellaneous petitions (Cr. M.P. Nos. 689 of 2010 and 695 of 2010 respectively) against the Union of India through the Central Bureau of Investigation before the High Court of Jharkhand for quashing of the entire criminal proceedings including the first information report pending before the Special Judge of the Central Bureau of Investigation. The matter is currently pending.

Public Interest Litigation

There are five public interest litigation pending against CCL, details of which are as follows:

1. Mr. Chitranjan Das Choudhary has filed a public interest litigation (W.P. (PIL) No. 3527 of 2009) against the State of Jharkhand, the Chairman-cum-Managing Director, CCL and others before the Jharkhand High Court. Mr. Chitranjan Das Choudhary has alleged that the respondents, including the management of CCL, were knowingly illegally dumping hazardous wastes in and around Rajrappa Colliery area without proper authorization of the State Pollution Control Board and in contravention of

the provisions of Environment (Protection) Act, 1986 and Hazardous Waste (Management and Handling) Rules, 1989. Mr. Chitranjan Das Choudhary has prayed that the court issues appropriate writs, orders or directions restraining the respondents from carrying on illegal activities against the healthy environment of the Rajrappa area including directing the management of CCL to immediately stop illegal dumping of hazardous wastes. The matter is currently pending.

There are four public interest litigation filed by Mr. Satish Sinha, Mr. Somnath Chatterjee, the Goa Foundation and the Central Cooperative Glass Works Limited against CCL. For details of such litigations, please see section titled "Outstanding Litigation/ Proceedings Involving our Company - Public Interest Litigation" on page 258.

Tax Cases

There are 793 tax cases against CCL which includes 17 income tax matters, 538 sales tax related matters, 70 royalty tax /surface rent/ dead rent matters, 134 electricity duty matters, five service tax matters and 29 entry tax matters pending *inter alia* before the Supreme Court, the Jharkhand High Court, the Commissioner of Commercial Taxes, Jharkhand, the Joint Commissioner of Commercial Taxes (Appeal), Hazaribagh, the Deputy Commissioner of Commercial Taxes, Hazaribagh and the Commissioner of Central Excise, Jharkhand. The total amount involved in these cases is Rs. 13,648.40 million and all the matters are currently pending. These cases include 15 cases which involve amounts in excess of Rs. 100 million. Brief description of these cases is provided below:

Sales Tax Cases

1. CCL filed an appeal (C.C. (S) 57 of 2010) on March 2, 2010 before the Commissioner of Commercial Taxes, Jharkhand, against the sales tax demand notice (no. 14153) dated February 21, 2009 of the Deputy Commissioner of Commercial Taxes, Ramgarh, passed under Sections 17 (1), 31 (3), 32, 32(9), of the Jharkhand Value Added Tax Act, 2005 for the financial year 2006-2007. The impugned demand notice raised a demand of Rs. 128.9 million *inter alia* on grounds of enhancement of turnover, imposition of tax on transfer of stock within the colliery, rejection/non-availability of statutory forms and others against which CCL filed the current appeal. CCL prays for setting aside/quashing of the assessment order of the Deputy Commissioner of Commercial Taxes, Ramgarh. The appeal has been admitted and recovery of demand has been stayed on provisional payment of Rs. 9.8 million *vide* order dated March 19, 2010. The case is pending for hearing on merits.

2. CCL filed an appeal (C.C.(S.)111-112 of 2009) on March 21, 2009 before the Commissioner of Commercial Taxes, Jharkhand, against the sales tax demand notice (no.4140) dated January 12, 2009 of the Assistant Commissioner of Commercial Taxes, Ramgarh, passed under Sections 17 (1), 31 (3), 32, 32(9), of the Jharkhand Value Added Tax Act, 2005 for the financial year 2006-2007. The impugned demand notice raised a demand of Rs. 179.9 million *inter alia* on grounds of enhancement of turnover, transfer of stock within the colliery, in put tax credit rejection and against which CCL filed the current appeal. CCL prays for setting aside/quashing of the assessment order of the Assistant Commissioner of Commercial Taxes, Ramgarh. The appeal has been admitted and recovery of demand has been stayed on provisional payment of Rs. 25 million *vide* order dated March 21, 2009. The case is currently pending for hearing.

3. CCL filed an appeal (CST/04-05:RG/CSTA-06/2007-08) on December 18, 2007 before the Commissioner of Commercial Taxes, Ranchi, against the sales tax demand notice (no.1005) dated September 3, 2007 of the Deputy Commissioner of Commercial Taxes, Ramgarh, passed under Sections 13 (4) /22 (2)/ 25(2)/ 22(3), 25(3), of the Bihar Finance Act 1981 for the financial year 2004-2005. The impugned demand notice raised a demand of Rs. 101.8 million *inter alia* on ground of, rejection/non-availability of declaration forms against which CCL filed the current appeal. CCL prays for setting aside/quashing of the assessment order of the Deputy Commissioner of Commercial Taxes, Ramgarh. The appeal has been admitted and recovery of demand has been stayed on provisional payment of Rs. 20.4 million *vide* order dated March 15, 2008. The case is currently pending for hearing.

4. CCL filed an appeal (CC(S) 293-294 of 2009) on August 19, 2009 before the Commissioner of Commercial Taxes, Jharkhand, against the sales tax demand notice (no.15055) dated March 26, 2009 of the Deputy Commissioner of Commercial Taxes, Hazaribagh, passed under Sections 17 (1), 31 (3),

32, 32(9), of the Jharkhand Value Added Tax Act, 2005 for the financial year 2006-2007. The impugned demand notice raised a demand of Rs. 519.9 million *inter alia* on grounds of imposition of tax on stock transfer within colliery, rejection of statutory forms, enhancement of turnover, non-acknowledgement of payment and others against which CCL filed the current appeal. CCL prays for setting aside/quashing of the assessment order of the Deputy Commissioner of Commercial Taxes, Hazaribagh. The appeal has been admitted and recovery of demand has been stayed on provisional payment of Rs 50 million *vide* order dated March 23, 2010. The case is currently pending for hearing.

5. CCL filed an appeal (CST/05-06) on March 12, 2009 before the Joint Commissioner of Commercial Taxes (Appeal), Hazaribagh, against the sales tax demand notice (no.8734) dated December 29, 2008 of the Deputy Commissioner of Commercial Taxes, Hazaribagh circle, passed under Sections 16 (4),/22 (2)/ 25(2)/ 22(3), 25(3), of the Bihar Finance Act, 1981 for the financial year 2005-2006. The impugned demand notice raised a demand of Rs. 336 million *inter alia* on grounds of enhancement of turnover, rejection of declaration forms, non-acknowledgement of payments and others against which CCL filed the current appeal. CCL prays for setting aside/quashing of the assessment order of the Deputy Commissioner of Commercial Taxes, Hazaribagh. The appeal has been admitted and recovery of demand has been stayed on provisional payment of Rs. 50 million *vide* order dated March 17, 2009. The case is currently pending for hearing.

6. CCL filed an appeal (RG STA17/08-09) on February 12, 2009 before the Joint Commissioner of Commercial Taxes (Appeal), Hazaribagh, against the sales tax demand notice (no.4142) dated January 12, 2009 of the Assistant Commissioner of Commercial Taxes, Ramgarh circle, passed under Sections 17(1) 31(3), 32, 32(9), of the Jharkhand Value Added Tax Act of 2005 for the financial year 2006-2007. The impugned demand notice raised a demand of Rs. 264.3 million *inter alia* on grounds of enhancement of turnover, rejection/non-availability of declaration forms, non-acknowledgement of payments, rebate penalty, and others, against which CCL filed the current appeal. CCL prays for setting aside/quashing of the assessment order of the Assistant Commissioner of Commercial Taxes, Ramgarh. The appeal has been admitted and recovery of demand has been stayed on provisional payment of Rs. 32.5 million *vide* order dated March 17, 2009. The final hearing for the matter was held on May 24, 2010, however the order of the court is awaited.

7. CCL filed an appeal (CC(S) 56-57 of 2009) on February 17, 2009 before the Commissioner of Commercial Taxes, Jharkhand, against the revised VAT demand notice (no.4667) dated December 17, 2008, and later revised to February 17, 2009, of the Assistant Commissioner of Commercial Taxes, Ramgar Circle, passed under Sections 17 (1), 31 (3), 32, 32(9), of the Jharkhand Value Added Tax Act 2005 for the financial year 2006-2007. The impugned demand notice raised a demand of Rs. 154.9 million *inter alia* on grounds of rejection of quality deduction, enhancement of turnover, input tax credit rejection and others against which CCL filed the current appeal. CCL prays for setting aside/quashing of the assessment order of the Assistant Commissioner of Commercial Taxes. The appeal has been admitted and recovery of demand has been stayed on provisional payment of Rs. 25 million *vide* order dated March 21, 2009. The case is currently pending for hearing.

8. CCL filed an appeal (CC(S) 56-57 of 2009) on February 17, 2009 before the Commissioner of Commercial Taxes, Jharkhand, against the revised VAT demand notice (no.4666) dated December 17, 2008, and later revised to February 17, 2009, of the Assistant Commissioner of Commercial Taxes, Ramgarh Circle, passed under Sections 17 (1), 31 (3), 32, 32(9), of the Jharkhand Value Added Tax Act 2005 for the financial year 2006-2007. The impugned demand notice raised a demand of Rs. 213.7 million *inter alia* on grounds of rejection of quality deduction, enhancement of turnover, rebate penalty and others against which CCL filed the current appeal. CCL prays for setting aside/quashing of the assessment order of the Assistant Commissioner of Commercial Taxes. The appeal has been admitted and recovery of demand has been stayed on provisional payment of Rs. 25 million *vide* order dated March 21, 2009. The case is currently pending for hearing.

9. CCL filed an appeal (HZ 31 of 2002) on February 28, 2002 before the Commercial Taxes Tribunal, Jharkhand, against the revised sales tax demand (no.4340) dated February 6, 1999 of the Deputy Commissioner of Commercial Taxes, Hazaribagh Circle, issued under Sections 4/22(2), 22(3), 25(2)/ 25(3) of the Bihar Finance Act 1981 for the financial year 1995-1996. The impugned demand notice raised a demand of Rs. 156.88 million *inter alia* on grounds of rejection of quality deduction, enhancement of turnover, statutory form rejection and others against which CCL filed the current appeal. CCL prays for setting aside/quashing of the assessment order of the Deputy Commissioner of

Commercial Taxes, Hazaribagh Circle. The appeal has been admitted and recovery of demand has been stayed on provisional payment of Rs. 7 million *vide* order dated February 24, 2000. The case is currently pending and the order is awaited.

Income Tax Cases

1. CCL filed an appeal (no. 346/CO/08-09) on January 29, 2009 before the Commissioner of Income Tax (Appeal), Ranchi against the order of the Additional Commissioner of Income Tax ("**ACIT**"), dated December 26, 2008, passed under Section 143 (3) of the IT Act for the assessment year 2006-2007 on the ground that the ACIT had erred in imposing a total expenditure of Rs. 2,439.40 million for which the total tax impact was calculated to be Rs. 1,549.13 million. The impugned order added several expenditure heads. Amongst others, the impugned order disallowed lease rent paid for acquisition of forest land, disallowed claims of exempt income, disallowed prior period expenses and added back the expenditure on land and crop compensation. On December 26, 2008 penalty proceedings notice (No. 4,445) under Section 271(1)(c) of the IT Act was received by CCL. In the current pending matter, CCL prays for quashing of penalty proceedings and deletion of the additions/disallowances made by the ACIT. The case is currently pending for order of award.

2. CCL filed an appeal (*vide* acknowledgement no. X 704558) on January 27, 2009 before the CIT (Appeals), Ranchi against the order of the Deputy Commissioner of Income Tax ("**DCIT**"), dated December 24, 2009, passed under Section 143 (3) of the IT Act for the assessment year 2007-2008 on the ground that the DCIT had erred in imposing a total expenditure of Rs 781.1 million for which the total tax impact was calculated to be Rs. 326.10 million. The impugned order added several expenditure heads. Amongst others, the impugned order disallowed interest on tax free bonds, CMPDIL expenses, apex charges, lease rent paid for acquisition of forest land, disallowed prior period expenses and added back the expenditure on land and crop compensation. Further the DCIT, served a notice (No. 1,567) for initiation of penalty proceedings against CCL, under Section 271(1) (c) of the IT Act *vide* letter dated December 24, 2009. The case is currently pending for hearing.

Service Tax Cases

1. CCL received a show cause notice (DGCEIF No. 304/KZU/KOL/JSR/ST/Gr.F/07/10529) dated October 22, 2007, from the Additional Director General, Kolkata Zonal Unit, stating that CCL was liable to pay service tax with effect from August 16, 2002 under the category of cargo handling service. Besides CCL was neither registered for service tax under this category with the Central Excise Department nor was it submitting ST3 returns in respect of the said service to any Central Excise/Service Tax authority and was thus evading service tax payment by way of mis-statement and misrepresentation, and in the process causing loss to the Government exchequer to the tune of Rs. 347.41 million and education cess of Rs. 4.42 million which in total amounted to Rs. 352.67 million. Thereafter, CCL filed an appeal (TO/Service Tax/07-08/1021) dated December 20, 2007, before the Commissioner of Central Excise, Jharkhand and the matter is currently pending. CCL prays that it be discharged from the consequences of the show cause notice. The case is pending for hearing on merit.

Royalty Matters

1. CCL filed a writ petition (W.P. 3109 of 2010) before the Jharkhand High Court against the order of the Certificate Officer (Mining) Hazaribagh dated March 20, 2010, in certificate case no. 03/2008-09 which imposed royalty and interest of an amount of Rs. 106.31 million on CCL for allegedly escaping payment of royalty by not disclosing in its monthly returns, the fact that 631,836 metric tonnes of coal was produced/dispatched from the lease hold area. CCL prays for quashing of the order of the Certificate Officer (Mining) Hazaribagh dated March 20, 2010. Thereafter, another demand notice was issued on May 21, 2010 for an amount of Rs. 108.89 million towards royalty and interest. The case is currently pending.

2. CCL filed a writ petition (W.P. 5127 of 2006) before the Jharkhand High Court against the orders of the Certificate Officer (Mining) Dhanbad dated May 27, 2006/June 9, 2006 in the certificate case no. 01/2004-05, which imposed royalty and penalty of Rs. 61.72 million. Pursuant to a demand notice dated December 10, 2009, from the Certificate Officer, this amount was later increased to Rs. 100.06 million. The royalty and interest was imposed on CCL for allegedly escaping payment of royalty by not disclosing in its monthly returns, the fact that 362,000 metric tonne of coal was produced/

dispatched from the lease hold area. CCL prays for quashing of the order of the Certificate Officer (Mining) Dhanbad dated May 27, 2006/ June 9, 2006. The Jharkhand High Court by an order dated July 27, 2010 has directed the petitioner to pay 40% of the demand that is, Rs. 24.68 million in the court of the Certificate Officer within a period of six weeks. The High Court further stated that if such amount is deposited, no coercive step can be taken against the petitioner for the recovery of the balance amount till further orders. The High Court further directed the petitioner to implead our Company as a party. The case is currently pending.

3. CCL filed a writ petition (W.P. 4546 of 2003) before the Jharkhand High Court praying for quashing the order dated July 16, 2003 passed in certificate case no. 03/1998-99. A demand notice dated July 3, 1998 was issued by the District Mining Officer, Dhanbad for the payment of Rs. 53.15 million as initial royalty amount which CCL allegedly escaped by not disclosing in its monthly returns, the fact that a total of 559,563.82 tonnes of W-IV grade coal was produced/ dispatched from the lease hold area. When CCL failed to adhere to the initial demand notice, the amount of royalty including the interest amount till that date was increased to Rs. 59.53 million *vide* demand notice dated September 4, 1998 and the certificate case no. 03/1998-99 was instituted. Further, pursuant to notice dated December 10, 2009 the royalty including interest as of this date was further increased to Rs. 140.50 million. Thereafter, *vide* interim order dated September 11, 2003, the Jharkhand High Court ordered that no coercive step be taken against CCL. In the current matter, CCL has filed an application for grant of stay on certificate case no. 03/1998-99 pending before the Certificate Officer, Dhanbad, Mining Circle. The case is currently pending.

Mine Accident Cases

There are currently nine mine accident cases filed by the Directorate General of Mines Safety against the employees of CCL currently pending before District Courts and the Jharkhand High Court. All these cases deal with accidents in mines and violations of Mines Act. The total amount involved in these cases is not ascertainable.

Arbitration Matters

There are 36 arbitration cases filed by various contractors against CCL, which are currently pending before various arbitral tribunals. The amount involved in the above matters, wherever ascertainable, is approximately Rs. 478.00 million. All these matters are currently pending. These cases include one case which involves an amount in excess of Rs. 100 million. Brief description of the case is provided below:

Garden Reach Ship Builder and Engineers Limited ("**GRSBEL**") filed an arbitration case (no. PMA/NCJ/23/2002) against CCL before a sole arbitrator in relation to a contract between GRSBEL and CCL dated March 30, 1991 in respect of designing, manufacturing and supplying three DG sets at the Rajrappa area. GRSBEL claimed a sum of Rs. 128.92 million. Furthermore, they claimed interest amounting to Rs. 222.93 million along with pendentilite interest, Rs. 2.70 million towards upkeep charges of DG sets for nine years, any taxes and duties that have been levied, the costs of arbitration and any other relief. CCL also counter-claimed a sum of Rs. 166.49 million because of loss of production and profit due to non-supply of diesel generator set and Rs. 128.16 million as interest towards advance payment made by CCL. The sole arbitrator in his award dated April 28, 2008 allowed the claim of GRSBEL and directed CCL to pay them Rs.108.89 million apart from interest at the rate of 18% per annum from September 1, 1993 till the date of payment or August 25, 2008 whichever is earlier and if the interest is not paid till August 25, 2008 then at the rate of 21% per annum from September 1, 1993 till the date of payment and Rs. 2.70 million as upkeep charges of the three DG sets. The sole arbitrator also dismissed the counter claim of CCL. Thereafter, CCL filed an appeal (Appeal No. 14 of 2008) against the Chairman-cum-Managing Director, of GRSBEL before the Law Secretary (appellate authority under permanent machinery of arbitration), Department of Legal Affairs, Ministry of Law and Justice, GoI, New Delhi. The appeal has been filed by CCL challenging the award dated April 28, 2008 in Case No. PMA/NCJ/23/2002. CCL has prayed to the appellate authority to set aside the award dated April 28, 2008 and to stay it in the meanwhile. The matter is currently pending.

Labour/ Service Matters

There are 845 cases relating to labour, industrial and service matters pending *inter alia,* before the Central Government Industrial Tribunals at Dhanbad, Asansol, Bhubaneshwar, Jabalpur, Nagpur, Asansol and Dhanbad, Regional Labour Commissioner at Ranchi, Civil Judge at Asansol and at Lower Courts, Asansol,

High Courts at Ranchi, Kolkata, Bilaspur, Indore and Cuttack . The labour and industrial matters relate to disputes as regards workmen's compensation and regularization of labour. The service matters include cases related to the payment of gratuity, termination of service, retirement and terminal benefits and payment of arrears. The total amount involved in these cases is not ascertainable.

Land cases

There are 1,109 land cases filed by various individuals including the State of Jharkhand, against CCL pending *inter alia* before the Supreme Court, and the Ranchi Courts. Amongst others, the land disputes mainly relate to claims of partition, disputes regarding title to land, claims for employment and compensation under the land loser's scheme, allegations of forceful occupation of land, and other cases under the CNT Act as well as the LA Act. The individuals *inter alia* pray for declaration of good title to land, adequate rehabilitation, employment and payment of adequate compensation pursuant to acquiring of land by CCL under the land loser's scheme. The amount involved in the above matters cannot be ascertained and all the matters are currently pending. These cases include three cases which involve amounts in excess of Rs. 100 million. Brief description of these cases is provided below:

1. Mr. Krishna Prasad Agarwal and others have filed an appeal (M.A. No. 23 of 2002) against the Union of India, CCL and others before the Jharkhand High Court. The appellants have challenged the judgment and award dated August 30, 2001 of the Tribunal constituted under the CBA Act. The High Court *vide* judgment dated August 30, 2001 had dismissed the claim of Mr. Krishna Prasad and others for declaration of their title over 137.89 acres of land acquired under the CBA Act *vide* Notification No. 3894 dated December 29, 1962 and for enhancement of compensation. Both the reference case and the appeal have been valued at Rs. 13.70 million in the appeal application but the Company has valued the suit as Rs. 137.89 million being the cost of the land and other interest, i.e. solatium at the rate of 20% and severance cost at the rate of 10% to be included. The matter is currently pending.

2. Mr. Mohan Mandal and others filed a civil writ petition (W.P. (C) No. 6059 of 2009) against CCL and others before the Jharkhand High Court. Mr. Mohan Mandal and others are alleging that the GoI had acquired their land amounting to 37.76 acres *vide* Notification dated March 31, 1983 issued under the CBA Act but that CCL and other had failed to pay compensation and provide employment despite the verification of the raiyati status of the land having been completed and several years having lapsed since then. Mr. Mohan Mandal and others prayed that the court issue Rule *Nisi* asking CCL and others to show cause as to why compensation in lieu of lands belonging to the Mr. Mohan Mandal and others has not been finalized despite lapse of several years and directing them to forthwith consider the case of Mr. Mohan Mandal and others and finalize compensation payable to them in lieu of acquisition of land under CBA Act and also provide employment to them. The amount involved in the petition is not ascertainable because the same has not mentioned in the petition but according to the Company's internal records cost of the land is Rs. 377.60 million and other interest, i.e. solatium at the rate of 30%, 9%, 15%, 12% additional compensation to be included on the rate as determined by the Court. The case is currently pending.

3. CCL filed a writ petition (W.P. (C) No. 4228 of 2006) against the State of Jharkhand and others before the Jharkhand High Court challenging the authority of Department of Mines, State of Jharkhand to issue demand notice against CCL for payment of enhanced surface rent to the tune of Rs. 523.87 million, for the period between 1973 to December 2005 in terms of the State Government resolution dated June 17, 2005. The said resolution laid down that the entire land was to be taken into account for determination of surface rent and the resolution also revised the surface rent at 5% of the latest market price of the land. CCL filed the writ petition for quashing of the said resolution and the certificate case no. 01/2005-2006 pending before the Certificate Officer (Mines), Hazaribagh. The High Court allowed the appeal pursuant to which the State of Jharkhand filed an appeal (Civil Appeals No. 3226-3271 of 2010) against M/s Misrilall Jain & Sons and CCL before the Supreme Court. The Supreme Court *vide* order dated April 13, 2010 allowed the appeal of the State of Jharkhand and directed that the writ petitions be restored before the High Court for fresh consideration. The case is currently pending and CCL is yet to receive notice from the High Court admitting the case for fresh consideration.

Regulatory Matter

There is one regulatory matter involving an amount in excess of Rs. 100 million, brief description of which is provided below:

CCL filed an application before the JSERC for fixation of tariff payable by it to DLF Power in terms of the power purchase agreement entered into between the parties on February 8, 1993. Separately, DLF Power also filed an application to the JSERC for fixation of capital expenditure/tariff. The JSERC *vide* tariff order dated December 4, 2004 determined/fixed the tariff payable by CCL to DLF Power for the two power plants (Rajrappa and Giddi). CCL filed an appeal (no.166 of 2005) before the Appellate Tribunal of Electricity against the order dated December 4, 2004. The Appellate Tribunal, vide order dated May 11, 2006 stated that it had no jurisdiction to entertain an appeal under Section 111 of the Electricity Act, 2003 and that the resolution of disputes between the parties pursuant to invitation in terms of the arbitral clause is an award in terms of the power purchase agreement. DLF Power and CCL filed appeals (civil appeal nos. 3109 of 2006 and 3561 of 2006, respectively) before the Supreme Court against this order. DLF Power in its written statement (to appeal no. 3561 of 2006) stated that the arrears as per JSERC's operative tariff order dated March 7, 2008 passed by the Chairman was Rs. 2,079.20 million (the differential amount payable by CCL to DLF Power in respect of the power tariff for a period from January 2000 to January 2009) and the arrears as per the Member (Technical)'s dissenting note in the said tariff order was Rs. 1,253.20 million. The interim relief sought was Rs. 1,250 million, which is the arrears as per the Member (Technical)'s dissenting note. The Supreme Court *vide* order dated July 11, 2007 stated that the capitalization costs quoted by DLF Power would be required to verified independently by the cost accounts wing of M/s. Ernst and Young in terms of the formula specified in the power purchase agreement and relevant copies of the same were to be forwarded to CCL, DLF Power and JSERC. CCL filed an interim application apprising the Supreme Court of the irregularities committed by the JSERC in fixing the tariff. The Supreme Court *vide* order dated April 1, 2009 accepted the contention of CCL and directed the Appellate Tribunal for Electricity to consider any appeal filed by CCL in this regard. CCL filed an appeal (appeal no. 83 of 2009) before the Appellate Tribunal for Electricity for setting aside the order dated March 4/7, 2008. The Appellate Tribunal for Electricity vide order dated July 31, 2009 dismissed the appeal and directed that all outstanding arrears payable by CCL to DLF Power arising out of this judgment along with delayed payment charges in terms of the power purchase agreement be liquidated in twelve equal monthly installments from the date of issue of the judgment. Subsequently, CCL filed an appeal (civil appeal no. 7403 of 2009) against DLF Power and JSERC before the Supreme Court for setting aside the order dated July 31, 2009. As of June 30, 2010 CCL has admitted a liability of Rs. 263.70 million. The matter is currently pending.

Potential Material Litigation/ Notices Received

Except as stated below, there are no other potential material litigation or notices received by CCL:

1. CCL has received a legal notice dated March 16, 2009 on behalf of Mr. Dayal Mahto, resident of village Dhori, Bokaro. According to the notice, Mr. Dayal Mahto is the legal heir of Mr. Hadi Mahto, who owned 3.68 acres of land which had been acquired by CCL, and hence, was entitled to get all kinds of benefits including employment from CCL. But, according to the notice, CCL was providing employment to only one of the descendants of Mr. Hadi Mahto, Mr. Prakash Mahto, and not any other descendants of Mr. Hadi Mahto. The notice informs CCL that if the employment is provided only to Mr. Prakash Mahto then Mr. Dayal Mahto shall file a case against CCL. The matter is currently being negotiated.

2. CCL has received a legal notice dated March 4, 2009 on behalf of villagers of Sawang and Pipradih. The notice challenges the decision of CCL to close the local sale point located at Sawang and transfer the same to Govindpur because any such transfer would cause the villagers to lose the means of earning their livelihood. CCL in its reply to the notice has stated that Pipradih siding had been closed and dismantled twenty years back because it was not full rake siding and that furthermore, the local sale in Sawang colliery had also been stopped twenty years back. Hence, the question of closing Sawang sale point did not arise at all. The matter is currently being negotiated.

Civil Cases

There are 39 civil cases including consumer matters filed by various individuals against CCL, *inter alia* before the high courts at Allahabad, Patna, Jharkhand and Kolkata, in relation to, among other things, disputes over contracts with third parties and prayer for quashing of various orders. The amount involved in the above matters cannot be ascertained and all the matters are currently pending.

Outstanding Litigation by CCL

Criminal Cases

There are 82 criminal cases registered against various individuals and 301 FIRs filed by CCL, pending, *inter alia,* before the Jharkhand High Court and various lower courts in Jharkhand dealing with illegal mining and theft of coal. The amount involved in the above matters cannot be ascertained and all the matters are currently pending.

Arbitration Matters

There are three arbitration cases filed by CCL which are currently pending before various arbitral tribunals. The aggregate amount involved in the above matters is not ascertained. These matters are currently pending.

3. Central Mine Planning and Design Institute Limited ("CMPDIL")

Outstanding Litigation/ Proceedings involving CMPDIL

The details of the outstanding litigation/proceedings involving CMPDIL as on October 10, 2010 are as follows:

Outstanding Litigation against CMPDIL

Criminal Cases

There are five criminal cases pending before the Madhya Pradesh High Court, Chief Judicial Magistrate, Bilaspur and the Special Judge, CBI. The aggregate amount involved in these matters is not ascertainable. The matters are currently pending. Brief description of these cases is provided below:

1. The Inspector, State of Madhya Pradesh has filed a complaint (Case No. 722 of 1996) dated March 29, 1996 against the Regional Director, CMPDIL, Bilaspur before the Chief Judicial Magistrate, Bilaspur alleging violation of Section 12 of the Child Labour (Prohibition and Regulation) Act, 1986. The Chief Judicial Magistrate, Bilaspur *vide* order dated September 18, 2006 dismissed the interim application filed by the CMPDIL whereby it was contended that the appropriate government with respect to CMPDIL in case of offences committed under the Child Labour (Prohibition and Regulation) Act, 1986 is the Central Government and not the State Government. The matter is currently pending.

2. The Assistant Labour Commissioner, Bilaspur, Madhya Pradesh, has initiated criminal proceedings (Cr. Case No. 91/CLA of 1996) against CMPDIL before the Labour Court, Bilaspur for non registration under the Contract Labour Act. CMPDIL filed a writ petition (W.P. No. 2226 of 1998) before the High Court of Madhya Pradesh at Jabalpur against the State of Madhya Pradesh and others challenging the letters issued by the Assistant Labour Commissioner directing CMPDIL to take registration under the Contract Labour Act, which had already been obtained. CMPDIL has prayed that the respondents be directed not to take any action for non registration of the establishment, hold that the Central Government is the appropriate government for implementation of the provisions of the Contract Labour Act and quash the summons issued by the Judicial Magistrate, First Class, Bilaspur. The High Court, pursuant to its order dated June 25, 1998 stayed the criminal proceedings, and the matter is pending before the court.

3. The Assistant Labour Commissioner, Bilaspur instituted two proceedings (nos. 3 of 1996 and 5 of 1996) against CMPDIL for non-compliance of provisions of the Equal Remuneration Act, 1976, as amended. The Assistant Labour Commissioner, Bilaspur *vide* order dated March 20, 1996 rejected the objection raised by CMPDIL regarding jurisdiction of the authorities to institute proceedings under the Equal Remuneration Act, 1976. Aggrieved by this order, CMPDIL filed a writ petition (W.P. No. 1255 of 1996) against the State of Madhya Pradesh, the Labour Commissioner, Indore and the Assistant Labour Commissioner, Bilaspur before the Madhya Pradesh High Court for quashing the order dated March 20, 1996 and upholding the fact that the Central Government is the appropriate government for CMPDIL's establishment. CMPDIL further prayed that, as an interim measure, the respondents be restrained from taking any further action against CMPDIL in complaint case nos. 3 of 1996 and 5 of

1996. The High Court *vide* order dated April 15, 1996 stayed further proceedings in both these cases. The matter is currently pending.

4. A first information report (RC.4(A)/2010-D) dated January 25, 2010, was filed against the then GM (Sales) of BCCL and other unknown officials of our Company, BCCL, CMPDIL and other third parties, under sections 120-B and 420 of the IPC and sections 13(2) read with 13(1)(d) of the Prevention of Corruption Act 1988 alleging criminal conspiracy, cheating and abuse of official position, in the sale of coal at a subsidized rate to certain private parties, causing wrongful loss of Rs.160 million to Rs. 240 million to BCCL. Thereafter, Subarnarekha Coal Complex Private Limited filed a criminal miscellaneous petition (Cr. M.P. No. 712 of 2010) against the Union of India through the Central Bureau of Investigation before the High Court of Jharkhand for quashing of the entire criminal proceedings including the first information report pending before the Special Judge of the Central Bureau of Investigation. The matter is currently pending.

   In addition to the above, there is another first information report filed against the GM (Sales) of CCL and other unknown officials of our Company and CMPDIL. For details, please see section titled "Outstanding Litigation/Proceeding involving CCL" on page 255.

Income Tax Cases

There are six income tax cases pending with the Commission of Disputes for permission to file the same in the Court. Out of these, four cases are pending before Commission of Disputes for permission to reopen the same in ITAT, Ranchi after being dismissed on technical grounds and pertain to payment of interest on assessed income for the assessment years 1993-94, 1995-96, 1996-97 and 1997-98 under Section 234 B of IT Act. The remaining two cases pertain to assessment under Section 143(3) of the IT Act for the assessment years 2006-07 and 2007-08. The aggregate amount involved in these matters is Rs. 23.23 million.

Service Tax Cases

There are two service tax matters pending before the Appellate Tribunal of Central Excise and Service Tax, New Delhi. The cases deal with the refund of excess service tax paid in different assessment years. The aggregate amount involved in these matters is Rs 2.65 million approximately. The matters are currently pending.

Property Tax Cases

There is one case related to payment of property tax pending before High Court of Madhya Pradesh. The aggregate amount involved in this matter is Rs. 1.66 million approximately. The matter is currently pending.

Sales Tax Cases

There is one sales tax matter pending before the Appellate Authority of Sales Tax, Varanasi. The amount involved in this matter is Rs. 0.60 million. The matter is currently pending.

Motor Accident Claims

Ms. Archana Chaoji and others have filed an appeal (No. 843 of 2000) dated June 19, 2000, before the High Court of Madhya Pradesh at Indore against NEC, our Company, CMPDIL and others. Ms. Archana Chaoji and others are aggrieved by the award dated February 18, 2000 passed by the Motor Accidents Claims Tribunal, Khargone, in the case (No. 23 of 98) and has filed the instant appeal challenging the award of the tribunal of Rs. 956,400 in relation to her husband's death, an officer of CMPDIL, in a road accident in Meghalaya. Ms. Archana Chaoji and others had prayed for Rs. 5.71 million in the claim petition earlier filed. They have now prayed that the award passed be modified and the appeal be allowed. The matter is currently pending.

Arbitration Matters

There are three appeals from the arbitration awards pending in Chattisgarh High Court, District Judge, Ranchi, Jharkhand, District Judge, Sidhi, Madhya Pradesh. The amount involved in all the arbitration appeals is Rs 0.48 million approximately. The matters are currently pending.

Civil Cases

There are 12 civil cases filed by various individuals against CMPDIL before the Civil Court, Bhubaneshwar, District Court, Nagpur, Civil Courts at Ranchi and Asansol, alleging *inter alia*, enhancement of compensation, defaults in payment and non payment of bank loans. The amount involved in the above matters cannot be ascertained and the matters are currently pending.

Labour/ Service Matters

There are 73 cases relating to labour, industrial and service matters including matters in relation to, among other things, workmen's compensation, regularization of labour, payment of gratuity, termination of service, retirement and terminal benefits, payment of arrears pending before Central Government Industrial Tribunals at Dhanbad, Asansol, Bhubaneshwar, Jabalpur, Nagpur, High Courts at Ranchi, Kolkata, Bilaspur, Nagpur and Cuttack. The aggregate amount involved in these matters is approximately Rs. 23.60 million. The matters are currently pending.

Land Cases

There is one land related dispute pending against CMPDIL relating to dispute in title. The amount involved in the above matter cannot be ascertained and the matter is currently pending.

Contempt Cases

There is one contempt case pending at Jharkhand High Court, Ranchi for non-payment of interest on the gratuity amount. The matter is currently pending.

Outstanding Litigation by CMPDIL

Criminal Cases

There are two criminal cases filed by CMPDIL before the Judicial Magistrate, Ranchi. The aggregate amount involved in these matters is not ascertainable. The matters are currently pending. Brief description of these cases is provided below:

1. CMPDIL filed a complaint case (Complaint Case No. 413 of 2002) against Mr. Brij Mohan Prasad, Mr. Kalyan Majumdar and Mr. Brijesh Chandra Mishra before the Judicial Magistrate, Ranchi. CMPDIL alleged that Mr. Kalyan Majumdar and Mr. B.M. Prasad had facilitated and abetted the fraudulent withdrawal of inadmissible amount of foreign exchange by Mr. B.C. Mishra in contravention of the rules framed by the RBI and CMPDIL. Thereafter, the Judicial Magistrate, Ranchi *vide* order dated September 28, 2002 took cognizance of offences under Sections 406, 409, 420, 465, 467, 468, 477A and 120-B read with Sections 109 and 316 of the Indian Penal Code, 1860 against them.

   Pursuant to this, Mr. Brij Mohan Prasad, Mr. Kalyan Majumdar and Mr. Brijesh Chandra Mishra separately filed three criminal miscellaneous petitions (Cr.M.P. Nos. 1176 of 2002, 261 of 2003, 1179 of 2002 respectively) against the State of Jharkhand and CMPDIL before the Jharkhand High Court for quashing the order dated September 28, 2002 and for a stay in all proceedings. Mr. Kalyan Majumdar also prayed for appropriate orders granting immediate payments of difference in arrear salary, gratuity and leave encashment payable from January 1, 1997 to February 23, 1999 withheld since September/ October, 2000; refund of the excess 'house rent allowance' wrongly recovered and the interest on delayed pension contribution along with penal interest at the rate of 18% and exemplary compensation of Rs. 0.2 million. Furthermore, Mr. Kalyan Majumdar has asked for an order directing the respondents to immediately deposit contributions for provident fund and pension with appropriate authority arising out of payment of arrear salary along with interest for the delayed deposit and concurrent initiation of action to facilitate payment of enhanced pension on the basis of revised pay scale effective from January 1, 1997.

   The Jharkhand High Court *vide* an interim order dated February 5, 2003 in the Cr.M.P. No. 1176 of 2002 stayed all further proceedings in the Complaint Case No. 413 of 2002. The matter is currently pending.

2. CMPDIL filed a complaint case (Complaint Case No. 771 of 2004) against Mr. Brij Mohan Prasad, Mr. Kalyan Majumdar and Mr. Brijesh Chandra Mishra before the Chief Judicial Magistrate, Ranchi. CMPDIL alleged that Mr. Kalyan Majumdar and Mr. B.M. Prasad had facilitated and abetted the fraudulent withdrawal of inadmissible amount of foreign exchange, amounting to Rs. 681,765 by Mr. B.C. Mishra in contravention of the rules of CMPDIL and RBI causing wrongful loss to CMPDIL. Thereafter, the Chief Judicial Magistrate, Ranchi *vide* order dated July 5, 2005 took cognizance of offences under Sections 406, 409, 420 and 120-B of the Indian Penal Code, 1860.

   Pursuant to this, Mr. Brijesh Chandra Mishra and Mr. Kalyan Majumdar separately filed two criminal miscellaneous petitions (Cr.M.P. No. 451 of 2006 and Cr.M.P. No. 476 of 2006, respectively) for quashing the order dated July 5, 2005. The Jharkhand High Court *vide* order dated February 23, 2010 directed that on account of the death of Mr. Brijesh Chandra Mishra, the application was dismissed in so far as Mr. Brijesh Chandra Mishra was concerned but that the trial would continue to proceed against the other accused persons. The matter is currently pending.

Arbitration Matters

There are three appeals from the arbitration awards pending in Chattisgarh High Court and District Judge, Ranchi, Jharkhand. The amount involved in all the arbitration appeals is Rs. 21.3 million approximately. The matters are currently pending.

Civil Cases

There are six cases pending before the District Courts at Ranchi, Jalandhar and Asansol. The amount involved is not ascertainable. The matters are currently pending.

4. <u>Eastern Coal Fields Limited ("ECL")</u>

Outstanding Litigation/ Proceedings Involving ECL

The details of the outstanding litigation/proceedings involving ECL as on October 10, 2010 are as follows:

Cases Filed against ECL

Criminal Cases

There are five criminal cases pending against ECL, details of which are as follows:

1. The Labour Enforcement Officer, Bankura and in charge of Ukhra filed a criminal case (C.C. No. 555 of 2004) against Mr. Chakrabarti, the then CMD of ECL, before the Chief Judicial Magistrate of Burdwan. The case was filed under Section 29 of the Industrial Disputes Act, alleging non implementation of the award of the CGIT Asansol in order dated February 24, 2003 (in reference number 8 of 2002), awarding reinstatement to Mr. Gunomoy Bauri. Mr. Bauri has since been reinstated and ECL has filed a criminal revision application under Section 384 of the Code of Criminal Procedure (No. CRR 1357/ 2007) in the Calcutta High Court. The matter is currently pending.

2. Mr. Ananda Chatterjee, then Director (Personnel) of ECL has filed an appeal in the Calcutta High Court in Complaint Case No. 686 of 2006 (CRR No. 4319 of 2009). The complaint was a case filed for non-payment of gratuity as found by the Labour Enforcement Officer ("**LEO**") on inspection of our Sodepur Area Office. BCCL immediately paid the dues but did not inform the LEO of the same. As a result, a criminal case was filed. Against this, ECL approached the High Court asking for a stay in their appearance and has also filed a criminal revision petition asking to quash the proceeding. The appellants were granted a stay in the proceedings and the matter is currently pending.

3. Mr. Sahadeo Singh, filed a case (RE 02/2009-2010) before the Court of the Sub Divisional Judicial Magistrate, Madhupur, Jharkhand against ECL and others, alleging that ECL had conducted mining activities on his land. The Padhadhikari directed the Circle Officer to make an inspection of the land, and submit a report in this regard. ECL is still awaiting the report and the case is pending.

4. The State of Jharkhand, filed three cases (61/04, 62/04 and 63/04) against S.S.Prasad, the then agent of S.P. Mines before the Court of the Sub Divisional Judicial Magistrate, Madhupur, Jharkhand. The case was filed under Section 33 of the Forest Act, 1927 as amended in 1989, alleging that ECL had occupied forest land despite having received only level 1 clearance for the same. ECL has filed a criminal revision petition (CR 1137/06) in the Jharkhand High Court, asking that the case be quashed. The same was disposed off by stating that we may repeat the same in a discharge petition at the time of filing of charge and the matter is currently pending.

5. The State of Jharkhand filed a case (C.R.M.P. No. 21 of 2002, in P.S. Case No. 93 of 2001 and 94 of 2001 which arises out of the same occurrence) against Mr. Hare Kant Jha, the Chief General Manager of the Rajmahal group of mines, before the Sessions Court, Gudda. The complaint alleged that the entire establishment of ECL at Rajmahal was aware of illegal mining, but did not take steps to prevent the same. The state alleged that this led to one part of the Rajmahal mine collapsing and killing a few individuals who had entered the mine and started removing coal on September 26, 2001. A case was registered under Section 304, 114 and 120B of the Indian Penal Code and Section 21 and 23 of the MMDR Act. ECL has filed a petition for anticipatory bail at the Sesions Court Gudda and a criminal miscellaneous petition in the Jharkhand High Court asking that the case in the Sessions Court be quashed. The matter is currently pending.

Public Interest Litigation

There are four public interest litigation pending against ECL, details of which are as follows:

1. Mr. Sanat Kumar Paul and others filed a writ petition by way of a public interest litigation (W.P. No. 26414 of 2007) against the Union of India, ECL, and others before the Calcutta High Court, alleging that ECL had not taken any action regarding the illegal mining and winning of coal. Mr. Paul prayed for a writ of mandamus asking ECL to extract coal according to laws and keep the mining zone peaceful and undisturbed. He also prayed for a writ of prohibition directing ECL to not allow the illegal extraction and a writ of certiorari commanding ECL to produce relevant records before the Court. The matter is currently pending.

2. Mr. Diltanjan Singh, filed a writ petition (W.P. No. 1178 of 2009) against CIL, ECL and others, before the Calcutta High Court in relation to compensation for a mining accident. Mr. Singh claimed Rs. 0.5 million as ex-gratia payment for the death of his father in a mine accident in 2006. The payment was claimed, based on a declaration by a Minister of the State Government and an appropriate circular was issued in November 2007. ECL contended that as the accident happened before the circular they were not bound to pay the same to Mr. Singh. The High Court by an order dated April 8, 2010, held against the Company and has asked us to give retrospective effect to the circular. ECL is in the process of filing an appeal in this regard.

3. Mr. M.C. Mehta filed a writ petition by way of a public interest litigation (W.P. No. 3727 of 1996) against the Union of India, BCCL and others, before the Green Bench of the Calcutta High Court, alleging that the actions of public sector undertakings, among others, were destroying the environment and contributing to pollution. Specific allegations have been made against ECL for creating water scarcity, land slides, inadequate sand stowing etc. In this regard, legal notices were served on the CMD ECL, among others, asking for compliances relating to various pollution control acts. Further, some orders were passed regarding the issue of mining in forest land. The matter is currently pending.

4. Tamal Kumar Roy has filed a writ petition by way of a public interest litigation against the Union of India, ECL, the chief managing director of ECL and other officials of ECL in the Calcutta High Court alleging that authorities at ECL had consistently over reported the quantity of coal shortage in their respective mines, which lead them to remove greater quantity of explosives from various storage places, thus causing loss to national wealth. Mr. Roy amongst other claims, further alleges that in violation of the recommendations made by the R.N. Mishra Committee which laid down that irregularities in matters of coal stock shortage, over-reporting should be adequately addressed by senior officials. Senior ECL officials had not been made responsible for their complicity in such acts of over-reporting of coal stock shortage. Mr. Roy has thus sought appropriate writs and directions from the court praying for proper investigation into the irregularities of reporting of coal-stock shortage and misuse of explosives, and has prayed that those senior officials of ECL complicit in these matters be

brought on record. Our Company is yet to file an affidavit in opposition to this petition and the matter is currently pending.

Tax Cases

There are 34 tax cases against ECL relating to sales tax, income tax, tax on stock shortage, demand of arrear cess and tax on free issue of coal to employees, service tax and royalties, pending *inter alia* before various authorities including the Commissioner of Central Excise, Bolpur Division, Supreme Court, Jharkhand High Court, West Bengal Taxation Tribunal and Income Tax Appellate Tribunal, Kolkata. The total amount involved in these cases is Rs. 762.56 million and the matters are currently pending. These cases include three cases which involves amounts in excess of Rs. 100 million. Brief description of the cases is provided below:

1. The Commissioner of Central Excise, Sian- Bolpur has sent a show cause cum demand notice No.4/Commr./ST/Bol/09 dated March 25, 2009 communicated vide reference (No. C. No.V(15)147/Adj/CE/Bol/08/624 dated March 26, 2009) for a demand of Rs. 131.72 million. ECL approached the Commissioner of Central Excise, Bolpur Division for relief and the Commissioner has provided relief for Rs. 22.92 million. As ECL is paying service tax under the head of 'goods transportation by road' ECL has availed an abetment to the extent of 75% of the transportation charges as per the relevant Central Excise notification. One of the conditions of the abetment is that the service recipient has to obtain a declaration from the transporter that they did not avail CENVAT credit on the capital goods utilized for transportation of goods. ECL has obtained this declaration from the transporters in a separate statement, but the Excise department has demanded that the declaration be provided at the back of the consignment note. Since neither ECL nor the transporters have issued any consignment notes, it is not possible to obtain the declaration on the back of the consignment note. ECL has received the order of the Commissioner of Central Excise, Bolpur Division, being No.25/Commr./ST/Bol/10 dated April 28, 2010, which directed ECL to pay service tax of Rs. 108.80 million along with interest and penalty amounting to Rs. 180.80 million under Sections 76 and 77 of the Finance Act, 1994, as amended, and ECL has filed an appeal before the Central Excise Appellate Tribunal for the remaining demand of Rs. 271.60 million.

2. The Government of West Bengal has filed a certificate case (Certificate Case No. (7)1 to (7) 9 of 1999-2000) against the CMD, ECL before the Certificate Officer, Dumka. The Government of West Bengal alleged that ECL had defaulted in the payment of certain dues and cess relating to the mining of coal and filed the certificates of demand amounting to Rs. 128.10 million in this regard. ECL approached the Calcutta High Court praying for a stay, stating that ECL was a BIFR company and as such was unable to pay the demand raised. The Calcutta High Court, through an order dated July 25, 2002 granted a stay for as long as ECL was a BIFR company. The matter is pending for as long as ECL is a BIFR company.

3. The State of Bihar, represented by the Assistant Mining officer Godda, has filed a certificate case (Certificate Case No. 1/98-99) against ECL before the Certificate Officer, Dumka. The State of Bihar alleged that ECL had defaulted in the payment of certain dues and cess relating to the mining of coal and filed the certificate of demand amounting to Rs. 109.43 million in this regard. ECL lost the case in the court of the Certificate Office Dumka, and filed a writ petition in the Patna High Court (C.W.J.C. No. 2550/1999) against the order of the Certificate Officer, Dumka. While proceedings were going on, the Patna High Court stayed the recovery, as ECL had gone into BIFR proceedings.

Civil Cases

There are 383 other civil cases filed by various individuals, against ECL pending *inter alia* before The Supreme Court, Calcutta High Court, Jharkhand High Court and various other lower courts of, Durgapur and Asansol including courts of the Chief Judicial Magistrate, Civil Judge (Junior Division) and Civil Judge (Senior Division). Amongst others, the cases mainly relate to claims of arrear payments in relation to certain electrical work done, disputes regarding supply of coal as per agreed linkage programs and cancellation of linkage programs, disputes regarding suspension of coal supply, recovery of penal freight, compensation for loss and damage caused due to water leakage, claims of rent and royalty, allegation of short stockage of coal, claims for payment of electricity duty, claims of compensation against damaged house due to mining operation, claims for municipality holding and property tax, claims of refund of electricity charges, claims for recovery of damaged valued for purchased goods, claims for idle wage recovery of money, disputes in relation to electricity supply and disputes relating to tender, medical negligence of doctors at the Kalla Central Hospital, claims challenging

the Coal Nationalisation Act, and disputes relating to mine safety measures in place and mines accident. The amount involved in the above matters is not ascertainable and all the matters are currently pending.

Arbitration Matters

There are 35 arbitration matters filed by various individuals against ECL *inter alia* before the Supreme Court, Calcutta High Court, and various other courts in Asansol, in relation to disputes *inter alia* relating to various construction projects, including construction of overhead tank at Amritnagar colliery, construction of haul road at Bonjemehari colliery, construction of quarters at Radhaklballavpur, construction of walk-way bridge across Nimcha Jore. The amount involved in the above matters is not ascertainable and all the matters are currently pending.

Land Cases

There are 332 land cases filed by various individuals including the State of Jharkhand, against ECL pending *inter alia* before the Supreme Court, Calcutta High Court, Jharkhand High Court and various other lower courts of Raghunathpur, Durgapur, Madhupur, Dhanbad including courts of the Sub-Divisional Judicial Magistrate. Amongst others the land disputes mainly relate to claims of partition, disputes regarding title to land, claims for employment and compensation under the land loser's scheme, allegations of forceful occupation of land and encroachment of forest land by ECL. The individuals *inter alia* pray for declaration of good title to land, adequate rehabilitation, employment and payment of adequate compensation pursuant to acquiring of land by ECL under the land loser's scheme. The amount involved in the above matters is not ascertainable and all the matters are currently pending.

Labour/ Service Matters

There are 1,409 service matters filed by various individuals against ECL pending *inter alia* before the Supreme Court, Calcutta High Court, Civil Judge (Second Court) Asansol, Civil Judge (Senior Division), Asansol, Central Government Industrial cum Labour Tribunal and the Assistant Labour Commissioner, Asansol alleging amongst others, non payments of various benefits including life cover scheme, injury on duty wages, yearly bonus and coal mines provident fund, failure to provide retirement benefits such as gratuity and pension, failure to determine the correct seniority position and appropriate pay, illegal and wrongful dismissal, denial of promotion and discrimination in matters of determining promotion, in-correct recording of date of birth of employees, denial of employment to dependants of deceased ECL employees and praying amongst others for reinstatement with back wages and continuation of service, departmental promotion, transfer to a different department, retirement benefits including gratuity and pension, recruitment against SC/ST vacancy and payment of yearly bonus, injury on duty wages, coal mines provident fund etc. The amount involved in the above matters cannot be ascertained and all the matters are currently pending.

Motor Accidents Claims

There are five motor accidents claim filed by different individuals against ECL pending before the Calcutta High Court. The individuals pray for adequate compensation in the matters. The amount involved in the above matters is not ascertainable and the matters are currently pending.

Right to Information matters

There are 41 requests submitted by various individuals in relation to ECL before the Information Officer under the Right to Information Act, 2005 at CIL seeking information *inter alia*, in relation to the number of executives posted for more than 15 years in the same location and non-executives posted in public relations department, the Satgram project, status of re-instatement, information regarding illegal mining at Parbelia and Dubeswari colliery, information regarding vacant posts and committees, information regarding basic price of coal grade, information as regards disciplinary processes and non-payment of gratuity. The amount involved in the above matters is not ascertainable and all the matters are currently pending.

Cases Filed by ECL

Civil Cases

There are 13 civil cases filed by ECL against various individuals, pending *inter alia* before Calcutta High Court and various lower courts of Durgapur and Asansol including the court of the Assistant District Judge, Courts of the Civil Judge (Senior Division) and Second Munsif Courts. Amongst others, the cases mainly relate to claims of arrear payments in relation to certain electrical work done, claims for payment of electricity duty, claims of refund of electricity charges, claims for recovery of damaged valued for purchased goods, claims for recovery of money, disputes in relation to title of land, claims for idle wage recovery of money, disputes in relation to electricity supply and disputes relating to tender. The amount involved in the above matters is not ascertainable and all the matters are currently pending.

5. Mahanadi Coalfields Limited ("MCL")

Outstanding Litigation/ Proceedings involving MCL

The details of the outstanding litigation/proceedings involving MCL as on October 10, 2010 are as follows:

Cases filed against MCL

Criminal Cases

There are 22 criminal cases filed against MCL pending before various forums including the sub divisional judicial magistrate's courts in Talcher and Jharsuguda. Of the 22 criminal cases, 11 criminal cases have been filed by the Labour Enforcement Officer (Central), Bhuwaneshwar, in respect of violation of various provisions of the Contract Labour Act, *inter alia* for violation of Section 10 of the act on the grounds of engagement of contracts labourers for raising of coal onto railway wagons, tippers or trucks and non intimation of changes of particulars specified in the certificate of registration to the registering officer. One criminal case is pending in respect of violation of Pre-Natal Diagnostic Techniques (Regulation & Prevention of Misuse) Act, 1994 on the ground that the ultrasound machine installed by MCL for conducting genetic examination was without valid registration and one case has been filed under Section 9(b) & (c) of the Explosives Act, 1884 for non possession of explosives license. Further, of the 22 criminal cases, seven cases, *inter alia* have been filed under the relevant provisions of the IPC against employees of MCL for assault.

Public Interest Litigation

There are five public interest litigation pending against MCL, details of which are as follows:

1. Purna Chandra Sahoo has filed a writ petition (W.P.(C) No. 13661 of 2006) in Orissa High Court against the Union of India, Chairman and Managing Director of our Company and the chairman and managing director, MCL and certain others, in respect of underground mining in Deulbera, Champapasi and Handidhua mines in Taclher, Orissa by MCL. In the writ petition, the Petitioner has alleged that the abovementioned mines are virtually closed for operation and that upon extraction of coal by MCL, the vacuum areas have not been adequately filled up with sand, thereby endangering the lives of 50,000 residents living in the vicinity to these mines in Talcher, Orissa. The petitioner has further alleged that as Talcher is in a seismically active zone, the inadequate filing of sands in the underground mines by MCL has further heightened the risks posed due to an earthquake. The petitioner has prayed for the constitution of an expert committee to look into the issue and has also sought from the court a writ prohibiting MCL from any further mining until adequate safety measures are undertaken. The matter is currently pending.

2. Keshub Bhutia has filed a public interest litigation (OJC No. 4031 of 2000) before the Orissa High Court in respect of mining by MCL in the vicinity of Talcher, Orissa. The petitioner has alleged that MCL has not adequately filled sand in the underground mines in the area, resulting in a threat to people living in the vicinity of the mines. He has further alleged that the mining of coal by MCL has resulted in depletion of the underground water levels and that MCL is extracting sand from the banks of river Brahmani in a manner causing the embankment to weaken, thus causing a danger of flooding. The petitioner has sought from the court the constitution of a high level committee to look into the issue. The matter is currently pending.

3. Chinmay Sankar Behera and certain others have filed an application (OJC 10707/2000) against MCL before the Orissa High Court regarding eviction of land oustees without proper rehabilitation. The applicant has sought a stay on the eviction and release of job list for land oustees to be provided

employment with MCL, in the village Nathgaon and Solada till MCL makes a provides a rehabilitation and resettlement plan for the land oustees. The applicant has also alleged police harassment in respect of eviction before the Orissa High Court. The matter is currently pending.

4. Siddheshwar Mohanty and another have filed a petition (OJC 5928/99) before the High Court of Orissa, challenging the construction of a road by MCL through the villages of Kalamchuin, Majhika, Birabarapur Delipur, Khuringa, Solada and Naharipur villages under Hingula area of MCL for transport of coal from the Hingula open cast mine, on the ground that the same is destructive to the environment and has a general adverse effect on people of the area. Accordingly, the applicant has sought a writ from the court prohibiting the construction of the road. The matter is currently pending.

5. Bharatpur Colliery Labour Union has filed a writ petition (W.P. (C) No. 1957 of 2004) challenging the cancellation of the Long Term Group Janata Personal Accident Insurance Policy implemented by MCL. The petitioner has alleged that the policy was implemented by MCL without consultation with the employees and in March 1998, a sum of Rs. 990 was deducted from the salary of each non-executive member. Thereafter, the policy was cancelled in August 2003 by MCL and a sum of Rs. 600 per employee was refunded without any interest. The petitioner has sought directions from the court to direct the appointment of the Central Bureau of Investigation or any other independent agency to take appropriate action against the officers of MCL involved with the issuance and cancellation of the insurance scheme and has sought the refund of the entire amount deducted from the salary of each employee together with interest. The matter is currently pending.

Environment and Forest cases

There are environment and forest cases pending against MCL, details of which are as follows:

1. Murlidhar Sahoo and others have filed a petition (OJC No 1493 of 99) before the Orissa High Court challenging the establishment of coal mine under the Kalinga project of MCL. The petitioners have argued that the establishment of the coal mines, inter alia, is likely to cause damage to surrounding environment, cause shortage of drinking water, blockage of irrigation facilities and disruption of communications due to construction of new roads, in and around the villages of Solada, Birabarpur and Nakepasi. Accordingly, the petitioners have sought, pending the resolutions of these issues, stoppage on the work being carried out for establishment of mines under Kalinga project. The matter is currently pending.

2. Indramani Pradhan and others have filed a writ petition (W.P.C No. 5533 of 2004) before the Orissa High Court, alleging that the MCL has been carrying out illegal mining activity in and around the vicinity of the water body know as “Satyabadi Sagar” in Talcher, Orissa. The petitioners have claimed in the petition that due to mining by MCL in the vicinity of the water body, there has been damage to the environment of the area and that the mining has caused hardship to the villagers on account of reduction in water levels. The petitioner has sought stoppage of mining activity in the vicinity of the water body and a provision for alternate water sources for irrigation. The matter is currently pending.

In addition to the above cases, there are nine criminal cases filed by the forest department against officials of MCL which are pending before various forums including the sub divisional judicial magistrate’s courts in Talcher and Bhuwaneshwar. These cases have been filed by the forest department under the applicable provisions of the Orissa Forest Act, 1972 and Forest Conservation Act, 1980, *inter alia* on the grounds of clearing of forest land, destruction of forest growth and alteration of boundary marks. Further, there are four criminal cases filed by the Orissa Pollution Control Board against MCL which are pending before sub divisional judicial magistrate’s court in Talcher and Bhuwaneshwar. These cases have been filed by Orissa Pollution Control Board under the applicable provisions of the Water (Prevention and Control of Pollution) Act, 1974, *inter alia* on the grounds of non obtaining of valid consent under Section 25 of the act in respect of certain mines operated by MCL. In addition, there are two criminal cases pending against MCL before the sub divisional judicial magistrate courts, for violation of Sections 341, 294, 379, 353 & 34 of the IPC on the charges of trespass on forest land. All matters are currently pending.

Claims and Notices by Statutory Authority

There are 126 pending proceedings before various forums including the Orissa High Court and the Income Tax Appellate Tribunal and outstanding notices and claims from various statutory authorities pending against MCL.

The proceedings and the outstanding notices relate to claims against MCL under various provisions of the Income Tax Act, the Motor Vehicles Act, 1988, Orissa Sales Tax Act, 1947 and the Orissa Entry Tax Act, 1999. Of the 126 pending proceedings and notices against MCL, 115 cases involve amounts of Rs. 7,194.58 million, and for the remaining proceedings and notices, the amounts are not ascertainable. These 126 proceedings also include assessment orders dated November 20, 2009 under Sections 251/254/143(3) of the Income Tax Act imposing an income tax liability (including interest), calculated as Rs. 126.24 million, Rs. 356.83 million and Rs. 112.85 million on MCL for the assessment year 2002-2003, 2002-2001 and 2000-2001 respectively. These cases include eight cases which involve amounts in excess of Rs. 100 million. Brief description of these cases is provided below:

1. MCL has filed a writ petition (W.P (C) No. 13924 of 2007) before the Orissa High Court challenging the assessment order dated August 17, 2007 of the Assistant Commissioner of Sales Tax, Cuttack –II Range, Cuttack, Orissa raising a demand of tax (including penalty) of Rs. 202.66 million on MCL, under the Orissa Entry Tax Act, 1999 for the period between April 1, 2005 to March 31, 2007. The matter relates to the sale of coal by MCL to NTPC's Talcher Super Thermal Power Project at Kaniha and the Thermal Power Station at Talcher, in respect of which MCL collected an entry tax under Orissa Entry Tax Act, 1999 at a concessional rate of 0.5%. In the assessment order, it was held that the sale of coal by MCL to NTPC in the present instance is not eligible to avail of the concessional rate of entry tax, as there is a specific entry for 'coal' and the same should not be treated as a raw material under the Orissa Entry Tax Act, 1999. Challenging the assessment order, MCL, in the writ petition, has argued *inter alia*, that the assessing officer has not allowed MCL to sufficiently demonstrate that the entry tax at full rate has been made (under protest) by NTPC in respect of the coal purchased from MCL and further that the liability to pay the differential amount of tax, if any, is on the purchaser i.e. NTPC. By an interim order dated November 14, 2007, the Orissa High Court has held that if the relevant amount towards entry tax has already been deposited, no further recovery is to be made from MCL and further, NTPC was impleaded as a party to the case. The petition is currently pending.

2. MCL has filed an appeal (submitted *vide* serial number 3039 of book number 31) before the Office of Commissioner of Income Tax (Appeals), Cuttack, Orissa against an assessment order under Section 154 of the Income Tax Act dated March 31, 2010 of the Deputy Commissioner of Income Tax, Circle 2(1), Sambalpur, Orissa, imposing an income tax liability (including interest) calculated at Rs. 1,131.99 million from MCL for the assessment year 2008-2009. Appealing against the order, MCL has argued that the assessing officer has raised the demand due to non credit of certain amounts paid as tax deducted at source and advance tax as proof of payment for the amounts could not be located on the NSDL website. MCL has also argued in the appeal that the amounts were subsequently incorrectly recognized as self-assessed tax instead of advance tax. By an earlier attachment order dated March 30, 2010, a sum of Rs. 3300.98 million was demanded by the income tax department from MCL, against which MCL filed a writ petition (W.P. (C) No. 6357 of 2010) before the Orissa High Court, and the court by an order dated April 6, 2010 ordered that the matter should be placed before the Commissioner of Income Tax, Sambalpur, and further ordered MCL to deposit a sum of Rs. 250 million. Pursuant to the passing of a subsequent attachment order dated March 31, 2010, MCL had filed a writ petition (W.P. (C) 6937 of 2010), assailing the order. Thereafter, Orissa High Court, by an order dated April 15, 2010, modified the earlier order dated April 6, 2010 and directed that an appeal be filed before the Commissioner of Income Tax (Appeals), and further a sum of Rs. 100 million be deposited. Accordingly, MCL has filed the present appeal before the Commissioner of Income Tax (Appeals), Cuttack, Orissa and the appeal is currently pending.

3. MCL has filed an appeal (IT Appeal No. 0230/2009-10) before the Office of Commissioner of Income Tax (Appeals), Cuttack, Orissa against an assessment order under Section 143 (3) of the Income Tax Act dated December 22, 2009 of the Deputy Commissioner of Income Tax, Circle 2(1), Sambalpur, Orissa, imposing an income tax liability (including interest), calculated at Rs. 703.73 million on MCL for the assessment year 2007-2008. Appealing against the order, MCL has argued that assessing officer has disallowed deductions in respect of certain expenses incurred by MCL such as prospecting and boring expenditure, development expenditure, reclamation of land and amortization of depreciation on leased land and thereby attributed an increase in the taxable profit of MCL. The appeal is currently pending.

4. MCL has filed an appeal (IT Appeal No. 0405/2008-2009) before the Office of Commissioner of Income Tax (Appeals), Cuttack, Orissa against an assessment order under Section 143 (3) of the Income Tax Act dated December 30, 2008 of the Deputy Commissioner of Income Tax,

Circle 2(1), Sambalpur, Orissa, imposing an income tax liability (including interest), calculated at Rs. 797.74 million on MCL for the assessment year 2006-2007. Appealing against the order, MCL has argued that the assessing officer has disallowed deductions in respect of certain expenses incurred by the MCL such as expenditure on assets not belonging to the company, community development expenditure, prospecting and boring expenditure, development expenditure, reclamation of land and amortization of depreciation on leased land and thereby attributed an increase in the taxable profit of MCL. The appeal is currently pending.

5. MCL has filed an appeal (IT Appeal No. 0210/2007-2008) before the Office of Commissioner of Income Tax (Appeals), Cuttack, Orissa against an assessment order under Section 143 (3) of the Income Tax Act dated December 28, 2008 of the Deputy Commissioner of Income Tax, Circle 2(1), Sambalpur, Orissa, imposing an income tax liability (including interest), calculated at Rs. 1167.70 million on MCL for the assessment year 2005-2006. Appealing against the order, MCL has argued that the assessing officer has disallowed deductions in respect of certain expenses incurred by the MCL such as expenditure on assets not belonging to the company, community development expenditure, prospecting and boring expenditure, development expenditure, reclamation of land, amortization of depreciation on leased land and community development expenditure and thereby attributed an increase in the taxable profit of MCL. The appeal is currently pending.

6. MCL has filed an appeal (IT Appeal No. 227/CTK/2009) before the Income Tax Appellate Tribunal, Cuttack Bench, Cuttack, Orissa against an order of the Commissioner of Income Tax (Appeals), Cuttack dated July 3, 2009. The appeal relates to an initial order dated December 27, 2006 of the Commissioner of Income Tax, Circle 2(1), Sambalpur, imposing an income tax liability, calculated at Rs. 471.75 million on MCL for assessment year 2004-2005, against which MCL appealed to the Commissioner of Income Tax (Appeals), Cuttack. By the impugned order dated July 3, 2009, the Commissioner of Income Tax (Appeals), Cuttack, confirmed the disallowance of certain deductions in respect of expenses incurred by MCL such as donations and subscriptions, expenditure on assets not belonging to the company and amortization of depreciation on leased land. Thereafter, MCL had filed an appeal before the Income Tax Appellate Tribunal, Cuttack and by an order dated February 8, 2010, the tribunal rejected the appeal as the clearance from the high powered committee i.e. Committee of Disputes, GoI had not been obtained before filing the appeal. The clearance was obtained on February 9, 2010 and subsequently the present appeal has been refiled. The appeal is currently pending.

7. MCL has filed an appeal (IT Appeal No. 226/CTK/2009) before the Income Tax Appellate Tribunal, Cuttack Bench, Cuttack, Orissa against an order of the Commissioner of Income Tax (Appeals), Cuttack dated July 3, 2009. The appeal relates to an initial order dated February 14, 2006 of the Commissioner of Income Tax, Circle 2(1), Sambalpur, imposing an income tax liability, calculated at Rs. 911.51 million on MCL for assessment year 2003-2004, against which MCL appealed to the Commissioner of Income Tax (Appeals), Cuttack. By the impugned order dated July 3, 2009, the Commissioner of Income Tax (Appeals), Cuttack, confirmed the disallowance of deductions in respect of certain expenses incurred by MCL such as donations and subscriptions, expenditure on assets not belonging to the company and amortization of depreciation on leased land. Thereafter, MCL had filed an appeal before the Income Tax Appellate Tribunal, Cuttack and by an order dated February 8, 2010, the tribunal rejected the appeal as the clearance from the high powered committee i.e. Committee of Disputes, GoI had not been obtained before filing the appeal. The clearance was obtained on February 9, 2010 and subsequently the present appeal has been refiled. The appeal is currently pending.

8. MCL has filed an appeal (IT Appeal No. 42 of 2006) before the Orissa High Court challenging the order of the Income Tax Appellate Tribunal, Cuttack, dated November 30, 2005. The appeal relates to an initial order dated March 3, 2000 of the Commissioner of Income Tax, Circle 2(1), Sambalpur, imposing an income tax liability, calculated at Rs. 503.98 million on MCL for assessment year 1997-1998, against which MCL appealed to the Commissioner of Income Tax (Appeals), Cuttack, which allowed the appeal on certain grounds and disallowed deductions on certain expenses incurred by MCL. On appeal, the Income Tax Appellate Tribunal by an order dated November 30, 2005, confirmed the disallowance of deductions in respect of certain expenses such as development expenses, prospecting and boring expenses, guest house and transit house expenses, and further, allowed the addition of Rs. 465.45 million to the valuation of closing stock of coal due to change in accounting policy. Thereafter, MCL had filed the present appeal before the Orissa High Court and the same is pending.

In addition there are 10 suits filed by MCL against various governmental agencies pending before, *inter alia*, the Sales Tax Tribunal, the Assistant Commissioner of Sales Tax, Sambalpur Range and the Orissa High Court. These cases relate to challenge to demand for tax, cess or duty by various governmental agencies. In these matters MCL has prayed, amongst others, for reassessment of the taxable amount payable and quashing of notice of demand. The total amount involved in the above matters is Rs. 50.09 million and the matters are all currently pending.

Mine Accident/ Safety cases

There are 11 criminal cases against MCL relating to mine accident and safety pending before various forums including the Sub Divisional Judicial Magistrate's Court at Talcher. These cases have been filed by regulatory authorities including the Office of Directorate General of Mine Safety against MCL for violation of the applicable provisions of the Mines Act, Indian Penal Code and the Indian Electricity Rules, 1956, *inter alia* on account of fatal accidents at mine sites due to flying rock, contact with live wire, inhalation of carbon monoxide gas and damage to school building due to blasting operations. The matters are currently pending.

Motor Accident Claims

There are nine motor accidents claims filed against MCL pending *inter alia* before the Motor Accident Claims Tribunal, Cuttack and the Motor Accident Claims Tribunal, Sambalpur. These complaints have been filed under the Motor Vehicles Act, 1988 for injuries sustained by individuals in accidents involving motor vehicles of MCL. The complainants in these cases have prayed for grant of adequate compensation for injuries sustained in motor accidents in the matters. Of the nine matters pending, the total amount involved in five cases is Rs. 3.69 million and for the remaining cases the amounts are not ascertainable.

Civil Cases

There are 198 civil suits filed by various individuals and consumer associations, against MCL pending *inter alia* before the Supreme Court, the Orissa High Court, and the Civil Judge (Junior Division), Talcher. These cases, *inter alia*, relate to claims of payments for work done under civil construction contracts, challenge to differential rates of coal of the same type from different collieries of MCL, forfeiture of security deposits from contractors for civil works and encashment of bank guarantees, and rejection of tender bids. Of the 198 cases pending against MCL, 25 cases involve an amount of Rs. 289.91 million and for the remaining cases the amounts are not ascertainable. In addition, there are 58 cases filed by the customers of MCL pending *inter alia* before the Supreme Court and the High Court of Orissa. These matters relate primarily to the disputes regarding payments under contracts for lifting of coal, allocation of coal blocks, violation of tender conditions and forfeiture of earnest money deposited for participation in tendering process and quality of coal supplied as per the terms of the contract. Of the 58 cases pending against MCL, five cases involve an amount of Rs. 4.60 million and for the remaining cases the amounts are not ascertainable. All the matters are currently pending.

Labour/ Service matters

There are 287 cases that have been filed by employees of MCL and are pending before various forums including the State Consumer Disputes Redressal Forum, Orissa, the Sub Divisional Judicial Magistrate, Talcher and the Orissa High Court. These matters relate to, *inter alia*, claims of promotion, payment of pension to retired employees at enhanced rates, non-payment of gratuity and quashing of written examinations and conducting fresh examinations for employment. The aggrieved parties in these matters have prayed for, *inter alia*, grant of compensation, payment of enhanced salaries and pensions along with interest thereon, grant of promotion and due seniority and directions for conducting fresh written examination for employment. All the matters are currently pending.

There are 169 industrial disputes related matters and conciliation proceedings that have been filed against MCL and are pending before various forums including the Workmen's Compensation Tribunal, Commissioner of Workmen's Compensation-cum-Assistant Labour Commissioner (Dhenkanal), Angul, Labour Commissioner, Hingula, Sub Divisional Judicial Magistrate, Talcher and the Orissa High Court. These matters relate to, among others, claims for recognition of trade unions, non-payment of back wages to contract labourers, claims for compensation for injuries (fatal and non-fatal) sustained at mine sites, challenging orders of transfer from one project area to another and for absorption of contract labourers. The aggrieved parties in these matter have claimed, *inter alia*, grant of recognition under the Trade Unions Act, 1926, payment of back wages along with

interest thereon, payment of compensation for injuries sustained, quashing of transfer orders and absorption as regular workers of MCL. The matters are currently pending.

Arbitration Matters

There are 50 arbitration related proceedings that are pending against MCL before various forums including the District Judge, Dhenkanal, the District Judge, Sambalpur and the Orissa High Court. The matters relate to, *inter alia*, disputes involving contracts for road constructions, strengthening of roads, and construction of quarters, forfeiture of earnest money and deduction of amounts towards payment for provision of security arrangements. In these proceedings, the aggrieved parties have prayed for reliefs including the appointment of arbitrators, quashing of arbitral awards and award of damages for breach of contract. Of the 50 arbitration related proceedings pending against MCL, 42 proceedings involve and amount of Rs. 516.72 million and for the remaining proceedings the amounts are not ascertainable. All matters are currently pending.

Land Cases

There are 14 title suits and land related proceedings that have been filed against MCL and are pending before the tribunals constituted under the CBA Act and the Orissa High Court. The matters relate to the claims of right, title or interest over tracts of land acquired by MCL, over which the aggrieved parties have sought from the tribunals a declaration of title to the land and grant of compensation for the acquisition of land. Of the 14 title suits and land related proceedings pending, five suits involve an amount of Rs. 0.05 million and for the remaining suits the amounts are not ascertainable. All matters are currently pending.

Land Acquisition Disputes

There are 757 cases regarding disputes in relation to land acquired by MCL for mining and other purposes that have been filed against MCL are pending before various forums, including the tribunals constituted under the CBA Act and the Orissa High Court. These matters relate to, *inter alia*, claims for enhancement of compensation for land acquired by MCL, claims for employment of land oustees and claims for benefits under the rehabilitation and resettlement schemes for land oustees. In these cases, the aggrieved parties have, *inter alia*, prayed for enhancement of compensation under the scheme of land acquisition and provision of various benefits under rehabilitation and resettlement schemes. Of the 757 land acquisition related cases pending against MCL, 429 cases involve an amount of Rs. 509.92 million and for the remaining cases the amounts are not ascertainable. All matters are currently pending.

Right to Information matters

There are 23 pending applications under the Right to Information Act, 2005 that have been made by various individuals before the Public Information Officer of our Company and the Public Information Officer, MCL seeking information about, *inter alia*, engagement of private security agencies by MCL at coalfields, employment of land oustees under the rehabilitation and resettlement schemes of MCL and the donations and contributions made by MCL to the State Vigilance Directorate, Orissa.

Cases Filed by MCL

Criminal Cases

There are 51 criminal cases filed by MCL pending before various forums including the Orissa High Court and the Sub Divisional Judicial Magistrate's, Talcher. The cases have been filed by MCL under various provisions of the Indian Penal Code and *inter alia* relate to trespass on MCL's property, unauthorized occupation of company quarters after cessation of employment, fraudulent withdrawal of cheques by an employee, obstruction of mining of coal and unlawful assembly and assault. All matters are currently pending.

Civil Cases

There are 110 civil suits filed by MCL which are pending before, *inter alia*, the Civil Judge (Junior Division), Talcher, Civil Judge (Senior Division), Bhubaneshwar and the Orissa High Court. These matters relate, among others, to claims for money for the loss of profit caused due to obstruction to mining work, appointment of arbitrators, challenge to demand of tax under the Motor Vehicles Act, 1988 for dumper trucks used in mines, and for transfer of records from the court to the arbitral tribunal. Of the 110 civil suits filed by MCL, 12 suits

involve an amount of Rs. 55.50 million and for the remaining cases the amounts are not ascertainable. All matters are currently pending.

6. Northern Coalfields Limited ("NCL")

Outstanding Litigation/Proceedings Involving NCL

The details of the outstanding litigation/proceedings involving NCL as on October 10, 2010 are as follows:

Cases Filed against NCL

Criminal Cases

There are two criminal cases pending against NCL, details of which are as follows:

1. Ms. Kusum Devi has filed an appeal (Criminal Case No. 935 of 1991) against Mr. S.M. Diddee, Executive Director, NCL and others before the M.P. High Court. Ms. Devi had alleged that the officer of the company had molested her while evicting her from her land but the Judicial Magistrate First Class, Waidhan Court *vide* order dated April 12, 1991 dismissed the complaint and acquitted all the accused. Pursuant to this, the instant appeal was filed, challenging the order. The matter is currently pending.

2. The Banwasi Sewa Ashram has filed a criminal miscellaneous petition (Cr. M. P. 16169 of 2009 and 699 of 2008) against the Company and NCL in the matter of another criminal writ petition (W.P. (CRL). No. 1061/1982). The Petition has been filed in relation to the alleged displacement of land owners in an arbitrary manner resulting in a denial of natural justice to the petitioners who claim to be the original owners of the land. The petitioners have *inter alia* prayed for rights of compensation, alternate plots and suitable appointment to the dependants of the displaced persons as per the Company's policy.

Public Interest Litigation

There are four public interest litigation pending against NCL, details of which are as follows:

1. Mr. Upendra Pandey has filed a public interest litigation (W.P. No. 8948 of 2008) against the State of Madhya Pradesh, NCL and others, before the M.P. High Court. Mr. Pandey alleges that the respondents have not provided the benefit required to be given in lieu of the land acquired for construction of NCL office at Waidhan. Mr. Pandey prays that the court calls the entire record relating to providing the benefit of scheme, i.e. rehabilitation and re-settlement for the villagers in lieu of land acquired by NCL, and to issue an instruction to the respondents that any inability to provide relief would result in the land being remitted to its original owners. The matter is currently pending.

2. The Kshetriya Bhu-Visthapit Samiti, Solang has filed a public interest litigation (W.P. No. 8691 of 2009) against the Union of India, NCL and others before the M.P. High Court. The petitioners are an association of people who have been ousted from their land, *inter alia*, in the village Gorbi-B, where the land has been acquired by NCL. The petitioners have challenged the new policy for resettlement and rehabilitation launched by CIL and have also alleged that NCL is giving employment without any advertisement for the posts which are to be filled in by the people whose land has been taken over. The petitioners have prayed for grant of benefit under the esrtwhile settlement policy. The matter is currently pending.

3. Mr. Banshmani Prasad Verma has filed a public interest litigation (W.P. No. 10138 of 2008) against the State of Madhya Pradesh, NCL and others before the M.P. High Court. The petitioner, an association of people who have been ousted from their land, where the land has been acquired by NCL, has challenged the new policy for resettlement and rehabilitation launched by CIL. The case pertains to certain lands that were acquired by NCL around the Bolauji village, (Waidhan) by the M.P. Government for public purposes, such as, construction of roads and development of residential and industrial plots by the Special Areas Development Authority ("**SADA**"). The petition alleges that a total of 15.204 hectares acquired by the SADA were not used for the purpose as stated and remained unused. The association further alleges that, in lieu of the land acquired, NCL is giving employment

without any advertisement for the posts which are to be filled in by the people whose land has been taken over. The petitioner has prayed for grant of benefit under the earlier settlement policy of 1993 and also for quashing of the recruitment process of NCL, besides, allotment of agricultural land to the land oustees whose lands have been acquired. The matter is currently pending.

4. Mr. T.N. Godavarman has filed a public interest litigation (W.P. No. 202 of 1995) against the Union of India, before the Supreme Court challenging the calculation of net present value as determined by the relevant forest authorities, wherein, NCL has filed an intervening application (I.A. No. 566 of 2002). The Divisional Forest Officer, Sidhi *vide* letter dated December 8, 2004 and had demanded Rs. 112.97 million for net present value for renewal of 194.78 hectares of forest land. Subsequently, another letter dated December 14, 2004 was issued by the Assistant Inspector General (Forest). The petitioner has prayed for the setting aside of the order dated December 8, 2004 demanding payment of net present value from applicant. The Supreme Court passed an order dated September 26, 2005 directing that all projects, except for dispensaries and schools, shall be required to pay net present value through the final decisions on this matter. Pursuant to such an order, NCL has made a payment of Rs. 112.97 million pending the final decision of the Supreme Court. The amount involved is Rs. 112.97 million. The matter is currently pending.

Environment and Forests Cases

There are three environment and forests cases pending against NCL, the details of which are as follows:

1. The Regional Officer, Madhya Pradesh Pollution Control Board ("**MPPCB**"), Rewa has filed a case (783 of 2006) against: (i) the C.M.D., NCL and Mr. V.K. Singh, the then C.M.D.; (ii) the Director(T/O) and Mr. A.N. Singh, the then Director (T/O); and (iii) the present C.G.M. of JNT and Mr. L.M. Tiwari, the then C.G.M. of J.N.T., before the Chief Judicial Magistrate, Sidhi alleging violations of Sections 25, 26, 44 and 47 of the Water Pollution (Prevention and Control) Act, 1974, in mining operations for extracting the coal beyond the limit, i.e. 10 MT instead of 9 MT as consented by the MPPCB. The MPPCB has prayed to the court to take cognizance against the officers for violation of the provisions under the Water Pollution (Prevention and Control) Act, 1974 and the officers of NCL have filed a reply refuting the allegation made by the MPPCB. The matter is currently pending.

2. The Regional Officer, MPPCB, Rewa has filed a case (784 of 2006) against: (i) the C.M.D., NCL and Mr. V.K. Singh, the then C.M.D.; (ii) the Director(T/O) and Mr. A.N. Singh, the then Director (T/O); and (iii) the present C.G.M. of JNT and Mr. L.M. Tiwari, the then C.G.M. of J.N.T., before the Chief Judicial Magistrate, Sidhi alleging violations of Sections 21, 22(k), 37, 38 and 39 under the Air Pollution (Prevention and Control) Act, 1981 in mining operations for extracting the coal beyond the limit, i.e. 10 MT instead of 9 MT as consented by the MPPCB. The MPPCB has prayed to the court to take cognizance against the officers for violation of the provisions under the Air Pollution (Prevention and Control) Act, 1981 and the officers of NCL have filed a reply refuting the allegation made by the MPPCB. The matter is currently pending.

3. The Regional Officer, MPPCB, Rewa has filed a case (785 of 2006) against: (i) the C.M.D., NCL and Mr. V.K. Singh, the then C.M.D.; (ii) the Director(T/O) and Mr. A.N. Singh, the then Director (T/O); and (iii) the present C.G.M. of JNT and Mr. L.M. Tiwari, the then C.G.M. of J.N.T., before the Chief Judicial Magistrate, Sidhi alleging violations of Sections 15 and 16 under the Environment (Protection) Act, 1986 in mining operations for extracting the coal beyond the limit, i.e. 10 MT instead of 9 MT as consented by the MPPCB. The MPPCB has prayed to the court to take cognizance against the officers for violation of the provisions under the Environment (Protection) Act, 1986 and the officers of NCL have filed a reply refuting the allegation made by the MPPCB. The matter is currently pending.

Cases Relating to Other Levies

There are 26 appeals relating to Madhya Pradesh Commercial Tax, Madhya Pradesh Sales Tax and Entry Tax from year 1999-98 to 2007-08 filed before the Assistant Commissioner, Satna, Board of Revenue, Bhopal, District Commissioner, Satna, and Central Tribunal. The total amount involved in the aforesaid cases is approximately 173.02 million. There are 4 cases relating to income tax appeals which are pending with the High Court and Income Tax Appellate Tribunal for demands amounting to Rs. 131.25 million and there is one case

relating to a SSADA (Shaktinagar Special Area Development Authority) cess on sale of coal where the demand amounts to Rs. 29.94 million. All the above matters are currently pending.

1. NCL has filed 12 appeals against the Sales Tax Authority of the Government of Madhya Pradesh alleging that the coal excavated in M.P. and transferred to U.P. for dispatch should not be considered as an inter-state sale from M.P. and instead should be treated as a stock transfer to U.P. These proceedings related to various assessment years (i.e. 1997-98 to 2007-08), and for each assessment years the amount demanded by the relevant Sales Tax Authority is more than Rs. 100 million. NCL has paid the requisite amount of tax to the U.P. Government and a claim has been raised on the same transfer by the M.P. Government. There are various pending appeals relating to this matter where NCL has claimed that since the transfer of coal is a stock transfer from M.P., it should not be considered as sale from M.P. to U.P., but only as sale from U.P. and the aggregate amount involved is approximately Rs. 2,329.07 million. The matters are currently pending.

2. NCL has filed a case against the Sales Tax Authority, Government of Madhya Pradesh, before the Deputy Commissioner, Satna, regarding the claiming of entry tax on spares used in equipment plying from U.P. to M.P. by the M. P. Sales Tax Authority amounting to Rs. 178.25 million. NCL claims that since spares were issued from stores in U.P. and fitted in equipment at workshops in U.P, levy of entry tax in M.P. is not possible. The matter is currently pending.

Additionally, the following case in relation to dispute regarding the payment of stamp duty involves an amount in excess of Rs. 100 million. Brief description of the case is provided below:

The Government of Madhya Pradesh has initiated a case, pursuant to six separate notices (5B/103/01-02 and 6B/102/01-02, dated December 19, 2001; and 7B/103/01-02 to 10B/103/01-02 dated December 22, 2001) against NCL, under Section 33 of the Indian Stamp Act, 1899. The notices alleges that the lease deed pursuant to which NCL is conducting mining operations, has not been stamped adequately and therefore, NCL is required to pay the stamp duty along with the penalty which is 10 times the stamp duty payable in accordance with Sections 35 and 40 of the Indian Stamp Act, 1899, amounting to approximately Rs. 607.70 million. The Government of Madhya Pradesh has demanded the amounts towards stamp duty on the vesting order (issued by the Central Government under Section 11 of CBA Act), as these vesting orders shall be treated as lease deeds. NCL has disputed payment of such stamp duty (together with the penal amounts) arguing that the vesting order cannot be treated as lease deed. The matter is pending before the authority for decision.

Further there are four cases relating to certain levies filed by NCL, involving an amount in excess of Rs. 100 million, the details of which are as follows:

1. The State of Madhya Pradesh has filed a special leave petition (S.L.P. (C) 6956 of 2008) against NCL and others, before the Supreme Court. NCL challenged the constitutional validity of the Madhya Pradesh Transit (Forest Produce) Rules, 2000 by which fees for issue of Transit Pass in relation to mining of coal was imposed. NCL also challenged the notification dated May 28, 2001 for issuance of transit passes for coal at the rate of Rs. 7 per metric tonne. NCL had previously filed a writ petition (W.P. No. 2309 of 2002) and a judgment was passed on May 14, 2007 *vide* which the M.P. High Court held the notification to be *ultra vires* and directed that the amount collected be refunded. By an order dated April 27, 2008, the Supreme Court issued notice to the respondents and granted stay in the meantime. The State of Madhya Pradesh prays for setting aside of the judgment of the M.P. High Court, whereby, the rules framed by the State Government were held to be *ultra vires*. The amount involved in the case is not ascertainable and the matter is currently pending. The case was subsequently clubbed with four other similar matters before the Supreme Court.

2. NCL has filed a writ petition (W.P. No. 4892 of 2006) against the State of Madhya Pradesh and others, before the M.P. High Court, challenging the legality and validity of the M.P. Gramin Avsanrachana Tatha Sadak Vikas Adhiniyam, 2005 and rules thereof. The enactment and the rules therein conferred powers to the M.P. Government to levy a Rural Infrastructure and Road Development Tax up to 20% of the annual value of the mineral bearing land held for carrying mining operation, based on which State of Madhya Pradesh imposed tax at the rate of 5% on price of coal. The M.P. High Court *vide* its order dated April 5, 2006 granted interim protection to NCL to the effect that in case no payment of tax along with return is filed by NCL the respondent will not take any coercive measures to recover the tax from NCL. NCL prays for declaration of the M.P. Gramin Avsanrachana Tatha Sadak Vikas Adhiniyam, 2005 *ultra vires* and unconstitutional. A similar matter (S.L.P. (C) No. 5264 of 2006) is

currently pending before the Supreme Court and NCL has filed a transfer petition (T.P. No. 722 of 2006) to get the matter tagged with it.The Supreme Court *vide* order dated September 18, 2006 has ordered the matter to be clubbed, but the case has not been requisitioned as of yet. The amount involved in the matter (W.P. No. 4892 of 2006) for the period 2005-2006 to December 2009 is Rs. 6,265.9 million. The case is currently pending for final hearing and disposal.

3. NCL filed a special leave petition (S.L.P. (C) No. 5850 of 2010) against the State of Madhya Pradesh and others before the Supreme Court. Pursuant to the notification (with respect to the Terminal Tax Rules) dated August 30, 2002 issued by the M.P. Government, the Commissioner, Municipal Corporation, Singrauli imposed terminal tax at the rate of Rs. 5 per metric tonne of coal being transported outside the municipal area of Singrauli with effect from September 1, 2002. NCL filed a writ petition (W.P. No. 1729 of 2003) against the aforesaid notification. During the pendency of the above mentioned writ petition, NCL deposited Rs. 50 million in furtherance of the order dated August 14, 2007 of the M.P. High Court. Also, NCL deposited Rs. 113.64 million under protest. The High Court, by its judgment dated January 21, 2010, upheld the validity of the aforesaid notification. Against the judgment of the M.P. High Court, NCL filed a special leave petition (S.L.P. (C) No. 5850of 2010) before the Supreme Court. The Supreme Court *vide* its order dated February 18, 2010 directed that the parties to maintain status-quo until the matter is heard and disposed of. The Supreme Court *vide* another order dated February 22, 2010 issued a notice in the matter and also directed that until further orders, interim order passed by the Supreme Court the notification would continue to operate. In the special leave petition (S.L.P. (C) No. 5850 of 2010) NCL prays for granting of special leave against the impugned order dated January 21, 2010 by the M.P. High Court in W.P. No. 1729 of 2003. The amount involved in the matter as per demand bill dated January 18, 2006 was Rs. 568.19 million for the period between September 2002 and December 2005 and for the period between January 2006 and March 2007 the amount was Rs.237.37 million. Further, please note that the writ petition filed by NCL at the M.P. High Court was clubbed with an identical matter preferred by Hindalco Industries Limited (W.P. No. 1588 of 2006). The matter is currently pending for final hearing.

4. NCL filed a case (W.A. No. 1037of 2007, W.A. No. 968 of 2007, W.A. No. 1089 of 2007) against the State of Madhya Pradesh and others before the M.P. High Court. In the present matter the applicability of the Madhya Pradesh Municipal Corporation Act, 1956 in the areas of NCL, whereby, the property tax was imposed, is under challenge and petition thereof is pending in the M.P. High Court. The payment of property tax has also been disputed from time to time by filing writ petitions in the M.P. High Court. Considering the threat of coercive action by the Municipal Corporation, Singrauli for recovery of such property tax, substantial payment has been released "under protest" from time to time. As on date, NCL has paid Rs. 160.79 million against Rs. 173.81 million to the Municipal Corporation against the bills raised for the period 1976-1977 to 2005-2006. NCL prays for setting aside the order passed in the writ petition. The amount involved in the case is Rs. 114.27 million and the matter is currently pending.

   Also, NCL filed another similar case (W.A. No. 1088 of 2007) against the State of Madhya Pradesh and others before the M.P. High Court. The Municipal Corporation, Singrauli *vide* letter dated June 15, 1999 claimed Rs. 98.06 million towards licence fee (i.e. Rs. 1.93 million) and 50 times penalty on it. Since the applicability of Municipal Corporation Act, 1956 in the area of NCL itself was under challenge therefore the permission for construction of building was not obtained. NCL filed an application for stay in the M.P. High Court but it was rejected *vide* order dated January 23, 2003 passed in L.P.A. 20 of 2002. Thereafter, NCL approached the Supreme Court and filed a special leave petition (S.L.P. (C) No. 6421 of 2002) in which the Supreme Court *vide* orders dated April 5, 2002 and May 9, 2002 directed NCL to deposit a sum of Rs. 60 million and in case NCL ultimately succeeds in its case the amount would be refunded to NCL with 9% interest. The Municipal Corporation was granted liberty to withdraw the above amount by giving an undertaking and accordingly it was deposited by NCL. NCL prays for setting aside the order passed in the writ petition. The amount involved in the case is Rs. 0.98 million and the matter is currently pending.

The matters mentioned above have been clubbed.

Service Tax Cases

NCL has received a demand notice from the Service Tax Authority regarding transportation of coal by road for the period January 1, 2005 to September 30, 2006 in respect of M.P. Projects of NCL assessing service tax of Rs. 9.08 million, penalty of Rs.18.16 million and interest at applicable rate on the service tax amount. NCL has filed an appeal dated April 10, 2008 before the Appellate Tribunal. NCL has contended that no service tax is payable on account of transportation of coal by the company under "goods transport by road service" and as such an appeal has been filed before the Tribunal against the above order. However, the company has deposited the relevant amounts on account of service tax "under protest", for the period January 1, 2005 to March 31, 2010 in respect of both U.P. and M.P. projects. The total amount deposited, along with the interest claim and penalty not deposited amounts to Rs.115.28 million.

Contempt Cases

There is one civil contempt case filed by the Mr. Ram Pyare along with other employees of NCL before the M.P. High Court, for gross violation and wilful disobedience of an order relating to the payment of backwages. The amount involved in this matter cannot be ascertained and the matter is currently pending.

Mine Safety Cases

The Deputy Director of Mines and Safety, Jabalpur Region has initiated proceedings against certain employees of NCL before the Chief Judicial Magistrate, First Class. The proceedings pertain to certain violations of the provisions of the Coal Mines Regulations, 1957 and conditions related thereto by the employees of NCL that allegedly led to the death of five employees of the NCL at its Jayant coalmine. The matter is currently pending.

Civil Cases

There are 181 other civil cases filed by various individuals, against NCL pending *inter alia* before The Supreme Court, the High Courts of Uttar Pradesh and Madhya Pradesh and various district courts. The cases relate to contempt proceedings, disputes in relation to payment of arrears pertaining to certain construction work undertaken, claims against the cancellation of allotment of shops, and disputes under Section 372 of the Indian Succession Act, 1925. The parties in the various cases *inter alia*, pray for the payment of dues alleged due to them from NCL, transfer of certain pending petitions, quashing and setting aside of various orders and issuance of temporary injunctions against NCL. The amount involved in the above matters is not ascertainable and all the matters are currently pending.

Arbitration Matters

There are 28 arbitration cases involving NCL pending before various arbitral tribunals. The cases pertain to certain works carried out by independent contractors at NCL's mines and amount to approximately Rs. 119.87 million. Further, 16 appeals have been filed against orders passed by certain arbitral tribunals at various courts in which NCL is a party. The total amount involved in the said appeals is approximately Rs. 61.74 million. There are also 24 petitions filed at various courts for the appointment of arbitrators to adjudge certain disputes involving NCL. The total amount involved in the petitions is approximately Rs. 60.08 million. These cases include one case which involves amounts in excess of Rs. 100 million. Brief description of the case is provided below:

1. NCL filed a special leave petition (S.L.P. (C) 27646 of 2008) against Heavy Engineering Corporation Limited ("**HEC**") and Rampur Engineering Company Limited ("**RECL**") before the Supreme Court. NCL issued a tender for construction of a Coal Handling Plant at the Bina Project. The construction was to be carried out in two contracts: (i) the contract for works and services; and (ii) the contract for equipment and spares, and both the contracts were awarded to HEC. Clause 13 of the contract documents prohibited HEC from subletting whole contract or any part thereof, without the prior written consent of NCL within 45 days from the date of the contract (being November 4, 1988). However, HEC had sub-let the entire work to RECL. The contract was to be completed by January 2, 1991 but the same was executed and commissioned after a prolonged delay of more than five years, i.e. on November 31, 1996. As such the payment to HEC was withheld by NCL. Thereafter, HEC approached Permanent Machinery of Arbitration against their grievance. The Arbitrator awarded a sum of Rs. 168.7 million in favour of HEC payable within two weeks from the date of receipt of copy of arbitral award failing which NCL was to pay interest at the rate of 18% of the awarded amount till the date of actual payment. NCL preferred an appeal against this award before the Law Secretary, Ministry of Law, GoI. In the appeal, the Secretary restricted the awarded amount, payable to HEC, to

Rs. 155.9 million. HEC and NCL jointly agreed to settle the claim for total contract for Rs. 140 million. Aggrieved by this decision, RECL approached the Delhi High Court and restricted HEC and NCL from any direct settlement. In the meantime, NCL also approached the Delhi High Court and filed a suit (No. 1709 of 2000) and obtained stay for non-implementation of arbitral award as well as a stay on the arbitration proceedings in equipment contract (the second contract). NCL also filed another suit (No. 2030 of 2001) in the Delhi High Court in which they claimed damages totaling approximately Rs. 700 million from both HEC and RECL. The first case lodged by NCL was dismissed by the Delhi High Court on July 10, 2007. NCL thereafter preferred an appeal before the Division Bench of the Delhi High Court. The Division Bench of the Delhi High Court dismissed the appeal and held that the arbitral award was valid. Against the order of the Division Bench of the Delhi High Court, NCL filed this special leave petition and prays for setting aside the order of the Delhi High Court. The amount involved in the case is approximately Rs.168.7 million and the matter is currently pending.

Land cases

There are 111 land related cases claims filed by various individuals against NCL. These cases, *inter alia*, relate to claims of compensation relating to land and house and adequate compensation pursuant to acquisition of land for mining purposes, enhancement of land acquisition compensation and various other similar claims of land oustees. The amount involved in the above matters is not ascertainable and all the matters are currently pending.

Labour/ Service Matters

There are 90 labour matters filed by various individuals against NCL pending before various courts including Labour Court and District Consumer Forum relating, *inter alia*, to various disputes regarding workmen's compensation, mining accidents, compensation for death of workmen and injury of workmen. The amount involved in the above matters is not ascertainable and all the matters are currently pending.

There are 68 cases relating to service matters pending against NCL before various courts including the M.P. High Court. The cases are in relation to, *inter alia*, alleged non payments of various benefits including life cover scheme, injury on duty wages, failure to provide retirement benefits such as gratuity and pension, failure to determine the correct seniority position and appropriate pay, illegal and wrongful dismissal, denial of promotion, correction in date of birth records, retirement benefits including gratuity and pension, recruitment against SC/ST vacancy and payment of yearly bonus. The amount in these cases is not ascertainable and the matters are all currently pending.

Cases Filed by NCL

Land Cases

There is one land case filed by NCL, involving an amount in excess of Rs. 100 million, details of which are as follows:

1. NCL filed a writ petition (W.P. No. 1780 of 2005) against the State of Madhya Pradesh and others before the M.P. High Court. The Tehsildar, Tehsil Singrauli District Sidhi *vide* demand notice dated March 4, 2005 demanded a sum of Rs. 621.30 million towards BHU-BHATAK/Premium on land acquired under Section 10 of the CBA Act and occupied by NCL and thereafter in order to recover the amount the Tehsildar seized the vehicle of NCL. NCL challenged the demand and prayed for stay but the High Court *vide* order dated April 1, 2005 directed that if NCL deposits a sum of Rs. 30 million within a period of one week the vehicle seized would be released. NCL prays for setting aside the demand notice. The amount involved in the case is Rs. 621.3 million and the matter is currently pending.

Environment and Forest Cases

There are two environment and forest cases filed by NCL, involving an amount in excess of Rs. 100 million, details of which are as follows:

1. NCL filed a writ petition (W.P. No. 1459 of 2008) against the State of U.P. and the Divisional Forest Officer, Renukut Forest Range, Renukut, Sonebhadra before the Allahabad High Court. The case was filed against the notice dated June 12, 2008 demanding the transit fee/tax on coal extracted from the

mines of NCL. The said demand notice was issued under the provisions of the Forest Produce Rules, 1978, as amended. By the said notice by the Divisional Forest Officer, Renukut Forest Range, Renukut, Sonebhadra dated June 12, 2008, it directed furnishing of certain information and payment of the transit fee on the transported coal at the rate of Rs. 38 per tonne. A threat of imposing penalty was also contained in the notice. The matter was heard on August 5, 2008 and the court passed an interim order stating that no transit fee, in respect of coal bought by the petitioner from its pithead to the railway siding would be charged. NCL has prayed for setting aside the rules framed by the State Government. The amount involved in the matter cannot be ascertained and the matter is currently pending.

2. NCL filed a writ petition (W.P. No. 33050 of 2010) against the State of U.P. and the Divisional Forest Officer, Renukut Forest Range, Renukut, Sonebhadra, before the Allahabad High Court against the letter dated April 8, 2010 issued by the Divisional Forest Officer, Renukut Forest Range, Renukut, Sonebhadra, which amongst others, compelled the petitioners to deposit the original copy of the lease deeds and fees through challans in compliance with certain conditions dated January 4, 1991 as specified by the Special Secretary, Government of U.P. and ordered the immediate stoppage of dumping work on the land in question, which is vested in the name of NCL pursuant to a notification under Section 11 of the CBA Act. The matter was listed on June 1, 2010, where the Allahabad High Court directed the petitioners to implead the Union of India as respondent and serve a copy to the Additional Solicitor General of India and also put up the matter afresh on July 14, 2010. NCL has prayed for setting aside the letter/order directing to deposit the stamp fee. In case the document is to be registered the fee thereof will be assessed at the rate of 10% on the value of land acquired, which will be more than Rs. 100 million. The matter is currently pending. Subsequently, in May 2010 NCL filed another writ petition against the State of U.P. and the Regional Forest Officer, Renukut, Sonebhadra, before the Allahabad High Court on similar grounds, praying that the order of the Divisional Forest Officer, Renukut dated April 8, 2010 be quashed. The matter is currently pending.

7. <u>South Eastern Coalfields Limited ("SECL")</u>

Outstanding Litigation/ Proceedings Involving SECL

The details of the outstanding litigation/proceedings involving SECL as on October 10, 2010 are as follows:

Cases Filed against SECL

Criminal Cases

There are 34 criminal cases pending against SECL. The cases are in relation to, *inter alia*, mining in violation of certain approvals and regulations and accidents at mines or in transport. Details of certain of the criminal cases are as follows:

1. The DGMS has filed a case (no. 76 of 2006) against the agent, manager, and other employees of SECL before the Chief Judicial Magistrate, Korba on February 1, 1995 in relation to a mining accident at Rajgamar 687 incline mine which lead to death of an employee. The complainant has alleged that the operations at the mine are carried out in contravention of Section 18 of Mines Act and various provisions of Coal Mines Regulations, 1957 by respective individuals. The charges are yet to be framed.

2. Mr. Brijlal had filed an FIR (no. 102 of 91) pursuant to which the State of Madhya Pradesh filed a case (no. 461 of 2002) against the superintendent of mines and others before the Judicial Magistrate (First class), Korba on April 18, 1991 after the police department put up a challan before the Judicial Magistrate (First class), Korba against the accused in relation to death of an employee at mine. Subsequently, the accused filed an application under Section 482 of CRPC before High Court, Madhya Pradesh at Jabalpur. The High court, pursuant to its order dated March 17, 1992, stayed further proceedings in the case. The matter is currently pending.

3. Mr. Krishna Lal had filed an FIR (no. 74 of 91) pursuant to which the State of Madhya Pradesh filed a case (no. 76 of 2000) against Mr. V.S. Seth and others before the Judicial Magistrate (First Class), Korba on March 12, 1991 after the police department put up a challan against the accused in relation to death of an employee at mine. Subsequently, the accused filed a application before HC, Madhya

Pradesh at Jabalpur for stay, which application was dismissed by High Court by its order dated February 21, 1997 and the matter was reverted to Judicial Magistrate. The matter is currently pending.

4. The Deputy Director of Mines Safety has filed a case (no. 369 of 1995) against R.K. Lal and others before the Judicial Magistrate (First Class), Korba on September 2, 1993 in relation to death of employee at mine. The complainant has alleged operations at the mine are being carried out in contravention of regulation 41(3)(a) of Coal Mines Regulations, 1957. The matter is currently pending.

5. Mr. Laxman Yadav had filed an FIR (no. 876 of 2005) pursuant to which the State of M.P has filed a case (no. 1353 of 2005) against Mohd. Sharif Ansari, an employee of the company before the Chief Judicial Magistrate, Korba on October 2, 2005 in relation to an accident by the company's vehicle and a challan has been put up under Section 279, 337 and 338 of Indian Penal Code, 1860. Charges have been framed and the matter is currently pending.

6. Mr. Moti Ram had filed an FIR (no. 701 of 2005) pursuant to which the State of M.P has filed a case (no. 62 of 2006) against Mahesh Das, an employee of the company before the Chief Judicial Magistrate, Korba on July 30, 2005 in relation to an accident by the company's vehicle and a challan has been put up before the Chief Judicial Magistrate.

7. Mr. Kajal Biswas had filed an FIR (no. 315 of 2010) pursuant to which the State of M.P has filed a case (no. 388 of 2010) against YK Shandilya, an employee of the company, before the Chief Judicial Magistrate, Korba on March 17, 2010 in relation to accident by the company's vehicle and a challan has been put up before the Chief Judicial Magistrate. The matter is currently pending.

8. The Chhattisgarh State Environment Protection Board has filed a case (no. 45 of 2006) against SECL and others before the Chief Judicial Magistrate, Korba on December 31, 2005 in relation to Bagdeva mine, whereby it is alleged that the mine is operating in violation of provisions of Environment Protection Act, 1986 by polluting the areas around the mine. The Petitioner has prayed for prosecution under Sections 15 and 17 of the EPA. The prosecution is yet to serve fresh notice as per directions of the Magistrate.

9. Ravi Gupta has filed a case (Cr. Revision 2224 of 2009) against A. K. Patra, Chief General Manager, SECL and others (collectively, the "accused persons") before the High Court of Madhya Pradesh at Jabalpur in 2009. The complainant was evicted from unauthorised premises and filed a complaint before the Chief Judicial Magistrate, Umaria seeking prosecution under various sections of Indian Penal Code. The Chief Judicial Magistrate took cognizance of the case and *vide* orders dated April 4, 2009, May 6, 2009 and June 23, 2009 issued notice to the accused persons. Aggrieved by the orders of the Chief Judicial Magistrate, the accused persons filed a criminal revision (No. 54 of 2009) before Sessions Judge which, pursuant to its order dated November 5, 2009, acquitted the respondents from appearing before Chief Judicial Magistrate. Aggrieved by the order of the Sessions Judge, this criminal revision has been filed before the High Court.

10. The State of Madhya Pradesh (Police Station In charge, Nowrozabad) had filed an FIR (No. 107 of 2002) against Mr. Mithilesh Kumar Singh, Manager, Mr. Sajal Mukherjee, Mining Sardar, Mr. Anand Rao Naidu, Senior Overman and Mr. P.P. Karmakar, Assistant, Manager Mine No. 8, Nowrozabad (collectively referred to as "accused persons") on account of an accident at Mine No. 8, Nowrozabad wherein Mr. Chabib Lal died and Mr. Maveshiya and Mr. Sant Ram were gravely injured. Further, the state of Madhya Pradesh filed a challan before the Judicial Magistrate, First Class, Umaria and registered a criminal complaint (No. 814 of 2003) against the accused persons under Sections 304 A, 337 and 34 of the IPC. The Judicial Magistrate took cognizance of the matter and issued notice to the accused persons. The Judicial Magistrate vide order dated August 22, 2006 dismissed the application filed by SECL and it was held that the prima facie offence under Section 304A was upheld. Aggrieved by the order dated August 22, 2006 SECL filed a criminal revision petition (No. 127 of 2007) before the Upper Sessions Judge, Umaria praying for setting aside the order of the Judicial Magistrate. The Upper Sessions Judge by an order dated September 19, 2007 upheld the order of the Judicial Magistrate and remanded the case back. Aggrieved by the order of the Upper Sessions Judge SECL filed a writ petition (No. 17368 of 2007) before the High Court, Jabalpur praying for setting aside the order of the Upper Sessions Judge and filed an application for stay of the proceedings before the Judicial Magistrate. The matter is currently pending.

11. State of Madhya Pradesh, through DGMS. has filed a case (criminal case no. 929 of 2006) against L. K. Srivastava and other before the Judicial Magistrate (First Class), Shahdol on March 24, 1998 in relation to accident at the premises of mine of the SECL, involving a employee of a contractor hired by SECL. The Petitioner has prayed for prosecution under Sections 72C(1)(a), 72A and 73 of Mines Act. The charges are to be framed and the matter is currently pending.

12. The Chhattisgarh State Environment Protection Board has filed a case (no. 227 of 2010) against Mr. Arun Kumar Tiwari, Chief General Manager, Mr. B.P. Mishra, Manager Palkimara and others (collectively, the "accused persons") before the Judicial Magistrate (First Class), Manendragarh on October 13, 2008 alleging violation of the pollution control approvals as granted with regards to extraction of coal in excess of the limit. The petitioner has prayed for prosecution under Section 15 and 16 of Environment Protection Act, 1986. The matter is currently pending.

13. The Chhattisgarh State Environment Protection Board has filed a case (no. 226 of 2010) against Mr. Arun Kumar Tiwari, Chief General Manager, Mr. G.K. Khodiyar, Manager West Jhagrakhand Colliery, and others (collectively, the "accused persons") before the JMFC, Manendragarh on October 13, 2008 alleging violation of the pollution control approval as granted with regards to extraction of coal in excess of the limit. The petitioner prayed for prosecution under Section 15 and 16 of Environment Protection Act, 1986. The matter is currently pending.

14. The Chhattisgarh State Environment Protection Board has filed a case (no. 120 of 2006) against M.K. Mathur, GM, Chirmiri, SECL and others before the Judicial Magistrate (First Class), Manendragarh on January 10, 2006 alleging violation of the pollution control approval as granted in relation to NCPH colliery with regard to extraction of coal in excess of the limit. The respondents have filed a criminal revision (no. 17 of 2007) before the Additional Sessions Judge, Manendragar for quashing the registration of the case before JMFC on the grounds that the case filed by the Board was outside the purview of its authorisation.

15. The Chhattisgarh State Environment Protection Board has filed a case (no. MJC 336 of 2006) against A.D. Mathur, GM, Rani Attari, Chirimiri area, SECL and others before the Judicial Magistrate (First Class), Katghora on December 31, 2005 alleging violation of the pollution control approval as granted in relation to Rani Attari mine with regard to extraction of coal in excess of the limit. The respondents have filed a criminal revision (no. 53 of 2006) before the Additional Sessions Judge, Katghora for quashing the registration of the case before JMFC on the grounds that the case filed by Board was outside the purview of its authorisation.

16. Chandeshwar Singh, GM, Jamunakotma area and others have filed a miscellaneous criminal case (no. MCRC/11971/2009) against Katku Agaria before the High Court of Madhya Pradesh at Jabalpur in November 2009 challenging the order of Judicial Magistrate issuing non-bailable warrants against the applicants. The land of the respondent was acquired for SECL's Jamunakotma colliery and alleging that in lieu of the land of person belonging to ST community, employment has been provided to a general category person, the respondent filed case (no. 1386 of 2009) before Judicial Magistrate (First Class), Kotma. Judicial Magistrate, pursuant to its order dated November 11, 2009, issued non-bailable warrant, aggrieved by which order the applicants have filed this case in the High Court. The High Court, by its order dated November 20, 2009, cancelled the warrant and granted bail. The case is pending for final arguments.

17. Virendra Kumar Soni has filed a case against P.K. Agarwal, CGM, Jamunapur area and others before the Judicial Magistrate (First Class), Kotma on May 18, 2010 alleging that the financial educational grant provided by the consultative committee of SECL has been provided to certain educational institutions that are not eligible for the grant and certain institutions that are not yet into existence. The applicant has prayed for prosecution under Section 420, 467 and 468 of IPC. The matter is under investigation. The matter is currently pending.

18. The Chhattisgarh State Environment Protection Board has filed a case (no. 348 of 2008) against M.K. Thapar and B.K. Sinha, CMD, SECL, D.R. Chaudhary, Colliery Manager, Mahamaya colliery and others before the Additional Chief Judicial Magistrate, Surajpur on March 8, 2008 alleging violation of the pollution control approval as granted in relation to Mahamaya mine with regards to extraction of coal in excess of the limit. Subsequently, the respondents filed a criminal revision petition (no. 154 of 2008) before the Additional Sessions Judge, Surajpur for quashing the registration of the case before

the Judicial Magistrate. The Sessions Judge, by its order dated January 20, 2009, dismissed the revision petition and allowed the respondents to re-approach Chief Magistrate. Aggrieved by the order of the Additional Session Judge, the respondents have filed criminal miscellaneous petition (no. 130 of 2009) before High Court of Chattisgarh on the grounds that the case filed by Board was outside the purview of its authorisation. The matter is currently pending.

19. The Chhattisgarh State Environment Protection Board filed a case (no. 350 of 2008) against M.K. Thapar and B.K. Sinha, CMD, SECL, D.R. Chaudhary, Colliery Manager, Mahamaya colliery and others before the Additional Chief Judicial Magistrate, Surajpur on March 8, 2008 alleging violation of the pollution control approval as granted with regard to extraction of coal in excess of the limit in relation to Dugga mine. Subsequently, the respondents filed a criminal revision (no. 155 of 2008) before the Additional Sessions Judge, Surajpur for quashing the registration of the case before the Judicial Magistrate. The Sessions Judge, by its order dated January 20, 2009, dismissed the revision petition and allowed the respondents to re-approach the Judicial Magistrate. Aggrieved by the order of the Session Judge, the respondents have filed criminal miscellaneous petition (no. 144 of 2009) before High Court of Chattisgarh on the ground that the case filed by Board was outside the purview of its authorisation. The matter is currently pending.

20. The Chhattisgarh State Environment Protection Board has filed a case (no. 25 of 2009) against SECL, Gevara, G.S. Prasad, CGM, Gevara area and others before the Judicial Magistrate (First Class), Katghora on August 1, 2008 alleging violation of the pollution control approval as granted with regard to extraction of coal in excess of the limit in Gevara mine. Subsequent to the judge issuing a bailable warrant against the respondents, the respondents filed a criminal revision (no. 104 of 2009) before the Additional Sessions Judge, Katghora for quashing the registration of the notice and the case before Judicial Magistrate on the grounds that the case filed by Board was outside the purview of its authorisation. The matter is currently pending.

21. The Chhattisgarh State Environment Protection Board has filed a case (no. 601 of 2009) against the SECL, CMD, SECL and others before the Chief Judicial Magistrate, Raigar alleging violation of the pollution control approval as granted with regards to extraction of coal in excess of the limit in Baroud mine. The Magistrate, pursuant to order dated January 6, 2010, issued warrants against the respondents. Aggrieved, the respondents have filed a criminal revision before the Additional Sessions Judge, on the ground that the case filed by Board was outside the purview of its authorisation. The matter is currently pending.

22. Ram Ujagar Pandey, CGM, WCL has filed a criminal miscellaneous petition (no. 413 of 2007) against the State of Chattisgarh, through conservator of forest, Raigarh before the High Court of Chattisgarh. The development forest officer had filed a complaint before Judicial Magistrate (First Class), Dharamjaigarh against petitioners on the grounds that mining operations at Dharam Coal Mine (Chhal) were carried out on forest land without proper approval. JMFC passed order dated January 10, 2005 against the individuals. Aggrieved, the individuals approached Additional Sessions Judge, who passed an order dated January 30, 2006. The petitioners have filed this petition aggrieved by order of the Sessions Judge. The matter is currently pending.

23. State of Madhya Pradesh has filed a case (no. 299 of 2005) against RK Jandani, technical inspector, Sohagpur area, GR Pachisia, CGM, Sohagpur area and others before the JMFC, Burhar on April 26, 2005 alleging that instead of supplying steam coal as per the contract the area has supplied slack coal. SECL has responded on the grounds that this is not a criminal matter but civil case relating to a contractual dispute. The date fixed for examination of the prosecution witness is August 25, 2010.

24. R.B. Shukla sub-area manager, Dhanpuri filed a case against Dhanraj Pal (Misc. Cri. Case no. 8711 of 2009) before the High Court of Madhya Pradesh at Jabalpur in August, 2009 against the order of the Judicial Magistrate. The respondent had filed a criminal complaint (no. 995 of 2009) before Judicial Magistrate (First Class), against the sub-area manager, alleging that his services as guard were terminated in basis of false documents and baseless charges. The Judicial Magistrate, pursuant to its order dated July 16, 2009, issued non-bailable warrant against petitioner, who challenged the said order through this petition in High court. The HC by its order dated September 14, 2009, granted a stay on the said order. The matter is currently pending.

25. Rajan Khadelwal filed a case against Pradeep Kumar, sub-area manager, Naurojabad, before the Chief

Judicial Magistrate, Umaria, against notices sent for eviction from the premises occupied by the party. Aggrieved by the notices, the complainant has filed this case under sections 415, 416, 500, 501 and 507, among others, of the Indian Penal Code. The matter is currently pending.

26. State of Chattisgarh has filed a case against an employee of the company before Chief Judicial Magistrate, Koria, in relation to accident by company's vehicle. The complainant has filed this case under sections 279 and 337 of the Indian Penal Code. The matter is currently pending.

Mine Accident Cases

1. Director General of Mines Safety, Jabalpur filed a case against Malay Mitra and others (no. 1466 of 2000) before the Chief Judicial Magistrate, Shahdol under Sections 72C(1)(a)and 73 of the Mines Act against the officers of SECL in relation to an accident at Rajendra mine. The Director General of Mines Safety alleged that due to negligence and non-compliance with safety rules and regulations laid down by the mining authorities, the mining area was unsafe and hence, the accident took place. This complaint was filed before the Chief Judicial Magistrate, Shahdol. The matter is currently pending.

Public Interest Litigation

There are three public interest litigation pending against SECL, details of which are as follows:

1. Dr. B. L. Wadhera, Mr. Alok Nigam, Rashtriya Koyala Khadan Mazdoor Sangh, Mr. Sanjay Shrivastava filed a writ petition against Union of India, MoEF, Government of Chattisgarh, SECL and Maruti Clean Coal Power Limited ("**MCCPL**") (nos. 1264 of 2003, 4147 of 2003, 1382 of 2003) before the High Court of Chattisgarh on April 16, 2003. The petitioners have challenged the allotment of 37.91 acres of land at village Ratija, District Korba to MCCPL for establishing coal washery on the ground that the allotted land being the forest land requires prior permission of the Central Government before State Government make any order assigning the lease. SECL has replied on the ground that the land has been acquired under the CBA and therefore it is the exclusive property of Union of India and vested in SECL. The matter is currently pending.

   Pursuant to its orders dated May 9, 2003 and August 22, 2003, the High Court of Madhya Pradesh prevented MCCPL from construction of a building. Aggrieved by an interim order passed by the High Court of Chattisgarh (in the no. 1264 of 2003), MCCPL preferred an appeal on September 25, 2006 before the Supreme Court in special leave petition (no. 20238 of 2006). The Supreme Court, pursuant to order dated November 27, 2006, stayed the operation of the order passed by the High Court. Subsequently by an order dated March 31, 2010, the Supreme Court instructed SECL to start supply of coal and issue transit passes/delivery orders through the washery of the MCCPL on behalf of linked and other consumers.

2. Atmaram Awadhiya has filed a writ petition (no. 4217 of 2010) against State of Madhya Pradesh, SECL and others before the High Court of Madhya Pradesh at Jabalpur on March 28, 2010 alleging that the extraction of coal in Pali and Birsinghpur mines is in violation of provisions of law and affecting the population in vicinity. The company has responded that its operations have the required approvals from the regulating authorities. The Petitioner has prayed for ban on extraction of coal from mine in Pali resident area and employment and compensation to affected persons. The public interest litigation is yet to be admitted and the matter is yet to be listed for hearing.

3. Gyanwanti Singh has filed a writ petition (no. 11679 of 2010) against SECL and others before the High Court of Madhya Pradesh at Jabalpur, alleging alleging the company has neglected the administration of Junior High School, Naurozabad and thereby, breached the terms of National Coal Wage Agreement IV, thereby causing inconvenience and hardship to employees. SECL has filed the written statement on October 10, 2010 and the next date of hearing is yet to be notified.

Income Tax Cases

There are 18 income tax matters against SECL pending before various forums, including Income Tax Appellate Tribunal and High Court, Jabalpur. The total amount involved in these cases is Rs. 3,001.67 million. These cases include nine cases which involve amounts in excess of Rs. 100 million. Brief description of these cases is provided below:

1. SECL has filed an appeal (no. 151) dated February 19, 2010 before the ITAT, Jabalpur against the order dated November 25, 2009 of the Commissioner of Income Tax (Appeals) in relation to assessment order issued by the Joint Commissioner. Pursuant to the assessment order dated December 5, 2008, the Joint Commissioner disallowed certain expenses for the assessment year 2007-2008 under Section 143(3) of the Income Tax Act, 1961 and raised a demand of Rs. 296.13 million. Subsequently, SECL filed an appeal (no. 151/CIT(A)/BSP/08-09) before the Commissioner of Income-tax, (Appeals) ("**CIT-A**") on January 7, 2009. CIT-A, pursuant to his order dated November 25, 2009, disallowed the demand raised for a sum of Rs. 2,674.09 million. For the balance amount of Rs. 287.27 million which has been demanded, SECL has filed this appeal. The matter is currently pending for clearance for filing such appeal from the Committee on Dispute.

2. SECL has filed an appeal (no. 198) before the ITAT, Jabalpur against the order dated March 28, 2008 of the CIT-A in relation to assessment order issued by the Additional Commissioner. Pursuant to the assessment order dated December 7, 2007, the Additional Commissioner disallowed certain expenses for the assessment year 2006-2007 under Section 143(3) of the Income Tax Act, 1961 and raised a demand of Rs. 2,945.57 million. Subsequently, SECL filed an appeal (no. 198/CIT(A)/BSP/07-08) before the CIT-A on January 4, 2008. The CIT-A, pursuant to his order dated March 28, 2008, disallowed the demand raised for a sum of Rs. 2,755.52 million. However, for the balance amount of Rs. 190.05 million which has been demanded, SECL has filed this appeal. The matter is currently pending.

3. SECL has filed an appeal (no. 149) before the ITAT, Jabalpur against the order dated March 28, 2008 of the CIT-A in relation to assessment order issued by the Additional Commissioner. Pursuant to the assessment order dated November 27, 2007, the Additional Commissioner disallowed certain expenses for the assessment year 2005-2006 under Section 143(3) of the Income Tax Act, 1961 and raised a demand of Rs. 2,518.37 million. Subsequently, SECL filed an appeal (no. 149/CIT(A)/BSP/07-08) before CIT-A on December 28, 2007. CIT-A, pursuant to order dated March 28, 2008, disallowed the demand raised for a sum of Rs. 2,332.87 million. However, for the balance amount of Rs. 185,500 million which has been demanded, SECL has filed this appeal. The matter is currently pending.

4. SECL has filed an appeal (no. 151) before the ITAT, Jabalpur against the order dated February 28, 2007 of the CIT-A in relation to assessment order issued by the Assistant Commissioner. Pursuant to the assessment order dated February 2, 2005, the Assistant Commissioner disallowed certain expenses for the assessment year 2003-2004 under Section 143(3) of the Income Tax Act, 1961 and raised a demand of Rs. 2,014.97 million. Subsequently, SECL filed an appeal (no. 151/CIT(A)/BSP/04-05) before the CIT-AN on March 7, 2005. CIT-A, pursuant to order dated February 28, 2007, disallowed the demand raised for a sum of Rs. 1,894.43 million. However, for the balance amount of Rs. 120.53 million which has been demanded, SECL has filed this appeal. The matter is currently pending.

5. SECL has filed an appeal (no. 46) before the ITAT, Jabalpur against the order dated March 31, 2008 of the CIT-A in relation to assessment order issued by the Assistant Commissioner. Pursuant to the assessment order dated February 2, 2005, the Assistant Commissioner disallowed certain expenses for the assessment year 2002-2003 under Sections 143(3)/147 of the Income Tax Act, 1961 and raised a demand of Rs. 350.52 million. Subsequently, SECL filed an appeal (no. 46/CIT(A)/BSP/06-07) before the CIT-A. CIT-A, pursuant to order dated March 31, 2008, disallowed the demand of Rs. 194.83 million. However, for the balance amount of Rs. 155,686,000 which has been demanded, SECL has filed this appeal on June 6, 2008. The matter is currently pending.

6. SECL has filed an appeal (no. 47) before the ITAT, Jabalpur against the order dated March 31, 2008 of the CIT-A in relation to assessment order issued by the Assistant Commissioner. Pursuant to the assessment order dated March 27, 2006, the Assistant Commissioner disallowed certain expenses for the assessment year 2001-2002 under Sections 143(3)/147 of the Income Tax Act, 1961 and raised a demand of Rs. 355.47 million. Subsequently, SECL filed an appeal (no. 47/CIT(A)/BSP/06-07) before the CIT-A on April 25, 2006. CIT-A, pursuant to order dated March 31, 2008, disallowed the demand of Rs. 211.92 million. However, for the balance amount of Rs. 143.54 million which has been demanded, SECL has filed this appeal on June 6, 2008. The matter is currently pending.

7. SECL has filed an appeal (no. 50) before the ITAT, Jabalpur against the order dated March 31, 2008 of the CIT-A in relation to assessment order issued by the Assistant Commissioner. Pursuant to the

assessment order dated March 27, 2006, the Assistant Commissioner disallowed certain expenses for the assessment year 1999-2000 under Sections 143(3)/147 of the Income Tax Act, 1961 and raised a demand of Rs. 456.50 million. Subsequently, SECL filed an appeal (no. 50/CIT(A)/BSP/06-07) before the CIT-A on April 25, 2006. The CIT-A pursuant to order dated March 31, 2008, disallowed the demand raised for a sum of Rs. 348.59 million. However, for the balance amount of Rs. 107.89 million, SECL has filed this appeal on June 6, 2008. The matter is currently pending.

8. SECL has filed an appeal (no. 274) before the ITAT, Nagpur against the order dated January 23, 2001 of the CIT-A in relation to assessment order issued by the Joint Commissioner. Pursuant to the assessment order dated January 6, 2000, the Joint Commissioner disallowed certain expenses for the assessment year 1997-1998 under Section 143(3) of the Income Tax Act, 1961 and raised a demand of Rs. 1,178.65 million. Subsequently, SECL filed an appeal (no. 274/99/2000) before CIT-A. CIT-A, pursuant to order dated January 23, 2001, disallowed the demand raised for a sum of Rs. 184.35 million. However, for the balance amount of Rs. 994.29 million, SECL has filed this appeal. The matter is currently pending.

9. SECL has filed an appeal (no. 107) before the ITAT, Jabalpur in relation to order of the Tax Recovery Officer, dated November 7, 2004, raising a demand of Rs. 369.88 million. The order states that SECL has not been able to provide the details of the tax deducted from the individual employees and raised the additional demand in respect of financial year 2001-2002, under Section 201(1A) of the Income-tax Act, 1961. SECL filed appeal before the CIT-A (no. 107/CIT(A)/BSP/0405) on December 16, 2004 and CIT-A, pursuant to order dated May 15, 2007, referred the matter to the Tax Recovery Officer for re-verification, only in respect of the jurisdiction allotted to him. Aggrieved by this order, SECL filed this appeal on July 28, 2007 before the ITAT, Jabalpur praying for setting aside the order of the Commissioner of Income-tax (Appeals). The matter is currently pending.

Entry Tax and Sales Tax Cases

There are 86 entry tax and sales tax matters against SECL pending *inter alia* before Commissionerates, Tribunals and High Court. The total amount involved in these cases is Rs. 755.79 million. Details of one of the material cases us as follows:

1. The Commercial Tax Department has filed a special leave petition before the Supreme Court in relation to assessment orders issued by the Assistant Commissioner, Commercial Tax. The Assistant Commissioner, pursuant to assessment orders dated January 1, 1994, December 30, 1998 and December 31, 1999, imposed entry tax of Rs. 168.84 million on the coal dispatched by SECL, Gevra area. Subsequently, SECL contested the matter with the Additional Commissioner, whom pursuant to order dated July 19, 1999, dismissed such appeal. Aggrieved by this order of the Assistant Commissioner, three writ petitions (no. 4024 of 1999, 433 of 2001 and 513 of 2001) were filed before the High Court, Madhya Pradesh. The High Court, pursuant to its order dated April 9, 2008, held that SECL was not liable to pay entry tax under Section 3(1) of the Entry Tax Act, 1976. Aggrieved by the order of the High Court of, Madhya Pradesh, the Commercial Tax Department has filed this special leave petition. The matter is currently pending.

Service Tax Cases

There are 19 service tax matters against SECL pending *inter alia* before Commissionerates, Tribunals and High Court. The total amount involved in these cases is Rs. 1435.74 million. These cases include three cases which involve amounts in excess of Rs. 100 million. Brief description of these cases is provided below:

1. SECL has filed an application (no. 227 of 2008) before the CESTAT, New Delhi on March 29, 2008 against the service tax authorities in relation to the order dated February 19, 2008 demanding Rs. 176.40 million service tax on various transportation services utilized by SECL as a service recipient for a period between January 1, 2005 and April 30, 2006.The matter is currently pending before the CESTAT, New Delhi and the matter is currently pending.

2. SECL has filed an application (no. 199 of 2007) before the CESTAT, New Delhi on March 9, 2007 against service tax authorities in relation to order dated November 11, 2006, demanding service tax amounting to Rs. 304.30 on various transportation services utilized by SECL as a service recipient for a period between November 16, 1997 and June 1, 1998. The CESTAT, pursuant to its order dated

December 30, 2008, referred the appeal to a larger bench and waived the pre-deposit of taxes and penalties till the disposal of the appeal. The matter is currently pending.

3. SECL received a show cause notice (SCN no. 995) dated February 18, 2010 whereby the service tax authorities have demanded service tax on surface transportation charges recovered by SECL from their consumers for the period between October 1, 2004 and November 30, 2009, aggregating upto Rs. 925.92 million. SECL has replied to the aforementioned notice by its letter dated March 25, 2010 denying the applicability of service tax on surface transportation as it is a part of the sale price of SECL on which appropriate service taxes (namely CST and VAT) are collected and paid to the service tax authorities. SECL is yet to receive a reply to the said letter from the sales tax authorities.

Other tax matters

There are 47 other tax matters involving SECL, including appeals against demand notices issued to SECL, before the High Court Chattisgarh, various district courts and Collector of Stamp. The matters relate to, *inter alia,* payment of royalty on coal, enhancement of property tax, challenging the validity of Chhattisgarh (Adhosanrachna Vikas Evam Paryavaran) Upkar Adhiniyam, 2005, taxation under M.P. Municipality Rules, 1961, payment of stamp duty. The aggregate amount involved in these matters is approximately Rs. 253.68 million.

Arbitration Matters

There are 61 arbitration cases filed by various individuals involving SECL pending before different sole arbitrators and various High Courts including the Chhatisgarh High Court and the District Court, Bilaspur. The arbitration matters amongst others mainly relate to appointment of arbitrators and challenge the award passed by certain arbitrators, in various contractual disputes. The amount involved in these proceedings, to the extent quantifiable is approximately Rs. 776.34 million. These cases include three cases which involve amounts in excess of Rs. 100 million. Brief description of these cases is provided below:

1. LANCO Amarkantak Power Private Limited ("**LAPPL**") has initiated arbitration proceedings against SECL before the arbitrator on February 28, 2009 in relation to a fuel supply agreement with SECL. LAPPL has alleged that the bank guarantee amounting to Rs. 229.50 million submitted by LAPPL pursuant to the agreement was fraudulently invoked by SECL. The matter is currently pending.

2. M/s Kaytin Transport Private Limited ("**KTPL**") has initiated arbitration proceedings against SECL, before sole arbitrator on June 6, 2006 in relation to transportation agreement entered between KTPL and SECL for transportation of coal from the pithead of SECL mines to sidings. KTPL has asked for payment of interest on certain delayed payments under the agreement and has also alleged that the escalation prices for spare parts were arbitrarily decided by SECL. Further, KTPL has also claimed for losses suffered by it under a hire purchase agreement entered into with SECL. The total amount claimed is Rs. 104.08 million. The arbitration proceeding are currently under abeyance since the parties are intending to resolve the dispute internally.

3. KTPL has initiated arbitration proceedings against SECL, before sole arbitrator on June 6, 2006 in relation to a transportation agreement with SECL for transportation of coal from the pithead of SECL mines to their sidings and dumps. KTPL has asked for payment of interest on delayed payments under the agreement. KTPL also entered into a hire purchase agreement with SECL under a hire purchase agreement entered into with SECL. The total amount claimed by KPTL is Rs. 83,18 million. The arbitration proceeding are currently under abeyance since the parties are intending to resolve the dispute internally.

Civil Cases

There are eight cases relating to sales and marketing filed by consumers of our coal, involving SECL, pending *inter alia* before the High Court Bench, Indore, High Court, Chhattisgarh and the High Court, Rajasthan. These cases *inter alia* relate to, the validity of the e-auction method for sale of coal, refund of excess amount paid for coal over and above the notified price, resumption of supply of coal to customers which was stayed for various reasons, prices charged in excess of the government notified prices, forfeiture of earnest money, enhancement of annual contracted quantity of coal and challenge relating to clauses 2.3 and 4, of the office memorandum laying down the National Coal Development Policy, which provides for 25% sale through e-auction method and

entering into a compulsory fuel supply agreement regardless of allotted linkage respectively. The amount involved in the above matters, to the extent quantifiable, is Rs. 1.29 million and the matters are currently pending.

There are 39 disputes arising out of various contracts filed by various individuals involving SECL pending *inter alia* before the Civil Judge, High Court and the Supreme Court relating amongst others to disputes for payment of arrear dues in relation to various contracts, disputes as regards scope of work, removal of OB from mines, disputes in relation to payment of interest on due amounts and disputes in relation to overloading of coal in trucks. The amount involved in the above matters is approximately Rs. 95.03 million and all the matters are currently pending.

There are 61 disputes relating to other civil matters filed by various individuals pending *inter alia* before High Court, various District Courts and Labour Courts. These matters are in relation to demand for damages for premises in vicinity of company's operations, payment for repair of vehicles, dues against purchase of vehicles' parts, compensation under law of torts, recovery of amount under bills, against recovery of penal rent, payment of difference of wages and compensation, payment of coal bill on account of reduction of average weight, against bill raised by electricity department pursuant to vigilance recovery, against cancellation of tender for sale of scrap material. The aggregate quantifiable amount in these matters is approximately Rs. 54.81 million and all the matters are currently pending.

Land Cases

There are 58 land related cases claims filed by various individuals involving SECL, pending *inter alia* before the District Court, Bilaspur, Commissioner Shahdol and the High Court. These cases *inter alia* relate to claims of compensation relating to land and house, prayers for employment and adequate compensation pursuant to acquisition of land for mining purposes, enhancement of land acquisition compensation and various other similar claims of land oustees. The amount involved in the above matters is not ascertainable and all the matters are currently pending.

Labour/ Service Matters

There are 134 labour matters filed by various individuals involving SECL pending *inter alia* before the High Court, Labour Court and District Consumer Forum amongst others relating to various contractor disputes, disputes regarding workmen's compensation, mining accident, compensation for death of workmen, injury of workmen and others. The amount involved in the above matters is not ascertainable and all the matters are currently pending.

There are 855 service matters filed by various individuals involving SECL pending *inter alia* before the High Court, CGIT Jabalpur and Labour Court alleging amongst others, failure to provide dearness allowance and retirement benefits, failure to determine the correct seniority position, illegal and wrongful suspension, denial of promotion and discrimination in matters of determining promotion, and praying amongst others for reinstatement with back wages and continuation of service, payment of leave encashment, payment of bonus wages, departmental promotion, transfer to a different department, retirement benefits including dearness allowance and pension. The amount involved in the above matters is not ascertainable and all the matters are currently pending.

Motor Accidents Claims

There are 61 motor accident claims filed by various individuals against SECL pending *inter alia* before the Motor Accidents Claims Tribunal and the High Court, relating amongst others to claims of compensation for motor car accidents, suits for recovery of claim against road accident with SECL, claims of medical expenses from insurance companies and prayers for enhancement of compensation awarded by different tribunals. The amount involved in the above matters is approximately Rs. 83.24 million and all the matters are currently pending.

Consumer Cases

There are 241 consumer claims filed by various individuals involving SECL, pending *inter alia* before the District Consumer Forum and the State Consumer Forum. These cases *inter alia* relate to, disputes in relation to claims of house rent, electricity charges, claims relating to insurance, claims relating to LIC amount insured

and other compensation claims. The amount involved in the above matters is not ascertainable and all the matters are currently pending.

Environment cases

There are three environment related civil cases filed by various individuals involving SECL, pending before the High Courts at Kolkata and Chattisgarh and Sub-divisional court, Serampur. These cases relate to alleged violation of certain environmental norms and approvals.

Other Cases

There are 218 cases involving SECL relating to succession certificates, payment of gratuity, change of name, claim for payment of dues amount, declaration of title and occupation, claim for payment, laying down of high extension wires, correction of name and charge allowances pending *inter alia* before the District and Lower Court, High Court, Civil Judge Class I and the Additional District Judge. The total amount involved in these cases is not ascertainable and the matters are all currently pending.

Cases filed by SECL

Environment and Forest Cases

There are three environment and forest cases involving amounts in excess of Rs. 100 million filed by SECL. Brief description of these cases is provided below:

1. SECL has filed a case against Union of India (I.A. no. 1634 of 2006 in W.P. 2002 of 1995) before the Supreme Court on September 2, 2006 challenging demand notices aggregating to Rs. 195.50 million as penal compensatory afforestation, in relation to 7 proposals of mining in Chirmiri area, 2 mine under Korba area and one in Baikunthpur area, by the respective divisional forest officer. Further, due to pendency in payment of such penalty, the final approval under Forest Conservation Act, 1980 have not been provided. Against such penalty, SECL has filed this application. As per the directions of the Court, SECL has deposited an aggregate of Rs. 3,500 million towards net present value ('**NPV**') and accordingly Supreme Court has granted temporary working permit for operation of mines. SECL has also prayed against levy of such penal compensatory afforestation of other proposal pending clearance in relation to forest approval. The matter has been relisted.

2. SECL has filed a case against Union of India (I.A. under W.P. 202 of 1995) before the Supreme Court on February 22, 2010 challenging the levy of penal interest on payment of NPV in relation to Churcha colliery and Jhagrakhand colliery. The office of divisional forest officer, pursuant to the condition made applicable by MOEF dated November 6, 2007, raised a demand of over Rs. 450 million towards penal interest on NPV in relation to the period between the date of expiry of temporary working permit from MOEF and payment of Rs. 3,500 million towards NPV. SECL has paid a sum of Rs. 343.60 million under protest in relation to Churcha colliery. In respect to Jagrakhand block, SECL has made representation to MOEF for reduction in liability. The Supreme Court had granted status quo under IA no. 1634 and 1441 mines the NPV was deposited to CEC, New Delhi within the stipulated time of the Supreme Court and hence, penal interest not required to be paid. The petitioner has prayed for refund of amount paid under protest, and quashing the notice dated February 4, 2010. The matter is currently pending.

3. SECL has filed a case against Union of India (I.A. under W.P. 202 of 1995) before the Supreme Court on February 22, 2010 challenging the levy of penal compensation afforestation in relation to 1,158 hectares under Gevra and Dipka mines. The divisional forest officer has raised an aggregate demand of Rs. 334.70 million towards penal compensation afforestation and all forest charges towards 202 ha under the two mines. The government, through chief forest conservator's order dated August 22, 2009, rejected SECL's request to exempt from payment of such charges. Subsequently, SECL deposited such amount with the division under protest and has filed this application on the ground that the Forest Conservation Act was enacted in 1980 and the cognizance of the violation of F.C. Act was taken by the Forest Department only in the year 2004 and that SECL has previously paid compensation for acquisition of land and provided employment to persons in lieu of land. The petitioner has prayed for refund of the amounts paid toward penalty and other charges and quash the pre- condition of penal

compensatory afforestation in the in-principal approvals granted by MoEF. The matter is currently pending.

8. Western Coalfields Limited ("WCL")

Outstanding Litigation/ Proceedings Involving WCL

The details of the outstanding litigation/proceedings involving WCL as on October 10, 2010 are as follows:

Outstanding Litigation against WCL

Criminal cases

There are six criminal cases filed against WCL or employees of WCL before the Labour Court, Chindwara, Judicial Magistrate (First Class), Warora and the High Court. Three cases have been filed in relation to accident at mining site and unauthorised occupation of premises. The matters are currently pending. Details of certain cases are as follows:

1. The State (Government of India), through DGMS has filed a case (no. 1071 of 2008) against Mr. B. K. Saxena, Director (Tech.) and others before the Judicial Magistrate (First Class) at Parasia alleging non-compliance with the Rules and Regulations under the Mines Act and the Systematic Support Rules resulting in fatal accident at an underground mine. The case is still pending as one of the Accused has filed a criminal revision petition of July 13, 2009 under section 397 of the Criminal Procedure Code to quash the proceedings against him. The matter is currently pending.

2. Labour Enforcement Officer (Central), Jabalpur has filed a compliant (no. 1 of 96) against Mr. R.B. Mathus, ex Chairman-cum-Managing Director of WCL and other alleging non-compliant with giving timely gratuity to certain workers and failure to give notice to the Controlling Authority of the same The matter is currently pending.

3. WCL and others have filed a criminal writ petition (W.P. No.315 of 2006) against Labour Enforcement Officer, Chandrapur and others before High Court of Bombay, Nagpur Bench praying to set aside Criminal Complaint (No.658 of 2006) pending on the file of Judicial Magistrate, First Class, Wani holding that petitioners have not committed breach of notification dated June 21, 1988 issued under the provision of Sec 10(1) of the Contract Labour Act and to stay further proceedings in the abovementioned complaint during the pendency of the writ petition.

Public Interest Litigation

There are ten public interest litigation pending against WCL, details of which are as follows:

1. Anil Garg has filed a public interest litigation (no. 6885 of 2005) before the High Court of Madhya Pradesh, at Jabalpur against Union of India, Chairman-cum-Managing Director, WCL and others alleging illegal encroachment of WCL over the reserve forests in Betul District. The petitioner has further alleged that WCL has not adequately compensated the state for the forests, revenue lands and its standing woods acquired under the CBA Act leading to a loss of Rs. 1,000 million to the state. The matter is currently pending.

2. Shyam Ambdaspant Khule has filed a public interest litigation (no. 4441 of 2009) before the Bombay High Court against Union of India, Chairman-cum-Managing Director, WCL and others alleging irregularities in the norms and policies of the company in providing employment to persons whose land is acquired for mining purpose, whereby certain landoustees have gained employment without being entitled to the same. The matter is still pending.

3. Prayag Modi has filed a public interest litigation (no. 4571 of 2009) against Union of India, Chairman-cum-Managing Director, WCL and others before the High Court of Madhya Pradesh at Jabalpur in relation to inquiry and promotion of Mr. Ashok Singh, clerk at Mohan colliery. Further, the petitioner also alleges that huge amount of work at WCL has been assigned without any advertisement contract, many people are working in the name of employees who have already died and employees found involved in corruption are promoted.

4. Vasant Narayanrao Mandhare has filed a public interest litigation (no. 2292 of 2005) against Union of India, WCL and others before High Court of Bombay, Nagpur Bench in order to expose the alleged malpractices in distribution, allotment, supply and utilization of coal. The petitioner has also sought for an enquiry against the concerned persons for violating relevant provisions of Colliery Control Order and promoting black marketing of coal in collision with the coal units. The petitioner has also alleged that WCL supplies and distributes coals to various coal units without verifying actual requirement and without verifying the utilization of coal supplied in past. Further the petitioner has asked for provide up-to-date list of coal units sponsored by them for supply of coal, to appoint a committee to verify the record of all such coal units.

5. Madhusudan H.Roongta has filed a public interest litigation (no. 5435 of 2004) against the Collector, Chandrapur, WCL and others before the High Court of Bombay, Nagpur Bench in order to instruct the respondents to comply with the emission control norms and other prescribed environmental standard laid down in respect of industrial establishment at Urga Nagar and open cast coal mines which surrounds the city of Chandrapur. Further, the petitioner prays for restraining the respondents from discharging fly ash in open ash pond and other water resources, which is in violation of the fundamental rights granted under Articles 14 and 21 of enjoyment of clean and unpolluted environment is being violated.

6. M/S Central Co-operative Glass Works Limited has filed a writ petition (no.34582 of 2005) against Union of India, WCL and others before High Court of Uttar Pradesh at Allahabad in relation to stay of the operation of the orders dated February 15, 2005 and December 23, 2004. These orders relate to allocation of two million tonnes of coal per annum to M/s national Cooperative Consumer's Federation of India Limited. And clarifications issued thereto. Further the petitioner has asked for institution of inquiry into the incident of passing of orders dated February 15, 2005 and commanding the respondent authorities not to take any action in pursuance of order dated December 23, 2004.

7. Nature Conservation Society, through its president has filed a writ petition (no. 159 of 2005) before the Bombay High Court at Nagpur against State of Maharashtra, WCL and others concerning WCL having undertaken illegal mining operations in 126 hectares of land in Durgapur Rayatwari Colliery Area without obtaining prior approval of the Central Government as required under the Forest (Conservation) Act, 1980. The petitioner has asked for restraining WCL from undertaking such illegal mining activities. High Court has *vide* order dated November 18, 2005 has prevented WCL from carrying out any mining activity in the said area until further orders.

8. Banwarilal Purohit has filed a writ petition (no. 2743 of 1996) before the Bombay High Court at Nagpur against WCL. The petitioner has filed identification of certain allegedly bogus entities which are procuring coal from WCL for their units that are not in existence and the coal so procured is sold in the black market. The matter is currently pending.

9. Vinesh Madanyya Kalwal has filed a writ petition (no. 3501 of 2006) before the Bombay High Court at Nagpur against CGM, Chandrapur, Lloyd Metals & Engineering and Maharashtra Pollution Control Board seeking directions for the respondent to not to permit setting up of new industries in Chandrapur District due to increase in pollution and in order to control pollution levels in the area. The matter is currently pending.

10. Paryavaran Mitra Bahuudeshiya Sanstha, Chndrapur has filed a writ petition (no. 40 of 2010) Before the Bombay High Court at Nagpur against Union of India, WCL and other in relation to the mining operations of WCL in Pimpalgaon area. The petitioners have alleged that the mining operations by the company are being carried out in violation of the safety regulations, causing damage to the environment and inconvenience to locals. The petitioner had filed writ petition (no. 196 of 2010) before the Supreme Court praying for *inter alia*, stopping of the mining operations, which was withdrawn pursuant to the court's directions and hence, the present writ petition has been filed. The matter is currently pending.

Tax cases

There are 20 tax related cases filed against WCL, including appeals by WCL, by various departments of the state which are pending before the High Court Jabalpur and Nagpur and various district courts. The matters

have been filed in relation to payment of surface rent and dead rent in Nagpur area, cess and royalty, payment of excise duty, sales tax, entry tax, non-agricultural assessment tax and terminal tax. The aggregate amount involved in nine of these cases is approximately Rs. 124.94 million. All the matters are currently pending. Additionally, there are three income tax related matters filed before the Income Tax Appellate Tribunal for additional tax for assessment years 2004-2005 to 2006 to 2007. The aggregate amount involved in these three cases is Rs. 4.62 million. The matters are currently pending.

These tax matters include six cases which involve amounts in excess of Rs. 100 million each. Brief description of these cases is provided below:

1. WCL has filed an appeal no. CIT (A) – I/29/08-09 dated April 29, 2008 before the Commissioner of Income Tax, Nagpur against the assessment order dated March 28, 2008 of the Income tax department passed under Section 143(1) of the IT Act for the assessment year 2006-2007, contending the below disallowances and additions made by the order. The impugned order, disallowed amongst others a number of expenditures by WCL such as payment on account of educational facilities, under loading/over loading charges, community development and tribal welfare expenses and voluntary contribution to the funds raised a demand amounting to Rs. 182.83 million (inclusive of fringe benefit tax and interest) for the same. The hearing before the CIT (Appeals) has been concluded and currently the order is awaited.

2. WCL has filed an appeal on January 28, 2010 before the CIT(Appeals)-I, Nagpur against the assessment order dated December 31, 2009 of the Income tax department passed under Section 143(1) of the IT Act for the assessment year 2007-2008, contending the below disallowances and additions made by the order. The impugned order, disallowed amongst others a number of expenditures by WCL such as payment on account of educational facilities, under loading/over loading charges, community development and tribal welfare expenses, interest on gratuity and depreciation on railway siding and such other business expenses and raised a demand amounting to Rs. 191.69 million (inclusive of fringe benefit tax and interest) for the same. The hearing before the CIT (Appeals) is yet to commence.

3. WCL has filed an appeal on April 29, 2010 before the CIT(Appeals)-I, Nagpur against the assessment order dated March 30, 2010 of the Income tax department passed under Section 143(1) of the IT Act for the assessment year 2008-2009, contending the below disallowances and additions made by the order. The impugned order, disallowed amongst others payment on account of educational facilities, under loading/over loading charges, community development and tribal welfare expenses, interest on gratuity, civil works and arbitration awards, HEMM rehabilitation expenses and voluntary contribution to the funds and raised a demand amounting to Rs. 1,003.90 million (inclusive of fringe benefit tax and interest) for the same. The hearing before the CIT (Appeals) is yet to commence.

4. WCL has filed writ petitions (W.P. No. 1396 of 2006 and WP No. 1402 of 2006) before the Bombay High Court at Nagpur against notices received from the Tahsildar, Chandrapur area. The two notices were issued on March 4, 2005 (on account of non payment of non-agricultural assessment tax) and March 5, 2005 (on account of occupation charges, land revenue penalty and non agricultural assessment) and raised an amount of Rs. 81.47 million and Rs. 71.79 million respectively. The High Court, pursuant to its order dated December 21, 2006, held that WCL may file a fresh writ petition before the High Court challenging the demand raised against it by the State Government and directed WCL to deposit an amount of Rs. 13 million for all the lands against which such demand had been raised. WCL subsequently filed a writ petition bearing No. 1161 of 2007 before the High Court, Nagpur praying for setting aside the orders dated March 4, 2005 and March 5, 2005 and direct the Tahsildar to refund the entire amount paid by WCL on account of non agricultural assessment tax. The High Court, pursuant to order dated January 5, 2009 partly allowed the writ petition and quashed the imposition of non agricultural assessment on the lands covered under mining leasehold area under form K of Mineral Concession Rules, 1960. Further, the High Court set aside the penalty and fine levied by the state authorities for conversion of land for non agricultural use. Aggrieved by the order of the High Court, WCL filed a Letters Patent Appeal (no. 82 of 2009) challenging the imposition of non agricultural assessment on the lands acquired under the provisions of CBA Act. WCL's contention is that the said land continues to be owned by the central government and could not be subject to non-agricultural assessment. Further, the lands which have been purchased by direct negotiation and situated outside the mining lease area also cannot be subjected to any taxation including the non-agricultural assessment tax. The matter is currently pending.

5. WCL has filed two writ petitions (no. 4916 of 2008 and no. 528 of 2008) before the Bombay High Court at Nagpur in relation to eight notices received from Senior Sales Tax Inspector (Entry Tax), Nagpur alleging non-payment of entry tax under the Maharashtra Tax on Entry of Motor Vehicles into Local Areas Act, 1987 for entry of motor vehicles (Heavy Earth Moving Machineries ("**HEMMs**")) in the local area and liability to pay tax for the same for the periods commencing from 1988 to 1996 and raising an aggregate demand of Rs. 784.63 million. Aggrieved by the demand under the notices, WCL filed several appeals before the Deputy Commissioner, Sales Tax (Appeals), Nagpur for setting aside the abovementioned assessment orders. The Deputy Commissioner (Appeals), pursuant to its order dated July 26, 2009, upheld the assessment orders and aggrieved by this order, WCL filed several appeals pertaining to the relevant financial years before the Maharashtra Sales Tax Tribunal. The tribunal, pursuant to its order dated March 26, 2002, imposed a part duty of 25% for the financial years and remanded the case back to the assessing authority for reassessment. Aggrieved by the order, WCL filed a writ petition (No. 4900 of 2002) before the Bombay High Court for setting aside the order of the tribunal. The High Court, pursuant to order dated February 21, 2003 set aside the orders of the tribunal along with the assessment orders and remanded the case back to the assessing authority for fresh consideration. Subsequently, the entry tax officer issued orders for reassessing the demand by way of additional interest amounting to Rs. 179.02 million. Aggrieved by the reassessment orders, WCL filed a writ petition (No. 9651 of 2003) before the Bombay High Court for setting aside the reassessment orders and restraining the tax authorities from execution of the impugned orders. The High Court pursuant to its order dated February 23, 2004 directed WCL to deposit a bank guarantee amount to Rs. 120 million**,** being the basic entry tax excluding the interest and penalty for the 5 financial years and advised WCL to file fresh appeal before the Deputy Commissioner Sales Tax (Appeals) and directed him not to enforce the demand and review the reassessment orders. WCL filed an appeal before the Deputy Commissioner Sales Tax (Appeals) and deposited the abovementioned bank guarantee. The Deputy Commissioner vide its order dated May 27, 2004 confirmed the reassessment orders. Meanwhile, WCL received a certificate from the Automotive Research Association of India, Pune ("**ARAI**") stating that the HEMMs do not fall under the category of motor vehicle under the Motor Vehicles Act, 1988. Aggrieved by the order of the Deputy Commissioner, WCL filed five appeals before the Maharashtra Sales Tax Tribunal for setting aside the reassessment orders and the order dated May 27, 2004. The Sales Tax Tribunal, pursuant to its order dated February 14, 2008, restored the appeals pertaining to financial years 1988-89, 1989-90, 1993-94, 1994-95 and 1995-96 before the Deputy Commissioner Sales Tax (Appeals) and directed him to decide afresh on consideration of the ARAI certificate. WCL filed fresh submissions along with the copy of ARAI certificate before the Joint Commissioner Sales Tax (Appeals) and the Joint Commissioner pursuant to order dated September 11, 2008 reconfirmed the reassessed demand of the Entry Tax officer for the relevant financial years. Further, vide his order dated October 15, 2008 reconfirmed the assessment order of the entry tax officer for the years 1990-91, 1991-92 and 1992-93. Aggrieved by this additional demand, WCL filed these two writ petitions for setting aside the order of the Joint Commissioner Sales tax against WCL. The Bombay High Court passed an order dated December 15, 2008 directing the Joint Commissioner Sales Tax not to take any coercive action against WCL for the financial years stipulated in the order. The matter is currently pending and the final hearing is to commence.

6. WCL has filed a letters patent appeal (no. 90 of 2009) before the Bombay High Court at Nagpur, against certain tax demand raised by the State Government in relation to non-agricultural assessment tax. Aggrieved by the actions of the State Government, WCL filed a writ petition no. 975 of 2007 on October 7, 2009 before the Bombay High Court at Nagpur on the ground that acquisition of land for the purpose of coal mining itself amounts to sanctioning the use of land for non-agricultural purpose. Pursuant to an order dated January 5, 2009, the court partly allowed the petition and WCL was required to pay a certain portion of the non-agricultural tax to the State Government. Subsequently, WCL filed this appeal. The government filed an affidavit claiming that an amount of Rs. 237.48 million was required to be paid by WCL as a part of its non-agricultural assessment tax upto the year 2005. The amount of tax to be paid by WCL from 2005 to date was yet to be calculated by the State Government and would be subsequently submitted before the Bombay High Court. The matter is pending.

In addition, there is one taxation related matter filed by WCL before District Court, Nagpur. The case has been filed for refund of excise duty charged by the contractual party under contract to supply ammonium nitrate. The matter involves approximately Rs. 0.59 milion and is currently pending.

Environment related cases

There are five cases filed against WCL before the Supreme Court and High Court at Nagpur by various state and non-state agencies. The cases have been filed in relation to clearance under Section 2 of Forest Conservation Act, 1980, shifting of sand beyond a certain distance from forest/reserved area and transfer of forest land. The amount involved in the above matters cannot be ascertained and all the matters are currently pending.

Civil cases

There are 99 civil cases filed by various individuals, against WCL pending *inter alia* before the Supreme Court, the High Courts at Kolkata, Nagpur, Ranchi, Delhi and Jodhpur and various district courts in relation to the contracts and tenders issued by the company. Amongst others, these cases are in the nature of dispute under a contract, commission under a tender, supply of explosives under rate contracts, incorporation of price fall clause in contract for explosives, clarification on formula circulated by CIL by determining powder factor during execution of contract, unauthorised construction or occupation on company's property, plants and other developmental works and payment for constructions of buildings and quarters. The aggregate amount involved in 50 of the cases is approximately Rs. 458.66 million. All the matters are currently pending. These cases include two cases which involve an amount in excess of Rs. 100 million. Brief description of these cases are provided below:

1. M/s G. Ramanaiah Naidu has filed a special civil suit (no. SP/1002/08) before the 4th Joint Civil Judge (Senior Division), Nagpur against WCL and others alleging delay in execution of works awarded under the tender for the construction of river plugs, guide bunds, diversion channel and nalla training and re-gradation works in Umrer area, granted pursuant to contract dated February 8, 2005. The plaintiff filed this special civil suit for an aggregate sum of Rs. 166.71 million (inclusive of interest and penalty). The matter is currently pending.

2. M/s Sanwal Coal Carriers have filed a writ petition (no. 2888 of 2010) before the Bombay High Court at Nagpur against WCL challenging the interim order of the arbitrator dated March 25, 2010 in relation to the termination of its contract in relation to hire of payloaders and tippers for loading of coal and certain deductions made by WCL under the contract. The petitioner had filed a writ petition (no. 5051/2007) before the Bombay High Court at Nagpur, which the High Court pursuant to its order dated March 7, 2008, disposed off on ground that that as per the contractual agreement, the parties must first resort to arbitration to solve a dispute. The petitioner raised a demand of Rs. 117.21 million against WCL on account of loss suffered due to termination of contract and other factors. Subsequently, an interim order dated March 25, 2010 was passed by the arbitrator asking both parties to reconcile their coal dispatch data in order to finalise the payment to the petitioner. Subsequently, the petitioner filed this writ petition for setting aside the interim order passed by the arbitrator and stay on the proceedings thereunder. The High Court, pursuant to it order dated August 26, 2010, allowed the proceedings to continue with the arbitrator and ordered fresh hearing by the arbitrator on matter relating to coal dispatch data. The matter is currently pending.

There are 94 civil cases filed by various individuals against WCL before the High Courts at Kolkata, Nagpur, Jabalpur, Allahabad, Hyderabad and Ahemdabad and various district courts in the nature of sales and marketing cases. These matters are in relation to dispute under fuel supply agreements, non delivery of coal, challenging the e-auction policy of coal supply issued by the government, refund of difference between e-auction price and notified price and restoration of coal linkage. The aggregate amount involved is in 45 of the cases is approximately Rs. 71.11 million and the amount involved is not ascertainable in the remaining cases. All the matters are currently pending.

Additionally, there are 11 civil cases filed by various individuals against WCL before the High Court at Nagpur and various District Courts. These cases are, amongst others, in the nature of compensation for damage to crops, restraining from dumping coal on land, recovery of outstanding amounts for LPG connection and restrain on movement of vehicles. The aggregate amount involved in 10 cases is approximately Rs. 3.40 million and the amount is not ascertainable in one case. All the matters are currently pending.

Miscellaneous cases

The Union of India, the Company and WCL have filed a transfer petition (TP No. 613 of 2008) before the Supreme Court against Maharashtra Industrial Development Corporation ("MIDC") Chandrapur and Nagpur in

relation to the new coal distribution policy formulated by the government on October 18, 2007 which was challenged by MIDC before the Bombay High Court at Nagpur. WCL requested for transfer of the matter alongwith other identical cases filed before the Supreme Court. The Supreme Court has admitted this transfer petition and it is pending for final hearing.

Arbitration Matters

There are 82 matters under arbitration against WCL or under appeal from arbitration awards against WCL, which are pending before various district courts, High Courts at Nagpur and Jabalpur and the Supreme Court. The matters have been filed in relation to recovery against contracts, various operational and maintenance works in areas operated by the company such as construction of quarters, plants and other developmental works, refund of deposits filed during tender process and challenge of blacklisting of certain contractors. The aggregate amount involved in 45 of these cases is approximately Rs. 120.43 million and the amount involved is not ascertainable in the remaining cases. All the matters are currently pending.

Contempt cases

There are two contempt petitions filed against State of Maharashtra, WCL and others before the Supreme Court and High Courts at Nagpur and Calcutta. The petitions have been filed in relation to alleged violation of earlier order of the Supreme Court and High Court in separate matters, including one pertaining to overloading in coal transportation. The matters are currently pending.

Consumer cases

There are 22 matters, including appeals from consumer forum, filed before High Courts at Jabalpur and Nagpur and various District Courts in relation to a group janta policy, including appeals filed by insurance company, and payment of compensation. WCL is a formal party in most matters. The amount involved in four of matters is Rs. 6.34 million and the amount is not ascertainable in the remaining matters. All the matters are currently pending.

Service cases

There are 1,004 service matters filed by various individuals against WCL pending *inter alia* before High Courts at Nagpur, Jabalpur, Central Government Industrial cum Labour Tribunal and various district courts relating to amongst others, compensation under Workmen Compensation Act, salary payment and deductions, group janta insurance policy, failure to determine the correct seniority position and appropriate pay, dismissal of services due to various reasons, denial of promotion and discrimination in matters of determining promotion, correction in date of birth records of employees, denial of employment to dependants of deceased WCL employees and praying amongst others for reinstatement with back wages and continuation of service, departmental promotion absorption and regularisation of contract workers, retirement benefits such as gratuity and pension, for encashment of leave, difference of wages in conversion of piece rated category to time rated category, results of mining examination, arrears payment towards voluntary retirement scheme, promotion and notional seniority matters, stay of department inquiry and violation of conditions under indemnity bonds. The aggregate amount involved in 79 of these cases is approximately Rs. 53.11 million and the amount involved is not ascertainable in the remaining cases. All the matters are currently pending.

Land cases

There are 709 land cases filed by various individuals including the State, against WCL pending *inter alia* before the Supreme Court, the High Courts at Nagpur and Jabalpur and various District Courts. Amongst others, the land disputes mainly relate to claims of partition, disputes regarding title to land, claims for employment and compensation by land oustee, encroachment and forceful occupation of land, grant of solatium and interest along with escalation under the CBA Act, record and actual measurement of area and other cases under the Land Acquisition Act. The individuals *inter alia* pray for declaration of good title to land, adequate rehabilitation, employment and payment of adequate compensation pursuant to acquiring of land by WCL. Of the 709 land cases filed against us, 98 cases involve an amount of Rs. 177.58 million and for the remaining cases the amounts cannot be ascertained. The matters are currently pending.

Motor Accidents Claims

There are 16 motor accidents claim filed by different individuals against WCL pending before the High Courts at Jabal and Nagpur, various District Courts and motor accident tribunal and one appeal filed by WCL before MSRTC, Bhandara. The individuals pray for adequate compensation in the matters. The aggregate amount involved in 6 cases, including one appeal matter, is approximately Rs. 11.27 million and the amount involved is not ascertainable in the remaining cases. All the matters are currently pending.

Pre-nationalisation cases

There are four cases relating to liability in relation to certain matters prior to nationalisation of the coal fields and mines before the Supreme Court, the High Courts at Nagpur and Delhi and various District Courts. The matters have been filed in relation to outstanding liabilities of the erstwhile owners of certain coal mines related to repayment of bank proceeds, dispute under contracts and proceedings under Public Premises (Eviction of Unauthorised Occupants) Act, 1971. The amount involved in the above matters cannot be ascertained and all the matters are currently pending.

Cases filed by WCL

Civil cases

There are 10 civil cases, including appeals, filed by WCL, against various individuals pending *inter alia* before the High Court Nagpur and Aurangabad. Amongst others, the cases mainly relate to claims relating to payments for work done, payment of demurrage and unloading charges, arbitrary imposition of tax and illegal participation in the e-auction schemes. The amount involved in the above matters cannot be ascertained. All the matters are currently pending. These cases include one case which involves amounts in excess of Rs. 100 million. Brief description of the case is provided below:

1. WCL and others have filed a civil appeal (no. 4993 of 2006) before the High Court of Madhya Pradesh, against the action of State Government in imposing a tax at 5% of the coal value extracted pursuant to Madhya Pradesh Rural Infrastructure and Road Development Act, 2005 on the mineral bearing land (including coal) on the areas of land owned by WCL falling within the jurisdiction of State Government. The imposition of such tax was challenged by the consumers and WCL by a writ petition (No. 1306 of 2006) before the High Court, Jabalpur on the ground that the state legislature had no competence to impose such taxes as it was the subject of the Union List. The High Court vide its interim order dated February 15, 2006 directed WCL to collect the tax from the consumers from the sale of coal and deposit the same in a fixed deposit bank account. WCL has from the date of filing of the suit till March 2010 collected tax amounting to Rs. 1,780 million and deposited the same in the bank account. Subsequently, the High Court, pursuant to order dated August 18, 2006, held that the State Government is empowered to legislate such enactment and that the Act is not *ultra vires* of the power of the State Legislature. Aggrieved by the order of the High Court, WCL filed a SLP (No. 18221 of 2006) converted into this civil appeal. The matter is currently pending.

2. WCL has filed a special leave petition (no. 2939 of 2008) on January 30, 2008 before the Supreme Court against M/s Sangita Sales Private Limited and others alleging illegal means adopted by the respondent to participate in its e-auction bids, preventing others from participating therein. Upon being blacklisted by WCL, the respondent challenged the action in the Bombay High Court at Nagpur and the Court, by its order dated December 17, 2007, directed WCL to supply the coal that had been already booked by the respondent. Aggrieved by this order WCL and the Company filed this special leave petition before the Supreme Court. The Supreme Court, by an interim order dated February 15, 2008, stayed the order of the High Court but subsequently, by its order dated September 29, 2009, quashed its interim order and asked WCL to supply the coal booked by the respondent. WCL has complied with this order and an affidavit to this effect has to be filed for compliance with the aforementioned order. Hence, the matter is still pending for filing the affidavit.

3. WCL has filed a special leave petition (SLP (C) 25068 of 2005) before the Supreme Court against State of Maharashtra, Union of India and other in relation to the working permission for a colliery. The state did not extend the temporary working permit for WCL for the forest land situated in Durgapur, Ryatwari Colliery in Chandrapur District on which it carried on mining operations and WCL filed a writ petition before the Bombay High Court challenging the said actions. The Bombay High Court passed an interim order dated September 16, 2005 for closing the working of the mine. Aggrieved, WCL challenged this order in this special leave petition. The Supreme Court, pursuant to its order

dated August 4, 2010 extended the temporary working permission by way of payment of net present value on the forest lands. The matter is currently pending.

4. WCL has filed a special leave petition (no. SLP (C) No. 11892 to 11907 of 2008) against Chunnibai and others in relation to a circular issued by the Government of India dated May 12, 1989 whereby land owners under the CBA Act are entitled get 12% escalation in whose case Section 9 (1) notice has been issued on or after April 30, 1982. The landowners had challenged this circular before the special tribunal constituted under the CBA Act which ruled in favour of WCL. Aggrieved by the order of the tribunal, the landowners filed an appeal before the High Court bearing number 159 of 1989 for challenging the said order. The High Court pursuant to its order dated January 10, 2008, held that land owners are entitled to 12% escalation irrespective of above circular fixing cut off date as on and after April 30, 1982. Subsequently, WCL has challenged the order of the High Court through this special leave petition. The matter is currently pending.

Arbitration Matters

There are 10 arbitration cases, including seven appeals, filed by WCL which are currently pending before the Supreme Court, High Court at Nagpur and District Court, Nagpur against parties with contractual arrangements. The cases are in relation to, inter alia, recovery of amounts paid to bank in relation to discounting facility provided pre-nationalization, non-payment for the supply of coal, deductions for failure of supply of cement and payment for constructions of buildings and quarters. The aggregate amount involved in seven cases is approximately Rs. 21.43 million and the amount involved is not ascertainable in the remaining cases. All the matters are currently pending.

Land cases

There are 163 land cases, including appeals, filed by WCL, against various individuals and companies pending *inter alia* before the High Courts at Jabalpur and Nagpur. Amongst others, the land disputes mainly relate to land acquisition, employment to land oustees, enhancement of compensation and challenge of enhancement of compensation, interest on compensation, encroachment of land, as various other cases under the Land Acquisition Act. WCL *inter alia* prays for declaration of good title to land, adequate rehabilitation and payment of adequate compensation pursuant to acquiring of land by WCL. The aggregate amount involved in 79 cases is approximately Rs. 8.89 million and the amount involved is not ascertainable in the remaining cases. All the matters are currently pending.

Pre-nationalisation cases

There is one case relating to liability in relation to certain matters prior to nationalisation of the coal fields and mines before the Supreme Court. The matter has been filed in relation to dispute under contracts and proceedings under Public Premises (Eviction of Unauthorised Occupants) Act, 1971. The amount involved in the above matter is not ascertainable and the matter is currently pending.

9. MJSJ Coal Limited ("MJSJ")

As on October 10, 2010, there are no cases filed by or against MJSJ.

10. MNH Shakti Limited ("MSL")

As on October 10, 2010, there are no cases filed by or against MSL.

11. Coal India Africana Limitada ("CIAL")

As on October 10, 2010, there are no cases filed by or against CIAL.

Proceedings Initiated against the Subsidiaries for economic offences

There are no proceedings initiated against the Subsidiaries for any economic offences.

Details of Past Penalties imposed on the Subsidiaries

There are no past penalties imposed on the Subsidiaries.

Outstanding Litigation/Proceedings involving the Directors

Litigation Involving our Directors

Except as mentioned above, there are no pending litigation against the Directors involving violation of statutory regulations or alleging criminal offence, there are no criminal/ civil prosecution against the Directors for any litigation towards tax liabilities and there are no defaults, non payment of statutory dues, proceedings initiated for civil offences.

Proceedings Initiated against the Directors for economic offences

There are no proceedings initiated against our Directors for economic offences.

Details of Past Penalties Imposed on the Directors

There are no past penalties imposed on any of our Directors.

Proceedings Initiated by SEBI

There are no proceedings initiated by the SEBI against our Directors or any entity in which our Directors are involved as promoters or directors.

GOVERNMENT AND OTHER APPROVALS

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing activities.

Incorporation details

1. Certificate of incorporation given by the RoC dated June 14, 2010 under the Companies Act.

2. Fresh certificate of incorporation given by the RoC dated October 21, 1975, consequent upon the change in name of our Company from 'Coal Mines Authority Limited' to 'Coal India Limited'.

3. Letter from RoC dated February 24, 2010 confirming the change in status of the Company from a private limited company to a public company.

Approvals related to the Offer

Corporate approvals

The Board of Directors have, pursuant to resolution dated August 5, 2010 authorised the Offer.

Approvals from GoI

The MoC through its letter (no. 38038/1/1996-CA-II (Vol-IV)) dated July 7, 2010 conveyed the approval granted by the GoI to the Offer.

Regulatory approvals

As per the extant foreign direct investment policy, transfer of shares by a person resident in India to a person resident outside India, in sectors other than the 'financial services sector', is permissible provided the price at which the transfer takes place is in accordance with the pricing guidelines issued by the RBI from time to time. However, as the Offer Price is to be discovered through the book building process prescribed under the SEBI Regulations, the transfer of Equity Shares by the Selling Shareholder to non resident Bidders may not be at a price as per the pricing guidelines prescribed by the RBI. Hence, the permission of RBI for the transfer of Equity Shares to non-residents in the Offer is required. We have received an approval (No. FE.Co.FID No. 3910/10.21.2010/2010-2011) dated August 12, 2010 from the RBI for the transfer of Equity Shares to non-residents in the Offer.

Approvals from stock exchanges

1. In-principle approval from the NSE dated August 25, 2010; and

2. In-principle approval from the BSE dated August 13, 2010.

Our Company has also obtained necessary contractual approvals required for the Offer.

Business Approvals

Miscellaneous approvals

We require various approvals for us to carry on our business in India. The approvals that we require are as:

(i) Permanent Account Number and Tax Deduction Account Number under the Income Tax Act 1961;
(ii) Certificate of registration under the Central Sales Tax Act, 1956;
(iii) Certificate of registration under the Sales Tax Acts of the various states in India;
(iv) Registration for payment of service tax in various locations in India where our services are being offered;
(v) Certificate of registration as an employer for payment of professional tax applicable to various professions, trades, callings and employments, as applicable in various states; and

(vi) Certificate of registration under the requisite value added tax legislations applicable in various states in India.

Some of these approvals have expired in the ordinary course of business and applications for renewal of these approvals have been submitted.

Intellectual property related approvals

We have applied for registration of our trademarks vide application dated August 2, 2010 bearing application number 2002384 and 2002385 before the Trademarks Registry situated at Kolkata for registration of our trademarks.

Mining related approvals

We and our Subsidiaries currently operate 471 coal mines in India. We are required to obtain several approvals, permits, licenses, leases, clearances, consents and registrations ("**Approvals**") from various central and state government departments and other authorities for undertaking mining activities. We apply for the Approvals at the appropriate stage of development of a mine and when granted, such Approvals contain certain conditions for continuous compliance.

The requirements for these Approvals vary from state to state. Therefore, given the enormity of information, only the major operating mines that had produced more than one million tonne of coal during fiscal 2010, being 70 out of 471 mines ("**Major Mines**") have been detailed hereunder. The coal production from the Major Mines constitute about 79.16% of the total coal production of our Company and our Subsidiaries for fiscal 2010.

Further, only such Approvals have been detailed which we consider material for ownership of mining rights or for undertaking mining activities in the Major Mines and without which our operations and operations of our Subsidiaries could suffer a material adverse effect ("**Key Approvals**").

The mining related Approvals can be classified into three broad categories:

(a) Approvals for mining rights

Mining rights can be obtained by entering into mining lease with relevant state government or by way of a notification by MoC under the CBA Act.

(i) A mining lease is executed with the relevant state government in relation to the geographical location of the concerned mine. Such mining lease governs the terms on which the lessee can use the land for the purposes of mining operations. Under the Coal Nationalization Act, the Company is the deemed lessee of all nationalized mines vested with the Company. As the ordinary period of validity of a mining lease in India ranges between 20-30 years, the Company is required to file applications for renewal of such mining leases in relation to the nationalized mines; and

(ii) Mining rights may also be acquired under the CBA Act, where the Central Government declares the land or the rights in or over the land to vest in a government company. The mining rights under the CBA Act are finally acquired after a chain of notifications are issued under various provisions of the CBA Act including notifications issued under Section 4, 7 and 9 of the CBA. Final vesting of mining rights and surface rights over the land takes places pursuant to the notification issued under Section 11 of the CBA Act. Notification issued under the CBA Act does not contain any renewal obligations.

(b) Environmental and forest clearances

We and our Subsidiaries require certain Approvals from Ministry of Environment and Forest, for establishment and continuous operation of our mines. Such Approvals are in the nature of environmental clearance under Environment Impact Assessment Notification, consent to establish and operate our mines under the Air Act and the Water Act approval under Hazardous Waste (Management and Handling) Rules, permission from central and state government for undertaking mining activities in or over the forest land. While environmental Approvals are needed to be taken afresh in case of

increase in mining capacity or mining area, consent to operate the mines are normally required to be renewed on a yearly basis. Further, forest clearances from Central Government are normally valid for a period of 20 years.

*(c) Approvals from the Director General Mines and Safety ('**DGMS**')*

To operate a mine, several approvals are required from DGMS under CM Regulations. Depending upon the circumstances of a mine, DGMS issues Approvals or relaxation from obtaining Approvals under different provisions of the CM Regulations. These Approvals or relaxations are required for depillaring, opencast working, haulage roadways provisions, development working, underground inundations, blasting, and shelter during blasting, deployment of machinery, appointment of assistant managers and surveyors, etc. Except in certain cases, approvals issued under Regulation 98(1) and (3) and 100(1) of CM Regulations normally do not impose any renewal obligations.

From the abovementioned broad categories of Approvals, we consider the following as Key Approvals required for operation of our Major Mines:

(a) *For grant of mining rights:* Mining lease and notification issued under Section 11 of the CBA Act. The mining leases permit the lessee to start excavation of the land for mining purposes. Hence, these Approvals are considered material by us to establish ownership in relation to the Major Mines.;

(b) *Environmental and forest clearance:* Environmental clearance, consent to operate under Air Act and Water Act and approval from the Central Government for mining in or over the forest land;

(c) *For DGMS approvals:* Relaxation issued under Regulations 98(1) and (3) of the CM Regulations for open cast mines and approval under Regulation 100 or 100A of the CM Regulations for underground mines.

In relation to our Major Mines, we currently have Key Approvals required for their operations, except for the Key Approvals set forth in the table below for which applications are currently pending:

Subsidiary	Area/Mine	Particulars of Approvals
ECL	SP Mines/ Chitra	• Application for renewal of consent under the Air Act and Water Act made to SPCB dated April 29, 2010.
BCCL	Block II/ Block II – HD	• Application for environment clearance under cluster concept dated June 21, 2010; • Application for renewal of consent from the SPCB under the Air Act and the Water Act dated December 23, 2009; and • Application for renewal of mining lease for Block II dated August 6, 2005.
NCL	Block – B	• Application for notification under Section 11(1) of the CBA Act has been made on February 17, 2007 and February 19, 2010 for land measuring 1042.16 and 97.33 hectares, respectively; • Application for renewal of consent to operate under Air Act and Water Act made to SPCBs dated June 12, 2010.
	Jayant	• Application for notification of land under the LA Act by the state government for 476.43 hectares dated November 18, 1992.
	Jhingurdah	• Application for renewal of consent to operate under Air Act and Water Act made to SPCBs dated April 7, 2010.
	Khadia	• Application for renewal of consent to operate under Air Act and Water Act made to SPCB dated November 16, 2009.
	Krishnashila	• Application for renewal of consent under the Air Act and Water Act made to SPCB dated December 31, 2009.
SECL	Chirimiri/ Kuraisa UG	• Application for renewal of consent under the Air Act and Water Act made to SPCB dated June 1, 2009.
	Chirimiri/ Chirimiri OC	• Application for renewal of consent under the Air Act and Water Act made to SPCB dated April 3, 2010.
	Chirimiri/ Kurasia OC	• Application for renewal of consent under the Air Act and Water Act made to SPCB dated March 15, 2010.
	Jamuna & Kotma/ Jamuna OC	• Application for renewal of consent under the Air Act and Water Act made to SPCB dated April 17, 2009.
	Raigarh/ Baroud	• Application for renewal of consent under the Air Act and Water Act made to SPCB dated February 24, 2010.
	Raigarh/ Chhal OC	• Application for renewal of consent under the Air Act and Water Act made to SPCB dated February 24, 2010.

Subsidiary	Area/Mine	Particulars of Approvals
	Dipka/ Dipka	• Application for renewal of consent under the Air Act and Water Act made to SPCB dated March 4, 2010.
	Gevra/ Gevra	• Application for renewal of consent under the Air Act and Water Act made to SPCB dated January 21, 2010.
	Kusmunda/ Kusmunda	• Application for renewal of consent under the Air Act and Water Act made to SPCB dated September 3, 2009.
	Kusmunda/ Laxaman	• Application for renewal of consent under the Air Act and Water Act made to SPCB dated August 1, 2009.
	Korba/ Manikpur	• Application for renewal of consent under the Air Act and Water Act made to SPCB dated July 26, 2010.
CCL	Barka Sayal/ Urimari	• Application for environmental clearance for expansion of production capacity from 1.5 MT to 2 MT, under the Environmental Impact Assessment Notification, 2006 made to the MoEF, GoI dated November 17, 2008; • Application for renewal of consent under the Air Act in relation to emissions from industrial plant, for a period from October 1, 2009 to September 30, 2010 made to the SPCB dated November 15, 2009; • Application for renewal of consent to operate under the Water Act made to SPCB dated November 14, 2009.
	B&K/ Khasmahal	• Application for renewal of consent to operate under the Air Act and Water Act for a period from January 1, 2010 up to December 31, 2010 made to the SPCB dated February 27, 2010.
	Piparwar/ Piparwar	• Application for renewal of consent to operate under the Water Act for a period up to March 31, 2011 made to the SPCB dated April 28, 2010; • Application for renewal of consent to operate under the Air Act for a period up to March 31, 2011, made to the SPCB dated April 28, 2010.
	Piparwar/ Ashok	• Application for renewal of consent to operate under the Water Act, for a period from October 1, 2009 up to September 30, 2010 made to the SPCB dated September 3, 2009; • Application for renewal of consent to operate under the Air Act in relation to emissions, for a period from October 1, 2009 up to September 30, 2010 made to the SPCB dated September 3, 2009.
	Dhori/ Sel. Dhori (Q.N. 1)	• Application for consent to operate under the Water Act and Air Act in relation to use of new or altered outlets for the discharge of sewage or trade effluents for a period from January 1, 2010 up to December 31, 2010 made to the SPCB dated October 26, 2009.
	Dhori/ Sel. Dhori (Q.N. 3)	• Application for renewal of consent to operate under the Water Act and Air Act in relation to emissions from industrial plants, for a period from October 1, 2009 up to September 30, 2010 made to the SPCB dated October 26, 2009.
	Dhori/ Amlo	• Application for renewal of consent to operate under the Water Act and Air Act in relation to use of new or altered outlets for the discharge of sewage or trade effluents from land/ premises, for a period from October 1, 2009 up to September 30, 2010 made to the SPCB.
	NK/ K.D.H	• Application for renewal of consent to operate under the Air Act and Water Act in relation to use of new or altered outlets for the discharge of sewage or trade effluents from land/ premises, for a period from January 1, 2010 to December 31, 2010 made to the SPCB dated December 24, 2009.
	Rajrappa / Rajrappa	• Application for renewal of consent to operate under the Air Act and Water Act in relation to emissions from industrial plants, for a period from July 1, 2010 up to June 30, 2011 made to the SPCB dated June 17, 2010.
MCL	Ib Valley/ Lajkura	• Environmental clearance for increase in capacity of mine up to 2.50 MTPA (normative) and 3.00 MTPA (peak).
	Ib Valley/ Samaleshwari	• Environmental clearance for increase in capacity of mine up to 11.00 MTPA.
	Jagannath/ Ananta	• Environmental clearance for increase in capacity of mine up to 15.00 MTPA (normative) and 20.00 MTPA (peak).
	Jagannath/ Bhubaneshwari	• Environmental clearance for increase in capacity of mine up to 20.00 MTPA; • Application for consent under Air Act and Water Act made to SPCB for a period between March 31, 2010 to March 31, 2011 dated April 29, 2009.
	Basundhara/ Basundhara W	• Environmental clearance for increase in capacity of mine up to 8.00 MTPA.
	Lakhanpur/Belpahar	• Application for environmental clearance for expansion of Belpahar project from 4.5 MPTA to 6 MTPA dated January 12, 2010.
	Lakhanpur/Lakhan	• Application for renewal of consent under Air Act and Water Act made to

Subsidiary	Area/Mine	Particulars of Approvals
	pur	SPCB dated September 7, 2006 for increase in capacity of mine up to 15 MTPA.
WCL	Ballarpur/ Gouri Merger	• Application for renewal of mining lease dated April 5, 2002; and • Application for renewal of consent to operate under the Air Act and Water Act made to SPCB dated March 19, 2010.
	Ballarpur/ Sasti OC	• Application for renewal of consent under the Air Act and Water Act made to SPCB dated May 31, 2005.
	Chandrapur/ Durgapur OC	• Application dated February 16, 2010 for diversion of forest land.
	Majri/ New Majri OC	• Application dated February 25, 2001 made to DGMS for relaxation under Regulation 98(1) & (3) of CM Regulations; • Application for renewal of mining lease dated March 18, 2002.
	Nagpur/ Gondegaon	• Renewal application for renewal of mining lease dated November, 2009; • Application for renewal of consent to operate under the Air Act and Water Act dated November 16, 2009.
	Nagpur/ Kamptee Conv	• Renewal application for renewal of mining lease dated April 8, 2002 and November 12, 2009.
	Umrer/ Umrer OC	• Application for renewal of mining lease dated April 25, 2002.
	Wani/ Bellora (Naigaon)	• Application for renewal of mining lease dated March, 2002; • Application dated July 24, 2008 for renewal of the consent to operate up to October 31, 2013.
	Wani/ Ghugus	• Application for renewal of forest clearance from Central Government dated October 21, 1990.
	Wani/ Neeljay and Neelijay South	• Application for renewal of consent under Air Act and Water Act made to SPCB dated August 14, 2009.
	Wani North/ Kolar Pimpri	• Application for renewal of consent under Air Act and Water Act made to SPCB dated September 14, 2009.

In addition to the above applications, we may not have Key Approvals for the following Major Mines:

Subsidiary	Area/Mine	Particulars of Approvals
MCL	Jagannath/ Jagannath OC	Vesting orders issued under Section 11(1) of the CBA Act.
	Bharatpur/ Bharatpur OC	Vesting orders issued under Section 11(1) of the CBA Act.
WCL	Durgapur Block/ Durgapur OC (Part)	Vesting orders issued under Section 11(1) of the CBA Act.
	Durgapur Block/ Padampur (Part)	Vesting orders issued under Section 11(1) of the CBA Act.

We are also required to maintain further Approvals, other than the Key Approvals mentioned above, depending upon the circumstances of a mine. Such Approvals are:

(a) Approvals for setting up of, and in relation to coal washeries;
(b) Permission from the Coal Colliery Controller under the Coal Colliery Order, 2000;
(c) Approvals under Rule 63 of the Indian Electricity Rules, 1956;
(d) Registrations in relation to Coal Mines' Employees Provident Fund and Pension Scheme; and
(e) Approval from Controller of Explosives.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for this Offer

The MoC through its letter (no. 38038/1/1996-CA-II (VOlIV)) dated July 7, 2010 conveyed the approval granted by the GoI to the Offer.

Our Board has, pursuant to resolution passed at its meeting held on August 5, 2010, authorised the Offer.

We have obtained all necessary governmental, regulatory consents and approvals and have received all necessary contractual consents required for the Offer. For further details, see the section titled "Government and Other Approvals" on page 303.

Prohibition by SEBI, RBI or governmental authorities

Our Company, our Promoter and our Directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities. Neither our Promoter nor any of our Directors have been or is a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI.

Our Directors are not in any manner associated with the securities market and there has been no action taken by SEBI against our Directors or any entity in which our Directors are involved as promoters or directors.

Neither our Company, our Promoter nor our Directors, have been detained as willful defaulters by the RBI or any other government authorities. There are no violations of securities laws committed by any of them in the past or pending against them.

Eligibility for the Offer

This Offer is in compliance with Regulation 4(2) and Regulation 26(2) of the SEBI Regulations:

Our Company is in compliance with the following conditions specified under Regulation 4(2) of the SEBI Regulations:

(a) Our Company, our Directors, our Promoters and the companies with which our Directors, Promoters or persons in control are associated as directors or promoters or persons in control have not been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI;

(b) Our Company has applied to the NSE and the BSE for obtaining their in-principle listing approval for listing of the Equity Shares under this Offer and has received the in-principle approvals from the NSE and the BSE pursuant to their letters dated August 25, 2010 and August 13, 2010, respectively. For the purposes of this Offer, BSE shall be the Designated Stock Exchange;

(c) Our Company has entered into agreements dated April 16, 2010 and April 28, 2010, respectively, with NSDL, CDSL and the Registrar to the Offer for dematerialisation of the Equity Shares;

(d) The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing this Prospectus.

As this is an offer for sale the condition specified in Regulation 4(2)(g) does not apply.

Our Company is an unlisted company and does not comply with the conditions specified in Regulation 26(1) of the SEBI Regulations.

Regulation 26(1) of the SEBI Regulations provides that a company may make an initial public offering if:

(a) it has net tangible assets of at least Rs. 30 million in each of the preceding three full years (of twelve months each), of which not more than fifty per cent are held in monetary assets. Provided that if more

than fifty per cent of the net tangible assets are held in monetary assets, the issuer has made firm commitments to utilise such excess monetary assets in its business or project.

(b) it has a track record of distributable profits in terms of Section 205 of the Companies Act, for at least three out of the immediately preceding five years. Provided that, extraordinary items shall not be considered for calculating distributable profits.

(c) it has a net worth of at least Rs. 10 million in each of the preceding three full years (of twelve months each).

(d) the aggregate of the proposed issue and all previous issues made in the same financial year in terms of issue size does not exceed five times its pre-issue net worth as per the audited balance sheet of the preceding financial year.

(e) if it has changed its name within the last one year, at least fifty per cent of the revenue for the preceding one full year has been earned by it from the activity indicated by the new name.

Our Company has net tangible assets of which more than 50% are held in monetary assets. Further, our Company has not made any firm commitment to utlize such excess monetary assets in its business or projects. Hence our Company is not in compliance with Regulation 26(1)(a) of the SEBI Regulations.

Our Company's net tangible assets, monetary assets, distributable profits and net worth derived from the Auditor's report on the Company's restated consolidated financial statements as at, and for the last five years ended March 31, 2010 are set forth below:

(Rs.in million unless otherwise stated)

Particulars	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Net tangible assets*	263,790.22	192,790.54	175,388.71	164,741.07	144,583.74
Monetary assets**	390,777.60	296,950.09	209,614.80	159,292.66	134,272.37
Monetary assets as a percentage of the net tangible assets	148.14%	154.03%	119.51%	96.69%	92.87%
Distributable profits	174,322.56	107,495.75	89,485.34	79,672.85	60,211.71
Net worth	258,437.43	190,081.43	172,006.83	162,131.23	142,536.39

* *Net tangible assets are defined as the of net fixed assets, investments, current assets, loans and advances less current liabilities and provisions, secured and unsecured loans.;*

** *Monetary assets include cash and bank balances.*

For further details of our financial statements see the section titled "Financial Statements" on page F 1.

Our Company's net tangible assets, monetary assets, distributable profits and net worth derived from the Auditor's report on the Company's restated standalone financial statements as at, and for the last five years ended March 31, 2010 are set forth below:

(R s. in million unless otherwise stated)

Particulars	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Net tangible assets*	170,607.23	153,396.08	132,564.87	124,853.42	112,034.89
Monetary assets**	91,333.61	64,627.64	46,639.58	37,289.85	28,631.51
Monetary assets as a percentage of the net tangible assets	53.53%	42.13%	35.18%	29.87%	25.56%
Distributable profits	82,054.66	67,765.31	49,783.63	44,717.57	34,058.40
Net worth	155,832.96	141,157.65	123,106.09	117,972.64	107,175.43

* Net tangible assets are defined as the of net fixed assets, investments, current assets, loans and advances less current liabilities and provisions, secured and unsecured loans.;

** Monetary assets include cash and bank balances.

Details are given in "Financial Statements" on page F 1.

Since we are not in compliance with Regulation 26(1) of the SEBI Regulations, we are required to meet both the conditions detailed in Regulation 26(2)(a) and Regulation 26(2)(b) of the SEBI Regulations.

Regulation 26(2) of the SEBI Regulations states as follows:

"*An issuer not satisfying any of the conditions stipulated in sub-regulation (1) may make an initial public offer if:*

(a) (i) the issue is made through the book building process and the issuer undertakes to allot at least fifty per cent of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make allotment to the qualified institutional buyers ;

OR

(ii) at least fifteen per cent of the cost of the project is contributed by scheduled commercial banks or public financial institutions, of which not less than ten per cent shall come from the appraisers and the issuer undertakes to allot at least ten per cent of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make the allotment to the qualified institutional buyers;

(b) (i) the minimum post-issue face value capital of the issuer is ten crore rupees;

OR

(ii) the issuer undertakes to provide market-making for at least two years from the date of listing of the specified securities, subject to the following:

(A) *the market makers offer buy and sell quotes for a minimum depth of three hundred specified securities and ensure that the bid-ask spread for their quotes does not, at any time, exceed ten per cent.;*

(B) *the inventory of the market makers, as on the date of allotment of the specified securities, shall be at least five per cent of the proposed issue*."

Accordingly, in compliance with Regulation 26(2) of the SEBI Regulations, this Offer is being made through the Book Building Process, with at least 50% of the Net Offer being proposed to be Allotted to QIBs. In case we do not receive subscriptions of at least 50% of the Net Offer from QIBs, we shall refund the subscription monies forthwith. No spill over from the QIB Portion is permitted to the other categories.

The post-Offer equity share capital of our Company at face value shall be more than the minimum requirement of Rs. 100 million. Hence, we are eligible under Regulation 26(2)(b)(i) of the SEBI Regulations.

In addition, in accordance with Regulation 26(4) of the SEBI Regulations, we shall ensure that the number of Allottees, i.e. persons to whom the Equity Shares will be Allotted under the Offer, shall be not less than 1,000; otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days after the Selling Shareholder becomes liable to repay it (i.e., from the date of refusal or within 12 Working Days from the date of Offer Closing Date, whichever is earlier), then the Selling Shareholder shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

This Offer is being made through the Book Building Process wherein at least 50% of the Net Offer shall be Alloted to QIBs. In case we do not receive subscriptions of at least 50% of the Net Offer from QIBs, we shall refund the subscription monies. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Offer Price. In the event demand from Mutual Funds is greater than 14,211,820 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the remaining QIB Portion and allocated to QIBs (including Mutual Funds) on a proportionate basis, subject to valid Bids being received at or above Offer Price.

Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. Further, up to 63,163,644 Equity Shares shall be available for allocation on a proportionate basis to the Eligible Employees under the Employee Reservation Portion, subject to valid bids being received at or above the Offer Price.

Under-subscription, if any, in the Employee Reservation Portion will be added to the Net Offer. Under-subscription, if any, in any category, except in the QIB Portion, shall be met with spill-over from other categories, at the sole discretion of the Selling Shareholder and our Company, in consultation with the Book Running Lead Managers. In case of under- subscription in the Net Offer, except in the QIB Portion, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

For further details, see the section titled "Offer Structure" on page 324.

Disclaimer Clause of SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE BOOK RUNNING LEAD MANAGERS* HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED AUGUST 9, 2010 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

WE STATE AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**

   (A) **THE DRAFT RED HERRING PROSPECTUS FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;**

   (B) **ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE GOVERNMENT OF INDIA AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

   (C) **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS**

OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. **WE CONFIRM THAT ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE SEBI, AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. **WHEN UNDERWRITTEN, WE WILL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS. NOTED FOR COMPLIANCE.**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS SPECIFIED SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**

6. **WE CERTIFY THAT REGULATION 33 OF THE SEBI REGULATIONS, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI REGULATIONS SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC OFFER. NOT APPLICABLE.**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. NOT APPLICABLE AS IT IS AN OFFER FOR SALE.**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE OFFER AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION. NOTED FOR COMPLIANCE.**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. NOT APPLICABLE.**

11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SEBI REGULATIONS HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**

    (A) **AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY AND**

    (B) **AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI REGULATIONS WHILE MAKING THE OFFER.**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.**

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI REGULATIONS, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

* *The SEBI registration certificate as "Merchant Banker" for Morgan Stanley India Company Private Limited has expired on August 2, 2010. As required under Regulation 9(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 and in compliance with SEBI circular no. SEBI/MIRSD/DR-2/SRP/CIR-2/2005 dated January 4, 2005, an application dated April 30, 2010 for renewal of the said certificate of registration, in the prescribed manner, was made on April 30, 2010 to SEBI, i.e. three months before the expiry of the said certificate of registration. The approval of SEBI in this regard is awaited. No communication has been received from sebi rejecting the said application.*

Morgan Stanley has received renewal of its SEBI registration certificate as "Merchant Banker" on August 30, 2010

All legal requirements pertaining to this Offer have been complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 60B of the Companies Act. All legal requirements pertaining to this Offer will be complied with at the time of registration of this Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Disclaimer from our Company, the Selling Shareholder, the Directors and the Book Running Lead Managers

Our Company, the Selling Shareholder, the Directors and the BRLMs accept no responsibility for statements made otherwise than those contained in this Prospectus or in any advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including the

Company's website at www.coalindia.nic, or the website of any Subsidiary, or of any affiliate or associate of the Company or its Subsidiaries, would be doing so at his or her own risk.

Caution

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the underwriting agreement entered into between the Underwriters, our Company, the Selling Shareholder and the Registrar to the Offer.

All information shall be made available by our Company, the Selling Shareholder and the Book Running Lead Managers to the public and investors at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere.

Neither our Company, the Selling Shareholder nor any member of the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Bidders will be required to confirm and will be deemed to have represented to the Company, the Selling Shareholder and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

Each of the BRLMs and their respective affiliates may engage in transactions with, and perform services for, our Company, Subsidiaries or affiliates in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company, Subsidiaries or affiliates, for which they have received, and may in the future receive, compensation.

Disclaimer in Respect of Jurisdiction

This Offer is being made in India to persons resident in India, including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under applicable laws in India and authorised to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in Section 4A of the Companies Act, VCFs, FVCIs, multilateral and bilateral development financial institutions,state industrial development corporations, insurance companies registered with the IRDA, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, National Investment Fund , insurance funds set up and managed by army, navy or air force of Union of India and permitted Non-Residents including FIIs and Eligible NRIs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares.

The Red Herring Prospectus or this Prospectus will not, however, constitute an offer to sell or an invitation to subscribe for Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus or the Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Kolkata only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus had been filed with the SEBI for its observations, and SEBI has pursuant to its letter no. CFD/DIL/ISSUES/SP/RN/20407/2010 dated September 20, 2010 given its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale

hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Our Company has not registered and does not intend to register under the U.S. Investment Company Act in reliance upon Section 3(c)(7) thereof.

Accordingly, the Equity Shares are being offered and sold (i) in the United States only to, and only to U.S. persons that are, "qualified institutional buyers" (as defined in Rule 144A and referred to in this Prospectus as "U.S. QIBs"; which, for the avoidance of doubt, does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Prospectus as "QIBs") that are also "qualified purchasers" (QPs) (as defined in Section 2(a)(51) of the U.S. Investment Company Act and the rules and regulations thereunder) acting for its own account or for the account of another U.S. QIB that is a QP (and meets the other requirements set forth herein), in reliance on the exemption from registration under the U.S. Securities Act provided by Rule 144A or other available exemption and in reliance upon Section 3(c)(7) of the U.S. Investment Company Act and (ii) outside the United States to non-U.S. persons in reliance on Regulation S.

Each purchaser of Equity Shares inside the United States or who is a U.S. person will be required to represent and agree, among other things, that such purchaser (i) is a U.S. QIB and a QP; and (ii) will only reoffer, resell, pledge or otherwise transfer the Equity Shares in an "offshore transaction" in accordance with Rule 903 or Rule 904 of Regulation S and under circumstances that will not require the Company to register under the U.S. Investment Company Act.

Each purchaser of Equity Shares outside the United States that is not a U.S. person will be required to represent and agree, among other things, that such purchaser is a non-U.S. person acquiring the Equity Shares in an "offshore transaction" in accordance with Regulation S.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption form, or in a transaction not subject to, the registration requirements of the Securities Act.

Disclaimer Clause of the BSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to the BSE. BSE has given vide its letter dated August 13, 2010, permission to this Company to use BSE's name in the offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The BSE does not in any manner: -

i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
ii. warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
iii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with

such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the NSE

As required, a copy of this offer document has been submitted to the National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref.:NSE/LIST/145350-H dated August 25, 2010 permission to the Issuer to use NSE's name in this offer document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. NSE has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; not does it warrant that this Issuer's securities will be listed to will continue to be listed on the NSE; not does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Issuer.

Every person who desires to apply for or otherwise acquires any of the Company's securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Draft Red Herring Prospectus has been filed with the SEBI at the Securities and Exchange Board of India, SEBI Bhavan, G Block, 3rd Floor, Bandra Kurla Complex, Bandra (E), Mumbai 400 051, India.

A copy of the Red Herring Prospectus, along with the other documents required to be filed under Section 60B of the Companies Act, has been delivered for registration with the RoC at the office of the RoC and a copy of this Prospectus to be filed under Section 60 of the Companies Act has been delivered for registration with the RoC at the following address of the RoC:

Registrar of Companies, West Bengal
Nizam Palace, 2nd M.S.O. Building
2nd Floor, 234/4, A.J.C. Bose Road
Kolkata – 700 020
West Bengal

Listing

Applications will be made to the Stock Exchanges for permission to deal in, and for an official quotation of the Equity Shares. The BSE will be the Designated Stock Exchange with which the 'Basis of Allotment' will be finalised.

If permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges, the Selling Shareholder will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. As prescribed under Section 73 of the Companies Act, if such money is not repaid within eight days after the Selling Shareholder becomes liable to repay it, i.e. from the date of refusal of permission from the Stock Exchanges or within 12 Working Days from the Offer Closing Date, whichever is earlier, then the Selling Shareholder shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

Our Company and the Selling Shareholder shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within 12 Working Days of the Offer Closing Date.

Consents

Consents in writing of: (a) the Directors, the Selling Shareholder, the Compliance Officer, the Auditors, the legal counsel, the Bankers to the Company, the BRLMs, the Registrar to the Offer, SRK Mining Services (I)

Private Limited (SRK Consulting – India) and SRK Consulting (UK) Limited; (b) the lenders of the Company; (c) the IPO Grading Agencies, the Syndicate Member and the Escrow Collection Banks/Bankers to the Offer to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act. Further, such consents will not be withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

In accordance with the Companies Act and the SEBI Regulations, Deoki Bijay & Co., Chartered Accountants have agreed to provide their written consent to the inclusion of their report on financial statements in the form and context in which it will appear in this Prospectus and such consent and report will not be withdrawn up to the time of delivery of this Prospectus to the RoC.

Deoki Bijay & Co., Chartered Accountants, have given their written consent to inclusion of their report relating to the possible general and special tax benefits accruing to our Company and its shareholders in the form and context in which it appears in this Prospectus and such consent and report will not be withdrawn up to the time of delivery of this Prospectus for registration to the RoC.

CRISIL Limited, ICRA Limited and Credit Analysis & Research Limited, the IPO Grading Agencies, have given their written consent for inclusion of their reports in the form and context in which it will appear in this Prospectus and such consents and reports will not be withdrawn up to the time of delivery of this Prospectus for registration to the RoC.

As the offered Equity Shares have not been and will not be registered under the Securities Act, Deoki Bijay & Co., Chartered Accountants have not issued and the Company has not filed their consent under the US Securities Act.

Expert opinion

Except for the reports of CRISIL Limited, ICRA Limited and Credit Analysis & Research Limited in respect of the IPO Grading of this Offer (copy of which is annexed to this Prospectus as Annexure I, Annexure II and Annexure III), furnishing the rationale for its grading which will be provided to the Designated Stock Exchange, report provided by SRK Mining Services (I) Private Limited (SRK Consulting – India) and SRK Consulting (UK) Limited dated September 25, 2010 (copy of which is annexed to this Prospectus as Annexure IV), and the report of the Auditor of our Company on the audited financial information, included in this Prospectus who are deemed to be experts under the Companies Act and are liable for their respective reports under the Companies Act, our Company has not obtained any expert opinions.

Offer related expenses

The expenses of this Offer include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees and statutory advertisement expenses.

The estimated Offer expenses are as under:

S. No.	Activity Expense	Amount (Rs. million)	Percentage of Total Estimated Offer Expenditure	Percentage of Offer Size
1.	Fees of the Book Running Lead Managers	0.00	0.0%	0.0%
2.	Fees of the Registrar to the Offer	0.01	0.0%	0.0%
3.	Fees of the legal advisors	0.85	0.2%	0.0%
4.	Advertisement and marketing expenses	99.27	18.1%	0.1%
5.	Fees to the Bankers to the Offer	-	0.0%	0.0%
6.	Other Expenses (Listing fees,Auditor's fees, fees for Depositories, printing and stationery expenses, IPO Grading fees etc)	184.21	33.5%	0.1%
7.	Underwriting commission, brokerage and selling commission (including fees payable to SCSBs)	265.42	48.3%	0.2%
	Total Estimated Offer Expenses	549.76	100.0%	0.4%

All expenses with respect to the fees payable to the Book Running Lead Managers, Registrar to the Offer, legal advisors, brokerage and selling commission and expenses towards the publication of offer related advertisements in connection with the Offer would be paid by the Department of Disinvestment, Ministry of Finance, GoI.

Fees, Brokerage and Selling Commission Payable to the Book Running Lead Managers and the Syndicate

The total fees payable to the Book Running Lead Managers and the Syndicate (including underwriting commission and selling commission) will be as stated in the engagement letter with the BRLMs, issued by the Selling Shareholder, a copy of which will be made available for inspection at our Registered Office from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Offer Closing Date.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer by the Selling Shareholder for processing of application, data entry, printing of Allotment Advice/ refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the memorandum of understanding dated August 6, 2010 signed with our Company, a copy of which will be made available for inspection at our Registered Office from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Offer Closing Date.

IPO Grading

The Offer has been graded by CRISIL, ICRA and CARE, all SEBI registered IPO grading agencies, as "CRISIL IPO Grade 5", "IPO Grade 5" and "CARE IPO Grade 5, respectively, in each case indicating strong fundamentals through their letters dated Sepetmber 3, 2010, September 22, 2010 and September 23, 2010, respectively. The IPO grading is assigned on a five point scale from 1 to 5 with an "IPO Grade 5" indicating strong fundamentals and "IPO Grade 1" indicating poor fundamentals. A copy of the reports provided by CRISIL, ICRA and CARE, furnishing the rationale for their grading will be made available for inspection at our Registered and Corporate Office from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Offer Closing Date.

Particulars regarding Public or Rights Issues during the last five years

Our Company has not made any previous public issues (including any rights issues to the public) in the five years preceding the date of this Prospectus.

Previous issues of Equity Shares otherwise than for cash

Except as stated in the section titled "Capital Structure – Notes to Capital Structure – Note 1- Equity Share Capital History of our Company" on page 27, our Company has not issued any Equity Shares for consideration other than cash.

Underwriting Commission, Brokerage and Selling Commission on Previous Issues

There has been no public issue of the Equity Shares in the past. Thus, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's inception.

Public Issues in the Last Three Years by our Company or Subsidiaries

Neither our Company nor our Subsidiaries have made any public issue in the last three years.

Promise v/s performance - Last One Issue of Subsidiaries, Associate Companies

There has been no public issue (including any rights issue to the public) by our Company, our Subsidiaries or the associate companies.

Outstanding Debentures or Bond Issues or Preference Shares

Our Company has no outstanding debentures or bonds or redeemable preference shares as of the date of this Prospectus.

Stock Market Data of the Equity Shares

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange.

Other Disclosures

The Selling Shareholder or our Directors have not purchased or sold or financed any securities of our Company, during a period of six months preceding the date of filing this Prospectus with SEBI.

SEBI has not initiated any action against any entity related to the securities market, with which our Directors are associated.

Mechanism for Redressal of Investor Grievances

The memorandum of understanding between the Registrar to the Offer and the Company will provide for retention of records with the Registrar to the Offer for a period of at least three year from the last date of dispatch of the letters of Allotment, or refund orders, demat credit or, where refunds are being made electronically, giving of refund instructions to the clearing system, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances relating to this Offer may be addressed to the Registrar to the Offer, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer with a copy to the relevant SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the relevant Designated Branch or collection centre of SCSB where the physical ASBA Form was submitted by an ASBA Bidder.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Offer for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of complaints that are not routine or where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Dr. H. Sarkar as the Compliance Officer and he may be contacted in case of any pre-Offer or post-Offer-related problems. He can be contacted at the following address:

Dr. H. Sarkar
Coal Bhawan
10, Netaji Subhas Road
Kolkata – 700 001
West Bengal
Telephone: + 91 33 2248 5123
Facsimile: + 91 33 2231 5060
E-mail: complianceofficer@coalindia.in

Disposal of investor grievances by listed companies under the same management as the Company

There is no listed company under the same management as the Company.

Change in Auditors in the past three years

For the Fiscal 2006, 2007, 2008 and 2009, Mitra Kundu & Basu, Chartered Accountants, were the statutory auditors of our Company. Pursuant to letter dated August 13, 2009 from the Office of the Comptroller and

Auditor General of India, New Delhi, Deoki Bijay & Co., Chartered Accountants, was appointed as the statutory Auditor for Fiscal 2010.

Capitalisation of Reserves or Profits

Our Company has not undertaken any capitalisation of reserves or profits since incorporation.

Revaluation of Assets

The Company has not revalued its assets since its incorporation.

SECTION VII – OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of Association, the terms of the Red Herring Prospectus, this Prospectus, the Bid cum Application Form, the ASBA Form, the Revision Form, the Allotment Advice, the listing agreements to be entered into with the Stock Exchanges and other terms and conditions as may be incorporated in Allotment Advice and other documents or certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the offer of capital and listing and trading of securities issued from time to time by SEBI, the GoI, the Stock Exchanges, the RoC, the RBI and/or other authorities, as in force on the date of this Offer and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividends. The Allottees shall be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see the section titled "Main Provisions of the Articles of Association" on page 362, for description of significant provisions of our Articles.

Mode of Payment of Dividend

Our Company shall pay dividends to its shareholders in accordance with the provisions of the Companies Act.

Face Value and Offer Price

The face value of each Equity Shares is Rs. 10. The Offer Price is Rs. 245 per Equity Share. At any given point of time there shall be only one denomination of Equity Shares, subject to applicable law.

Compliance with Regulations issued by SEBI

Our Company and the Selling Shareholder shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations, guidelines and our Articles the equity shareholders of our Company shall have the following rights:

- The right to receive dividends, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote on a poll either in person or by proxy;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- The right to freely transfer their Equity Shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreements executed with the Stock Exchanges, and the Memorandum and Articles of Association.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/or consolidation/splitting, see the section titled "Main Provisions of the Articles of Association" on page 362.

Market Lot and Trading Lot and option to receive Equity Shares in Demateriliazed Form

Under section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialised form. Hence, the Equity Shares being offered through the Red Herring Prospectus and this Prospectus can be applied for in the dematerialised form only.

Further, as per the provisions of the SEBI Regulations, the trading of the Equity Shares shall be in dematerialised form only. Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allocation of Equity Shares and Allotment in this Offer will be in electronic form in multiples of one Equity Share, subject to a minimum Allotment of 25 Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Offer is with the competent courts in Kolkata, India.

Joint Holders

Subject to provisions contained in our Articles, where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

Nomination facility to investors

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, the death of all the Bidders, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall be entitled to the same benefits such person would be entitled if such person(s) were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale or transfer of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can only be made on the prescribed form available on request at the Registered Office or with the Registrar and transfer agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of Section 109A of the Companies Act as mentioned above, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to register himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the applicant will prevail. If the investors require to change their nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

The requirement of minimum subscription is not applicable to the Offer.

In accordance with Regulation 26(4) of the SEBI Regulations, we shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

Application by Eligible NRIs, FIIs, Sub-Accounts and FVCIs

It is to be distinctly understood that there is no reservation for NRIs, FIIs, Sub-Accounts and FVCIs. As per existing regulations, OCBs cannot participate in this Offer.

Arrangements for disposal of odd lots

There are no arrangements for disposal of odd lots.

Restriction on transfer of shares

Except for (a) the lock-in of the pre-Offer capital of our Company, and (b) the Promoters' Contribution, as provided in the section titled "Capital Structure" on page 26 and otherwise as provided in our Articles, there are no restrictions on transfers and transmission of Equity Share and on their consolidation/ splitting. See the section titled "Main Provisions of the Articles of Association" on page 362.

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Our Company has not registered and does not intend to register under the U.S. Investment Company Act in reliance upon Section 3(c)(7) thereof.

Accordingly, the Equity Shares are being offered and sold (i) in the United States only to, and only to U.S. persons that are, "qualified institutional buyers" (as defined in Rule 144A and referred to in this Prospectus as "U.S. QIBs"; which, for the avoidance of doubt, does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Prospectus as "QIBs") that are also "qualified purchasers" (QPs) (as defined in Section 2(a)(51) of the U.S. Investment Company Act and the rules and regulations thereunder) acting for its own account or for the account of another U.S. QIB that is a QP (and meets the other requirements set forth herein), in reliance on the exemption from registration under the U.S. Securities Act provided by Rule 144A or other available exemption and in reliance upon Section 3(c)(7) of the U.S. Investment Company Act and (ii) outside the United States to non-U.S. persons in reliance on Regulation S.

Each purchaser of Equity Shares inside the United States or who is a U.S. person will be required to represent and agree, among other things, that such purchaser (i) is a U.S. QIB and a QP; and (ii) will only reoffer, resell, pledge or otherwise transfer the Equity Shares in an "offshore transaction" in accordance with Rule 903 or Rule 904 of Regulation S and under circumstances that will not require the Company to register under the U.S. Investment Company Act.

Each purchaser of Equity Shares outside the United States that is not a U.S. person will be required to represent and agree, among other things, that such purchaser is a non-U.S. person acquiring the Equity Shares in an "offshore transaction" in accordance with Regulation S.

OFFER STRUCTURE

This is a public offer of 631,636,440 Equity Shares through an offer for sale by the Selling Shareholder for cash at a price of Rs. 245 per Equity Share, aggregating up to Rs. 154,750.93 million[#]. The Offer comprises a Net Offer to the public of 568,472,796 Equity Shares and an Employee Reservation Portion of 63,163,644 Equity Shares for subscription by Eligible Employees. The Offer shall constitute 10% of the post Offer paid-up Equity Share capital of our Company and the Net Offer shall constitute 9% of the post-Offer paid-up Equity Share capital of our Company.

[#]*Subject to finalization of the Basis of Allotment. This amount will be reduced to the extent of five per cent discount to the Offer Price offered to the Retail Individual Bidders and the Eligible Employees bidding under the Employee Reservation Portion, based on actual allotment.*

The Offer is being made through the Book Building Process.

	Eligible Employees	**QIBs**	**Non-Institutional Bidders**	**Retail Individual Bidders**
Number of Equity Shares*	Reservation of 63,163,644 Equity Shares.	At least 284,236,398 Equity Shares or the Net Offer less allocation to Non-Institutional Bidders and Retail Individual Bidders.	Not less than 85,270,919 Equity Shares available for allocation or Net Offer less allocation to QIBs and Retail Individual Bidders.	Not less than 198,965,479 Equity Shares or the Net Offer less allocation to QIBs and Non-Institutional Bidders.
Percentage of Offer size available for Allotment/allocation	Reservation of 1% of the post-Offer share capital of our Company.	At least 50% of the Net Offer shall be Alloted to QIBs. Such number of Equity Shares representing 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be available to QIBs in the remaining QIB Portion.	Not less than 15% of the Net Offer or the Net Offer less allocation to QIBs and Retail Individual Bidders shall be available for allocation.	Not less than 35% of the Net Offer or the Net Offer less allocation to QIBs and Non-Institutional Bidders shall be available for allocation.
Basis of Allotment if respective category is oversubscribed	Proportionate	In the QIB Portion, proportionate as follows: (a) 14,211,820 Equity Shares shall be	Proportionate.	Proportionate.

	Eligible Employees	QIBs	Non-Institutional Bidders	Retail Individual Bidders
		allocated on a proportionate basis to Mutual Funds; and (b) 270,024,578 Equity Shares shall be allocated on a proportionate basis to all QIBs (including Mutual Funds) receiving allocation as per (a) above.		
Minimum Bid	25 Equity Shares and in multiples of 25 Equity Shares thereafter.	Such number of Equity Shares in multiples of 25 Equity Shares, such that the Bid Amount exceeds Rs. 100,000.	Such number of Equity Shares in multiples of 25 Equity Shares, such that the Bid Amount exceeds Rs. 100,000.	25 Equity Shares and in multiples of 25 Equity Shares thereafter.
Maximum Bid	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.	Such number of Equity Shares not exceeding the size of this Net Offer, subject to applicable limits.	Such number of Equity Shares not exceeding the size of this Net Offer, subject to applicable investment limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid Lot	25 Equity Shares and in multiples of 25 Equity Share thereafter.	25 Equity Shares and in multiples of 25 Equity Share thereafter.	25 Equity Shares and in multiples of 25 Equity Share thereafter.	25 Equity Shares and in multiples of 25 Equity Share thereafter.
Allotment Lot	25 Equity Shares and in multiples of one Equity Share thereafter.	25 Equity Shares and in multiples of one Equity Share thereafter.	25 Equity Shares and in multiples of one Equity Share thereafter.	25 Equity Shares and in multiples of one Equity Share thereafter.
Trading Lot	One Equity Share	One Equity Share.	One Equity Share.	One Equity Share.
Who can Apply **	Eligible Employees	Public financial institutions as specified in section 4A of the Companies Act, FIIs and their sub-accounts registered with SEBI, other than a sub-account which are foreign corporates or foreign individuals, scheduled commercial banks, Mutual Funds,	Eligible NRIs, Resident Indian individuals, HUFs (in the name of the Karta), companies, corporate bodies, scientific institutions, societies and trusts, sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals.	Resident Indian individuals (including HUFs in the name of the Karta) and Eligible NRIs applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.

	Eligible Employees	QIBs	Non-Institutional Bidders	Retail Individual Bidders
		VCFs, state industrial development corporations, FVCIs, multilateral and bilateral development financial institutions, insurance companies registered with the Insurance Regulatory and Development Authority, National Investment Fund, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law and insurance funds set up and managed by army, navy or air force of Union of India.		
Terms of Payment	The entire bid Amount shall be payable at the time of submission of the Bid cum Application Form to the members of the Syndicate. In case of ASBA Bidders, the SCSB shall be authorised to block the entire Bid Amount as specified in the ASBA Form.	The entire Bid Amount shall be payable at the time of submission of the Bid cum Application Form to the members of the Syndicate. In case of ASBA Bidders, the SCSB shall be authorised to block the entire Bid Amount as specified in the ASBA Form.	The entire bid Amount shall be payable at the time of submission of the Bid cum Application Form to the members of the Syndicate. In case of ASBA Bidders, the SCSB shall be authorised to block the entire Bid Amount as specified in the ASBA Form.	The entire Bid Amount shall be payable at the time of submission of the Bid cum Application Form to the members of the Syndicate. In case of ASBA Bidders, the SCSB shall be authorised to block the entire Bid Amount as specified in the ASBA Form.

* *Subject to valid Bids being received at or above the Offer Price. This Offer is being made through the Book Building Process wherein at least 50% of the Net Offer shall be Allotted to QIBs. In case we do not receive subscriptions of at least 50% of the Net Offer from QIBs, we shall refund the subscription monies forthwith.*

Such number of Equity Shares representing 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Offer Price. In the event that the demand from Mutual Funds is greater than 14,211,820 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the QIB Portion and allocated to QIBs (including Mutual Funds) on a proportionate basis, subject to valid Bids at or above Offer Price.

Not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. Further, 63,163,644 Equity Shares shall be available for allocation to Eligible Employees, subject to valid bids being received at or above the OfferPrice. Under subscription, if any, in the Employee Reservation Portion, shall

be added to the Net Offer. In the event of under subscription in the Net Offer, except the QIB Portion, spill over to the extent of under subscription shall be allowed from the Employee Reservation Portion. Under subscription in any category, if any, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Selling Shareholder and our Company in consultation with the BRLMs and the Designated Stock Exchange.

** *In case the Bid cum Application Form or ASBA Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form or ASBA Form, as the case may be.*

Minimum Offer to the Public

The Net Offer shall constitue 9.00% of the post offer paid-up Equity Share capital of our Company.

Letters of Allotment, refund orders or instructions to SCSBs

Our Company shall credit the Equity Shares to the valid beneficiary account with its Depository Participants within 12 Working Days of the Offer Closing Date.

Please note that only Bidders having a bank account at any of the 68 centres where the clearing houses for the ECS as notified by the RBI are eligible to receive refunds or payment through electronic transfer of funds. For all other Bidders, including Bidders having bank accounts in the said 68 centres who have not updated their bank particulars along with the nine-digit MICR code, the refund orders shall be dispatched within 12 Working Days of the Offer Closing Date "Under Certificate of Posting" for refund orders less than or equal to Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500.

In case of ASBA Bidders, the Registrar to the Offer shall instruct the SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Form for withdrawn (except in case of a QIB Bidding through an ASBA Form), rejected or unsuccessful or partially successful ASBAs within 12 Working Days of the Offer Closing Date.

Interest in case of delay in dispatch of Allotment Letters/ Refund Orders or instructions to SCSBs

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Regulations, our Company undertakes that:

- Allotment shall be made only in dematerialised form within 12 Working Days from the Offer Closing Date;
- Dispatch of refund orders, except for Bidders who can receive refunds through Direct Credit, NEFT, RTGS or ECS, shall be done within 12 Working Days from the Offer Closing Date;
- Instructions to SCSBs to unblock the funds in the relevant ASBA Account for withdrawn rejected or unsuccessful Bids shall be made within 12 Working Days of the Offer Closing Date.

Our Selling Shareholder shall pay interest at 15% per annum, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within 12 days from the Offer Closing Date. If such money is not repaid within 12 days from the Offer Closing Date, the Company and every Director of the Company who is an officer in default shall be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of Section 73 of the Companies Act.

Our Company and the Selling Shareholder will provide adequate funds required for dispatch of refund orders or Allotment Advice to the Registrar to the Offer.

Refunds will be made by cheques, pay orders or demand drafts drawn on any one or more of the Escrow Collection Banks/ Refund Banker(s) and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

In case of ASBA Bidders, the SCSBs will unblock funds in the ASBA Accounts to the extent of the refund to be made based on instructions received from the Registrar to the Offer.

Offer Program

OFFER PROGRAMME	
FOR ALL BIDDERS	**OFFER OPENED ON OCTOBER 18, 2010**
FOR QIBs	**OFFER CLOSED ON OCTOBER 20, 2010**
FOR RETAIL AND NON-INSTITUTIONAL BIDDERS (INCLUDING ELIGIBLE EMPLOYEES BIDDING UNDER THE EMPLOYEE RESERVATION PORTION)	**OFFER CLOSED ON OCTOBER 21, 2010**

Bids and any revision in Bids were accepted **only between 10 a.m. and 5.00 p.m**. (Indian Standard Time) during the Offer Period as mentioned above at the Bidding Centres mentioned on the Bid cum Application Form or in case of Bids submitted through ASBA Form, the Designated Branches **except that on the Offer Closing Date** (which for the QIBs was a day prior to that of the other Bidders)**, the Bids were accepted only between 10 a.m. and 3.00 p.m.** (Indian Standard Time) and uploaded till (i) 5.00 p.m. in case of Bids by QIBs, (ii) until 4.00 p.m in case of Bids by Non Institutional Bidders, and (iii) until 5.00 p.m.in case of Retail Individual Bidders and Eligible Employees, which was extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by Book Running Lead Managers to the Stock Exchanges within half an hour of such closure. Due to limitation of time available for uploading the Bids on the Offer Closing Date, non QIB Bidders were advised to submit their Bids one day prior to the Offer Closing Date and, no later than 3.00 p.m (Indian Standard Time) on the Offer Closing Date. Non QIB Bidders were cautioned that in the event a large number of Bids are received on the Offer Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids will only be accepted on Working Days.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid form, for a particular Bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic ASBA Form, for a particular ASBA Bidder, the Registrar to the Offer shall ask the relevant SCSB for rectified data. In order that the date so captured is accurate, the members of the Syndicate the SCSBs may be permitted one additional day, post Offer Closing Date, to amend some of the data fields entered by them in the electronic bidding system.

In order that the date captured by the brokers in the electronic book is accurate, the members of the Syndicate, the SCSBs may be permitted one additional day, post Offer Closing Date, to amend some of the data fields entered by them in the electronic bidding system.

Retail and Employee Discount

A discount of five per cent to the Offer Price has been offered to Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion, respectively on Allotment (the "**Retail and Employee Discount**"). Retail Individual Bidders and Eligible Employees bidding at a price within the Price Band have to make payment based on their highest bid price option. Retail Individual Bidders and Eligible Employees bidding at Cut-Off Price have to ensure payment at the upper end of the Price Band.

Retail Individual Bidders and Eligible Employees should note that discount is not offered on application but on allotment. The excess amount paid at the time of Bidding shall be refunded within 12 Working Days from the Offer Closing Date to the Retail Individual Bidders and Eligible Employees.

Withdrawal of this Offer

In accordance with the SEBI Regulations, the Selling Shareholder and our Company in consultation with BRLMs, reserve the right not to proceed with this Offer at anytime after the Offer Opening Date, without assigning the reasons therefor. However, if the Selling Shareholder and our Company withdraw the Offer after the Offer Closing Date, the Selling Shareholder and our Company will give the reason thereof within two days of the Offer Closing Date by way of a public notice which shall be published within two days of the Offer Closing Date in the same newspapers where the pre-Offer advertisements were published. Further, the Stock Exchanges shall be informed promptly in this regard and the BRLMs, through the Registrar to the Offer, shall notify the SCSBs to unblock the Bank Accounts of the ASBA Bidders within one day from the date of receipt of such notification. In the event of withdrawal of the Offer and subsequently, plans of an IPO by our Company and the Selling Shareholder, a draft red herring prospectus will be submitted again for observations of the SEBI.

Notwithstanding the foregoing, this Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and the final RoC approval of this Prospectus.

In terms of the SEBI Regulations, QIBs are not allowed to withdraw their Bids after the Offer Closing Date. Since, the Bidding Period for QIBs, closed one day prior to the Offer Closing Date, as under SEBI Regulations, QIBs could not withdraw their Bids after October 20, 2010 i.e., one day prior to the Offer Closing Date. However, pursuant to a notice to investors dated October 20, 2010 read along with the Red Herring Prospectus issued by our Company, Bidders (including QIB Bidders), if they so desired, had been permitted to withdraw their Bids, such that the request for withdrawal of Bids is received on or before 5.00 p.m. on October 25, 2010.

OFFER PROCEDURE

This section applies to all Bidders. Please note that all Bidders may participate in the Offer through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all the Bidders are required to make payment of the full Bid Amount or instruct the relevant SCSB to block the full Bid Amount along with the Bid cum Application Form or ASBA Form, as the case may be.

Book Building Procedure

This Offer is being made through the Book Building Process, wherein at least 50% of the Net Offer shall be Allotted to QIBs on a proportionate basis. In case we do not receive subscriptions of at least 50% of the Net Offer from QIBs, we shall refund the subscription monies forthwith.

Such number of Equity Shares representing 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs subject to valid Bids being received from them at or above the Offer Price. In the event that the demand from Mutual Funds is greater than 14,211,820 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the QIB Portion and allocated to QIBs (including Mutual Funds) on a proportionate basis, subject to valid Bids at or above Offer Price.

Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. Further, 63,163,644 Equity Shares shall be available for allocation to Eligible Employees, subject to valid bids being received at or above the Offer Price. Under subscription, if any, in the Employee Reservation Portion, shall be added to the Net Offer. In the event of under subscription in the Net Offer, except the QIB Portion, spill over to the extent of under subscription shall be allowed from the Employee Reservation Portion. Under subscription in any category, if any, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Selling Shareholder and our Company in consultation with the BRLMs and the Designated Stock Exchange.

Bidders are required to submit their Bids through the Syndicate or their affiliates. ASBA Bidders are required to submit their Bids to SCSBs. In case of QIBs, the Selling Shareholder and our Company may, in consultation with BRLMs, reject their Bids at the time of acceptance of the Bid cum Application Form, provided that the reasons for such rejection shall be disclosed to such QIB in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, the right to reject the Bids shall only be on technical grounds.

Investors should note that the Allotment will only be in dematerialised form. The Bid cum Application Forms or ASBA Forms, as the case may be, which do not have the details of the Bidders' depository account shall be treated as incomplete and rejected. Bidders will not have the option of being Allotted Equity Shares in physical form and such Bids are liable to be rejected. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form and ASBA Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate, unless they are using the ASBA process. Bidders shall have the option to make a maximum of three Bids (in terms of number of Equity Shares and respective Bid Prices) in the Bid cum Application Form and such options shall not be considered as multiple Bids. The Bid cum Application Form shall be serially numbered and date and time stamped at the Bidding Centres and such form shall be issued in duplicate signed by the Bidder and countersigned by the relevant member of the Syndicate.

Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company and the Selling Shareholder to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing this Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder. Upon determination of the Offer Price and filing of this Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form.

Bidders can also submit their Bids through the ASBA by submitting ASBA Forms, either in physical or electronic mode, to the SCSB with whom the ASBA Account is maintained. An ASBA Bidder shall use the ASBA Form obtained from the Designated Branches for the purpose of making a Bid. ASBA Bidders can submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Form at the relevant Designated Branch. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Bids. The SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the ASBA Form. Upon completing and submitting the ASBA Form to the SCSB, the ASBA Bidder is deemed to have authorised our Company and the Selling Shareholder to make the necessary changes in the Red Herring Prospectus and the ASBA Form, as would be required for filing this Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

The prescribed colour of the Bid cum Application Form and ASBA Form for various categories of Bidders is as follows:

Category	Colour of Bid cum Application Form/ ASBA Form
Resident Indians including resident QIBs, Non-Institutional Bidders and Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs, FIIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals bidding under the QIB Portion), FVCIs and multilateral and bilateral financial institutions and other Non-Residents applying on a repatriation basis	Blue
Eligible Employees in the Employee Reservation Portion	Pink
ASBA Bidders bidding through a physical form	White

Who can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are not minors in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/ ASBA Form as follows: "Name of sole or first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;
- Mutual funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this issue;
- Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
- FIIs and Sub-Accounts, other than a Sub-Account which is a foreign corporate or foreign individual;
- Venture capital funds registered with SEBI;

- Foreign Venture Capital Funds registered with SEBI;
- Multilateral and bilateral development financial institutions
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
- Scientific and/or industrial research organisations authorised to invest in equity shares;
- Insurance companies registered with IRDA;
- Subject to the applicable laws, provident funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Subject to the applicable laws, pension funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- National Investment Fund;
- Insurance funds set up and managed by the army, navy or air force of the Union of India;
- Eligible Employee; and
- Limited liability partnership.

In accordance with the FEMA and the regulations framed thereunder, OCBs cannot Bid in the Offer.

Participation by associates and affiliates of the Book Running Lead Managers and Syndicate Member

The Book Running Lead Managers and the Syndicate Member shall not be allowed to subscribe to this Offer in any manner, except towards fulfilling their underwriting obligations, as stated in the Red Herring Prospectus and this Prospectus. However, associates and affiliates of the Book Running Lead Managers and the Syndicate Member may subscribe to or purchase Equity Shares in the Offer, in the QIB Portion or in Non-Institutional Portion as may be applicable to such Bidders. Such bidding and subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of BRLMs and Syndicate Member, shall be treated equally for the purpose of allocation to be made on a proportionate basis. Further, affiliates and associates of the Underwriters, including the BRLMs that are FIIs or their Sub-Accounts may issue off-shore derivate instruments against Equity Shares allocated to them in this Offer.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand from Mutual Funds is greater than 14,211,820 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

The Bids made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No mutual fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related

instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

1. Bid cum Application Forms/ ASBA Forms have been made available for Eligible NRIs at the Registered Office and with the members of the Syndicate.

2. Eligible NRI applicants may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for Resident Indians (White in colour).

Bids by FIIs

Under the extant law, the issue of Equity Shares to a single FII cannot exceed 10% of our post-Offer paid-up equity share capital. In respect of an FII investing in our Equity Shares on behalf of its Sub-Accounts, the investment on behalf of each Sub-Account shall not exceed 10% of our total issued equity share capital or 5% of our total issued equity share capital in case such Sub-Account is a foreign corporate or an individual permitted to make investments. As of now, the aggregate FII holding in our Company cannot exceed 24% of our total issued capital. The said 24% limit can be increased up to 100% by passing a resolution by the Board followed by passing a special resolution to that effect by the shareholders of our Company. Our Company has not obtained board or shareholders approval to increase the FII limit to more than 24%.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the FII Regulations, an FII or its Sub-Account may issue, deal or hold, offshore derivative instruments (as defined under the FII Regulations as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or Sub-Account is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the FII Regulations. Associates and affiliates of the Underwriters, including the Book Running Lead Managers that are FIIs, may issue offshore derivative instruments against Equity Shares Allotted to them. Any such offshore derivative instrument does not constitute any obligation or claim on or interest in, our Company.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Funds

The SEBI (Venture Capital Funds) Regulations, 1996 and SEBI (Foreign Venture Capital Investor) Regulations, 2000, *inter alia* prescribe the investment restrictions on VCFs and FVCIs.

Accordingly, the holding by any individual VCFs in one company should not exceed 25% of the corpus of the said VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer of a venture capital undertaking.

Bids by Limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserves the right to reject any Bid without assigning any reason thereof.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserves the right to reject any Bid without assigning any reason thereof.

Bids by provident funds/ pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to reject any Bid, without assigning any reason thereof.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the Book Running Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Bids by Eligible Employees

Bids under the Employee Reservation Portion shall be subject to the following:

- Only Eligible Employees would be eligible to apply in this Offer under the Employee Reservation Portion.
- The sole/ First Bidder shall be an Eligible Employee.
- Bid shall be made only in the prescribed Bid cum Application Form or Revision Form (i.e. Pink colour Form).
- Only those Bids, which are received at or above the Offer Price, would be considered for allocation under this category.
- Eligible Employees may Bid in any of the bidding options at Cut-Off Price.
- The maximum Bid amount by any Eligible Employee cannot exceed Rs. 100,000.
- The value of Allotment to any Eligible Employee shall not exceed Rs. 100,000.
- The Bids must be for a minimum of 25 Equity Shares and in multiples of 25 Equity Shares thereafter.
- Bid by an Eligible Employee can be made also in the "Net Offer" portion and such Bids shall not be treated as multiple bids.
- If the aggregate demand in this category is less than or equal to 63,163,644 Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- Under-subscription, if any, in the Employee Reservation Portion will be added to the Net Offer. Under-subscription, if any, in any category, except in the QIB Portion, shall be met with spill-over from other categories, at the sole discretion of the Selling Shareholder and our Company, in consultation with the Book Running Lead Managers. In case of under- subscription in the Net Offer, except in the QIB Portion, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.
- If the aggregate demand in this category is greater than 63,163,644 Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of Allotment, see the section titled "Basis of Allotment" on page 355.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of 25 Equity Shares and in multiples of 25 Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the

Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of bidding at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The bidding at Cut-off Price is an option given only to the Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion, indicating their agreement to Bid and purchase at a discount of five per cent to the Offer Price.

(b) **For Non-Institutional Bidders and QIBs:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 25 Equity Shares thereafter. A Bid cannot be submitted for more than the Offer size. However, the Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. **A QIB cannot withdraw its Bid after the Offer Closing Date.** The identity of QIBs bidding in the Offer under the QIB Portion shall not be made public during the Offer Period.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the revised Bid Amount is greater than Rs. 1,00,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

(c) **For Employee Reservation Portion:** The Bid must be for a minimum of 25 Equity Shares and in multiples of 25 Equity Shares thereafter, so as to ensure that the Bid Amount by the Eligible Employees does not exceed Rs. 100,000. Bidders in the Employee Reservation Portion may bid at Cut-Off Price. **Bidders may note that the total Bid Amount will be used to determine whether the Bid exceeds Rs. 100,000 or not.** The Allotment in the Employee Reservation Portion will be on a proportionate basis in case of over-subscription in this category. Further, the value of Allotment to any Eligible Employee shall not exceed Rs. 100,000. Bidders in the Employee Reservation Portion have the option to bid at the Cut-off Price indicating their agreement to Bid and purchase at a discount of five per cent to the Offer Price.

The maximum and minimum bid size applicable to a QIB, Retail Individual Bidder or a Non-Institutional Bidder shall be applicable to an ASBA Bidder in accordance with the category that such ASBA Bidder falls under.

Bidders are advised to make independent enquiries and ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus and this Prospectus.

Information for Bidders:

1. Our Company has filed the Red Herring Prospectus with the RoC at least three days before the Offer Opening Date.

2. The BRLMs dispatched the Red Herring Prospectus and other Offer material including ASBA Forms, to the Designated Stock Exchange, members of the Syndicate, Bankers to the Offer, investors' associations and SCSBs in advance.

3. Subject to Section 66 of the Companies Act, our Company has, after receiving final observations, on the Red Herring Prospectus from the SEBI, published a pre-Offer advertisement, in the form prescribed under the SEBI Regulations, in two national newspapers (one each in English and Hindi) and a Bengali newspaper, each with wide circulation.

4. In the pre-Offer advertisement, our Company and the BRLMs declared the Offer Opening Date and the Offer Closing Date, as in the Red Herring Prospectus filed with the RoC, and published the same in two national newspapers (one each in English and Hindi) and one Bengali newspaper, each with wide circulation. This advertisement, subject to the provisions of Section 66 of the Companies Act, was in the format prescribed in Part A of Schedule XIII of the SEBI Regulations.

5. The Offer Period was for a minimum of three Working Days.

6. The members of the Syndicate circulated copies of the Bid cum Application Form to potential investors and copies of the Red Herring Prospectus was provided at the request of potential investors. Any potential investor who sought to obtain copies of the Red Herring Prospectus and/or the Bid cum Application Form could have obtained the same from our Registered Office or from any member of the Syndicate.

7. Eligible Bidders who are interested in subscribing for the Offer Shares could have approached any of the BRLMs or Syndicate Member or their authorised agent(s) to register their Bids.

8. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than the ASBA Bid cum Application Forms) should bear the stamp of the members of the Syndicate, otherwise they will be rejected.

Bidders may note that in case the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN mentioned in the Bid cum Application Form or the ASBA Form, as the case may be and entered into the electronic bidding system of the stock exchanges by the Syndicate Member do not match with the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN available in the Depository database, the application Bid cum Application Form or the ASBA Form, as the case may be is liable to be rejected.

Information specific to ASBA Bidders

1. ASBA Bidders who sought to obtain the Red Herring Prospectus and/or the ASBA Form could have obtained the same from the Designated Branches. ASBA Bidders could also have obtained a copy of the Red Herring Prospectus and/or the ASBA Form in electronic form on the websites of the SCSBs.

2. The Bids should be submitted to the SCSBs on the prescribed ASBA Form. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.

3. The SCSBs have accepted the Bids only during the Offer Period and only from the ASBA Bidders.

4. The Book Running Lead Managers have ensured that adequate arrangements were made to circulate copies of the Red Herring Prospectus and ASBA Form to the SCSBs. The SCSBs will then make available such copies to investors intending to apply in this Offer through the ASBA process. Additionally, the Book Running Lead Managers have ensured that the SCSBs are provided with soft copies of the abridged prospectus as well as the ASBA Forms and that the same are made available on the websites of the SCSBs.

5. The ASBA Form shall bear the stamp of the SCSBs and/or the Designated Branch, if not, the same shall be rejected.

Method and Process of Bidding

1. The Selling Shareholder and our Company in consultation with the Book Running Lead Managers decided the Price Band and the minimum Bid lot for the Offer and the same was advertised in one English and a Hindi national newspapers, and one Bengali newspaper, each with wide circulation, at least two Working Days prior to the Offer Opening Date. The members of the Syndicate and the SCSBs have accepted Bids from the Bidders during the Offer Period.

2. The Offer Period shall be for a minimum of three Working Days and shall not exceed 10 working days.

3. During the Offer Period, Bidders who are interested in subscribing for the Equity Shares approached the members of the Syndicate or their authorised agents to register their Bid. The members of the Syndicate accepting Bids from all other Bidders and have the right to vet the Bids during the Offer Period in accordance with the terms of the Red Herring Prospectus. Bidders who wish to use the

ASBA process shall have approached the Designated Branches to register their Bids.

4. Each Bid cum Application Form and/ or the ASBA Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" below) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form and/ or the ASBA Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Offer Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Offer Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

5. The Bidder cannot bid on another Bid cum Application Form or ASBA Form after Bids on one Bid cum Application Form or ASBA Form have been submitted to the members of the Syndicate or SCSBs, as the case may be. Submission of a second Bid cum Application Form or ASBA Form to the Book Running Lead Manager or SCBS will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the approval of the Basis of Allotment. However, an Eligible Employee Bidding under the Employee Reservation Portion may also Bid in the Net Offer and such Bids will not be treated as multiple Bids. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph entitled "Build up of the Book and Revision of Bids".

6. The Book Running Lead Manager/ the SCSBs, as the case may be, will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("**TRS**"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form or ASBA Form.

7. Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described in "- Escrow Mechanism - Terms of payment and payment into the Escrow Accounts" on page 338.

8. Upon receipt of the ASBA Form, submitted whether in physical or electronic mode, the respective Designated Branch shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Form, prior to uploading such Bids with the Stock Exchanges.

9. If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such Bids and shall not upload such Bids with the Stock Exchanges.

10. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.

11. The Bid Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal/failure of the Offer or until withdrawal/rejection of the ASBA Form, as the case may be. Once the Basis of Allotment is approved, the Registrar to the Offer shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful ASBA Bidders to the Public Offer Account. In case of withdrawal/failure of the Offer, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Offer.

Bids at Different Price Levels and Revision of Bids

1. The Selling Shareholder and our Company, in consultation with the BRLMs, have finalised the Offer Price within the Price Band, without the prior approval of or intimation to the Bidders.

2. The Bidders could have bid at any price within the Price Band. The Bidder had to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion could bid at the Cut-off Price. However, bidding at Cut-off Price was not permitted for QIB and Non-Institutional Bidders and such Bids from QIB and Non-

Institutional Bidders are to be rejected. Retail and Employee Discount will be applicable to all Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion on Allotment.

3. Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Account(s). The Selling Shareholder and our Company in consultation with the BRLMS have offered discount of five per cent to the Offer Price to the Eligible Employees bidding under the Employee Reservation Portion and Retail Individual Bidders on Allotment.

Escrow mechanism, terms of payment and payment into the Escrow Accounts

For details of the escrow mechanism and payment instructions, please see the sub section titled "- Payment Instructions" on page 347.

Electronic Registration of Bids

1. The members of the Syndicate and SCSBs will register the Bids using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted. The members of the Syndicate, our Company, the Selling Shareholder and the Registrar to the Offer are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the SCSBs, (ii) the Bids uploaded by the SCSBs, (iii) the Bids accepted but not uploaded by the SCSBs or (iv) with respect to ASBA Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account. The members of the Syndicate and the SCSBs shall be responsible for any error in the Bid details uploaded by them.

2. The members of the Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Offer Closing Date.

3. In case of apparent data entry error by either the members of the Syndicate or the collecting bank in entering the Bid cum Application Form number in their respective schedules other things remaining unchanged, the Bid cum Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange(s). In the event of mistake in capturing the Bid cum Application Form number by either the member of the Syndicate or collecting bank leading to rejection of the Bid cum Application Form, the Registrar may identify based on the Bid cum Application Form, the entity responsible for the error.

4. The Stock Exchanges will offer an electronic facility for registering Bids for the Offer. This facility will be available with members of the Syndicate and their authorised agents and the SCSBs during the Offer Period. The members of the Syndicate and the Designated Branches can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building Process on a regular basis. On the Offer Closing Date, the members of the Syndicate and the Designated Branches shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the members of the Syndicate on a regular basis. Bidders are cautioned that a high inflow of high volumes on the last day of the Offer Period may lead to some Bids received on the last day not being uploaded and such Bids will not be considered for allocation.

5. Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand and price would be made available at the Bidding centres during the Offer Period.

   At the time of registering each Bid, other than ASBA Bids, the members of the Syndicate shall enter the following details of the Bidders in the on-line system:

   - PAN (of the first Bidder, in case of more than one Bidder)

- Investor Category – Individual, Corporate, FII, NRI, Mutual Fund, etc.
- DP ID
- Beneficiary account Number
- Number of Equity Shares Bid for
- Price per Equity Share
- Cheque amount
- Cheque number

With respect to ASBA Bids, at the time of registering each Bid, the Designated Branches shall enter the following information pertaining to the Bidder into the on-line system:

- ASBA Form Number
- PAN (of the first Bidder, in case of more than one Bidder)
- Investor category and sub category
- DP ID
- Beneficiary account number
- Number of Equity Shares Bid for
- Price per Equity Share
- Bank account number.

6. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate or the Designated Branches. The registration of the Bid by the members of the Syndicate or the Designated Branches does not guarantee that the Equity Shares shall be allocated/Allotted by our Company.

7. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

8. In case of QIBs, the Book Running Lead Managers have the right to accept the Bid or reject it. However, such rejection should be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except only on the technical grounds listed on page 350. The members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids, except on technical grounds.

9. The permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholder and/or the Book Running Lead Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the Selling Shareholder (who is also our Promoter), the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus, the Red Herring Prospectus or this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

10. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. The members of the Syndicate shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Bid data in the electronic Bidding systems of the Stock Exchanges. In order that the data so captured is accurate the members of the Syndicate will be given up to one Working Day after the Offer Closing Date to verify the DP ID and Client ID uploaded in the online IPO system during the Offer Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL. If the Registrar finds any discrepancy in the DP name, DP Id and the Client Id, the Registrar will correct the same. In case of any discrepancy of data between the Stock Exchanges and the members of the Syndicate or the Designated Branches, the decision of our Company and the Selling Shareholder in consultation with the Book Running Lead Managers and the Registrar shall be final and binding on all concerned.

11. It is to be noted that Syndicate Member shall be responsible for any error in the Bid details uploaded by them. In case of apparent data entry error by either Syndicate Member or collecting bank in entering the application number in their respective schedules other things remaining unchanged, the Bid may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange(s). In the event of mistake in capturing the application number by either the Syndicate Member or collecting bank leading to rejection of Bid, the Registrar may identify based on the Bid form, the entity responsible for the error. Valid records in electronic file will be those for which money is received.

Build up of the book and revision of Bids

1. Bids received from various Bidders through the members of the Syndicate and the SCSBs shall be electronically uploaded to the Stock Exchanges' mainframe on a regular basis.

2. The book gets built up at various price levels. This information will be available with the member of the Syndicate on a regular basis at the end of the Offer Period.

3. During the Offer Period, any Bidder who has registered his or her Bid at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form or the ASBA Revision Form, as the case may be.

4. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form or the ASBA Revision Form, as the case may be. Apart from mentioning the revised options in the Revision Form or the ASBA Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form, ASBA Form or earlier Revision Form/ASBA Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form/ ASBA Form and such Bidder is changing only one of the options in the Revision Form/ASBA Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form or the ASBA Revision Form, as the case may be. The members of the Syndicate and the Designated Branches will not accept incomplete or inaccurate Revision Form/ ASBA Revision Form.

5. The Bidder can make this revision any number of times during the Offer Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the member of the Syndicate or the same SCSB through whom such Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form/ASBA Revision Form and the revised Bid must be made only in such Revision Form/ASBA Revision Form or copies thereof.

6. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Eligible Employees who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 1,00,000 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 1,00,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus and this Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

7. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

8. The Selling Shareholder and our Company shall, in consultation with the Book Running Lead Managers, decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 5,000 to Rs. 7,000.

9. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for

the incremental amount, if any, to be paid on account of the upward revision of the Bid. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the SCSBs shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions. In such cases, the members of the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.

10. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and may get a revised TRS from the members of the Syndicate or the SCSB, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

Price Discovery and Allocation

1. Based on the demand generated at various price levels and the book built, the Selling Shareholder and our Company in consultation with the Book Running Lead Managers have finalised the Offer Price and the Retail and Employee Discount.

2. Under-subscription, if any, in the Employee Reservation Portion will be added to the Net Offer. Under-subscription, if any, in any category, except in the QIB Portion, shall be met with spill-over from other categories, at the sole discretion of the Selling Shareholder and our Company, in consultation with the Book Running Lead Managers. In case of under- subscription in the Net Offer, except in the QIB Portion, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

3. Allocation to Non-Residents, including Eligible NRIs and FIIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.

4. Under SEBI Regulations, QIBs shall not be allowed to withdraw their Bid after the Offer Closing Date. However, pursuant to a notice to investors dated October 20, 2010 read along with the Red Herring Prospectus issued by our Company, Bidders (including QIB Bidders), if they so desired, have been permitted to withdraw their Bids, such that the request for withdrawal of Bids is received on or before 5.00 p.m. on October 25, 2010.

5. The Basis of Allotment shall be put on the website of the Registrar to the Offer.

Signing of the Underwriting Agreement and the RoC Filing

1. Our Company, the Selling Shareholder, the Underwriters and the Registrar to the Offer have entered into an underwriting agreement dated October 25, 2010.

2. After signing the underwriting agreement, our Company has filed this Prospectus with the RoC. This Prospectus contains details of the Offer Price, Offer size, underwriting arrangements and is complete in all material respects.

Pre-Offer Advertisement

Subject to Section 66 of the Companies Act, our Company has, after registering the Red Herring Prospectus with the RoC, published a pre-Offer advertisement, in the form prescribed by the SEBI Regulations, in one English language national daily newspaper, one Hindi language national daily newspaper and one Bengali language daily newspaper, each with wide circulation.

Advertisement regarding Offer Price and Prospectus

Our Company will issue a statutory advertisement after the filing this Prospectus with the RoC. This advertisement, among others shall indicate the Offer Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Allotment Advice

1. Upon approval of the Basis of Allotment by the Designated Stock Exchange, the BRLMs or the Registrar to the Offer shall send to the members of the Syndicate a list of their Bidders who have been or are to be Allotted Equity Shares, pursuant to the approval of Basis of Allotment. The investor should note that our Company shall issue instructions for demat credit of Equity Shares to all successful Bidders in this Offer on the date of Allotment.

2. The BRLMs the members of the Syndicate or the Registrar to the Offer, as the case may be, will send a Allotment Advice to Bidders who have been or are to be Allotted Equity Shares, pursuant to the approval of the Basis of Allotment, subject however to the realisation of his or her cheque or demand draft paid into the escrow account.

3. The dispatch of an Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Bidder for all the Equity Shares allotted to such Bidder.

Designated Date and Allotment

(a) Our Company will ensure that (i) the Allotment shall be made with 12 Working Days of the Offer Closing Date; and (ii) credit to the successful Bidder‘s depositary account will be completed within 12 Working Days of the Offer Closing Date.

(b) In accordance with the SEBI Regulations, Equity Shares will be offered and Allotment shall be made only in the dematerialised form to the Allottees.

(c) Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them.

GENERAL INSTRUCTIONS

Do’s:

(a). Check if you are eligible to apply;

(b). Ensure that you have Bid within the Price Band;

(c). Read all the instructions carefully and complete the Bid cum Application Form;

(d). Ensure that the details about the PAN, Depository Participant and the Beneficiary Account are correct as Allotment will be in the dematerialised form only;

(e). Ensure that the Bid cum Application Forms submitted at the Bidding Centres bear the stamp of the members of the Syndicate;

(f). Ensure that you have been given a TRS for all your Bid options;

(g). Submit revised Bids to the members of the Syndicate and obtain a revised TRS;

(h). Except for Bids submitted on behalf of the Central Government or the State Government and officials appointed by a court, all Bidders should mention their PAN allotted under the IT Act;

(i). Ensure that the Demographic Details are updated, true and correct in all respects;

(j). Ensure that the names given in the Bid cum Application Form is exactly the same as the names available in the depository database. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same

sequence in which they appear in the Bid cum Application Form; and

(k). Ensure that the Depository Participant identification number, client identification number of your demat account and PAN mentioned in the Bid cum Application Form or the ASBA Form, as the case may be and entered into the electronic bidding system of the stock exchanges by the members of the Syndicate match with the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN available in the Depository database

Don'ts:

(a). Do not Bid for lower than the minimum Bid size;

(b). Do not Bid/ revise Bid Amount to less than the Floor Price or higher than the Cap Price;

(c). Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

(d). Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;

(e). Do not send Bid cum Application Forms by post; instead submit the same to the members of the Syndicate only;

(f). Do not bid at Cut-off Price (for QIBs and Non-Institutional Bidders, for Bid Amount in excess of Rs. 1,00,000);

(g). Do not Bid for a Bid Amount exceeding Rs. 1,00,000 (for Bids by Retail Individual Bidders);

(h). Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

(i). Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground; and

(j). Do not Bid for allotment of Equity Shares in physical form.

(k). Do not submit Bids without the full Bid Amount.

INSTRUCTIONS SPECIFIC TO ASBA BIDDERS

Do's:

1. Check if you are eligible to Bid under ASBA.

2. Ensure that you use the ASBA Form specified for the purposes of ASBA.

3. Read all the instructions carefully and complete the ASBA Form.

4. Ensure that your ASBA Form is submitted at a Designated Branch where the ASBA Account is maintained and not to the Escrow Collecting Banks (assuming that such bank is not a SCSB), to our Company, the Selling Shareholder or the Registrar to the Offer or the Book Running Lead Managers.

5. Ensure that the ASBA Form is signed by the ASBA Account holder in case the ASBA Bidder is not the account holder.

6. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form.

7. Ensure that you have funds equal to the Bid Amount in the ASBA Account before submitting the ASBA Form to the respective Designated Branch.

8. Ensure that you have correctly checked the authorisation box in the ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds in the ASBA Account equivalent to the Bid Amount mentioned in the ASBA Form.

9. Ensure that you receive an acknowledgement from the Designated Branch for the submission of your ASBA Form.

10. Ensure that the name(s) given in the ASBA Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Form.

Don'ts:

1. Do not Bid on another ASBA Form or on a Bid cum Application Form after you have submitted a Bid to a Designated Branch.

2. Payment of Bid Amounts in any mode other than through blocking of Bid Amounts in the ASBA Accounts shall not be accepted under the ASBA.

3. Do not send your physical ASBA Form by post. Instead submit the same to a Designated Branch.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM AND ASBA FORMS

1. Bid cum Application Forms, ASBA Forms or Revision Forms are to be completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Red Herring Prospectus. Incomplete Bid cum Application Forms, ASBA Forms or Revision Forms or ASBA Revision Forms are liable to be rejected. Bidders should note that the members of the Syndicate and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms, ASBA Forms, Revision Forms or ASBA Revision Forms.

2. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal. Bids must be in single name or in joint names (not more than three, and in the same order as their Depository Participant details).

3. Bidders should correctly mention their name, DP ID and Client ID in the Bid cum Application Form, or the ASBA Form, as the case may be. For the purpose of evaluating the validity of Bids, the Demographic Details of Bidders shall be derived from the name, DP ID and Client ID mentioned in the Bid cum Application Form, or the ASBA Form, as the case may be.

4. Information provided by the Bidders will be uploaded in the online IPO system by the Book Running Lead Managers and the SCSBs, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Bidders should ensure that the details are correct and legible.

5. Bids through ASBA must be:

   a. made only in the prescribed ASBA Form or ASBA Revision Forms (if submitted in physical mode) or the electronic mode.

   b. made in single name or in joint names (not more than three, and in the same order as their details appear with the Depository Participant).

   c. completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Red Herring Prospectus and in the ASBA Form.

6. If the ASBA Account holder is different from the ASBA Bidder, the ASBA Form should be signed by the ASBA Account holder, in accordance with the instructions provided in the ASBA Form.

7. For ASBA Bidders, the Bids in physical mode should be submitted to the SCSBs on the prescribed ASBA Form. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.

Bidder's PAN, Depository Account and Bank Account Details

Bidders should note that on the basis of PAN of the Bidders, Depository Participant-Identification number and beneficiary account number provided by them in the Bid cum Application Form or ASBA Form, the Registrar to the Offer will obtain from the Depository the Demographic Details of the Bidders. These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS, NEFT and RTGS) or unblocking of ASBA Account. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders or unblocking of ASBA Account at the Bidders sole risk and neither the members of the Syndicate or the Registrar to the Offer or the Escrow Collection Banks or the SCSBs nor our Company or the Selling Shareholder shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form or the ASBA Form, as the case may be.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR PAN, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM OR ASBA FORM. INVESTORS MUST ENSURE THAT THE DP ID, CLIENT ID AND PAN GIVEN IN THE BID CUM APPLICATION FORM OR ASBA FORM IS EXACTLY THE SAME AS THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. IN CASE THE BID CUM APPLICATION FORM OR ASBA FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM OR ASBA FORM.

Bidders may note that in case the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN mentioned in the Bid cum Application Form or the ASBA Form, as the case may be and entered into the electronic bidding system of the stock exchanges by the Syndicate Member do not match with the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN available in the Depository database, the application Bid cum Application Form or the ASBA Form, as the case may be is liable to be rejected.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the Allotment Advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form or ASBA Form would not be used for any other purpose by the Registrar to the Offer.

By signing the Bid cum Application Form or ASBA Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Offer, the required Demographic Details as available on its records.

Refund orders/ Allotment Advice would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder (other than ASBA Bidders) in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at such Bidders sole risk and neither our Company, the Selling Shareholder, Escrow Collection Banks, Registrar to the Offer nor the members of the Syndicate shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, PAN of the sole/first Bidder, the DP ID and the beneficiary's identity, then such Bids are liable to be rejected.

Bids by Non Residents including Eligible NRIs, FIIs registered with SEBI on a repatriation basis

Bids and revision to Bids must be made in the following manner:

1. On the Bid cum Application Form, ASBA Form or the Revision Form, as applicable (White in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

2. In a single name or joint names (not more than three and in the same order as their Depositary Participant details).

3. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

4. The Bids by Eligible Employees under the Employee Reservation Portion must be for a minimum of 25 Equity Shares and in multiples of 25 Equity Shares thereafter. The maximum Bid under the Employee Reservation Portion cannot exceed Rs. 100,000.

Bids by Eligible NRIs for a Bid Amount of up to Rs. 1,00,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 1,00,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form or the ASBA Form. Our Company or the Selling Shareholder will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

As per the existing policy of the Government of India, OCBs are not permitted to participate in the Offer.

There is no reservation for Eligible NRIs and FIIs and all applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

By limited companies, corporate bodies, registered societies

A certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted along with the Bid cum Application Form. Failing this, our Company or the Selling Shareholder reserves the right to reject any Bid, without assigning any reason therefor.

By FIIs, FVCIs, VCFs and Mutual Funds

A certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted along with the Bid cum Application Form or ASBA Form. Failing this, our Company or the Selling Shareholder reserve the right to reject any Bid, without assigning any reason.

Our Company or the Selling Shareholder at its absolute discretion reserves the right to relax the above conditions of simultaneous lodging of the powers of attorney, subject to the terms and conditions that the Selling shareholder and our Company in consultation with the Book Running Lead Managers deem fit.

ASBA Bidders

In case of an ASBA Bid pursuant to a power of attorney, a certified copy of the power of attorney must be

lodged along with the ASBA Form. Failing this, our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers, reserve the right to reject such Bids.

Our Company and the Selling Shareholder, in their absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Bid cum Application Form or the ASBA Form, as the case may be, subject to such terms and conditions that our Company, the Selling Shareholder and the Book Running Lead Managers may deem fit.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company, the Selling Shareholder and the Book Running Lead Managers have opened Escrow Account(s) with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus, this Prospectus and the Escrow Agreement. The Escrow Collection Banks, for and on behalf of the Bidders, shall maintain the monies in the Escrow Account. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by Allotment of Equity Shares from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Offer Account and the SCSBs will also transfer the funds represented by Allotment of Equity Shares from the respective ASBA Accounts to the Public Offer Account. The balance amount after transfer to the Public Offer Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement, the Red Herring Prospectus and this Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Book Running Lead Managers, the Escrow Collection Banks and the Registrar to the Offer to facilitate collections from the Bidders. Under the terms of the escrow mechanism for this Offer, the Escrow Collection Banks would sweep the monies lying to the credit of the Escrow Accounts at the end of each day into a term deposit, or as may otherwise be permitted under applicable law, operated by the Escrow Collection Banks, at an interest rate as may be mutually agreed among the Escrow Collection Banks, in consultation with Selling Shareholder and our Company. The procedures relating to the creation of such deposits and payment of interest monies, if any, thereon shall be set forth in the Escrow Agreement. The Bidders expressly agree that they shall not be entitled for any interest monies, if any, from such deposits and agree that these may be transferred to the Selling Shareholder as may be agreed by them with the Escrow Collection Banks and provided under the escrow arrangement.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the ASBA Account number in the ASBA Form and the relevant SCSB shall block an amount equivalent to the application money in the ASBA Account specified in the ASBA Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/ rejection of the ASBA Bid or receipt of instructions from the Registrar to the Offer to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Form or for unsuccessful ASBA Forms, the Registrar to the Offer shall give instructions to the SCSB to unblock the application money in the relevant bank account within 12 Working Days of the Offer Closing Date. The Bid Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment in the Offer and consequent transfer of the Bid Amount to the Public Offer Account, or until withdrawal/ failure of the Offer or until rejection of the ASBA Bid, as the case may be.

Payment into Escrow Account for Bidders other than ASBA Bidders

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

1. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.

2. The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid will be rejected.

3. The payment instruments for payment into the Escrow Account should be drawn in favour of:

- In case of resident QIBs: "Escrow Account–Coal India – QIB – R"
- In case of Non-Resident QIBs: "Escrow Account–Coal India– QIB – NR"
- In case of resident Retail and Non-Institutional Bidders: "Escrow Account–Coal India– R"
- In case of Non-Resident Retail and Non-Institutional Bidders: "Escrow Account–Coal India – NR"
- In case of Eligible Employees: "Escrow Account–Coal India –Eligible Employees".

4. In case of Bids by Eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

5. In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

6. In case of Bids by FIIs, the payment should be made out of funds held in a 'Special Rupee Account' along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the 'Special Rupee Account'.

7. The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other than ASBA Bidders) till the Designated Date.

8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Offer Account with the Bankers to the Offer.

9. On the Designated Date and no later than 12 Working Days from the Offer Closing Date, despatch of all refund amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on bidding, if any, after adjusting for Allotment to such Bidders, shall be completed.

10. Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stockinvest/money orders/postal orders will not be accepted.

Payment by cash/ stockinvest/ money order

Payment through cash/ stockinvest/ money order shall not be accepted in this Offer.

Submission of Bid cum Application Form and ASBA Forms

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. With respect to the ASBA Bidders, the ASBA Form or the ASBA Revision Form shall be submitted to the Designated Branches.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the first Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. In this regard, all Bids will be checked for common PAN **as per Depository records** and all such bids will be treated as multiple bids and are liable to be rejected.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids made by Eligible Employees both under the Employee Reservation Portion as well as in the Net Offer shall not be treated as multiple Bids.

Our Company and the Selling Shareholder reserve the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN

Except for bids by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, the Bidders, or in the case of a Bid in joint names, each of the Bidders, should mention his/ her PAN allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. **Any Bid cum Application Form or ASBA Form without the PAN is liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground**.

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Bids, the Registrar will check under the Depository records for the appropriate description under the PAN field and whether the PAN flag has been enabled.

Withdrawal of ASBA Bids

ASBA Bidders can withdraw their Bids during the Offer Period by submitting a request for the same to the SCSBs who shall do the requisite, including deletion of details of the withdrawn ASBA Form from the electronic bidding system of the Stock Exchanges and unblocking of the funds in the ASBA Account.

In case an ASBA Bidder (other than a QIB bidding through an ASBA Form) wishes to withdraw the Bid after the Offer Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Offer. The Registrar to the Offer shall delete the withdrawn Bid from the Bid file and give instruction to the SCSB for unblocking the ASBA Account after approval of the 'Basis of Allotment'.

REJECTION OF BIDS

In case of QIBs, our Company and the Selling Shareholder in consultation with the Book Running Lead Managers may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company and the Selling Shareholder have a right to reject Bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to ASBA Bids, the Designated Branches shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the ASBA Account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's ASBA Account. Further, in case any DP ID, Client ID or PAN mentioned in the ASBA Form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Offer. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company and the Selling Shareholder would have a right to reject the ASBA Bids only on technical grounds.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- Bid submitted without payment of the entire Bid Amount or if the amount paid does not tally with the Bid Amount;
- Age of First Bidder not given;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply. However a limited liability partnership firm can apply in its own name;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Bid cum Application Form or ASBA Form, except for bids by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim provided such claims have been verified by the Depository Participants;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than the Floor Price;
- Bids at a price more than the Cap Price;
- Submission of more than five ASBA Forms per ASBA Account;
- Bids at Cut-off Price by Non-Institutional and QIBs;
- Bids for a value of more than Rs. 1,00,000 by Bidders falling under the category of Retail Individual Bidders;

- Bids by persons who are not Eligible Employees and have submitted their Bids under the Employee Reservation Portion;
- Bids by persons who are not eligible to acquire Equity Shares of our Company in terms of all applicable laws, rules, regulations, guidelines and approvals;
- Bids for number of Equity Shares which are not in multiples of 25;
- Category not ticked;
- Multiple Bids as defined in the Red Herring Prospectus and this Prospectus;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stockinvest/money order/postal order/cash;
- Signature of sole and / or joint Bidders missing;
- ASBA Forms not being signed by the account holders, if the account holder is different from the Bidder;
- Bid cum Application Forms and ASBA Forms does not have the stamp of the members of the Syndicate or the SCSB and/or the Designated Branch, as the case may be;
- Bid cum Application Forms and ASBA Forms do not have Bidder's depository account details;
- Bid cum Application Forms and ASBA Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms and ASBA Forms, Offer Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms and ASBA Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the DP ID and the beneficiary‘s account number;
- With respect to ASBA Bids, inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Form at the time of blocking such Bid Amount in the ASBA Account;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids in respect whereof the Bid cum Application Form or ASBA Forms do not reach the Registrar to the Offer prior to the finalisation of the Basis of Allotment;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- Authorisation for blocking funds in the ASBA Account not ticked or provided;
- Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Form at the time of blocking such Bid Amount in the ASBA Account.
- Bids at Cut-off Price by Non-Institutional Bidders, QIBs bidding in excess of Rs. 1,00,000;
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- Bids from within the United States or by U.S. persons (as defined in Regulation S) other than entities that are both U.S. QIBs and QPs;

- Bids not uploaded on the terminals of the Stock Exchanges; and

- Bids by QIBs uploaded after 5.00 p.m. on the day one day prior to the Offer Closing Date and Bids by Non Institutional Bidders uploaded after 4.00 p.m. on the Offer Closing Date.

IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE BID CUM APPLICATION FORM OR ASBA FORM AND ENTERED INTO THE ELECTRONIC BIDDING SYSTEM OF THE STOCK EXCHANGES OR THE BOOK RUNNING LEAD MANAGERS/THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITARIES THE APPLICATION IS LIABLE TO BE REJECTED.

FURTHER, BIDS BY PERSONS PROHIBITED FROM BUYING, SELLING OR DEALING IN THE SHARES DIRECTLY OR INDIRECTLY BY SEBI OR ANY OTHER REGULATORY AUTHORITY WILL BE REJECTED.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and Link Intime India Private Limited:

- Agreement dated April 16, 2010 with NSDL, our Company and Link Intime India Private Limited.

- Agreement dated April 28, 2010 with CDSL, our Company and Link Intime India Private Limited.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

(a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

(b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form, ASBA Form, Revision Form or ASBA Revision Form.

(c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

(d) Names mentioned in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

(e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form, ASBA Form or Revision Form, it is liable to be rejected.

(f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form or ASBA Form vis-à-vis those with his or her Depository Participant.

(g) Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

(h) The trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this Offer should be addressed to the Registrar to the Offer quoting the full name of the sole or first Bidder, Bid cum Application Form or ASBA Form number, Bidders' Depository Account Details, number of Equity Shares applied for, date of Bid cum Application Form or ASBA Form, name and address of the member of the Syndicate or the Designated Branch where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

Bidders can contact the Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders can contact the Designated Branches.

PAYMENT OF REFUND

Bidders other than ASBA Bidders must note that on the basis of the PAN of the Bidders, Depository Participant's name, DP ID, beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Offer will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("**MICR**") code as appearing on a cheque leaf. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar to the Offer, Escrow Collection Bank(s), Bankers to the Offer nor the members of the Syndicate shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds for Bidders other than ASBA Bidders

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

1. NECS – Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories.

2. Direct Credit – Applicants having bank accounts with the Refund Bank (s), as per Demographic Details received from the Depositories, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.

3. RTGS – Applicants having a bank account at any of the abovementioned centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Bidder's bank which can be mapped with the RBI data to obtain the corresponding Indian Financial System Code ("IFSC"). Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. NEFT – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. The process flow in respect of refunds by way of NEFT is at an evolving stage, hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value upto Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Offer Closing Date.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

With respect to Bidders other than ASBA Bidders, our Company and the Selling Shareholder shall ensure dispatch of Allotment Advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges after the Allotment.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 Working Days from the Offer Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 12 Working Days of Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 12 Working Days from the Offer Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

- Allotment shall be made only in dematerialised form within 12 Working Days of the Offer Closing Date; and

- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 Working Days of the Offer Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder's ASBA Account shall be made within eight days from the Offer Closing Date.

Our Selling Shareholder shall pay interest at 15% per annum, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within 12 days from the Offer Closing Date. If such money is not repaid within 12 days from the Offer Closing Date, the Company and every Director of the Company who is an officer in default shall be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of Section 73 of the Companies Act.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"***Any person who:***

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

***shall be punishable with imprisonment for a term which may extend to five years.*"**

BASIS OF ALLOTMENT

Retail Individual Bidders and Eligible Employees should note that discount is not offered on application but on allotment. The excess amount paid at the time of Bidding shall be refunded within 12 Working Days from the Offer Closing Date to the Retail Individual Bidders and Eligible Employees.

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Offer Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at a discount of five per cent to the Offer Price, i.e. of Rs. 12.25 per Equity Share.

- The Offer size less Allotment to Non-Institutional and QIBs shall be available for Allotment to Retail Individual Bidders who have Bid at a price that is equal to or greater than the Offer Price.

- If the aggregate demand in this category is less than or equal to 198,965,479 Equity Shares at or above the Offer Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

- If the aggregate demand in this category is greater than 198,965,479 Equity Shares at or above the Offer Price, the Allotment shall be made on a proportionate basis up to a minimum of 25 Equity Shares. For the method of proportionate Basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Offer Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Offer Price.

- The Offer size less Allotment to QIBs and Retail shall be available for Allotment to Non-Institutional Bidders who have Bid in the Offer at a price that is equal to or greater than the Offer Price.

- If the aggregate demand in this category is less than or equal to 85,270,919 Equity Shares at or above the Offer Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

- In case the aggregate demand in this category is greater than 85,270,919 Equity Shares at or above the Offer Price, Allotment shall be made on a proportionate basis up to a minimum of 25 Equity Shares. For the method of proportionate Basis of Allotment refer below.

C. For QIBs in the QIB Portion

- Bids received from the QIBs bidding in the QIB Portion at or above the Offer Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIBs will be made at the Offer Price.

- The QIB Portion shall be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Offer Price.

- Allotment shall be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:

(i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

(ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Offer Price;

(iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIBs as set out in (b) below;

(b) In the second instance Allotment to all QIBs shall be determined as follows:

(i) In the event of oversubscription in the QIB Portion, all QIBs who have submitted Bids above the Offer Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion;

(ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs;

(iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIBs on a proportionate basis.

- The aggregate Allotment to QIBs bidding in the QIB Portion shall not be less than 284,236,398 Equity Shares.

D. For Employee Reservation Portion

- The Bid must be for a minimum of 25 Equity Shares and in multiples of 25 Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employees does not exceed Rs. 100,000. The allotment in the Employee Reservation Portion will be on a proportionate basis. Bidders under the Employee Reservation Portion may bid at Cut-Off Price.

- The value of Allotment to any Eligible Employee shall not exceed Rs. 100,000.

- Bids received from the Eligible Employees at or above the Offer Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Eligible Employees will be made at a discount of five per cent to the Offer Price i.e. of Rs. 12.25 per Equity Share.

- If the aggregate demand in this category is less than or equal to 63,163,644 Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand. The maximum bid under Employees Reservation Portion by an Eligible Employee cannot exceed Rs. 100,000.

- If the aggregate demand in this category is greater than 63,163,644 Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis up to a minimum of 25 Equity Shares and in multiple of one Equity Share thereafter. For the method of proportionate Basis of Allotment, refer below.

- Only Eligible Employees are eligible to apply under the Employee Reservation Portion.

Method of Proportionate Basis of Allotment in the Offer

In the event of the Offer being over-subscribed, our Company and the Selling Shareholder shall finalise the Basis of Allotment in consultation with the Designated Stock Exchange. The executive director (or any other senior official nominated by them) of the Designated Stock Exchange along with the Book Running Lead Managers and the Registrar to the Offer shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner in accordance with the SEBI Regulations.

The allocation shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorised according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate Allotment is less than 25 Equity Shares per Bidder, the Allotment shall be made as follows:

- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and

- Each successful Bidder shall be allotted a minimum of 25 Equity Shares.

e) If the proportionate Allotment to a Bidder is a number that is more than 25 but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Offer Details

Sr. No.	Particulars	Offer details
1.	Offer size	202 million equity shares
2.	Employee Reservation Portion	2 million equity shares
3.	Net Offer Size	200 million equity shares
4.	Portion available to QIBs (50%)	100 million equity shares
	Of which:	
	a. Allocation to MF (5%)	5 million equity shares
	b. Balance for all QIBs including MFs	95 million equity shares
5.	No. of QIB applicants	10
6.	No. of shares applied for	500 million equity shares

B. Details of QIB Bids

Sr. No.	Type of QIBs #	No. of shares bid for (in million)
1.	A1	50
2.	A2	20

Sr. No.	Type of QIBs #	No. of shares bid for (in million)
3.	A3	130
4.	A4	50
5.	A5	50
6.	MF1	40
7.	MF2	40
8.	MF3	80
9.	MF4	20
10.	MF5	20
	Total	**500**

_____
A1-A5: (QIBs other than MFs), MF1-MF5 (QIBs which are Mutual Funds)

C. Details of Allotment to QIBs / Applicants

(Number of equity shares in million)

Type of QIBs	Shares bid for	Allocation of 5 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 95 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
A1	50	0	9.60	0
A2	20	0	3.84	0
A3	130	0	24.95	0
A4	50	0	9.60	0
A5	50	0	9.60	0
MF1	40	1	7.48	8.48
MF2	40	1	7.48	8.48
MF3	80	2	14.97	16.97
MF4	20	0.50	3.74	4.24
MF5	20	0.50	3.74	4.24
	500	**5**	**95**	**42.42**

Please note:

1. The illustration presumes compliance with the requirements specified in this Prospectus in "Offer Structure" beginning on page 324.

2. Out of 100 million equity shares allocated to QIBs, 5 million (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200 million equity shares in QIB category.

3. The balance 95 million equity shares (i.e. 100 - 5 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 million equity shares (including five MF applicants who applied for 200 million equity shares).

4. The figures in the fourth column entitled "Allocation of balance 95 million equity shares to QIBs proportionately" in the above illustration are arrived as under:

   - For QIBs other than Mutual Funds (A1 to A5) = No. of equity shares bid for (i.e. in column II) X 95 / 495

   - For Mutual Funds (MF1 to MF5) = [(No. of shares bid for (i.e. in column II of the table above) less equity shares allotted (i.e., column III of the table above)] X 95 / 495

   - The numerator and denominator for arriving at allocation of 95 million equity shares to the 10 QIBs are reduced by 5 million equity shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Letters of Allotment or Refund Orders or instructions to the SCSBs

The Registrar to the Offer shall give instructions for credit to the beneficiary account with depository participants within 12 Working Days of the Offer Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company and the Selling Shareholder shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 12 Working Days of the Offer Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 Working Days of the Offer Closing Date. In case of ASBA Bidders, the Registrar to the Offer shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Offer Closing Date.

Interest in case of delay in despatch of Allotment Letters or Refund Orders/ instruction to SCSB by the Registrar to the Offer

Our Company agrees that: (i) Allotment shall be completed within 12 Working Days of the Offer Closing Date; and (ii) credit to the successful Bidders' depositary accounts will be completed within 12 Working Days of the Offer Closing Date.

The Selling Shareholder agrees that it shall pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner.

The Selling Shareholder will provide adequate funds required for dispatch of refund orders or Allotment Advice to the Registrar to the Offer.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company and the Selling Shareholder as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

- That the complaints received in respect of this Offer shall be attended to by our Company expeditiously and satisfactorily;
- That all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed shall be undertaken within the timelines specified by law;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working Days of the Offer Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time;
- That no further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and
- That adequate arrangements shall be made to collect all ASBA Forms and to consider them similar to non-ASBA applications while finalising the Basis of Allotment.

UNDERTAKINGS BY THE SELLING SHAREHOLDER

- That the Equity Shares being sold pursuant to the Offer have been held by them for a period of more than one year and the Equity Shares are free and clear of all liens or encumbrances and shall be transferred to the successful Bidders within the specified time;

- That the transfer of Equity Shares and refunds relating to the Offer shall be made within 12 Working Days of the Offer Closing Date and the refund orders shall be dispatched with 12 Working Days of the Offer Closing Date, as far as possible, and that the Selling Shareholder shall pay interest of 15% per annum if allotment has not been made and refund orders have not been dispatched within the aforesaid period;

- If the Selling Shareholder does not proceed with the Offer after the Offer Opening Date, the reason thereof shall be given as a public notice within two days of the Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisement had appeared. The stock exchanges where the Equity Shares are listed shall also be informed promptly;

- If the Selling Shareholder withdraws the Offer after the Offer Closing Date, our Company shall be required to file a fresh draft offer document with the Securities and Exchange Board of India;

- That there would be no further transfer of Equity Shares during the period commencing from submission of the Draft Red Herring Prospectus with the SEBI until the Equity Shares Allotted/ to be Allotted pursuant to the Offer have been listed or until the Bid monies are refunded on account of non-listing, under-subscription, etc.;

- That they shall not have recourse to the proceeds of the Offer for Sale until the final listing and trading approvals from all the Stock Exchanges have been obtained.

Utilisation of Offer proceeds

The Selling Shareholder along with the Company declares that all monies received out of this Offer shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act.

The Selling Shareholder shall not have recourse to the Offer proceeds until Allotment of the Equity Shares in the Offer and receipt of listing and trading approvals from the Stock Exchanges.

Subscription by foreign investors (NRIs/FIIs)

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

There is no reservation for Eligible NRIs and FIIs registered with SEBI. All Eligible NRIs and FIIs will be treated on the same basis with other categories for the purpose of allocation.

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Our Company has not registered and does not intend to register under the U.S. Investment Company Act in reliance upon Section 3(c)(7) thereof.

Accordingly, the Equity Shares are being offered and sold (i) in the United States only to, and only to U.S. persons that are, "qualified institutional buyers" (as defined in Rule 144A and referred to in this Prospectus as "U.S. QIBs"; which, for the avoidance of doubt, does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Prospectus as "QIBs") that are also "qualified purchasers" (QPs) (as defined in Section 2(a)(51) of the U.S. Investment Company Act and the rules and regulations thereunder) acting for its own account or for the account of another U.S.

QIB that is a QP (and meets the other requirements set forth herein), in reliance on the exemption from registration under the U.S. Securities Act provided by Rule 144A or other available exemption and in reliance upon Section 3(c)(7) of the U.S. Investment Company Act and (ii) outside the United States to non-U.S. persons in reliance on Regulation S.

Each purchaser of Equity Shares inside the United States or who is a U.S. person will be required to represent and agree, among other things, that such purchaser (i) is a U.S. QIB and a QP; and (ii) will only reoffer, resell, pledge or otherwise transfer the Equity Shares in an "offshore transaction" in accordance with Rule 903 or Rule 904 of Regulation S and under circumstances that will not require the Company to register under the U.S. Investment Company Act.

Each purchaser of Equity Shares outside the United States that is not a U.S. person will be required to represent and agree, among other things, that such purchaser is a non-U.S. person acquiring the Equity Shares in an "offshore transaction" in accordance with Regulation S.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized/defined terms herein have the same meaning given to them in the Articles of Association.

Table A

Article 2 provides that:

The regulation in Table 'A' in the First Schedule to the Act shall not apply to the Company except so far as the same are repeated or contained in or expressly made applicable by these Articles or by the Act.

Shares at the Disposal of the Directors

Article 6 provides that:

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and subject to the provisions of Section 77A of the Act with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid-up shares and if so issued shall be deemed to be fully paid shares. Provided that option or right to call shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

Transfer and Transmission of Shares

Article 9 (a) provides that:

Subject to the provisions of the Listing Agreements between the Company and the Stock Exchanges, in the event that the proper documents have been lodged, the Company shall register the transfer of securities in the name of the transferee except:

(i) When the transferee is, in exceptional circumstances, not approved by the Directors in accordance with the provisions contained herein;
(ii) When any statutory prohibition or any attachment or prohibitory order of a competent authority restrains the Company from transferring the securities out of the name of the transferor;
(iii) When the transferor object to the transfer provided he serves on the company within a reasonable time a prohibitory order of a court of competent jurisdiction.

Article 9 (c) provides that:

The instrument of transfer in case of shares/debentures held in physical form shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

Article 9 (e) provides that:

A common form of transfer of shares or debentures as the case may be, shall be used by the Company.

Article 10 provides that:

The Company shall keep the Register of Transfer of shares and transfer of Debentures and there-in enter the particulars of several transfers or transmission of any share or debentures.

Article 11 provides that:

The instrument of transfer of any share or Debentures in the Company shall be executed both by the transferor and transferee, and the transferor shall be deemed to remain holder of the share or Debentures until the name of the transferee is entered - in the register of members/or debenture holders in respect thereof.

Article 12 provides that:

On the death of a member, his legal heirs as per Hindu Succession Act or any other similar acts providing for succession of estate of the deceased for other communities in India, shall be the only persons recognized by the Company as having any title to his interest in the shares.

Article 13 provides that:

Nothing contained in Article 9 shall prejudice any power of company to register as shareholder or debenture holder any person to whom the right to any share or debentures in the company has been transmitted by operation of law.

Directors may refuse to register transfer

Article 9 (b) provides that:

Also, subject to the provisions of Section 111A of the Act, the provisions of the Listing Agreements with the Stock Exchanges and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

No fee on transfer or transmission

Article 9 (d) provides that:

No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

Share Capital: Increase, Reduction and Alteration

Article 14 provides that:

Subject to the provisions of the Act, the Company in General Meeting, may increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe.

Article 15 provides that:

New shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation whereof shall direct. Provided that no shares (not being preference share) shall be issued carrying voting rights or rights in the company as to dividend, capital or otherwise, which are disproportionate to the rights attaching to the holders of other shares (not being preference shares)

Article 15A provides that:

1. Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the unissued capital or out of the increased share capital then:

   (a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion as near as circumstances admit, to the capital paid-up on that shares at the date.
   (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
   (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in sub clause (b) hereof shall contain a statement on this right.
   (d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner and to such person(s) as they may think, in their sole discretion, fit.

2. Notwithstanding anything contained in sub-clause (1) hereof, the further shares aforesaid may be offered to any person (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever:

   (a) If a special resolution to that affect is passed by the Company in General Meeting, or
   (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.

3. Nothing in sub-clause (c) of (1) hereof shall be deemed:

   (a) To extend the time within which the offer should be accepted; or

   (b) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take shares comprised in renunciation.

4. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

   (i) To convert such debentures or loans into shares in the Company; or

   (ii) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise):

   Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

   (a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the rules, if any, made by that Government in this behalf; and

   (b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

Article 16 provides that:

The new shares (resulting from an increase of (capital as aforesaid) may be issued or disposed of in accordance with the provisions of Article 6.

Article 17 provides that:

Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, transfer and transmission, forfeiture, lien, surrender, voting and otherwise.

Article 18 provides that:

Subject to the provisions of Section 100-104 of the Act, the Company may, from time to time, by special resolution, reduce its capital by paying off capital or canceling capital which has been lost or is unrepresented by available assets or is superfluous or by reducing the liability on the shares or otherwise as may deem expedient, and capital may be paid off upon the footing that it may be called upon, again or otherwise and the Board may, subject to the provisions of the Act, accept surrenders of shares.

Sub-Divison and Consolidation of Shares:

Article 19 provides that:

Subject to provision of the Act, the Company, in a general meeting, may from time to time subdivide or consolidate its shares or any of them and exercise any of the other powers conferred by Subsection (I)(a) to (e) of Section 94 of the Act and shall file with the Registrar such notice in exercise of any such powers as may be required by the Act.

Calls:

Article 19A provides that:

(i) The Board may, from time to time, subject to the terms on which any shares or debentures may have been issued and subject to the conditions of allotment by a resolution passed at a meeting of the Board (and not by circular resolution) make such call as it thinks fit upon the Members or Debenture holders in respect of all moneys unpaid on the shares or debentures held by them respectively and each Member or Debenture holder shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by installments.

(ii) Twenty-one days notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.

(iii) A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at a meeting of the Board.

(iv) A call may be revoked or postponed at the discretion of the Board.

(v) The joint-holders of a share or debenture shall be jointly and severally liable to pay all calls in respect thereof.

(vi) The Board may, from time to time at its discretion, extend the time fixed for the payment of any call, but no Member or Debenture holder shall be entitled to such extension save as a matter of grace and favour.

(vii) If the sum payable in respect of any call be not paid on or before the day appointed for payment thereof the holder for the time being or allottee of the shares/debentures in respect of which a call shall have been made, shall pay interest on the same at such rate as Board of Directors shall fix, from the day

appointed for the payment thereof to the day of actual payment, but the Board of directors may waive payment of such interest wholly or in part.

(viii) Any sum, which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Articles be deemed to be call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

(ix) On the trial or hearing of any action or suit brought by the Company against any Member or Debenture holder or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares or debentures, it shall be sufficient to prove that the name of the Member or Debenture holder in respect of whose shares or debentures the money is sought to be recovered, appears entered on the Register of Members or Debenture holders as the holder, at or subsequently to the date at which the money sought to be recovered is alleged to have become due on the share and debentures in respect of which such money is sought to be recovered, that the resolution making the call is duly recorded in the Minute Book; and that notice of such call was duly given to the Member or Debenture holder or his representatives sued in pursuance of these Articles; and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive of the debt.

(x) Neither the receipt by the Company of a portion of any money which shall from time to time be due from any Member or Debenture holder to the Company in respect of his shares or debentures, either by way principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the company from thereafter proceeding to enforce a forfeiture of such shares or debentures as hereinafter provided.

(xi) (a) The Directors may, if they thinks fit, subject to the provision of Section 92 of the Act, agree to and receive from any Member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof, from time to time, exceeds the amount of the calls then made upon the shares in respect of which such advance had been made, the Company may pay interest at such rate , as may be decided by the Board of directors provided the moneys paid in advance of calls shall not confer a right to dividend or to participate in profits. The Directors may at any time repay the amounts so advanced.

(b) No Member paying any such sum in advance shall be entitled to participate in profits or dividend or to voting rights in respect of the money so paid by him until the same would but for such payment become presently payable

Lien

Article 19B provides that:

(i) The Company shall have a first and paramount lien upon all the shares (other than fully paid-up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any shares shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien if any on such shares. The Directors may at any time declare any shares wholly or in part to be exempt from the provisions of this clause.

(ii) For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorize some persons to execute a transfer thereof on behalf of and in the name of

such Member. No sale shall be made until after the expiry of the fixed time in which moneys called or payable have become due and until notice in writing of the intention to sell shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

(iii) The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

Forfeiture and Surrender

Article 19C provides that:

(i) If any Member or Debenture holder fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter, during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

(ii) The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest thereon at such rate not exceeding 20 percent per annum as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place appointed, the shares or debentures in respect of which the call was made or installment is payable, will be liable to be forfeited.

(iii) If the requirements of any such notice as aforesaid shall not be complied with, every or any share or debenture in respect of which such notice has been given, may at any time thereafter before payment of all calls or installments, interest and expenses due in respect therof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or interest or any other moneys payable in respect of the forfeited share or debenture and not actually paid before the forfeiture.

(iv) When any share or debenture shall have been so forfeited, notice of the forfeiture shall be given to the Member or Debenture holder in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members or Register of Debenture holders but no forfeiture shall be in any manner invalidated by any-omission or neglect to give such notice or to make any such entry as aforesaid.

(v) Any share or debenture so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.

(vi) Any Member whose shares or Debenture holder whose debentures have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares or debentures at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding 20 percent per annum as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.

(vii) The forfeiture of a share or debenture shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the share or debenture and all other rights incidental to the share, except only such of these rights as by these Articles are expressly saved.

(viii) A declaration in writing that the declarant is a Director or Secretary of the Company and that a share or debenture in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares or debentures.

(ix) Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to exercise an instrument of transfer of the shares or debentures sold and cause the purchaser's name to be entered in the Register in respect of the shares or debentures sold and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register in respect of such shares or debentures, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

(x) Upon any sale, re-allotment or other disposal under the provisions of the preceeding Articles, the certificate or certificates originally issued in respect of the relative shares or debentures shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member or Debenture holder) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares or debentures to the person or persons entitled thereto.

(xi) The Board may at any time before any share or debentures so forfeited shall have been sold, reallotted or otherwise disposed of, annual the forfeiture thereof upon such conditions as it thinks fit.

Dematerialisation of securities

Article 19D provides that:

(a) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize or rematerialize its shares, debentures and other securities (both present and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialized from pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any.

(b) Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of securities can at any time opt out of a Depository, if permitted by law, in respect of any security and the Company shall, in the manner and within the time prescribed provided by the Depositories Act, 1996 issue to the beneficial owner the required Certificates of Securities.

If a person opts to hold his security with a depository, then notwithstanding anything to the contrary contained in the Act or in these Articles, the Company shall intimate such Depository the details of allotment of the security and on receipt of the information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.

(c) All securities held by a Depository shall be dematerialized and shall be in fungible form. Nothing contained in Section 153 of the Act shall apply to a Depository in respect of securities held by it on behalf of the beneficial owners.

(d) (i) Notwithstanding anything to the contrary contained in the Act or in these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

(ii) Save as otherwise provided in (i) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

(iii) Every person holding securities of the company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member/debenture holder, as the case may be, of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a Depository.

(e) Notwithstanding anything to the contrary contained in the Act or in these Articles, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

(f) Nothing contained in the Act or in these Articles, shall apply to a transfer or transmission of securities where the company has not issued any certificates and where such Shares or Debentures or Securities

are being held in a electronic and fungible form in a Depository. In such cases the provisions of the Depositories Act, 1996 shall apply.

(g) Notwithstanding anything to the contrary contained in the Act or in these Articles, after any issue where the securities are dealt with by a Depository, the company shall intimate the details thereof to the depository immediately on allotment of such securities.

(h) Nothing contained in the Act or in these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held by a Depository.

(i) Notwithstanding anything contained in these Articles the Company shall have the right to issue Securities in a public offer in dematerialized form as required by applicable laws and subject to the provisions of applicable law, trading in the Securities of the Company post-listing shall be in the demat segment of the relevant Stock Exchanges, in accordance with the directions of SEBI, the Stock Exchanges and the terms of the listing agreements to be entered into with the relevant Stock Exchanges.

Underwriting and Brokerage

Section 19E provides that:

(i) Subject to provision of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares or debentures in the company or procuring or agreeing to procure subscription (whether absolute or conditional) for any shares or debenture in the company, but so that the commission shall not exceed in the case of shares five percent of the price at which the shares are issued and in case of debentures two and a half percent of the price at which the debentures are issued. Such commission may be satisfied by payment of cash or allotment of fully or party paid shares/ debentures or partly in one way and partly in the other.

(ii) The Company may pay a reasonable and lawful sum of brokerage.

Borrowing Powers

Section 20 provides that:

Subject to the provisions of Section 58A, 292 and 293 of the Act, and Government Guidelines issued from time to time, the Board may by means of resolution passed at meetings of the Board from time to time, accept deposits or borrow and/or secure the payment of any sum or sums of money for the purpose of the Company.

Section 21 provides that:

Subject to Sections 79 and 117 of the Act, any bonds may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings and allotments of shares.

Shareholder's Meeting

Article 22 provides that:

At least twenty one clear days notice in writing, specifying the place, day and hour of General Meetings, with a statement of the business to be transacted at the meeting shall be served on every member in the manner provided by the Act but with the consent, in writing, of all the members entitled to receive notice of same, any General Meeting may be convened by such shorter notice and in such manner as those members may think fit.

Article 23 provides that:

The accidental omission to give notice to or the non-receipt thereof by any member shall not invalidate any resolution passed at any such meeting.

Article 24 provides that:

Five members present in person or by duly authorized representative shall be quorum for a General Meeting of the Company.

Article 25 provides that:

The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting but if the Chairman is not to be present within fifteen minutes after the time appointed for holding such meeting or is unwilling to act as Chairman, the members present shall choose another Director as Chairman and if no Director shall be present or if all the Directors present decline to take the chair, then the members present shall choose one of their number to be Chairman.
Article 26 provides that:

(a) The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

(b) The Chairman of General meeting may with the consent of the meeting. Adjourn the same, from time to time from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. If within thirty minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened upon requisition shall be dissolved: but in any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other day and such other time and place as the Board or the Chairman decide and if at such adjourned meeting a quorum is not present those members who are present shall be quorum and may transact the business for which the meeting is called.

Votes of Members

Article 27 provides that:

Every member entitled to vote and present in person or by proxy shall have one vote on a show of hands and one vote for each share held by him on a poll.

Article 27A provides that:

Notwithstanding anything contained in the Articles of the Company, the Company do adopt the mode of passing resolutions by the members of the Company by means of Postal Ballot (which includes voting by electronic mode) and/or other ways as may be prescribed in the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001 in respect of the matters specified in said Rules as modified from time to time instead of transacting such business in a general meeting of the company subject to compliances with the procedure for such postal ballot and/or other requirements prescribed in the rules in this regard.

Article 28 provides that:

Any person entitled under the Transmission Clause to transfer any shares may vote at General Meeting in respect thereof as if he was the registered holder of such shares provided that at least 72 hours before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

Article 30 provides that:

Save as herein otherwise provided, the Directors shall be entitled to treat the person whose name appears on the register of members as the holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognize any benami trust or equitable contingent or other claim to or interest in such share on the part of any person whether or not it shall have express or implied notice thereof.

Board of Directors

Article 31 provides that:

The business of the company shall be managed by the Board of Directors subject to the compliance of conditions stipulated in Department of Public Enterprises Office memorandum No. DPE/11(2)/97-Fin dated 22nd July,1997 as modified from time to time.

Article 32 provides that:

The number of Directors of the Company which shall be not less than 3 and not more than 15.These directors may be either whole time functional directors or part time directors. The Directors are not required to hold any qualification shares.

Article 33 provides that:

(a) The Chairman shall be appointed by the President and the terms and conditions of his appointment shall be determined by the President.

(b) In addition to the Chairman, the President shall also appoint Vice-Chairman, Managing Directors, whole-time Functional Directors and other Directors in consultation with the Chairman who shall not be liable to retire by rotation. The total number of Directors including Chairman, appointed under this Article, shall not exceed 1/3rd of the total number of Directors of the Company. No consultation will be necessary in case of the Directors representing the Government. The President shall have the right to fill in any vacancy caused by retirement, removal, resignation, death or otherwise, amongst the aforesaid 1/3rd Directors appointed by him.

(c) The Directors who are liable to retire by rotation will be appointed in the General Meeting in accordance with the provisions of the Companies Act. These may even include some whole-time Functional Directors or Managing Directors.

(d) At every Annual General Meeting of the Company, one third of the Directors liable to retire by rotation or if their number is not three or a multiple of three, then the number nearest to one third, shall retire from office. The Directors to retire by rotation shall be those who have been longest in office since their last appointment, but as between persons who become Director on the same day those who are to retire shall be determined by the President in consultation with the Chairman of the Company. The retiring Directors shall be eligible for reappointment.

e) The Directors shall be paid such salary and/or allowances as the President may, time to time determine. Subject to the provision of Section 314 of the Act such additional remuneration as may be fixed by the President may be paid to any or more Directors for extra or special services rendered by him or them or otherwise.

(f) Subject to the provisions of Section 292 and 293 of the Act, the Board may, from time to time, entrust and confer upon the Chairman, Managing Director, Director or a departmental head for the time being such of powers as they may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they may think expedient and may, from time to time, revoke, withdraw, alter or vary all or any such powers.

(g) The non official part time directors may be paid sitting fee for attending the meetings of Board of Directors or any committee thereof as may be decided by the board from time to time, exceeding the maximum limits as prescribed under the Companies Act.

Article 34 provides that:

(a) In place of a Director who is out of India or is about to go out of India or who expects to be absent for not less than three months from the State in which meetings of the Directors are ordinarily held, the Board may on nomination by the President appoint any person as an Alternate Director during his absence out of India or his absence of not less than three months from the State in which the meetings of the Board are ordinarily held and such appointee whilst he holds office as an Alternate Director, shall be entitled to notice of meetings of the Board and to attend and to vote thereat accordingly.

(b) Subject to the provisions of the Companies Act, the Board may, on nomination by the President appoint any person as an Additional Director, but the total number of Directors shall not at any time exceed the maximum limit fixed under Article 32. Any such Additional Director shall hold office only up to the date of the next Annual General Meeting of the Company.

(c) Subject to the provisions of the Companies Act, the Board shall have the power at any time and from time to time to appoint any person on nomination by the President to be a Director to fill up a casual vacancy not covered by Article 33(b). Any person so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.

(d) The President from time to time or at any time remove the chairman, Vice Chairman, or any whole time or part time director from office at his absolute discretion. Chairman, Vice chairman and whole time Director may be removed from office in accordance with terms of appointment or, if no such terms are specified on the expiry of 3 months notice issued in writing by the president or with immediate effect on payment of the pay in lieu of notice period.

(e) The president shall have right to fill any vacancy in the office of the Chairman, Vice chairman or whole time or part time Directors caused by removal, resignation, death or other wise.

Article 39 provides that:

A Director or an Officer of the Company may be or become a Director or a member of any company promoted by this company or in which it may be interested as vendor, member or otherwise and no such Director or Officer shall be accountable for any benefits received as Director or member of such company.

Division of Profits and Dividends

Article 49 provides that:

The profits of the Company available for payment of dividend, subject to any special rights relating thereto created or authorized to be created by these present and subject to the provisions of those presents. as to the reserve fund shall with the approval of the President be divisible amongst the members in proportion to the amount of capital paid up on the shares held by them respectively. Provided always that (subject as aforesaid) any capital paid upon a share during the period in respect of which a dividend is declared, shall unless the directors otherwise determine, only entitle the holder of such share to an apportioned amount of such dividends as from the date of payment.

Article 50 provides that:

The Company in Annual General Meeting may declare a dividend to be paid to the members according to their respective rights and interest in the profits and may fix the time for payment but no dividend shall exceed the amount recommended by the Board.

Article 51 provides that:

The Directors may from time to time, pay to the members such interim dividends as in their judgment the position of the Company justifies.

Unpaid or Unclaimed Dividends

Article 51A provides that:

There shall not be any forfeiture of unclaimed dividends and the Company shall comply with the applicable provisions of the Act relating to transfer of unclaimed and unpaid dividend to the Investor Education and Protection Fund or to any such other fund as may be required under applicable laws.

Accounts

Article 52 provides that:

The Directors shall from time to time determine whether and to what extent and at what time and places as under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors and no person (not being a Director) other than the President or his nominees shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorized by the Company in General meeting.

Audit

Article 53 provides that:

All matters connected with the accounts and audit of the company shall be governed by the provisions of the Act.

Article 54 provides that:

Every account of the Company when audited and approved by the general meeting shall be conclusive.

Notice

Article 55 provides that:

A notice may be given by the Company to the person entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepared letter addressed to him by name or by the title or representatives of the deceased or assignee of the insolvent or by any like description at the address (if any) In India supplied for the purpose by the persons claiming To be so entitled or until such an address has been so supplied by giving the notice in any manner in which the same might have been given if the death or insolvency had not occurred.

Winding Up

Article 56 provides that:

If the Company shall be wound up, and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up at the commencement of the winding up, on the shares held by them respectively, and if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid-Up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up, paid-Up or which ought to have been paid-up on the shares held by them respectively. But this clause is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

Secrecy Clause

Article 57 provides that:

No member shall be entitled to visit or inspect the Company's work without permission of a Director or to require discovery of or any detail of the Company's trading or any matter which is or may be in the nature of a trade secret or secret success which may relate to the conduct of the business of the company and which in the opinion of the Directors. It will be inexpedient in the interest of the members of the Company to communicate to the public.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Prospectus), which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of the RHP, delivered to the RoC for registration and also the documents for inspection referred to hereunder, were available for inspection at the Registered Office/corporate office of our Company from 10.00 am to 4.00 pm on Working Days, from the date of the RHP until the Offer Closing Date.

Material Contracts in relation to the Offer

1. Letters of appointment, dated June 2, 2010, to the Book Running Lead Managers from the Department of Disinvestment, Ministry of Finance, GoI for appointment as book running lead managers.
2. Offer Agreement between our Company, the Selling Shareholder and the Book Running Lead Managers, dated August 9, 2010.
3. Memorandum of understanding between our Company, the Selling Shareholder and Registrar to the Offer, dated August 6, 2010.
4. Escrow Agreement, dated October 14, 2010 between our Company, the Book Running Lead Managers, the Selling Shareholder, the Syndicate Member, the Escrow Banks and the Registrar to the Offer.
5. Syndicate Agreement, dated October 14, 2010 between our Company, the Selling Shareholder, the Book Running Lead Managers, the Syndicate Member and the Registrar to the Offer.
6. Underwriting Agreement, dated October 25, 2010 between our Company, the Selling Shareholder, the Book Running Lead Managers, the Syndicate Member and the Registrar to the Offer.
7. Agreement, dated April 16, 2010 between NSDL, our Company and Link Intime India Private Limited.
8. Agreement, dated April 28, 2010 between CDSL, our Company and Link Intime India Private Limited.

Material Documents

1. Our Memorandum and Articles, as amended from time to time.
2. Our certificates of incorporation dated June 14, 1973 and October 21, 1975, and letter from the Registrar of Companies, West Bengal dated March 5, 2010.
3. Resolutions passed by our Board dated August 5, 2010 in relation to the Offer
4. Letter (No.38038/1/1996-CA-II (Vol.-IV)) dated July 7, 2010 issued by the MoC, granting approval for the Offer and authorizing Mr. Sharad Ghodke, Director, MoC to execute sign and deliver, such deeds, documents and agreements and to do all such acts, deeds, matters or things required for the purposes of effecting the Offer.
5. Letter (No. 38038/1/1996-CA-II (Vol. IV)) dated July 28, 2010 issued by the MoC, granting consent to include 1,263,272,880 Equity Shares held by MoC as the Promoter's Contribution.
6. Our restated consolidated financial statements as of and for the years ended March 31, 2010, 2009, 2008, 2007 and 2006 and our restated standalone financial statements as of and for the years ended March 31, 2010, 2009, 2008, 2007 and 2006, together with the reports thereon of Deoki Bijay & Co., Chartered Accountants dated September 24, 2010 and October 25, 2010 respectively.
7. Letter number 21/29/2005-ASO dated July 31, 2006 issued by the MoC appointing Mr. Partha S. Bhattacharyya as the Chairman and Managing Director of our Company with effect from October 1, 2006.
8. Letter number 21/23/2001 – ASO dated December 9, 2009, issued by the MoC, setting out the revised terms of employment of Mr. Partha S. Bhattacharyya.
9. Letter number 21/2/2006-ASO dated December 11, 2006, issued by the MoC appointing Mr. N.C. Jha as the Director (Technical) of our Company with effect from January 1, 2007.

10. Letter number 21/15/2005 – ASO dated May 10, 2010, issued by the MoC setting out the revised terms of employment of Mr. N.C. Jha.

11. Letter number 21/31/2006-ASO dated April 30, 2007 issued by the MoC appointing Mr. R. Mohan Das as the Director (Personnel & Industrial Relations) of our Company with effect from June 1, 2007.

12. Letter number 21/13/2006 – ASO dated May 10, 2010, issued by the MoC setting out the revised terms of employment of Mr. R. Mohan Das.

13. Letter number 21/18/2008-ASO dated March 17, 2009 issued by the MoC appointing Dr. A. K. Sarkar as the Director (Marketing) of our Company with effect from March 18, 2009.

14. Letter number 21/9/2003 – ASO (I) dated May 12, 2010, issued by the MoC setting out the terms of employment of Dr. A. K. Sarkar.

15. Letter number 21/5/2009-ASO dated March 12, 2010 issued by the MoC appointing Mr. A.K. Sinha as the Director (Finance) of our Company with effect from March 13, 2010.

16. Scheme of arrangement entered into by our Company with each of CCL, CMPDIL, ECL and WCL, as approved by our Board on December 30, 1987.

17. Joint Venture agreement dated September 27, 2007 and amendment agreement dated June 8, 2010 between our Company, BEML Limited and Damodar Valley Corporation.

18. Joint Venture agreement dated October 12, 2009 between the Company and NTPC Limited

19. Joint Venture agreement dated January 14, 2009 between our Company, Steel Authority of India Limited, Rashtriya Ispat Nigam Limited, NMDC Limited and NTPC Limited

20. Memorandum of understanding dated January 10, 2008 between our Company and GAIL (India) Limited and memorandum of intent dated December 14, 2009 between our Company, GAIL and Rashtriya Chemicals and Fertilizers Limited.

21. Agreement dated July 31, 2008 between Indian Oil Corporation Limited, IBP Division and our Company.

22. Agreement dated June 4, 2007 between Mitsui & Co. Limited and our Company, with subsequent amendments.

23. Memorandum of understanding between CMPDIL and our Company for 2010-2011.

24. Memorandum of understanding dated June 28, 2010 between RITES Limited and our Company.

25. Agreement dated May 9, 2008 between our Company and BEML Limited.

26. Memorandum of understanding dated November 3, 2005 between Oil and Natural Gas Corporation Limited and our Company.

27. Agreement dated February 6, 2003 between the President of India, acting through the Joint Secretary, Ministry of Petroleum and Natural Gas, Oil and Natural Gas Corporation Limited and our Company.

28. Copies of annual reports of our Company for the years ended March 31, 2009, 2008, 2007 and 2006.

29. Consent of the Auditors for inclusion of statement of tax benefits and their reports on restated financial statements in the form and context in which they appear in this Prospectus.

30. Consents of the Directors, the Selling Shareholder, the Compliance Officer, the Book Running Lead Managers, the Auditors, the Escrow Collection Banks/ Bankers to the Offer, the Syndicate Member, the domestic legal counsel, international legal counsel, the Bankers to our Company, the Registrar to

the Offer, the IPO Grading Agencies i.e. CRISIL Limited, ICRA Limited and Credit Analysis & Research Limited, SRK Mining Services (I) Private Limited (SRK Consulting – India) and SRK Consulting (UK) Limited, to act in their respective capacities.

31. Due diligence certificate, dated August 9, 2010 to SEBI from the Book Running Lead Managers.

32. In-principle listing approvals dated August 25, 2010 and August 13, 2010 received from the NSE and the BSE, respectively.

33. Letter no. FE.CO.FID.No. 3910/10.21.2010/2010-2011 dated August 12, 2010 from the RBI issuing its no objection for the transfer of Equity Shares to non residents in the Offer.

34. SEBI observations letter no. CFD/DIL/ISSUES/SP/RN/20407/2010 dated September 20, 2010.

35. Report titled 'An Independent Technical Report on the Coal Resources and Reserves of Coal India Limited' dated September 25, 2010 by SRK Mining Services (I) Private Limited (SRK Consulting – India) and SRK Consulting (UK) Limited.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time, if so required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

In accordance with Section 61 of the Companies Act, in the event any of the material contracts mentioned in this section are required to be modified or amended, post the filing of this Prospectus with the RoC, reference shall be made to the shareholders of our Company for the same.

DECLARATION

We, the undersigned, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the GoI or the regulations issued by Securities and Exchange Board of India including Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009, applicable, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made or regulations issued thereunder, including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009, as the case may be. We further certify that all the statements in this Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Mr. Partha S. Bhattacharyya *Chairman and Managing Director*	Dr. A. K. Rath *Independent Director*
Mr. N.C. Jha *Director (Technical)*	Mr. Kamal R. Gupta *Independent Director*
Mr. R. Mohan Das *Director (Personnel & Industrial Relations)*	Mr. Mohd. Anis Ansari *Independent Director*
Dr. A.K. Sarkar *Director (Marketing)*	Dr. R.N. Trivedi *Independent Director*
Mr. A.K. Sinha *Director (Finance)*	Ms. Sachi Chaudhuri *Independent Director*
Mr. Alok Perti *Government nominee Director*	Prof. S.K. Barua *Independent Director*
Mr. Sanjiv Kumar Mittal *Government nominee Director*	Ms. Sheela Bhide *Independent Director*

Signed by the Director (Finance)

_____
Name: Mr. A.K. Sinha
Designation: Director (Finance)

SIGNED BY THE SELLING SHAREHOLDER

_____
Name: Mr. Sharad Ghodke
Designation: Director, Ministry of Coal, Government of India

On behalf of the President of India, acting through the Ministry of Coal, Government of India.
Date: October 26, 2010
Place: New Delhi

Coal India Limited

CRISIL IPO Grade 5/5 (Strong)

September 03, 2010

Grading summary

CRISIL has assigned a CRISIL IPO Grade **'5/5'** (pronounced "five on five") to the proposed IPO of Coal India Ltd (Coal India). This grade indicates that the fundamentals of the IPO are '**strong'** relative to the other listed equity securities in India. However, this grade is not an opinion on whether the issue price is appropriate in relation to the issue fundamentals. The offer price for the issue may be higher or lower than the level justified by its fundamentals. The grade is not a recommendation to buy, sell or hold the graded instrument, its future market price or suitability for a particular investor. To arrive at the overall grade, amongst various other parameters, CRISIL has considered the company's business prospects, its financial performance, management capabilities and corporate governance practices.

The assigned grade reflects Coal India's dominant position (81% market share) in the Indian coal industry, catering to 53% of the country's energy requirement. Further, the demand for coal is expected to increase at an annual rate of 11.2% over the next four years on the back of increase in thermal power plants being set up in the country. Coal India enjoys cost competitive advantage over international players since nearly 90% of its production is from open cast mines and have low stripping ratios. As a result, the notified prices of Coal India are significantly lower than imported coal prices adjusted for calorific value. The grade also takes into account the de-controlled pricing regime and Coal India's ability to increase coal prices in the past. Further, the company has been gradually increasing its mix of market-linked price sales, which has further boosted its profitability. As of March 2010, the company has a cash and bank balance of Rs 390 bn. We believe this, together with its strong cash generation and very low gearing, would enable the company to pursue growth opportunities globally and also comfortably fund its capital expenditure plans of Rs 84.5 bn over the next two years. However, ability of the management to deploy the surplus cash in productive assets would have a bearing on its return on equity. The grade also factors in a highly experienced management, credited with the successful launch of market-linked sales and turning around loss-making subsidiaries.

However, several socio-political factors limit CIL's operating flexibility. Delays in regulatory approvals, such as forest clearance, are an industry-wide concern and also remain a challenge for the company. Any adverse change in the regulatory regime on pricing regulation and restriction on mining area could have a material impact on our grade and remains a key monitorable.

Contacts:

Media

Mitu Samar
Head, Market Development & Communications

CRISIL Limited
Phone: +91-22-3342 1838
Mobile: +91-9820061934
Fax: +91-22-3342 3001
Email: msamar@crisil.com

Analytical

Chetan Majithia
Head, Equities

CRISIL Limited
Phone: +91-22-3342 4148
Fax: +91-22-3342 3501
Email: chetanmajithia@crisil.com

Client - servicing

Client servicing
Phone: +91-22-3342 3561
Email: clientservicing@crisil.com

About the company

Coal India was incorporated in 1973 as Coal Mines Authority Limited pursuant to the nationalisation of coal mines. The company underwent a corporate reorganisation wherein Bharat Coking Coal, Central Coalfield Limited, Coal Mines Planning and Development Institute, Eastern Coalfields limited and Western Coalfield Limited became its subsidiaries. Post the reorganisation, the company was freshly incorporated in 1975 and the name was changed to Coal India Limited. In 1985, National Coalfields Limited and South Eastern Coalfields Limited were made subsidiaries. The company was conferred 'Navratna' status by the GoI (Government of India) in October 2008, which provides it with certain operational and financial autonomy. Additionally, its six wholly-owned subsidiaries out of nine have been accorded 'mini-Navratna' status leading to decentralisation of operations and decision making. The company is the largest coal producer in the country with a market share of 81% in domestic coal production. Around 90% of coal is produced from open cast mines and the balance from underground mines.

Issue details

Shares offered to public	631,636,440
As per cent of post issue equity	10%
Object of the Issue	Offer for sale by GoI
Amount proposed to be raised	Not available at the time of grading
Price band	Not available at the time of grading
Lead managers	Citigroup Global Markets India Private Limited, Deutsche Equities (India) Private Limited, DSP Merrill Lynch Limited, Enam Securities Private Limited, Kotak Mahindra Capital Company Limited, Morgan Stanley India Company Private Limited.

Detailed Grading Rationale

A. Business Prospects

- *Strong growth in domestic demand for coal, but supply growth lagging*

Coal is the primary source of energy, accounting for nearly 53% of the total energy consumption in India. Since India has huge coal resources (276 bn tonnes as of March 2010), the Integrated Energy Policy 2006 expects coal to remain the prime source of energy, accounting for 50% of the primary commerical energy requirement of India. CRISIL Research expects the demand for coal in India to grow at 11.2% CAGR to 933 MT (million tonnes) in FY14. Under the Eleventh Five-Year Plan, India plans to add power generation capacity of 78 GW. Nearly 67% of this capacity is coal-based, indicating that the demand for coal would primarily come from the power sector. The demand for non-coking coal is expected to grow at CAGR of 11.3% whereas that for coking coal is expected to grow at 9.7% CAGR over FY09-14 (CRISIL Research estimates). The overall domestic production is, however, estimated to grow at 7.2% CAGR over FY09-14 to 672 MT resulting in an acute shortage of coal in the domestic market. CRISIL Research expects imports of coal to treble to 180 MT in FY14 from 59 MT in FY10 to meet the shortage.

- *Largest producer of coal in the world, dominant position in India*

Coal India is the largest producer of coal in the world. It owns 48% of India's proven reserves and contributes over 81% of the total coal production in India. Given India's abundant coal reserves and the absence of other sustainable fuel sources, the company plays a strategic role in meeting India's energy requirements. CRISIL Research estimates Coal India to contribute 80% of the Indian coal production in FY12 and, thus, maintain its dominant position. Nearly 90% of the company's production is from open cast mines. Moreover most of these open cast mines have low stripping ratios, which provides the company with a significant cost advantage.

- *Established capabilities of mine exploration, development and operations*

Coal India has developed strong skills for exploration, development and production from coal mines. The company's wholly-owned subsidiary Central Mine Planning and Design Institute Limited (CMPDIL) carries out exploration, mine development and design work for Coal India. CMPDIL has explored over 500 coal projects and has been able to prove 80 bn tonnes of coal reserves. It has carried out planning for open cast mines for capacity up to 25 MTPA and depth of 480 meters, and underground mines for capacity up to 3.5 MTPA and depth of 600 meters. The company is currently operating 163 open cast and 273 underground mines. The capabilities have helped the company grow its production at a CAGR of 5.2% from 260 MT in FY00 to 431 MT in FY10.

- *Deregulation of pricing - Coal India increases prices to cover rise in production costs*

The company supplies coal to its customers through Fuel Supply Agreement (FSA) at prices which it notifies from time to time. As a result of the deregulation of coal pricing in India, Coal India is able to increase its notified prices to cover any rise in production, thereby protecting its profitability. The dominant position of the company helps it to pass on the rise in production and transportation costs, and changes in statutory levies to its customers. The company has announced four price increases since FY00; the average price has increased at 4.9% CAGR over FY00-10. However, the notified prices of the company are still significantly below the international prices, giving it a competitive advantage.

- *Shift in sales mix towards market-linked pricing*

Apart from the sale of coal under FSA at notified prices, the company supplies certain portion of its production at market-linked prices through E-Auctions and specific MoUs. Under E-Auction, the company sells around 10% of its production at market-determined rates. It also sells certain quantity of higher grade non-coking coal (A, B, C grades) and beneficiated coal through specific MoUs with its customers at prices which are 15% below the import parity prices for similar grade coal. The company plans to set up 20 coal beneficiation facilities with a capacity of 111 MT; they are expected to come on stream by FY17. The increasing sale of beneficiated coal would thus increase the contribution of sales at market-linked prices to overall sales of the company leading to increase in profitability.

- *Improving productivity due to natural attrition in manpower and mechanisation*

Post nationalisation of coal mines, Coal India was burdened with excess manpower which acted as a drag on its financials. However, the number of employees has been declining by around 12,000-15,000 every year due to natural attrition. The company has now started introducing advanced mining equipments, especially for underground operations. These measures have increased productivity; output has risen from 3.05 tonnes per man shift in FY05 to 4.47 tonnes per man shift in FY10.

- *New projects and utilisation of cash to drive growth*

The company has identified 45 coal mining projects which are under various stages of planning and development for implementation in Eleventh and Twelfth five-year plans. Of these, 25 projects with estimated production of 47.51 MTPA and capex requirement of Rs 33.9 bn are expected to become operational by end-FY12. Whereas 20 projects with estimated production of 33.27 MTPA and capex requirement of Rs 25.8 bn would become operational during the Twelfth Five-Year Plan. Additionally, the company intends to develop 20 coal beneficiation facilities with a capacity of 111 MTPA at a capex of Rs 23.3 bn, which would come on stream between FY14 and FY17. The company has a strong cash balance of Rs 390 bn as of FY10. Utilisation of this cash for mining projects and overseas acquisitions planned by the company would drive the company's growth going ahead.

- *Delay in regulatory approvals a key hurdle to production*

The coal sector in India is riddled with delays in securing regulatory approvals, especially for forest clearances. Forest clearances take between three and eight years, which could affect the growth plans of the company. Land acquisition and environmental clearances also are a cumbersome process.

- ***Impending policy changes a key monitorable***

  The impending policy changes involving forest clearances and setting up of an independent coal regulator are key monitorables. The proposal for categorising forest areas into 'go' and 'no-go' areas for coal mining is currently under discussion with the GoI, Ministry of Environment and Forests, and Ministry of Coal. Also, the proposal to set up a coal regulating body is under discussion at the government level. Any adverse changes in the regulatory regime due to aforementioned changes could materially impact our grading.

B. Financial Performance

Coal India's revenues grew at a two-year CAGR of 17.0% to Rs 467 bn in FY10 primarily on account of 5.5% CAGR in sales volumes and 10.8% CAGR in average realisations over FY08-10. The increase in notified prices and sale of coal under market-linked prices through E-Auction and MoUs has resulted in increase in the average realisation. The company had announced an average rise of 10% and 11% in December 2007 and October 2009, respectively, for the notified prices. It has sold 8.1%, 12.9% and 11.6% of its total sales volumes in FY08, FY09 and FY10, respectively, at market-linked prices through E-Auctions.

The company's EBITDA margins dipped to 15.7% in FY09 as a result of increase in employee costs. The upward revision in wages under National Coal Wage Agreement VIII and the executive pay revision led to a 51.7% increase in overall employee cost in FY09. The increase in prices in October 2009 to offset the rise in costs and, higher sales at market linked prices resulted in margin increase to 27.6% in FY10.

The EPS of the company grew at a two-year CAGR of 51% to Rs 15.6 in FY10. The RoE increased to 38.0% in FY10, in line with higher profitability. As on FY10, the company has cash and bank balance of Rs 390 bn and net worth of Rs 258 bn.

Since this is an offer for sale by GoI, the company would not receive any proceeds from the IPO and there would be no change in equity of the company.

Restated Financial performance snapshot

		FY08 Actual	FY09 Actual	FY10 Actual
Operating income	Rs mn	341,875	410,175	466,703
EBITDA margins	%	19.5	15.7	27.6
Net profits	Rs mn	42,850	40,628	98,294
RONW	%	24.9%	21.4%	38.0%
Basic EPS	Rs	6.8.	6.4	15.6
Diluted EPS	Rs	6.8.	6.4	15.6
No. of equity shares	Mn	6,316	6,316	6,316
Net worth	Rs mn	172,007	190,081	258,437
Book value (FV Rs 10)	Rs	27.2	30.1	40.9
Current ratio	Times	1.21	1.20	1.34

**Note: Numbers have been reclassified as per CRISIL standards*

Source: DRHP

C. Management Capabilities and Corporate Governance

Coal India's top management is well qualified and highly experienced. Most of the directors started their careers with the company. The senior management has been instrumental in making the shift towards market-linked pricing for coal and in turning around the loss-making subsidiaries like Eastern Coalfields Limited and Bharat Coking Coal Limited. However, the management has been unable to deploy the huge cash balance with the company. Ability of the management to deploy the surplus cash in productive assets would have a bearing on its future return on equity.

Coal India was accorded the 'Navratna' status in 2008, which has given it autonomy in functioning. Moreover, six of its nine subsidiaries have won the 'mini-Navratna' status which entails quicker decisions at the subsidiary level.

The 14-member board is highly experienced and diversified. It is chaired by the current Managing Director Mr. Partha Bhattacharya, who is due to retire in February 2011. The company and the Ministry of Coal have initiated the process of finding his successor. The board has seven independent directors; four have been on the board since August 2007 while the others were inducted recently. Based on our interaction with the independent directors, we believe they are fairly conversant with the business of the company.

Post the issue, the GoI would continue to remain the majority shareholder with a 90% stake in the company. By virtue of its dominant shareholding, GoI enjoys rights which can place the minority shareholders at a potential disadvantage with regard to having a say in broader corporate affairs.

Annexure I

Business Profile

Introduction

Government of India-owned Coal India produces and sells coal in the country. It is the largest coal reserve holder in the world. It is also the largest producer of coal in the world. In FY10, it produced 431 mn tonnes of coal which accounted for 81% of the coal production in India. The company owns and operates 471 coal mines - 163 are open cast, 273 are underground and the rest are mixed. Coal production is carried out by the seven subsidiaries of the company; two of them - Mahanadi Coalfields and South Eastern Coalfields - together contribute 50% of the company's production. Another subsidiary - CMPDIL - carries out mine exploration and development works for the coal-producing subsidiaries.

Production

Coal production of the company has grown at a CAGR of 5.9% from 323 MT in FY05 to 431 MT in FY10. The company produces mainly low grade coal. The D, E and F grades of non-coking coal constitute 75% of the total production of the company.

Key clients

The customers of Coal India include government-owned and private companies from power, steel, cement and other sectors. The top five customers of the company are power utility companies; NTPC leads the rank with 26.7% of sales.

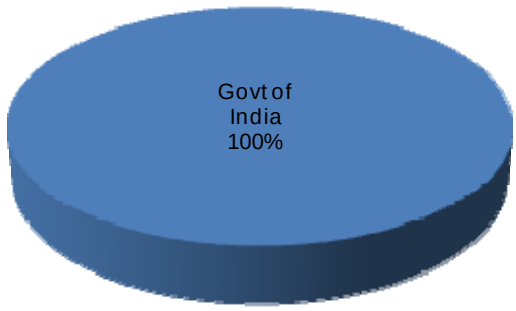
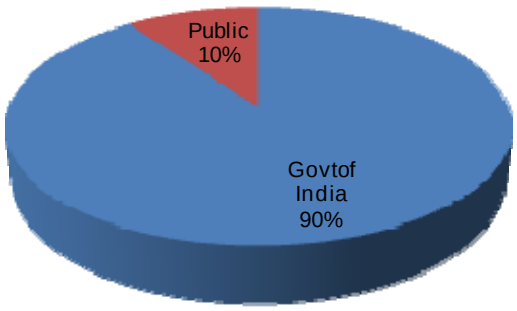
Sales mechanisms

Fuel supply agreement (FSA): Post the implementation of New Coal Distribution Policy (NCDP) in 2007, Coal India issues Letter of Assurance (LOA) on the basis of recommendations made by the inter-ministerial Standing Linkage Committee for supply of coal. After meeting certain project milestone criteria, the LOA is converted into a legally enforceable FSA. The pricing of coal under FSA is notified by Coal India from time to time.

E-Auction route: Coal India can sell around 10% of its production through E-Auctions at market-determined prices. The percentage of coal allotted under the E-Auction route is reviewed by the Ministry of Coal from time to time.

MOUs: The company sells higher grade non-coking coal (A, B, C grade) and beneficiated coking and non-coking coal under specific MOUs with the clients. The pricing under this mechanism is negotiated with the customer and is usually at a 15% discount to the import parity prices of similar grade of coal.

Shareholding Pattern

Pre-IPO	Post-IPO
	

Source: DRHP ** Assuming offer is fully subscribed #nominee of the President of India

Annexure II: Profile of the Directors

Name of Directors	Designation	Age	Qualification	Directorships / partnership in other entities/Past Experience
Mr. Partha S Bhattacharyya	Chairman & Managing Director	59	Postgraduate degree in Physics from Jadavpur University, Kolkata; Diploma in Finance from ICFAI Hyderabad; Fellow of ICWAI and World Academy of Productive Science	NIL
Mr. N. C. Jha	Director (Technical)	58	Masters Degree from Indian School of Mines, Dhanbad, First Class Mine Managers Certificate (coal)	Bharat Coking Coal Limited, South Eastern Coalfields Limited, Central Mine Planning & Design Institute Limited, International Coal Ventures Private Limited
Mr. R. Mohan Das	Director (Personnel & Industrial Relations)	53	Postgraduate degree in social work from Madurai University, Advanced Management program from Queens College UK, Management Development Program from Wharton School, US	Western Coalfields Limited, Central Coalfields Limited
Mr. A. K. Sarkar	Director (Marketing)	59	PhD in Physics from Calcutta University	Northern Coalfields Limited, Mahanadi Coalfields Limited
Mr. A. K. Sinha	Director (Finance)	57	Graduated in honors in Physics from Belur Ramkrishna Vidyamandir, Kolkata, Member of ICAI, Bachelors in Law from Calcutta University, Advance Management programme from Queens College UK	Eastern Coalfields Limited, South Eastern Coalfields Limited
Mr. Alok Perti	Nominee Director of GoI	57	Masters degree in Physics from University of Allahabad, Masters Course in Social Planning from London School of Economics, IAS	Neyveli Lignite Corporation
Mr. Sanjiv Kumar Mittal	Nominee Director of GoI	47	Bachelors in Electrical Engineering from IIT Delhi, IAS	Hindustan Copper Limited, Bharat Aluminium Company Limited, Hindustan Zinc Limited
Dr. A. K. Rath	Independent Director	61	Masters in Physics from Delhi University, Doctorate in Business Administration from KIIT, IAS	Mangalore Refinery & Petrochemical Limited
Mr. R.N. Trivedi	Independent Director	52	Bachelors in Technology from IIT (K), M.A. (Eco), Ph.D. (Eco),D.Sc (Agri Eco.)	Served as Principal Secretary to Govt.
Mr. Sachi Chaudhuri	Independent Director	60	B.A.(Eco),Post Graduate Studies in Economics	Retired Civil Servant
Prof. S. K. Barua	Independent Director	58	Masters in Technology from IIT Kanpur, PhD From IIM, Ahmedabad	Bharat Petroleum Company Limited, Securities Trading Corporation Limited, Paras Pharmaceuticals Limited, Torrent Power Limited
Mohd. Anis Ansari	Independent Director	51	B.A.,LL.M and LL.B	Served as Principal Secretary for various govt. departments in Uttar Pradesh
Ms. Sheela Bhide	Independent Director	62	Doctorate in International Trade form Institute of International Studies Geneva, Masters in Economics from US, Masters in Public Policy from Harvard University, IAS	NIL
Mr. Kamal R Gupta	Independent Director	56	Bachelors in Science from CSJM University Kanpur, Member of ICAI	Corporate Consultants Private Limited, Govind Polymers Private Limited

Source: DRHP, Company

Disclaimer

A CRISIL IPO grading is a one-time assessment and reflects CRISIL's current opinion on the fundamentals of the graded equity issue in relation to other listed equity securities in India. A CRISIL IPO grading is neither an audit of the issuer by CRISIL nor is it a credit rating. Every CRISIL IPO grading is based on the information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the grading is based. A CRISIL IPO grading is not a recommendation to buy / sell or hold the graded instrument; it does not comment on the issue price, future market price or suitability for a particular investor.

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COAL INDIA LIMITED

Issue Details

Coal India Limited (CIL) is proposing to come out with an Initial Public Offer for sale of 631,636,440 shares of face value Rs. 10/- each by the President of India, acting through the Ministry of Coal, Government of India (GoI). The offer would be made through the 100% book building route. The offer comprises a net offer to the public of 568,472,796 equity shares and a reservation of 63,163,644 equity shares for subscription by eligible employees. The offer shall constitute 10% of the post offer paid-up equity share capital of CIL and the net offer shall constitute 9% of the post offer paid-up equity share capital of CIL. Of the net offer, 50% is reserved for Qualified Institutional Buyers (QIBs), 15% for non-institutional investors and 35% for the retail investors. Post IPO, the shares will be listed on the National Stock Exchange and Bombay Stock Exchange.

Proposed Use of IPO Proceeds

The objects of the offer are to divest 631,636,440 equity shares held by GoI in the company and to realize the benefits of listing the equity shares on the stock exchanges. CIL will not receive any proceeds from the offer and all proceeds shall go to GoI.

Analyst Contacts:

Jayanta Roy
jayanta@icraindia.com
91-33-22831411

Soumyo Roy
soumyo.roy@icraindia.com
91-33-22800008

Relationship Contacts:

Anuradha Ray
anuradha@icraindia.com
91-33-22876617

Website:
www.icraratings.com
www.icra.in

IPO Grading

ICRA has assigned an **IPO Grade 5,** indicating strong fundamentals to the proposed initial public offering of Coal India Limited (CIL). ICRA assigns IPO grading on a scale of IPO Grade 5 through IPO Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals.

An ICRA IPO Grade is a symbolic representation of ICRA's current assessment of the fundamentals of the issuer concerned. The fundamental factors assessed include, inter alia, business and competitive position, financial position and prospects, management quality, corporate governance and history of compliance and litigation.

Disclaimer: Notwithstanding anything to the contrary: An ICRA IPO grade is a statement of current opinion of ICRA and is not a statement of appropriateness of the graded security for any of the investors. Such grade is assigned with due care and caution on the basis of analysis of information and clarifications obtained from the issuer concerned and also other sources considered reliable by ICRA. However, ICRA makes no representation or warranty, express or implied as to the accuracy, authenticity, timelines, or completeness of such information. An ICRA IPO grade is not (a) a comment on the present or future price of the security concerned (b) a certificate of statutory compliance and/or (c) a credit rating. Further the ICRA IPO grade is not a recommendation of any kind including but not limited to recommendation to buy, sell, or deal in the securities of such issuer nor can it be considered as an authentication of any of the financial statements of the company and ICRA shall not be liable for any losses incurred by users from any use of the grade in any manner. It is advisable that the professional assistance be taken by any prospective investor in the securities of the company including in the fields of investment banking, tax or law while making such investment. All services and information provided by ICRA is provided on an "as is" basis, without representations and warranties of any nature.

Strengths

- Largest coal mining company in the world, with large scale reserves
- Favourable demand outlook for the domestic coal and near monopoly status of CIL in the domestic coal sector provide sound growth opportunities
- Deregulated coal pricing regime gives CIL the power to fix its coal prices at present; also, its current prices are at a discount to import parity prices
- Continuous improvement in labour productivity and high share of profitable open-cast mining in total production, leading to healthy profitability of operations
- Fuel supply agreements with existing clients, CIL's existing infrastructure in mining and evacuation of coal, and slow progress in private coal mining results in strong competitive position
- Highly comfortable financial position as reflected by healthy Return of Capital Employed (RoCE) and Return of Net Worth (RoNW), which is likely to be sustained

Challenges

- Extent to which the company is able to get price increases could be moderated because of the potential impact on crucial sectors of the economy, the quantum and timing of price revisions remains critical for CIL
- Long delays in project completion; which could constrain CIL's growth opportunities

Grading Rationale

While assigning the IPO grade to Coal India Limited, the holding company, ICRA has consolidated its financials along with its nine subsidiaries as a single entity (CIL), to evaluate its business fundamentals as well as financial strengths. The IPO grade assigned by ICRA reflects CIL's status as the largest coal mining company in the world with access to the vast amount of coal reserves, the highly favourable demand-supply situation in the domestic coal industry, and CIL's near monopoly position in the strategically important sector which is expected to result in strong growth prospects for the company The grade also reflects the continuous improvement in labour productivity, use of better technology and high share of production from profitable opencast mines, leading to a better control of costs and thus, leading to healthy overall profitability of CIL. The deregulated coal pricing regime gives CIL the power to fix the price for its produce which, along with the favourable demand supply position and cost competitiveness vis-à-vis imported coal, is likely to enable the consolidated entity to sustain its healthy profitability going forward. However, ICRA notes that CIL has to contend with the potential adverse impact of any decision on coal price increase on the overall economy. Notwithstanding the two subsidiaries with weak financial profile which are currently under the purview of the Board for Industrial and Financial Reconstruction (BIFR), CIL has a highly comfortable financial profile characterized by healthy Return of Capital Employed (RoCE) and Return of Net Worth (RoNW). CIL's inferior grades of coal deposits with lower calorific values and high ash content could expose it to competition from alternative fuels in the long run, which is mitigated to an extent by CIL's current initiatives to focus on washed coal. The strengths are also partially offset by its large, though declining, workforce, long delays in project approvals and weak financial health of two of its mining subsidiaries. These companies, however, have large reserves of prime quality coal, which CIL is currently pricing at import linked prices at significant premium to the prevailing notified prices that has impacted the profitability of these subsidiaries favourably. Although these companies have posted profits in 2009-10 mainly as a result of such initiatives and price increase effected by CIL, future slippages cannot be ruled out, especially if the increase in planned production from these two subsidiaries is delayed.

Entity Profile

CIL is wholly owned by the Government of India (GoI) and in turn holds 100% of the equity capital of its seven coal mining subsidiaries and two other subsidiaries. CIL itself carries out coal mining operations in the coal mines in some north-eastern states. CIL along with its subsidiaries control all the coal mines in the country except the ones under the public sector companies Singareni Collieries Company Limited (SCCL) and Neyveli Lignite Corporation (NLC), and a few captive coal mines managed by various other companies. Consequently, the group accounts for around 82% of the domestic coal production. Post IPO, the GoI's share holding would come down to 90% of the post offer paid up equity share capital of the company.

CIL is the largest producer of coal in the world, carrying out operations in 471 mines in 21 major coalfields across eight states in India, which include 163 open cast mines, 273 underground mines and 35 mixed mines (which include both open cast and underground mines). In 2009-10, CIL produced a total of 431 million MT of coal, accounting for 82% of the coal produced in India.

The coal mining subsidiaries of the company are Bharat Coking Coal Limited (BCCL), Central Coalfields Limited (CCL), Eastern Coalfields Limited (ECL), Western Coalfields Limited (WCL), Northern Coalfields Limited (NCL), South Eastern Coalfields Limited (SECL) and Mahanadi Coalfields Limited (MCL). In addition, another wholly owned subsidiary, Central Mine Planning & Design Institute Limited (CMPDIL), engages in exploration, design and planning of coal mines. CIL also established a wholly-owned subsidiary in Mozambique, Coal India Africana Limitada (CIAL), to pursue coal mining opportunities in Mozambique and have acquired prospecting licenses for two coal blocks in the copuntry. CIL has also formed a joint venture company called International Coal Ventures Limited (ICVL) with Steel Authority of India Limited (SAIL), Rashtriya Ispat Nigam Limited (RINL), National Mineral Development Corporation (NMDC) and National Thermal Power Corporation (NTPC) for acquisition of metallurgical and thermal coal resources abroad.

The company follows accepted corporate governance practices. However, a large number of cases are outstanding against CIL and its subsidiaries, a significant portion of which are related to land acquisitions and sales/income tax matters. There are a few criminal cases outstanding against CIL, which are related to its employee transfer policy.

Promoters and Management

At present, CIL is 100% owned by the GoI. Post IPO, the GoI's share holding would come down to 90%.

Table 1 Shareholding pattern

Category	Pre Issue	Post Issue
Government of India and nominees	100%	90%
Employees	0%	1%
Investors (including Retail Investors)	0%	9%

Source: Draft Red Herring Prospectus (DRHP)

The key management personnel consist of senior executives, with a long track record in running coal mining business profitably.

Corporate Governance

The Board of Directors comprises five executive directors, two non executive non independent directors and seven non executive independent directors. The board is broad based, with the directors having skills and experience in diversified areas such as management, engineering, finance and coal mining. The company has also constituted the Audit Committee, Remuneration Committee and Investor's Grievance Committee, in compliance with the Clause 49 of the listing agreement.

Business and Competitive Position

Substantial reserve & resource base: CIL, along with its seven coal mining subsidiaries is the largest coal mining company in the world, both in terms of coal reserves as well as its scale of operations. As on April 1, 2010, the total coal reserves available with CIL and its subsidiaries, pursuant to Indian Standards Procedure (ISP), was around 65 billion metric tonne (MT).

Table 2 Geological reserves of coal in billion MT

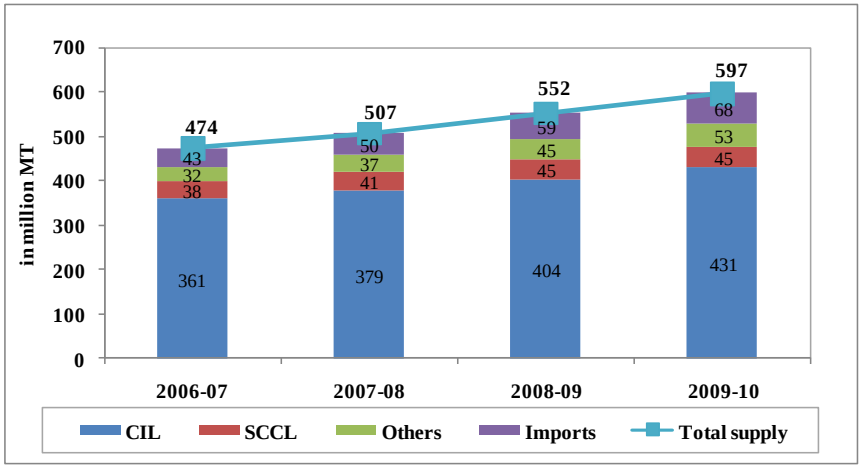
	Proved	Indicated	Inferred	Total	Extractable
India	110	131	36	277	NA
Coal India Limited	53	10	2	65	22

Source: DRHP

CIL operates 471 mines across 21 coalfields in 8 states. In 2009-10, it produced 431 million MT of raw coal, out of which 91.6% was non-coking coal. The company accounted for 82% of the total domestic coal production in 2009-10. At the current rate of production, the proven reserves of the company are expected to last over a century.

Favourable industry prospects driven by huge demand supply gap: Coal is the dominant source of energy and met 52.4% of the country's primary energy requirements in 2009-10. The share of coal based thermal power generating capacity stands at around 53% of the country's total installed power generation capacity at present, while the share of actual generation by coal based plants stood at around 68% in 2009-10. Given a significant energy deficit of over 10% in 2009-10 and the planned capacity addition in coal based thermal power sector, the demand for non-coking coal is likely to remain strong. In addition, the steel production capacity in India is also likely to increase significantly in the medium to long term, which augurs well for the coking coal demand.

Chart 1 Supply of Coal in India



Source: Provisional Coal Statistics 2009-10, Ministry of Coal

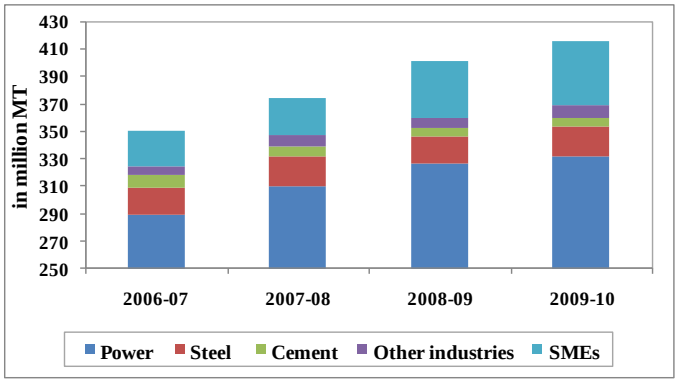
In 2009-10, domestic coal production accounted for around 89% of the total coal consumed in the country, of which CIL and SCCL contributed around 72% and 8% respectively (refer Chart 1). The domestic coal production has increased over the last five year period at a CAGR of 7.1% from 431 million MT in 2006-07 to 529 million MT in 2009-10. The shortage of approximately 11% in 2009-10 was met from imports. Given the increase in the domestic demand supply gap for domestic coal, import of coal has increased steadily, which grew at a CAGR of 16.3% from around 43 million MT in 2006-07 to around 68 million MT in 2009-10. Import of non-coking coal becomes necessary because of the inferior grade of indigenous coal also, which requires some domestic customers to import better grade non-coking coal for blending with domestic coal to improve the overall quality of coal. Coking coal is imported by Indian steel companies mainly to bridge the gap between the requirement and indigenous availability.

As Chart 3 suggests, around 80% of the non-coking coal production in the country in 2009-10 was used for power generation. In addition to the power sector, non coking coal finds its use in various other industries including cement, brick etc., which together accounts for over 20% of the total coal demand in volume

terms. Significant capacity expansions in these industries too would provide an impetus to the demand for coal going forward.

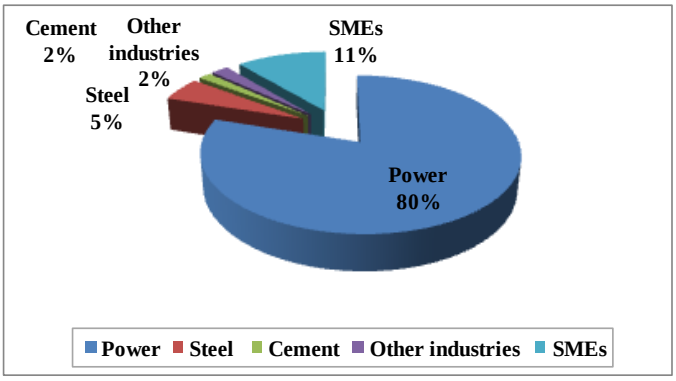
The Working Group of the 11th Five Year Plan had estimated a 51 million MT shortfall in domestic coal in India in 2011-12, which would to be met from imports. However, as against that, the total imported coal quantity stood at around 68 million MT in 2009-10, reflecting a higher demand supply gap than what was envisaged earlier. With domestic coal demand expected to remain strong going forward, ICRA believes that the current demand supply gap would widen further, which augurs well for CIL.

Chart 2 Sector wise offtake of raw coal



Source: DRHP

Chart 3 Segmental share in raw coal off-take in 2009-10



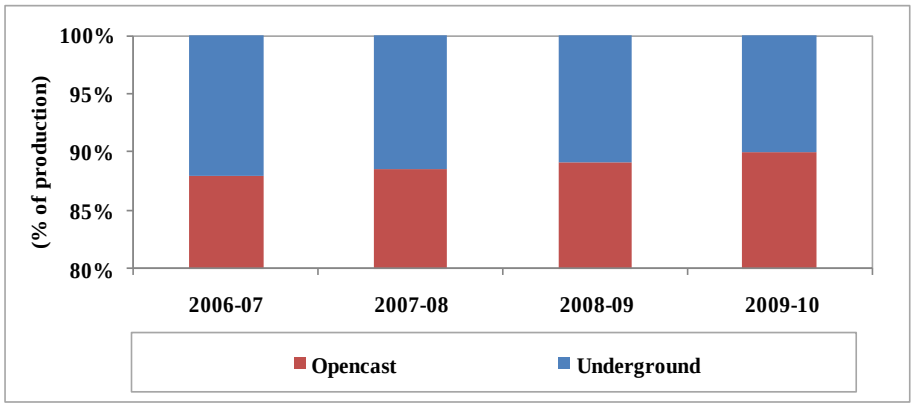
Source: DRHP

CIL's near monopoly position to help it capitalize on this demand supply gap: CIL has a dominant market position with more than 82% share in the domestic coal production, of which approximately 80% is consumed by the power sector. With a large reserve base, the entity is in a string position to capitalize on the anticipated demand supply gap.

Although CIL is exposed to the threat of competition from higher calorie imported coal, especially along the coastal regions, its overall market position is unlikely to change significantly due to several strong entry barriers including CIL's existing infrastructure, railway linkages, existing fuel supply agreements with existing customers in power sector on one hand and inadequate port and inland coal handling facilities CURRENTLY and volatility in international coal prices and ocean freight rates on the other. In addition, the cost competitiveness of indigenous coal, which is currently priced at a significant discount compared to imports even on a calorific value basis, is likely to deter large scale usage of imported coal.

Significant reduction in costs; improvement in productivity has led to increase in overall profitability: Out of CIL's total production of 431 million MT of coal, around 90% of the production is accounted for by opencast (OC) mines. The share of production from opencast mines has increased gradually over the years, from around 86% in 2005-06 to 90% in 2009-10.

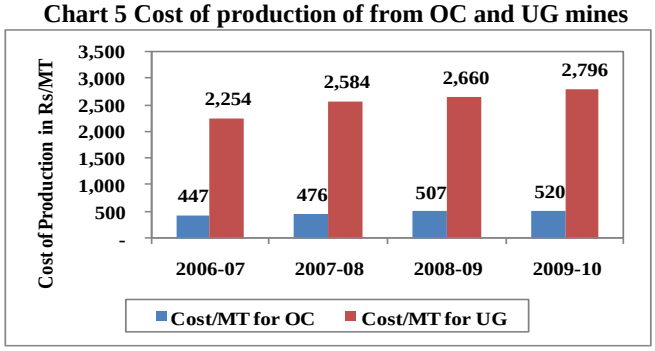
Chart 4 Share of production from OC and UG mines



Source: DRHP

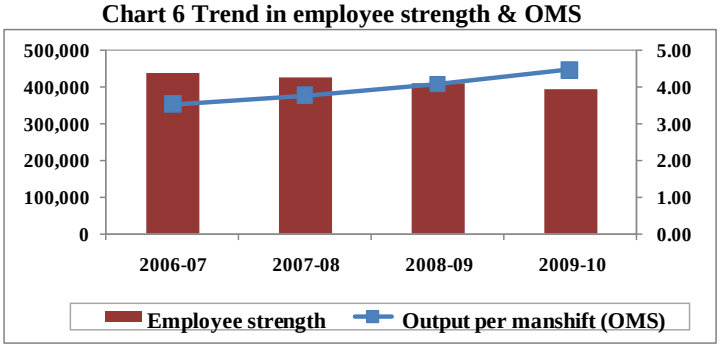
OC mining being less labour intensive, the growth in production in absolute terms and the increasing share of OC production have favourably impacted the productivity and hence the overall profitability of the company. OC mines are more amenable to large scale mechanization and application of technology, thus requiring significantly lower manpower, which improves productivity to a large extent as measured by output per manshift (OMS). A continuous improvement in OMS over the years, coupled with an increase in production has significantly improved the cost of operations of the company. Employee cost being the single largest cost of production; reduction in manpower also significantly reduces cost of production and hence impacts profitability favourably. Operations in UG mines are more labour intensive, which leads to cost of production in UG mines being significantly higher than in OC mines, and renders the operations at UG mines less profitable.

Chart 5 Cost of production of from OC and UG mines



Source: DRHP

Chart 6 Trend in employee strength & OMS



Source: CIL Annual Reports

The reduction of employees on a regular basis due to retirement and attrition has brought down the number of CIL's employees from 426,007 in 2007-08 to 397,138 in 2009-10; a reduction of 6.8%, whereas the total production increased by around 14% over the same period, reflecting better employee productivity.

Initiatives and growth opportunities: As on 31st March, 2010, CIL's had received investment approvals for 77 projects with a proposed capacity addition of 185 million MT per annum, involving a total capital expenditure of Rs 11,006 crore. These projects are at various stages of implementation. CIL also intends to develop 20 additional coal beneficiation facilities with a total capacity of 111.1 million MT per annum during the period 2013-2018 to increase the production of beneficiated coal, which fetches better realizations. The estimated capital expenditure for setting up of washeries is around Rs.2327 crore.

CIL's initiatives for acquiring coal mines abroad are being pursued through Coal Videsh as well as International Coal Ventures Limited. Coal Videsh is a division of CIL, which is responsible for streamlining efforts to procure coal from international sources to bridge the demand supply gap in India. Coal Videsh had emerged as a successful global bidder in 2008-09 in the global tender process by Government of Mozambique for allocation of prospecting licenses for coal concessions in Mozambique. CIL has created a wholly owned subsidiary, Coal India Africana Limited in Mozambique for this purpose. In the company's annual plan for fiscal 2011, it has earmarked Rs.6000 crore for the acquisition of international coal assets.

Against these capital expenditure and investment plans, the company had a cash balance of Rs. 39,078 crore as on March 31, 2010, which would be utilised for the implementation of the capacity expansion plans including washing capacities, acquisitions and capitalising on the overall growth opportunities in the sector going forward.

New Projects –Risk & Prospects

Current capacity expansion plans: The useful life of a mine being typically 25-30 years, replacement plans of reserves need to be initiated well in advance, given the long commissioning period of coal mines. As on March 31, 2010, investment decisions in 77 projects, with an aggregate capacity addition of 184.74 million MT per annum, had been approved by CIL and its subsidiary boards. The total capital expenditure expected for this capacity addition is Rs. 11,006 crore. By March 31, 2010, 32 projects, with an aggregate capacity of 104 million MT had been implemented, and the production from the same in 2009-10 stood at 54 million MT.

Risks in project approval and implementation: CIL has to obtain a number of approvals from various authorities, including the clearance from the Ministry of Environment and Forests (MoEF). The multiple steps involved in obtaining such approvals considerably elongate the process of commissioning of new mines. Even after obtaining the project approvals, actual execution of coal mine projects could take a long time.

Land acquisition, resettlement and rehabilitation of displaced population, as well as technical factors like faults in coal seams or existence of "geological surprises" are factors which typically impair the speed of project implementation. Rehabilitation risks are more for OC mining projects, which account for a major portion of CIL's current approved projects. The recent problems of insurgency in many of the states where CIL has coal reserves pose an additional challenge. The ability of CIL to manage these risks would be crucial for timely project implementation and therefore its future growth prospects.

Financial position

Profitability & Earnings:

Table 3 Profitability Indicators (consolidated financials)

In Rs. Crore		2009-10	2008-09	2007-08	2006-07
Operating income (OI)		47,093	41,000	34,227	31,202
OPBDIT		12,644	4,643	7,615	8,322
OPBDIT/OI	(%)	26.8%	11.3%	22.2%	26.7%
PAT (as per audited accounts)		9,622	2,079	5,243	5,709
PAT/OI (as per audited accounts)	(%)	20.4%	5.1%	15.3%	18.3%
PAT (restated)		9,829	4,063	4,285	4,205
PAT/OI (restated)	(%)	20.9%	9.9%	12.5%	13.5%
Tax/ PAT (as per audited accounts)		31.1%	63.8%	39.9%	33.6%
RoCE= PBIT/ Avg. (Total debt+ TNW+ DTL-CWIP) (as per audited accounts)	(%)	62.5%	32.1%	51.3%	53.5%
RoNW (as per audited accounts)	(%)	42.9%	11.5%	31.4%	37.5%
Earnings per share	(Rs.)	15.56	6.43	6.78	6.66

Note: *Amounts in Rs. Crore; OPBDIT: Operating Profit before Depreciation, Interest and Tax; PAT: Profit after Tax; PBIT: Profit before Interest and Tax; TNW: Total Net Worth; DTL: Deferred Tax Liability; CWIP: Capital Work in Progress*

Source: CIL Annual Reports, DRHP

With the growth in the scale of operations, CIL's consolidated operating income grew from Rs 31,202 crore in 2006-07 to Rs 47,093 crore in 2009-10, thus registering a compounded annual growth of 15% over the period. The increase in operating income was also supported by the two price increases that the company implemented in December, 2007 and October, 2009 respectively. Coal prices were deregulated in 2000 by GoI, following which CIL has been given the power to fix the price of its coal. Since the price of coal has significant ramifications on thermal power generation costs and consequently on the Indian economy, CIL attempts to absorb cost pressures through increase in efficiency and productivity. However, CIL increases its prices from time to time in order to protect its margins from the impact of large wage revisions, which cannot be set off by increasing productivity.

The net profit and net profit margin, as per audited accounts over the period in consideration, exhibited considerable variability on account of periodic wage revisions and the subsequent price increases. CIL's fixed cost nature of operations makes its profitability more sensitive to volume growth. The single largest component of cost for CIL being employee expense, which are subject to periodic wage revisions, tend to exert pressure on its profitability. Therefore, to maintain profitability levels, the quantum and timing of price revisions remains critical for CIL. The company's last wage revision fell due in July, 2006 after the expiry of the previous wage agreement in June, 2006. However, due to a protracted negotiation process, National Coal Wage Agreement (NCWA) VIII was finalised in January, 2009, whereby wages of employees have been revised upwards with retrospective effect. In addition, pay revision of CIL's executive employees, which fell due on January 1, 2007, were also revised by GoI for a period of ten years in May 2009. The significant arrears accrued as a result of these pay revisions were provided for during

2007-08 (in anticipation of the impending revisions) and 2008-09. The total impact on account of arrears of wages and salaries was Rs. 6,538 crore. The result of such provisions as well as increased salary and wage levels under the new agreements significantly impacted the net profitability in 2008-09, which declined from 12.5% in 2007-08 to 5.1% in 2008-09. As a result, CIL had to utilise its reserves to an extent to distribute dividends to its shareholders in 2008-09. CIL, therefore, raised coal prices in October, 2009 to absorb such increased cost burden, which led to a sharp improvement in its net profitability to 20.4% in 2009-10. In addition, introduction of sale of coal through the e-auction route, which fetches significant premium over the prevailing notified prices, selling of washed coal and prime quality coal from some of its mines at significantly higher and import linked prices have also resulted in the improvement in overall realizations and profitability of the company to an extent.

The restated profits have been adjusted for retrospective changes in the accounts due to changes in accounting policy and adjustments for material amounts like the salary arrears and wages in the respective financial years to which they relate, which reduces the variability seen in the net profitability to an extent. This is mainly reflected in 2008-09, whereby the restated profitability improves significantly to 9.9%.

The tax structure of the company is somewhat inefficient because of the holding company-subsidiary structure, since the losses from the subsidiaries with weak financial profile, viz. ECL and BCCL, cannot be set off against the profits of the other subsidiaries. This leads to higher effective tax rate for the overall consolidated entity. Consequently, CIL had an effective tax rate of 63.8% of profit before tax in 2008-09, mainly due to substantial losses incurred by ECL and BCCL during that year. Both ECL and BCCL have high cost of operations, primarily owing to large number of employees, and both of them are currently under the purview of the Board for Industrial and Financial Reconstruction. However, both companies were able to make profits in 2009-10, following the price revision. The turnaround of the two subsidiaries is largely dependent on the envisaged growth of production of these companies, reduction of their manpower going forward and obtaining remunerative prices for their coal, which is of better quality than the quality of coal mined by the other subsidiaries.

Notwithstanding the weak financial performance of the two subsidiaries, CIL's consolidated business returns were healthy at 62.5% in 2009-10. The RoNW too improved to 42.9% in 2009-10, thus leading to earnings of Rs 15.56 per share. ICRA also notes that over 50% of CIL's assets are in the form of cash, which generate lower returns, thus impacting the overall business returns unfavourably.

Financial Leverage:

Table 4 Capitalization ratios (consolidated financials)

In Rs. crore	2009-10	2008-09	2007-08	2006-07
Total Debt	2,087	2,148	1,884	2,144
Net Worth	25,844	19,008	17,201	16,213
Total Debt / Net Worth	0.08	0.11	0.11	0.13

Source: CIL Annual Reports

CIL has a highly conservative capital structure with a gearing of 0.08 times as on March 31, 2010. The entire debt on the books of CIL is on account of foreign currency loans drawn on Japan Bank of International Co-operation (JBIC) and IBRD (guaranteed by GoI) on account of various rehabilitation projects implemented by various subsidiaries of CIL. These are developmental funds extended by the lenders at cheap rates and have a long maturity profile. In terms of the agreement with IBRD and JBIC, CIL has entered into back to back loan agreements with its participating subsidiaries.

Cash Flows:

Table 5 Cashflow indicators (consolidated financials)

In Rs. crore	2009-10	2008-09	2007-08	2006-07
Fund Flow from Operations (FFO)	11,805	8,231	8,167	5,526
Gross Cash Flows	14,501	10,986	10,188	7,101
Retained Cash Flows	11,514	8,731	7,597	5,067
Free Cash Flows	8,793	6,234	5,715	3,847
Cash in hand	39,078	29,695	20,961	15,929

Source: CIL Annual Reports

Despite higher levels of business, CIL's overall working capital position has shown an improvement in the past because of an efficient collection performance. This has helped CIL in terms of substantial cash being generated from operations, which has led to a large cash balance as on March 31, 2010, providing adequate financial flexibility for future growth opportunities. Consequently, CIL's liquidity position has remained highly comfortable.

Compliance and Litigation History

Accounting Policy: CIL's Financial statements are prepared on the basis of historical costs based on the accrual method and follows the going concern concept, accounting standards and the generally accepted accounting principles.

Litigation History: A large number of cases are outstanding against CIL and its subsidiaries, a significant portion of which are related to land acquisitions and sales/income tax matters. There are a few criminal cases outstanding against CIL, which are related to its employee transfer policy.

ICRA Limited

An Associate of Moody's Investors Service

CORPORATE OFFICE
Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122 002
Tel: +91 124 4545300 Fax: +91 124 4545350
Email: info@icraindia.com, Website: www.icraratings.com, www.icra.in

REGISTERED OFFICE
1105, Kailash Building, IIth Floor, 26 Kasturba Gandhi Marg, New Delhi 110001
Tel: +91 11 23357940-50 Fax: +91 11 23357014

Branches: **Mumbai**: Tel.: + (91 22) 24331046/53/62/74/86/87, Fax: + (91 22) 2433 1390 ❑ **Chennai**: Tel + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294, Fax + (91 44) 2434 3663 ❑ **Kolkata**: Tel + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008, Fax + (91 33) 2287 0728 ❑ **Bangalore**: Tel + (91 80) 2559 7401/4049 Fax + (91 80) 559 4065 ❑ **Ahmedabad**: Tel + (91 79) 2658 4924/5049/2008, Fax + (91 79) 2658 4924 ❑ **Hyderabad**: Tel +(91 40) 2373 5061/7251, Fax + (91 40) 2373 5152 ❑ **Pune**: Tel + (91 20) 2552 0194/95/96, Fax + (91 20) 553 9231

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CARE Ratings

Annexure I

Grading Rationale

Coal India Limited

Grading Assigned

Particulars	Number of equity shares	Grading[1]	Remarks
IPO Grade	631,636,440 equity shares of face value of Rs. 10 each	**'CARE IPO Grade 5' [Five]**	Assigned

CARE has assigned a **'CARE IPO Grade 5'** to the proposed IPO of Coal India Limited (CIL). **'CARE IPO Grade 5'** indicates **Strong Fundamentals**. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer.

CIL proposes an initial public offering of 631,636,440 equity shares of face value of Rs.10 through 100% book building process.

Grading Rationale

The assigned grading reflects CIL's dominance in the Indian coal industry. CIL contributes to around 82% of coal production in India. The balance 18% is produced mainly for captive consumption by manufacturing/power companies. Thus practically, CIL holds the monopoly in traded coal available domestically. Also CILs strong financial position with cash balances of Rs.39077 cr with a comfortable gearing ratio give it immense financial flexibility to fund its on-going and planned expansion projects. Moreover, CIL is one of the lowest cost producers giving it an pricing edge over imported coal. The grading also factors experienced management and impressive track record of operations.

CARE Research foresees demand for the domestic coal industry will be mainly driven by the power generation companies. Increasing domestic steel and cement capacities are also likely

[1] *Complete definition of the grading assigned is available at www.careratings.com and other publications of CARE*

to further support the domestic coal demand. Hence the offtake related risk for CIL are negligible.

However, CIL's operations are affected to some extent by socio-enviromental concerns. Changes in pricing regulations, delays in obtaining clearances from the forest department and delay in receipt of regulatory approvals continue to pose a threat to the company's operations.

Background

In order to provide for a higher growth in coal sector to meet the growing energy needs of the country, the Government in 1973, nationalized the coal mines by enacting the Coal Nationalization Act and formed 'Coal Mines Authority Limited'. The company went through a reorganisation in 1975 wherein Bharat Coking Coal, Central Coalfield Limited, Coal Mines Planning and Development Institute, Eastern Coalfields limited and Western Coalfield Limited became its subsidiaries and the name was changed to **Coal India Limited (CIL).** The company is responsible for the entire coal mining sector and is owned and controlled by the Central Government. The company was conferred '**Navratna**' status by the GoI (Government of India) in October 2008 and all its subsidiaries were conferred the mini-navratna status giving operational autonomy.

Management

The senior management team has an extensive experience in the coal industry with many of the members serving the company or its subsidiaries for more than 30 years. The highly qualified and well experienced team provides the company with expert knowledge on exploration and production of coal. With effective demarcation of roles assigned to the individual directors, the company is able to achieve superior cost and operational efficiency.

Corporate Governance

Currently, the board has 14 Directors, out of which five are Executive. Two Directors are Government Nominees and the remaining seven Directors are the Independent Directors. Post-IPO, the government would continue to be a majority shareholder driving the affairs of the company.

CIL has constituted the prescribed committees such as Audit Committee, Shareholders/Investors Grievance Committee and Remuneration Committee.

Litigations

There are various outstanding litigations involving CIL and its subsidiaries before different courts / authorities. The probable financial liability / losses in many of such litigations are not quantifiable. In the cases where the amount is quantified, the same does not prima-facie seem significant in relation to the size of the company.

IPO Details

Size of the Issue

The proposed IPO comprises an offer for sale of 631,636,440 Equity Shares of the face value of Rs. 10 each by the President of India, acting through the Ministry of Coal (MOC), GOI. The Government is planning to divest 10 percent of its equity through the public issue of shares.

Terms of the issue

The offer comprises a net offer to public of 568,472,796 equity shares and a reservation of 63,163,644 equity shares for subscription by eligible employees. The offer shall constitute 10.0% of the post offer paid-up equity share capital of CIL

Purpose of the issue

- Offer for sale by Government of India.
- The objects of the Offer are to carry out the divestment of 631,636,440 equity Shares by the Selling Shareholder (GOI) and to achieve the benefits of listing the equity Shares on the Stock Exchanges.
- The Company will not receive any proceeds from the Offer and all proceeds shall go to the Selling Shareholder (GOI).

Shareholding Pattern Pre-issue and Post-issue:

Share Holders	Pre Issue (%)	Post-Issue (%)
Govt. of India & nominees	100.0	90.0
Public	0	10.0
Total	**100.0**	**100.0**

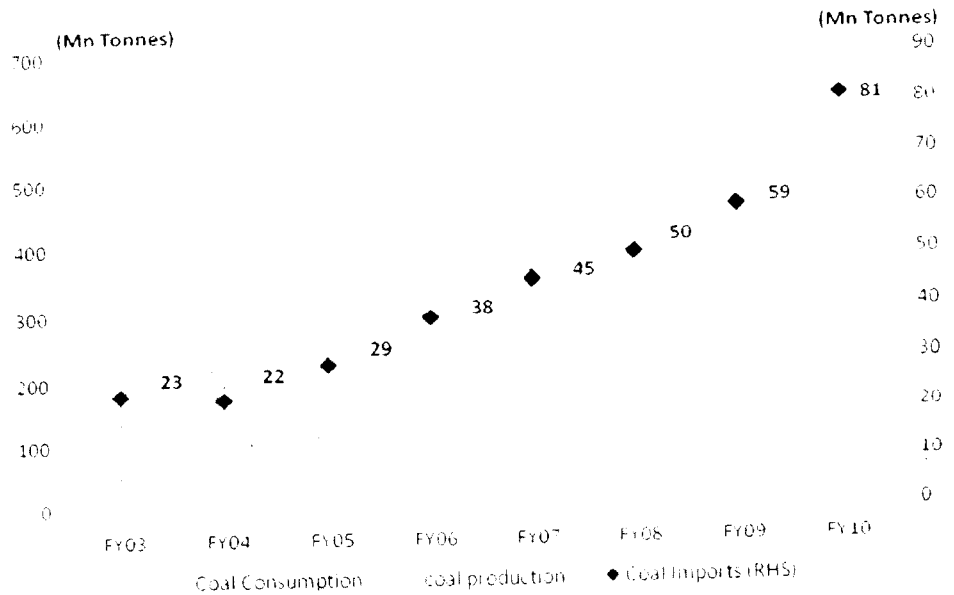
Financial Analysis

CIL is practically a debt free company and has healthy profit margins. However, the prices of coal, being a commodity, are volatile in nature. Hence the profit margins too are volatile for the company. Nevertheless, on account of low operating cost and strong reserves built by the company, the financial soundness is high. Furthermore, the global coal industry has been witnessing tight demand-supply situation and thus providing support to the coal prices. Further the shift of the company to a more market linked pricing mechanism is expected to improve its profitability. Also, the prospects of CIL in the medium term would be governed by its ability to manage its operational flexibility & thereby improve its profitability. Implementation and development of proposed expansion project without time & cost overrun and effective management of working capital remains crucial factors for the company.

Industry Review

Despite having one of the largest coal reserves (4th largest in the world), the Indian coal industry does not hold a position in league of global energy suppliers. Soaring domestic demand outpacing the slow pace in capacity additions of new coal mines is restricting the domestic coal sector from achieving the next league. Due to slow pace of capacity additions, the percentage of imports in the domestic coal consumption has shown an increasing trend in the past few years.

Rising domestic coal imports:



Source: CARE Research, MOC

During FY03-FY09, while the domestic coal consumption in the country has increased at a CAGR of about 7.8%, production during the same period has increased at a CAGR of about 6.6%. Rise in consumption growth being higher than the rise in capacity growth, has pushed India into a net importer of coal in the past few years. From about 22 mn tonnes in FY03, coal imports have now touched the levels of about 81mn tonnes by the end of FY10 (CAGR 19.7%).

The power sector alone consumed more than 75% of the domestic consumption of coal. Electricity consumption through thermal power plant contributed to about 83% of the total electricity consumption in the country. Coal accounted for more than 53% of the total generation of electricity through thermal power plants.

CARE Research foresees demand for the domestic coal industry will be mainly driven by the power generation companies. Increasing domestic steel and cement capacities are also likely to further support the domestic coal demand.

Financials – Consolidated:

For the year ended / as on Mar.31	2008	2009	2010
Financials (Rs. crore)			
Total Income	38617	46064	52592
PAT (after defd. Tax)	3597	4063	9829
Equity share capital	6316	6316	6316
Networth (without adjusting for defd.tax assets)	17201	19008	25844
Key Ratios			
PBILDT margin (%)	19.5	15.7	27.6
RoNW - calculated based on average of opening and closing networth (%)	21.5	22.4	43.8
Basic EPS (Rs.)	6.8	6.4	15.6
Diluted EPS (Rs.)	6.8	6.4	15.6
Book value (FV - Rs.10)	27.2	30.1	40.9
Current ratio	1.21	1.20	1.34

Note : Numbers have been reclassified wherever required

Source : DRHP

DISCLAIMER:

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer, also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

CARE Ratings

Annexure II

CARE IPO grading Scale

CARE IPO grade	Evaluation
CARE IPO Grade 5	Strong fundamentals
CARE IPO Grade 4	Above average fundamentals
CARE IPO Grade 3	Average fundamentals
CARE IPO Grade 2	Below average fundamentals
CARE IPO Grade 1	Poor fundamentals

AN INDEPENDENT TECHNICAL REPORT ON THE COAL RESOURCES AND RESERVES OF COAL INDIA LIMITED

Report Prepared for:

COAL INDIA LIMITED

10, Netaji Subhas Road, Kolkata
West Bengal 700001, India

Tel: +91 - 33 - 22488099, 22435147
Fax: +91 - 33 - 22435316
Web: www.coalindia.in

Prepared under the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("the JORC Code")

Report Prepared by

SRK Consulting
Engineers and Scientists

FILE REF: SRK_Report_CIL_Audit_JORC_RR_25092010.docx

25 September 2010

AN INDEPENDENT TECHNICAL REPORT ON THE COAL RESOURCES AND RESERVES OF COAL INDIA LIMITED

Prepared for:
Coal India Limited
10, Netaji Subhas Road, Kolkata
West Bengal 700001, India

Tel: +91 - 33 - 22488099, 22435147
Fax: +91 - 33 - 22435316
Web: www.coalindia.in

Prepared by:

SRK Mining Services (India) Pvt. Ltd
CE 106, Sector-1, Salt Lake City
Kolkata, India, 700 064

SRK Consulting (UK) Ltd
5th Floor Churchill House
17 Churchill Way,
Cardiff, UK, CF10 2HH

FILE REF: *F:\Coal India\Report\Text\SRK_Report_CIL_Audit*_JORC_RR_25092010.docx

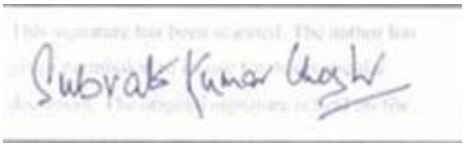
25 SEPTEMBER 2010

Report Authors

Allan McCracken
Barendra Nath Paul
Kousik Bose
Mirajul Haque
Nilay Ghosh
Shameek Chattopadhyay
Souvik Banerjee
Subrato K. Ghosh
William Hatton

Reviewed by:

Mike Armitage



Subrato K. Ghosh

Mike Armitage

An Independent Technical Report on the Coal Resources and Reserves of Coal India Limited

Executive Summary

SRK Mining Services (India) Private Limited ("SRK") is part of the international group holding company, SRK Global Limited (the "SRK Group"). SRK has been appointed by Coal India Limited ("CIL" or the "Company") to conduct an audit of its coal resources and reserves and to prepare a report based on this for inclusion in a prospectus to be used in connection with an initial public offering of shares to the public in India and to institutional investors outside of India. Specifically, SRK was requested to undertake sufficient work to enable it to report audited resources and reserves in line with the guidelines set out in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code).

The mineral assets reviewed by SRK include 637 coal blocks comprising 471 active opencast and underground mining operations and undeveloped coal blocks under the jurisdiction of seven CIL subsidiaries and one division, geographically distributed in 25 major coalfields of India. The coalfields which cover CIL's mineral assets and the CIL entities operating from these comprise:

- Jharia and Raniganj operated by Bharat Coking Coal Limited (BCCL);
- Daltonganj, East Bokaro, Giridih, Hutar, North Karanpura, Ramgarh, South Karanpura and West Bokaro operated by Central Coalfields Limited (CCL);
- Deogarh, Rajmahal and Raniganj operated by Eastern Coalfields Limited (ECL);
- Ib-Valley Coalfield and Talcher operated by Mahanadi Coalfields Limited (MCL);
- Singrauli operated by Northern Coalfields Limited (NCL);
- Makum and Dilli-Jeypore operated by North Eastern Coalfields Limited (NEC)
- Bisrampur, Chirimiri, Jhilimili, Johila, Korba, Lakhanpur, Mand-Raigarh, Sundergarh, Sohagpur, Sonhat, Tatapani-Ramkola, and Umaria operated by South Eastern Coalfields Limited (SECL), and
- Kamptee, Pathakhera. Pench-Kanhan, Umer Nand Bander, and Wardha Valley operated by Western Coalfields Limited (WCL).

In preparing this report, the authors have relied on technical, financial and legal information provided by the Company. The technical information provided to, and taken in good faith by, SRK has not been independently verified by means of re-calculation. SRK has however:

- conducted a review and assessment of all material technical issues likely to influence the resources and reserves as reported here;

- undertaken inspection visits to a selection of the key mines and processing facilities between May and August 2010;
- held discussions with key Company personnel between April and August 2010;
- completed an examination of historical information and operating results made available by the Company;
- reviewed and, where considered appropriate by SRK, modified the Company's estimates and its classification of resources and reserves as at 1 April 2010;
- undertaken a review of the Company's Business Plan (the Business Plan).
- satisfied itself that such information is both appropriate and valid for use in the work undertaken; and
- undertaken all necessary investigations to ensure compliance with the JORC Code in terms of the level of disclosure.

In summary, SRK has reported audited Coal Resource and Reserve statements based on a review of information made available by CIL, inclusive of geological and feasibility reports and LoM plans, and an assessment of the methodologies used by CIL for the estimation and classification of its Coal Resources and Reserves. SRK has not re-calculated the base information but has performed all necessary validation and verification procedures deemed appropriate in order to place an appropriate level of reliance on such information.

Overview of Coal India Limited

CIL is the single largest coal producing company in the world and the largest corporate employer in India. Since its formation in 1975, CIL has played an essential role in the Indian energy sector, coal being the most dominant source for energy in the country. CIL produces 82% of India's total coal production and meets 52% of India's primary energy requirement. CIL is a holding company for seven coal producing subsidiaries operating in different geographical locations in India.

As of 1 April 2010, CIL operated 471 mines in 21 major coalfields across eight states in India, including 163 open cast mines, 273 underground mines and 35 mixed mines (which combine both open cast and underground mining). CIL produces non-coking coal and coking coal of various grades for diverse applications. In 2008, 2009 and 2010, CIL produced 379.46Mt, 403.73Mt and 431.26 Mt, respectively, of raw coal. Non-coking coal represents a substantial majority of CIL's raw coal production, and represented 93.1%, 93.4% and 91.6% of the Company's total coal production in 2008, 2009 and 2010, respectively.

Most of CIL's coal production is from open cast mines. In 2008, 2009 and 2010, raw coal produced from open cast mines represented 88.5%, 89.1% and 90.0%, respectively, of the total raw coal production. CIL continues to expand its raw coal production capacities and as of 1 April 2010, 45 projects (comprising 22 capacity expansion projects for existing mines and 23 new mine projects) had received relevant investment approval from the CIL Board and the board of the relevant subsidiary companies) and are in various stages of mine planning and development.

Geology

Indian coal deposits are primarily bituminous and sub-bituminous in type and generally occur in two main geological horizons: a) Lower Gondwana sediments of Permian age; and b) Early Tertiary sediments of Eocene age. Most of the major coal deposits are Gondwana coals in the eastern and southeastern parts of India while the Tertiary coals are located in Assam and other northeastern states, as well as Jammu and Kashmir in the North.

Some 99% of India's coal production comes from the Gondwana coals which are found in three geological units: the Raniganj Formation; the Barakar Formation; and the Karharbari Formation respectively, the latter being the oldest formation in India in which coal has been found. The Gondwana coals are mainly found in the Peninsular Gondwana basins of India. The Gondwanas are

classified into the Upper Gondwana and the Lower Gondwanas. Major workable coal resources of the country occur in the Lower Gondwanas.

In the Lower Gondwana coalfields of India, the coal seams vary greatly in terms of thickness. While some of the thinnest seams may be about a few inches thick, the thickest are over 100 feet in thickness. In the Barakar formation of the Damodar Valley Coalfields, the proportion of coal to strata is roughly 1 to 8 or 10. In the Raniganj series, the proportion is less, ranging from 1:20 to 1:35. Some of the seams in the Barakar are very thick, for example the Kargali and Bermo seams in the Bokaro Coalfield which have thicknesses of 50 to 100 feet and the Korba seam in the Korba Coalfield which is over 100 feet thick.

Most of the Gondwana coals are good steam and gas coals, none being anthracitic. The best coking coals are generally confined to the Jharia, Giridih and Bokaro coalfields, while some from the Raniganj and Karanpura coalfields are semi-coking.

Each coalfield has its own structural pattern and coal quality characteristics. The 11 coalfields in which CIL conducts significant mining operations are the Korba, Singrauli, Talcher, Ib Valley, Wardha Valley, Jharia, North Karanpura, Central India, Raniganj, Rajmahal/Deogarh and East Bokaro coalfields. In 2008, 2009 and 2010, the coal produced from these coalfields contributed 89.0%, 89.5% and 92.3%, respectively, of CIL's total raw coal production.

Mining

The machinery used by CIL at its open cast mines includes walking draglines, shovels, in-pit crushers, conveyors and surface miners. Most of CIL's open cast mines use truck and shovel technology and blasting to strip the overburden as well as for excavation and transportation of coal. Draglines are used for overburden removal in some of the large open cast mines. Surface miners, which limit noise pollution, and drilling, crushing and blasting activities and enable the production of sized coal, have been introduced at several of CIL's open cast mines by MCL, SECL and CCL. In some large opencast mines, such as those operated by NCL, CIL uses draglines to excavate the overburden.

For underground mining, CIL employs two types of mining methods, bord and pillar and longwall mining. The specific mining method or combination of methods chosen for each underground mine is dependent on the particular geological and mining conditions at each mine.

In many of CIL's new underground mines, bord and pillar mining is carried out using a continuous miner method. This method affords greater productivity and is used in coal properties that have geological discontinuities which preclude the use of longwall technology.

A significant portion of CIL's mining operations use its own equipment, materials, supplies and labour. As of 1 April 2010, for open cast mining operations, CIL had 40 draglines, 747 shovels, four surface miners, 3,366 trucks, 991 dozers and 713 drills. As of 1 April 2010, for underground mines, CIL had 689 SDLs, 305 LHDs, six road headers, five continuous miners, five PSLWs and a shortwall equipment package. In addition, CIL conducts a portion of its mining operations through third party contractors that provide equipment and services, including road headers, continuous miners and PSLWs and the operation of such equipment is primarily the responsibility of the third party contractor. In addition, CIL enters into maintenance and repair contracts (MARC) with its equipment suppliers for the higher capacity equipment used in open cast mines.

The Table below shows the coal production figures from CIL mines from the various coalfields in which it operates.

	Raw Coal Production									
	2006		2007		2008		2009		2010	
Coalfields	(Mt)	(%)	(Mt)	(%)	(Mt)	(%)	(Mt)	(%)	(Mt)	(%)
Korba	58.24	17.0	62.72	17.4	67.42	17.8	73.35	18.2	78.46	18.2
Singrauli	51.52	15.0	52.16	14.5	59.62	15.7	63.65	15.8	67.67	15.7
Talcher	45.47	13.2	50.58	14.0	53.65	14.1	57.53	14.3	59.74	13.9
IB Valley	24.13	7.03	29.42	8.2	34.35	9.1	38.80	9.6	44.34	10.3
Wardha Valley	28.03	8.2	27.70	7.7	27.79	7.3	28.90	7.2	29.32	6.8
Jharia	22.05	6.4	22.84	6.3	23.62	6.2	24.14	6.0	27.45	6.4
North Karanpura	20.79	6.1	21.15	5.9	22.17	5.8	21.95	5.4	23.56	5.5
Central India Coalfields[1]	23.63	6.9	23.35	6.5	23.40	6.2	23.35	5.8	24.72	5.7
Raniganj	19.64	5.7	19.27	5.3	17.34	4.5	17.57	4.4	17.02	4.0
Rajmahal/ Deogarh	12.73	3.7	12.56	3.5	8.32	2.2	11.94	3.0	13.10	3.0
East Bokaro	8.80	2.6	8.78	2.4	9.98	2.6	9.91	2.5	12.70	3.1
West Bokaro	5.43	1.6	5.31	1.5	5.60	1.5	4.91	1.2	5.16	1.2
Kamptee	4.41	1.3	4.31	1.2	4.36	1.2	4.26	1.1	5.03	1.2
Mand Raigarh	1.16	0.3	2.43	0.7	2.97	0.8	4.45	1.1	4.83	1.1
Umrer Nand Bander	3.68	1.1	4.21	1.2	4.26	1.1	4.50	1.1	4.27	1.0
South Karanpura	4.47	1.3	4.97	1.4	4.94	1.3	4.84	1.2	3.98	0.9
Pench-Kanhan	3.82	1.1	3.69	1.0	3.88	1.0	3.78	0.9	3.86	0.9
Pathakhera	3.27	1.0	3.31	0.9	3.23	0.9	3.26	0.8	3.26	0.8
Makum	1.10	0.3	1.05	0.3	1.10	0.3	1.01	0.3	1.11	0.3
Ramgarh	0.72	0.2	0.72	0.2	0.85	0.2	1.00	0.3	1.10	0.3
Giridh	0.30	0.1	0.38	0.1	0.61	0.2	0.63	0.2	0.58	0.0
Total	**343.39**	**100.0**	**360.91**	**100.0**	**379.46**	**100.0**	**403.73**	**100.0**	**431.26**	**100.0**

1. Central India Coalfields are comprised of the Jhilimili, Bisrampur, Lakhanpur, Sindurgarh, Umaria, Johila, Sohagpur, Sonhat and Chirmiri coalfields.

Mine Infrastructure and Facilities

Engineering infrastructure, mine facilities and transport systems at CIL's operating properties reflect a wide range of operating technologies. The level of supporting infrastructure and services is dependent on the location of the operation in relation to industrial centres and major access routes and the planned production capacity of projects.

CIL's surface mining operations are typified by their high degree of mechanisation and relatively high productivity in comparison with their underground counterparts. Access and service infrastructure at open-pit operations reflect their scales of operation and location to primary access routes. In all instances however, these are based on the typical requirements for open-pits utilising various earthmoving equipment (truck-shovel, draglines and Surface Miners) and include primary crushing facilities, RoM stockpiling facilities, waste dumps, consumable storage facilities, power supply systems and reticulation, water storage, workshops, mine offices and accommodation, and auxiliary infrastructure buildings.

The infrastructure for CIL's underground mining operations comprise access routes to convey personnel, materials and equipment to and from the working areas and associated services to support mining operations. Surface access infrastructure for personnel primarily include inclines and drifts with mine cars and chairlifts in select highly mechanised mines.

Most of CIL's opencast and underground mines have a maintenance workshop for day to day repairs and maintenance. Routine and schedule maintenance/repair jobs are carried out in this workshop but any major repairs and overhaul are done at Regional/Central workshops. CIL's mechanised underground projects have independent workshops which undertake regular repair and maintenance services.

CIL primarily transports its produce to dispatch points via conveyor belts and tipping trucks. In the case of certain pit-head customers, the coal is transported directly from the mine face via conveyor belts or rope-ways. More often, coal is delivered to customers from the dispatch points primarily through road, rail or dedicated rail merry-go-round (MGR) systems owned and operated by the customers. CIL also transports coal from the mine/working face and/or from the dispatch points to different internal consumption centers such as its beneficiation facilities, coke-oven plants and boilers.

Rail transportation operated by the Indian Railways is the main mode of transportation utilised by CIL for the transportation of coal. Historically, coal dispatch volumes have been constrained by inadequate transportation capacities, including non-availability of adequate rail. It is expected that dedicated freight corridors currently being constructed by Indian Railways will result in increased transportation capacities for coal produced by CIL.

Coal loading in some legacy mines is generally slower than that in the newer mines primarily due to non-availability of rapid loading systems. CIL intends to strengthen its internal coal handling and loading infrastructure to improve the efficiency of dispatch systems, through increased utilisation of automated loading facilities and automated truck dispatch systems for efficient fleet management.

Notwithstanding the age of the general infrastructure in some projects, SRK considers that all surface and underground infrastructure is reasonably maintained and equipped. In conjunction with planned maintenance programmes, including specific remedial action and expenditure of projected ongoing capital allowances, the current infrastructure is considered by SRK to be adequate to satisfy the requirements of the LoM Plans.

Environment Management

CIL's mining operations are subject to numerous environmental laws and regulations relating to air emission, water discharge, hazardous substances, waste management, mining site reclamation and restoration, and ground water quality and availability. In SRK's view, CIL has established and maintains a comprehensive environmental management system which facilitates compliance with applicable laws and regulations.

CIL conducts environmental impact assessments for all its mining and non-mining projects prior to seeking environmental clearance. Installations for the prevention and control of pollution at mining and washery projects are designed, built and commissioned together with the project.

CIL has developed comprehensive mine reclamation and rehabilitation strategies for its mines. Reclamation of mined out areas is carried out in accordance with the Environmental Management Plan approved by the MoEF.

CIL has also implemented satellite surveillance for land reclamation and restoration and reforestation and rehabilitation activities. The satellite surveillance system was introduced in 2009 to monitor the land reclamation and reforestation of CIL's major open cast mines. The objective of the monitoring is to assess the area of backfilled, plantation, social forestry, active mining area, water bodies, and distribution of wasteland, agricultural land and forest in the leasehold area of the project.

Mine closure forms an important aspect of land restoration. CIL seeks environment clearance in accordance with its mine closure plans and allocates funds for such mine closure plans in accordance with the guidelines of the MoC.

CIL also actively promote various programmes for the enhancement of the health, education and economic well-being of the communities located near its mines. CIL's Corporate Social Responsibility ("CSR") initiatives are principally focused on project affected persons and persons living within a radius of 15 km of its project sites to provide welfare measures based on immediate and long term social and community development programmes. In addition, CIL has developed a policy for community and peripheral development, pursuant to which it supports infrastructure programmes, including for sports facilities, roads, schools, places of worship, clinics and water facilities near its mines. CIL also provides skills development and capacity building programmes such as vocational training programmes, income generation programmes and entrepreneurship development programmes. In addition, CIL conducts awareness programmes and community activities such as health camps, medical aides, family welfare camps, AIDs awareness programmes, sports and cultural activities and immunisation camps. CIL also conducts literacy and adult education programmes and assists in the formation of village working groups and other women groups. CIL works with local NGOs to develop farming and cottage industries which provide economic independence to the local communities near its mines.

In order to fund its CSR activities under each subsidiary, CIL allocates 5.0% of the subsidiary's profit in the previous financial year (subject to a minimum of Rs.5.00 per tonne of raw coal production), of which 4.0% is allocated towards CSR activities within a radius of 15 km of the project site and the balance of 1.0% is allocated towards CSR initiatives to be carried out by the respective subsidiaries in the state in which they operate. In order to fund its CSR activities, 2.5% of the retained profit of the previous fiscal year is allocated for CSR activities, of which 1.5% is allocated towards CSR activities in the states that are not covered by its subsidiaries as well as for supporting CSR activities of subsidiaries that may not have recorded a profit in the previous fiscal year, and the remaining 1.0% is allocated towards local CSR initiatives.

CIL adopted a new rehabilitation and resettlement policy in March 2008. The main objectives of this policy are to improve the standard of living of the project affected persons by providing them with educational, medical and other facilities, to avoid disturbance to local communities and to resettle project affected persons in close association with non-governmental organisations. The policy also aims to pursue best practices for CSR initiatives in the vicinity of coalfields and to ensure community involvement and participation. CIL's resettlement and rehabilitation activities involve offering project affected persons employment and rehabilitation packages, compensation to persons whose houses are acquired, self employment to sharecroppers, land lessees, tenants and day laborers, self employment to landless tribals who are dependent on forest produce and community facilities and activities under our CSR initiatives.

Resource and Reserves Estimation and Reporting Practices of CIL

CIL follows the Indian Standard Procedure (ISP) for coal resource estimation. ISP is a guideline defining a procedure for coal resource estimation in existing and closed mines and in virgin leased and unleased areas (ISP 1989). The guideline was first promulgated in 1957 by the Committee on

Assessment of Resources (CAR), a unit within Coal Council of India (CCI) with the intention to provide uniform rules and definitions for geologists and mining engineers such that the estimates prepared in different areas and by different persons could be suitably correlated and combined. In 1989, the Task Force on assessment of coal resources constituted by Central Geological Programming Board of Geological Survey of India prepared a revised guideline ("ISP – 1989") which replaced the original. There is also a separate template (checklist 1999) which sets out how a Geological Report is to be framed and resource reported.

The Geological Report (GR) is the formal document CIL uses to report what it describes as Geological Coal Reserves. It provides details of the exploration work undertaken in a block, seam details and information on partings and dirt bands intersected and considered during resource estimation, assumptions made for structural and quality modelling along with a detailed account of the estimation process followed.

GR's are prepared following a template by or under supervision of suitably qualified and experienced geologists.

The ultimate objective of preparing a GR is to establish the quantity and quality of coal present in a given area and the mining method likely to be used to exploit this.

ISP provides a guideline to classify the resources based on the borehole spacing. Resources are classified as a "Proved Reserve", an "Indicated Reserve" or an "Inferred Reserve.

Extractable Reserves, as these are defined by CIL, are estimated following the completion of a detailed technical assessment and planning exercise based on the resource reported within the Geological Reports and are reported in Project Reports following the application of modifying factors to reflect the quantity and quality of coal that will be extracted in practice and either sold directly or upgraded following washing/processing.

CIL typically only considers the material classed as a "Proved Geological Reserve" in undertaking the above work though on occasions Indicated and/or Inferred category reserves are also considered in which case capital provisions are separately made for further exploration for updating these to the Proved category as part of mine development. Once such Indicated/Inferred Reserves (after additional exploration) can be re-classified as Proved, the Project Reports are then updated.

SRK is of opinion that the process followed by CIL to derive its estimates of Proved Reserves, Indicated Reserves and Inferred Reserves as defined in the ISP Guidelines appear appropriate and the resulting estimates should therefore be reliable.

Further, the work done by CIL to derive Extractable Reserves from the above is both thorough and appropriate. In SRK's opinion apart from those Extractable Reserves reported for the mines in production at the time CIL took over the operations and those which are being mined for non-profit making reasons, the resulting Extractable Reserve estimates provide a reliable estimate of the material available to be mined at a profit.

The table below presents CIL's estimate of the resources and reserves remaining as at 1 April 2010 as defined by ISP guidelines. While these figures primarily include projects for which detailed exploration has been undertaken by CIL and for which Project Reports were subsequently prepared; it also includes certain projects for which exploration has been undertaken only at a regional scale and certain internal studies have been done that do not constitute Project Reports. The table also includes resource and reserve estimates for three other coal blocks in India in which CIL has joint venture (JV) agreements with other Indian companies.

Coalfield	Resource				Reserve
	Proved[1]	Indicated[1]	Inferred[1]	Total[2]	Extractable/ Mineable[3]
	(Mt)	(Mt)	(Mt)	(Mt)	(Mt)
Korba	3473.7	2013.7	64.0	5551.4	2670.0
Singrauli	3283.6	198.1	0.0	3481.7	1891.1
Talcher [4]	7972.2	1848.5	700.0	10520.7	6297.0
Ib-Valley [5]	3615.4	200.1	0.0	3815.5	2506.9
Wardha Valley	1988.3	867.5	65.2	2921.0	794.7
Jharia	5905.3	1056.9	80.5	7042.7	1151.4
North Karanpura	4502.0	77.1	0.0	4579.1	2053.6
Central India Coalfields [6]	2413.4	1113.4	153.5	3680.3	752.1
Raniganj	7482.8	1260.9	433.7	9177.4	661.6
Rajmahal/Deogarh [7]	1247.9	1476.5	579.2	3303.6	545.7
East Bokaro	2063.3	1162.4	0.0	3225.7	684.1
West Bokaro	1483.2	266.6	13.1	1762.9	453.1
Kamptee	755.1	182.8	0.0	937.9	214.3
Mand-Raigarh	1912.7	157.8	0.0	2070.5	659.3
Umrer Nand Bander	557.8	0.7	0.0	558.5	214.9
South Karanpura	1445.0	214.3	7.2	1666.5	307.8
Pench-Kanhan	673.2	203.2	60.0	936.4	148.7
Pathakhera	188.2	30.0	0.0	218.2	87.0
Makum	308.4	15.0	11.7	335.1	92.6
Ramgarh	382.8	22.2	0.0	405.0	137.7
Giridih	17.5	0.0	0.0	17.5	14.6
Daltonganj	15.7	0.2	0.0	15.9	0.0
Hutar	0.0	0.0	0.0	0.0	0.0
Tatapani-Ramkola	0.0	483.7	0.0	483.7	0.0
Dilli-Jeypore	4.2	14.9	0.0	19.1	0.0
Total	**51691.8**	**12866.5**	**2168.1**	**66726.4**	**22338.1**

[1] Based on classification in accordance with ISP guideline

[2] Total of Proved Geological Reserve, Indicated Geological Reserve and Inferred Geological Reserve

[3] Extractable or Mineable coal reserve is the term used by CIL for the part of a resource for which technical and economic viability is established through mining studies

[4] Includes CIL's share for the joint venture block

[5] Includes CIL's share for the joint venture block

[6] Central India Coalfields comprised of Jhilimili, Bisrampur, Lakhanpur, Sindurgarh, Umaria, Johila, Sohagpur, Sonhat and Chirimiri coalfields

[7] Includes CIL's share for the joint venture block

In addition to the resources and reserves presented in the table above, CIL has an estimated additional resource of 3344.99Mt in underground mining areas which were inherited during nationalisation. These projects were subsequently evaluated by subsidiary companies from information collected during mine operation and mine survey; the estimated remaining Extractable Reserve at these mines as of 1 April 2010 is reported by CIL to be 879.46Mt

Audited Coal Resources and Reserves

In producing the audited coal resources and coal reserves for CIL, SRK has:

- Reviewed the resource estimation and reporting methodologies used by CIL to confirm that these are in line with Indian Standard Procedure (ISP)
- Made check calculations of CIL's estimates of resources and re-estimated these for specific blocks as required.
- Reviewed the CIL practice of deducting 10% of the in situ tonnage from its estimates to account for unforeseen geological variants.
- Audited a number of the LoM plans prepared by CMPDI and reviewed its reserve estimation methodologies in general.
- Reviewed CIL practices for reserve depletion accounting, reconciliation and reporting.
- Reviewed the historic production and economic performance of all of CIL's operating mines.
- Reviewed issues pertaining to environmental clearance and other necessary permits for operation and land acquisition status.

SRK has no reason to believe that a more detailed analysis would reveal additional material information. The table below gives SRK's audited resource and reserve estimates for CIL at 1 April 2010. These estimates reflect resource and reserve depletion due to production from operating mines and also exclude material that cannot be realised either due to overwhelming geological and/or mining conditions or other surface constraints This table also includes the attributable resource and reserve estimates for the three coal blocks in which CIL has joint venture (JV) agreements with other Indian companies.

Coalfield	Resource				Reserve		
	Measured	Indicated	Inferred	Total	Proved	Probable	Total
	(Mt)	(Mt)	(Mt)	(Mt)	(Mt)	(Mt)	(Mt)
Korba	3473.7	108.6	990.0	4572.3	2006.3	387.1	2393.4
Singrauli	3283.6	196.1	0.0	3479.7	1877.8	12.8	1890.6
Talcher [1]	7972.2	1830.1	0.0	9802.3	2629.8	2542.3	5172.1
Ib-Valley [2]	3615.4	198.1	0.0	3813.5	1243.9	1157.9	2401.8
Wardha Valley	1849.9	942.8	58.6	2851.3	247.0	435.9	682.9
Jharia	5867.9	1039.1	117.0	7024.0	315.2	183.3	498.5
North Karanpura	4502.0	76.3	0.0	4578.3	420.5	1605.0	2025.5
Central India Coalfields [3]	2379.8	628.1	138.2	3146.1	279.3	233.7	513.0
Raniganj	7344.2	1130.5	646.7	9121.4	307.2	25.3	332.5
Rajmahal/Deogarh [4]	1247.9	1031.0	952.0	3230.9	455.7	90.0	545.7
East Bokaro	2063.3	1150.8	0.0	3214.1	84.4	464.6	549.0
West Bokaro	1483.2	264.0	11.8	1759.0	309.0	98.8	407.8
Kamptee	755.1	180.9	0.0	936.0	106.7	39.8	146.5
Mand-Raigarh	1912.7	156.2	0.0	2068.9	37.1	617.3	654.4
Umrer Nand Bander	557.8	0.7	0.0	558.5	36.8	172.6	209.4
South Karanpura	1445.0	212.2	6.5	1663.7	130.2	57.0	187.2
Pench-Kanhan	673.2	201.2	36.0	910.4	8.5	44.3	52.8
Pathakhera	188.2	29.7	0.0	217.9	28.1	48.5	76.6
Makum	308.4	14.8	10.5	333.7	49.5	1.0	50.5
Ramgarh	382.8	22.0	0.0	404.8	7.5	50.7	58.2
Giridih	0.0	17.5	0.0	17.5	14.6	0.0	14.6
Daltonganj	15.7	0.2	0.0	15.9	0.0	0.0	0.0
Hutar	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tatapani-Ramkola	0.0	478.8	0.0	478.8	0.0	0.0	0.0
Dilli-Jeypore	4.2	14.7	0.0	18.9	0.0	0.0	0.0
Total	**51326.3**	**9924.4**	**2967.3**	**64218.0**	**10595.1**	**8267.8**	**18862.9**

1 *Includes CIL's attributable share for the joint venture block*

2 *Includes CIL's attributable share for the joint venture block*

3 *Central India Coalfields comprised of Jhilimili, Bisrampur, Lakhanpur, Sindurgarh, Umaria, Johila, Sohagpur, Sonhat and Chirimiri coalfields*

4 *Includes CIL's attributable share for the joint venture block*

Conclusion

SRK considers the audited Mineral Resource and Ore Reserve statements given in this report to be a reasonable reflection of those currently demonstrated by CIL for its assets as at 1 April 2010. SRK considers that there is good potential for these estimates to be increased following the ongoing exploration activity and feasibility study work which is undertaken by CIL on a routine basis.

CIL has a long operating history, established operating procedures and markets and appropriate infrastructure facilities to support ongoing operations for many years to come and has developed a Business Plan which if followed should enable the Company to increase its annual mining output significantly from that achieved to date.

Table of Contents

1 INTRODUCTION 1

1.1 BACKGROUND 1
1.2 REPORT STRUCTURE 2
1.3 VERIFICATION, VALIDATION AND RELIANCE 3
1.4 QUALIFICATIONS OF THE CONSULTANT 3
1.5 LIMITATIONS, RELIANCE ON INFORMATION, CONSENT AND COPYRIGHT 4
1.5.1 Limitations 4
1.5.2 Reliance on Information 4
1.5.3 Declarations 5
1.5.4 Consent and Copyright 5
1.6 DISCLAIMERS & CAUTIONARY STATEMENTS FOR US INVESTORS 5

2 COAL INDIA LIMITED 7

2.1 INTRODUCTION 7
2.2 CORPORATE STRUCTURE AND SUBSIDIARIES OF CIL 7
2.2.1 Corporate Structure of CIL 7
2.2.2 Subsidiaries of CIL 8
2.3 GENERAL DESCRIPTION OF MINING SUBSIDIARIES 8
2.3.1 Introduction 8
2.3.2 Eastern Coalfields Limited 9
2.3.3 Bharat Coking Coal Limited 9
2.3.4 Central Coalfields Limited 10
2.3.5 Northern Coalfields Limited 10
2.3.6 Western Coalfields Limited 11
2.3.7 South Eastern Coalfields Limited 11
2.3.8 Mahanadi Coalfields Limited 11
2.3.9 North Eastern Coalfields 12
2.4 MINING TITLE/OWNERSHIP 12

3 GEOLOGY 14

3.1 INTRODUCTION 14
3.2 COALFIELD DESCRIPTION 14
3.2.1 Jharia Coalfield 14
3.2.2 Raniganj Coalfield 15
3.2.3 East Bokaro Coalfield 16
3.2.4 North Karanpura Coalfield 17
Rajmahal Coalfield 19
3.2.5 19
3.2.6 Ib Valley Coalfield 19
3.2.7 Talcher Coalfield 19
3.2.8 Singrauli Coalfield 23
3.2.9 Central India Coalfields 25
3.2.10 Korba Coalfield 29
Wardha Valley 31
3.2.11 31

4 MINING 33

4.1 INTRODUCTION 33
4.2 MINING METHODS 34
4.3 OVERVIEW OF MINING OPERATIONS IN SELECTED COALFIELDS 36
4.3.1 Introduction 36
4.3.2 Korba Coalfield 37
4.3.3 Singrauli Coalfield 37
4.3.4 Talcher Coalfield 38
4.3.5 Ib-Valley Coalfield 39
4.3.6 Wardha Valley 40
4.3.7 Jharia Coalfield 41
4.3.8 North Karanpura Coalfield 41

4.3.9 Central India Coalfield *42*
4.3.10 Raniganj Coalfield *43*
4.3.11 Rajmahal/Deogarh Coalfield *44*
4.3.12 East Bokaro Coalfield *44*

5 COAL WASHING/PREPARATION 45

6 MINE INFRASTUCTURE AND FACILITIES 46

7 ENVIRONMENTAL MANAGEMENT 48

8 ECONOMIC ASSESSMENT 51

9 CIL'S RESOURCE AND RESERVES ESTIMATION AND REPORTING PRACTICES 52

9.1 INTRODUCTION 52
9.2 EXPLORATION & DATA ACQUISITION PROCEDURE 52
9.2.1 Exploration planning *52*
9.2.2 Data Synthesis & Geological Interpretation *53*
9.2.3 SRK Comments *54*
9.3 RESOURCE ESTIMATION PROCEDURE 54
9.3.1 General Consideration for Resource Estimation *54*
9.3.2 Resource Reporting *56*
9.3.3 SRK Comments *58*
9.4 RESERVE ESTIMATION PROCEDURE 58
9.4.1 SRK Comments *61*
9.5 CIL'S PRACTICE OF BALANCE RESOURCE AND RESERVE REPORTING 61
9.6 CIL RESOURCE AND RESERVE ESTIMATES 62

10 AUDITED MINERAL RESOURCE AND ORE RESERVE STATEMENTS 65

10.1 INTRODUCTION 65
10.2 THE JORC CODE 65
10.3 COMPARISON OF ISP AND JORC REPORTING GUIDELINES 67
10.4 SRK AUDIT PROCEDURES 68
10.5 PRACTICAL RESOURCE AND RESERVE DEFINITIONS USED FOR CIL 68
10.5.1 Introduction *68*
10.5.2 Coal Resources *68*
10.5.3 Coal Reserves *69*
10.6 SRK AUDITED MINERAL RESOURCE AND ORE RESERVE STATEMENTS 69
10.7 RESOURCE POTENTIAL 78

11 CIL'S BUSINESS PLAN 79

12 CONCLUDING REMARKS 81

13 GLOSSARY OF TERMS 82

14 UNITS USED IN THE REPORT 98

List of Figures

FIGURE 2-1: CORPORATE STRUCTURE OF CIL 7
FIGURE 2-2: SUBSIDIARIES OF COAL INDIA LIMITED 8
FIGURE 3-1: GEOLOGICAL MAP OF THE JHARIA COALFIELD AND DISTRIBUTION OF THE CIL BLOCKS 15
FIGURE 3-2: GEOLOGICAL MAP OF THE RANIGANJ COALFIELD AND DISTRIBUTION OF THE IMPORTANT CIL BLOCKS. 16
FIGURE 3-3: GEOLOGICAL MAP OF THE EAST BOKARO COALFIELD AND DISTRIBUTION OF THE CIL BLOCKS 17
FIGURE 3-4: GEOLOGICAL MAP OF THE NORTH KARANPURA COALFIELD AND DISTRIBUTION OF THE CIL BLOCKS 18
FIGURE 3-5: GEOLOGICAL MAP OF THE IB VALLEY COALFIELD AND DISTRIBUTION OF THE CIL BLOCKS 21
FIGURE 3-8: GEOLOGICAL MAP OF THE KORBA COALFIELD AND DISTRIBUTION OF THE CIL BLOCKS. 30
FIGURE 9-1: PROCESS FLOW FOR RESOURCE ESTIMATION AND CATEGORISATION 55
FIGURE 9-2: CIL'S RESERVE ESTIMATION PROCESS 60
FIGURE 10-1: GENERAL RELATIONSHIP BETWEEN EXPLORATION RESULTS, MINERAL RESOURCES AND 65

List of Tables

TABLE 2-3: AREA-WISE MINING OPERATION IN BCCL 9
TABLE 2-4: AREA-WISE MINING OPERATION IN CCL 10
TABLE 2-5: AREA-WISE MINING OPERATION IN NCL 10
TABLE 2-6: AREA-WISE MINING OPERATION IN WCL 11
TABLE 2-7: AREA-WISE MINING OPERATION IN SECL 11
TABLE 2-8: AREA-WISE MINING OPERATION IN MCL 12
TABLE 2-9: AREA-WISE MINING OPERATION IN NEC 12
TABLE 4-2: COKING AND NON-COKING COAL PRODUCTION IN LAST FIVE YEARS 34
TABLE 4-3: COALFIELD-WISE COAL PRODUCTION 36
TABLE 9-2: RESOURCE CATEGORIES AND CIL'S INTERPRETATION 57
TABLE 9-3: ISP COMPLIANT RESOURCE/RESERVE OF CIL ESTIMATED BY CMPDI 63
TABLE 10-1: COMPARISON BETWEEN JORC AND ISP 67
TABLE 10-2: COALFIELD-WISE SUMMARY OF SRK AUDITED CIL'S RESOURCE AND RESERVE IN ACCORDANCE WITH JORC CODE AS ON 1 APRIL 2010 71
TABLE 10-4: COALFIELD WISE SUMMARY OF SRK AUDITED CIL'S RESOURCE AND RESERVE STATEMENT (FOR THE PROJECTISED CIL BLOCKS), IN ACCORDANCE WITH JORC CODE AS ON 1 APRIL 2010 72
TABLE 10-5: COALFIELD-WISE SUMMARY OF SRK AUDITED CIL'S RESOURCE STATEMENT (FOR THE UNPROJECTISED CIL BLOCKS) IN ACCORDANCE WITH JORC BY AS ON 1 APRIL 2010 73
TABLE 10-6: COALFIELD-WISE SUMMARY OF SRK AUDITED CIL'S OPENCAST RESOURCE AND RESERVE (WITHIN PROJECTISED CIL BLOCKS) IN ACCORDANCE WITH JORC CODE ON 1 APRIL 2010 75
TABLE 10-7: COALFIELD-WISE SUMMARY OF SRK AUDITED CIL'S UNDERGROUND RESOURCE AND RESERVE (FOR THE PROJECTISED CIL BLOCKS) IN ACCORDANCE WITH JORC CODE AS ON 1 APRIL 2010 76
TABLE 10-8: QUALITY-WISE SUMMARY OF SRK AUDITED CIL'S RESOURCE AND RESERVE IN ACCORDANCE WITH JORC CODE AS ON 1 APRIL 2010 77

Appendices

SRK Consulting
Engineers and Scientists

Offices in:
Africa
Asia
Australia
North America
South America
United Kingdom

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The Board of Directors
Coal India Limited
10, Netaji Subhas Road, Kolkata
West Bengal 700001, India

ENAM Securities Private Limited
801/802, Dalamal Towers
Nariman Point
Mumbai 400 021, Maharashtra.

Citigroup Global Markets India Private Limited
12th, Floor, Bakhtawar
Nariman Point
Mumbai 400 021, Maharashtra.

Kotak Mahindra Capital Company Limited
1st Floor, Bakhtawar
229, Nariman Point
Mumbai 400 021, Maharashtra.

Deutsche Equities (India) Private Limited
D B House
Hazarimal Somani Marg, Fort
Mumbai 400 001, Maharashtra.

Morgan Stanley India Company Private Limited
5 F, 55 - 56, Free Press Marg
215, Nariman Point
Mumbai 400 021, Maharashtra.

DSP Merrill Lynch Limited
10th Floor, Mafatlal Centre
Nariman Point
Mumbai 400 021, Maharashtra.

Dear Sirs

1 INTRODUCTION

1.1 Background

SRK Mining Services (India) Private Limited ("SRK") is part of the international group holding company, SRK Global Limited (the "SRK Group"). SRK has been appointed by Coal India Limited ("CIL" or the "Company") to conduct an audit of its coal resources and reserves and to prepare a report based on this for inclusion in a prospectus to be used in connection with an initial public offering of shares to the public in India and to institutional investors outside of India. Specifically, SRK was requested to undertake sufficient work to enable it to report audited resources and reserves in line with the guidelines set out in the 2004 edition of the

Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code).

The mineral assets reviewed by SRK include 637 coal blocks comprising 471 active opencast and underground mining operations and undeveloped coal blocks under the jurisdiction of seven CIL subsidiaries and one division, geographically distributed in 25 major coalfields of India. The coalfields which cover CIL's mineral assets and the CIL entities operating from these comprise;

- Jharia and Raniganj coalfields operated by Bharat Coking Coal Limited (BCCL);
- Daltonganj East Bokaro, Giridih, Hutar, North Karanpura, Ramgarh, South Karanpura and West Bokaro coalfields operated by Central Coalfields Limited (CCL);
- Deogarh, Rajmahal and Raniganj coalfields operated by Eastern Coalfields Limited (ECL);
- Ib-Valley Coalfield and Talcher coalfields operated by Mahanadi Coalfields Limited (MCL);
- Singrauli Coalfield operated by Northern Coalfields Limited (NCL);
- Makum and Dilli-Jeypore coalfields operated by North Eastern Coalfields Limited (NEC)
- Bisrampur, Chirimiri, Jhilimili, Johila, Korba, Lakhanpur, Mand-Raigarh, Sundergarh, Sohagpur, Sonhat, Tatapani-Ramkola, and Umaria coalfields operated by South Eastern Coalfields Limited (SECL), and
- Kamptee, Pathakhera. Pench-Kanhan, Umer Nand Bander, and Wardha Valley coalfields operated by Western Coalfields Limited (WCL).

Figure 1-1 illustrates the location of the above coalfields.

1.2 Report Structure

This report:-

- provides a summary of CIL's operations and the history of the Company;
- describes the orebodies being exploited by CIL and their geological setting;
- summarises the mining and processing methods employed by CIL to exploit these orebodies;
- comments on the infrastructure and facilities CIL generally has in place at its operations;
- discusses the Company's approach to environmental management;
- comments on how the Company determines the economic viability of its proposed operations;
- presents the Company's estimates of resources and reserves as these are normally reported;
- presents SRK audited resource and reserve statements according to the guidelines set out in the JORC Code, and finally
- comments on CIL's Business plan.

1.3 Verification, Validation and Reliance

This report is dependent upon technical, financial and legal input. The technical information as provided to, and taken in good faith by SRK, has not been independently verified by means of re-calculation. SRK has however:

- conducted a review and assessment of all material technical issues likely to influence the resources and reserves as reported here;
- undertaken inspection visits to a selection of the key mines and processing facilities between May and August 2010;
- held discussions with key Company personnel between April and August 2010;
- completed an examination of historical information and operating results made available by the Company;
- reviewed and, where considered appropriate by SRK, modified the Company's estimates and its classification of resources and reserves as at 1 April 2010;
- undertaken a review of the Company's Business Plan (the Business Plan).
- satisfied itself that such information is both appropriate and valid for use in the work undertaken; and
- undertaken all necessary investigations to ensure compliance with the JORC Code in terms of the level of disclosure.
- Exercised due care in reviewing the information provided herein and believe it is both reasonable and representative.

SRK has placed reliance on the Company that the following information provided by the Company to SRK is both valid and accurate for the purpose of compiling this report:

- all technical information; and
- that the legal ownership of all mineral and surface rights has been verified and that no significant legal issue exists which would affect the likely viability of a project and/or the resources and reserves as reported herein.

Given the extensive operating history of the Company, the thoroughness of its geological investigations and technical quality of its reporting, SRK has not found it necessary to independently verify the underlying source data for the resources and reserves presented here. SRK has no reason to believe that a more detailed analysis would reveal additional material information.

1.4 Qualifications of the Consultant

The SRK Group comprises over 900 staff, offering expertise in a wide range of resource and engineering disciplines. The SRK Group's independence is ensured by the fact that it holds no equity in any project. This permits the SRK Group to provide its clients with conflict-free and objective recommendations on crucial judgment issues. The SRK Group has a demonstrated track record in undertaking independent assessments of resources and reserves on behalf of exploration and mining companies and financial institutions worldwide.

This report has been prepared based on a technical and economic review by a team of consultants and associates sourced from the SRK Group's offices in Europe and India over a 4 month period. These consultants and associates are specialists in the fields of geology,

resource and reserve estimation and classification, open cast and underground mining, coal processing, infrastructure, environmental management and mineral economics.

The individuals listed below have provided input to this report and have extensive experience in the mining industry.

- Allan McCracken, B.Sc (Hons), C.Eng., MICE, MIMM
- Barendra Nath Paul, B.Tech (Mining), ISM
- Kamal Dasgupta, B.Sc. (Hons) Geology & Geophysics, MMGI, NCB (UK)
- Kousik Bose, B.Tech. (Mining), MAusIMM
- Mike Armitage, PhD, MIMM, FGS, C.Eng, C. Geol
- Mirajul Haque, B.Tech. (Mining)
- Nilay Ghosh, B.Tech. (Mining), M.Tech. (Opencast Mining), FCC (Coal)
- Ravishankar Karmakar, M.Sc (Geology)
- Shameek Chattopadhyay, M.Sc, MAusIMM
- Souvik Banerjee, B.Sc. (Hons), M.Sc (Geology)
- Subrato K. Ghosh, B.Sc. (Hons), M.Sc (Tech), M.Tech. (Mineral Exploration)
- William Hatton, B.Sc B.A., PhD., MIMM, FGS, C.Geol

The Competent Person (CP) who has supervised the production of this report is Dr Michael Armitage, MIMMM, CGeol, CEng, who is a full, time employee of SRK and the Chairman of SRK's practices in the United Kingdom, Russia and Sweden and a Director of the SRK Group. Dr Armitage is a mining geologist with over 25 years experience in the mining industry and has been responsible for the reporting of resources and reserves on various properties internationally during the past 20 years.

The Institute of Materials, Metals and Mining ("IMMM") is a 'Recognised Overseas Professional Organisation' ("ROPO") included in a list promulgated by the Australian Stock Exchange ("ASX") from time to time.

Dr. Michael Armitage has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the JORC Code. Dr. Michael Armitage consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

1.5 Limitations, Reliance on Information, Consent and Copyright

1.5.1 Limitations

The Company has confirmed to SRK that to its knowledge the information provided by the Company was complete and not incorrect, misleading or irrelevant in any material aspect. SRK has no reason to believe that any material facts have been withheld.

The achievability of the Business Plan, budgets and forecasts are neither warranted nor guaranteed by SRK. The forecasts as presented and discussed herein have been proposed by the Company's management and cannot be assured being necessarily based on economic assumptions made in April 2010, many of which are beyond the control of the Company.

1.5.2 Reliance on Information

SRK's opinion regarding the Company's resources and reserves is effective at 1 April 2010 and is based on information provided by the Company throughout the course of SRK's investigations, which in turn reflects various technical-economic conditions prevailing at the date of this report.

1.5.3 Declarations

SRK is not aware of anything that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Company's Mineral Resources and Ore Reserves.

SRK does not have, at the date of this report, and has not previously had any shareholding in, or other relationship with, the Company or the Mining Assets and consequently considers itself to be independent of the Company.

This report includes technical information, which requires subsequent calculations to derive subtotals, totals and weighted averages. Such calculations may involve a degree of rounding and consequently introduce an error. Where such errors occur, SRK does not consider these to be material.

1.5.4 Consent and Copyright

SRK consents to the issuing of this report in the form and content in which it is to be included in the Prospectus.

Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of SRK regarding the form and context in which it appears.

Copyright of all text and other matter in this document, including the manner of presentation, is the exclusive property of SRK. It is a criminal offence to publish this document or any part of the document under a different cover, or to reproduce and/or use, without written consent, any technical procedure and/or technique contained in this document. The intellectual property reflected in the contents resides with SRK and shall not be used for any activity that does not involve SRK, without the written consent of SRK.

1.6 Disclaimers & Cautionary Statements for US Investors

In SRK's opinion the resource and reserve statements presented in this report are materially compliant with the JORC Code and are valid as at 1 April 2010. SRK considers that should the reserves as presented herein be re-stated in accordance with the reporting requirements of the United States Securities and Exchange Commission (the "SEC"), specifically Securities Act Industry Guide 7 ("Industry Guide 7"), such reserves would not be materially be different. SRK however notes that certain terms as used in this report, such as "resources" are prohibited when reporting in accordance with Industry Guide 7.

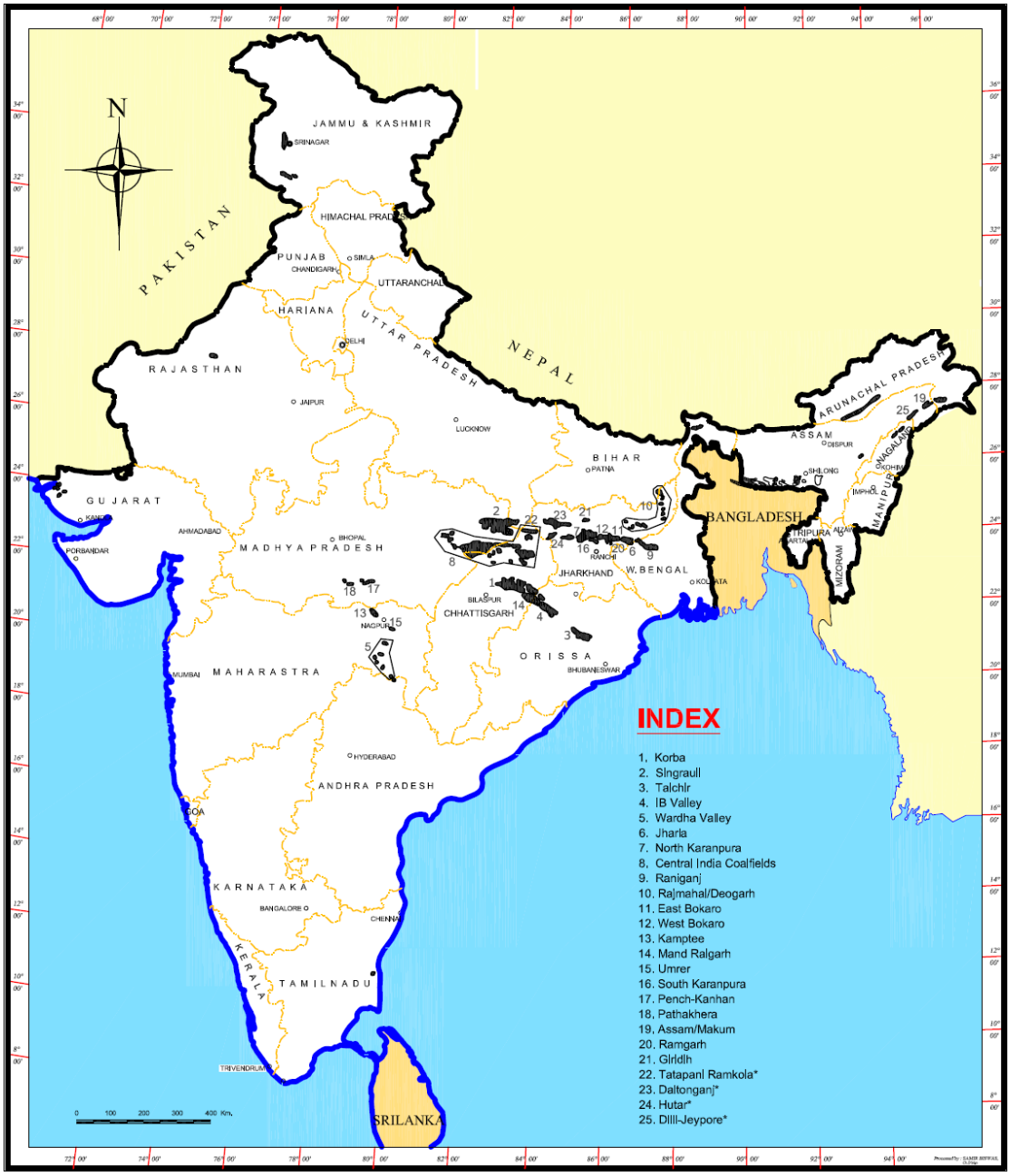


Figure 1-1: Map showing coalfields in India

2 COAL INDIA LIMITED

2.1 Introduction

CIL is the single largest coal producing company in the world and the largest corporate employer in India. Since its formation in 1975, CIL has played an essential role in Indian energy sector, coal being the most dominant source for energy in the country. CIL produces 82% of India's total coal production and meets 52% of India's primary energy requirement. CIL is a holding company which comprises seven subsidiaries and a division operating in different geographical locations in India.

2.2 Corporate Structure and Subsidiaries of CIL

2.2.1 Corporate Structure of CIL

CIL is directly under the control of the Ministry of Coal, Government of India, and is responsible for all corporate, finance, legal and marketing issues, whereas its subsidiaries are responsible for coal production.

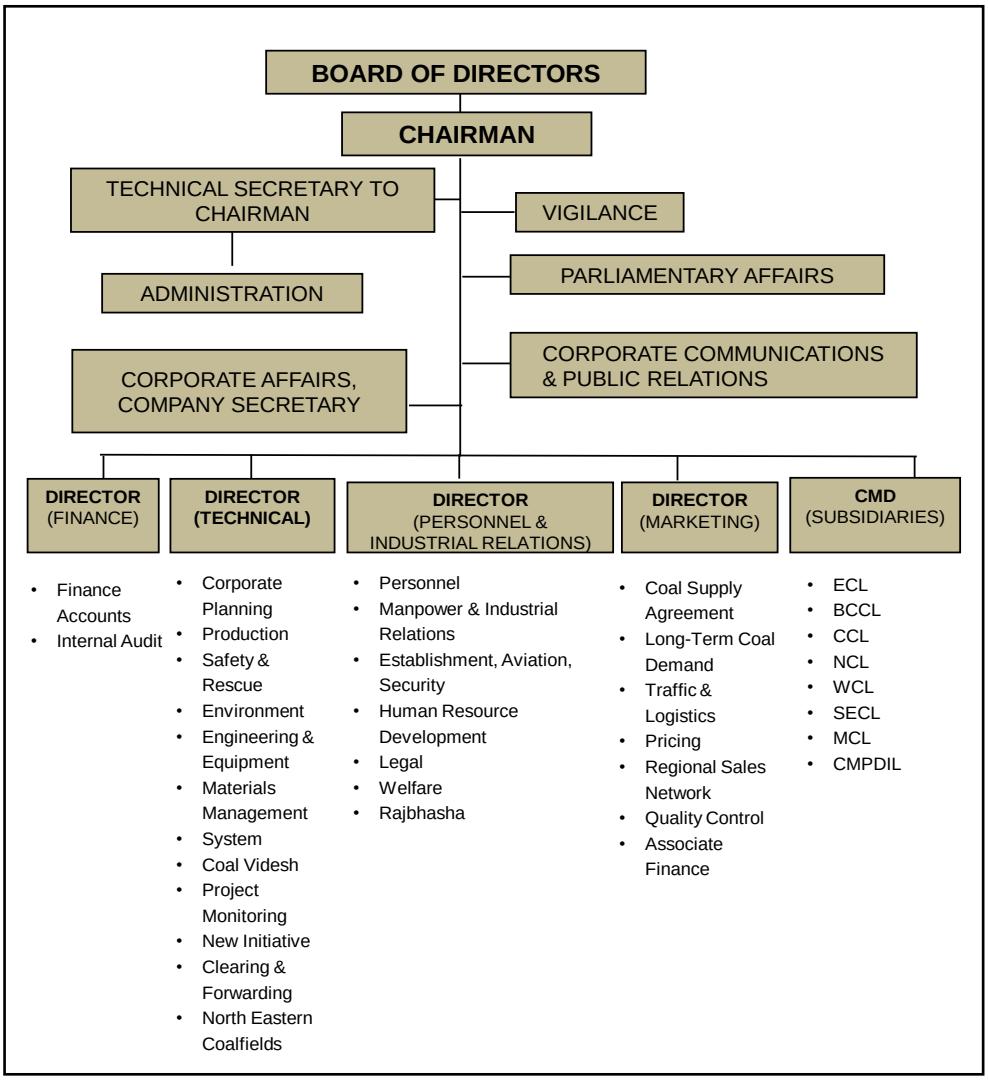


Figure 2-1: Corporate Structure of CIL

2.2.2 Subsidiaries of CIL

The producing subsidiaries (which are all 100% owned by CIL) are ECL, which is registered in Sanctoria, West Bengal; BCCL, registered in Dhanbad, Jharkhand; CCL in Ranchi, Jharkhand; SECL in Chattisgarh; WCL in Nagpur, Maharashtra; NCL in Singrauli, Madhya Pradesh; and MCL in Sambalpur, Orissa. CIL's in-house consultancy company, CMPDI, is based in Ranchi, Jharkhand. Finally, North Eastern Coalfields (NEC), a small coal producing unit operating in Margherita, Assam, is also under direct operational control of CIL. Figure 2-2 presents the relationships between CIL and its subsidiaries and operating division.

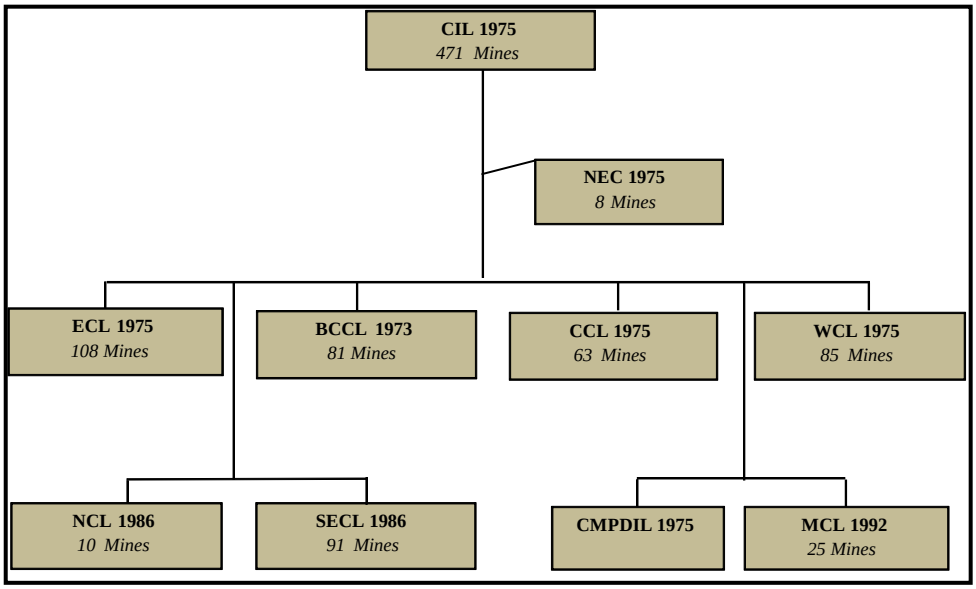


Figure 2-2: Subsidiaries of Coal India Limited

2.3 General Description of Mining Subsidiaries

2.3.1 Introduction

CIL, through its subsidiaries and operating division operates 471 operational units in 81 areas, 273 of which are underground mines, 163 of which are opencast mines and 35 of which combine both underground and opencast methods (often referred to as Mixed Mines in this report). CIL further operates 17 coal washeries, (12 coking coal and 5 non-coking coal) and also some 200 other coal related establishments and facilities. Table 2-1 presents the number of mines operated by each entity. All of the operating entitites apart from BCCL and ECL are recognized as 'Miniratna' PSUs by the Government of India.

Table 2-1: Subsidiary-wise Mining Operations

AREA	UG	OC	MIXED	TOTAL
ECL	82	19	7	108
BCCL	40	18	23	81
CCL	24	37	2	63
NCL	0	10	0	10
WCL	45	38	2	85
SECL	68	22	1	91
MCL	9	16	0	25
NEC	5	3	0	8
Total	**273**	**163**	**35**	**471**

2.3.2 Eastern Coalfields Limited

ECL's assets are located in the states of West Bengal and Jharkhand and cover an area of 1,620 km^2. The total operation of ECL is distributed in 14 areas and its headquarters are at Sanctoria in West Bengal. The Raniganj Coalfield, which spreads over the Burdwan, Birbhum, Bankura and Purulia Districts in West Bengal and the Dhanbad District in Jharkhand, is the largest coalfield worked by ECL. Other major coalfields are the Saherjuri Coalfield in Deoghar District of Jharkhand and the Hura Coalfields in Godda District of Jharkhand. ECL's largest opencast mine, Rajmahal, is located in the Hura Coalfield. The majority of the coal being mined in the areas held by ECL belong, geologically, to the Raniganj Measure and Barakar Measure. ECL currently operates a total 108 mines, 82 of which are underground mines, 19 of which are open cast mines and the remaining 7 comprise a combination of opencast and underground mining (Table 2-2).

Table 2-2: Area-wise Mining Operation in ECL

AREA	UG	OC	MIXED	TOTAL
SALANPUR	3	5	0	8
SRIPUR	6	0	0	6
JHANJRA	1	0	0	1
SONEPUR BAZARI	0	1	0	1
KAJORA	12	1	0	13
SATGRAM	11	1	1	13
KUNUSTORIA	8	3	0	11
BANKOLA	7	0	2	9
KENDA	7	1	2	10
SODEPUR	11	0	0	11
PANDAVESWAR	7	1	1	9
RAJMAHAL	0	2	0	2
S P MINES	1	1	0	2
MUGMA	8	3	1	12
Total	**82**	**19**	**7**	**108**

2.3.3 Bharat Coking Coal Limited

BCCL was incorporated in January 1972 to operate 214 coking coal mines in the Jharia Coalfield and part of Raniganj Coalfield, and to ensure planned development of the coking coal resources in the country. BCCL currently operates 81 coal mines, which include 40 underground, 18 opencast and 23 combined opencast/underground mines in 13 areas (Table 2-3).

Table 2-3: Area-wise Mining Operation in BCCL

AREA	UG	OC	MIXED	TOTAL
BARORA	1	2	2	5
GOVINDPUR	6	0	2	8
KATRAS	2	1	2	5
SIJUA	1	2	4	7
KUSUNDA	2	1	4	7
P.BALIHARI	6	0	1	7
KUSTORE	6	2	0	8
BASTACOLLA	1	2	3	6
LODNA	4	2	2	8
E.JHARIA	4	2	2	8
CH. V.	3	1	1	5
W.JHARIA	4	1	0	5
BLOCK-II	0	2	0	2
Total	**40**	**18**	**23**	**81**

2.3.4 Central Coalfields Limited

CCL was formed at the same time as CIL but underwent consecutive reorganizations in 1986 and again in 1992 following which two separate companies NCL and MCL respectively came into existence. The area held by CCL is spread over 2,600 km^2 in the Ranchi, Hazaribagh, Giridih, Bokaro, Chatra and Palamou districts of Jharkhand. The headquarters of CCL is at Ranchi. CCL operates in six major coalfields: East Bokaro, West Bokaro, North Karanpura, South Karanpura, Ramgarh and Giridih.

At present CCL has 24 underground, 37 opencast and two combined opencast/underground mines located in 11 areas (Table 2-4). The coal mined by CCL comprises both medium-coking and non-coking coal.

Table 2-4: Area-wise Mining Operation in CCL

AREA	UG	OC	MIXED	TOTAL
BARKA-SAYAL	6	3	0	9
ARGADA	2	3	1	6
KUJU	4	5	0	9
HAZARIBAG	2	4	0	6
KATHARA	2	2	1	5
B & K	4	6	0	10
DHORI	2	4	0	6
N. K.	1	5	0	6
PIPARWAR	1	2	0	3
RAJRAPPA	0	1	0	1
RAJHARA	0	2	0	2
Total	**24**	**37**	**2**	**63**

2.3.5 Northern Coalfields Limited

NCL's headquarters is located at Singrauli in Madhya Pradesh state and the total area held by NCL is some 2,202 km^2. The coalfields are mainly situated in the Sidhi district of Madhya Pradesh and to a lesser degree in the Sonebhadra district of Uttar Pradesh. The Singrauli Coalfield is the major coalfield and occupies most of NCL's area. The present coal mining activities and future blocks are concentrated in what is locally known as Moher sub-basin situated to the east of the coalfield while the western part of this is largely unexplored.

NCL has 10 operating mechanised opencast mines in 10 mining areas (Table 2-5). Much of the thermal grade coal produced by the NCL mines is fed to pithead power plants operated by National Thermal Power Corporation, Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd and Renupower division of M/s. Hindalco Industries.

Table 2-5: Area-wise Mining Operation in NCL

AREA	UG	OC	MIXED	TOTAL
JHINGURDA	0	1	0	1
JAYANT	0	1	0	1
AMLOHRI	0	1	0	1
NIGAHI	0	1	0	1
DUDHICHUA	0	1	0	1
BINA	0	1	0	1
KAKARI	0	1	0	1
KHADIA	0	1	0	1
BLOCK - B	0	1	0	1
KRISHNASHILA	0	1	0	1
Total	**0**	**10**	**0**	**10**

2.3.6 *Western Coalfields Limited*

The headquarters of WCL is in Nagpur, Maharashtra State. WCL operates in an area of 1271.5 km^2 in Nagpur, Chandrapur & Yeotmal districts of Maharashtra and Betul and Chhindwara districts of Madhya Pradesh.

Presently, WCL has 45 underground, 38 opencast and two combined opencast/underground mines in 10 different areas (Table 2-6).

Table 2-6: Area-wise Mining Operation in WCL

AREA	UG	OC	MIXED	TOTAL
CHANDRAPUR	7	4	0	11
BALLARPUR	2	6	0	8
MAJRI	1	5	0	6
WANI NORTH	2	5	0	7
NAGPUR	9	3	0	12
UMRER	1	2	0	3
PATHERKHERA	8	0	0	8
PENCH	9	6	0	15
KANHAN	6	1	2	9
WANI	0	6	0	6
Total	**45**	**38**	**2**	**85**

2.3.7 *South Eastern Coalfields Limited*

SECL has been the largest coal producing subsidiary of CIL since its formation in 1985. SECL's area covers 6,655 km^2, which encompasses the Bilaspur, Korba, Raigarh, Surguja and Korea districts in Chattisgarh and the Shahdol, Umaria and Anuppur districts in Madhya Pradesh. SECL's headquarters is located at Bilaspur in Chaattisgarh. Geologically, the coal seams occur in the great Son Mahanadi master basin.

The Major coalfields within SECL's area include Korba, Central India, Mand-Raigarh and Ramkola-Tatapani. SECL operates 68 underground, 22 opencast mines and one combined opencast/underground mine in 13 areas (Table 2-7).

Table 2-7: Area-wise Mining Operation in SECL

AREA	UG	OC	MIXED	TOTAL
BAIKUNTHPUR	5	0	0	5
BHATGAON	5	3	0	8
BISRAMPUR	5	2	0	7
CHIRIMIRI	7	2	1	10
HASDEO	13	1	0	14
JAMUNA&KOTMA	7	2	0	9
JOHILA	7	1	0	8
SOHAGPUR	7	4	0	11
KORBA	10	1	0	11
RAIGARH	2	2	0	4
KUSMUNDA	0	2	0	2
GEVRA	0	1	0	1
DIPKA	0	1	0	1
Total	**68**	**22**	**1**	**91**

2.3.8 *Mahanadi Coalfields Limited*

MCL was formed during the reorganization of CIL in 1992. MCL's assets cover 2,723 km^2 in Orissa state and it has its headquarters in Sambalpur. MCL operates two coalfields, Talcher

and Ib Valley. After the formation of CIL, the mines in the Talcher coalfield were initially under the control of CCL, and then SECL. Similarly, the Ib Valley coal mines initially were under control of WCL and later SECL before the formation of MCL.

MCL is the second largest coal producing company in India after SECL MCL has 9 underground and 16 opencast mining operations in 9 areas (Table 2-8).

Table 2-8: Area-wise Mining Operation in MCL

AREA	UG	OC	MIXED	TOTAL
TALCHER	4	0	0	4
ORIENT	5	0	0	5
IB-VALLEY	0	2	0	2
LAKHANPUR	0	3	0	3
BHARATPUR	0	2	0	2
HINGULA	0	2	0	2
JAGANNATH	0	3	0	3
LINGARAJ	0	2	0	2
BASUNDHARA	0	2	0	2
Total	**9**	**16**	**0**	**25**

2.3.9 North Eastern Coalfields

North Eastern Coalfields (NEC) is a unit of CIL, operating in the states of Assam, Meghalaya, Nagaland and Arunachal Pradesh. NEC coal is of Tertiary age, younger than the deposits found in the Bihar and Jharkhand belts, and comprises sub-bituminous coal with high a calorific heat value ranging between 6500-7500 kcal/kg.

Although NEC has limited coal reserves, it is one of the country's best coalfields, having good quality coal characterised by very low ash content, high sulphur, high volatile matter and high caking index. NEC has five underground and three opencast mining operations in one mining area (Table 2-9).

Table 2-9: Area-wise Mining Operation in NEC

AREA	UG	OC	MIXED	TOTAL
MARGHERITA	5	3	0	8
Total	**5**	**3**	**0**	**8**

2.4 Mining Title/Ownership

The leases and rights which are held by CIL and which entitle CIL to carry out mining activities are granted to CIL pursuant to either (i) the grant of deemed mining lease pursuant to Section 5(2) of the Coal Mines (Nationalisation) Act, 1973; or (ii) grant of mining rights pursuant to the Coal Bearing Areas (Acquisition & Development) Act, 1957 (CBA Act).

The mining rights for certain mines granted pursuant to Section 5(2) of the Coal Mines (Nationalization) Act, 1973, enjoy the status of a deemed lessee of the concerned State Government in relation to all the nationalised coal mines. Prior to nationalisation, the coal mines were vested in private lessees. Pursuant to the nationalisation of the coal industry under the Coal Mines (Nationalisation) Act, 1973 and the vesting of the land, CIL and its respective Subsidiaries were granted mining rights replacing the erstwhile lessees under the Mineral Concession Rules, 1960, as amended (MC Rules).

CIL has been granted rights to some of its mines pursuant to Section 11(1) of the CBA Act. Under the CBA Act, CIL acquired a deemed lessee status of the relevant State Government with respect to the coal-bearing areas acquired under the CBA Act. As these deemed leases

are statutory leases, CIL is not required to obtain separate leases under the Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act) from the relevant State Government with respect to these.

CIL is required to acquire the land and associated surface rights overlying coal resources prior to commencing mining activities on such land. Surface rights are acquired under the Land Acquisition Act, 1894, (Land Acquisition Act). Prior to acquiring surface rights, CIL is also required to obtain coal mining leases from the relevant State Governments under the MMDR Act. As coal is a mineral listed in the first schedule of the MMDR Act, the State Governments can grant coal mining leases only with the prior approval of the Central Government accorded under the proviso to Section 5 (1) of MMDR Act.

Prior to the approval of the Government of India (GoI), CIL is required to seek approval from GoI for its mining plan for the proposed coal mining area. The coal mining leases granted under the MMDR Act are typically granted for a period of 20 to 30 years initially but can be renewed for a further period of 20 years with the approval of the GoI. The individual coal mining leases granted under the MMDR Act ordinarily extend for an area of ten square kilometers.

Surface land is acquired by CIL under the Land Acquisition Act, which enables acquisition of land by public sector companies such as CIL for a “public purpose”. Land acquired under the Land Acquisition Act vests in CIL as freehold land.

SRK has not reviewed CIL’s leases and rights from a legal perspective but has relied on CIL’s confirmation that these are valid. SRK has, however, restricted its resource statements to that material that occurs within the leases held by CIL and its reserves to those where the required approvals are in place or, in the case of probable reserves, are in the process of being put in place and where SRK considers it reasonable to conclude such will be obtained in due course.

3 GEOLOGY

3.1 Introduction

Indian coal deposits are primarily bituminous and sub-bituminous in type and generally occur in two main geological horizons: a) the Lower Gondwana sediments of Permian age; and b) the early Tertiary sediments of Eocene age. Most of the major coal deposits are Gondwana coals in the eastern and southeastern parts of India; the Tertiary coals are located in Assam and other northeastern states of India, as well as Jammu and Kashmir in the North.

In India, 99% of coal production comes from the Gondwana coals which are found in three geological units: the Raniganj Formation; the Barakar Formation; and the Karharbari Formation respectively, the latter being the oldest formation in India in which coal has been found.

The Gondwana coals are mainly found in the Peninsular Gondwana basins of India. The Gondwanas are classified into the Upper Gondwana and the Lower Gondwana. Major workable coal resources of the country occur in the Lower Gondwana.

The 11 coalfields in which CIL conducts significant mining operations are the Korba, Singrauli, Talcher, Ib Valley, Wardha Valley, Jharia, North Karanpura, Central India, Raniganj, Rajmahal/Deogarh and East Bokaro coalfields. In 2008, 2009 and 2010, the coal produced from these coalfields contributed 89.0%, 89.5% and 92.3%, respectively, of CIL's total raw coal production.

In the Lower Gondwana coalfields of India, the seams of coal vary greatly in terms of thickness. While some of the thinnest seams may be about a few inches thick, the thickest are over 100 feet in thickness. In the Barakar formation of the Damodar Valley Coalfields, the proportion of coal to total strata is roughly 1 to 8 or 10. In the Raniganj series, the proportion is less, ranging from 1:20 to 1:35. Some of the seams in the Barakar are very thick, as for instance, the Kargali and Bermo seams in the Bokaro coalfields, which have thicknesses of 50 to 100 feet, and the Korba seam in the Korba coalfield which is over 100 feet thick. In the south-eastern part of the Jharia coalfield some of the seams are 85 feet thick.

Most of the Gondwana coals are good steam and gas coals, none being anthracitic. The best coking coals are generally confined to Jharia, Giridih and Bokaro coalfields, while some from the Raniganj and Karanpura fields are semi-coking.

Each coalfield has its own structural pattern and coal quality characteristics. This section briefly describes the geology and coal characteristics of the most significant coalfields within which CIL operates based on production in fiscal 2010.

3.2 Coalfield Description

3.2.1 Jharia Coalfield

The Jharia Coalfield (Figure 3-1), a roughly sickle shaped syncline, covering an area of about 453 km^2, represents one of the outliers of Gondwana sediments (Gondwana Super Group) within the Archaeans in the Damodar Valley region.

The rocks of the Jharia area can be broadly grouped into two prominent units: Basement Archaeans Complex; and the Permo-Carboniferous sediments, comprising of the lower members of the Gondwana Super Group.

The lower Gondwana sediments unconformably overlying the Archaeans are represented by the rocks of the Talcher Formation and the Damuda Group, the later comprising the Barakar, Barren Measures and Raniganj Formations. The coal bearing Barakar Formation occupies an area of about 219 km^2 and the Talcher Formation occupies the remaining 181 km^2.

The Barakar Formation is the most important rock unit in the area, since it includes the major coal seams. There are numerous coal seams in the Barakar, of which 18 seams (number I to XVIII in ascending order) are significant. The coal, from most of the seams, is of coking quality. However, most of the prime coking coal is confined to the seam X and above.

The Raniganj Formation has limited development in this coalfield, in Mohuda area, in the Southeastern part. It contains 14 coal seams, of which three are considered important. These seams comprise of high volatile medium coking coal.

The igneous intrusives in the form of micaperidotite and dolerite are the two known Post Gondwana intrusives. Of these, the micaperidotite sills and dykes are primarily responsible for destruction of valuable coking coal due to pyrolitisation. With one exception, dolerite dykes are found only in the Western part of the coalfield. These have very limited burning effect on the coal seams.

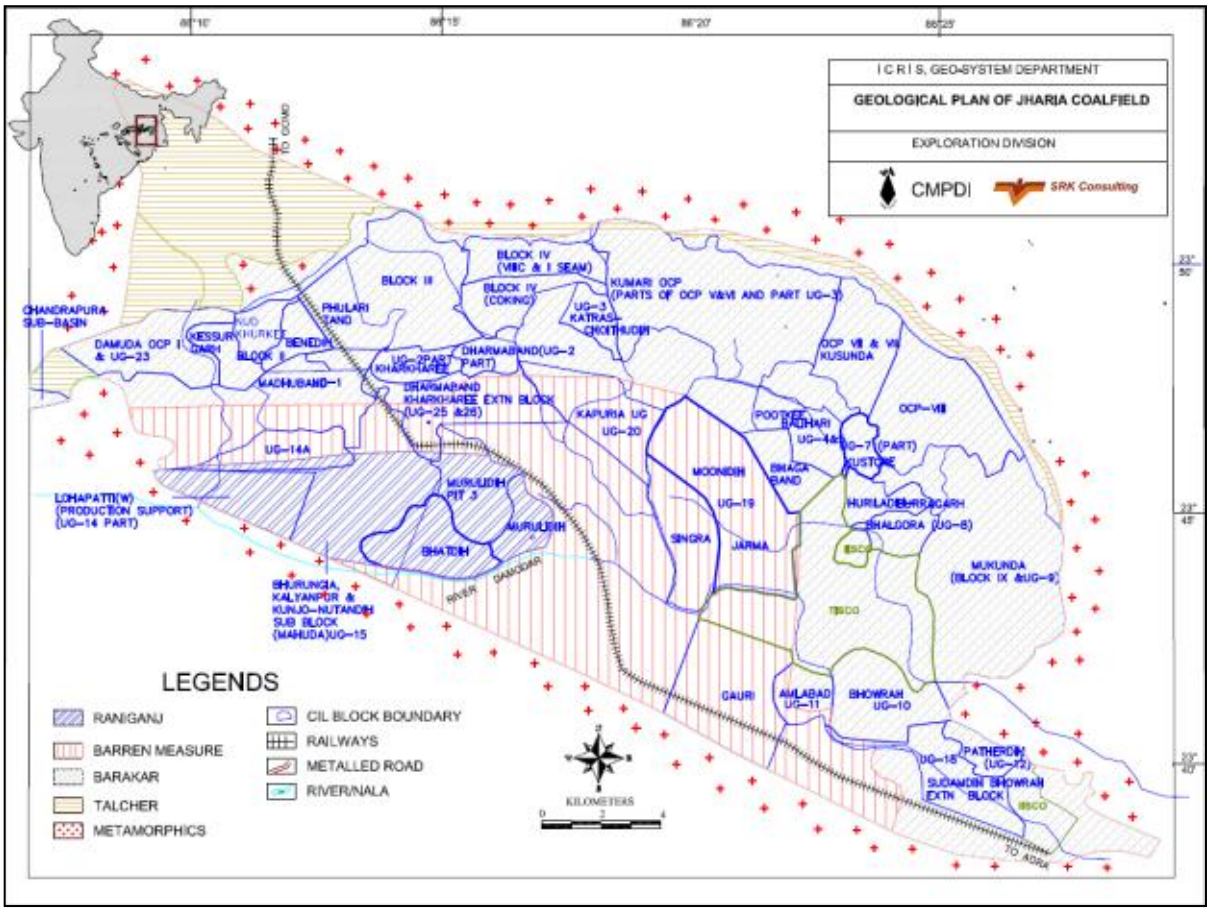


Figure 3-1: Geological Map of the Jharia Coalfield and Distribution of the CIL Blocks

3.2.2 Raniganj Coalfield

The Raniganj coalfield (Figure 3-2) is one of the oldest coalfields of the country and remains one of the premier coalfields of India even after continuous coal exploitation for nearly two centuries. It extends over an area of 1550 km^2 covering the Burdwan, Birbhum, Bankura and Purulia districts of West Bengal and the Dhanbad and Dumka districts of Jharkhand states and is situated between latitudes 23030’ and 23º52’ N and longitudes 86º38’ and 87º23’

The Raniganj Coalfield is the easternmost member of the Damodar Valley coalfields. The rock formations developed in the Raniganj Coalfield belong to the Lower Gondwanas. The

Barakar and the younger Raniganj Formations are coal bearing and contain the premier quality coal.

The lower coal bearing Barakar Formation is exposed in a narrow stretch from west to east lying more or less parallel to the northern boundary of the coalfield. The formation covers an area of 200 km^2. It attains a maximum thickness (700 m) along western and west central parts, showing maximum coalification (14 to 15 seams) while showing a gradual thinning towards the east. The seams are affected by the intrusion of mica-peridotite sills. The upper coal bearing Raniganj Formation contains about 12 coal seams and ranges in thickness from about 400 m in the east to around 1150 m in the west and is exposed over an area of about 700 km^2. The proportion of coal to the total thickness of strata is comparatively less in case of Raniganj than the Barakars. The Raniganj coal seams are less affected by intrusions.

The Raniganj basin is considered to be a half graben structure formed due to a major east-west trending southern boundary fault which has brought the older metamorphic basement rocks in juxtaposition to the Gondwana sediments. The strata show a general gentle southerly to southwesterly dip. The coalfield is traversed by a network of faults and the northwest-southeast trending transverse fault system represents the major lineaments.

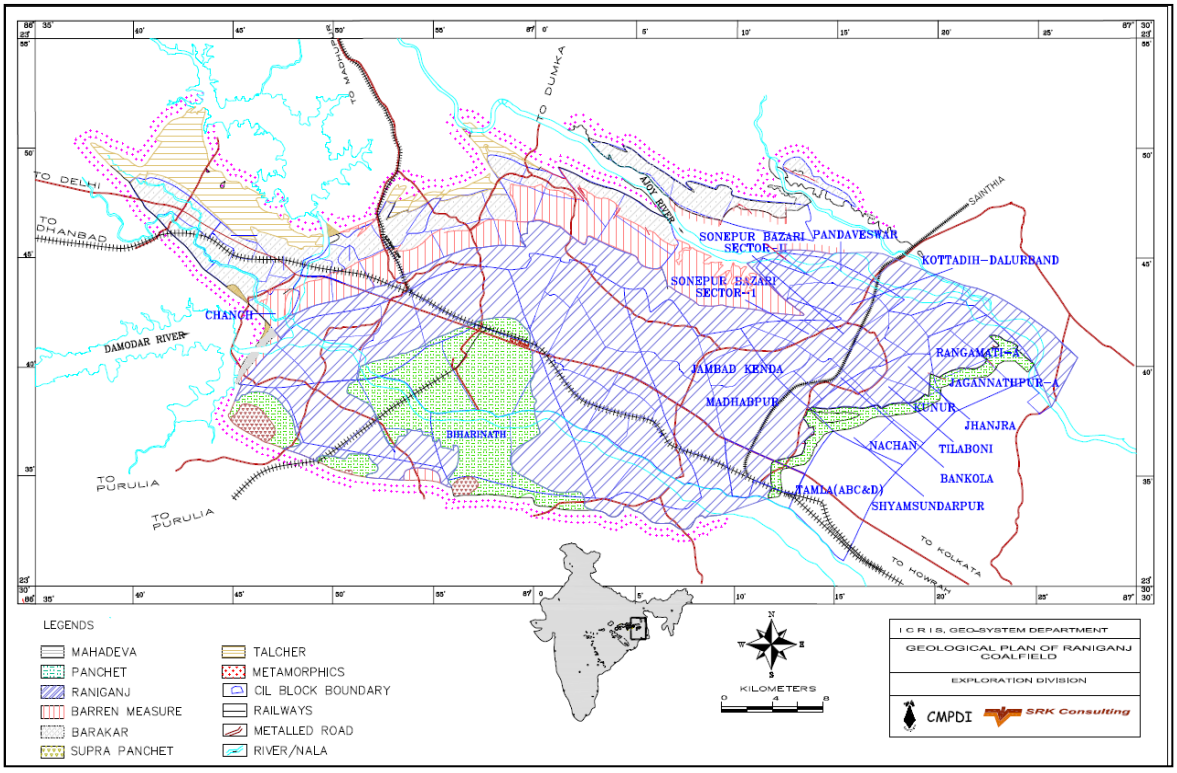


Figure 3-2: Geological Map of the Raniganj Coalfield and Distribution of the Important CIL Blocks.

3.2.3 East Bokaro Coalfield

The East Bokaro Coalfield (Latitude230º44' to 230º 50' N and Longitude 850º 42' to 860º 03' E) covers an area of approximately 207 km^2 is the eastern part of the Bokaro coalfields and is separated from its western counterpart, the West Bokaro coalfield, by the Lugu Hill (977 m).

The East Bokaro Coalfield is third in alignment from East among the Damodar Valley coalfields, after the Raniganj and Jharia Coalfields. It is located in the Bokaro district of

Jharkhand State. The coalfield is elongated in an east – west direction and extends for about 32 km. Its width in north – south direction varies from 4 –8 km.

The coalfield displays a complete sequence of the Gondwana rocks (Figure 3-3) from Talcher to Mahadeva formation. The Barakar Formation covers a major part of the coalfield whereas the Barren Measures outcrop along the axial region of the coalfield. The younger Ranigunj and Panchet formations are exposed on the flanks of the Lugu hill which is capped by the youngest Supra Panchet / Mahadeva formations.

The northern boundary of the basin is not faulted in the east but faulted towards the west, while the southern boundary is faulted over its entire length. The contact with metamorphics is not faulted towards the east.

The Barakar Formation covers a major part of the East Bokaro Coalfield and can be divided into Lower, Middle and Upper stage. The Lower stage denotes the major period of deposition of coal seams in the coalfield and comprises the Karo group of seams (Seams V and above), Bermo and Kargali seam. The Middle stage shows the development of thin coal seams, namely, the Uchitdih A, Uchitdih, Kathara, Upper Kathara and Sawang group of seams interblended with shale and sandstones. The Jarangdih group of seams belongs to the Upper stage.

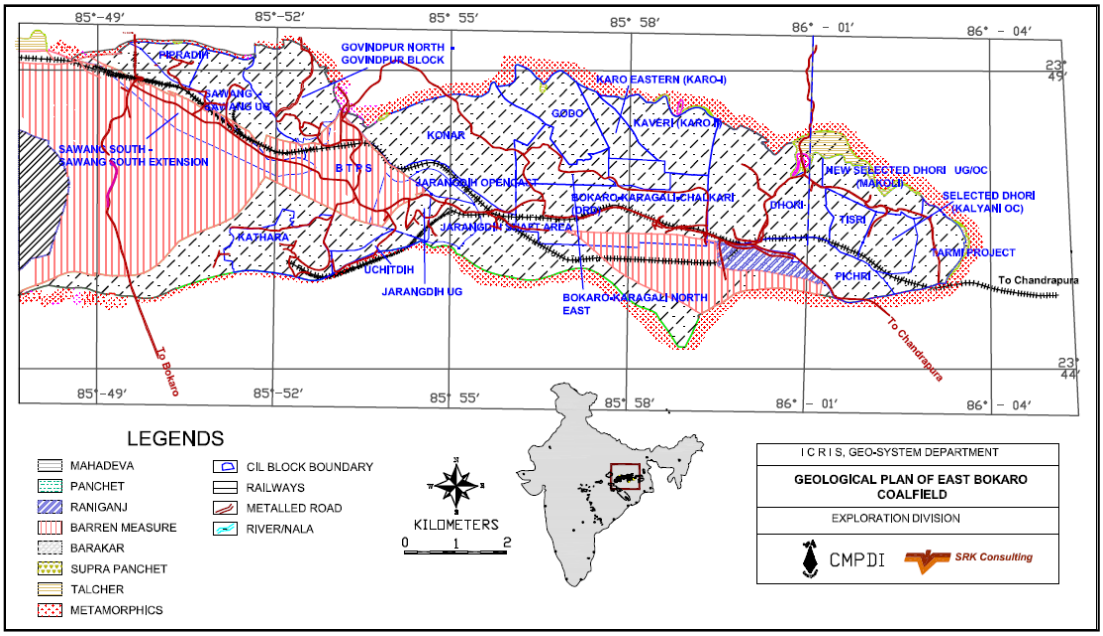


Figure 3-3: Geological Map of the East Bokaro Coalfield and Distribution of the CIL Blocks

3.2.4 North Karanpura Coalfield

The North Karanpura Coalfield (Figure 3-4) forms a prominent east-west trending valley between Hazaribagh plateau in the north and Ranchi plateau in the south, the Aswa Pahar in the south–east separates the North and South Karanpura Coalfields by east-west elongated metamorphic zones. However, they are interconnected near Bachra and Hindegir by a narrow tongue of Talcher outcrops. On the eastern side, the North Karanpura Coalfield is separated from the West Bokaro Coalfield by a narrow stretch of metamorphic rocks having

several outliers of Talcher Formation. In the west, it is separated from the Auranga Coalfield by a metamorphic belt which is some 20 km wide.

Out of a total coalfield area of 1230 km^2, the coal bearing formations of Karharbari, Barakar and Raniganj outcrop over an area of only some 500 km^2. The Karharbari Formation is well developed in the south-central and eastern part of the coalfield and contains one coal seam which often splits in two or three sections. The Barakar Formation contains a number of coal seams and contributes the major bulk of the reserves of this coalfield. Nine important coal seams have been established in the southeastern part of the coalfield in this formation. In the remaining part of coalfield, only five persistent coal horizons have been established so far. However, the total coal column is more or less same in both these regions. The Raniganj Formation contains three to four coal seams, which are generally shaley in nature and often not persistent. The coalfield is mostly free from any igneous intrusives excepting small dolerite intrusives around Nawakhap, Sarendag, Raham and Manatu villages near Tandwa, and Beltu village in Kerendari Geological Block. Mica peridotites have also been reported by GSI from boreholes KBM-16 and 27 of Badam Block.

The structural set up of the coalfield indicates that it has undergone substantial modification, mainly due to faulting which took place after sedimentation. The southern boundary of the coalfield is characterised by east west trending major fault between Khalari and Mahuamilan villages. It has brought the Raniganj Formation, at places, in direct juxtaposition with metamorphics. The northern boundary of the coalfield is also faulted, causing repetition of the outcrops of the Barakar, Karharbari/Talcher Formations.

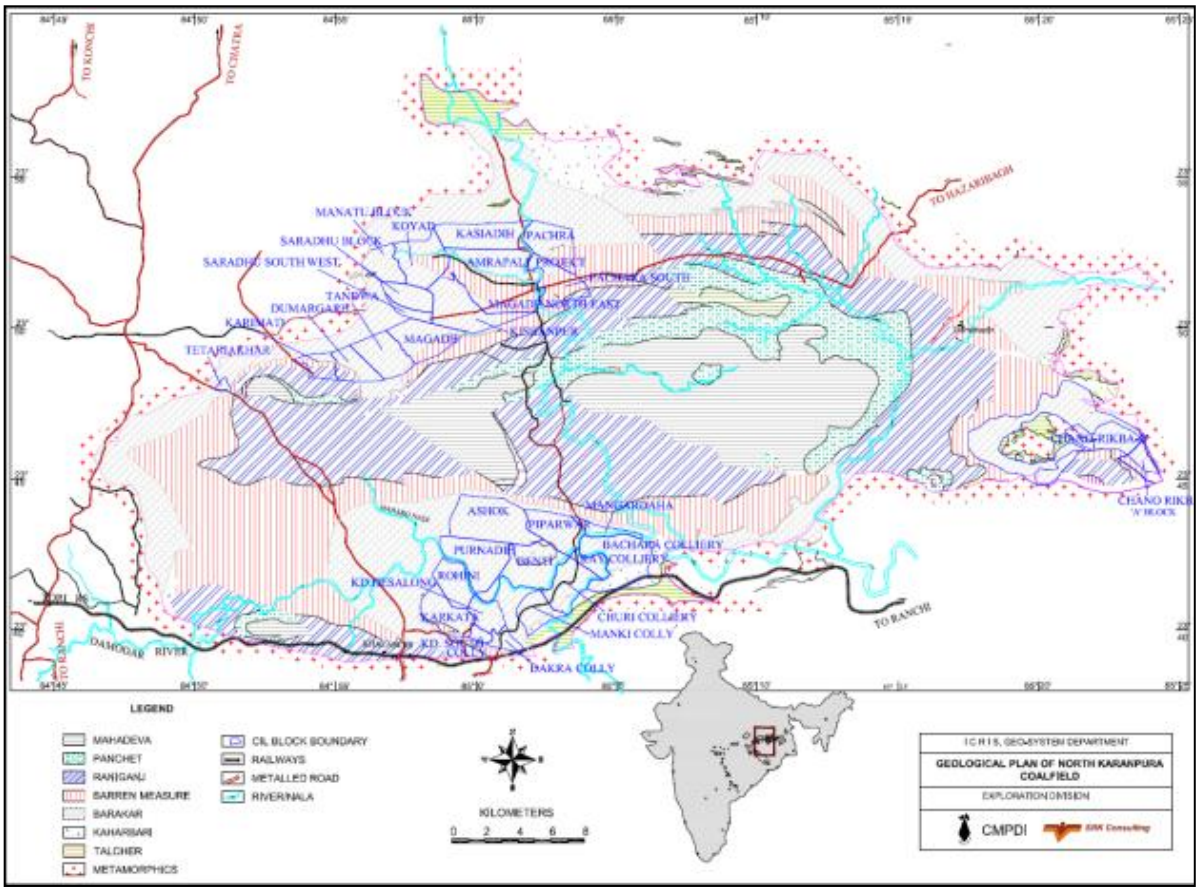


Figure 3-4: Geological Map of the North Karanpura Coalfield and Distribution of the CIL Blocks

3.2.5 Rajmahal Coalfield

The Rajmahal Coalfield is a group of detached coalfields, Brahmani being the southern most, followed by Mahuagarhi, Pachwara, Chuperbhita and Hura (including Pirpainti Barahat) in the north. Barakar is the most important Gondwana formation of the coalfield since it contains all the coal seams of the area. It also the most wide spread exposure running roughly in north-south direction. It is exposed mostly along major river valleys in the western part of Rajmahal basin. The eastern part is mostly covered under Traps and/or Dubrajpurs. In the north, it is covered with alluvium. The thickness of Barakar Formation generally increases from south to north: in Brahmani and Pachwara basins it is 200-350 m thick (GSI) and in Hura it is 550-600 m thick , possibly due to post-Barakar erosion and also due to the irregular metamorphic basement. The rock types in Barakars are predominantly coarse, arkosic sandstone with pebbly interbands, carbonaceous shales, fire clays and coal seams. In the northern part, in Hura and Chuperbhita, the basal member is 17 m to 150 m and 50 m to 60 m thick respectively and consists of pebbly sandstone. Above this member is the main coal horizon, which is 150-250 m thick. This in turn is overlain by barren zone of coarse-grained sandstone 50 m to 100 m thick. The overlying upper Barakars are represented by a 160 m to 200 m thick alternations of medium to coarse grained sandstone and silt stones.

3.2.6 Ib Valley Coalfield

The Ib Valley Coalfield (Figure 3-5) forms the south-eastern most part of the northwest-southeast trending Son-Mahanadi valley of the Gondwana basin. It is located between latitudes 21º31' and 22º14'N and longitudes 83º32' and 84º10'E within the districts of Sundergarh, Jharsuguda and Sambalpur of Orissa state and covers an area of about 1460 km^2.

The stratigraphy of the Ib Valley Coalfield comprises thick sediments of Lower Gondwana, deposited over faulted and denuded metamorphics. The stratigraphic succession of the coalfield, thus established, has been revised recently by GSI while exploring by regional drilling in the northern part of the area (Report on Gopalpur Area, 1988 and Report on Kulda-Manoharpur area – 1989). The formation identified as Kamthi Formation earlier has now been divided into three sub-divisions: Lower; Middle; and Upper. The Lower Kamthi has been correlated with Barren Measures, Middle with Raniganj and Upper with Kamthi.

The Barakar and Karharbari are the two potential coal bearing formations in the Ib Valley Coalfield with Barakar containing the majority of the coal seams. The coalfield occupies an area of 1460 km^2 and with potential coal bearing area (excluding Kamthis, non coal bearing Lower Karharbari Formation) of some 300 km^2 stretching along the south, east and northern periphery of the coalfield.

The coal seams have been explored in detail along the southern part of the coalfield as well as the eastern part and northern periphery trough basin. The occurrence of coal seams in this part of the coalfield is therefore well established. However, there is a gap in detailed exploration between the south and east central part of the coalfield. The carbonaceous horizons occurring within the Barakar and Karharbari Formations have been designated as coal seams (horizons) depending upon their thicknesses, stratigraphic positions, quality and consistency in occurrence over considerable part of the coalfield. In the Ib Valley Coalfield, the Karharbari Formation contains only one coal seam, the Ib seam, whereas in Barakar Formation, there are two sets of regionally correlatable coal seams (Rampur and Lajkura).

3.2.7 Talcher Coalfield

The Talcher Coalfield (Figure 3-6) forms the south-easternmost part of the Lower Gondwana basins within the northwest-southeast trending Son-Mahanadi master basin belt. The coalfield covers an area of approximately 1860 km^2 with a coal bearing area of some 1000 km^2 of this The basin is almost rectangular in shape, measuring some 80 km along the strike length (east-west) and some 26 km along the dip direction (north-south). The coalfield is bound by Latitudes 20º53' and 21º12'N, and Longitudes 84º20', and 85º23'E. The coalfield spreads

over mainly in the district of Angul and extends marginally to neighbouring districts of Dhenkanal, Deogarh and Sambalpur of the State of Orissa. There are extensive mining activities of Karharbari as well as of Barakar coal seams in the southeastern part of the coalfield. The sedimentary strata of Talcher coalfield are the Talcher, Karharbari, Barakar and Supra-Barakar Formations. The divisions of the first three formations are well established and accepted. Barakar and Karharbari are the two coal bearing formations in Talcher coalfield with Barakar containing the majority of coal seams. Among the coal seams occurring in the coalfield, seams I, II, III, VIII and IX vary considerably in thickness from one part of the coalfield to the other part and have a significant bearing on the economic viability

The Talcher Coalfield comprises the southeastern-most end member of the Mahanadi Valley, which occupies a zone of major downfaulting along the alignment of the Mahanadi Valley. On a regional scale, the Talcher Coalfield depicts a northwesterly plunging synclinal structure with the closure on the east. The regional strike of the Gondwana sediments is more or less east-west, but varies from east northwest-west southwest to east southeast-west northwest. In the southern part, the beds have a low northerly dip. However, in the northern part the beds also exhibits southerly dips in places. The western and southwestern limits of the basin appear to be largely faulted and natural closure is yet to be established. The coalfield is characterised by a system of intrabasinal faults. Broadly, three sets of faults have been recognised on the basis of surface and sub-surface data.

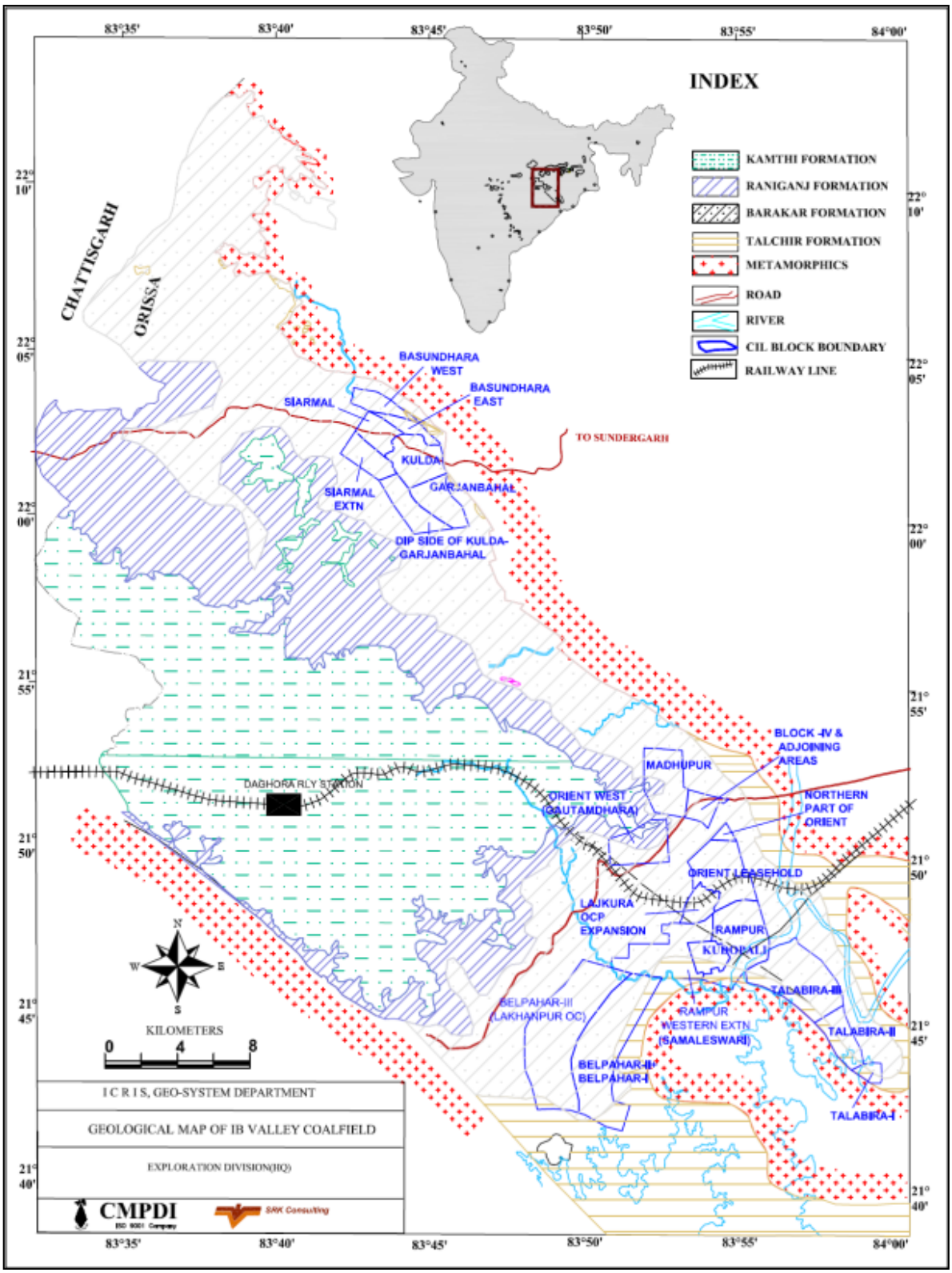


Figure 3-5: Geological Map of the Ib Valley Coalfield and Distribution of the CIL Blocks

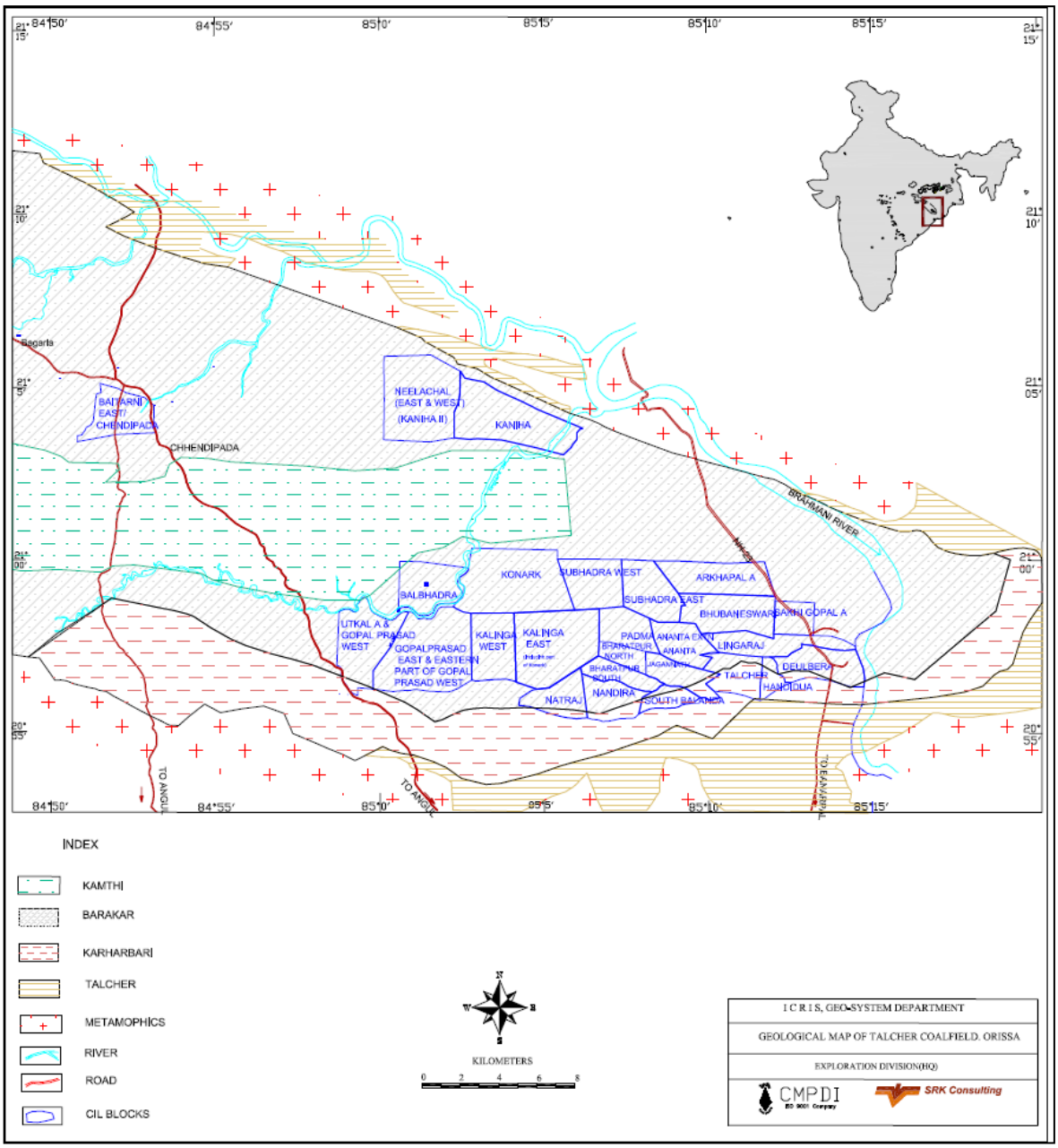


Figure 3-6: Geological Map of the Talcher Coalfield and Distribution of the CIL Blocks

3.2.8 Singrauli Coalfield

Singrauli Coalfield (Figure 3-7) is the northernmost member of Mahanadi group of coalfields of the Gondwana basin and covers an area of about 2202 km^2. between latitudes 23º47' and 24º12' North and longitudes 81º40' and 82º52' East. The coalfield is about 102 km long from west to east with maximum width of 45 km in the central part (Figure 3-7). Covering approximately 80 km^2, in the north-eastern part lies in the Sonebhadra district of Uttar Pradesh State, while the major part of the coalfield lies in the Singrauli district of Madhya Pradesh. The coalfield is structurally divisible into two parts due to a basement high zone - the Moher sub-basin, of about 312 km^2, on the east, and the Main basin, of about 1890 km^2, on the west.

The Singrauli Coalfield is composed of two tectono-sedimentary domains, the Moher sub-basin in the north-east and Main basin towards west. These two basins are separated by a northwest-southeast trending basement high zone, located roughly along the Kachan River. The Moher sub-basin shows a broad basinal structure truncated against the east-west trending boundary fault in the north. The beds show a north-south trend in the western part, which swings, to northwest-southeast in southwestern part. The dip is generally shallow at about 2 to 3º.however, steeper dips of about 8-10º have also been observed. The knowledge about the structural setting of the Main basin is poor with data available for a few segments only.

The Moher sub-basin is an area of potential and its major parts have been explored in detail. All opencast projects of NCL are located in the Moher sub-basin only. The Main basin was regionally explored by GSI and MECL. Detailed exploration was undertaken by MECL and CMPDIL in some identified blocks. At present, no mining activity is reported from the Main basin. A total of six series of formations have been recognised on broad lithic characteristics within the Gondwana rocks of Singrauli Coalfield. In ascending order: Talcher, Barakar, Barren Measures, Raniganj, Panchet and Mahadeva. The Barakar and Raniganj are the coal bearing formations of the area. Despite the wide geographical extent of the coalfield, most potential coal seams, namely Jhingurdah, Purewa and Turra, are confined to the easternmost part only, the Moher sub-basin The coal seams of the Moher sub-basin have largely inferior grade coals but constitute the major coal resources of the coalfield.

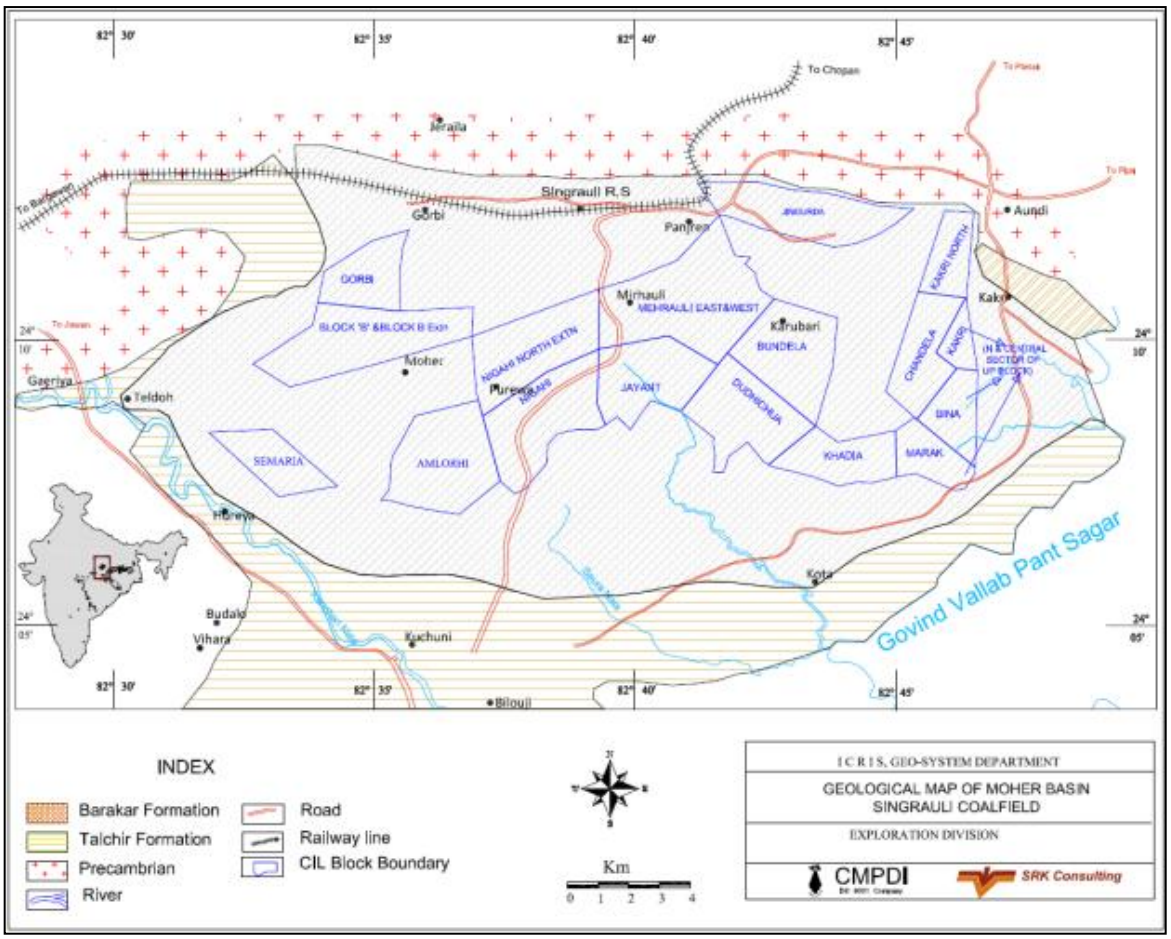


Figure 3-7: Geological Map of the Singrauli Coalfield and Distribution of the CIL Blocks

3.2.9 Central India Coalfields

The Chirimiri, Bisrampur Lakhanpur, Jhilimili, Sonhat, Sohagpur Johila, Sundergarh, and Umaria coalfields are all located in the states of Madhya Pradesh and Chattisgarh and together make up the Central India Coalfield.

Chirimiri Coalfield

The Chirimiri Coalfield extends over an area of about 125 km^2 and lies within latitudes 23º8´N and 23º15N´N and longitudes 82º17'E and 82º25´E. It is served by a 87 km long branch line from Anuppur, on the Bilaspur-Kanti line of the Southeastern Railway. The northern part of the coalfield is marked by prominent escarpments formed by Barakar rocks. To the east, the drainage is radial and on the western side, the most important drainage channel is the Kaoria nala.

In the Chirimiri Coalfield, the overall succession comprises the lowermost Talcher formation (olive green shale and fine grained sand stone), the overlying Barakar Formation (sandstone with subordinate shales and coal seams) and finally the Deccan Trap (Basic flows, Dykes and Sills).

The Barakar sediments are warped into anticlinal and synclinal rolls and are also affected by a network of faults, but some of the sectors, such as the Kurasia Colliery, are almost free from faulting. The faults usually have throw of less than 15 m. A prominent fault runs along the boundary of North Chirimiri Colliery leasehold.

The different working collieries provide significant amounts of information about the sequence of coal seams. A good amount of sub-surface data is also available to attempt interregional correlation of the coal seams, despite the fact that the seams exhibit variation in thickness within short distances. The most important Seam is the Karakoh, which is well exposed about 1.5 km south of Chirimiri Railway Station. The presence of seams above the Karakoh horizon, depends on the thickness the upper Barakar strata, preserved in the different sectors. The Kaperti seam is an important coal seam developed in the upper part of the Barakar Formation. The sequence of the coal seams in this coalfield from bottom to top are: Kotmi-Sonawani (seam-I) having a thickness of 0.1-2.3 m, Karakoh-Ghorghella-Bijora (locally split into II, III & IV) having a thickness of 1.5-19.8 m, Kaperti Seam having a thickness of 0.2-8.0 m, and the Duman Seam having a thickness of 0.2-2.2 m. The overall moisture and ash contents are 3.2-9.5 % and 11.1-19.8 % respectively.

Bisrampur Coalfield

The large tract of Barakar Formation found in the lowlands of central Surguja is known as Bisrampur Coalfield. The Bisrampur basin lies in the eastern corner of the vast stretch of Gondwana rocks found in the drainage of the river Son and its tributaries. This coalfield extends over an area of 1036 km^2 between latitude 23º09´ and 23º26´N and longitudes 80º54´ and 83º21´and is situated in the Surguja district of Madhya Pradesh.

The Bisrampur Coalfield is accessed by a railway line connected in the south-eastern fringe of the coalfield with Bijuri on the Annuppur-Chirimiri line of the Southeastern Railway. It is also served by the State Highway joining Ambikapur with Manendragarh and Ramanujganj along the southern and eastern fringes of the coalfield respectively.

The coalfield represents a remarkably flat, rolling country with an average elevation of 550 m above MSL. The drainage of the coalfield is controlled by the Rahar (in the western fringes of the coalfield) and Mahan rivers (with its tributaries in the northern and central part).

In this coalfield, the Barakar sediments are in a rectangular outcrop. The Talcher rocks are seen along the western and southern boundaries, but to the north and east Archaean gneisses, slates and quartzite occur in juxtaposition with the Gondwana sediments. The generalised stratigraphic sequence from bottom to top is as follows: Talcher Formation (fine grained sandstone, siltstones, shales and diamictite), Karharbari Formation (coarse grained

sandstone with reworked Talcher clasts and conglomerate lenses, shale and thin coal seams), Barakar Formation (sandstone with pebbly bands, carbonaceous and grey shale and coal seam), Kamthi Formation (ferruginous, conglomeratic sandstone), and Dyke (Dolerite).

The Bisrampur coalfield is an ideal example of a graben as its northern and southern margins are defined by prominent boundary faults. From the north–western corner of the field a major fault runs in a easterly direction up to the south of Keora village. At this point, the fault is shifted by a cross fault to the south. The main fault again is seen extending towards the east upto the north-eastern corner of Ganeshpur village. Close to this fault the beds show moderately steep dips varying from 22ºto 23º. In the southern part of the field, the fault is better defined towards the west near Panchpad, where sheared phyllites are exposed along the boundary fault. The beds strike in a north-south direction in the eastern part of the basin with westerly dips. In the western part, the strike of the beds is generally northwest-southeast, with northeasterly dips. The beds have a generally gentle dip of 2º to 3º and at places have become sub-horizontal to gently rolling.

The coalfield shows development of as many as 10 coal seams which show much regional variation in thickness. The generalised sequence of the coal seams from bottom to top is as follows: – Seam I (0.27-1.6 m), SeamII (0.56-3.69 m), Seam III (0.42-1.8 m), Seam IV [Upper Durga Seam (0.5-5.0 m)], Seam VI (Upper Patpahari, Pasang, Badauli Seams (0.95-5.0 m)), Seam VI (0.9-3.8 m), Seam VII (0.35-1.96 m), Seam VIII (Masan Seam (0.25-2.51 m)), Seam IX (Dhejagir horizon (10.0-18.22 m)), Seam X (0.3-1.94 m). The overall ash and moisture contents are 7.4-38.5% and 1.5-9.1% respectively.

Lakhanpur Coalfield

Lakhanpur is located south-west of Pilka Hill, a prominent land mark in the Bisrampur Coalfield. The basins of the Lakhanpur group of coalfields are located within Ambikapur Teshil of the Surguja district Madhya Pradesh. The latitude and longitude of the Lakhanpur, Sendurgarh, Sendurgarh and Damhamunda are Latitude 23º00’ and 23º12’ N and Longitude 82º43’ and 83º0’E, 22º49’ and 22º54’ N and Longitude 82º17’ and 82º23’E, Latitude 22º56’ and 22º59’ N and Longitude 82º47’ and 82º51’ E, Latitude 22º55’ and 22º58’ N and Longitude 82º27’ and 82º31’ E respectively.

A road connecting Ambikapur with Mahendragarh runs parallel to the northern boundary of the field at a distance of about 8 km. The Sundargarh basin is 48 km from Pendra road railway station on the Bilashpur Katni section of the Southeastern Railway. A fair weather road connects the coalfield with the railway station. The Panchbhaini area is connected with Surajpur on the Ambikapur Mahendragarh highway by road passable by 4WD.The Damhamunda area is accessible by a fair weather road passable by 4WD from Chirimiri railway station located 60 km north northwest of the field.

The Lakahanpur and the adjacent Bishrampur coalfields form a twin basin in the eastern part of the Son valley and are interconnected by narrow strip of Talcher strata The Lakhanpur coal field abuts against metamorphic rocks in the east, while the Talcher formation encircles the coal measure on the west. The coal bearing formation of this field occurs as an outlier within the Talcher Formation. The geological succession from bottom to top is as follows: Talcher (fine grained sandstone, siltstone, green shales and pebbly sandstone), Barakar (coarse grained sandstone, shale and coal seams), and the Deccan Trap (Dolerite dyke).

The Lakhanpur coalfield is a shallow basin which has witnessed differential subsidence of the floor and a complex phenomenon of channel migration and wandering. A generalised sequence of the seams from bottom to top is as follows: – Seam I (1.0-7.55 m), Seam II (0.5-0.65 m), and Seam III (1.25-2.25 m), Seam IV (1.0-3.2 m). The overall ash and moisture content is 2.7 – 11.9% and 8.6 – 31.8% respectively.

Jhilimili Coalfield

The Jhilimili coalfield forms the easternmost part of a long belt of coal-bearing Gondwana Formations stretching across Rewa, Korea and Surguja. The boundaries of the Jhilimili coal field extended between latitude 23º13' and 23º30' N and longitudes 82º38' and 82º55' E.

This coalfield is well connected by the Bujuri-Karonji line of the southeastern railway. This coalfield is also well connected with Surajpur, an important town on the Mahedragarh-Ambikapur road.

The southern and southeastern parts of the coal field are characterised by a gentle undulating plain, but the main part towards the north is hilly and comprises a series of east-west running ridges. The Rear, Mohan and Goknai are the principle rivers draining the eastern, northeastern and northern parts of the coal field respectively.

The Jhilimili Coalfield comprises two well defined segments separated by a prominent east northeast-west southwest fault running along the middle of the coalfield. The southern segment comprises only Barakar sediments, which rest over the Talcher formation. The northern segment, however, shows a thicker sequence which includes Talcher, Barakar and Mahadeba formations. The geological sequence of the Formation from bottom to top is as follows: – Talcher Formation (medium to fine grained sandstone, needle shale and tillite), Barakar (medium to coarse grained sandstone with shale and coal seams at places), Mahadeva (coarse to medium grained, highly ferruginous sandstone and red shale), and Deccan Trap (Dolerite sill).

The Jhilimili Coalfield defines the eastern most segment of a master basin comprising Jhilimili, Sonhat and Sohagpur coalfields. On the east the Talcher sediments rest unconformably on the Precambrian basement and these sediments are overlain by younger formations towards north and west. The general strike of the beds is east-west with dips varying from 3º to 10º in a northerly direction. In the northern part of the basin, around Bhourkho, Majhen, the beds trend east northeast-west southwest. The most prominent structural feature of the Jhilimili Coalfield is a major east northeast-west southwest tending fault known as the Barhi-Khajura fault, which divides this basin into two segments. This fault has a downthrow towards south and is very well exposed in the Manikanan Nala.

Exposures of coal seams are very few and far apart and only in a few Nala sections some exposures are found. Five coal seams occur in a sequence as follows – Seam I (1.7-5.16 m), Seam II (0.15-1.33 m in bottom section of Baskarpara), Seam II (0.32-2.10 m in Kutkona Block and 0.99-2.34 m in top section of Baskarpara), Seam III (Chemat Seam (0.61-3.65 m in Kutkona Block and 0.35-2.43 m in top section of Baskarpara), Seam IV (0.23-1.55 m in Kutkona Block and 0.6-1.75 m. in top section of Baskarpara), Seam V (Khajura Seam (2.95-6.20 m in Kutkona Block and 1.47-4.57 m in top section of Baskarpara)). The overall ash and moisture content is 11.2 – 29.8% and 2.5 -7.00% respectively.

Sonhat Coalfield

The coal measures located just east of the Sohagpur Coalfield comprise the Sonhat coalfield. This constitutes the middle portion of the Jhilimili –Sonhat-Sohagpur master basin and is about 65 km long and has a maximum width of 16 km. It has a total area of about 845 km^2 and is bounded by latitude 23º15' and 23º30' N and longitude 81º58' and 82º46'E.

The Bijuri-Karonji branch line of the Southeastern Railway extends along the southern margin of the Sonhat coalfield.

Physiographically, the area to the south is a plain with an average elevation of 490 m to 600 m above MSL. Two conspicuous geomorphic breaks are seen towards north by plateau features, each rising about 100 m to 150 m above the general level of the plain. The Hasdo River constitutes the main drainage of the area and this follows a southeasterly direction more or less through the middle part of the area.

The Talcher formation forms low lying plains along the southern margin of the basin, while progressively towards north the Barakar and Super Barakar sediments define formation plateau with step-like scarps. The geological succession of this coalfield from bottom to top is as follows: Talcher Formation, Barakar Formation, Lower Gondwana Barren Measure Formation, Upper Gondwana Mahadeva Formation and Deccan Trap.

The Sonhat Coalfield shows wide regional variation in the development of coal seams. In the upper Barakar member as many as 19 coal seams are developed in the Sonhat 'A' (Amritdhara) block, but in the adjacent Ghugralabji area very few of the seams are regionally persistent. This erratic behavior of the coal seams in the Sonhat plateau is considered to be due to repeated channelling of the coal seams formed in a shallow water environment. The overall ash and moisture content is 11.2 – 31.8% and 1.5 – 7.2% respectively.

Shohagpur Coalfield

The Shohagpur Coalfield is the main coal bearing area of South Rewa. The Shohagpur Coal field, as recognized today, extends over a total area of about 3000 km^2. It is about 100 km long in an east -west direction and has a maximum width of 50 km. The coal belt stretches from near Ghunghuti R.S. in the west up to almost near Hasia Nala in the east. The coal bearing area is bounded by latitudes 23º05' and 23º30' N and longitudes 81º13' and 82º12' E and falls mainly in the Sahdol district of Madhya Pradesh.

The Bilashpur-Katni section of the Southeastern Railway traverses the western part of the coalfield through the important mining centres of Burhar – Amlai and Dhanpuri. The Jharkhand and Rajnagar-Ramnagar collieries are served by railway sidings. Another road traversing along the southern part of the coalfield connects the district headquarters town of Shahdol.

The landform in Shohagpur coalfield is controlled by the lithological contrasts of the different formations. The Talcher rocks have formed low lying plains with average altitude of 450 m to 500 m. above MSL. The Son River, with a northwesterly flow is the main drainage channel of the area.

The Shohagpur Coalfield is a part of the large sediment filled Gondwana trough located in the drainage basin of the Son. The entire column of coal bearing sediments in the Shohagpur basin has been assigned to the Barakar formation. The generalised statigraphic sequence from bottom to top is as follows: Talcher Formation (diamictite, sandstone, siltstones and needle shales), Barakar Formation (coarse two medium grained sandstone, subordinate shales and coal seams), Lower Gondwana Group, Upper Gondwana Group Mahadeva (Pink, Buff and Red Sandstone, Red Shales, etc), Lameta Beds (Reddish and Greenish Sandstones and nodular Limestone), Deccan Trap (Dolerite dykes and Sills).

The Shohagpur Coalfield constitutes the middle segment of the Rewa Gondwana basin and has a regional east-west elongation inconformity with the alignment of the basin belt. The beds have a general west northwest-east southeast to east-west strike and dip at very low angles (1º to 4º) towards north northeast or north. Considerable variation in the direction and amount of dip have been observed near fault planes. Local rolls of the strata are also common. The prominent structural feature of the Shohagpur basin is the system of east northeast-west southwest to east-west trending sub parallel faults. A salient feature is the emplacement of a dolerite still and dykes along this fault zone.

The workable coals seams are confined mainly to three distinct widely separated sub-basinal structures. These are the Jharkhand-Bijuri sub basin, Kotma sub basin and the Burhar-Amlai sub basin. In the Jharkhand-Bijuri sub basin, the coal measures are mainly found in Jharkhand area (Jharkhand 'A' seam and Jharkhand 'B' seam , 1.4 to 3.1 m and 1.5 to 2.0 m thick respectively) and Rajnagar area (seam 'A' bottom 1.26 to 4.55 m, seam 'A' top –0.7 to 1.54 m, local seam 0.95 to 2.0 m, local seam 0.4 to 1.63 m, seam 'B' 1.17 to 2.05 m, seam 'C' 3.3 to 4.87 m, seam 'D' 2.9 to 4.15 m). In the Kotma sub-basin, the major coal-bearing bhadra colliery has three coal seams: Bhadra, Bottom, middle and top. The sequence and correlation of the seams are: Bhadra top seam 1.8 to 2.25 m, Bhadra middle seam 0.15 to 1.5

m, Bhadra bottom seam 1.5 to 2.3 m. The western part of the Kotma sub-basin includes the Jamunia colliery (block IV and V) and Kotma Blocks IV and V. The Jamuna Colliery coal seams consist: Middle Kotma 0.63 to 6.2 m, Lower Kotma Seam I 0.15 to 2.0 m, Lower Kotma Seam II 0.08 to 1.95 m. The Kotma Colliery Top Seam has the thickness 3.05 m., the bottom seam thickness is 2.59 m. and Silhera seam has a thickness of 1.98 m where as the leader seam thickness is not persistent.

Johila Coalfield

The Johila Coalfield is located west of the large basin of Sohagpur and is the most important. This coalfield is favourably situated for catering to the needs of western and northern India and lies between the latitudes 23º16' and 23º23' N and longitudes 80º56' and 81º05' E in the Sadhol district of Madhya Pradesh. The Umaria and Korar coalfields are situated within 5 km of each other in the Umrar valley, further to the west of Johila coalfield. It lies between latitudes 23º30' and 23º33' N and longitudes 80º46' and 80º52' E. The Korar field is north of Umaria and is confined within the latitudes 23º34' to 23º37' 30'' N and longitudes 80º47' 30'' and 80º58' E.

The Umaria and Johila Coalfields are well served by railway and roads. The Katni-Bilashpur section of the Southeastern Railway passes through the northern part of the Johila Coalfield and through the heart of the Umaria coalfield.

The area presents varied topographic features. The Umari – Korar area forms a more or less flat country excepting in the vicinity of Banreri. In the Johila area, the lower Gondwana rocks have given rise to a flat undulating topography. The Umrar nala forms the main drainage of the Umaria-Korar fields. The Johila River, a tributary of the Son, is the main drainage of the Johila Coalfield .

The Gondwana sediments in the south Rewa basin are covered by the Lameta Formation and Deccan Basalt flows, and over a major part the latter have been removed by erosion. The generalised geological sequence from bottom to top is as follows: Talcher Formation (tillite, sandstones, green shales), Barakar Formation (sandstones, shales, and coal seams), Tikipali Formation (coarse grained sandstone, gray shale; red, green and mottled clay with thin coal bands, 300 m to 500 m), Parsora (coarse grained sandstones, varigated shales, and lilac coloured clays), Chandia Beds (white clays and medium grained sandstones), Lameta Formation (greenish sandstones and impure limestones), and the Deccan Trap (basalt flows, dolerite dykes).

The Gondwana sediments in the south Rewa basin overly the Precambrian basement after a pronounced unconformity and they in turn are overlapped by the Lameta Formation and Deccan Traps. The Gondwana sediments in the Johila valley area have a regional east-west strike with a northerly dip of 5º to 10º. In the Umaria-Korar fields the coal measures strike northwest-southeast, with northeasterly dips of 8º to 10º. The main structural feature of the south Rewa basin is the system of sub-parallel east northeast-west southwest trending faults which affect the beds to varying degrees.

In the Johila coalfield, the generalised sequence of coal seams in the northern part is as follows from bottom to top: Third seam 0.82 to 1.21 m, Johila bottom seams 0.55 to 3.13 m, and the Johila top seam 1.05 to 4.63 m. Overall moisture and ash content are 6.3 to 10.9% and 14.8 to 25.0% respectively.

3.2.10 Korba Coalfield

The east-west trending crescent shaped Korba Coalfield is spread over an area of about 520 km^2. in the Korba District of Chhattisgarh (Figure 3-8). The southerly flowing Hasdeo River divides the coalfield in two unequal parts, the western and the eastern.

Korba Coalfield is elongated in an east-west direction conforming to the regional strike of the Precambrian basement rocks. The coal bearing strata (the Barakar Formation) has a vast spread and lies to the east of Hasdeo River and the larger area to the west.

Based on vertical variation of gross lithofacies, the Barakar Formation can, arbitrarily, be subdivided into lower, middle and upper members. The lower member is very well exposed in Phulakdi, Dengur, Saur and Ahiran Nalas in the eastern part of the coalfield and Kholar Nala and its tributaries in the western part. This lithic assemblage contains the Ghordewa group of seams, which are well exposed in the Phulakdi nala and Ahiran River near Rajgamar and Ghordewa villages.

The upper Member comprises fine gained sediments including flaggy, fine to medium grained sandstones, grey shales and several thick coal seams. Of the upper Barakar seams, the Kusmunda group is well exposed in the Hasdeo River near Korba while some upper seams crop out in Kachandi and Ranpakhara nalas south of Korba. As per the present investigations Korba coalfield is free of intrusive bodies.

The Korba Coalfield is in the upper reaches of the Son-Mahanadi linear belt together with the other coalfields including Mand-Raigarh Ib Valley and Talcher for example. Similar to the other Gondwana basin, the Korba Coalfield also occupies a tectonic through with faulted boundaries.

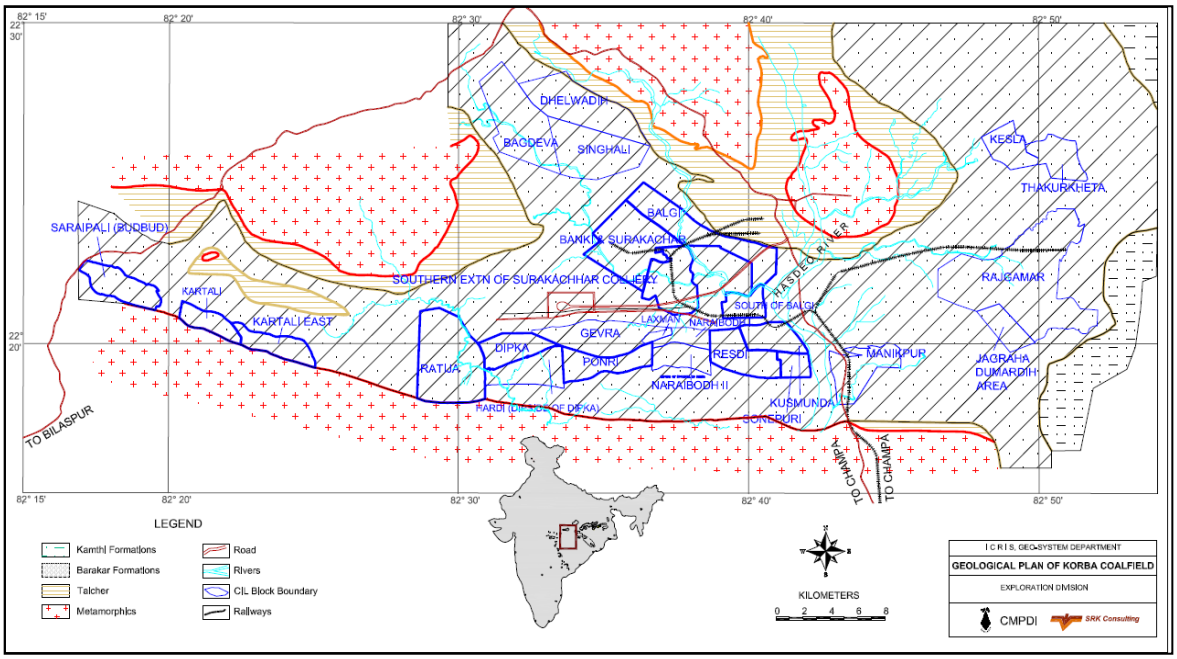


Figure 3-8: Geological Map of the Korba Coalfield and Distribution of the CIL Blocks.

3.2.11 Wardha Valley

The Wardha Valley Coalfield (Figure 3-9) is located in the southeastern part of Maharashtra State. The aerial extent of this coalfield has been estimated as 4000 km^2. The NNW-SSE axis (which corresponds to the strike of the coal bearing sediments) is around 100 kms long with a maximum width of about 80 kms. The likelihood of extension of this coalfield in the north-northwestwards beneath the Deccan Trap cannot be discounted. South-south eastwards continuation of Gondwana sediments of Wardha Valley Coalfield are considered to be extended in Godavari Valley Coalfield in Andhra Pradesh.

This coalfield has elliptically aligned coal prospects within the Barakar Formation around the core of Talchers, which occupies the central part of the coalfield. These limbs have been further affected by numerous NNW-SSE trending faults. Due to these strike faults there is frequent repetition of coal seams in the western limb of Wardha Valley Coalfield.

The Gondwana sediments boundary toward the east is delineated by the exposures of Archaeans. The intervening area between the faults outlines of coal bearing sediments towards the north-east, south-west and south-east is occupied by the Vindhyan Formation.

The central part of the coalfield is occupied by the Talcher Formation. The Deccan Trap covers the Gondwana sediments towards the west and north. Lametas Formation rocks are seen in patches towards north. A major part of the coalfield is covered by the Kamthi Formation. The coal bearing Barakar Formation is exposed only in the western part of the coalfield in isolated patches. The Gondwana sediments appear to continue south-south-eastwards into the Godavari Valley sediments of Andhra Pradesh.

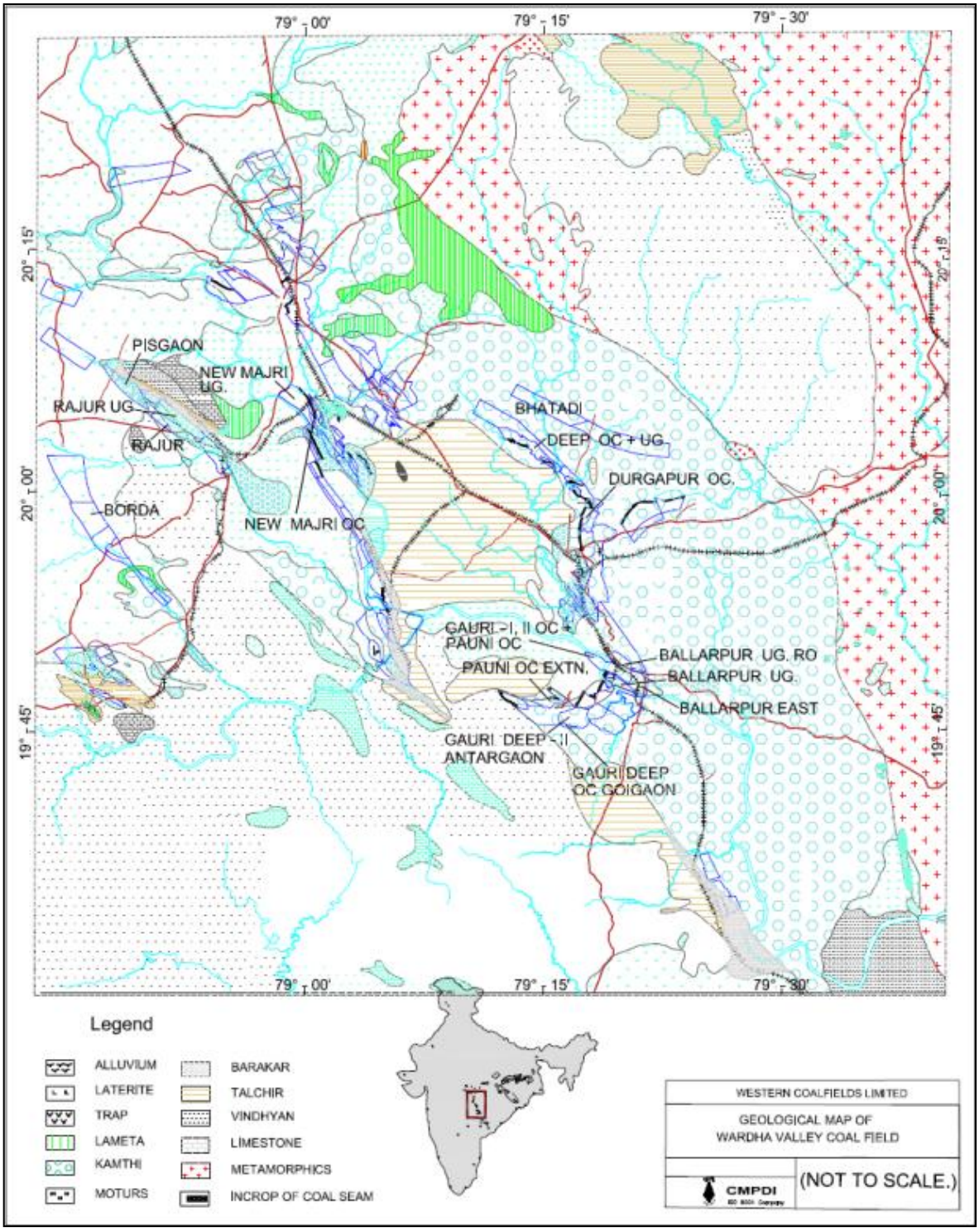


Figure 3-9: Geological Map of the Wardha Valley Coalfield and Distribution of the CIL Blocks.

4 MINING

4.1 Introduction

The CIL assets comprise both surface, or 'opencast', mines and underground mines. The choice of mining method is largely determined by the geology and geometry of the coal deposit.

While the majority of the world's coal reserves are recovered by underground mining, the bulk of coal recovered by CIL is through opencast mining. Some 90% of coal production during the year 2009-10 was mined from open cast projects. The table below shows the total coal production from open cast and underground mines over the last five years.

Table 4-1 Open Cast and Underground Coal Production in Last Five Years

	Raw Coal Production									
Particulars	2006		2007		2008		2009		2010	
	Mt	(%)	Mt	(%)	Mt	(%)	Mt	(%)	Mt	(%)
Open Cast Mine Production[1]	297.57	86.70	317.59	88.00	335.92	88.50	359.77	89.10	388.01	90.00
Underground Mine Production[1]	45.82	13.30	43.32	12.00	43.54	11.50	43.96	10.90	43.25	10.00
Total	**343.39**	**100.00**	**360.91**	**100.00**	**379.46**	**100.00**	**403.73**	**100.00**	**431.26**	**100.00**

1. Coal production from open cast mines and underground mines within CIL's mixed mines have been included under production from open cast mines and underground mines, respectively.

Traditional underground coal mining in India is by bord and pillar method with blasting-off-the-solid & coal evacuation by manual loading into mine cars hauled by rope haulages. Since its formation, CIL has largely mechanised loading through Side Discharge Loaders/Load Haul Dumpers. The first mechanized longwall mining system was introduced in Moonidih colliery under BCCL to extract prime coking coal. Underground mines of CIL are either fully mechanised or semi mechanised. However, some of the underground mines of ECL, BCCL and CCL are not amenable to total mechanisation due to geo-mining conditions that are not conducive to this and so have sub optimal level evacuation capacity.

As of 1 April 2010, CIL operated 471 mines, comprising 163 open cast mines, 273 underground mines and 35 "mixed" mines (which have both open cast and underground operations). These mines produce non-coking coal and coking coal of various grades for diverse applications. Table 4-2 provides certain information relating to the non-coking coal and coking coal produced by CIL in the last five years.

A significant majority of CIL's non-coking coal is produced from mines operated in the Korba, Singrauli, Talcher, Ib Valley and Wardha Valley coalfields, which in total accounted for 68.7%, 69.5% and 70.7% of total non-coking coal production in fiscal 2008, 2009 and 2010, respectively. Most of the coking (metallurgical) coal is produced from the Jharia coalfield.

Table 4-2: Coking and Non-coking Coal Production in Last Five Years

	Raw Coal Production									
	2006		2007		2008		2009		2010	
	Mt	(%)	Mt)	(%)	Mt	(%)	Mt)	(%)	Mt	(%)
Non-coking coal[1]	319.23	93.00	336.64	93.30	353.3	93.10	377.19	93.40	395.13	91.60
Coking coal[2]	24.16	7.00	24.27	6.70	26.16	6.90	26.54	6.60	36.13	8.40
Total	**343.39**	**100.00**	**360.91**	**100.00**	**379.46**	**100.00**	**403.73**	**100.00**	**431.26**	**100.00**

4.2 Mining Methods

Most of CIL's open cast mines use truck and shovel technology and blasting to strip the overburden as well as for excavation and transportation of coal. Draglines are used for overburden removal in some of the large open cast mines. Surface miners, which limit noise pollution, drilling and crushing or blasting and enable production of sized coal, have been introduced at several of CIL's open cast mines by MCL, SECL and CCL.

Once the surface is cleared, the topsoil and sub-soil are removed and stored separately. The preliminary cut is then excavated to expose the coal using a fleet of large earth moving machines. As it is exposed the coal from the planned seams is dug, loaded and transported to a disposal point. Mining then proceeds in a progressive manner by removing overburden from the unmined coal ahead and filling in the mined void behind.

In some large opencast mines, such as those operated by NCL, CIL uses draglines to excavate the overburden by creating wide trenches or cuts and piling the spoil along the side of the cut. Draglines are also used to remove partings though this is dependent upon the parting thickness and field conditions. Equipment such as trucks and shovels or loaders and scrapers may also be used to assist with overburden or parting removal. When trucks and shovels or scrapers are utilised, excavated material remains in the cut or pit area. A bulldozer is typically assigned to each dragline to perform bench levelling, access road preparation, trailing cable relocation and miscellaneous duties.

The overburden excavation process begins with the digging of a narrow slot, or key cut, down to the coal seam to establish the highwall. The location of the key cut and the spoil establishes the width of the pit. The dragline is positioned above the area to be excavated and in line with the direction the cut is progressing. The dragline bucket is lowered to the material to be excavated, drawn toward the dragline, lifted, and swung to the side, at which point it dumps or spoils the excavated material into a previously mined cut or along the side of the cut onto un-mined ground, This process is repeated until the entire area in front of the dragline has been excavated. The dragline is then repositioned and used to start another key cut. This procedure is followed until the operational limits of the machine are achieved or pit boundaries are reached. At this point, the dragline is moved to where the next cut is to begin and the entire process starts again with each successive cut being excavated parallel to the previously mined cut and continues until excavation activities are complete within the pit.

Once the overburden or parting has been removed from above the coal seam, any remaining overburden material is cleared from the top of the coal seam utilising rubber-tired or track-type dozers.

The coal seam is then drilled and blasted using the same procedures that are followed to fragment overburden partings. The coal is loaded onto trucks and transported out of the mine into a coal handling plant/feeder breaker for further processing and dispatch to customers. In some cases coal from the mine/working face and/or from the dispatch points is transported to

different internal consumption centers such as beneficiation facilities and boilers. In addition, in CCL's Piparwar project for example, there is an in-pit crushing facility. In some places, for dispatch of coal to customers a dedicated MGR system is used, which is owned and operated by CIL customers. CIL use silos in many of its mines to facilitate rapid loading and dispatch of coal through MGR and railway wagons.

A significant tonnage of coal is now also won using Surface Miners. Surface Miners were first introduced by MCL to allow selective mining of coal and parting seams and have proved to be very successful in favourable conditions, particularly from a quality/clean coal technology point of view. The use of Surface Miners simplifies the mining process and processing methods and eliminates drilling and blasting. In addition to MCL Surface Miner is now used by both SECL and CCL.

For underground mining, CIL employs two types of mining methods, bord and pillar and longwall mining. The specific mining method or combination of methods chosen for each underground mine is dependent on the particular geo-mining conditions and design of each mine.

Bord and pillar mining is the most established underground mining method in India and is now used primarily where geo-mining conditions are complex and not suitable for longwall mining methods. Coal is removed from the coal faces initially by developing a set of galleries leaving pillars in between to support the roof. Thereafter, the pillars are extracted by a process known as depillaring. Only some 30.0% of the coal is extracted initially and the remainder is extracted during de-pillaring. Currently, most of CIL mines using this method of mining remove coal from the face by blasting and deploying side discharge loaders or load haul dumpers for loading and transport of coal in the active working areas. Coal transportation to surface is either by a series of belt conveyors or rope haulage drawn coal tubs. This mining system requires comparatively less investment, but is more labor-intensive than the continuous mining method and powered support longwall method.

In many of CIL's new underground mines, bord and pillar mining is carried out using the continuous miner method wherever geo-mining conditions permit. This method affords greater productivity and is used in coal properties that have geological discontinuities which precludes the use of longwall technology. The coal is mined by a continuous miner unit and loaded on to shuttle cars which deliver coal to a feeder-breaker linked with belt conveyor for onward transport to surface.

An alternative to bord and pillar mining is longwall mining. longwall mining is a fully mechanized underground mining method in which the roof at the coal face is supported by self-advancing powered supports (with steel canopies mounted on hydraulic jacks) and the coal is mined by a shearer. Armoured face conveyors and stageloader-crushers are used for transport of coal at the longwall face while a series of belt conveyors are used to transport coal to the surface. When the mining of a longwall panel has been completed, the equipment is moved to a new longwall face. The key characteristics of longwall mining include high productivity, comparatively high reserve recovery, safety and reliability.

A significant portion of CIL's mining operations use its own equipment, materials, supplies and labour. As of 1 April 2010, for open cast mining operations, CIL had 40 draglines, 747 shovels, four surface miners, 3,366 trucks, 991 dozers and 713 drills. As of 1 April 2010, for underground mines, CIL had 689 SDLs, 305 LHDs, six road headers, five continuous miners, five PSLWs and a shortwall equipment package. In addition, CIL conduct a portion of their mining operations through third party contractors that provide equipment and services, including road headers, continuous miners and PSLWs and the operation of such equipment is primarily the responsibility of the third party contractor. In addition, CIL enters into maintenance and repair contracts (MARC) with its equipment suppliers for those higher capacity equipment used in open cast mines to provide supply of equipment.

4.3 Overview of Mining Operations in Selected Coalfields

4.3.1 Introduction

A significant proportion of CIL's coal production is contributed from mining operations in 11 Gondwana coalfields, namely Korba, Singrauli, Talcher, Ib Valley, Wardha Valley, Jharia, North Karanpura, Central India, Raniganj, Rajmahal/Deogarh and East Bokaro. In financial years 2008, 2009 and 2010, mining operations from these coalfields contributed 89.0%, 89.5% and 92.3%, respectively, of CIL's total raw coal production.

The Table 4-3 below shows the coal production figures from CIL's mines from the various coalfields in which it operates.

Table 4-3: Coalfield-wise Coal production

	Raw Coal Production									
	2006		2007		2008		2009		2010	
Coalfields	(Mt)	(%)	(Mt)	(%)	(Mt)	(%)	(Mt)	(%)	(Mt)	(%)
Korba	58.24	17.0	62.72	17.4	67.42	17.8	73.35	18.2	78.46	18.2
Singrauli	51.52	15.0	52.16	14.5	59.62	15.7	63.65	15.8	67.67	15.7
Talcher	45.47	13.2	50.58	14.0	53.65	14.1	57.53	14.3	59.74	13.9
IB Valley	24.13	7.03	29.42	8.2	34.35	9.1	38.80	9.6	44.34	10.3
Wardha Valley	28.03	8.2	27.70	7.7	27.79	7.3	28.90	7.2	29.32	6.8
Jharia	22.05	6.4	22.84	6.3	23.62	6.2	24.14	6.0	27.45	6.4
North Karanpura	20.79	6.1	21.15	5.9	22.17	5.8	21.95	5.4	23.56	5.5
Central India Coalfields[1]	23.63	6.9	23.35	6.5	23.40	6.2	23.35	5.8	24.72	5.7
Raniganj	19.64	5.7	19.27	5.3	17.34	4.5	17.57	4.4	17.02	4.0
Rajmahal/ Deogarh	12.73	3.7	12.56	3.5	8.32	2.2	11.94	3.0	13.10	3.0
East Bokaro	8.80	2.6	8.78	2.4	9.98	2.6	9.91	2.5	12.70	3.1
West Bokaro	5.43	1.6	5.31	1.5	5.60	1.5	4.91	1.2	5.16	1.2
Kamptee	4.41	1.3	4.31	1.2	4.36	1.2	4.26	1.1	5.03	1.2
Mand Raigarh	1.16	0.3	2.43	0.7	2.97	0.8	4.45	1.1	4.83	1.1
Umrer Nand Bander	3.68	1.1	4.21	1.2	4.26	1.1	4.50	1.1	4.27	1.0
South Karanpura	4.47	1.3	4.97	1.4	4.94	1.3	4.84	1.2	3.98	0.9
Pench-Kanhan	3.82	1.1	3.69	1.0	3.88	1.0	3.78	0.9	3.86	0.9
Pathakhera	3.27	1.0	3.31	0.9	3.23	0.9	3.26	0.8	3.26	0.8
Makum	1.10	0.3	1.05	0.3	1.10	0.3	1.01	0.3	1.11	0.3
Ramgarh	0.72	0.2	0.72	0.2	0.85	0.2	1.00	0.3	1.10	0.3
Giridh	0.30	0.1	0.38	0.1	0.61	0.2	0.63	0.2	0.58	0.0
Total	**343.39**	**100.0**	**360.91**	**100.0**	**379.46**	**100.0**	**403.73**	**100.0**	**431.26**	**100.0**

1. Central India Coalfields are comprised of the Jhilimili, Bisrampur, Lakhanpur, Sindurgarh, Umaria, Johila, Sohagpur, Sonhat and Chirmiri coalfields.

The following section provides an overview of CIL's mining activities in its most significant coalfields.. The projects described within each coalfield have been selected as being broadly indicative of CIL's operations.

4.3.2 Korba Coalfield

The Korba Coalfield is located in the Korba district of Chattisgarh and covers an area of some 530 km^2. The coal deposits in the coalfield comprise power grade coal (E, F & G) which occurs in thick seams amenable to open cast mining and superior grade (B to D) coal which occurs in thin seams and which is more suited to underground mining. Mining activities in the Korba Coalfield are carried out by SECL

The Korba Coalfield is the most productive coalfield worked by CIL. Mining operations produced 67.42 Mt, 73.35 Mt and 78.46 Mt of raw coal in 2008, 2009 and 2010, respectively.

CIL currently operates 5 open cast mines and 10 underground mines in the coalfield and the coal produced is primarily sold to the thermal power industry. Gevra, Dipka Expansion and Kusmunda mines are the important mines in the coalfield accounting around 15.6%, 16.2% and 16.3% of CIL's total raw coal production in 2008, 2009 and 2010 respectively.

Gevra is an open cast mine and is located in the Korba district in the state of Chhattisgarh. The Gevra mine works coal seams varying in thickness between 8.6 m and 42.7 m and which dip at between 5˚ and 10˚. The average stripping ratio of the mine is 1.27:1. The mine had a total production of 29.06 Mt, 32.10 Mt and 35.00 Mt and accounted for 7.7%, 8.0% and 8.1% of CIL's total raw coal production in 2008, 2009 and 2010 respectively. The mine produces non-coking coal of Grades E and D which is primarily sold to thermal power generation companies around the Korba district in Chhattisgarh and other states such as Rajasthan, Punjab and Maharashtra.

Dipka mine is an open cast mine which works coal seams varying in thickness between 2.2 m and 44.9 m and which dip at between 3˚ and 6˚. The average stripping ratio of the mine is 1.00:1 and it produced 21.50 Mt, 22.81 Mt and 24.09 Mt and accounted for 5.7%, 5.6% and 5.6% of CIL's total raw coal production, in 2008, 2009 and 2010, respectively. The mine produces non-coking coal of Grade F which is primarily sold to thermal power generation companies around the Korba district of Chhattisgarh and other states such as Gujarat, Rajasthan and Maharashtra.

Kusmunda mine works coal seams varying in thickness between 13.1 m and 60.2 m which dip at between 4˚ and 10˚. The average stripping ratio of the mine is 1.42:1 and had a total raw coal production of 8.71 Mt, 10.56 Mt and 11.20 Mt in 2008, 2009 and 2010, respectively. The mine produces non-coking coal of Grade F which is primarily sold to thermal power generation companies around the Korba district in Chhattisgarh and Umaria district in Madhya Pradesh.

As part of its expansion plans, CIL intends to develop a 10.00 Mtpa non-coking coal beneficiation facility at the Kusmunda mine.

4.3.3 Singrauli Coalfield

The Singrauli Coalfield extends over an area of some 2,202 km^2. The coalfield can be divided into two basins, the Moher sub-basin (312 km^2.) and the Singrauli Main basin (1,890 km^2.). The major part of the Moher sub-basin lies in the Sidhi district of Madhya Pradesh and a small part lies in the Sonebhadra district of Uttar Pradesh. The Singrauli main basin lies in the western part of the coalfield and is largely unexplored. The present coal mining activities and future blocks are concentrated in Moher sub-basin.

Singrauli is the second most productive of the coalfields in which CIL operates. Mining operations at the coalfield are conducted through NCL which presently operates 10 opencast mines which produced 59.62 Mt, 63.65 Mt and 67.67 Mt of raw coal in 2008, 2009 and 2010, respectively. The mines primarily produce non-coking coal of Grades C, D and E which is sold to the thermal power generation sector.

Typically, most of the coal mines in the Singrauli coalfield are mechanized and use high capacity heavy earth moving machinery. The coal produced is transported from excavation pits to the receiving pits of the respective coal handling plants of each mine. Thereafter, the coal is crushed and transported to silos on a series of conveyor belts for loading the rakes through the rapid loading system and finally supplied to the customers. In addition, the coal supplied to NTPC is generally transported through a MGR system owned and operated by NTPC.

In addition to NTPC, NCL supplies coal to Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd (UPRVUNL), Renupower division of M/s. Hindalco Industries, power plants of Rajasthan Rajya Vidyut Utpadan Nigam Ltd, Delhi Vidyut Board (DVB) and Hariyana State Electricity Board.

The Jayant, Dudhichua, Nigahi and Amlohri mines are the most important mines in the coalfield on the basis of production in financial year 2010, and accounted for 11.0%, 10.7% and 10.5% of CIL's total coal production in 2008, 2009 and 2010, respectively.

Jayant is an open cast mine located in the Singrauli district in the state of Madhya Pradesh. The mine works coal seams varying in thickness between 7.0 m and 17.0 m and which dip at between 1˚ and 4˚. The average stripping ratio of the mine is 2.60:1. The Jayant mine had a total production of 12.79 Mt, 13.02 Mt and 13.35 Mt and accounted for 3.4%, 3.2% and 3.1% of CIL's total raw coal production, in 2008, 2009 and 2010, respectively. The Jayant mine produces non-coking coal of Grades C and E which is primarily sold to the pit-head super thermal power plant of NTPC.

Dudhichua, another open cast mine of NCL is located in the Sonebhadra district in the state of Uttar Pradesh. The mine works coal seams varying in thickness between 9.0 m and 20.0 m and which dip at between 2˚ to 3˚. The average stripping ratio of the mine is 3.29:1. The mine had a total production of 12.79 Mt, 13.27 Mt and 13.31 Mt and accounted for 3.4%, 3.3% and 3.1% of CIL's total raw coal production, in 2008, 2009 and 2010, respectively. The mine produces non-coking coal of Grades C and E which is primarily supplied to the Western Indian power stations of NTPC and pit-head power stations in the Singrauli Coalfield.

Nigahi is an open cast mine located in the Singrauli district in the state of Madhya Pradesh. The mine works coal seams varying in thickness between 7.0 m and 18.0 m and which dip at between 1˚ and 4˚. The average stripping ratio of the mine is 3.76;1. The mine had a total production of 11.31 Mt, 11.66 Mt and 12.36 Mt and accounted for 3.0%, 2.9% and 2.9% of CIL's total production, in 2008, 2009 and 2010, respectively. The mine produces non-coking coal of Grades C and E which is primarily sold to the pit-head plant of NTPC's Vindhyachal super thermal power station.

Amlohri opencast mine is located in the Singrauli district in the state of Madhya Pradesh. The mine works coal seams varying in thickness between 5.8 m and 23.5 m and which dip at between 2˚ and 3˚. The average stripping ratio of the mine is 4.30:1. The mine had a total production of 4.70 Mt, 5.28 Mt and 6.15 Mt in 2008, 2009 and 2010, respectively and produces non-coking coal of Grades C and E which is primarily sold to the pit-head plant of NTPC's Rihand super thermal power station.

NCL is one of only a few mining companies, which has received ISO–14001 Certification for its environmental management systems.

4.3.4 Talcher Coalfield

The Talcher Coalfield, located in the district of Angul of Orissa State, is one of the major coalfields in India and covers an area of some 1,860 km^2.

CIL currently operates nine open cast mines and four underground mines in the coalfield which produce primarily non-coking coal of Grades B, C, E and F which is primarily sold to thermal power generation companies

Coal mining in Talcher dates back some 100 years and the then underground mines were taken over by the National Coal Development Corporation in 1956. The concept of opencast mining was introduced in 1961 when the South Balanda project took shape. The Nandira underground mine was opened in 1962 followed by Jagannath open cast mine in 1972. CCL first took over control of all coal mines in the coalfield in 1975 after nationalization. Bharatpur open cast mine commenced operation in 1985 and then in 1986 all the mines were moved under the management of SEC. Other opencast projects were opened one by one from 1990 onwards. Mahanadi Coal fields Ltd (MCL) was created in 1992 having jurisdiction over both the Talcher & Ib valley coalfields.

With underground mining gradually becoming uneconomical & less productive, opencast activities became predominant for the shallow but thick workable coal seams and while the quality of the coal produced decreased the increase in production enabled by the introduction of heavy sophisticated machinery and the growing demand for thermal power grade coal compensated for this.

The main pit head customers are TTPS (NTPC), NTPC Kaniha, NALCO and private washeries. The other major customers are APGENCO, Vijayawada TPS, Vishakapatnam Steel Plant, Mudanur Power Plant, RTPP, TNEB, RAICHUR TPS, KPCL, Hindustan News Print Ltd. etc. from Southern India.

In terms of production, Lingaraj, Ananta and Bharatpur mines are the important mines in the coalfield.

The Lingaraj mine is an open cast mine and is located in the Angul district. The mine works coal seams varying in thickness between 0.6 m and 17.3 m and which dip at between 2˚ and 28˚. The average stripping ratio of the mine is 0.71:1. The mine had a total production of 11.09 Mt, 12.90 Mt and 13.00 Mt and accounted for 2.9%, 3.2% and 3.0% of CIL's total raw coal production, in 2008, 2009 and 2010, respectively. The mine produces non-coking coal of Grades E and F which is primarily to NTPC.

Ananta open cast mine is also located in the Angul district. The mine works coal seams varying in thickness between 0.26 m and 21.35 m and which dip at between 6˚ and 8˚. The average stripping ratio of the mine is 2.2:1. The mine produced 12.83 Mt, 12.52 Mt and 12.82 Mt of coal and accounted for 3.4%, 3.1% and 3.0% of CIL's total raw coal production, in 2008, 2009 and 2010, respectively. The mine produces non-coking coal of Grades E and F which is sold primarily to power sector customers in Southern India.

Bharatpur open cast mine, located in the Angul district had a total production of 8.64 Mt, 11.34 Mt and 10.91 Mt in 2008, 2009 and 2010, respectively. The mine works coal seams varying in thickness between 1.52 m and 46.9 m and which dip at between 4˚ and 5˚. The average stripping ratio of the mine is 0.89:1and produces non-coking coal of Grades E and F. Once the coal is extracted and crushed, it is transported on a five kilometer overland conveyor belt system to coal preparation plants and to the rail loading station, facilitating rapid loading of the coal onto a MGR for dispatch to NALCO. A part of the produce is also supplied to power plants from Southern India through rail transportation.

4.3.5 Ib-Valley Coalfield

The Ib-Valley Coalfield in Orissa is one of the oldest mining areas of India. CIL operates in this coalfield through MCL which presently operates seven open cast mines and five underground mines, producing primarily non-coking coal of Grades C, D, E and F.

Mining operations in the coalfield produced 34.35 Mt, 38.80 Mt and 44.34 Mt of raw coal in 2008, 2009 and 2010, respectively which was primarily sold to the thermal power sector.

As part of its expansion plan, CIL intends to develop two 10.00 Mtpa non-coking coal beneficiation facilities in the region.

Lakhanpur and Samleshwari are the two most important mines in the coalfield on the basis of production in financial year 2010, and accounted for 5.3%, 5.4% and 5.5% of CIL's total raw coal production in 2008, 2009 and 2010 respectively.

Lakhanpur is an open cast mine and is located in the Jhasarguda district of Orissa. The mine works coal seams varying in thickness between 0.1 m and 33.5 m and which dip at between 4˚ and 5˚. The average stripping ratio of the mine is 2.34:1. The mine had a total production of 10.33 Mt, 11.78 Mt and 13.06 Mt in 2008, 2009 and 2010 respectively and produces non-coking coal of Grade F which is primarily sold to a thermal power station through a MGR system owned and operated by the thermal power station and to different power stations through railway sidings.

The original production capacity at Lakhanpur mine as per the project report was 5.0 Mpta and to cater to the additional requirements of the power sector, CIL is currently expanding its production capacity to 15.0 Mpta which should be attained in 2011.

Samleshwari is another important project in the coalfield. The coal seams being worked here vary in thickness between 17.1 m and 25.2 m and they dip at between 2˚ and 5˚. The average stripping ratio of the mine is 2.24:1. The mine had a total raw coal production of 9.71 Mt, 10.19 Mt and 10.76 Mt in 2008, 2009 and 2010 respectively and produces non-coking coal of Grade F.

4.3.6 Wardha Valley

The Wardha Valley Coalfields are situated in the valley of the Wardha River, lying mainly in the Chandrapur district of Maharastra. The coalfields trends in a NW-SE direction extending over a distance of 115 km and cover an area of about 4,130 km^2. The coal bearing Barakar rocks are only 76 m thick and occur in patches and coal is rarely found in the outcrops

Mining operations at the Wardha Valley Coalfield are managed by WCL and the coalfield produced 27.79 Mt, 28.90 Mt and 29.32 Mt of coal in 2008, 2009 and 2010 respectively.

WCL currently operate 26 open cast mines and 12 underground mines in the coalfield, producing mainly non-coking coal of Grades B, C, D, and E which is primarily sold to the thermal power generation companies.

Padampur and Niljai mines are important mines from the coalfield and accounted for 1.4%, 1.4% and 1.3% of CIL's total raw coal production in 2008, 2009 and 2010 respectively.

Padampur is an open cast mine located in the Chandrapur district in the state of Maharashtra. The Padampur mine works coal seams varying in thickness between 17 m and 23 m which dip at between 8˚ and 14˚. The average stripping ratio of the mine is 4.0:1 and the mine had a total raw coal production of 2.36 Mt, 2.43 Mt and 2.45 Mt in 2008, 2009 and 2010, respectively. The mine produces non-coking coal of Grade C, D and E which is primarily sold to CTPS and the private sector, such as the cement industries.

Niljai mine is also an open cast mine located in the Yeotmal district in the state of Maharashtra. The Nijai mine works coal seams varying in thickness between 15.7 m and 19.2 m, which dip at between 9˚ and 11˚. The average stripping ratio of the mine is 3.13:1and the total production was 3.00 Mt, 3.02 Mt and 3.27 Mt in 2008, 2009 and 2010 respectively. The mine produces non-coking coal of Grades D and E which is primarily sold to power generation companies.

4.3.7 Jharia Coalfield

The Jharia Coalfield lies in the State of Jharkhand, about 260 km. northwest of Kolkata. The arcuate coalfield, measuring about 40 km in length and 12 km in width, occupies an area of nearly 450 km^2 within which BCCL operates mines covering a leasehold area of some 258 km^2.

The coalfield is characterised by the presence of up to 46 coal seams averaging 4.5 m thick, but which can be up to 55 m thick. It has one of the highest concentrations of thick coal seams in the world. About 25 seams account for most of the coal mined from the coalfield. In ascending order, seams 1 through 8 produce boiler fuel whereas seams 9 and higher are best suited for coking purposes.

A majority of the mines in the coalfield are underground mines while 17 are opencast and 23 mixed mines (includes both open cast and underground mines). The operations primarily produce coking coal of Grades Steel-I and II direct feed metallurgical Grades of steel coal, Washery-I, II, III and IV Grades of coking coal and B, C and D Grades of non-coking coal and most of the coal produced is sold to steel and power companies after washing. CIL's operations at the Jharia coalfield produced 23.62 Mt, 24.14 Mt and 27.45 Mt of raw coal in 2008, 2009 and 2010 respectively.

The Muraidih, Block-II and Moonidih mines are the most significant open cast and underground mine in the coalfield.

Muraidih Mine is an open cast project located in Dhanbad district. The mine has coal seams varying in thickness between 0.9 m and 22.3 m which dip at angles of between 6˚ and 9˚. The average stripping ratio of the mine is 1.27:1 (tones waste:tonnes ore). Muraidih mine had a total production of 2.87 Mt, 3.06 Mt and 2.65 Mt in 2008, 2009 and 2010 respectively. The mine produces coal of Grades W-III and W-IV which is primarily sold to power generation companies.

Block-II mine is an open cast mine and is also located in Dhanbad district. The mine works coal seams which vary in thickness between 0.7 m and 24 m and which dip at angles of between7˚ and 15˚. The average stripping ratio of the mine is 4.49:1. The Block-II mine had a total production of 1.32 Mt, 2.14 Mt and 2.46 Mt in 2008, 2009 and 2010, respectively and the coal it produces is primarily sold to power generation companies.

Moonidih is an underground mine, located in the Dhanbad district and was CIL's first mechanised longwall operation. The mine had a total production of 0.20 Mt, 0.17 Mt and 0.20 Mt in 2008, 2009 and 2010, respectively. Moonidih produces coking coal of Grades W II which is sold to steel plants after washing.

CIL has developed a significant investment plan to scale up production from the coalfield which comprises the introduction of new advanced technologies and also increased coal beneficiation facilities.

It should be noted that the coalfield suffers from fires and land subsidence due to historical mining carried out prior to nationalisation of the coal industry. Most of the fires are contained in the uppermost or coking coal seams in the eastern half of the coalfield and at present there are 67 mine fires out of which nine underground fires have been sealed and are now dormant. A plan to deal with these fires and the associated subsidence and rehabilitation and diversion of surface infrastructure has been approved by the MoC and is scheduled to be implemented within 10 years.

4.3.8 North Karanpura Coalfield

The North Karanpura Coalfield is located in Jharkand and CIL's mining operations at the coalfield are conducted by CCL. The coalfield covers an area of 1,20 km^2 and is elliptical in

shape having axes of 64 km in east-west direction and 32 km in north-south direction. The coalfield encompasses several significant mining districts including Ranchi, Hazaribag, Chatra and Latehar. Geologically, the coalfield forms a prominent east-west trending valley between the Hazaribagh plateau in the north and the Ranchi plateau in the south. The north and south Karanpura Coalfields are separated by an east-west trending zone of metamorphism but they are connected near Bachra and Hindegir by a narrow tongue of Talcher Formation rock outcrops. On its eastern edge, the coalfields is separated from the West Bokaro Coalfield by a narrow stretch of metamorphic rocks and in the west, it is separated from the Auranga Coalfield by a 2 km wide zone of metamorphism.

CIL's mining activities in the coalfield are presently restricted to the south central part of this where both opencast and underground mines are operating and which together produced 22.17 Mt, 21.95 Mt and 23.56 Mt of raw coal in 2008, 2009 and 2010 respectively.

CIL currently operate nine open cast mines and two underground mines in the coalfield which produce primarily non-coking coal of Grades B, E and F which is primarily sold to thermal power generation companies. Piparwar, Ashok and K.D. Hesalong are the important mines from the coalfield on the basis of production and accounted for 5.1%, 4.8% and 4.8% of CIL's total raw coal production in 2008, 2009 and 2010 respectively.

Piparwar mine, was constructed by White Industries with international aid finance from Australia. It contains state of the art technology in the form of an in-pit crusher and conveyer belt system and produced 9.00 Mt, 9.00 Mt and 9.51 Mt in 2008, 2009 and 2010 respectively. Coal from the mine is primarily sold to the thermal power plants of Dadri, Badarpur, Unchhahar, Ropar and Bhatinda. As part of its expansion plan, CIL intends to develop an additional beneficiation facility to treat 3.50 Mtpa of non-coking coal on a turnkey basis.

Piparwar is followed by the adjacent Ashoka opencast Project which mines six major coal seams the most important of which is the lower Dakra seam wwhich varies in thickness between 19 m and 29 m. The Ashoka mine had a total production of 6.30 Mt, 7.10 Mt and 7.60 Mt in 2008, 2009 and 2010, respectively. Coal produced from the mine is sold primarily to the power plants of Ropar, Roza, Bhatinda, Panki, Parichha and Patratu. As part of its expansion plan, CIL intends to develop a 10.00 Mtpa non-coking coal beneficiation facility at the mine.

The K.D. Hesalong (KDH) mine is an open cast mine located in the Ranchi district in the state of Jharkhand. The KDH mine works coal seams varying in thickness between 10.1 m and 34.7 m and which dip at between 2˚ and 8˚. The average stripping ratio of the mine is 1.23:1. The KDH mine had a total production of 4.01 Mt, 3.14 Mt and 3.51 Mt in 2008, 2009 and 2010 respectively. It produces non-coking coal of Grade E which is dispatched primarily to the thermal power plants of Patratu, Harduaganj, Parichha, Panki, Tanda, Dadri and Badarpur.

4.3.9 Central India Coalfield

The Jhilimili, Bisrampur, Lakhanpur, Sindurgarh, Umaria, Johila, Sohagpur, Sonhat and Chirmiri coalfields all located in the states of Madhya Pradesh and Chattisgarh together make up the Central India Coalfield (CIC) in which CIL's operations are managed by SECL.

SECL currently operate 15 open cast mines, 56 underground mines and one mixed mine in CIC which produce semi-coking coal of Grade SC II and non-coking coal of Grades A, B, C, D and F.

CIL's mining operations from the coalfield produced 23.40 Mt, 23.35 Mt and 24.72 Mt of raw coal in 2008, 2009 and 2010, respectively. Churcha RO, Chirimiri and Dhanpuri mines are the most important mines on the basis of production in 2010, and accounted for 0.7%, 0.8% and 0.9% of CIL's total raw coal production in 2008, 2009 and 2010, respectively.

Churcha RO mine is an underground mine located in the Korea district in the state of Chhattisgarh. The coal seams it works vary in thickness between 0.9 m and 6.2 m and dip at between 2˚ to 4˚. The mine had a total production of 1.12 Mt, 1.22 Mt and 1.32 Mt in 2008, 2009 and 2010, respectively and produced non-coking coal of average Grade B/C which was primarily sold to cement plants in Gujarat, Rajasthan and Madhya Pradesh.

Chirimiri OC is an open cast mine located in the Korea district in the state of Chhattisgarh. It exploits coal seams which vary in thickness between 1.6 m and 12.4 m and which dip at about 3˚. The average stripping ratio of the mine is 3.75:1. The mine had a total production of 0.90 Mt, 0.97 Mt and 1.20 Mt in 2008, 2009 and 2010, respectively of non-coking coal of average Grade B/C. The coal produced from the mine is transported to railway sidings through the coal handling plant and primarily sold to thermal power generation companies and cement industries.

Dhanpuri OC mine is an open cast mine located in the Shahdol district in the state of Madhya Pradesh. The mine works two coal seams, VI Top which is 7.26 m thick and VI Bottom which is 1.9 m thick both of which dip at between 2˚ and 3˚. The average stripping ratio of the mine is 5.05:1. The mine had a total production of 0.47 Mt, 1.0 Mt and 1.27 Mt in 2008, 2009 and 2010, respectively and produces non-coking coal of average Grade D which is primarily sold to Amarkantak Thermal Power Station and certain other customers of SECL.

4.3.10 Raniganj Coalfield

The majority of the mining in the Raniganj coalfield is done by ECL. A smaller portion of the mining operations in the coalfield is conducted through BCCL. Mining operations conducted through ECL at the Raniganj coalfield produced 17.34 Mt, 17.57 Mt and 17.02 Mt of coal in 2008, 2009 and 2010, respectively. Mining operations at the coalfield produce primarily coal of Grades SC I, A, B, C and D. Coal produced from the Raniganj coalfield is primarily sold to the thermal power sector.

The coal in the Raniganj Coalfield comprises the best type of non-coking coal reserves in the country with average ash percentage of less than 20%. The main features of this coal are high volatile content, long flame, quick ignition and high heat value.

Due to its unique characteristics, Raniganj coal has high demand in the market throughout the country; most of the heat intensive industries, inclusive of for example glass, ceramics, fertilizers, refractories and forging use this coal, and the major portion of export coal from the country is also derived from this coalfield.

Sonepur Bazari opencast mine is the most significant mine in the Raniganj coalfield.

CIL has planned a significant amount of investment to increase production of non-coking coal from the Raniganj coalfield through the introduction of new advanced mining technologies and also coal beneficiation facilities.

As with the Jharia Coalfield, however, the mining areas operated by ECL suffer from fires and land subsidence caused by mining carried out prior to the nationalisation of the coal industry. Notably, good quality non-coking coal occurring in thick seams at shallow depths was mined indiscriminately causing serious problems of subsidence and there remains a threat of land subsidence in several areas in the Raniganj coalfield while the old abandoned mines underlying the populated areas are mostly water logged and unapproachable. A plan for the coalfield dealing with fire, subsidence and rehabilitation and diversion of surface infrastructure has been approved by the MoC and is scheduled to be implemented within the next 10 years.

4.3.11 Rajmahal/Deogarh Coalfield

Mining operations in this coalfield which is managed by ECL, produced 8.32 Mt, 11.94 Mt and 13.10 Mt of raw coal in 2008, 2009 and 2010, respectively.

ECL currently operates four open cast mines in the coalfield which produce primarily non-coking coal of Grades D and F which is primarily sold to the power sector.

Rajmahal is perhaps the most important project in the coalfield. This open cast mine is located in the Godda district in the state of Jharkhand and works flat lying seams which vary in thickness between 1.4 m and 26.5 m. Rajmahal had total production of 7.06 Mt, 10.66 Mt and 11.26 Mt in 2008, 2009 and 2010, respectively and produces non-coking coal of Grade F which is primarily sold to the Farakka and Kahalgaon power stations.

4.3.12 East Bokaro Coalfield

CIL also conduct significant mining operations at the East Bokaro coalfield. Mining operations at the coalfield produced 9.98 Mt, 9.91 Mt and 12.70 Mt of raw coal in 2008, 2009 and 2010, respectively. The East Bokaro coalfield is located in Jharkhand and CIL conducts its mining operations in the coalfield through CCL.

CIL currently operate 10 open cast mines, eight underground mines and one mixed mine in the East Bokaro area. Mining operations at the East Bokaro coalfield produces primarily non-coking coal of Grades W III and W IV, E and F. Coal produced is primarily sold to the thermal power sector.

Amlo mine is one of the most significant mine in the East Bokaro Coalfield on the basis of production in 2010, and accounted for 0.4%, 0.7% and 0.7% of CIL's total raw coal production in 2008, 2009 and 2010 respectively.

Amlo mine is an open cast mine and is located in the Bokaro district in the state of Jharkhand. The Amlo mine has coal seams varying in thickness between 2.0 m and 21.0 m with gradients varying from 7˚ to 10˚. The average stripping ratio of the mine is 1.71. The mine had a total production of 1.43 Mt, 2.81 Mt and 3.13 Mt in 2008, 2009 and 2010 respectively. The mine produces coal of Grades W III, W IV and F. CIL pools the coal produced from the mine into a common basket and supply it to customers.

5 COAL WASHING/PREPARATION

CIL currently operates 17 coal beneficiation facilities, comprising 5 non-coking coal washeries and 12 coking coal washeries. Beneficiated non-coking coal is supplied to thermal power plants, cement plants and other customers. Beneficiated coking coal is supplied to iron and steel plants, and sand middling from coking coal washeries to thermal power plants.

Capacity utilisation at most of the existing coal washeries is constrained by the use of old technology. Low yield and utilisation is also attributed to the typical characteristics of Indian coal. Indian coal which is of drift origin, resulted in intimate mixing of mineral matter with coal, giving rise to a high ash content. The coal-ash distribution in the coal matrix in Indian coal is so interwoven that coal is essentially required to be crushed to small sizes for affecting liberation of coal and ash particles and coal beneficiation largely depends on the difference in specific gravity between coal and ash particles. The Near Gravity Material (NGM) at any specific gravity cut is high, which means at any specific gravity cut there is still quite a large misplacement of coal towards sink and vice versa which creates difficulty in achieving a good separation during coal washing.

In order to enhance the capacity utilisation and improve the performance of the existing facilities, several of the washeries are being modified and/or upgraded. These initiatives include certain modification work at CIL's Giddi non-coking facility in CCL, which is linked to Urimari opencast mine, the installation of a fine coal beneficiation circuit and enhancement of capacity of the loading bunkers at Sawang coking coal washery in CCL, the replacement of jigs and installation of a spiral concentrator plant at Nandan, the installation of a primary crushing plant at Kedla and replacement of jigs at Rajrappa, CCL. BCCL has also commenced a specific initiative aimed at modernising all of its existing washeries which are around 40 years old.

As part of its expansion plans, CIL has planned to develop 20 additional coal washeries, of which 15 would be for non-coking coal and five for coking coal. The majority of these are proposed to be developed on a "build-own-operate" (BOM) basis with the remaining facilities on a turnkey basis. CIL expects that these 20 additional coal beneficiation facilities, with an aggregate proposed feedstock capacity of 111.10 Mtpa, would be completed in phases during the 12th Five-Year plan period. The required capital expenditure for these has been estimated to be Rs.23,275.00 million (approximately USD515 million).

Two washeries are also planned to be constructed by ECL . The washeries planned would be one at Chitra East OC with a capacity of 2.5 Mtpa and another at Sonepur Bazari with a capacity of 5.00 Mtpa. Six new washeries are proposed to be installed and operated on a BOM basis for a total capacity of 18.60 Mtpa in different locations of BCCL. CCL plans to construct a coking coal washery with a 2.5 Mtpa capacity at Dhori and four non-coking coal washeries for the Ashok Expansion, Karo, Konar and Piparwar opencast projects. Finally, washeries are also planned to be constructed by SECL in the Kusmunda and Raigarh Areas.

As part of its long term business plan, CIL intends that all new open cast mines with coal production capacities greater than 2.5 Mtpa and not linked to pit-head customers would be equipped with dedicated coal beneficiation facilities.

6 MINE INFRASTUCTURE AND FACILITIES

Engineering infrastructure, mine facilities and transport systems at the operating properties comprises a wide range of operating technologies. The level of supporting infrastructure and services is dependent on the location of the operation in relation to industrial centres and major access routes and the planned production capacity of projects. Surface and underground infrastructure requirements, material handling, ventilation for underground mines, pumping, transportation and dispatch of coal and power supply are all addressed by CIL in the Project Reports it prepares for each of its mining projects.

Capital expenditure programmes for services, infrastructure and transport are also covered in detail in Project Reports. Long term plan documents prepared for each subsidiary address the capital expenditure requirementsand allocation for development, on-going and expansion projects. SRK has reviewed such plans for CIL's major operating subsidiaries. Visits to a few key opencast and underground mines were also undertaken during which both surface structures and associated infrastructure were inspected.

Surface mining operations are typified by their high degree of mechanisation and relatively high productivity in comparison with their underground counterparts. Access and service infrastructure at open-pit operations reflect their scales of operation and location with respect to primary access routes. In all instances however, these are based on the typical requirements for open-pits utilising various earthmoving equipment (truck-shovel, draglines and Surface Miners) and include primary crushing facilities, RoM stockpiling facilities, waste dumps, consumable storage facilities, power supply systems and reticulation, water storage, workshops, mine offices and accommodation, and auxiliary infrastructure buildings.

CIL's underground mining operations comprise access infrastructure to convey personnel, materials and equipment to and from the working areas and associated services to support mining operations. Surface access infrastructure for personnel primarily include inclines and drifts with mine cars and chairlifts in select highly mechanised mines.

Associated underground infrastructure includes belt conveying systems, crushing stations, storage bunkers, water dams, pumping stations, temporary storage magazines, first aid stations, rest shelters, refuge bays, and power and water reticulation systems. Associated surface infrastructure includes primary ventilation fans, headgear arrangements, winders and winding engine room, tipplers, dispensaries, office blocks and training centres, workshops and stores, magazines, pit head baths, lamp rooms, change houses and accommodation and canteens. Certain more material properties also have a number of service and supply centres. These include compressed air supply stations, boiler housing and major workshops for repair of major plant and equipment.

Most opencast mines have a maintenance workshop which provides a day to day repair and maintenance function. Major repairs/overhauls are, however, done in Regional/Central workshops. Unit workshops for mines also handle repair/rewinding of AC & DC motors and generators, small capacity transformers, switchgears, repair of pumps and motors. In some unit workshops small non-sophisticated yet critical spare parts are also manufactured. Some of the larger opencast projects have more dedicated resources and infrastructure to cater to the projects maintenance. Mechanised underground projects have independent workshops to render regular repair and maintenance services.

Coal is transported from the mine/working face to dispatch points primarily via conveyor belts and tipping trucks. In some cases the coal is transported directly from the mine face to pit-head customers via conveyor belts or rope-ways. More generally, however, it is delivered to the customers from the dispatch points primarily through road, rail or dedicated rail merry-go-round (MGR) systems owned and operated by the customers. CIL also transports coal from the mine/working face and/or from the dispatch points to different internal consumption centers such as beneficiation facilities, coke-oven plants and boilers.

For long distance transportation, coal is loaded onto either trucks or rail cars at railway sidings which connect CIL's mines with the major railway lines. All consignments dispatched are weighed at weighbridges located at the dispatch points.

Rail transportation operated by the Indian Railways is the main mode of transportation utilised for the long distance transportation of coal. Historically, coal dispatch volumes have been constrained by inadequate transportation capacities, including non-availability of adequate rail. It is expected that dedicated freight corridors currently being constructed by Indian Railways will result in increased transportation capacities for coal. CIL have entered into a memorandum of understanding with RITES, a subsidiary of Indian Railways, in June 2010, pursuant to which RITES will provide consultancy services in connection with the upgrade of existing track and development of additional railway track connectivity. In order to improve railway track connectivity between its existing customers and new projects, CIL has already commenced various initiatives, including the construction of a 93 km broad-gauge line between Tori-Shivpur and Hazaribagh connecting the North Karanpura coalfields, the construction of a 53.50 km railway line between Gopalpur and Manoharpur for transport of coal from the Basundhara-Garjanbahal area of the Ib Valley coalfield and the construction of a 61 km railway track in the Mand-Raigarh coalfield. The Tori-Shivpur railway siding, which is being constructed in two phases, will be crucial to CCL in the future. The expected dispatch from Tori – Shivpur railway line from CIL mines is about 80.50 Mtpa.

Coal loading in some legacy mines is generally slower than that in the newer mines primarily due to the non-availability of rapid loading systems. CIL intends to strengthen its internal coal handling and loading infrastructure to improve the efficiency of dispatch systems through increased utilisation of automated loading facilities and automated truck dispatch systems for efficient fleet management.

Notwithstanding the age of the general infrastructure at some projects, SRK considers that all surface and underground infrastructure is reasonably maintained and equipped and, in conjunction with the planned maintenance programmes, including specific remedial action and expenditure of projected ongoing capital allowances, is adequate to satisfy the requirements of the LoM Plans. Furthermore, SRK considers that the power generation and distribution, water sourcing and reticulation systems are appropriate for operations as envisaged in the individual LoM Plans.

7 ENVIRONMENTAL MANAGEMENT

CIL's mining operations are subject to numerous environmental laws and regulations relating to air emission, water discharge, hazardous substances, waste management, mining site reclamation and restoration, and ground water quality and availability. In SRK's view, CIL has established and maintains a comprehensive environmental management system to facilitate compliance with applicable laws and regulations.

This section of the report is based on a review of environmental and social policy documentation and annual reports; a review of CIL"s corporate policy, site visits to selected key opencast sites and interaction with CIL regarding applicable laws, reporting requirements, potential breaches and liabilities.

CIL is committed to follow environmentally responsible practices and to abide by relevant environmental laws and regulations in all aspects of its business. The main corporate objective is to lay down guidelines for the operating subsidiary companies so that the subsidiaries can in turn formulate strategies, develop methodologies and generate work plans to match their activities with the guiding principle of sustainable development. These involve compliance with the environmental statutes, guidelines and instructions from legal agencies and carrying out activities in accordance with provisions of EIA/EMP, clearance letters and consent letters.

CIL conducts environmental impact assessments for all its mining and non mining projects prior to seeking Environmental Clearance. Installations to prevent and control pollution at mining and washery projects are designed, built and commissioned together with the project.

CIL has developed comprehensive mine reclamation and rehabilitation strategies for its mines. Reclamation of mined out areas is carried out according to the Environmental Management Plan approved by the MoEF. When overburden is removed, the initial overburden is dumped out of the pit while subsequent overburden is typically dumped into the pit as back-fill. Erosion control systems, perimeter drains and water-settling ponds are constructed to intercept and treat water discharged from the mining site. Topsoil is first removed and dumped in an identified site for preservation until utilised for reclamation. Topsoil is provided on overburden, which is graded and contoured for plantation with native multi species of plants including fruit bearing, medicinal and commercial categories. Concurrent reclamation and rehabilitation of mined out areas (subject to technical feasibility as per geo-mining conditions) is carried out for gainful land use. The reclamation and rehabilitation planning of mines is reviewed on a regular basis.

As reclaimed areas reach their design profile, they are graded, topsoil is spread on the surface and rapidly growing trees are planted. CIL has planted approximately 73 million trees, as of 1 April 2010. CIL also have various tree nurseries located within the different coalfields, notably at Korba, Kusmunda, Gevra, Johila, Sohagpur, Bisrampur, Baikunthpur, Chirimiri and Bhatgaon, to support its tree plantation initiatives. CIL has also initiated the process of integrating its environment management system (ISO: 14001) with its quality management system (ISO: 9001) and as of June 2010, 53 of its projects including one coal beneficiation plant have been accredited with ISO: 14001 certification. CIL intends to integrate these systems in all its mines in due course.

CIL has also implemented satellite surveillance for land reclamation and restoration and reforestation and rehabilitation activities. This was introduced in financial year 2009 to monitor the land reclamation and reforestation of CIL's major open cast mines. The objective of the monitoring is to assess the area of backfilled, plantation, social forestry, active mining area, water bodies, and distribution of wasteland, agricultural land and forest in the leasehold area of the project.

Of the 163 open cast mines currently being operated, 49 open cast projects producing more than 5.0 million m^3 of material (m^3) (which includes coal and the overburden) per annum,

have been identified for yearly monitoring, while the remaining 114 open cast projects producing less than 5.0 million m^3 per annum are to be monitored once in every three years.

Mine closure forms an important aspect of land restoration. CIL seeks environment clearance in accordance with its mine closure plans and allocates funds for such mine closure plans in accordance with the guidelines of the MoC. CIL is also reclaiming and restoring certain abandoned/mined-out areas in socially acceptable ways. Notably the Munshi Quarry in the Makum coalfield and a mined-out area in the Umrer coalfield have both been converted into parks and one of the overburden dumps at the Ananta opencast mine in the Talcher coalfield has been converted into a herbal garden.

CIL also actively promotes various programmes for the enhancement of the health, education and economic well-being of the communities located near its mines. CIL's Corporate Social Responsibility ("CSR") initiatives are principally focused on project affected persons and persons living within a radius of 15 km of its project sites to provide welfare measures based on immediate and long term social and community development programmes. In addition, CIL has developed a policy for community and peripheral development, pursuant to which it supports infrastructure programmes, including for sports facilities, roads, schools, places of worship, clinics and water facilities near its mines. CIL also provide skills development and capacity building programmes such as vocational training programmes, income generation programmes and entrepreneurship development programmes. In addition, CIL conduct awareness programmes and community activities such as health camps, medical aides, family welfare camps, AIDs awareness programmes, sports and cultural activities and immunisation camps. CIL also conducts literacy and adult education programmes and assists in the formation of village working groups and other women groups. CIL works with local NGOs to develop farming and cottage industries which provide economic independence to the local communities near its mines.

In addition, as part of its CSR initiative for education, CIL supports technical and vocational educational institutions, provides assistance to primary, middle and higher secondary school, provide parental counseling, runs awareness programmes for the education of girls, and provides scholarships. CIL has established educational institutions that offer courses in engineering, nursing, management studies, medicines and other technical courses. As of March 31, 2010, these initiatives supported 590 educational institutions, provided 85 hospitals with 1,565 doctors and 5,835 hospital beds and 424 dispensaries. CIL also provides water supplies (including drinking water supplies) by installing hand pumps, tube wells, rain-water harvesting schemes, digging or renovating wells.

In order to fund its CSR activities under each subsidiary, CIL allocates 5.0% of the subsidiary's profit in the previous fiscal year (subject to a minimum of Rs.5.00 per tonne of raw coal production), of which 4.0% is allocated towards CSR activities within a radius of 15 km of the project site and the balance 1.0% is allocated towards CSR initiatives to be carried out by the respective subsidiaries in the state in which they operate. In order to fund its CSR activities, 2.5% of the retained profit of the previous fiscal year is allocated for CSR activities, of which 1.5% is allocated towards CSR activities in the states that are not covered by its subsidiaries as well as for supporting CSR activities of subsidiaries that may not have recorded a profit in the previous fiscal year, and the remaining 1.0% is allocated towards local CSR initiatives.

CIL adopted a new rehabilitation and resettlement policy in March 2008. The main objectives of this policy are to improve the standard of living of the project affected persons by providing them educational, medical and other facilities, to avoid disturbance to local communities and to resettle project affected persons in close association with non-governmental organisations. The policy also aims to pursue best practices for CSR initiatives in the vicinity of coalfields and to ensure community involvement and participation. CIL's resettlement and rehabilitation activities involve offering project affected persons employment and rehabilitation packages, compensation to persons whose houses are acquired, self employment to sharecroppers, land lessees, tenants and day laborers, self employment to landless tribals who are dependent on forest produce and community facilities and activities under our CSR initiatives.

CIL has also started implementing Surface Miners in its operating subsidiaries where the geology and mining environment is favourable for their use. Surface Miners eliminate the need for drilling, blasting and crushing operations in coal production and hence limit pollution caused due to mining operations.

8 ECONOMIC ASSESSMENT

SRK has reviewed many of CIL's Project Reports in order to evaluate the process CIL follows for determining project costs and undertaking financial analyses to determine the financial viability of its projects. The cost of production includes capital cost, operating cost and replacement cost components. The discounted value of the capital cost, operating costs, replacement cost and the production cost for each year during the economic life of a project is calculated at the rate of discount specified by the Government. The cost of production is typically estimated at both 100% and 85% production capacity. CIL uses notified prices for different coal grades for its economic analysis. Profitability is estimated at different levels of production to test the robustness of a project and projects are considered to be viable if the Internal Rate of Return (IRR) is estimated to be more than 12% at 85% of the targeted capacity. When such analysis does not yield a minimum IRR of 12% at the notified price during reporting, projects are permitted if consumers that are willing to pay on a cost plus basis i.e. the prices determined to yield a minimum IRR of 12.0%. Coal is currently supplied on a cost plus basis at some of WCL's mining projects based on coal supply agreements entered into with Maharashtra Electricity Generation Company Limited.

SRK has reviewed historical production and cost figures for all of CIL's operating opencast and underground mines and statements of Profit & Loss for each mine.

Open cast coal mining recovers a greater proportion of the coal than underground mining. Large open cast mines use large capacity equipment and provide economies of scale. Most of the underground mines are loss making due to difficult geological and mining conditions, low productivity, and excess manpower. The price of raw coal sold under fuel supply agreement (FSA) does not fully reflect market prices for coal in India or in international coal markets, which also impacts performance. To overcome the problem CIL has already initiated a few measures such as implementation of new technology to increase mechanisation and gradual reduction of manpower or salary and wages cost components, Price negotiations with the consumer to operate the loss making mines on cost plus basis and to operate under joint venture agreements are also in progress to minimise losses from these underground operations.

9 CIL'S RESOURCE AND RESERVES ESTIMATION AND REPORTING PRACTICES

9.1 Introduction

This section summarises CIL's methodology for assessing reserves (CIL do not use the term "resources"). Specifically it comments on CIL's exploration processes, the techniques it uses and the quality and quantity of data it collects for use in the resource determination process and finally the methods and techniques CIL uses to convert resources to reserves and in particular the depth of any associated technical and economic studies carried out as part of such.

9.2 Exploration & Data Acquisition Procedure

Exploration for coal in India is carried out in two stages. In the first stage, the Geological Survey of India (GSI) undertakes Regional Exploration aimed at locating the potential coal bearing areas. This work is undertaken on a continuous basis. In the second stage, Detailed Exploration is carried out in potential blocks identified through Regional/Promotional Exploration in consultation with CIL's operating subsidiaries. Detailed Exploration is carried out by CMPDI.

Detailed Exploration is funded by CIL and its subsidiaries from its capital budget. CMPDI then directly, and in a limited manner through MECL, carries out Detailed Exploration in blocks within CIL's areas. With the increase in its exploration activities, CMPDI now also engages private agencies through a tender process to assist with this exploration.

The aim of the Detailed Exploration is to establish the continuity, orientation and geometry of the coal seams within the defined areas, prepare detailed seam profiles, make a confident assessment of the coal tonnage and quality potentially amenable to exploitation, determine the likely mining method and calculate the volume of the overburden.

The pattern and density of drilling is dictated by the sub-surface geology and geological complexity. No strict norms are set out but a broad guideline is made available to all exploration camps, a copy of which was also made available to SRK for review.

9.2.1 Exploration planning

Detailed Exploration is planned based on data available from Regional Exploration and knowledge of sub-surface geology available from adjacent coal blocks or operating mines, opencast or underground. The most common pattern used for drilling is a square grid pattern in which boreholes are drilled on a 400m grid. This is not, however, the optimum pattern in all situations and the specific pattern and density of drilling used is ultimately decided based on the understanding of the terrain and sub-surface geology and requirement to prove structural discontinuities, incrop zones and seam subcrops.

As required by the Indian Standard Procedure (ISP) for resource ("geological reserve") estimation, the area of influence of a positive point of information (Point of Observation) is 200m for the Proved category. It is therefore recommended that the distance between two boreholes, whether in a grid pattern or otherwise, showing high degree of variability with respect to seam thickness, should be maximum 400 m. Notwithstanding this, in structurally complex areas and areas where there is a high degree of variability with respect to seam thickness or quality of seams, or in highly faulted areas, boreholes are drilled at a closer spacing than this.

In summary, the guideline document for exploration provides recommendations on drilling density based on the type of area to be detailed explored.

Core drilling is the principal method that CIL/CMPDI uses to delineate the coal resource. With time, CMPDI has upgraded the technology and capacity of the drilling rigs. CMPDI now typically uses wireline drilling technique and core sizes of PQ, HQ, NQ and BQ.

At present CMPDI has 57 drill rigs, among which 55 are deployed to different exploration camps as summarized below in Table 9-1.

The entire length of core recovered is megascopically examined and logged. The recovered cores are logged immediately at the drill sites for geological and geotechnical information. The geological logs include lithology, grain size, compaction and structural data such as fractures, bedding etc. and the geotechnical logs cover core recovery, RQD and core loss. The cores are logged by geologists for run-wise recording of the thickness of the individual litho-units. The minimum length logged for each individual litho-unit is 5 cm. In cases, where recovery of cores are less than the drilled length, the core losses are adjusted among the different litho-units of the same run according to their physical characters and taking the specific information, if any, from the drilling crews for that particular run. The observations and measurements are then recorded on a pre-defined format and graphical log sheets.

All individual coal horizons of more than 50 cm thickness are marked for sampling during the geological logging. After completion of the borehole, each marked coal band is sampled and packed separately in durable polythene sheets/tubes with unique sample numbers. The packed sample intervals are then placed in hard core boxes and dispatched to either to CMPDI's headquarters in Ranchi or to different regional institutes of Central Institute of Mining & Fuel Research (CIMFR), for carrying out band by band analysis.

After the receipt of the band by band analysis, seam sections are delineated and laboratories are then requested to run an entire range of analyses, which includes proximate, ultimate and other special tests. Selected samples are also taken for petrographic study, mineral phase analysis through XRD and scanning electron microscopy.

9.2.2 Data Synthesis & Geological Interpretation

The geological data generated from each exploration campaign along with any useable historic exploration data from the block and adjacent blocks/mines is used to interpret the geology and structure. All borehole data is processed through 'CEMPGEODOC', an in-house software package developed by CMPDI, Ranchi. The software enables validation of basic lithology and provides output of analytical data, graphic lithologs, seam correlation, seam structures, descriptive lithologs, and descriptive band by band statements. The extracted data is finally fed into Minex software (Minex). Geological models created through Minex are also used to generate different plans of, for example, floor contours, roof contours, seam folios, total depth lines, Coal:O.B. ratio and total O.B. All the contours and seam folios generated through Minex are then exported into Autocad for preparation of appropriate plans.

Table 9-1: Number of Drilling Rigs under CMPDI

Regional Institute	Number of Rigs Deployed
RI - I (Asansol)	7
RI-III (Ranchi)	10
RI-IV (Nagpur)	9
RI-V (Bilaspur)	14
RI-VI (Singrauli)	3
RI-VII (Bhubaneswar)	12
Total	**55**

9.2.3 SRK Comments

In SRK's opinion, extensive and appropriate guidelines are in place within CIL that govern exploration practices and reporting. These appear to be followed in a consistent manner at different operations subject to the flexibility to undertake additional work where appropriate.

SRK is confident that sufficient data of sufficient quality is collected to support reliable estimates of tonnes and grade and resource estimates as defined by international reporting codes.

9.3 Resource Estimation Procedure

This section of the report comments upon the processes CIL uses to derive estimates of resources as this term is defined internationally i.e. the amount of in situ coal present in the ground that has the potential to be mined economically. The term resource has been used for this material in this report regardless of the fact that CIL itself generally refers to this material as a reserve. SRK has retained the use of the term reserve for that material which is predicted to be produced by a mine and either sold as product or is subsequently upgraded within a washing plant.

CIL follows ISP for coal resource estimation. ISP is a guideline defining a procedure for coal resource estimation in existing and closed mines and in virgin leased and unleased areas (ISP 1989). The guideline was first promulgated in 1957 by the Committee on Assessment of Resources (CAR), a unit within Coal Council of India (CCI) with the intention to provide uniform rules and definitions for geologists and mining engineers so that the estimates prepared in different areas and by different persons could be suitably correlated and combined. In 1989, the Task Force on assessment of coal resources constituted by Central Geological Programming Board of Geological Survey of India re-assessed the ISP and provided a revised guideline (known as "ISP – 1989").

There is also now a separate template (checklist 1999) which sets out how a Geological Report is to be framed and resource reported.

9.3.1 General Consideration for Resource Estimation

Assuming the existence of coal in an area has been proven at several data points (drillholes), the tonnage of coal present in that area is determined by estimating the effective seam thickness and areal extent and bulk density of the coal seam from the available data points. The coal type (coking & non-coking) influences the criteria used to limit resources, for example the minimum thickness criteria. Similarly the likely extraction technique also influences the definition of critical resource parameters for example the minimum seam thickness, maximum allowable dirt band thickness etc.

After the coal type and potential method of mining have been established, the two key criteria used to classify the resulting estimates are data spacing and distance.

Figure 9-1 illustrates the process of geological modeling, resource estimation and reporting followed.

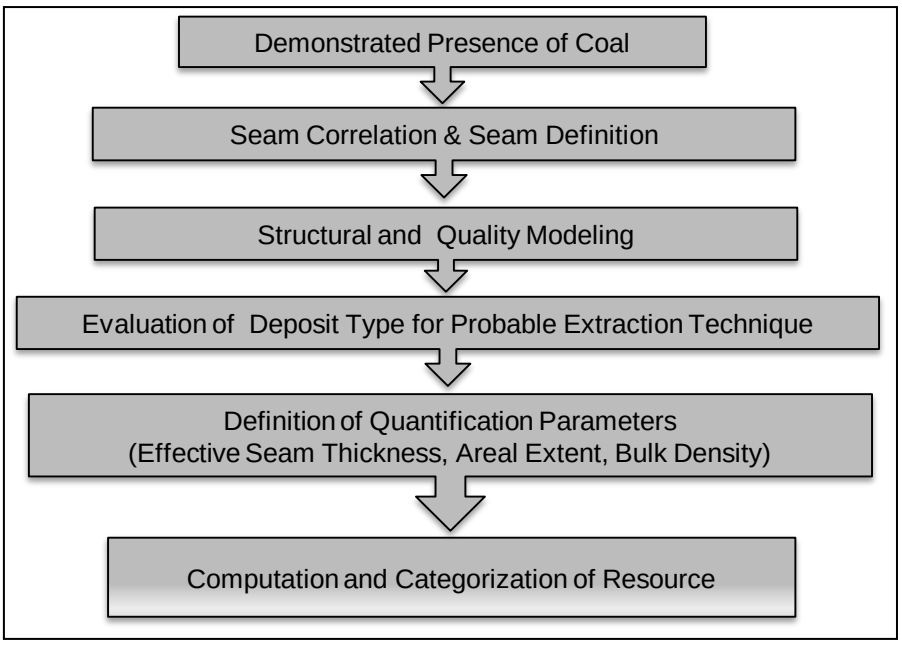


Figure 9-1: Process flow for Resource Estimation and Categorisation

Seam folio plans with thickness and grade variation contours are used for tonnage and quality estimation. Since 2000 CIL/CMPDI has used a computerised coal resource model to estimate its coal resource. The procedure followed comprises the steps as set out below:

The effective thicknesses of the coal seams are determined after the chemical analyses have been plotted to draw isochores of seams to be considered for reserve estimation. Isochore maps in respect of all workable coal seams are prepared, on the basis of I_{100} or I_{30} depending on whether the prospect is amenable to opencast or underground mining.

Isogrades are drawn to delineate the areas of various grades of coals, taking into consideration the ash level and allowing for all combustible and non-combustible dirt bands. Where the overall ash content of the seam exceeds 35%, the coal is placed in the non-coking category for the purpose of reserve estimation even though the coal may exhibit medium coking properties. The grading of such coal is carried out on the basis of useful heat units as given in the GoI Notification of July 1979.

Floor contours are drawn on the assumption that the variation between any two points of observations is uniform and gradual.

The area so delineated for each seam is multiplied by the average of thickness of enclosing isochors so as to arrive at the volume of coal.

In case of incrop zones, half of the total thickness of the seam is considered for determination of volume of the coal. In case of thick seams isochores within the incrop zones are also drawn and reserves are estimated accordingly.

Following this, the volume of coal is calculated grade-wise, depth-wise and coal: overburden cut off ratio-wise by measuring the area between the two successive isochores (i.e. iso-thickness lines) and by then multiplying this by the average thickness value of corresponding isochores.

Overburden ratio lines of seam folio plans are drawn by subtracting borehole-wise total effective thickness of coal seams from respective depth values of the floor of the Seam and

then dividing by total effective thickness contours are produced. The topography is also considered for drawing overburden ratio lines.

Areas arising out the interplay of isogrades and isochores within each sub-sector are measured with the help of planimeters, within the barriers and also outside the barriers.

The gross reserve is then calculated by multiplying the volume thus obtained by the specific gravity for the particular grade of coal.

A deduction of 10% of the gross reserve is made in order to obtain the net reserve of coal.

The areas falling within heave zones of faults are not considered for the reserve estimation. If exploration blocks are affected by faults or other geological structure, CMPDI divides the area into different sectors and estimates the resource for each sector.

Resources which fall under river, highways, power lines and railway tracks are estimated separately.

9.3.2 Resource Reporting

The Geological Report (GR) is the formal document CIL uses to report what it describes as a Geological Coal Reserve. It provides details of the exploration work undertaken in a block, seam details and information on partings and dirt bands intersected and considered during resource estimation, assumptions made for structural and quality modelling along with a detailed account of the estimation process followed.

GR's are prepared following a template produced by CMPDI and by or under supervision of suitably qualified and experienced geologists.

The ultimate objective of preparing a GR is to establish the quantity and quality of coal present in a given area and the mining method likely to be used to exploit this.

ISP provides a guideline to classify the resource, based on the borehole spacing. Resources are classified as a "Proved Reserve", an "Indicated Reserve" or an "Inferred Reserve". Table 9-2 presents an overview of the ISP Resource categories and CIL's interpretation of these.

Table 9-2: Resource Categories and CIL's Interpretation

ISP Resource Categories	CIL Interpretation	
Proved Geological Reserve	1	Coal that falls within a radius of 200m around boreholes
	2	Based on Detailed Exploration only
	3	Data are sufficient to undertake technical and economic appraisal and to enable an evaluation of economic viability with a high level of confidence
	4	High level of confidence in, and understanding of, the geology and the controls of the mineral deposit
Indicated Geological Reserve	1	Coal that falls within a radius of 1000m around boreholes
	2	Based on Detailed Exploration and Regional Exploration and considered to be reasonably prospective
	3	Only a portion of the data are considered to undertake the technical and economic appraisal
	4	Lower level of confidence than that applying to a Proved Geological Reserve, but has a higher level of confidence than that applying to an Explored Inferred Geological Reserve
Explored Inferred Geological Reserve	1	Material occurring within the influence area of beyond 1 km and up to 2 km from the point of observation
	2	Based on Regional Drilling
	3	Material not considered in any technical and economic evaluation
	4	Lower level of confidence than that applying to an Indicated Geological Reserve
Unexplored Inferred Geological Reserve	1	Material occurring within the influence area of beyond 1 km and up to 2 km from the point of observation
	2	Estimated based largely on Geological Mapping
		Data are not considered sufficient to support a technical and economic appraisal
	4	Lower level of confidence than that applying to an Explored Inferred Geological Reserve

9.3.3 SRK Comments

CIL follows the ISP for coal resource estimation and reporting. This is an established guideline which incorporates some flexibility to enable the responsible geologist to reflect the true characteristics of the orebody being evaluated but is reasonably restrictive and hence ensures consistency of reporting.

While SRK notes that CMPDI has a good practice of drilling in-fill boreholes within the prescribed borehole spacing (for detailed exploration) and therefore the resources quoted could be expected to provide good local estimates along with the global estimate, SRK considers that geophysical techniques especially downhole geophysics should be used more frequently and more holes should be targeted for logging. Similarly, more samples could be selected for geotechnical analysis especially for deposits with underground mine potential.

Most notably the ISP guideline ensures that cognisance is taken of the amenability of the orebody being assessed to exploitation and ensures that appropriate quality, depth and geometry factors are considered as part of the process.

The guideline also uses four different reporting classifications ensuring that the confidence of the reporting geologist is reflected in how the estimated tonnages and grade are reported.

Based on the reports reviewed by SRK it appears to SRK that CIL is following the guidelines as intended and SRK is confident that the resulting estimates produced by CIL provide a sound basis for determining the extent and quality of material it has on its assets that is amenable to mining.

9.4 Reserve Estimation Procedure

The reserve estimation process followed by CIL and its planning subsidiary CMPDI is shown graphically in Figure 9-2. The process is initiated by exploration and data collection followed by geological interpretation as part of the resource (“geological reserve”) estimation. Other non-resource inputs or modifying factors are then considered to first produce a Mineable Reserve estimate and then an Extractable Reserve estimate. The modifying factors include the economy of mining the coal, the reserve available, the quality of coal to be mined, geo-mining conditions, surface constraints, the demand for coal and environment & social factors.

Typically, CIL only considers “Proved Geological Reserve” in undertaking a Mining Study. In some cases, Indicated/Inferred category of Geological Reserves are also considered in which case capital provisions are made for further exploration for updating the category to the Proved one as part of the mine development. Once these Indicated/ Inferred Reserves (after additional exploration) are reported in the Proved category, the concerned PRs are revisited for extraction of such additional Proved category reserves. These Indicated/ Inferred category reserves are not taken into account while estimating the extractable reserves of the concerned geological blocks during project evaluation (projectisation).

Certain losses are inevitable during mining (coal left in the roof or floor of coal seam in underground mines for example and in mining benches in open cast mines). There is also a possibility of some contamination of coal extracted from the seam with the waste rocks (stone) in its roof and/or floor which increases the quantity of coal mined but reduces its quality due to what is termed as “dilution factor”. Geological disturbances, such as faults, dykes and sills, may also make certain reserves unavailable for mining. The net reserves available for mining in the block after taking into account mining losses and dilution factors as determined by CIL are referred to as ‘Mineable Reserves’.

These mineable reserves, however, do not take into account the fact that a percentage of this material will be lost or sterilised due to surface and geotechnical constraints and not actually extracted or recovered during mining depending upon the mining method and technology

deployed in the mine. CIL therefore uses another term, 'Extractable Reserves', to describe the material estimated to actually be recovered during the mine life and the percentage of mineable reserves actually recovered defines the Extraction or Recovery Ratio. This ratio (of coal actually recovered to total mineable reserves) could be as high as 90-95% in open cast mines but is typically less for underground mines. The highest recovery of reserves is obtained in underground mines employing long wall technology (60-70%) and the lowest in mines adopting a bord and pillar method of mining. Similarly recoveries of 40-50% in mechanised bord and pillar mines at depths less than 300 m reduces sharply at depths of more than 300 m because of necessity of leaving larger sized ribs and pillars for support. The recovery may be less than 15-20% if coal is extracted in the development stage of mining only leaving large amount of reserves standing on pillars (which are not depillared due to prevailing geo-mining and socio-technical reasons) as has actually happened in the underground mines operating mostly during pre-nationalisation period and in some mines even after nationalisation.

Finally, the recovery may not exceed 20-30% where manual B&P mining method is employed.

In summary, the Coal Reserve is calculated in two steps; the "Mineable Reserve" being an interim step in the conversion of the Resource ("Geological Reserve") to an "Extractable Reserve" (Coal Reserve in true sense).

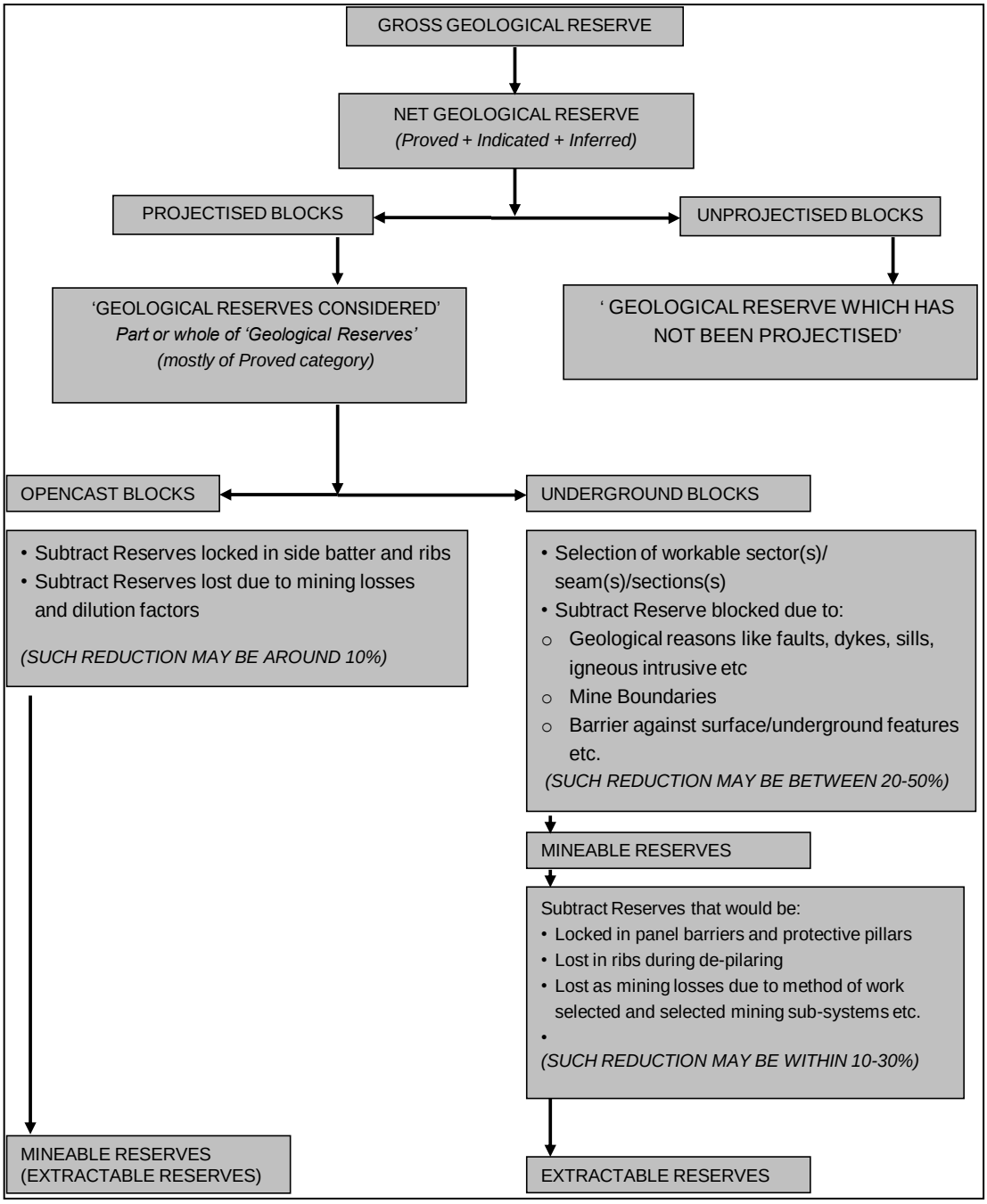


Figure 9-2: CIL's Reserve Estimation Process

9.4.1 SRK Comments

In SRK's opinion the process followed by CIL to evaluate the Proved Geological Reserves it reports in the Geological Reports and to derive estimates of first Mineable Reserves and then Extractable Reserves is both thorough and appropriate. Notably SRK considers the Project Reports to be analogous to feasibility studies that are typically produced for international projects and which form the basis of reserve reporting internationally.

9.5 CIL's Practice of Balance Resource and Reserve Reporting

A Project Report (PR) clearly demonstrates the method of estimation of Extractable Reserves, taking into account all foreseeable losses and dilution that may occur during the process of winning of coal from coal seams.

When the mine commences operation, the balance of extractable reserve at the beginning of a financial term is calculated by deducting the coal produced by the mine in the last financial term from the Extractable Reserve estimate given in the PR. This process is repeated at the end of every financial year to arrive at the balance Extractable Reserve numbers at the start of a new financial term. The coal produced by the mine represents the sum of coal dispatched and the coal left in RoM and in crushed coal stockpiles.

Although during the working stage of the mine sufficient data is generated in the form of production drilling and blast hole drilling, the original extractable reserve figures estimated in PRs are only occasionally cross-checked and reconciled. SRK has recommended that CIL adopts the practice of regular reconciliation as part of its best practice of mining and in order to avoid any significant deviation which could potentially affect the life of a mine and impact project economics.

There is an in-situ reconciliation process in place maintained by mine management to check any disparity between the amounts of in-situ coal mined and the coal dispatched and stockpiled. The process is based on surveying and outlining on mine layout plans, the coal edges of every coal seam at the beginning and at the end of every financial term. In each seam, the area falling within the zone of two survey lines multiplied with the average thickness and in-situ density gives the tonnage of mined out in-situ coal. The record of the sum of coal dispatched and coal left in the coal stockpile is cross-checked with this in-situ mined out coal and the deviation noted. Ideally, both the figures should match. A higher value of the sum of coal dispatched and stockpiled than the in-situ mined out coal implies significant dilution during the coal winning process. A higher value of in-situ mined out coal on the contrary implies significant loss of coal during the coal winning process. However, re-estimation and reconciliation process of in-situ balance reserve is not practiced, except for cases when a new PR are to be produced for a operating mine, either due for capacity expansion or extension of the mine boundary.

Grade wise balance extractable reserve estimation as practiced by the mine management is based on the declared grade of individual coal seams. The tonnage of coal mined out of individual coal seams in opencast mines is calculated by survey measurements in the process as outlined above and subtracted from the extractable reserve of the corresponding coal seams reported in PRs. This process does introduce some approximation in grade reporting as iso-grade and seam folio maps are not referred to or used for estimating the grade mined and the balance remaining. Given that the selling price for projects is determined based on the declared grade of a project, such estimates of balance reserve should not have important impact.

Notwithstanding this, the tonnage of coal mined out annually should be reconciled with in-situ check surveys. To arrive at the balance extractable coal corresponding to different grades, reconciliation should be made with iso-grade and seam folio maps of coal seams. Computation of balance accurate grade-tonnage numbers need to be based on

superimposition of survey lines of worked out areas of the mine on the original seam folio maps. Simultaneously with this, project economics need to be reviewed and updated when any deviation from the original mine plan is inevitable as any change in working areas of the mine will alter the balance grade-tonnage number as envisaged on mine plan.

With the focus being primarily on coal production, mines achieving the target coal production per annum are seldom evaluated on the basis of mandatory waste or overburden required to be mined out to maintain the average stripping ratio of the mine. In cases, the shortfall in overburden removal often accumulates year after year and can result in high or even uneconomic stripping ratio towards the end of the mine life. Mines with moderate to high average stripping ratios should therefore review the PRs whenever any major deviation of overburden removal occurs and simultaneously reassess its impact on finance, economics and life of mine plan.

The method of estimating the balance extractable coal reserve for underground mines is in principal almost same as that practiced in the opencast coal mines. Every coal seam is tagged with a particular grade of coal. Coal production from each seam is subtracted from the reserve of that corresponding coal seam and the balance extractable coal reserve arrived at in respect of that grade.

While allowances for reserve losses are made in PRs, it is possible to win less coal from a panel than originally envisaged in the PR due to loss of coal due to overriding of pillars or the abandonment of active panels due to spontaneous combustion for example. On the other hand, although rare, it is also possible to win and extract more coal from a panel due to, for example, judicious extraction of coal ribs.

As is evident from above, deducting the coal production tonnage figure from the extractable reserve to arrive at the balance extractable reserve of the mine induces some approximation. In cases, this practice could cause two fold problems; firstly the mine showing balance extractable reserves while not having panels to work on or secondly the mine having panels to work on without having balance extractable reserves in paper. To reduce such errors, any shortfall or increase in the output of coal from a panel in comparison to what is found in the PR should be recorded separately and taken into account.

Mine management should separately record coal mined out of each panel during mine development and depillaring phase. This figure needs to be cross checked with the tonnage of coal expected from the panel as reported in PRs. For in-situ reconciliation, check surveys are quite necessary.

From a statutory perspective, each mine is responsible for keeping the mine plans and sections up to date and such plans are to be submitted to the DGMS at the end of every quarter showing on it the outline of the mine workings and the date of last survey. Such plans are prepared by the surveyor and countersigned by the colliery manager. During every quarter, such surveys may in addition map the mined out areas and reconciled with the original seam folio and iso-grade maps to record seam-wise as well as grade-wise extraction with precision.

9.6 CIL Resource and Reserve Estimates

Table 9-3 presents ISP compliant Resource/Reserve base of CIL as derived by CMPDI and as of 1 April 2010. These figures mostly include projects for which detailed exploration has been undertaken by CIL and for which Project Reports have been subsequently prepared. It does, however, also include some projects for which exploration has been undertaken only at a regional scale and some projects for which internal, less exhaustive, studies have been undertaken to evaluate mining potential and potential Mineable Tonnes (termed “Feasibility Notes”).

Table 9-3: ISP Compliant Resource/Reserve of CIL estimated by CMPDI

Coalfield	Resource				Reserve
	Proved[1]	Indicated[1]	Inferred[1]	Total[2]	Extractable/ Mineable[3]
	(Mt)	(Mt)	(Mt)	(Mt)	(Mt)
Korba	3473.7	2013.7	64.0	5551.4	2670.0
Singrauli	3283.6	198.1	0.0	3481.7	1891.1
Talcher [4]	7972.2	1848.5	700.0	10520.7	6297.0
Ib-Valley [5]	3615.4	200.1	0.0	3815.5	2506.9
Wardha Valley	1988.3	867.5	65.2	2921.0	794.7
Jharia	5905.3	1056.9	80.5	7042.7	1151.4
North Karanpura	4502.0	77.1	0.0	4579.1	2053.6
Central India Coalfields [6]	2413.4	1113.4	153.5	3680.3	752.1
Raniganj	7482.8	1260.9	433.7	9177.4	661.6
Rajmahal/Deogarh [7]	1247.9	1476.5	579.2	3303.6	545.7
East Bokaro	2063.3	1162.4	0.0	3225.7	684.1
West Bokaro	1483.2	266.6	13.1	1762.9	453.1
Kamptee	755.1	182.8	0.0	937.9	214.3
Mand-Raigarh	1912.7	157.8	0.0	2070.5	659.3
Umrer Nand Bander	557.8	0.7	0.0	558.5	214.9
South Karanpura	1445.0	214.3	7.2	1666.5	307.8
Pench-Kanhan	673.2	203.2	60.0	936.4	148.7
Pathakhera	188.2	30.0	0.0	218.2	87.0
Makum	308.4	15.0	11.7	335.1	92.6
Ramgarh	382.8	22.2	0.0	405.0	137.7
Giridih	17.5	0.0	0.0	17.5	14.6
Daltonganj	15.7	0.2	0.0	15.9	0.0
Hutar	0.0	0.0	0.0	0.0	0.0
Tatapani-Ramkola	0.0	483.7	0.0	483.7	0.0
Dilli-Jeypore	4.2	14.9	0.0	19.1	0.0
Total	**51691.8**	**12866.5**	**2168.1**	**66726.4**	**22338.1**

[1] Based on classification in accordance with ISP guideline
[2] Total of Proved Geological Reserve, Indicated Geological Reserve and Inferred Geological Reserve
[3] Extractable or Mineable coal reserve is the term used by CIL for the part of a resource for which technical and economic viability is established through mining studies
[4] Includes CIL's share for the joint venture block
[5] Includes CIL's share for the joint venture block
[6] Central India Coalfields comprised of Jhilimili, Bisrampur, Lakhanpur, Sindurgarh, Umaria, Johila, Sohagpur, Sonhat and Chirimiri coalfiels
[7] Includes CIL's share for the joint venture block

Out of the total Coal Resource of 66,726 Mt, 31,360 Mt of Resource (geological reserve) has so far been considered for mining studies out of which 22,338Mthas been reported as an Extractable Reserve. An additional Coal Resource (geological reserve) of 35,366 Mt has, however, yet to be assessed through an appropriate mining study.

In addition to the resource presented in Table 9-3, CIL has an estimated additional resource of 3344.99Mt in underground mining areas which were inherited during nationalisation. These

projects were subsequently evaluated by subsidiary companies from information collected during mine operation and mine survey; and CIL has estimated the remaining Extractable Reserve as of 1 April 2010 for these to be 879.46Mt. A breakdown of this is provided below.

Table 9-4: CIL's Resource and Reserve within Legacy Mines

Coalfield	Geological Reserves (Mt)				Extractable Coal Reserves (Mt)
	Proved	Indicated	Inferred	Total	
Korba	65.19	0.00	0.00	65.19	3.37
Talcher	12.14	0.00	0.00	12.14	7.318
Ib-Valley	402.32	133.92	0.00	536.24	61.095
Wardha Valley	106.90	0.00	0.00	106.90	16.971
Jharia	1885.07	0.00	0.00	1885.07	634.65
Chirimiri	13.68	0.00	0.00	13.68	7.54
Johila	10.83	0.00	0.00	10.83	5.33
Sohagpur	18.62	8.73	0.00	27.35	5.16
Raniganj	368.59	20.30	0.00	388.89	72.84
East Bokaro	9.93	0.00	0.00	9.93	2.80
West Bokaro	9.25	0.00	0.00	9.25	6.88
South Karanpura	142.82	27.75	0.00	170.57	19.08
Pench-Kanhan	108.95	0.00	0.00	108.95	36.43
Total	**3154.29**	**190.70**	**0.00**	**3344.99**	**879.46**

10 AUDITED MINERAL RESOURCE AND ORE RESERVE STATEMENTS

10.1 Introduction

This section of the report presents SRK's audited resource and reserve statements according to the guidelines and definitions set out in the JORC Code. As already commented, SRK has not recalculated these resource or reserve estimates but has undertaken sufficient check calculations and where appropriate, made necessary adjustments to the estimates prepared by the Company to derive the audited estimates presented herein.

10.2 The JORC Code

The principles of the JORC Code are threefold. A public report should be presented clearly and unambiguously), it should include all the information reasonably required and expected and it should be based on work undertaken by a CP.

Notably, the JORC Code distinguishes between a "Coal/Mineral Resource" which is material that has "reasonable prospects for eventual economic extraction" and a "Coal/Ore Reserve" being that "economically mineable part of a Measured or Indicated Resource" as established by appropriate technical and economic assessments ("which may include feasibility studies") sufficient to "demonstrate at the time of reporting that extraction could reasonably be justified".

There are three categories of Coal Resources, namely Measured, Indicated and Inferred Resources, which reflect decreasing levels of geological confidence.

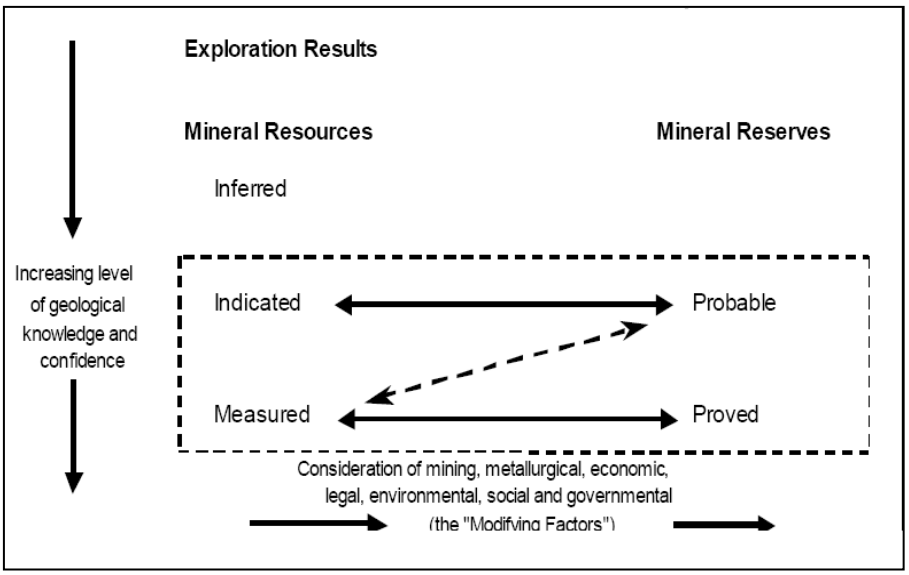


Figure 10-1: General relationship between Exploration Results, Mineral Resources and

Figure 10-1 sets out the framework for classifying estimates of tonnage and quality so as to reflect different levels of geological confidence and different degrees of technical and economic evaluation. Coal Resources are reported on the basis of geoscientific information and reasonable assumptions of technical and economic factors likely to influence the prospect of economic extraction. Coal Reserves, which are a modified sub-set of the Indicated and Measured Coal Resources (shown within the dashed outline in Figure 10-1),

require consideration of factors affecting profitable extraction, including mining, processing, metallurgical, economic, marketing, legal, environmental, socio-economic and governmental factors, and should be estimated with input from a range of disciplines.

Portions of a deposit that do not have reasonable prospects for eventual economic extraction must not be included in the Coal Resource. If the judgment as to 'eventual economic extraction' relies on untested practices or assumptions, this is a material matter which must be disclosed in a public report.

The term 'reasonable prospects for eventual economic extraction' implies a judgment (albeit preliminary) in respect of the technical and economic factors likely to influence the prospect of economic extraction, including the approximate mining parameters. In other words, a Coal Resource is not an inventory of all mineralisation drilled or sampled, regardless of cut-off grade, likely mining dimensions location or continuity. It is a realistic inventory of mineralisation which, under assumed and justifiable technical and economic conditions, might, in whole or in part, become economically extractable.

An Inferred Coal Resource is that part of the total Coal Resource estimate for which quantity and quality can only be estimated with low levels of confidence. It should be expected that estimates reported in this confidence category are likely to change significantly with further exploration.

The Inferred category is intended to cover situations where a mineral concentration or occurrence has been identified and limited measurements and sampling completed, but where the data are insufficient to allow the geological and/or grade continuity to be confidently interpreted. Commonly, it would be reasonable to expect that the majority of Inferred Coal Resources would upgrade to Indicated Coal Resources with continued exploration. However, due to the uncertainty of Inferred Coal Resources, it should not be assumed that such upgrading will always occur.

Confidence in the estimate of Inferred Coal Resources is usually not sufficient to allow the results of the application of technical and economic parameters to be used for detailed planning. For this reason, there is no direct link from an Inferred Resource to any category of Coal Reserves.

An Indicated Coal Resource is that part of the total Coal Resource for which quantity and quality can be estimated with reasonable levels of confidence and based on points of observation are sufficient for continuity to be assumed; but are too widely or inappropriately spaced to confirm geological and/or quality continuity

A Measured Coal Resource is that part of the total Coal Resource for which quantity and quality can be estimated with a high level of confidence based on points of observation spaced closely enough to confirm geological and/or quality continuity.

A Coal Reserve is the economically mineable part of a Measured or Indicated Coal Resource. Coal Reserve estimates include diluting materials and are adjusted for losses that may occur when the coal is mined. Appropriate assessments, which may include feasibility studies, have been carried out. These assessments should include proper consideration of all relevant 'modifying factors' such as: mining methods, beneficiation, and economic, marketing, legal, environmental, social and governmental factors. These assessments should demonstrate that at the time of reporting, economic extraction could reasonably be justified. Coal Reserves are subdivided in order of increasing confidence into Probable Coal Reserves and Proved Coal Reserves.

A Probable Coal Reserve is the economically mineable part of an Indicated Coal Resource. It can also be the economically mineable part of a Measured Coal Resource if the modifying factors need to be further resolved before the Estimator can confidently place the Coal Reserve in the Proved category.

A Proved Coal Reserve is the economically mineable part of a Measured Coal Resource for which modifying factors have been determined based on a technical and economic assessment.

10.3 Comparison of ISP and JORC Reporting Guidelines

Table 10-1 provides a broad comparison between the JORC Code and the ISP and CIL's practice for resource/reserve reporting.

Table 10-1: Comparison between JORC and ISP

JORC	Indian Standard Procedure (ISP)/CIL Practice
A methods based approach for coal resource and reserve reporting that relies on the use of relevant and accepted estimation methodologies and the demonstration of overall positive project economics, as applied by an experienced professional (Qualified Person or Competent Person)	ISP provides a "rule based" approach for coal resource estimation and reporting which specifies various qualifying coal criteria inclusive of, for example, minimum seam thickness, maximum parting thickness, maximum drill hole spacing.
A Coal resource is sub-divided in order of increasing geological confidence into; Inferred Coal Resources, Indicated Coal Resources, Measured Coal Resources.	Based on borehole spacing, ISP provides a guideline to classify resources (as such are defined by the JORC Code), into; "Proved Reserve", "Indicated Reserve" and "Inferred Reserve" categories
A Coal Resource must have the potential for eventual economic viability.	ISP allows for all coal in the ground to be considered regardless of economic aspects. CIL however distinguishes between that material that is in the ground and that which has potential to be mined.
A Coal Reserve is the economically mineable part of a Measured and Indicated Coal Resource	"Extractable Reserves" are estimated after applying modifying factors to reflect the economy of mining the coal.
Coal reserves are derived following appropriate assessments and studies and include consideration of and modification by the application of realistically assumed 'Modifying Factors'.	Typically, "Proved Geological Reserve" is considered in any Mining Study. In some cases, Indicated Geological Reserves are also considered along with the Proved category in which case capital provisions are made for further exploration for updating the Indicated category to the Proved one as part of the mine development
The JORC Code has been directly implemented into various stock exchange listing rules in order to provide improved confidence for mineral industry investors and lenders.	ISP are not implemented into India's stock exchange rules
The Competent Person/Qualified Person assumes reporting responsibility.	ISP guideline does not require a Qualified Person for resource reporting though Mining Plan must be prepared under the guidance of a Registered Qualified Person (RQP).

10.4 SRK Audit Procedures

In producing audited coal resources and coal reserves for CIL, SRK has:

- Reviewed the resource estimation and reporting methodologies used by the Company to confirm that these are in line with Indian Standard Procedure (ISP)
- Made check calculations of CIL's estimates of resources and re-estimated these for specific blocks as required.
- Reviewed the CIL practice of deducting 10% of the in situ tonnage from its estimates to account for unforeseen geological variants.
- Audited a number of the LoM plans prepared by CMPDI and reviewed its reserve estimation methodologies in general.
- Reviewed CIL practices for reserve depletion accounting, reconciliation and reporting.
- Reviewed the historic production and economic performance of all of CIL's operating mines.
- Reviewed issues pertaining to environmental clearance and other necessary permits for operation and land acquisition status.

10.5 Practical Resource and Reserve Definitions Used for CIL

10.5.1 Introduction

This section of the report sets out the practical guidelines SRK has used to assess, re-classify and report CIL's estimates of the tonnage and quality of coal it has remaining to be mined as at 1 April 2010.

10.5.2 Coal Resources

SRK's audited estimates of coal resources are primarily based on estimates of coal tonnage and quality derived by CIL reflecting SRK's opinion that these have largely been derived in an appropriate manner. SRK has however reviewed the integrity of these and re-reported them using the terminology and guidelines as set out in the JORC Code. For each asset, this classification is essentially based on the density of the drill hole data, the level of exploration undertaken, the depth of study carried out and report prepared and the continuity and grade of the mineralisation.

Specifically, that material remaining as at 1 April 2010 without any deductions for mining loses and dilution but after removal of material unlikely to be mined for economic or access reasons, and which both satisfies CIL's requirements for Proved Geological Reserves and is supported by a Geological Report, has been largely reported here as Measured Resources. Where the asset concerned has been projectised and mining has commenced after appropriate mining study or concluded then this comprises the balance of material left in areas that are being mined and excludes areas that are not likely to be mined.

That material remaining as at 1 April 2010 without any deductions for mining loses and dilution but after removal of material unlikely to be mined for economic or access reasons, and that both satisfies CIL's requirements for Indicated Geological Reserves (or categorized by CIL as a Proved Geological Reserve from partial or regional exploration) and has reasonable demonstrated continuity, has largely been reported here as Indicated Resources. Where the asset concerned has been projectised and mining has commenced after

appropriate mining study or been concluded then this again comprises the balance left in areas that are being mined and excludes areas that are not planned to be mined.

That material remaining as at 1 April 2010 without any deductions for mining loses and dilution but after removal of material unlikely to be mined for economic or access reasons and that has been defined by CIL as an Indicated Geological Reserves but is not supported by a geological model (such as seam folio maps, isochores & isogrades) and so does not have reasonable demonstrated continuity, or which satisfies CIL's requirements for Inferred Geological Reserves supported by some form of geological report, has largely been reported here as Inferred Resources. Where the asset concerned has been projectised and mining has commenced or been concluded then this comprises the balance left in areas that are being mined and excludes areas that are not planned to be mined.

SRK's Inferred Resource as presented here also includes some areas where only the original regional exploration data is currently available but which adjoin fully explored areas and where SRK considers the continuity of mineralisation can be assumed.

10.5.3 Coal Reserves

CIL's estimates of Extractable Reserves are based on the results of feasibility studies (Project Reports) and operational history sufficient to confirm at the time of reporting that extraction could reasonably be justified.

Given the above, SRK's audited Proved Reserve comprises that material which is remaining as at 1 April 2010 after deductions for mining losses and dilution (but not process recovery) and other factors, that has been reported as a Proved Geological Reserve as defined by CIL and reclassified by SRK as a Measured Resource as defined by the JORC Code, which has been projectised and appropriately studied within the last five years (if not yet being mined); which is planned to be mined by the end of 2040 and which, if operating, has been exploited at an overall profit over the last three years (if already being mined). Notably SRK's Proved Reserve also excludes any material on any closed mines where there is no current plan to re-open.

SRK's audited Probable Reserve comprises that material remaining as at 1 April 2010 after deductions for mining losses and dilution (but not process recovery) and other factors, that was:-

- Reported as a Proved Geological Reserve as defined by CIL and reclassified by SRK as a Measured Resource as defined by the JORC Code but which was projectised over five years ago (if not yet being mined) and/or that
- Has been exploited at an overall profit over the last three years (if operating) but which is planned to be mined between 2040 and 2060; or was
- Reported as an Indicated Geological Reserve as defined by CIL and reclassified by SRK as an Indicated Resource as defined by JORC and which has been exploited at an overall profit over the last three years (if operating) and is planned to be exploited prior to 2060.

As is the case with SRK's Proved Reserves, SRK Probable Reserve excludes any material on any closed mines where there is no current plan to reopen.

10.6 SRK Audited Mineral Resource and Ore Reserve Statements

The following tables give SRK's audited resource and reserve estimates for CIL at 1 April 2010. These estimates reflect resource and reserve depletion due to production from operating mines and also exclude material that cannot be realised eith3er due to overwhelming geological and mining conditions or other surface constraints.

SRK's audited Resource statements are reported inclusive of those Resources converted to Reserves. The audited Reserve is therefore a sub set of the Resource and should not be considered as additional to this. Notably, however, in addition to presenting audited resource statements for CIL's Mining Assets as a whole, separate tabulations are provided for Projectised and Unprojectised blocks. The aim of this split is provide the reader with an understanding of the quantum of the resource that has already been assessed from a mining perspective (the Projectised material) and already converted to a reserve as appropriate; and that which has not yet been considered in detail from a mining perspective, and which therefore has potential to yield further reserves in due course following ongoing evaluation by CIL.

SRK has also provided a table (Table 10-3) which relates SRK's audited resource and reserve statements to those derived and presented by CIL, the differences between which SRK considers to be primarily a function of the reporting codes used; in this case between JORC and ISP

Specifically, Table 10-2 gives SRK's audited resource and reserve breakdown for all of CIL's assets. Table 10-3 relates this to CIL's ISP estimates. Table 10-4 presents the audited resource and reserve from within CIL's Projectised blocks; Table 10-5 the audited resources from within CIL's unprojectised blocks. Table10-6 and 10-7 provide the opencast and underground resource and reserve from within the Projectised blocks respectively. Table 10-8 presents the reserve broken down by coal quality and finally Table 10-9 gives the audited resources and reserves for CIL's joint venture blocks only.

Besides reporting audited resources and reserves from all CIL coal blocks, Table 10-2 also includes the audited resource and reserve estimates for three other coal blocks in India in which CIL has joint venture (JV) agreements with other companies in India.

Table 10-2: Coalfield-wise Summary of SRK Audited CIL's Resource and Reserve in accordance with JORC Code as on 1 April 2010

Coalfield	Resource				Reserve		
	Measured	Indicated	Inferred	Total	Proved	Probable	Total
	(Mt)	(Mt)	(Mt)	(Mt)	(Mt)	(Mt)	(Mt)
Korba	3473.7	108.6	990.0	4572.3	2006.3	387.1	2393.4
Singrauli	3283.6	196.1	0.0	3479.7	1877.8	12.8	1890.6
Talcher [1]	7972.2	1830.1	0.0	9802.3	2629.8	2542.3	5172.1
Ib-Valley [2]	3615.4	198.1	0.0	3813.5	1243.9	1157.9	2401.8
Wardha Valley	1849.9	942.8	58.6	2851.3	247.0	435.9	682.9
Jharia	5867.9	1039.1	117.0	7024.0	315.2	183.3	498.5
North Karanpura	4502.0	76.3	0.0	4578.3	420.5	1605.0	2025.5
Central India Coalfields [3]	2379.8	628.1	138.2	3146.1	279.3	233.7	513.0
Raniganj	7344.2	1130.5	646.7	9121.4	307.2	25.3	332.5
Rajmahal/Deogarh [4]	1247.9	1031.0	952.0	3230.9	455.7	90.0	545.7
East Bokaro	2063.3	1150.8	0.0	3214.1	84.4	464.6	549.0
West Bokaro	1483.2	264.0	11.8	1759.0	309.0	98.8	407.8
Kamptee	755.1	180.9	0.0	936.0	106.7	39.8	146.5
Mand-Raigarh	1912.7	156.2	0.0	2068.9	37.1	617.3	654.4
Umrer Nand Bander	557.8	0.7	0.0	558.5	36.8	172.6	209.4
South Karanpura	1445.0	212.2	6.5	1663.7	130.2	57.0	187.2
Pench-Kanhan	673.2	201.2	36.0	910.4	8.5	44.3	52.8
Pathakhera	188.2	29.7	0.0	217.9	28.1	48.5	76.6
Makum	308.4	14.8	10.5	333.7	49.5	1.0	50.5
Ramgarh	382.8	22.0	0.0	404.8	7.5	50.7	58.2
Giridih	0.0	17.5	0.0	17.5	14.6	0.0	14.6
Daltonganj	15.7	0.2	0.0	15.9	0.0	0.0	0.0
Hutar	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tatapani-Ramkola	0.0	478.8	0.0	478.8	0.0	0.0	0.0
Dilli-Jeypore	4.2	14.7	0.0	18.9	0.0	0.0	0.0
Total	**51326.3**	**9924.4**	**2967.3**	**64218.0**	**10595.1**	**8267.8**	**18862.9**

[1] *Includes CIL's share for the joint venture block*

[2] *Includes CIL's share for the joint venture block*

[3] *Central India Coalfields comprised of Jhilimili, Bisrampur, Lakhanpur, Sindurgarh, Umaria, Johila, Sohagpur, Sonhat and Chirimiri coalfields*

[4] *Includes CIL's share for the joint venture block*

Table 10-3: CIL's Resource and Reserve not considered in SRK's Audited JORC Resource and Reserve statement

Description	Resource (Mt)
Deduction on account of unforeseen Geological Loss	335.7
Blocks with no Geological Reports or where there is an absence of reliable data to support geological continuity	2162.9
Total Resource	**2498.6**

Description	Reserve (Mt)
Loss making Mines	1455.4
Material planned to mined more than 50 years hence	622.4
Closed/suspended mines	342.6
Projects where an appropriate Mining study is not available	947.2
Material not included in the LoM plan	108.0
Total Reserve	**3475.5**

Table 10-4: Coalfield wise Summary of SRK Audited CIL's Resource and Reserve statement (for the Projectised CIL Blocks), in accordance with JORC Code as on 1 April 2010

Coalfield	Resource				Reserve		
	Measured	Indicated	Inferred	Total	Proved	Probable	Total
	(Mt)	(Mt)	(Mt)	(Mt)	(Mt)	(Mt)	(Mt)
Korba	2963.8	0.0	0.0	2963.8	2006.3	387.1	2393.3
Singrauli	2091.2	0.0	0.0	2091.2	1877.8	12.8	1890.6
Talcher	5423.3	1425.6	0.0	6849.0	2629.8	2138.4	4768.2
Ib-Valley	2977.5	0.0	0.0	2977.5	1243.9	770.1	2014.0
Wardha Valley	1039.2	242.2	0.0	1281.4	247.0	435.9	682.9
Jharia	780.9	0.0	0.0	780.9	315.2	183.3	498.5
North Karanpura	2646.0	2.6	0.0	2648.5	420.5	1605.0	2025.5
Central India Coalfields [1]	649.4	41.0	0.0	690.5	279.3	233.7	512.8
Raniganj	481.4	0.0	0.0	481.4	307.2	25.3	332.4
Rajmahal/Deogarh	606.3	0.0	0.0	606.3	455.7	90.0	545.7
East Bokaro	759.3	3.5	0.0	762.8	84.4	464.6	549.0
West Bokaro	608.7	8.0	0.0	616.7	309.0	98.8	407.8
Kamptee	293.2	8.4	0.0	301.6	106.7	39.8	146.5
Mand-Raigarh	752.0	0.0	0.0	752.0	37.1	617.3	654.4
Umrer Nand Bander	504.1	0.0	0.0	504.1	36.8	172.6	209.4
South Karanpura	290.8	3.3	0.0	294.0	130.2	57.0	187.3
Pench-Kanhan	146.5	0.0	0.0	146.5	8.5	44.3	52.8
Pathakhera	155.6	23.8	0.0	179.3	28.1	48.5	76.6
Makum	88.1	14.8	10.5	113.4	49.5	1.0	50.5
Ramgarh	92.7	5.5	0.0	98.2	7.5	50.7	58.2
Giridih	0.0	17.5	0.0	17.5	14.6	0.0	14.6
Daltonganj	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hutar	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tatapani-Ramkola	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dilli-Jeypore	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**23350.0**	**1796.2**	**10.5**	**25156.6**	**10595.1**	**7476.2**	**18071.0**

[1] *Central India Coalfields comprised of Jhilimili, Bisrampur, Lakhanpur, Sindurgarh, Umaria, Johila, Sohagpur, Sonhat and Chirimiri coalfiels*

Resource and Reserve reported only for CIL blocks and does not include CIL's share for the joint venture blocks

Table 10-5: Coalfield-wise Summary of SRK Audited CIL's Resource Statement (for the Unprojectised CIL Blocks) in accordance with JORC by as on 1 April 2010

Coalfield	Resource			
	Measured	Indicated	Inferred	Total
	(Mt)	(Mt)	(Mt)	(Mt)
Korba	510.0	108.6	990.0	1608.6

Singrauli	1192.4	196.1	0.0	1388.5
Talcher	1957.0	404.4	0.0	2361.4
Ib-Valley	225.6	198.1	0.0	423.7
Wardha Valley	810.7	700.6	58.6	1570.0
Jharia	5087.0	1039.1	117.0	6243.2
North Karanpura	1856.0	73.8	0.0	1929.8
Central India Coalfields [1]	1730.3	587.1	138.2	2455.5
Raniganj	6862.8	1130.5	646.7	8640.0
Rajmahal/Deogarh	641.5	76.6	952.0	1670.1
East Bokaro	1304.1	1147.3	0.0	2451.3
West Bokaro	874.5	256.0	11.7	1142.2
Kamptee	461.8	172.6	0.0	634.4
Mand-Raigarh	1160.7	156.2	0.0	1316.9
Umrer Nand Bander	53.6	0.7	0.0	54.3
South Karanpura	1154.3	208.9	6.5	1369.6
Pench-Kanhan	526.7	201.2	36.0	763.8
Pathakhera	32.6	5.9	0.0	38.6
Makum	220.3	0.0	0.0	220.3
Ramgarh	290.1	16.5	0.0	306.6
Giridih	0.0	0.0	0.0	0.0
Daltonganj	15.7	0.2	0.0	16.0
Hutar	0.0	0.0	0.0	0.0
Tatapani-Ramkola	0.0	478.8	0.0	478.8
Dilli-Jeypore	4.2	14.7	0.0	19.0
Total	**26971.9**	**7173.9**	**2956.7**	**37102.6**

[1] *Central India Coalfields comprised of Jhilimili, Bisrampur, Lakhanpur, Sindurgarh, Umaria, Johila, Sohagpur, Sonhat and Chirimiri coalfields*

Resource reported only for CIL blocks and does not include CIL's share for the joint venture blocks

Table 10-6: Coalfield-wise Summary of SRK Audited CIL's Opencast Resource and Reserve (within Projectised CIL Blocks) in accordance with JORC Code on 1 April 2010

	Resource				Reserve		
Coalfield	Measured	Indicated	Inferred	Total	Proved	Probable	Total
	(Mt)	(Mt)	(Mt)	(Mt)	(Mt)	(Mt)	(Mt)
Korba	2923.6	0.0	0.0	2923.6	1986.4	355.6	2342.0
Singrauli	2091.2	0.0	0.0	2091.2	1877.8	12.8	1890.6
Talcher	5294.2	1425.6	0.0	6719.9	2609.7	2118.1	4727.8
Ib-Valley	2977.5	0.0	0.0	2977.5	1243.9	770.1	2014.0
Wardha Valley	995.8	83.8	0.0	1079.6	230.9	395.0	625.9
Jharia	753.4	0.0	0.0	753.4	315.2	172.7	487.9
North Karanpura	2607.2	2.6	0.0	2609.8	420.5	1591.0	2011.5
Central India Coalfields [1]	346.1	33.7	0.0	379.8	129.2	149.8	278.9
Raniganj	278.7	0.0	0.0	278.7	249.6	0.0	249.6
Rajmahal/Deogarh	606.3	0.0	0.0	606.3	455.7	90.0	545.7
East Bokaro	721.7	3.5	0.0	725.2	84.4	456.4	540.8
West Bokaro	588.1	8.0	0.0	596.1	309.0	89.9	398.9
Kamptee	131.2	8.4	0.0	139.6	57.5	24.1	81.6
Mand-Raigarh	752.0	0.0	0.0	752.0	37.1	617.3	654.4
Umrer Nand Bander	193.4	0.0	0.0	193.4	36.8	96.5	133.3
South Karanpura	290.8	3.3	0.0	294.0	130.2	57.0	187.3
Pench-Kanhan	15.9	0.0	0.0	15.9	8.5	0.0	8.5
Pathakhera	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Makum	51.8	0.0	0.0	51.8	49.5	0.0	49.5
Ramgarh	92.7	5.5	0.0	98.2	7.5	50.7	58.2
Giridih	0.0	17.5	0.0	17.5	14.6	0.0	14.6
Daltonganj	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hutar	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tatapani-Ramkola	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dilli-Jeypore	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**21711.6**	**1591.9**	**0.0**	**23303.5**	**10254.0**	**7047.0**	**17301.0**

[1] Central India Coalfields comprised of Jhilimili, Bisrampur, Lakhanpur, Sindurgarh, Umaria, Johila, Sohagpur, Sonhat and Chirimiri coalfiels

Resource and Reserve reported only for CIL blocks and does not include CIL's share for the joint venture blocks

Table 10-7: Coalfield-wise Summary of SRK Audited CIL's Underground Resource and Reserve (for the Projectised CIL Blocks) in accordance with JORC Code as on 1 April 2010

	Resource				Reserve		
Coalfield	Measured	Indicated	Inferred	Total	Proved	Probable	Total
	(Mt)	(Mt)	(Mt)	(Mt)	(Mt)	(Mt)	(Mt)
Korba	40.1	0.0	0.0	40.1	19.9	31.5	51.4
Singrauli	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Talcher	129.1	0.0	0.0	129.1	20.1	20.3	40.4
Ib-Valley	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wardha Valley	43.4	158.4	0.0	201.8	16.1	40.9	57.0
Jharia	27.5	0.0	0.0	27.5	0.0	10.6	10.6
North Karanpura	38.8	0.0	0.0	38.8	0.0	14.0	14.0
Central India Coalfields [1]	303.4	7.3	0.0	310.7	150.1	83.8	233.9
Raniganj	202.7	0.0	0.0	202.7	57.6	25.3	82.9
Rajmahal/Deogarh	0.0	0.0	0.0	0.0	0.0	0.0	0.0
East Bokaro	37.6	0.0	0.0	37.6	0.0	8.2	8.2
West Bokaro	20.6	0.0	0.0	20.6	0.0	8.9	8.9
Kamptee	162.0	0.0	0.0	162.0	49.3	15.7	65.0
Mand-Raigarh	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Umrer Nand Bander	310.7	0.0	0.0	310.7	0.0	76.1	76.1
South Karanpura	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pench-Kanhan	130.6	0.0	0.0	130.6	0.0	44.3	44.3
Pathakhera	155.6	23.8	0.0	179.3	28.1	48.5	76.6
Makum	36.3	14.8	10.5	61.6	0.0	1.0	1.0
Ramgarh	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Giridih	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Daltonganj	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hutar	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tatapani-Ramkola	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dilli-Jeypore	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**1638.4**	**204.3**	**10.5**	**1853.1**	**341.2**	**429.1**	**770.3**

[1] *Central India Coalfields comprised of Jhilimili, Bisrampur, Lakhanpur, Sindurgarh, Umaria, Johila, Sohagpur, Sonhat and Chirimiri coalfiels*

Resource and Reserve reported only for CIL blocks and does not include CIL's share for the joint venture blocks

Table 10-8: Quality-wise Summary of SRK Audited CIL's Resource and Reserve in accordance with JORC Code as on 1 April 2010

Type	Grade	Resource				Reserve		
		Measured	Indicated	Inferred	Total	Proved	Probable	Total
		(Mt)	(Mt)	(Mt)	(Mt)	(Mt)	(Mt)	(Mt)
Coking	S-I	41.3	0.3	0.0	41.6	0.4	0.2	0.6
	S-II	275.1	9.4	0.0	284.5	1.1	2.0	3.1
	W-I	406.7	17.2	0.0	423.9	2.6	2.3	4.9
	W-II	660.6	24.5	0.0	685.1	4.5	7.2	11.7
	W-III	1359.2	217.7	0.0	1576.9	29.1	65.8	94.9
	W-IV	3237.5	1212.9	77.7	4528.1	316.4	423.1	739.5
	Ungraded	1119.0	451.7	11.7	1582.5	31.3	16.0	47.4
	Subtotal	7099.3	1933.7	89.4	9122.5	385.4	516.7	902.2
Semi-Coking	SC-I	61.2	0.0	0.0	61.2	0.0	1.5	1.5
	SC-II	36.1	2.9	0.0	39.0	0.0	1.5	1.5
	Subtotal	97.3	2.9	0.0	100.2	0.0	3.0	3.0
Thermal	A	647.3	143.6	10.5	801.5	76.6	5.5	82.1
	B	2391.6	325.0	31.1	2747.7	289.3	99.4	388.7
	C	4243.9	516.9	47.5	4808.2	468.0	163.1	631.0
	D	6052.6	834.1	29.3	6915.9	1057.4	429.5	1486.9
	E	9814.1	2166.2	323.1	12303.4	2736.4	1239.3	3975.7
	F	15772.8	3473.3	1211.9	20458.0	4426.4	4870.6	9297.0
	G	5082.5	465.3	129.2	5676.9	1152.0	940.5	2092.5
	Ungraded	124.8	63.6	1095.3	1283.7	3.5	0.1	3.5
	Subtotal	44129.6	7987.8	2877.9	54995.3	10209.6	7747.9	17957.6
	***Grand Total*[1]**	51326.2	9924.4	2967.3	64218.0	10595.0	8267.6	18862.8

Table 10-9: Summary of SRK Audited Resource and Reserve for CIL's Joint Venture Blocks in accordance with JORC Code as on 1 April 2010

Name of Project	Type	CIL's Share	Coalfield	Resource				Reserve		
				Measured	Indicated	Inferred	Total	Proved	Probable	Total
				(Mt)	(Mt)	(Mt)	(Mt)	(Mt)	(Mt)	(Mt)
Utkal-A & Western part of Gopalprasad West	OC	60%	Talcher	591.9	0.0	0.0	591.9	0.0	403.9	403.9
Talabira I & II	OC	70%	Ib Valley	412.4	0.0	0.0	412.4	0.0	387.8	387.8
Brahmani [1]	-	50%	Rajmahal/Deogarh	0.0	954.4	0.0	954.4	0.0	0.0	0.0
Total				**1004.4**	**954.4**	**0.0**	**1958.8**	**0.0**	**791.6**	**791.6**

[1] As of 1 April 2010, has not been considered for mining studies.

10.7 Resource Potential

The coal resources and reserves presented in Tables 10-2 to 10-9 comprise the material that SRK considers has been demonstrated to be economically recoverable, and that has been demonstrated have the potential to be economically recoverable, as at 1 April 2010. They do not however present the total tonnage of coal likely to be mined in the future from coal blocks under the control of CIL. In fact SRK considers that the coal resource and the coal reserve presented here have the potential to increase significantly following ongoing exploration and technical assessment undertaken by CIL as part of its normal operating practices.

Notably, SRK's resource statements have been largely restricted to those areas where CIL has itself undertaken detailed exploration in addition to the work undertaken by the GSI. There is therefore likelihood as CIL continues to undertake further detailed exploration that the resources presented here will be added to. Further, both CIL's statements and SRK's audited statements incorporate a 10% reduction factor to account for "Geological Losses" which SRK considers to be conservative and which it has recommended that CIL reviews by undertaking a thorough reconciliation exercise.

In addition, SRK's reserve statements have been limited to that material mineable within the next 50 years based on CIL's present production plans and exclude mines that are closed and those that have not operated at a profit over the last three years. Material in all these three categories has potential to be upgraded to reserves following re-assessment and analysis.

More importantly, the significant coal resource presented for the Unprojectised blocks comprises material which CIL has not yet assessed from a mining perspective yet which SRK considers has potential to be exploited economically. Clearly there is a likelihood that a significant amount of this material will be converted to coal reserves in due course following technical assessments routinely undertaken by CIL as part of its ongoing activities.

11 CIL'S BUSINESS PLAN

India's energy sector is dependent on thermal coal for power plants and coking coal for steel, both of which are in short supply. Coal is one of the primary sources of energy, accounting for about 69% of total energy demand in the country.

CIL contributes around 85% of coal production in India. CIL has been endeavouring to fulfill its objective of meeting the demand for coal through increase in production, improving efficiency, and minimising production costs. CIL alone meets 42% of India's primary commercial energy requirement. However, the energy consumption is expected to rise by as much as 8% to 10% annually through to 2020. As the main producer and supplier of coal, CIL has significant challenges to meet. It will have to continue to supply secure and affordable energy in the face of growing demand. At the same time society expects cleaner energy and less pollution, with an increasing emphasis on environmental sustainability.

In order to strengthen its role as the prime energy provider of the country and to sustain production in the longer term, CIL has already initiated numerous steps. Along with capacity expansion in operating mines and opening of new projects, CIL has already increased its pace of exploration and better reserve assessment to meet the rising demand. It also proposes to upgrade its underground technologies to access deeper coal resources, introduce mass production technology in underground mines like for PSLW and Continuous Miner, reduce bottlenecks in coal transport, limit and manage environmental issues to strike a balance between environment and mining. CIL has already initiated the process of integrating an environment management system (ISO: 14001) with its quality management system (ISO: 9001). As of June 2010, 53 of CIL projects including one coal beneficiation plant have been accredited with ISO: 14001 certification. CIL intends to integrate these systems in all its mines in due course.

To increase its production CIL has approved 77 projects, as of March 31, 2010, amounting a total investment of Rs.110,064.60 million. Of these 77 projects, 32 projects, with an aggregate rated capacity of 104.00 Mtpa had already been implemented prior to March 31, 2010 and these projects contributed about 57 Mt of coal towards CIL's production during financial year 2010.

Among the 77 identified projects, 22 projects are identified for capacity expansion and 23 are new projects. These 45 projects are at various stages of mine planning and development, including assessment of commercial viability, including the quantity and quality of reserves, equipment requirement, applicable permits and the time and costs involved in such projects.

25 projects, with an aggregate estimated capacity of 47.51 Mtpa, and involving an aggregate estimated capital expenditure of Rs.33,857.10 million, were at various stages of implementation as of March 31, 2010, and are expected to become operational by the end of financial year 2012; and 20 projects, with an aggregate estimated capacity of 33.27 Mtpa, and involving an aggregate estimated capital expenditure of Rs.25,762.79 million, involve longer gestation periods and are expected to become operational during the 12th Five-Year Plan (2013-2018).

As part of its expansion plan CIL also intends to develop an additional 20 coal beneficiation facilities with an aggregate additional proposed feedstock capacity of 111.10 Mtpa to increase its production of beneficiated non-coking coal and beneficiated coking coal. CIL believes that it would be able to capitalise on the increasing demand for high quality beneficiated coal. In addition, CIL intends that all new open cast mines with coal production capacities greater than 2.5 Mtpa and not linked to pit-head customers will eventually be equipped with dedicated coal beneficiation facilities.

The price of beneficiated non-coking coal is determined on the basis of cost of production and an appropriate margin for the value addition provided. The price of beneficiated coking coal sold under specific memoranda of understanding is negotiated directly with the customer and is fixed at a price that is generally at a discount to the prevailing landed cost of comparative

quality imported coal. In terms of calorific value, the beneficiated coal is comparable to imported coal. CIL believes that the difference between the cost of its beneficiated coal and the landed cost of imported coal in India presents potentially significant opportunity for increased sales of its beneficiated coal thereby enabling it to improve business margins. In addition, under applicable Indian regulations, all power plants located at a distance greater than 1,000 km from the coal mines or located in urban areas and other specified areas are required by law to use coal with ash percentage not exceeding 34.0% for power generation, which CIL believe would enhance the demand of their beneficiated coal.

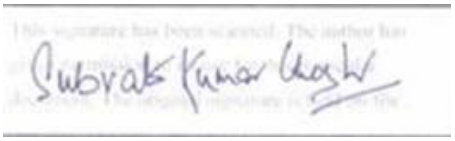
CIL has also identified, and propose to re-work mining operations at 18 underground mines that were earlier abandoned principally to mitigate associated safety issues and lack of adequate technology. It is believed that those underground mining projects present significant production potential and CIL have undertaken initiatives for the selection of suitable international mining companies as technology partners to re-work these mines as joint venture initiatives. CIL have also entered into an agreement with DVC and BEML for the acquisition of the assets of Mining and Allied Machineries Corporation ("MAMC") at Durgapur,West Bengal, which manufactures a range of mining equipment specifically for underground mines.

12 CONCLUDING REMARKS

SRK considers the audited Mineral Resource and Ore Reserve statements given in this report to be a reasonable reflection of those currently demonstrated by CIL for its assets as at 1 April 2010. SRK considers that there is good potential for these estimates to be increased following the ongoing exploration activity and feasibility study work which is undertaken by CIL on a routine basis.

CIL has a long operating history, established operating procedures and markets and appropriate infrastructure facilities to support ongoing operations for many years to come and has developed a Business Plan which if followed should enable the Company to increase its annual mining output significantly from that achieved to date.

For and on behalf of SRK Mining Services (India) Private Limited



Subrato K. Ghosh

Managing Director,
SRK Consulting India

Dr. Mike Armitage

Chairman , SRK Consulting UK Ltd.

13 GLOSSARY OF TERMS

Anthracite	*Anthracite is hard, compact variety of coal that has high luster and has the highest carbon content.*
Ash	*The incombustible residue from mineral matter contained as either contamination (rocks) or inherent within the coal. On combustion the mineral matter is reduced to ash the refractory component of mineral matter. Some minerals dissociate on heating to release carbon dioxide or moisture.*
Ash Content	*The inert percentage of a laboratory sample of coal remaining after incineration to a constant weight under standard conditions*
ASTM	*American Society for Testing and Materials*
ASX	*Australian Securities Exchange*
Autocad	*AutoCAD is a CAD (Computer Aided Design or Computer Aided Drafting) software application for 2D and 3D design and drafting*
B&P mines	*Board and Pillar Mining*
beneficiation/washing	*process for cleaning of coal*
Bituminous	*Bituminous coal is relatively soft and it is of higher quality than lignite coal but of poorer quality than anthracite coal.*
BOM	*build-own-maintain*
Bord and Pillar	*Board and Pillar (also known as Room and pillar) is a mining method in which the mined material is extracted across a horizontal plane while leaving "pillars" of untouched material to support the roof overburden leaving open areas or "rooms" underground.*
Borehole	*A hole made with a drill, auger or other tool for exploring strata in search of minerals*

Borehole Geophysics	*Science of recording and analyzing measurements of physical properties made in boreholes*
Caliper Log	*A continuous record of well diameter*
calorific value	*amount of heat released during the combustion of a material*
Capex	*Capital Expenditure*
CAR	*Committee on Assessment of Resources, a unit of Coal Council of India*
CBA Act	*Coal Bearing Area Act*
CBM	*Coal Bed Methane*
CCI	*Coal Council of India*
CEMPGEODOC	*An in-house software developed by CMPDI to process the borehole data*
CGPB	*Central Geological Programming Board of Geological Survey of India*
CIL	*Coal India Limited*
CIM Code	*Resource and Reserve classification scheme for public disclosure of mining projects in Canada, developed by Canadian Institute of Mining, Metallurgy and Petroleum*
CIMFR	*Central Institute of Mining and Fuel Research*
CMM	*Coal Mine Methane*
CMPDIL	*Central Mine Planing and Design Institute Limited*
Coal	*A readily combustible rock containing more than 50% by weight and 70% by volume of carbonaceous material, including inherent moisture. It is formed from plant remains that have been compacted, indurated, chemically altered and metamorphosed by heat and*

	pressure during geological time
coal face	*coal production area in a mine*
Coal Reserve	*A 'Coal Reserve' is the economically mineable part of a Measured and/or Indicated Coal Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Coal Reserves are sub-divided in order of increasing confidence into Probable Coal Reserves and Proved Coa Reserves*
Coal Resource	*A 'Coal Resource' is a concentration or occurrence of material of economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, quality, continuity and other geological characteristics of a Coal Resource are known, estimated or interpreted from specific geological evidence, sampling and knowledge. Coal Resources are subdivided, in order of increasing geological confidence into Inferred, Indicated and Measured categories.*
coal tubs	*small wagons used to carry coal from the coal face to the surface*
coalfield	*coal bearing land area*
coke	*solid carbonaceous material derived from destructive distillation of low-ash, low-sulfur bituminous coal*

Coking Coal	*Coal that can be converted into useful coke that must be strong enough to withstand handling. There is no direct relation between the elementary composition of coal and coking quality, but generally coals with 80% to 90% carbon on a dry, ash-free basis are most satisfactory*
coking coal	*coal used for metallurgical purpose (steel making)*
Competent Person	*A 'Competent Person' is a person who is a Member or Fellow of a recognised professional body relevant to the activity being undertaken, and who is subject to enforceable Rules of Conduct. A Competent Person must have a minimum of five years experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which that person is undertaking.*
Continuous Miner	*A machine, used in underground mining, with a large rotating steel drum equipped with tungsten carbide teeth that scrape coal from the seam.*
conveyor belt	*equipment used for coal transport*
Core	*A column of material (e.g., mud, ice, rock) removed from the earth by drilling*
CPP	*Captive Power Plants*
CRIRSCO	*Committee for Mineral Reserves International Reporting Standards*
CSR	*Corporate Social Responsibility*
Deccan Trap	*The Deccan Traps are a large geological province, located on the Deccan Plateau of west-central India and one of the largest volcanic*
Dilution factor	*Mixing of economic grade material with non-economic grade/waste material in the mining process*

Dip	*The angle that a structural surface, i.e. a bedding or fault plane makes with the horizontal measuredperpendicular to the strike of the structure.*
Dirt Band	*Waste rock (shale, sandstone) present within the coal seam*
Downhole Survey	*Measurement of deviation of a borehole by lowering of probes*
DPR	*Detailed Project Report*
Dragline	*Dragline is an excavation system, principally used in strip mining operations to move overburden above coal.*
Drift	*A horizontal tunnel driven along the strike of an orebody*
Dykes	*is a type of sheet intrusion referring to any geologic body that cuts discordantly across*
Energy Dispersive Spectrometry	*An analytical technique used for the elemental analysis or chemical characterization of a sample*
Eocene	*A major division of the geological timescale, lasted from 56 million year to 34 million year*
excavators	*equipment used in opencast mines viz shovels*
Exploration	*The search for coal, mineral, or ore by geological surveys; geophysical prospecting ; boreholes and trial pits; or surface or underground headings, drifts, or tunnels. Exploration aims at locating the presence of economic deposits and establishing their nature, geometry, continuity and grade.*
Explored Inferred Geological Reserve	*The term used by CIL following ISP guideline in order to categorise the Geological Reserve with low confidence. Inferred Reserves" comprise that material occurring within the influence area of beyond 1 km and up to 2 km from the point*

	of observation
Extractable Reserve	*The term used by CIL, which indicates the portion of a resource for which extraction is technically and economically feasible*
faults	*A fracture or a fracture zone along which there has been displacement of the two sides relative to one another parallel to the fracture. The displacement may be a few inches or many miles*
Feasibility Study	*A comprehensive engineering estimate of all costs, revenues, equipment requirements and production levels likely to be achieved if a mine is developed. The study is used to define the technical and economic viability of a project and to support the search for project financing*
feeder breakers	*coal crushing equipment*
Floor	*That part of any underground working upon which a person walks or upon which haulage equipment travels; simply the bottom or underlying surface of an underground excavation*
fly ash	*ash in micro size*
FOB	*Free-on-board*
free-on-rail	*goods loaded onto wagons without charge to the buyer*
free-on-road	*goods loaded onto trucks without charge to the buyer*
FRL	*Floor Reduced Level*
froth floatation	*coal washing process*
FSA	*Fuel Supply Agreement*

FSU	*Former Soviet Union*
GCV	*gross calorific value*
GOI	*Government of India*
GR	*Geological Report*
graders	*equipment used in opencast mines viz shovels etc.*
GSI	*Geological Survey of India*
Heave	*Horizontal displacement of strata or other rocks along a fault*
HEMM	*heavy earth moving machinery*
HP	*horse power, measure of mech. power*
IMMM	*Institute of Materials, Minerals and Mining*
inclines	*An inclined entrance into an underground mine*
Incrop	*The expression of a rock type or seam beneath rocks of younger age*
Indicated Geological Reserve	*The term used by CIL, following ISP guideline in order to categorise the "Geological Reserve" based on the borehole spacing. An Indicated Geological Reserve comprises that material within a radius of 1000m around boreholes taken up for regional and detailed exploration. While estimating "Indicated Reserve" qualitative information obtained from the regional exploratory boreholes are projected in the "Indicated" category.*

'Indicated Mineral Resource'	*An 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.*
Inferred Geological Reserve	*The term used by CIL, following ISP guideline in order to categorise the "Geological Reserve" based on Borehole spacing. "Inferred Geological Reserve" comprises that material occurring within the influence area of beyond 1 km and up to 2 km from the point of observation. "Inferred Reserves" are further classified as "Explored Inferred" and "Unexplored Inferred" based on the status of geological information.*
Inferred Mineral Resource	*The part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability;*
Intrusive	*In petrology, having, while molten, penetrated into or between other rocks, but solidifying before reaching the surface; said of certain igneous rocks; nearly the same plutonic and contrasted with effusive or extrusive*

IPP	*Independent Power Plants*
IRR	*Internal Rate of Return*
IS Code	*Indian Standard Code*
ISO	*International Organization for Standardization*
Isochore	*A contour connecting points of equal true vertical thickness of rock units.*
Isograde	*Line joining the surface of the coal seams those are of similar grade*
ISP	*Indian Standard Procedure*
jigs	*equipment used in production of coal*
JORC Code	*2004 Australasian Code for Reporting Identified Mineral Resources and ore Reserves. Australian mining exploration and production companies are bound to produce Resource and Reserves Statements using the JoRC Code in accordance with the listing Rules of the Australian Stock exchange.*
JV	*Joint Venture*
Lameta Formation	*A sedementary rock formation, found in central and western part of India*
LHD	*Load Haul Dump*
LHD	*load haul and dump, a tyre mounted ug loading machine*
lignite	*low-rank coal with a relatively high moisture and low heat/energy content, available in colours ranging from black to brown.*
LoM plans	*Life of Mine Plan*
Longwall mining	*A form of underground coal mining method, employs a steal plow or rotation drum, which is pulled mechanically back and forth across a face of coal that is usually several hundred feet longs*

MAMC	*Mining and Allied Machineries Corporation*
MARC	*Maintenance and Repair Contracts*
MC Rules	*Mineral Conservation Rules*
'Measured Mineral Resource'	*A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathere4d through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.*
MECL	*Mineral Exploration Corporation Limited*
micaperidotite	*A type of igneous rock, composed of altered olivine and biotite minearls*
Mineable Reserve	*The term used by CIL for opencast project, this indicates the portion of a resource for which extraction is technically and economically feasible. For the underground project, the term Mineable Reserve indicates the estimation of an intermediate tonnage before considering the mining loss.*
Minex	*A 3D geological modelling software*
MMDR Act	*Mines and Minerals (Development and Regulation) Act*
MoC	*Ministry of Coal*
modifying factors	*The term 'Modifying Factors' is defined to include mining, metallurgical, economic, marketing, legal, environmental, social and*

	governmental considerations
MoEF	*Ministry of Environment and Forest*
Multi-parametric geophysical logging	*Produces a suite of geophysical logs consiting of resistance, resitivity, natural gamma, density, neutron, sonic and calliper records. Multi parametric geophysical logging is used to provide accurate information regarding the thickness of coal seam, presence of dirt bands and lithology of rock strata in the boreholes leading to precise sub-surface information*
Natural Gamma Log	*Record the amount of natural gamma radiation emitted by the rocks surrounding the borehole*
Navratna Public Sector	*Title given originally to the Public Sector Enterprises, identified by the Government of India*
NCDC	*National Coal Development Corporation*
Neutron Logging	*Measures bulk density of the rock by bombarding*
Non-coking Coal	*Coal of poor coking properties i.e. does not soften and form cake like coking coal during carbonization in the coke oven. Such coals with relatively lower ash and higher fixed carbon are used in metallurgical applications*
OB	*Over Burden - The material of any nature, consolidated or unconsolidated, that overlies a deposit, e.g.shale overlying a coal seam*
OBR	*overburden removal*
OC	*open cast*
Parting	*A layer or stratum of non-coal material in a coal bed which does not exceed the thickness of coal in either the directly underlying or overlying leaves; e.g., a thin layer of shale or slate in a coal bed, or a shale break in sandstone. Strata*

	tend to separate readily at partings
Permian age	*A geologic period, lasted from 299 million years to 251 million years from now*
Petrography	*A branch of petrology that focuses on detailed descriptions of rocks*
Pillars	*Blocks of solid ore or other rock left in place to structurally support the shaft, walls or roof of a mine*
pit head	*entrance to a coal mine*
PR	*Project Report*
Precambrian	*A geologic period with a span from the formation of the Earth to 550 million years from now*
Pre-feasibility Study	*A geological, technical and economic study to determine whether a deposit can be exploited*
Probable Reserves	*The economically mineable part of an Indicated, and in some cases Measure Mineral Resource. It includes diluting materials and allowances for losses which may occur when material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed, mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could be reasonably justified;*
Projectisation	*A term used by Coal India Limited to refer mine evaluation process, which is normally involves two stages of study: (1) the preparation of Mining Plan or Conceptual study and (2) the preparation of a Project Report (PR).*

Proved Geological Reserve	*The term used by CIL following ISP guideline in order to categorise the Geological Reserve with highest confidence. The delineated tonnage within an area falling within a radius of 200m around boreholes is categorised as "Proved". Proved Reserves can only be produced following the completion of the Detailed Exploration.*
Proved Reserves	*The economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when material is mined. These assessments demonstrate at the time of reporting that extraction could be reasonably justified; appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed, mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors*
PSLW	*Power Support Long Wall*
rakes	*train comprising of no. of wagons*
Rank of Coal	*Property of coal that is descriptive of degree of coalification*
rated capacity	*estimated annual production capacity assessed by cmpdi*
raw coal	*coal as produced from a mine*
Recovery Ratio	*The proportion or percentage of coal or ore mined from the original seam or deposit.*
Resistivity Logging	*Measures the degree of resistance of a lithologic formation to the flow of an electric current that is passed through it.*
RMR	*rock mass rating*
ROM	*run - of - mine*
Roof	*The stratum of rock or other material above a*

	coal seam; the overhead surface of a coal working place
rope haulage	*A system for hauling loaded trains or tubs*
rope shovels	*equipment used in opencast mines.*
ROPO	*Recognised Overseas Professional Organisation*
RQD	*Rock Quality Designation*
RQP	*Recognised Qualified Person*
Sample	*A representative fraction of a coal seam collected by approved methods, guarded against contamination, and analysed to determine the nature, chemical, mineralogical or petrographic composition, percentage content of specified constituents, and heat value*
SAMREC Code	*Resource and Reserve classification scheme for public disclosure of mining projects in South Africa, prepared by South African Mineral Resource Committee*
SAP	*system application products*
SASLINT	*A software to process geophysical logging data*
Scanning Electron Microscopy	*A type of electron microscope that images the sample surface by scanning it with a high-energy beam of electrons in a raster scan pattern*
SDL	*side discharge loader, a crawler under ground loading machine*
Seam	*A layer or bed of coal. Correlated seams of coal are normally assigned a name, letter or number.*
shortwall	*An underground mining method in which small areas are worked*
shovels	*equipment used in opencast mining*
sidings	*railway low speed track section*

sills	*A concordant sheet of igneous rock lying nearly horizontal to the bed rock*
Sonic Log	*Measures the transit time of an elastic wave created by an acoustic signal after passing through the strata.*
Stope	*An underground excavation resulting from the extraction of ore by mining*
Stratigraphy	*The sequence or layers of rocks*
Strike	*Direction of intersection of seam with a horizontal surface. Direction at 90 degrees to the dip of the seam*
stripping ratio	*ratio between thickness of coal seam and above lying strata*
surface miners	*equipment used in opencast mining*
Topography	*The relief features of the Earth's surface, above and below sea level; the set of landforms in a region*
topsoil	*uppermost layer of the earth*
UCG	*Underground Coal Gasification*
UG	*under ground*
UHV	*Useful Heat Value*
Unexplored Inferred	*The term used by CIL, following the ISP guideline in order to categorise the coal resource based on borehole spacing. Unexplored Inferred Geological Reserve, which is part of Inferred Geological Reserve, are estimated based on geological mapping only.*
VAM	*ventilation air methane*
wagons	*container used for rail transportation*
washery	*coal washing plants*

winders	*Used to raise and lower conveyance within a mine*
XRD	*X-Ray Diffraction, a technique which yields the atomic structure of material*

14 UNITS USED IN THE REPORT

%	*Percentage*
°	*Degree of arc*
Mt	*Million tonne*
Bt	*Billion tonne*
g/cm^3	*Gram per cubic centimetre*
ha	*Hectare*
kcal	*Kilocalorie*
km	*Kilometre*
km^2	*Square kilometre*
m	*Metre*
m^2	*Square metre*
m^3	*Cubic metre*
Mtpa	*Million metric tonnes per annum*
sg	*Specific gravity*
t	*Metric tonne*
tpa	*Tonnes per annum*
kg	*Kilogram*

APPENDIX -1
Qualification of the Consultants

Allan McCracken (BSc (Hons), C.Eng., MICE, MIMM) is one of the Director's of SRK UK and SRK India. He is a UK chartered engineer and mining geologist with some 35 years experience in mining and geotechnical engineering and has undertaken coal, copper and industrial minerals project in India. He specialises in geotechnical risk assessment in open pit and underground mining, mining method selection, geotechnical design optimisation and rock support design. He has considerable experience in high-level project review, due diligence assessments and competent persons reporting for project financing and stock exchange listings. His consulting experience includes over 250 mine properties worldwide in coal, gold and platinum, base metals, industrial minerals, construction aggregates and precious stones. He has some 20 technical publications mostly in the field of mining geotechnics.

Barendra Nath Paul (B.Tech (Mining), ISM) is a mining engineer with over 30 years of operational and consulting experience. Paul specialises in the planning and designing of mine, ore & waste handling/ hauling /hoisting, pumping, surface facilities and infrastructure planning; preparation and evaluation of global tender document for equipment purchasing, selection of contractors and consultants; cost economics and financial analysis. He has managed or participated in a number of feasibility studies, major site capital projects, business improvement projects, short, long term and life of mine plans, and mining development and production contracts globally working in projects across India, Indonesia, Africa, Canada and the UK. Paul's experience covers coal, lignite, copper, uranium, limestone and iron.

Kamal Dasgupta (B.Sc. (Hons) Geology & Geophysics, MMGI, NCB (UK)) is a graduate from Indian Institute of Technology (IIT), Kharagpur, India with over 35 years of experience in coal exploration and project management. Before getting associated with SRK, he was working with Coal Mines planning and Design Institute Limited (CMPDI) and was responsible for total Geological Exploration, (including exploration planning, exploration management, survey, geology, geophysics & drilling) in a number of coal mining blocks in India and authored many Geological Reports (GR).

Kousik Bose (B.E. (Mining), MAusIMM) is a mining engineer with more than 10 years of professional experience working in opencast coal mines, with mining companies and consulting firms. His experience includes mine operations, production planning and reporting, mine planning (scheduling, strategic planning), due diligence, computer operations, and general consulting. Kousik has extensive software experience, including packages/programs such as: Surpac, Datamine, Mine 2-4D, Minex, Micromine, Minescape and Whittle products and has worked for multiple global projects including from Brazil, India, Indonesia, West Africa, and South Africa.

Dr Mike Armitage (Mike Armitage, PhD, MIMM, FGS, C.Eng, C. Geol) is the Chairman of SRK UK, Sweden and SRK Russia. He is a Principal Mining Geologist and Geostatistician with some twenty five years experience in the industry. At SRK he is responsible for managing feasibility studies and stock exchange competent persons reports on behalf of mining and exploration companies and also audits and due diligence studies on behalf of investment institutions or in support of mergers and acquisitions. Projects include mineral prospects and mines in Europe, South America, Former Soviet Union, Africa, the Middle East and India. He has written several papers on resource and reserve estimation methodology and classification and was until recently visiting lecturer and joint course co-ordinator of an

MSc in Mineral Resources at Cardiff University. Mike has been project manager of several feasibility study audits carried out on behalf of banks and financial institutions for projects in Russia and Southern and Western Africa and also competent persons reports prepared to support listings on stock exchanges in UK, Ireland, South Africa and Canada.

Mirajul Haque (B.Tech. (Mining)), is a Mining Engineer with over 10 years of professional experience, specialising in mine planning, equipment selection & production sequencing optimization and economic modelling. His experience to date includes working with international mining equipment manufacturers, project planning and implementation of open cast coal mining project, production management and project consulting for both open cast and underground coal projects in India, Indonesia and South Africa. Mirajul's special interest is in equipment selection, production sequencing optimisation and financial modelling. He has developed a software application that helps to determine mining and support equipment requirements, determines mining fleet composition and size which is finally used for estimating costs. The software takes account of material-movement requirements, haulage distances, excavator productivities plus operator parameters such as manning rosters and working-hour limitations. The software estimates costs, cash flow and NPV financial models.

Nilay Ghosh (B.E. (Mining), M.Tech. (Opencast Mining), FCC (Coal)) is a Senior Mining Engineer with over 16 years of experience of which about 10 years is in opencast coal project planning and operation and 6 years in underground mines in India as Pit Manager. Before joining SRK, Nilay worked as a planning engineer for a opencast project in Indonesia where he joined after working for Coal India Limited for 14 years. In recent times and since joining SRK, Niloy has been involved with multiple coal projects from India, South Africa and Indonesia. He comes with a rich experience of working with multiple mining technologies including Draglines, Surface Miner and Truck-Shovel mining.

Shameek Chattopadhyay (M.Sc, MAusIMM), has over nine years of experience in exploration and mining geology. He has a broad range of experience including planning and managing the exploration projects, geological modelling and resource evaluation associated with feasibility studies, technical audits and competent persons report associated with Stock Exchange Listing and project finance. Shameek's experience covers a range of commodities in a variety of geographic locations and geological settings, including coal, gold, copper, cobalt, chromite and iron ore. He has worked globally including countries such as Indonesia, Armenia, UK, Canada, Central and West Africa and in the Middle East.

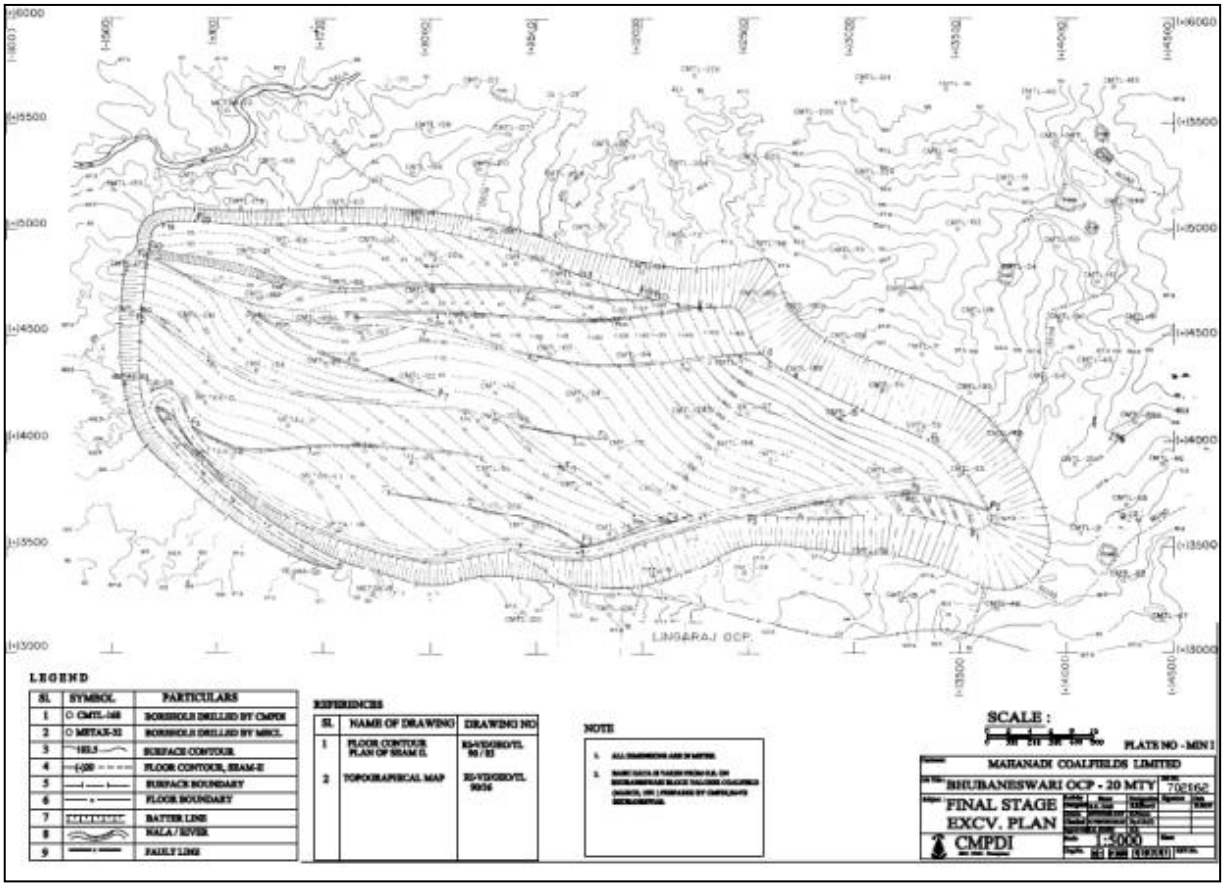
Souvik Banerjee (B.Sc. (Hons), M.Sc (Geology)) Souvik is a Geologist with over eight years of industrial and research experience in applied geology, structural geology and GPS application in Techtonics. He is skilled in geological mapping, interpretation and modelling of structural data, exploration planning and resource estimation. Souvik has considerable experience working on Datamine, Surpac, AutoCAD and Mapinfo GIS. Since joining SRK in early 2008 Souvik has worked for multiple iron ore and coal projects. During the recent past Souvik has been involved with multiple projects requiring reporting as per JORC and NI-43 101 code. He has worked globally including countries such as India, Indonesia and Central and East Africa.

Subrato K. Ghosh (B.Sc. (Hons), M.Sc (Tech), M.Tech. (Mineral Exploration)), is a Principal Consultant and the Managing Director of SRK India. Subrato has around 20 years of diversified experience in mineral exploration, exploration management, mine geology, and property specific geologic/economic evaluations, for a variety of mineral commodities with

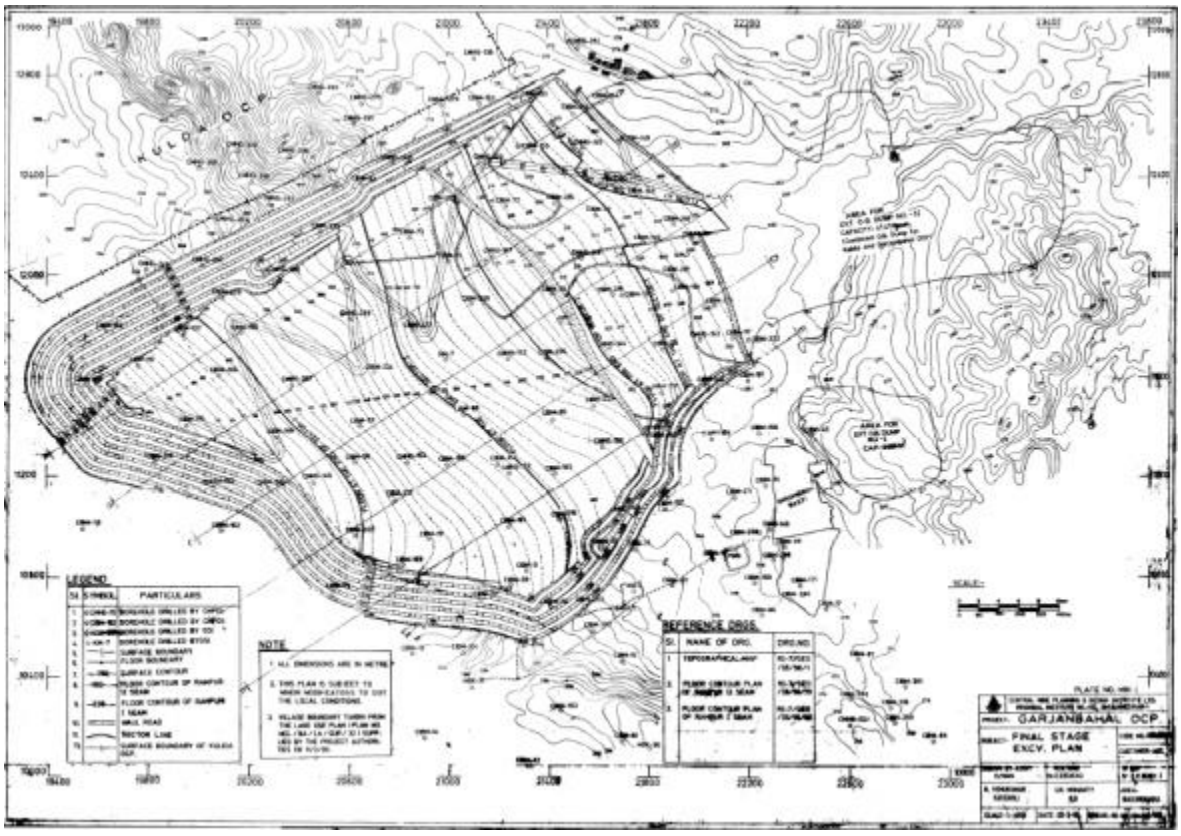
project experience from India, Indonesia, Armenia, China, Iran, and African countries as South Africa, Zambia, DRC, Tanzania and Mozambique. Subrato heads up the due diligence team, which services mining companies and financial institutions in the mining industry. He has worked with multiple commodities: coal and lignite, copper, iron, chromite, gypsum and limestone.

Dr. William Hatton (B.Sc B.A., PhD., MIMM, FGS, C.Geol), is a Principal Geologists with SRK UK. Bills expertise is in resource geology (Coal and secondary Fe ore), geoscience information systems management, with a strong background in geospatial data systems, and mineral resources. Some of his recent work across the globe includes geological coal resource audits of underground coal operations in Africa, Kazakhstan, Siberia and Ukraine, project management of NICICo Copper Exploration Strategy Iran, geological technical input and fatal flaw study for the Liganga iron ore and Mchuchuma coal study (open pit), JORC CPR input for coal exploration and coal resources in Mozambique, CPR for Siberia Metallurgical Company, Competent Persons input to MER for MetInvest Coal Holdings and CP input to MER for SUEK Coal Russia.

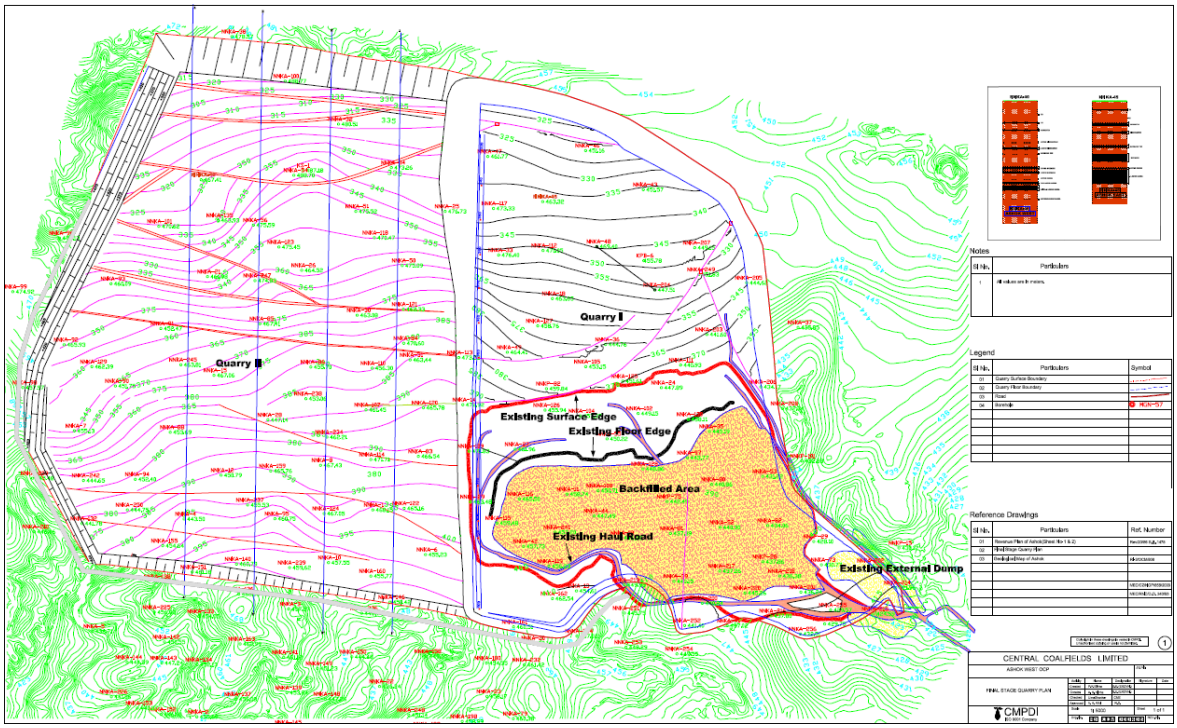
APPENDIX -2
Excavation Plans from a few Key CIL Projects



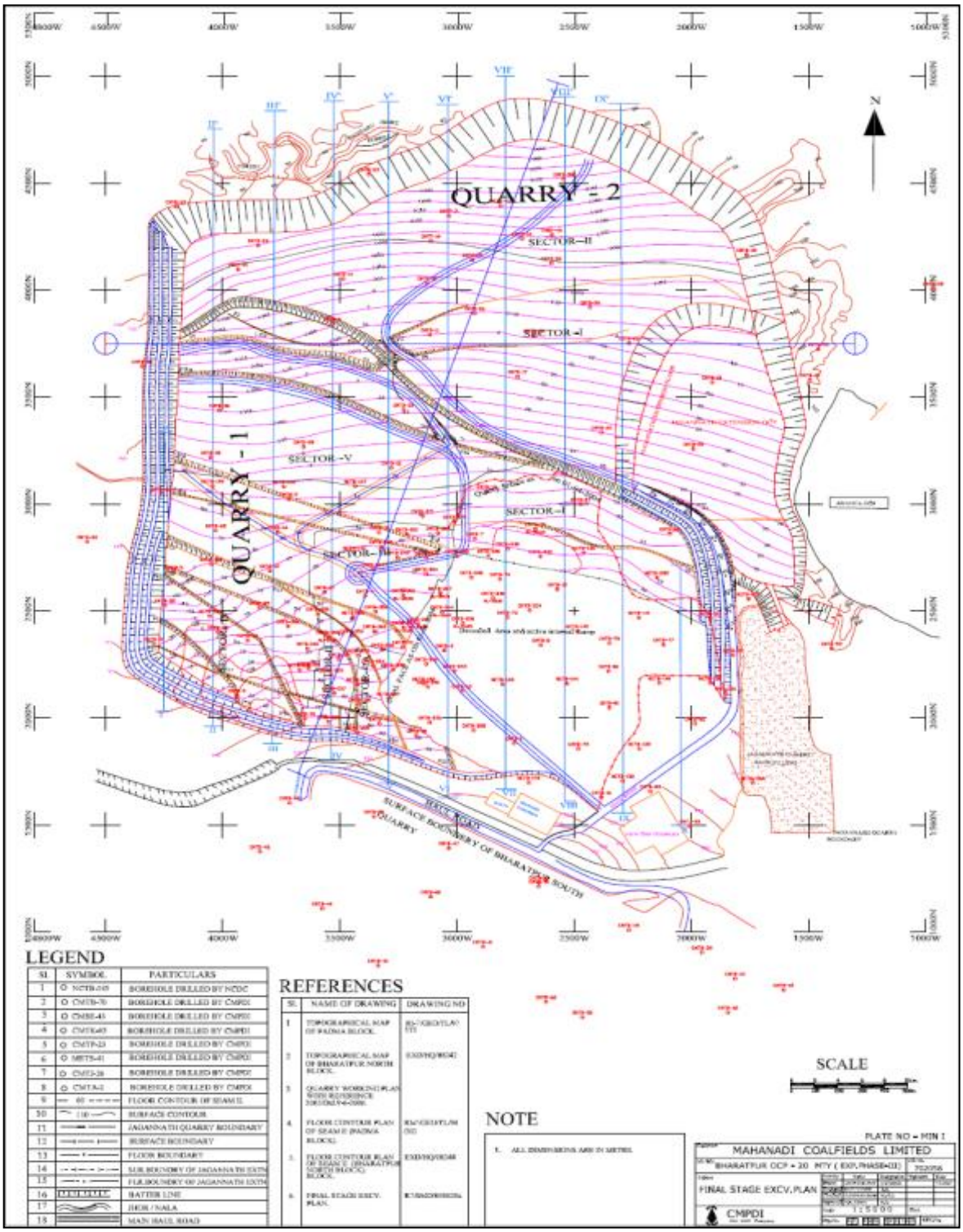
Final Stage Excavation Plan of Bhubaneswari Opencast Mine



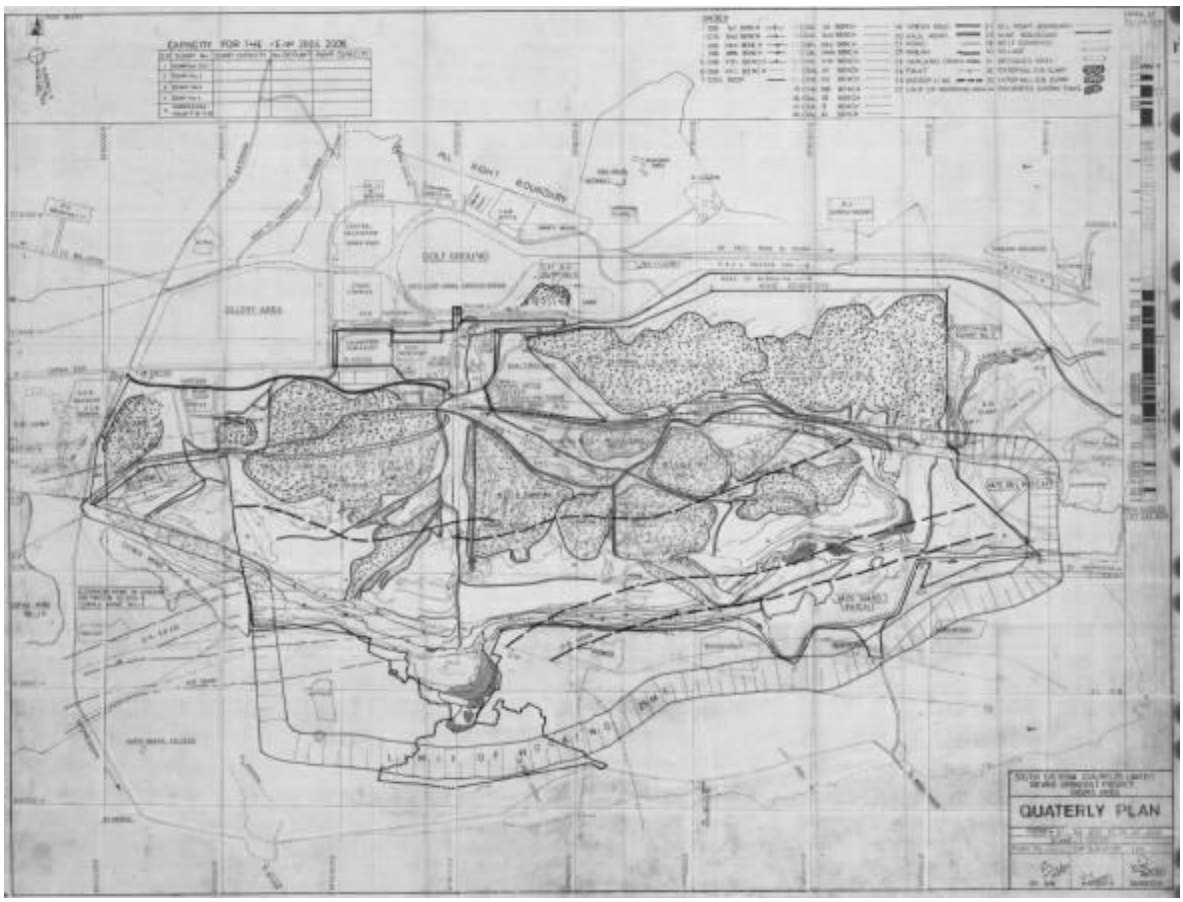
Final Stage Excavation Plan of Garjanbahal Opencast Mine



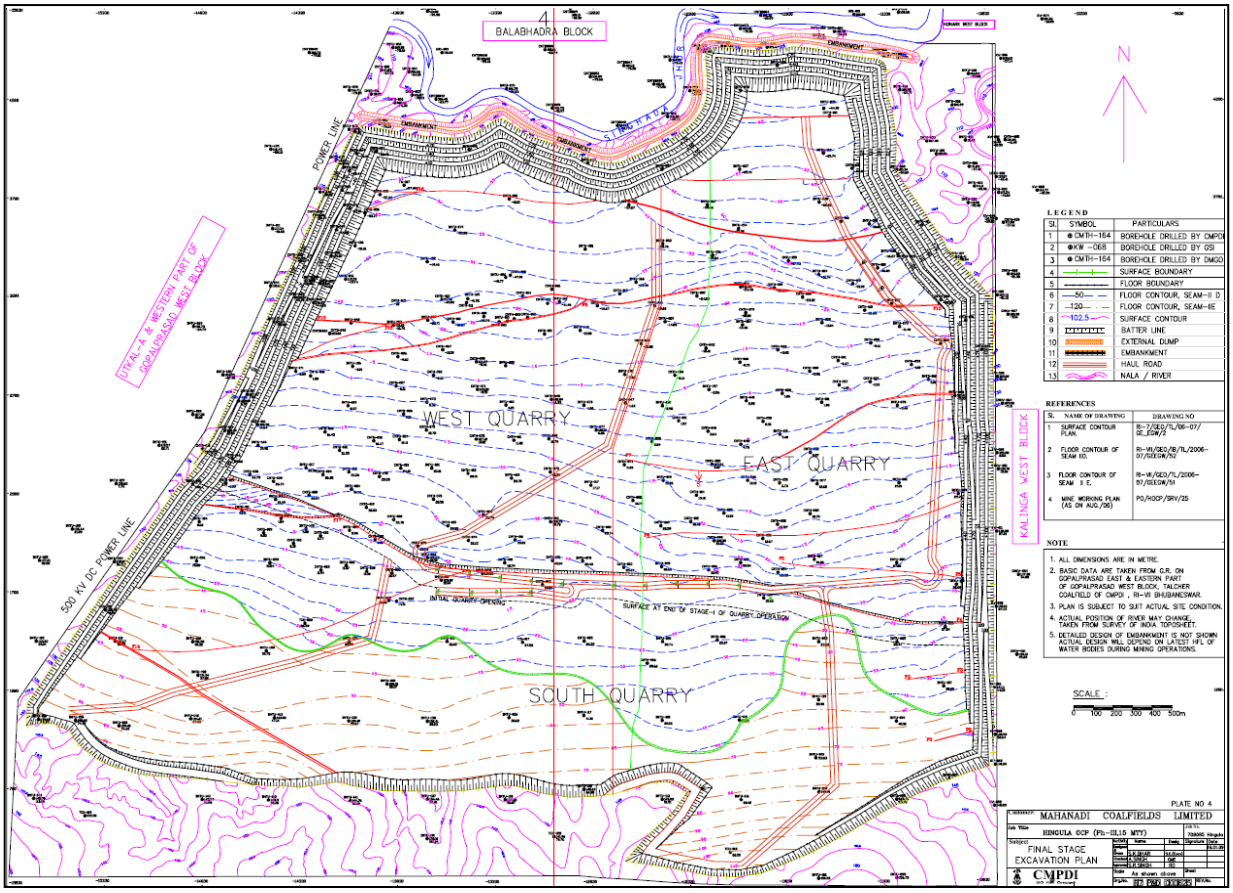
Final Stage Excavation Plan of Ashoka Opencast Mine



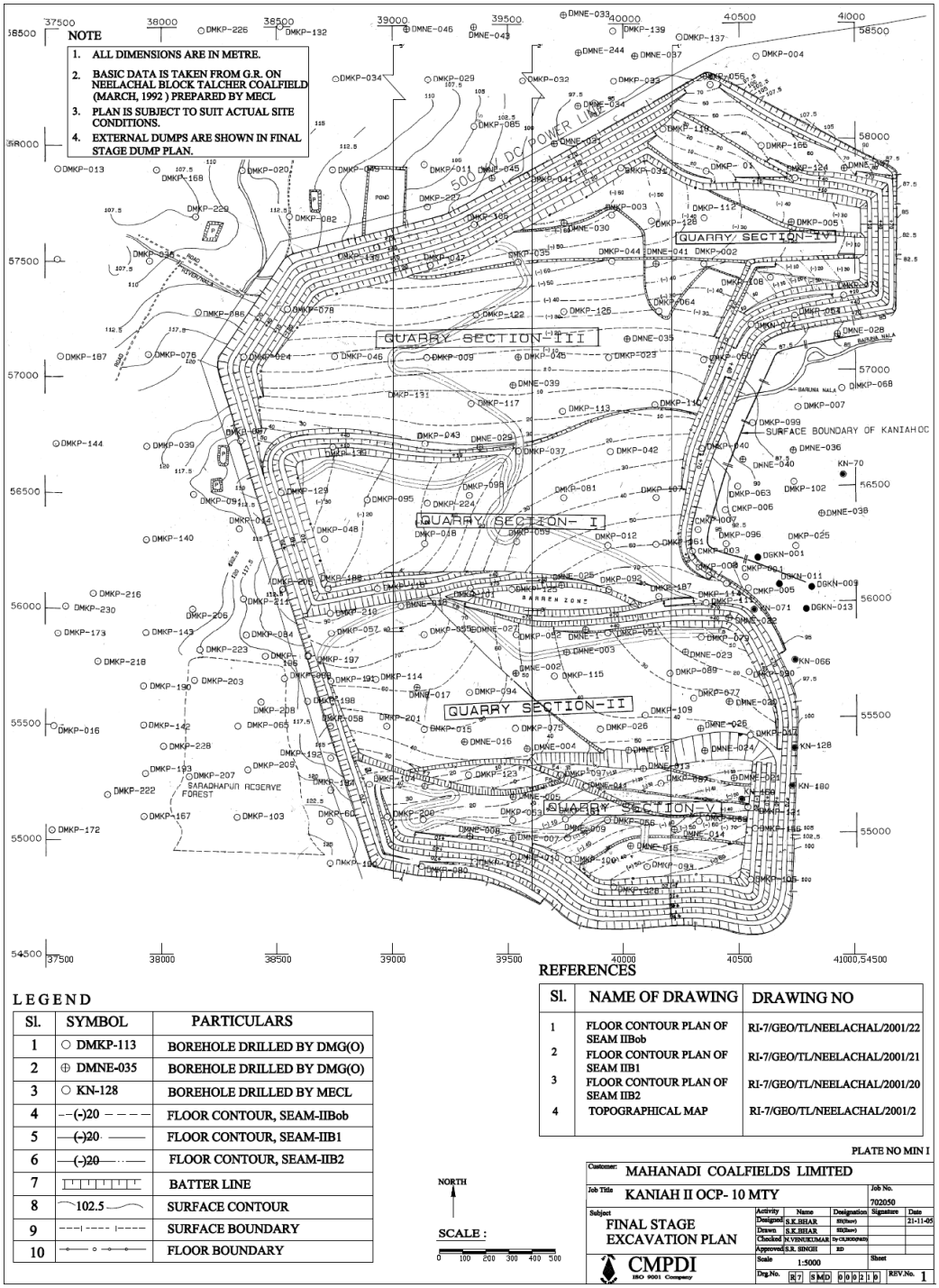
Final Stage Excavation Plan of Bharatpur Opencast Mine



Quartly Plan of Gevra Opencast Mine



Final Stage Excavation Plan of Hingula Opencast Mine



LEGEND

Sl.	SYMBOL	PARTICULARS
1	○ DMKP-113	BOREHOLE DRILLED BY DMG(O)
2	⊕ DMNE-035	BOREHOLE DRILLED BY DMG(O)
3	○ KN-128	BOREHOLE DRILLED BY MECL
4	--(-)20 - - - -	FLOOR CONTOUR, SEAM-IIBob
5	—(-)20—	FLOOR CONTOUR, SEAM-IIB1
6	—(-)20—	FLOOR CONTOUR, SEAM-IIB2
7		BATTER LINE
8	102.5	SURFACE CONTOUR
9		SURFACE BOUNDARY
10		FLOOR BOUNDARY

REFERENCES

Sl.	NAME OF DRAWING	DRAWING NO
1	FLOOR CONTOUR PLAN OF SEAM IIBob	RI-7/GEO/TL/NEELACHAL/2001/22
2	FLOOR CONTOUR PLAN OF SEAM IIB1	RI-7/GEO/TL/NEELACHAL/2001/21
3	FLOOR CONTOUR PLAN OF SEAM IIB2	RI-7/GEO/TL/NEELACHAL/2001/20
4	TOPOGRAPHICAL MAP	RI-7/GEO/TL/NEELACHAL/2001/2

PLATE NO MIN I

NORTH

SCALE :

0 100 200 300 400 500

Customer: MAHANADI COALFIELDS LIMITED

Job Title: KANIAH II OCP- 10 MTY

Job No. 702050

Subject: FINAL STAGE EXCAVATION PLAN

Activity	Name	Designation	Signature	Date
Designed	S.K.SHAR	SE(Mine)		21-11-05
Drawn	S.K.SHAR	SE(Mine)		
Checked	N.VENUKUMAR	by CE,ROCKPORT		
Approved	S.R. SINGH	ED		

CMPDI ISO 9001 Company

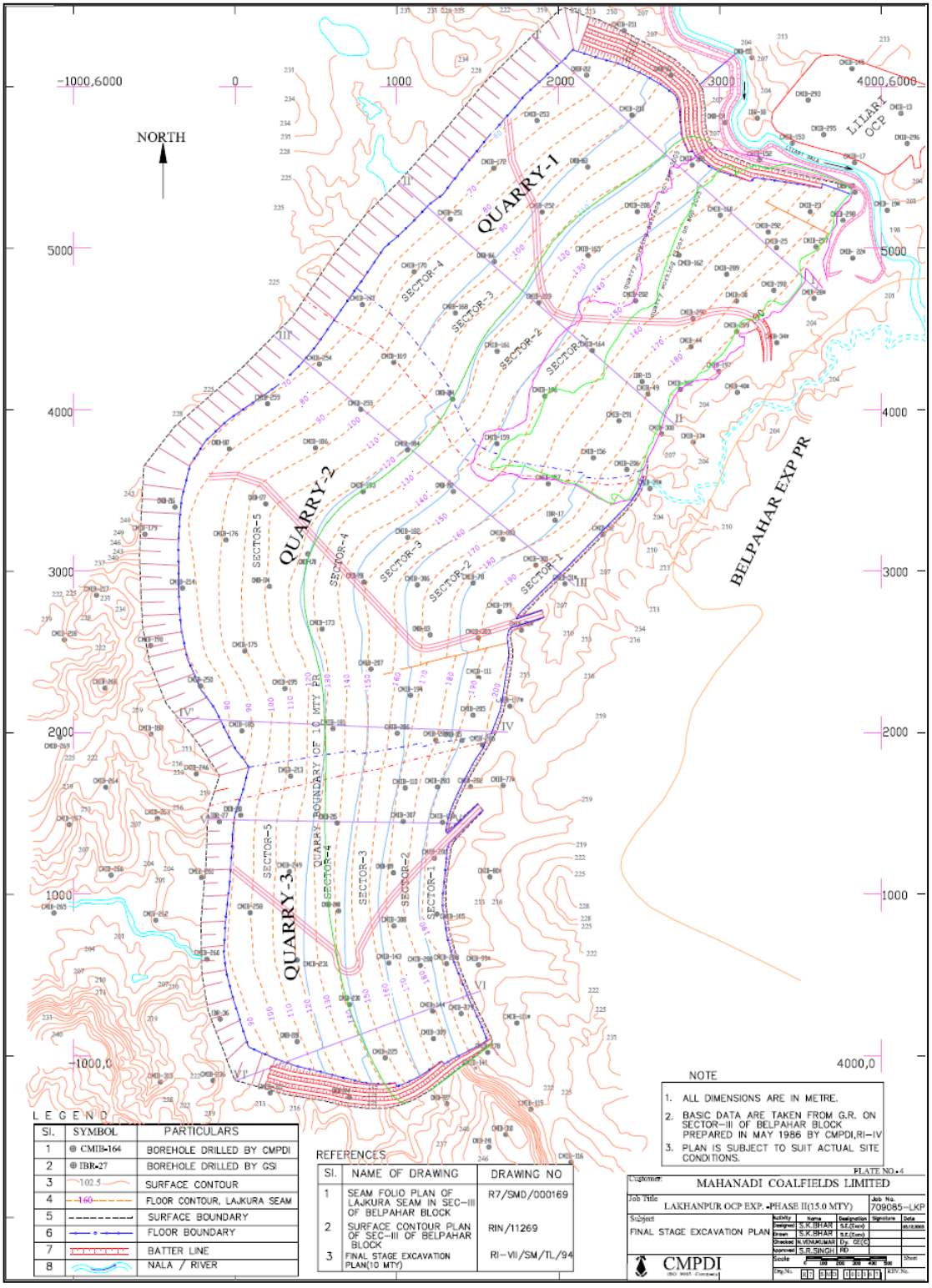
Scale 1:5000

Sheet

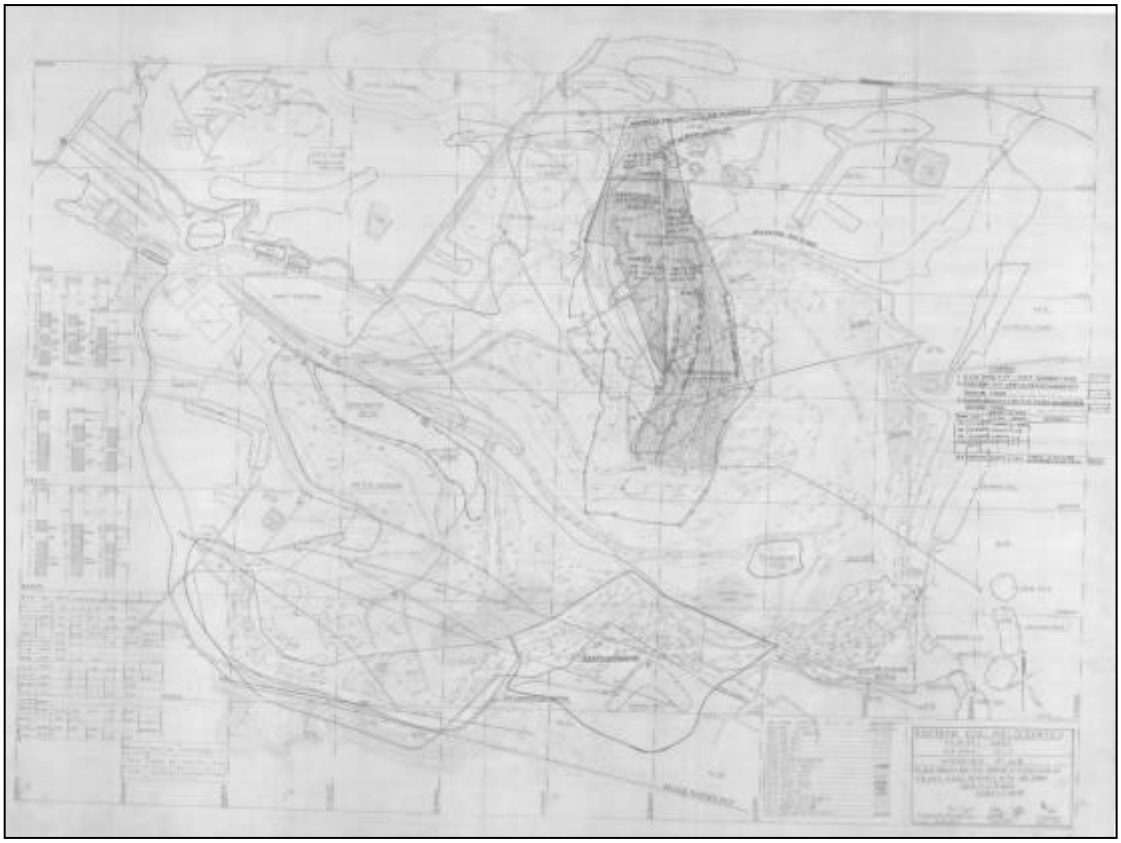
Drg.No. R7 SMD 00021 9

REV.No. 1

Final Stage Excavation Plan of Kaniha II Opencast Mine



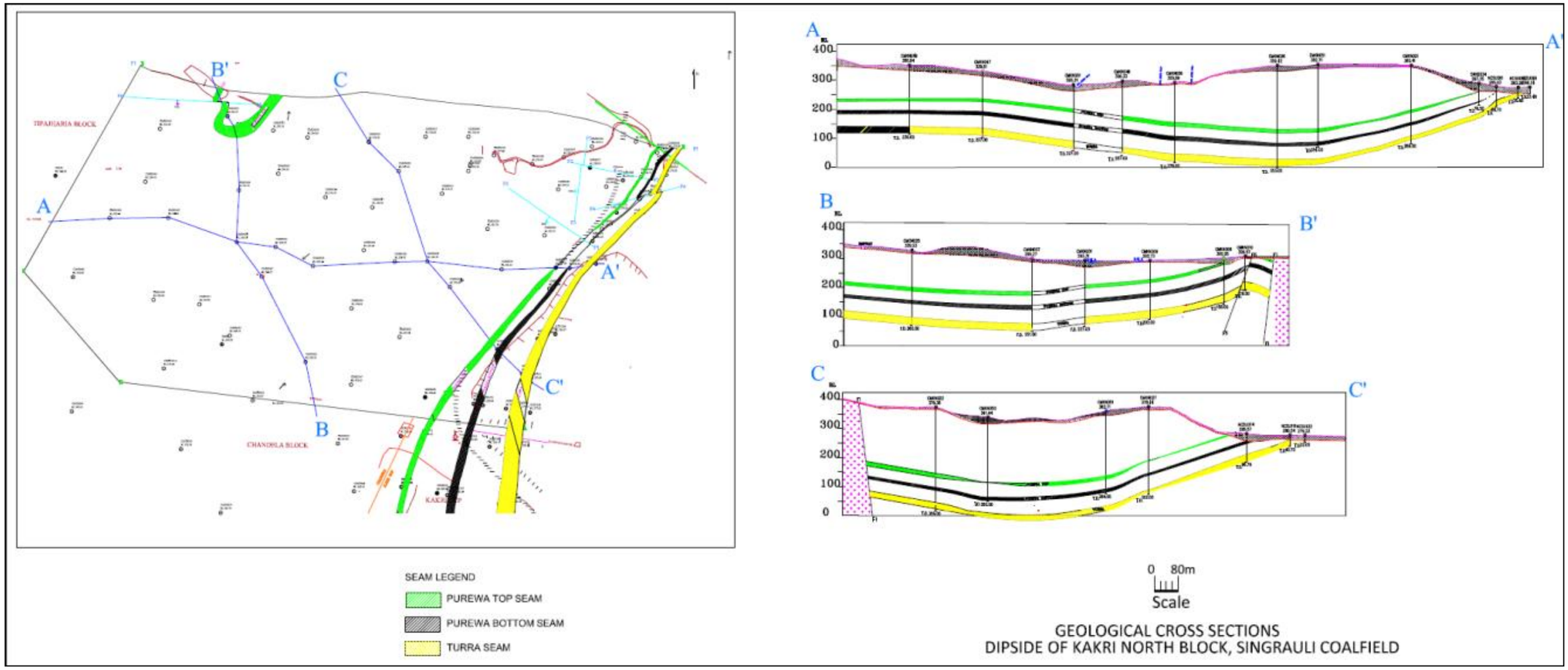
Final Satge Excavation Plan of Lakhapur Opencast Mine



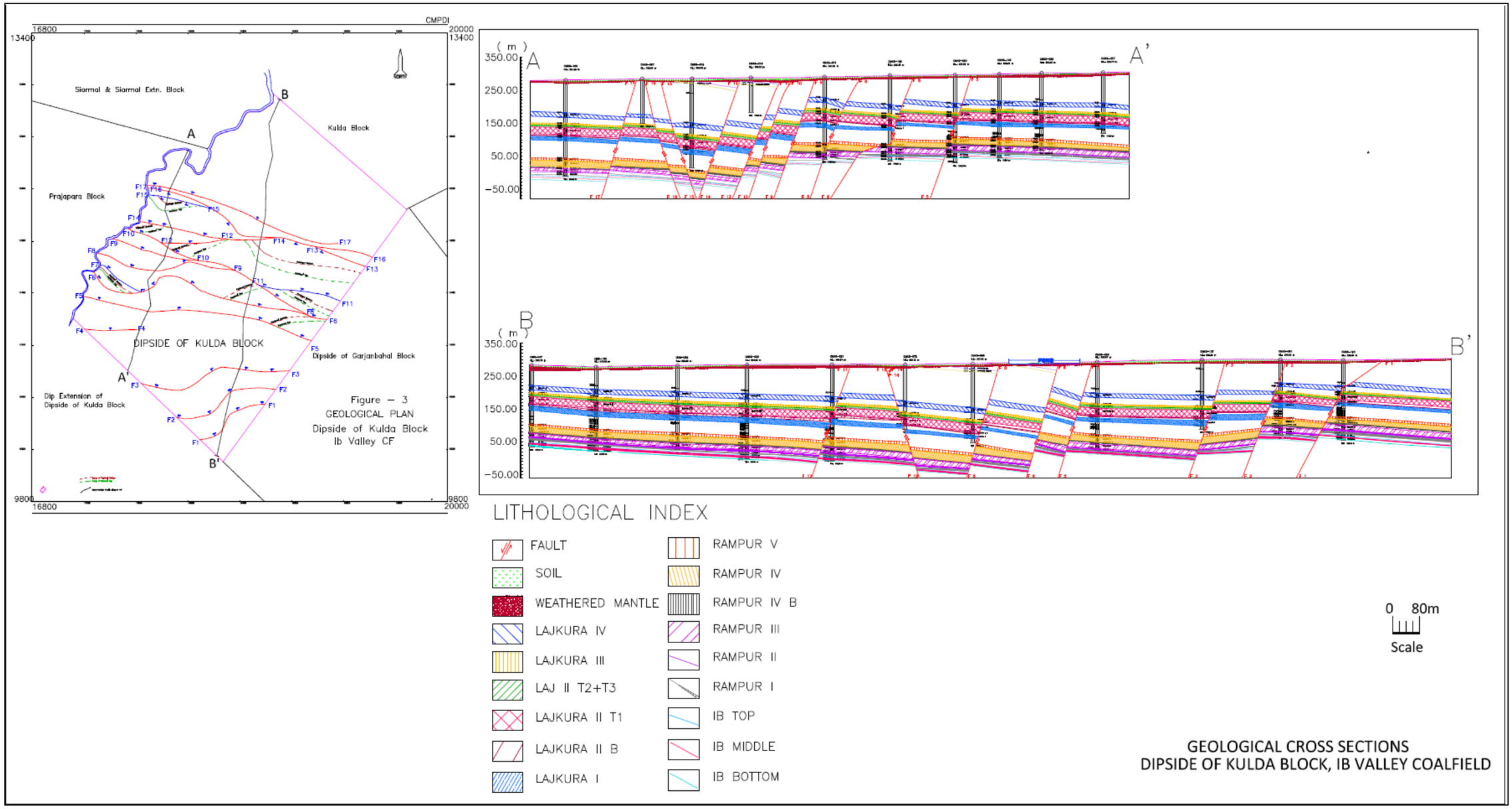
Final Stage Excavation Plan of Rajmahal Opencast Mine

APPENDIX -3

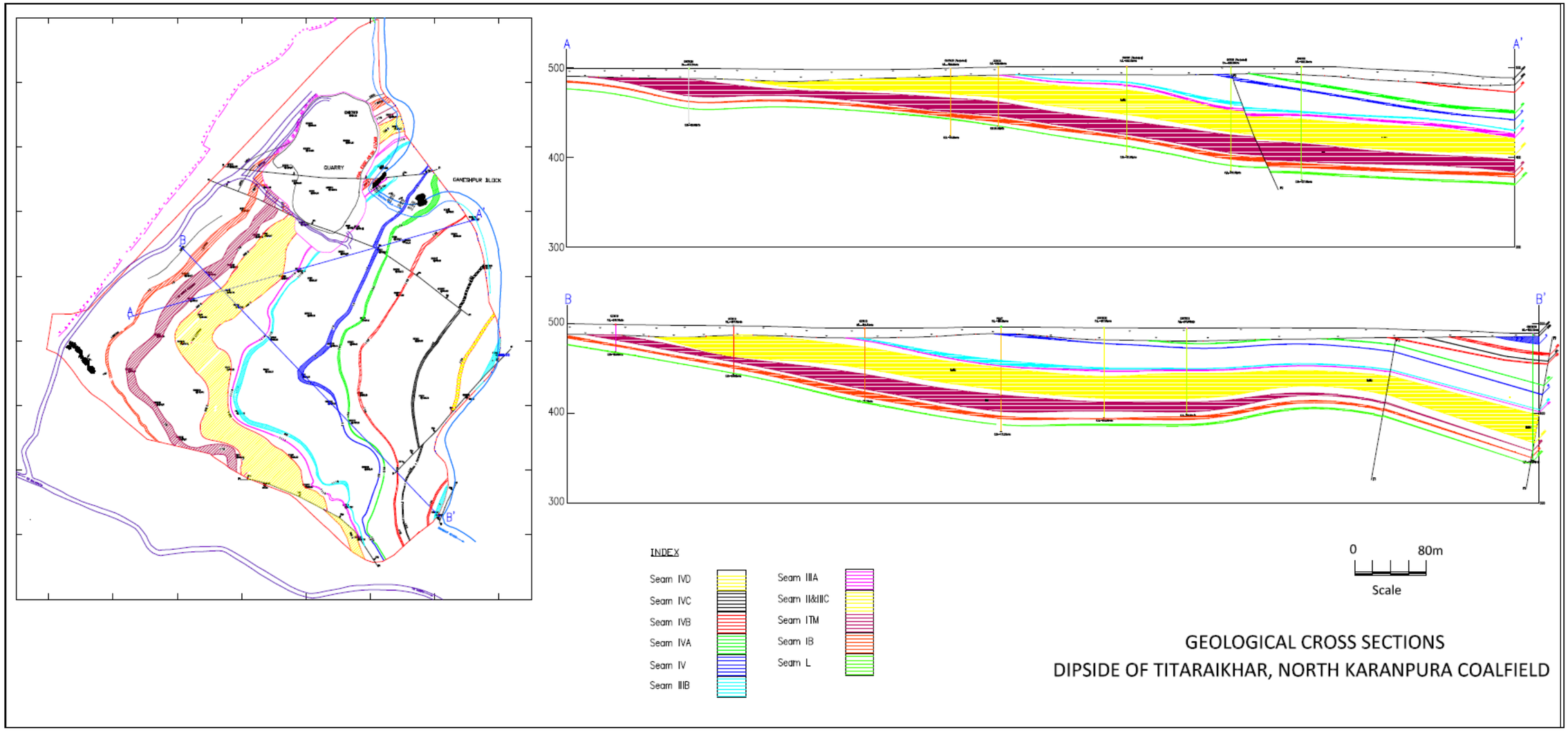
Geological cross-sections showing disposition of coal seams in major coalfields



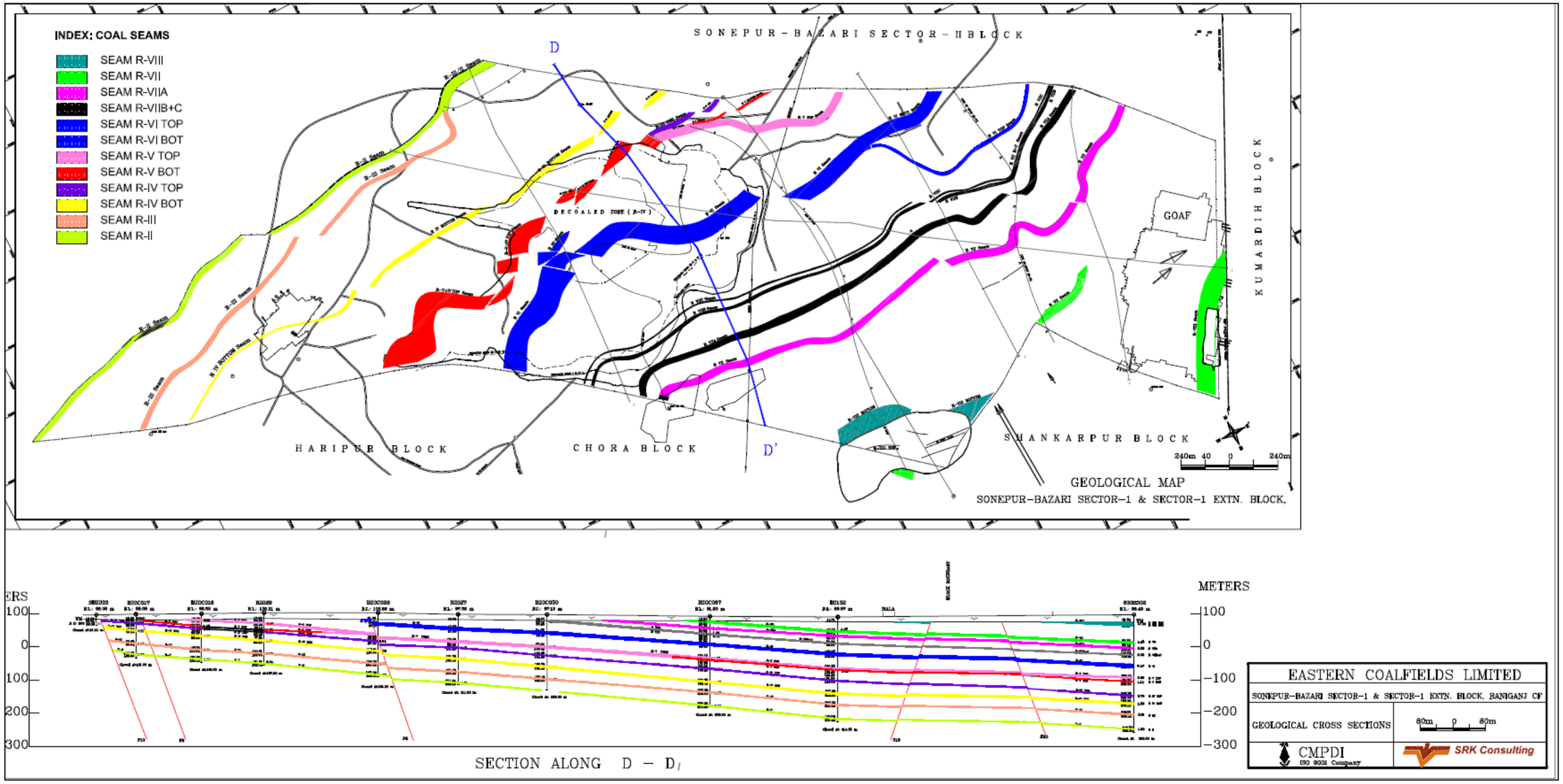
Geological Cross-section through Coal Seams in Dipside of Kakri North Block of Singrauli Coalfield



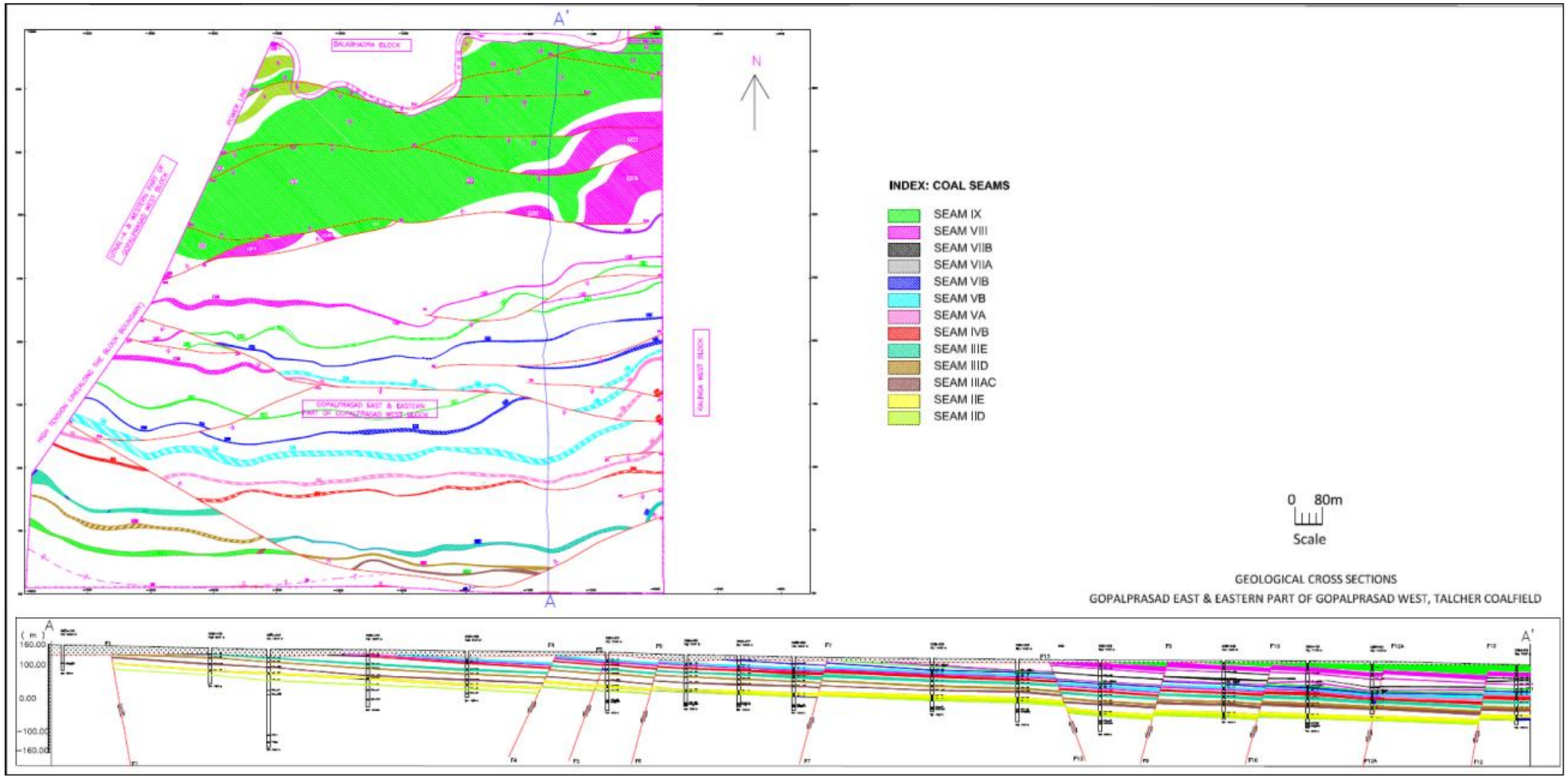
Geological Cross-section through Coal Seams in Dipside of Kulda Block of Ib Valley Coalfield



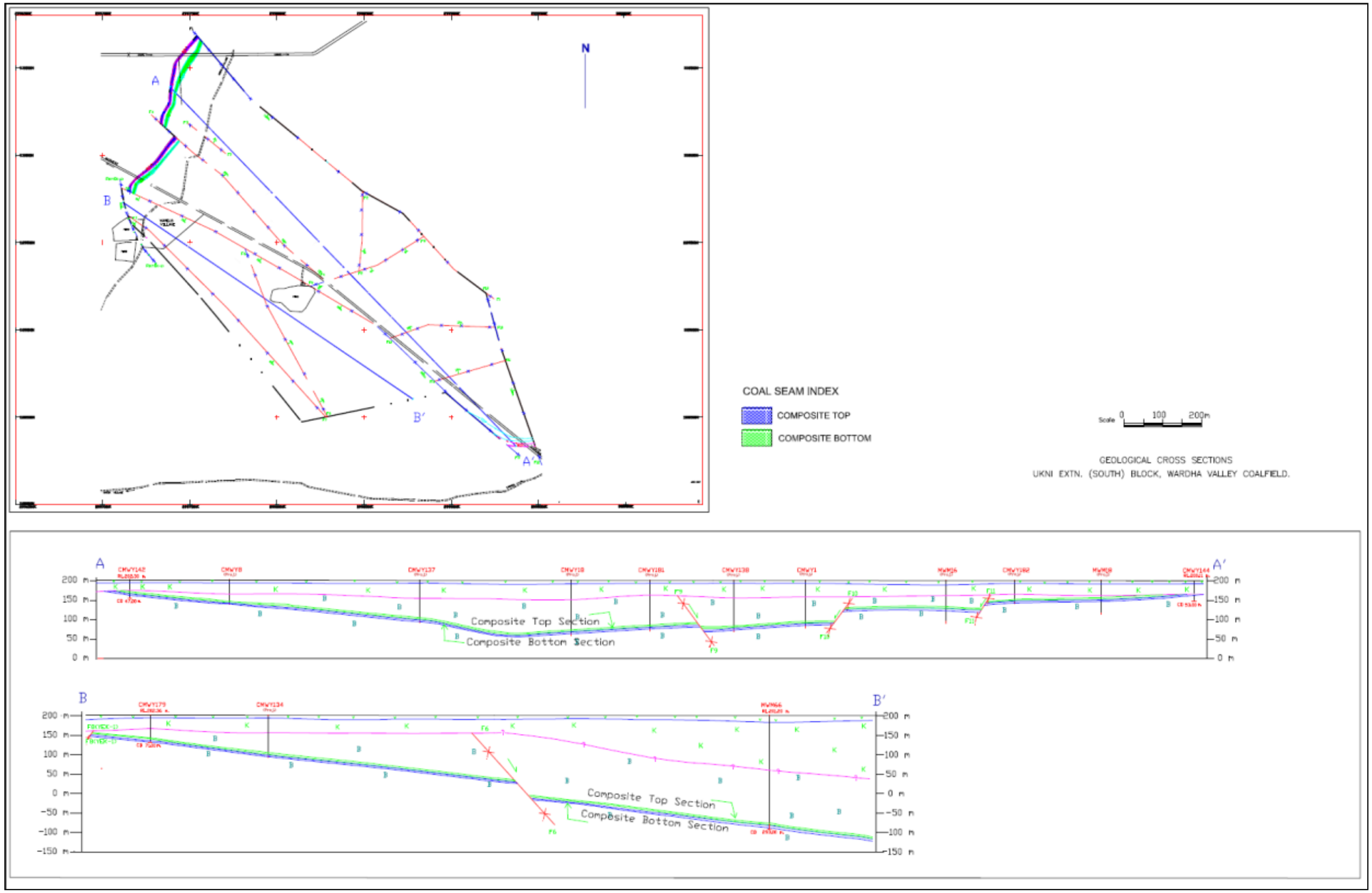
Geological Cross-section through Coal Seams in Dipside of Titaraikhar Block of North Karanpura Coalfield



Geological Cross-section through Coal Seams in Sonepur Bazari Sector-I &Sector-II Block of Raniganj Coalfield



Geological Cross-section through Coal Seams in Gopalprasad East Block of Talcher Coalfield



Geological Cross-section through Coal Seams in Ukni Extn. (South) Block of Wardha Valley Coalfield

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