

**Annual
Report
And
Accounts
1994-95**



Mahanadi Coalfields Limited

Annual Report And Accounts 1994-95



MAHANADI COALFIELDS LIMITED

(A Subsidiary of Coal India Limited)

MCL COMPLEX, ANAND VIHAR, BURLA, SAMBALPUR 768 018 (ORISSA)

CONTENTS

Sl. No.	Page No.
1. Management/Bankers/Auditors	2
2. Notice	4
3. Directors' Report	5
4. Comments of the Comptroller & Auditor General of India	19
5. Balance Sheet as at 31st March, 1995 <i>(With Schedules)</i>	22
6. Profit & Loss Account for the year ending 31st March, 1995 <i>(With Schedules)</i>	42
7. Auditors' Report and Management's Replies thereto	72

MANAGEMENT DURING 1994-95

DIRECTOR-IN-CHARGE	:	Shri C.R. Das (upto 23.11.94)
CHAIRMAN-CUM-MANAGING DIRECTOR	:	Shri C.R. Das (from 24.11.94)
FUNCTIONAL DIRECTOR	:	Shri V.K. Sehgal, Director (T)
PART TIME DIRECTORS	:	Shri G.C. Mrig, CMD, BCCL, Dhanbad Shri P. K. Sengupta, Chariman, CIL, Calcutta. Shri Sunil Soni, Dy, Secretary, Ministry of Coal, New Delhi. Shri T.K. Deb, Director(T) CIL, Calcutta. (from 14.6.94)
COMPANY SECRETARY	:	Shri K.L. Bhasin

PRESENT MANAGEMENT

CHAIRMAN-CUM MANAGING DIRECTOR : Shri C.R. Das
FUNCTIONAL DIRECTOR : Shri V.K. Sehgal, Director (T)
PARTTIME DIRECTORS : Shri P.K. Sengupta, Chairman, CIL, Calcutta
Shri T.K. Deb, Director (T), CIL, Calcutta.
Shri Sunil Soni, Deputy Secretary, Coal,
New Delhi.

Company Secretary

K.L Bhasin

Bankers

State Bank of India, UCO Bank, Canara Bank, Andhra Bank,
Indian Overseas Bank, United Bank of India, Union Bank of India

Auditors

M/s K.C., Samal & Co.
Chartered Accountants, Sambalpur.

Branch Auditors

M/s. R. S. Sahoo & Co.,
Chartered Accountants,
Bhubaneswar.

Registered Office

MCL Complex, Anand Vihar, P. O. : U.C.E. Burla,
Sambalpur - 768 018, Orissa.

NOTICE
THIRD ANNUAL GENERAL MEETING

Dated : 6th September, 1995

Notice is hereby given that the Third Annual General Meeting of Mahanadi Coalfields Limited will be held at 10.30 AM on Monday, the 18th September, 1995 at the registered office of the Company, MCL Complex, Anand Vihar, Burla, Sambalpur to transact the following business :

ORDINARY BUSINESS :

1. To receive consider and adopt the audited accounts for the year ended 31st March, 1995, Report of the Auditors thereon and Directors' Report.
2. To appoint a Director in place of Shri P. K. Sengupta who retires in terms of Article 34 e (iii) of the Articles of Association of the Company and is eligible for re-appointment.
3. To appoint a Director in place of Shri T.K. Deb, who retires in terms of Article 34e (iii) of the Articles of Association of the Company and is eligible for re-appointment.
4. To appoint a Director in place of Shri Sunil Soni, who retires in terms of Article 34e (iii) of the Articles of Association of the Company and is eligible for re-appointment.

By order of the Board of Directors
For Mahanadi Coalfields Limited

(K. L Bhasin)
Company Secretary

REGISTERED OFFICE :

MCL Complex, Anand Vihar, Burla, Sambalpur.

NOTE :

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting. A proxy form is enclosed.

DIRECTORS' REPORT

To

The Shareholders,
Mahanadi Coalfields Ltd.

Gentlemen,

Your directors have pleasure in presenting 3rd Annual Report on the operations of your Company for the year 1994-95.

Your Company has completed another successful year not only in respect of production and overburden removal but also in respect of profit and other parameters. The following figures speak for themselves :

2. HIGHLIGHTS OF THE YEAR

2.1	Performance	1994-95	1993-94
(a)	Coal Production (MT)	27.32	24.30
(b)	Overall productivity (OMS)	5.45	5.02
(c)	Despatches (MT)	26.90	23.98
(d)	Offtake (MT)	27.00	24.10
(e)	Wagon loading (FWWs/day)	2237	1973
		(Rs. in Crs)	
(f)	Gross Margin	376.39	316.82
	Less		
	Depreciation	63.05	48.28
	Interest	28.97	61.58
		284.37	206.96
	Less CPRA	216.36	185.69
	Net Profit	68.01	21.27
(g)	Welfare Expenditure	20.68	17.74

3. LOCATION

3.1 During the year under report, your company has formed another Area of operations viz, Basundhara. The company has now six Areas viz Talcher, Jagannath, Kalinga, Ib Valley, Orient and Basundhara, all situated in the state of Orissa.

4. PRODUCTION PERFORMANCE

4.1 Production Performance vis-a-vis Target:

Production	1994-95		1993-94 Actual	Percentage growth Over previous year
	Target	Actual		
Coal (MT)				
O/C (MT)	22.90	25.38	22.32	13.71
U/g (MT)	2.10	1.94	1.98	-2.02
Total (MT)	25.00	27.32	24.30	12.43
OBR (M.Cu.M)	27.00	27.70	25.05	10.58
Composite production (M.Cu.M)	44.86	47.21	42.41	11.32

5. PRODUCTIVITY

5.1 During the year 1994-95 output per manshift touched a high of 5.45 against the Target of 5.03. The Productivity has registered a growth of 8.57%

Particulars	1994-95		1993-94 Actual	%Growth over Previous year
	Target	Actual		
O/C	11.20	12.13	11.94	1.59
U/G	0.71	0.68	0.69	-1.45
Over all	5.03	5.45	5.02	8.57

6. AVAILABILITY OF POWER

	1994-95	1993-94
Contract demand (KVA)	47550	47550
Energy Consumed (million KWH)	159.10	135.44
SPECIFIC ENERGY CONSUMPTION - KWH/Te	5.80	5.68

7. POPULATION & PERFORMANCE OF HEMM

7.1 Population and performance

7.1.2 Population of different Heavy Earth Moving Machines during 1994-95 as compared to 1993-94 is given below :

HEMM Category	Population at the end of the year	
	1994-95	1993-94
Draglines	7	7
Shovels	52	54
Dumpers	309	313
Dozers	87	86
Drills	76	74

7.2 Availability

7.2.1 Availability percentage of different Heavy Earth Moving Machinery is given below :

HEMM Category	%age Availability	
	1994-95	1993-94
Draglines	82	81
Shovels	89	84
Dumpers	88	88
Dozers	73	70
Drills	73	76

7.3 Utilisation

7.3.1 Utilisation percentage of different Heavy Earth Moving Machinery is given below :

HEMM Category	%age Utilisation	
	1994-95	1993-94
Draglines	75	77
Shovels	60	57
Dumpers	46	48
Dozers	49	47
Drills	48	48

7.4 Availability & Utilisation of HEMM

7.4.1 The availability of equipment during 1994-95 improved over 1993-94 except in the case of Drills. The lower availability of drills has been largely due to non-availability of spares of LMP and SPARR Drills, ageing of RECP-C40H Drills and delay in repairs

of B-series engines. The lesser availability has, however, not affected production.

7.4.2 The availability of Draglines could have been higher but for the premature failure of Track bars & rollers of 20/90 Draglines and delay in getting the same from erstwhile USSR, which resulted in Dragline remaining under break-down for a long time in particular and ageing of Page Walking Dragline and 4/45 dragline at Balanda.

8. SYSTEM CAPACITY UTILISATION

8.1 CMPDIL, Ranchi assessed the composite system capacity of 40.81 M. Cu.m. as on 1st April, 94 against which the company could achieve 32.46 M. Cu.M., registering a capacity utilisation of 80.00% against 79.97% last year.

8.2 Various steps have been taken during the year to improve the system capacity utilisation by judicious management of spare parts, rehabilitation and improved workshop facilities. Further, greater attention has been given towards daily monitoring of equipment and output of basic machines.

9. CAPITAL STRUCTURE

The authorised share capital and Paid up share capital continued to be Rs. 500 crores and Rs. 100.0009 crores respectively.

10. WORKING RESULTS

10.1 During the year under report your company earned a profit of Rs. 284.37 Crs. against Rs. 206.96 Crs. last year (before adjustment of Coal Price regulation Account : CPRA)

Details are as under :

	(Rs. in Crs.)	
	1994-95	1993-94
i. Profit for the year	284.37	206.96
ii. Less : Contribution to CPRA	-216.36	-185.69
iii. Profit after CPRA	68.01	21.27
iv. Cumulative Profit	133.01	65.00

10.2 Profit earned vis-a-vis Target

Against the Annual Action Plan Profit Target of Rs. 174.86 Crores, your Company has earned a profit of Rs. 284.37 Crores.

11. PRICE OF COAL

11.1 Retention Price of Coal :

The Government of India, Ministry of Coal, New Delhi, vide Notification No. 28012/3/95-CA Dt. 29.3.95 has fixed Rs. 200/- per tonne as Retention Price for the year 1994-95. In pursuance of this notification, the Company has contributed an amount of Rs. 21635.96 lakhs to Coal Price Regulation Account.

11.2 Revision of Coal Price

The gradewise basic price per tonne of coal has been revised with effect from 17.6.94.

12. ASSET ADDITION

12.1 Investment in fixed Assets and Capital Work in Progress during the year in relation to sanctioned Capital Budget is given below:

FIXED ASSESTS	(Rs. in Crs.)	
	1994-95	1993-94
Land	4.47	2.23
Building	47.09	24.56
Plant & Machinery	118.60	61.64
Furniture & Fitting	1.46	2.98
Railway Sidings	8.35	0.01
Vehicles	2.28	1.88
Prospecting & Boring	4.53	2.90
Development Exp.	9.15	6.16
Total	195.93	102.36
Capital W I P	-14.01	42.64
Grand Total	181.92	145.00
Budgeted	215.00	200.00

12.2 Efforts have been made to keep the Investment on Plant & Machinery under control.

13. SALES REALISATION

13.1 With vigorous sales realisation effort this

year, your Company has achieved sales realisation of Rs. 1002.96 Crs. as against the target of Rs. 840.00 Crs. and last years figure of Rs. 757.41 Crs.

14. SUNDRY DEBTORS

Sector	(Rs. in Crs)	
	As on 31.3.95	As on 31.3.94
Power	134.60	181.30
Steel	17.65	17.65
Loco	1.37	0.96
Dump Sale	-	0.55
Others	79.60	49.78
Total	233.22	250.24

14.1 Due to huge accumulation of outstandings with Power Sector, "Cash & Carry" system was introduced from 1st October, 91 which stipulates that Power Houses should make advance payment before commencement of despatches. This couldnot be implemented fully.

14.2 The Company has been pursuing the matter with the Government of India for taking steps to see that these old outstandings are liquidated and payment against the current supplies are made within a stipulated period.

15. PAYMENT TO CENTRAL/STATE EXCHEQUER

The Statutory payments made by the Company to the Central and State Exchequers on account of Royalty, Sales Tax etc. during the year compared with the payments made last year are as follows:

	(Rs. in Crs.)	
	1994-95	1993-94
Royalty	115.43	64.28
State Sales Tax	14.41	11.20
Central Sales Tax	22.87	17.45
Stowing Excise Duty	9.45	7.35
Octroi & Other Taxes	0.01	0.08
Total	162.17	100.36

16. PROJECT FORMULATION/CAPITAL PROJECTS

16.1 There are 15 sanctioned mining Projects in your Company with a capital outlay of Rs. 1668.61 Crores and with an ultimate

capacity of 42.23 MTY. of coal. Out of these. 7 have already been completed. The total capital outlay of 7 completed Projects is Rs. 498.44 Crores with a capacity of 14.63 MTY. as indicated below:-

	Capacity in MTY.	Capital (Rs. in Crs)
1. Bharatpur O/C	3.50	158.97 (RCE)
2. Lajkura O/C	1.00	38.98 (RCE)
3. Jagannath O/C	4.00	69.40
4. Lilar O/C	0.80	19.78
5. Ananta O/C	4.00	156.49
6. Balanda O/C	1.00	36.87
7. Nandira U/G (Augmentation)	0.33	17.95
	14.63	498.44

16.1.1 The Production achieved from completed Projects in 1994-95 has been 17.68 MT against the P.R. Provision of 14.63 MTY giving a performance of 122%.

16.2 On going Projects

16.2.1 There are 8 on going Projects with a capital outlay of Rs. 1170. 17 Crores with an ultimate capacity of 27.60 MTY as shown below :

	Capacity in MTY.	Capital (Rs. in Crs)
1. Lingaraj O/C	5.00	229.84
2. Kalinga O/C	8.00	345.96
3. Lakhanpur O/C	5.00	221.51
4. Samaleswari O/C	4.00 (includ- ing Expn.	126.85
5. Belpahar O/C	2.00	131.31 (RCE)
6. Basundhara(E) O/C	0.60	19.69
7. Ananta O/C Expn.	1.50	46.99
8. Bharatpur O/C Expn.	1.50	48.02
Total	27.60	1170.17
Total of all mining projects	42.23	1668.61

16.2.2 Out of the above 8 Projects, work on Basundhara (E) OCP though sanctioned in 1989, could not start in time due to delay in land acquisition. the project has

now been taken up for implementation.

16.2.3 The work on Ananta and Bharatpur OC expansion projects is continuing and projects are expected to be completed on schedule.

16.2.4 At Lingaraj Project, there was problem due to land acquisition and the production and construction activities suffered in later part of 1993-94 and early 1994-95. However, some land was made available in Aug-Sept. '94 and the production has commenced. The matter of procurement of balance land is being continuously followed up with the State Govt. and efforts are on to complete the project on schedule.

16.2.5 Belpahar Project has achieved its rated production and despatch capacity. The project is, however behind schedule in respect of construction of Railway siding and CHP due to delay in land acquisition including forest land.

16.3 Advance Action

16.3.1 The following projects have been sanctioned for advance action during the year :

	Capacity in MTY	Total Capital (Rs. in Crs.)	Advance Action Capital (Rs. in Crs.)
a. Gopalprasad (E) (Now forming part of Hingula)	6.00	178.74	6.24
b. Basundhara (W) (Ganesh)	2.40	101.50	5.006
c. Chendipada	0.35	19.25	2.000

16.4 New Projects formulated & processed for sanction :

	Capacity in MTY	Capital (Rs. in Crs)
1. Kulda	10.00	599.36
2. Lakhanpur Expansion	5.00	461.96

16.5 D.P.R.s for following Projects have been prepared and will be taken up for consideration by various authorities :

	Capacity in MTY	Capital (Rs. in Crs)
1. Hingula	8.00	341.04
2. Basundhara	2.40	101.50
3. Chaturdhara	4.00	206.68
4. Kaniha	3.50	215.96
5. Bhubaneswari	10.00	513.55

16.6 Projects formulated and awaiting Govt. approval of Advance Action.

	Capacity in MTY	PR Capital Cost	(Rs. in Crs) Advance Action Proposal
1. Bhubaneswari OCP	10.00	513.55	9.98
2. Kaniha OCP	3.50	215.965	9.05
3. Kulda	10.00	599.36	9.79

16.7 Major non-mining projects :

	Capital outlay (Rs. in Crores)
a. Power Supply Scheme	62.22
b. Communication Systems	4.56
c. Central Workshop for E&M and Excavation	40.52
d. Sand Plants	5.00
e. CHPs	78.95
f. Arterial Roads	37.70
g. Water Supply Scheme	13.07
h. Training Institute	10.50
i. Central Hospital	14.28
Total	266.80

16.7.1 A suitable alternative arrangement is being considered for Samaleswari Coal Handling arrangement at a much lesser investment. All other projects are at various stages of completion.

16.8 Details of projects under implementation

16.8.1 On investment basis :

Sl. No.	Category of Projects	No. of Projects	Sanctioned Capital Rs. Crores	Ultimate Capacity (MTY)	1994-95		Status	
					P.R. Sch. MTY	Actual MTY	No. on sch. :	No. Delayed
1.	Rs. 100 Crs. & above	7	1370.93	31.50	17.80	15.439	6	1
2.	Less than Rs. 100 Crs	8	297.68	8.73	7.73	10.174	8	-
		15	1668.61	40.23	25.53	25.613	14	1

16.8.2 On Technology basis :

Sl. No.	Category of Projects	No. of Projects	Sanctioned Capital Rs. Crores	Ultimate Capacity (MTY)	1994-95		Status	
					P.R. Sch. MTY	Actual MTY	No. on sch. :	No. Delayed
1.	O/C	14	1,650.66	39.90	25.20	25.386	13	1
2.	U/G	1	17.95	0.33	0.33	0.227	1	-
		15	1,668.61	40.23	25.53	25.613	14	1

16.8.3 On Type basis :

1.	New Projects	11	1,515.98	34.90	23.20	22.873	10	1
2.	Reorganisa- tion/Expansion	4	152.63	5.33	2.33	3.740	4	-
		15	1668.61	40.23	25.53	26.61	14	1

17. EXPLORATION

17.1 During 1994-95, a total of 4183 metres of drilling for exploration purpose was done 1140 MT of reserves was proved in 1994-95.

18. ENVIRONMENT, ECOLOGY & AFFORESTATION

18.1 Environmental Master Plans have been prepared for each coalfield separately by a group of experts appointed by Government of India. A total of 10 EMPs for OC projects and 2 for UG projects have been approved by MOEF. As regards future projects, EMP for Basundhara (East) has been approved while for 10 other projects, EMPs have been submitted and are under consideration.

18.2 Following measures have been taken to protect the environment :

18.2.1 Afforestation

Afforestation drive in the mines of MCL continued vigorously and 4,06,603 saplings of mixed species have been

planted during 1994-95 with 80-90% survival, against the target of 3,80,000 and last year's plantation of 4,01,385

18.2.2 Air Pollution : To check air pollution, following steps have been taken :

Black topping of roads

Provision of automatic water sprinklers on roads

Wetting of roads by mobile water tankers

Suspended particulate matter (SPM) level at loading and unloading operation is not allowed to exceed 500 mg/cu m measured at 100m from the source. Water spraying and water tankers are used to keep down SPM level on haul roads and near transfer points

18.2.3 Water pollution

Effluents from mine, workshop, settling ponds and spoil dumps are made to conform to standards of MOEF before being discharged into the drains and streams/nallahs.

Garland drains are being provided near the toe of the overburden dumps as well as quarry boundaries.

18.2.4 Noise Pollution

Green belts have been created between the residential colonies and infrastructural facilities to attenuate the noise levels and to arrest the movement of dust.

Workers exposed to noise beyond permissible limits have been provided with ear muffs and ear plugs.

18.2.5 Monitoring

Regular monitoring of air, water and noise level is carried out.

18.2.6 Schemes for Establishment of Environmental Laboratories have been approved for each coalfield and the work for their implementation is in hand. Pending the establishment of our own

environmental laboratories, the work of environmental monitoring is carried out by various government approved scientific agencies.

18.3 Training & Organisation

18.3.1 Six officers have been trained in tailor-made short courses in Environmental Management in Mining Areas and two officers are undergoing M.Tech course in Environmental Engineering.

18.3.2. Separate Environmental Cells with suitably trained manpower have been established in each Area and at the Head quarters headed by a General Manager especially trained in this field and duly assisted by trained staff.

18.4 Your company is fully alive to the quality environmental needs of not only your employees but also people living in areas peripheral to projects. Three peripheral development committees, one each in Ib Valley, Talcher and Sambalpur exist to look after everything from housing, education, water supply to sports. During 1994-95 your Company has spent around Rs. 3 Crores on peripheral development.

18.5 Telemonitoring

18.5.1 Environmental Telemonitoring system has been commissioned in Mine No 3 Orient Area on 28/03/95 and since then it is working satisfactorily.

18.5.2 Annual Environmental prizes have been instituted one each for the best underground mine and the best opencast mine.

19. COAL MARKETING

In the wake of liberalisation of economy, your company has followed an aggressive sales policy during the year which has resulted in all round excellence registering a substantial growth in off-take and sales realisations.

19.1 Sectorwise Demand And Off-Take

Sector	Demand 1994-95 MT	Off-Take 1994-95 MT	Percentage Satisfaction
POWER	22.97	23.743	103
CEMENT	0.52	0.359	69
FERTILISER	0.42	0.369	88
OTHERS	2.76	2.529	95
TOTAL	26.67	27.000	102

19.2 Modewise Despatch

MODE	MT		%age Growth
	1994-95	1993-94	
RAIL	19.376	17.054	14
ROAD	2.894	2.080	39
BELT	1.202	1.614	-26
MGR	3.433	3.237	6

19.2.1 Daily Average Loading in 1994-95 was 2237 FWs against the revised target of 2212 FWs and the actual wagon loading of 1973 FWs/day during 1993-94

19.2.2 The closing stock of coal as on 31.3.95 was 51.44 lakh tonnes compared to 48.195 lakh tonnes on 31.3.94

20. COAL QUALITY IMPROVEMENT

20.1 During the year 1994-95 various measures for ensuring proper quality of despatches were taken. The number of complaints received during 1994-95 has come down to 29 against 47 in 1993-94.

20.2 The following steps were taken by the Company for maintaining quality:

- i. Facility for supervision of loading at sidings has been extended to more consumers during 1994-95.
- ii. All the sidings, which are despatching coal to major consumers and Core Sector Industries have been put under the supervision of Nodal Officers, specifically for maintaining quality and weighment.
- iii. Surprise inspections are being conducted by a team of officers from

headquarters to ensure proper quality and quantity.

- iv. Public analyst and C.C.O. were engaged to collect samples and analyse them from the sidings for 100% despatches to Core Sectors.
 - v. Deulbera siding of Talcher area has been modified, to facilitate loading of 'N' type Box wagons. Lingaraj siding started despatches to N.T.P.C.
 - vi. Belpahar 'Y' curve siding started functioning for despatches.
 - vii. Stone picking arrangements have been made in some of the complaint prone sidings.
 - viii. During the year out of a total despatch 26.9 million tonnes, only 0.086% of the total despatch attracted complaints.
 - ix. At Jagannath and Ananta sidings electronic weighbridges have been commissioned.
 - x. Your company is also procuring 5 nos. of 100 tonnes electronic In-motion weighbridges for Belpahar wharf wall siding, Lajkura-III siding, Orient Mine siding, Lingaraj wharf wall siding and Deulbera siding.
 - xi. Regarding size of coal, 100% despatches by Rail was of coal crushed/sized. The 100% supply of coal by Belt and MGR was crushed by CHP/F.B.
 - xii. Out of the total despatches of 26.9 million tonnes, about 41.22% was duly weighed. Despatches through all modes, other than rail are 100% weighed.
- 20.3. Coal Handling Plants
- 20.3.1 24.59 million tonnes of coal was despatched through Coal Handling Plants

during 1994-95.

	1994-95		1993-94	
	nos. :	coal handled in MT	nos. :	coal handled in MT
Major CHPs	4 :	6.37	4 :	6.45
Mini CHPs	20 :	18.22	16 :	14.67
Total	24 :	24.59	20 :	21.12

20.4 Details of Weighbridges

Type of weighbridge:	1994-95	1993-94
1) Road weighbridges (mechanical)	9 nos.	9 nos.
2) Road Weighbridges (electronic)	21 nos.	18 nos.
3) Rail weigh bridges (electronic)	8 nos.	7 nos.

21. SAFETY

21.1 Accident Statistics

	94-95	93-94
a) Fatal Accidents	3.00	5.00
b) No. of fatalities	3.00	5.00
c) No. of Serious injuries	20.00	0.21
d) Rate of fatality per M.T. output	0.10	0.20
e) Rate of fatality per 3 lakh manshifts	0.18	0.31
f) Rate of Serious injuries per M.T. output	0.73	0.86
g) Rate of Serious injuries per 3 lakh manshifts	1.23	1.31

21.1.2 Following steps have been taken during the year for improving Safety Standards:-

- i. All the Mines have been connected with National Grid.
- ii. Recommendations of Safety Conference, Safety Board and Standing Committee & Tripartite Safety Committee at Company level are being implemented.
- iii. Recommendations of enquiries into all fatal/serious accidents are discussed at Area level and also at HQ level with workers & trade union leaders and supervisors to avoid recurrence of accidents of similar nature.
- iv. Two Gravimetric dust samplers and seven personal dust samplers have been procured for collection of air borne dust samples for regular monitoring.

21.2 New safety technology adopted

- i. Automatic environment monitoring system has been installed in Orient Mine No. 3.
- ii. Water sprinklers and dust suppressants are used to combat dust hazards.
- iii. Roof-bolting and other types of Steel Supports have been introduced at all UG mines in replacement of conventional Timber Support.
- iv. SDLs have been introduced for mechanical loading so that miners are not exposed to danger beneath freshly exposed roof.
- v. Basic training is imparted to workers as per the approved Training Modules. Refresher Training is given at regular intervals and efficacy of the training is monitored by senior Officials.

21.3 Safety week

Safety Weeks were observed from 6-2-1995 to 11-2-1995 in Talcher Coalfield and 13-2-1995 to 18-2-1995 in Ib Valley Coalfield. Final day function was held on 23-4-1995 in Ib Valley Area at Belpahar Training Institute. Shri Sriballav Panigrahi Hon'ble Member of Parliament was Chief Guest on the occasion. Prizes were distributed to safe workers and proficiency prizes for Safety performance.

21.4 Rescue Services

21.4.1 Your company has one Mines Rescue Station at Brajrajnagar and one at Talcher Coalfields.

21.4.2 For revamping and modernisation of these Rescue Stations, following equipment is under procurement :

Particulars	No.
1. BG 174 Breathing apparatus	76
2. Manual Operated oxygen Pump	4
3. Electrically Operated Oxygen Pump	4

Particulars	No.
4. Reviving apparatus	20
5 Short duration Breathing apparatus	12
6. Rescue Vans	2
7. Automatic Multigas detector for Carbon Monoxide, Methane and Oxygen	10
8. Radio Pager	2

22. COMPUTERISATION

- 22.1 MCL has adopted a modular approach to implement its Computing and Information Plan. In the first phase all the functional area like Finance, Sales & Marketing, Material management, Production planning etc. are to be computerised. The second phase involves integration of these functional areas to have an effective MIS at Corporate office. To this end, communication channels are being established between HQ and Units through Digital MART.
- 22.2 The following application areas have been computerised during the year 1994-95:
- (1) Salary & Wages : 100% salary & wages of all employees have been computerised.
 - (2) Non-executive Information System (NEIS) : Fully implemented using the unique personnel number. This system will help the management in manpower planning.
 - (3) Executive Information System (EIS) : EIS has been implemented during the year 1994-95.
 - (4) Computerised Project Monitoring : All World Bank aided projects and Mega projects have been provided with MS-Project software for monitoring the projects.
 - (5) Financial Accounting System : The financial accounting system has been developed and implemented at your Calcutta office. The same shall be

extended to Bhubaneswar office also.

- (6) Income Tax Package : Income tax package has been developed and implemented at HQ to calculate the income tax and to generate Form-16. The same package will be implemented at all the areas during next year.
- (7) On-line Material Management System (OMMS) : OMMS has been implemented at Regional Store, Jagannath Area.
- (8) Computer based Maintenance Management System (CMMS) : CMMS has been implemented at the Balanda, Jagannath, Samaleswarl and Belpahar OCPs. CMMS is being planned for other OCPs also.

23. TELECOMMUNICATION

- 23.1 The Company has an efficient Telecommunication Net Work. During the year under report FAX, TELEX & EPABX exchanges have been commissioned in Hqrs. and all Area Hqs. Work of establishing DIGITAL MART integrated Telecommunication system (Phase I & II) has been awarded to M/s ECIL and the installation work is under progress.
- 23.2 Action is being taken for tendering for 2/15 shared Radio System at Talcher and Orient Areas and 5 sets of different EPABX at open cast projects.

24. DEVELOPMENT OF ANCILLARY INDUSTRIES

- 24.1 In addition to the 18 SSI units which were recognised as Ancillary units during 1993-94, seven more SSI units were given the ancillary status during 1994-95 and two are under process.
- 24.2 For the seven units out of 18 recognised during 1993-94, the ancillary status has been withdrawn in 1994-95 because the units are either defunct or have lack of interest in doing business with MCL.

25. EXPENDITURE ON PUBLIC RELATIONS & PUBLICITY

25.1 During the year 1994-95 an amount of Rs. 72.15 lakhs was spent on Public Relations & Publicity. The break up of the above expenditure is given below :

	(Rs. in lakhs)
1. Advertisement for Recruitments	0.15
2. Tender	61.23
3. Others	3.42
4. Publicity	7.35
	72.15

26. WORLD BANK ASSISTANCE

26.1 Seven Sub-projects have been proposed for World Bank funding

26.1.1 Group-A New Sub-projects :

The objective is to procure the balance HEMM and other major P & M to enable the project to achieve its targeted production capacity.

Sub-projects

Ib. Valley Coalfield

1. Lakhanpur OC, 5 MTY:
2. Samaleswari OC, 3 MTY :

Talcher Coalfield

1. Ananta OC, Exp. 1.5 MTY :
2. Bharatpur Exp. 1.5 MTY :

26.1.2 Group-B Replacement Sub-projects

The objective is to procure replacement HEMM to maintain current level of production.

Sub-projects

1. Belpahar OC, 2.0 MTY Ib Valley coalfield
2. Bharatpur OC, 3.5 MTY Talcher coalfield
3. Jagannath OC, 4.0 MTY -do-

26.2 No assistance from World Bank has been received by the Company during the year 1994-95

27. HUMAN RESOURCE AND THEIR DEVELOPMENT

27.1 Manpower

27.1.1 The Company's Manpower as on 31.3.95 compared to that on 31.3.94 is indicated below :

Sl. no.	Category	As on 31.3.95	As on 31.3.94
1.	Executives	1,094	954
2.	Supervisors	1,418	1,348
3.	Highly skilled	5,310	5,093
4.	Semiskilled		
	TR	9525	9205
	PR	3169	3365
5.	Ministerial	1598	1540
6.	Badlies	426	513
7.	Trainees	6	2
8.	Apprentices	133	100
9.	EX. CMWO/Others	33	40
		22,775	22,160

27.1.2 Your company considers its manpower as the most valuable asset. The following type of training is imparted to employees regularly.

1. Training of existing employees by organising incompany training programme as well as through outcompany nominations.
2. Training of new employees namely the Management Trainees through various Induction, supervision and Management, Technomanagerial programmes.
3. Providing practical training facilities to students of various institutions (both technical & non-technical) as per their need (including PDPTs)
4. As there is acute shortage of excavation cadre employees in the company, your Company is trying to reduce shortage of operators/mechanics of HEMM by imparting vigorous training to the selected potential workers in these categories.

27.3 Your company has established the Mining Engineering & Excavation Training Institute, (MEETI) at Belpahar. Various short and long training programmes are conducted at this Institute.

27.4 In company training :

27.4.1 During 1994-95 a total of 65 programmes against 12 in 1993-94 were conducted including those conducted in MEETI Belpahar, different Areas and in HQ. In these programmes training was imparted as follows :

	1994-95	1993-94
Executives	388	193
Supervisors	291	16
Workers	624	20
Total	1303	229

27.4.2 Nominations to outside Training Programmes/Seminars/Conferences etc.

During 1994-95 the out-company nominations crossed the 400 mark against 121 last year. The following personnel were nominated for such out-company programmes.

	1994-95	1993-94
Executives	206	104
Supervisors	56	07
Workers	144	10
Total	406	121

27.6 Practical training to students of Institutions & PDPTs.

During 1994-95, 12 PDPTs have joined. We have also imparted unpaid vocational training to 103 technical (mining and non mining) and 5 non-technical students during 1994-95.

27.7 Management Trainees

There are a total of 17 Management Trainees and 5 Welfare Officers (T) who have joined in MCL during 1994-95.

28. SCHEDULED CASTES AND SCHEDULED TRIBES

28.1 Presidential directives on reservation of posts for SC/ST in appointments and promotions were being followed.

28.2 Backlog of Vacancies identified as on 1.1.1995 was 435. Out of the above, 118 vacancies have been filled up till 31.3.1995. Efforts are being made to fill up the rest of the vacancies as early as possible.

28.3 The total manpower and the strength of SC.ST as on 1.1.1995 are given below :

Period	Total Emplo- yees	No of		Percentage of	
		SC	ST	SC	ST
1.1.1995	22496	3424	2549	15.22	11.33

29. PARTICIPATIVE MANAGEMENT

29.1 Your company has a very effective Participative Management base. As a part of Participative management, the Committees functioning at Company level are.

1. Joint Consultative Committee (JCC)
2. Welfare Board
3. Tripartite Safety Committee
4. Sports Promotion Committee

29.1.1 In all the above Committees representatives of both Trade Unions and Management are members. In Tripartite Safety Committee, in addition to representatives of Management and Trade Unions, Govt. Representatives (Directorate General of Mines Safety) are also members.

29.2 Besides the above Committees at Company level, different Participative bodies functioning at Area/Unit levels are :

1. Production Committees
2. Pit Safety Committees

3. Consultative Committees
4. Canteen Management Committees
5. House Allotment Committees etc.

29.3 The above committees/Forums discuss and decide different aspects and issues relating to Production/Productivity, Safety, Welfare etc.

30. INDUSTRIAL RELATIONS

The Industrial Relations in the Company during 1994-95 were cordial and peaceful. The number of Strikes, Mandays lost and Production lost during the year 1994-95 are as under :

Sl. No.	Particulars	1994-95	1993-94
1.	Strike	1	2
2.	Stoppage/Obstruction of work	Nil	4
3.	Mandays lost	792	5257
4.	Loss of Production in (MT)	2878.33 (Coal)	26390 (Coal)
		7923.24 CuM (OB)	9000.00 CuM (OB)

31. ABSENTEEISM

31.1 The overall absenteeism during the year 1994-95 was 23.8%. Regular interaction with the union representatives and workers is being done for reducing the Absenteeism rate among PR workers.

32. EMPLOYEES' WELFARE & SOCIAL AMENITIES

32.1 The position of Welfare and social Amenities like Housing, Water Supply, Medical, Educational is as follows :

PARTICULARS OF SOCIAL AMENITIES:

Details	Total at the end of 1994-95	Total at the end of 1993-94
Houses	13505+72*	12821+49*
% Satisfaction	59.73	59.22
Water Supply	7.00MGD	6.10MGD
Aided Schools	25	23
Colleges	4	4
Co-operative Stores	9	5
ECCS	1	1

Details	Total at the end of 1994-95	Total at the end of 1993-94
Back Branches	14	8
Bank extension counters	12	10
Ambulances	38	35
Hospitals	5	4
Dispensaries	11	11
Hospital Beds	273	198
Canteens	24	21

* represents leased accommodation

32.2 During 1994-95 an amount of Rs.20.68 crores was spent on Revenue heads and Rs. 169.30 Crores on Capital heads against the amount of Rs.17.27 Crores (Revenue) and Rs. 135.36 (Capital) spent during the previous year.

32.3 Family Welfare: Your Company conducted 1550 family planning operations during 1994-95 against 736 operations in the preceding year.

32.4 Eye Camps : The Company conducted 372 eye operations during 1994-95 against the target of 350 in the Eye Camps organised by it.

33. CAPITAL INVESTMENT ON SOCIAL AMENITIES

Particulars	(Rs in Crores)	
	Gross value of Fixed Assets 1994-95	Gross value of Fixed Assets 1993-94
Buildings	135.67	112.13
Plant & Machinery	26.29	17.47
Furniture & Fittings and Office Equipment	1.75	1.13
Vehicles	1.85	1.50
Development	3.74	3.13
Total	169.30	135.36

34. CONSERVATION OF ENERGY

34.1 In continuation of the energy conservation measures taken during 1993-94, the following additional steps were taken in 1994-95.

- (1) Cut down of the idle running of the conveyors.

- (2) Additon of power capacitors of 15000 KVAR to maintain power factor above 0.90.
- (3) Arrangements are being made at Orient Area to complete 7.5MVA33/11 KV Sub-station and to receive power at 33 KV instead of 11KV to reduce power cost.
- (4) Reducton in Contract demand at Lajkura and Samleswari OCPs.
- (5) Providing street light with Photo electric switches at Talcher field to avoid the wastage of energy during daytime.

34.2 Impact of Measures Taken :

34.2.1 The specific energy consumption achieved during 1994-95 is 5.80 KWH/T against the actual of 5.68 KWH/T during the previous year.

34.2.2 The nominal increase in specific energy over the previous year is due to the increase in crushing of coal. The coal crushed during 1994-95 is 24.59 million tonnes against the previous year figure of 21.12 million tonnes.

34.3 Power and Fuel Consumption :

A. Electricity Purchased	1994-95	1993-94
Units (MKWH)	159.01	135.43
Rate/Unit	2.179	1.826

B. Diesel Consumption in Ltrs. per tonne is 0.836 against a target of 0.938.

35. FOREIGN EXCHANGE

35.1 During the year, your company used foreign exchange equivalent to 445.65 lakhs for stores and spares. The company however, did not earn any foreign exchange.

36. HINDI IN OFFICIAL WORK

36.1 In order to accelerate the progressive use of Hindi for the official purpose and in compliance of the directives/instructions received from Department of Official

Language, Ministry of Home and Ministry of Coal, Govt. of India efforts continued to be made towards promoting Hindi in your company. Rajbhasa Implementation Committee have been formed at Headquarters and Area level and they have been co-ordinating the progress of Hindi through periodical review meetings.

36.2 Hindi week was celebrated from 14.9.94 to 21.9.94 marked by various competitions, workshops and functions which attracted good participation by employees. Meritorious and commendable performers were awarded suitably.

36.3 In 1995 an Annual Calendar was published in Hindi based on sketches and slogans on Safety measures. A good number of Hindi books have been purchased for Hindi library. A monthly News Bulletin is now published in Hindi also. Bilingual Electronic Typewriter and Computer were installed in Hindi Department.

37. AUDITORS

Under Sec. 619 (2) of the Companies Act, 1956 the following Audit firms were appointed as Statutory/Branch Auditors for the year 1994-95.

STATUTORY AUDITORS	BRANCH AUDITORS
M/s K.C. Samal & Co. Chartered Accountants Budharaja, Sambalpur.	M/s R. S. Sahoo & Co. Chartered Accountants Bhubaneswar.

Replies of the management on the observations made by the Statutory Auditors on the Accounts for the year ended 31st March, 1995 are given in the Annexure, forming part of the report. Comments of the Comptroller & Auditor General of India under Sec. 619 (4) of the companies Act. 1956, on the Accounts of the Company for the year ended 31st March, 1995, are also enclosed as Annexure.

38. BOARD MEETINGS

Five Board meetings were held during the year.

39. BOARD OF DIRECTORS

Shri C. R. Das, assumed the charge of the office of Chairman-cum-Managing Director on 24.11.94 and is continuing till date. Shri P.K. Sengupta, Shri G. C.Mrig, Shri V.K. Sehgal and Shri Sunil Soni continued to be your Directors in 1994-95 also. Shri G.C Mrig however, ceased to be your Director from 1.4.95 because of his superannuation on 31.3.95. Shri T.K. Deb, Director (T), Coal India Limited joined your Board on 14.6.94.

40. ACKNOWLEDGEMENTS

- 40.1 Your Directors are grateful to the Ministry of Coal, Government of India and Coal India limited for their valuable assistance, support and guidance from time to time. The directors also thank the various Ministers of the Central Government and the State Government of orissa. for their valuable support. The directors also take this opportunity to acknowledge with thanks the assistance rendered by the sister organisations.
- 40.2 Industrial relations in the Company continued to be cordial. The Directors place on record their appreciation for the co-operation extended by the Trade Unions and officers Association and the team spirit shown by the employees at all levels towards the achievement of the objectives of the Company.
- 40.3 The Directors also record appreciation of the services rendered by your Auditors and

the officers and staff of Comptroller and Auditor General of India and the Company Law Board.

- 40.4 The Directors also extend their thanks to various important citizens of Sambalpur and also those residing in the coalfields areas of Orissa for their co-operation from time to time.

41. FIXED DEPOSITS

- 41.1 Since your Company has not accepted any deposits from the Public, no information is required to be furnished in respect of outstanding deposits.

42. PARTICULARS OF EMPLOYEES

- 42.1 Particulars of employees as required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, are not given as your Company has not paid any remuneration attracting these provisions.

43. ADDENDA

The following papers are annexed.

1. Addendum to the Directors Report under section 217 (3) of the Companies Act, 1956.
2. Comments of the Comptroller and Auditor General of india under section 619 (4) of the Companies Act, 1956.

(C.R. Das)
Chairman-cum-
Managing Director

Sambalpur,
September 13, 1995.

**COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA
UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE
ACCOUNTS OF MAHANADI COALFIELDS LIMITED, SAMBALPUR FOR THE
YEAR ENDED 31ST MARCH, 1995.**

In view of the revisions made in the accounts as a result of the observations made by the Comptroller & Auditor General of India as indicated in Para 3 of the Auditor's Report to Shareholders and item No. 14 of Notes on Accounts, there are no further comments to offer upon or supplement to the Auditors' Report under Section 619 (4) of the Companies Act, 1956 on the accounts of Mahanadi Coalfields Limited for the year ended 31st March, 1995

(B.K. Chattopadhyay)

Principal Director of Commercial
Audit. & Ex-officio Member Audit Board- II
Calcutta.

REVIEW OF ACCOUNTS OF MAHANADI COALFIELDS LIMITED FOR THE YEAR ENDED 31ST MARCH 1995 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

Note : Review of Accounts has been prepared without taking into accounts comments under Section 619 (4) of the Companies Act, 1956 and qualifications contained in the statutory Auditors Report.

1. FINANCIAL POSITION

The table below summarises the financial position of the company under broad headings for the last three years :

LIABILITIES	(Rs. in lakhs)		
	1992-93	1993-94	1994-95
a. (i) Paid up capital	0.09	10000.09	10000.09
(ii) Share application money pending allotment	Nil	63.21	63.21
b. Reserves & surplus			
(i) Free Reserves & Surplus	4372.76	6499.57	13301.10
(ii) Committed Reserves	-	150.00	-
c. Borrowings from			
(i) CIL-Holding Co.	77462.89	72894.13	70802.61
(ii) Bank	-	-	-
(iii) Foreign Credit			
(Deferred payment Liabilities)	715.99	542.66	2578.20
(iv) Short term loan	510.12	-	-
d. Current liabilities & provisions	13577.82	19629.69	26185.74
Total	96639.67	109779.35	122930.95
ASSETS			
e. Gross Block	68824.99	79060.60	98654.02
f. less :			
Cumulative Depreciation	22850.15	28097.36	34304.62
g. Net Block	45974.84	50963.24	64349.40
h. Capital works-in-progress	10734.68	16119.23	14718.07
i. Investment	0.07	0.04	0.04
j. Current Assets, Loans and Advances	39846.25	42381.92	43232.11
k. Misc-expenditure to the extent not written off	83.83	314.92	631.33
Total	96639.67	109779.35	122930.95
l. Capital employed (g+j-d)	72243.27	73715.47	81395.77
m. Net Worth (a+b(1)-k)	4289.02	16247.95	22733.07

2. SOURCES AND UTILISATION OF FUNDS

Funds amounting to Rs. 18714.65 lakhs from internal and external sources were generated and utilised during the year as per details

given below :

Sources of funds :		(Rs. in lakhs)
a)	Funds from operations	
	(i) Profit for the year	6801.53
	(ii) Add Depreciation	6207.26
		13008.79
b)	Decrease in working Capital	5705.86
	Total	18714.65
Utilisation of Funds :		
a)	Addition to Fixed assets & Capital works-in-progress	18192.26
b)	Housing subsidy utilised during the year	150.00
c)	Decrease in Borrowed Funds	55.98
d)	Addition to Misc. expenditure to the extent not written off	316.41
	Total	18714.65

3. DEBT EQUITY RATIO

The Debt equity ratio was 17.88:1 in 1992-93, 4.43:1 in 1993-94 and 3.14:1 in 1994-95 due to increase in borrowings from CIL, the Holding company.

4. LIQUIDITY & SOLVENCY

- a. The percentage of current assets to total net assets was 41.23% in 1992-93, 38.61% in 1993-94 and 35.17% in 1994-95.
- b. The percentage of current assets to current liabilities (Including provisions) as a measure of liquidity of the company was 293.47% in 1992-93, 215.91% in 1993-94 and 165.10% in 1994-95, which shows a decreasing trend.
- c. The percentage of quick assets (Sundry debtors, Loans & Advances & Cash & Bank balance) to current liabilities (excluding provisions) which is another measure of liquidity was 185.23% in 1992-93, 135.00% in 1993-94 and

99.64% in 1994-95, which also shows a decreasing trend.

5. WORKING CAPITAL

The working capital (i.e. current Assets less current liabilities at the end of last 3 years ending 31st March 1995 amounted to Rs. 26268.43 lakhs in 1992-93, Rs 22752.23 lakhs in 1993-94 and Rs. 17046.37 lakhs in 1994-95.

6. WORKING RESULTS

The working results of the company during last 3 years ended 31st March 1995 are given below :

	(Rs. in lakhs)		
	1992-93	1993-94	1994-95
i) Sales	53200.44	64324.16	74191.78
ii) Profit after prior period adjustments	4372.76	2126.81	6801.53
Percentage of profit to Sales	8.22%	3.31%	9.17%

7. INVENTORY LEVELS

The inventory levels of stocks of stores and spares, coal etc. at the end of 3 years

ending 31st March 1995 are as under :

	(Rs. in lakhs)		
	1992-93	1993-94	1994-95
i) Stock of Stores & spares	3225.45	4625.94	5265.46
ii) Work-in-progress	-	-	23.09
iii) a. Stock of Coal, Coke	12453.09	12492.08	13347.24
b. Provision for deterioration of coal	838.28	957.68	1125.15
iv) Percentage of stock of Coal & Coke to Sales	23.40%	19.42%	17.99%

7. SUNDRY DEBTORS

The Sundry Debtors vis-a-vis Sales in the last three years ending 31st March 1995 are as follows :

Years	Sundry Debtors		Sales	Percentage of debtors to Sales	
	Considered good	Considered Total doubtful			
As on					
31.3.93	11884.89	5098.00	16982.89	53200.44	31.92%
31.3.94	17704.03	7320.00	25024.03	64342.16	38.89%
31.3.95	15092.01	8230.00	23322.01	74191.78	31.43%

(B.K.CHATTOPADHYAY)

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
AND EX-OFFICIO MEMBER, AUDIT BOARD - II,
CALCUTTA

Calcutta

Dated: 12th September 1995

BALANCE SHEET

AS AT 31ST MARCH 1995

SCHEDULE	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)	
SOURCES OF FUND			
Shareholders' Funds			
a) Capital	A	10000.09	10000.09
b) Share Application Money Pending Allotment	B	63.21	63.21
c) Reserves & Surplus	C	13301.10	6649.57
Loan Funds			
a) Secured	D(I)	-	-
b) Unsecured	D(II)	70802.61	72894.13
Deferred Credit			
Deferred Credit	2594.33	576.30	
Less: Int. on Deferred Payment	16.13	33.64	
Net	<u>2578.20</u>	<u>542.66</u>	
GRAND TOTAL	<u>96745.21</u>	<u>90149.66</u>	
APPLICATION OF FUND			
Fixed Assets			
a) Gross Block	E	98654.02	79060.60
Less: Depreciation	34304.62	28097.36	
Net Block	64349.40	50963.24	
b) Capital Work-in-Progress	F	14718.07	16119.23
TOTAL	79067.47	67082.47	
Investments	G	0.04	0.04
Current Assets, Loans & Advances			
a) Inventories	H	17140.39	15882.37
b) Debtors	I	15092.01	17704.03
c) Cash & Bank balances	J	3861.38	1932.95
d) Other Current Assets	K	190.28	239.60
e) Loans and Advances	L	<u>6948.05</u>	<u>6622.97</u>
	43232.11	42381.92	
Less: Current Liabilities & Provisions.	M	26185.74	19629.69
Net Current Assets	17046.37	22752.23	
Misc. Expenditure to the extent not yet written off or adjusted.	N	631.33	314.92
GRAND TOTAL	<u>96745.21</u>	<u>90149.66</u>	

BALANCE SHEET
AS AT 31ST MARCH 1995

	SCHEDULE	CURRENT YEAR (Rs.in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
ACCOUNTING POLICIES	O		
NOTES ON ACCOUNTS	P		
K.L. Bhasin Company Secretary	J.Roy General Manager (F)		Mayukha Sen Gupta Chief General Manager (F)
V.K.Sehgal Director (Technical)	C.R.Das Chairman-Cum-Mg. Director		

In terms of our report of even date

For K.C. Samal & Co.,
Chartered Accountants
(K.C.Samal, B.Com. F.C.A.)

SCHEDULE-A**SHARE CAPITAL**

	<u>CURRENT YEAR (Rs. in Lakhs)</u>	<u>PREVIOUS YEAR (Rs.in Lakhs)</u>
Authorised	50000.00	50000.00
50,00,000 Equity Share of Rs. 1000 each	<u>50000.00</u>	<u>50000.00</u>
Issued, Subscribed & paid up 1000009 (Prev Year 1000009) Equity Shares of Rs.1000 each allotted as fully paid up for consideration received other than cash.	10000.09	10000.09
TOTAL	<u>10000.09</u>	<u>10000.09</u>

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

SCHEDULE - B**AMOUNT RECEIVED AGAINST EQUITY PENDING ALLOTMENT**

	<u>CURRENT YEAR (Rs. in Lakhs)</u>	<u>PREVIOUS YEAR (Rs. in Lakhs)</u>
Amount and/or consideration received from Govt. of India/Coal India Ltd. against Equity Shares pending allotment.	63.21	63.21
TOTAL	<u>63.21</u>	<u>63.21</u>

SCHEDULE-C**RESERVES AND SURPLUS**

	AS AT 01.4.94 (Rs. in Lakhs)	ADDITIONS DURING THE YEAR (Rs. in Lakhs)	DEDUCTION/ ADJUSTMENT DURING THE YEAR (Rs. in Lakhs)	AS AT 31.03.95 (Rs. in Lakhs)
1. Profit & Loss Account	6499.57	6801.53	-	13301.10
2. Other Reserves (Housing Subsidy)	150.00	-	-150.00	0.00
TOTAL	6649.57	6801.53	-150.00	13301.10

SCHEDULE-D (I)

	<u>CURRENT YEAR</u> (Rs. in Lakhs)	<u>PREVIOUS YEAR</u> (Rs. in Lakhs)
SECURED LOANS		
CASH CREDIT ACCOUNT WITH BANK		
State Bank of India cash credit account facilities as allocated by CIL against hypothecation of stock of coal, stores & spare parts, book debts & other assets.	-	-
TOTAL	<u>-</u>	<u>-</u>

SCHEDULE-D (II)**UNSECURED LOANS**

Due to Coal India Limited.,
Holding Co.

On account of Purchase consideration	60649.60	60649.60
On account of funds provided	10153.01	12244.53
On account of Interest accrued and due	-	-
TOTAL	<u>70802.61</u>	<u>72894.13</u>

SCHEDULE-E

ASSETS

(Rs. in Lakhs)

PARTICULARS	GROSS BLOCK OF FIXED ASSETS				DEPRECIATION				NET BLOCK	
	COST AS AT BEGINNING OF THE YEAR (01.4.94)	ADDITIONS DURING THE YEAR	ADJUSTMENT DURING THE YEAR	COST AS AT CLOSING OF THE YEAR	PROVIDED UPTO THE BEGINNING OF THE YEAR	FOR THE YEAR	ADJ- DURING THE YEAR	PROVIDED UPTO THE END OF THE YEAR	AS AT YEAR END (31.3.95)	AS AT YEAR END (31.3.94)
1 LAND :										
i) Free hold	7.20	33.06	-	40.26	-	-	-	-	40.26	7.20
ii) Lease hold	3281.92	414.09	-	3696.01	569.64	110.26	-	679.90	3016.11	2712.28
2. BUILDINGS :										
i) Township	6637.22	2957.36	140.41	9734.99	680.47	143.60	-	824.07	8910.92	5956.74
ii) Other than Township	2267.85	913.20	294.62	3475.67	295.83	80.17	6.41	382.41	3093.26	1972.02
iii) Roads & Culverts (Mining Area)	1419.87	460.77	-56.95	1823.69	209.86	57.41	-6.83	260.44	1563.25	1210.01
3. PLANT & MACHINERY	53343.19	9956.74	1903.25	65203.18	23633.21	5489.81	-347.25	28775.77	36427.41	29709.99
4. FURNITURE & FITTINGS INCL. OFFC. EQUIPMENTS	983.48	371.93	-226.39	1129.02	305.72	121.57	-62.24	365.05	763.97	677.77
5. RAILWAY SIDING	1468.06	961.25	-125.88	2303.43	397.63	84.31	-81.17	400.77	1902.66	1070.39
6. VEHICLE	893.33	233.41	-5.80	1120.94	404.94	99.35	44.81	549.10	571.84	488.39
7. PROSPECTING & BORING	4182.12	540.26	-86.91	4635.47	492.92	73.30	-	566.22	4069.25	3689.21
8. DEVELOPMENT EXPENDT.	4576.36	1055.34	-140.34	5491.36	1107.14	393.33	0.42	1500.89	3990.47	3469.24
GRAND TOTAL	79060.60	17897.41	1696.01	98654.02	28097.36	6653.11	-445.85	34304.62	64349.40	50963.24

SCHEDULE - E**ALLOCATION OF DEPRECIATION****contd...**

	<u>CURRENT YEAR</u>		<u>PREVIOUS YEAR</u>	
	(Rs. in lakhs)		(Rs. in lakhs)	
A. DEPRECIATION - REVENUE :				
(i) ON HEMM		4151.27		3143.42
II) ON WORKSHOP EQUIP.		25.43		15.79
III) ON OTHER ASSETS		1913.50		1508.20
IV) ON SOCIAL OVERHEAD ASSETS :				
a) Township	118.21		104.87	
b) Otherthan Township	<u>94.07</u>	212.28	<u>51.40</u>	156.27
v) PRIOR PERIOD ADJUSTMENT (REVENUE)		<u>35.04</u>		<u>2.66</u>
TOTAL (A)		6337.52		4826.34
B. DEPRECIATION - DEVELOPMENT :				
ON DEVELOPMENT PROJECTS		315.59		420.11
TOTAL (A+B)		<u>6653.11</u>		<u>5246.45</u>

SCHEDULE-F

CAPITAL WORK IN PROGRESS

PARTICULARS	(Rs. in Lakhs)			
	UPTO THE BEGINNING OF THE YEAR (01.4.94)	ADDITIONS DURING THE YEAR	TRANSFER/ ADJUSTMENT DURING THE YEAR	UPTO THE END OF THE YEAR (31.3.95)
1. BULDINGS UNDER CONSTRUCTION:				
i) Township	4392.11	2851.15	-3446.61	3796.65
ii) Otherthan Township	1813.61	763.80	-822.84	1754.57
iii) Roads & Culverts (Mining Area)	416.12	212.19	-561.41	66.90
3. PLANT & MACHINERY	-	350.60	-	350.60
i) Under erection/installation	4370.33	1533.45	-2691.25	3212.53
ii) in stores	1078.17	1788.31	-1881.11	985.37
iii) In transit & awaiting Inspection	11.81	2.86	-9.57	5.10
iv) Railway siding under construction	1789.14	1023.10	479.11	3291.35
TOTAL CAPITAL WORK IN PROGRESS	13871.29	8525.46	-8933.68	13463.07
CAPITAL GOODS IN STOCK:	571.04	245.16	-216.09	600.11
CAPITAL ADVANCE:				
i) P & M Advance for Capital Goods	1500.90	709.53	-1687.99	522.44
ii) Railway Siding Advance	176.00	-34.86	-8.69	132.45
TOTAL CAPITAL ADVANCE	1676.90	674.67	-1696.68	654.89
GRAND TOTAL	16119.23	9445.29	-10846.45	14718.07

SCHEDULE-G**INVESTMENTS**

	<u>CURRENT YEAR</u> <u>(Rs. in Lakhs)</u>	<u>PREVIOUS YEAR</u> <u>(Rs. in Lakhs)</u>
Quoted-	-	-
Unquoted	0.04	0.04
At cost-430 Shares of Rs.10/-each fully paid (Employees' Co-operative Society.)		
TOTAL	<u>0.04</u>	<u>0.04</u>

SCHEDULE-H**INVENTORIES**

PARTICULARS	<u>CURRENT YEAR</u> <u>(Rs.in Lakhs)</u>	<u>PREVIOUS YEAR</u> <u>(Rs. in Lakhs)</u>
A. Stock of Stores & Spares	5265.46	4625.94
Less:		
i. Provision for obsolescence	81.50	18.22
ii. Provision for Difference/Shortage	14.36	18.29
SUB TOTAL	5169.60	4589.43
Add:		
In transit/Under Inspection	58.95	130.59
Discarded/Surveyed off Assets in stores	7.45	7.45
TOTAL (A)	5236.00	4727.47
B. Stock of Coal		
Revenue	12526.19	11449.13
Capital Project	821.05	1042.95
SUB TOTAL	13347.24	12492.08
Less: Provision for Deterioration	1125.15	957.68
Rehandling Charges Revenue	340.79	379.50
TOTAL (B)	11881.30	11154.90
C. Workshop Job	-	-
Work in progress	23.09	-
TOTAL (C)	23.09	-
D. Loss of Assets	89.38	60.30
Less Provision	89.38	60.30
TOTAL (D)	-	-
GRAND TOTAL (A+B+C+D)	17140.39	15882.37

SCHEDULE-I**DEBTORS**

	<u>CURRENT YEAR</u> (Rs. in Lakhs)	<u>PREVIOUS YEAR</u> (Rs. in Lakhs)
Outstanding for over six months	8346.03	20329.49
Other debts	14975.98	4694.54
SUB TOTAL	23322.01	25024.03
Less: Provision for Doubtful Debts	8230.00	7320.00
TOTAL	15092.01	17704.03
CLASSIFICATION :		
1. Considered good in respect of which the Company is fully secured.	2866.15	1054.83
2. Considered good in respect of which the Company holds no security other than Debtors personal Security.	12225.86	16649.20
3. Considered Doubtful	8230.00	7320.00
TOTAL	23322.01	25024.03

Note: Unsecured amount includes Rs. 1758.82 Lakhs (Previous year Rs. 2213.24 Lakhs) covered by Bank Guarantees.

SCHEDULE-J

CASH & BANK BALANCES

	<u>CURRENT YEAR</u> (Rs. in Lakhs)	<u>PREVIOUS YEAR</u> (Rs. in Lakhs)
A. (i) Cash/Stamp in hand	5.44	5.76
(ii) Cheques/Demand Draft in hand	1.20	0.63
(iii) Cash balance with Imprest Holder	0.79	2.35
B. Remittance-in-Transit	59.50	11.80
C. Balance with Schedule Bank		
(i) Current Account	3157.37	1689.46
(ii) Deposit Account	637.07	222.86
D. Soiled/mutilated notes		
(i) With R B I	0.01	0.09
TOTAL	<u>3861.38</u>	<u>1932.95</u>

SCHEDULE-K**OTHER CURRENT ASSETS**

	<u>CURRENT YEAR</u> (Rs. in Lakhs)	<u>PREVIOUS YEAR</u> (Rs. in Lakhs)
Claims Receivable		
1. S&P Subsidy	63.73	63.73
2. Railways	0.45	1.67
3. Insurance Company	0.21	0.21
4. Foreign Consignment	0.14	0.14
5. Fidelity	0.65	0.65
6. Cess	-	3.41
7. Others	125.10	169.79
TOTAL	<u>190.28</u>	<u>239.60</u>

SCHEDULE - L**LOANS & ADVANCES**

	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
(A) Advance to Suppliers Store Advance	1544.10	1611.94
TOTAL (A)	1544.10	1611.94
(B) Advance to Contractors	267.34	204.53
TOTAL (B)	267.34	204.53
(C) Advance to Employees		
1) House Building Adv.	174.81	138.48
2) Motor Car Advance	67.68	51.28
3) Motor Cycle, Scooter Advance	2.90	2.75
4) Other Conveyance Adv	0.75	0.02
5) Festival Advance	-2.01	1.89
6) Pay Advance	10.47	8.53
7) Medical Advance	20.26	14.16
8) Leave Salary Advance	—	4.72
9) Local Purchase Adv	24.89	28.79
10) Misc. Advance	65.70	76.87
11) Travelling Advance	49.54	37.55
12) L T C Advance	11.49	7.86
13) Advance (Others)	198.81	155.06
14) Study Advance/Self Development Loan	0.32	0.01
15) Others	0.43	0.42
TOTAL (C)	626.04	528.39

SCHEDULE - L

(Contd...)

LOANS & ADVANCES

	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
D. Advance to Others		
1. Advance to Co-operative Society	0.44	0.45
2. Advance Wealth Tax	0.64	-
3. Advance Sales Tax	95.29	141.54
4. ST deposit under protest	422.57	192.10
5. Advance to Subsidiary Co.	13.54	67.22
6. Advance Receivable from Government	304.44	273.91
7. Other receivable	1085.53	1198.92
T O T A L (D)	1922.45	1874.14
E. Deposit		
i) Deposit with P & T Deptt.	2.90	1.75
ii) With Elec. Boards	801.90	340.75
iii) With Others	866.69	534.66
TOTAL (E)	1671.49	877.16
F. Prepaid Expenses	21.20	15.62
TOTAL (F)	21.20	15.62
G. Current Accounts with Subsidiaries:		
1. Eastern Coalfields Ltd.	0.05	0.28
2. Bharat Coking Coal Ltd.	0.26	-
3. Central Coalfields Ltd.	0.38	0.14
4. Western Coalfields Ltd.	-	1.58
5. CMPDI Limited	11.04	7.85
6. South Eastern Coalfields limited	883.23	1508.13
7. Northern Coalfields Ltd.	0.47	-
8. Others	-	-
TOTAL (G)	895.43	1517.98
G R A N D T O T A L (A to G)	6948.05	6629.76
Less : Provision for Doubtful Advances	-	6.79
NET TOTAL	6948.05	6622.97
Classification		
a) Considered good in respect of which the company is fully secured	512.73	397.04
b) Considered good for which the company holds no security other than Party's Personal security.	6435.32	6225.93
c) Considered doubtful	-	6.79

Note:

- Amount due from an officer of the Company Rs. 3.00 Lakhs (previous Year Rs. 3.21 Lakhs). Maximum balance due at any time during the year Rs. 2.63 Lakhs (Previous Year Rs. 3.14 Lakhs)
- Amount due from Directors of the Company Rs. 0.08 Lakhs (Previous Year Rs. 0.32 Lakhs)

SCHEDULE - M**CURRENT LIABILITIES AND PROVISIONS**

	<u>CURRENT YEAR (Rs. in Lakhs)</u>	<u>PREVIOUS YEAR (Rs. in Lakhs)</u>
A. Current Liabilities		
Sundry Creditors - for Goods		
For Capital	1051.40	978.60
For Stores	1930.01	2468.22
TOTAL (A)	2981.41	3446.82
B. Sundry Creditors for		
Expenses		
Contractual Expenses		
Capital	3241.31	1633.27
Revenue	679.86	547.84
Power & Fuel	346.93	305.72
TOTAL (B)	4268.10	2486.83
C. Employees Remuneration and Benefit		
Salaries, Wages, Allowance	2983.41	1736.26
Attendance Bonus	81.58	84.01
Exgratia	515.23	532.33
Unpaid Salaries & Wages	31.46	36.51
Gratuity	62.49	78.96
DLI	1.50	-
TOTAL (C)	3675.67	2468.07

SCHEDULE - M

(Contd...)

CURRENT LIABILITES AND PROVISIONS

	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
D. Other Expenses		
Contractual Expenses	756.83	809.63
Demurrage	10.00	12.52
Audit Fees & Expenses	8.46	4.29
Repair & Maintenance	68.06	21.45
Others	153.03	48.85
TOTAL (D)	996.38	896.74
E. Statutory Dues		
Sales Tax		
Central	142.41	110.66
State	187.37	112.00
Royalty & Cess		
Royalty on Coal	1333.72	620.54
Cess on Coal	762.83	763.24
Other Cess		
a) Rescue Cess	0.21	0.25
b) C M W Cess	3.80	3.80
c) Cess on royalty on Coal	3340.35	1766.45
d) Cess on Storage of Coal	—	—
e) Others	0.24	0.24
Stowing Excise Duty	215.46	301.00
Central Excise Duty	2.16	2.17
Provident Fund	110.83	135.01
Pension Fund	574.47	444.92
Professional Tax	-	0.02

SCHEDULE-M**(Contd.)****CURRENT LIABILITIES AND PROVISIONS**

	CURRENT YEAR (Rs.in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
Income Tax Employees	1.94	11.18
Contractors	16.95	2.21
Surface Rent & Dead Rent	0.03	0.03
Land Revenue		
Other Statutory Dues	54.10	46.60
TOTAL (E)	6746.87	4320.32
F. Other Liabilities		
i) L. I.C. Premium (SSS)	1.97	1.14
ii) C.D.Post Office	0.23	2.19
iii) A.E.C.D (Wages)	0.89	0.90
iv) A.E.C.D (DA)	-0.03	0.33
v) Dues to Canteen	-6.51	0.12
vi) Dues to Co-operative Societies	5.15	0.39
vii) Prime Minister's Relief Fund	1.86	2.35
viii) Benevolent Fund	2.24	1.93
ix) Welfare fund	0.07	-
x) Others	27.75	3.78
TOTAL (F)	33.62	13.13

SCHEDULE - M**(Contd.)****CURRENT LIABILITIES AND PROVISIONS**

	<u>CURRENT YEAR</u> (Rs. in Lakhs)	<u>PREVIOUS YEAR</u> (Rs. in Lakhs)
G. Advances and Deposits		
Advance from Customers	6014.31	4715.43
Deposits from Contractors & Others	1467.62	1275.30
TOTAL (G)	7481.93	5990.73
H. Current Account Balance with other Subsidiaries of C.I.L.		
1. Eastern Coalfields Ltd.	-	-
2. Bharat Coking Coal Ltd.	-	0.10
3. Central Coalfields Ltd.	-	-
4. Western Coalfields Ltd.	0.72	-
5. CMPDI Limited	-	-
6. South Eastern Coalfields Limited	-	-
7. Northern Coalfields Ltd.	-	6.95
8. Others	-	-
TOTAL (H)	0.72	7.05
1. TOTAL CURRENT LIABILITIES (A To H)	26184.70	19629.69
J. Provisions :- For Wealth Tax	1.04	-
GRAND TOTAL (I+J)	26185.74	19629.69

SCHEDULE-N**MISCELLANEOUS EXPENDITURE**

	AS AT 01.4.94	ADDITIONS DURING THE YEAR	DEDUCTION/ ADJUSTMENT DURING THE YEAR	(Rs. in Lakhs) AS AT 31.3.95
MISCELLANEOUS EXPENDITURE				
(To the extent not written off or Adjusted)				
A. Voluntary Retirement Scheme	-	-	-	-
B. HEMM Rehabilitation Expenses	284.42	458.01	-175.91	566.52
C. Over Burden Removal Expenditure on advance Stripping (Quarry)	5973.39	3733.98	-2301.54	7405.83
Less : Provision for OBR Removal	6007.06	1929.52	-539.42	7397.16
TOTAL (C)	-33.67	1804.46	-1762.12	8.67
D. Others Preliminary Expenses	64.17	-	-8.03	56.14
GRAND TOTAL (A TO D)	314.92	2262.47	-1946.06	631.33

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1995

	SCHEDULE	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
INCOME			
Sales	1	74191.78	64342.16
Coal issued for other purpose	2	439.38	435.46
Accretion/(Decretion) in Stock	3	273.13	-1013.31
Other Income	4	6713.38	5590.60
TOTAL INCOME		81617.67	69354.91
EXPENDITURE			
Internal consumpn. of Coal	5	121.32	151.51
Consumpn. of Stores & Spare Parts	6	11520.16	9454.63
Power & Fuel	7	3384.18	2546.31
Employees Remuneration & Benefits	8	12397.62	11376.78
Impact of MOU on NCWA-V		1367.19	-
Net of Interim Relief			
Contractual Expenses	9	8032.61	6891.11
Repairs (purchased)	10	2066.32	1827.17
Social Overhead	11	2067.64	1774.18
Other Expenditure	12	2218.80	1812.19
Expenditure pertaining to Overburden		-42.34	-274.96
Contribution to Coal Price Regulation Account		21635.96	18569.53
TOTAL EXPENDITURE		64769.46	54128.45
GROSS OPERATING PROFIT		16848.21	15226.46
Interest	13	2896.73	6157.77
Depreciation		6090.20	4667.41
Provisions	14(A)	1035.60	2266.45
Write off	14(B)	8.02	8.02
PROFIT FOR THE YEAR		6817.66	2126.81

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1995

SCHEDULE	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
Prior Period Adjustment	16.13	-
NET PROFIT BEFORE TAXATION	6801.53	2126.81
Provision for Income Tax	-	-
PROFIT/(LOSS) AFTER TAX	6801.53	2126.81
Profit upto the previous year	6499.57	4372.76
BALANCE CARRIED TO BALANCE SHEET	13301.10	6499.57

K.L. Bhasin
Company Secretary

J.Roy
General Manager (F)

Mayukha Sen Gupta
Chief General Manager (F)

V.K. Sehgal
Director (Technical)

C.R. Das
Chairman-Cum-Mg. Director

In terms of our report of even date
For K. C. Samal & Co.,
Chartered Accountants

(K.C.Samal, B. Com., F.C.A.)

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1995
SCHEDULE -1**

SALES

	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in lakhs)
QUANTITY (L.Te)	269.20	239.74
(A) Gross Sales Value	92104.76	74566.04
Less: Statutory Levies		
Royalty on Coal	11542.87	6428.36
Cess on Coal	-	-
Stowing excise Duty	944.70	734.80
Sales Tax:		
Central	2286.95	1745.01
State	1440.93	1120.39
Other Cess	-	5.89
Octroi	1.11	1.55
(B) Total Levies	16216.56	10036.00
(c) Basic Value (A-B)	75888.20	64530.04
less: Transfer to Development.	1696.42	187.88
NET VALUE	74191.78	64342.16

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1995**

SCHEDULE - 2

COAL ISSUED FOR OTHER PURPOSE

	(Rs. in Lakhs)					
	CURRENT YEAR			PREVIOUS YEAR		
	COLLIERY CONSN.	FREE ISSUE TO EMP.	TOTAL	COLLIERY CONSN.	FREE ISSUE TO EMP.	TOTAL
QUANTITY (L.Te)	0.23	0.72	0.95	0.25	0.70	0.95
Value	134.09	318.07	452.16	171.06	321.13	492.19
Less: Statutory Levies						
Royalty on Coal	12.78	-	12.78	19.55	37.18	56.73
TOTAL	121.31	318.07	439.38	151.51	283.95	435.46

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1995
SCHEDELE - 3**

ACCERTION/DECRETION IN STOCK

	<u>CURRENT YEAR (Rs. in Lakhs)</u>	<u>PREVIOUS YEAR (Rs. in Lakhs)</u>
(A) Closing Stock		
Raw Coal	12526.19	11449.13
Less: Provision		
Deterioration	1125.15	957.69
Rehandling	340.79	379.50
TOTAL PROVISION	1465.94	1337.19
TOTAL (A)	11060.25	10111.94
(B) Work-in-Progress	23.09	-
TOTAL (B)	23.09	-
(C) TOTAL (A+B)	11083.34	10111.94
(D) Opening Stock:		
Raw Coal	11449.14	15209.11
Less: Provision		
Deterioration	957.68	1060.05
Rehandling	379.50	198.27
TOTAL PROVISION	1337.18	1258.32
TOTAL (D)	10111.96	13950.79
(E) work-in-Progress	-	-
TOTAL (E)	-	-
(F) TOTAL (D+E)	10111.96	13950.79
(G) TOTAL (C-F)	971.38	- 3838.85
(H) ADD: Development Stock		
Brought to Revenue	- 698.25	-
Add/Less other Adjustment	-	2825.54
TOTAL (H)	- 698.25	2825.54
Accretion/Decretion in Stock(G+H)	273.13	- 1013.31

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1995
SCHEDULE-4**

OTHER INCOME

	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in lakhs)
Stowing Subsidy	65.33	114.15
Transportation Charges	4618.75	4082.45
Value of Workshop job done	1510.31	1144.09
Rent (Outsider)	12.19	10.89
Interest Received on:		
1. Bank Deposits	0.30	-
2. Loans & Advances to Employees	2.36	-
3. Loans & Advances to Contractors & Others	6.16	6.98
Liquidated Damages/Panalty	47.18	35.42
Others:		
Tender Fee	17.21	13.98
Service Charges from Customers on joint sampling	37.27	16.19
Claims from others	7.31	0.40
Sale of scrap	-	0.05
Other Misc. receipts	494.54	330.47
SUB TOTAL	6818.91	5755.07
Less: Transfer to Development	105.53	164.47
TOTAL	6713.38	5590.60

SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1995
SCHEDULE - 5

INTERNAL CONSUMPTION OF COAL.

	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
Quantity (L.Te)	0.22	0.25
(A) Value	147.75	171.06
(B) Statutory Levies :	-	-
Royalty on Cess	26.43	18.51
Cess on Coal	-	-
Stowing Excise Duty	-	1.04
Other Cess & Duty	-	-
(C) TOTAL (B)	26.43	19.55
TOTAL (A-B)	121.32	151.51

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1995
SCHEDULE - 6**

CONSUMPTION OF STORES & SPARES

	<u>CURRENT YEAR (Rs. in Lakhs)</u>	<u>PREVIOUS YEAR (Rs. in Lakhs)</u>
Explosives	2168.72	2263.56
Timber	94.69	94.50
Petrol, Oil & Lub.	2234.51	2019.58
Other Stores & Spares:		
1. HEMM Spares	3991.94	2672.80
2. Consumption of POL, Stores & Spares for Cars & Jeeps	150.84	128.80
3. Consumption of POL, Stores & Spares for Ambu, & School Bus	11.75	8.53
4. Consumption of Stores & Spares for Township, Water supply & SOH Services	23.13	11.95
5. Consumption of POL, Stores & Spares for Generator	0.86	0.48
6. Others	3367.12	2686.18
(A) SUB TOTAL	<u>12043.56</u>	<u>9886.38</u>
Less : Transfer to		
Social Overhead	35.75	20.96
Development	336.82	281.99
Other Expenditure	150.83	128.80
(B) SUB TOTAL	<u>523.40</u>	<u>431.75</u>
TOTAL (A-B)	<u>11520.16</u>	<u>9454.63</u>

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1995****SCHEDULE - 7****POWER & FUEL**

	<u>CURRENT YEAR (Rs. in Lakhs)</u>	<u>PREVIOUS YEAR (Rs in Lakhs)</u>
(A) Purchase of Electricity	3568.29	2678.37
Power Generation	-	-
SUB TOTAL (A)	<u>3568.29</u>	<u>2678.37</u>
(B) Less: Transfer to		
Social Overhead	87.53	50.40
Development	96.58	81.66
SUB TOTAL (B)	<u>184.11</u>	<u>132.06</u>
TOTAL (A-B)	<u>3384.18</u>	<u>2546.31</u>

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1995
SCHEDULE - 8**

EMPLOYEES REMUNERATION AND BENEFITS

	<u>CURRENT YEAR (Rs. in Lakhs)</u>	<u>PREVIOUS YEAR (Rs.in Lakhs)</u>
(A) Salaries, wages including IR:		
Piece Rated Wages	970.34	789.78
Time Rated Wages	5969.86	5582.60
Executives Salary	898.68	767.93
Leave Wages	486.19	553.93
Paid Holiday Wages	96.40	76.65
Leave Encashment	21.69	15.88
Other Allowances & Benefits	15.53	-
Nightshift Allowance	9.94	40.84
House Rent Allowance	61.56	60.40
Transport Subsidy	105.79	106.81
Incentive Bonus/Reward	53.38	34.28
Special Incentive	17.56	9.27
Other Allowances	7.73	7.16
TOTAL SALARY, WAGES & ALLOWANCES (A)	<u>8714.65</u>	<u>8045.53</u>

.....Contd.

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1995
SCHEDULE-8**

Contd. from Prepage.

EMPLOYEES REMUNERATION AND BENEFITS

	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs in Lakhs)
(B) Normal OT	865.92	690.05
Sunday OT	625.69	574.54
Fall Back Wages	1.12	1.03
Attendance Bonus	320.82	313.43
Exgratia	532.20	483.94
Provident Fund	1053.53	970.26
Pension Fund	0.28	16.88
LLTC	408.53	309.24
RRF	53.95	34.54
Pension	195.56	393.27
Gratuity	117.35	152.24
Workmen Compensation	7.36	9.98
D.L.I	3.08	2.69
Life Cover Scheme	10.61	8.22
TOTAL (B)	4196.00	3960.31
(C) TOTAL (A+B)	12910.65	12005.84
Less: Transfer to:		
Social overhead	274.05	361.96
Development	238.98	267.10
TOTAL	12397.62	11376.78

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1995
SCHEDULE - 9**

CONTRACTUAL EXPENSES

	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
Transportation Charges :		
Coal, Coke	6753.42	5993.15
Sand	81.32	78.22
Others	81.52	69.80
Other Contractual Works	1205.12	982.28
SUB TOTAL	<u>8121.38</u>	<u>7123.45</u>
Less: Transfer to Development	88.77	232.34
TOTAL	<u>8032.61</u>	<u>6891.11</u>

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1995
SCHEDULE-10**

REPAIRS (PURCHASED)

	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
(A) Township Repair	405.80	366.87
Repair of Hospital, Educ. & Other Welfare Build.	55.49	40.14
Factory & Office Buildings	142.84	80.59
Plant & Machinery	529.90	404.89
Office Equip. & Furnitures	18.96	8.70
Hospital Equipment.	1.18	0.46
Heavy Vehicles	39.21	34.27
Cars & Jeeps	105.55	83.29
SOH Vehicles	7.21	4.90
Rehabilitation Expn.	69.10	220.94
Written off	204.47	-
Workshop Job done	1089.18	1041.53
Siding Maint. Charges	38.75	72.52
TOTAL (A)	<u>2707.64</u>	<u>2359.10</u>
(B) LESS: TRANSFER TO		
Social Overhead	469.65	412.37
Power & Fuel	-	-
Other Expenses	104.25	83.29
Development	67.42	36.27
TOTAL (B)	<u>641.32</u>	<u>531.93</u>
TOTAL (A-B)	<u>2066.32</u>	<u>1827.17</u>

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1995
SCHEDULE-11**

SOCIAL OVERHEAD

	<u>CURRENT YEAR (Rs. in Lakhs)</u>	<u>PREVIOUS YEAR (Rs. in Lakhs)</u>
(A) Salaries, Wages & Allowances (Contra)	274.05	361.96
Free issue of Coal to Employees	326.18	289.46
Medical Reimbursement	74.23	70.42
Medicine & Diet Expn.	189.40	148.23
Grant to Schools & Inst.	79.10	78.73
Sports, Rec. Grants	22.04	13.26
Canteen upkeep	1.53	1.85
Creche Expenses	0.05	-
Purchase of Water	8.10	7.71
Power (Contra)	87.53	50.41
Total (A)	<u>1062.21</u>	<u>1022.03</u>
 (B) Repair		
Township Repair (Contra)	405.35	366.87
Repair of Hospital, School & Wel, Buildig (Contra)	55.49	40.14
Hospital Equip. (Contra)	1.18	0.46
TOTAL (B)	<u>462.02</u>	<u>407.47</u>

.....Contd.

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1995
SCHEDULE - 11**

.....Contd. from Prepage.

SOCIAL OVERHEAD

	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
(C) Cons, of Stores & Spares	24.00	12.42
for SOH Services (Contra)		
Maintenance of Vehcles :		
Stores & Spares for SOH	11.75	8.53
Vehicles (Contra)		
Repairs of S.O.H.	7.21	4.90
Vehicles (Contra)	-	-
Road Tax	0.98	0.52
Insurence	0.34	0.47
Total maint. of vehicles	20.28	14.42
Training Expenses	27.24	33.76
Depreciation	214.92	160.36
Community Development	167.85	77.71
Environment/Ecology	-	-
Improvement	55.55	33.61
Transit Flat Expenses	-	-
Guest House Expenses	11.30	10.19
Holiday Home Expenses	-	-
Others	74.43	47.90
TOTAL (C)	595.57	390.37
(D) Less: Recoveries		
House Rent	16.25	14.31
Hospital Charges	4.71	4.21
School Bus, Electricity	-	-
& Water Charges	4.49	4.86
Guest House/Transit	0.09	0.16
Flat	-	-
Hospital Subsidy	-	-
Total Recoveries	25.54	23.54
Transfer to	26.62	22.15
Development		
TOTAL (D)	52.16	45.69
GRAND TOTAL (A+B+C-D)	2067.64	1774.18

Note : Grant includes donation Rs. 9.83 Lakhs (Previous year Rs. 9.12 Lakhs)

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1995
SCHEDULE - 12**

OTHER EXPENDITURE

	<u>CURRENT YEAR</u> (Rs. in Lakhs)	<u>PREVIOUS YEAR</u> (Rs. in Lakhs)
Travelling	228.28	158.48
Printing & Stationary	120.60	92.83
Books & Periodicals	7.84	3.22
Postage & Telephone	159.85	109.00
Bank Charges	10.06	4.40
Advertisement for :	-	-
Recruitment	0.15	2.14
Tender	61.23	29.71
Others	3.42	1.76
Publicity	7.35	3.48
Freight Charges	45.84	54.66
U.Loading Charges	139.67	108.61
Demurrage	13.91	24.30
Donation & Subscriptions	9.87	9.18
Security Expenses	171.40	155.95
Rescue & Safety	19.54	36.03
Expenses on Meeting	45.24	39.76
Hire Charges		
(i) Computer	13.70	19.98
(ii) Others	<u>53.73</u>	<u>23.65</u>
	67.43	43.63
Maintenance of Cars & Jeeps		
(i) P.O.L. & Spares (Contra)	150.83	128.80
(ii) Repairs (Contra)	104.25	83.29
(iii) Vehicle Tax	14.99	37.13
(iv) Insurance	<u>3.60</u>	<u>3.12</u>
	273.67	252.34

.....Contd.

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1995
SCHEDULE - 12**

OTHER EXPENDITURE

Contd. from Prepage.

	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
Royalty & Cess	27.86	21.69
Insurance	2.45	5.53
Rent, Rates & Taxes.	100.83	88.27
Auditors Remuneration : Audit Fees	0.95	0.94
Travelling & Out of Pocket Expenses	0.44	0.48
In other Capacity	0.51	0.46
Internal Audit Fee	15.48.	5.47
Legal Expenses	91.61	55.41
Apex Office Expenses/Financial charges	493.69	362.89
Loss on Sale/Discard of Assets	22.99	0.05
Office Contingency	26.12	22.11
Wealth Tax	0.40	0.27
Others	130.97	158.27
TOTAL	2299.65	1851.32
Less : Transfer to Development	80.85	39.13
TOTAL	2218.80	1812.19

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1995
SCHEDULE - 13**

INTEREST

INTEREST	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
1. On dues to Coal India Ltd. Holding Co.	2826.45	6103.34
2. On bank Overdraft	0.45	14.30
3. On deferred Payment	16.24	24.55
4. Chargeable to Dev. units	192.54	621.51
5. Others	53.59	15.58
SUB TOTAL	3089.27	6779.28
LESS:		
Interest Capitalised during the year (as shwn in SL. 4)	192.54	621.51
TOTAL	2896.73	6157.77

Note: Waival of Penal Interest is Rs. 2800.00 lakhs,
out of which Rs. 2620.27 lakhs is on Revenue
Account and Rs. 179. 73 is on Development Account.

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1995
SCHEDULE-14**

PROVISIONS & WRITE OFFS

	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
(A) Provision for		
Doubtful Debts	910.00	2222.00
Obsolescence of Stores	63.28	-
Reclamation of land	-	-
Shortage/Difference in Stores & Spares	-2.99	-
Doubtful Advances	-	5.09
Loss of Assets	65.31	39.36
TOTAL (A)	1035.60	2266.45
(B) Write Offs		
Bad/doubtful Debts	-	-
Bad/Doubtful Advances	-	-
Stores & Spares	-	-
Preliminary Exp. written off	8.02	8.02
TOTAL (B)	8.02	8.02

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1995**

SCHEDULE-15

PRIOR PERIOD ADJUSTMENT

	<u>CURRENT YEAR (Rs. in Lakhs)</u>	<u>PREVIOUS YEAR (Rs. in Lakhs)</u>
(A) DEBIT:		
Interest	- 19.28	-
Depreciation	35.04	-
Wealth Tax (1993-94)	0.37	-
TOTAL (A)	<u>16.13</u>	<u>-</u>
(B) CREDIT:	-	-
TOTAL (B)	<u>-</u>	<u>-</u>
NET TOTAL (A-B)	<u>16.13</u>	<u>-</u>

ACCOUNTING POLICY
SCHEDULE "O"
SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost basis, as per Accounting Standards and generally accepted accounting practices, except otherwise stated in Accounting Policy and Notes of Accounts.

2. BASIS OF ACCOUNTING

- 2.1 All expenses are booked initially in the natural heads of accounts and then transferred to functional heads.
- 2.2 Accrual basis of accounting has been followed except in the following cases:
- a) Gratuity and Life Cover Scheme are accounted for on death-cum-retirement basis. Actuarial valuation of gratuity liability for the year and as at the end of year have neither been ascertained nor accounted for.
 - b) Interest on advance to employees e. g. House Building, Purchase of Car etc. Demurrage. Liquidated damages, Sale of scrap are provided on realisation/cash basis.
 - c) Insurance/Railway claim and escalation claims are accounted for on the basis of admission/ final settlement.
 - d) Additional Liability for royalty, Cess etc. if any are accounted for in the year in which final assessment orders are received.

3. SUBSIDY/GRANTS

- 3.1. Subsidies/grants received on Capital Account are deducted from the cost of respective assets to which they relate.
- 3.2 Subsidy claims for the accounting year which are yet to be received/confirmed from the appropriate authorities are accounted for on estimated basis. This estimate is based on the amount of subsidy received pro-rata to the claim preferred in the immediately preceding quarter.

4. FIXED ASSETS

LAND : Land includes cost of acquisition, compensation and rehabilitation expenses including expenses for compensatory afforestation incurred for concerned displaced persons.

- 4.1 BULDING : Building includes roads and culverts situated in colliery and townships as well as cost of electrical fittings, water supply arrangements and sanitary fittings.
- 4.2 PLANT & MACHINERY : Plant & Machinery includes cost and expenses incurred for erection/ installation and other attributable cost of bringing those assets to working condition for their intended use.
- 4.3 RAILWAY SIDING : Railway siding payments made to Railway authorities are shown under Capital Work-in-progress. As and when Railway Siding is completed and brought to working

condition for its intended use, the same is transferred to Railway Sidings under the head "Fixed Assets".

DEVELOPMENT

- 4.4 Expenses net of income of the Projects/Mines under development including proportionate interest capitalised are booked to development accounts.

Projects/Mines under development are brought to revenue either

- a) Immediately after the financial year in which the unit achieves physical coal output of 25% of rated capacity as per approved project report, OR
- b) From the Financial Year immediately Succeeding the year in which the value of production is more than the total expenses, whichever is earlier.

- 4.5. Installation expenses wherever done departmently are not capitalised.

5. DEPRECIATION

- 5.1 Depreciation is provided at the rates specified in Schedule XIV to the Companies Act, 1956 as amended on straight line basis except that:

- a) Depreciation for lease hold land has been charged equitably on the basis of lease period or life of the project whichever is less.
- b) Depreciation on land acquired under Coal Bearing Area (Acquisition & Development) Act. 1957 has been charged on the basis of balance life of the project.
- c) Prospecting, Boring and Development expenditure are amortised over a period of 20 years or the life of the project whichever is less.
- d) Assets attracting 100% depreciation, are depreciated in full in the year of addition and the same are withdrawn from the Accounts following the year in which these are fully depreciated.
- e) Profit/Loss on sale of surveyed-off assets are charged to Profit & Loss Account.
- f) Depreciation on addition to Assets made during the year is taken pro-rata on month to month basis in which the Assets have been commissioned or completed.

6. INVENTORIES

- 6.1. Stock of Stores & Spare parts are valued at Weighted Average Cost. Work in progress, workshop jobs are valued at cost.
- 6.2. Imported spares and related custom duty thereon are accounted for on the basis of debit advice received from Coal India Limited.
- 6.3 Book stock of Coal, Coke, etc. is taken for the purpose of closing stock, where, the variance between the book stock and measured stock is upto +/- 5% and incase the variance is beyond 5%, the measured stock is taken for the purpose of closing stock.
- 6.4 Stock of Coal (and Coke Stock if applicable) is valued at net realisable value, based on actual realisation on despatches during the last quarter of the year and after adjusting provision for deterioration @ 1.5% of the value of coal & coke produced during the year and estimated net transportation/rehandling charges (if applicable). However, rehandling charges in respect of transportation of coal by own fleet/mechanical devices is not considered.

- 6.5 Coal issued to employees (free issue) and for boiler consumption are accounted for on the basis of norms fixed by the management and taken to Profit & Loss Account at relevant grade selling price as per Contra.
- 6.6 Stock of medicines and stationery are not considered for the purpose of inventory valuation, the expenses on this account are charged to Revenue.

7. PRIOR PERIOD ADJUSTMENT/EXTRA ORDINARY ITEMS

- 7.1 Material charges or credit (in excess of Rs. 10,000/- for any individual item) which arise in the current period as a result of errors and omissions in the preparation of the financial statement of one or more prior period are disclosed in the Profit & Loss Account in a manner that their impact on current profit or loss can be perceived.

8. OVERBURDEN REMOVAL EXPENSES

- 8.1. In accordance with company's policy, the overburden removal expenses in respect of O.C. Projects having capacity of less than one million tonnes, are charged directly to revenue heads in the year in which operation commences and/or coal is exposed. The permissible tolerance of measured overburden with reference to the reported overburden, as per guidelines circulated vide letter No. Ch: TS: 26 dated. 10.1.94 is indicated below:

Annual quantum of OBR of the Project	Permissible limits of Variance (whichever is less)	
	% age	quantum (MI. Cum.)
MI.CUM.		
Less than 1 Mil. CUM.	(+/-)5%	0.03
Between 1 & 5 MI. CUM	(+/-)3%	0.02
More than 5 MI. CUM.	(+/-) 2%	-

9. APEX OFFICE CHARGES & INTEREST

- 9.1 Apex office Charges is accounted for as per apportionment made and advised by the Coal India Ltd., and the allocation to Units is done on the basis of production of revenue mines.
- 9.2 Interest from Coal India Ltd., are accounted for as per apportionment made and advised by Coal India Ltd., and allocated the units on the basis of Gross Fixed Assets at the beginning of the year.

10. FOREIGN CURRENCY TRANSACTIONS.

- 10.1 Assets and Liabilities balances related to foreign currency transactions are translated at the year end rate of exchange and the resultant net losses are charged to revenue while net gains are ignored. Exchange fluctuation on foreign currency loan taken for the purpose of acquisition of fixed assets at the year end rate of exchange is included in the carrying amount of Fixed Assets and amortised during the balance life of the respective assets.

Realised gains/losses on foreign currency transactions (other than for fixed assets) are adjusted in the Profit & Loss Account and those related to fixed assets are added to the cost of respective fixed assets.

11. REVENUE RECOGNITION

11.1 Revenue from transactions involving the sale of goods is recognised when property in the goods passes to the buyer for a consideration and the Company retains no effective control of the goods transferred to a degree usually associated with ownership, and no significant uncertainty exists regarding the amount of the consideration that will be derived from the same goods.

Revenue arising from the use of the Company's resources by others are only recognised when no significant uncertainty as to measurability or collectibility exists.

12. DEFERRED REVENUE EXPENDITURE

12.1 Rehabilitation expenditure (Heavy repairs) of Heavy Earth Moving Machineries are treated as Deferred Revenue Expenditure and are written off over a period of the extended life of the asset but not exceeding four years including the year in which expenditure is first incurred, as per policy guidelines issued by Coal India Limited, the Holding Company.

13. LAND RECLAMATION

13.1 Land reclamation expenses is charged to Profit & Loss Account when incurred.

14. INVESTMENT

14.1. Investment are valued at cost.

SCHEDULE "P"
NOTES ON ACCOUNTS

1. CONTINGENT LIABILITIES

Claims against the Company not acknowledged as debts:

	<u>1994-95</u>	<u>(Rs. in Lakhs)</u> <u>1993-94</u>
a) Suits against MCL	1963.96	277.71
b) Sales Tax & Levies	564.92	388.33
c) Others	1417.53	785.43

2. CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on Capital Account and not provided for.

	<u>1994-95</u>	<u>(Rs. in Lakhs)</u> <u>1993-94</u>
Capital Commitment	5814.36	1851.66

3.1. FIXED ASSETS

- 3.2 Land includes lease hold and acquired under Coal Bearing Acquisition Act, 1957.
- 3.3 The Assets and Liabilities taken over from Coal Mines Labour Welfare Organisation in 1981 have not been reflected in these accounts pending determination of value thereof.
- 3.4. The Assets and Liabilities of Mines Rescue Station taken over during 1985-86 have not been reflected in the Accounts pending determination of value thereof.
- 3.5. Plant & Machinery costing Rs.1.00 lakh and above in each case have only been physically verified by the Company during the year and reconciled with the Plant Cards.
- 3.6. Physical verification of other Fixed Assets like Land, Building, Railway Siding and other immovable assets are carried out once in every three years.
- 3.7. Payment to Railway authorities for construction of siding have been shown under Capital Work-in-Progress, pending receipt of completion certificate.
- 3.8. Capital work-in-Progress in the Fixed Assets Schedule includes Plant & Machinery in stores and Plant & Machinery in transit.
- 3.9. Development Expenditure:
- i) During the year interest amounting to Rs. 372.27 lakhs has been capitalised on account of expenditure incurred on Projects under Development.
 - ii) In mines under development where the sales and closing stock of coal exceeds the total development expenditure resulting in negative capitalisation, it has been netted off against the expenditure on other development.

4. INVENTORIES

4.1. Stock of Stores & Spares :

- i) The closing stock of stores and spares and Substores/Regional Stores/Colliery Stores have been considered in the accounts as per balances appearing in the Financial Ledger. Reconciliation between Priced Stores Ledgers and Numerical Ledgers are carried out periodically. Discrepancies arising out of physical verification of stock of stores & spares are adjusted/provided for periodically. Physical Verification of stores and spares have been conducted during the year and the discrepancy arising out of such verification and reconciliation, is under scrutiny.
- ii) Stores and Spares also include loose tools.

4.2. Stock of Coal:

- i) Closing stock of coal has been physically verified at all projects of company. The Book Stock of coal has been taken as closing stock as per the policy of Coal India Limited as the variance between Book Stock and physically measured stock is within +/- 5%.
- ii) Provision for rehandling charges wherever considered necessary has been made in respect of Pit head/Ground stock to the Railway Siding at the contractual rates during the year minus Surface Transportation Charges recoverable from customer wherever applicable. However rehandling charges in respect of transportation of coal by own fleet has not been considered. The overhead costs of CHP has been ignored while working rehandling charges.

5. SUNDRY DEBTORS

- 5.1. Sundry Debtors have been reduced by Rs. 33. 58 Crores being adhoc amount received from customers, the reconciliation of which is in progress.

The provision of Rs. 82.30 Crores up to 31.3. 95 including provision of Rs. 9. 10 Crores made during the year against bad & doubtful debts is considered adequate.

6. LOAN AND ADVANCES:

- 6.1 Pending linking, Certain credit balances in Current Assets and Debit Balances in Liability Accounts have been netted from Gross amounts.

7. SECURED LOAN/CASH CREDIT.

- 7.1 The Company has arrangement of Cash Credit facility with State Bank of India upto Rs. 500.00 lakhs as allocated by Coal India Limited against hypothecation of Stock of Coal, Stores and Spares, Book Debts and Movable Assets of the Company which was availed of occasionally during the year.

The Cash Credit Account at the end of the year represents cheques issued of Rs.361.75 lakhs in excess of book balance.

8. CURRENT LIABILITIES/PROVISIONS

- 8.1 Deductions made from the wages of the employees covered under National Coal Wage Agreement (NCWA) @ 2% of basic wages +D.A. towards Post Retirement benefit w.e.f.1.4.89

amounting to Rs. 574.47 lakhs has been kept separately, under other liabilities pending consideration and approval of appropriate scheme by the Govt. of India.

9. CONFIRMATION OF BALANCE:

9.1. Confirmation of balances of Sundry Debtors, Sundry Creditors, various loans and advances, Deposit etc. as on 31.3.95 have not been obtained in all cases and the overall impact on the Profit & Loss Account can not therefore be ascertained.

10. PROVISION FOR BAD AND DOUBTFUL DEBT

10.1. Provision towards Bad and Doubtful Debt has been made in the Accounts as follows:

i)	In case of full bills outstanding for more than 3 years.	Full provision
ii)	In case of full bills outstanding for less than 3 years.	In the ratio of realisation upto 31st May of the following year.
iii)	In case of partly paid bills.	Considering the nature of deduction.

11. OTHERS:

11.1. Contribution on Account of Coal Price Regulation Account.

11.2. The Govt. of India vide its Noaification No. SO-275 (E) dtd.29.3.95 has fixed Rs. 200.00 per MT as retention price for the financial year 94-95. In pursuance of this notification, a sum of Rs. 21635.96 lakhs in respect of despatches for the year have become payable to the C.P.R. Account. The amount has been arrived at on the basis of coal despatches during the year from revenue mines only. (As per policy of the Company retention price has not been taken into consideration for valuation of closing stock of coal.)

11.3. Interest received from Debtors on delayed payments are accounted for on cash basis.

11.4. Current year expenses includes Rs. 1367.19 lakhs towards arrear NCWA (V) to employees and Rs. 92.32 lakhs towards Interim Relief to Executives aggregating to Rs. 1459.51 lakhs, relating to prior period, charged to the Profit and Loss Account of the current year in their respective heads of expenses.

11.5. The Orissa Government has claimed road tax amounting to Rs. 1171.49 lakhs under Motor Vehicles Act on HEMM DUMPERS from the year 1987-88. Since the claim has been challenged and contested by the Company, no provision has been made for the said amount.

11.6. Sales Tax demand for Rs. 564.94 lakhs made on the Company has been disputed and not provided for. However a sum of Rs. 422.58 lakhs has been paid under protest.

11.7 DIRECTOR'S REMUNERATION

During the year the following amounts have been paid as 'Directors Remuneration' which do not however include the value of perquisites like free medical facility provided for in the Company Hospital. House rent, electricity etc. charged as per Company's rules

applicable to the Executives.

	(Rs. in lakhs)	
	<u>1994-95</u>	<u>1993-94</u>
Salary	2.57	1.39
PF	0.24	0.14
Medical Exp.	0.24	3.82
Travelling Exp.	10.82	4.61
Total:	<u>13.87</u>	<u>9.96</u>

11.8. Additional information as required in Paragraph 3 & 4 of Part. II of the Schedule VI to the Companies Act, 1956 for the year ended 31st. March, 1995:

(i) Coal

a) Licensed Capacity	- Not applicable
b) Installed Capacity	-Not applicable

11.9 Value of Imports Calculated on CIF basis.

	(Rs. in lakhs)	
	<u>1994-95</u>	<u>1993-94</u>
Stores & Spares	173.23	Nil
Capital Goods	Nil	Nil
Expenditure on Foreign Currency		
i) Travelling	Nil	Nil
ii) Know-how & Consultancy	Nil	Nil

11.10. Value of Imported/Indigenous Raw Materials, Stores & Spares consumed.

	Raw Materials	
	<u>Value</u> (Rs. in Lakhs)	<u>%age</u>
Imported	N.A.	N.A.
Indigenous	Nil	Nil
Stores & Spares		
	<u>Value</u>	<u>%age</u>
Imported	272.32	2.26%
Indigenous	11771.24	97.74%

12. Statement of Opening Stock of Coal, Production, Offtake and Closing Stock as under:

	1994-95		1993-94	
	Qty (Lakhs M.T)	Value (Cr.Rs.)	Qty (Lakh M.T.)	Value (Cr. Rs.)
Open Stock:				
a) Rev. Mines	43.91	114.49	44.38	120.83
b) Dev. Mines	4.40	10.43	1.60	3.70
Total:	48.31	124.92	45.98	124.53
Production:				
a) Rev. Mines	264.84	750.18	235.19	631.13
b) Dev. Mines	8.40	21.73	7.83	18.91
Total:	273.24	771.91	243.02	650.04
Sales (Excl. Levies):				
a) Rev. Mines	262.78	741.92	234.71	643.42
b) Dev. Mines	6.42	16.96	5.03	1.88
Total:	269.16	758.88	239.74	645.30
Own Consumption	0.95	4.47	0.95	4.35
Closing Stock:				
a) Rev. Mines	48.11	125.26	43.91	114.49
b) Dev. Mines	3.33	8.21	4.40	10.43
Total:	51.44	133.47	48.31	124.92

13. No provision has been made towards Income-Tax as the Company doesn't have any liability during the Assessment year-95-96 (Financial Year 94-95).

14. The Accounts together with Notes on Accounts approved by the Board of Directors on 15th July'95 and reported upon by Auditors have been revised in pursuance to memos issued by the Comptroller & Auditor General of India, U/s. 619 (4) of the Companies Act, 1956. As a result of revision, the following changes have been made in the Profit & Loss A/c and Balance Sheet:

Amount (Rs. in lakhs)

Decrease in:-

1. Net profit after adjustment of Prior Period Account.	251.21
--	--------

Increase in:-

1. Gross Block	2209.05
2. Prov. for Depreciation	159.01
3. Deferred Credit	2209.05
4. Current Assets.	1631.13
5. Current Liabilities.	1723.33

Apart from the above, Accounting Policy No. 10 has been incorporated and Policy No. 6.4 has been modified; Note No. 13 in Notes on Accounts (Sc. P) has been incorporated and Note No. 10 substituted.

Coal India Debit and Credit Memos received on account of waiver of Penal Interest by Govt. of India and Apex Office Charges/Financial Expenses (Final for 94-95) have been accounted for which has the effect of increase in profit of the Company by Rs. 2543.97 lakhs.

15. Previous year's figures have been rearranged/regrouped wherever considered necessary.
16. All the Schedules A to P & 1 to 15 and the Accounting Policies and Notes on Accounts form Integral part of these Accounts.

K.L. Bhasin
Company Secretary

J.Roy
General Manager (F)

Mayukha Sen Gupta
Chief General Manager (F)

V.K. Sehgal
Director (Tech.)

C.R. Das
Chairman-cum-Mg-Director

In terms of our report of even date
For K. C. Samal & Co.,
Chartered Accountants
(K.C. Samal)

Sambalpur
Date.28.08.95.

**ADDENDUM TO DIRECTOR'S REPORT
(UNDER SECTION 217 (3) OF THE COMPANIES ACT, 1956)**

AUDITORS' REPORT

To

The Members of
Mahanadi Coalfields Limited,
Anand Vihar, UCE, Burla,
Sambalpur.

1. We have audited the attached Balance Sheet of Mahanadi Coalfields Limited as at 31st, March, 1995 and annexed Profit & Loss Account for the year ended on that date together with the notes and schedules referred to thereon.

The accounts of the following areas/offices audited by the other Branch Auditor appointed by the Company Law Board/ Central Govt. have been incorporated in this account.

- a) Talcher Area
 - b) Jagannath Area
 - c) Kalinga Area
 - d) Central Workshop, Talcher.
2. Our observations and comments on the accounts are given in Annexure -A to this report.
 3. The Statement of Accounts together with the Notes thereon, approved by the Board of Directors in their meeting held on 15.07.95 and reported thereon by us on 18.07.95 have been revised and amended to comply with the observations of the Comptroller and Auditor General of India. The relevant amendments have the effect of decreasing the current year's profit by Rs. 251.21 lakhs comprising of:

	<u>Rs. in lakhs</u>
a) Increase in Provision for Loss of Assets	20.77
b) Increase in other Misc. Expenses	38.00

AUDITORS' REPORT

c) Increase in Provision for Obsolescence Stores.	24.55
d) Decrease in Misc. Receipt	8.88
e) Increase in Prov. for Depreciation	159.01
Total:	251.21

4. Besides Coal India's Debit and Credit Memos received on account of waiver of penal interest by Govt. of India and Apex office Charges/Financial Expenses (Final for 94-95)

(after adoption of Account on 15.7.95) have been accounted for which has the effect of increase in profit of the Company by Rs. 2543.97 lakhs.

5. As required by the manufacturing and other Companies (Auditors' Report Order, 1988) and on the basis of such test checks of the books and records of the company, as were considered appropriate and according to the information and explanations given to us in the course of our audit, we enclose in the Annexure-B a statement on the matters specified in paragraph 4 & 5 of the said order.
6. Subject to our comments contained in Annexure-A & B to this report and read with notes on accounts given in Schedule-P and statement of Accounting Policies in Schedule-O forming part of the accounts, 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 and so far it appears from the examination of the books, proper books of account as required by law have been kept by the Company except Fixed Assets Register in some of the units as mentioned in Annexure-A to this report.

AUDITORS' REPORT

- c) The Branch Auditor's Report of the areas not visited by us have been forwarded to us and those have been properly dealt with in preparing our report.
- d) The Balance Sheet and Profit & Loss Account are in agreement with the Books of Accounts.
- e) To the best of our information and according to the explanations given to us and subject to our comments in annexure-A and Annexure-B to this report and read with the notes on accounts in Schedule - P & Statement of Accounting Policies in Schedule-O the Said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - i) in the case of Balance Sheet, of the State of Affairs of the Company as at 31st March 1995 and
 - ii) in the case of Profit & Loss Account, the profit of the Company for the year ended on that date.

For K.C. SAMAL & Co.
CHARTERED ACCOUNTANTS
(K.C.SAMAL, B.Com.FCA)

PLACE: SAMBALPUR

DATED: 28th August, 1995

ANNEXURE - A**REFERRED TO IN OUR REPORT ON THE ACCOUNT OF
MAHANADI COALFIELDS LTD. FOR THE YEAR ENDED 31ST MARCH 1995****AUDITORS' REPORT****MANAGEMENT'S REPLY****1. FIXED ASSETS:**

- | | | |
|------|---|--|
| i) | The company has taken over Hospital, Rescue Station, Welfare Centre etc. from other organisations. Pending finalisation the assets/liabilities/depreciation in respect of the assets taken over have not been taken into account. | The management has no comments to offer, as this is a statement of facts. The value of the Assets has not yet been communicated by the Govt. The depreciation etc. will be provided when the value is communicated. |
| ii) | The titles/lease deeds of the land, building and mining rights were not available for our verification. We are informed that, the land acquired under Coal Bearing Area (Acquisition & Development) Act, 1957 has been shown as land lease-hold in Fixed Assets. Title deeds and/or lease deeds of land and buildings and Mining Rights are not available with the Company as the transfer formalities from the Holding Company and its other subsidiaries have not been completed and consequently some documents continue to be held in the name of the Holding Company or its other subsidiaries, Transfer of land and mining rights from State Govt. of Orissa to this Company after its formation have been effected on the basis of notification issued by the Orissa State Govt. In view of the above it has not been possible for us to verify the ownership of the land. | Details of the Land acquired/purchased is maintained indicating the reference of the Demand Note raised by the authorities, and acquired and handed over to the Company. Details of the land vested on nationalisation have however, not been available in most of the areas, as no formal order of the Govt. is issued separately vesting these lands in the company. |
| iii) | The fixed assets of Plant & Machinery, Buildings, furnitures have been physically verified but not yet reconciled with the register as on date of audit in some of the units. | Reconciliation of physical verification statement and Asset Register/Plant Card will be taken up, where the same has not been done. |
| iv) | No report has been made available to audit in respect of damaged/discarded assets. | The review of Damaged/Discarded Assets is done by the company periodically and provision made wherever considered necessary. |

AUDITORS' REPORT**MANAGEMENT'S REPLY**

As a result, the over-valuation of assets to that extent could not be ascertained.

2. INVENTORIES

i) The stock of stores & spares have been physically verified by independent Chartered Accountant/Cost Accountant Firms. Reconciliation between priced ledger and numerical ledger has been carried out. The discrepancies, if any, arising of such reconciliation and verification could not be ascertained and therefore we are unable to comment on this.

ii) In respect. of Jagannath Area, out of total non-moving stores of Rs.3.06,46, 473/- an upto date provision of Rs. 81,50, 339.69/- only has been made for obsolete stores & spares and for the balance amount no provision has been made.

During the course of day to day work discrepancy noticed if any, is taken care of immediately.

The nonmoving stores of Rs. 306.46 lakhs has been analysed as under :

	Rs. Lakhs
A. Insurance item	
HEMM Spares	82.08
UG Machinery Spares	49.42
B. Obsolete Stores	18.22
(Provided in 92-93)	
C. Other Slow moving spares	
under identification	156.74
Total	306.46

The other slow moving spares worth Rs. 156.74 lakhs has been scrutinised during the year and a further provision of Rs. 63.28 lakhs have been made during the year bringing the total provision to Rs. 81.50 lakhs.

3. STOCK OF COAL

i) As per the policy of the company, stock of coal is valued at lower of the declared selling price or net realisable value based in the actual realisation of the despatch of coal during the last quarter of the year, the over/under valuation of Closing Stock of coal could not be ascertained. as compared to actual cost. inclusive of CPRA Contribution.

Valuation of closing stock has been made at lower of declared grade selling prices as at 31st March, 1995 or net realisation made in the last quarter of the year after providing for rehandling charges, wherever applicable. Further, a provision @ 1.5% of value of production of coal of Rev. Mines was made for deterioration due to fire, longer period of stocking etc. These are as per Accounting Policy of the Company. The method of valuation of closing stock as given above is consistently followed.

4. SUNDRY DEBTORS

i) The year end confirmation of debtors' balance

No comments.

AUDITORS' REPORT**MANAGEMENT'S REPLY**

are not obtained.

- | | | |
|-----|--|--------------|
| ii) | During the year, provision for bad and doubtful debts worth Rs. 9.10 crores has been made and total provision made upto 31.3.95 is Rs. 82.30 Crores. | No comments. |
|-----|--|--------------|

5. LOANS & ADVANCES

- | | | |
|------|--|---|
| i) | No balance confirmation has been obtained for Loans & Advances made by the Company as on 31.3. 95 | No comments. |
| ii) | The credit balance of Loans & Advances have been shown after netting of the same. | No comments. |
| iii) | No linkage has been made between the liabilities with the corresponding advances for the purchase of stores, machineries and advance to the employees etc. and as a result, the impact of the above on Profit & Loss Account could not be ascertained. | Thrust of linking-up stores advances and sundry creditors are being made every year, as a result the balance of earlier year in both the accounts have been reduced. The scrutiny of current advances is in progress simultaneously. However, provision carried in the accounts is considered to be adequate. |
| iv) | In the absence of complete details, classification of Loans & Advances between secured and unsecured, good and doubtful has not been made and we could not verify the same. | Classification of advances between secured and unsecured, good and doubtful are in progress. |
| v) | Advances to employees an account of TA, LTC, Medical Advance, Misc. Adv. lying unadjusted at the year end has been charged to Profit & Loss Account to the extent of 75% of such unadjusted advances to guard against overstatement of Profit. | No comments. |

6. CURRENT LIABILITIES/SUNDRY CREDITORS

- | | | |
|------|---|--|
| i) | Confirmation of balances of sundry creditors deposits from customers etc. has not obtained as on 31.3.95 | No comments. |
| ii) | The debit balance included in the Sundry Creditors Account and other liabilities have been netted against the other credit balance of Sundry Creditors and other liabilities. | Subsidiary ledgers in respect of sundry creditors have been prepared and is under reconciliation. Adjustments will be carried out as required. This is a continuous process. |
| iii) | No provision of gratuity liabilities of employees on actuarial basis has been | As per Accounting Policy of the company, Gratuity and life cover scheme are accounted for on Death- |

AUDITORS' REPORT

provided. Amount is unascertainable.

7. MISCELLANEOUS

- i) Provision for C.P.R.A. has been made on the basis of despatches from the Rev. Mines, No such provision has been made in respect of despatches from development mines.
- ii) The disputed demand of sales tax for Rs. 564.94 lakhs has not been provided in the account. However, a sum of Rs. 422.58 lakhs has been paid under protest.
- iii) The balance confirmation from holding company and other subsidiaries have not been obtained as on 31.3.95.
- iv) In our opinion the area should spend more fund on Land Oustees for their training, establishing higher educational institutions and developing ancillary industries of that area for their benefit and upliftment of the local people.

8. PROFIT & LOSS ACCOUNT

- i) Depreciation has been charged during the year on all depreciable assets at the rate specified in Schedule-XIV to the companies Act, 1956.
- ii) No Income Tax Provision has been made in the Profit & Loss Account of the Company. As inform to us by the company, the company is not liable for income tax during the year.
- iii) Security deposit/Earnest Money not connected with running contract lying unclaimed for over 4 years (Rs. 46.76 lakhs) has been taken as Misc. Income. In our opinion profit has been inflated to that extent.

For K.C. SAMAL & Co.

Chartered Accountants.

(K.C. SAMAL, B. Com., FCA)

PLACE : SAMBALPUR

DATED : 28th August 1995

MANAGEMENT'S REPLY

cum-Retirement basis. Accrued liability is neither actuarially ascertained nor accounted for.

Provision for contribution to Coal Price Regulation Account is required to be made only on despatches made from revenue mines in terms of clarification issued by the Holding Company.

The disputed demand of Sales Tax for Rs. 564.94 lakhs has been revealed in the Notes on Accounts.

This is a continuous job. The unreconciled balances with the holding company as well as other subsidiaries will be again reconciled during next financial year.

No comments.

Depreciation charged on all Assets, existing and new during the current financial year as per the Companies Act, 1956.

No comments.

Security Deposit/Earnest Money lying unclaimed for over 4 years is taken as Misc. Income as per the Company's Policy, as followed by other subsidiaries of CIL.

ANNEXURE-B

AUDITORS' REPORT

MANAGEMENT'S REPLY

- | | |
|---|--|
| <p>1.1. Fixed Assets Register/Plant Cards have been properly maintained showing full particulars & quantitative details except land. Situation of fixed assets are by and large properly recorded, Further in few cases location of plant & machinery are yet to be recorded.</p> | <p>Location of Plant & Machinery in the Fixed Assets Register wherever missing has since been incorporated.</p> |
| <p>1.2. As per the programme of verifying the items of plant & machinery over Rs. 1 lakh in each case, the company has generally carried out such verification and no significant discrepancies were noticed. We have been informed that there is a programme of verification of other assets periodically over a period of 3 years. Physical Verification has been carried out and reconciled but the effect of reconciliation has not been given in all case.</p> | <p>The Mangement has no comments to offer as it is a statement of facts.</p> |
| <p>2. None of the assets have been revalued during the period.</p> | <p>The Management has no comments to offer as it is a statement of facts.</p> |
| <p>3.1. Physical verification of stock of coal has been conducted by a team of independent surveyors deputed by Coal India Limited at the close of the year.</p> <p>Physical verification of stock of stores and spares are being conducted by firm (s) of independent Chartered Accountants/Cost Accountants.</p> | <p>a) Stock of Coal :</p> <p>The Management has no comments to offer as it is a statement of facts.</p> <p>b) Stock of Stores & Spares :</p> <p>The stock of stores & spares have been verified by firm (s) of independent Chartered Accountant/ Cost Accountants. The discrepancies are under reconciliation.</p> |
| <p>3.2. The procedure of the physical verification of stock of coal followed by the management appears to be reasonable and adequate in relation to the size of the company and the nature of its business.</p> <p>The physical verification of stores and spares were conducted during the period by a Chartered Accountants Firm. We are unable to comment whether the procedure for physical verification of stores and spares</p> | <p>a) Stock of Coal :</p> <p>The management has no comments to offer as it is a statement of facts.</p> <p>b) Stock of Stores & Spares :</p> <p>The stock of stores & spares have been verified by firm (s) of independent Chartered Accountant/ Cost Accountants. The discrepancies are under reconciliation.</p> |

AUDITORS' REPORT

is reasonable or adequate in relation to the size of the unit and nature of the business. In our opinion, system of continuous stock taking should be introduced.

3.3 Shortage/excess found on physical verification of coal within +/- 5% tolerance compared to book records have been ignored in the books of accounts. As regards physical verification of Store & Spares reconciliation has been carried out. Descripencie, if any, arising out of such reconciliation and verification could not be ascertained. And therefore we are unable to comment.

3.4. As regards valuation of stock of coal as per the policy of the company no adjustment has been made for the difference between the selling price/net realisable value and the notified retention price of coal in the coal stock valuation subject to above, the valuation of stock of coal is fair and proper and in accordance with the normally accepted accounting principles. Stock of stores & spares have been taken into account as per General Ledger Balance pending adjustment for discrepancies, if any, found on the basis of physical verification report. Subject to the above, the valuation of stock of stores & spares is fair and proper.

4. The company has not taken any loan, secured or unsecured from Companies, Firms or other parties listed in the register maintained under Sec. 301 of the Companies Act, 1956 and/or from the companies from the same management as defined under Sec. 307 (IB) of the said Act other than unsecured loans from Coal India Limited. The interest on the said loan is accounted for based on debit/credit notes issued by the holding company. In absence of information about. the rate of interest and other terms and conditions

MANAGEMENT'S REPLY

a) Stock of Coal :

Production and Physical stock of coal is measured by volumetric measurment whereas despatches are on actual weight. This may result in some variation and as such variation upto +/- 5% at the year end is ignored for accounting as per Accounting Policy of the Company.

As per practice prevalent in the company, closing stock of coal has been valued at lower of declared grade selling price or the net realisable value of the last quarter of the yer, which is followed consistently. Hence, the question of valuing closing stock on the basis of retention price does not arise. Further, the retention price is declared by the Govt. on year to year basis and unless the retention price is declared it will not be prudent to conclude that there will be a retention price in the following year. Furthr, it is also not proper to conclude that there will be no change in the declared retention price. Proper valuation of closing stock, requires consistent system of valuation of closing stock whatever method is adopted.

The interest is allocated by Coal India Limited on the basis of investment made by it in the subsidiary company.

AUDITORS' REPORT**MANAGEMENT'S REPLY**

of such loans, we are unable to comment whether or not these are prejudicial to the interest of the company.

5. As explained to us, the company has not granted any loan secured or unsecured to the companies, firms or others parties as listed in the register maintained under Sec. 301 of the companies Act, 1956, and/or companies under the same management as defined under sub. Sec. (1B) of Sec. 317 of Companies Act, 1956, except incase of routine transactions with sister subsidiary companies.
- 6.1. The company has given loans & advances in the nature loans to its employees and the same are generally recovered as per stipulations.
- 6.2. In the case of loans & advance in the nature of advances to other parties, in absence of complete details of old balances, we are unable to comment whether the same are secured or unsecured and good or doubtful or recoverable.
7. The internal control procedures in respect of purchase of stores and spares including components, plants, equipments & other assets & sale of goods are in our opinion adequate and commensurate with the size of the company & nature of business except occasional delay in accounting of stores, spares, plants & machineries adjustment of advances and accounting of suppliers bills.

However, there is room for improvement in the following areas

- i) Closing stock holding need continuous monitoring to minimise inventory holding.
- ii) In execution of Civil work deviation should be minimal.
- iii) Centralised Local purchase to

The Management has no comments to offer as it is a statement of facts.

The Management has no comments to offer as it is a statement of facts.

Subsidiary records have been prepared in all the Areas/Offices and reconciliation thereof with control accounts is in progress

The Management has no comments to offer as it is a statement of facts.

Noted for Action.

AUDITORS' REPORT**MANAGEMENT'S REPLY**

minimise differential rate of buying.

8. We have been given to understand that there are no transaction with the parties entered in the register maintained under Sec. 301 of the Companies Act 1956, aggregating to Rs. 50,000/- or more in respects of each party during the year, of purchase of goods and materials and sale of good/materials and services.

9. In physical verification report of stock of stores, there is no identification of damaged/ unserviceable/slow nonmoving stores & spares. As a result we are unable to comment whether the company has an adequate system for determination of unserviceable and/or damaged store and spares. In case of Jagannath Area, the total stock of non-moving stores & spares is Rs.3,06,46,473/- out which a provision has been made for Rs. 81,50,339.69.

10. The company has not accepted any deposit from the Public as defined under section 58A of the companies Act. 1956, and the rules framed thereunder.

11. Scraps arising out of unserviceable stores/ spares, discarded plant & machinery etc., are accounted for at the time of sale. Adequate records for disposal have been maintained by the company. We are given to understand that there are no realisable by-product.

12. The company has an internal audit department which is not commensurate with size and nature of the business of the company. The holding company i.e.

The Management has no comments to offer as it is a statement of facts.

The non-moving stores of Rs. 306.46 lakhs has been analysed as under :

	Rs. Lakhs
A. Insurance item	
HEMM Spares	82.08
UG Spares	49.42
B. Obsolete Stores	18.22
(provided in 92-93)	
C. Slow moving spares	156.74
Total	306.46

The slow moving spares worth Rs. 156.74 lakhs has been scrutinised during year and a further provision of Rs. 63.28 lakhs have been made during the year bringing the total provision to Rs. 81.50 lakhs.

The Management has no comments to offer as it is a statement of facts.

The Management has no comments to offer as it is a statement of facts.

The Management has no comments to offer as it is a statement of facts.

AUDITORS' REPORT**MANAGEMENT'S REPLY**

COAL INDIA LIMITED, generally appoints firms of Chartered Accountants/Cost Accountants as Internal Auditors for different areas of its subsidiary companies, The company appoints of its own Wage, Store & Sales Auditors, The company has received Internal Audit Report for IB Valley Area upto June'94 & Talcher Area upto Sept'94 in respect of store audit during the year. And other audit reports not finalised till the completion of our audit. In our opinion, all the Internal Audit should be completed before the start of Statutory Audit and it will help to form an opinion on adequacy or otherwise of the Internal Control System.

- | | | |
|-----|--|--|
| 13. | As explained to us by the management, the Central Govt. has not prescribed maintenance of cost records under Sec. 209 (l) (d) of the Company Act, 1956. | The Management has no comments to offer as it is a statement of facts. |
| 14. | Provident Fund dues are deposited regularly and in time. | The Management has no comments of offer as it is a statement of facts. |
| 15. | There is no undisputed liability outstanding for more than six months towards, Income Tax, Wealth Tax, Customs Duty etc. | No comments |
| 16. | During the course of our audit of the books of accounts carried out in accordance with generally accepted auditing practices and according to the information and explanation given to us no personal expenses of employees or Directors, other than those payable under contractual obligation or in accordance with prevailing business practice have been charged to revenue account. | The Management has no comments to offer as it is a statement of facts. |
| 17. | This being a Govt. Company Sick Industrial Companies (Special Provisions) Act 1985 | No comments |

AUDITORS' REPORT

MANAGEMENT'S REPLY

is not applicable.

18. It appears to us that there is reasonable system of authorisation at proper levels with necessary control on the issue of stores and allocation of stores and labour to jobs. It appears from our test check that the system of internal control is commensurate to the volume and nature of business of the company.

The Management has no comments to offer as it is a statement of facts.

For K.C. SAMAL & CO.
(K.C. SAMAL, B. Com.
FCA)

PLACE: SAMBALPUR
DATED : 28 th August 1995.