

Bharat Coking Coal Limited
(A Subsidiary of Coal India Limited)
Central Accounts Department, Room No. 7
Koyla Bhawan: Koyla Nagar
Dhanbad- 826 005 (Jharkhand)
Website : <http://bccl.cmpdi.co.in>

Tender No. BCCL/GM(F)CA&T/Concurrent Audit/1933

Date: 09.03.2010

Tender Fee: Rs.1000.00

Sub: Notice inviting Tender/offer to conduct Quarterly Concurrent Audit from reputed Chartered Accountants Firm.

Date of submission of Tender/offer- 12.04.2010 from 10.30 hrs(IST) to 13.00hrs(IST)

Due date of opening of Tender/offer - 12.04.2010 at 15.00hrs(IST)

Issued against Cash Receipt No. dated

GENERAL TERMS :

(a) Offers are invited from reputed Chartered Accountants Firm to conduct Quarterly Concurrent Audit towards implementation Revival/Rehabilitation Scheme of BCCL approved by BIFR.

(b) Offer shall be received in 4 separate envelopes i.e. (i) Envelope for cost of tender documents (in case of tender document is down loaded from website), (ii) Envelope for Earnest Money Deposit (iii) Envelope for commercial bid [Part-I] containing documents in support of experience and other details toward fulfillment of eligibility/qualification criteria duly countersigned and numbered at all pages by the bidder & (iv) Envelope for price bid i.e. Part-II containing fees only [amount in INR]. Part I and Part II should be inscribed on the body of the envelop. All the four envelopes should be inserted in a separate envelop which will be duly sealed and addressed to GM(Finance–Central Accounts & Taxation), Koyla Bhawan, Ground Floor , Room No- 7 , Dhanbad- 826005. NIT reference no. should be written on all the envelopes. After opening of main cover the envelope containing cost of tender document (in case of tender document is down loaded from website) and envelope containing earnest money will be opened first and if these are found to be in order as per requirement of the NIT, then only commercial bid [Part-I] of the tender will be opened, otherwise the tender will be rejected without opening Part-I.

(c) Cost of tender documents of Rs. 1000/- (Rupees one thousand) only (non-refundable) is to be taken from the applicant who will collect the tender document from the Office of GM(Finance-Central Accounts & Taxation), BCCL, Koyla Bhawan, Ground Floor, Room No. 7, Dhanbad- 826 005 during the period of sale of tender document on payment either by Cash or by Demand Draft(from any nationalized/scheduled bank should be drawn in favour of M/s Bharat Coking Coal Limited, payable at its branches at Dhanbad) at Finance Manager,Pay Section, Koyla Bhawan Tender document can also be downloaded directly from the website of BCCL <http://bccl.cmpdi.co.in> and such applicant while submitting their tender will have to enclose a bank draft of Rs. 1000/-

(Rupees One thousand) only(non-refundable) towards cost of tender document along with their tenders in a separate envelope. The Bank draft from any nationalized/scheduled bank should be drawn in favour of M/s Bharat Coking Coal Limited, payable at its branches at Dhanbad.

Date and time of availability of tender document	From 10.03.2010 to 09.04.2010 from 10.30 hrs (IST) to 16.00 hrs (IST)
Submission of offer	12.04.2010 from 10.30 hrs (IST) to 13.00 hrs(IST)
Opening of envelopes no (i) ,(ii) & (iii)	On 12.04.2010 at 15.00 hrs(IST) in the office of GM(Finance-Central Accounts & Taxation) in presence of the Bidder or authorized representative of the Bidder who may like to attend the Bid opening.

In case the date of opening of tenders happens to be a holiday ,the same shall be opened at 15.00hrs(IST) on next full working day.

The bidder downloading tender document from website has to note the following in addition:

The Company shall not be responsible for any delay/difficulties/inaccessibility of the downloading facility for any reason whatsoever. The downloading facility shall be available during the period of sale of tender document.

The bidders, who will download the tender documents from the website of the company, will be required to pay the cost of tender documents (application fee) by bank draft as per NIT at the time of submission of tenders.

The bidders will be required to submit an undertaking with the offer that they will accept the tender document as available in the website and their tender shall be rejected if any tampering in the tender document is found to be done at the time of opening of tender.

In case of any discrepancy between the tender document downloaded from the website and the master copy available in the office, the later shall prevail and will be binding on the tenderers. No claim on this account will be entertained.

(d) Name, Address, telephone no., Fax No., Email address of the bidder along with such detail of the contact person of the bidder should be indicated on the first page of the offer.

(e) The complete offer should be typed in the letter heads of the bidders [hand written quotation will be summarily rejected]. If firm's letter heads are not sufficient to accommodate commercial details and if other paper is used, such sheets along with other pages of the offer should be signed and stamped by the firm's authorized signatory.

(f) Bidder should sign with seal on all pages of their offer including all enclosures submitted with the offers.

(g)Quotations erased and over written, will be summarily rejected unless corrections are authenticated with the bidder signatures.

(h) Offer should be submitted strictly as per terms & conditions laid down in tender/offer documents failing which the offer will be liable for rejection. In the event of the bidder remaining silent on any terms & conditions of the NIT, it will be presumed that the bidder have accepted such terms & conditions.

(i)BCCL reserves the right to reject or accept or withdraw their offer in full or part as the case may be without assigning reason thereof.

(j)No deviation of the terms & conditions of offer document is acceptable. Terms & conditions which are in deviation of the terms & conditions of the tender documents will make the tender liable for rejection.

(k)A single affidavit sworn before the First Class Judicial Magistrate as format enclosed (Annexure-I) has to be submitted by the bidders certifying the authenticity and statement made in the bid as well as documentary support of such statement submitted with such bid. Failure to submit the above Affidavit shall disqualify the bidder for further consideration of their bids.

(l)**The work is not divisible.**

COMMERCIAL TERMS & CONDITIONS

1. Earnest Money/ Security Deposits

Value of earnest money to be deposited by the bidder shall be Rs. 6000.00 (Rupees six thousand) only. EMD should be in the form of Demand Draft in favour of BHARAT COKING COAL LIMITED, from any nationalized/scheduled bank payable at its branches at Dhanbad to be submitted in a separate envelope. For unsuccessful bidder EMD shall be refunded immediately after finalization of the Tender. EMD shall be forfeited if any bidder withdraw their tender/offer before finalization of their tender/offer or fails to submit acceptance of order within 7 days from the date of order or withdraw the offer after submission of the offer at any point of time after opening of tender/offer. For successful bidder EMD shall be released after successful completion of the job and submission of satisfactory report at the end of the period. If a Party fails to start the work within the schedule date, the EMD/security money stands to be forfeited without showing any reason thereof. EMD shall not carry any interest.

2. Validity of Offer

Offer shall be valid for 120 days from the date of opening of Part-I.

3. Qualification (Experience) Criteria :

The qualification (experience) criteria for selection of the practicing Firm of Chartered Accountants for conducting concurrent audit are as follows :-

- (a) Firms having five years or more experience in practice from the date of registration with Institute of Chartered Accountants of India (Photo copy of registration certificate to be enclosed). Year will be reckoned for 365 days from the date of incorporation / registration of Firm.
- (b) Firms having at least five Chartered Accountants (both Partners and on Payroll) as on 01.03.2010 .The name of the Chartered Accountants together with notarised copy of certificate of Chartered Accountancy must be enclosed with the offer. List of qualified personnel on roll as on 01.03.2010 is also to be submitted.
- (c) Firms must have at least five numbers of audit assistant / audit clerk having qualification Inter C.A.(Photocopy of Inter C.A. certificate to be submitted) as on 01.03.2010.
- (d) Firms must have the experience of conducting concurrent audit in PSU/Nationalized Bank (Photo copy of the appointment letter along with proof of job done, letter to be submitted as proof of experience).
- (e) Firms must not be debarred from conducting audit by any regulating/statutory/legal authorities. A self declaration to that effect is to be submitted by the applicant.

The following Firms of Chartered Accountants shall not be eligible for appointment as Concurrent Auditor .

Firm who have been given sub-contract of the work assigned to them in previous year(s).
A declaration to this effect should be submitted with tender documents.

The offers received from the Firms of Chartered Accountants within the prescribed time limit and who has submitted the cost of tender fees (in case of tender document is down loaded from website) and EMD, shall be opened on due date and time for Part I only in presence of intending participant. Part II envelop shall be opened only after fulfilling all the criteria mentioned above and any conditional quotation shall be liable to be rejected .

In case the same fees i.e.lowest are quoted by two or more Firm of Chartered Accountants, the L-1 has to be decided on the basis of :-

- A) Year of establishment of the firm having the oldest date of establishment will be placed in number one position .
- B) In case after doing the exercise given in (a) above , two or more Firms get the same position , then the above list will be re-arranged on the basis of number of Chartered Accountants (Partners and on Payroll) as on 01.03.2010. The firm having highest number of Chartered Accountants (Partners and on Pay Roll) will be placed in number one position and so on .
- C) If still even after the exercise mentioned in (a) and (b) above , two or more Firm get the same position , the list will be re-arranged on the basis of number of assistants as mentioned in 3(c) above . The Firm having highest number of assistants will be placed in number one position and so on .
- D) If the L-1 tenderer fails to take up the job or fails in performance of the job as per terms and conditions, the management will have the right to get the job done by L-2 and so on at the risk and cost of L-1 tenderer.

4. Scope of Work of Concurrent Audit:

Conducting quarterly audit of implementation of Rehabilitation Scheme and submission of quarterly report thereon alongwith recommendation for improvement. Approved Revival Scheme of BCCL will be placed in website as PDF File for information to intending participant . The file will be placed for information and to assess the volume and scope of work in detail for prospective bidders.

5.Period of Concurrent Audit:

Concurrent Audit will be done for four years w.e.f. 01.04.2010. Accordingly concurrent Auditor will be appointed for four years from F.Y.2010-11. The audit will be conducted on quarterly basis. Period of 1st quarter will start from 1st April 2010 to 30th June 2010 and so on. The audit will start after completion of 1st quarter.

6. Concurrent Audit Report:

Five copies of quarterly audit report is to be submitted within forty five days after the ending of the quarter.

7. Audit Fee:

Fee for the audit is to be indicated by the applicant firms in Part-II (inclusive all charges of TA/DA, boarding & lodging, incidental charges etc.) mentioned in (b) above of General Terms.

In addition to the above, Service Tax will be paid extra. Income Tax and other statutory levies will be deducted from the bills as per rules.

8. Payment Terms :

The bills in triplicate (original copy duly pre receipted) duly certified & accepted by the Nodal Officer should be submitted to paying authority by the auditor after compliance of necessary formalities. Payment will be made within twenty one days of submission of the bills to the paying authority.

9. Paying Authority:

Finance Manager (Pay) I/C, Pay Office, Koyla Bhawan, BCCL is the paying authority.

10. Penalty Clause :

Timely submission of audit report is the essence of the contract. Therefore, the auditor needs to submit the report as per time schedule.

In case Auditor submits the audit report after the schedule date of submission, penalty will be levied @ 2 % of quarterly audit fee for each week of delay or part thereof subject to a maximum of 10% of the quarterly audit fee. However, CMD, BCCL may waive the above penalty either in full or in part on the merit of each case.

11. Dispute:

Any dispute/difference of opinion shall be mutually settled with Nodal Officer. If the dispute could not be settled at Nodal Officer's level, the same is to be forwarded to CMD, BCCL for decision which will be final and binding.

GM(F)/CA&T
BCCL

Distribution :

CC: PRO – with a request to publish the abridged NIT as enclosed in local as well as national dailies as per norms of the company and also arrange to send the paper cutting to the GM(F)/Central Accounts & Taxation.

CC: D(T)OP/D(T)P&P/D(F)/D(P)/CVO, BCCL.

CC: GM(System), BCCL- with a request to display this NIT in BCCL website. The downloading facilities should be available during the period of sale of tender document only.

CC: Sr. ES to CMD- for kind information of CMD.

CC: HOD (Admn) – with a request to display this NIT in Koyla Bhawan Notice Board.

CC: All CGMs/GMs in the Areas including Washery Zones for wide circulation through display in the Notice Boards.

CC: Inspector, CISF- with a request to deploy security personnel at the Office of GM(Finance)/Central Accounts & Taxation, BCCL, Koyla Bhawan, Ground Level, Room No-7 from 10.30 hrs.(IST) to 16 hrs (IST) on 12.04.2010.

CC: CGM(Finance), BCCL, Koyla Bhawan.

CC: GM(CMC)/ GM(P&P), BCCL, Koyla Bhawan.

CC: HOD(Internal Audit), BCCL, Koyla Bhawan.

CC: FM(Pay), BCCL, Koyla Bhawan. – to issue Cash Receipt towards sale of tender document on payment either by Cash or by Demand Draft (from any nationalized/scheduled bank should be drawn in favour of M/s Bharat Coking Coal Limited, payable at its branches at Dhanbad)

CC: Cashier (FM/Pay Office), Koyla Bhawan, BCCL.

General Information
(To be furnished by the bidder in Part-I)

Sl. No.	Information required	
1	Name, Address, Telephone no., Fax No., E-mail ID of Respondent	
2	Date of registration of Firm with Institute of Chartered Accountants of India.	
3	No. of Chartered Accountants (both partner and on Pay Roll) as on 01.03.2010 along with notorised copy of certificate of Chartered Accountancy.	
4	No.of Audit Asstt./Audit Clerk having qualification Inter CA as on 01.03.2010 (photo copy of Inter CA certificate is to be submitted).	

Signature of the Bidder
with Date and Seal

PRICE BID PROFORMA

Rate (all inclusive)	Service Tax Present rate 10.3%	Total

Signature of the Bidder
with Date and Seal

(On Rs. 10/- non-judicial stamp paper)
 Strikeout whichever is not applicable

BEFORE THE FIRST CLASS JUDICIAL MAGISTRATE AT _____

AFFIDAVIT

I _____ Son/daughter of _____ Aged _____
 _____ working as MD/Director/Chief Executive/Partner/Sole
 Proprietor/Manager/ _____ of M/s _____ having its
 registered office at _____ (hereinafter referred to as Bidder) do hereby
 solemnly affirm and declare on oath as follows:

1. That I am competent being authorized by M/s _____ to swear this affidavit and the copy of the document pertaining to such authorization is annexed herewith marked as Annexure "A".
2. That in response to Tender Notice bearing no. _____ dated _____ issued by Bharat Coking Coal Limited having its registered office at Koyla Bhawan, Dhanbad-826005, Jharkhand, India (hereinafter referred to as BCCL) for conducting quarterly concurrent audit of Revival Plan/Rehabilitation Scheme of BCCL approved by BIFR.
3. The Bidder submits herewith the commercial bid under Part-I along with documentary evidences in support of the credential of the bidder.
4. That I am fully aware of the contents of the Part-I, commercial bid being submitted herewith by the bidder and declare that all the contents of the said cover are true and correct.
5. That I certify and declare that all documents, attested copies of documents contained in the aforesaid bid under Part-I and true copies of original are authentic.
6. That I certify and declare that all information provided and statements made in the aforesaid bid are correct and the documentary support of such statements submitted with the aforesaid bid are genuine and authentic.
7. That I declare that the terms & conditions of the tender for conducting quarterly concurrent audit of Revival Plan/Rehabilitation Scheme of BCCL approved by BIFR have been fully understood and the bidder shall abide by the said terms & conditions in all respect.
8. That I declare and confirm that in the event of any information and statement contained in the commercial bid under Part-I and any of the documents annexed in support of the credential of the bidder are found to be incorrect or false or not authentic and not genuine at any time, the bidder shall be liable to be penalized as per the penal provisions in the terms & conditions of the tender including termination of contract, if contract is awarded and bidder shall also be liable for payment of damages as may be claimed by BCCL.
9. That the statements made in the forgoing paragraphs are true and correct to my knowledge and the contents thereof are binding on the Bidder,

Place:
 Date:

Deponent

THE BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION

BIFR CASE NO. 502/2001 M/S BHARAT COING COAL LIMTIED

BENCH-II

ORDER

1. M/s Bharat Coking Coal Limited (BCCL) was declared a sick industrial company in terms of Section 3(1) (o) of the Sick Industrial Companies (Special Provisions) Act (SICA) 1985 in the hearing held on 11.02.2004. As the Company expressed its willingness and ability to draw up a revival plan without any assistance from OA u/s 17(2) of SICA, the Bench vide order dated 11.02.2004 issued the directions for drawing and submission of a comprehensive rehabilitation scheme with means of finance duly tied up.
2. In the hearing held on 18.05.2009 the representative of the company submitted that on the recommendation of BRPSE the Govt of India approved rehabilitation scheme for the company and the same is being implemented by the company. As per the rehabilitation package, the company's net worth was projected to turn positive during 2010-11. However, due to implementation of the National Coal Wage Agreement (NCWA) during 2009, the accumulated losses of the company would increase and therefore, the net worth of the company would turn positive during 2013-14 instead of 2010-11. The company was asked to submit a revised DRS.
3. The Company has submitted rehabilitation scheme u/s 17(2) of SICA vide their letter No. CMD:ES:F:BIFR:09/771 dated 11.08.09. The revival plan does not envisage any additional financial assistance or waiver other than those approved by Coal India Limited (CIL) in terms of minutes of 229th meeting of the Board of Directors of CIL held on 22.12.2006. With the implementation of revival plan the accumulated losses will be completely wiped off by 2013-14.
4. As the BCCL does not propose for any financial assistance from any authority other than Coal India Limited, the rehabilitation scheme submitted by the company is approved and appended to this order for compliance of all concerned.

(NIRMAL SINGH)
MEMBER

(K. CHERIAN VARGHESE)
CHAIRMAN

Dated:- 28.10.2009

Encl: Draft Rehabilitation Scheme along with Annexures pages 1 to 39

**BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION
GOVERNMENT OF INDIA, NEW DELHI
CASE NO. 502/2001**

DRAFT REHABILITATION SCHEME

1. BACKGROUND

1.1 Bharat Coking Coal Ltd (BCCL) was incorporated in January, 1972 to operate coking coal mines (214 Nos) in the Jharia & Raniganj Coalfields, taken over by the Govt. of India on 16th Oct, 1971 to ensure planned development of the scarce coking coal resources in the country. Nationalization of the non-coking coal mines followed soon after in May, 1973 when 182 non-coking units located near to coking coal mines were also put under the control of BCCL. The company became a subsidiary of Coal India Ltd. (CIL) when the latter was incorporated in November, 1975.

1.2 Area of operation of BCCL is spread over 270 Sq KM in Jharia Coalfield (JCF) and 32 Sq KM in Raniganj Coalfield (RCF) in the States of Jharkhand and West Bengal. The Company operates 86 coal mines which includes 54 underground and 32 opencast. The Company also runs 6 coking coal washeries, 2 non-coking coal washeries, one Captive Power Plant (2x10 MW), and 5 bye-product coke plants. The mines are grouped into 13 areas for administrative convenience.

2. REFERENCE TO BIFR :

M/s Bharat Coking Coal Limited (BCCL) based on its Audited Balance Sheets (ABS) of the financial year 1994-95 had filed a reference as per provisions of sections 15(1) of SICA on 18.12.1995 and the case was registered as 504/95. The case was subsequently dismissed on the ground that the net worth of the company was not fully eroded as on that date. BCCL based on their ABS for the financial year 1999-2000 filed another reference on 15.02.2001 and the Board on 03.04.2002 rejected this reference as time barred and non-maintainable. BCCL challenging the Board's order filed an appeal before AAIFR and Hon'ble AAIFR vide their order dated 14.11.2002 set aside the BIFR Order and remanded back the case to the Board. In the hearing held on 11.02.2004 the company was declared sick as per provision under section 3(1)(o) of SICA. As the company expressed its unwillingness and ability to draw up a revival plan without any assistance from OA i.e., provision u/s 17(2) of the Act, the Bench issued the directions for drawing and submission of a comprehensive rehabilitation scheme with means of finance duly tied up.

2.1 In the hearing held on 18.05.2009 the representative of the Company submitted that on the recommendation of BRPSE, the Govt. of India approved rehabilitation scheme for the company and the same is being implemented by the company. As

per rehabilitation package, the company's net worth was projected to turn positive during 2010-11. However, due to implementation of the National Coal Wage Agreement(NCWA) during 2009,the accumulated losses of the Company would turn positive fully during 2013-14 instead of 2010-11.The Company was therefore asked to submit the revised DRS.

3. PAST PERFORMANCE

A summary analysis of the audited Profit & Loss Account and Balance Sheets for the past 4 (four) years is given hereunder:

3.1 Operational Performance

Particulars	Rs'Cr			
	2005-06	2006-07	2007-08	2008-09
Total Income	4307	3963	3970	4965
Total Expenditures	3878	3673	3611	6050
Gross Profit/Loss(-)	306	129	-302	-1299
Interest	103	77	93	100
Depreciation incl Impairment	123	163	179	195
Net Profit/Loss(-)	203	50	87	-1380

3.2 Financial Position

As At 31 st March	2006	2007	2008	2009
Equity Share Capital	2118	2118	2118	2118
Accumulated Loss	6841	6791	6935	8315
Net Worth	-4723	-4673	-4817	-6197
Net Fixed Assets	1125	1123	1125	1133
Current Assets, Loans Advances	1530	1732	1578	2026
Current Liabilities & Provision	5713	5853	6392	8343
Secured Loan	286	308	208	118
Unsecured	1576	1576	1083	1083

Comments: With the initiation of revival process, the physical as well as financial performance of the Company started improving. The Company for the first time since inception made profit in 2005-06 and continued the trend up to 2007-08.However, in the year 2008-09, the Company reported a loss of Rs.1380.47 Cr. inclusive of impact of pay revision to the tune of Rs.1584 Cr.(Thus in 2008-09 also, the Company could make a profit of Rs.205 cr but for the impact of pay revision).

4. MANAGEMENT & ORGANISATION

The Overall Management lies with the Board of Directors of the Company. The Board comprises of the following Directors as on 31.05.2009:

- Functional Directors:

i) Shri T.K.Lahiry

: Chairman-cum-Mg.Director

ii) Shri P.E.Kachhap

: Director (Personnel)

iii) Shri Rakesh Sinha

: Director (Tech.) OP.

iv) Shri P.G.Nandy

: Director (Finance)

The post of Director (Tech.) P&P is lying vacant in view of retirement of the incumbent.

- Part-time Directors:

i) Shri H.C.Agrawal

: Director, Ministry of Coal.

ii) Shri N.C.Jha

: Director (Tech.),Coal India Ltd.

Independent Directors: i) Shri P.C.Mondal : Independent Director
 ii) Shri D.K.Sahni : Independent Director

Permanent Invitees: i) Shri S.K.Satpathy : Secretary, Mines & Geology Deptt
 Govt.of Jharkhand.
 ii) Shri S.S.Guru : Chief Operations Manager
 South Eastern Railway.

5. SHAREHOLDING PATTERN

Rs'Cr

Authorized share capital 2, 50, 00,000 Equity Shares of Rs.1000/- each	2500
Issued subscribed and paid up capital 2, 11, 80,000 Equity Shares @ Rs.1000/- each fully paid	2118

Note: Entire Share capital is held by Coal India Limited, the Holding Company and its nominees.

6. INFRASTRUCTURAL FACILITIES

- a. **Land** : At present the company has land measuring 17654.10 Ha.
- b. **Building** : The Company has sufficient building space/facility in Collieries, Washeries, service units, Area Offices, HQ and various installations;
- c. **Plant & Machinery:** The Company has in its mines, washeries, service units and other installations sufficient Plant and Machineries capable of giving efficient and satisfactory performance;
- d. **Raw Materials:** Basically, being the extractive industry, the company does not require any direct raw materials in its mines. The indirect materials are procured from different sources. In Washeries, the direct raw materials i.e., raw coal comes from different mines of the company;
- e. **Manpower:** The Company has 76369 heads on its roll (as on 31.03.2009) comprising of Executives, Supervisory Staffs, skilled, semi-skilled and unskilled Workers required for smooth functioning of the Company. The Company is managed through qualified, experienced and competent managerial and technical personnel at different levels;
- f. **Power:** The Company draws its required quantity of power from DVC and SEBs and other sources. The Company also generates small quantity of power from its own Diesel Generating Sets. There is no problem of power in the company;
- g. **Water:** Being the extractive industry, the Company's requirement for water is negligible which is drawn from its own source;
- h. **Products:** BCCL is engaged in mining of Coal and allied activities. The major product is raw coal. The Company produces Washed Coal by washing raw coal in its Washeries. The Company also produces a small quantity of Hard Coke in its Plants. In the process of production of washed coal, a small quantity of bye-products such as Middlings, Rejects, Slurry, etc. are generated.
- i. **Techno-Economic Viability Study:** As per advice of BRPSE, BCCL appointed M/S CARE Advisory, an independent consultant, for appraisal of its Revival Plan. M/s CARE Advisory, after review and appraisal of BCCL's projections and underlying assumptions upheld the Revival Plan of BCCL.
- j. **Safety Measures and Pollution Control :**

The Company has a well established and well equipped safety organization through out its lengths and breadths. The Company also takes all possible steps of environment measures and pollution control.

7. INDUSTRIAL SCENARIO

With the rapid growth of industrialization in the country, the demand for power is showing constantly an increasing trend. Coal is the major source of power generation in India. The Coal industry, especially BCCL is, therefore, poised to have a very bright prospect.

8. MARKETING & SELLING ARRANGEMENT

BCCL supplies coking coal to Steel Plants and non-coking coal to Power Sector and other industries from its opencast, underground mines and Washeries. It is the only source of Prime Coking Coal in the country. Since the demand for BCCL coal is much more than supply, there is no problem in marketing BCCL coal.

9. REASONS FOR SICKNESS

The sickness of BCCL is attributed to the following reasons:

- i) Excessive manpower inherited by BCCL from erstwhile owners at the time of taking over of mines, disproportionate to the production at that time;
- (ii) The incidence of progressive hike of wages unrelated to the paying capacity of the Company;
- iii) Insufficient investment in mining equipment due to acute fund crunch leading to ageing of equipment, shrinkage of capacity resulting in decrease in production.
- iv) Problem of working capital rendering the company incapable of paying for procurement of critical production holding stores and spares and safety items in time affecting production adversely.
- v) Non-availability of land.
- vi) Difficult working conditions.
- vii) Backlog of welfare amenities resulting in disenchantment and despair among the employees, non co-operation of trade unions and poor IR.

10. DETAILS OF DUES

10.1 **Secured Creditor** :As per Audited Balance Sheet as at 31.03.09, there is an amount of Rs.118.27 crores as overdraft against pledge of Term Deposits under the broad head Secured Loans. BCCL has kept sufficient amount pledged for availing overdraft facilities from SBI, Dhanbad. At present (May'09) BCCL has Fixed Deposit for Rs.476.88 crores pledged with Bank against which the Company may make overdraft upto Rs.400 crores.

10.2 Unsecured Creditor:

As per Audited Balance Sheet as at 31.03.09, there is an amount of Rs.1083.30 crores being the Loan Fund from Coal India Ltd, the Holding Company, under the

major head Unsecured Loans. CIL Board in its 229th Meeting held on 22.12.2006 approved the waiver of this loan in the year in which BCCL shall be consequently enabled to report a positive Net-worth.

10.3. Details of dues of workers

The company is making payment of wages/salary to its workers and executives regularly.

10.4. Dues of Suppliers and Contractors

After initiation of revival process, with the improvement in financial position, the Company has cleared all long pending dues to its Suppliers and Contractors. The Company is now regular in making payment to the Suppliers and Contractors and the position is now up to date

10.5 Statutory Dues: The company is having no unpaid statutory dues. Before introduction of Revival Plan, the Company was suffering from acute financial crunch. As a result, it could not make regular payment of dues to CMPF Authority within schedule time. With initiation of revival process, the liquidity position was improved and the Company cleared all the old CMPF dues. At present the Company is making payment of current dues on regular basis and maintaining the position up to date.

10.6 Against the claim of CMPF Commissioner for interest on delayed payment in earlier period, BCCL, vide letter no.BCCL/D(P)/Sr.ES/866 dtd. 05.11.05 of Director (Personnel) and letter no.D(F)/Sr.ES/F-52/06/17 dtd. 22.05.06 of Director (Finance) appealed to CMPF Commissioner to waive the interest on delayed payment of dues since the delay was occurred under compelling situation arising out of the acute liquidity crunch faced by the Company. While a response is still awaited, CMD, BCCL vide reference no.BCCL/D(F)/ES/F-22(M)/09/34 dtd. 07/11.05.09 has made an appeal to the Secretary, Ministry of Coal, Govt. of India and Ex-Officio Chairman, Board of Trustees, CMPF for justice.

10.7 Dues of Central Government, Excise Deptt, Ranchi are pending for Rs.1.68 Crores to be paid by the Company for which the Company has appealed to the Customs, Excise and Service Tax Tribunal, EZB, Kolkata. The CESTAT, Kolkata closed the matter for statistical purposes with a liberty to re-open the matter on production of the Clearance Certificate from the Committee of Secretaries ,Cabinet Secretariat, Rastrapati Bhawan,New Delhi for CDO clearance but till date the certificate is not received by them.

11. STRATEGY FOR REVIVAL

In order to overcome the sickness and effect turnaround, the Company evolved the Revival Plan after interactions with all concerned up to the grass root level. The Revival Plan envisaged the following strategies:

- I. Revamping HEMM capacity in existing OC mines through increased investment;
- II. Continue deployment of H/HEMM in isolated patches;
- III. Closure of highly loss making UG mines to reduce losses;
- IV. Modernization of UG mines and Washeries;
- V. Opening up of large OC projects to be worked through H/HEMM.

The focus of the revival package:

- Increasing production through investment in machinery;
- Cost cutting through closure of mines and redeployment of manpower to take benefit of natural attrition; and
- Utilizing the low cost benefits of H/HEMM in as many mines as possible.

12. SUBMISSION OF REHABILITATION SCHEME TO BRPSE

As per instruction of Ministry of Coal, BCCL submitted its Rehabilitation Scheme in prescribed format to BRPSE in April, 2005 suitably modifying and updating the Revival Plan submitted to BIFR on 12.4.04.

BRPSE at its 19th meeting held on 29.08.2005 advised MOC/BCCL to resubmit the Revival Plan duly appraised by an independent consultant for its consideration. Accordingly BCCL submitted the Revival Plan duly apprised and vetted by M/s CARE Advisory, an independent consultant.

BRPSE in its 56th Meeting held on 22.02.2008 approved the Revival Plan of BCCL and forwarded the same to BIFR for concurrence.

13. RECOMMENDATION BY BRPSE AND ACTION TAKEN THEREON BY BCCL

The BRPSE, while approving and forwarding the Revival Plan of BCCL to BIFR for concurrence has recommended a Revival Package as circulated by Director BRPSE vide reference no. BRPSE/2(56)/2008 dated 07.03.2008 (Copy enclosed vide Annexure-I) .The point wise recommendation of BRPSE and action taken by BCCL for implementation are narrated hereunder:

Recommendation No. 17.1 (a)

Cash infusion by Coal India Ltd. - Cash support by way of loan up to a maximum of Rs. 1350 crores as per year wise phasing indicated in the report of M/s CARE to be repaid by BCCL as per prescribed repayment schedule.

Action Taken:

Coal India Ltd. has extended loan for Rs. 1350 crores to BCCL. The BCCL has been refunding the principal amount at the rate of Rs 20 crores per month since the year

2004-05. Total amount refunded to CIL up to May'09 is Rs.700 Cr. The Position is as follows:

Rs.'Cr

	05-06	06-07	07-08	08-09	09-10	TOTAL
Loan received						
Revenue	175.10	621.19	0.00	0.00	0.00	796.29
Capital	284.47	201.38	67.86	0.00	0.00	553.71
Total	459.57	822.57	67.86	0.00	0.00	1350.00
Loan repaid		180.00	240.00	240.00	40.00	700.00
Net Outstanding Balance	459.57	1102.14	930.00	690.00	650.00	650.00

Note: Figures updated up to May'09.

Recommendation No. 17.1(b)

Conversion of the past loan of Rs. 1083 crores of CIL into interest free loan w.e.f 1.4.2005.

Action Taken:

Coal India Ltd. converted the past loan of Rs 1083 crores into interest free loan with effect from 31.3.2005 as per resolution passed in its 229th Board meeting held on 22.12.2006.

Recommendation No. 17.1(c)

- i) Waiver of interest by CIL in 2009-10 amounting to Rs. 493 crores accrued upto 31.3.2005 and not recognized as income in the books of CIL.
- ii) Waiver of loan of Rs. 1083 crores as on 1.4.2005 by CIL in the year in which BCCL shall be consequently enabled to report a positive net worth.
- iii) Waiver of current account balance of Rs.1456 crores as on 1.4.2003 by CIL in the year in which BCCL shall be consequently enabled to report a positive net worth.
- iv) Waiver of accrued interest on other loans by CIL in the year in which BCCL shall be consequently enabled to report a positive net worth.

Action Taken:

Waiver of accrued interest of Rs. 493 crores of BCCL was approved by Coal India Board in its 243rd Board meeting held on 10th June 2008 for the financial year 2007-08 (Copy enclosed vide Annexure-II).

Recommendation No. 17.2

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

Action Taken:

The fund has been used for the purpose for which it was meant. The position is as follows: -

Sl. No.		05-06	06-07	07-08	Total
A.	Fund received from CIL:				
	(i) Revenue head	175.10	621.29		796.29
	(ii) Capital head	284.47	201.38	67.86	553.71
	Total :	459.57	822.57	67.86	1350.00
B.	Fund Utilized :				
	(i) Revenue head	175.10	621.19		796.29
	(ii) Capital head	284.47	201.38	67.86	553.71
	Total :	459.57	822.57	67.86	1350.00

Investment by infusion of HEMM has improved the capacity and efficiency of HEMM and improved the Production Performance in departmental OCPs as may be seen in the following table:

Particulars	03-04	04-05	05-06	06-07	07-08	08-09
Depreciation (Rs'Cr)	152.43	127.06	130.27	149.76	196.22	161.00
Investment in HEMM (Rs'Cr)	39.57	52.28	235.20	142.69	41.20	94.68
OCP (Deptt.) Production (mt.)	15.94	14.89	15.46	16.20	15.64	15.77

Recommendation No. 17.3(i)

The Board also advised M/o Coal/CIL/BCCL to implement the recommendations of M/s CARE Advisory on improving the age profile of workforce.

Action Taken:

- The Report of M/s CARE Advisory envisaged reduction in manpower.
- The manpower on roll at the start of the revival plan: 2006-07 : **87146**
- The manpower at the close of the financial year 2008-09 : **76369**

Reduction : **10777**
Reduction in percentage terms : **12.37%**

Further downsizing the manpower below optimum level can only find the scope of further recruitment of manpower of low age group. Presently recruitment of low age group manpower is done only on account of land loser scheme and on compassionate ground.

Recommendation No. 17.3(ii)

Strengthening the costing system so that viability analysis of various initiatives and profitability analysis of products / mines can be carried out.

Action Taken:

The Costing Department of BCCL HQ has been strengthened suitably by posting competent executives to perform the jobs regarding viability analysis of various initiatives and profitability analysis of various products/mines. The whole process of Costing Department has been computerized.

Recommendation No. 17.3(iii)

Investment in information technology for implementation of enterprise wide software solutions in BCCL.

Action Taken:

In order to implement the enterprise wide software solutions M/s. IIT, Kharagpur was entrusted by CIL to undertake the job of development and implementation of Coal Net Software. In this context the package was implemented at BCCL HQs. as well as in all the areas under BCCL command. At present BCCL is having about 350 independent PCs and Server at all the areas and HQ along with Nodes and other infrastructure. At present the task for support and maintenance of Coal Net phase I & II has been entrusted to M/s. Electronic Corporation of India Ltd (ECIL), a Govt. company.

Recommendation No. 17.4

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

Action Taken:

The abstract of actual performance vis-à-vis target for the period 2006-07 to 2008-09 is shown in the following tables.

A. PAST PHYSICAL PERFORMANCE

PARTICULARS	2006-07		2007-08		2008-09	
	TARGET	ACHIEVED	TARGET	ACHIEVED	TARGET	ACHIEVED
PRODUCTION (COAL) [MT]						
UG	4.90	4.90	5.00	4.46	5.00	4.13
OC	19.30	19.30	21.00	20.76	22.00	21.38
TOTAL	24.20	24.20	26.00	25.22	27.00	25.51
Washed Coal-Coking [MT]	2.427	1.660	2.498	1.662	2.560	1.596
Washed Coal-Non-Coking [MT]	1.147	1.057	1.147	0.788	1.147	0.866
TOTAL Washed Coal	3.574	2.717	3.645	2.45	3.707	2.462

Implementation of Jharia Action Plan for which utmost efforts are being made by the Company will open abundant reserve of high grade coal and rapidly change the physical and financial status of the company. The Company is actively in dialogue with the State Govt. and Central Govt. for solving the land problem and releasing the land for carrying out its production activities.

B. PAST FINANCIAL PERFORMANCE

Rs. Cr.

Particulars	2006-07		2007-08		2008-09	
	TARGET	ACHIEVED	TARGET	ACHIEVED	TARGET	ACHIEVED
INCOME:						
Coal- UG	545	574	572	551	572	556
Coal- OC(D)	1438	1374	1320	1396	1373	1355
Coal(OC Hired)	406	349	534	561	563	671
e-sale	160	99	160	96	160	122
NLW Sale (Bonus)	0	0	0	0	0	416
Total Raw Coal Sale Value	2549	2396	2586	2604	2668	3120
Washed coal sale value	745	483	958	351	1111	695
Total Income from Sale	3294	2879	3544	2955	3779	3815
Other Income	158	431	57	354	78	275
TOTAL Income	3452	3310	3601	3309	3857	4090
EXPENDITURES:						
Wage Cost	1732	1751	1791	1885	1761	2010
Other Expenditures	1508	1509	1755	1507	1792	1782
Total Expenditures	3240	3260	3546	3392	3553	3792
Profit/Loss(-) without NCWA-VIII	212	50	55	-83	304	298
NCWA-VIII	0	0	0	323	0	1678
Waiver			493	493		
Profit/Loss(-)	212	50	548	87	304	-1380

Remarks: While the Company made profit during 2005-06 to 2007-08,the company made substantial loss during 2008-09,thus showing the loss in aggregate during this period (2005-06 to 2008-09). This reverse result is attributable to:-

- (i) Poor UG production with poor OMS rendering huge loss for UG Mines;
- (ii) Lower volume of production compared to target (both raw & washed coal) ;
- (iii) Adverse grade mix;
- (iv) Lower premium from e-sale due to Govt. restriction/ court order;
- (v) Impact of pay revision of employees and executives to the tune of Rs.334.15 Cr. during 2007-08 and Rs.1585.34 Cr. during 2008-09 respectively.

With implementation of steps taken by the Company for enhancement of production the Company will be in a position to make enough profit after absorbing the additional impact of pay revision.

Recommendation No. 17.5

The CIL Board further recommended that while Chairman, CIL should monitor the implementation of revival plan of BCCL on a monthly basis, Secretary, MOC

should also monitor it on regular basis. A compliance report should be sent to the board within 1 year.

Action Taken:

The implementation process of revival plan is monitored by CIL/MOC regularly.

15. COST OF THE SCHEME AND MEANS OF FINANCE

Rs.Cr		
A. COST OF SCHEME	Amount	Amount
i. CAPITAL EXPENDITURE		553.71
ii. Revenue Expenditure:		
VRS	114.29	
Arrear Salary & Wages- NCWA-VII	580.00	
Interim Relief - NCWA- VII	102.00	
Total Revenue Expenditure		796.29
COST OF THE SCHEME(i+ii)		1350.00
B. MEANS OF FINANCE:		
Loan from CIL		1350.00

The entire cost of the scheme has been financed by Coal India Ltd. The repayment schedule as agreed is being implemented as shown in Action No. 17.1(a) supra.

16. RELIEF/WAIVER AND CONCESSIONS/ASSISTANCE

In order to implement the Revival Plan, BCCL solicited certain relief/waiver and assistance from CIL. CIL Board in its 229th Meeting held on 22.12.06 approved the following relief/waiver and assistance:

- i). Cash support by way of loan upto a maximum of Rs.1350 crore as per year wise phasing indicated in the report of M/s CARE to be repaid by BCCL as per prescribed repayment schedule.
- ii) The past loan of Rs.1083 crore be made interest free w.e.f 01/04/05. However interest accrued upto 31/03/05 and not recognized as income in the books of CIL amounting to Rs. 493 crore shall be waived in 2009-10, and
- iii) Waiver of the loan of Rs. 1083 Crore and current account balance of Rs.1456 Crore as well as accrued interest on other loans in the year in which BCCL shall be consequently enabled to report a positive net-worth.

Note: CIL Board vide its 243rd Meeting held on 10.06.2009 waived the interest of Rs.493 Cr in 2007-08

BCCL does not propose for any financial assistance from any authority other than CIL.

17. FINANCIAL VIABILITY:

Conclusion:

After the initiation of revival process, the company has started moving towards its turnaround. The production level has risen from 22.31MT in 2004-05 to

25.51 MT in 2008-09. The Company made profit for the first time in 2005-06 for Rs.202.67 Cr. It continued to earn profit in subsequent two years i.e., Rs.49.58 cr in 2006-07 and Rs.86.61 cr. in 2007-08. In 2008-09 also the company could register a profit but for the impact of arrear of pay revision.

With the improvement in financial position, the Company has cleared the long-standing backlog of dues of its suppliers and contractors. The company cleared all the long pending statutory dues as well.

The Company makes regular payment of salary & wages to its employees and is regular in making payment to its suppliers, contractors and others as well as statutory dues. **The company repays the loan taken from Coal India Limited (the holding Company) @ Rs.20 cr per month regularly.**

The revised Revival Plan does not envisage any additional financial assistance or waiver other than those approved by CIL and included in the original Revival Plan. The Company also does not require any financial assistance from any authority other than CIL.

The Company will not be liable to pay any MAT of the Income Tax Act, 1961 since the accumulated losses will remain more than its net worth as on 31.03.2014 even after availing waiver from CIL.

With the implementation of revised Revival Plan, the physical performance will be enhanced considerably enabling the company to generate more revenue and making profit to turn its net worth positive by 2013-14. After the implementation of revised Revival Plan:

- (i) Production will increase from 25.51 Million tonne in 2008-09 to 34 million tonne in 2013-14;
- (ii) Sales is projected to increase from Rs.3399 Cr. in 2008-09 to 6693 cr in 2013-14;
- (iii) Profit is projected to increase from (-) Rs.1380 Cr. in 2008-09 to Rs. 1500 Cr in 2013-14;
- (iv) The negative net worth will be completely wiped out and turn positive in 2013-14.

In consideration of above, the Company requests BIFR to accord its concurrence to the Revised Revival Plan.

General Terms and Conditions

- (i) The Company shall constitute a Management Committee (MC) consisting of CEO of the Company, WTD Special Director, if any. The MC will review, on a quarterly basis, the operations of the Company in all aspects & closely monitor the implementation of the revival scheme.
- (ii) The Company shall appoint a reputed Chartered Accountant's firm as Concurrent Auditors. The Board of Directors shall review the Concurrent Auditor's Report and take needful corrective steps immediately thereof
- (iii) The Company shall not undertake any new project or expansion or make any investment or obtain any asset on lease/hire without the prior approval of BIFR during the currency of the Scheme beyond 5% of capital and free reserve.
- (iv) In addition to meticulous compliance with the schedule of payment covered under the scheme, the company shall ensure timely payment of all dues accruing after the cut-off date and / or date of sanction of package by BIFR.

- (v) Company shall submit progress report regarding implementation of the scheme to BIFR on half yearly basis.
- (vi) The company shall not sell, lease or encumber in any manner whatsoever any part of land, building, plant & machinery or equipments of any of its fixed assets without the BIFR's prior permission.
- (vii) Dues up to cut-off date not disclosed/covered under DRS shall be paid by the company

(NIRMAL SINGH)
MEMBER

(K. CHERIAN VARGHESE)
CHAIRMAN

Dated: - 28.10.2009

Annexure-I
PROJECTED BALANCE SHEET

Description	As at 31.03.2009	As At 31.03.2010	As At 31.03.2011	As At 31.03.2012	As At 31.03.2013	As At 31.03.2014
	Actual	Revised Proj	Revised Proj	Revised Proj	Revised Proj	Revised Proj
Sources of Fund:						
Share Capital	2118	2118	2118	2118	2118	2118
Reserves & Surplus	0	0	0	0	0	0
	2118	2118	2118	2118	2118	2118
Secured Loan	118	200	200	0	0	0

Unsecured Loan	1083	1083	1083	1083	1083	
Total Loan	1201	1283	1283	1083	1083	
Total	3319	3401	3401	3201	3201	211
A. Fixed Assets						
Gross Block	3915	4145	4370	4655	4980	54
Less Depreciation	2781	2947	3120	3304	3509	373
Net Block	1133	1198	1250	1351	1471	167
B. Capital Work-In-Progress (net off Provisions)	91	55	55	55	55	5
Investments	97	83	69	55	42	2
Current Assets, Loans & Advances						
Inventories	707	816	1058	1141	1115	134
Sundry Debtors	187	208	234	249	328	55
Cash & Bank Balance	43	75	75	75	75	56
Investment (Short Term)	868	570	519	600	272	80
Loans & Advances	221	180	180	180	180	18
	2026	1848	2066	2244	1970	34
Current Liabilities & Provisions	8343	8090	7889	7730	6596	502
Net Current assets	-6317	-6242	-5823	-5486	-4626	-158
Misc. Expenditure (to the extent not written off or adjusted)						
Profit & Loss Account (Loss)	8315	8306	7850	7225	6260	194
TOTAL	3319	3401	3401	3201	3201	211
NET WORTH	-6197	-6188	-5732	-5107	-4142	17

ANNEXURE-II

7.2 PROJECTED PROFIT & LOSS ACCOUNT

PARTICULARS	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	Actual	Revised Proj	Revised Proj	Revised Proj	Revised Proj	Revised Proj
Production (MT)	25.51	27.50	29.00	30.75	32.50	34.00
Manpower	76369	72469	67951	64186	61696	59443
AICPI		3595	3795	3995	4195	4395
INCOME						
Sales of Coal,Coke,etc.	3399	3921	4476	4827	5564	6693
Coal issued for other pur. (per contra)	755	839	946	1004	1324	2233

Other receipts	692	732	713	745	783	851
Increase in stock	119					
TOTAL INCOME	4965	5492	6134	6577	7671	9777
Decrease in stock/Purchase & Transfer of Coal						
Int. Consump. of Coal per contra	732	817	925	981	1299	2209
Employees Remuneration & Benefits	2761	2678	2745	2826	2948	3087
Impact of Arrear Ad-hoc/IR to Executives and Non-executives	839	0	0	0	0	0
Consumption of Stores & Spare Parts	375	437	468	507	539	602
Power & Fuel	234	243	248	253	258	263
Repairs (Purchased)	56	72	75	78	81	86
Contractual Expenditure	100	113	121	129	140	168
Cont. payment for Outsourcing	195	197	207	219	266	283
Social Overhead (includes Free Issue of Coal to Employees)	306	330	346	363	382	401
Provisions	3	0	0	0	0	0
Other expenditure	451	319	294	342	506	851
Interest	78	97	85	81	96	119
Depreciation	163	165	173	184	205	223
Add/Less: OBR Adjustment	52	14	-7	-11	-12	-12
Net Total Expenditure	6345	5483	5679	5953	6708	8278
Profit/Loss (-) for the year	-1366	9	456	625	965	1500
Less: Tax						
PAT	-1366	9	456	625	965	1500
Prior Period Adjustment	-14					
Profit/Loss with P.P.A.	-1380	9	456	625	965	1500
Current Year						
Impairment of Assets						
Waiver of Interest						275
Waiver of Loan						1083
Waiver of Current Account						1456
Waiver of Loan (Cash Support)						
Current Year Profit/Loss carried to Balance Sheet	-1380	9	456	625	965	4314
Balance Loss(-) brought forward from Last Years' Accounts	-6935	-8315	-8306	-7850	-7225	-6260
Loss(-) Carried Forward to Balance Sheet	-8315	-8306	-7850	-7225	-6260	-1947
Paid Up Capital	2118	2118	2118	2118	2118	2118
Net Worth	-6197	-6188	-5732	-5107	-4142	171

Highlights: 1) The anticipated growth in 2009-10 as per physical parameters is taken at 8% over the last financial year whereas the figure for the 1st quarter of the financial year 2009-10 indicates a growth of 21% (i.e., 6.24 ml te in April-June'09 against 5.18 ml te for the corresponding period last year).It indicates that the projected production is achievable;

(2) The Master Plan (Jharia Action Plan) is in a very advanced stage of implementation. Once implemented, huge quantity of Prime Coking Coal will be available and this will elevate the grade mix considerably. 1 million tonne of production of Prime Coking Coal (PCC) in place of 1 million tonne of Non-coking Coal (NCC) will give an additional gain of Rs. 200 Cr. (Approx);

(3) For making projectiOn, ratio of PCC and other coal has been considered as 15:85. Increase of Prime coking coal production will improve the ratio. For every percentage increase in PCC, there will be considerable addition to sale value.

ANNEXURE-III

PROJECTED CASH FLOW STATEMENT

Rs'Cr.						
PARTICULARS	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	Actual(P)	Revised Proj	Revised Proj	Revised Proj	Revised Proj	Revised Proj
INFLOWS:						
CASH GENERATED FROM OPERATION	-358	429	853	1040	1401	1976

LOAN FROM CIL/BANK		82				
WAIVER OF INTEREST & CA BAL BY CIL						1731
CASH FROM SURVEYED OFF ASSETS						
DECREASE IN CURRENT ASSETS						
INCREASE IN CURRENT LIABILITIES	1281					0
REALISATION FROM INVESTMENTS	14	14	14	14	14	14
TOTAL (A)	1710	1435	1512	1648	2090	4068
	0	0	0	0	0	0
OUTFLOWS:						
INVESTMENTS IN FIXED ASSETS & WIP	212	194	225	285	325	430
REPAYMENT -						
LONG TERM INVESTMENT						
OD	37			200		
CIL LOAN (incl waiver)	240	300	360	360	360	1443
INVESTMENT SHORT TERM						
INCREASE IN CURRENT ASSETS	310	89	268	98	53	451
DECREASE IN CURRENT LIABILITIES		208	65	30	1004	377
TOTAL (B)	799	790	918	973	1742	2702
SURPLUS/DEFICIT(-)	138	-265	-51	80	-328	1019
OPENING CASH BALANCE	773	911	645	594	675	347
CLOSING CASH BALANCE	911	645	594	675	347	1366

ANNEXURE I

No.BRPSE/2(56)/2008
Government of India
Board for Reconstruction of Public Sector Enterprises

Block No. 14, CGO Complex,
Lodi Road, New Delhi-3

Date: 7.3.2008

OFFICE MEMORANDUM

Sub: Extract of the minutes of the 56th meeting of BRPSE held on 22.2.2008 in respect of the revival proposal of Bharat Coking Coal Ltd. (BCCL) regarding

A copy of the extract of the minutes of the 56th meeting of BRPSE held on 22.2.2008 in respect of the revival proposal of Bharat Coking Coal Ltd. (BCCL), as approved by Chairman, BRPSE, is enclosed for confirmation in the 57th meeting of BRPSE to be held on 18.3.2008. It is requested that comments, if any, on the minutes may please be furnished by 12.3.2008. A copy of the confirmed minutes will be forwarded in due course.

S. Ramachandra
(G Ramachandra
Director
Tel: 243630

Encl.: As stated

Ministry of Coal
(Shri H.C. Gupta, Secretary)
Shastri Bhavan
New Delhi

PH 24360632/432
Dy. Director - Mr. Rao

10.3.2008
16 hours
17/3/08

Disce/10

11/3/08
11/3/08

90 (ex E



Extract of the Minutes of the 56th meeting of Board for Reconstruction of Public Sector Enterprises (BRPSE) held at 2.30 PM on 22.1.2008 (Friday) regarding consideration of the revival proposal of Bharat Coking Coal Ltd. (BCCL)

The list of participants is given in Appendix.

2. The Board considered the revival proposal of Bharat Coking Coal Ltd. (BCCL) submitted by Ministry of Coal (MoC) and circulated vide BRPSE OM No.BRPSE/2(56)/2008 dated 18.1.2008. The Board noted that a regular CMD Shri A.K. Paul heads the Co. and the tenure of the present incumbent is going to end by 31.10.2008. The Board also noted that out of the 4 functional directors presently on the Board of BCCL, the tenure of the Director (Technical - Operations), Director (Technical - P&P), and Director (Finance) is going to end by 31.5.08, 31.3.08, and 31.5.08 respectively. There are also four part-time directors on the Board of BCCL. The Board further noted that as on 31st March 2007, the authorized capital, paid up capital, net worth, accumulated losses, CIL loan and outstanding interest on CIL loan of BCCL are Rs.2500 crores, Rs.2118 crores, (-) Rs.4673.16 crores, Rs.6791.76 crores, Rs.1083.30 crores and Rs.492.90 crores respectively. The Board also noted that the manpower as on 31.3.2007 is 83578 employees comprising executives-2318, supervisors-7703, clerical-5836, skilled workers-24428, semi/unskilled workers-42022, and others-1271. The Board further noted that almost 57 % of the manpower is of the semi-skilled/unskilled and clerical nature and about 60% of the non-executive cadre is above 45 years of age.

3. Shri H.C. Gupta, Secretary, MoC informed the Board that the revival proposal of BCCL was earlier considered by BRPSE in its 19th meeting held on 29.8.2005 and the Board had advised the M/o Coal & BCCL to submit the revival proposal duly appraised by an independent consultant for its consideration. The Board also advised the M/o Coal to explore the feasibility of placing BCCL on management contract with other public/private sector enterprises having synergy with BCCL. Accordingly, M/s CARE-Advisory was appointed to carry out the appraisal of the revival plan. The Consultant, after review and appraisal of BCCL's projections and underlying assumptions of revival package, had upheld the revival strategy of BCCL. The revival plan and strategies as per the consultant report have been reviewed and suitably updated taking into consideration the changed scenario and actual physical and financial information/figures upto 2006-07. Secretary, MoC further stated that the unique feature of the revival proposal is that the entire cash and non-cash assistance sought by BCCL is being borne by its holding company i.e. Coal India Ltd. and there will not be any financial outgo from Government. He further informed the Board that the revival plan duly appraised by the Independent consultant shows that BCCL would be in a position to generate profits straight away from the year 2006-07 onwards. Further, BCCL had already posted profit of Rs.203 crores in 2005-06. The matter of placing BCCL under management contract was discussed with trade unions who had opposed the move. He further mentioned that it might not be advisable to suggest any change in management control in BCCL at this stage, as it would only vitiate industrial relations not only in BCCL but also within CIL as a whole.

4. Shri Partha S. Bhattacharyya, Chairman, CIL informed the Board that Bharat Coking Coal Ltd. (BCCL) was incorporated in January, 1972 to operate coking coal mines in Jharia and Raniganj coalfields taken over & nationalized by the GOI. Further 182 non-coking units near to coking coal mines were also nationalized in 1973 and placed under the control of BCCL. BCCL became a subsidiary of Coal India Ltd. (CIL) in November 2005. BCCL

93

operates 70 coal mines (37 underground, 13 open cast, and 20 mixed mines) in the states of Jharkhand and West Bengal. BCCL also runs 6 coking coal washeries, 2 non-coking coal washeries, one captive power plant, and 5 by-product coke plants. He informed the Board that coking coal is available near the surface of the earth and there are 9 seams of coking coal and beneath it 8 seams of non-coking coal with in the depth of 600M from the surface of the earth.

5. Chairman, CIL further informed that BCCL is the only source of prime coking coal in the country for supply to steel plants and it does not have any domestic competitors. It meets 50% of the total prime coking coal requirements of integrated steel sector and around 18.5% of the total production of BCCL consists of coking coal. BCCL commands a share of 5.87% of country's coal production of 379 Million MT (MMT). BCCL's Open Cast (OC) mining accounts for about 69% of production only as against 85% of the total production in the country by way of OC mining. BCCL produces coking coal for steel plants and non-coking coal for power plants and other industries. As the supply of coking coal by BCCL is less than demand, coking coal is being imported and about 60% of India's coal imports comprise coking coal.

6. Chairman, CIL apprised the Board that BCCL has been incurring losses since inception even with the support of Rs.3165 crores from CPRA till 95-96, which was later withdrawn from 96-97. BCCL was initially referred to BIFR in 1995 on erosion of its networth. The networth of BCCL was made positive in 1998 as a result of conversion of Rs.996 crores of loans of CIL into equity as a part of Capital Restructuring Packages approved by Government for CIL. BCCL was again referred to BIFR in 2000 and ICICI was engaged by CIL to formulate the revival plan for BCCL. However, the revival plan prepared by ICICI was not accepted by BCCL as it envisaged large-scale closure of underground mines involving outright retrenchment. Consequently, the revival plan prepared by BCCL was approved provisionally by BIFR on 11.2.2004. CIL Board also approved the revival plan with modification. The suggestions of CGA, MOF on closure of loss making mines were also incorporated. With the setting up of BRPSE, the revival plan submitted earlier to BIFR was suitably modified to include the current scenario prevailing at that time and submitted to BRPSE for its consideration. As advised by BRPSE in August, 2005, BCCL appointed CARE-Advisory, an independent consultant to carry out the appraisal of the revival plan.

7. Chairman, CIL outlined the following reasons for the sub-optimum performance of BCCL (a) difficult mining conditions in the underground mines coupled with low evacuation capacities due to shaft mining, low mechanization, costly send stowing operations @ Rs.250 per tonne, high pumping cost, fires, (b) difficulties in acquisition of land due to dense population restricts operations of opencast mines to smaller patches leading to low productivity of equipment and high cost of mining, requirement of large re-handling of OB, (c) insufficient investment in mining equipments due to acute fund crunch - capital outlay to annual depreciation dropped from more than 100% in 1998-99 to 37% in 2002-03 leading to ageing of equipments beyond rated life, and shrinkage of capacity resulting in decrease in production, (d) progressive hike of salary & wages not commensurate with the paying capacity, (e) non-availability of land for mining, etc. Chairman, CIL further stated that the constraints in the production and productivity pointed out by him affected working capital generation which pushed BCCL in a vicious circle of financial crisis.

8. Chairman, CIL further informed the Board that in order to improve its performance, BCCL has taken a number of measures like (i) Survey off of old HEMM so that new HEMM could be inducted into the fleet, (ii) Temporary support of Rs.300 crores from CIL only for investment in HEMM, (iii) supplementary efforts to increase coal production, through introduction of Hired/HEMM in isolated patches, (iv) steps to internalize premium on coal price, (v) adaptation of e-auction, and (vi) negotiation of washed coking coal prices with SAIL, etc. The above strategy had helped BCCL in reversing the declining trend in production of coal and investment in capital expenditure from 2005-06. BCCL posted net profit of Rs.203 crores in 2005-06 for the first time since inception. He further added that overall production of coal though increased, the profit had declined to Rs.49.58 crores in 2006-07 mainly due to (i) decline in production of metallurgical coking coal i.e. adverse grade mix, resulting into less raw coal feed to washeries affected production, profitability of washeries, and (ii) reduction in additional revenue on sales due to stoppage of e-auction sale and introduction of e-bookings.

9. The Board noted the following physical & financial performance of BCCL for the last 5 years

9.1 Physical performance of BCCL during the last 5 years.

	2002-03	2003-04	2004-05	2005-06	2006-07
Production-Raw coal (Mill. MT)					
-Underground	7.29	6.74	6.37	5.47	4.90
-Open cast (Dept.)	16.86	15.77	14.89	15.46	16.17
-Open cast (Hired)	..	0.17	1.05	2.38	3.13
Total	24.15	22.68	22.31	23.31	24.20
-Coking coal	5.06	4.03	4.13	4.23	3.27
-Non-coking coal	19.09	18.38	18.19	19.08	20.93
Total	24.15	22.68	22.31	23.31	24.20
Sales volume (Mill. MT)					
-Raw coal	17.158	19.473	18.29	17.503	19.775
-Washed coal	2.135	1.963	1.936	2.89	2.421
-Washery product	2.637	2.433	1.936	2.112	1.652
-Hard coke	0.061	0.047	0.026	0.039	0.03
-By product	0.027	0.001	0.0	0.0	0.006
Total	22.018	23.917	22.188	22.544	23.884
Productivity- Output per manshift (MT)	1.21	1.16	1.23	1.04	1.15

9.2 Financial performance of BCCL during the last 5 years.

(Rs/in crores)

	2002-03	2003-04	2004-05	2005-06	2006-07
Sale of coal, coke, etc.	2048.84	2258.26	2540.60	3112.28	2879.20
Coal issued for other purpose	566.76	506.60	580.27	804.65	677.75
Other receipts	181.24	157.14	108.24	326.70	400.27
Accretion/(decretion) in stock	52.84	-104.15	17.82	63.10	5.55

Total Income	2849.68	2817.85	3246.93	4306.73	3962.77
Int. consumption of coal	533.43	478.84	549.97	777.28	653.20
Purchase/transfer of coal/coke etc	--	--	--	0.08	--
Employee remuneration & benefits	1536.20	1631.40	1592.36	1778.02	1751.52
Impact of arrear wages of NCWA VII	--	--	760.43	34.56	--
Consumption of stores & spares	292.38	274.82	285.74	318.63	320.65
Power & fuel	215.52	209.80	210.72	230.20	232.70
Differential tariff	2.82	0.88	12.28	--	--
Repairs	45.42	46.25	51.36	49.82	49.45
Contractual expenditure	65.72	78.26	97.65	149.77	168.45
Social overhead	211.55	213.85	220.36	234.93	244.80
Provisions	7.99	2.77	3.60	22.85	2.30
Other expenditure	221.80	201.67	199.93	313.22	275.77
Interest	101.11	100.22	183.54	103.09	76.86
Depreciation	148.38	148.68	118.40	123.00	142.68
Impairment of assets	--	--	--	-2.27	20.54
OBR adjustment	3.73	22.40	7.18	17.60	17.81
Total expenditure	3386.05	3409.84	4293.54	4150.77	3956.73
Profit for the year	-536.37	-591.99	-1046.61	155.96	6.04
Less: FB Tax	--	--	--	-2.41	-2.72
Prior period adjustment	29.24	22.14	87.18	49.12	46.26
Net profit	-507.13	-569.85	-959.43	202.67	49.58

10. Chairman, CIL further stated that the BCCL management would build on the success of its strategies and adopt the following revival strategies to make BCCL a self-sustaining organization. (i) Continuing the survey off of worn out HEMM to revamp departmental capacity of existing OC mines, (ii) Supplement OC production by adopting hiring of HEMM in isolated patches, (iii) Closure of highly loss making underground mines, (iv) Augmenting production by emphasis on opening up quick yielding OC Projects, (v) Modernization of UG mines and washeries, (vi) Future projects based on hired HEMM concept, (vii) Progressively internalizing superior value of coal, (viii) Continued focus to maintain grade mix by enhancing coking coal production, and (ix) Cost cutting through closure of mines and redeployment of manpower to take benefit of natural attrition.

11. Chairman, CIL also informed the Board that they would support the revival plan of BCCL and would provide the necessary concessions/assistance sought from them. He assured the Board that the management of BCCL would achieve the projected physical & financial performance indicated in the revival plan as they are conservative and achievable. He clarified the Board that the financial projections in the revival plan did not factor the impact of future wage revision agreements and the additional funds required for those wage revision would be met from higher price realization of coal.

12. The Board noted the following physical & financial performance of BCCL for the next 5 years.

12.1 Projected physical performance of BCCL during the first 5 years of revival:

	2007-08	2008-09	2009-10	2010-11	2011-12
Production (Mill. MT)					
-Underground	4.48	5.00	5.00	5.50	6.00
-Opencast (Dept.)	15.73	17.50	18.00	18.50	19.00
-Opencast (Hired)	4.99	4.50	5.00	5.00	5.00
Total	25.20	27.00	28.00	29.00	30.00
Manpower	80274	76159	72063	67545	63780

12.2 Projected financial performance of BCCL during the first 5 years of revival
(Rs/in crores)

	2007-08	2008-09	2009-10	2010-11	2011-12
Sale of coal, coke, etc.	3384	3619	3751	3825	3957
Coal issued for other purpose	904	981	1038	1074	1091
Other receipts	197	207	205	211	243
Total income	4484	4807	4995	5110	5290
Int. consumption of coal	884	962	1021	1058	1077
Employee remuneration & benefits	1791	1761	1699	1651	1604
Consumption of stores & spares	392	400	407	417	426
Power & fuel	225	232	233	239	245
Repairs	50	49	48	48	47
Contractual expenditure	119	126	130	134	138
Cont. payment for outsourcing	145	165	172	160	153
Social overhead	247	247	243	233	225
Provisions	24	2	2	2	2
Other expenditure	303	309	294	302	331
Interest	90	81	61	36	19
Depreciation	152	161	177	186	196
OBR adjustment	8	8	8	8	8
Total expenditure	4429	4502	4496	4474	4469
Profit for the year	55	304	498	637	821
Less: tax					278
PAT	55	304	498	637	543
Waiver of interest			493	275	
Waiver of loan				1083	
Waiver of current account				1456	
Net profit	55	304	991	3451	543

13. Director, Department of Expenditure stated that they are of the view that the revival plan does not provide for any long term strategy for increasing the production of coking coal, a premium product. Further, the revival plan does not contain any strategy for closing the loss making mines. He further mentioned that though the revival plan does not envisage any

financial assistance from Government, it does envisage huge financial assistance from CIL, a wholly owned CPSE of the Government. In view of the above, Government have to satisfy whether the revival plan would ensure long term revival of BCCL. Secretary, MoC clarified that BCCL had taken a number of steps to reduce the losses, improve productivity and production and increase the sales realization with the result it could post a profit of about Rs.203 crores for the first time in 2005-06. The Co. has posted profit in the year 2006-07 also and it is likely to post profit in the current year 2007-08. BCCL would also close down the loss making mines in phases synchronizing with the retirement of employees.

14. The Board noted that BCCL is the only source of prime coking coal in the country for supply to steel plants. As the supply of coking coal by BCCL is less than the demand, the short fall is being met through imports. The Board also noted the efforts made by BCCL in improving the realization/higher revenue through e-marketing of coal. The Co. proposed in the revival scheme to absorb any future wage revisions from the higher price realization of coal and hence it has not factored them in the financial projections made in the present revival plan.

15. The Board noted that BCCL posted profit of Rs.203 crores in 2005-06 for the first time since inception and the strategy followed/initiatives taken by BCCL management to turnaround BCCL. The Board also noted the views of MoC on the issue of exploring the feasibility of placing BCCL on management contract with other public/private sector enterprises having synergy with BCCL. The Board also noted that the interest free loan assistance sought from CIL had already been received by BCCL from 2005-06 to 2007-08 and BCCL has also repaid Rs.380 crores to CIL and the balance loan of Rs.970 crores would be repaid to CIL by 2011-12 @ Rs.20 crores per month. The Board also noted that the revival proposal does not envisage any assistance from GOI and the entire assistance sought in the revival plan would be provided by CIL.

16. The Board further noted that on the implementation of revival plan with the proposed revival strategy, BCCL's production of coal is expected to increase from 25.20 MMT in 2007-08 to 30 MMT in 2011-12, sales from Rs.3384 crores to Rs.3957 crores and salaries as a percentage of net sales are expected to come down from 57% to 43% during the corresponding period. Profit after tax (PAT) would increase from Rs.55 crores in 2007-08 to Rs.543 crores in 2011-12 and the net worth would become positive by 2010-11.

✓ 17. **Recommendations of the Board:**

17.1 The board discussed the revival proposal in detail and having taken into account all the relevant factors, the views of the M/o Coal as well as CIL, the holding company of BCCL recommended the following revival package:

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

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

(b) **Conversion of loan of CIL into interest free loan**

Conversion of the past loan of Rs.1083 crores of CIL into interest free loan w.e.f. 1.4.2005.

- (c) *Waiver of interest, loan, by CIL*
- (i) Waiver of interest by CIL in 2009-10 amounting to Rs.493 crores accrued upto 31.3.2005 and not recognized as income in the books of CIL.
 - (ii) Waiver of loan of Rs.1083 crores as on 1.4.2005 by CIL in the year in which BCCL shall be consequently enabled to report a positive net-worth.
 - (iii) Waiver of current account balance of Rs.1456 crores as on 1.4.2003 by CIL in the year in which BCCL shall be consequently enabled to report a positive net-worth.
 - (iv) Waiver of accrued interest on other loans by CIL in the year in which BCCL shall be consequently enabled to report a positive network.

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

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

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

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

year.

....

23

कोल इण्डिया लिमिटेड
10, नेताजी सुभाष रोड, धनबाद-700 001, W. B.
फोन : 033 248 8300 फाक्स : कोल इण्डिया
फैक्स : 033 248 8318
ईमेल : info@coalindia.net.in
वेबसाइट : www.coalindia.net.in



Coal India
10, NETAJI SUBHAS ROAD,
PHONE : 033 248 8300
FAX : 033
E-MAIL : info@coalindia.net.in
WEBSITE : www.coalindia.net.in

CIL / C-3(A) / 31007

D (F)'S SECRETARIAT
B.C.C.L. KOYA BHAWAN
DY. No. 143/R
DATE 23.06.08

To
Director (Finance),
Bharat Coking Coal Limited,
Koyla Nagar,
Dhanbad.

Dear Sir,

Sub: Relevant copy of the Minutes of the 243rd meeting of the B
Directors of Coal India Limited held on 10th June, 2008 at

Enclosed the relevant extract of the minutes of the item No.243: 4(L) on the
of accrued interest of Rs.493.00 crores of BCCL".

The above is for your kind information and needful action.

Encl : As above.

Chief Fi

Copy for information in h.a. P1.
2) CFM (Finance) / 13/06/08
3) CFM (F)
4) CFM (CA)
5) Mr. A. Subba CFM
6) Mr. P.C. Roy CFM (CA)
23/06/08

ITEM NO. 243:4(K)

Sub: An appraisal of derivative transactions of CIL.

4.16 Chairman, CIL apprised the Board of the derivative transactions of CIL. The Board noted the detailed information as brought out in the agenda note.

ITEM NO. 243:4(L)

Sub: Waiver of accrued interest of Rs. 493.00 crores of BCCL

4.17 The Board, after detailed deliberation, approved the proposal by adopting the following resolution :-

"Resolved that interest accrued up to 31.03.05 and not recognized as in the books of CIL amounting to Rs.493.00 crore on loans given by CIL to (of Rs.1083.00 crore) be and is hereby approved to be waived in the Accounts of financial year 2007-08 of BCCL instead of in the financial year 2009-10."

ITEM NO. 243:4(M)

Sub: Revenue Budget Estimates for CIL (including NEC) for 2008-09.

4.18 The Board, after detailed deliberation, approved the Revenue Budget Estimates for CIL (including NEC) for the year 2008-09 by adopting the following resolution :-

"Resolved that the Revenue Budget Estimates of 2008-09 of Coal India Ltd. and its units along with North Eastern Coalfields as per background notes placed as agenda be and are hereby approved."



ANNEXU

R. BANDYOPADHYAY
SECRETARY



GOVERNMENT OF INDIA
MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
DEPARTMENT OF PUBLIC ENTERPRISES



D (F)'S SECRETARIAT
B.C.C.L., KOVA BHAWAN
DY. No. 124/C
DATE 14.06.08

- 4 JUN 2008

Four Note of R. Bandyopadhyay, Secretary, Department of Enterprises from 16th May to 20th May, 2008 in West Bengal as State

16th Evening arrived at Kolkata and halted at Coal India Limited Guest Ho

On 17th morning left for Durgapur - reached Durgapur ADDA guest house p.m. Discussed with the officials of ADDA and other District officials at positions of MAMC, BOGL and other sick companies in that area. From went to Sanctoria (Headquarter of ECL) and halted at Sheetalpur Guest Had discussions with DM, Burdwan and CMD, ECL specially regarding problems associated with the ECL and generally about other CPSEs in the District of Burdwan. DM has raised the point of illegal coal mining in t which has become a serious problem for all concerned. There are often of people dying in subsidence in the abandoned mining area and nefarious activities of the miscreants. It is important that the District Au and ECL should sit together and find out a sustainable legal way to cor menace.

See with Mr. A. K.

18th May at 8.00 a.m.

Held meetings with CMD Coal India Limited, Director(Technical), Director(P&IR), Director(M) of CIL, CMD and Directors of ECL and Directors of BCCL. Presentations were shown on behalf of ECL and BC

CEX
27/5

Both ECL and BCCL which are subsidiaries of Coal India Limited independently recognized as CPSEs have fallen sick and referred to later to BRPSE. From the detailed presentations it is found that companies are trying very hard to implement the targets set up in t package approved by BRPSE. However, in case of BCCL, while th have more or less been achieved, in case of ECL, in the last y achievement has fallen short of the target. It has been explained concerned officials that it was mainly due to the problems faced in R Mining area and the complex issues of land acquisition, replace machineries as per the scheduled time. It is also felt that PSEs like BCCL should be in a position to take faster decision and take the c actions more quickly. Unfortunately, since both these companies considered sick companies and not given Miniratna status, the decisio process remained more complex and time consuming.

DR
27/5

21/953/mm
4.6.08
9.6.08
CM for info
CMD, ECL/BCCL
All FDS & CIL
9/6
10/6
10/6

It is suggested that the Chairman, Coal India Limited should give attention to the performance of these companies so that all the wings can become profit making and as a whole the status of CIL can improve. Senior officials of CIL and its subsidiaries were also invited to give suggestions and opinions about the ensuing pay revision to be recommended by the Second Pay Revision Committee. All of them expressed two basic points to be kept in mind regarding the proposed pay revision

- (a) Coal India Limited by its very nature of its work, (particularly, its underground traditional mining activities are pre-dominant) has a large percentage of work-force and any major increase of emoluments for the executives will also have its effect in the ensuing wage negotiations with the Coal Employees Unions and thereby making the entire exercise rather unviable.
- (b) There has been a system of parallel transfer from one subsidiary to other subsidiaries irrespective of whether the subsidiary company is profit making or not. In fact, it has been pointed out that in the traditional mining area sometimes the executives have to demonstrate more efficiency and ability to maintain the target performance. As a result, the difference in pay scales among the subsidiaries of coal companies becomes detrimental to the transfer policy of the CIL as a whole.

After this long meeting, along with Chairman, Coal India Limited, he left Sheetalpur at 3.30 p.m. and came back to Kolkata and halted at his House.

19th May at 8.00 a.m. – Met the MD, Director(C), Director(B), Director(A) and other officials of Balmer Lawrie & Company Limited. MD, Balmer Lawrie & Co. gave a presentation on various activities of the Balmer Lawrie and Co. and explained how a renowned private sector company has passed through various phases and has been able to remain profitable, change its various activities over the years. Balmer Lawrie and Co. has developed an excellent incentive scheme working within the DPE guidelines for all of their executives and workers after detailed discussions and approvals. The scheme has been working very satisfactorily. A copy of the Scheme has later been circulated to the Chairman and the Members of the Second Pay Revision Committee.

At 10.00 a.m. held meeting with CMD, Director(Finance), Director(A) and other senior officials of Hindustan Copper Limited. HCL has given a detailed presentation and how they have become a profit making company and now maintaining a reasonable profit over the last three years. The Chairman, seen the newly developed-ERP System and held discussions about the future plans and programmes of the Company.

to making the country self-reliant in the production and utilization of. Some senior officers of HCL had certain suggestions and views about ensuing pay revisions for the executives which was received by me and circulated to the Chairman and Members of the Pay Revision Committee. CMD, HCL particularly emphasized that provisions should be made so that the people working inside the mines and remote places can be properly rewarded in the coming pay package.

12.00 Noon - Held meeting with the Shri Kallol Datta, CMD, AYCL; BBUNL, Director (Pe&G), Director(Planning) AYCL; Director(E) Burn Standard Oil, MD Braithwait, MD, BBJ, Director (Finance), BBUNL and other senior officials of Andrew Yule and Company Limited. They have given a presentation on the functioning and progressive improvement of the companies and their future plans and programmes. Seen the presence of the Bharat Bhari Udyog Nigam Limited and discussed the various issues with them. The retention of the competent officials at the right level has become a serious issue for all the non-profit making companies who are trying hard for revival and they emphasized that DPE should come up with some special guidelines in the salary structure to be recommended by the Pay Revision Committee for these type of companies.

4.00 p.m. Held meeting with Shri Sumanta Choudhuri, Secretary, Enterprises Department, Government of West Bengal. The Department has been regularly publishing the detailed report for all the public enterprises of the State Government and the Secretary explained the methodology for preparing this report. Discussions were also held regarding the proposal for annual country-wise PSE survey for all the public enterprises belonging to both the Central and State Governments and the desire of Hon'ble Minister (HI&PE) to hold meeting first with the Secretaries (in-charge of State PSEs) followed by a meeting with the all the Ministers of the Government in-charge of public enterprises. Suggestions given by the Secretary, PE Department, West Bengal have been noted and communicated to the officers handling the SPEs at Delhi for taking the necessary up actions.

8.00 p.m. Met the officials of the regional branch of SCOPE and discussed with them about the recent activities and the circulars issued by the Government of India. I find that there is a general resurgence and a positive attitude in the minds of CMDs and senior officials of PSEs in West Bengal. It has also been emphasized that they should take advantage of the booming economy in the country and come out of their shells and make the best use of the existing talents, plants and machineries to make maximum contributions on their parts in the growth of the economy. It was also pointed out by the officials present there that the Regional Branch of SCOPE will

interact and as and when required an officer from DPE can also attend meetings. It was also assured to them that their concern will also be given appropriate attention while making any policy decision at National level.

Secretary DPE thanked the GOWB, CIL, B & L, HCL, Andrew Yule and other CPSES for their interaction and very valuable suggestions.

Came back to Delhi on 20th May, 2008.

(R. Bandyopadhyay)

Secretary
Department of Public Enterprises
25

Minister (Heavy Industries and Public Enterprises)

Copy forwarded to:

1. Shri Sumanta Choudhuri, Secretary (Public Enterprises), Government of West Bengal, Kolkata.
- ✓ 2. Shri Partha S. Bhattacharyya, Chairman, Coal India Limited, Kolkata.
3. Shri S.K. Mukherjee, MD, Balmer Lawrie & Company Limited, Kolkata.
4. Shri Kallol Datta, CMD, Andrew Yule and Company Limited and BBUNL, Kolkata.
5. Shri S.C. Gupta, CMD, Hindustan Copper Limited, Kolkata.

