



Office
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Annual report & accounts



2008 - 2009

Mahanadi Coalfields Limited

INDIA

MINING LINES

INDIA LIMITED

largest
g company
world

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Board of Directors

(As on 21.07.2009)



Shri S. R. Upadhyay



Dr. A. K. Sarkar



Shri Sharad Ghodke



Shri Brij Kishore



Shri Abdul Kalam



Shri N. R. Mohanty



Shri B. Mohapatra



Shri A. K. Singh



Shri A. K. Tiwari



Shri S. C. Padhy

PERMANENT INVITEE



Shri R. N. Bartarya

PRESENT MANAGEMENT

(As on 21.07.2009)

CHAIRMAN-CUM-MANAGING DIRECTOR	:	Shri S. R. Upadhyay
FUNCTIONAL DIRECTORS	:	Shri B. Mohapatra, Director (Finance) Shri A. K. Singh, Director (Tech/P&P) Shri A. K. Tiwari, Director (Tech/Op) Shri S. C. Padhy Director (Personnel)
PART-TIME DIRECTORS	:	Dr. A. K. Sarkar Director (Marketing), CIL, Kolkata Shri Sharad Ku. Ghodke Director, Ministry of Coal, New Delhi.
NON-OFFICIAL PART TIME DIRECTORS	:	Shri Brij Kishore Shri Abdul Kalam Shri N. R. Mohanty
PERMANENT INVITEE	:	Shri R. N. Bartarya COM, East Coast Railway Bhubaneswar
COMPANY SECRETARY	:	Shri S.C. Behera

MANAGEMENT DURING 2008-2009

CHAIRMAN -CUM-MANAGING DIRECTOR	:	Shri S.R. Upadhyay
FUNCTIONAL DIRECTORS	:	Shri G.D. Gulab Director (Personnel) (upto 28.2.2009) Shri V.K. Jain Director (Technical) (upto 30.9.2008) Shri B. Mohapatra Director (Finance) Shri A.K. Singh Director (Tech/P&P) (w.e.f. 11.9.2008) Shri A.K. Tiwari Director (Tech/Op.) (w.e.f . 1.10.2008) Shri S.C. Padhy Director (Personnel) (w.e.f. 1.3.2009)
PART-TIME DIRECTORS	:	Shri Rajiv Sharma Additional Secretary, Ministry of Coal, New Delhi (upto 23.12.2008) Shri K. Ranganath Director(Marketing), CIL, Kolkata. (upto 27.06.2008) Shri Sharad Ku. Ghodke Director, Ministry of Coal, New Delhi. (w.e.f. 23.12.2008)
NON-OFFICIAL PART-TIME DIRECTORS	:	Shri Abdul Kalam Shri N.R. Mohanty Shri Brij Kishore
COMPANY SECRETARY	:	Shri S.C. Behera

Bankers

State Bank of India
UCO Bank
Canara Bank
Punjab National Bank
United Bank of India
Indian Overseas Bank
Union Bank of India
Bank of India
ICICI Bank
Andhra Bank
Bank of Baroda
AXIS Bank

Statutory Auditors

M/s ABP & Associates
Chartered Accountants,
Bhubaneswar.

Branch Auditors

M/s Agasti & Associates
Chartered Accountants,
Bhubaneswar.

Registered Office

At/Po. Jagruti Vihar, Burla,
Sambalpur- 768 020, Orissa

NOTICE

SEVENTEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the 17th Annual General Meeting of Mahanadi Coalfields Limited will be held at 11.00 AM on Tuesday the 21st July, 2009 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, 2009, Report of the Auditors thereon and Directors' Report.
2. To declare Dividend.
3. To appoint a Director in place of Shri Sharad Ku. Ghodke, Director, who retires in terms of Article 34 e (iii) of the Articles of Association of the Company and is eligible for re-appointment.
4. To appoint a Director in place of Shri A.K. Sarkar, Director, who retires in terms of Article 34e(iii) of the Articles of Association of the Company and is eligible for re-appointment.
5. To sanction remuneration, as decided by the Board, payable to M/s AB P & Associates, Chartered Accountants, Bhubaneswar, the Principal Auditor and M/s Agasti & Associates, Chartered Accountants, Bhubaneswar, the Branch Auditor who were appointed by the C&AG of India for the Financial Year, 2008-2009.

"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 ABP & Associates, Chartered Accountants, Bhubaneswar, the Principal Auditor and M/s Agasti & Associates, Chartered Accountants, Bhubaneswar, the Branch Auditor in connection with the audit of accounts of the Company for the financial year 2008-2009."

By order of the Board of Directors
For Mahanadi Coalfields Limited
Sd/-
(S.C. Behera)

REGISTERED OFFICE :

Jagruti Vihar, Burla, Sambalpur – 768 020

NOTE:

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

DIRECTORS' REPORT

To
The Shareholders,
Mahanadi Coalfields Limited,
Gentlemen,

I have great pleasure in presenting on behalf of the Board of Directors, the 17th Annual Report of your Company together with the audited Accounts for the year ended 31st March, 2009 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 9(Nine) 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

3. HIGHLIGHTS OF PERFORMANCE

- The Company achieved all time high Gross Sales value of Rs. 6487.55 crore against the previous year's Gross Sales of Rs. 5291.07 crore, registering a growth of 22.61% over previous year. There is continuous improvement in realisation. The realisation during the year is Rs. 6627.05

crore which is 102.15% of the current year's gross sales.

- The Company achieved a record production in the current year. The coal production during the year is 96.34 Million Tonne (MT) registering a growth of 9.46% over the previous year.
- The productivity in terms of output per manshift(OMS) has decreased by 2.20% and increased by 5.93% in respect of Opencast Mines and Underground Mines respectively. The overall OMS of the current year is 16.59 tonne as compared to 16.19 tonne in previous year indicating a growth of 2.47%.
- The Profit Before Tax (PBT) during the year is Rs.2600.91 crore against previous year's PBT of Rs. 2504.79 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. 540.00 crore has been proposed as final dividend on paid up Equity Share Capital.

4. PRODUCTION PERFORMANCE

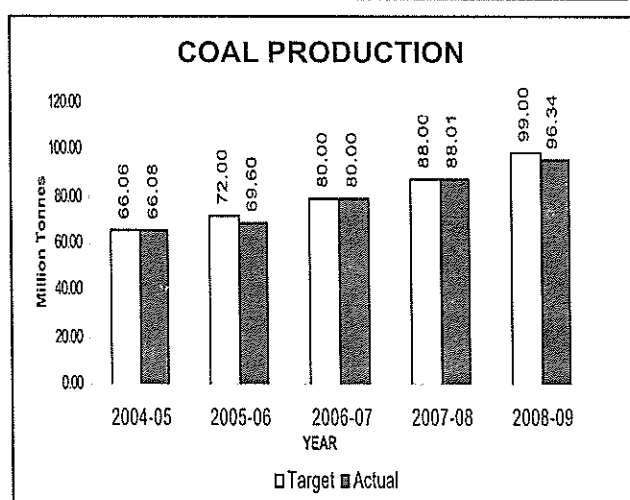
- (I) Production performance of MCL for the financial year 2008-09 as compared to the target and achievement of the previous year is given below:

Production	2008-2009		2007-2008 Actual	% Achie- vement against target	% Growth over previous year
	Target AAP	Actual			
(i) Coal (MTe)					
Open-cast	96.11	94.19	85.89	98.0	9.7
Underground	2.89	2.15	2.12	74.4	1.4
Total (OC+UG)	99.00	96.34	88.01	97.3	9.5
(ii) OBR(MM³)					
	70.00	51.84	54.56	74.1	-5.0

(II) Production performance of MCL for last five years(incl. 2008-09) is appended below :

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

Financial Year	Target	Achievement	Growth over last Year		%age Achievement against Target
			Absolute	%age	
2004-05	66.06	66.08			100.0
2005-06	72.00	69.60	3.52	5.3	96.7
2006-07	80.00	80.00	10.40	14.9	100.0
2007-08	88.00	88.01	8.01	10.0	100.0
2008-09	99.00	96.34	8.32	9.5	97.3



Coal production has a steady positive growth over last five years . In 2008-09 , the coal prodn. is 96.34 MTe and the growth is 9.5%(positive) over 07-08 and Achievement is 97.3 % against the Target.

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

Financial Year	Production	Growth over last Year		%age share of coal Production by S. Miner
		Absolute	%age	
2004-05	29.33			44.4
2005-06	31.90	2.57	8.7	45.8
2006-07	37.13	5.23	16.4	46.4
2007-08	41.61	4.48	12.1	47.3
2008-09	44.20	2.59	6.2	45.9

Coal production by surface miner has positive growth over the respective preceding years. In 2008-09 the production is 44.20 MTe (45.9% share of total coal prodn) and has growth of + 6.2% over 07-08.

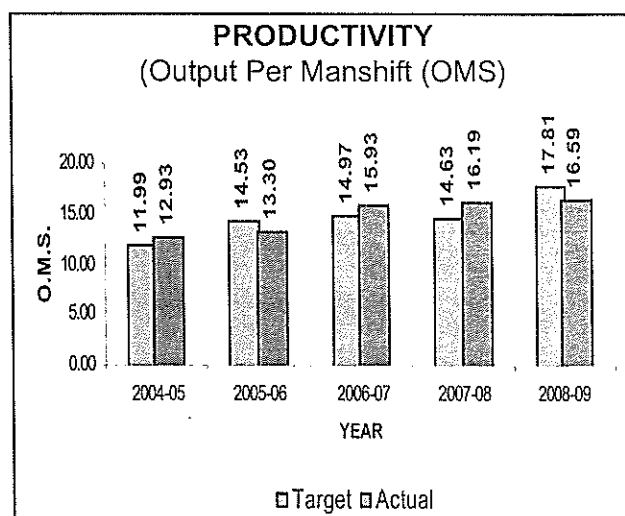
(iii) OB Removal of MCL(Figs. in MM³)

Financial Year	Target	Achievement	Growth over last Year		%age Achievement against Target
			Absolute	%age	
2004-05	63.00	49.81			79.1
2005-06	55.00	51.42	1.61	3.2	93.5
2006-07	60.00	55.47	4.05	7.9	92.4
2007-08	66.00	54.56	-0.91	-1.6	82.7
2008-09	70.00	51.84	-2.71	-4.97	74.1

OB removal has positive growth in 2005-06 and 06-07 but has registered -ve growth in 07-08 and 08-09 over the respective preceding years. In 2008-09, OB removal is 51.84 MM³ and has 4.97(negative) growth over 07-08 and achievement is 74.1% against the Target.

5. PRODUCTIVITY

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



Productivity	Fig.in Tonne/Manshift				
	2008-2009 Target AAP	Actual	2007-2008 Actual	% Achie- vement against target	% Growth over previous year
Opencast	25.24	23.05	23.57	91.32	(-) 2.20
Underground	1.72	1.25	1.18	72.67	5.93
Overall	17.81	16.59	16.19	93.14	2.47

(b) The Utilization of Shovel, Dumper, Dozer and Drill have increased in comparison to the year 2007-08.

IV. Steps taken to improve the availability and utilization:

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		
		31.3.09	31.3.08	April'07 to March'09	April'06 to March'08	CMPDIL Norm	April'07 to March'09	April'06 to March'08	CMPDIL Norm
		Actual (%)	Actual (%)	Actual (%)	Actual (%)	(%)	Actual (%)	Actual (%)	(%)
1	Dragline	5	6	78	85	85	59	68	73
2	Shovel	42	59	78	78	80	48	45	58
3	Dumper	312	368	71	72	67	30	29	50
4	Dozer	103	103	67	66	70	31	29	45
5	Drill	71	89	76	77	78	37	36	40
Total		533	625						

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 and unreliable HEMM are being replaced with new equipments. For safety point of view, the new dumpers and water sprinklers which are being procured are having disc brakes.

3. Daily production from HEMM and their working hours are being closely monitored at Headquarters level.

4. Incentive scheme has been introduced for higher productivity.

5. Land acquisition, law and order problems are being taken up at various forum by MCL management.

6. Judicious management of spares in consultation with OEMs.

7. Improvement in infrastructure facility :

II. Working hours achieved :

Sl. No.	Equipment	Work Hour	
		2008-09	2007-2008
1	Dragline	27539	30777
2	Shovel	218733	224660
3	Dumper	710712	762061
4	Dozer	224407	212366
5	Drill	135269	132181
Total		1316660	1362045

(a) Projects are being provided with auxiliary equipments like graders, tyre handlers, wheel mounted cranes, diesel bowlers, mobile service vans, washing and greasing facilities, hydraulic and pneumatic tools for overall improvement and maintenance practices.

(b) Central Workshops have been geared up to meet the emergency requirement of projects.

III. (a) The Availability of Dozer has increased during the year 2008-09 compared to the year 2007-08.

V. Breakdown status of HEMM

Equipment	Population		Breakdown > 3 months	
	As on 31.3.09	As on 31.3.08	As on 31.03.09	As on 31.03.08
Dragline	5	6	0	0
Shovel	42	59	01	0
Dumper	312	368	35	36
Dozer	103	103	12	13
Drill	71	89	11	16
TOTAL	533	625	59	65

VI. Equipment Rehabilitated at Central Workshops:

Area	2008-09	2007-2008
CWS-Talcher	06	11
CWS-Ib Valley	01	03
TOTAL	07	14

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		% Growth over Last Year
		(based on 1st April of the year) 2008-2009	2007-2008	
1	Departmental Capacity(M.cum)	59.79	60.06	-0.45%
2	System Capacity(M.cum)	128.14	115.02	11.41%
3	Departmental Production (M.cum)	52.34	55.63	-5.91%
4	Total Production (M.cum.)	108.63	106.84	1.68%
5	Departmental Capacity Utilization	88%	93%	
6	System Capacity Utilization	86%	93%	

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 1.35 MVA (Contract Demand has been enhanced to 1.35 MVA from earlier 1.00 MVA from October'2008). 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	2008-09	2007-08
Contract Demand (MVA)**	52.83	52.65
Maximum Demand (MVA) (Highest in a month during FY)	53.82	53.56
Energy Consumed (Million KWh)	299.53	293.64
Specific Energy Consumed (KWh/Tonne)		
Target	3.70	3.70
Actual	3.11	3.34
Energy Bill Paid (Rs. in Crore)	94.91	93.17

** Contract Demand of Basundhara Area has been enhanced to 1.35 MVA from Oct'08 thereby enhancing Contract Demand of MCL to 53.00 MVA from Oct'08 onwards.

9. POPULATION OF MAJOR UNDERGROUND EQUIPMENT

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

Sl. No.	Name of the equipment	No. on Roll		2008-09		2007-08	
		08-09	07-08	% Avail.	% Util.	% Avail.	% Util.
1	Winder	6	6	83.33	74.39	83.33	88.25
2	Haulage (Main)	40	40	96.04	74.39	96.46	88.25
3	SDL*	22	23	78.34	45.84	73.18	43.00
4	LHD*	40	40	49.09	32.72	68.43	39.26
5	Main Pump	65	65	97.82	74.39	95.51	88.25
6	Vent. Fan	14	14	100.00	74.39	100.00	88.25
7	Belt Conv.	60	60	93.33	74.39	93.33	88.25
8	Transformer (Power)	94	94	92.55	74.39	92.55	88.25
9	Locomotive	6	6	66.67	74.39	66.67	88.25
10	Coal Drill	97	97	91.32	74.39	91.49	88.25
11	Mine Car	98	98	68.88	74.39	76.53	88.25

For the Year 2008-09

Actual UG Prodn.	-	21.499 Lac Tonne
Target UG Prodn.	-	28.900 Lac Tonne

For the Year 2007-08

Actual UG Prodn.	-	21.179 Lac Tonne
Target UG Prodn.	-	24.000 Lac Tonne

$$\% \text{ Availability} = \frac{\text{Equipment available}}{\text{Equipment on Roll}} \times 100$$

$$\% \text{ Utilisation} = \frac{\text{Actual Production}}{\text{Target Production}} \times 100$$

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

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

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

27.495 MT of Crushed Coal were despatched through CHP during the year against 32.347 MT of Crushed Coal compared to previous year. 44.203 MT of Crushed Coal was produced using "Surface Miner" during the year.

	2008-09		2007-08	
	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	27.495	40.50	32.347
% Utilisation of Crushing Capacity of Plant		67.89		79.87

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 and 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)	56	51
3.	Rail Weighbridges (Electronic)	32	32
4.	% Weighment during the year (By Rail)	95.24	97.10
5.	% Weighment during the year (Overall Weighment)	97.17	98.21

The percentage of overall weighment of coal despatched to consumers achieved during the year is 97.17 % against 98.21 % compared to previous year whereas total rail despatch weighment achieved during the year is 95.24 % against 97.10 % compared to previous year.

10. CAPITAL STRUCTURE

The Authorised Share Capital of the Company as on 31.3.2009 continued at Rs.500.00 crore, divided into 2958200 Equity Shares of Rs.1000/- each and 2041800 Ten Percent Cumulative Redeemable Preference Shares of Rs.1000/- each.

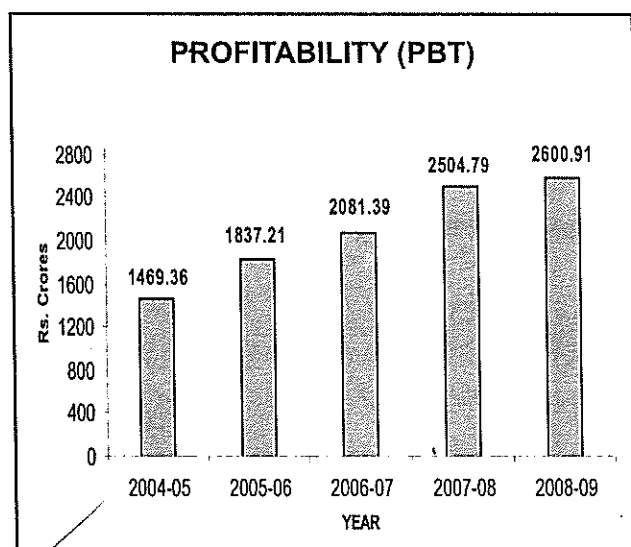
The paid up Equity Share Capital of the Company as on 31.3.2009 stand unchanged at Rs. 186.40 crore. The entire Equity Share Capital are held by Coal India Limited (CIL) and its nominees.

11. FINANCIAL REVIEW

The Company has recorded the highest ever gross Sales Value of Rs. 6487.55 crore against Rs. 5291.07 crore of the previous year. The Profit before Tax (PBT) has also gone up to Rs.2600.91 crore from Rs. 2504.79 crore in the previous year. Profit after Tax (PAT) for the year is Rs.1718.03 crore. The financial results of 2008-09 as compared to 2007-08 are summarised below :

{Rs. in Crore}

	2008-09	2007-08
Gross Profit (Before Depreciation and Interest)	2788.10	2664.20
Less: Depreciation (Incl. Social Over head depreciation)	175.54	149.75
Interest and Financial Charges	11.65	9.66
Net Profit before Tax	2600.91	2504.79
Less : Provision for Income Tax and deferred tax liability	882.88	861.75
Net Profit after Tax	1718.03	1643.04
Less : Transfer to General Reserve	175.00	165.40
Interim Dividend on Equity Shares	500.00	500.00
Proposed Dividend on Equity Shares	540.00	500.00
Tax on Dividend	176.75	169.95
Profit after above appropriation	326.28	307.69



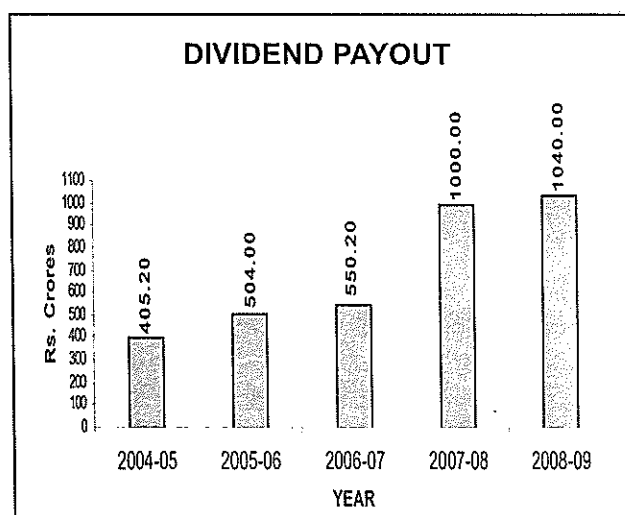
11.1 Transfer to Reserve

An amount of Rs.175.00 crore being 10.18% of Profit after Tax for the year has been transferred to General Reserve.

11.2 Dividend

The Directors are pleased to recommend dividend of 557.94% (previous year 536.48%) of the paid up Equity Share Capital for the year amounting to Rs. 1040.00 crore (inclusive of interim dividend of Rs.500.00 crore) for your approval.

The total outflow on account of dividend would be Rs.1216.75 crore comprising Rs.1040.00 crore as dividend and Rs.176.75 crore towards tax on dividend.



11.3 Unsecured Loans

The amount due to Coal India Ltd. (CIL) as on 31.03.2009 stands at Rs. 183.97 crore out of which loan of Rs.172.86 crore pertain to IBRD and JEXIM.

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

12. INVESTMENT

12.1 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. 22.70 crore (Previous year

Rs. 128.27 crore) has been redeemed resulting in the balance of Rs. 158.91 crore as on 31.3.2009.

12.2 Investments in Equity Shares of MNH Shakti Ltd. and MJSJ Coal Ltd. are Rs.0.7 crore and Rs.0.06 crore respectively.

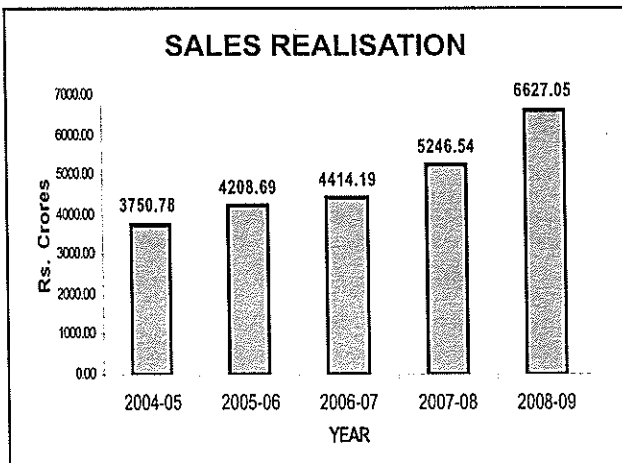
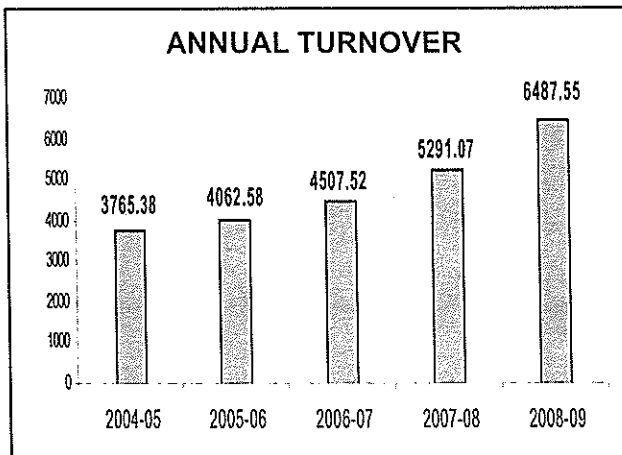
13. CAPITAL EXPENDITURE

Total Capital Expenditure during the year was Rs. 336.89 crore against previous year's expenditure of Rs. 276.16 crore.

14. SALES REALISATION

Gross sales of MCL during 2008-09 was Rs. 6487.55 Crore against Rs. 5291.07 Crore in 2007-08.

Total realization during 2008-09 was Rs. 6627.05 crore which works out to be 102.15 % on current year's gross sales.



15. PAYMENT TO EXCHEQUER

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

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

	[Rs. in Crore]	
	2008-09	2007-08
Royalty	762.14	624.51
Sales Tax/Orissa VAT	212.76	186.85
Stowing Excise Duty	88.02	81.12
Entry Tax	26.80	26.59
TOTAL	1089.72	919.07

16. PROJECTS FORMULATION/CAPITAL PROJECTS

16.1 Planning

One project, namely, Lajkura OC Expansion (normative capacity 2.50 Mty, 1.50 Mty incremental) (peak capacity 3.00 Mty) is scheduled to be approved during the year 2009-10. Another project, namely, Jagannath Extension (6.00 Mty) is scheduled to be formulated during the year. Approval of Garjanbahal OCP (10.00 Mty) is temporarily stalled for forestry clearance.

16.2 Research and development:

There is no such project currently under implementation in MCL.

16.3 Project Formulation:

There are four nos. of projects, namely, Ananta OC Expn. Ph.-III (3.00 Mty Incr.), Lakhanpur OC Expn. Ph.-II (5.00 Mty Incr.), Hingula-II OC Expn. Ph.-III (7.00 Mty Incr.) and Basundhara (West) OC Expn. (4.60 Mty Incr.) have been formulated and approved during 2008-09. Another project, namely, Lajkura OC Expn. (1.50 Mty Incr.) has been formulated and will be put up to the next MCL Board meeting for approval. Approval of Garjanbahal OCP (10.00 Mty) has been temporarily stalled for delay in getting forestry clearance.

16.4 Capital Projects:

There are 45 sanctioned mining projects in MCL. The ultimate production capacity of these sanctioned projects is 190.83 Mty. with a sanctioned capital outlay of Rs.6076.78 Crores, out of which 28 have been completed with a capacity of 73.98 Mty and sanctioned capital outlay of Rs.2348.61 Crores. Out of the 28 completed projects, 2 have been exhausted (Balanda OCP and Basundhara-East OCP).

16.5 Completed Projects: 28 Nos.

Sl. No.	Name of the Project	Capacity (Mty)	Capital Outlay (Rs. Crores)	Completed in
1.	Ananta O/C	4.00	156.49	03/95
2.	Ananta O/C Expn.	1.50	46.99	03/97
3.	Balanda O/C	1.00	36.87	03/84
4.	Basundhara East O/C	0.60	19.69	03/98
5.	Belpahar O/C	2.00	131.31 (RCE)	03/94
6.	Bharatpur O/C	3.50	158.97 (RCE)	03/91
7.	Bharatpur O/C Expansion	1.50	48.02	03/98
8.	Jagannath O/C	4.00	66.71	03/91
9.	Lajkura O/C	1.00	38.98 (RCE)	03/91
10.	Lilari O/C	0.80	19.78	03/92
11.	Lingaraj O/C	5.00	229.84	03/98
12.	Nandira U/G (Augmentation)	0.33	17.95	03/95
13.	Samaleswari O/C	3.00	126.85	03/96
14.	Kalinga OCP	8.00	345.96	03/00
15.	Lakhanpur OCP	5.00	221.51	03/00
16.	Hingula-II OCP	2.00	48.57	03/02
17.	Chhendipada OCP	0.35	19.75	03/07
18.	Lingaraj OC Expn.	5.00	98.89	03/07
19.	Basundhara (West) OCP	2.40	176.55	03/07
20.	Belpahar OC Expn.	1.50	35.47	03/07
21.	Samleswari OC Expn. Ph-I	1.00	28.69	03/07
22.	Samleswari OC Expn. Ph-II	1.00	13.38	03/07
23.	Ananta OC Expn. Ph-II	6.50	35.88	03/07
24.	Jagannath OC Expn. Ph.-II	2.00	4.95	03/08
25.	Lingaraj OC Expn. Ph.-II	3.00	2.18	03/08
Projects completed on 31/ 03/2009				
26.	Hingula-II OC Expn.	2.00	89.78	03/09
27.	Hingula-II OC Expn. Ph.-II	4.00	35.67	03/09
28.	Samaleswari OC Expn. Ph.-III	2.00	87.95	03/09
SUB TOTAL		8.00	213.40	
TOTAL		73.98	2348.61	

16.6 On going Projects as on 01.04.2009:

There are 17 on-going projects with a capital outlay of Rs.3728.17 crs. with an ultimate capacity of 116.85 Mty.

Sl. No.	Name of Projects	Capacity in Mty.	Capital in Rs. Crores	Scheduled date of completion	Anticipated date of completion
1.	Talcher (W) U/G	0.52	85.08	03/10	03/12
2.	Natraj U/G	0.64	92.11	03/08	03/12
3.	Jagannath U/G	0.67	80.75	03/10	03/12
4.	Bharatpur OC Expn., Ph-II	6.00	95.87	03/11	03/11
5.	Lakhanpur Expn.	5.00	98.74	03/10	03/10
6.	Kulda OCP	10.00	302.96	03/12	03/12
7.	Bhubaneswari OCP	20.00	490.10	03/16	03/16
8.	Kaniha OCP	10.00	457.77	03/13	03/13
9.	Bharatpur OC Expn.Ph-III	9.00	131.39	03/10	03/10
10.	Balram OC * Extension	0.00	172.08	03/10	03/10
11.	HBI UG (Augmentation)	0.42	27.86	03/10	03/10
12.	Gopalprasad OCP #	15.00	395.87	03/15	03/15
13.	Talabira OCP #	20.00	447.72	03/16	03/16
Sub Total		97.25	2878.30		

Projects approved during 2008-09 and under implementation

14.	Ananta OC Expn. Ph-III	3.00	207.28	03/12	03/12
15.	Lakhanpur OC Expn. Ph-II	5.00	116.54	03/11	03/11
16.	Hingula-II OC Expn. Ph-III	7.00	479.53	03/13	03/13
17.	Basundhara (West) Expn.	4.60	46.52	03/11	03/11
Sub Total		19.60	849.87		
Total		116.85	3728.17		

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

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

16.7 Advance Action Proposals

Advance Action Proposals have been sanctioned for the following 2 projects and are under implementation.

Sl. No.	Projects	Capacity (Mty.)	Estimated Capital Outlay (Rs. Crs.)	Advance Action Capital approved by GOI (Rs. Crs.)
1.	Garjanbahal OCP	10.00	291.95 (April '06) (Coal and OB outsourcing Var.)	17.39
2.	Kaniha-II OCP	10.00	732.13 (Sept'06) (Coal contractual var.)	19.03
Total		20.00	1024.08	36.42

16.8 The following Project Reports have been prepared and approved during 2008-09

Sl. No.	Name of the Project	Capacity (Mty.)	Sanctioned Capital (Rs. Crs.)	Remarks
1.	Ananta OC Expn. Ph.-III	3.00 (Incr.)	207.28 (Incr.)	The PR has been approved by MCL Board in its 99th meeting held on 31.08.08 and it is under implementation.
2.	Lakhanpur OC Expn. Ph-II	5.00 (Incr.)	116.54 (Incr.)	The PR has been approved by MCL Board in its 100th meeting held on 27.09.08 and it is under implementation.
3.	Hingula-II OC Expn. Ph.-II	5.00 (Incr.)	479.53 (Incr.)	The PR has been approved by MCL Board in its 101st meeting held on 08.11.08 and it is under implementation.
4.	Basundhara (West) OC Expn.	4.60 (Incr.)	46.52 (Incr.)	The PR has been approved by MCL Board in its 105th meeting held on 04.03.09 and it is under implementation.

✓ 16.9 Non-Mining Projects:

Following are the 30 sanctioned non-mining projects with a total capital outlay of Rs.1437.4961 Crores, out of which 16 have been completed. Details are as follows :-

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

There are 16 completed non-mining projects in MCL

Sl. No.	Name of the Project	Date of approval	Sanctioned Capital (Rs. Crs.)	Completed in
1.	Central Workshop, Ib-Valley	11.8.89	13.32	01/96
2.	Power supply scheme Phase-I, Ib-Valley	22.8.91	33.35	06/97
3.	Regional Stores, Ib Valley	26.11.85	3.33	03/92
4.	Training (Excv.) Institute, Ib-Valley	13.7.89	5.25	10/93
5.	Water Supply scheme, Ib-Valley	19.7.91	4.83	02/96
6.	Central Hospital, Talcher	8.5.87	14.28	03/94
7.	Central Workshop, Talcher	25.3.89	17.83	12/95
8.	Integrated Telecommunication System, Talcher	26.4.91	2.90	03/98
9.	Integrated Telecommunication System, Ib-Valley	26.4.91	2.37	03/96
10.	Power supply scheme, Talcher, Phase-I	25.3.89	19.98	09/94
11.	Water supply scheme at Talcher, Phase-I	11.1.83	5.83	12/95
12.	Integrated Water Supply Scheme Phase-II for Talcher Coalfield	06.05.91	7.88	09/03
13.	Augmentation of Central Workshop, Talcher	22.03.00	21.37 (Incremental)	03/04
14.	Augmentation of Central Workshop, Ib Valley	22.03.00	10.66 (Incremental)	03/04
15.	Construction of Railway line linking Kalinga CPP to existing Jagannath Spur 3&4	13.11.98	11.18	03/06
16.	Construction of balance railway line work of Bharatpur CPP yard, South Balanda connection and remodelling of South Balanda yard.	13.11.98	13.81	06/06
TOTAL			188.17	

✓ B. Major Ongoing non-mining projects of M.C.L.

Following are the 14 on-going non-mining projects with a total capital outlay of Rs. 1249.3261 Crores. Brief details of the same are as under :

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Sl. No.	Name of the Project	No. of Projects	Capital Outlay (Rs. Crs.)
1.	Sand Winning from Ib river of Ib valley Coalfield	1	5.35
2.	Arterial Road for Ib valley and Talcher Coalfields	2	37.70 (17.80 + 19.90)
3.	Improvement and Strengthening of Balinga-Himgir-Belpahar Road for Basundhara Area	1	42.32
4.	Mining-cum-Excavation Training Institute at Talcher Coalfields	1	5.25
5.	Environmental Laboratories at Ib valley and Talcher Coalfields	2	3.87 (1.82 + 2.05)
6.	Widening and Strengthening of Road from Sundergarh to Dudka Chowk of Basundhara Area	1	31.33
7.	Coal Transportation and Silo Loading arrangement at NTPC bulb, Lingaraj OCP.	1	119.50
8.	SILo loading arrangement at Ananta spur siding V and VI	1	142.53
9.	Rail Infrastructure project, Gopalpur Tract	1	469.6808
10.	Railway Siding work from Angul Station to Kalinga CPP	1	29.998
11.	Techno-Economic-Feasibility Report for Basundhara Washery (10.00 Mty) on B-O-M (Built-Operated-Maintained) basis	1	165.7973
12.	Strengthening/ widening of coal transportation road in Talcher Coalfield	1	196.00
TOTAL		14	1249.3261

16.10 Foreign Collaboration : Nil

16.11 Modernisation and Technology Absorption

- (i) Higher capacity HEMMs like 10 cum and 20 cum shovels, 100T and 170T dumpers, 770 HP dozers etc have been envisaged to be introduced in the latest sanctioned PR.
- (ii) Continuous Miner is slated to be introduced in different UG projects of MCL. Tendering for its introduction in HBI mine is under process.
- (iii) Global Tendering for coal production and OB removal for 15 years of Bhubaneswari OCP (20.00 Mty) is under process.

(iv) MCL is the trend-setter in introducing Blast-free technology of winning coal in opencast mine by Surface Miner. Now, it is envisaged to introduce Surface Miner to remove OB also.

(v) SILO with Rapid Loading System is going to be introduced in all the major opencast projects of MCL.

(vi) Man-riding System has already been introduced in two UG mines of MCL and it is going to be introduced in another two mines shortly.

(vii) MCL has planned to construct four nos. of Washeries of 10MT capacity each, two in Talcher Coalfield, one in Ib Valley Coalfield and one in Basundhara sector of Ib Valley Coalfield. Out of this, Techno-Economic-Feasibility Report for Basundhara Washery (10.00 Mty) on B-O-M (Built-Operated-Maintained) basis has been approved by MCL Board in its 102nd meeting held 14.12.08 for a capital outlay of 165.80 Crs.

16.12 Projects pending approval of Government : Nil

16.13 Land Acquisition during 2008-09:

Figures are in Acres.

Area	Tenancy		Govt. Non-Forest		Forest Land		Total Acquisition	Total Possession
	Acquisition	Possession	Acquisition	Possession	Acquisition	Possession		
Lingaraj	90.06	-	62.00	-	16.12	-	130.67	-
Bharalpur	-	42.78	-	-	-	-	-	42.78
Jagannath	-	138.99	-	-	-	99.86	-	238.85
Hingula	652.29	24.02	1944.00	0.32	-	7.20	652.29	31.54
Lakhanpur	-	61.51	-	-	-	-	-	61.51
Ib-Valley	-	-	-	-	360.32	-	360.32	-
B&G Area	0.19	177.28	-	125.24	-	-	0.19	302.52
Total	742.54	444.58	2006.00	125.56	376.44	107.06	3124.98	677.20

Land premium paid to the State Govt. during 2008-2009.

(a)	<u>Lingaraj Area</u> Balugaon-Khamar (37.51 Ac)	= Rs. 1,56,37,407.00
(b)	<u>Hingula Area</u> Kusumpal, Baghuaboli, Kumunda and Bhalugadia (449.72 Ac.)	= Rs. 9,85,06,106.00
	Solada, Prasannagar, Banabaspur and Khuringa (1544.28 Ac)	= Rs. 56,68,30,075.00
	TOTAL	= Rs. 67,50,53,649.00

✓ 16.14 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 and 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 15.03.2004.

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 and 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 Ms. Madhucon Projects Ltd. was initiated on 18.12.1999 subject to approval of Board of Directors of MCL. Some legal observation/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 08.04.2004.

M/s Madhucon Projects Ltd. submitted the Order of High Court of Orissa vide Superintendent of High Court of Orissa under No. 11076 WP(C) 5466/04 on 30.06.2004 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.

Installation of Washeries on Build, Operate and Maintain basis in terms of the decision of Hon'ble State Minister of Coal for economic washing of high ash coal, module washeries of 10 Mty, 5.05 Mty, 2.5 Mty, MCL have proposed to install 4 nos. of 10 Mty washeries each on BOM (Build, Operate and Maintain) basis viz. Basundhara, Ib-Valley, Jagannath and Hingula Washery. Global tender has been floated on 02/02/09 in respect of Basundhara Washery. Rest washeries will follow suit.

17. GEOLOGICAL EXPLORATION

Particulars	2007-2008	2008-2009	
	Actual	Target	Actual
1. Total Drilling (meter) in CIL Blocks	30180.80	35000	28425.40
2. Coal Reserves Proved (M.Te) in CIL Blocks	2500 (Proved)		500 (Proved)

18. ENVIRONMENTAL MANAGEMENT

18.1 Environmental Clearance:

- During the year 2008-09, the following three Projects of MCL were granted "Environmental Clearance" by Ministry of Environment and Forests, Govt. of India.
 - Bharatpur OC Expn. Project (Expansion from 15.0 to 20.0 Mty) vide MoEF Letter No. J-11015/ 630/ 2007-IA.II (M) Dated 31.10.2008.
 - Lakhanpur OC Expn. Project (Expansion from 10.0 to 15.0 Mty) vide MoEF Letter No. J-11015/ 638/ 2007-IA.II (M) Dated 02.07.2008.

- Nandira UG Mine 0.33 Mty vide MoEF Letter No. J-11015/866/ 2007-IA.II (M) Dated 18.06.2008.

- During the year 2008-09, the "TOR" (Terms of Reference) for preparation of EIA-EMP (as per EIA Notification 2006) of eight Projects of MCL were approved by the "Expert Appraisal Committee", namely Samaleswari OC Expn. (11.0 Mty), Basundhara (West) OC Expn. (8.0 Mty), Orient Mine No. 3 (0.69 Mty), Orient Mine No. 1&2 (0.87 Mty), Belpahar OC Expn. (6.0 Mty), Hingula-II OC Expn. (15.0 Mty), Ananta OC Expn. (20.0 Mty), Lajkura OC Expn. (3.0 Mty) and Gopalprasad OCP (15.0 Mty) of JV company MJSJ Coal Ltd.
- Public Hearing in connection with Environmental Clearance was conducted by the State Government with respect to Bhubaneswari OC Expn. OCP (20.00 Mty) on 10.02.2009
- During the year 2008-09, application for Public Hearing along with Draft EIA-EMP were submitted to the State Pollution Control Board for conduct of Public Hearing in respect of six Projects of MCL namely, Samaleswari OC Expn. (11.0 Mty), Basundhara (West) OC Expn. (8.0 Mty), Orient Mine No. 4 (0.50 Mty), Orient Mine No. 3 (0.69 Mty), Orient Mine No. 1&2 (0.87 Mty) and Hirakhand Bundia Incline UG Mine (0.95 Mty).
- During the year 2008-09 MCL has sent application for Environmental Clearance in Form-I along with feasibility report to CGM (Envt.), CIL, New Delhi, for submission to MoEF through MoC with regard to 4 mining Projects, i.e. HRC (0.21 Mty), Hingula-II OC Expn. (15.0 Mty), Ananta OC Expn. (20.0 Mty) and Lajkura OC Expn. (3.0 Mty) and Gopalprasad OCP (15.0 Mty) of JV company MJSJ Coal Ltd.

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.
- During the year, internal audit of environment management was conducted by a team of 3 officers of MCL for the year 2007-08 with regard to each of the 21 operating mines during the year under consideration as in previous years.
- Annual Environmental Statements in Form-V under Rule-14 of Environment Protection Rules were submitted to SPCB in time (by 30th September) during the year for all the 21 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.

18.3.1 Land Reclamation and Plantation.

- In keeping with the company's tradition MCL planted 109975 saplings (22475 in Talcher Coalfield and 87500 in Ib-Valley Coalfield) of mixed indigenous species over external dumps and backfilled internal dumps after adequate physical reclamation, as well as in vacant patches of other land and

avenues, in the mines during the year 2008-09. This was executed through Orissa Forest Development Corporation (OFDC) in Talcher Coalfield and Chhatisgarh Rajya Van Vikas Nigam Ltd. (CGRVNN) in Ib-Valley Coalfield. This was done, as in previous year, for biological reclamation of the mine-degraded land towards the goal of ecological restoration.

- Some more plantations were 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. The work is in progress.
- Work for monitoring of mine closer and land use pattern for remote sensing application is in progress for 14 Open Cast Mines for both the coalfields i.e. Ib-Valley and Talcher Coalfields at a cost of Rs 1.18 Crore through CMPDIL.

18.3.2 Air Pollution Control Measures

The company has kept up the long standing practices to check air pollution with a good number of measures, some of which are highlighted here.

- During the year 2008-09, MCL produced 44.201 MT coal with Surface Miners out of

a total production of 96.336 MT (45.88%). 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.
- Supply order has been placed by the company in the year, as a "pilot scheme", for purchase of one heavy-duty truck-mounted vacuum-operated mechanical road sweeper for sweeping and collection of coal spillage and dust over coal transportation roads at a cost of Rs. 44 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.
- To control air pollution, proposal for construction of Four Silos at Ananta, Lingaraj, Bharatpur and Bhubaneswari is under process in addition to existing Two Nos. at Lakhanpur (UTLS) and Bharatpur (RRLS).

✓ **18.3.3 Water Pollution Control Measures:**

- Mine drainage water pumped out of the mine as well as the water flowing out from OB dumps is put into settling ponds before being discharged in order to settle the sediments and prevent silting of rivers and other water bodies.

- Oil 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 Plants (WTP) are operational under integrated water supply schemes of Talcher, Ib-Valley, Belpahar and Basundhara. Small scale water filtration units for domestic supply are existing at Talcher and Orient Areas using underground mine water.

✓ **18.3.4 Noise and Ground Vibration Control Measures:**

- Green belts developed between residential areas and the mines as well as infrastructures were maintained and some new one added during the year.
- Ear Muffs and Ear Plugs given to workers exposed to noise were replaced and issued to new workers as well.
- Non-electric detonators were used where ever necessary for blasting resulting in less noise and ground vibration. Controlled blasting was also practised.

✓ **18.3.5 Environmental Monitoring:**

- Regular monitoring, as usual, of air, water and noise was carried out in the year 2008-09 through CMPDI laboratories, which were duly recognised by the Central Pollution Control Board (CPCB) at an estimated cost of Rs. 1.40 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.

✓ 18.4 ISO 14001 Certification:

- ISO 14001 certification for environmental management for Samaleswari, Lakhanpur, Belpahar, Balaram and Ananta OCPs received during the year.

✓ 18.5 Environmental R&D:

- One R&D project titled "Low cost input technology for re-vegetation of coal minespoils in order to protect environment" is in progress during the year 2008-09, by T.M.Bhagalpur University, Bihar. The project is funded by Coal S&T fund of Ministry of Coal, Govt. of India and is being executed under supervision of CMPDIL.

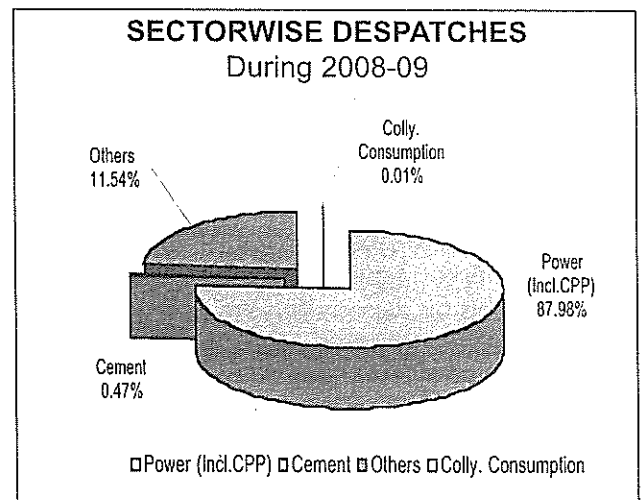
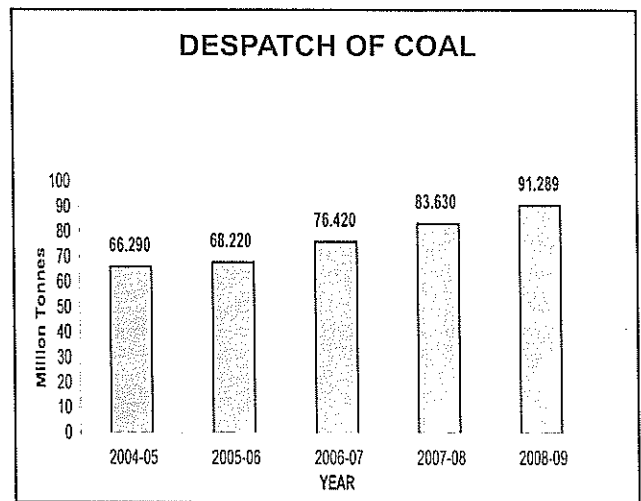
✓ 19. SALES & MARKETING PERFORMANCE

✓ 19.1 Demand and Off-take

Off-take during 2008-09 was 91.289 MT as against Demand/ Target of 99.00 MT. The Off-take has been 92.21% of the target. The growth in 2008-09 is 9.16 % over last year. Sector-wise off-take is as under :

(Figs. In Million Tonne)

Sector	2008-2009			2007-2008
	Target	Actual	% Achieved	Actual
Power (Incl. CPP)	82.783	69.466	83.91	69.080
Cement	0.500	0.175	35	0.187
Others	15.711	21.598	137.47	14.359
Colly. Consumption	0.006	0.05	83.33	0.005
Total	99.000	91.289	92.23	83.631

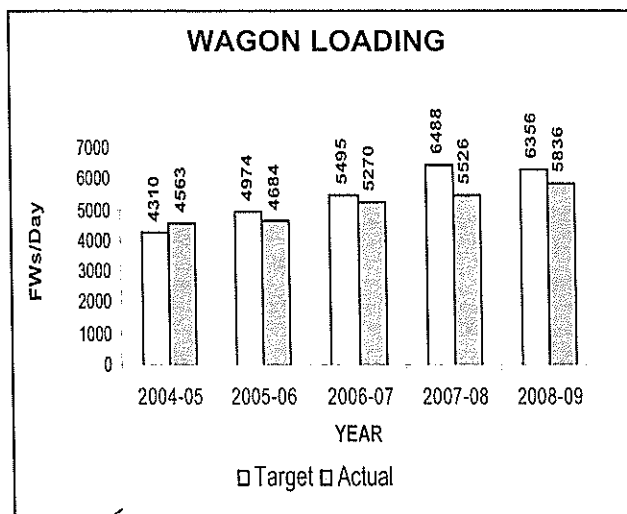


✓ 19.2 Wagon loading

Daily average wagon loading in MCL during 2008-09 was 5836 FWW/Day as against 5526 FWW/Day in 2007-08. Growth in wagon loading is 5.60% over last year. Field wise target, loading are appended as under.

(Figs. in FWW/Day)

Field	2008-09			2007-08
	Target	Supply	Loading	Actual
lb Valley	2545	2992	2705	2404
Talcher	3811	3198	3131	3122
Total	6356	6120	5836	5526



19.3 E-Auction

As per NCDP, about 10% of production is to be offered under e-auction every year. Thus MCL was to offer 9.6 MT during 2008-09 under e-auction, but had offered 42.74 MT with a purpose to liquidate stock and to remove the perceived shortage of coal in the market. Against this offer, 19.55 MT was booked by various buyers as against 9.89 MT during 2007-08, registering a growth of about 98%. Premium realized over notified price for the allotted quantity was 49.3% during this year.

19.4 Modernisation in Dispatch

With a view to augment transportation of coal to siding, MCL has introduced a new scheme with the approval of FDs. Under this scheme, linked/FSA consumers are allowed to transport coal from collieries to Spur-IV of Talcher Coalfield. In such cases, MCL is neither charging any STC nor same is reimbursed to the consumers. However, wagon loading is done by MCL, some large linked consumers are already availing this facility.

19.5 Fuel Supply Agreement(FSA)

After introduction of New Coal Distribution Policy, all coal supplies are to be regulated under legally enforceable Fuel Supply Agreement. MCL has signed agreement with TNEB, KPCL, APGENCO and MAHAGENCO based on the model FSA circulated by CIL. However, other power

utilities were not coming forward for execution of FSA because of their reservation in respect of trigger level of compensation for short supply / lifting and performance incentives. This has been resolved now and model FSA signed on 29.05.2009 between CIL and NTPC which will be applicable for other State Gencos. also. It is expected that FSA with all power houses would be completed within a month. FSA already executed with power houses will also be amended in line with model FSA signed with NTPC. The quantity will also be changed and coal to these power houses shall be given as per the normative quantity intimated by Central Electricity Authority(CEA). Total quantity works out to be 68.77 MTes. for Power Utilities from MCL for existing units.

MCL has also signed FSA for a total quantity of 17.64 MT with all the existing non-power consumers except only 4 who are not getting/taking coal either.

For supply of coal to small and medium consumers having requirement less than 4200 Tes./annum, policy envisaged appointment of state nominated agencies by respective State Government. Only Orissa Govt. has nominated 2 state agencies for a total quantity of 1.6 Lakh Tes for 2008-09.

19.6 Letter of Assurance to New Consumers

Recommendation for new consumers been cleared for issuance of LOA is being received from CIL. Such consumers are advised to deposit Commitment Guarantee (CG) within specific time. On receipt of CG and confirmation from the Bank in case of BG, LOA to be issued. LOA holders thereafter, have to achieve milestones for construction, installation of plant within the stipulated time and submit the requisite document to MCL for verification. So far, 172 cases were recommended by CIL for issuance of LOA since introduction of NCDP, out of which 43 cases have been verified, FSA concluded and the coal supplies commenced in 2008-09. But 25 units did not submit CG and their LOA was not issued. Considering the negative coal balance, MCL at present is releasing only

50% of the ACQ from indigeneous sources.

✓ 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 91.3 Mt. against 83.66 Mt. during previous year. So far quality complaints are concerned during the year the number of complaints received is 3(three) against 7(seven) 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, whether it was major or minor in nature, received, in the department, the same had been enquired at the spot by officers of QC Department and the findings had been informed to the consumer from where complaint was received.
5. Constant monitoring was being done by QC department with all the railway

sidings at Area level about despatch of coal to all consumers.

6. ✓ Surprise inspections and analysis of coal from different sidings are being done regularly by 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 RSP. Joint sampling is continuing for APGENCO, ICCL, TNEB, WBPDC, NTPC(Kaniha), TTPS, OPGC, NALCO, KPCL, NALCO(Dmj), NTPC (Simhadri), MSEB and TPCL.
10. ✓ There are eight coal analysis laboratories at Orient, Ib-Valley, Jagannath, Lingaraj, Kalinga, Hingula, Basundhara Garjanbahal 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 equipments enable us to determine the grade of coal despatched to different consumers within a period of two hours. This has helped for quick monitoring of the quality of coal available in the colliery stocks, sidings and the quality of coal being mined.
12. During this year also selective mining

method of extraction of coal was being continued and accordingly surface miners were deployed at Lakhanpur OCP, Belpahar OCP, Lingaraj OCP, Bharatpur OCP, Kalinga OCP, 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 weighbridges 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 96.3 Mt. of coal 97.17 % of coal was weighed with electronic print out during 2008-09 against 98.21% of 83.66 Mt. coal during 2007-08.

17. By adopting stringent sampling procedure in case of seam, stock, siding and tipper samples, during the period 2008-2009, the Annual Coal Grade has been declared for the utmost satisfaction of the consumers.

21. SAFETY AND RESCUE

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 employees 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	2008-09	2007-2008
1	No. of fatal accident	3	5
2	No. of fatality	3	5
3	No. of serious accident	4	7
4	No. of serious Injury	4	7
5	Rate of fatality		
	Per Million tonne out put	0.031	0.057
	Per 3 lakh manshift	0.170	0.342
6	Rate of serious injury		
	Per MTe out put	0.041	0.080
	Per 3 lakh manshift	0.227	0.479
7	Place-wise fatality		
	UG		1(1)
	OC	3(3)	3(3)
	AG		1(1)
	Total	3(3)	5(5)

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

21.2 Steps taken for improving safety in MCL

- Mining operation and system has been planned and designed so as to eliminate or to mitigate mining hazards.
- Statutory rules and regulations have been implemented so as to strive for superior standard of safety.
- Budgetary provisions has been made for procurement of safety gadgets and appliances.
- Deployment of statutory personnel wholly for accident prevention work has been ensured.
- Senior officials at all levels continue to inculcate safe practices in mines.

- Risk assessment and Risk Management has been done in all mines covering hazards and mechanism of each hazard, control, action and responsibility and its implementation is updated regularly.
 - Recommendation of 10th Safety Conference, Standing committee on safety, CIL safety Board are being implemented.
 - Area level and subsidiary level tripartite safety committee meeting is in vogue and its recommendations are being implemented.
 - Safety audit of each mine once in two years is being done and deficiency pointed out are rectified.
 - Safety fortnight is being observed every year to enhance the safety awareness amongst employees.
 - Emphasis upon training and retraining have been given for departmental as well as contractual employees.
 - Emphasis upon provisions and use of safety wears / safety gadgets receive particular attention.
 - Contractor's employees are treated at par with departmental employees in matters pertaining to safety.
 - All out efforts are being done to increase awareness amongst the employees through public address system as well as knowledge dissemination through distribution of write-up and steps are to be taken to ensure that all people perceive, carry out and enforce provisions of laws, code of practices, standing orders.
 - RMR of all underground working districts have been determined. Roof support is being provided on the basis of RMR in conformity with regulation 108 of Coal Mines Regulations Act, 1957 and steel support are being used as roof support.
 - To overcome the difficulties of manual drilling and decreasing the exposure of face worker under the green roof, proposal has been finalized for procurement of 1 No. Universal drilling machine on trial basis.
 - Emergency Action Plan has been prepared in respect of mines and regular mock rehearsals are being done.
 - In 2008-09, 75 persons have been trained in fire fighting at Orissa Fire Service Training Institute, Bhubaneswar.
 - 30 Persons including officers, supervisors and support personnel have been imparted structured training of strata control at Orient Area on 12-13 December, 2008 by NIT, Rourkela.
- ✓ **21.3 New safety technology adopted if any.**
- Man Riding System is in use in two U/G Mines, one at HRC Mine from 30.5.2008 and other at HBI Mine from 15.9.2008 and work for installation of Man Riding System at OC – 1&2 mine and OC-3 mine of Orient Area is under progress. It will be installed at Nandira Mine of Talcher Area also.
 - Surface Miner for coal production have been used in 10 OC mines and SDL and LHD are in use in 19 districts out of 20 districts of UG mines i.e. only one district of HRC is being worked by manual loading .
 - Gas Chromatograph- two nos. exist in MCL, Calibration of Gas Chromatograph is being done.
 - Scientific study for assessing feasibility in depillaring contiguous top seam with loaders and bottom seam with LHD and support design at HRC, support design at OC-3 where roof height has been more than 5mt. in the main dip/ conveyor roadway is being done.
 - It is proposed to introduce Continuous Miners in two underground mines of MCL (HRC and OC-1&2) to reduce exposure of work persons in hazardous area.
 - It is proposed to purchase 3 nos. of Universal Drilling Machine on trial basis for mechanised roof drilling and for

procurement of one roof bolt machine, tender has been floated.

- Use of Resin capsules already started in Nandira Colliery, Talcher Area.
- 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 and has eliminated drilling, blasting and crushing activities in the mines.

21.4 Research and Development

- RMR study at all mines has been done by CMPDIL, Ranchi.
- Scientific Studies to ascertain the stability of the pillars/stockade 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, Dhanbad.
- Study of effect of blasting of Lingaraj OCP on the surrounding structure beyond 100 Mtr. along with evaluation of explosive performance and subsequent optimization of blast design parameter of control vibration has been done by CIMFR, 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 update 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.

In All India National Rescue Competition Final day function at Nagpur on 1st March 2009, Rescue team of MCL received First Prize in March-Past.

22. COMPUTERISATION

Coalnet Phase-I : Most of the modules of Coalnet, e.g. Finance, Personnel and Payroll, Sales & 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 06.06.2007 still Coalnet system is being maintained and continued by MCL.

e-payments : Most of the payments are now being made through Electronic Fund Transfer. This has improved the customer/vendor relationship considerably.

e-Procurement : Arrangement has been made by CIL for e-procurement of Goods with the help of MSTC Ltd. MCL has floated few Tenders on the portal of MSTC Ltd. during the year. As far as finalisation of Works and Services is concerned, action has been taken to develop an e-procurement portal with the help of National Informatics Centre. The job is in progress.

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

Digital Signature Certificate : Digital Signature Certificate has been obtained for

on-line filing of Company returns. Digital Signature Certificates for 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.

On-Line Materials Managent System(OMMS) : On-Line Materials Managent System was installed in 7(seven) Stores earlier but OMMS was being used for the Store Mangement purposes only . However, Store Accounting part was being done in batch processing system made separately . Out of 7(seven) Stores , Store accounting for 6(six) Stores have been successfully migrated to OMMS after reconcillation of balances between two systems. The left out Store is in the process of migrating to OMMS. During the year 2009-10, OMMS will also be implemented in Regional Stores of Lingaraj, Basundhara, Orient and Hingula.

Internet Connection to different Departments : Internet connection has been given on LAN to different user departments through proxy server.

e-Mails : As per directives of Govt of India, 300 e-mail accounts have been obtained from NIC (National Informatics Centre) so that the portals like Hotmail, Yahoo and Gmail are not used for the transmission of official data for security reasons. These e-mail accounts cover different departments of MCL HQ, Areas and Projects.

File Tracking System : A module has been added in Coalnet for the monitoring and tracking of files. The users have been given adequate training for the implementation of File Tracking System. Some departments have started using the software.

Proposals moved ahead during 2008-09

- Actions have been initiated to link the MCL Kolkata office and MCL Bhubaneswar Office to MCL HQ Server.
- Implementation of GIS in large Open Cast Mines in MCL is being planned.
- Electronic Digital Identity Card(Smartcard) 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.
- Action has been initiated for the replacement of 18 old obsolete Servers installed at different Areas.
- A Scheme has been prepared for the development of a Web based "Land Information System".
- Action has been initiated for the procurement of 528 PCs .

23. TELECOMMUNICATION

- (1) **Telephone Exchange (EPABX):** As part of modernisation / improvement of communication facilities throughout MCL , one 400 line state-of-the-art expandable Telephone Exchange has been installed by replacing the old partly defunct exchange at Lingaraj Area. The new exchange has satisfied the requirements of Area Office as well as that of Lingaraj Project. Orders have also been placed for two new Exchanges for MCL HQ. and Lakhanpur Area.
- (2) **Mail messaging System :** A centralized mail-messaging system as introduced by

CIL has been successfully rolled out at MCL also. This mail messaging system has covered all key executives of MCL including CMD, Director, CVO, CGMs and GMs by creating e-mail addresses for reliable e-communication amongst the addressees.

- (3) **Wide Area Network** : The installation work of the Wide Area Network at MCL has been completed more than 80%. However for exceeding the scheduled time of completion, the work has been stopped at present. It is expected that the work will be completed by M/s. ITI Ltd. within the approved extended period once it starts after proper approval.

The leased line based(BSNL) voice network throughout coalfields is already in operation.

- (4) **VHF Sets** : A no of VHF handsets have been added at different OCPs to improve the mobile communication at the units. Repeaters are also in the process of procurement in some of the mines to increase the penetration of voice signal upto coalfaces.

- (5) **Broadband Services** : Broadband based internet services have been expanded at HQ and Area. For the same broadband nodes at BSNL Exchange at Jagruti Vihar and other places in the Coalfield have been increased.

- (6) Mobile Telephone/Land Lines have been provided to no. of executives during the year.

- (7) There is improvement in Cable TV services at MCL HQ. with most part of connecting Fibre Optic Cable from Sambalpur being converted to Underground alongwith standby overhead cable.

The following proposals have also been raised for improvement of Telecom facilities at MCL :

- (i) A Radio Linking System which will integrate Jagruti Vihar and Anand Vihar Complexes at MCL HQ is under

procurement process with MM Deptt. Once the System gets installed, the present serious problem of communication breakdown due to cable damage along the National Highway will be solved.

- (ii) One KTs System for Dir(T/P&P)'s Secretariat is placed under procurement at MM Department.
- (iii) One Photocopier machine for E&T Department for tackling huge load of copying of 300 odd monthly tel/mobile bills apart from other regular jobs of the department is under procurement.
- (iv) Procurement of Telephone Cable of different sizes for different Areas is under process.
- (v) U/G communication System for Talcher Mine is under the process of being procured by MM Deptt.

24. DEVELOPMENT OF ANCILLARY INDUSTRIES

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

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

Further in its continued efforts in keeping alive these ancillary units, MCL has been giving sustainable business to those ancillary units who are committed to quality specification of materials and prompt

delivery schedules and after reviewing the performance position of the ancillary units, their cases are considered for renewal of ancillary status. As on date, approximately 60 firms have got extension of validity of ancillary status based on merit

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

Total amount of supply and repair orders placed on ancillary units (both proven and provisional) and other SSI units of Orissa for the last three years is as follows;

1.	2006-07	Rs. 7.93 Crores
2.	2007-08	Rs. 5.97 Crores
3.	2008-09	Rs. 3.84 Crores

The decreasing trend in the ancillary purchases during 2008-09 as compared to previous years is mainly due to decrease in utilization of CHP/Feeder Breaker in the light of usage of Surface Miners in various mines. However, the annual off-take of CHP/F/Bs spares likely to be increased in the coming days with new projects coming up in the near future in MCL and in turn will assure more volume of purchases of these spares from the ancillary units of MCL.

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 Coalfields.

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.
- Performances, achievements and noteworthy events are informed to employees through wall poster “Mahanadi Se”.
- Corporate Brochure.
- Display of stalls at exhibitions.
- Corporate Film.
- Printing of MCL Diary and Desk Calendar

25.4 Promotion of Hindi

In order to promote Hindi in our daily life, PR Dept. is flashing five words daily on the white board at the main entrance of the Corporate Office.

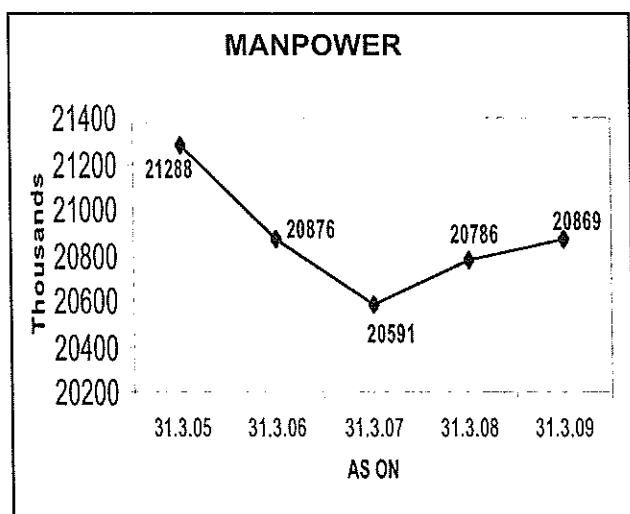
25.5 During the year an amount of Rs. 274.96 Lakh was spent on Goodwill Advertisement, Tender Advertisement and Publicity against Rs. 185.98 Lakh in previous year as briefed hereunder:

		<i>(Rs. In lakh)</i>	
		2008-09	2007-2008
1.	Tender advertisement	132.06	87.91
2.	Goodwill Advertisement Publicity	142.90	98.07
Total		274.96	185.98

26. HUMAN RESOURCE DEVELOPMENT**26.1. Manpower :**

The Company's manpower as on 31.3.2009 compared to that of 31.3.2008 is indicated below:

Category	As On 31.03.2009	As On 31.3.2008
Executives	1210	1219
Supervisors	2497	2394
Highly skilled	7655	7821
Semi skilled : Time-Rated	7556	7392
Piece-Rated	222	255
Ministerial	1723	1698
Badlies	1	0
Stipend Trainees	0	2
Ex.CMWO/Others	5	5
Total	20869	20786
Apprentices	00	00
Grand Total	20869	20786

**26.2 Management Training Institute**

During the year following training programmes have been organised by MTI and 213 numbers of executives and 457 non-executives (Total - 670) were trained through those programmes keeping in view of their training needs / gaps.

01. Computer Awareness Programme
02. Induction Training Programme
03. Reverse e-auction
04. Coaching Class for Sr. PAs for promotion from Non-executive to Executive Grade.

26.3 Structure of Training Programme**A. Executive Programme :**

- (1) General Management Programme for increasing the managerial skill of executives for performing efficiently and upgrading managerial knowledge.
- (2) **Functional programme for executives :** For improving functional efficiency of executives.
- (3) **Cross functional programme :** It helps executives to know about other departmental functions in addition to own department.
- (4) **Computer Awareness Programme :** It helps the executive for handling the computer efficiently.

B. Supervisors Programme :

- (1) **Supervisory Development Programme :** It helps upgradation of skills.
- (2) **Safety Management Supervisors :** To create awareness of safety in mines.
- (3) Coaching classes for career growth.
- (4) Special outside programmes for supervisors who are motivated for their better performance by awarding by the Company.
- (5) **Computer Awareness Programme :** It helps the supervisors for handling the computer efficiently.

C. Workers Development Programme :

- (1) **Workers Development Programme :** It helps upgradation of skills of the workers.
- (2) **HEMM Training for operator maintenance:** On the basis of need of the Company land outstees are selected for HEMM operator maintenance job according to their eligibility criteria. After proper training they are being posted at different Open Cast Projects.
- (3) **Safety Awareness Programme :** It creates safety awareness among the workers regarding safety in the mines.

- (4) **Computer Awareness Programme** : It helps the workers to handle the computer efficiently.
- (5) **Special Outside Programme** : Workers are motivated for their better performance by awarding by the company.

D. Certificate of Project Managers :

	2008-09	2007-08
Certification of Project Management — CIPM (Mining/Excav./E&M)	02	02
Certification of Project Management — PMA Level B/C/D (Mining/Excav./E&M)	02	Not introduced

26.4 Training details (In-company Training at MTI, BTI, Lakhanpur, MEETI, CWS (X), Talcher

Employee Group	2008-09	2007-08
Executives	203	153
Supervisors	744	435
Workers	609	943
Total	1556	1531

26.5 Outside Training within India (including training at IICM, Ranchi and GLF, Puri)

Employee Group	2008-09	2007-08
Executives	660	684
Supervisors	148	32
Workers	60	19
Total	868	735

26.6 Vocational Training :

We have extended Vocational Training/ Study tour to the students of educational bodies in different discipline / trade. The details are as under :

	2008-09	2007-08
Study Tour	139	VT-132
VT on MBA	49	Field Training-179
VT on Mining Degree	42	
VT on Engg. Degree	17	
VT on Mining Diploma	435	

26.7 Post Diploma Practical Training :

As per MCL's Quota the number of trainees under PDPT imparted one year training at different units of MCL during the year is as below :

	2008-09	2007-08
Mining	13	13
E&M	10	10

26.8 Training Programme for new Board Members

Two new Board members i.e. Director (Tech/P&P) and Director (Tech./OP) have attended outside training i.e at Kolkata during the year(Oct-2008). Director (Personnel) MCL joined in March, 2009 and not yet attended any outside training programme.

26.9 Imparting outside training to members of MCL Board

No.	2008-09	2007-08
No. of training	11	18
Within India	09	17
Foreign	02	01

27. SCHEDULED CASTES AND SCHEDULED TRIBES

In the year 2008-09 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.

The Grade wise/category wise distribution of posts are here under :

Category of Post	Grade	No of Post				
		SC	ST	OBC	Genl.	Total
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				
		SC	ST	OBC	Genl.	Total
Jr.Overman	T&S Gr.C	21	4	17	73	115
Mining Sirdar	T&S Gr.C	27	1	23	95	146
Dy. Surveyor	T&S Gr.C	2	—	2	9	13
Total		50	5	42	177	274

Out of the 274 candidates selected a total number 212 candidates have joined. Grade wise/Category wise candidates joined at MCL is given below:

Category of Post	Grade	No of Post				
		SC	ST	OBC	Genl.	Total
Jr.Overman	T&S Gr.C	15	4	17	63	99
Mining Sirdar	T&S Gr.C	11	—	20	69	100
Dy. Surveyor	T&S Gr.C	2	—	2	9	13
Total		28	4	39	141	212

NB: The caste wise distribution of candidates joined (including reserved categories candidates selected on merit) has been shown in above.

The following posts have remained vacant out of 351 posts notified for recruitment.

1. Jr. Overman	:	46
2. Mining Sirdar	:	89
3. Dy. Surveyor	:	04
Total	:	139

28. PARTICIPATIVE MANAGEMENT

The MCL management and trade unions take decisions jointly for smooth functioning of the Company to achieve its objectives. Both participate in the management of MCL actively to get the results quickly. All major decisions in MCL are taken in consultation with trade union representatives, who struggle for the rights and interests of the employees.

In MCL, there is a three tier IR system for better and cordial industrial relations.

The salient features of the industrial relations system is given below:

1. Half yearly meetings at Company level
2. Quarterly meetings at Area level.
3. Monthly / bi-monthly meetings at Unit level.

Unresolved issues at lower level become agenda for successive higher level meetings. Regular review meetings are held to review implementation of decisions taken during the meetings.

Unions included under IR system only participate in structured meetings. In addition to this, a number of joint committees i.e. Joint Consultative Committee/Welfare Board/Welfare Committee/Safety Committee are functioning at Area and Corporate level.

In Tripartite Safety Committee (TSC), representatives from DGMS Deptt. also participate in addition to representatives of trade unions and management.

The details of meetings held last year for taking important decisions for the interest of company and its employees, are given below:

- JCC meetings held during the the year 2008-09
- 4 nos. of Company level IR meetings held during the year 2008-09
- One Welfare Board meeting has been held on 2.2.2009

There are also various other 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. The committees are functioning smoothly for the welfare of the employees.

The following trade unions / association are covered under the IR system:

1. OCMS (INTUC)
2. OCMLF (HMS)
3. BCMWU (AITUC)

4. TKKMS / BIKMS /BCMS (BMS)
5. CMOAI

In addition to the above , the concept of "Working Together" has been introduced in MCL from the year 2002. All Functional Directors, including the Chief Executive, CGMs/GMs of the Areas / HODs of HQ Deptt and equal number of trade union representatives from various unions meet together at Gandhi Labour Foundation, Puri after conclusion of the Financial Year . In the "Working Together" conference the problems faced by the Company are discussed in detail and ways and means to overcome such problems found.

The last "Working Together" conferences were held on following dates:

Date	Program
10-05-2003 and 11-05-2003	"Working together"-3
09-05-2005 and 10-05-2005	"Working together"-4
10-11-2007 and 11-11-2007	"Working together"-5

Next "Working Together" (VI) is scheduled to be held on 29 & 30-Jun, 2009.

29. INDUSTRIAL RELATIONS

Industrial Relations in MCL during the year-2008-09 remained smooth except for the following incidents, as mentioned below:

- (1) Due to Nation-wide Bandh call by BJP activists on 02/05/08, coal dispatch of Jagannath/Lingaraj/Bharatpur/Hingula Areas were affected .Official works at MCL Hqtrs was also affected by the activists. Due to above the dispatch losses of the above Areas were approximately as given below:
Jagannath- 28213Te, Lingaraj-10,000Te, Bharatpur: 20,996Te and Hingula-10,000Te. The total loss was: 69209Te
- (2) On 07/05/08, members of Orissa Coal fields Workers Union affiliated to CITU and AICWF led by Sri Bishnu Nayak, Preisident, CITU and others had staged a demonstration at around 10.00am in front of main gate, Corporate Office over 10 point

- (3) At Basundhara OCP(W), Sri Manoj Patra, Under Manager, while supervising the drain water canal construction inside the mine at around 12.30pm on 18/5/08, got severe injury in his right hand, when attacked by a resident of Bankibahal with a sharp weapon. He was admitted to the hospital and released after first-aid. FIR had been lodged with the local police.
- (4) At Nandira Colliery of Talcher Area on 22/5/08, due to the death of Sri Hemanta Garnaik, Private Security Guard of M/s. Spark Security Agency on 21/5/08, mine work and coal transportation was obstructed by Sri Srinibash Khuntia and Sri Mohan Nayak along with the Villagers of Nitidi, demanding payment of compensation and employment to next of kin of the deceased. The matter was settled after discussion. The obstruction caused loss of coal production approximately 125Te. FIR had been lodged.
- (5) At Lingaraj Area, under the banner of Lingaraj Colliery Shramik Sangathan Samanya Samiti, comprising INTUC, HMS and BMS members, about 60 participants protested outsourcing of OB removal and had organized a rally at 10.00am on 23/5/08. Also they staged a Dharna in front of GM's Office, Lingaraj Area which was withdrawn at about 5.30pm on the same day. Subsequently on 24/5/08 from 6.00am to 1.00PM again Dharna was organized. The matter was resolved after discussion on 24/5/08.
- (6) At Jagannath/Bharatpur/Hingula/Lingaraj Area, there was a strike by the Operators/ Drivers of Transporting contractors, demanding wage hike, payment through bank, CMPF deduction etc. led by Sri Braja Kishore Pradhan, under the banner on OCMS(INTUC) which started at 11.00pm on 15/6/08 and it affected coal production and transportation of Jagannath/Bharatpur/Hingula/Lingaraj Area from 15/6/08. It was called off at 10.00pm on 21/6/08. Normalcy restored after discussion /meeting at the

Office of the Sub-collector, Talcher with the representatives of Contractors. Losses due to the above disturbances were approximately as given below:

Area	Coal	OB
Jagannath	37,36,89Te	11,19,19 Cum,
Lingaraj	27,68,09Te	9,12,102 Cum,
Bharatpur	25,92,66Te	10,35,98 Cum,
Hingula	28,35,60Te	15,05,72 Cum
Total	11,93,324Te	12,78,191 Cum

Total Dispatch loss for Talcher Coalfields was - 78,75,86MT.

- (7) At Talcher Colliery of Talcher Area, Sri Prafulla Sahoo, Sri Giridhari Satpathy and 20 others of BMS Union had staged Dharna in front of PO's Office, Dera Colliery of Talcher Area from 6.00am to 6.00pm on 16/6/2008 for fulfillment of 10 point demands including timely promotion, quarter repairing and timely medical re-imburement etc.
- (8) On 01/07/08 at about 11.00am about 50 BJP activists agitated over a road accident at Mandalia and gheraoed CGM Office, Orient Area. They placed a demand for construction of a by-pass road to avoid any further accident. After persuasion by the management and intervention of the Police, the agitators dispersed at about 1.10pm .
- (9) On 03/07/08, from 6.30am to 11.00am, due to nation-wide bandh call by the BJP, mining work of Jagannath/Lingaraj/Talcher / Bharatpur/Hingula Area was affected. Losses approximately due to the above was: Coal - 36,547Te, OB - 6785Cum, Dispatch-25426Te.
- (10) On 20/8/2008, at Basundhara-Garjanbahal Area, the activists of AITUC stopped the Official work from 9.30am to 3.30pm due to All India Strike. At MCL Hqtrs, also the members of CITU stopped the official work from 8.30 am to 3.00 pm on the same day due to All India Strike called by the above Union.
- (11) The Orissa Bandh called by the members of VHP on 24/8/2008, affected the mining work of Jagannath/Lingaraj/Bharatpur/Hingula Area from 10.30am to 5.00pm .
- (12) The Orissa Bandh called by members of VHP on 25/8/2008, stopped the mining work at Jagannath Area . Due to above bandh the Official work at Lakhanpur/Jagannath/IB Valley Area and Corporate Office at MCL Hqtrs was also affected from 9.30am to 3.00pm .
- (13) The mining work of Ananta OCP was stopped from 3rd shift of 24/8/2008 to 10.00am of 26/8/2008 causing loss of : Coal:45,774Te, OB-28,376Cum and Dispatch: 16751.19Te (Approximately) due to fatal accident of a Dumper Operator.
- (14) At Basundhara Area the entire mining work including official works at Area GM's Office was stopped/closed by the union officials of BMS/HMS/AITUC from 1st shift of 13/11/2008 to 7.30 pm on the same day demanding cancellation of house allotment order issued to the teachers of DAV Public school . It caused coal loss of 6864Te and OB -500Cum (approximately).
- (15) On 17/12/08, at about 10.15am, around 30 members of TKKMS(BMS) Union led by Sri Srinibash Rao , staged a Dharna in front of General Manager's Office, Jagannath Area protesting against outsourcing at Bhubaneswari OCP. It was lifted at about 5.30 pm on the same day after discussion.
- (16) On 16/12/08, at about 9.30am, the entire mining work of Ananta OCP was stopped by Sri Braja Kishore Pradhan, member, Zilla Parisad, protesting non-repairing of road from Dera to Handidhua Chowk and non-suppression of coal dust by the management. It was lifted at 11.30am on the same day. It caused loss of 2623.28Te Coal, OB-2732.14Cum and Dispatch-10,240.23Te (approximately).
- (17) The mining work including production and dispatch work at Jagannath/Ananta/Bhubaneswari OCP at Jagannath Area was stopped by the tipper Drivers and Pay-loader operators of STPL transporting company on 02/02/09 from 2nd shift to 11.30am on 03/02/09 demanding to settle their grievances. It caused losses of Coal-

26,422Te, OB-7491Cum, Dispatch-15,128Te(Approximately).

- (18) The contractual workers of Damodar Engineering also stopped the railway dispatch on 12/02/09 from 6.00am to 4.00pm demanding timely payment of wages, deposit of CMPF, Medical facilities etc. It caused dispatch loss of 8000Te approximately.
- (19) On 02/03/09 the tipper Drivers of TCTPL and CTPL stopped transporting works at Bhubaneswari OCP from 11.00am to 9.00pm in protest against assault of one of the Tipper Driver of TCTPL by Sri Amulya Ku Parida, Mazdoor Cat.I, Balaram OCP who is a land outstee of Jilinda Village. FIR was lodged. Matter resolved after intervention of Police and disciplinary action against Sri Parida.
- (20) On 10/3/09, production and dispatch activity has been stopped from 6.00am to 10.30am at Samaleswari OCP and Lajkura OCP of IB Valley Area by supporters of OCMS, BCMWU and HMS Union protesting against outsourcing of OBR at Lajkura OCP. Matter resolved after discussion.

30. ABSENTEEISM

Absenteeism is a chronic problem particularly in Underground mines of coal industry. During the Year, overall % of Absenteeism in MCL was 15.19% which was 14.19% in previous year. Absenteeism for the monthly rated workers during the year was 11.83% and Daily rated at 16.67%. Absenteeism for the piece rated workers was 33.13% where as it was 31.33% in the previous year.

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 2008-09	Total at the end of 2007-08
Housing :		
Houses	16622	16736
% of satisfaction (Housing)	80.72	80.00
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
Swimming Pool	00	02
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 1132 family planning operation during the year 2008-09 against the target of 800.

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 2008-09 MCL had organized Inter Company Golf tournament. As per the CIL Sports Calendar our teams were deputed to participate in various CIL Tournaments organized in different subsidiaries of CIL. A Grow India Race was organized on the occasion of Coal India Foundation day. The winners were awarded Prizes. The participants were given T-shirt and Cap on the occasion containing slogans and logo. A series of Cultural programme, Kabi Samelan, Golf Tournament and Inter Company Tennis tournament and other socio cultural activities were organized from 1st April, 2008 to 3rd April, 2008 covering Utkal Diwas Nuakhai Festival, MCL Foundation day etc. Best Sports persons were awarded prizes on the Miners Day celebration 2008. Sports/cultural programme was organized for the Physically challenged school children of Burla and Sambalpur Town. Besides the above activities rural Sports also is being encouraged by MCL. MCL Mahila Mandal is also being encouraged for their social work activities like training for ladies in tailoring, Computer Awareness Programme for rural ladies including wives and girl child of MCL employees. Regular visit to Leprosy colonies to see their well being and

distribution of Clothes, Food and other materials to the needy persons etc.

31.4 Education

Education is a State Subject but as a social responsibility MCL is giving financial assistance to Privately Managed schools/ Institutions like previous years. In 2008-09 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 School and Rs 609.34 Lakh (Revenue) Rs 41.65 Lakh (Capital) for DAV Public School during the year 2008-09. 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 Scholarship of Meritorious Students :

1. To encourage the meritorious students MCL has given a cash prize of Rs-2000.00 each to 42 students who secured above 90% marks in Class X CBSE Examination.
2. MCL had given a cash prize of Rs 3000.00 each to 04 meritorious students who secured above 90% marks in Class XII CBSE examination. Towards Cash award total Rs 82,000/- was provided to 46 nos of Students who had secured 90% above marks in the above examinations.
3. As per CIL Scholarship scheme employees wards are being awarded scholarship on merit basis. An amount of Rs 13,38,600 was provided under this head during 2008-09 to 1426 nos of meritorious students (all are employees wards).

31.6 Peripheral Development

(A) Details of major works under Peripheral Development Programme.

(Fig. in Rs. lakh)

Sl. No.	Description of work	Expenditure incurred during	
		2008-09	2007-08
1	Installation / repairing of Hand Pumps.	22.10	48.38
2	Digging/ Renovation of Wells	18.75	38.50
3	Water supply through Pipe lines	10.15	20.30
4	Construction/Repair/Renovation of Community Centre/Bus Stand/Rest shelter.	247.50	390.17
5	Construction / Repair of Roads	81.53	68.38
6	Construction / Repair / Extension of Educational Institutions	79.50	189.70
7	Medical Services and Health Care		20.00
8	Sports and Cultural Activities	28.00	46.50
9	Roads / village electrification for the community	77.05	103.00
10	Misc. works (Renovation of ponds, Deep bore well etc.)	—	55.28
TOTAL		581.58	980.21

(B) District-wise expenditure of PDC works for the year 2007-08 and 2008-09.

(Fig. in Rs. lakh)

Year	Jharsuguda	Sundargarh	Angul	Sambalpur	Total
2007-08	282.55	165.50	344.75	187.41	980.21
2008-09	186.48	35.00	49.00	220.00	490.48

Sl. No.	List of major PDC works is under progress	District	Awarded Value (Rs. in Lakhs)	Remarks
1.	Construction of Bridge over Dumpha Nallah	Angul	324.00	Work in progress
2.	Construction of boundary wall at Rani park at Talcher	Angul	219.00	Work in progress
3.	Construction of 3 nos. SC/ST hostel at Lakhanpur	Jharsuguda	128.00	Work done Girls upto roof level
4.	Construction of 4 nos. SC/ST Girls hostel at Lakhanpur	Jharsuguda	160.00	Money deposited to Collector Jharsuguda

31.7 Other CSR activity directly executed by MCL

2007-2008

(Fig. in Rs. Lakh)

Sl. No.	Description of work	Budget allocation	Expenditure	Remarks
1	Plantation works at Bhubaneswar.	100.00	100.00	Cheque deposited
2	Water supply to Talcher Municipality.	200.00	200.00	Cheque handed over on 17.3.08
3	Development of Grand Road at Puri in front of Lord Jagannath Temple.	5.00	5.00	Cheque handed over on Feb.08
4	Grant for scheduled Area where coal mining done for development of health and education, communication, irrigation and agriculture.	595.00	595.00	Cheque handed over to Collector, Sundargarh.
5	Drinking water supply in 233 peripheral village and 21 Municipal wards through tankers .	200.88	200.88	Work Completed
6	Repair of road from Sundargarh to Balinga and Duduka to Kanika.	39.00	39.00	Work completed
7	Constn. Of Sundargarh By-pass road.	282.00	282.00	Work completed
8	Constn. of Hemgir By-pass road.	219.00	219.00	Work completed
TOTAL		1640.88	1640.88	

2008-2009

(Fig. in Rs.Lakh)

Sl. No.	Description of work	Budget allocation	Expenditure	Remarks
1	Construction of 100 beded Girls Hostel at UCE Burla.	263.00	0.40	Work in progress.
2	Widening and strengthening of road from NH-6 to VSS Medical college , Burla.	176.00	--	Proposal approved by 102nd MCL Board.
3	Grant for scheduled Area where coal mining done for development of health and education, communication, irrigation and agriculture.	307.00	307.00	Cheque handed over to Collector, Sundargarh.
4	Plantation work for Talcher coalfields.	20.00	20.00	Cheque handed over to Collector, Angul.
5	Scheme for Nursing School and hostel at CH, IBV.	704.00	--	Proposal approved by 102nd MCL Board
6	Water supply arrangement to village Junanimunda near Mine No.4 Orient Area.	2.36	--	Proposal approved work to be taken up by District administration.
TOTAL		1472.36	327.40	

32. CAPITAL INVESTMENT ON SOCIAL AMENITIES

Details of Capital Investment on Social amenities as on 31.3.2009 vis-à-vis 31.3.2008 is briefed here under:

(Rs. in Crore)

Sl. No.	Particulars	Gross Value of fixed Assets	
		As at 31.3.2009	As at 31.3.2008
1	Buildings	300.62	304.60
2	Plant & Machineries	64.72	64.38
3	Furniture, fittings and equipment	6.36	6.30
4	Vehicle	3.23	3.29
5	Development	9.06	8.98
	Total	383.99	387.55

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 four(04) such meetings of OLIC were held in Company HQ and Areas.(on 17.5.08,23.12.08 and 27.03.2009 at HQs. and on 15.9.08 at Jagannath Area).
2. As per Official Language Policy and Annual Programme of the Company, Hindi workshops are organised at HQ and as well as in both the Coalfields. During the year, four(04) (10th June'08, 28th Aug'08 and 11 Feb'09 at HQ 27th Sept'08 in Jagannath Area) workshops were organised in which 235 employees took part.
3. All possible efforts are being made to issue documents Bi-lingually under Section 3(3) of Official Language Act, 1963. Training facilities have been provided for employees who have not obtained working knowledge in Hindi for which percentage of implementation of Section 3(3) is improving. All letters received in Hindi are replied in Hindi under Rule-5. Hindi correspondence and Noting have improved considerably. Besides, all advertisement, Tender Notices and Press Releases are released for publication of them 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, one meeting on 25.07.2008 was organised at MCL HQ. Sambalpur.
5. To increase Hindi correspondence, all computers of MCL has Hindi Software.
6. Hindi Training classes are organised at Company's HQ and Talcher Coalfields. 80 and 86 persons have passed Prabodh, Praveen and Pragya examination in May'08 and November'08 session respectively and they were provided with one time cash award as per Company's policy.
7. Rajbhasa fortnight was organised at HQ as well as at Areas from 14th to 30th September 2008. 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. All India level Hasya Kavi Sammelan was organised at MCL HQ on 3rd April, 2008 on the occasion of 17th Foundation Day celebration of MCL.
9. During the year two meetings of nominated Hindi Officers were organised on 8.8.2008 and 11.2.2009 at MCL HQ.
10. 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 at Management Training Institute, MCL has been included.

11. Hindi typing Training Programmes on computer were organised from 10th to 12th June,2008 in which 105 employees were trained.
12. A Coal India Level Rajbhasa Seminar was organised at MCL HQ on 25th and 26th February,2009 in which prominent faculties were invited.
13. 17 employees of MCL were trained in Hindi typing duiring the year at outside Training Institution situated at Bangalore, Delhi and Nagpur etc.
14. Total 08 employees were nominated to participate in All India Seminars organised on 23rd to 25th April,2008 at Solon, 15th to 17th October,2008 at Mangalore and 27th to 29th, 2008 at Secunderabad.
15. A Hindi magazine named "Namasteey" was published by Rajbhasa Department, MCL HQ in June'2008 which was very interesting and knowledgable for the readers.
16. 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.
17. Some English words with their Hindi synonyms are written on the white board 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.
18. Bi-lingual Website of MCL is available on www.mahanadicoal.nic.in which is updated from time to time.
19. C.M.D and Director(Personnel) of MCL were awarded with 'Rajbhasa Shree' and 'Rajbhasa Kirti" samman by Bharatiya Vikash Sansthan, Dehradun in the seminar organised by them from 15th to 17th October,2008 at Mangalore.

34. VIGILANCE ACTIVITIES AND ACHIEVEMENTS

- 34.1 The table given below indicates the statistical view of the Department's performance during the year 2008-2009 :

Particulars	Pending as on 31st March, 2008	New additions during 2008-09	Disposal during 2008-09	Pending as on 31st March, 2009
Vigilance cases	15	27	26	16
Major penalty proceedings	12	02	10	04
Minor penalty proceedings	02	05	06	01

34.2 Punitive Vigilance

As may be seen from the above chart, 02 major and 05 minor penalty proceedings have been initiated against 30 employees. Disciplinary Proceedings in 16 cases have been completed during the year in which penalties have been imposed on 57 employees. One non-executive has been dismissed from services consequent upon conviction by the CBI Court.

34.3 Preventive Vigilance:

- (i) **Inspections:** 33 Inspections including 12 CTE Type inspections have been conducted during the year. Streamlining of system/ procedure has been effected as a result of such inspections wherever found necessary. Also 04 cases have been booked out of such inspections.
- (ii) **System Improvement:** System improvement has been suggested in the following areas:
 - (a) Adherence to clause No.9.7 of standard NIT format i.e. "The running on account payments may be made once in a month or at intervals stipulated in the work order/ contract agreement".
 - (b) Infuctuous expenditure in construction of temporary haul roads/coal transport roads.
 - (c) Timely closure of contracts and payment of final dues of the contractor.
 - (d) Maintenance of hindrance registers.
 - (e) Numbering of tender documents.
 - (f) Extension of contract and penalty.

- ✓ 34.4 **Rotation of Employees:** Company has a policy of rotating employees, particularly those who are working in sensitive posts / departments. During the year, 115 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 2008.
- ✓ 34.5 **Surveillance:** Agreed List and List of Officers of Doubtful Integrity for the year 2008 were prepared and sent to MoC and CIL.
- ✓ 34.6 **CVC Matters:** During the year 05 cases for 1st stage advice were referred to CVC. No 1st and 2nd stage advice of CVC is pending for implementation.
- ✓ 34.7 **Parliament Questions:** 07 Parliament Questions were attended and materials for reply furnished.
- ✓ 34.8 **Right to Information Act:** 09 RTI queries have been attended and information furnished.
- 34.9 **Submission of Reports:** Monthly/Quarterly reports to CVC, MoC and CIL have been submitted in time.
- 34.10 **Vigilance Clearance:** During the year, vigilance clearance status in respect of 8812 employees (executives and non-executives) have been dealt with in relation to their promotion, probation closure, payment of terminal benefits etc.
- ✓ 34.11 **Vigilance Awareness:** At Management Training Institute, periodical management courses are conducted on various subjects in which vigilance awareness is also included and the officers from Vigilance Department addressed the participants as faculty.
- ✓ 34.12 **Conference of CVOs:**
- a. The CVO attended a meeting of CVOs and CMDs of Coal India Limited with CVC at IICM, Ranchi on 17th and 18th July 2008.
 - b. A seminar was organized at Bhubaneswar on 28.08.2008 for interaction with Shri V. Ramachandran, CTE, CVC on tenders/purchase. Eighty officers participated in the seminar.
- ✓ 34.13 **Transparency:** Tenders and contracts awarded above certain threshold value are hoisted on MCL's website.
- ✓ 34.14 **Vigilance Awareness Week:** As per the directives of the Central Vigilance Commission, MCL observed Vigilance Awareness Week-2008 from 3rd to 7th November, 2008 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.
- ✓ 34.15 **Vigilance Bulletin:** A Vigilance bulletin covering a sample of case studies done by the Vigilance Department, MCL and Circulars issued by CVC on tenders was released on the occasion of observance of Vigilance Awareness Week. Copies of the Bulletin have been widely circulated within the Company.
- ✓ 34.16 **Major Achievement:**
- (a) **e-Payment :** e-Payment has been implemented in MCL w.e.f. 01.03.2009 to facilitate payment to suppliers, contractors and consumers and thereby improving vigilance administration by increasing transparency.
 - (b) **Deductions:** On the basis of a complaint forwarded by CVC vide letter No.006/COL/073-40172 dated 08.11.2006 on the allegations regarding the quality of the explosives supplied against Running Contract entered into by CIL are not enforced

by the user Projects, investigation was undertaken by the Vigilance Department.

On review of the performance of the explosives supplied, it has been found that performance of the explosives was below bench mark level. Therefore, penalty as per the contract has been worked out and imposed on the suppliers. An amount of Rs.2,33,19,816.00 has been recovered from 8 explosive suppliers towards penalty. The LD clause has been invoked in respect of 14 suppliers including 8 mentioned above and penalty of Rs.26,49,121.00 have been deducted from them. The total recovery made from the explosive suppliers in this regard is Rs.2,59,68,937.00

- (c) **Verification of ST Certificates:** In compliance to the Hon'ble Delhi High Court's order and subsequent directives of the Government of India, 04 certificates have been verified during the period under report out of 102 taken up. The progressive figure of verification completed is 99 out of 102. These 04 ST certificates have been certified to be genuine by the concerned District authorities.

35. JOINT VENTURES

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

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

36. AWARDS AND RECOGNITION

In recognition of notable contribution / achievement in various fields of its activities, your company has been conferred upon the following awards during 2008-09

01. Silver Award to MCL by Green Tech Foundation.
02. D.D.Thacker Coal Mining Gold Award to CMD by MGMI.
03. Bharatiya Shiromani Award by Institute of Economic Studies to CMD.
04. Rajbhasa Shree Samman awarded to CMD by Bharatiya Rajbhasa Vikash Sangha, Dehradun.
05. Rajbhasa Kirti Samman awarded to Director (Personnel) by Bharatiya Rajbhasa Vikasha Sangha, Dehradun.
06. Best Executive Gold Award by What Hails Public Sector Today, Hyderabad awarded to Director(Personnel)
07. Best Achiever in Community Development by Orissa union of Working Journalist awarded to Director(Personnel).

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 2008-2009.

Statutory Auditors

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

Branch Auditors

M/s Agasti & Associates
Chartered Accountants
Bhubaneswar-751009.

38. SUBSIDIARIES COMPANIES

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

39. FIXED DEPOSITS

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

40. 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.

41. 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.

42. BOARD OF DIRECTORS

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

1. Shri S.R. Upadhyay — CMD
2. Shri B. Mohapatra — Director(Finance)
3. Shri Abdul Kalam — Director
4. Shri N.R. Mohanty — Director
5. Shri Brij Kishore — Director

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

1. Shri A.K.Singh -- Director (Technical/P&P) (w.e.f. 11.09.08)
2. Shri A.K. Tiwari — Director (Technical/ Op.) (w.e.f. 01.10.08)
3. Shri S.C.Padhy — Director (Personnel) (w.e.f. 01.03.09)
4. Shri Sharad Ku Ghodke — Director (w.e.f. 23.12.08)

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

1. Shri G.D.Gulab — Director (Personnel) (From 1.03.2009)
2. Shri V.K. Jain — Director (Technical) (From 1.10.2008)
3. Shri Rajiv Sharma — Director (w.e.f. 23.12.2008)
4. Shri K. Ranganath — Director (w.e.f. 27.06.2008)

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, 2009, 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, 2009 on a 'going concern' basis.

44. CORPORATE GOVERNANCE

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

45. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

46. C & A G COMMENTS

Comments of the Comptroller and Auditor General of India on the Accounts of the Company for the year ended 31st March, 2009 are placed at **Annexure-IV** to this report.

47. AUDIT COMMITTEE

Constitution of the Audit Committee of Board of Directors in your company dates back to the year 2001 from when the committee is committed to good corporate governance with best discharge of its assigned duties.

The committee has been reconstituted from 6th January, 2009 with the following members pursuant to the DPE guidelines on corporate governance.

- | | |
|----------------------------|----------------------------------|
| 01. Shri Abdul Kalam | — Director, MCL Board - Chairman |
| 02. Shri Brij Kishore | — Director, MCL Board - Member |
| 03. Shri N.R.Mohanty | — Director, MCL Board - Member |
| 04. Shri Sharad Ku. Ghodke | — Director, MCL Board - Member |
| 05. Shri A.K.Singh | — Director, MCL Board - Member |

The scope of the work of the audit committee covers broadly commercial aspects of the organisation including inter alia the following :

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

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

48. ACKNOWLEDGEMENTS

48.1 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.

48.2 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.

48.3 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.

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

48.5 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.

49. ADDENDA

The following papers are annexed.

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

Sd/-

(**S. R. Upadhyay**)

Chairman-cum-Managing Director

Sambalpur
Date : 18.07.2009

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 incentive is Rs 115.92 Lakh for 2008-09 against Rs. 106.74 Lakh for the year 2007-08.
- (ii) Power Factor has been improved to 97.67% during 2008-09 in comparison to 97.43% during 2007-08.
- (iii) Penalty on account of power factor is 'NIL' for 2008-09 against Rs. 0.04 Lakh for the year 2007-08.
- (iv) Specific consumption of power (for Coal) has come down from 3.34 kWh/T for 2007-08 to 3.11 kWh/T for 2008-09.
- (v) Specific consumption of power (for Composite Production) (i.e. Coal + O.B Removal) is 2.72 kWh/Cu.M for both the years 2008-09 and 2007-08 respectively.
- (vi) Power cost of coal has come down from Rs 10.59 per Te for 2007-08 to Rs 9.85 per Te for 2008-09.
- (vii) Power cost of composite production (i.e. Coal + O.B Removal) has come down from Rs 8.64 per Cu.M for 2007-08 to Rs 8.62 per Cu.M for 2008-09.
- (viii) Unit price of electricity (Rs/kWH) has been maintained Rs 3.17 per kWh for both the years 2008-09 and 2007-08 respectively.

2. Fuel and Lubricants

The consumption of diesel has been reduced by 2.03 % from 0.543 Lt per Cum. in 2007-08 to 0.532 Lt per Cum. in 2008-09.

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

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

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

- (ii) To reduce energy consumption by industrial pumps, steps have been taken, such as, maintenance effectiveness, optimization of delivery and suction sizes, use of floats, use of V.T pumps through bore-holes, deliveries and cables through bore-holes etc.
- (iii) Use of tube lights or CFLs instead of bulbs.
- (iv) Use of electronic chokes in tubelights and electronic regulators for fans instead of conventional chokes and regulators.
- (v) Regular cleaning of filters of air conditioners and ensuring that air-conditioned space is properly closed.
- (vi) Avoiding loose connections and using proper size of fuses.
- (vii) Optimum usage of transformer capacity thereby reducing transformer losses.
- (viii) Ensuring minimum cable losses with proper size of cables, i.e., of rated capacity.
- (ix) Maximum voltage near the load – In underground mine 3.3 kV / 550 V TSUs (Transwitch Units) have been placed so that sufficient voltage is made available to the loads / machineries for achieving better efficiency and rated output as well as prescribed life of the machineries.
- (x) Power factor near to unity has been maintained by using power capacitors thereby reducing energy loss.
- (xi) Minimum transmission loss has been ensured by using proper sizes of overhead conductors.
- (xii) Stage pumping / Intermediate pumping has been reduced to minimize energy loss.
- (xiii) Ensuring exact size of electric motors in pumps.
- (xiv) Use of higher sizes / recommended sizes of delivery lines and suction in pumps and avoiding throttling.
- (xv) Ensuring leakages in pipelines thereby improving pumping efficiency.
- (xvi) Ensuring proper condition of bearings etc.
- (xvii) To contain maximum demand close to the contract demand, 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.
- (xviii) 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.
- (xix) Scientific illumination in OCPs to attain better lux/wattage ratio.
- (xx) 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) for Energy Consumption and consequent impact on the parameters of production.*

Description	2008 - 09	2007 - 08	%Gain over Previous year
Electrical Energy			
(i) Specific Consumption of Power (for Coal) in KWh/Tonnes	3.11	3.34	(-) 6.89 (F)
(ii) Specific Consumption of Power (for Composite Production) (i.e. Coal + O.B removal), in KWh/Cu.M.	2.72	2.72	—
(iii) Power Factor (%)	97.67	97.43	(+) 0.25 (F)
(iv) Power cost (Coal) Rs./T	9.85	10.59	(-) 6.99 (F)
(v) Power cost (composite) Rs./Cu. M	8.62	8.64	(-) 0.23 (F)
Fuel and Lubricants			
(i) Consumption of HSD, in ltrs/Cu.M of Composite Production	0.40552	0.423	(-) 4.13 (F)
(ii) Consumption of Liquid lubricants, in ltrs/Cu.M of Composite Production	0.02428	0.02269	(+) 7.01 (A)
(iii) Consumption of Grease, in Kg/Cu.M of Composite production	0.001278	0.00119	(+) 7.39 (A)
(iv) Consumption of Petrol, in ltrs/Cu.M of Composite production	0.00106	0.00117	(-) 9.40 (F)
(v) Consumption of HSD, in ltrs/Tonne of Coal Production	0.4635	0.5193	(-) 10.75 (F)
(vi) Consumption of Liquid lubricants, in ltrs/Tonne of Coal Production	0.02776	0.02784	(-) 0.29 (F)
(vii) Consumption of Grease, in Kg/Tonne of Coal Production	0.00146	0.00147	(-) 0.68 (F)
(viii) Consumption of Petrol, in ltrs/Tonne of Coal Production	0.0012	0.0014	(-) 14.29 (F)
(ix) Specific cost of POL, in Rs./Tonne	18.31	18.81	(-) 2.66 (F)

F – Favourable, A – Adverse

C. FOREIGN EXCHANGE EARNING & OUTGO

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

(ii) Foreign Exchange used and earned

(Rs. In lakh)

<i>Description</i>	<i>Current Year</i>	<i>Previous Year</i>
(a) Foreign Exchange used :		
(i) CIF value of imports		
a) Components, Stores and Spare parts	485.02	126.03
b) Capital goods	243.59	88.65
(ii) Travelling	4.18	5.86
(iii) Interest	455.49	553.86
(iv) Commitment Charges	NIL	NIL
(b) Foreign Exchange earned	NIL	NIL

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 10(Ten) directors, namely 5(Five) Functional Directors including Chairman-cum-Managing Director, 2(two) Part-time Directors, 3(Three) Non-official Part time Directors besides 01(one) Permanent Invitee.

The Board procedures and all related applicable rules and regulations are complied with. During the financial year 11(Eleven) Board meetings were held on 24th/25th May, 2008, 2nd June, 2008, 27th June, 2008, 27th July 2008, 31st August, 2008, 27th September, 2008, 8th November, 2008, 14th December, 2008, 6th January, 2009, 14th February, 2009 and 4th March, 2009. 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 S.R. Upadhyay, CMD	Functional	11	11	Nil	Nil	Nil
Shri G.D. Gulab, Director(Personnel) Retired on 28.2.2009	Functional	10	8	MJSJ Coal Ltd.	Nil	Nil
Shri V.K. Jain, Director(Technical) Retired on 30.9.2008	Functional	6	4	MNH Shakti Ltd.	01	Nil
Shri B. Mohapatra, Director(Finance)	Functional	11	10	MJSJ Coal Ltd. MNH Shakti Ltd.	Nil	Nil
Shri A.K. Singh Director(Tech/P&P) Appointed on 11.9.2008	Functional	6	6	MNH Shakti Ltd.	01	Nil

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Shri A.K. Tiwari Director(Tech/OP.) Appointed on 1.10.2008	Functional	5	5	MJSJ Coal Ltd.	Nil	Nil
Shri S.C. Padhy Director(Personnel) Appointed on 1.3.2009	Functional	1	1	Nil	Nil	Nil
Shri Rajiv Sharma, Director Ceased to be Director from 23.12.2008	Part time	8	6	01 BCCL	01	Nil
Shri Sharad Ku. Ghodke Director Appointed on 23.12.2008	Part time	3	3	NIL	01	NIL
Shri K. Ranganath, Director Ceased to be Director from 27.06.2008	Part time	2	0	02 (1) CIL (2) NCL	01	Nil
Shri Brij Kishore, Director	Non-official part time	11	7	01 Energy Institute, New Delhi	01	Nil
Shri N. R. Mohanty, Director	Non-official part time	11	8	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 and Ferro Alloys Ltd, BBSR (6) NALCO, Bhubaneswar	01	Nil
Shri Abdul Kalam, Director	Non-official part time	11	11	01 Burnpur Cement Ltd.	01	Nil

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 2008 - 2009	
			All elements of remuneration package i.e. Salary, Performance linked incentive Scheme, PF contribution, Pension, Gratuity etc.(Rs.)	Other benefits (Rs.)*
Shri S.R. Upadhyay	Nil	CMD	8,67,161.14	1,47,126.00
Shri G.D. Gulab	Nil	Director(Personnel)	22,74,207.79	17,741.00
Shri V.K. Jain	Nil	Director(Technical)	16,53,106.00	92,212.60
Shri B. Mohapatra	Nil	Director(Finance)	8,62,427.66	1,04,100.00
Shri A.K. Singh	Nil	Director(Tech/P&P)	3,92,909.20	3,610.00
Shri A.K. Tiwari	Nil	Director(Tech/ OP.)	3,98,460.08	4,254.00
Shri S.C. Padhy	Nil	Director(Personnel)	62,911.00	7,549.25

* 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 :

01. Shri Abdul Kalam	- Director, MCL Board - Chairman
02. Shri Brij Kishore	- Director, MCL Board - Member
03. Shri N.R.Mohanty	- Director, MCL Board - Member
04. Shri Sharad Ku. Ghodke	- Director, MCL Board - Member
05. Shri A.K.Singh	- Director, MCL Board - Member

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

Two Audit Committee Meetings were held during the year on 27.6.2008 and 14.2.2009. Directors' Attendance in the Meetings of the Committee During the year are as under.

Sl. No.	Name	Held during the tenure	Attended
1.	Shri Abdul Kalam	2	2
2.	Shri Brij Kishore	1	1
3.	Shri N.R.Mohanty	1	1
4.	Shri Rajiv Sharma	1	1
5.	Shri Sharad Ghodke	1	1
6.	Shri V.K.Jain	1	1
7.	Shri A.K.Singh	1	1
8.	Shri K. Ranganath	1	0

STATUTORY AUDITORS

Under Section 619(2) of the Companies Act, 1956, the following Audit Firms were appointed as Statutory/Branch Auditors for the year 2008-2009.

Statutory Auditors

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

Branch Auditors

M/s Agasti & Associates
Chartered Accountants
Bhubaneswar.

Fee for	Remuneration (Rs.)	Remarks
Statutory Audit for the year 2008-09	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 2008-09	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
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
2007-2008	25.7.2008	11.00 AM	Mahanadi Coalfields Limited. Jagruti Vihar, Burla, Sambalpur	Amendment in the Memorandum of Association of MCL.

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, 2009 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, 2009 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 267.21 Billion upto 1200 meter depth in 67 different coalfields as on 1.04.2009, details are as below:

SL.NO	STATE	NO. OF CF	COAL RESERVE (BT)	% OF INDIA
1	JHARKHAND	12	76.71	28.71
2	ORISSA	02	65.23	24.41
3	CHHATISGARH	13	44.48	16.65
4	W.BENGAL	04	28.33	10.60
5	M.P	08	20.98	7.85
6	A.P	01	18.93	7.08
7	MAHARASTRA	05	10.15	3.80
8	U.P	01	1.06	0.40
9	BIHAR	01	0.16	0.06
10	NE STATE	20	1.18	0.44
TOTAL		67	267.21	100

Orissa stands 2nd to Jharkhand in the reserve position in India. Total coal reserve of Orissa as on 1st April 2009 is estimated to be 65.23 Billion Tonnes which is around 24.41% of the total National coal reserve. The two coalfields of Orissa, namely Talcher and Ib-valley coalfields are under its command area of MCL, Talcher being the largest coalfields (42.81 BT) and Ib-valley being the 3rd largest (22.42 BT) coalfields of India. Out of 65.23 Billion Tonnes of coal reserve, the proved coal reserve is 19.94 BT (30.57%).

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

✓ Coal Demand :

The 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.

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 & 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 Actual	2009-10 BE	2011-12 (Proj.)
Power	62.93	68.09	70.47	87.12	124.07
Cement	0.16	0.19	0.17	0.50	0.90
Fertilizer	-	-	-	-	-
Others	13.33	15.35	20.06	21.68	12.03
Total	76.42	83.63	91.30	109.30	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 Actual	2009-10 BE	2011-12 (Proj.)
Rail	48.54	51.68	54.18	65.94	95.37
Road	8.26	12.16	18.68	23.31	12.26
MGR	18.46	18.59	17.08	18.91	22.85
Others	1.16	1.20	1.36	1.14	6.52
Total	76.42	83.63	91.30	109.30	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.

MCL's share of production is projected to be 137.00 Mt by the end of XI Plan (2011-12), 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		
		2008-09 Actual	2009-10 BE	2011-12
Existing Mines	1.22	1.32	1.31	1.36
Completed Projects	63.52	63.85	65.69	33.75
On-Going Projects	15.26	30.17	32.00	56.32
New Projects	0.00	0.00	10.30	14.60
Total	80.00	96.34	109.30	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		
		2008-09 Actual (Prov.)	2009-10 BE	2011-12
UG	1.16	1.24	1.14	1.65
OC	23.48	22.82	28.75	25.83
OVERALL	15.93	16.43	19.57	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 Km.
- The Coastal based TPPs have option to use imported coal.
- Captive Mining – allotment of blocks to MCL's 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 28 completed projects in MCL with rated capacity of 73.98 Mt, out of which 02 projects with rated capacity of 1.60 Mt have been exhausted during X plan period. There are 17 on-going projects under implementation (as on March 2009) with rated capacity of 116.85 Mt. Production from these on-going projects during 2008-09 was 30.17 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 11 projects including three unscheduled projects have been approved and are under implementation.

Basundhara Area (known as Gopalpur Tract) of Ib-valley coalfields 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 Rs 469.68 crores. Two MOUs have been signed between MCL and S.E. Rly. for land acquisition and construction of the railway line. Land acquisition work is in progress and construction work is scheduled to start during this year (2009-10). The scheduled date of completion of the railway line is 36 months to be reckoned from 09.03.09. An amount of Rs. 96.53 Crs. has been paid to S.E. Rly. so far.

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

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

MCL is also planning to set up 04 no. of washeries of its own, 10.0 Mty capacity each, to cope up with the MoEF stipulation to dispatch coal below 34% ash at distant power houses. Out of these, two washeries will come up in Talcher coalfield, one in Ib Valley Coalfields and one in Basundhara Sector of Ib valley Coalfields. The Techno-economic feasibility Report of Basundhara Washery on BOM (Built-Operated-maintained) basis for a capital outlay of 165.80 Crs. has been approved by MCL Board in its 102nd meeting held on 14.12.08.

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, 2009²⁰¹⁰**

²⁰¹⁰
The preparation of financial statements of Mahanadi Coalfields Limited for the year ended 31 March 2009²⁰¹⁰ 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 Accounts of India. This is stated to have been done by them vide their Audit Report dated 07.07.2009 ^{15.5.2010}

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 2009²⁰¹⁰. 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/-

(Dr. Smita S Chaudhri)

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

Kolkata

Dated : 14.07.08

^{17.5.10}

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, 2009, 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, 11.6, 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. 9.1, 9.2, 9.4 & 9.5 of Notes on Accounts (Schedule-P) regarding confirmation and reconciliation of various balances.*
 - 4.4 *Note No. 15 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.*
 - 4.5 *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.*
 - 4.6 *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.

- 4.7 Provision of 50% value of stores has been made during the year, in respect of non-moving stores and spares (Refer para 6.1.3 of Notes on Accounts Schedule-P) ; but in absence of thorough technical review of the position of non-moving obsolete/ unserviceable stores and spares we are unable to comment on the adequacy of the provision made in this respect.
- 4.8 Note No 17.1 of Notes on Accounts (Schedule-P) and Para 2.2(d) Accounting Policy (Schedule-O) recognising subsidy on cash basis which is not in consonance with AS-12.
- 4.9 Disputed Income Tax Liability aggregating to Rs. 36,854.72 lakhs and Disputed Sales Tax Liability aggregating to Rs. 4,416.66 lakhs have not been provided in the accounts, but shown as contingent liability.
- 4.10 Note No 6.2.1 of Notes on Accounts (Schedule-P) regarding shortage of Coal stock weighing 5.49 lakh tonne Valued at Rs.1,144.01 lakhs remained unadjusted in the Books of Accounts.
- 4.11 Note No 17.9.1 of Notes on Accounts (Schedule-P) regarding the provision for technical and biological reclamation of land on an estimated basis of @ Rs.1,50,000/- per hectre of land mined. Since the technical and biological reclamation of land 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.
- 4.12 On the basis of the limited review of the books of account and records maintained by the Company in respect of Coal Production and Over Burden Removal activities, we are of the opinion that prima facie, the records of production of coal and over burden 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.
- 4.13 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).
- 4.14 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 provisions. (AS 29: Provisions, Contingent Liabilities and Contingent Assets).
- 4.15 Note no 14 of Notes on Accounts regarding the change in average striping ratio for OBR adjustments, wherein we have relied upon the estimates and assumptions made by the company in arriving the revised ratio and the effects thereof.
- 4.16 The technical data submitted by the management in respect of Advance Stripping, Coal Exposed, Over Burden Removal (OBR), Average Ratio, Current Ratio, Ratio Variance etc, in the matter of Over Burden Accounting including adjustment for substantial variation between standard ratio and current ratio of OBR cost in some areas. Since the OBR calculation is a technical assessment, we 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, 2009;
 - 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 : Bhubaneswar
Date : July 7, 2009

For **ABP & Associates.**
Chartered Accountants
CA. Niranjan Agrawalla
Partner
ICAI M. No. 087939

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, 2009

- 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 lakh. In most of the area the shortage/ excess arrived on fixed assets physically found and recorded in the assets register remained unadjusted in the Books of Accounts. Pending 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 been disposed off by the Company during the year thereby 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.*
- 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.***
- 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*
 - i. **recording and reporting of production both Coal and OBR;**
 - ii. **prospecting, boring, survey and other payments/expenditure through/to CMPDIL;**
 - iii. **purchase of inventories and fixed assets; and**
 - iv. **for sale of raw coal**

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.**
 - (g) **Reconciliation of advances received from customers against sale of raw coal.**
 - (h) **Tracking of expenditure/payments made to CMPDIL.**
- 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 and OBR 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, 2009, which has been deposited on account of a dispute are as per below:*

<i>Name of the Statute</i>	<i>Name of the Forum where dispute is pending</i>	<i>Total Amount Demand (Rs in Lacs)</i>	<i>Total Amount Deposited (Rs in Lacs)</i>
<i>Central Sales Tax, Orissa Sales Tax, Orissa Entry Tax</i>	<i>High Court, Tribunal and Commission rate</i>	4416.66	937.73
<i>Service Tax (Interest & Penalty)</i>	<i>High Court and Commission rate</i>	61.58	Nil
<i>Income Tax</i>	<i>High Court, Tribunal and Commission rate</i>	36854.72	32889.64
Total		41332.96	33827.37

- x. *As per the books of account of the Company, the Company as at 31st March, 2009 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.*

Place : Bhubaneswar
Date : July 7, 2009

For **ABP & Associates.**
Chartered Accountants
Sd/-
CA. Niranjana Agrawalla
Partner
ICAI M. No. 087939

**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, 2009, 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

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| <p>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.</p> <p>4. Attention is invited to the following paragraphs having effect on the accounts.</p> <p>4.1 <i>Note No 11.3, 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.</i></p> <p>4.2 <i>Note No 4.2 of Notes on Accounts (Schedule-P) regarding capitalization of interest on enhanced compensations for land.</i></p> <p>4.3 <i>Note No. 9.1, 9.2, 9.4 & 9.5 of Notes on Accounts (Schedule-P) regarding confirmation and reconciliation of various balances.</i></p> <p>4.4 <i>Note No 15 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.</i></p> <p>4.5 <i>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.</i></p> <p>4.6 <i>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.</i></p> | <p>Statement of fact</p> <p>Statement of fact</p> <p>Statement of fact</p> <p>Statement of fact</p> <p>Statement of fact</p> <p>This is as per Uniform Accounting Policy of Coal India Limited</p> |
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AUDITORS' REPORT

MANAGEMENT'S REPLY

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| 4.7 <i>Provision of 50% value of stores has been made during the year, in respect of non-moving stores and spares (Refer para 6.1.3 of Notes on Accounts Schedule-P); but in absence of thorough technical review of the position of non-moving obsolete/unserviceable stores and spares we are unable to comment on the adequacy of the provision made in this respect.</i> | Noted for action |
| 4.8 <i>Note No 17.1 of Notes on Accounts (Schedule-P) and Para 2.2(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 |
| 4.9 <i>Disputed Income Tax Liability aggregating to Rs 36,854.72 lakhs and Disputed Sales Tax Liability aggregating to Rs 4,416.66 lakhs have not been provided in the accounts, but shown as contingent liability.</i> | Statement of fact |
| 4.10 <i>Note No 6.2.1 of Notes on Accounts (Schedule-P) regarding shortage of Coal stock weighing 5.49 lakh tonne Valued at Rs.1,144.01 lakhs remained unadjusted in the Books of Accounts.</i> | This is as per Uniform Accounting Policy of Coal India Limited |
| 4.11 <i>Note No 17.9.1 of Notes on Accounts (Schedule-P) regarding the provision for technical and biological reclamation of land on an estimated basis of @ Rs.1,50,000/- per hectre of land mined. Since the technical and biological reclamation of land 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.</i> | This is as per Uniform Accounting Policy of Coal India Limited |
| 4.12 <i>On the basis of the limited review of the books of account and records maintained by the Company in respect of Coal Production and Over Burden Removal activities, we are of the opinion that prima facie, the records of production of coal and over burden have been maintained on estimated basis. The quantitative details</i> | No comment |

AUDITORS' REPORT

MANAGEMENT'S REPLY

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.

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| 4.13 | <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> | Statement of fact |
| 4.14 | <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 provisions. (AS 29: Provisions, Contingent Liabilities and Contingent Assets).</i> | Statement of fact |
| 4.15 | <i>Note no 14 of Notes on Accounts regarding the change in average stripping ratio for OBR adjustments, wherein we have relied upon the estimates and assumptions made by the company in arriving the revised ratio and the effects thereof.</i> | No comment. |
| 4.16 | <i>The technical data submitted by the management in respect of Advance Stripping, Coal Exposed, Over Burden Removal (OBR), Average Ratio, Current Ratio, Ratio Variance etc, in the matter of Over Burden Accounting including adjustment for substantial variation between standard ratio and current ratio of OBR cost in some areas. Since the OBR calculation is a technical assessment, we are unable to express our opinion on the adequacy and correctness of the aforesaid calculation based on technical assessment.</i> | No comment. |
| 5. | <i>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 :</i> | No comment |

AUDITORS' REPORT

MANAGEMENT'S REPLY

- 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*

AUDITORS' REPORT

MANAGEMENT'S REPLY

true and fair view in conformity with the accounting principles generally accepted in India :

in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;

in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

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. Niranjan Agrawalla
Partner
Membership No. 087939

Place : Bhubaneswar

Date : July 7, 2009

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in Paragraph (3) of our report of even date to the members of
M/s Mahanadi Coalfields Ltd. on the accounts for the year ended 31st March, 2009

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>	Noted for action
<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 lakh. In most of the area the shortage/ excess arrived on fixed assets physically found and recorded in the assets register remained unadjusted in the Books of Accounts. Pending 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 been disposed off by the Company during the year thereby 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 adequate in relation to the size of the company and the nature of its business.</i></p>	Statement of fact

AUDITORS' REPORT

MANAGEMENT'S REPLY

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| <p>iii. According to information and explanations given to us:</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> | <p>Statement of fact</p> <p>Statement of fact</p> <p>This is done as per CIL's advice.</p> |
| <p>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</p> <p>i. recording and reporting of production both Coal and OBR;</p> <p>ii. prospecting, boring, survey and other payments/expenditure through/to CMPDIL;</p> <p>iii. purchase of inventories and fixed assets; and</p> <p>iv. for sale of raw coal</p> <p><i>needs to be streamlined and strengthened to make it commensurate with the size of the Company and nature of its business.</i></p> | <p>Noted for action</p> |

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> | Statement of fact |
| <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</i></p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(d) Staff advances and loans needs to be identified and reconciled.</p> <p>(e) Ensuring compliance of various statutory and legal obligations of the company.</p> | Noted for action |

AUDITORS' REPORT

MANAGEMENT'S REPLY

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| <p>(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.</p> <p>(g) Reconciliation of advances received from customers' against sale of raw coal.</p> <p>(h) Tracking of expenditure/payments made to CMPDIL.</p> | |
| <p>viii. <i>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.</i></p> <p><i>We have carried out a limited review of the books of account and records maintained by the Company in respect of Coal and OBR 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.</i></p> | <p>Statement of fact</p> <p>No comment</p> |
| <p>ix. (a) <i>According to the information and explanation given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, VAT, Wealth Tax, Custom Duty, Excise Duty and other Statutory dues as applicable with the appropriate authorities during the year.</i></p> <p>(b) <i>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, 2009, which has been deposited on account of a dispute are as per below:</i></p> | <p>Statement of fact</p> <p>Statement of fact</p> |

AUDITORS' REPORT

MANAGEMENT'S REPLY

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	4416.66	937.73
Service Tax (Interest & Penalty)	High Court and Commission rate	61.58	Nil
Income Tax	High Court, Tribunal and Commission rate	36854.72	32889.64
Total		41332.96	33827.37

- x. *As per the books of account of the Company, the Company as at 31st March, 2009 has not registered any loss for last five year period. Accordingly, paragraph 4(x) of the Order is not applicable.* Statement of fact
- 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* Statement of fact

AUDITORS' REPORT**MANAGEMENT'S REPLY**

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.

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| <p>xvii. <i>On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, the Company has not raised any funds on short term basis. Accordingly, paragraph 4(xvii) of the Order is not applicable.</i></p> | Statement of fact |
| <p>xviii. <i>The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, paragraph 4(xviii) of the Order is not applicable.</i></p> | Statement of fact |
| <p>xix. <i>The Company has not issued any debenture during the year and no amount is outstanding in respect of debenture as on the balance sheet date. Accordingly, paragraph 4(xix) of the Order is not applicable.</i></p> | Statement of fact |
| <p>xx. <i>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>xxi. <i>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 |

For and on behalf of
ABP & Associates
 Chartered Accountants

Sd/-

CA. Niranjan Agrawalla
 Partner
 Membership No. 087939

Place : Bhubaneswar
 Date : July 7, 2009

**Statement Pursuant to Section 212 of the Companies Act, 1956
Relating to Company's Interest in Subsidiary Companies
as at March 31, 2009**

Sl. No.	Particulars	Name of the Subsidiary Company	
		MNH Shakti Limited	MJSJ Coal Limited
1.	The Financial year of the subsidiary companies ended on	31st March, 2009	31st March, 2009
2.	(a) Number of shares held by Mahanadi Coalfields Limited in the subsidiaries at the end of financial year of the subsidiary companies.	70,000 Equity shares of face value of Rs. 10/- each fully paid-up	60,000 Equity shares of face value of Rs. 10/- each fully paid-up
	(b) Extent of interest of Holding Company at the end of the financial year of the Subsidiary Companies.	70%	60%
3.	The net aggregate amount of the subsidiary companies Profit/Loss so far as it concerns the membesof the Holding Company.		
	(a) Not dealt with in the Holding Company's accounts.		
	(i) For the financial year ended March 31, 2009.	—	—
	(ii) For the previous financial years of the subsidiary companies since they became the Holding Company's Subsidiaries.	—	—
	b) Dealt with in the holding company's accounts.		
	(i) For the financial year ended March 31, 2009.	—	—
	(ii) For the previous financial years of the subsidiary companies since they became the holding company's subsidiaries.	—	—

BALANCE SHEET AS AT 31ST MARCH, 2009

	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	500159.54	450031.52
2. Loan Funds			
(a) Secured loans			
(b) Unsecured loans	C	18396.93	15729.03
3. Deferred Tax Liability (Net)			
			3067.24
TOTAL		537196.56	487467.88
II. APPLICATION OF FUNDS			
1. Fixed Assets			
(a) Gross Block	D	309889.12	294561.76
(b) Less : Depreciation & Provisions for Impairment etc.		173479.07	164754.15
(c) Net Block		136410.05	129807.61
(d) Capital work-in-progress	E	33549.26	30510.42
(e) Discarded/Surveyed Off Assets	F	827.20	600.04
		170786.51	160918.07
2. Investment			
	G	15904.40	18161.60
3. Current Assets, Loans and advances			
a) Inventories	H	51819.51	35489.64
b) Sundry Debtors	I	4663.56	13957.51
c) Cash and Bank Balances	J	577330.21	346163.78
d) Other Current Assets	K	24109.57	27496.94
e) Loans and Advances	L	302152.27	260640.27
		960075.12	683748.14
Less : Current Liabilities and Provisions	M	611170.02	375359.93
Net Current Assets		348905.10	308388.21
4. Miscellaneous expenditure (to the extent not written off or adjusted)			
	N		
5. Deferred Tax Assets (Net)			
		1600.55	
TOTAL		537196.56	487467.88
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 Niranjan Agrawalla)
Partner
(Membership No. 087939)

Place : Bhubaneswar
Date : 7th July, 2009

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2009**

	<u>SCHEDULE NO.</u>	<u>CURRENT YEAR (Rs. In Lakh)</u>	<u>PREVIOUS YEAR (Rs. In Lakh)</u>
INCOME :			
Sales	1	538339.21	434708.02
Coal issued for other purpose	2	53.40	54.00
Accretion/(Decretion) in Stock	3	14189.35	8886.94
Other Income	4	107162.41	76601.72
Total Income		<u>659744.37</u>	<u>520250.68</u>
EXPENDITURE			
Internal Consumption of Coal	5	53.40	54.00
Stores & Spare parts consumed	6	43494.37	37957.57
Power & Fuel Expenses	7	6625.78	7662.98
Employees Remuneration & Benefits	8	98431.01	63984.72
Contractual Expenses	9	63971.70	51199.37
Repair Expenses	10	10986.47	8143.89
Social Facilities Expenses	11	12354.19	12399.64
Other Expenditure	12	21448.08	14669.17
Overburden Removal Adjustment	13	125623.17	52216.93
Interest	14(A)	724.82	719.30
Financial Charges	14(B)	439.80	247.01
Depreciation	15	16706.15	14014.86
Provisions	16(A)	- 7228.64	591.17
Write off/Write Back	16(B)	2272.20	196.65
Contribution to Rehabilitation Fund		5476.67	5018.03
Total Expenditure		<u>401379.17</u>	<u>269075.29</u>
Profit for the year		<u>258365.20</u>	<u>251175.39</u>
Prior period adjustment	17	- 1725.81	696.10
Profit before Tax		<u>260091.01</u>	<u>250479.29</u>
Provision for Income Tax			
Current Year		92779.98	82427.67
Prior Period (Adjustment)		-687.41	- 1.05
Fringe Benefit Tax		863.51	656.97
Deferred Tax Liability/Assets		4667.79	3091.36
Profit after Tax		<u>171802.72</u>	<u>164304.34</u>
Profit brought forward from previous year		337171.40	307380.54
Other Employees Benefits (Net of Def. Tax)		0.00	- 978.48
Profit available for Appropriation		508974.12	470706.40

Contd...

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	<u>SCHEDULE NO.</u>	<u>CURRENT YEAR (Rs. In Lakh)</u>	<u>PREVIOUS YEAR (Rs. In Lakh)</u>
APPROPRIATIONS :			
General reserve		17500.00	16540.00
Interim Dividend :			
Equity share		50000.00	50000.00
Proposed dividend :			
Equity share		54000.00	50000.00
Tax on dividend			
Current Year		17674.70	16995.00
Prior Period (Adjustment)		0.00	0.00
		<u>139174.70</u>	<u>133535.00</u>
Balance Transfer to Reserves & Surplus		<u>369799.42</u>	<u>337171.40</u>

Accounting Policies

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Notes on Accounts

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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 Niranjan Agrawalla)
Partner
(Membership No. 087939)

Place : Bhubaneswar
Date : 7th July, 2009

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2009
**SCHEDULE – A
SHARE CAPITAL**

	<u>Current Year</u> <i>(Rs. in Lakh)</i>	<u>Previous Year</u> <i>(Rs. in Lakh)</i>
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
	<u>50000.00</u>	<u>50000.00</u>
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	<u>18640.09</u>	<u>18640.09</u>

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

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE - B RESERVES AND SURPLUS

<i>(Rs. in Lakh)</i>				
Particulars	As at 01.04.2008	Additions During the Year	Deductions/ Adjustment during the Year	As at 31.03.2009
1. Capital Redemption Reserve	20418.00	0.00	0.00	20418.00
2. General Reserve	92442.12	17500.00	0.00	109942.12
3. Profit & Loss Account	337171.40	32628.02	0.00	369799.42
Total	450031.52	50128.02	0.00	500159.54
Previous year	403700.64	47309.36	-978.48	450031.52

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*	17286.18	14618.32
2. Liability for Deferred Payment		
M/S Liebherr France S.A., France	1218.13	1229.18
Less: Interest on Deferred payment	107.38	118.47
	1110.75	1110.71
TOTAL	18396.93	15729.03

Note : Unsecured Loan repayable within 1 year is Rs. 1555.14 lakh (Previous year Rs. 1255.60 lakh)

* Earlier known as JEXIM now changed to JBIC

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE – D ASSETS

(Rs. in Lakh)

PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	Cost As at beginning of year 01.04.2008	Additions During the Year	Deletion/ Adjustment during the year	Cost As at Closing of year 31.03.2009	Provided upto beginning of year	For the year	With-drawn/ Adjust-ment during the year	Provided upto end of the year	Provision for Impairment of Assets upto end of the year	As at year end 31.3.2009	As at year end 31.3.2008
COMPLETED ASSETS :											
1. Land :											
(i) Freehold	274.28	25.70	0.00	299.98	0.00	0.00	0.00	0.00	0.00	299.98	274.28
(ii) Lease hold	34310.58	7279.17	-31.78	41557.97	10419.07	1888.58	-119.00	12188.65	0.00	29369.32	23891.51
2. Buildings :											
(i) Township	32228.37	546.08	-487.62	32286.83	6224.83	529.49	-1.23	6753.09	0.00	25533.74	26003.54
(ii) Other than Township	11923.45	65.63	0.02	11989.10	3813.92	298.17	0.01	4112.10	0.00	7877.00	8109.53
(iii) Roads & Culverts (Mining Area)	7648.60	366.49	0.01	8015.10	2841.62	257.50	0.00	3099.12	22.53	4893.45	4806.98
3. Plant & Machinery	166826.72	13925.11	-10116.10	170635.73	118223.41	11989.30	-9433.23	120779.48	1266.05	48590.20	48236.78
4. Furniture & Fittings and Office Equipments	4992.44	97.61	-4.81	5085.24	2668.35	312.28	-15.55	2965.08	0.00	2120.16	2324.09
5. Railway Siding	11747.86	449.52	0.01	12197.39	4980.32	536.65	0.00	5516.97	0.00	6680.42	6767.54
6. Vehicle	2278.93	18.70	-117.52	2180.11	1914.16	65.05	-79.91	1899.30	4.28	276.53	364.77
7. Prospecting & Boring	2774.71	1750.31	33.41	4558.43	1272.79	454.77	0.00	1727.56	2.28	2828.59	1499.64
8. Development Expenditure	19555.82	1507.46	19.96	21083.24	11119.39	1444.08	-334.37	12229.10	913.48	7940.66	7528.95
TOTAL	294561.76	26031.78	-10704.42	309889.12	163477.86	17775.87	-9983.28	171270.45	2208.62	136410.05	129807.61
Previous Year	282515.52	14272.41	-2226.17	294561.76	150299.31	15384.27	-2205.72	163477.86	1276.29	129807.61	131313.61

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE – E CAPITAL WORK-IN-PROGRESS

(Rs. in Lakh)

PARTICULARS	COST				PROVISION				NET ASSET
	Upto the beginning of the year (01.04.2008)	Additions During the Year	Transfer/ Adjustment during the year	Upto the end of the year (31.03.2009)	Upto the beginning of the year (01.04.2008)	Additions during the year	Transfer/ Adjustment during the year	Upto the end of the year	Upto the end of the year (31.3.2009)
1. Buildings under Construction									
(i) Township	585.48	302.66	- 439.17	448.97	19.95	0.47	0.00	20.42	428.55
(ii) Other than Township	70.02	51.58	- 14.53	107.07	0.00	0.00	0.00	0.00	107.07
(iii) Roads & Culverts (Mining Area)	350.23	0.00	343.34	693.57	0.00	6.99	0.00	6.99	686.58
2. Plant & Machinery									
(i) Under erection/Installation	2770.46	424.94	- 91.05	3104.35	10.13	0.00	- 1.43	8.70	3095.65
(ii) In Stores	884.57	3553.65	- 3489.85	948.37	591.08	79.81	28.38	699.27	249.10
(iii) In transit & awaiting Inspection	0.00	6.55	0.00	6.55	0.00	0.00	0.00	0.00	6.55
3. Railway Siding under Construction	9652.14	6691.99	- 426.08	15918.05	0.00	0.00	0.00	0.00	15918.05
4. P&B for Dev Mines	10637.54	1074.07	- 3237.70	8473.91	0.00	0.00	0.00	0.00	8473.91
5. Dev Exp of Non-Rev Mines	5541.67	549.05	- 1742.62	4348.10	0.00	0.00	0.00	0.00	4348.10
6. Capital Goods in Stock	639.47	99.03	- 502.80	235.70	0.00	0.00	0.00	0.00	235.70
GRAND TOTAL	31131.58	12753.52	- 9600.46	34284.64	621.16	87.27	26.95	735.38	33549.26
Previous Year	25332.90	10744.53	- 4945.85	31131.58	562.74	91.28	- 32.86	621.16	30510.42

SCHEDULE – F

DISCARDED/SURVEYED OFF ASSETS

(Rs. in Lakh)

PARTICULARS	COST				PROVISION				NET ASSET
	Upto the beginning of the year (01.04.2008)	Additions During the Year	Transfer/ Adjustment during the year	Upto the end of the year	Upto the beginning of the year (01.04.2008)	Additions during the year	Transfer/ Adjustment during the year	Upto the end of the year	Upto the end of the year (31.3.2009)
Surveyed Off/ Discarded Assets	942.47	504.60	- 89.76	1357.31	342.43	191.78	- 4.10	530.11	827.20
GRAND TOTAL	942.47	504.60	- 89.76	1357.31	342.43	191.78	- 4.10	530.11	827.20
Previous Year	799.58	184.81	- 41.92	942.47	282.61	87.69	- 27.87	342.43	600.04

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2009

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	7970.20	9108.80
West Bengal Power Dev. Corpn.	7921.20	9052.80
(All bonds backed by respective State Govt. guarantee)	15891.40	18161.60
2. Investment in equity shares of MNH Shakti Ltd.	7.00	—
Investment in equity shares of MJSJ Coal Ltd.	6.00	—
(Subsidiary companies)	13.00	—
(Please see Note No. 5.1 of Notes on Accounts in Sch – P)	15904.40	18161.60
TOTAL	15904.40	18161.60

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE – H

INVENTORIES

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
A. Stock of Stores & Spares	10061.01	9424.05
Stock of Medicine	35.75	21.74
Less:		
(i) Provision for non-moving/obsolescence of Stores	1220.85	1128.36
(ii) Provision for Difference/Shortage	101.19	107.47
	1322.04	1235.83
Sub Total	8774.72	8209.96
Add:		
In transit/Under Inspection	747.17	218.56
Add: Loss of Assets	75.62	104.70
	822.79	323.26
Less: Provision for loss of Assets	75.62	104.70
	747.17	218.56
Coal block meant for sale	1054.51	—
TOTAL (A)	10576.40	8428.52
B. Stock of Coal		
1. Revenue Mines	41440.84	26322.93
2. Capital Mines	0.00	276.99
Sub Total (1+2)	41440.84	26599.92
Less: Provision for Deterioration	913.07	361.20
Rehandling Charges	24.44	23.10
	937.51	384.30
TOTAL (B)	40503.33	26215.62
[As per Annexure H (I) & H (II)]		
C. Workshop Job		
Manufactured items	185.42	259.32
Work in progress	554.36	586.18
TOTAL (C)	739.78	845.50
GRAND TOTAL (A+B+C)	51819.51	35489.64

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. 16500.00 lakh).

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2009

PARTICULARS IN RESPECT OF COAL STOCK AS ON 31ST MARCH, 2009

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 1.4.2008 (Book Stock)						
(a) Revenue Mines	123.54	26599.92	0.00	0.00	123.54	26599.92
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Less : Adjust. against opening stock	-0.02	-7.35	0.00	0.00	0.00	0.00
Total	123.52	26592.57	0.00	0.00	123.54	26599.92
2. Add Production for the Year						
(a) Revenue Mines	963.36	513331.21	0.00	0.00	963.36	513331.21
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Total	963.36	513331.21	0.00	0.00	963.36	513331.21
3. Sub Total (1+2)	1086.88	539923.78	0.00	0.00	1086.90	539931.13
4. (A) Less Offtake for the Year						
(i) Outside Despatch						
(a) Revenue Mines	912.84	498429.54	0.00	0.00	912.84	498429.54
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Total	912.84	498429.54	0.00	0.00	912.84	498429.54
(ii) Consumption of Boiler and Domestic Coal						
(a) Revenue Mines	0.05	53.40	0.00	0.00	0.05	53.40
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.05	53.40	0.00	0.00	0.05	53.40
Total (4A)	912.89	498482.94	0.00	0.00	912.89	498482.94
4.(B) Stock Written Off (Stock at Paradeep)	0.00	0.00	0.00	0.00	0.00	0.00
Total (4A+4B)	912.89	498482.94	0.00	0.00	912.89	498482.94
5. Derived Stock (3-4)						
(a) Revenue Mines	173.99	41440.84	0.00	0.00	173.99	41440.84
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Total	173.99	41440.84	0.00	0.00	173.99	41440.84
6. Measured Stock						
(a) Revenue Mines	168.50	40296.83	0.00	0.00	168.50	40296.83
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Total	168.50	40296.83	0.00	0.00	168.50	40296.83
7. Difference (5-6)	5.49	1144.01	0.00	0.00	5.49	1144.01
8. Break Up of Difference:						
(A) Excess within 5%						
(B) Shortage within 5%	3.16%	2.76%			3.16%	2.76%
(C) Excess beyond 5%						
(D) Shortage beyond 5%						
9. Closing Stock adopted in Accounts (5 above)	173.99	41440.84	0.00	0.00	173.99	41440.84

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2009

PARTICULARS IN RESPECT OF COAL STOCK AS ON 31ST MARCH, 2009

SCHEDULE – H (CONTD....)

ANNEXURE – H (II)

Particulars	Current Year		Previous Year	
	Quantity	Value	Quantity	Value
	(Lakh Tonne)	(Rs. in Lakh)	(Lakh Tonne)	(Rs. in Lakh)
Reconciliation of Closing Stock adopted in Accounts with Books Stock as at the end of the year				
Stock as per Books	173.99	41440.84	123.54	26599.92
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		24.44		23.10
Less:				
Provision made in the Accounts to take care of future deterioration in Coal stock		913.07		361.20
Stock as per Accounts after all provisions	173.99	40503.33	123.54	26215.62

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2009**SCHEDULE – I
SUNDRY DEBTORS**

	<u>Current Year (Rs. in Lakh)</u>	<u>Previous Year (Rs. in Lakh)</u>	
Outstanding for over six months	2083.56	7044.11	
Other debts	4633.00	13623.00	
Sub Total	<u>6716.56</u>	<u>20667.11</u>	
Less: Provision for Doubtful Debts	2053.00	6709.60	
TOTAL	<u>4663.56</u>	<u>13957.51</u>	
Classification :			
1	Considered good and in respect of which the Company is fully secured	21.80	36.02
2	Considered good for which the Company holds no security other than Debtors Personal Security	4641.76	13921.49
3	Considered Doubtful	2053.00	6709.60
TOTAL		<u>6716.56</u>	<u>20667.11</u>

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. 16500.00 lakhs).

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2009**SCHEDULE – J****CASH & BANK BALANCES**

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
A. (i) Cash/Stamp in hand	3.60	4.09
(ii) Cheques/Demand Drafts in hand	0.08	2.26
(iii) Cash balance with Imprest Holder	9.59	4.04
B. Remittance-in-Transit	0.00	1.33
C. Balance with Scheduled Banks		
(i) Current Account	6447.69	10579.09
(ii) Deposit Account	570869.25	335572.97
TOTAL	577330.21	346163.78

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. Gratuity from Trust (LIC)	5.17	0.00
3. Income Tax	0.00	13268.61
4. Interest on delayed payment from TNEB	1715.23	0.00
5. Interest on Bank Deposits	20715.65	12458.88
6. Interest on Power Bonds	723.63	820.11
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.	0.00	5.24
9. Others	949.89	944.10
TOTAL	24109.57	27496.94

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2009**SCHEDULE – L
LOANS & ADVANCES**

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
(A) Capital Advances :		
(1) P & M Advance	655.61	400.65
(2) Land Advance	15659.50	12719.17
TOTAL (A)	16315.11	13119.82
(B) Advance to Suppliers (Stores)	724.15	1119.34
TOTAL (B)	724.15	1119.34
(C) Advance to Contractors	706.45	125.17
TOTAL (C)	706.45	125.17
(D) Advance to Employees :		
(1) House Building Advance	180.52	225.25
(2) Motor Car Advance	2.69	1.57
(3) Motor Cycle, Scooter Advance	0.12	0.10
(4) Pay Advance	4.02	5.63
(5) Medical Advance	169.80	101.74
(6) Flood /Drought Relief	0.00	0.05
(7) Local Purchase Adv.	1.32	2.14
(8) Misc. Advance	58.71	62.60
(9) Travelling Advance	77.47	115.16
(10) LTC Advance	26.88	34.92
(11) Advance (Others)	119.99	82.05
(12) Freight Advance	1.00	0.00
(13) Study Advance/Self Development Loan	0.00	0.00
(14) Other Receivables	415.01	400.75
(15) Group Insurance	0.00	0.00
TOTAL (D)	1057.53	1031.96
(E) Advance to Others :		
1. Advance to Co-operative Society	0.48	0.48
2. Tax deducted at Source	12986.02	8258.35
3. Advance Income Tax	82100.00	72315.00
4. Advance Wealth Tax	0.00	0.00
5. Income Tax(Company) under protest	35787.67	27007.42
6. Advance Sales Tax	423.31	604.62
7. Sales Tax deposit under protest	937.73	911.82
8. Advance Receivable from Govt.	0.82	375.62
9. Advance to Railways	4374.97	1250.64
10. Advance to others	174.66	356.65
11. Fringe Benefit Tax	546.62	510.74
12. Advance to Subsidiaries	356.00	0.00
TOTAL (E)	137688.28	111591.34

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE – L (CONTD.....)

LOANS & ADVANCES

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
(F) Deposit		
(i) With P & T Deptt.	4.31	29.99
(ii) With Elec. Boards	776.85	767.66
(iii) Surplus Fund with CIL (Holding Co.) ³	140755.28	132946.14
(iv) With Others	416.78	84.65
TOTAL (F)	141953.22	133828.44
(G) Prepaid Expenses	189.31	121.61
TOTAL (G)	189.31	121.61
(H) Current Account Balance with Sister Subsidiaries & Holding Company		
CMPDI Limited	29.74	0.00
MJSJ Coal Ltd., subsidiary company	2189.88	0.00
MNH Shakti Ltd., subsidiary company	1692.70	0.00
TOTAL (H)	3912.32	0.00
GRAND TOTAL (A TO H)	302546.37	260937.68
Less : Provision for Doubtful Advances	394.10	297.41
Net Total	302152.27	260640.27
Classification:		
(a) Considered good in respect of which the company is fully secured	183.33	226.92
(b) Considered good for which the company holds no security other than Party's Personal security	301574.84	260413.35
(c) Considered doubtful	394.10	297.41

NOTE:

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

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2009**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	1297.98	1304.22
For Stores	4466.22	3502.89
TOTAL (A)	5764.20	4807.11
B. Sundry Creditors for Expenses		
Capital	5583.54	4292.49
Revenue	4078.44	3587.88
Power & Fuel	1105.57	1029.24
TOTAL (B)	10767.55	8909.61
C. Employees Remuneration and Benefits		
Salaries, Wages, Allowance	27991.70	13890.71
Attendance Bonus	492.85	461.20
Ex-gratia	1728.66	1239.26
Unpaid Salaries & Wages	38.76	40.19
Gratuity	14571.85	3335.23
D L I	13.39	1.63
Leave Encashment	8158.06	4692.11
Compensation to dependants	986.61	0.00
VRS	172.01	12.55
TOTAL (C)	54153.89	23672.88
D. Other Expenses		
Contractual Expenses	5867.54	3685.25
Demurrage	20.12	0.46
Audit Fee & Expenses	16.71	15.23
Repair & Maintenance	1881.74	776.66
Others	2629.20	2504.83
TOTAL (D)	10415.31	6982.43
(E) Statutory Dues		
Sales Tax :		
Central	625.95	441.55
State/Orissa VAT	169.34	77.98
Royalty on Coal	7702.55	6614.10
Stowing Excise Duty	2572.72	2243.90
Provident Fund	320.78	374.71
Pension Fund	64.06	96.09
Professional Tax	0.13	0.16
Income tax:		
Employees	275.74	378.83
Contractors	696.05	612.66
Service Tax	164.17	390.32
Orissa Entry Tax	69.83	634.55
OREEP Tax	118.08	107.57
Other Statutory Dues	328.42	204.99
TOTAL (E)	13107.82	12177.41

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2009

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)	0.13	0.04
(ii) C.T. D Post Office	0.00	0.00
(iii) National Calamity Fund	0.55	2.92
(iv) Dues to Canteen	0.03	0.00
(v) Dues to Co-operative Societies	2.82	2.62
(vi) Benevolent Fund	1.11	2.51
(vii) Welfare Fund	0.25	1645.86
(viii) Others	708.23	474.71
TOTAL (F)	713.12	2128.66
G. Advances and Deposits		
Advance from Customers	68961.07	39521.25
Deposits from Contractors & Others	6158.68	4990.44
Unutilised Govt. Subsidy	33.64	33.64
TOTAL (G)	75153.39	44545.33
H. Current Account Balance with Holding Company		
Coal India Limited	24402.70	-7404.37
TOTAL (H)	24402.70	-7404.37
I. Overburden Removal		
Ratio Variance Reserve	265899.74	136593.09
Less: Closing Advance Stripping	11947.26	8263.79
	253952.48	128329.30
TOTAL (I)	253952.48	128329.30
TOTAL CURRENT LIABILITIES (A TO I)	448430.46	224148.36
Provisions :		
(a) Reclamation of Land	3247.30	6992.74
(b) Taxation	105492.26	94218.83
(c) Dividend	54000.00	50000.00
Total Provisions	162739.56	151211.57
GRAND TOTAL	611170.02	375359.93

- NOTE: 1. Out of Sundry Creditors of Rs. 16531.75 lakh (Previous year Rs. 13716.22 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, 2009**SCHEDULE – N****MISCELLANEOUS EXPENDITURE
(To the extent not written off or adjusted)***(Rs. in Lakh)*

Particulars	As at 01.04.2008	Additions During the Year	Deductions/ Adjustment During the Year	As at 31.03.2009
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, 2009

SCHEDULE – 1

SALES

		Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Quantity (Lakh Tonne)		912.84	836.26
(A) Gross Sales Value			
Raw Coal Value	608844.99	500159.61	
Crushing Charges	39909.67	28947.28	
		648754.66	529106.89
Less: Statutory Levies:			
Royalty on Coal	77307.39	64536.75	
Stowing excise Duty	9128.42	8362.79	
		86435.81	72899.54
Sales Tax :			
Central	6636.87	7033.21	
State/Orissa VAT	14664.59	12229.55	
Orissa Entry Tax	2678.18	2236.57	
ORISED	0.00	0.00	
		23979.64	21499.33
(B) Total Levies		110415.45	94398.87
(C) Transfer to Development		0.00	0.00
(D) Basic Value (A-B-C)/Net Value		538339.21	434708.02

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	61.90	0.00	61.90	62.07	0.00	62.07
Less:						
Royalty on Coal	8.50	0.00	8.50	8.07	0.00	8.07
Net Value	53.40	0.00	53.40	54.00	0.00	54.00

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE – 3

ACCRETION/(DECRETION) IN STOCK

		Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Closing Stock			
(A)	Raw Coal	41440.84	26599.92
	Less: Provision for		
	Deterioration	913.07	361.20
	Rehandling	24.44	23.10
		<u>937.51</u>	<u>384.30</u>
	TOTAL (A)	<u>40503.33</u>	<u>26215.62</u>
(B) Workshop Job			
	Work-in-progress	554.36	586.18
	Finished	185.43	259.32
	TOTAL (B)	<u>739.79</u>	<u>845.50</u>
(C)	TOTAL (A+B)	<u>41243.12</u>	<u>27061.12</u>
Opening Stock			
(D)	Raw Coal	26599.92	17286.48
	Less: Provision for		
	Non Vendable Stock	361.20	259.84
	Rehandling	23.10	31.14
		<u>384.30</u>	<u>290.98</u>
		<u>26215.62</u>	<u>16995.50</u>
	Less : Adjust. against Opening Stock	7.35	0.00
	TOTAL (D)	<u>26208.27</u>	<u>16995.50</u>
(E)	Workshop Job (W.I.P. & Finished)	<u>845.50</u>	<u>901.69</u>
	TOTAL (E)	<u>845.50</u>	<u>901.69</u>
(F)	Total (D+E)	<u>27053.77</u>	<u>17897.19</u>
	TOTAL (C-F)	<u>14189.35</u>	<u>9163.93</u>
	Less: Transfer to Development	0.00	276.99
	Accretion(+)/Decretion(-) in Stock	<u>14189.35</u>	<u>8886.94</u>

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE – 4 OTHER INCOME

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Subsidy	521.05	106.42
Transportation Charges	31782.54	25296.10
Value of Workshop job done	7310.62	5822.39
Rent (outsider)	91.73	94.54
Interest on		
1. Bank Deposits	44897.30	28485.89
2. Loans & Advances to Employees	55.57	38.87
3. Surplus Fund with Coal India Limited	12774.68	10097.15
4. Investment	1495.49	1688.46
5. Income Tax Dept.	0.00	2353.14
6. Others	42.92	45.30
Liquidated Damages/Penalty	354.57	426.84
Lease Rent	243.42	251.96
Penalty from Customer	2516.10	410.73
Tender Fee	60.92	36.98
Silo Charges from Customers	793.83	586.10
Sale of scrap	311.54	224.04
Profit on sale of Assets	2761.14	370.97
Net Gain on Exch. Rate Fluct.	0.00	17.79
Service charges from customers	1002.16	0.00
Other Misc. income	146.83	248.07
Sub Total	107162.41	76601.74
Less: Transfer to Development	0.00	0.02
NET TOTAL	107162.41	76601.72

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2009**

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	61.89	62.07
Less: Royalty on Coal	8.49	8.07
Net Value	53.40	54.00

SCHEDULE – 6

STORES & SPARE PARTS CONSUMED

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Explosives	8122.44	6500.77
Timber	54.28	39.50
Petrol, Oil & Lubricants	18224.09	16695.57
HEMM Spares	11448.18	9999.93
Other Stores & Spares	6272.56	5272.77
Sub Total	44121.55	38508.54
Less : Transfer to		
Social Facilities	122.05	122.52
Other Expenditure	505.13	428.05
Development	0.00	0.40
Sub Total	627.18	550.97
TOTAL	43494.37	37957.57

SCHEDULE – 7

POWER & FUEL EXPENSES

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Purchase of Electricity	9511.02	9334.51
Less : Transfer to		
Social Facilities	2884.98	1671.29
Development	0.26	0.24
	2885.24	1671.53
TOTAL	6625.78	7662.98

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE – 8

EMPLOYEES REMUNERATION AND BENEFITS

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
A. Salaries, Wages & allowances		
Piece Rated Wages	233.98	220.17
Time Rated Wages	40723.83	22172.23
Interim relief	1300.69	6334.42
Executives Salary	11069.35	7523.13
Leave Wages	1768.83	1637.31
Paid Holiday Wages	682.09	607.09
Leave Encashment	4245.26	2148.73
Nightshift Allowance	65.33	64.74
House Rent Allowance	276.72	125.06
Transport Subsidy	598.32	571.71
Incentive Bonus/Reward	1060.31	706.60
Special Incentive	87.95	95.86
Other Allowances	636.91	603.54
TOTAL (A)	62749.57	42810.59
B.		
Normal Overtime	5163.72	4363.50
Sunday Overtime	3677.84	3073.36
Attendance Bonus	1811.64	1796.06
Ex-gratia	2113.60	1372.72
Provident Fund	5801.88	5114.49
Pension Fund	298.79	284.65
LLTC	835.67	846.07
RRF	77.39	53.13
Pension	1604.51	181.27
Gratuity	14287.95	5385.34
Workmen Compensation	1014.64	40.94
D. L. I.	38.14	31.44
Life Cover Scheme	153.69	52.61
Voluntary Retirement Scheme	331.54	217.63
Perquisite Tax	609.20	425.48
TOTAL (B)	37820.20	23238.69
C.		
Less : Transfer to		
Social Facilities	1978.71	1873.47
Development	160.05	191.09
	<u>2138.76</u>	<u>2064.56</u>
TOTAL (C)	2138.76	2064.56
NET TOTAL (A+B-C)	98431.01	63984.72

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2009**

**SCHEDULE – 9
CONTRACTUAL EXPENSES**

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Transportation Charges:		
Coal	47251.82	36705.26
Sand	58.56	52.67
Hire Charges of HEMM	1518.82	596.80
Surface Miner	8477.10	8638.03
Other Contractual Works	6670.07	5362.78
Sub Total	63976.37	51355.54
Less : Transfer to Development	4.67	156.17
TOTAL	63971.70	51199.37

**SCHEDULE – 10
REPAIR EXPENSES**

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
(A) Township	1245.80	1252.75
Hospital, Educational & Other Welfare Buildings	260.09	195.58
Factory & Office Buildings	685.79	435.35
Plant & Machinery	1702.46	1414.74
Office Equip.& Furnitures	38.84	34.43
Hospital Equipment	14.53	5.98
Heavy Vehicles	73.52	64.70
Cars & Jeeps	129.50	109.94
SOH Vehicles	23.46	20.54
HEMM Rehabilitation Expenses	755.68	984.95
Workshop Job done	6784.49	5027.37
Siding Maint. Charges	945.69	184.73
Others	0.49	0.56
TOTAL	12660.34	9731.62
Less : Transfer to		
Social Facilities	1543.88	1474.85
Other Expenses	129.99	110.49
Development	0.00	2.39
	1673.87	1587.73
NET TOTAL	10986.47	8143.89

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE – 11

SOCIAL FACILITIES EXPENSES

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
(A) Salaries, Wages & Allowances(Contra)	1978.71	1873.47
Free issue of Coal/Gas to employees	563.09	521.25
Medical Reimbursement	831.97	727.78
Medicine & Diet Expn.	329.27	242.18
Grant to Schools & Inst.	698.98	637.93
Sports, Rec. expenses & Grants	49.26	68.97
Canteen upkeep	25.25	15.76
Purchase of Water	43.51	55.05
Power (Contra)	2884.98	1671.29
TOTAL (A)	7405.02	5813.68
(B) Repairs :		
Township Repair (Contra)	1231.99	1241.99
Repair of Hospital, School & Wel. Building (Contra)	260.09	195.58
Hospital Equip. (Contra)	28.34	16.74
TOTAL (B)	1520.42	1454.31
(C) Cons. of Stores & Spares SOH Services (Contra)	49.31	43.84
Maintenance of Vehicles :		
Stores & Spares for SOH Vehicles (Contra)	72.74	78.68
Repairs of S.O.H. Vehicles (Contra)	23.46	20.54
Road Tax	7.80	0.75
Insurance	0.06	0.97
Training Expenses	104.06	100.94
Depreciation	577.34	514.95
Community Development	847.82	959.93
Compensation for Land	556.14	2346.06
Assets not belonging to Company	10.40	251.80
Environment/Ecology/Improvement	375.98	317.29
Technical Assistance ESMP	387.11	402.92
Guest House Expenses	0.00	2.77
Others	50.66	29.24
TOTAL (C)	3613.69	5328.69
TOTAL (A+B+C)	12539.13	12596.68
(D) Less : Recoveries		
Vehicle	4.80	4.24
House Rent	30.30	32.71
Hospital Charges	50.49	56.71
School Bus, Elect. & Water Charges	86.28	36.11
Guest House/Transit Flat	3.16	3.47
Others	6.40	1.44
	181.43	134.68
TOTAL (D)	181.43	134.68
(E) Less: Transfer to Development	3.51	62.36
NET TOTAL (A+B+C-D-E)	12354.19	12399.64

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE – 12

OTHER EXPENDITURE

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
(A) Travelling	737.54	546.45
Printing & Stationery	251.88	239.71
Books & Periodicals	9.95	8.21
Postage & Telephone	204.21	183.34
Bank Charges	1.78	1.79
Advertisement for :		
(i) Tender	132.06	87.91
(ii) Others	0.00	0.00
(iii) Publicity	142.90	98.07
	274.96	185.98
Freight Charges	8.95	10.62
Under Loading Charges	2609.66	3080.63
Demurrage	187.80	47.19
Donation & Subscriptions	15.67	5.25
Security Expenses	2179.53	1645.52
Rescue & Safety	102.07	182.55
Expenses on Meeting	159.20	108.35
Other Selling Expenses	1704.26	987.52
Hire Charges for :		
(i) Computer	48.75	88.44
(ii) Others	706.45	712.83
	755.20	801.27
Computer Software Charges	23.22	13.08
Maintenance of Cars & Jeeps :		
(i) P.O.L. & Spares (Contra)	505.14	428.05
(ii) Repairs (Contra)	129.99	110.50
(iii) Vehicle Tax	41.32	42.64
(iv) Insurance	26.96	22.34
	703.41	603.53
TOTAL (A)	9929.29	8650.99
(B) Royalty & Cess	15.56	14.93
Insurance	0.55	0.55
Rent, Rates & Taxes	551.32	446.86
Auditors Remuneration :		
(i) Audit Fee	5.65	5.65
(ii) Other Capacity	3.67	2.26
(iii) Out of Pocket Exp.	5.37	3.96
	14.69	11.87

(Contd.....)

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

SCHEDULE – 12 (Contd.....)

OTHER EXPENDITURE

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Internal Audit Fee & Expenses	71.61	31.48
Legal Expenses	49.73	44.05
Apex Office Expenses	7685.50	4944.50
Loss on Sale/Discard of Assets	4.13	6.89
Office Contingency	24.15	25.98
Prospecting & Boring	280.62	0.00
CMPDIL Expenses	1782.42	105.09
Wealth Tax	5.25	5.00
Exchange Rate Fluctuation	393.12	0.00
Reimbursement of Conv. Exp.	166.79	173.52
Others	480.40	236.44
TOTAL (B)	11525.84	6047.16
TOTAL (A+B)	21455.13	14698.15
(C) Less : Transfer to Development	7.05	28.98
NET TOTAL (A+B-C)	21448.08	14669.17

SCHEDULE – 13

OVER BURDEN REMOVAL ADJUSTMENT

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Expenditure Charged to Coal	217246.77	133067.15
Less :		
Expenditure incurred	91623.60	80850.22
TOTAL	125623.17	52216.93

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2009**

SCHEDULE – 14(A)

INTEREST

	<u>Current Year (Rs. in Lakh)</u>	<u>Previous Year (Rs. in Lakh)</u>
On dues to Coal India Ltd., Holding Co. For Loans from IBRD & JBIC	435.76	531.75
On Deferred Payment	19.73	22.11
Other Interest	269.33	165.44
Net Total	<u>724.82</u>	<u>719.30</u>

SCHEDULE – 14(B)

FINANCIAL CHARGES

	<u>Current Year (Rs. in Lakh)</u>	<u>Previous Year (Rs. in Lakh)</u>
1. Guarantee fees (IBRD & JBIC)	418.00	219.28
2. Swap Charges	0.54	1.62
3. Custodian Charges	21.26	26.11
TOTAL	<u>439.80</u>	<u>247.01</u>

Note : Current Guarantee Fees includes arrear Service Tax of Rs.126.54 lakhs for years 2004-05 to 2008-09.

SCHEDULE – 15

DEPRECIATION

	<u>Current Year (Rs. in Lakh)</u>	<u>Previous Year (Rs. in Lakh)</u>
Depreciation	17775.88	15384.27
Less : Transfer to		
(a) Social Overhead	847.82	959.93
(b) Prior Period Adjustment	165.90	356.99
(c) Development	56.01	52.49
	<u>1069.73</u>	<u>1369.41</u>
NET TOTAL	<u>16706.15</u>	<u>14014.86</u>

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE – 16(A)

PROVISIONS

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Provision for Doubtful Debts	– 4656.60	– 1741.66
Obsolete and Non-moving of Stores	92.49	99.38
Reclamation of Land	– 3745.44	858.94
Shortage of Stores	– 6.28	30.71
Provision for Capital-Work-in-Progress	87.27	91.28
Doubtful Advances	96.69	– 7.66
Retired/Surveyed-off Assets	191.78	87.69
Impairment of Assets	806.48	373.69
Stabilisation of Mines	– 225.69	800.30
Loss of Assets	125.85	0.00
Loss of Cash	4.65	0.00
Sub Total	– 7228.80	592.67
Less : Transfer to Development	– 0.16	1.50
NET TOTAL (A)	– 7228.64	591.17

SCHEDULE – 16(B)

WRITE OFF/WRITE BACK

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Bad Debts Written off	2334.85	629.30
Less : Sundry Debtors Written Back	62.65	432.65
Total (B)	2272.20	196.65

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE – 17

PRIOR PERIOD ADJUSTMENT

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
(A) Debit		
Employees Remuneration & Benefits	94.93	– 209.03
Power & Fuel	40.52	0.00
Consumption of Stores & Spare Parts	117.28	– 16.51
Repairs & Maintenance	0.15	0.00
Depreciation	165.89	356.99
Contractual Expenses	203.53	61.59
Social Overhead & Welfare Exp.	0.12	595.27
Interest & Financial Charges	32.77	– 22.66
* Perquisite tax	3.61	0.00
Extra-ordinary items	27.21	0.00
Underloading/Overloading	3.05	0.00
Others	346.36	129.81
TOTAL (A)	1035.42	895.46
Less : Transfer to Development	0.00	2.05
(B) Credit		
Sales	– 263.51	– 74.22
Interest on delayed payment by customers	2847.45	0.00
Profit on sale of coal block	149.93	0.00
Other Income	27.36	271.53
TOTAL (B)	2761.23	197.31
NET TOTAL (A-B)	– 1725.81	696.10

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, cash rehabilitation expenses and re-settlement cost incurred for concerned displaced persons. All other expenditure incurred as compensation in lieu of employment or where employment itself is given or where a monthly fixed sum of money is paid for foregoing employment etc, the expenditure are to be treated as revenue expenditure.
 - 5.3 **Plant and Machinery** : Plant and Machinery include cost and expenses incurred for erection/installation and other attributable costs of bringing those assets to working conditions for their intended use.
 - 5.4 **Railway siding** : Pending commissioning, payment made to the Railway Authorities for construction of railway 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%
- (h) SDL at 5 years(19%) or 16500 working hours whichever is later.
- (i) LHD at 6 years (15.83%) or 21500 working hours whichever is later.
- Depreciation on the assets added/disposed off during the year is provided on pro-rata basis with reference to the month of addition/disposal except in case of 100% depreciable items which are fully charged during the year of addition.
- 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 year end rates. The difference in translation of monetary current assets and liabilities and realized gains and losses on foreign exchange transactions are recognized in the Profit & Loss account, except those relating to acquisition of fixed assets, which are capitalized.

12. BORROWING COST

Borrowing Costs 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.

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 :

14. BALANCE WITH COAL INDIA LIMITED (HOLDING COMPANY)

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

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.

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.

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.

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.

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.

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.17500.00 lakh (Previous Year Rs.16540.00 lakh) being 10.18%, 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 (CSRP) based on back to back agreement between the Company and Coal India Limited. The loan outstanding as on 31.03.2009 (net after repayments) is Rs17286.18 lakh (Previous Year Rs.14618.32 lakh) The details of balance are as under :

	Balance 1.4.2008	Repayment 2008-09	Balance 31.3.2009	Balance 1.4.2009 Rs. In lakh	Repayment 2008-09 Rs. In lakh	Translation Difference Rs. In lakh	Balance 31.3.2009 Rs. In lakh
	US \$	US \$	US \$				
IBRD	17798201.95	1340549	16457652.95	7138.86	610.45	1939.05	8467.46
	JP Yen	JP Yen	JP Yen				
JBIC	1856406873	179844855	1676562018	7479.46	840.67	2179.93	8818.72
Total				14618.32	1451.12	4118.98	17286.18

3.2 The balance loan (net of repayments) of Rs. 1110.75 lakhs (previous year Rs. 1110.71 lakhs) is for the purchase of 4 nos. Hydraulic shovels from Leibherr, France. The loans have been arranged through credit agreement with Banque Nationale De Paris and Natexis Banque.

4.0 FIXED ASSETS

4.1 The Company took over various Assets and Liabilities from Coal Mines Labour Welfare Organisation and Coal Mines Rescue

Organisation for which no quantitative details are available. Adjustments, if any, will be made on finalisation of quantity and value thereof.

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

4.5 The carrying cost of the Fixed Assets acquired against World Bank aided projects and Deferred Credit has increased to the extent of exchange rate fluctuation of Rs. 3384.41 lakh (Previous Year by Rs. 3.95 lakh).

4.6 The Plant & Machinery valuing more than Rs.1 lakh have been physically verified by the Company in most of the areas by outside auditors appointed by the Company. During the year, an amount of Rs. 125.85 lakh has been provided based on discrepancies noticed on physical verification on adhoc basis pending reconciliation. Further adjustments will be made after reconciliation of physical verification of Fixed Assets report.

4.7 Physical verification of other fixed assets has not been carried out during the year.

4.8 Prospecting and boring and Development expenditure on allotted non-CIL blocks meant for sale amounting to Rs. 1054.51

lakh has been shown as 'inventories' at cost in Schedule - H.

- 4.9 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.
- 4.10 Discarded / Surveyed off Assets: Value of discarded assets at the end of the year stands at Rs.827.20 lakh (Previous Year Rs. 600.04 lakh) after provision for Rs. 530.11 lakh (Previous Year Rs. 342.43 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 WBPDC).

The details of the unredeemed bonds are as under:

Particulars of bonds	Rs. in Lakh		
	Opening balance as at 01.04.2008	Redeemed during the year	Closing balance as at 31.03.2009
MSEB	9108.80	1138.60	7970.20
WBPDC	9052.80	1131.60	7921.20
TOTAL	18161.60	2270.20	15891.40

All bonds are backed by respective State Govt, guarantees.

- 5.2 Interest amounting to Rs. 1495.49 lakh (Previous Year Rs.1688.46 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 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. Provision for shortage/difference made upto 31.03.2009 stands at Rs. 101.19 lakh(Previous year Rs. 107.47 lakh).
- 6.1.3 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.
- 6.1.4 The Company is yet to carry out exercise for identification of unserviceable/and obsolete stores items in most of the Areas.
- 6.1.5 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 due to difficulty in ascertainment of net realizable value.
- ### 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 $\pm 5\%$ over book stock (mine/colliery wise), is ignored pursuant to Accounting Policy (refer Para 10.1 of Schedule - O). As a result, Net shortage within $\pm 5\%$ over book stock (mine/colliery wise) weighing 5.49 lakh tonne Valued at Rs.1144.01 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, 2009 of the Company constitutes as follows :

Name of Mines	Basis of valuation (Cost/NRV)	Quantity [Lakh MT]	Rate [Rs]	Value [Lakh Rs.]
Nandira	NRV	0.114	980.00	111.84
Talcher	NRV	0.148	1170.00	173.72
Lingaraj O C P	Cost	22.330	118.81	2653.12
Orient Mine No. 2	NRV	0.529	824.84	436.22
Orient Mine No. 3	NRV	1.259	823.83	1037.32
Orient Mine No. 4	NRV	0.037	1261.03	46.42
H R C	NRV	0.093	834.63	77.45
H B I	NRV	3.006	853.33	2565.00
Belpahar OCP	Cost	4.444	375.81	1670.03
Lakhanpur OCP	Cost	14.350	375.08	5382.22
Lilari OCP	NRV	0.564	377.77	213.09
Lajkura OCP	NRV	1.437	412.05	592.30
Samleswari OCP	NRV	9.338	424.83	3967.10
Bhubaneswari OCP	Cost	7.675	135.20	1037.68
Jagannath OCP	Cost	6.694	134.62	901.18
Ananta OCP	Cost	11.636	282.35	3285.72
Bharatpur OCP	Cost	14.559	168.80	2457.54
Chhendipada OCP	Cost	0.067	275.87	18.36
Basundhara West OCP	Cost	16.961	257.96	4375.37
Kulda OCP	Cost	21.979	143.71	3158.61
Hingula OCP	Cost	28.866	147.14	4247.29
Balaram OCP	Cost	7.901	383.90	3033.27
Total		173.987	238.18	41440.84

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.46689.15 lakh.

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

7.0 SUNDRY DEBTORS

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

7.2 Provision for doubtful debts :

- 50% provision is made for disputes in quantity and penalty on overloading.
- 100% provision is made for disputes in other cases.
- Cumulative provision as on 31.3.2009 stands at Rs. 2053.00 lakh (Previous Year Rs. 6709.60 lakh). The management considers the provision as adequate.

8.0 CASH AND BANK BALANCES

Cash and Bank balance includes:

- Rs. 104.58 lakh (Previous Year Rs. 95.53 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. 9.59 lakh (Previous Year Rs.4.04 lakh) maintained with various branches of Coal India Limited.
- Rs.116.12 lakh (unclaimed OREEP Tax), out of which Rs. 96.60 lakh represents amount received from Hon'ble Supreme Court of India towards corpus fund of trust and the balance of Rs. 19.52 lakh being interest thereon. As per directives of the Hon'ble Supreme Court, the interest income is to be utilized for welfare of employees. The Trust is yet to be formed.
- Rs. 20.00 lakh deposits with SBI, MCL complex earmarked for Corpus fund of Utkal Rangamanch Trust, interest income of which is disbursed to the Trust.

9.0 LOANS AND ADVANCES AND OTHER CURRENT ASSETS

9.1 Certain credit/debit balances in current assets/liabilities under some heads of account have been netted pending linking

- of the same. Aggregate implication of the same could not be ascertained in the absence of necessary information.
- 9.2 There are some negative balances in different areas towards employee related advances (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. 302546.37 lakh (Previous Year Rs.268342.05 lakh) of the Company, Rs. 394.09 lakh (Previous Year Rs.297.41 lakh) has been considered doubtful and provision thereof 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 have not been obtained in all the cases.
- 9.6 Advance to railway Rs. 4374.97 lakhs (Schedule –L) :
- (i) Out of Rs.492.16 lakh deposited with SEC Railway in IB valley area for Railway Over bridge, Rs. 333.94 lakh has been adjusted till date as asset not belonging to company. The balance of Rs.158.22 lakh (Previous Year Rs.167.16 lakh) is to be adjusted on receipt of final utilization certificate from SEC railway.
- (ii) An amount of Rs. 3335.94 lakh has been deposited with East Coast Railways for renovations of railway tracks as depository work in Jagannath area . The utilization report thereof up to 31.03.2009 has not been submitted by railways. On the basis of estimation given by the company's executive department, Rs. 783.47 lakh has been charged to revenue giving corresponding credit to liability.
- (iii) The balance of advance to railways for Rs. 880.81 lakhs is for Hingula area for Line electrification.
- 9.7 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". A provision of Rs 4.65 lakh has been made during the year.
- 9.8 Loans and Advances includes
- (i) Advance of Rs. 342.99 lakhs (Previous year Rs. 342.99 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 lakh (Previous Year Rs. 1.91 lakh) 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) Advance from customers (Schedule-M) includes 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. 100.83 lakh (Previous Year Rs.100.84 lakh)

calculated at the rate of 12% for the unpaid principal amount of the Cess liability. The total liability thus included therein becomes Rs. 2142.88 lakh (Previous Year Rs. 2042.05 lakh) as at 31.3.2009. 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) During the year 2006-07, Rs. 96.60 lakh (unclaimed OREEP Tax) was received from Hon'ble Supreme Court of India for keeping in bank deposit in the name of a Trust. The income from it is to be utilized for the welfare of the employees. The money has been kept as Fixed Deposit which stood at Rs. 116.12lakh (inclusive of interest of Rs. 19.52 lakh earned till the date of balance sheet) and shown as OREEP tax in Schedule-M (Current liabilities and Provisions).

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.12774.68 lakh (Previous Year Rs.10097.15 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 (Schedule - 4) includes Rs. 2752.47 lakh (previous year Rs. 352.69 lakh) due to sale of Coal Blocks. Profit on sale of block relating to previous year for Rs. 149.93 lakh has been shown as prior period income (Schedule -17). 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 Rehabilitation charges amounting to Rs.5476.67 lakh (Previous Year Rs.5018.03 lakh) calculated at the rate of Rs. 6.00 per tonne of despatch of coal has been charged to Profit & Loss Account with corresponding credit to the current account of Coal India Limited in Schedule-M for Current Liabilities and Provisions.
- 11.10 The Fringe Benefit Tax of Rs. 863.51 lakh (Previous Year Rs. 656.97 lakh) has been provided in accordance with the provisions of Income Tax Act, 1961.
- 11.11 Provision of Rs. 87.27 lakh (Previous Year Rs. 91.28 lakh) against Capital Work-in-Progress has been taken at the depreciation rate on P & M items and civil works from the 4th year of purchase/acquisition/ construction as the case may be.
- 11.12 The outstanding provision of Rs. 743.27 lakhs has been adjusted against Community Development Expenses as the Hon'ble High Court, Orissa has given its

- verdict and declaration of levy of tax for periphery development as illegal (Schedule-11).
- 11.13 Expenditure of Rs. 609.20 lakh (previous year Rs. 425.48 lakh) has been incurred for Perquisite Tax during the year 2008-09 in respect of housing accommodation provided to the employees.
- 11.14 Salary, wages and allowances (Schedule - 8) includes Provision for arrear salary and wages for executives and non executives on salary/wage revision for Rs. 21226.26 lakh, out of which Rs. 11309.42 lakh pertains to earlier periods.
- 11.15 Effect for increase in the rate of depreciation for some equipment/plant: Due to change in Accounting Policy for providing higher rate of depreciation on SDL and LHD than that specified in Schedule-XIV of the Companies Act, 1956, the profit for the year is reduced by Rs.183.06 lakh.
- 11.16 Due to the change in accounting policy as to capitalization of land, cash compensation expenses and resettlement expenses incurred during the year has been capitalized. Thus, the profit for the year has been increased to the extent of Rs. 247.62 lakh due to change in policy of the company for capitalization of land.

12.0 CONTINGENT LIABILITIES

- 12.1 Claims (including disputed claim for Sales Tax) against the Company not acknowledged as debts are Rs. 19419.60 lakh (Previous Year Rs.15984.47 lakh).

Out of disputed Sales tax liability of Rs. 4416.66 (Previous Year Rs.4249.94 lakh) the Company has paid a total sum of Rs. 937.73 lakh (Previous Year Rs. 911.82 lakh) under protest.

Area-wise Sales Tax disputed amount as on 31.03.2009.

Area	Demand (Rs. in Lakh)	Amount Paid under Protest (Rs. in Lakh)
Jagannath	3273.82	518.28
IB-Valley	631.31	246.79
Lakhanpur	78.33	0.00
Hingula	194.54	125.51
Lingaraj	91.82	18.51
Orient	39.85	0.70
Talcher	106.97	27.92
Bharatpur	0.02	0.02
Total	4416.66	937.73

- 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 demanded (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	Remanded to AO by ITAT
2003-04	8946.11	8684.46	CIT(A)
2004-05	2327.35	2127.81	-do-
2005-06	11654.06	11654.06	-do-
2006-07	7977.41	5882.22	-do-
Total	36854.72	32889.64	

- 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. 31509.02 lakhs (Previous year Rs. 11236.00 lakhs).

13.0 RETIREMENT BENEFITS

13.1 Gratuity, Leave Encashment as per actuarial valuation :

Rs. in Lakh

Employee Benefits	Actuarial Liability as at 31.03.2008	Incremental Liability as per Pre-revised Basic and DA	Additional Incremental Liability due to revision of Basic and DA	Total	Deposited/ paid to MCL group fund till 31.03.2009	Net Liability as at 31.03.2009
Gratuity	20330.83	10149.82	3204.70	33685.35	20330.83	13354.52
Earned leave	3562.13	956.63	1435.60	5954.35	No Fund	5954.35
Half Pay Leave	1021.37	466.02	588.15	2075.55	No Fund	2075.55
Total	24914.33	11572.47	5228.45	41715.25	20330.83	21384.42

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

Employee Benefits	Liability as at 31.03.08 (Rs. in Lakh)	Incremental Liability provided during the year (Rs. in Lakh)	Liability as at 31.03.09 (Rs. in Lakh)
Settlement Allowance	11.82	12.90	24.72
Life cover Scheme Non Exe.	182.11	109.62	291.73
Group personal accident insurance - Exe.	9.47	0.34	9.81
Medical benefit for retired executives	Nil	40.44	40.44
Compensation to Dependants of deceased in mine accident	Nil	984.75	984.75
LTA/LTC	1279.69	169.16	1448.85

13.3 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.

13.4 Pension as per schedule-8 shown as Rs. 1604.51 lakhs includes Rs.1373.57 lakh (Previous Year Rs.149.21 lakh) paid to Ex-NCDC employees which have been charged to Revenue on cash basis under Employees Remuneration and Benefits .

13.5 Pension management in respect of employees of the Company, is done by Coal

Mines Provident Fund Authority (an independent body).

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 as under in the year 2008-09 as per approval of the Board of Directors. In respect of other mines, the ratio will remain the same for the current year.

Sl. No.	Project	Revised Ratio adopted from 2008-09	Old Ratio	Effect give from
1.	Lakhanpur	2.38	1.22	Nov. 2008
2.	Ananta OCP	2.23	0.31	Sept. 2008

Impact in Profit due to change in OBR Stripping Ratio : Due to change in the stripping ratio, the profit of the Company for the year has decreased by Rs. 38875.33 lakh (Previous year by (-) Rs. 428.23 lakh).

15.0 TRANSACTIONS RELATING TO HOLDING COMPANY

15.1 Apex office charges shown as per schedule - 12 amounting to Rs. 7685.50 lakhs includes an amount of Rs. 5394.87 lakhs (Previous Year Rs.4944.50 lakh) 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. The differential amount of Rs. 2290.63 lakhs paid to CIL is on account of service tax of Rs. 1935.16 lakhs for financial years 2003-04 to 2006-07 and penalty thereon of Rs. 355.47 lakhs as claimed.

15.2 Training expenses (Schedule-11 – Social facilities expenses) includes an amount to Rs. 481.68 lakh (Previous Year Rs. 440.06 lakh) levied by the Holding Company @ Rs.0.50 per tonne of coal produced on account of payment to Indian Institute of Coal Management.

15.3 As per CIL Board resolution in its 214th meeting held on 12.2.2004, the Company has charged Rs. 5476.67 lakh (Previous

Year Rs. 5018.03 lakh) @ Rs. 6/- per tonne on despatch of coal towards Rehabilitation Fund set up by Coal India Limited.

- 15.4 Guarantee fees (Schedule -14(B)) includes Rs. 126.54 lakhs service tax on guarantee fees for earlier years.

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 increased by Rs. 4211.95 lakh (Previous Year decrease Rs.11.64 lakh). This increase has been adjusted in the carrying cost of the fixed assets to the extent of Rs. 3384.41 lakh (Previous Year decrease by Rs. 3.95 lakh) and the balance of Rs. 827.54 lakh (Previous Year Rs. 7.69 lakh) has been charged to revenue.

17.0 COMPLIANCE OF ACCOUNTING STANDARDS

- 17.1 **AS-12: Accounting for Government Grants** : The Company has recognized Rs. 521.05 lakh (Schedule-4) (Previous Year Rs. 106.42 lakh) as Income from Stowing and Protective Subsidy / CCDA grant 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 31.3.2009 in accordance with the revised Accounting Standard-15 – Employee Benefits issued by ICAI.
- 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 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 (Rs. in lakh)	171802.72	164304.34
Profit attributable to ordinary shareholders (Rs. in lakh)	171802.72	164304.34
No. of Ordinary Shares for basic and diluted EPS (Nos)	1864009	1864009
Nominal value of Ordinary Shares (Rs.)	1000	1000
Basic & Diluted Earning per ordinary Share (Rs.)	9216.84	8814.57

17.7 AS-21 : Investments in Subsidiaries :

On incorporation of subsidiaries on the basis of joint venture agreement as per directives from the Ministry of Coal, the Company has deposited money/ transferred debits for capital and other expenditure. The position of investment and other current account as at 31.03.2009 is as under:

Name of Subsidiary	Stake in Subsidiary	Date of incorporation	Investment in equity shares (Rs. in lakh) in cash	Advances (Rs. in lakh) in cash	Balance in current accounts other than cash (Rs. in lakh)
1. MNH Shakti Ltd.	70 %	16.07.2008	7.00	56.00	1692.70
2. MJSJ Coal Ltd.	60 %	13.08.2008	6.00	300.00	2189.88
TOTAL			13.00	356.00	3882.58

Both the subsidiaries are in development stage. The management has intended for the consolidation of their accounts on the principle as laid down in AS- 21.

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

During the year, Rs. 3.60 lakh (Previous Year Rs. 7.16 lakh) has been provided against Development Expenditure.

Further provision of Rs. 802.88 lakh (Previous Year Rs. 366.53 lakh) has been taken against other fixed assets (with no alternative use value) in the loss making underground mines. Thus total cumulative provision for impairment as at 31.03.2009 stands at Rs. 2082.77 lakh (Previous Year Rs. 1276.29 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 Earlier for back filling (reclamation of land) and other corrective EMP activities, a total provision of Rs. 6992.74 lakh equivalent to Re 1/ per tonne of coal production upto 31.03.2008 was made. Now For technical and biological reclamation of land, a provision of Rs. 3247.30 lakh (@ Rs. 150000/ per hectre of land mined) have been kept as per new guidelines of CIL, the holding company. As a result, the excess provision of Rs. 3745.44 lakh has

been withdrawn and profit for the year has been increased by Rs. 3745.44 lakh.

17.9.2 Current Liabilities and Provision includes Rs. 746.73 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. 53.57 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. 92779.98 lakh (Previous year Rs. 82427.67 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 assets of Rs. 1600.52 lakh (Previous Year liability Rs. 3067.24 lakh) as on 31st March, 2009. The Deferred tax liability/assets comprises of tax effect of timing differences as detailed below :

	As on 31.03.09 (Rs.in lakh)	As on 01.04.08 (Rs.in lakh)
Deferred Tax Liability :		
Excess of Net Block over written down value as per provisions of Income-tax Act, 1961	5671.41	7791.72
Deferred Tax Asset :		
Provision for Doubtful Debts	894.95	2477.73
Provision for other Employees Benefit	0.00	0.00
Provision for Leave Encashment	2351.87	1173.79
Provision for Gratuity	5132.96	1354.40
Employee Separation and Retirement	0.00	179.47
Provision for Doubtful Advances	144.62	111.76
Disallowance u/s.43B of Income-tax Act, 1961	682.30	594.59
Other Provision / Misc. items	-1934.77	-1671.88
Sub-Total	7271.93	4724.48
NET DEFERRED TAX ASSETS/LIABILITY	1600.52	-3067.24

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 The Company 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.

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

19.6 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	49.72	26.93
P.F.	5.16	3.01
Perquisites	1.69	1.75
Total	56.57	31.69

Note:

- i. Perquisites do not include value/charges for house rent/electrical energy, which has been recovered as per rules of the Company and value of free medical facilities in Company hospitals/dispensary.
- ii. The Chairman-cum-Managing Director and full time Directors have the option to use the staff car for purposes other than official duty up to a ceiling of 750 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 - 936.36 lakh tonne
(Previous year 880.11 lakh tonnes)

C. Imports

(Rs. In Lakh)

C.I.F. value of imports		Current Year	Previous Year
(i)	Raw Materials	NIL	NIL
(ii)	Components & Spare Parts	485.02	126.03
(iii)	Capital Goods	243.59	88.65

D. Expenditure in Foreign Currency

(Rs. In Lakh)

		Current Year	Previous Year
(i)	Travelling	4.18	5.86
(ii)	Commitment charges	0.00	0.00
(iii)	Interest	455.49	553.86
(iv)	Others	NIL	NIL

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

Particulars	Current Year		Previous Year	
	Value (Rs. in Lakh)	Percentage	Value (Rs. in lakh)	Percentage
Imported	Not determined			
Indigenous	Not determined			
Total	44121.55		38508.54	

Sd/-
S.C. Behera
Company Secretary

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

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	123.54	26599.92	79.74	17286.48
(b) Adj. against opening stock	-0.02	-7.35	0.00	0.00
Total	123.52	26592.57	79.74	17286.48
PRODUCTION				
(a) Revenue mines	963.36	513331.21	878.61	414851.19
(b) Development mines	0.00	0.00	1.50	276.99
Total	963.36	513331.21	880.11	415128.18
SALES				
(a) Revenue mines	912.84	498429.54	836.26	405760.74
(b) Development mines	0.00	0.00	0.00	0.00
Total	912.84	498429.54	836.26	405760.74
Own consumption (Revenue)	0.05	53.40	0.05	54.00
CLOSING STOCK				
(a) Revenue mines	173.99	41440.84	122.04	26322.93
(b) Development mines	0.00	0.00	1.50	276.99
Total	173.99	41440.84	123.54	26599.92

NOTE:

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

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. Niranjan Agrawalla
Partner
(Membership No. 087939)

Place : Bhubaneswar
Date : 7th July, 2009

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

I. REGISTRATION DETAILS

Registered No. : 15 - 03038 State Code : 15
Balance Sheet Date : 31.03.2009

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	: 537196.56	Total Assets	: 537196.56
Source of Funds	:	Reserve & Surplus	: 500159.54
Paid-up Capital	: 18640.09	Unsecured Loans	: 18396.93
Secured Loans	: Nil		
Deferred Tax Assets	: 1600.55		
Application of Funds	:		
Net Fixed Assets	: 136410.05	Investments	: 15904.40
Net Current Assets	: 348905.10	Misc. Expenditure	: Nil
Accumulated Losses	: Nil		

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

Turnover (Total Income)	: 659744.37	Total Expenditure (incl PP Adjustment)	: 402414.59
Profit / (Loss) before Tax	: 260091.01	Profit / (Loss) after Tax	: 171802.72
Earning Per Share (Rs.)	: 9216.84	Dividend Rate % (Excl. Tax on Dividend)	: 557.94

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 : Bhubaneswar
Date : 7th July, 2009

As per our report of even date
For & on behalf of ABP & Associates
Chartered Accountants
Sd/-
CA. Niranjan Agrawalla
Partner
(Membership No. 087939)

CASH FLOW STATEMENT FOR THE YEAR 2008-09

	<u>Current Year</u> (Rs. in Lakh)	<u>Previous Year</u> (Rs. in Lakh)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	260091.01	250479.29
Adjustment for :		
Depreciation & Impairment	8724.92	13552.24
Exchange rate fluctuation	827.54	17.79
OBR Adjustment	125623.17	52216.92
Interest / Dividend (Received)	-59265.96	-37288.83
Interest/Dividend (Paid)	1164.62	966.31
Provision against Debtors/Inventories/Other CA/Loans&Adv.	-8161.13	-1407.67
Adj. for Opening Deferred Tax Assets	0.00	-604.72
Deferred Tax Liability	0.00	2486.62
Operating Profit before Working Capital Changes	329004.17	280417.95
Adjustments for :		
Changes in Inventories	-16416.08	-9353.56
Changes in Sundry Debtors	13950.55	-3336.85
Changes in other Current Assets	10067.60	-19621.53
Changes in Loans and Advances	-26129.56	-12017.97
Reduction in General Reserves	0.00	-978.48
Changes in Current Liabilities	108169.43	17684.98
Cash generated from operations	418646.11	252794.54
Direct taxes paid	-122650.27	-91246.36
Deferred Tax Liabilities	0.00	-2486.62
Cash Flow before extraordinary items	295995.84	159061.56
Extraordinary items	0.00	0.00
Net Cash from operating activities	295995.84	159061.56
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Other than P&B, Dev.)	-12916.22	-16277.26
Purchase of Fixed Assets (P&B, Dev.)	-3311.14	-1714.50
Short Term Deposit with CIL	7809.14	-5499.66
Miscellaneous receipts	—	—
Acquisition of Companies	—	—
Change in Investments	2257.20	12827.20
Interest received	49390.44	37288.83
Dividend received	0.00	0.00
Net Cash used in investing activities	43229.42	26624.61
C. CASH FLOW FROM FINANCING ACTIVITIES		
World Bank Loan through CIL	-2278.66	-1295.11
Deferred Credit Loan	0.04	18.07
Exchange Rate Fluctuation	3384.41	3.95
Repayment of CIL Loan	0.00	0.00
Redemption of preference share capital	0.00	0.00
Interest and financial charges	-1164.62	-966.31
Dividend paid	-108000.00	-80050.00
Net Cash used in financing activities	-108058.83	-82289.40
Net increase in cash and cash equivalents	231166.43	103396.77
Cash and cash equivalents as at beginning of the year	346163.78	242767.01
Cash and cash equivalents as at end of the year	577330.21	346163.78

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. Niranjan Agrawalla
Partner
(Membership No. 087939)

Place : Bhubaneswar
Date : 7th July, 2009

ANNUAL ACCOUNTS
CONSOLIDATED MCL & ITS SUBSIDIARIES
2008-09

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

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

BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2009

	<u>SCHEDULE NO.</u>	<u>CURRENT YEAR (Rs. In lakh)</u>
I. SOURCES OF FUNDS		
1. <i>Shareholders' Funds</i>		
(a) Share Capital	A	18640.09
(b) Reserves and Surplus	B	498093.53
2. <i>Loan Funds</i>		
(a) Secured loans		
(b) Unsecured loans	C	18396.93
3. <i>Minority Interest</i>		
		189.72
TOTAL		<u>535320.27</u>
II. APPLICATION OF FUNDS		
1. <i>Fixed Assets</i>		
(a) Gross Block	D	309910.11
(b) Less : Depreciation & Provision for Impairment etc.		<u>173479.57</u>
(c) Net Block		136430.54
(d) Capital work-in-progress	E	35344.78
(e) Discarded/Surveyed Off Assets	F	827.20
		<u>172602.52</u>
2. <i>Investment</i>		
	G	15891.40
3. <i>Current Assets, Loans and advances</i>		
a) Inventories	H	51819.51
b) Sundry Debtors	I	4663.56
c) Cash and Bank Balances	J	577885.57
d) Other Current Assets	K	24109.74
e) Loans and Advances	L	297916.07
		<u>956394.45</u>
Less : Current Liabilities and Provisions	M	611171.02
Net Current Assets		<u>345223.43</u>
4. <i>Miscellaneous expenditure (to the extent not written off or adjusted)</i>		
	N	2.37
5. <i>Deferred Tax Assets (Net)</i>		
		<u>1600.55</u>
TOTAL		<u>535320.27</u>
Accounting Policies	O	
Notes on Accounts	P	

The Schedules referred to above form integral part of the Accounts

Sd/-
S.C. Behera
Company SecretarySd/-
M. P. Kurian
General Manager (Finance)Sd/-
B. Mahapatra
Director (Finance)Sd/-
S. R. Upadhyay
Chairman-Cum-Managing DirectorAs per our report of even date
For & on behalf of ABP & Associates
Chartered AccountantsSd/-
(Bimal Kumar Chanduka)
Partner
(Membership No. 053714)Place : Bhubaneswar
Date : 18th July, 2009

**PROFIT AND LOSS ACCOUNT (CONSOLIDATED)
FOR THE YEAR ENDED 31ST MARCH, 2009**

	<u>SCHEDULE NO.</u>	<u>CURRENT YEAR (Rs. In Lakh)</u>
INCOME :		
Sales	1	538339.21
Coal issued for other purpose	2	53.40
Accretion/(Decretion) in Stock	3	14189.35
Other Income	4	105096.40
Total Income		<u>657678.36</u>
EXPENDITURE		
Internal Consumption of Coal	5	53.40
Stores & Spare parts consumed	6	43494.37
Power & Fuel Expenses	7	6625.78
Employees Remuneration & Benefits	8	98431.01
Contractual Expenses	9	63971.70
Repair Expenses	10	10986.47
Social Facilities Expenses	11	12354.19
Other Expenditure	12	21448.08
Overburden Removal Adjustment	13	125623.17
Interest	14(A)	724.82
Financial Charges	14(B)	439.80
Depreciation	15	16706.15
Provisions	16(A)	- 7228.64
Write off/Write Back	16(B)	2272.20
Contribution to Rehabilitation Fund		5476.67
Total Expenditure		<u>401379.17</u>
Profit for the year		<u>256299.19</u>
Prior period adjustment	17	- 1725.81
Profit before Tax		258025.00
Provision for Income Tax		
Current Year		92779.98
Prior Period (Adjustment)		-687.41
Fringe Benefit Tax		863.51
		<u>92956.08</u>
Deferred Tax Liability/Assets		4667.79
Profit after Tax		169736.71
Profit brought forward from previous year		337171.40
Profit available for Appropriation		506908.11

Contd...

**PROFIT AND LOSS ACCOUNT (CONSOLIDATED)
FOR THE YEAR ENDED 31ST MARCH, 2009**

	<u>SCHEDULE NO.</u>	<u>CURRENT YEAR (Rs. In Lakh)</u>
APPROPRIATIONS :		
General reserve		17500.00
Interim Dividend :		
Equity share		50000.00
Proposed dividend :		
Equity share		54000.00
Tax on dividend :		
Current Year		17674.70
		139174.70
Balance Transfer to Reserves & Surplus		367733.41
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. P. Kurian
General Manager (Finance)

Sd/-
B. Mahapatra
Director (Finance)

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

Place : Bhubaneswar
Date : 18th July, 2009

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

**SCHEDULE TO BALANCE SHEET (CONSOLIDATED)
AS AT 31ST MARCH, 2009**

**SCHEDULE – A
SHARE CAPITAL**

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

**SCHEDULE TO BALANCE SHEET (CONSOLIDATED)
AS AT 31ST MARCH, 2009**

**SCHEDULE - B
RESERVES AND SURPLUS**

<i>(Rs. in Lakh)</i>				
Particulars	As at 01.04.2008	Additions During the Year	Deductions/ Adjustment during the Year	As at 31.03.2009
1. Capital Redemption Reserve	20418.00	0.00	0.00	20418.00
2. General Reserve	92442.12	17500.00	0.00	109942.12
3. Profit & Loss Account	337171.40	30562.01	0.00	367733.41
Total	450031.52	48062.01	0.00	498093.53

**SCHEDULE – C
UNSECURED LOANS**

		<u>Current Year (Rs. in Lakh)</u>
1. Loans and advances from Holding Company		
For Loans from IBRD & JBIC*		17286.18
2. Liability for Deferred Payment		
M/S Liebherr France S.A., France	1218.13	
Less: Interest on Deferred payment	107.38	
	<u> </u>	<u>1110.75</u>
TOTAL		<u>18396.93</u>

Note : Unsecured Loan repayable within 1 year is Rs. 1555.14 lakh

* Earlier known as JEXIM now changed to JBIC

SCHEDULE TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2009

SCHEDULE – D ASSETS

(Rs. in Lakh)

PARTICULARS	GROSS BLOCK				DEPRECIATION				Provision for Impairment & other provisions upto end of the year	NET BLOCK
	Cost As at beginning of year 01.04.2008	Additions During the Year	Deletion/ Adjustment during the year	Cost As at Closing of year 31.03.2009	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 31.3.2009
COMPLETED ASSETS :										
1. Land :										
(i) Freehold	274.28	25.70	0.00	299.98	0.00	0.00	0.00	0.00	0.00	299.98
(ii) Lease hold	34310.58	7279.17	-31.78	41557.97	10419.07	1888.58	-119.00	12188.65	0.00	29369.32
2. Buildings :										
(i) Township	32228.37	546.08	-487.62	32286.83	6224.83	529.49	-1.23	6753.09	0.00	25533.74
(ii) Other than Township	11923.45	65.63	0.02	11989.10	3813.92	298.17	0.01	4112.10	0.00	7877.00
(iii) Roads & Culverts (Mining Area)	7648.60	366.49	0.01	8015.10	2841.62	257.50	0.00	3099.12	22.53	4893.45
3. Plant & Machinery	166826.72	13925.11	-10116.10	170635.73	118223.41	11989.30	-9433.23	120779.48	1266.05	48590.20
4. Furniture & Fittings and Office Equipments	4992.44	118.60	-4.81	5106.23	2668.35	312.78	-15.55	2965.58	0.00	2140.65
5. Railway Siding	11747.86	449.52	0.01	12197.39	4980.32	536.65	0.00	5516.97	0.00	6680.42
6. Vehicle	2278.93	18.70	-117.52	2180.11	1914.16	65.05	-79.91	1899.30	4.28	276.53
7. Prospecting & Boring	2774.71	1750.31	33.41	4558.43	1272.79	454.77	0.00	1727.56	2.28	2828.59
8. Development Expenditure	19555.82	1507.46	19.96	21083.24	11119.39	1444.08	-334.37	12229.10	913.48	7940.66
TOTAL	294561.76	26052.77	-10704.42	309910.11	163477.86	17776.37	-9983.28	171270.95	2208.62	136430.54

SCHEDULE TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2009

SCHEDULE – E CAPITAL WORK-IN-PROGRESS

(Rs. in Lakh)

PARTICULARS	COST				PROVISION				NET ASSET
	Upto the beginning of the year (01.04.2008)	Additions During the Year	Transfer/ Adjustment during the year	Upto the end of the year (31.03.2009)	Upto the beginning of the year (01.04.2008)	Additions during the year	Transfer/ Adjustment during the year	Upto the end of the year	Upto the end of the year (31.3.2009)
1. Buildings under Construction									
(i) Township	585.48	302.66	- 439.17	448.97	19.95	0.47	0.00	20.42	428.55
(ii) Other than Township	70.02	51.58	- 14.53	107.07	0.00	0.00	0.00	0.00	107.07
iii) Roads & Culverts (Mining Area)	350.23	0.00	343.34	693.57	0.00	6.99	0.00	6.99	686.58
2. Plant & Machinery									
(i) Under erection/Installation	2770.46	424.94	- 91.05	3104.35	10.13	0.00	- 1.43	8.70	3095.65
(ii) In Stores	884.57	3553.65	- 3489.85	948.37	591.08	79.81	28.38	699.27	249.10
(iii) In transit & awaiting Inspection	0.00	6.55	0.00	6.55	0.00	0.00	0.00	0.00	6.55
3. Railway Siding under Construction	9652.14	6691.99	- 426.08	15918.05	0.00	0.00	0.00	0.00	15918.05
4. P&B for Dev Mines	10637.54	1074.07	- 2307.37	9404.24	0.00	0.00	0.00	0.00	9404.24
5. Dev Exp of Non-Rev Mines	5541.67	549.05	- 877.43	5213.29	0.00	0.00	0.00	0.00	5213.29
6. Capital Goods in Stock	639.47	99.03	- 502.80	235.70	0.00	0.00	0.00	0.00	235.70
GRAND TOTAL	31131.58	12753.52	- 7804.94	36080.16	621.16	87.27	26.95	735.38	35344.78

SCHEDULE – F DISCARDED/SURVEYED OFF ASSETS

(Rs. in Lakh)

PARTICULARS	COST				PROVISION				NET ASSET
	Upto the beginning of the year (01.04.2008)	Additions During the Year	Transfer/ Adjustment during the year	Upto the end of the year	Upto the beginning of the year (01.04.2008)	Additions during the year	Transfer/ Adjustment during the year	Upto the end of the year	Upto the end of the year (31.3.2009)
Surveyed Off/ Discarded Assets	942.47	504.60	- 89.76	1357.31	342.43	191.78	- 4.10	530.11	827.20
GRAND TOTAL	942.47	504.60	- 89.76	1357.31	342.43	191.78	- 4.10	530.11	827.20

**SCHEDULE TO BALANCE SHEET(CONSOLIDATED)
AS AT 31ST MARCH, 2009**

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

		<u>Current Year (Rs. in Lakh)</u>
1. Investments in Govt. Securities (At Cost)		
Unquoted		
8.5% Tax free Power Bonds :		
Maharastra State Electricity Board	7970.20	
West Bengal Power Dev. Corpn.	7921.20	
(All bonds backed by respective State Govt. guarantee)	<hr/>	15891.40
TOTAL		<hr/> 15891.40 <hr/>

SCHEDULE TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2009

SCHEDULE – H INVENTORIES

		Current Year (Rs. in Lakh)
A. Stock of Stores & Spares		10061.01
Stock of Medicine		35.75
Less:		
(i) Provision for non-moving/obsolescence of Stores	1220.85	
(ii) Provision for Difference/Shortage	101.19	
		1322.04
Sub Total		8774.72
Add:		
In transit/Under Inspection	747.17	
Add: Loss of Assets	75.62	
	822.79	
Less: Provision for loss of Assets	75.62	
		747.17
Coal block meant for sale		1054.51
TOTAL (A)		10576.40
B. Stock of Coal		
1. Revenue Mines		41440.84
2. Capital Mines		0.00
Sub Total (1+2)		41440.84
Less: Provision for Deterioration	913.07	
Rehandling Charges	24.44	
		937.51
TOTAL (B)		40503.33
[As per Annexure H (I) & H (II)]		
C. Workshop Job		
Manufactured items		185.42
Work in progress		554.36
TOTAL (C)		739.78
GRAND TOTAL (A+B+C)		51819.51

NOTE : The Book Debts and Inventories are hypothecated in favour of State Bank of India. Consortium loan taken by Coal India Limited to the tune of Rs.16500.00 lakh.

SCHEDULE TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2009

PARTICULARS IN RESPECT OF COAL STOCK AS ON 31ST MARCH, 2009

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 1.4.2008 (Book Stock)						
(a) Revenue Mines	123.54	26599.92	0.00	0.00	123.54	26599.92
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Less : Adjust. against opening stock	-0.02	-7.35	0.00	0.00	0.00	0.00
Total	123.52	26592.57	0.00	0.00	123.54	26599.92
2. Add Production for the Year						
(a) Revenue Mines	963.36	513331.21	0.00	0.00	963.36	513331.21
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Total	963.36	513331.21	0.00	0.00	963.36	513331.21
3. Sub Total (1+2)	1086.88	539923.78	0.00	0.00	1086.90	539931.13
4. (A) Less Offtake for the Year						
(i) Outside Despatch						
(a) Revenue Mines	912.84	498429.54	0.00	0.00	912.84	498429.54
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Total	912.84	498429.54	0.00	0.00	912.84	498429.54
(ii) Consumption for Boiler and Domestic Coal						
(a) Revenue Mines	0.05	53.40	0.00	0.00	0.05	53.40
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.05	53.40	0.00	0.00	0.05	53.40
Total: (4A)	912.89	498482.94	0.00	0.00	912.89	498482.94
4.(B) Stock Written Off (Stock at Paradeep)	0.00	0.00	0.00	0.00	0.00	0.00
Total (4A+4B)	912.89	498482.94	0.00	0.00	912.89	498482.94
5. Derived Stock (3-4)						
(a) Revenue Mines	173.99	41440.84	0.00	0.00	173.99	41440.84
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Total	173.99	41440.84	0.00	0.00	173.99	41440.84
6. Measured Stock						
(a) Revenue Mines	168.50	40296.83	0.00	0.00	168.50	40296.83
(b) Development Mines	0.00	0.00	0.00	0.00	0.00	0.00
Total	168.50	40296.83	0.00	0.00	168.50	40296.83
7. Difference (5-6)	5.49	1144.01	0.00	0.00	5.49	1144.01
8. Break Up of Difference:						
(A) Excess within 5%						
(B) Shortage within 5%	3.16%	2.76%			3.16%	2.76%
(C) Excess beyond 5%						
(D) Shortage beyond 5%						
9. Closing Stock adopted in Accounts (5 above)	173.99	41440.84	0.00	0.00	173.99	41440.84

Contd...

**SCHEDULE TO BALANCE SHEET (CONSOLIDATED)
AS AT 31ST MARCH, 2009**

PARTICULARS IN RESPECT OF COAL STOCK AS ON 31ST MARCH, 2009

SCHEDULE – H (CONTD....)

ANNEXURE – H (II)

Particulars	Current Year	
	Quantity (Lakh Tonne)	Value (Rs. in Lakh)
Reconciliation of Closing Stock adopted in Accounts with Book Stock as at the end of the year		
Stock as per Books	173.99	41440.84
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
Less :		
Charge for rehandling of pithead stock		24.44
Less:		
Provision made in the Accounts to take care of future deterioration in Coal stock		913.07
Stock as per Accounts after all provisions	173.99	40503.33

**SCHEDULE TO BALANCE SHEET (CONSOLIDATED)
AS AT 31ST MARCH, 2009**

**SCHEDULE – I
SUNDRY DEBTORS**

	<u>Current Year (Rs. in Lakh)</u>
Outstanding for over six months	2083.56
Other debts	4633.00
Sub Total	6716.56
Less: Provision for Doubtful Debts	2053.00
TOTAL	4663.56
Classification :	
1 Considered good and in respect of which the Company is fully secured	21.80
2 Considered good for which the Company holds no security other than Debtors Personal Security	4641.76
3 Considered Doubtful	2053.00
TOTAL	6716.56

NOTE:

- (1) Due from company under the same management : 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.

SCHEDULE TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2009

SCHEDULE – J CASH & BANK BALANCES

	Current Year (Rs. in Lakh)
A. (i) Cash/Stamp in hand	3.60
(ii) Cheques/Demand Drafts in hand	0.08
(iii) Cash balance with Imprest Holder	9.59
B. Remittance-in-Transit	0.00
C. Balance with Scheduled Banks	
(i) Current Account	6913.05
(ii) Deposit Account	570959.25
TOTAL	577885.57

SCHEDULE – K OTHER CURRENT ASSETS

	Current Year (Rs. in Lakh)
Claims Receivable:	
1. Railways	20.54
Less : Provision	20.54
	0.00
2. Gratuity from Trust (LIC)	5.17
3. Income Tax	0.00
4. Interest on delayed payment from TNEB	1715.23
5. Interest on Bank Deposits	20715.82
6. Interest on Power Bonds	723.63
7. Suspense - A/c Loss of Cash	15.97
Less : Provision for loss of Cash	15.97
	0.00
8. Others	949.89
TOTAL	24109.74

SCHEDULE TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2009

SCHEDULE – L LOANS & ADVANCES

	Current Year (Rs. in Lakh)
(A) Capital Advances :	
(1) P & M Advance	655.61
(2) Land Advance	15659.50
TOTAL (A)	16315.11
(B) Advance to Suppliers (Stores)	724.15
TOTAL (B)	724.15
(C) Advance to Contractors	706.45
TOTAL (C)	706.45
(D) Advance to Employees :	
(1) House Building Advance	180.52
(2) Motor Car Advance	2.69
(3) Motor Cycle, Scooter Advance	0.12
(4) Pay Advance	4.02
(5) Medical Advance	169.80
(6) Flood /Drought Relief	0.00
(7) Local Purchase Adv.	1.32
(8) Misc. Advance	59.24
(9) Travelling Advance	78.05
(10) LTC Advance	28.10
(11) Advance (Others)	119.99
(12) Freight Advance	1.00
(13) Study Advance/Self Development Loan	0.00
(14) Other Receivables	415.01
(15) Group Insurance	0.00
TOTAL (D)	1059.86
(E) Advance to Others :	
1. Advance to Co-operative Society	0.48
2. Tax deducted at Source	12986.07
3. Advance Income Tax	82100.00
4. Advance Wealth Tax	0.00
5. Income Tax(Company) under protest	35787.67
6. Advance Sales Tax	423.31
7. Sales Tax deposit under protest	937.73
8. Advance Receivable from Govt.	0.82
9. Advance to Railways	4374.97
10. Advance to others	174.66
11. Fringe Benefit Tax	546.62
TOTAL (E)	137332.33

SCHEDULE TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2009

SCHEDULE – L (CONTD.....)

LOANS & ADVANCES

	Current Year (Rs. in Lakh)
(F) Deposit	
(i) With P & T Deptt.	4.31
(ii) With Elec. Boards	776.85
(iii) Surplus Fund with CIL (Holding Co.) ³	140755.28
(iv) With Others	416.78
TOTAL (F)	141953.22
(G) Prepaid Expenses	189.31
TOTAL (G)	189.31
(H) Current Account Balance with Sister Subsidiaries & Holding Company	
CMPDI Limited	29.74
TOTAL (H)	29.74
GRAND TOTAL (A TO H)	298310.17
Less : Provision for Doubtful Advances	394.10
Net Total	297916.07
Classification:	
(a) Considered good in respect of which the company is fully secured	183.33
(b) Considered good for which the company holds no security other than Party's Personal security	297338.64
(c) Considered doubtful	394.10

NOTE:

1. Amount due from an officer of the Company is Nil.
2. Amount due from Director of the Company is Nil.
3. Surplus Fund with CIL (Holding Co. of MCL) includes Rs. 35028.80 lakh which is non-interest earning.

**SCHEDULE TO BALANCE SHEET (CONSOLIDATED)
AS AT 31ST MARCH, 2009**

SCHEDULE – M

CURRENT LIABILITIES AND PROVISIONS

	<u>Current Year (Rs. in Lakh)</u>
Current Liabilities:	
A. Sundry Creditors - for Goods	
For Capital	1297.98
For Stores	4466.22
TOTAL (A)	<u>5764.20</u>
B. Sundry Creditors for Expenses	
Capital	5583.54
Revenue	4078.44
Power & Fuel	1105.57
TOTAL (B)	<u>10767.55</u>
C. Employees Remuneration and Benefits	
Salaries, Wages, Allowance	27991.70
Attendance Bonus	492.85
Ex-gratia	1728.66
Unpaid Salaries & Wages	38.76
Gratuity	14571.85
D L I	13.39
Leave Encashment	8158.06
Compensation to dependants	986.61
VRS	172.01
TOTAL (C)	<u>54153.89</u>
D. Other Expenses	
Contractual Expenses	5867.54
Demurrage	20.12
Audit Fee & Expenses	17.54
Repair & Maintenance	1881.74
Others	2629.20
TOTAL (D)	<u>10416.14</u>
(E) Statutory Dues	
Sales Tax :	
Central	625.95
State/Orissa VAT	169.34
Royalty on Coal	7702.55
Stowing Excise Duty	2572.72
Provident Fund	320.78
Pension Fund	64.06
Professional Tax	0.13
Income tax:	
Employees	275.74
Contractors	696.05
Service Tax	164.17
Orissa Entry Tax	69.83
OREEP Tax	118.08
Other Statutory Dues	328.42
TOTAL (E)	<u>13107.82</u>

SCHEDULE TO BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH, 2009

SCHEDULE – M (CONTD.....)

CURRENT LIABILITIES AND PROVISIONS

		<u>Current Year (Rs. in Lakh)</u>
F. Other Liabilities :		
(i) L.I.C. Premium (SSS)		0.13
(ii) C.T. D Post Office		0.00
(iii) National Calamity Fund		0.55
(iv) Dues to Canteen		0.03
(v) Dues to Co-operative Societies		2.82
(vi) Benevolent Fund		1.11
(vii) Welfare Fund		0.25
(viii) Others		708.23
TOTAL (F)		<u>713.12</u>
G. Advances and Deposits		
Advance from Customers		68961.07
Deposits from Contractors & Others		6158.85
Unutilised Govt. Subsidy		33.64
TOTAL (G)		<u>75153.56</u>
H. Current Account Balance with Holding Company of MCL		
Coal India Limited		24402.70
TOTAL (H)		<u>24402.70</u>
I. Overburden Removal		
Ratio Variance Reserve	265899.74	
Less: Closing Advance Stripping	11947.26	
		<u>253952.48</u>
TOTAL (I)		<u>253952.48</u>
TOTAL CURRENT LIABILITIES (A TO I)		<u>448431.46</u>
Provisions :		
(a) Reclamation of Land		3247.30
(b) Taxation		105492.26
(c) Dividend		54000.00
Total Provisions		<u>162739.56</u>
GRAND TOTAL		<u>611171.02</u>

NOTE: 1. Out of Sundry Creditors of Rs. 16531.75 lakh (A+B), total outstanding dues of small scale industrial undertakings are Rs. Nil.

**SCHEDULE TO BALANCE SHEET (CONSOLIDATED)
AS AT 31ST MARCH, 2009**

SCHEDULE – N

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

(Rs. in Lakh)

Particulars	As at 01.04.2008	Additions During the Year	Deductions/ Adjustment During the Year	As at 31.03.2009
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	2.37	0.00	2.37
Grand Total (1+2+3)	0.00	2.37	0.00	2.37

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONSOLIDATED) FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE – 1

SALES

		Current Year (Rs. in Lakh)
Quantity (Lakh Tonne)		912.84
(A) Gross Sales Value		
Raw Coal Value	608844.99	
Crushing Charges	39909.67	648754.66
Less: Statutory Levies:		
Royalty on Coal	77307.39	
Stowing excise Duty	9128.42	86435.81
Sales Tax :		
Central	6636.87	
State/Orissa VAT	14664.59	
Orissa Entry Tax	2678.18	
ORISED	0.00	23979.64
(B) Total Levies		110415.45
(C) Transfer to Development		0.00
(D) Basic Value (A-B-C)/Net Value		538339.21

SCHEDULE – 2

COAL ISSUED FOR OTHER PURPOSES

(Rs. in Lakh)

	Current Year		
	Colly Cons.	Free Issue to Empl.	Total
Quantity (Lakh Tonne)	0.05	0.00	0.05
Gross Value	61.90	0.00	61.90
Less:			
Royalty on Coal	8.50	0.00	8.50
Net Value	53.40	0.00	53.40

**SCHEDULE TO PROFIT & LOSS ACCOUNT (CONSOLIDATED)
FOR THE YEAR ENDED 31ST MARCH, 2009**

**SCHEDULE – 3
ACCRETION/(DECRETION) IN STOCK**

		Current Year (Rs. in Lakh)
Closing Stock		
(A)	Raw Coal	41440.84
	Less: Provision for	
	Deterioration	913.07
	Rehandling	24.44
		<u>937.51</u>
	TOTAL (A)	<u>40503.33</u>
(B) Workshop Job		
	Work-in-progress	554.36
	Finished	185.43
	TOTAL (B)	<u>739.79</u>
(C)	TOTAL (A+B)	<u>41243.12</u>
Opening Stock		
(D)	Raw Coal	26599.92
	Less: Provision for	
	Non Vendable Stock	361.20
	Rehandling	23.10
		<u>384.30</u>
		<u>26215.62</u>
	Less : Adjust. against Opening Stock	7.35
	TOTAL (D)	<u>26208.27</u>
(E)	Workshop Job (W.I.P. & Finished)	<u>845.50</u>
	TOTAL (E)	<u>845.50</u>
(F)	Total (D+E)	<u>27053.77</u>
	TOTAL (C-F)	<u>14189.35</u>
	Less: Transfer to Development	0.00
	Accretion(+)/Decretion(-) in Stock	<u>14189.35</u>

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONSOLIDATED) FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE – 4 OTHER INCOME

	Current Year (Rs. in Lakh)
Subsidy	521.05
Transportation Charges	31782.54
Value of Workshop job done	7310.62
Rent (outsider)	91.73
Interest on	
1. Bank Deposits	44897.52
2. Loans & Advances to Employees	55.57
3. Surplus Fund with Coal India Limited	12774.68
4. Investment	1495.49
5. Income Tax Dept.	0.00
6. Others	42.92
Liquidated Damages/Penalty	354.57
Lease Rent	243.42
Penalty from Customer	2516.10
Tender Fee	60.93
Silo Charges from Customers	793.83
Sale of scrap	311.54
Profit on sale of Assets	695.13
Net Gain on Exch. Rate Fluct.	0.00
Service charges from customers	1002.16
Other Misc. income	146.83
Sub Total	105096.63
Less : Transfer to Development	0.23
NET TOTAL	105096.40

**SCHEDULE TO PROFIT & LOSS ACCOUNT (CONSOLIDATED)
FOR THE YEAR ENDED 31ST MARCH, 2009**

SCHEDULE – 5

INTERNAL CONSUMPTION OF COAL

	<u>Current Year (Rs. in Lakh)</u>
Quantity (Lakh Tonne)	0.05
Gross Value	61.89
Less: Royalty on Coal	8.49
Net Value	<u>53.40</u>

SCHEDULE – 6

STORES & SPARE PARTS CONSUMED

	<u>Current Year (Rs. in Lakh)</u>
Explosives	8122.44
Timber	54.28
Petrol, Oil & Lubricants	18224.09
HEMM Spares	11448.18
Other Stores & Spares	6272.56
Sub Total	<u>44121.55</u>
Less : Transfer to	
Social Facilities	122.05
Other Expenditure	505.13
Development	0.00
Sub Total	<u>627.18</u>
TOTAL	<u>43494.37</u>

SCHEDULE – 7

POWER & FUEL EXPENSES

		<u>Current Year (Rs. in Lakh)</u>
Purchase of Electricity		9511.02
Less : Transfer to		
Social Facilities	2884.98	
Development	0.26	
	<u>2885.24</u>	
TOTAL		<u>6625.78</u>

**SCHEDULE TO PROFIT & LOSS ACCOUNT (CONSOLIDATED)
FOR THE YEAR ENDED 31ST MARCH, 2009**

SCHEDULE – 8

EMPLOYEES REMUNERATION AND BENEFITS

		Current Year (Rs. in Lakh)
A. Salaries, Wages & allowances		
Piece Rated Wages		233.98
Time Rated Wages		40746.29
Interim relief		1302.29
Executives Salary		11148.16
Leave Wages		1768.83
Paid Holiday Wages		682.12
Leave Encashment		4246.37
Nightshift Allowance		65.33
House Rent Allowance		276.72
Transport Subsidy		598.44
Incentive Bonus/Reward		1060.31
Special Incentive		87.95
Other Allowances		637.45
TOTAL (A)		62854.24
B. Normal Overtime		5163.75
Sunday Overtime		3678.08
Attendance Bonus		1811.67
Ex-gratia		2114.26
Provident Fund		5811.09
Pension Fund		298.79
LLTC		835.70
RRF		77.82
Pension		1604.51
Gratuity		14302.20
Workmen Compensation		1014.64
D. L. I.		38.14
Life Cover Scheme		153.69
Voluntary Retirement Scheme		331.54
Perquisite Tax		609.20
TOTAL (B)		37845.08
C. Less : Transfer to		
Social Facilities	1978.99	
Development	289.32	
		2268.31
TOTAL (C)		2268.31
NET TOTAL (A+B-C)		98431.01

**SCHEDULE TO PROFIT & LOSS ACCOUNT (CONSOLIDATED)
FOR THE YEAR ENDED 31ST MARCH, 2009**

**SCHEDULE – 9
CONTRACTUAL EXPENSES**

	<u>Current Year (Rs. in Lakh)</u>
Transportation Charges:	
Coal	47251.82
Sand	58.56
Hire Charges of HEMM	1518.82
Surface Miner	8477.10
Other Contractual Works	6671.06
Sub Total	<u>63977.36</u>
Less : Transfer to Development	5.66
TOTAL	<u>63971.70</u>

**SCHEDULE – 10
REPAIR EXPENSES**

		<u>Current Year (Rs. in Lakh)</u>
(A) Township		1245.80
Hospital, Educational & Other Welfare Buildings		260.09
Factory & Office Buildings		685.79
Plant & Machinery		1702.46
Office Equip. & Furnitures		38.84
Hospital Equipment		14.53
Heavy Vehicles		73.52
Cars & Jeeps		129.50
SOH Vehicles		23.46
HEMM Rehabilitation Expenses		755.68
Workshop Job done		6784.49
Siding Maint. Charges		945.69
Others		0.49
TOTAL		<u>12660.34</u>
Less : Transfer to		
Social Facilities	1543.88	
Other Expenses	129.99	
Development	0.00	
		<u>1673.87</u>
NET TOTAL		<u>10986.47</u>

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONSOLIDATED) FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE – 11

SOCIAL FACILITIES EXPENSES

	<u>Current Year (Rs. in Lakh)</u>
(A) Salaries, Wages & Allowances(Contra)	1978.99
Free issue of Coal/Gas to employees	563.16
Medical Reimbursement	832.43
Medicine & Diet Expn.	329.27
Grant to Schools & Inst.	698.98
Sports, Rec. expenses & Grants	49.26
Canteen upkeep	25.25
Purchase of Water	43.51
Power (Contra)	<u>2884.98</u>
TOTAL (A)	<u>7405.83</u>
(B) Repairs :	
Township Repair (Contra)	1231.99
Repair of Hospital, School & Wel. Building (Contra)	260.09
Hospital Equip. (Contra)	<u>28.34</u>
TOTAL (B)	<u>1520.42</u>
(C) Cons. of Stores & Spares SOH Services (Contra)	49.31
Maintenance of Vehicles :	
Stores & Spares for SOH Vehicles (Contra)	72.74
Repairs of S.O.H. Vehicles (Contra)	23.46
Road Tax	7.80
Insurance	<u>0.06</u>
	104.06
Training Expenses	577.40
Depreciation	847.82
Community Development	556.14
Compensation for Land	10.40
Assets not belonging to Company	375.98
Environment/Ecology/Improvement	387.11
Technical Assistance ESMP	0.00
Guest House Expenses	50.66
Others	<u>654.87</u>
TOTAL (C)	<u>3613.75</u>
TOTAL (A+B+C)	<u>12540.00</u>
(D) Less : Recoveries :	
Vehicle	4.80
House Rent	30.30
Hospital Charges	50.49
School Bus, Elect. & Water Charges	86.28
Guest House/Transit Flat	3.16
Others	<u>6.40</u>
	181.43
TOTAL (D)	<u>181.43</u>
(E) Less: Transfer to Development	<u>4.38</u>
NET TOTAL (A+B+C-D-E)	<u>12354.19</u>

SCHEDULE TO PROFIT & LOSS ACCOUNT (CONSOLIDATED) FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE – 12 OTHER EXPENDITURE

	<u>Current Year (Rs. in Lakh)</u>
(A) Travelling	742.61
Printing & Stationery	254.25
Books & Periodicals	9.95
Postage & Telephone	204.79
Bank Charges	1.80
Advertisement for :	
(i) Tender	132.06
(ii) Others	0.00
(iii) Publicity	142.90
	274.96
Freight Charges	8.95
Under Loading Charges	2609.66
Demurrage	187.80
Donation & Subscriptions	15.67
Security Expenses	2179.53
Rescue & Safety	102.07
Expenses on Meeting	159.39
Other Selling Expenses	1704.26
Hire Charges for :	
(i) Computer	48.75
(ii) Others	713.83
	762.58
Computer Software Charges	23.22
Maintenance of Cars & Jeeps :	
(i) P.O.L. & Spares (Contra)	505.14
(ii) Repairs (Contra)	130.02
(iii) Vehicle Tax	41.32
(iv) Insurance	26.96
	703.44
TOTAL (A)	9944.93
(B) Royalty & Cess	15.56
Insurance	0.55
Rent, Rates & Taxes	554.12
Auditors Remuneration :	
(i) Audit Fee	6.05
(ii) Other Capacity	4.00
(iii) Out of Pocket Exp	5.47
	15.52

(Contd.....)

**SCHEDULE TO PROFIT & LOSS ACCOUNT (CONSOLIDATED)
FOR THE YEAR ENDED 31ST MARCH, 2009**

SCHEDULE – 12 (Contd.....)

OTHER EXPENDITURE

	<u>Current Year (Rs. in Lakh)</u>
Internal Audit Fee & Expenses	71.61
Legal Expenses	49.73
Apex Office Expenses	7685.50
Loss on Sale/Discard of Assets	4.13
Office Contingency	24.31
Prospecting & Boring	1069.99
CMPDIL Expenses	2155.23
Wealth Tax	5.25
Exchange Rate Fluctuation	393.12
Reimbursement of Conv. Exp.	166.79
Others	484.64
TOTAL (B)	<u>12696.05</u>
TOTAL (A+B)	<u>22640.98</u>
(C) Less : Transfer to Development	403.53
(D) Less : Prospecting & Boring	789.37
NET TOTAL (A+B-C-D)	<u><u>21448.08</u></u>

SCHEDULE – 13

OVER BURDEN REMOVAL ADJUSTMENT

	<u>Current Year (Rs. in Lakh)</u>
Expenditure Charged to Coal	217246.77
Less :	
Expenditure incurred	<u>91623.60</u>
TOTAL	<u><u>125623.17</u></u>

**SCHEDULE TO PROFIT & LOSS ACCOUNT (CONSOLIDATED)
FOR THE YEAR ENDED 31ST MARCH, 2009**

SCHEDULE – 14(A)

INTEREST

	<u>Current Year (Rs. in Lakh)</u>
On dues to Coal India Ltd., Holding Co. For Loans from IBRD & JBIC	435.76
On Deferred Payment	19.73
Other Interest	<u>269.33</u>
Net Total	<u>724.82</u>

SCHEDULE – 14(B)

FINANCIAL CHARGES

	<u>Current Year (Rs. in Lakh)</u>
1. Guarantee fees (IBRD & JBIC)	418.00
2. Swap Charges	0.54
3. Custodian Charges	<u>21.26</u>
TOTAL	<u>439.80</u>

Note : Current Guarantee Fees includes arrear Service Tax of Rs.126.54 lakhs for years 2004-05 to 2008-09.

SCHEDULE – 15

DEPRECIATION

		<u>Current Year (Rs. in Lakh)</u>
Depreciation		17776.38
Less : Transfer to		
(a) Social Overhead	847.82	
(b) Prior Period Adjustment	165.90	
(c) Development	<u>56.51</u>	
		<u>1070.23</u>
NET TOTAL		<u>16706.15</u>

**SCHEDULE TO PROFIT & LOSS ACCOUNT (CONSOLIDATED)
FOR THE YEAR ENDED 31ST MARCH, 2009**

SCHEDULE – 16(A)

PROVISIONS

	<u>Current Year (Rs. in Lakh)</u>
Provision for Doubtful Debts	– 4656.60
Obsolete and Non-moving of Stores	92.49
Reclamation of Land	– 3745.44
Shortage of Stores	– 6.28
Provision for Capital-Work-in-Progress	87.27
Doubtful Advances	96.69
Retired/Surveyed-off Assets	191.78
Impairment of Assets	806.48
Stabilisation of Mines	– 225.69
Loss of Assets	125.85
Loss of Cash	4.65
Sub Total	– 7228.80
Less : Transfer to Development	– 0.16
NET TOTAL (A)	– 7228.64

SCHEDULE – 16(B)

WRITE OFF/WRITE BACK

	<u>Current Year (Rs. in Lakh)</u>
Bad Debts Written off	2334.85
Less : Sundry Debtors Written Back	62.65
Total (B)	2272.20

**SCHEDULE TO PROFIT & LOSS ACCOUNT (CONSOLIDATED)
FOR THE YEAR ENDED 31ST MARCH, 2009**

SCHEDULE – 17

PRIOR PERIOD ADJUSTMENT

	<u>Current Year (Rs. in Lakh)</u>
(A) Debit	
Employees Remuneration & Benefits	94.93
Power & Fuel	40.52
Consumption of Stores & Spare Parts	117.28
Repairs & Maintenance	0.15
Depreciation	165.89
Contractual Expenses	203.53
Social Overhead & Welfare Exp.	0.12
Interest & Financial Charges	32.77
Perquisite tax	3.61
Extra-ordinary items	27.21
Underloading/Overloading	3.05
Others	346.36
TOTAL (A)	<u>1035.42</u>
Less : Transfer to Development	0.00
(B) Credit	
Sales	– 263.51
Interest on delayed payment by customers	2847.45
Profit on sale of coal block	149.93
Other Income	27.36
TOTAL (B)	<u>2761.23</u>
NET TOTAL (A-B)	<u>– 1725.81</u>

SCHEDULE –O

ACCOUNTING POLICIES (CONSOLIDATED)

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, cash rehabilitation expenses and re-settlement cost incurred for concerned displaced persons. All other expenditure incurred as compensation in lieu of employment or where employment itself is given or where a monthly fixed sum of money is paid for foregoing employment etc, the expenditure are to be treated as revenue expenditure.
- 5.3 **Plant and Machinery :** Plant and Machinery include cost and expenses incurred for erection/installation and other attributable costs of bringing those assets to working conditions for their intended use.
- 5.4 **Railway siding :** Pending commissioning payment made to the Railway Authorities for construction of railway 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.
- (i) LHD at 6 years (15.83%) or 21500 working hours whichever is later.
- Depreciation on the assets added/disposed off during the year is provided on pro-rata basis with reference to the month of addition/disposal except in case of 100% depreciable items which are fully charged during the year of addition.

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%
- (h) SDL at 5 years(1.9%) or 16500 working hours whichever is later.

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

12. BORROWING COST

Borrowing Costs 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.

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 :

14. BALANCE WITH COAL INDIA LIMITED (Holding Company of MCL)

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.

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 (CONSOLIDATED)****1.0 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

- (a) The financial statements of MCL & Its subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Parent Company.
- (b) The financial statements have been prepared under the historical cost convention and on the accrual basis of accounting. The accounts of MCL & Its subsidiaries have been prepared in accordance with the Accounting Standard issued by the Institute of Chartered Accountants of India and on the basis of accounting principles generally accepted in India.

2.0 PRINCIPLES OF CONSOLIDATION

- 2.1 The consolidated financial statements relate to Mahanadi Coalfields Limited and its subsidiaries – M/S MNH Shakti Limited and M/S MJSJ Coal Limited. The financial statements of the company and its subsidiary companies are combined line by line basis adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating the intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard-21 – 'Consolidated financial Statement' issued by the Institute of Chartered Accountants of India.
- 2.2 Significant accounting policies and notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the companies. Recognizing the purpose, the group has disclosed only such policies and note from the individual financial statements, which fairly present the needed disclosure.

3.0 UNSECURED LOANS

- 3.1 Unsecured loan was availed by Coal India limited, guaranteed by Government of India, from world bank to finance coal sector rehabilitation project (CSRP) based on back to back agreement between the company and coal India limited. The loan outstanding as on 31.03.2009 (net after payments) is Rs 17286.18 lakhs.
- 3.2 The balance loan (net of repayments) of Rs 1110.75 lakhs is for the purchase of 4 nos Hydraulic shovels from Leibherr, France. The loans have been arranged through credit arrangement with Banque Nationale De Paris and Natexis Banque.

4.0 FIXED ASSETS

- 4.1 The group took over various Assets and Liabilities from Coal Mines Labour Welfare Organisation and Coal Mines Rescue Organisation for which no quantitative details are available. Adjustments, if any, will be made on finalisation of quantity and value thereof.
- 4.2 **Land :** The group 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 Conveyance deed of land in favour of the group is pending for execution in most of the cases.
- 4.5 The carrying cost of the Fixed Assets

acquired against World Bank aided projects and Deferred Credit has increased to the extent of exchange rate fluctuation of Rs.3384.41 lakhs.

- 4.6 The Plant & Machinery valuing more than Rs.1 Lakh have been physically verified by the group in most of the areas by outside auditors appointed by the Company. During the year, an amount of Rs 125.85 lakh has been provided based on discrepancies noticed on physical verification on adhoc basis pending reconciliation. Further adjustments will be made after reconciliation of physical verification of Fixed Assets report.
- 4.7 Physical verification of other fixed assets has not been carried out during the year.
- 4.8 Prospecting and boring and Development expenditure on allotted non-CIL blocks meant for sale amounting to Rs 1054.51 lakh has been shown as 'inventories' at cost in Schedule - H.
- 4.9 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.
- 4.10 Discarded / Surveyed off Assets: Value of discarded assets at the end of the year stands at Rs.827.20 lakh after provision for Rs 530.11 lakh. The provision is considered sufficient.

5.0 INVESTMENT

- 5.1 The details of the unredeemed bonds are as under :

Particulars of bonds	Rs. in Lakh		
	Opening balance as at 01.04.2008	Redeemed during the year	Closing balance as at 31.03.2009
MSEB	9108.80	1138.60	7970.20
WBPDCL	9052.80	1131.60	7921.20
TOTAL	18161.60	2270.20	15891.40

All bonds are backed by respective State Govt. guarantees.

- 5.2 The Reserve Bank of India allowed partial trading of 8.5% Tax Free Power Bonds of State Electricity Boards (SEB), however the group 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 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. Provision for shortage/difference made upto 31.03.2009 stands at Rs 101.19 lakh.
- 6.1.3 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.
- 6.1.4 The group is yet to carry out exercise for identification of unserviceable /and obsolete stores items in most of the Areas.
- 6.1.5 Valuation of stores and spares has been done on weighted average method being accounting policy of the group (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 due to difficulty in ascertainment of net realizable value.

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 $\pm 5\%$ over book stock (mine/colliery wise), is ignored pursuant to Accounting Policy (refer Para 10.1 of Schedule-O). As a result, Net shortage

within $\pm 5\%$ over book stock (mine/colliery wise) weighing 5.49 lakh tonne Valued at Rs.1144.01 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, 2009 of the group constitutes as follows :

Name of Mines	Basis of valuation (Cost /NRV)	Quantity [Lakh MT]	Rate [Rs]	Value [Lakh Rs.]
Nandira	NRV	0.114	980.00	111.84
Talcher	NRV	0.148	1170.00	173.72
Lingaraj O C P	Cost	22.330	118.81	2653.12
Orient Mine No. 2	NRV	0.529	824.84	436.22
Orient Mine No. 3	NRV	1.259	823.83	1037.32
Orient Mine No. 4	NRV	0.037	1261.03	46.42
H R C	NRV	0.093	834.63	77.45
H B I	NRV	3.006	853.33	2565.00
Belpahar OCP	Cost	4.444	375.81	1670.03
Lakhanpur OCP	Cost	14.350	375.08	5382.22
Lilari OCP	NRV	0.564	377.77	213.09
Lajkura OCP	NRV	1.437	412.05	592.30
Samleswari OCP	NRV	9.338	424.83	3967.10
Bhubaneswari OCP	Cost	7.675	135.20	1037.68
Jagannath OCP	Cost	6.694	134.62	901.18
Ananta OCP	Cost	11.636	282.35	3285.72
Bharatpur OCP	Cost	14.559	168.80	2457.54
Chhendipada OCP	Cost	0.067	275.87	18.36
Basundhara West OCP	Cost	16.961	257.96	4375.37
Kulda OCP	Cost	21.979	143.71	3158.61
Hingula OCP	Cost	28.866	147.14	4247.29
Balaram OCP	Cost	7.901	383.90	3033.27
Total		173.987	238.18	41440.84

However, if valuation of coal is done for the group 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.46689.15 lakh.

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

7.0 SUNDRY DEBTORS

7.1 The group 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 31.3.2009 stands at Rs 2053.00 Lakh. The management considers the provision as adequate.

8.0 CASH AND BANK BALANCES

Cash and Bank balance includes :

- Rs.104.58 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. 9.59 lakh maintained with various branches of Coal India Limited.
- Rs.116.12 lakh (unclaimed OREEP Tax), out of which Rs 96.60 lakh represents amount received from Hon'ble Supreme Court of India towards corpus fund of trust and the balance of Rs 19.52 lakh being interest thereon . As per directives of the Hon'ble Supreme Court, the interest income is to be utilized for welfare of employees. The Trust is yet to be formed.
- Rs 20.00 lakh deposits with SBI , MCL complex earmarked for Corpus fund of Utkal Rangamanch Trust, interest income of which is disbursed to the Trust.

9.0 LOANS AND ADVANCES AND OTHER CURRENT ASSETS

- 9.1 Certain credit/debit balances in current assets/liabilities under some heads of account have been netted pending linking of the same. Aggregate implication of the same could not be ascertained in the absence of necessary information.
- 9.2 There are some negative balances in different areas towards employee related advances (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.298310.17 lakh of the group Rs.394.10 lakh has been considered doubtful and provision thereof 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 have not been obtained in all the cases.
- 9.6 Advance to railway Rs 4374.97 lakhs (Schedule -L)
- (i) Out of Rs.492.16 lakh deposited with SEC Railway in IB valley area for Railway Over bridge Rs.333.94 lakh has been adjusted till date as asset not belonging to company. The balance of Rs.158.22 lakh is to be adjusted on receipt of final utilization certificate from SEC railway.
- (ii) An amount of Rs 3335.94 lakh has been deposited with East Coast Railways for renovations of railway tracks as depository work in Jagannath area. The utilization report thereof up to 31.03.2009 has not been submitted by railways. On the basis

of estimation given by the company's executive department, Rs 783.47 lakh has been charged to revenue giving corresponding credit to liability.

- (iii) The balance of advance to railways for Rs 880.81 lakhs is for Hingula area for Line electrification.

- 9.7 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". A provision of Rs 4.65 lakh has been made during the year.

9.8 Loans and Advances includes

- (i) Advance of Rs 342.99 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 lakh 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) Advance from customers (Schedule M) includes 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 Rs100.83 lakh calculated at the rate of 12% for the unpaid principal amount of the Cess liability. The total liability thus included therein becomes Rs2142.88 lakh as at 31.3.2009. The group has not identified the customers / parties to whom the refund is to be made. Finalisation of modalities for refunding the same to the customers / parties is yet to be done.

- (b) Rs.1.18 lakh towards Coal Sale Deposit which is under reconciliation/ adjustment.
- (c) During the year 2006-07, Rs.96.60 lakh (unclaimed OREEP Tax) was received from Hon'ble Supreme Court of India for keeping in bank deposit in the name of a Trust. The income from it is to be utilized for the welfare of the employees. The money has been kept as Fixed Deposit which stood at Rs 116.12lakh (inclusive of interest of Rs 19.52 lakh earned till the date of balance sheet) and shown as OREEP tax in Schedule M (Current liabilities and Provisions).

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.12774.68 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.686.46 lakh due to sale of Coal Blocks. Profit on sale of block relating to previous year for Rs 149.93 lakh has been shown

as prior period income (Schedule -17). 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 Rehabilitation charges amounting to Rs.5476.67 lakh calculated at the rate of Rs.6.00 per tonne of despatch of coal has been charged to Profit & Loss Account with corresponding credit to the current account of Coal India Limited in Schedule M for Current Liabilities and Provisions.
- 11.10 The Fringe Benefit Tax of Rs.863.51 lakh has been provided in accordance with the provisions of Income Tax Act, 1961.
- 11.11 Provision of Rs. 87.27 lakh against Capital Work-in-Progress has been taken at the depreciation rate on P&M items and civil work from the 4th year of purchase/ acquisition/construction as the case may be.
- 11.12 The outstanding provision of Rs. 743.27 lakhs has been adjusted against Community Development Expenses as the Hon'ble High Court, Orissa has given its verdict and declaration of levy of tax for periphery development as illegal. (Schedule -11).
- 11.13 Expenditure of Rs.609.20 lakh has been incurred for Perquisite Tax during the year 2008-09 in respect of housing accommodation provided to the employees.

11.14 Salary, wages and allowances (Schedule - 8) includes Provision for arrear salary and wages for executives and non executives on salary/wage revision for Rs. 21226.26 lakh, out of which Rs. 11309.42 lakh pertains to earlier periods.

11.15 **Effect for increase in the rate of depreciation for some equipment/plant:** Due to change in Accounting Policy for providing higher rate of depreciation on SDL and LHD than that specified in Schedule-XIV of the Companies Act, 1956, the profit for the year is reduced by Rs.183.06 lakh.

11.16 **Due to the change in accounting policy as to capitalization of land,** cash compensation expenses and resettlement expenses incurred during the year has been capitalized. Thus, the profit for the year has been increased to the extent of Rs. 247.62 lakh due to change in policy for capitalization of land.

12.0 CONTINGENT LIABILITIES

12.1 Claims (including disputed claim for Sales Tax) against the group not acknowledged as debts are Rs.19419.60 lakh.

Out of disputed Sales tax liability of Rs. 4416.66 the group has paid a total sum of Rs.937.73 lakh under protest.

Area-wise Sales Tax disputed amount as on 31.03.2009.

Area	Demand (Rs. in Lakh)	Amount Paid under Protest (Rs. in Lakh)
Jagannath	3273.82	518.28
IB-Valley	631.31	246.79
Lakhanpur	78.33	0.00
Hingula	194.54	125.51
Lingaraj	91.82	18.51
Orient	39.85	0.70
Talcher	106.97	27.92
Bharatpur	0.02	0.02
Total	4416.66	937.73

12.2 A charge has been created for Rs.16500.00 lakh on Book-debts and Inventories of MCL for securing working capital facility from CIL's Consortium Banks as per joint deed of hypothecation-dated 16.12.2003 and subsequent parent 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 demanded (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	Remanded to AO by ITAT
2003-04	8946.11	8684.46	CIT(A)
2004-05	2327.35	2127.81	-do-
2005-06	11654.06	11654.06	-do-
2006-07	7977.41	5882.22	-do-
Total	36854.72	32889.64	

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.31509.02 lakhs.

13. RETIREMENT BENEFITS

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

(Rs. in Lakh)

Employee Benefit	Actuarial Liability as at 31.03.2008	Incremental Liability as per Pre-revised Basic and DA	Additional Liability due to revision of Basic and DA	Total	Deposited/ paid to MCL group fund till 31.03.2009	Net Liability as at 31.03.2009
Gratuity	20330.83	10149.82	3204.70	33685.35	20330.83	13354.52
Earned leave	3562.13	956.63	1435.60	5954.35	No Fund	5954.35
Half Pay Leave	1021.37	466.02	588.15	2075.55	No Fund	2075.55
Total	24914.33	11572.47	5228.45	41715.25	20330.83	21384.42

13.2 Other Employee Benefits as per actuarial valuation : During the year the group has provided the incremental liability during the current year as under :

Employee Benefits	Liability as at (Rs. in Lakh)	Incremental Liability provided during the year (Rs. in Lakh)	Liability as at 31.03.09 (Rs. in Lakh)
Settlement Allowance	11.82	12.90	24.72
Life cover Scheme Non Exe.	182.11	109.62	291.73
Group personal accident insurance – Exe.	9.47	0.34	9.81
Medical benefit for retired executives	Nil	40.44	40.44
Compensation to Dependants of deceased in mine accident	Nil	984.75	984.75
LTA/LTC	1279.69	169.16	1448.85

13.3 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.

13.4 Pension as per schedule-8 shown as Rs. 1604.51 lakhs includes Rs. 1373.57 lakh paid to Ex-NCDC employees which have been charged to Revenue on cash basis under Employees Remuneration and Benefits.

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

14. REVIEW OF AVERAGE STRIPPING RATIOS FOR OVER BURDEN REMOVAL ADJUSTMENT

The group has revised the Average Stripping Ratios for OBR adjustment of the following mines as under in the year 2008-09 as per approval of the Board of Directors. In respect of other mines, the ratio will remain the same for the current year.

Sl. No.	Project	Revised Ratio adopted from 2008-09	Old Ratio	Effect given from
1.	Lakhanpur	2.38	1.22	Nov. 2008
2.	Ananta OCP	2.23	0.31	Sept. 2008

Impact in Profit due to change in OBR Stripping Ratio : Due to change in the stripping ratio, the profit of the group for the year has decreased by Rs.38875.33 lakh.

15.0 TRANSACTIONS RELATING TO HOLDING COMPANY

15.1 Apex office charges shown as per schedule -12 amounting to Rs. 7685.50 lakhs includes an amount of Rs. 5394.87 lakhs levied by CIL, 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. The differential amount of Rs. 2290.63 lakhs paid to CIL is on account of service tax of Rs. 1935.16 lakhs for financial years 2003-04 to 2006-07 and penalty thereon of Rs. 355.47 lakhs as claimed.

15.2 Training expenses (Schedule -11 : Social facilities expenses) includes an amount to Rs.481.68 lakh levied by CIL, the Holding Company @Rs.0.50 per tonne of coal produced on account of payment to Indian Institute of Coal Management.

15.3 As per CIL Board resolution in its 214th meeting held on 12.2.2004, the group has charged Rs.5476.67 lakh @ Rs.6/- per tonne on despatch of coal towards Rehabilitation Fund set up by Coal India Limited.

15.4 Guarantee fees (Schedule -14(B)) includes Rs. 126.54 lakhs service tax on guarantee fees for earlier years.

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 group in respect of such loans has increased by Rs 4211.95 lakh. This increase has been adjusted in the carrying cost of the fixed assets to the extent of Rs.3384.41 lakh and the balance of Rs. 827.54 lakh has been charged to revenue.

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 :

17. COMPLIANCE OF ACCOUNTING STANDARDS

17.1 AS-12: Accounting for Government Grants : The group has recognized Rs.521.05 lakh (Schedule-4) as Income from Stowing and Protective Subsidy/ CCDA grant on Cash basis as per Accounting Policy No.2.2 (d) of Schedule - O.

17.2 AS-15 : Employee Benefits : The group has determined the liability for Employee Benefits as at 31.3.2009 in accordance with the revised Accounting Standard 15 – Employee Benefits issued by ICAI.

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

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

	Current year
Profit after tax (Rs. in lakh)	169736.71
Profit attributable to ordinary shareholders (Rs. in lakh)	169736.71
No. of Ordinary Shares for basic and diluted EPS (Nos)	1864009
Nominal value of Ordinary Shares (Rs.)	1000
Basic & Diluted Earning per ordinary Share (Rs.)	9106.00

17.7 AS-21 :

Consolidated financial statements have been prepared by the management in accordance with the requirements of Accounting Standard -21 "Consolidated financial Statements" issued by the Institute of Chartered accountants of India. However, consolidated cash flow statement has not been prepared.

Details of subsidiaries & minority interest :

Name of Subsidiaries	Stake of parent Company	Date of incorporation	Address	Minority Interest as per consolidated Accounts as on 31.03.2009
1. MNH Shakti Ltd.	70 %	16.07.2008	Anand Vihar, Burla Sambalpur	Rs. 27.00 lakh
2. MJSJ Coal Ltd.	60 %	13.08.2008	House No. 42, 1st floor, Anand Nagar, Hakimpara, Angul.	Rs. 162.72 Lakh

Both the subsidiaries are in development stage.

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

During the year, Rs.3.60 lakh has been provided against Development Expenditure. Further provision of Rs.802.88 lakh has been taken against other fixed assets (with no alternative use value) in the loss making underground mines. Thus total cumulative provision for Impairment as at 31.03.2009 stands at Rs.2082.77 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 Earlier for back filling (reclamation of land) and other corrective EMP activities , a total provision of Rs 6992.74 lakh equivalent to Re 1/ per tonne of coal production upto 31.03.2008 was made. Now For technical and biological reclamation of land , a provision of Rs. 3247.30 lakh (@ Rs 150000/ per hectre of land mined) have been kept as per new guidelines of CIL, the holding company of MCL. As a result , the excess provision of Rs 3745.44 lakh has been withdrawn and profit for the year has been increased by Rs 3745.44 lakh.

17.9.2 Current Liabilities and Provision includes Rs.746.73 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.53.57 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. 92779.98 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 assets of Rs.1600.52 lakh as on 31st March, 2009. The Deferred tax liability / assets comprises of tax effect of timing differences as detailed below :

	<i>As on 31.03.09 (Rs.in lakh)</i>
Deferred Tax Liability :	
Excess of Net Block over written down value as per provisions of Income-tax Act, 1961	5671.41
Deferred Tax Asset :	
Provision for Doubtful Debts	894.95
Provision for other Employees Benefit	0.00
Provision for Leave Encashment	2351.87
Provision for Gratuity	5132.96
Employee Separation and Retirement	0.00
Provision for Doubtful Advances	144.62
Disallowance u/s.43B of Income-tax Act, 1961	682.30
Other Provision / Misc. Items	-1934.77
Sub-Total	7271.93
NET DEFERRED TAX ASSETS/LIABILITY	1600.55

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

19.4 The group 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.

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

20.0 OTHERS

A. Directors’ Remuneration

(Rs. In Lakh)

	Current Year
Salary	49.72
P.F.	5.16
Perquisites	1.69
Total	56.57

Note:

- i. Perquisites do not include value/charges for house rent/electrical energy, which has been recovered as per rules of the Company and value of free medical facilities in Company hospitals/dispensary.
- ii. The Chairman-cum-Managing Director and full time Directors have the option to use the staff car for purposes other than official duty up to a ceiling of 750 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 - 936.36 lakh tonne

C. Imports

(Rs. In Lakh)

C.I.F. value of imports	Current Year
(i) Raw Materials	NIL
(ii) Components & Spare Parts	485.02
(iii) Capital Goods	243.59

D. Expenditure in Foreign Currency

(Rs. In Lakh)

	Current Year
(i) Travelling	4.18
(ii) Commitment charges	0.00
(iii) Interest	455.49
(iv) Others	NIL

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

Particulars	Current Year Value (Rs. in Lakh)	Percentage	Previous Year (Rs. in lakh)	Percentage
Imported			Not determined	
Indigenous			Not determined	
Total	44121.55			

Sd/-
S.C. Behera
Company Secretary

Sd/-
M. P. Kurian
General Manager (Finance)

Sd/-
B. Mahapatra
Director (Finance)

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

Place : Bhubaneswar
Date : 18th July, 2009

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

	Current Year	
	Quantity (L.MT)	Value (L.Rs.)
OPENING STOCK		
(a) Revenue Mines	123.54	26599.92
(b) Adjust. against Opening Stock	-0.02	-7.35
Total	123.52	26592.57
PRODUCTION		
(a) Revenue mines	963.36	513331.21
(b) Development mines	0.00	0.00
Total	963.36	513331.21
SALES		
(a) Revenue mines	912.84	498429.54
(b) Development mines	0.00	0.00
Total	912.84	498429.54
Own consumption (Revenue)	0.05	53.40
CLOSING STOCK		
(a) Revenue mines	173.99	41440.84
(b) Development mines	0.00	0.00
Total	173.99	41440.84

NOTE:

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

21.0 Since the group subsidiaries have come into existence during the financial year 2008-09, previous years figures have not been given.

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