



# The Singareni Collieries Company Limited

(A Government Company)



**88<sup>th</sup> Annual Report & Accounts 2008-09**

# 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.

## Board of Directors (As on 29-12-2009)



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



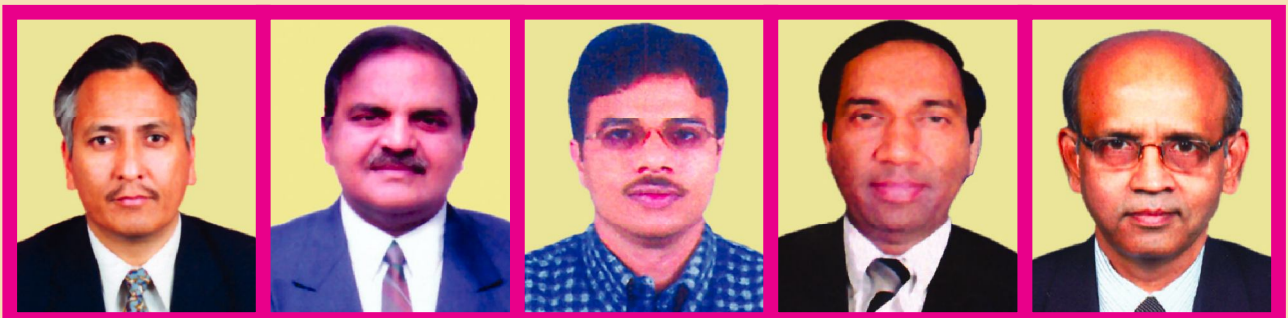
**Sri J. V. Dattatreyyulu**  
Director (Operations)

**Sri E. V. Krishna Reddy**  
Director (Finance)

**Sri D.L.R. Prasad**  
Director (Planning &  
Projects)

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

**Sri K. V. Ramana**  
Director (Personnel,  
Administration & Welfare)



**Sri K.S. Kropcha**  
Director

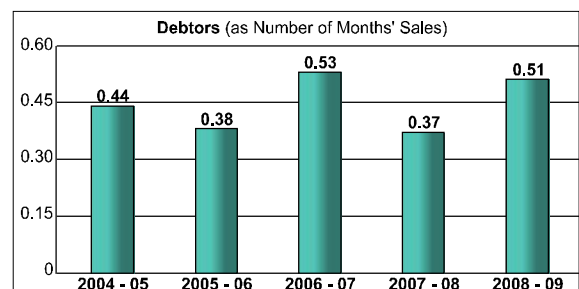
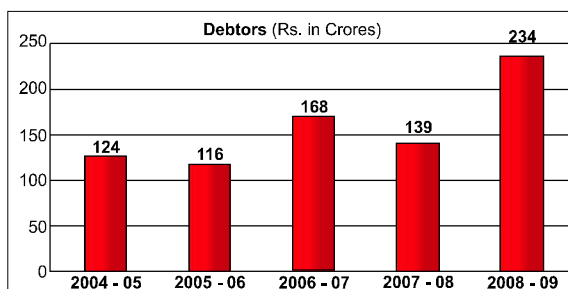
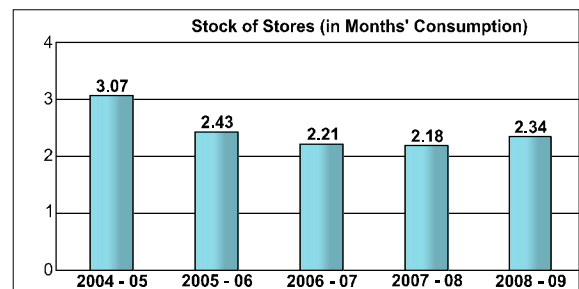
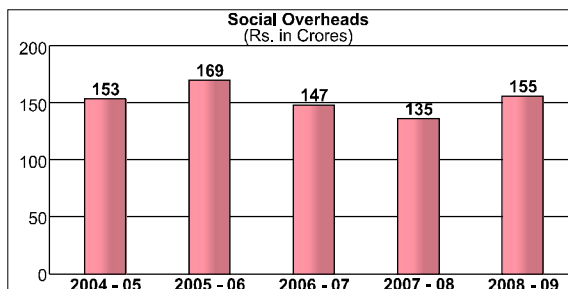
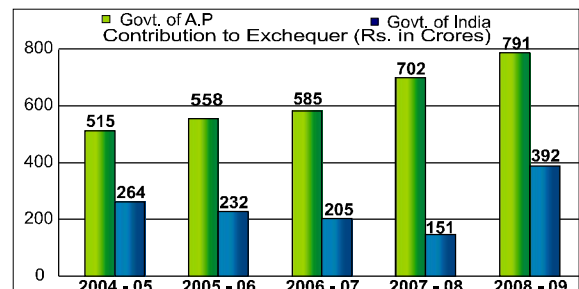
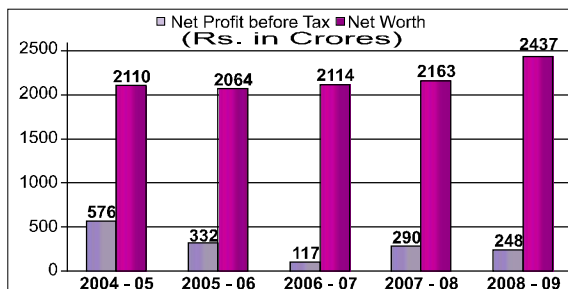
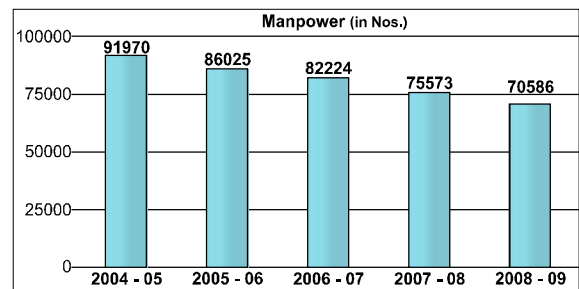
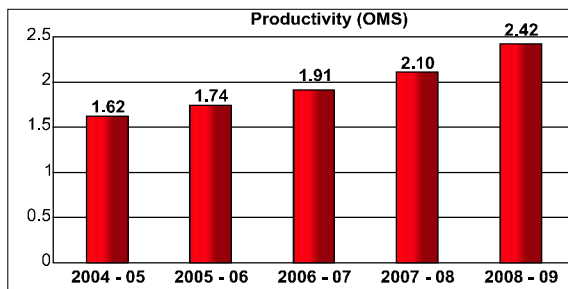
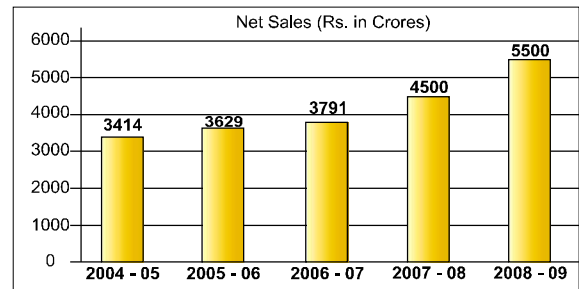
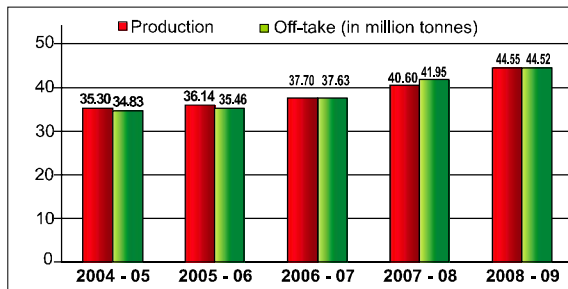
**Sri D.C.Garg**  
Director

**Sri K.C.Samria**  
Director

**Sri A.K.Goel**  
Director

**Sri G. Sudhir**  
Director

# Graphs indicating important statistics





# The Singareni Collieries Company Limited

( A Government Company )

## 88<sup>th</sup> ANNUAL REPORT & ACCOUNTS 2008-09

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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,  
Sardarpatel Road,  
Secunderabad - 500 003.

#### Location of mining Areas :

##### Khammam District

Yellandu  
Rudrampur  
Manuguru

##### Warangal District

Bhoopalpalli

##### Karimnagar District

Ramagundam (Godavarikhani)

##### Adilabad District

Srirampur  
Mandamarri  
Belampalli

## BOARD OF DIRECTORS

1. *Chairman & Managing Director*  
**Sri S.Narsing Rao** (From 18.9.2006)
2. *Director (Operations)*  
**Sri J.V.Dattatreyulu** (From 1.10.2006)
3. *Director (Finance)*  
**Sri E.V. Krishna Reddy** (From 10.6.2006)
4. *Director (Planning & Projects)*  
**Sri D.L.R.Prasad** (From 1.10.2006)
5. *Director (Personnel, Administration & Welfare)*  
**Sri K.V.Ramana** (From 10.8.2009)  
**Sri E.V.Krishna Reddy** (From 20.6.2009 A.N to 9.8.2009)  
**Sri L.Shashidhar** (From 5.7.2007 to 20.6.2009)
6. *Director (Electrical & Mechanical)*  
**Sri I.V.N. Prasada Rao** (From 19.3.2008)
7. **Sri K.S.Kropha** (From 26.4.2005)  
*Joint Secretary, Ministry of Coal, Govt. of India, New Delhi*
8. **Sri D.C.Garg** (From 21.9.2007)  
*Chairman-cum- Managing Director, Western Coalfields Ltd., Nagpur*
9. **Sri K.C.Samria** (From 25.9.2007)  
*Director, Ministry of Coal, Govt. of India, New Delhi*
10. **Sri A.K. Goel** (From 14.7.2009)  
*Special Chief Secretary, Energy Dept., Govt. of A.P.*  
**Sri A.K. Goyal** (From 11.10.2007 to 13.7.2009)  
*Special Chief Secretary, Energy Dept., Govt. of A.P.*
11. **Sri G.Sudhir** (From 28.7.2009)  
*Principal Secretary, Finance Dept., Govt. of A.P.*  
**Sri I.Y.R. Krishna Rao** (From 23.6.2006 to 27.7.2009)  
*Principal Secretary, Finance Dept., Govt. of A.P.*

**Sri J. Rama Krishna**

*G.M (Corporate Affairs) & Company Secretary*

**Sri M.V.V. Subba Rao**

*Chief General Manager (Finance & Accounts)*

## PERFORMANCE INDICATORS AT A GLANCE

Sl. No.	Indicators	Unit	2008-09	2007-08	2006-07	2005-06	2004-05
1.	Production						
	a) Open cast	(Lakh Tonnes)	<b>324.59</b>	279.58	258.31	234.27	223.29
	b) Underground	(Lakh Tonnes)	<b>120.87</b>	126.46	118.76	127.11	129.74
	c) Total	(Lakh Tonnes)	<b>445.46</b>	406.04	377.07	361.38	353.03
2.	Off-take	(Lakh Tonnes)	<b>445.21</b>	419.50	376.29	354.47	348.25
3.	Stock of Coal	(Lakh Tonnes)	<b>1.63</b>	1.48	12.18	14.13	7.34
4.	Output per Man Shift	(Tonnes)	<b>2.42</b>	2.10	1.91	1.74	1.62
5.	Manpower	(Nos.)	<b>70586</b>	75573	82224	86025	91970
6.	Net sales	(Rs. Lakhs)	<b>550040</b>	449968	379055	362910	341373
7.	Net profit before tax	(Rs. Lakhs)	<b>24832</b>	29012	11720	33249	57601
8.	Accumulated Profit/Loss	(Rs. Lakhs)	<b>14378 (Profit)</b>	15151 (Profit)	11589 (Profit)	17642 (Profit)	19060 (Profit)
9.	General Reserve	(Rs. Lakhs)	<b>56040</b>	46040	40000	30000	20000
10.	Equity Share Capital	(Rs. Lakhs)	<b>173320</b>	173320	173320	173320	173320
11.	Long-term Debt	(Rs. Lakhs)	<b>53067</b>	66334	66334	66334	66334
12.	Net worth	(Rs. Lakhs)	<b>243738</b>	216258	211400	206392	210973
13.	Capital employed	(Rs. Lakhs)	<b>302133</b>	302028	253942	217571	190311
14.	Contribution to Exchequer						
	- State Government	(Rs. Lakhs)	<b>79147</b>	70164	58486	55818	51543
	- Central Government	(Rs. Lakhs)	<b>39203</b>	15139	20524	23226	26370
15.	Earning per Share	(Rs.)	<b>0.77</b>	1.02	0.37	1.06	2.08
16.	Debt - Equity Ratio	(ratio)	<b>0.31:1</b>	0.38:1	0.38:1	0.38:1	0.38:1
17.	Capital turnover Ratio	(times)	<b>1.82</b>	1.49	1.49	1.67	1.79
18.	Cost of sales to sales	(percentage)	<b>95.49</b>	93.55	96.91	90.84	83.13
19.	Debtors as No. of months' sales	(months)	<b>0.51</b>	0.37	0.53	0.38	0.44

## 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 88th Annual General Meeting of the Company will be held on Tuesday, the 29 day of December, 2009 at 4:00 p.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 2008 - 09.
2. To declare dividend @ 2% on the equity share capital for the financial year 2008-09
- 3 (a) i) 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.  
ii) To appoint a Director in place of Sri K.C. Samria 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 A.K. Goel 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 G. Sudhir 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 M/s. M.Anandam & Co. Chartered Accounts, Secunderabad, Statutory Auditors who were appointed by the C&AG of India for the financial years 2008-09 & 2009-10.

“Resolved that pursuant to the provisions of Section 224 (8) (aa) and other applicable provisions if any, of the Companies Act, 1956, the sanction be and is hereby accorded for payment of remuneration and reimbursement of T.A. & out of pocket expenses as decided by the Board of Directors to M/s. M. Anandam & Co., Chartered Accountants, Secunderabad, statutory auditors in connection with the audit of accounts of the company for the financial years 2008-09 & 2009-10”.

### SPECIAL BUSINESS :

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

5. Resolved that the sanction be and is hereby accorded for payment of remuneration to Sri S. Narsing Rao as Chairman & Managing Director on the Board of the Company from 18.9.2008 to 17.9.2010 on the existing terms & conditions laid before the meeting duly initialled by the Chairman for the purpose of identification.
6. Resolved that the sanction be and is hereby accorded for payment of remuneration to Sri. J. V. Dattatreyyulu as Director (Operations) on the Board of the Company from 1.9.2008 to 31.8.2010 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 D.L.R. Prasad as Director (Planning & Projects) on the Board of the Company from 1.10.2008 to 30.9.2010 on the existing 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. K. V. Ramana as Director (Personnel, Administration & Welfare) on the Board of the Company for a period of 2 years from 10.8.2009 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 : 3.12.2009  
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 are enclosed.
3. The Register of members and Share transfer books of the Company will remain closed from 15.12.09 to 29.12.09 (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:

Govt. of A.P. vide G. O.Rt No. 5195 dt. 9.9.2008 and G.O.Rt. No. 4532 dt. 15.9.2009 of General Administration (Special A.) department, extended the term of Sri S. Narsing Rao as Chairman & Managing Director of the Company from 18.9.2008 to 17.9.2009 and 18.9.2009 to 17.9.2010 respectively.

Copies of relevant 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 Narsing Rao from 18.9.2008 to 17.9.2010.

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

### Resolution No. 6:

The Board in the meeting held on 9.9.2008 approved the extension of term of Sri J. V. Dattatreyyulu as Director (Operations) from 1.9.2008 to 31.8.2010 on the existing terms & conditions.

Copies of relevant office 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 Dattatreyyulu from 1.9.2008 to 31.8.2010.

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

### Resolution No. 7:

The Board in the meeting held on 9.9.2008 approved the extension of term of Sri D. L. R. Prasad as Director (Planning & projects) from 1.10.2008 to 30.9.2010 on the existing terms & conditions.

Copies of relevant office 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 Prasad from 1.10.2008 to 30.9.2010.

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

### Resolution No. 8:

Sri K. V. Ramana was appointed as Director (Personnel, Administration & Welfare) for a period of 2 years from 10.8.2009.

Copies of relevant 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 Ramana for a period of 2 years from 10.8.2009.

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

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 88<sup>th</sup> Annual Report and audited financial accounts of the Company for the year ended 31<sup>st</sup> March 2009.

### HIGHLIGHTS OF PERFORMANCE:

During 2008-09 the Company has;

- ❖ achieved highest ever production & productivity;
- ❖ achieved highest ever dispatches & sales;
- ❖ found 229 m.ts. of proved coal reserves through exploration activities;
- ❖ achieved lowest specific energy consumption in terms of KWh per tonne of coal since 1973-74;
- ❖ commissioned Continuous miner equipment in GDK-11A incline at Ramagundam-I area;
- ❖ implemented ERP package successfully and set up a record of first coal Company in the country to implement the said package.

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

Performance parameters	2008-09	2007-08	% variance over 2007-08
Production (in million tonnes)	<b>44.55</b>	40.60	9.73
Despatches (in million tonnes)	<b>44.52</b>	41.95	6.17
Gross sales (Rs. in crores)	<b>6396.09</b>	5233.53	22.21
Productivity (Output per manshift in tonnes)	<b>2.42</b>	2.10	15.24
Capacity utilisation (Coal) (Percentage)	<b>96</b>	114	- 15.79

### OPERATIONAL RESULTS:

The financial performance of the Company for the year 2008-09 as compared to the previous year is as under;

(Rs. in crores)

Particulars	2008-09	2007-08
Gross revenue	<b>6867.08</b>	5618.01
Profit before interest, depreciation, provisions & tax	<b>549.58</b>	592.17
Less: Interest	<b>21.19</b>	8.77
Depreciation	<b>249.20</b>	243.21
Provisions (net)	<b>25.43</b>	48.42
Prior period adjustments (net)	<b>1.61</b>	0.23
Provision for taxation (net of deferred Tax incl. previous years)	<b>117.08</b>	113.72
Net profit after tax	<b>132.83</b>	176.17
Appropriations :		
Dividend	<b>34.66</b>	34.66
Tax on Dividend	<b>5.89</b>	5.89
Transfer to General Reserve	<b>100.00</b>	100.00

## Share capital

During the year under review there is no change in authorised and paid-up capital of the Company and stood at Rs.1800 crores and Rs.1733.20 crores respectively as in the previous year.

## Coal pricing

Prices of different types of 'A' grade were fixed for the first time w.e.f., 7.3.09 as 'A' grade coal is being produced at GDK-1 incline of Ramagundam.

## Capital Expenditure

During the year under review capital additions are Rs.592.70 crores as against Rs.531.94 crores incurred in the previous year.

## Foreign exchange earnings and outgo

During 2008-09 the foreign exchange outgo was Rs.104.53 crores as against Rs.72.78 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

During the year under review the Company has achieved significant growth of 9.73% in coal production over the previous year by producing 44.55 million tonnes. While open cast projects have contributed 32.46 million tonnes with a growth rate of 16% over previous year, underground mines have contributed 12.09 million tonnes with a marginal decline by 4% over the previous year. The delay in procurement of SDLs and LHDs, gas problem in Blasting Gallery mines and unfavourable geological conditions in Continuous Miner district etc., have affected UG production. Hence steps have been taken for expediting the procurement of SDLs & LHDs and get over the problems in Blasting Gallery & Continuous Miner districts. 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)

Sl. No.	Technology	2008-09		2007-08 Actual	% variance over 2007-08
		Target	Actual		
1.	Underground				
	a) Hand section	4.00	4.05	4.83	-16.15
	b) Machine mining:				
	i. Road header	0.27	0.12	0.12	-
	ii. Longwall	1.00	0.77	1.13	-31.86
	iii. Side Dump Loaders	4.31	4.08	3.79	7.65
	iv. Load Haul Dumpers	2.08	1.87	1.44	29.86
	v. Blasting Gallery	1.32	1.09	1.30	-16.15
	vi. Continuous miner	0.30	0.03	-	-
	vii. Diesel LHD	0.12	-	-	-
	viii. Scrapper	-	0.09	0.04	132.00
	Total machine mining	9.40	8.04	7.82	2.81
	Total underground	13.40	12.09	12.65	-4.42
2.	Opencast	28.10	32.46	27.96	16.09
	Total	41.50	44.55	40.60	9.73

## Overburden removal

During the year under review overburden removal of 184.64 million cubic metres was achieved in opencast projects as against 140.71 million cubic metres achieved in the previous year representing an increase of 31%. The Company is outsourcing some portion of OB removal activity as per the laid down policy. The delay in procurement of HEMM has affected OB removal and measures have been taken for expediting their procurement. The Company was able to achieve around 15% more OB removal over the previous year with the same equipment. The details of overburden removal by Company equipment and through outsourcing are as under;

(in million Cu. Mtrs.)

Particulars	2008-09		2007-08	increase over 2007-08	
	Target	Actual	Actual	Absolute	Percentage
Company equipment	65.37	49.01	42.89	6.12	14.26
Outsourcing	129.61	135.63	97.82	37.80	38.65
Total	194.98	184.64	140.71	43.92	31.22

## Capacity utilisation

The capacity utilisation during 2008-09 was 96% as against 114% achieved in the previous year. The reduction in capacity utilisation over the previous year was due to delay in forest land diversion for Manuguru OC project, delay in procurement of HEMM etc. However measures are being taken to expedite the same and enhance the capacity utilisation.

## Productivity

There has been improvement in productivity in terms of output per manshift in underground mines & opencast projects and for the entire Company as mentioned below;

(in tonnes)

Particulars	2008-09		2007-08	Variance over 2007-08	
	Target	Actual	Actual	Absolute	Percentage
Underground Mines					
- Hand section	0.71	0.68	0.67	0.01	1.49
- Machine mining	1.62	1.43	1.49	-0.06	-4.03
Total UG mines	1.19	1.05	1.02	0.03	2.94
Opencast projects	10.93	10.60	10.76	-0.16	-1.49
Overall					
- Mines	3.02	3.01	2.63	0.38	14.45
- Mines & Departments	2.35	2.42	2.10	0.32	15.24

## 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			
	2008-09	2007-08	% Availability		Scheduled shift hours		Machine available hours	
			2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Draglines	2	2	76	94	53	36	70	39
Shovels	53	57	82	77	52	48	63	63
Dumpers	370	346	73	73	36	35	49	48
Dozers	78	85	72	68	31	31	43	45
Drills	42	47	79	79	24	21	31	26

## MARKETING:

### Target and off-take of coal

During the year 2008-09 off-take of coal was 44.52 million tonnes against the target of 41.53 million tonnes. Pursuant to the stipulation of New Coal Distribution Policy announced by the Ministry of Coal, GoI in 2008 which requires customers drawing more than 4,200 tonnes per annum to enter into FSA, number of customers entered into FSAs with SCCL has gone up from 140 in the previous year to 182. Apart from that, 2 power utilities, 46 cement units, 43 sponge iron units and 19 CPP customers have FSAs with SCCL. 92% of dispatches have been covered by FSAs and Joint sampling protocols against 89% covered in the previous year. The number of customers registered with SCCL have gone up from 6,375 in 2007-08 to 6,469 in 2008-09. The details of sector-wise AAP target & off-take and colliery consumption during 2008-09 as compared to the previous year are as under.

(in million tonnes)

Sector	2008-09			2007-08		
	Target	Off-take	% Achieved	Target	Off-take	% Achieved
Power	30.43	32.04	105	29.70	31.93	108
Cement	4.60	5.36	117	5.00	5.58	112
Heavy Water Plant	0.50	0.54	108	0.50	0.49	98
Other Industries	5.89	6.45	110	2.72	3.79	139
Colliery Consumption	0.12	0.13	108	0.12	0.16	133
Total	41.54	44.52	107	38.04	41.95	110

### Mode of despatches

Despatches through different modes (excluding colliery consumption) during 2008-09 as against previous year are as indicated below;

(in million tonnes)

Year	Rail(incl. RCR)	Road	Merry-go-round	Rope-way	Total
2008-09	25.36	8.38	10.11	0.54	44.39
2007-08	25.63	7.04	8.63	0.49	41.79
Absolute increase	-0.27	1.34	1.48	0.05	2.60



### Wagon loading performance

During the year 2008-09 daily average loading of 2,679/1,071 Four Wheeler Wagons/ Box wagons was done as against 2,719/1,088 FWW/Box wagons in 2007-08.

### Measures for improving quality & customer satisfaction

Auto sampling system has been commissioned in Coal Handling Plants at Manuguru and Ramagundam. Spot sampling system at CHPs and daily monitoring of coal despatches has been established. Stone/ shale picking operations at mines & CHPs have been enhanced. Pre-weigh bin loading systems were installed at Manuguru and Khairagura dispatch points. Standard quality control procedures & practices are being followed in Quality Management department & laboratories and the same have got ISO certification.

Setting up of Washery at Manuguru on BOO basis is at advanced stage of completion. It has been decided to outsource washing operations at Ramagundam. E-auction of coal is being continued which was introduced to facilitate the customers to purchase coal online through simple, transparent and customer friendly manner who are unable to get coal linkage from Ministry of Coal. Complaints received from customers on sampling, quality and weighment have slightly increased from 20 in the previous year to 26 during the year under report and necessary measures were taken to address the complaints which lead to prompt elimination of grievances of customers.

### EXPLORATION ACTIVITIES:

2 Geological reports of virgin blocks viz., Bellampalli Shaft Block-III and Gollapalli and 8 Geological reports for reconstruction projects and mining plans have been prepared during the year under review. For the first time 8 vibrating wire piezometers were installed in two boreholes in GDK-10 incline, Ramagundam to study the impact of mining on ground water. 229 million tonnes of reserves were proved during the year under review against 198 million tonnes proved in the previous year. Thus, the total proved reserves in Godavari Valley Coalfield have gone up from 9,155 million tonnes at the end of previous year to 9,384 million tonnes as on 31.3.2009. The coal extracted by the Company in the Godavari Valley Coalfield up to the year 2008-09 was about 881 million tonnes.

### INDUSTRIAL RELATIONS SCENARIO:

During the year under review, the industrial relations are satisfactory except 2 strikes by workmen the impact of which on production is very marginal as under;

Particulars	Unit	2008-09	2007-08
Strikes	No.	2	Nil
Mandays lost	No.	23065	Nil
Production lost	Tonne	19072	Nil

## WELFARE OF EMPLOYEES 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. SCCL has set record by introducing 30 manriding systems in UG mines which provide comfort to the workmen. 3 more manriding systems are under installation with which total man riding systems would be 33 out of 37 UG mines. Manriding systems in the remaining 4 UG mines are not necessary as the walking distance is less. After construction of Millennium type quarters, the overall housing satisfaction as on 31.3.09 was 72% as against 68% at the end of previous year. In Bhoopalpalli where the housing satisfaction is low and in Sattupalli which is a new mining area, the Company is proposing to allot developed house plots to the employees with infrastructure facilities for construction of own houses.

The Singareni Collieries Educational Society sponsored by the Company has been running 11 Schools, a women's degree & junior college wherein around 10,000 pupil in schools and 1600 pupil in colleges are pursuing education. In addition a Polytechnic College has been established at Srirampur from the academic year 2008-09 with Computers, Civil, Electrical & Mechanical branches with a total intake of 200 students out of which 100 seats have been reserved for the wards of employees. Students are encouraged to participate in games, tournaments, NSS, NCC, cultural activities and community service programmes. Employees' children who are meritorious are being encouraged and scholarships are extended for pursuing higher education in good / reputed colleges and preparing for Civil Services recruitment examinations of UPSC. During the year under report 26 students have been extended scholarships for pursuing engineering, medical and management courses.

The Medical & Health department of the Company has organised several health education programmes throughout the year on various issues viz., No tobacco, Summer health protection, Health of mother & children, Nutrition, Population control, Blood Donation, HIV/AIDS, diabetes etc. The issues for the campaigning have been selected based on prevalence of diseases in the vicinity of mining areas. Medical camps were conducted for prevention of chronic kidney diseases in association with Nizam's Institute of Medical Sciences, Hyderabad. The blood banks existing in the Company hospitals at Manuguru, Yellandu & Bellampalli areas are being developed as satellite blood storage centres. Medical facilities available in the Company hospitals have been extended to around 12,000 workmen engaged by contractors for executing various jobs/works of the Company.

Employees are also encouraged to participate in sports & games and required infrastructure has been provided. Several events were conducted for sports & games which inter-alia include Coal India Inter Company Lawn Tennis Tournament.

### Corporate Social Responsibility

SCCL's philosophy with respect to CSR is that the Company shall have adequate concern for environment, ecology, nature, bio-diversity and people of coal belt areas in particular and of the country at large. The Company has been taking several measures for providing social infrastructure facilities in surrounding villages of mining areas under the programme named 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. This programme has earned laurels as they transformed the villages by improving condition of roads, schooling facilities, drainage system, providing potable water, medical facilities which also helped in prevention of diseases and health problems to name a few. 2 mega health and medical camps and 48 mobile medical camps conducted by the Company have benefitted 11,265 persons living in remote places by way of medical consultation and investigation and medicines have been supplied free of cost.

### 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 socio-economic development of coal belt region. During the year under review the Samithi extended training to 618 candidates

in various vocational courses in association with Khadi Gramina Mahila Vidyalaya. Services of 6 specialised institutes were availed for imparting training to 739 candidates in specialized courses like dress making on fast moving machines (Jukee machines), carry bag making, driving, coaching for selection test conducted by District Selection Committees for recruitment of teachers etc. 130 candidates were trained in spoken English, painting etc., and 54 candidates have undergone training in hospitality management, computers, DTP etc., in association with Dr. Reddy Laboratories Ltd. 48 candidates have established self employment units during the year under review. Out of 573 candidates trained for Army / Police recruitment rallies, 184 candidates including 12 Sub-Inspectors were selected.

50 candidates were trained in Bed-side Nursing course at Company's Main Hospital and all have secured employment. With the guidance extended by the Samithi 200 candidates were selected by the District Taskforce Committees of coalbelt area for assistance under Prime Minister's Employment Generation Programme. Employment placement cells were organized throughout the areas to assist the unemployed youth in securing employment. 5,333 illiterate spouses of employees were imparted literacy training during the year and the total beneficiaries under this programme so far has gone up to 28,000. In the Yoga & Meditation camps conducted throughout areas 300 persons have participated. Training was also imparted for the Project Affected Persons in various vocational courses in addition to the measures taken under R&R scheme.

An expenditure of Rs.155 crores was incurred on various social overheads during the year 2008-09 as against Rs.135 crores incurred in the previous year.

#### INFORMATION TECHNOLOGY & NETWORKING:

SCCL is the first public sector coal Company in India to implement Enterprise Resource Planning (ERP) package for close monitoring and effective decision making. The package has been implemented in Finance & Controlling, Human Resource, Materials management and Marketing & Sales modules and it is in stabilization phase. Networking through intranet is established between various departments/ mines through installation of 200 wireless sets and 60 KMs of OFC so far. V-SATS were provided at 20 locations for connecting isolated sites and also for using as standby connectivity during failure of leased lines for critical locations like weigh bridges. Video conferencing facility has been established at corporate office. Area offices were provided with 2 MBPS leased lines connecting to high profile data centre at Hyderabad office.

#### SAFETY STATUS:

During the year under review measures taken towards improving safety include reducing load on drill machine and increasing support, introduction of suggestion boxes facilitating workmen to drop their suggestions for review and taking prompt action wherever needed, ban of cell phones in working places, conducting safety audit etc. Continuous monitoring of health of injured workmen in mine accidents helped in reducing the man days lost on account of mine accidents.

In spite of the best efforts of the management the number of fatal accidents and fatalities have increased over previous year as mentioned below;

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
2008-09	16	19	391	394	0.43	8.87
2007-08	11	11	535	538	0.27	13.25

Though the monetary compensation cannot substitute loss of human life/ permanent disability in mine accident, in order to provide succor to the family a special ex-gratia of Rs.5 lakhs is being paid in addition to the amount payable under Workmen's Compensation Act.

## Mines rescue services

Rescue teams were able to seal major fire blown out in RK new Tech mine at Srirampur on 13.7.08 and mine could be reopened in a short period of 80 days. Procurement action for 300 Nos., of model Scoop stretchers to improve the transport of injured persons, bulk inertisation equipment, 9 mobile nitrogen generators and tanker for prevention and dealing of mine fires, mobile gas chromatograph for accelerated analysis and interpretation of air/gas samples at the mine site is under progress for further strengthening Mines Rescue services. During the year under report, 36 persons were imparted initial training in rescue and recovery works, booster training was imparted to 9 persons and 587 active rescue trained persons working at different mines of the Company were imparted 4,986 refresher manshift practices.

Two mines rescue teams have participated in All India Mines Rescue competitions held in February, 2009 conducted by WCL at Nagpur and bagged 2<sup>nd</sup> and 3<sup>rd</sup> overall best performance prizes respectively and also won 4 other prizes.

## HUMAN RESOURCE DEVELOPMENT:

Your Company has an exclusive HRD department which aims at improving the competencies of all Singarenians to make them excellent performers, responsible citizens, best team and ideal family members to enable them to face the job challenges and lead a healthy peaceful personal life. In order to achieve these objectives, the activities identified are knowledge up-dation, skills & personality development, maintenance of physical fitness, good health & balanced nutrition, developing team building approach and up-dation of knowledge in IT applications. The activities taken up by the department include in-house and external management development programmes, maintaining libraries with relevant books & journals, organizing study tours, yoga & meditation camps, sports, games and cultural events, publishing in-house journals and bulletins & implementation of effective system of performance management. 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, Manuguru(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	2008-09		2007-08	
		Executives	Non-Executives	Executives	Non-Executives
1.	In-house	1,776	1,532	1,117	792
2.	Within the country	598	586	584	658
3.	Outside the country	54	12	30	Nil

Apart from the above, the applicable statutes, regulations etc., are being published in vernacular language for enabling the workmen to understand the same. A workshop was conducted on international classification of ILO of X-Ray films of Pneumoconiosis. The expenditure incurred on HRD was Rs.12.98 crores in 2008-09 against Rs.11.19 crores spent in the previous year.

The manpower of the Company was brought down from 75,573 as at the end of previous year to 70,586 by the end of the year under report. The Golden Handshake (VRS) scheme implemented during the year 2008-09 was availed by 3,884 employees.

## MEASURES FOR CONSERVATION OF ENERGY:

Energy conservation / Audit cells are functioning in each area for implementing energy conservation measures. Renewable energy resources are being exploited by installing solar water heaters. Employees are encouraged to use energy efficient electrical appliances mainly CFLs in place of incandescent lamps. High wattage S.V. lamps were replaced with FTLs at main roads. Energy audit is in progress. A Committee has been constituted to study and fix norms of energy consumption for each mine.

During the year under review the specific energy consumption in KWH/tonne of coal production has come down by 5.56% over the previous year as mentioned below;

Description	2008-09		2007-08		% variance over
	Target	Actual	Target	Actual	2007-08
Specific energy consumption in KWH/tonne	14.50	13.93	16.25	14.75	-5.56

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

Continuous miner equipment has been received from Joy Mining Machinery Limited, UK for revival & replacement of the earlier equipment which was entrapped at VK-7 incline, Kothagudem and the production operations will resume in 2009-10. Continuous miner technology with Ram cars operated with diesel has been introduced at GDK-11A incline. SDLs have been introduced on trial basis in steep UG mines of Bhoopalpalli area.

## CAPITAL PROJECTS AND SCHEMES:

### Projects/schemes under implementation

As at the end of March 2009, there are 27 mining projects, (16 opencast and 11 underground) under various stages of implementation with a sanctioned capital cost of Rs.2679.03 crores. The implementation of 18 projects is as per schedule and 2 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. Setting up of 20 MW captive power plant in place of 13.7 MW power house existing at Kothagudem is in progress. The Management is taking all possible steps to reduce slippages in implementing the projects.

### Enhancement of financial powers of Board

MoC, Govt. of India vide letter dt.17.7.09 conveyed its approval for enhancing the financial powers of SCCL Board to approve new projects and to incur capital expenditure from Rs.100 crores to Rs.500 crores and allowed appraisal & approval of power projects of SCCL by Govt. of Andhra Pradesh.

### Projects approved / cleared by the Company

The Board of Directors of the Company have approved / cleared the following projects during the year 2008-09.

Sl.No.	Name of the Project	Capacity per annum	Capital (Rs.crores)	Approved / cleared on
	<b>Mining:</b>			
1.	Kondapuram UG mine	0.51 MT	19.29	19.12.08
2.	Vakilpalli Block	0.49 MT	31.49	19.12.08
	<b>Power:</b>			
3.	DPR of 2x250 MW + 20% Merchant thermal Power Plant for approval of GoAP	500 MW + 20%	2700.00	6.3.09



### Project approved by Govt. of India

The following project which was cleared by Board on 12.10.07 has been approved by Govt. of India vide letter dt.15.12.08.

SI.No.	Name of the Project	Capacity(m.t.p.a)	Capital(Rs.crores)
1.	Kakatiya longwall project	2.747	453.63

### Projects pending for approval of Govt. of India

The following projects are pending with the Govt. of India for approval as on 31.3.09.

SI.No.	Name of the Project	Capacity (m.t.p.a)	Capital (Rs.crores)	Cleared by Board on
1.	RCE of Adriyala Shaft project	2.810	785.50	28.3.2008
2.	RCE of Jallaram Shaft project	2.574	362.41	28.3.2008

### Projects completed during 2008-09

The following projects have been completed and completion reports were approved by the Board during 2008-09.

SI.No.	Name of the Project	Capacity (m.t.p.a)	Completion cost (Rs.crores)	Approved on
1.	Bellampalli OC-II Extension project	0.4 MT	38.99	19.12.2008
2.	Srirampur Opencast Project-I	0.6 MT	48.17	19.12.2008
3.	JVR OC-I Expansion Project	2.0 MT	36.87	6.3.2009
4.	RG OC-I Expansion Project	1.5 MT	79.41	6.3.2009

### Projects foreclosed / deferred during 2008-09

FR of Kasipet OCP which was approved by the Board on 30.11.01 with a capital cost of Rs.47.29 crores and a targetted annual coal production of 0.60 MT has been deferred for implementation due to unreasonable demands made by the land owners. Further implementation of KTK-9 & 9 A inclines which was approved by the Board on 11.7.03 with a capital cost of Rs.40.71 crores and a targetted annual coal production of 0.47 MT has been foreclosed to explore the possibility of implementing technology like longwall method of working with a view to reduce the cost of production.

### PROTECTION OF ENVIRONMENT, ECOLOGY & BIO DIVERSITY:

SCCL has been playing pro active role in protecting environment, ecology and bio-diversity. The principle that the coal mining activity should have least impact on the environment, human beings, flora and fauna guides at every stage of planning and execution of projects. SCCL takes all measures necessary for restoration to the extent possible of the unavoidable disturbance that has taken place in mining activity. As a part of the same reclamation activities are carried out concomitantly with mining operations. In order to conserve fast depleting forests, the Company endeavours to plan the projects as far as possible in non-forest areas / with least requirement of forest land. SCCL has been forerunner in implementing biological engineering techniques for transforming waste and degraded land into a sustainable ecological landform for prevention of soil erosion, siltation of water bodies and protecting aesthetic beauty of the nature. So far 16 Effluent Treatment Plants are in operation for removal of oil and grease in workshops. 5 Sewage Treatment Plants are functioning at different areas and construction of 1 STP at Kothagudem area is almost completed. The recycled waste water from domestic sewage from housing colonies is being used for raising plants, parks & gardens and also let out for agricultural operations. In all construction works fly ash

bricks are used to preserve the clay. Extensive campaigns are organized in all housing colonies to bring awareness among employees and their family members and sensitize them about the ill impacts of pollution, global warming & rising temperatures, depletion of ozone layer and emphasizing the need to take environment protection measures.

### Afforestation

During the year 2008-09 SCCL has developed block and avenue plantations covering an area of 128.45 Ha. and plantation on overburden dumps covering an area of 100.43 Ha. In addition 1,12,868 numbers of saplings of horticulture and afforestation species were distributed for planting in residential colonies, homestead and institutional premises. In all 4,62,043 numbers of seedlings were planted as against 9,87,696 in the previous year. Vanamahothsavams are organized for taking up mass plantation activities in association with NGOs.

### RESEARCH & DEVELOPMENT:

During the year under review, R&D activities were taken up in UG mines viz., strata control studies in Longwall / BG panels, semi-mechanised wide stall method of working, simultaneous extraction of seams, estimation of Longwall support capacity, water dams design, determination of in-situ strength of coal, degree of gassiness and reclassification and in opencast projects viz., studies of Highwall and dump slope stability, determination of optimum slope of benches, impact of deep hole blast vibrations and controlled blasting were continued. Ventilation pressure surveys and network analysis required for deep shaft block projects and other needy mines were carried out. The activities benefited in expediting the new projects, improving safety, mine ventilation, production & productivity and health of workmen.

### S & T projects

3 S&T projects were completed during the year under review and 5 projects are in progress at the end of the year.

### Future plan of action

Formation of new S&T projects in coordination with CIMFR, NIRM and other National Institutes apart from carrying out ventilation & strata monitoring studies.

During 2008-09 expenditure incurred on R & D was Rs.0.53 crores (previous year Rs.1.27 crores) which amounted to 0.12% of the total turnover.

### INTERNAL AUDIT:

Your Company has an Internal Audit department which carries out various audits as per the manual and annual audit programme. The Internal Audit ensures internal checks and systems. The activities of Internal Audit department and its findings are being reviewed by the Audit Committee. The Internal Audit has advised recoveries to the tune of Rs.2.06 crores after conducting audit of different bills during the year under report against the recovery of Rs.1.95 crores advised in the previous year.

The status of compliance of Audit memos as on 31.3.09 when compared to the end of previous year is as under:

Period up to	Issued		Complied		Pending		% compliance of No. of memos	Recovery percentage
	No. of memos	Value (Rs. lakhs)	No. of memos	Value (Rs. lakhs)	No. of memos	Value (Rs. lakhs)		
31.3.09	1755	258.82	1486	206.22	269	52.60	84.67	79.67
31.3.08	1481	210.64	1332	185.57	149	25.07	89.93	88.09

## **VIGILANCE:**

The Vigilance carries out various activities which aim at elimination of dishonesty & unethical behaviour among employees, detection & prevention of irregularities, frauds and establishing sound & perfect systems. While 21 cases were pending at the beginning of the year under review, 124 cases were received during the year 2008-09. The Vigilance dept., has submitted reports in 130 cases and 15 cases were pending as on 31.3.09. Based on the reports submitted by the Vigilance department action was taken on 29 employees.

## **SUBSIDIARY:**

As on 31st March 2009, SCCL continues to hold Rs.1408.27 lakhs of equity amounting to 81.54% in A.P Heavy Machinery & Engineering Ltd., as at the end of previous year. During the year 2008-09 the Company has wiped out its peak accumulated loss of Rs.3241.59 lakhs up to 31.3.02 and entered profit regime with a modest balance of Rs.70.70 lakhs. A copy of audited accounts of the Company for the year 2008-09 are attached in compliance with the provisions of Section 212 of the Companies Act, 1956.

## **JOINT VENTURE COMPANY:**

NTPC-SCCL Global Ventures Private Limited a JV Company floated along with NTPC is exploring business opportunities in coal mining and setting up of integrated power plants.

## **PARTICULARS OF EMPLOYEES IN RECEIPT OF RS.2 LAKHS PER MONTH OR RS.24 LAKHS PER ANNUM:**

During the year 2008-09 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 2008-09, the Comptroller & Auditor General of India has 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 3 non-executive Directors viz., Sri G. Sudhir, Principal Secretary, Finance Dept., Govt. of A.P, Sri K.C. Samria, Director, Ministry of Coal, Govt. of India and Sri D.C. Garg, Chairman-cum-Managing Director, Western Coalfields Ltd. The Board has concurred with the recommendations of the Committee given in its 2 meetings held during the year under report.

## **DIRECTORS:**

The Government of A.P has extended the term of appointment of Sri S.Narsing Rao as C&MD of the Company from 18.9.2008 to 17.9.2010.

The tenure of Sri J.V.Dattatreya as Director (Operations) was extended from 1.9.08 to 31.8.2010.

The tenure of Sri D.L.R.Prasad as Director (Planning & Projects) was extended from 1.10.08 to 30.9.2010.

Sri L.Sashidhar, ceased to be Director (PA&W) w.e.f., 21.6.09 on withdrawal of his services by the Govt. of A.P. Sri K.V.Ramana has been appointed as Director (PA&W) for a period of 2 years w.e.f., 10.8.09.

Sri A. K. Goel, Spl. Chief Secretary, Energy dept., has been appointed as Director vice Sri A. K. Goyal w.e.f., 14.7.09 and Sri G.Sudhir, Prl. Secretary, Finance dept., has been appointed as Director vice Sri I.Y.R.Krishna Rao w.e.f., 28.7.09.

Sri A.K.Goel and Sri G. Sudhir 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 A.K.Goyal, Sri I.Y.R.Krishna Rao and Sri L.Sashidhar during their tenure as Directors of the Company.

During the year under report 9 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-

- i) in the preparation of the annual accounts the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- ii) such accounting policies have been selected and applied them consistently and made judgments 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 2008-09 and of the profit of the Company for that period;
- iii) 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;
- iv) annual accounts have been prepared on a going concern basis.

#### **Business expansion**

PricewaterhouseCoopers has been appointed as consultant for preparing a comprehensive business plan for future growth of the Company with in depth analysis of current portfolio of activities, strategic assessment for new business with action plan formulation. The business plan is under preparation. Notice inviting EoI for selection of business partner for development of Underground Coal Gasification project has been issued.

#### **IMPLEMENTATION OF RIGHT TO INFORMATION ACT, 2005:**

Your Company believes in the principle that transparency & openness in administration brings good governance and enhances accountability. As a part of the same, the Company has been implementing RTI Act with the intended spirit by suo-moto publishing various information on policies & procedures in SCCL's website so that the need for invoking the provisions of Act for seeking information by the public is least. The details of number of applications received and disposed during the year under review vis-à-vis previous year are furnished hereunder;

#### **Total number of applications during the year under RTI Act, 2005**

<b>2008-09</b>		<b>2007-08</b>	
<b>Received</b>	<b>Disposed</b>	<b>Received</b>	<b>Disposed</b>
<b>119</b>	<b>105</b>	<b>74</b>	<b>73</b>

## ACKNOWLEDGEMENTS:

Your Directors convey their deep sense of gratitude for the firm 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, Environment & Forests.

Your Directors express their sincere thanks for the confidence and support received from the valued customers, bankers & financial institutions and all stake holders of the Company and state that their confidence further enhances the responsibility of the management to strive up to their expectations and assure the same. Your Directors acknowledge with appreciation 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 place on record their deep sense of admiration for the committed services of employees but for which the success achieved by the Company would have never been possible.

For and on behalf of the Board of Directors

Sd/-

( S. Narsing Rao )

Chairman & Managing Director

Date : 27.10.2009

Place : Hyderabad.



**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, Kothagudem for the year ended 31 March 2009**

**Replies of the Management forming part of the Director's Report to the Shareholders.**

The preparation of financial statements of **The Singareni Collieries Company Limited, Kothagudem for the year ended 31 March 2009** 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 8.9.2009

I, on 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, Kothagudem for the year ended 31 March 2009**. 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. Based on my supplementary audit. I would like to highlight the following significant matters under Section 619(4) of the Companies Act, 1956, which have come to my attention and which in my view, are necessary for enabling a better understanding of the financial statements and the related Audit Report

**1. Comments on Profitability - Balance Sheet Application of Funds**  
**Current Assets, Loans & Advances ( Schedule-G)**  
**a) Current Assets**  
**(ii) Sundry Debtors - Rs. 268.74 crore**

This includes dues amounting to Rs. 3.76 crore receivable from A.P. Power Generation Corporation Limited (APGENCO) for the period 1996-97 to 2000-01. Non provision for Bad and Doubtful debts has resulted in understatement of provision for Bad and Doubtful Debts by Rs. 3.76 crore and overstatement of Sundry Debtors considered good by a similar amount. Consequently, Profit for the year is also overstated.

It has been assured by A.P. Power Generation Corporation Limited that the bills will be paid after due verification and confirmation with their records. Since A.P. Power Generation Corporation Limited is a Government Corporation and prime customer, provision is felt not necessary at this juncture.

However, depending on the out come, the issue will be reviewed in 2009-10

**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, Kothagudem for the year ended 31 March 2009**

**2. Profit and Loss Account**

**Expenditure**

**Other expenses (Schedule-13)**

**Expenditure on internal shunting of wagons**

**Rs. 30.05 lakh**

This does not include Rs. 2.66 crore, being the shunting charges payable to Indian Railways for the period from September, 2008 to March, 2009, demands for which were received in March and April, 2009. Non-provision for the liability has resulted in understatement of Expenditure on internal shunting of wagons under Other Expenses by Rs. 2.66 crore and Other liabilities under current liabilities and provisions (Schedule-D) by a similar amount. Profit for the year is also thus overstated.

For and on behalf of the  
Comptroller & Auditor General of India  
Sd/-  
(Sadu Israel)  
Accountant General (C&RA)

Date : 25.11.2009  
Place : Hyderabad

**Replies of the Management forming part of the Director's Report to the Shareholders**

Railways have started billing towards shunting charges from September, 2008 and a decision on the admissibility of such charges was taken on 8.9.2009. A special price towards shunting charges is also being levied on coal customers' w.e.f. 21.9.2009. Necessary adjustment will be carried out in 2009-10.

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

Date : 28.11.2009  
Place : Hyderabad

## AUDITORS' REPORT

## Management reply on the audit observations (Under Section 217(3) of the Companies Act, 1956)

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 31<sup>st</sup> March, 2009, 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 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. 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; —
  - 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 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. —

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

- 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 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, 2009;
- ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
- iii) In the case of the Cash Flow statement, of the Cash Flows for the year ended on that date.

For M/s. M. Anandam & Co.,  
Chartered Accountants

Sd/-  
(S. Venkateswarlu)  
Partner (M.No.22790)

Date : 8.9.2009  
Place : Hyderabad .

**Management reply on the audit observations (contd..)**  
(Under Section 217(3) of the Companies Act, 1956)

–

For and on behalf of the Board

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

Date: 8.10.2009  
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.   | This being a statement of fact calls for no comment separately.  |
| b) The Company has not physically verified fixed assets during the year. In the absence such verification, we have not commented on the discrepancies, if any as compared to book records. Attention is drawn to Note 14 of Schedule I "Notes on Accounts", wherein Fixed Assets are confirmed as available based on certification by the unit head. As per the information and explanations given by the management and in our opinion the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company. | Fixed Assets with original value of Rs.3.00 lakhs and above were verified in 2005-06 & 2006-07 and discrepancies dealt in Accounts. In respect of other fixed assets, below Rs.3.00 lakhs the same are confirmed as available based on certification by the unit head. |
| c) The company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.   | This being a statement of fact calls for no comment separately.  |
| ii) a) The company has a perpetual inventory system in respect stocks of stores and spare parts except for coal which were verified as at the end of the year. The frequency of verification was, in our opinion, reasonable.  | This being a statement of fact calls for no comment separately.  |
| 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.  | This being a statement of fact calls for no comment separately.  |
| c) The Company has maintained proper records of its inventories. As per the information available, material discrepancies were noticed between book stocks and physical stocks of coal as the close of the year. All the material discrepancies have been provided for in the books of account.  | The variances in coal stocks are not material but only normal & operational variances and dealt in books as per Companies Accounting Policy.   |
| 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.   | This being a statement of fact calls for no comment separately.  |
| 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.  | This being a statement of fact calls for no comment separately.  |
| 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.   | This being a statement of fact calls for no comment separately.  |

## Management reply on the audit observations

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

## ANNEXURE TO AUDITORS' REPORT (Contd.)

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

## Management reply on the audit observations (Contd.)

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

- 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. This being a statement of fact calls for no comment separately.
- 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. This being a statement of fact calls for no comment separately.
- 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, amounts recovered by the company under Family Benefit-cum-Insurance Scheme from employees is considered by the Company Law Board(C.L.B) as deposits covered under section 58A and 58AA of the Act and the rules framed there under. We are informed that the company's contention, of the said recoveries are not deposits u/s.58A and 58AA of the Companies Act,1956 has not been accepted by the C.L.B. The position was explained at Note No.13 of Notes Forming Part of the Accounts. The observation merely draws attention to the Note.
- vii) In our opinion, the Company has an Internal Audit System commensurate with the size and nature of its business. This being a statement of fact calls for no comment separately.
- 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. This being a statement of fact calls for no comment separately.
- 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, income-tax, 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. This being a statement of fact calls for no comment separately.
- 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, 2009 which have not been deposited on account of dispute pending, are as under: 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)

Name of the Statute	Nature of the dues	Amount not deposited (Rs. in lakhs)	Year	Forum where dispute is pending
APGST Act, 1957	Sales Tax	236.62	2000-01	STAT, HYD
		66.07	2001-02	STAT, HYD
		27.54	2002-03	STAT, HYD
		124.22	2003-04	ADC (Appeals), Warangal
		91.21	2004-05	STAT, HYD
AP VAT ACT	VAT	142.96	2005-06	AC(CT) WGL
AP Electricity Duty Act & Rules, 1939	Electricity Duty	1508.96	April, 85 to March, 09	AP High Court
Entry Tax Act, 2001	Entry Tax	15.71	2003-04	AP High Court

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

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

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

- 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. This being a statement of fact calls for no comment separately.
- 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. This being a statement of fact calls for no comment separately.
- xii) The company has not granted Loans and advances on the basis of security by way of pledge of shares, debentures and other securities. This being a statement of fact calls for no comment separately.
- 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. This being a statement of fact calls for no comment separately.
- 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. This being a statement of fact calls for no comment separately.
- 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. 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)

- 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.
- 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 Rs.25.08 Lakhs has been reported, as detailed here under, on the company;

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

Sl.No	Nature of the fraud	Amount involved (Rs. in lakhs)
1.	Irregularities in construction of 50 bedded hospital at BHPL	1.50
2.	Wrong claim of service tax by courier service provider	0.62
3.	Tampering of hired vehicles bills	0.85
4.	Short payments to contract work men	0.77
5.	Fake dependents seeking job/monthly monitory compensation/lump sum amount.	15.00
6.	Fraudulent claims of LLTC/LTC(Excess tickets)	0.29
7.	Arranging fabricated settling-in-allowance bills to some employees on transfer/retirement	2.54
8.	Penalty waiver-claimed by jeep transport contractor at MNG	0.93
9.	Pilferage/theft of ferrous & non ferrous scrap by scrap dealers	1.62
10.	Un authorized diversion of coal	0.36
11.	Pilferage of coal	0.09
12.	Illegal storage of materials made of teak wood by civil contractor	0.51
	Total	25.08

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

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

For M/s. M.Anandam & Co.,  
Chartered Accountants  
Sd/-  
(S.Venkateswarlu)  
Partner (M.No. 22790)

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

Date : 8.9.2009  
Place: Hyderabad.

Date: 8.10.2009.  
Place: Hyderabad.

## Balance Sheet as at 31<sup>st</sup> March 2009

(Rs. in Lakhs)

Particulars	Schedule reference	2008-09	2007-08
<b>SOURCES OF FUNDS</b>			
1. Shareholders' Funds			
a) Share Capital	A	173319.81	173319.81
b) Reserves & Surplus	B	70418.63	61190.75
2. Reserve for future overburden removal		41734.54	15782.38
3. Secured Loans	C	61882.06	86270.74
4. Deferred Tax liability (net)		-	9689.18
Total		<u>347355.04</u>	<u>346252.86</u>
<b>APPLICATION OF FUNDS</b>			
1. Fixed Assets			
a) Gross Block	E1	554197.07	511758.40
Less : Depreciation		<u>281753.11</u>	<u>273748.02</u>
Net Block		272443.96	238010.38
b) Capital Works-in-progress	E2	34682.61	31255.23
2. Investments	F	1942.01	1942.01
3. Deferred Tax Asset (Net)		10976.24	-
4. Advance action for overburden removal		32303.48	24030.66
5. Current Assets, Loans & Advances	G		
a) Current Assets			
i) Inventories		26139.35	23977.84
ii) Sundry Debtors		26874.22	16533.93
iii) Cash & Bank Balances		160651.66	155005.47
iv) Other Current Assets		5815.31	2784.78
b) Loans & Advances		<u>80148.19</u>	<u>52411.66</u>
		299628.73	250713.68
LESS :			
Current Liabilities & Provisions	D		
a) Current Liabilities		197263.63	155068.86
b) Provisions		<u>107358.36</u>	<u>62882.85</u>
		304621.99	217951.71
Net Current Assets		(4993.26)	32761.97
6. Miscellaneous Expenditure (to the extent not written-off or adjusted)			
Voluntary Retirement Compensation		-	18252.61
Significant Accounting Policies	H		
Notes on Accounts	I		
Total		<u>347355.04</u>	<u>346252.86</u>

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  
Date : 8.9.2009  
Place : Hyderabad

Sd/-  
(M.V.V. Subba Rao)  
Chief General Manager (F & A)  
As per our report of even date  
For M/s.M.Anandam & Co.  
Chartered Accountants

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

Date : 8.9.2009  
Place : Hyderabad

Sd/-  
(S.Venkateswarlu)  
Partner (M.No.22790)

## Profit & Loss account for the year ended 31<sup>st</sup> March 2009

(Rs. in Lakhs)

Particulars	Schedule reference	2008-09	2007-08
<b>INCOME</b>			
Turnover of Coal (Gross)	1	639608.57	523353.23
Less: Statutory levies		81620.76	72292.99
Less: Transfer to Development		7947.82	1092.32
Turnover of Coal (Net)		550039.99	449967.92
Internal consumption of coal	2	1539.21	1898.44
Other Income	3	47099.29	38448.17
Increase/decrease in stock	4	114.41	(6914.09)
Total		<u>598792.90</u>	<u>483400.44</u>
<b>EXPENDITURE</b>			
Employees' Remuneration and other benefits	5	239961.71	202504.59
Consumption of Stores & Spares	6	116344.29	95657.49
Power & Fuel	7	22070.05	20905.56
Transportation Charges	8	12066.79	10496.59
Repairs & Maintenance	9	16570.53	11399.20
Social Amenities	10	15631.80	14140.65
Interest	11	2119.47	876.92
Provisions and Write-offs	12	2543.16	4842.03
Other Expenses	13	8063.74	8483.75
Contractual Expenses	14	53170.66	39938.96
Depreciation	E1	24919.64	24321.26
Voluntary Retirement Compensation		46129.90	17125.49
Overburden adjustment		17740.06	4984.77
Less: cost allocated to internal job works	15	3371.23	1288.59
Total		<u>573960.57</u>	<u>454388.67</u>
Profit for the year before prior period adjustments & taxation		24832.33	29011.77
Prior Period Adjustments (Net)	16	(160.83)	22.94
Provision for Tax		32047.00	11936.00
- Current		(20665.42)	(660.63)
- Deferred		328.19	299.72
Fringe Benefit Tax		-	(203.29)
Income tax of earlier years		-	-
Profit after Taxation		13283.39	17617.03
Add: Profit brought forward from previous year		15150.50	11588.98
Profit available for appropriations		<u>28433.89</u>	<u>29206.01</u>
<b>APPROPRIATIONS</b>			
Less: Transfer to General Reserve		10000.00	10000.00
Less: Proposed dividend		3466.40	3466.40
Less: Tax on proposed dividend		589.11	589.11
Balance carried to Balance Sheet		<u>14378.38</u>	<u>15150.50</u>
Basic and Diluted Earnings per Share (Rs.)		0.77	1.02
Significant Accounting Policies	H		
Notes on Accounts	I		

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

For and on behalf of the Board

Sd/- (J.Rama Krishna ) GM (C.A) & Company Secretary	Sd/- (M.V.V. Subba Rao) Chief General Manager (F & A)	Sd/- (E.V.Krishna Reddy) Director(Finance)	Sd/- (S. Narsing Rao) Chairman & Managing Director
Date : 8.9.2009	As per our report of even date		
Place : Hyderabad	For M/s.M.Anandam & Co. Chartered Accountants		
	Sd/- (S.Venkateswarlu) Partner (M.No.22790)		
Date : 8.9.2009			
Place : Hyderabad			

## Cash flow statement for the year ended 31<sup>st</sup> March, 2009

(Rs. in Lakhs)

Sl. No.	Particulars	2008-09	2007-08
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Profit before tax and prior period adjustments	<b>24832.33</b>	29011.77
	Adjustments for:		
	Depreciation	<b>24919.64</b>	24312.26
	OBR Reserve	<b>25952.16</b>	(8533.00)
	WDV of Assets written off	<b>1591.09</b>	3486.57
	Provisions written back	<b>2450.80</b>	2209.91
	Interest income on investments	<b>(85.00)</b>	(2070.54)
	Interest income on Deposits and others	<b>(17433.28)</b>	(10284.48)
	Interest expense	<b>2119.47</b>	876.92
	VRS expenditure	<b>46129.90</b>	17125.49
	Gain Exchange variation	<b>(0.58)</b>	(381.95)
	Loss Exchange variation	<b>741.56</b>	0.03
	Prior period adjustments	<b>(277.45)</b>	290.34
		<b>86108.31</b>	27031.55
	Operating profit before working capital changes	<b>110940.64</b>	56043.32
	Adjustments towards changes in:		
	Inventories	<b>(2161.51)</b>	8490.47
	Sundry Debtors	<b>(10340.29)</b>	1984.89
	Other Current Assets	<b>(3030.53)</b>	491.11
	Loans & Advances (Excl. Advance Tax & TDS)	<b>8869.71</b>	(18010.73)
	Current Liabilities	<b>37896.52</b>	47575.33
	Provisions for Gratuity & L.E	<b>9825.59</b>	1049.35
	Tax paid including TDS	<b>(32896.85)</b>	(8765.34)
	FBT paid	<b>(328.19)</b>	(299.72)
	Deferred tax Liability	-	(2038.97)
	Actuarial Gratuity Transitional Provision	-	(3959.75)
	Overburden-Advance action	<b>(8272.82)</b>	13482.90
		<b>(438.37)</b>	39999.54
	Cash flow before extraordinary items	<b>110502.27</b>	96042.86
	VRS payment	<b>(27877.29)</b>	(21869.13)
	Net Cash flow from operating activities (A)	<b>82624.98</b>	74173.73

## Cash flow statement for the year ended 31<sup>st</sup> March, 2009, (Contd)

(Rs. in Lakhs)

Sl. No.	Particulars	2008-09	2007-08
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Increase in fixed assets (including Work-in-progress)	<b>(63933.41)</b>	(56535.92)
	Sale of Investments	-	27745.00
	Interest income	<b>85.00</b>	2070.54
	Cash flow from investing activities (B)	<b>(63848.41)</b>	(26720.38)
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Decrease in Secured Loans	<b>(24388.68)</b>	13231.66
	Interest on Deposits and others	<b>17433.28</b>	10284.48
	Interest expense incl. Prior period Interest	<b>(2119.47)</b>	(877.62)
	Dividend paid	<b>(3466.40)</b>	(2079.84)
	Dividend Tax paid	<b>(589.11)</b>	(353.47)
	Cash flow from Financing activities (C)	<b>(13130.38)</b>	20205.21
<b>D</b>	<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>5646.19</b>	67658.56
<b>E</b>	<b>Cash &amp; cash equivalents at the beginning of the year</b>	<b>155005.47</b>	87346.91
<b>F</b>	<b>Cash &amp; cash equivalents at the end of the year (D+E)</b>	<b>160651.66</b>	155005.47

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 Date : 8.9.2009 Place : Hyderabad	Sd/- (M.V.V. Subba Rao) Chief General Manager (F & A) As per our report of even date For M/s.M.Anandam & Co. Chartered Accountants Sd/- (S.Venkateswarlu) Partner (M.No.22790)	Sd/- (E.V.Krishna Reddy) Director(Finance)	Sd/- (S. Narsing Rao) Chairman & Managing Director
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## Schedule to Balance Sheet as at 31<sup>st</sup> March 2009

### SCHEDULE - A

#### SHARE CAPITAL

(Rs. in Lakhs)

Particulars	2008-09	2007-08
1. AUTHORISED 180,00,00,000 Equity Shares of Rs.10/- each	<u>180000.00</u>	<u>180000.00</u>
2. ISSUED, SUBSCRIBED AND PAID-UP 173,31,98,119 Equity Shares of Rs.10/- each fully paid (includes 6,32,145 Equity Shares of Rs.10/- each allotted as bonus shares by capitalisation of general and capital reserves)	<b>173319.81</b>	173319.81
<b>Total</b>	<b>173319.81</b>	173319.81

### SCHEDULE - B RESERVES & SURPLUS

(Rs. in Lakhs)

Particulars	2008-09		2007-08	
GENERAL RESERVE				
Opening balance	<b>46040.25</b>		40000.00	
Less: Gratuity Transitional Liability	-		3959.75	
Additions during the year	<u>10000.00</u>		<u>10000.00</u>	
		<b>56040.25</b>		46040.25
PROFIT & LOSS ACCOUNT				
Balance carried forward		<b>14378.38</b>		15150.50
<b>Total</b>		<b>70418.63</b>		61190.75

### SCHEDULE - C SECURED LOANS

(Rs. in Lakhs)

Particulars	2008-09		2007-08	
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) Add: Funded interest(Moratorium up to 31-03-2007)	<u>53067.04</u>		<u>66333.80</u>	
		<b>53067.04</b>		66333.80
B) FROM BANKS :				
1. CASH CREDIT FROM BANKS (Secured by first charge in favour of participating banks ranking pari-passu on the stocks & receivables and other Current Assets)		<b>5408.49</b>		14139.00
2. SHORT TERM DEMAND LOAN FROM BANK State Bank of Hyderabad, Hyderabad (Secured by pledge of Rs.80 crores SBH term deposits)		<b>3406.53</b>		5797.94
<b>Total</b>		<b>61882.06</b>		86270.74

Schedule to Balance Sheet as at 31<sup>st</sup> March 2009

**SCHEDULE - D**  
**CURRENT LIABILITIES AND PROVISIONS**

(Rs. in Lakhs)

Particulars	2008-09		2007-08	
<b>A) CURRENT LIABILITIES :</b>				
Sundry Creditors				
- Due to Micro, Small & Medium Enterprises (Note No.21)				
- Due to Subsidiary (APHMEL)	<b>386.58</b>		418.99	
- Others (net of advances against SIT)	<b>116919.57</b>		91153.62	
Advances and Deposits	<b>54640.19</b>		38001.01	
Unclaimed Dividend	<b>0.34</b>		0.33	
Other liabilities	<b>10396.31</b>		11417.92	
Provident Funds including Company's Contribution and administrative charges	<b>2720.03</b>		2708.05	
Pension Recoveries	<b>753.30</b>		252.92	
Family Benefit-cum-Insurance Savings Scheme accumulation (including interest accrued)	<b>3371.25</b>		3486.67	
Production linked bonus & Special incentive	<b>7983.13</b>		7517.52	
Shortages, damages and others	<b>92.93</b>		111.83	
		<b>197263.63</b>		155068.86
<b>B) PROVISIONS :</b>				
For Taxation	<b>53492.19</b>		17735.80	
For actuarial Gratuity	<b>36829.65</b>		32135.20	
For actuarial Leave encashment	<b>12955.00</b>		7823.86	
For Proposed Dividend	<b>3466.40</b>		3466.40	
Tax on Proposed Dividend	<b>589.11</b>		589.11	
Diminution in value of Assets	<b>26.01</b>		1132.48	
		<b>107358.36</b>		62882.85
<b>Total</b>		<b>304621.99</b>		217951.71

Schedule to Balance Sheet as at 31<sup>st</sup> March 2009

## SCHEDULE – E1

## FIXED ASSETS

(Rs. in lakhs)

	Gross Block						Depreciation				Net Block	
	As at 31.3.2008	Additions during the year	Adjust- ments/ deduc- tions during the year	As at 31.3.2009	Up to 31.3.2008	for the year	Adjust- ments/ deduc- tions during the year	Up to 31.3.2009	As at 31.3.2009	As at 31.3.2008		
	1	2	3	4	5	6	7	8	9	10		
1. Lands (Note-3)												
(i) Freehold	13513.25	2700.91	371.15	16585.31	329.57	-	-2.61	326.96	16258.36	13183.68		
ii) Leasehold	19313.80	1368.39	-45.96	20636.23	3328.64	1909.07	-38.79	5198.92	15437.31	15985.16		
2. Buildings :												
i) Factory	7593.90	565.21	6.44	8165.55	2600.62	253.66	-1.65	2852.63	5312.92	4993.28		
ii) Others	62385.69	6947.10	865.88	70198.67	10609.66	1093.21	10.58	11713.45	58485.22	51776.03		
3. Railway sidings	2746.90	332.68	94.99	3174.57	1773.93	77.43	20.89	1872.25	1302.32	972.97		
4. Plant & Machinery	329270.27	33016.75	-17996.72	344290.30	212081.42	16760.56	-17076.97	211765.01	132525.29	117188.85		
5. Furniture & Fixtures	1080.84	56.39	-21.46	1115.77	877.97	37.57	-19.94	895.60	220.17	202.87		
6. Mine development	72936.18	12122.90	15.55	85074.63	39891.92	4640.77	0.16	44532.85	40541.77	33044.26		
7. Vehicles	2917.57	443.23	-121.02	3239.78	2254.29	204.49	-121.01	2337.77	902.01	663.28		
8. Intangible Assets	-	1716.26	-	1716.26	-	257.67	-	257.67	1458.58	-		
Total	511758.40	59269.82	-16831.15	554197.07	273748.02	25234.43*	-17229.34	281753.11	272443.96	238010.38		
Previous year's total	479808.04	53194.15	-21243.79	511758.40	268570.82	24578.37	-19401.17	273748.02	238010.38	211237.22		

\* Depreciation for the year includes capitalised depreciation of Rs. 314.79 lakhs (Previous year Rs. 257.13 lakhs) under Mine Development

Schedule to Balance Sheet as at 31<sup>st</sup> March 2009

**SCHEDULE – E2**

**CAPITAL WORKS-IN-PROGRESS**

(Rs. in lakhs)

	<b>Balance as at 31.3.2008</b>	<b>Additional expenditure during the year</b>	<b>Deletions/ adjustments during the year</b>	<b>Balance as at 31.3.2009</b>
I. Buildings				
a) Factory	133.84	811.73	576.99	<b>368.58</b>
b) Others	5938.67	4698.95	7818.24	<b>2819.38</b>
II. Railway sidings	3.36	425.35	332.68	<b>96.03</b>
III. Plant & Machinery (including in transit)	8177.09	43335.71	34054.84	<b>17457.96</b>
IV Furniture & Fixtures	-	58.09	56.39	<b>1.70</b>
V Mine development	16054.46	10054.80	12173.24	<b>13936.02</b>
VI Vehicles	10.34	435.83	443.23	<b>2.94</b>
VII Intangible assets - ERP Software	937.47	778.79	1716.26	-
<b>Total</b>	<b>31255.23</b>	<b>60599.25</b>	<b>57171.87</b>	<b>34682.61</b>
Previous Year's Total	29560.63	40670.79	38976.19	31255.23

Schedule to Balance Sheet as at 31<sup>st</sup> March 2009

**SCHEDULE - F**

**INVESTMENTS (Non-Trade)**

(Rs. in lakhs)

Particulars	2008-09		2007-08	
LONG TERM (at cost)				
QUOTED :				
a) 14750 Shares of Rs.10/- each fully paid-up Lakshmi Porcelains Ltd. (not traded) Less: Provision for diminution in value	1.48 <u>1.48</u>		1.48 <u>1.48</u>	
b) 100 Nos. 8.50% APSFC-Non SLR Bonds (Series II/2008) of Rs.10 lakhs each fully paid up. Aggregate market value - not available as on 31/03/2009	<u>1,000.00</u>	<u>1,000.00</u>	<u>1,000.00</u>	<u>1,000.00</u>
UNQUOTED:				
a) 6 year National Savings Certificates (deposited with Government Department)	0.39		0.39	
b) 1,86,214 Shares of Rs.10/-each fully paid-up of the Singareni Collieries Co-operative Central Stores Limited	18.62		18.62	
c) 50,000 Equity Shares of Rs.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 Rs.10/- each fully paid up	918.00		918.00	
ii) 49,02,700 Equity Shares of Rs.10/- each fully paid up acquired for a nominal consideration of Re.1/- from APIDC Ltd.	<u>-</u>	<u>942.01</u>	<u>-</u>	<u>942.01</u>
Total		<b>1942.01</b>		1942.01

Schedule to Balance Sheet as at 31<sup>st</sup> March 2009

**SCHEDULE - G**

**CURRENT ASSETS, LOANS & ADVANCES**

(Rs. in lakhs)

Particulars	2008-09		2007-08	
<b>A) CURRENT ASSETS</b>				
I. Inventories (As taken, certified and valued by the management)				
Stores and Spares	<b>22980.29</b>		21954.87	
Less: Provision for Slow/ Non-Moving Obsolete Stores	<b>2432.85</b>		<u>2540.56</u>	
		<b>20547.44</b>		19414.31
Stores-in-transit & under inspection		<b>4166.44</b>		3252.47
Stock of Coal		<b>1425.47</b>		<u>1311.06</u>
				<b>23977.84</b>
II. Sundry Debtors - Unsecured				
a) Outstanding for over 6 months				
i) Considered good		<b>3268.48</b>		1257.51
ii) Considered doubtful	<b>2734.55</b>		2773.99	
Less: Provision for doubtful debts	<b>2734.55</b>		<u>2773.99</u>	
b) Other debts considered good		<b>23605.74</b>		<u>15276.42</u>
				<b>16533.93</b>
III. Cash and Bank Balances				
i) Cash Balances :				
Cash and stamps on hand		<b>9.85</b>		10.57
Cheques and bank drafts on hand		<b>0.25</b>		73.78
ii) Bank balances with Scheduled Banks				
In Current Accounts		<b>3941.46</b>		2520.02
** In Deposit Account		<b>156700.10</b>		<u>152401.10</u>
** (Bank Balances in Scheduled Banks in Deposit Account includes FDRs worth Rs.80 crores under pledge and Rs.160 crores under lien as collateral security)				
				<b>155005.47</b>
IV. Other Current Assets				
Interest accrued on Investments				<u>2784.78</u>
				<b>198302.02</b>
Total c/f		<b>219480.54</b>		



Schedule to Balance Sheet as at 31<sup>st</sup> March 2009

SCHEDULE - G (contd..)

(Rs. in lakhs)

Particulars	2008-09		2007-08	
Total b/f		219480.54		198302.02
<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	2603.01		2948.20	
Interest accrued on Loans, Advances and deposits	899.22		957.36	
Advances against Purchases, Railway Sidings and others	1863.15		3069.49	
Miscellaneous Advances	11037.16		8806.60	
Advance Tax including TDS	54054.54		17448.30	
Pre-paid expenses	287.72		411.62	
Advances and Loans to Subsidiary Company- M/s.APHMEL(Note No.8)	756.14		657.59	
ii) Deposits	8647.25		18112.50	
Total		80148.19		52411.66
II. Unsecured - Considered Doubtful				
Advances against Purchases and others	268.73		254.54	
Less: Provision	268.73	-	254.54	-
Total		299628.73		250713.68

(Rs. in lakhs)

	Balance as on 31-3-2009	Maximum balance during 2008-09	Balance as on 31-3-2008	Maximum balance during 2007-08
* a) Due from Directors	0.96	2.44	2.44	3.97
b) Due from officers of the Company	2.19	2.81	2.81	3.37

**Schedule to Profit and Loss account for the year ended 31<sup>st</sup> March 2009**

**SCHEDULE : 01  
TURNOVER OF COAL**

(Rs. in lakhs)

Description	2008-09		2007-08	
Turnover of Coal (Gross)	-	<b>639608.57</b>	-	523353.23
Less: Statutory levies -				
Royalty	<b>54161.02</b>		45870.67	
Stowing excise duty	<b>4440.71</b>		4179.25	
APMBL cess	-		2737.56	
CST on Coal sales	<b>2929.72</b>		3758.49	
VAT on Coal sales	<b>20089.31</b>		15747.02	
		<b>81620.76</b>		72292.99
		<b>557987.81</b>		451060.24
Less: Transfer to development		<b>7947.82</b>		1092.32
Turnover of Coal (Net)		<b>550039.99</b>		449967.92

**SCHEDULE : 02  
INTERNAL CONSUMPTION OF COAL**

(Rs. in lakhs)

Description	2008-09	2007-08
Coal consumed at Collieries	<b>1539.21</b>	1898.44
Total	<b>1539.21</b>	1898.44

**SCHEDULE : 03  
OTHER INCOME**

(Rs. in lakhs)

Description	2008-09	2007-08
Rents	<b>363.50</b>	369.99
Electricity & fuel	<b>1032.18</b>	992.62
Water charges	<b>56.76</b>	58.31
Sand stowing and protective works assistance/subsidy	<b>3422.57</b>	2961.05
Interest on investments(non-trade) Gross (TDS:Rs.19.24 Lakhs)	<b>85.00</b>	2070.54
Interest on Term Deposits ( TDS Rs.3752.66 Lakhs)	<b>16545.70</b>	9545.70
Interest on Sundry Debtors for Coal,Loans,Advances (TDS:Rs.120.97 Lakhs)	<b>887.58</b>	738.78
Surface coal transport charges recoveries	<b>16392.85</b>	12397.33
Miscellaneous receipts	<b>3579.91</b>	4059.56
Rapid Loading & Crushing Charges	<b>1308.43</b>	1509.12
Pre-Weigh Bin Charges-Coal Customers	<b>397.70</b>	484.04
Guarantee & Sampling Charges-Coal Customers	<b>575.73</b>	669.27
Provisions and liabilities no longer required	<b>2450.80</b>	2209.91
Gain on exchange variation	<b>0.58</b>	381.95
Total	<b>47099.29</b>	38448.17

Schedule to Profit and Loss account for the year ended 31<sup>st</sup> March 2009

**SCHEDULE : 04**

**INCREASE/DECREASE IN COAL STOCK**

(Rs. in lakhs)

Description	2008-09	2007-08
Closing stock of Coal	1425.47	1311.06
Less : Opening stock of Coal	1311.06	8225.15
Total	114.41	-6914.09

**SCHEDULE : 05**

**EMPLOYEES REMUNERATION AND OTHER BENEFITS**

(Rs. in lakhs)

Description	2008-09	2007-08
Salaries, wages and allowances(Note No.18)	183106.90	170296.32
CMPF including administrative charges	18885.01	15216.28
Attendance bonus	6808.76	7300.79
Production linked bonus/performance linked reward	7359.49	4795.11
Gratuity	36591.88	16165.41
Workmen's compensation	77.34	88.60
Group insurance	204.76	216.82
Group personal accident insurance	1.74	1.83
C & MD & Directors' remuneration (Note No.12)	94.49	46.53
Life cover premia under gratuity scheme with LIC	406.56	455.55
	253536.93	214583.24
Less: Transferred to -		
Power & Fuel (Schedule - 7)	865.90	669.96
Repairs & maintenance (Schedule - 9)	5749.45	4486.98
Social Amenities (Schedule - 10)	5026.12	4732.71
Mine Development	1933.75	2189.00
	13575.22	12078.65
Total	239961.71	202504.59

**SCHEDULE : 06**

**CONSUMPTION OF STORES & SPARES**

(Rs. in lakhs)

Description	2008-09	2007-08
Stores & Spares	101433.49	85305.33
Explosives	18702.70	13518.50
	120136.19	98823.83
Less: Transferred to -		
Power & Fuel (Schedule - 7)	289.22	370.86
Repairs & maintenance (Schedule - 9)	874.48	800.93
Social Amenities (Schedule - 10)	243.03	410.79
Mine Development	2385.17	1583.76
	3791.90	3166.34
Total	116344.29	95657.49

Schedule to Profit and Loss account for the year ended 31<sup>st</sup> March 2009

**SCHEDULE : 07**

**POWER & FUEL**

(Rs. in lakhs)

Description	2008-09	2007-08
Electricity purchased	19078.82	17639.60
Coal consumed	1539.21	1899.54
Salaries, wages and allowances(From Schedule-5)	865.90	669.96
Stores(From Schedule-6)	289.22	370.86
Other expenses	296.90	325.60
Total	22070.05	20905.56

**SCHEDULE : 08**

**TRANSPORTATION CHARGES**

(Rs. in lakhs)

Description	2008-09	2007-08
Coal Transport Charges	9828.64	9041.18
Sand transport charges	2238.15	1455.41
Total	12066.79	10496.59

**SCHEDULE : 09**

**REPAIRS & MAINTENANCE**

(Rs. in lakhs)

Description	2008-09	2007-08
Maintenance charges on railway sidings	230.28	281.34
Buildings		
- Wages (Transfer from Schedule-5)	1470.67	1894.34
- Stores (Transfer from schedule-6)	59.24	131.64
- Other expenses	3188.95	2284.70
Plant & Machinery		
- Wages (Transfer from Schedule-5)	4278.78	2592.64
- Stores (Transfer from Schedule-6)	815.24	669.29
- Other expenses	6527.37	3545.25
Total	16570.53	11399.20

Schedule to Profit and Loss account for the year ended 31<sup>st</sup> March 2009

**SCHEDULE : 10**

**SOCIAL AMENITIES**

(Rs. in lakhs)

<b>Description</b>	<b>2008-09</b>	<b>2007-08</b>
Employees Welfare Expenses		
- Wages (Transfer from Schedule-5)	<b>5026.12</b>	4732.71
- Stores (Transfer from Schedule-6)	<b>243.03</b>	410.79
- Other expenses	<b>6781.86</b>	6058.78
Lumpsum/ Monthly Monetary Compensation for dependents	<b>1965.20</b>	1463.84
VRS/ Golden Hand Shake Monetary terminal payments/ Exgratia	<b>6.00</b>	3.00
Grants to Singareni Collieries Educational Society	<b>1609.59</b>	1471.53
<b>Total</b>	<b>15631.80</b>	14140.65

**SCHEDULE : 11**

**INTEREST**

(Rs. in lakhs)

<b>Description</b>	<b>2008-09</b>	<b>2007-08</b>
Interest on cash credit	<b>250.27</b>	208.76
Interest on others	<b>1869.20</b>	668.16
<b>Total</b>	<b>2119.47</b>	876.92

Schedule to Profit and Loss account for the year ended 31st March 2009

**SCHEDULE : 12**

**PROVISIONS AND WRITE-OFFS**

(Rs. in lakhs)

Description	2008-09	2007-08
Bad and doubtful debts written off	119.52	156.90
Provision for Obsolescence Stores	261.21	325.81
Provision for shortages & damages	89.49	1.39
Stores and spares written off	3.10	3.63
Advances written off	55.94	69.73
Assets written off	1591.10	3486.57
Provision for doubtful debts/advances	52.74	107.63
Provision for Others	-	109.10
Obsolete stores written off	370.06	546.47
For diminution in value of assets	-	34.80
<b>Total</b>	<b>2543.16</b>	<b>4842.03</b>

**SCHEDULE : 13**

**OTHER EXPENSES**

(Rs. in lakhs)

Description	2008-09	2007-08
Rents	32.92	22.83
Insurance	55.20	48.02
Rates & Taxes	454.08	339.80
Travelling expenses	554.95	373.79
Postage, telegrams and telephones	286.57	254.11
Legal expenses	69.35	79.55
Wagon cancellation and demurrage charges	111.95	90.84
Bank charges and commission	143.72	146.12
CISF Salaries and wages	2832.97	2033.40
Directors' travelling expenses	34.26	40.48
Auditors' remuneration - Audit Fee	8.27	8.43
- Out of pocket expenses	2.99	2.50
- Other expenses-certifications/services	0.94	-
- Tax audit	1.38	1.40
Advertisements	162.27	501.95
Research and development expenses	13.83	3.48
Other general expenses	1539.67	3781.34
Subscriptions to journals and periodicals	13.29	15.25
Printing and stationary	83.73	160.16
Exchange variation Loss	741.56	0.03
Expenditure on internal shunting of wagons	30.05	47.40
Computer maintenance and hire charges	19.01	38.40
Plantation expenditure	265.86	225.00
Service Charges for E-Booking of Coal	604.92	269.47
<b>Total</b>	<b>8063.74</b>	<b>8483.75</b>



Schedule to Profit and Loss account for the year ended 31<sup>st</sup> March 2009

**SCHEDULE : 14**

**CONTRACTUAL EXPENSES**

(Rs. in lakhs)

Description	2008-09	2007-08
OBR Offloading Expenditure	47255.65	35231.42
Hiring of HEMM, Weighbridge and Others	3885.09	3576.07
Others	2029.92	1131.47
Total	53170.66	39938.96

**SCHEDULE : 15**

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

(Rs. in lakhs)

Description	2008-09	2007-08
Wages	1338.11	909.40
Stores	1664.85	284.11
Other Expenses	368.27	95.08
Total	3371.23	1288.59

**SCHEDULE : 16**

**PRIOR PERIOD ADJUSTMENTS (NET)**

(Rs. in lakhs)

Description	2008-09	2007-08
<b>INCOME:</b>		
Depreciation provided in the earlier years written back	473.59	17.73
Credits and adjustments pertaining to earlier years	153.42	306.60
Total ( A )	627.01	324.33
<b>EXPENDITURE :</b>		
Salaries, wages, bonus, ex-gratia, company contribution to PF.W.C.	160.19	0.78
Consumption of stores and spares	21.15	1.11
Depreciation	35.31	330.31
Power and fuel	5.60	-
Rates and taxes	-	0.09
Maintenance charges etc., on railway sidings	45.75	-
Coal Sales Adjustment	169.47	-
Welfare expenses	-	5.62
Interest	-	0.70
Other miscellaneous expenditure	28.71	8.66
Total ( B )	466.18	347.27
NET ( A - B )	160.83	-22.94

## 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. 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 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 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 and Coal-in-wagons) is valued at lower of cost and net realisable value.
  - 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.
  - The net realisable value of grade-wise coal 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.

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 Rs.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%) 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.

**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 are apportioned to Capital Works and Projects under construction till the project is brought to revenue.
  - (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.
- (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.
2. Employer's contribution under Coal Mines Provident Fund Act is charged to Profit and 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 AND CONTINGENT ASSETS:**

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 probable that a cash outflow will not be required to settle the obligation.

**SCHEDULE - I****NOTES FORMING PART OF THE ACCOUNTS**

(Rs. in lakhs)

SI.No.	Particulars	31.3.2009	31.3.2008
1.	Contingent liability not provided for in respect of:		
a)	Letter of Credit (Inland & Foreign)	<b>7903.04</b>	5293.61
b)	Claims against the Company not acknowledged as debts :		
i)	Suits filed by employees who have been terminated/ suspended and others pending at various stages at courts.	<b>Not quantifiable</b>	Not quantifiable
ii)	Demand from Divisional Forest Officer towards NPV for renewal of different mining leases – contested by the company.	<b>791.00</b>	3299.99
iii)	Demand for Royalty on e-auction premium (Dec-07 to Jan-09) & VAT thereon	<b>1755.90</b>	240.38
iv)	Workmen Compensation (cases contested – court)	<b>43.93</b>	61.27
v)	Motor Accident claims (cases contested – court)	<b>377.48</b>	376.84
vi)	Police Guard(excess man power billed disputed)	<b>650.95</b>	605.06
vii)	S C Railways(damages, demurrages etc. disputed)	<b>261.66</b>	117.57
viii)	Water Royalty(billed at Industrial rate disputed)	<b>202.56</b>	-
ix)	Vacant Land Tax (Levy contested)	<b>1405.62</b>	1405.62
x)	Other disputed claims & Legal cases etc.	<b>867.69</b>	910.72
xi)	Service Tax demands were raised on OBR Contractors, by Service Tax Dept., for Explosives and HSD Oil issued by SCCL for OBR works executed by the contractors; SCCL issued letter of comfort in case the Liability of Service Tax devolves on the contractors the same will be reimbursed to the contractors. However, OBR contractors defending the case in consultation with SCCL.	<b>9158.00</b>	-
xii)	Demand from Commercial Taxes Department which are disputed and pending at various stages viz., ADC, Warangal, STAT, Hyderabad and A.P. High Court.	<b>1375.60</b>	1320.71
xiii)	Demand from Income Tax Department which are disputed and pending at various stages viz., CIT (Appeals), Vijayawada and ITAT, Hyderabad.	<b>561.29</b>	561.29
c)	Claims in respect of suits filed by the Pattadars for additional compensation for Acres:7906 Guntas:07 ½ (Previous year: Acres 7386, Guntas 39) 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.23.01.2008 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

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

- e) An amount of Rs.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 Rs.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.

(Rs. in lakhs)

Particulars	31.3.2009	31.3.2008
2. Estimated value of contracts (net of advances) remaining to be executed on Capital Commitments.	<b>36191.77</b>	30470.32

3. Lands:

- a) Land measuring Acres: 790, Guntas: 35½ (Previous year Acres 790 Guntas 16) shown under Fixed Assets has not been registered in the name of the Company. Amount not quantifiable.
- b) Land measuring Acres 122, Guntas: 30 (Previous year Acres: 172, Guntas: 19) 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. Since applied for renewal of Kothagudem Mining Lease for 1174.18 Hectares was agreed to and proposal for renewal of Mining Lease on payment of Rs.3675 lakhs was received on 17.2.2009. On due examination the proposal was accepted and the amount was paid in May, 2009 and capitalised during May, 2009, as per the Accounting Policy.

- a) Income Tax Assessments for the Assessment Year 2007-08 & 2008-09 are pending.
- b) APGST assessments for Accounting Years 2005 to 2008 are pending. CST assessments for Accounting Years 2006 to 2008 are pending

(Rs. in lakhs)

Particulars	31.3.2009	31.3.2008
6. Subsidy/ Grants received/ receivable from Coal Controller are recognised on estimated basis.		
i) On capital account	<b>573.81</b>	516.19
ii) On Revenue Account	<b>3636.90</b>	3212.96
7. Royalty & APMBL cess on Closing Stock of Coal of 1.63 Lakh Tonnes (L.Ts) (Previous Year 1.48 Lakh Tonnes) will be transacted in Books on despatch of coal.	<b>217.05</b>	188.81
8. Interest receivable from M/s APHMEEL 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>185.00</b>	196.45
9. Leave encashment provided based on Actuarial valuation.	<b>5131.14</b>	1985.16



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 as required under AS 15 (revised).

(Rs. in lakhs)

<b>PARTICULARS</b>	<b>31.3.2009</b>	<b>31.3.2008</b>
<b>Changes in the present value of obligations</b>		
Obligations at beginning of the year	93151.42	87698.71
Current Service cost	2958.09	3634.08
Interest cost	7452.11	7015.90
Benefits paid	(-)13651.56	(-)13123.92
Actuarial(gain)/loss	24311.23	7926.65
Obligations at the end of the year, at present value	114221.29	93151.42
<b>Change in Fair value plan assets</b>		
Plans assets at beginning of the year, at fair value	61016.22	48628.99
Expected return on plan assets	6568.96	4510.19
Actuarial(gain)/loss	-	-
Contributions	32000.00	21000.96
Benefits paid	(-)13651.56	(-)13123.92
Fair value of plan assets at the end of the year	85933.62	61016.22
<b>Reconciliation of present value of the obligation and the fair value of the plan assets.</b>		
Present value of the defined benefit obligations at the end of the year	114221.29	93151.42
Fair value of plan assets at the end of the year	85933.62	61016.22
Assets/(liability) recognized in the balance sheet	(-)28287.67	(-)32135.20
<b>Expense Recognised in Profit &amp; Loss Account:</b>		
Current Service cost	2958.09	3634.08
Interest cost	7452.11	7015.90
Expected return on plan assets	(-)6568.96	(-)4510.19
Actuarial(gain)/loss	24311.23	7926.65
Net gratuity cost	28152.47	14066.44
<b>Assumptions</b>		
Interest rate	8 %	8 %
Expected return on plan assets	9.55 %	9.5 %
Expected rate of salary increase	2.5 %	4 %

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

(Rs. in lakhs)

Particulars	31.3.2009	31.3.2008
11. 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:		
<b>(A) Deferred tax asset:</b>		
Gratuity provision	14228.56	9821.57
Other provisions	5838.97	5320.97
VRS Amortisation	15728.43	5035.25
Overburden Removal	3205.62	-
Total (A)	<u>39001.58</u>	<u>20177.79</u>
<b>(B) Deferred Tax Liability:</b>		
Depreciation	28025.34	27196.69
Overburden Removal	-	2791.74
Total (B)	<u>28025.34</u>	<u>29988.43</u>
<b>Deferred Tax Liability (A-B)</b>	<b>10976.24</b>	(-) 9810.64
Adj. due to revision of tax rate	-	121.45
<b>Deferred tax (Net)</b>	<b>20665.42</b>	(-) 9689.19
i) Deferred Tax (Net) credited to Account.	-	660.63
ii) Deferred tax on Gratuity Transitional provision	-	2038.96
12. Details of Remuneration of the Chairman & Managing Director and whole time Directors:		
Salaries and allowances	80.92	40.81
Contribution to PF & Pension	13.04	3.77
Others	0.53	1.95
Total	<b>*94.49</b>	46.53
* Includes provision of Rs.32.16 lakhs towards pay revision arrears. (Previous year: Nil)		

13. The provisions of Section 58A of the Companies Act are not applicable to the F.B.I Scheme though the Company Law Board has communicated that the amount lying in the account is a deposit under the said Section.
14. In respect of fixed assets, the same are confirmed as available based on certification by the unit head.
15. Certain balances of Sundry Creditors, Sundry Debtors, Advances, Deposits are subject to confirmation, reconciliation and adjustments, if any.
16. 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.

(Rs. in lakhs)

Particulars	31.3.2009	31.3.2008
17. Securities by way of deposits in the form of Fixed Deposits Receipts etc. received from the Contractors/Suppliers etc. are kept in the Company's custody and not accounted for.	2070.89	2006.44

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

18. a) NCWA-VIII Wage Arrears: During the year an amount of Rs.36044.66 lakhs (previous year Rs.28543.99 Lakhs) has been provided based on detailed workings. The cumulative provision as on 31.03.2009 is Rs.77720.03 lakhs.
- b) Executive Pay revision: During the year an amount of Rs.5067.59 lakhs (previous year Rs.2852.45 Lakhs) has been provided based on detailed workings. The cumulative provision as on 31.03.2009 is Rs.8525.54 lakhs.
19. Change in Accounting Methods/Policies resulted in net debit of Rs.23972.04 lakhs to Profit & Loss Account as detailed hereunder ;
- a) Hitherto quantity of closing stock of coal is adopted by comparing the volumetrically measured physical stocks and book stocks of particular area. However, during the year stocks are maintained by storage location-wise requiring adjustments of book stocks as compared to physical stocks storage location-wise for more refined workings.
- Therefore, the storage location-wise book stocks are compared with volumetrically measured physical stocks and quantity variances adopted. The impact of change from area to storage locations is Rs.11.88 lakhs increase in profit.
- b) Complete track renewals and sleeper renewals on Railway Sidings hitherto capitalized proportionately are being capitalized on commissioning of the work. The impact on Profit & Loss Account is Rs.1.02 lakhs increase in profit.
- c) During the year depreciation is provided on the Fixed Assets from the date of commissioning upto the date of withdrawal instead of from the beginning of the month for commissioning and till the end of month for withdrawal. The impact on Profit & Loss Account is Rs.272.36 Lakhs increase in profit.
- d) Considering the materiality, the policy of Accounting for prior period items and prepaid expenses for individual item exceeding Rs.5 Lakhs only is adopted. The impact on Profit & Loss Account is Rs.185.36 lakhs reduction in profit for the year and Rs.65.57 lakhs decrease in profit.
- e) Since the lease period in respect of Yellandu Mining lease is less than 10 years i.e., for 6 years, 4 Months, co-terminus with other Mining Leases at Yellandu, Policy is revised to amortise the amount over the lease period. The impact on Profit & Loss Account is Rs.1.73 lakhs decrease in profit.
- f) VRS expenditure hitherto amortised over a period of 3 years upto 2007-08, will be expensed in the year of incurrence from 2008-09 (including opening balance as on 1.4.2008) as per the provisions of AS-15. The impact of the above change is Rs.24190 lakhs decrease in profit.
20. 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.
21. Since no supplier/ service provider have confirmed about the registration made under Micro, Small and Medium Enterprises Development Act, 2006, dues to such Enterprises, if any could not be identified. Hence disclosure requirement under that Act is not possible. However, action will be taken in the current year to identify those category suppliers.
22. Related Party Transactions (AS-18):Related Parties:
- i) 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.
- ii) NTPC-SCCL Global ventures Private Limited, a Joint venture by SCCL and NTPC. During the year there are no transactions.
- iii) Whole time Directors of SCCL: Shri S. Narsing Rao, C&M.D and other Directors: S/Shri J.V. Dattatreyyulu, E.V.Krishna Reddy, D.L.R.Prasad, L.Shashidhar, I.V.N. Prasada Rao.

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

- iv) Remuneration to whole time Directors including Chairman and Managing Director is disclosed in Note No.12. Advances due from whole time Directors are disclosed under Schedule G - Current Assets, Loans and Advances.

23. The Company has formed a 50:50 Joint venture company under the name and style of NTPC-SCCL Global ventures Pvt. Ltd., on July 31<sup>st</sup> 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 : Rs.5 lakhs.  
 vi) Aggregate amounts related to interest in Joint Venture entity —

The Company's interest in the afore mentioned jointly controlled entity's assets, liabilities income and expenditure audited are as under;

	( Rs. In lakhs )	
	<b>31.3.2009</b>	<b>31.3.2008</b>
Assets	<b>5.00</b>	5.00
Liabilities	<b>5.00</b>	5.00
Income	<b>0.09</b>	—
Expenditure	<b>0.11</b>	(-) 0.73
Profit after Tax	<b>(-) 0.02</b>	(-) 0.73
Cumulative Profit/Loss	<b>(-) 0.75</b>	(-) 0.73

24. Based upon assessment of the Area committees impaired assets not in working condition have been written-off, amounting to Rs.24.35 Lakhs.
25. Pending enquiry, an amount of Rs.89.49 lakhs provision was made towards the difference between Central workshop book figures and physical stocks of manufactured goods.

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

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

- Licensed Capacity: Not applicable.
- Installed Capacity: Coal: 464.05 L.Ts. (Previous Year: 355.17 L.Ts.) as certified by the Management.
- Production: Coal: 445.46 L.Ts. (Previous Year: 406.04 L.Ts.) - Production includes production from capital mines 7.85 L.Ts. (Previous year: 0.71 L.Ts.)
- Turnover, closing stock and opening stock:

	2008-09		2007-08	
	Quantity (Tonnes)	Value (Rs.in Lakhs)	Quantity (Tonnes)	Value (Rs.in Lakhs)
*Turnover	44520505	559527.02	41950328	452958.68
(Adjustment)	(- 11480)		(276615)	
Closing Stock	162542	1425.47	148463	1311.06
Opening Stock	148463	1311.06	1217786	8225.15

\* Turnover includes capital sales 7.85 L.Ts. valuing Rs.7947.81 lakhs (Previous year 0.71 L.Ts. valuing Rs.1092.32 Lakhs) and colliery consumption 1.24 L.Ts. valuing Rs.1539.21 lakhs (Previous year 1.57 L.Ts. valuing Rs.1898.44 Lakhs)

e) CIF Value of Imports: (Rs. in Lakhs)

Particulars	2008-09	2007-08
Components ,Stores & Spare Parts	9721.14	849.96
Capital Goods	138.04	1182.73

f) Expenditure in Foreign Currency: (Rs. in Lakhs)

Particulars	2008-09	2007-08
Traveling Expenses	93.23	18.55
Consultancy Payments	83.45	187.02
Others	417.32	239.12

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

	2008-09		2007-08	
	Amount	% of total consumption	Amount	% of total consumption
Imported	1411.71	1.18	2971.88	3.01
Indigenous	118724.48	98.82	95851.95	96.99
Total	120136.19	100.00	98823.83	100.00

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

For and on behalf of the Board

Sd/- (J.Rama Krishna ) G.M (C.A) & Company Secretary Date : 8.9.2009 Place : Hyderabad	Sd/- (M.V.V. Subba Rao) Chief General Manager (F & A) As per our report of even date For M/s.M.Anandam & Co. Chartered Accountants Sd/- (S.Venkateswarlu) Partner (M.No.22790)	Sd/- (E.V.Krishna Reddy) Director(Finance)	Sd/- (S. Narsing Rao) Chairman & Managing Director
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**SCHEDULE – J**

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

(Rs in lakhs)

Particulars	2008-2009		2007-2008	
<b>A. TOWNSHIP</b>				
1. Repairs & Maintenance		<b>5290.00</b>		4418.79
2. Sanitation		<b>803.84</b>		551.99
3. Water Supply		<b>2339.34</b>		2231.37
4. Depreciation		<b>1091.01</b>		818.07
		<b>9524.19</b>		8020.22
Less: Township Income	<b>532.42</b>		321.46	
Water Charges	<b>50.06</b>		145.59	
		<b>582.48</b>		467.05
Total (A)		<b>8941.71</b>		7553.17
<b>B. OTHER SOCIAL OVERHEADS</b>				
1. Medical Facilities		<b>4563.93</b>		4471.95
2. Expenditure on Social & Cultural activities, Clubs, Sports, Games etc.		<b>135.37</b>		91.21
3. Super Bazar		<b>57.61</b>		168.60
4. Schools & Colleges		<b>1761.80</b>		1171.25
Total (B)		<b>6518.71</b>		5903.01
Total (A) + (B)		<b>15460.42</b>		13456.18

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	31.03.2009	CIN No.: U10102AP1920SGC000571

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

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

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

Total Liabilities	Total Assets
347355.04	347355.04

**Sources of Funds**

Paid-up Capital	Reserves & Surplus
173319.81	70418.63
Secured Loans	Reserve for OBR
61882.06	41734.54

**Application of Funds**

Net Fixed Assets (incl.Cap.WIP)	Investments
307126.57	1942.01
Net Current Assets	Misc. Expenditure
-4993.26	Nil
Advance action for OBR	Deferred Tax Asset (Net)
32303.48	10976.24

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

Income	Total Expenditure
598792.90	573960.57
Profit Before Tax	Profit After Tax
24832.33	13283.39
Earnings per share (in Rs.)	Dividend rate (%)
0.77	2

**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**

<b>Name of the Subsidiary</b>	<b>Andhra Pradesh Heavy Machinery &amp; Engg. Ltd.</b>
1. The financial year of the Subsidiary Company ended on	31 <sup>st</sup> March, 2009
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 Rs.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, 2009	
(i) For the Subsidiary's financial year ended as aforesaid	Rs.106.84 lakhs
(ii) For the Previous financial years of the subsidiary since it became the Holding Company's Subsidiary	Rs.1761.64 lakhs
(b) Dealt within the Holding Company's account for the year 31 <sup>st</sup> March, 2009	
(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 31 <sup>st</sup> March, 2009.	- 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/- (M.V.V. Subba Rao) Chief General Manager (F & A)	Sd/- (E.V.Krishna Reddy) Director(Finance)	Sd/- (S. Narsing Rao) Chairman & Managing Director
Date : 8.9.2009			
Place : Hyderabad			

# ANDHRA PRADESH HEAVY MACHINERY & ENGINEERING LIMITED

(A subsidiary of The Singareni Collieries Company Limited)

## 32<sup>nd</sup> ANNUAL REPORT & ACCOUNTS 2008-09

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

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**BOARD OF DIRECTORS**

Sri J.V. Dattatreyulu	Chairman	from 27-06-2008
Sri I.V.N.Prasada Rao	Chairman	upto 26-06-2008
Sri P.V. Satyanandam	<i>Managing Director</i>	from 01-01-2009
Sri B. Nagabhushana Rao	<i>Managing Director</i>	upto 22-12-2008
Sri Ambarish Nath Dave		from 04-08-2008
Sri K.L. Vasudeva Rao		from 25-09-2008
Sri N. Sreenivasa Rao		from 05-02-2009
Sri Virender Sawhney		upto 30-11-2008
Sri G.V. Rami Reddy		upto 24-07-2008
Sri K. Rajendra Prasad	APIDC Nominee	from 22-03-2008
Sri N.V.V.N.M. Murali Rao		from 25-09-2004
Sri Juvva Seshagiri Rao		from 24-09-2005
Sri Kuchipudi Srinivasa Rao		from 23-09-2006

**Company Secretary & Finance Manager(IA)**

Sri V.Venkateswara Rao

**Registered Office**

KONDAPALLI - 521 228.

**Administrative Office & Factory**

KONDAPALLI - 521 228

**Production Unit**

20-2, Industrial Estate  
VIJAYAWADA - 520 007

**Vizag Unit**

A7-A10, Autonagar  
VISAKHAPATNAM - 530 012

**BANKERS**

State Bank of India  
VIJAYAWADA - 520 007

**AUDITORS**

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

**ANDHRA PRADESH HEAVY MACHINERY & ENGINEERING LIMITED**
**NOTICE**

NOTICE IS HEREBY GIVEN TO ALL THE MEMBERS OF ANDHRA PRADESH HEAVY MACHINERY & ENGINEERING LIMITED THAT 32<sup>nd</sup> Annual General Meeting of the Company will be held on Wednesday, the 30<sup>th</sup> day of September, 2009 at 3.00 P.M. at the Administrative Building-cum- Registered Office & Factory premises, Kondapalli - 521 228, Krishna District (A.P.) to transact the following business :

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Balance Sheet of the Company as on 31<sup>st</sup> March, 2009 and the Profit & Loss Account for the year ended 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' thereon.
2. To appoint a Director in place of Sri Ambarish Nath Dave who retires by rotation and is eligible for re-election.
3. To appoint a Director in place of Sri Nistala Sreenivasa Rao who retires by rotation and is eligible for re-election.
4. To appoint a Director in place of Sri Kuchipudi Srinivasa 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 2009-10.

By order of the Board of Directors

Sd/-

(V. Venkateswara Rao)

Company Secretary & Finance Manager(IA)

Registered Office  
KONDAPALLI-521 228  
Krishna District.  
Dated : 5<sup>th</sup> August, 2009

**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 23-09-2009 to 30-09-2009 (both days inclusive) for the purpose of Annual General Meeting.
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 15-09-2009. 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 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 32<sup>nd</sup> Annual Report of your Company together with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2009.

The Company recorded a Net Profit of Rs. 131.03 Lakhs during the current financial year i.e. 2008-09 as against Rs. 392.70 Lakhs during the previous year. With the patronisation extended by SCCL through order as well as working capital support to execute the orders, the performance of the Company has been encouraging. The fall in the profit during the year 2008-09 was due to change in the product mix and general increase in the input costs.

The Company achieved the production of Rs. 6199.69 lakhs only against its targeted production of Rs.6300 lakhs due to changes in delivery schedules as well as non-release of expected orders from the customers during the financial year under review.

### REVIEW OF FINANCIAL RESULTS & PRESENT SCENARIO

The summarised financial results are as under:

(Rupees in lakhs)

	2008-09	2007-08
Turnover of the Company	<b>6110.12</b>	5935.72
Gross Profit (+) / Loss (-) before interest and depreciation	<b>551.62</b>	694.89
Interest	<b>55.75</b>	77.83
Depreciation	<b>19.16</b>	17.08
Profit for the year before charging provisions	<b>476.71</b>	599.98
Net Profit for the year after charging prior period adjustments and provisions	<b>385.94</b>	560.42
Profit after Deferred Tax	<b>131.03</b>	392.70

The net profit for the financial year under review is Rs.131.03 lakhs against a profit of Rs.392.70 lakhs of the previous year. The earning of profit by the Company was possible due to increase in the production 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.

### ISO 9001-2008 CERTIFICATION

The Company has obtained the certificate of assessment with the International Quality System Standard ISO 9001-2008 with effective date from 7-5-2009 with the scope of "Design, Development, Manufacture and Supply of Engineering equipment for Mining, Chemical, Power, Material Handling, Machine Tools and other Allied Industries".

### FUTURE OUTLOOK

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

Manufacture and fabrication of Bridge Belt Conveyors for DOSCO Road Header and Heavy Sections for its Gate Road Conveyor is under process.

Manufacture of Hammer Mill equipment which is required for generation of power through waste material is under process. Manufacturing and supply of Man Riding Chair Lift System and Rail Car System for WCL, MCL, TISCO Mines and SCCL. Fabrication, erection and commissioning of Pre-way Truck Loading System at Coal Screening Plants of SCCL are under finalization.

Sandvik/Tamrock proposed to have strategic alliance for refurbishment/reconditioning of LHDs and Jumbo Drills of Blasting Gallery Technology.

Manufacture of 55KW, 90KW and 125KW Belt Conveyor Drive Heads with intermediate Belt Structures is under progress.

### CONTRIBUTION TO EXCHEQUER

During the year under review, the Company contributed an amount of Rs.541.71 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 on load current consumption is reduced by 16% compared to its earlier consumption in spite of increase in the turnover by 2.94% over previous year.

	2008-09	2007-08
A) Units (KWH) Annual Consumption	964226	1148158
B) Turnover (Rupees in lakhs)	6110.12	5935.72

### 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 30-6-2009 the total number of employees is 533. 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:

- that in the preparation of the annual accounts, the applicable accounting standards had been followed;
- 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;
- 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;
- that the Directors had prepared the annual accounts on going concern basis.

### BOARD OF DIRECTORS

The Singareni Collieries Company Limited withdrew its nomination of Sri G.V. Rami Reddy, Executive Director, BHEL, Hyderabad due to superannuation from his service with effect from 25-7-2008 and appointed Sri K.L. Vasudeva Rao, Executive Director, BHEL, Hyderabad as Part-time Director of APHMEL with effect from 25-9-2008 in place of Sri G.V. Rami Reddy. On 4-8-2008 Sri Ambarish Nath Dave, Regional Executive Director, NTPC, Hyderabad has been appointed by the Singareni Collieries Company Limited as part-time Director of the company in place of Sri Dilip Kumar Basu. The Singareni Collieries Company Limited withdrew its nomination of Sri Virender Sawhney, Director (Operations), SECL, Bilaspur due to superannuation from his service with effect from 1-12-2008. The Singareni Collieries Company Limited has withdrawn the nomination of Sri B. Nagabhushana Rao, Managing Director of the Company from 23-12-2008 due to repatriation to SCCL and Sri P.V. Satyanandam, AGM, SCCL has been nominated as Managing Director with effect from 1-1-2009. Further, on 5-2-2009 Sri Nistala Sreenivasa Rao, General Manager (Operations), VSP, Visakhapatnam has been appointed by the Singareni Collieries Company Limited as part-time Director of the company in place of Sri Virender Sawhney.

The Board of Directors placed on record its appreciation of the services rendered to the Company by Sri G.V. Rami Reddy, Sri Virender Sawheny and Sri B.Nagabhushana Rao during their tenure as Directors on the Board. Sri Ambarish Nath Dave, Sri Nistala Sreenivasa Rao and Sri Kuchipudi Srinivasa Rao are due to retire by rotation and are eligible for re-election in the coming 32<sup>nd</sup> 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 K.L. Vasudeva Rao, CHAIRMAN of the Committee
2. Sri J.V. Dattatreyyulu, MEMBER
3. Sri P.V. Satyanandam, MEMBER
4. Sri Juvva Seshagiri Rao, MEMBER

Three 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 2008-09.

### **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, NTTPS, SCR, KEW, DOEL-UK, SGRRL 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/-  
(J.V. DATTATREYULU)  
CHAIRMAN

Sd/-  
(P.V. SATYANANDAM)  
MANAGING DIRECTOR

Registered Office:  
KONDAPALLI-521 228  
Krishna District.  
Date: 5.8.2009



## ANNEXURE - 1

## ANNEXURE TO DIRECTORS' REPORT

Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988

## FORM - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO  
CONSERVATION OF ENERGY

Sl. No.	POWER & FUEL CONSUMPTION	CURRENT YEAR 2008-09	PREVIOUS YEAR 2007-08
1.	<b>Electricity</b>		
	a. Purchased		
	Unit (KWH)	9,64,226	11,48,158
	Total amount (Rs.)	49,69,006	55,82,485
	Rate/Unit (Rs.KWH)	5.15	4.86
	b. Own generation		
	i. Through diesel generator Unit (KWH)	} <b>Not applicable</b>	} Not applicable
	Units per litre of diesel oil (KWH)		
	Cost/Unit (Rs.)		
	ii. Through steam turbine/generator		
	Units		
	Units per litre of fuel oil/gas		
	Cost/Unit		
2.	<b>Coal</b>		
	Quantity (Tonnes)	} <b>Not applicable</b>	} Not applicable
	Total cost (Rs.)		
	Average rate (Rs.)		
3.	<b>Furnace oil</b>		
	Quantity (K. Litres)	} <b>Not applicable</b>	} Not applicable
	Total amount (Rs.)		
	Average rate (Rs.)		
4.	<b>Other/Internal generation</b>		
	Quantity	} <b>Not applicable</b>	} Not applicable
	Total cost (Rs.)		
	Rate/Unit		

**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:**

Continuous efforts are being made for development of HEMM spares for 10cum shovel of BEML and SDLs of Eimco Elecon make. Improvement of products like Reciprocating feeders , line pans of armour chain conveyors is also being undertaken.

**2. Contributions of R&D:**

R&D activities presently under consideration:

Various types of life cycles tests are completed successfully at M/s Jessop & Co. Ltd., Kolkata and test certificate is being obtained for 4 X 800 T powered Roof Support, which is developed by the Company for obtaining general approval from DGMS.

Indigenization of DOSCO bridge belt conveyors and development of BEML buckets.

Improvement in quality and productivity.

**3. Future plan of action:**

Continuous R&D efforts are made to improve quality, reduce costs and achieve import substitution of Air pollution control equipment.

**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 Rs.15,326/- 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. DATTATREYULU)  
CHAIRMAN

Sd/-  
(P.V. SATYANANDAM)  
MANAGING DIRECTOR

Registered Office:  
KONDAPALLI-521 228,  
Krishna District.  
Dated : 5-8-2009

**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 2009.**

Balance Sheet:  
Application of funds:  
Current Liabilities and Provisions  
(Schedule 8): Rs.18 Crore.

- a) The above includes Rs.41.33 lakh being the provision made towards Royalty, Technical fee etc payable to foreign suppliers and is outstanding from 1991-92.

As no claims were preferred by foreign suppliers for last 18 years, the same should have been written back. This has resulted in overstatement of 'Current Liabilities and Provisions' and understatement of 'Other Income' and profit for the year by Rs.41.33 lakh.

- b) The above does not include Rs.82.61 lakh being the demand for penal charges on belated remittances of provident fund contributions raised by the Employee's Provident Fund Organisation (EPFO), Guntur.

This has resulted in overstatement of profit for the year and understatement of 'Current Liabilities' by Rs.82.61 lakh. Further, Note no.1(j) of Notes forming part of accounts is factually incorrect as the appeal made by the Company was rejected by EPFO during June 2009.

For and on behalf of the Comptroller &  
Auditor General of India  
Sd/-  
(P.J.Mathew)  
Accountant General (C & RA)

For and on behalf of the Board  
Sd/-  
(P.V. Satyanandam)  
Managing Director

Place: Hyderabad,  
Date: 24.9.2009.

**REPLIES OF THE MANAGEMENT FORMING PART OF THE DIRECTORS' REPORT TO THE MEMBERS**

Action will be taken for writing back the provisions during the financial year 2009-10.

Necessary provision will be made for the balance outstanding amount during the financial year 2009-10.

**AUDITOR'S REPORT**

**REPLIES OF THE MANAGEMENT**

To  
**The members**  
**Andhra Pradesh Heavy Machinery &**  
**Engineering Limited**

- |  |          |
|--|----------|
| <p>1) We have audited the attached Balance Sheet of <b>ANDHRA PRADESH HEAVY MACHINERY &amp; ENGINEERING LIMITED</b> as at 31<sup>st</sup> March, 2009, 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.</p>  | <p>—</p> |
| <p>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.</p> | <p>—</p> |
| <p>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.</p>  | <p>—</p> |
| <p>4) Further to our comments in the Annexure referred to in paragraph 3 above, we report that :</p>   | <p>—</p> |
| <p>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;</p>   | <p>—</p> |
| <p>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;</p>   | <p>—</p> |
| <p>c. The Balance Sheet, Profit &amp; Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;</p>   | <p>—</p> |

**AUDITOR'S REPORT (contd..)**

- d. On the basis of the written representations received from the Directors, as on 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2009 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;
- e. Disclosure in Balance Sheet with regard to Sundry Creditors:-
- 1) Total outstanding dues of MICRO, SMALL AND MEDIUM ENTERPRISES and
  - 2) Total outstanding dues of Creditors other than MICRO, SMALL AND MEDIUM ENTERPRISES has not been complied by the Company.
- f. Under the Notes forming part of Accounts the Company has not disclosed the information required to be disclosed as per the provisions of Section 22 of the MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006.

**REPLIES OF THE MANAGEMENT (contd..)**

-

The comment is noted for compliance in the financial year 2009-10.

The comment is noted for compliance in the financial year 2009-10.

Subject to above item (d),(e) and (f) , 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 31<sup>st</sup> March 2009;
- 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 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

Membership Number : 27450

For and on Behalf of the Board

Sd/-

(P.V. Satyanandam)

Managing Director

Place : Vijayawada

Date: 5.8.2009

**ANNEXURE REFERRED TO IN THE AUDIT 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 was 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/ un-secured 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 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.

**ANNEXURE REFERRED TO IN THE AUDIT REPORT** (contd..)**REPLIES OF THE MANAGEMENT** (contd..)

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

- (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, and Excise Duty, Cess and other material statutory dues applicable to it during the year.
- 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 (Rs. in lakhs)	Amount of deposit (Rs. 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	Sales Tax(APGST)	138.49	34.62	2003-04	- do -
Sales Tax	Sales Tax(CST)	6.98	1.74	2003-04	- do -
Sales Tax	Sales Tax(APGST)	273.98	68.49	2004-05	- do -
Sales Tax	Sales Tax(CST)	19.06	4.78	2004-05	- do -
Customs Duty	Customs Duty	to be ascertained	8.92	1988	CEGAT
ESI	ESI Contributions	107.72	-	1.1.1997 to 28.2.2002	High Court of A.P.
	Total		124.05		



**ANNEXURE REFERRED TO IN THE AUDIT REPORT (contd..)**

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

- x) In our opinion, 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.
- 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 2008-09.
- 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.

**REPLIES OF THE MANAGEMENT (contd..)**

**ANNEXURE REFERRED TO IN THE AUDIT REPORT (contd..)**

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

- 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  
Membership Number : 27450

For and on behalf of the Board

Sd/-  
(P.V. Satyanandam)  
Managing Director

Place: Vijayawada  
Date: 5-8-2009.

## STATEMENT ON ACCOUNTING POLICIES OF THE COMPANY

FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDING 31ST MARCH, 2009

### 1. SYSTEM OF ACCOUNTING

The financial statements are prepared under historical cost convention and the Company follows accrual 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. OTHER INCOME

Insurance claims are considered in accounts on receipt basis.

### 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 31-3-2009**

	Schedule No.	As at 31-3-2009		As at 31-3-2008	
		Rs.	Rs.	Rs.	Rs.
<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
Reserves and surplus	2		70,69,778		–
<b>LOAN FUNDS :</b>					
Secured Loans	3	6,36,34,875		2,64,42,801	
Unsecured Loans	4	3,65,14,780	10,01,49,655	4,86,60,320	7,51,03,121
Total			27,99,37,673		24,78,21,361
<b>APPLICATION OF FUNDS :</b>					
<b>FIXED ASSETS :</b>					
Gross Block		15,34,42,990		15,16,33,015	
Less : Accumulated Depreciation		12,09,79,578		12,28,09,305	
Net Block	5		3,24,63,412		2,88,23,710
Capital work-in-progress	6		–		28,52,818
Deferred Tax Asset			73,75,644		2,02,55,674
<b>CURRENT ASSETS, LOANS AND ADVANCES :</b>					
Interest Accrued but not due on deposits	7 (i)	2,45,077		1,79,494	
Inventories	7 (ii)	13,70,49,297		17,48,98,958	
Sundry Debtors	7 (iii)	15,24,44,290		15,40,05,019	
Cash & Bank Balances	7 (iv)	9,66,98,628		62,33,111	
Loans & Advances	7 (v)	3,36,15,853		2,07,61,334	
		42,00,53,145		35,60,77,916	
Less :Current Liabilities & Provisions :					
Liabilities	8	12,77,79,351		10,69,42,473	
Provisions	8	5,21,75,177		5,48,70,603	
		17,99,54,528		16,18,13,076	
Net Current Assets			24,00,98,617		19,42,64,840
Profit & Loss Account			–		16,24,319
Total			27,99,37,673		24,78,21,361
<b>NOTES TO ACCOUNTS</b>	19				

Sd/-  
(V. Venkateswara Rao)  
Company Secretary &  
Finance Manager (IA)

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

For and on behalf of the Board  
Sd/-  
(J.V. Dattatreyyulu)  
Chairman  
Sd/-  
(P. V. Satyanandam)  
Managing Director

Date: 5.8.2009  
Place: Vijayawada

As per our report of even date  
For M/s. Chowdary & Rao  
Chartered Accountants  
Sd/-  
(A.R.S. Krishna Rao)  
Partner (M.No.27450)

Date: 5.8.2009  
Place: Vijayawada

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-3-2009**

	Schedule No.	Current year 2008-09 Rs.	Previous year 2007-08 Rs.
<b>INCOME</b>			
Gross Sales		<b>64,00,92,679</b>	63,95,07,941
Less : Excise Duty		<b>2,90,81,081</b>	4,59,35,591
Sales	9	<b>61,10,11,598</b>	59,35,72,350
Other Income	10	<b>87,08,094</b>	1,35,39,717
		<b>61,97,19,692</b>	<b>60,71,12,067</b>
<b>EXPENDITURE</b>			
Raw Materials Consumed (Net)	11	<b>41,80,19,205</b>	34,67,16,322
Payments & Benefits to Employees	12	<b>12,34,35,857</b>	11,94,41,041
Manufacturing, Administrative & Other Expenses	13 & 14	<b>3,13,60,278</b>	4,01,77,576
Bad debts		–	14,72,732
Interest	15	<b>55,75,264</b>	77,83,230
Depreciation	5	<b>19,15,701</b>	17,08,084
Total Expenditure		<b>58,03,06,305</b>	51,72,98,985
Add/Less : Increase(-)/ Decrease in Stocks	16	<b>(-82,58,053)</b>	2,98,15,411
		<b>57,20,48,252</b>	<b>54,71,14,396</b>
Profit before extraordinary items		<b>4,76,71,440</b>	5,99,97,671
Add : Provisions withdrawn		<b>1,07,678</b>	77,028
		<b>4,77,79,118</b>	6,00,74,699
Less : Provisions	17	<b>1,02,98,405</b>	39,86,361
		<b>3,74,80,713</b>	5,60,88,338
Add : Prior Period Adjustments (Net)	18	<b>2,05,949</b>	–
<b>NET PROFIT BEFORE TAX</b>		<b>3,76,86,662</b>	5,60,88,338
Less: Short/Excess provision of tax of earlier years:			
Income tax		<b>9,11,497</b>	5,69,084
Fringe Benefit Tax		<b>-4,373</b>	-6,15,572
		<b>3,85,93,786</b>	5,60,41,850
Less: Provision for			
Current Income tax		<b>1,02,00,000</b>	2,16,36,291
Fringe Benefit Tax		<b>1,40,000</b>	1,09,636
Deferred Tax Asset		<b>1,51,50,446</b>	-49,74,560
<b>PROFIT AFTER TAX</b>		<b>1,31,03,340</b>	3,92,70,483
Less: Loss as per last Balance Sheet		<b>16,24,319</b>	4,08,94,802
Less: Gratuity Transitional Liability		<b>44,09,243</b>	–
Profit/Loss(-) carried to Balance Sheet		<b>70,69,778</b>	-16,24,319

Sd/-  
(V. Venkateswara Rao)  
Company Secretary &  
Finance Manager (IA)

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

For and on behalf of the Board  
Sd/- Sd/-  
(J.V. Dattatreylu) (P. V. Satyanandam)  
Chairman Managing Director

Date: 5.8.2009  
Place: Vijayawada

Date: 5.8.2009  
Place: Vijayawada

As per our report of even date  
For M/s. Chowdary & Rao  
Chartered Accountants  
Sd/-  
(A.R.S. Krishna Rao)  
Partner (M.No.27450)

**SCHEDULE NO. 1****SHARE CAPITAL**

	<b>Current year 2008-09 Rs.</b>	<b>Previous year 2007-08 Rs.</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. Singareni Collieries Company Limited (Holding Company) 1,40,82,700 Shares	<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 2008-09 Rs.</b>	<b>Previous year 2007-08 Rs.</b>
Profit during the year	<b>70,69,778</b>	-
Total	<b>70,69,778</b>	-

**SCHEDULE NO. 3****SECURED LOANS**

	<b>Current year 2008-09 Rs.</b>	<b>Previous year 2007-08 Rs.</b>
Cash Credit ( * ) State Bank of India	<b>6,36,34,875</b>	2,64,42,801
Total	<b>6,36,34,875</b>	2,64,42,801

(\*) 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 2008-09 Rs.</b>	<b>Previous year 2007-08 Rs.</b>
1. Interest free Loan from M/s. SCCL	<b>1,23,00,300</b>	1,78,00,300
2. Interest bearing loan from M/s. SCCL	<b>1,25,00,000</b>	1,80,00,000
3. Interest accrued & due on SCCL Loan	<b>17,14,480</b>	28,60,020
4. Interest free loan from Govt. of A.P. towards VRS	<b>1,00,00,000</b>	1,00,00,000
<b>Total</b>	<b>3,65,14,780</b>	4,86,60,320

**SCHEDULE NO. 5**
**SCHEDULE OF FIXED ASSETS**

Sl. No.	Description	GROSS BLOCK				DEPRECIATION				NET VALUE	
		As on 1-4-2008 Rs.	Additions during the year Rs.	Adjust- ments Rs.	As on 31-3-2009 Rs.	Upto 31-3-2008 Rs.	During the year Rs.	Adjust- ments Rs.	Upto 31-3-2009 Rs.	As on 31-3-2009 Rs.	As on 31-3-2008 Rs.
1.	Land	42,51,720	---	---	<b>42,51,720</b>	---	---	---	---	<b>42,51,720</b>	42,51,720
2.	Roads & Buildings	3,47,79,680	---	---	<b>3,47,79,680</b>	2,26,97,199	<b>9,63,891</b>	---	<b>2,36,61,090</b>	<b>1,11,18,590</b>	1,20,82,481
3.	Plant & Machinery										
	a) Indigenous	6,10,30,192	52,78,933	36,07,842	<b>6,27,01,283</b>	5,43,44,924	<b>4,33,171</b>	34,27,450	<b>5,13,50,645</b>	<b>1,13,50,638</b>	66,85,268
	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	17,56,126	---	2,813	<b>17,53,313</b>	14,10,314	<b>51,042</b>	2,648	<b>14,58,708</b>	<b>2,94,605</b>	3,45,812
5.	Office equipment	12,17,851	3,34,670	11,199	<b>15,41,322</b>	7,27,494	<b>52,206</b>	9,783	<b>7,69,917</b>	<b>7,71,405</b>	4,90,357
6.	Vehicles	12,75,396	--	1,51,006	<b>11,24,390</b>	5,53,972	<b>81,269</b>	1,43,456	<b>4,91,785</b>	<b>6,32,605</b>	7,21,424
7.	Other fixed assets	1,73,24,371	2,16,501	2,47,269	<b>1,72,93,603</b>	1,45,77,606	<b>3,34,122</b>	1,62,091	<b>1,47,49,637</b>	<b>25,43,966</b>	27,46,765
	<b>Total</b>	<b>15,16,33,015</b>	<b>58,30,104</b>	<b>40,20,129</b>	<b>15,34,42,990</b>	<b>12,28,09,305</b>	<b>19,15,701</b>	<b>37,45,428</b>	<b>12,09,79,578</b>	<b>3,24,63,412</b>	<b>2,88,23,710</b>
	Previous Year	14,92,43,622	42,52,916	18,63,523	15,16,33,015	12,28,24,509	17,08,084	17,23,288	12,28,09,305	2,88,23,710	2,64,19,113

**SCHEDULE NO. 6**
**CAPITAL WORK-IN-PROGRESS**

	<b>Current year 2008-09 Rs.</b>	<b>Previous year 2007-08 Rs.</b>
Double ended boring machine	-	28,52,818
<b>Total</b>	-	<b>28,52,818</b>



**SCHEDULE NO. 7****CURRENT ASSETS, LOANS AND ADVANCES**

	<b>Current year 2008-09 Rs.</b>	<b>Previous year 2007-08 Rs.</b>
<b>i) INTEREST ACCRUED BUT NOT DUE ON DEPOSITS</b>	<b>2,45,077</b>	1,79,494
Total (i)	<u>2,45,077</u>	<u>1,79,494</u>
<b>ii) INVENTORIES</b>		
Certified by the Management		
Raw materials	3,87,92,952	7,77,73,697
Boughtout items	5,73,00,148	5,76,06,323
Stock items	53,50,753	54,25,663
Maintenance material	3,73,064	3,85,815
Gases	83,923	92,705
Paints	2,73,523	2,42,417
Electrodes	14,81,794	21,65,241
Spares	23,06,833	21,35,850
Tools	50,64,289	45,89,661
Scrap	19,10,635	26,09,180
Work-in-progress	3,09,22,882	1,98,15,040
Finished goods	21,10,680	42,61,924
	<u>14,59,71,476</u>	<u>17,71,03,516</u>
Less : Provn. for non-moving items & Finished Goods	89,22,179	22,04,558
Total (ii)	<u>13,70,49,297</u>	<u>17,48,98,958</u>
<b>iii) SUNDRY DEBTORS</b>		
Unsecured		
1. Outstanding for a period exceeding six months		
Considered good	3,03,59,582	1,64,16,215
Considered doubtful	41,71,158	16,25,371
	<u>3,45,30,740</u>	<u>1,80,41,586</u>
Less : Provision	41,71,158	16,25,371
	<u>3,03,59,582</u>	<u>1,64,16,215</u>
2. Other debts considered good	12,20,84,708	13,75,88,804
Total (iii)	<u>15,24,44,290</u>	<u>15,40,05,019</u>
<b>IV) CASH AND BANK BALANCES</b>		
1. Cash on hand	94,760	12,263
2. Balances with scheduled banks		
- In current accounts	22,93,840	19,85,289
- In fixed deposits (\$)	9,43,10,028	42,35,559
Total (iv)	<u>9,66,98,628</u>	<u>62,33,111</u>

**SCHEDULE NO. 7: CURRENT ASSETS, LOANS AND ADVANCES (contd..)**

	Current year 2008-09 Rs.	Previous year 2007-08 Rs.
<b>V) LOANS AND ADVANCES</b>		
<b>A) LOANS</b>	-	-
<b>B) ADVANCES</b>		
(Recoverable in cash or kind or for value to be received)		
Advances for purchase of materials	46,77,209	1,40,61,073
Less : Provision for doubtful advances	<u>38,12,593</u>	<u>37,77,029</u>
	8,64,616	1,02,84,044
Advance to Sales Tax	1,15,12,833	5,50,000
Advances for civil and electrical works	1,60,366	1,60,366
Advances to staff	70,606	17,933
Advances for revenue expenses	5,197	9,429
Advances to others	57,12,058	35,50,288
Deposits with outside authorities	32,38,579	34,19,845
Prepaid expenses	8,87,768	8,93,657
Advance Income Tax	80,00,000	4,56,540
Tax Deducted at Source	27,17,703	-
Works contract tax deducted at source	4,46,127	14,19,232
Total (v)	<u>3,36,15,853</u>	<u>2,07,61,334</u>
Grand Total ( i to v)	<b>42,00,53,145</b>	35,60,77,916

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

**SCHEDULE NO. 8**
**CURRENT LIABILITIES & PROVISIONS**

	Current year 2008-09 Rs.	Previous year 2007-08 Rs.
<b>A) CURRENT LIABILITIES</b>		
Creditors for materials	2,65,73,235	2,02,83,627
Creditors for capital items	55,583	5,77,033
Creditors for contractors	13,05,371	27,44,912
Creditors for Transportation	8,11,070	13,14,858
Advance from customers	2,55,14,841	79,08,208
Deposit from suppliers & contractors	81,33,690	78,52,572
Outstanding liability for expenses*	5,20,28,780	5,58,11,616
Other liabilities	1,33,21,377	1,04,14,243
Share deposit suspense (@)	11,954	11,954
Share deposit refundable	23,450	23,450
Total (A)	<u>12,77,79,351</u>	<u>10,69,42,473</u>
<b>B) PROVISIONS</b>		
For Gratuity	2,01,11,647	2,88,55,929
For Gratuity others	16,20,629	6,45,182
For E.L	1,38,87,573	1,33,23,439
For Current Tax	1,02,00,000	37,28,021
For FBT	1,40,000	13,512
For VTPS deposit	5,30,765	5,30,765
For Maintenance	47,92,808	47,92,808
For Salaries	-	29,80,947
For Customs duty	8,91,755	-
Total (B)	<u>5,21,75,177</u>	<u>5,48,70,603</u>
Grand total (A+B)	<b>17,99,54,528</b>	16,18,13,076

(@) Represents the amount for which depositorwise details are not available.

(\*) Includes Rs.4,10,32,439/- (Previous year Rs.4,10,32,439/-) towards interest on SCCL(Holding Company) mobilisation advance.

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

	Current year 2008-09		Previous year 2007-08	
	Rs.	Rs.	Rs.	Rs.
Sale of Machinery / work done on outside orders		55,63,20,885		54,64,21,407
E-1 Sales		5,52,28,559		4,78,13,249
		<u>61,15,49,444</u>		<u>59,42,34,656</u>
Less: Sales returns current year	1,50,346		5,69,866	
Sales returns earlier years	3,87,500	5,37,846	92,440	6,62,306
<b>Total</b>		<b>61,10,11,598</b>		<b>59,35,72,350</b>

**SCHEDULE NO. 10****OTHER INCOME**

	Current year 2008-09 Rs.	Previous year 2007-08 Rs.
Packing, forwarding and freight charges	5,19,162	5,86,441
Sale of scrap	58,40,440	87,28,368
Interest on deposits (Fixed Deposits) *	3,83,942	2,82,003
Interest on deposits **	65,498	74,273
Interest on Income Tax Refund	–	2,21,970
Sale of Tender Schedules	14,769	27,580
Rent received***	17,83,728	13,10,149
Miscellaneous receipts	81,381	23,08,933
Profit on sale of assets	19,174	–
<b>Total</b>	<b>87,08,094</b>	<b>1,35,39,717</b>

\* An amount of Rs. 50,812/- (previous year Rs.66,012/-) included towards TDS

\*\* An amount of Rs. 12,740/- (previous year Rs. 14,291/-) included towards TDS

\*\*\* An amount of Rs.4,61,301/- (Previous year Rs.3,24,223/-) included towards TDS

**SCHEDULE NO. 11****RAW MATERIALS CONSUMED**

	Current year 2008-09 Rs.	Previous year 2007-08 Rs.
Raw materials	26,88,20,656	20,09,02,366
Boughtout items	8,01,91,127	8,35,07,579
Stock items	73,96,652	70,38,473
Maintenance materials	2,38,692	4,88,722
Consumable materials	67,24,877	72,07,574
Tools	15,91,365	14,26,249
E-1 Sales	5,30,55,836	4,61,45,359
<b>Total</b>	<b>41,80,19,205</b>	<b>34,67,16,322</b>

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

	Current year 2008-09 Rs.	Previous year 2007-08 Rs.
Salaries, wages and bonus	9,20,21,629	7,53,78,846
Employer's contribution towards :		
- Employees State Insurance	7,43,080	17,33,295
- Provident Fund	51,00,909	23,67,576
- Family Pension Scheme	34,32,622	35,23,007
- Group Gratuity Assurance Scheme	1,65,51,506	3,28,15,715
- Deposit Linked Insurance Scheme	2,06,206	2,11,660
Administrative charges on PF Trust	88,008	80,431
Death Relief Payments	30,000	90,000
Staff welfare expenses	46,11,516	27,78,655
Rent for Residential Accommodation to officials	6,50,381	4,59,452
Workmen Compensation	-	2,404
<b>Total</b>	<b>12,34,35,857</b>	<b>11,94,41,041</b>

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

	Current year 2008-09 Rs.	Previous year 2007-08 Rs.
<b>MANUFACTURING EXPENSES:</b>		
Sub-contracts	92,50,472	1,53,79,903
Erection & Commissioning Charges	-	50,000
Electricity charges : Power	49,69,006	56,15,919
Patterns written off	1,22,547	1,27,754
<b>ADMINISTRATIVE EXPENSES:</b>		
Directors' travelling	1,41,308	69,489
Directors' sitting fees	22,600	15,950
Directors' incidentals	3,450	2,175
Board meeting expenses	32,798	15,670
Annual general body meeting expenses	1,81,565	1,77,631
Printing & stationery	5,13,376	4,74,672
Postage & telegrams	91,295	94,691
Telephone & telex charges	1,68,916	1,95,317
Travelling & conveyance charges	12,35,003	8,85,439
Electricity charges : Lighting	42,677	61,913
General freight charges	46,59,281	50,43,657
Packing charges	135	55
Professional charges	10,160	4,295
Advertisement & publicity	2,37,284	3,54,966
Auditors remuneration : Audit Fees	22,060	22,472
Tax Audit	11,030	11,236
Others	18,572	25,061

**SCHEDULE NO. 13 MANUFACTURING, ADMINISTRATIVE & OTHER EXPENSES (contd..)**

	Current year 2008-09 Rs.	Previous year 2007-08 Rs.
<b>OTHER EXPENSES</b>		
Rent	73,632	73,632
Insurance	1,79,605	3,04,461
Repairs and maintenance : Buildings	3,05,678	6,69,563
Machinery	6,83,663	9,81,591
General	16,773	17,756
Maintenance charges	12,42,475	14,69,103
Vehicle maintenance	6,13,772	5,10,875
Loss on fixed assets	52,045	-
Assets written off	1,89,330	1,18,006
Bank charges and guarantee commission	9,13,116	9,62,050
VAT	12,65,305	19,00,342
Excise duty	37,729	2,48,657
Consultancy charges	29,046	29,311
Miscellaneous expenses (as per Schedule 14)	40,24,573	42,63,964
Total	<b>3,13,60,277</b>	4,01,77,576

**SCHEDULE NO. 14****MISCELLANEOUS EXPENSES**

	Current year 2008-09 Rs.	Previous year 2007-08 Rs.
Conference, seminar & training	28,627	37,785
Rates & taxes	6,02,542	6,39,416
Sundry expenses	24,64,487	20,49,764
Books and periodicals	5,446	12,818
Legal expenses	72,000	60,169
General expenses-testing charges	50,955	11,636
Filing fee	10,146	7,036
Entertainment	91,696	59,208
Non-moving items identified in current year and written off	27,035	1,32,701
Non-moving items identified in earlier year and written off	-	16,751
Old debit balances written off	-	4,54,782
Liquidated damages (SCCL)	5,04,066	5,01,003
Rework / Rectification expenses on sales	8,650	1,30,832
E-procurement transaction fee	22,888	14,174
Tender Documents	19,340	30,640
Computer Maintenance Charges	38,003	22,009
Computer Software Charges	2,496	1,040
Loss on exchange variation	15,796	-
Hire charges - Machinery	60,400	82,200
Total	<b>40,24,573</b>	42,63,964

**SCHEDULE NO. 15**
**INTEREST**

	Current year 2008-09 Rs.	Previous year 2007-08 Rs.
Interest on cash credit with SBI	13,33,673	26,95,408
Interest on advances with SCCL	13,64,407	15,83,053
Interest on SCCL interest bearing loan	14,49,726	20,22,485
Interest - others	14,27,458	14,82,284
Total	<b>55,75,264</b>	<b>77,83,230</b>

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

	Current year 2008-09 Rs.	Previous year 2007-08 Rs.
Certified by Management		
A) Opening stock of work-in-progress	1,98,15,040	5,09,42,638
Opening stock of finished goods	42,61,924	19,50,000
	<u>2,40,76,964</u>	<u>5,28,92,638</u>
B) Closing stock of work-in-progress	3,09,22,882	1,98,15,040
Closing stock of finished goods	21,10,680	42,61,924
	<u>3,30,33,562</u>	<u>2,40,76,964</u>
C) Increase(-)/Decrease in stock	(-)89,56,598	2,88,15,674
Add/Less: Increase/Decrease in Scrap	6,98,545	9,99,737
Increase(-)/ Decrease in stock	<u>(-) 82,58,053</u>	<u>2,98,15,411</u>

**SCHEDULE NO. 17**
**PROVISIONS**

	Current year 2008-09 Rs.	Previous year 2007-08 Rs.
Bad and doubtful debts	25,45,787	-
Material advances	1,43,242	10,05,414
Non-moving items	67,17,621	-
Customs Duty	8,91,755	-
Salaries	-	29,80,947
Total	<b>1,02,98,405</b>	<b>39,86,361</b>

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

	Current year 2008-09 Rs.	Previous year 2007-08 Rs.
<b>INCOME</b>		
Interest on Service tax	2,02,432	-
Gratuity	3,517	-
Total	<u>2,05,949</u>	<u>-</u>
<b>EXPENDITURE</b>	<u>-</u>	<u>-</u>
Net Income	<b>2,05,949</b>	<b>-</b>

**SCHEDULE NO. 19**
**A. NOTES FORMING PART OF ACCOUNTS**
**1. Contingent liabilities.**

- a. Sales Tax claim of Rs.4.59 lakhs and Rs. 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. For the above Sales tax claim there is no provision available in the books. Further an amount of Rs. 5.50 lakhs (Rs. 2.75 lakhs for each for the assessment year 1991-92 and 1994-95) was paid to the Orissa Sales Tax authorities as per the order Nos. 345 (2), dt. 21.2.03, case No.II Ast - 85 for the assessment year 1991-92 and 346 (2), dt. 21.02.03 case No.II Ast-84 for the assessment year 1994-95) which was kept in advance Sales Tax account under the current assets. Central Sales Tax assessment for the year 2005-06 is pending.
- b. Sales tax claim of Rs.145.47 lakhs (APGST&CST) and Rs.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 Rs.109.63 lakhs (Rs.36.36 lakhs and Rs.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 2007-08 & 2008-09 are pending.
- d. Guarantees given by the bank on behalf of the Company for an amount of Rs.144.10 lakhs for which counter guarantees of even amount are given by the Company to the Bank (previous year Rs. 135.12 lakhs).
- e. An amount of Rs. 20.48 lakhs towards extra claims by contractors involved in legal suits (previous year Rs.20.48 lakhs).
- f. An appeal is pending in Chennai High Court in 1992-93 against the adjudication orders passed by CEGAT, Chennai, in respect of classification dispute pertaining to Idlers and Rollers supplied to M/s Rashtriya Ispat Nigam Limited , Vizag. In this regard an amount of Rs.5.49 lakhs was paid as pre-deposit with Central Excise Authorities pending disposal of the case.
- g. An amount of Rs.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 Rs.31.32 lakhs.
- h. ESI Authorities have raised a demand of Rs.24.09 lakhs for the period of June 1992 to September 1996 and February 2002, towards damages for delay payment of dues. The Company has appealed for waiver of damages. The appeal is still pending. In the meanwhile the ESI Recovery Officer has attached the bank accounts. Pending disposal of this appeal the company has paid Rs.24.09 lakhs. As the appeal is still pending no provision has been made.
- i. ESI authorities also have raised a demand for Rs.107.72 lakhs towards contributions payable for the period from 1.1.1997 to 28.2.2002. As the employees raised objection and went to the High Court and as the matter was subjudice no deduction was made from the employees' salaries and accordingly no payment was done to ESI authorities.  
Also no benefit had been utilised by the employees from ESI. In view of the above the Company has appealed to the Government of A.P. for waiver of the demand. Pending disposal no provision has been made and the waiver is under active consideration.
- j. PF authorities have raised a demand of Rs.104.89 lakhs for the period April, 1993, February, 2001, March, 1998 to February, 2000 and July, 1999 to December, 2003 towards damages for delay payment of dues. The company has remitted Rs.20.28 lakhs towards damages and appealed for waiver of the left over damages of Rs.84.61 lakhs. Pending disposal no provision has been made. Out of Rs.84.61 lakhs the company has paid Rs.2.0 lakhs during the year under review under protest.
- k. Municipal Corporation, Vijayawada has raised a demand for interest of Rs.5,48,625/- on the dues of rent of Rs.2,11,090/-. The Government of A.P. has waived Rs.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 only Rs.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 Rs.5,48,625/-.



2. 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 Rs.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.
3. Bank Guarantees amounting to Rs. 21.02 lakhs furnished by suppliers and contractors were held by the Company as on 31-03-2009 (previous year Rs.35.70 lakhs).
4. Share deposit amount of Rs.5,310 (previous year Rs.5,310) from public towards share capital contribution. Shares to public could not be allotted because of legal implications.
5. As per G.O. No.227, dt.30-11-1996 write off proposal for Government of A.P. shareholdings of Rs.14.90 lakhs was not carried out in the accounts since the Company requested the Government of A.P. for amended action.
6. 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).

<b>Particulars</b>	<b>For the year ended 31.3.2009 (Rs.)</b>
<b>Obligation at beginning of the year</b>	<b>7,05,56,872.00</b>
Interest cost	56,44,550.00
Current service cost	26,12,327.00
Benefits settled	-16,16,218.00
Actuarial (gain)/loss	1,06,19,072.00
<b>Obligation at the end of the year, at fair value</b>	<b>8,78,16,603.00</b>
<b>Change in plan assets</b>	
Plan assets at beginning of the year at fair value	3,43,66,972.00
Expected return on plan assets	39,45,072.00
Contributions	3,10,09,130.00
Benefits paid	-16,16,218.00
Actuarial gain/loss	—
<b>Fair value of plan assets at the end of the year</b>	<b>6,77,04,956.00</b>
<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	6,77,04,956.00
Present value of the defined benefit obligation at the end of the year	8,78,16,603.00
<b>Assets/(liability) recognized in the balance sheet</b>	
<b>Gratuity cost for the year</b>	<b>2,01,11,653.00</b>
Service cost	26,12,327.00
Interest cost	56,44,550.00
Expected return on plan assets	-39,45,072.00
Actuarial gain/loss	1,06,19,072.00
<b>Net gratuity cost</b>	<b>1,49,30,877.00</b>
<b>Assumptions</b>	
Interest rate	8.00%
Expected return on plan assets	9.25%
Expected rate of salary increase	10.00%

7. Materials valued Rs.41.41 lakhs are lying with outside parties for job works (previous year Rs.38.83 lakhs).
8. **Income - Tax :**
- (a) 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.
- (b) 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.

	2008-09 Rs.	2007-08 Rs.
<b>Assets</b>		
Difference in depreciation for accounting and tax purposes	—	2,55,283
Gratuity	<b>30,76,607</b>	1,45,56,065
Others	<b>99,36,916</b>	54,44,326
Total	<b><u>1,30,13,523</u></b>	<u>2,02,55,674</u>
<b>Liabilities</b>		
Difference in depreciation for accounting and tax purposes	<b><u>56,37,879</u></b>	—
Total	<b><u>56,37,879</u></b>	—
<b>Deferred Tax Asset (Net)</b>	<b><u>73,75,644</u></b>	<u>2,02,55,674</u>

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

10. Confirmation of balances under sundry debtors, loans & advances has been asked for but not received from parties.
11. Despite its efforts, the Company has not received from the concerned creditors, the necessary details, to enable it to identify Micro and Small Enterprises among its creditors, in terms of the Micro, Small and Medium Enterprises Development Act, 2006 except in respect of two parties i.e. M/s Indiana Engg. Works Pvt. Ltd., and Sri Lakshmi Prabha Fabricators and Engineers. The company is, therefore, unable to furnish the prescribed information with regard to its dues if any to such enterprises.
12. All figures are rounded off to the nearest rupee.
13. Previous year's figures, wherever necessary, have been re-grouped, recast and reclassified to conform with those of the current year.
14. 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 PARA 3, 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 2008-09		Previous year 2007-08	
		Qty. MTs.	Amount Rs.	Qty. MTs.	Amount Rs.
1.	Material Handling Equipment	6953.28	51,70,11,531	6261.50	51,58,94,915
2.	Repairs / Re conditioning	536.42	3,90,33,692	412.23	2,98,64,186
3.	E-1 Sales	1149.60	5,49,66,375	1528.88	4,78,13,249
	Total	8639.30	61,10,11,598	8202.61	59,35,72,350

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

Sl. No.	Description	Current year 2008-09		Previous year 2007-08	
		Qty. MTs.	Amount Rs.	Qty. MTs.	Amount Rs.
1.	Raw Materials :	6885.40	25,47,19,982	6030.84	18,94,47,303
	Direct				
	Others		1,41,00,674		1,14,55,063
2.	Boughtout Items		8,01,91,127		8,35,07,579
3.	Stock Items		73,96,652		70,38,473
4.	Maintenance Material		2,38,692		4,88,722
5.	Consumable Stores		67,24,877		72,07,574
6.	Consumable Tools		15,91,365		14,26,249
7.	E-1 Sales		5,30,55,836		4,61,45,359
			41,80,19,205		34,67,16,322
	Add/Less : Material included in work-in-progress & finished goods		(-59,02,886)		3,10,20,383
	Total		41,21,16,319		37,77,36,705

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

Sl. No.	Name of the Product	Opening Stock Balance				Closing Stock Balance			
		Current year 2008-09		Previous year 2007-08		Current year 2008-09		Previous year 2007-08	
		QTY MTs.	VALUE Rs.	QTY MTs.	VALUE Rs.	QTY MTs.	VALUE Rs.	QTY MTs.	VALUE Rs.
1.	Material Handling Equipment	20.00	19,50,000	20.00	19,50,000	20.00	21,10,680	20.00	22,31,190
2.	Job Orders	-	-	-	-	-	-	22.52	17,05,063
3.	Maintenance Spares & Overhauling Equipment	-	-	-	-	-	-	10.00	3,25,671
	Total	20.00	19,50,000	20.00	19,50,000	20.00	21,10,680	52.52	42,61,924

#### 4. PURCHASE OF RAW MATERIALS

Sl. No.	DESCRIPTION	CURRENT YEAR 2008-09		PREVIOUS YEAR 2007-08	
		QTY. MTs	AMOUNT Rs.	QTY MTs.	AMOUNT Rs.
1.	Steel	<b>5455.45</b>	<b>21,61,33,898</b>	7357.01	22,83,36,728
2.	Other Raw Materials		<b>1,72,01,946</b>		1,53,22,786
3.	Bought Out Items		<b>7,53,69,379</b>		7,24,49,752
4.	Stock Items		<b>76,68,651</b>		55,02,504
5.	Maintenance Material		<b>16,36,258</b>		5,22,422
6.	Consumable Stores		<b>60,64,227</b>		72,52,177
7.	Tools		<b>21,45,729</b>		24,71,872
8.	Spares		<b>6,59,882</b>		6,10,549
9.	E-1 Sales Material		<b>5,76,06,323</b>		4,61,45,359
	Total		<b>38,44,86,293</b>		37,86,14,149

#### 5. PARTICULARS REGARDING CAPACITY AND PRODUCTION

(In MTs.)

Sl. No.	PRODUCT GROUP	LICENCED CAPACITY		INSTALLED CAPACITY		ACTUAL PRODUCTION	
		CURRENT YEAR 2008-09	PREVIOUS YEAR 2007-08	CURRENT YEAR 2008-09	PREVIOUS YEAR 2007-08	CURRENT YEAR 2008-09	PREVIOUS YEAR 2007-08
1.	Material Handling Equipment	<b>4710</b>	4710	<b>250</b>	250	<b>2388</b>	2582
2.	Chemical, Pharma- ceutical & Mini plant	<b>2000</b> <b>1000</b>	2000 1000	– <b>1188</b>	– 1188	– –	– –
3.	Textile Machinery	<b>160</b>	160	–	–	–	–
4.	Leather Processing Machinery	<b>500</b>	500	<b>312</b>	312	–	–
5.	Size Reduction Equipment	<b>2000</b>	2000	<b>1750</b>	1750	–	–
6.	Job Orders	–	–	–	–	<b>448</b>	216
7.	Air Pollution Equipment	<b>3000</b>	3000	–	–	–	–
8.	Road Headers & Tunneling Equipment	<b>8 Nos</b>	8 Nos	–	–	–	–
9.	Maintenance Spares & Overhauling Equipment	–	–	–	–	<b>658</b>	696
10.	Long Wall Roof Support System	<b>3</b> <b>Systems</b>	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.

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

SI. No.	DESCRIPTION	CURRENT YEAR 2008-09		PREVIOUS YEAR
		Sri B. Nagabhushana Rao 1-4-2008 to 23-12-2008	Sri P.V. Satyanandam 1-1-2009 to 31-3-2009	2007-08
		Rs.	Rs.	Rs.
1.	Salary	Nil	Nil	5,93,452
2.	P.F. Employer Contribution	Nil	Nil	65,914
3.	House Rent	32,400	22,500	43,200
4.	Others	4,156	4,579	4,261
	<b>Total</b>	<b>36,556</b>	<b>27,079</b>	<b>7,06,827</b>

NOTE : Managing Director is on deputation from Holding Company SCCL , the Company is providing accomodation and other amenities.

**7. THE VALUE OF IMPORTS ON CIF BASIS**

A. Spare Parts and Components Rs. 15,326/- (Previous Year Rs. Nil )

B. Percentage of Materials consumed.

SI. No.	DESCRIPTION	CURRENT YEAR 2008-09		PREVIOUS YEAR 2007-08	
		PERCENTAGE	VALUE Rs.	PERCENTAGE	VALUE Rs.
1.	<b>Materials</b> Imported Indigenous	— 64.31	— 26,88,20,656	— 76.32	— 26,46,27,797
2.	<b>Spare parts, Components and Others</b> Imported Indigenous	0.01 35.69	15,326 14,91,83,223	— 23.68	— 8,20,88,525
	<b>Total</b>		<b>41,80,19,205</b>		<b>34,67,16,322</b>

**8. FOREIGN CURRENCY / EXCHANGE TRANSACTIONS**

a) Expenditure in Foreign Currency :

Royalty Rs. NIL (Previous Year Rs. NIL).

Spare Parts & Components Rs.15,326/- (Previous Year Rs.NIL).

b) Earnings Foreign Exchange Rs. NIL (Previous Year Rs. NIL).

**CASH FLOW STATEMENT AS PER ACCOUNTING STANDARD-3**

(Rs.in lakhs)

Description	Current Year 2008-09		Previous Year 2007-08	
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit before tax and extraordinary items		<b>476.71</b>		599.98
Adjustment for depreciation	<b>19.16</b>		17.08	
Adjustment for interest paid	<b>55.75</b>		77.83	
Adjustment for interest received/other income	<b>- 87.08</b>	<b>-12.17</b>	-135.40	-40.49
Operating Profit before working capital changes		<b>464.54</b>		559.49
Decrease in unsecured loan	<b>-121.46</b>		-136.75	
Increase/Decrease in current assets and loans and advances	<b>264.90</b>		-240.36	
Increase / Decrease in Deferred Tax Asset	<b>128.80</b>		-49.74	
Increase / Decrease(-) in current liabilities and provisions	<b>181.41</b>	<b>453.66</b>	130.92	295.93
Cash generated from operations		<b>918.21</b>		263.56
Interest paid	<b>-55.75</b>		-77.83	
Interest received/other income	<b>87.08</b>	<b>31.33</b>	135.40	57.57
Net cash flow from operating activities		<b>949.53</b>		321.13
Provisions withdrawn	<b>1.08</b>		0.77	
Earlier provisions	<b>9.07</b>		-	
Provision for Taxation	<b>-102.00</b>		-210.67	
Provision for FBT	<b>-1.40</b>		-7.25	
Provisions	<b>-102.98</b>		-39.86	
Deferred Tax Asset(Net)	<b>-151.50</b>		49.75	
Transitional gratuity	<b>-44.10</b>		-	
Prior period adjustments	<b>2.06</b>	<b>-389.78</b>	-	-207.26
CASH FLOW FROM OPERATING ACTIVITIES (A)		<b>559.75</b>		113.86
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	<b>-58.30</b>		-42.53	
Capital work-in-progress	<b>28.53</b>		-20.87	
Decrease of fixed assets	<b>2.75</b>		1.40	
CASH FLOW FROM INVESTING ACTIVITIES (B)		<b>-27.03</b>		-62.00
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase / Decrease(-) in Loans from banks and institutions		<b>371.92</b>		-54.44
Net increase in Cash & Bank (A+B+C)		<b>904.65</b>		-2.58
Opening balance of cash and bank		<b>62.33</b>		64.91
Closing balance of cash and bank		<b>966.98</b>		62.33

**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	31-3-2009
<b>2. Capital Raised during the year</b>	(Rupees in thousands)
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	2,79,938
Total Assets	2,79,938
Source of Funds:	(Rupees in thousands)
Paid up capital (Including share deposit)	1,72,718
Reserves & surplus	7,070
Secured Loans	63,635
Unsecured Loans	36,515
Application of Funds:	(Rupees in thousands)
Net Fixed Assets	32,463
Investments(DTA)	7,376
Net Current Assets	2,40,099
<b>4. Performance of Company</b>	(Rupees in thousands)
Turnover	6,11,012
Total Expenditure	5,73,325
Profit Before Tax	37,687
Profit After Tax	13,103
Earnings per Share	0.001
Dividend Rate	NIL
<b>5. Generic Names of Principal Products, Services of the Company</b>	
<b>Item Code No.</b>	<b>Product Description</b>
8428.00	Material Handling Equipment
8431.00	Maintenance Spares Overhauling Services
8430.00	Mining Equipment

(Signatures to Accounting Policies & Schedules 1 to 19)

Sd/-  
(V. Venkateswara Rao)  
Company Secretary &  
Finance Manager (IA)

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

For and on behalf of the Board  
Sd/-  
(J.V. Dattatreylulu) Chairman  
Sd/-  
(P. V. Satyanandam) Managing Director

Date: 5.8.2009  
Place: Vijayawada

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

Date: 5.8.2009  
Place: Vijayawada

(A.R.S. Krishna Rao)  
Partner (M.No.27450)



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



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