

ANNUAL REPORT & ACCOUNTS 2010 - 11



Mahanadi Coalfields Limited
A Miniratna Company

CONTENTS

<i>Sl. No.</i>		<i>Page No.</i>
1.	Management/Bankers/Auditors	1
2.	Notice	4
3.	Directors' Report	5
4.	Comments of the Comptroller & Auditor General of India	51
5.	Auditors' Report	52
6.	Management's Reply to Auditor's Report	57
7.	Balance Sheet as at 31st March, 2011	66
8.	Profit & Loss Accounts for the year ending 31st March, 2011	67
9.	Schedules forming part of the Balance Sheet and Profit & Loss Account	69
10.	Balance Sheet Abstract and Company's General Business Profile	112
11.	Cash Flow Statement	113
12.	Consolidated Accounts of MCL and Its Subsidiaries	115



Board of Directors

(As on 28th May, 2011)



Shri A. N. Sahay
Chairman-cum-Managing Director

FUNCTIONAL DIRECTORS



Shri A. K. Singh



Shri A. K. Tiwari



Shri S. C. Padhy



Shri K. Biswal

GOVERNMENT NOMINEE



Shri R. K. Mahajan

INDEPENDENT DIRECTORS



Dr. A. K. Rath



Shri M. B. Sridharan



Shri Abdul Kalam



Dr. Ashok Kumar

PERMANENT INVITEE



Shri R. B. Das

PRESENT MANAGEMENT

(As on 28.05.2011)

CHAIRMAN-CUM-MANAGING DIRECTOR : Shri A. N. Sahay

FUNCTIONAL DIRECTORS : Shri A. K. Singh
Director (Tech/P&P)

Shri A. K. Tiwari
Director (Tech/Op)

Shri S. C. Padhy
Director (Personnel)

Shri K. Biswal
Director (Finance)

PART-TIME DIRECTORS : Shri R. K. Mahajan
Joint Secretary, Ministry of Coal
New Delhi.

NON-OFFICIAL PART TIME DIRECTORS : Shri M. B. Sridharan

Dr. A. K. Rath

Shri Abdul Kalam

Dr. Ashok Kumar

PARMANENT INVITEE : Shri R. B. Das
COM, East Coast Railway
Bhubaneswar

COMPANY SECRETARY : Shri S.C. Behera

MANAGEMENT DURING 2010-2011

- CHAIRMAN -CUM-MANAGING DIRECTOR** : Shri S.R. Upadhyay (Upto 31.08.2010)
Shri A. K. Singh (From 01.09.2010 to 08.02.2011)
Shri A. N. Sahay (w.e.f. 08.02.2011)
- FUNCTIONAL DIRECTORS** : Shri B. Mohapatra
Director(Finance) (upto 31.8.2010)
: Shri A.K. Singh
Director(Tech/P&P)
: Shri A.K. Tiwari
Director(Tech/Op)
: Shri S.C. Padhy
Director(Personnel)
: Shri K. Biswal
Director(Finance) (w.e.f. 19.10.2010)
- PART-TIME DIRECTORS** : Dr. A.K. Sarkar
Director(Marketing), CIL, Kolkata.
: Shri R.K.Mahajan
Joint Secretary, Ministry of Coal, New Delhi.
- NON-OFFICIAL PART-TIME DIRECTORS** : Shri Abdul Kalam
(up to 23.8.10 & re-appointed w.e.f. 23.2.11)
: Shri N.R. Mohanty (upto 23.8.2010)
: Shri Brij Kishore (upto 23.8.2010)
: Shri M.B. Sridharan (w.e.f. 27.4.2010)
: Dr. A.K. Rath (w.e.f 27.9.2010)
: Dr. Ashok Kumar (w.e.f.23.2.2011)
- PERMANENT INVITEE** : Shri R.K. Tandon
COM, East Coast Railway, Bhubaneswar
(from 29.7.2010 to 6.3.2011)
- COMPANY SECRETARY** : Shri S.C. Behera

Bankers

State Bank of India
UCO Bank
Canara Bank
Punjab National Bank
United Bank of India
Indian Overseas Bank
Union Bank of India
Bank of India
ICICI Bank
Andhra Bank
Bank of Baroda
AXIS Bank
IDBI Bank
HDFC Bank
Central Bank of India
Oriental Bank of Commerce
Allahbad Bank
Syndicate Bank
Corporation Bank

Statutory Auditors

M/s A.K. Sabat & Co.
Chartered Accountants,
Bhubaneswar.

Branch Auditors

M/s Agasti & Associates
Chartered Accountants,
Bhubaneswar.

Registered Office

At/Po. Jagruti Vihar, Burla,
Sambalpur- 768 020, Odisha
Website : www.mcl.gov.in

NOTICE

NINETEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the 19th Annual General Meeting of Mahanadi Coalfields Limited will be held at 11.00 AM on Saturday the 28th May, 2011 at the Registered Office of the Company, At/Po- Jagruti Vihar, Burla, Sambalpur-768020, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited accounts for the year ended 31st March, 2011, Report of the Auditors thereon and Directors' Report.
2. To declare Dividend.
3. To appoint a Director in place of Shri R.K. Mahajan, Director, who retires in terms of Article 34 e (iii) of the Articles of Association of the Company and is eligible for re-appointment.
4. To sanction remuneration, as decided by the Board, payable to M/s A.K. Sabat & Co., Chartered Accountants, Bhubaneswar, the Principal Auditor and M/s Agasti & Associates, Chartered Accountants, Bhubaneswar, the Branch Auditor who were appointed by the C&AG of India for the Financial Year, 2010-2011.

“RESOLVED that pursuant to the provisions of Section 224(8)(aa) and other applicable provisions if any of the Companies Act, 1956, the sanction be and is hereby accorded for payment of remuneration and reimbursement of T.A. & out of pocket expenses as decided by the Board of Directors to M/s A.K. Sabat & Co., Chartered Accountants, Bhubaneswar, the Principal Auditor and M/s Agasti & Associates., Chartered Accountants, Bhubaneswar, the Branch Auditor in connection with the audit of accounts of the Company for the financial year 2010-2011.”

By order of the Board of Directors
For Mahanadi Coalfields Limited

Sd/-

(S.C. Behera)

Company Secretary

REGISTERED OFFICE :

Jagruti Vihar, Burla, Sambalpur – 768 020

NOTE:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. The Shareholders are requested to give their consent for calling the Annual General Meeting at a shorter notice pursuant to the Provisions under Section 171(2)(i) of the Companies Act, 1956.

DIRECTORS' REPORT

To
The Shareholders,
Mahanadi Coalfields Limited,

Gentlemen,

I have great pleasure in presenting on behalf of the Board of Directors, the 19th Annual Report of your Company together with the audited Accounts for the year ended 31st March, 2011 along with the report of the Statutory Auditors and the Comments of the Comptroller and Auditor General of India.

Your Company had an overall successful year with targets set out on almost all fronts having been surpassed except for production of coal.

2. ORGANISATION

The coal reserve of Mahanadi Coalfields Limited is spread over two Coalfields viz., Talcher and Ib-Valley with Ten (10) operating Areas consisting of Seven (7) Underground and Sixteen (16) Open Cast Projects. The operating Areas are as under :

A. Talcher Coalfields

- (i) Jagannath Area
- (ii) Bharatpur Area
- (iii) Hingula Area
- (iv) Lingaraj Area
- (vi) Kaniha Area
- (v) Talcher Area

B. Ib Valley Coalfields

- (i) Lakhanpur Area
- (ii) Ib-Valley Area
- (iii) Basundhara-Garjanbahal Area
- (iv) Orient Area

Besides, MCL has two Subsidiary Companies (JV), namely;

- (i) MNH Shakti Limited
- (ii) MJSJ Coal Limited.

3. HIGHLIGHTS OF PERFORMANCE

- The Company achieved all time high Gross Sales Value of ₹ 9249.76 crore against the previous year's Gross Sales of ₹ 7576.88 crore, registering a growth of 22.08% over previous year. There is continuous improvement in realization. The realization during the year is ₹ 9270.00 crore which is 100.22 % of the current year's gross sales.
- The coal production during the year is 100.28 Million Tonnes (MT) registering a decline of 3.65% over the previous year, due to disturbances in Talcher Coalfields.
- The productivity in terms of output per manshift (OMS) has increased by 8.52% in OC Mines and decreased by 3.10% in Underground Mines. The overall OMS of the current year is 15.37 tonne as compared to 14.66 tonne in previous year indicating a positive growth of 4.84%.
- The Profit Before Tax (PBT) during the year is ₹ 4039.30 crore against previous year's PBT of ₹ 2950.58 crore registering a growth 36.90%.
- The Company has been consistent in payment of dividend since last eight years. The interim dividend of ₹ 400.02 crore has been paid on Equity Share Capital. Further, ₹ 1170.00 crore has been proposed as final dividend on paid up Equity Share Capital.

4. PRODUCTION PERFORMANCE

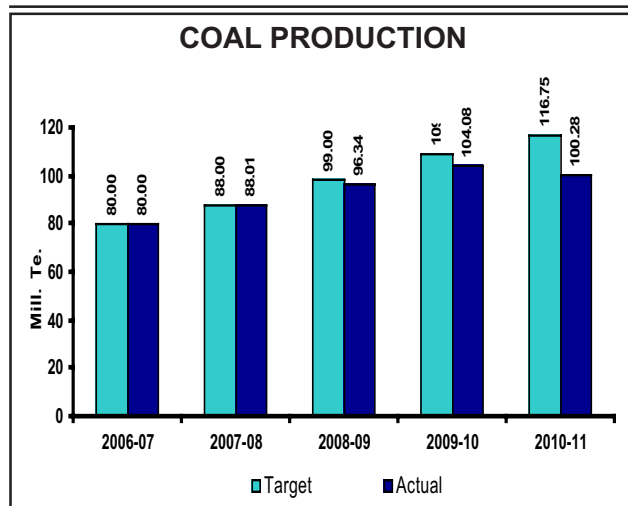
- (I) Production performance of MCL for the financial year 2010-11 as compared to the target and achievement of the previous year is given below :

Production	2010-2011		2009-2010 Actual	% Achievement against target	% Growth over previous year
	Target	Actual			
(i) Coal (MTe)					
Open-cast	114.46	98.11	107.20	85.72	- 3.69
Underground	2.29	2.17	2.20	94.63	- 1.66
Total (OC+UG)	116.75	100.28	104.08	85.89	- 3.65
(ii) OBR(MM³)	74.00	88.70	66.07	119.87	34.25

(II) Production performance of MCL for last five years (incl. 2010-11) is appended below :

(i) **Total Coal Production of MCL**
(Figs. In MTe) :

Financial Year	Target	Achievement	Growth over last Year		%age Achievement against Target
			Absolute	%age	
2006-07	80.00	80.00	10.40	14.90	100.00
2007-08	88.00	88.01	8.01	10.00	100.01
2008-09	99.00	96.34	8.32	9.50	97.31
2009-10	109.30	104.08	7.74	8.00	95.22
2010-11	116.75	100.28	-3.80	-3.70	85.90



Coal production in 2010-11 is 100.28 M.Te and growth over 2009-10 is (-) 3.7% . The achievement against the AAP Target is 85.89%, the reason being frequent stoppage by villagers, particularly, in Talcher Coalfields on R&R issue; Environment non-clearance in IB Coalfields and forestry non-clearance both in Talcher as well as IB Coalfields.

(ii) **Coal production by Surface Miner**
(Figs. In MTe)

Financial Year	Production	Growth over last Year		%age share of coal Production by S. Miner of the Total Coal Prodn.
		Absolute	%age	
2006-07	37.13	5.23	16.40	46.41
2007-08	41.61	4.48	12.10	47.28
2008-09	44.20	2.59	6.20	45.88
2009-10	50.52	6.32	14.30	48.54
2010-11	54.92	4.39	8.70	54.76

Coal production this year by surface miner has +ve growth over the past year. In 2010-11 the production is 54.92 MTe (54.76% share of total coal prodn) and has (+) 8.7% growth over 2009-10.

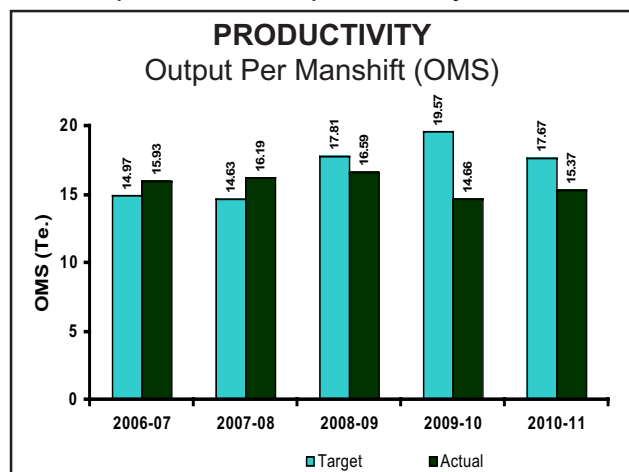
(iii) **OB Removal of MCL** (Figs. in MM³)

Financial Year	Target	Achievement	Growth over last year		%age Achievement against Target
			Absolute	%age	
2006-07	60.00	55.47	4.05	7.88	92.45
2007-08	66.00	54.56	-0.91	-1.64	82.67
2008-09	70.00	51.84	-2.72	-4.99	74.06
2009-10	86.00	66.07	14.23	27.48	76.83
2010-11	74.00	88.70	22.63	34.25	119.86

OB removal in 2010-11 is 88.70 M.Cum and 34.25% (+)ve growth over 2009-10 and achievement is 119.87% against the AAP Target.

5. PRODUCTIVITY

Your Company has also made significant improvement in productivity in terms of



Output per Manshift (OMS) as given hereunder :

Fig.in Tonne/Manshift

Productivity	2010-11		2009-2010 Actual	% Achievement against target	% Growth over previous year
	Target AAP	Actual			
Opencast	24.10	20.50	18.89	85.06	8.52
Underground	1.23	1.25	1.29	101.63	- 3.10
Overall	17.67	15.37	14.66	86.98	4.84

6. POPULATION AND PERFORMANCE OF HEMM

6.1 The details of availability and utilization of HEMM showing target set by CMPDIL and achievement together with the Fleet Strength, are given below :

I. % availability and utilization achieved (figures in absolute):

Sl. No	Equipment	Population as on		%Availability			%Utilisation		
				April'10 to March'11	April'09 to March'10	CMPDIL Norm (%)	April'10 to March'11	April'09 to March'10	CMPDIL Norm (%)
1	Dragline	5	5	72	74	85	42	61	73
2	Shovel	75	70	80	83	80	41	52	58
3	Dumper	422	337	76	72	67	29	35	50
4	Dozer	104	101	68	66	70	32	33	45
5	Drill	73	57	81	78	78	43	45	40
Total		679	570						

II. Working hours achieved :

Sl. No.	Equipment	Working Hours	
		2010-11	2009-10
1	Dragline	15517	24270
2	Shovel	246007	262810
3	Dumper	781321	770522
4	Dozer	228077	237807
5	Drill	128150	136288

III. (a) The availability of Dragline & Shovel have decreased over same period last year because the Draglines are very old & are of USSR make. Original spare parts are not easily available. Most of the new higher capacity BEML, make shovels of model BE-1600 / BE-1000 are underperforming since installation.

b. The utilization has decreased in the case of Dragline, Shovel, Dumper , Dozer & Drill compared to last year mainly due to non-availability of land in OCPs. and lack of skilled personnel in operation and maintenance.

IV. Steps taken to improve the availability and utilization :

1. Special attention is being given to the Operator's comfort. New HEMM which are being procured are fitted with air conditioned cabins. The HEMM having substantial residual lives, are also being fitted with Air conditioners.
2. Advance action has been taken for procurement of spares from OEMs , The old & unreliable HEMMs are being replaced with new equipment. From safety point view, the new dumpers & water sprinklers are being procured having disc brakes.
3. Daily production of HEMM & their working hours are being closely monitored at Headquarters level.
4. Incentive scheme has been introduced for higher productivity.
5. Land acquisition, law & order problems are being taken up at various forum by MCL management.
6. Judicious management of spares in consultation with OEMs.

V. Breakdown status of HEMM

Equipment	Population		Breakdown > 3 months	
	As on 31.3.11	As on 31.3.10	As on 31.03.11	As on 31.3.10
Dragline	5	5	00	00
Shovel	75	70	03	03
Dumper	422	337	65	47
Dozer	104	101	11	13
Drill	73	57	18	13
MCL TOTAL	679	570	97	76

VI. Equipment Rehabilitated at Central Workshops:

Area	2010-11	2009-10
CWS-Talcher	06	05
CWS-Ib Valley	00	02
TOTAL	06	07

7. CAPACITY UTILISATION (OPENCAST PROJECTS)

Sl. No.	Description	CAPACITY (based on 1st April of the year)		% Growth over Last Year
		2010-2011	2009-2010	
1	Departmental Capacity (M.cum)	74.92	55.20	35.72
2	System Capacity (M.cum)	178.25	158.66	12.35
3	Departmental Production (M.cum)	55.07	56.61	- 2.72
4	Total Production (M.cum.)	153.112	146.56	4.47
5	Departmental Capacity Utilization	73%	101%	
6	System Capacity Utilization	86%	96%	

8. POWER

8.1 Talcher Coalfields : Power is received at Nandira 3 X 20 MVA, 132 / 33 kV, Grid Sub-station through an 11 KM long 132 kV Double Circuit over-head transmission line from GRIDCO's Angul Sub-station, under the command area of Central Electricity Supply Utility of Odisha with Contract Demand of 31.0 MVA (Contract Demand has been enhanced to 31.0 MVA from 28.0 MVA w.e.f 01.01.2011).

8.2 Ib-Valley Coalfields : Power is received at Jorabaga 3 X 20 MVA, 132 / 33 kV, Grid Sub-Station through a 19 KM long 132 kV Double Circuit over-head transmission line from GRIDCO's Budhipadar Sub-station, under the command area of Western Electricity Supply Company of Odisha (WESCO) with a Contract Demand of 22.25 MVA.

8.3 Basundhara Coalfields : Basundhara Area is receiving power from Garjanbahal Sub-station under the command area of Western Electricity Supply Company of Odisha (WESCO) at 33 kV with a Contract Demand of 1.35 MVA. One 3 X 20 MVA, 220 / 33 kV sub-station at Basundhara and 220 kV Double Circuit Overhead Transmission Line

connecting this Basundhara Sub-station from Budhipadar Sub-station (39 Km) of GRIDCO is under construction by M/s OPTCL (Odisha Power Transmission Corporation Ltd.) on deposit work basis.

8.4 Availability of Power :

Items	2010-11	2009-10
Contract Demand (MVA)	56.00*	53.00
Maximum Demand (MVA) (Highest in a month during FY)	58.68	55.62
Energy Consumed (Million KWh)	301.90	304.35
Specific Energy Consumed (KWh/Tonne)	Target 3.35 Actual 3.01	3.45 2.92
Energy Bill Paid (₹ in Crore)	124.15	96.89

9. POPULATION OF MAJOR UNDERGROUND EQUIPMENT OF MCL

9.1 The population of major underground equipment and their availability during the year as compared to previous year are given hereunder :

Sl. No.	Name of the equipment	No. on Roll		2010-11		2009-10	
		2010-11	2009-10	% Avail.	% Util.	% Avail.	% Util.
1	Winder	6	6	83.33	94.63	83.33	104.93
2	Haulage (Main)	30	40	95.33	94.63	96.46	104.93
3	SDL*	22	21	78.13	37.60	88.27	44.60
4	LHD*	30	38	63.14	50.13	53.65	39.47
5	Main Pump	50	65	97.68	94.63	98.46	104.93
6	Vent. Fan	13	14	100.00	94.63	100.00	104.93
7	Belt Conv.	65	60	96.14	94.63	93.33	104.93
8	Transformer (Power)	85	94	91.73	94.63	92.55	104.93
9	Locomotive	5	6	78.69	94.63	66.67	104.93
10	Coal Drill	94	98	91.44	94.63	91.32	104.93
11	Mine Car	76	96	62.28	94.63	59.62	104.93

For the Year 2010-11

Actual UG Prodn.	-	21.671 Lac Tonne
Target UG Prodn.	-	22.900 Lac Tonne

For the Year 2009-10

Actual UG Prodn.	-	22.035 Lac Tonne
Target UG Prodn.	-	21.000 Lac Tonne
% Availability	=	$\frac{\text{Equipment available}}{\text{Equipment on Roll}} \times 100$
% Utilisation	=	$\frac{\text{Actual Production}}{\text{Target Production}} \times 100$

For 2009-10

$$* \% \text{ Availability} = \frac{(\text{Avail. Hrs}) / (\text{Total Hrs} - \text{Maint Hrs}) \times 100}{[\text{Avail. Hrs} = \text{Total Hrs} - (\text{Maint. Hrs} + \text{B/D Hrs})]}$$

$$* \% \text{ Utilisation} = \frac{(\text{Working Hours}) / (\text{Total Hrs} - \text{Maint. Hrs}) \times 100}{[\text{Working Hrs} = \text{Total Hrs} - (\text{Maint. Hrs} + \text{B/D Hrs} + \text{Idle Hrs})]}$$

For 2010-11 vis-a-vis corresponding 2009-10
(The adopted formulae are as per CIL's norms)

$$\% \text{ Availability} = \frac{H_w + H_i}{H_s} \times 100$$

Where,
 H_w = Actual working hours/year
 H_i = Idle hours/year
 H_s = Shift hours/year

$$\% \text{ Utilisation} = \frac{H_w}{H_s} \times 100$$

Where,
 H_w = Actual working hours/year
 H_s = Shift hours/year

9.2 Number of coal handling plants and weighbridges and their functioning points etc.

23.849 MT of Crushed Coal were despatched through CHP during the year against 26.685 MT of Crushed Coal compared to previous year. 54.95 MT of Crushed Coal was produced using "Surface Miner" during the year.

	2010-11		2009-10	
	Crushing Capacity in Mty	Coal despatched through CHP (MT)	Crushing Capacity in Mty	Coal despatched through CHP (MT)
Coal Handling Plants/Feeder Breakers	40.50	23.849	40.50	26.685
% Utilisation of Crushing Capacity of Plant		58.89		65.89

9.2.1 The functional points of these CHPs are as follows :

Major CHPs

Area	Location of CHP	Capacity (Mty)
Jagannath	Jagannath OCP	2.0
Bharatpur	Bharatpur OCP	3.5
Total		5.5

Note : One CHP (UTLS) of capacity 3.50 MTY at Lakhanpur Area is for handling/loading and transportation of coal and not for crushing.

9.2.2 Mini CHPs/Feeder Breakers

Area	Location of CHP	Capacity (Mty)
Jagannath	Jagannath OCP	4.0
	Ananta OCP	7.0
Hingula	Hingula OCP	2.0
	Balram OCP	4.0
Ib-Valley	Lajkura OCP	2.0
	Samaleswari OCP	5.0
Lakhanpur	Belpahar OCP	2.0
	Lakhanpur OCP*	1.0
Lingaraj	Lingaraj OCP	7.0
Basundhara	Basundhara OCP	1.0
Total		35.0

*Commissioning of Two (02) number of old and used Mini CHPs (released from Lakhanpur OCP), one each at Hingula and Basundhara OCP, is awaited.

9.3 Details of Weighbridges

Sl.No.	Types of Weighbridges	2010-2011	2009-2010
1.	Road Weighbridges (Hybrid)	1	1
2.	Road Weighbridges (Electronic)	68	58
3.	Rail Weighbridges (Electronic)	32	32
4.	% Weighment during the year (By Rail)	96.22	96.06
5.	% Weighment during the year (Overall Weighment)	97.81	97.76

The percentage of overall weighment of coal despatched to consumers achieved during the year is 97.81% against 97.76% compared to previous year whereas total rail despatch weighment achieved during the year is 96.22% against 96.06% compared to previous year.

10. CAPITAL STRUCTURE

The Authorised Share Capital of the Company as on 31.3.2011 continued at ₹ 500.00 crore, divided into 2958200 Equity Shares of ₹ 1000/- each and 2041800 10% Cumulative Redeemable Preference Shares of ₹ 1000/- each.

The paid up Equity Share Capital of the Company as on 31.3.2011 stand unchanged at ₹ 186.40 crore. The entire Equity Share Capital are held by Coal India Limited (CIL) and its nominees.

11. FINANCIAL REVIEW

The Company has recorded the highest ever gross Sales Value of ₹ 9249.76 crore against ₹ 7576.88 crore of the previous year. The Profit Before Tax (PBT) has also gone up to ₹ 4039.30 crore from ₹ 2950.58 crore in the previous year. Profit after Tax (PAT) for the year is ₹ 2609.32 crore. The financial results of 2010-11 as compared to 2009-10 are summarised below :

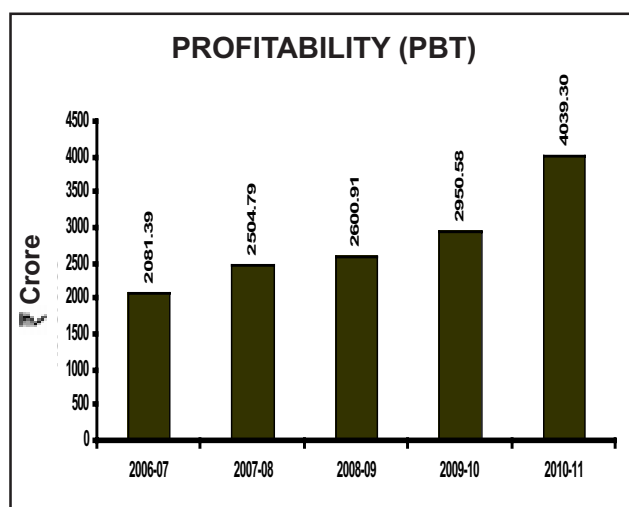
(₹ in Crore)

	2010-11	2009-10
Gross Profit (Before Depreciation and Interest)	4264.97	3111.20
Less: Depreciation (Incl. Social Over head depreciation)	220.15	154.24
Interest and Financial Charges	5.52	6.38
Net Profit before Tax	4039.30	2950.58
Less : Provision for Income Tax and deferred tax liability	1429.98	1003.89
Net Profit after Tax	2609.32	1946.69
Less :		
Transfer to General Reserve	260.93	194.67
Transfer to CSR Reserve	4.62	27.03
Interim Dividend on Equity Shares	400.02	500.00
Proposed Dividend on Equity Shares	1170.00	669.00
Tax on Dividend	260.76	196.09
Profit after above appropriation	512.99	359.90

11.1 Transfer to Reserve

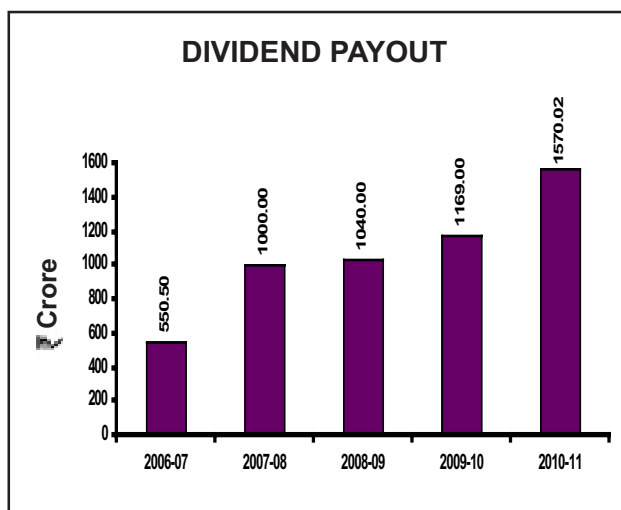
An amount of ₹ 260.93 crore, being 10% of Profit after Tax for the year, has been transferred to General Reserve.

As per CSR policy of the company, an amount of ₹ 4.62 crores, i.e. the difference between the CSR reserve and the actual expenditure incurred has been transferred to CSR reserve.



11.2 Dividend

The Directors are pleased to recommend dividend of 842.28% (previous year 627.14%) of the paid up Equity Share Capital for the year amounting to ₹ 1570.02 crore (inclusive of interim dividend of ₹ 400.02 crore) for your approval.



The total outflow on account of dividend would be ₹ 1830.78 crore comprising ₹ 1570.02 crore as dividend and ₹ 260.76 crore towards tax on dividend.

11.3 Unsecured Loans

The amount due to Coal India Ltd. (CIL) as on 31.03.2011 stands at ₹ 141.67 crore out of which loan of ₹ 132.69 crore pertain to IBRD and JBIC(Previously known as JEXIM) .

The balance amount due to M/s Liebherr France SA, France, stands at ₹ 8.98 crore for supply of four Hydraulic Shovels on deferred credit.

12. INVESTMENT

12.1 As per tripartite agreements with State Electricity Boards (SEB), in the year 2003-04 the Company had received 8.5% Tax Free Power Bonds (unquoted long term investment) of nominal value ₹ 344.32 crore against old outstanding dues as on 30th September, 2001 from three SEBs (MSEB, TNEB and WBPDC). During the year, ₹ 22.70 crore (Previous year ₹ 22.70 crore)

has been redeemed resulting in the balance of ₹ 113.51 crore as on 31.3.2011.

12.2 Investments in Equity Shares of MNH Shakti Ltd. and MJSJ Coal Ltd., subsidiaries of MCL, are ₹ 17.57 crore and ₹ 24.06 crore respectively.

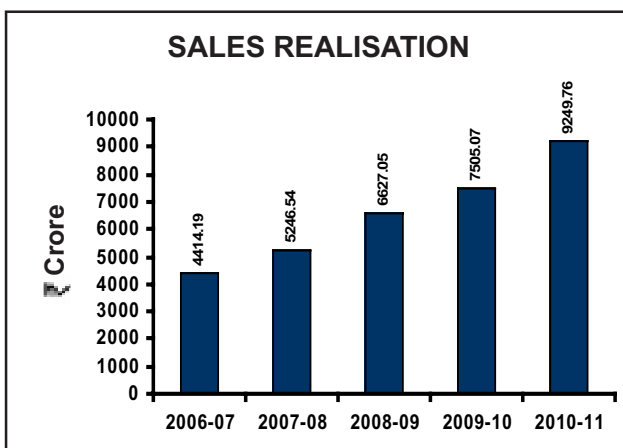
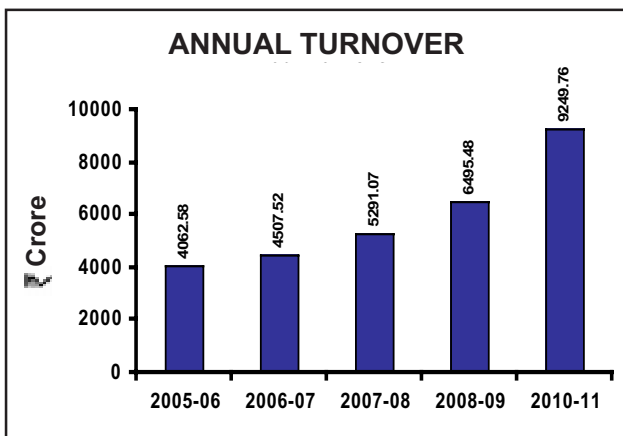
13. CAPITAL EXPENDITURE

Total Capital Expenditure during the year was ₹ 608.10 crore against previous year's expenditure of ₹ 404.19 crore.

14. SALES REALISATION

Gross sales of MCL during 2010-11 was ₹ 9249.76 crore against ₹ 7576.88 crore in 2009-10.

Total realization during 2010-11 was ₹ 9270.00 crore which works out to be 100.22% on current year's gross sales.



15. PAYMENT TO EXCHEQUER

Your Company continued to be a major contributor to the Central and State Exchequer.

The payment made by the Company on account of Royalty, Sales Tax, Stowing Excise Duty and Entry Tax during the Year as compared to the payments made during previous year as follows :

	₹ . in Crore	
	2010-11	2009-10
Royalty	932.44	881.08
Sales Tax/Odisha VAT	287.92	255.75
Stowing Excise Duty	104.78	95.86
Entry Tax	51.85	32.62
Clean Energy Cess	305.19	0.00
Central Excise Duty	41.37	0.00
TOTAL	1723.55	1265.31

16. PROJECTS FORMULATION/CAPITAL PROJECTS

16.1 Planning

MCL has planned to achieve 106.00 million tonne of coal during the financial year 2011-12. Two new expansion projects namely Belpahar OC Expansion Ph-II (4.50 Mty Incremental Capacity) and Samleswari OC Expansion Ph-IV (5.00 Mty Incremental Capacity) sanctioned during the year 2010-11 and will contribute to achieve the production envisaged during the year 2011-12. The capital outlay estimated for the year 2011-12 is ₹ 700.00 crores, major share of which will be utilized for the procurement of Heavy Earth Moving Machineries (HEMM), land acquisition and development of infrastructures.

16.2. Research and Development

One project namely "Demonstration of cost effective Technology for Dry Beneficiation of Coal by Allair Jig" under R&D programme of CIL approved in the 12th Meeting of Apex Committee for R&D Board of Coal India Limited held on 21.09.2010 is under implementation.

16.3 Project Formulation

Two new expansion projects namely Belpahar OC Expansion Ph-II (8.00 Mty,

4.50 Mty Incremental Capacity) and Samleswari OC Expansion Ph-IV (12.00 Mty, 5.00 Mty Incremental Capacity) have been formulated and approved during 2010-11. Draft project report for reorganisation of Bharatpur OC Expansion (20.00 Mty) has been formulated during 2010-11. Final project report of Balram OC Expn (15.00 Mty, 7.00 Mty Incr.) and Siarmal OCP (40.00 Mty) are under formulation at CMPDIL.

16.4 Capital Projects

There are 49 sanctioned mining projects in MCL. The ultimate production capacity of these sanctioned projects is 204.83 Mty. with a sanctioned capital outlay of ₹ 6209.55 Crores, out of which 29 have been completed with a capacity of 78.98 Mty and sanctioned capital outlay of ₹ 2442.37 Crores and two projects with a capacity of 9.60 Mty and sanctioned capital of ₹ 163.06 Crores are under process of completion. Out of the 29 completed projects, 2 have been exhausted (Balanda OCP and Basundhara-East OCP).

16.5 Completed Projects: 29 Nos.

Sl. No.	Name of the Project	Capacity (Mty)	Capital Outlay (₹ Crores)	Completed in
1.	Ananta O/C	4.00	156.49	03/95
2.	Ananta O/C Expn.	1.50	46.99	03/97
3.	Balanda O/C	1.00	36.87	03/84
4.	Basundhara East O/C	0.60	19.69	03/98
5.	Belpahar O/C	2.00	131.31(RCE)	03/94
6.	Bharatpur O/C	3.50	158.97 (RCE)	03/91
7.	Bharatpur O/C Expansion	1.5	48.02	03/98
8.	Jagannath O/C	4.00	66.71	03/91
9.	Lajkura O/C	1.00	38.98 (RCE)	03/91
10.	Lilari O/C	0.80	19.78	03/92
11.	Lingaraj O/C	5.0	229.84	03/98
12.	Nandira U/G (Augmentation)	0.33	17.95	03/95
13.	Samleswari O/C	3.00	126.85	03/96
14.	Kalinga OCP	8.00	345.96	03/00
15.	Lakhanpur OCP	5.00	221.51	03/00
16.	Hingula-II OCP	2.00	48.57	03/02
17.	Chhendipada OCP	0.35	19.75	03/07
18.	Lingaraj OC Expn.	5.00	98.89	03/07
19.	Basundhara (West) OCP	2.40	176.55	03/07
20.	Belpahar OC Expn.	1.50	35.47	03/07
21.	Samleswari OC Expn. Ph-I	1.00	28.69	03/07
22.	Samleswari OC Expn. Ph-II	1.00	13.38	03/07
23.	Ananta OC Expn. Ph-II	6.50	35.88	03/07

24.	Jagannath OC Expn. Ph.-II	2.00	4.95	03/08
25.	Lingaraj OC Expn. Ph.-II	3.00	2.18	03/08
26.	Hingula-II OC Expn.	2.00	89.78	03/09
27.	Hingula-II OC Expn. Ph.-II	4.00	35.67	03/09
28.	Samleswari OC Expn. Ph.-III	2.00	87.95	03/09
29.	Lakhanpur Expn.	5.00	98.74	03/10

TOTAL	78.98	2442.37
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Projects likely to be completed on 31/ 03/2011

1.	Basundhara (West) Expn.	4.60	46.52	Under process
2.	Lakhanpur OC Expn. Ph-II	5.00	116.54	Under process

Total	9.60	163.06
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Grand Total	88.58	2605.43
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16.6 On going Projects as on 01.04.2011:

There are 18 on-going projects with a capital outlay of ₹ 3604.12 Crores with an ultimate capacity of 116.25 Mty.

Sl. No.	Name of Projects	Capacity in Mty.	Capital in ₹ Crores	Scheduled date of completion	Anticipated date of completion
1.	Talcher (W) U/G	0.52	85.08	03/10	03/12
2.	Natraj U/G	0.64	92.11	03/08	03/12
3.	Jagannath U/G	0.67	80.75	03/10	03/12
4.	Bharatpur OC Expn., Ph-II	6.00	95.87	03/11	03/11
5.	Kulda OCP	10.00	302.96	03/12	03/12
6.	Bhubaneswari OCP	20.00	490.10	03/16	03/16
7.	Kaniha OCP	10.00	457.77	03/13	03/13
8.	Bharatpur OC Expn.Ph-III	9.00	131.39	03/10	03/10
9.	Balram OC Extension.*	0.00	172.08	03/10	03/10
10.	HBI UG (Augmentation)	0.42	27.86	03/10	03/10
11.	Gopalprasad OCP #	15.00	395.87	03/15	03/15
12.	Talabira OCP #	20.00	447.72	03/16	03/16
13.	Ananta OC Expn. Ph-III	3.00	207.28	03/12	03/12
14.	Hingula-II OC Expn. Ph-III	7.00	479.53	03/13	03/13
15.	Lajkura OC Expn.	1.50	43.27	03/12	03/12
16.	Lingaraj OC Expn. Ph-III	3.00	52.25	03/12	03/12
Total	106.75	3561.89			

Projects approved during 2010-11 and under implementation

17.	Belpahar OC Expansion Ph-II	4.50	14.41	03/14	03/14
18.	Samleswari OC Expansion Ph-IV	5.00	27.82	03/12	03/12

Total	9.50	42.23
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Grand Total	116.25	3604.12
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* This is the extension of original Balram OC-8.00 Mty project annexing additional area. Hence there will be no capacity addition.

Gopalprasad & Talabira are JV Projects and MCL's share in these two projects are 9.00 Mty and 14.00 Mty respectively.

16.7 The following Project Reports have been prepared and approved during 2010-11

Sl. No.	Name of the Project	Capacity (Mty.)	Capital (₹ Cr.)	Remarks
1.	Belpahar OC Expn. Ph. II	8.00 (4.50 Incr.)	14.41 (Incr.)	The PR has been approved by MCL Board in its 127th meeting held on 4th February, 2011 and it is under implementation.
2.	Samaleswari OC Expn. Ph-IV	12.00 (5.00 Incr.)	27.82 (Incr.)	The PR has been approved by MCL Board in its 127th meeting held on 4th February, 2011 and it is under implementation.

16.8 Non-Mining Projects:

Following are the 35 sanctioned non-mining projects with a total capital outlay of ₹ 1988.314 Crores, out of which 19 have been completed. Details are as follows :

A. Major Completed Non-Mining Projects

Sl. No.	Name of the Project	Date of approval	Sanctioned Capital (₹ Cr.)	Completed in
1.	Central Workshop, Ib-Valley	11.08.99	13.32	01/96
2.	Power supply scheme Phase-I, Ib-Valley	22.08.91	33.35	06/97
3.	Regional Stores, Ib Valley	26.11.85	3.33	03/92
4.	Training (Excv.) Institute, Ib-Valley	13.07.89	5.25	10/93
5.	Water Supply scheme, Ib-Valley	19.07.91	4.83	02/96
6.	Central Hospital, Talcher	08.05.87	14.28	03/94
7.	Central Workshop, Talcher	25.03.89	17.83	12/95
8.	Integrated Telecommunication System, Talcher	26.04.91	2.90	03/98
9.	Integrated Telecommunication System, Ib-Valley	26.04.91	2.37	03/96
10.	Power supply scheme, Talcher, Phase-I	25.03.89	19.98	09/94
11.	Water supply scheme at Talcher, Phase-I	11.01.83	5.83	12/95
12.	Integrated Water Supply Scheme Phase-II for Talcher Coalfield	06.05.91	7.88	09/03
13.	Augmentation of Central Workshop, Talcher	22.03.00	21.37 (Incremental)	03/04
14.	Augmentation of Central Workshop, Ib Valley	22.03.00	10.66 (Incremental)	03/04

15.	Construction of Railway line linking Kalinga CPP to existing Jagannath Spur 3&4	13.11.98	11.18	03/06
16.	Construction of balance railway line work of Bharatpur CPP yard, South Balanda connection and remodelling of South Balanda yard.	13.11.98	13.81	06/06
17.	Arterial Road for Ib valley and Talcher CF- (2 Projects)	02.03.90	37.70	
18.	Widening & Strengthening of Road from Sundergarh to Dudka Chowk of Basundhara Area	22.02.99	31.33	07/09
TOTAL			257.20	

B. Major Ongoing non-mining projects

Following are the 16 on-going non-mining projects, brief details of the same are as under :

Sl. No.	Name of the Project	No. of Projects	Capital Outlay (₹ Crs.)
1.	Sand winning from Ib river of Ib valley Coalfield	1	5.35
2.	Improvement and Strengthening of Balinga-Himgir-Belpahar Road for Basundhara Area	1	42.32
3.	Mining-cum-Excavation Training Institute at Talcher Coalfields	1	5.25
4.	Environmental Laboratories at Ib Valley and Talcher Coalfields (2 Projects)	2	3.87 (1.82 + 2.05)
5.	Coal Transportation and Silo Loading arrangement at NTPC bulb, Lingaraj OCP. for 16.0 Mty	1	Under recast
6.	SILo loading arrangement at Ananta spur siding V and VI for 15 Mty	1	183.8638
7.	Rail Infrastructure project, Gopalpur Tract	1	469.68
8.	Railway Siding work from Angul Station to Kalinga CPP	1	99.00
9.	Basundhara Washery (10.00 Mty) on B-O-M (Built-Operated-Maintained) basis	1	165.79
10.	Strengthening/ widening of coal transportation road in Talcher Coalfield	1	196.00
11.	Construction of 2nd Rly. Siding at Himgir Rly. Siding towards north direction	1	12.66
12.	Construction & Commissioning of Jagannath Washery (10.00 Mty) on B-O-M (Built-Operated-Maintained) basis	1	160.70
13.	Construction & Commissioning of Ib Valley Washery (10.00 Mty) on B-O-M (Built-Operated-Maintained) basis	1	181.00
14.	Construction & Commissioning of Hingula Washery (10.00 Mty) on B-O-M (Built-Operated-Maintained) basis	1	181.00
15.	Railway Siding work at Kalinga CPP	1	24.63
TOTAL		16	1731.114

16.9 Foreign Collaboration : Nil**16.10 Modernisation and Technology Absorption**

- (a) Higher capacity HEMMs like 10 cum & 20 cum shovels, 100T & 170T dumpers, 770 HP dozers etc have been envisaged in the latest sanctioned Project Reports.
- (b) Continuous Miner is slated to be introduced in different UG projects of MCL. Tendering for its introduction in HBI mine is under process.
- (c) Global tendering for coal production and OB removal for 15 years of Bhubaneswari OCP (20.00 Mty) has been done and work has been awarded.
- (d) MCL is the trend-setter in introducing Blast-free technology of winning coal in opencast mine by Surface Miner. Now, it is envisaged to introduce Ripper Dozer to remove OB also.
- (e) SILO with Rapid Loading System is going to be introduced in all the major opencast projects of MCL.
- (f) Man-riding system has already been introduced in four underground mines at IB Valley coalfield and going to be introduced in other mines at Talcher coalfield also.
- (g) MCL has planned to construct four nos. of Washeries of 10.00 Mty capacity each, two in Talcher Coalfield, one in Ib Valley Coalfield and one in Basundhara sector of Ib Valley Coalfield. Constructions of these washeries are to be implemented on B-O-M (Built-Operated-Maintained) basis. Techno-Economic-Feasibility Reports for all these Washeries have been approved by MCL Board.

16.12 Projects pending approval of Government : Nil**16.12 Land Acquisition during 2009-10:***Figures are in Ha*

Area	Tenancy		Govt. Non-Forest		Forest Land		Total Acquisition	Total Possession
	Acquisition	Possession	Acquisition	Possession	Acquisition	Possession		
Jagannath	-	51.59	-	31.48	-	19.322	-	102.392
Hingula	-	38.608	-	46.60	-	-	-	85.208
Bharatpur	-	2.170	-	-	-	-	-	2.170
Lingaraj	-	21.89	-	-	-	-	-	21.89
Talcher	-	-	-	-	-	-	-	-
Kaniha	-	196.52	-	-	-	-	-	196.52
Ib- Valley	0.083	0.083	-	-	-	-	0.083	0.083
Lakhanpur	-	56.874	-	-	-	-	-	56.874
Orient	-	-	-	-	-	-	-	-
B-G Area	-	20.95	-	-	-	6.00	-	26.95
Total	0.083	388.685	-	78.08	-	25.322	0.083	492.087

16.13 Status of Washeries on Build, Operate & Maintain (BOM) Basis:

Installation of Washeries on Build, Operate & Maintain basis in terms of the decision of Hon'ble State Minister of Coal for economic washing of high ash coal, module washeries of 10 Mty, 5.05 Mty, 2.5 Mty, MCL have proposed to install 4 Nos. of 10 Mty washeries each on BOM (Build, Operate & Maintain) basis viz, Basundhara, Ib-Valley, Jagannath & Hingula Washery. The details are as under :

- (A) (i) **Basundhara Washery** : The MCL Board in it's 128th meeting directed to re-tender the proposal including financial safeguards.
- (ii) TOR(Terms of Reference) has been obtained from MOEF, New Delhi.
- (B) **Jagannath Washery** : Technical evaluation of qualified bidders is under final stage after which price bid shall be opened shortly.
- (C) **Ib-Valley Washery** : The qualified bidders have been selected by CMPDIL, Ranchi on the basis of Common Centralized Notice invited for Request for Qualification(RFQ). The customization of RFP (Technical Part) is under preparation at CMPDIL, Ranchi.
- (D) **Hingula Washery** : The conceptual report of Hingula Washery has been approved by

MCL Board. The qualified bidders have been selected by CMPDIL, Ranchi on the basis of Common Centralized Notice invited for Request for Qualification(RFQ). The customization of RFP (Technical Part) is under preparation at CMPDIL, Ranchi.

17. GEOLOGICAL EXPLORATION

Particulars	2009-2010		2010-2011	
	Actual	Target	Actual	Actual
1. Total Drilling in CIL Blocks (in meter)	27808.75	31000.00	18602.30*	
2. Coal Reserves proved due to above drilling (in million tonne)	1563.03		1369.88	

18. ENVIRONMENTAL MANAGEMENT

Your company believes that mining at the cost of environment can never be treated to be sustainable and as such towards attaining environmental sustainability your company has consistently been putting its best efforts. All major parameters that constitute effective environmental management are under active consideration during decision making process related to projects with stringent follow-up action. Your company’s conscious endeavor over past few years has not only helped it to mitigate the negative impacts of mining on the natural environment but to emerge as a Green Champion in the region.

18.1 Statutory Compliance – Environmental Clearance :

- Ministry of Environment & Forest (MoEF) imposed temporary restriction on consideration of projects for Environment Clearance (in critically polluted clusters/area based on Copenhensive Environmental Pollution Index (CEPI) of Central Pollution Control Board (CPCB)) in Talcher Coalfield & Ib Valley Coalfield among others vide letter dt:13/01/10, this moratorium was extend twice, vide letter dt: 30/08/10 &26/10/10 till 31/03/2011.
- In the above connection the Odisha State Pollution Control Board (OSPCB) had prepared a time bound action plan which was finalised by CPCB. On 4th February

2011 a monitoring committee consisting of officials from, CPCB, OSPCB & an NGO visited Talcher Coalfields to monitor compliance to the action plan and submitted a report to CPCB based on the above report MoEF lifted the moratorium in respect of Talcher Coalfield vide letter dt: 31/03/11.

- During the year 2010-11 one (01) number of application in Form-I along with Pre-feasibility report of Basundhara Washery 10.0 Mty was sent to Advisor, Environment & Forest, CIL, New Delhi, for submission to Ministry of Environment and Forest (MoEF) through MoC for consideration of approval of Terms of Reference (TOR) as per EIA Notification 2006.
- Application for Public Hearing along with Draft EIA-EMP were submitted to the State Pollution Control Board for conduct of Public Consultation in respect of three projects namely, Ananta OC Expn. (Peak-20.0 Mty) & Lajkura OC Expn. (Peak-3.0 Mty) of MCL along with Talabira-II & III OCP (Peak-23.0 Mty) of M/s MNH Shakti Limited.
- Public Consultation as per EIA notification 2006 which is mandatory for obtaining Environmental Clearance was conducted by the State Government for six Projects namely Lajkura OC Expn. Project (1.0 to 3.0 Mty), Orient mine no. 1&2 (0.35 to 0.87 Mty), Orient mine no. 3 (0.49 to 0.69 Mty), Orient mine no. 4 (0.15 to 0.50 Mty), Hirakhand Bundia Incline (0.54 to 0.95 Mty) & Talabira – II & III OCP (Peak- 23.0 Mty) of M/s MNH Shakti Limited.
- Terms of Reference (TOR) of Basundhara Washery 10.0 Mty was issued by MoEF vide letter no.J-11015/22/2011-IA-II(M) dt: 21/03/11.
- Final EIA-EMP of six Projects namely Samleswari OC Expn. (5.0 to 11.0 Mty), Bhubaneswari OC Expn. (10.0 to 20.0 Mty), Orient mine no. 4 (0.15 to 0.50 Mty), Hirakhand Bundia Incline (0.54 to 0.95 Mty), Gopalprasad OCP 15.0 Mty of MJSJ Coal Limited & Talabira-II & III OCP (Peak-23.0 Mty) of M/s MNH Shakti Limited were sent

to Advisor, Environment & Forest, CIL, New Delhi for submission to MoEF for consideration of Environment Clearance based on TOR.

18.2 Statutory Compliance – Post-Clearance

- “Consent to operate” under Water & Air Acts has been obtained or applied for in time (with consent deemed to be obtained) from State Pollution Control Board (SPCB) for all the operating mines in the year.
- “Authorisation” under Hazardous Wastes Rules has also been obtained from the SPCB by the operating opencast mines having excavation workshops (which generate used batteries, spent oil & grease) and oil & grease traps to recover oil & grease from waste water flowing out of washing ramps (which generate oily sludge). The used batteries and recovered oil & grease are auctioned to authorised re-processors through MSTC Ltd. after sufficient accumulation. Half-yearly return for batteries and annual return for other Hazardous Wastes were submitted to the SPCB as per the statute.
- An internal audit of environmental management was conducted by a team of 3 officers of MCL for the year 2009-10 with regard to each of the 23 operating mines during the year under consideration as in previous years.
- Annual Environmental Statements in Form-V under rule-14 of Environment Protection Rules were submitted to SPCB vide letter dt : 24/09/10 during the year for all the 23 operating mines.
- Half-yearly reports of compliance of the Environment clearance conditions with regard to all the operating mines having environmental clearance under EIA Notification were submitted to MoEF in the year and the officials from the regional office of the MoEF, Bhubaneswar visited the mines time to time for monitoring of compliance.

18.3 Measures Taken to Protect and Improve Environment

18.3.1 Land Reclamation and Plantation :

- In keeping with the company’s concern for environment MCL planted 89,572 saplings (23,072 in Talcher Coalfield & 66,500 in Ib-Valley Coalfield) of mixed indigenous species over external dumps and backfilled internal dumps after adequate physical reclamation, as well as in vacant patches of other land and avenues, in the mines during the year 2010-11. This was against 82,675 nos. planted in 2009-10. The plantation works were executed through Odisha Forest Development Corporation (OFDC) & Chhattisgarh Van Vikas Nigam Limited, Korba .This was done, as in previous year, for biological reclamation of the mine-degraded land towards the goal of ecological restoration.
- Additional plantations were also done in residential townships and office premises especially with fruit-bearing, flowering and medicinal plants and trees.
- Sludge generated from the 7 existing sewage treatment plants (STP) is used as manures for plantations and gardens in the townships. The treated water flowing out of these STPs is reused for irrigation purposes.
- Backfilling of two residual quarries of disused Balanda OCM continued with ash in slurry mode from Talcher Thermal Power Station of NTPC Ltd. in the year.
- M/s. Naba Bharat Ventures Ltd. (NBVL) is dumping dry ash from their captive power plant, located in Dhenkanal, over a part of the partially backfilled area of Balanda OCM. Post dumping the area will be developed into a Park.
- Work for monitoring of mine closure and land use pattern for remote sensing application is in progress for 14 Open Cast Mines in both Ib-Valley and Talcher Coalfields through CMPDIL.

18.3.2 Air Pollution Control Measures :

- In keeping with the company's concern for Environment it has kept up the long standing practices to check air pollution with a good number of measures, some of which are highlighted here.
- During the year 2010-11, MCL produced 54.92 million tonne coal with Surface Miner Technology out of a total production of 100.28 million tonne (57.76%). This was against 48.54 % during 2009-10. This is a blast-less mining technology which eliminates the dust generating operations like drilling, blasting and crushing completely while sprinkling water at the same time. Apart from that, selective mining of coal and stone layers separately is done with the machine to reduce the ash content by about 3% resulting in less ash generation in power plant and reduction of green house gas as well.
- A 41.5 km long 4/3/2 lane concrete coal transport road corridor from Hingula OCP to Lingaraj OCP is proposed. Tenders have been invited and evaluation is in process. Total cost of the project is ₹ 290 cr.
- Black topping of permanent and semi permanent roads maintained and further strengthened during the year.
- Maintenance of fixed and mobile water sprinklers on roads, railway siding and CHP, stock yard etc.
- Manual sweeping and collection of spillage and dust over coal transportation roads.
- One heavy-duty truck-mounted vacuum-operated mechanical road sweeper is in operation for sweeping and collection of coal spillage and dust over coal transportation roads at Hingula OC Expn. Project.
- New installation and strengthening of existing dust collectors and dust extractors in drills and CHPs.
- Green belts continued to be developed between residential areas and the mine including infrastructure.

- To control air pollution, proposal for construction of Nine Silos at Ananta, Lingaraj, Bharatpur, Bhubaneswari, Kaniha, Hingula, Balram, Kulda and Lakhanpur is under process in addition to existing UTLS (Lakhanpur) and RRLS (Bharatpur)

18.3.3 Water Pollution Control Measures :

- Mine drainage water pumped out of the mine as well as the water flowing out from OB dumps is put into settling ponds before being discharged in order to settle the sediments and prevent silting of rivers and other water bodies.
- Oil & Grease Traps (OGT) are also in place at the workshops of opencast mines in order to remove oil & grease as well as oily sludge from the waste water. Recycling facility for treated water is also available at Ananta & Bharatpur OCMs.
- Garland drains and catch drains are also provided around quarry boundary and OB dumps in order to arrest sediments and prevent shifting of natural drainage.
- Sewage Treatment Plant (STP) existing at 7 townships were also maintained during the year.
- Disused quarry voids are used as water harvesting structure for recharge of ground water.
- Water Treatment Plants (WTP) are operational under integrated water supply schemes of Talcher, Ib-Valley, Belpahar and Basundhara. Small scale water filtration units for domestic supply are existing at Talcher and Orient Areas using under ground mine water.

18.3.4 Noise and Ground Vibration Control Measures :

- Green belts developed between residential areas and the mines as well as infrastructures were maintained and some new one added during the year.

- Ear Muffs and Ear Plugs given to workers exposed to noise were replaced and issued to new workers as well.
- Non-electric detonators were used where ever necessary for blasting resulting in less noise and ground vibration. Controlled blasting was also practised.

18.3.5 Environmental Monitoring:

- Regular monitoring, as usual, of air, water and noise was carried out in the year 2010-11 through CMPDI laboratories, which were duly recognised by the Central Pollution Control Board (CPCB) at an estimated cost of ₹ 2.65 crore. Methodology, frequency, etc. were strictly maintained as per the guidelines laid down by CPCB.
- Results of monitoring were submitted to SPCB and MoEF as per the statute.
- Automatic Weather Stations at Jagannath Area and Lakhanpur Area were in operation.

18.4 ISO 14001 Certification:

- Five Projects of MCL are already having ISO 14001 certification namely Ananta OCP, Belpahar OCP, Balram OCP, Lakhanpur OCP & Samlesweri OCP.
- The ISO 14001 certification for environmental management is in advanced stage for five projects of MCL namely Basundhara(W) OCP, Lilari OCP, Lajkura OCP, Jagannath OCP & Lingaraj OCP

19. SALES & MARKETING PERFORMANCE

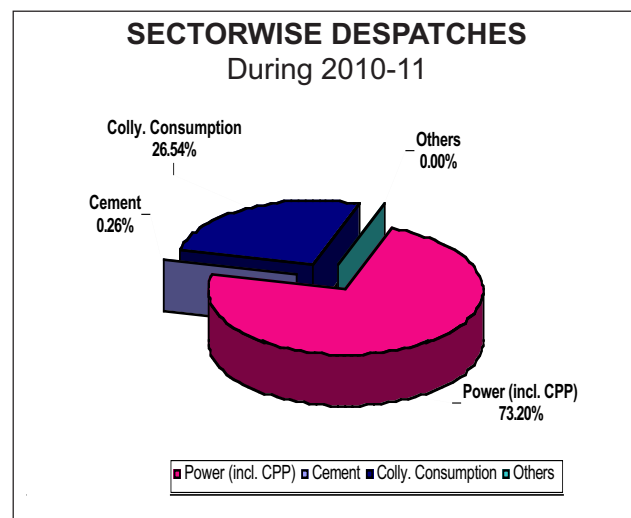
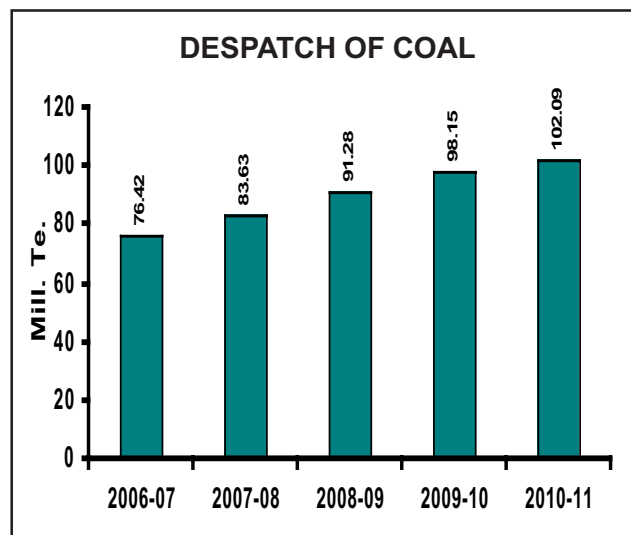
Your company always tries to be the top market player and by virtue of continuous efforts put in that direction, the company today has achieved an off-take of 102 Mty which by itself is a landmark. Handling a high demand product like that of coal, normally requires your company to meet the deadlines for supply which through regular practice has become one of the strengths of your company on the marketing front.

19.1 Demand and Off-take

Offtake during 2010-11 was 102.088 as against Demand/Target of 116.75 Mty. The offtake has been 87.44% of the target. The growth in 2010-11 is 4.0% over last year. Sector-wise offtake is as under :

(In Million Tonne)

Sector	2010-11			2009-10
	Target	Actual	% Achieved	Actual
Power (Incl. CPP)	97.79	74.728	76.41	70.884
Cement	0.390	0.265	67.95	0.266
Others	18.565	27.09	150.2	26.998
Colly. Consumption	0.005	0.005	100	0.005
Total	116.75	102.088	87.44	98.153

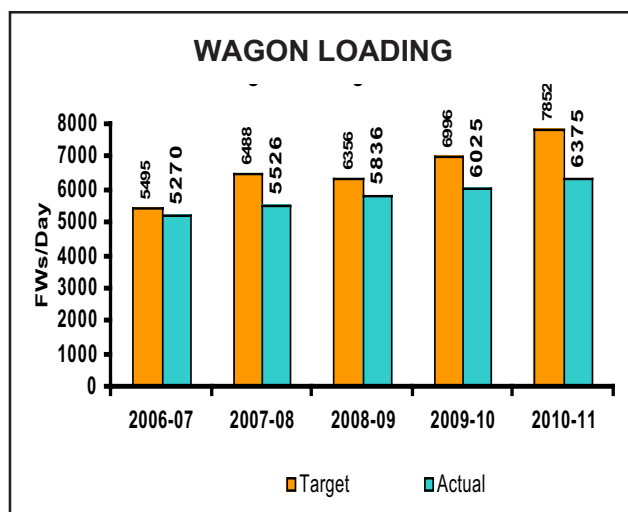


19.2 Wagon loading

Daily average wagon loading in MCL during 2010-11 was 6375 FWW/Day as against 6025 FWW/Day in 2009-10. Growth in wagon loading is 5.8% over last year. Field-wise target, loading are appended as under:

(Figs. in FWW/Day)

Field	2010-11			2009-10 Actual
	Target	Supply	Loading	
IB Valley	3053	3076	3076	2661
Talcher	4800	3299	3299	3364
Total	7852	6375	6375	6025



19.3 E-Auction

MCL has offered 23.003 Mill.Tes during 2010-11 under Spot & Forward e-Auction against which consumers/buyers have booked 20.024 Mill Tes. as compared to 19.55 Mill.Tes during 2009-10 registering a growth of 1.6%. Total lifting during the year 2010-11 was 20.562 Mill.Tes against 18.670 Mill.Tes. during 2009-10 registering a growth of about 10.1% over last year. Premium realized was ₹ 1356.11 Crores over notified price for the allotted quantity during this year.

19.4 Fuel Supply Agreement(FSA)

After introduction of New Coal Distribution Policy (NCDP), all coal supplies are to be

regulated under legally enforceable Fuel Supply Agreement. MCL has signed agreement with major consumers like TNEB, KPCL, APGENCO, NTPC, MAHAGENCO, WBPDC, DPL, DVC, OPGC, CESC etc. based on Model FSA circulated by CIL.

Total quantity works-out to be 67.94 Mill. Tes for Power Utilities from MCL for existing units. MCL has also signed FSA for a total quantity of 18.29 Mill. Tes with all existing non-power consumers.

For supply of coal to small and medium consumers having requirement less than 4200 Tes/annum, policy is envisaged nomination of State Agencies by respective State Government. Odisha Govt. has nominated 1 State Agency for total quantity of 0.75 Lakh Tes for 2010-11.

19.5 Letter of Assurance to New Consumers

Recommendation for new consumers to be issued with LOA is being received from CIL. Such consumers are advised to deposit Commitment Guarantee (CG) within specific time. On receipt of CG and confirmation from the Bank in case of BG, LOA is issued. LOA holders thereafter have to achieve milestones for construction/ installation of plant within the stipulated time and submit the requisite document to MCL for verification. So far LOA has been issued to 206 units/ consumers, out of which 128 Units have achieved milestones and have concluded FSA with MCL. The total quantity works out to be 19.81 Mill.Tes.

In addition to the above, MCL has also signed MOU with Rajiv Gandhi TPS, Indira Gandhi, TPS, Vijayawada Unit-7, Parli TPS, Paras TPS, Khaparkheda TPS, Sterlite Energy Ltd. and RajWest Power Ltd. which were earlier granted LOA for quantity of coal as per recommendation from CEA received through CIL.

Considering the negative coal balance, MCL at present is releasing only 50% of ACQ to non-power consumers who have signed FSA through LOA route.

20. COAL QUALITY IMPROVEMENT

Your company has continuously been trying to maintain the quality standard of the Coal as expected from MCL by the coal consumers. MCL believes that by guaranteeing the required quality and even further improving can generate consumer satisfaction and loyalty. Though market demand of coal is undoubtedly high, the Company through its networking capability coupled with quality consciousness has succeeded in creating a strong consumer base.

During the year various measures for ensuring proper quality of coal despatched were intensified. As compared to previous year this year MCL could achieve a record despatch of 102.08 Mt. against 98.15 Mt. during previous year. So far quality complaints are concerned this year the number of complaints received is 3 (three) against 3 (three) in the previous year.

Following steps were taken by the Company to improve quality and consumer satisfaction.

1. Frequent interactions with different consumers have been done to improve consumer satisfaction. In view of this, a meeting was held with various major coal consumers.
2. Consumers were encouraged and they were free for checking and supervising personally the coal loading sidings as well as weigh bridges.
3. All sidings from where huge quantity of coal is despatched to major consumers and Core Sector industries have been put directly under the Nodal Officers who were specifically responsible for maintaining and ensuring proper quality, weightment and sizing of coal.
4. Whenever any complaint whether it was major or minor in nature received in the department, the same had been enquired at the spot by officers of QC

Department and the findings had been informed to the consumer from where complaint was received.

5. Constant monitoring was being done by QC Department with all the railway sidings at area level about despatch of coal to all consumers.
6. Surprise inspections and analysis of coal from different sidings are being done regularly by officials of QC department to ensure proper quantity and quality of coal despatched.
7. Frequent inspections of Weigh Bridges and Laboratories are being done regularly by QC department.
8. In case of any discrepancy or fault found in Laboratories, Weigh Bridges and sidings, the same was communicated to the concerned CGM/GM of the Area for information and taking corrective measures.
9. Presently Joint Sampling and analysis of coal is being done at loading end as per NCDP(MoC) with MAHAGENCO, WBPDC, SAIL (RSP, CPP-I), NSPCL (RSP, CPP-II), APGENCO, TNEB, NTPC (Kanhia), TTPS, OPGC, NALCO, KPCL, NALCO (Dmj), NTPC (Simhadri) and Vedanta Aluminium Company Ltd, DPL, DVC etc.
10. There are eight coal analysis laboratories at Orient, IB Valley, Jagannath, Lingaraj, Bharatpur, Hingula, Basundhara & Garjanbahal Area & Lakhanpur Areas, out of which five laboratories are at Rampur Colliery, Lajkura OCP, Jagannath OCP Lakhanpur OCP and Lingaraj OCP which are well equipped with modern equipments like Automatic Proximate Analyzer and electronic Bomb Calorimeter for determination of UHV and GCV for coal respectively.

11. These equipment enable us to determine the grade of coal despatched to different consumers within a period of two hours. This has helped for quick monitoring of the quality of coal available in the colliery stocks, sidings and the quality of coal being mined.
12. During this year also selective mining method of extraction of coal was being continued and accordingly surface miners were deployed at Lakhanpur OCP, Belpahar OCP, Lingaraj OCP, Bharatpur OCP, Balram OCP, Hingula OCP, Basundhara(W) and Samleswari OCP.
13. By using surface miner the rejects are being separated from the coal seams which helps to maintain the quality of coal.
14. Electronic Rail Weigh Bridges with print out facility are existing at all sidings. Apart from this, Company has provided standby weigh bridges for achieving the target of 100 % weighment.
15. The coal which has been dispatched by rail, belt and MGR was 100% crushed by CHPs & F.Bs. During this year Company is supplying –100 mm size of coal to all major consumers. So there is 100 % satisfaction of dispatching sized coal to the consumers.
16. Out of total dispatches of 102.08 Mt. of coal 97.81% of coal was weighed with electronic Print out during 10-11 against 97.76% of 98.15 Mt. coal during 09-10.
17. By adopting stringent sampling procedure in case of seam, stock, siding & tipper samples, during the period 2010-11, the Annual Coal Grade has been declared for the utmost satisfaction of the consumers.

21. SAFETY AND RESCUE

‘ Safe Mining’ is one of the core capabilities of your company which has been attained through continuous practice of safety methods and techniques. Having a ‘Zero Accident’ target, your company prepares, plans, and equips itself on a regular basis so that the target is best achieved and becomes the motivating force for the employees to be more productive.

21.1 Accident Statistics

Sl.No.	Particulars	2010-11	2009-10
1	No. of fatal accident	2	2
2	No. of fatality	2	2
3	No. of serious accident	8	8
4	No. of serious Injury	8	8
5	Rate of fatality		
	Per Million tonne out put	0.020	0.019
	Per 3 lakh manshift	0.131	0.130
6	Rate of serious injury		
	Per MTe out put	0.080	0.077
	Per 3 lakh manshift	0.522	0.520
7	Place-wise fatality		
	UG	–	–
	OC	–	–
	AG	2(2)	2(2)
	Total	2(2)	2(2)

NB : ● Figures in bracket shows no. of person involved.

- The accident figures are provisional and subject to reconciliation with DGMS.

21.2 Steps taken for improving safety in MCL

- Mining operation and system has been planned and designed so as to eliminate or to mitigate mining hazards.
- Statutory rules and regulations have been implemented so as to strive for superior standard of safety
- Budgetary provision has been made for procurement of safety gadgets and appliances.
- Deployment of statutory personnel wholly for accident prevention work has been ensured.

- Senior officials at all levels continue to inculcate safe practices in mines.
- Risk assessment and Risk management has been done in all mines covering hazards and mechanism of each hazard, control, action and responsibility and its implementation is updated regularly.
- Recommendations of 10th safety conference, standing committee on safety, CIL safety board are being implemented.
- Area level and subsidiary company level tripartite safety committee meeting is in vogue and its recommendations are being implemented.
- Safety audit of each mine once in two years is being done and deficiencies pointed out are being rectified.
- Safety fortnight is being observed every year to enhance awareness amongst employees.
- Emphasis upon training and retraining has been given for departmental as well as contractual employees.
- Emphasis upon provision and use of safety wears/ safety gadgets receive particular attention
- Contractor's employees are treated at par with departmental employees in matters pertaining to safety.
- All out efforts are being done to increase awareness amongst the employees through public address system as well as knowledge dissemination through distribution of write-up and steps are being taken to ensure that all people perceive, carry out and enforce provisions of laws, code of practices, standing orders.
- RMR of all Underground working districts have been determined. Roof support is being provided on the basis of RMR in conformity with regulation 108 of Coal Mines Regulations 1957 and steel supports are being used as roof support.
- To overcome the difficulties of manual drilling and decreasing the exposure of face worker under the green roof, 3 (Three) nos. of Universal Drilling Machine are ready in use and 12 nos. of Hydraulic Roof Bolting Machine have been ordered.
- Emergency Action Plan has been prepared in respect of mines and regular mock rehearsals are being done.
- 75 persons have been trained in fire fighting at Odisha Fire Service Training Institute, Bhubaneswar.
- 30 Persons including officers, supervisors and support personnel has been imparted structured training of strata control at Orient Area by NIT Rourkela

21.3 New safety technology adopted if any.

- Out of 7 underground Mines in MCL, Man Riding System is in use in four U/G mines. Man Riding System is in operation at HRC mine from 30.05.2008, at HBI mine from 15.09.2008, at OC3 mine from 26.01.10 and at OC 1&2 from 03.04.10 of Orient Area. It is proposed to install Man Riding System at Nandira Mine of Talcher Area also.
- SDL & LHD are in use in 16 districts out of 17 districts of U/G Mines. All the districts of HRC are mechanized except one district which is being worked by manual loading and is under process for conversion to mechanized district.
- It is proposed to introduce Continuous Miners in two underground Mines (Hirakhand Bundia Mine & Orient Mine No. 1&2) of MCL. PR is under preparation for introduction of Continuous Miner in Hirakhand Bundia Mine (HBM) to reduce exposure of work persons in hazardous area.
- Two nos. of Gas Chromatograph have been installed in MCL, Calibration of which is being done periodically.
- Environmental Tele-monitoring System is working at Orient Mine No.3 and Orient Mine No. 1&2.
- Scientific study for assessing feasibility in depillaring contiguous top seam with loaders and bottom seam with LHD and its support design at HRC as well as Support

design at OC-3 where roof height is more than 5 Mtr. in the main dip/conveyor roadway has been completed and it has been suggested that instead of loaders, LHD is to be used for both top and bottom seam simultaneously.

- 3 nos. of Universal Drilling Machine has been purchased and provided in Orient Area for Mechanized roof drilling and 8 nos. of Hydraulic Roof Bolter Machine have been procured for Talcher U/G and Nandira U/G Mines. For procurement of 12 nos. of UDM, supply order has been placed.
- Use of Resin capsules already started in Nandira Colliery.
- Leaky Radio Communication system has been provided in Nandira Colliery, Talcher Area.
- SURFACE MINER for coal production has been used in 10(Ten) O/C Mines. 4 numbers of departmental Surface Miners have been procured and are in use, which is eco-friendly and has eliminated drilling, blasting and crushing activities in the mines.

21.4 Research and Development

- RMR study at all mines has been done by CMPDIL, Ranchi.
- Scientific Studies to ascertain the Stability of the Pillars/Stooks at 5L S Panel of HR Seam -1 of Hingir Rampur Colliery has been done by CIMFR, Dhanbad.
- Study of Slope Stability of Southern Slopes of Lingaraj OCP has been done by CIMFR Dhanbad.
- Study of effect of blasting of Lingaraj OCP on the surrounding Structure beyond 100mt along with evaluation of Explosive performance and subsequent optimization of blast design parameter to control vibration has been done by CIMFR, Dhanbad.

21.5 Rescue

Mines Rescue Station at Brajaraj Nagar is serving Mines of Ib Coalfields and Rescue Room cum Refresher Training at Talcher is

serving Mines of Talcher Coal fields. Both the rescue stations are well equipped with modern Rescue apparatus like BG-174, BG-4, Maxaman, Travox 120, Computerised testing quaster II etc to deal with emergency situations. 78 numbers of new sophisticated self-contained breathing apparatus are being procured by MCL. All the underground mines are within reach of 30 minutes from respective MRS/RRRT.

To promote the Rescue awareness amongst the employees of MCL, the Zonal Rescue Competition is being organized every year.

To enhance the capacity of Rescue Trained Person in the mines, fresh initiative has been taken to enroll more no of employees from existing manpower and newly recruited employees.

MCL Rescue Team has participated in All India Mines Rescue Competition 2010-11 (Coal & Metal), from 24th to 26th February, 2011 at Mines Rescue Station, Sitarampur.

22. COMPUTERISATION

Coalnet Phase-I : Coalnet Phase-I – Most of the modules of Coalnet e.g. Finance, Personnel & Payroll, Sales & Marketing including e-auction, Production Information System, Equipment Monitoring System etc. are being used by respective user departments. With the establishment of Integrated Communication Network, some modules are being used by Areas also. One year maintenance contract for Coalnet has been awarded to M/s CMC Ltd.

e-Procurement : e-tendering portal developed by NIC is in operation for Tender hosting, opening and evaluation for works and services related tender. E-Procurement portal is now being used for procurement of goods also for ECV more than 2 Lakh.

Truck Despatch System : Work order for installation and commissioning of Operator Independent Truck Dispatch System (OITDS) has been awarded by CIL to M/s Leica, Australia for three Open Cast Projects of MCL namely Balram, Lingaraj and Bharatpur OCPs. Work is in progress.

MCL website : The company's website www.mcl.gov.in is being regularly updated and enhanced by Systems department, MCL as and when required. Details related to payment to contractors / suppliers i.e. Bill Payment Status etc. are regularly updated on the web-site as per CVC guidelines. RTI related information are also regularly updated in the website.

Dynamic Website : Work order has been placed on CMPDI, Ranchi for converting the existing website of MCL to dynamic to incorporate Online Registration of Complaints, Recruitment, Bill Status, Vendor Registration etc as per instruction of CTE, CVC, and for hosting the website in CMPDI's server. The work is under progress.

Uploading of Tenders : All open tenders are uploaded on daily basis in the Govt portal www.tenders.gov in by Systems department, in addition of e-procurement portal.

OMMS (Online Materials Management System) : OMMS was already in operation in 9 Regional Stores, and during 2010-11, Regional Stores of Basundhara Area has also been made online. Action for making the Regional Stores of Hingula Area has also been initiated and is likely to be started from April 2011.

Linking between BBSR, Kolkata and Bilaspur : The various offices of MCL at Bhubaneswar, Kolkata and Bilaspur have been linked with MCL HQ at Sambalpur through 1 Mbps BSNL leased line.

Internet Leased Line : Order has been placed on M/s BSNL for providing 10 Mbps Internet Leased Line for MCL-Hq and Areas. The work is under progress.

Proposals moved ahead during 2010-11

- Action has been initiated for procurement of additional 374 PCs and replacement of 221 old PCs, and it is in the tendering stage. Total population of PCs will rise to approximately 1500.

- Action has been taken for connecting the remaining 61 unconnected weighbridges (Rail & Road) through radio links and setting up LANs at Anand Vihar offices and connecting these offices with the corporate network. M/s ITI has been chosen for the job.

- Action has also been initiated for setting up redundant network (MPLS and VSAT based) through BSNL.

23. TELECOMMUNICATION

- a) Action has been initiated to extend mobile CUG facility to all executives of MCL posted in the State of Odisha. This is expected to provide 24x7 smooth communication among the executives of MCL.
- b) Broadband services have been provided to all the departments of MCL Hq & at Areas. The access of Broadband internet has been widened & strengthened in e-procurement cell & MM division of MCL Hq for reinforcing their infrastructure for e-procurement of Materials/works & services through e-tendering.
- c) One toll free No.180003456795 has been installed at the office of G.M (Fin) Hq for facilitating easy & free interaction by retired employees for their past retirement requirements.
- d) For betterment of secretarial communication, the secretaries of Directors have been provided with KTS Exchange, which has provided better administrative capability for handling the incoming & outgoing calls including those of VIP ones related to the CMD & Directors.
- e) Audio & Video conferencing facilities are used for high level conference among top executives of MCL & CIL . ISDN Service are utilized for video conferencing.
- f) One Radio linking system between Anand Vihar & Jagriti Vihar through 2.4GHz wireless Radio is under procurement. This will interconnect the two EPABXs at either side. This will make the vulnerable cable link (more fault prone) between these two places redundant.

- g) Action has been taken to utilize efficiently the IP Based integrated Wide Area Network covering almost all the working units of MCL.
- h) One 30 lines EPABX-IFU System has been installed & commissioned at Talcher Colliery for establishing communication infrastructure between Surface & different locations of the underground mines .
- i) VHF communication has been strengthened at different areas of MCL by procurement of more vhf walky-talkies & VHF base radios which has contributed to the security & production of the units.

24. DEVELOPMENT OF ANCILLARY INDUSTRIES

“Corporate Citizenship” demonstrated by MCL has been quite remarkable and towards that end local entrepreneurship is being encouraged by your Company through consumption of locally produced spares and services. Your company has come out with an Ancillary Policy which can be treated as an indicator of its effective social performance.

For the above cause MCL has full fledged Ancillary Development Cell which is committed for the following activities:

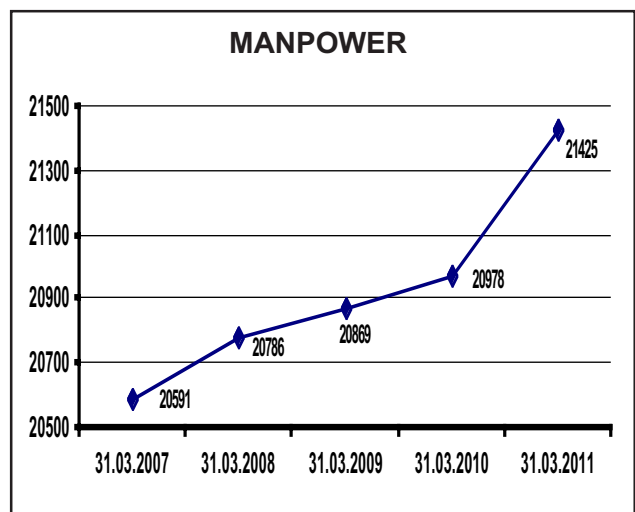
- Undertakes, allows & encourages all endeavours to explore and develop the potentialities of the small scale industries in its operational jurisdiction within the state of Odisha.
- To improve the availability of spares, import substitution for meeting the growing demand of MCL, with the help of Directorate of Industries of the State and D.I.C’s.
- A broad outlook to create scope of increased self-employment and thus self-dependency amidst the young population of the locality of State.
- Prosperity of General masses, in the state and elevation of this state in the industrial map of the nation, and adjusting the industrial products of the S.S.I. Units of this state to reach the new dynamics of achieving the GLOBAL COMPETITIVE STANDARD.

The Ancillary Development Cell of MCL is committed to the overall development of small scale industries of the state of Odisha located within the operational jurisdiction of MCL, with a sole aim to provide increased scope of self employment opportunities to the skilled and unskilled unemployed youth of the locality and thus self-dependence and prosperity of the general masses in the state.

Since inception of the Company, MCL has helped and developed SSI units of Odisha. More than 150 such SSI units were awarded proven / provisional ancillary status for various consumable spares / items and service related jobs directly linked to production processes involved in engineering and mining section of MCL.

Further in its continued efforts in keeping alive these ancillary units, MCL has been giving sustainable business to those ancillary units who are committed to quality supply of materials and maintaining prompt delivery schedules. After reviewing the performance of the ancillary units, their cases are considered for renewal of ancillary status. As on date, approximately 46 SSI units (ancillary units) have got extension of validity of ancillary status based on merit and actively participating in the procurement process of MCL and supplying various quality ancillarised spares to the user areas.

MCL has been continuously keeping track with the ancillary units and trying to redress their grievances from time to time by conducting interactive session / meeting.



In the year 2010-11, MCL had actively participated in the two Mega Events organized by Govt. of Odisha & Govt. of India. (i) National Level Vendor Development Programme & Industrial Exhibition, EXPO-ODISHA-2011 from 21/01/2011 to 24/01/2011 at Balasore & (ii) MSME International Trade Fair – 2011 from 05/03/2011 to 11/03/2011 at Bhubaneswar. Spares of various equipment that have been identified and made open, for easier and simpler understanding of the MSMEs also inviting the SSIs to come for strengthening MCLs production process and strengthen themselves economically. MCL was awarded with Certificate of Excellence in both the events.

Areas of Ancillarisation:

Consumable Stores, Furniture, Forest Products, Safety Items, Machinery Spare Parts, Castings, Services,

Feeder Breaker / CHP Spares, Underground equipments spares, HEMM spares, Pipe Fittings, Civil Items

Electrical Items, Fire Fighting Equipments, Rolled steel Items, Printing Jobs, Cables, etc.

Purchase / Repair statistics of ancillary units (both proven and provisional) and SSI units inside Odisha for the last three years is as below;

Sl.No.	Financial Year	Amount (₹ in Crore)
01	2008 - 09	3.84
02	2009 - 10	8.76 (*)
03	2010 - 11	7.13

(*) Purchase / Repair from Ancillary Units = 7.95 + Purchase / Repair from SSI Units inside Odisha = 0.81

The low figure in the 2008-09 was mainly due to decrease in utilization of CHP / Feeder Breaker in the light of usage of Surface Miners in various Mines. However the annual off-take of CHP / Feeder Breaker spares shows increased status in the following year with new projects coming up in MCL. With continual increase in demand of coal in the country and up coming of new projects, in turn will assure more volume of purchases from the ancillary units of MCL as well as from other SSI units inside Odisha.

25. HUMAN RESOURCES MANAGEMENT

Your Company takes pride in its highly motivated human resources that has contributed its best to bring the Company to present stature of inclusion in the 100 Million Club. The productivity of the employees is very high and with one of the lowest manpower contingent has given 100 million tones production for 2nd consecutive year.

During the period 1316 persons joined by way of fresh recruitment, transfer, reinstatement, etc. and 869 persons have gone out by way of retirement, transfer, ESS, resignation, etc. The main increase in manpower is because of providing employment to the Project Affected Families as per the R&R Policies in vogue. The total manpower strength of the Company stands at 21425 as on 31.03.2011 against 20978 as on 31.03.2010. Manpower position for last five years is as given below.

Manpower :

Year	Manpower
31.3.2007	20591
31.3.2008	20786
31.3.2009	20869
31.3.2010	20978
31.3.2011	21425

25.1 Training & Development

Your Company, as part of its endeavour of being a learning organization, has a policy of continuously investing in training and development for its own employees. The Company imparts internal training as well as sponsoring to outside reputed institutions, professional bodies in diverse areas including leading Management Institutes.

During the year 2010 – 2011, a total number of 313 employees in the category of Executives were trained internally and 633 executives were sent to outside training as against 267 & 516 respectively during 2009 – 10. Your Company

has also sponsored your Directors for 07 outside training programmes. For the non-executive category 1458 nos. of employees were exposed to internal training 197 were sent for external training during the year 2010 – 2011 as against 1305 & 123 respectively during the year 2009 – 10.

25.2 Employees Relations and Welfare

During the year, employee relations scenario in your Company continued to be cordial marked by industrial harmony and mutual trust. Regular interaction took place amongst the management and apex forums of workmen called Joint Consultative Committee and with executives' forum named Coal Mines Officers Association for improvement in Production, Productivity besides employee related issues. Your Company has effective multi-tire bipartite forums in Mines, Areas and at Corporate Hqrs. level having representatives of Management & Workmen, which has always played a positive and constructive role and the same has manifested into achieving 100.28 Million Tonnes Coal production & 88.70 M.Cu.M OB removal during Financial Year.

Your Company believes in providing the best of amenities to its employees and their families. Recreational, Cultural & Sports activities are held to promote the talents of the employees and their children and your Company has brought laurels in Company level & State level competitions.

25.2.1 Education

Being one of the major Central PSUs in Odisha, MCL is committed to provide quality education not only to its employee's wards but also to the general public. Your Company has got 09 DAV Schools fully aided and also extending financial grants to 20 Privately Managed Schools including NK Mahavidyalay, which are in and around the mining areas of MCL, as they are also catering to the educational needs of the wards of the employees. During the year 2009-10 ₹ 11,86,68,976/- was extended to the DAV Public Schools towards Recurring expenditure and ₹ 35,17,200 has been provided to Privately Managed Schools functioning in different Areas

of MCL. In addition to the above, 40% seats were reserved for employees wards for admission into Diploma Course offered in IGIT Sarang and OSME Keonjhar.

25.2.2 Scholarship of meritorious students

1. All the 09 DAV Schools are doing excellent in academic and other fields and few of the students rank very high in merit list.
2. To encourage the meritorious students MCL has given a cash prize of ₹ 2000.00 each to 46 students (MCL wards) & ₹ 1000.00 each to 25 students (Non-MCL wards) who secured above 90% marks in Class X CBSE Examination.
3. MCL had given a cash prize of ₹ 3000.00 each to 09 meritorious students who secured above 90% marks in Class XII CBSE examination. ₹ 1500/- each to 14 students (Non-MCL wards) who have secured 90% above mark in Class XII Examination.

26. HINDI IN OFFICIAL USE

Your Company has made vigorous efforts for the propagation and successful implementation of the Official Language Policy of Govt. of India. Several Hindi Workshops and Competitions were conducted at Areas & Corporate Hqrs. during the year to encourage the employees to maximize the use of Hindi in official work.

27. LAND / R & R

Your Company is committed to help the Project affected / displaced families for execution of its projects and has been making efforts to improve the socio-economic status of Project Affected Families and also committed for progress with development which amply reflected in its R&R Policy. MCL follows the R&R Policy of the State of Odisha and has provided 920 employments during 2010–11 as compared to 465 employments during 2009-10 and 9987 employment since

inception. MCL has also opened a Grievance Cell i.e. Single Window System in each of its Coalfields to redress any grievances of the land oustees. Rehabilitation colonies have been set up with pucca roads, street lighting, health centres, post offices, daily markets, schools, community centres, worshipping places, etc. for the benefit of the land oustees. MCL provides OPD facility to all peripheral villagers in its existing hospitals / dispensaries available in the Coalfields with free of cost or at a nominal charge of ₹ 2.00 per patient.

MCL acquires land for expansion of mining activities by providing rehabilitation and resettlement to the affected villagers. During the year 2010-11, MCL has acquired 492.087 Hectares of land.

28. CORPORATE SOCIAL RESPONSIBILITY

Your Company is the second largest coal producing and the highest profit making Coal Company in CIL. Since its inception, under Corporate Social Responsibility, your Company has taken up various activities extending Financial Assistance for integrated water supply schemes to 19 villages of Talcher, construction of public utility roads, construction of community centres, check dams for the benefit of peripheral villages, renders preventive health care programmes, village health programmes, family welfare programmes and medical facilities are provided to Project Affected Villagers through Mobile Medical Van on a regular basis. MCL has supplied drinking water through Tankers during summer to all the peripheral villages to take care of the potable water need of the villagers. MCL has allocated ₹ 52.04 crores for the year 2010 – 11 @ ₹ 5/- per tonne of the coal produced in the year 2009 – 10 towards CSR activities as per CSR Policy of Coal India Limited. Total expenditure on CSR activities in the year 2010 – 11 is ₹ 53.45 crores approximately. Some of the major activities undertaken by MCL in the year 2010 – 11 are as under:-

1. Three piped water supply scheme to 19 nos. periphery villages of Talcher at an estimated cost of ₹ 20.00 crore.
2. Financial assistance of ₹ 20.00 crores for strengthening and widening of Angul – Chedipada-Sarpal-Budhapal road.
3. Resurfacing of road from Sundargarh to Bankibahal at an estimated cost of ₹ 14.50 crores.
4. Construction of 134 nos. Anganwadi centre and 138 nos. additional class room within the periphery of Talcher Coalfields at an estimated cost of ₹ 13.98 crores.
5. Water supply through mobile tanker during summer to periphery villages around coal projects at an estimated cost of ₹ 5.80 crores.
6. Construction of Girls Hostel for VSSUT, Burla at an estimated cost of ₹ 2.60 crores.
7. Financial assistance of ₹ 0.825 crores for construction of 03 nos. of ST Girls Hostel.
8. Financial Assistance of ₹ 18.00 lakh for extension of building at Asha Kiran, a centre for mentally challenged people at Jharsuguda.
9. Provision of Ambulance for Red Cross society at Bhubaneswar at an expenditure of ₹ 5.11 lakh.
10. Financial assistance to 03 nos. of school for deaf and dumb @ ₹ 3.00 lakh each.
11. Health camps for villages at an expenditure of ₹ 7.00 lakh.

28.1 Gender Budgeting

MCL's social responsiveness is high on the agenda and the efforts have culminated into taking gender specific issues, which are given below.

- Generating a gender relevant database of its workforce.
- Constituting a Special Redressal Committee for complaints lodged by woman employees.

- Revitalizing the Women in Public Sector(WIPS) wing/ branch of MCL with creating scope for frequent interaction among members.
- Adhering to the principle of Component Planning and apportioning a part of CSR Budget for construction of three numbers of Tribal Girl Hostels.
- A part of PDC fund being allocated for construction of a Lady's Hostel for VSS Engineering College/University.
- Special award for women for outstanding contribution in the field of CSR given to MCL employees Women Forum on May Day every year.
- "Mahila Mandal" the social outfit constituted of spouses of MCL's top level executives paying special attention to underprivileged women from surrounding communities by way of imparting training on Tailoring/ Embroidery, Computer Literacy, Retailing of Grocery Items, etc for enhancing earning capacity and employability.

29. CAPITAL INVESTMENT ON SOCIAL AMENITIES

Details of Capital Investment on Social Amenities as on 31.03.2011 vis-à-vis 31.03.2010 is briefed here under :

(Rs. in Crore)

Sl. No.	Particulars	Gross Value of fixed Assets	
		As at 31.3.2011	As at 31.3.2010
1	Buildings	301.11	297.43
2	Plant & Machineries	67.72	67.19
3	Furniture, fittings and equipment	6.87	6.58
4	Vehicle	4.28	4.30
5	Development	9.06	9.06
	Total	389.04	384.56

30. VIGILANCE ACTIVITIES AND ACHIEVEMENTS

30.1 The table given below indicates the statistical view of the Department's performance during the year 2010-11:

Particulars	Pending as on 31st March, 2010	New additions during 2010-11	Disposal during 2010-11	Pending as on 31st March, 2011
Vigilance cases	01	16	12	05
Major penalty proceedings	03	01	01	03*
Minor penalty proceedings	01	01	01	01**

* Out of the three cases, departmental enquiry in respect of 02 cases completed. However, these two cases are subjudice. Regular Departmental Enquiry in respect of another case is in progress.

** Out of 20 officers involved in the case, 07 officers have filed W.P. before the Hon'ble High Court of Odisha initially and out of 07 officers, 02 officers have withdrawn the W.P. recently. Out of these 02 officers, one officer has been imposed with penalty and in respect of another officer reply to 2nd show-cause notice is awaited. The case against remaining officers is subjudice.

30.2. Punitive Vigilance

As may be seen from the above chart, during the year under report, 01 major and 01 minor penalty proceedings have been initiated against 09 employees. Disciplinary Proceedings in 02 cases have been completed. During the reporting period, penalties have been imposed on 14 employees.

30.3. Preventive Vigilance

(i) **Inspections:** 27 Inspections including 04 CTE Type inspections have been conducted during the period. Streamlining of system procedure has been effected as a result of such inspections. Also 04 cases have been booked out of such inspections.

(ii) System Improvement:

(a) **Diesel Consumption:** During the course of CTE type inspections by MCL Vigilance, it has been observed that the consumption of diesel is in excess in comparison to the revised norms laid down by CIL in June 2009. An exhaustive report on the CTE type inspections was submitted to the

competent authority for deliberation. After deliberation of the issue in the meeting of Functional Directors, FDs agreed to implement the revised norms for diesel consumption of HEMMs laid down by CIL in June 2009.

- (b) **Repairing of machines through outside agencies:** The shortcomings found in repairing the machines through outside agency at Project level were observed and proper system designed was approved by CMD and circulated for immediate implementation by Director (Tech./Oprn.).
- (c) **Amendment in NIT regarding provency criteria:** Faulty design of NIT for procurement of Under Carriage Sets for Dozers, led to cancellation of NIT and delay in procurement process and subsequently, the case was forwarded to CVC seeking first stage advice after which the case was closed and provency criteria was modified and recommended to management for implementation while purchasing items other than equipment in future.

30.4 Rotation of Employees

Company has a policy of rotating employees, particularly those who are working in sensitive posts / departments. During the year, 137 employees have been rotated. This includes those officers whose names were figuring in the Agreed List and List of Officers of Doubtful Integrity for the year 2010.

30.5 Surveillance

Agreed List and List of Officers of Doubtful Integrity for the year 2010 were prepared and sent to MoC and CIL. Officers who appeared in the above lists have been transferred from sensitive posts.

30.6 CVC Matters

During the year 03 cases for 1st stage

advice were referred to CVC. No 1st and 2nd stage advice of CVC is pending for implementation.

30.7 Parliament Questions

30 Parliament Questions were attended and requisite information furnished.

30.8 Right to Information Act

07 RTI queries have been attended and information furnished.

30.9 Submission of Reports

Monthly/Quarterly reports to CVC, MoC and CIL have been submitted in time.

30.10 Vigilance Clearance

During the year, vigilance clearance status in respect of 10585 employees (Directors, executives & non-executives) have been dealt with in relation to their promotion, probation, closure, payment of terminal benefits etc.

30.11 Transparency

Tenders and contracts awarded are hoisted on MCL's website as per Office Order No.13/3/05 dated 16.03.2005 of CVC.

30.12 Vigilance Awareness Period

As per the directives of the Central Vigilance Commission, MCL observed Vigilance Awareness Period-2010 from 25th October to 1st November, 2010 in all its Areas and Establishments. During the Period, interactive sessions were held with the suppliers/customers in which initiatives taken for improvement of the system and procedures, besides the complaint handling policy of the Company and the avenues available for redressal of grievances, e-payment, e-procurement, e-auction were explained. The view points expressed by the customers/suppliers have also been taken note of for taking action wherever necessary and feasible.

30.13 Vigilance Bulletin

A Vigilance Bulletin covering some prominent sample of case studies done by the Vigilance Department, MCL and Circulars issued

by CVC on tenders was released on the occasion of observance of Vigilance Awareness Period. Copies of the Bulletin have been widely circulated within the Company.

30.14 Major Achievement:

(a) **Status of Bill payment on Website:** Due to non connectivity of Internet at Project level, the status of bill payment was being hoisted on website only after receipt of bill at Area level. This was a bottleneck in implementation of bill status on website as the up-to-date status could not be made available on website.

A new system was developed which enabled hoisting of Bill status on website through Coalnet. As there is Coalnet connectivity available in all Projects, the up-to-date status of Bill payment is now being made available on Website from Project level and the earlier time lag has now been eliminated.

(b) **On-line Registration of Complaints:** For the first time in MCL, a new system for On-line Registration of Complaints has been implemented. Now the complainants can download the complaint format from MCL's website and can send their complaints in the prescribed format through e-mail to CVO, MCL.

(c) **Details of Sanction of Fund to NGOs:** Details of Sanction of Fund to NGOs since January'2009 has been made available on MCL's website and the concerned department has been advised to update the status on regular basis.

(d) **Verification of ST Certificates:** In compliance to the Hon'ble Delhi High Court's order and subsequent directives of the Government of India, details of persons recruited in MCL on the strength of ST certificate since 1995 were collected from GM (Pers.), MCL and their ST certificates were sent to the concerned District Magistrates/Collectors for verification. The progressive figure of verification completed is 100 out of 102. During verification

process, the ST Certificates submitted by 04 employees have been found false. Departmental action as well as legal action initiated against the concerned employees. On completion of Departmental Enquiries 02 employees have been dismissed from the services of the Company. Departmental Enquiry in respect of other 02 employees is in progress.

31. JOINT VENTURES

Two Joint Venture projects, namely Gopalprasad OCP (15.00 Mty) and Talabira OCP (20.00 Mty) are currently under implementation stage. For this purpose, two JV companies have been formed. For Gopalprasad OCP, MJSJ Coal Limited has been formed where MCL has 60% stake with JSW steel, Jindal Energy Ltd., Jindal Stainless Steel and Shyam Metallics & Energy Ltd. holding the rest. For Talabira OCP, MNH Shakti Ltd. has been formed where MCL has 70% stake with Neyveli Lignite Corporation and Hindalco Industries Ltd. holding the rest.

It is also being contemplated to form a Joint Venture with reputed Thermal Power Company for a Power Plant in Gopalpur Tract.

32. E-PROCUREMENT

The e-Procurement System which was started in MCL on 15.08.2009 has been running successfully and there are constant improvements in the features. At present the following types of Tenders valuing more than ₹2.00 Lakh and above are being finalised through e-Procurement mode.

☐ WORKS

- Civil Construction and maintenance works
- Electrical Construction and maintenance works
- Mechanical Construction and maintenance works

☐ SERVICES

- Coal Transportation
- Coal Loading

- Over Burden Removal
- Extraction of Coal through Surface Miner
- Drilling of Coal/OB
- Hiring of Vehicle

□ **MATERIALS (including Multi Currency bids)**

- Procurement of Equipment
- Procurement of Spares
- Procurement of Consumables
- Procurement of Medicines

MCL has been immensely benefited by implementing this web-based software solution. There has been significant reduction in cycle time in finalization of Tenders and there has been better transparency and convenience in Tender evaluation process.

Special Features of the MCL e-Procurement System

1. The total evaluation of Tenders (Technical and Commercial) is done by the portal software and human intervention in evaluation of Bid is minimised.
2. The evaluation is performed by the portal software based on the data provided by the Bidder in a structured and objective format. Bidders are required to upload minimal documents for participation in Tender.
3. Bidders are not required to submit of any document off-line for evaluation of their Bid.
4. The whole business logic required for the evaluation of Tenders are incorporated in the portal software.
5. The Bidder while submitting the Bid gets a feedback at each stage, as to

whether the bid complies to the requirement of the Tender .

6. Only Lowest Bidder has to produce original documents for verification, in support of the information furnished by them(Bidder) online .
7. After submission of Bid the Bidder gets a feedback regarding his compliance with respect to the requirements of Tender.

New Features implemented during 2010-2011

1. **SMS Facility** : Auto-generated SMS at appropriate stages are being sent to the Users(Departmental or Bidders) by the system.
2. **Multi-currency Global Tenders** : This year the Multi-currency Global Tender facility has been implemented where Bidder can quote in their foreign currency and the Landed Cost is automatically computed by the software based on the exchange rate as entered by the Tender Opener. This facility has come as a great help to the foreign bidders.
3. **Receipt of EMD and Application Fee on electronic mode** : In order to automate the system of receipt of EMD and Tender fee a parallel system of online receipt has also been started through online fund transfer along with offline payment system. Now bidders who are opting for online payment do not have to send any offline document to MCL. In the first phase online receipt through Direct Fund Transfer has been started with Axis Bank. The another mode of online payment through NEFT/RTGS is likely to be implemented within a short time so that Bidders will also be able to deposit EMD/Application Fee from any bank.

Statistics**Status till 31.03.2011**

Date of Implementation of e-Procurement in MCL	5.08.2009
Total No. of Tenders Published so far	2770
Total Value of Tenders Published so far	₹ 2768.28 Cr.
Total No. of Tenders Opened so far	2168
Total Value of Tenders Opened so far	₹ 2037.76 Cr.
Average Cycle Time (Publish of NIT till decision of L-1)	27 days
Average Cycle Time (Publish of NIT till Award of Work)	70 days
LOWEST Cycle Time (Publish of NIT till decision of L-1)	15 days
LOWEST Cycle Time (Publish of NIT till Award of Work)	21 days
Maximum No. of Bidders participated in a tender	17

33. AWARDS AND RECOGNITION

In recognition of notable contribution / achievement in various fields of its activities, your company has been conferred upon the following awards during 2010-11.

- Best Infrastructural Development Award to MCL by TEFLAS-Times of India.
- Global HR Excellence Award, the Talent Developers' Award at the Asia Pacific HRM Congress at Bangalore.
- e-India Award 2010 to MCL for best Project under Citizens' choice Award.
- Confederation of Indian Industry(CII) has recently conferred MCL with "IT Awards" for its e-Procurement system.
- Rajbhasha Shree Samman to CMD, MCL, Bishesh Rajbhasha Shree Samman to Director(Pers.), MCL, Rajbhasha Kirti Samman to GM(MTI/Rajbhasha), MCL, Bishesh Rajbhasha Kirti Samman to TS to CMD, MCL and Rajbhasa Shilpi Samman & Bishesh Rajbhasha Visisthata Samman to Sr. Hindi Officer, MCL by Bharatiya Rajbhasha Vikas Sansthan, Dehradun.

- Most Powerful HR Professionals of India Award to Director(Pers.) at the World HRD Congress.
- Silver Award to Lakhanpur OCP in the "11th Annual Global Greentech Environment Excellence Award 2010".
- Rajbhasha Utkrsthata Samman 2011 Award and also Rajbhasha Siromoni Samman to GM (Rajbhasha) by Rashtrabhasha Swabhimani Nyash (Bharat), Gaziabad.
- MCL Stall bagged the PSU Award 2011 for best display in the MSME International Trade fair 2011 at Bhubaneswar.

34. MAJOR INITIATIVES UNDERTAKEN DURING 2010-11 BY MCL:

- a. Man Riding System has been introduced for transportation of Underground Workers' in 4 mines of Orient Area and action is being taken to introduce it to other Underground Mines also.
- b. SILO loading – 9 nos. of SILOs has been planned in different sidings of MCL out of which 1 number has been awarded and 3 numbers are under different stages of award of works.
- c. e-dispatch for road has been implemented at MCL from August 2010.
- d. e-dispatch for rail sale operation is under implementation and expected that system will be made operational from June 2011.
- e. Highest procurement of equipment during 2010 for enhancing capacity of MCL.
- f. Installation of Infrastructure which was lacking in MCL –
 - i. Construction of Concrete Road in IB-Valley and Talcher Coalfields.
 - ii. Installation of Washeries, SILOs and Sidings.
 - iii. Gopalpur-Manoharpur Railway from Jharsuguda to Barapali – Estimate for construction of Railway Siding has been approved within a record time. Major Bridge across the IB-river has

been awarded and is in progress.

- Starting of Nursing School at Ib Valley Area.
- Payment of Contractual Workers' through Bank.
- Inauguration of IWSS for IB Valley Coalfield.
- Opening of two ITIs – one at Angul and the other at Hirakud.
- Induction of CISF.

35. AUDITORS

35.1 Under Section 619(2) of the Companies Act, 1956, the following Audit Firms were appointed as Statutory/Branch Auditors for the year 2010-2011.

Statutory Auditors

M/s A.K. Sabat & Co.
Chartered Accountants
A-348, Sahid Nagar
Bhubaneswar-751007

Branch Auditors

M/s Agasti & Associates
97, Bhoi Nagar,
PO: Bhoi Nagar,
Bhubaneswar-751022

36. SUBSIDIARY COMPANIES

Statement of the Holding Company's interest in the Subsidiary Companies namely the MNH Shakti Limited and the MJSJ Coal Limited is enclosed in accordance with Section 212 (1) (e) of the Companies Act, 1956. Any shareholder seeking information on any of the subsidiary companies, may write to the Company to enable the same to be forwarded.

37. FIXED DEPOSITS

Your Company has not accepted any deposit from the Public during the year as defined

under Section 58 A of the Companies Act, 1956 and the rules made there under.

38. PARTICULARS OF INFORMATION U/S 217 OF THE COMPANIES ACT, 1956

The information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding Conservation of Energy, Technology absorption and Foreign Exchange Earning and Outgo is given in Annexure-I to this Report.

39. PARTICULARS OF EMPLOYEES

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees), Rules, 1975, as amended are not given as your Company has not paid any remuneration attracting these provisions.

40. BOARD OF DIRECTORS

40.1 The following persons, continued to be the Directors during the year under report.

1. Shri A.K.Singh - Director (Technical/P&P)
2. Shri A.K. Tiwari - Director (Technical/ Op.)
3. Shri S.C.Padhy - Director (Personnel)
4. Shri R.K.Mahajan - Director
5. Dr. A.K.Sarkar - Director

40.2 The following persons, were appointed/re-appointed as Directors during the year under report.

1. Shri A.K.Singh - CMD (w.e.f 1.9.2010)
2. Shri A.N.Sahay - CMD (w.e.f 8.2.2011)
3. Shri Kulamani Biswal - Director(Finance) (w.e.f 19.10.2010)
4. Shri M.B.Sridharan - Director (w.e.f 27.4.2010)
5. Dr. A.K.Rath - Director (w.e.f 27.9.2010)
6. Dr. Ashok Kumar - Director (w.e.f 23.2.2011)
7. Shri Abdul Kalam - Director (w.e.f 23.2.2011)

40.3 The following persons, ceased to be Directors during the year under report.

1. Shri S.R. Upadhyay - CMD (w.e.f 31.8.2010)
2. Shri A.K.Singh - CMD (w.e.f 8.2.2011)
3. Shri B.Mohapatra - Director(Finance) (w.e.f 31.8.2010)
4. Shri N.R.Mohanty - Director (w.e.f 23.8.2010)
5. Shri Brij Kishore - Director (w.e.f 23.8.2010)
6. Shri Abdul Kalam - Director (w.e.f 23.8.2010)

41. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed.

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2011, the applicable accounting standards had been followed along with proper explanation relating to material departures ;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;

- (iv) that the Directors had prepared the accounts for the financial year ended 31st March, 2011 on a 'going concern' basis.

42. CORPORATE GOVERNANCE

A Report on Corporate Governance is attached to this Report as Annexure – II.

43 MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A Report on "Management Discussion and Analysis Report" is attached to this Report as Annexure –III.

44. C & A G COMMENTS

Comments of the Comptroller and Auditor General of India on the Accounts of the Company for the year ended 31st March, 2011 are placed at Annexure-IV to this report.

45. AUDIT COMMITTEE

MCL believes that a well comprised Audit Committee with proper autonomy and defined scope of work can be an efficient machinery for smooth conduct of business. The Committee meets at regular intervals and addresses the issues as early as possible. Meetings of the Audit Committee are also very structured with proper agenda and action taken reports put in place timely.

The Committee has been reconstituted from 26th March, 2011 with the following members .

01. Shri M.B. Sridharan - Director, MCL Board - Chairman
02. Shri Abdul Kalam - Director, MCL Board - Member
03. Dr. A.K. Rath - Director, MCL Board – Member
04. Dr. Ashok Kumar - Director, MCL Board – Member
05. Shri R.K. Mahajan - Director, MCL Board – Member
06. Shri A.K.Singh - Director, MCL Board - Member

45.1 The Scope of Work

1. Review of financial statement.
2. Periodical review of internal control system.

3. Review of Govt. Audit and statutory Auditor's Report.
4. Review of operational performance vis-à-vis standard parameters.
5. Review of projects and other capital scheme.
6. Review of internal audit findings / observations.
7. Development of a commensurate and effective internal audit functions in MCL.
8. Special studies, investigation of any matter including issue referred to by the Board.

The Audit committee has access to financial and other data/information of MCL. Observation made by the Committee is reported to MCL Board. The Committee can meet as often as desired but is expected to meet at least once in a quarter.

46. SUBSIDIARY ACCOUNTS FOR THE SHAREHOLDERS OF THE CIL

Pursuant to General Circular No.2/2011 Dtd. 8.2.2011 of Ministry of Corporate Affairs, the Annual Accounts of MCL would be available at MCL Hqs for inspection and providing relevant information to the shareholders of the CIL on demand.

47. ACKNOWLEDGEMENTS

47.1 Your Directors express their sincere thanks to the Ministry of Coal and Coal India Limited for their valuable assistance, support and guidance. Your Directors also thank the various Ministers of the Central Government and the State Government of Odisha for their valuable support. The Directors are thankful to the Sister Organisations for the co-operation and assistance rendered by them.

47.2 Directors place on record their deep sense of appreciation for the co-operation extended by the Trade Unions and Officers' Associations, the team spirit shown,

valuable and sterling services rendered by the employees at all levels towards the achievement of the objectives of the Company and its all-round growth.

47.3 The Directors also thank the valued customers profusely for their continued support, patronage and encouragement without which the Company would not have emerged strong.

47.4 The Directors also record their appreciation of the services rendered by the Auditors, the Officers and staff of the Comptroller and Auditor General of India and Registrar of Companies, Odisha.

47.5 The Directors also extend their thanks to various important citizens of Sambalpur and also those residing in the Coalfield Areas of Odisha for their co-operation from time to time.

48. ADDENDA

The following papers are annexed.

1. Information as required to be given in the Directors' Report under Section 217(1)(e) of the Companies Act, 1956.
2. Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act 1956.
3. Addendum to the Directors' Report under Section 217(3) of the Companies Act 1956.
4. Statement pursuant to Section 212 of the Companies Act, 1956 relating to Company's interest in subsidiary companies.

Sd/-

(A. N. Sahay)

Chairman-cum-Managing Director

Sambalpur

Date : 24.05.2011

ANNEXURE - 1

ANNEXURE TO DIRECTORS' REPORT

Information as required to be given in the Directors' Report under section 217(1)(e) of the Company's Act, 1956 read with the Company's (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earning and outgo.

A. CONSERVATION OF ENERGY

(a) Energy Conservation Measures Taken

1. Electrical Energy

The highlights of this year's power position is given below with a comparative statement :

- (i) Power Factor during 2010-11 is 98.39% in comparison to 98.61% during 2009-10.
- (ii) Specific consumption of power (for Coal) during 2010-11 is 3.01 kWh/T in comparison to 2.92 kWh/T for 2009-10.
- (iii) Specific consumption of power (for Composite Production) (i.e. Coal + O.B Removal) has come down from 2.36 kWh/Cu.M for 2009-10 to 2.02 kWh/Cu.M for 2010-11.
- (iv) Power Factor Incentive availed during 2010-11 is for ₹ 307.31 Lakh in comparison to ₹ 76.18 Lakh during 2009-10.

2. Fuel and Lubricants

Following steps were taken for reduction of consumption of fuel & lubricants:

- (a) Periodical overhaul of engines & regular checking of filters, hoses & tyre pressure.
- (b) Maintenance of haul roads.
- (c) Periodical maintenance of batteries & regular checking of self starters.

(b) Steps taken wherever feasible / possible for reduction in power consumption for effective conservation of energy

- (i) To contain peak demand of power at a reduced level and to avail TOD (Time-of-the day) incentive as maximum as feasible, regular loads, such as, pumping etc. are being operated during off-peak hours.
- (ii) To reduce energy consumption by industrial pumps, steps have been taken, such as, maintenance effectiveness, optimization of delivery and suction sizes, use of floats, use of V.T pumps through bore-holes, deliveries and cables through bore-holes etc.
- (iii) Use of tube lights or CFLs instead of bulbs.
- (iv) Use of electronic chokes in tubelights and electronic regulators for fans instead of conventional chokes and regulators.

- (v) Regular cleaning of filters of air conditioners and ensuring that air-conditioned space is properly closed.
- (vi) Avoiding loose connections and using proper size of fuses.
- (vii) Optimum usage of transformer capacity thereby reducing transformer losses.
- (viii) Ensuring minimum cable losses with proper size of cables, i.e., of rated capacity.
- (ix) Maximum voltage near the load – In underground mine 3.3 kV / 550 V TSUs (Transwitch Units) have been placed so that sufficient voltage is made available to the loads / machineries for achieving better efficiency and rated output as well as prescribed life of the machineries.
- (x) Power factor close to 99% has been maintained by using power capacitors thereby reducing energy loss.
- (xi) Minimum transmission loss has been ensured by using proper sizes of overhead conductors.
- (xii) Stage pumping / Intermediate pumping has been reduced to minimize energy loss.
- (xiii) Ensuring exact size of electric motors in pumps.
- (xiv) Use of higher sizes / recommended sizes of delivery lines and suction in pumps and avoiding throttling.
- (xv) Ensuring leakages in pipelines thereby improving pumping efficiency.
- (xvi) Ensuring proper condition of bearings etc.
- (xvii) To contain maximum demand close to the contract demand, close monitoring during peak hours are exercised by controlling non-productive load, i.e., resorting to load-shedding, if necessary. Capacitors of appropriate specification are being used to enhance power factor for dual benefit of reduced maximum demand as well as availing incentives on higher power factor from the Distribution Companies of Electricity.

(c) Impact of measures of (a) for Energy Consumption and consequent impact on the parameters of production.

Description	2010 - 11	2009 - 10	%Gain over Previous year
Electrical Energy			
(i) Specific Consumption of Power (for Coal) in KWh/Tonnes	3.01	2.92	(+ 3.08 (A)
(ii) Specific Consumption of Power (for Composite Production) (i.e. Coal + O.B removal), in KWh/Cu.M.	2.02	2.36	(-) 14.41 (F)
(iii) Power Factor Incentive (Lac ₹)	307.31	76.18	(+ 303.40 (F)

Description	2010 - 11	2009 - 10	%Gain over Previous year
Fuel and Lubricants			
(i) Consumption of HSD, in ltrs/Cu.M of Composite Production	0.431	0.39246	8.94
(ii) Consumption of Liquid lubricants, in ltrs/Cu.M of Composite Production	0.0164	0.01788	(-) 9.02
(iii) Sp. Consumption of Petrol (for Coal) Composite production in Ltrs/Tonne	0.000122	0.000195	(-) 37.33 (F)
(iv) Sp. Consumption of Petrol (for Composite Production i.e. Coal + O.B removal), in Ltrs/Cu.M.	0.000082	0.0000157	(-) 47.84 (F)
(v) Consumption of HSD, in Ltrs/Tonne of Coal Production	0.487	0.4129	15.22
(vi) Consumption of Liquid lubricants, in Ltrs/Tonne of Coal Production	0.0185	0.01923	(-) 3.95
(ix) Specific cost of POL, in ₹/Tonne	22.96	17.072	25.64

F – Favourable

A – Adverse

B. FOREIGN EXCHANGE EARNING & OUTGO

- (i) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products, export activities, services and export plans. : Company is not engaged in export activities
- (ii) Foreign Exchange used and earned

(₹ In lakh)

Description	Current Year	Previous Year
(a) Foreign Exchange used :		
(i) CIF value of imports		
(a) Components, Stores and Spare parts	863.46	175.22
(b) Capital goods	1764.59	1363.84
(ii) Travelling	4.78	3.19
(iii) Interest	213.81	270.65
(iv) Others	21.47	NIL
(b) Foreign Exchange earned	NIL	NIL

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY

Corporate Governance as a business philosophy is being integrated more deeper in to the organisational system of MCL with an aim to ensure greater organisational justice and corporate sustainability.

Compulsion coming from the Central Government for complying with the guidelines on Corporate Governance from 2010-11, the guidelines have been re-looked within the perspective of buliding blocks that can hit the bottomlines.

Equity, justice, transparency, accountability etc. being touchstones of good governance have been accepted as certain core values to be practised to the best extent in every sphere of business activity pertaining to MCL.

BOARD OF DIRECTORS

In adherence to the principle of optimum combination of functional, nominee and independent directors on the Board, the Board of Directors of MCL has been comprised with 11(eleven) Directors falling under different categories as below.

- 5(five) Functional Directors including Chairman-cum-Managing Director.
- 2(two) official part-time Director(Nominee)
- 4(four) Non-official part-time Directors.

Besides, Chief Operation Manager, East Coast Railway, Bhubaneswar is also appointed as a Permanent Invitee to the Board.

The Board met 11(eleven) times during the year 2010-11 with attendance of Directors exceeding 90% on average and gap between two meetings remaining less than two months.

A table is prepared with details on composition of the Board, attendance of the Directors individually and number of Directorship on other Companies.

Name & Designation	Category	Board meetings		No. of other directorships	Membership in other Committee	
		Held during the tenure	Attended		Audit Committee	Other Committee
Shri S.R. Upadhyay, CMD (Up to 31.08.2010)	Functional	5	5	Nil	Nil	Nil
Shri A. K. Singh, CMD (From 01.09.2010 to 08.02.2011)	Functional	5	5	CMPDIL	Nil	Nil
Shri A. N. Sahay, CMD (w.e.f. 08.02.2011)	Functional	1	1	Nil	Nil	Nil
Shri B. Mohapatra, Director (Finance) (Up to 31.08.2010)	Functional	5	5	MJSJ Coal Ltd. MNH Shakti Ltd.	Nil	Nil
Shri A.K. Singh, Director (Tech/P&P)	Functional	11	11	MNH Shakti Ltd.	01	Nil

MAHANADI COALFIELDS LIMITED

Shri A.K. Tiwari, Director(Tech/OP.)	Functional	11	10	MJSJ Coal Ltd.	Nil	Nil
Shri S.C. Padhy, Director(Personnel)	Functional	11	11	MJSJ Coal Ltd.	Nil	Nil
Shri Kulamani Biswal, Director (Finance) (w.e.f. 19.10.2010)	Functional	5	5	Nil	Nil	Nil
Dr. A. K. Sarkar, Director	Part-time	11	5	02 (Two) CIL – Full Time NCL – Part Time	Nil	Nil
Shri R. K. Mahajan, Director	Part time	11	11	01 CCL	01	Nil
Shri Brij Kishore, Director (Up to 23.08.2010)	Non-official part time	5	1	01 Energy Institute, New Delhi	01	Nil
Shri N. R. Mohanty, Director (Up to 23.08.2010)	Non-official part time	5	5	05 (1) Textron Global Technology Centre, Bangalore (2) Sankhya Infotech Ltd. Secundarabad (3) Kudremukh Iron Ore Company Ltd., Bangalore (4) Indian Metals and Ferro Alloys Ltd, BBSR (5) NALCO, Bhubaneswar	01	Nil
Shri Abdul Kalam, Director (Up to 23.08.2010 & reappointed w.e.f 23.02.2011)	Non-official part time	6	6	01 (One) NMDC Ltd.	01	Nil
Dr. A. K. Rath, Director (w.e.f. 27.09.2010)	Non-official part time	6	5	02 (Two) (1) CIL (2) Mangalore Refinery & Chemicals Ltd.	01	Nil
Dr. Ashok Kumar, Director (w.e.f. 23.02.2011)	Non-official part time	1	1	Swarniya Real Estate Pvt. Ltd.	01	Nil
Shri M. B. Sridharan, Director (w.e.f. 27.04.2010)	Non-official part time	10	9	M/s Navia Markets Ltd.	01	Nil

Certain items of governance like the quarterly, half-yearly and Annual Accounts, capital expenditure, coal sale contracts, man-power budgets, statutory compliance reports etc. are reserved for Board's review and approval.

REMUNERATION OF DIRECTORS

(A) Whole time Directors

Name	Relationship with other Directors	Business relationship with the company, if any	REMUNERATION FOR THE YEAR 2009 – 2010	
			All elements of remuneration package i.e. Salary, Performance linked incentive Scheme, PF contribution, Pension, Gratuity etc. (₹)	Other benefits (₹)*
Shri S.R. Upadhyay	Nil	CMD	1423926.51	30062.93
Shri A.K. Singh	Nil	CMD	**	**
Shri A.N. Sahay	Nil	CMD	**	1625.11
Shri B. Mohapatra	Nil	Director(Finance)	1260698.25	6658.72
Shri Kulamani Biswal	Nil	Director(Finance)	632374.84	3221.44
Shri A.K. Singh	Nil	Director(Tech/P&P)	1832402.74	24932.16
Shri A.K. Tiwari	Nil	Director(Tech/ OP.)	1806051.62	29945.37
Shri S.C. Padhy	Nil	Director(Personnel)	1298903.82	45338.32

* Includes LTC and Medical bills.

** Remuneration for the period under reference has been paid at CMPDIL, Ranchi.

(B) Part- time Directors

No remuneration is paid to the Part-time Directors by the Company.

(C) Non official Part- time Directors

No remuneration is paid except Sitting Fees for attending the Board/Committee Meetings.

Service Contracts, Notice Period, Severance Fees : All the Directors of the Company are appointed by the President of India. The appointment may be terminated by either side on 3 months notice or on payment of 3 months salary in lieu thereof.

COMMITTEES OF THE BOARD

The Audit Committee being a sub-committee of the Board comprises of the following members with its scope of works broadly including the commercial aspects of the Company :

01.	Shri M.B. Sridharan (w.e.f. 15.5.2010)	–	Director, MCL Board - Chairman
02.	Shri Abdul Kalam (upto 23.8.2010 & re-appointed w.e.f. 26.3.2011)	–	Director, MCL Board - Member
03.	Shri Brij Kishore (upto 23.8.2010)	–	Director, MCL Board - Member
04.	Shri N.R.Mohanty (upto 23.8.2010)	–	Director, MCL Board - Member
05.	Dr. A.K. Rath (w.e.f. 30.9.2010)	–	Director, MCL Board – Member
06.	Dr. Ashok Kumar (w.e.f. 26.3.2011)	–	Director, MCL Board – Member
07.	Shri R.K. Mahajan (w.e.f. 15.5.2010)	–	Director, MCL Board – Member
08.	Shri A.K.Singh (w.e.f. 6.1.2009)	–	Director, MCL Board - Member

The Audit Committee met for six times during this year and the Directors attending the meetings are given as under.

Sl. No.	Name	28th 03.04.10	29th 15.05.10	30th 29.06.10	31st 31.07.10	32nd 13.11.10	33rd 04.02.11	Held during tenure	Attended
1.	Shri M. B. Sridharan	0	0	1	1	1	1	4	4
2.	Shri Abdul Kalam	1	1	1	1	0	0	4	4
3.	Shri Brij Kishore	0	0	0	1	0	0	4	1
4.	Shri N. R. Mohanty	1	1	1	1	0	0	4	4
5.	Dr. A. K. Rath	0	0	0	0	1	0	2	1
6.	Dr. Ashok Kumar	0	0	0	0	0	0	0	0
7.	Shri R. K. Mahajan	0	0	1	1	1	1	4	4
8.	Shri A. K. Singh	1	1	1	1	1	1	6	6

STATUTORY AUDITORS

Under Section 619(2) of the Companies Act, 1956, the following Audit Firms were appointed as Statutory/Branch Auditors for the year 2010-11.

Statutory Auditors

M/s A.K. Sabat & Co.
Chartered Accountants
A-348, Sahid Nagar
Bhubaneswar-751007

Branch Auditors

M/s Agasti & Associates
Chartered Accountants
97, Bhoi Nagar, P.O. : Bhoi Nagar,
Bhubaneswar - 751 022

Type of Audit	Remuneration (Rs.)	Remarks
Statutory Audit for the year 2010-11	7,06,250.00/- (₹ 4,25,000/- for Principal Auditors and ₹ 2,81,250/- for Branch Auditors)	Out of Pocket Expenses (OPE) is ₹ 2,82,500/- (₹ 1,70,000/- for Principal Auditors and ₹ 1,12,500/- for Branch Auditors) in addition to reimbursement / payment of travelling expenses on actual basis and applicable Service Tax payable thereon.
Tax Audit for the year 2010-11	₹ 1,42,000/-	Out of Pocket Expenses (OPE) ₹ 65,500.00 and applicable service tax payable thereon with conveyance expenses at actual for one visit only.
Audit for consolidation	₹ 50,000.00/-	Out of Pocket Expenses (OPE) ₹ 20,000.00 and applicable service tax payable thereon with conveyance expenses at actual for one visit only.
Compliance of conditions of Corporate Governance	₹ 50,000.00/-	Including Out of Pocket Expenses (OPE) but apart from Travelling expenses in actual and applicable service tax.

General Meetings of Shareholders

Details of the General Meetings of the Shareholders held during last 3 years :

Annual General Meeting :

Year	Date	Time	Location	Special Resolution, if any
2007-2008	25.07.2008	11.00 AM	Mahanadi Coalfields Limited. Jagruti Vihar, Burla, Sambalpur	Amendment in the Memorandum of Association of MCL.
2008-2009	21.07.2009	11.00 AM	Mahanadi Coalfields Limited. Jagruti Vihar, Burla, Sambalpur	Nil
2009-2010	20.05.2010	11.00 AM	Mahanadi Coalfields Limited. Jagruti Vihar, Burla, Sambalpur	Nil

Extraordinary General Meeting : Nil

Code of business conduct and ethics for Board members and Senior Management Personnel in MCL.

The Board of Directors of the company has adopted a code of conduct for Directors and Senior Management Personnel in its 94th meeting held on 29th March, 2008 at Kolkata and the same has been posted at Company's website www.mcl.gov.in

Risk Management :

Due importance is given for risk identification, assessment and its control in different functional areas of the company for an effective risk management process because of inherent risk, external and internal, necessary control measures are regularly taken. Acquisition of land, forest clearance, land oustee problems are some of the critical factors which are monitored continuously by the management. Due importance is also given to the internal factors like preventive maintenance of machinery, security, industrial relations etc. for ensuring smooth operation of the Company

Whistle Blower Policy :

In MCL, at present there is no specific whistle blower policy. However, MCL being a Govt. company, the activities of the company are open for audit by C&AG, Vigilance, CBI etc.

Accounting Treatment :

The Financial Statements are prepared in accordance with applicable mandatory Accounting standards and relevant requirements under the Companies Act, 1956.

Means of Communication :

Operational and Financial Performance of the Company are published in Leading English Newspapers and also in Local Dailies. In addition to above, the financial results are displayed in the Company's Website.

Audit Qualifications :

It is always the Company's endeavour to present unqualified financial statements. Management Reply to the Statutory Auditors' observation on the Accounts of the Company for the year ended 31st March, 2011 are furnished as an Annexure to Directors' Report. Comments of the Comptroller and Auditor General of India Under Section 619(4) of the Companies Act, 1956 on the Accounts of Mahanadi Coalfields Limited for the year ended 31st March, 2011 is also enclosed.

Training of Board Members :

The Functional Directors, by virtue of their possessing the requisite expertise and experience in their respective functional areas, are aware of the business model of the Company as well as the risk profile of the Company's business. The Part-time Directors are fully aware of the Company's business model.

CERTIFICATE OF COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

To
The Members of
Mahanadi Coalfields Limited.

We have examined the compliance of conditions of Corporate Governance by Mahanadi Coalfields Ltd. (hereinafter referred as “the Company”) for the year ended March 31, 2011, as stipulated in Department of Public Enterprises, Government of India (DPE) guidelines on Corporate Governance.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned DPE guidelines.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For A.K. Sabat & Co.
Chartered Accountants

Sd/-
(S. Chand)
Partner

Membership No.50063

Firm Registration No.321012E(ICAI)

Place : Burla
Date : 18th May, 2011

MAHANADI COALFIELDS LTD.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. INDUSTRY STRUCTURE AND DEVELOPMENT:

Coal - primary source of Energy :

Coal is the dominant, sustainable and reliable source of energy. Globally, use of coal for commercial energy has been going down since 1950, largely because of environmental considerations and availability of cheap oil and gas. However, in India the scenario is totally different. Here coal is likely to play a dominant role in power generation because of its abundant reserve and cheap availability coupled with limited oil reserve within the country.

Coal Reserve:

Coal accounts for 97% of the fossil resources in our country .The National Coal Inventory places the hard coal resources at 276.81 Billion upto 1200 meter depth in 67 different coalfields as on 01.04.2010, details are as below:

SL.NO	STATE	NO. OF CF	COAL RESERVE (BT)	% OF INDIA
1	JHARKHAND	12	76.96	27.80
2	ODISHA	02	66.31	23.96
3	CHHATISGARH	13	46.68	16.86
4	W.BENGAL	04	29.85	10.78
5	M.P	08	21.99	7.94
6	A.P	01	22.02	7.96
7	MAHARASTRA	05	10.31	3.73
8	U.P	01	1.06	0.38
9	BIHAR	01	0.16	0.06
10	NE STATE	20	1.47	0.53
TOTAL		67	276.81	100.00

Odisha stands 2nd to Jharkhand in the reserve position in India .Total coal reserve of Odisha as on 1st April 2010 is estimated to be 66.31 Billion Tonnes which is around 23.96 % of the total National coal reserve. The two coalfields of Odisha, namely Talcher and Ib-valley Coalfield are under its command area of MCL, Talcher being the largest coalfield (43.86 BT) and Ib-valley being the 3rd largest (22.45 BT) coalfield of India. Out of 66.31 Billion Tonnes of coal reserve, the proved coal reserve is 21.51 BT (32.44%).

Talcher and Ib-valley coalfields of Odisha are the store house of huge thermal grade non-coking coal having most favourable quariability prospects. Demand of coal for thermal plants of existing and proposed ones of southern and western India is in a growing trend.

Coal Demand :

As per revised estimate (MTA), the all India coal demand in the terminal year of XI Plan i.e. 2011-12 envisaged at 713.24 Mt as against estimated demand of 731.00 Mt as per XI Plan document.

As per recent assessment done by Planning Commission, likely demand of coal for the year 2011-12 will be 696.03 Mt. Sector-wise break-up of coal demand for the year 2011-12 for Steel, Power utility and others will be 46.67 Mt, 460.00 Mt and 189.36 Mt respectively.

Coal off-take and dispatch :

Sector-wise coal off-take projection of MCL envisaged in the MTA of XI Plan :

(Fig. in MT)

Sector	X Plan 2006-07 Actual	XI Plan				
		2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 ACTUAL	2011-12 (BE)
Power	62.93	68.09	70.47	70.88	74.73	83.64
Cement	0.16	0.19	0.17	0.26	0.27	0.30
Fertilizer	-	-	-	-	0.02	0.06
Others	13.33	15.35	20.06	27.01	27.07	25.00
Total	76.42	83.63	91.30	98.15	102.09	109.00

Mode wise coal movement programme of MCL is as below :

(Fig. in MT)

Sector	X Plan 2006-07 Actual	XI Plan				
		2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 (BE)
Rail	48.54	51.68	54.18	55.84	59.24	65.30
Road	8.26	12.16	18.68	23.35	25.12	24.00
MGR	18.46	18.59	17.08	17.37	16.11	18.00
Others	1.16	1.20	1.36	1.59	1.62	1.70
Total	76.42	83.63	91.30	98.15	102.09	109.00

Coal Availability :

As per original XI Plan document, projected indigenous coal production/supply in terminal year of XI Plan (2011-12) was to the tune of 680.00 Mt. As per the revised estimate, the all India coal projection was reduced to 629.91 Mt and the contribution of CIL to 486.50 Mt. in the terminal year of XI Plan. The proposed coal production in 2011-12 (BE) has been further reduced from 486.50 Mt to 447.00 Mt.

The projection of coal production of MCL during the terminal year of XI Plan of 137.00 Mt as per XI Plan document was reduced to 125.10 Mt in MTA of XI Plan. In the Annual Plan 2011-12 the target has further been reduced to 106.00 Mt in the terminal year of XI Plan (2011-12) due to delay in environmental & forestry clearance, delay in land acquisition and related R&R problem.

Group-wise coal production plan of MCL envisaged in the MTA of XI Plan :

(Fig. in MT)

Group	X Plan 2006-07 Actual	XI Plan			
		2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 (BE)
Existing Mines	1.22	1.32	1.35	1.32	1.43
Completed Projects	63.52	64.85	71.19	73.27	72.47
On-Going & New Projects	15.26	30.17	31.54	25.69	32.10
Total	80.00	96.34	104.08	100.28	106.00

Productivity :

In MCL the entire coal production from OCPs is done contractually and OBR is done departmentally. In few projects OBR has also been outsourced. The OMS position of MCL is as below :

(Fig. in MT)

Type	X Plan 2006-07 Actual	XI Plan			
		2008-09 Actual	2009-10 Actual	2010-11 Actual (Prov.)	2011-12 (BE)
UG	1.16	1.25	1.29	1.23	1.23
OC	23.48	23.05	18.89	20.29	21.56
OVERALL	15.93	16.59	14.66	15.21	15.68

B. OPPORTUNITIES AND THREATS**Opportunities :**

- Huge demand of coal in the country especially for power generation.
- Non-availability of coal in other subsidiaries of CIL.
- Huge potentiality of coal mining in MCL
- Power Plants located in northern India are also linked to MCL.
- To formulate a sound marketing strategy & long term agreement with Consumers, Railways and Shippers.
- To set up washeries
- Diversification to power
- JV for coal gasification and coal to liquid (oil).

Threats :

- Coal amenable to opencast mining - requirement of more land.
- Land acquisition and consequent social displacement.
- Rehabilitation and resettlement issues.
- Proneness of opencast mining to Environmental pollution.
- Inadequacy of Railways in coal transportation.
- Majority of consumers are far away from coalfields i.e. increase in rail freight means high landed cost to the consumers.
- MOEF stipulation for use of 34% ash content coal (mostly available in MCL) by Power Houses beyond 1000 Kms.
- The Coastal based TPPs have option to use imported coal.
- Captive Mining – allotment of blocks to MCLs consumers , some Central PSUs and State PSUs, for power generation and coal mining by State Govt. companies for sale of coal in the market.

C. PERFORMANCE:

Covered in the main report.

D. OUT LOOK

Members may be aware that at present, there are 29 completed projects in MCL with rated capacity of 78.98 Mt, out of which 02 projects with rated capacity of 1.60 Mt have been exhausted during X Plan period. Completion of two projects with rated capacity 9.60 Mty is under process which is likely to be completed by March 2011. There are 18 On-going projects under implementation (as on March 2011) with rated capacity of 116.25 Mt. Production from these On-going projects during 2010-11 is 25.69 Mt. To further augment the production and achieve the targeted production programme of MCL during XI plan and beyond, 18 new projects (including 02 JV projects) are planned during XI Plan. So far 14 projects including 08 unscheduled projects have been approved and are under implementation.

Basundhara Area (known as Gopalpur Tract) of Ib-valley coalfield has enough potentiality, but the only bottle neck is coal evacuation arrangement. Your company has planned and approved a 52 Km long railway line from Basundhara Area to Jharsuguda Rly station at capital investment of ₹ 469.68 crores. Two MOUs have been signed between MCL and SE Rly for land acquisition and construction of the railway line. Land acquisition work is in progress and construction work has been started. The scheduled date of completion of the railway line is 36 months to be reckoned from 09.03.09. An amount of ₹ 121.53 Crs. has been paid to S.E.Rly, out of which ₹ 71.83 Crs has been utilised so far.

Similarly, in Talcher coalfield, construction of Kalinga-Angul link railway line is going on. Once this segment is completed, there will be unidirectional movement of empty rail rakes from Angul side and the loaded rakes will be evacuated through Talcher side. This will increase the rake movement capacity of Talcher coalfield by double.

To further increase the coal dispatch system, Rapid loading system (SILO) have been planned and approved in 09 projects including two JV projects.

MCL is also planning to set up 04 no. of washeries of its own, 10.0 Mty capacity each, to cope up with the MoEF stipulation to dispatch coal below 34% ash at distant power houses. Out of these, two washeries will come up in Talcher coalfield, one in Ib Valley Coalfield and one in Basundhara Sector of Ib valley Coalfield. The Techno-economic feasibility Report of all these Washeries on BOM (Built-Operated-Maintained) basis have been approved by MCL Board.

E. RISKS AND CONCERNS :

Mining is site specific and location of a mine can not be changed. Following risks and concerns are involved :

- Obtaining forestry clearance.
- High cost of Rehabilitation and Resettlement.
- Demand of employment beyond the prescribed norms resulting in frequent law and order problem and obstruction of mining and coal transportation operation.
- New projects are totally outsourced (both coal and OBR) and there are limited reliable and qualified contractors.
- Cartelization of contractors.
- Long lead time to finalize a contract.
- Long lead time to procure HEMMs and other E&M items.

F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

The company has well established internal control systems and procedures commensurate with its size and nature of business with an approved and well laid out delegation of authority at various levels for ensuring appropriate authorization and approval for transaction. Policy in the form of Purchase Manual, Contract Manual, defining the practices and procedures to be adopted for procurement and award of contracts are in place. The Internal audit is conducted by external firms of Chartered Accountants covering all the offices/ Areas/Units of operation and their reports are reviewed by the Audit Committee. Further, the accounts of the company are subject to C & AG audit in addition to the propriety audit conducted by them.

In case of high value tenders amounting to ₹ 5 crore or more, the whole process of tendering starting from tender notification till completion of work is subjected to monitoring by Independent External Monitors appointed from a panel of experts recommended by CVC due to MCL, being a signatory to the MoU with Transparency International India(TII) and 'Integrity Pact' being a part of all such NITs as required as per the MoU.

Further, a "Fraud Prevention Policy" has been formulated in this year to provide a system for detection and prevention of fraud, reporting of any fraud that is detected or suspected and fair dealing of matters pertaining to fraud.

G. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE :

Covered in the main report.

H. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

Covered in the main report.

I. ENVIRONMENTAL PROTECTION AND CONSERVATION, TECHNOLOGICAL CONSERVATION, RENEWABLE ENERGY DEVELOPMENTS, FOREIGN EXCHANGE CONSERVATION.

Covered in the main report.

J. CORPORATE SOCIAL RESPONSIBILITY

Covered in the main report.

**COMMENTS OF THE
COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956
ON THE ACCOUNTS OF MAHANADI COALFIELDS LTD.
FOR THE YEAR ENDED 31 MARCH, 2011**

The preparation of financial statements of Mahanadi Coalfields Limited for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 18.5.2011

I, on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of Mahanadi Coalfields Limited for the year ended 31 March 2011. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors report under section 619(4) of the Companies Act, 1956.

For and on behalf of the
Comptroller & Auditor General of India

Sd/-

(Saurav Kumar Jaipuria)

*Principal Director of Commercial Audit &
Ex-Officio Member, Audit Board – II
Kolkata*

Kolkata

Dated : 19.05.2011

AUDITORS' REPORT

To

THE MEMBERS OF
MAHANADI COALFIELDS LIMITED.

1. We have audited the attached Balance Sheet of MAHANADI COALFIELDS LIMITED as at 31st March, 2011, and the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements include figures in respect of five mine areas and one central workshop of Talcher Field audited by Branch Auditor. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have placed reliance on:
 - (a) The technical data submitted by the Management in respect of Advance Stripping, Coal Exposed, Average Ratio, Current Ratio, Ratio Variance etc., in the matter of Over Burden Accounting including adjustment for variation between standard ratio and current ratio of OBR cost;
 - (b) The provision for Mine Closure @ ₹ 6,00,000/- and ₹ 1,00,000/- per hectare of mining land for open cast and underground mines respectively based on directive of Ministry of Coal, Government of India; and
 - (c) The provision for impairment of assets based on Management's evaluation/ estimates, whether technical or otherwise.
4. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) Amendment Order, 2004 (hereinafter referred to as "the order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the annexure referred under Para (4) above, we report that :
 - (a) We have 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 appear from examination of those books and proper returns, adequate for the purposes of our audit have been received from the branches not visited by us;
 - (c) The Branch Auditor's Reports of five mine areas and one central workshop of Talcher Field forwarded to us have been appropriately dealt with while preparing our report;

- (d) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns received from the branches;
- (e) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (f) In terms of Government of India, Department of Company Affairs Notification No.GSR 829(E) dated 21st October,2003, Government Companies are exempt from the applicability of provisions of section 274(1)(g) of the Companies Act,1956;
- (g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting Policies (Schedule-O) and the Notes on Accounts (Schedule-P) give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i. in the case of the Balance Sheet, of the state of affairs of the Company as 31st March,2011;
 - ii. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For A .K. Sabat & Co.,
Chartered Accountants

Place : Burla

Date : May 18, 2011

Sd/-
(S. Chand)
Partner
M. No.050063
Firm Registration No.321012E (ICAI)

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph (4) of our report of even date to the members of M/s MAHANADI COALFIELDS LIMITED on the accounts for the year ended 31st March, 2011.

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) We are informed that the fixed assets of the Company have been physically verified by the Management during the year. As per information and explanations available, no material discrepancies have been observed on such verification. In some of the areas the shortage/ excess found during physical verification have remained unadjusted in the assets register.
- (c) According to the information and explanations provided to us, substantial part of fixed assets have not been disposed off during the year, which might affect the going concern concept.
- (ii) (a) As explained to us, stocks of Coal have been physically verified by the Management at reasonable intervals and stock of stores and spare parts (excluding stock in transit and/or under inspection with suppliers / contractors) have been physically verified by the Management in accordance with the phased programme.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management appear to be reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventory. The discrepancies between physical stocks and book records, arising out of physical verification, which were not material for the Company as a whole, have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us:
 - (a) The Company has not granted any loan secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub-clause (b),(c) & (d) of Paragraph 4(iii) of the Order regarding rate of interest, payment of principal and interest and overdue amount are not applicable.
 - (b) On the basis of the examination of record we notice that short term loan both interest bearing and interest free are given to Coal India Ltd. the Holding Company.
 - (c) The Company has not taken any loan secured or un-secured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub-clause (f) & (g) of Paragraph 4(iii) of the Order regarding rate of interest, payment of principal and interest overdue amount are not applicable.
- (iv) According to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods and services and we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, during the year under audit there have been no contracts or arrangements which need to be entered in the register maintained under section 301 of the Companies Act, 1956.

- (b) In view of clause (v)(a) above, the clause (v)(b) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Company has not accepted deposits from the public. Hence the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company for reporting.
- (vii) The Company has its internal audit system, which appears to be commensurate with its size and nature of its business.
- (viii) We are informed that the Central Government of India has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act for any of the products of the Company.
- (ix) (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, VAT, Wealth Tax, Customs Duty, Excise Duty and other Statutory dues as applicable, with the appropriate authorities during the year. There are no outstanding dues as of the last date of financial year for a period more than six months from the date they became payable.
- (b) According to the records of the Company and the information and explanations given to us, details of disputed dues in respect of Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess as at 31st March, 2011, are given below:

<i>Name of the Statute</i>	<i>Total Amount (₹ in Lac)</i>	<i>Name of the Forum where dispute is pending</i>
<i>Central Sales Tax, Orissa Sales Tax, Orissa Entry Tax</i>	4220.00	<i>High Court, Tribunal and Commissionerate</i>
<i>Income Tax</i>	45564.12	<i>High Court, Tribunal and Commissionerate</i>

- x. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses during the financial year and in the immediately preceding financial year.
- (xi) Based on our audit procedures and the information and explanations given by the Management, the Company has not defaulted in repayment of dues to any financial institution or bank. The Company has not issued debentures.
- (xii) Based on our examination of documents and records, we are of the opinion that the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore the provision of paragraph 4 (xiii) of the Order is not applicable to the Company.
- (xiv) According to the records of the Company, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore the provisions of Clause 4 (xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the provisions of clause 4(xv) of the Order are not applicable to the Company.

- (xvi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans during the year. Accordingly, paragraph 4(xvi) of the Order is not applicable.
- (xvii) On an overall examination of the Balance Sheet of the Company and according to information and explanations given to us, the Company did not raise any funds on short term basis which have been used for long term investment. No long-term funds have been used to finance short-term assets.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) The Company has not issued any debentures during the year and no amount is outstanding in respect of debentures at the balance sheet date. Accordingly, Paragraph 4(xix) of the Order is not applicable.
- (xx) The Company has not raised any money through public issue as on the balance sheet date. Accordingly, Paragraph 4(xx) of the Order is not applicable.
- (xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For A .K. Sabat & Co.,
Chartered Accountants

Place : Burla
Date : May 18, 2011

Sd/-
(S. Chand)
Partner
M. No.050063
Firm Registration No.321012E (ICAI)

**MANAGEMENT REPLY TO AUDITORS' REPORT
ADDENDUM TO DIRECTORS' REPORT
(UNDER SECTION 227 (2) AND 217 (3) OF THE COMPANIES ACT, 1956)**

AUDITORS' REPORT

MANAGEMENT'S REPLY

To

The Member of
Mahanadi Coalfields Ltd.,
Jagriti Vihar, Burla
Sambalpur.

- | | |
|---|-------------------|
| <p>1. We have audited the attached Balance Sheet of MAHANADI COALFIELDS LIMITED as at 31st March,2011, and the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements include figures in respect of five mine areas and one central workshop of Talcher Field audited by Branch Auditor. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.</p> | <p>No Comment</p> |
| <p>2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.</p> | <p>No Comment</p> |
| <p>3. We have placed reliance on :</p> <p>(a) The technical data submitted by the Management in respect of Advance Stripping, Coal Exposed, Average Ratio, Current Ratio, Ratio Variance etc., in the matter of Over Burden</p> | <p>No Comment</p> |

AUDITORS' REPORT	MANAGEMENT'S REPLY
Accounting including adjustment for variation between standard ratio and current ratio of OBR cost;	
(b) The provision for Mine Closure @ ₹ 6,00,000/- and ₹ 1,00,000/- per hectare of mining land for open cast and underground mines respectively based on directive of Ministry of Coal, Government of India; and	No Comment
(c) The provision for impairment of assets based on Management's evaluation/ estimates, whether technical or otherwise.	No Comment
4. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) Amendment Order, 2004 (hereinafter referred to as "the order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.	No Comment
5. Further to our comments in the annexure referred under Para (4) above, we report that :	No Comment
(a) We have 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 appears from our examination of those books and proper returns, adequate for the purposes of our audit have been received from the branches not visited by us;	
(c) The Branch Auditor's Report of five mine areas and one central workshop of Talcher Field forwarded to us have been appropriately dealt with while preparing our report.	
(d) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the branches;	

AUDITORS' REPORT

MANAGEMENT'S REPLY

- (e) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- (f) In terms of Government of India, Department of Company Affairs Notification No.GSR 829(E) dated 21st October, 2003, Government companies are exempt from the applicability of provisions of section 274(1)(g) of the Companies Act, 1956.
- (g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Significant Accounting Policies (Schedule-O) and the Notes to Accounts (Schedule-P) give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- i. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - ii. In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii. In the case of Cash Flow statement, of the cash flows of the Company for the year ended on that date.

For A .K. Sabat & Co.,

Chartered Accountants

Sd/-

(S. Chand)

Partner

M. No.050063

Firm Registration No.321012E (ICAI)

Place : Burla

Date : May 18, 2011

ANNEXURE TO THE AUDITORS' REPORT

**Statement referred to in Paragraph (3) of our report of even date to the members of
M/s Mahanadi Coalfields Ltd. on the accounts for the year ended 31st March, 2011**

AUDITORS' REPORT	MANAGEMENT'S REPLY
(i) (a) The Company has maintained proper records showing full particulars including quantitative details.	No comment.
(b) We are informed that the fixed assets of the Company have been physically verified by the Management during the year. As per information and explanations available, no material discrepancies have been observed on such verification. In some of the areas the shortage / excess found during physical verification have remained unadjusted in the assets register.	Noted for action.
(c) According to the information and explanations provided to us, substantial part of fixed assets have not been disposed off during the year, which might affect the going concern concept.	No comment.
(ii) (a) As explained to us, stocks of Coal have been physically verified by the Management at reasonable intervals and stock of stores and spare parts (excluding stock in transit and/or under inspection with suppliers / contractors) have been physically verified by the Management in accordance with the phased programme.	No comment.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management appear to be reasonable and adequate in relation to the size of the Company and the nature of its business.	No comment.
(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventory. The	No comment.

AUDITORS' REPORT**MANAGEMENT'S REPLY**

discrepancies between physical stocks and book records, arising out of physical verification, which were not material for the Company as a whole, have been properly dealt with in the books of account.

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| (iii) | According to information and explanations given to us : | |
| (a) | The Company has not granted any loan secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub-clause (b),(c) & (d) of Paragraph 4(iii) of the Order regarding rate of interest, payment of principal and interest and overdue amount are not applicable. | No comment. |
| (b) | On the basis of the examination of record we notice that short term loan both interest bearing and interest free are given to Coal India Ltd. the Holding Company. | No comment. |
| (c) | The Company has not taken any loan secured or un-secured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub-clause (f) & (g) of Paragraph 4(iii) of the Order regarding rate of interest, payment of principal and interest overdue amount are not applicable. | No comment. |
| (iv) | According to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods and services and we have not observed any continuing failure to correct major weaknesses in internal control system. | No comment. |
| (v) | (a) According to the information and explanations given to us, during the year under audit there have been no | No comment. |

AUDITORS' REPORT

MANAGEMENT'S REPLY

contracts or arrangements which need to be entered in the register maintained under section 301 of the Companies Act, 1956.

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| (b) | In view of clause (v)(a) above, the clause (v)(b) of the Order is not applicable. | No comment. |
| (vi) | According to the information and explanations given to us, the Company has not accepted deposits from the public. Hence the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company for reporting. | No comment. |
| (vii) | The Company has its internal audit system, which appears to be commensurate with its size and nature of its business. | No comment. |
| (viii) | We are informed that the Central Government of India has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act for any of the products of the Company. | No comment. |
| (ix) | (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, VAT, Wealth Tax, Customs Duty, Excise Duty and other Statutory dues as applicable, with the appropriate authorities during the year. There are no outstanding dues as of the last date of financial year for a period more than six months from the date they became payable. | No comment. |
| | (b) According to the records of the Company and the information and explanations given to us, details of disputed dues in respect of Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess as at 31st March, 2011, are given below: | No comment. |

AUDITORS' REPORT**MANAGEMENT'S REPLY**

<i>Name of the Statute</i>	<i>Total Amount (₹ in Lac)</i>	<i>Name of the Forum where dispute is pending</i>
<i>Central Sales Tax, Orissa Sales Tax, Orissa Entry Tax</i>	4220.00	<i>High Court, Tribunal and Commissionerate</i>
<i>Income Tax</i>	45564.12	<i>High Court, Tribunal and Commissionerate</i>

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses during the financial year and in the immediately preceding financial year. No comment.
- (xi) Based on our audit procedures and the information and explanations given by the Management, the Company has not defaulted in repayment of dues to any financial institution or bank. The Company has not issued debentures. No comment.
- (xii) Based on our examination of documents and records, we are of the opinion that the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. No comment.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore the provision of paragraph 4 (xiii) of the Order is not applicable to the Company. No comment.
- (xiv) According to the records of the Company, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore the provisions of Clause 4 (xiv) of the Order are not applicable to the Company. No comment.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the provisions of clause 4(xv) of the Order are not applicable to the Company. No comment.
- (xvi) According to the records of the Company examined by us and the information and explanations given to us, the Company has No comment.

AUDITORS' REPORT**MANAGEMENT'S REPLY**

not obtained any term loans during the year. Accordingly, paragraph 4(xvi) of the Order is not applicable.

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|---|-------------|
| (xvii) On an overall examination of the Balance Sheet of the Company and according to information and explanations given to us, the Company did not raise any funds on short term basis which have been used for long term investment. No long-term funds have been used to finance short-term assets. | No comment. |
| (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year. | No comment. |
| (xix) The Company has not issued any debentures during the year and no amount is outstanding in respect of debentures at the balance sheet date. Accordingly, Paragraph 4(xix) of the Order is not applicable. | No comment. |
| (xx) The Company has not raised any money through public issue as on the balance sheet date. Accordingly, Paragraph 4(xx) of the Order is not applicable. | No comment. |
| (xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management. | No comment. |

For A.K. Sabat & Co.,
Chartered Accountants

Sd/-

(S. Chand)

Partner

M. No.050063

Firm Registration No.321012E (ICAI)

Place : Burla

Date : May 18, 2011

**Statement Pursuant to Section 212 of the Companies Act, 1956
Relating to Company's Interest in Subsidiary Companies
as at March 31, 2011**

Sl. No.	Particulars	Name of the Subsidiary Company	
		MNH Shakti Limited	MJSJ Coal Limited
1.	The Financial year of the subsidiary companies ended on	31 st March, 2011	31 st March, 2011
2.	(a) Number of shares held by Mahanadi Coalfields Limited in the subsidiaries at the end of financial year of the subsidiary companies.	1,75,70,000 Equity shares of face value of ₹ 10/- each fully paid-up	2,40,60,000 Equity shares of face value of ₹ 10/- each fully paid-up
	(b) Extent of interest of Holding Company at the end of the financial year of the Subsidiary Companies.	70%	60%
3.	The net aggregate amount of the subsidiary companies Profit/Loss so far as it concerns the members of the Holding Company.		
	(a) Not dealt with in the Holding Company's accounts.		
	(i) For the financial year ended March 31, 2011.	—	—
	(ii) For the previous financial years of the subsidiary companies since they became the Holding Company's Subsidiaries.	—	—
	(b) Dealt with in the Holding Company's accounts.		
	(i) For the financial year ended March 31, 2011.	—	—
	(ii) For the previous financial years of the subsidiary companies since they became the Holding Company's subsidiaries.	—	—

BALANCE SHEET AS AT 31ST MARCH, 2011

	SCHEDULE NO.	AS AT 31.03.2011 (₹ In lakh)	AS AT 31.03.1010 (₹ In lakh)
I. SOURCES OF FUNDS			
I. Shareholders' Funds			
(a) Share Capital	A	18640.09	18640.09
(b) Reserves and Surplus	B	636174.00	558319.98
2. Loan Funds			
(a) Secured loans		Nil	Nil
(b) Unsecured loans	C	14166.65	15078.86
3. Deferred Tax Liability (Net)			
		10493.17	0.00
TOTAL		679473.91	592038.93
II. APPLICATION OF FUNDS			
1. Fixed Assets			
(a) Gross Block	D	399348.87	344615.02
(b) Less : Depreciation & Provisions for Impairment Assets etc.		197430.32	185645.65
(c) Net Block		201918.55	158969.37
(d) Capital work-in-progress	E	37457.48	41861.92
(e) Discarded/Surveyed Off Assets	F	804.91	882.17
		240180.94	201713.46
2. Investment			
	G	15514.00	17784.20
3. Deferred Tax Assets (Net)			
		0.00	972.70
4. Current Assets, Loans and advances			
(a) Inventories	H	59107.09	45272.22
(b) Sundry Debtors	I	8092.20	9643.59
(c) Cash and Bank Balances	J	988721.72	750701.43
(d) Other Current Assets	K	29333.94	18431.93
(e) Loans and Advances	L	378987.82	357890.13
		1464242.77	1181839.30
Less : Current Liabilities and Provisions	M	1040463.80	810370.73
Net Current Assets		423778.97	371568.57
5. Miscellaneous expenditure (to the extent not written off or adjusted)			
	N	Nil	Nil
TOTAL		679473.91	592038.93
Accounting Policies	O		
Notes on Accounts	P		

The Schedules referred to above form integral part of the Accounts

For and on behalf of Board of Directors

Sd/-
S.C. Behera
Company Secretary

Sd/-
M. Nagarajan
Chief General Manager (Finance)

Sd/-
K. Biswal
Director (Finance)

Sd/-
A. N. Sahay
Chairman-Cum-Managing Director

As per our report of even date

For A. K. Sabat & Co.
Chartered Accountants
Sd/-

(CA A. K. Sabat)
Partner

(Membership No. 30310)

Place : Burla
Date : 18.05.11

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE NO.	Current Year ended 31st March 2011 (₹ In Lakh)	Previous Year ended on 31st March 2010 (₹ In Lakh)
INCOME :			
Sales	1	743124.48	633982.01
Coal issued for other purpose	2	73.34	59.79
Accretion/(Decretion) in Stock	3	12684.75	-6664.01
Other Income	4	116207.47	106963.86
Total Income		872090.04	734341.65
EXPENDITURE			
Internal Consumption of Coal	5	73.34	59.79
Stores & Spare parts consumed	6	48279.04	46538.98
Power & Fuel Expenses	7	8433.29	6554.04
Employees Remuneration & Benefits	8	106466.92	97693.42
Contractual Expenses	9	96955.93	78531.17
Repair Expenses	10	3954.27	5017.46
Social Facilities Expenses	11	20518.97	14996.22
Other Expenditure	12	19122.40	14846.89
Overburden Removal Adjustment	13	122546.00	153439.39
Interest	14(A)	314.64	382.21
Financial Charges	14(B)	237.23	255.50
Depreciation	15	21148.37	14508.14
Provisions	16(A)	11067.18	401.33
Write off	16(B)	1.28	17.38
Contribution to Rehabilitation Fund		6125.28	5889.12
Total Expenditure		465244.14	439131.04
Profit for the year		406845.90	295210.61
Prior period adjustment	17	2915.72	153.06
Profit before Tax		403930.18	295057.55
Provision for Income Tax			
Current Year		132126.13	98209.08
Deferred Tax liability/Assts (-)		1718.57	627.82
Deferred Tax for earlier years		9747.33	0.00
Fringe benefit tax for earlier years		-593.51	0.00
Income Tax for earlier years		0.00	1551.46
Profit after Tax		260931.66	194669.19
Profit brought forward from previous year		405789.24	369799.42

Contd...

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE NO.	Current Year ended 31st March 2011 (₹ In Lakh)	Previous Year ended on 31st March 2010 (₹ In Lakh)
Profit available for Appropriation		666720.90	564468.61
Transferred to General Reserve		26093.17	19466.92
Transfer to CSR Reserve		461.91	2703.70
Interim Dividend :			
On Equity share		40001.63	50000.00
Proposed dividend :			
Equity share		117000.00	66900.00
Tax on dividend			
Current Year		26076.01	19608.75
Balance Carried to Balance Sheet		457088.18	405789.24

Accounting Policies O

Notes on Accounts P

The Schedules referred to above form integral part of the Accounts

For and on behalf of Board of Directors

Sd/-
S.C. Behera
Company Secretary

Sd/-
M. Nagarajan
Chief General Manager (Finance)

Sd/-
K. Biswal
Director (Finance)

Sd/-
A. N. Sahay
Chairman-Cum-Managing Director

As per our report of even date

For A. K. Sabat & Co.
Chartered Accountants

Sd/-

(CA A. K. Sabat)

Partner

(Membership No. 30310)

Place : Burla
Date : 18.05.11

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE – A SHARE CAPITAL

	As At 31.03.2011 (₹ in Lakh)	As At 31.03.2010 (₹ in Lakh)
	<hr/>	<hr/>
Authorised		
(i) 2041800 10% Cumulative Redeemable Preference Shares of ₹ 1000/- each (Previous Year - 2041800 Shares)	20418.00	20418.00
(ii) 2958200 Equity Shares of ₹ 1000/- each (Previous Year - 2958200 Shares)	29582.00	29582.00
	<hr/>	<hr/>
	50000.00	50000.00
	<hr/>	<hr/>
Issued, Subscribed & Paid up		
1864009 Equity Shares of ₹ 1000/- each fully paid up in cash (Previous Year - 1864009 Shares)	18640.09	18640.09
TOTAL	<hr/> 18640.09 <hr/>	<hr/> 18640.09 <hr/>

Note: Entire Share Capital is held by Holding Company – Coal India Ltd. and/or its nominees.

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE - B RESERVES AND SURPLUS

(₹ in Lakh)

Particulars	As at 01.04.2010	Additions During the Year	Deductions/ Adjustment during the Year	As at 31.03.2011
1. Capital Redemption Reserve	20418.00	0.00	0.00	20418.00
2. General Reserve	129409.04	26093.17	0.00	155502.21
3. CSR Reserve	2703.70	461.91	0.00	3165.61
4. Profit & Loss Account	405789.24	51298.94	0.00	457088.18
Total	558319.98	77854.02	0.00	636174.00
As at 31.03.2010	500159.54	58160.44	0.00	558319.98

SCHEDULE – C UNSECURED LOANS

	AS AT 31.03.2011 (₹ in Lakh)	AS AT 31.03.2010 (₹ in Lakh)
1. Loans and advances from Holding Company		
For Loans from IBRD & JBIC*	13268.79	14169.66
2. Liability for Deferred Payment		
M/S Liebherr France S.A., France	976.33	992.61
Less: Interest on Deferred payment	78.47	83.41
	897.86	909.20
TOTAL	14166.65	15078.86

Note : Unsecured Loan repayable within one year is ₹ 1753.97 lakh (Previous year ₹ 1665.00 lakh)

* Earlier known as JEXIM now changed to JBIC

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE – D FIXED ASSETS

(₹ in Lakh)

PARTICULARS	GROSS BLOCK				DEPRECIATION				Provision for Impairment of Assets/ Lost Assets upto end of the year	NET BLOCK	
	Cost As at beginning of year 01.04.2010	Additions During the Year	Deletion/ Adjustment during the year	Cost As at Closing of year 31.03.2011	Provided upto beginning of year	For the year	With- drawn/ Adjust- ment during the year	Provided upto end of the year		As at year end 31.3.2011	As at year end 31.3.2010
COMPLETED ASSETS :											
1. Land :											
(i) Freehold	302.58	0.18	-53.57	249.19	0.00	0.00	0.00	0.00	0.00	249.19	302.58
(ii) Lease hold	50011.42	18573.96	43.27	68628.65	14703.08	3060.32	-55.83	17707.57	0.00	50921.08	35308.34
2. Buildings :											
(i) Township	32855.93	615.20	-216.14	33254.99	7252.16	546.15	1546.10	9344.41	33.84	23876.74	25603.77
(ii) Other than Township	12437.19	136.06	520.78	13094.03	4472.36	312.09	-26.94	4757.51		8336.52	7930.99
(iii) Roads & Culverts (Mining Area)	8327.34	362.02	-260.91	8428.45	3341.17	331.57	51.63	3724.37	37.01	4667.07	4949.16
3. Plant & Machinery	193026.43	41307.30	-10077.78	224255.95	126381.08	15156.67	-10879.99	130657.76	392.02	93206.17	65150.67
4. Furniture & Fittings and Office Equipments	5703.24	491.28	-454.12	5740.40	3306.77	374.05	59.83	3740.65	1.18	1998.57	2396.06
5. Railway Siding	13108.75	2626.61	0.00	15735.36	6140.31	681.65	-634.02	6187.94	9.69	9537.73	6958.75
6. Vehicle	2306.47	317.52	-110.96	2513.03	1910.95	51.74	-259.59	1703.10	0.85	809.08	394.41
7. Prospecting & Boring Expenditure	4510.59	277.10	0.00	4787.69	2229.78	419.93	-15.84	2633.87	2.28	2151.54	2278.53
8. Development Expenditure	22025.08	1061.34	-490.18	22596.24	13405.75	1235.29	-252.13	14388.91	2042.47	6163.86	7696.11
9. Intangible assets - computer software	0.00	0.00	64.89	64.89	0.00	0.00	64.89	64.89	0.00	0.00	0.00
TOTAL	344615.02	65768.57	-11034.72	399348.87	183143.41	22169.46	-10401.89	194910.98	2519.34	201918.55	158969.37
As at 31.03.2010	309889.12	38566.83	-3840.93	344615.02	171270.45	15621.31	-3748.35	183143.41	2502.24	158969.37	136410.05

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE – E CAPITAL WORK-IN-PROGRESS

(₹ in Lakh)

PARTICULARS	COST				PROVISION				NET ASSET
	As at beginning of the year (01.04.2010)	Additions During the Year	Transfer/ Adjustment during the year	As at end of the year (31.03.2011)	As at beginning of the year (01.04.2010)	Additions during the year	Transfer/ Adjustment during the year	As at end of the year (31.03.2011)	As at end of the year (31.3.2011)
1. Buildings under Construction									
(i) Township	369.65	765.46	- 807.67	327.44	20.42	-0.48	0.00	19.94	307.50
(ii) Other than Township	312.18	186.08	- 310.59	187.67	0.00	0.00	0.00	0.00	187.67
(iii) Roads & Culverts (Mining Area)	204.33	170.68	- 34.50	340.51	13.03	0.00	-13.03	0.00	340.51
2. Plant & Machinery									
(i) Under erection/Installation	10084.36	1560.26	- 6285.87	5358.75	9.13	84.82	689.23	783.18	4575.57
(ii) In Stores	608.91	9518.20	- 9790.60	336.51	785.32	2.84	- 676.92	111.24	225.27
(iii) In transit & awaiting Inspection	120.29	0.00	- 116.43	3.86	0.00	0.00	0.00	0.00	3.86
3. Railway Siding under Construction	15329.41	2973.32	- 2582.89	15719.84	0.00	0.00	0.00	0.00	15719.84
4. P&B for Dev Mines	10009.21	1871.85	- 3113.23	8767.83	0.00	0.00	0.00	0.00	8767.83
5. Development Exp Expenditure	5644.96	2857.99	- 971.80	7531.15	201.72	0.00	0.00	201.72	7329.43
6. Capital Goods in Stock	208.24	0.00	- 208.24	0.00	0.00	0.00	0.00	0.00	0.00
GRAND TOTAL	42891.54	19903.84	- 24221.82	38573.56	1029.62	87.18	-0.72	1116.08	37457.48
As at 31.03.2010	34284.64	27856.62	- 19249.72	42891.54	735.38	288.52	5.72	1029.62	41861.92

SCHEDULE – F DISCARDED/SURVEYED OFF ASSETS

(₹ in Lakh)

PARTICULARS	COST				PROVISION				NET ASSET
	As at beginning of the year (01.04.2010)	Additions During the Year	Transfer/ Adjustment during the year	As at end of the year 31.03.2011	As at beginning of the year (01.04.2010)	Additions during the year	Transfer/ Adjustment during the year	As at end of the year 31.03.2011	Net asset as at end of the year 31.3.2011
Surveyed Off/ Discarded Assets	1481.01	543.93	- 12.75	2012.19	598.84	613.16	- 4.72	1207.28	804.91
GRAND TOTAL	1481.01	543.93	- 12.75	2012.19	598.84	613.16	- 4.72	1207.28	804.91
As at 31.03.2010	1357.31	123.70	0.00	1481.01	530.11	81.60	- 12.87	598.84	882.17

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE – G INVESTMENTS

	AS AT 31.03.2011 (₹ in Lakh)	AS AT 31.03.2010 (₹ in Lakh)
	<hr/>	<hr/>
(Long Term)		
1. Investments in Govt. Securities (At Cost and at Face Value) Unquoted		
8.5% Tax free Power Bonds :		
Maharastra State Electricity Board	5693.00	6831.60
West Bengal Power Dev. Corpn.	5658.00	6789.60
<small>(All bonds backed by respective State Govt. guarantee)</small>		
2. Investment in equity shares of MNH Shakti Ltd. (17570000 Equity Shares of ₹ 10/- Each at cost unquoted) (Trade investment)	1757.00	1757.00
Investment in equity shares of MJSJ Coal Ltd. (24060000 Equity Shares of ₹ 10/- Each at cost unquoted) (Trade investment)	2406.00	2406.00
TOTAL	<hr/> 15514.00 <hr/>	<hr/> 17784.20 <hr/>

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE – H INVENTORIES

	AS AT 31.03.2011 (₹ in Lakh)	AS AT 31.03.2010 (₹ in Lakh)
A. Stock of Stores & Spares	11037.48	10862.62
Stock of Medicine	64.96	48.58
Less:		
(i) Provision for non-moving/obsolete of Stores	1238.48	1218.76
(ii) Provision for Difference/Shortage	93.90	106.26
Sub Total	9770.06	9586.18
Add:		
In transit/Under Inspection	1095.74	480.04
Add: Loss of Assets	75.62	75.62
Less: Provision for loss of Assets	75.62	75.62
Total (A)	10865.80	10066.22
B. Coal Block meant for Sale	894.38	626.89
TOTAL (B)	894.38	626.89
C. Stock of Coal		
1. Revenue Mines	47610.56	34659.68
2. Development Mines	91.77	0.00
Sub Total (1+2)	47702.33	34659.68
Less: Provision for Deterioration		
Rehandling Charges	355.42	512.20
	0.00	48.79
TOTAL (C)	47346.91	34098.69
[As per Annexure H (I) & H (II)]		
D. Workshop Job		
Manufactured items	0.00	165.70
Work in progress	0.00	314.72
TOTAL (D)	0.00	480.42
GRAND TOTAL (A+B+C +D)	59107.09	45272.22

NOTE : The Book Debts and Inventories are hypothecated in favour of State Bank of India for the consortium loan taken by Coal India Limited to the tune of ₹ 16500.00 lakh (As at 31.3.2010 ₹ 16500.00 lakh).

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2011**PARTICULARS IN RESPECT OF COAL STOCK AS ON 31ST MARCH, 2011****SCHEDULE – H (CONTD....)****ANNEXURE – H (I)**

Particulars	Overall Stock		Provision for Non Vendable Stock		Vendable Stock	
	Quantity (L Te)	Value (L ₹)	Quantity (L Te)	Value (L ₹)	Quantity (L Te)	Value (L ₹)
Reconciliation of Book Stock and Measured Stock						
1. Opening Stock as on 1.4.2010 (Book Stock)						
(a) Revenue Mines	233.43	34659.68	0.00	0.00	233.43	34659.68
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Total	233.43	34659.68	0.00	0.00	233.43	34659.68
2. Add Production for the Year						
(a) Revenue Mines	1002.64	704799.27	0.00	0.00	1002.64	704799.27
(b) Development Mines	0.15	91.77	0.00	0.00	0.15	91.77
Total	1002.79	704891.04	0.00	0.00	1002.79	704891.04
3. Sub Total (1+2)	1236.22	739550.72	0.00	0.00	1236.22	739550.72
4. (A) Less Offtake for the Year						
(i) Outside Despatch						
(a) Revenue Mines	1020.86	691775.05	0.00	0.00	1020.86	691775.05
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Total	1020.86	691775.05	0.00	0.00	1020.86	691775.05
(ii) Consumption of Boiler and Domestic Coal						
(a) Revenue Mines	0.05	73.34	0.00	0.00	-0.05	73.34
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.05	73.34	0.00	0.00	0.05	73.34
Total (4A)	1020.91	691848.39	0.00	0.00	1020.91	691848.39
4.(B) Stock Written Off	0.00	0.00	0.00	0.00	0.00	0.00
Total (4A + 4B)	1020.91	691848.39	0.00	0.00	1020.91	691848.39
5. Derived Stock (3-4)						
(a) Revenue Mines	215.16	47610.56	0.00	0.00	215.16	47610.56
(b) Development Mines	0.15	91.77	0.00	0.00	0.15	91.77
Total	215.31	47702.33	0.00	0.00	215.31	47702.33
6. Measured Stock						
(a) Revenue Mines	208.05	46035.33	0.00	0.00	208.05	46035.33
(b) Development Mines	0.15	91.77	0.00	0.00	0.15	91.77
Total	208.20	46127.10	0.00	0.00	208.20	46127.10
7. Difference (5 – 6)	7.11	1575.23	0.00	0.00	7.11	1575.23
8. Break Up of Difference:						
(A) Excess within 5%						
(B) Shortage within 5%	3.30%	3.30%			3.30%	3.30%
(C) Excess beyond 5%						
(D) Shortage beyond 5%						
9. Closing Stock adopted in Accounts (5 above)	215.31	47702.33	0.00	0.00	215.31	47702.33

Contd...

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS IN RESPECT OF COAL STOCK AS ON 31ST MARCH, 2011

SCHEDULE – H (CONTD....)

ANNEXURE – H (II)

Particulars	Current Year		Previous Year	
	Quantity	Value	Quantity	Value
	(Lakh Tonne)	(₹ in Lakh)	(Lakh Tonne)	(₹ in Lakh)
Reconciliation of Closing Stock adopted in Accounts with Books Stock as at the end of the year				
Stock as per Books	215.31	47702.33	233.43	34659.68
Less:				
Non-vendable stock including mixed stock and stock on fire for which provision equivalent to the value has been made in Accounts but Qty. not adjusted in book stock as well as Accounts	0.00	0.00	0.00	0.00
Less :				
Charge for rehandling of pithead stock	0.00	0.00	0.00	48.79
Less:				
Provision made in the Accounts to take care of future deterioration in Coal stock	0.00	355.42	0.00	512.20
Stock as per Accounts after all provisions	215.31	47346.91	233.43	34098.69

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE – I SUNDRY DEBTORS

	AS AT 31.03.2011 (₹ in Lakh)	AS AT 31.03.2010 (₹ in Lakh)
Outstanding for over six months	3089.94	1611.58
Other debts	7140.11	10642.22
Sub Total	10230.05	12253.80
Less: Provision for Doubtful Debts	2137.85	2610.21
TOTAL	8092.20	9643.59
 Classification :		
1 Considered good and in respect of which the Company is fully secured	1406.00	1202.63
2 Considered good for which the Company holds no security other than Debtors Personal Security	6686.20	8440.96
3 Considered Doubtful	2137.85	2610.21
TOTAL	10230.05	12253.80

NOTE:

- (1) Due from company under the same management : Nil (Previous year Nil).
- (2) The Book Debts and Inventories are hypothecated in favour of State Bank of India for the consortium loan taken by Coal India Limited to the tune of ₹ 16500.00 lakhs (Previous year ₹ 16500.00 lakhs).

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE – J

CASH & BANK BALANCES

	AS AT 31.03.2011 (₹ in Lakh)	AS AT 31.03.2010 (₹ in Lakh)
A. (i) Cash/Stamp in hand	4.00	3.66
(ii) Cheques/Demand Drafts in hand	0.00	0.00
(iii) Cash balance with Imprest Holder	0.00	7.99
B. Remittance-in-Transit	0.00	0.00
C. Balance with Scheduled Banks		
(i) Current Account	10505.37	15899.49
(ii) Deposit Account	978212.35	734790.29
TOTAL	988721.72	750701.43

SCHEDULE – K

OTHER CURRENT ASSETS

	AS AT 31.03.2011 (₹ in Lakh)	AS AT 31.03.2010 (₹ in Lakh)
Claims Receivable:		
1. Railways	0.00	0.00
Less : Provision	0.00	0.00
2. Insurance Company (Gratuity Trust)	0.00	0.00
3. Income Tax deptt	0.00	0.00
4. Interest receivable from P/House	0.00	0.00
5. Interest on Bank Deposits	28689.86	17584.27
6. Interest on Power Bonds	531.56	627.14
7. Suspense - A/c Loss of Cash	15.97	15.97
Less : Provision for loss of Cash	-15.97	-15.97
8. Others	112.52	220.52
TOTAL	29333.94	18431.93

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE – L LOANS & ADVANCES

	AS AT 31.03.2011 (₹ in Lakh)	AS AT 31.03.2010 (₹ in Lakh)
(A) Capital Advances :		
(1) P & M Advance	22.25	24.45
TOTAL (A)	22.25	24.45
(B) Advance to Suppliers (Stores)	822.91	745.95
TOTAL (B)	822.91	745.95
(C) Advance to Contractors	711.50	774.75
TOTAL (C)	711.50	774.75
(D) Advance to Employees :		
(1) House Building Advance	106.31	141.91
(2) Motor Car Advance	0.37	-0.85
(3) Motor Cycle, Scooter Advance	0.14	0.12
(4) Pay Advance	6.06	119.02
(5) Medical Advance	241.70	265.62
(6) Flood /Drought Relief	0.00	0.00
(7) Local Purchase Adv.	1.33	1.66
(8) Misc. Advance	112.96	126.91
(9) Travelling Advance	98.07	149.83
(10) LTC Advance	29.45	17.47
(11) Advance (Others)	0.00	0.00
(12) Freight Advance	0.01	0.01
(13) Study Advance/Self Development Loan	0.00	0.12
(14) Perks tax on house	168.54	0.00
(15) Other Receivables	415.60	499.57
TOTAL (D)	1180.54	1321.39
(E) Advance to Others :		
1. Advance to Co-operative Society	0.48	0.48
2. Tax deducted at Source	7046.44	9089.91
3. Advance Income Tax	146510.72	103129.89
4. Advance Wealth Tax	0.00	0.00
5. Income Tax(Company) under protest	43760.76	44070.26
6. Advance Sales Tax	4.39	848.92
7. Sales Tax deposit under protest	970.51	948.13
8. Advance Receivable from Govt.	0.00	0.82
9. Advance to Railways	4327.99	4327.99
10. Advance Royalty on coal	1508.10	413.63
11. Advance to others	990.43	498.59
TOTAL (E)	205119.82	163328.62

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE – L (CONTD.....)

LOANS & ADVANCES

	AS AT 31.03.2011 (₹ in Lakh)	AS AT 31.03.2010 (₹ in Lakh)
(F) Deposit		
(i) With P & T Deptt.	3.14	4.32
(ii) With Elec. Boards	2144.57	1670.04
(iii) Surplus Fund with CIL (Holding Co.) ³	147216.47	170551.81
(iv) With Others	9682.51	10205.39
TOTAL (F)	159046.69	182431.56
(G) Prepaid Expenses	474.46	180.84
TOTAL (G)	474.46	180.84
(H) Current Account Balance with Sister Subsidiaries, Holding Company and its Subsidiaries		
Coal India Limited	7598.23	9365.22
Bharat Coking Coalfields Ltd.	0.00	0.00
Eastern Coalfields Ltd.	0.00	0.00
Central Coalfields Ltd.	0.00	0.00
Western Coalfields Ltd.	0.00	0.80
South Eastern Coalfields Ltd.	11.16	48.43
Northern Coalfields Ltd.	0.00	0.00
CMPDI Limited	0.00	0.00
MJSJ Coal Ltd.	2658.82	44.25
MNH Shakti Ltd.	1678.75	0.00
TOTAL (H)	11946.96	9458.70
GRAND TOTAL (A TO H)	379325.13	358266.26
Less : Provision for Doubtful Advances	337.31	376.13
Net Total	378987.82	357890.13
Classification:		
(a) Considered good in respect of which the company is fully secured	106.82	141.18
(b) Considered good for which the company holds no security other than Party's Personal security	378881.00	357748.95
(c) Considered doubtful	337.31	376.13

NOTE:

1. Amount due from an officer of the Company is Nil (Previous Year Nil).
Maximum amount due at any time during the year is Nil (Previous year Nil)
2. Amount due from Director of the Company is Nil (Previous Year - Nil).
3. Surplus Fund with CIL (Holding Co.) includes ₹ 35028.80 lakh (Previous Year ₹ 35028.80 lakh) which is non-interest earning.

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE – M

CURRENT LIABILITIES AND PROVISIONS

	AS AT 31.03.2011 (₹ in Lakh)	AS AT 31.03.2010 (₹ in Lakh)
Current Liabilities:		
A. Sundry Creditors - for Goods		
For Capital	1836.59	2295.82
For Stores	4282.84	5579.09
TOTAL (A)	6119.43	7874.91
B. Sundry Creditors for Expenses		
Capital	7460.73	4353.41
Revenue	5927.98	4778.73
Power & Fuel	1329.08	1154.98
TOTAL (B)	14717.79	10287.12
C. Employees Remuneration and Benefits		
Salaries, Wages, Allowance	7605.60	28167.97
Attendance Bonus	571.85	681.81
Ex-gratia	2982.14	1843.35
Unpaid Salaries & Wages	34.83	48.95
Gratuity	304.16	7213.08
D L I	0.00	0.00
Leave Encashment	3.98	60.52
VRS	62.96	162.00
Super Annuation Benefits	3254.61	2324.30
Performance related Pay	11217.00	6814.00
TOTAL (C)	26037.13	47315.98
D. Other Expenses		
Contractual Expenses	6255.05	6920.92
Demurrage	66.16	31.68
Audit Fee & Expenses	55.65	15.76
Repair & Maintenance	4437.11	3902.78
Others	2053.28	2104.70
TOTAL (D)	12867.25	12975.84
(E) Statutory Dues		
Sales Tax :		
Central	1207.10	305.36
State/Orissa VAT	610.04	170.81
Royalty on Coal	7404.24	5932.97
Clean Cess on Coal	8173.77	0.00
Stowing Excise Duty	2529.91	2797.96
Provident Fund	174.00	501.75
Pension Fund	50.14	53.29
Professional Tax	0.09	0.09
Income tax:		
Employees	4.68	108.34
Contractors	263.64	721.57
Service Tax	3.54	164.69
Orissa Entry Tax	213.01	94.93
OREEP Tax	135.21	127.53
Central Excise Duty	7546.76	0.00
Other Statutory Dues	2.92	2.93
TOTAL (E)	28319.05	10982.22

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE – M (CONTD.....)

CURRENT LIABILITIES AND PROVISIONS

	AS AT 31.03.2011 (₹ in Lakh)	AS AT 31.03.2010 (₹ in Lakh)
F. Other Liabilities		
(i) L.I.C. Premium (SSS)	0.00	0.01
(ii) C.T. D Post Office	0.00	0.00
(iii) National Calamity Fund/PM Re fund	0.18	4.38
(iv) Dues to Canteen	0.03	0.30
(v) Dues to Co-operative Societies	2.49	2.89
(vi) Benevolent Fund	0.56	1.12
(vii) Welfare/Periphery development Programe	0.24	0.28
(viii) Others	2077.39	1203.86
TOTAL (F)	2080.89	1212.84
G. Advances and Deposits		
Advance from Customers	119148.25	109537.12
Deposits from Contractors & Others	8564.80	7651.58
Unutilised Govt. Grant	0.00	0.00
TOTAL (G)	127713.05	117188.70
H. Current Account Balance with Holding Company/Subsidiaries		
Coal India Limited, Current Account	0.00	0.00
MNH Shakti Limited	0.00	42.45
TOTAL (H)	0.00	42.45
I. Overburden Removal Adjustment		
(A) OBR Advance Stripping		
As per last account	12233.22	11947.26
Add : Expenditure during the year	142774.67	103315.88
Written off/Adjusted	-140500.94	-103029.92
TOTAL (A)	14506.95	12233.22
(B) Ratio Variance		
As per last account	419625.09	265899.74
Written off/Adjusted	124819.73	153725.35
TOTAL (B)	544444.82	419625.09
TOTAL (H)	529937.87	407391.87
TOTAL CURRENT LIABILITIES (A TO H)	747792.46	615271.93
Provisions :		
(a) Reclamation of Land	78.62	2463.20
(b) Taxation	153864.85	112235.96
(c) Dividend	117000.00	66900.00
(d) Mine Closure Plan Liability	5935.75	0.00
(e) Leave Encashment	12340.16	10395.30
(f) Other Employee Benefits	3451.96	3104.34
Total Provisions	292671.34	195098.80
GRAND TOTAL	1040463.80	810370.73

- NOTE: 1. Out of Sundry Creditors of ₹ 20837.22 lakh (As at 31.03.2010 ₹ 18162.03 lakh) (A+B), total outstanding dues of small scale industrial undertakings are ₹ Nil (Previous year ₹ Nil).
2. There is no small scale industrial undertaking to whom the Company owe a sum exceeding ₹ 1.00 lakh which is outstanding for more than 30 days.

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2011**SCHEDULE – N****MISCELLANEOUS EXPENDITURE****(To the extent not written off or adjusted)****(₹ in Lakh)**

Particulars	As at 01.04.2010	Additions During the Year	Deductions/ Adjustment During the Year	As at 31.03.2011
1. HEMM Rehabilitation Expenses	0.00	0.00	0.00	0.00
2. VRS Scheme	0.00	0.00	0.00	0.00
3. Preliminary Expenses	0.00	0.00	0.00	0.00
Grand Total (1+2+3)	0.00	0.00	0.00	0.00
For the year 31.03.2010	0.00	0.00	0.00	0.00

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE – 1

SALES

	Current Year ended 31st March 2011 (₹ in Lakh)	Previous Year ended 31st March 2010 (₹ in Lakh)
Quantity (Lakh Tonne)	1020.86	981.30
(A) Gross Sales Value		
Raw Coal Value	691775.05	581369.97
Crushing Charges	45902.54	40780.39
Incentive/Compensation	4645.49	11032.37
Silo Charges	801.40	799.28
Statutory levies	181851.34	123706.06
	924975.82	757688.07
Less: Statutory Levies:		
Royalty on Coal	93665.56	85962.81
Stowing excise Duty	10221.34	9812.98
Central Excise Duty	4285.40	
Sales Tax :		
Central	8192.96	6965.74
State/Orissa VAT	22217.21	17590.67
Orissa Entry Tax	4575.29	3373.86
Clean Energy Cess	38693.58	0.00
	108172.30	
(B) Total Levies	181851.34	123706.06
(C) Basic Value (A – B)/Net Value	743124.48	633982.01
Less :		
Transfer to Development	0.00	0.00
Net Value	743124.48	633982.01

SCHEDULE – 2

COAL ISSUED FOR OTHER PURPOSES

(₹ in Lakh)

	Current Year			Previous Year		
	Colly Cons.	Free Issue to Empl.	Total	Colly Cons.	Free Issue to Empl.	Total
Quantity (Lakh Tonne)	0.05	0.00	0.05	0.05	0.00	0.05
Gross Value	83.26	0.00	83.26	69.30	0.00	69.30
Less:						
Royalty on Coal	9.92	0.00	9.92	9.51	0.00	9.51
Net Value	73.34	0.00	73.34	59.79	0.00	59.79

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE – 3

ACCRETION/(DECRETION) IN STOCK

	Current Year ended 31st March 2011 (₹ in Lakh)	Previous Year ended 31st March 2010 (₹ in Lakh)
Closing Stock		
(A) Raw Coal	47702.33	34659.68
Less: Provision for		
Deterioration	355.42	512.20
Non Vendable Stock	0.00	0.00
Rehandling	0.00	48.79
TOTAL (A)	47346.91	34098.69
(B) Workshop Job		
Finished	0.00	165.70
Work-in-progress	0.00	314.72
TOTAL (B)	0.00	480.42
(C) TOTAL (A+B)	47346.91	34579.11
Opening Stock		
(D) Raw Coal	34659.68	41440.84
Less: Provision for		
Deterioration	512.20	913.07
Non Vendable Stock	0.00	0.00
Rehandling	48.79	24.44
TOTAL (D)	34098.69	40503.33
(E) Workshop Job		
Finished job	165.70	185.43
Work-in-progress	314.72	554.36
TOTAL (E)	480.42	739.79
(F) Total (D+E)	34579.11	41243.12
TOTAL (C-F)	12767.80	-6664.01
Less: Transfer to Development	83.05	0.00
Accretion(+)/Decretion(-) in Stock	12684.75	-6664.01

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE – 4 OTHER INCOME

	Current Year ended 31st March 2011 (₹ in Lakh)	Previous Year ended 31st March 2010 (₹ in Lakh)
Stowing Subsidy	88.86	117.19
Transportation Charges	40457.35	38609.18
Rent (outsider)	94.63	104.21
Charges for Vehicle	0.00	0.00
Interest Received on		
1. Bank Deposits	59720.27	51644.90
2. Loans & Advances to Employees	15.81	93.32
3. Loans & Advances to outside parties	109.31	41.49
4. Surplus Fund with Coal India Limited	8442.48	10405.80
5. Investment	1109.56	1302.53
6. Income tax Deptt.	1551.38	0.00
Liquidated Damages/Penalty	365.50	368.00
Lease Rent	181.36	292.06
Penalty from Customer	2206.84	1119.47
Tender Fee	45.95	61.59
Sale of scrap	85.79	356.89
Profit on sale of Assets/block	1032.19	1589.25
Net Gain on Exch. Rate Fluctuation	0.00	516.75
Other Misc. receipts	709.56	343.60
Sub Total	116216.84	106966.23
Less: Transfer to Development	9.37	2.37
NET TOTAL	116207.47	106963.86

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE – 5 INTERNAL CONSUMPTION OF COAL

	Current Year ended 31st March 2011 (₹ in Lakh)	Previous Year ended 31st March 2010 (₹ in Lakh)
Quantity (Lakh Tonne)	0.05	0.05
Gross Value	83.26	69.30
Less: Royalty on Coal	9.92	9.51
Net Value	73.34	59.79

SCHEDULE – 6 STORES & SPARE PARTS CONSUMED

	Current Year ended 31st March 2011 (₹ in Lakh)	Previous Year ended 31st March 2010 (₹ in Lakh)
Explosives	10687.14	10937.85
Timber	45.64	33.36
Petrol, Oil & Lubricants	21714.83	18793.41
HEMM Spares	9846.68	10662.50
Safety spares	517.59	588.81
Other Stores & Spares	6008.56	6096.92
Sub Total	48820.44	47112.85
Less : Transfer to		
Social Facilities	167.74	166.00
Other Expenditure	370.97	407.77
Development	2.69	0.10
Sub Total	541.40	573.87
TOTAL	48279.04	46538.98

SCHEDULE – 7 POWER & FUEL EXPENSES

	Current Year ended 31st March 2011 (₹ in Lakh)	Previous Year ended 31st March 2010 (₹ in Lakh)
Purchase of Electricity	12463.45	9709.25
Less : Transfer to		
Social Facilities	4029.78	3155.01
Development	0.38	0.20
TOTAL	8433.29	6554.04

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE – 8

EMPLOYEES REMUNERATION AND BENEFITS

	Current Year ended 31st March 2011 (₹ in Lakh)	Previous Year ended 31st March 2010 (₹ in Lakh)
A. Salaries, Wages & Allowances		
Piece Rated Wages	248.42	299.64
Time Rated Wages	39346.36	34719.05
Interim relief	0.00	2.91
Executives Salary	15046.91	12619.29
Leave Wages	3384.19	2430.28
Performance related pay	4403.00	6777.65
Paid Holiday Wages	1046.08	917.35
Leave Encashment	3569.68	3514.53
Nightshift Allowance	97.66	101.21
House Rent Allowance	563.11	504.39
Transport Subsidy	901.30	913.83
Incentive Bonus/Reward	477.07	452.50
Special Incentive	1909.90	102.57
Other Allowances	1227.99	1166.40
TOTAL (A)	72221.67	64521.60
B.		
Normal Overtime	8323.91	7829.86
Sunday Overtime	6340.76	5321.89
Full Back Wages	0.00	0.00
Attendance Bonus	2972.68	2789.28
Ex-gratia	3827.87	2103.13
Provident Fund	9372.68	7897.03
Pension Fund	488.65	397.34
LLTC	795.48	2316.04
Exe. Superannuation benefit	930.31	634.37
RRF	58.73	57.35
Pension	501.02	886.72
Gratuity	3658.49	5631.39
Workmen Compensation	155.91	242.27
D. L. I.	0.00	8.86
Life Cover Scheme	60.60	40.49
Voluntary Retirement Scheme	132.72	55.54
Perquisite Tax	0.00	– 36.82
TOTAL (B)	37619.81	36174.74
C.		
Less : Transfer to		
Social Facilities	3008.04	2802.73
Development	366.52	200.19
TOTAL (C)	3374.56	3002.92
NET TOTAL (A+B-C)	106466.92	97693.42

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE – 9

CONTRACTUAL EXPENSES

	Current Year ended 31st March 2011 (₹ in Lakh)	Previous Year ended 31st March 2010 (₹ in Lakh)
Transportation Charges:		
Coal	54624.75	52231.75
Sand	35.56	72.92
Surface Miner	9490.62	8688.44
Hire Charges of HEMM	23028.62	9149.81
Other Contractual Works	9989.00	8395.18
Sub Total	97168.55	78538.10
Less : Transfer to Development	212.62	6.93
TOTAL	96955.93	78531.17

SCHEDULE – 10

REPAIR EXPENSES

	Current Year ended 31st March 2011 (₹ in Lakh)	Previous Year ended 31st March 2010 (₹ in Lakh)
(A) Township	1731.00	1560.88
Hospital, Educational & Other Welfare Buildings	369.96	324.90
Factory & Office Buildings	1428.44	658.14
Plant & Machinery	1616.88	1953.22
Office Equip.& Furnitures	85.65	74.68
Hospital Equipment	17.41	11.58
Heavy Vehicles	72.35	77.89
Cars & Jeeps	102.53	112.15
SOH Vehicles	25.48	25.14
HEMM Rehabilitation Expenses	0.38	65.88
Siding Maint. Charges	751.64	2136.35
Others	5.51	54.36
TOTAL	6207.23	7055.17
Less : Transfer to		
Social Facilities	2143.85	1922.50
Other Expenses	108.04	115.21
Development	1.07	0.00
NET TOTAL	3954.27	5017.46

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE – 11

SOCIAL FACILITIES EXPENSES

	Current Year ended 31st March 2011 (₹ in Lakh)	Previous Year ended 31st March 2010 (₹ in Lakh)
(A) Salaries, Wages & Allowances(Contra)	3008.04	2802.73
Free issue of Gas to employees	664.31	646.48
Medical Reimbursement	1404.23	1216.01
Medicine & Diet Expn.	325.45	300.25
Grant to Schools & Inst.	1329.16	975.80
Sports, Rec. expenses & Grants	107.01	55.90
Canteen upkeep	50.91	34.46
Purchase of Water	36.94	47.30
Power (Contra)	4029.78	3155.01
TOTAL (A)	10955.83	9233.94
(B) Repairs :		
Township Repair (Contra)	1710.21	1551.80
Repair of Hospital, School & Wel. Building (Contra)	369.96	324.90
Hospital Equip. (Contra)	38.20	20.66
TOTAL (B)	2118.37	1897.36
(C) Cons. of Stores & Spares S.O.H. Services (Contra)	93.76	80.60
Maintenance of Vehicles :		
Stores & Spares for S.O.H. Vehicles (Contra)	73.99	85.40
Repairs of S.O.H. Vehicles (Contra)	25.48	25.14
Road Tax	3.71	5.85
Insurance	1.34	0.16
Training Expenses	634.03	630.54
Depreciation	866.33	915.84
Community Development/CSR Expenses	5345.46	1678.28
Resettlement Expenses	68.54	86.34
Environment/Ecology/Improvement	453.02	467.64
Guest House Expenses	153.61	115.84
Others	376.59	451.95
TOTAL (C)	8095.86	4543.58
TOTAL (A+B+C)	21170.06	15674.88
(D) Less : Recoveries		
Vehicle	57.79	6.10
House Rent	33.62	33.60
Hospital Charges	54.71	52.95
School Bus, Elect. & Water Charges	474.53	572.64
Guest House/Transit Flat	6.34	2.58
Others	8.77	9.26
TOTAL (D)	635.76	677.13
(E) Less: Transfer to Development	15.33	1.53
NET TOTAL (A+B+C–D–E)	20518.97	14996.22

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE – 12 OTHER EXPENDITURE

	Current Year ended 31st March 2011 (₹ in Lakh)	Previous Year ended 31st March 2010 (₹ in Lakh)
(A) Travelling	1066.34	900.15
Printing & Stationery	300.13	268.58
Books & Periodicals	12.42	11.52
Postage & Telephone	160.13	144.61
Bank Charges	1.48	3.52
Advertisement for :		
(i) Recruitment	0.05	0.00
(ii) Tender	47.46	157.92
(iii) Others	0.00	0.00
(iv) Publicity	169.36	135.75
Freight Charges	8.86	6.72
Over Loading/Under Loading Charges	386.27	214.95
Demurrage	275.27	328.08
Subscriptions	2.93	10.40
Security Expenses	3513.85	2952.17
Rescue & Safety	140.16	187.91
Expenses on Meeting	194.09	181.37
Other Selling Expenses	2518.25	315.59
Reimbursement of conveyance allowance	0.58	23.78
Hire Charges for :		
(i) Computer	66.91	61.67
(ii) Others	1271.65	1020.84
Computer Software Maint Charges	177.83	63.18
Maintenance of Cars & Jeeps :		
(i) P.O.L. & Spares (Contra)	370.97	407.77
(ii) Repairs (Contra)	108.04	115.21
(iii) Vehicle Tax	100.32	55.68
(iv) Insurance	23.55	23.61
TOTAL (A)	10916.90	7590.98
(B) Expenses on closed/suspended mines	0.00	0.00
Royalty & Cess	10.00	12.75
Insurance	5.53	3.87
Rates & Taxes	534.42	498.02
Rent	5.90	13.90
Auditors Remuneration (i) Audit Fee	18.04	7.79
(ii) Tax & VAT Audit Fee	3.43	2.12
(iii) Travelling & Out of Pocket Exp	12.03	5.22
Internal Audit Fee & Expenses	98.85	84.42

(Contd.....)

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE – 12 (Contd.....)

OTHER EXPENDITURE

	Current Year ended 31st March 2011 (₹ in Lakh)	Previous Year ended 31st March 2010 (₹ in Lakh)
Legal Expenses	74.42	44.22
Consultancy fees and expenses	43.71	0.00
Apex Office Expenses	5530.03	5766.95
Loss on Sale/Discard of Assets	0.00	33.11
Office Contingency	59.48	73.55
CMPDIL Expenses	1255.42	616.28
Wealth Tax	29.80	5.25
Exchange Rate variation (loss)	375.53	0.00
Claim Commissioner office Expenses	3.42	0.00
Others	217.77	106.01
TOTAL (B)	8277.78	7273.46
TOTAL (A+B)	19194.68	14864.44
(C) Less : Transfer to Development	72.28	17.55
NET TOTAL (A+B-C)	19122.40	14846.89

SCHEDULE – 13

OVER BURDEN REMOVAL ADJUSTMENT

	Current Year ended 31st March 2011 (₹ in Lakh)	Previous Year ended 31st March 2010 (₹ in Lakh)
Expenditure to be Charged to Coal	265320.67	256755.27
Less :		
Expenditure incurred	142774.67	103315.88
TOTAL	122546.00	153439.39

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE – 14(A)

INTEREST

	Current Year ended 31st March 2011 (₹ in Lakh)	Previous Year ended 31st March 2010 (₹ in Lakh)
On dues to Coal India Ltd., Holding Co.		
For Loans from IBRD & JEXIM	205.66	258.71
For other Loans	0.00	0.00
On Deferred Payment	8.15	13.64
Other Interest	101.98	109.86
Sub Total	315.79	382.21
Less :		
Transfer to development	1.15	0.00
Net Total	314.64	382.21

SCHEDULE – 14(B)

FINANCIAL CHARGES

	Current Year ended 31st March 2011 (₹ in Lakh)	Previous Year ended 31st March 2010 (₹ in Lakh)
1. Commitment Charges (IBRD & JEXIM)	0.00	0.00
1. Guarantee fees (IBRD & JEXIM)	219.53	235.00
2. Swap Charges	0.86	0.74
3. Custodian Charges	16.84	19.76
TOTAL	237.23	255.50

SCHEDULE – 15

DEPRECIATION

	Current Year ended 31st March 2011 (₹ in Lakh)	Previous Year ended 31st March 2010 (₹ in Lakh)
Depreciation	22169.46	15621.31
Less : Transfer to		
(a) Social Overhead	866.33	915.84
(b) Prior Period Adjustment	94.26	143.63
(c) Development	60.50	53.70
NET TOTAL	21148.37	14508.14

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE – 16(A)

PROVISIONS

	Current Year ended 31st March 2011 (₹ in Lakh)	Previous Year ended 31st March 2010 (₹ in Lakh)
Provision :		
Doubtful Debts	- 472.37	557.21
Obsolete of Stores	19.72	-2.09
Reclamation of Land	- 2384.58	-784.10
Shortage of Stores	2.00	5.08
P&M in stores pending installation	0.00	0.00
CHP&IWSS pending installation	0.00	0.00
Provision for CWIP	87.18	288.52
Doubtful Advances	- 38.82	38.51
Loss of Assets	4.78	102.86
Retired/Surveyed-off Assets	613.16	81.60
Impairment of Assets	12.32	190.76
Mine Closure Plan	5935.75	0.00
Central Excise Duty	7347.88	0.00
Sub Total	11127.02	401.33
Less : Transfer to Development	59.84	0.00
TOTAL (A)	11067.18	401.33

SCHEDULE – 16(B)

WRITE OFF/WRITE BACK

	Current Year ended 31st March 2011 (₹ in Lakh)	Previous Year ended 31st March 2010 (₹ in Lakh)
Advances Written off	1.28	0.00
Bad Debts Written off	0.00	0.00
Fixed Assets Written off	0.00	21.81
Less : Provision Expenses Written back	0.00	-4.43
Total (B)	1.28	17.38

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE – 17

PRIOR PERIOD ADJUSTMENT

	Current Year ended 31st March 2011 (₹ in Lakh)	Previous Year ended 31st March 2010 (₹ in Lakh)
(A) Expenditure		
Employees Remuneration & Benefits	31.65	12.47
Consumption of Stores & Spare Parts	348.44	-74.48
Power & Fuel	-7.56	0.00
Statutory Expenses Royalty & Cess	0.60	5.72
Depreciation	94.26	143.63
Contractual Expenses	-38.48	74.63
Extra ordinary item	38.43	0.00
Social Overhead	0.00	7.75
Credit notes for PP Sales	0.00	0.24
Underloading/Overloading	0.00	-80.91
Others	224.86	68.21
SUB TOTAL	692.20	157.26
Less : Transfer to Development	0.00	0.00
TOTAL (A)	692.20	157.26
(B) Income		
Sales		0.00
Other Income	-2223.52	4.20
TOTAL (B)	-2223.52	4.20
NET TOTAL (A+B)	2915.72	153.06

SCHEDULE –O

ACCOUNTING POLICIES

1. ACCOUNTING CONVENTION

1.1 Financial statements are prepared on historical cost convention and accrual basis of accounting following going concern concept, accounting standards and generally accepted accounting principles except otherwise stated elsewhere.

2. BASIS OF ACCOUNTING

2.1 All expenses and income are booked initially in the natural heads of accounts and then transferred to functional heads wherever required.

3. RECOGNITION OF INCOME AND EXPENDITURE

3.1 Income and expenses are recognized on accrual basis and provision is made for all known liabilities.

3.2 Liquidated damages receivables, interest on delayed payment from customers and other claims are accounted for on the basis of actual settlement.

4. SUBSIDY/ GRANTS FROM GOVERNMENT

4.1 Subsidy/ Grants on Capital Accounts are deducted from the cost of respective assets to which they relate. The unspent amount at the year-end, if any, is shown as Current Liabilities.

4.2 Subsidies/Grants on Revenue Account are credited to Profit & Loss Account under the head "Other Income" and the expenses are debited to the respective heads. The unspent amount at the year end ,if any , is shown as current liabilities.

5.0 FIXED ASSETS

5.1 All fixed assets are stated at cost less depreciation.

5.2 **Land** : Land includes cost of acquisition, cash rehabilitation expenses and re-settlement cost incurred for concerned displaced persons. Other expenditure incurred on acquisition of land viz compensation in lieu of employment etc are however treated as revenue expenditure.

5.3 **Plant and Machinery** : Plant and Machinery include cost and expenses incurred for erection/installation and other attributable costs of bringing those assets to working conditions for their intended use.

5.4 **Railway siding** : Pending commissioning payment made to the Railway Authorities for construction of railway sidings are shown under Capital Work-in-progress.

5.5 **Development** : Expenses net of income of the projects/ mines under development are booked to development and grouped under capital work in progress till the projects / mines are brought to revenue account. Except otherwise stated in the Project Report to determine the commercial readiness of the Project to yield production on a sustainable basis and completion of required development activity during the period of construction, projects and mines under development are brought to Revenue :

(a) From beginning of the financial year immediately after the year in which the project achieves physical output of 25% of rated capacity as per approved project report, or

(b) 2 years of touching of coal, or

(c) From the beginning of the financial year in which value of production is more than total expenses, whichever event occurs first.

5.6 **Prospecting & Boring & other Development Expenditure** : The cost of exploration and other development expenditure incurred in one five year plan period is kept in Capital work-in-progress till the end of subsequent two-five year plan periods for formulation of projects before it is written off except in the case of blocks identified for sale or proposed to be sold to outside agency which will be kept in inventory till finalization of sale.

5.7 **Intangible Assets** : Computer software is recognized at cost and shown as intangible assets in fixed assets schedule.

6. DEPRECIATION

6.1 Depreciation on fixed assets is provided on straight-line method at the rates and manner specified in Schedule XIV of the Companies Act, 1956(as amended) , except the following assets where higher rate of depreciation is charged as per the technically estimated life,

- (a) Telecom equipments processor based and software controlled at 15.83 %.
- (b) General electronics Communications / Instrumentations systems at 10.55%,
- (c) Hydraulic Shovel upto 5 Cu.M at 13.57%.
- (d) Hydraulic Shovel > 5-10 Cu.M. at 11.88%.
- (e) Dumper upto 35-T at 15.83%.
- (f) Dumper upto 50-T at 13.57%; and
- (g) B.H. Drill < 160 MM at 13.57%
- (h) SDL & LSD (equipments) at 19% and 15.83%.
- (i) Photo copier machines at 15.83%

Depreciation on the assets added/disposed off during the year is provided on pro- rata basis with reference to the month of

addition/disposal except in case of 100% depreciable items which are fully depreciated during the year of addition.

6.2 Value of land acquired under Coal bearing Area (Acquisition & Development) Act, 1957 are amortized on the basis of balance life of the Project. Value of leasehold land is amortized on the basis of lease period or balance life of the Project whichever is earlier.

6.3 Prospecting, Boring and Development expenditure are amortized from the year when the mine is brought under revenue, in 20 years or working life of the project whichever is less. Subsequent expenditure falling under this category shall be amortized over 20 years or balance life of the project from the year of incurrance of expenditure.

6.4 Assets attracting 100% depreciation, other than items costing Rs.5,000/- are taken out from the Accounts after expiry of two years following the year in which these are fully depreciated.

6.5 The cost of computer software is amortized in 3(three) years from the year in which it is incurred.

7. IMPAIRMENT OF ASSETS

7.1 Impairment loss is recognized wherever the carrying cost of an asset is in excess of its recoverable amount and the same is recognized as an expense in the statement of profit and loss and carrying amount of the asset is reduced to its recoverable amount.

7.2 Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased.

8. INVESTMENTS

Long term Investments are valued at cost .

9. RETIREMENT BENEFITS/OTHER EMPLOYEE BENEFITS

(a) *Defined Contribution plans :*

The company makes contribution towards Provident Fund and Pension Fund to a defined contribution retirement benefit plan for qualifying employees. The Provident fund and Pension Fund are operated by Coal Mines Provident Fund (CMPF) Authorities. As per the rules of these schemes, the company is required to contribute a specified percentage of pay roll cost to the CMPF.

(b) *Defined benefit plans :*

The year end liability on account of gratuity and leave encashment is provided for on actuarial valuation basis by applying projected unit credit method. Further the company has created a trust with respect to establishment of Funded Group Gratuity (cash accumulation) Scheme through Life Insurance Corporation of India. Contribution to said fund is made on actuarial valuation.

(c) *Other Employee benefits :*

Further year-end liability of certain other employee benefits viz. benefits on account of LTA/LTC; Life Cover Scheme, Group, Personal Accident Insurance Scheme, Settlement allowance, Retired Executive Medical Benefits and compensation to dependents of deceased in mines accidents etc. are also valued on actuarial basis by applying projected unit credit method.

10. INVENTORIES

10.1 Book stock of coal/coke is considered in the Accounts where the variance between book stock and measured stock is up to $\pm 5\%$ and in case where the variance is beyond $\pm 5\%$ the measured stock is considered. Such stocks are valued at net realizable value or cost whichever is lower.

10.2 Provision at the rate of 10% on the value of closing stock of Coal is made to take care of deterioration of stock due to fire and longer period of stocking etc. where the

stock is valued at Net realizable value. No such provision is made where the stock is valued at cost.

10.3 Stock of stores & spare parts at Central & Area Stores are valued at cost calculated on the basis of the weighted average method. The year-end inventory of stores & spare parts lying at collieries/sub stores/consuming centers, initially charged off, at issue price of Area Stores are valued at cost/estimated cost.

10.4 Provisions are made at the rate of 100% for unserviceable damaged and obsolete stores and 50% for stores & spares not moved for 5 years excepting insurance items.

10.5 Stock of stationery (other than lying at Printing Press), bricks, sand, medicine, (except at Central Hospitals) and scraps are not considered in inventory.

11. FOREIGN CURRENCY TRANSACTIONS

11.1 Foreign currency transaction are booked using exchange rates prevailing on the date of transactions.

11.2 Foreign currency loans in respect of fixed asset, outstanding on the Balance Sheet date are translated at the exchange rate prevalent on that day and any loss or gain arising out of such transactions is added/deducted from the cost of the fixed assets.

11.3 Monetary current assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at the year end rates. The difference in translation of monetary current assets and liabilities and realized gains and losses on foreign exchange transactions are recognized in the Profit & Loss account, except those relating to acquisition of fixed assets, which are capitalized.

12. BORROWING COST

Borrowing Costs directly attributable to the acquisition or construction of qualifying

assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred.

13. INCOME TAX

13.1 Provision of Current income tax is made in accordance with Income Tax Act 1961.

13.2 Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to consideration of prudence, on timing difference, being differences between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

14. BALANCE WITH COAL INDIA LIMITED (HOLDING COMPANY)

14.1 Amount due to / from Coal India Limited on account of loan after adjustment for conversion to equity or vice-versa from time to time is shown as Unsecured Loan.

14.2 Amount due / receivable for transaction booked in current account is shown under current liabilities / current assets.

15. APEX OFFICE AND INTEREST CHARGES TO HOLDING COMPANY

15.1 Apex office charges as levied by Holding Company are allocated to revenue mines on the basis of coal production.

15.2 Interest on loans through Holding Company for procurement of specific assets is accounted for as per terms of loan agreement and corresponding memos from them.

16. OVERBURDEN REMOVAL (OBR) EXPENSES

In Opencast mines with rated capacity of 1 million tonnes and above, the cost of OBR is charged on technically evaluated average ratio (Coal: Over Burden) at each mine with due adjustment for advance stripping and ratio variance account after the mines are brought to revenue. Net of balances of advance stripping and ratio variance at the

end of the year is shown as cost of removal of OB under the head current assets/ current liabilities, as the case may be.

The reported quantity of Over Burden as per record is considered in calculating the ratio for OBR accounting where the variance between reported quantity and measured quantity is within the lower of the two alternative permissible limits as detailed hereunder:

Annual Quantum of OBR of the Mine	Permissible limits	Of variance
	I %	II Quantum (in Mill.cu.Mtr.)
Less than 1 Mill. Cu. M	± 5%	0.03
Between 1 and 5 Mill. Cu. M	± 3%	0.20
More than 5 Mill.Cu .M.	± 2%	Nil

However, where the variance is beyond the permissible limits as above, the measured quantity is considered.

17. PRIOR PERIOD ADJUSTMENT

Income / expenditure items relating to prior period(s) which do not exceed Rs 5.00 lakh in each case are treated as income/ expenditure for the current year.

18. CORPORATE SOCIAL RESPONSIBILITY

CSR Reserve is created equivalent to 5% of retained earnings of the previous year, subject to minimum of Rs 5/ per tonne of coal production of the previous year after adjustment of actual expenses incurred for such activity.

19. PROVISION

A provision is recognized when the enterprise has a present obligation as a result of past event: it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are

determined based on best estimate required to settle the obligation at the balance sheet date.

20. CONTINGENT LIABILITY

Contingent liability is a present obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non- occurrence of one

or more uncertain future events not wholly within the control of the enterprise or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation or reliable estimate of the amount can not be made. Contingent liabilities are not provided for in the accounts and are disclosed by way of notes.

SCHEDULE - P**NOTES ON ACCOUNTS**

1.0 Mahanadi Coalfields Limited was incorporated on 3rd April, 1992 as a 100% Subsidiary of Coal India Limited (CIL) upon taking over of assets and liabilities of South Eastern Coalfields Limited in respect of mines in the State of Orissa.

2.0 RESERVES AND SURPLUS

2.1 General Reserve: ₹ 26093.17 lakh (as at 31.03.2010 ₹ 19466.92 lakh) being 10% of profit after tax is transferred to General reserve during the year.

2.2 As per policy of the company an amount of ₹ 461.91 lakh i.e. the difference between CSR reserve and actual expenditure incurred has been transferred to CSR reserve.

3.0 UNSECURED LOANS

3.1 Unsecured loan was availed by Coal India Limited, guaranteed by Government of India, from World Bank to finance Coal Sector Rehabilitation Project (CSRP) based on back to back agreement between the Company and Coal India Limited. The loan outstanding as on 31.03..2011 (net after repayments) is ₹ 13268.79 lakh (as at 31.03.2010 ₹ 14169.66 lakh) The details of balance are as under :

Bank	Balance 1.4.2010 US \$	Repayment Up to 31.03.2011 US \$	Balance 31.03.2011 US \$	Balance 01.04.2010 ₹ In lakh	Repayment Upto 31.03.2011 ₹ In lakh	Translation Difference ₹ In lakh	Balance 31.03.2011 ₹ In lakh
IBRD	15034671.95	1510690.00	13523984.95	6852.80	675.32	72.75	6104.73
	JP Yen	JP Yen	JP Yen				
JBIC	1493235898	186878689.00	1306357207	7316.86	1029.56	-876.76	7164.06
Total				14169.66	1704.88	-804.01	13268.79

3.2 The balance loan (net of repayments) of ₹ 897.86 lakh (As at 31.03.2010 ₹ 909.20 lakh) is for the purchase of 4 nos Hydraulic shovels from Leibherr, France. The loans

have been arranged through credit agreement with Banque Nationale De Paris and Natexis Banque.

4.0 FIXED ASSETS

4.1 The Company took over various Assets and Liabilities from Coal Mines Labour Welfare Organisation and Coal Mines Rescue Organisation for which no quantitative details are available. Adjustments, if any, will be made on finalisation of quantity and value thereof.

4.2 Lease hold land includes land acquired under Coal Bearing Areas (Acquisition and Development) Act, 1957 and Land Acquisition Act, 1894, Orissa Government Land Settlement Act 1962. Lease hold land acquired under Coal Bearing Areas (Acquisition and Development) Act, 1957 has been capitalized on the basis of notification transferring the ownership of land to the extent for which sanction / approval has been received . Land acquired under Land Acquisition Act, 1894, Orissa Government Land Settlement Act 1962 has been capitalized on the basis of possession certified by State Authorities.

4.3 Conveyance deed of land in favour of the company is pending for execution in most of the cases.

4.4 The company has the practice of capitalizing interest paid on enhanced compensation to land owners in respect of land acquired under Coal Bearing Areas (A& D) Act 1957 and Land Acquisition Act 1894 since inception. The interest element forming part of cost of land in case of land acquired under Land Acquisition Act 1894 after possession has not been ascertained.

4.5 The carrying cost of the Fixed Assets acquired against World Bank aided projects and Deferred Credit has increased to the extent of ₹ 466.16 lakh (for previous year

ended on 31.03.2010, decreased by ₹ 1092.88 lakh) for exchange rate fluctuation in line with the accounting policy para 11.1 of Schedule – O.

4.6 The fixed assets have been Physically verified by the Company in most of areas by outside professionals appointed by the company. During the year an amount of ₹ 4.78 lakh (previous year ₹ 102.86 lakh) has been provided based on discrepancies noticed on physical verification on adhoc basis pending reconciliation. Further adjustment will be made after reconciliation of physical verification of fixed assets.

4.7 In case of items of Plant & Machinery, which are kept in plant pending installation and at store for more than three years, provision equivalent to depreciation is made from the 4th year followed by action for formal write-off where necessary. If any such item of plant & machinery is put to use afterwards i.e., after provisions have already been made, depreciation charged in first year of use is depreciation for the year plus provision already made against the item with due accounting adjustments between depreciation & such provision. During the year an amount of ₹ 87.18 Lakh has been provided on this account and the cumulative provision stood at ₹ 1116.08 lakh.

4.8 Land acquired under Coal Bearing Areas (A&D) Act 1957 has been capitalised during the year upon notification under Act transferring the ownership and obtaining sanction from authority as against the earlier practice of capitalizing the same on payment basis. Due to the change, an amount of ₹ 3259.03 lakh has been added to gross block with further amortization of ₹ 46.76 lakh which has been charged to profit and loss account.

5.0 INVESTMENT

5.1 As per tripartite agreements with State Electricity Boards (SEB), in the year 2003-04 the Company had received 8.5% Tax Free Power Bonds (unquoted long term investment) of nominal value ₹ 34432.00

lakh against old outstanding dues as on 30th September, 2001 from three SEBs (MSEB, TNEB and WBPDC).

The details of the unredeemed bonds are as under:

₹ in Lakh			
Particulars of bonds	Opening balance as at 01.04.2010	Redeemed during the year	Closing balance as at 31.03.2011
MSEB	6831.60	1138.60	5693.00
WBPDC	6789.60	1131.60	5658.00
TOTAL	13621.20	2270.20	11351.00

All bonds are backed by respective State Government's guarantees.

5.2 Interest amounting to ₹ 1109.56 lakh (as at 31.03.2010 ₹ 1302.53 lakh) has been earned during the year from the Power Bonds.

5.3 Though the Reserve Bank of India allowed partial trading of 8.5% Tax Free Power Bonds of State Electricity Boards (SEB), the company has decided to hold the same as long term investment.

6.0 INVENTORIES

6.1 Stores and spares

6.1.1 During the year, the shortage/excess reported in respect of physical verification of stores/spares have been provided in accounts. The cumulative provision as at 31.03.2011 stands at ₹ 93.90 lakh.

6.1.2 Pending reconciliation of stores ledger with price ledger, the impact of shortage / excess if any, on the accounts for the year remain unadjusted in some areas.

6.1.3 In respect of stores and spares obsolete/unserviceable items and items which have not moved for more than five years, a provision of 100 % & 50% respectively are made as per Accounting Policy Para 10.5 of Schedule – O.

6.1.4 Valuation of stores and spares has been done on weighted average method as

per accounting policy of the company (as mentioned in Para 10.3 of Schedule – O). The comparison of cost so arrived, with net realizable value is neither made nor adjusted in the account due to difficulty in ascertainment of net realizable value.

6.1.5 The Company is yet to carry out exercise for identification of unserviceable/ obsolete stores and spares in some of the areas.

6.2 Coal Stock

Internal survey measurement teams have physically verified closing stock of coal. In some areas the same has also been verified by outside teams. The Shortage/surplus found on physical verification of coal stock within $\pm 5\%$ over book stock (mine/colliery wise), is ignored pursuant to Accounting Policy (refer Para 10.1 of Schedule - O). As a result, Net shortage within $\pm 5\%$ over book stock (mine/colliery wise) weighing 7.11 Lakh Tonne valued at ₹ 1575.23 lakh remained unadjusted in the books of accounts.

7.0 CASH AND BANK BALANCES

Cash and Bank balance includes :

- (a) ₹ 96.60 lakhs (unclaimed OREEP Tax) has been received from Hon'ble Supreme Court of India towards corpus fund of trust. This amount has been kept as fixed deposit since the trust is yet to be formed. The interest accrued thereon up to 31.03.2011 is ₹ 36.00 lakh (up to 31.03.2010 ₹ 28.96 lakh).
- (b) ₹ 20.00 lakh deposits with State Bank of India, MCL complex earmarked for Corpus fund of Utkal Rangamanch Trust, interest income of which is disbursed to the Trust.
- (c) The balance of current accounts includes current linked termed deposits which are temporarily transferred from current account.

(d) Fixed Deposit amounting to ₹ 6674.40 lakh and ₹ 11131.40 lakh have been placed under lien of State Bank of India for issuing letter of comfort for issuance of Bank Guarantee in favour of President of India to fulfill the terms of allocation of blocks on behalf of subsidiary companies i.e. M/S MJSJ Coal Ltd. and M/S MNH Shakti Ltd. respectively.

(e) ₹ 120.47 lakh including accrued interest of ₹ 61.74 lakh being special term deposit made out of money recovered through the Hon'ble District Court Sundargarh against defalcation of cash by an officer, which is under lien to the Court pending finalization of the case.

(f) Fixed deposit includes ₹ 466.08 lakh made against price difference recovered against explosive rate contracts in the year 2005-06, as per court order.

8.0 LOANS AND ADVANCES AND OTHER CURRENT ASSETS

8.1 Confirmations of balances of loans and advances have not been obtained in all the cases.

8.2 Deposit made with State Government amounting to ₹ 8889.26 lakh for acquiring 1073.29 acres of land under LA Act 1894 is included in "Deposit with others" in schedule – L which would be capitalized on possession given to Company by State Authority.

9.0 CURRENT LIABILITIES AND PROVISIONS

Current liabilities includes -

(a) Advance from customers (Schedule– M) includes Cess on Coal including principal of ₹ 840.27 lakh (net of payments) and interest of ₹ 947.11 lakh (net of payments) against receipts from Government of Orissa in the year 2005-06 as per directive

of Hon'ble Supreme Court judgement dated 31.07.2001. The money is refundable to the customers. During the current year the Company has provided interest of ₹100.84 lakh (previous year ₹100.83 lakh) calculated at the rate of 12% for the unpaid principal amount of the Cess liability. The total liability thus included therein becomes ₹2344.55 lakh (as at 31.03.2010 ₹2243.71 lakh) as at 31.03.2011. The Company has not identified the customers / parties to whom the refund is to be made. Finalisation of modalities for refunding the same to the customers / parties is yet to be done.

- (b) During the year 2006-07, ₹96.60 lakh (unclaimed OREEP Tax) was received from Hon'ble Supreme Court of India for keeping in bank deposit in the name of a Trust. The income from it is to be utilized for the welfare of the employees. The money has been kept as Fixed Deposit which stood at ₹132.60 lakh (as at 31.03.2010 ₹125.56 lakh) inclusive of interest of ₹36.00 lakh earned till 31.03.2011 and shown as OREEP tax in Schedule M (Current liabilities and Provisions) pending formulation of trust.

10.0 PROFIT AND LOSS ACCOUNT

- 10.1 Provision of ₹87.18 lakh during the year ended on 31.03.2011 (for previous year ended on 31.03.2010 ₹288.52 lakh) against P & M in stores/ under erection / installation has been taken at the depreciation rate on P&M items from the 4th year of purchase/acquisition/ construction as the case may be.
- 10.2 Profit on sale of assets (Sch - 4) includes ₹1029.98 lakh (for previous year ended on 31.03.2010 ₹1589.25 lakh) on account of sale of Coal Blocks. The income has been derived after adjustment of exploration and other related costs for the blocks.

10.3 Due to revision of useful life of photo copiers from 20 to 6 years, the net profit for the year has been reduced to the extent of ₹66.27 lakh.

10.4 During the year, the Company has decided to drop the accounting policy to account for expenses incurred on repair jobs at its central workshops under Finished goods and Work in progress. Due to such Change the profit for the year has been reduced by ₹305.32 lakh.

10.5 The company has revised the Average Stripping Ratios for OBR adjustment of the following mines as under in the year 2010-11 as per approval of the Board of Directors. In respect of other mines, the ratio will remain same for the current year.

Sl. No.	Project	Revised Ratio to be adopted during 2010-11	Ratio adopted during 2009-10
1.	Lingraj OC Expn. Ph III 16 MTY	0.68	0.69
2.	Belpahar OC Expn. Ph. II 8 MTY	1.43	1.74

Due to change in the stripping ratio, the profit of the company for the year has increased by ₹4722.42 lakh.

11.0 CONTINGENT LIABILITIES

11.1 The details of Contingent liability are given below :

Particulars	Amount in lakh ₹	Amount in lakh ₹
	As at 31.03.2011	As at 31.03.2010
Suits against the Company	14645.98	12078.15
Other Claims	5060.44	3967.91
Claims by Forest Dept.	10017.85	—
Income Tax	45564.12	63155.92
Sales Tax	4220.00	4200.00
Road Tax	2023.39	—
Total	81531.78	83401.98

11.2 Some claims are pending in Court for enhancement of compensation for land acquired from private parties and others in respect of which the amount is not ascertained.

11.3 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) in relation to execution of works and purchase of equipment, to the extent available, is ₹ 39891.23 lakh (as at 31.03.2010, ₹ 54758.28 lakh).

12.0 CHARGE ON CURRENT ASSETS

A charge has been created for ₹ 16500.00 lakh on Book-debts and Inventories for securing working capital facility from CIL's Consortium Banks as per joint deed of hypothecation-dated 16.12.2003 and subsequent Company Board Resolution dated 22.12.2007.

13.0 RETIREMENT BENEFITS

13.1 **Gratuity, Leave Encashment as per actuarial valuation :**

₹ in Lakh				
Employee Benefits	Actuarial Liability as at 01.04.2010	Incremental Liability	Deposited/ paid to MCL group fund till 31.03.2011	Net Liability (- asset) as at 31.03.2011
Gratuity	5640.44	3487.62	9798.49	-670.43
Earned leave	7876.94	1696.04	No Fund	9572.98
Half Pay Leave	2518.36	248.81	No Fund	2767.17
Total	16035.74	5432.47	9798.49	11669.72

13.2 **Other Employee Benefits as per actuarial valuation:** The Company has provided the incremental liability during the year as under :

Employee Benefits	Liability as at 01.04.2010 (₹ in Lakh)	Incremental/ decremental Liability provided during the year (₹ in Lakh)	Liability as at 31.03.2011 (₹ in Lakh)
Settlement Allowance	26.08	-13.61	12.47
Life cover Scheme Non Exe.	293.38	-14.89	278.49
Group personal accident insurance – Exe.	10.20	-0.03	10.17
Medical benefit for retired executives	63.76	81.81	145.57
Compensation to Dependants of deceased in mine accident	1188.30	156.71	1345.01
LTA/ LTC	1522.62	137.64	1660.26

13.3 Pension as per schedule - 8 shown as ₹ 501.02 lakh includes ₹ 357.71 lakh paid to Ex-NCDC employees which have been charged to Revenue on cash basis under Employees Remuneration and Benefits.

13.4 Pension management in respect of employees of the Company, is done by Coal Mines Provident Fund Authority (an independent body).

14.0 TRANSACTIONS RELATING TO HOLDING COMPANY

14.1 Apex office charges shown as per schedule -12 amounting to ₹ 5530.03 lakh (for previous year ended on 31.03.2010 ₹ 5766.95 lakh) is levied by the Holding Company towards rendering various services like procurement, foreign contract, marketing and Corporate Service including service tax, based on agreement entered on 1st July, 1998 as per intimation from Holding company.

14.2 Training expenses (Schedule -11 Social facilities expenses) includes an amount to ₹ 501.39 lakh (for previous year ended on 31.03.2010 ₹ 520.40 lakh) levied by the Holding Company on account of payment to Indian Institute of Coal Management.

14.3 As per CIL Board resolution in its 214th meeting held on 12.2.2004, the Company

has charged ₹ 6125.28 lakh (for previous year ended on 31.03.2010 ₹ 5889.12 lakh) on despatch of coal towards Rehabilitation Fund set up by Coal India Limited.

15.0 EXCHANGE RATE FLUCTUATION

Consequent upon fluctuation in the value of foreign currency loans, the rupee liability of the Company in respect of such loans has increased by ₹ 841.69 lakh (as at 31.03.2010, decrease by ₹ 1609.63 lakh). This increase has been adjusted in the carrying cost of the fixed assets to the extent of increase of ₹ 466.16 lakh (as at 31.03.2010 decreased by ₹ 1092.88 lakh) and the balance of ₹ 375.53 lakh (as at 31.03.2010, gain for ₹ 516.75 lakhs) has been treated as "Loss on fluctuation" in schedule -12.

16.0 COMPLIANCE OF ACCOUNTING STANDARDS

16.1 AS-12: Accounting for Government Grants : The Company has recognized ₹ 88.86 lakh (Schedule-4) (for previous year ended on 31.03.2010 ₹ 117.19 lakh) as Income from Stowing and Protective Subsidy / CCDA grant.

16.2 AS-15: Accounting for Employee Benefits : The company has determined the liability for employee benefits as at 31.03.2011 in accordance with the revised AS 15 – Employee benefits issued by ICAI.

The following disclosures are made in accordance with AS-15 (Revised) pertaining to the Gratuity (Funded Plan) :

Table Showing Changes in Present Value of Obligations

₹ in Lakh	
Particulars	As at 31.03.2011
Present Value of the Obligation at the beginning of the year	39145.90
Interest Cost	3177.77
Current Service Cost	2032.71
Benefits Paid	3520.87
Actuarial gain/loss on Obligations	1736.36
Present Value of the Obligation at the end of the year	42571.87

Table Showing Changes in Fair Value of Plan Assets

₹ in Lakh

Particulars	As at 31.03.2011
Fair Value of the Plan Asset at the beginning of the year	33505.46
Acquisition Adjustment	0.00
Expected Return on Plan Asset	2680.44
Contributions	9798.49
Benefits Paid	3520.87
Actuarial gain/loss on Obligations	778.78
Fair Value of the Plan Asset at the end of the year	43242.30

Table Showing Funded Status

₹ in Lakh

Particulars	As at 31.03.2011
Present Value of the Obligation at the end of the year	42571.87
Fair Value of the Plan Asset at the end of the year	43242.30
Funded Status	670.43
Unrecognized actuarial gain/loss at the end of the year	0.00
Net Asset (Liability) Recognized in the Balance Sheet	670.43

Table Showing Expense Recognized in the Statement of Profit/Loss

₹ in Lakh

Particulars	As at 31.03.2011
Current Service Cost	2032.71
Past Service Cost	0.00
Interest Cost	3177.77
Expected return on Plan Asset	2680.44
Actuarial gain/loss recognized in the year	957.58
Expense Recognized in the Statement of Profit/Loss	3487.62

Table Showing Actuarial Assumptions

Particulars	As at 31.03.2011
Mortality Table	LICI 1994-1996
Superannuation Age	60
Early Retirement & Disablement	10 Per Thousand P. A. 6 above age 45 3 between 29 and 45 1 below age 29
Discount Rate	8.5
Inflation Rate	6.0
Return on Asset	8.0
Remaining Working Life	14
Formula Used	Projected Unit Credit Method

Table Showing Expense Recognized in the Statement of Profit/Loss

Particulars	As at 31.03.2011
Current Service Cost	2291.87
Past Service Cost	0.00
Interest Cost	853.15
Expected return on Plan Asset	0.00
Actuarial gain/loss recognized in the year	-483.62
Expense Recognized in the Statement of Profit/Loss	2661.40

Movements in the Liability Recognized in the Balance Sheet

Particulars	As at 31.03.2011
Opening net Liability	5640.44
Expenses on above	3487.62
Contributions	9798.49
Closing Net Liability	-670.43
Closing Fund/Provision at the end of the year	42571.87

The following disclosures are made in accordance with AS 15 (Revised) pertaining to the leave encashment benefits (EL/HPL) (Unfunded plan).

Table Showing Changes in Present Value of Obligations

Particulars	As at 31.03.2011
Present Value of the Obligation at the beginning of the year	10395.31
Interest Cost	853.15
Current Service Cost	2291.87
Benefits Paid	716.55
Actuarial gain/loss on Obligations	-483.62
Present Value of the Obligation at the end of the year	12340.16

Table Showing Actuarial Assumptions

Particulars	As at 31.03.2011
Mortality Table	LICI 1994-1996
Superannuation Age	60
Early Retirement & Disablement	10 Per Thousand P. A. 6 above age 45 3 between 29 and 45 1 below age 29
Discount Rate	8.5
Inflation Rate	6.0
Return on Asset	8.0
Remaining Working Life	14
Formula Used	Projected Unit Credit Method

Movements in the Liability Recognized in the Balance Sheet

Particulars	As at 31.03.2011
Opening net Liability	0.00
Expenses on above	2661.40
Contributions	0.00
Closing Net Liability	2661.40
Closing Fund/Provision at the end of the year	12340.16

Note to appendix b of AS 15 (revised 2005).

As the scheme is unfunded charges to profit /loss account has been based on following assumptions :

- (1) Previous obligation was provided for at last accounting date
- (2) Benefit to exits has been paid to debit of above provision
- (3) Current obligation will be provided for at current accounting date

16.3 AS-16: Borrowing Cost : There are no qualifying assets for which interest has been borne by the Company, as such no borrowing cost has been capitalized.

16.4 AS-17: Segment Reporting : The Company is primarily engaged in a single segment business of production and sale of coal. There is no reportable primary segment identifiable in accordance with AS-17.

16.5 AS-18: Related Party Disclosures : In view of exemption granted to state controlled enterprises as regards related party relationship with other state controlled enterprises and transactions with such enterprises, no disclosure under AS-18 is required.

16.6 AS-20: Earning per share: The basic earnings per share (EPS) is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted EPS, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

The computation of EPS is set out below :

Particulars	Current year 31.03.2011	Previous year ended on 31.03.2011
Profit after tax (₹ in lakh)	260931.66	194669.19
Profit attributable to ordinary shareholders (₹ in lakh)	260931.66	194669.19
No. of Ordinary Shares for basic and diluted EPS (Nos)	1864009	1864009
Nominal value of Ordinary Shares (₹)	1000	1000
Basic & Diluted Earning per ordinary Share (₹)	13998.41	10443.58

16.7 AS-21 : Investments in Subsidiaries :

On incorporation of subsidiaries on the basis of joint venture agreement as per directives from the Ministry of Coal, the Company has deposited money/ transferred debits for capital and other expenditure. The position of investment and other current account as at 31.03.2011 is as under:

Name of Subsidiary	Stake in Subsidiary	Date of incorporation	Investment in equity shares (in lakh ₹)	Balance in current accounts (in lakh ₹)
1. MNH Shakti Ltd.	70 %	16.07.2008	1757.00	1678.75
2. MJSJ Coal Ltd.	60 %	13.08.2008	2406.00	2658.82
TOTAL			4163.00	4337.57

Both the subsidiaries are in development stage.

16.8 AS-28 : Impairment of Assets :

In coal industry, fixed assets are classified under Major heads viz. Land, Buildings, Plant and Machinery, Exploration Boring and Development, In case of land and building, there is universally upward trend in valuation. Unless there is damage to buildings m there is no need to made any provision. Similarly in case of plant and machinery, there is no downward trend in price as per RBI index, hence no impairment unless asset is obsolete or damaged. However impairment is considered for old machinery meant for exclusive use in loss

making underground mines. In coal industry, only prospecting, boring and development expenses can be prima facie considered to have been impaired in continuous loss making mines, provided there is no clear indication for its revival in near future.

A provision for ₹ 12.32 lakh (for previous year ending on 31.03.2010 ₹ 190.76) has been made during the year s against other fixed assets(with no alternative use value). Thus total cumulative provision for Impairment. as at 31.03.2011 stands at ₹ 2285.85 lakh (as at 31.03.2010 ₹ 2273.53 lakh)

(₹ in Lakh)

Sl. No.	Particulars	Opening Balance As at 01.04.2010	Provision/ addition during the year	Paid/ adjustment during the year	Balance As at 31.03.2011
1.	Provision for Reclamation of land	2463.20	—	-2384.58	78.62
2.	OBR Adjustment	407391.87	122546.00	—	529937.87
3.	Provision for Taxation	112235.96	158202.14	116573.25	153864.85
4.	Provision for Dividend	66900.00	157001.63	106901.63	117000.00
5.	Mine Closure Plan	—	5935.75	—	5935.75

16.9 Accounting Standard 29 :

16.9.1 As per guideline No 55011-01-2009 –CPAM dt 27.08.2009 issued by Ministry of Coal, Government of India, the company has made a provision during the year for mine closure expenses in respect of all operating mines. Accordingly a provision for ₹ 5935.75 lakh has been made @ ₹ 6.00 lakh per hectre for open cast mine and ₹ 1.00 lakh per hectre for underground mine as specified in the said guideline. The earlier liability provision made for reclamation of land upto 31.03.2010 in respect of operating mines amounting to ₹ 2384.58 lakh has been withdrawn/ written back being no more required.

16.9.2 Current Liabilities and Provision includes ₹ 730.47 lakh on account of provision taken towards stowing and stabilization of unstable workings of Deulbera colliery after adjusting current year expenditure other than salary & wages of ₹ 16.26 lakh against a comprehensive scheme of ₹ 944.41 lakh (Excluding departmental salary and wages for ₹ 1821.15 lakh). As the stabilization of unstable workings of Deulbera Colliery through sand stowing is being carried out by existing departmental manpower of Deulbera Colliery, for which salaries and wages for ₹ 1643.53 lakh being part of the scheme has not been provided for.

16.9.3 Details of movements in provision in accordance with AS 29 :

17.0 ACCOUNTING FOR TAXES ON INCOME

17.1 For the current year, the Income Tax provision has been taken at ₹ 132126.13 lakh (Previous year ended on 31.03.2010 ₹ 98209.08 lakh). Provision for ₹ 15.00 lakh has been made for wealth tax for the current year. Wealth Tax of ₹ 29.80 lakh in Sch-12 includes ₹ 14.80 lakh for previous year.

17.2 As per requirement of Accounting Standard-22, there is a net deferred tax liability of ₹ 10493.17 lakh as at 31.03.2011 (as at 31.03.2010 Asset ₹ 972.70 lakh). The Deferred tax liability/assets comprises of tax effect of timing differences as detailed below:

	As on 31.03.11 (₹ in lakh)	As on 31.03.10 (₹ in lakh)
Deferred Tax Liability :		
Excess of Net Block over written down value as per provisions of Income-tax Act, 1961	10244.41	5383.08
Deferred Tax Asset :		
Provision for Doubtful Debts	368.90	735.17
Provision for other Employees Benefit	0.00	0.00
Provision for Leave Encashment	3384.52	3132.88
Provision for Gratuity	89.79	2622.19
Provision for Doubtful Advances	109.02	131.53
Disallowance u/s.43B of Income-tax Act, 1961	2305.22	621.02
Other Provision / Misc. items	-7513.71	-1894.51
Sub-Total	-1256.26	5348.28
Deferred Tax adjustment	1007.50	1007.50
Total	-248.76	6355.78
NET DEFERRED TAX LIABILITY	10493.17	972.70

18.0 GENERAL

18.1 Confirmation of balances of Sundry Creditors, various advances and deposits received etc. has not been obtained in all the cases.

18.2 The Company has not received any intimation from "suppliers." regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been furnished.

18.3 Previous year figures have been re-arranged, re-grouped, re-classified wherever necessary, to make them more comparable with those of current year.

19.0 OTHERS**A. Directors' Remuneration**

(₹ In Lakh)

	For Current Year ended on 31.03.2011	For Previous Year ended on 31.03.2010
Salary	73.39	61.77
P.F.	9.16	5.93
Perquisites	1.42	1.83
Total	83.97	69.53

Note:

- Perquisites do not include value/charges for house rent/electrical energy, which has been recovered as per rules of the Company and value of free medical facilities in Company hospitals/dispensary.
- The Chairman-cum-Managing Director and full time Directors have the option to use the staff car for purposes other than official duty up to a ceiling of 750 Km per month, on payment at concessional rate, in accordance with the provisions of Government of India, Ministry of Finance, Bureau of Public Enterprises O.M. No.2

(18)/PC-64 dated 20.11.1964 as amended from time to time.

B. Capacity

- Licensed Capacity – Not applicable
- Installed Capacity – Not assessed
- Actual production during the year – 1002.79 lakh tonne
(for Previous year ended on 31.03.2010 1040.79 lakh tonnes)

C. Imports

(₹ in Lakh)

C.I.F. value of imports	For Current Year ended 31.03.2011	For Previous Year ended 31.03.2010
(i) Raw Materials	NIL	NIL
(ii) Components & Spare Parts	863.46	175.22
(iii) Capital Goods	1764.59	1363.84

D. Expenditure in Foreign Currency

(₹ in Lakh)

	For Current Year ended 31.03.2011	For Previous Year ended 31.03.2010
(i) Travelling	4.78	3.19
(ii) Commitment charges	0.00	0.00
(iii) Interest	213.81	270.65
(iv) Others	21.47	NIL

E. Value of Imported/indigenous Raw Materials and Stores & Spares and Components Consumed

Particulars	For Current Year ended 31.03.2011		For Previous Year ended 31.03.2010	
	Value Value (₹ in Lakh)	Percentage	Value Value (₹ in lakh)	Percentage
Imported	Not determined			
Indigenous	Not determined			
Total	48820.44	100	47112.85	100

F. Statement of Opening Stock, Production, Off-take and Closing Stock

	For Current Year ended on 31.03.2011		For Previous Year ended on 31.03.2010	
	Quantity (L. MT)	Value (L. ₹)	Quantity (L. MT)	Value (L. ₹)
OPENING STOCK:				
Revenue Mines	233.43	34659.68	173.99	41440.84
Total	233.43	34659.68	173.99	41440.84
PRODUCTION				
(a) Revenue mines	1002.64	704799.27	1040.79	574648.60
(b) Development mines	0.15	91.77	0.00	0.00
Total	1002.79	704891.04	1040.79	574648.60
SALES				
(a) Revenue mines	1020.86	691775.05	981.30	581369.97
(b) Development mines	0.00	0.00	0.00	0.00
Total	1020.86	691775.05	981.30	581369.97
Own consumption (Revenue)	0.05	73.34	0.05	59.79
CLOSING STOCK				
(a) Revenue mines	215.16	47610.56	233.43	34659.68
(b) Development mines	0.15	91.77	0.00	0.00
Total	215.31	47702.33	233.43	34659.68

NOTE:

- (i) Opening and Closing stock values are before adjustment of provision for shortage, deterioration and re-handling charges (refer to Schedule – H).
- (ii) Production values are derived from the records of dispatches, internal consumption etc., and adjustment for opening and closing stocks. Value of production represents value of sales and internal consumption adjusted with accretion/decretion to stocks.

For and on behalf of Board of Directors

Sd/-
S.C. Behera
Company Secretary

Sd/-
M. Nagarajan
Chief General Manager (Finance)

Sd/-
K. Biswal
Director (Finance)

Sd/-
A. N. Sahay
Chairman-Cum-Managing Director

As per our report of even date
For A. K. Sabat & Co.
Chartered Accountants
Sd/-
(CA A. K. Sabat)
Partner
(Membership No. 30310)

Place : Burla
Date : 18.05.11

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registered No. : 15 - 03038 State Code : 15
Balance Sheet Date : 31.03.2011

II. CAPITAL RAISED DURING THE YEAR (AMOUNT ₹ IN LAKH)

Public issue : Nil Right Issue : Nil
Bonus issue : Nil Private Placement : Nil

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT ₹ IN LAKH)

Total Liabilities	: 679473.91	Total Assets	: 679473.91
Source of Funds	:	Reserve & Surplus	: 636174.00
Paid-up Capital	: 18640.09	Unsecured Loans	: 14166.65
Secured Loans	: Nil	Deferred Tax Assets	
Deferred Tax Assets	: 10493.17		
Application of Funds	:	Investments	: 15514.00
Net Fixed Assets	: 240180.94	Misc. Expenditure	: Nil
Net Current Assets	: 423778.97		
Accumulated Losses	:		

IV. PERFORMANCE OF COMPANY (AMOUNT ₹ IN LAKH)

Turnover (Total Income)	: 859331.95	Total Expenditure (incl PP Adjustment)	: 455401.77
Profit / (Loss) before Tax	: 403930.18	Profit / (Loss) after Tax	: 260931.66
Earning Per Share (₹)	: 13998.41	Dividend Rate % (Excl. Tax on Dividend)	: 842.28

V. GENERIC NAMES OF PRINCIPAL PRODUCT OF COMPANY

Item Code No. : 270112
Product Description : COAL

For and on behalf of Board of Directors

Sd/-
S.C. Behera
Company Secretary

Sd/-
M. Nagarajan
Chief General Manager (Finance)

Sd/-
K. Biswal
Director (Finance)

Sd/-
A. N. Sahay
Chairman-Cum-Managing Director

As per our report of even date

For A. K. Sabat & Co.

Chartered Accountants

Sd/-

(CA A. K. Sabat)

Partner

(Membership No. 30310)

Place : Burla
Date : 18.05.11

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2011

	For the year ended on 31.03.2011 (₹ in Lakh)	For the year ended on 31.03.2010 (₹ in Lakh)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	403930.18	295057.55
Adjustment for :		
Depreciation & Impairment	11784.67	12166.58
Exchange rate fluctuation	375.53	-516.75
OBR Adjustment	122546.00	153439.39
Interest / Dividend (Received)	-70823.69	-63353.23
Interest/Financial Charges (Paid)	-551.87	637.71
Provision against Debtors/Inventories/ Other CA/Loans&Adv.	5829.16	-275.97
Deferred Tax Liability	1718.57	627.82
Operating Profit before Working Capital Changes	474808.55	397783.10
Adjustments for :		
Changes in Investments	0.00	0.00
Changes in Inventories	-13636.66	6920.83
Changes in Sundry Debtors	2023.75	3850.98
Changes in other Current Assets	-10902.01	-3710.58
Changes in Loans and Advances	-3366.35	-1033.07
Changes in Current Liabilities	9974.53	27495.23
Cash generated from operations	458901.81	431306.49
Direct taxes paid	-157007.60	-138088.85
Deferred Tax Liabilities	-1718.57	-627.82
Cash Flow before extraordinary items	300175.64	292589.82
Extraordinary items	0.00	0.00
Net Cash from operating activities	300175.64	292589.82
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Other than P&B, Dev.)	-49454.01	-41339.97
Purchase of Fixed Assets (P&B, Dev.)	-1493.07	-3726.13
Short Term Deposit with CIL	23335.34	-29796.53
Miscellaneous receipts	0.00	0.00
Acquisition of Companies	0.00	0.00
Change in Investments	2270.20	-1879.80
Interest received	70823.69	63353.23
Dividend received	0.00	0.00
Net Cash used in investing activities	45482.15	-13389.20

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2011 (CONTD..)

	For the year ended on 31.03.2011 (₹ in Lakh)	For the year ended on 31.03.2010 (₹ in Lakh)
C. CASH FLOW FROM FINANCING ACTIVITIES		
World Bank Loan through CIL	-900.87	-1615.07
Deferred Credit Loan	-11.34	-93.37
Exchange Rate Fluctuation	-375.53	516.75
Repayment of CIL Loan	0.00	0.00
Redemption of preference share capital	0.00	0.00
Interest and financial charges	551.87	-637.71
Dividend paid	-106901.63	-104000.00
Net Cash used in financing activities	-107637.50	-105829.40
Net increase in cash and cash equivalents	238020.29	173371.22
Cash and cash equivalents as at beginning of the year	750701.43	577330.21
Cash and cash equivalents as at end of the year	988721.72	750701.43
	988721.72	

The aforesaid statement is prepared on indirect method 0.00

The figures of the previous year have been reclassified to conform to current year classification.

For and on behalf of Board of Directors

Sd/-
S.C. Behera
Company Secretary

Sd/-
M. Nagarajan
Chief General Manager (Finance)

Sd/-
K. Biswal
Director (Finance)

Sd/-
A. N. Sahay
Chairman-Cum-Managing Director

As per our report of even date
For A. K. Sabat & Co.
Chartered Accountants
Sd/-
(CA A. K. Sabat)
Partner
(Membership No. 30310)

Place : Burla
Date : 18.05.11

ANNUAL ACCOUNTS
CONSOLIDATED MCL & ITS SUBSIDIARIES
2010-11

Note : The Consolidated Accounts have been prepared according to the provisions of the Accounting Standard – 21 on ‘Consolidated Financial Statements’ issued by the Institute of Chartered Accountants of India.

The Consolidated Accounts are presented here as an additional information to the users and are not mandatory as per the provisions of the Companies Act, 1956.

BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2011

	SCHEDULE NO.	AS AT 31.03.2011 (₹ In lakh)	AS AT 31.03.2010 (₹ In lakh)
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
(a) Share Capital	A	18640.09	18640.09
(b) Reserves and Surplus	B	636174.00	556586.89
2. Loan Funds			
(a) Secured loans		Nil	Nil
(b) Unsecured loans	C	14166.65	15078.86
3. Minority Interest			
		3260.71	2360.71
4. Deferred Tax Liability (Net)			
		10493.17	0.00
TOTAL		682734.62	592666.55
II. APPLICATION OF FUNDS			
1. Fixed Assets			
(a) Gross Block	D	403366.52	344640.69
(b) Less : Depreciation & Provision for Impairment of Assets etc.		197442.65	185648.00
(c) Net Block		205923.87	158992.69
(d) Capital work-in-progress	E	41788.88	43988.41
(e) Discarded/Surveyed Off Assets	F	804.91	882.17
		248517.66	203863.27
2. Investment			
	G	11351.00	13621.20
3. Deferred Tax Assets (Net)			
		0.00	972.70
4. Current Assets, Loans and advances			
a) Inventories	H	59107.09	45272.22
b) Sundry Debtors	I	8092.20	9643.59
c) Cash and Bank Balances	J	992055.44	753240.93
d) Other Current Assets	K	29340.78	18434.90
e) Loans and Advances	L	374684.61	357875.72
		1463280.12	1184467.36
Less : Current Liabilities and Provisions	M	1040567.63	810411.45
Net Current Assets			
5. Miscellaneous expenditure (to the extent not written off or adjusted)			
	N	422712.49	374055.91
		153.47	153.47
TOTAL		682734.62	592666.55
Accounting Policies	O		
Notes on Accounts	P		

The Schedules referred to above form integral part of the Accounts

For and on behalf of Board of Directors

Sd/-
S.C. Behera
Company Secretary

Sd/-
M. Nagarajan
Chief General Manager (Finance)

Sd/-
K. Biswal
Director (Finance)

Sd/-
A. N. Sahay
Chairman-Cum-Managing Director

As per our report of even date

For A. K. Sabat & Co.
Chartered Accountants
Sd/-

(CA A. K. Sabat)
Partner
(Membership No. 30310)

Place : Burla
Date : 18.05.11

**PROFIT AND LOSS ACCOUNT (CONSOLIDATED)
FOR THE YEAR ENDED 31ST MARCH, 2011**

	SCHEDULE NO.	CURRENT YEAR ended 31st March 2011 (₹ In lakh)	PREVIOUS YEAR ended 31st March 2010 (₹ In lakh)
INCOME :			
Sales	1	743124.48	633982.01
Coal issued for other purpose	2	73.34	59.79
Accretion/(Decretion) in Stock	3	12684.75	-6664.01
Other Income	4	116207.47	107296.78
Total Income		872090.04	734674.57
EXPENDITURE			
Internal Consumption of Coal	5	73.34	59.79
Stores & Spare parts consumed	6	48279.04	46538.98
Power & Fuel Expenses	7	8433.29	6554.04
Employees Remuneration & Benefits	8	106466.92	97693.42
Contractual Expenses	9	96955.93	78531.17
Repair Expenses	10	3954.27	5017.46
Social Facilities Expenses	11	20518.97	14996.22
Other Expenditure	12	19122.40	14846.89
Overburden Removal Adjustment	13	122546.00	153439.39
Interest	14(A)	314.64	382.21
Financial Charges	14(B)	237.23	255.50
Depreciation	15	21148.37	14508.14
Provisions	16(A)	11067.18	401.33
Write off	16(B)	1.28	17.38
Contribution to Rehabilitation Fund		6125.28	5889.12
Total Expenditure		465244.14	439131.04
Profit for the year		406845.90	295543.53
Prior period adjustment	17	2915.72	153.06
Profit before Tax		403930.18	295390.47
Provision for Income Tax			
Current Year		132126.13	98209.08
Deferred Tax liability/Assets (-)		1718.57	627.82
Deferred Tax for earlier years		9747.33	0.00
Fringe benefit tax for earlier years		-593.51	0.00
Income Tax for earlier years		0.00	1551.46
Profit after Tax		260931.66	195002.11
Profit brought forward from Previous Year		404056.15	367733.41

Contd...

PROFIT AND LOSS ACCOUNT (CONSOLIDATED) FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE NO.	Current Year ended 31st March 2011 (₹ In lakh)	Previous year ended 31st March 2010 (₹ In lakh)
Profit available for Appropriation	664987.81	562735.52
Transferred to General Reserve	26093.17	19466.92
Transferred to CSR Reserve	461.91	2703.70
Interim Dividend :		
(a) On Equity share	40001.63	50000.00
Proposed dividend :		
(a) On Equity share	117000.00	66900.00
Tax on dividend :		
Current Year	26076.01	19608.75
Balance Carried to Balance Sheet	481431.10	404056.15

Accounting Policies

O

Notes on Accounts

P

The Schedules referred to above form integral part of the Accounts

For and on behalf of Board of Directors

Sd/-
S.C. Behera
Company Secretary

Sd/-
M. Nagarajan
Chief General Manager (Finance)

Sd/-
K. Biswal
Director (Finance)

Sd/-
A. N. Sahay
Chairman-Cum-Managing Director

As per our report of even date
For A. K. Sabat & Co.
Chartered Accountants
Sd/-
(CA A. K. Sabat)
Partner
(Membership No. 30310)

Place : Burla
Date : 18.05.11

SCHEDULE TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2011

SCHEDULE – A SHARE CAPITAL

	AS AT 31.03.2011 (₹ In lakh)	AS AT 31.03.2010 (₹ In lakh)
Authorised		
(i) 2041800 10% Cumulative Redeemable Preference Shares of ₹ 1000/- each (Previous Year - 2041800 Shares)	20418.00	20418.00
(ii) 2958200 Equity Shares of ₹ 1000/- each (Previous Year - 2958200 Shares)	29582.00	29582.00
	50000.00	50000.00
Issued, Subscribed & Paid up		
1864009 Equity Shares of ₹ 1000/- each fully paid up in cash (Previous Year - 1864009 Shares)	18640.09	18640.09
TOTAL	18640.09	18640.09

Note : Entire Share Capital is held by Holding Company – Coal India Limited and/or its nominees.

SCHEDULE TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2011

SCHEDULE - B RESERVES AND SURPLUS

(₹ in Lakh)

Particulars	As at 01.04.2010	Additions During the Year	Deductions/ Adjustment during the Year	As at 31.03.2011
1. Capital Redemption Reserve	20418.00	0.00	0.00	20418.00
2. General Reserve	129409.04	26093.17	0.00	155502.21
3. CSR Reserve	2703.70	461.91	0.00	3165.61
4. Profit & Loss Account	404056.15	51298.94	1733.09	457088.18
Total	556586.89	77854.02	1733.09	636174.00
As at 31.03.2010	498093.53	58493.36	0.00	556586.89

SCHEDULE – C UNSECURED LOANS

	AS AT 31.03.2011 (₹ in Lakh)	AS AT 31.03.2010 (₹ in Lakh)
1. Loans and advances from Holding Company		
For Loans from IBRD & JBIC*	13268.79	14169.66
2. Liability for Deferred Payment		
M/S Liebherr France S.A., France	976.33	992.61
Less: Interest on Deferred payment	78.47	83.41
	897.86	909.20
TOTAL	14166.65	15078.86

Note : Unsecured Loan repayable within 1 year is ₹ 1753.97 lakh (Previous year ₹ 1665.00 lakh)
* Earlier known as JEXIM now changed to JBIC

SCHEDULE TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2011

SCHEDULE – D FIXED ASSETS

(₹ in Lakh)

PARTICULARS	GROSS BLOCK				DEPRECIATION				Provision for Impairment Assets/ Lost Assets upto end of the year	NET BLOCK	
	Cost As at beginning of the year 01.04.2010	Additions During the Year	Deletion/ Adjustment during the year	Cost As at Closing of the year 31.03.2011	Provided upto beginning of year	For the year	With-drawn/ Adjust-ment during the year	Provided upto end of the year		As at year end 31.3.2011	As at year end 31.3.2010
COMPLETED ASSETS :											
1. Land :											
(i) Freehold	302.58	0.18	-53.57	249.19	0.00	0.00	0.00	0.00	0.00	249.19	302.58
(ii) Lease hold	50011.42	22561.60	43.27	72616.29	14703.08	3064.04	-55.83	17711.29	0.00	54905.00	35308.34
2. Buildings :											
(i) Township	32855.93	615.20	-216.14	33254.99	7252.16	546.15	1546.10	9344.41	33.84	23876.74	25603.77
(ii) Other than Township	12437.19	136.06	520.78	13094.03	4472.36	312.09	-26.94	4757.51		8336.52	7930.99
(iii) Roads & Culverts (Mining Area)	8327.34	362.02	-260.91	8428.45	3341.17	331.57	51.63	3724.37	37.01	4667.07	4949.16
3. Plant & Machinery	193026.43	41307.50	-10077.78	224256.15	126381.08	15156.67	-10879.99	130657.76	392.02	93206.37	65150.67
4. Furniture & Fittings and Office Equipments	5728.91	495.42	-454.12	5770.21	3309.12	380.31	59.83	3749.26	1.18	2019.77	2419.38
5. Railway Siding	13108.75	2626.61	0.00	15735.36	6140.31	681.65	-634.02	6187.94	9.69	9537.73	6958.75
6. Vehicle	2306.47	317.52	-110.96	2513.03	1910.95	51.74	-259.59	1703.10	0.85	809.08	394.41
7. Prospecting & Boring Expe.	4510.59	277.10	0.00	4787.69	2229.78	419.93	-15.84	2633.87	2.28	2151.54	2278.53
8. Development Expenditure	22025.08	1061.34	-490.18	22596.24	13405.75	1235.29	-252.13	14388.91	4042.47	6164.86	7696.11
9. Intangible assets- computer software	0.00	0.00	64.89	64.89	0.00	0.00	64.89	64.89	0.00	0.00	0.00
TOTAL	344640.69	69760.55	-11034.72	403366.52	183145.76	22179.44	-10401.89	194923.31	2519.34	205923.87	158992.69
As at 31.03.2010	309910.11	38571.51	-3840.93	344640.69	171270.95	15623.16	-3748.35	183145.76	2502.24	158992.69	136430.54

SCHEDULE TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2011

SCHEDULE – E CAPITAL WORK-IN-PROGRESS

(₹ in Lakh)

PARTICULARS	COST				PROVISION				NET ASSET
	As at beginning of the year (01.04.2010)	Additions During the Year	Transfer/ Adjustment during the year	As at end of the year (31.03.2011)	As at beginning of the year (01.04.2010)	Additions during the year	Transfer/ Adjustment during the year	As at end of the year 31.03.2011	As at end of the year 31.3.2011
1. Buildings under Construction									
(i) Township	369.65	765.46	-807.67	327.44	20.42	-0.48	0.00	19.94	307.50
(ii) Other than Township	312.18	186.08	- 310.59	187.67	0.00	0.00	0.00	0.00	187.67
(iii) Roads & Culverts (Mining Area)	204.33	170.68	- 34.50	340.51	13.03	0.00	-13.03	0.00	340.51
2. Plant & Machinery									
(i) Under erection/Installation	10084.36	1560.26	-6285.87	5358.75	9.13	84.82	689.23	783.18	4575.57
(ii) In Stores	608.91	9518.20	- 9790.60	336.51	785.32	2.84	-676.92	111.24	225.27
(iii) In transit & awaiting Inspection	120.29	0.00	- 116.43	3.86	0.00	0.00	0.00	0.00	3.86
3. Railway Siding under Construction	15329.41	2973.32	- 2582.89	15719.84	0.00	0.00	0.00	0.00	15719.84
4. P&B for Dev Mines	10939.81	1871.85	- 1380.14	11431.52	0.00	0.00	0.00	0.00	11431.52
5. Development Expenditure	6840.85	3329.81	- 971.80	9198.86	201.72	0.00	0.00	201.72	8997.14
6. Capital Goods in Stock	208.24	00.00	- 208.24	0.00	0.00	0.00	0.00	0.00	0.00
GRAND TOTAL	45018.03	20375.66	-22488.73	42904.96	1029.62	87.18	-0.72	1116.08	41788.88
As at 31.03.2010	36080.16	28187.59	- 19249.72	45018.03	735.38	288.52	5.72	1029.62	43988.41

SCHEDULE – F DISCARDED/SURVEYED OFF ASSETS

(₹ in Lakh)

PARTICULARS	COST				PROVISION				NET ASSET
	As at beginning of the year (01.04.2010)	Additions During the Year	Transfer/ Adjustment during the year	As at end of the year 31.03.2011	As at beginning of the year (01.04.2010)	Additions during the year	Transfer/ Adjustment during the year	As at end of the year 31.03.2011	As at end of the year (31.3.2011)
Surveyed Off/ Discarded Assets	1481.01	543.93	-12.75	2012.19	598.84	613.16	- 4.72	1207.28	804.91
GRAND TOTAL	1481.01	543.93	- 12.75	2012.19	598.84	613.16	- 4.72	1207.28	804.91
As at 31.03.2010	1357.31	123.70	0.00	1481.01	530.11	81.60	- 12.87	598.84	882.17

**SCHEDULE TO BALANCE SHEET(CONSOLIDATED)
AS AT 31ST MARCH, 2011**

**SCHEDULE – G
INVESTMENTS**

	AS AT 31.03.2011 (₹ In lakh)	AS AT 31.03.2010 (₹ In lakh)
	<hr/>	<hr/>
(Long Term)		
1. Investments in Govt. Securities (At Cost & at face value) Unquoted		
8.5% Tax free Power Bonds :		
Maharastra State Electricity Board	5693.00	6831.60
West Bengal Power Dev. Corpn.	5658.00	6789.60
(All bonds backed by respective State Govt. guarantee)		
TOTAL	<hr/> 11351.00 <hr/>	<hr/> 13621.20 <hr/>

SCHEDULE TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2011

SCHEDULE – H INVENTORIES

	<u>AS AT 31.03.2011 (₹ In lakh)</u>	<u>AS AT 31.03.2010 (₹ In lakh)</u>
A. Stock of Stores & Spares	11037.48	10862.62
Stock of Medicine	64.96	48.58
Less:		
(i) Provision for non-moving/obsolete Stores	1238.48	1218.76
(ii) Provision for Difference/Shortage	93.90	106.26
Sub Total	<u>9770.06</u>	<u>9586.18</u>
Add:		
In transit/Under Inspection	1095.74	480.04
Add: Loss of Assets	75.62	75.62
Less: Provision for loss of Assets	75.62	75.62
Total (A)	<u>10865.80</u>	<u>10066.22</u>
B. Coal block meant for sale	894.38	626.89
TOTAL (B)	<u>894.38</u>	<u>626.89</u>
C. Stock of Coal		
1. Revenue Mines	47610.56	34659.68
2. Development Mines	91.77	0.00
Sub Total (1+2)	<u>47702.33</u>	<u>34659.68</u>
Less: Provision for Deterioration	355.42	512.20
Rehandling Charges	0.00	48.79
TOTAL (C)	<u>47346.91</u>	<u>34098.69</u>
[As per Annexure H (I) & H (II)]		
D. Workshop Job		
Manufactured items	0.00	165.70
Work in progress	0.00	314.72
TOTAL (D)	<u>0.00</u>	<u>480.42</u>
GRAND TOTAL (A+B+C+D)	<u>59107.09</u>	<u>45272.22</u>

NOTE : The Book Debts and Inventories are hypothecated in favour of State Bank of India for the consortium loan taken by Coal India Limited to the tune of ₹ 16500.00 lakh (As at 31.03.2010 ₹ 16500.00 lakh).

SCHEDULE TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2011

PARTICULARS IN RESPECT OF COAL STOCK AS ON 31ST MARCH, 2011

SCHEDULE – H (CONTD....)

ANNEXURE – H (I)

Particulars	Overall Stock		Provision for Non Vendable Stock		Vendable Stock	
	Quantity (L Te)	Value (L ₹)	Quantity (L Te)	Value (L ₹)	Quantity (L Te)	Value (L ₹)
Reconciliation of Book Stock and Measured Stock						
1. Opening Stock as on 1.4.2010 (Book Stock)						
(a) Revenue Mines	233.43	34659.68	0.00	0.00	233.43	34659.68
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Total	233.43	34659.68	0.00	0.00	233.43	34659.68
2. Add Production for the Year						
(a) Revenue Mines	1002.64	704799.27	0.00	0.00	1002.64	704799.27
(b) Development Mines	0.15	91.77	0.00	0.00	0.15	91.77
Total	1002.79	704891.04	0.00	0.00	1002.79	704891.04
3. Sub Total (1+2)	1236.22	739550.72	0.00	0.00	1236.22	739550.72
4. (A) Less Offtake for the Year						
(i) Outside Despatch						
(a) Revenue Mines	1020.86	691775.05	0.00	0.00	1020.86	691775.05
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Total	1020.86	691775.05	0.00	0.00	1020.86	691775.05
(ii) Consumption for Boiler and Domestic Coal						
(a) Revenue Mines	0.05	73.34	0.00	0.00	0.05	73.34
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.05	73.34	0.00	0.00	0.05	73.34
Total: (4A)	1020.91	691848.39	0.00	0.00	1020.91	691848.39
4. (B) Stock Written Off	0.00	0.00	0.00	0.00	0.00	0.00
Total (4A+4B)	1020.91	691848.39	0.00	0.00	1020.91	691848.39
5. Derived Stock (3-4)						
(a) Revenue Mines	215.16	47610.56	0.00	0.00	215.16	47610.56
(b) Development Mines	0.15	91.77	0.00	0.00	0.15	91.77
Total	215.31	47702.33	0.00	0.00	215.31	47702.33
6. Measured Stock						
(a) Revenue Mines	208.05	46035.33	0.00	0.00	208.05	46035.33
(b) Development Mines	0.15	91.77	0.00	0.00	0.15	91.77
Total	208.20	46127.10	0.00	0.00	208.20	46127.10
7. Difference (5-6)	7.11	1575.23	0.00	0.00	7.11	1575.23
8. Break Up of Difference:						
(A) Excess within 5%						
(B) Shortage within 5%	3.30%	3.30%			3.30%	3.30%
(C) Excess beyond 5%						
(D) Shortage beyond 5%						
9. Closing Stock adopted in Accounts (5 above)	215.31	47702.33	0.00	0.00	215.31	47702.33

Contd...

**SCHEDULE TO BALANCE SHEET (CONSOLIDATED)
AS AT 31ST MARCH, 2011**

PARTICULARS IN RESPECT OF COAL STOCK AS ON 31ST MARCH, 2011

SCHEDULE – H (CONTD....)

ANNEXURE – H (II)

Particulars	AS AT 31.03.2011		AS AT 31.03.2010	
	Quantity (Lakh Tonne)	Value (₹ in Lakh)	Quantity (Lakh Tonne)	Value (₹ in Lakh)
Reconciliation of Closing Stock adopted in Accounts with Book Stock as at the end of the year				
Stock as per Books	215.31	47702.33	233.43	34659.68
Less:				
Non-vendable stock including mixed stock and stock on fire for which provision equivalent to the value has been made in Accounts but Qty. not adjusted in book stock as well as Accounts	0.00	0.00	0.00	0.00
Less :				
Charge for rehandling of pithead stock	0.00	0.00	0.00	48.79
Less:				
Provision made in the Accounts to take care of future deterioration in Coal stock	0.00	355.42	0.00	512.20
Stock as per Accounts after all Provisions	215.31	47346.91	233.43	34098.69

SCHEDULE TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2011

SCHEDULE – I SUNDRY DEBTORS

	AS AT 31.03.2011 (₹ in Lakh)	AS AT 31.03.2010 (₹ in Lakh)
Outstanding for over six months	3089.94	1611.58
Other debts	7140.11	10642.22
Sub Total	10230.05	12253.80
Less: Provision for Doubtful Debts	2137.85	2610.21
TOTAL	8092.20	9643.59
Classification :		
1 Considered good and in respect of which the Company is fully secured	1406.00	1202.63
2 Considered good for which the Company holds no security other than Debtors Personal Security	6686.20	8440.96
3 Considered Doubtful	2137.85	2610.21
TOTAL	10230.05	12253.80

NOTE:

- (1) Due from company under the same management : Nil (Previous Year : Nil).
- (2) The Book Debts and Inventories are hypothecated in favour of State Bank of India for the consortium loan taken by Coal India Limited to the tune of ₹ 16500.00 lakhs (Previous year ₹ 16500.00 lakhs).

SCHEDULE TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2011

SCHEDULE – J CASH & BANK BALANCES

	AS AT 31.03.2011 (₹ in Lakh)	AS AT 31.03.2010 (₹ in Lakh)
A. (i) Cash/Stamp in hand	4.00	3.66
(ii) Cheques/Demand Drafts in hand	0.00	0.00
(iii) Cash balance with Imprest Holder	0.00	7.99
B. Remittance-in-transit	0.00	0.00
C. Balance with Scheduled Banks		
(i) Current Account	10533.53	17689.76
(ii) Deposit Account	981517.91	735539.52
TOTAL	992055.44	753240.93

SCHEDULE – K OTHER CURRENT ASSETS

	AS AT 31.03.2011 (₹ in Lakh)	AS AT 31.03.2010 (₹ in Lakh)
Claims Receivable:		
1. Railways	0.00	0.00
Less : Provision	0.00	0.00
2. Insurance Company (Gratuity Trust)	0.00	0.00
3. Income Tax Deptt.	0.00	0.00
4. Interest receivable from P/House	0.00	0.00
5. Interest on Bank Deposits	28696.70	17587.19
6. Interest on Power Bonds	531.56	627.14
7. Suspense - A/c Loss of Cash	15.97	15.97
Less : Provision for loss of Cash	-15.97	-15.97
8. Others	112.52	220.57
TOTAL	29340.78	18434.90

SCHEDULE TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2011

SCHEDULE – L LOANS & ADVANCES

	AS AT 31.03.2011 (₹ in Lakh)	AS AT 31.03.2010 (₹ in Lakh)
(A) Capital Advances :		
(1) P & M Advance	22.25	24.45
TOTAL (A)	22.25	24.45
(B) Advance to Suppliers (Stores)	822.91	745.95
TOTAL (B)	822.91	745.95
(C) Advance to Contractors	711.50	774.75
TOTAL (C)	711.50	774.75
(D) Advance to Employees :		
(1) House Building Advance	106.47	142.22
(2) Motor Car Advance	0.37	-0.85
(3) Motor Cycle, Scooter Advance	0.14	0.12
(4) Pay Advance	6.34	119.02
(5) Medical Advance	242.00	265.62
(6) Flood /Drought Relief	0.00	0.00
(7) Local Purchase Adv.	1.33	1.66
(8) Misc. Advance	113.18	128.21
(9) Travelling Advance	100.90	150.83
(10) LTC Advance	29.47	18.37
(11) Advance (Others)	0.22	0.00
(12) Freight Advance	0.01	0.01
(13) Study Advance/Self Development Loan	0.00	0.12
(14) Perks tax on house	168.54	0.00
(15) Other Receivables	417.64	501.71
TOTAL (D)	1186.61	1327.04
(E) Advance to Others :		
1. Advance to Co-operative Society	0.48	0.48
2. Tax deducted at Source	7074.63	9097.22
3. Advance Income Tax	146510.72	103129.89
4. Advance Wealth Tax	0.00	0.00
5. Income Tax(Company) under protest	43760.76	44070.26
6. Advance Sales Tax	4.39	848.92
7. Sales Tax deposit under protest	970.51	948.13
8. Advance Receivable from Govt.	0.00	0.82
9. Advance to Railways	4327.99	4327.99
10. Advance Royalty on Coal	1508.10	413.63
11. Advance to others	990.53	515.47
TOTAL (E)	205148.11	163352.81

SCHEDULE TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2011

SCHEDULE – L (CONTD.....)

LOANS & ADVANCES

	AS AT 31.03.2011 (₹ in Lakh)	AS AT 31.03.2010 (₹ in Lakh)
(F) Deposit		
(i) With P & T Deptt.	3.14	4.32
(ii) With Elec. Boards	2144.57	1670.04
(iii) Surplus Fund with CIL (Holding Co.) ³	147216.47	170551.81
(iv) With Others	9682.51	10205.39
TOTAL (F)	159046.69	182431.56
(G) Prepaid Expenses	474.46	180.84
TOTAL (G)	474.46	180.84
(H) Current Account Balance with Sister Subsidiaries, Holding Company and its Subsidiaries		
Coal India Limited	7598.23	9365.22
Bharat Coking Coal Ltd.	0.00	0.00
Eastern Coalfields Ltd.	0.00	0.00
Central Coalfields Ltd.	0.00	0.00
Western Coalfields Ltd.	0.00	0.80
CMPDI Limited	11.16.	48.43
South Eastern Coalfields Ltd.	0.00	0.00
Norther Coalfields Ltd.	0.00	0.00
TOTAL (H)	7609.39	9414.45
GRAND TOTAL (A TO H)	375021.92	358251.85
Less : Provision for Doubtful Advances	337.31	376.13
Net Total	374684.61	357875.72
Classification:		
(a) Considered good in respect of which the company is fully secured	106.98	141.49
(b) Considered good for which the company holds no security other than Party's Personal security	374577.63	357734.23
(c) Considered doubtful	337.31	376.13

- NOTE :**
1. Amount due from an officer of the Company is ₹ Nil (Previous Year ₹ Nil).
Maximum amount due at any time during the year is ₹ Nil (Previous Year ₹ Nil).
 2. Amount due from Director of the Company is ₹ Nil (Previous Year ₹ Nil).
 3. Surplus Fund with CIL (Holding Co.) includes ₹ 35028.80 lakh (Previous Year ₹ 35028.80 lakh) which is non-interest earning.

SCHEDULE TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2011

SCHEDULE – M CURRENT LIABILITIES AND PROVISIONS

	AS AT 31.03.2011 (₹ in Lakh)	AS AT 31.03.2010 (₹ in Lakh)
Current Liabilities:		
A. Sundry Creditors - for Goods		
For Capital	1836.59	2295.82
For Stores	4282.84	5579.09
TOTAL (A)	6119.43	7874.91
B. Sundry Creditors for Expenses		
Capital	7474.96	4354.48
Revenue	5931.38	4778.73
Power & Fuel	1329.08	1155.00
TOTAL (B)	14735.42	10288.21
C. Employees Remuneration and Benefits		
Salaries, Wages, Allowance	7631.11	28189.03
Attendance Bonus	572.35	682.16
Ex-gratia	2982.14	1844.75
Unpaid Salaries & Wages	34.83	58.76
Gratuity	304.16	7213.08
D L I	0.00	0.00
Leave Encashment	3.98	60.52
VRS	62.96	162.00
Super Annuation Benefits	3257.65	2334.28
Performance Related Pay	11256.33	6846.87
TOTAL (C)	26105.51	47391.45
D. Other Expenses		
Contractual Expenses	6255.05	6924.75
Demurrage	66.16	31.68
Audit Fee & Expenses	56.43	16.57
Repair & Maintenance	4437.11	3902.78
Others	2059.93	2104.81
TOTAL (D)	12874.68	12980.59
(E) Statutory Dues		
Sales Tax :		
Central	1207.10	305.36
State/Orissa VAT	610.04	171.15
Royalty on Coal	7404.24	5932.97
Clean Cess on Coal	8173.77	0.00
Stowing Excise Duty	2529.91	2797.96
Provident Fund	174.00	501.75
Pension Fund	57.08	53.29
Professional Tax	0.09	0.09
Income tax:		
Employees	4.68	108.34
Contractors	264.16	721.65
Service Tax	3.54	164.69
Orissa Entry Tax	213.01	94.93
OREEP Tax	135.21	127.53
Central Excise Duty	7546.76	0.00
Other Statutory Dues	2.92	2.93
TOTAL (E)	28326.51	10982.64

SCHEDULE TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2011

SCHEDULE – M (CONTD.....)

CURRENT LIABILITIES AND PROVISIONS

	<u>AS AT 31.03.2011 (₹ in Lakh)</u>	<u>AS AT 31.03.2010 (₹ in Lakh)</u>
F. Other Liabilities :		
(i) L.I.C. Premium (SSS)	0.00	0.01
(ii) C.T. D. Post Office	0.00	0.00
(iii) National Calamity Fund/PM Re fund	0.18	4.38
(iv) Dues to Canteen	0.03	0.30
(v) Dues to Co-operative Societies	2.49	2.89
(vi) Benevolent Fund	0.56	1.12
(vii) Welfare/Periphery development Programe	0.24	0.28
(viii) Others	2077.39	1204.46
TOTAL (F)	<u>2080.89</u>	<u>1213.44</u>
G. Advances and Deposits		
Advance from Customers	119148.25	109537.12
Deposits from Contractors & Others	8567.73	7652.42
Unutilised Govt. Grant	0.00	0.00
TOTAL (G)	<u>127715.98</u>	<u>117189.54</u>
H. Current Account Balance with Holding Company/Subsidiaries		
Coal India Limited	0.00	0.00
TOTAL (H)	<u>0.00</u>	<u>0.00</u>
I. Overburden Removal Adjustment		
A. OBR Advance Stripping		
As per last account	12233.22	11947.26
Add : Expenditure during the year	142774.67	103315.88
Written off/Adjusted	-140500.94	-103029.92
TOTAL (A)	<u>14506.95</u>	<u>12233.22</u>
B. Ratio Variance		
As per last account	419625.09	265899.74
Written Off/Adjusted	124819.73	153725.35
TOTAL (B)	<u>544444.82</u>	<u>419625.09</u>
TOTAL (I)	<u>529937.87</u>	<u>407391.87</u>
TOTAL CURRENT LIABILITIES (A TO H)	<u>747896.29</u>	<u>615312.65</u>
Provisions :		
(a) Reclamation of Land	78.62	2463.20
(b) Taxation	153864.85	112235.96
(c) Dividend	117000.00	66900.00
(d) Mine Closure Plan Liability	5935.75	0.00
(e) Leave Encashment	12340.16	10395.30
(f) Other Employee Benefits	3451.96	3104.34
Total Provisions	<u>292671.34</u>	<u>195098.80</u>
GRAND TOTAL	<u>1040567.63</u>	<u>810411.45</u>

NOTE: 1. Out of Sundry Creditors of ₹ 20837.22 lakh (As at 31.03.2010 ₹ 18162.03 lakh) (A + B) total outstanding dues of small scale industrial undertakings are ₹ Nil. (Previous Year ₹ Nil).

2. There is no small scale industrial undertaking to whom the Company owe a sum exceeding ₹ 1.00 lakh which is outstanding for more than 30 days.

**SCHEDULE TO BALANCE SHEET (CONSOLIDATED)
AS AT 31ST MARCH, 2011**

**SCHEDULE – N
MISCELLANEOUS EXPENDITURE
(To the extent not written off or adjusted)**

(₹ in Lakh)

Particulars	As at 01.04.2010	Additions During the Year	Deductions/ Adjustment During the Year	As at 31.03.2011
1. HEMM Rehabilitation Expenses	0.00	0.00	0.00	0.00
2. VRS Scheme	0.00	0.00	0.00	0.00
3. Preliminary Expenses	153.47	0.00	0.00	153.47
Grand Total (1+2+3)	153.47	0.00	0.00	153.47
For the year 31.03.2010	2.37	151.10	0.00	153.47

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONSOLIDATED) FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE – 1

SALES

	Current Year ended 31st Mar. 2011 (₹ in Lakh)	Previous Year ended 31st Mar. 2010 (₹ in Lakh)
Quantity (Lakh Tonne)	1020.86	981.30
(A) Gross Sales Value		
Raw Coal Value	691775.05	581369.97
Crushing Charges	45902.54	40780.39
Incentive/Compensation	4645.49	11032.37
Silo Charges	801.40	799.28
Statutory levies	181851.34	123706.06
	924975.82	757688.07
Less: Statutory Levies:		
Royalty on Coal	93665.56	85962.81
Stowing excise Duty	10221.34	9812.98
Central Excise Duty	4285.40	
	108172.30	
Sales Tax :		
Central	8192.96	6965.74
State	22217.21	17590.67
Orissa Entry Tax	4575.29	3373.86
Clean Energy Cess	38693.58	
	73679.04	0.00
(B) Total Levies	181851.34	123706.06
(C) Basic Value (A-B)/Net Value	743124.48	633982.01
Less :		
Transfer to Development	0.00	0.00
Net Value	743124.48	633982.01

SCHEDULE – 2

COAL ISSUED FOR OTHER PURPOSES

(₹ in Lakh)

	Current Year			Previous Year		
	Colly Cons.	Free Issue to Empl.	Total	Colly Cons.	Free Issue to Empl.	Total
Quantity (Lakh Tonne)	0.05	0.00	0.05	0.05	0.00	0.05
Gross Value	83.26	0.00	83.26	69.30	0.00	69.30
Less:						
Royalty on Coal	9.92	0.00	9.92	9.51	0.00	9.51
Net Value	73.34	0.00	73.34	59.79	0.00	59.79

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONSOLIDATED) FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE – 3

ACCRETION/(DECRETION) IN STOCK

	Current Year ended 31st Mar. 2011 (₹ in Lakh)	Previous Year ended 31st Mar. 2010 (₹ in Lakh)
Closing Stock		
(A) Raw Coal	47702.33	34659.68
Less: Provision for		
Deterioration	355.42	512.20
Non Vendable Stock	0.00	0.00
Rehandling	0.00	48.79
TOTAL (A)	47346.91	34098.69
(B) Workshop Job		
Finished job	0.00	165.70
Work-in-progress	0.00	314.72
TOTAL (B)	0.00	480.42
(C) TOTAL (A+B)	47346.91	34579.11
Opening Stock		
(D) Raw Coal	34659.68	41440.84
Less: Provision for		
Deterioration	512.20	913.07
Non Vendable Stock	0.00	0.00
Rehandling	48.79	24.44
TOTAL (D)	34098.69	40503.33
(E) Workshop Job		
Finished Job	165.70	185.43
Work-in-progress	314.72	554.36
TOTAL (E)	480.42	739.79
(F) Total (D+E)	34579.11	41243.12
TOTAL (C-F)	12767.80	-6664.01
Less: Transfer to Development	83.05	0.00
Accretion(+)/Decretion(-) in Stock	12684.75	-6664.01

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONSOLIDATED) FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE – 4 OTHER INCOME

	Current Year ended 31st Mar. 2011 (₹ in Lakh)	Previous Year ended 31st Mar. 2010 (₹ in Lakh)
Stowing Subsidy	88.86	117.19
Transportation Charges	40457.35	38609.18
Rent (outsider)	94.63	104.21
Charges for Vehicle	0.00	0.00
Interest Received on		
1. Bank Deposits	59851.17	51691.77
2. Loans & Advances to Employees	15.81	93.32
3. Loans & Advances to outside parties	109.31	41.49
4. Surplus Fund with Coal India Limited	8442.48	10405.80
5. Investment	1109.56	1302.53
6. Income tax Deptt.	1551.38	0.00
Liquidated Damages/Penalty	365.54	368.34
Lease Rent	181.36	292.06
Penalty from Customer	2206.84	1119.47
Others :		
Tender Fee	46.05	61.64
Sale of scrap	85.79	356.89
Profit on sale of Assets/block	1032.19	1922.17
Net Gain on Exch. Rate Fluct.	0.00	516.75
Other Misc. receipts	709.88	343.61
Sub Total	116348.20	107346.42
Less : Transfer to Development	140.73	49.64
NET TOTAL	116207.47	107296.78

**SCHEDULE TO PROFIT & LOSS ACCOUNT (CONSOLIDATED)
FOR THE YEAR ENDED 31ST MARCH, 2011**

SCHEDULE – 5

INTERNAL CONSUMPTION OF COAL

	Current Year ended 31st Mar. 2011 (₹ in Lakh)	Previous Year ended 31st Mar. 2010 (₹ in Lakh)
Quantity (Lakh Tonne)	<u>0.05</u>	<u>0.05</u>
Gross Value	83.26	69.30
Less: Royalty on Coal	9.92	9.51
Net Value	<u>73.34</u>	<u>59.79</u>

SCHEDULE – 6

STORES & SPARE PARTS CONSUMED

	Current Year ended 31st Mar. 2011 (₹ in Lakh)	Previous Year ended 31st Mar. 2010 (₹ in Lakh)
Explosives	10687.14	10937.85
Timber	45.64	33.36
Petrol, Oil & Lubricants	21714.83	18793.41
HEMM Spares	9846.68	10662.50
Safety spares	517.59	588.81
Other Stores & Spares	6008.56	6096.92
Sub Total	<u>48820.44</u>	<u>47112.85</u>
Less : Transfer to		
Social Facilities	167.74	166.00
Other Expenditure	370.97	407.77
Development	2.69	0.10
Sub Total	<u>541.40</u>	<u>573.87</u>
TOTAL	<u>48279.04</u>	<u>46538.98</u>

SCHEDULE – 7

POWER & FUEL EXPENSES

	Current Year ended 31st Mar. 2011 (₹ in Lakh)	Previous Year ended 31st Mar. 2010 (₹ in Lakh)
Purchase of Electricity	12463.69	9709.38
Less : Transfer to		
Social Facilities	4029.78	3155.01
Development	0.62	0.33
TOTAL	<u>8433.29</u>	<u>6554.04</u>

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONSOLIDATED) FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE – 8

EMPLOYEES REMUNERATION AND BENEFITS

	Current Year ended 31st Mar. 2011 (₹ in Lakh)	Previous Year ended 31st Mar. 2010 (₹ in Lakh)
A. Salaries, Wages & allowances		
Piece Rated Wages	248.42	299.64
Time Rated Wages	39387.28	34810.04
Interim relief	0.00	2.91
Executives Salary	15236.32	12725.83
Leave Wages	3384.55	2430.28
Performance Related Pay	4409.46	6846.87
Paid Holiday Wages	1046.14	917.42
Leave Encashment	3571.07	3527.32
Nightshift Allowance	97.66	101.21
House Rent Allowance	563.52	504.46
Transport Subsidy	901.49	914.09
Incentive Bonus/Reward	477.93	452.50
Special Incentive	1933.81	102.57
Other Allowances	1227.99	1185.11
TOTAL (A)	72485.64	64820.25
B.		
Normal Overtime	8323.91	7829.92
Sunday Overtime	6341.07	5322.34
Fall Back Wages	0.00	0.00
Attendance Bonus	2975.12	2790.54
Ex-gratia	3831.08	2105.47
Provident Fund	9396.71	7915.68
Pension Fund	488.80	404.28
LLTC	800.20	2316.04
Exe. Superannuation Benefit	930.31	636.42
RRF	58.73	57.35
Pension	501.02	892.28
Gratuity	3669.59	5640.59
Workmen Compensation	155.94	242.36
D. L. I.	0.00	8.86
Life Cover Scheme	60.60	40.49
Voluntary Retirement Scheme	132.72	55.59
Perquisite Tax	0.00	-36.82
TOTAL (B)	37665.80	36221.39
C.		
Less : Transfer to		
Social Facilities	3008.04	2802.73
Development	676.48	545.49
TOTAL (C)	3684.52	3348.22
NET TOTAL (A+B-C)	106466.92	97693.42

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONSOLIDATED) FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE – 9

CONTRACTUAL EXPENSES

	<u>Current Year ended 31st Mar. 2011 (₹ in Lakh)</u>	<u>Previous Year ended 31st Mar. 2010 (₹ in Lakh)</u>
Transportation Charges:		
Coal	54624.75	52231.75
Sand	35.56	72.92
Surface Miner	9490.62	8688.44
Hire Charges of HEMM	23028.62	9149.81
Other Contractual Works	9995.69	8403.00
Sub Total	97175.24	78545.92
Less : Transfer to Development	219.31	14.75
TOTAL	96955.93	78531.17

SCHEDULE – 10

REPAIR EXPENSES

	<u>Current Year ended 31st Mar. 2011 (₹ in Lakh)</u>	<u>Previous Year ended 31st Mar. 2010 (₹ in Lakh)</u>
(A) Township	1731.00	1560.88
Hospital, Educational & Other Welfare Buildings	369.96	324.90
Factory & Office Buildings	1428.44	661.71
Plant & Machinery	1616.88	1953.22
Office Equip.& Furnitures	85.74	74.68
Hospital Equipment	17.41	11.58
Heavy Vehicles	72.35	77.89
Cars & Jeeps	102.53	112.15
SOH Vehicles	25.48	25.14
HEMM Rehabilitation Expenses	0.38	65.88
Siding Maint. Charges	751.64	2136.35
Others	5.67	55.25
TOTAL	6207.48	7059.63
Less : Transfer to		
Social Facilities	2143.85	1922.50
Other Expenses	108.04	115.21
Development	1.32	4.46
NET TOTAL	3954.27	5017.46

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONSOLIDATED) FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE – 11 SOCIAL FACILITIES EXPENSES

	Current Year ended 31st Mar. 2011 (₹ in Lakh)	Previous Year ended 31st Mar. 2010 (₹ in Lakh)
(A) Salaries, Wages & Allowances (Contra)	3008.04	2802.73
Free issue of Gas to employees	664.85	646.82
Medical Reimbursement	1407.25	1217.63
Medicine & Diet Expn.	325.50	300.34
Grant to Schools & Inst.	1329.31	975.90
Sports, Rec. expenses & Grants	107.01	55.90
Canteen upkeep	50.91	34.46
Purchase of Water	36.94	47.30
Power (Contra)	4029.78	3155.01
TOTAL (A)	10959.59	9236.09
(B) Repairs :		
Township Repair (Contra)	1710.21	1551.80
Repair of Hospital, School & Wel. Building (Contra)	369.96	324.90
Hospital Equip. (Contra)	38.20	20.66
TOTAL (B)	2118.37	1897.36
(C) Cons. of Stores & Spares SOH Services (Contra)	93.76	80.60
Maintenance of Vehicles :		
Stores & Spares for SOH Vehicles (Contra)	73.99	85.40
Repairs of S.O.H. Vehicles (Contra)	25.48	25.14
Road Tax	3.71	5.85
Insurance	1.34	0.16
Training Expenses	634.03	630.54
Depreciation	866.33	915.84
Community Development/CSR Expenses	5345.46	1678.28
Resttlement	68.54	86.34
Environment/Ecology/Improvement	453.02	467.64
Guest House Expenses	153.61	115.84
Others	376.59	451.95
TOTAL (C)	8095.86	4543.58
TOTAL (A+B+C)	21173.82	15677.03
(D) Less : Recoveries :		
Vehicle	57.79	6.10
House Rent	33.62	33.60
Hospital Charges	54.71	52.95
School Bus, Elect. & Water Charges	474.53	572.64
Guest House/Transit Flat	6.34	2.58
Others	8.77	9.26
TOTAL (D)	635.76	677.13
(E) Less: Transfer to Development	19.09	3.68
NET TOTAL (A+B+C-D-E)	20518.97	14996.22

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONSOLIDATED) FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE – 12 (Contd.....)

OTHER EXPENDITURE

	Current Year ended 31st Mar. 2011 (₹ in Lakh)	Previous Year ended 31st Mar. 2010 (₹ in Lakh)
Internal Audit Fee & Expenses	100.15	84.44
Legal Expenses	75.22	44.67
Consultancy fees and expense	43.71	0.00
Apex Office Expenses	5530.03	5766.95
Loss on Sale/Discard of Assets	0.00	33.11
Office Contingency	61.73	75.58
CMPDIL Expenses	1256.47	580.38
Wealth Tax	29.80	5.25
Exchange Rate variation (loss)	375.53	0.00
Claim Commissioner office Expenses	3.42	0.00
Others	234.57	126.91
TOTAL (B)	8305.52	7264.90
TOTAL (A+B)	19328.47	14897.48
(C) Less : Transfer to Development	206.07	50.59
NET TOTAL (A+B-C)	19122.40	14846.89

SCHEDULE – 13

OVER BURDEN REMOVAL ADJUSTMENT

	Current Year ended 31st Mar. 2011 (₹ in Lakh)	Previous Year ended 31st Mar. 2010 (₹ in Lakh)
Expenditure to be Charged to Coal	265320.67	256755.27
Less :		
Expenditure incurred	142774.67	103315.88
TOTAL	122546.00	153439.39

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONSOLIDATED) FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE – 14(A)

INTEREST

	Current Year ended 31st Mar. 2011 (₹ in Lakh)	Previous Year ended 31st Mar. 2010 (₹ in Lakh)
On dues to Coal India Ltd., Holding Co.		
For Loans from IBRD & JEXIM	205.66	258.71
For other Loans	0.00	0.00
On Deferred Payment	8.15	13.64
Other Interest	101.98	109.86
Sub Total	315.79	382.21
Less :		
Transfer to development	1.15	0.00
Net Total	314.64	382.21

SCHEDULE – 14(B)

FINANCIAL CHARGES

	Current Year ended 31st Mar. 2011 (₹ in Lakh)	Previous Year ended 31st Mar. 2010 (₹ in Lakh)
1. Commitment Charges (IBRD & JEXIM)	0.00	0.00
1. Guarantee fees (IBRD & JEXIM)	219.53	235.00
2. Swap Charges	0.86	0.74
3. Custodian Charges	16.84	19.76
TOTAL	237.23	255.50

SCHEDULE – 15

DEPRECIATION

	Current Year ended 31st Mar. 2011 (₹ in Lakh)	Previous Year ended 31st Mar. 2010 (₹ in Lakh)
Depreciation	22179.43	15623.16
Less : Transfer to		
(a) Social Overhead	866.33	915.84
(b) Prior Period Adjustment	94.26	143.63
(c) Development	70.47	55.55
NET TOTAL	21148.37	14508.14

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONSOLIDATED) FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE – 16(A)

PROVISIONS

	Current Year ended 31st Mar. 2011 (₹ in Lakh)	Previous Year ended 31st Mar. 2010 (₹ in Lakh)
Provision :		
Doubtful Debts	– 472.37	557.21
Obsolescence of Stores	19.72	-2.09
Reclamation of Land	-2384.58	-784.10
Shortage of Stores	2.00	5.08
P&M in stores pending installation	0.00	0.00
CHP & IWSS pending installation	0.00	0.00
Provision for CWIP	87.18	288.52
Doubtful Advances	-38.82	-38.51
Loss of Assets	4.78	102.86
Retired/Surveyed-off Assets	613.16	81.60
Impairment of Assets	12.32	190.76
Mine Closure Plan	5935.75	0.00
Central Excise Duty	7347.88	0.00
Sub Total	11127.02	401.33
Less : Transfer to Development	59.84	0.00
TOTAL (A)	11067.18	401.33

SCHEDULE – 16(B)

WRITE OFF/WRITE BACK

	Current Year ended 31st Mar. 2011 (₹ in Lakh)	Previous Year ended 31st Mar. 2010 (₹ in Lakh)
Advance Written off	1.28	0.00
Bad Debts Written off	0.00	0.00
Fixed Assets Written off	0.00	21.81
Less : Provision Expenses Written Back	0.00	-4.43
Total (B)	1.28	17.38

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONSOLIDATED) FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE – 17 PRIOR PERIOD ADJUSTMENT

	Current Year ended 31st Mar. 2011 (₹ in Lakh)	Previous Year ended 31st Mar. 2010 (₹ in Lakh)
(A) Expenditure		
Employees Remuneration & Benefits	31.65	12.47
Consumption of Stores & Spare Parts	348.44	-74.48
Power & Fuel	-7.56	
Statutory Expenses – Royalty & Cess	0.60	5.72
Depreciation	94.26	143.63
Contractual Expenses	-38.48	74.63
Extra-ordinary items	38.43	
Social Overhead		7.75
Credit notes for PP Sales		0.24
Underloading/Overloading		– 80.91
Others	224.86	68.21
SUB TOTAL	692.20	157.26
Less : Transfer to Development		
TOTAL (A)	692.20	157.26
(B) Income		
Sales		
Other Income	-2223.52	4.20
TOTAL (B)	-2223.52	4.20
NET TOTAL (A+B)	2915.72	153.06

SCHEDULE –O

ACCOUNTING POLICIES (CONSOLIDATED)

1.0 ACCOUNTING CONVENTION

1.1 Financial statements are prepared on historical cost convention and accrual basis of accounting following going concern concept, accounting standards and generally accepted accounting principles except otherwise stated elsewhere.

2.0 BASIS OF ACCOUNTING

2.1 All expenses and income are booked initially in the natural heads of accounts and then transferred to functional heads wherever required.

3.0 RECOGNITION OF INCOME AND EXPENDITURE

3.1 Income and expenses are recognized on accrual basis and provision is made for all known liabilities.

3.2 Liquidated damages receivables, interest on delayed payment from customers and other claims are accounted for on the basis of actual settlement.

4.0 SUBSIDY/ GRANTS FROM GOVERNMENT

4.1 Subsidy/ Grants on Capital Accounts are deducted from the cost of respective assets to which they relate. The unspent amount at the year-end, if any, is shown as Current Liabilities.

4.2 Subsidies/Grants on Revenue Account are credited to Profit & Loss Account under the head "Other Income" and the expenses are debited to the respective heads. The unspent amount at the year end, if any, is shown as current liabilities.

5.0 FIXED ASSETS

5.1 All fixed assets are stated at cost less depreciation.

5.2 **Land** : Land includes cost of acquisition, cash rehabilitation expenses and re-settlement cost incurred for concerned displaced persons. Other expenditure incurred on acquisition of land viz compensation in lieu of employment etc. are however treated as revenue expenditure.

5.3 **Plant and Machinery** : Plant and Machinery include cost and expenses incurred for erection/installation and other attributable costs of bringing those assets to working conditions for their intended use.

5.4 **Railway siding** : Pending commissioning payment made to the Railway Authorities for construction of railway sidings are shown under Capital Work-in-progress.

5.5 **Development** : Expenses net of income of the projects/ mines under development are booked to development and grouped under capital work in progress till the projects / mines are brought to revenue account. Except otherwise stated in the Project Report to determine the commercial readiness of the Project to yield production on a sustainable basis and completion of required development activity during the period of construction, projects and mines under development are brought to Revenue :

(a) From beginning of the financial year immediately after the year in which the project achieves physical output of 25% of rated capacity as per approved project report, or

(b) 2 years of touching of coal, or

(c) From the beginning of the financial year in which value of production is more than total expenses,

Whichever event occurs first.

5.6 Prospecting & Boring & other Development Expenditure : The cost of exploration and other development expenditure incurred in one five year plan period is kept in Capital work-in-progress till the end of subsequent two-five year plan periods for formulation of projects before it is written off except in the case of blocks identified for sale or proposed to be sold to outside agency which will be kept in inventory till finalization of sale.

5.7 Intangible Assets : Computer software is recognized at cost and shown as intangible assets in fixed assets schedule.

6.0 DEPRECIATION

6.1 Depreciation on fixed assets is provided on straight-line method at the rates and manner specified in Schedule XIV of the Companies Act, 1956(as amended), except the following assets where higher rate of depreciation is charged as per the technically estimated life,

- (a) Telecom equipments processor based and software controlled at 15.83 %.
- (b) General electronics Communications/ Instrumentations systems at 10.55%,
- (c) Hydraulic Shovel upto 5 Cu.M at 13.57%.
- (d) Hydraulic Shovel > 5-10 Cu.M. at 11.88%.
- (e) Dumper upto 35-T at 15.83%.
- (f) Dumper upto 50-T at 13.57%; and
- (g) B.H. Drill < 160 MM at 13.57%
- (h) SDL & LSD (equipments) at 19% and 15.83%.
- (i) Photo copier machines at 15.83%

Depreciation on the assets added/disposed off during the year is provided on pro-rata basis with reference to the month of addition/disposal except in case of 100%

depreciable items which are fully depreciated during the year of addition.

6.2 Value of land acquired under Coal bearing Area (Acquisition & Development) Act, 1957 are amortized on the basis of balance life of the Project. Value of leasehold land is amortized on the basis of lease period or balance life of the Project whichever is earlier.

6.3 Prospecting, Boring and Development expenditure are amortized from the year when the mine is brought under revenue, in 20 years or working life of the project whichever is less. Subsequent expenditure falling under this category shall be amortized over 20 years or balance life of the project from the year of incurrance of expenditure.

6.4 Assets attracting 100% depreciation, other than items costing ₹ 5,000/- are taken out from the Accounts after expiry of two years following the year in which these are fully depreciated.

6.5 The cost of computer software is amortized in 3(three) years from the year in which it is incurred.

7.0 IMPAIRMENT OF ASSETS

7.1 Impairment loss is recognized wherever the carrying cost of an asset is in excess of its recoverable amount and the same is recognized as an expense in the statement of profit and loss and carrying amount of the asset is reduced to its recoverable amount.

7.2 Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased.

8.0 INVESTMENTS

Long term Investments are valued at cost .

9.0 RETIREMENT BENEFITS/OTHER EMPLOYEE BENEFITS

(a) *Defined Contribution Plans*

The group makes contribution towards Provident Fund and Pension Fund to a defined contribution retirement benefit plan for qualifying employees. The Provident fund and Pension Fund are operated by Coal Mines Provident Fund (CMPF) Authorities. As per the rules of these schemes, the group is required to contribute a specified percentage of pay roll cost to the CMPF.

(b) *Defined Benefit Plans*

The year end liability on account of gratuity and leave encashment is provided for on actuarial valuation basis by applying projected unit credit method. Further the company has created a trust with respect to establishment of Funded Group Gratuity (cash accumulation) Scheme through Life Insurance Corporation of India. Contribution to said fund is made on actuarial valuation.

(c) *Other Employee Benefits*

Further year-end liability of certain other employee benefits viz. benefits on account of LTA/LTC; Life Cover Scheme Group, Personal Accident Insurance Scheme, Settlement allowance, Retired Executive Medical Benefits and compensation to dependents of deceased in mines accidents etc. are also valued on actuarial basis by applying projected unit credit method.

10.0 INVENTORIES

10.1 Book stock of coal/coke is considered in the Accounts where the variance between book stock and measured stock is up to $\pm 5\%$ and in case where the variance is beyond $\pm 5\%$ the measured stock is considered. Such stocks are valued at net realizable value or cost whichever is lower.

10.2 Provision at the rate of 10% on the value of closing stock of Coal is made to take care of deterioration of stock due to fire and longer period of stocking etc. where the stock is valued at Net realizable value. No such provision is made where the stock is valued at cost.

10.3 Stock of stores & spare parts at Central & Area Stores are valued at cost calculated on the basis of the weighted average method. The year-end inventory of stores & spare parts lying at collieries/sub stores/ consuming centers, initially charged off, at issue price of Area Stores are valued at cost/ estimated cost.

10.4 Provisions are made at the rate of 100% for unserviceable damaged and obsolete stores and 50% for stores & spares not moved for 5 years excepting insurance items.

10.5 Stock of stationery (other than lying at Printing Press), bricks, sand, medicine, (except at Central Hospitals) and scraps are not considered in inventory.

11.0 FOREIGN CURRENCY TRANSACTIONS

11.1 Foreign currency transaction are booked using exchange rates prevailing on the date of transactions.

11.2 Foreign currency loans in respect of fixed asset, outstanding on the Balance Sheet date are translated at the exchange rate prevalent on that day and any loss or gain arising out of such transactions is added/ deducted from the cost of the fixed assets.

11.3 Monetary current assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at the year end rates. The difference in translation of monetary current assets and liabilities and realized gains and losses on foreign exchange transactions are recognized in the Profit & Loss account,

except those relating to acquisition of fixed assets, which are capitalized.

12.0 BORROWING COST

Borrowing Costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred.

13.0 INCOME TAX

13.1 Provision of Current income tax is made in accordance with Income Tax Act 1961.

13.2 Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to consideration of prudence, on timing difference, being differences between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

14.0 BALANCE WITH COAL INDIA LIMITED (Holding Company)

14.1 Amount due to / from Coal India Limited on account of loan after adjustment for conversion to equity or vice-versa from time to time is shown as Unsecured Loan.

14.2 Amount due / receivable for transaction booked in current account is shown under current liabilities / current assets.

15.0 APEX OFFICE AND INTEREST CHARGES TO HOLDING COMPANY

15.1 Apex office charges as levied by Holding Company are allocated to revenue mines on the basis of coal production.

15.2 Interest on loans through Holding Company for procurement of specific assets is accounted for as per terms of loan agreement and corresponding memos from them.

16. OVERBURDEN REMOVAL (OBR) EXPENSES

In Opencast mines with rated capacity of 1 million tonnes and above, the cost of OBR is charged on technically evaluated average ratio (Coal: Over Burden) at each mine with due adjustment for advance stripping and ratio variance account after the mines are brought to revenue. Net of balances of advance stripping and ratio variance at the end of the year is shown as cost of removal of OB under the head current assets/ current liabilities, as the case may be.

The reported quantity of Over Burden as per record is considered in calculating the ratio for OBR accounting where the variance between reported quantity and measured quantity is within the lower of the two alternative permissible limits as detailed hereunder :

Annual Quantum of OBR of the Mine	Permissible limits	Of variance
	I %	II Quantum (in Mill.cu.Mtr.)
Less than 1 Mill. Cu. M	± 5%	0.03
Between 1 and 5 Mill. Cu. M	± 3%	0.20
More than 5 Mill.Cu .M.	± 2%	Nil

However, where the variance is beyond the permissible limits as above, the measured quantity is considered.

17.0 PRIOR PERIOD ADJUSTMENT

Income / expenditure items relating to prior period(s) which do not exceed ₹ 5.00 lakh in each case are treated as income/ expenditure for the current year.

18. CORPORATE SOCIAL RESPONSIBILITY

CSR Reserve is created equivalent to 5% of retained earnings of the previous year, subject to minimum of ₹ 5/ per tonne of coal

production of the previous year after adjustment of actual expenses incurred for such activity.

19. PROVISION

A provision is recognized when the enterprise has a present obligation as a result of past event: it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the balance sheet date.

20. CONTINGENT LIABILITY :

Contingent liability is a present obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the enterprise or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation or reliable estimate of the amount can not be made. Contingent liabilities are not provided for in the accounts and are disclosed by way of notes.

SCHEDULE - P**NOTES ON ACCOUNTS (CONSOLIDATED)****1.0 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

- (a) The financial statements of MCL & Its subsidiaries used in the consolidation are drawn up to the same reporting date as that of the parent group.
- (b) The financial statements have been prepared under the historical cost convention and on the accrual basis of accounting. The accounts of MCL & Its subsidiaries have been prepared in accordance with the Accounting Standard issued by the Institute of Chartered Accountants of India and on the basis of accounting principles generally accepted in India

2.0 PRINCIPLES OF CONSOLIDATION

- 2.1 The consolidated financial statements relate to Mahanadi Coalfields Limited and its subsidiaries – M/S MNH Shakti Limited and M/S MJSJ Coal Limited. The financial statements of the company and its subsidiary companies are combined line by line basis adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating the intra – group transactions resulting in unrealized profits or losses in accordance with Accounting Standard-21 – ‘Consolidated Financial Statements’ issued by the institute of Chartered Accountants of India.
- 2.2. Significant accounting policies and notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the companies. Recognising the purpose, the group has disclosed only such policies and note from individual financial statements, which fairly present the needed disclosure Mahanadi Coalfields upon taking

over of assets and liabilities of South Eastern Coalfields Limited in respect of mines in the State of Orissa.

3.0 UNSECURED LOANS

- 3.1 Unsecured loan was availed by Coal India Limited, guaranteed by Government of India, from World Bank to finance Coal Sector Rehabilitation Project (CSRP) based on back to back agreement between the Group and Coal India Limited. The loan outstanding as on 31.03..2011 (net after repayments) is ₹ 13268.79 lakh (as at 31.03.2010 ₹ 14169.66 lakh) The details of balance are as under :

	Balance 1.4.2010 US \$	Repayment Up to 31.03.2011 US \$	Balance 31.03.2011 US \$	Balance 01.04.2010 ₹ In lakh	Repayment Upto 31.03.2011 ₹ In lakh	Translation Difference ₹ In lakh	Balance 31.03.2011 ₹ In lakh
IBRD	15034671.95	1510690.00	13523984.95	6852.80	675.32	72.75	6104.73
	JP Yen	JP Yen	JP Yen				
JBIC	1493235898	186878689.00	1306357207	7316.86	1029.56	-876.76	7164.06
Total				14169.66	1704.88	-804.01	13268.79

- 3.2 The balance loan (net of repayments) of ₹ 897.86 lakhs (As at 31.03.2010. ₹ 909.20 lakh) is for the purchase of 4 nos Hydraulic shovels from Leibherr, France. The loans have been arranged through credit agreement with Banque Nationale De Paris and Natexis Banque.

4.0 FIXED ASSETS

- 4.1 The Group took over various Assets and Liabilities from Coal Mines Labour Welfare Organisation and Coal Mines Rescue Organisation for which no quantitative details are available. Adjustments, if any, will be made on finalisation of quantity and value thereof.
- 4.2 Lease hold land includes land acquired under Coal Bearing Areas (Acquisition and

Development) Act, 1957 and Land Acquisition Act, 1894, Orissa Government Land Settlement Act 1962. Lease hold land acquired under Coal Bearing Areas (Acquisition and Development) Act, 1957 has been capitalized on the basis of notification transferring the ownership of land to the extent for which sanction / approval has been received. Land acquired under Land Acquisition Act, 1894, Orissa Government Land Settlement Act 1962 has been capitalized on the basis of possession certified by State Authorities.

- 4.3 Conveyance deed of land in favour of the Group is pending for execution in most of the cases.
- 4.4 The Group has the practice of capitalizing interest paid on enhanced compensation to land owners in respect of land acquired under Coal Bearing Areas (A&D) Act 1957 and Land Acquisition Act 1894 since inception. The interest element forming part of cost of land in case of land acquired under Land Acquisition Act 1894 after possession has not been ascertained.
- 4.5 The carrying cost of the Fixed Assets acquired against World Bank aided projects and Deferred Credit has increased to the extent of ₹ 466.16 lakh (for previous year ended on 31.03.2010, decreased by ₹ 1092.88 lakh) for exchange rate fluctuation in line with the accounting policy para 11.1 of Schedule – O.
- 4.6 The fixed assets have been Physically verified by the Group in most of areas by outside professionals appointed by the Group. During the year an amount of ₹ 4.78 lakh (previous year ₹ 102.86 lakh) has been provided based on discrepancies noticed on physical verification on adhoc basis pending reconciliation. Further adjustment will be made after reconciliation of physical verification of fixed assets.
- 4.7 In case of items of Plant & Machinery, which are kept in plant pending installation and at store for more than three years, provision equivalent to depreciation is made from the

4th year followed by action for formal write-off where necessary. If any such item of plant & machinery is put to use afterwards i.e., after provisions have already been made, depreciation charged in first year of use is depreciation for the year plus provision already made against the item with due accounting adjustments between depreciation & such provision. During the year an amount of ₹ 87.18 Lakh has been provided on this account and the cumulative provision stood at ₹ 1116.08 lakh.

- 4.8 Land acquired under Coal Bearing Areas (A&D) Act 1957 has been capitalised during the year upon notification under Act transferring the ownership and obtaining sanction from authority as against the earlier practice of capitalizing the same on payment basis. Due to the change, an amount of ₹ 3259.03 lakh has been added to gross block with further amortization of ₹ 46.76 lakh which has been charged to profit and loss account.

5.0 INVESTMENT

- 5.1 As per tripartite agreements with State Electricity Boards (SEB), in the year 2003-04 the Group had received 8.5% Tax Free Power Bonds (unquoted long term investment) of nominal value ₹ 34432.00 lakh against old outstanding dues as on 30th September, 2001 from three SEBs (MSEB, TNEB and WBPDCCL).

The details of the unredeemed bonds are as under:

₹ in Lakh			
Particulars of bonds	Opening balance as at 01.04.2010	Redeemed during the year	Closing balance as at 31.03.2011
MSEB	6831.60	1138.60	5693.00
WBPDCCL	6789.60	1131.60	5658.00
TOTAL	13621.20	2270.20	11351.00

All bonds are backed by respective State Govt. guarantees.

- 5.2 Interest amounting to ₹ 1109.56 lakh (as at 31.03.2010 ₹ 1302.53 lakh) has been

earned during the year from the Power Bonds.

- 5.3 Though the Reserve Bank of India allowed partial trading of 8.5% Tax Free Power Bonds of State Electricity Boards (SEB), the Group has decided to hold the same as long term investment.

6.0 INVENTORIES

6.1 Stores and spares

- 6.1.1 During the year, the shortage/excess reported in respect of physical verification of stores / spares have been provided in accounts. The cumulative provision as at 31.03.2011 stands at ₹ 93.90 lakh.

- 6.1.2 Pending reconciliation of stores ledger with price ledger, the impact of shortage / excess if any, on the accounts for the year remain unadjusted in some areas.

- 6.1.3 In respect of stores and spares obsolete/unserviceable items and items which have not moved for more than five years, a provision of 100% & 50% respectively are made as per Accounting Policy Para 10.5 of Schedule –O.

- 6.1.4 Valuation of stores and spares has been done on weighted average method as per accounting policy of the Group (as mentioned in Para 10.3 of Schedule O). The comparison of cost so arrived, with net realizable value is neither made nor adjusted in the account due to difficulty in ascertainment of net realizable value.

- 6.1.5 The Group is yet to carry out exercise for identification of unserviceable/obsolete stores and spares in some of the areas.

6.2.0 Coal Stock

Internal survey measurement teams have physically verified closing stock of coal. In some areas the same has also been verified by outside teams. The Shortage/surplus found on physical verification of coal stock within $\pm 5\%$ over book stock (mine/ colliery wise), is ignored pursuant to Accounting

Policy (refer Para 10.1 of Schedule – O). As a result, Net shortage within +/-5% over book stock (mine/colliery wise) weighing 7.11 Lakh Tonne valued at ₹ 1575.23 lakh remained unadjusted in the books of accounts.

7.0 CASH AND BANK BALANCES

Cash and Bank balance includes :

- (a) ₹ 96.60 lakhs (unclaimed OREEP Tax) has been received from Hon'ble Supreme Court of India towards corpus fund of trust. This amount has been kept as fixed deposit since the trust is yet to be formed. The interest accrued thereon up to 31.03.2011 is ₹ 36.00 lakh (up to 31.03.2010 ₹ 28.96 lakh).
- (b) ₹ 20.00 lakh deposits with State Bank of India, MCL complex earmarked for Corpus fund of Utkal Rangamanch Trust, interest income of which is disbursed to the Trust.
- (c) The balance of current accounts includes current linked termed deposits which are temporarily transferred from current account.
- (d) Fixed Deposit amounting to . 6674.40 lakh and ₹ 11131.40 lakh have been placed under lien of State Bank India for issuing letter of comfort for issuance of Bank Guarantee in favour of President of India to fulfill the terms of allocation of blocks on behalf of subsidiary companies i.e. M/S MJSJ Coal Ltd and M/S MNH Shakti Ltd respectively.
- (e) ₹ 120.47 lakh including accrued interest of ₹ 61.74 lakh being special term deposit made out of money recovered through the Hon'ble District Court Sundargarh against defalcation of cash by an officer, which is under lien to the Court pending finalization of the case.
- (f) Fixed deposit includes ₹ 466.08 lakh made against price difference

recovered against explosive rate contracts in the year 2005-06, as per court order.

8.0 LOANS AND ADVANCES AND OTHER CURRENT ASSETS

- 8.01 Confirmations of balances of loans and advances have not been obtained in all the cases.
- 8.02 Deposit made with State Government amounting to ₹ 8889.26 lakh for acquiring 1073.29 acres of land under LA Act 1894 is included in "Deposit with others" in Schedule – L which would be capitalized on possession given to Group by State Authority.

9.0 CURRENT LIABILITIES AND PROVISIONS

Current liabilities includes -

- (a) Advance from customers (Schedule–M) includes Cess on Coal including principal of ₹ 840.27 lakh (net of payments) and interest of ₹ 947.11 lakh (net of payments) against receipts from Government of Orissa in the year 2005-06 as per directive of Hon'ble Supreme Court judgement dated 31.7.2001. The money is refundable to the customers. During the current year the Group has provided interest of ₹ 100.84 lakh (previous year ₹ 100.83 lakh) calculated at the rate of 12% for the unpaid principal amount of the Cess liability. The total liability thus included therein becomes ₹ 2344.55 lakh (as at 31.03.2010 ₹ 2243.71 lakh) as at 31.03.2011. The Group has not identified the customers/parties to whom the refund is to be made. Finalisation of modalities for refunding the same to the customers/parties is yet to be done.
- (b) During the year 2006-07, ₹ 96.60 lakh (unclaimed OREEP Tax) was

received from Hon'ble Supreme Court of India for keeping in bank deposit in the name of a Trust. The income from it is to be utilized for the welfare of the employees. The money has been kept as Fixed Deposit which stood at ₹ 132.60 lakh (as at 31.03.2010 ₹ 125.56 lakh) inclusive of interest of 36.00 lakh earned till 31.03.2011 and shown as OREEP tax in Schedule M (Current liabilities and Provisions) pending formulation of trust .

10.0 PROFIT AND LOSS ACCOUNT

- 10.1 Provision of ₹ 87.18 lakh during the year ended on 31.03.2011 (for previous year ended on 31.03.2010 ₹ 288.52 lakh) against P &M in stores/ under erection/ installation has been taken at the depreciation rate on P&M items from the 4th year of purchase/acquisition/ construction as the case may be.
- 10.2 Profit on sale of assets (Sch - 4) includes ₹ 1029.98 lakh (for previous year ended on 31.03.2010 ₹ 1589.25 lakh) on account of sale of Coal Blocks. The income has been derived after adjustment of exploration and other related costs for the blocks.
- 10.3 Due to revision of useful life of photocopiers' from 20 to 6 years, the net profit for the year has been reduced to the extent of ₹ 66.27 lakh.
- 10.4 During the year, the Group has decided to drop the accounting policy to account for expenses incurred on repair jobs at its central workshops under Finished goods and Work in progress. Due to such Change the profit for the year has been reduced by ₹ 305.32 lakh.
- 10.5 The Group has revised the Average Stripping Ratios for OBR adjustment of the following mines as under in the year 2010-11 as per approval of the Board of Directors. In respect of other mines, the ratio will remain same for the current year.

Sl. No.	Project	Revised Ratio to be adopted during 2010-11	Ratio adopted during 2009-10
1.	Lingraj OC Expn. Ph III 16 MTY	0.68	0.69
2.	Belpahar OC Expn. Ph. II 8 MTY	1.43	1.74

Due to change in the stripping ratio, the profit of the group for the year has increased by ₹ 4722.42 lakh.

11.0 CONTINGENT LIABILITIES

11.1 The details of Contingent liability are given below :

Particulars	Amount in lakh ₹	Amount in lakh ₹
	As at 31.03.2011	As at 31.03.2010
Suits against the Group	14645.98	12078.15
Other Claims	5060.44	3967.91
Claims by Forest Dept.	10017.85	—
Income Tax	45564.12	63155.92
Sales Tax	4220.00	4200.00
Road Tax	2023.39	—
Letter of Guarantee for issue of BG by SBI	27026.00	—
Total	108557.78	83401.98

11.2 Some claims are pending in Court for enhancement of compensation for land acquired from private parties and others in respect of which the amount is not ascertained.

11.3 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) in relation to execution of works and purchase of equipment, to the extent available, is ₹ 39891.23 lakh (as at 31.03.2010, ₹ 54758.28 lakh).

12.0 CHARGE ON CURRENT ASSETS

A charge has been created for ₹ 16500.00 lakh on Book-debts and Inventories for securing working capital facility from CIL's Consortium Banks as per joint deed of hypothecation-dated 16.12.2003 and subsequent Group Board Resolution dated 22.12.2007.

13.0 RETIREMENT BENEFITS

13.1 **Gratuity, Leave Encashment as per actuarial valuation :**

₹ in Lakh				
Employee Benefits	Actuarial Liability as at 01.04.2010	Incremental Liability	Deposited/ paid to MCL group fund till 31.03.2011	Net Liability (- asset) as at 31.03.2011
Gratuity	5640.44	3487.62	9798.49	-670.43
Earned leave	7876.94	1696.04	No Fund	9572.98
Half Pay Leave	2518.36	248.81	No Fund	2767.17
Total	16035.74	5432.47	9798.49	11669.72

13.2 **Other Employee Benefits as per actuarial valuation :** The Group has provided the incremental liability during the year as under :

Employee Benefits	Liability as at 01.04.2010 (₹ in Lakh)	Incremental/ decremental Liability provided during the year (₹ in Lakh)	Liability as at 31.03.2011 (₹ in Lakh)
Settlement Allowance	26.08	-13.61	12.47
Life cover Scheme Non Exe.	293.38	-14.89	278.49
Group personal accident insurance - Exe.	10.20	-0.03	10.17
Medical benefit for retired executives	63.76	81.81	145.57
Compensation to Dependants of deceased in mine accident	1188.30	156.71	1345.01
LTA/ LTC	1522.62	137.64	1660.26

13.3 Pension as per schedule -8 shown as ₹ 501.02 lakh includes ₹ 357.71 lakh paid to Ex-NCDC employees which have been charged to Revenue on cash basis under Employees Remuneration and Benefits.

13.4 Pension management in respect of employees of the Group, is done by Coal Mines Provident Fund Authority (an independent body).

14.0 TRANSACTIONS RELATING TO HOLDING GROUP

14.1 Apex office charges shown as per Schedule -12 amounting to ₹ 5530.03 lakh (for previous year ended on 31.03.2010 ₹ 5766.95 lakh) is levied by the Holding Company towards rendering various services like procurement, foreign contract, marketing and Corporate Service including service tax, based on agreement entered on 1st July, 1998 as per intimation from Holding Group.

14.2 Training expenses (Schedule -11 Social facilities expenses) includes an amount to ₹ 501.39 lakh (for previous year ended on 31.03.2010 ₹ 520.40 lakh) levied by the Holding Group on account of payment to Indian Institute of Coal Management.

14.3 As per CIL Board resolution in its 214th meeting held on 12.2.2004, the Group has charged ₹ 6125.28 lakh (for previous year ended on 31.03.2010 ₹ 5889.12 lakh) on despatch of coal towards Rehabilitation Fund set up by Coal India Limited.

15.0 EXCHANGE RATE FLUCTUATION

Consequent upon fluctuation in the value of foreign currency loans, the rupee liability of the Group in respect of such loans has increased by ₹ 841.69 lakh (as at

31.03.2010, decrease by ₹ 1609.63 lakh). This increase has been adjusted in the carrying cost of the fixed assets to the extent of increase of ₹ 466.16 lakh (as at 31.03.2010 decreased by ₹ 1092.88 lakh) and the balance of ₹ 375.53 lakh (as at 31.03.2010, gain for ₹ 516.75 lakhs) has been treated as "Loss on fluctuation" in Schedule -12.

16.0 COMPLIANCE OF ACCOUNTING STANDARDS

16.1 **AS-12: Accounting for Government Grants** : The Group has recognized ₹ 88.86 lakh (Schedule-4) (for previous year ended on 31.03.2010 ₹ 117.19 lakh) as Income from Stowing and Protective Subsidy / CCDA grant.

16.2 **AS-15 : Accounting for Employee Benefits** : The Group has determined the liability for employee benefits as at 31.03.2011 in accordance with the revised AS 15 –Employee benefits issued by ICAI.

The following disclosures are made in accordance with AS-15 (Revised) pertaining to the Gratuity (Funded Plan) :

Table Showing Changes in Present Value of Obligations

<i>₹ in Lakh</i>	
Particulars	As at 31.03.2011
Present Value of the Obligation at the beginning of the year	39145.00
Interest Cost	3177.77
Current Service Cost	2032.71
Benefits Paid	3520.87
Actuarial gain/loss on Obligations	1736.36
Present Value of the Obligation at the end of the year	42571.87

Table Showing Changes in Fair Value of Plan Assets

₹ in Lakh

Particulars	As at 31.03.2011
Fair Value of the Plan Asset at the beginning of the year	33505.46
Acquisition Adjustment	0.00
Expected Return of Plan Asset	2680.44
Contributions	9798.49
Benefits Paid	3520.87
Actuarial gain/loss on Obligations	778.78
Fair Value of the Plan Asset at the end of the year	43242.30

Table Showing Funded Status

₹ in Lakh

Particulars	As at 31.03.2011
Present Value of the Obligation at the end of the year	42571.87
Fair Value of the Plan Asset at the end of the year	43242.30
Funded Status	670.43
Unrecognized actuarial gain/loss at the end of the year	0.00
Net Asset (Liability) Recognized in the Balance Sheet	670.43

Table Showing Expense Recognized in the Statement of Profit/Loss

₹ in Lakh

Particulars	As at 31.03.2011
Current Service Cost	2032.71
Past Service Cost	0.00
Interest Cost	3177.77
Expected return on Plan Asset	2680.44
Actuarial gain/loss recognized in the year	957.58
Expense Recognized in the Statement of Profit/Loss	3487.62

Table Showing Actuarial Assumptions

Particulars	As at 31.03.2011
Mortality Table	LICI 1994-1996
Superannuation Age	60
Early Retirement & Disablement	10 Per Thousand P. A.
	6 above age 45
	3 between 29 and 45
	1 below age 29
Discount Rate	8.5
Inflation Rate	6.0
Return on Asset	8.0
Remaining Working Life	14
Formula Used	Projected Unit Credit Method

Movements in the Liability Recognized in the Balance Sheet

₹ in Lakh

Particulars	As at 31.03.2011
Opening net Liability	5640.44
Expenses on above	3487.62
Contributions	9798.49
Closing Net Liability	-670.43
Closing Fund/Provision at the end of the year	42571.87

The following disclosures are made in accordance with AS 15 (Revised) pertaining to the leave encashment benefits (EL/HPL) (Unfunded plan).

Table Showing Changes in Present Value of Obligations

₹ in Lakh

Particulars	As at 31.03.2011
Present Value of the Obligation at the beginning of the year	10395.31
Interest Cost	853.15
Current Service Cost	2291.87
Benefits Paid	716.55
Actuarial gain/loss on Obligations	-483.62
Present Value of the Obligation at the end of the year	12340.16

Table Showing Expense Recognized in the Statement of Profit/Loss

₹ in Lakh

Particulars	As at 31.03.2011
Current Service Cost	2291.87
Past Service Cost	0.00
Interest Cost	853.15
Expected return on Plan Asset	0.00
Actuarial gain/loss recognized in the year	-483.62
Expense Recognized in the Statement of Profit/Loss	2661.40

Table Showing Actuarial Assumptions

Particulars	As at 31.03.2011
Mortality Table	LICI 1994-1996
Superannuation Age	60
Early Retirement & Disablement	10 Per Thousand P. A. 6 above age 45 3 between 29 and 45 1 below age 29
Discount Rate	8.5
Inflation Rate	6.0
Return on Asset	8.0
Remaining Working Life	14
Formula Used	Projected Unit Credit Method

Movements in the Liability Recognized in the Balance Sheet

₹ in Lakh

Particulars	As at 31.03.2011
Opening net Liability	0.00
Expenses on above	2661.40
Contributions	0.00
Closing Net Liability	2661.40
Closing Fund/Provision at the end of the year	12340.16

Note to appendix b of AS 15 (revised 2005).

As the scheme is unfunded charges to profit / loss account has been based on following assumptions :

- (1) Previous obligation was provided for at last accounting date
- (2) Benefit to exits has been paid to debit of above provision
- (3) Current obligation will be provided for at current accounting date

16.3 **AS-16: Borrowing Cost** : There are no qualifying assets for which interest has been borne by the Group, as such no borrowing cost has been capitalized.

16.4 **AS-17: Segment Reporting** : The Group is primarily engaged in a single segment business of production and sale of coal. There is no reportable primary segment identifiable in accordance with AS-17.

16.5 **AS-18: Related Party Disclosures** : In view of exemption granted to state controlled enterprises as regards related party relationship with other state controlled enterprises and transactions with such

enterprises, no disclosure under AS 18 is required.

Both the subsidiaries are in development stage.

16.6 AS-20: Earning per share : The basic earnings per share (EPS) is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted EPS, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

The computation of EPS is set out below :

Particulars	Current year 31.03.2011	Previous year ended on 31.03.2011
Profit after tax (₹ in lakh)	260931.66	194669.19
Profit attributable to ordinary shareholders (₹ in lakh)	260931.66	194669.19
No. of Ordinary Shares for basic and diluted EPS (Nos)	1864009	1864009
Nominal value of Ordinary Shares (₹)	1000.00	1000.00
Basic & Diluted Earning per ordinary Share (₹)	13998.41	10443.58

16.7 AS-21 : Investment in Subsidiaries

Consolidated financial statements have been prepared by the management in accordance with the requirements of Accounting Standard -21 “ Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India.

Name of Subsidiary	Stake of Parent Company	Date of incorporation	Address	Minority interest as per consolidated Accounts as at 31.03.2011 (in lakh ₹)
1. MNH Shakti ltd.	70 %	16.07.2008	Anand Vihar, Burla Sambalpur	1653.00
2. MJSJ Coal Ltd.	60 %	13.08.2008	House No. 42, 1st Floor, Anand Nagar, Hakimpara, Angul Orissa	1607.71
TOTAL				3260.71

16.8 AS-28 : Impairment of assets :

In coal industry, fixed assets are classified under Major heads viz. Land, Buildings, Plant and Machinery, Exploration Boring and Development, In case of land and building, there is universally upward trend in valuation. Unless there is damage to buildings, there is no need to made any provision. Similarly in case of plant and machinery, there is no downward trend in price as per RBI index, hence no impairment unless asset is obsolete or damaged. However impairment is considered for old machinery meant for exclusive use in loss making underground mines. In coal industry, only prospecting, boring and development expenses can be prima facie considered to have been impaired in continuous loss making mines, provided there is no clear indication for its revival in near future.

A provision for ₹ 12.32 lakh (for previous year ending on 31.03.2010 ₹ 190.76) has been made during the year s against other fixed assets (with no alternative use value). Thus total cumulative provision for Impairment. as at 31.03.2011 stands at ₹ 2285.85 lakh (as at 31.03.2010 ₹ 2273.53 lakh).

16.9 Accounting Standard 29 :

16.9.1 As per guideline No 55011-01-2009 – CPAM dt 27.08.2009 issued by Ministry of Coal, Government of India, the Group has made a provision during the year for mine closure expenses in respect of all operating mines . Accordingly a provision for ₹ 5935.75 lakh has been made

@ ₹ 6.00 lakh per hectre for open cast mine and ₹ 1.00 lakh per hectre for underground mine as specified in the said guideline. The earlier liability provision made for reclamation of land upto 31.03.2010 in respect of operating mines amounting to ₹ 2384.58 lakh has been withdrawn/ written back being no more required.

16.9.2 Current Liabilities and Provision includes ₹ 730.47 lakh on account of provision taken towards stowing and stabilization of unstable workings of Deulbera colliery after adjusting current year expenditure other than salary & wages of ₹ 16.26 lakh against a comprehensive scheme of ₹ 944.41 lakh (Excluding departmental salary and wages for ₹ 1821.15 lakh). As the stabilization of unstable workings of Deulbera Colliery through sand stowing is being carried out by existing departmental manpower of Deulbera Colliery, for which salaries and wages for ₹ 1643.53 lakh being part of the scheme has not been provided for.

16.9.3 Details of movements in provision in accordance with AS 29 :

(₹ in Lakh)					
Sl. No.	Particulars	Opening Balance As at 01.04.2010	Provision/ addition during the year	Paid/ adjustment during the year	Balance As at 31.03.2011
1.	Provision for Reclamation of land	2463.20	—	-2384.58	78.62
2.	OBR Adjustment	407391.87	122546.00	—	529937.87
3.	Provision for Taxation	112235.96	158202.14	116573.25	153864.85
4.	Provision for Dividend	66900.00	157001.63	106901.63	117000.00
5.	Mine Closure Plan	—	5935.75	—	5935.75

17.0 ACCOUNTING FOR TAXES ON INCOME

17.1 For the current year, the Income Tax provision has been taken at ₹ 132126.13 lakh (Previous year ended on 31.03.2010 ₹ 98209.08 lakh). Provision for ₹ 15.00 lakh has been made for wealth tax for the current year. Wealth Tax of ₹ 29.80 lakh in Sch-12 includes ₹ 14.80 lakh for previous year.

17.2 As per requirement of Accounting Standard -22, there is a net deferred tax liability of ₹ 10493.17 lakh as at 31.03.2011 (as at 31.03.2010 Asset ₹ 972.70 lakh). The Deferred tax liability / assets comprises of tax effect of timing differences as detailed below :

	As on 31.03.11 (₹ in lakh)	As on 31.03.10 (₹ in lakh)
Deferred Tax Liability :		
Excess of Net Block over written down value as per provisions of Income-tax Act, 1961	10244.41	5383.08
Deferred Tax Asset :		
Provision for Doubtful Debts	368.90	735.17
Provision for other Employees Benefit	0.00	0.00
Provision for Leave Encashment	3384.52	3132.88
Provision for Gratuity	89.79	2622.19
Provision for Doubtful Advances	109.02	131.53
Disallowance u/s.43B of Income-tax Act, 1961	2305.22	621.02
Other Provision / Misc. items	-7513.71	-1894.51
Sub-Total	-1256.26	5348.28
Deferred Tax adjustment	1007.50	1007.50
Total	-248.76	6355.78
NET DEFERRED TAX LIABILITY	10493.17	972.70

18.0 GENERAL

18.1 Confirmation of balances of Sundry Creditors., various advances and deposits received etc. has not been obtained in all the cases.

18.2 The Group has not received any intimation

from “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been furnished.

18.3 Previous year figures have been re-arranged, re-grouped, re-classified wherever necessary, to make them more comparable with those of current year.

19.0 OTHERS

A. Directors’ Remuneration

(₹ In Lakh)

	For Current Year ended on 31.03.2011	For Previous Year ended on 31.03.2010
Salary	73.39	61.77
P.F.	9.16	5.93
Perquisites	1.42	1.83
Total	83.97	69.53

Note:

- Perquisites do not include value/charges for house rent/electrical energy, which has been recovered as per rules of the Group and value of free medical facilities in Group hospitals/dispensary.
- The Chairman-cum-Managing Director and full time Directors. have the option to use the staff car for purposes other than official duty up to a ceiling of 750 Km per month, on payment at concessional rate, in accordance with the provisions of Government of India, Ministry of Finance, Bureau of Public Enterprises O.M. No.2 (18)/PC-64 dated 20.11.1964 as amended from time to time.

B. Capacity

- Licensed Capacity - Not applicable
- Installed Capacity - Not assessed
- Actual production during the year - 1002.79 lakh tonne
(for Previous year ended on 31.03.2010 1040.79 lakh tonnes)

C. Imports

(₹ In Lakh)

C.I.F. value of imports	For Current Year ended 31.03.2011	For Previous Year ended 31.03.2010
(i) Raw Materials	NIL	NIL
(ii) Components & Spare Parts	863.46	175.22
(iii) Capital Goods	1764.59	1363.84

D. Expenditure in Foreign Currency

(₹ In Lakh)

	For Current Year ended 31.03.2011	For Previous Year ended 31.03.2010
(i) Travelling	4.78	3.19
(ii) Commitment charges	0.00	0.00
(iii) Interest	213.81	270.65
(iv) Others	21.47	NIL

E. Value of Imported/indigenous Raw Materials and Stores & Spares and Components Consumed

Particulars	For Current Year ended 31.03.2011		For Previous Year ended 31.03.2010	
	Value (₹ in Lakh)	Percentage	Value (₹ in lakh)	Percentage
Imported	Not determined			
Indigenous	Not determined			
Total	48820.44	100	47112.85	100

F. Statement of Opening Stock, Production, Off-take and Closing Stock

	For Current Year ended on 31.03.2011		For Previous Year ended on 31.03.2010	
	Quantity (L. MT)	Value (L. ₹)	Quantity (L. MT)	Value (L. ₹)
OPENING STOCK:				
(a) Revenue Mines	233.43	34659.68	173.99	41440.84
(b) Development mines	0.15	91.77	0.00	0.00
Total	233.43	34659.68	173.99	41440.84
PRODUCTION				
(a) Revenue mines	1002.64	704799.27	1040.79	574648.60
(b) Development mines	0.15	91.77	0.00	0.00
Total	1002.79	704891.04	1040.79	574648.60
SALES				
(a) Revenue mines	1020.86	691775.05	981.30	581369.97
(b) Development mines	0.00	0.00	0.00	0.00
Total	1020.86	691775.05	981.30	581369.97
Own consumption (Revenue)	0.05	73.34	0.05	59.79
CLOSING STOCK				
(a) Revenue mines	215.16	47610.56	233.43	34659.68
(b) Development mines	0.15	91.77	0.00	0.00
Total	215.31	47702.33	233.43	34659.68

NOTE:

- (i) Opening and Closing stock values are before adjustment of provision for shortage, deterioration and re-handling charges (refer to Schedule – H).
- (ii) Production values are derived from the records of dispatches, internal consumption etc., and adjustment for opening and closing stocks. Value of production represents value of sales and internal consumption adjusted with accretion/decretion to stocks.

For and on behalf of Board of Directors

Sd/-
S.C. Behera
Group Secretary

Sd/-
M. Nagarajan
Chief General Manager (Finance)

Sd/-
K. Biswal
Director (Finance)

Sd/-
A. N. Sahay
Chairman-Cum-Managing Director

As per our report of even date
For A. K. Sabat & Co.
Chartered Accountants
Sd/-
(CA A. K. Sabat)
Partner
(Membership No. 30310)

Place : Burla
Date : 18.05.11

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registered No. : 15 - 03038 State Code : 15
Balance Sheet Date : 31.03.2011

II. CAPITAL RAISED DURING THE YEAR (AMOUNT ₹ IN LAKH)

Public issue : Nil Right Issue : Nil
Bonus issue : Nil Private Placement : Nil

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT ₹ IN LAKH)

Total Liabilities	: 682734.62	Total Assets	: 682734.62
Source of Funds	:	Reserve & Surplus	: 636174.00
Paid-up Capital	: 18640.09	Unsecured Loans	: 14166.65
Secured Loans	: Nil		
Deferred Tax Liability	: 10493.17	Deferred Tax Assets	:
Application of Funds	:		
Net Fixed Assets	: 248517.66	Investments	: 11351.00
Net Current Assets	: 422712.49	Misc. Expenditure	: 153.47
Accumulated Losses	: Nil		

IV. PERFORMANCE OF COMPANY (AMOUNT ₹ IN LAKH)

Turnover (Total Income)	: 859331.95	Total Expenditure (incl PP Adjustment)	: 455401.77
Profit / (Loss) before Tax	: 403930.18	Profit / (Loss) after Tax	: 260931.66
Earning Per Share (Rs.)	: 13998.41	Dividend Rate % (Excl. Tax on Dividend)	: 842.28

V. GENERIC NAMES OF PRINCIPAL PRODUCT OF COMPANY

Item Code No. : 270112
Product Description : COAL

For and on behalf of Board of Directors

Sd/-
S.C. Behera
Group Secretary

Sd/-
M. Nagarajan
Chief General Manager (Finance)

Sd/-
K. Biswal
Director (Finance)

Sd/-
A. N. Sahay
Chairman-Cum-Managing Director

As per our report of even date
For A. K. Sabat & Co.
Chartered Accountants
Sd/-
(CA A. K. Sabat)
Partner
(Membership No. 30310)

Place : Burla
Date : 18.05.11

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2011

	For the year ended on 31.03.2011 (₹ in Lakh)	For the year ended on 31.03.2010 (₹ in Lakh)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	403930.18	295390.47
Adjustment for :		
Depreciation & Impairment	11794.65	12168.43
Exchange rate fluctuation	375.53	-516.75
OBR Adjustment	122546.00	153439.39
Interest / Dividend (Received)	-70823.69	63353.23
Interest/Financial Charges (Paid)	-551.87	637.71
Provision against Debtors/Inventories/ Other CA/Loans&Adv.	5829.16	-275.97
Deferred Tax Liability	1718.57	627.82
Operating Profit before Working Capital Changes	474818.53	524824.33
Adjustments for :		
Changes in Investments	0.00	0.00
Changes in Inventories	-13636.66	6920.83
Changes in Sundry Debtors	2023.75	3850.98
Changes in other Current Assets	-10916.05	-3713.37
Changes in Loans and Advances	-3318.26	-1099.29
Changes in Current Liabilities	15188.51	23200.36
Cash generated from operations	464159.82	553983.84
Direct taxes paid	-157007.60	-138088.85
Deferred Tax Liabilities	-1718.57	-627.82
Cash Flow before extraordinary items	305433.65	415267.17
Extraordinary items	0.00	0.00
Net Cash from operating activities	305433.65	415267.17
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Other than P&B, Dev.)	-53445.98	-41344.65
Purchase of Fixed Assets (P&B, Dev.)	-1964.89	-4057.10
Short Term Deposit with CIL	23335.34	-29796.53
Miscellaneous receipts	0.00	0.00
Acquisition of Companies	0.00	0.00
Change in Investments	2270.20	-1879.80
Interest received	70823.69	-63353.23
Dividend received	0.00	-151.09
Net Cash used in investing activities	41018.36	-140582.40

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2011 (CONTD..)

	For the year ended on 31.03.2011 (₹ in Lakh)	For the year ended on 31.03.2010 (₹ in Lakh)
C. CASH FLOW FROM FINANCING ACTIVITIES		
World Bank Loan through CIL	-900.87	-1615.07
Deferred Credit Loan	-11.34	-93.37
Exchange Rate Fluctuation	-375.53	516.75
Repayment of CIL Loan	0.00	0.00
Redemption of preference share capital	0.00	0.00
Interest and financial charges	551.87	-637.71
Issue of Share Capital	0.00	6500.00
Dividend paid	-106901.63	-104000.00
Net Cash used in financing activities	-107637.50	-99329.40
Net increase in cash and cash equivalents	238814.51	175355.37
Cash and cash equivalents as at beginning of the year	753240.93	577885.57
Cash and cash equivalents as at end of the year	992055.44	753240.94
	992055.44	
The aforesaid statement is prepared on indirect method	0.00	

The figures of the previous year have been reclassified to conform to current year classification.

For and on behalf of Board of Directors

Sd/-
S.C. Behera
Group Secretary

Sd/-
M. Nagarajan
Chief General Manager (Finance)

Sd/-
K. Biswal
Director (Finance)

Sd/-
A. N. Sahay
Chairman-Cum-Managing Director

As per our report of even date
For A. K. Sabat & Co.
Chartered Accountants

Sd/-
(CA A. K. Sabat)
Partner
(Membership No. 30310)

Place : Burla
Date : 18.05.11