

ANNUAL REPORT  
& ACCOUNTS  
2006 - 2007



MAHANADI COALFIELDS LIMITED



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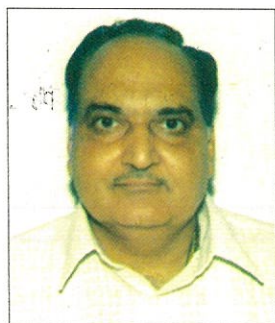


# **Board of Directors**

**(As on 31.8. 2007)**



**Shri Abhiram Sharma**  
*Chairman-cum-Managing Director*



**Shri Rajiv Sharma**  
*Jt. Secretary*  
Ministry of Coal, New Delhi



**Shri K. Ranganath**  
*Director (Marketing)*  
CIL, Kolkata



**Shri G. D. Gulab**  
*Director (Personnel)*



**Shri V. K. Jain**  
*Director (Tech.)*



**Shri B. Mohapatra**  
*Director (Finance)*

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## MANAGEMENT DURING 2006-2007

- CHAIRMAN -CUM-MANAGING DIRECTOR : Shri Abhiram Sharma
- FUNCTIONAL DIRECTORS : Shri B.M. Nag,  
Director (Finance) (upto 31.1.2007)
- Shri G.D. Gulab,  
Director (Personnel)
- Shri V. K. Jain  
Director (Technical)
- Shri B. Mohapatra  
Director (Finance) (w.e.f. 1.2.2007)
- PART TIME DIRECTORS : Shri Rajiv Sharma,  
Additional Secretary,  
Ministry of Coal, New Delhi.
- Shri K. Ranganath  
Director (Marketing)  
CIL, Kolkata.
- COMPANY SECRETARY : Shri S.C. Behera

## PRESENT MANAGEMENT

( As on 31.08.2007)

CHAIRMAN-CUM-MANAGING DIRECTOR : Shri Abhiram Sharma

FUNCTIONAL DIRECTORS : Shri G.D. Gulab,  
Director (Personnel)  
  
Shri V. K. Jain,  
Director (Technical)  
  
Shri B. Mohapatra  
Director (Finance)

PART-TIME DIRECTORS : Shri Rajiv Sharma,  
Joint Secretary,  
Ministry of Coal,  
New Delhi.

Shri K. Ranganath  
Director (Marketing)  
CIL, Kolkata

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

## **Statutory Auditors**

**M/s ABP & Associates**  
*Chartered Accountants,*  
Bhubaneswar.

## **Branch Auditors**

**M/s Singh Ray Mishra & Co.**  
*Chartered Accountants,*  
Bhubaneswar.

## **Registered Office**

At/Po. Jagruti Vihar, Burla,  
Sambalpur- 768020, Orissa

## NOTICE

### **FIFTEENTH ANNUAL GENERAL MEETING**

Notice is hereby given that the 15th Annual General Meeting of Mahanadi Coalfields Limited will be held at 11.30 AM on Friday the 31st August, 2007 at the Registered Office of the Company, At/Po- Jagruti Vihar, Burla, Sambalpur-768020, to transact the following business:

#### **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited accounts for the year ended 31st March, 2007, Report of the Auditors thereon and Directors' Report.
2. To declare Dividend.
3. To appoint a Director in place of Shri Rajiv Sharma, 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 appoint a Director in place of Shri K. Ranganath, Director, who retires in terms of Article 34 e (iii) of the Articles of Association of the Company and is eligible for re-appointment.
5. To sanction remuneration, as decided by the Board, payable to M/s A B P & Associates, Chartered Accountants, Bhubaneswar, the Principal Auditor and M/s Singh Ray Mishra & Co., Chartered Accountants, Bhubaneswar, the Branch Auditor who were appointed by the C&AG of India for the Financial Year, 2006-2007.

"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 B P & Associates, Chartered Accountants, Bhubaneswar, the Principal Auditor and M/s Singh Ray Mishra & Co., Chartered Accountants, Bhubaneswar, the Branch Auditor in connection with the audit of accounts of the Company for the financial year 2006-2007."

By order of the Board of Directors  
For Mahanadi Coalfields Limited

Sd/

( S.C. Behera )

Company Secretary

#### **REGISTERED OFFICE :**

Jagruti Vihar, Burla, Sambalpur - 768020

#### **NOTE:**

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

## DIRECTORS' REPORT

To

The Shareholders,  
Mahanadi Coalfields Limited  
Gentlemen,

I have great pleasure in presenting on behalf of the Board of Directors, the 15th Annual Report of your Company together with the audited Accounts for the year ended 31st March, 2007 along with the report of the Statutory Auditors and the Comments of the Comptroller and Auditor General of India.

Your Company had a successful year on all fronts viz. production, despatches and profits.

### 2. ORGANISATION

The coal reserve of Mahanadi Coalfields Limited is spread over two coalfields viz. Talcher and Ib Valley with 10(ten) operating areas consisting of 7 (seven) underground and 13 (thirteen) opencast projects. The operating areas are as under :

#### A. Talcher Coalfields

1. Jaganath Area
2. Talcher Area
3. Bharatpur Area
4. Lingaraj Area
5. Hingula Area

#### B. Ib Valley Coalfields

1. Ib Valley Area
2. Orient Area
3. Lakhanpur Area
4. Basundhara-Garjanbahal Area
5. Talabira Area

### 3. HIGHLIGHTS OF PERFORMANCE

- The Company achieved all time high Gross Sales value of Rs. 4507.52 crore against the previous year's Gross Sales of Rs. 4062.58 crore, registering a growth of 10.95% over previous year. There is continuous improvement in realisation. The realisation during the year is Rs. 4414.19 crore which is 97.92% of the current year's gross sales.

- The Company achieved a record production in the current year. The coal production during the year is 80.00 million tonne registering a growth of 14.93% over the previous year.
- The productivity in terms of output per manshift(OMS) has increased by 19.31% in respect of Opencast Mines. The overall OMS of the current year is 15.93 tonne as compared to 13.30 tonne in previous year indicating a growth of 19.77%.
- The Profit Before Tax(PBT) during the year is Rs. 2081.39 crore against previous year's PBT of Rs.1837.21 crore.
- The Company has been consistent in payment of dividend since last eight years. The interim dividend of Rs. 500.00 crore has been paid on Equity share Capital. Further, Rs. 50.50 crore has been declared as proposed dividend on paid up Equity Share Capital.

### 4. PRODUCTION PERFORMANCE

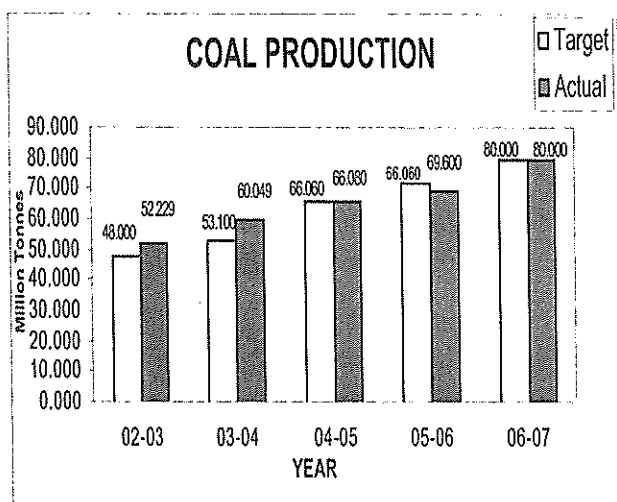
- 4.1 The production performance of your Company for the year 2006-07 as compared to the target and achievement of the previous year is as given below :

Production	2006-2007 Target	2006-2007 Actual	2005-2006 Actual	% Achie- vement against target	% Growth over previous year
<b>Coal (MT)</b>					
Open-cast	77.59	78.03	67.59	100.57	15.45
Underground	2.41	1.97	2.02	81.74	-2.47
<b>Total</b>	<b>80.00</b>	<b>80.00</b>	<b>69.61</b>	<b>100</b>	<b>14.93</b>
<b>OBR(M. Cum.)</b>	<b>60.00</b>	<b>55.47</b>	<b>51.42</b>	<b>92.45</b>	<b>7.88</b>

- 4.2 MCL is increasing its Opencast Coal production by Surface Miner year by year. This year it has produced 37.13 MT of coal by surface miner which is 47.58% of total Opencast coal production of 78.03 MT whereas it was 47.2% of total OC coal production of 67.59 MT during the period



2005-06. There was 19.43% growth in coal production by Surface Miner over last year.

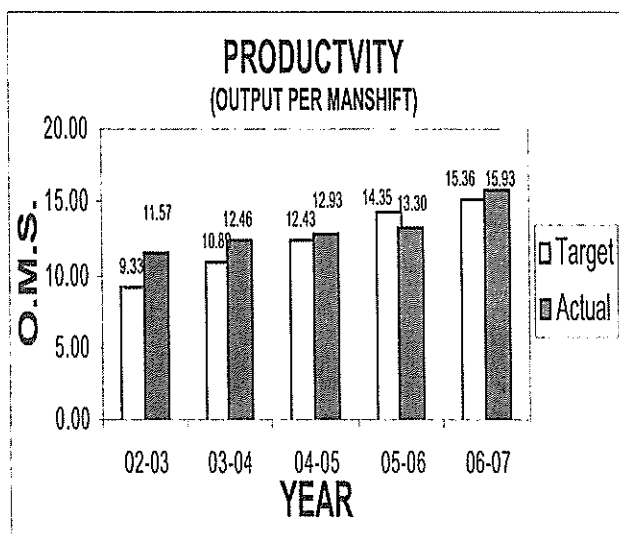


## 5. PRODUCTIVITY

Your Company has also made significant improvement in productivity in terms of output per manshift (OMS) as briefed hereunder:

Fig.in Tonne/Manshift

Productivity	2006-2007		2005-2006 Actual	% Achievement against target	% Growth over previous year
	Target	Actual			
Opencast	21.80	23.48	19.68	107.71	19.31
Underground	1.46	1.16	1.12	79.45	3.57
Overall	15.36	15.93	13.30	103.71	19.77



## 6. POWER

**6.1 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 (Formerly CESCO) with a Contract Demand of 28.0 MVA.

**6.2 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 (WESCO) with a Contract Demand of 22.25 MVA.

**6.3 Basundhara Coalfields :** Basundhara Area is receiving power from Garjanbahal Sub-station under the command area of Western Electricity Supply Company of Orissa (WESCO) at 33 KV with a Contract Demand of 1.0 MVA. A 3 X 20 MVA, 220 / 33 KV sub-station at Basundhara and 220 KV Double Circuit Overhead Transmission Line connecting this Basundhara Sub-station from Budhipadar Sub-station (39 Km) of GRIDCO is under construction and nearing completion.

## 6.4 Availability of Power

Items	2006-07	2005-06
Contract Demand (MVA)	52.65	52.65
Maximum Demand (MVA)	56.06	57.22
Energy Consumed (Million KWh)	287.50	289.32
Specific Energy Consumed (KWh/Tonne)		
Target	4.16	4.26
Actual	3.59	4.16
Energy Bill Paid (Rs. in Crore)	90.06	92.48

**7. POPULATION AND PERFORMANCE OF HEMM**

7.1 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'06 to March'07	April'05 to March'06	CMPDIL Norm	April'06 to March'07	April'05 to March'06	CMPDIL Norm
		31.3.07	31.3.06	Actual (%)	Actual (%)	(%)	Actual (%)	Actual (%)	(%)
1	Dragline	6	7	81	80	85	62	64	73
2	Shovel	61	66	76	73	80	43	40	58
3	Dumper	398	340	73	70	67	28	29	50
4	Dozer	103	105	69	67	70	29	27	45
5	Drill	90	90	69	68	78	36	33	40
<b>Total</b>		<b>658</b>	<b>608</b>						

**II. Working hours achieved :**

Sl. No.	Equipment	Work Hour	
		2006-2007	2005-2006
1	Dragline	29195	29657
2	Shovel	218796	217049
3	Dumper	733478	713196
4	Dozer	210183	202128
5	Drill	138693	141862
<b>Total</b>		<b>1330345</b>	<b>1303912</b>

III. The availability of HEMM have increased during the year 2006-07 compared to the year 2005-06. The utilization of shovel, dozer and drill have increased and the utilization dragline and dumper have marginally decreased over same period last year.

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

1. Air conditioners are under fitment on shovels, dumpers and dozers to provide comfort to the operators for effective utilization of these equipment during summer season.
2. New HEMM are being procured and old un-reliable 35T dumpers are being replaced by higher capacity 50T dumpers.

3. Daily production from HEMM and their working hours are being closely monitored at Headquarters level.
4. Incentive scheme has been introduced for higher productivity.
5. Land acquisition, law and order problems are being taken up at various forum by MCL management.
6. Mismatch of digging and transport capacity in each open cast mine is being minimized / removed by transferring the equipments from one project to another for their better capacity utilization.
7. Judicious management of spares in consultation with OEMs.
8. To boost morale of workforce, operators and supervisors who have achieved excellence in their respective trade at Company level have been awarded as MCL Blazer holders. Similarly, persons achieving excellence at Area and Project level have been awarded Jersey holders and Cap holders respectively. Blazer holders have been given special trainings abroad ( 04 persons sent to Indonesia) and also at Kolkata. Similarly Jersey holders have been sent for training to IICM, Ranchi and Cap holders have been given trainings at Puri. Normally non-executives are not allowed for training at above places.
9. Improvement in infrastructure facility :
  - a) Projects are being provided with auxiliary equipments like graders, tyre handlers, wheel mounted cranes, diesel bowsers, mobile service vans, washing and greasing facilities, hydraulic and pneumatic tools for overall improvement in maintenance practices.
  - b) Implementation of "Coalnet" up to the project level is under



process which will drastically improve the material procurement process as well as periodical / preventive maintenance.

**V. Breakdown status of HEMM**

Equipment	Population		Breakdown over 3 months	
	As on 31.3.07	As on 31.3.06	As on 31.03.07	As on 31.03.06
Dragline	6	7	0	0
Shovel	61	66	1	2
Dumper	398	340	35	24
Dozer	103	105	12	11
Drill	90	90	15	11
<b>TOTAL</b>	<b>658</b>	<b>608</b>	<b>63</b>	<b>48</b>

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

Area	2006-2007	2005-2006
CWS-Talcher	23	26
CWS-Ib Valley	04	10
<b>TOTAL</b>	<b>27</b>	<b>36</b>

N.B. : The reason for less nos. of equipment rehabilitated in 2006-07 is due to delayed supply of Rehab. Kits by OEM.

**8. CAPACITY UTILISATION (OCPS)**

Sl. No.	Description	CAPACITY (based on 1st April of the year)		% Growth over Last Year
		2006-2007	2005-2006	
1	Departmental Capacity(M.cum)	58.45	56.75	3.00%
2	System Capacity(M.cum)	96.59	91.31	5.78%
3	Departmental Production (M.cum)	53.50	50.74	5.46%
4	Total Production (M.cum.)	103.02	93.01	10.78%
5	Departmental Capacity Utilization	92%	89%	
6	System Capacity Utilization	107%	102%	

**9. POPULATION OF MAJOR UNDERGROUND EQUIPMENT OF MCL**

9.1 The population of 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		2006-07		2005-06	
		06-07	05-06	% Avail.	% Util.	% Avail.	% Util.
1	Winder	6	6	98.61	78.70	100.00	91.64
2	Haulage(Main)	43	50	94.90	78.70	87.50	91.64
3	SDL*	21	23	78.79	44.95	85.24	50.00
4	LHD*	37	29	68.65	49.72	69.31	52.77
5	Main Pump	55	55	91.67	78.70	88.58	91.64
6	Vent. Fan	14	14	100.00	78.70	100.00	91.64
7	Belt Conv.	58	58	91.40	78.70	89.51	91.64
8	Transformer (Power)	94	94	93.26	78.70	94.24	91.64
9	Locomotive	6	7	68.00	78.70	75.00	91.64
10	Coal Drill	97	97	91.92	78.70	88.14	91.64
11	Mine Car	98	98	73.98	78.70	78.74	91.64

**For the Year 2006-07**

Actual UG Prod.	-	19.737 Lac Tonne
Target UG Prod.	-	25.080 Lac Tonne
% Availability	=	$\frac{\text{Equipment available}}{\text{Equipment on Roll}} \times 100$
% Utilisation	=	$\frac{\text{Actual Production}}{\text{Target Production}} \times 100$

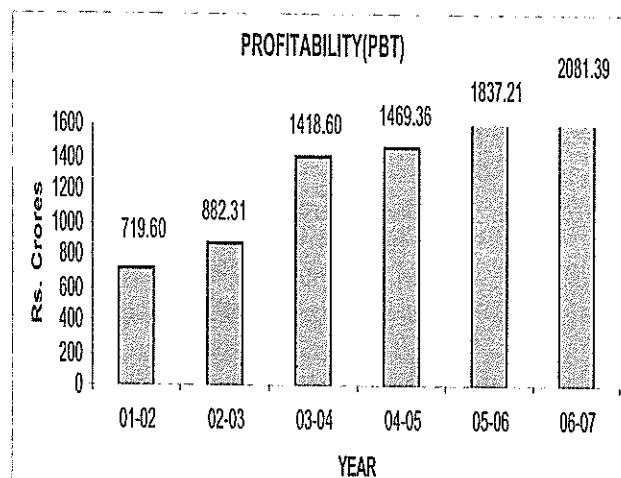
% Availability =  $\frac{\text{Avail. Hours}}{\text{Total Hrs} - \text{Maint Hrs}} \times 100$   
 [Avail. Hrs = Total Hrs - (Maint. Hrs + B/D Hrs)]

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

**10. CAPITAL STRUCTURE**

The Authorised Share Capital of the Company as on 31.3.2007 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.

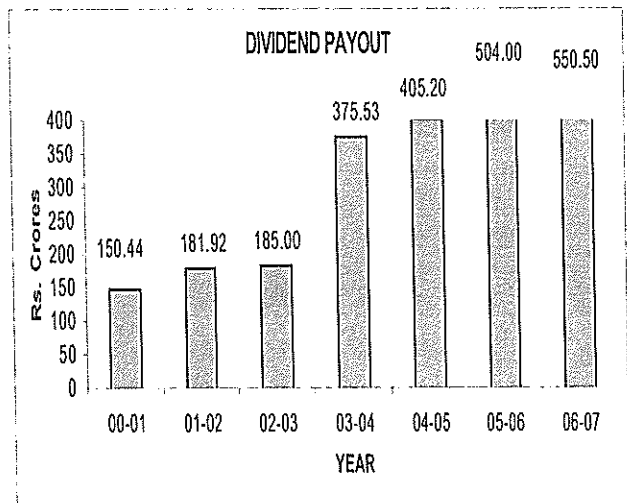
The paid up Equity Share Capital of the



Company as on 31.3.2007 stand unchanged at Rs.186.40 crore. The entire Equity Share Capital are held by Coal India Limited(CIL) and its nominees.

**11. FINANCIAL REVIEW**

The Company has recorded the highest ever gross Sale Value of Rs.4507.52 crore against Rs. 4062.58 crore of the previous year. The Profit before Tax (PBT) has also gone up to Rs.3081.39 crore from Rs. 1837.21 crore in the previous year. Profit after Tax (PAT) for the year is Rs.1368.45 crore. The financial results of 2006-07 as compared to 2005-06 are summarised below :



[Rs. in Crore]

	2006-07	2005-06
Gross Profit (Before Depreciation and Interest)	2236.00	1988.03
Less : Depreciation (Incl. Social Over head and PP)	143.97	140.02
Interest and Financial Charges	10.64	10.80
Net Profit before Tax	2081.39	1837.21
Less : Provision for Income Tax and deferred tax liability	712.94	580.92
Net Profit after Tax	1368.45	1256.29
Less : Transfer to General Reserve	140.00	126.10
Interim Dividend on Equity Shares	500.00	185.00
Proposed Dividend on Equity Shares	50.50	319.00
Provision for Tax on Dividend	78.71	72.84
Profit after above Appropriation	599.24	553.35

**11.3 Unsecured Loans**

The amount due to Coal India Ltd. (CIL) as on 31.03.2007 stands at Rs. 170.06 crore out of which loan of Rs.159.13 crore pertain to IBRD and JEXIM.

The balance amount due to M/s. Liebherr, France SA, France, stands at Rs.10.93 crore for supply of four Hydraulic shovels.

**11.4 Investment**

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 Rs.34432.00 lakh against old outstanding dues as on 30th September, 2001 from three SEBs (MSEB, TNEB and WBPDC). During the year, Rs.3443.20 lakh (Previous year Nil) being one-tenth of total investment has been redeemed resulting in the balance of Rs.30988.80 lakh as on 31.3.2007.

**11.1 Transfer to Reserve**

An amount of Rs. 140.00 crore being 10.23% of Profit after Tax for the year has been transferred to General Reserve.

**11.2 Dividend**

The Directors are pleased to recommend dividend of 295.33% (previous year 270.38% ) of the paid up Equity Share Capital for the year amounting to Rs. 550.50 crore (inclusive of interim dividend of Rs.500.00 crore) for your approval.

The total outflow on account of dividend would be Rs.629.21 crore comprising of Rs.550.50 crore as dividend and Rs.78.71 crore towards tax on dividend.

**12. COAL PRICE**

There was no change in basic price of coal during the year. However, additional revenue earning from e-marketing is Rs. 154.00 crore.

**13. CAPITAL EXPENDITURE**

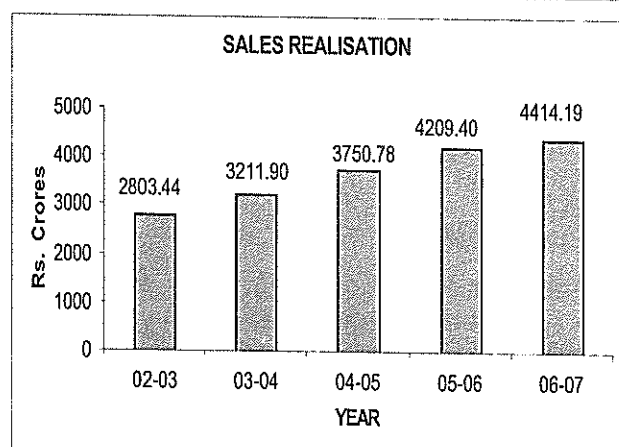
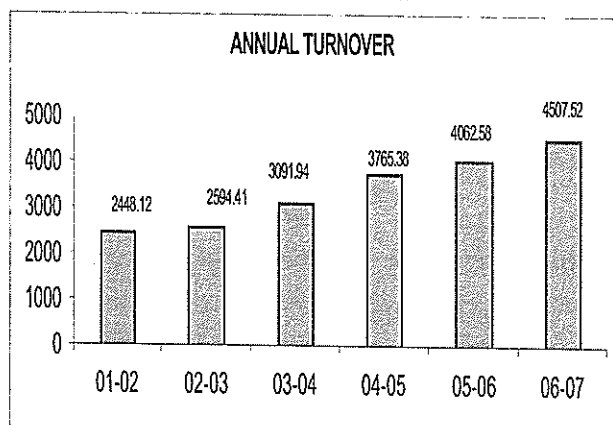
Total Capital Expenditure during the year was Rs.266.89 crore against previous year's expenditure of Rs. 185.54 crore.



**14. SALES REALISATION**

Gross Sales of MCL during 2006-07 was Rs.4507.52 crores against Rs.4062.58 crores in 2005-06.

Total realisation during 2006-07 was Rs.4414.19 crore which works out to be 97.92% on billed amount.

**15. PAYMENT TO EXCHEQUER**

Your Company continued to be a major contributory 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]	
	2006-07	2005-06
Royalty	511.45	455.21
Sales Tax/Orissa VAT	185.70	163.30
Stowing Excise Duty	73.61	68.16
Entry Tax	19.80	15.56
<b>TOTAL</b>	<b>790.56</b>	<b>702.23</b>

**16. PROJECTS FORMULATION/CAPITAL PROJECTS**

**16.1** There are 36 sanctioned mining projects in MCL. The ultimate production capacity of these sanctioned projects is 117.31 Mty. with a sanctioned capital outlay of Rs.3575.44 Crores, out of which 23 have been completed with a capacity of 60.98 Mty and sanctioned capital outlay of Rs.2123.10 Crores.

**16.2 Completed Projects : 23 Nos.**

Sl. No	Name of the projects	Capacity (Mty)	Capital Outlay (Rs. Crore)	Completed in
1.	Ananta O/C	4.00	156.49	03/1995
2	Ananta O/C Expn.	1.50	46.99	03/1997
3	Balanda O/C	1.00	36.87	03/1984
4	Basundhara East O/C	0.60	19.69	03/1998
5	Belpahar O/C	2.00	131.31 (RCE)	03/1994
6	Bharatpur O/C	3.50	158.97 (RCE)	03/1991
7	Bharatpur O/C Expansion	1.50	48.02	03/1998
8	Jagannath O/C	4.00	66.71	03/1991
9	Lajkura O/C	1.00	38.98 (RCE)	03/1991
10	Litari O/C	0.80	19.78	03/1992
11	Lingaraj O/C	5.00	229.84	03/1998
12	Nandira U/G (Augmentation)	0.33	17.95	03/1995
13	Samaleswari O/C	3.00	126.85	03/1996
14	Kalinga OCP	8.00	345.96	03/2000
15	Lakhanpur OCP	5.00	221.51	03/2000
16	Hingula -II OCP	2.00	48.57	03/2002
<b>TOTAL</b>		<b>43.23</b>	<b>1714.49</b>	

**Projects Completed on 31.03.2007**

17	Chhendipada OCP	0.35	19.75	03/2007
18	Lingaraj OC Expan.	5.00	98.89	03/2007
19	Basundhara (West) OCP	2.40	176.55	03/2007
20	Belpahar OC Expn.	1.50	35.47	03/2007
21	Samaleswari OC Expn. Ph-I	1.00	28.69	03/2007
22	Samaleswari OC Expn. Ph-II	1.00	13.38	03/2007
23	Ananta OC Expn. Ph-II	6.50	35.88	03/2007
<b>Sub Total</b>		<b>17.75</b>	<b>408.61</b>	
<b>TOTAL</b>		<b>60.98</b>	<b>2123.10</b>	

**16.3 Ongoing Projects as on 01.04.2007**

There are 13 on-going projects with a capital outlay of Rs.1452.34 crs. with an ultimate capacity of 56.33 Mty.

Sl. No	Name of the Projects	Capacity (Mty.)	Capital Outlay (Rs. Crore)	Scheduled date of Completion	Anticipated date of Completion
1.	Talcher (West) UG	0.52	85.08	03/2010	03/2010
2	Natraj U/G	0.64	92.11	03/2008	03/2008
3	Jagannath U/G	0.67	80.75	03/2010	03/2010
4	Hingula-II OCP Expn. Ph-I	2.00	89.78	03/2009	03/2009
5	Bharatpur OC Expn. Ph-II	6.00	95.87	3/2011	3/2011
6	Lakhanpur Expn.	5.00	98.74	3/2010	3/2010
7	Kulda OCP	10.00	302.96	3/2010	3/2010
8	Bhubaneswari OCP	10.00	336.68	3/2012	3/2012
9	Kaniha OCP	3.50	96.18	3/2009	3/2009
10	Hingula-II OCP Expn. Ph-II	4.00	35.67	3/2008	3/2008
<b>Sub Total</b>		<b>42.33</b>	<b>1313.82</b>		

Projects approved during 2006-2007 and under implementation

11	Jagannath OC Expn. Ph-II	2.00	4.95	03/2008	03/2008
12	Lingaraj OC Expn. Ph-II	3.00	2.18	03/2009	03/2009
13	Bharatpur OC Expn. Ph-III	9.00	131.39	3/2010	3/2010
<b>Sub Total</b>		<b>14.00</b>	<b>138.52</b>		
<b>TOTAL</b>		<b>56.33</b>	<b>1452.34</b>		

### 16.4 Advance Action Proposals

Advance Action Proposals have been sanctioned for the following 5 projects and are under implementation.

Sl. No	Name of the Projects	Ultimate Capacity (Mty)	Estimated Capital Outlay (Rs. Crore)	Advance Action Capital approved by GOI (Rs. Crore)
1	Garjanbahal OCP	10.00	636.20 (April '06) (Coal Contractual Var.)	17.39
2	Gopalprasad OCP	12.00 (15.00 Revised)	422.09 (Revised) (Jan '07) (OB & Coal Contractual Var.)	17.52
3	Talabira-III OCP	6.50 (20.00 Revised)	429.65 (Revised) (Aug '06) (OB & Coal Contractual Var.)	17.82
4	Gopalpur-Manoharpur Railway Lines (Linking from Sardega to Jharsuguda) in Ib-Valley CF		465.09 (Aug '06)	9.47
5	Kaniha - II OCP	10.00	732.13 (Sept. '06) (Coal Contractual Var.)	19.03
<b>Total</b>		<b>38.50 55.00 (Revised)</b>	<b>2685.16</b>	<b>81.23</b>

16.5 The following project reports have been prepared and processed for approval during 2006-07 :

Sl.	Name of the Projects	Capacity (Mty.)	Estimated Capital of the Project (Rs. Crore)	Remarks
1.	Garjanbahal OCP	10.00	636.20 (Apr'06) (Coal contractual Var.)	The PR was cleared in the IMG meeting held on 27.06.05 and by PIB on 21.04.06. Draft CCEA note along with UCE sent to MOC on 06.06.2006. EMP cleared on 03.05.2005. The forestry clearance proposal has been resubmitted to CCF (Nodal), Bhubaneswar with requisite clarifications.
2.	Rail Infrastructure of Jharsuguda-Alignment (ALT-III) for transportation of coal from Gopalpur-Manoharpur blocks		465.09 (Aug'06)	The PR after approval by MCL Board on 27.11.2004 was sent to MOC on 01.02.2005 for IMG Meeting. MOC directed to revise the PR on the light of the observation of Planning Commission on 28.07.05. Draft PR prepared after incorporating the observation made by Planning Commission.
3.	Bhubaneswari	20.00 (10.00 Incr.)	470.29 (133.61 Incr.) (Dec'06)	Govt. approval for enhanced capacity of 20.00 Mty under Emergency Coal Production Plan (ECPP) of CIL within the sanctioned capital of 10.00 Mty project has been obtained on 01.05.06, pending approval of the 20.00 Mty PR. MCL Board has approved the PR on 15.09.05 and Draft PIB Note along with UCE submitted to MOC on 22.07.06.
4.	Kaniha	10.00 (6.50 Incr.)	453.62 (357.44 Incr.) (Mar'07)	Govt. approval for enhanced capacity of 10 Mty under ECPP of CIL within the sanctioned capital of 3.50 Mty project has been obtained on 01.05.06, pending approval of the 10.00 Mty PR. MCL Board has approved the PR on 27.10.05 and Draft PIB Note along with UCE submitted to MOC on 22.07.06. PIB cleared the PR in its meeting held on 14.03.07.
5.	Lakhanpur OC Expn.Ph-II	15.00 (5.00 Incr.)	71.08 (Mar'07) (Coal cont. & OB cont. for first five years)	Govt. approval for enhanced capacity of 15.00 Mty under ECPP of CIL within the sanctioned capital of 10.00 Mty project has been obtained on 13.04.2006, pending approval of the 15.00 Mty PR. The 15.00 Mty PR has been approved by MCL Board on 12.01.2006 and PIB Note submitted to MOC on March'06. However, due to enhanced DOP of MCL Board, the PR is being put up to MCL Board again for final approval.
6.	Talabira OCP (II & III combined)	20.00	429.65 (Aug'06) (Coal & OB outsourced var.)	MCL Board has approved the PR on 21.01.07. PR along with PIB Note has been submitted to MOC on 08.03.07. Form-I for EMP clearance has been submitted to MOEF on 09.03.07.
7.	Basundhara (West) OCP (RCE)	2.40	68.74 (Dec.'06)	The RCE has been approved by MCL Board on 21.01.2007 and sent to MOC on 08.03.07.
8.	Kaniha-II OCP	10.00	732.13 (Sept'06) (Coal out-sourced var.)	The PR has been approved by MCL Board on 12.12.06.
9.	Hingula-II Expn./Extn.	15.00 (7.00 Mty incr.)	267.59 (Feb'07)	Draft PR formulated



**16.6 Non-Mining Projects :**

Following are the 26 sanctioned non-mining projects with a total capital outlay of Rs.467.43 Crores, out of which 16 have been completed. Details are as under :

**A. Major Completed Non-Mining Projects in M.C.L**

There are 16 completed non-mining projects in MCL.

Sl.No.	Name of the Projects	Date of Approval	Sanctioned Capital (Rs. Crore)	Completed in
1	Central Workshop, Ib Valley	11/8/89	13.32	01/96
2	Power supply scheme Phase I, Ib- Valley	22/08/91	33.35	06/97
3	Regional Stores, Ib- Valley	26/11/85	3.33	03/92
4	Training (Excv.) Institute, Ib- Valley	13/07/89	5.25	10/93
5	Water Supply scheme, Ib- Valley	19/07/91	4.83	02/96
6	Central Hospital, Talcher	08/05/87	14.28	03/94
7	Central Workshop, Talcher	25/03/89	17.83	12/95
8	Integrated Telecommunication System, Talcher	26/04/91	2.90	03/98
9	Integrated Telecommunication System, Ib-Valley	26/04/91	2.37	03/96
10	Power supply scheme, Talcher, Phase-I	25/03/89	19.98	09/94
11	Water supply scheme at Talcher, Phase-I	11/01/83	5.83	12/95
12	Integrated water supply scheme Phase-II for Talcher Coalfields	06/05/91	7.88	09/03
13	Augmentation of Central Workshop, Talcher	22/03/00	21.37 (Incremental)	03/04
14	Augmentation of Central Workshop, Ib-Valley	22/03/00	10.66 (Incremental)	03/04
15	Construction of Railway line linking Kalinga CPP to existing Jagannath Spur 3 and 4	13.11.98	11.18	03/06
16	Construction of balance railway line work of Bharatpur CPP yard, South Balanda connection and remodelling of South Balanda yard	13.11.98	13.81	06/06
Total			188.17	

**B. Major On-going non-mining projects of MCL**

Following are the 10 on-going non-mining projects with a total capital outlay of Rs. 279.26 Crores. Brief details of the same are as under :

Sl. No.	Name of the Projects	No. of Projects	Capital Outlay (Rs. Crore)
1	Sand Winning from Ib river of Ib-Valley Coalfields	1	5.35
2	Arterial Road for Ib-Valley and Talcher Coalfields	2	37.70 (17.80+19.90)
3	Improvement and Strengthening of Balinga-Himgir-Belpahar Road for Basundhara Area	1	42.32
4	Mining -cum-Excavation Training Institute at Talcher Coalfields	1	5.25
5	Environmental Laboratories at Ib-Valley and Talcher Coalfields	2	3.87 (1.82+2.05)
6	Widening and Strengthening of Road from Sundergarh to Dudka Chowk of Basundhara Area	1	31.33
7	Coal Transportation and Silo Loading arrangement at NTPC bulb, Lingaraj OCP.	1	62.91
8	SILo loading arrangement at Ananta spur siding V and VI	1	90.53
Total		10	279.26

**16.7 Land acquisition during 2006-2007**

The land acquired under head Tenancy land, Govt. non-forest land and Forest land was 546.675 acres, 223.125 acres and 37.381 acres respectively.

During the year 2006-2007 a total of 545 land oustees were provided employments and 43 land oustees were offered one time cash compensation in lieu of employment.

Further, during the year under report 231 Project Affected Families were paid one time cash grant in lieu of resettlement plots and were resettled at the place of their own choice and 05 Project Affected Families were resettled at the resettlement colony.

**16.8 Coal Preparation Plant****A. Kalinga CPP (8.0 Mty. Throughput capacity) under Build Own Operate (BOO) basis :**

The terms of agreement of Kalinga CPP between M/s. Roberts and Schafer Engineering (India) Pvt. Ltd. and MCL had

been approved by MCL Board and CIL Board, Kalinga CPP was to produce 6.05 Mty. washed coal for supplies to HNPCL and others. HNPCL was issued a notice of termination of agreement on 04.12.2001 for washed coal supply from MCL due to an event of default on part of MCL. Later on termination letter in respect of Kalinga CPP to Roberts & Schafer Engineering (India) Pvt. Ltd. has been sent on 08.04.2004 as per approval of MCL Board in its 65th Board meeting.

R&S Engineering (India) Pvt. Ltd. through Advocate of Honourable High Court of Orissa filed a case under W. P.(C) No.813/2004 – Vs-MCL and others on 15.3.2004.

Subsequently APGENCO has approached and expressed their interest to receive washed coal from Kalinga CPP. At the later date, due to enhancement of their demand APGENCO floated a tender for setting of washery and requested MCL for providing land and other infrastructure facilities. This was put up in 64th MCL Board meeting and approved. In the 65th meeting of MCL Board of Directors held on 23.01.2004, the matter of termination of the earlier contract with M/s. Roberts Schafer Engineering (India) Pvt. Ltd. and offering the same land to APGENCO was considered and approved. As the case is under subjudice APGENCO was offered a land adjacent to the plot earmarked for Kalinga CPP. Land measuring 22.798 Ha. was leased to APGENCO by MCL on 05.05.2004. Construction work of Washery is in progress.

**B. Ananta-Bharatpur CPP (5.20 Mty. Throughput capacity) under Build Own Operate (BOO) Basis :**

The terms of agreement of Ananta - Bharatpur CPP between MCL and M/s. Madhucon Projects Ltd. was initialled on 18.12.99 subject to approval of Board of Directors of MCL. Some legal observations/remarks on the draft agreement was received from MCL counsel and the same was discussed and accepted with minor changes in the meeting held on 26.06.2002 at MCL HQ. with M/s. Madhucon Project Limited. The agreement was to be approved by MCL Board. The washery was to produce

3.78 Mty. of washed coal to meet the requirement of the power houses.

In the absence of commitment from customers to receive the washed coal, after the passage of 9 years from the date of issuance of LOI and due to certain changes in scope of work it was proposed to terminate the contract. In the mean time NTPC expressed its desire to set up a washery for supply of washed coal to Simhadri TPS. As per their request, the matter was placed to 65th MCL Board meeting and was approved. The matter of termination of contract with M/s. Madhucon Project Ltd. and offering the same land to NTPC was also approved. The termination letter in respect of Ananta-Bharatpur CPP to M/s Madhucon Project Ltd. was sent on 8.4.2004.

M/s Madhucon Projects Ltd. submitted the Court's order of High Court of Orissa by Superintendent of High Court of Orissa under No. 11076 WP(C) 5466/04 on 30.6.2004 regarding non-allotment of the land of Ananta – Bharatpur CPP to any other operator. NTPC is conducting exercise to set up a washery of 6 Mty through put capacity CPP by their selected BOO Operator and asked MCL for providing infrastructural facilities e.g. land, water, electricity, railway siding etc. MCL does not have land to offer to NTPC and requested NTPC to go for purchase of private land. Now NTPC has reduced the throughput capacity from 6 mty to 2.5 mty and pursuing MCL for having a land for construction of washery by their selected BOO operator.

**17. EXPLORATION**

**17.1** The details of geological exploration activities in MCL command area during 2006-2007 are summarised below:

Particulars	2006-2007		2005-2006
	Target	Actual	Actual
1. Total Drilling (metre)	34000	32537.50*	29208.85*
2. Coal Reserves proved (M.Te)	---	780.00 (Proved) 660.00 (Indicated)	556.77 (Proved) 664.97 (Indicated)

\* CIL Blocks only.

## 17.2 Modernisation and Technology Absorption

Modernisation – Supply order for procurement of man riding system for HBI, Orient Colliery 1 and 2 and Orient Mine No.3 UG mines of Orient Area has been placed to M/s APHMEL, Andhra Pradesh on 28.02.2007 and to M/s KCT & Brothers (Coal Sales) Ltd., Ranchi for HRC UG mine on 28.05.07.

## 18. ENVIRONMENT, ECOLOGY AND AFFORESTATION

### 18.1 Status of Environment Clearance

- Fourteen opencast and two underground mines are being operated with environmental clearance from the Union Ministry of Environment and Forests (MoEF) along with the remaining U/G mines commissioned before enforcement of environmental clearance condition.
- Environmental clearance has also been obtained for two Expansion projects namely Ananta OCP (12 Mty.) and Samaleswari OCP (5 Mty.) and one U/G project Natraj (0.64 Mty).
- Public hearing is a pre-requisite for consideration of the project proposal by MoEF for Environmental clearance. During the year (2006-07) public hearing was conducted for four projects namely Hingula OCP (12 Mty.), Kaniha OCP (10 Mty.) Bharatpur OCP (20 Mty.) and Nandira U/G (0.33 Mty.).
- Similarly grant of NOC by state pollution control board is also a pre-requisite for consideration of the project proposal by MoEF for Environmental clearance. During the year (2006-07) NOC was obtained for two projects namely Hingula OCP (12 Mty.) and Kaniha OCP (10 Mty.).
- The EIA/EMP submitted to MoEF after conducting PH and grant of NOC during the year are Talcher (W) U/G (0.52 Mty.), Jagannath U/G (0.67 Mty.), Hingula OC Expn. (12 Mty.) and Kaniha OCP (10 Mty.).

- As per new EIA notification dated 14.09.06, Environmental clearance is being pursued for expansion projects of five opencast mines and one underground mines. For this, Form - I has been submitted to MoEF for projects namely, Samaleswari OCP (7.00 Mty./ peak 8.00 Mty.) Orient Mine No.4 (0.5 Mty.), Basundhara OCP (5.00 Mty.), Bhubaneswari OCP (20 Mty.), Talabira OCP (20 Mty.) and Ananta OCP (13.5 Mty.).
- Flora and Fauna study was conducted by Sambalpur University for Basundhara (W) OCP, Belpahar OC Expn. , Gopalprasad-Utkal A project and Nandira U/G mine. Pre-project community health status survey was also conducted for Bhubaneswari OCP, Kaniha OCP and Chhendipada OCP.
- During the year work was awarded for Baseline data generation for 4 nos. of projects namely Gopalprasad - Utkal-A OCP, Hingula-II OCP, Basundhara (W) OCP and Nandira U/G (Augmentation). The work has already been completed by CMPDIL except Nandira U/G mine which is on schedule during the current year.

### 18.2 Statutory Compliance during Operation.

- 'Consent to Operate' has been obtained, or applied for in time with consent deemed to be obtained, from SPCB for all the operating mines in the year under consideration.
- Authorization under Hazardous Waste Rules has been obtained from SPCB for the year by the operating opencast mines having workshops (generating waste batteries, oil and grease) and oil and grease trap for recovery of washed oil and grease. Half-yearly returns for batteries and annual return for other hazardous waste (oil and grease, oil filter, etc.) was submitted to SPCB during the year in time.
- Annual Environmental Statement in form-V under Rule - 14 of Environment Protection Rules were submitted to SPCB in time (by 30 September' 06) during the year for all the 22 operating mines having 'consent to operate'.
- In compliance with the instruction from SPCB quoting Supreme Court direction,



display boards were erected for data to be displayed for public access to environmental information with respect to all the mines having hazardous waste authorization. Action is being taken for third party audit of hazardous waste as well.

- Half-yearly reports of compliance with the clearance conditions were submitted to MoEF in time and the officials from the Regional office of MoEF visited the mines for monitoring.

### **18.3 Measures Taken to Protect and Improve the Environment.**

#### **18.3.1 Afforestation and Land Reclamation.**

- Afforestation drive in the mines of MCL continued and 3,68,200 saplings of mixed species have been planted during 2005-2006 with 75% survival against the target of 3,00,000. This was executed through Orissa Forest Development Corporation (OFDC) in Talcher Coalfield and Chhatisgarh Rajya Van Vikas Nigam Ltd. in Ib-Valley Coalfield. Following are the highlights of the special efforts towards afforestation and land reclamation.
- Use of Sewage Treatment plant sludge for soil amendment at all the mines. There are 7 such STPs operating successfully in MCL. The treated water from these STPs, which is rich in all the macro and micro nutrients required for the plant growth, is also used for watering the plants.
- Special land reclamation works at Samaleswari, Balanda and Jagannath OCMs continued successfully.
- Medicinal and fruit bearing plants were planted on dumps as well as in block and avenue plantation along with other multipurpose trees.
- 3404 Ha. Land were broken during the mining operation by MCL out of which 1794 Ha. has been physically reclaimed and 1210.48 Ha. has been biologically reclaimed during 2006-07.
- The process of fly ash filling from Talcher Thermal Power Station into the residual

mine voids of Balanda OCM continued during the year.

#### **18.3.2 Air Pollution Control Measures**

To check air pollution following steps has been taken:

- During the year, out of total coal production of 80 Mt, 37.13 Mt was produced by surface miners. Thus about 46 % coal production was through eco-friendly surface miner machine. This machine has significant environmental benefits as it eliminates operations like drilling, blasting and crushing. Cutting drum is totally covered by the body of the machine and cutting drum cannot operate without the start of the integrated water sprinkling system. Thus there is very limited scope of dust generation during coal cutting operation. As blasting is totally eliminated, there is no blasting induced vibration causing damage to properties, nor cracks in strata, and thus, ingress of O<sub>2</sub> is restricted resulting in drastic reduction in chance of spontaneous heating and bench fire. Selective mining of coal with this machine mining and removal of dirt bands separately reduces the ash content by about 3 % resulting in reduction of ash generation and reduction in greenhouse gases.
- Black topping of permanent and semi-permanent roads and metalling of haul roads. Maintenance and upkeep of all the blacktopped and metalled roads constructed during previous years.
- Provision of fixed water sprinklers on roads, railway siding and CHPs. Maintenance and up-keep of all such fixed sprinklers installed in previous years.
- Manual sweeping arrangement for cleaning of roadside dust.
- Pithead railway siding resulting in reduction of traffic through residential belts and reduction in transport distance thus reducing the overall pollution level.
- High capacity tippers of 20 and 30 Te capacity were also introduced in place of the conventional 10 Te capacity tippers resulting in reduction of traffic volume and

thereby reduction in air pollution.

- Installation of Dust Control System and Dust Extraction System in CHPs and at transfer points elsewhere. Mist generators have been installed and transfer points and crushers have been fully covered to minimize dust generation at these points.
- Wetting of roads by mobile water sprinklers of capacity 28 KL, 16 KL and 12 KL.
- Environmental Tele-monitoring of Underground Environment from surface installed device at Orient mines working satisfactorily.
- Four Instant Shower Systems installed at Ananta, Jagannath, Bharatpur and Lingaraj OCPs are working satisfactorily. These are fully automatic, sensor operated, fine nozzle mounted, fixed sprinkler system, which provide mist shower to the coal trucks when it enters the showering zone. The shower automatically stops once the truck leaves the showering zone, thus conserving water and energy.
- The Mobile Nitrogen Generating Plant for fire prevention and fire fighting is operational in Orient Area.
- Green belts have been created between residential area and mine infrastructure.

#### **18.3.3 Water Pollution Control Measures.**

- Mine seepage and run-off water is made to settle in big sumps created in the quarry bed. Effluent from mines, workshop, settling ponds and spoil dumps are treated to conform to standards of MoEF before being discharged into the natural drainage. Mine effluent contains mainly suspended solids as impurity, which is removed in Sedimentation Pond. No chemical or acidic pollutant is found in the mine effluent. Workshop effluent contains suspended solids and Oil and Grease as pollutants, which are removed in Oil and Grease Trap.
- Garland drains have been provided near the toe of OB dump as well as around quarry boundaries.

- Water is monitored at all the discharge points and all the parameters remain within prescribed limit.
- Sewage treatment plant, for domestic wastewater treatment, is operational at Nahru Satabdi Colony, Ananta Vihar Colony, Jagannath Colony, Samleswari Colony, Belpahar-Lakhanpur Colony, Kalinga Colony and Central Workshop Colony, Talcher.
- Huge-size quarry voids and dip-side sumps are used as water harvesting structure for collection of rainwater and mine seepage water and subsequent recharging of the groundwater table. Due to this reason ground water level in the coalfield area has remained almost constant as per the study of Central Ground Water Board.
- Water Treatment Plants are operational under the Integrated Water Supply Scheme at Talcher and Ib-Valley Coalfields supplying quality drinking water to its 22,000 families and nearby habitations.

#### **18.3.4 Noise and Ground Vibration Control Measures**

- Green belts have been created between the residential colonies and the mines and their infrastructures like CHPs, Railway Siding and Workshop etc. to minimize the noise level and to arrest the movement of dust.
- Workers exposed to noise beyond permissible limits have been provided with earmuffs and earplugs.
- Non-electric detonators (shock tubes) are used wherever necessary for blasting of the explosive resulting in less noise and vibration and better fragmentation.
- Controlled blasting practice adopted wherever it is necessary.
- Surface Miners have been deployed at Samaleswari, Basundhara, Lakhanpur, Belpahar, Ananta, Lingaraj, Balram, Bharatpur and Hingula OCPs, which effectively controls noise and ground vibration as drilling, blasting, crushing operations are totally eliminated.

**18.3.5 Environmental Monitoring.**

- Regular monitoring of Air, Water and Noise are carried out including micro meteorological studies through Government agencies whose laboratories are duly recognized by MoEF in this regard.
- Methodology, frequency of monitoring etc. are strictly as per the latest Gazette Notification.
- The results of monitoring are scrutinized by an officer at headquarter and any upward trend is immediately brought to the notice of the project authorities for taking necessary corrective measures.
- Results of monitoring are submitted to SPCB on monthly basis and to MoEF on half-yearly basis.
- Automatic Weather Station have been installed at Jagannath Area and Lakhanpur Area .

**18.3.6 Environmental R&D**

- Final report on the study - "Design of Groundwater Management Scheme through Water Balance Studies in Talcher Coalfield" was submitted by CMRI, Dhanbad.
- Work was awarded to Sambalpur University for "Environmental Impact of Kanika Railway Siding on the Agricultural Land" which is in progress.

**18.3.7 ISO 14001 Certification**

- Under institutional strengthening programme of ESMP, implementation of ISO -14001 at Samleswari, Lakhanpur, Belpahar, Balram and Ananta OCPs are under progress in the 1st phase, other projects will be considered in the 2nd phase.

**19. SALES AND MARKETING PERFORMANCE**

**19.1 Demand and Off-take**

Off-take during 2006-07 was 76.42 Million Tonnes as against Demand/Target of 80.00 Million Tonnes. The off-take has been

95.52% of the target. The growth in 2006-07 is 12.02% over last year. Sector-wise off-take is as under.

(Figs. In Million Tonne)

Sector	2006-2007			2005-2006
	Target	Actual	% Achieved	Actual
Power (Incl.CPP)	69.830	63.149	90.43	60.021
Cement	0.300	0.160	53.33	0.319
Others	9.867	13.109	132.86	7.873
Colly. Consumption	0.006	0.005	83.33	0.006
<b>Total</b>	<b>80.000</b>	<b>76.423</b>	<b>95.52</b>	<b>68.219</b>

**19.2 Wagon loading**

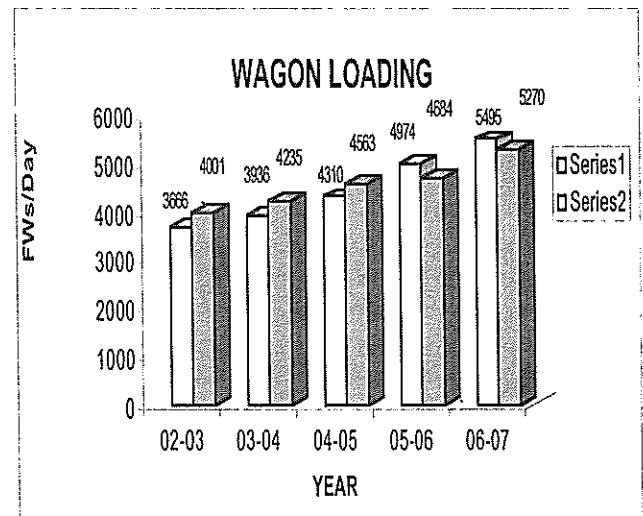
Daily average wagon loading in MCL during 2006-07 was 5270 FWW per as against 4684 FWW/ day in 2005-06. Growth in wagon loading is 13.09% over last year. Field-wise target, offer and loading are appended as under.

(Figs. in FWW/Day)

Field	2006-07				2005-06
	Target	Allotment	Supply	Loading	Loading
lb-Valley	2404	2206	2260	2237	1997
Talcher	3091	3319	3069	3033	2687
<b>Total</b>	<b>5495</b>	<b>5515</b>	<b>5329</b>	<b>5270</b>	<b>4684</b>

**19.3 E-Marketing**

Sale of coal through e-marketing which was implemented in MCL in the 2006-07 and continued upto 31st December'06. There after as per dicective of Hon.Supreme Court E-auction has been stopped. Under Interim



sales policy E-booking was introduced from 1st January'2007. MCL offered total quantity of 138.23 Lakh Mt under E-marketing /booking during 2006-07. the boking was 97.48 Lakh Mt.

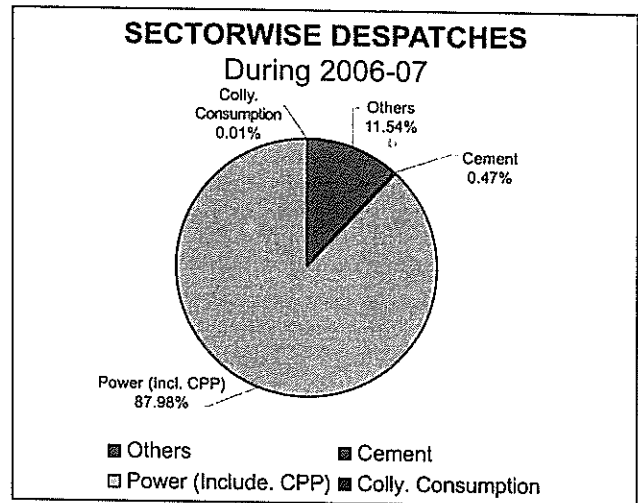
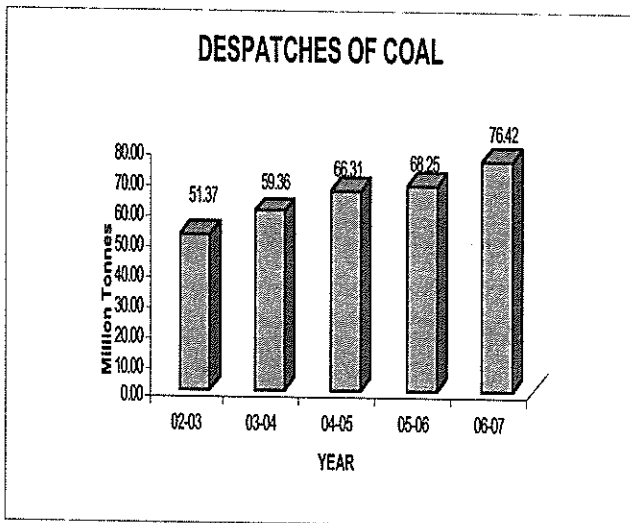
MCL earned a profit of Rs.154.00 Crs. approximately thurgh e-marketing / booking in 2006-07.

**20. COAL QUALITY IMPROVEMENT.**

**20.1** MCL has taken utmost care to improve the quality of coal being supplied to different power houses and to fulfil the 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 76.42 Mt. against 68.25 Mt. during previous year. So far quality complaints are concerned during the year the number of complaints received is 5(five) against 2(two) in the previous year.

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

1. Frequent interactions with different consumers have been done to improve consumer satisfaction. In view of this, a meeting was held with various major coal consumers.
2. Consumers were encouraged and they were free for checking and



supervising personally the coal loading sidings as well as weigh bridges.

3. All sidings from where huge quantity of coal is despatched to major consumers and Core Sector industries have been put directly under the Nodal Officers who were specifically responsible for maintaining and ensuring proper quality, weightment and sizing of coal.
4. Whenever any complaint, major or minor in nature, received, in the department, the same had been enquired at the spot by officers of QC Department and the findings had been informed to the consumer from where complaint was received.
5. Constant monitoring was being done by QC department with all the railway sidings at area level about despatch of coal to all consumers.
6. Surprise inspections and analysis of coal from different sidings are being done regularly by teams of officers of QC department to ensure proper quantity and quality of coal despatched.
7. Frequent inspections of Weighbridges and Laboratories are being done regularly by QC department.
8. In case of any discrepancy or fault found in Laboratories, Weighbridges



- and Sidings, the same was communicated to the concerned CGM/GM of the Area for information and taking corrective measures.
9. Presently 3rd Party sampling and analysis of coal is being done with MSEB, WBPDCCL and RSP. Joint sampling is continuing for APGENCO, ICCL, TNEB, NTPC(Kaniha), TTPS, OPGC, NALCO, KPCL, NALCO(Dmj) and NTPC(Simhadri) and TPCL.
  10. There are seven coal analysis laboratories at Orient, Ib-Valley, Jagannath, Lingaraj, Kalinga, Hingula and Lakhanpur Areas. Out of which four laboratories which are at Rampur colliery, Lajkura OCP, Jagannath OCP, Lakhanpur OCP and Lingaraj OCP are well equipped with modern equipments like automatic proximate analyzer and electronic bomb calorimeter for determination of UHV and GCV for coal respectively.
  11. These equipments enable us to determine the grade of coal despatched to different consumers within a period of two hours. This has helped for quick monitoring of the quality of coal available in the colliery stocks, sidings and the quality of coal being mined.
  12. During this year also selective mining method of extraction of coal was being continued and accordingly surface miners were deployed at Lakhanpur OCP, Belpahar OCP, Lingaraj OCP, Bharatpur OCP, Kalinga OCP and Hingula OCP and Sameswari OCP.
  13. By using surface miner the rejects are being separated from the coal seams which helps to maintain the quality of coal.
  14. Electronic Rail Weigh-Bridges with print out facility are existing at all sidings. Apart from this Company has provided standby weigh bridges for achieving the target of 100% weighment.
  15. The coal, which has been dispatched by rail, belt and MGR, was 100 %

crushed by CHPs and Feeder Breakers. During this year your Company is supplying - 100 mm size of coal to all major consumers. So there is 100 % satisfaction of dispatching sized coal to the consumers.

16. Out of total dispatches of 76.42 Mt. of coal 98.27 % of coal was weighed with electronic print out during 2006-07 against 98.6% of 68.25 Mt. coal during 2005-06.
17. By adopting stringent sampling procedure in case of seam, stock, siding and tipper samples, during the period 2006-2007, the Annual Coal Grade has been declared for the utmost satisfaction of the consumers.

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

33.723 Mt of crushed coal were despatched through CHP during the year against 31.232 Mt of crushed coal compared to previous year 37.130 Mt of crushed coal was produced using within "Surface Miner" during the year.

	2006-2007		2005-20056	
	Crushing Capacity in Mty.	Coal Despatched through CHP (Mt.)	Crushing Capacity in Mty.	Coal Despatched through CHP (Mt.)
Coal Handling Plants/ Feeder Breakers	42.70	33.723	44.70	31.232
% utilisation of Crushing Capacity of Plant		78.98		69.87

% increase in utilisation of plant capacity during the year 2006-2007 over previous year = 13.04

**20.2.1 The functional points of these CHPs are as follows :**

**Major CHPs**

Area	Location Of CHP	Capacity(Mty)
Jagannath	Jagannath OCP	2.0
	Balanda OCP	1.2*
Bharatpur	Bharatpur OCP	3.5
Lakhanpur	Belpahar CHP	3.5**
<b>Total</b>		<b>10.20</b>

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\* Major CHP of Balanda OCP has become inoperative since July'05 due to closure of mine for the mine has completed its useful life.

\*\* Belpahar CHP, Lakhanpur Area is for transportation and handling/ loading of coal (through UTLS) and not for crushing.

### Mini CHPs/ Feeder Breakers

Area	Location Of CHP	Capacity(Mty)
Jagannath	Jagannath OCP	4.00
	Ananta OCP	7.00
	Balanda OCP	1.00
Hingula	Hingula OCP	2.00
	Balaram OCP	4.00
Ib-Valley	Lajkura OCP	2.00
	Samaleswari OCP	5.00
Lakhanpur	Belpahar OCP	2.00
	Lakhanpur OCP*	1.00
Lingaraj	Lingaraj OCP	7.00
Basundhara	Basundhara OCP	1.00
<b>Total</b>		<b>36.00</b>

\* Out of four FB circuits at Lakhanpur OCP, three circuits including FBs have been released one each to Lingaraj, Hingula and Basundhara OCP are under process of commissioning.

Keeping only one FB circuit for Lakhanpur's own use. The feeder breaker received at Lingaraj OCP has already been commissioned on 24/10/2006 whereas FBs at Hingula and Basundhara OCPs.

### 20.3 Details of Weighbridges

Sl. No	Types of weighbridges	2006-2007	2005-06
1.	Road weighbridges (Hybride)	1	1
2.	Road weighbridges (Electronic)	49	43
3.	Rail weighbridges (Electronic)	32	31
4.	% Weighment during the year (By rail)	97.28	97.71
5.	% Weighment during the year (Overall weighment)	98.27	98.60

The percentage of overall weighment of coal despatched to consumers achieved during the year is 98.27 % against 98.60 % compared to previous year whereas total rail despatch weighment achieved during the year is 97.28 % against 97.71 % compared to previous year.

## 21. SAFETY AND RESCUE

The goal of your Company is to strive continuously for improving the safety standard in all the mines of MCL and to

enhance the safety awareness amongst the workers and staff of the company. Regular interaction is continuing with the workers representatives, DGMS officials and corporate executives to maintain high level of safety in all the spheres of working.

### 21.1 Accident Statistics

Sl.No.	Particulars	2006-2007	2005-2006
1	No of fatal accident	02	08
2	NO of fatality	02	08
3	No. of serious accident	10	14
4	No of Serious Injury	10	22
5	Rate of fatality		
	Per Million tonne out put	0.025	0.115
	Per 3 lakh manshift	0.140	0.452
6	Rate of serious Injury		
	Per MTe out put	0.125	0.201
	Per 3 lakh manshift	0.703	0.791
7	Place-wise fatality		
	UG	1(1)	2(2)
	OC	1(1)	6(6)
	AG	NIL	NIL
	<b>Total</b>	<b>2(2)</b>	<b>8(8)</b>

NB-Figures in bracket shows no. of person involved.

### 21.2 Steps taken for improving safety

- Scope and role of Pit safety Committee is widened. Safety Day is observed every month on a fixed day (7th) in all the mines/projects of MCL
- On the spot safety talk is imparted to Contractor worker's engaged in Transportation.
- Training and Retraining of workers and supervisors at different Training Institutes. Vocational Training Centre and at Mine level.
- Telemonitoring station has been installed in four mines of MCL viz. i) Mine 1&2 ii) Mine No.-3 iii) Hingir Rampur Colliery and iv) Talcher Colliery respectively to monitor mine gases, Velocity and Temperature in Underground Mines.
- 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.

- Man Riding system in arduous Underground Mines is being provided.. Order has been issued to install man riding system in three Underground Mines of Orient area /IB coal fields ,Namely Mine No 1and2, Mine No.3,and Hirakhand Bundia Mines.
- A time bound Programme has been chalked out for Isolation, Sectionalisation of old workings and cleaning of fallen coal in underground mines.
- Safety Audit of all underground Mines have been completed in 2006-2007and appropriate action for needful implementation is being done..
- To overcome the difficulties of manual drilling and decreasing the exposure of face worker under the green roof ,Universal drilling machine is under tendering stage..
- Oxygen type of Self Rescuer is being procured as per recent circular issued by DGMS.
- 17639 pairs of Good quality of safety canvass shoes of fully moulded construction have been procured having a guarantee of twelve months during 2006-2007.
- Stabilization work under Talcher Township by sand stowing has been started in 2006-2007.
- Apart from the departmental training being imparted by Group Vocational Training Centres, Belpahar Training Institute and Mining Engineering and Excavation training Institute, 364 no. of Contractual workers have been imparted Special Training by outside faculty.
- Laboratory technicians of different Labs of MCL are being sent for training at CMRI, Dhanbad for improving their skills and analysis in respect of lab works.
- Risk assessment of all the mines have been completed in the first round. Action is being taken and improvement in this regard is reviewed regularly.

- Safety day is being observed on 7th of every month putting emphasis on a special topic since last one and half year in all the mines of MCL. The meetings are attended by senior officers from Area and headquarters.
- A workshop on Disaster Management was organized on 16.01.07 at Talcher Coal fields.
- Dust suppression week was observed in all the mines of MCL from 20.11.06 -26.11.06
- Safety Conference of Workmen Inspectors and safety committee Members were organized in the month of October in both Talcher and Ib coal fields.

### 21.3 New safety technology adopted.

- Order has been placed to install man riding system in three underground mines of MCL.
- It is proposed to introduce Continuous Miners in two underground mines of MCL to reduce exposure of work persons in hazardous area.
- Use of Resin capsules with mechanized drilling is almost in final stage.
- Leaky Radio Communication system has been provided in Nandira Colliery, Talcher Area.
- Surface miner in Opencast mines has been introduced which is eco friendly.

### 21.4 Research and development

- Study of RMR of different districts of underground mines.
- Factor of Safety of Stooks /pillars under Talcher Township has been assessed by CMRI.
- Slope stability of OB dumps has been assessed by outside scientific body.
- A study to assess the safe limit of ground vibration produced in the UG workings of OC 1 & 2 and HRC, HBI due to heavy blasting in Lajkura and Samaleswari OCP respectively.
- Stability of shaft pillars has been conducted and proved complying with the regulations.

- By Electrical resistivity method thicknesses of barrier have been checked by outside scientific body.

## 21.5 Rescue

Mines rescue Station at BrajarajNagar is serving mines of Ib Coalfields and RRRT is serving mines of Talcher Coal fields. Both the rescue stations are well equipped with modern Rescue apparatus like BG-174, BG-4, Maxaman, Travox 120, Computerised testing quaster II etc to deal with emergency situations. All the underground mines are within reach of 30 minutes from respective MRS/RRRT. Gas chromatograph has been provided to analyse percentage of gases in the mine instantaneously.

To up date the existing rescue facilities in MCL one rescue superintendent has been sent to visit Sitarampur and Dhansar Rescue stations to collect information and knowledge related to rescue stations so that it will be helpful to meet the emergency and exigency.

## 22. COMPUTERISATION

**Coalnet Phase - I :** Most of the modules of Coalnet, e.g. Finance, Personnel and Payroll, Sales and Marketing including e-Auction, Production Information System, Equipment Monitoring System, etc are running successfully and are being customized to meet the day to day changes as per the requirements of the users departments. The LAN has been extended to Road Sale Section through fibre optic link which is outside the corporate building. The Production Reports standardised by CIL has been implemented and Production Data is transmitted daily to CIL in the prescribed data format.

**Coalnet Pilot Site :** During the year implementation of Coalnet Phase – II application was started at the pilot site of Talcher. Data from legacy system were ported into the Coalnet database and various modules have been tested and

reports were generated. The trial run of various modules are being done.

**Coalnet Phase – II :** Hardware and Oracle Software have been procured and installed at the three central locations of IB Valley, Jagannath and Basundhara Area for Coalnet Phase – II implementation at entire Ib Coalfields, Basundhara coalfields and Talcher Coalfields. Data from legacy system have been ported in to the Coalnet system for speedier implementation of the Coalnet Phase – II applications at various Area Offices and Regional Stores. The trial run of various modules are being done.

**Training :** Users have been imparted training on using Coalnet applications. Executives of Systems discipline were imparted training on Oracle Database administration.

**Decentralization of Attendance Recording :** Daily attendance recording has been made on-line and users are directly entering attendance from their clients. All users have been imparted training of the module, and proper security features have been kept in the system so that no malpractices can occur in recording attendance. This decentralization will help attendance status by 10.30 every day morning which was not possible earlier as systems department used to punch attendance of all employees.

**Extension of LAN :** The LAN in all the Areas have been extended to cover all the important departments for the successful implementation of Coalnet Phase –II.

**Procurement of PCs :** Order placed on M/s Webel Technologies, Kolkata for replacement of PCs and procurement of new PCs, Bi-lingual office suite. Supply is expected shortly.

**Truck Despatch System :** Indent for installation of GPS based Truck Despatch System has been forwarded to CIL for finalizing the contract. The CIL Board has approved installation of TDS at three



projects of MCL namely Bharatpur, Balram and Lingaraj. Tendering action being done at CIL level.

**Digital Certificate :** Digital Certificate has been obtained for CMD, Directors and Company Secretary for filing of Company returns. Digital certificate for Senior Executives of different departments are being arranged for use in e-procurement.

**Upload of Tenders :** All the open tenders are being uploaded on daily basis in the Govt. Portal (<http://tenders.gov.in>).

**MCL Website :** The website of MCL ([www.mahanadicoal.nic.in](http://www.mahanadicoal.nic.in)) is regularly updated. A new link "MCL News" has been introduced to depict latest news and events related to MCL.

#### Proposals moved ahead during 2006-07

- Action has been taken for implementation of E-procurement through the portal of Govt of Andhra Pradesh.
- Finalized tender for establishment of WAN for linking the Area Officers to MCL HQ for Coalnet Phase-II implementation. LOI has been issued in favour of M/s ITI.
- Procurement action has been initiated for providing Internet facility, e-mail services, document management system for MCL users.
- Implementation of Coalnet Phase-III at Collieries/Projects has been planned. CMPDIL has already carried out a study for establishing networking at Collieries and identifying nodes to be provided. The scheme is being finalised.
- Actions have been initiated to link the MCL, Kolkata office for integration of Coalnet modules.

#### 23. TELECOMMUNICATION

23.1 The old and outdated Telephone Exchanges operating at the following areas have been replaced by Electronic, Digital and IP compliant exchanges of State of Art Technology.

- 1) Basundhara
- 2) Jagannath
- 3) Talcher
- 4) Orient
- 5) Bharatpur
- 6) Hingula

23.2 Under S&T project, Leaky Feeder Based wireless communication including trapped Miner communication system has been installed at Nandira Colliery of Talcher Area which is running satisfactorily.

Depending on the performance of this system, similar technology may also be introduced in other underground mines of MCL.

23.3 More than 350 executives of different areas and projects have been sanctioned reimbursement of their mobile phone expenditure which has eased the communication in the fields.

23.4 Job of coal net phase-II Communication Network involving areas and projects has started and scheduled to be completed within this year.

#### 24. DEVELOPMENT OF ANCILLARY INDUSTRIES

24.1 The Ancillary development cell of MCL is dedicated towards development of potentialities of the Small Scale Industries in the State Of Orissa within the operational jurisdiction of MCL with the sole aim to create increased scope of Self-Employment and thus Self-Dependency and Prosperity in general masses in the state. There are 76 proven ancillary units and 66 provisional ancillary units in the company during the year.

24.2 During the year, MCL participated in following vendor development programmes as Sponsor.

- (a) Orissa Assembly of Small Scale and Medium Enterprises (OASAME), Cuttack organized a one day

programme titled "21 Annual State Level Convention and Seminar" on 12th August 2006 at Bhubaneswar. MCL participated in the programme and President, OASME lauded the services rendered by MCL in promoting the ancillary units of MCL.

- (b) A National Level Vendor Development Programme cum Industrial Exhibition at Bhubaneswar titled "Expo Orissa-2006" was organized jointly by Ministry of SISI, Department Of Industries, State Of Orissa, Cuttack and Orissa Small Scale Industries Association (OSSIA), Bhubaneswar from 28th to 30th December, 2006 at Bhubaneswar. MCL participated in the programme and displayed the panels / posters and explained the various activities of Ancillary cell of MCL to the VIPs and visitors. It was appreciated by all.

- 24.3 The total amount of supply and repair order placed on ancillary units (Proven and Provisional) and other SSI units of Orissa is to the tune of Rs. 7.82 crore during 2006-07 compared to Rs. 5.93 crore during 2005-06.

- 24.4 The Ancillary Dept. organized review / interaction meeting for the ancillary units of MCL in Hq. to sort out the issues / grievances of them if any.

**25. EXPENDITURE ON ADVERTISEMENT AND PUBLICITY**

- 25.1 During the year an amount of Rs. 143.46 lakh was spent on Advertisement and Publicity against Rs. 346.80 lakh in previous year as briefed hereunder:

		(Rs. In lakh)	
		2006-07	2005-2006
1.	Advertisement for :		
	(a) Tender	88.95	291.87
	(b) Other	6.71	7.84
2.	Publicity	47.80	47.09
<b>Total</b>		<b>143.46</b>	<b>346.80</b>

**26. HUMAN RESOURCE DEVELOPMENT**

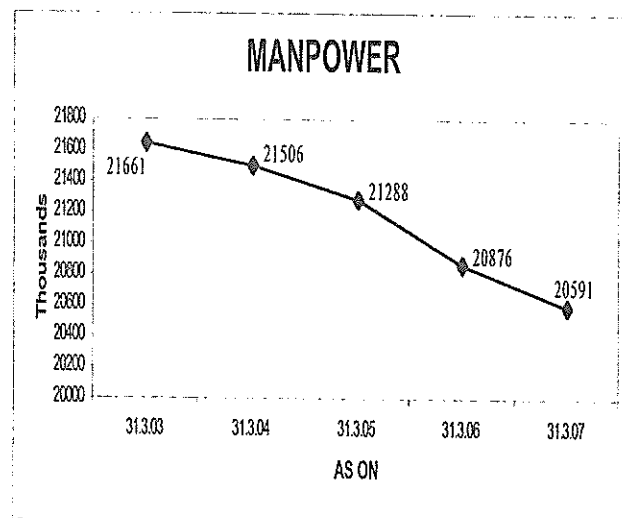
**26.1. Manpower :**

The Company's manpower as on 31.3.2007 compared to that of 31.3.2006 is indicated below:

Category	As at 31.03.2007	As at 31.3.2006
Executives	1215	1246
Supervisors	2206	2058
Highly skilled	7164	6970
Semi skilled : Time Rated	7965	8466
Piece Rated	291	337
Ministerial	1726	1742
Badlies	0	0
Stipend Trainees	19	52
Ex.CMWO/Others	05	05
<b>Total</b>	<b>20591</b>	<b>20876</b>
Apprentices	00	00
<b>Grand Total</b>	<b>20591</b>	<b>20876</b>

**26.2 In-company Training(Training at MTL,BTI,TTI and Jagannath/Lakhanpur Areas)**

Employee Group	2006-07	2005-06
Executives	566	850
Supervisors	816	498
Workers	998	922
<b>Total</b>	<b>2380</b>	<b>2270</b>



**26.3 Training Outside (including training at IICM, Ranchi)**

Employee Group	2006-07	2005-06
Executives	378	828
Supervisors	149	120
Workers	595	85
<b>Total</b>	<b>1122</b>	<b>1033</b>

**Total Employee Trained :**

2006-07	2005-06	% Growth
3502	3303	6.02

**26.4 Trade Apprentices:**

As on 31st March, 2007 there are 53 trade apprentices undergoing training in different trades in different areas of MCL as detailed below who have been given employment under land-losers scheme/provisions of NCWA and registered with RDAT, Kolkata as Trade Apprentices.

1. Surveyor	02
2. Colliery Sirdar	18
3. Amins (Comp. Own Trainees)	01
4. Fitter	08
5. Electrician	04
6. Diesel Mechanic	15
7. Welder, Turner & Others	05
<b>Total :</b>	<b>53</b>

**26.5 Vocational Training :**

Your Company has given 371 numbers of Projects, VT and Field visit training during the year 2006-2007 in different discipline.

**26.6 Post Diploma Practical Training :**

The following numbers of PDPTs are given 1 year training in different units at MCL during this year also :

Mining : 23

**27. SCHEDULED CASTES AND SCHEDULED TRIBES**

In the year 2006-07 recruitment for Statutory Posts in the following category such as Jr. Overman, Mining Sirdar and Dy. Surveyor was held to fill up 59 sanctioned Posts. Out of above 52 candidates were selected for appointment. Out of those 59 posts 7 posts were reserved for SC (Jr.Overman-5, Mining Sirdar-1, Dy Surveyor-1), 12 posts were reserved for ST(Jr. Overman -8, Mining Sirdar-2, Dy. Surveyor-2) and 9 posts were reserved for OBC (Jr. Overman-5, Mining Sirdar-2, Dy. Surveyor-2).

The posts reserved for ST from the above, 8 posts could not be filled up due to unavailability of suitable candidates (Jr. Overman-5, Mining Sirdar-1, Dy.Surveyor-2).

Action has been taken to fill up the remaining vacant posts.

**28. PARTICIPATIVE MANAGEMENT**

A participative management which is the back bone of the industry, functioning effectively in MCL. There are Joint Consultative Committees, Welfare Board and Tripartite Safety Committee functioning at the Area and Corporate level. Joint Consultative Committee and Welfare Board are represented by members of Trade Unions and Management and bipartite in nature. Tripartite Safety Committee comprises members from the Management, Unions and Government Representatives of the Director General of Mines Safety Department, Govt. of India. During the year, 6 nos. of JCC Meeting were conducted at Corporate level besides meetings at Area level. Welfare Board and Safety Board meetings were held at Area level and Corporate level and the decision of the meetings were implemented with proper monitoring.

Noble concept of participative management in the form of "working together" was introduced in the year 2002 with wide range

of discussion on various steps pertaining for the industry and decision of the meetings were effectively implemented. Besides the aforesaid committees there are following participative fora functioning at Area/Units level, i.e. Production Committee, PIT Safety Committee, Consultative Committee, Canteen Management Committee, House Allotment Committee, Welfare Committee, Sports Committee etc.

All the committees deliberate and decide on important issues relating to the subject for which they meant for and are effectively discharging their functions.

## 29. INDUSTRIAL RELATION

Industrial Relation in MCL remain cordial during the year except a strike at Lakhanpur Area from 27.1.2007 to 29.1.2007 by the operating Unions demanding withdrawal of "No Work No Pay" notices and payment of wages for 11 days for the period from 8.12.2006 to 20.12.2006 in case of Monthly Rated employees and 14 days wages from 8.12.2006 to 24.12.2006 in case of Daily Rated employees of Belpahar OCP and UTLS of Lakhanpur OCP of Lakhanpur Area during pendency of conciliation proceeding before the Regional Labour Commissioner (Central), Rourkela. On failure of conciliation, RLC(C), Rourkela referred the failure report to the Ministry of Labour and in turn Ministry of Labour sought opinion of Ministry of Coal and the Management. Management sent a reply to the Ministry of coal and vide O.M. ref. No.50016/602/2007-PRIW dated 4.3.2007 endorsed the opinion of the Management and found the case not fit/suitable for arbitration/adjudication. On 14.12.2006 some Central Trade Unions served strike notices for one day strike on 16-Point Charter of Demands but the strike had no impact at MCL. Due to strike at Lakhanpur Area there was production loss of 90000 MT of coal and 92717 Cu.M. of OB. However, overall industrial relation in MCL was peaceful during the year.

The total mandays/ production wages loss relating to IR problems during the year 2006-2007 is as under :

Coal	:	90,000 MT
Mandays Loss	:	1699 days
Wage Loss	:	Rs.14,09,185.00

## 30. ABSENTEEISM

Absenteeism is a chronic problem in the Coal Industry and particularly in Underground working. During the year, the overall percentage of absenteeism in MCL was 14.96% in comparison to previous year which was 16.09%. Absenteeism for Monthly Rated was 10.50% and Daily Rated at 16.81%, Piece Rated absenteeism was at high at 32.10%. A close monitoring of 316 number of absenteeism cases were made from HQ. and till 31.03.2007, 262 cases were disposed off. Remaining cases stood at 54. Out of 262 cases disposed off till March,2007, 92 employees were removed from service and others were allowed with various type of penalty under the standing order.

It has always been the endeavour of the management to bring down the rate of absenteeism by way of effective counselling directly and indirectly through Union representatives. Manpower is vital for the industry. Due to high mechanisation and effective utilisation reduction to the manpower strength and increase in OMS. Human resource plays a strategic roll in the corporate planning with proper acquisition, development, deployment and continuity. Every single manpower contributes valuably in enabling the organization to achieve the objective.

## 31. EMPLOYEES WELFARE AND SOCIAL AMENITIES

The position of welfare and social amenities like housing, water supply, medical, education etc. is as under:-



**31.1 Particulars of social amenities**

Items	Total at the end of 2005-06	Total at the end of 2006-07
Houses	16664	16622
% of satisfaction (Housing)	80.92	79.62
Water supply (total capacity generated)	15.70 MGD	15.70 MGD
Aided Educational Institutions :		
(i) D.A.V. Public School	09	09
(ii) Privately Managed Schools	19	19
(iii) Engineering School(Diploma)	02	02
(iv)Colleges(N.K. Mahavidyalaya)	01	01
Co-operative Stores	10	10
ECCS (Socieites)	05	05
Bank Branches	16	16
Bank Extensin Counters	12	12
Ambulances	38	38
Dispensaries	16	16
Hospital	06	06
Hospital Beds	364	364
Canteens	34	34
Play Ground	13	13

**31.2 Family welfare**

Your Company achieved 1353 family planning operation during the year 2006-2007 against the target of 1100.

**31.3 Cultural and recreational activities**

Various sports calendar are drawn for organising different welfare activities of MCL (Sports, Cultural/Recreational) . Inter Area tournaments were organised at different areas/ MCL HQ. Teams were deputed to different subsidiaries to participate in the CIL Inter Company tournaments. During the year MCL organised CIL, Inter Company Athletic Meet from 2nd to 4th Feb'2007 at VSS stadium, Ib Valley Area. 4 Yoga camps were organised at different Unit of Ib Coalfields. An exhibition Cricket Match was organised on 7th January, 2007 at Anand Vihar Ground, MCL HQ. The Match was played between MCL Team comprising CMD, D(P), D(F), CVO and CGM/GM of MCL Vrs Team Members from State Administrative, EC Rly., VSS Medical College, Engineering College, University and Bhusan Steel etc. A "Grow India Race" was organised on 25th Jan'07 for Gents, Ladies and Children at HQ., Area and Unit

Level also. Prizes were distributed to the Winners of different categories. On the occasion of "Utkal Diwas" a few Cultural programme were organised. Many luminaries from State of Orissa were felicitated on the occasion. Bhangara Dance, Sambalpuri Dance, Tribal Dance and Drama were also performed by our won employees on 02-04-2007. "Grow Orissa – Grow MCL Race – 2007", Exhibition Golf, Volleyball, Tennis and other Sports activities were organised on the occasion of 16th MCL Foundation Day at MCL HQ. on 3rd April, 2007. Retired MCL Employees were also felicitated. A Bhajan Samaroh was performed by Shri Anup Jalota and his party. A Kavi Samelan was organised at Lakhanpur Area on 07.04.2007 and other activities were also organised at area level. Best Sports persons are awarded prizes on the Miners' Day Celebration. Sports/Cultural programme was organised for the Physically Challenged School Children of Burla and Sambalpur Town.

**31.4 Education**

Although education is a state subject, as a part of our Welfare activities financial assistance is being rendered to the Educational Institution running in and around colliery areas in the form of financial assistance to 20 Nos. of privately managed schools including NK Mahavidyalaya, Talcher. In order to have better educational facilities for our children, 9(Nine) numbers of DAV Public Schools are functioning in MCL, this includes a DAV High School exclusively for girls student. During the year, Rs.4,04,45,406.00 was sanctioned for DAV Public Schools towards Recurring (Revenue) expenditure and Rs.23,05,180.00 has been provided financial assistance to 19 privately managed schools, functioning in different areas of MCL and Rs.10.00 lakhs has been provided to N.K.Mahavidyala, Taicher. In addition to above, 40% MCL share of Revenue expenditure is being given against 40% seat reservation for employees' wards for admission into IGIT, Sarang and OSME, Keonjhar.

### 32. CAPITAL INVESTMENT ON SOCIAL AMENITIES

Details of Capital Investment on Social amenities as on 31.3.2007 vis-à-vis 31.3.2006 is briefed here under:

Sl. No.	Particulars	(Rs. in Crore)	
		Gross Value of fixed Assets As at 31.3.2007	As at 31.3.2006
1	Buildings	324.02	317.22
2	Plant & Machineries	63.91	54.56
3	Furniture, fittings and equipment	6.28	6.22
4	Vehicle	3.41	3.40
5	Development	8.75	8.66
Total		406.37	390.06

### 33. HINDI IN OFFICIAL WORK

In order to accelerate the progressive use of Hindi in the company as per directives / instructions received from Department of Official Language, Ministry of Home Affairs and Ministry of Coal and Mines, Govt. of India, regular efforts were made.

- 33.1** Official Language Implementation Committee of HQ, as well as areas are coordinating the progress of Rajbhasha through regular quarterly reviews meetings. During the year 19 such meetings of Official Language Implementation Committee were held in company HQ and Areas.
- 33.2** As per Official Language Policy and Annual Programme of the company Hindi workshops are organised at HQ and both Coalfields. During the year, 07 Workshops were organised in which 183 employees took part.
- 33.3** All possible efforts are being made to issue documents in bilingual under Section 3(3) of Official Language Act, 1963. Training facilities have been provided for the employees who have not obtained working knowledge in Hindi. Total 348 employees have passed Pragya Examination and got one time cash award as per company's Policy for which percentage of implementation of Section 3(3) is improving. All letters received in Hindi are replied to in Hindi only under Rule-5. Hindi

correspondence and Noting have improved considerably. Besides, all advertisements, tender notices and press releases are released for publication in Hindi, Oriya and English regularly.

- 33.4** As per Official Language Policy and directives of Dept. of Official Language, Ministry of Home Affairs, meeting of Town Official Language Implementation Committee, Sambalpur are organised every year which are attended by Heads of the establishments including Dy. Director, Implementation, Eastern Region, Kolkata. Two meetings were organised at MCL HQ and State Bank of India, Sambalpur on 21.6.2006 and 22.12.2006 respectively. The meeting held on 21.6.2006 were attended by Dy. Director, Implementation, Eastern Region, Kolkata.
- 33.5** To increase the Hindi Correspondences, all 682 computers have been loaded with Hindi Softwares.
- 33.6** Till date 348 employees of MCL have passed Pragya Examination. Classes are organised at company's HQ and Areas.
- 33.7** Rajbhasha Mah was organised at HQ as well as areas from 23.8.2006 to 21.9.2006. Like previous years, various Hindi competitions like Hindi Noting Drafting, Essay Writing, Debate, Hindi Typing (on computer) and Hindi Quiz were organised, wherein large number of employees and Students took active part. In Closing-cum-Prize distribution ceremony held on 21.9.2006 the winners were honoured by CMD, MCL with Prizes and Certificates. As per directives of Ministry minimum prize worth Rs.1000/- and books of same value were awarded to the successful participants.
- 33.8** In addition to above Inter Area Rajbhasha Competition was organised at MCL HQ. on 13th to 15th March, 07. Competition on Noting Drafting, Essay writing, Debate and Hindi typing were organised at HQ. Participants from HQ and Areas took part. Successful candidates will be honoured with Prizes. It is the fourth attempt of its kind which is unique in Coal India. As per directives of Ministry minimum prizes worth

- Rs.1000/- and books of same value will be given to the successful participants.
- 33.9** With the innovative effort of CMD,MCL Hindi Reading Competitions were organised in three phases amongst Non-Hindi speaking employees as detailed below :
- Ramcharit Manas patha (Reading) was organised from 7.10.06.to 5.11.06 at MCL HQ. Final test was organised from 30.10.06 to 3.11.06 for selection of 10 best participants.
  - In the 2nd phase for selection of best three amongst 10 selected participants a competition of Bhagwat Gita Path was organised from 1.12.06 to 4.12.06 Out of best three participants, the first two were nominated to attend the training in Rajbhasha Seminar held at Mahabalipuram (Chennai)
  - In the third phase of Hindi Path Competition Sri Mad Bhagwat Mahapuran Path was organised from 24th to 30th December,2006 at MCL HQ.
  - On 29.1.07, 103 participants of Path Competitions (1st Division-3,2nd Division-7 and 3rd Division-93) were honoured with Prizes (Religious book), certificates , book cover, Pith (wooden Book Stand) etc .On the occasion of Official Language Implementation Committee meeting. It was a Programme of praise worthy for Non-Hindi speaking persons in Region 'C' .
- 33.10** In a Seminar organised by Bharatiya Rajbhasha Vikas Sansthan, Deharadun at Vishakhapattanam from 11th to 13th Oct, 2006, Sri Abhiram Sharma, CMD, MCL was honoured with "Rajbhasha Shri", Sri G.D. Gulab, D(P) was honoured with "Rajbhasha Kirti", Sri A.K. Sinha, GM(OL) was honoured with "Vishesh Rajbhasha Vishishtata", Sri Hareram Roy , Supdt. Engr. (Excv.) was honoured with "Rajbhasha Gourav" and Sri U.N. Behera, Sr.Rajbhasha Adhikari was honoured with "Rajbhasha Shilpi" award for their outstanding contribution towards progress of Rajbhasha.
- 33.11** In a Seminar organised by Bharatiya Rajbhasha Parishad, New Delhi at Mahabalipuram (Chennai) Sri G.D. Gulab, Director (Personnel) was honoured with "Rajbhasha Gourav" and certificate of honour for his contribution towards progress of Rajbhasha.
- 33.12** In the field of Hindi language training, Hindi Teaching Scheme, Sambalpur Training centre secured 1st position in Eastern Region and 2nd in All India in May,06 Session for its excellent performance for which Sri A.K. Sinha,Officer in Overall Charge / GM(TC), Sri U.N.Behera, Sr.Rajbhasha Adhikari of MCL and Dr. Harishchandra Sharma, Hindi Pradhyapak, Hindi Teaching Scheme, Govt. of India were honoured with SHAWAL, SRIPHAL and Certificate of honour.
- 33.13** In order to impart the details of O.L. Policy, constitutional Rules and Regulations related to Hindi correspondence to the trainees a lecture per training programme of MTI has been included.
- 33.14** MCL HQ has a rich library having 1487 Hindi, 719 Oriya and 1108 English(Total 3314) book on various subject. It has a reading room where daily, weekly, fortnightly and monthly journals and News papers were made available for employees and their family members . As per OL policy more than 50% of total expenditure on purchase of books were made available for Hindi books.
- 33.15** 'Pratibha' a literary Quarterly house journal is published wherein articles in Hindi, Oriya and English are published. A monthly news magazine 'MCL News' related to various activities of MCL family is published trilingually i.e. in Hindi, English and Oriya.
- 33.16** Pamphlets related to Health, Hygiene and Moral Education under the title of 'Mahanadi Se' are being published trilingually. Wallpaper named, 'Mahanadi Se' is being published with the highlights of the company in Hindi, English and Oriya language since Dec,05.

33.17 As per decision taken in OLIC meeting Hindi competitions were organised on a club-day at Anand Vihar Kala Kendra and Officer's Club, Jagruti Vihar which were attended by a large number of Officers, Staff, Ladies and Students. Successful participants were honoured with prizes.

33.18 Some English words with their Hindi synonymous are written on the white boards at the entrance of Corporate office, Jagruti Vihar and Management Training Institute, Anand Vihar in order to motivate and help the employees to work in Hindi.

33.19 Bilingual Website of MCL is available on mahanadicoal.nic.in, which is updated from time to time.

### 34. VIGILANCE ACTIVITIES

34.1 The table given below indicates the statistical view of the Department's performance during the year.

Particulars	Pending as on 31st March, 2006	New additions during 2006-07	Disposal during 2006-07	Pending as on 31st March, 2007
Complaints	18	20	24	14
Vigilance cases	05	22	14	13
Major penalty proceedings	16	07	08	15
Minor penalty proceedings	04	03	07	00

#### 34.2 Punitive Vigilance

During the year under report 07 major and 3 minor penalty proceedings have been initiated against 24 employees. Disciplinary Proceedings in 15 cases have been completed during the year in which penalties have been imposed on 26 employees.

#### 34.3 Preventive Vigilance:

(i) **Inspections:** 50 Inspections including 12 CTE Type inspections have been conducted during the year. Streamlining of system/procedure has been effected as a result of such inspections wherever found necessary. Also seven cases have been booked out of such inspections, besides recoveries as indicated at Para - 12(d).

(ii) **System Improvement:** As a result of Vigilance Inspections/scrutiny of files improvement in the system and procedures in various areas, such as outsourcing, contracts for shifting of electrical overhead lines and lighting posts in mine, overtime, issuance of sick/fit Certificates, local purchase (Accountal), proper accountal of materials brought on depot transfer, restriction on local purchase, inventory control, enforcement of testing on Civil Engineering Materials and timely submission of test report, abnormally high rate and abnormally low rate items, delegation of power and avoidance of delay, have been effected.

#### 34.4 Rotation of Employees:

Company has a policy of rotating employees, particularly those who are working in sensitive posts / departments. During the year 161 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 2006.

#### 34.5 Surveillance:

Agreed List and List of Officers of Doubtful Integrity for the year 2006 were prepared and sent to MOC and CIL.

#### 34.6 Training on Vigilance Awareness:

At Management Training Institute periodical management courses are conducted on various subjects in which vigilance awareness subject is also included and the officers from Vigilance Department addressed the participants as faculty.

#### 34.7. Vigilance Awareness Week:

As per the directives of the Central Vigilance Commission, Mahanadi Coalfields Limited observed Vigilance Awareness Week 2006 from 6th to 10th November 2006. The observance of the Week was inaugurated by Shri Abhiram Sharma, CMD, MCL by administering the pledge prescribed by the Central Vigilance Commission, to the Officers and Staff at MCL Headquarters on

6th November 2006 at 11.00am which was attended by the Functional Directors and CVO. On this occasion the CMD, MCL released a 'Vigilance Bulletin' brought out by Vigilance Department of MCL, which contained messages, case studies and important guidelines/circulars of Central Vigilance Commission. The pledge was also administered in the Areas and Units by the respective Heads of Area/Units. The copies of Vigilance Bulletin have been circulated among the employees of MCL.

Following programmes were organized in various Area/Projects/Units of the Company spread over in the districts of Angul, Jharsuguda and Sundergarh in Orissa.

- (i) **Workshops:** Five workshops were conducted covering all the Area/Units in the company on 7th, 9th and 10th November 2006, which focused on the staff members posted in all Area/Projects/Units. During the workshop besides the general discussion and interaction with the participants, cases of irregularities/corruption, which have been detected by the Vigilance department, were presented in the form of case study. 325 employees have participated in these workshops.
- (ii) **Interaction with the Customers:** Meetings were held with the Contractors, Suppliers and Customers of the Company in the Company Headquarters and all the Areas during the Week. During the interactive meeting with them the complaint handling policy, various avenues for redressal of complaints/grievances and initiatives taken for improvement in system/procedures were explained to the participants. This has also given an opportunity for the participants to express their views on matters of business dealings with the Company.
- (iii) **Activities among the School Children:** As a part of Vigilance Awareness Week, Elocution contests were held in the schools/colleges nearby the Company Headquarters and Areas on anti-corruption theme in 3 groups in each institution with 15

participants in each group. The students adjudged 1st, 2nd and 3rd in the contest were awarded Cash Prize for Rs.1001, 701 and 501 respectively. All other students who participated in the contest were awarded consolation prize of Rs.101.

### 35.

#### JOINT VENTURES

- (i) In pursuance of allocation letter of MOC vide no. 13016/69/2003-CA-1 dtd.10.11.2005 for incorporation of Joint Venture Company amongst MCL, NLC and HIL for mining Talabira-II and Talabira-III coal blocks as a single mine, a MOU amongst the said parties had been signed on 23.11.2006. Draft Joint Venture Agreement is under discussion.
- (ii) It is also intended to have Joint Venture in power between MCL and NLC for generation of 2000 MW Power at Ib Valley.
- (iii) In pursuance of allocation letter vide no. 13516/19/2003-CB-1 dtd.29.11.2005 from Ministry of Coal regarding incorporation of Joint Venture Company amongst MCL, (M/s SWL Steel and M/s.JTPC Ltd.), M/s. JSS Limited and M/s. Shyam DRI Ltd) for Coal Mining of Utkal Block-A and Gopal Prased (West), a draft MOU, has been sent to aforesaid parties for their study and comments. They have not reverted back as yet.

### 36. GLOBAL THINK TANK (GTT) AND LOCAL THINK TANK (LTT)

Global Think Tank (GTT) and Local Think Tank (LTT) are functioning successfully and enabling the company to overcome various hurdles by foreseeing different issues in advance and suggesting appropriate remedial measures.

### 37. NEW INITIATIVES

- 37.1 Major initiatives taken during the year were as follows :
- 37.2 Study on conversion of UHV to GCV at Lakhanpur OCP and NTPC Simadri Power House; Introduction of Hyva/Volvo Tippers



Phasing out of 35 T Dumpers; Outsourcing of both coal and OB for new OCPs; Man-riding System in all UG Mines Loaderless/Ropeless UG Mines; Purchase of 9 nos. Surface Miners; Introduction of continuous miners in underground mines; Starting of Jharsuguda-Manoharpur Railway Project for Basundhara Coalfields in Sundargarh District; introduction of Anti-cartelisation clause in contracts; Air-conditioners in HEMMs; Finger print and smart card reader based attendance system; Augmentation of rail dispatch to 100 Mty; Revised Project Report of Bhubaneswari OCP from 10 Mty to 20 Mty; Revised Project Report of Kaniha OCP from 3.5 Mty to 10 Mty. Efforts for improving coal dispatch; Efforts for improving wagon supply; four shift working on Sunday /Paid holidays for better utilisation of Operators. Raising of anomalies of R&R Policy; Creation of post of Director(P&P); Joint Venture with Neyveli Lignite corporation for coal and power production; MCL's 3x – Vision for 2022; PIB of Garjanbahal.

Angul Rail Merry-go-round ; water harvesting; special move to plant one million trees in 2006; baseline survey of MCL employees; special training of Jersey Holders at IICM; Ranchi; resolve to upgrade Talcher Central Hospital to AIIMS' standard; special training of Cap Holders at Puri; Integrated Water supply at Talcher; monthly meeting with villagers; CMD's special farewell gift to retired employees.

### 38 AUDITORS

38.1 Under Section 619(2) of the Companies Act, 1956, the following Audit Firms were appointed as Statutory/Branch Auditors for the year 2006-2007.

#### **Statutory Auditors**

M/s A B P & Associates  
Chartered Accountants  
Bhubaneswar-751009

#### **Branch Auditors**

M/s Singh Ray Mishra & Co.  
Chartered Accountants  
Bhubaneswar – 751009.

### 39. 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 thereunder.

### 40. AWARDS AND RECOGNITION

- (i) National Safety Awards (Mine) for the year 2002,2003 – Awarded to Samleswari OCP, Lakhanpur OCP and Ananta OCP - Awarded by Hon'ble Vice President of India.
- (ii) Rajbhasa Sarathi – Awarded to CMD, MCL – Awarded by Bharatiya Sanskruti Sansthan, Delhi.
- (iii) Rahbhasa Shree – Awarded to CMD, MCL - Awarded by Bharatiya Rajbhasa Vikas Sansthan, Deheradun.
- (iv) John Dunn Medal - Awarded to CMD, MCL – Awarded by MGMI.

#### 40.1 Awards related to safety

National safety awards for the year 2002  
Lowest Injury Frequency Rate (LIFR) (per million cubic meter of output) –  
Winner - Samaleswari OCP  
Runners up-Jagannath OCP

#### **National Safety Awards for the year 2003**

- A. Lowest Injury Frequency Rate (LIFR) per lakh manshift (scheme-2)-Ananta OCP
- B. Longest Accident Free Period (LAFF) scheme-1 - Lakhanpur OCP.

### 41. 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.

**42. 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.

**43. BOARD MEETINGS**

Six Board Meetings were held during the year.

**44. BOARD OF DIRECTORS**

**44.1** The following persons, continued to be the Directors of your Company during the year under report.

1. Shri Abhiram Sharma – Chairman-cum- Managing Director
2. Shri G.D. Gulab – Director(Personnel)
3. Shri V.K. Jain – Director(Technical)
4. Shri Rajiv Sharma – Director
5. Shri K. Ranganath – Director

**44.2** The following person, appointed as Director of your Company during the year under report.

1. Shri B. Mohapatra – Director(Finance) from 1.2.2007

**44.3** The following person, ceased to be Director of your Company during the year under report.

1. Shri B.M. Nag – Director(Finance) upto 31.1.2007

**45. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2007, the applicable accounting standards had been followed along with proper explanation relating to material departures ;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements

and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;

(iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;

(iv) that the directors had prepared the accounts for the financial year ended 31st March, 2007 on a 'going concern' basis.

**46. AUDIT COMMITTEE**

The Audit Committee has been formed and functioning in pursuance of excellence in Corporate Governance with the following members :

- |   |   |          |
|---|---|----------|
| 1. Additional Secretary,<br>Ministry of Coal , New Delhi. | – | Chairman |
| 2. Director (Marketing),<br>Coal India Ltd, Kolkata.      | – | Member   |
| 3. Director(Technical),<br>MCL, Sambalpur.                | – | Member   |

The scope of work of the Audit Committee includes broadly the commercial aspects of the Company.

Three Audit Committee meetings were held during the year.

**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 Orissa for their valuable support. The Directors are thankful to the Sister

Organisations for the co-operation and assistance rendered by them.

- 47.2** Directors place on record their deep sense of appreciation for the co-operation extended by the Trade Unions and Officers' Associations, the team spirit shown, valuable and sterling services rendered by the employees at all levels towards the achievement of the objectives of the Company and its all-round growth.
- 47.3** The Directors also thank the valued customers profusely for their continued support, patronage and encouragement but for which the Company would not have emerged strong with.
- 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, Orissa.
- 47.5** The Directors also extend their thanks to various important citizens of Sambalpur and

also those residing in the Coalfield Areas of Orissa for their co-operation from time to time.

**48. ADDENDA**

The following papers are annexed.

1. Information as required to be given in the Directors' Report under Section 217(1)(e) of the Companies Act, 1956.
2. Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act 1956.
3. Addendum to the Directors' Report under Section 227(2) and 217(3) of the Companies Act 1956.

Sd/-  
**( Abhiram Sharma )**  
*Chairman-cum-Managing Director*

Sambalpur  
Date : 28.8.2007

## ANNEXURE - 1

### ANNEXURE TO DIRECTORS' REPORT

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

#### A. CONSERVATION OF ENERGY

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

##### 1. Electrical Energy

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

- (i) Power factor rebate is Rs 91.50 Lakh for 2006-07 against Rs. 29.40 Lakh for 2005-06 as per the existing tariff.
- (ii) Over drawl penalty is Rs 10.55 Lakh for 2006-07 against Rs. 31.03 Lakh for 2005-06.
- (iii) Specific consumption of Coal has come down from 4.16 kWh/T for 2005-06 to 3.59 kWh/T for 2006-07.
- (iv) Specific consumption of Composite Production ( i.e. Coal + O.B Removal ) has come down from 3.09 kWh/Cu.M for 2005-06 to 2.77 kWh/Cu.M for 2006-07.
- (v) Power cost of coal has come down from Rs 13.29 per Te for 2005-06 to Rs 11.26 per Te for 2006-07.
- (vi) Power cost of composite production ( i.e. Coal + O.B Removal ) has come down from Rs 9.88 per Cu.M for 2005-06 to Rs 8.67 per Cu.M for 2006-07.
- (vii) Unit price of power consumption has come down from Rs 3.20 per kWh for 2005-06 to Rs 3.13 per kWh for 2006-07.

##### 2. Fuel and Lubricants

The consumption of diesel has been reduced by 2% from 0.555 Lt per Cum in 2005-06 to 0.544 Lt per Cum in 2006-07.

Following steps were taken for reduction of consumption of fuel and lubricants.

- (i) Periodical overhaul of engines and regular checking of filters, hoses and tyre pressure.
- (ii) Maintenance of haul roads.
- (iii) Periodical maintenance of batteries and regular checking of self-starters.
- (iv) Restriction of idle running of HEMM.

##### (b) *Additional Investment and proposal, if any, being implemented for reduction of consumption of energy.*

- (i) Domestic consumption constitutes about 25% of the total power consumption, as such, domestic load is being monitored regularly. Steps have been taken to curb power theft by controlling pilferage and hooking of electricity by outsiders. In the theft prone areas, power

distribution has either been changed from over-head conductors to cables to avoid over-head line distribution system wherever possible or by transmitting power at higher voltage over-head lines in those areas.

- (ii) To reduce energy consumption by industrial pumps, steps have been taken, such as, maintenance effectiveness, optimization of delivery and suction sizes, use of floats, use of V.T pumps through bore-holes, deliveries and cables through bore-holes etc.
- (iii) To optimize power consumption, steps have been taken, such as, transmission of power at H.T as near to the U/G face as allowed by rules to reduce transmission losses, use of H.T motors beyond certain H.P, use of optimum sizes of cables and transformers, use of energy efficient lighting sources, use of bore-holes for use of cables and pump deliveries to reduce their lengths and hence reduce losses etc.
- (iv) To contain maximum demand as close as contract demand, scheduled load-shedding in colonies during peak hours are being exercised rationally. Capacitors of appropriate specification are being used to enhance power factor for dual benefit of reduced maximum demand as well as availing incentives on higher power factor from the Distribution Companies of Electricity.
- (v) To ensure reliability of power supply system, 132 KV double feeders are operational in both the 132 KV Sub-Stations at Talcher as well as Ib Valley Coalfields, thereby facilitating availing power at either feeder in case of break-down in the other.
- (vi) To ensure reliability of power supply system, 220 KV double circuit overhead line with associated 3 X 20 MVA, 220 / 33 KV sub-station is under construction for Basundhara-Garjanbahal Area (being executed by M/s OPTCL on deposit works basis) and the job is nearing completion.

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

Description	2006 - 07	2005-06	% Increase or Decrease
<b>Electrical Energy</b>			
(i) Specific Consumption of Coal, in KWh/Tonnes	3.59	4.16	(-) 13.70 (F)
(ii) Specific Consumption of Composite Production (i.e. Coal + O.B removal), in KWh/Cu.M.	2.77	3.09	(-) 10.36 (F)
<b>Fuel and Lubricants</b>			
(i) Consumption of HSD, in ltrs/Cu.M of Composite Production	0.433	0.447	(-) 3.13 (F)
(ii) Consumption of Liquid lubricants, in ltrs/Cu.M of Composite Production	0.02390	0.02378	(+) 0.50 (A)
(iii) Consumption of Grease, in Kg/Cu.M of Composite production	0.00126	0.00125	(+) 0.80 (A)

**F – Favourable**

**A–Adverse**



## FORM 'B'

## DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

**RESEARCH AND DEVELOPMENT (R&D)**

1. **Specific areas in which R&D carried out by Company** :R&D was not carried out.
2. **Benefits derived as a result of the above R&D** : Not applicable.
3. **Future plan of action** : Not applicable.
4. **Expenditure on R&D** :
 

(a) Capital	-	NIL
(b) Recurring	-	NIL
(c) Total	-	NIL
(d) Total R&D expenditure as percentage of total turn over	-	NIL

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

1. **Efforts in Brief, Made towards Technology Absorption, Adaptation and Innovation** : Not applicable.
2. **Benefits derived as a result of the above effort** : Not applicable.
3. **In case of imported technology (imported during the last 5 years reckoned from the beginning of the Financial Year) the requisite information are given below** :
 

(a) Technology imported	-	Not applicable.
(b) Year of Import	-	Not applicable.
(c) Has technology been fully absorbed	-	Not applicable.
(d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plan of actions	-	Not applicable.

**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

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(ii) Foreign Exchange used and earned

(Rs. In lakh)

Sl. No.	Description	Current Year	Previous Year
(a)	Foreign Exchange used :		
(i)	CIF value of imports		
	(a) Components, Stores & Spare parts	144.91	11.77
	(b) Capital goods	140.15	Nil
(ii)	Travelling	6.13	Nil
(iii)	Interest	655.97	574.15
(iv)	Commitment Charges	Nil	0.13
(b)	Foreign Exchange earned	Nil	

**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 2007**

The preparation of financial statements of Mahanadi Coalfields Limited for the year ended 31 March 2007 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 statement under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standard 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 22 August 2007.

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 2007. 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. In view of the revision made in the financial statement by the management as a result of my audit observations highlighted during supplementary audit as indicated in the Note No.21 of the Notes forming part of Accounts (Schedule P), I have no further comments to offer 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/-

**(B. Mazumdar)**

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

Kolkata

Dated : 25.08.07

## BALANCE SHEET AS AT 31ST MARCH, 2007

	SCHEDULE NO.	CURRENT YEAR (Rs. In lakh)	PREVIOUS YEAR (Rs. In lakh)
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	A	18640.09	18640.09
(b) Reserves and Surplus	B	403700.64	329776.25
<b>2. Loan Funds</b>			
(a) Secured loans		Nil	Nil
(b) Unsecured loans	C	17006.07	18671.32
<b>3. Deferred Tax Liability (Net)</b>			
		580.62	2057.86
<b>TOTAL</b>		<b>439927.42</b>	<b>369145.52</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
(a) Gross Block	D	282515.52	262418.28
(b) Less : Depreciation & Provision for Impairment of Assets		151201.91	139818.53
(c) Net Block		131313.61	122599.75
(d) Capital work-in-progress	E	24770.16	22535.31
(e) Discarded/Surveyed Off Assets	F	516.97	407.77
		156600.74	145542.83
<b>2. Investment</b>			
	G	30988.80	34432.00
<b>3. Current Assets, Loans and advances</b>			
a) Inventories	H	26359.49	19050.87
b) Sundry Debtors	I	8879.00	7937.03
c) Cash and Bank Balances	J	242767.01	189755.34
d) Other Current Assets	K	7875.41	5327.93
e) Loans and Advances	L	239386.36	206615.43
		525267.27	428686.60
Less : Current Liabilities and Provisions	M	272929.39	239515.91
<b>Net Current Assets</b>		252337.88	189170.69
<b>4. Miscellaneous expenditure (to the extent not written off or adjusted)</b>			
	N	Nil	Nil
<b>TOTAL</b>		<b>439927.42</b>	<b>369145.52</b>
<b>Accounting Policies</b>	O		
<b>Notes on Accounts</b>	P		

The Schedules referred to above form integral part of the Accounts

Sd/-  
**S.C. Behera**  
Company Secretary

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

Sd/-  
**B. Mahapatra**  
Director (Finance)

Sd/-  
**Abhiram Sharma**  
Chairman-Cum-Managing Director

As per our report of even date  
For & on behalf of ABP & Associates  
Chartered Accountants

Sd/-  
**(Prmod K. Panda)**  
Partner  
(Membership No. 052501)

Place : Berhampur  
Date : 22.08.2007

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007**

	SCHEDULE NO.	CURRENT YEAR (Rs. In Lakh)	PREVIOUS YEAR (Rs. In Lakh)
<b>Income :</b>			
Sales	1	371274.64	327711.38
Coal issued for other purpose	2	55.73	60.61
Accretion/(Decretion) in Stock	3	6947.63	4149.28
Other Income	4	57515.56	45936.70
<b>Total Income</b>		<b>435793.56</b>	<b>377857.97</b>
<b>Expenditure</b>			
Internal Consumption of Coal	5	55.73	60.61
Stores & Spare parts consumed	6	37036.92	35181.10
Power & Fuel Expenses	7	7500.17	8120.37
Employees Remuneration & Benefits	8	50120.97	44575.63
Contractual Expenses	9	48487.42	43468.50
Repair Expenses	10	8714.91	8534.04
Social Facilities Expenses	11	10161.40	9549.76
Other Expenditure	12	13462.75	12072.93
Overburden Removal Adjustment	13	30883.40	19672.78
Interest	14(A)	756.80	641.21
Financial Charges	14(B)	307.65	439.03
Depreciation	15	13483.41	13081.08
Provisions	16(A)	1469.21	64.55
Write off/Write Back	16(B)	77.44	-71.55
Contribution to Rehabilitation Fund		4586.22	4092.18
<b>Total Expenditure</b>		<b>227104.40</b>	<b>199482.22</b>
<b>Profit for the year</b>		<b>208689.16</b>	<b>178375.75</b>
Prior period adjustment	17	550.01	-5345.07
<b>Profit before Tax</b>		<b>208139.15</b>	<b>183720.82</b>
Provision for Income Tax			
Current Year		70595.84	62985.03
Prior period (Adjustment)		1667.38	-4516.85
Fringe Benefit Tax		508.04	373.87
Deferred Tax Asset/Liability			
Current Year		-1477.24	-750.57
<b>Profit after Tax</b>		<b>136845.13</b>	<b>125629.34</b>
Profit brought forward from previous year		247456.13	192120.75
Profit available for Appropriation		384301.26	317750.09
<b>APPROPRIATIONS:</b>			
General reserve		14000.00	12610.00
Interim Dividend:			
Equity share		50000.00	18500.00
Proposed dividend :			
Equity share		5050.00	31900.00
Tax on dividend		7870.74	7068.61
Current Year			
Prior Period (Adjustment)		0.00	215.35
		<b>76920.74</b>	<b>70293.96</b>
<b>Balance Carried to Balance Sheet</b>		<b>307380.52</b>	<b>247456.13</b>
Accounting Policies	O		
Notes on Accounts	P		

The Schedules referred to above form integral part of the Accounts

Sd/-  
**S.C. Behera**  
Company Secretary

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

Sd/-  
**B. Mahapatra**  
Director (Finance)

Sd/-  
**Abhiram Sharma**  
Chairman-Cum-Managing Director

As per our report of even date  
For & on behalf of ABP & Associates  
Chartered Accountants

Sd/-  
**(Prmod K. Panda)**  
Partner  
(Membership No. 052501)

Place : Berhampur  
Date : 22.08.2007



## SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2007

### SCHEDULE – A SHARE CAPITAL

	<u>Current Year</u> <i>(Rs. in Lakh)</i>	<u>Previous Year</u> <i>(Rs. in Lakh)</i>
<b>Authorised</b>		
(i) 2041800 10% Cumulative Redeemable Preference Shares of Rs.1000 each (Previous Year - 2041800 Shares)	20418.00	20418.00
ii) 2958200 Equity Shares of Rs.1000/- each (Previous Year - 2958200 Shares)	29582.00	29582.00
	<b>50000.00</b>	<b>50000.00</b>
<b>Issued, Subscribed &amp; Paid up</b>		
1864009 Equity Shares of Rs.1000 each fully paid up in cash (Previous Year - 1864009 Shares)	18640.09	18640.09
<b>TOTAL</b>	<b>18640.09</b>	<b>18640.09</b>

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

**SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2007****SCHEDULE - B  
RESERVES AND SURPLUS**

<i>(Rs. in Lakh)</i>				
Particulars	As at 01.04.2006	Additions During the Year	Deductions/ Adjustment during the Year	As at 31.03.2007
1. Capital Redemption Reserve	20418.00	0.00	0.00	20418.00
2. General Reserve	61902.12	14000.00	0.00	75902.12
3. Profit & Loss Account	247456.13	59924.39	0.00	307380.52
<b>Total</b>	<b>329776.25</b>	<b>73924.39</b>	<b>0.00</b>	<b>403700.64</b>
Previous year	261830.87	67945.38	0.00	329776.25

**SCHEDULE - C  
UNSECURED LOANS**

	<u>Current Year</u> <i>(Rs. in Lakh)</i>	<u>Previous Year</u> <i>(Rs. in Lakh)</i>
1. Loans and advances from Holding Company		
For Loans from IBRD & JBIC*	15913.43	17533.24
2. Liability for Deferred Payment		
M/S Liebherr France S.A., France	1223.62	1270.26
Less: Interest on Deferred payment	130.98	132.18
	<u>1092.64</u>	<u>1138.08</u>
<b>TOTAL</b>	<b><u>17006.07</u></b>	<b><u>18671.32</u></b>

**Note :** Unsecured Loan repayable within 1 year is Rs. 1231.12 lakh (Previous year Rs. 1250.00 lakh)  
\* Earlier known as JEXIM now changed to JBIC

## SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2007

### SCHEDULE – D

### ASSETS

(Rs. in Lakh)

PARTICULARS	GROSS BLOCK				DEPRECIATION				Provision Impairment of Assets upto end of the for year	NET BLOCK	
	Cost As at beginning of year	Additions During the Year	Deletion/ Adjustment during the year	Cost As at Closing of year	Provided upto beginning of year	For the year	With-drawn/ Adjust-ment during the year	Provided upto end of the year		As at year end 31.3.2007	As at year end 31.3.2006
<b>COMPLETED ASSETS :</b>											
1. Land :											
(i) Freehold	258.80	0.00	-5.86	252.94	0.00	0.00	0.00	0.00	0.00	252.94	258.80
(ii) Lease hold	22541.20	3853.77	-734.13	25660.84	7523.34	1173.03	22.08	8718.45	0.00	16942.39	15017.86
2. Buildings :											
(i) Township	31467.24	367.71	25.94	31860.89	5232.90	508.29	0.00	5741.19	0.00	26119.70	26234.34
(ii) Other than Township	12182.94	212.37	-25.37	12369.94	3377.77	354.85	-0.53	3732.09	0.00	8637.85	8805.17
(iii) Roads & Culverts (Mining Area)	7454.57	0.43	-79.54	7375.46	2518.64	237.10	-1.29	2754.45	0.00	4621.01	4935.93
3. Plant & Machinery	150373.34	19267.68	-3187.25	166453.77	101111.41	10323.68	-2876.01	108559.08	0.00	57894.69	49261.93
4. Furniture & Fittings and Office Equipments	3740.74	236.05	-69.83	3906.96	2402.36	236.31	-106.87	2531.80	0.00	1375.16	1338.38
5. Railway Siding	11085.72	585.10	-218.11	11452.71	4172.93	472.67	3.03	4648.63	0.00	6804.08	6912.79
6. Vehicle	2267.44	0.59	-28.89	2239.14	1913.76	77.32	-32.09	1958.99	0.00	280.15	353.68
7. Prospecting & Boring	2618.10	0.00	-0.01	2618.09	1145.26	166.17	-72.52	1238.91	2.28	1376.90	1470.56
8. Development Expenditure	18428.19	138.85	-242.26	18324.78	9535.61	826.71	53.40	10415.72	900.32	7008.74	8010.31
<b>TOTAL</b>	<b>262418.28</b>	<b>24662.55</b>	<b>-4565.31</b>	<b>282515.52</b>	<b>138933.98</b>	<b>14376.13</b>	<b>-3010.80</b>	<b>150299.31</b>	<b>902.60</b>	<b>131313.61</b>	<b>122599.75</b>
Previous Year	248789.02	18318.37	-4689.11	262418.28	129483.56	13838.56	-4388.14	138933.98	884.55	122599.75	118459.73

## SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2007

### SCHEDULE – E

### CAPITAL WORK-IN-PROGRESS

(Rs. in Lakh)

PARTICULARS	COST				PROVISION				NET ASSET
	Upto the beginning of the year (01.04.2006)	Additions During the Year	Transfer/ Adjustment during the year	Upto the end of the year (31.03.2007)	Upto the beginning of the year (01.04.2006)	Additions during the year	Transfer/ Adjustment during the year	Upto the end of the year (31.03.2007)	Upto the end of the year (31.3.2007)
<b>1. Buildings under Construction</b>									
(i) Township	212.36	329.35	-181.07	360.64	11.88	6.79	0.00	18.67	341.97
(ii) Other than Township	137.09	65.20	-157.17	45.12	0.95	0.05	-0.56	0.44	44.68
(iii) Roads & Culverts (Mining Area)	120.29	20.72	-6.69	134.32	0.00	0.00	0.00	0.00	134.32
<b>2. Plant &amp; Machinery</b>									
(i) Under erection/Installation	2697.30	606.89	-1334.97	1969.22	500.72	85.06	-122.00	463.78	1505.44
(ii) In Stores	374.32	11135.20	-10866.16	643.36	115.53	35.50	-71.18	79.85	563.51
(iii) In transit & awaiting Inspection	200.60	0.00	-189.96	10.64	142.50	0.00	-142.50	0.00	10.64
<b>3. Railway Siding under Construction</b>	4530.62	1265.24	-16.16	5779.70	0.00	0.00	0.00	0.00	5779.70
<b>4. P&amp;B for Dev Mines</b>	9050.52	1678.75	-371.93	10357.34	0.00	0.00	0.00	0.00	10357.34
<b>5. Dev Exp of Non-Rev Mines</b>	5551.44	751.63	-774.63	5528.44	0.00	0.00	0.00	0.00	5528.44
<b>6. Capital Goods in Stock</b>	432.35	368.93	-297.16	504.12	0.00	0.00	0.00	0.00	504.12
<b>GRAND TOTAL</b>	<b>23306.89</b>	<b>16221.91</b>	<b>-14195.90</b>	<b>25332.90</b>	<b>771.58</b>	<b>127.40</b>	<b>-336.24</b>	<b>562.74</b>	<b>24770.16</b>
Previous Year	23071.51	15323.73	-15088.35	23306.89	333.96	118.43	319.19	771.58	22535.31

### SCHEDULE – F

### DISCARDED/SURVEYED OFF ASSETS

(Rs. in Lakh)

PARTICULARS	COST				PROVISION				NET ASSET
	Upto the beginning of the year (01.04.2006)	Additions During the Year	Transfer/ Adjustment during the year	Upto the end of the year (31.03.2007)	Upto the beginning of the year (01.04.2006)	Additions during the year	Transfer/ Adjustment during the year	Upto the end of the year (31.03.2007)	Upto the end of the year (31.3.2007)
Surveyed Off/ Discarded Assets	680.53	232.90	-113.85	799.58	272.76	30.84	-20.99	282.61	516.97
<b>GRAND TOTAL</b>	<b>680.53</b>	<b>232.90</b>	<b>-113.85</b>	<b>799.58</b>	<b>272.76</b>	<b>30.84</b>	<b>-20.99</b>	<b>282.61</b>	<b>516.97</b>
Previous Year	482.31	212.09	-13.87	680.53	183.09	83.43	6.24	272.76	407.77

## SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2007

### SCHEDULE – G INVESTMENTS (Long Term other than Trade)

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
<b>1. Investments in Govt. Securities (At Cost)</b>		
<b>Unquoted</b>		
<b>8.5% Tax free Power Bonds :</b>		
Maharastra State Electricity Board	10247.40	11386.00
Tamil Nadu State Electricity Board	10557.00	11730.00
West Bengal Power Dev. Corpn.	10184.40	11316.00
(All bonds backed by respective State Govt. guarantee) (Please see Note No. 5.1 of Notes on Accounts in Sch – P)	30988.80	34432.00
<b>TOTAL</b>	<b>30988.80</b>	<b>34432.00</b>



## SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2007

### SCHEDULE – H INVENTORIES

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
<b>A. Stock of Stores &amp; Spares</b>	9072.45	8909.90
Stock of Medicine	52.24	60.10
<b>Less:</b>		
(i) Provision for non-moving/obsolescence Stores	1028.98	1030.16
(ii) Provision for Difference/Shortage	76.76	78.68
	1105.74	1108.84
<b>Sub Total</b>	8018.95	7861.16
<b>Add:</b>		
In transit/Under Inspection	443.34	240.15
<b>Add: Loss of Assets</b>	104.70	104.70
	548.04	344.85
<b>Less: Provision for loss of Assets</b>	104.70	104.70
	443.34	240.15
<b>TOTAL (A)</b>	8462.29	8101.31
<b>B. Stock of Coal</b>		
1. Revenue Mines	17286.48	9729.52
2. Capital Mines	0.00	21.33
<b>Sub Total (1+2)</b>	17286.48	9750.85
<b>Less: Provision for Deterioration</b>	259.84	162.94
Rehandling Charges	31.14	13.77
	290.98	176.71
<b>TOTAL (B)</b>	16995.50	9574.14
[As per Annexure H (I) & H (II)]		
<b>C. Workshop Job</b>		
Manufactured items	398.38	479.58
Work in progress	503.32	895.84
<b>TOTAL (C)</b>	901.70	1375.42
<b>GRAND TOTAL (A+B+C)</b>	26359.49	19050.87

**NOTE :** The Book Debts and Inventories are hypothecated in favour of State Bank of India for the consortium loan taken by Coal India Limited to the tune of Rs.31500.00 lakh (Previous year Rs. 31500.00 lakh).

## SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2007

### PARTICULARS IN RESPECT OF COAL STOCK AS ON 31ST MARCH, 2007

#### SCHEDULE – H (CONTD....)

#### ANNEXURE – H (I)

Particulars	Overall Stock		Provision for Non Vendable Stock		Vendable Stock	
	Quantity (L Te)	Value (L Rs)	Quantity (L Te)	Value (L Rs)	Quantity (L Te)	Value (L Rs)
<b>Reconciliation of Book Stock and Measured Stock</b>						
1. Opening Stock as on 1.4.2006 (Book Stock)						
(a) Revenue Mines	43.99	9750.85	0.00	0.00	43.99	9750.85
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Total	43.99	9750.85	0.00	0.00	43.99	9750.85
2. Add Production for the Year						
(a) Revenue Mines	800.01	378866.07	0.00	0.00	800.01	378866.07
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Total	800.01	378866.07	0.00	0.00	800.01	378866.07
3. Sub Total (1+2)	844.00	388616.92	0.00	0.00	844.00	388616.92
4.(A) Less Offtake for the Year						
(i) Outside Despatch						
(a) Revenue Mines	764.21	371274.64	0.00	0.00	764.21	371274.64
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Total	764.21	371274.64	0.00	0.00	764.21	371274.64
(ii) Consumption of Boiler and Domestic Coal						
(a) Revenue Mines	0.05	55.73	0.00	0.00	0.05	55.73
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.05	55.73	0.00	0.00	0.05	55.73
Total: (4A)	764.26	371330.37	0.00	0.00	764.26	371330.37
4.(B) Stock Written Off (Stock at Paradeep)	0.00	0.07	0.00	0.00	0.00	0.07
Total (4A+4B)	764.26	371330.30	0.00	0.00	764.26	371330.30
5. Derived Stock (3-4)						
(a) Revenue Mines	79.74	17286.48	0.00	0.00	79.74	17286.48
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Total	79.74	17286.48	0.00	0.00	79.74	17286.48
6. Measured Stock						
(a) Revenue Mines	77.83	16862.84	0.00	0.00	77.83	16862.84
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Total	77.83	16862.84	0.00	0.00	77.83	16862.84
7. Difference (5-6)	1.91	423.64	0.00	0.00	1.91	423.64
8. Break Up of Difference:						
(A) Excess within 5%						
(B) Shortage within 5%	2.40%	2.45%			2.40%	2.45%
(C) Excess beyond 5%						
(D) Shortage beyond 5%						
9. Closing Stock adopted in Accounts (5 above)	79.74	17286.48	0.00	0.00	79.74	17286.48

Contd...

## SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2007

### PARTICULARS IN RESPECT OF COAL STOCK AS ON 31ST MARCH, 2007

#### SCHEDULE – H (CONTD....)

#### ANNEXURE – H (II)

Particulars	Current Year		Previous Year	
	Quantity	Value	Quantity	Value
	(Lakh Tonne)	(Rs. in Lakh)	(Lakh Tonne)	(Rs. in Lakh)
Reconciliation of Closing Stock adopted in Accounts with Books Stock as at the end of the year				
Stock as per Books	79.74	17286.48	43.99	9750.85
Less:				
Non-vendable stock including mixed stock and stock on fire for which provision equivalent to the value has been made in Accounts but Qty. not adjusted in book stock as well as Accounts	0.00	0.00	0.00	0.00
Less :				
Charge for rehandling of pithead stock		31.14		13.77
Less:				
Provision made in the Accounts to take care of future deterioration in Coal stock		259.84		162.94
<b>Stock as per Accounts after all provisions</b>	<b>79.74</b>	<b>16995.50</b>	<b>43.99</b>	<b>9574.14</b>

## SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2007

### SCHEDULE – I SUNDRY DEBTORS

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Outstanding for over six months	8022.26	6819.30
Other debts	9308.00	8922.00
<b>Sub Total</b>	<b>17330.26</b>	<b>15741.30</b>
Less: Provision for Doubtful Debts	8451.26	7804.27
<b>TOTAL</b>	<b>8879.00</b>	<b>7937.03</b>
<b>Classification :</b>		
1    Considered good and in respect of which the Company is fully secured	657.04	50.22
2    Considered good for which the Company holds no security other than Debtors personal Security	8221.96	7886.81
3    Considered Doubtful	8451.26	7804.27
<b>TOTAL</b>	<b>17330.26</b>	<b>15741.30</b>

**NOTE:**

- (1) Due from company under the same management : Nil (Previous year Nil).
- (2) The Book Debts and Inventories are hypothecated in favour of State Bank of India for the consortium loan taken by Coal India Limited to the tune of Rs.31500.00 lakhs (Previous year Rs.31500.00 lakhs).
- (3) Secured amount includes Rs. 657.04 lakh (Previous year - Rs. 50.22 lakh) covered by Bank Guarantee.

**SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2007****SCHEDULE – J****CASH & BANK BALANCES**

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
A. (i) Cash/Stamp in hand	3.80	4.65
(ii) Cheques/Demand Drafts in hand	0.00	11.90
(iii) Cash balance with Imprest Holder	0.48	5.19
B. Remittance-in-Transit	0.00	40.47
C. Balance with Scheduled Banks		
(i) Current Account	6741.97	10217.89
(ii) Deposit Account	236020.76	179475.24
<b>TOTAL</b>	<b>242767.01</b>	<b>189755.34</b>

**SCHEDULE – K****OTHER CURRENT ASSETS**

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
<b>Claims Receivable:</b>		
1. Railways	20.54	20.54
Less : Provision	20.54	20.54
	0.00	0.00
2. Insurance Company	3.64	3.64
3. Income Tax	0.00	0.00
4. Fidelity	0.67	0.67
5. Interest on Bank Deposits	6468.82	3745.05
6. Interest on Power Bonds	1390.19	1463.36
7. Suspense - A/c Loss of Cash	15.97	15.97
Less : Provision for loss of Cash	15.97	15.97
	0.00	0.00
8. Others	12.09	115.21
<b>TOTAL</b>	<b>7875.41</b>	<b>5327.93</b>

## SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2007

### SCHEDULE – L LOANS & ADVANCES

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
<b>(A) Capital Advances :</b>		
(1) P & M Advance	56.12	61.03
(2) Land Advance :	5419.19	3803.55
<b>TOTAL (A)</b>	<b>5475.31</b>	<b>3864.58</b>
<b>(B) Advance to Suppliers (Stores)</b>	<b>928.78</b>	<b>1091.26</b>
<b>TOTAL (B)</b>	<b>928.78</b>	<b>1091.26</b>
<b>(C) Advance to Contractors:</b>	<b>491.31</b>	<b>515.79</b>
<b>TOTAL (C)</b>	<b>491.31</b>	<b>515.79</b>
<b>(D) Advance to Employees:</b>		
(1) House Building Advance	260.75	309.56
(2) Motor Car Advance	4.38	8.36
(3) Motor Cycle, Scooter Advance	0.12	0.11
(4) Pay Advance	2.74	-0.24
(5) Medical Advance	54.21	52.36
(6) Flood /Drought Relief	0.05	0.05
(7) Local Purchase Adv.	4.04	3.90
(8) Misc. Advance	55.05	65.63
(9) Travelling Advance	98.64	78.23
(10) LTC Advance	24.83	21.05
(11) Advance (Others)	121.90	100.95
(12) Freight Advance	0.00	0.09
(13) Study Advance/Self Development Loan	0.00	30.85
(14) Other Receivables	382.35	250.31
(15) Group Insurance	1.97	13.06
<b>TOTAL (D)</b>	<b>1011.03</b>	<b>934.27</b>
<b>(E) Advance to Others:</b>		
1. Advance to Co-operative Society	0.48	0.47
2. Tax deducted at Source	5289.08	3327.29
3. Advance Income Tax	64900.00	55900.00
4. Advance Wealth Tax	6.50	6.50
5. Income Tax(Company) under protest	26386.94	24236.95
6. Advance Sales Tax	530.52	198.08
7. Sales Tax deposit under protest	831.79	979.50
8. Advance Receivable from Govt.	0.82	4.01
9. Other receivables	439.43	448.65
10. Advance to others	10.71	15.17
11. Fringe Benefit Tax	376.00	364.00
<b>TOTAL (E)</b>	<b>98772.27</b>	<b>85480.62</b>

## SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2007

### SCHEDULE – L (CONTD.....)

#### LOANS & ADVANCES

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
<b>(F) Deposit</b>		
(i) With P & T Deptt.	29.87	29.66
(ii) With Elec. Boards.	683.43	690.98
(iii) Surplus Fund with CIL (Holding Co.) <sup>3</sup>	127446.48	111103.42
(iv) With Others	28.99	28.89
<b>TOTAL (F)</b>	<b>128188.77</b>	<b>111852.95</b>
<b>(G) Prepaid Expenses</b>	41.83	52.85
<b>TOTAL (G)</b>	<b>41.83</b>	<b>52.85</b>
<b>(H) Current Account Balance with Sister Subsidiaries &amp; Holding Company</b>		
Coal India Ltd	4697.95	3261.02
CMPDI Limited	81.43	0.00
South Eastern Coalfields Ltd.	2.78	-0.74
Northern Coalfields Ltd.	-0.03	0.00
<b>TOTAL (H)</b>	<b>4782.13</b>	<b>3260.28</b>
<b>GRAND TOTAL (A TO H)</b>	<b>239691.43</b>	<b>207052.60</b>
<b>Less : Provision for Doubtful Advances</b>	305.07	437.17
<b>Net Total</b>	<b>239386.36</b>	<b>206615.43</b>
<b>Classification:</b>		
(a) Considered good in respect of which the company is fully secured	265.25	318.03
(b) Considered good for which the company holds no security other than Party's Personal security	239121.11	206297.40
(c) Considered doubtful	305.07	437.17

#### NOTE:

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



## SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2007

### SCHEDULE – M CURRENT LIABILITIES AND PROVISIONS

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
<b>Current Liabilities:</b>		
<b>A. Sundry Creditors - for Goods</b>		
For Capital	790.02	907.39
For Stores	3868.56	2791.91
<b>TOTAL (A)</b>	<b>4658.58</b>	<b>3699.30</b>
<b>B. Sundry Creditors for Expenses</b>		
Capital	3424.26	4191.37
Revenue	3873.54	2807.90
Power & Fuel	1015.85	1001.15
<b>TOTAL (B)</b>	<b>8313.65</b>	<b>8000.42</b>
<b>C. Employees Remuneration and Benefits</b>		
Salaries, Wages, Allowance	7150.70	19685.70
Attendance Bonus	426.82	443.28
Ex-gratia	1085.07	742.59
Unpaid Salaries & Wages	39.47	36.38
Gratuity	16955.36	12866.48
D L I	1.98	2.01
Leave Encashment	3478.23	2646.91
VRS	70.72	107.36
<b>TOTAL (C)</b>	<b>29208.35</b>	<b>36530.71</b>
<b>D. Other Expenses</b>		
Contractual Expenses	4254.84	3687.10
Demurrage	12.72	0.35
Acceptance	-4.14	-25.39
Audit Fee & Expenses	11.84	5.76
Repair & Maintenance	843.15	824.77
Others	1690.73	1100.22
<b>TOTAL (D)</b>	<b>6809.14</b>	<b>5592.81</b>
<b>(E) Statutory Dues</b>		
Sales Tax :		
Central	90.93	102.28
State/Orissa VAT	92.12	150.47
Royalty on Coal	4520.68	4132.42
Cess on Coal	1941.20	1840.38
Stowing Excise Duty	2003.60	1720.56
Provident Fund	370.10	716.60
Pension Fund	77.53	88.61
Professional Tax	0.08	0.30
Income tax:		
Employees	1.35	3.84
Contractors	13.53	4.23
Service Tax	1788.11	899.11
Orissa Entry Tax	540.23	338.96
OREEP Tax	98.77	0.00
Wealth Tax	6.00	0.00
Other Statutory Dues	129.83	59.74
<b>TOTAL (E)</b>	<b>11674.06</b>	<b>10057.50</b>

## SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2007

### SCHEDULE – M (CONTD.....)

#### CURRENT LIABILITIES AND PROVISIONS

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
<b>F. Other Liabilities</b>		
(i) L.I.C.Premium(SSS)	-0.52	-0.58
(ii) C.T. D Post Office	0.10	0.23
(iii) Prime Minister's Relief Fund	48.78	48.79
(iv) Dues to Canteen	0.04	0.07
(v) Dues to Co-operative Societies	2.59	2.58
(vi) Benevolent Fund	2.78	3.05
(vii) Welfare Fund	0.19	0.16
(viii) Others	570.05	502.30
<b>TOTAL (F)</b>	<b>624.01</b>	<b>556.60</b>
<b>G. Advances and Deposits</b>		
Advance from Customers	21151.66	21061.42
Deposits from Contractors & Others	3906.51	3605.65
Unutilised Govt. Subsidy	33.64	96.11
<b>TOTAL (G)</b>	<b>25091.81</b>	<b>24763.18</b>
<b>H. Overburden Removal</b>		
Ratio Variance Reserve	87450.59	60750.36
Less: Closing Advance Stripping	11338.21	15521.38
	76112.38	45228.98
<b>TOTAL (H)</b>	<b>76112.38</b>	<b>45228.98</b>
<b>TOTAL CURRENT LIABILITIES (A TO H)</b>	<b>162491.98</b>	<b>134429.50</b>
<b>Provisions :</b>		
(a) Reclamation of Land	6133.80	5353.53
(b) Taxation	74253.61	67832.88
(c) Dividend	30050.00	31900.00
<b>Total Provisions</b>	<b>110437.41</b>	<b>105086.41</b>
<b>GRAND TOTAL</b>	<b>272929.39</b>	<b>239515.91</b>

- NOTE: 1. Out of Sundry Creditors of Rs. 12972.23 lakh (Previous year Rs. 11699.72 lakh) (A+B), total outstanding dues of small scale industrial undertakings are Rs. Nil (Previous year Rs. Nil).
2. There is no small scale industrial undertaking to whom the Company owe a sum exceeding Rs. 1.00 lakh which is outstanding for more than 30 days.

**SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2007****SCHEDULE – N****MISCELLANEOUS EXPENDITURE****(To the extent not written off or adjusted)***(Rs. in Lakh)*

<b>Particulars</b>	<b>As at 01.04.2006</b>	<b>Additions During the Year</b>	<b>Deductions/ Adjustment During the Year</b>	<b>As at 31.03.2007</b>
1. HEMM Rehabilitation Expenses	0.00	0.00	0.00	0.00
2. VRS Scheme	0.00	0.00	0.00	0.00
3. Preliminary Expenses	0.00	0.00	0.00	0.00
<b>Grand Total (1+2+3)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Previous year</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**SCHEDULE TO PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH, 2007**

**SCHEDULE – 1**

**SALES**

		<u>Current Year (Rs. in Lakh)</u>	<u>Previous Year (Rs. in Lakh)</u>
Quantity (Lakh Tonne)		<u>764.21</u>	<u>682.16</u>
(A) Gross Sales Value			
Raw Coal Value	436891.01	394513.38	
Crushing Charges	13861.14	11744.63	
		<u>450752.15</u>	<u>406258.01</u>
Less: Statutory Levies:			
Royalty on Coal	51524.09	50637.50	
Stowing excise Duty	7642.08	6821.40	
		<u>59166.17</u>	<u>57458.90</u>
Sales Tax :			
Central	8323.79	7804.97	
State/Orissa VAT	10041.69	8449.34	
Orissa Entry Tax	1945.86	1457.71	
ORISED	0.00	3375.71	
		<u>20311.34</u>	<u>21087.73</u>
(B) Total Levies		<u>79477.51</u>	<u>78546.63</u>
(C) Transfer to Development		<u>0.00</u>	<u>0.00</u>
(D) Basic Value (A-B-C)/Net Value		<u>371274.64</u>	<u>327711.38</u>

**SCHEDULE – 2**

**COAL ISSUED FOR OTHER PURPOSES**

(Rs. in Lakh)

	<u>Current Year</u>			<u>Previous Year</u>		
	Colly Cons.	Free Issue to Empl.	Total	Colly Cons.	Free Issue to Empl.	Total
Quantity (Lakh Tonne)	0.05	0.00	0.05	0.05	0.00	0.05
Gross Value	63.94	0.00	63.94	69.37	0.00	69.37
Less:						
Royalty on Coal	8.21	0.00	8.21	8.76	0.00	8.76
Net Value	<u>55.73</u>	<u>0.00</u>	<u>55.73</u>	<u>60.61</u>	<u>0.00</u>	<u>60.61</u>

## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

### SCHEDULE – 3

#### ACCRETION/(DECRETION) IN STOCK

		Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
<b>Closing Stock</b>			
(A)	Raw Coal	17286.48	9750.85
	Less: Provision for		
	Deterioration	259.84	162.94
	Rehandling	31.14	13.77
		<u>290.98</u>	<u>176.71</u>
	<b>TOTAL (A)</b>	<u><b>16995.50</b></u>	<u><b>9574.14</b></u>
(B)	Workshop Job		
	Work-in-progress	901.69	1375.42
	<b>TOTAL (B)</b>	<u><b>901.69</b></u>	<u><b>1375.42</b></u>
(C)	<b>TOTAL (A+B)</b>	<u><b>17897.19</b></u>	<u><b>10949.56</b></u>
<b>Opening Stock</b>			
(D)	Raw Coal	9750.85	5499.13
	Less: Provision for		
	Deterioration	162.94	45.85
	Rehandling	13.77	10.23
		<u>176.71</u>	<u>56.08</u>
	<b>TOTAL (D)</b>	<u><b>9574.14</b></u>	<u><b>5443.05</b></u>
(E)	Workshop Job (W.I.P.)	1375.42	1357.23
	<b>TOTAL (E)</b>	<u><b>1375.42</b></u>	<u><b>1357.23</b></u>
(F)	<b>Total (D+E)</b>	<u><b>10949.56</b></u>	<u><b>6800.28</b></u>
	<b>TOTAL (C-F)</b>	<u><b>6947.63</b></u>	<u><b>4149.28</b></u>
	Less: Transfer to Development	0.00	0.00
	<b>Accretion(+)/Decretion(-) in Stock</b>	<u><b>6947.63</b></u>	<u><b>4149.28</b></u>

## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

### SCHEDULE – 4 OTHER INCOME

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Stowing Subsidy	28.81	63.87
Transportation Charges	21661.60	19076.18
Value of Workshop job done	6741.14	6403.77
Rent (outsider)	94.85	73.81
Charges for Vehicle	0.27	1.25
Interest on		
1 Bank Deposits	17781.50	10750.32
2 Loans & Advances to Employees	58.88	62.79
3 Surplus Fund with Coal India Limited	6057.59	4168.26
4 Investment	2853.55	2926.72
5 Income Tax Dept.	0.00	686.32
Discount, Rebate & Allowances	0.55	0.00
Liquidated Damages/Penalty	317.36	403.14
<b>Others:</b>		
Tender Fee	41.82	31.56
Silo Charges from Customers	526.15	500.15
Sale of scrap	264.77	124.95
Profit on sale of Assets	296.52	0.00
Net Gain on Exch. Rate Fluct.	70.81	90.90
Other Misc. receipts	720.01	573.04
<b>Sub Total</b>	<b>57516.18</b>	<b>45937.03</b>
Less: Transfer to Development	0.62	0.33
<b>NET TOTAL</b>	<b>57515.56</b>	<b>45936.70</b>

## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

### SCHEDULE – 5

#### INTERNAL CONSUMPTION OF COAL

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Quantity (Lakh Tonne)	0.05	0.05
Gross Value	63.94	69.37
Less: Royalty on Coal	8.21	8.76
Net Value	55.73	60.61

### SCHEDULE – 6

#### STORES & SPARE PARTS CONSUMED

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Explosives	5986.29	5971.67
Timber	51.70	39.70
Petrol, Oil & Lubricants	16286.01	14182.76
HEMM Spares	9982.10	10120.67
Other Stores & Spares	5390.06	5413.24
<b>Sub Total</b>	<b>37696.16</b>	<b>35728.04</b>
Less : Transfer to		
Social Facilities	158.92	86.87
Other Expenditure	498.19	458.64
Development	2.13	1.43
<b>Sub Total</b>	<b>659.24</b>	<b>546.94</b>
<b>TOTAL</b>	<b>37036.92</b>	<b>35181.10</b>

### SCHEDULE – 7

#### POWER & FUEL EXPENSES

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Purchase of Electricity	9033.95	9287.79
Less: Transfer to		
Social Facilities	1533.60	1167.01
Development	0.18	0.41
	1533.78	1167.42
<b>TOTAL</b>	<b>7500.17</b>	<b>8120.37</b>



## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

### SCHEDULE – 8

#### EMPLOYEES REMUNERATION AND BENEFITS

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
<b>A. Salaries, Wages &amp; allowances</b>		
Piece Rated Wages	223.25	282.57
Time Rated Wages	18218.98	18458.02
Interim relief	0.00	363.99
Executives Salary	5247.99	4966.45
Salary & Wages for Safety	1361.36	1226.72
Leave Wages	1620.81	1409.88
Paid Holiday Wages	482.94	444.31
Leave Encashment	1617.28	323.98
Nightshift Allowance	79.95	63.36
House Rent Allowance	133.35	130.53
Transport Subsidy	562.48	523.56
Incentive Bonus/Reward	566.68	232.13
Special Incentive	0.18	55.33
Other Allowances	108.41	69.73
<b>TOTAL (A)</b>	<b>30223.66</b>	<b>28550.56</b>
<b>B.</b>		
Normal Overtime	3633.96	3821.21
Sunday Overtime	2611.15	2502.13
Attendance Bonus	1724.73	1639.36
Ex-gratia	1262.43	737.44
Provident Fund	4926.86	4355.59
Pension Fund	281.32	285.68
LLTC	689.47	518.10
RRF	70.04	76.41
Pension	170.67	183.45
Gratuity	5666.66	3033.25
Workmen Compensation	27.62	24.06
D.L.I	29.91	31.15
Life Cover Scheme	41.06	58.66
Voluntary Retirement Scheme	519.56	200.33
Other Retirement Benefits	1.31	2.26
<b>TOTAL (B)</b>	<b>21656.75</b>	<b>17469.08</b>
<b>C.</b>		
Less: Transfer to		
Social Facilities	1537.52	1254.97
Development	221.92	189.04
	<u>1759.44</u>	<u>1444.01</u>
<b>TOTAL (C)</b>	<b>1759.44</b>	<b>1444.01</b>
<b>NET TOTAL (A+B-C)</b>	<b>50120.97</b>	<b>44575.63</b>

## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

### SCHEDULE – 9 CONTRACTUAL EXPENSES

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
<b>Transportation Charges:</b>		
Coal	34764.90	31862.01
Sand	0.18	9.73
Hire Charges of HEMM	14.53	40.41
Surface Miner	8313.55	7094.77
Other Contractual Works	5402.77	4473.79
<b>Sub Total</b>	<b>48495.93</b>	<b>43480.71</b>
Less: Transfer to Development	8.51	12.21
<b>TOTAL</b>	<b>48487.42</b>	<b>43468.50</b>

### SCHEDULE – 10 REPAIR EXPENSES

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
(A) Township	1109.90	1026.80
Hospital, Educational & Other Welfare Build.	208.62	133.41
Factory & Office Buildings	359.18	446.73
Plant & Machinery	1216.86	1408.81
Office Equip. & Furnitures	33.48	42.32
Hospital Equipment	10.57	5.33
Heavy Vehicles	67.08	50.72
Cars & Jeeps	128.59	124.29
Safety Items	18.89	26.72
SOH Vehicles	10.16	15.14
HEMM Rehabilitation Expenses	1873.94	1514.27
Workshop Job done	4966.58	4641.31
Siding Maint. Charges	180.39	375.16
<b>TOTAL</b>	<b>10184.24</b>	<b>9811.01</b>
Less: Transfer to		
Social Facilities	1333.46	1166.06
Other Expenses	128.59	104.14
Development	7.28	6.77
	1469.33	1276.97
<b>NET TOTAL</b>	<b>8714.91</b>	<b>8534.04</b>

## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

### SCHEDULE – 11

#### SOCIAL FACILITIES EXPENSES

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
(A) Salaries, Wages & Allowances (Contra)	1537.52	1254.97
Free issue of Coal to employees/Gas	535.52	517.24
Medical Reimbursement	592.38	656.01
Medicine & Diet Expn.	294.41	258.73
Grant to Schools & Inst.	476.59	459.39
Sports, Rec. expenses & Grants	68.94	49.67
Canteen upkeep	10.28	6.77
Purchase of Water	54.57	74.36
Power (Contra)	1533.60	1167.01
<b>TOTAL (A)</b>	<b>5103.81</b>	<b>4444.15</b>
(B) Repairs:		
Township Repair (Contra)	1108.75	1000.61
Repair of Hospital, School & Wel. Building (Contra)	204.49	126.76
Hospital Equip. (Contra)	10.57	5.33
<b>TOTAL (B)</b>	<b>1323.81</b>	<b>1132.70</b>
(C) Cons. of Stores & Spares SOH services (Contra)	66.55	42.63
Maintenance of Vehicles:		
Stores & Spares for SOH Vehicles (Contra)	92.37	32.03
Repairs of S.O.H. Vehicles (Contra)	9.21	23.04
Road Tax	1.99	1.87
Insurance	0.35	0.09
	103.92	57.03
Training Expenses	468.19	380.20
Depreciation	913.86	920.86
Community Development	294.76	1064.59
Resettlement Expenses	93.57	30.60
Assets not belonging to Company	1019.78	1015.75
Environment/Ecology Improvement	598.85	346.09
Technical Assistance ESMP	0.18	0.00
Guest House Expenses	32.53	30.46
Others	302.42	239.39
<b>TOTAL (C)</b>	<b>3894.61</b>	<b>4127.60</b>
<b>TOTAL (A+B+C)</b>	<b>10322.23</b>	<b>9704.45</b>
(D) Less : Recoveries		
Vehicle	1.35	2.87
House Rent	35.60	23.44
Hospital Charges	60.27	57.59
School Bus, Elect. & Water charges	20.56	22.60
Guest House/Transit Flat	7.37	4.23
Others	6.45	1.91
	131.60	112.64
<b>TOTAL (D)</b>	<b>131.60</b>	<b>112.64</b>
(E) Less: Transfer to Development	29.23	42.05
<b>NET TOTAL (A+B+C-D-E)</b>	<b>10161.40</b>	<b>9549.76</b>

## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

### SCHEDULE – 12 OTHER EXPENDITURE

		Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
(A)	Travelling	487.48	437.72
	Printing & Stationery	170.39	147.20
	Books & Periodicals	7.52	9.60
	Postage & Telephone	159.42	142.89
	Bank Charges	2.54	4.68
	Advertisement for :		
	(i) Tender	88.95	291.87
	(ii) Others	6.71	7.84
	(iii) Publicity	47.80	47.09
		143.46	346.80
	Freight Charges	7.34	11.42
	Under Loading Charges	2124.52	1578.73
	Demurrage	66.45	111.78
	Donation & Subscriptions	9.00	11.07
	Security Expenses	1392.52	1176.00
	Rescue & Safety	93.11	38.80
	Expenses on Meeting	99.31	92.32
	Expenses for Safety	33.05	18.10
	Hire Charges for :		
	(i) Computer	93.93	172.95
	(ii) Others	398.75	354.16
		492.68	527.11
	Computer Software Charges	47.18	6.44
	Maintenance of Cars & Jeeps :		
	(i) P.O.L.& Spares(Contra)	498.73	458.64
	(ii) Repairs(Contra)	128.59	124.30
	(iii) Vehicle Tax	67.55	94.22
	(iv) Insurance	13.61	13.00
		708.48	690.16
	<b>TOTAL (A)</b>	<b>6044.45</b>	<b>5350.82</b>
(B)	Royalty & Cess	14.48	10.74
	Insurance	0.49	0.21
	Rent, Rates & Taxes	925.95	852.20
	Auditors Remuneration:		
	(i) Audit Fee	5.65	3.12
	(ii) Tax Audit Fee	1.64	0.60
	(iii) Travelling & Out of Pocket Exp	3.65	2.93
		10.94	6.65

(Contd.....)

**SCHEDULE TO PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH, 2007**

**SCHEDULE – 12 (Contd.....)**

**OTHER EXPENDITURE**

	<u>Current Year (Rs. in Lakh)</u>	<u>Previous Year (Rs. in Lakh)</u>
Internal Audit Fee & Expenses	36.84	25.10
Legal Expenses	93.02	162.11
Apex Office Expenses	4000.05	3480.19
Loss on Sale/Discard of Assets	5.01	5.40
Office Contingency	32.50	38.97
Prospecting & Boring	790.19	890.45
CSRP Technical Assistance	8.13	8.92
Wealth Tax	6.00	5.20
Others	1525.44	1254.12
<b>TOTAL (B)</b>	<b>7449.04</b>	<b>6740.26</b>
<b>TOTAL (A+B)</b>	<b>13493.49</b>	<b>12091.08</b>
(C) Less : Transfer to Development	30.74	18.15
<b>NET TOTAL (A+B-C)</b>	<b>13462.75</b>	<b>12072.93</b>

**SCHEDULE – 13**

**OVER BURDEN REMOVAL ADJUSTMENT**

	<u>Current Year (Rs. in Lakh)</u>	<u>Previous Year (Rs. in Lakh)</u>
<b>Expenditure Charged to Coal</b>	102823.78	87545.96
Less :		
Expenditure incurred	71940.38	67873.18
<b>TOTAL</b>	<b>30883.40</b>	<b>19672.78</b>

## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

### SCHEDULE – 14(A)

#### INTEREST

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
On dues to Coal India Ltd., Holding Co. For Loans from IBRD & JBIC	630.24	542.26
On deferred payment	25.73	31.89
Other Interest	100.83	67.06
<b>Net Total</b>	<b>756.80</b>	<b>641.21</b>

### SCHEDULE – 14(B)

#### FINANCIAL CHARGES

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
1. Commitment Charges (IBRD & JBIC)	0.00	0.13
2. Guarantee fees (IBRD & JBIC)	238.71	263.00
3. Swap Charges	17.12	35.37
4. Custodian Charges	51.82	140.53
<b>TOTAL</b>	<b>307.65</b>	<b>439.03</b>

### SCHEDULE – 15

#### DEPRECIATION

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Depreciation	14376.13	13838.56
Less : Transfer to		
(a) Social Overhead	913.86	920.86
(b) Prior Period Adjustment	-32.29	-175.12
(c) Development	11.15	11.74
	892.72	757.48
<b>NET TOTAL</b>	<b>13483.41</b>	<b>13081.08</b>

**SCHEDULE TO PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH, 2007**

**SCHEDULE – 16(A)**

**PROVISIONS**

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Provision for Doubtful debts	646.99	-1083.00
Obsolescence of Stores	-1.18	28.10
Reclamation of Land	780.27	673.36
Shortage of Stores	-1.06	4.73
Provision for Capital-Work-in-Progress	127.40	118.43
Doubtful Advances	-132.10	169.05
Retired/Surveyed-off Assets	30.84	95.30
Impairment of Assets	18.05	38.82
Claims Receivable	0.00	20.54
<b>Sub Total</b>	<b>1469.21</b>	<b>65.33</b>
Less: Earlier Provision no longer required	0.00	0.78
<b>TOTAL (A)</b>	<b>1469.21</b>	<b>64.55</b>

**SCHEDULE – 16(B)**

**WRITE OFF/WRITE BACK**

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Bad Debts Written off/Written Back	77.44	-71.55
<b>Total (B)</b>	<b>77.44</b>	<b>-71.55</b>



## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

### SCHEDULE – 17

#### PRIOR PERIOD ADJUSTMENT

	<u>Current Year (Rs. in Lakh)</u>	<u>Previous Year (Rs. in Lakh)</u>
<b>(A) Debit</b>		
Employees Remuneration & Benefits	100.27	-35.99
Social Overhead	0.09	0.00
Consumption of Stores & Spare Parts	348.81	-306.40
Repairs & Maintenance	- 21.88	-1.63
Depreciation	- 32.29	-175.12
Contractual Expenses	258.68	-72.37
Rates & Taxes	224.07	144.39
Power and Fuel	0.00	0.00
Reclamation of Land	0.00	0.00
Others	- 294.95	98.10
<b>TOTAL (A)</b>	<b>582.80</b>	<b>-349.02</b>
<b>(B) Credit</b>		
Sales	0.00	4969.76
Other Income	32.79	26.29
<b>TOTAL (B)</b>	<b>32.79</b>	<b>4996.05</b>
<b>NET TOTAL (A-B)</b>	<b>550.01</b>	<b>-5345.07</b>

**SCHEDULE –O****ACCOUNTING POLICIES****1. ACCOUNTING CONVENTION**

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

1.2 The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956.

**2. BASIS OF ACCOUNTING**

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

2.2 Accrual basis of accounting has been followed except in the following cases:

- a) Demurrage, Liquidated damages/ Penalty;
- b) Insurance/Railway claims and escalation claims;
- c) Additional liability for royalty, cess etc;
- d) Subsidy receivable from Government; and
- e) Pension and Gratuity paid to ex-NCDC employees.

2.3 All expenses under Community Development Programme are charged to Revenue as and when incurred.

**3. SALES**

Sales are stated at invoiced value of goods sold, net of transportation Charges and statutory levies viz., Royalty on Coal, Stowing Excise Duty, Sales Tax – both Central and State and Orissa Entry Tax.

**4. SUBSIDY/ GRANTS FROM GOVERNMENT**

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

4.2 Subsidies/Grants on Revenue Account are credited to Profit & Loss Account under the head "Other Income" and the expenses are debited to the respective heads.

**5.0 FIXED ASSETS**

5.1 All fixed assets are stated at cost less depreciation.

5.2 **Land** : Land includes cost of acquisition, compensation and rehabilitation expenses incurred for concerned displaced persons. Other expenditure incurred on acquisition of land viz., Resettlement Cost, Cash Compensation in lieu of employment etc. are however treated as Revenue Expenditure in the year in which it is incurred.

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

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

5.5 **Development** : 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 the beginning of the financial

year immediately after the year in which the project achieves physical output of 25% of rated capacity as per approved project report, or

- b) 2 years of touching of coal, or
- c) From the beginning of the financial year in which value of production is more than total expenses,

whichever event occurs first.

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

## 6. DEPRECIATION

6.1 Depreciation on fixed assets is provided on straight-line method at the rates specified in Schedule XIV of the Companies Act, 1956, except for telecommunication and electronic equipments. Depreciation on such equipment is charged over the technically estimated life, at higher rates, viz., @ 15.83% and @10.55%. Depreciation on the assets added/disposed off during the year is provided on pro-rata basis with reference to the month of addition/disposal.

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

6.3 "Prospecting, Boring and other Development expenditure" being capital in nature of revenue mines are amortised over a period of 20 years or working life of the mines whichever is less.

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 In case of Plant & Machinery, which is kept in plant pending installation and at store for more than 3 years, provision equivalent to depreciation is made from the 4th year followed by action for formal write-off where necessary. If any such plant & machinery is put to use afterwards i.e., after provisions have already been made, depreciation charged in the first year of use is depreciation for the year plus provision already made against the item with due accounting adjustments between depreciation & such provision.

## 7. IMPAIRMENT :

Where there is an indication that an asset is impaired, the recoverable amount, if any, is estimated and the impairment loss is recognized to the extent carrying amount exceeds recoverable amount.

## 8. INVESTMENTS :

Long term Investments are valued at cost unless there is a permanent decline in value thereof.

## 9. RETIREMENT BENEFITS

Provision for gratuity and leave encashment due to employees at the end of the year is made on the basis of independent actuarial valuation.

## 10. INVENTORIES

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

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 realisable value. No such provision is made where the stock is valued at cost.
- 10.3 Stock of stores & spare parts at Central & Area Stores are valued at cost calculated on the basis of the weighted average method. The year-end inventory of stores & spare parts lying at collieries/sub stores/ consuming centers, initially charged off, at issue price of Area Stores are valued at cost/ estimated cost. Workshop jobs including work-in-progress are valued at cost.
- 10.4 Stores & Spare parts include loose tools.
- 10.5 Provisions are made at the rate of 100% for unserviceable, damaged and obsolete stores and 50% for stores & spares not moved for 5 years excepting insurance items.
- 10.6 Stock of stationery (other than lying at Printing Press), bricks, sand, medicine,(except at Central Hospitals) and scraps are not considered in inventory.
- 11. FOREIGN CURRENCY TRANSACTIONS**
- 11.1 Foreign currency 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.
- 11.2 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 realised gains and losses on foreign exchange transactions are recognised in the Profit & Loss Account, except those relating to acquisition of Fixed Assets, which are capitalised.
- 12 BORROWING COST :**
- Borrowing Costs relating to the acquisition/ construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other Borrowing Cost are charged to Revenue.
- 13. INCOME TAX**
- 13.1 Current tax is determined as the amount of tax payable to the taxation authorities in respect of taxable income for the period.
- 13.2 Deferred tax is recognised subject to consideration of prudence on timing difference being differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- 14. BALANCE WITH COAL INDIA LIMITED (HOLDING COMPANY)**
- Amount due to Coal India Limited on account of loan after adjustment for conversion to equity or vice-versa from time to time is shown as Unsecured Loan. Amount due / receivable for transaction booked in current account is shown under current liabilities / current assets.
- 15. APEX OFFICE AND INTEREST CHARGES TO HOLDING COMPANY**
- 15.1 Apex office charges as levied by Holding Company is allocated to revenue mines on the basis of coal production.
- 15.2 Interest on loans through Holding Company for procurement of specific assets is accounted for as per terms of loan agreement and corresponding memos from them.
- 16. OVERBURDEN REMOVAL (OBR) EXPENSES**
- In Opencast mines with rated capacity of 1 million tonnes and above, the cost of OBR is charged on average ratio (Coal : OB) 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 Deferred Revenue Expenditure or Current Liabilities, as the case may be.

The reported quantity of Over Burden is considered in the accounts where the variance between reported quantity and measured quantity is within the permissible limit as detailed hereunder :

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

If the variance between reported quantity and measured quantity is more than the above tolerance limit, measured OBR quantity is considered for the ascertainment of ratio variance.

**17. REHABILITATION EXPENDITURE OF HEAVY EARTH MOVING MACHINE (HEMM)/ EXPENDITURE ON ASSETS NOT BELONGING TO THE COMPANY/ EXPENDITURE ON VOLUNTARY RETIREMENT SCHEME.**

- 17.1 Expenditure on rehabilitation of HEMM is charged off in the year in which it is incurred.
- 17.2 Expenditure on Assets not belonging to the Company are fully charged to revenue in the year in which it is incurred.
- 17.3 Terminal benefits over and above related grants received under Voluntary Retirement scheme is charged to revenue in the year in which it is incurred.

**18. CONTINGENT LIABILITY**

Claims against the Company not acknowledged as Debts are disclosed in Contingent Liability after a careful evaluation of the facts and legal aspects of the matter involved.

**SCHEDULE - P****NOTES ON ACCOUNTS**

- 1.0** Mahanadi Coalfields Limited was incorporated on 3rd April, 1992 as a 100% Subsidiary of Coal India Limited (CIL) upon taking over of assets and liabilities of South Eastern Coalfields Limited in respect of mines in the State of Orissa.
- 2.0 RESERVES AND SURPLUS**
- General Reserve :** Rs.14000.00 lakh (previous year Rs.12610.00 lakh) being 10.23% of profit after tax is transferred to General Reserve during the year.
- 3.0 UNSECURED LOANS**
- 3.1** 3.1 Unsecured loan was availed by Coal India Limited, guaranteed by Government of India, from World Bank to finance Coal Sector Rehabilitation Project (CSRP) based on back to back agreement between the Company and Coal India Limited. The loan outstanding as on 31.03.2007 (net after repayments) is Rs.15913.43 lakh (previous year Rs.17533.24 lakh) consisting of Rs.7504.22 lakh (previous year Rs.8245.59lakhs) due to International Bank for Reconstruction and Development (IBRD) and Rs.8409.21 lakh (previous year Rs.9287.65 lakh) due to JBIC (previously named JEXIM). During the year 2006-07 IBRD loan amounting to Rs.563.46 lakh (USD 118964) and JBIC Rs.667.66 lakh (JPY 173091336) have been repaid.
- 3.2** The balance loan (net of repayments) of Rs.1092.64 lakh (Previous year Rs.1138.08 lakh) is for the purchase of 4 nos. Hydraulic Shovels from Leibherr, France. The loans have been arranged through Credit Agreements with Banque Nationale De Paris and Natexis Banque.
- 4.0 FIXED ASSETS**
- 4.1** The Company took over various Assets and liabilities from Coal Mines Labour Welfare Organisation and Coal Mines Rescue Organisation for which no quantitative details are available. Adjustments, if any, will be made on finalisation of quantity and value thereof.
- 4.2** Land : The Company has the practice of capitalizing interest paid on enhanced compensation to land owners in respect of land acquired under Coal Bearing Areas (Acquisition and Development) Act, 1957 and Land Acquisition Act, 1894 since inception. The interest element forming part of cost of land in case of land acquired under Land Acquisition Act 1894 after possession has not been ascertained.
- 4.3** Lease Hold land includes Rs.60.28 lakh paid for land taken on lease from Railways for 35 years for Kanika Railway Sidings at Basundhara Area.
- 4.4** Conveyance deed of land in favour of the Company are pending for execution in most of the cases.
- 4.5** The carrying cost of the Fixed Assets acquired against World Bank aided projects and Deferred Credit have been adjusted to the extent of exchange rate fluctuation of Rs.247.56 lakh (Previous year Rs.358.78 lakh).
- 4.6** The Plant & Machinery have been physically verified by the Company in most of the areas. Pending reconciliation of the same with plant cards, shortage/excess could not be ascertained and therefore, no adjustment has been made in the accounts for the year 2006-2007.
- 4.7** Physical verification of other fixed assets has not been carried out during the year.
- 4.8** Railway siding under construction in Capital Work In Progress (Schedule E) of Basundhara Area includes (a) Rs.900.00 lakh (Previous Year Rs740.00 lakh) advance paid to S.E. Railway, Garden Reach, Kolkata against MOU for Development of rail infra-structure (Jharsuguda Act III) for movement of Coal rakes at Gopalpur Manoharpur Block of MCL from Sardega to Jharsuguda including

Dhutra connection and (b) Rs.255.00 lakh advance paid to SC Railway, Bilaspur against Kanika railway siding.

- 4.9 Prospecting and boring and Development expenditure in Capital Work in Progress (Schedule E) include the expenditure on non- CIL blocks meant for sale.

## 5.0 INVESTMENT

- 5.1 As per tripartite agreements with State Electricity Boards (SEB), in the year 2003-04 the Company had received 8.5% Tax Free Power Bonds (unquoted long term investment) of nominal value Rs.34432.00 lakh against old outstanding dues as on 30th September, 2001 from three SEBs (MSEB, TNEB and WBPDCCL). During the year Rs.3443.20 lakh (Previous year Nil) being one-tenth of total investment has been redeemed resulting in the balance of Rs.30988.80 lakh as on 31.3. 2007.

- 5.2 The balance of Rs.10557.00 lakh 8.5% Power Bond issued by TNEB has been fully redeemed on 3rd April, 2007. The remaining investment of Rs.20431.80 lakh of MSEB and WBPDCCL Power Bonds will be redeemed by half yearly equated installments of Rs.1135.10 lakh each.

- 5.3 Interest amounting to Rs.2853.55 lakh (Previous Year Rs.2926.72 lakh) earned during the year on the Power Bonds.

- 5.4 During the year Reserve Bank of India allowed partial trading of 8.5% Tax Free Power Bonds of State Electricity Boards (SEB), however the company decided to hold the investment as long term investment.

## 6.0 INVENTORIES

### 6.1 Stores and spares

- 6.1.1 The shortage/excess reported by Stores and Stock Auditor(s) (outside agencies) in respect of physical verification of Closing Stock of Stores and Spares have been adjusted in the current year accounts on the

basis of net shortage/excess found on such physical verification in most of the Areas.

- 6.1.2 Pending reconciliation of Stores Ledgers with Price Store 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 not moved for more than five years, a provision of 50% is held as per Accounting Policy No. 10.5. In no case the net realizable value is ascertained for the purpose of provision.

- 6.1.4 The Company has not carried out exercise for identification of unserviceable and obsolete stores items during the year. Consequently the adjustment that might arise on such identification and financial impact thereon has not been considered in the accounts for the year.

- 6.1.5 Valuation of stores and spares have been done on weighted average method being accounting policy of the company (as mentioned in Para 10.3 of the Accounting Policy). The comparison of cost so arrived, with net realizable value is neither made nor adjusted in the account.

### 6.2. Coal Stock :

- 6.2.1 Closing stock of coal has been physically verified by the teams deputed by Coal India Limited (Holding Company) by adopting survey measurement. 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 Schedule-O). As a result, Net shortage within +/-5% over book stock (mine/colliery wise) weighing 1.91 lakh tonne Valued at Rs.423.64 lakh remained unadjusted in the Books of Accounts.

- 6.2.2 Stock of coal is valued separately for each mine at Cost or Net Realisable Value (NRV), whichever is lower. The closing stock of coal as on 31st March, 2007 of the Company constitutes as follows :



Name of Mines	Basis of valuation (Cost /NRV)	Quantity [ Lakh MT]	Rate [Rs]	Value [Lakh Rs.]
Nandira	NRV	0.06	868.50	52.11
Talcher	NRV	0.21	1080.52	226.91
Lingaraj O C P	Cost	6.74	129.00	869.43
Orient mine No. 2	NRV	0.30	782.87	234.86
Orient mine No. 3	NRV	1.08	765.55	826.79
Orient mine No. 4	NRV	0.27	1200.48	324.13
H R C	NRV	0.20	776.05	155.21
H B I	Cost	1.30	696.65	905.65
Belpahar OCP	Cost	8.45	305.32	2579.96
Lakhanpur OCP	Cost	8.76	176.60	1547.04
Lilari OCP	NRV	0.78	314.12	245.01
Lajkura OCP	Cost	0.62	314.84	195.20
Samleswari OCP	Cost	13.35	253.30	3381.53
Balanda OCP	Cost			
Jagannath OCP	Cost	4.15	141.89	588.86
Ananta OCP	Cost	1.78	106.99	190.45
At Paradeep [for Jagannath]	Cost			
Bharatpur OCP	Cost	7.31	148.79	1087.65
Chendipada OCP	Cost	0.26	186.15	48.40
Basundhara	Cost	4.41	97.71	430.88
West OCP				
Hingula OCP	Cost	10.72	80.37	861.52
Balaram OCP	NRV	8.99	281.97	2534.89
<b>Total</b>		<b>79.74</b>	<b>216.79</b>	<b>17286.48</b>

However, if valuation of coal is done for the Company as a whole, rather than valuing it unit wise as per the uniform accounting policy of Coal India Limited, the value of coal stock would have been Rs.15260.75 lakh.

### 6.3 Workshop Job :

Workshop jobs are valued on the basis apportionment of labour and overheads on percentage of materials cost.

### 7.0 SUNDRY DEBTORS

7.1 The company has regular procedure of carrying out joint reconciliation of balance with major customers.

### 7.2 Provision for doubtful debts :

- 50% provision is made for disputes in quantity and penalty on overloading.
- 100% provision is made for disputes in other cases.
- Cumulative provision as on 31.3.2007 stands at Rs.8451.26 Lakh (Previous Year Rs.7804.27 lakh).

### 8.0 CASH AND BANK BALANCES

Cash and Bank balance includes :

- Rs.89.08 lakh (previous year Rs.83.92 lakh) balance with Scheduled Bank in Deposit account which is under lien to Hon'ble District Court of Sundergarh.
- Cash balance with imprest holder Rs.0.48 lakh (previous year Rs.5.19 lakh) maintained with various branches of Coal India Limited
- Rs.40 lakh being fixed deposit with State Bank of India, MCL Complex Branch on account of corpus fund of Navakrushna Chowdhury Centre for Development Studies and Utkal Rangamanch Trust. So far cumulative interest of Rs.2.96 lakh (Rs.1.09 lakh for current year) credited has not been paid to Navakrushna Chowdhury Centre.
- Rs.96.60 lakh (unclaimed OREEP Tax) received from Hon'ble Supreme Court of India towards corpus fund of trust . The Trust is yet to be formed.

### 9.0 LOANS AND ADVANCES

- 9.1 Certain credit/debit balances in current assets/liabilities under some head of account have been netted pending linking of the same. Aggregate implication of same could not be ascertained in the absence of necessary information.
- 9.2 There are some negative balances in different areas towards employee related

advance (Motor car and House Building) due to pending of transfer of loan accounts of the transferred employees to the corresponding Areas of transfer and adjustment of accrued interest wherever charged. Aggregate implication of same could not be ascertained in the absence of necessary information.

- 9.3 Out of total Loans & Advances of Rs.239691.43 lakh (Previous year Rs.207052.60 lakh) of the Company Rs 305.07 lakh (Previous year Rs.437.17 lakh) has been considered doubtful and provision to that extent has been made.
- 9.4 Advances to employees include certain old balances. These are under scrutiny and adjustment, which is a continuous process.
- 9.5 Confirmation of balances of loans and advances has not been obtained in all the cases.
- 9.6 Other Receivables under "Loans and advances" include Rs.278.05 lakh (net of amount received Rs.86.29 lakh) being the amount reimbursable from Prime Minister's National Relief Fund towards construction cost of Schools in Cyclone affected areas of Orissa.
- 9.7 Out of Rs.492.16 lakh deposited with SEC Railway for Railway Over bridge Rs.246.08 lakh has been adjusted in the year 2005-06 and Rs.78.92 lakh has been adjusted during this financial year as asset not belonging to company. The balance of Rs.167.16 lakh (Previous year Rs.246.08 lakh) is to be adjusted on completion of job/receipt of CCDA subsidy.

#### 10.0 CURRENT LIABILITIES AND PROVISIONS

Current liabilities include-

- (a) The liability on account of Cess on Coal including principal amount Rs.840.27 lakh (net of payments) and interest of Rs.947.11 lakh (net of payments) against receipts from Government of Orissa in the year 2005-06 as per directive of Hon'ble Supreme Court judgement dated 31.7.2001. The money is refundable to the customers. During the current year the Company has provided interest of Rs.100.83 lakh (Previous Year Rs.53.00 lakh) calculated at the rate of 12% for the unpaid principal amount of the Cess liability. Thus the total liability becomes Rs.1941.21 lakh (Previous Year Rs.1840.38 lakh). The Company has not identified the customers / parties to whom the refund is to be made. Finalisation of modalities for refunding the same to the customers / parties is yet to be done.
- (b) Rs.1.18 lakh (Previous Year Rs.1.18 lakh) (HQ Account) towards Coal Sale Deposit which is under reconciliation/ adjustment.
- (c) Rs.48.00 lakh being the excess of receipts from Coal India Limited and contribution from the employees over expenditure on account of Flood Relief Fund 2003.
- (d) Rs.476.67lacs (Rs.410.05 lakh for Lingaraj Area and Rs.66.62 lakh for Talcher Area) towards Orissa Entry Tax which are disputed and not paid as the same have been disputed by customers.
- (e) Rs.1788.11 lakh (Previous year Rs.899.11 lakh) towards Service Tax on Transportation of Coal. The Company has not yet deposited the same with the Central Excise, Custom & Service Tax Department as the transportation is done within the mining area and the issue is pending before Commissioner of Central Excise, Customs and Service Tax, Bhubaneswar. Interest if any, payable thereon will be accounted for during the year of disposal of issue.
- (f) Rs.96.60 lakh (unclaimed OREEP Tax) received from Hon'ble Supreme Court of India to be kept in bank

deposit in the name of a Trust. The Trust is yet to be formed.

- (g) Compliance of Income Tax Act: The income tax assessment under section 143(1)(a) of the Income Tax Act, 1961 is complete up to the Assessment Year 2005-06. The assessment under section 143(3) is complete up to the Assessment Year 2004-05.

#### 11.0 PROFIT AND LOSS ACCOUNT

- 11.1 Arrear depreciation on adjustment in value of existing fixed assets is provided from the year of use.
- 11.2 Extra shift depreciation on Coal Handling Plant has been provided on the basis of certificates received from concerned technical department.
- 11.3 Land under Coal Bearing Area [CBA (A&D)] Act is accounted on payment basis.
- 11.4 Other Income includes Rs. 239.25 Lacs being profit on sale of "Dulunga Coal Blocks" at Basundhara Area. Gross amount of Rs. 340.51 Lacs has been received from National Thermal Power Corporation against which Rs. 101.26 Lacs has been adjusted on account of exploration cost of Geological report for the block for deriving the income.
- 11.5 Liquidated damages, interest on delayed payment and escalation claims from customers are accounted for on the basis of final settlement
- 11.6 Sale of scrap is accounted on the basis of disposal.
- 11.7 Refund/ adjustment of tax from tax authorities, revenue subsidy and rent are accounted for on cash basis. Additional demand for Cess on Royalty, Sales Tax, Entry Tax etc, if any, is accounted for in the year in which final assessment order is received, pending such appeal, payments made against additional demand are treated as debt/ advance/ claims

11.8 No income has been recognized on account of recovery of excess payment of coal transport bill related to earlier years (Lakhanpur area) amounting to Rs.115.28 lakh (Previous year Rs.115.28 lakh) from some ex-servicemen coal transport contractors.

11.9 Miscellaneous expenditure includes Rs.8.39 lakh (Lakhanpur Area) towards payment of penalty on M.V. Tax on HEMM.

11.10 As per advice received from Coal India Limited, Rehabilitation charges amounting to Rs.4586.22 lakh (Previous year Rs.4092.18 lakh) calculated at the rate of Rs.6.00 per tonne of despatch of coal has been debited to Profit & Loss Account with corresponding credit to the current account of Coal India Limited in Schedule L for Loans and Advances.

11.11 The Fringe Benefit Tax of Rs.508.04 lakh (Previous year Rs.373.87 lakh) has been provided in accordance with the provisions of Income Tax Act, 1961.

11.12 Provision of Rs.562.74 lakh (Previous year Rs.771.58 lakh) against Capital Work in Progress has been taken at the depreciation rate on P&M items and civil works since the 4th year of purchase/acquisition/construction as the case may be.

11.13 There being no qualifying assets (As per AS-16), all interest and financial charges have been charged to revenue.

#### 12.0 CONTINGENT LIABILITIES

12.1 Claims against the Company not acknowledged as debts Rs.13760.89 lakh (Previous year Rs.15017.54 lakh).

12.2 A charge has been created for Rs.315 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.

12.3 Demands raised by the Income Tax Departments not acknowledged as debt are as follows :

Assessment Year	Amount (Rs. in lakh)	Amount Paid under Protest (Rs. in lakh)	Forum
1997-98	5030.83	3717.97	High Court
1998-99	113.00	62.16	High Court
1999-00	596.45	1950.92	ITAT, Cuttack
2000-01	4946.82	4506.39	ITAT, Cuttack
2001-02	3701.82	-2715.45	ITAT, Cuttack
2002-03	3689.89	8012.55	ITAT, Cuttack
2003-04	8946.41	9037.98	CIT (A)
2004-05	2372.35	1892.39	CIT (A)
2005-06	NIL	-77.97	NIL
<b>Total</b>	<b>29397.57</b>	<b>26386.94</b>	

The main contention of the Income Tax Department on the net demand raised pertaining to Assessment Years 1997-98 to 2004-05 are the following :

1. Claim in Profit and Loss Account for revenue expenditure of Rs.12461.98 lakh on consumption of spares of Heavy Earth Moving Machineries for the Assessment Year 2003-04 was disallowed on the ground that they were abnormally high
2. Amortised expenditure on lease hold land in the Profit and Loss Account amounting to Rs.3354.31 lakh for the Assessment Year 1993-04 to 2004-05 was disallowed.
3. Bad debts written off in the Assessment Year 2002-03 for Rs.6823.18 lakh was disallowed.
4. Valuation of the closing stock of coal done as per AS- 2 was not accepted and additional demand of Rs.9008.28 lakh was raised for the Assessment Years 1997-98 to 2002-03.
5. Development expenditure of Revenue Mines claimed in Profit and Loss Account for the Assessment Years 1993-94 to 2004-

05 was partially disallowed creating additional demand for Rs.20521.01 lakh.

The Company is contending that the treatment offered in Returns filed is as per the provision of law on the subject. The permission for pursue litigation before higher forum is obtained/ under process from the Committee on Disputes constituted by the GOI. In some of the issues the matter is pending with appropriate Appellate Forum.

- 12.4 Disputed Sales tax liability to the extent of Rs.2179.92 lakh (previous year Rs.1896.99 lakh). However, the Company has paid a total sum of Rs.997.42 lakh (Previous year Rs.979.50 lakh) under protest.

Area-wise Sales Tax disputed amount as on 31.03.2007 :

Area	Demand (Rs. in lakh)	Amount Paid under Protest (Rs. in lakh)
Jagannath	1253.63	515.83
IB-Valley	448.01	210.13
Lakhanpur	98.33	20.00
Hingula	189.19	80.45
Lingaraj	91.82	18.52
Orient	40.55	0.70
Talcher	58.39	26.92
<b>Total</b>	<b>2179.92</b>	<b>872.55</b>

- 12.5 Claims pending in court related to for enhancement of compensation for land acquired from private parties and others. Amount is not ascertained.
- 12.6 Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) in relation to execution of works and purchase of equipment, to the extent available, is Rs.10514.55 lakh (previous year Rs.28751.78 lakh).
- 12.7 A committee has been formed for making recommendation on wage revision for non-executives under National Coal Wage

Agreement VIII to be effective from 1.7.2006. Pending any decision no provision has been made in the Accounts for the same.

### 13.0 RETIREMENT BENEFITS

- 13.1 Gratuity: Incremental Gratuity liability for the year amounting to Rs.3966.47 lakh (Previous year incremental Rs.1597.62 lakh) has been provided for on the basis of actuarial valuation.
- 13.2 Leave Encashment : Liability of Rs.2579.07 lakh (previous year Rs.1630.97 lakh) represents earned leave encashment benefit and Rs. 696.40 lakh (previous year Rs.906.47 lakh) represents half pay leave encashment benefit of employees based on actuarial valuation as at the year-end.
- 13.3 No matching investment to cover the liability of gratuity and leave encashment is made considering the favorable liquidity position of the company.
- 13.4 The expenditure of Rs.170.67 lakh (Previous year Rs.183.45 lakh) on account of Pension to Ex-NCDC employees have been charged to Revenue on cash basis under the head Pension under Employees Remuneration and Benefits (Schedule 8).
- 13.5 Pension management in respect of employees of the Company, is done by Coal Mines Provident Fund authority (an independent body). The Company contributes 1.16% of employees' salaries and wages to this Fund.

### 14.0 REVIEW OF STRIPPING RATIOS FOR OVER BURDEN REMOVAL ADJUSTMENT

As per CMPDIL study report, the Company revised the stripping ratios of Bharatpur, Ananta, Belpahar and Samaleswari OCPs in the year 2000-01 while that of Lakhanpur and Balram OCPs were remaining unchanged as per that study.

In case of Hingula OCP and Basundhara (West) which have started production during

the year 1999-2000 and 2004-05 respectively, the stripping ratios are continued as originally envisaged in the Project Report.

In the year 2005-06 there have been further change in Standard Stripping Ratios in respect of Samaleswari OCP (ratio revised to 2.02:1 from 1.090:1), Lakhanpur OCP (ratio revised to 1.25:1 from 1.01:1) and Belpahar OCP (ratio revised to 2.11:1 from 1.513:1).

In the year 2006-07, the Standard Stripping Ratios remained the same in all the mines except Samaleswari Project, where it has been changed to 2.07 from 2.02 with the approval of Expansion project of 5 MTY Report.

### 15.0 TRANSACTIONS RELATING TO HOLDING COMPANY

- 15.1 Apex office charges amounting to Rs.4000.05 lakh (Previous year Rs.3480.20 lakh) is levied by the Holding Company @ Rs.5 per tonne of coal produced towards rendering various services like procurement, foreign contract, marketing and Corporate Service based on agreement entered on 1st July, 1998.
- 15.2 Indian Institute of Coal Management charge amounting to Rs.400.01 lakh (Previous year Rs.348.02 lakh) is levied by the Holding Company @ Rs.0.50 per tonne of coal produced.
- 15.3 As per CIL Board resolution in its 214th meeting held on 12.2.2004, the Company has charged Rs.4586.22 lakh (Previous year Rs. 4092.18 lakh) @ Rs.6/- per tonne on despatch of coal towards Rehabilitation Fund set up by Coal India Limited.
- 15.4 The current account with Coal India Ltd.(CIL) has a net difference of Rs.0.12 lakh (previous year Rs.1.51 lakh) pending settlement / acceptance of some debit/credit notes. The Company has a current account balance of Rs.4697.95 lakh (Previous year

Rs.3261.02 lakh) with CIL under the head Loans & Advances (Schedule L).

## 16. EXCHANGE RATE FLUCTUATION

16.1 Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions.

16.2 Consequent upon fluctuation in the value of foreign currency loans, the rupee liability of the Company in respect of such loans has decreased by Rs318.37 lakh (previous year decrease Rs.449.68 lakh). This decrease has been adjusted in the carrying cost of the fixed assets to the extent of Rs.247.56 lakh (previous year Rs.358.78 lakh) and net Rs.70.81 lakh (previous year Rs.90.90 lakh) has been credited to revenue.

## 17.0 COMPLIANCE OF ACCOUNTING STANDARDS

17.1 **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.

17.2 **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.

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

17.4 **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 :

	Current year	Previous year
Profit after Tax(lakh Rs.)	136845.13	125629.34
Profit attributable to ordinary Shareholders (lakh Rs)	136845.13	125629.34
No.of Ordinary Shares for Basic and diluted EPS (Nos)	1864009	1864009
Nominal value of ordinary shares (Rs.)	1000	1000
Basic & Diluted Earning per ordinary shares (Rs.)	7341.44	6739.74

## 17.5 AS-28 : Impairment of assets :

In Coal Industry, fixed assets are classified under the major heads viz., Land, Building, Plant & Machinery, HEMM, Exploration, Boring and Development. In case of Land and Building, there is universally upward trend in valuation. Unless there is damage to Building, there is no need to make any provision. Similarly, in case of Machinery there is no downward trend in price as per RBI Index, hence no impairment unless Asset is obsolete or damaged.

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.

Accordingly for loss making mines the unamortized balance in Prospecting, Boring and Development Expenses have been provided as impairment loss. During the year, Rs.18.05 lakh (Previous Year Rs.38.82 lakh) has been provided, thereby increasing the total provision to Rs.902.60 lakh (Previous Year Rs.884.55 lakh).

The test of impairment loss has not been carried out for debit balance in Ratio Variance Reserve pertaining to some of the revenue mines as the balance may go either way as a part of the OBR adjustment accounting.

**17.6 Accounting Standard 29 :**

17.6.1 Pending review of technical assessment of required back filling (reclamation of land) and other corrective EMP activities as per EMP/ EIA plan, a total provision of Rs.5353.53 lakh equivalent to Re.1- per tonne of coal production from 1994-95 to 2005-06 have already been provided in the Accounts upto the year 2005-06 in respect of the opencast mines where EMP is applicable. The job of assessment has been entrusted with CMPDIL.

Accordingly for the current year Rs.780.27 lakh (Previous Year Rs.673.36 lakh) has been provided (Schedule 16A) making the total provision of Rs.6133.80 lakh (Previous Year Rs.5353.53 lakh) (Schedule M).

17.6.2 In Talcher Area for stowing and stabilization of unstable working of Deulbera colliery land affected due to mining in the area, a comprehensive scheme of Rs.2765.56 lakh (inclusive of Salaries & Wages for Rs.1822.15 lakh) has been prepared for stabilization of unstable working of Deulbera colliery. The Company has accepted to undertake stowing and stabilization of unstable land in principle at the request of the State Govt. The scheme has been submitted to CMPDI for proper technical examination and the feasibility of implementation of the same. Pending examination by CMPDI and final approval of the same by the Board, no provision has been made in the accounts for the same. However a provision of Rs.172.12 lakh (Previous year Nil) has been made on account of expenses (other than wages) related to the portion approved by the Board for execution of the work under the Right Main Canal.

**18. ACCOUNTING FOR TAXES ON INCOME**

18.1 For the current year, the Income Tax provision has been taken at Rs 70595.84 (Previous year Rs.62985.03 lakh).

18.2 As per the requirement of Accounting Standard 22 on 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India, there is a net Deferred Tax Liability of Rs.580.62 lakh (Previous Year Rs.2057.86 lakh) as on 31st March, 2007. During the year Deferred tax asset (net) of Rs.1293.79 lakh (Previous Year Rs.750.57 lakh) has been recognised in the accounts. The Deferred Tax liability (asset) comprises of tax effect of timing differences as detailed below :

	<i>As on 31.03.07 Rs.in lakh</i>	<i>As on 01.04.06 Rs.in lakh</i>
<b>Deferred Tax Liability</b>		
Excess of Net Block over written down value as per provisions of Income-tax Act, 1961	9935.38	10219.46
<b>Deferred Tax Asset</b>		
Provision for Doubtful Debts	3069.72	2851.94
Provision for Leave Encashment	1173.79	1214.59
Provision for Gratuity	5954.62	4578.30
Employee Separation and Retirement	263.32	216.46
Provision for Doubtful Advances	114.37	158.84
Disallowance u/s.43B of Income-tax Act, 1961	253.66	98.45
Other Provision / Misc. items	-1474.72	- 956.98
<b>Sub-Total</b>	<b>9354.76</b>	<b>8161.60</b>
<b>NET DEFERRED TAX LIABILITY</b>	<b>580.62</b>	<b>2057.86</b>

18.3 Prior period adjustments: Rs.1667.38 lakh has been provided for prior period adjustments i.e., net of Rs.2291.49 lakh provided for the Assessment Years 1997-98 and 1998-99 as ITAT, Cuttack has upheld the view of CIT (Appeal), Sambalpur related to the appeals by the Company in connection with Development Expenditure, Prospecting and Boring and valuation of stores and withdrawal of excess provision for Rs.624.11 lakh for the Assessment Year 2005-06.

**19.0 GENERAL**

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

19.2 There are no Small Scale Industries to whom the Company owes a sum exceeding Rs.1.00 lakh, which is outstanding for more than 30 days at the Balance Sheet date. The above information and that given in Schedule – M “Current Liabilities and Provisions” regarding Small Scale Industrial Undertaking has been determined to the extent such parties have been identified on the basis of information available with the Company.

19.3 To maintain the uniformity some of the reported figures are re-arranged wherever necessary.

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

**20.0 OTHERS****A. Directors' Remuneration**

	<i>(Rs. In Lakh)</i>	
	Current Year	Previous Year
Salary	21.71	20.71
P.F.	3.33	2.35
Perquisites	14.57	0.80
<b>Total</b>	<b>39.61</b>	<b>23.86</b>

**Note:**

- Perquisites do not include value/charges for house rent/electrical energy, which has been recovered as per rules of the Company and value of free medical facilities in Company hospitals/dispensary.*
- The Chairman-cum-Managing Director and full time Directors have the option to use the staff car for purposes other than official duty up to a ceiling of 750 Kms per month, on payment at concessional rate, in accordance with the provisions of Government of India, Ministry of Finance,*

*Bureau of Public Enterprises O.M. No.2(18)/PC-64 dated 20.11.1964 as amended from time to time.*

**B. Capacity**

- Licensed Capacity - Not applicable
- Installed Capacity - Not applicable
- Actual production during the year - 800.01 lakh tonne

**C. Imports**

C.I.F. value of imports	<i>(Rs. In Lakh)</i>	
	Current Year	Previous Year
(i) Raw Materials	NIL	NIL
(ii) Components & Spare Parts	144.91	11.77
(iii) Capital Goods	140.15	NIL

**D. Expenditure in Foreign Currency**

	<i>(Rs. In Lakh)</i>	
	Current Year	Previous Year
(i) Travelling	6.13	NIL
(ii) Commitment charges	0.00	0.13
(iii) Interest	655.97	574.15
(iv) Others	NIL	NIL

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

Particulars	Current Year		Previous Year	
	Year Value (Rs. in Lakh)	Percentage	Year	Percentage
Imported	5.88	0.02	27.93	0.08
Indigenous	37672.47	99.98	35700.11	99.02

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

	Current Year		Previous Year	
	Quantity (L.MT)	Value (L.Rs.)	Quantity (L.MT)	Value (L.Rs.)
<b>OPENING STOCK:</b>				
(a) Revenue Mines	43.99	9750.85	30.08	5451.88
(b) Development mines	0.00	0.00	0.07	47.25
<b>Total</b>	<b>43.99</b>	<b>9750.85</b>	<b>30.08</b>	<b>5499.13</b>
<b>PRODUCTION:</b>				
(a) Revenue mines	800.01	378866.07	696.05	332023.71
(b) Development mines	0.00	0.00	0.00	0.00
<b>Total</b>	<b>800.01</b>	<b>378866.07</b>	<b>696.05</b>	<b>332023.71</b>



Write off stock at Paradip Port (Revenue)	0.0005	0.07	0.00	0.00
<b>SALES:</b>				
(a) Revenue mines	764.21	371274.64	682.16	327711.38
(b) Development mines	0.00	0.00		
<b>Total</b>	<b>764.21</b>	<b>371274.64</b>	<b>682.16</b>	<b>327711.38</b>
Ownconsumption (Revenue)	0.05	55.73	0.05	60.61
<b>CLOSING STOCK:</b>				
(a) Revenue mines	79.74	17286.48	43.99	9750.85
(b) Development mines	0.00	0.00	0.00	0.00
<b>Total</b>	<b>79.74</b>	<b>17286.48</b>	<b>43.99</b>	<b>9750.85</b>

**NOTE:**

- (i) *Difference between Book stock and measured stock of more than 5% at Paradeep Port has been written off as the entire stock available have been dispatched and the site has been handed over to Paradeep Port. (Qty. 51.38 tonne valuing Rs. 0.07 lakh)*
- (ii) *Opening and Closing stock values are before adjustment of provision for shortage, deterioration and re-handling charges (refer to Schedule H).*
- (iii) *Production figures are derived from the records of dispatches, internal consumption etc., and adjustment for opening and closing stocks. Value of production represents value of sales and internal consumption adjusted with accretion/ decretion to stocks.*

**21.0 EFFECT OF CHANGES IN ACCOUNTS DUE TO REVISION**

The Accounts together with Accounting Policies and Notes on Accounts approved

by the Board of Directors on 13.7.2007 and reported upon by the Statutory Auditors on the same day, have been revised (without giving further effect in the valuation of coal stock and Over Burden Removal Adjustment as a fallout of the revision) in pursuance of Memos issued by the Comptroller and Auditor General of India u/s 619(4) of the Companies Act, 1956.

As a result of revision, the following changes have been made in the Accounts :

<u>Profit &amp; Loss Account</u>	<u>Rs. In Lakh.</u>
Decrease in Profit Before Tax	1058.84
Less :Decrease in Provision for Income Tax	356.40
<b>Decrease in Profit after Tax</b>	<b>702.44</b>
Represented by Changes in Balance Sheet:	
Decrease in Net Block	229.92
Decrease in Capital Work in Progress	443.12
Decrease in Net Current Assets	212.85
Change in Deferred Tax Liability	- 183.45
<b>Net decrease in Assets / Increase in Liabilities</b>	<b>702.44</b>

Apart from above, in Schedule P Note No. 2.0, 6.2.1, 6.2.2, 9.3, 11.12, 12.1, 17.4, 18.1, 18.2, 20.F, the General Business Profile and Cash Flow Statement have been suitably revised and Note No. 12.7 has been inserted afresh.

Consequent upon revision, classification no (b) of Schedule L and Footnote No. 1 of Schedule M have been changed.

Sd/-  
**S.C. Behera**  
Company Secretary

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

Sd/-  
**B. Mahapatra**  
Director (Finance)

Sd/-  
**Abhiram Sharma**  
Chairman-Cum-Managing Director

As per our report of even date  
For & on behalf of ABP & Associates  
Chartered Accountants  
Sd/-  
**(Prmod K. Panda)**  
Partner  
(Membership No. 052501)

Place : Berhampur  
Date : 22.08.2007

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

**I. REGISTRATION DETAILS**

Registered No. : 15 - 03038 State Code : 15  
Balance Sheet Date : 31.03.2007

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

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

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

Total Liabilities	: 439927.42	Total Assets	: 439927.42
<b>Source of Funds</b>	:		
Paid-up Capital	: 18640.09	Reserve & Surplus	: 403700.64
Secured Loans	: Nil	Unsecured Loans	: 17006.07
Deferred Tax Liability	: 580.62		
<b>Application of Funds</b>	:		
Net Fixed Assets	: 156600.74	Investments	: 30988.80
Net Current Assets	: 252337.88	Misc. Expenditure	: Nil
Accumulated Losses	: Nil		

**IV. PERFORMANCE OF COMPANY (AMOUNT RS. IN LAKH)**

Turnover (Total Income)	: 435793.56	Total Expenditure (incl PP Adjustment)	: 227654.41
Profit / (Loss) before Tax	: 208139.15	Profit / (Loss) after Tax	: 136845.13
Earning Per Share (Rs.)	: 7341.44	Dividend Rate % (Excl. Tax on Dividend)	: 295.33

**V. GENERIC NAMES OF PRINCIPAL PRODUCT OF COMPANY**

Item Code No. : 270112.00  
Product Description : COAL

Sd/-  
**S.C. Behera**  
Company Secretary

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

Sd/-  
**B. Mahapatra**  
Director (Finance)

Sd/-  
**Abhiram Sharma**  
Chairman-Cum-Managing Director

Place : Berhampur  
Date : 22.08.2007

As per our report of even date  
For & on behalf of ABP & Associates  
Chartered Accountants

Sd/-  
**(Prmod K. Panda)**  
Partner  
(Membership No. 052501)

**CASH FLOW STATEMENT FOR THE YEAR 2006-07**

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	208139.15	183720.82
Adjustment for :		
Depreciation & Impairment	11383.38	9489.24
Exchange rate fluctuation	-70.81	-90.90
OBR Adjustment	30883.40	19672.79
Interest / Dividend (Received)	-26692.64	-18531.62
Interest/Dividend (Paid)	1064.45	1027.24
Provision against Debtors/Inventories/Other CA/Loans&Adv.	427.07	-244.60
Differed Text Liability	1477.24	750.57
<b>Operating Profit before Working Capital Changes</b>	<b>226611.24</b>	<b>195793.54</b>
Adjustments for :		
Changes in Investments		0.00
Changes in Inventories	-7419.79	-2829.97
Changes in Sundry Debtors	-1588.96	7350.63
Changes in other current assets	-2547.48	2274.50
Changes in Loans and Advances	-3171.99	1128.32
Changes in Current Liabilities	-1969.84	10790.93
<b>Cash generated from operations</b>	<b>209913.18</b>	<b>214507.95</b>
Direct taxes paid	-87345.05	-70272.14
Deferred Tax Liabilities	-1477.24	-750.57
<b>Cash Flow before extraordinary items</b>	<b>121090.89</b>	<b>13485.24</b>
Extraordinary items	0.00	0.00
<b>Net Cash from operating activities</b>	<b>121090.89</b>	<b>143485.24</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (Other than P&B Dev.)	-20814.34	-11897.54
Purchase of Fixed Assets (P&B Dev.)	-1180.40	-2524.10
Short Term Deposit with CIL	-16343.06	-4012.28
Miscellaneous receipts		
Acquisition of Copmanies		
Change in Investments	3443.20	0.00
Interest received	26692.64	18531.62
Dividend received	0.00	0.00
<b>Net Cash used in investing activities</b>	<b>-8201.96</b>	<b>97.70</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
World Bank Loan through CIL	-1619.81	-1621.16
Deferred Credit Loan	- 45.44	-114.96
Exchange Rate Fluctuation	- 247.56	358.78
Repayment of CIL Loan		
Redemption of preference share capital	0.00	0.00
Interest and financial charges	- 1064.45	- 1027.24
Dividend paid	-56900.00	-59020.00
<b>Net Cash used in financing activities</b>	<b>-59877.26</b>	<b>-61424.58</b>
<b>Net increase in cash and cash equivalents</b>	<b>53011.67</b>	<b>82158.36</b>
Cash and cash equivalents as at beginning of the year	189755.34	107596.98
<b>Cash and cash equivalents as at end of the year</b>	<b>242767.01</b>	<b>189755.34</b>

The aforesaid statement is prepared on indirect method

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

Sd/-  
**S.C. Behera**  
Company Secretary

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

Sd/-  
**B. Mahapatra**  
Director (Finance)

Sd/-  
**Abhiram Sharma**  
Chairman-Cum-Managing Director

As per our report of even date  
For & on behalf of ABP & Associates  
Chartered Accountants

Sd/-  
**(Pramod K. Panda)**  
Partner  
(Membership No. 052501)

Place : Berhampur  
Date : 22.08.2007

## ADDENDUM TO DIRECTORS' REPORT

(UNDER SECTION 227 (2) AND 217 (3) OF THE COMPANIES ACT, 1956)

### AUDITORS' REPORT

### MANAGEMENT'S REPLY

To

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

1. Consequent upon the observation of the Comptroller and Auditor General of India during the course of audit u/s 619(4) of the Companies Act, 1956 as narrated in Note No.21 of Notes on Accounts, Schedule-'P' the Company has revised its financial statement together with Notes on account and Schedule thereto for the year ended 31st March, 2007 and the same were approved by Board of Director on Circulation Resolution on 20th August, 2007. The revised financial statements replaced the original financial statement for the year ended 31st March, 2007 as approved by the Board of Director of the Company on 13th July, 2007. As a result this report supersedes our earlier Auditor's Report dated 13th July, 2007 to the members of the Company.

No comments.

2. We have audited the attached Balance Sheet of MAHANADI COALFIELDS LIMITED, SAMBALPUR as at 31st March, 2007, and the Profit & Loss Account for the year ended on that date annexed thereto and the Cash flow statement for the year ended on that date.

No comments.

We have taken into consideration the audited accounts and Branch Auditor's reports of six areas ( five mine areas and one central workshop of Talcher field). Our opinion expressed, so far as it relates to the accounts in respect of these areas is based, solely on the reports of the Branch Auditor.

These financial statements are the responsibility of the Company's

## AUDITORS' REPORT

## MANAGEMENT'S REPLY

management. Our responsibility is to express an opinion on these financial statements based on our audit.

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| 3.   | 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 comments.      |
| 4.   | As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.  | No comments.      |
| 5.   | <i>Attention is invited to the following paragraphs having effect on the accounts.</i>  |                   |
| 5.1  | <i>Note No.11.3, 11.5, 11.6 &amp; 11.7 of Notes on Accounts (Schedule-P) and Accounting Policy (Schedule-O) para 2.2 &amp; 2.3, recognizing certain items not on accrual basis which is not in consonance with section 209(3) (b) of the Companies Act, 1956.</i>   | Statement of fact |
| 5.2  | <i>Note No.4.2 of Notes on accounts (Schedule-P) regarding capitalization of interest on enhanced compensations for land.</i>   | Statement of fact |
| 5.3. | <i>Note No.6.1.3, 6.1.4 &amp; 6.1.5 of Notes on Accounts (Schedule-P) and Para 10.3 of</i>  | Statement of fact |

AUDITORS' REPORT	MANAGEMENT'S REPLY
<p><i>Accounting Policy(Schedule-O) regarding valuation and provisioning of stores.</i></p> <p>5.4 <i>Note No.6.2.1 &amp; 6.2.2 of Notes on accounts (Schedule-P) and Accounting Policy (Schedule-O) para 10.1 regarding valuation of coal stock.</i></p> <p>5.5 <i>Note No.9.1, 9.2, 9.4 &amp; 9.5 of Notes on Accounts (Schedule-P) regarding confirmation and reconciliation of various balances.</i></p> <p>5.6 <i>Note No.10(e) of Notes on Accounts (Schedule-P) regarding non payment of service tax and interest thereon.</i></p> <p>5.7 <i>Note No.15.1, 15.2 &amp; 15.3 of Notes on Accounts (Schedule-P) regarding payment of certain charges and contribution to Rehabilitation Fund to holding company M/s Coal India Ltd. on the basis of coal production.</i></p> <p>5.8 <i>Note No.12.5 of Notes on Accounts (Schedule-P) regarding claims pending in court related to for enhancement of compensation for land acquired from private parties and others have not been ascertained.</i></p> <p>5.9 <i>Provision for reclamation / back filling and other corrective EMP activities as per EMP /EIA plan has been made on estimated basis @ Re.1 per ton of coal produced. In absence of the technical estimates, we are unable to comment on the adequacy of the provision.</i></p> <p>5.10 <i>AS28 ( Impairment of Assets): Attention is invited to note No.17.5 of Notes on Accounts (Schedule-P) regarding impairment loss, the estimates and assumptions made by the company in arriving at the recoverable value of assets have been relied upon.</i></p> <p>5.11 <i>AS29 ( Provisions, Contingent Liabilities and Contingent Assets):-Attention is invited to Note No.17.6 of Notes on Accounts (Schedule-P) regarding Provisions,</i></p>	<p>No comments.</p> <p>Noted for action.</p> <p>The payment of service tax has since been made.</p> <p>Apex office charges, Indian Institute of Coal Management charges and contribution to Rehabilitation Fund are in conformity with the holding company's decision.</p> <p>Noted for action.</p> <p>The job has been entrusted with CMPDIL. Necessary action will be taken after receipt of CMPDIL report.</p> <p>The impairment losses have been properly accounted for.</p> <p>No comments.</p>

## AUDITORS' REPORT

## MANAGEMENT'S REPLY

*Contingent Liabilities and Contingent Assets. The estimates and assumptions made by the company in arriving at the amount of provision is relied upon.*

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| <p>5.12 <i>The technical data submitted by the management in respect of Advance Stripping, Coal Exposed, Over Burden Removal (OBR) , Average Ratio, Current Ratio, Ratio Variance etc., in the matter of Over Burden Accounting including adjustment for substantial variation between standard ratio and current ratio of OBR cost in some areas. Since the OBR calculation is a technical assessment, we have relied on the technical assessment made by the company in arriving the OBR Adjustment Accounting effected in Profit &amp; Loss Account.</i></p> | <p>No comments.</p> |
| <p>6. <i>Further to our comments in the Annexure referred in Para 3 &amp; Para 4 above and on the basis of audit indicated in Para 2 above, we further report that.</i></p>   |                     |
| <p>6.1 <i>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.</i></p>  | <p>No comments.</p> |
| <p>6.2 <i>In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.</i></p>  | <p>No comments.</p> |
| <p>6.3 <i>The Branch Auditor's Report of five mine areas and one central workshop of Talcher Field forwarded to us have been appropriately dealt with while preparing our report.</i></p>   | <p>No comments.</p> |
| <p>6.4 <i>The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.</i></p>  | <p>No comments.</p> |

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

- 6.5 *In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.* No comments.
- 6.6 *Being a Government company, pursuant to the Notification No.GSR 829(E) dated 17.7.2003 issued by Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the Company.* No comments.
- 6.7 *Subject to items mentioned at Para 5 above which have bearing on accounts, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Accounting Policies and Notes on Accounts thereon 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 :* No comments.
- (a) *in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;*
- (b) *in the case of the Profit and Loss Account, of the profit for the year ended on that date; and*
- (c) *in the case of Cash Flow Statement, of the cash flows for the year ended on that date.*

For and on behalf of  
**ABP & Associates**  
Chartered Accountants

Sd/-

**Pramod K. Panda**  
Partner  
Membership No. 052501

Place : Berhampur,

Date : 22nd August, 2007



## ANNEXURE 'A' TO THE AUDITORS' REPORT

Statement referred to in Paragraph (3) of our report of even date to the members of  
M/s Mahanadi Coalfields Ltd. on the accounts for the year ended 31st March, 2007)

AUDITORS' REPORT	MANAGEMENT'S REPLY
i.(a) The Company has maintained proper records showing full particulars including quantitative details except the location of its fixed assets within the area.	No comments.
(b) <i>The fixed assets other than Plant &amp; Machinery of the Company have not been physically verified by the management during the year. The reconciliation of fixed assets physically found and recorded in the assets register was not carried out to arrive short /excess if any.</i>	Noted for action.
(c) <i>In our opinion and according to the information and explanations given to us, substantial part of fixed assets has not been disposed off by the Company during the year hereby not affecting the going concern.</i>	No comments.
ii.(a) <i>As explained to us, the inventories in respect of stores and spare parts have been physically verified by the management through outside agencies at the end of the year. The physical verification of coal is carried out at regular intervals by adopting volumetric measure, the year end coal stock verification has been conducted by a team appointed by M/s Coal India Ltd.</i>	No comments.
(b) <i>In our opinion, the procedures of physical verification of inventories in respect of coal stock followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. However, the physical verification of inventory in respect of stores and spares should have been conducted in a systematic manner through out the year as part of the</i>	Noted for action.

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

*internal control mechanism instead of making it only a year end exercise.*

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| <p>(c) <i>On the basis of our examination of the inventory records, we report that in our opinion, the Company has maintained proper records of inventory. However, the effect of Shortage /Excess found on physical verification of coal as mentioned in Accounting Policy No.10.1 and Note No.6.2.1 of notes to accounts amounting to net shortage of Rs.417.61 lacs have not been considered in accounts.</i></p> | <p>The coal stock accounting has been done as per Accounting Policy No.10.1 and 10.2 (Schedule O of Annual Accounts).</p> |
| <p>iii. <i>According to information and explanations given to us the Company has not granted any loans secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub-clause (b), (c) &amp; (d) are not applicable.</i></p>  | <p>Statement of fact.</p>   |
| <p>(a) <i>The Company has not taken any loans secured or unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub-clause (f) &amp; (g) are not applicable.</i></p>  | <p>Statement of fact.</p>   |
| <p>iv.(a) <i>Based on the information and explanations given to us, on an overall basis, we are of the opinion that internal control system as regards to the purchase of inventories and fixed assets and for sale of goods needs to be streamlined and strengthened to make it commensurate with the size of the Company and nature of its business.</i></p>   | <p>Noted for action.</p>  |
| <p>(b) <i>During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.</i></p>   | <p>No comments.</p>   |

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

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| v.(a) <i>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.</i>   | No comments.       |
| (b) <i>In view of clause (v) (a) above, the clause (v) (b) is not applicable.</i>  | No comments.       |
| vi. <i>The Company has not accepted any deposit from public.</i>   | Statement of fact. |
| vii. <i>In our opinion, the Company's internal audit system needs further strengthening to cover (a) Tracking of all advances (such as to suppliers, job workers, staff and others) and ensuring that bills are obtained for materials supplied / services rendered for the concerned financial years.(b) Carrying out physical verification of assets and stores by technical persons for identifying obsolete, damaged and non-moving items to enable the management to take appropriate decision in this regard. (c ) Staff advances and loans needs to be identified and reconciled. (d) Ensuring that all expenses incurred have been accounted for in proper functional head wherever required instead of booking of expenses in natural head.</i> | Noted for action.  |
| viii. <i>The Central Government of India has not prescribed the maintenance of cost records under Section 209(I) (d) of the Act for any of the products of the Company.</i>  | Statement of fact. |
| ix.(a) <i>According to the information and explanation 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,</i>   | Statement of fact. |

## AUDITORS' REPORT

## MANAGEMENT'S REPLY

*Sales Tax, VAT, Wealth Tax, Custom Duty, Excise Duty and other Statutory dues as applicable with the appropriate authorities during the year.*

- (b) *According to the information and explanations given to us and the records of the company examined by us, dues of Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess as at 31st March, 2007, which have not been deposited on account of a dispute are as per below:*

Name of the Statute	Name of the Forum where the dispute is pending			Total Amount (Rs. in lakhs)
	High Court	Tibunal	Commiss-ionrate	
Central Sales Tax	—	45.36	529.35	574.71
Orissa Sales Tax	—	11.09	1.78	12.87
Orissa Entry Tax	—	477.29	1115.05	1592.34
Service Tax	—	—	1788.11	1788.11
Income Tax	5143.83	12934.98	11318.76	29397.57
<b>Total</b>	<b>5143.83</b>	<b>13468.72</b>	<b>14753.05</b>	<b>33365.60</b>

- x. *The Company has no accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.* Statement of fact.
- xi. *In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.* Statement of fact.
- xii. *Based on our examination of the records and the information and explanations given to us, the Company has not granted any* Statement of fact.

## AUDITORS' REPORT

## MANAGEMENT'S REPLY

*loans and advances on the basis of security by way of pledge of shares, debentures and other securities.*

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| xiii.  | <i>The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.</i>   | Statement of fact. |
| xiv.   | <i>The Company is not dealing or trading in shares, securities, debentures and other investments.</i>   | Statement of fact. |
| xv.    | <i>According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. However, the company has created charge against the company's debtors and inventories for Rs.315 crore for the limits of Coal India Ltd. as mentioned in note No.12.2 of notes to account.</i> | Statement of fact. |
| xvi.   | <i>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 financial year covered by our audit.</i>   | Statement of fact. |
| xvii.  | <i>On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, the Company has not raised any funds on short term basis during the financial year covered by our audit.</i>   | Statement of fact. |
| xviii. | <i>The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.</i>  | Statement of fact. |

**AUDITORS' REPORT**

**MANAGEMENT'S REPLY**

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| xix. <i>The Company has not issued any debenture during the year and no amount is outstanding in respect of debenture as on the balance sheet date.</i>   | Statement of fact. |
| xx. <i>The Company has not raised / issued any public issues as on the balance sheet date.</i>  | Statement of fact. |
| xxi. <i>As represented to us by the management and based on our examination in the normal course of audit, no material frauds on or by the Company have been noticed or reported during the year.</i> | Statement of fact. |

*Further we have been informed by the management that due to furnishing of wrong lead certificate for transportation of coal for the period 1999-2002 from Samaleswari OCP to Lajkura Railway Siding No.1,II and III, excess payment to the tune of Rs.214.15 lacs has been made to the contractors out of which an amount of Rs.181.16 lacs has been recovered so far and charge sheets as a part of departmental action have been issued to 6 officers and departmental enquiry is in progress in the said matter. The contractors have filed suit against the company against such recovery which is pending in the Orissa High Court.*

For and on behalf of  
**ABP & Associates**  
Chartered Accountants

Sd/-

**Pramod K. Panda**  
Partner  
Membership No. 052501

Place : Berhampur,  
Date : 22nd August, 2007