



annual report & accounts
वार्षिक प्रतिवेदन एवं लेखा
2007- 2008

Mahanadi Coalfields Limited





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Board of Directors

(As on 25.07. 2008)



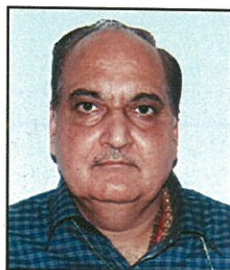
Shri S. R. Upadhyay



Shri G. D. Gulab



Shri V. K. Jain



Shri Rajiv Sharma



Shri B. Mohapatra



Shri Abdul Kalam



Shri N. R. Mohanty



Shri Brij Kishore

MANAGEMENT DURING 2007-2008

CHAIRMAN -CUM-MANAGING DIRECTOR	:	Shri Abhiram Sharma (Upto 31.08.2007) Shri S. R. Upadhyay (w.e.f. 01.09.2007)
FUNCTIONAL DIRECTORS	:	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.
NON-OFFICIAL PART TIME DIRECTORS	:	Shri Abdul Kalam (w.e.f. 24.08.2007) Shri N. R. Mohanty (w.e.f. 24.08.2007) Shri Brij Kishore (w.e.f. 24.08.2007)
COMPANY SECRETARY	:	Shri S.C. Behera

PRESENT MANAGEMENT

(As on 25.07.2008)

CHAIRMAN-CUM-MANAGING DIRECTOR	:	Shri S. R. Upadhyay
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, Additional Secretary, Ministry of Coal, New Delhi.
NON-OFFICIAL PART TIME DIRECTORS	:	Shri Abdul Kalam (w.e.f. 24.08.2007)
		Shri N. R. Mohanty (w.e.f. 24.08.2007)
		Shri Brij Kishore (w.e.f. 24.08.2007)
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-768 020, Orissa

NOTICE

SIXTEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the 16th Annual General Meeting of Mahanadi Coalfields Limited will be held at 11.00 AM on Friday the 25th July, 2008 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, 2008, 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 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, 2007-2008.

"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 2007-2008."

SPECIAL BUSINESS :

To consider and if thought fit, to pass with or without modification, the following Resolutions as **Special Resolutions :**

1. "RESOLVED THAT Article 37(b)(i) of the Articles of Association of Mahanadi Coalfields Limited be and is hereby amended to read as under :
Any programme of capital expenditure for an amount exceeding the limit contained in guidelines issued by the Govt. from time to time."
2. "RESOLVED FURTHER THAT Article 37(b)(vi) of the Articles of Association of Mahanadi Coalfields Limited be and is hereby amended to read as under :
Establishment of Joint Venture, subsidiaries and overseas offices beyond limits contained in the guidelines issued by Govt. from time to time."
3. "RESOLVED FURTHER THAT Article 48(7) of the Articles of Association of Mahanadi Coalfields Limited be and is hereby amended to read as under :
To invest or otherwise employ moneys belonging to or with the Company in the purchase or acquisition of any shares, securities or other investments whatsoever, whether movable or immovable upon such terms as may be thought proper and from time to time to vary all or any such investments in such manner as the Company may think fit."

4. "RESOLVED FURTHER THAT Article 48(18)(ii) of the Articles of Association of Mahanadi Coalfields Limited be and is hereby amended to read as under :

To authorise the undertaking of works of a capital nature, not covered by Clause(i) above, if required to be taken up in advance of the preparation of a Detailed project Report or otherwise as individual works, whether as part of existing or new schemes, not exceeding the limit contained in the guidelines issued by the Govt. from time to time provided that :

- (a) the project should be included in the approved Five Year and annual Plans and outlay provided for ;
 - (b) the expenditure on such works in subsequent years will be the first call on the respective allocations ;
 - (c) the required funds can be found from the internal resources of the company and expenditure is incurred on schemes included in the capital budget approved by the Government ; and
 - (d) the enhanced delegation will be applicable in respect of projects for which no budgetary supports is envisaged i.e. projects funded 100% from IEBR. The term IEBR (Internal and Extra Budgetary Resources) for this purpose would include extra budgetary resources such as bonds, ECB and other similar mobilisation made on their own internal strength by the PSUs but excluding Govt. guaranteed borrowings."
5. "RESOLVED FURTHER THAT Article 48(25) of the Articles of Association of Mahanadi Coalfields Limited be and is hereby amended to read as under :

To establish joint Venture, subsidiaries and overseas offices subject to guidelines issued by Govt. from time to time."

6. "RESOLVED FURTHER THAT a new clause No.26 under marginal note "For mergers and acquisitions" be and is hereby added to Article 48 of the Articles of Association of Mahanadi Coalfields Limited which reads as under :

To carry out mergers and acquisitions subject to guidelines issued by the Govt. from time to time."

7. "RESOLVED FURTHER THAT a new clause No. 27 under marginal note "Technology Joint Ventures & Strategic Alliances" be and is hereby added to Article 48 of the Articles of Association of Mahanadi Coalfields Limited which reads as under :

To enter into technology joint ventures and strategic alliances subject to guidelines issued by Govt. from time to time."

By order of the Board of Directors

For Mahanadi Coalfields Limited

Sd/-

(S.C. Behera)

Company Secretary

REGISTERED OFFICE :

Jagruati Vihar, Burla, Sambalpur – 768 020

NOTE:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. The Shareholders are requested to give their consent for calling the Annual General Meeting at a shorter notice pursuant to the Provisions under Section 171(2)(i) of the Companies Act, 1956.
3. The Explanatory statement relating to resolutions mentioned in the notice as required by Sec.173(2) of the Companies Act, 1956, is annexed to the Notice.

Annexure to the Notice

Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 relating to the Special Resolutions

CIL Board in its 240th meeting held on 8.3.2008, based on the enhanced Financial and operational autonomy given by the Govt. to CIL and its subsidiaries (WCL, SCCL, NCL and MCL) vide letter No. F 03038/4/1997-CA II dt. 15.3.2007, has decided on this matter raising thereby the delegation of powers of subsidiaries for which Article 37(b)(i) and 48(18)(ii) in the Articles of Association of MCL along with amendment to any other relevant clause, if any, have to be carried out as per the decision of CIL Board. This amendment can be made as per the provisions of Companies Act, 1956 by passing Special Resolution in a General Meeting of the Shareholders.

The above decision of CIL Board, as communicated by Company Secretary, CIL vide his letter No.CIL:XI(D):04112:131:2008 dated 19/20th March, 2008 and the Memorandum and Articles of Association of MCL can be inspected at Registered Office of the Company on any working day during the office hours. This will also be available at the meeting.

None of the Directors are interested or concerned in the Resolution.

Company Secretary

DIRECTORS' REPORT

To
The Shareholders,
Mahanadi Coalfields Limited,
Gentlemen,

I have great pleasure in presenting on behalf of the Board of Directors, the 16th Annual Report of your Company together with the audited Accounts for the year ended 31st March, 2008 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 15 (fifteen) opencast projects. The operating areas are as under :

A. Talcher Coalfields

1. Jaganath Area
2. Bharatpur Area
3. Hingula Area
4. Lingaraj Area
5. Talcher 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. 5291.07 crore against the previous year's Gross Sales of Rs. 4507.52 crore, registering a growth of 17.38% over previous year. There is continuous improvement in realisation. The

realisation during the year is Rs. 5246.54 crore which is 99.16% of the current year's gross sales.

- The Company achieved a record production in the current year. The coal production during the year is 88.01 million tonne registering a growth of 10% over the previous year.
- The productivity in terms of output per manshift(OMS) has increased by 0.38% and 1.72% in respect of Opencast Mines and Underground Mines respectively. The overall OMS of the current year is 16.19 tonne as compared to 15.93 tonne in previous year indicating a growth of 1.63%.
- The Profit Before Tax(PBT) during the year is Rs. 2504.79 crore against previous year's PBT of Rs. 2081.39 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. 500.00 crore has been proposed as final dividend on paid up Equity Share Capital.

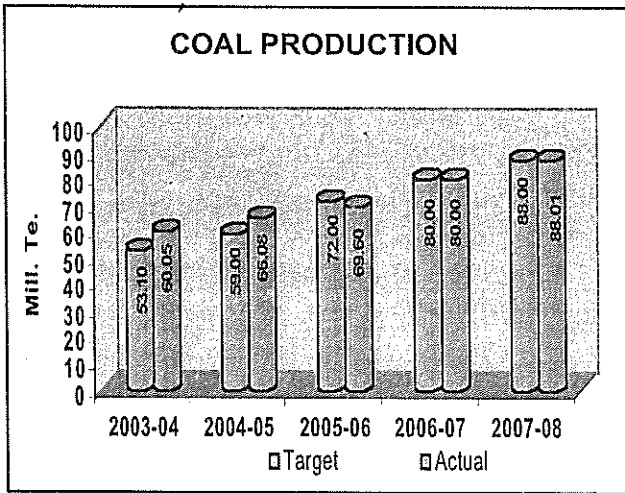
4. PRODUCTION PERFORMANCE

- 4.1 The production performance of your Company for the year 2007-08 as compared to the target and achievement of the previous year is as given below :

Production	2007-2008		2006-2007 Actual	% Achie- vement against target	% Growth over previous year
	Target AAP	Actual			
Coal (MT)					
Open-cast	85.60	85.89	78.03	100.34	10.08
Underground	2.40	2.12	1.97	88.25	7.30
Total	88.00	88.01	80.00	100.01	10.01
OBR(M. Cum.)	66.00	54.56	55.47	82.66	-1.64

- 4.2 During the year 2007-08, the coal production by Surface Miner is 41.612 M.Te. which is 48.45% of total opencast coal

Production against last year of 37.13 M. Te being 47.58% of total open-cast production.



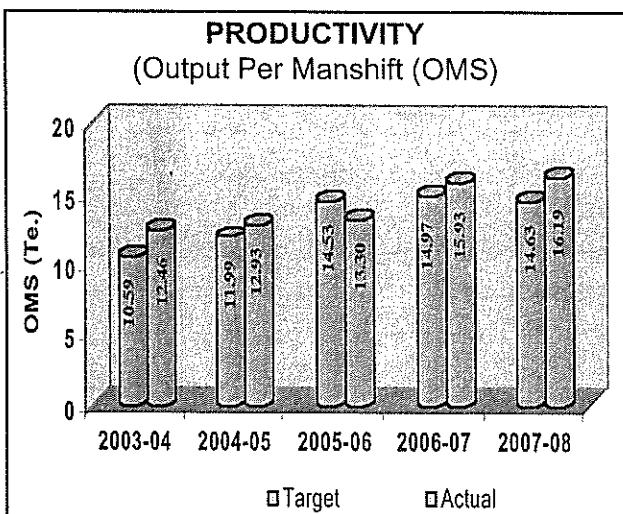
Thus a growth of 12.07% in coal production by Surface Miner over the last year.

5. PRODUCTIVITY

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

Fig.in Tonne/Manshift

Productivity	2007-2008		2006-2007 Actual	% Achievement against target	% Growth over previous year
	Target AAP	Actual			
Opencast	19.47	23.57	23.48	120.60	0.38
Underground	1.51	1.18	1.16	78.15	1.72
Overall	14.63	16.19	15.93	110.66	1.63



6. POPULATION AND PERFORMANCE OF HEMM

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

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

Sl. No	Equipment	Population as on	%Availability			%Utilisation			
			April'07 to March'08	April'06 to March'07	CMPDIL Norm (%)	April'07 to March'08	April'06 to March'07	CMPDIL Norm (%)	
			31.3.08	31.3.07	Actual (%)	Actual (%)	Actual (%)	Actual (%)	Actual (%)
1	Dragline	6	6	86	81	85	66	62	73
2	Shovel	59	61	78	76	80	45	43	58
3	Dumper	368	398	72	73	67	29	28	50
4	Dozer	103	103	66	69	70	29	29	45
5	Drill	89	90	77	89	78	36	36	40
Total		625	658						

II. Working hours achieved :

Sl. No.	Equipment	Work Hour	
		2007-08	2006-2007
1	Dragline	30777	29195
2	Shovel	224650	218796
3	Dumper	762061	733478
4	Dozer	212366	210183
5	Drill	132181	138693
Total		1362045	1330345

- III. (a) The availability of Dragline, Shovel and Drill has increased during the year 2007-08 compared to the year 2006-07.
- (b) The availability of Dumper is more than CMPDIL Norm of 67%.
- (c) The availability of Dozer during the year 2007-08 is less than the year 2006-07.
- (d) The utilization of Dragline, Shovel and Dumper has increased over the same period of last year.
- (e) The utilization Dozer and Drill are same as that of last year.
- (f) There is overall increase of 2.38% in working hours of above HEMM. The increase in working hours of Dragline,

Shovel, dumper, Dozer over 2006-07 are 5.42%, 2.68%, 3.90% and 1.04% respectively. The working hour of Drill has decreased by 4.70% over the year 2006-07.

IV. Steps taken to improve the availability and utilization:

1. Special attention is being given to the operator's comfort. New HEMM which are being procured are fitted with Air conditioned cabins. The HEMM having substantial residual lives are also being fitted with Air conditioners.
2. The old un-reliable HEMM are being replaced with new equipment. For safety point of view, the new dumpers and water sprinklers which are being procured are having disc brakes.
3. 35T dumpers are being replaced by higher capacity 50T dumpers.
4. Daily production from HEMM and their working hours are being closely monitored at Headquarters level.
5. Incentive scheme has been introduced for higher productivity.
6. Land acquisition, Law and Order problems are being taken up at various forum by MCL management.
7. Judicious management of spares in consultation with OEMs.
8. Improvement in infrastructure facility:
 - (a) Projects are being provided with auxiliary equipment 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) Central workshops have been geared up to meet the emergency requirement of projects.

V. Breakdown status of HEMM

Equipment	Population		Breakdown over 3 months	
	As on 31.3.08	As on 31.3.07	As on 31.03.08	As on 31.03.07
Dragline	6	6	0	0
Shovel	59	61	0	1
Dumper	368	398	36	35
Dozer	103	103	13	12
Drill	89	90	16	15
TOTAL	625	658	65	63

VI. Equipment Rehabilitated at Central Workshops:

Area	2007-08	2006-2007
CWS-Talcher	11	23
CWS-Ib Valley	03	04
TOTAL	14	27

N.B. : The reason for less nos. of equipment rehabilitated in 2007-08 is due to delayed supply of Rehab. Kits by OEM.

7. CAPACITY UTILISATION (OCPS)

Sl. No.	Description	CAPACITY (based on 1st April of the year)		% Growth over Last Year
		2007-2008	2006-2007	
1	Departmental Capacity(M.cum)	60.06	58.45	2.75%
2	System Capacity(M.cum)	115.02	96.59	83.62%
3	Departmental Production (M.cum)	55.63	53.50	3.98%
4	Total Production (M.cum.)	106.84	103.02	3.71%
5	Departmental Capacity Utilization	93%	92%	
6	System Capacity Utilization	93%	107%	

8. POWER

- 8.1 **Talcher Coalfields** :Power is received at Nandira 3 X 20 MVA, 132 / 33 KV, Grid Sub-station through an 11 Km. long 132 KV Double Circuit over-head transmission line from GRIDCO's Angul Sub-station, under the command area of Central Electricity Supply Utility of Orissa with a Contract Demand of 28.0 MVA.
- 8.2 **Ib-Valley Coalfields** : Power is received at Jorabaga 3 X 20 MVA, 132 / 33 KV, Grid Sub-station through a 19 Km. long 132 KV Double Circuit over-head transmission line from GRIDCO's Budhipadar Sub-station, under the command area of Western

Electricity Supply Company of Orissa (WESCO) with a Contract Demand of 22.25 MVA.

8.3 Basundhara Coalfields : Basundhara Area is receiving power from Garjanbahal Sub-station under the command area of Western Electricity Supply Company of Orissa (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 by M/S OPTCL (Orissa Power Transmission Corporation Ltd.) on deposit work.

8.4 Availability of Power :

Items	2007-08	2006-07
Contract Demand (MVA)	52.65	52.65
Maximum Demand (MVA) (Highest in a month during FY)	53.56	56.06
Energy Consumed (Million KWh)	293.64	287.50
Specific Energy Consumed (KWh/Tonne)	Target 3.70 Actual 3.34	4.16 3.59
Energy Bill Paid (Rs. in Crore)	93.17	90.06

9. POPULATION OF MAJOR UNDERGROUND EQUIPMENT

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		2007-08		2006-07	
		07-08	06-07	% Avail.	% Util.	% Avail.	% Util.
1	Winder	6	6	83.33	88.25	98.61	78.70
2	Haulage(Main)	40	43	96.46	88.25	94.90	78.70
3	SDL*	23	21	73.17	43.02	78.79	44.95
4	LHD*	40	37	68.40	39.16	68.65	49.72
5	Main Pump	65	55	95.51	88.25	91.67	78.70
6	Vent. Fan	14	14	100.00	88.25	100.00	78.70
7	Belt Conv.	60	58	93.33	88.25	91.40	78.70
8	Transformer (Power)	94	94	92.55	88.25	93.26	78.70
9	Locomotive	6	6	66.67	88.25	68.00	78.70
10	Coal Drill	97	97	91.49	88.25	91.92	78.70
11	Mine Car	98	98	76.53	88.25	73.98	78.70

For the Year 2007-08

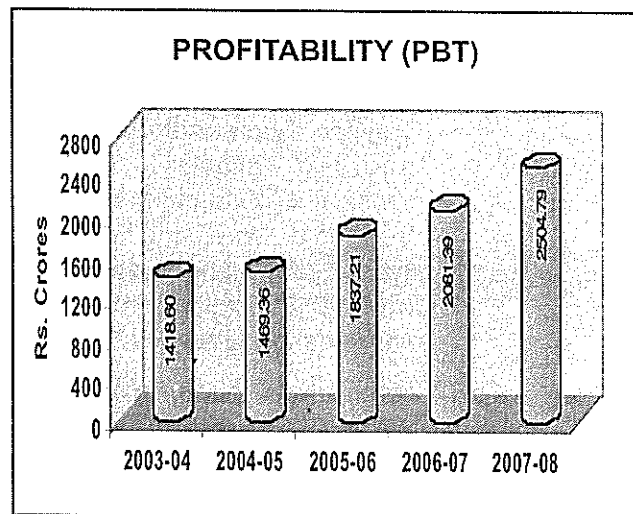
Actual UG Prodn.	-	21.179 Lac Tonne
Target UG Prodn.	-	24.000 Lac Tonne
% Availability	=	$\frac{\text{Equipment available}}{\text{Equipment on Roll}} \times 100$
% Utilisation	=	$\frac{\text{Actual Production}}{\text{Target Production}} \times 100$
% Availability	=	$\frac{\text{Avail. Hours}}{\text{Total Hrs} - \text{Maint Hrs}} \times 100$ [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)]

9.2 Number of coal handling plants and weighbridges and their functioning points etc. 32.347 MT of Crushed Coal were despatched through CHP during the year against 33.723 MT of Crushed Coal compared to previous year. 41.618 MT of Crushed Coal was produced using "Surface Miner" during the year.

	2007-08		2006-07	
	Crushing Capacity in Mty	Coal despatched through CHP (MT)	Crushing Capacity in Mty	Coal despatched through CHP (MT)
Coal Handling Plants/Feeder Breakers	40.50	32.347	42.70	33.723
^ Utilisation of Crushing Capacity of Plant	79.87		78.98	

% Increase in utilization of Plant Capacity during the year 2007-08 over previous year = 1.13

9.2.1 The functional points of these CHPs are as follows :



Major CHPs

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

Note : (i) At Balanda OCP, one CHP of capacity 1.20 Mty and one Feeder Breaker of capacity 1.00 Mty have become idle since July' 05 due to closure of the mine.

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

9.2.2 Mini CHPs/feeder breakers

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

*Two (02) numbers of old used Mini CHPs (released from Lakhanpur OCP) are in the process of commissioning one each at Hingula and Basundhara OCP.

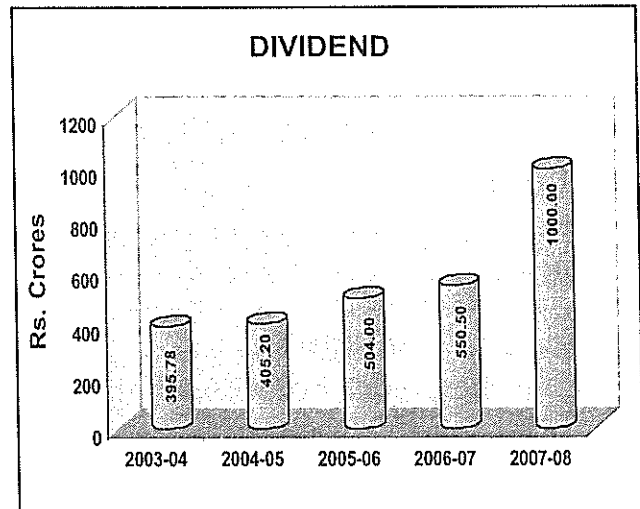
9.3 Details of Weighbridges

Sl.No.	Types of Weighbridges	2007-2008	2006-2007
1.	Road Weighbridges (Hybrid)	1	1
2.	Road Weighbridges (Electronic)	51	49
3.	Rail Weighbridges (Electronic)	32	32
4.	% Weighment during the year (By Rail)	97.10	97.28
5.	% Weighment during the year (Overall Weighment)	98.21	98.27

The percentage of overall weighment of coal despatched to consumers achieved during the year is 98.21% against 98.27% compared to previous year whereas total rail despatch weighment achieved during the year is 97.10% against 97.28% compared to previous year.

10. CAPITAL STRUCTURE

The Authorised Share Capital of the Company as on 31.3.2008 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 31.3.2008 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 Sales Value of Rs. 5291.07 crore against Rs. 4507.52 crore of the previous year. The Profit before Tax (PBT) has also gone up to Rs.2504.79 crore from Rs. 2081.39 crore in the previous year. Profit after Tax (PAT) for the year is Rs.1643.04 crore. The financial results of 2007-08 as compared to 2006-07 are summarised below :

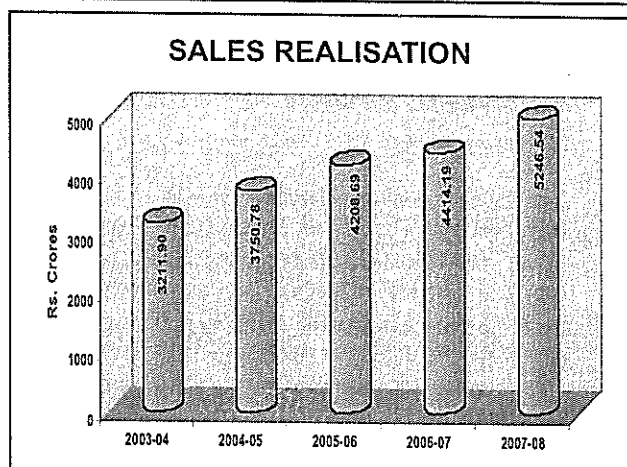
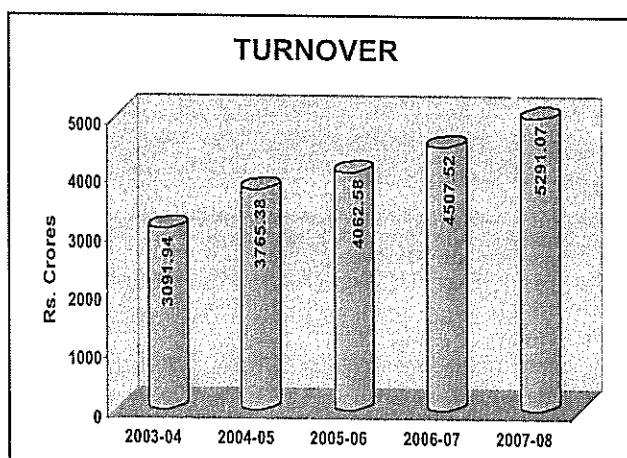
	[Rs. in Crore]	
	2007-08	2006-07
Gross Profit (Before Depreciation and Interest)	2664.20	2236.00
Less: Depreciation (Incl. Social Over head depreciation)	149.75	143.97
Interest and Financial Charges	9.66	10.64
Net Profit before Tax	2504.79	2081.39
Less : Provision for Income Tax and deferred tax liability	861.75	712.94
Net Profit after Tax	1643.04	1368.45
Less : Transfer to General Reserve	165.40	140.00
Interim Dividend on Equity Shares	500.00	500.00
Proposed Dividend on Equity Shares	500.00	50.50
Tax on Dividend	169.95	78.71
Profit after above appropriation	307.69	599.24

11.1 Transfer to Reserve

An amount of Rs.165.40 crore being 10.066% of Profit after Tax for the year has been transferred to General Reserve.

11.2 Dividend

The Directors are pleased to recommend dividend of 536.48% (previous year



295.33%) of the paid up Equity Share Capital for the year amounting to Rs. 1000.00 crore (inclusive of interim dividend of Rs.500.00 crore) for your approval.

The total outflow on account of dividend would be Rs.1169.95 crore comprising Rs.1000.00 crore as dividend and Rs.169.95 crore towards tax on dividend.

11.3 Unsecured Loans

The amount due to Coal India Ltd. (CIL) as on 31.03.2008 stands at Rs. 157.29 crore out of which loan of Rs.146.18 crore pertain to IBRD and JBIC.

The balance amount due to M/s. Liebherr, France SA, France, stands at Rs.11.11 crore for supply of four Hydraulic shovels.

11.4 Investment

As per tripartite agreements with State Electricity Boards(SEB), in the year 2003-2004 the Company had received 8.5% Tax Free Power Bonds (unquoted long term investment) of nominal value Rs.344.32 crores against old outstanding dues as on 30th September, 2001 from three SEBs(MSEB, TNEB and WBPDC). During the year, Rs.128.27 crores (Previous year Rs.34.43 crores) has been redeemed resulting in the balance of Rs.181.62 crores as on 31.3.2008.

12. COAL PRICE

There was an increase in basic price of coal during the year w.e.f. 13.12.2007 for about 10%. Additional revenue earning from e-marketing is Rs.135.00 crore over the notified price.

13. CAPITAL EXPENDITURE

Total Capital Expenditure during the year was Rs.276.16 crore against previous year's expenditure of Rs. 266.89 crore.

14. SALES REALISATION

Gross sales of MCL during 2007-08 was Rs.5291.07 Crore against Rs. 4507.52 Crore in 2006-07.

Total realization during 2007-08 was Rs.5246.54 crore which works out to be 99.16 % 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]	
	2007-08	2006-07
Royalty	624.51	511.45
Sales Tax/Oriassa VAT	186.85	185.70
Stowing Excise Duty	81.12	73.61
Entry Tax	26.59	19.80
TOTAL	919.07	790.56

16. PROJECTS FORMULATION/CAPITAL PROJECTS

16.1 Planning

Annual Plan/ Annual Action Plan 2008-09 BE and 2007-08 RE were prepared with targeted coal production of 88.0 Mte for 2007-08 and 99.00 during 2008-09 with a growth of 12.5%.

16.2 Project Formulation

During 2007-08 following New Projects were formulated:

Mining:

- (i) Balaram OC Extn. – 8.0 Mty
- (ii) Ananta OC Expn., Ph-III, 15.0 Mty
- (iii) Siarmal OCP- 15.0 Mty- Draft PR submitted

Non-Mining:

- (i) Coal Transportation with SILO loading arrangement for Lingaraj OCP- 13.0 Mty

16.3 Project Report Approval

To achieve the targeted coal production and to sustain the growth momentum, approval of following Project Reports were obtained during 2007-08 to increase the Mine capacity of the Company:

Sl. No.	Name of the projects	Capacity (Mty)	Sanctioned Capital (Rs. in Crore)	Date of Sanction
(i)	Samaleswari OC Expn. Ph-III	7.00	87.95	16.04.2007
(ii)	Bhubaneswari OCP	20.0	457.77	22.12.2007
(iii)	Kaniha OCP	10.0	490.10	22.12.2007
(iv)	Balaram OC Extn	8.0	172.08	22.12.2007
(v)	Gopalprasad OCP*	15.0	395.87	09.02.2008
(vi)	Talabira OCP*	20.0	447.72	29.03.2008

* JV projects

The Project profile and Mine capacity of MCL as on 31.03.2008 is as under :

Sl. No.	Type of Project	Number	Capacity (Mty)	Sanctioned Capital (Rs.in Crore)
1	Completed Projects	23	60.98	2123.10
2	On-Going projects*	16	109.83	2898.89
3	Project exhausted	(-) 02	(-) 1.60	—
Total		37	169.21	5021.99

* Includes JV projects

Non-Mining :

- a. **Rail Infrastructure project for Gopalpur Tract of Ib-valley Coalfields:** A 52 Km long railway line project from Sardega to Jharsuguda was formulated and approved on 22.12.2007 at capital investment of Rs.465.09 crore for evacuation of coal from various upcoming projects of Gopalpur Tract of Ib-valley Coalfields. Acquisition of land and construction of the rail infrastructure project has been assigned to SE Rly.
- b. **Master plan on Rail/ Road Networking of Talcher and Ib-valley Coalfields:** The above work has been assigned to CMPDIL and the work is in progress.

16.4 Opening up of New Project

Kulda Opencast project, 10.0 Mty, in Basundhara Area of Ib-valley Coalfields was started operating w.e.f 1st December 2007.

16.5 Completion of projects

On attaining the desired criteria, following on-going projects were declared completed during 2007-08:

Sl. No.	Name of the Project	Capacity (Mty)	Sanctioned Capital (Rs. in Crore)	Completion Cost (Rs. in Crore) (Provisional)	Schedule Completion Date	Actual completion Date
1.	Lingaraj OC Expn. Ph-II	13.0 (3.0 Incremental)	2.18	2.00	03/09	03/08
2.	Jagannath OC Expn. Ph-II	6.0 (2.0 Incremental)	4.95	4.83	03/08	03/08

There is no cost over run / time over run in any project. Lingaraj OC Expn. Ph-II was completed one year ahead of schedule.

16.6 Modernization

For technological up-gradation in UG mines, MCL has proposed introduction of Mass Production technology in the existing mines. A Project Report for deployment of Continuous Miner at Hirakhand Bundia Mines was approved in 87th MCL Board meeting held on 16.04.2007 to augment production from 0.54 Mty to 0.95 Mty during XI Plan period.

Scheme for installing Man-riding System in the existing UG mines of Orient Area and Talcher Area has been approved to minimize the travelling and increase the working hour. Man-riding system in four mines of Orient Area are in the process of procurement and installation. Tendering process for Nandira colliery of Talcher area is in process.

MCL has also ventured to deploy LHDs/SDLs in UG mines to ensure mechanized loading system right at coal face with a series of Gate belt and Trunk belt in conjunction with each other.

16.7 Projects pending approval at govt.

No project is pending at Govt. level for approval.

16.8 Foreign collaboration

In the Indo-China Working Group meeting held on 2nd April, 2008 at New Delhi, assistance was sought by MCL from Chinese side for identification of suitable coal blocks for underground longwall mining. Based on the minutes of the Indo-China working group meeting circulated vide letter No. CIL/WBP/07/971 dated 19th April, 2007, initial geological data for 04 coal blocks of MCL have been sent to the Chinese side vide letter No. MCL/SBP/CGM(CP&P)/07/2586 dated 6th July, 2007. Response from Chinese side is awaited.

16.9 Land acquisition during 2007-2008

During the year under report 495.275 acres of tenancy land and 620.147 acres of forestland have been acquired.

During the year, a total of 497 land oustees were offered employment and 26 land oustees were offered one time cash compensation in lieu of employment.

16.10 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 was 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 Hon'ble 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 the Washery is in progress.

B. Ananta-Bharatpur CPP (5.20 Mty. Throughput capacity) under Build Own Operate basis : The terms of agreement of Ananta - Bharatpur CPP between MCL and M/s. Madhucon Projects Ltd. was initialled on 18.12.1999 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 Hqrs. 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 09 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 of 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 been 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 6.00 Mty throughput 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 6.00 mty to 2.50 mty and pursuing MCL for having a land for construction of washery by their selected BOO operator.

17. GEOLOGICAL EXPLORATION

During 2007-08, against a target of 29000 metre of drilling, actual meterage drilled is 30180.80meter by CMPDIL and Directorate of Geology, Govt. of Orissa in CIL blocks. The break up of drilling is as under:

CMPDIL	: 27732.10 meter
DG(O)	: 2448.70 meter
Total	: 30180.80meter

Due to above drilling around 2500 metre of coal was brought from Indicated category to Proved category.

18. ENVIRONMENTAL MANAGEMENT

18.1 Environmental Clearance:

- MCL was granted environmental clearance for expansion of two mining projects, namely Hingula OCP (12.00 Mty) and Kaniah OCP (10.00 Mty) as well as for two

new underground mines namely Jagannath (0.67 Mty) and Talcher-West (0.52 Mty) during year 2007-08.

- The Company submitted EIA-EMP to the Ministry of Environment & Forests (MoEF), Govt. of India, for environmental clearance of three Expansion projects, namely Bharatpur OCP (20.00 Mty), Lakhanpur OCP (15.00 Mty) and Nandira underground mine (0.33 Mty), during the year.
- Public Hearing in connection with environmental clearance was conducted by the State government with respect to Lakhanpur Expn. OCP (15.00 Mty) in July, 2007.
- During the year MCL submitted application for environmental clearance along with feasibility report to MoEF with regard to 7 mining expansion projects, i.e., HBI (0.95 Mty), Gopal Prasad (15.0 Mty), Belpahar (6.00 Mty), Basundhara-West (8.00 Mty), Samaleswari (11.00 Mty), Orient – 3 (0.69 Mty), Orient – 2 (0.87 Mty).

18.2 Post-clearance Statutory Compliance

- "Consent to operate" under Water and Air Acts has been obtained or applied for in time (with consent deemed to be obtained) from State Pollution Control Board (SPCB) for all the operating mines in the year.
- "Authorisation" under Hazardous Wastes Rules has also been obtained from the SPCB by the operating opencast mines having excavation workshops (which generate used batteries, spent oil and grease) and oil and grease traps to recover oil and grease from waste water flowing out of washing ramps (which generate oily sludge). The used batteries and recovered oil and grease are auctioned to authorised re-processors through MSTC Ltd. after sufficient accumulation. Half-yearly return for batteries and annual return for other Hazardous Wastes were submitted to the SPCB as per the statute.
- An internal audit of environmental management was conducted by a team of 3 officers of MCL for the year 2007-2008 with regard to each of the 22 operating

mines during the year under consideration as in previous years.

- Annual Environmental Statements under rule-14 of Environment Protection Rules were submitted to SPCB in time for all the 22 operating mines.
- Half-yearly reports of compliance with the clearance conditions with regard to all the operating mines having environmental clearance under EIA Notification were submitted to MoEF in the year and the officials from the regional office of the MoEF, Bhubaneswar visited the mines time to time for monitoring of compliance.

18.3 Measures Taken to Protect and Improve Environment

Land Reclamation and Plantation:

- In keeping with the Company's tradition MCL planted 108750 saplings (22500 in Talcher Coalfields and 86250 in Ib-Valley Coalfields) of mixed indigenous species over external dumps and backfilled internal dumps after adequate physical reclamation, as well as in vacant patches of other land and avenues, in the mines during the year 2007-08. This was executed through Orissa Forest Development Corporation (OFDC) in Talcher Coalfields and Chhatisgarh Rajya Van Vikas Nigam Ltd. (CGRVNN) in Ib-Valley Coalfields. This was done, as in previous year, for biological reclamation of the mine-degraded land towards the goal of ecological restoration.
- Some more plantation was also done in residential townships and office premises especially with fruit-bearing, flowering and medicinal plants and trees.
- Sludge from 7 existing sewage treatment plants (STP) was used as manures for plantations and gardens in the townships. The treated water flowing out of these STPs was reused for irrigation as well.
- Backfilling of two residual quarries of disused Balanda OCM continued with ash in slurry mode from Talcher Thermal Power Station of NTPC Ltd. in the year.

- MCL entered into an agreement with M/s. Naba Bharat Ventures Ltd. (NBVL) on 21.5.2007 for dumping dry ash from the captive power plant of the latter, located in Dhenkanal, with simultaneous development of a park over a part of the partially backfilled area of Balanda OCM including the site of ash dumping at a cost of Rs. 4.75 Lakh to be entirely borne by NBVL.

18.4 Air Pollution Control Measures

- To check air pollution following steps have been taken
- During the year 2007-08, MCL produced 41.612 million tonne coal with Surface Miners out of a total production of 88.012 million tonne (47%). This machine helps a lot in prevention and control of air pollution by eliminating operations like drilling, blasting and crushing while sprinkling water at the same time. Apart from that, selective mining of coal and stone layers separately is done with the machine to reduce the ash content by about 3% resulting in less ash generation in power plant and reduction of green house gas as well.
- Black topping of permanent and semi permanent roads maintained and further strengthened during the year.
- Maintenance and strengthening of fixed and mobile water sprinklers on roads, railway siding and CHP, stock yard etc.
- Manual sweeping and collection of spillage and dust over coal transportation roads.
- Action has been initiated by the Company in the year, as a "pilot scheme", for purchase of one heavy-duty truck-mounted vacuum-operated mechanical road sweeper and another tractor-mounted rotating-brush one for sweeping and collection of coal spillage and dust over coal transportation roads at an estimated cost of Rs. 85 lakh.
- New installation and strengthening of existing dust collectors and dust extractors in drills and CHPs.

- Green belts continued to be developed between residential areas and the mine including infrastructure.

18.5 Water Pollution Control Measures

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

18.6 Noise and Ground Vibration Control Measures

- Green belts developed between residential areas and the mines as well as infrastructures were maintained and some new one added during the year.
- Ear Muffs and Ear Plugs given to workers exposed to noise were replaced and issued to new workers as well.
- Non-electric detonators were used wherever necessary for blasting resulting

in less noise and ground vibration. Controlled blasting was also practised.

18.7 Environmental Monitoring

- Regular monitoring, as usual, of air, water and noise was carried out in the year 2007-08 through CMPDI laboratories, which were duly recognised by the Central Pollution Control Board (CPCB) at an estimated cost of Rs. 1.23 crore. Methodology, frequency, etc. were strictly maintained as per the guidelines laid down by CPCB.
- Results of monitoring were submitted to SPCB and MoEF as per the statute.
- Newly installed Automatic Weather Stations at Jagannath Area and Lakhanpur Area were in operation.

18.8 ISO 14001 Certification

Action being taken towards achieving ISO 14001 certification for environmental management with regard to Samaleswari, Lakhanpur, Belpahar, Balaram and Ananta OCPs.

18.9 Environmental R&D

- Two R&D project have been initiated during the year 2007-08, to be funded by Coal S&T fund of Ministry of Coal, Govt. of India, and to be executed under supervision of CMPDIL.
- The project titled "low cost input technology for re-vegetation of coal mine spoils in order to protect environment" has been awarded to T.M.Bhagalpur University, Bihar.
- Another project on "development of suitable backfill method for opencast coal mines using OB, Coal and other waste materials" awarded to ISM University, Dhanbad.

19. SALES AND MARKETING PERFORMANCE

19.1 Demand and Off-take

Off-take during 2007-08 was 83.63 Million Tonnes as against Demand/Target of

88.00 Million Tonnes. The off-take has been 95.04% of the target. The growth in 2007-08 is 12.02% over last year. Sector-wise off-take is as under.

(Figs. In Million Tonne)

Sector	2007-2008			2006-2007
	Target	Actual	% Achieved	Actual
Power (Incl. CPP)	73.560	69.080	93.92	63.152
Cement	0.500	0.187	37.40	0.160
Others	13.934	14.359	103.05	13.109
Colly. Consumption	0.006	0.005	83.33	0.005
Total	88.000	83.631	95.04	76.426

19.2 Wagon loading

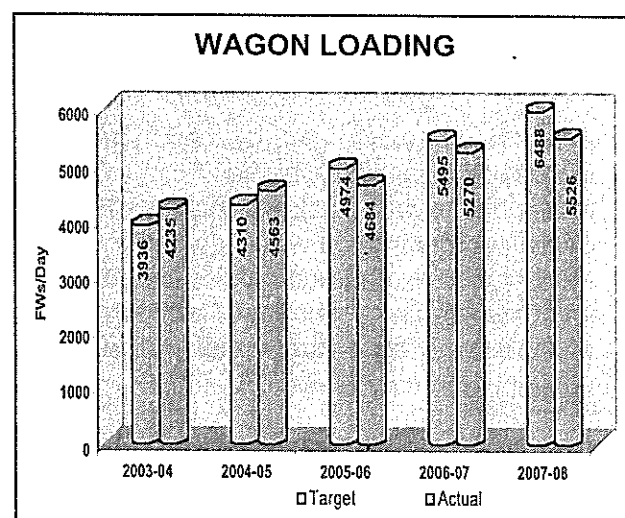
Daily average wagon loading in MCL during 2007-08 was 5526 FWW/Day as against 5270 FWW/Day in 2006-07. Growth in wagon loading is 4.86% over last year. Field-wise target, offer and loading are appended as under.

(Figs. in FWW/Day)

Field	2007-08				2006-07
	Target	Allotment	Supply	Loading	Loading
Ib Valley	2673	2451	2449	2404	2237
Talcher	3815	3646	3184	3122	3033
Total	6488	6097	5633	5526	5270

19.3 E-Auction

In the year 2007-08 e-bidding was continued till October '07. The New Coal Distribution Policy (NCDP) has been implemented since November, 2007 and



during 2007-08 against an offer of 109.022 Lakh Tes. under e-booking/e-auction, 98.956 Lakh Tes. has been bidded/allotted by both the service providers registering a growth of 1.476 Lakh Tes.

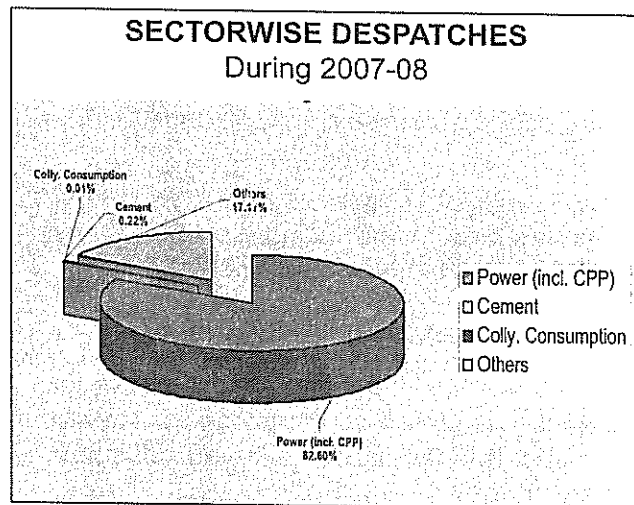
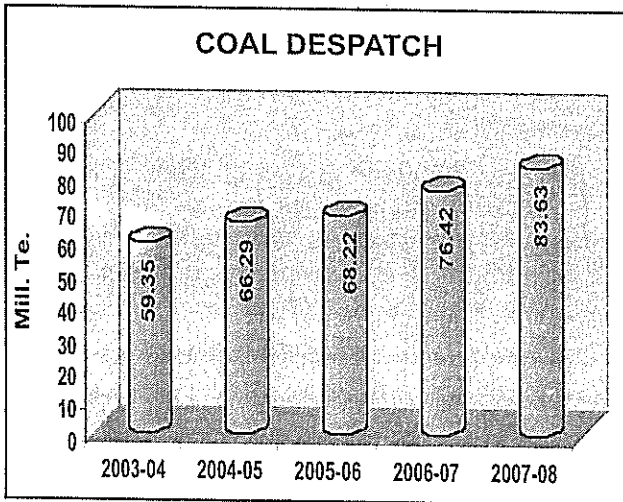
MCL earned an extra amount of Rs.135.00 crores through e-booking/e-auction during 2007-08 over and above notified price.

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 83.66 Mt. against 76.42 Mt. during previous year. So far quality complaints are concerned during the year the number of complaints received is 7(seven) against 5(five) 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, and RSP. Joint sampling is continuing for APGENCO, ICCL, TNEB, WBPDC, 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 five laboratories are at Rampur colliery, Lajkura OCP, Jagannath OCP, Lakhanpur OCP and Lingaraj OCP which are well equipped with modern equipment like automatic proximate analyzer and electronic bomb calorimeter for determination of UHV and GCV for coal respectively.
11. These equipment enable us to determine the grade of coal despatched to different consumers within a period of two hours. This has helped for quick monitoring of the quality of coal available in the colliery stocks, sidings and the quality of coal being mined.
12. During this year also selective mining method of extraction of coal was being continued and accordingly surface miners were deployed at Lakhanpur OCP, Belpahar OCP, Lingaraj OCP, Bharatpur OCP, Kalinga OCP, Hingula OCP, Basundhara OCP (W) and Samleswari OCP.



13. By using surface miner the rejects are being separated from the coal seams which helps to maintain the quality of coal.
14. Electronic Rail Weigh-Bridges with print out facility are existing at all sidings. Apart from this, Company has provided standby weigh bridges for achieving the target of 100% weighment.
15. The coal, which has been dispatched by rail, belt and MGR, was 100 % crushed by CHPs 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 83.66 Mt. of coal 98.21 % of coal was weighed with electronic print out during 2007-08 against 98.27% of 76.42 Mt. coal during 2006-07.
17. By adopting stringent sampling procedure in case of seam, stock, siding and tip per samples, during the period 2007-2008, the Annual Coal Grade has been declared for the utmost satisfaction of the consumers.

21. SAFETY AND RESCUE

Life in the mines is not easy. Understanding this reality, we at MCL, prioritize workers' safety, simultaneously striving for environmental balance and community development.

Our Priorities

- Prestige and Safety
- Production and Productivity
- Dispatch and Profitability

The priorities of our Company are 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	2007-08	2006-2007
1	No of fatal accident	05	02
2	NO of fatality	05	02
3	No. of serious accident	07	10
4	No of Serious Injury	07	10
5	Rate of fatality		
	Per Million tonne out put	0.057	0.025
	Per 3 lakh manshift	0.342	0.140
6	Rate of serious Injury		
	Per MTe out put	0.080	0.125
	Per 3 lakh manshift	0.479	0.703
7	Place-wise fatality		
	UG	1(1)	1(1)
	OC	3(3)	1(1)
	AG	1(1)	NIL
	Total	5(5)	2(2)

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

21.2 Steps taken for improving safety in MCL

- Scope and role of Pit safety Committee is widened. Area Safety Committee has been constituted to make Pit Safety Committee more effective.
- Safety Day is observed every month on a fixed day (7th and 9th) putting special emphasis on a particular subject with observer from MCL HQ and Area Office, in all the mines projects of MCL including Central Workshops.
- Safety Awareness drive was observed from 31.07.07 to 11.08.07 in all the mines of MCL. The thrust areas during this Safety drive are as follows.
 - (i) Blasting practice in both UG and OC Mines
 - (ii) Electrical installations in both UG and OC Mines.
 - (iii) Contractor Establishments in OC Mines.
 - (iv) Dumping Yard and Operation and maintenance of HEMM in OC Mines.
- 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 has been proposed in 5 UG mines of MCL. Installation work in 4 mines namely HRC, HBI, Orient Mine No. - 2, Orient Mine No. - 3 is in progress. Fort Nandira Colliery a Scheme has been prepared.
- Safety Audit of all opencast mines of MCL have been completed in 2007-2008 and 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, proposal has been made for procurement of 3 nos Universal drilling machine on trial basis.
- Stabilization work is Deulbera and Handidhua Colliery is in progress.
- Apart from the departmental training being imparted by group Vocational Training centres, Belpahar Training Institute and Mining Engineering and Excavation training Institute, special training classes (11 nos) by outside faculty for contractor workers was arranged in both the coalfields of MCL during the year 2007-08.
- Risk assessment of all the mines have been completed in the first round and it is being reviewed regularly. Instruction has been issued for fresh assessment as per DGMS guidelines.
- Safety Budget for the year 2007-08 has been prepared and steps has been taken for maximum utilisation of the allocated fund.

21.3 New safety technology adopted, if Any

- Preparatory work is in progress in 4 UG mines of MCL to install Man-riding system and fresh proposal has been made for Nandira Colliery and it is under scrutiny.
- It is proposed to introduce continuous miners in two underground mines of MCL (Hirakhand Bundia mine and Orient mine No.1 & 2) to reduce exposure in hazardous area.
- It is proposed to purchase 3 nos of Universal Drilling Machine on trial basis for mechanised roof drilling.
- Use of Resin capsules already started in Nandira Colliery.
- Leaky Radio communication system has been provided in Nandira Colliery, Talcher Area.
- Surface miner in opencast mines has already been introduced which is eco-friendly.

21.4 Research and development

- RMR study at WP-V(G&F) panel at Nandira Colliery has been done by CMPDIL, Ranchi.
- Scientific Studies to ascertain the stability of the pillars/stocks at 5 L S panel of HR seam –I of Hingir Rampur Colliery has been done by CMRI, Dhanbad.
- Study of slope stability of southern slopes of Lingaraj OCP has been done by CIMFR.
- Study of effect of blasting of Lingaraj OCP on the surrounding structure beyond 100 mt along with evaluation of explosive performance and subsequent optimization of blast design parameter of control vibration has been done by CMRI, Dhanbad.

21.5 Rescue

Mines Rescue Station at Brajarajnagar is serving mines of Ib Coalfields and RRRT is serving mines of Talcher Coalfields. Both the rescue stations are well equipped with modern Rescue apparatus like BG-174, BG-4, Maxaman, Travox 120, Computerised testing quaster II etc to deal with emergency situations. 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. To enhance the capacity of rescue trained person in the mines, fresh initiative has been taken to enroll more number to employees from existing manpower and newly recruited employees.

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 being used by the respective user departments. Although the IIT, Kharagpur has withdrawn support w.e.f. 6.6.2007 still the Coalnet system is being maintained by MCL.

Coalnet Pilot Site : During the year, Coalnet Phase – II application was under implementation at the pilot site at Talcher Area. Data from legacy system was migrated to the Coalnet database and various modules have been tested and reports were generated. The trial run of various modules were also performed but implementation of different modules could not be done due to the sudden withdrawal of support by IIT, Kharagpur w.e.f. 6.6.2007. IIT in the past had also withdrawn support on two occasions and implementation of Coalnet had a serious set back.

Coalnet Phase – II : Hardware and Oracle Software have been procured and installed at the three Nodal Areas viz. IB Valley, Basundhara and Garjanbahal Area and Jagannath Area for Coalnet Phase-II to cater to the need of entire Ib Coalfields, Basundhara Coalfields and Talcher Coalfields respectively. Data from Legacy system was migrated to the Coalnet system for implementation of the Coalnet Phase-II applications at various Area Offices and Regional Stores. The trial run of various modules were performed but implementation of different modules could not be done due to the sudden withdrawal of support by IIT, Kharagpur.

Training : Users have been imparted training on using Coalnet applications. Executives of Systems discipline were imparted training on Oracle Database administration Developer 2000, JAVA, JSP etc.

e-Procurement : As per the directive of Govt. of India, a platform for the e-procurement of Goods, Works and Services has been established by adopting the e-Procurement portal of Govt. of Andhra Pradesh(www.eprocurement.gov.in). Your

Company has decided to proceed for the e-procurement of Goods, works and services in a phased manner. In the first phase the Techno-commercial Bid is to be obtained in the existing manual system and the Price Bid is to be finalised through Reverse Auction through the above e-procurement portal. In order to make the Contractors, Service Providers and MCL users conversant with the Reverse Auction, two training programmes were successfully conducted with a demonstration of live mock Reverse Auction.

Decentralisation 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 decentralisation 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. This attendance data is being used for preparation of Salaries and Wages. The leave data is also being entered by Administration Dept. on line.

Extension of LAN : The LAN in all the Areas have been extended to cover all the important departments.

Procurement of PCs : 349 PCs and 10 Laptop Computers have been procured during the year. Bi-lingual office suite has been procured and installed so as to enable the PC users to prepare documents in Hindi and other languages.

Truck Despatch System : Indent for installation of GPS based Truck Despatch System has been forwarded to CIL for finalising the contract. The CIL Board has approved installation of TDS at three projects of MCL namely Bharatpur, Balaram and Lingaraj. Tendering action is being done at CIL level.

Digital Certificate : Digital Certificate has been obtained for CMD, Directors and Company Secretary for filing of Company Returns. Digital Certificates for Senior Executives of different departments have also been 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 (<http://mcl.gov.in>) is regularly updated as per the requirement.

Anti-virus software : All new PCs have been supplied with latest Norton Anti-virus software. Procurement of Anti virus software has been decentralised so that the users can procure suitable anti-virus software for the existing PCs. Effort is also being made for the installation of Gateway level anti-virus solutions.

Online Materials Management Systems

(OMMS) : On-line Materials Management System was installed in 7(seven) stores earlier but OMMS was being used for the Store Management purposes only. However, store accounting part was being done in batch processing system made separately. Out of 7(seven) stores, store accounting for 5(five) stores have been successfully migrated to OMMS after reconciliation of balances between two systems. Rest of the two stores are in the process of migrating to OMMS and parallel run have also been given. During the year 2008-2009, OMMS will also be implemented in Regional Stores of Lingaraj, Basundhara, Orient and Hingula.

Wide Area Networking(WAN) : Firm work order for the establishment of WAN on Turn Key basis was awarded to M/s ITI on 20.8.2008 and the installation work is in progress. Once the WAN is established Coalnet shall be implemented seamlessly across MCL. This would link the Regional Stores, Collieries/Projects, Weigh Bridges to the Area Computer Centre.

Proposals moved ahead during 2008-2009

- Procurement action has been initiated for providing Network security, Internet facility, email services, messaging system, 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 has been initiated to link the MCL Kolkata office and MCL Bhubaneswar office to MCL HQ server.
- Action has also been initiated to establish Broadband connection to Internet facility at MCL HQ.
- Implementation of GIS in large Open Cast Mines in MCL is being planned.
- Electronic Digital Identity Card is being planned for each employee of MCL. This card will contain vital information regarding the employee with photograph. This card will also be used for the automatic recording of attendance.
- Action is being initiated for installation of Safety, Health and Environment Monitoring System in Mines.

23. TELECOMMUNICATION

- (1) A state of Art Digital ISDN compatible EPABX has been installed at NSCH, Talcher to facilitate voice and data communication. It has fulfilled a long pending requirement of the Hospital infrastructure.
- (2) Broadband facility has been introduced at MCL HQ and other places of MCL with the help of BSNL for high speed internet connectivity.
- (3) Radio linking has been done between Basundhara – Garjanbahal Area office and Kulda Project office.
- (4) VHF network has been widened and strengthened in entire coalfields area of MCL.

- (5) There is substantial progress in installation of “Communication Network for MCL (WAN)” on completion of the project, it will be one of the most prestigious installations of CIL.

24. DEVELOPMENT OF ANCILLARY INDUSTRIES

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. Your Company developed and awarded proven ancillary status to 90 firms and provisional status to 66 firms for different consumable items in engineering/ mining section.

Further in its continued efforts, MCL after reviewing of ancillary status of various firms, is interacting for extension of ancillary status to those whose validity has expired. MCL is committed to the development of ancillary units and have participated in various state level/ national level , Seminar/convention in the past to improve the quality of service being rendered by ancillary units. While participating in the exhibition of state level vender development program from time to time, MCL displayed the panels and posters to show the various activities of ancillary cell of MCL.

The total amount of supply and repair order placed on ancillary units (both proven and provisional) and other SSI units of Orissa is as follows for the last three years.

2005-06	Rs.5.93 crores
2006-07	Rs.7.93 crores
2007-08	Rs. 5.97 crores

There is decreasing trend in the ancillary purchase during 2007-08 as compared to 2006-07 which is mainly because of closure of HIW Ltd, a Govt of Orissa Undertaking who was contributing a major share in the purchase program of MCL in Aluminum conductors / cables.

25. PUBLIC RELATION ACTIVITIES

25.1 The Main focus of Public Relations Department is to maintain harmonic relation with Print electronic media, image building, publication of journals, advertisements and publication of various events of the Company in media.

25.2 **Liaison** - It is a constant endeavour to maintain constructive and harmonic relationship with print and electronic media. Media is always briefed and proper feed back given regarding various events/ activities, occasions, developments from time to time. Intermediary press conference/meets are held at corporate as well as at field levels.

25.3 Image building vis-à-vis public relations – PR Dept. is regularly publishing the following in- house journals/magazines.

- Smile(MCL News) – Various events, achievements, welfare measures.
- Prativa – Publication of various write-ups of talents of MCL family members.
- MCL Calendars.
- MCL Wall Poster(monthly).
- Important News, events, achievements etc. are regularly being sent for publication in "Coal India News" and "Khanan Bharati".
- Publication of various news/events/ activities in local, regional, Hindi and National newspapers.
- Performance, achievements and noteworthy events are informed to employees through wall poster "Mahanadi Se".
- Corporate Brochure.
- Display of stalls at exhibitions.
- Corporate Film.

25.4 **Promotion of Hindi** – In order to promote Hindi in our daily life, PR Dept. is every day flashing five words on the black board at the main entrance of the Corporate Office.

25.5 During the year an amount of Rs. 185.98 lakh was spent on Advertisement and Publicity against Rs. 143.46 lakh in previous year as briefed hereunder:

(Rs. In lakh)		
	2007-08	2006-2007
1. Advertisement for :		
(a) Tender	87.91	88.95
(b) Other	Nil	6.71
2. Publicity	98.07	47.80
Total	185.98	143.46

26. HUMAN RESOURCE DEVELOPMENT

26.1. Manpower :

The Company's manpower as on 31.3.2008 compared to that of 31.3.2007 is indicated below:

Category	As at 31.03.2008	As at 31.3.2007
Executives	1219	1215
Supervisors	2394	2206
Highly skilled	7821	7164
Semi skilled : Time Rated	7392	7965
Piece Rated	255	291
Ministerial	1698	1726
Badlies	0	0
Stipend Trainees	2	19
Ex.CMWO/Others	05	05
Total	20786	20591
Apprentices	00	00
Grand Total	20786	20591

26.2 Management Training Institute

	No. of		No. of Participants		
	Programmes	Exe.	Non-Exe.	Others	Total
1. Computer Awareness Programme	20	50	269		319
2. General Management Programme	2	17	0		17
3. Rajbhasha Jagrukta	1	5	23		28
4. Supervisory Development Programme	2	0	39		39
5. Disciplinary Proceedings	2	27	0		27
6. Cross functional mining for non-mining	1	8	0		8
7. E-procurement	1	31			31
8. Reverse Auction	2	12		35	47
Total	31	150	331	35	516

26.3 In-company Training

Employee Group	2007-08	2006-07
Executives	153	566
Supervisors	435	816
Workers	943	998
Total	1531	2380

26.4 Training Outside (including training at IICM, Ranchi and GLF, Puri)

Employee Group	2007-08	2006-07
Executives	684	378
Supervisors	32	149
Workers	19	595
Total	735	1122

26.5 Trade Apprentices:

As on 1st March, 2008 there are trade apprentices under going training in different trades who have been given employment under land losers scheme/provisions of NCWA have been registered with RDAT, Kolkata as trade apprentices and are undergoing training in different trades in different areas of MCL as detailed below:

1. Surveyor	04
2. Mining Sirdar	54
3. Amins (Comp. Own Trainees)	04
4. Fitter	14
5. Electrician	08
6. Diesel Mechanic	23
7. Welder, Turner & Others	09
Total :	116

26.6 Vocational Training :

We have given 132 nos. of VT and 179 Field Training during the year 2007-08 in different discipline.

26.7 Post Diploma Practical Training :

As per MCL Quota following members of PDPT are given 1 year training in different units of MCL during the year also.

Mining	: 13
E&M	: 10

27. SCHEDULED CASTES AND SCHEDULED TRIBES

In the year 2007-08 recruitment for Statutory Posts in the following category such as Jr. Overman, Mining Sirdar and Dy. Surveyor was held to fill up 351 sanctioned posts. Out of which 274 candidates were selected for appointment.

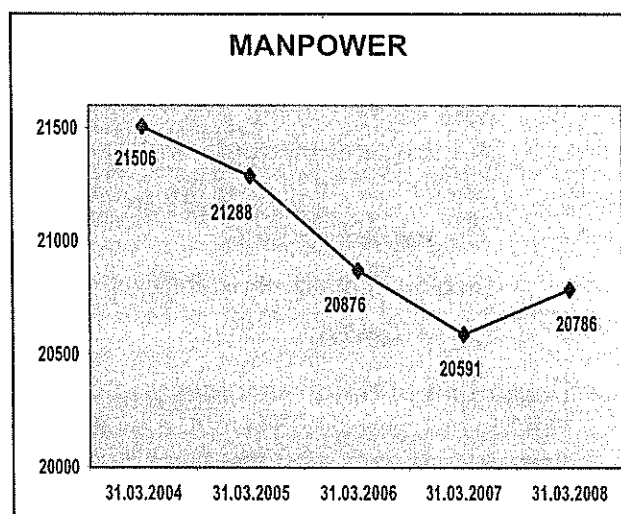
Distribution of posts category wise :

Category of Post	Grade	No of Post				Total
		SC	ST	OBC	Genl.	
Jr. Overman	T&S Gr.C	23	32	17	73	145
Mining Sirdar	T&S Gr.C	30	41	23	95	189
Dy. Surveyor	T&S Gr.C	02	04	02	09	17
Total		55	77	42	177	351

Selected for appointment :

Category of Post	Grade	No of Post				Total
		SC	ST	OBC	Genl.	
Jr. Overman	T&S Gr.C	22	4	52	37	115
Mining Sirdar	T&S Gr.C	28	1	68	49	146
Dy. Surveyor	T&S Gr.C	2	-	6	5	13
Total		52	5	126	91	274

Out of the 274 candidates selected, 171 candidates have reported for joining their duty. From the existing panel further appointment were offered to 46 nos. of candidates, out of which 23 nos. of



candidates have reported for joining their duty.

The total candidates reported for joining at MCL out of above is given below in detail.

Category of Post	Grade	No of Post				
		SC	ST	OBC	Genl.	Total
Jr.Overman	T&S Gr.C	16	4	41	28	89
Mining Sirdar	T&S Gr.C	12		39	44	95
Dy. Surveyor	T&S Gr.C	2	-	4	4	10
Total		30	4	84	76	194

NB: The caste distribution is including reserve candidates selected on merit.

The following posts remain vacant out of these 351 posts notified for recruitment.

1. Jr. Overman	:	56
2. Mining Sirdar	:	94
3. Dy. Surveyor	:	07
Total	:	157

28. PARTICIPATIVE MANAGEMENT

Participative management is a success at MCL with active participation of Trade Unions in all the functions of the management. Every major decision in MCL is taken in consultation with Trade Union representatives who happen to be a stake holder for the interest of the employees. There are Joint consultative Committees, Welfare Board and Tripartite Safety Committee functioning at the Area and the Corporate level. Joint Consultative Committee and Welfare Board are represented by members of Trade Unions and management bi-partite in nature. Safety Committee is Tripartite in nature comprising members from union, management and Government representatives from Director General of Mines Safety Department, Ministry of Labour and Employment. During the Year 05 Nos of JCC meetings were held at Corporate level, besides meetings at Area

level. Members of Union and management participated in a seminar on working together at Puri from 10/10/07 to 11/10/07 and the seminar was a grand success to the level of participation in discussion to the contentious issues faced by the management. A welfare Board meeting was also held at Puri on 11/10/07 and the suggestion of the members in the Welfare Board for betterment of the employees Welfare was accepted for implementation.

There are also various committees functioning at Area/Unit level such as Production Committee, Pit-Safety Committee, Consultative Committee, Canteen management Committee, Housing Committee, Sports Committee, Welfare Committee etc. and the Committees are functioning smoothly.

29. INDUSTRIAL RELATION

Industrial Relation in MCL during the year remained smooth except the following incidents as mentioned below:

- (1) Dharna by TTKMS(BMS) on 21/5/07, demanding withdrawal of Transfer Order of 18 surplus employees of Deulbera Colliery transfer to Orient Area, called off on 30/5/07 after discussion at MCL Hqtrs.
- (2) Transportation stoppage by the employees of Bharatpur OCP from 1st Shift of 8/7/07 demanding deployment on Sunday called off at 5PM of the same day after discussion.
- (3) Demonstration by OCMS(INTUC) on 27/7/07 at GM Office, Talcher Area, protesting against transfer on sensitive post called off on the same day after discussion.
- (4) At Lingaraj OCP due to the death of an Overman in an Mining Accident on 31/7/07, resulted in disruption in Production from 31/7/07 to 9PM of 1/8/07.

- (5) Demonstration by BMS on 8/8/07, protesting against outsourcing of OB removal at Bhubaneswari OCP of Jagannath Area.
- (6) Hunger Strike on 9/8/07 at Samaleswari OCP of IB Valley by HMS, demanding fulfillment of 3 Points charter of demands, withdrawn after discussion.
- (7) Demonstration by members of Orissa Security and Services Employees Union affiliated to BMS, at GM Office, Talcher Area on 14/8/07, called off after discussion.
- (8) Demonstration by Members of Orissa Security and Services Employees Union affiliated to BMS on 7/9/07 at Talcher Area, called off after discussion.
- (9) Dharna by OCMS(INTUC) from 17/9/07 to 18/9/07 at Nandira Colliery of Talcher Area, demanding re-fixation of basic pay of PR Workers converted to Time rated, called off after discussion with the Union.
- (10) Demonstration by Orissa Coalfields Workers Union affiliated to CITU at Corporate Office on 5/10/07, demanding CMPF deduction and timely payment to the Contractors' workers called off after discussion.
- (11) Demonstration by OCMLF(HMS) at Corporate Office on 23/10/07, demanding waiver of Income-tax on perquisites and implementation of Clause No. 9.4.0 of NCWA relating to employment to one dependent of worker disabled permanently called off after discussion.
- (12) Demonstration by TKKMS(BMS) on 12/11/07, in front of CGM Office, Jagannath Area, protesting against Outsourcing at Bhubaneswari OCP, Jagannath Area, lifted at 13/11/07.
- (13) Demonstration on 20/11/07 at Corporate Office by OCMS (INTUC), TKKMS/ABKMS (BMS), OCMLF (HMS) and AITUC jointly for early

finalization of NCWA-VIII and dispersed after submission of memorandum to CMD, MCL addressed to Chairman, CIL.

- (14) Stoppage of work from 26/11/07 to 28/11/07 by the Operators of Bharatpur OCP of Bharatpur Area, raising dispute on shift timing, dissolved after discussion with the Union and the loss of production are as follows: Coal-13, 543Te, OB-14, 927Cum.
- (15) CIDAS and CITU demonstrated at Corporate Office on 4/12/07 and dispersed after submission of memorandum .
- (16) Mining operation at Basundhara and Garjanbahal Area was affected on 15/12/07 due to mine accident resulted in death of Sri Rudra Mohan Pradhan.
- (17) On the death of Sri Arjun Behera, Sr. Shovel Operator Lakhanpur OCP, Lakhanpur Area on 17/12/07 due to a mining accident resulted in production disruption from 17/12/07 to 18/12/07 and loss of production are as under: Coal: 22,719Te, OB-22,746 Cum, Despatch - 2500 M.Te.
- (18) Mining operation at Jagannath OCP, Lingaraj OCP and Hingula OCP were affected on 27/12/07 due to assault by Sri Srinibas Khuntia, Electric Fitter on Sri Jyoti Ranjan Sahoo, Foreman, Jagannath Colliery and resulted in following losses:

Unit	Coal(Te)	OB(Cum)	Dispatch(Te)
Jagannath	00	3915	14,519
Lingaraj	5000	4000	5000
Hingula	5879	1416	10393

- (19) At Basundhara(West), Dharna by BMS on 23/1/08, over promotion, medical facility etc. was lifted on 24/1/08 unconditionally.
- (20) Work stoppage from 13/3/08 to 14/3/08 by Weigh Bridge staff of

B.G. Area protesting against arrest of 4 nos. of employees of B.G. Area by the local police alleging involvement in the theft of Transit passes, resolved after discussion with the Union Officials.

However, overall IR situation during the Year- 2007-08 was cordial and the incidents of stoppages although few had resulted in loss of production by 47,141Te of Coal, 47,006 Cum of OB and 32,412Te of Dispatch.

30. ABSENTEEISM

Absenteeism is a perennial problem particularly in Under ground mines of Coal Industry . During the Year, overall percentage (%) of Absenteeism in MCL was 14.19% in comparison to previous year figure of 14.96% . Absenteeism for the monthly rated during the Year was 10.67% and Daily rated at 15.68% . Absenteeism for Piece rated was 31.33%. There is reduction in absenteeism for the Piece-rated category from 32.10% in the year 2006-07 to 31.33% in the Year-2007-08. A close monitoring of disposal of Absenteeism cases resulted in reduction in Absenteeism . Proper counseling is made to the absentee by the Union Officials and Personnel Department at the Unit/Area to know the root cause of absence and take remedial measures to ensure regular attendance of the employee.

It is the endeavour of the management to reduce absenteeism and make available the precious Human Resource for ensuring prosperity to the Company. Union representatives play a vital role in reduction of absenteeism by proper counselling to the absentee workers. Seminars and Symposia are organized to educate workers to contribute for the growth of the Industry.

31 EMPLOYEES WELFARE AND SOCIAL AMENITIES

The position of welfare and social amenities like Housing, Water supply, Medical, Education etc. are as under :

31.1 Particulars of social amenities

Items	Total at the end of 2007-08	Total at the end of 2006-07
Houses	16622	16622
% of satisfaction (Housing)	79.96	80.72
Water supply (total capacity generated)	15.70MGD	15.70MGD
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
Medical:		
Hospital	06	06
Dispensaries	16	16
Beds	364	364
Emergency beds	38	38
Laboratory	09	09
X-ray unit	08	08
Ambulances	38	38
Mobile medical van	02	02
IC Unit	02	02
Ayurvedic dispensaries	02	02
Ultrasound	02	02
Upper GI Endoscope	02	02
Recreation Facilities :		
Play ground	13	13
Stadium	02	02
Children Park	18	18
Libraries	08	08
Officers club	21	21
Workers club	14	14
Auditorium	13	13
Co-operative and statutory facilities:		
Stores	06	06
Societies	05	05
Purchase Store	18	18
ECCS	04	04
Rest shelter	48	48
Pithead bath	01	01
Canteen :		
Run by department	27	27
Run by Contractor	07	07
Bank Branches :		
Bank branches	16	16
Extension counter	12	12

31.2 Family Welfare

Your Company achieved 1648 family planning operation during the year against the target of 1300.

31.3 Cultural and Recreational Activities

In order to induce team spirit and to develop sense of fellow feeling amongst the employees, social and other recreational activities are being regularly conducted in

different areas of MCL as well as at MCL HQ. Sports calendar is being drawn-out every year to conduct various Inter-Area tournaments for the benefit of our employees. During the year, MCL had organised Inter-company Tennis and Golf tournament. As per the CIL sports calendar our teams were deputed to participate in various CIL tournaments organised at different subsidiaries of CIL. A "Grow India Race" was organised on the occasion of Coal India foundation day and "100 million race" was also organised on 3.4.2008 for Gents, Ladies and Children at HQ on MCL Foundation Day. The winners were awarded prizes. The participants were given T-shirt and cap in both occasion containing slogans and logo. A series of cultural programme, Kabi Sammelan, Golf tournament and Inter-company Tennis Tournament and other socio cultural activities were organised from 1st April, 2008 to 7th April, 2008 covering Utkal Diwas, MCL Foundation day etc. Best sports persons were awarded prizes on the Miners Day celebration 2007. Sports/cultural programme was organised for the physically challenged school children of Burla and Sambalpur Town.

31.4 Education

Education is a state subject but as a social responsibility MCL is continuing to extend financial assistance to privately managed schools/institutions like previous years. During the year, MCL has extended full grant-in-aid to 09(nine) DAV Public Schools. The Company has spent/sanctioned Rs.33,05,180/- for privately managed schools and Rs.4,85,31,571(Revenue) Rs.14,68,000(Capital) for DAV Public Schools during the year. In addition to above MCL is bearing 40% recurring grant against 40% seat reservation for employees wards for Diploma courses at IGIT, Sarang and OSME, Keonjhar.

31.5 Group Gratuity Scheme

During the year, a Trust Fund was formed with the Life Insurance Corporation of

India (LIC) towards "Group Gratuity Scheme" against actuarial valuation. This has given an Income-Tax benefit to the Company for an amount of Rs.60.00 crores.

31.6 Peripheral Development

Peripheral developmental activities undertaken during the year include :

- Providing drinking water in 21 Municipal wards and 181 peripheral villages.
- Development of Public Utility facilities like tube wells, roads, drains, schools community centres etc. for which your Company spent around Rs.988.21 lakhs for the above development work.
- Grant-in-aid to different rural schools.
- Offering patronage to various socio-cultural and professional events.
- Providing financial assistance to different charitable and educational institutions in and around coalfield areas.

32. CAPITAL INVESTMENT ON SOCIAL AMENITIES

Details of Capital Investment on Social amenities as on 31.3.2008 vis-à-vis 31.3.2007 is briefed here under:

Sl. No.	Particulars	Gross Value of fixed Assets	
		As at 31.3.2008	As at 31.3.2007
1	Buildings	304.60	324.02
2	Plant & Machineries	64.38	63.91
3	Furniture, fittings and equipment	6.30	6.28
4	Vehicle	3.29	3.41
5	Development	8.98	8.75
Total		387.55	406.37

(Rs. in Crore)

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, Govt. of India regular efforts were made.

1. Official Language Implementation Committee of HQ as well as areas are co-ordinating the progress of Rajbhasa through regular quarterly review meetings. During the year nine(09) such meetings of OLIC were held in Company HQ and Areas.
2. As per Official Language Policy and Annual Programme of the Company, Hindi workshops are organised at HQ as well as coalfields. During the year, five (5) workshops were organised in which 235 employees took part.
3. All possible efforts are being made to issue documents in Bi-lingual under Section 3 (3) of Official Language Act, 1963. Training facilities have been provided to employees. All letters received in Hindi are replied to in Hindi only under Rule-5. Hindi correspondence and Noting have improved considerably. Besides, all advertisement, Tender Notices and Press Releases are released for publication Tri-lingually i.e. in Hindi, Oriya and English regularly.
4. As per Official Language Policy and directives of Department of Official Language, Ministry of Home Affairs, meeting of TOLIC, Sambalpur are organised every year which are attended by heads of the establishments including Dy. Director (Implementation), Eastern Region, Kolkata. During the year, two meetings on 24.8.2007 and 27.12.2007 were organised at DRM Office, Sambalpur and MCL HQ. respectively.
5. To increase Hindi correspondence all computers have loaded with Hindi Software.
6. Hindi Training classes are organised at Company's HQ and Talcher Coalfields. 71 persons passed Prabodh, Praveen and Pragya examination in May, 2007 session and 80 persons passed Prabodh, Praveen and Pragya examination in November, 2007 session and they got one time cash award as per Company's policy.
7. Rajbhasa Month was organised at HQ as well as areas from 16th August to 14th September, 2007. Like previous years, various Hindi competitions like Essay writing, Hindi Noting-Drafting, Debate and Hindi typing(on computer) were organised, where in large number of employees took active part. All winning participants have been honoured with cash prizes.
8. Rajbhasa awareness programme was organised from 3rd to 5th May, 2007 in which 62 employees took part.
9. All India level Hasya Kavi Sammelan was organised at Lakhanpur Area on 7th April, 2007.
A Kavi Sammelan-cum-Mussayara was also organised at MCL HQ on 10th November, 2007.
10. 3rd Sub Committee of Parliamentary Committee on O.L. had inspected MCL on 1st January, 2008 at Bhubaneswar.
11. 21 working days Hindi Translation Training Programme was organised at MCL HQ from 25th Feb, 2008 to 19th March, 2008 with the help of Central Translation Bureau, New Delhi, Bangalore and Mumbai. On prize distribution ceremony, Director, CTB, New Delhi attended the function as Chief Guest with CMD and Directors of MCL.
12. Two meetings of nominated Hindi Officers were organised on 16.1.2008 and 8.2.2008 at MCL HQ.
13. In order to impart the details of Official Language Policy, constitutional Rules and Regulations related to Hindi correspondence to the trainees a lecture in each training programme of Management Training Institute, MCL has been included.
14. Hindi typing programme on computer was held on 26th and 27th February, 2008 for operating hindi software wherein 24 employees were trained.
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.
16. 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.

17. Bi-lingual Website of MCL is available on www.mahanadicoal.nic.in which is updated from time to time.

34. VIGILANCE ACTIVITIES AND ACHIEVEMENT

- 34.1 The table given below indicates the statistical view of the Department's performance during the year 2007-2008.

Particulars	Pending as on 31st March, 2007	New additions during 2007-08	Disposal during 2007-08	Pending as on 31st March, 2008
Vigilance cases	13	23	21	15
Major penalty proceedings	15	04	07	12
Minor penalty proceedings	00	05	03	02

34.2 Punitive Vigilance

As may be seen from the above chart, 04 major and 05 minor penalty proceedings have been initiated against 31 employees, Disciplinary Proceedings in 10 cases have been completed during the year in which penalties have been imposed on 30 employees. Two non-executives have been dismissed from services consequent upon conviction by the CBI Court.

34.3 Preventive Vigilance:

- (i) **Inspections** : 29 Inspections including 11 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 03 cases have been booked out of such inspections.
- (ii) **System Improvement** : System improvement has been suggested in the following areas :
- (a) Recording of measurement in MB in Civil Engineering Contract works.

- (b) Receipt of diesel from bulk suppliers in the store and its issue to HEMM.

- (c) Valuation of structure in relation to acquisition of land.

34.4 Rotation of Employees:

Company has a policy of rotating employees, particularly those who are working in sensitive posts / departments. During the year 137 employees have been rotated. This includes those officers whose names were figuring in the Agreed List and List of Officers of Doubtful Integrity for the year 2007.

34.5 Surveillance:

Agreed List and List of Officers of Doubtful Integrity for the year 2007 were prepared and sent to MOC and CIL. sent to MOC and CIL.

34.6 CVC Matters

During the year 05 cases for 1st stage advice were referred to CVC. One 1st stage advice of CVC is pending for more than three months for implementation. No 2nd stage advice of CVC is pending for implementation.

34.7 Parliament Questions

17 Parliament Questions were attended and materials for reply furnished.

34.8 Submission of Reports

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

34.9 Vigilance Clearance

During the year, vigilance clearance status in respect of 8955 employees (executives and non-executives) have been dealt with in relation to their promotion, probation, closure, payment of terminal benefits etc.

34.10 Vigilance Awareness

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

34.11 Conference of CVOs

- (a) The CVO attended interactive session between CVC, MOC, CIL and its Subsidiary Companies on 19.7.2007 and 20.07.2007 at IICM, Ranchi.
- (b) The CVO attended zonal review meeting held by the CVC on 13.03.2008 at Kolkata.

34.12 Transparency

Tenders and contracts awarded above certain threshold value are hoisted on MCL's website.

34.13 Vigilance Awareness Week

As per the directives of the Central Vigilance Commission, Mahanadi Coalfields Limited observed Vigilance Awareness Week 2007 from 12th November 2007 in all its areas and establishments. During the week interactive sessions were held with the suppliers/customers in which initiatives taken for improvement of the system and procedures, besides the complaint handling policy of the Company and the avenues available for redressal of grievances were explained. The view points expressed by the customers /suppliers have also been taken note of for taking action wherever necessary and feasible.

34.14 Vigilance Bulletin

A vigilance bulletin covering circulars issued by CVC, especially on contracts and 10 case studies was released on the occasion of observance of vigilance awareness week copies of the bulletin have been widely circulated within the Company.

34.15 Major Achievements :**(a) Recovery**

- (i) A complaint alleging of purchase of conveyor belts at exorbitant price was taken up for investigation as directed by the Ministry of Coal and report was sent. In the investigation it was found that an excess amount of Rs. 2,93,53,351.68

(approx.) has been paid to 02 firms because of the faulty recommendation of the Tender Committee. The excess payment made was arrived at on the basis of comparison made with the price quoted by the same parties for similar materials during the relevant period, against the tenders of other subsidiaries. Out of Rs.2.93 crores excess payment made, an amount of Rs.1.91 crores has been recovered. MCL has taken up the matter with other subsidiary for deducting the balance amount from the pending bills of the parties. For the irregularities committed in the above purchase charge sheets have been issued to two Board Level and three below Board Level officers by the Competent Authorities.

- (ii) An investigation in to the execution of contract work in one of the areas, revealed that penalty for shortfall in coal transportation has not been imposed. This has been worked out at Rs.15,96,352.00 and recovered from the contractor.

(b) Integrity Pact : The matter regarding introduction of Integrity Pact was pursued accordingly, the MoU between TII and MCL has been finalized and signed.

(c) Verification of ST Certification : In compliance to the Hon'ble Delhi High Court's order and subsequent directives of the Government of India, 15 certificates has been verified during the period under report out of 103 taken up. The progressive figure of verification is 95 out of 103. These 15 ST certificates have been certified to be genuine by the concerned district authorities.

35. JOINT VENTURES

- 35.1 Ministry of Coal has allocated two coal blocks viz. Talabira II and III (Jointly called Talabira Project) vide letter No.13016/19/2003-CB-CA-I dated 29.11.2005 and Gopalprasad-Utkal A block (Jointly called Gopalprasad-Utkal A Project) vide letter No. 13016/69/2004-CA-I dated 10.11.2005 to be worked as Joint Venture Projects.
- 35.2 Talabira project will be worked by MCL (70%) with Neyveli Lignite Corporation (15%) and Hindalco Industries Limited (15%) for which Joint Venture Agreement has been signed by the parties. Nomination of Directors for the Joint Venture Company viz. MNH Shakti Limited has been received. Registration of the Company is in the process. The Talabira project is designed to produce 20 MT of coal per year with share of production in the ratio of 70:15:15.
- 35.3 Gopalprasad-Utkal A Project is designed to produce 15 MT of coal per year with a share of MCL (60%), JSW Steel and JSW Energy Ltd. Jointly (22%), Jindal Stainless Ltd. (9%) and Shyam DRI Power Ltd. (9%). The Joint Venture Agreement has been signed by the parties and nominations of Directors have been received. Joint Venture Company viz. MJSJ Coal Limited is under process of registration.

36. AWARDS AND RECOGNITION

- 36.1 Mini Ratna Status : Your Company has been conferred with the prestigious "Mini Ratna Category-I" status by the govt. of India.
- 36.2 Directors (Personnel), MCL Shri G.D. Gulab was awarded the prestigious "Best Allied Officer of the year 2007" by Rajiv Gandhi Forum Orissa State, presented by Chief Guest Shri Sarat Pattanaik during the National Level Seminar held at IDCOL Auditorium Conference hall, Bhubaneswar on 20.8.2007 towards his contribution for the society and the people.
- 36.3 MCL was awarded "Shreemati Indira Gandhi Koyla Udoyg Rashtriyakarana

Netritwa Coal India Limited Rajbhasa Samman" through its CMD Shri Abhiram. Sharma by CIL on 10th July, 2007.

37. AUDITORS

- 37.1 Under Section 619(2) of the Companies Act, 1956, the following Audit Firms were appointed as Statutory/Branch Auditors for the year 2007-2008.

Statutory Auditors

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

Branch Auditors

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

38. FIXED DEPOSITS

Your Company has not accepted any deposit from the Public during the year as defined under Section 58 A of the Companies Act, 1956 and the rules made there under.

39. 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.

40. 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.

41. BOARD OF DIRECTORS

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

1. Shri Abhiram Sharma - CMD (upto 31.8.2007)
2. Shri G.D. Gulab - Director(Personnel)
3. Shri V.K. Jain - Director(Technical)
4. Shri B. Mohapatra - Director(Finance)
5. Shri Rajiv Sharma - Director
6. Shri K. Ranganath - Director

41.2 The following persons, appointed as CMD/ Director during the year under report.

- | | | | |
|-----------------------|---|---------------------------|--|
| 1. Shri S.R. Upadhyay | — | CMD (w.e.f. 1.9.2007) | } Appointed as
Non-official
Part-time
Directors |
| 2. Shri Abdul Kalam | — | Director w.e.f. 24.8.2007 | |
| 3. Shri N.R. Mohanty | — | Director w.e.f. 24.8.2007 | |
| 4. Shri Brij Kishore | — | Director w.e.f. 24.8.2007 | |

41.3 The following person, ceased to be Director/ CMD during the year under report.

1. Shri Abhiram Sharma — CMD (From 31.8.2007)

42. 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, 2008, 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, 2008 on a 'going concern' basis.

43. CORPORATE GOVERNANCE

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

44. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

45. C & A G COMMENTS

Comments of the Comptroller & Auditor General of India on the Accounts of the Company for the year ended 31st March, 2008 are placed at Annexure-IV to this report.

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,
Ministry of Coal , New Delhi. | — | Chairman |
| 2. Director (Marketing),
Coal India Ltd, Kolkata. | — | Member |
| 3. Director(Technical),
MCL, Sambalpur. | — | Member |
| 4. Non-official Part Time Director,
MCL Board. | — | 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 217(3) of the Companies Act 1956.

Sd/-

(S. R. Upadhyay)

Chairman-cum-Managing Director

Sambalpur

Date : 24.07.2008

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 106.74 Lakh for 2007-08 against Rs. 91.50 Lakh for 2006-07.
- (ii) Power Factor has been improved to 97.43% during 2007-08 in comparison to 96.11% during 2006-07.
- (iii) Power factor penalty is Rs.0.04 Lakh for 2007-08 against Rs.13.37 Lakhs for the year 2006-07.
- (iv) Specific consumption of power has come down from 3.59 KWh/T for 2006-07 to 3.34 KWh/T for 2007-08.
- (v) Specific consumption of power for Composite Production (i.e. Coal + O.B Removal) has come down from 2.77 KWh/Cu.M for 2006-07 to 2.72 KWh/Cu.M for 2007-08.
- (vi) Power cost of coal has come down from Rs 11.26 per Te for 2006-07 to Rs 10.59 per Te for 2007-08.
- (vii) Power cost of composite production (i.e. Coal + O.B Removal) has come down from Rs8.67 per Cu.M for 2006-07 to Rs 8.64 per Cu.M for 2007-08.

2. Fuel and Lubricants

The consumption of diesel has been reduced by 0.92% from 0.544 Lt. per Cum in 2006-2007 to 0.539 Lt per Cum in 2007-2008.

The following steps were taken to reduce the 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) Use of reputed make batteries like Exide in HEMM.
- (v) Restriction of idle running of HEMM.

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

- (i) To contain peak demand of power at a reduced level and to avail TOD (Time-of-the day) incentive, regular loads, such as, pumping etc. are being operated during off-peak hours.

- (ii) To reduce energy consumption by industrial pumps, steps have been taken, such as, maintenance effectiveness, optimization of delivery and suction sizes, use of floats, use of V.T pumps through bore-holes, deliveries and cables through bore-holes etc.
- (iii) To optimize power consumption, steps have been taken, such as, transmission of power at H.T as near to the coal 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 close to the 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) .

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

Description	2007 - 08	2006-07	%Gain over Previous year
Electrical Energy			
(i) Specific Consumption of Coal, in KWh/Tonnes	3.34	3.59	(-) 6.96 (F)
(ii) Specific Consumption of Composite Production (i.e. Coal + O.B removal), in KWh/Cu.M.	2.72	2.77	(-) 1.81 (F)
(iii) Power Factor (%)	97.43	96.11	(+) 1.37 (F)
(iv) Power cost (Coal) Rs./T	10.59	11.26	(-) 5.95 (F)
(v) Power cost (composite) Rs./Cu. M	8.64	8.67	(-) 0.35 (F)
Fuel and Lubricants			
(i) Consumption of HSD, in ltrs/Cu.M of Composite Production	0.423	0.433	(-) 2.31 (F)
(ii) Consumption of Liquid lubricants, in ltrs/Cu.M of Composite Production	0.02269	0.02390	(-) 5.06 (F)
(iii) Consumption of Grease, in Kg/Cu.M of Composite production	0.00119	0.00126	(-) 5.56 (F)
(iv) Consumption of Petrol, in Ltrs/Cu.M of Composite production	0.00117	0.00123	(-) 4.88 (F)

F – Favourable

FORM 'B'**DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION****A. 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. Further 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

B. 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 and 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

(ii) Foreign Exchange used and earned

(Rs. In lakh)

Description	Current Year	Previous Year
(a) Foreign Exchange used :		
(i) CIF value of imports		
(a) Components, Stores & Spare parts	126.03	144.91
(b) Capital goods	88.65	140.15
(ii) Travelling	5.86	6.13
(iii) Interest	553.86	655.97
(iv) Commitment Charges	Nil	Nil
(b) Foreign Exchange earned	Nil	Nil

ANNEXURE-II**REPORT ON CORPORATE GOVERNANCE****COMPANY'S PHILOSOPHY:**

Corporate Governance involves a great deal of importance in business life of MCL . The driving forces of Corporate Governance at MCL are its core values - i.e. the relationship, policies, process, rules and regulations by which the company is governed and controlled. Corporate Governance is a mechanism to ensure the company's shareholders and other stakeholders, a good behaviour and giving full protection. If broadly considered, the stakeholders for a company may be considered starting from Shareholders to Board of Directors and management including customers, employees, Government, suppliers, bankers, environment and at large the community where the company is functioning. Therefore, MCL considers Corporate Governance as a set up accepted principles by the management giving importance to the rights of the stakeholders. In spite of certain hindrances emphasis is always given in attending maximum transparencies and accountability in all facets of its operations and in all its interaction with different segment of stakeholders. MCL is trying to provide information to the Indian citizens complying therewith the provisions of Right to Information Act, 2005.

BOARD OF DIRECTORS

The Board of Directors of MCL comprised of 9(nine) directors namely 4(four) Functional Directors including Chairman-cum-Managing Director, 2 (two) Part-time Directors and 3 (Three) Non-official Part time Directors.

The Board procedures and all related applicable rules and regulations are complied with. During the financial year 8 (eight) Board meetings were held on 16th April, 2007; 14th June, 2007; 13th July, 2007; 29th August, 2007; 28th September, 2007 ; 22nd December, 2007 ; 9th February, 2008 and 29th March, 2008. The maximum time gap between two Board meetings was not more than two months.

The details of composition of the Board, Directors attendance in the meeting, number of Directorship in other company etc. during the year are furnished below :

Name & Designation	Category	Board meetings		No. of other directorships	Membership in other Committee	
		Held during the tenure	Attended		Audit Committee	Other Committee
Shri Abhiram Sharma, CMD *	Functional	4	4	01 SCCL	Nil	Nil
Shri S.R. Upadhyay, CMD **	Functional	4	4	Nil	Nil	Nil
Shri G.D. Gulab, Director(Personnel)	Functional	8	6	Nil	Nil	Nil
Shri V.K. Jain, Director(Technical)	Functional	8	6	Nil	01	Nil
Shri B. Mohapatra, Director(Finance)	Functional	8	8	Nil	Nil	Nil
Shri Rajiv Sharma, Director	Part time	8	7	01 BCCL	01	Nil

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Shri K. Ranganath, Director	Part time	8	7	02 (1) CIL (2) NCL	01	Nil
Shri Brij Kishore, Director ***	Non-official part time	4	4	01 Energy Institute, New Delhi	Nil	Nil
Shri N. R. Mohanty, Director ***	Non-official part time	4	3	06 (1) Textron Global Technology Centre, Bangalore (2) Sankhya Infotech Ltd. Secundarabad (3) BEML, Bangalore (4) Kudremukh Iron Ore Company Ltd., Bangalore (5) Indian Metals & Ferro Alloys Ltd, BBSR (6) NALCO, Bhubaneswar	Nil	Nil
Shri Abdul Kalam, Director ***	Non-official part time	4	4	01 Burnpur Cement Ltd.	01	Nil

* Ceased to be CMD from 31.8.2007

**Appointed CMD w.e.f. 1.9.2007

*** Appointed Non-Official Part-time Director w.e.f. 24.8.2007.

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

REMUNERATION OF DIRECTORS

(A) Whole time Directors

Name	Relationship with other Directors	Business relationship with the company, if any	REMUNERATION FOR THE YEAR 2007 - 2008	
			All elements of remuneration package i.e. Salary, Performance linked Incentive Scheme, PF contribution, Pension, Gratuity etc.(Rs.)	Other benefits (Rs.)*
Shri Abhiram Sharma	Nil	CMD	282989.00	149920.00
Shri S.R. Upadhyay	Nil	CMD	381521.71	0.00
Shri G.D. Gulab,	Nil	Director(Personnel)	653445.00	0.00
Shri V.K. Jain,	Nil	Director(Technical)	717395.61	803636.00
Shri B. Mohapatra,	Nil	Director(Finance)	722441.00	12545.00

* Includes LTC and Medical bills.

(B) Part- time Directors

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

(C) Non official Part- time Directors

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

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

BOARD COMMITTEE

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

- | | | |
|--|---|----------|
| 1. Additional Secretary, Ministry of Coal , New Delhi. | — | Chairman |
| 2. Director (Marketing), Coal India Ltd, Kolkata. | — | Member |
| 3. Director(Technical), MCL, Sambalpur. | — | Member |
| 4. Non-official Part Time Director, MCL Board. | — | 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 on 13th July 2007, 13th August 2007 and 9th February, 2008. Directors attendance in the Audit Committee Meetings held during the year are as under :

Name	Audit Committee Meeting	
	Held during the tenure	Attended
Shri Rajiv Sharma	3	3
Shri K. Ranganath	3	3
Shri V.K. Jain	3	1
Shri Abdul Kalam	1	1

STATUTORY AUDITORS

Under Section 619(2) of the Companies Act, 1956, the following Audit Firms were appointed as Statutory/Branch Auditors for the year 2007-2008.

Statutory Auditors

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

Branch Auditors

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

Fee for	Remuneration (Rs.)	Remarks
Statutory Audit for the year 2007-08	5,65,000/- (Rs.3,40,000/- for Principal Auditors and Rs.2,25,000/- for Branch Auditors)	Out of Pocket Expenses(OPE) is Rs.2,82,500/- (Rs.1,70,000/- for Principal Auditors and Rs.1,12,500/- for Branch Auditors) in addition to reimbursement / payment of travelling expenses on actual basis and applicable Service Tax payable thereon.
Tax Audit for the year 2007-2008	Rs.1,13,000/-	Out of Pocket Expenses(OPE) i.e. 50% of the Tax audit fee and applicable service tax payable thereon with conveyance expenses at actual for one visit only.

General Meetings of Shareholders :

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

Annual General Meeting :

Year	Date	Time	Location	Special Resolution, if any
2004-2005	30.8.2005	11.00 AM	Mahanadi Coalfields Limited. Jagruti Vihar, Burla, Sambalpur	Nil
2005-2006	11.9.2006	10.00 AM	Mahanadi Coalfields Limited. Jagruti Vihar, Burla, Sambalpur	Amendment in the Memorandum of Association of MCL.
2006-2007	7.9.2007	11.30 AM	Mahanadi Coalfields Limited. Jagruti Vihar, Burla, Sambalpur	Nil

Extraordinary General Meeting :

2006-2007	14.8.2006	11.30 AM	Mahanadi Coalfields Limited. Jagruti Vihar, Burla, Sambalpur	Amendment in the Articles of Association of MCL.
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Code of business conduct and ethics for Board members and Senior Management Personnel in MCL.

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

Risk Management :

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

Whistle Blower Policy :

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

Accounting Treatment :

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

Means of Communication :

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

Audit Qualifications :

It is always the Company's endeavour to present unqualified financial statements. Management Reply to the Statutory Auditors' observation on the Accounts of the Company for the year ended 31st March, 2008 are furnished as an Annexure to Directors' Report. Comments of the Comptroller and Auditor General of India Under Section 619(4) of the Companies Act, 1956 on the Accounts of Mahanadi Coalfields Limited for the year ended 31st March, 2008 is also enclosed.

Training of Board Members :

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

MAHANADI COALFIELDS LTD.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. INDUSTRY STRUCTURE AND DEVELOPMENT:

Coal - primary source of Energy :

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

Coal Reserve :

Coal accounts for 97% of the fossil resources in our country . The National Coal Inventory places the hard coal resources at 264.53 Billion tonne upto 1200 meter depth in 65 different coalfields as on 01.04.2008, details are as below:

SL.NO	STATE	NO. OF CF	COAL RESERVE (BT)	% OF INDIA
1	JHARKHAND	12	75.46	28.53
2	ORISSA	02	65.26	24.67
3	CHHATISGARH	13	44.13	16.68
4	W.BENGAL	04	28.33	10.71
5	M.P	08	20.56	7.78
6	A.P	01	18.70	7.07
7	MAHARASTRA	05	9.82	3.71
8	U.P	01	1.06	0.4
9	BIHAR	01	0.16	0.45
10	NE STATE	18	1.02	
TOTAL		65	264.53	100

Orissa stands 2nd to Jharkhand in the reserve position in India . Total coal reserve of Orissa as on 1st April 2008 is estimated to be 65.26 Billion Tonnes which is around 24.67 % of the total National coal reserve. The two coalfields of Orissa, namely Talcher and Ib-valley coalfield are under its command area of MCL, Talcher being the largest coalfield (42.84 BT) and Ib-valley being the 3rd largest (22.42 BT) coalfield of India. Out of 65.26 Billion Tonnes of coal reserve, the proved coal reserve is 19.22 BT (29.45%).

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

Coal Demand :

The working group for Coal and Lignite for formulation of XI Plan has assessed a coal demand of 731.00 Mt by the terminal year of XI Plan i.e 2011-12.

MAHANADI COALFIELDS LIMITED

Coal demand / commitment assessed for MCL based on Long Term coal Linkages already granted by SLC and LOA (Letter of Assurances) granted and being issued is 214.71 Mt, 85% being power sector (Utility/ IPP and CPP). This demand/ commitment may materialize after XI Plan depending upon commissioning of the Plants.

Coal off-take and dispatch :

Sector-wise coal off-take projection of MCL envisaged in the XI Plan document is as below:

(Fig. in MT)

Sector	X Plan 2006-07 Actual	XI Plan		
		2007-08 Actual	2008-09 BE	2011-12
Power	62.93	68.09	82.78	124.07
Cement	0.16	1.97	0.50	0.90
Fertilizer	-	-	-	-
Others	13.33	13.57	15.72	12.03
Total	76.42	83.63	99.00	137.00

Mode wise coal movement programme of MCL is as below:

(Fig. in MT)

Sector	X Plan 2006-07 Actual	XI Plan		
		2007-08 Actual	2008-09 BE	2011-12
Rail	48.54	51.68	58.00	95.37
Road	8.26	12.16	17.15	12.26
M	18.46	18.59	22.85	22.85
Others	1.16	1.20	1.00	6.52
Total	76.42	83.63	99.00	137.00

Coal Availability :

Against the above coal demand of the country assessed by Working Group of XI Plan, total indigenous coal availability will be 680.00 Mt by the end of XI plan, contribution of CIL is assessed as 520.50 Mt.

MCLs share of production is projected to be 137.00 Mt by the end of XI Plan (2011012), at an annual growth of around 11.50 %. With this projection, MCL will be highest coal producing subsidiary of CIL. Group wise coal production Plan of MCL is as below:

(Fig. in MT)

Sector	X Plan 2006-07 Actual	XI Plan		
		2007-08 Actual	2008-09 BE	2011-12
Existing Mines	1.22	1.90	1.66	1.36
Completed Projects	63.52	63.25	62.64	33.75
On-Going Projects	15.26	22.86	29.50	57.74
New Projects	0.00	0.00	5.00	44.15
Total	80.00	88.01	99.00	137.00

Productivity :

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

(Fig. in MT)

Sector	X Plan 2006-07 Actual	XI Plan		
		2007-08 Actual	2008-09 BE	2011-12
UG	1.16	1.18	1.72	1.65
OC	23.48	23.57	25.24	25.83
OVERALL	15.93	16.19	17.81	19.28

B. OPPORTUNITIES AND THREATS**Opportunities :**

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

Threat :

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

C. PERFORMANCE:

Covered in the main report

D. OUT LOOK

Members may be aware that at present, there are 25 completed projects in MCL with rated capacity of 60.98 Mt, out of which 02 projects with rated capacity of 1.60 Mt have been exhausted during X plan period. There are 16 On-going projects under implementation (as on March 2008) with rated capacity of 109.83 Mt. Production from these On-going projects during 2007-08 was 22.86 Mt. To further augment the production and achieve the targeted production programme of MCL during XI plan and beyond, 17 New projects (including 02 JV projects) are to be planned during XI Plan so that production can be achieved from 13 New projects during XI Plan itself. So far 06 projects have been approved and are under implementation.

Basundhara Area (known as Gopalpur Tract) of Ib-valley coalfield has enough potentiality, but the only bottle neck is coal evacuation arrangement. Your company has planned and approved a 52 km long railway line from Basundhara Area to Jharsuguda Rly station at capital investment of Rs465.09 crores. Two MOUs have been signed between MCL and SE Rly for land acquisition and construction of the railway line. SE Rly is at the advanced stage of land acquisition and construction work is scheduled to start during this year (2008-09). The scheduled date of completion of the railway line is December 2010.

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

To further increase the coal dispatch system, Rapid loading system (RLS) have been planned and approved in 05 projects.

MCL is also planning to set up 03 washeries of its own, 10.0 Mty capacity each, to cope up with the MoEF stipulation to dispatch coal below 34% ash at distant power houses. Feasibility study and site selection is going on.

E. RISKS AND CONCERNS :

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

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

F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

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

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

Covered in the main report.

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

Covered in the main report.

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

Covered in the main report.

J. CORPORATE SOCIAL RESPONSIBILITY

Covered in the main report.

**COMMENTS OF THE
COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956
ON THE ACCOUNTS OF MAHANADI COALFIELDS LTD.
FOR THE YEAR ENDED 31 MARCH, 2008**

The preparation of financial statements of Mahanadi Coalfields Limited for the year ended 31 March, 2008 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 27.6.2008.

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 2008. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors report under section 619(4) of the Companies Act, 1956.

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

Sd/-

(B. Mazumdar)

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

Kolkata

Dated : 17.07.08

AUDITORS' REPORT

To

THE MEMBERS OF
MAHANADI COALFIELDS LIMITED.

1. We have audited the attached Balance Sheet of MAHANADI COALFIELDS LIMITED, SAMBALPUR as at 31st March, 2008, 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 in which are incorporated the Returns from five mine areas and one central workshop of Talcher Field audited by another auditor. The reports of the other auditor have been furnished to us, and in our opinion, in so far as it relates to the amounts included in the financial statements in respect of these areas, is based solely on the reports of the other auditor. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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.
4. **Attention is invited to the following paragraphs having effect on the accounts.**
 - 4.1 *Note No 11.3, 11.5, 11.6, 11.7 & 11.8 of Notes on Accounts (Schedule-P) and Accounting Policy (Schedule-O) Para 2.2 & 2.3, recognising certain items not on accrual basis which is not in consonance with section 209(3)(b) of the Companies Act 1956.*
 - 4.2 *Note No 4.2 of Notes on Accounts (Schedule-P) regarding capitalization of interest on enhanced compensations for land.*
 - 4.3 *Note No 6.2.3 of Notes on Accounts (Schedule-P) regarding change in method of valuation of coal stock.*
 - 4.4 *Note No. 9.1, 9.2 & 9.5 of Notes on Accounts (Schedule-P) regarding confirmation and reconciliation of various balances.*
 - 4.5 *Note No 15.1, 15.2 & 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/despatch.*
 - 4.6 *Note No 12.4 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.*

- 4.7 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 Policies). **Since comparison of cost so arrived, with net realizable value is not made as per AS-2 of ICAI, effect of the same on Profits during the year is unascertainable.**
- 4.8 Note No 16.3 of Notes on Accounts (Schedule-P) with respect to accounting of Foreign Exchange Rate fluctuation **is not in accordance with AS-11.**
- 4.9 Note No 17.1 of Notes on Accounts (Schedule-P) and Para 2.(d) Accounting Policy (Schedule-O) recognising subsidy on cash basis which is **not in consonance with AS-12.**
- 4.10 Note No 4.10 & Note No 17.7 of Notes on Accounts (Schedule-P) regarding Development – Prospecting and Boring expenses included in Capital Work – in –Progress which includes two coal blocks involving Joint Venture. As Coal Block is meant for Joint Venture and hence it **should have been shown as a separate item under the current assets schedule.**
- 4.11 Disputed Income Tax Liability aggregating to Rs 28,116.35 lakhs and Disputed Sales Tax Liability aggregating to Rs 4,249.94 lakhs have **not been provided in the accounts, but shown as contingent liability.**
- 4.12 **Estimated expenditure on stowing and stabilization of unstable working of Deulbera colliery land affected due to mining in the area amounting to Rs.1643.53 lakhs in respect of salary & wages have not been provided in the accounts.**
- 4.13 Shortage / surplus found on physical verification of coal, coke etc within +/- 5% over book stock (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 (colliery wise) weighing 2.85 lakhs tone Valued at **Rs.644.19 lakhs remained unadjusted in the Books of Accounts.**
- 4.14 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, we are **unable to comment upon the adequacy of provision of Rs. 858.94 Lakhs.**
- 4.15 On the basis of the limited review of the books of account and records maintained by the Company **in respect of Coal Production activities, we are of the opinion that prima facie, the records of production of coal have been maintained on estimated basis. The quantitative details reported/ disclosed in Note no 20 F as required by the Schedule-VI in respect of production is based on estimated basis. We have not, however, made a detailed examination of the same.**
- 4.16 Note no. 17.8 of Notes on Accounts regarding impairment loss wherein we have relied upon the estimates and assumptions made by the company in arriving at the recoverable value of assets. (AS-28 :Impairment of Assets).
- 4.17 Note no. 17.9 of Notes on Accounts regarding Provisions contingent Liabilities and contingent Assets, wherein we have relied on the estimates and assumptions made by the company in arriving at the amount of provision. (AS 29: Provisions, Contingent Liabilities and Contingent Assets).
- 4.18 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 ration of OBR cost in some areas. Since the OBR calculation is a technical assessment, we are unable to express our opinion on the adequacy and correctness of the aforesaid calculation based on technical assessment.

5. *Subject to the paragraph no 3 and 4 above and on the basis of audit indicated in paragraph no. 2 above we further report that :*
- 5.1 *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;*
- 5.2 *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;*
- 5.3 *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;*
- 5.4 *The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the branches;*
- 5.5 *In our opinion, except the accounting standard mentioned in para no 4 above, 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;*
- 5.6 *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;*
- 5.7 **Subject to items mentioned at Para 4 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 :**
- a. *in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;*
- 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.*

Place : New Delhi
Date : June 27, 2008

For **ABP & Associates.**
Chartered Accountants
CA. Bimal K. Chanduka
Partner
ICAI M. No. 053714

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph (3) of our report of even date to the members of M/s MAHANADI COALFIELDS LIMITED on the accounts for the year ended 31st March, 2008

- i. (a) *The Company has maintained proper records showing full particulars including quantitative details except the situation of its fixed assets in some cases.*
- (b) *As explained to us the Company has appointed outside professional Auditors for the physical verification of Fixed Assets of the value more than Rs.1.00 lakhs. The reports of physical verification is not available for verification. The reconciliation of fixed assets physically found and recorded in the assets register was pending to arrive/ carried out short/excess if any. **Pending reconciliation and adjustment of the same in the accounts, we are unable to offer our comment on the same.***
- (c) *In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has not been disposed off by the Company during the year hereby not affecting the going concern.*
- ii. (a) *As explained to us, the inventories in respect of stores and spare parts have been physically verified by the management through outside agencies during 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.*
- (b) *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 internal control mechanism instead of making it only once in a year.*
- iii. *According to information and explanations given to us:*
 - (a) *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) & (d) are not applicable.*
 - (b) *The Company has not taken any loans secured or un-secured from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub-clause (f) & (g) are not applicable.*
 - (c) *On the basis of the examination of record we notice that short term loan both interest bearing and interest free are given to Coal India Ltd., **due to inadequate information provided by the management before audit, we are unable to offer our comment on clause.***
- iv. (a) *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 **recording and reporting of production**, 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.*
- (b) *During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.*

- v. (a) According to the information and explanations given to us, during the year under audit there have been no contracts or arrangements which need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (b) In view of clause (v) (a) above, the clause (v) (b) is not applicable.
- vi. The Company has not accepted any public deposit as on the balance sheet date. Accordingly, paragraph 4(vi) of the Order is not applicable.
- vii. In our opinion, the Company's internal audit system needs further improvement 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) Reconciliation of quantitative details for each contract bill raised to ensure that services, stores and consumables used are booked to expenses in commensurate with, the coal production (c) 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. (d) Staff advances and loans needs to be identified and reconciled. (e) Ensuring compliance of various statutory and legal obligations of the company (f) Ensuring and certifying that all expenses incurred but not paid have been accounted and all expenses incurred are accounted in proper functional head instead of booking of expenses in natural head.
- viii. The Central Government of India has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act for any of the products of the Company.
- We have carried out a limited review of the books of account and records maintained by the Company in respect of **Coal Production activities** and we are of the opinion that **prima facie, the records have been maintained on estimated basis**. We have not, however, made a detailed examination of the same.
- ix. (a) 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, 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, 2008, which has been deposited on account of a dispute are as per below:

Name of the Statute	Name of the Forum where dispute is pending (Rs in Lacs)	Total Amount Demand (Rs in Lacs)	Total Amount Deposited
Central Sales Tax, Orissa Sales Tax, Orissa Entry Tax	High Court, Tribunal and Commission rate	4249.94	911.82
Income Tax	High Court, Tribunal and Commission rate	28877.31	27007.42
Total		33127.25	27919.24

- x. As per the books of account of the Company, the Company as at 31st March, 2008 has not registered any loss for last five year period. Accordingly, paragraph 4(x) of the Order is not applicable.

- xi. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to bank during the year. Accordingly, paragraph 4(xi) of the **Order is not applicable.**
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, paragraph 4(xii) of the **Order is not applicable.**
- xiii. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company. Accordingly, paragraph 4(xiii) of the **Order is not applicable.**
- xiv. In our opinion the Company is not a dealer or trader in shares, securities, debentures and other investments. Accordingly, paragraph 4(xiv) of the **Order is not applicable.**
- xv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, paragraph 4(xv) of the **Order is not applicable.**
- xvi. According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans during the year. Accordingly, paragraph 4(xvi) of the **Order is not applicable.**
- xvii. On 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. Accordingly, paragraph 4(xvii) of the **Order is not applicable.**
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, paragraph 4(xviii) of the **Order is not applicable.**
- xix. 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. Accordingly, paragraph 4(xix) of the **Order is not applicable.**
- xx. The Company has not raised/issued any public issues as on the balance sheet date. Accordingly, paragraph 4(xx) of the **Order is not applicable.**
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

Further we have been informed by the management that due to faulty recommendations of the Tender Committee, excess payment of Rs. 293.53 Lakhs has been made to two firms against supply of Conveyor Belts. The company is in the process of recovering the same.

Place : New Delhi
Date : June 27, 2008

For **ABP & Associates.**
Chartered Accountants
CA. Bimal K. Chanduka
Partner
ICAI M. No. 053714

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

AUDITORS' REPORT

MANAGEMENT'S REPLY

To

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

1. We have audited the attached Balance Sheet of MAHANADI COALFIELDS LIMITED, SAMBALPUR as at 31st March, 2008, 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 in which are incorporated the Returns from five mine areas and one central workshop of Talcher Field audited by another auditor. The reports of the other auditor have been furnished to us, and in our opinion, in so far as it relates to the amounts included in the financial statements in respect of these areas, is based solely on the reports of the other auditor. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

AUDITORS' REPORT

MANAGEMENT'S REPLY

3. 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.
4. **Attention is invited to the following paragraphs having effect on the accounts.**
- 4.1 *Note No 11.3, 11.5, 11.6, 11.7 & 11.8 of Notes on Accounts (Schedule-P) and Accounting Policy (Schedule-O) Para 2.2 & 2.3, recognising certain items not on accrual basis which is not in consonance with section 209(3)(b) of the Companies Act 1956.* Statement of fact
- 4.2 *Note No 4.2 of Notes on Accounts (Schedule-P) regarding capitalization of interest on enhanced compensations for land.* Statement of fact
- 4.3 *Note No 6.2.3 of Notes on Accounts (Schedule-P) regarding change in method of valuation of coal stock.* Statement of fact
- 4.4 *Note No. 9.1, 9.2 & 9.5 of Notes on Accounts (Schedule-P) regarding confirmation and reconciliation of various balances.* Noted for action
- 4.5 *Note No 15.1, 15.2 & 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/despatch.* Statement of fact
- 4.6 *Note No 12.4 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.* Statement of fact
- 4.7 *Valuation of stores and spares have been done on weighted average method being accounting policy of the company (as* This is as per Uniform Accounting Policy of Coal India Limited

AUDITORS' REPORT

MANAGEMENT'S REPLY

mentioned in Para 10.3 of the Accounting Policies). **Since comparison of cost so arrived, with net realizable value is not made as per AS-2 of ICAI, effect of the same on Profits during the year is unascertainable.**

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| 4.8 | <i>Note No 16.3 of Notes on Accounts (Schedule-P) with respect to accounting of Foreign Exchange Rate fluctuation is not in accordance with AS-11.</i> | This is in compliance of Companies Act, 1956 |
| 4.9 | <i>Note No 17.1 of Notes on Accounts (Schedule-P) and Para 2.(d) Accounting Policy (Schedule-O) recognising subsidy on cash basis which is not in consonance with AS-12.</i> | This is as per Uniform Accounting Policy of Coal India Limited |
| 4.10 | <i>Note No 4.10 & Note No 17.7 of Notes on Accounts (Schedule-P) regarding Development – Prospecting and Boring expenses included in Capital Work-in-Progress which includes two coal blocks involving Joint Venture. As Coal Block is meant for Joint Venture and hence it should have been shown as a separate item under the current assets schedule.</i> | Noted for action |
| 4.11 | <i>Disputed Income Tax Liability aggregating to Rs 28,116.35 lakhs and Disputed Sales Tax Liability aggregating to Rs 4,249.94 lakhs have not been provided in the accounts, but shown as contingent liability.</i> | Statement of fact |
| 4.12 | Estimated expenditure on stowing and stabilization of unstable working of Deulbera colliery land affected due to mining in the area amounting to Rs.1643.53 lakhs in respect of salary & wages have not been provided in the accounts. | Statement of fact |
| 4.13 | <i>Shortage / surplus found on physical verification of coal, coke etc within +/- 5% over book stock (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</i> | This is as per Uniform Accounting Policy of Coal India Limited |

AUDITORS' REPORT

MANAGEMENT'S REPLY

(colliery wise) weighing 2.85 lakhs tone Valued at Rs.644.19 lakhs remained unadjusted in the Books of Accounts.

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| 4.14 | <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, we are unable to comment upon the adequacy of provision of Rs. 858.94 Lakhs.</i> | Noted for action |
| 4.15 | <i>On the basis of the limited review of the books of account and records maintained by the Company in respect of Coal Production activities, we are of the opinion that prima facie, the records of production of coal have been maintained on estimated basis. The quantitative details reported/disclosed in Note no 20 F as required by the Schedule-VI in respect of production is based on estimated basis. We have not, however, made a detailed examination of the same.</i> | No comment |
| 4.16 | <i>Note no. 17.8 of Notes on Accounts regarding impairment loss wherein we have relied upon the estimates and assumptions made by the company in arriving at the recoverable value of assets. (AS-28 : Impairment of Assets).</i> | No comment |
| 4.17 | <i>Note no. 17.9 of Notes on Accounts regarding Provisions contingent Liabilities and contingent Assets, wherein we have relied on the estimates and assumptions made by the company in arriving at the amount of provision. (AS 29: Provisions, Contingent Liabilities and Contingent Assets).</i> | No comment |
| 4.18 | <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 ration of OBR</i> | No comment |

AUDITORS' REPORT

MANAGEMENT'S REPLY

cost in some areas. Since the OBR calculation is a technical assessment, we are unable to express our opinion on the adequacy and correctness of the aforesaid calculation based on technical assessment.

5. *Subject to the paragraph no 3 and 4 above and on the basis of audit indicated in paragraph no. 2 above we further report that :*
- 5.1 *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;*
- 5.2 *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;*
- 5.3 *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;*
- 5.4 *The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the branches;*
- 5.5 *In our opinion, except the accounting standard mentioned in para no 4 above, 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;*
- 5.6 *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 comment.

5.7 **Subject to items mentioned at Para 4 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 :**

- a. *in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;*
- 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/-

CA. Bimal K. Chanduka
Partner
Membership No. 053714

Place : New Delhi

Date : June 27, 2008

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, 2008

AUDITORS' REPORT	MANAGEMENT'S REPLY
<p>i. (a) <i>The Company has maintained proper records showing full particulars including quantitative details except the situation of its fixed assets in some cases.</i></p>	
<p>(b) <i>As explained to us the Company has appointed outside professional Auditors for the physical verification of Fixed Assets of the value more than Rs.1.00 lakhs. The reports of physical verification is not available for verification. The reconciliation of fixed assets physically found and recorded in the assets register was pending to arrive/ carried out short/excess if any. Pending reconciliation and adjustment of the same in the accounts, we are unable to offer our comment on the same.</i></p>	Noted for action
<p>(c) <i>In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has not been disposed off by the Company during the year hereby not affecting the going concern.</i></p>	Statement of fact
<p>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 during 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></p>	Statement of fact
<p>(b) <i>In our opinion, the procedures of physical verification of inventories in respect of coal stock followed by the management are reasonable and</i></p>	Noted for action

AUDITORS' REPORT

MANAGEMENT'S REPLY

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 internal control mechanism instead of making it only once in a year.

iii. *According to information and explanations given to us:*

(a) *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) & (d) are not applicable.* Statement of fact

(b) *The Company has not taken any loans secured or un-secured from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub-clause (f) & (g) are not applicable.* Statement of fact

(c) *On the basis of the examination of record we notice that short term loan both interest bearing and interest free are given to Coal India Ltd., due to inadequate information provided by the management before audit, we are unable to offer our comment on clause.* This is done as per decision taken by Coal India Limited

iv. (a) *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 recording and reporting of production, 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.* Noted for action

AUDITORS' REPORT

MANAGEMENT'S REPLY

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| <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> | No comment |
| <p>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></p> <p>(b) <i>In view of clause (v) (a) above, the clause (v) (b) is not applicable.</i></p> | Statement of fact |
| <p>vi. <i>The Company has not accepted any public deposit as on the balance sheet date. Accordingly, paragraph 4(vi) of the Order is not applicable.</i></p> | Statement of fact |
| <p>vii. <i>In our opinion, the Company's internal audit system needs further improvement 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) Reconciliation of quantitative details for each contract bill raised to ensure that services, stores and consumables used are booked to expenses in commensurate with, the coal production (c) 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. (d) Staff advances and loans needs to be identified and reconciled. (e) Ensuring compliance of various statutory and legal obligations of the company (f) Ensuring and certifying that all expenses incurred but not paid have been accounted and all expenses incurred are accounted in proper functional head instead of booking of expenses in natural head.</i></p> | Noted for action |
| <p>viii. <i>The Central Government of India has not</i></p> | Statement of fact |

AUDITORS' REPORT

MANAGEMENT'S REPLY

prescribed the maintenance of cost records under Section 209(1)(d) of the Act for any of the products of the Company.

We have carried out a limited review of the books of account and records maintained by the Company in respect of Coal Production activities and we are of the opinion that prima facie, the records have been maintained on estimated basis. We have not, however, made a detailed examination of the same.

No comment

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

Statement of fact

(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, 2008, which has been deposited on account of a dispute are as per below:*

Statement of fact

Name of the Statute	Name of the Forum where the dispute is pending	Total Amount Demand (Rs. in lakhs)	Total Amount Deposited (Rs. in lakhs)
Central Sales Tax, Orissa Sales Tax, Orissa Entry Tax	High Court, Tribunal and Commission rate	4249.94	911.82
Income Tax	High Court, Tribunal and Commission rate	28877.31	27007.42
Total		33127.25	27919.24

x. *As per the books of account of the Company, the Company as at 31st March, 2008 has not registered any loss for last*

Statement of fact

AUDITORS' REPORT

MANAGEMENT'S REPLY

- five year period. Accordingly, paragraph 4(x) of the Order is not applicable.*
- xi. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to bank during the year. Accordingly, paragraph 4(xi) of the Order is not applicable.* Statement of fact
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, paragraph 4(xii) of the Order is not applicable.* Statement of fact
- xiii. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company. Accordingly, paragraph 4(xiii) of the Order is not applicable.* Statement of fact
- xiv. In our opinion the Company is not a dealer or trader in shares, securities, debentures and other investments. Accordingly, paragraph 4(xiv) of the Order is not applicable.* Statement of fact
- xv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, paragraph 4(xv) of the Order is not applicable.* Statement of fact
- xvi. According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans during the year. Accordingly, paragraph 4(xvi) of the Order is not applicable.* Statement of fact
- xvii. 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* Statement of fact

AUDITORS' REPORT

MANAGEMENT'S REPLY

basis. Accordingly, paragraph 4(xvii) of the Order is not applicable.

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| <p><i>xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, paragraph 4(xviii) of the Order is not applicable.</i></p> | Statement of fact |
| <p><i>xix. 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. Accordingly, paragraph 4(xix) of the Order is not applicable.</i></p> | Statement of fact |
| <p><i>xx. The Company has not raised/issued any public issues as on the balance sheet date. Accordingly, paragraph 4(xx) of the Order is not applicable.</i></p> | Statement of fact |
| <p><i>xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.</i></p> | No comment |
| <p>Further we have been informed by the management that due to faulty recommendations of the Tender Committee, excess payment of Rs. 293.53 Lakhs has been made to two firms against supply of Conveyor Belts. The company is in the process of recovering the same.</p> | No comment |

For and on behalf of
ABP & Associates
 Chartered Accountants
 Sd/-
CA. Bimal K. Chanduka
 Partner
 Membership No. 053714

Place : New Delhi
 Date : June 27, 2008

BALANCE SHEET AS AT 31ST MARCH, 2008

	SCHEDULE NO.	CURRENT YEAR (Rs. In lakh)	PREVIOUS YEAR (Rs. In lakh)
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
(a) Share Capital	A	18640.09	18640.09
(b) Reserves and Surplus	B	450031.52	403700.64
2. Loan Funds			
(a) Secured loans		Nil	Nil
(b) Unsecured loans	C	15729.03	17006.07
3. Deferred Tax Liability (Net)			
		3067.24	580.62
TOTAL		487467.88	439927.42
II. APPLICATION OF FUNDS			
1. Fixed Assets			
(a) Gross Block	D	294561.76	282515.52
(b) Less : Depreciation & Provision for Impairment of Assets		164754.15	151201.91
(c) Net Block		129807.61	131313.61
(d) Capital work-in-progress	E	30510.42	24770.16
(e) Discarded/Surveyed Off Assets	F	600.04	516.97
		160918.07	156600.74
2. Investment			
	G	18161.60	30988.80
3. Current Assets, Loans and advances			
a) Inventories	H	35489.64	26359.49
b) Sundry Debtors	I	13957.51	8879.00
c) Cash and Bank Balances	J	346163.78	242767.01
d) Other Current Assets	K	27496.94	7875.41
e) Loans and Advances	L	268044.64	239386.36
		691152.51	525267.27
Less : Current Liabilities and Provisions	M	382764.30	272929.39
Net Current Assets		308388.21	252337.88
4. Miscellaneous expenditure (to the extent not written off or adjusted)			
	N	Nil	Nil
TOTAL		487467.88	439927.42
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/-
S. R. Upadhyay
Chairman-Cum-Managing Director

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

Sd/-
(CA Bimal K. Chanduka)
Partner
(Membership No. 053714)

Place : New Delhi
Date : 27.06.2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	SCHEDULE NO.	CURRENT YEAR (Rs. In Lakh)	PREVIOUS YEAR (Rs. In Lakh)
INCOME :			
Sales	1	434708.02	371274.64
Coal issued for other purpose	2	54.00	55.73
Accretion/(Decretion) in Stock	3	8886.94	6947.63
Other Income	4	76601.72	57515.56
Total Income		520250.68	435793.56
EXPENDITURE			
Internal Consumption of Coal	5	54.00	55.73
Stores & Spare parts consumed	6	37957.57	37036.92
Power & Fuel Expenses	7	7662.98	7500.17
Employees Remuneration & Benefits	8	63984.72	50120.97
Contractual Expenses	9	51199.37	48487.42
Repair Expenses	10	8143.89	8714.91
Social Facilities Expenses	11	12399.64	10161.40
Other Expenditure	12	14669.17	13462.75
Overburden Removal Adjustment	13	52216.93	30883.40
Interest	14(A)	719.30	756.80
Financial Charges	14(B)	247.01	307.65
Depreciation	15	14014.86	13483.41
Provisions	16(A)	591.17	1469.21
Write off/Write Back	16(B)	196.65	77.44
Contribution to Rehabilitation Fund		5018.03	4586.22
Total Expenditure		269075.29	227104.40
Profit for the year		251175.39	208689.16
Prior period adjustment	17	696.10	550.01
Profit before Tax		250479.29	208139.15
Provision for Income Tax			
Current Year		82427.67	70595.84
Prior Period (Adjustment)		- 1.05	1667.38
Fringe Benefit Tax		656.97	83083.59
Deferred Tax Liability/Assets		3091.36	508.04
Profit after Tax		164304.34	136845.13
Profit brought forward from previous year		307380.54	247456.13
Other Employees Benefits (Net of Def. Tax)		- 978.48	
Profit available for Appropriation		470706.40	384301.26
APPROPRIATIONS:			
General reserve		16540.00	14000.00
Interim Dividend:			
Equity share		50000.00	50000.00
Proposed dividend :			
Equity share		50000.00	5050.00
Tax on dividend			
Current Year		16995.00	7870.74
Prior Period (Adjustment)		0.00	0.00
		133535.00	76920.74
Balance Carried to Balance Sheet		337171.40	307380.52
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/-
S. R. Upadhyay
Chairman-Cum-Managing Director

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

Sd/-
(CA Bimal K. Chanduka)
Partner
(Membership No. 053714)

Place : New Delhi
Date : 27.06.2008

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2008

SCHEDULE – A SHARE CAPITAL

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Authorised		
(i) 2041800 10% Cummulative 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
	50000.00	50000.00
Issued, Subscribed & Paid up		
1864009 Equity Shares of Rs.1000 each fully paid up in cash (Previous Year - 1864009 Shares)	18640.09	18640.09
TOTAL	18640.09	18640.09

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

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2008**SCHEDULE - B
RESERVES AND SURPLUS**

<i>(Rs. in Lakh)</i>				
Particulars	As at 01.04.2007	Additions During the Year	Deductions/ Adjustment during the Year	As at 31.03.2008
1. Capital Redemption Reserve	20418.00	0.00	0.00	20418.00
2. General Reserve	75902.12	16540.00	0.00	92442.12
3. Profit & Loss Account	307380.52	30769.36	- 978.48	337171.40
Total	403700.64	47309.36	- 978.48	450031.52
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*	14618.32	15913.43
2. Liability for Deferred Payment		
M/S Liebherr France S.A., France	1229.18	1223.62
Less: Interest on Deferred payment	118.47	130.98
	<u>1110.71</u>	<u>1092.64</u>
TOTAL	<u>15729.03</u>	<u>17006.07</u>

Note : Unsecured Loan repayable within 1 year is Rs. 1255.60 lakh (Previous year Rs. 1231.12 lakh)
* Earlier known as JEXIM now changed to JBIC

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2008

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 31.3.2008	As at year end 31.3.2007
COMPLETED ASSETS :											
1. Land :											
(i) Freehold	252.94	1.14	20.20	274.28	0.00	0.00	0.00	0.00	0.00	274.28	252.94
(ii) Lease hold	25660.84	8669.94	- 20.20	34310.58	8718.45	1901.31	- 200.69	10419.07	0.00	23891.51	16942.39
2. Buildings :											
(i) Township	31860.89	140.46	227.02	32228.37	5741.19	576.08	- 92.44	6224.83	0.00	26003.54	26119.70
(ii) Other than Township	12369.94	127.09	- 573.58	11923.45	3732.09	328.83	- 247.00	3813.92	0.00	8109.53	8637.85
(iii) Roads & Culverts (Mining Area)	7375.46	13.40	259.74	7648.60	2754.45	197.18	- 110.01	2841.62	0.00	4806.98	4621.01
3. Plant & Machinery	166453.77	3426.12	- 3053.17	166826.72	108559.08	10283.83	- 619.50	118223.41	366.53	48236.78	57894.69
4. Furniture & Fittings and Office Equipments	3906.96	237.93	847.55	4992.44	2531.80	229.42	- 92.87	2668.35	0.00	2324.09	1375.16
5. Railway Siding	11452.71	295.17	- 0.02	11747.86	4648.63	512.97	- 181.28	4980.32	0.00	6767.54	6804.08
6. Vehicle	2239.14	33.41	6.38	2278.93	1958.99	54.61	- 99.44	1914.16	0.00	364.77	280.15
7. Prospecting & Boring	2618.09	66.39	90.23	2774.71	1238.91	166.47	- 132.59	1272.79	2.28	1499.64	1376.90
8. Development Expenditure	18324.78	1261.36	- 30.32	19555.82	10415.72	1133.57	- 429.90	11119.39	907.48	7528.95	7008.74
TOTAL	282515.52	14272.41	- 2226.17	294561.76	150299.31	15384.27	- 2205.72	163477.86	1276.29	129807.61	131313.61
Previous Year	262418.28	24662.55	-4565.31	282515.52	138933.98	14376.13	-3010.80	150299.31	902.60	131313.61	122599.75

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2008

SCHEDULE – E CAPITAL WORK-IN-PROGRESS

(Rs. in Lakh)

PARTICULARS	COST				PROVISION				NET ASSET
	Upto the beginning of the year (01.04.2007)	Additions During the Year	Transfer/ Adjustment during the year	Upto the end of the year (31.03.2008)	Upto the beginning of the year (01.04.2007)	Additions during the year	Transfer/ Adjustment during the year	Upto the end of the year	Upto the end of the year (31.3.2008)
1. Buildings under Construction									
(i) Township	360.64	330.59	- 105.75	585.48	18.67	0.01	1.27	19.95	565.53
(ii) Other than Township	45.12	45.19	- 20.29	70.02	0.44	0.68	- 1.12	0.00	70.02
iii) Roads & Culverts (Mining Area)	134.32	258.13	- 42.22	350.23	0.00	0.00	0.00	0.00	350.23
2. Plant & Machinery									
(i) Under erection/Installation	1969.22	1278.94	- 477.70	2770.46	463.78	85.69	- 539.34	10.13	2760.33
(ii) In Stores	643.36	2736.01	- 2494.80	884.57	79.85	4.90	506.33	591.08	293.49
(iii) In transit & awaiting Inspection	10.64	0.00	- 10.64	0.00	0.00	0.00	0.00	0.00	0.00
3. Railway Siding under Construction	5779.70	3861.54	10.90	9652.14	0.00	0.00	0.00	0.00	9652.14
4. P&B for Dev Mines	10357.34	787.43	- 507.23	10637.54	0.00	0.00	0.00	0.00	10637.54
5. Dev Exp of Non-Rev Mines	5528.44	667.33	- 654.10	5541.67	0.00	0.00	0.00	0.00	5541.67
6. Capital Goods in Stock	504.12	779.37	- 644.02	639.47	0.00	0.00	0.00	0.00	639.47
GRAND TOTAL	25332.90	10744.53	- 4945.85	31131.58	562.74	91.28	- 32.86	621.16	30510.42
Previous Year	23306.89	16221.91	-14195.90	25332.90	771.58	127.40	-336.24	562.74	24770.16

SCHEDULE – F DISCARDED/SURVEYED OFF ASSETS

(Rs. in Lakh)

PARTICULARS	COST				PROVISION				NET ASSET
	Upto the beginning of the year (01.04.2007)	Additions During the Year	Transfer/ Adjustment during the year	Upto the end of the year	Upto the beginning of the year (01.04.2007)	Additions during the year	Transfer/ Adjustment during the year	Upto the end of the year	Upto the end of the year (31.3.2008)
Surveyed Off/ Discarded Assets	799.58	184.81	- 41.92	942.47	282.61	87.69	- 27.87	342.43	600.04
GRAND TOTAL	799.58	184.81	- 41.92	942.47	282.61	87.69	- 27.87	342.43	600.04
Previous Year	680.53	232.90	-113.85	799.58	272.76	30.84	-20.99	282.61	516.97

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2008

SCHEDULE – G

INVESTMENTS

(Long Term other than Trade)

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
1. Investments in Govt. Securities (At Cost) Unquoted		
8.5% Tax free Power Bonds :		
Maharastra State Electricity Board	9108.80	10247.40
Tamil Nadu Electricity Board	—	10557.00
West Bengal Power Dev. Corpn.	9052.80	10184.40
(All bonds backed by respective State Govt. guarantee) (Please see Note No. 5.1 of Notes on Accounts in Sch – P)	18161.60	30988.80
TOTAL	18161.60	30988.80

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2008

SCHEDULE – H INVENTORIES

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
A. Stock of Stores & Spares	9424.05	9072.45
Stock of Medicine	21.74	52.24
Less:		
(i) Provision for non-moving/obsolescence of Stores	1128.36	1028.98
(ii) Provision for Difference/Shortage	107.47	76.76
Sub Total	1235.83	1105.74
	8209.96	8018.95
Add:		
In transit/Under Inspection	218.56	443.34
Add: Loss of Assets	104.70	104.70
	323.26	548.04
Less: Provision for loss of Assets	104.70	104.70
	218.56	443.34
TOTAL (A)	8428.52	8462.29
B. Stock of Coal		
1. Revenue Mines	26322.93	17286.48
2. Capital Mines	276.99	0.00
Sub Total (1+2)	26599.92	17286.48
Less: Provision for Deterioration	361.20	259.84
Rehandling Charges	23.10	31.14
	384.30	290.98
TOTAL (B)	26215.62	16995.50
[As per Annexure H (I) & H (II)]		
C. Workshop Job		
Manufactured items	259.32	398.38
Work in progress	586.18	503.32
TOTAL (C)	845.50	901.70
GRAND TOTAL (A+B+C)	35489.64	26359.49

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.16500.00 lakh (Previous year Rs. 31500.00 lakh).

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2008

PARTICULARS IN RESPECT OF COAL STOCK AS ON 31ST MARCH, 2008

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)
Reconciliation of Book Stock and Measured Stock						
1. Opening Stock as on 1.4.2007 (Book Stock)						
(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
2. Add Production for the Year						
(a) Revenue Mines	878.61	414851.19	0.00	0.00	878.61	414851.19
(b) Development Mines	1.50	276.99	0.00	0.00	1.50	276.99
Total	880.11	415128.18	0.00	0.00	880.11	415128.18
3. Sub Total (1+2)	959.85	432414.66	0.00	0.00	959.85	432414.66
4. (A) Less Offtake for the Year						
(i) Outside Despatch						
(a) Revenue Mines	836.26	405760.74	0.00	0.00	836.26	405760.74
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Total	836.26	405760.74	0.00	0.00	836.26	405760.74
(ii) Consumption of Boiler and Domestic Coal						
(a) Revenue Mines	0.05	54.00	0.00	0.00	0.05	54.00
(b) Development Mines			0.00	0.00	0.00	0.00
Total	0.05	54.00	0.00	0.00	0.05	54.00
Total: (4A)	836.31	405814.74	0.00	0.00	836.31	405814.74
4.(B) Stock Written Off (Stock at Paradeep)	0.00	0.00	0.00	0.00	0.00	0.00
Total (4A+4B)	836.31	405814.74	0.00	0.00	836.31	405814.74
5. Derived Stock (3-4)						
(a) Revenue Mines	122.04	26322.93	0.00	0.00	122.04	26322.93
(b) Development Mines	1.50	276.99	0.00	0.00	1.50	276.99
Total	123.54	26599.92	0.00	0.00	123.54	26599.92
6. Measured Stock						
(a) Revenue Mines	117.75	25114.02	0.00	0.00	117.75	25114.02
(b) Development Mines	1.50	276.99	0.00	0.00	1.50	276.99
Total	119.25	25391.01	0.00	0.00	119.25	25391.01
7. Difference (5-6)	4.29	1208.91	0.00	0.00	4.29	1208.91
8. Break Up of Difference:						
(A) Excess within 5%						
(B) Shortage within 5%	3.47%	4.54%			3.47%	4.54%
(C) Excess beyond 5%						
(D) Shortage beyond 5%						
9. Closing Stock adopted in Accounts (5 above)	123.54	26599.92	0.00	0.00	123.54	26599.92

Contd...

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2008**PARTICULARS IN RESPECT OF COAL STOCK AS ON 31ST MARCH, 2008****SCHEDULE – H (CONTD....)****ANNEXURE – H (II)**

Particulars	Current Year		Previous Year	
	Quantity (Lakh Tonne)	Value (Rs. in Lakh)	Quantity (Lakh Tonne)	Value (Rs. in Lakh)
Reconciliation of Closing Stock adopted in Accounts with Books Stock as at the end of the year				
Stock as per Books	123.54	26599.92	79.74	17286.48
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		23.10		31.14
Less:				
Provision made in the Accounts to take care of future deterioration in Coal stock		361.20		259.84
Stock as per Accounts after all provisions	123.54	26215.62	79.74	16995.50

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2008

SCHEDULE – I SUNDRY DEBTORS

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Outstanding for over six months	7044.11	8022.26
Other debts	13623.00	9308.00
Sub Total	20667.11	17330.26
Less: Provision for Doubtful Debts	6709.60	8451.26
TOTAL	13957.51	8879.00
Classification :		
1 Considered good and in respect of which the Company is fully secured	36.02	657.04
2 Considered good for which the Company holds no security other than Debtors personal Security	13921.49	8221.96
3 Considered Doubtful	6709.60	8451.26
TOTAL	20667.11	17330.26

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. 16500.00 lakhs (Previous year Rs. 31500.00 lakhs).
- (3) Secured amount includes Rs. 36.02 lakh (Previous year - Rs. 657.04 lakh) covered by Bank Guarantee.

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2008**SCHEDULE – J****CASH & BANK BALANCES**

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
A. (i) Cash/Stamp in hand	4.09	3.80
(ii) Cheques/Demand Drafts in hand	2.26	0.00
(iii) Cash balance with Imprest Holder	4.04	0.48
B. Remittance-in-Transit	1.33	0.00
C. Balance with Scheduled Banks		
(i) Current Account	10579.09	6741.97
(ii) Deposit Account	335572.97	236020.76
TOTAL	346163.78	242767.01

SCHEDULE – K**OTHER CURRENT ASSETS**

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Claims Receivable:		
1. Railways	20.54	20.54
Less : Provision	20.54	20.54
	0.00	0.00
2. Insurance Company	0.00	3.64
3. Income Tax	13268.61	0.00
4. Fidelity	0.00	0.67
5. Interest on Bank Deposits	12458.88	6468.82
6. Interest on Power Bonds	820.11	1390.19
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. MNH Shakti Ltd.	5.24	0.00
9. Others	944.10	12.09
TOTAL	27496.94	7875.41

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2008**SCHEDULE – L
LOANS & ADVANCES**

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
(A) Capital Advances :		
(1) P & M Advance	400.65	55.26
(2) Land Advance :	12719.17	5174.08
TOTAL (A)	13119.82	5229.34
(B) Advance to Suppliers (Stores)	1119.34	1104.88
TOTAL (B)	1119.34	1104.88
(C) Advance to Contractors:	125.17	145.80
TOTAL (C)	125.17	145.80
(D) Advance to Employees:		
(1) House Building Advance	225.25	260.75
(2) Motor Car Advance	1.57	4.38
(3) Motor Cycle, Scooter Advance	0.10	0.12
(4) Pay Advance	5.63	2.74
(5) Medical Advance	101.74	54.21
(6) Flood /Drought Relief	0.05	0.05
(7) Local Purchase Adv.	2.14	4.04
(8) Misc. Advance	62.60	55.05
(9) Travelling Advance	115.16	98.64
(10) LTC Advance	34.92	24.83
(11) Advance (Others)	82.05	121.90
(12) Freight Advance	0.00	0.00
(13) Study Advance/Self Development Loan	0.00	0.00
(14) Other Receivables	400.75	382.35
(15) Group Insurance	1.97	1.97
TOTAL (D)	1031.96	1011.03
(E) Advance to Others:		
1. Advance to Co-operative Society	0.48	0.48
2. Tax deducted at Source	8258.35	5289.08
3. Advance Income Tax	72315.00	64900.00
4. Advance Wealth Tax	0.00	6.50
5. Income Tax(Company) under protest	27007.42	26386.94
6. Advance Sales Tax	604.62	530.52
7. Sales Tax deposit under protest	911.82	831.79
8. Advance Receivable from Govt.	375.62	301.94
9. Advance to Railways	1250.64	167.16
10. Advance to others	356.65	125.15
11. Fringe Benefit Tax	510.74	376.00
TOTAL (E)	111591.34	98915.56

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2008**SCHEDULE – L (CONTD.....)****LOANS & ADVANCES**

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
(F) Deposit		
(i) With P & T Deptt.	29.99	29.87
(ii) With Elec. Boards	767.66	683.43
(iii) Surplus Fund with CIL (Holding Co.) ³	132946.14	127446.48
(iv) With Others	84.65	301.08
TOTAL (F)	133828.44	128460.86
(G) Prepaid Expenses	121.61	41.83
TOTAL (G)	121.61	41.83
(H) Current Account Balance with Sister Subsidiaries & Holding Company		
Coal India Ltd	7404.37	4697.95
CMPDI Limited	0.00	81.43
South Eastern Coalfields Ltd.	0.00	2.78
Northern Coalfields Ltd.	0.00	-0.03
TOTAL (H)	7404.37	4782.13
GRAND TOTAL (A TO H)	268342.05	239691.43
Less : Provision for Doubtful Advances	297.41	305.07
Net Total	268044.64	239386.36
Classification:		
(a) Considered good in respect of which the company is fully secured	226.92	265.25
(b) Considered good for which the company holds no security other than Party's Personal security	267817.72	239121.11
(c) Considered doubtful	297.41	305.07

NOTE:

- 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)
- Amount due from Director of the Company is Rs.Nil (Previous Year - Nil).
- 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, 2008**SCHEDULE – M****CURRENT LIABILITIES AND PROVISIONS**

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Current Liabilities:		
A. Sundry Creditors - for Goods		
For Capital	1304.22	802.89
For Stores	3502.89	4207.07
TOTAL (A)	4807.11	5009.96
B. Sundry Creditors for Expenses		
Capital	4292.49	3489.18
Revenue	3587.88	3879.42
Power & Fuel	1029.24	1015.87
TOTAL (B)	8909.61	8384.47
C. Employees Remuneration and Benefits		
Salaries, Wages, Allowance	13890.71	7519.75
Attendance Bonus	461.20	426.79
Ex-gratia	1239.26	1085.05
Unpaid Salaries & Wages	40.19	39.48
Gratuity	3335.23	16869.26
D L I	1.63	1.98
Leave Encashment	4692.11	3534.02
VRS	12.55	5.86
TOTAL (C)	23672.88	29482.19
D. Other Expenses		
Contractual Expenses	3685.25	3686.42
Demurrage	0.46	12.72
Audit Fee & Expenses	15.23	11.84
Repair & Maintenance	776.66	843.17
Others	2504.83	1247.50
TOTAL (D)	6982.43	5801.65
(E) Statutory Dues		
Sales Tax :		
Central	441.55	90.93
State/Orissa VAT	77.98	92.12
Royalty on Coal	6614.10	4520.68
Cess on Coal	2042.04	1941.20
Stowing Excise Duty	2243.90	2003.60
Provident Fund	374.71	370.10
Pension Fund	96.09	77.53
Professional Tax	0.16	0.08
Income tax:		
Employees	378.83	1.35
Contractors	612.66	13.53
Service Tax	390.32	1788.11
Orissa Entry Tax	634.55	540.23
OREEP Tax	107.57	98.77
Wealth Tax	0.00	6.00
Other Statutory Dues	204.99	129.83
TOTAL (E)	14219.45	11674.06

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2008**SCHEDULE – M (CONTD.....)****CURRENT LIABILITIES AND PROVISIONS**

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
F. Other Liabilities		
(i) L.I.C.Premium(SSS)	0.04	-0.52
(ii) C.T. D Post Office	0.00	0.10
(iii) National Calamity Fund	2.92	48.78
(iv) Dues to Canteen	0.00	0.04
(v) Dues to Co-operative Societies	2.62	2.59
(vi) Benevolent Fund	2.51	2.78
(vii) Welfare Fund	1645.86	0.19
(viii) Others	474.71	602.77
TOTAL (F)	2128.66	656.73
G. Advances and Deposits		
Advance from Customers	37479.21	20736.55
Deposits from Contractors & Others	4990.44	4600.35
Unutilised Govt. Subsidy	33.64	33.64
TOTAL (G)	42503.29	25370.54
H. Overburden Removal		
Ratio Variance Reserve	136593.09	87450.59
Less: Closing Advance Stripping	8263.79	11338.21
	128329.30	76112.38
TOTAL (H)	128329.30	76112.38
TOTAL CURRENT LIABILITIES (A TO H)	231552.73	162491.98
Provisions :		
(a) Reclamation of Land	6992.74	6133.80
(b) Taxation	94218.83	74253.61
(c) Dividend	50000.00	30050.00
Total Provisions	151211.57	110437.41
GRAND TOTAL	382764.30	272929.39

- NOTE: 1. Out of Sundry Creditors of Rs. 13902.77 lakh (Previous year Rs. 12972.23 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, 2008

SCHEDULE – N

MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)

(Rs. in Lakh)

Particulars	As at 01.04.2007	Additions During the Year	Deductions/ Adjustment During the Year	As at 31.03.2008
1. HEMM Rehabilitation Expenses	0.00	0.00	0.00	0.00
2. VRS Scheme	0.00	0.00	0.00	0.00
3. Preliminary Expenses	0.00	0.00	0.00	0.00
Grand Total (1+2+3)	0.00	0.00	0.00	0.00
Previous year	0.00	0.00	0.00	0.00

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2008**

SCHEDULE – 1

SALES

		Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Quantity (Lakh Tonne)		836.26	764.21
(A) Gross Sales Value			
Raw Coal Value	500159.61	436891.01	
Crushing Charges	28947.28	13861.14	
		529106.89	450752.15
Less: Statutory Levies:			
Royalty on Coal	64536.75	51524.09	
Stowing excise Duty	8362.79	7642.08	
		72899.54	59166.17
Sales Tax :			
Central	7033.21	8323.79	
State/Orissa VAT	12229.55	10041.69	
Orissa Entry Tax	2236.57	1945.86	
ORISED	0.00	0.00	
		21499.33	20311.34
(B) Total Levies		94398.87	79477.51
(C) Transfer to Development		0.00	0.00
(D) Basic Value (A-B-C)/Net Value		434708.02	371274.64

SCHEDULE – 2

COAL ISSUED FOR OTHER PURPOSES

(Rs. in Lakh)

	Current Year			Previous Year		
	Colly Cons.	Free Issue to Empl.	Total	Colly Cons.	Free Issue to Empl.	Total
Quantity (Lakh Tonne)	0.05	0.00	0.05	0.05	0.00	0.05
Gross Value	62.07	0.00	62.07	63.94	0.00	63.94
Less:						
Royalty on Coal	8.07	0.00	8.07	8.21	0.00	8.21
Net Value	54.00	0.00	54.00	55.73	0.00	55.73

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE – 3

ACCRETION/(DECRETION) IN STOCK

		Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Closing Stock			
(A)	Raw Coal	26599.92	17286.48
	Less: Provision for		
	Deterioration	361.20	259.84
	Rehandling	23.10	31.14
		<u>384.30</u>	<u>290.98</u>
	TOTAL (A)	<u>26215.62</u>	<u>16995.50</u>
(B)	Workshop Job		
	Work-in-progress	845.50	901.69
	TOTAL (B)	<u>845.50</u>	<u>901.69</u>
(C)	TOTAL (A+B)	<u>27061.12</u>	<u>17897.19</u>
Opening Stock			
(D)	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>
	TOTAL (D)	<u>16995.50</u>	<u>9574.14</u>
(E)	Workshop Job (W.I.P.)	901.69	1375.42
	TOTAL (E)	<u>901.69</u>	<u>1375.42</u>
(F)	Total (D+E)	<u>17897.19</u>	<u>10949.56</u>
	TOTAL (C-F)	<u>9163.93</u>	<u>6947.63</u>
	Less: Transfer to Development	276.99	0.00
	Accretion(+)/Decretion(-) in Stock	<u>8886.94</u>	<u>6947.63</u>

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE – 4 OTHER INCOME

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Stowing Subsidy	106.42	28.81
Transportation Charges	25296.10	21661.60
Value of Workshop job done	5822.39	6741.14
Rent (outsider)	94.54	94.85
Interest on		
1 Bank Deposits	28485.89	17781.50
2 Loans & Advances to Employees	38.87	58.88
3 Surplus Fund with Coal India Limited	10097.15	6057.59
4. Investment	1688.46	2853.55
5. Income Tax Dept.	2353.14	0.00
6. Others	45.30	0.00
Liquidated Damages/Penalty	426.84	317.36
Lease Rent	251.96	116.36
Penalty from Customer	410.73	110.25
Tender Fee	36.98	41.82
Silo Charges from Customers	586.10	526.15
Sale of scrap	224.04	264.77
Profit on sale of Assets	370.97	296.52
Net Gain on Exch. Rate Fluct.	17.79	70.81
Other Misc. receipts	248.07	494.22
Sub Total	76601.74	57516.18
Less: Transfer to Development	0.02	0.62
NET TOTAL	76601.72	57515.56

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

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	62.07	63.94
Less: Royalty on Coal	8.07	8.21
Net Value	54.00	55.73

SCHEDULE – 6

STORES & SPARE PARTS CONSUMED

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Explosives	6500.77	5986.29
Timber	39.50	51.70
Petrol, Oil & Lubricants	16695.57	16286.01
HEMM Spares	9999.93	9982.10
Other Stores & Spares	5272.77	5390.06
Sub Total	38508.54	37696.16
Less : Transfer to		
Social Facilities	122.52	158.92
Other Expenditure	428.05	498.19
Development	0.40	2.13
Sub Total	550.97	659.24
TOTAL	37957.57	37036.92

SCHEDULE – 7

POWER & FUEL EXPENSES

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Purchase of Electricity	9334.51	9033.95
Less: Transfer to		
Social Facilities	1671.29	1533.60
Development	0.24	0.18
	1671.53	1533.78
TOTAL	7662.98	7500.17

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE – 8

EMPLOYEES REMUNERATION AND BENEFITS

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
A. Salaries, Wages & allowances		
Piece Rated Wages	220.17	221.34
Time Rated Wages	22172.23	18946.59
Interim relief	6334.42	0.00
Executives Salary	7523.13	5495.46
Leave Wages	1637.31	1625.33
Paid Holiday Wages	607.09	482.95
Leave Encashment	2148.73	1516.02
Nightshift Allowance	64.74	66.66
House Rent Allowance	125.06	133.37
Transport Subsidy	571.71	562.48
Incentive Bonus/Reward	706.60	490.43
Special Incentive	95.86	89.72
Other Allowances	603.54	593.31
TOTAL (A)	42810.59	30223.66
B.		
Normal Overtime	4363.50	3631.35
Sunday Overtime	3073.36	2611.17
Attendance Bonus	1796.06	1720.22
Ex-gratia	1372.72	1258.89
Provident Fund	5114.49	4926.86
Pension Fund	284.65	275.07
LLTC	846.07	693.84
RRF	53.13	70.06
Pension	181.27	214.54
Gratuity	5385.34	5666.65
Workmen Compensation	40.94	16.27
D.L.I	31.44	29.91
Life Cover Scheme	52.61	41.06
Voluntary Retirement Scheme	217.63	500.86
Perquisite Tax	425.48	0.00
TOTAL (B)	23238.69	21656.75
C.		
Less: Transfer to		
Social Facilities	1873.47	1537.52
Development	191.09	221.92
	<u>2064.56</u>	<u>1759.44</u>
TOTAL (C)	2064.56	1759.44
NET TOTAL (A+B-C)	63984.72	50120.97

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE – 9

CONTRACTUAL EXPENSES

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Transportation Charges:		
Coal	36705.26	34764.90
Sand	52.67	0.18
Hire Charges of HEMM	596.80	545.53
Surface Miner	8638.03	8313.55
Other Contractual Works	5362.78	4871.77
Sub Total	51355.54	48495.93
Less: Transfer to Development	156.17	8.51
TOTAL	51199.37	48487.42

SCHEDULE – 10

REPAIR EXPENSES

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
(A) Township	1252.75	1109.90
Hospital, Educational & Other Welfare Build.	195.58	208.62
Factory & Office Buildings	435.35	359.18
Plant & Machinery	1414.74	1216.86
Office Equip. & Furnitures	34.43	33.48
Hospital Equipment	5.98	10.57
Heavy Vehicles	64.70	67.08
Cars & Jeeps	109.94	128.59
SOH Vehicles	20.54	10.16
HEMM Rehabilitation Expenses	984.95	1873.94
Workshop Job done	5027.37	4966.58
Siding Maint. Charges	184.73	180.39
Others	0.56	18.89
TOTAL	9731.62	10184.24
Less: Transfer to		
Social Facilities	1474.85	1333.46
Other Expenses	110.49	128.59
Development	2.39	7.28
	1587.73	1469.33
NET TOTAL	8143.89	8714.91

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE – 11

SOCIAL FACILITIES EXPENSES

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
(A) Salaries, Wages & Allowances (Contra)	1873.47	1537.52
Free issue of Coal to employees/Gas	521.25	535.52
Medical Reimbursement	727.78	592.38
Medicine & Diet Expn.	242.18	294.41
Grant to Schools & Inst.	637.93	476.59
Sports, Rec. expenses & Grants	68.97	68.94
Canteen upkeep	15.76	10.28
Purchase of Water	55.05	54.57
Power (Contra)	1671.29	1533.60
TOTAL (A)	5813.68	5103.81
(B) Repairs:		
Township Repair (Contra)	1241.99	1108.75
Repair of Hospital, School & Wel. Building (Contra)	195.58	204.49
Hospital Equip. (Contra)	16.74	10.57
TOTAL (B)	1454.31	1323.81
(C) Cons. of Stores & Spares SOH Services (Contra)	43.84	66.55
Maintenance of Vehicles:		
Stores & Spares for SOH Vehicles (Contra)	78.68	92.37
Repairs of S.O.H. Vehicles (Contra)	20.54	9.21
Road Tax	0.75	1.99
Insurance	0.97	0.35
	<u>100.94</u>	<u>103.92</u>
Training Expenses	514.95	468.19
Depreciation	959.93	913.86
Community Development	2346.06	294.76
Resettlement Expenses	251.80	93.57
Assets not belonging to Company	317.29	1019.78
Environment/Ecology Improvement	402.92	598.85
Technical Assistance ESMP	2.77	0.18
Guest House Expenses	29.24	32.53
Others	358.95	302.42
TOTAL (C)	5328.69	3894.61
TOTAL (A+B+C)	12596.68	10322.23
(D) Less : Recoveries		
Vehicle	4.24	1.35
House Rent	32.71	35.60
Hospital Charges	56.71	60.27
School Bus, Elect. & Water Charges	36.11	20.56
Guest House/Transit Flat	3.47	7.37
Others	1.44	6.45
	<u>134.68</u>	<u>131.60</u>
TOTAL (D)	134.68	131.60
(E) Less: Transfer to Development	62.36	29.23
NET TOTAL (A+B+C-D-E)	12399.64	10161.40

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE – 12

OTHER EXPENDITURE

		Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
(A)	Travelling	546.45	451.93
	Printing & Stationery	239.71	170.38
	Books & Periodicals	8.21	7.08
	Postage & Telephone	183.34	158.91
	Bank Charges	1.79	2.55
	Advertisement for :		
	(i) Tender	87.91	88.95
	(ii) Others	0.00	3.66
	(iii) Publicity	98.07	49.24
		185.98	141.85
	Freight Charges	10.62	7.55
	Under Loading Charges	3080.63	2124.53
	Demurrage	47.19	66.94
	Donation & Subscriptions	5.25	9.01
	Security Expenses	1645.52	1395.80
	Rescue & Safety	182.55	103.79
	Expenses on Meeting	108.35	78.99
	Other Selling Expenses	987.52	787.73
	Hire Charges for :		
	(i) Computer	88.44	93.91
	(ii) Others	712.83	790.54
		801.27	884.45
	Computer Software Charges	13.08	41.08
	Maintenance of Cars & Jeeps :		
	(i) P.O.L. & Spares (Contra)	428.05	498.73
	(ii) Repairs (Contra)	110.50	128.59
	(iii) Vehicle Tax	42.64	67.48
	(iv) Insurance	22.34	13.61
		603.53	708.41
	TOTAL (A)	8650.99	7140.98
(B)	Royalty & Cess	14.93	9.33
	Insurance	0.55	0.49
	Rent, Rates & Taxes	446.86	961.43
	Auditors Remuneration:		
	(i) Audit Fee	5.65	5.65
	(ii) Tax Audit Fee	2.26	1.64
	(iii) Travelling & Out of Pocket Exp	3.96	3.65
		11.87	10.94

(Contd.....)

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2008**

SCHEDULE – 12 (Contd.....)

OTHER EXPENDITURE

	<u>Current Year (Rs. in Lakh)</u>	<u>Previous Year (Rs. in Lakh)</u>
Internal Audit Fee & Expenses	31.48	36.84
Legal Expenses	44.05	39.52
Apex Office Expenses	4944.50	4000.05
Loss on Sale/Discard of Assets	6.89	5.12
Office Contingency	25.98	23.15
Prospecting & Boring	0.00	605.09
CMPDIL Expenses	105.09	251.42
Wealth Tax	5.00	6.00
Others	409.96	403.13
TOTAL (B)	6047.16	6352.51
TOTAL (A+B)	14698.15	13493.49
(C) Less : Transfer to Development	28.98	30.74
NET TOTAL (A+B-C)	14669.17	13462.75

SCHEDULE – 13

OVER BURDEN REMOVAL ADJUSTMENT

	<u>Current Year (Rs. in Lakh)</u>	<u>Previous Year (Rs. in Lakh)</u>
Expenditure Charged to Coal	133067.15	102823.78
Less :		
Expenditure incurred	80850.22	71940.38
TOTAL	52216.93	30883.40

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

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	531.75	630.24
On Deferred Payment	22.11	25.73
Other Interest	165.44	100.83
Net Total	719.30	756.80

SCHEDULE – 14(B)

FINANCIAL CHARGES

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
1. Guarantee fees (IBRD & JBIC)	219.28	238.71
2. Swap Charges	1.62	17.12
3. Custodian Charges	26.11	51.82
TOTAL	247.01	307.65

SCHEDULE – 15

DEPRECIATION

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Depreciation	15384.27	14376.13
Less : Transfer to		
(a) Social Overhead	959.93	913.86
(b) Prior Period Adjustment	356.99	-32.29
(c) Development	52.49	11.15
	1369.41	892.72
NET TOTAL	14014.86	13483.41

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE – 16(A)

PROVISIONS

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Provision for Doubtful Debts	- 1741.66	646.99
Obsolescence of Stores	99.38	-1.18
Reclamation of Land	858.94	780.27
Shortage of Stores	30.71	-1.06
Provision for Capital-Work-in-Progress	91.28	127.40
Doubtful Advances	- 7.66	-132.10
Retired/Surveyed-off Assets	87.69	30.84
Impairment of Assets	373.69	18.05
Stabilisation of Mines	800.30	0.00
Sub Total	592.67	1469.21
Less: Transfer to Development	1.50	0.00
NET TOTAL (A)	591.17	1469.21

SCHEDULE – 16(B)

WRITE OFF/WRITE BACK

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Bad Debts Written off	629.30	77.44
Less : Sundry Debtors Written Back	432.65	
Total (B)	196.65	77.44

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE – 17

PRIOR PERIOD ADJUSTMENT

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
(A) Debit		
Employees Remuneration & Benefits	- 209.03	100.27
Consumption of Stores & Spare Parts	- 16.51	348.81
Repairs & Maintenance	0.00	- 21.88
Depreciation	356.99	- 32.29
Contractual Expenses	61.59	258.68
Social Overhead & Welfare Expenses	595.27	0.09
Interest & Financial Charges	- 22.66	0.00
Rates & Taxes	0.00	224.07
Others	129.81	- 294.95
Sub Total	895.46	582.80
Less : Transfer to Development	2.05	
TOTAL (A)	893.41	582.80
(B) Credit		
Sales	- 74.22	0.00
Other Income	271.53	32.79
TOTAL (B)	197.31	32.79
NET TOTAL (A-B)	696.10	550.01

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; and
 - (c) Additional liability for Royalty, Cess, Sales Tax / VAT, Entry Tax 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 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 the following assets where higher rate of depreciation is charged over the technically estimated life,

- (a) Telecom equipment processor based, software controlled under data processing machine category at 15.83 %.
- (b) General electronics Communications/ Instrumentations systems at 10.55%,
- (c) Hydraulic Shovel upto 5 Cu.M at 13.57% .
- (d) Hydraulic Shovel > 5-10 Cu.M. at 11.88%.
- (e) Dumper upto 35-T at 15.83%.
- (f) Dumper upto 50-T at 13.57%; and
- (g) B.H. Drill < 160 MM at 13.57%

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. 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, Leave Encashment, Settlement Allowance benefit, Group

Personal Accident Insurance Scheme benefit, Life Cover Scheme benefit and LTC benefit 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. Stock of medicines of Central Hospitals are valued on Cost basis as per First-in-First-out method.

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 yearend 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)

- 14.1 Amount due to / from Coal India Limited on account of loan after adjustment for

conversion to equity or vice-versa from time to time is shown as Unsecured Loan.

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

15. APEX OFFICE AND INTEREST CHARGES TO HOLDING COMPANY

- 15.1 Apex office charges as levied by Holding Company 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 : Over Burden) at each mine with due adjustment for advance stripping and ratio variance account after the mines are brought to revenue. Net of balances of advance stripping and ratio variance at the end of the year is shown as 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 MACHINERY (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.16540.00 lakh (Previous Year Rs.14000.00 lakh) being 10.066% of profit after tax is transferred to General Reserve during the year.

3.0 UNSECURED LOANS

3.1 Unsecured loan was availed by Coal India Limited, guaranteed by Government of India, from World Bank to finance Coal Sector Rehabilitation Project (CSR) based on back to back agreement between the Company and Coal India Limited. The loan outstanding as on 31.03.2008 (net after repayments) is Rs.14618.32 lakh (Previous Year Rs.15913.43 lakh) The details of balance are as under :

	Balance 1.4.2007	Repayment 2007-08 Rs. In lakh	Balance 31.3.2008 Rs. In lakh	Balance 1.4.2007 Rs. In lakh	Repayment 2007-08 Rs. In lakh	Translation Difference	Balance 31.3.2008
	US \$	US \$	US \$				
IBRD	19061192.95	1262991	17798201.95	8343.09	553.88	-650.35	7138.86
	JP Yen	JP Yen	JP Yen				
JBIC	2032840695	176433822	1856406873	7570.34	625.81	534.93	7479.46
Total				15913.43	1179.69	-115.42	14618.32

3.2 The balance loan (net of repayments) of Rs.1110.71 lakh (Previous Year Rs.1092.64 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 land acquired under Coal Bearing Areas (Acquisition and Development) Act, 1957 and Land Acquisition Act, 1894, Orissa Government Land Settlement Act 1962

4.4 Land includes Rs.1121.25 lakh paid to Compensatory Afforestation Fund, Orissa, towards Net Present Value for diversion of 149.5 acres of Forest Land for Basundhara (West) during the year.

4.5 Due to revision of the life of Bharatpur Project, there is an increase in the amortization of the land and Development expenses by Rs.36.13 lakh in comparison to the last year, resulting in decrease in profit to that extent.

4.6 Conveyance deed of land in favour of the Company is pending for execution in most of the cases.

4.7 The carrying cost of the Fixed Assets acquired against World Bank aided projects and Deferred Credit have been reduced to the extent of exchange rate fluctuation of Rs.3.95 lakh (Previous Year Rs.247.56 lakh).

4.8 The Plant & Machinery valuing more than Rs.1 Lakh have been physically verified by the Company in most of the areas appointing outside auditors. Pending receipt

of the reports and 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 2007-08.

- 4.9 Physical verification of other fixed assets has not been carried out during the year.
- 4.10 Prospecting and boring and Development expenditure in Capital Work in Progress (Schedule E) include the expenditure on non- CIL blocks meant for sale as well as blocks allotted to Mahanadi Coalfields Ltd. along with others to explore through Joint Ventures.
- 4.11 Railway siding under construction in Capital Work in Progress (Schedule E) includes some old advances. In absence of linking of those advances with work done and completed, the same is not capitalized. The impact of depreciation/amortization thereof in the current financial statement has not been ascertained.
- 4.12 Discarded / Surveyed off Assets: Value of discarded assets at the end of the year stands at Rs.600.04 lakh (Previous Year Rs.516.97 lakh) after provision for Rs.342.43 lakh (Previous Year Rs.282.61 lakh). The provision is considered sufficient.

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).

In the year 2006-07 Rs.3443.20 lakh (Previous Year- Nil) being one-tenth of total investment had been redeemed.

Investment in TNEB bonds for Rs.10557.00 lakh have been fully redeemed on 3rd April, 2007. During the year further Rs.2270.20 lakh related to MSEB and WBPDCCL bonds have been redeemed.

The balance investment in MSEB and WBPDCCL bonds will be redeemed by half

yearly equated installment of Rs.1135.10 lakh each.

- 5.2 Interest amounting to Rs.1688.46 lakh (Previous Year Rs.2853.55 lakh) earned during the year from the Power Bonds.
- 5.3 The 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 Spare parts which come with the original equipment are included in stores for better control purpose.
- 6.1.2 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.
- 6.1.3 As physical verification of stores has been made as on 31.12.2007, corresponding reconciliation is complete up to that date.
- 6.1.4 In respect of stores and spares not moved for more than five years, a provision of 50% is made as per Accounting Policy No. 10.5. In no case the net realizable value is ascertained for the purpose of provision.
- 6.1.5 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.
- 6.1.6 Valuation of stores and spares has 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). 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 2.85 lakh tonne Valued at Rs.644.19 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, 2008 of the Company constitutes as follows :

Name of Mines	Basis of valuation (Cost /NRV)	Quantity [Lakh MT]	Rate [Rs]	Value [Lakh Rs.]
Nandira	NRV	0.09	955.89	86.03
Talcher	NRV	0.05	1219.80	60.99
Lingaraj O C P	Cost	14.15	163.99	2320.39
Orient Mine No. 2	NRV	0.60	832.57	499.54
Orient Mine No. 3	NRV	1.09	825.42	899.71
Orient Mine No. 4	NRV	0.20	1283.15	256.63
H R C	NRV	0.21	841.33	176.68
H B I	NRV	1.26	835.43	1052.64
Belpahar OCP	Cost	10.76	273.89	2947.05
Lakhanpur OCP	Cost	11.77	203.89	2399.73
Lilari OCP	NRV	1.32	439.20	579.74
Lajkura OCP	Cost	3.61	339.06	1224.00
Samleswari OCP	Cost	12.19	346.07	4218.58
Bhubaneswari OCP	Cost	1.26	27.83	35.06
Jagannath OCP	Cost	3.23	85.90	277.45
Ananta OCP	Cost	1.97	63.60	125.29
Bharatpur OCP	Cost	12.21	149.46	1824.87
Chhendipada OCP	Cost	0.35	152.23	53.28
Basundhara West OCP	Cost	19.47	157.04	3057.50
Kulda OCP	Cost	1.50	184.66	276.99
Hingula OCP	Cost	18.85	106.37	2005.16
Balaram OCP	Cost	7.40	300.35	2222.61
Total		123.54	215.31	26599.92

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.23292.74 lakh.

6.2.3 **Change in the method of valuation of Closing Stock:** Due to change in the method of valuation of Closing Stock of Coal, profit of the Company has decreased by Rs.814.84 lakh.

6.3 **Workshop Job:** Workshop jobs are valued on the basis of 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 31.3.2008 stands at Rs.6709.60 Lakh (Previous Year Rs.8451.26 lakh).

8.0 CASH AND BANK BALANCES

Cash and Bank balance includes:

- Rs.95.53 lakh (Previous Year Rs.89.08 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.4.04 lakh (Previous Year Rs.0.48 lakh) maintained with various branches of Coal India Limited
- Rs.40.00 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.

- (d) Current Account includes balances in Linked Fixed Deposits which are interest bearing.
- (e) 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 AND OTHER CURRENT ASSETS

- 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 the same could not be ascertained in the absence of necessary information.
- 9.3 Out of total Loans & Advances of Rs.268342.05 lakh (Previous Year Rs.239691.43 lakh) of the Company Rs 297.41 lakh (Previous Year Rs.305.07 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.374.34 lakh (Previous Year Rs.278.05 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 During the year the company has recognised reimbursement of Rs. 96.29 lakh under other income on account of construction cost of Schools in Cyclone affected areas of Orissa which was earlier charged to revenue.
- 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.167.16 lakh) is to be adjusted on completion of job/ receipt of CCDA subsidy.
- 9.8 Other Current Assets includes Rs.4.65 lakh accounted for as "Suspense account – Loss of Cash" being balance amount of money recoverable towards money misappropriated by an officer of Basundhara Area. Out of the total amount of Rs.63.38 lakh misappropriated and provided for, Rs.58.73 lakh has been recovered and deposited in bank under lien to Hon'ble Court. The balance amount is shown as "Suspense account – loss of cash".
- 9.9 Loans and Advances includes –
 - (i) Advance of Rs.342.99 lakhs (Previous Year Rs.142.99 lakhs) paid to GRIDCO/OPTCL for construction of 220 KV overhead line and 3/20 MVA 220KVA Substation at Garjanbahal.
 - (ii) Advance of Rs.1.91 lakhs (Previous Year 1.91 lakhs) paid to Executive Engineer RWSS Division, Sundargarh for preparation of project/ feasibility report for Dam / Bridge lying since 1995-1996 against which full provision has been made.

10.0 CURRENT LIABILITIES AND PROVISIONS

Current liabilities includes-

- (a) The liability on account of Cess on Coal including principal of 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.100.84 lakh (Previous Year Rs.100.83 lakh) calculated at the rate of 12% for the unpaid principal amount of the Cess liability. The total liability becomes Rs.2042.04 lakh (Previous Year Rs.1941.20 lakh) as at 31.3.2008. 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) towards Coal Sale Deposit which is under reconciliation / adjustment.
- (c) Rs.603.94 lakh (Rs.537.32 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.
- (d) During the year 2006-07, Rs.96.60 lakh (unclaimed OREEP Tax) has been received from Hon'ble Supreme Court of India for keeping in bank deposit in the name of a Trust. The income from it is to be utilized for the welfare of the employees. The money has been kept as Fixed Deposit. The Trust is yet to be formed.
- (e) 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. The assessment for the A.Y. 2006-07 is in progress.

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 Rs.10097.15 lakh (Previous Year Rs.6057.59 lakh) has been taken as income on account of Interest on Surplus Fund with Coal India Limited (CIL) as per memo received from CIL.
- 11.5 Profit on sale of assets (Sch -4) includes Rs.352.69 lakh due to sale of Coal Blocks. The income has been derived after adjustment of exploration and other related costs for the blocks.
- 11.6 Liquidated damages, interest on delayed payment and escalation claims from customers are accounted for on the basis of final settlement
- 11.7 Sale of scrap is accounted on the basis of disposal.
- 11.8 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
- 11.9 No income has been recognized against amount recoverable from some ex-

servicemen coal transport contractors on account of excess payment of Rs.115.28 lakh (Previous Year Rs.115.28 lakh) for coal transport bills related to earlier years(Lakhanpur area).

- 11.10 Rehabilitation charges amounting to Rs.5018.03 lakh (Previous Year Rs.4586.22 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.656.97 lakh (Previous Year Rs.508.04 lakh) has been provided in accordance with the provisions of Income Tax Act, 1961.
- 11.12 Provision of Rs.91.28 lakh (Previous Year Rs.127.40 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 As per provisions of notification No. 375 dated 15.01.2004 of Orissa Government, Department of Steel and Mines, a contribution towards Periphery Development Programme, provisions have been made for Rs.595.27 lakh (Schedule 17- Prior Period Adjustment) and Rs.1050.37 lakh (Schedule 11- Social Overhead) for the period from 15.1.2004 to 31.3.2007 and 2007-08 respectively.
- 11.14 Provision of Rs.425.17 lakh has been made for Perquisite Tax for the year 2007-08 in respect of housing accommodation provided to the employees
- 11.15 A committee has been formed for making recommendation on wage revision for non-executives under National Coal Wage Agreement VIII to be effective from 1.7.2007. During the year Rs.6334.42 lakh has been provided in the Accounts for Interim Relief.
- 11.16 The Company has taken provision for Rs.568.39 Lakh towards adhoc payment to

the executives. Further, Rs.515.97 lakh has been provided for merger of the portion of Industrial Dearness Allowance equal to 50% to the existing Basic with effect from 1.1.2007.

- 11.17 **Effect for increase in the rate of depreciation for some equipment / HEMM items:** Due to change in Accounting Policy for charging depreciation on certain equipments / HEMM at higher rates than that specified in Schedule-XIV of the Companies Act, 1956 the profit for the year is reduced by Rs.1012.08 lakh.

12.0 CONTINGENT LIABILITIES

- 12.1 Claims (including disputed claim for Sales Tax) against the Company not acknowledged as debts are Rs.15984.47 lakh (Previous Year Rs.13760.89 lakh).

Out of disputed Sales tax liability of Rs.4249.94 (Previous Year Rs.2179.92 lakh) the Company has paid a total sum of Rs.911.82 lakh (Previous Year Rs.831.79 lakh) under protest.

Area-wise Sales Tax disputed amount as on 31.03.2008.

Area	Demand (Rs. in Lakh)	Amount Paid under Protest (Rs. in Lakh)
Jagannath	3253.62	515.83
IB-Valley	512.67	224.33
Lakhanpur	98.33	0.00
Hingula	194.54	125.51
Lingaraj	91.82	18.51
Orient	40.55	0.70
Talcher	58.39	26.92
Bharatpur	0.02	0.02
Total	4249.94	911.82

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

subsequent Company Board Resolution dated 22.12.2007.

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	-do-
1999-00 to 2002-03	760.96	760.96	ITAT, Cuttack
2003-04	8946.11	8684.46	CIT(A)
2004-05	2372.35	2127.81	-do-
2005-06	11654.06	11654.06	-do-
Total	28877.31	27007.42	

In response to ITAT Order on appeals for the A.Y. 1999-00 to 2002-03, the Company has received a refund of Rs.13268.61 lakh (Rs.10915.47 lakh towards Tax paid under Protest and Rs.2353.14 lakh for Interest) and accounted for in the current year. The quantum of further refund as a result of the ITAT Order cannot be ascertained at this stage as reassessment needs to be done for some of the disallowed expenses like Development, Assets not belonging to the Company and Donation. As a result, an amount of Rs.760.96 lakh remains unadjusted in the head Deposited under Protest against the respective four Assessment Years.

The main contentions of the Income Tax Department on the net demand raised pertaining to the Assessment Years 1997-98, 1998-99, 2003-04, 2004-05 and 2005-06 are the followings:

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. Development expenditure of Revenue Mines claimed in Profit and Loss Account for the Assessment Years 1993-94 to 2005-06 was partially disallowed.

The Company is contending that the treatment offered in Tax Returns filed is as per the provisions of law on the subject.

- 12.4 Some claims are pending in court for enhancement of compensation for land acquired from private parties and others. Amount is not ascertained.
- 12.5 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.11236.00 lakh (Previous Year Rs.10514.55 lakh).

13. RETIREMENT BENEFITS

- 13.1 **Gratuity:** Actuarial liability is Rs.20330.83 lakh as on 31.3.2008. Rs.17500.00 lakh which has been paid on 5.3.2008 to MCL Employees Group Gratuity Scheme Trust Fund under Defined Benefit Plans for contribution in Policy No. 81526 with Life Insurance Corporation of India, has been adjusted against the liability up to 31.3.2008.

Incremental Gratuity liability for the year amounting to Rs.4025.36 lakh (Previous Year incremental Rs.3966.47 lakh) has been provided for on the basis of actuarial valuation.

- 13.2 **Leave Encashment:** Liability of Rs.983.06 lakh (Previous Year Rs.2579.07 lakh) represents earned leave encashment benefit and Rs. 324.97 lakh (Previous Year Rs.696.40 lakh) represents half pay leave encashment benefit of employees based on actuarial valuation as at the year-end.
- 13.3 **Other Employee Benefits :** During the year the Company has provided Rs.1483.09 lakh being the liability as per actuarial valuation as at 31.3.2008 for Settlement Allowance Benefit, Group Personal Accident Insurance Scheme Benefit, Life Cover Scheme Benefit and LTC Benefit for

Rs.11.82 lakh, Rs.9.47 lakh, Rs.182.11 lakh and Rs.1279.69 lakh respectively. The expenditure has been adjusted from opening Reserves & Surplus Account as the whole amount can be attributed to prior periods. The expenditure of Rs.978.48 lakh has been adjusted against opening Profit & Loss Account (Reserves and Surplus, Schedule B) after netting of corresponding effect of Rs.504.62 lakh for Deferred Tax Asset.

- 13.4 No matching investment to cover the liability of leave encashment and other employee benefits as above is made considering the favourable liquidity position of the company.
- 13.5 Pension includes Rs.149.21 lakh (Previous Year Rs.170.67 lakh) paid to Ex-NCDC employees which have been charged to Revenue on cash basis under Employees Remuneration and Benefits (Schedule 8).
- 13.6 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. REVIEW OF AVERAGE STRIPPING RATIOS FOR OVER BURDEN REMOVAL ADJUSTMENT

The Company has revised the Average Stripping Ratios for OBR adjustment of the following mines in the year 2007-08. In the other mines viz. Lajkura the ratio will remain the same.

Sl.	Project	Revised Ratio adopted from 2007-08	Old Ratio
1.	Lingaraj	0.73	0.69
2.	Belpahar	1.74	2.11
3.	Lakhanpur	1.22	1.25
4.	Samaleswari	2.30	2.07
5.	Jagannath	0.27	0.52
6.	Ananta	0.31	0.627
7.	Bharatpur	0.89	0.86
8.	Balaram	2.16	1.5
9.	Basundhara (West)	0.78	0.78
10.	Hingula	0.48	0.41

Impact in Profit due to change in OBR Stripping Ratio : Due to change in the stripping ratio profit of the company has increased by Rs. 428.23 lakh in the current year.

15.0 TRANSACTIONS RELATING TO HOLDING COMPANY

- 15.1 Apex office charges amounting to Rs.4944.50 lakh (Previous Year Rs.4000.05 lakh) is levied by the Holding Company @ Rs.5 per tonne (plus Service Tax) 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 (IICM) charge amounting to Rs.440.06 lakh (Previous Year Rs.400.01 lakh) is levied by the Holding Company @ Rs.0.50 per tonne of coal produced. The expenditure is included in Training Expenses as shown in Schedule-11 (Social Facilities Expenses).
- 15.3 As per CIL Board resolution in its 214th meeting held on 12.2.2004, the Company has charged Rs.5018.03 lakh (Previous Year Rs. 4586.22 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.0.28 lakh (Previous Year Rs.0.12 lakh) pending settlement/ acceptance of some debit/credit notes which are identified. The Company has a current account balance of Rs.7404.37 lakh (Previous Year Rs.4697.95 lakh) with CIL under the head Loans & Advances (Schedule L). Further Rs.30.84 lakh has been kept as Receivable from Holding Company (Schedule L) towards excess Debits passed on by CIL on account of Apex office charges, IICM expenses and Contribution to Rehabilitation Fund for the year 2007-08.

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 Rs 11.64 lakh (Previous Year decrease Rs.318.37 lakh). This decrease has been adjusted in the carrying cost of the fixed assets to the extent of Rs.3.95 lakh (Previous Year Rs.247.56 lakh) and net Rs.7.69 lakh (Previous Year Rs.70.81 lakh) has been credited to revenue.

- 16.3 As Accounting Standard –11 is in contradiction with Schedule-VI Part-I requirements in relation to the treatment to be given for the exchange rate fluctuation on Capital Account, the Company has opted for complying with the Schedule-VI requirements as per the Companies Act, 1956. As a result the profit of the Company has decreased by Rs.3.50 lakh with corresponding decrease in gross block of Fixed Assets by Rs.3.95 lakh and net block by Rs.3.50 lakh with consequent effect on depreciation by Rs.0.45 lakh for compliance of Schedule VI requirement which is in contradiction with AS-11.

17. COMPLIANCE OF ACCOUNTING STANDARDS:

- 17.1 **AS-12: Accounting for Government Grants :** The Company has recognized Rs.106.42 lakh (Schedule-4) as Income from Stowing and Protective Subsidy on Cash basis as per Accounting Policy No.2.2 (d) of Schedule-0.
- 17.2 **AS-15 : Employee Benefits –** The Company has determined the liability for Employee Benefits as at 31.3.2008 in accordance with the revised Accounting Standard 15 – Employee Benefits issued by ICAI and adjusted Rs.978.48 lakh (net of deferred tax of Rs.504.62 lakh) in terms of the said standard.
- 17.3 **AS-16: Borrowing Cost -** There are no qualifying assets for which interest has been borne by the Company, as such no borrowing cost has been capitalized.
- 17.4 **AS-17: Segment Reporting -** The Company is primarily engaged in a single

segment business of production and sale of coal. There is no reportable primary segment identifiable in accordance with AS-17.

- 17.5 **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.
- 17.6 **AS-20: Earning per share -** The basic earnings per share (EPS) is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted EPS, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

The computation of EPS is set out below :

	Current year	Previous year
Profit after tax (lakh Rs.)	164304.34	136845.13
Profit attributable to ordinary shareholders (lakh Rs.)	164304.34	136845.13
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 Share (Rs.)	8814.57	7341.44

17.7 AS-27 : Financial Reporting of Interests in Joint Ventures :

As per directives from the Ministry of Coal, the Company has entered into a Joint Venture Agreement (JVA) on 30.06.2007 with Neyveli Lignite Corporation Limited and Hindalco Industries, with the main objective to carry out coal mining activity jointly at Talabira II and III coal blocks as a single mine for deployment of optimum technology and conservation of coal. The expenditure incurred in this regard is booked under the

head Prospecting and Boring in the Books of Ib Valley Area.

Further, as per the directives from the Ministry of Coal, the Company has entered into another Joint Venture Agreement on 12.11.2007 with (i) JSW Steel Limited, (ii) JSW Energy Limited, (iii) Jindal Stainless Limited and (iv) Shyam DRI Power Limited for coal mining activity jointly at Utkal-A and Gopalprasad West (West). The expenditure in these projects so far incurred by the Company has been booked under the head Prospecting and Boring in the Books of Hingula Area.

Pending identification of the expenditure in detail, these have not been transferred to the respective Joint Venture Companies.

17.8 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. But impairment is considered for old machinery meant for exclusive use of loss making underground mines.

In Coal Industry, only Prospecting, Boring and Development Expenses can be prima facie considered to have been impaired in continuous loss making mines, provided there is no clear indication for its revival in near future.

During the year, Rs.7.16 lakh (Previous Year Rs.18.05 lakh) has been provided against Development Expenditure.

Further provision of Rs.366.53 lakh (Previous Year NIL) has been taken against old Plant & Machineries (with no alternative use value) in the loss making underground mines. Thus total cumulative Provision for

Impairment stands at Rs.1276.29 lakh.(Previous Year Rs.902.60 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.

17.9 Accounting Standard 29 :

17.9.1 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.6133.80 lakh equivalent to Re.1/- per tonne of coal production from 1994-95 to 2006-07 have already been provided in the Accounts upto the year 2006-07 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.858.94 lakh (Previous Year Rs.780.27 lakh) has been provided (Schedule 16A) making the total provision of Rs.6992.74 lakh (Previous Year Rs.6133.80 lakh) (Schedule M).

17.9.2 M/S. GSECL has in principle agreed to pay interest of Rs.695.00 lakh vide MOM dated 28.4.2008 plus Rs.945.00 lakh vide MOM dated 9.8.2007 to the Company on account of delayed payment. This has not been considered in Accounts.

17.9.3 Current Liabilities and Provision includes Rs.800.30 lakh on account of provision taken towards stowing and stabilization of unstable workings of Deulbera colliery. This provision is in addition to the current year expenditure (other than expenditure on Salaries and Wages) of Rs.144.11 lakh against a comprehensive scheme of Rs.944.41 lakh (excluding Salaries and Wages). As the stabilization of unstable workings of Deulbera Colliery through sand stowing is being carried out by existing departmental manpower, salaries and wages for Rs.1643.53 lakh being part of the scheme has not been provided for.

18.0 ACCOUNTING FOR TAXES ON INCOME

- 18.1 For the current year, the Income Tax provision has been taken at Rs 82427.67 lakh (Previous year Rs.70595.84 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.3067.24 lakh (Previous Year Rs.580.62 lakh) as on 31st March, 2008. The Deferred tax liability (assets) comprises of tax effect of timing differences as detailed below: :

	<i>As on 31.03.08 Rs.in lakh</i>	<i>As on 01.04.07 Rs.in lakh</i>
Deferred Tax Liability :		
Excess of Net Block over written down value as per provisions of Income-tax Act, 1961	7791.72	9935.38
Deferred Tax Asset :		
Provision for Doubtful Debts	2477.73	3069.72
Provision for other Employees Benefit	504.62	0.00
Provision for Leave Encashment	1173.79	1173.79
Provision for Gratuity	1354.40	5954.62
Employee Separation and Retirement	179.47	263.32
Provision for Doubtful Advances	111.76	114.37
Disallowance u/s.43B of Income-tax Act, 1961	594.59	253.66
Other Provision / Misc. items	-1671.88	-1474.72
Sub-Total	4724.48	9354.76
NET DEFERRED TAX LIABILITY	3067.24	580.62

- 18.3 Prior period adjustments: Net Rs.(-)1.05 lakh (Previous Year Rs.1667.38 lakh) has been provided for prior period adjustments. The adjustments include withdrawal of excess provision and adjustment of Deferred Tax Assets relating to Assessment Year 2007-08 for Rs.197.64 lakh (Cr.) and Rs.100.12 lakh (Cr.) respectively. Another adjustment of Rs.296.71 lakh (Dr.) has been made for rectification of the earlier claims

for Depreciation allowance for the purpose of submission of Income Tax Return.

- 18.4 Deferred Tax Liability of Rs.3067.24 lakh is net of Prior Period Adjustments for Deferred Tax Assets for Rs.604.74 lakh which comprises of Rs.504.62 lakh created on Provision for Other Employee Benefits for earlier years and Rs.100.12 lakh as a corresponding adjustment as stated in 18.2 as above.

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 The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been furnished.
- 19.4 As per section 441A of the Companies Act, 1956, cess on turnover is leviable. Government of India has not yet framed any rules/guidelines in this regard and hence no amount has been provided and/or paid.
- 19.5 During the year the Company has approved a proposal for reimbursement of Service Tax to contractors where rates quoted by them did not contain the element of Service Tax for the works executed between 16.8.2002

to 26.6.2006. These works were related to wagon loading, tipper loading and overburden removal. As per the terms and conditions the rates were inclusive of all taxes and duties. The Board also directed that the modalities of payments/reimbursements be worked out in consultation with Central Excise authorities so as to ensure that if any refund /remission of Service Tax, which becomes due in future, is passed on to the Company. The Board also directed that before making payment/reimbursement of Service Tax, an affidavit be obtained to the effect that the rates quoted by them for executing the outsourced activities of overburden removal and wagon loading did not contain the element of Service Tax. No claim has been received from the contractors with affidavit so far.

19.6 To maintain the uniformity, some of the reported figures of Area/Branch are re-arranged wherever necessary for better comparability and presentation.

19.7 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

	(Rs. In Lakh)	
	Current Year	Previous Year
Salary	26.93	21.71
P.F.	3.01	3.33
Perquisites	1.75	14.57
Total	31.69	39.61

Note:

- ii. Perquisites do not include value/charges for house rent/electrical energy, which has been recovered as per rules of the Company and value of free medical facilities in Company hospitals/dispensary.

- ii. The Chairman-cum-Managing Director and full time Directors have the option to use the staff car for purposes other than official duty up to a ceiling of 750 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

- (a) Licensed Capacity - Not applicable
 (b) Installed Capacity - Not applicable
 (c) Actual production during the year - 880.11 lakh tonne

C. Imports

		(Rs. In Lakh)	
C.I.F. value of imports		Current Year	Previous Year
(i)	Raw Materials	NIL	NIL
(ii)	Components & Spare Parts	126.03	144.91
(iii)	Capital Goods	88.65	140.15

D. Expenditure in Foreign Currency

		(Rs. In Lakh)	
		Current Year	Previous Year
(i)	Travelling	5.86	6.13
(ii)	Commitment charges	0.00	0.00
(iii)	Interest	553.86	655.97
(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 (Rs. in lakh)	Percentage
Imported	0.00	0.00	5.88	0.02
Indigenous	38508.54	100.00	37672.47	99.98

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.)
OPENING STOCK:				
(a) Revenue Mines	79.74	17286.48	43.99	9750.85
(b) Development mines	0.00	0.00	0.00	0.00
Total	79.74	17286.48	43.99	9750.85
PRODUCTION				
(a) Revenue mines	878.61	414851.19	800.01	378866.07
(b) Development mines	1.50	276.99	0.00	0.00
Total	880.11	415128.18	800.01	378866.07
Write off of stock at				
Paradip Port (Revenue)	0.00	0.00	0.0005	0.07
SALES				
(a) Revenue mines	836.26	405760.74	764.21	371274.64

(b) Development mines	0.00	0.00	0.00	0.00
Total	836.26	405760.74	764.21	371274.64
Own consumption (Revenue)	0.05	54.00	0.05	55.73
CLOSING STOCK				
(a) Revenue mines	122.04	26322.93	79.74	17286.48
(b) Development mines	1.50	276.99	0.00	0.00
Total	123.54	26599.92	79.74	17286.48

NOTE:

- (i) Opening and Closing stock values are before adjustment of provision for shortage, deterioration and re-handling charges (refer to Schedule H).
- (ii) Production values are derived from the records of despatches, 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.

Sd/-
S.C. Behera
Company Secretary

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

Sd/-
B. Mahapatra
Director (Finance)

Sd/-
S. R. Upadhyay
Chairman-Cum-Managing Director

Place : New Delhi
Date : June 27, 2008

As per our report of even date
For & on behalf of ABP & Associates
Chartered Accountants
Sd/-
CA. Bimal K. Chanduka
Partner
(Membership No. 053714)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registered No. : 15 - 03038 State Code : 15
Balance Sheet Date : 31.03.2008

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	: 487467.88	Total Assets	: 487467.88
Source of Funds	:		
Paid-up Capital	: 18640.09	Reserve & Surplus	: 450031.52
Secured Loans	: Nil	Unsecured Loans	: 15729.03
Deferred Tax Liability	: 3067.24		
Application of Funds	:		
Net Fixed Assets	: 160918.07	Investments	: 18161.60
Net Current Assets	: 308388.21	Misc. Expenditure	: Nil
Accumulated Losses	: Nil		

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

Turnover (Total Income)	: 520250.68	Total Expenditure (incl PP Adjustment)	: 269771.39
Profit / (Loss) before Tax	: 250479.29	Profit / (Loss) after Tax	: 164304.34
Earning Per Share (Rs.)	: 8814.57	Dividend Rate % (Excl. Tax on Dividend)	: 536.48

V. GENERIC NAMES OF PRINCIPAL PRODUCT OF COMPANY

Item Code No. : 270112
Product Description : COAL

Sd/-
S.C. Behera
Company Secretary

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

Sd/-
B. Mahapatra
Director (Finance)

Sd/-
S. R. Upadhyay
Chairman-Cum-Managing Director

Place : New Delhi
Date : 27.06.2008

As per our report of even date
For & on behalf of ABP & Associates
Chartered Accountants
Sd/-
CA. Bimal K. Chanduka
Partner
(Membership No. 053714)

CASH FLOW STATEMENT FOR THE YEAR 2007-08

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	250479.29	208139.15
Adjustment for :		
Depreciation & Impairment	13552.24	11383.38
Exchange rate fluctuation	17.79	-70.81
OBR Adjustment	52216.92	30883.40
Interest / Dividend (Received)	-37288.83	-26692.64
Interest/Dividend (Paid)	966.31	1064.45
Provision against Debtors/Inventories/Other CA/Loans&Adv.	-1407.67	427.07
Adj. for Opening Deferred Tax Assets	-604.72	—
Deferred Tax Liability	2486.62	1477.24
Operating Profit before Working Capital Changes	280417.95	226611.34
Adjustments for :		
Changes in Investments		0.00
Changes in Inventories	-9353.56	-7419.79
Changes in Sundry Debtors	-3336.85	-1588.96
Changes in other current assets	-19621.53	-2547.48
Changes in Loans and Advances	-12017.97	-3171.99
Prior Period employee benefits net of Def. Tax Assets	-978.48	0.00
Changes in Current Liabilities	17684.98	-1969.84
Cash generated from operations	252794.54	209913.18
Direct taxes paid	-91246.36	-87345.05
Deferred Tax Liabilities	-2486.62	-1477.24
Cash Flow before extraordinary items	159061.56	121090.89
Extraordinary items	0.00	0.00
Net Cash from operating activities	159061.56	121090.89
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Other than P&B, Dev.)	-16277.26	-20814.34
Purchase of Fixed Assets (P&B, Dev.)	-1714.50	-1180.40
Short Term Deposit with CIL	-5499.66	-16343.06
Miscellaneous receipts	—	—
Acquisition of Copmanies	—	—
Change in Investments	12827.20	3443.20
Interest received	37288.83	26692.64
Dividend received	0.00	0.00
Net Cash used in investing activities	26624.61	-8201.96
C. CASH FLOW FROM FINANCING ACTIVITIES		
World Bank Loan through CIL	-1295.11	-1619.81
Deferred Credit Loan	18.07	-45.44
Exchange Rate Fluctuation	3.95	-247.56
Repayment of CIL Loan	—	—
Redemption of preference share capital	0.00	0.00
Interest and financial charges	-966.31	-1064.45
Dividend paid	-80050.00	-56900.00
Net Cash used in financing activities	-82289.40	-59877.26
Net increase in cash and cash equivalents	103396.77	53011.67
Cash and cash equivalents as at beginning of the year	242767.01	189755.34
Cash and cash equivalents as at end of the year	346163.78	242767.01

The aforesaid statement is prepared on indirect method

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

Sd/-
S.C. Behera
Company Secretary

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

Sd/-
B. Mahapatra
Director (Finance)

Sd/-
S. R. Upadhyay
Chairman-Cum-Managing Director

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

Sd/-
CA. Bimal K. Chanduka
Partner
(Membership No. 053714)

Place : New Delhi
Date : June 27, 2008