



**ANNUAL REPORT 2005-06**

**OF**

**MINERAL EXPLORATION CORPORATION LIMITED**

## **BOARD OF DIRECTORS**

### **CHAIRMAN-CUM-MANAGING DIRECTOR**

Dr. A.K. Lomas (w.e.f. 1-5-2006)  
Shri Rajneesh Gupta (upto 30-4-2006)

### **DIRECTORS**

Shri C.P.Gupta  
Dr. S.K. Haldar (w.e.f. 25-1-2006)  
Shri B.K. Panda (w.e.f.21-7-2005)  
Shri Sunil Barthwal(upto 8-8-2006)  
Shri V.K.Thakral (w.e.f.8-8-2006)

### **COMPANY SECRETARY**

Shri A.P. Gera  
**Company Secretary-(Actg.)**

### **BANKERS**

State Bank of India  
Punjab National Bank  
United Commercial Bank

### **STATUTORY AUDITORS**

M/s. Sapre Dugar & Co.  
Chartered Accountants,  
19, Chintamani, Prashant Nagar,  
Nagpur – 440 015.

### **BRANCH AUDITORS**

M/s Singh Mukherjee Associates  
Chartered Accountants,  
Room No.403, 4<sup>th</sup> Floor,  
Shrilok, 4, H.B.Road,  
Ranchi – 834 001.

M/s R. Kankaria & Uttam Singhi  
Chartered Accountants,  
6-3-1090/C-4,  
Raj Bhavan Road,  
Hyderabad – 500 082

## **REGISTERED & CORPORATE OFFICE**

Dr. Babasaheb Ambedkar Bhavan,  
Highland Drive Road, Seminary Hills,  
Nagpur-440 006.  
Phone 2510310/16/17/111/419/141/142/143  
Fax : 0712-2510548/133  
Website : www.meclindia.com  
E-mail : mecl\_ngp@sancharnet.in

## **BUSINESS DEVELOPMENT CENTRES**

1<sup>st</sup> Floor, Core-2, North Tower,  
SCOPE MINAR, Laxminagar District Centre,  
New Delhi-110 092  
Phone: 22542667, Fax : 011-22500575  
Mobile – 9810163792

8/5 Alipore Park Road,  
Kolkata -700 027(W.B.)  
Phone :033-24796662  
Fax :033-24799843.

## **REGIONAL MAINTENANCE CENTRES/ZONAL OFFICES**

Ancillary Chowk, Tupudana,  
P.O.Hatia, Dist : Ranchi,  
Jharkhand –834003.  
Phone : 0651-2290045/2290269/2290487  
Fax : 0651-2290269

Tyagaraja Nagar  
P.O. GSI Complex  
Via : LB Nagar, Bandalaguda R.R.  
Dist : Hyderabad-500 068 (A.P.)  
Phone : 040-24220817/24221949  
Fax :040-24221949

Plot No.G-16, MIDC  
Hingna Road, Nagpur-440028  
Phone: 07104-234837  
Fax : 07104-237297

Zonal Manager, Central Zone,  
CMC, Utility Complex,  
Nagpur-440 006  
Phone:0712-2512622  
Fax : 0712-2512622

**PHYSICO-FINANCIAL PERFORMANCE AT GLANCE**

Parameters	IVTH PLAN 1972-74	VTH PLAN 1974-79	Plan Holiday 1979-80	VITH PLAN 1980-85	VIITH PLAN 1985-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
<b><u>Physical Performance</u></b>																					
Final Geological Report Nos.	1	58	17	92	138	46	53	58	64	70	50	65	71	42	44	45	33	27	40	51	45
Drilling (metres)	47761	555465	141263	947721	1809672	318007	241639	231829	182595	172377	160626	180261	175551	221100	214546	151647	177706	119994	172281	173144	178425
Mining (metres)	1817	22891	8438	50584	54612	6309	5690	4295	2388	1898	2073	3758	5215	4511	6424	6888	3781	3372	3357	7525	8280
Productivity	90	106	100	108	187	162	132	143	140	153	154	160	167	205	265	306	326	277	289	282	242
Manpower (Nos.)	929	5848	6349	8314	8850	8758	7689	7192	5351	4810	4588	4296	3843	3311	3113	2758	2586	2390	2362	2310	2246
<b><u>Financial Performance</u></b>																					
Equity	345	1799	1799	2500	5145	5145	5445	5545	5645	5645	5645	5995	6375	6575	6775	6775	6775	7075	7075	7275	7375
Borrowing from Govt.	-	-	-	926	919	824	729	729	729	729	1429	2129	2434	2734	2834	3280	3580	4580	4580	4580	4580
Capital Employed	296	1633	1675	3396	7023	6801	6426	5857	4649	3536	3576	4240	4328	4755	5958	5390	5908	5596	6532	8230	10326
Net Worth	296	1880	1887	2582	6348	5900	5262	4339	3323	2124	964	839	834	427	323	(-) 393	(-) 693	(-) 2647	(-) 2657	(-) 1850	(-) 17
Gross Block	73	1601	1729	4210	8430	9446	9441	9136	9206	9102	9025	9077	9378	9152	9145	9471	9599	9643	9803	9999	10302
Net Block	53	867	781	2023	3551	3639	3179	2753	2404	1990	1721	1621	1930	1787	1675	1970	2119	2070	2054	2092	2110
Gross Revenue	286	3181	898	7773	23194	5460	4520	4757	4073	3336	3540	4115	5158	6346	6168	5995	6039*	4483	6089	7535	8256
Operational Exp.	171	901	258	2747	6402	1248	1061	1054	834	735	714	751	958	889	881	753	780	773	924	1387	1641
Establishment Exp.	12	89	37	382	1137	341	318	309	292	278	309	338	439	511	488	526	475	375	422	510	505
Personnel Exp.	129	1057	327	3540	9994	2918	3079	3464	3306	2976	3017	3298	3543	4170	4104	3931	3773	3794	3397	3718	3929
Provision	3	237	56	228	575	81	143	144	-	30	93	-	-	35	148	12	52	27	93	1	-
Gross Margin	(-) 29	897	220	876	5084	872	-80	-215	-358	-683	-593	-272	218	740	548	772	960	(-) 486	1253	1918	2181
Depreciation	20	675	224	1396	3542	1015	610	515	543	431	293	294	371	343	272	229	297	233	246	241	318
Amortisation & Write off	-	4	-	-	9	4	3	1	-	-	-	-	-	-	15	37	87	232	231	230	223
Interest	-	-	-	269	969	182	280	304	285	289	338	403	94	585	622	680	756	794	1006	1024	-
Provision for Taxation	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21
Profi/Loss for year	(-) 49	218	(-) 4	(-) 789	565	(-) 329	-973	-1034	-1186	-1403	-1224	-969	-247	-188	-362	(-) 174	127	(-) 1745	(-) 230	424	1619
Prior period Adj / Appropriations (Net)	-	91	9	(-) 756	413	(-) 127	32	5	70	204	-8	553	-39	-462	-	(-) 432	(-) 184	(-) 13	(-) 19	(-) 29	2
Net Profit / Loss	(-) 49	127	5	(-) 33	964	(-) 456	-941	-1029	-1116	-1199	-1232	-416	-286	-650	-362	(-) 606	(-) 57	(-) 1758	(-) 249	395	1621

\*Excludes wavier of penal interest of Rs. 306 lacs

# DIRECTORS' REPORT

To  
The Members,

Your Directors have great pleasure in presenting the Thirty Fourth Annual Report on the business operations of the Company together with the Audited Accounts for the year ended March 31, 2006.

## 1. FINANCIAL PERFORMANCE

- a) The financial performance of the Company for the year 2005-06 with comparative figures for the previous financial year are summarized below :

	<b>2005-06</b>	(Rs. in lakhs) <b>2004-05</b>
Gross Revenue	8256.12	7534.61
Gross Margin	2181.21	1918.34
Interest*	-	1023.88
Depreciation	318.48	240.58
Amortisation and write off	222.92	229.84
Prior Period Adjustments	1.40	(-) 29.38
Net Profit (+)/ loss (-)	1620.54	394.66

\* Interest of Rs.1055.31 lakhs for the year 2005-06 on Govt. loan has not been provided as financial restructuring proposal of the company which includes waiver of interest is under consideration of the Government.

Fiscal Year 2005-06 remains a significant turnaround year for the Company. During the year under review the Company surpassed all previous peaks and registered an all time highest gross revenue of Rs.8256.12 lakhs since its inception as against gross revenue of Rs.7534.61 lakhs in the previous financial year, recording a growth of 9.58%. The Company has achieved gross margin of Rs.2181.21 lakhs, highest since inception, as against Rs.1918.34 lakhs in the previous year. The Company earned net profit of Rs.1620.54 lakhs.

### b) Share Capital:

During the year under review Government of India has infused Rs.100 lakhs towards Share Capital of the Company. The Authorised Share Capital of the Company as on March 31, 2006 stood at Rs.10000 lakhs whereas the Paid-up Share Capital rose to Rs.7375 lakhs.

## 2. PERFORMANCE HIGHLIGHTS :

- MECL continued its core activities of exploratory drilling and exploratory / developmental mining. During 2005-06, a total of 17753 million tonnes of mineral reserves have been added. Cumulatively since inception in 1972, a total of 124408 million tonnes of reserves for various minerals have been added to National Mineral Inventory. The mineral wise break up of reserves established during 2005-06 and since inception is given in the following table.

## Mineral Wise Details of Reserves established by MECL ( 1972 To March 2006)

	Mineral	Reserves	
		Established during 2005-06 (m.t.)	Established since Inception. ( m.t.)
<b>A) Energy Minerals</b>	Coal - Coking	13.527	16201
	Coal - Non - Coking	3745.083	66088
	Lignite	13933.750	32868
	Coal Bed Methane(B.Cum.)		471*
<b>Sub-Total</b>		<b>17692.360</b>	<b>115157</b>
<b>B) Ferrous Minerals</b>	Iron Ore		2445
	Nickel		65
	Chromite		0
	Manganese		7
<b>Sub-Total</b>			<b>2517</b>
<b>C) Non-Ferrous Minerals</b>	Bauxite	15.440	1277
	Lead-Zinc	1.370	141
	Copper	9.230	560
<b>Poly Mettalic Ore</b>	Copper+Lead+Zinc		13
<b>Sub-Total</b>		<b>26.040</b>	<b>1991</b>
<b>D) Strategic Minerals</b>	Tin Ore		5
	Tungsten		4
	Cesium		0
<b>Sub-Total</b>			<b>9</b>
<b>E) Precious Minerals/Metals</b>	Gold		25
	Molybdenum		2
	Diamondiferous		
	Conglomerate		3
<b>Sub-Total</b>			<b>29</b>
<b>F) Industrial Minerals</b>	Limestone		
	Cement Grade		2188
	Flux(Blast Furnace) Grade		39
	SMS (Steel) Grade		62
	Chemical Grade		168
<b>Sub-Total</b>			<b>2457</b>
<b>G) Other Minerals</b>	Dolomite		54
	Phosphorite		32
	Magnesite		12
	Silliminite/Fluorite		1
	Graphite		1
	Rock Salt		94
	Fuller's Earth/Fire clay		1885
	Stowing Sand		127
	Ferrosilicon grade qtz.		7
	Glass Sand	34.510	35
<b>Sub-Total</b>		<b>34.510</b>	<b>2247</b>
<b>Grand Total</b>		<b>17753</b>	<b>124408</b>

\* CBM Reserves 471 Billion Cum

### **Salient features of mineral reserves estimated during 2005-06**

- A total of 3758.61 million tonnes of coal reserves consisting of semi coking and non coking have been established in the states of Chhattisgarh, Andhra Pradesh, Orissa, Jharkhand, Maharashtra & West Bengal.
- 13933.75 million tonnes of lignite reserves in the states of Rajasthan and Tamil Nadu were established.
- 9.23 million tonnes of copper ore reserves with average grade of 0.735 % Cu at Bhagal Phase-II copper deposit, Rajasthan were established.
- 1.37 million tonnes of zinc ore reserves with 6.42% Zn & 0.24% Cu at Kalabar, Dist. Pali & Ajmer, Rajasthan were established.
- 15.44 million tonnes of bauxite reserves with +40% Al<sub>2</sub>O<sub>3</sub> at Serengdag West block, Dist. Gumla, Jharkhand were established.
- 34.51 million tonnes of glass sand reserves with 84.84 – 84.97% SiO<sub>2</sub> at Jiajuri, Dist. Nagaon, Assam were established.

### **3. OPERATIONAL RESULTS**

#### **a) Exploration Services :**

During the year 2005-06 company has registered 1,78,425 m of drilling , which includes 56697 m for Coal and 58596 m of Lignite exploration on behalf of Ministry of Coal, 14018 m of exploratory drilling along with associated activities on behalf of Ministry of Mines and other drilling of 21150 m consisting of 9962 m of slim hole drilling for CBM on behalf of M/s. ONGC & CMPDIL, 1471 m of hard rock drilling for M/s. AMD, 621 m of geo-technical investigation on behalf of M/s. IRCON, 7384 m of production support drilling for lead zinc on behalf of M/s. HZL and 1712 m of DTH drilling for bauxite, iron ore and Chromite on behalf of M/s. OMCL. NALCO & NINL.

During the year, geophysical logging was taken up for minerals namely coal, lignite and CBM and a total of 104796 m of geophysical logging was carried out. Surface geophysical survey was continued in Rajasthan and Tamil Nadu states for lignite and a total of 271 sq.km of area was covered by gravity survey. During the year, a total of 248 sq. km of geological mapping was also carried out for various minerals in 52 blocks explored in different parts of the country.

A total of 45 exploration reports for geological investigations, geophysical, environmental & remote sensing studies were submitted for various minerals namely coal, lignite, copper, glass sand, iron ore & bauxite. A total of 17753 million tonnes of reserves were added to the National Mineral Inventory.

In laboratories, a total of 23572 number of samples were analysed and 51747 radicals were determined during 2005-06.

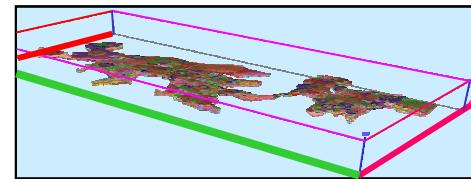
## b) Developmental Mining

The mine development activity was spread over in the states of Andhra Pradesh, Jharkhand , Orissa and Rajasthan. During the year 2005-2006, the performance has been outstanding, a total of 8280 m exploratory / developmental mining was carried out. The major part of work was carried out for uranium on behalf of M/s. UCIL and incline and shaft sinking work on behalf of M/s. SCCL and mine development work for HCL. Under promotional programme on behalf of Ministry of Mines, MECL carried out trenching work for glass sand at Jiajuri in the state of Assam, pitting & trenching work for shell limestone at Saipum, Mizoram and pitting work for bauxite at Serengdag, Jharkhand.

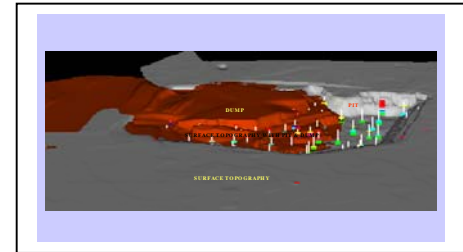
## 4. INFORMATION TECHNOLOGY CENTRE

1. Computerised geological data processing of 30 exploration blocks of various minerals. Digital conversion of analog geophysical logs of 111 boreholes pertaining to lignite blocks have been done.

2. Resource modeling of Karlapat Bauxite prospect was also carried out for M/s BHP Biliton Australia. Under this project 3D modeling and 2D model for mine planning were created. These models will form the base for preliminary investigation and mine planning by the concerned agency.



3. Computerised geological deposit modeling for Mine-II and Mine-II expansion area of Neyveli lignite field was carried out for M/s NLC, Neyveli. The model thus created by MECL will form the base for mine planning to be taken up by a Germany based company.

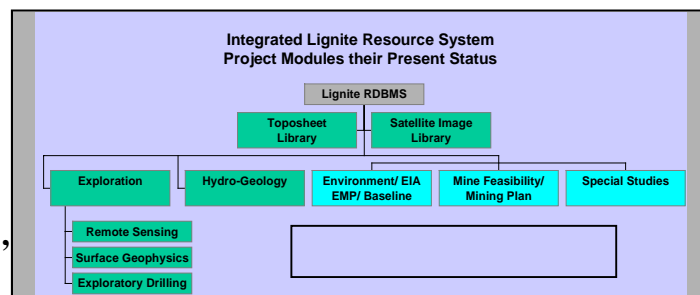


4. Six exploration reports of MOM (Kalabar, Jiajuri, Bhagal Phase-II ,Serengdag West, Dhadkidih Easetrn Sector and Nandup East ) are totally converted into digital format.

5. Digital conversion of 19 economically viable exploration blocks were converted in to Digital Format.. 3D ore body modeling of 7 exploration blocks were completed.

6. Digital conversion of geological reports of coal & lignite blocks explored by MECL was also carried out. The reserves were calculated using in-house GIS technique developed on Auto Cad map platform.

7. As per the X plan, **Integrated Lignite Resource Information System** of the entire country is to created for which Neyveli Lignite Corporation have been appointed as nodal agency. This project involves many activities and one of the major activity '**Creation of ILRIS-RDBMS**' is awarded to MECL.



## 5. EXPANSIONS AND DIVERSIFICATION ACTIVITY

Under the diversification programme, MECL has continued exploration for CBM investigation, supply of ballast stone to South Eastern Railway, coal sampling & analysis work to increase its revenue. Further for generation of additional revenue, company proposed to enter into CBM exploration / production well drilling and mining for bauxite.

MECL has applied for mining lease for bauxite in the state of Chhattisgarh and submitted its mining plan to IBM, Nagpur for approval. Further MECL was also granted prospecting licence and has applied for mining lease of copper deposit at Singhana block, Jhunjhunu Dist. Rajasthan.

## 6. BUSINESS DEVELOPMENT

Rigorous efforts were continued to generate more and more contractual work through competitive bidding and bilateral negotiation. During the year 2005-06, 51 work orders were received, valued at Rs. 54.85 crores.

## 7. PERSONNEL :

### a) Manpower:

The manpower position as on 31-03-2006 as compared to 2004-2005 is given below:

	2004-2005	2005-2006
Officers (Group A & B)	321	367
Group C (Ministerial & Technical)	1867	1760
Group D	93	90
Contingent/Daily rated	29	29
Total	2310	2246

### b) Manpower Reduction:

During the year 35 Executives and 29 Non-executives were separated due to superannuation and other reasons.

The cumulative figure of employees retired under VRS from April 1992 to March 2006 and separation for other reasons are as under:

	Executives	Non-Executives	Total
By VRS	341	1959	2300
Other separations	216	350	566
Total	557	2309	2866

In addition to the above, during the aforesaid period, 2702 contingent workmen were also separated.

c) Representation of Scheduled Castes & Scheduled Tribes as on 31-03-2006 :

Group	Total No. of employees	Scheduled Caste		Scheduled Tribe	
		Total	Percentage	Total	Percentage
A	284	45	15.84%	18	06.33%
B	83	11	13.25%	08	09.63%
C	1760	241	13.69%	126	07.15%
D	84	16	19.04%	06	07.14%
D(Sweeper)	06	05	83.33%	01	16.67%
Total	2217*	318	14.34%	159	07.17%

\* Excluding Contingent workers

**Overall percentage: - 21.51%**

## 8. TRAINING AND MANAGEMENT DEVELOPMENT:

In today's globalised economy MEC realizes that the performance of human assets ensures success. Hence training and management development activities in MECL were designed to equip employees with necessary competencies to face all challenges and the same is reflected in the Organisation's turn around during 2005-06.

During the year 2005-06, 11 In-house Training Programmes were conducted exposing 307 personnel and 24 executives were nominated to 14 external Training Programmes/Seminars/Conferences, etc. Thus during the period under review, training was provided to 331 employees.

## 9. SAFETY:

MECL continued its efforts to maintain safety at all work places and establishments of the Company during the year 2005-2006 also. However, six minor accidents involving injury to six workmen were reported who were provided medical aid immediately.

## 10. SOCIAL WELFARE ACTIVITIES:

- a) MEC Employees contributed an amount of Rs. 3.05 lakhs being their one day's salary to Prime Minister's National Relief Fund to provide relief to the victims of the severe earthquake which ravaged the State of Jammu & Kashmir on 8-10-2005.
- b) Every year merit Scholarships are granted to meritorious wards of MECL employees under "MECL Employees Grant of Scholarship to Employees Children Scheme", as an encouragement and as welfare measure. 34 Scholarships were granted during 2005-06 to wards of employees.
- c) Subsidised canteen facility continued to be provided during this year also. Besides medical facilities were provided to MECL employees and their dependant family members as per Medical Benefit Scheme.

## **11. EMPOWERMENT OF WOMEN:**

MECL gives equal status to its women employees and the Service Rules etc., are uniformly made applicable. The women employees in the Company are provided maternity benefits as per Rules.

In order to avoid sexual harassment of women at work place, a Grievance Committee on “Sexual Harassment” on women at work place was constituted and is functioning in the Company.

Women employees’ participation was ensured in the training programmes organised during 2005-06.

## **12. INDUSTRIAL RELATIONS:**

Industrial relations remained by and large peaceful and cordial in all the establishments of the company during the year 2005-2006.

## **13. OFFICIAL LANGUAGE POLICY:**

In accordance with the Government’s policy for propagating the use of Hindi in official work, number of steps were taken during the year 2005-2006. Hindi Divas/Fortnight were organised wherein various competitions were organised for employees to propagate Hindi amongst them. At Corporate Office, MEC Samachar issue of August 2005 was published in Hindi. Four Hindi Workshops were organised during the period under review. Four Quarterly meetings of Official Language Implementation Committee of MECL were held wherein steps to further propagate Hindi in official work were discussed and implementation position reviewed. In order to encourage employees to do official work in Hindi, 188 employees were given Cash Awards.

## **14. VIGILANCE**

The Vigilance Department of the company operates at Corporate Office, headed by the Chief Vigilance Officer reporting to the Chairman–cum–Managing Director of the Company. During the year emphasis was given to preventive vigilance rather than punitive vigilance by ensuring strict adherence to the laid down rules and regulations of the organisation. Action plan drawn on Anti-corruption measures and other vigilance activities during the year 2005-06 was successfully implemented. System improvement measures were suggested and implemented as a result of findings of Vigilance investigations.

Vigilance Awareness week commencing from 7<sup>th</sup> Nov. to 11<sup>th</sup> Nov. 2005 was organized at Corporate Office and other offices of the organisation.

## **15. PARTICULARS OF EMPLOYEES**

There are no employees within the purview of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 as amended from time to time.

## **16. MOU FOR 2006-07**

The Company's performance based on actual performance has been provisionally rated "Excellent" in the evaluation of memorandum of understanding (MoU) signed with Government of India for the year 2005-06.

MOU with the Government of India for the year 2006-07 was signed on 30-3-2006.

## **17. DIRECTORS RESPONSIBILITY STATEMENT**

In pursuance of Section 217(2AA) of the Companies Act, 1956 which requires inclusion of a Directors' Responsibility Statement, the Directors hereby confirm -

- a) The applicable accounting standards have been followed in the preparation of the annual accounts and proper explanations have been furnished, relating to material departures.
- b) Accounting policies have been selected and applied consistently and reasonably, and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company and of the Profit & Loss of the Company for the financial year ended 31<sup>st</sup> March 2006.
- c) Proper and sufficient care has been taken for the maintenance of 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.
- d) The Annual Accounts of the company have been prepared on a going concern basis.

## **18. DIRECTORS**

Shri Rajneesh Gupta, CMD superannuated w.e.f. 30/4/2006 and Dr. A.K. Lomas took over the charge of CMD w.e.f. 01/5/2006. Shri C.P. Gupta continues as Director (Finance) of the Company and Dr. S.K. Halder took over the charge of Director(Technical) of the Company w.e.f. 25/1/2006.

- Shri Prashant Mehta, Joint Secretary, Ministry of Mines relinquished the charge of Part-time Director on the Board of the Company on 27/9/2005 and Shri Sunil Barthwal, Director, Ministry of Mines took over as part time Director on the Board w.e.f.19/10/2005
- Shri B.K. Panda, Director, Ministry of Coal took over the charge of Part time Director on the Board of the Company on 21/7/2005.
- The Board places on record its deep appreciation for the valuable contributions made by Shri Rajneesh Gupta, CMD and Shri Prashant Mehta, Director of the Company during their tenure towards effective discharge of the functions of the Board and its committees.

The Board met 7 times during the year. The 33<sup>rd</sup> Annual General Meeting was held on 26/9/2005.

## 19. AUDITORS

The Comptroller and Auditor General of India, New Delhi appointed following firms of Chartered Accountants as Statutory & Branch Auditors for the financial year 2005-06.

### Statutory Auditors

M/s Sapre, Dugar & Co.,  
Chartered Accountants, Nagpur

### Branch Auditors

M/s Singh Mukherjee Associates,  
Chartered Accountants, Ranchi

M/s R. Kankaria & Uttam Singhi  
Chartered Accountants, Hyderabad.

## 20. AUDIT COMMITTEE

The Audit Committee constituted by the Board in terms of Section 292A of the Companies Act, 1956 is in operation. The Committee is presently consisting of three members - Shri Sunil Barthwal, Shri B.K. Panda and Dr. S. K. Haldar. The terms of reference of the Audit Committee are as per the provisions of the Companies Act.

The committee met five times during this period.

## 21. ACKNOWLEDGEMENT

Your Directors would like to place on record their gratitude for all guidance and co-operation received from Government of India in general and Ministry of Mines in particular, Ministry of Coal, other Government and regulatory agencies without which it would have been difficult to achieve the results reported for the year. The Directors look forward to their continued support and co-operation in the coming year, as well.

Your Directors express their sincere thanks to the office of the C&AG, Statutory & Branch Auditors, Customers and Bankers who continued to repose their faith and trust in the working of the Company. The Board of Directors would like to assure that the Company would continue to strive for better achievements in the coming years.

Your Directors express their appreciation to the dedicated and committed team of officers and employees without whose support and hard work, the Company would not have achieved the desired results.

For & on behalf of Board of Directors

Place : Nagpur  
Date : 12-9-2006

**(DR. A.K. LOMAS)**  
**CHAIRMAN-CUM-MANAGING DIRECTOR**

**Annexure to Directors' Report as required under Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.**

**FORM-B  
(See Rule 2)**

**Form for disclosure of particulars with respect to absorption –**

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

- 1) Specific areas in which R&D work carried out by the Company.

Modernisation of Mineral Exploration: One specific ongoing R&D project is –  
“Development of Electromagnetic Tomography and Buried Electrode Method for geo-technical studies and base metal exploration” has been completed and final report was submitted in October, 2004.

- 2) This Science and technology project was having three parts i.e. Electromagnetic tomography, Buried electrode method and Micro gravity survey. Based on the study carried out in this project, following conclusion are drawn.

- i) Field study from Geo-radar system has shown that radar waves can be detected after propagating considerable distance through a geological formation. The probing range increases with the compactness as well as resistivity of the rock. The radar waves contain information which can be used for mapping the continuity of the ore body and to characterize the inhomogeneties within a rock mass. The result of tomographic inversion of the cross-hole data has identified the mineralised zone between two bore holes separated by a distance of 168m. and at depth of 134m.
- ii) The Buried electrode method is found to be a potential tool for the search of sulphide minerals. The method can only be introduced in post drilling stage. The main advantage of the technique is, even if the ore body is a near miss in a borehole, it can be mapped.
- iii) The Micro gravity survey has shown that, cavity/old workings at a shallow depth can be detected by this method within a very short time (depending upon the total area to be covered) and at cheaper cost. The method can also be included as an useful tool for mineral exploration programme. This is a fast and economic surface geophysical method that can be used as a reconnaissance tool for targeting the anomalous body.

- 3) Expenditure on R&D :

The above R&D Project comes under S&T grant from Ministry of Mines.

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**  
**Efforts in brief, made towards technology absorption, adaptation & innovation :**

1. **High Performance Diamond Bit :**  
To achieve higher productivity and completion of work within time schedule in hard formation, high performance diamond bits were put in use and the following advantages were noticed :
  - a) Total time consumption is less in hoisting and lowering of drill string for changing of bit than the indigenous bit.
  - b) Penetration rate of high performance bit is faster than indigenous bit.
2. **Triple Tube Core barrel for better core recovery.**  
The triple tube core barrel was deployed for iron ore drilling in Asniye Project, where core recovery with conventional method was not satisfactory. Use of triple tube core barrel with bottom discharge bits have generated satisfactory core samples which has enabled in correct identification of ore body in quality and quantity.
3. **Drilling fluid technology**  
Polymer has been used in hard rock formation and also in CBM projects. By the use of polymer, the in hole problems were reduced due to better bailing out of the cuttings, leading to efficient bore hole cleaning.
4. **Geo-technical work at Pir Panjal Tunnel work under Kashmir Rail Project on behalf of M/s IRCON was successfully completed; deepest bore hole drilled was 640 mts.**
5. **In bore hole geophysical logging one bore hole Geometry probe with micro logger surface system has been commissioned. This probe will give inclination and azimuth, X-Y caliper and configuration of bore hole in 360 degree with a combination of natural Gamma record.**
6. **Successfully completed a slim hole of 1400 mts. deep in NQ size for CBM on behalf of CIL – ONGC, in Jharia Coalfields. It is the deepest NQ size hole drilled in the country.**
7. **Presently carrying out slim hole drilling in the depth range of 1200-1350 mts. in Tertiary formations for CBM at Barmer – Sanchor basin.**

**Foreign Exchange Earnings and Outgo :**

Foreign Exchange Earning : Nil  
Foreign Exchange Outgo : Rs. 148.71 lakhs.

For & on behalf of Board of Directors

Place : Nagpur  
Date : 12-9-2006

**DR. A.K .LOMAS**  
**CHAIRMAN-CUM-MANAGING DIRECTOR**

# AUDITOR'S REPORT

## Auditor's Report to the Members of Mineral Exploration Corporation Limited

We have audited the attached Balance Sheet of Mineral Exploration Corporation Limited, as at 31<sup>st</sup> March 2006 and also the Profit and Loss Account and 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.

We 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(s). 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.

As required by Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) 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;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the Regional Maintenance Centres and other projects at Hyderabad and Ranchi, not visited by us. The Branch Auditors' Reports have been forwarded to us and have been appropriately dealt with;
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statements dealt with by this report are in agreement with the books of account and with the audited returns from the branches;
- (iv) In our opinion, the Balance sheet, Profit and Loss Account and Cash Flow Statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act 1956; except as stated otherwise;
- (v) The provision pertaining to directors disqualification as on 31st March 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, is not applicable to Government Companies;
- (vi) In our opinion and to the best of our information and according to the explanation 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;

Subject to:

1. Non-disclosure of Scrap Assets at lower of net realizable value or net book value separately, Refer note No. 8 of Schedule 'W' and non withdrawal of certain assets from the gross block, Refer note no. 3 (iii) of Schedule 'W'. The effect of the same on the profit for he year could not be determined.
  2. Non confirmation of various balances, refer note No. 13 of Schedule 'W'.
  3. Non-provision for Payment of Service Tax Rs. 265.47 Lacs, Refer note No. 6 of Schedule 'W'.
  4. Due to change in Accounting Policy pertaining to depreciation on items other than Plant and Machinery costing Rs.5000/- or less (instead of 750/- or less earlier) as per the requirements of Schedule XIV of the Companies Act, 1956, Profit for the year has been understated by Rs.4.40 Lacs. Refer note No.5 of Schedule 'W' and
  5. No provision of interest on Government Loan has been made, refer note No.7 of Schedule 'W', due to which profit for the year has been overstated by Rs.1055.31 Lacs.
- (a) In the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2006;
  - (b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
  - (c) In the case of the Cash Flow Statement, of the Cash Flows for year ended on that date.

For SAPRE DUGAR & CO.  
Chartered Accountants

**Sd/-**

(Shreyans Kamdar)  
(Partner)  
Membership No.101422

Place of Signature: Nagpur  
Date: 5<sup>th</sup> July 2006.

## ANNEXURE TO THE AUDITORS' REPORT

### Re: Mineral Exploration Corporation Limited

#### **Referred to in paragraph 3 of our report of even date.**

- i (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of fixed assets.
  - (b) The management has physically verified most of the fixed assets of the company. The discrepancies noticed on comparison between book records and physically verified fixed assets have been properly dealt with in books of accounts.
  - (c) Substantial Part of the fixed assets has not been disposed off during the year so as to affect the going concern.

The Gross Block of Assets include Scrap Assets & the same have not been disclosed separately in the Balance Sheet at lower of net book value or net realizable value. The practice does not comply with the requirements of Para 24 of Accounting Standard-10 'Accounting for Fixed Assets'.

- ii. (a) The inventory of store and spares of the Company have been physically verified by the management during the year except of the stocks lying with third parties. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) The management is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records have been properly dealt with in the books of accounts.
- iii. The Company has not granted or taken any loans to or from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act 1956.
- iv. In our opinion and according to the information and explanations given to us the company has an adequate internal control procedure commensurate with its size and nature of business for purchase of inventory and fixed assets. The company also has an adequate internal control procedure for control and recording of transactions pertaining to the rendering and sale of services and sale of stone ballast. Our evaluation did not reveal any major weakness in the internal control procedures.

- v. There were no transactions during the year that need to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
- vi. The company has not accepted any deposit from public within the meaning of section 58 A of the Companies Act, 1956.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. As informed to us by management, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub section (1) of section 209 of the Companies Act 1956, to the Company.
- ix.
  - (a) The company is regular in depositing the undisputed statutory dues including Provident Fund, Income Tax, Customs Duty, Sales Tax, Service Tax and other statutory dues.
  - (b) There are no dues of Income tax, Custom Duty, Excise Duty and Cess not deposited on account of dispute. Service Tax to the tune off Rs.265.47 Lacs has not been deposited pending clarification as to payment of service tax on Promotional Works allotted by the Department of Mines (Refer Note 6 Schedule 'W').
- x. In our opinion, the Company has accumulated losses at the end of the financial year in excess of fifty percent of its net worth. The Company has not incurred cash losses in the current financial year as well as in the previous financial year.
- xi. In our opinion and according to the information and explanation with the examinations of records given to us and from the examinations of records, the company has not defaulted in repayment of dues to bank.
- xii. According to the information and explanations given to us the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv. The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv. According to the information and explanation given to us, the company has not extended any guarantee for loans availed by others from bank or financial institutions.

- xvi. According to the information and explanations given to us and from the examinations of records, the company has not availed term loan from banks or financial institutions during the year.
- xvii. According to the information and explanations given to us and from the examinations of records, the funds raised by the company on short term have not been used for long-term investment and vice versa.
- xviii. According to the information and explanations given to us and from the examinations of records, the company has not made any preferential allotment of shares.
- xix. According to the information and explanations given to us and from the examinations of records, the company has not issued any debentures.
- xx. According to the information and explanations given to us and from the examinations of records, the company has not raised money by way of a public issue.
- xxi. According to the information and explanations given to us and from the examinations of records, no fraud on or by the company has been noticed or reported during the course of our audit.

For SAPRE DUGAR & CO.  
Chartered Accountants

Sd/-  
(Shreyans Kamdar)  
(Partner)

Membership No.101422

Place of Signature, Nagpur  
Date: 5<sup>th</sup> July 2006.

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF MINERAL EXPLORATION CORPORATION LIMITED, NAGPUR, FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2006.**

I have to state that the Comptroller & Auditor General of India has no comments upon or supplement to the Auditor's Report under Section 619 (4) of the Companies Act, 1956, on the accounts of Mineral Exploration Corporation Limited, Nagpur, for the year ended 31<sup>st</sup> March 2006.

**Sd/-**  
**(Meera Swarup)**  
Principal Director of Commercial Audit and  
Ex-officio Member Audit Board-III,  
New Delhi

Place : New Delhi  
Dated : 1<sup>st</sup> August 2006

## **ADDENDUM TO THE DIRECTORS' REPORT**

Clarifications under Section 217 of the Companies Act,1956. Reference to the Auditors Report and annexures thereto dated 05-07-2006 of M/s. Sapre Dugar & Co. Chartered Accountants ,Nagpur on the Accounts of M/s. Mineral Exploration Corporation Limited, Nagpur for the year 2005-2006.

### **COMMENTS OF STATUTORY AUDITORS**

### **REPLY/CLARIFICATION OF THE MANAGEMENT**

#### **AUDITORS REPORT :**

- |                                                                                                                                                             |                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1) Non disclosure of Scrap Assets at lower of net Realisable value or net book value separately, and non withdrawal of certain assets from the gross block. | This has already been disclosed vide Note No.8 and Note No.3 (iii) of Schedule "W" notes on Balance Sheet and Profit&Loss Accounts forming a part of accounts.              |
| 2) Non-confirmation of various balances.                                                                                                                    | This is informative in nature and the same has been disclosed vide Note No.13 of Schedule "W" notes on Balance Sheet and Profit & Loss Accounts forming a part of accounts. |
| 3) Non-Provision for payment of Service Tax "W" of Rs. 265.47 Lakhs.                                                                                        | This has already been disclosed vide Note No.6 of Schedule Notes on Balance Sheet and Profit & Loss Accounts forming a part of accounts.                                    |
| 4) Additional depreciation of Rs.4.40 Lakhs "W" due to re-framing accounting policy.                                                                        | This has already been disclosed vide Note No.5 of Schedule Notes on Balance Sheet and Profit & Loss Accounts forming a part of accounts.                                    |
| 5) Non-Provision of Interest of Rs.1055.31 Lakhs on Govt. loans.                                                                                            | This has been already disclosed vide Note No.7 of Schedule "W" Notes on Balance Sheet and Profit & Loss Accounts forming a part of accounts.                                |

#### **Annexure to the auditors Report :**

No.i (Para 2) :The Gross Block of Assets include Scrap Assets & the same have not been disclosed separately in the Balance Sheet at lower of net book value or net realisable value. The practice does not comply with the requirements of Para 24 of Accounting Standard-10' Accounting for fixed Assets'.

This has already been disclosed vide Note No.8 of Schedule "W" Notes on Balance sheet and Profit and Loss Accounts forming a part of accounts.

No.ii to XXI of Annexure to the Auditor's Report.

These are general disclosures and wherever necessary have already been covered in Schedule 'W' Notes on the Balance Sheet and Profit & Loss Accounts forming a part of accounts.

Place : Nagpur,  
Dated : **12-9-2006**

(Dr. A.K. LOMAS)  
CHAIRMAN-CUM-MANAGING DIRECTOR

**BALANCE SHEET**  
**AS AT 31ST MARCH,2006**

(Rs In Lacs)

Particulars	Schedule	As at 31.03.2006		As at 31.03.2005
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Fund</b>				
Share Capital	<b>A</b>		7375.00	7275.00
Deferred Govt Grant	<b>B</b>		174.85	191.13
<b>Loan Funds</b>				
Secured	<b>C</b>		-	-
Unsecured			10464.04	10218.04
			<b>18013.89</b>	<b>17684.17</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	<b>D</b>	10,086.93		9,861.04
Less: Depreciation		8,191.59		7,907.13
Net Block		1,895.34		1,953.91
Capital work-in-progress including capital items in Stock/Transit		214.76	2110.10	137.88
				2091.79
<b>Current Assets, Loans &amp; Advances</b>				
Inventories	<b>E</b>	517.11		438.60
Work-In-Progress/ Work Done- Not Due & Not Billed	<b>F</b>	403.29		478.37
Sundry Debtors	<b>G</b>	2,439.10		2,473.78

Cash & Bank Balances	<b>H</b>	5,425.29	3,739.58	
Loans & Advances	<b>I</b>	460.56	336.44	
		9,245.35	7,466.76	
<b>Less : Current Liabilities &amp; Provisions</b>				
Current Liabilities	<b>J</b>	800.01	1,177.70	
Provisions		14.27	12.87	
		814.28	1,190.57	
<b>Net Current Assets</b>			8431.07	6276.19
<b>Miscellaneous Expenditure</b> (to the extent not written off)				
Deferred Revenue Expenses	<b>K</b>		144.57	367.49
Profit & Loss Account			7328.15	8948.69
			<b>18013.89</b>	<b>17684.16</b>
<b>Accounting Policies</b>	<b>V</b>			
<b>Notes on Accounts</b>	<b>W</b>			

Schedules 'A' to 'W' form an integral part of accounts

As per our report of even date  
for Sapre Dugar & Co.

Chartered Accountants

[ SHREYANS KAMDAR]

**Partner**

Mem no. 101422

Place:

Date : July' 2006

[C.P. GUPTA]

**Director  
(Finance)**

[DR. A. K. LOMAS]

**Chairman-cum-  
Managing Director**

[A. P. GERA]

**Company  
Secretary(Actg.)**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD ENDED 31ST MARCH 2006**

(Rs In Lacs)

Particulars	Schedule	YEAR ENDING 31.03.2006	YEAR ENDING 31.03.2005
<b>EARNINGS</b>			
Income from works	L	7887.38	7355.33
Other Income	M	415.19	188.69
Accretion (Decretion) to WIP / Work Done -not due & not billed and Stock of Stone Ballast	N	(46.45)	(9.41)
		8256.12	7534.61
<b>OUTGOINGS</b>			
Operational	O	1640.87	1444.12
Establishment	P	505.41	510.31
Personnel	Q	3928.63	3660.80
Provisions	R	0.00	1.04
Interest	S	0.00	1023.88
Depreciation		318.48	240.58
Amortisation and Write off:	T	222.92	229.84
		6616.31	7110.57
<b>Profit before taxes</b>		<b>1639.81</b>	<b>424.04</b>
Fringe Benefit Tax		20.67	<b>0.00</b>
Pfofit after taxes		<b>1619.14</b>	<b>424.04</b>
Prior period Adjustments (Net)	U	1.40	(29.38)

<b>Profit for the period</b>	<b>1620.54</b>	<b>394.66</b>
Profit/(Loss) for the previous year brought down	(8948.69)	(9343.35)
<b>Profit/(Loss) Carried Over to Balance Sheet</b>	<b>(7328.15)</b>	<b>(8948.69)</b>

Earning per Share (Rs.) - Basic & diluted (Face Value of Rs. 1000/= each (Refer Note 25 Of Schedule W)	222.13	55.26
--------------------------------------------------------------------------------------------------------------	--------	-------

**Accounting Policies**      **V**

**Notes on Accounts**      **W**

Schedules 'A' to 'W' form an integral part of  
accounts

As per our report of even date

for Sapre Dugar & Co.

Chartered Accountants

[ SHREYANS KAMDAR]

**Partner**

Mem no. 101422

[A. P. GERA]

**Company  
Secretary(Actg.)**

Place: [C.P. GUPTA]

[DR. A. K. LOMAS]

Date : July' 2006      **Director  
(Finance)**

**Chairman-cum-  
Managing Director**

(Rs In Lacs)

Particulars

As at  
31.03.2006

As at  
31.03.2005

**SCHEDULE 'A'  
SHARE CAPITAL**

**SHARE CAPITAL**

**AUTHORISED**

10,00,000(10,00,000)Equity Shares of  
Rs.1000/- each

10000.00

10000.00

**ISSUED,SUBSCRIBED & PAID UP**

7,37,500 (7,27,500) Equity Shares  
of Rs.1000/- each fully paid up

7375.00

7275.00

7375.00

7275.00

**SCHEDULE 'B'**

**DEFERRED GOVT. GRANT**

**GRANT FROM GOVERNMENT**

Balance as per last Balance Sheet

191.13

207.99

Less:Transfer to Other Income/Adjustment

16.28

16.86

174.85

191.13

174.85

191.13



**SCHEDULE ' D '**  
**FIXED ASSETS**

DESCRIPTION	GROSS BLOCK			DEPRECIATION RESERVE					NET BLOCK		
	BALANCE	ADDITION	DELETION	BALANCE	BALANCE	ADDITION	DELETION	PRIOR	BALANCE	NET BLOCK	NET BLOCK
	AS AT 01-Apr-05	DURING THE YEAR	DURING THE YEAR	AS AT 31-Mar-06	AS AT 01-Apr-05	DURING THE YEAR	DURING THE YEAR	PERIOD ADJUSTED	AS AT 31-Mar-06	AS AT 31-Mar-06	AS AT 31-Mar-05
FREE HOLD LAND	25.27	0.00	0.00	25.27	0.00	0.00	0.00	0.00	0.00	25.27	25.27
LEASE HOLD LAND	260.23	0.00	0.00	260.23	10.73	2.63	0.00	0.00	13.36	246.87	249.50
BUILDINGS,STRUCTURES AND TENTAGES	718.69	0.00	0.66	718.03	202.76	13.69	0.66	0.00	215.79	502.24	515.93
ROADS	3.20	0.00	0.00	3.20	1.12	0.05	0.00	0.00	1.17	2.03	2.08
PLANT AND MACHINARY	2,730.16	11.13	5.94	2,735.35	2,429.18	38.60	5.65	0.00	2,462.13	273.22	300.98
ACCESSORIES	3,803.55	212.02	12.62	4,002.95	3,745.10	183.41	12.56	0.00	3,915.95	87.00	58.45
ELECTRICAL INSTALLATIONS	33.74	0.00	0.00	33.74	24.33	1.07	0.00	0.31	25.71	8.03	9.41
INSTRUMENTS & EQUIPMENTS	1,155.15	1.16	3.63	1,152.68	600.91	36.52	3.47	0.40	634.36	518.32	554.24
FURNITURE & OFFICE APPLIANCES	211.11	8.78	0.00	219.89	165.27	6.18	0.00	3.42	174.87	45.02	45.84
SYSTEMS - TANGIBLE	194.37	12.35	0.00	206.72	163.24	8.37	0.00	0.36	171.97	34.75	31.13
- INTANGIBLE	183.82	3.85	0.00	187.67	177.78	4.72	0.00	0.00	182.50	5.17	6.04
VEHICLES	541.75	16.53	17.08	541.20	386.71	23.24	16.23	0.06	393.78	147.42	155.04
TOTAL	9,861.04	265.82	39.93	10,086.93	7,907.13	318.48	38.57	4.55	8,191.59	1,895.34	1,953.91
Figures of Previous Year	9,750.28	195.74	84.98	9,861.04	7,748.29	240.58	81.73	(0.01)	7,907.13	1,953.91	2,001.99

Particulars	As at 31.03.2006	As at 31.03.2005	(Rs In Lacs)
<b>SCHEDULE 'E'</b>			
<b>INVENTORIES</b>			
(As taken ,valued and certified by the Management)			
Stores and Spares		435.67	387.91
Loose Tools		21.05	23.11
Stores and Spares in Transit	12.71	8.53	
Less:Provision for Losses in Transit	0.28	0.28	
		12.43	8.25
Finished Stock (Stone Ballast)		47.96	19.33
		517.11	438.60

<b>SCHEDULE 'F'</b>			
<b>WORK-IN-PROGRESS/ WORK DONE - NOT DUE &amp; NOT BILLED</b>			
(As assessed and certified by the Management)			
Work done not yet due for payment		248.11	341.20
Work done not billed		153.62	136.60
Workshop work in progress		1.56	0.57
		403.29	478.37

Particulars	As at 31.03.2006	As at 31.03.2005	(Rs In Lacs)
<b>SCHEDULE 'G'</b>			
<b>SUNDRY DEBTORS</b>			
<b>SUNDRY DEBTORS</b>			
<b>(Unsecured)</b>			
Debts outstanding for periods exceeding six months			
Considered good	790.56	987.81	
Considered Doubtful	153.25	171.20	
	943.81	1,159.01	
Other Debts Considered good	1,648.54	1,485.97	
		2592.35	2,644.98
Less :Provision for doubtful debts		153.25	171.20
		2439.10	2473.78

Particulars	As at 31.03.2006	As at 31.03.2005	(Rs In Lacs)
<b>SCHEDULE 'H'</b>			
<b>CASH AND BANK BALANCES</b>			
Cash In Hand		7.51	7.63
Remittances In Transit		10.51	9.86
Cheques In Hand		272.53	586.94
Balances With Scheduled Banks:			
On Current Accounts	505.52	439.28	
Cash Credit Account	272.00	89.25	
On Short Term Deposit Accounts (including FDR against margin money)	4,357.22	5134.74	3135.15
		5425.29	3739.58

**SCHEDULE 'I'**  
**LOANS AND ADVANCES**

Loans & Advances Recoverable in  
cash  
or in kind or for value to be received

Considered good:

Secured	33.20		47.27	
Unsecured	400.89		271.92	
Considered doubtful(Unsecured)	63.14	497.23	74.39	393.58
(Incl. Rs.4.58 for capital expenditure Previous year Rs.4.58)				
 Balances with customs		7.84		0.33
 Cenvat Credits Receivable		18.63		16.92
		523.70		410.83
 Less:Provision for doubtful advances		63.14		74.39
		460.56		336.44

**(Rs In Lacs)**

**Particulars**

**As at  
31.03.2006**

**As at  
31.03.2005**

***SCHEDULE 'J'***  
**CURRENT LIABILITIES AND  
PROVISIONS**

**CURRENT LIABILITIES**

Sundry Creditors	346.26	412.53
Advances against works	53.58	73.55
Security and other deposits	69.85	68.98
Liabilities for expenses	159.52	165.21
Interest accrued but not due on loan	0.00	246.00
Other Liabilities	170.80	211.43
	800.01	1177.70
<b>PROVISIONS:</b>		
For Gratuity	14.27	12.87
	14.27	12.87

**SCHEDULE 'K'**  
**DEFERRED REVENUE**  
**EXPENSES**

Stamp duty and Filing fees:				
Opening Balance	4.28		6.42	
Less: Expenditure Amortised	2.14	2.14	2.14	4.28
Expenditure On VRS:				
Opening Balance	363.21		590.26	
Add: Expenditure Incurred During the Year	-		0.58	
	363.21		590.84	
Less : Expenditure amortised	220.78		227.63	
		142.43		363.21
		144.57		367.49

**(Rs In Lacs)**

Particulars

YEAR  
ENDING

YEAR  
ENDING

31.03.2006

31.03.2005

**SCHEDULE 'L'**  
**INCOME FROM WORKS**

Contractual

Promotional

Total

Drilling	4,424.13	680.02	5104.15	4559.14
Mining	993.60	50.94	1044.54	981.44
Geology	840.22	298.64	1138.86	1166.53
Laboratory	48.17	59.68	107.85	145.05
Coal Sampling	266.62	-	266.62	296.46
Sale of Stone Ballast	225.36	-	225.36	206.71
	6,798.10	1,089.28	7887.38	7355.33

**SCHEDULE 'M'**  
**OTHER INCOME**

Interest on Advances to Staff	0.17	0.27
Interest on Short Term Deposit	225.53	82.04
Sale of Scrap	40.18	11.54
Profit on Sale of Assets	5.69	8.94
Grant Written Back	16.28	16.52
Liabilities/Provisions no longer required Written Back	63.79	13.22
Income From Rent	39.07	27.22
Miscellaneous Income	24.48	28.94
	415.19	188.69

Particulars	(Rs In Lacs)	
	YEAR ENDING	YEAR ENDING
	31.03.2006	31.03.2006
<b>SCHEDULE 'N'</b>		
<b>ACCRETION/(DECRETION) TO</b>		
<b>WORK-IN-PROGRESS/ WORK</b>		
<b>DONE- NOT DUE &amp; NOT BILLED</b>		
<b>AND STOCK OF STONE BALLAST</b>		
WORK DONE NOT YET DUE FOR		
PAYMENT		
Closing Balance	248.11	341.20
Opening Balance	341.20	361.13
	(93.09)	(19.93)
WORK DONE NOT BILLED		
Closing Balance	153.62	136.60
Opening Balance	136.60	143.48
	17.02	(6.88)
DRILLING WORKDONE PENDING		
APPROVAL		
Closing Balance	-	-
Opening Balance	-	0.00
		0.00
STOCK OF STONE BALLAST		
Closing Balance	47.96	19.33
Opening Balance	19.33	1.06

		28.63	18.27
WORKSHOP WORK IN PROGRESS			
Closing Balance	1.56	0.57	
Opening Balance	0.57	1.44	
		0.99	(0.87)
		(46.45)	(9.41)

(Rs In Lacs)

Particulars	YEAR	YEAR
	ENDING	ENDING
	31.03.2006	31.03.2005

**SCHEDULE 'O'**  
**OPERATIONAL EXPENSES**

Stores & Spares	472.95	412.27
Petrol, Oil & Lubricants	426.68	350.49
Other Material consumed	61.02	67.36
Joint Venture Expenses	339.34	308.18
Site Maintenance Expenses	71.87	56.91
Other Site Expenses	41.70	35.96

Stone Ballast Expenses :

Purchase of Stone Ballast (Finished)	139.22		103.55	
Other Stone Ballast Expenses	89.24		94.84	
		228.46		198.39

Repairs to:

Machinery	86.68		86.16	
Vehicles	17.87		19.37	
Others	18.46	123.01	14.71	120.24

Miscellaneous

3.36	2.89
1768.39	1552.69

Less:- Workshop Expenses

Transferred to		127.52		108.57
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Capital and Other Accounts

1640.87	1444.12
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(Rs In Lacs)

Particulars

YEAR  
ENDING

YEAR  
ENDING

31.03.2006

31.03.2005

**SCHEDULE 'P'**  
**ESTABLISHMENT**  
**EXPENSES**

Electricity		45.58		46.36
Repairs to:				
Building	18.49		13.03	
Machinery	16.69		16.94	
Vehicles	0.38		0.98	
Others	27.32	62.88	19.65	50.60
Freight, Handling & Packing		41.09		46.18
Petrol, Oil & Lubricants		7.91		5.79
Insurance		15.90		17.00
Travelling & Conveyance		148.75		134.72
Postage, Telegram & Telephones		31.83		32.94

Stationery & Printing	23.52	24.41
Rates & Taxes	43.33	72.18
Rent	19.92	19.76
Publicity & Advertisement	6.06	16.15
Legal Expenses	4.72	3.75
Recruitment	1.11	0.00
Entertainment	0.55	0.25
Books, Journals & Technical Literature	1.73	1.60
Management Development & Training	1.07	0.77
Auditor's Remuneration	0.99	0.88
Other Audit Expenses	0.46	0.03
Miscellaneous	47.85	36.71
Stamp Duty & Registration Charges	0.16	0.23
	505.41	510.31

(Rs In Lacs)

Particulars

YEAR  
ENDING

YEAR  
ENDING

31.03.2006

31.03.2005

**SCHEDULE 'Q'**  
**PERSONNEL EXPENSES**

Salaries,Wages, Bonus and Allowances	3003.91	2918.96
Contribution to provident Fund and Other Funds	765.54	593.46
Medical and Welfare	202.67	189.70
Workmen Compensation & Accident Benefits	1.97	0.10
	3974.09	3702.22
Less:- Workshop Expenses Transferred to Capital and Other Accounts	45.46	41.42
	3928.63	3660.80

**SCHEDULE `R`  
PROVISIONS**

PROVISIONS FOR :-

Doubtful Debts	0.00	1.04
	0.00	1.04

(Rs In Lacs)

Particulars

YEAR  
ENDING

YEAR  
ENDING

31.03.2006

31.03.2005

**SCHEDULE `S`  
INTEREST**

Interest on Govt. Loans	0.00	1022.76
Interest on Cash-Credit/OD/Others	-	0.00
Interest on HDFC Loan	0.00	1.12
	0.00	1023.88

**SCHEDULE 'T'**  
**AMORTISATION AND WRITE**  
**OFF**

**AMORTISATION**

Stamp duty and Filing fees		2.14	2.14
Deferred Revenue Expenses for VRS		220.78	227.63

**WRITE - OFF**

Bad Debts	17.20	72.87	
Less: Adjusted against opening Provision for Doubtful Debts	17.20	72.80	
Advances		-	0.07
Less: Adjusted against opening Provision for Doubtful Advances		-	-
		222.92	229.84

**SCHEDULE 'U'**  
**PRIOR PERIOD**  
**ADJUSTMENTS**

INCOME

Income from works	22.85	(14.19)
Other Income	0.02	0.09
	22.87	(14.10)

EXPENSES

Operational Expenses	15.38	0.86
Establishment Expenses	(1.85)	14.07
Personnel Expenses	3.39	0.36
Depreciation	4.55	(0.01)
	21.47	15.28
NET INCOME/(EXPENDITURE)	1.40	(29.38)

***SCHEDULE 'V'***  
***ACCOUNTING POLICIES***

**1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements are prepared under historical cost convention, on accrual basis of accounting, and in accordance with the generally accepted accounting principles in India and provisions of Companies Act, 1956.

**2. REVENUE RECOGNITION**

- a. Amount due for payment in respect of bills submitted for work done is considered as income from works. Not due portion of bills submitted & value of work done not billed is considered as Work Done – Not Due & Not Billed.
- b. Sale of scrap and reject stone chips are accounted for as income when delivered.

**3. FIXED ASSETS**

- a. Temporary structures are capitalised either at the lower of the completion certificate value and amount spent as per books of account or where the completion certificate does not specify the value, at the amount spent as per books of account.
- b. Temporary structures at closed projects, steel structures issued for use ten years earlier and tentages and accessories issued for use three years earlier are withdrawn from Gross Block.
- c. Unidentifiable assets such as Drilling Accessories, GI Pipes, Rails etc., when sold or lost in borehole, are withdrawn from Gross Block on the basis of "first in first out".
- d. Other Fixed Assets are maintained at the original cost.
- e. Impairment of Assets : Carrying amount of fixed Assets, if exceeds recoverable amount on reporting date , the carrying amount of fixed Assets is reduced to recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash inflows.

#### **4. DEPRECIATION**

Depreciation is charged on straight line method in accordance with schedule XIV of the Companies Act, 1956 at the rates in existence as at the end of the accounting year (applied uniformly for the year to all assets) except in the following cases :

- a. 9.5% on steel structures based on assessed life of 10 years.
- b. Leasehold land is depreciated over the lease period.
- c. Intangible Assets (Software) are depreciated over a period of 3 years without retaining any residual value.
- d. The calculation of depreciation is done from the beginning of the quarter in which the asset is issued for use including items on which rate of depreciation is 100%.

#### **5. GOVERNMENT GRANTS**

Government Grant for specific Fixed Assets is recognised proportionately in Profit & Loss Account over the useful life of the assets.

#### **6. INVENTORIES**

Inventories are valued as under:

- a. Stores, Spares and Loose Tools - at cost.
- b. Unserviceable diamond bits - at 5% of cost, other unserviceable stores and spares at 3% of cost.
- c. Surplus stores, stores & spares and loose tools issued for use but still Serviceable - at 50% of cost.
- d. Salvaged Diamonds - at Re. 1/- per carat
- e. Boulders (Stone), Finished stock and stock in process of stone ballast are valued at lower of cost or net realisable value.

**7. WORK-IN-PROGRESS/ WORK DONE – NOT DUE & NOT BILLED**

- a. Drilling, Mining and Laboratory work done not billed / work done not due for payment for which contract have been executed/approved is assessed at contract/estimated rates less estimated expenditure to be incurred .
- b. Workshop work in progress and workshop finished goods is valued at direct cost.
- c. Drilling, Mining and Laboratory work done pending formal approval is valued at direct cost or net realisable value whichever is less .

**8. RETIREMENT BENEFITS**

The Company has taken insurance covers for payment of Gratuity and Leave Encashment to its regular employees. Annual premium as determined by LIC based on actuarial valuation is accordingly charged to Profit & Loss Account. Further, Gratuity & Leave Encashment payable to employees separated under VRS is paid by the Company from its own fund and is charged to Profit & Loss Account .

As regards contingent workers, accrued liability of gratuity and leave encashment at the year end is provided for.

**9. AMORTISATION OF EXPENSES**

- a. Stamp duty and filing fees payable consequent upon increase in authorised share capital is treated as deferred revenue expenditure and is charged off in 10 years.
- b. Payment of ex-gratia made to employees separated under VRS not reimbursed by the Govt. and payments made by the Company from its own fund is amortised over the period of 5 years.

**10. BORROWING COST**

Borrowing cost attributable to the acquisition/ construction /development of qualifying assets is capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial time to get ready for intended use.

\*\*\*\*\*

**SCHEDULE 'W'**

**NOTES ON ACCOUNTS**

**(Figures are given in lacs of Rupees)**

1. Contingent Liabilities:

i. Letter of Credit and Bank Guarantees outstanding Rs. 391.79 (Rs183.31).

ii. Claims not acknowledged as debts by the Company Rs. 272.63 \* (Rs. 255.24 \*) .  
Interest from the date of claim has not been considered in case of matters under litigation on the ground that it may prejudice the interest of the company.

\* Includes Rs. 189 towards additional compensation claimed by the previous owner of the land & building at 8/5 Alipore Park Road , Kolkata acquired by the company under the provision of Land Acquisition Act, 1894 .

2. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.212.47 (Rs. 74.80 ) net of advance.

3. i. Central Government has not so far transferred the workshop and adjoining office buildings including Nagpur Utility Complex at Seminary Hills, Nagpur in the name of the Company. As a result, the value of the plot and building and depreciation on Building have not been considered in the Accounts.

ii. Confirmation of title in respect of Free hold land of 2.30 acres at Hazaripahad, Nagpur, Free hold land of 2.39 acres at Seminary Hills (adjacent to Administrative Building) Nagpur, Lease hold land of 7 acres at GSI Complex Bandlaguda, Hyderabad, and 110.56 sq. meters area in the Scope Minar Project of SCOPE at District Center, Laxhminagar, Delhi is awaited.

iii. Certain assets sold, discarded, left or lost in bore-holes have not been withdrawn from the Gross Block due to difficulties in identifications / pending documentation and as such profit / loss on such assets could not be ascertained.

4. Stores, Spares and Loose Tools in transit includes Stores of Rs 0.28 (Rs.0.28) under scrutiny, fully provided.

5. Accounting Policy regarding depreciation on items other than Plant & Machinery costing Rs. 750/- or less has been reframed from 1.04.2005 as required by Schedule XIV of the Companies Act 1956. Capital assets other than Plant & Machinery costing Rs. 5000/- or less has been depreciated at 100% with retrospective effect from December 1993. Due to this change of Accounting Policy profit for the year has reduced by Rs.4.40.

6. Ministry of Mines vide their Letter No. 37/7/95-MI dated 31.10.2002 indicated that Service Tax is not applicable on promotional work being done on behalf of Department of Mines as the same is in the nature of Grant and discontinued the payment thereof.

Accordingly, MECL discontinued charging and payment of Service Tax on promotional work being done on behalf of Department of Mines and informed the same to the Central Excise Department. The Central Excise Department vide their Letter No. IV(16)30-364 /STS/ST/02/1544 dated 29.5.2003 has clarified that Service Tax is payable on promotional work also. The company has taken up the matter with the Department of Mines with the request to issue a specific notification exempting promotional work being carried out by MECL from the applicability of the Service Tax or pay the Service Tax on promotional work. Matter is still pending with Department. The amount payable on this account works out to Rs.265.47 ( Rs. 154.36) approximately, which has not been provided in the Books of Account, as the Service Tax, if any payable, it is to be collected from Department of Mines and to be paid to the Central Excise Department.

7. As the financial restructuring proposal of the Company is under consideration with the Government of India which includes conversion of outstanding Government loan of Rs. 4579.66 into equity w.e.f. 31-03-05 and with further stipulation of waiver of interest from 01-04-2005 till the decision of the Government, the liability towards interest and penal interest amounting to Rs.1055.31 for the period from 1.4.2005 to 31.03.2006 has not been provided. Due to non-provision of interest on Govt. loan, profit for the year has increased by Rs.1055.31.

8. As per Accounting Standard 10 Assets retired from active use and held for disposal should be stated at the lower of their net book value or net realisable value and shown separately. Assets are located at projects, spread out at far-flung and remote places through out the country. Identification of such assets is difficult, however action has already been initiated

to identify the same. During the year company has identified major assets of Rs. 31.36 as unserviceable/surplus. Major assets identified as unserviceable/surplus amounting to Rs. 68.65 are included in Gross Block. Till the identification is over, such assets will continue to be included in gross block at net book value.

9. Advances due from Officers:

	As on 31.3.2006		Maximum amount due at any time during the year	
	Rs.		Rs.	
Directors	0.09	(0.59)	1.17	(0.71)
Other Officers	0.18	(0.00)	0.45	(0.05)

10. Travelling and Conveyance Expenses include travelling expenses of :

Chairman-cum-Managing Director	Rs. 8.24	(Rs. 6.74)
Directors	Rs. 3.25	(Rs.2.53)

11. Remuneration to Chairman-cum- Managing Director and Functional Directors:

i. Salaries & Allowances	Rs. 6.02	(Rs 5.43)
ii. Contribution to Provident Fund	Rs. 0.67	(Rs. 0.60)
iii. Medical reimbursement	Rs.0.02	(Rs.0.09)

The Chairman-cum-Managing Director and full time directors have the option to use the staff car for purposes other than official duty up to a ceiling of 750 KM per month, on payment at concessional rate, in accordance with the provisions of Govt. of India, Ministry of Finance, Bureau of Public Enterprises O.M. No. 2(18) / PC-64 dated 20<sup>th</sup> November, 1964 as amended from time to time.

12. Expenditure on Public Relations and Publicity :

i. Salary, Allowances, etc.	Rs. 2.87	(Rs. 2.50)
ii. Other Expenses	Rs. 0.35	(Rs. 1.02)

13. Balances under Sundry Debtors, Loans & Advances and Current Liabilities are subject to Confirmation.

14. Sundry Creditors include Rs.6.94 (Rs 6.94) payable to Amko Mining & Drilling , a SSI unit is outstanding for more than 30 days. No interest on the same has been provided as the matter is under litigation.

15. Payment to Auditors :

(a) As a Auditor

(i) Statutory Audit fees Rs. 0.66 (Rs 0.56)

(ii) Tax Audit fees Rs. 0.22 (Rs 0.18)

(iii) Service tax on Audit fees Rs. 0.11 (Rs 0.08)

(b) Others

(i) T.A. & other Expenses Rs.0.46 (Rs 0.09)

16. i) Expenditure incurred on account of Social Amenities :-

a) Canteen expenditure Rs. 5.99 (Rs.6.27)

b) Residential Accommodations Rs. 3.57 (Rs.2.33)

TOTAL -----  
Rs.9.56 (Rs 8.60)

Less :Recovery for  
Residential Quarters (-) Rs. 1.68 (-) (Rs 0.93)

Net expenditure -----  
Rs.7.88 (Rs. 7.67)  
-----

ii) Fixed assets include cost of residential accommodation for employees Rs.245.76 (Rs.245.76). The cumulative depreciation provision includes provision for Residential accommodation Rs. 71.37 (Rs. 67.37) .

17. There are no employees in receipt of remuneration exceeding Rs. 24.00 per annum, if employed through out the year or Rs. 2.00 per month if employed for part of the year.

18. Value of imports on CIF Basis:

a) i. Capital Goods Rs.68.56 (Rs.85.87 )  
ii. Components & Spare Parts Rs.76.59 (Rs. 74.34 )

19. Value of Raw Materials, Spare Parts & Components Consumed

	Value		% of total Consumption	
	-----		-----	
i. Imported	Rs. 46.97	(Rs. 97.81)	4.84 %	(11.70 %)
ii. Indigenous (Consumption)	Rs. 921.58	(Rs. 738.10)	95.16 %	(88.30%)

20. Expenditure in Foreign Currency:

i. Travelling	Rs. 1.01	(Rs.0.37)
ii. Others	Rs. 2.55	(Rs. 2.18)

21. Quantitative information in respect of stone ballast activity is as under:

<b>Boulders</b>	<b>Qty in Cums</b>		<b>Value in Rs.</b>	
Opening Stock	68.69	(354.54)	0.07	(0.29)
Purchases	47704.43	(50675.09)	38.40	(54.58)
Consumption / Crushed	47512.75	(50960.94)	38.17	(54.80)
Closing Stock	301.41	(68.69)	0.30	(0.07)
Excess/Shortage	41.04	--		
Production	28103.89	(32381.62)	--	--
Wastage/Rejects	19408.86	(18579.32)	--	--
<b>STONE BALLAST (Finished)</b>				
Opening Stock	5418.25	(299.69)	19.26	(0.76)
Purchase	37364.53	(31210.66)	139.23	(103.55)
Production	28103.89	(32381.62 )	---	---
Sales	57365.02	(58473.72)	225.73	(204.32)
Closing Stock	13578.66	( 5418.25)	47.67	( 19.26)
Excess/Shortage	57.01	(0.00)		(0.00)

**22. Cashflow statement-**

Particulars	31.03.06 Rs.in Lacs	31.03.05 Rs. In Lacs
Cash flow from operating activities		
Net profit/(Loss) Before Tax	1620.54	394.66
Adjustment for :		
Depreciation	323.03	240.57
Interest Income	(225.70)	(82.31)
Interest :-		
Charged to P & L Account	-	1023.88
Profit on sale of assets	(5.69)	(8.94)
Govt. Grant written back	(16.28)	(16.52)
Deferred Revenue Expenses Written off	222.92	229.84
Operating profit before working capital changes	1918.82	1781.18
(-)Increase/ Dcrease in Sundry Debtors	34.68	835.34
Increase in inventories / Work in Progress	(3.43)	(2.03)
Increase / (-) decrease in Current Liabilities & Provisions	(130.29)	147.52
Decrease in Current Loans & Advances	(124.12)	(86.73)
VRS Payments	-	(0.58)
Net Cash inflow / (Outflow) from operating activities (A)	1695.66	2674.70
Cash Flow from Investing Activities		
Purchase of Capital assets	(342.70)	(281.30)
Proceeds from sale of Assets	7.05	12.18
Interest Received	225.70	82.31
Govt.Grant for Capital Items		
Net Cash inflow / (Outflow) from Investing Activities (B)	(109.95)	(186.81)
Cash Flow from Financing Activities		
Increase in Share Capital	100.00	200.00
Borrowing from Bank (Cash Credit )		
Loan received from Govt.		
Repayment of Loan (Govt.)		
Repayment of Loan (H.D.F.C.)	-	(46.68)
Repayment of Loan (Cash Credit)		
Interest paid	-	(1.12)
Net Cash inflow / (Outflow) from Financing Activities (C )	100.00	152.20
Net Increase /(Decrease) in Cash / Bank Balance [ A+B+C]	1685.71	2640.09
Cash & Cash equivalent at the beginning of the year (Refer Sch. "H")	3739.58	1099.49
Cash & Cash equivalent at the closing of the year (Refer Sch. "H")	5425.29	3739.58

## NOTES :

1. Cash Flow Statement has been prepared under the indirect method as set out in the AS-3

(Revised) issued by the Institute of Chartered Accountants of India.

**23. Segmentwise information as prescribed by AS - 17 is given below:**

Particulars	Exploration	Mining	Other Activities	Unallocable	Total Enterprise
Income From Works [including Accretion/(Decretion) to WIP]	6275.78 (5843.04)	1044.54 (981.44)	520.61 (521.44)		7840.93 (7345.92)
Other Income			18.16 (11.54)	397.03 (177.15)	415.19 (188.69)
Total Income	6275.78 (5843.04)	1044.54 (981.44)	538.77 (532.98)	397.03 (177.15)	8256.12 (7534.61)
Identifiable Operating Expenses	4013.45 (3562.43)	997.35 (697.78)	401.52 (379.11)	- -	5412.32 (4639.32)
Other Expenses	-	-	-	683.26 (975.91)	683.26 (975.91)
Depreciation	262.40 (169.77)	16.12 (16.26)	3.19 (3.19)	36.77 (51.36)	318.48 (240.58)
Write off	-	-	-	222.92 (229.84)	222.92 (229.84)
Interest	-	-	-	- (1023.88)	- (1023.88)
Provisions	-	-	-	-	-
Total Cost	4275.85 (3732.20)	1013.47 (714.04)	404.71 (382.30)	942.95 (2282.03)	6636.98 (7110.57)
Profit/(loss) for the year	1999.93 (2110.84)	31.07 (267.40)	134.06 (150.68)	-545.92 (-2104.88)	1619.14 (424.04)
Prior Period Adjustment				1.40 (-29.38)	1.40 (-29.38)
Profit/(loss)					1620.54 (394.66)
<u>Other Information</u>					
Segment Assets					
1. Fixed Assets	1180.45 (1129.32)	46.62 (54.66)	11.53 (14.72)	871.50 (893.09)	2110.10 (2091.79)
2. Other Assets	2779.84 (3209.89)	406.62 (371.08)	359.50 (344.80)	5699.39 (3541.00)	9245.35 (7466.77)
Total Assets	3960.29 (4339.21)	453.24 (425.74)	371.03 (359.52)	6570.89 (4434.09)	11355.45 (9558.56)
Segment Liabilities	142.94 (228.80)	50.96 (21.27)	10.93 (10.78)	609.45 (929.72)	814.28 (1190.57)

Notes: The Company has considered Business Segment as the segment for disclosure. The activities included in each of the reported segment are as under:

\* Exploration activity includes Drilling, Geology and Geo-physical logging and Laboratory.

\* Mining activity includes Exploratory / Developmental Mining .

\* Other Activities includes Coal Sampling & Stone Ballast.



24 Balance Sheet Abstract and Company's Business Profile.

I.	Registration Details		
	Registration No.	16078	State Code 11
	Balance Sheet Date	31-03-2006	
		Date-Month-Year	
II.	Capital raised during the year (Amount in Rs. lacs)		
	Public issue	Nil	Rights issue 100
	Bonus issue	Nil	Private placement Nil
III.	Position of Mobilisation & Deployment of Funds (Amount in Rs. lacs)		
	Source of Funds	Total Liabilities	Total Assets
		18013.89	18013.89
		Paid up Capital	Reserves & Surplus (Deferred Govt. Grant)
		7375.00	174.85
		Secured Loans	Unsecured Loans
		Nil	10464.04
	Application of Funds	Net fixed Assets	Investments
		2110.10	Nil
		Net current Assets	Misc. Expenditure
		8431.07	144.57
		Accumulated Losses	
		7328.15	
IV.	Performance of Company(Amount in Rs. lacs)		
	Turnover	8256.15	Total Expenditure 6616.31
	Profit/(Loss)		Profit/(Loss)
	Before tax	1639.81	after tax 1620.54
	Earning per Share	.222.13	Dividend rate % Nil
V.	Generic Names of Principal Products/Services of Company(As per monetary terms)		
	Item Code No.(ITC Code)	980 100 04	
	Product Description	Mining Project	
	Item Code No.(ITC Code)	980 100 05	
	Product Description	Project for Exploration for other material	
	Item Code No.(ITC Code)	980 100 09	
	Product Description	Other Projects.	

25. Earning per Share has been computed as under (AS-20) :
- |                                                   |         |           |
|---------------------------------------------------|---------|-----------|
| Net Profit                                        | 1620.53 | ( 394.66) |
| Weighted average no. of Equity Shares Outstanding | 729527  | (714130)  |
| Earning per Share (Rs.) Basic & diluted           | 222.13  | ( 55.26)  |
| Face value of Rs.1000/- per Share                 |         |           |
26. As per Section 441A of the Companies Act 1956 , cess on turnover is leviable . Government of India ,has not yet framed any rules / Guidelines in this regard and hence no amount on this account has been paid / provided for.
27. During the current year also, the Company continued to maintain books of account at Branch Offices including Projects and at CHQ. Necessary changes in Accounts Manual are being made accordingly.
28. The impact of significant events occurring after the Balance Sheet date and the approval thereof is given effect to either by modification to the Balance Sheet and Profit & Loss Account or by specific mention in the Directors Report.
29. Previous year figures have been regrouped, rearranged and shown in brackets wherever necessary.

As per our report of even date  
for **Sapre Dugar & Co.**  
Chartered Accountants

[SHREYANS KAMDAR]  
**Partner**  
Mem No.101422

( A.P. GERA )  
**Company Secretary(Actg.)**

[C.P. GUPTA]  
**Director (Finance)**

[DR. A.K.LOMAS]  
**Chairman-cum-Managing Director**

Place: Nagpur  
Date: 5<sup>th</sup> July' 2006