

# ANNUAL REPORT & ACCOUNTS

2011-2012



Mahanadi Coalfields Limited



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# **Board of Directors**

**(As on 24th May, 2012)**



**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 S. K. Singh**

## **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 24.05.2012)

**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 S. K. Singh  
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 2011-2012

**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**

- : Dr. A.K. Sarkar  
Director(Marketing),  
CIL, Kolkata (upto 30.04.2011)
- : Shri R.K.Mahajan  
Joint Secretary, Ministry of Coal, New Delhi.  
(upto 11.10.2011)
- : Shri P. S. S. Reddy  
Director, MoC (From 12.10.2011 to 12.01.2012)
- : Shri S. K. Singh  
Joint Secretary, Ministry of Coal, New Delhi.  
(w.e.f. 13.01.2012)

**NON-OFFICIAL PART-TIME DIRECTORS**

- : Shri M.B. Sridharan
- : Dr. A.K. Rath
- : Dr. Ashok Kumar
- : Shri Abdul Kalam

**PERMANENT INVITEE**

- : Shri R. B. Das  
COM, East Coast Railway, Bhubaneswar  
(w.e.f. 18.04.2011)

**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**

**SCM Associates**  
*Chartered Accountants,*  
Bhubaneswar

## **Registered Office**

At/Po. Jagruti Vihar, Burla,  
Sambalpur - 768 020, Odisha  
Website : [www.mcl.gov.in](http://www.mcl.gov.in)

## **NOTICE**

### **TWENTIETH ANNUAL GENERAL MEETING**

Notice is hereby given that the 20th Annual General Meeting of Mahanadi Coalfields Limited will be held at 11.00 AM on Saturday the 24th May, 2012 at the Registered Office of the Company, At/Po : Jagruti Vihar, Burla, Sambalpur-768 020, to transact the following business :

#### **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited accounts for the year ended 31st March, 2012, Report of the Auditors thereon and Directors' Report.
2. To declare Dividend.
3. To appoint a Director in place of Shri Shailesh Ku. Singh, 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 SCM Associates, Chartered Accountants, Bhubaneswar, the Branch Auditor who were appointed by the C&AG of India for the Financial Year, 2011-2012.

“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 SCM Associates, Chartered Accountants, Bhubaneswar, the Branch Auditor in connection with the audit of accounts of the Company for the financial year 2011-2012.”

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.

## Chairman's Statement

Friends,

I have immense pleasure in welcoming you to the 20th Annual General Meeting of Mahanadi Coalfields Limited. The report of the Directors, audited accounts for the year 2011-12 combined with the report of the Statutory Auditors and the report and review of the Comptroller & Auditor General of India are already with you.

With a GDP growth expectation of more than 8%, demand for energy has gone up at a galloping rate for which coal, being the only dependable prime energy source in India enhancement of its production needs to be given importance keeping in pace with the energy demand.

### 1. PERFORMANCE HIGHLIGHTS

Production of raw coal during 2011-12 was 103.12 Million Tonne (MTe) as against 100.28 MTe produced in 2010-11 with a growth of 2.83%. Overburden removal during 2011-12 was 85.66 M.Cu.M as against 88.70 M.Cu.M in 2010-11. Offtake of raw coal also witnessed upward trend reaching from 102.09 MTe in previous year to 102.527 MTe this year.

MCL has recorded pre-tax profit of Rs. 5463.69 crore in 2011-12 against a pre-tax profit of Rs. 4039.30 crore last year and total dividend paid to Govt. of India is Rs. 2226.55 crore registering thereby, a growth of 30.48% in Net Sales, 35.26% in PBT, 42.16 % in PAT and 41.81% in Dividend over last year.

### 2. PROJECT PROFILE

There are 49 sanctioned mining projects in MCL. The ultimate production capacity of these sanctioned projects is 205.36 Mty. with a sanctioned capital outlay of Rs.6287.46 crore, out of which 31 have been completed with a capacity of 88.58 Mty and sanctioned capital outlay of Rs. 2605.43 crore. Out of the 31 completed projects, 2 have been exhausted (Balanda OCP and Basundhara-East OCP). There are 18 on-going projects with a capital outlay of Rs.3682.03 crore with an ultimate capacity of 116.78 Mty. There are 18 completed non-mining projects with a total capital outlay of Rs. 257.20 crore and 17 on-going non-mining projects which include some of the important infrastructural projects with a total capital outlay of Rs. 2256.077 crore. MCL looks forward for building a sound future basing on its infrastructural strength through construction of CHP/SILOs, RLS, Concrete Roads, Railway Sidings, Washeries etc.

### 3. DIVERSIFICATION

Growing market demand for power in sync with your Company's existing potentials have prompted the Company to diversify into "power generation" through pit head super critical power plant at Basundhara Coalfields. With an initial capacity of 2X800 MW, a fully owned SPV has been formed in December 2011 and incorporated under the Companies Act, 1956. This diversification promises some strong business sense under current business scenario. Your Company has already applied for Transmission License for the Budhipadar-Basundhara Transmission Line which has already been charged. Further, initiatives has also been taken to foray into Solar Power generation.

#### **4. VALUE BASED MANAGEMENT**

It delights me to share with you that MCL pioneers a number of value based breakthroughs in business processes ranging from production of coal to it's despatch to consumer ends to Governance mechanism. Institution building capacity of MCL is best in CIL when you look around at the instances such as deployment of surface miner, e-tendering, e-procurement, e-despatch and PAP based co-operatives to name a few.

##### **4.1 Value addition and Quality Products**

MCL is constantly endeavouring to ensure quality and value addition for the full satisfaction of the consumers. Moreover, more Surface Miners are being engaged against conventional mining. Coal Washeries are being put to provide value added products to different consumers. Efforts are on to overcome the entire process of transportation and handling of coal with minimum human intervention to ensure safety.

##### **4.2 Safety**

Your Company believes in the value implicit in guaranteeing a safe work environment to employees and has left no scope for any trade-off with workforce safety. Towards attaining 'Zero Accident' target, continuous efforts are being made for having requisite equipment, imparting training, creating safety awareness, investing in safety related R&D and monitoring periodically on safety compliances etc.

Your Company's readiness/preparedness to overcome any untoward happening during mining operation through regular rescue related training and well equipped rescue stations are also highly note worthy.

Achieving an increasing production target along with compliance to safety norms and regulations, over the years have culminated into such core competencies that your Company is in a position to stand apart among coal companies.

##### **4.3 Corporate Governance**

Your Company has made headway in implementing DPE Guidelines on Corporate Governance and it gives me pleasure to share with you that today your Company secures "Excellent" under the existing Reporting System related to compliance of the Guidelines.

Governance mechanism has undergone a number of changes during last year with the following being most remarkable.

- Formation of four Board Sub-committees other than the existing Audit Committee with special focus on matters such as Technical, HRM, Corporate Governance, Strategic Management, Sustainable Development, Risk Management and Employment of Land Oustees etc.
- Inducting Independent Directors on the Boards of Subsidiary Companies of MCL.
- Creating organisational structure for Risk Management and Sustainable Development.
- Monitoring of tender by independent monitors and integrity pact with contractors/suppliers.

'Good Governance' is well ingrained in the running of your Company's business and whatever best practices that add to good governance shall be your Company's thrust in the future.

#### **4.4 Sustainable Mining**

Sustainable Development being the order of the day has been taken with utmost keenness by your Company. In addition to regular environment management plans and programmes, new initiatives under sustainable framework devised by Department of Public Enterprises, Government of India have already been prioritised for proper attention. To address some of the sustainable issues the Company has taken up projects like rain water harvesting, energy conservation, solar power generation and intensive afforestation etc.

Your Company is poised to emerge and remain as a “Green Champion” in the region alongside proving its mettle as an outstanding financial performer.

#### **4.5 CSR**

Your Company being geographically expandable, it is imperative that some indigenous communities get affected by the Company’s operations. But your Company believes that long standing trustworthy relationship with the communities in which it operates is mutually fulfilling and towards that end the Company works relentlessly with number of social initiatives. Through a structured CSR Policy, the Company has taken up a range of activities such as potable water supply through tankers during summer to all the peripheral villages, construction of public utility roads and community centers, village health and family welfare programmes, check dams, mobile medical check ups etc. that not only enhance Company’s social alignment but also symbolise true discharge of social responsibilities.

Greater societal expectations have also been taken care of with social spendings earmarked for construction of tribal girls’ hostels, anganwadi centres, extra classrooms in village schools, provision of ambulances etc. which have elevated your Company’s image as a true Corporate Citizen.

### **5. EXPECTATION**

There is a strong point in having reliance on our capabilities that have brought us continuous success and I am very much hopeful that MCL with its rising value generating capacity can meet the expectation of its stakeholders including the expectation of the Nation.

### **6. ACKNOWLEDGEMENT**

I express my most sincere thanks to all the shareholders of the Company, Ministry of Coal, Coal India Limited, various Central Government Authorities, State Government Authorities, People’s Representatives, Local Bodies, All Employees and their Unions, Consumers, Suppliers for their unflickered support and relentless co-operation.

Sd/-  
(A. N. SAHAY)  
*Chairman-cum-Managing Director*

Sambalpur  
Date : 24.5.2012

## DIRECTORS' REPORT

To  
The Shareholders,  
Mahanadi Coalfields Limited,

Dear Shareholders,

I have great pleasure in presenting on behalf of the Board of Directors, the 20th Annual Report of your Company together with the audited Accounts for the year ended 31st March 2012 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 positive growth recorded on almost all fronts.

### 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
- (v) Kaniha Area
- (vi) Talcher Area

#### B. Ib Valley Coalfields

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

Besides, MCL has ventured out to form three subsidiary companies in the recent past, namely :

- (i) MNH Shakti Limited,
- (ii) MJSJ Coal Limited and
- (iii) Mahanadi Basin Power Limited.

### 3. HIGHLIGHTS OF PERFORMANCE

- The Company achieved all time high Gross Sales Value of Rs. 12068.60 crore against the previous year's Gross Sales of Rs. 9249.75 crore, registering a growth of 30.48% over previous year.
- The coal production during the year is 103.12 Million Tonnes (MTe) against previous year's production 100.28 MTe registering an increase of 2.83% over the previous year.
- The productivity in terms of output per manshift (OMS) is 20.38 tonne in OC Mines decreased by 0.58% and 1.24 tonne in underground mines decreased by 0.80% as compared to previous year. The overall OMS of the current year is 15.36 tonne as compared to 15.37 tonne in previous year indicating a declining growth of 0.07%.
- The Profit Before Tax (PBT) during the year is Rs. 5463.69 crore against previous year's PBT of Rs. 4039.30 crore registering a growth of 35.26%.
- The Company has been consistent in payment of dividend since last eight years. The interim dividend of Rs. 1006.56 Crore has been paid on paid-up Equity Share Capital. Further, Rs. 1219.99 crore has been proposed as final dividend on paid-up Equity Share Capital thereby registering a hike in dividend payout by Rs. 656.53 crore over the dividend paid for the previous year.

### 4. PRODUCTION PERFORMANCE

- (a) Production performance of MCL for the financial year 2011-12 as compared to the target and achievement of the previous year is given below:

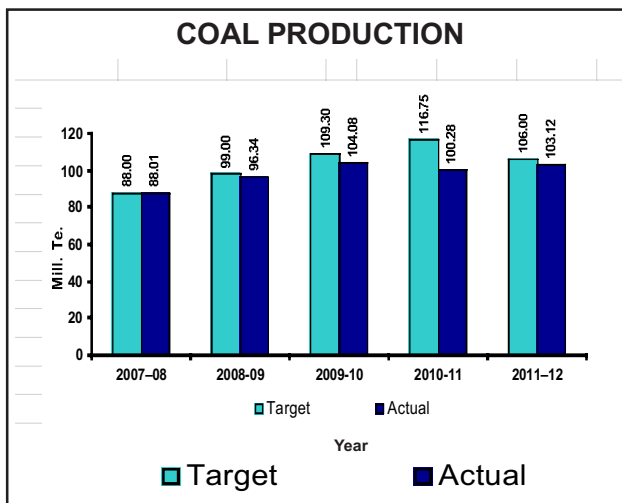
(Figs. In MTe)

Production	2011-12		2010-2011		% Age against Target	% Age Growth Over Last Yr.
	Target	Actual	Target	Actual		
<b>(i) Coal (MTe)</b>						
Open-cast	103.60	100.93	114.46	98.11	97.42	2.87
Underground	2.40	2.19	2.29	2.17	91.08	0.87
<b>Total (OC+UG)</b>	<b>106.00</b>	<b>103.12</b>	<b>116.75</b>	<b>100.28</b>	<b>97.28</b>	<b>2.83</b>
<b>(ii) OBR(MM<sup>3</sup>)</b>						
	100.00	85.67	74.00	88.70	85.67	-3.42

(b) Production performance of MCL for last five years (incl. 2011-12) 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	
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	85.89
2011-12	106.00	103.12	2.84	2.80	97.28



Coal production in 2011-12 is 103.12 MTe and growth over 2010-11 is (+)2.83%. The achievement against the AAP Target is 97.28%, the reasons for less production against the Target being frequent stoppage by villagers, particularly, in Talcher Coalfields on R&R issue; Environment Clearance problems in IB Valley Coalfields and forestry clearance problem both in Talcher as well as IB Valley 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	
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
2011-12	59.13	4.21	7.70	57.34

Coal production by surface miners has positive growth over the respective preceeding years. In 2011-12, the production is 59.13 MTe (57.34 % share of the total coal production) and has (+) 7.7% growth over 2010-11.

(iii) OB Removal of MCL (Figs. in MM<sup>3</sup>)

Financial Year	Target	Achievement	Growth over last year		%age Achievement against Target
			Absolute	%age	
2007-08	66.00	54.56	-0.91	-1.60	82.66
2008-09	70.00	51.85	-2.71	-4.96	74.07
2009-10	86.00	66.07	14.22	27.43	76.83
2010-11	74.00	88.70	22.63	34.25	119.87
2011-12	100.00	85.67	-3.04	-3.42	85.67

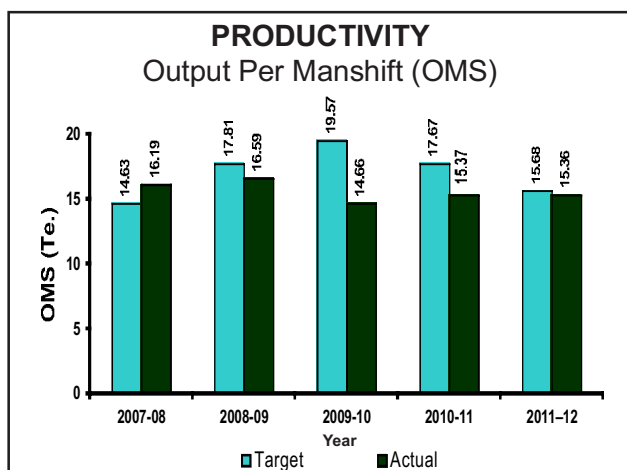
OB removal in 2011-12 is 85.67 M.Cum and (-)3.42% growth over 2010-11. The achievement is 85.67% against the AAP Target, the reasons for less production against the Target being frequent stoppage by villagers, particularly, in Talcher Coalfields on R&R issue; Environment Clearance problems in IB Valley Coalfields and forestry clearance problem both in Talcher as well as IB Valley Coalfields.

## 5. PRODUCTIVITY

Your Company has also achieved productivity in terms of output per manshift (OMS) as given hereunder:

*Fig.in Tonne/Manshift*

Productivity	2011-12		2010-11 Actual	% Achievement against target	% Growth over previous year
	Target AAP	Actual			
Opencast	21.56	20.38	20.50	94.53	- 0.59
Underground	1.23	1.24	1.25	100.81	- 0.80
Overall	15.68	15.36	15.37	97.96	- 0.07



**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'11 to March'12	April'10 to March'11	CMPDIL Norm	April'11 to March'12	April'10 to March'11	CMPDIL Norm
				31.3.12	31.3.11				
1	Dragline	5	5	80	72	85	53	42	73
2	Shovel	77	75	77	80	80	39	41	58
3	Dumper	409	422	78	76	67	27	29	50
4	Dozer	127	104	68	68	70	26	32	45
5	Drill	71	73	85	81	78	42	43	40
<b>Total</b>		<b>689</b>	<b>679</b>						

**II. Working hours achieved :**

Sl. No.	Equipment	Working Hours	
		2011-12	2010-11
1	Dragline	20923	15517
2	Shovel	231976	246007
3	Dumper	758402	781321
4	Dozer	222274	228077
5	Drill	130037	128150

III. (a) The Availability of Shovels have decreased compared to same period of last year because the shovels are old. Most of the new higher capacity

BEML make shovels of model BE-1600 are underperforming since installation.

(b) The Utilization have decreased in the case of Shovel, Dumper, Dozer and Drill compared to last year, mainly due to non-availability of land in OCPs, lack of skilled personnel in operation and maintenance.

**IV. Steps taken to improve the availability and utilization :**

1. Timely surveying off of major HEMMs and replacement procurement action against such surveyed off equipment.
2. Input of auxiliary equipment and P&M items like cranes, graders, tyre handlers, mobile service van, diesel vouchers etc.
3. Land acquisition, Law and Order problems are being taken up at various forums by MCL management.
4. Proper selection and training to upgrade unskilled to skilled manpower to fill up vacancies of operation and maintenance personnel.
5. To improve the technical skill specially for operating and maintaining new model equipment by conducting regular training programmes by OEMs.
6. Special attention is being given to the Operators' comfort. New HEMMs which are being procured are fitted with Air Conditioned Cabins. The HEMMs having substantial residual lives, are also being fitted with Air conditioners.
7. Incentive scheme has been introduced for higher productivity.
8. Daily production from HEMMs and their working hours are being closely monitored at Headquarters level.
9. Introduction of OITDS in Lingraj, Bharatpur and Balram OCPs.

**V. Breakdown Status of HEMM :**

Equipment	Population		Breakdown > 3 months	
	As on 31.3.12	As on 31.3.11	As on 31.03.12	As on 31.3.11
Dragline	05	05	00	00
Shovel	77	75	01	03
Dumper	409	422	63	65
Dozer	127	104	15	11
Drill	71	73	16	18
<b>TOTAL</b>	<b>689</b>	<b>679</b>	<b>95</b>	<b>97</b>

**VI. Equipment Rehabilitated at Central Workshops:**

Area	2011-12	2010-11
CWS-Talcher	03	06
CWS-Ib Valley	00	00
<b>TOTAL</b>	<b>03</b>	<b>06</b>

**7. CAPACITY UTILISATION (OPENCAST PROJECTS)**

Sl. No.	Description	CAPACITY		Growth over Last Year
		(based on 1st April of the year) 2011-12	2010-2011	
1	Departmental Capacity (M.cum)	91.21	74.92	21.74%
2	System Capacity (M.cum)	209.66	178.25	17.62%
3	Departmental Production (M.cum)	56.016	55.07	1.71%
4	Total Production (M.cum.)	146.469	153.112	- 4.34%
5	Departmental Capacity Utilization	61%	73%	
6	System Capacity Utilization	70%	86%	

**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 Orissa 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 Orissa Limited (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 Orissa Limited (WESCO) at 33 KV with a Contract Demand of 1.35 MVA. One 3 X 20 MVA, 220/33 KV Sub-station at Basundhara is under commissioning stage and 220 KV Single Circuit Overhead Transmission Line connecting this Basundhara Sub-station from Budhipadar Sub-station (39 KM) of GRIDCO is erected and charged by M/s Orissa Power Transmission Corporation Limited (OPTCL) on deposit work basis.

**8.4 Availability of Power :**

Items	2011-12	2010-11
Contract Demand (MVA)	56.00	56.00
Maximum Demand (MVA) (Highest in a month during FY)	57.70	58.68
Energy Consumed (Million KWh)	307.37	301.90
Specific Energy Consumed (KWh/Tonne)	2.98	3.01
Energy Bill Paid (Rs. in crore)	158.84	124.15

**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		2011-12		2010-11	
		2011-12	2010-11	% Avail.	% Util.	% Avail.	% Util.
1	Winder	6	6	83.33	90.99	83.33	94.63
2	Haulage (Main)	26	30	95.19	90.99	95.33	94.63
3	SDL*	23	22	71.98	28.94	78.13	37.60
4	LHD*	35	30	67.61	45.33	63.14	50.13
5	Main Pump	43	50	95.35	90.99	97.68	94.63
6	Vent. Fan	12	13	100.00	90.99	100.00	94.63
7	Belt Conveyor	69	65	98.55	90.99	96.14	94.63
8	Transformer (Power)	80	85	91.25	90.99	91.73	94.63
9	Locomotive	5	5	80.33	90.99	78.69	94.63
10	Coal Drill	89	94	91.57	90.99	91.44	94.63
11	Mine Car	76	76	52.63	90.99	62.28	94.63

**For the Year 2011-12**

Actual UG Prodn.	–	21.802 Lac Tonne	
Target UG Prodn.	–	23.960 Lac Tonne	
% Availability	=	$\frac{\text{Equipment available}}{\text{Equipment on Roll}}$	x 100

**For the Year 2010-11**

Actual UG Prodn.	–	21.671 Lac Tonne	
Target UG Prodn.	–	22.900 Lac Tonne	
% Utilisation	=	$\frac{\text{Actual Production}}{\text{Target Production}}$	x 100

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.**

22.859 MTe of Crushed Coal were despatched through CHPs during 2011-12 against 23.849 MTe of Crushed Coal during 2010-11.

	2011-12		2010-11	
	Crushing Capacity in Mty	Coal despatched through CHP (MT)	Crushing Capacity in Mty	Coal despatched through CHP (MT)
Coal Handling Plants/Feeder Breakers	41.50	22.855	40.50	23.849
% Utilisation of Crushing Capacity of Plant		55.07%		58.88%

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
<b>Total</b>		<b>5.5</b>

**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
Lingaraj	Lingaraj OCP	7.0
Basundhara	Basundhara OCP	3.0
<b>Total</b>		<b>36.0</b>

\* Commissioning of two(2) numbers 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	2011-12	2010-11
1.	Road Weighbridges (Hybrid)	1	1
2.	Road Weighbridges (Electronic)	68	68
3.	Rail Weighbridges (Electronic)	32	32
4.	% Weighment during the year (By Rail)	97.65	96.22
5.	% Weighment during the year (Overall Weighment)	98.62	97.81

The percentage of overall weighment of Coal despatched to consumers achieved during 2011-12 is 98.62 % against 97.81% for the previous year 2010-11, i.e. an increase of 0.81 % whereas, total "RAIL" despatch weighment was 97.65% during 2011-12 compared to 96.22 % achieved during 2010-11 i.e an increase of 1.43%.

**10. CAPITAL STRUCTURE**

The Authorised Share Capital of the Company as on 31.3.2012 continued at Rs. 500.00 crore, divided into 2958200 Equity Shares of Rs. 1000/- each and 2041800, 10% Cumulative Redeemable Preference Shares of Rs. 1000/- each.

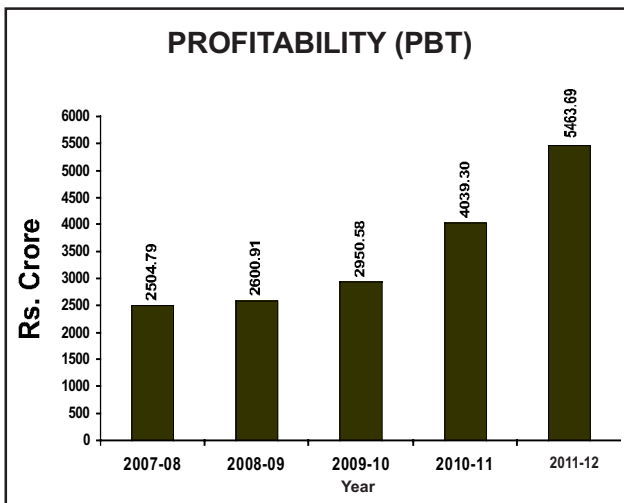
The paid up Equity Share Capital of the Company as on 31.3.2012 stand uncharged at Rs. 186.40 crore. The entire Equity Share Capital is held by Coal India Limited (CIL) and its nominees.

## 11. FINANCIAL REVIEW

The Company has recorded the highest ever gross Sales Value of Rs. 12068.60 against Rs. 9249.76 crore of the previous year. The Profit Before Tax (PBT) has also gone up to Rs. 5463.69 crore from Rs. 4039.30 crore in the previous year. Profit after Tax (PAT) for the year is Rs. 3709.51 crore. The financial results of 2011-12 as compared to 2010-11 are summarised below :

(Rs. in Crore)

	2011-12	2010-11
<b>Gross Profit</b> (Before Depreciation and Interest)	5785.06	4264.96
Less: Depreciation (Incl. Social Over head depreciation)	315.99	220.31
Interest and Financial Charges	5.38	5.35
<b>Net Profit before Tax</b>	5463.69	4039.30
Less : Provision for Income Tax and deferred tax liability	1754.18	1429.98
<b>Net Profit after Tax</b>	3709.51	2609.32
Less : Transfer to General Reserve	370.95	260.93
Transfer to CSR Reserve	50.14	4.62
Interim Dividend on Equity Shares	1006.56	400.02
Proposed Dividend on Equity Shares	1219.99	1170.00
Tax on Dividend	356.68	260.76
<b>Profit after above appropriation</b>	705.19	512.99



### 11.1 Transfer to Reserve

An amount of Rs. 370.95 crore, being 10% of Profit after Tax for the year, has been transferred to General Reserve.

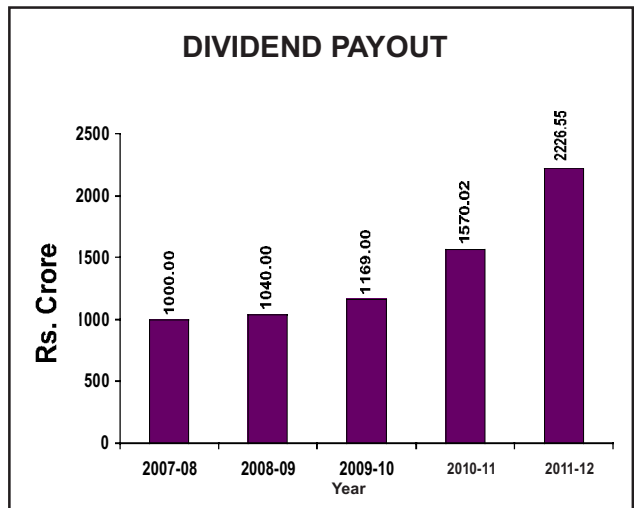
As per CSR policy of the Company, an amount of Rs. 50.14 crore, has been transferred to CSR Reserve and an

amount equivalent to actual expenditure (i.e Rs. 28.34 crore) incurred during the year has been transferred from CSR Reserve to General Reserve.

### 11.2 Dividend

The Directors are pleased to recommend dividend of 1194.50% (previous year 842.28%) of the paid up Equity Share Capital for the year amounting to Rs. 2226.55 crore (inclusive of interim dividend of Rs. 1006.56 crore) for your approval.

The total outflow on account of dividend would be Rs. 2587.755 crore comprising Rs. 2226.55 crore as dividend and Rs. 361.20 crore towards tax on dividend.



### 11.3 Unsecured Loans

The amount due to Coal India Limited (CIL) and M/s Liebherr France SA, France as on 31.03.2012 stands at Rs. 140.96 crore out of which loan of Rs. 131.93 crore pertains to IBRD and JBIC (Previously known as JEXIM).

The balance amount due to M/s Liebherr France SA, France, stands at Rs. 9.03 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 of Rs. 344.32 Crore against old outstanding dues as on 30th September, 2001 from three SEBs (MSEB, TNEB and WBPDC). During the year, Rs. 22.70 crore (Previous year Rs. 22.70 crore) has been redeemed resulting in the balance of Rs. 90.81 crore as on 31.3.2012

12.2 Investments in Equity Shares of MNH Shakti Limited, MJSJ Coal Limited and Mahanadi Basin Power Limited, subsidiaries of MCL, are Rs. 59.57 crore, Rs. 42.06 crore and Rs. 0.05 crore respectively.

12.3 Investment in 7.55% secured non-convertible IRFC tax free 2021 series 79 bonds and 8.15% secured non-convertible IRFC bonds stood on 31.03.2012, at Rs. 200.00 crore and Rs. 108.75 crore respectively.

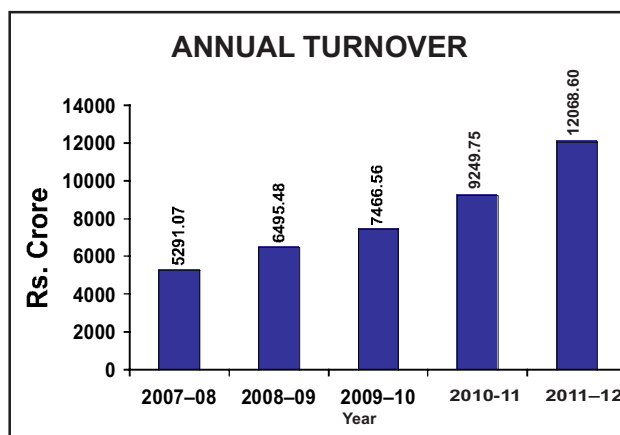
**13. CAPITAL EXPENDITURE**

Total Capital Expenditure during the year was Rs. 497.95 crore against previous year's expenditure of Rs. 608.10 crore..

**14. SALES REALISATION**

Gross sales of MCL during 2011-12 was Rs. 12068.60 crore against Rs. 9249.76 crore in 2010-11.

Total realization during 2011-12 was Rs. 11919.71 crore which works out to be 98.77% 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 are as follows:

	[Rs. in Crore]	
	2011-12	2010-11
Royalty	1027.77	932.44
Sales Tax/Odisha VAT	402.84	287.92
Stowing Excise Duty	99.06	104.78
Entry Tax	67.87	51.85
Clean Energy Cess	494.53	305.19
Central Excise Duty	481.68	41.37
<b>TOTAL</b>	<b>2573.75</b>	<b>1723.55</b>

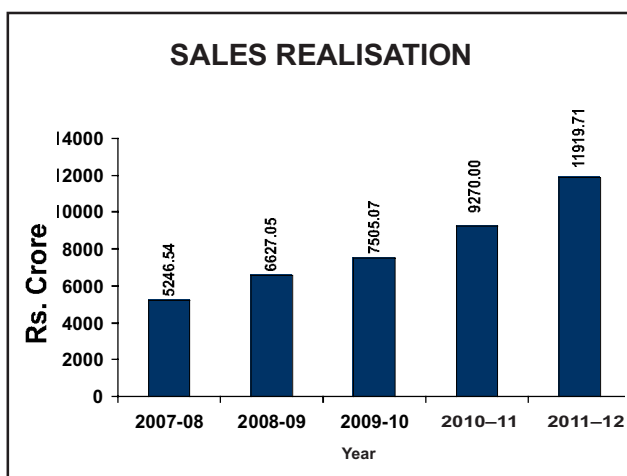
**16. PROJECTS FORMULATION/CAPITAL PROJECTS**

**16.1 Planning**

MCL has planned to achieve 112.00 MTe of coal during the financial year 2012-13. The capital outlay estimated for the year 2012-13 is Rs. 500.00 crore, major share of which will be utilized for the procurement of Heavy Earth Moving Machineries (HEMMs), 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. Bharatpur Area of MCL is selected for installation of demonstration plants.

Truck Despatch System – Installation and commissioning of Operator Independent Truck Dispatch System (OITDS) has been started at three Open Cast Projects of MCL namely Balram, Lingaraj and Bharatpur OCPs.

### 16.3 Project Formulation

First stage/“in principle” approval of PR for Balram Expansion OCP, 15 Mty. (7 Mty. incremental) has been approved by MCL Board in its 138th meeting held on 31st March, 2012 and it is under implementation. RPR has been approved for HBI Augmentation for 0.95 Mty. (0.42 incremental) on 09.01.2012 for deployment of Continuous miner for Rs. 105.78 crore.

### 16.4 Capital Projects

There are 49 sanctioned mining projects in MCL. The ultimate production capacity of these sanctioned projects is 205.36 Mty. with a sanctioned capital outlay of Rs. 6287.46 crore, out of which 31 have been completed with a capacity of 88.58 Mty. and sanctioned capital outlay of Rs. 2605.43 crore. Out of the 31 completed projects, 2 have been exhausted (Balanda OCP and Basundhara-East OCP).

### 16.5 Completed Projects : 31 Nos.

Sl. No.	Name of the Project	Capacity (Mty)	Sanctioned Capital (Rs. in crores)	Completed in the year
1.	Ananta O/C	4.00	156.49	03/95
2.	Ananta O/C Expn. Ph-I	1.50	46.99	03/97
3.	Ananta O/C Expn. Ph-II	6.50	35.88	03/07
4.	Balanda O/C *	1.00	36.87	03/84
5.	Balaram O/C (Previously Kalinga OCP)	8.00	345.96	03/00
6.	Bharatpur O/C	3.50	158.97 (RCE)	03/91
7.	Bharatpur O/C Expn Ph-I	1.50	48.02	03/98
8.	Chhendipada O/C *	0.35	19.75	03/07
9.	Hingula-II O/C	2.00	48.57	03/02
10.	Hingula –II O/C Expn. Ph-I	2.00	89.78	03/09
11.	Hingula –II O/C Expn. Ph-II	4.00	35.67	03/09
12.	Jagannath O/C / Jagannath Extn.	4.00	66.71	03/91

13.	Jagannath O/C Expn. Ph-II	2.00	4.95	03/08
14.	Lingaraj O/C	5.00	229.84	03/98
15.	Lingaraj O/C Expn Ph-I	5.00	98.89	03/07
16.	Lingaraj O/C Expn. Ph-II	3.00	2.18	03/08
17.	Nandira U/G (Augmentation)	0.33	17.95	03/95
18.	Belpahar O/C	2.00	131.31 (RCE)	03/94
19.	Belpahar O/C Expn. Ph-I	1.50	35.47	03/07
20.	Lajkura O/C	1.00	38.98 (RCE)	03/91
21.	Lakhanpur O/C	5.00	221.51	03/00
22.	Lakhanpur O/C Expn.Ph-I	5.00	98.74	03/10
23.	Lakhanpur OCP Expn. Ph-II	5.00	116.54	03/11
24.	Lilari O/C	0.80	19.78	03/92
25.	Samaleswari O/C	3.00	126.85	03/96
26.	Samaleswari O/C Expn. Ph-I	1.00	28.69	03/07
27.	Samaleswari O/C Expn. Ph-II	1.00	13.38	03/07
28.	Samleswari O/C Expn. Ph-III	2.00	87.95	03/09
29.	Basundhara East O/C*	0.60	19.69	03/98
30.	Basundhara (West) O/C	2.40	176.55	03/07
31.	Basundhara (West) Expn.	4.60	46.52	03/11
<b>TOTAL</b>		<b>88.58</b>	<b>2605.43</b>	

\*Projects has been exhausted.

### 16.6 On going Projects : 18 Nos.

There are 18 on-going projects with a capital outlay of Rs. 3682.03 crore with an ultimate capacity of 116.78 Mty.

Sl. No.	Name of Projects	Capacity in Mty.	Capital (Rs. crores)	Scheduled date of completion	Anticipated date of completion
1	Ananta OCP Expn. Ph-III	3.00	207.28	03/12	03/14
2	Bharatpur OCP Expn., Ph-II	6.00	95.87	03/11	03/14
3	Bharatpur OCP Expn. Ph.-III	9.00	131.39	03/10	03/14
4	Balram OCP Extension.	0.00 *	172.08	03/10	03/15
5	Bhubaneswari OCP	20.00	490.10	03/16	03/17
6	#Gopalprasad OCP,MJSJ Coal Ltd.-JV Company (60% share of MCL)	15.00	395.87	03/15	03/15
7	Hingula-II OCP,Expn. Ph-III	7.00	479.53	03/13	03/13
8	Lingaraj OC Expn.Ph-III	3.00	52.25	03/12	03/14
9	Jagannath U/G	0.67	80.75	03/10	03/15
10	Kaniha OCP	10.00	457.77	03/13	03/13
11	Natraj U/G	0.64	92.11	03/08	03/15
12	Talcher (W) U/G	0.52	85.08	03/10	03/15
13	HBI UG (Augmentation) (0.42 incremental)	0.95	105.78	03/10	03/14
14	Kulda OCP	10.00	302.96	03/12	03/14
15	Lajkura OCP Expn. Ph-I	1.50	43.27	03/12	03/14
16	#Talabira OCP,MNH Shakti Ltd.-JV Company (70% share of MCL)	20.00	447.72	03/16	03/16
17	Belpahar O/C Expn. Ph-II	4.50	14.40	03/14	03/14
18	Samleswari O/C Expn. Ph-IV.	5.00	27.82	03/12	03/13
<b>Total</b>		<b>116.78</b>	<b>3682.03</b>		

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\* This is the extension of original Balram OC (8.00 Mty.) project annexing additional area.

Hence there will be no additional capacity addition.

# Gopalprasad and 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 2011-12

Sl. No.	Name of the Project	Capacity (Mty.)	Capital (Rs. Cr.)	Remarks
1.	Balram Expansion OCP (15 Mty.)	15.00 (7.00 Incr.)	Will be approved during second stage/final approval.	First stage/"in principle" approval of PR for Balram Expansion OCP has been approved by MCL Board in its 138th meeting held on 31st March, 2012 and it is under implementation.
2.	HBI Augmentation	0.95 (0.42 Incr.)	105.78	RPR has been approved on 09.01.2012. Proposal for deployment of Continuous miner is under process.

### 16.8 Advance Action Proposals: - 02 Numbers

Sl. No.	Name of Project	Ultimate Capacity (Mty.)	Estimated Capital Outlay (Rs. Cr.)
1.	Garjanbahal OCP	10.00	291.95 (April'06)(Coal and OB Contractual var.)
2.	Kaniha-II OCP	10.00	732.13 (Sept.'06) (Coal Contractual Var.)
<b>Total:-</b>		<b>20.00</b>	<b>1024.08</b>

### 16.9 Non-Mining Projects :

The total number of sanctioned non-mining projects are 36 with total capital outlay of Rs. 2513.277 crore. Out of the total 36 non-mining projects 18 completed non-mining project with a total capital outlay of Rs. 257.20 crore and 18 projects are on going non-mining project with a capital outlay of Rs. 2256.077 crore. The details are as under :

### A. Major Completed Non-Mining Projects

Sl. No.	Name of the Project	Date of approval	Sanctioned Capital (Rs. Cr.)
1.	Central Workshop, Ib-Valley	11.08.89	13.32
2.	Power supply scheme Phase-I, Ib-Valley	22.08.91	33.35
3.	Regional Stores, Ib Valley	26.11.85	3.33
4.	Training (Excv.) Institute, Ib-Valley	13.07.89	5.25
5.	Water Supply scheme, Ib-Valley	19.07.91	4.83
6.	Central Hospital, Talcher	08.05.87	14.28
7.	Central Workshop, Talcher	25.03.89	17.83
8.	Integrated Telecommunication System, Talcher	26.04.91	2.90
9.	Integrated Telecommunication System, Ib-Valley	26.04.91	2.37
10.	Power supply scheme, Talcher, Phase-I	25.03.89	19.98
11.	Water supply scheme at Talcher, Phase-I	11.01.83	5.83
12.	Integrated Water Supply Scheme Phase-II for Talcher Coalfield	06.05.91	7.88
13.	Augmentation of Central Workshop, Talcher	22.03.00	21.37
14.	Augmentation of Central Workshop, Ib Valley	22.03.00	10.66
15.	Construction of Railway line linking Kalinga CPP to existing Jagannath Spur 3&4	13.11.98	11.18
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
17.	Arterial Road for Ib valley and Talcher CF- (2 Projects)	02.03.90	37.70 (17.80 + 19.90)
18.	Widening & Strengthening of Road from Sundergarh to Dudka Chowk of Basundhara Area	22.02.99	31.33
<b>TOTAL : 18 Projects</b>			<b>257.20</b>

**B. Major Ongoing Non-mining Projects**

Sl. No.	Name of the Project	No. of Projects	Capital Outlay (Rs. Cr.)
1.	Sand Winning from IB river of IB Valley Coalfields	1	5.35
2.	Improvement and strengthening of Balinga-Himgir-Belpahar road .	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	3.87 (1.82 + 2.05)
5.	Construction of 2nd railway siding at Himgir siding towards North direction	1	12.66
6.	Coal Transportation and Silo loading arrangement at NTPC Bulb, Lingaraj OCP for 16 Mty.	1	237.558
7.	Silo arrangement at Ananta Spur Siding V & VI for 15 Mty.	1	183.864
8.	Rail Infrastructure project, Gopalpur Track.	1	469.68
9.	Railway Siding work from Angul Station to Kalinga CPP	1	99.00
10.	Basundhara Washery (10Mty.) on BOM basis	1	165.79
11.	Strengthening/ widening of coal transportation road in Talcher Coalfields	1	196.00
12.	Construction and commissioning of Jagannath Washery(10 Mty.) on BOM basis	1	160.70
13.	Construction and commissioning of IB Valley Washery(10 Mty.) on BOM basis	1	181.00
14.	Construction and commissioning of Hingula Washery(10 Mty.) on BOM basis	1	181.00
15.	Railway Siding work from Kalinga CPP	1	24.63
16.	Construction of SILO despatch at Kulda OCP for Basundhara Washery (10Mty.)	1	35.955
17.	Construction of Four Lane 18 mts wide and 41.5 km long road at Talcher Coalfields.	1	251.35
<b>TOTAL</b>		<b>18</b>	<b>2256.077</b>

**16.9 Foreign Collaboration : Nil**

**16.10 Modernisation and Technology Absorption**

- (a) Higher capacity HEMMs like 10 cum and 20 cum shovels, 100T and 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) 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.
- (d) MCL has undertaken Geo-technical studies for Caving Characteristics of Talcher Underground Mine and Environmental impact and impact on ground water of fly ash filling in Balanda opencast excavation.
- (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 Coalfields and going to be introduced in other mines at Talcher Coalfields also.
- (g) MCL has planned to construct four numbers of Washeries of 10.00 Mty. capacity each, two in Talcher Coalfields, one in IB Valley Coalfields and one in Basundhara Area of IB Valley Coalfields. Construction of these Washeries are to be implemented on Build-Operat-Maintain (BOM) basis. Techno-Economic-Feasibility Reports for all these Washeries have been approved by MCL Board.

**16.12 Projects pending approval of Government : Nil**

**16.13 Land Acquisition during 2011-12 :**

*Figures are in Ha*

Area	Tenancy		Govt. Non-Forest		Forest Land		Total Acquisition	Total Possession
	Acqui-sition	Posse-ssion	Acqui-sition	Posse-ssion	Acqui-sition	Posse-ssion		
Jagannath	320.170	63.276	165.706	96.262	318.239	22.504	804.115	182.042
Hingula	-	92.504	-	-	-	-	0.000	92.504
Bharatpur	-	0.880	-	-	-	-	0.000	0.880
Lingaraj	-	1.832	-	-	-	-	0.000	1.832
Kaniha	350.290	17.605	149.210	-	272.500	-	772.000	17.605
IB Valley	-	-	-	-	-	-	0.000	0.000
Lakhanpur	-	92.052	-	14.490	-	40.170	0.000	146.712
B-G Area	-	5.001	-	-	-	-	0.000	5.001
MNH								
Shakti Ltd.	-	-	227.467	63.149	-	-	227.467	63.149
MJSJ Ltd.	-	-	87.584	-	-	-	87.584	0.000
<b>Total</b>	<b>670.460</b>	<b>273.150</b>	<b>629.967</b>	<b>173.901</b>	<b>590.739</b>	<b>62.674</b>	<b>1891.166</b>	<b>509.725</b>

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

In terms of the decision of Hon'ble Minister of State of Coal for installation of Washeries on Build, Operate and Maintain basis for economic washing of high ash coal, MCL has proposed to install 4 Numbers of 10 Mty. Washeries each on BOM basis viz, Basundhara, IB Valley, Jagannath and Hingula Washery. The details are as under:

**(A) Basundhara Washery :**

- (i) As directed by the MCL Board, in its 128th meeting, re-tendering was done. Tender document received against Request for Qualification (RFQ) bid has been opened on 02/04/12 which is under evaluation.
- (ii) Terms of Reference (TOR) has been obtained from Ministry of Environment and Forest (MoEF), New Delhi. EIA/EMP is under preparation at CMPDIL, Ranchi.

**(B) Jagannath Washery :**

- (i) As directed by the MCL Board, in its 128th meeting re-tendering was done. Tender document received against Request for Qualification (RFQ) bid have been opened on 02/04/12 which is under evaluation.
- (ii) Draft Form - I for EC have been prepared by CMPDIL, Ranchi. Required comments have been forwarded to CMPDIL for preparation of Form - I (Final).

**(C) IB Valley Washery :**

The conceptual report of IB Valley 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.

**Note :** Land identified for IB Valley Washery may be changed as Integrated PR of

Lakhanpur-Belpahar (30 Mty. capacity) is under preparation at CMPDIL, RI-VII, Bhubaneswar. In present scenario the preparation of RFP document with respect to IB Valley Washery may be delayed till finalization of Integrated PR of Lakhanpur-Belpahar (30 Mty. capacity) Project.

**(D) Hingula Washery:-**

- (i) 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.
- (ii) Draft Form-1 for EC has been prepared by CMPDIL, Ranchi. It is under scrutiny at Area/Environment Department.

**17. GEOLOGICAL EXPLORATION**

Particulars	2010-211	2011-2012	
	Actual	Target	Actual
1. Total Drilling in CIL Blocks (in meter)	18602.30*	31000	27953
2. Coal Reserves proved due to above drilling (in million tonne)	1369.88	—	239.00

\* Drilling in CIL Blocks could not be done as per target due to non-availability of forestry clearance and priority drilling in some Non-CIL/ Captive Blocks.

**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 endeavour over past few years has not only helped it to mitigate the negative impacts of mining on the natural environment but also to emerge as a Green Champion in the region.

## 18.1 Sustainable Development (SD)

### 18.1.1 DPE Guidelines on SD:

- The Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India vide its Office Memorandum no: DPE's O.M. no. 3(9)/2010–DPE(MOU) dated 23rd September, 2011 has issued Guidelines on SD for Central Public Sector Enterprises (CPSEs).
- As per the said Guidelines, CPSEs have been directed to implement these Guidelines with immediate effect. However, for the purpose of performance evaluation under MOU system, these Guidelines will take effect from the year 2012-13.
- The Department of Public Enterprises has included SD as a compulsory element for CPSEs under “Non Financial Parameters” having mandatory 5% weightage (5 marks) in MOU. The non financial targets should be SMART (Specific, Measurable, Attainable, Results-oriented, Tangible).
- A weightage of 0.5/5.0 has been assigned to the creation of “Board Level Designated Committee on SD headed by Independent Director as its Chairman to approve SD Plan and oversee its performance committee and its minutes of regular meetings duly signed by members.”
- Total weight of the projects chosen will be 2.5/5.0 (3 projects under Schedule-A listed activities and any 2 projects under Schedule-B listed activities).
- Budgetary provision as a percentage of PAT of last year (Rs. 50 lakh plus 0.1% of profit after tax (PAT) exceeding Rs. 100 crore) will carry weightage of 1.0/5.0.
- Documentary evidence of evaluation of project as above through External Independent Agency/Speciality/Expert/Consultant will carry a weight of 0.5/5.0.
- Documentation and reporting of SD performances as per any of the global Guidelines will carry a weight of 0.5/5.0.

### 18.1.2 Action taken on SD Guidelines:

- (i) GM (WBP/FP/ENV), CIL had convened a meeting of all Subsidiaries which was held on 19.11.2011. On the basis of our proposal and in line with the decision of the meeting, a draft MOU on SD for the year 2012-13 has been circulated from CIL vide no. CIL/WBP/ENV/2011/3953; dated 29.11.2011 which encompasses the following projects or activities:
  - Afforestation
  - Energy Conservation/ Acquirer recharge/ Recycling of sewage water
  - Rain Water Harvesting
  - Training/Workshop on Sustainable Development
  - SD Reporting.
- (ii) Constitution of Board Level Designated Committee
 

During its 134th and 135th meeting of the Board of Directors of MCL a Sub-committee named as “Corporate Governance, Strategic, Risk Management and Sustainable Development” has been formed. The details are covered under the heading “Committees of Board” in subsequent pages.
- (iii) Approval of Sustainable Development Plan and budget :
  - Provisional Sustainable Development Plan (for the projects/activities– Afforestation, Energy Conservation/ Acquirer recharge/ Recycling of sewage water, Rain Water Harvesting, Training/Wrokshop on SD and SD reporting on GRI Guidelines) and Budget 2012-13 amounting to Rs. 310 lakh (based on PAT as per Annual Report and Accounts (Audited) for 2010-11 as Rs. 2609.32 crore) have been recommended in the 3rd meeting of the said Sub-committee on SD for Board’s approval.
  - Formation of Apex Cell headed by an Internal Standing Committee on SD :

- To formulate SD plan and monitor projects on SD, an Apex Cell headed by Director(Tech/Op), MCL as Chief, GM (Envnt); GM (CP&P); GM (Civil/CSR) and GM (E&M) as deputies and Internal Standing Committee on SD comprising of GM (Envnt); GM (CP&P); GM (F/C&B); GM (Civil/HOD); GM (Civil/CSR); GM (E&M) and GM (MTI) have been formed.
- Changes on SD plan during a meeting with Task Force on MOU 2012-13.

### **18.2 Statutory Compliance - Environmental Clearance:**

- Ministry of Environment and Forest (MoEF) imposed temporary restriction on consideration of projects for Environment Clearance (in critically polluted clusters/area based on Comprehensive Environmental Pollution Index (CEPI) of Central Pollution Control Board (CPCB) in Talcher Coalfields and IB Valley Coalfields among others vide letter dt: 13/01/10, this moratorium was lifted by MoEF vide letter dated 31.03.2011 for Talcher Coalfields and Letter dated 05.07.2011 for IB Valley Coalfields.
- During the year three (03) number of application in Form-I along with Pre-feasibility report of Lakhnapur OC Expansion (15.0 to 18.75 Mty.), Samlesweri OC Expansion (11.0 to 13.75 Mty.) and Lajkura OC Expansion (3.0 to 3.75 Mty.) was sent to Advisor, Environment and Forest, CIL, New Delhi, for submission to Ministry of Environment and Forest (MoEF) for consideration of Environment Clearance. This was for incremental 25% as per Letter No. CIL/PMD/EC&FC/D(T)/ 012:1224 dated 21.02.2012 of Director(T), CIL.
- Terms of Reference (TOR) of Lingaraj OC Expansion (13.0 to 20.0 Mty.) was issued by MoEF vide Letter J-11015/174/2010-IA.II(M) dated 21.03.2012.
- Environment Clearance for five projects namely Samlesweri OC Expansion (5.0 to 11.0 Mty.), Belpahar OC Expansion (4.5 to 6.0 Mty.), Basundhara(W) OC Expansion

(2.4 to 8.0 Mty.), HBI UG mine (0.95 Mty.) and Orient Mine No.4 (0.50 Mty.) were recommended for Environment Clearance (EC) by the Expert Appraisal Committee (Thermal and Coal). Formal EC letter awaited.

### **18.3 Statutory Compliance - Post-Clearance**

- "Consent to operate" under Water and Air Acts has been obtained from/applied to State Pollution Control Board (SPCB) in time (with consent deemed to be obtained) 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 and grease) and oil and grease traps to recover oil and grease from waste water flowing out of washing ramps (which generate oily sludge). The used batteries and recovered oil and grease are auctioned to authorised re-processors through MSTC Limited 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 2010-11 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 dated 28.09.2011 during the year for all the 23 operating mines.
- Half-yearly reports on 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.

During the negotiation meeting between Task Force and MCL from 13.03.2012 to 17.03.2012 at New Delhi, the following listed project/ activities have been finalized for incorporation in the MOU.

Sl. No.	Project/ Activity	Performance Indicator	Total expenditure on Project/ Activity (Rs. lakh)	Duration S/M/L	Target Set					Target Achieved
					Excellent	Very Good	Good	Fair	Poor	
1.	Energy Conservation	No. of Projects completed	160	S	4	3	2	1	—	To be done
2.	Recycling of sewage water/ Mine effluent	No. of projects completed	100	S	4	3	2	1	—	To be done
3.	Rain Water Harvesting	No. of schemes completed	30	S	4	3	2	1	—	To be done
4.	Training/ Workshop on SD	No. of programme conducted	10	S	4	3	2	1	—	To be done
5.	SD reporting on GRI Guidelines	Completion date	10	S	January 2013	March 2013	—	—	—	To be done

In line with the above, formulation of detailed Plan for the above listed project activities are being pursued for taking immediate actions after MOU is signed. The completion of these projects would corroborate MCL a sustainable corporate body in the National and international fora.

## 18.4 Measures Taken to Protect and Improve Environment.

### 18.4.1 Land Reclamation and Plantation.

In keeping with the Company's concern for environment MCL planted 75,575 saplings (40,625 in Talcher Coalfields and 34,950 in IB Valley Coalfields) 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 2011-12. The plantation works were executed through Orissa Forest Development Corporation (OFDC) and 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.
- Seven numbers of Sewage Treatment Plants (STP) have been provided for treatment of domestic effluent. The sludge generated is used as manures for plantations and gardens in the townships. The treated water flowing out of these STPs is reused for irrigation purpose.
- Work for monitoring of mine closure and land use pattern for remote sensing application is in progress for 14 Opencast Mines in both IB Valley and Talcher Coalfields through CMPDIL.

### 18.4.2 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, MCL produced 59.13 MTe coal with Surface Miner Technology out of a total production of 103.12 MTe (57.34%). 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 is done separately 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 at a cost of Rs. 290 crore is under construction.
- Black topping of permanent and semi permanent roads were maintained and further strengthened during the year.

- Maintenance of fixed and mobile water sprinklers on roads, railway sidings, CHPs, stock yards 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 Expansion 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 in handling and despatch of coal two numbers of SILO loading system namely Lakhanpur (UTLS) and Bharatpur (RRLS) are in operation and additional four numbers are in progress at Ananta, Lingaraj, Bharatpur and Bhubaneswari projects.

#### **18.4.3 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 and Grease Traps (OGT) are also in place at the workshops of opencast mines in order to remove oil and grease as well as oily sludge from the waste water.
- 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.

#### **18.4.4 Noise and Ground Vibration Control Measures:**

- Green belts developed between residential areas and the mines as well as infrastructures were maintained 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.

#### **18.4.5 Environmental Monitoring:**

- Routine environmental monitoring of air, water and noise was carried out during the year through CMPDIL Laboratories, duly recognised by the Central Pollution Control Board (CPCB) at an estimated cost of Rs. 2.71 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. Further, since October, 2011 the environment monitoring results are being uploaded on the Company's website on monthly basis.
- Automatic Weather Stations at Jagannath Area and Lakhanpur Area were in operation.

#### **18.5 ISO 14001 Certification :**

Governing Board of Certification International (UK) Limited has awarded a Certificate of Registration to ISO 9001:2008 (Conforming Quality Management System) and ISO 14001:2004 (Conforming

Environmental Management System) for Eleven (11) Projects of MCL namely MCL HQs., Ananta OCP, Belpahar OCP, Balram OCP, Lakhanpur OCP, Samlesweri OCP, Basundhara(W) OCP, Lilari OCP, Lajkura OCP, Jagannath OCP and Lingaraj OCP

**19. SALES AND MARKETING PERFORMANCE**

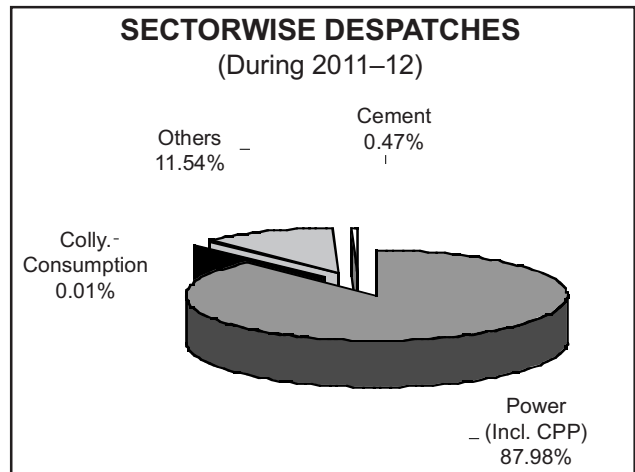
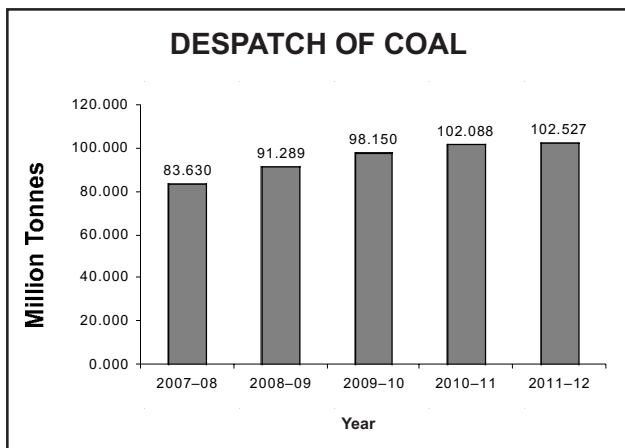
Your Company always tries to be the top market player and has achieved an off take of 102.527 MTe in 2011-12, setting land mark each year. Considering the constraints faced due to strike and bandh paralyzing production and coal transportation, Company was able to exceed last years off take figures and met all deadlines of supply to its consumers.

**19.1 Demand and Off-take**

Off take during 2011-12 was 102.527 MTe against target of 109.00 MTe. The achievement was 94.06% of the target. There is absolute growth of five lakh tonne over last year's offtake.

The sectorwise dispatches are as below:  
(In Million Tonne)

Sector	2011-12			2010-11
	Target	Actual	% Achieved	Actual
Power (Incl. CPP)	83.64	77.108	92.19	74.728
Cement	0.300	0.233	77.66	0.265
Others	25.00	25.181	100.70	27.090
Colly. Consumption	0.005	0.005	100.00	—
<b>Total</b>	<b>109.000</b>	<b>102.527</b>	<b>94.06</b>	<b>102.088</b>



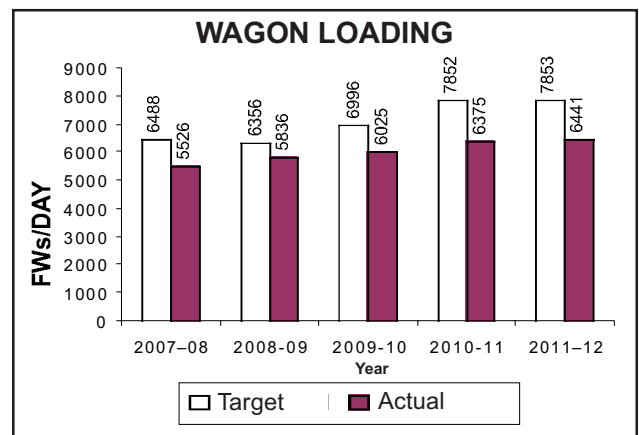
**19.2 Wagon loading**

Daily average wagon loading in MCL during 2011-12 was 6441 FWW/day against 6375 FWW/day in 2010-11. Absolute growth in wagon loading was 66 FWW/day over last year.

Field wise Target, Supply and Loading are appended below :

(Figs. in FWW/Day)

Field	2011-12			2010-11
	Target	Supply	Loading	Actual
IB Valley	3053	3102	3102	3076
Talcher	4800	3339	3339	3299
<b>Total</b>	<b>7853</b>	<b>6441</b>	<b>6441</b>	<b>6375</b>



**19.3 e-Auction**

MCL has offered 25.46 MTe of coal in 2011-12 under spot and forward e-auction against which bidders have booked 18.8.MTe Total Lifting during 2011-12 was

18.583 MTe registering a premium of Rs. 1575.26 crore over notified price.

#### 19.4 Fuel Supply Agreement( FSA)

MCL has signed seven FSA with various consumers in 2011-12. MCL has also signed five short term MoUs with Power Houses as per allocation Plan by CEA in 2011-12.

#### 20. COAL QUALITY IMPROVEMENT

Your Company has taken utmost care to improve the quality of coal being supplied to different Power Houses with increased consumer satisfaction. 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 102.527 MTe against 102.09 MTe during previous year. So far quality related complaints are concerned, this year the number of complaints received is 3 (three) against 3 (three) in previous year.

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

- (i) Frequent interactions with different consumers have been done to improve consumer satisfaction. In view of this, a meeting of Regional Coal Consumer Council (RCCC) was held with various major coal consumers on 24.11.2011 at MCL HQs.
- (ii) Consumers were encouraged for free checking and supervising personally the coal loading sidings as well as weigh bridges.
- (iii) 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, weight and sizing of coal.
- (iv) Whenever any complaint whether it was major or minor in nature received in the

department, the same was enquired at the spot by officers of QC Department and the findings were informed to the consumer from where complaint was received.

- (v) Constant monitoring was being done by QC Department with all the railway sidings at area level about despatch of coal to all consumers.
- (vi) Surprise inspections and analysis of coal from different sidings are being done regularly by teams of officials of QC department to ensure proper quantity and quality of coal despatched.
- (vii) Frequent inspections of Weigh Bridges and Laboratories are being done regularly by QC department .
- (viii) 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.
- (ix) 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 Limited, DPL, DVC etc..
- (x) There are eight coal analysis laboratories at Orient, IB Valley, Jagannath, Lingaraj, Bharatpur, Hingula, Basundhara and Garjanbahal Area and 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 equipment like Automatic Proximate Analyzer and Electronic Bomb Calorimeter for determination of UHV and GCV for coal respectively.
- (xi) With the introduction of GCV concept w.e.f. 1st January, 2012, all steps has been taken for gradation of coal of all Projects and

Sidings. Accordingly, coal is being dispatched to all consumers and gradation/ billing is done as per GCV basis. For uninterrupted analysis of coal at Coal Analysis Laboratory, MCL is going to procure extra 11 Numbers of Auto Bomb Calorimeter, which will be installed at all Area laboratories very shortly.

- (xii) 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.
- (xiii) During this year also selective mining method of extraction of coal was also being continued and accordingly surface miners were deployed at Lakhanpur OCP, Belpahar OCP, Lingaraj OCP, Bharatpur OCP, Balram OCP, Hingula OCP, Basundhara(W)OCP and Samleswari OCP.
- (xiv) By using surface miner the rejects are being separated from the coal seams which helps to maintain the quality of coal.
- (xv) 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.
- (xvi) The coal which has been dispatched by rail, belt and MGR was 100% crushed by CHPs and 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.
- (xvii) Out of total dispatches of 102.527 MTe of coal 98.62% of coal was weighed with electronic print out during 2011-12 against 97.81% of 102.09 MTe coal during 2010-11.
- (xviii) By adopting stringent sampling procedure in case of seam, stock, siding and tipper samples during the period 2011-12, 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	2011-12	2010-11
1	No. of fatal accident	5	2
2	No. of fatality	5	2
3	No. of serious accident	9	8
4	No. of serious Injury	9	8
5	<b>Rate of fatality</b>		
	Per Million tonne out put	0.048	0.020
	Per 3 lakh manshift	0.340	0.131
6	<b>Rate of serious injury</b>		
	Per MTe out put	0.087	0.080
	Per 3 lakh manshift	0.612	0.522
7	<b>Place-wise fatality</b>		
	UG	-	-
	OC	-	-
	AG	5(5)	2(2)
	<b>Total</b>	<b>5(5)</b>	<b>2(2)</b>

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 and CIL safety board are being implemented.
  - Area level and 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 reduce the exposure of face workers under the green roof, 15 (Fifteen) numbers of Universal Drilling Machine and 08 (Eight) Numbers of Hydraulic Roof Bolting Machine are in use.
  - Emergency Action Plan has been prepared in respect of mines and regular mock rehearsals are being done.
  - 71 Officers have been trained in Risk Assessment and Safety Management by the SIMTARS (Australia) trained Executives of CIL.
  - 36 Staff and Officers have attended the different Safety related training programme organized by DGMS, Dhanbad, BHU, Varanasi, NSCI, New Delhi and other Organizations.
- 21.3 New safety technology adopted/To be adopted**
- Out of 7 underground Mines in MCL, Man Riding System is in use in four U/G mines namely, HRC mine, HBI mine, OC 3 mine and OC 1&2 of Orient Area. It is proposed to install Man Riding System at Nandira Mine of Talcher Area also.
  - SDL and LHD are in use in all the districts of U/G Mines. Manual loading have been completely stopped and all the districts are fully mechanized.
  - It is proposed to introduce Continuous Miners in two underground Mines (Hirakhand Bundia Mine and 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 numbers of Gas Chromatograph have been installed in MCL.
  - Environmental Tele-monitoring System is working at Orient Mine No.3 and Orient Mine No. 1&2. Procurement action for Tele-Monitoring System in HBI mine is under process.

- 15 (Fifteen) numbers of Universal Drilling Machine are provided in Orient Area for Mechanized roof drilling and 08 (Eight) Numbers of Hydraulic Roof Bolting Machine are provided in Talcher Area.
- 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 introduced in almost all the Opencast Mines. 7 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 Partings of 40 L district of HR seam have been done by CIMFR, Dhanbad.
- Study of Slope Stability of Southern Slopes of Lingaraj OCP and Samleswari OCP has been done by CIMFR, Dhanbad.
- Study of effect of vibration due to blasting operation at Lingaraj OCP and Samleswari OCP within and beyond 100MTe of surface structure has been conducted by CIMFR, Dhanbad for designing the blasting parameter.

#### 21.5 Rescue

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

42nd All India Rescue Competition 2011 (Coal and Metal) have been organized by MCL from 24th to 26th February, 2012 and Rescue Team of MCL begged the overall Runner Trophy in the Competition.

To enhance the capacity of Rescue Trained Person in the mines, fresh initiative has been taken to enroll more numbers of employees from existing manpower and newly recruited employees.

## 22. COMPUTERISATION

**Coalnet Phase – I :** Contract was awarded to M/s CMC Limited to maintain the Coalnet Application. Various modules of Coalnet e.g. Finance, Personnel and Payroll, Sales and Marketing including e-auction, Production Information System, Equipment Monitoring System etc. are in use, and enhancements are done regularly as per needs of the users. Some of the modules like Personnel Information System, Online Materials Management System, Sales Billing etc. are being accessed by Area also.

**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 Rs. 2 lakh.

**Truck Despatch System :** Installation and commissioning of Operator Independent Truck Dispatch System (OITDS) has been started at three Open Cast Projects of MCL namely, Balram, Lingaraj and Bharatpur OCPs.

**MCL website :** The Company's website www.mcl.gov.in, after restructuring, has been hosted on the web server of CMPDI, and is being regularly updated and enhanced by the Systems Department, MCL as and when required. Facilities for online registration of complaint and viewing bill payment status related to payment to contractors / suppliers etc. are available on the website as per the CVC Guidelines. RTI related information are also regularly updated in the website.

**e-mail Accounts :** In view of directive from Ministry of Home Affairs, Govt. of India, 350 email accounts have been taken from NIC for officers of HQs. and Areas for making official correspondences.

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

**Online Materials Management System (OMMS) :** OMMS is in operation in 10 out of 11 Regional Stores, and there is facility for getting online stock position of any item at any stores from anywhere in MCL.

**Procurement of PC / Laptops :** 221 PCs have been replaced and additional 374 PCs have been acquired, and proposal for procurement of 34 Laptops for all HODs of MCL has been initiated. The procurement is in tendering stage. Total PC population of MCL is 1494.

**Linking between Bhubaneswar, Kolkata and Bilaspur –** The various offices of MCL at Bhubaneswar, Kolkata and Bilaspur have been linked with MCL HQs. at Sambalpur through 1 Mbps BSNL leased line. VPN connectivity has also been established with HQs. from any location to enable users to connect to Corporate LAN.

**Internet Leased Line –** A 10 Mbps leased line based Internet facility from BSNL has been commissioned at HQs. Any user on

Corporate network can access Internet from any remote units of MCL.

**Productivity Improvement Scheme Software –** A software has been developed and implemented in Opencast Projects of MCL for correct and timely payment of incentives as per Productivity Improvement Scheme approved by MCL Board, which is aimed at boosting moral of operators and increasing productivity.

#### **Proposals moved ahead during 2011-12 :**

- Proposal for connecting the remaining 61 unconnected weighbridges (Rail and Road) through radio links and setting up LANs at Anand Vihar offices and connecting these offices with the Corporate network through M/s ITI is in the final stage.
- Proposal for setting up of MPLS / VSAT based redundant network through BSNL, for connecting Area Offices / Project Offices / Weighbridges with HQs., is in the final stage.
- Proposal for implementing GPS based Vehicle Tracking System and installation of CCTV camera at weighbridges is in the pipeline.
- Proposal has been initiated for replacement of Servers at HQs. and Areas and tender will be floated soon.
- The website is being upgraded for online recruitment system for advertising recruitment related notices, online application capturing, verification of application, sending notices to candidates for written test / interview and results of the selection process.

#### **23. TELECOMMUNICATION**

- (a) Mobile CUG facility has been provided to all the executives of MCL serving at different units of the Organization all over the State of Odisha. This has enabled 24X7 unlimited communication among about 1600 executives at minimum cost

- engaged in Mining, Despatch, engineering and other activities and thereby substantially reinforcing the communication infrastructure of MCL.
- (b) Action has also been initiated to rope in other MCL executives posted outside Odisha, (a small fraction) under the CUG net.
- (c) The IP-based Wide Area Network (WAN) installed covering almost all the Units of MCL, is being widely used for different activities like Finance, Sales, System etc. for online data communication, facilitating management of various activities of the organization. Efforts have been taken for increasing the use of the network for more sophisticated purposes like ERP, various online activities etc.
- (d) VHF Repeaters have been installed at Ananta, Jagannath and Bhubaneswari OCP of Jagannath Area which have considerably eased the VHF Communication at the Projects upto the coal faces.
- (e) Two numbers of WIMAX Systems have been installed at Lingaraj Area to provide high speed internet connectivity at Lingaraj Project and Lingaraj OCP. Net-based activities, particularly e-tendering works have been benefitted a lot by the same.
- (f) Action for procurement of 100 numbers handheld VHF sets along with 9 numbers Base Stations and one Repeater Station are under process at IB Valley Area to augment the communication facilities of the projects of the Area.
- (g) For enhancing the internal communication facilities at the Projects, action for procurement of 3 numbers EPABX Exchanges for Lajkura, Nandira and Bhubaneswari projects have been taken up.
- (h) Procurement of one number EPABX for Anand Vihar, MCL HQs. replacing the existing old exchange is also under process for better communication facility in the Complex.
- (i) Action has been initiated for installation of a Camera Surveillance System at Office Campus of MCL HQs., Jagruti Vihar to enhance the security of the Corporate Office.
- (j) Being an obscure place, for recreation of the employees at MCL HQs., one Cable TV Service with about 650 connections at the residences of Staff and Executives of MCL HQs., covering both Jagruti Vihar and Anand Vihar has been arranged and is being maintained by the Department.
- 24. DEVELOPMENT OF ANCILLARY INDUSTRIES**
- MCL is committed to provide self employment opportunities to the local budding entrepreneurs through the process of ancillarisation and provide a sustainable business to them by apportioning a substantial share by revenue in the areas of stores/ consumable/repairing etc.
- For the above cause MCL has full fledged Ancillary Development Cell which is committed for the following activities:
- Undertakes, allows and encourages all endeavours to explore and develop the potentialities of the Small Scale Industries (SSI) 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.
  - A broad outlook to create scope of increased self-employment and thus self-dependency amidst the young population of the locality of the State.
  - Prosperity of general mass 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 SSIs 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 un-skilled unemployed youth of the locality and thus self-dependence and prosperity of the general mass in the State.

Since inception, your Company 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 51 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 2011-12, MCL had actively participated in the two Mega Events, (i) MSME INTERNATIONAL TRADE FAIR – 2012 from 18th to 22nd January, 2012 at Rourkela organized by Govt. of Odisha, Department of Industries in association with National Small Industries Corporation (NSIC), Govt. of India. (ii) National Level Vendor Development

Programme and Industrial Exhibition, EXPO-ODISHA-2012 from 09th to 11th January, 2012 at Angul organized by MSME – Development Institute, Govt. of India and Industries Department of Odisha. Spares of various equipment that have been identified and made open, for easier and simpler understanding of the MSMEs also inviting the SSI to come for strengthening MCL's production process and get strengthened 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 equipment spares, HEMM spares, Pipe Fittings, Civil Items
- Electrical Items, Fire Fighting Equipment, 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 (Rs. Crore)
01	2009 - 10	8.76
02	2010 - 11	7.13
03	2011 - 12	6.46

The low figure in the 2011-12 was mainly due to decrease in utilization of CHPs/ Feeder Breakers in the light of usage of Surface Miners in various Mines. 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.

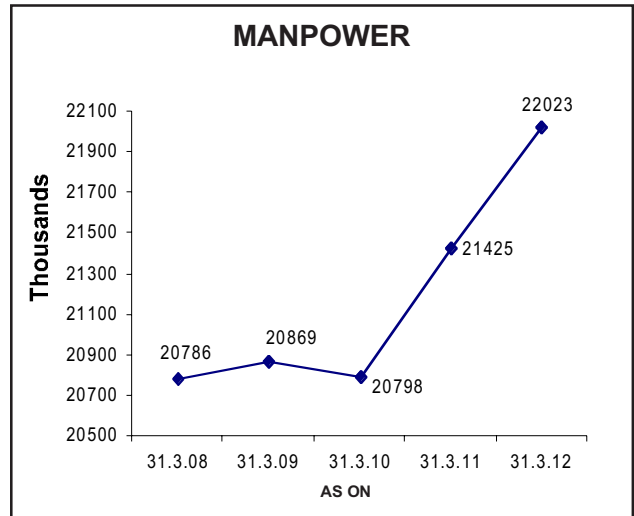
**25. HUMAN RESOURCES MANAGEMENT**

Your Company is having highly motivated and competent human resources in all the segments and that has contributed efficiently and effectively to ensure that the Company remained in the 100 Million Club again for the third consecutive year with one of the lowest manpower contingent. The productivity of the employees is very high resulting in 103.118 MTe of Coal production, 85.67 M.cu.M of OB production in the financial year 2011-12.

Organizational Psychology holds that successful organizations do not attribute the entire success solely to market realities and sustainable competitive advantages but to their most important asset which is human capital plays an equal important role. Human Resources Management is the strategic management of the employees, who individually and collectively contribute to the achievement of the long term and short term objectives of the organization. Hence, your Company believes in attracting, nurturing, developing and retaining talented resources to improve organizational effectiveness and achieve success.

Out of the total motivated employees the strength of executives are 1643 and non-executives are 20380 whose contribution has kept MCL in the 100 Million Club for the last 03 years. During the period, 1275 persons joined by way of fresh recruitment, transfer, reinstatement, etc. and 677 persons were separated by way of retirement, transfer, ESS, resignation, death, etc. The main increase in manpower is on account of providing employment to the Project Affected Families as per the R&R Policies in vogue and also all India open recruitment of Management Trainees by CIL. The total manpower strength of the Company stands at 22,023 as on 31.03.2012 against 21,425 as on 31.03.2011.

**Manpower Report :**



**25.1 Training & Development**

Training and development is one of the key HR functions and is an integral part of the human resource development activity. Managing people in today's multicultural, diversified and rapidly changing world is a challenge and hence investing in training and development is not a luxury but an essential part for organization's ongoing success. In line with its long term objective of being a learning organization, your Company has continuously invested and promoted training and development of not only its own employees but also Project affected Families/Project affected People. The Company imparts internal training as well as sponsors outside training to its employees in reputed institutions like IIMs, TISS, XIMB, XLRI, IMI and other institutions of National repute. The Company has mandated training hours per year for employees keeping in consideration the fact that technology is deskilling the employees at a very fast rate. The Company also proposed to build its own training institute – Mahanadi Institute of Coal Management at Bhubaneswar with world class infrastructure and reputed faculty members.

During the year 2011-2012, a total number of 648 employees in the category of

executives were trained internally and 934 executives were sent to outside training as against 313 and 633 respectively during the year 2010-11. Your Company has also sponsored four of your Directors for 02 outside training programs. For the Non-executive category 2243 employees were exposed to internal training and 184 were sent for external training during the year 2011-2012 as against 1458 and 191 respectively during the year 2010-11. Keeping in view the skill gap, 36 numbers of employees are being given training in 02 Govt. ITIs this year and efforts are on to get 100 more employees trained in various ITI trades required for MCL

## **25.2 Employees Relations and Welfare**

In your Company, employee relations during the year continued to be harmonious and cordial marked by mutual trust. Regular interactions took place amongst the management and apex forums of workmen (Joint Consultative Committee), IR meetings at Headquarters level with regard to improvement in production, productivity with special thrust to safety with special attention to employee related issues. At the Area level and Unit level the IR mechanism is functioning well and regular meetings are held with the Unions to sort out the various issues and maintain overall cordial relations with the Unions and Associations.

Apart from the above, meaningful discussions were held with SC/ST Association. Discussions were also held with Sri M.Shivanna, Hon'ble Member, National Commission for SC on 08.09.2011. The Parliamentary Standing Committee on Welfare of SC/ST visited the Company on 19.01.2012 and interacted with the Office Bearers of the CEISTA and the management of MCL. The said Committee appreciated the efforts taken by MCL with regard to furtherance of the employees belonging to SC/ST community.

Fruitful discussions were also held in the bipartite forum in Mines, Areas and Corporate level, having representatives of Management and Workmen which played pivotal role in achieving 103.118 MTe of coal production and 80.97 M.Cu.M OB removal and dispatch of 102.527 MTe during the financial year 2011-12.

Except for the Country-wide strike held on 10.10.2011 by 5 Central Trade Unions demanding PLR of Rs. 25,000/- per employee, the industrial relations remain peaceful because of the highly motivated cooperative employees Unions.

### **25.2.1 Education**

As one of the major Central PSUs in Odisha, MCL is committed to provide quality education not only to its employees' 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 2011-12 Rs. 14,71,31,704/- (Revenue) and Rs. 27,95,000/- (Capital) was extended to the DAV Public Schools and Rs. 35,17,200/- (60%) 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 (Diploma Tech. Schools).

### **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 ranked very high in merit list.
2. As per CIL Scholarship Scheme, employees' wards have been awarded scholarship on merit basis. An amount of Rs. 16,47,064/- was

provided under this head during 2011-12 to 1579 numbers of meritorious students (all are employees' wards).

3. Your Company had given financial assistance to employees' wards towards cost of tuition fee and hostel rent for technical and medical education and an amount of Rs. 5,42,690/- was provided under this head during 2011-12 to 33 students.

## 26. कार्यालयीन कार्यों में हिन्दी का प्रचलन

आपकी कम्पनी ने भारत सरकार की नीतियों के तहत हिन्दी के प्रचार प्रसार एवं इसके सफल क्रियान्वयन के लिए कड़ी मेहनत की है। जिसके तहत हिन्दी के अधिकतम उपयोग के लिए, कर्मचारियों को हिन्दी में कार्य करने के लिए एवं प्रोत्साहन करने के लिए बहुत से हिन्दी कार्यशालाओं एवं प्रतियोगिताओं का सफलता पूर्वक आयोजन किया गया है। वर्ष 2011-12 के दौरान 80 कर्मचारियों ने प्रबोध, 92 कर्मचारियों ने प्रवीण एवं 82 कर्मचारियों ने प्राग्य परीक्षा में उत्तीर्ण किया है।

## 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 396 employments during 2011-12 as compared to 920 employments during 2010-11 and total number of 10383 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 Rs. 2.00 per patient.

Your Company acquires land for expansion of mining activities by providing rehabilitation and resettlement to the affected villagers. During the year 2011-12 MCL has acquired 1891.166 hectares of land.

## 28. CORPORATE SOCIAL RESPONSIBILITY

MCL is the 2nd largest coal producing and highest profit making coal Company in Coal India Limited. Since its inception the Company has taken up various activities extending financial assistance for water supply schemes, construction/repair of public utility roads, construction of community centre, check dam for the benefit of peripheral villages, render preventive health programme, village health programme, family welfare programme and medical facility to peripheral villages through mobile medical van on regular basis. As a major activity, MCL has supplied drinking water through tanker during summer to 272 peripheral villages. MCL has allocated Rs. 50.14 crore for the year 2011-12 @ Rs. 5 per tonne of the coal produced in the year 2010-11 towards CSR activities as per CIL and MCL's CSR Policy. This comes to 1.92% of the profit of the Company after tax. The total value of activities taken up under CSR for the year 2011-12 is Rs. 44.05 crore and the expenditure is Rs. 28.34 crore and most of the activities are under progress. Some of the major activities undertaken by MCL in the year 2011-12 are as under :

1. Improvement of water supply to Burla town at an estimated cost of Rs. 8.62 crore has been sanctioned and an amount of Rs. 3.50 crore has been spent.

2. Construction of rigid pavement with side drain in village portion within the road from Sundargarh to Bankibahal chowk at a cost of Rs. 7.64 crore.
3. 15 numbers of high capacity pump at a cost of Rs. 17.36 lakh has been procured and handed over to Collector, Sambalpur for dewatering of inundated area in Sambalpur town during unprecedented rain in the year 2011.
4. 4 numbers of Mobile van has been procured for providing medical facility to the villagers/ PAFs.
5. 100 numbers of sewing machines have been distributed to needy women in peripheral villages of MCL Headquarters.
6. The building for Nursing Course, GNMT School has been constructed at IB Valley Area at a cost of Rs. 2.16 crore and the courses for 20 students are likely to start from the session 2012-13.
7. 10 numbers of medical vans have been procured and handed over to Health and Family Welfare Department, Govt. of Odisha for use in the villages.
8. Water supply through mobile tanker during summer to 272 peripheral villages at cost of Rs. 3.88 crore.
9. 114 numbers of Health camps for the villagers at an expenditure of Rs. 27.95 lakh were conducted.
10. An amount of Rs. 23.56 lakh has been sanctioned towards cleaning of Sambalpur town during break out of Dengue in 2011.
11. Besides the above, free check ups and medical facilities were extended in Talcher Area during the break out of Dengu to all the patients/suspects.

## 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 Girls' Hostels.
- A part of PDC fund being allocated for construction of a Ladies' Hostel for VSSUT, Burla.
- 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.

## 28.2 Public Relations

Your Company's constant endeavour is to maintain constructive and harmonic relationship with Print and Electronic

Media. Media is always briefed with various events/activities, occasions, developments from time to time. In this regard, Press Conferences in IB Valley Coalfields, Talcher Coalfields and at the Headquarters were organized successfully. Besides, exhibition, including displaying of working model of mining equipment at 99th Indian Science Congress – 2012, Bhubaneswar was organized. MSME International Trade Fair – 2012, Rourkela and Expo – Odisha, Angul were also organized, which attracted huge crowd and was awarded the best displayed stalls.

**29. CAPITAL INVESTMENT ON SOCIAL AMENITIES**

Details of Capital Investment on Social Amenities as on 31.03.2012 vis-à-vis 31.03.2011 are briefed here under :

(Rs. in crore)

Sl. No.	Particulars	Gross Value of Fixed Assets	
		As at 31.3.2012	As at 31.3.2011
1	Buildings	305.08	301.11
2	Plant and Machineries	68.60	67.72
3	Furniture, fittings and equipment	7.01	6.87
4	Vehicle	5.68	4.28
5	Development	9.16	9.06
<b>Total</b>		<b>395.53</b>	<b>389.04</b>

**30. VIGILANCE ACTIVITIES AND ACHIEVEMENTS**

The main emphasis of the MCL Vigilance has been on preventive vigilance in order to bring transparency in the field operations as well as in system and procedures being followed in the organization in awarding contracts, bill payment, refund of EMDs/ Bank Guarantees etc. Suitable methods and systemic improvements are being implemented to have control over exercise of discretion so as to ensure that discretionary powers are not exercised arbitrarily but in a transparent and a fair

manner. Frequent surprise inspection made by the Vigilance Department has brought significant amount of fear among the wrong doers resulting into minimizing the irregularities in various field operations including system and procedures. Frequent surprise inspection has also been helpful in identifying the areas which are prone to corruption and it has been ensured that the officers of proven integrity are posted in those Areas. Besides awareness on vigilance and anti-corruption issues has been created among the employees including Management Trainees, Vendors, Students and common citizens by holding seminars, class room sessions and vendor meetings.

**30.1 Preventive Vigilance**

(a) **Inspections** : 42 Inspections including 01 Intensive Examination of checks have been conducted during the period. Besides punitive action in some serious lapses the major focus of such inspections have been on streamlining of system/procedure to bring in fairness and transparency in the field operations.

(b) **Systemic Improvements** : Irregular consumption of diesel in HEMMs:

An allegation of rampant theft of diesel from Heavy Earth Moving Machines at Ananta OCP had been investigated. As the allegations observed were found to be more attributable to the system lapses, the following systemic improvement suggested by the Vigilance Department was approved by CMD, MCL for strict compliance :

- (i) Monitoring the diesel consumption of HEMMs as per revised norm laid down by CIL in June, 2009.
- (ii) Recording of working hour shift wise as per working hour meter and measurement of balance diesel in equipment for tallying the consumption of diesel at the end of the shift by Operator or Foreman

- Incharge or any person deputed by local management.
- (iii) Posting of sufficient numbers of Security Personnel at the vantage points to prevent theft of HSD from HEMMs.

Necessary circular/instructions had been issued to all concerned for immediate action for implementation of the above, which is also being monitored by the Vigilance Department on frequent intervals.

Procurement of spares, repairs and contract services of Excavation and E&M Department:

At the instance of vigilance, the following systemic improvement for tendering process related to procurement of spares, repairs and contract services of Excavation and E&M Department had been approved by CMD, MCL for compliance.

- (i) Estimate be prepared on the basis of updated cost only. Wherever it is not possible (for which reasons to be given) or when there is considerable change in price index during tendering procedure which necessitates updation of cost, it should be done before opening of price bid.
- (ii) The regular/routine jobs should not be split up to keep them within a particular delegation of power. Instead, it is advised that this type of job should be done on annual contract basis.
- (iii) In case of overhead electrical line, it is advised that the extent of work should be shown on the reduced version of updated mine plan in which the present overhead line and proposed work are shown in different colour codes. At the same time, the colliery should maintain an upto date overhead line network with Pole No. (existing and ongoing at different colour codes) in a properly sized mine plan updated not before three months.

- (iv) A regular compliance report shall also be submitted by the CGM/GMs of Area to the concerned Director.
- (v) Compliance report be put up in FDs meeting on quarterly basis for information.

The Circular has been issued to all concerned for immediate action for implementation of the above by Director (Tech./Opn.) vide Circular bearing No.DT(O)/ Samb/Secy/209 dated 02.12.2011.

**Coal Sampling Procedure :**

Consequent to the number of references/complaints received from CVC, New Delhi and other sources and proactive action of Vigilance Department thereon, a circular for ensuring uniform sampling procedure has been issued vide No.D(T/O)/Samb/Secy/226 dated 26.12.2011 for strict compliance. The details of the circular/instructions are as follows:

- (i) Samples from the coal stock being offered for e-auction will be taken minimum one time for every lot of e-auction (validity 45 days from the next day of issue of delivery order) according to prescribed ISI procedures as far as practicable preferably just prior to start of dispatch.
- (ii) In similar way once in every month from loaded truck of the same lot, sample will be drawn according to prescribed ISI procedures as far as practicable.
- (iii) A bound pages sampling register to be maintained at the colliery end in the following manner.

Date of Sampling	Stock/ Truck No.	Approximate Quantity	Sample No.	Signature of Sampling I/C	Signature of Desp. I/C

- (iv) A bound paged analysis register shall be maintained showing details of stage wise analysis done indicating both UHV/GCV and Grade with signature of the Chemist and Lab. In-charge.
- (v) A master register to be maintained showing details of month/date wise analysis of each sample with signature of Chemist and Lab. In-charge.
- (vi) The above exercise will be monitored by the Project Officers of the concerned project.
- (vii) Report of the above analysis to be sent to GM(QC) for every lot through General Manager of the Area for record and perusal of competent authority under confidential cover.
- (viii) For coal supply made to customers under FSAs, the Guidelines given in the respective Fuel Supply Agreement may be followed.

Project Areas have also been advised to strengthen internal sampling procedure for transparency and internal assessment of the quality of coal being supplied to the e-auction customers. In addition to above, Areas have also been permitted to take up the matter from their end for sampling in any Govt. institutions including NIT, Rourkela, VSSUT, Burla, CFRI, Dhanbad/ Bilaspur etc. having requisite expertise in sampling to draw sample once in a quarter from the stock for their internal assessment. Further, a copy of the above report is required to be sent to GM (QC) and GM (S&M), MCL, Burla for their information under confidential cover. However, there will not be any joint/third party sampling facility extended to any buyer as per Clause No.11.8 of the Spot e-auction Scheme, 2007.

**30.2 Punitive Vigilance**

As seen from the following tabulated

statement, during the year, 04 major and 04 minor penalty proceedings have been initiated against 08 employees. Enquiries in respect of 4 major cases are in progress.

Particulars	Pending as on 31st March, 2011	New Additions During 2011-12	Disposal During 2011-12	Pending as on 31st March, 2012
Vigilance cases	05	19	08	16
Major penalty proceedings	03	04	01	06
Minor penalty proceedings	01	04	05	00

**30.3 Rotation of Employees :**

Company has a policy of rotating employees, particularly those who are working in sensitive posts / departments. During the year, 81 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 2011.

**30.4 Surveillance :**

Agreed List and List of Officers of Doubtful Integrity for the year 2012 were prepared and sent to MoC and CIL. Officers who appeared in the above lists have been transferred from sensitive posts and a close watch will be maintained on those officers by the Vigilance Department in co-ordination with the Central Bureau of Investigation, Bhubaneswar.

**30.5 CVC Matters :**

During the year 03 cases for 1st stage advice were referred to CVC, which are pending at CVC.

**30.6 Parliament Questions :**

23 Parliament Questions were attended and requisite information furnished mostly on the same day of its receipt.

**30.7 Right to Information Act :**

19 RTI queries have been attended and information furnished within the desired time line.

**30.8 Submission of Reports :**

Monthly/Quarterly reports to CVC, MoC and CIL have been submitted within the prescribed time line.

**30.9 Vigilance Clearance :**

During the year, vigilance clearance status in respect of 9164 employees (Directors, executives and non-executives) have been dealt with in relation to their promotion, probation, closure, payment of terminal benefits etc.

**30.10 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.

**30.11 Vigilance Awareness Period :**

As per the directives of the Central Vigilance Commission, MCL observed Vigilance Awareness Period from 31st October, 2011 to 5th November, 2011 in all its Areas and Establishments. During the Period, interactive sessions were held with the suppliers/customers in which initiatives were 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 corrective measures wherever necessary and feasible.

As a part of the programme, a seminar on "Participative Vigilance in combating white-collared corruption" was held at 11.00 AM on 04.11.2011 in MCL Auditorium, Jagruti Vihar. The seminar was attended by eminent persons including retired High Court judges, government officials, senior persons from the print media and CMD and Directors of MCL in addition to participants from Headquarters and Areas of MCL.

**30.12 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.

**30.13 Major Achievement :**

- Taking note of low percentage of coal weightment w.r.t. to internal colliery transport, the matter was taken up with the Chief Executive immediately after assuming charge. As a result, a major decision was taken to install in-motion weighbridges at suitable vantage points. Due to constant monitoring of the activity, financial bids for 12 in-motion weigh bridges could be finalized within the period under report. Procurement action of another 23 numbers are in progress.
- "Coalnet" linkage in the weighbridges activated for bringing transparency in the coal weightment process.
- Awareness generation on various anti-corruption issues was done through workshops, essay competition, circular/pamphlet within the Company as well as for the general public students. Besides, Sr. Manager (Pers./Vig.) had been consistently imparting awareness on various vigilance and anti-corruption issues through classroom lectures.
- 85 APRs scrutinized which is more than 20% prescribed by the CVC. Whenever the discrepancies/lapses have been found, the same have been taken note of for further surveillance.
- Seventeen surprise checks were made which has brought significant amount of fairness and transparency in the record maintenance and consumption pattern of diesel, coal quality and contractual coal transport. It is worthy to make a mention here that utilization of Drill machine (UDM) worth Rs. 3.78 crore lying idle for six months in different stores could be

possible after intervention of the Vigilance Department.

- Recognizing the hardship suffered by the vendors w.r.t. EMD refund, a meaningful contribution was made in operationalising the RTGS account upto the area level for facilitating e-refund of EMDs in future.
- Another outstanding contribution was according timely vigilance status to 9164 employees that too within 2-3 working days of receipt despite having the smallest organizational set up among all vigilance department of CIL and its subsidiaries.

### 31. 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 Rs. 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
- Up-keeping of Guest House

#### □ 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 e-Procurement System of MCL***

1. The evaluation of Technical part of the Tenders 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 any document off-line for evaluation of their Bid except in case of Bank Guarantees.
4. The business logic required for the evaluation of Tenders is 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 upload scanned copy of original documents for, in support of the information furnished by them (Bidder) online.
7. After submission of Bid the Bidder gets a feedback regarding their compliance with respect to the requirements of Tender.

**New Features implemented during 2011-12**

1. **Receipt of EMD and Application Fee on electronic mode** : In order to automate the system of receipt of EMD and Tender fee, a system of online receipt had been started during last year through Electronic Fund Transfer for the Tenders floated at HQs. This facility has been extended to all Areas. Online receipt of EMD and Tender Fee through NEFT/RTGS mode has been started this year for all locations. Now bidders who are opting for online payment do not have to send any offline document to MCL.
2. **Uploading of online confirmatory documents**: A facility has been created in the portal software so that the Bidders can upload confirmatory documents in support of the Bid information furnished by them. Earlier they had to submit hard copy of the documents. This has enhanced the convenience and transparency of the system.

**Statistics**

Status as on 01.04.2012

Date of Implementation of e-Procurement in MCL	15.08.2009
Total No. of Tenders Published	5066
Total Value of Tenders Published	Rs. 5088.25 Cr.
Total No. of Tenders Opened	4129
Total Value of Tenders Opened	Rs. 4044.66 Cr.
Total No. of Tenders Awarded	2286
Total Value of Tenders Awarded	Rs. 2472.52 Cr.
Average Cycle Time (Publish of NIT till decision of L-1)	27 days
Average Cycle Time (Publish of NIT till Award of Work)	69 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 one tender	17

**32. 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 2011-12.

- Special Recognition with Excellent Display Award to MCL at National Vendor Development Programme organised by MSME-Development Institute, Cuttack on 24.01.2011.
- Best Mother Plant Award to MCL at MSME International Marketing Expo organised by Department of Industries, Govt. of Odisha and NSIC on 11.03.2011.
- E-World 2011 award to MCL 02.08.2011.
- Rajbhasha Shree Samman to CMD, MCL by Bharatiya Rajbhasha Vikas Sansthan, Dehradun on 14.10.2011.
- Silver Medal to Lingaraj OCP of MCL in Metal and Mining Sector in 12th Annual Greentech Environmental Excellence Award for 2011-12 on 20.10.2011.

**33. AUDITORS**

- 33.1 Under Section 619 (2) of the Companies Act, 1956, the following Audit Firms were appointed as Statutory/Branch Auditors for the year 2011-2012.

**Statutory Auditors**

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

**Branch Auditors**

M/s SCM Associates  
98, Kharvel Nagar,  
Keshari Talkies Complex,  
1st Floor  
Bhubaneswar-751001

**34. SUBSIDIARY COMPANIES**

- (a) MNH Shakti Limited, one of the subsidiaries of MCL has been formed with MCL having 70% stake along with Neyveli Lignite Corporation and Hindalco holding the rest. The coal production is targetted from Talabira OCP with an Annual Capacity of 20.00 Mty.

- (b) MJSJ Coal Limited, another subsidiary of MCL has been formed with MCL having 60% stake along with JSW Steel, Jindal Thermal Power Limited, Jindal Stainless Steel and Shyam Metalics and Energy Limited holding the rest. The coal production is targeted from Gopalprasad OCP with an annual capacity of 15.00Mty.
- (c) Mahanadi Basin Power Limited, a public limited Company has been formed on 03.12.2011 as an SPV with 100% share held by MCL and its nominees with power generation capacity of 2X800 MW through Pit Head power plant at Basundhara Coalfields.
- (d) Statement of the Holding Company's interest in the Subsidiary Companies namely, MNH Shakti Limited, MJSJ Coal Limited and Mahanadi Basin Power 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.

### 35. 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.

### 36. 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.

### 37. 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.

### 38. BOARD OF DIRECTORS

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

1.	Shri A.N. Sahay	-	CMD
2.	Shri A.K.Singh	-	Director (Technical/P&P)
3.	Shri A.K. Tiwari	-	Director (Technical/Op.)
4.	Shri S.C.Padhy	-	Director (Personnel)
5.	Shri Kulamani Biswal	-	Director (Finance)
6.	Shri M.B.Sridharan	-	Independent Director
7.	Dr. A.K.Rath	-	Independent Director
8.	Dr. Ashok Kumar	-	Independent Director
9.	Shri Abdul Kalam	-	Independent Director

38.2 The following persons were appointed as Directors during the year under report.

1.	Shri P.S.S. Reddy	-	Director ( w.e.f 12.10.2011)
2.	Shri S.K. Singh	-	Director ( w.e.f 13.01.2012)

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

1.	Dr. A.K. Sarkar	-	Director ( w.e.f 01.05.2011)
2.	Shri R.K. Mahajan	-	Director (w.e.f 12.10.2011)
3.	Shri P.S.S. Reddy	-	Director (w.e.f 13.01.2012)

### 39. 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 :

- That in the preparation of the annual accounts for the financial year ended 31st March, 2012, the applicable accounting standards have been

followed along with proper explanation relating to material departures ;

2. That the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are 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;
3. That the directors have 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;
4. That the directors have prepared the accounts for the financial year ended 31st March, 2012 on a 'going concern' basis.

#### 40. CORPORATE GOVERNANCE

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

#### 41. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

#### 42. C & A G COMMENTS

Comments of the Comptroller & Auditor General of India on the Accounts of the Company for the year ended 31st March, 2012 are placed at Annexure-IV to this report.

#### 43. AUDIT COMMITTEE

The Committee has been reconstituted from 27th January, 2012 with the following members.

- |    |                     |   |                                |
|----|---------------------|---|--------------------------------|
| 1. | Shri M.B. Sridharan | – | Director, MCL Board - Chairman |
| 2. | Shri Abdul Kalam    | – | Director, MCL Board - Member   |
| 3. | Dr. A.K. Rath       | – | Director, MCL Board - Member   |
| 4. | Dr. Ashok Kumar     | – | Director, MCL Board - Member   |
| 5. | Shri A.K.Singh      | – | Director, MCL Board - Member   |
| 6. | Shri S.K. Singh     | – | Director, MCL Board - Member   |

#### 43.1 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.

#### 44. COST RECORDS

Maintenance of Cost records for the Company, as per Section 209(1)(d) of the Companies Act, 1956 has been prescribed by the Central Government w.e.f. 01.04.2011. The Company produces only one product, i.e. Coal and has a continuous integrated system of recording, determining and reporting element wise cost with break up of cost including overheads and reconciliation of cost report at regular interval.

**45. PERFORMANCE AGAINST MOU PARAMETERS**

45.1 The MoU between CMD, MCL and Chairman, CIL for the year 2011-12 was signed on 31.03.2011 as per Guidelines of Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, Government of India.

45.2 The performance of MCL for the year 2011-12 against MoU for 2011-12 has been prepared and audited by the Statutory Auditors of the Company. Parameter wise details of performance are enclosed as Annexure-V. The overall MoU rating of your Company for the year 2011-12 based on physical and financial performance is "EXCELLENT".

**46. SUBSIDIARY ACCOUNTS FOR THE SHAREHOLDERS OF CIL**

Pursuant to General Circular No.2/2011 dated 08.02.2011 of Ministry of Corporate Affairs, the Annual Accounts of MCL would be available at MCL Headquarters for inspection and providing relevant information to the shareholders of 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 for 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 & Auditor General of India and Registrar of Companies, Odisha.

47.5 The Directors also extend their thanks to various important citizens of Sambalpur and those residing in the Coalfields 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 & 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 : 21.05.2012

## ANNEXURE - 1

### ANNEXURE TO DIRECTORS' REPORT

*Information as required to be given in the Directors' Report under 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.*

#### I. (B). CONSERVATION OF ENERGY

##### (a) Energy Conservation Measures Taken

###### (1) Electrical Energy

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

- (i) Specific consumption of power (for Coal) during 2011-12 is 2.98 kWh/T in comparison to 3.01 kWh/T for 2010-11 i.e. reduction of 1 %.
- (ii) Specific consumption of power (for Composite Production i.e. Coal + O.B Removal) has increased from 2.02 kWh/Cu.M during 2010-11 to 2.08 kWh/Cu.M during 2011-12 i.e. increase of 2.97%. (Target for 2010-11 was 2.55 kWh/Cu.M while for 2011-12, target was 2.50 kWh/Cu.M)
- (iii) Power Factor Incentive availed during 2011-12 is Rs.177.48 lakh in comparison to Rs.307.31 lakh during 2010-11. Reduction in Power Factor Incentive during 2011-12 vis-à-vis 2010-11 is due to revision of tariff structure in respect of Power Factor Incentive by OERC w.e.f 01.04.2011.

###### (2) Fuel and Lubricants

Following steps were taken for reduction of consumption of Fuel and Lubricants :

- (a) Periodical overhaul of engines and regular checking of filters, hoses and tyre pressure.
- (b) Maintenance of haul roads.
- (c) Periodical maintenance of batteries and regular checking of self starters.
- (d) Guidelines for minimizing HSD consumption issued from HQs. to Areas for implementation.

###### (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 effective maintenance, 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/550V 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 98% 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 no 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 Electricity Distribution Companies.

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

Description	2011-12	2010-11	%Gain over Previous year
<b>Electrical Energy</b>			
(i) Specific Consumption of Power (for Coal) in KWh/Tonnes	2.98	3.01	(-) 1 (F)
(ii) Specific Consumption of Power (for Composite Production) (i.e. Coal + O.B removal), in KWh/Cu.M.	2.08 (Target-2.50)	2.02 (Target-2.55)	(+) 2.97 (A)
(iii) Power Factor Incentive (Lakh)	177.48	307.31	(-) 42.80 (A)*
<b>Fuel and Lubricants</b>			
(i) Consumption of HSD, in ltrs/Cu.M of Composite Production	0.422	0.431	(-) 2.088
(ii) Consumption of Liquid lubricants, in ltrs/Cu.M of Composite Production	0.0155	0.0164	(-) 5.48
(iii) Sp. Consumption of Petrol (for Coal) Composite production in Ltrs/Tonne	0.000139	0.000122	(+) 13.93 (A)
(iv) Sp. Consumption of Petrol (for Composite Production i.e. Coal + O.B removal), in Ltrs/Cu.M.	0.000087	0.000082	(+) 6.09 (A)
(v) Consumption of HSD, in Ltrs/Tonne of Coal Production	0.4695	0.487	(-) 3.593
(vi) Consumption of Liquid lubricants, in Ltrs/Tonne of Coal Production	0.0173	0.0185	(-) 6.48
(ix) Specific cost of POL, in /Tonne	22.41	22.96	(-) 2.39

**F – Favourable      A – Adverse**

\* Reduction in Power Factor Incentive during 2011-12 vis-a-vis 2010-11 is due to revision of tariff structure in respect of Power Factor Incentive by OERC w.e.f. 01.04.2011

**C. FOREIGN EXCHANGE EARNING AND 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

(Rs. in lakh)

<b>Description</b>	<b>Current Year</b>	<b>Previous Year</b>
(a) Foreign Exchange used :		
(i) CIF value of imports		
a) Components, Stores and Spare parts	–	863.46
b) Capital goods	596.58	1764.59
(ii) Traveling	3.27	4.78
(iii) Interest	203.57	213.81
(iv) Others	–	21.47
(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 transparency, greater organisational justice and corporate sustainability.

With the directives from the Central Government for complying with the Guidelines on Corporate Governance from 2010-11, the Guidelines have been re-looked with fresh perspective and due diligence.

Equity, justice, transparency, accountability etc. being touchstones of good governance have been accepted as core values to be practised to the best extent in every sphere of business activities 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 of 10 (ten) Directors as on 31.03.2012 categorized as below :

- (a) 5 (five) Functional Directors including Chairman-cum-Managing Director,
- (b) 1 (one) official part-time Director(Nominee),
- (c) 4 (four) Non-official part-time Directors.

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

The Board met ten (10) times during the year 2011-12 with attendance of Directors exceeding 80% on average and gap between two meetings remaining less than three months.

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

Name & Designation	Category	Board meetings		Directorships in Other Companies	Membership in other Committees	
		Held during the tenure	Attended		Audit Committee	Other Committees
Shri A.N. Sahay	Functional	10	10	Nil	Nil	02
Shri A.K. Singh	Functional	10	08	MNH Shakti Limited	01	03
Shri A.K. Tiwari	Functional	10	08	MJSJ Coal Limited	Nil	04
Shri S.C. Padhy	Functional	10	10	MJSJ Coal Limited	Nil	03
Shri Kulamani Biswal	Functional	10	10	(i) MNH Shakti Limited (ii) MJSJ Coal Limited (iii) Mahanadi Basin Power Limited	Nil	04

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Name & Designation	Category	Board meetings		Directorships in Other Companies	Membership in other Committee	
		Held during the tenure	Attended		Audit Committee	Other Committee
Dr. A.K. Rath	Non-official part time	10	10	(i) Coal India Limited (ii) Mangalore Refinery and Chemicals Limited	01	03
Shri M.B. Sridharan	Non-official part time	10	10	(i) M/s Navia Markets Limited (ii) MJSJ Coal Limited	01	02
Dr. Ashok Kumar	Non-official part time	10	10	Swarniya Real Estate Private Limited	01	02
Shri Abdul Kalam,	Non-official part time	10	09	(i) NMDC Limited (ii) Mahanadi Basin Power Limited	01	02
Shri R. K. Mahajan	Govt. Nominee	04	04	Central Coalfields Limited		
Dr. A.K. Sarkar	Official part time	0	0	(i) CIL- Full time (ii) NCL- Part time	Nil	Nil
Shri P.S. S. Reddy	Govt. Nominee	04	04	NLC Tamilnadu Power Limited	Nil	01
Shri S.K. Singh	Govt. Nominee	02	02	Central Coalfields Limited	01	01

Certain items of governance like the 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 2011 – 2012
			All elements of remuneration package i.e. Salary, Performance linked incentive Scheme, PF contribution, Pension, etc.(Rs.)
Shri A.N. Sahay	Nil	CMD	17,30,049
Shri A.K. Singh	Nil	Director(Tech/P&P)	20,01,478
Shri A.K. Tiwari	Nil	Director(Tech/ OP.)	18,90,296
Shri S.C. Padhy	Nil	Director(Personnel)	17,13,219
Shri Kulamani Biswal	Nil	Director(Finance)	20,87,317

### (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 Hon'ble 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 :****I. 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 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.

**Scope of work :**

- (a) Review of financial statement.
- (b) Periodical review of internal control system.
- (c) Review of Govt. Audit and Statutory Auditor's Report.
- (d) Review of operational performance vis-à-vis standard parameters.
- (e) Review of projects and other capital scheme.
- (f) Review of internal audit findings/observations.
- (g) Development of a commensurate and effective internal audit functions in MCL.
- (h) Special studies, investigation of any matter including issue referred to by the Board.

**Composition and meeting details of the Sub-committee :**

The Audit Committee met for nine times on 18.05.11, 07.07.2011, 07.08.2011, 16.09.2011, 08.11.11, 24.11.11, 03.12.11, 27.01.2012 and 30.03.2012 during this year and the Directors attending the meetings are given as under.

Sl. No.	Name	Status	No. of Meetings held during tenure	Attendace
1.	Shri M.B. Sridharan	Chairman	9	9
2.	Shri Abdul Kalam	Member	9	7
3.	Dr. A.K. Rath	Member	9	9
4.	Dr. Ashok Kumar	Member	9	9
5.	Shri A.K.Singh	Member	9	7
6.	Shri R.K. Mahajan	Member	4	3
7.	Shri P.S.S. Reddy	Member	—	—
8.	Shri S.K. Singh	Member	1	—

In each Audit Committee meeting Director(Finance) and Chief of Internal Audit are invited to clarify the matters relating to finance, accounts, audit and internal control system.

In addition to the existing Audit Committee, following Sub-committees have been constituted in the 134th and 135th Board meeting during 2011-12, keeping in view further strengthening of Company's strategic and technical decision making process, adherence to Corporate Governance in true letter and spirit, value addition through HR and urgency of R & R.

## II. Technical Sub-committee:

### Scope of Work :

Evaluation, appraisal and recommendation of projects for approval of MCL Board.

### Composition and meeting details of the Sub-committee :

The Technical Sub-committee met three times during the year, i.e. on 08.11.11, 08.01.12 and 30.03.12 with attendance of members as under:

SL No	Name	Status	No of meetings held during tenure	Attendance
1	Shri A.N. Sahay,	Chairman	3	3
2	Shri A.K. Singh	Member	3	3
3	Shri A.K. Tiwari	Member	3	3
4	Shri K. Biswal	Member	3	3
5	Shri M.B. Sridharan	Member	3	3
6	Shri Abdul Kalam	Member	3	3
7	Shri R.B. Das	Invitee	3	1

## III. Corporate Governance, Strategic, Risk Management and Sustainable Development Sub-committee:

### Scope of Work :

As regards to Corporate Governance :

- Regular monitoring of Governance structure, principles and practices and recommending to the Board with regard to any change therein.
- Review of charters, composition, annual calendar for meeting and performance of all the Sub-committees of the Board including this Sub-committee.
- Reviewing the ethical performance of the Company and recommending measures for improvement.

As regards to Strategic Management :

- a. Facilitating to the Board in the formulation of strategic vision/mission/goal and objectives for the future of the Company and operationalising them into actionable details.
- b. Recommending to the Board with the Management, the strategic priorities to be fixed for the Company.
- c. Recommending to the Board with the Management, the annual action plans of the Company in all the major areas of the business in measurable details and in consistent with strategic priorities.
- d. Reviewing the progress in the achievement of the strategic goals of the Company

As regards to Risk Management :

- a. To review the Company's risk management strategy, policy, procedures if any, in existence and recommend to the Board changes required thereto.
- b. To define 'risk appetite' and 'risk tolerance' of the Company and monitor the Company's risk exposures.
- c. To review the management's actions with regard to identifying, assessing, managing and monitoring of Company's material risks.
- d. To review the adequacy of risk management programs of the Company and recommend to the Board changes, if any, required.

**Composition and meeting details of the Sub-committee :**

The CGSRM Sub-committee met four times during the year on 08.11.11, 09.01.12, 27.01.12 and 30.03.12 with attendance of members as under:

SL No	Name	Status	No of meetings held during tenure	Attendance
1	Dr. A.K. Rath	Chairman	4	4
2	Dr. Ashok Kumar	Member	4	4
3	Sri Abdul Kalam	Member	4	3
4	Shri M.B. Sridharan	Member	3	3
5	Shri A.K. Singh	Member	4	3
6	Shri A.K. Tiwari	Member	4	4
7	Shri P.S. S. Reddy	Member	2	2
8	Shri S.K. Singh	Member	2	1

#### IV. HUMAN RESOURCE MANAGEMENT AND REMUNERATION (HRM&R) SUB-COMMITTEE:

##### Scope of Work :

As regards to Human Resource Management :

- (a) Recommending with the Management, to the Board strategic initiatives focused to address the HR issues.
- (b) Periodic reviewing with the management, of the existing Policies/Rules/Regulations/Manuals/Guidelines related to recruitment, transfer, promotion, training and development, retention, deputation, succession, performance, reward system and recommending to the Board regarding change if any, required therein.
- (c) Recommending to the Board with the management any new HR focused policy.
- (d) Recommending to the Board on undergoing foreign training by the Board level and below Board level Executives and Supervisors if so, required.
- (e) Recommending with the management to the Board on the annual financial budgetary allocations towards training and development, employee welfare, public relations along with Annual forecast and budget of manpower for the Company.

As regards to Remuneration :

- a. Deciding on PRP in the line with directives to be received from CIL and the concerned Ministry.
- b. Reviewing the incentive schemes if any, in vogue and recommending to the Board any change thereto.
- c. Reviewing the Production Improvement Schemes if any, in vogue and recommending to the Board any change thereto.

Any other significant pecuniary benefit payable to employees or Board level Executives that require Committee's deliberation, decision and recommendation.

##### Composition and meeting details of the Sub-committee:

The HRMR Sub-committee met four times during this year on 18.10.11, 09.01.12, 21.02.12 and 30.03.12 with attendance of members as under:

SL No	Name	Status	No of meetings held during tenure	Attendance
1	Dr. Ashok Kumar	Chairman	4	4
2	Dr. A.K. Rath	Member	4	4
3	Shri M.B. Sridharan	Member	4	3
4	Shri A.K. Tiwari	Member	4	3
5	Shri S.C. Padhy	Member	4	4
6	Shri K. Biswal	Member	4	3
7	Nominee Director of CIL*	Member	4	-

\* Yet to be appointed

**V. Sub-committee for Land Oustee Cases :****Scope of Work :**

To consider and approve all the cases of employment, cash compensation etc. as per existing norms of R&R Policy being followed by the Company

**Composition and meeting details of the Sub-committees :**

The Sub-committee for Land oustee cases met eight times during this year on 01.10.11, 27.10.11, 10.12.11, 31.12.11, 05.01.12, 16.02.12, 18.02.12 and 18.03.12 with attendance of members as under:

SL No	Name	Status	No of meetings held during tenure	Attendance
1	Shri A.N. Sahay	Chairman	8	8
2	Shri A.K. Singh	Member	8	8
3	Shri A.K. Tiwari	Member	8	8
4	Shri S.C. Padhy	Member	8	8
5	Shri K. Biswal	Member	8	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 2011-12.

**Statutory Auditors**

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

**Branch Auditors**

**M/s SCM Associates**  
Chartered Accountants  
98, Kharvel Nagar, Keshari Talkies Complex  
1st Floor, Bhubaneswar - 751 001

Type of Audit	Remuneration (Rs.)	Remarks
Statutory Audit for the year 2011-12	7,06,250.00 (4,25,000.00 for Principal Auditors and 2,81,250 for Branch Auditors )	Out of Pocket Expenses (OPE) is Rs.2,82,500/- (Rs.1,70,000/- for Principal Auditors and for Rs.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 2011-12	1,42,000/-	Out of Pocket Expenses (OPE) Rs.56,500.00 and applicable Service Tax payable thereon making a total of Rs. 92,697.00.
Audit for consolidation	62,500/-	Out of Pocket Expenses (OPE) Rs. 20000.00 and applicable Service Tax payable thereon.
Compliance with the conditions of Corporate Governance	50,000/-	Including Out of Pocket Expenses (OPE) but apart from Travelling expenses in actual and applicable Service Tax.
Performance on MoU Parameters	3,58,147.50	Including 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
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
2010-2011	28.05.2011	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](http://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. At an apex level, a separate sub-committee of the Board has been formed in the year 2011-12 for reviewing the functioning of risk management mechanism at MCL.

#### **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' observations on the Accounts of the Company for the year ended 31st March, 2012 are furnished as an Annexure to Directors' Report. Comments of the Comptroller & Auditor General of India under Section 619(4) of the Companies Act, 1956 on the Accounts of MCL for the year ended 31st March, 2012 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. But having aimed at better familiarity with Corporate Governance practices, the Independent Directors have been nominated for undergoing training programmes organised by Top Institutions. A suitable Training Policy for Directors in line with DPE Guidelines on Corporate Governance is also in the offing.

## **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 Limited (hereinafter referred as "the Company") for the year ended March 31, 2012, 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 as to 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.050063

Firm Registration No.321012E(ICAI)

Place : Bhubaneswar  
Date : 20<sup>th</sup> May, 2012

## 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 293.50 Billion upto 1200 meter depth in 67 different Coalfields as on 01.04.2012, details are as below:

SL.NO	STATE	NO. OF CF	COAL RESERVE (BT)	% OF INDIA
1	JHARKHAND	12	80.36	27.38
2	ODISHA	02	71.45	24.34
3	CHHATISGARH	13	50.85	17.33
4	W.BENGAL	04	30.62	10.44
5	M.P	08	24.38	8.31
6	A.P	01	22.15	7.55
7	MAHARASTRA	05	10.88	3.71
8	U.P	01	1.06	0.36
9	BIHAR	01	0.16	0.04
10	NE STATE	20	1.59	0.54
<b>TOTAL</b>		<b>67</b>	<b>293.50</b>	<b>100.00</b>

Odisha stands 2nd to Jharkhand in the reserve position in India.Total coal reserve of Odisha as on 1st April, 2012 is estimated to be 71.45 Billion Tonnes which is around 24.34 % of the total National coal reserve. The two Coalfields of Odisha, namely Talcher and IB Valley Coalfields are under its command area of MCL, Talcher being the largest Coalfields (48.41BT) and IB Valley being the 3rd largest (23.04 BT) Coalfields of India. Out of 71.45 Billion Tonnes of coal reserve, the proved coal reserve is 25.55 BT (35.75 %).

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 :

The Planning Commission during formulation of the XI Plan had envisaged an all India coal demand of 731 MTe of raw coal at a CAGR of 9.52% which in course of Mid-Term Appraisal (MTA) was revised downward to 713.24 MTe at a CAGR of 8.99%. The anticipated coal demand for 2011-12 has now been assessed by Planning Commission as 649.87 MTe.

The Working Group for Coal and Lignite for formulation of XII Plan has assessed a coal demand of 980.50 MTe at a CAGR of 7.09% in terminal year of XII Plan i.e. 2016-17. Demand for 2012-13 is 772.84 MTe. The details are as given below :

(Figures in MTe)

Sector	2012-13	2016-17
Steel (Coking)	52.30	67.20
Power (U)	512.00	682.08
Power (Captive)	43.00	56.36
Cement	30.24	47.31
Steel DRI	35.30	50.33
Others	100.00	77.22
Total Non-coking	720.54	913.30
<b>Total</b>	<b>772.84</b>	<b>980.50</b>

**Coal Off-take and Dispatch Plan for 2012-13 :**

All India coal off-take programme for the year 2012-13 has been pegged at 580.30 MTe out of which share of CIL is 470.00 MTe (80.99%) and share of MCL is 113.75 MTe.

**Sector-wise coal off-take of MCL for XI Plan and projection for 1st year of XII Plan :**

( Fig. in MTe)

Sector	XI Plan					XII Plan 2012-13 BE
	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 ACTUAL	2011-12 Actual	
Power	68.09	70.47	70.88	74.73	77.107	89.75
Cement	0.19	0.17	0.26	0.27	0.232	0.33
Fertilizer	–	–	–	0.02	0.026	–
Others	15.35	20.06	27.01	27.07	25.162	23.67
<b>Total</b>	<b>83.63</b>	<b>91.30</b>	<b>98.15</b>	<b>102.09</b>	<b>102.527</b>	<b>113.75</b>

**Mode-wise coal movement plan of MCL for XI Plan and First year of XII Plan :**

( Fig. in MTe)

Sector	XI Plan					XII Plan 2012-13 BE
	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 ACTUAL	2011-12 Actual	
Rail	51.68	54.18	55.84	59.24	60.31	71.42
Road	12.16	18.68	23.35	25.12	25.62	23.79
MGR	18.59	17.08	17.37	16.11	14.79	16.67
Others	1.20	1.36	1.59	1.62	1.79	1.87
<b>Total</b>	<b>83.63</b>	<b>91.30</b>	<b>98.15</b>	<b>102.09</b>	<b>102.52</b>	<b>113.75</b>

**Coal Availability :**

As per the Original XI Plan document, all India coal production was envisaged to be 680 MTe at 2011-12, this year of the XI plan. The envisaged annualized growth rate in XI Plan was 9.56% against

5.62% achieved in the X Plan. At the Mid-Term-Appraisal (MTA) of the XI Plan, in September, 2009, the production projections were revised downwards to 630 MTe for the year 2011-12 at an CAGR of 7.90 %. As per the Annual Plan 2011-12 of MoC, all India coal production has been again revised to 554 MTe. However, the likely achievement is expected to be 544.90 MTe resulting in a CAGR of 4.81 % during the plan period.

The proposed All India coal production target for the year 2012-13 is 574.40 MTe out of which, share of CIL is 464.10 MTe (80.80 %) and share of MCL is 112 MTe.

**Group-wise coal production plan of MCL envisaged in the MTA of XI Plan and First year of XII Plan :**

( Fig. in MT)

Sector	XI Plan				XII Plan 2012-13 BE
	2008-09 Actual	2009-10 Actual	2010-11 ACTUAL	2011-12 Actual	
Existing Mines	1.32	1.35	1.32	1.333	1.55
Completed Projects	64.85	71.19	73.27	66.645	74.45
On-Going and New Projects	30.17	31.54	25.69	35.140	36.00
<b>Total</b>	<b>96.34</b>	<b>104.08</b>	<b>100.28</b>	<b>103.118</b>	<b>112.00</b>

**Productivity :**

In MCL the major share of 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:

( Figures in Tonnes/Manshift)

Type	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 BE
UG	1.25	1.29	1.25	1.24	1.32
OC	23.05	18.89	20.50	20.38	19.78
<b>OVERALL</b>	<b>16.59</b>	<b>14.66</b>	<b>15.37</b>	<b>15.36</b>	<b>15.15</b>

**B. OPPORTUNITIES AND THREATS**

**Opportunities :**

- Huge demand of coal in the Country especially for power generation.
- Huge potentiality of coal mining in MCL
- Power Plants located in the northern India are also linked to MCL.
- To formulate a sound marketing strategy and 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 railway rakes for 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 31 completed projects in MCL with rated capacity of 88.58 MTe., out of which 02 projects with rated capacity of 1.60 MTe. have been exhausted during XI Plan period. There are 18 On-going projects under implementation (as on March, 2012) with rated capacity of 116.78 MTe. Production from these On-going projects during 2011-12 is 35.141 MTe.

Basundhara Area (known as Gopalpur Tract) of IB Valley Coalfields has enough potentiality, but the only bottleneck is coal evacuation arrangement. Your Company has planned and approved a 52 Km. long railway line from Basundhara Area to Jharsuguda Railway station at a capital investment of Rs.469.68 crore. Two MoUs have been signed between MCL and South-Eastern Railway 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 09.03.2009. Now the project is delayed due to acquisition of forest land which is pending for want of NOC under FRA- 2006, and also construction of one major bridge over IB river is under execution. An amount of Rs.146.53 crore has been paid to South-Eastern Railway out of which Rs.112.79 crore has been utilised so far.

Similarly, in Talcher Coalfields, 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 Coalfields by double.

To further increase the coal dispatch system, Rapid loading system (SILO) will be constructed in 10 projects including two JV projects. The details are as follows :

Sl.No	Name of the related OC Project	Capacity	Sl.No	Name of the related OC Project	Capacity
1.	Ananta OCP	15 Mty.	6.	Kaniha OCP	10 Mty.
2.	Lingaraj OCP	16 Mty.	7.	Balaram OCP	8 Mty.
3.	Bharatpur OCP	15 Mty.	8.	Kulda OCP	10 Mty.
4.	Bhubaneswari OCP	20 Mty.	9.	MJSJ ( Gopalprasad)	15 Mty.
5.	Hingula OCP	15 Mty.	10.	MNH Sakti ( Talabira )	20 Mty.

MCL is also planning to set up 04 numbers 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 Coalfields, one in IB Valley Coalfields and one in Basundhara Sector of IB Valley Coalfields. The Techno-economic feasibility report of all these Washeries on BOM basis have been approved by MCL Board.

MCL is going to construct coal corridor both at Talcher and IB Valley Coalfields for dedicated coal transportation. For construction of 4 - Lane 18 mts wide and 41.5 km long road at Talcher Coalfields, work order has been issued to M/S IVRCL-AMR JV at a cost of Rs.251.34 crore on 14.12.2011.

For construction of 4-lane coal corridor road from Bankibahal (Coal Mine) to Bhedabahal (on SH-10) in the district of Sundergarh, the project has been approved by the MCL Board on its 138th meeting held on 31.03.2012 for an amount of Rs.385 crore.

#### **E. RISKS AND CONCERNS :**

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

- Delay in obtaining forestry clearance and environmental clearance.
- High cost of Rehabilitation and Resettlement.
- Demand of employment beyond the prescribed norms resulting in frequent Law and Order problem and obstruction in mining and coal transportation operation.
- 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. 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 Rs.5 crore or more, the whole process of tendering starting from tender notification till completion of work is subject to monitoring by Independent External Monitors appointed from a panel of experts recommended by CVC as MCL is 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, 2012**

The preparation of financial statements of Mahanadi Coalfields Limited for the year ended 31 March, 2012 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 20.05.2012.

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, 2012. 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/-  
**(Yashodhara Ray Chaudhri)**  
Principal Director of Commercial Audit &  
Ex-Officio Member, Audit Board – II  
Kolkata

Kolkata

Dated : 21.05.2012

**REPORT OF AUDITOR**

We have verified relevant books / records / documents / statements of Audited Accounts of Mahanadi Coalfields Limited (MCL) for the year ended 31st March, 2012 presented in old Schedule VI Format which has been superseded vide Notification S.O. 447 E of Ministry of Corporate Affairs dated 28.02.2011 and certify that the actual performance stated in attached Performance Evaluation Sheet with respect to financial and dynamic parameters are calculated in terms of guidelines for MoU for the year 2011-12 issued by Ministry of Heavy Industries and Public Enterprises and are found to be correct read with the following :

- (i) Change in pricing policy from UHV to GCV w.e.f 01.01.2012 - Additional impact due to change in pricing from UHV to GCV on gross sale value, statutory levies and net sale value are Rs. 31.16 crore, Rs.1.42 crore and Rs. 29.74 crore respectively.
- (ii) Impact of increase in salary and wages on account of NCWA-IX for the period from 01.07.2011 to 31.03.2012:
  - (a) Impact of NCWA-IX on salary and wages other than actuarial liabilities : Rs. 158.18 crore
  - (b) Impact of NCWA-IX actuarial liabilities as on 31.03.2012 : Rs. 117.32 crore
  - (c) Total impact [(a) + (b)] : Rs. 275.50 crore
- (iii) Financial Ratios computed based on old Schedule VI format : (a) with considering the impact of NCWA-IX & change in pricing policy from UHV to GCV and (b) without considering the impact of NCWA-IX & change in pricing policy from UHV to GCV have been given separately.

For A.K Sabat & Co.,  
Chartered Accountants  
Firm Registration No.321012E (ICAI)

Sd/-  
**(S. CHAND)**  
Partner  
Membership No-050063

Bhubaneswar  
Dated : 23.05.2012

**MEMORANDUM OF UNDERSTANDING - 2011-12**  
(Old Schedule-VI with effect of NCWA-IX impact and pricing from UHV to GCV)

Evaluation Criteria	Unit	Weight (in %)	MoU / Target					Performance (April '11 to March '12)	Rank	Score
			Excellent 1	Very Good 2	Good 3	Fair 4	Poor 5			
<b>1</b>										
<b>Static / Financial Parameters</b>										
(a) Financial Indicators - Profit related ratios										
(i) Gross Margin / Gross Block		2	1.1505	1.1498	1.0923	1.0377	0.9858	1.325	1.000	0.02
(ii) Net Profit / Net Worth		10	0.4643	0.4641	0.4409	0.4189	0.3979	0.483	1.000	0.10
(iii) Gross Profit / Capital Employed		10	0.7492	0.7488	0.7114	0.6758	0.6420	0.789	1.000	0.10
(b) Financial Indicators - Size related										
(i) Gross Margin	Rs Cr.	8	5461	5457	5185	4925	4679	5761.37	1.000	0.08
(ii) Gross Sales	Rs Cr.	4	11646	11545	10968	10419	9899	12068.60	1.000	0.04
(c) Financial Returns- Productivity related										
(i) PBDIT / Total Employment	Rs Cr. / Employment	7	0.2310	0.2308	0.2193	0.2083	0.1979	0.262	1.000	0.07
(ii) Added Value / Gross Sales		9	0.4119	0.4086	0.3882	0.3688	0.3503	0.42	1.000	0.09
<b>Sub Total</b>		<b>50</b>								<b>0.50</b>
<b>2</b>										
<b>Dynamic Parameters</b>										
(d) Quality & Customer Satisfaction										
d1 Quality										
Despatch of Coal to power sector by rail										
(i) Sized coal	(%)	1	99.00	98.00	97.00	96.00	95.00	100	1.000	0.01
(ii) Weighed on electronic weighbridge before despatch	(%)	1	97.00	96.00	95.00	94.00	93.00	97.45	1.000	0.01
d2 Customer Satisfaction										
(i) Despatch covered under agreed sampling to power sector	(%)	1	99.00	98.00	97.00	96.00	95.00	100	1.000	0.01
<b>Sub Total</b>		<b>3</b>								<b>0.03</b>
(e) Human Resource Development										
(i) Executives to be trained (Total executives on roll on 1st Apr. 2011 - 1337)	(%)	1	16.00	15.00	14.00	13.00	12.00	55.27%	1.000	0.01

Evaluation Criteria	Unit	Weight (in %)	MoU / Target					Performance (April '11 to March '12)	Rank	Score
			Excellent 1	Very Good 2	Good 3	Fair 4	Poor 5			
(ii) Certified training in Project Management	No of Executives	1	5	4	3	2	1	7	1.000	0.01
(iii) Certified training in Contract Management	No of Executives	1	5	4	3	2	1	5	1.000	0.01
(iv) Training of Medical Professionals in Occupational Health & Safety	No of Executives	1	5	4	3	2	1	5	1.000	0.01
(v) Representation of minority member in recruitment committees	(%)	1	100	90	80	70	60	100	1.000	0.01
<b>Sub Total</b>	<b>5</b>									<b>0.05</b>
(f) R & D / New initiatives										
(i) Geo-technical studies for Caving Characteristics of Tatcher Underground Mine	Month	2	Feb 2012	March 2012				Feb-12	1.000	0.02
(ii) Environmental impact and impact on ground water of fly ash filling in Balandia opencast excavation	Month	2	Feb 2012	March 2012				Feb-12	1.000	0.02
(iii) Blasting-free overburden removal using Ripper Dozer	Month	1	Feb 2012	March 2012				Feb-12	1.000	0.01
<b>Sub Total</b>	<b>5</b>									<b>0.05</b>
(g) Project Implementation										
g1 Capacity creation through approval of new/ Expansion projects										
(i) Stage-I Board Approval for initiating applications for clearances to be granted by MoEF	Mt	1	7.00	6.00	5.00	4.00	3.00	31.03.2012	1.000	0.01



Evaluation Criteria	Unit	Weight (in %)	MoU / Target					Performance (April '11 to March '12)	Rank	Score
			Excellent 1	Very Good 2	Good 3	Fair 4	Poor 5			
(i) Sustainable Development										
(i) Tree Plantation - Trees to be Planted	Lakhs	2	0.92	0.90	0.86	0.81	0.77	0.756	5.000	0.10
(ii) Conducting workshop for awareness on sustainable development.	No.	1	1	-	-	-	-	Workshop conducted on 25.01.2012	1.000	0.01
(iii) Accreditation of ISO 14001 Certificate	No of Mines	1	3	2	1	-	-	10 mines	1.000	0.01
(iv) ETP (New/ to make operative)	No.	1	2	1	-	-	-	ETP for Lakhampur OCP and Lilari OCP started operating.	1.000	0.01
<b>Sub Total</b>	<b>5</b>									<b>0.13</b>
(i) Corporate Governance										0.00
(i) Compliance of norms as per corporate governance guidelines issued by DPE as applicable to MCL.	(%)	4	100	90	80	70	60	Score-86/95, Percentage-90.53, Grade-Excellent (As per OM No. 18(8) / 2005-GM, dated 22.06.2011	1.000	0.04
(ii) Submission of data for PE Survey published by DPE (in line with DPE's Directives).	Date	1	15.09.2011	01.10.2011	15.10.2011	31.10.2011	After 31.10.11	12.09.2011	1.000	0.01
<b>Sub Total</b>	<b>5</b>									<b>0.05</b>
<b>3 Sector Specific Parameters:</b>										
(i) Off-take *	Mt.	4	110.00	109.00	103.55	98.40	93.50	102.527	3.199	0.13
(ii) Coal Production * (Commensurate to corresponding Off-take programme)	Mt.	3	107.10	106.00	100.70	95.65	90.85	103.118	2.544	0.08

Evaluation Criteria	Unit	Weight (in %)	MoU / Target					Performance (April '11 to March '12)	Rank	Score
			Excellent 1	Very Good 2	Good 3	Fair 4	Poor 5			
(iii) Underground Production	Mt.	1	2.40	2.35	2.23	2.12	2.02	2.186	3.433	0.03
<b>Sub Total</b>	<b>8</b>									<b>0.24</b>
<b>Enterprise -Specific Parameters</b>										
4-a E-auction of coal	% of Production	1	16.00	15.00	14.00	13.00	12.00	18.02	1.000	0.01
4-b Man productivity - Overall (Output/Manshift) (Commensurate to corresponding Production target)	TelManshift	1	15.84	15.68	14.90	14.15	13.44	15.36	2.408	0.02
4-c System Capacity Utilization - Overall (Commensurate to corresponding Production target)	%	1	79.15	77.50	73.63	69.94	66.45	69.93	4.004	0.04
4-d Safety										
(i) Reduction in fatality rate (fatalities/ M. cum. of total material excavated) w. r. t previous FY.	%	1	4	3	2	1	—	-152.24	5.000	0.05
(ii) Reduction in serious injury rate (serious injuries/ M. cum. of total material excavated) w. r. t previous FY.	%	1	4	3	2	1	—	-13.51	5.000	0.05
<b>Sub Total</b>	<b>5</b>									<b>0.17</b>
<b>Grand Total</b>	<b>100</b>									<b>1.4727</b>

MoU Rating - **EXCELLENT**

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

Sd/-  
**(S. CHAND)**  
Partner

Membership No-050063

Sd/-  
**(K.Biswal)**

Director (Finance)

Mahanadi Coalfields Limited

Sd/-

**(A.N.SAHAY)**

Chairman-cum-Managing Director

Mahanadi Coalfields Limited

**MEMORANDUM OF UNDERSTANDING - 2011-12**  
(Old Schedule-VI without effect of NCWA-IX impact and pricing from UHV to GCV)

Evaluation Criteria	Unit	Weight (in %)	MoU / Target					Performance (April '11 to March '12)	Rank	Score
			Excellent 1	Very Good 2	Good 3	Fair 4	Poor 5			
<b>1</b>										
<b>Static / Financial Parameters</b>										
(a) Financial Indicators - Profit related ratios										
(i) Gross Margin / Gross Block		2	1.1505	1.1498	1.0923	1.0377	0.9858	1.396	1.00	0.02
(ii) Net Profit / Net Worth		10	0.4643	0.4641	0.4409	0.4189	0.3979	0.497	1.00	0.10
(iii) Gross Profit / Capital Employed		10	0.7492	0.7488	0.7114	0.6758	0.6420	0.809	1.00	0.10
(b) Financial Indicators - Size related										
(i) Gross Margin	Rs Crs	8	5461	5457	5185	4925	4679	6066.61	1.00	0.08
(ii) Gross Sales	Rs Crs	4	11646	11545	10968	10419	9899	12099.76	1.00	0.04
(c) Financial Returns- Productivity related										
(i) PBDIT / Total Employment	Rs Crs / Employment	7	0.2310	0.2308	0.2193	0.2083	0.1979	0.275	1.00	0.07
(ii) Added Value / Gross Sales		9	0.4119	0.4086	0.3882	0.3688	0.3503	0.443	1.00	0.09
<b>Sub Total</b>		<b>50</b>								<b>0.50</b>
<b>2</b>										
<b>Dynamic Parameters</b>										
(d) Quality & Customer Satisfaction										
d1 Quality										
Despatch of Coal to power sector by rail										
(i) Sized coal	(%)	1	99.00	98.00	97.00	96.00	95.00	100	1.00	0.01
(ii) Weighed on electronic weighbridge before despatch	(%)	1	97.00	96.00	95.00	94.00	93.00	97.45	1.00	0.01
d2 Customer Satisfaction										
(i) Despatch covered under agreed sampling to power sector	(%)	1	99.00	98.00	97.00	96.00	95.00	100	1.00	0.01
<b>Sub Total</b>		<b>3</b>								<b>0.03</b>
(e) Human Resource Development										
(i) Executives to be trained (Total executives on roll on 1st Apr, 2011 : 1337)	(%)	1	16.00	15.00	14.00	13.00	12.00	55.27%	1.00	0.01

Evaluation Criteria	Unit	Weight (in %)	MoU / Target					Performance (April '11 to March '12)	Rank	Score
			Excellent 1	Very Good 2	Good 3	Fair 4	Poor 5			
(ii) Certified training in Project Management	No of Executives	1	5	4	3	2	1	7	1.000	0.01
(iii) Certified training in Contract Management	No of Executives	1	5	4	3	2	1	5	1.000	0.01
(iv) Training of Medical Professionals in Occupational Health & Safety	No of Executives	1	5	4	3	2	1	5	1.000	0.01
(v) Representation of minority member in recruitment committees	(%)	1	100	90	80	70	60	100	1.000	0.01
<b>Sub Total</b>	<b>5</b>									<b>0.05</b>
(f) R & D / New initiatives										
(i) Geo-technical studies for Caving Characteristics of Tatcher Underground Mine	Month	2	Feb 2012	March 2012				Feb-12	1.000	0.02
(ii) Environmental impact and impact on ground water of fly ash filling in Balandia opencast excavation	Month	2	Feb 2012	March 2012				Feb-12	1.000	0.02
(iii) Blasting-free overburden removal using Ripper Dozer	Month	1	Feb 2012	March 2012				Feb-12	1.000	0.01
<b>Sub Total</b>	<b>5</b>									<b>0.05</b>
(g) Project Implementation										
g1 Capacity creation through approval of new/ Expansion projects										
(i) Stage-I Board Approval for initiating applications for clearances to be granted by MoEF	Mt	1	7.00	6.00	5.00	4.00	3.00	31.03.2012	1.000	0.01



Evaluation Criteria	Unit	Weight (in %)	MoU / Target					Performance (April '11 to March '12)	Rank	Score
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(i) Sustainable Development										
(i) Tree Plantation - Trees to be Planted	Lakhs	2	0.92	0.90	0.86	0.81	0.77	0.756	5.000	0.10
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(iv) ETP (New/ to make operative)	No.	1	2	1	-	-	-	ETP for Lakhampur OCP and Lilari OCP started operating.	1.000	0.01
<b>Sub Total</b>	<b>5</b>									<b>0.13</b>
(j) Corporate Governance										
(i) Compliance of norms as per corporate governance guidelines issued by DPE as applicable to MCL.	(%)	4	100	90	80	70	60	Score-86/95, Percentage-90.53, Grade-Excellent (As per OM No. 18(8) / 2005-GM, dated 22.06.2011	1.000	0.04
(ii) Submission of data for PE Survey published by DPE (in line with DPE's Directives).	Date	1	15.09.2011	01.10.2011	15.10.2011	31.10.2011	After 31.10.11	12.09.2011	1.000	0.01
<b>Sub Total</b>	<b>5</b>									<b>0.05</b>
<b>3 Sector Specific Parameters:</b>										
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Evaluation Criteria	Unit	Weight (in %)	MoU / Target				Performance (April '11 to March '12)	Rank	Score
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<b>Enterprise -Specific Parameters</b>									
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4-b Man productivity - Overall (Output/Manshift) (Commensurate to corresponding Production target)	TelManshift	1	15.84	15.68	14.90	14.15	13.44	2.408	0.02
4-c System Capacity Utilization - Overall (Commensurate to corresponding Production target)	%	1	79.15	77.50	73.63	69.94	66.45	4.004	0.04
4-d Safety									
(i) Reduction in fatality rate (fatalities/ M. cum. of total material excavated) w. r. t previous FY.	%	1	4	3	2	1	-	5.000	0.05
(ii) Reduction in serious injury rate (serious injuries/ M. cum. of total material excavated) w. r. t previous FY.	%	1	4	3	2	1	-	5.000	0.05
<b>Sub Total</b>	<b>5</b>								<b>0.17</b>
<b>Grand Total</b>	<b>100</b>								<b>1.4727</b>

MoU Rating- **EXCELLENT**

Sd/-  
**(A.N.SAHAY)**  
Chairman-cum-Managing Director  
Mahanadi Caolfields Limited

Sd/-  
**(S. CHAND)**  
Partner  
Membership No-050063

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

## 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, 2012, and the related Profit and Loss statement and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements include figures in respect of six 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 @ Rs. 6,00,000/- and Rs. 1,00,000/- per hectare of mining land for open cast and underground mines respectively and subsequent changes thereon based on Wholesale Price Index as per 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) and Para 5 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 six 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 statement 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 statement 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 exempted 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 (Note No.33), and the Additional Notes on Accounts (Note No.34 ) 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, 2012;
  - 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  
Firm Registration No.321012E (ICAI)

Place : Bhubaneswar  
Date : 20th May, 2012

Sd/-  
**( S. Chand )**  
Partner  
M. No.050063

**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, 2012.

- (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) and (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 and both interest bearing and interest free are given to Coal India Limited, 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) and (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 an internal audit system, which is be commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011, prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determining whether they are accurate or complete.
- (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, 2012, are given below:

<i>Name of the Statute</i>	<i>Total Amount (Rs. in crore)</i>	<i>Name of the Forum where dispute is pending</i>
<i>Central Sales Tax, Orissa Sales Tax, Orissa Entry Tax</i> }	41.05	<i>High Court, Tribunal and Commissionerate</i>
<i>Income Tax</i>	159.37	<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  
Firm Registration No.321012E (ICAI)

Place :Bhubaneswar  
Date : 20th May, 2012

Sd/-  
**( S. Chand )**  
Partner  
M. No.050063

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

**AUDITORS' REPORT**

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**MANAGEMENT'S REPLY**

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To

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

- |  |            |
|--|------------|
| 1. We have audited the attached Balance Sheet of MAHANADI COALFIELDS LIMITED as at 31st March, 2012, and the related Profit and Loss statement and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements include figures in respect of six 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.  | No Comment |
| 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. | No Comment |
| 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  | No Comment |

## AUDITORS' REPORT

## MANAGEMENT'S REPLY

<p>Accounting including adjustment for variation between standard ratio and current ratio of OBR cost;</p> <p>(b) The provision for Mine Closure @ Rs. 6,00,000/- and Rs. 1,00,000/- per hectare of mining land for open cast and underground mines respectively and subsequent changes thereon based on Wholesale Price Index as per directive of Ministry of Coal, Government of India; and</p> <p>(c) The provision for impairment of assets based on Management's evaluation / estimates, whether technical or otherwise.</p> <p>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.</p> <p>5. Further to our comments in the annexure referred under Para (4) and Para (5) above we, report that:</p> <p>(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;</p> <p>(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;</p> <p>(c) The Branch Auditor's Reports of six mine areas and one central workshop of Talcher Field forwarded to us have been appropriately dealt with while preparing our report;</p> <p>(d) The Balance Sheet, Profit and Loss statement and Cash Flow statement dealt with by this</p>	<p>No Comment</p> <p>No Comment</p> <p>No Comment</p> <p>No Comment</p> <p>No Comment</p>
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**AUDITORS' REPORT**

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**MANAGEMENT'S REPLY**

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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 Statement 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 exempted 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 (Note No.33), and the Additional Notes on Accounts (Note No.34 ) 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, 2012;
  - 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 : Bhubaneswar

Date : 20th May, 2012

## 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 Ltd. on the accounts for the year ended 31st March, 2012**

AUDITORS' REPORT	MANAGEMENT'S REPLY
<p>(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.</p> <p>(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.</p> <p>(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.</p>	<p>No comment.</p> <p>No comment.</p> <p>No comment.</p>
<p>(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.</p> <p>(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.</p> <p>(c) In our opinion and according to the information and explanations given to us, the Company has maintained</p>	<p>No comment.</p> <p>No comment.</p> <p>No comment.</p>

**AUDITORS' REPORT****MANAGEMENT'S REPLY**

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 information and explanations given to us :   | No comment. |
|       | (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) and (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 and both interest bearing and interest free are given to Coal India Limited, 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) and (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   | No comment. |

**AUDITORS' REPORT****MANAGEMENT'S REPLY**

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. No comment.
- (vii) The Company has an internal audit system, which is commensurate with its size and nature of its business. No comment.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011, prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determining whether they are accurate or complete. 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.

**AUDITORS' REPORT****MANAGEMENT'S REPLY**

- (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, 2012 are given below:

<i>Name of the Statute</i>	<i>Total Amount (Rs. in Crore)</i>	<i>Name of the Forum where dispute is pending</i>
Central Sales Tax, Orissa Sales Tax, Orissa Entry Tax	41.05	High Court, Tribunal and Commissionerate
Income Tax	159.37	High Court, Tribunal and Commissionerate

No comment.

- (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

No comment.

**AUDITORS' REPORT****MANAGEMENT'S REPLY**

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                                       | No comment. |
| (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.  | No comment. |
| (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. |

**AUDITORS' REPORT**

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**MANAGEMENT'S REPLY**

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(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 : Bhubaneswar

Date : 20th May, 2012

**Statement Pursuant to Section 212 of the Companies Act, 1956  
Relating to Company's Interest in Subsidiary Companies  
as at March 31, 2012**

Sl. No.	Particulars	MNH Shakti Limited	Name of the Subsidiary Company	
			MJSJ Coal Limited	Mahanadi Basin Power Limited
1.	The Financial year of the subsidiary companies ended on	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2012
2.	(a) Number of shares held by Mahanadi Coalfields Limited in the subsidiaries at the end of financial year of the subsidiary companies.	59,570,000 Equity shares of face value of Rs.10/- each fully paid-up	42,060,000 Equity shares of face value of Rs.10/- each fully paid-up	50,000 Equity shares of face value of Rs.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%	100%
3.	The net aggregate amount of the subsidiary companies Profit/Loss so far as it concerns the membes of the Holding Company.			
	(a) Not dealt with in the Holding Company's accounts.			
	(i) For the financial year ended March 31, 2012.	—	—	—
	(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, 2012.	—	—	—
	(ii) For the previous financial years of the subsidiary companies since they became the Holding Company's Subsidiaries.	—	—	—

## BALANCE SHEET AS AT 31ST MARCH, 2012

(₹ in Crore)

	Notes	As at 31.03.2012	As at 31.03.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds:</b>			
(a) Share Capital	1	186.40	186.40
(b) Reserves and Surplus	2	7488.02	6361.74
		<u>7674.42</u>	<u>6548.14</u>
<b>2. Non-Current Liabilities :</b>			
(a) Long Term Borrowing	3	119.42	124.13
(b) Deferred Tax Liability (Net)		35.36	104.93
(c) Other Long Term Liabilities	4	33.86	25.34
(d) Long Term Provisions	5	7508.57	5540.28
		<u>7697.21</u>	<u>5794.68</u>
<b>3. Minority Interest</b>			
		—	—
<b>4. Current Liabilities :</b>			
(a) Short Term Borrowings	6	—	—
(b) Trade Payables	7	217.83	172.59
(c) Other Current Liabilities	8	2411.80	1824.56
(d) Short Term Provisions	9	1605.20	1514.52
		<u>4234.83</u>	<u>3511.67</u>
<b>Total</b>		<b>19606.46</b>	<b>15854.49</b>
<b>II. ASSETS :</b>			
<b>1. Non-Current Assets</b>			
<b>(a) Fixed Assets</b>			
(i) Tangible Assets – Gross Block	10A	4030.84	3760.14
Less : Depreciation, Impairment & Provisions		2036.45	1782.98
Net Carrying Value		<u>1994.39</u>	<u>1977.16</u>
(ii) Intangible Assets – Gross Block	10A	244.89	233.35
Less : Depreciation, Impairment & Provisions		191.23	191.32
Net Carrying Value		<u>53.66</u>	<u>42.03</u>
(iii) Capital Work-in-Progress	10B	202.54	95.46
(iv) Intangible Assets under Development	10C	191.83	160.97
(b) Non-Current Investments	11	478.53	132.43
(c) Deferred Tax Assets (Net)		—	—
(d) Long Term Loans & Advances	12	287.43	249.49
(e) Other Non-Current Assets	13	—	—

## BALANCE SHEET AS AT 31ST MARCH, 2012 (Contd....)

(₹ in Crore)

	Notes		As at 31.03.2012	As at 31.03.2011
<b>2. Current Assets</b>				
(a) Current Investments	14	22.71		22.71
(b) Inventories	15	648.70		591.07
(c) Trade Receivables	16	222.59		80.92
(d) Cash & Cash Equivalents	17	12390.19		9887.22
(e) Short Term Loans & Advances	18	2590.99		2296.90
(f) Other Current Assets	19	522.90		318.13
		16398.08		13196.95
<b>Total</b>			<b>19606.46</b>	<b>15854.49</b>
Significant Accounting Policies	33			
Additional Notes on Accounts	34			

The Notes referred to above form an integral part of Balance Sheet

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 S. Chand)**

Partner

Membership No.050063

Dated : 20th May, 2012

Place : Bhubaneswar

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 2012

( ₹ in Crore)

	Notes	FOR THE YEAR ENDED ON 31.03.2012	FOR THE YEAR ENDED ON 31.03.2011
<b>INCOME :</b>			
Sale of Coal	20	12068.60	9249.75
Less : Excise Duty		513.98	42.85
Other Levies		2107.11	1775.66
Revenue from Operations		9447.51	7431.24
Other Income	21	1723.50	1162.07
<b>Total Revenue</b>		<b>11171.01</b>	<b>8593.31</b>
<b>EXPENSE :</b>			
Cost of Materials Consumed	22	502.67	488.16
Change in inventories of finished goods, work in progress and Stock in trade	23	(39.73)	(126.85)
Employee benefit expenses	24	1508.19	1094.75
Power & Fuel		108.24	84.33
Welfare Expenses	25	136.26	135.46
Repairs	26	57.19	54.54
Contractual Expenses	27	948.78	969.56
Finance Costs	28	5.38	5.35
Depreciation/amortization/Impairment		315.99	220.31
Provisions	29	118.17	37.07
Write off	30	—	0.01
Overburden Removal Adjustment		1767.15	1225.46
Other Expenses	31	292.17	336.70
<b>Total Expenses</b>		<b>5720.48</b>	<b>4524.85</b>
<b>Profit/(Loss) before extraordinary items, exceptional items and tax</b>		<b>5450.53</b>	<b>4068.46</b>
Prior Period Adjustment {charges/(Incomes)}	32	(13.16)	29.16
Exceptional Items		—	—
<b>Profit/(Loss) before extraordinary items and tax</b>		<b>5463.69</b>	<b>4039.30</b>
Extraordinary Items { charges/(Incomes)}		—	—
<b>Profit/(Loss) before tax</b>		<b>5463.69</b>	<b>4039.30</b>
Less : Tax Expenses			
— Current Year		1823.70	1321.26
— Deffered Tax		(69.57)	114.66
— Earlier years		0.05	(5.94)
<b>Profit/(Loss) after tax</b>		<b>3709.51</b>	<b>2609.32</b>
Basic and Diluted Earning per share (in Rs.)		19900.71	13998.41
(Face Value of Rs. 1000/- per share)			
Significant Accounting Policies	33		
Additional Notes on Accounts	34		

The Notes referred to above form integral part of Accounts.

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 S. Chand)**  
Partner

Membership No.050063

Dated : 20th May, 2012

Place : Bhubaneswar

## NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

### Note – 1

### SHARE CAPITAL

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
<b>AUTHORISED</b>		
(i) 2958200 Equity Shares of Rs.1000/- each	295.82	295.82
(ii) 2041800 10% Cumulative Redeemable Preference shares of Rs. 1000/- each (Redeemed on as per terms of earliest redemption)	204.18	204.18
	<u>500.00</u>	<u>500.00</u>
<b>ISSUED, SUBSCRIBED AND PAID - UP</b>		
1864009 Equity shares of Rs 1000/- each fully paid-up in cash	186.40	186.40
	<u>186.40</u>	<u>186.40</u>

NOTE - 1 : Shares in the Company held by each shareholder holding more than 5% Shares.

Name of Shareholder	No. of shares Held (Face Value of Rs. 1000 each)	% of total Shares
CIL and its Nominees	1864009	100%

NOTE - 2 : During the year there is no change in the number of shares.

## NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

### Note – 2

### RESERVES AND SURPLUS

( ₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
<b>RESERVES :</b>		
<b>Capital Reserve :</b>		
As per last Balance Sheet	—	—
Add : Addition during the year	—	—
Less : Adjustment During the Year	—	—
	—	—
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	204.18	204.18
Add : Addition during the year	—	—
Less : Adjustment During the year	—	—
	204.18	204.18
<b>Reserve for Foreign Exchange Transactions</b>		
As per last Balance Sheet	—	—
Add : Addition during the year	—	—
Less : Adjustment During the year	—	—
	—	—
<b>C S R Reserve</b>		
As per last Balance Sheet	31.66	27.04
Add : Addition during the year	50.14	4.62
Less : Transfer to General Reserve	28.34	—
	53.46	31.66
<b>General Reserve :</b>		
As per last Balance Sheet	1555.02	1294.09
Add : Transfer from Profit & Loss Statement	370.95	260.93
Add/Less : Adjustment during the year	28.34	—
	1954.31	1555.02
<b>Surplus in Profit &amp; Loss Account</b>		
As per last Balance Sheet	4570.88	4057.89
Profit/(Loss) after Tax during the year	3709.51	2609.32
Profit/(Loss) Available for appropriation	8280.39	6667.21
<b>Appropriation</b>		
Reserve for Foreign Exchange Transaction	—	—
Transfer to General Reserve	370.95	260.93
Transfer to CSR Reserve	50.14	4.62
Interim Dividend	1006.56	400.02
Proposed Dividend on Equity Shares	1219.99	1170.00
Corporate Dividend Tax	356.68	260.76
	5276.07	4570.88
<b>Miscellaneous Expenditure (to the extent not written off)</b>		
Preliminary expenses	—	—
Pre-Operational Expenses	—	—
<b>TOTAL</b>	<b>7488.02</b>	<b>6361.74</b>

## NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

### Note – 3

#### LONG TERM BORROWING

( ₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
<b>Loan from Coal India Limited</b>		
— for IBRD	52.66	54.23
— for JBIC	58.23	61.39
Export Development Corp., Canada	—	—
Liebherr France S. A., France	8.53	8.51
Loan from Coal India Limited	—	—
Total	119.42	124.13

#### CLASSIFICATION - 1

Secured	—	—
Unsecured	119.42	124.13

#### CLASSIFICATION - 2

#### 1. Loan Guaranteed by Directors & others

Particulars of Loan	₹ in crore	Nature of Guarantee
Loan from CIL for IBRD & JBIC	131.93	Guaranteed By Govt. of India

2. The amount of ₹ 131.93 crore include current repayment within next 12 months (Note – 8)

## NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

### Note – 4

#### OTHER LONG TERM LIABILITIES

( ₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Shifting & Rehabilitation Fund		
Opening Balance	—	—
Add : Interest from Investment of the fund	—	—
Add : Contribution Received	—	—
Less : Amount utilised	—	—
	—	—
Trade Payable	—	—
Security Deposits	9.40	1.89
Cess on Coal	24.46	23.45
<b>Total</b>	<b>33.86</b>	<b>25.34</b>

### Note – 5

#### LONG TERM PROVISIONS

( ₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
For Employee Benefits		
— Gratuity	—	—
— Leave Encashment	159.96	115.34
— Other Employee Benefits	104.23	65.42
— NCWA IX	—	—
For Foreign Exchange Transactions (Marked to Market)	—	—
OBR Adjustment Account	7066.53	5299.38
Mine Closure Expenses	177.85	60.14
For Others	—	—
<b>TOTAL</b>	<b>7508.57</b>	<b>5540.28</b>

## NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

### Note – 6

#### SHORT TERM BORROWINGS

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
<b>LOAN FROM BANK</b>		
<b>Loans Repayable on Demand</b>		
Balance with Coal India Limited & other Subsidiaries of Coal India Limited	–	–
Overdraft against Pledge of Term Deposit	–	–
<b>Other Loans and Advances</b>		
Deferred Credits	–	–
<b>Total</b>	<u>–</u>	<u>–</u>

#### CLASSIFICATION 1

Secured	–	–
Unsecured	–	–

#### CLASSIFICATION 2

#### Loan Guaranteed by Directors & others

Particulars of Loan	₹ in crore	Nature of Guarantee
NIL	NIL	NIL

### Note – 7

#### TRADE PAYABLES

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
<b>Sundry Creditors for Supplies</b>		
For Revenue	217.83	172.59
<b>TOTAL</b>	<u>217.83</u>	<u>172.59</u>

## NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

### Note – 8

### OTHER CURRENT LIABILITIES

( ₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
<b>Current Maturities of Long Term Borrowings</b>		
Term Loan from IBRD from CIL	8.77	6.82
Term Loan from JBIC from CIL	12.27	10.25
Term Loan from Liebherr France S. A., France	0.50	0.47
Loan from Coal India Limited	–	–
Surplus Fund from Coal India Limited	–	–
Current Account with Subsidiaries	–	–
	21.54	17.54
Sundry Creditors for Capital (including stores)	137.52	77.48
<b>For Expenses</b>		
Salary Wages & Allowances	256.08	81.54
Power & Fuel	15.93	13.29
Others	43.46	76.85
	<b>452.99</b>	<b>249.16</b>
<b>Statutory Dues</b>		
Sales Tax	7.38	12.07
Sales Tax/VAT	3.42	6.06
Provident Fund & Pension Fund	4.40	5.14
Central Excise Duty	71.14	74.80
Royalty & Cess on Coal	88.07	74.04
Stowing Excise Duty	27.73	25.30
Clean Energy Cess	94.64	81.74
Other Statutory Levies	2.32	2.16
	<b>299.10</b>	<b>281.31</b>
Income Tax Deducted at Source	4.49	2.68
Security Deposit	64.36	53.24
Earnest Money	9.71	8.63
Advance & Deposit from customers/others	1378.07	1168.03
Interest Accrued and due on Borrowings	–	–
Interest Accrued but not due on Borrowings	–	–
Cess Equilisation Account	–	–
Current Account with IICM	–	–
Unpaid Dividend	–	–
Ex-Owner Account	–	–
Advance Deposit other Pre-Nationalisation	–	–
Gratuity	135.96	3.04
Other Liabilities	45.58	40.93
<b>TOTAL</b>	<b>2411.80</b>	<b>1824.56</b>

**Note :**

Loan repayment Liebherr France during 2012-13	74113.58	Euro	( ₹ 0.50 Crore)
Loan repayment IBRD during 2012-13	1702394.50	USD	( ₹ 8.77 Crore)
Loan repayment JBIC during 2012-13	194200304.21	Yen	( ₹ 12.27 Crore)

## NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

### Note – 9

### SHORT TERM PROVISIONS

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
<b>For Employee Benefits</b>		
— Gratuity	—	—
— Leave Encashment	10.52	8.06
— PPLB	41.10	29.82
— PRP	135.51	112.17
— Other Employee Benefits	—	—
For Proposed Dividend	1219.99	1170.00
For Corporate Dividend Tax	197.91	194.32
For Income Tax	—	—
For Excise duty on Closing Stock of Coal	—	—
For Others (Wealth Tax)	0.17	0.15
<b>TOTAL</b>	<b>1605.20</b>	<b>1514.52</b>

# NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

## Note - 10A

### FIXED ASSETS

(₹ in Crore)

PARTICULARS	GROSS BLOCK				DEPRECIATION				IMPAIRMENT LOSS/OTHER LOSS				Total Depreciation/ Impairment Loss/Other Loss	NET CARRYING VALUE	
	As on 01.04.2011	Addition During the Year	Adj./Sales/ Transfer During the Year	As on 31.03.12	As on 01.04.2011	Addition During the Year	Adj./Sales/ Transfer During the Year	As on 31.03.12	As on 01.04.2011	Addition During the Year	Adj./Sales/ Transfer During the Year	As on 31.03.12		As on 31.03.12	As on 31.03.11
<b>TANGIBLE ASSETS :</b>															
LAND :															
(a) Freehold	2.49	—	—	2.49	—	—	—	—	—	—	—	—	—	2.49	2.49
(b) Leasehold	686.29	197.23	(7.83)	875.69	177.07	95.52	0.00	272.59	—	—	—	—	272.59	603.10	509.22
Building/Water Supply/ Road & Culverts	463.49	6.32	(1.21)	468.60	141.02	9.47	(1.28)	149.21	0.34	—	—	0.34	149.55	319.05	322.13
Plant & Equipment	2228.80	127.99	(66.01)	2290.78	1303.26	182.59	(65.13)	1420.72	3.92	—	—	3.92	1424.64	866.14	921.62
Furniture & Fittings/Office Tools & Equipments/Electrical Fittings/Fire Arms	57.36	4.71	(0.58)	61.49	40.15	3.23	(1.78)	41.60	0.01	—	—	0.01	41.61	19.88	17.20
Railway Siding	157.35	4.79	—	162.14	61.88	6.52	0.00	68.40	0.10	—	—	0.10	68.50	93.64	95.37
Vehicle	25.13	2.97	(1.75)	26.35	17.03	0.92	(0.96)	16.99	0.01	—	—	0.01	17.00	9.35	8.09
Telecommunication	13.80	0.02	—	13.82	0.58	0.37	3.03	3.98	—	—	—	—	3.98	9.84	13.22
Development including Roads & Culverts in Mining Area	125.43	3.99	0.06	129.48	37.24	5.60	15.37	58.21	0.37	—	—	0.37	58.58	70.90	87.82
<b>TOTAL</b>	<b>3760.14</b>	<b>348.02</b>	<b>(77.32)</b>	<b>4030.84</b>	<b>1778.23</b>	<b>304.22</b>	<b>(50.75)</b>	<b>2031.70</b>	<b>4.75</b>	<b>—</b>	<b>—</b>	<b>4.75</b>	<b>2036.45</b>	<b>1994.39</b>	<b>1977.16</b>
<b>Previous Year</b>															
Tangible Fixed Assets	3180.79	644.30	(64.95)	3760.14	1675.08	205.14	(101.99)	1778.23	15.77	0.05	(11.07)	4.75	1782.98	—	1977.16
<b>INTANGIBLE ASSETS</b>															
Developments	184.82	5.81	(0.01)	190.62	143.89	9.92	(15.21)	138.60	20.42	0.56	—	20.98	159.58	31.04	20.51
Software	0.65	—	2.02	2.67	0.65	—	2.02	2.67	—	—	—	—	2.67	—	—
Prospecting & Boring	47.88	2.31	1.41	51.60	26.34	1.21	1.41	28.96	0.02	—	—	0.02	28.98	22.62	21.52
<b>TOTAL</b>	<b>233.35</b>	<b>8.12</b>	<b>3.42</b>	<b>244.89</b>	<b>170.88</b>	<b>11.13</b>	<b>(11.78)</b>	<b>170.23</b>	<b>20.44</b>	<b>0.56</b>	<b>—</b>	<b>21.00</b>	<b>191.23</b>	<b>53.66</b>	<b>42.03</b>
<b>G. TOTAL</b>	<b>3993.49</b>	<b>356.14</b>	<b>(73.90)</b>	<b>4275.73</b>	<b>1949.11</b>	<b>315.35</b>	<b>(62.53)</b>	<b>2201.93</b>	<b>25.19</b>	<b>0.56</b>	<b>—</b>	<b>25.75</b>	<b>2227.68</b>	<b>2048.05</b>	<b>2019.19</b>
<b>Previous Year</b>															
Intangible Fixed Assets	265.36	13.38	(45.39)	233.35	156.36	16.55	(2.03)	170.88	9.25	0.12	11.07	20.44	191.32	—	42.03

# NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

## Note - 10B

### CAPITAL WORK-IN-PROGRESS

(₹ in Crore)

PARTICULARS	COST				PROVISION				IMPAIRMENT LOSS/OTHER LOSS				Total Provision/ Impairment Loss/Other Loss	NET CARRYING VALUE	
	As on 01.04.2011	Addition During the Year	Adj./Sales/ Transfer During the Year	As on 31.03.12	As on 01.04.2011	Addition During the Year	Adj./Sales/ Transfer During the Year	As on 31.03.12	As on 01.04.2011	Addition During the Year	Adj./Sales/ Transfer During the Year	As on 31.03.12		As on 31.03.12	As on 31.03.11
<b>TANGIBLE ASSETS :</b>															
Building/Water Supply/ Road & Culvert	8.55	12.50	(8.48)	12.57	0.20	0.01	—	0.21	—	—	—	—	0.21	12.36	8.35
Plant & Machinery	56.99	181.73	(80.88)	157.84	8.94	0.90	—	9.84	—	—	—	—	9.84	148.00	48.05
Railway Sidings	31.01	6.96	(4.01)	33.96	—	—	—	—	—	—	—	—	—	33.96	31.01
Roads & Culverts in Mining Area	—	2.36	(2.36)	—	—	—	—	—	—	—	—	—	—	—	—
Others	—	0.78	(0.78)	—	—	—	—	—	—	—	—	—	—	—	—
<b>TOTAL</b>	<b>96.55</b>	<b>204.33</b>	<b>(96.51)</b>	<b>204.37</b>	<b>9.14</b>	<b>0.91</b>	<b>—</b>	<b>10.05</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>10.05</b>	<b>194.32</b>	<b>87.41</b>
<b>Previous Year</b>															
Tangible Assets	272.38	151.74	(327.57)	96.55	8.28	0.87	(0.01)	9.14	—	—	—	—	9.14	—	87.41
<b>Surveyed off Assets</b>	20.12	3.72	(3.28)	20.56	12.07	2.22	(1.95)	12.34	—	—	—	—	12.34	8.22	8.05
<b>Previous Year</b>															
Surveyed off Assets	14.81	5.44	(0.13)	20.12	5.99	6.13	(0.05)	12.07	—	—	—	—	12.07	—	8.05
<b>GRAND TOTAL</b>	<b>116.67</b>	<b>208.05</b>	<b>-99.79</b>	<b>224.93</b>	<b>21.21</b>	<b>3.13</b>	<b>-1.95</b>	<b>22.39</b>	<b>—</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22.39</b>	<b>202.54</b>	<b>95.46</b>
<b>Previous Year</b>															
<b>GRAND TOTAL</b>	<b>287.19</b>	<b>157.18</b>	<b>-327.70</b>	<b>116.67</b>	<b>14.27</b>	<b>7.00</b>	<b>-0.06</b>	<b>21.21</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21.21</b>	<b>0</b>	<b>95.46</b>

# NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

## Note - 10C

### INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in Crore)

PARTICULARS	COST				PROVISION				IMPAIRMENT LOSS/OTHER LOSS				Total Provision/ Impairment Loss/Other Loss	NET CARRYING VALUE	
	As on 01.04.2011	Addition During the Year	Adj./Sales/ Transfer During the Year	As on 31.03.12	As on 01.04.2011	Addition During the Year	Adj./Sales/ Transfer During the Year	As on 31.03.12	As on 01.04.2011	Addition During the Year	Adj./Sales/ Transfer During the Year	As on 31.03.12		As on 31.03.12	As on 31.03.11
<b>INTANGIBLE ASSETS</b>															
Development	75.31	28.08	(7.88)	95.51	2.02	—	(2.02)	—	—	—	—	—	—	95.51	73.29
Prospecting & Boring	87.68	8.78	(0.14)	96.32	—	—	—	—	—	—	—	—	—	96.32	87.68
<b>TOTAL</b>	<b>162.99</b>	<b>36.86</b>	<b>(8.02)</b>	<b>191.83</b>	<b>2.02</b>	—	<b>(2.02)</b>	—	—	—	—	—	—	<b>191.83</b>	<b>160.97</b>
<b>Previous Year</b>															
Intangible Assets	156.54	47.29	(40.84)	162.99	2.02	—	—	2.02	—	—	—	—	2.02	—	160.97

## NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

### Note – 11

### NON-CURRENT INVESTMENTS —QUOTED/UNQUOTED AT COST

	Number of shares/bonds/ securities current year	Face Value per share/bond/ security current year (₹)	As at 31.03.2012 (₹ in Crore)	Number of shares/bonds/ securities As at 31.03.2011	Face Value per share/bond/ security As at 31.03.2011 (₹)	As at 31.03.2011 (₹ in Crore)
<b>TRADE (UNQUOTED)</b>						
<b>8.5% Tax Free Special Bonds (Fully Paid up)</b>						
(on securitisation of Sundry Debtors)						
Major State-wise Break-up						
UP	—	—	—	—	—	—
Haryana	—	—	—	—	—	—
Maharashtra State Electricity Board	341580	1000.00	34.16	455440	1000.00	45.54
Madhya Pradesh	—	—	—	—	—	—
Gujarat	—	—	—	—	—	—
West Bengal State Electricity Board	339480	1000.00	33.94	452640	1000.00	45.26
Oyehs	—	—	—	—	—	—
<b>Equity Shares in Subsidiary Companies</b>						
MNH Shakti Ltd.	59570000	10.00	59.57	17570000	10.00	17.57
MJSJ Coal Ltd.	42060000	10.00	42.06	24060000	10.00	24.06
MBPL	50000	10.00	0.05	—	—	—
<b>NON – TRADE (QUOTED)</b>						
7.55% Secured Non – Convertible IRFC Tax free 2021 series 79 bonds	20000	100000.00	200.00	—	—	—
8.15% Secured Non – Convertible IRFC bonds	1087537	1000.00	108.75	—	—	—
<b>TOTAL</b>			<b>478.53</b>			<b>132.43</b>
Aggregate of Quoted Investments			308.75			—
Aggregate of Unquoted Investments			169.78			132.43
Market Value of Quoted Investments			308.75			—

## NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

### Note – 12

### LONG TERM LOANS & ADVANCES

( ₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
<b>ADVANCES :</b>		
For Capital		
— Secured considered good	—	—
— Unsecured considered good	251.68	214.96
— Doubtful	1.13	1.13
	252.81	216.09
Less : Provision for Bad and doubtful advances	1.13	1.13
	251.68	214.96
For Revenue		
— Secured considered good	—	—
— Unsecured considered good	—	—
— Doubtful	—	—
	—	—
Less : Provision for Bad and doubtful advances	—	—
	—	—
Security Deposits		
— Secured considered good	—	—
— Unsecured considered good	—	—
— Doubtful	—	—
	—	—
Less : Provision for Bad and Doubtful Deposits	—	—
	—	—
Deposit for P&T, Electricity etc.		
— Secured considered good	—	—
— Unsecured considered good	32.04	30.22
— Doubtful	—	—
	32.04	30.22
Less : Provision for Bad and doubtful deposits	—	—
	32.04	30.22
<b>LOAN TO EMPLOYEES &amp; OTHERS</b>		
For House Building		
— Secured considered good	3.61	4.13
— Unsecured considered good	—	—
— Doubtful	—	—
	3.61	4.13

## NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

### Note – 12 (Continued...)

### LONG TERM LOANS & ADVANCES

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
For Motor Car and Other Conveyance		
— Secured considered good	0.10	0.18
— Unsecured considered good	—	—
— Doubtful	—	—
	<u>0.10</u>	<u>0.18</u>
For Others		
— Secured considered good	—	—
— Unsecured considered good	—	—
— Doubtful	—	—
	<u>—</u>	<u>—</u>
Less : Provision for Bad and doubtful advances	—	—
	<u>3.71</u>	<u>4.31</u>
Loan to Subsidiaries		
— Secured considered good	—	—
— Unsecured considered good	—	—
— Doubtful	—	—
	<u>—</u>	<u>—</u>
<b>TOTAL</b>	<b><u>287.43</u></b>	<b><u>249.49</u></b>

**Note :**

	Closing Balance		Maximum Amount Due at Any Time During	
	Previous Year	Current Year	Current Year	Previous Year
Due by the Companies under the same management (With name of the Companies)	Nil	Nil	Nil	Nil
Due by the parties in which the Director(s) of company is/are interested	Nil	Nil	Nil	Nil

## NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

### Note – 13

### OTHER NON-CURRENT ASSETS

( ₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Long Term Trade Receivable		
— Secured considered good	—	—
— Unsecured considered good	—	—
— Doubtful	—	—
	—	—
Less : Provision for bad and doubtful trade receivables	—	—
	—	—
Exploratory Drilling Work		
— Secured considered good	—	—
— Unsecured considered good	—	—
— Doubtful	—	—
	—	—
Less : Provision for bad and doubtful drilling work	—	—
	—	—
Other Receivables		
— Secured considered good	—	—
— Unsecured considered good	—	—
— Doubtful	0.16	0.16
	0.16	0.16
Less : Provision for bad and doubtful receivables	0.16	0.16
	—	—
	—	—
<b>TOTAL</b>	—	—

#### Note

	Closing Balance		Maximum Amount Due at Any Time During	
	Current Year	Previous Year	Current Year	Previous Year
Due by the Companies under the same management (With name of the Companies)	Nil	Nil	Nil	Nil
Due by the parties in which the Director(s) of company is/are interested	Nil	Nil	Nil	Nil

## NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

### Note – 14

### CURRENT INVESTMENTS — QUOTED/UNQUOTED AT COST

(₹ in Crore)

	Number of shares/bonds/ securities Current Year	Face Value per share/bond/ security Current Year	As at 31.03.2012	Number of shares/bonds/ securities Previous Year	Face Value per share/bond/ security Previous Year	As at 31.03.2011
<b>NON – TRADE</b>						
Investment in Mutual Fund (Canara Robeco interval Series 2)	—	—	—	—	—	—
<b>TRADE (Unquoted)</b>						
<b>8.5% Tax Free Special Bonds (Fully Paid up)</b> (on securitisation of Sundry Debtors)						
Maharashtra State Electricity Board	113860	1000.00	11.39	113860	1000.00	11.39
West Bengal State Electricity Board	113160	1000.00	11.32	113160	1000.00	11.32
<b>Total</b>			<b>22.71</b>			<b>22.71</b>
Aggregate of Quoted Investments	—	—	—	—	—	—
Aggregate of Unquoted Investments	—	—	22.71	—	—	22.71
Market Value of Quoted Investments	—	—	—	—	—	—
Market Value of Unquoted Investments	—	—	—	—	—	—

## NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

### Note – 15

### INVENTORIES

(Valuation as per Significant Accounting Policy No. 10)

( ₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Stock of Coal	518.67	476.10
Coal Stock under Development	20.59	0.92
Less : Provision for deterioration	8.67	3.55
<b>A. Stock of Coal (Net)</b>	<b>530.59</b>	<b>473.47</b>
Stock of Stores & Spare Parts (at cost)	117.45	110.37
Stores-in-transit	3.90	10.96
Less : Provision for slow moving/obsolescence etc.	13.46	13.32
Loss of Assets	0.23	0.76
Less : Provision for Loss of Assets	0.23	0.76
<b>B. Net Stock of Stores &amp; Spare Parts (at cost)</b>	<b>107.89</b>	<b>108.01</b>
<b>Workshop Jobs</b>		
Work-in-Progress and Finished Goods	—	—
Less : Provision for workshop jobs	—	—
<b>C. Net Stock of Workshop Jobs</b>	<b>—</b>	<b>—</b>
<b>D. Press</b>		
Work-in-Progress and Finished Goods	—	—
<b>E. Stock of Medicines at Central Hospital</b>	0.52	0.65
<b>F. Prospecting &amp; Boring/Development Exp./ Coal Blocks meant for sale</b>	9.70	8.94
<b>Total (A to F)</b>	<b>648.70</b>	<b>591.07</b>

## NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

## ANNEXURE TO NOTE – 15

(Qty. in lakh tonnes) (Value in ₹ Lakh)

Reconciliation of Closing Stock adopted in Account  
with Book Stock as at the end of the year

Table – A

	OVERALL STOCK		NON-VENDABLE STOCK		VENDABLE STOCK	
	Qty.	Value	Qty.	Value	Qty.	Value
1. (A) Opening Stock as on 01.04.11						
(B) Adjustment in Opening Stock	215.31	47702.33	—	—	215.31	47702.33
2. Production for the year	1031.19	951147.81	—	—	1031.19	951147.81
3. Sub-Total (1+2)	1246.50	998850.14	—	—	1246.50	998850.14
4. Off-Take for the year :						
(a) Outside Despatch	1025.22	944751.46	—	—	1025.22	944751.46
(b) Coal feed to Washeries	—	—	—	—	—	—
(c) Own Consumption	0.05	172.43	—	—	0.05	172.43
TOTAL (A)	1025.27	944923.89	—	—	1025.27	944923.89
5. Derived Stock	221.23	53926.25	—	—	221.23	53926.25
6. Measured Stock	215.52	52534.40	—	—	215.52	52534.40
7. Difference (5-6)	5.71	1391.85	—	—	5.71	1391.85
8. Break-up of Difference						
(a) Excess within 5%	—	—	—	—	—	—
(b) Shortage within 5%	5.71	1391.85	—	—	5.71	1391.85
(c) Excess beyond 5%	—	—	—	—	—	—
(d) Shortage beyond 5%	—	—	—	—	—	—
9. Closing Stock adopted in A/c (6 – 8A + 8B)	221.23	53926.25	—	—	221.23	53926.25

## Summary of Closing Stock of Coal

Table – B

	Raw Coal				Washed/Deshaled Coal				Other Products		Total	
	Coking		Non-Coking		Coking		Non-Coking		Qty.	Value	Qty.	Value
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value				
Opening Stock (Audited)	—	—	215.31	47702.33	—	—	—	—	—	—	215.31	47702.33
Less : Non-vendable Coal	—	—	—	—	—	—	—	—	—	—	—	—
Adjusted Opening Stock (Vendable)	—	—	—	—	—	—	—	—	—	—	—	—
Production	—	—	1031.19	951147.81	—	—	—	—	—	—	1031.19	951147.81
Offtake												
(a) Outside Despatch	—	—	1025.22	944751.46	—	—	—	—	—	—	1025.22	944751.46
(b) Coal feed to Washeries	—	—	—	—	—	—	—	—	—	—	—	—
(c) Own Consumption	—	—	0.05	172.43	—	—	—	—	—	—	0.05	172.43
Closing Stock	—	—	221.23	53926.25	—	—	—	—	—	—	221.23	53926.25
Less : Shortage	—	—	—	—	—	—	—	—	—	—	—	—
Closing Stock	—	—	221.23	53926.25	—	—	—	—	—	—	221.23	53926.25

## NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

### Note – 16

### TRADE RECEIVABLES

( ₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Debts outstanding for a period exceeding six months from the due date		
— Secured considered good	—	—
— Unsecured considered good	19.67	9.52
— Doubtful	28.60	21.38
	48.27	30.90
Less : Provision for bad and doubtful debts	28.60	21.38
	19.67	9.52
Other Debts		
— Secured considered good	—	—
— Unsecured considered good	202.92	71.40
— Doubtful	—	—
	202.92	71.40
Less : Provision for bad and doubtful debts	—	—
	202.92	71.40
<b>TOTAL</b>	<b>222.59</b>	<b>80.92</b>

## NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

### Note – 17

### CASH & BANK BALANCE

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
<b>Cash &amp; Cash Equivalents</b>		
Balances with Scheduled Banks		
— SBI Dividend Account (unpaid/unclaimed dividend account)	—	—
— In Deposit Accounts with maturity upto 3 months	3695.03	1671.03
— In Current Accounts	267.58	177.65
— In Cash Credit Accounts	—	—
Balances with Non – Scheduled Banks		
In account with Banks outside India	—	—
Remittance - in transit	0.04	—
Cheques, Drafts and Stamps on hand	—	—
Cash in hand	0.03	0.04
Deposit with Scheduled Banks under Shifting and Rehabilitation Fund Scheme with maturity upto 3 months	—	—
<b>Other Bank Balances</b>		
Balances with Scheduled Banks		
— In Deposit Accounts with maturity more than 3 months	8427.51	8038.50
Deposit with Scheduled Banks under Shifting and Rehabilitation Fund Scheme with maturity more than 3 months	—	—
Deposit with Scheduled Banks under Mine Closure Plan Scheme	—	—
<b>Total</b>	<b>12390.19</b>	<b>9887.22</b>
Maximum amount outstanding with Banks other than Scheduled Banks at any time during the year		
	Nil	Nil
<b>Additional Note :</b>		
1. Balances with banks to the extent held as margin money or security against the borrowings/others	184.55	185.28
2. Bank deposits more than 3 months includes deposits held for the period exceeding 12 months	179.36	179.25

## NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

### Note – 18

### SHORT TERM LOANS & ADVANCES

( ₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
<b>ADVANCE</b> (Recoverable in cash or in kind or for value to be received)		
<b>ADVANCE TO SUPPLIERS &amp; CONTRACTORS</b>		
<b>For Revenue</b>		
— Secured considered good	—	—
— Unsecured considered good	35.07	61.93
— Doubtful	2.23	2.24
	37.30	64.17
Less : Provision for bad and doubtful advances	2.23	2.24
	<b>35.07</b>	<b>61.93</b>
<b>ADVANCE PAYMENT OF STATUTORY DUES</b>		
<b>Sales Tax</b>		
— Secured considered good	—	—
— Unsecured considered good	—	—
— Doubtful	—	—
	—	—
Less : Provision for bad and doubtful advances	—	—
	—	—
Advance Income Tax/Tax Deducted at Source	2575.63	1973.18
Less : Provision for Income Tax	1854.40	1344.18
	721.23	629.00
<b>Others</b>		
— Secured considered good	—	—
— Unsecured considered good	28.81	2.09
— Doubtful	—	—
	28.81	2.09
Less : Provision for bad and doubtful advances	—	—
	<b>28.81</b>	<b>2.09</b>
<b>TOTAL</b>	<b>750.04</b>	<b>631.09</b>
<b>ADVANCE TO EMPLOYEES</b>		
— Secured considered good	—	—
— Unsecured considered good	50.14	7.49
— Doubtful	—	—
	50.14	7.49
Less : Provision for bad and doubtful advances	—	—
	<b>50.14</b>	<b>7.49</b>

## NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

### Note – 18 (Continued...)

### SHORT TERM LOANS & ADVANCES

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Deposits with CIL	1603.46	1472.16
Current Account with CIL & other Subsidiaries of CIL and MCL's Subsidiaries	148.72	119.47
<b>LOAN ACCOUNT WITH SUBSIDIARIES</b>		
— Secured considered good	—	—
— Unsecured considered good	—	—
— Doubtful	—	—
	—	—
Less : Provision for bad and doubtful advances	—	—
	—	—
<b>Claims Receivables</b>		
— Secured considered good	—	—
— Unsecured considered good	—	0.01
— Doubtful	—	—
	—	0.01
Less : Provision for doubtful claims	—	—
	—	<b>0.01</b>
Prepaid Expenses	3.56	4.75
	<b>1805.88</b>	<b>1603.88</b>
<b>TOTAL</b>	<b>2590.99</b>	<b>2296.90</b>

**Note :**

1.

	Closing Balance		Maximum Amount Due at Any Time During	
	Current Year	Previous Year	Current Year	Previous Year
Due by the Companies under the same management				
— MJSJ Coal Limited	13.34	26.59	26.59	26.59
— MNH Shakti Limited	2.08	16.79	16.79	16.79
— Mahanadi Basin Power Limited	3.32	—	—	—
Due by the parties in which the Director(s) of Company is/are interested	Nil	Nil	Nil	Nil

2. Deposit with CIL includes ₹ 350.29 crore (previous year ₹ 350.29 crore) which is non-interest bearing.

## NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

### Note – 19

### OTHER CURRENT ASSETS

( ₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Interest Accrued on		
— Investments	11.24	5.31
— Deposit with Banks	443.24	286.90
— Others	—	—
Ex Owner's Account	—	—
Other Advances	—	—
Less : Provision for bad and doubtful advances	—	—
	—	—
<b>DEPOSITS</b>		
Deposit for Customs Duty, Port Charges etc.	—	—
Deposit for Royalty, Cess & Sales Tax	32.81	24.79
Less : Provision for bad and doubtful deposits	—	—
	32.81	24.79
<b>Others</b>	—	—
Less : Provision for bad and doubtful for Others	—	—
	—	—
Amount Receivable from Govt. of India for transactions on behalf of Ex-Coal Board	—	—
Other Receivables	35.61	1.13
Less : Provision for bad and doubtful receivables	—	—
	35.61	1.13
<b>TOTAL</b>	<b>522.90</b>	<b>318.13</b>

**Note :**

1. Other Receivable includes interest on refundable income tax for ₹ 34.93 crore.

## NOTES TO PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2012

## Note – 20

## REVENUE FROM OPERATIONS

(₹ in Crore)

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
<b>GROSS SALES</b>	12068.60	9249.75
Less : Excise Duty	513.98	42.85
Less : Other Levies		
Royalty	1032.32	936.66
Cess on Coal	—	—
Stowing Excise Duty	102.41	102.21
Central Sales Tax	95.03	81.93
Clean Energy Cess	512.61	386.94
State Sales Tax/VAT	301.60	222.17
Orissa Entry Tax	63.14	45.75
<b>TOTAL LEVIES</b>	<b>2621.09</b>	<b>1818.51</b>
<b>Revenue from Operations (NET SALES)</b>	<b>9447.51</b>	<b>7431.24</b>

## NOTES TO PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2012

## Note – 21

## OTHER INCOME

(₹ in Crore)

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
<b>Income from Long Term Investments</b>		
Dividend from Joint Ventures	—	—
Interest from :		
— Government Securities (8.5% Tax Free Special Bonds)(Trade)	9.16	11.10
— 7.55% Non convertible IRFC Tax Free Bonds 2021series (Non-trade)	6.90	—
<b>Income from Current Investments</b>		
Dividend from Mutual Fund Investments	2.26	—
Interest from :		
— Government Securities (8.5% Tax Free Special Bonds)(Trade)	—	—
— 7.55% Non convertible IRFC Tax Free Bonds 2021series (Non-trade)	—	—
<b>Income from Others</b>		
Interest :		
— From Deposits with Banks	1051.77	597.20
— From Loans and Advances to Employees	0.17	0.16
— From Income Tax Refunds	34.93	15.51
— From CIL on Parking of Fund	144.34	84.43
— Others	1.24	1.09
Apex Charges	—	—
Subsidy for Sand Stowing & Protective Works	0.29	0.89
Profit on Sale of Assets	2.57	10.32
Recovery of Transportation & Loading Cost	413.65	404.57
Gain on Foreign Exchange Transactions	—	—
Exchange Rante Variance	—	—
Lease Rent	4.21	3.37
Liability Write Backs	—	—
Guarantee Fees from Subsidiaries	—	—
Other Non Operating Income	52.01	33.43
<b>Total</b>	<b>1723.50</b>	<b>1162.07</b>

**Note :**

Profit on Sale of Assets includes ₹ 0.82 crore for sale of Geological Report of Mahanadi Coal Block

## NOTES TO PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2012

## Note – 22

## COST OF MATERIALS CONSUMED

(₹ in Crore)

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
Explosives	112.43	106.87
Timber	0.33	0.46
POL	232.82	217.11
HEMM Spares	90.33	98.47
Others Consumable Spares & Stores	66.76	65.25
Total	<u>502.67</u>	<u>488.16</u>

## NOTES TO PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2012

## Note – 23

CHANGE IN INVENTORIES OF FINISHED GOODS,  
WORK IN PROGRESS AND STOCK IN TRADE

( ₹ in Crore)

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
Closing Stock of Coal	518.67	476.10
Less : Deterioration of Coal	6.61	3.46
<b>Total (1)</b>	<b>512.06</b>	<b>472.64</b>
Opening Stock of Coal	476.10	346.60
Less : Deterioration of Coal	3.46	5.61
<b>Total (2)</b>	<b>472.64</b>	<b>340.99</b>
<b>(A) Change in Inventory of Closing Stock (2-1)</b>	<b>(39.42)</b>	<b>(131.65)</b>
Closing Stock of Workshop made finished goods and WIP	—	—
Less : Provision	—	—
<b>Total</b>	<b>—</b>	<b>—</b>
Opening Stock of Workshop made finished goods and WIP	—	4.80
Less : Provision	—	—
<b>Total</b>	<b>—</b>	<b>4.80</b>
<b>(B) Change in Inventory of Closing Stock of workshop</b>	<b>—</b>	<b>4.80</b>
Press Closing job		
i. Finished Goods	—	—
ii. Work in Progress	—	—
Less : Press Opening Job		
i. Finished Goods	—	—
ii. Work in Progress	—	—
<b>(C) Change in Inventory of Closing Stock of Press Jobs made finished goods and WIP</b>	<b>—</b>	<b>—</b>
Closing Stock of Medicines (Central Hospital)	0.52	—
Less Opening Stock of Medicines (Central Hospital)	0.21	—
<b>(D) Change in Inventory of Stock of Medicines at Central Hospital</b>	<b>(0.31)</b>	<b>—</b>
<b>Total Change in Inventory of Stock (A+B+C+D)</b>	<b>(39.73)</b>	<b>(126.35)</b>

## NOTES TO PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2012

## Note – 24

## EMPLOYEE BENEFIT EXPENSES

(₹ in Crore)

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
Salary, Wages, Allowances, Bonus & Benefits	1062.21	816.63
Ex-Gratia	48.53	37.76
PRP	22.05	43.72
Contribution to P.F. & Other Funds	120.70	112.06
Gratuity	165.09	35.25
Leave Encashment	65.88	35.45
VRS	0.99	1.33
Workmen Compensation	1.42	1.57
Other Employee Benefits	21.32	10.98
<b>Total</b>	<b>1508.19</b>	<b>1094.75</b>

## Note – 25

## WELFARE EXPENSES

(₹ in Crore)

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
Medical Expenses	20.09	16.19
Medical Expenses for Retired Employees	2.21	1.06
Grants to School & Institutions	16.74	13.29
Sports & Recreation	0.75	1.07
Canteen & Creche	0.61	0.51
Power - Township	50.70	40.30
Hire Charges of Bus, Ambulance etc.	1.60	1.13
CSR Expenses	28.34	53.45
Environmental Expenses	3.56	3.36
Tree Plantation	0.65	1.07
Other Expenses	11.03	4.03
<b>Total</b>	<b>136.28</b>	<b>135.46</b>

## NOTES TO PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2012

## Note – 26

## REPAIRS

( ₹ in Crore)

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
Building	36.06	35.29
Plant & Machinery	17.38	16.16
Others	3.75	3.09
<b>Total</b>	<b>57.19</b>	<b>54.54</b>

## Note – 27

## CONTRACTUAL EXPENSES

( ₹ in Crore)

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
Transportation Charges :		
— Sand	0.61	0.36
— Coal & Coke	569.37	546.20
— Stores & Other etc.	—	—
Wagon Loading	49.76	49.11
Hiring of Plant & Machinery	193.83	228.31
Other Contractual Work	135.21	145.58
<b>Total</b>	<b>948.78</b>	<b>969.56</b>

## NOTES TO PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2012

## Note – 28

## FINANCE COSTS

(₹ in Crore)

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
<b>Interest Expense</b>		
Deferred Payments	0.08	0.08
Bank Overdraft/Cash Credit	—	—
Interest on IBRD & JBIC Loan	1.95	2.06
CIL Fund Loan Interest	—	—
Interest to Subsidiaries	—	—
Others	1.16	1.01
<b>Total (A)</b>	<b>3.19</b>	<b>3.15</b>
<b>Other Borrowing Costs</b>		
Guarantee Fees on (IBRD & JBIC) Loan	2.18	2.19
Other Expenses/Bank Charges	0.01	0.01
<b>Total (B)</b>	<b>2.19</b>	<b>2.20</b>
<b>TOTAL (A+B)</b>	<b>5.38</b>	<b>5.35</b>

## NOTES TO PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2012

## Note – 29

## PROVISIONS

(₹ in Crore)

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
<b>(A) Provision Made For</b>		
Doubtful debts	7.23	—
Doubtful Advances & Claims	—	—
Foreign Exchange Transaction	—	—
Stores & Spares	0.14	0.22
Reclamation of Land/Mine Closure Expenses	108.21	34.96
Surveyed off Fixed Assets/Capital WIP	3.13	7.00
Others	—	—
<b>Total (A)</b>	<b>118.71</b>	<b>42.18</b>
<b>(B) Provision Written Back</b>		
Doubtful debts	—	4.72
Doubtful Advances & Claims	0.01	0.39
Foreign Exchange Transaction	—	—
Stores & Spares	—	—
Reclamation of Land/Mine Closure Expenses	—	—
Surveyed off Fixed Assets/Capital WIP	—	—
Others/Loss of assets	0.53	—
<b>Total (B)</b>	<b>0.54</b>	<b>5.11</b>
<b>Total (A-B)</b>	<b>118.17</b>	<b>37.07</b>

## Note – 30

## WRITE OFF

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
Doubtful debts	—	—
Doubtful advances	—	0.01
Others	—	—
<b>Total</b>	<b>—</b>	<b>0.01</b>

## NOTES TO PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2012

## Note – 31

## OTHER EXPENSES

(₹ in Crore)

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
Travelling Expenses		
— Domestic	12.73	10.33
— Foreign	0.06	0.25
Training Expenses	6.71	6.34
Telephone & Postage	2.23	1.59
Advertisement & Publicity	3.68	2.17
Freight Charges	0.21	0.09
Demurrage	4.77	2.75
Donation/Subscription	0.32	0.03
Security Expenses	36.34	34.85
Service Charges OF CIL	51.56	55.30
Hire Charges	17.72	14.96
CMPDI Expenses	19.13	12.47
Legal Expenses	0.73	0.75
Bank Charges	0.02	0.01
Guest House Expenses	1.40	1.54
Consultancy Charges	0.77	0.44
Under Loading Charges	3.00	3.86
Loss on Sale/Discard/Surveyed of Assets	—	—
Auditor's Remuneration & Expenses		
— For Audit Fees	0.15	0.18
— For Taxation Matters	—	—
— For Company Law Matters	—	—
— For Management Services	—	—
— For Others Services	0.08	0.04
— For Reimbursement of Expenses	0.09	0.12
Internal Audit Fees and Expenses	1.24	0.99
Rehabilitation Charges	61.51	61.25
Royalty & Cess	0.17	0.10
Central Excise Duty	5.71	73.43
Rent	0.13	0.11
Rates & Taxes	7.04	6.34
Insurance	0.30	0.29
Loss on Exchange Rate Variance	10.77	3.76
Lease Rent	—	0.01
Rescue/Safety Expenses	1.68	1.40
Dead Rent/Surface Rent	0.12	(0.07)
Siding Maintenance Charges	3.05	7.52
Land/Corps Compensation	0.03	0.04
Wealth Tax	0.16	0.30
Miscellaneous Expenses	38.56	33.16
<b>Total</b>	<b>292.17</b>	<b>336.70</b>

## NOTES TO PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2012

## Note – 32

## PRIOR PERIOD ADJUSTMENTS

(₹ in Crore)

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
<b>(A) Expenditure</b>		
Sale of Coal	—	22.24
Stock of Coal	—	—
Other Income	—	—
Consumption of Stores & Spares	—	3.48
Employees Remuneration & Benefits	—	0.32
Power & Fuel	—	—
Welfare Expenses	—	—
Repairs	—	—
Contractual Expenses	—	—
Other Expenditure	0.32	2.63
Interest and other financial charges	—	—
Depreciation	—	0.94
<b>Total (A)</b>	<b>0.32</b>	<b>29.61</b>
<b>(B) Income</b>		
Sale of Coal	7.56	—
Stock of Coal	—	—
Other Income	1.61	—
Consumption of Stores & Spares	0.11	—
Employees Remuneration & Benefits	0.07	—
Power & Fuel	—	0.07
Welfare Expenses	—	—
Repairs	—	—
Contractual Expenses	0.92	0.38
Other Expenditure	0.48	—
Interest and other financial charges	—	—
Depreciation	2.73	—
<b>Total (B)</b>	<b>13.48</b>	<b>0.45</b>
<b>Total (A-B)</b>	<b>(13.16)</b>	<b>29.16</b>

**NOTE – 33****SIGNIFICANT ACCOUNTING POLICIES****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 Subsidy/Grants on Revenue Account are credited to Profit and 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 **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.

**5.5 Prospecting and Boring and 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.

**5.6 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 and 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 and 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 incurrence 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.

## **7.0 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 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.

## 10.0 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 and spare parts at Central and Area Stores are valued at cost calculated on the basis of the weighted average method. The year end inventory of stores and 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 and 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 and 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 CIL (HOLDING COMPANY)**

14.1 Amount due to/from CIL 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.

## **16.0 OVERBURDEN REMOVAL (OBR) EXPENSES**

In Opencast mines with rated capacity of 1 MTe 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 OB 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	
	%	Quantum (in M.Cu.M.)
Less than 1 M.Cu.M.	+/- 5%	0.03
Between 1 and 5 M.Cu.M.	+/- 3%	0.20
More than 5 M.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.

### 18.0 CORPORATE SOCIAL RESPONSIBILITY RESERVE

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. An amount equivalent to actual expenditure incurred during the year/period is transferred from CSR Reserve to General Reserve.

### 19.0 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.

### 20.0 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.

## NOTE – 34

## ADDITIONAL 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 Odisha.

**2.0 RESERVE AND SURPLUS**

**2.1 General Reserve :** ₹ 370.95 crore (as at 31st March, 2011 ₹ 260.93 crore) being 10% of profit after tax is transferred to General Reserve during the year.

**2.2** During the year, the Company has adopted new practice of creating CSR Reserve by transferring 5% of its net profit of previous year subject to a minimum of ₹ 5 per tonne of previous year's coal production to CSR Reserve and an amount equivalent to actual expenses incurred being transferred from CSR Reserve to General Reserve against the earlier practice of transferring the balance remaining after netting of actual expenses incurred during the year from the above mentioned amount. There is no impact on profit for the year due to change in practice. Accordingly, an amount of ₹ 28.34 crore representing actual expenditure during the year has been transferred from CSR Reserve to General Reserve during the year.

**3.0 LONG TERM BORROWINGS (Note – 3 and Note – 8)**

**3.1** Unsecured loan was availed by CIL, guaranteed by Government of India, from World Bank to finance Coal Sector Rehabilitation Project (CSR) based on back to back agreement between the Company and CIL. The loan outstanding as on 31.03.2012 (net after repayments) is ₹ 131.93 crore (as at 31.03.2011 ₹ 132.69 crore). The details of balance are as under :

Bank	Balance 01.04.2011	Repayment upto 31.03.2012	Balance 31.03.2012	Balance 01.04.2011	Repayment upto 31.03.2012	Translation Difference	Balance 31.03.2012
	US \$	US \$	US \$	₹ in crore	₹ in crore	₹ in crore	₹ in crore
IBRD	13523981.95	1603732.00	11920249.95	61.05	7.62	8.00	61.43
	JP Yen ¥	JP Yen ¥	JP Yen ¥				
JBIC	1306357209.00	190504433.00	1115852776.00	71.64	11.66	10.52	70.50
<b>Total</b>				<b>132.69</b>	<b>19.28</b>	<b>18.52</b>	<b>131.93</b>

This includes amount repayable during the year 2012-13 – IBRD ₹ 8.77 crore (previous year ₹ 6.82 crore) and JBIC ₹ 12.27 crore (previous year ₹ 10.25 crore).

**3.2** The balance loan (net of repayments) of ₹ 9.03 crore (1327305.86 euro) (As at 31.03.2011 ₹ 8.98 crore) 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. This includes amount repayable in the year 2012-13 ₹ 0.50 crore (previous year ₹ 0.47 crore.)

**4.0 FIXED ASSETS — Note – 10**

- 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 carrying cost of the fixed assets acquired against World Bank aided projects and deferred credit has increased to the extent of ₹ 8.30 crore (for previous year ended on 31.03.2011, increased by ₹ 4.66 crore) on account of exchange rate fluctuation in line with the accounting policy Para 11.2 of Note — 33.
- 4.5 During the year ended on 31st March, 2012, the fixed assets have been physically verified by the Company. A few adjustments pertaining to physical verification will be made after reconciliation of physical verification of fixed assets.
- 4.6 In case of items of Plant and 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 and 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 ended on 31st March, 2012, an amount of ₹ 0.90 crore has been provided on this account and the cumulative provision stood at ₹ 9.84 crore (Note – 10B).

**5.0 NON-CURRENT/CURRENT INVESTMENT (Note 11 & Note 14)**

- 5.1 As per tripartite agreements with State Electricity Boards (SEBs), 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 WBPDCCL).

The details of the unredeemed bonds are as under:

(₹ in crore)

Particulars of Bonds	Opening Balance as at 01.04.2011	Redeemed during the year	Closing Balance as at 31.03.2012
MSEB	56.93	11.38	45.55
WBPDCCL	56.58	11.32	45.26
<b>TOTAL</b>	<b>113.51</b>	<b>22.71</b>	<b>90.81</b>

All bonds are backed by respective State Governments' guarantees.

Bonds having value of ₹ 22.71 crore which are due for redemption in the year 2012-13 have been shown under current investment (Note – 14) and balance amount of ₹ 68.10 crore has been shown under non-current investment (Note – 11).

5.2 Interest from Power Bonds amounting to ₹ 9.16 crore (for previous year ending on 31.03.2011 ₹ 11.10 crore) has been earned during the year ended on 31st March, 2012 (Note – 21).

5.3 The Reserve Bank of India allowed partial trading of 8.5% Tax Free Power Bonds of SEBs.

## **6.0 INVENTORIES (Note – 15)**

### **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 adjusted in accounts. The cumulative provision as at 31.03.2012 stands at ₹ 0.87 crore (as at 31.03.2011 ₹ 0.94 crores).

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 % and 50% respectively are made as per Accounting Policy Para.10.4 of Note – 33. The cumulative provision as at 31.03.2012 stands at ₹ 12.59 crore (as at 31.03.2011 ₹ 12.38 crore).

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 Note – 33). 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 (Note – 15)**

6.2.1 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 ± 5% over book stock (mine/ colliery wise), is ignored pursuant to Accounting Policy (refer Para 10.1 of Note – 33). As a result, Net shortage within ±5% over book stock (mine/colliery wise weighing 5.71 lakh tonne valued at ₹ 13.92 crore remained unadjusted in the books of accounts.

## **7.0 CASH AND CASH EQUIVALENTS (Note – 17)**

Cash and Bank Balance includes :

7.1 Fixed Deposits amounting to ₹ 66.74 crore and ₹ 111.31 crore have been placed under lien of State Bank India for issuing letter of comfort for issuance of Bank Guarantee in favour of Hon'ble President of India to fulfill the terms of allocation of blocks on behalf of subsidiary companies i.e. M/s MJSJ Coal Limited and M/s MNH Shakti Limited respectively.

7.2 ₹ 1.31 crore including accrued interest of ₹ 0.72 crore 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.

- 7.3 Fixed deposit includes ₹ 5.18 crore made against price difference recovered against explosive rate contracts in the year 2005-06, as per the Court Order.
- 7.4 The balance of current accounts includes current linked termed deposits which are temporarily transferred from current account.

**8.0 LOANS AND ADVANCES CURRENT/NON CURENT OTHER 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 ₹ 93.92 crore (previous year ₹ 88.89 crore) for acquiring 1130.98 acres (previous year 1073 acres) of land under Land Acquisition Act, 1894 is included in “ Advances for Capital” in Note – 12 which would be capitalized on possession given to Company by State Authority.

**9.0 OTHER LONG TERM LIABILITIES (Note – 4)**

- 9.1 Cess on Coal includes principal of ₹ 8.40 crore (net of payments) and interest of ₹ 9.47 crore (net of payments) against receipts from Government of Odisha 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 Company has provided interest of ₹ 1.01 crore (previous year ₹ 1.01 crore) calculated at the rate of 12% for the unpaid principal amount of the Cess liability. The total liability thus included therein becomes ₹ 24.46 crore (as at 31.03.2011 ₹ 23.45 crore) as at 31.03.2012. 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.

**10.0 PROFIT AND LOSS STATEMENT**

- 10.1 Provision of ₹ 0.90 crore during the year ended on 31.03.2012 (for the previous year ended on 31.03.2011 ₹ 0.88 crore) 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 as the case may be.
- 10.2 The National Coal Wage Agreement (NCWA-IX) effective from 01.07.2011 has been finalized in 30th January 2012 for Wage Board employees. Summarized position of financial impact of Pay Revision (excluding gratuity and other terminal benefits) for the period 01.07.2011 to 31.03.2012 is ₹ 158.18 crore.
- 10.3 Due to change in pricing system from UHV to GCV w.e.f. 01.01.2012, the profit for the year has been decreased by ₹ 29.74 crore.
- 10.4 The details of OBRI Adjustment are given below:

	Current Year	Previous Year
Expenditure to be Charged to Coal	3378.59	2653.21
Less : Expenditure incurred	1611.44	1427.75
	1767.15	1225.46

(₹ in crore)

**11.0 CONTINGENT LIABILITIES**

11.1 The details of contingent liability are given below :

Particulars	As at 31.03.2012 (₹ in crore)	As at 31.03.2011 (₹ in crore)
Suits against the Company	174.83	146.46
Other Claims	86.61	50.61
Claims by Forest Deptt.	—	100.18
Income Tax	159.37	455.64
Sales Tax	41.05	42.20
Road Tax	22.47	20.23
Letter of Comfort/Credit	180.57	—
<b>TOTAL</b>	<b>661.90</b>	<b>815.32</b>

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 machinery and equipment is ₹ 274.14 crore (as at 31.03.2011, ₹ 398.91 crore).

11.4 Estimated amount of contracts remaining to be executed on revenue account/other commitments and not provided for is ₹ 4223.71 crore (previous year – not ascertained)

11.5 Liability in some cases of land acquired under Coal Bearing Areas (Acquisition and Development) Act, 1957 could not be ascertained and sanctioned and hence not provided for.

**12.0 CHARGE ON CURRENT ASSETS (NOTE – 15 AND NOTE – 16)**

A charge has been created for ₹ 165.00 crore 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 23.08.2011.

**13.0 RETIREMENT BENEFITS**

13.1 Total liability/provision as on 31.03.2012 based on valuation made by the Actuary, details of which are mentioned below, is ₹ 828.06 crore, which includes the impact of ₹ 117.32 crore towards additional actuarial provision made on account of revision of pay and benefits over pre-revised salary and wages.

## Details of Actuarial liability/provision as on 31.03.2012 :

(₹ In Crore)

Head	Opening Actuarial Liability/Provision as on 01.04.11	Incremental Liability/Provision based on Pre-revised Salary	Additional Provision for Revision of Pay and Benefits	Closing Actuarial Liability/Provision as on 31.03.12
Gratuity	425.72	87.20	84.97	597.89
Earned Leave	95.73	24.58	14.67	134.98
Half Pay Leave	27.67	7.84	0.00	35.51
Life Cover Scheme	2.78	0.18	2.62	5.58
Settlement Allowance -Executives	0.12	0.03	0.00	0.15
Settlement Allowance –Non-Executives	–	–	15.06	15.06
Gross Personal Accident	0.10	0.03	0.00	0.13
Leave Travel Concession	16.60	4.22	0.00	20.82
Medical Benefits	1.45	1.82	0.00	3.27
Compensation to Dependants in case of mine accidental death	13.45	1.22	0.00	14.67
<b>Total</b>	<b>583.62</b>	<b>127.12</b>	<b>117.32</b>	<b>828.06</b>

## Summary of actuarial assumptions are as under :

	As at 31-03-2012
Mortality Table	LICI 1994-1996
Superannuation Age	60
Early Retirement & Disablement	10 per Thousand P.A. 6 above age 45 3 between 29 & 45 1 below age 29
Discount Rate	8.00 %
Inflation Rate	6.25 %
Return on Assets	
Remaining Working Life	
Formula Used	Projected Unit Credit Method

13.2 Contribution to Provident Fund and other fund (Note 24) of ₹ 120.70 crore includes ₹ 4.02 crore (previous year ₹ 3.58 crore) paid to Ex-NCDC employees which have been charged to revenue on cash basis under Employees Benefit Expenses (Note – 24).

13.3 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 Service charges of CIL as per Note -31 amounting to ₹ 56.87 crore including service tax (for the previous year ended on 31.03.2011 ₹ 55.30 crore) is levied by the Holding Company towards rendering various services like procurement, foreign contract, marketing and corporate service, based on agreement entered on 1st July, 1998 as per intimation from Holding Company.

14.2 Training expenses (Note 31 – Other expenditure) includes an amount to ₹ 5.16 crore (for the previous year ended on 31.03.2011 ₹ 5.01 crore) levied by the Holding Company on account of payment to the 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 ₹ 61.51 crore (for the previous year ended on 31.03.2012 ₹ 61.25 crore) on despatch of coal towards Rehabilitation Fund set up by CIL.

## 15.0 EXCHANGE RATE FLUCTUATION

15.1 Consequent upon fluctuation in the value of foreign currency loans, the rupee liability of the Company in respect of such loans has increased by ₹ 19.07 crore (as at 31.03.2011, increased by ₹ 8.42 crore). This increase has been adjusted in the carrying cost of the fixed assets to the extent of increase of ₹ 8.30 crore (as at 31.03.2011 increase by ₹ 4.66 crore) and the balance of ₹ 10.77 crore (as at 31.03.2011, loss for ₹ 3.76 crore) has been shown as "Loss on Exchange Rate Variance" in Note -31.

## 16.0 COMPLIANCE OF ACCOUNTING STANDARDS

16.1 **AS-12: Accounting for Government Grants** : The Company has recognized ₹ 0.29 crore (Note -21) (for previous ended on 31.03.2011 ₹ 0.89 crore ) Income from Stowing and Protective Subsidy and ₹ 4.10 crore of CCDA grant as other non operative income (Note 21) .

16.2 **AS-15 : Accounting for Employee Benefits** : The Company has determined the liability for employee benefits as at 31.03.2012 in accordance with the revised AS – 15 — Employee benefits issued by the ICAI.

The following disclosures have been made in accordance with AS-15 (Revised) pertaining to gratuity (funded plan).

Table showing changes in present value of Obligations :

(₹ in crore)

Particulars	As at 31.03.2012
Present Value of Obligation at Beginning of year	425.72
Acquisition Adjustment	0.00
Interest Cost	32.67
Past Service Cost	0.00
Current Service Cost	29.78
Curtailment cost	0.00
Settlement Cost	0.00
Benefits Paid	34.76
Actuarial gain/loss on Obligations	144.48
Present Value of Obligation at end of Year	597.89

Table showing changes in fair value of Plan Assets :

Particulars	As at 31.03.2012
Fair Value of Plan Asset At Beginning of year	432.42
Acquisition Adjustmen	0.00
Expected Return on Plan Asset	34.59
Contributions	35.43
Benefits Paid	34.76
Actuarial gain/loss on Plan Asset	6.24
Fair Value of Plan Asset at End of year	473.92

## Table showing Funded Status :

(₹ in crore)

Particulars	As at 31.03.2012
Present Value of Plan at end Year	597.89
Fair Value of Plan at end Year	473.92
Funded Status	-123.96
Unrecognized actuarial gain/ at end of the year	0.00
Net Asset (Liability) Recognized in Balance Sheet	-123.96

## Table showing expense recognized in Statement of Profit/Loss :

(₹ in crore)

Particulars	As at 31.03.2012
Current Service Cost	29.78
Past Service Cost	0.00
Interest Cost	32.67
Expected Return on Plan Asset	34.59
Curtailment cost	0.00
Settlement Cost	0.00
Actuarial gain/loss recognized in the year	138.24
Expense Recognized in of Profit/Loss	166.10

## Table showing Actuarial Assumptions :

Particulars	As at 31.03.2012
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	8.00
Inflation Rate	6.25
Return on Asset	8.00
Remaining Working Life	13
FORMULA USED	Projected Unit Credit Method

## Movements in the liability recognized in Balance Sheet:

(₹ in crore)

Particulars	As at 31.03.2012
Opening Net Liability	-6.70
Expenses as above	166.10
Contributions	35.43
Closing Net Liability	123.96
Closing Fund/Provision at end of Year	597.89

The following disclosures has been made in accordance with AS-15 (Revised) pertaining to leave encashment benefits (EL/HPL) (unfunded plan).

Table showing changes in present value of Obligations :

(₹ in Crore)

Particulars	As at 31.03.2012
Present Value of Obligation at Beginning of year	123.40
Acquisition Adjustment	0.00
Interest Cost	9.56
Past Service Cost	0.00
Current Service Cost	28.43
Curtailment cost	0.00
Settlement Cost	0.00
Benefits Paid	7.79
Actuarial gain/loss on Obligations	16.89
Present Value of Obligation at end of Year	170.49

Table showing expense recognized in Statement of Profit/Loss :

(₹ in Crore)

Particulars	As at 31.03.2012
Current Service Cost	28.43
Past Service Cost	0.00
Interest Cost	9.56
Expected Return on Plan Asset	0.00
Curtailment cost	0.00
Settlement Cost	0.00
Actuarial gain/loss recognized in the year	16.89
Expense Recognized in Statement of Profit/Loss	54.88

Table showing Actuarial Assumptions :

(₹ in Crore)

Particulars	As at 31.03.2012
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	8.00
Inflation Rate	6.25
Return on Asset	8.00
Remaining Working Life	13
FORMULA USED	Projected Unit Credit Method

Movements in the liability recognized in Balance Sheet :

(₹ in Crore)

Particulars	As at 31.03.2012
Opening Net Liability	0.00
Expenses as above	54.88
Contributions	0.00
Closing Net Liability	54.88
Closing Fund/Provision at end of Year	170.49

**Note as per 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 ended on 31.03.2012	Previous year ended on 31.03.2011
Profit after tax (₹ in crore)	3709.51	2609.32
Profit attributable to ordinary shareholders. (₹ in crore.)	3709.51	2609.32
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 (₹ )	19900.71	13998.41

16.7 **AS – 21 : Investments in subsidiaries** : The position of investment and other current accounts in the subsidiaries as at 31.03.2012 are as under :

Name of Subsidiary	Stake in Subsidiary	Date of incorporation	Investment in equity shares (₹ in crore)	Balance in Current Accounts (₹ in crore)
1. MNH Shakti Ltd.	70%	16.07.2008	59.57	2.08
2. MJSJ Coal Ltd.	60%	13.08.2008	42.06	13.34
3. Mahanadi Basin Power Ltd.	100%	02.12.2011	0.05	3.32
<b>TOTAL</b>			<b>101.68</b>	<b>18.74</b>

All 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, there is no need to make 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 ₹ 0.56 crore (for previous year ending on 31.03.2011 ₹ 0.12 crore) has been made during the year against other fixed assets (with no alternative use value). Thus, total cumulative provision for impairment as at 31.03.2012 stands at ₹ 23.42 crore (as at 31.03.2011 ₹ 22.86 crore).

#### 16.9 Accounting Standard 29 :

16.9.1 As per guideline No 55011-01-2009 – CPAM dated 27.08.2009 issued by Ministry of Coal, Government of India, the Company has made a provision during the current year for mine closure expenses in respect of all operating mines.

16.9.2 Provision for mine closure expenses (Note – 5) includes ₹ 6.72 crore on account of provision taken towards stowing and stabilization of unstable workings of Deulbera colliery after adjusting current year expenditure ₹ 0.58 crore against a comprehensive scheme of ₹ 9.44 crore (excluding departmental salary and wages for ₹ 18.21 crore). As the stabilization of unstable workings of Deulbera Colliery through sand stowing is being carried out by existing departmental manpower of Deulbera Colliery, salaries and wages for ₹ 18.21 crore being part of the scheme has not been provided for.

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

(₹ In Crore)

Sl. No.	Particulars	Opening Balance As at 01.04.2011	Provision/addition during the Current Year	Paid/adjustment during the Current Year	Balance As at 31.03.2012
1.	Provision for Reclamation of Land	0.79	—	—	0.79
2.	OBR Adjustment	5299.38	1767.15	—	7066.53
3.	Provision for Taxation (including Wealth Tax)	1538.65	1823.86	– 1507.94	1854.57
4.	Provision for Dividend	1170.00	1219.06	– 1170.00	1219.06
5.	Mine Closure Plan	60.14	110.99	6.72	177.85
6.	Provision for Doubtful Debts	21.38	7.23	– 0.01	28.60
7.	Provision for Loans & Advances	3.37	– 0.01	—	3.36
8.	Provision for Capital Work-in-Progress	11.16	0.91	– 2.02	10.05
9.	Provision for Stores & Spares	13.32	0.14	—	13.46
10.	Provision for Loss of Assets	0.76	—	– 0.53	0.23

**17.0 ACCOUNTING FOR TAXES ON INCOME**

17.1 For the current year, the income tax provision has been taken at ₹1823.70 crore (Previous year ended on 31.03.2011 ₹1321.26 crore). In addition, ₹0.16 crore has been provided for current wealth tax.

17.2 As per requirement of AS – 22, there is a net deferred tax liability of ₹35.36 crore as at 31.03.2012 (as at 31.03.2011 liability ₹104.93 crore). The deferred tax liability/assets comprises of tax effect of timing differences as detailed below:

	As on 31.03.2012 (₹ in crore)(liability)	As on 31.03.2011 (₹ in crore)(liability)
<b>Deferred Tax Liability</b>		
Excess of Net Block over written down value as per provisions of Income Tax Act, 1961	45.19	102.44
<b>Deferred Tax Asset</b>		
Provision for Doubtful Debts	5.95	3.69
Provision for Other Employee Benefits	—	—
Provision for Leave Encashment	47.54	33.85
Provision for Gratuity	44.00	0.90
Provision for Doubtful Advances	1.06	1.09
Disallowance u/s 43B of I. T. Act	15.38	23.05
Other Provision/Misc. items	– 104.10	– 75.14
Sub Total	9.83	– 12.56
Deferred Tax Adjustment	—	10.07
<b>Total</b>	<b>35.36</b>	<b>– 2.49</b>
<b>Net Deferred Tax Liability</b>	<b>35.36</b>	<b>104.93</b>

**18.0 GENERAL**

- 18.1 Confirmation of balances of sundry creditors, various advances and deposits received etc. has not been obtained in all 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 wherever necessary, to make them more comparable with those of current year mainly because of revision of Schedule – VI of the Companies Act, 1956.

**19.0 OTHERS****A. Directors’ Remuneration***(₹ In Crore)*

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
Salary	0.73	0.41
P. F.	0.08	0.11
Perquisites	0.01	0.01
<b>TOTAL</b>	<b>0.82</b>	<b>0.53</b>

**Note :**

- (i) 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.
- (ii) 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. Imports***(₹ In Crore)*

C. I. F. Value of Imports	For the Year ended 31.03.2012	For the Year ended 31.03.2011
(i) Raw Materials	Nil	Nil
(ii) Components and Spare Parts	Nil	4.23
(iii) Capital Goods	5.97	17.65

**C. Expenditure in Foreign Currency****(₹ In Crore)**

	<b>For the Year ended 31.03.2012</b>	<b>For the Year ended 31.03.2011</b>
(i) Travelling	0.03	0.05
(ii) Commitment Charges	Nil	Nil
(iii) Interest	2.03	2.14
(iv) Others	Nil	Nil

**D. Value of Imported/Indigenous Raw Materials, Stores & Spares and Components Consumed**

<b>Particulars</b>	<b>For Current Year Ended 31.03.2012 Value (₹ in Crore)</b>	<b>Percentage</b>	<b>For the Previous Ended 31.03.2011 Value (₹ in Crore)</b>	<b>Percentage</b>
Imported	6.09	1.21	Not Determined	—
Indigenous	496.58	98.79	Not Determined	—
<b>Total</b>	<b>502.67</b>	<b>100</b>	<b>488.16</b>	<b>100</b>

**20.0 Revision of Schedule – VI to the Companies Act, 1956 (w.e.f. 01.04.2011)**

Following the Gazette notification dated 30th March, 2011 the Schedule – VI of the Companies Act, 1956 dealing with the format of Balance Sheet has modified and a format for Statement of Profit & Loss is introduced.

The format as per revised Schedule VI has been applied while preparing this accounts. Following the new guidelines of the revised format inter-alia, the following segregation have been made in the Balance Sheet;

**Current Assets :**

An asset has been classified as current when it satisfies any of the following criteria :

It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle

It is held primarily for the purpose of being traded

It is expected to be realized within twelve month after the reporting date

It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

**Non-Current Assets :**

All assets other than current assets are non-current assets.

**Current Liabilities :**

A liability has been classified as current when it satisfies any of the following criteria :

It is expected to be settled in the Company's normal operating cycle.

It is held primarily for the purpose of being traded.

It is due to be settled within twelve month after the reporting date.

The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

**Non-Current Liabilities :**

All liabilities other than current liabilities are non-current liabilities.

As there is no normal operating cycle, the same is considered to be 12 months period.

:

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 & on behalf of  
**A. K. Sabat & Co.**  
Chartered Accountants  
Sd/-  
**(CA S. Chand)**  
Partner  
M. No. – 050063

Place : Bhubaneswar

Date : 20.05.2012

**CASH FLOW STATEMENT FOR THE YEAR ended on 31.03.2012**

	<b>For the year ended on 31.03.2012 (₹ in Crore)</b>	<b>For the year ended on 31.03.2011 (₹ in Crore)</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before tax and extraordinary items</b>	<b>5463.69</b>	<b>4039.30</b>
<b>Adjustment for :</b>		
Depreciation & Impairment	253.38	117.85
Exchange Rate Fluctuation	10.77	3.76
OBR Adjustment	1767.15	1225.46
Interest / Dividend (Received)	(1249.36)	(708.24)
Interest/Financial Charges (Paid)	5.38	5.52
Provision against Debtors/Inventories/Other CA/Loans & Advances etc.	249.34	58.29
<b>Operating Profit before Working Capital Changes</b>	<b>6500.35</b>	<b>4741.94</b>
<b>Adjustments for :</b>		
Changes in Inventories	(62.36)	(136.37)
Changes in Trade Receivables	(148.89)	20.24
Changes in Long Term/Non Current Loan & Advances/Assets	(37.94)	(109.02)
Changes in Short Term/Current Loans and Advances/Assets	(275.32)	(33.66)
Changes in Trade Payable/Current Liabilities/Long Term Liabilities	637.00	99.75
<b>Cash Generated from Operations</b>	<b>6612.84</b>	<b>4582.88</b>
Direct taxes paid	(2269.07)	(1570.08)
<b>Cash Flow before Extraordinary Items</b>	<b>4343.77</b>	<b>3012.80</b>
Extraordinary items	—	—
<b>Net Cash from Operating Activities</b>	<b>4343.77</b>	<b>3012.80</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(419.34)	(509.47)
Short Term Deposit with CIL	(131.30)	233.36
Miscellaneous Receipts	—	—
Acquisition of Companies	—	—
Purchase of New Investments (Current/Non-Current)	(346.10)	22.70
Interest Received	1247.10	708.24
Dividend Received	2.26	—
<b>Net Cash used in Investing Activities</b>	<b>352.62</b>	<b>454.83</b>

## CASH FLOW STATEMENT FOR THE YEAR ended on 31.03.2012 (Contd..)

	<b>For the year ended on 31.03.2012 (₹ in Crore)</b>	<b>For the year ended on 31.03.2011 (₹ in Crore)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
World Bank Loan through CIL	(0.76)	(9.01)
Deferred Credit Loan	0.05	(0.11)
Exchange Rate Fluctuation	(10.77)	(3.76)
Repayment of CIL Loan	—	—
Redemption of preference share capital	—	—
Interest and financial charges	(5.38)	(5.52)
Dividend paid	<u>(2176.56)</u>	<u>(1069.02)</u>
<b>Net Cash used in Financing Activities</b>	<b><u>(2193.42)</u></b>	<b><u>(1087.42)</u></b>
<b>Net increase in Cash and Cash Equivalents</b>	<b>2502.97</b>	<b>2380.21</b>
Cash and cash equivalents as at beginning of the year	<u>9887.22</u>	<u>7507.01</u>
<b>Cash and Cash Equivalents as at end of the period</b>	<b><u>12390.19</u></b>	<b><u>9887.22</u></b>

The aforesaid statement is prepared on indirect method

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

**Note :** Cash & Cash Equivalents amounting to ₹ 184.55 crore (as at 31.03.2011 ₹ 185.28 crore) (refer para 7.0 of Additional Notes on Accounts) are not available for use by the Company.

**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 S. Chand)**  
Partner  
(Membership No. 050063)

Date : 20.05.2012  
Place : Bhubaneswar

**Annual Accounts (Consolidated)**  
**MCL & its Subsidiaries**  
**2011-12**

**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, 2012**

(₹ in Crore)

	<u>Notes</u>		<b>As at 31.03.2012</b>	<b>As at 31.03.2011</b>
<b>I. EQUITY AND LIABILITIES</b>				
<b>1. Shareholders' Funds:</b>				
(a) Share Capital	1	186.40	186.40	
(b) Reserves and Surplus	2	7486.49	6360.21	6546.61
			<u>7672.89</u>	<u>6546.61</u>
<b>2. Non-Current Liabilities :</b>				
(a) Long Term Borrowing	3	119.42	124.13	
(b) Deferred Tax Liability (Net)		35.36	104.93	
(c) Other Long Term Liabilities	4	33.86	25.34	
(d) Long Term Provisions	5	7508.57	5540.28	5794.68
			<u>7697.21</u>	<u>5794.68</u>
<b>3. Minority Interest</b>				
			53.60	32.61
<b>4. Current Liabilities :</b>				
(a) Short Term Borrowings	6	—	—	
(b) Trade Payables	7	217.83	172.59	
(c) Other Current Liabilities	8	2411.93	1825.10	
(d) Short Term Provisions	9	1605.35	1515.01	
			<u>4235.11</u>	<u>3512.70</u>
<b>Total</b>			<b>19658.81</b>	<b>15886.60</b>
<b>II. ASSETS :</b>				
<b>1. Non-Current Assets</b>				
<b>(a) Fixed Assets</b>				
(i) Tangible Assets – Gross Block	10A	4102.33	3800.32	
Less : Depreciation, Impairment and Provisions		2038.27	1783.11	
Net Carrying Value			<u>2064.06</u>	<u>2017.21</u>
(ii) Intangible Assets – Gross Block	10A	244.89	233.35	
Less : Depreciation, Impairment and Provisions		191.23	191.32	
Net Carrying Value			<u>53.66</u>	<u>42.03</u>
(iii) Capital Work-in-Progress	10B		202.54	95.46
(iv) Intangible Assets under Development	10C		241.20	204.28
(b) Non-Current Investments	11		376.85	90.80
(c) Deferred Tax Assets (Net)			—	—
(d) Long Term Loans and Advances	12		287.43	249.51
(e) Other Non-Current Assets	13		—	—

**BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2012**

(₹ in Crore)

	<u>Notes</u>	<b>As at 31.03.2012</b>	<b>As at 31.03.2011</b>
<b>2. Current Assets</b>			
(a) Current Investments	14	22.71	22.71
(b) Inventories	15	648.70	591.07
(c) Trade Receivables	16	222.59	80.92
(d) Cash and Cash Equivalents	17	12441.25	9920.56
(e) Short Term Loans and Advances	18	2572.97	2253.85
(f) Other Current Assets	19	524.85	318.20
		16433.07	13187.31
<b>Total</b>		<b>19658.81</b>	<b>15886.60</b>
Significant Accounting Policies	33		
Additional Notes on Accounts	34		
The Notes referred to above form an integral part of Balance Sheet			

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 S. Chand)**  
Partner  
Membership No.050063

Dated : 20th May, 2012

Place : Bhubaneswar

## PROFIT & LOSS ACCOUNT (CONSOLIDATED) FOR THE YEAR ENDING 31ST MARCH, 2012

( ₹ in Crore)

	Notes	FOR THE YEAR ENDED ON 31.03.2012	FOR THE YEAR ENDED ON 31.03.2011
<b>INCOME :</b>			
Sale of Coal	20	12068.60	9249.75
Less : Excise Duty		513.98	42.85
Other Levies		2107.11	1775.66
Revenue from Operations		9447.51	7431.24
Other Income	21	1723.50	1162.07
<b>Total Revenue</b>		<b>11171.01</b>	<b>8593.31</b>
<b>EXPENSE :</b>			
Cost of Materials Consumed	22	502.67	488.16
Change in inventories of finished goods, work in progress and Stock-in-trade		(39.73)	(126.85)
Employee benefit expenses	24	1508.19	1094.75
Power and Fuel		108.24	84.33
Welfare Expenses	25	136.28	135.46
Repairs	26	57.19	54.54
Contractual Expenses	27	948.78	969.56
Finance Costs	28	5.38	5.35
Depreciation/Amortization/Impairment		315.99	220.31
Provisions	29	118.17	37.07
Write off	30	—	0.01
Overburden Removal Adjustment		1767.15	1225.46
Other Expenses	31	292.17	336.70
<b>Total Expenses</b>		<b>5720.48</b>	<b>4524.85</b>
<b>Profit/(Loss) before extraordinary items, exceptional items and tax</b>		<b>5450.53</b>	<b>4068.46</b>
Prior Period Adjustment {charges/(Incomes)}	32	(13.16)	29.16
Exceptional Items		—	—
<b>Profit/(Loss) before extraordinary items and tax</b>		<b>5463.69</b>	<b>4039.30</b>
Extraordinary Items { charges/(Incomes)}		—	—
<b>Profit/(Loss) before tax</b>		<b>5463.69</b>	<b>4039.30</b>
Less : Tax Expenses			
— Current Year		1823.70	1321.26
— Deffered Tax		(69.57)	114.66
— Earlier years		0.05	(5.94)
<b>Profit/(Loss) after tax</b>		<b>3709.51</b>	<b>2609.32</b>
Basic and Diluted Earning per share (in Rs.) (Face Value of Rs. 1000/- per share)		19900.71	13998.41
Significant Accounting Policies	33		
Additional Notes on Accounts	34		

The Notes referred to above form integral part of Profit & Loss Statement.

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 S. Chand)**  
Partner

Membership No.050063

Dated : 20th May, 2012

Place : Bhubaneswar

## NOTES TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2012

### Note – 1

### SHARE CAPITAL

( ₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
<b>AUTHORISED</b>		
(i) 2958200 Equity Shares of Rs.1000/- each	295.82	295.82
(ii) 2041800 10% Cumulative Redeemable Preference shares of Rs. 1000/- each (Redeemed on as per terms of earliest redemption)	204.18	204.18
	<b>500.00</b>	<b>500.00</b>
<b>ISSUED, SUBSCRIBED AND PAID - UP</b>		
1864009 Equity shares of Rs 1000/- each fully paid-up in cash	186.40	186.40
	<b>186.40</b>	<b>186.40</b>

NOTE 1 : Shares in the Company held by each shareholder holding more than 5% Shares.

Name of Shareholder	No. of shares Held (Face Value of Rs. 1000 each)	% of total Shares
CIL and its Nominees	1864009	100%

NOTE 2 : During the year, there is no change in the number of shares.

## NOTES TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2012

### Note – 2

### RESERVES AND SURPLUS

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
<b>RESERVES :</b>		
<b>Capital Reserve :</b>		
As per last Balance Sheet	—	—
Add : Addition during the year	—	—
Less : Adjustment During the Year	—	—
	—	—
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	204.18	204.18
Add : Addition during the year	—	—
Less : Adjustment During the year	—	—
	204.18	204.18
<b>Reserve for Foreign Exchange Transactions</b>		
As per last Balance Sheet	—	—
Add : Addition during the year	—	—
Less : Adjustment During the year	—	—
	—	—
<b>C S R Reserve</b>		
As per last Balance Sheet	31.66	27.04
Add : Addition during the year	50.14	4.62
Less : Transfer to General Reserve	28.34	—
	53.46	31.66
<b>General Reserve :</b>		
As per last Balance Sheet	1555.02	1294.09
Add : Transfer from Profit & Loss Statement	370.95	260.93
Add/Less : Adjustment during the year	28.34	—
	1954.31	1555.02
<b>Surplus in Profit &amp; Loss Account</b>		
As per last Balance Sheet	4570.88	4057.89
Profit/(Loss) after Tax during the year	3709.51	2609.32
Profit/(Loss) Available for Appropriation	8280.39	6667.21
<b>Appropriation</b>		
Reserve for Foreign Exchange Transaction	—	—
Transfer to General Reserve	370.95	260.93
Transfer to CSR Reserve	50.14	4.62
Interim Dividend	1006.56	400.02
Proposed Dividend on Equity Shares	1219.99	1170.00
Corporate Dividend Tax	356.68	260.76
	5276.07	4570.88
<b>Miscellaneous Expenditure</b>		
(to the extent not written off)	—	—
Preliminary expenses	1.53	1.53
Pre-Operational Expenses	—	—
<b>TOTAL</b>	<b>7486.49</b>	<b>6360.21</b>

## NOTES TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2012

### Note – 3

#### LONG TERM BORROWINGS

( ₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
<b>Loan from Coal India Limited</b>		
— for IBRD	52.66	54.23
— for JBIC	58.23	61.39
Export Development Corp., Canada	—	—
Liebherr France S. A., France	8.53	8.51
Loan from Coal India Limited	—	—
Total	119.42	124.13
 CLASSIFICATION 1		
Secured	—	—
Unsecured	119.42	124.13
 CLASSIFICATION 2		

#### 1. Loan Guaranteed by Directors & others

Particulars of Loan	₹ in crore	Nature of Guarantee
Loan from CIL for IBRD & JBIC	131.93	Guaranteed By Govt. of India

2. The amount of ₹ 131.93 crore include current repayment within next 12 months (Note – 8)

## NOTES TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2012

### Note – 4

#### OTHER LONG TERM LIABILITIES

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Shifting & Rehabilitation Fund		
Opening Balance	—	—
Add : Interest from Investment of the fund	—	—
Add : Contribution Received	—	—
Less : Amount utilised	—	—
	—	—
Trade Payable	—	—
Security Deposits	9.40	1.89
Cess on Coal	24.46	23.45
	—	—
<b>Total</b>	<b>33.86</b>	<b>25.34</b>

### Note – 5

#### LONG TERM PROVISIONS

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
For Employee Benefits		
— Gratuity	—	—
— Leave Encashment	159.96	115.34
— Other Employee Benefits	104.23	65.42
— NCWA IX	—	—
For Foreign Exchange Transactions (Marked to Market)	—	—
OBR Adjustment Account	7066.53	5299.38
Mine Closure Expenses	177.85	60.14
For Others	—	—
	—	—
<b>TOTAL</b>	<b>7508.57</b>	<b>5540.28</b>

## NOTES TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2012

### Note – 6

#### SHORT TERM BORROWINGS

( ₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
<b>LOAN FROM BANKS</b>	–	–
<b>Loans Repayable on Demand</b>		
Balance with CIL and other Subsidiaries of CIL	–	–
Overdraft against Pledge of Term Deposit	–	–
<b>Other Loans and Advances</b>		
Deferred Credits	–	–
<b>Total</b>	–	–

#### CLASSIFICATION 1

Secured	–	–
Unsecured	–	–

#### CLASSIFICATION 2

#### Loan Guaranteed by Directors & others

Particulars of Loan	₹ in crore	Nature of Guarantee
NIL	NIL	NIL

### Note – 7

#### TRADE PAYABLES

	As at 31.03.2012	( ₹ in Crore) As at 31.03.2011
<b>Sundry Creditors for Supplies</b>		
For Revenue	217.83	172.59
<b>TOTAL</b>	<b>217.83</b>	<b>172.59</b>

## NOTES TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2012

### Note – 8

### OTHER CURRENT LIABILITIES

( ₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
<b>Current Maturities of Long Term Borrowings</b>		
Term Loan from IBRD from CIL	8.77	6.82
Term Loan from JBIC from CIL	12.27	10.25
Term Loan from Liebherr France S. A., France	0.50	0.47
Loan from CIL	–	–
Surplus Funds from CIL	–	–
Current Account with Subsidiaries	–	–
	21.54	17.54
Sundry Creditors for Capital (including stores)	137.52	77.48
<b>For Expenses</b>		
Salary Wages and Allowances	256.09	81.80
Power and Fuel	15.93	13.29
Others	43.52	77.10
	<b>453.06</b>	<b>249.67</b>
<b>Statutory Dues</b>		
Sales Tax	7.38	12.07
Sales Tax/VAT	3.42	6.06
Provident Fund and Pension Fund	4.40	5.14
Central Excise Duty	71.14	74.80
Royalty and Cess on Coal	88.07	74.04
Stowing Excise Duty	27.73	25.30
Clean Energy Cess	94.64	81.74
Other Statutory Levies	2.32	2.16
	<b>299.10</b>	<b>281.31</b>
Income Tax Deducted at Source	4.49	2.69
Security Deposit	64.39	53.24
Earnest Money	9.73	8.64
Advance and Deposit from customers/others	1378.07	1168.04
Interest Accrued and due on Borrowings	–	–
Interest Accrued but not due on Borrowings	–	–
Cess Equilisation Account	–	–
Current Account with IICM	–	–
Unpaid Dividend	–	–
Ex-Owner Account	–	–
Advance Deposit other Pre-Nationalisation	–	–
Gratuity	135.96	3.04
Other Liabilities	45.59	40.93
<b>TOTAL</b>	<b>2411.93</b>	<b>1825.10</b>

**Note :**

Loan repayment Liebherr France during 2012-13	74113.58	Euro	( ₹ 0.50 Crore)
Loan repayment IBRD during 2012-13	1702394.50	USD	( ₹ 8.77 Crore)
Loan repayment JBIC during 2012-13	194200304.21	Yen	( ₹ 12.27 Crore)

## NOTES TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2012

### Note – 9

### SHORT TERM PROVISIONS

( ₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
<b>For Employee Benefits</b>		
— Gratuity	—	—
— Leave Encashment	10.52	8.06
— PPLB	41.10	29.82
— PRP	135.51	112.56
— Other Employee Benefits	0.07	0.10
— For NCWA IX	—	—
<b>For Proposed Dividend</b>	<b>1219.99</b>	<b>1170.00</b>
<b>For Corporate Dividend Tax</b>	<b>197.91</b>	<b>194.32</b>
<b>For Income Tax</b>	<b>—</b>	<b>—</b>
<b>For Excise duty on Closing Stock of Coal</b>	<b>—</b>	<b>—</b>
<b>For Others (Wealth Tax)</b>	<b>0.25</b>	<b>0.15</b>
<b>TOTAL</b>	<b>1605.35</b>	<b>1515.01</b>

# NOTES TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2012

Note - 10A

## FIXED ASSETS

(₹ in Crore)

PARTICULARS	GROSS BLOCK		DEPRECIATION		IMPAIRMENT LOSS/OTHER LOSS			Total Depreciation/ Impairment Loss/Other Loss	NET CARRYING VALUE	
	As on 01.04.2011	Addition During the Year	Adj./Sales/ Transfer During the Year	As on 31.03.12	As on 01.04.2011	Addition During the Year	Adj./Sales/ Transfer During the Year		As on 31.03.12	As on 31.03.11
<b>TANGIBLE ASSETS :</b>										
LAND :										
(a) Freehold	2.49	—	—	—	—	—	—	—	—	2.49
(b) Leasehold	726.17	228.50	(7.83)	946.84	0.00	274.33	—	274.33	672.51	549.02
Building/Water Supply/ Road & Culverts	463.49	6.32	(1.21)	468.60	(1.28)	149.21	—	149.55	319.05	322.13
Plant & Machinery	2228.80	127.99	(66.01)	2290.78	(65.13)	1420.72	—	1424.64	866.14	921.62
Furniture & Fittings/Office Tools & Equipments/Electrical Fittings/Fire Arms	57.66	4.75	(0.58)	61.83	(1.78)	41.68	—	41.69	20.14	17.45
Railway Sidings	157.35	4.79	—	162.14	0.00	68.40	—	68.50	93.64	95.37
Vehicle	25.13	2.97	(1.75)	26.35	(0.96)	16.99	—	17.00	9.35	8.09
Telecommunication	13.80	0.02	—	13.82	3.03	3.98	—	3.98	9.84	13.22
Development including Roads & Culverts in Mining Area	125.43	3.99	0.06	129.48	15.37	58.21	—	58.58	70.90	87.82
<b>TOTAL</b>	<b>3800.32</b>	<b>379.33</b>	<b>(77.32)</b>	<b>4102.33</b>	<b>(50.75)</b>	<b>2033.52</b>	<b>4.75</b>	<b>2038.27</b>	<b>2064.06</b>	<b>2017.21</b>
<b>Previous Year</b>										
Tangible Fixed Assets	3181.05	684.22	(64.95)	3800.32	(101.99)	1778.36	15.77	1783.11	—	2017.21
<b>INTANGIBLE ASSETS</b>										
Developments	184.82	5.81	(0.01)	190.62	(15.21)	138.60	—	159.58	31.04	20.51
Software	0.65	—	2.02	2.67	2.02	2.67	—	2.67	—	—
Prospecting & Boring	47.88	2.31	1.41	51.60	1.41	28.96	0.02	28.98	22.62	21.52
<b>TOTAL</b>	<b>233.35</b>	<b>8.12</b>	<b>3.42</b>	<b>244.89</b>	<b>(11.78)</b>	<b>170.23</b>	<b>20.44</b>	<b>191.23</b>	<b>53.66</b>	<b>42.03</b>
<b>G. TOTAL</b>	<b>4033.67</b>	<b>387.45</b>	<b>(73.90)</b>	<b>4347.22</b>	<b>(62.53)</b>	<b>2203.75</b>	<b>25.19</b>	<b>2229.50</b>	<b>2117.72</b>	<b>2059.24</b>
<b>Previous Year</b>										
Intangible Fixed Assets	265.36	13.38	(45.39)	233.35	(2.03)	170.88	9.25	191.32	—	42.03

# NOTE TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2012

Note - 10B

## CAPITAL WORK-IN-PROGRESS

(₹ in Crore)

PARTICULARS	COST		PROVISION		IMPAIRMENT LOSS/OTHER LOSS		Total Provision/ Impairment Loss/Other Loss	NET CARRYING VALUE	
	As on 01.04.2011	Addition During the Year	As on 01.04.2011	Addition During the Year	As on 01.04.2011	Addition During the Year		As on 31.03.12	As on 31.03.11
<b>TANGIBLE ASSETS :</b>									
Building/Water Supply/Road & Culverts	8.55	12.50 (8.48)	0.20	0.01	0.21	—	0.21	12.36	8.35
Plant & Machinery	56.99	181.73 (80.88)	8.94	0.90	9.84	—	9.84	148.00	48.05
Railway Sidings	31.01	6.96 (4.01)	—	—	—	—	—	33.96	31.01
Roads & Culverts in Mining Area	—	2.36 (2.36)	—	—	—	—	—	—	—
Others	—	0.78 (0.78)	—	—	—	—	—	—	—
<b>TOTAL</b>	<b>96.55</b>	<b>204.33 (96.51)</b>	<b>9.14</b>	<b>0.91</b>	<b>10.05</b>	<b>—</b>	<b>10.05</b>	<b>194.32</b>	<b>87.41</b>
<b>Previous Year</b>									
Tangible Assets	272.38	151.74 (327.57)	8.28	0.87 (0.01)	9.14	—	9.14	—	87.41
Surveyed off Assets	20.12	3.72 (3.28)	12.07	2.22 (1.95)	12.34	—	12.34	8.22	8.05
<b>Previous Year</b>									
Surveyed off Assets	14.81	5.44 (0.13)	5.99	6.13 (0.05)	12.07	—	12.07	—	8.05
<b>GRAND TOTAL</b>	<b>116.67</b>	<b>208.05 -99.79</b>	<b>21.21</b>	<b>3.13 -1.95</b>	<b>22.39</b>	<b>—</b>	<b>22.39</b>	<b>202.54</b>	<b>95.46</b>
<b>Previous Year</b>									
<b>GRAND TOTAL</b>	<b>287.19</b>	<b>157.18 -327.70</b>	<b>14.27</b>	<b>7.00 -0.06</b>	<b>21.21</b>	<b>0</b>	<b>21.21</b>	<b>0</b>	<b>95.46</b>

# NOTE TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2012

Note - 10C

## INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in Crore)

PARTICULARS	COST		PROVISION		IMPAIRMENT LOSS/OTHER LOSS		NET CARRYING VALUE	
	As on 01.04.2011	Addition During the Year	As on 01.04.2011	Addition During the Year	As on 01.04.2011	Addition During the Year	As on 31.03.12	As on 31.03.11
<b>INTANGIBLE ASSETS :</b>								
Development	91.98	34.62	2.02	—	—	—	118.24	89.96
Prospecting & Boring	114.32	8.78	—	—	—	—	122.96	114.32
<b>TOTAL</b>	<b>206.30</b>	<b>43.40</b>	<b>2.02</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>241.20</b>	<b>204.28</b>
<b>Previous Year</b> Intangible Assets	195.14	52.01	2.02	—	—	—	—	204.28

## NOTES TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2012

### Note – 11

### NON-CURRENT INVESTMENTS — QUOTED/UNQUOTED AT COST

	Number of shares/bonds/ securities current year	Face Value per share/bond/ security current year (₹)	As at 31.03.2012 (₹ in crore)	Number of shares/bonds/ securities As at 31.03.2011	Face Value per share/bond/ security As at 31.03.2011 (₹)	As at 31.03.2011 (₹ in crore)
<b>TRADE (UNQUOTED)</b>						
<b>8.5% Tax Free Special Bonds (Fully Paid up) :</b>						
(on securitisation of Sundry Debtors)						
Major State-wise Break-up						
UP	—	—	—	—	—	—
Haryana	—	—	—	—	—	—
Maharashtra State Electricity Board	341580	1000.00	34.16	455440	1000.00	45.54
Madhya Pradesh	—	—	—	—	—	—
Gujarat	—	—	—	—	—	—
West Bengal State Electricity Board	339480	1000.00	33.94	452640	1000.00	45.26
Others	—	—	—	—	—	—
<b>NON – TRADE (QUOTED)</b>						
7.55% Secured Non – Convertible IRFC Tax free 2021 series 79 bonds	20000	100000.00	200.00	—	—	—
8.15% Secured Non – Convertible IRFC bonds	1087537	1000.00	108.75	—	—	—
<b>TOTAL</b>			<b>376.85</b>			<b>90.80</b>
Aggregate of Quoted Investments			308.75			—
Aggregate of Unquoted Investments			169.78			132.43
Market Value of Quoted Investments			308.75			—

## NOTES TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2012

### Note – 12

### LONG TERM LOANS & ADVANCES

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
<b>ADVANCES</b>		
For Capital		
— Secured considered good	—	—
— Unsecured considered good	251.68	214.96
— Doubtful	1.13	1.13
	252.81	216.09
Less : Provision for Bad and Doubtful Advances	1.13	1.13
	251.68	214.96
For Revenue		
— Secured considered good	—	—
— Unsecured considered good	—	—
— Doubtful	—	—
	—	—
Less : Provision for Bad and Doubtful Advances	—	—
	—	—
Security Deposits		
— Secured considered good	—	—
— Unsecured considered good	—	—
— Doubtful	—	—
	—	—
Less : Provision for Bad and Doubtful Deposits	—	—
	—	—
Deposit for P&T, Electricity etc.		
— Secured considered good	—	—
— Unsecured considered good	32.04	30.22
— Doubtful	—	—
	32.04	30.22
Less : Provision for Bad and Doubtful Deposits	—	—
	32.04	30.22
<b>LOAN TO EMPLOYEES &amp; OTHERS</b>		
For House Building		
— Secured considered good	3.61	4.13
— Unsecured considered good	—	—
— Doubtful	—	—
	3.61	4.13

**NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012****Note – 12 (Continued...)****LONG TERM LOANS & ADVANCES**

( ₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
For Motor Car and Other Conveyance		
— Secured considered good	0.10	0.20
— Unsecured considered good	—	—
— Doubtful	—	—
	<u>0.10</u>	<u>0.20</u>
For Others		
— Secured considered good	—	—
— Unsecured considered good	—	—
— Doubtful	—	—
	<u>—</u>	<u>—</u>
Less : Provision for Bad and Doubtful Advances	—	—
	<u>—</u>	<u>—</u>
	<u>3.71</u>	<u>4.33</u>
Loan to Subsidiaries		
— Secured considered good	—	—
— Unsecured considered good	—	—
— Doubtful	—	—
	<u>—</u>	<u>—</u>
<b>TOTAL</b>	<u><b>287.43</b></u>	<u><b>249.51</b></u>

**Note**

	Closing Balance	Maximum Amount Due at Any Time During	
	Previous Year	Current Year	Previous Year
Due by the Companies under the same management (With name of the Companies)	Nil	Nil	Nil
Due by the parties in which the Director(s) of Company is/are interested	Nil	Nil	Nil

## NOTES TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2012

### Note – 13

### OTHER NON-CURRENT ASSETS

( ₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Long Term Trade Receivable		
— Secured considered good	—	—
— Unsecured considered good	—	—
— Doubtful	—	—
	—	—
Less : Provision for Bad and Doubtful Trade Receivables	—	—
	—	—
Exploratory Drilling Work		
— Secured considered good	—	—
— Unsecured considered good	—	—
— Doubtful	—	—
	—	—
Less : Provision for Bad and Doubtful Drilling Work	—	—
	—	—
Other Receivables		
— Secured considered good	—	—
— Unsecured considered good	—	—
— Doubtful	0.16	0.16
	0.16	0.16
Less : Provision for Bad and Doubtful Receivables	0.16	0.16
	—	—
<b>TOTAL</b>	—	—

#### Note

	Closing Balance		Maximum Amount Due at	
	Current Year	Previous Year	Current Year	Previous Year
Due by the Companies under the same management (with name of the Companies)	Nil	Nil	Nil	Nil
Due by the parties in which the Director(s) of Company is/are interested	Nil	Nil	Nil	Nil

## NOTES TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2012

### Note – 14

### CURRENT INVESTMENTS — QUOTED/UNQUOTED AT COST

( ₹ in Crore)

	Number of shares/bonds/ securities Current Year	Face Value per share/bond/ security Current Year ( ₹ )	As at 31.03.2012 ( ₹ in crore)	Number of shares/bonds/ securities Previous Year 31.03.2011	Face Value per share/bond/ security Previous Year ( ₹ )	As at 31.03.2011 ( ₹ in crore)
<b>NON – TRADE</b>						
Investment in Mutual Fund (Canara Robeco interval Series 2)	—	—	—	—	—	—
<b>TRADE (Unquoted)</b>						
<b>8.5% Tax Free Special Bonds (Fully Paid up)</b>						
(on securitisation of Sundry Debtors)	—	—	—	—	—	—
Maharashtra State Electricity Board	113860	1000.00	11.39	113860	1000.00	11.39
West Bengal State Electricity Board	113160	1000.00	11.32	113160	1000.00	11.32
<b>Total</b>			<b>22.71</b>			<b>22.71</b>
Aggregate of Quoted Investments	—	—	—	—	—	—
Aggregate of Unquoted Investments	—	—	22.71	—	—	22.71
Market Value of Quoted Investments	—	—	—	—	—	—
Market Value of Unquoted Investments	—	—	—	—	—	—

## NOTES TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2012

Note – 15

### INVENTORIES

(Valuation as per Significant Accounting Policy No. 10)

( ₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Stock of Coal	518.67	476.10
Coal Stock under Development	20.59	0.92
Less : Provision for deterioration	8.67	3.55
<b>A. Stock of Coal (Net)</b>	<b>530.59</b>	<b>473.47</b>
Stock of Stores and Spare Parts (at cost)	117.45	110.37
Stores-in-transit	3.90	10.96
Less : Provision for slow moving and obsolescence	13.46	13.32
Loss of Assets	0.23	0.76
Less : Provision for Loss of Assets	0.23	0.76
<b>B. Net Stock of Stores and Spare Parts (at cost)</b>	<b>107.89</b>	<b>108.01</b>
<b>Workshop Jobs :</b>		
Work-in-Progress and Finished Goods	—	—
Less : Provision for workshop jobs	—	—
<b>C. Net Stock of Workshop Jobs</b>	—	—
<b>D. Press</b>		
Work-in-Progress and Finished Goods	—	—
<b>E. Stock of Medicines at Central Hospital</b>	0.52	0.65
<b>F. Prospecting &amp; Boring/Development Exp./ Coal Blocks meant for sale</b>	9.70	8.94
<b>Total (A to F)</b>	<b>648.70</b>	<b>591.07</b>

## NOTES TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2012

### ANNEXURE TO NOTE – 15

(Qty. in lakh tonnes)(Value in ₹ Lakh)

#### Reconciliation of Closing Stock adopted in Account with Book Stock as at the end of the year

**Table – A**

	OVERALL STOCK		NON-VENDABLE STOCK		VENDABLE STOCK	
	Qty.	Value	Qty.	Value	Qty.	Value
1. (A) Opening Stock as on 01.04.11	215.31	47702.33	—	—	215.31	47702.33
(B) Adjustment in Opening Stock	—	—	—	—	—	—
2. Production for the year	1031.19	951147.81	—	—	1031.19	951147.81
3. Sub-Total (1+2)	1246.50	998850.14	—	—	1246.50	998850.14
4. Off-Take for the year :						
(a) Outside Despatch	1025.22	944751.46	—	—	1025.22	944751.46
(b) Coal feed to Washeries	—	—	—	—	—	—
(c) Own Consumption	0.05	172.43	—	—	0.05	172.43
TOTAL (A)	1025.27	944923.89	—	—	1025.27	944923.89
5. Derived Stock	221.23	53926.25	—	—	221.23	53926.25
6. Measured Stock	215.52	52534.40	—	—	215.52	52534.40
7. Difference (5–6)	5.71	1391.85	—	—	5.71	1391.85
8. Break-up of Difference						
(a) Excess within 5%	—	—	—	—	—	—
(b) Shortage within 5%	5.71	1391.85	—	—	5.71	1391.85
(c) Excess beyond 5%	—	—	—	—	—	—
(d) Shortage beyond 5%	—	—	—	—	—	—
9. Closing Stock adopted in A/c (6 – 8A + 8B)	221.23	53926.25	—	—	221.23	53926.25

#### Summary of Closing Stock of Coal

**Table – B**

	Raw Coal				Washed/Deshaled Coal				Other Products		Total	
	Coking		Non-Coking		Coking		Non-Coking		Qty.	Value	Qty.	Value
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value				
Opening Stock (Audited)	—	—	215.31	47702.33	—	—	—	—	—	—	215.31	47702.33
Less : Non-vendable Coal	—	—	—	—	—	—	—	—	—	—	—	—
Adjusted Opening Stock (Vendable)	—	—	—	—	—	—	—	—	—	—	—	—
Production	—	—	1031.19	951147.81	—	—	—	—	—	—	1031.19	951147.81
Offtake												
(a) Outside Despatch	—	—	1025.22	944751.46	—	—	—	—	—	—	1025.22	944751.46
(b) Coal feed to Washeries	—	—	—	—	—	—	—	—	—	—	—	—
(c) Own Consumption	—	—	0.05	172.43	—	—	—	—	—	—	0.05	172.43
Closing Stock	—	—	221.23	53926.25	—	—	—	—	—	—	221.23	53926.25
Less : Shortage	—	—	—	—	—	—	—	—	—	—	—	—
Closing Stock	—	—	221.23	53926.25	—	—	—	—	—	—	221.23	53926.25

## NOTES TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2012

### Note – 16

### TRADE RECEIVABLES

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Debts outstanding for a period exceeding six months from the due date		
— Secured considered good	—	—
— Unsecured considered good	19.67	9.52
— Doubtful	28.60	21.38
	48.27	30.90
Less : Provision for bad and doubtful debts	28.60	21.38
	19.67	9.52
Other Debts		
— Secured considered good	—	—
— Unsecured considered good	202.92	71.40
— Doubtful	—	—
	202.92	71.40
Less : Provision for bad and doubtful debts	—	—
	202.92	71.40
<b>TOTAL</b>	222.59	80.92

## NOTES TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2012

### Note – 17

### CASH & BANK BALANCE

( ₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
<b>Cash &amp; Cash Equivalents</b>		
Balances with Scheduled Banks		
— SBI Dividend Account (unpaid/unclaimed dividend account)	—	—
— In Deposit Accounts with maturity upto 3 months	3695.61	1671.03
— In Current Accounts	279.00	195.36
— In Cash Credit Accounts	—	—
Balances with Non – Scheduled Banks	—	—
In account with Banks outside India	—	—
Remittance – in transit	0.04	—
Cheques, Drafts and Stamps on hand	—	—
Cash in hand	0.03	0.04
Deposit with Scheduled Banks under Shifting and Rehabilitation Fund Scheme with maturity upto 3 months	—	—
<b>Other Bank Balances</b>		
Balances with Scheduled Banks		
— In Deposit Accounts with maturity more than 3 months	8466.57	8054.13
Deposit with Scheduled Banks under Shifting and Rehabilitation Fund Scheme with maturity more than 3 months	—	—
Deposit with Scheduled Banks under Mine Closure Plan Scheme	—	—
<b>Total</b>	<b>12441.25</b>	<b>9920.56</b>
Maximum amount outstanding with Banks other than Scheduled Banks at any time during the year	Nil	Nil
<b>Additional Note :</b>		
1. Balances with banks to the extent held as margin money or security against the borrowings/others	184.55	185.28
2. Bank deposits more than 3 months includes deposits held for the period exceeding 12 months	179.36	179.25

## NOTES TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2012

### Note – 18

### SHORT TERM LOANS & ADVANCES

( ₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
<b>ADVANCES</b> (Recoverable in cash or in kind or for value to be received)		
<b>ADVANCE TO SUPPLIERS &amp; CONTRACTORS</b>		
<b>For Revenue</b>		
— Secured considered good	—	—
— Unsecured considered good	35.07	61.93
— Doubtful	2.23	2.24
	37.30	64.17
Less : Provision for bad and doubtful advances	2.23	2.24
	<b>35.07</b>	<b>61.93</b>
<b>ADVANCE PAYMENT OF STATUTORY DUES</b>		
<b>Sales Tax</b>		
— Secured considered good	—	—
— Unsecured considered good	—	—
— Doubtful	—	—
	—	—
Less : Provision for bad and doubtful advances	—	—
	—	—
Advance Income Tax / Tax Deducted at Source	2576.28	1973.47
Less : Provision for Income Tax	1854.40	1344.18
	721.88	629.29
<b>Others</b>		
— Secured considered good	—	—
— Unsecured considered good	28.81	2.09
— Doubtful	—	—
	28.81	2.09
Less : Provision for bad and doubtful advances	—	—
	<b>28.81</b>	<b>2.09</b>
	<b>750.69</b>	<b>631.38</b>
<b>ADVANCE TO EMPLOYEES</b>		
— Secured considered good	—	—
— Unsecured considered good	50.15	7.53
— Doubtful	—	—
	50.15	7.53
Less : Provision for bad and doubtful advances	—	—
	<b>50.15</b>	<b>7.53</b>

**NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012****Note – 18 (Continued...)****SHORT TERM LOANS & ADVANCES**

( ₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Deposits with CIL	1603.46	1472.16
Current Account with CIL & other Subsidiaries of CIL and MCL's Subsidiaries	129.98	76.09
<b>LOAN ACCOUNT WITH SUBSIDIARIES</b>		
— Secured considered good	—	—
— Unsecured considered good	—	—
— Doubtful	—	—
	<u>—</u>	<u>—</u>
Less : Provision for bad and doubtful advances	—	—
	<u>—</u>	<u>—</u>
<b>Claims Receivables</b>		
— Secured considered good	—	—
— Unsecured considered good	0.06	0.01
— Doubtful	—	—
	<u>0.06</u>	<u>0.01</u>
Less : Provision for doubtful claims	—	—
	<u>0.06</u>	<u>0.01</u>
Prepaid Expenses	3.56	4.75
	<u>1737.06</u>	<u>1553.01</u>
<b>TOTAL</b>	<u>2572.97</u>	<u>2253.85</u>

**Note****1.**

	Closing Balance		Maximum Amount Due at Any Time During	
	Current Year	Previous Year	Current Year	Previous Year
Due by the Companies under the same management				
— MJSJ Coal Limited	13.34	26.59	26.59	26.59
— MNH Shakti Limited	2.08	16.79	16.79	16.79
— Mahanadi Basin Power Limited	3.32	—	—	—
Due by the parties in which the Director(s) of Company is/are interested	Nil	Nil	Nil	Nil

2. Deposit with CIL includes ₹ 350.29 crore (previous year ₹ 350.29 crore) which is non-interest bearing.

## NOTES TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2012

### Note – 19

### OTHER CURRENT ASSETS

( ₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Interest Accrued on		
— Investments	11.24	5.31
— Deposits with Banks	445.19	286.97
— Others	—	—
Ex Owner's Account	—	—
Other Advances	—	—
Less : Provision for bad and doubtful advances	—	—
	—	—
<b>DEPOSITS</b>		
Deposit for Customs Duty, Port Charges etc.	—	—
Deposit for Royalty, Cess & Sales Tax	32.81	24.79
Less : Provision for bad and doubtful advances	—	—
	32.81	24.79
<b>Others</b>	—	—
Less : Provision for bad and doubtful advances	—	—
	—	—
Amount Receivable from Govt. of India for transactions on behalf of Ex-Coal Board	—	—
Other Receivables	35.61	1.13
Less : Provision for bad and doubtful receivables	—	—
	35.61	1.13
<b>TOTAL</b>	<b>524.85</b>	<b>318.20</b>

**Note :**

1. Other Receivable includes interest on refundable income tax for ₹ 34.93 crore.

**NOTES TO PROFIT & LOSS ACCOUNT (CONSOLIDATED)  
FOR THE YEAR ENDED ON 31ST MARCH, 2012**

**Note – 20**

**REVENUE FROM OPERATIONS**

(₹ in Crore)

	<b>For the Year ended 31.03.2012</b>	<b>For the Year ended 31.03.2011</b>
<b>GROSS SALES</b>	12068.60	9249.75
Less : Excise Duty	513.98	42.85
Less : Other Levies		
Royalty	1032.32	936.66
Cess on Coal	—	—
Stowing Excise Duty	102.41	102.21
Central Sales Tax	95.03	81.93
Clean Energy Cess	512.61	386.94
State Sales Tax/VAT	301.60	222.17
Orissa Entry Tax	63.14	45.75
<b>TOTAL LEVIES</b>	<b>2621.09</b>	<b>1818.51</b>
<b>Revenue from Operations (NET SALES)</b>	<b>9447.51</b>	<b>7431.24</b>

**NOTES TO PROFIT & LOSS ACCOUNT (CONSOLIDATED)  
FOR THE YEAR ENDED ON 31ST MARCH, 2012**

**Note – 21**

**OTHER INCOME**

( ₹ in Crore)

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
<b>Income from Long Term Investments</b>		
Dividend from Joint Ventures	—	—
Interest from :		
— Government Securities (8.5% Tax Free Special Bonds)(Trade)	9.16	11.10
— 7.55% Non convertible IRFC Tax Free Bonds 2021series (Non-trade)	6.90	—
<b>Income from Current Investments</b>		
Dividend from Mutual Fund Investments	2.26	—
Interest from :		
— Government Securities (8.5% Tax Free Special Bonds)(Trade)	—	—
— 7.55% Non convertible IRFC Tax Free Bonds 2021series (Non-trade)	—	—
<b>Income from Others</b>		
Interest :		
— From Deposits with Banks	1051.77	597.20
— From Loans and Advances to Employees	0.17	0.16
— From Income Tax Refunds	34.93	15.51
— From CIL on Parking of Fund	144.34	84.43
— Others	1.24	1.09
Apex Charges	—	—
Subsidy for Sand Stowing and Protective Works	0.29	0.89
Profit on Sale of Assets	2.57	10.32
Recovery of Transportation and Loading Cost	413.65	404.57
Gain on Foreign Exchange Transactions	—	—
Exchange Rate Variance	—	—
Lease Rent	4.21	3.37
Liability Write Backs	—	—
Guarantee Fees from Subsidiaries	—	—
Other Non Operating Income	52.01	33.43
<b>Total</b>	<b>1723.50</b>	<b>1162.07</b>

**Note :**

Profit on Sale of Assets includes ₹ 0.82 crore for sale of Geological Report of Mahanadi Coal Block.

**NOTES TO PROFIT & LOSS ACCOUNT (CONSOLIDATED)  
FOR THE YEAR ENDED ON 31ST MARCH, 2012**

**Note – 22**

**COST OF MATERIALS CONSUMED**

(₹ in Crore)

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
Explosives	112.43	106.87
Timber      0.33	0.46	
POL	232.82	217.11
HEMM Spares	90.33	98.47
Other Consumable Stores and Spares	66.76	65.25
	502.67	488.16
<b>Total</b>	<b>502.67</b>	<b>488.16</b>

**NOTES TO PROFIT & LOSS ACCOUNT (CONSOLIDATED)  
FOR THE YEAR ENDED ON 31ST MARCH, 2012**

**Note – 23**

**CHANGE IN INVENTORIES OF FINISHED GOODS,  
WORK IN PROGRESS AND STOCK IN TRADE**

( ₹ in Crore)

	<b>For the Year ended 31.03.2012</b>	<b>For the Year ended 31.03.2011</b>
Closing Stock of Coal	518.67	476.10
Less : Deterioration of Coal	6.61	3.46
<b>Total (1)</b>	512.06	472.64
Opening Stock of Coal	476.10	346.60
Less : Deterioration of Coal	3.46	5.61
<b>Total (2)</b>	472.64	340.99
<b>(A) Change in Inventory of Closing Stock (2-1)</b>	<b>(39.42)</b>	<b>(131.65)</b>
Closing Stock of Workshop made finished goods and WIP	—	—
Less : Provision	—	—
<b>Total</b>	—	—
Opening Stock of Workshop made finished goods and WIP	—	4.80
Less : Provision	—	—
<b>Total</b>	—	4.80
<b>(B) Change in Inventory of Closing Stock of workshop</b>	<b>—</b>	<b>4.80</b>
Press Closing job		
i. Finished Goods	—	—
ii. Work in Progress	—	—
Less : Press Opening Job		
i. Finished Goods	—	—
ii. Work in Progress	—	—
<b>(C) Change in Inventory of Closing Stock of Press Jobs made Finished Goods and WIP</b>	<b>—</b>	<b>—</b>
Closing Stock of Medicines (Central Hospital)	0.52	—
Less Opening Stock of Medicines (Central Hospital)	0.21	—
<b>(D) Change in Inventory of Stock of Medicines at Central Hospital</b>	<b>(0.31)</b>	<b>—</b>
<b>Total Change in Inventory of Stock (A+B+C+D)</b>	<b>(39.73)</b>	<b>(126.35)</b>

**NOTES TO PROFIT & LOSS ACCOUNT (CONSOLIDATED)  
FOR THE YEAR ENDED ON 31ST MARCH, 2012**

**Note – 24**

**EMPLOYEE BENEFIT EXPENSES**

( ₹ in Crore)

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
Salary, Wages, Allowances, Bonus and Benefits	1062.21	816.63
Ex-gratia	48.53	37.76
PRP	22.05	43.72
Contribution to P.F. and Other Funds	120.70	112.06
Gratuity	165.09	35.25
Leave Encashment	65.88	35.45
VRS	0.99	1.33
Workmen Compensation	1.42	1.57
Other Employee Benefits	21.32	10.98
<b>Total</b>	<b>1508.19</b>	<b>1094.75</b>

**Note – 25**

**WELFARE EXPENSES**

( ₹ in Crore)

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
Medical Expenses	20.09	16.19
Medical Expenses for Retired Employees	2.21	1.06
Grants to Schools and Institutions	16.74	13.29
Sports & Recreation	0.75	1.07
Canteen & Creche	0.61	0.51
Power - Township	50.70	40.30
Hire Charges of Bus, Ambulance etc.	1.60	1.13
CSR Expenses	28.34	53.45
Environmental Expenses	3.56	3.36
Tree Plantation	0.65	1.07
Other Expenses	11.03	4.03
<b>Total</b>	<b>136.28</b>	<b>135.46</b>

**NOTES TO PROFIT & LOSS ACCOUNT (CONSOLIDATED)  
FOR THE YEAR ENDED ON 31ST MARCH, 2012**

**Note – 26**

**REPAIRS**

( ₹ in Crore)

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
Building	36.06	35.29
Plant and Machinery	17.38	16.16
Others	3.75	3.09
<b>Total</b>	<b>57.19</b>	<b>54.54</b>

**Note – 27**

**CONTRACTUAL EXPENSES**

( ₹ in Crore)

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
Transportation Charges :		
— Sand	0.61	0.36
— Coal and Coke	569.37	546.20
— Stores and Others etc.	—	—
Wagon Loading	49.76	49.11
Hiring of Plant and Machinery	193.83	228.31
Other Contractual Work	135.21	145.58
<b>Total</b>	<b>948.78</b>	<b>969.56</b>

**NOTES TO PROFIT & LOSS ACCOUNT (CONSOLIDATED)  
FOR THE YEAR ENDED ON 31ST MARCH, 2012**

**Note – 28**

**FINANCE COSTS**

( ₹ in Crore)

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
<b>Interest Expenses</b>		
Deferred Payments	0.08	0.08
Bank Overdraft/Cash Credit	—	—
Interest on IBRD and JBIC Loan	1.95	2.06
CIL Fund Loan Interest	—	—
Interest to Subsidiaries	—	—
Others	1.16	1.01
	3.19	3.15
<b>Other Borrowing Costs</b>		
Guarantee Fees on (IBRD and JBIC) Loan	2.18	2.19
Other Expenses/Bank Charges	0.01	0.01
	2.19	2.20
	5.38	5.35
<b>TOTAL (A+B)</b>	<b>5.38</b>	<b>5.35</b>

**NOTES TO PROFIT & LOSS ACCOUNT (CONSOLIDATED)  
FOR THE YEAR ENDED ON 31ST MARCH, 2012**

**Note – 29**

**PROVISIONS**

( ₹ in Crore)

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
<b>(A) Provision Made For</b>		
Doubtful debts	7.23	—
Doubtful Advances and Claims	—	—
Foreign Exchange Transaction	—	—
Stores and Spares	0.14	0.22
Reclamation of Land/Mine Closure Expenses	108.21	34.96
Surveyed off Fixed Assets/Capital WIP	3.13	7.00
Others	—	—
<b>Total (A)</b>	<b>118.71</b>	<b>42.18</b>
<b>(B) Provision Written Back</b>		
Doubtful debts	—	4.72
Doubtful Advances and Claims	0.01	0.39
Foreign Exchange Transaction	—	—
Stores and Spares	—	—
Reclamation of Land/Mine Closure Expenses	—	—
Surveyed off Fixed Assets/Capital WIP	—	—
Others/Loss of Assets	0.53	—
<b>Total (B)</b>	<b>0.54</b>	<b>5.11</b>
<b>Total (A-B)</b>	<b>118.17</b>	<b>37.07</b>

**Note – 30**

**WRITE OFF**

( ₹ in Crore)

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
Doubtful debts	—	—
Doubtful advances	—	0.01
Others	—	—
<b>Total</b>	<b>—</b>	<b>0.01</b>

**NOTES TO PROFIT & LOSS ACCOUNT (CONSOLIDATED)  
FOR THE YEAR ENDED ON 31ST MARCH, 2012**

**Note – 31**

**OTHER EXPENSES**

( ₹ in Crore)

	<b>For the Year ended 31.03.2012</b>	<b>For the Year ended 31.03.2011</b>
Travelling Expenses		
— Domestic	12.73	10.33
— Foreign	0.06	0.25
Training Expenses	6.71	6.34
Telephone and Postage	2.23	1.59
Advertisement and Publicity	3.68	2.17
Freight Charges	0.21	0.09
Demurrage	4.77	2.75
Donation/Subscription	0.32	0.03
Security Expenses	36.34	34.85
Service Charges OF CIL	51.56	55.30
Hire Charges	17.72	14.96
CMPDI Expenses	19.13	12.47
Legal Expenses	0.73	0.75
Bank Charges	0.02	0.01
Guest House Expenses	1.40	1.54
Consultancy Charges	0.77	0.44
Under Loading Charges	3.00	3.86
Loss on Sale/Discard/Surveyed off Assets	—	—
Auditor's Remuneration and Expenses		
— For Audit Fees	0.15	0.18
— For Taxation Matters	—	—
— For Company Law Matters	—	—
— For Management Services	—	—
— For Other Services	0.08	0.04
— For Reimbursement of Expenses	0.09	0.12
Internal Audit Fees and Expenses	1.24	0.99
Rehabilitation Charges	61.51	61.25
Royalty and Cess	0.17	0.10
Central Excise Duty	5.71	73.43
Rent	0.13	0.11
Rates and Taxes		7.04
Insurance	0.30	0.29
Loss on Exchange Rate Variance	10.77	3.76
Lease Rent	—	0.01
Rescue/Safety Expenses	1.68	1.40
Dead Rent/Surface Rent	0.12	(0.07)
Siding Maintenance Charges	3.05	7.52
Land/Corps Compensation	0.03	0.04
Wealth Tax	0.16	0.30
Miscellaneous Expenses	38.56	33.16
<b>Total</b>	<b>292.17</b>	<b>336.70</b>

6.34

**NOTES TO PROFIT & LOSS ACCOUNT (CONSOLIDATED)  
FOR THE YEAR ENDED ON 31ST MARCH, 2012**

**Note – 32**

**PRIOR PERIOD ADJUSTMENTS**

( ₹ in Crore)

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
<b>(A) Expenditure</b>		
Sale of Coal	—	22.24
Stock of Coal	—	—
Other Income	—	—
Consumption of Stores and Spares	—	3.48
Employees Remuneration and Benefits	—	0.32
Power and Fuel	—	—
Welfare Expenses	—	—
Repairs	—	—
Contractual Expenses	—	—
Other Expenditure	0.32	2.63
Interest and Other Financial Charges	—	—
Depreciation	—	0.94
<b>Total (A)</b>	<b>0.32</b>	<b>29.61</b>
<b>(B) Income</b>		
Sale of Coal	7.56	—
Stock of Coal	—	—
Other Income	1.61	—
Consumption of Stores and Spares	0.11	—
Employees Remuneration and Benefits	0.07	—
Power and Fuel	—	0.07
Welfare Expenses	—	—
Repairs	—	—
Contractual Expenses	0.92	0.38
Other Expenditure	0.48	—
Interest and Other Financial Charges	—	—
Depreciation	2.73	—
<b>Total (B)</b>	<b>13.48</b>	<b>0.45</b>
<b>Total (A-B)</b>	<b>(13.16)</b>	<b>29.16</b>

## NOTE – 33

### SIGNIFICANT 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 Subsidy/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 & 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 **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.

**5.5 Prospecting, Boring and 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.

**5.6 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 incurrence 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 Group 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 and spare parts at Central and Area Stores are valued at cost calculated on the basis of the weighted average method. The year-end inventory of stores and 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 and 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 CIL (HOLDING COMPANY)**

- 14.1 Amount due to/from CIL 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.

## **16.0 OVERBURDEN REMOVAL (OBR) EXPENSES**

In Opencast mines with rated capacity of 1 MTe 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 OB 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	
	%	Quantum (in M.Cu.M.)
Less than 1 M.Cu.M.	+/-5%	0.03
Between 1 and 5 M.Cu.M.	+/-3%	0.20
More than 5 M.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.

#### 18.0 CORPORATE SOCIAL RESPONSIBILITY RESERVE

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. An amount equivalent to actual expenditure incurred during the year/period is transferred from CSR Reserve to General Reserve.

#### 19.0 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.

#### 20.0 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.

## NOTE – 34

## ADDITIONAL NOTES ON ACCOUNTS (CONSOLIDATED)

## 1.0 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

- (a) The financial statements of MCL and 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 and its subsidiaries have been prepared in accordance with the Accounting Standards issued by the ICAI 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, M/s MJSJ Coal Limited and M/s Mahanadi Basin Power Limited. The financial statements of the MCL 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 ICAI.
- 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 of MCL upon taking over of assets and liabilities of South Eastern Coalfields Limited in respect of mines in the State of Odisha.

## 3.0 LONG TERM BORROWINGS (Note – 3 and Note – 8)

- 3.1 Unsecured loan was availed by CIL, guaranteed by Government of India, from World Bank to finance Coal Sector Rehabilitation Project (CSR) based on back to back agreement between the Group and CIL. The loan outstanding as on 31.03.2012 (net after repayments) is ₹ 131.93 crore (as at 31.03.2011 ₹ 132.69 crore). The details of balance are as under :

Bank	Balance 01.04.2011	Repayment upto 31.03.2012	Balance 31.03.2012	Balance 01.04.2011	Repayment upto 31.03.2012	Translation Difference	Balance 31.03.2012
	US \$	US \$	US \$	₹ in crore	₹ in crore	₹ in crore	₹ in crore
IBRD	13523981.95	1603732.00	11920249.95	61.05	7.62	8.00	61.43
	JP Yen ¥	JP Yen ¥	JP Yen ¥				
JBIC	1306357209.00	190504433.00	1115852776.00	71.64	11.66	10.52	70.50
<b>Total</b>				<b>132.69</b>	<b>19.28</b>	<b>18.52</b>	<b>131.93</b>

This includes amount repayable during the year 2012-13 - IBRD ₹8.77 crore (previous year ₹ 6.82 crore) and JBIC ₹12.27 crore (previous year ₹10.25 crore).

- 3.2 The balance loan (net of repayments) of ₹9.03 crore (1327305.86 euro) (As at 31.03.2011 ₹8.98 crore) is for the purchase of 4 numbers hydraulic shovel from Leibherr, France. The loans have been arranged through credit agreement with Banque Nationale De Paris and Natexis Banque. This includes amount repayable in the year 2012-13 ₹0.50 crore (previous year ₹ 0.47 crore).

#### **4.0 FIXED ASSETS — Note – 10**

- 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 carrying cost of the fixed assets acquired against World Bank aided projects and deferred credit has increased to the extent of ₹8.30 crore (for previous year ended on 31.03.2011, increased by ₹4.66 crore) on account of exchange rate fluctuation in line with the accounting policy Para 11.2 of Note – 33.
- 4.5 During the year ended on 31st March, 2012, the fixed assets have been physically verified by the Group. A few adjustments pertaining to physical verification will be made after reconciliation of physical verification of fixed assets.
- 4.6 In case of items of plant and 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 and 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 ended on 31st March, 2012, an amount of ₹0.90 crore has been provided on this account and the cumulative provision stood at ₹9.84 crore (Note – 10B).

#### **5.0 NON-CURRENT / CURRENT INVESTMENT (Note 11 & Note 14)**

- 5.1 As per tripartite agreements with State Electricity Boards (SEBs), in the year 2003-04 the Group 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).

The details of the unredeemed bonds are as under:

(₹ in Crore)

Particulars of Bonds	Opening Balance as at 01.04.2011	Redeemed during the year	Closing Balance as at 31.03.2012
MSEB	56.93	11.38	45.55
WBPDCCL	56.58	11.32	45.26
<b>TOTAL</b>	<b>113.51</b>	<b>22.71</b>	<b>90.81</b>

All bonds are backed by respective State Governments' guarantees.

Bonds having value of ₹22.71 crore which are due for redemption in the year 2012-13 have been shown under current investment (Note – 14) and balance amount of ₹68.10 crore has been shown under non-current investment (Note – 11).

- 5.2 Interest from Power Bonds amounting to ₹9.16 crore (for previous year ending on 31.03.2011 ₹11.10 crore) has been earned during the year ended on 31st March, 2012 (Note – 21).
- 5.3 The Reserve Bank of India allowed partial trading of 8.5% Tax Free Power Bonds of SEBs.

## 6.0 INVENTORIES (Note – 15)

### 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 adjusted in accounts. The cumulative provision as at 31.03.2012 stands at ₹0.87 crore (as at 31.03.2011 ₹0.94 crore).
- 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% and 50% respectively are made as per Accounting Policy (Para.10.4 of Note – 33). The cumulative provision as at 31.03.2012 stands at ₹12.59 crore (as at 31.03.2011 ₹12.38 crore).
- 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 Note-33). 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 Coal Stock (Note – 15)

- 6.2.1 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 +/- 5% over book stock (Mine/Colliery wise), is ignored pursuant to Accounting Policy (refer Para 10.1 of Note - 33). As a result, Net shortage within +/-5% over book stock (mine/colliery wise weighing 5.71 lakh tonne valued at ₹13.92 crore remained unadjusted in the books of accounts.

**7.0 CASH AND CASH EQUIVALENTS (Note – 17)**

Cash and Bank Balance includes :

- 7.1 Fixed Deposit amounting to ₹66.74 crore and ₹111.31 crore have been placed under lien of State Bank India for issuing letter of comfort for issuance of Bank Guarantee in favour of Hon'ble President of India to fulfill the terms of allocation of blocks on behalf of subsidiary companies i.e. M/s MJSJ Coal Limited and M/s MNH Shakti Limited respectively.
- 7.2 ₹1.31 crore including accrued interest of ₹0.72 crore 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.
- 7.3 Fixed deposit includes ₹5.18 crore made against price difference recovered against explosive rate contracts in the year 2005-06, as per the Court Order.
- 7.4 The balance of current accounts includes current linked termed deposits which are temporarily transferred from current account.

**8.0 LOANS AND ADVANCES CURRENT/NON CURENT OTHER 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 ₹93.92 crore (previour year ₹88.89 crore) for acquiring 1130.98 acres (previous year 1073 acres) of land under the Land Acquisition Act, 1894 is included in "Advances for Capital" in Note – 12 which would be capitalized on possession given to Group by State Authority.

**9.0 OTHER LONG TERM LIABILITIES (Note – 4)**

- 9.1 Cess on Coal includes principal of ₹8.40 crore (net of payments) and interest of ₹9.47 crore (net of payments) against receipts from Government of Odisha 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 ₹1.01 crore (previous year ₹1.01 crore) calculated at the rate of 12% for the unpaid principal amount of the Cess liability. The total liability thus included therein becomes ₹24.46 crore (as at 31.03.2011 ₹23.45 crore) as at 31.03.2012. 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.

**10.0 PROFIT AND LOSS STATEMENT**

- 10.1 Provision of ₹0.90 crore during the year ended on 31.03.2012 (for previous year ended on 31.03.2011 ₹0.88 crore) 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 as the case may be.
- 10.2 The National Coal Wage Agreement (NCWA-IX) effective from 01.07.2011 has been finalized in 30th January, 2012 for Wage Board employees. Summarized position of financial impact of Pay Revision (excluding gratuity and other terminal benefits) for the period 01.07.2011 to 31.03.2012 is ₹158.18 crore.
- 10.3 Due to change in pricing system from UHV to GCV w.e.f. 01.01.2012, the profit for the year has been decreased by ₹29.74 crore.

10.4 The details of OBR Adjustment are given below:

	(₹ in crore)	
	Current Year	Previous Year
Expenditure to be Charged to Coal	3378.59	2653.21
Less : Expenditure incurred	1611.44	1427.75
	1767.15	1225.46

## 11.0 CONTINGENT LIABILITIES

11.1 The details of contingent liability are given below: :

	(₹ in crore)	
Particulars	As at 31.03.2012	As at 31.03.2011
Suits against the Group	174.83	146.46
Other Claims	86.61	50.61
Claims by Forest Deptt.	—	100.18
Income Tax	159.37	455.64
Sales Tax	41.05	42.20
Road Tax	22.47	20.23
Letter of Guarantee for issue of BG by SBI/Letter of Credit	272.78	—
<b>TOTAL</b>	<b>754.11</b>	<b>815.32</b>

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 machinery and equipment is ₹274.14 crore (as at 31.03.2011, ₹398.91 crore).

11.4 Estimated amount of contracts remaining to be executed on revenue account/other commitments and not provided for is ₹4223.71 crore (previous year – not ascertained)

10.5 Liability in some cases of land acquired under the Coal Bearing Areas (Acquisition and Development) Act, 1957 could not be ascertained and sanctioned and hence not provided for.

**12.0 CHARGE ON CURRENT ASSETS (NOTE -15 AND NOTE -16)**

A charge has been created for ₹165.00 crore 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 23.08.2011.

**13.0 RETIREMENT BENEFITS**

13.1 Total liability/provision as on 31.03.2012 based on valuation made by the Actuary, details of which are mentioned below, is ₹828.06 crore, which includes the impact of ₹117.32 crore towards additional actuarial provision made on account of revision of pay and benefits over pre-revised salary and wages.

Details of Actuarial liability/provision as on 31.03.2012 :

( ₹ In Crore )

Head	Opening Actuarial Liability/Provision as on 01.04.11	Incremental Liability/Provision based on Pre-revised Salary	Additional Provision for Revision of Pay and Benefits	Closing Actuarial Provision/Liability as on 31.03.12
Gratuity	425.72	87.20	84.97	597.89
Earned Leave	95.73	24.58	14.67	134.98
Half Pay Leave	27.67	7.84	0.00	35.51
Life Cover Scheme	2.78	0.18	2.62	5.58
Settlement Allowance -Executives	0.12	0.03	0.00	0.15
Settlement Allowance –Non-Executives	--	--	15.06	15.06
Gross Personal Accident	0.10	0.03	0.00	0.13
Leave Travel Concession	16.60	4.22	0.00	20.82
Medical Benefits	1.45	1.82	0.00	3.27
Compensation to Dependants in case of mine accidental death	13.45	1.22	0.00	14.67
<b>Total</b>	<b>583.62</b>	<b>127.12</b>	<b>117.32</b>	<b>828.06</b>

Summary of actuarial assumptions are as under :

	As at 31.03.2012
Mortality Table	LICI 1994-1996
Superannuation Age	60
Early Retirement & Disablement	10 per Thousand P.A. 6 above age 45 3 between 29 & 45 1 below age 29
Discount Rate	8.00 %
Inflation Rate	6.25 %
Return on Assets	
Remaining Working Life Formula Used	Projected Unit Credit Method

13.2 Contribution to Provident Fund and other fund (Note – 24) of ₹120.70 crore includes ₹4.02 crore (previous year ₹ 3.58 crore) paid to Ex-NCDC employees which have been charged to revenue on cash basis under Employees Benefit Expenses (Note – 24).

13.3 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 COMPANY

14.1 Service charges of CIL as per Note – 31 amounting to ₹56.87 crore including service tax (for previous year ended on 31.03.2011 ₹ 55.30 crore) is levied by the Holding Company towards rendering various services like procurement, foreign contract, marketing and corporate service, based on agreement entered on 1st July, 1998 as per intimation from Holding Company.

14.2 Training expenses (Note – 31 — Other expenditure ) includes an amount to ₹5.16 crore (for previous ended on 31.03.2011 ₹5.01 crore) 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 Group has charged ₹61.51 crore (for previous ended on 31.03.2012 ₹61.25 crore) on despatch of coal towards Rehabilitation Fund set up by CIL.

#### 15.0 EXCHANGE RATE FLUCTUATION

15.1 Consequent upon fluctuation in the value of foreign currency loans, the rupee liability of the Group in respect of such loan has been adjusted in the carrying cost of the fixed assets to the extent of increase of ₹8.30 crore (as at 31.03.2011 increase by ₹4.66 crore) and the balance of ₹10.77 crore (as at 31.03.2011, loss for ₹3.76 crore) has been shown as ‘Loss on Exchange Rate Variance’ in Note - 31.

#### 16.0 COMPLIANCE OF ACCOUNTING STANDARDS

16.1 **AS – 12 : Accounting for Government Grants** : The Group has recognized ₹0.29 crore (Note – 21) (for previous ended on 31.03.2011 ₹ 0.89 crore ) Income from Stowing and Protective Subsidy and ₹ 4.10 crore of CCDA grant as other non operative income (Note – 21).

16.2 **AS – 15 : Accounting for Employee Benefits** : The Group has determined the liability for employee benefits as at 31.03.2012 in accordance with the revised AS – 15 — Employee benefits issued by the ICAI .

The following disclosures have been made in accordance with AS – 15 (Revised) pertaining to gratuity (funded plan).

Table showing changes in present value of Obligations :

( ₹ in Crore)

Particulars	As at 31.03.2012
Present Value of Obligation at Beginning of year	425.72
Acquisition Adjustment	0.00
Interest Cost	32.67
Past Service Cost	0.00
Current Service Cost	29.78
Curtailment cost	0.00
Settlement Cost	0.00
Benefits Paid	34.76
Actuarial gain/loss on Obligations	144.48
Present Value of Obligation at end of Year	597.89

Table showing changes in fair value of Plan Assets :

(₹ in Crore)

Particulars	As at 31.03.2012
Fair Value of Plan Asset At Beginning of year	432.42
Acquisition Adjustment	0.00
Expected Return on Plan Asset	34.59
Contributions	35.43
Benefits Paid	34.76
Actuarial Gain/Loss on Plan Asset	6.24
Fair Value of Plan Asset at End of year	473.92

Table showing Funded Status :

(₹ in Crore)

Particulars	As at 31.03.2012
Present Value of Plan at End of the Year	597.89
Fair Value of Plan at End of the Year	473.92
Funded Status	-123.96
Unrecognized Actuarial Gain/Loss at End of the Year	0.00
Net Asset (Liability) Recognized in Balance Sheet	-123.96

Table showing expense recognized in Statement of Profit/Loss :

(₹ in Crore)

Particulars	As at 31.03.2012
Current Service Cost	29.78
Past Service Cost	0.00
Interest Cost	32.67
Expected Return on Plan Asset	34.59
Curtailment Cost	0.00
Settlement Cost	0.00
Actuarial Gain/loss Recognized in the Year	138.24
Expense Recognized in Profit/Loss	166.10

Table showing Actuarial Assumptions :

Particulars	As at 31.03.2012
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	8.00
Inflation Rate	6.25
Return on Asset	8.00
Remaining Working Life	13
FORMULA USED	Projected Unit Credit Method

Movements in the liability recognized in Balance Sheet:

(₹ in Crore)

Particulars	As at 31.03.2012
Opening Net Liability	- 6.70
Expenses as above	166.10
Contributions	35.43
Closing Net Liability	123.96
Closing Fund/Provision at End of Year	597.89

The following disclosures has been made in accordance with AS – 15 (Revised) pertaining to leave encashment benefits (EL/HPL) (unfunded plan).

Table showing changes in present value of Obligations :

(₹ in Crore)

Particulars	As at 31.03.2012
Present Value of Obligation at Beginning of year	123.40
Acquisition Adjustment	0.00
Interest Cost	9.56
Past Service Cost	0.00
Current Service Cost	28.43
Curtailment cost	0.00
Settlement Cost	0.00
Benefits Paid	7.79
Actuarial gain/loss on Obligations	16.89
Present Value of Obligation at end of Year	170.49

## Table showing expense recognized in Statement of Profit/Loss :

(₹ in Crore)

Particulars	As at 31.03.2012
Current Service Cost	28.43
Past Service Cost	0.00
Interest Cost	9.56
Expected Return on Plan Asset	0.00
Curtailment cost	0.00
Settlement Cost	0.00
Actuarial gain/loss recognized in the year	16.89
Expense Recognized in Statement of Profit/Loss	54.88

## Table showing Actuarial Assumptions :

(₹ in Crore)

Particulars	As at 31.03.2012
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	8.00
Inflation Rate	6.25
Return on Asset	0.00
Remaining Working Life	13
FORMULA USED	Projected Unit Credit Method

## Movements in the liability recognized in Balance Sheet :

(₹ in Crore)

Particulars	As at 31.03.2012
Opening Net Liability	0.00
Expenses as above	54.88
Contributions	0.00
Closing Net Liability	54.88
Closing Fund/Provision at end of Year	170.49

**Note as per 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.

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 ended on 31.03.2012	Previous year ended on 31.03.2011
Profit after tax (₹ in crore)	3709.51	2609.32
Profit attributable to ordinary shareholders. (₹ in crore.)	3709.51	2609.32
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 (₹ )	19900.71	13998.41

16.7 **AS – 21 : Investments in subsidiaries** : Consolidated Financial Statements have been prepared by the management in accordance with the requirement of Accounting Standard -21 – Consolidated Financial Statement issued by the ICAI. The details of minority interest are given hereunder :

Name of Subsidiary	Address	Stake in Parent Company	Date of incorporation	Minority interest as per Consolidated Accounts As At 31.03.2012 (₹ in crore)
1. MNH Shakti Ltd.	Anand Vihar Burla, Sambalpur	70%	16.07.2008	25.53
2. MJSJ Coal Ltd.	House No. 42 1st Floor Anand Nagar Hakimpara, Angul	60%	13.08.2008	28.07
3. Mahanadi Basin Power Ltd.	Plot No. G – 3 Mancheswar Railway Colony Bhubaneswar	100%	02.12.2011	—
<b>TOTAL</b>				<b>53.60</b>

All 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, there is no need to make 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 ₹ 0.56 crore (for previous year ending on 31.03.2011 ₹ 0.12 crore) has been made during the year against other fixed assets (with no alternative use value). Thus total cumulative provision for Impairment as at 31.03.2012 stands at ₹ 23.42 crore (as at 31.03.2011 ₹ 22.86 crore).

#### 16.9 Accounting Standard 29 :

16.9.1 As per guideline No 55011-01-2009 - CPAM dated 27.08.2009 issued by Ministry of Coal, Government of India, the Group has made a provision during the current year for mine closure expenses in respect of all operating mines.

16.9.2 Provision for mine closure expenses (Note – 5) includes ₹6.72 crore on account of provision taken towards stowing and stabilization of unstable workings of Deulbera Colliery after adjusting current year expenditure ₹0.58 crore against a comprehensive scheme of ₹9.44 crore (excluding departmental salary and wages for ₹18.21 crore). As the stabilization of unstable workings of Deulbera Colliery through sand stowing is being carried out by existing departmental manpower of Deulbera Colliery, salaries and wages for ₹18.21 crore being part of the scheme has not been provided for.

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

(₹ in Crore)

Sl. No.	Particulars	Opening Balance As at 01.04.2011	Provision/Addition during the Current Year	Paid/Adjustment during the Current Year	Balance As at 31.03.2012
1.	Provision for Reclamation of Land	0.79	—	—	0.79
2.	OBR Adjustment	5299.38	1767.15	—	7066.53
3.	Provision for Taxation (including Wealth Tax)	1538.65	1823.86	– 1507.94	1854.57
4.	Provision for Dividend	1170.00	1219.06	– 1170.00	1219.06
5.	Mine Closure Plan	60.14	110.99	6.72	177.85
6.	Provision for Doubtful Debts	21.38	7.23	– 0.01	28.60
7.	Provision for Loans & Advances	3.37	– 0.01	—	3.36
8.	Provision for Capital Work-in-Progress	11.16	0.91	– 2.02	10.05
9.	Provision for Stores & Spares	13.32	0.14	—	13.46
10.	Provision for Loss of Assets	0.76	—	– 0.53	0.23

## 17.0 ACCOUNTING FOR TAXES ON INCOME

17.1 For the current year, the income tax provision has been taken at ₹1823.70 crore (previous year ended on 31.03.2011 ₹1321.26 crore). In addition, ₹0.16 crore has been provided for current wealth tax.

17.2 As per requirement of Accounting Standard – 22, there is a net deferred tax liability of ₹ 35.36 crore as at 31.03.2012 (as at 31.03.2011 Liability ₹104.93 crore). The deferred tax liability/assets comprises of tax effect of timing differences as detailed below :

	As on 31.03.2012 (₹ in crore)(liability)	As on 31.03.2011 (₹ in crore)(liability)
<b>Deferred Tax Liability</b>		
Excess of Net Block over written down value as per provisions of Income Tax Act, 1961	45.19	102.44
<b>Deferred Tax Asset</b>		
Provision for Doubtful Debts	5.95	3.69
Provision for Other Employees Benefits	—	—
Provision for Leave Encashment	47.54	33.85
Provision for Gratuity	44.00	0.90
Provision for Doubtful Advances	1.06	1.09
Disallowance u/s 43B of I. T. Act	15.38	23.05
Other Provision/Misc. items	– 104.10	– 75.14
Sub Total	9.83	– 12.56
Deferred Tax Adjustment	—	10.07
<b>Total</b>	<b>35.36</b>	<b>– 2.49</b>
<b>Net Deferred Tax Liability</b>	<b>35.36</b>	<b>104.93</b>

## 18.0 GENERAL

- 18.1 Confirmation of balances of sundry creditors, various advances and deposits received etc. has not been obtained in all 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 wherever necessary, to make them more comparable with those of current year mainly because of revision of Schedule – VI of the Companies Act, 1956.

**19.0 OTHERS****A. Directors' Remuneration***(₹ In Crore)*

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
Salary	0.73	0.41
P. F.	0.08	0.11
Perquisites	0.01	0.01
<b>TOTAL</b>	<b>0.82</b>	<b>0.53</b>

**Note :**

- (i) 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.
- (ii) 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. Imports***(₹ In Crore)*

C. I. F. Value of Imports	For the Year ended 31.03.2012	For the Year ended 31.03.2011
(i) Raw Materials	Nil	Nil
(ii) Components and Spare Parts	Nil	4.23
(iii) Capital Goods	5.97	17.65

**C. Expenditure in Foreign Currency***(₹ In Crore)*

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
(i) Travelling	0.03	0.05
(ii) Commitment Charges	Nil	Nil
(iii) Interest	2.03	2.14
(iv) Others	Nil	Nil

**D. Value of Imported/Indigenous Raw Materials, Stores & Spares and Components Consumed**

Particulars	For Current Year Ended 31.03.2012 Value (₹ in Crore)	Percentage	For the Previous Year Ended 31.03.2011 Value (₹ in Crore)	Percentage
Imported	6.09	1.21	Not Determined	—
Indigenous	496.58	98.79	Not Determined	—
<b>Total</b>	<b>502.67</b>	<b>100</b>	<b>488.16</b>	<b>100</b>

**20.0 Revision of Schedule – VI to the Companies Act, 1956 (w.e.f. 01.04.2011)**

Following the Gazette notification dated 30th March, 2011 the Schedule – VI of the Companies Act, 1956 dealing with the format of Balance Sheet has modified and a format for Statement of Profit & Loss is introduced.

The format as per revised Schedule – VI has been applied while preparing this accounts. Following the new guidelines of the revised format inter-alia, the following segregation have been made in the Balance Sheet :

**Current Assets :**

An asset has been classified as current when it satisfies any of the following criteria :

It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle.

It is held primarily for the purpose of being traded.

It is expected to be realized within twelve month after the reporting date.

It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

**Non-Current Assets :**

All assets other than current assets are non - current assets.

**Current Liabilities :**

A liability has been classified as current when it satisfies any of the following criteria :

It is expected to be settled in the company's normal operating cycle.

It is held primarily for the purpose of being traded.

It is due to be settled within twelve month after the reporting date.

The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

**Non-Current Liabilities :**

All liabilities other than current liabilities are non- current liabilities.

As there is no normal operating cycle, the same is considered to be 12 months period.

:

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 & on behalf of A. K. Sabat & Co.**  
Chartered Accountants  
Sd/-  
**(CA S. Chand)**  
Partner  
M. No. – 050063

Place : Bhubabeswar

Date : 20.05.2012

## CASH FLOW STATEMENT (CONSOLIDATED) FOR THE YEAR ENDED ON 31.03.2012

	<b>For the year ended on 31.03.2012 (₹ in Crore)</b>	<b>For the year ended on 31.03.2011 (₹ in Crore)</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit before tax and extraordinary items</b>	<b>5463.69</b>	<b>4039.30</b>
<b>Adjustment for :</b>		
Depreciation & Impairment	255.07	117.95
Exchange rate fluctuation	10.77	3.76
OBR Adjustment	1767.15	1225.46
Interest / Dividend (Received)	(1249.36)	(708.24)
Interest/Financial Charges (Paid)	5.38	5.52
Provision against Debtors/Inventories/Other CA/Loans & Advances etc.	249.00	58.29
<b>Operating Profit before Working Capital Changes</b>	<b>6501.70</b>	<b>4742.04</b>
<b>Adjustments for :</b>		
Changes in Inventories	(62.36)	(136.37)
Changes in Trade Receivables	(148.89)	20.24
Changes in Long Term/Non Current Loan & Advances/Assets	(37.92)	(109.12)
Changes in Short Term/Current Loans and Advances/Assets	(301.87)	(33.22)
Changes in Trade Payable/Current Liabilities/Long Term Liabilities	627.58	151.89
<b>Cash generated from Operations</b>	<b>6578.24</b>	<b>4635.46</b>
Direct taxes paid	(2269.43)	(1570.08)
<b>Cash Flow before extraordinary items</b>	<b>4308.81</b>	<b>3065.38</b>
Extraordinary items	—	—
<b>Net Cash from Operating Activities</b>	<b>4308.81</b>	<b>3065.38</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(456.71)	(554.11)
Short Term Deposit with CIL	(131.30)	233.36
Miscellaneous Receipts	—	—
Acquisition of Companies	—	—
Purchase of New Investments (Current/Non-Current)	(286.05)	22.70
Interest Received	1247.10	708.24
Dividend Received	2.26	—
<b>Net Cash used in Investing Activities</b>	<b>375.30</b>	<b>410.19</b>

**CASH FLOW STATEMENT (CONSOLIDATED)  
FOR THE YEAR ENDED ON 31.03.2012  
(Contd..)**

	For the year ended on 31.03.2012 (₹ in Crore)	For the year ended on 31.03.2011 (₹ in Crore)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
World Bank Loans through CIL	(0.76)	(9.01)
Deferred Credit Loan	0.05	(0.11)
Exchange Rate Fluctuation	(10.77)	(3.76)
Repayment of CIL Loan	—	—
Redemption of Preference Share Capital	—	—
Interest and Financial Charges	(5.38)	(5.52)
Issue of Share Capital	30.00	—
Dividend Paid	(2176.56)	(1069.02)
<b>Net Cash used in Financing Activities</b>	<b>(2163.42)</b>	<b>(1087.42)</b>
<b>Net increase in Cash and Cash Equivalents</b>	<b>2520.69</b>	<b>2388.15</b>
Cash and Cash Equivalents as at beginning of the year	9920.56	7532.41
<b>Cash and Cash Equivalents as at end of the period</b>	<b>12441.25</b>	<b>9920.56</b>

The aforesaid statement is prepared on indirect method

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

**Note :** Cash & Cash Equivalents as amounting to ₹ 184.55 crore (as at 31.03.2011, ₹ 185.28 crore) (refer para 7.0 of Additional Notes on Accounts) are not available for use by the Company.

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 S. Chand)**  
Partner  
(Membership No. 050063)

Date : 20.05.2012  
Place : Bhubaneswar