

**Auditor's report on the Consolidated Financial Statements  
of Coal India Limited for the year ended 31<sup>st</sup> March, 2005.**

1. We have examined the attached consolidated Balance Sheet of Coal India Limited as at 31<sup>st</sup>. March, 2005, and also the consolidated Profit & Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto.

These consolidated financial statements are the responsibility of the management of Coal India Limited and have been prepared by the management on the basis of separate financial statements and other financial information regarding component. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting frame work and are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis of our opinion.
3. We did not audit the financial statements of the following subsidiaries. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of other auditors. The total value of the assets, including Capital Work In Progress and Expenditure During Construction as at 31<sup>st</sup>. March, 2005 and the total revenue for the year then ended, in respect of these subsidiaries are as under:

( Rs. In Lakhs )

<u>Subsidiary</u>	<u>Assets</u>	<u>Revenue</u>
Eastern Coal fields Ltd.	294590.03	336740.51
Bharat Coking Coal Ltd.	218901.60	324693.70
Central Coalfields Ltd.	412063.57	485964.98
Western Coal fields Ltd.	444782.16	438087.72
South Eastern Coal fields Ltd.	687670.05	595092.79
Northern Coal fields Ltd.	636822.76	465314.30
Mahanadi Coal fields Ltd.	507131.95	338813.21
C. M. P. D. I. Ltd.	23787.04	15194.77

4. We report that the consolidated financial statements have been prepared by the management of Coal India Limited in accordance with the requirements of Accounting standard – 21 “ Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India.
5. *No provision has been made for investments in two subsidiaries of the Company, M/s Bharat Coking Coal Limited ( Rs. 527104.10 lakhs ) and M/s Eastern Coalfields Limited ( Rs. 443949.43 lakhs ), aggregating to Rs. 971053.53 lakhs which have been declared as sick companies and referred to BIFR under the Sick Industrial Companies Act, 1985.*

Based on our audit and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements read with the Notes in Schedule – M and subject to our observation referred in item no. 5 above, give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated balance sheet, of the state of affairs of Coal India Limited as at 31<sup>st</sup>. March, 2005;
- (b) in the case of the consolidated profit & loss account, of the profit for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

Kolkata  
The 14<sup>th</sup> day of March, 2007

For Mitra Kundu & Basu  
Chartered Accountants

Sd/-  
( S. Das )  
Partner