



Auditor's Report on the Standalone Financial Statements for the year ended 31st March, 2020 including Report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the Companies act, 2013 ("the act")

INDEPENDENT AUDITOR'S REPORT

To the Members of Coal India Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Coal India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of changes in Equity and the Statement of Cash Flows for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the following Notes to the standalone financial statements.

- a) Note No 37(5)(p) regarding the change in accounting policy in respect of valuation of closing inventory of coal from FIFO method to weighted average cost method and the corresponding impact on the standalone financial statements.
- b) Note No 37(5)(p) regarding the change in accounting policy with effect from April 01, 2019 in respect of materiality threshold for prior period adjustment from 0.50% of consolidated total revenue from operation (net of statutory levies) to 1.00% of total revenue from operation (net of statutory levies) of the Company and the corresponding impact on the standalone financial statements.
- c) Note No 7 regarding Investment of Rs. 9,526.05 Crore (as at March 31, 2019: Rs. 10,262.54 Crore) in its two wholly owned subsidiary companies has been shown at book value. As explained by the management, the investment in these subsidiary companies is long term and strategic in nature and the performance of these subsidiary companies is improving. Since both companies have earned profit during 2019-20 the management is of the opinion that no provisioning is required against the erosion of Rs. 1,550.52 Crore (as at March 31, 2019: Rs. 4,148.75 Crore) in the value of the investment, as the same is temporary in nature.
- d) Note No 37(5)(o) regarding temporary suspension of mining operations at Tikak, Tipong and Tirap mines at NEC from June 03, 2020 due to forest and other statutory clearance. Management is in the process of ascertaining the impact of such suspension in its standalone financial statements.
- e) Note No 37(5)(q) where the Company has considered the possible effect if any, that may impact the financial results and carrying amounts of assets arising from the pandemic relating to COVID -19 that has caused significant disruptions to businesses across India. However, the management will continue to monitor any changes to future economic conditions and assess its impact on the business.

Our opinion is not modified in respect of the above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter:

1. Adjustment of revenue and proper application of Ind AS 115 "Revenue from Contracts with Customers" in respect of accuracy of revenue recognition and adjustments for coal quality variances involving critical estimates.

The revenue recognized by the Company in any particular contract is dependent on the sale agreement / allotment in e-auction for the respective customer. Subsequent adjustments are made to the transaction price due to grade mismatch/slippage of the transferred coal.



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The variation in the contract price if not settled mutually between the parties to the contract is referred to third party testing and the Company estimates the adjustments required for revenue recognition pending settlement of such dispute.

Such adjustments in revenue are made on estimated basis following historical trend.

Refer Note 23 to the Standalone Financial Statements.

Auditor's Response:

Principal Audit Procedures:

- We have assessed the application of the provisions of Ind AS 115 in respect of the Company's revenue recognition and appropriateness of the estimated adjustments in the process.
- We have selected transactions on sample basis and tested for identification of contracts involving disputes relating to grade mismatch/ slippage with respect to the terms of the contract, evaluation of the satisfaction of performance obligation, checking for adjustment to the revenue due to variation in transaction price
- We have performed tests to establish the basis of estimation of the consideration and whether such estimates are commensurate with the accounting policy of the Company.

Audit Conclusion:

Our procedures did not identify any material exceptions.

Key Audit Matter:

2. Accuracy of impairment provisions in respect of exploration and evaluation assets which involves critical judgment of the management in respect of feasibility of ongoing projects.

The Company is required to determine an accounting policy in line with the provisions of Ind AS 106, 'Exploration For and Evaluation of Mineral Resources' specifying the expenditures recognised as exploration and evaluation assets and assess such assets for impairment and apply the policy consistently.

The financial statements include relevant disclosures that identify and explain the amounts arising from exploration for and evaluation of mineral resources with the objective that the amounts, timings and future cash flows from such assets are recognized.

Refer Note 5 to the Standalone Financial Statements.

Auditor's Response:

Principal Audit Procedures:

- Our audit procedures include consideration of the facts and circumstances suggesting impairment of exploration and evaluation assets as per Ind AS 106 and examining whether these are in line with the impairment policy of the company and the consistent application of such policy.
- We have evaluated the design of internal controls relating to assessment of technical feasibility and commercial viability of ongoing projects on the basis of available information and technical assessment reports, approval from Project and Planning Committee (PPC) and other relevant documents.
- We have selected transactions on sample basis and tested for recognition, measurement and disclosures of impairments of exploration and evaluation assets.

Audit Conclusion:

Our procedures did not identify any material exceptions.

Key Audit Matter:

3. Assessment of provisions and contingent liabilities in respect of certain litigations including direct and indirect taxes, various claims filed by other parties not acknowledged as debt.

There is high level of judgment required in estimating the level of provisioning. The Company's assessment is supported by the facts of matter, their own judgment, past experience and advice from legal and independent tax consultant wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the Company's reported profit and net assets. Associated uncertainty relating to the outcome requires application of judgment in interpretation of law.

Refer 37(4)(a) to the Standalone Financial Statements.

Auditor's Response:

Principal Audit Procedures:

Our audit was focused on analyzing the facts of subject matter under consideration and judgments/ interpretation of relevant law.

Our Audit approach involved:



- Examining recent orders and/or communication received from various Tax authorities/ judicial forums and follow up action thereon.
- Understanding the current status of the litigation/tax assessments.
- Evaluating the merit of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice.
- Review and analysis of the contentions of the Company through discussion, collection of details of the subject matter under consideration, the likely outcome and consequent potential outflows on those issues.

Audit Conclusion:

Our procedures did not identify any material exceptions.

Key Audit Matter:

4. Modified Audit Procedures carried out in light of COVID-19 outbreak:

Due to COVID-19 pandemic, Nation-wide lockdown and travel restrictions imposed by Central / State Government / Local Authorities during the period of our audit and carrying out audit remotely wherever physical access was not possible, audit could not be conducted by visiting the premises of some units of the Company.

As we could not gather audit evidence in person or physically or through discussions and personal interactions with the officials at these units, we have identified such modified audit procedures as a Key Audit Matter.

Accordingly, our audit procedures were modified to carry out the audit remotely.

Auditor's Response:

Principal Audit Procedures:

Due to the outbreak of COVID-19 pandemic that caused nationwide lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, we could not travel to some of the units and carry out the audit processes physically at the respective offices.

Wherever physical access was not possible, necessary records, reports, documents and certificates were made available to us by the unit through digital medium and emails. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon as audit evidence for conducting the audit and reporting for the current period.

Such restrictions in performing audit procedures have enhanced the risk in effectively carrying out the audit and the quality of audit evidence gathered by us.

Accordingly, we modified our audit procedures as follows:

- Conducted verification of necessary records and documents electronically through remote access vide emails in respect of some of the units wherever physical access was not possible.
- Carried out verification of scanned copies of the documents, deeds, certificates and the related records made available to us through emails.
- Making enquiries and gathering necessary audit evidence through dialogues and discussions over phone calls/conference calls, emails and similar communication channels.
- Resolution of our audit observations telephonically/ through email instead of a face-to-face interaction with the designated officials.

Audit Conclusion:

Our procedures did not identify any material exceptions.

Information Other than the Financial Statements and Auditors' Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the draft Directors' Report including annexures to Directors' Report, which we obtained prior to the date of this auditors' report and other reports included in the Annual report, which are expected to be made available to us after that date, but does not include the standalone financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above, and in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



When we read the full Annual report which is expected to be made available to us after the date of this auditors' report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Other Matters

Our Report on the Standalone Financial Statements dated June 26, 2020 as approved by the Board of Directors of the Company is revised to incorporate observations of the Comptroller and Auditor General of India. Pursuant to the observations of the Comptroller and Auditor General of India, we further report that:

- (i) Our remarks on Item 3 of Part I of Directions issued by the Comptroller and Auditor General of India of "Annexure-B" is to be read as "As per the information and explanations given by the management, the company has received fund of Rs 1,72,32,663 /- from Central Agencies and the same has been properly accounted for and utilized as per its terms and conditions"; instead of "As per the information and explanations given by the management, no funds were received /receivable for specific schemes from Central/State agencies during the year",
- (ii) Para (3)(g)(iii) of "Report on Other Legal and Regulatory Requirements" has been modified to delete the words "In case of Holding Company, relaxation given by Ministry of Corporate Affairs Government of India due to COVID – 19 vide its General Circular No. 16/ 2020 dated April 13, 2020 of such transfer up to September 30, 2020 has been utilised by the Holding Company in transferring an amount of Rs. 0.80 crore pertaining to the FY 2012-2013"
- (iii) In Note 35 "Tax Expenses" of the standalone financial statements the company has made no separate disclosure in respect of Appendix C of Ind As 12 as during the financial year 2019-2020 there exists for the company no uncertainty regarding any tax treatment under applicable tax laws in determining its taxable profit, tax bases, unused tax losses, unused tax credits and tax rates.

This revised Audit Report has no impact on the reported figures in the financial statements of the Company. This audit report supersedes the original audit report dated June 26, 2020.

Our audit procedure subsequent to the date of original report is restricted solely to the amendments made as mentioned in Sl. Nos. (i), (ii) & (iii) above under "Other Matters".

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure – A**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2) As required under Section 143 (5) of the Companies Act, 2013, we give in the "**Annexure – B**", a statement on the Directions issued by the Comptroller and Auditor General of India after complying with their suggested methodology of audit, the action taken thereon and its impact on the accounts and financial statements of the Company.
- 3) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, statement of changes in equity and statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under and sl. no. (iii) of Other Matters in respect of disclosure under Ind AS-12 "Income Taxes".
 - e) In pursuance to the Notification No. G.S.R 463 (E) dated 05-06-2015 issued by the Ministry of Corporate Affairs, Section 164 (2) of the Companies Act, 2013 pertaining to disqualification of Directors, is not applicable to the Government Company.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure – C**".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer 37(4)(a) to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For **RAY & RAY**
Chartered Accountants
(Firm's Registration No. 301072E)

(Nabanita Ghosh)
Partner

Membership No. 058477
UDIN 20058477AAAAW5730

Place: Kolkata
Date: August 19, 2020



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"Annexure-A" to the Independent Auditors' Report

(Referred to in Paragraph 1 of "Report on Other Legal and Regulatory requirements" section of our Audit Report)

i. In respect of Fixed Assets:

- a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets except date of commissioning of some old assets, location, identification and codifications which need to be updated.
- b) The fixed assets located at Head Office, North Eastern Coalfields (NEC), New Delhi Liaison Office, various Regional Sales offices and other offices have been physically verified periodically as certified by the management. The process should be further improved by having a well defined programme of physical verification to cover all the assets in phased manner. The reconciliation of physically verified assets with the book records is in progress. According to the information and explanations given by the management discrepancies noticed on the physical verification and consequential adjustments are not material.
- c) According to the information and explanations given to us and on the basis of our examination of the title deeds, lease deeds and/ or other evidences of title, freehold land amounting to Rs.12.07 Crore (PY: Rs.12.07 Crore) and leasehold land amounting to Rs. 44.17 Crore (PY: Rs. 0.92 Crore) are held in the name of the Company except for freehold land 5.60 hectares amounting to Rs. 0.03 Crore for which title deeds are not available for North Eastern Coalfields (NEC).

Title deeds are not available for 946.34 hectares of freehold land and 4,489.82 hectares of leasehold land at North Eastern Coalfields (NEC) which were acquired by the Company or came in the possession of the Company on Nationalization and for which 'nil' value is recorded in the books of accounts.

Title deeds for buildings at New Delhi Liaison Office and Delhi RSO having written down value on March 31, 2020 amounting to Rs. 21.37 Crore (PY: Rs. 6.57 Crore) are not available. The buildings are promoted by Standing Committee of Public Enterprises and NBCC on behalf of Ministry of Urban Development (GOI) and the Company has allotment letters as proof of ownership.

- ii. As informed to us, physical verification of inventories at North Eastern Coalfields, has been conducted at reasonable intervals during the year by the management. The inventories of coal have been measured on the basis of volumetric system. In our opinion and according to the information and explanations given to us, discrepancies noticed on physical verification of inventories were not material and have been properly dealt with in the books of account.
- iii. According to the information and explanation given to us, the Company had not granted any unsecured loan to companies covered in the register maintained under section 189 of the Companies Act, 2013. Hence reporting under paragraph 3 (iii) of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. The Company has not accepted any deposit, in terms of the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- vi. The maintenance of cost records has been prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 in respect of Mining activities of the Company. We have broadly reviewed the records and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made any detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. a) According to the information and explanations given to us and on the basis of our examination of books of accounts, the Company has generally been regular in depositing the undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, duty of customs, duty of excise, value added tax, goods and services tax, cess and any other statutory dues with the appropriate authorities. As informed to us, employee's state insurance is not applicable to the company.
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, duty of customs, duty of excise, service tax, value added tax, goods and services tax, cess and other material statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us and as per the records of the Company examined by us, following dues of income tax and central excise were in arrears as at March 31, 2020 :-

(Rs. in Crores)

Name of the Statute	Nature of Dues	Gross Amount Under dispute	Period to which the amount relates	Forum where the dispute is pending	Amount deposited under protest	Amount not deposited
Income Tax Act	Income Tax	41.81	AY 2008-09	ITAT	0.00	41.81
		78.07	AY 2011-12	ITAT	20.00	58.07
		81.58	AY 2012-13	ITAT	0.00	81.58
		90.30	AY 2013-14	ITAT*	0.00	90.30
Total		291.76			20.00	271.76
Central Excise Act, 1944	Central Excise	4.45	FY 2010-11 to FY 2014-15	CESTAT	0.17	4.28

*in process



- viii. The Company does not have any loans or borrowings from any financial institution, banks, Government or debenture holders during the year and as such paragraph 3(viii) of the Order is not applicable to the Company.
- ix. According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under paragraph 3 (ix) of the Order is not applicable to the Company.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. As per notification no. GSR 463(E) dated June 05, 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 is not applicable to the Government Company. Accordingly paragraph 3 (xi) of the Order is not applicable to the Company.
- xii. According to the information and explanations given to us, the Company is not a Nidhi Company as such paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with Section 177 and Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by applicable accounting standards.
- xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under paragraph 3 (xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: Kolkata
Date: August 19, 2020

For **RAY & RAY**
Chartered Accountants
(Firm's Registration No. 301072E)

(Nabanita Ghosh)
Partner
Membership No. 058477
UDIN 20058477AAAAAW5730



COAL INDIA LIMITED

A MAHARATNA COMPANY

"Annexure-B" to the Independent Auditors' Report
(Referred to in Paragraph 2 of "Report on Other Legal and Regulatory requirements" section of our Audit Report)

Part I

Sl. No.	Details/ Directions	Auditors' Reply
1.	Whether the Company has system in place to process all the accounting transactions through IT System? If Yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any may be stated.	The Company uses the Coalnet IT System to process most of its The Company uses the Coalnet IT System to process most of its accounting transactions at CIL Head Office. Operational processes and their inter-phase with Coalnet are maintained manually. The accounting transactions of the Delhi Liaison office and ten RSOs under CIL (HO) are maintained in Tally. Major discrepancies in this regard are given below: <ul style="list-style-type: none"> All calculations related to Fixed Assets are performed separately outside IT system. GST (RCM) and TDS are calculated manually during the bill payment to suppliers or Contractors and subsequently entered in the IT system. Payroll system is not integrated with Accounts. Relevant entries are passed manually into accounting system. In NEC division, sales module is not linked with despatch of coal. Also, stock register for movement of coal is not processed through IT system. Above inadequacies in design of information technology systems have been reported in our report on the Internal Financial Controls. As per the management, development of integrated ERP system is in process. The financial implications, if any, are unascertainable at this point.
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	As per the information and explanations given by the management, there is no restructuring of loan or cases of waiver/write off of debts/loans/interest etc made by a lender to the Company.
3.	Whether funds received/receivable for specific schemes from Central / State agencies were properly accounted for /utilised as per its term and conditions? List the cases of deviation.	As per the information and explanations given by the management, the company has received fund of Rs 1,72,32,663 /-from Central Agencies and the same has been properly accounted for and utilized as per its terms and conditions.

Part II

Additional -Directions:-

Sl. No.	Details/ Directions	Auditors' Reply
1.	Whether coal stock measurement was done keeping in view the contour map. Whether physical stock measurement reports are accompanied by contour maps in all cases? Whether approval of the competent authority was obtained for new heap, if any, created during the year.	The stock measurement was done keeping in view the contour map. Physical stock measurement reports are accompanied by contour maps in all cases. No new heap has been created during the year.
2.	Whether the company has conducted physical verification exercise of assets and properties at the time of merger/split/ re-structure of an area. If so, whether the concerned subsidiary followed the requisite procedure?	As per the information and explanations given by the management, there is no such merger/split/restructure of an area during the year.
3.	Whether separate Escrow Accounts for each mine has been maintained in CIL and its subsidiary companies. Also examine the utilization of the fund of the account.	Separate escrow account for each mine (Tikak extension, Lekhapani OCP, Tipong, Ledo OCP, Tikak OCP and Tirap OCP) of North East Coalfields (NEC), the unit of Coal India Limited, has been maintained. No such fund as explained by the management has been withdrawn during the year.
4.	Whether the impact of penalty for illegal mining as imposed by the Hon'ble Supreme Court has been duly considered and accounted for?	According to the information and explanations given to us, no penalty for illegal mining has imposed by the Honourable Supreme Court during the year on the Company.

For **RAY & RAY**
Chartered Accountants
(Firm's Registration No. 301072E)

(Nabanita Ghosh)
Partner

Membership No. 058477
UDIN 20058477AAAAAW5730

Place: Kolkata
Date: August 19, 2020



"Annexure-C" to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Coal India Limited (hereinafter referred to as 'the Company') as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

According to the information and explanations given to us and based on our audit, in our opinion, the Company has generally maintained, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were generally operating effectively as of March 31, 2020 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the "Guidance Note on Audit of Internal Financial Controls over Financial Reporting" issued by the Institute of Chartered Accountants of India.

However further improvement is required in i) the documentation of Internal Financial Controls of the Company in respect of its risk assessment process, risk analysis of different functional areas and incorporating the process flows at departmental levels including risk mitigation in respect of insurance coverage, ii) strengthening of the monitoring of controls in respect of expenses and fixed assets, confirmation/ reconciliation/ adjustment of balances of other financial assets, other current and non-current assets, trade payables, other financial liabilities and other current liabilities and iii) inadequate design of information technology system and application controls that prevent the information system from providing complete and integrated information consistent with financial reporting objectives.

Our opinion is not qualified in respect of the above matters.

For **RAY & RAY**
Chartered Accountants
(Firm's Registration No. 301072E)

(Nabanita Ghosh)
Partner

Membership No. 058477
UDIN 20058477AAAAW5730

Place: Kolkata
Date: August 19, 2020