



# The Singareni Collieries Company Limited

(A Government Company)

90<sup>th</sup>  
**A**nnual Report &  
ccounts  
2010-11



# OUR MISSION



To retain our strategic role of a premier Coal Producing Company in the country and excel in a competitive business environment.



To strive for self-reliance by optimum utilisation of existing resources and earn adequate returns on capital employed.



To exploit the available mining blocks with maximum conservation and utmost safety by adopting suitable technologies and practices and constantly upgrading them against international benchmarks.



To supply reliable and qualitative coal in adequate quantities and strive to satisfy customers needs by constantly sharing their experience and customizing our product.

To emerge as a model employer and maintain harmonious industrial relations within the legal and social frame work of the state.



To emerge as a responsible company through good Corporate Governance, by laying emphasis on protection of environment & ecology and with due regard for corporate social obligations.



# THE SINGARENI COLLIERIES COMPANY LIMITED

(A Government Company)

## 90<sup>th</sup> Annual Report and Accounts 2010-11

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#### **BANKERS:**

State Bank of Hyderabad  
Indian Bank  
Canara Bank  
State Bank of Patiala  
Andhra Bank  
Bank of Maharashtra

#### **AUDITORS:**

M/s. M. Anandam & Co.,  
Chartered Accountants,  
7 A, Surya Towers,  
S.P. Road,  
Secunderabad – 500 003.

#### **Location of mining areas:**

##### **Khammam District**

Yellandu  
Rudrampur  
Manuguru

##### **Warangal District**

Bhoopalpalli

##### **Karimnagar District**

Ramagundam (Godavarikhani)

##### **Adilabad District**

Srirampur  
Mandamarri  
Bellampalli

## BOARD OF DIRECTORS

1. Chairman & Managing Director  
**Sri S.Narsing Rao** (From 18.9.2006)
2. Director (Operations)  
**Sri J.V.Dattatreyyulu** (From 1.10.2006)
3. Director (Finance)  
**Sri S.Vivekanand** (From 3.9.2010)  
**Sri D.L.R.Prasad** (full additional charge) (From 16.7.2010 to 3.9.2010)  
**Sri K.V. Ramana** (full additional charge) (From 21.4.2010 to 15.7.2010)  
**Sri E.V. Krishna Reddy** (From 10.6.2006 to 20.4.2010)
4. Director (Planning & Projects)  
**Sri B. Ramesh Kumar** (From 13.6.2011 A.N)  
**Sri J.V.Dattatreyyulu** (full additional charge) (From 3.12.2010 to 13.6.2011 A.N)  
**Sri D.L.R.Prasad** (From 1.10.2006 to 3.12.2010 F.N)
5. Director (Electrical & Mechanical)  
**Sri I.V.N. Prasada Rao** (From 19.3.2008)
6. Director (Personnel, Administration & Welfare)  
**Sri T.Vijaya Kumar** (From 3.8.2011 A.N)  
**Sri S.Vivekanand** (full additional charge) (From 1.12.2010 to 3.8.2011 A.N)  
**Sri J.V.Dattatreyyulu** (full additional charge) (From 6.8.2010 to 1.12.2010)  
**Sri K.V.Ramana** (From 10.8.2009 to 6.8.2010 A.N)
7. **Sri D.C.Garg** (From 21.9.2007)  
Chairman-cum- Managing Director, Western Coalfields Ltd., Nagpur
8. **Sri Anil Kapoor** (From 28.7.2011)  
Director(Finance), Ministry of Coal, Govt. of India, New Delhi  
**Sri K.C.Samria** (From 25.9.2007 to 2.6.2011)  
Director, Ministry of Coal, Govt. of India, New Delhi
9. **Sri Sharad Kumar Ghodke** (From 3.6.2011)  
Director, Ministry of Coal, Govt. of India, New Delhi  
**Sri H.C.Agrawal** (From 27.1.2010 to 30.4.2011)  
Director, Ministry of Coal, Govt. of India, New Delhi
10. **Sri V.Bhaskar** (From 1.7.2011)  
Principal Secretary, Finance Dept., Govt. of A.P.  
**Sri G.Sudhir** (From 28.7.2009 to 30.6.2011)  
Special Chief Secretary, Finance Dept., Govt. of A.P.
11. **Sri Dinesh Kumar** (From 16.8.2011)  
Principal Secretary, Energy Dept., Govt. of A.P.  
**Sri Sutirtha Bhattacharya** (From 16.1.2010 to 16.8.2011)  
Principal Secretary, Energy Dept., Govt. of A.P.

**Sri J. Rama Krishna**

G.M (Corporate Affairs) & Company Secretary

**Sri V. Raghuveera Prasad**

General Manager (Finance & Accounts)



## BOARD OF DIRECTORS

(As on 29-09-2011)



**Sri S. Narsing Rao**  
Chairman & Managing Director



**Sri J.V. Dattatreylu**  
Director  
(Operations)



**Sri I.V.N. Prasada Rao**  
Director  
(Electrical & Mechanical)



**Sri S. Vivekanand**  
Director  
(Finance)



**Sri B. Ramesh Kumar**  
Director  
(Planning & Projects)



**Sri T. Vijaya Kumar**  
Director  
(P.A & W)



**Sri D.C. Garg**  
Director



**Sri Sharad Kumar Ghodke**  
Director



**Sri Anil Kapoor**  
Director

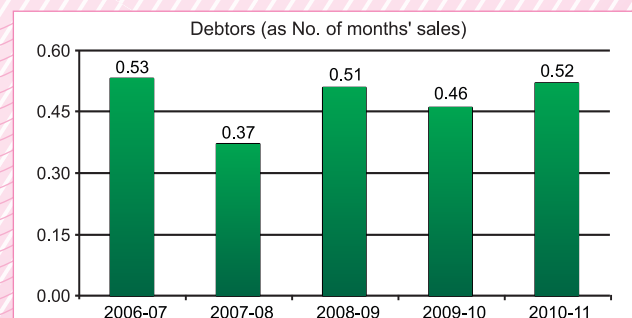
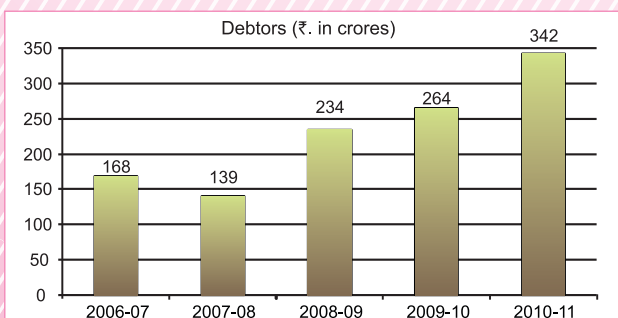
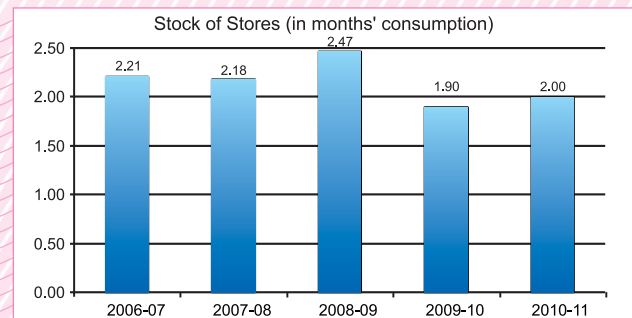
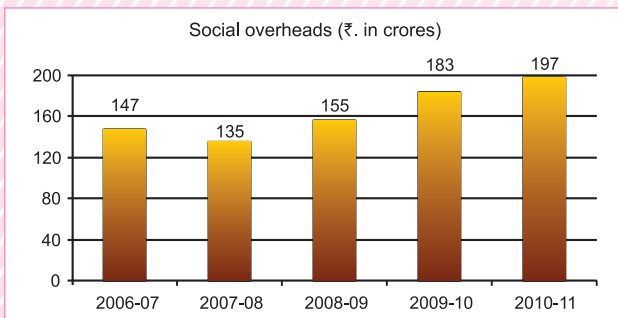
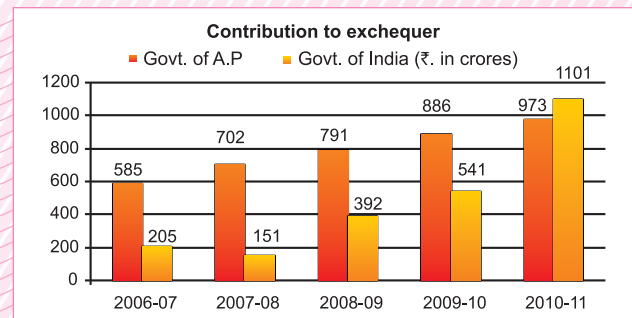
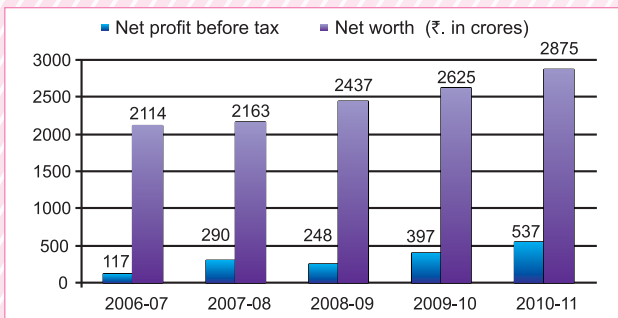
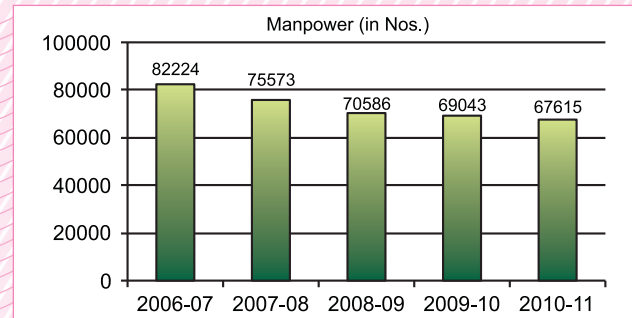
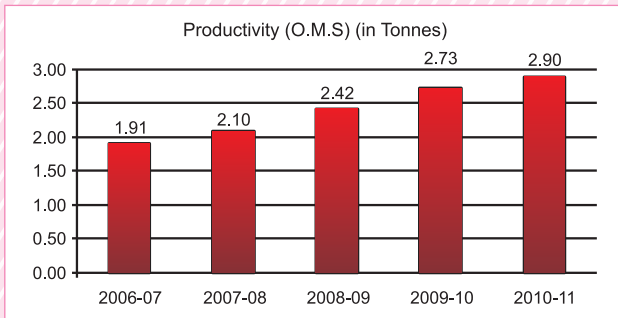
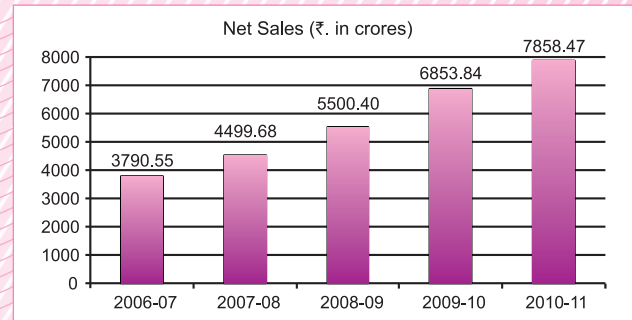
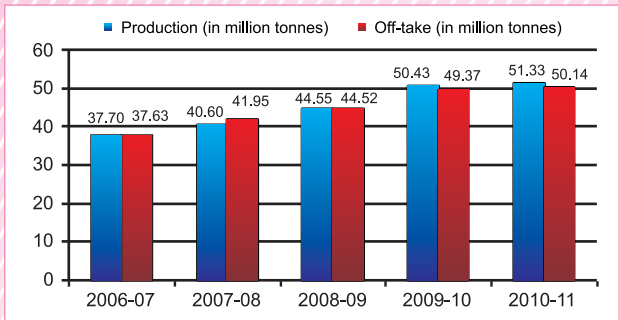


**Sri V. Bhaskar**  
Director



**Sri Dinesh Kumar**  
Director

# Graphs Indicating Important Statistics



### Performance indicators at a Glance

Sl. No.	Indicators	Unit	2010-11	2009-10	2008-09	2007-08	2006-07
1.	Production:						
	a) Open cast	(Lakh Tonnes)	<b>397.26</b>	384.56	324.59	279.58	258.31
	b) Underground	(Lakh Tonnes)	<b>116.07</b>	119.69	120.87	126.46	118.76
	c) Total	(Lakh Tonnes)	<b>513.33</b>	504.25	445.46	406.04	377.07
2.	Off-take	(Lakh Tonnes)	<b>501.44</b>	493.68	445.21	419.50	376.29
3.	Stock of Coal	(Lakh Tonnes)	<b>24.06</b>	12.25	1.63	1.48	12.18
4.	Output per Man Shift	(Tonnes)	<b>2.90</b>	2.73	2.42	2.10	1.91
5.	Manpower	(Nos.)	<b>67615</b>	69043	70586	75573	82224
6.	Net sales	(₹. Lakhs)	<b>785847</b>	685384	550040	449968	379055
7.	Net profit before tax	(₹. Lakhs)	<b>53667</b>	39672	24832	29012	11720
8.	Accumulated Profit	(₹. Lakhs)	<b>38160</b>	23095	14378	15151	11589
9.	General Reserve	(₹. Lakhs)	<b>76040</b>	66040	56040	46040	40000
10.	Equity Share Capital	(₹. Lakhs)	<b>173320</b>	173320	173320	173320	173320
11.	Long-term Debt	(₹. Lakhs)	<b>39800</b>	46434	53067	66334	66334
12.	Net worth	(₹. Lakhs)	<b>287520</b>	262455	243738	216258	211400
13.	Capital employed	(₹. Lakhs)	<b>328536</b>	272286	302133	302028	253942
14.	Contribution to Exchequer:						
	- State Government	(₹. Lakhs)	<b>97340</b>	88622	79147	70164	58486
	- Central Government	(₹. Lakhs)	<b>110091</b>	54051	39203	15139	20524
15.	Earning per Share	(₹.)	<b>2.03</b>	1.55	0.77	1.02	0.37
16.	Debt - Equity Ratio	(ratio)	<b>0.23:1</b>	0.27:1	0.31:1	0.38:1	0.38:1
17.	Capital turnover Ratio	(times)	<b>2.39</b>	2.52	1.82	1.49	1.49
18.	Cost of sales to sales	(percentage)	<b>95.53</b>	94.21	95.49	93.55	96.91
19.	Debtors as No. of months' sales	(months)	<b>0.52</b>	0.46	0.51	0.37	0.53

## The Singareni Collieries Company Limited

( A Government Company )

Regd. office: Kothagudem Collieries (P.O) – 507 101, Khammam Dist., A.P.

### NOTICE

Notice is hereby given to all the shareholders of The Singareni Collieries Company Limited that the 90<sup>th</sup> Annual General Meeting of the Company will be held on Thursday, the 29<sup>th</sup> day of September 2011 at 11.00 a.m, at the Registered office, Head office building, Kothagudem Collieries (P.O) – 507 101, Khammam District, Andhra Pradesh, to transact the following business.

1. To consider and adopt the Directors' Report and the audited Annual Accounts for the financial year 2010-11.
2. To declare dividend @5% on the paid-up equity share capital for the financial year 2010-11.
3. (a) To appoint a Director in place of Sri D.C.Garg who retires by rotation in accordance with Section 256 of the Companies Act, 1956 and Article 93 of the Articles of Association of the Company and is eligible for re-election.
- (b) i) To appoint a Director in place of Sri V.Bhaskar who retires under Article 98 of the Articles of Association of the Company and is eligible for re-election.
- ii) To appoint a Director in place of Sri Dinesh Kumar who retires under Article 98 of the Articles of Association of the Company and is eligible for re-election.
- iii) To appoint a Director in place of Sri Sharad Kumar Ghodke who retires under Article 98 of the Articles of Association of the Company and is eligible for re-election.
- iv) To appoint a Director in place of Sri Anil Kapoor who retires under Article 98 of the Articles of Association of the Company and is eligible for re-election.
4. To fix the remuneration payable to Statutory Auditors who are yet to be appointed by the C&AG of India for the financial year 2011-12.

"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 Statutory Auditors to be appointed by the C&AG of India for the audit of accounts of the Company for the financial year 2011-12."

### SPECIAL BUSINESS:

To consider and if thought fit to pass with or without modification the following resolution as ordinary resolution.

5. Resolved that pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956 and other applicable provisions if any, the sanction be and is hereby accorded to borrow funds from Power Finance Corporation Ltd., by creating mortgages/ charges on all the present and future movable/ immovable assets of the 2x600 MW coal based Thermal Power Project to be set up at Jaipur mandal of Adilabad district/ of the Company as decided by the Board of Directors subject to the mortgages/ charges existing in favour of the Govt. of India and consortium Banks.

To consider and if thought fit to pass with or without modification the following resolutions as special resolutions.

6. Resolved that the sanction be and is hereby accorded for payment of remuneration to Sri S. Narsing Rao as Chairman & Managing Director of the Company for the period from 18.9.2010 to 17.9.2011 on the existing terms & conditions laid before the meeting duly initialled by the Chairman for the purpose of identification.
7. Resolved that the sanction be and is hereby accorded for payment of remuneration to Sri B. Ramesh Kumar as Director (Planning & Projects) on the Board of the Company for a period of 2 years from 13.6.2011 on the terms & conditions laid before the meeting duly initialled by the Chairman for the purpose of identification.

8. Resolved that the sanction be and is hereby accorded for payment of remuneration to Sri T. Vijaya Kumar as Director (Personnel, Administration & Welfare) on the Board of the Company for a period of 2 years from 3.8.2011 on the terms & conditions laid before the meeting duly initialled by the Chairman for the purpose of identification.

By order of the Board

Sd/-

(J. Rama Krishna)

G.M (Corporate Affairs) & Company Secretary

Date: 3.9.2011

Place: Kothagudem.

**Notes:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. The explanatory statements pursuant to section 173(2) of the Companies Act, 1956 in respect of the special business is enclosed.
3. The Register of members and Share transfer books of the Company will remain closed from 15.9.11 to 29.9.11 (both days inclusive).
4. The shareholders are requested to intimate any change in their address to the Registered office of the Company for sending all correspondence.

## ANNEXURE TO NOTICE

Explanatory statements pursuant to Section 173 (2) of the Companies Act, 1956.

### Resolution No. 5:

The borrowing powers of the Board of Directors have been enhanced with the consent of General meeting held on 5.2.2011 up to an amount of ₹.5,000 crores over & above the paid up equity and free reserves.

The Company is proposing to borrow funds from Power Finance Corporation Ltd., for funding 2x600 MW coal based Thermal Power Project to be set up at Jaipur Mandal in Adilabad district by creating mortgages/ charges on all the present and future movable/ immovable assets of the Power Project/ of the Company subject to the mortgages/ charges existing in favour of the Govt. of India and consortium Banks.

It is therefore necessary to create mortgages/ charges u/s 293(1)(a) of the Companies Act, 1956 for making the borrowing from Power Finance Corporation Ltd.

The Board in the meeting held on 4.7.2011 recommended the proposal for approval of shareholders.

Approval of the shareholders is sought for the proposal.

None of the Directors is personally interested in the resolution proposed to be passed.

### Resolution No. 6:

Govt., of AP vide G.O. Rt. No. 4618 dt.16.9.2010 of General Administration (Special A) department extended the term of Sri S.Narsing Rao as Chairman & Managing Director of the Company from 18.9.2010 to 17.9.2011.

Copies of relevant orders containing terms & conditions of extension are available for inspection at the Registered Office of the Company on any working day during office hours.

Approval of the shareholders is sought for payment of remuneration to Sri Narsing Rao from 18.9.2010 to 17.9.2011.

None of the Directors except Sri Narsing Rao is personally interested in the resolution proposed to be passed.

### Resolution No. 7:

The Board in the meeting held on 4.7.2011 approved the appointment of Sri B.Ramesh Kumar CGM(CP&P) as Director (Planning & Projects) for a period of 2 years from 13.6.2011.

Copies of relevant office orders containing terms & conditions of appointment are available for inspection at the Registered Office of the Company on any working day during office hours.

Approval of the shareholders is sought for payment of remuneration to Sri Ramesh Kumar from 13.6.2011 to 12.6.2013.

None of the Directors except Sri Ramesh Kumar is personally interested in the resolution proposed to be passed.

### Resolution No. 8:

Sri T.Vijaya Kumar was appointed as Director (Personnel, Administration & Welfare) for a period of 2 years from 3.8.2011.

Copies of relevant office orders containing terms & conditions are available for inspection at the Registered Office of the Company on any working day during office hours.

Approval of the shareholders is sought for payment of remuneration to Sri Vijaya Kumar from 3.8.2011 to 2.8.2013.

None of the Directors except Sri Vijaya Kumar is personally interested in the resolution proposed to be passed.

## Directors' Report

Dear Members,

Your Directors are pleased to present the 90<sup>th</sup> Annual Report and audited financial accounts of the Company for the year ended on 31<sup>st</sup> March 2011.

### HIGHLIGHTS OF PERFORMANCE:

During 2010-11 the Company has;

- exceeded the targets of production & productivity;
- achieved highest ever dispatches & sales;
- registered growth in net profit;

The progress achieved by the Company can be seen from the following table;

Performance parameters	2010-11	2009-10	% variance over 2009-10
Production (in million tonnes)	<b>51.33</b>	50.42	1.80
Despatches (in million tonnes)	<b>50.14</b>	49.37	1.56
Gross sales (₹ in crores)	<b>9287.14</b>	7825.48	18.68
Productivity (Output per manshift in tonnes)	<b>2.90</b>	2.73	6.23
Capacity utilisation (Coal) (Percentage)	<b>104</b>	106	-2.83

### OPERATIONAL RESULTS:

The financial performance of the Company for the year 2010-11 as compared to the previous year is as under;

(₹ in Crores)

Particulars	2010-11	2009-10
Gross revenue	<b>9892.14</b>	8363.03
Profit before interest, depreciation, provisions, tax & prior period adjustments	<b>951.53</b>	727.28
Less: Interest	<b>26.78</b>	12.11
Depreciation	<b>354.12</b>	300.93
Provisions (net)	<b>33.96</b>	17.53
Prior period adjustments (net)	<b>(-)5.37</b>	4.78
Provision for taxation (net of deferred Tax incl. previous years)	<b>190.67</b>	123.92
Net profit after tax	<b>351.37</b>	268.01
Appropriations :		
Dividend	<b>86.66</b>	69.33
Tax on Dividend	<b>14.06</b>	11.51
Transfer to General Reserve	<b>100.00</b>	100.00

### Share capital:

The authorised and paid-up capital of the Company stood at ₹.1800 crores and ₹.1733.20 crores respectively as in the previous year.

**Dividend:**

Your Directors are pleased to recommend dividend @ 5% on the paid-up capital for the financial year 2010-11 for approval of shareholders in the ensuing Annual General meeting.

**Coal prices:**

Premium prices of A & B grades of coal were merged with basic prices w.e.f., 13.1.2011 and Basic prices of all grades of coal and washery grades were revised w.e.f., 19.3.2011.

**Capital Expenditure:**

During 2010-11 amount spent on capital additions is ₹. 644.30 crores as against ₹. 888.67 crores incurred in the previous year.

**Foreign exchange earnings and outgo:**

During 2010-11 the foreign exchange outgo was ₹. 81.48 crores as against ₹. 142.73 crores in the previous year, which is mainly due to import of equipment & spares, payment of consultancy charges etc. There were no foreign exchange earnings.

**PRODUCTION PERFORMANCE:****Production from opencast & underground mines:**

The Company has achieved 2% growth in coal production during the year under review over the previous year by producing 51.33 million tonnes. Open cast projects have contributed 39.70 million tonnes with a growth rate of 3% over previous year. Underground mines have contributed 11.63 million tonnes with a marginal decline by 3% over the previous year. Reasons for decline in production in UG mines is geological problems in Blasting Gallery technology mines, major interruption in electricity supply due to collapse of APTRANSCO high tension power lines across river Godavari during rainy season for about 10 days in September, 2010 at Bellampalli region. The technology-wise details of production achieved during the year under review against the targets as well as achievement in the previous year are as under;

(in million Tonnes)

SI. No.	Technology	2010-11		2009-10 Actual	% variance over 2009-10
		Target	Actual		
1.	Underground				
	a) Hand section	1.62	2.10	3.02	-30.46
	b) Machine mining:				
	i. Road header	0.29	0.15	0.13	15.38
	ii. Longwall	0.70	0.53	0.90	-41.11
	iii. Highwall	-	0.02	-	-
	iv. Side Dump Loaders	5.85	5.06	4.42	14.48
	v. Load Haul Dumpers	1.77	1.97	1.96	0.51
	vi. Blasting Gallery	1.35	0.90	1.02	-11.76
	vii. Continuous miner	0.60	0.85	0.43	97.67
	viii. Scraper	0.07	0.05	0.09	-44.44
	Total machine mining	10.63	9.53	8.95	6.48
	Total underground	12.25	11.63	11.97	-2.84
2.	Opencast	33.75	39.70	38.45	3.25
	Total	46.00	51.33	50.42	1.81

**Overburden removal performance:**

Overburden removal of 216.96 million cubic metres was achieved in opencast projects during the year under review as against 247.05 million cubic metres achieved in the previous year. The Company is outsourcing some portion of OB removal activity as per the laid down policy.

The details of overburden removal by Company equipment and through outsourcing are as under;

( in million cubic mtrs.)

Particulars	2010-11		2009-10	increase over 2009-10	
	Target	Actual	Actual	Absolute	Percentage
Company equipment	63.85	64.78	52.87	11.90	22.51
Outsourcing	182.30	152.18	194.18	-41.99	-21.63
Total	246.14	216.96	247.05	-30.09	-12.18

Reasons for shortfall in OB removal by outsourcing:

- Abbapur OCP could not be grounded during the year 2010-11.
- Land acquisition / forest land diversion problem in SRP OC-II, RG OC-II extrn., RK OCP and BPA OC-II extrn.

#### Utilisation of Capacity:

Capacity utilisation achieved during the year under review was 104% as against 106% achieved in the previous year.

#### Productivity in terms of out put per man shift:

During the year under review productivity in terms of output per man shift in underground mines & opencast projects and for the entire Company has improved as mentioned below;

( in Tonnes)

Particulars	2010 11		2009-10	Variance over 2009-10	
	Target	Actual	Actual	Absolute	Percentage
Underground Mines					
- Hand section	0.69	0.61	0.63	-0.02	-3.17
- Machine mining	1.41	1.33	1.43	-0.10	-6.99
Total UG mines	1.24	1.09	1.08	0.01	0.93
Opencast projects	11.33	12.08	10.71	1.37	12.79
Overall					
- Mines	3.58	3.58	3.36	0.22	6.55
- Mines & Departments	2.87	2.90	2.73	0.17	6.23

#### Performance of HEMM:

The performance of Heavy Earth Moving Machinery in terms of availability and utilisation as against the previous year is indicated below;

HEMM	Numbers on roll		% Availability		% Utilisation with reference to			
	2010-11	2009-10	2010-11	2009-10	Scheduled shift hours		Machine available hours	
					2010-11	2009 -10	2010-11	2009-10
Draglines	2	2	79	79	55	50	69	63
Shovels	67	62	82	81	52	54	63	67
Dumpers	452	452	81	76	34	36	42	47
Dozers	79	82	69	70	29	31	43	44
Drills	50	47	77	78	26	29	34	37
Others	122	124	77	76	25	30	33	40
Total	772	769	79	76	34	35	43	46

Reasons for decrease in utilisation of HEMM over previous year:

- The rainy season during 2010 has been very heavy, extensive and spanned over almost 4 months.
- In some mines, part of the HEMM were drowned and lot of time was spent for retrieval and repairs. Efforts are being made for optimum utilisation of HEMM.

## MARKETING:

### Target and off-take of coal:

During the year 2010-11 off-take of coal was 50.14 million tonnes against the target of 49.37 million tonnes. As per the New Coal Distribution Policy announced by the Ministry of Coal, GoI in 2008 customers drawing more than 4,200 tonnes per annum have to enter into FSA. Number of customers entered into FSAs with SCCL is 219. Apart from that, 3 power utilities, 58 cement units, 53 sponge iron units and 31 CPP customers have FSAs with SCCL. 93% of dispatches have been covered by FSAs and MoUs. The number of customers registered with SCCL has gone up from 6,850 in 2009-10 to 7,205 in 2010-11. The details of sector-wise AAP target & off-take and colliery consumption during 2010-11 as compared to the previous year are as under.

(in million tonnes)

Sector	2010-11			2009-10		
	Target	Off-take	% Achieved	Target	Off-take	% Achieved
Power	31.90	36.05	113	30.21	36.19	120
Cement	6.13	6.66	109	6.73	6.64	99
Heavy Water Plant	0.50	0.53	106	0.50	0.52	104
Other Industries	8.40	6.81	81	6.94	5.92	85
Colliery Consumption	0.12	0.09	75	0.12	0.10	83
Total	47.05	50.14	107	44.50	49.37	111

### Mode of despatches

Despatches through different modes (excluding colliery consumption) during 2010-11 as against previous year are as indicated below;

(in million tonnes)

Year	Rail (incl. RCR)	Road	Merry-go-round	Rope-way	Total
2010-11	30.34	9.50	9.68	0.53	50.05
2009-10	29.50	8.50	10.75	0.52	49.27
Absolute increase/ decrease	0.84	1.00	-1.07	0.01	0.78

### Wagon loading performance :

During the year 2010-11 daily average loading of 3,217/ 1,287 Four Wheeler Wagons/ Box wagons was done as against 3,113/ 1,245 FWW/ Box wagons in 2009-10.

### Measures for improving quality :

Measures taken for improving quality of coal are as under;

- fortnight planning of seam-wise production;
- spot analysis at dispatch points, shift-wise, day-wise & rake-wise monitoring of coal quality;
- selective mining;
- washing of lower/ inferior grade coal;
- stone/ shale picking at mines & CHPs;

- regular interaction with the customers and feedback from them;
- observed quality assurance week in November,2010.
- 2 Washeries established at Manuguru and Ramagundam on BOO basis are working satisfactorily for washing coal to reduce the ash content. Erection of washeries on BOO basis at Khairagura and Ramakrishnapur is in progress.

### EXPLORATION ACTIVITIES:

51.66 million tonnes of reserves were proved during the year under review against 74.57 million tonnes proved in the previous year. Thus, the total proved reserves in Godavari Valley Coalfield have gone up to 9,487.44 million tonnes as on 31.3.2011. The coal extracted by the Company in the Godavari Valley Coalfield up to the year 2010-11 was about 983 million tonnes.

### INDUSTRIAL ATMOSPHERE :

During the year under review there were 2 strikes and the details are as under;

Particulars	Unit	2010-11	2009-10
Strikes	No.	2	2
Mandays lost	No.	1,68,760	1,430
Production lost	Tonne	4,22,984	4,893

### EMPLOYEES' WELFARE MEASURES AND SOCIAL SECURITY SCHEMES :

Welfare and social security to the employees are given due attention and various welfare activities viz., housing & sanitation, educational, recreational, medical facilities with super specialty services and social security schemes that were in vogue are being continued. The overall housing satisfaction as on 31.3.11 was 76% as against 75% at the end of previous year.

The Singareni Collieries Educational Society sponsored by the Company has been running 10 Schools at various areas, women's degree & junior college at Kothagudem and one Polytechnic college at Srirampur. Measures are being taken for introducing Mining Diploma course in Polytechnic and Post Graduation degree course in Commerce in Women's Degree College from the academic year 2011-12.

The Cells constituted for monitoring diseases like hypertension, diabetes have conducted counselling sessions. Cardiac evaluation for all high risk group employees such as Coal fillers, Coal cutters, Timbermen by performing ECG, lipid profile, 2D Echo & TMT for Kothagudem group of employees was completed. It is planned to take up similar evaluation at other areas. A rest house for the attendants of patients referred from other areas is opened at Main Hospital, Kothagudem. A team of surgeons have successfully conducted very complicated & critical surgeries which inter-alia include removal of crowbar pierced into the abdomen, cancer Kidney, hip replacement etc.

Central oxygen and suction system was installed on 20.4.10 at Causality, Main Hospital, Kothagudem for supplying oxygen gas and suction system through central pipe lines obviating the need for carrying, changing and maintaining bed side oxygen cylinders save lot of time for paramedics and making available essential Oxygen & suction at just the press a button.

Out of 36 underground mines manriding systems are in operation in 31 mines.

Employees are provided sports facilities & required infrastructure and also encouraged to participate in sports & games. Several events were conducted for sports & games which inter-alia include Coal India Inter Company weight lifting, power lifting, body building competitions and caroms tournament.

### Corporate Social Responsibility :

As a responsible corporate citizen, the Company is carrying out several CSR activities under a programme known as 'Surrounding Habitats Assistance Programme' the objective of which is to improve the quality of life, living standards by making the surrounding areas as better living places.

Mobile medical camps covering 161 villages conducted by the Company have benefitted 5,517 persons living in remote places by way of medical consultation and investigation and medicines have been supplied free of cost. This is apart from daily mobile medical services provided at Dorli & Khairagura opencast project effected tribal villages. For this purpose 'SPANDANA'

named mobile medical van fully equipped with X-RAY, semi-auto analyser ECG, pulse oxymeter has been introduced in October,2010. SCCL has extended financial support for establishment of Engineering College by JNTU at Manthani, Karimnagar district. The college started from the academic year 2010-11 .

#### Activities of Singareni Seva Samithi :

'Singareni Seva Samithi', a non-profit organisation established by the Company in 1998 has helped to a great extent for betterment of people of coal belt area. During the year under review the Samithi extended training to 818 candidates in various vocational courses in association with Khadi Gramina Mahila Vidyalaya. 265 candidates were trained in various trades in association with agencies like National Academy of Construction, Indira Mahila Vikas Foundation and Khadi Village & Industries Commission. 369 Project Affected Persons were trained in Agarbathi & Rexine bag making, Volvo vehicles & Motor car driving. 226 candidates have established self employment units during the year under review. Out of 1500 candidates trained for Army/ Police recruitment rallies, 152 candidates were selected.

In the Yoga & Meditation camps conducted throughout areas 300 persons have participated.

An expenditure of ₹.197 crores was incurred on various social overheads during the year 2010-11 as against ₹.183 crores incurred in the previous year.

#### Ancillary Industries Development Policy :

In order to create alternative means of livelihood to unemployed local people in the coal mining districts the Board of Directors of your Company have approved the 'Policy for Development of Ancillary Industries' under which 30% of quantity for identified spares/ services will be earmarked for ancillary units.

#### Expanding local reservation in employment as per Presidential directions, 1975 :

The Board of Directors of your Company have approved for extending local reservation in employment as per Presidential Directions, 1975 to the following categories also;

- Executive cadre posts in Medical & Health discipline.
- Executive cadre posts in Mining discipline.
- Mining supervisory cadre posts i.e., Overman/ Overman Trainee/ Jr.Mining Engineer Trainee.
- Security Personnel (Ex-servicemen category to be notified to Sainik Boards).

#### INFORMATION TECHNOLOGY & NETWORKING :

Enterprise Resource Planning (ERP) package has been implemented and stabilized in Sales, Materials management, Finance & Payroll modules. Measures are also being taken to introduce other modules of ERP. Disaster recovery system has been successfully commissioned. SCCL has received SAP-ACE award 2010 for best ERP implementation in Mining & Metal category.

#### SAFETY STATUS :

Your Company is putting best efforts for improving the safety in mines. Number of fatal accidents and fatalities have been reduced and there was slight increase in serious accidents and injuries;

Year	Fatal		Serious		Injury rate per million tonne of production	
	No. of accidents	No. of persons involved	No. of accidents	No. of persons injured	Fatal	Serious
2010-11	10	11	283	293	0.21	5.71
2009-10	13	16	424	428	0.32	8.49

#### Mines rescue services :

During the year under report, 70 persons were imparted initial training in rescue and recovery works.

Two mines rescue teams have participated in All India Mines Rescue competitions held at MRS, Sitarampur in February, 2011 and bagged 3rd and 5th overall best performance prizes respectively and also won 3 other prizes.

SCCL team also participated in 7th International Mines Rescue Competitions held in Australia in November, 2010 and was winner in trauma management and stood overall 2nd best performance.

## HUMAN RESOURCE DEVELOPMENT :

The Company has good in-house training centres at various areas as indicated below;

SI. No.	Name of the centre	No. of centres
1.	Mines Vocational Training Centres	8
2.	Corporate training Centre, Kothagudem	1
3.	Technical Training Centre, Ramagundam (for opencast technology)	1
4.	Underground mechanisation training Institute, at RG-II (for underground technology)	1
5.	Nargundkar Institute of Management, at RG-II (for executive training)	1

Number of executives & non-executives covered under in-house and outside training programmes are as under;

SI. No.	Particulars of training programmes	2010-11		2009-10	
		Executives	Non-Executives	Executives	Non-Executives
1.	In-house	1,431	900	2,309	923
2.	Within the country	966	971	915	806
3.	Outside the country	52	6	43	19

Apart from above 114 Executives and 55 non-executives were sponsored for Pegasus Institute, Bangalore for the programme on "Functional Team Building".

The Board of Directors of your Company have accorded in principle approval for establishing Corporate HRD Centre at Hyderabad and Govt., of AP has been requested for allotment of land for the same at Hyderabad.

The manpower of the Company was brought down from 69,043 as at the end of previous year to 67,615 by the end of the year under report.

## MEASURES FOR CONSERVATION OF ENERGY :

As a part of Energy conservation, proposals are being prepared for replacing all the street lights with LED street lights. Procurement of Solar water heating system for Yellandu Clubs of RG-1, Kothagudem areas and MB type quarters is under process which will be installed by removing existing electrical geysers. Employees are educated about energy conservation in association with Union delegates and they are encouraged to use CFL lamps in their quarters. Timers were installed in street light circuits. Action is on hand for replacing the old ACs of more than 10 years life with 5 star rated new ACs.

The specific energy consumption in KWH/tonne of coal production has slightly increased during the year under review by 1.36% over the previous year as mentioned below;

Description	2010-11		2009-10		% variance over 2009-10
	Target	Actual	Target	Actual	
Specific energy consumption in KWH/ tonne	14.50	12.67	14.50	12.50	1.36

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

- One new Blasting Gallery unit at VKPL mine of RG-II area started production during 2010-11.
- The production from both Continuous Miners (one each at VK-7 & GDK-11) has been doubled compared to the previous year.

- High wall mining has been started in RG OC-II in January 2011 to extract the residual coal in the final high wall of deep opencast mine.
- Short wall technology in RKNT mine in Srirampur area is under final stage of commencement.
- Overburden processing plant to prepare stowing material for underground mines has been started in December 2010 in Bhupalpalli area - which is the first of its kind in Indian coal mining industry.

## PROJECTS AND SCHEMES :

### Projects/schemes under implementation :

As at the end of March 2011, there are 26 mining projects, (15 opencast and 11 underground) under various stages of implementation with a sanctioned capital cost of ₹.4092.30 crores. The implementation of 11 projects is as per schedule and 3 projects are kept on hold. Non-availability of land for compensatory afforestation, delay in forest land diversion and environmental clearance are main constraints effecting timely commissioning of projects. The Management is taking all possible steps to reduce slippages in implementing the projects.

### Projects approved/ cleared by the Company :

The Board of Directors of the Company have approved / cleared the following projects during the year 2010-11:

SI. No.	Name of the Project	Capacity per annum	Capital (₹. crores)	Approved / cleared on
1.	Kistaram OCP	2.00 MT	242.29	1.11.10
2.	JK-5 OCP	2.00 MT	124.18	12.1.11

## STATUS OF POWER PROJECT :

Govt. of AP accorded investment approval to the DPR submitted by SCCL for 2x600 MW coal based Thermal Power Plant at Adilabad District of Andhra Pradesh with an investment of ₹.5,685 crores revising the earlier approval granted for one 600 MW TPP at Jaipur Mandal of Adilabad District.

Entire land required for the Power project has been acquired and environmental clearance has been obtained. NoC has been obtained from Airports Authority of India. Water allotment is made by Govt. of AP., NTPC was appointed as Consultant for preparation of specifications and tender documents. PPA has been signed with APTRANSCO for sale of 1,050 MW to APDISCOMS and the balance 150 MW would be utilized by SCCL for its own consumption. Power evacuation system has been finalized and it is proposed to lay 164 Kms., of 400 KV Quad Moose DC line from Power Plant to Gajwel 400 KV substation. Proposal for procurement of BTG package from BHEL is under process. Financial closure has been achieved and required loan is being taken from Power Finance Corporation.

## PROTECTION OF ENVIRONMENT, ECOLOGY & BIO DIVERSITY :

SCCL is environmentally conscious, responsible and proactive. SCCL's initiatives in protection of environment starts from the exploration stage itself where preferences are given for mining coal in non-forest areas thereby reducing pressure on forest areas. SCCL is following triple point agenda for sustainable development;

- Excel in operations & technology
- Excel in environment management
- Respect to the social order

Pollution control measures like dust suppression at the source of generation at mines and units like coal handling plants, workshops etc., treatment of waste water, noise control and soil erosion control measures are being scrupulously followed.

Reclamation of OB dumps is being done concurrent to mining operations. The Company has banned usage of plastic carry bags & other materials in all the mining areas, offices, colonies, clubs, guesthouses etc.

16 Effluent Treatment Plants are in operation for removal of oil and grease in workshops. 7 Sewage Treatment Plants are functioning at different areas.

## AFFORESTATION :

During the year 2010-11 SCCL has developed block and avenue plantations covering an area of 525 Ha., and plantation on overburden dumps covering an area of 443 Ha. In all 12,33,317 numbers of seedlings were planted as against 13,35,902 in the previous year.

## RESEARCH & DEVELOPMENT :

During the year under review, R&D activities taken up are as under;

Collaborative research project on stability analysis and design optimization of OB dumps and deep OC mines is being taken up in association with CSIRO, Australia.

As per the recommendations of 10th National Conference on Safety in Mines, Regional Strata Control Cells and Ventilation & Fire Control Cells were established in 3 regions to cater the needs of Strata Control & Ventilation issues.

A Training programme was arranged on "Coal Mine Ventilation -Advanced Topics" for the ventilation officers by IIT-Kharagpur faculty.

Roof bolting manual was prepared and circulated to all mines for standardizing bolting practices.

Apart from the above ventilation studies, explosives field trials were also conducted.

Benefits derived as a result of the above R&D activities are improvement of safety, mine ventilation, UG environmental conditions, comfort, production & productivity.

### Future plan of action :

Conducting the ventilation survey and ventilation network simulation in required mines and also undertaking ventilation and mine air cooling service.

Preparation of consolidated data ventilation parameters of all underground mines.

Procuring software for simulation of Goaf gases (CFD modeling) and ventsim (network modeling) in underground mines and training in use of software. Study of ventilation systems and training on managing the mines to be operated with high pressure main mechanical ventilators at 2.0kpa to 3.5 kpa pressure.

During 2010-11 expenditure incurred on R & D was ₹. 2.18 crores (previous year ₹. 0.79 crores) which amounted to 0.03% of the total turnover.

## INTERNAL AUDIT :

The Internal Audit has advised recoveries to the tune of ₹. 1.44 crores after conducting audit of different bills during the year under report against the recovery of ₹. 4.13 crores advised in the previous year.

The status of compliance of Audit memos as on 31.3.11 when compared to the end of previous year is as under:

Period up to	Issued		Complied		Pending		%compliance (No. of memos)	Recovery (percentage)
	No. of memos	Value (₹ lakhs)	No. of memos	Value (₹ lakhs)	No. of memos	Value (₹ lakhs)		
31.3.11	2162	333.35	1804	262.56	358	70.79	83.44	78.76
31.3.10	1914	287.16	1788	245.82	126	41.36	93.42	85.60

## VIGILANCE :

While 28 cases were pending at the beginning of the year under review, 325 cases were received during the year 2010-11. The Vigilance dept., has submitted reports in 266 cases and 87 cases were pending as on 31.3.11. Based on the reports submitted by the Vigilance department action was taken on 34 employees. The Vigilance reports are being reviewed by the Board of Directors.

## **SUBSIDIARY :**

As on 31st March 2011, SCCL continues to hold ₹.1408.27 lakhs of equity amounting to 81.54% in A.P Heavy Machinery & Engineering Ltd., as at the end of previous year. The Board of Directors of your Company have approved for extension of MoU existing with APHMEL from 1.4.2011 to 31.3.2012 by enhancing the order support from ₹.30 crores to ₹.50 crores. The MoU facilitates placing purchase orders on APHMEL at matched L1 prices irrespective of their status in the tenders. During the year 2010-11 the Company has earned a net profit of ₹.494 lakhs as against ₹.409.61 lakhs earned in the previous year. A copy of audited accounts of the Company for the year 2010-11 are attached in compliance with the provisions of Section 212 of the Companies Act, 1956.

## **JOINT VENTURE COMPANY :**

NTPC has agreed for awarding the contract for development & operation of Talaipalli coal block, Chhattisgarh to NTPC-SCCL Global Ventures Private Limited a JV Company floated along with NTPC. Business model for the same is being worked out.

## **CONTRACT MINING ACTIVITIES :**

Govt., of AP desired that SCCL to take up development of coal blocks allotted to APGENCO on mutually agreed terms. So far SCCL has agreed to take up coal mining in Tadicherla-I coal block, Bhoopalpalli after completion of pre-mining activities.

Govt., of AP directed APMDC to have Joint Venture with SCCL for exploration and mining of coal from Suliyari-Belwar coal block in Madhya Pradesh. Business model for the same is being worked with APMDC.

## **CONSULTANCY SERVICES :**

Your Company has extended consultancy services to APGENCO, SAIL, Reliance, TATA Steel mainly in the fields of pre-mining activities, preparation of conceptual/ project reports for coal blocks, preparation of mining plans, environmental plans, assisting in selection of Mine Development-cum-Operator, imparting training in statutory duties in underground mines.

## **COMPREHENSIVE BUSINESS PLAN :**

The Board of Directors of your Company has approved the comprehensive Business Plan which was got prepared by M/s Price Waterhouse Coopers which envisage foraying into various allied and related businesses.

## **PARTICULARS OF EMPLOYEES IN RECEIPT OF ₹.5 LAKHS PER MONTH OR ₹.60 LAKHS PER ANNUM :**

During the year under review none of the employees received remuneration in excess of the limits prescribed in Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

## **STATUTORY AUDITORS :**

For the financial year 2010-11, the Comptroller & Auditor General of India has re-appointed M/s.M.Anandam & Co., Chartered Accountants, Secunderabad as Statutory Auditors of the Company under Section 619 (2) of the Companies Act, 1956.

## **AUDIT COMMITTEE :**

Audit committee of the Company consists all non-executive Directors (numbering 5) viz., Sri V. Bhaskar, Principal Secretary, Finance Dept., Govt. of A.P, Sri Dinesh Kumar, Principal Secretary, Energy Dept., Govt. of A.P, Sri D.C. Garg, Chairman-cum-Managing Director, Western Coalfields Ltd., Sri Sharad Kumar Ghodke, Director, Ministry of Coal, Govt. of India and Sri Anil Kapoor, Director(Finance), Ministry of Coal, Govt. of India. The Board has concurred with the recommendations of the Committee given in its 2 meetings held during the year under report.

## **UNPAID DIVIDEND :**

An amount of ₹.6,525 is lying in the "Unpaid Dividend Account for the Year 2003-04". The amount becomes due for credit to Investor Education and Protection Fund and the same will be remitted to the Fund within the due date as per the provisions of the Companies Act, 1956.

## DIRECTORS :

As per the orders of the Government of A.P the term of appointment of Sri S.Narsing Rao as C&MD of the Company is extended from 18.9.2010 to 17.9.2011.

Sri K.V. Ramana, IAS who has been appointed as Director (PA&W) for a period of 2 years w.e.f., 10.8.2009 has relinquished his charge on 6.8.2010 (AN) on withdrawal of his services by Govt. of A.P. Sri J.V. Dattatreylu, Director (Operations) held additional charge of the post of Director (P.A&W) from 6.8.2010 to 1.12.2010. Sri S.Vivekanand, Director (Finance) held the additional charge of the post of Director (P.A&W) from 1.12.2010 to 3.8.2011. Sri T.Vijaya Kumar, IAS has been appointed as Director (P.A&W) w.e.f.,3.8.2011.

Sri E.V.Krishna Reddy, IRAS ceased to be Director (Finance) w.e.f., 20.4.2010 (AN) on relinquishment of charge of the post by him. Sri K.V.Ramana held additional charge of the post of Director (Finance) up to 15.7.2010 and Sri D.L.R.Prasad, Director (P&P) held additional charge of the post of Director (Finance) from 16.7.2010 to 3.9.2010. Sri S. Vivekanand, IRAS has been appointed as Director (Finance) w.e.f.3.9.2010.

Sri D.L.R.Prasad whose term was up to 30.9.2012 as Director (Planning & Projects) resigned from the Company services and relinquished the charge of the post w.e.f 3.12.2010(FN). Sri J.V.Dattatreylu held additional charge of the post till 13.6.2011(AN). Sri B.Ramesh Kumar,CGM(CP&P) has been appointed as Director (Planning & Projects) w.e.f., 13.6.2011.

Sri Dinesh Kumar, Prl. Secretary, Energy dept., Govt. of A.P has been appointed as Director vice Sri Sutirtha Bhattacharya w.e.f., 16.8.2011.

Sri V.Bhaskar, Prl. Secy, Finance dept., Govt. of A.P has been appointed as Director vice Sri G.Sudhir w.e.f.,1.7.2011.

Sri Sharad Kumar Ghodke, Director, Ministry of Coal, GoI has been appointed as Director w.e.f., 3.6.2011 vice Sri H.C.Agrawal who ceased to be a Director w.e.f.,1.5.2011.

Sri Anil Kapoor, Director (Finance), Ministry of Coal, GoI has been appointed as Director w.e.f., 28.7.2011 vice Sri K.C.Samria who ceased to be a Director w.e.f.,3.6.2011.

Sri V.Bhaskar, Sri Sharad Kumar Ghodke, Sri Anil Kapoor and Sri Dinesh Kumar retire under Article 98 of the Articles of Association of the Company and are eligible for re-election.

Sri D.C.Garg, Director retires by rotation in accordance with Sec.256 of the Companies Act, 1956 read with Article 93 of Articles of Association of the Company at the forthcoming Annual General Meeting and is eligible for re-election.

Your Directors wish to place on record their appreciation of the valuable guidance extended by Sri G. Sudhir, Sri Sutirtha Bhattacharya, Sri K.C.Samria, Sri H.C.Agrawal and Sri D.L.R.Prasad during their tenure as Directors of the Company.

During the year under report 5 Board meetings were held.

## DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' responsibility statement, your Directors hereby confirm that-

- in the preparation of the annual accounts the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- such accounting policies have been selected and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2010-11 and of the profit of the Company for that period;
- proper and sufficient care has been taken 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;
- Annual accounts have been prepared on a going concern basis.

## ACKNOWLEDGEMENTS :

Your Directors gratefully acknowledge with thanks the support and co-operation received from the Govt. of Andhra Pradesh, particularly Energy & Finance Departments and the Govt. of India particularly from the Ministries of Coal, Finance and Environment & Forests.

Your Directors express their gratitude for the trust and support received from the valued customers, bankers & financial institutions and all stake holders of the Company. Your Directors convey their thanks for the valuable guidance extended by the Statutory Auditors, the Comptroller & Auditor General of India, Ministry of Corporate Affairs and the Director General of Mines Safety.

Your Directors express their deep sense of appreciation for the dedicated and committed services of employees but for which the success achieved by the Company would have never been possible.

Date : 25.8.2011  
Place : Hyderabad

For and on behalf of the Board of Directors  
Sd/-  
( S. Narsing Rao )  
Chairman & Managing Director

**Mines Rescue team with Sri S. Narsing Rao, C&MD on receiving award in 7<sup>th</sup> International Mines Rescue competitions held in Australia in 2010**



**Sri S. Narsing Rao, C&MD presenting Dividend Cheque for 2009-10 to Sri Shri Prakash Jaiswal Hon'ble Minister of State for Coal, GoI**

**Exchange of MoU between C&MD, SCCL and VC of JNTUH in the presence of Hon'ble Ministers of Govt. of AP for co-operation in establishing Engineering college at Mantheni, Karimnagar Dist.**





Singarenian receiving a Medal in all India Public Sector Athletic Meet held at Ahmedabad



Health care to extended families in surrounding areas of coal mines



March past by Singareni School Children on the occasion of Republic Day Celebrations

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

The preparation of financial statements of The Singareni Collieries Company Limited for the year ended 31 March 2011 in accordance with financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, The Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 4.7.2011.

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

For and on behalf of the  
Comptroller and Auditor General of India  
Sd/-  
(Sadu Israel)  
A.G (C&R.A), Andhra Pradesh

Date: 29.8.2011  
Place: Hyderabad.

## AUDITORS' REPORT

To

The Members of

The Singareni Collieries Company Limited

1. We have audited the attached Balance Sheet of The Singareni Collieries Company Limited, as at 31st March, 2011, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. 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 in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. *Note No.26 (a) and (b) of Notes on Account (Schedule I) - regarding the provision for backfilling of final void of ₹.1988 Crores (including last year provision of ₹.997 Crores) and provision for mine closure activities of ₹.106.90 Crores, being based on technical assessment, we are unable to express our opinion on the adequacy and correctness of the aforesaid provision*

## Management reply on the audit observations

(Under Section 217(3) of the Companies Act, 1956)

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Ministry of Environment & Forests while issuing Environmental clearance for the project has been stipulating that the depth of final void in an opencast mine should be reduced to 30/35/40 metres as the case may be from the surface. This can be done either by rehandling OB from external dumps or by dumping OB from the adjacent / relay projects. In case of relay projects, the back filling of void is done at the time of OB removal and no provision is separately required. In case of other projects provision has been made up to 31.3.11 for ₹.1988 crores (including provision of ₹.997 crores made up to previous year) considering the estimated depth of void to be filled by rehandling OB from external dumps at weighted average OB removal rate of Company for the year considering off-loading and Company operations in the same proportion.

For mine closure activities like Technological & Biological reclamation, Fencing etc., provision has been made for ₹.106.90 crores considering ₹.6 lakhs and ₹.1 lakh per Ha., of land for OC & UG mines respectively prorated to balance life of the mines and with 5% annualized increase from 2009-10.

In view of the above, provisions have been made as per the realistic estimates.

**AUDITORS' REPORT (contd.)**

5. Further to our Comments in the annexure referred to in paragraph 3 and 4 above, we report that;

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
- c) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956;
- e) Being a Government Company, Clause (g) of the Sub-Section (1) of Section 274 of the Companies Act, 1956 is not applicable;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and *subject to Para 4 above* give a true and fair view in conformity with the accounting principles generally accepted in India;
  - i. in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2011;
  - ii. in the case of the Profit & Loss account, of the Profit of the Company for the year ended on that date; and
  - iii. in the case of the Cash Flow statement, of the Cash Flows for the year ended on that date.

For M/s.M. Anandam & Co.,  
Chartered Accountants  
Sd/-  
(S. Venkateswarlu)  
Partner (M.No.022790)

Date : 4.7.2011  
Place : Hyderabad

**Management reply on the audit observations (contd.)**

(Under Section 217(3) of the Companies Act, 1956)

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For and on behalf of the Board  
Sd/-  
(S. Narsing Rao)  
Chairman & Managing Director

Date : 19.7.2011  
Place : Hyderabad

**ANNEXURE TO AUDITORS' REPORT**

(Referred to in paragraph 3 of our report of even date)

- i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) According to the information and explanations given to us and as stated in notes to accounts, the company has a phased programme of verification of fixed assets that is reasonable having regard to the size of the company and the nature of its business. As per the phased programme, during the year, the management has carried out physical verification of fixed assets and discrepancies noted have been properly dealt with in the books of account.
- c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.
- ii) a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The Company has maintained proper records of its inventories. As per the information available, discrepancies which are noticed between book stocks and physical stocks are not material.
- iii) a) The Company has not granted loan/s to the parties covered in the register maintained under section 301 of the Companies Act, 1956. The Paragraphs 4 (iii) (b), (c) and (d) are not applicable to the Company.
- b) The Company has not taken any loan/s from the parties covered under section 301 of the Companies Act, 1956. The Paragraphs 4 (iii) (f) and (g) are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

**Management reply on the audit observations**

(Under Section 217(3) of the Companies Act, 1956)

This being a statement of fact calls for no comment separately.

This being a statement of fact calls for no comment separately.

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This being a statement of fact calls for no comment separately.

**ANNEXURE TO AUDITORS' REPORT (contd.)**

(Referred to in paragraph 3 of our report of even date)

- v) a) According to the information and explanations given to us, we are of the opinion that there are no transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- b) In our opinion and according to the information and explanations given to us, no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956.
- vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public.  
However, Amount recovered by the company under Family benefit-cum-insurance scheme from employees is considered by the Company Law Board (CLB) as deposits covered under Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder. We are informed that the company's contention of the said recoveries is not deposits under section 58A and 58AA of the Companies Act 1956 has not been accepted by CLB.  
However, during the year, the Company has entrusted Life Insurance Corporation of India to maintain FBIS Fund and deposited the said amounts.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) As per the information given to us, the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
- ix) a) According to the information and explanations given to us and the records of the company examined by us, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, wealth-tax, service tax, sales tax, custom duty, cess and other statutory dues as applicable with the appropriate authorities and there were no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.

**Management reply on the audit observations (contd.)**

(Under Section 217(3) of the Companies Act, 1956)

This being a statement of fact calls for no comment separately.

This being a statement of fact calls for no comment separately.

FBIS fund is not a Public Deposit. The administration of fund with employee-wise savings has been entrusted to LIC of India. The fund with all its accruals shall vest in the members i.e., employees of SCCL.

This being a statement of fact calls for no comment separately.

This being a statement of fact calls for no comment separately.

This being a statement of fact calls for no comment separately.

**ANNEXURE TO AUDITORS' REPORT (contd.)**

(Referred to in paragraph 3 of our report of even date)

- b) According to the information and explanations given to us and records of the Company examined by us, the particulars of sales tax, income tax, customs duty, service tax and wealth tax, as at 31st March, 2011 which have not been deposited on account of dispute pending, are as under:

Name of the Statute	Nature of the Dues	Amount not deposited (₹. in lakhs)	Year	Forum where dispute is pending
APGST Act, 1957	Sales tax	236.62	2000-01	STAT
		66.07	2001-02	STAT
		43.74	2001-02	High Court of AP
		27.54	2002-03	STAT
		124.22	2003-04	STAT
		68.99	2003-04	STAT
		91.21	2004-05	STAT
AP VAT Act, 2005	VAT	142.96	2005-06	STAT
APGST Act, 1957	Sales tax	54.20	2004-05	High Court of AP
AP Elec. Duty Act & Rules, 1939	Electricity Duty	1775.06	April, '85 to March, '11	High Court of AP
Entry Tax Act, 2001	Entry Tax	15.71	2003-04	High Court of AP
		590.58	2007-08 & 2008-09	
Central Sales Tax Act, 1956	Central Sales Tax	43.90	2007-08	ADC (CT) WGL, A.P
Income-tax Act, 1961	Income-tax	17.83*	2006-07	CIT (Appeals), VJA
		173.31*	2007-08	
	FBT	81.49*	2005-06	
	FBT	75.29*	2006-07	
Finance Act, 1994/ Central Excise Act, 1944	Interest on alleged availment of CENVAT Credit of Service Tax	1382.18	2006-07 to 2008-09	STAT, Bangalore

\*Amounts not deposited due to stay granted by the Assessing Officer.

**Management reply on the audit observations (contd.)**

(Under Section 217(3) of the Companies Act, 1956)

This being a statement of fact calls for no comment separately.

The appeals pending at various stages are being contested by the company with the help of professional firms wherever necessary for an early and favourable settlement.

**ANNEXURE TO AUDITORS' REPORT (contd.)**

(Referred to in paragraph 3 of our report of even date)

- x) The company has no accumulated losses and it has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
- xii) The company has not granted Loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xiv) In our opinion and according to the information and explanation given to us, the Company is not dealing in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xvi) In our opinion and according to the information and explanation given to us, the term loans have been applied for the purpose for which they were raised other than amounts temporarily invested pending utilization of the funds for the intended use.
- xvii) In our opinion and according to the information and explanation to us, and on an overall examination of the Balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments.
- xviii) The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

**Management reply on the audit observations (contd.)**

(Under Section 217(3) of the Companies Act, 1956)

- This being a statement of fact calls for no comment separately.
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**ANNEXURE TO AUDITORS' REPORT (contd.)**

(Referred to in paragraph 3 of our report of even date)

- xix) The Company has not issued any debentures during the year.
- xx) The Company has not raised any funds on public issue and hence disclosure on the end use of money raised by the public issue is not applicable to the Company.
- xxi) According to the information and explanations given to us, during the year fraud aggregating to ₹.21.71 Lakhs has been reported, as detailed here under, on the company;

Sl. No.	Nature of the fraud	Amount involved (₹. in lakhs)
1.	Pilferage of coal	0.46
2.	Pilferage/theft of ferrous & non ferrous scrap	0.70
3.	Illegal storage of cement bags by the civil contractor	0.55
4.	Fake dependents seeking job/ monthly monetary compensation lumpsum amount	20.00
	Total	21.71

According to the information and explanations given to us no fraud by the company has been reported during the year.

For M/s. M.Anandam & Co.,  
Chartered Accountants  
Sd/-  
(S.Venkateswarlu)  
Partner (M.No. 022790)

Date: 4.7.2011  
Place: Hyderabad.

**Management reply on the audit observations (contd.)**

(Under Section 217(3) of the Companies Act, 1956)

This being a statement of fact calls for no comment separately.

This being a statement of fact calls for no comment separately.

Vigilance department is conducting surprise inspections regularly to curb pilferages/ misappropriation of the property of the company.

For and on behalf of the Board  
Sd/-  
(S. Narsing Rao)  
Chairman & Managing Director

Date: 19.7.2011  
Place: Hyderabad

## Balance Sheet as at 31st March 2011

(₹ in lakhs)

Particulars	Schedule reference	2010-11		2009-10	
<b>SOURCES OF FUNDS</b>					
1. Shareholders' Funds					
a) Share Capital	A		173319.81		173319.81
b) Reserves & Surplus	B		114200.65		89135.53
2. Reserve for future overburden removal			101940.66		58864.04
3. Secured Loans	C		92140.16		46433.66
Total			481601.28		367753.04
<b>APPLICATION OF FUNDS</b>					
1. Fixed Assets					
a) Gross Block	E1	644126.93		625740.88	
Less : Depreciation		289801.83		297938.67	
Net Block			354325.10		327802.21
b) Capital Works-in-progress	E2		35980.09		37452.69
2. Investments	F		1941.62		1941.76
3. Deferred Tax Asset (Net)			103105.44		44350.58
4. Advance action for overburden removal			48018.15		49174.26
5. Current Assets, Loans & Advances	G				
a) Current Assets					
i) Inventories		47354.67		34831.46	
ii) Sundry Debtors		36605.09		29925.89	
iii) Cash & Bank Balances		275846.12		156997.80	
iv) Other Current Assets		8200.57		5188.46	
b) Loans & Advances		95322.43		24474.80	
		463328.88		251418.41	
LESS :					
Current Liabilities & Provisions	D				
a) Current Liabilities		187932.48		160273.61	
b) Provisions		337165.52		184113.26	
		525098.00		344386.87	
Net Current Assets			(61769.12)		(92968.46)
Significant Accounting Policies	H				
Notes on Accounts	I				
Total			481601.28		367753.04

Schedules referred to above form an integral part of the Balance Sheet.

For and on behalf of the Board

Sd/-  
(J.Rama Krishna )  
G.M(C.A)& Company Secretary

Sd/-  
(V.Raghuveera Prasad)  
General Manager (F & A)

Sd/-  
(S.Vivekanand)  
Director(Finance)

Sd/-  
(S. Narsing Rao)  
Chairman & Managing Director

Date : 4.7.2011  
Place : Hyderabad

As per our report of even date  
For M/s.M.Anandam & Co.  
Chartered Accountants

Date : 4.7.2011  
Place : Hyderabad

Sd/-  
(S.Venkateswarlu)  
Partner (M.No.022790)

## Profit & Loss account for the year ended 31st March 2011

(₹ in lakhs)

Particulars	Schedule reference	2010-11	2009-10
<b>INCOME</b>			
Turnover of Coal (Gross)	1	928713.58	782548.37
Less: Statutory levies		138610.04	95793.30
Less: Transfer to Development		4256.78	1371.52
Turnover of Coal (Net)		785846.76	685383.55
Internal consumption of coal	2	1374.68	1273.10
Other Income	3	60500.82	53755.04
Increase/decrease in stock	4	10105.65	8243.40
Total		857827.91	748655.09
<b>EXPENDITURE</b>			
Employees' Remuneration and other benefits	5	277363.09	253738.23
Consumption of Stores & Spares	6	157309.51	152344.90
Power & Fuel	7	26898.27	22642.55
Transportation Charges	8	17052.99	15991.47
Repairs & Maintenance	9	15925.08	16230.17
Social Amenities	10	33543.48	20355.92
Interest	11	2677.96	1211.39
Provisions and Write-offs	12	3396.34	1753.07
Other Expenses	13	11176.31	10648.55
Contractual Expenses	14	76605.71	87867.90
Depreciation	E1	35411.51	30093.37
Voluntary Retirement Compensation		2.46	3578.03
Overburden adjustment		44283.36	(79.47)
Provision for back filling (Note No.26(a))		99100.00	99700.00
Provision for mine closure activity (Note No.26(b))		10690.20	-
Less: cost allocated to internal job works	15	7275.62	7092.91
Total		804160.65	708983.17
Profit for the year before prior period adjustments & taxation		53667.26	39671.92
Prior Period Adjustments (Net)	16	(537.18)	478.45
Provision for Tax - Current		78660.72	45806.24
- Deferred (Note No.14)		(58754.85)	(33374.34)
Income tax of earlier years		(838.38)	(39.57)
Profit after Taxation		35136.95	26801.14
Add: Profit brought forward from previous year		23095.28	14378.38
Profit available for appropriations		58232.23	41179.52
<b>APPROPRIATIONS</b>			
Less: Transfer to General Reserve		10000.00	10000.00
Less: Proposed dividend		8665.99	6932.79
Less: Dividend Tax on proposed dividend		1405.84	1151.45
Balance carried to Balance Sheet		38160.40	23095.28
Basic and Diluted Earnings per Share (₹.)(See Note No.13)		2.03	1.55
Significant Accounting Policies	H		
Notes on Accounts	I		

Schedules referred to above form an integral part of the Profit &amp; Loss Account.

For and on behalf of the Board

Sd/-  
(J.Rama Krishna )  
G.M(C.A)& Company Secretary

Sd/-  
(V.Raghuveera Prasad)  
General Manager (F & A)

Sd/-  
(S.Vivekanand)  
Director(Finance)

Sd/-  
(S. Narsing Rao)  
Chairman & Managing Director

Date : 4.7.2011  
Place : Hyderabad

As per our report of even date  
For M/s.M.Anandam & Co.  
Chartered Accountants

Date : 4.7.2011  
Place : Hyderabad

Sd/-  
(S.Venkateswarlu)  
Partner (M.No.022790)

### Cash flow statement for the year ended 31st March, 2011

(₹ in lakhs)

Sl. No.	Particulars	2010-11		2009-10	
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
	Profit before tax and prior period adjustments		53667.26		39671.92
	Adjustments for:				
	Depreciation	35411.51		30093.37	
	OBR Reserve	43076.62		17129.50	
	WDV of Assets written off	2757.95		440.00	
	Provisions written back	584.38		819.56	
	Interest income on investments	(85.00)		(85.03)	
	Interest income on Deposits and others	(16251.54)		(15662.01)	
	Interest expense	2677.96		1211.38	
	VRS expenditure	2.46		3578.03	
	Gain Exchange variation	-		(561.91)	
	Loss Exchange variation	103.41		-	
	Prior period adjustments	521.45		(503.12)	
			68799.19		36459.77
	Operating profit before working capital changes		122466.45		76131.69
	Adjustments towards changes in:				
	Inventories	(12523.21)		(8692.11)	
	Sundry Debtors	(6679.20)		(3051.67)	
	Other Current Assets	(3012.11)		626.85	
	Loans & Advances (Excl. Advance Tax & TDS)	(70847.63)		1618.85	
	Current Liabilities	27009.35		(32216.31)	
	Provisions for Gratuity, Leave Encashment & other terminal benefits	39261.60		17414.22	
	Provisions for backfilling & mine closure activity	109790.20		99700.00	
	Tax paid including TDS	(75847.75)		(41131.55)	
	Overburden-Advance action	1156.11		(16870.78)	
			8307.36		17397.50
	Cash flow before extraordinary items		130773.81		93529.19
	VRS payment		(2.46)		(3578.03)
	Net Cash flow from operating activities (A)		130771.36		89951.16
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
	Increase in fixed assets (including Work-in-progress)	(63204.03)		(88637.02)	
	Sale of Investments	0.14		0.25	

Cash flow statement for the year ended 31st March, 2011 (contd..)

Sl. No.	Particulars	2010-11		2009-10	
	Interest income	85.00			85.03
	Cash flow from investing activities (B)		(63118.89)		(88551.74)
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
	Change in Secured Loans	45706.51		(15448.40)	
	Interest on Deposits and others	16251.54		15662.01	
	Interest expense incl. Prior period Interest	(2677.96)		(1211.38)	
	Dividend paid	(6932.79)		(3466.40)	
	Corporate Dividend Tax	(1151.45)		(589.11)	
	Cash flow from Financing activities (C)		51195.85		(5053.28)
D	Net increase in cash and cash equivalents (A+B+C)		118848.32		(3653.86)
E	Cash & cash equivalents at the beginning of the year		156997.80		160651.66
F	Cash & cash equivalents at the end of the year (D+E)		275846.12		156997.80

Schedules referred to above form an integral part of the Balance Sheet.

For and on behalf of the Board

Sd/-  
(J.Rama Krishna )  
G.M(C.A)& Company Secretary

Sd/-  
(V.Raghuveera Prasad)  
General Manager (F & A)

Sd/-  
(S.Vivekanand)  
Director(Finance)

Sd/-  
(S. Narsing Rao)  
Chairman & Managing Director

Date : 4.7.2011  
Place : Hyderabad

As per our report of even date  
For M/s.M.Anandam & Co.  
Chartered Accountants

Date : 4.7.2011  
Place : Hyderabad

Sd/-  
(S.Venkateswarlu)  
Partner (M.No.022790)

Schedule to Balance sheet as at 31st March 2011

## SCHEDULE - A

## SHARE CAPITAL

(₹ in lakhs)

Particulars	2010-11	2009-10
1. AUTHORISED 180,00,00,000 Equity Shares of ₹.10/- each	180000.00	180000.00
2. ISSUED, SUBSCRIBED AND PAID-UP 173,31,98,119 Equity Shares of ₹.10/- each fully paid (includes 6,32,145 Equity Shares of ₹.10/-each allotted as bonus shares by capitalisation of general and capital reserves)	173319.81	173319.81
Total	173319.81	173319.81

## SCHEDULE - B

## RESERVES &amp; SURPLUS

(₹ in lakhs)

Particulars	2010-11	2009-1
GENERAL RESERVE		
Opening balance	66040.25	56040.25
Additions during the year	10000.00	10000.00
	76040.25	66040.25
PROFIT & LOSS ACCOUNT		
Balance carried forward	38160.40	23095.28
Total	114200.65	89135.53

## SCHEDULE - C

## SECURED LOANS

(₹ in lakhs)

Particulars	2010-11	2009-10
A) FROM THE GOVERNMENT OF INDIA : (Secured by a first charge in favour of Govt. of India created by equitable mortgage on the entire immovable assets of the Company, except 300 Acres of free hold land required for employee welfare, and guaranteed by Govt. of A.P., as per the Tripartite agreement dated 19.10.2004) Funded interest (Moratorium up to 31.3.2007)	39800.28	46433.66
B) FROM BANKS :	39800.28	46433.66
1. CASH CREDIT (Secured by first charge in favour of participating banks ranking pari-passu on the stocks & receivables and other Current Assets)	2839.88	-
2. DEMAND LOANS FROM BANKS Secured by pledge of special term deposit receipts ₹.550 crores (Previous year ₹.Nil)	49500.00	-
Total	92140.16	46433.66

Schedule to Balance Sheet as at 31st March, 2011

## SCHEDULE - D

## CURRENT LIABILITIES AND PROVISIONS

(₹ in lakhs)

Particulars	2010-11	2009-10
<b>A) CURRENT LIABILITIES :</b>		
Sundry Creditors		
- Due to Micro, Small & Medium Enterprises (Note No.21)	204.29	15.94
- Due to Subsidiary(APHMEL)	973.55	454.75
- Others (net of advances against SIT)	51151.22	66863.00
Advances and Deposits	100115.36	68543.00
Unclaimed Dividend	0.40	0.37
Other liabilities	15417.51	6365.90
Provident Funds including Company's Contribution and administrative charges	4049.71	2888.52
Pension Recoveries	801.21	576.95
Family Benefit-cum-Insurance Savings Scheme accumulation(including interest accrued)	-	3444.20
Production linked bonus & Special incentive	15199.74	11039.30
Shortages, damages and others	19.49	81.68
	<b>187932.48</b>	<b>160273.61</b>
<b>B) PROVISIONS :</b>		
- Taxation *	6047.35	4072.77
- Gratuity	71329.30	53305.86
- Leave encashment	22424.33	15951.38
- Monthly Monetary Compensation & Low productivity employees	11184.82	-
- Proposed Dividend	8665.99	6932.79
- Corporate Dividend Tax	1405.84	1151.45
- Backfilling	198800.00	99700.00
- Mine closure activity	10690.20	-
- Diminution in value of Assets	64.29	26.01
- Superannuation benefit	4134.92	2973.00
- Post superannuation medical benefit	2418.48	-
	<b>337165.52</b>	<b>184113.26</b>
<b>Total</b>	<b>525098.00</b>	<b>344386.87</b>

\* Net of advance tax and customer TDS of ₹.152642.47 lakhs (Previous year ₹.89104.90 lakhs)

Schedule to Balance Sheet as at 31<sup>st</sup> March, 2011SCHEDULE - E1  
**FIXED ASSETS**

(₹ in lakhs)

Particulars	Gross block			Depreciation			Net block			
	As at 31.3.2010 (1)	Additions during the year (2)	Adjustments /deductions during the year (3)	As at 31.3.2011 (4)	Up to 31.3.2010 (5)	For the year (6)	Adjustments /deductions during the year (7)	Up to 31.3.2011 (8)	As at 31.3.2011 (9)	As at 31.3.2010 (10)
1. Lands (Note-3) :										
i) Freehold	23565.41	8869.35	-	32434.76	326.96	-	-	326.96	32107.80	23238.45
ii) Leasehold	28719.01	7653.51	-	36372.52	7722.79	3357.15	-	11079.94	25292.58	20996.22
2. Buildings										
i) Factory	9403.16	779.18	-342.12	9840.22	3109.54	315.53	-195.45	3229.62	6610.60	6293.62
ii) Others	74652.41	4106.23	-571.06	78187.58	12830.56	1223.52	-238.96	13815.12	64372.46	61821.85
3. Railway sidings	3329.70	399.24	-29.52	3699.42	1968.83	107.88	-28.23	2048.48	1650.94	1360.87
4. Plant & Machinery	387277.00	41518.67	-42016.24	386779.43	218329.62	24906.00	-40350.79	202884.83	183894.60	168947.38
5. Furniture & Fixtures	1187.55	18.81	-119.09	1087.27	933.74	28.31	-118.59	843.46	243.81	253.81
6. Mine development	92372.29	2312.47	-4059.24	90625.52	49632.05	6147.64	-3524.03	52255.66	38369.86	42740.24
7. Vehicles	3504.40	195.32	-329.45	3370.27	2481.09	204.97	-317.79	2368.27	1002.00	1023.31
8. Intangible Assets	1729.95	-	-	1729.95	603.49	346.00	-	949.49	780.46	1126.46
Total	625740.88	65852.77	-47466.72	644126.93	297938.67	36637.00	-44773.84	289801.83	354325.10	327802.21
Previous year's total	554197.07	86096.67	-14552.86	625740.88	281753.11	30374.32	-14188.76	297938.67	327802.21	-

\* Depreciation for the year includes capitalised depreciation of ₹.1,225.48 lakhs (Previous year ₹.280.95 lakhs).

Schedule to Balance Sheet as at 31<sup>st</sup> March, 2011

SCHEDULE - E2

**CAPITAL WORKS IN PROGRESS**

(₹ in lakhs)

Sl. No.	Particulars	Balance as at 31.3.2010	Additional expenditure during the year	Deletions / adjustments during the year	Balance as at 31.3.2011
I.	Advances to land	-	16725.22	16522.86	202.36
II.	Buildings :				
	a) Factor	125.62	782.02	779.18	128.46
	b) Others	2415.03	4103.09	4106.23	2411.89
III.	Railway sidings	1200.61	143.48	399.24	944.85
IV.	Plant & Machinery (including in transit)	20987.83	31588.36	41568.01	11008.18
V.	Furniture & Fixtures	3.26	16.93	18.81	1.38
VI.	Mine development	12620.21	10975.21	2312.47	21282.95
VII.	Vehicles	100.13	95.21	195.32	0.02
VIII.	Intangible assets - ERP Software	-	-	-	-
	Total	37452.69	64429.52	65902.12	35980.09
	Previous year's total	34682.61	73803.87	71033.79	37452.69

Schedule to Balance Sheet as at 31st March, 2011

## SCHEDULE - F

## INVESTMENTS (Non-Trade)

(₹ in lakhs)

Particulars	2010-11		2009-10	
<b>LONG TERM (at cost)</b>				
<b>QUOTED :</b>				
a) 14750 Shares of ₹.10/- each fully paid-up Lakshmi Porcelains Ltd. (not traded)	1.48		1.48	
Less : Provision for diminution in value	1.48		1.48	
		-		-
b) 100 Nos. 8.50% APSFC-Non SLR Bonds (Series II/2008) of ₹.10 lakhs each fully paid up. Aggregate market value - not available as on 31.3.11.	1000.00		1000.00	
		1000.00		1000.00
<b>UNQUOTED:</b>				
a) 6 year National Savings Certificates (deposited with Government Department)	-		0.14	
b) 1,86,214 Shares of ₹.10/-each fully paid-up of the Singareni Collieries Co-operative Central Stores Ltd.	18.62		18.62	
c) 50,000 Equity Shares of ₹.10/- each fully paid-up of NTPC-SCCL Global Ventures Pvt. Ltd	5.00		5.00	
d) Investments in Subsidiary Company Andhra Pradesh Heavy Machinery & Engineering Limited				
i) 91,80,000 Equity Shares of ₹.10/- each fully paid up	918.00		918.00	
ii) 49,02,700 Equity Shares of ₹.10/- each fully paid up acquired for a nominal consideration of ₹.1/- from APIDC Ltd.	-		-	
		941.62		941.76
<b>Total</b>		<b>1941.62</b>		<b>1941.76</b>

Schedule to Balance Sheet as at 31st March, 2011

## SCHEDULE - G - CURRENT ASSETS, LOANS &amp; ADVANCES

(₹ in lakhs)

Particulars	2010-11		2009-10	
<b>A) CURRENT ASSETS</b>				
I. Inventories (As taken, certified and valued by the management)				
Stores and Spares	25725.63		24786.61	
Less: Provision for Slow/ Non-Moving Obsolete Stores	1902.00		2024.00	
Stores-in-transit & under inspection		23823.63		22762.61
Stock of Coal		3756.53		2399.98
		19774.51		9668.87
		47354.67		34831.46
II. Sundry Debtors - Unsecured				
a) Outstanding for over 6 months				
i) Considered good		605.22		1180.16
ii) Considered doubtful	3207.20		3145.55	
Less: Provision for doubtful debts	3207.20	-	3145.55	-
b) Other debts considered good		35999.87		28745.73
		36605.09		29925.89
III. Cash and Bank Balances				
i) Cash Balances :				
Cash and stamps on hand		7.99		9.73
ii) Bank balances with Scheduled Banks In Current Accounts		5115.56		5488.07
** In Deposit Account		270722.57		151500.00
** (Bank balances in Scheduled banks in deposit account includes;				
(i) STDRs worth ₹.550 crores (Previous year Nil) under pledge for demand loan from Banks; and				
(ii) ₹.Nil (Previous year ₹.50 crores) under lien as collateral security).		275846.12		156997.80
IV. Other Current Assets				
Interest accrued on Investments		8200.57		5188.46
<b>B) LOANS &amp; ADVANCES</b>				
Unsecured considered good				
I. i) Advances recoverable in cash or in kind or for value to be received				
* Advances to Staff		2878.48		2939.02
Interest accrued on Loans, Advances and deposits		772.05		854.29
Advances against Purchases, Railway Sidings and others		2397.55		1869.55
Miscellaneous Advances		14548.64		10527.81
Pre-paid expenses		35.94		17.51
Advances and Loans to Subsidiary Company- M/s.APHMEL(Note No.8)		6.56		601.79
ii) Deposits		74683.21		7664.83
Total		95322.43		24474.80
II. Unsecured - Considered Doubtful				
Advances against Purchases and others		67.30		184.67
Less: Provision		67.30		184.67
Total		463328.88		251418.41

(₹. in lakhs)

	Balance as on 31-3-2011	Maximum balance during 2010-11	Balance as on 31-3-2010	Maximum balance during 2009-10
* includes;				
a) Due from Directors	-	-	0.55	0.96
b) Due from officers of the Company	1.18	1.52	1.52	1.72

Schedule to Profit and Loss account for the year ended 31st March, 2011

**SCHEDULE : 01****TURNOVER OF COAL**

(₹. in lakhs)

Description	2010-11	2009-10
Turnover of Coal (Gross)	<b>928713.58</b>	782548.37
Less: Statutory levies -		
Royalty	<b>72328.98</b>	63387.35
Stowing excise duty	<b>5003.62</b>	4926.55
CST on coal sales	<b>4645.45</b>	3796.07
VAT on Coal sales	<b>27804.32</b>	23683.33
Clean energy cess	<b>19044.39</b>	-
Forest permit fee	<b>5004.53</b>	-
Excise duty	<b>4778.75</b>	-
	<b>138610.04</b>	95793.30
Less: Transfer to development	<b>790103.54</b>	686755.07
	<b>4256.78</b>	1371.52
Turnover of Coal (Net)	<b>785846.76</b>	685383.55

**SCHEDULE : 02****INTERNAL CONSUMPTION OF COAL**

(₹. in lakhs)

Description	2010-11	2009-10
Coal consumed at Collieries	<b>1374.68</b>	1273.10
Total	<b>1374.68</b>	1273.10

**SCHEDULE : 03****OTHER INCOME**

(₹. in lakhs)

Description	2010-11	2009-10
Consultancy services (TDS ₹.19.10 lakhs)	<b>261.14</b>	176.93
Rents (TDS ₹.9.36 lakhs)	<b>377.78</b>	342.49
Electricity & fuel	<b>1534.30</b>	2196.89
Water charges	<b>73.52</b>	67.55
Sand stowing and protective works assistance/subsidy	<b>4033.53</b>	4148.33
Interest on investments(non-trade) Gross	<b>85.00</b>	85.03
Interest on Term Deposits ( TDS ₹.1280.59 lakhs)	<b>12555.22</b>	13820.62
Interest on Sundry Debtors for Coal, Loans, Advances (TDS: ₹.53.43 lakhs)	<b>3696.32</b>	1841.40
Surface coal transport charges recoveries	<b>23129.81</b>	21951.25
Rapid Loading & Crushing Charges	<b>1401.50</b>	1599.84
Pre-Weigh Bin Charges-Coal Customers	<b>1961.42</b>	515.71
Guarantee & Sampling Charges-Coal Customers	<b>1210.06</b>	688.23
Recovery of Engine shunting charges - Coal Customers	<b>3031.70</b>	1467.09
Provisions and liabilities no longer required	<b>584.38</b>	819.56
Gain on exchange variation	-	561.91
Miscellaneous receipts	<b>6565.14</b>	3472.21
Total	<b>60500.82</b>	53755.04

Schedule to Profit and Loss account for the year ended 31st March, 2011

## SCHEDULE : 04

**INCREASE/ DECREASE IN COAL STOCK**

(₹ in lakhs)

Description	2010-11	2009-10
Closing stock of Coal	<b>19774.52</b>	9668.87
Less : Opening stock of Coal	<b>9668.87</b>	1425.47
Total	<b>10105.65</b>	8243.40

## SCHEDULE : 05

**EMPLOYEES REMUNERATION AND OTHER BENEFITS**

(₹ in lakhs)

Description	2010-11	2009-10
<b>Gross wages:</b>		
Salaries, wages and allowances	<b>221233.69</b>	200846.68
CMPF including administrative charges	<b>23773.51</b>	21691.78
Attendance bonus	<b>10221.54</b>	10280.08
Production linked bonus/performance linked reward	<b>12518.66</b>	7952.00
Gratuity	<b>32069.96</b>	26452.78
Superannuation benefit	<b>3563.60</b>	2973.00
Workmen's compensation	<b>203.10</b>	69.76
Group insurance	<b>196.88</b>	194.80
Group personal accident insurance	<b>1.36</b>	1.33
C & MD & Directors' remuneration (Note No.12)	<b>99.37</b>	104.01
Life cover premia under gratuity scheme with LIC	<b>605.37</b>	454.86
	<b>304487.04</b>	271021.08
Less: Transferred to -		
Power & Fuel (Schedule - 7)	<b>1130.65</b>	1084.88
Repairs & maintenance (Schedule - 9)	<b>7435.87</b>	6348.03
Social Amenities (Schedule - 10)	<b>10399.02</b>	8198.81
Mine Development	<b>8158.41</b>	1651.13
	<b>27123.95</b>	17282.85
Total	<b>277363.09</b>	253738.23

Schedule to Profit and Loss account for the year ended 31st March, 2011

**SCHEDULE : 06**

**CONSUMPTION OF STORES & SPARES**

(₹ in lakhs)

Description	2010-11		2009-10	
<b>Gross:</b>				
Stores & Spares	137890.40		130705.31	
Explosives	22652.36		24523.14	
Excise duty provision on closing stock	941.64		-	
		<b>161484.40</b>		155228.45
Less: Transferred to -				
Power & Fuel (Schedule - 7)	167.13		184.16	
Repairs & maintenance (Schedule - 9)	1438.20		1723.60	
Social Amenities (Schedule - 10)	199.92		218.56	
Mine Development	2369.64		757.23	
		<b>4174.89</b>		2883.55
<b>Total</b>		<b>157309.51</b>		<b>152344.90</b>

**SCHEDULE : 07**

**POWER & FUEL**

(₹ in lakhs)

Description	2010-11	2009-10
Electricity purchased	24047.00	19945.01
Coal consumed	1374.68	1273.10
Salaries, wages and allowances(From Schedule-5)	1130.65	1084.88
Stores(From Schedule-6)	167.13	184.16
Other expenses	178.81	155.40
<b>Total</b>	<b>26898.27</b>	<b>22642.55</b>

**SCHEDULE : 08**

**TRANSPORTATION CHARGES**

(₹ in lakhs)

Description	2010-11	2009-10
Coal Transport Charges	14381.21	13320.65
Sand transport charges	2671.78	2670.82
<b>Total</b>	<b>17052.99</b>	<b>15991.47</b>

Schedule to Profit and Loss account for the year ended 31st March, 2011

**SCHEDULE : 09****REPAIRS & MAINTENANCE**

(₹ in lakhs)

Description	2010-11	2009-10
Maintenance charges on railway sidings	319.28	243.45
Buildings - Wages (transfer from Schedule-5)	1740.68	900.70
- Stores (transfer from schedule-6)	318.36	352.72
- Other expenses	1871.19	2099.78
Plant & Machinery - Wages (transfer from Schedule-5)	5695.19	5447.33
- Stores (transfer from Schedule-6)	1119.84	1370.88
- Other expenses	4860.54	5815.31
Total	15925.08	16230.17

**SCHEDULE : 10****SOCIAL AMENITIES**

(₹ in lakhs)

Description	2010-11	2009-10
Employees Welfare Expenses		
Wages (transfer from Schedule-5)	10399.02	8198.80
- Stores (transfer from Schedule-6)	199.92	218.56
- Other expenses	7180.10	7953.08
Lumpsum/ Monthly Monetary Compensation for dependents	13261.06	2071.71
VRS/ Golden Hand Shake Monetary terminal payments/ Exgratia	11.55	10.00
Grants to Singareni Collieries Educational Society	2491.83	1903.77
Total	33543.48	20355.92

**SCHEDULE : 11****INTEREST**

(₹ in lakhs)

Description	2010-11	2009-10
Interest on cash credit	18.06	35.99
Interest on others	2575.45	1175.40
Interest on Bank loan - Pledge of TDRs	84.45	-
Total	2677.96	1211.39

Schedule to Profit and Loss account for the year ended 31st March, 2011

## SCHEDULE : 12

**PROVISIONS AND WRITE-OFFS**

(₹ in lakhs)

Description	2010-11	2009-10
Bad and doubtful debts written off	0.99	469.95
Provision for shortages & damages	-	1.77
Stores and spares written off	0.20	0.64
Advances written off	11.91	126.70
Assets written off	2757.95	440.00
Provision for doubtful debts/ advances	62.46	447.34
Provision for others	-	77.19
Obsolete stores written-off	519.62	189.48
For diminution in value of assets	43.21	-
<b>Total</b>	<b>3396.34</b>	<b>1753.07</b>

## SCHEDULE : 13

**OTHER EXPENSES**

(₹ in lakhs)

Description	2010-11	2009-10
Rents	108.30	31.94
Insurance	43.80	42.05
Rates & Taxes	443.89	417.31
Travelling expenses	539.91	545.36
Postage, telegrams and telephones	262.26	305.66
Legal expenses	96.34	78.20
Wagon cancellation and demurrage charges	316.05	266.56
Bank charges and commission	170.78	267.03
CISF Salaries and wages	2546.82	3029.92
Directors' travelling expenses	17.43	19.38
Auditors' remuneration		
- Audit Fee	11.22	12.13
- Out of pocket expenses	2.68	1.16
- Other expenses-certifications/ services	-	3.16
- Tax audit	2.21	1.66
Advertisements	63.12	350.39
Research and development expenses	217.71	8.61
Other general expenses	1724.36	1676.71
Subscriptions to journals and periodicals	9.96	10.38
Printing and stationery	33.15	48.22
Exchange variation Loss/ Gain	103.41	-
Expenditure on internal shunting of wagons	3315.59	2885.86
Computer maintenance and hire charges	33.56	25.56
Plantation expenditure	702.24	409.99
Service Charges for E-Booking of Coal	411.52	211.31
<b>Total</b>	<b>11176.31</b>	<b>10648.55</b>

Schedule to Profit and Loss account for the year ended 31st March, 2011

## SCHEDULE : 14

**CONTRACTUAL EXPENSES**

(₹ in lakhs)

Description	2010-11	2009-10
Coal Offloading Expenditure	7415.38	4433.75
OBR Offloading Expenditure	59942.53	76535.43
Hiring of HEMM, Weighbridge and Others	3887.13	3762.43
Others	5360.67	3136.29
Total	76605.71	87867.90

## SCHEDULE : 15

**COST ALLOCATED TO INTERNAL JOB WORKS (Central Workshop & Others)**

(₹ in lakhs)

Description	2010-11	2009-10
Wages	2007.44	1554.37
Stores	4311.83	4499.70
Other Expenses	956.35	1038.84
Total	7275.62	7092.91

## SCHEDULE : 16

**PRIOR PERIOD ADJUSTMENTS (NET)**

(₹ in lakhs)

Description	2010-11	2009-10
<b>INCOME:</b>		
Depreciation provided in the earlier years written back	15.73	24.67
Credits and adjustments pertaining to earlier years	374.79	208.85
Total ( A )	(390.52)	233.52
<b>EXPENDITURE :</b>		
Maintenance charges etc., on railway sidings	20.95	-
Coal Sales Adjustment	-	-
Welfare expenses	-	-
Interest	-	-
Other miscellaneous expenditure	(167.61)	711.97
Total ( B )	(146.66)	711.97
NET ( A - B )	(537.18)	478.45

Schedule to Accounts as at 31st March, 2011

## SCHEDULE - H

### SIGNIFICANT ACCOUNTING POLICIES

#### I. ACCOUNTING CONVENTION:

Financial statements are prepared on the basis of historical cost and on accrual basis following going concern concept. Accounting Standards and generally accepted accounting principles are followed except otherwise stated elsewhere.

#### II. SYSTEM OF ACCOUNTING:

Company follows Mercantile System of Accounting except, in the following cases:

- a. Penalty for short lifting of coal, interest on belated payment of coal dues and loans & advances to subsidiary company on realisation.
- b. Escalation in prices and duties for explosives, equipment and spares supplied on payment.
- c. Credit towards Powder factor is accounted as and when recovered from the suppliers of explosives.
- d. Additional claims from contractors on capital works when claims are settled.
- e. Scrap on realisation; and
- f. Insurance claims on receipt.

#### III. INVENTORIES:

##### a) Coal

- i) Wherever variation (+/-) between volumetrically measured coal stocks (including washery products) and the book stocks at any particular storage location grade-wise is more than (+/-) 5%, the volumetrically measured stock balances are adopted.
- ii) The quantities of closing stock of coal (including washery products) thus arrived at are valued after effecting a reduction of 5%, to provide for anticipated losses due to storage.
- iii) Closing stock of coal (including stock at power houses, washeries, coal-in-wagons, washed coal and washery input fines) is valued at lower of cost and net realisable value.
- iv) Closing stock of washery shale, rejects and reject fines are not valued due to uncertain market and income is recognised on sale.
- v) Closing stock of coal at Manuguru washery is arrived at reckoning ungraded and Nil grade in 2:1 ratio and ungraded coal is valued at lower of cost and net realisable value.
- vi) The cost is calculated by taking average cost of production per tonne. The cost of production is arrived at after excluding interest and other borrowing costs, selling and distribution costs and administrative overheads etc., to the extent not related to production of coal.
- vii) Cost of washed coal is calculated at average cost of production of coal plus washery charges adjusted to standard yield.
- viii) The net realisable value of grade-wise coal (including washed coal and washery input fines) is arrived at on the basis of selling price for each grade less rehandling charges wherever applicable.

##### b) Stores & spares:

- i) Stores & spares (including loose tools) are valued at weighted average cost.
- ii) Provision for slow, non-moving and obsolescence is made annually on review of stores and spares.
- iii) Stock of stores issued to Mines/ Depts., wherever charged to consumption on issue, such stocks as at year end are taken credit for.

Schedule to Accounts as at 31st March, 2011

Schedule - H : Significant Accounting Policies (contd.)

- c) Coal issued for internal consumption is valued at grade-wise selling prices and exhibited as contra.
- d) Stock of medicines, provisions, stationery and sand are not valued and are charged directly to consumption on receipt.

#### IV. PRE-PAID & PRIOR PERIOD ITEMS:

Transactions are accounted under pre-paid & prior period items, only where the individual item exceeds ₹.5.00 lakhs in each case.

#### V. DEPRECIATION / AMORTISATION:

1. Depreciation is provided on straight line method in respect of 18 MW power house at Ramagundam from inception and on additions to fixed assets from 1.4.1985. Depreciation on other fixed assets is provided on written down value method on the assets purchased before 1.4.1985.
2. Depreciation is provided at the rates specified in Schedule XIV of the Companies Act, 1956, except the following:
  - (a) Mine development is amortised over a period of 21 years (i.e. corresponding to 4.75% SLM rate) or on the life of the Project, if it is lower.
  - (b) LHDs (14.28%), Jumbo Drills (13.33%) at CDF Panel and SDLs (25%) and Self Contained Self Rescuers (10%) are depreciated on the basis of estimated life, which is lower than Schedule XIV, thus entailing higher depreciation charge.
3. Value of leasehold lands is amortised over a period of 10 years or over the lease period whichever is lower :
  - From the date of possession in case of fresh leases.
  - From the date of payment in case of renewal of leases.
4. Intangible assets - ERP software will be amortised over a period of 5 years.

#### VI. OVERBURDEN REMOVAL (OBR):

- i. Expenditure on overburden removal is charged at stripping ratio of the open cast projects irrespective of the Ratio of actual removal during the year. Expenditure on OB removal is booked in the natural heads. The variance between actual OB removal expenditure and OB Removal charge as per stripping ratio is shown as OB removal adjustment account. Interest depreciation and overheads on OB removal are treated as period cost and not considered for arriving at OB removal charge.
- ii. Stripping ratio of the open cast projects are to be generally reviewed starting from 2004-05, and thereafter 2009-10, 2014-15 and so on except those;
  - a) Projects that have not completed 5 years revenue workings. Such projects will be taken up in the general review due after completion of 5 years.
  - b) In case of closure, reorganization, addition & deletion of coal/ overburden reserves etc., such review will be taken-up on occurrence.
- iii. Reserve for future overburden removal is restated at current year cost and difference is taken to profit and loss account. Advance action for overburden removal is valued at weighted average cost.

#### VII. REVENUE RECOGNITION:

- a. Revenue in respect of sale is recognized when the property in the goods with the significant risks and rewards of ownership are transferred to the buyer.
- b. Sales of coal are net of statutory dues and accepted deductions made by customers on account of quality of coal etc.
- c. The revenue recognition is done where there is a reasonable certainty of collection. Revenue recognition is postponed in case of uncertainty only as assessed by management.

Schedule to Accounts as at 31st March, 2011  
Schedule - H : Significant Accounting Policies (contd.)

### VIII. COMMISSIONING OF MINES / PROJECTS:

The Projects/Mines under development are brought to Revenue --

- i) either from the month following;
  - a) the achievement of 25% of the rated production, or
  - b) completion of two years after touching the coal :

OR
- ii) from the beginning of the year, wherein the value of production is more, than the total related expenses of such developed project/ mine whichever is earlier.

### IX. FIXED ASSETS:

1. Land:
  - a. Freehold Lands include cost of acquisition, compensation, rehabilitation expenses and interest up to the date of taking possession.
  - b. Leasehold Lands include cost of compensatory land, NPV, afforestation and deforestation expenditure with regard to acquisition of forest land.
  - c. Payments made for Renewal of Leasehold lands are capitalized from the date of payment and in case of Fresh leases the expenditure is capitalized from the date of taking possession.
2. Railway sidings:
 

Complete track renewals and sleeper renewals on Railway Sidings are capitalised on completion of the work.
3. Mine Development:
  - a. Expenditure incurred on projects under construction/ Mines under development till they are brought to revenue and Long wall / BG Projects up to the date of commissioning of the equipment are capitalised.
  - b. Overheads specifically incurred for the projects under construction will be capitalised.
  - c. Sale of coal from Projects/Mines under construction is credited to development account at the average monthly selling price for the Area.
  - d. Expenditure incurred on prospecting department including drilling is apportioned based on average normal cost per metre drilled and treated as under:
    - i) Drilling done for production support and general prospecting is treated as revenue expenditure; and
    - ii) Drilling done for projects under construction is capitalised with the project cost.
  - e. Residual development expenditure on mines taken-up for reconstruction is treated as development expenditure of new reconstruction projects.
4. Plant & Machinery:
  - a. Following items are classified as Capital;
    - i) PVC Armoured Cables of all sizes; and
    - ii) G.I. Pipes of 2" Dia and above.
  - b. Expenditure on rehabilitation of HEMM and other major plant and machinery is treated as capital expenditure if such expenditure increases the future benefit from the Asset beyond its previously assessed standard of performance.
  - c. Equipment received for projects under construction/ mines under development but not installed and commissioned by the end of the year is shown as capital works-in-progress.

### X. FOREIGN CURRENCY TRANSACTIONS:

- a. Monetary items related to foreign currency transactions remaining unsettled at the end of the year are reported at the exchange rate at the Balance Sheet date.

Schedule to Accounts as at 31st March, 2011  
Schedule - H : Significant Accounting Policies (contd.)

- b. Profit or Loss on account of exchange differences either on settlement or on restatement is recognised in the Profit and Loss Account.

#### **XI. GOVERNMENT GRANTS:**

- a. Subsidy/Grants received/ receivable on capital account are deducted from the cost of respective assets to which they relate.
- b. Grants from Government towards revenue expenditure for the year will be exhibited separately as other income in the Profit and Loss Account.

#### **XII. INVESTMENTS:**

Long term investments are carried at cost except for other than temporary diminution in value.

#### **XIII. EMPLOYEE BENEFITS:**

- 1. (a) Gratuity is a defined benefit scheme. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in Profit & Loss Account. The retirement benefit obligations recognised in the Balance Sheet represents the present value of the defined benefit obligations as reduced by the fair value of scheme assets.
  - (b) Leave encashment is provided based on actuarial valuation carried out at each balance sheet date.
  - (c) Termination benefits viz., Monthly Monetary Compensation & Low Productive Employees is provided on Actuarial valuation.
- 2. Employer's contribution under Coal Mines Provident Fund Act, superannuation benefit and Post Superannuation Medical Benefit are defined Contribution Plans and the expenditure on the above is charged to Profit & Loss Account.
- 3. Voluntary retirement compensation is expensed in the year of incurrence.

#### **XIV. BORROWING COSTS:**

Borrowing costs are capitalised and added to the value of qualifying assets, where they are directly identified or at weighted average cost of borrowing if they are not directly identified.

#### **XV. TAXES ON INCOME:**

Deferred tax liabilities and assets are recognized at substantively enacted tax rates, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods as required under AS-22-Accounting for taxes on income.

#### **XVI. PROVISIONS, CONTINGENT LIABILITIES:**

Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent Liabilities are disclosed when the Company has possible obligation or a present obligation and it is not probable that a cash outflow will be required to settle the obligation.

Schedule to Balance Sheet as at 31st March, 2011

## SCHEDULE - I

## NOTES FORMING PART OF THE ACCOUNTS

(₹ in lakhs)

Sl. No.	Particulars	31.3.2011	31.3.2010
1	Contingent liabilities:		
	a) Un-availed Letters of Credit (Inland & Foreign) and Bank Guarantee	2764.93	7532.80
	b) Claims against the Company not acknowledged as debts :		
	i) Demand from Divisional Forest Officer towards NPV for renewal of different mining leases - contested by the company.	791.00	791.00
	ii) Demand for Royalty on e-auction premium (Dec 2007 to Jan 2009) & VAT thereon	-	1755.90
	iii) Workmen Compensation (cases contested - court)	54.75	41.19
	iv) Motor Accident claims(cases contested - court)	170.06	155.84
	v) Police Guard(excess man power billed disputed)	652.38	777.25
	vi) S C Railways(damages, demurrages etc. disputed)	105.00	106.31
	vii) Water Royalty(billed at Industrial rate disputed)	323.85	301.57
	viii) Vacant Land Tax (Levy contested)	1606.42	1405.62
	ix) Contractors & Suppliers	3005.56	138.23
	x) Other disputed claims & Legal cases etc.	1849.61	987.81
	xi) (A) Service Tax demands were raised on OBR contractors by Service Tax Department treating value of explosives and HSD oil issued by SCCL free of cost for use in the execution of OBR works considering value of these materials as additional consideration to them. The demands of Service Tax Department have been contested by the Service Providers. Pending adjudication of disputed demands, SCCL issued letter of comfort to the contractors with commitment to reimburse Service Tax, interest and penalty thereon in case the verdict of the competent court goes against the contractors and consequently they discharge Tax liability.	9158.00	9158.00
	(B) Customs, Central Excise & Service Tax Department, issued Notice No. O.C.No.650/2010, dated 22.9.2010, demanding Interest payment of ₹.13,82,17,534/- on alleged availment of Input Service Tax Credit on ineligible services of ₹.52,62,75,583/- (from 2006-07 to 2008-09), though the same was not utilized by SCCL. Appeal is filed before CESTAT Bangalore and the same is pending adjudication.	1382.18	-
	xii) Tax Demands from Commercial Taxes Department which are disputed by SCCL and pending before various appellate authorities for adjudication.	2216.43	1470.79
	xiii) Tax Demands from Income Tax Department which are disputed by SCCL and pending before various appellate authorities for adjudication.	2012.07	1463.94

Schedule to Balance Sheet as at 31st March, 2011

Schedule-I: Notes forming part of the Accounts (contd..)

(₹ in lakhs)

Sl. No.	Particulars	31.3.2011	31.3.2010
1	c) Claims in respect of suits filed by the Pattadars for additional compensation for Acres: 7777 Guntas:05 (Previous year: Acres 8170, Guntas 00½) contested by the Company and pending in Courts.	<b>Not quantifiable</b>	Not quantifiable
	d) Profession Tax: Orders issued by Dept. of Revenue (CT-IV) of Govt. of A.P. vide Memo No.14897/CT.IV/2004, dt.23.1.2008 for collection of profession tax from NCWA employees at pre-revised rates from December, 2007 have been kept in abeyance till further orders of the Govt. of A.P.	<b>Not quantifiable</b>	Not quantifiable
	e) An amount of ₹.117.59 lakhs was released as advance during the year 2007-08 as against the pending bills being equivalent amount recovered in 2006-07 towards powder factor from IEL and recognized as income in Books, pending Arbitration proceedings.		
	f) An amount of ₹.183.64 lakhs towards insurance claim of burnt equipment settled in favour of SCCL is recognized as income for which appeal was filed by National Insurance Company for which SCCL has provided BG till disposal of case.		
		(₹ in lakhs)	
		<b>31.3.2011</b>	<b>31.3.2010</b>
2	(a) Estimated value of contracts remaining to be executed on Capital Commitments.	<b>50291.04</b>	46457.99
	(b) The balance value of SHAPE works sanctioned and remained unexecuted.	<b>820.31</b>	1199.28
3	Lands: a) Land measuring Acres: 790, Guntas: 15½(Previous year Acres 1605 Guntas 33 ½) shown under Fixed Assets has not been registered in the name of the Company. Amount not quantifiable. b) Land measuring Acres: 63 Guntas:18(Previous year Acres: 856, Guntas: 13) is in Company's possession not reflected in Accounts since acquisition proceedings are not completed. Amount not quantifiable. c) Land measuring Acres 5.00 shown under Fixed Assets, for the land sold to Ramagundam Municipality since the matter pending with the District Collector for fixing the market value. d) Freehold lands include assigned lands		
4	a) Income Tax Assessments upto the Assessment Year 2008-09 have been completed. Income Tax Assessments for the Assessment Years 2009-10 and 2010-11 are yet to be completed. b) VAT assessments for Accounting Years 2005-06 to 2009-10 are pending. CST assessments for Accounting Years 2008-09 and 2009-10 are pending.		
5	Subsidy / Grants received/ receivable from Coal Controller are recognised on estimated basis.	(₹. in lakhs)	
		<b>31.3.2011</b>	<b>31.3.2010</b>
	i) On capital account	<b>48.33</b>	570.80
	ii) On Revenue account	<b>4104.15</b>	4315.78

Schedule to Balance Sheet as at 31st March, 2011  
Schedule-I: Notes forming part of the Accounts (contd..)

		(₹ in lakhs)	
S.No.	Particulars	31.3.2011	31.3.2010
6	Royalty on closing stock of coal of 24.06 lakh tonnes (Previous year 12.24 lakh tonnes) will be transacted in books on despatch of coal.	<b>2831.28</b>	1422.88
7	Pending identification/ confirmation from suppliers CENVAT credit on inputs lying in stock as at 1st March, 2011 was not quantified and transacted in the books.		
			(₹. in lakhs)
8	Interest receivable from M/s.APHMEL on loans & advances given by SCCL during the period 2000-01 to 2005-06 kept on memoranda books and not transacted in the books.	<b>31.3.2011</b>	<b>31.3.2010</b>
		<b>153.76</b>	157.37
9	Leave encashment provided based on Actuarial valuation. The following table indicates status of the Leave Encashment plan as required under AS-15 (revised).		
			(₹. in lakhs)
	<b>Particulars</b>	<b>31.3.2011</b>	<b>31.3.2010</b>
	Changes in the present value of obligations:		
	Obligations at beginning of the year	<b>15951.38</b>	12955.00
	Current Service cost	<b>3773.15</b>	1683.50
	Interest cost	<b>1276.11</b>	1036.40
	Actuarial(gain)/loss	<b>1423.69</b>	276.48
	Benefits paid	-	-
	Obligations at the end of the year, at present value	<b>22424.33</b>	15951.38
	Change in Fair value plan assets		
	Plans assets at beginning of the year, at fair value:		
	Expected return on plan assets		
	Actuarial(gain)/loss		
	Contributions		
	Benefits paid		
	Fair value of plan assets at the end of the year	-	-
	Reconciliation of present value of the obligation and the fair value of the plan assets.	-	-
	Present value of the defined benefit obligations at the end of the year	<b>22424.33</b>	15951.38
	Fair value of plan assets at the end of the year:	-	-
	Assets/(liability) recognized in the balance sheet	<b>(-)22424.33</b>	(-)15951.38
	Expense Recognised in Profit & Loss Account:		
	Current Service cost	<b>3773.15</b>	1683.50
	Interest cost	<b>1276.11</b>	1036.40
	Actuarial(gain)/loss	<b>1423.69</b>	276.48
	Expected return on plan assets	-	-
	Net Leave encashment cost	<b>6472.95</b>	2996.38
	Assumptions:		
	Interest rate	<b>8%</b>	8%
	Expected return on plan assets	-	-
	Expected rate of salary increase	<b>4%</b>	2.50%

Schedule to Balance Sheet as at 31st March, 2011  
Schedule-I: Notes forming part of the Accounts (contd..)

- 10 Gratuity Plan: Company has taken a policy with LIC for payment of Gratuity to all its employees through a "Group Gratuity Scheme". Effective from 1.4.2007 the company adopted the Accounting Standard (Revised) on employee's benefits.  
The following table indicates status of the gratuity plan funded by LIC and as required under AS-15 (revised):

(₹. in lakhs)

	<b>PARTICULARS</b>	<b>31.3.2011</b>	<b>31.3.2010</b>
	Changes in the present value of obligations		
	Obligations at beginning of the year	<b>*155857.95</b>	114221.29
	Current Service cost	<b>6273.15</b>	2958.09
	Interest cost	<b>11259.88</b>	9137.70
	Benefits paid	<b>(-)15256.22</b>	(-)7170.17
	Actuarial(gain)/loss	<b>25276.18</b>	21601.54
	Obligations at the end of the year, at present value	<b>*183410.94</b>	140748.45
	Change in Fair value plan assets:		
	Plans assets at beginning of the year, at fair value	<b>102552.09</b>	85933.62
	Expected return on plan assets	<b>10285.77</b>	8788.64
	Actuarial(gain)/loss	-	-
	Contributions	<b>14500</b>	15000
	Benefits paid	<b>(-)15256.22</b>	(-)7170.17
	Fair value of plan assets at the end of the year	<b>112081.64</b>	102552.09
	Reconciliation of present value of the obligation and the fair value of the plan assets:		
	Present value of the defined benefit obligations at the end of the year	<b>183410.94</b>	140748.45
	Fair value of plan assets at the end of the year	<b>112081.64</b>	102552.09
	Assets/(liability) recognized in the balance sheet	<b>(-)71329.30</b>	(-)38196.36
	Expense Recognised in Profit & Loss Account:		
	Current Service cost	<b>6273.15</b>	2958.09
	Interest cost	<b>11259.88</b>	9137.70
	Expected return on plan assets	<b>-10285.77</b>	-8788.64
	Actuarial(gain)/loss	<b>25276.18</b>	21601.54
	Net gratuity cost	<b>32523.44</b>	24908.69
	Assumptions:		
	Interest rate	<b>8%</b>	8%
	Expected return on plan assets	<b>9.60%</b>	9.60%
	Expected rate of salary increase	<b>4%</b>	2.50%

\* Includes ₹.15109.50 lakhs towards claims unsettled at the beginning of the year and ₹.6896.15 lakhs at the end of the year

- 11 Related Party Transactions (AS-18):  
Related Parties:
- Subsidiary Company : Andhra Pradesh Heavy Machinery & Engineering Limited, Vijayawada. Disclosure of transactions with the subsidiary company is not required since both the companies are state controlled entities.
  - NTPC-SCCL Global ventures Private Limited, a Joint venture by SCCL and NTPC. During the year there are no operations.

Schedule to Balance Sheet as at 31st March, 2011  
Schedule-I: Notes forming part of the Accounts (contd..)

S.No.	Particulars		
11	<p>iii) Whole time Directors of SCCL: Sri S. Narsing Rao, C&amp;M.D., and other Directors: S/Sri J.V.Dattatreylu, D.L.R. Prasad (upto 2.12.2010), I.V.N. Prasada Rao, E.V. Krishna Reddy (upto 20.4.2010), K.V. Ramana (upto 6.8.2010), S. Vivekanand (from 3.9.2010).</p> <p>iv) Remuneration to whole time Directors including Chairman and Managing Director is disclosed in Note No.12.</p> <p>v) Advances due from whole time Directors are disclosed under Schedule G - Current Assets, Loans and Advances.</p>		(₹. in lakhs)
12	Details of Remuneration of the Chairman & Managing Director and whole time Directors:	<b>31.3.2011</b>	<b>31.3.2010</b>
	Salaries and allowances	89.20	91.21
	Contribution to PF & Pension	8.25	9.97
	Others	1.92	2.82
	Total	99.37	104.00
13	Earnings Per share (AS-20): (Basic and Diluted)	<b>31.3.2011</b>	<b>31.3.2010</b>
	a) Profit after Tax (₹.in lakhs)	35136.95	26801.14
	b) Number of Ordinary Equity Shares (fully paid-up) (Nos.)	1733198119	1733198119
	c) Earnings per share (a/b) (₹.)	2.03	1.55
14	Deferred Tax: In compliance with Accounting Standard (AS-22) relating to 'Accounting for Taxes on Income', the breakup of Deferred Tax Assets and liabilities are as under:		(₹. in lakhs)
		<b>31.3.2011</b>	<b>31.3.2010</b>
	A) Deferred tax asset:		
	Back filling & Mine Closure plan	69587.42	33888.03
	Gratuity provision	23545.81	18121.36
	Other provisions	15193.72	7395.55
	VRS Amortisation	6683.22	11262.93
	Overburden Removal	17816.19	3178.61
	Total (A)	132826.36	73846.48
	B) Deferred Tax Liability:		
	Depreciation	29720.92	29495.90
	Total (B)	29720.92	29495.90
	Deferred Tax Asset (A-B)	103105.44	44350.58
	Deferred tax (Net)	58754.86	33374.34
15	Change in Accounting Methods/Policies resulted in net debit of ₹.12443.62 lakhs in Profit & Loss Account as detailed hereunder:		
	a) Monthly Monetary Compensation: Monthly Monetary Compensation to Female Dependants of NCWA/Executive cadre employees @ ₹.6000 / ₹.9000 per month respectively upto the age of superannuation of dependant as part of Wage Agreement and Compensation @ ₹.4000/ ₹.3500 per month to Self/Nominee as the case may be to the Low Productive Employees for a period of 10 years, who took Voluntary retirement, being Termination liability under AS-15 (Revised) has been Actuarially valued with discounting factor @8%. Net impact is decrease in Profit by ₹.11184.82 lakhs.		
	b) Dispensing with Capitalisation of Overheads: Allocation/ apportionment of General & Administrative Area and Corporate Overheads to Capital Projects is dispensed with as per AS-10. The impact of the above change is decrease in profit by ₹.1258.80 lakhs.		

Schedule to Balance Sheet as at 31st March, 2011  
Schedule-I: Notes forming part of the Accounts (contd..)

S. No.	Particulars		
	c) As per the provisions of FSA, penalties are imposed on coal customer for short lifting of coal for the year 2009-11 during the year. As there are representations for waiver from customers due to force majeure conditions etc., penalties are brought under cash basis. The impact of above change is decrease in profit by ₹.684 lakhs.		
	d) Self Contained Self Rescuers (SCSR) are procured with shelf life of 10 years. Hence they are amortised over 10 years period. Since the usage is for one time only, balance WDV of the used SCSR will be charged-off in the year of usage. 1No. of SCSR is used in the year 2010-11. Balance charge of Depreciation is ₹.0.16 lakhs.		
16	Physical Verification of all Fixed Assets with original value of ₹.3 lakhs and above will be covered in a block of 3 years commencing from 2009-10 with the following periodicity: i) Fixed Assets with original value > ₹.50 lakhs annually ii) Fixed Assets with original value > ₹.10 lakhs and < ₹.50 lakhs once in three years (2nd year) iii) Fixed Assets with original value > ₹.3 lakhs and < ₹.10 lakhs once in three years (3rd year) In respect of (i) and (ii) the Assets were physically verified and deviations accounted and in respect of others assets the same are confirmed as available based on certification by the unit head.		
17	a) Capital works-in-progress includes ₹.4045.20 lakhs paid for diversion of NTR Canal at JVR OC at Sattupalli to Irrigation Department. Balance works are to be completed with the funds provided by GoAP. To expedite the Project, further ₹.4895.32 lakhs Interest Free Advance, based on the progress of work, will be released. This will be reimbursed by Govt. of A.P immediately on receipt of funds by 31.3.2012 in a phased manner ₹.1500 lakhs was released so far by SCCL in February, 2011 against the agreed interest free advance of ₹.4895.32 lakhs to expedite the work. b) Capital Work-in-progress includes Road Header Equipment imported from GMBH in Oct, 2009 pending DGMS approval, value ₹.1717.35 lakhs. c) Depreciation includes ₹.712 lakhs of balance charge in respect of Vakilpalli Longwall Project closed during the year. d) Depreciation on projects under construction amounting to ₹.1225.48 Lakhs was capitalised to the respective projects.		
18	Certain balances in Sundry Creditors, Sundry Debtors, Advances, Deposits are subject to confirmation, reconciliation and adjustments, if any.		
19	Major components and assemblies removed from the surveyed off equipment and used on other equipment are not assigned any value and hence not transacted in the books as per the consistent practice followed by the company.		
20	Securities by way of deposits in the form of Fixed Deposit Receipts etc. received from the Contractors/Suppliers etc. are kept in the Company's custody and not accounted for.	(₹. in lakhs) <b>31.3.2011</b>	<b>31.3.2010</b>
		<b>2679.72</b>	2268.00
21	All Vendors were addressed letters to confirm status of MSMED as part of balance Confirmation. 84 Vendors have confirmed the status as MSMED. a) The principal amount remaining unpaid to any supplier as at the end of each accounting year b) The interest due thereon remaining unpaid to any supplier as at the end of each accounting year. c) The amount of interest paid by the buyer in terms of Section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year. d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 e) The amount of interest accrued and remaining unpaid at the end of each accounting year; and f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006		
	a)	<b>10.43</b>	15.94
	b)	<b>1.31</b>	0.31
	c)	<b>Nil</b>	Nil
	d)	<b>Nil</b>	Nil
	e)	<b>1.59</b>	0.31
	f)	<b>Nil</b>	Nil

Schedule to Balance Sheet as at 31st March, 2011

Schedule-I: Notes forming part of the Accounts (contd..)

(₹. in lakhs)

S. No.	Particulars	31.3.2011	31.3.2010
22	Defined Contribution Plan includes the following: a) Coal Mines Provident Fund Scheme is a defined Contribution Plan, for which was contributed and charged off to Profit and Loss Account. b) Superannuation Benefit to the Executive cadre employees was provided and charged off to Profit and Loss Account. c) Post Superannuation Medical Benefit to the Executive cadre employees was provided and charged off to Profit and Loss Account.	23773.51 1161.92 2401.68	21691.78 2973.00 -
23	Consequent to handing over of 11 schools, 2 colleges and 1 Polytechnic to Singareni Collieries Educational Society, all running expenses of these institutions, after deduction of receivables of these institutions viz., Grant-in-Aid, Fee collections from students, recoveries from the employees towards amenities provided etc., are being met by the Company by way of Educational Grant. Further, infrastructure used by the Society is continued to be under the ownership of the Company for which no recovery is made from the Society.		
24	The Company has formed a 50:50 Joint venture company under the name and style of NTPC-SCCL Global Ventures Pvt. Ltd., on July 31st 2007 with NTPC Ltd to undertake various activities in coal and power sectors including acquisition of coal/ lignite mine block development and operation of integrated coal based power plants and providing consultancy services. Details of Interest of the Company in Joint Venture as per AS-27: i) Name of the Joint Venture entity : NTPC - SCCL Global Ventures Private Limited ii) Country of Incorporation : India iii) Principal Activities : Coal & Lignite mining & Setting up integrated power plants iv) Ownership interest : 50% v) Original cost of Investment: ₹.5 lakhs vi) Aggregate amounts related to interest in Joint Venture entity: The Company's interest in the aforementioned jointly controlled entity's assets, liabilities, income and expenditure audited are as under;		
		(₹. in lakhs)	
		31.3.2011	31.3.2010
	Assets	5.00	5.00
	Liabilities	5.00	5.00
	Income	0.27	0.34
	Expenditure	0.11	0.14
	Profit before Tax	0.16	0.20
	Corporate Tax	(-) 0.08	(-)0.14
	Profit after Tax	0.08	0.06
	Cumulative Profit/ Loss	-0.61	-0.69
25	Based on assessment of the Area committees impaired assets not in working condition have been written-off, amounting to ₹.541.21 lakhs (Previous year: ₹.179.84 lakhs.) (AS-28).		
26	a) An amount of ₹.99100 Lakhs (Previous Year ₹.99700 Lakhs) has been provided being the back filling liability of final void to the required depth as per EMP sanction from Government of India and in compliance of AS-29. The liability of back filling is arrived by reckoning back filling quantity in proportion of coal extracted and weighted average rate of Company on OB Removal during the year taking off-loading and Company operations in the same proportion. b) Provision was made for Mine Closure Activities like technological and biological reclamation, fencing etc., @ ₹.6 lakhs/ ₹.1 lakh per Hectare for OC & UG mines respectively prorated to balance life of the mines and with 5% annualized increase from 2009-10. The above methodology is as per the guidelines issued by MoC, vide letter dt.27.8.2009. The impact is decrease in profit by ₹.10690.20 lakhs (Previous year: Nil). However, provision is being made for Back filling of final void separately.		

Schedule to Balance Sheet as at 31st March, 2011  
Schedule-I: Notes forming part of the Accounts (contd..)

**S. No. Particulars** **31.3.2011** **31.3.2010**

27 Additional information pursuant to Paragraphs 3, 4C and 4D of the Part-II of the Schedule VI of Companies Act, 1956.

- a) Licensed Capacity: Not applicable.
- b) Installed Capacity: Coal: 491.38 Lakh Tonnes (Previous Year: 476.78 L.Ts.) as certified by the Management.
- c) Production: Coal: 513.33 L.Ts. (Previous Year: 504.29 L.Ts.)  
Production includes production from capital mines 2.68 L.Ts. (Previous year: 0.84 L.Ts.)
- d) Turnover, closing stock and opening stock:

	31.3.2011		31.3.2010	
	Quantity (Tonnes)	Value (₹. in lakhs)	Quantity (Tonnes)	Value (₹. in lakhs)
*Turnover	50143586.74	791478.22	49368017	688028.17
Closing Stock	2406340.33	19774.51	1225220	9668.87
(Adjustment)	(8660.37)		(1926)	
Opening Stock	1225220	9668.87	162542	1425.47

\* Turnover includes capital sales 2.68 L.Ts. valuing ₹.4256.78 lakhs (Previous year 0.84 L.Ts. valuing ₹.1371.52 lakhs) and colliery consumption 0.98 L.Ts. valuing ₹.1374.68 lakhs (Previous year 1.02 L.Ts. valuing ₹.1273.10 lakhs)

e) CIF Value of Imports: (₹. in lakhs)

Particulars	31.3.2011	31.3.2010
Components, Stores & Spare Parts	2800.55	7813.15
Capital Goods	3009.70	5442.91

f) Expenditure in Foreign Currency: (₹. in lakhs)

Particulars	31.3.2011	31.3.2010
Foreign Tours	37.55	20.50
Consultancy Payments	30.32	91.34
Others	2396.18	1359.24

Schedule to Balance Sheet as at 31st March, 2011  
Schedule-I: Notes forming part of the Accounts (contd..)

g) Consumption of Stores & Spares: (₹. in lakhs)

	31.3.2011		31.3.2010	
	Amount	% of total consumption	Amount	% of total consumption
Imported	2134.54	1.33	3953.57	2.55
Indigenous	158408.22	98.67	151274.88	97.45
Total	160542.76	100.00	155228.45	100.00

28 Previous year's figures, wherever necessary, have been re-grouped, recast, rearranged to conform with those of the current year.

Signatures to Schedules

Sd/-  
(J.Rama Krishna )  
G.M(C.A)& Company Secretary

Sd/-  
(V.Raghuveera Prasad)  
General Manager (F & A)

For and on behalf of the Board  
Sd/-  
(S.Vivekanand)  
Director(Finance)

Sd/-  
(S. Narsing Rao)  
Chairman & Managing Director

Date : 4.7.2011  
Place : Hyderabad

As per our report of even date  
For M/s.M.Anandam & Co.  
Chartered Accountants

Date : 4.7.2011  
Place : Hyderabad

Sd/-  
(S.Venkateswarlu)  
Partner (M.No.022790)

## SCHEDULE - J

Expenditure on Social Overheads including Township Expenditure and Income compiled as desired by Department of Public Enterprises, Govt. of India.

(₹ in lakhs)

Particulars	2010-11		2009-10	
<b>A. TOWNSHIP</b>				
1. Repairs & Maintenance		3913.79		3987.58
2. Sanitation		958.80		775.65
3. Water Supply		3770.21		2758.96
4. Depreciation		1197.66		1816.15
		<b>9840.46</b>		9338.34
Less: Township Income	1494.06		681.35	
Water Charges	119.64		57.51	
		<b>1613.70</b>		738.86
Total ( A )		<b>8226.76</b>		8599.48
<b>B. OTHER SOCIAL OVERHEADS</b>				
1. Medical Facilities		8685.46		7530.58
2. Expenditure on Social & Cultural activities, Clubs, Sports, Games etc.		379.65		87.89
3. Super Bazar		99.98		87.95
4. Schools & Colleges		2318.35		2023.56
Total ( B )		<b>11483.44</b>		9729.98
Total (A) + (B)		<b>19710.20</b>		18329.46

NOTE: Expenditure relating to Township and Social Overheads included in the Profit & Loss Accounts under respective Primary Heads is given in the Schedule to the extent possible.

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

(As per Schedule VI, Part IV of the Companies Act, 1956)

**I. Registration details**

Registration No	000571	State Code: 01
Balance Sheet Date	31.03.2011	CIN No.: U10102AP1920SGC000571

**II. Capital raised During the year (Amount in ₹. Lakhs)**

Public issue	Rights Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

**III. Position of Mobilisation and Deployment of Funds (Amount in ₹. Lakhs)**

Total Liabilities	Total Assets
481601.28	481601.28

**Sources of Funds**

Paid-up Capital	Reserves & Surplus
173319.81	114200.65

Secured Loans	Reserve for OBR
92140.16	101940.66

**Application of Funds**

Net Fixed Assets (incl.Cap.WIP)	Investments
390305.19	1941.62

Net Current Assets (61769.12)	Deferred Tax Asset (Net)
Advance action for OBR	103105.44
48018.15	

**IV. Performance of Company (Amount in ₹. Lakhs)**

Income	Total Expenditure
857827.91	804160.65

Profit Before Tax	Profit After Tax
53667.26	35136.95

Earnings per share (in ₹.)	Dividend rate (%)
2.03	5

**V. Generic Names of Three Principal Products/ Services of Company (as per monetary terms)**

Item Code No.(ITC Code)	270112.00
Product Description	BITUMINOUS COAL
Item Code No.(ITC Code)	--
Product Description	CONSULTANCY SERVICES

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**  
RELATING TO SUBSIDIARY COMPANIES

Name of the Subsidiary	Andhra Pradesh Heavy Machinery & Engg. Ltd.
1. The financial year of the Subsidiary Company ended on	31st March, 2011
2. Shares in the Subsidiary held by the Holding Company as at the above date	
(a) Number of Shares	1,40,82,700 Equity Shares out of 1,72,71,293 Shares of ₹.10/- each
(b) Extent of Holding	81.54 %
3. Net aggregate amount of profit/(loss) of the Subsidiary Company so far as they concern the members of the Holding Co. and	
(a) Not dealt within the Holding Company's account for the year ended 31st March, 2011	
(i) For the Subsidiary's financial year ended as aforesaid	₹.402.59 lakhs
(ii) For the Previous financial years of the subsidiary since it became the Holding Company's Subsidiary	₹.2498.23 lakhs
(b) Dealt within the Holding Company's account for the year 31st March, 2011	
(i) For the subsidiary's financial Year ended as aforesaid	- Nil -
(ii) For the previous financial years of the Subsidiary since it became the Holding Company's Subsidiary	- Nil -
4. (a) Change in the interest of the Holding Company between the end of the last financial year of the Subsidiary and 31st March, 2011.	- Nil -
(b) Material changes occurred between end of the financial year of the Subsidiary and the end of the Holding Company's financial year.	Not applicable

For and on behalf of the Board

Sd/-  
(J.Rama Krishna )  
G.M(C.A)& Company Secretary

Sd/-  
(V.Raghuveera Prasad)  
General Manager (F & A)

Sd/-  
(S.Vivekanand)  
Director(Finance)

Sd/-  
(S. Narsing Rao)  
Chairman & Managing Director

Date : 4.7.2011  
Place : Hyderabad

## ANDHRA PRADESH HEAVY MACHINERY & ENGINEERING LIMITED

(A Subsidiary of The Singareni Collieries Company Limited)

### 34<sup>th</sup> ANNUAL REPORT AND ACCOUNTS 2010-11

(Pursuant to section 212 of the Companies Act, 1956)

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## BOARD OF DIRECTORS

Sri J.V.Dattatreylu	Chairman	from	27-6-2008
Sri P.V.Satyanandam	Managing Director	up to	9-10-2010
Sri I.V.N.Prasad	Managing Director	from	9-10-2010
Sri Ambarish Nath Dave		up to	25-5-2011
Sri G.Rajender Reddy		from	26-5-2011
Sri R.Krishnan		from	7-6-2010
Sri N.Sreenivasa Rao		from	5-2-2009
Sri K. Rajendra Prasad	APIDC Nominee	from	22-3-2008
Sri N.V.V.N.M. Murali Rao		from	25-9-2004
Sri Juvva Seshagiri Rao		from	24-9-2005
Sri Kuchipudi Srinivasa Rao		from	23-9-2006

### Company Secretary & Finance Manager (IA)

Sri V. Venkateswara Rao

### BANKERS

State Bank of India  
Vijayawada - 520 007

### PRODUCTION UNIT

20-2, Industrial Estate  
VIJAYAWADA - 520 007

### AUDITORS

M/s.CHOWDARY & RAO  
Chartered Accountants  
36-11-7, Santhi Nagar,  
Mogalarajapuram,  
Vijayawada - 520 010

### REGISTERED OFFICE

KONDAPALLI - 521 228  
Krishna District

### ADMINISTRATIVE OFFICE & FACTORY

KONDAPALLI - 521 228  
Krishna District

## ANDHRA PRADESH HEAVY MACHINERY & ENGINEERING LIMITED

### NOTICE

NOTICE IS HEREBY GIVEN TO ALL THE MEMBERS OF **ANDHRA PRADESH HEAVY MACHINERY & ENGINEERING LIMITED** THAT 34th Annual General Meeting of the Members of the Company will be held on Wednesday, the 21st day of September, 2011 at 3.00 p.m. at the Administrative Building-cum-Registered Office & Factory Premises, Kondapalli to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account of the Company for the year ended 31st March, 2011 and the Balance Sheet as on that date together with the Auditors Report, Comments of Comptroller and Auditor General of India along with the replies and report of Directors therein.
2. To appoint a Director in place of Sri Nistala Sreenivasa Rao who retires by rotation and is eligible for re-election.
3. To appoint a Director in place of Sri G. Rajender Reddy who retires by rotation and is eligible for re-election.
4. To appoint a Director in place of Sri Juvva Seshagiri Rao, who retires by rotation and is eligible for re-election.
5. To fix the remuneration payable to the Statutory Auditors for the financial year 2011-12.

By order of the Board of Directors

Sd/-

(V.Venakateswara Rao)  
Company Secretary &  
Finance Manager (IA).

Registered Office:  
Kondapalli – 521 228  
Krishna District  
Date: 29.6.2011.

- Notes:**
1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
  2. Proxies duly completed, signed and stamped with Re.1 revenue stamp should be deposited at the Company's Registered Office not less than 48 hours before the time of the aforesaid meeting.
  3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their Representative to attend and vote on their behalf at the Meeting.
  4. The register of members and the share transfer books of the Company will remain closed from 14.9.2011 to 21.9.2011 (both days inclusive).
  5. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
  6. The members are requested to intimate any change in their address to the Registered Office of the Company for sending all correspondence.
  7. Members other than SCCL and APIDC can send nominations for election of one post of Director before 5.00 P.M. on 6.9.2011. Only those who have obtained Director Identification Number from Ministry of Corporate Affairs, Government of India are eligible for the post of Director. Any clarifications in this regard can be sought from the Company Secretary.

## DIRECTORS' REPORT

To  
 The Members  
 A.P. Heavy Machinery & Engineering Limited  
 KONDAPALLI – 521 228

### Gentlemen,

We have great pleasure in presenting to you, on behalf of the Board of Directors, the 34th Annual Report of your Company together with the Audited Accounts for the financial year ended 31st March 2011.

The Company recorded a Net Profit of ₹.493.73 lakhs during the current financial year i.e., 2010-11 as against ₹.409.61 lakhs during the previous year. With the patronization extended by SCCL through order as well as working capital support to execute the orders, the performance of the Company has been encouraging.

The Company achieved the production of ₹.6040.66 lakhs and the turnover ₹.6066.77 lakhs against the target of ₹.7205.00 lakhs. This is due to changes made in delivery schedules and non-realization of supplies in time against the orders placed. There is increase in the turnover to extent of ₹.192.57 lakhs for the year 2010-11 against the previous year turnover of ₹.5874.20 lakhs.

### REVIEW OF FINANCIAL RESULTS & PRESENT SCENARIO

The summarized financial results are as under:

(₹ in lakhs)

	2010-11	2009-10
Turnover of the Company	<b>6066.77</b>	5874.20
Gross Profit (+)/Loss (-) before interest and depreciation	<b>950.26</b>	736.32
Interest	<b>108.24</b>	97.21
Depreciation	<b>19.79</b>	20.00
Profit for the year before charging provisions	<b>822.23</b>	619.11
Net Profit for the year after charging prior period adjustments and provisions	<b>790.18</b>	715.79
Profit after deferred Tax	<b>493.73</b>	409.61

The net profit for the financial year under review is ₹.493.73 lakhs against a profit of ₹.409.61 lakhs of the previous year. The earning of profit by the Company was possible due to change in product mix and implementation of various cost reduction measures apart from enforcing work norms and discipline among work force.

### FINANCIAL RECONSTRUCTION

SCCL continues to extend working capital support for orders placed by them on your Company.

### FUTURE OUTLOOK

The Management is optimistic about the future of the company. The Company has been earning profits for the past nine years and the same trend is expected to continue in future.

Plans are on the anvil for development of suitable business strategies for expansion and diversification of Company activities. Marketing efforts are being strengthened through publication of brochures and organizing power point presentations to various prospective customers.

Manufacture and fabrication of Belt Conveyor Drive Heads of various capacities including intermediate structures is under progress.

Manufacture and fabrication of 400 TPH Reciprocating feeders, 2 X 45KW, 200 TPH Armoured Chain Conveyors and Man Riding Chair Lift systems are under progress. Repairs and overhauling works of AM50 Road Headers and Jumbo Drill machines are under progress.

Supply, fabrication, erection and commissioning of Pre-weigh Truck Loading system with gantry system for coal screening plant of SCCL is under progress.

Budgetary offers have been submitted for manufacture, supply, erection and commissioning of various capacity belt conveyor drive head units along with intermediate structures and rollers, Man Riding Systems to SCCL as well as other customers.

### CONTRIBUTION TO EXCHEQUER

During the year under review, the Company contributed an amount of ₹.1214.71 lakhs to Government by way of taxes and duties.

### ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUT-GO

As required under section 217(1)(e) of the Companies Act, 1956 details relating to conservation of energy, technology absorption, foreign exchange earnings and out-go are given in the Annexure-I forming part of the Directors' Report. Because of the steps taken for conservation of energy, it is observed that onload current consumption is increased only by 0.7% compared to its earlier consumption.

	2010-11	2009-10
A) Units(KWH) Annual Consumption	980803	973984
B) Turnover (₹ in lakhs)	6066.77	5874.20

### DEPOSITS

During the year under review, the Company has not accepted any deposits within the meaning of section 58-A of the Companies Act, 1956 and (Acceptance of Deposits) Rules, 1975.

### EMPLOYMENT

As on 31-5-2011 the total number of employees is 524. There are no employees covered by the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 and the particulars of employees under section 217(2A) of the Companies Act, 1956.

### INDUSTRIAL RELATIONS

During the year under review, the industrial relations were cordial and peaceful.

### SAFETY

Continuous efforts are being made to ensure adherence to safety measures at work places and safety record consequently is quite satisfying.

### DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of your Company state:

- i. that in the preparation of the annual accounts, the applicable accounting standards had been followed;
- ii. that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Net Profit of the Company for that period;
- 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 safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors had prepared the annual accounts on going concern basis.

## BOARD OF DIRECTORS

The Singareni Collieries Company Limited has withdrawn the nomination of Sri P.V. Satyanandam, Managing Director of the Company from 9.10.2010 due to repatriation to SCCL and Sri I.V.N. Prasad, AGM, SCCL has been nominated as Managing Director with effect from 9.10.2010. Further, The Singareni Collieries Company Limited has withdrawn the Nomination of Sri Ambarish Nath Dave, Executive Director, NTPC, Secunderabad and Sri G. Rajender Reddy, General Manager (Project Planning), SCCL, Kothagudem has been appointed in place of Sri Ambarish Nath Dave with effect from 26.5.2011.

The Board of Directors placed on record its appreciation of the services rendered to the Company by Sri P.V. Satyanandam as Managing Director and Sri Ambarish Nath Dave as Director during their tenure.

Sri Nistala Sreenivasa Rao and Sri G. Rajender Reddy are due to retire by rotation and are eligible for re-election.

Sri Juvva Seshagiri Rao is due to retire by rotation and is eligible for re-election in the coming 34th Annual General Meeting.

## AUDIT COMMITTEE

The Board of Directors constituted the Audit Committee in compliance with the provisions of section 292A of the Companies Act, 1956 to exercise powers and discharge functions as stipulated in that section. The Audit Committee consists of four Directors:

- |   |     |                           |
|---|-----|---------------------------|
| 1. Sri R. Krishnan                      | ... | CHAIRMAN of the Committee |
| 2. Sri J.V. Dattatreylu                 | ... | MEMBER                    |
| 3. Sri I.V.N. Prasad, Managing Director | ... | MEMBER                    |
| 4. Sri Juvva Seshagiri Rao,             | ... | MEMBER                    |

Two Meetings of the Audit Committee were held in the financial year under review.

## AUDITORS

In terms of Sec.619 (2) of the Companies Act, 1956 as amended vide the Companies (Amendment) Act, 2000, the Comptroller & Auditor General of India have appointed M/s Chowdary & Rao, Chartered Accountants, Vijayawada as Statutory Auditors of the Company for the financial year 2010-11.

## ACKNOWLEDGEMENTS

The Directors acknowledge with gratitude the co-operation and assistance extended by The Singareni Collieries Company Ltd.(Holding Company) and State Bank of India during the year under review. The Directors are also grateful to the valued customers viz., SCCL, BHEL, CPPL, NSC, WCL, NTPC, SCR, KEW,SGRRL, TATA and others for the trust & confidence reposed on APHMEL and for their continued patronage.

Your Directors gratefully acknowledge the valuable guidance extended by the Statutory Auditors and the Comptroller & Auditor General of India.

Your Directors also wish to express their appreciation to all the employees, union leaders and the shareholders for their support and co-operation.

For and on behalf of the Board	
Sd/-	Sd/-
(J.V. Dattatreylu)	(I.V.N. Prasad)
Chairman	Managing Director

Registered Office:  
Kondapalli-521 228  
Krishna District.  
Dated: 1.8.2011.



**FORM – B****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION:****RESEARCH AND DEVELOPMENT (R&D):****1. Specific areas in which R&D carried out by the Company:**

1. Continuous efforts are being made for manufacture of BEML 10 Cu.m. Shovel Bucket top structure and BEML 10 Cu. M. shovel spares.
2. Mini Man Riding Rail cars to use with underground district Man Riding System so as to facilitate to reduce the strain and stress on work force due to long distance to be walked for reaching working districts in underground apart from main Man Riding Systems in mines.
3. Development and fabrication of heavy sections to use with gate belt conveyor for Dosco Road Header workings.

**2. Contributions of R&D**

1. Indigenous development as a import substitute for power operated segment transport trolley for CPPL tunnel.
2. Modifications of wheel set assembly for different types of trolleys for CPPL & NSCL tunnels.
3. Improvement in repairs of crusher rolls for Lump breakers.
4. Overhauling and repairs of 4 X 800 Ton Powered Roof Supports for long wall project of SCCL by organizing residual cycle tests.
5. It is under active consideration to take up Refurbishment / Reconditioning of winding engines of ECL & BCCL.

**3. Future plan of action:**

Continuous R&D efforts are made to improve quality, reduce costs and achieve import substitution for the following equipment:

- a) Jumbo Drills
- b) 2x200 KW Drive Heads
- c) Powered Roof Support.

**4. Expenditure on R&D**

Expenditure on R&D is not being separately quantified since it is continuous exercise merged in the design, manufacturing, quality control and service activity.

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION.**

The Company has developed critical spares viz. , Ranging Arms for Shearers in the country.

**FOREIGN EXCHANGE EARNINGS AND OUT-GO**

During the year under review, the out-go of Foreign Exchange amounts to ₹.25,14,803/- towards purchase of spare parts and components. There have been no foreign exchange earnings during the year under review.

For and on behalf of the Board

Sd/-

(J.V. Dattatreya)

Chairman

Sd/-

(I.V.N. Prasad)

Managing Director

Registered Office:

Kondapalli-521 228

Krishna District.

Dated: 1.8.2011.

**COMMENTS OF  
THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956  
ON THE ACCOUNTS OF  
ANDHRA PRADESH HEAVY MACHINERY AND ENGINEERING LIMITED  
FOR THE YEAR ENDED 31 MARCH, 2011**

The preparation of financial statements of The Andhra Pradesh Heavy Machinery and Engineering Limited for the year ended 31 March, 2011 in accordance with financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, The Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29.6.2011.

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

For and on behalf of the  
Comptroller and Auditor General of India  
Sd/-  
(Sadu Israel)  
A.G (C&R.A), Andhra Pradesh

Date: 29.8.2011  
Place: Hyderabad.

## AUDITORS' REPORT

## Replies of the management

To

The Members,

**Andhra Pradesh Heavy Machinery & Engineering Limited.**

1. We have audited the attached Balance Sheet of **ANDHRA PRADESH HEAVY MACHINERY & ENGINEERING LIMITED** as at 31st March, 2011, the Profit and Loss Account and also the Cash flow statement for the year ended on that date annexed thereto. 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 have conducted our audit in accordance with the 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 as amended by the Companies (Auditor's Report) (Amendment) Order 2004 (together the Order) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company. -
  
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that;
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit; -

## AUDITORS' REPORT (contd.)

- b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books;
- c. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d. On the basis of the written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as Director in terms of clause (g) of sub-section (1) of sec.274 of the Companies Act, 1956 on the said date;

Subject to item 2 and 3 to Notes forming part of accounts, in our opinion, and to the best of our information and according to explanations given to us, the said accounts, read together with the Company's accounting policies and the Notes thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
- ii. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
- iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For M/s.Chowdary & Rao  
Chartered Accountants  
Sd/-  
(A.R.S Krishna Rao)  
Partner (M.No.027450)

For and on behalf of the Board  
Sd/-  
(I.V.N.Prasad)  
Managing Director

Date : 29.6.2011  
Place: Vijayawada.

## Replies of the management (contd.)

-

## ANNEXURE TO THE AUDITORS' REPORT

## Replies of the management

(Referred to in paragraph 3 of our report of even date)

- |   |   |
|---|---|
| (i) In respect of its fixed assets;   | - |
| (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.   | - |
| (b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.            | - |
| (c) In our opinion and according to the information and explanations given to us, the Company has not disposed off substantial part of the fixed assets during the year.  | - |
| (ii) In respect of inventories;   | - |
| (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  | - |
| (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  | - |
| (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.                                 | - |
| (iii) The Company has not granted or taken any loan secured/ unsecured to/ from Companies, firms or parties covered in the register maintained under sec.301 of the Companies Act, 1956. Accordingly, clause (iii) of paragraph 4 of the Companies (Auditor's Report) order, 2003 is not applicable to the Company. | - |
| (iv) In our opinion, and according to the information and explanation given to us, there is an internal control system commensurate with the size of the Company and nature of its business for purchase of   | - |

## ANNEXURE TO THE AUDITORS' REPORT (contd.)

## Replies of the management (contd.)

inventory and fixed assets and for the sale of goods and services.

During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

- |   |   |
|---|---|
| (v) According to the information and explanations given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956. Accordingly, the provisions of clause (v) of paragraph 4 of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.  | - |
| (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public, and consequently, the directives issued by the Reserve Bank of India, the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed thereunder with regard to the deposits accepted from the public are not applicable to the Company. | - |
| (vii) In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.   | - |
| (viii) According to the information and explanations given to us, maintenance of cost records by the company is not required under the provisions of section 209 (1) (d) of the Companies Act, 1956 in respect of the business activities carried out by the company.   | - |
| (ix) a) According to the records of the company and information and explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it during the year.  | - |

## ANNEXURE TO THE AUDITORS' REPORT (contd.)

## Replies of the management (contd.)

b) According to the information and explanations given to us, the details of the dues of which have not been deposited on account of dispute are as follows:

Name of the statute	Nature of the dues	Amount of dispute (₹. in lakhs)	Amounts of deposit (₹. in lakhs)	period to which the amount relates	Forum where dispute is pending
Sales Tax	Sales Tax	4.59	2.75	1991-92	Appellate Tribunal
Sales Tax	Sales Tax	4.21	2.75	1994-95	-do-
Sales Tax (APGST)	Sales Tax (APGST)	138.49	34.62	2003-04	-do-
Sales tax (CST)	Sales tax (CST)	6.98	1.74	2003-04	-do-
Sales Tax (APGST)	Sales Tax (APGST)	273.98	68.49	2004-05	-do-
Sales tax (CST)	Sales tax (CST)	19.06	4.78	2004-05	-do-
Customs duty	Customs duty	To be ascertained	6.78	1988	CEGAT
ESI	ESI Contributions	107.72	-	1.1.97 to 28.2.02	High Court of AP
Central Excise	Roof Bolts case	785.31	-	From 2006 January to March, 2010	CESTAT, Bangalore
Service tax	Business auxiliary service	33.10	-	2004-05 to 2008-09	CCE (Appeals), Guntur.
	Total		121.91	-	-

- x) The company does not have any accumulated losses during the year under report. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year. -
- xi) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions and banks. -
- xii) According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence the question of maintenance of adequate records for this purpose does not arise. -
- xiii) In our opinion and according to the information and explanations given to us, the Company is not a Chit fund or a Nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company. -

## ANNEXURE TO THE AUDITORS' REPORT (contd.)

## Replies of the management (contd.)

- |  |   |
|--|---|
| xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company. | - |
| xv) In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.   | - |
| xvi) In our opinion and according to the information and explanations given to us, the Company has not raised any term loans during the financial year 2010-11.  | - |
| xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment. No long term funds have been used to finance short term assets except permanent working capital.    | - |
| xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.  | - |
| xix) The Company has not issued any debentures during the year, hence the question of creation of security or charge in respect of debentures issued does not arise.   | - |
| xx) The Company has not raised any money by way of public issue during the year, hence the question of disclosure and verification of end use of such money does not arise.  | - |
| xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.   | - |

For M/s.Chowdary & Rao  
Chartered Accountants  
Sd/-  
(A.R.S Krishna Rao)  
Partner (M.No.027450)

For and on behalf of the Board  
Sd/-  
(I.V.N.Prasad)  
Managing Director

Date : 29.6.2011  
Place: Vijayawada.

## STATEMENT ON ACCOUNTING POLICIES OF THE COMPANY FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDING 31<sup>st</sup> MARCH, 2011.

### 1. SYSTEM OF ACCOUNTING

The Company is following Mercantile system of accounting.

### 2. FIXED ASSETS & DEPRECIATION

Fixed assets are shown at cost less depreciation to date. Depreciation is provided on Straight Line Method as per revision of rates of depreciation prescribed in schedule XIV of the Companies Act, 1956. Depreciation is charged as per the old rates in respect of assets existing as on the date of notification i.e., 16-12-1993 and as per the new rates in respect of assets acquired subsequent to the date of notification.

### 3. INVENTORY VALUATION

- i) Stores & Spares are valued at cost on Weighted Average basis.
- ii) Finished goods and work-in-progress are valued at lower of cost or market value whichever is less.
- iii) Scrap is valued at market price.

### 4. SALES

Sales are being accounted for on dispatch of the goods unless the agreement for supply of goods explicitly specify otherwise.

### 5. TURNOVER

The sales are accounted exclusive of excise duty and other taxes.

### 6. INCOME & EXPENDITURE

All items of income & expenditure were recognized on accrual basis except -

- a) Insurance claims are considered in accounts on receipt basis.
- b) Stationery was accounted as expenditure in the year of purchase.

### 7. RETIREMENT BENEFITS

- i) Contribution to Provident Fund accounted on accrual basis.
- ii) Earned leave benefits are accounted on accrual basis.
- iii) The liability for gratuity to employees covered under the Group Gratuity Scheme with the Life Insurance Corporation of India. The company accounts its liability for future Gratuity benefit based on actuarial valuation, as at the Balance Sheet date, determined every year by LIC.

## Balance Sheet as at 31.3.2011

	Schedule No.	As at 31.3.2011		As at 31.3.2010	
		₹.	₹.	₹.	₹.
<b>SOURCES OF FUNDS:</b>					
<b>SHAREHOLDERS FUNDS:</b>					
Share Capital	1	17,27,12,930		17,27,12,930	
Share Deposit		5,310	17,27,18,240	5,310	17,27,18,240
<b>Reserves and surplus</b>	2		<b>9,74,04,184</b>		4,80,31,252
<b>LOAN FUNDS:</b>					
Secured Loans	3	9,12,32,094		7,54,58,942	
Unsecured Loans	4	1,00,00,000	10,12,32,094	2,20,82,958	9,75,41,900
<b>Total</b>			<b>37,13,54,518</b>		31,82,91,392
<b>APPLICATION OF FUNDS:</b>					
<b>FIXED ASSETS:</b>					
Gross Block		15,81,82,687		15,45,18,466	
Less: Accumulated depreciation		12,42,43,918		12,29,79,999	
Net Block	5		<b>3,39,38,769</b>		3,15,38,467
Capital work-in-progress	6		<b>8,80,801</b>		-
Deferred Tax Asset			<b>1,38,13,426</b>		74,58,604
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
Interest accrued but not due on deposits	7(i)	11,25,253		6,93,337	
Inventories	7(ii)	20,29,79,554		19,01,07,766	
Sundry debtors	7(iii)	27,63,66,387		20,92,98,090	
Cash & Bank Balances	7(iv)	45,91,668		53,07,508	
Loans & Advances	7(v)	8,83,83,589		9,38,03,698	
			<b>57,34,46,451</b>	49,92,10,399	
Less: Current Liabilities & Provisions					
Liabilities	8	12,66,24,790		15,67,08,460	
Provisions	8	12,41,00,139		6,32,07,618	
			<b>25,07,24,929</b>	21,99,16,078	
Net Current Assets			<b>32,27,21,522</b>		27,92,94,321
<b>Total</b>			<b>37,13,54,518</b>		31,82,91,392
<b>Notes to Accounts</b>	19				

For and on behalf of the Board

Sd/-  
(V.Venkateswara Rao )  
Company Secretary & FM (I.A)

Sd/-  
(N.Chakravarthy)  
Chief (Finance & Accounts)

Sd/-  
(J.V.Dattatreylu)  
Chairman

Sd/-  
(I.V.N.Prasad)  
Managing Director

Date : 29.6.2011  
Place : Hyderabad

As per our report of even date  
For M/s.Chowdary & Rao  
Chartered Accountants

Date : 29.6.2011  
Place : Vijayawada

Sd/-  
(A.R.S.Krishna Rao)  
Partner (M.No.027450)

## Profit & Loss account for the year ended 31.3.2011

	SCHEDULE No.	CURRENT YEAR 2010-11 ₹	PREVIOUS YEAR 2009-10 ₹
<b>INCOME</b>			
Gross sales		<b>65,92,30,257</b>	61,74,48,667
Less: Excise duty		<b>5,25,52,872</b>	3,00,28,763
Sales	9	<b>60,66,77,385</b>	58,74,19,904
Other income	10	<b>1,08,09,718</b>	2,22,57,697
		<b>61,74,87,103</b>	60,96,77,601
<b>EXPENDITURE</b>			
Raw Materials Consumed(Net)	11	<b>31,33,88,747</b>	35,83,22,602
Payments and Benefits to Employees	12	<b>15,93,82,909</b>	11,59,04,527
Manufacturing, administrative and other expenses	13&14	<b>4,99,52,449</b>	6,65,68,847
Bad debts		-	34,98,851
Advances written off		-	31,89,499
Interest	15	<b>1,08,23,826</b>	97,20,567
Depreciation	5	<b>19,81,488</b>	20,00,421
Total expenditure		<b>53,55,29,419</b>	55,92,05,314
Less: Increase in stocks	16	<b>2,64,847</b>	1,14,38,598
		<b>53,52,64,572</b>	54,77,66,716
Profit before extraordinary items		<b>8,22,22,531</b>	6,19,10,885
Add: Provisions no longer required withdrawn		-	11,51,451
Add: Provisions withdrawn		-	66,88,350
		<b>8,22,22,531</b>	6,97,50,686
Less: Provisions	17	<b>50,31,225</b>	-
		<b>7,71,91,306</b>	6,97,50,686
Add: Prior period adjustments	18	-	22,81,249
<b>Net profit before tax</b>		<b>7,71,91,306</b>	7,20,31,935
Add/ Less(-): Earlier year Income Tax		<b>18,26,804</b>	(4,53,421)
		<b>7,90,18,110</b>	7,15,78,514
Less: Current tax		<b>3,60,00,000</b>	3,07,00,000
Add: Increase in Deferred tax asset		<b>63,54,822</b>	82,960
<b>Profit after tax</b>		<b>4,93,72,932</b>	4,09,61,474
Profit as per last Balance sheet		<b>4,80,31,252</b>	70,69,778
Profit carried to Balance Sheet		<b>9,74,04,184</b>	4,80,31,252

For and on behalf of the Board

Sd/-  
(V.Venkateswara Rao )  
Company Secretary & FM (I.A)

Sd/-  
(N.Chakravarthy)  
Chief (Finance & Accounts)

Sd/-  
(J.V.Dattatreyyulu)  
Chairman

Sd/-  
(I.V.N.Prasad)  
Managing Director

Date : 29.6.2011  
Place : Hyderabad

As per our report attached  
For M/s.Chowdary & Rao  
Chartered Accountants

Date : 29.6.2011  
Place : Vijayawada

Sd/-  
(A.R.S.Krishna Rao)  
Partner (M.No.027450)

**SCHEDULE No.1  
SHARE CAPITAL**

	<b>CURRENT YEAR 2010-11 ₹</b>	<b>PREVIOUS YEAR 2009-10 ₹</b>
<b>AUTHORISED</b> 2,00,00,000 Equity Shares of Rs.10/- each	<b>20,00,00,000</b>	20,00,00,000
	<b>20,00,00,000</b>	20,00,00,000
<b>ISSUED CAPITAL</b> 1,73,01,710 Equity Shares of Rs.10/- each	<b>17,30,17,100</b>	17,30,17,100
	<b>17,30,17,100</b>	17,30,17,100
<b>SUBSCRIBED AND PAID-UP CAPITAL:</b> Equity Shares of Rs.10 each fully paid-up and held by:		
1. Government of Andhra Pradesh: 1,49,010 Shares	<b>14,90,100</b>	14,90,100
2. Andhra Pradesh Industrial Development Corporation Ltd., 10,00,000 Shares	<b>1,00,00,000</b>	1,00,00,000
3. The Singareni Collieries Co., Ltd. (Holding Company) Shares 1,40,82,700	<b>14,08,27,000</b>	14,08,27,000
4. Others: 20,39,583 Shares	<b>2,03,95,830</b>	2,03,95,830
Total	<b>17,27,12,930</b>	17,27,12,930

**SCHEDULE No.2  
RESERVES & SURPLUS**

	<b>CURRENT YEAR 2010-11 ₹</b>	<b>PREVIOUS YEAR 2009-10 ₹</b>
Opening Balance	<b>4,80,31,252</b>	70,69,778
Profit during the year	<b>4,93,72,932</b>	4,09,61,474
Total	<b>9,74,04,184</b>	4,80,31,252

**SCHEDULE No.3  
SECURED LOANS**

	<b>CURRENT YEAR 2010-11 ₹</b>	<b>PREVIOUS YEAR 2009-10 ₹</b>
1. Cash Credit(*) State Bank of India	<b>9,12,32,094</b>	7,54,58,942
Total	<b>9,12,32,094</b>	7,54,58,942

(\*) Cash Credit and purchases of DDs from State Bank of India, Vijayawada, is secured by first charge on current assets and fixed assets of the company.

**SCHEDULE No.4  
UNSECURED LOANS**

	<b>CURRENT YEAR 2010-11 ₹</b>	<b>PREVIOUS YEAR 2009-10 ₹</b>
1. Interest free loan from M/s.SCCL	-	58,00,300
2. Interest bearing loan from M/s.SCCL	-	59,21,998
3. Interest accrued & due on SCCL Loan	-	3,60,660
4. Interest free loan from Govt., of A.P towards VRS	<b>1,00,00,000</b>	1,00,00,000
Total	<b>1,00,00,000</b>	2,20,82,958

**SCHEDULE No.5  
SCHEDULE OF FIXED ASSETS**

Sl. No.	Description	Gross block				Depreciation				Net Value	
		As on 1.4.2010 ₹	Additions during the year ₹	Adjust-ments ₹	As on 31.3.2011 ₹	Up to 31.3.2010 ₹	During the year ₹	Adjust-ments ₹	Up to 31.3.2011 ₹	As on 31.3.2011 ₹	As on 31.3.2010 ₹
1.	Land	42,51,720	-	-	<b>42,51,720</b>	-	-	-	-	<b>42,51,720</b>	42,51,720
2.	Roads & Buildings	3,51,77,987	4,88,115	-	<b>3,56,66,102</b>	2,46,36,577	7,59,045	-	<b>2,53,95,622</b>	<b>1,02,70,480</b>	1,05,41,410
3.	Plant & Machinery										
	a) Indigenous	6,29,33,231	13,50,472	5,98,221	<b>6,36,85,482</b>	5,18,93,955	5,54,342	5,68,571	<b>5,18,79,726</b>	<b>1,18,05,756</b>	1,10,39,276
	b) Imported	2,99,97,679	-	-	<b>2,99,97,679</b>	2,84,97,796	-	-	<b>2,84,97,796</b>	<b>14,99,883</b>	14,99,883
4.	Furniture & Fixtures	19,89,075	40,967	11,355	<b>20,18,687</b>	15,04,666	41,096	9,978	<b>15,35,784</b>	<b>4,82,903</b>	4,84,409
5.	Office equipment	16,66,500	11,370	56,004	<b>16,21,866</b>	8,10,938	56,129	53,049	<b>8,14,018</b>	<b>8,07,848</b>	8,55,562
6.	Vehicles	11,24,390	-	-	<b>11,24,390</b>	5,73,054	81,269	-	<b>6,54,323</b>	<b>4,70,067</b>	5,51,336
7.	Other fixed assets	1,73,77,884	25,30,104	91,227	<b>1,98,16,761</b>	1,50,63,013	4,89,607	85,971	<b>1,54,66,649</b>	<b>43,50,112</b>	23,14,871
	<b>Total</b>	<b>15,45,18,466</b>	<b>44,21,028</b>	<b>7,56,807</b>	<b>15,81,82,687</b>	<b>12,29,79,999</b>	<b>19,81,488</b>	<b>7,17,569</b>	<b>12,42,43,918</b>	<b>3,39,38,769</b>	<b>3,15,38,467</b>
	Previous year	15,34,42,990	10,75,476	-	15,45,18,466	12,09,79,578	20,00,421	-	12,29,79,999	3,15,38,467	3,24,63,412

<b>SCHEDULE No.6 : CAPITAL WORK IN PROGRESS</b>		
	<b>CURRENT YEAR 2010-11 ₹</b>	<b>PREVIOUS YEAR 2009-10 ₹</b>
Irish readers	<b>8,80,801</b>	-
Total	<b>8,80,801</b>	-
<b>SCHEDULE No.7 : CURRENT ASSETS LOANS AND ADVANCES</b>		
	<b>CURRENT YEAR 2010-11 ₹</b>	<b>PREVIOUS YEAR 2009-10 ₹</b>
i) Interest accrued but not due on deposits	<b>11,25,253</b>	6,93,337
Total (i)	<b>11,25,253</b>	6,93,337
<b>ii) INVENTORIES</b>		
Certified by the Management		
Raw materials	<b>8,37,08,920</b>	5,86,76,482
Bought out items	<b>6,84,05,171</b>	7,48,53,653
Stock items	<b>53,64,392</b>	53,37,140
Maintenance material	<b>7,58,263</b>	9,06,958
Gases	<b>81,672</b>	72,438
Paints	<b>5,08,933</b>	2,73,285
Electrodes	<b>36,94,966</b>	47,43,086
Spares	<b>27,00,647</b>	28,91,443
Tools	<b>50,62,352</b>	48,92,665
Scrap	<b>64,61,049</b>	35,84,804
Work-in-progress	<b>4,01,86,593</b>	4,27,97,991
	<b>21,69,32,958</b>	19,90,29,945
Less: Provision for non moving items	<b>1,39,53,404</b>	89,22,179
Total (ii)	<b>20,29,79,554</b>	19,01,07,766
<b>iii) SUNDRY DEBTORS</b>		
Unsecured		
1) Outstanding for a period exceeding six months		
Considered good	<b>5,08,47,644</b>	5,17,14,045
Considered doubtful	<b>3,57,186</b>	3,57,186
	<b>5,12,04,830</b>	5,20,71,231
Less: Provision	<b>3,57,186</b>	3,57,186
	<b>5,08,47,644</b>	5,17,14,045
2) Other debts considered good	<b>22,55,18,743</b>	15,75,84,045
Total (iii)	<b>27,63,66,387</b>	20,92,98,090
<b>iv) CASH AND BANK BALANCES</b>		
1) Cash on hand	<b>78,172</b>	52,008
2) Balances with Schedule banks		
- In current accounts	<b>2,03,468</b>	9,45,472
- In fixed deposits(\$)	<b>43,10,028</b>	43,10,028
Total (iv)	<b>45,91,668</b>	53,07,508

**Schedule No.7 : Current Assets Loans And Advances (Contd.)**

	CURRENT YEAR 2010-11 ₹	PREVIOUS YEAR 2009-10 ₹
<b>v) LOANS AND ADVANCES</b>		
A) LOANS	-	-
B) ADVANCES (Recoverable in cash or kind or for value to be received)		
Advances for purchase of materials	19,83,643	3,25,61,890
Advance to sales tax	1,15,12,833	1,15,12,833
Advances for civil and electrical works	1,60,366	1,60,366
Advances to staff	3,04,147	5,91,324
Advances for revenue expenses	308	6,446
Advances to others	22,37,388	62,64,797
Deposits with outside authorities	25,09,177	27,47,308
Prepaid expenses	10,46,274	3,59,721
Advance Income tax	6,34,24,998	3,34,25,000
Tax deducted at Source	38,85,980	46,94,259
Works cont. tax deducted at source	13,18,475	14,79,754
Total (v)	8,83,83,589	9,38,03,698
Grand total (i to v)	57,34,46,451	49,92,10,399

(\$)Pledged with State Bank of India towards Margin Money

**SCHEDULE No.8 :  
CURRENT LIABILITIES AND PROVISIONS**

	CURRENT YEAR 2010-11 ₹	PREVIOUS YEAR 2009-10 ₹
<b>A) CURRENT LIABILITIES</b>		
Creditors for materials	3,86,27,765	3,33,76,304
Creditors for materials - MSME	1,17,97,663	1,04,85,624
Creditors for capital items	6,24,782	27,880
Creditors for contractors	40,84,265	12,31,774
Creditors for transportation	15,31,846	13,87,407
Advance from customers	1,43,89,798	4,38,32,548
Deposit from Suppliers and Contractors	80,98,228	46,80,076
Outstanding liability for expenses*	3,14,46,199	5,27,26,302
Other liabilities	1,59,88,840	89,25,141
Share deposit suspense (@)	11,954	11,954
Share deposit refundable	23,450	23,450
Total (A)	12,66,24,790	15,67,08,460
<b>B) PROVISIONS</b>		
For Customs Duty	6,78,518	6,78,518
For VTPS Deposit	5,30,765	5,30,765
For Warranty provision	47,92,808	47,92,808
For Current Tax	6,67,00,000	4,09,00,000
For Fringe Benefit Tax	81,907	81,907
For Earned Leave	1,50,84,851	1,42,72,593
For Gratuity	2,56,97,290	19,51,027
For Salaries	1,05,34,000	-
Total(B)	12,41,00,139	6,32,07,618
Grand Total (A+B)	25,07,24,929	21,99,16,078

(@) Represents the amount for which depositor-wise details are not available

(\*) Includes ₹.1,60,32,439/- (previous year ₹.2,90,32,439) towards interest on SCCL (Holding Company) mobilisation advance.

**SCHEDULE No.9  
INCOME FROM SALE OF PRODUCTS AND SERVICES**

	CURRENT YEAR 2010-11 ₹		PREVIOUS YEAR 2009-10 ₹	
Sale of Machinery / work done on outside orders	-	60,66,77,385	-	58,79,20,386
Less: Sales returns earlier years	-	-	5,00,482	5,00,482
Total		60,66,77,385		58,74,19,904

**SCHEDULE No.10 :  
OTHER INCOME**

	CURRENT YEAR 2010-11 ₹	PREVIOUS YEAR 2009-10 ₹
Packing, forwarding and freight charges	27,61,272	18,69,206
Sale of scrap	24,48,187	19,60,600
Interest on deposits (Fixed Deposits) *	5,39,530	5,39,733
Interest on deposits**	65,793	65,499
Interest on Income tax refund	2,76,937	-
Sale of tender schedules	678	25,031
Rent received***	18,22,008	19,06,425
Miscellaneous receipts	23,20,566	14,98,354
Liabilities written back	4,31,704	1,43,92,849
Damages for use of company land	1,43,043	-
Total	1,08,09,718	2,22,57,697

\* An amount of ₹.1,07,908/- (Previous year ₹. NIL) included towards TDS

\*\*An amount of ₹.6,185/- (Previous year ₹.6,185/-) included towards TDS

\*\*\*An amount of ₹.2,00,965/- (Previous year ₹.3,16,819/-) included towards TDS

**SCHEDULE No.11  
RAW MATERIALS CONSUMED**

	CURRENT YEAR 2010-11 ₹	PREVIOUS YEAR 2009-10 ₹
Raw materials	17,70,74,319	26,91,23,725
Boughtout items	12,46,19,299	7,36,39,162
Stock items	44,18,543	78,59,174
Maintenance materials	6,24,739	5,27,025
Consumable materials	52,45,841	55,03,406
Tools	14,06,006	16,70,110
Total	31,33,88,747	35,83,22,602

**SCHEDULE No.12  
PAYMENTS AND BENEFITS TO EMPLOYEES**

	<b>CURRENT YEAR 2010-11 ₹</b>	<b>PREVIOUS YEAR 2009-10 ₹</b>
Salaries, wages and bonus	<b>11,51,41,626</b>	9,94,24,672
Employer's contribution towards:		
- Employees state insurance	<b>16,67,049</b>	44,733
- Provident fund	<b>61,47,285</b>	55,63,898
- Family pension scheme	<b>34,31,425</b>	34,61,590
- Group gratuity assurance scheme	<b>2,47,29,921</b>	-
- Deposit linked insurance scheme	<b>3,99,316</b>	7,07,079
Administrative charges on PF Trust	<b>1,43,660</b>	7,18,477
Death relief payments	<b>93,000</b>	1,55,000
Staff welfare expenses	<b>62,30,873</b>	47,93,507
Rent reimbursed to officers	<b>11,64,565</b>	9,86,308
Workmen compensation	<b>2,34,189</b>	49,263
<b>Total</b>	<b>15,93,82,909</b>	11,59,04,527

**SCHEDULE No.13  
MANUFACTURING, ADMINISTRATIVE & OTHER EXPENSES**

	<b>CURRENT YEAR 2010-11 ₹</b>	<b>PREVIOUS YEAR 2009-10 ₹</b>
<b>MANUFACTURING EXPENSES</b>		
Sub-contracts	<b>2,03,93,729</b>	1,42,80,809
Electricity charges: Power	<b>59,64,167</b>	49,27,172
Patterns written off	<b>1,24,656</b>	1,20,657
<b>ADMINISTRATIVE EXPENSES</b>		
Directors' travelling	<b>1,71,360</b>	1,97,009
Directors' sitting fees	<b>27,000</b>	29,000
Directors' incidentals	<b>5,750</b>	4,350
Board meeting expenses	<b>22,443</b>	25,451
Annual general body meeting expenses	<b>2,03,015</b>	2,04,540
Printing and stationery	<b>3,90,180</b>	6,15,869
Postage and telegrams	<b>1,27,802</b>	1,28,277
Telephone and telex charges	<b>2,64,856</b>	2,47,985
Travelling and conveyance charges	<b>16,56,881</b>	15,98,342
Electricity charges - Lighting	<b>98,191</b>	1,05,561
General freight charges	<b>48,55,756</b>	54,96,873
Packing charges	<b>2,748</b>	-
Professional charges	<b>5,11,070</b>	4,26,205
Advertisement and publicity	<b>2,77,808</b>	2,56,998
Liasioning charges	<b>17,38,344</b>	24,70,739
Commission on scrap sales	<b>1,10,270</b>	14,517
Auditors remuneration : Audit fee	<b>25,277</b>	22,060
Tax audit	<b>15,166</b>	11,030
Others	<b>9,192</b>	12,133
<b>OTHER EXPENSES</b>		
Rent	<b>73,632</b>	73,632
Insurance	<b>1,79,850</b>	1,73,897
Repairs and maintenance : Buildings	<b>2,14,896</b>	8,11,507
Machinery	<b>14,58,588</b>	4,13,905
General	<b>19,52,490</b>	13,10,673

**Schedule No.13 Manufacturing, Administrative & Other Expenses (contd.)**

	<b>CURRENT YEAR</b> 2010-11 ₹	<b>PREVIOUS YEAR</b> 2009-10 ₹
Vehicle maintenance	8,79,849	8,25,602
Assets written off	39,238	-
Bank charges and guarantee commission	11,29,702	8,86,266
VAT	24,39,923	17,64,902
Excise duty	6,15,290	1,63,32,393
Consultancy charges	50,000	92,608
Miscellaneous expenses (as per Schedule 14)	39,23,330	1,26,87,885
<b>Total</b>	<b>4,99,52,449</b>	<b>6,65,68,847</b>

**SCHEDULE No.14**  
**MISCELLANEOUS EXPENSES**

	<b>CURRENT YEAR</b> 2010-11 ₹	<b>PREVIOUS YEAR</b> 2009-10 ₹
Conference, seminar & training	9,195	63,400
Rates and taxes	3,23,734	4,91,297
Sundry expenses	5,98,623	1,10,85,196
Books and periodicals	54,437	6,661
Legal expenses	1,05,215	1,81,962
General expenses-testing charges	2,22,037	33,090
Filing fee	3,620	1,984
Entertainment	2,54,128	1,90,685
Liquidated damages	20,96,583	4,55,660
Rework/Rectification expenses on sales	-	800
E-procurement transaction fee	-	4,069
Tender documents	1,200	12,231
Computer maint. charges	1,45,398	64,900
Computer software charges	15,084	2,800
Computer hire charges	18,165	93,150
Loss on exchange variation	1,524	-
Programmers hired charges	74,387	-
<b>Total</b>	<b>39,23,330</b>	<b>1,26,87,885</b>

**SCHEDULE No.15**  
**INTEREST**

	<b>CURRENT YEAR</b> 2010-11 ₹	<b>PREVIOUS YEAR</b> 2009-10 ₹
Interest on cash credit with SBI	64,44,974	40,37,523
Interest on advances with SCCL	21,57,970	11,37,883
Interest on SCCL interest bearing loan	3,12,777	9,67,341
Interest-others	19,08,105	35,77,820
<b>Total</b>	<b>1,08,23,826</b>	<b>97,20,567</b>

**SCHEDULE No.16**
**SCHEDULE FOR INCREASE/ DECREASE OF CLOSING STOCK OF FINISHED GOODS AND WORK-IN-PROGRESS**

	CURRENT YEAR 2010-11 ₹	PREVIOUS YEAR 2009-10 ₹
Certified by Management:		
A) Opening stock of work-in-progress	4,27,97,991	3,09,22,882
Opening stock of finished goods	-	21,10,680
	4,27,97,991	3,30,33,562
B) Closing stock of work-in-progress	4,01,86,593	4,27,97,991
Closing stock of finished goods	-	-
	4,01,86,593	4,27,97,991
C) Increase(-)/ decrease in stock	26,11,398	(97,64,429)
Add/less: Increase(-)/ decrease in scrap	(28,76,245)	(16,74,169)
Increase in stock	2,64,847	1,14,38,598

**SCHEDULE No.17**
**PROVISIONS**

	CURRENT YEAR 2010-11 ₹	PREVIOUS YEAR 2009-10 ₹
Non-moving items	50,31,225	-
Total	50,31,225	-

**SCHEDULE No.18**
**SCHEDULE OF INCOME AND EXPENDITURE PERTAINING TO EARLIER YEARS**

	CURRENT YEAR 2010-11 ₹	PREVIOUS YEAR 2009-10 ₹
<b>INCOME</b>		
Gratuity	-	22,81,249
	-	22,81,249
<b>EXPENDITURE</b>		
Net income	-	22,81,249

**SCHEDULE NO.19**
**A. NOTES FORMING PART OF ACCOUNTS**
**1. CONTINGENT LIABILITIES:**

- a) Sales tax claim of ₹.4.59 lakhs and ₹.4.21 lakhs towards Orissa sales tax for the assessment year 1991-92 and 1994-95 respectively is pending against Rourkela Steel Plant works. The company has preferred appeals within stipulated time for both the years. An amount of ₹.5.50 lakhs(₹.2.75 lakhs each for the assessment years 1991-92 and 1994-95 was paid to the Orissa Sales Tax authorities as per the order Nos.345(2),dt.21.2.2003, case No.II Ast-85 for the assessment year 1991-92 and 346(2),dt.21.02.2003 case No.II Ast-84 for the assessment year 1994-95). During the financial year 2009-10 the honourable Tribunal has passed orders in respect of assessment year 1992-93 duly allowing the company's appeal for ₹.3.78 lakhs and allowing the case in favour of Orissa Sales Tax department for ₹.0.41 lakh in respect of the assessment year 1993-94. The notices in respect of above orders are yet to be received from the Orissa Sales Tax department. No provision has been made in the books in respect of the above claims.

## Schedule No.19A: (contd.)

- b) Sales tax claim of ₹.145.47 lakhs (APGST & CST) and ₹.293.04 lakhs (APGST & CST) for the assessment year 2003-04 and 2004-05 respectively is pending. The company has preferred appeals within stipulated time for both the years. For the above Sales tax claim there is no provision available in the books. Further an amount of ₹.109.63 lakhs (₹.36.36 lakhs and ₹.73.27 lakhs for the assessment years 2003-04 and 2004-05 respectively) was paid to the Sales tax authorities and was kept in advance sales tax account under the current assets.
  - c) Income-tax assessments for the assessment year 2009-10 and 2010-11 are pending.
  - d) Guarantees given by the bank on behalf of the Company for an amount of ₹.91.20 lakhs for which counter guarantees of even amount are given by the Company to the Bank (Previous year ₹.89.83 lakhs).
  - e) An amount of ₹.20.48 lakhs towards extra claims by contractors involved in legal suits (Previous year ₹.20.48 lakhs).
  - f) An amount of ₹.14.91 lakhs which has been claimed as interest by certain suppliers against belated payments is not accounted in the books in view of the pending court cases. The total amount involved in the court cases is ₹.31.32 lakhs.
  - g) ESI authorities have raised a demand for ₹.107.72 lakhs towards contributions payable for the period from 1.1.1997 to 28.2.2002. The company has filed an appeal in Honourable Andhra Pradesh High Court. Arguments in the case were concluded during the year 2009-10 and the judgement was reserved. Pending disposal of the case no provision was made in the books.
  - h) Municipal Corporation, Vijayawada, has raised a demand for interest of ₹.5,48,625/- on the dues of rent of ₹.2,11,090/-. The Government of A.P. has waived ₹.1,02,010/- of rent dues vide G.O.Ms.No.201, dt.21.8.1997. The net rent due as on 30-9-2004 was ₹.1,07,060/-. The company has appealed for waiver of both the dues of rent and interest thereon. A provision has been made towards the rent dues. But pending disposal, no provision has been made towards the demand of interest of ₹.5,48,625/-.
2. (a) During the year under report the company had received orders from Commissioner of Customs, Excise and Service Tax, Guntur for an amount of ₹.9,12,41,056/- towards tax and ₹.1,00,00,000 towards penalty arising due to re-classification of Roof Bolt Nuts under excise classification code for the period from January 2006 to November,2009. The Company had filed an appeal against the above order with CESTAT, Bangalore. Pending settlement of appeal, no provision is made in the books towards the disputed liability amounting to ₹.7,85,31,340/-.
  - (b) The company had received order from Assistant Commissioner Central Excise and Service Tax, Vijayawada levying tax towards non payment of Service Tax on E-1 sales amounting to ₹.33,10,948/- which was subsequently dropped by the Additional Commissioner Central Excise and Service Tax, Guntur. The department had preferred an appeal against the said order with Commissioner (Appeals), Guntur. Pending disposal of the appeal no provision is made in the books towards the disputed liability amounting to ₹.33,10,948/-.
3. Based on the past practices in the company and on an estimate made by the management an amount of ₹.1,05,34,000/- was provided in the books towards 30% enhancement on salaries for the period from January,2011 to March,2011. The tri-partite agreement in this regard is yet to be signed by all the parties.
  4. The Company has filed suits against sub-contractors for recovery of 149.767 M.Ts of steel and 9.768 M.Ts of scrap for the materials drawn by them (Since completed) for executing VSP Sinter Plant order amounting to ₹.22.19 lakhs for which decrees were awarded in favour of the Company. Suits for recovery of 37.095 M.Ts steel and 2.625 M.Ts of scrap from the sub-contractors are pending in court of law.
  5. Bank Guarantees amounting to ₹.90.13 lakhs furnished by suppliers and contractors were held by the Company as on 31-03-2011 (previous year ₹.56.11 lakhs).
  6. Share deposit amount of ₹.5,310 (previous year ₹.5,310) from public towards share capital contribution. Shares to public could not be allotted because of legal implications.
  7. As per G.O.No.227, dt.30-11-1996 write off proposal for Government of A.P. shareholdings of ₹.14.90 lakhs was not carried out in the accounts since the Company requested the Government of A.P. for amended action.

## Schedule No.19A: (contd.)

8. Gratuity Plan: Company has taken a policy with LIC for payment of gratuity to all its employees through a "Group Gratuity Scheme". Effective from 1.11.2000 the company adopted the Accounting Standard (Revised) on employees' benefits. The following table indicates status of the gratuity plan as required under AS-15 (revised).

PARTICULARS	For the year ended 31.3.2011 ₹	For the year ended 31.3.2010 ₹
<b>Obligation at beginning of the year</b>	<b>9,25,46,221</b>	8,73,56,905
Interest cost	74,03,698	69,88,552
Current service cost	27,97,467	24,05,104
Benefits settled	(30,68,620)	(19,32,229)
Actuarial (gain)/loss	2,28,13,621	(22,72,111)
<b>Obligation at the end of the year, at fair value</b>	<b>12,24,92,387</b>	9,25,46,221
<b>Change in plan assets</b>		
Plan assets at beginning of the year, at fair value	9,05,95,194	6,77,04,956
Expected return on plan assets	82,84,865	73,16,317
Contributions	9,83,658	1,75,06,150
Benefits paid	(30,68,620)	(19,32,229)
Actuarial gain/loss	NIL	NIL
<b>Fair value of plan assets at the end of the year</b>	<b>9,67,95,097</b>	9,05,95,194
<b>Reconciliation of present value of the obligation and the fair value of the plan assets.</b>		
Fair value of plan assets at the end of the year	9,67,95,097	9,05,95,194
Present value of the defined benefit obligation at the end of the year	12,24,92,387	9,25,46,221
<b>Assets/(liability) recognized in the balance sheet Gratuity cost for the year</b>		
Service cost	27,97,467	24,05,104
Interest cost	74,03,698	69,88,552
Expected return on plan assets	(82,84,865)	(73,16,317)
Actuarial gain/loss	2,28,13,621	(1,94,772)
<b>Net gratuity cost</b>	<b>2,47,29,921</b>	19,51,027
<b>Assumptions</b>		
Interest rate	8.00%	8.00%
Expected return on plan assets	9.30%	9.30%
Expected rate of salary increase	8.00%	10.00%

9. Materials valued ₹.40.58 lakhs are lying with outside parties for job works (previous year ₹.38.94 lakhs).

**10. INCOME-TAX:**

- Current Income-tax: Tax on income for the current period determined on the basis of taxable income computed in accordance with the provisions of the Income Tax Act, 1961.
- The following Deferred Tax Assets are recognised to the extent that there is a reasonable certainty where assets can be realised in future. The assets are recognised by using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

	2010-11 ₹	2009-10 ₹
<b>ASSETS</b>		
Gratuity	84,05,700	-
Others	1,18,06,876	1,33,75,536
Total	<b>2,02,12,576</b>	1,33,75,536
<b>LIABILITIES</b>		
Difference in depreciation for accounting and tax purposes	59,00,067	55,60,579
Others	4,99,083	3,56,353
Total	<b>63,99,150</b>	59,16,932
Deferred Tax Asset(NET)	<b>1,38,13,426</b>	74,58,604

**Schedule No.19A: (contd.)**
**11. Segment reporting:**

Segment information as required by the Accounting Standard 17 on "Segment Reporting" issued by The Institute of Chartered Accountants of India is not required to be disclosed as there is neither more than one business segment nor more than one geographical segment.

**Related Party Transactions:**

Holding Company: The Singareni Collieries Company Limited, Kothagudem. Disclosure of transactions with the holding company is not required since both the companies are state controlled entities.

12. Confirmation of balances under sundry debtors, loans & advances has been asked for but not received from parties.
13. Earnings per shares(AS-20):

	2010-11 ₹.	2009-10 ₹.
A Net profit after tax	<b>4,93,72,932</b>	4,09,61,474
B Number of ordinary equity shares(Fully paid up)	<b>1,72,71,293</b>	1,72,71,293
C Earnings per Share (a/b)	<b>2.86</b>	2.37

14. All figures are rounded off to the nearest rupee.
15. Previous year's figures, wherever necessary, have been re-grouped, recast and reclassified to confirm with those of the current year.
16. The Company has reviewed the carrying amounts of fixed assets based on internal valuation and found that none of the fixed assets suffered an impairment loss and hence no provision / write off of impaired assets in terms of AS - 28 issued by The Institute of Chartered Accountants of India is considered necessary during the year.

**B. INFORMATION REQUIRED UNDER PARA3, 4C AND 4D OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956**
**1. Information regarding turnover:**

Sl.No.	Sale of products / services	Current year 2010-11		Previous year 2009-10	
		QTY. MTs	AMOUNT ₹.	QTY.MTs	AMOUNT ₹.
1	Material Handling Equipment	<b>5825.10</b>	<b>56,60,54,215</b>	8487.08	54,09,33,484
2	Repairs/reconditioning	<b>392.51</b>	<b>4,06,23,170</b>	422.95	4,06,23,170
3	Trading sales	-	-	171.39	58,63,250
	Total	<b>6217.61</b>	<b>60,66,77,385</b>	9081.42	58,74,19,904

Schedule No.19 B: (contd.)

**2. RAW MATERIALS CONSUMED FOR SALE OF PRODUCTS**

Sl. No.	Description	Current year 2010-11		Previous year 2009-10			
		Quantity MTs	Amount ₹.	Quantity MTs	Amount ₹.		
1	Raw materials	5032.63	14,94,64,818	8291.27	24,35,10,238		
	Direct						
	Others						
2	Boughtout Items					12,46,19,299	7,36,39,162
3	Stock Items					44,18,543	78,59,174
4	Maintenance Material					6,24,739	5,27,025
5	Consumable Stores	52,45,841	55,03,406				
6	Consumable Tools	14,06,006	16,70,110				
		31,33,88,747	35,83,22,602				
	Add/Less:Material included in work-in-progress & Finished goods.	72,52,961	-1,70,42,313				
	Total	32,06,41,708	34,12,80,289				

**3. OPENING AND CLOSING STOCK OF FINISHED GOODS**

Sl. No.	Name of the product	Opening stock balance				Closing stock balance			
		Current year 2010-11		Previous year 2009-10		Current year 2010-11		Previous year 2009-10	
		Quantity MTs	Value ₹.	Quantity MTs	Value ₹.	Quantity MTs	Value ₹.	Quantity MTs	Value ₹.
1	Material Handling Equipment	-	-	20.00	21,10,680	-	-	-	-
2	Job Orders	-	-	-	-	-	-	-	-
3	Maintenance Spares & Overhauling Equipment	-	-	-	-	-	-	-	-
	Total	-	-	20.00	21,10,680	-	-	-	-

**4. PURCHASE OF RAW MATERIALS**

Sl. No.	Description	Current year 2010-11		Previous year 2009-10			
		Quantity MTs	Amount ₹.	Quantity MTs	Amount ₹.		
1	Steel	5460.20	18,01,19,044	10517.24	25,65,80,452		
2	Other Raw Materials					2,20,59,190	3,24,62,921
3	Bought Out Items					11,88,51,364	9,14,67,567
4	Stock Items					48,44,635	82,30,948
5	Maintenance Material					24,66,468	24,64,979
6	Consumable Stores					44,61,380	87,55,669
7	Tools					15,81,863	14,99,391
8	Spares					10,04,114	9,15,531
	Total	33,53,88,058	40,23,77,458				

Schedule No.19 B: (contd.)

**5. PARTICULARS REGARDING CAPACITY AND PRODUCTION \***

(in MTs.)

Sl. No.	Product group	Licensed capacity		Installed capacity		Actual production	
		Current Year 2010-11	Previous Year 2009-10	Current Year 2010-11	Previous Year 2009-10	Current Year 2010-11	Previous Year 2009-10
1	Material Handling Equipment	4710	4710	250	250	2461	2375
2	Chemical, Pharmaceutical & Mini plant	2000 1000	2000 1000	- 1188	- 1188	- -	- -
3	Textile Machinery	160	160	-	-	-	-
4	Leather Processing Machinery	500	500	312	312	-	-
5	Size Reduction Equipment	2000	2000	1750	1750	-	-
6	Job Orders	-	-	-	-	248	262
7	Air Pollution Equipment	3000	3000	-	-	-	-
8	Road Headers & Tunneling	8 Nos.	8 Nos.	-	-	-	-
9	Maintenance Spares	-	-	-	-	497	738
10	Long Wall Roof Support System	3 systems	3 systems	-	-	-	-

- NOTE:** 1. The Machinery & Equipment installed are of general purpose nature and capacities of the Machinery & Equipment are interchangeable.  
 2. Capacity is based on 2 shift basis.  
 3. Installed Capacity is arrived on the basis of Product Mix as per the Project Report.  
 \* Being technical matter information given as provided by management

**6. DETAILS OF REMUNERATION TO MANAGING DIRECTOR**

Sl. No.	Description	Current year 2010-11		Previous year 2009-10 ₹.
		Sri I.V.N.Prasad 9.10.10 to 31.3.11 ₹.	Sri P.V.Satyanandam 1.4.10 to 9.10.10 ₹.	
1.	Salary	NIL	NIL	NIL
2.	P F Employer Contribution	NIL	NIL	NIL
3.	House Rent	88,305	82,500	90,000
4.	Others	16,577	66,404	1,07,788
	Total	1,04,882	1,48,904	1,97,788

**Note:** Managing Director is on deputation from Holding Company SCCL the company is providing accommodation and other amenities.

Schedule No.19 B: (contd.)

## 7. THE VALUE OF IMPORTS ON CIF BASIS

A) Spare Parts and Components ₹.25,14,803/- (Previous year: ₹.4,19,732/-).

B) Percentage of Materials consumed.

SI. No.	Description	Current year 2010-11		Previous year 2009-10	
		Percentage	Value (₹.)	Percentage	Value (₹.)
<b>1</b>	<b>Materials</b>				
	Indigenous	<b>56.50</b>	<b>17,70,74,319</b>	75.11	26,91,23,725
<b>2</b>	<b>Spare parts, components and others</b>				
	Imported	<b>0.70</b>	<b>22,05,051</b>	-	-
	Indigenous	<b>42.80</b>	<b>13,41,09,377</b>	24.89	8,91,98,877
	Total	<b>100.00</b>	<b>31,33,88,747</b>	100.00	35,83,22,602

## 8. FOREIGN CURRENCY/ EXCHANGE TRANSACTIONS

- a) Expenditure in Foreign Currency :
- Royalty ₹.NIL (Previous Year ₹.NIL)
  - Spare Parts & Components ₹.25,14,803/- (Previous Year. ₹.4,19,732/-)
  - ISO Certification charges ₹. 50,000/- (Previous Year: ₹.35,610/-)
- b) Earnings Foreign Exchange ₹.NIL (Previous Year ₹.NIL )

## CASH FLOW STATEMENT AS PER ACCOUNTING STANDARD-3

(₹. in lakhs)

	Current year 2010-11		Previous year 2009-10	
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit before tax and extraordinary items		<b>822.23</b>		619.11
Adjustment for depreciation	<b>19.81</b>		20.00	
Adjustment for interest paid	<b>108.24</b>		97.21	
		<b>128.05</b>		117.21
Operating Profit before working capital changes		<b>950.28</b>		736.32
Decrease in unsecured loan	<b>-120.83</b>		-144.32	
Increase/decrease in current assets and loans and advances	<b>-749.52</b>		-1705.48	
(Increase)/Decrease in Deferred Tax Asset	<b>-63.55</b>		-0.83	
Increase/Decrease(-) in current liabilities and provisions	<b>308.09</b>		399.62	
		<b>-625.81</b>		-1451.01
Net Cash Flow from operations		<b>324.47</b>		-714.69
Provisions withdrawn	-		78.40	
Earlier provisions	<b>18.27</b>		-4.54	
Provisions for taxation	<b>-360.00</b>		-307.00	
Provisions	<b>-50.31</b>		-	
Deferred Tax Asset(Net)	<b>63.55</b>		0.83	
Prior period adjustments	-	<b>-328.49</b>	22.81	-209.50
<b>CASH FLOW FROM OPERATING ACTIVITIES (A)</b>		<b>-4.02</b>		-924.19
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	<b>-44.21</b>		-10.75	
Capital work-in-progress	<b>-8.81</b>		-	
Decrease of fixed assets	<b>0.39</b>		-	
<b>CASH FLOW FROM INVESTING ACTIVITIES (B)</b>		<b>-52.63</b>		-10.75
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase/Decrease(-) in Loans from banks and institutions	<b>157.73</b>		118.24	
Interest paid	<b>-108.24</b>	<b>49.49</b>	-97.21	21.03
Net increase in Cash & Bank(A+B+C)		<b>-7.16</b>		-913.91
Opening balance of cash and bank		<b>53.07</b>		966.98
Closing balance of cash and bank		<b>45.91</b>		53.07

**ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>1. Registration Details</b>		
Registration No:		2071
State Code		1
Balance Sheet Date		31.3.2011
<b>2. Capital Raised during the year:</b>		
Public Issue		NIL
Rights Issue		NIL
Bonus Issue		NIL
Private Placement		NIL
<b>3. Position of Mobilisation and Development of Funds:</b>		(Rupees in thousands)
Total Liabilities		371355
Total Assets		371355
<b>Source of Funds:</b>		(Rupees in thousands)
Paid up Capital (Including share deposit)		172718
Reserves & Surplus		97404
Secured Loans		91232
Unsecured Loans		10000
<b>Application of Funds:</b>		(Rupees in thousands)
Net Fixed Assets		33939
Investments(DTA)		13813
Net Current Assets		322722
<b>4. Performance of Company:</b>		(Rupees in thousands)
Turnover		606677
Total Expenditure		529486
Profit Before Tax		77191
Profit After Tax		49373
Earnings per Share		2.86
Dividend Rate		NIL
<b>5. Generic Names of Principal Products, Services of the Company:</b>		
	Item Code No.	Product Description
	8428.00	Material Handling Equipment
	8431.00	Maintenance Spares Overhauling Services
	8430.00	Mining Equipment

(Signatures to Accounting Policies & Schedules 1 to 19)

For and on behalf of the Board

Sd/-  
(V.Venkateswara Rao )  
Company Secretary & FM (I.A)

Sd/-  
(N.Chakravarthy)  
Chief (Finance & Accounts)

Sd/-  
(J.V.Dattatreylu)  
Chairman

Sd/-  
(I.V.N.Prasad)  
Managing Director

Date : 29.6.2011  
Place : Hyderabad

As per our report of even date  
For M/s.Chowdary & Rao  
Chartered Accountants

Date : 29.6.2011  
Place : Vijayawada

Sd/-  
(A.R.S.Krishna Rao)  
Partner (M.No.027450)



**Manwinding arrangement at Venkatesh Khani, Kothagudem**

**Workmen taking safety pledge at underground mine**



**Pioneering Technology - working of Highwall Mining at Ramagundam OC-II Project**

**Panoramic view of an Opencast Project**





**Registered Office**  
**Kothagudem Collieries (P.O) - 507 101**  
**Khammam District, Andhra Pradesh**

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