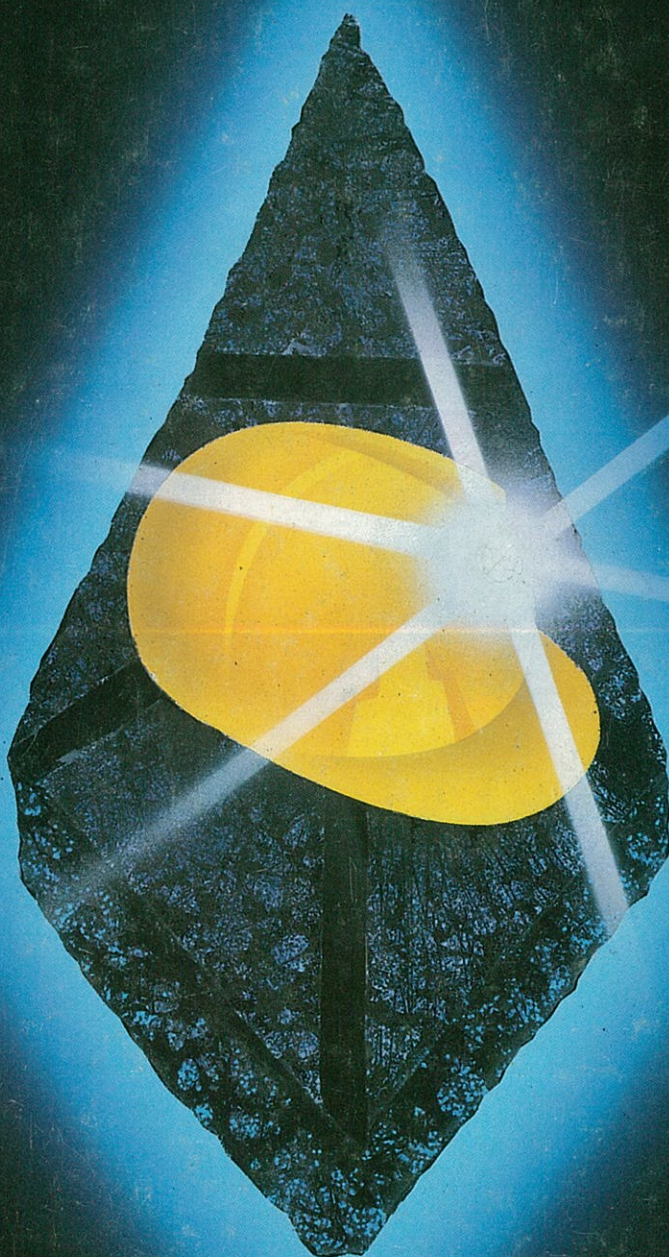


**ANNUAL  
REPORT AND ACCOUNTS  
1995-96**



**Mahanadi Coalfields Limited**

# Annual Report And Accounts 1995-96



**MAHANADI COALFIELDS LIMITED**  
(A Subsidiary of Coal India Limited)

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

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### MANAGEMENT DURING 1995-96

CHAIRMAN-CUM-MANAGING DIRECTOR	:	Shri C.R. Das
FUNCTIONAL DIRECTOR	:	Shri V.K. Sehgal, Director (T)
PART TIME DIRECTORS	:	Shri P.K. Sengupta, Chairman, CIL, Calcutta  Shri Sunil Soni, Director, Ministry of Coal, New Delhi  Shri T.K. Deb, Director (T), CIL, Calcutta
COMPANY SECRETARY	:	Shri K.L. Bhasin

**PRESENT MANAGEMENT**

CHAIRMAN-CUM-MANAGING DIRECTOR : Shri C.R. Das  
FUNCTIONAL DIRECTOR : Shri V.K. Sehgal, Director (T)  
PART TIME DIRECTORS : Shri P.K. Sengupta, Chairman, CIL,  
Calcutta  
Shri Sunil Soni, Director, Ministry  
of Coal, New Delhi

***Company Secretary***

S.C. Behera

***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

### FOURTH ANNUAL GENERAL MEETING

Notice is hereby given that the Fourth Annual General Meeting of Mahanadi Coalfields Limited will be held at 12.30 P.M. on Monday, the 9th September 1996 at the registered office of the Company, MCL Complex, Anand Vihar, P.O. - U.C.E., Burla, Sambalpur to transact the following business.

#### **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited accounts for the year ended 31st March, 1996, Report of the Auditors thereon and Directors' Report.
2. To declare Dividend.
3. To appoint a Director in place of Sh.ri 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.
4. To appoint a Director in place of Shri Sunil Soni, who retires in terms of Article 34 e (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

(S.C. Behera)  
Company Secretary

#### **REGISTERED OFFICE :**

MCL Complex, Anand Vihar, P.O. - U.C.E, Burla, Sambalpur

#### **NOTE :**

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

## DIRECTORS' REPORT

To

The Shareholders,  
Mahanadi Coalfields Ltd.

Gentlemen,

Your directors have pleasure in presenting the 4th Annual Report on the operations of your Company for the year 1995-96.

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	1995-96	1994-95
(a) Coal Production (MT)	32.701	27.325
(b) Overall Productivity (OMS)	6.33	5.45
(c) Despatches (MT)	34.347	26.90
(d) Offtake (MT)	34.437	27.00
(e) Wagon loading (FWWs/day)	2859	2237
	(Rs. in Crs.)	
(f) Gross Margin (Rs. in Crs.)	490.28	376.39
Less		
Depreciation	75.63	63.05
Interest	78.59	28.97
	336.06	284.37
Less CPRA	311.31	216.36
Profit	24.75	68.01
Proposed Dividend	20.00	-
Net Profit	4.75	68.01
(g) Welfare Expenditure	29.26	20.68

### 3. LOCATION

During the year under report, your Company has created another Area of operations viz., Hingula. The Company has now seven areas viz. Talcher, Jagannath, Kalinga, Ib Valley, Orient, Basundhara and Hingula, all situated in the State of Orissa.

### 4. PRODUCTION PERFORMANCE

Production Performance vis-a-vis Target

Unit	1995-96		1994-95 Actual	Percentage growth over previous year
	Target	Actual		
O/C (MT)	28.750	30.816	25.388	21.38
U/G (MT)	2.000	1.885	1.937	(-) 2.68
TOTAL (MT)	30.750	32.701	27.325	19.67
OBR (M.Cu.M)	31.900	32.092	27.697	15.87
Composite	53.864	55.450	47.215	17.44
Prodn. (M.Cu.M)				

The production of underground mines is less due to exhaustion of reserves notably in Deulbera and Orient Mine No. 1.

### 5. PRODUCTIVITY

(In tonne/manshift)

Unit	1995-96		1994-95 Actual	Percentage growth over previous year
	Target	Actual		
O/C	12.20	12.76	12.13	5.19
U/G	0.71	0.69	0.68	1.47
OVER ALL	5.20	6.33	5.45	16.15

### 6. POWER

6.1 To meet the power demand in Talcher Coalfields, power supply project Phase - I for 3x20 MVA at 132/33 kV from OSEB has already been commissioned. For meeting future power demand, CMPDIL, RI-VII is working out the master plan and project report.

6.2 In Ib Valley, 4x20 MVA, 132/33 kV power supply system is under process of implementation. In addition a scheme for construction of 3x20 MVA, 220 kV/33 sub-station at Basundhara Area and 220 kV transmission line from Budhipadar sub-station to Garjanbahal sub-station has been approved and is under implementation.

**6.3 Availability of power**

	1995-96	1994-95
(i) Contract demand (kVA)	43520	47550
Energy Consumed (Million KWH)	172.51	159.01
(ii) Specific Energy Consumption - KWH/Te	5.27	5.80

**7. POPULATION AND PERFORMANCE OF HEMM****7.1 Population and performance**

HEMM Population at the end of the year

	1995-96	1994-95
Dragline	7	7
Shovel	53	52
Dumper	326	309
Dozer	81	87
Drill	80	76

**7.2 Availability**

7.2.1 Availability percentages of different Heavy Earth Moving Machineries are given below :

HEMM	Percentage availability	
	1995-96	1994-95
Dragline	87	82
Shovel	88	89
Dumper	96	88
Dozer	79	73
Drill	78	73

**7.3 UTILISATION**

7.3.1 Utilisation percentage of different Heavy Earth Moving Machineries are given below :

HEMM	Percentage utilisation	
	1995-96	1994-95
Dragline	82	75
Shovel	64	60
Dumper	52	46
Dozer	56	49
Drill	50	48

**7.4 Availability & utilisation of HEMM**

7.4.1 The availability of equipment during 1995-96 improved over the same period last year except in case of shovel. Though the availability of Shovel is slightly lower, but its utilisation is considerably higher than that of last year. The utilisation of other HEMMs have also improved.

7.4.2 Various steps have been taken during the year to improve the availability and utilisation of HEMM by judicious management of spare parts, rehabilitation and improved workshop facilities.

**8. SYSTEM CAPACITY UTILISATION**

8.1 CMPDIL, Ranchi, assessed the composite system capacity at 42.45 M.Cu.M as on 1st April '95 against which the Company could achieve 36.27 M.Cu.M., registering a capacity utilisation 85% against 80% last year.

8.2 To improve system capacity utilisation following steps have been taken :

8.2.1 Introduction of Hot Seat change system in operation of Draglines for its better utilisation.

8.2.2 More stress has been given for better upkeep of haul roads. The Opencast mines are being provided with adequate number of motor grades for haul road maintenance.

8.2.3 Walkie-Talkie sets and other improved communication systems have been introduced.

8.2.4 The CWS, Ib Valley is being provided with the required machine tools, equipment and manpower to provide normal as well as emergent needs of Opencast Mines.



8.2.5 Sufficient floats have been positioned at the two workshops viz. CWS (Talcher) & CWS (Ib Valley) of MCL.

## 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. 336.06 Crs against Rs. 284.37 Crs. in the last year (before adjustment of C.P.R.A. & Dividend)

Details are as under :

	(Rs in Crores)	
	1995-96	1994-96
(i) Profit for the year	336.06	284.37
(ii) Less : contribution to CPRA	-311.31	-216.36
(iii) Profit after CPRA	24.75	68.01
(iv) Proposed Dividend	20.00	-
(v) Transfer to General Reserve	4.75	-
(vi) Cumulative Profit	133.01	133.01

## 10.2 Profit earned vis-a-vis Target

Against the Annual Plan Profit Target of Rs.269.92 Crores, your Company has earned a profit of Rs.336.06 Crores.

## 11. PRICE OF COAL

### 11.1 Retention Price of Coal

The Government of India, Ministry of Coal, New Delhi, vide Notification No.SO-260 (E) dated 29.3.96 has fixed Rs.197/- per tonne as Retention Price for the year 95-96. In pursuance of this Notification the Company has contributed an amount of Rs. 31131.21 lakhs to Coal Price Regulation Account.

## 11.2 Revision of Coal Price

The gradewise basic price per tonne of coal has been revised during the year on 30.12.95 & Zero hour of 31.3.96

## 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 as under :

	(Rs. in Crores)	
FIXED ASSETS	1995-96	1994-96
Land	9.02	4.47
Building	65.67	47.09
Plant & Machinery	67.40	118.60
Furniture & Fitting	0.83	1.46
Railway Sidings	17.07	8.35
Vehicles	2.19	2.28
Prospecting & Boring	-31.14	4.53
Development Exp.	2.95	9.15
<b>Total</b>	<b>133.99</b>	<b>195.93</b>
<b>Capital W I P</b>	<b>63.46</b>	<b>-14.01</b>
<b>Grand Total</b>	<b>197.45</b>	<b>181.92</b>

## 13. SALES REALISATION

Distinction in Sales Realisation - target achieved at 109.82%.

During 1995-96, your company achieved sales realisation of Rs.1306.84 Crores as against target of 1190.00 Crores and previous year's actual of Rs.1002.96 Crores.

In co-ordination with CIL, MCL held meetings with TNEB, WBPDC and MSEB and unresolved outstanding issues have also been placed before umpires appointed by Ministry of Coal. As a result of these efforts, disputed outstandings are in the process of being brought to a minimum level.

**14. SUNDRY DEBTORS**

(Rs. Crores)		
Sector	As on 31.3.1996	As on 31.3.1995
Power	166.03	134.60
Steel	19.17	17.65
Loco	1.14	1.37
Dump Sale	-	-
Others	43.95	79.60
<b>Total</b>	<b>230.29</b>	<b>233.22</b>

**15. PAYMENT OF EXCHEQUER**

The statutory Payment made by the company to the State and Central Exchequer on account of Royalty, Sales Tax etc. during the year compared with the payments made last year are as follows :

(Rs. in Crores)			
		1995-96	1994-95
1.	Royalty	185.58	115.43
2.	Cess	7.71	-
3.	Sales Tax	50.99	37.28
4.	Stowing Excise duty	12.02	9.45
5.	Other Taxes	-	0.01
<b>Total</b>		<b>256.30</b>	<b>162.17</b>

**16. PROJECT FORMULATION/CAPITAL PROJECTS :**

There are 16 sanctioned mining projects in your Company with a capital outlay of Rs.1668.61 Crores and ultimate capacity of 42.23 Mty. of coal out of which 9 have already been completed. The total capital outlay of 9 completed Projects is Rs. 756.60 Crores with a capacity of 19.63 Mty.

**16.1 Completed Projects**

Sl. No.	Name of Project	Capacity in Mty.	Capital in Rs. Crs.
1.	Bharatpur O/C	3.50	158.97 (RCE)
2.	Laykura O/C	1.00	38.98 (RCE)
3.	Jagannath O/C	4.00	69.40
4.	Lilari 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
8.	Belpahar O/C (RCE)	2.00	131.31
9.	Samaleswari O/C	3.00	126.85
<b>Total</b>		<b>19.63</b>	<b>756.60</b>

16.1.1 The Production achieved from completed Projects in 95-96 has been 23.89 Million Tonnes against the P.R. Provision of 19.63 Mty., showing a performance of 121.70%.

**16.2 On going Projects**

There are 7 on going Projects in M.C.L. with a capital outlay of Rs.912.01 Crores and ultimate capacity of 22.6 Mty., as shown below :

Sl. No.	Name of the Projects	Ultimate Capacity in Mty.	Capital (Rs. in Crores)
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 Expansion	(incremental) 1.0 (Ultimate Capacity 4.0 Mty.)	- Rs. 126.35 Crores sanctioned for original 3.00 Mty. Project Incremental Production to be obtained within originally sanctioned capital. No additional capital sanctioned for incremental production.
5.	Basundhara (E) O/C	0.60	19.69
6.	Ananta O/C Expansion (Incremental)	1.50	46.99
7.	Bharatpur O/C Expansion (Incremental)	1.50	48.02
<b>Sub-Total of on-going Projects</b>		<b>22.60</b>	<b>912.01</b>
<b>Grand-Total of Completed &amp; on-going Projects</b>		<b>42.23</b>	<b>1668.61</b>

**16.3. Advance Action**

Advance action schemes have been sanctioned for following projects and are under implementation.

Sl. No.	Name of the Project	Capacity in Mty.	Total Capital in Rs. Crores	Advance action Capital in Rs. Crores
1.	Basundhara (West) OCP	2.40	156.63	5.006
2.	Chhendipada OCP	0.35	19.25	2.00
3.	Bhubaneswari OCP	10	513.55	5.79
4.	Hingula - 1. OCP	4.00	174.98	5.82
5.	Kaniah OCP	3.50	215.97	6.39
6.	Kulda OCP	10.00	699.36	8.62

**16.4 New Projects formulated & processed for sanction and awaiting Govt's approval**

Sl. No.	Name of the Project	Capacity in Mty.	Total Capacity outlay (Rs. in crores)
1.	Kulda OCP	10.00	99.36
2.	Lakhanpur O/C Expansion	10.00 (incremental - 5.0)	683.46

**16.5 Project Reports prepared and processed for approval**

Sl. No.	Name of the Project	Capacity in Mty. in Mty.	P.R. Capital Cost
1.	Belpahar Expansion	1.5 (incremental)	119.88 (incremental)
2.	Bhubaneswari	10.00	573.555
3.	Kaniah	3.50	215.965
4.	Hingula-I	4.00	174.985
5.	Basundhara (West)	2.4	156.635

**16.6 Projects to be formulated in 1996-97**

Sl.No.	Name of Project	Capacity in Mty.
1.	Lingaraj O/C Expansion	10.00
2.	Lajkura O/C Extension	1.10
3.	Garjanbahal O/C	8.00

**16.7 Major Ongoing non-mining projects of MCL**

Following are the 9 on-going non-mining projects with a total capital outlay of Rs.122.4036 crores. Brief details of the same are as under :-

Sl. No.	Name of Project	No. of Projects	Capital Outlay (Rs. in Crs.)
1.	Power Supply Scheme Phase-II, Talcher and Phase-I of Ib Valley Coalfield	2	62.36
2.	Sand Mining from Ib river of Ib Valley Coalfields	1	5.348
3.	Arterial Road for Ib Valley and Talcher Coalfield	2	37.70
4.	Mining-cum-Excavation and Training Institute at Talcher Coalfields.	1	5.2486
5.	Environmental Laboratories at Ib Valley and Talcher Coalfields.	2	3.867
6.	Integrated Water Supply Scheme Phase-II for Talcher Coalfields.	1	7.88
<b>Total</b>		<b>9</b>	<b>122.4036</b>

**16.8 Coal Preparation Plant**

There are 3 sanctioned Coal Preparation Plants as detailed below :

Sl. No.	Name of the Project	Capacity of raw Coal in Mty.	Capital Cost in Rs. Crs.	Status
1.	Kalinga O/C	8.00	139.81	LOI issued to M/s Roberts & Schaefer for work on the basis of Build Own Operate (BOO).
2.	Bharatpur O/C	2.6	48.6027	} LOI issued to M/s } MADHUCON for } construction of Ananta- } Bharatpur C.P.P. on BOO
3.	Ananta O/C	2.6	48.8549	} concept for a throughput capacity of 5.2Mty. Draft agreement initialised between MCL & Madhucon was put up to MCL Board for its perusal. Final draft is under preparation after including points arising out of Board's observation on draft agreement.

## 16.9 LAND ACQUIRED FOR ONGOING PROJECTS (Fig. In Ha.)

Sl. No.	Name of the Project	Total Land required	Land Under Physical possession till 94-95	Land taken in possession in 95-96 till 3/96	Total land in physical possession	Category of Land Under Possession			
						T.L.	G.L.	F.I.	Total
1.	Lingaraj OCP	1248.51	181.89	8.83	190.72	167.4	-	23.30	190.72
2.	Kalinga OCP	1117.16	259.99	-	259.99	228.79	31.20	-	259.99
3.	Lakhanpur OCP	1412.55	281.56	-	281.56	281.56	-	-	281.56
4.	Samaleswari OCP	907.61	381.88	-	381.88	275.34	106.54	-	381.88
5.	Bharatpur OCP	1017.22	661.934	-	661.934	425.683	164.611	71.640	661.934
6.	Ananta OCP	297.70	185.411	-	185.411	69.981	46.280	69.150	185.411
7.	Basundhara (E) OCP	140.84	-	62.73	62.73	30.04	32.69	-	62.73
8.	Kulda OCP	975.48	-	283.76	283.76	-	283.76	-	283.76

## Details of land notified during 95-96

1.	Kaniah Block Notified u/S 4	(i)	1556.216 Ha.	S.O. No.-3306	Dt. 13.12.95
2.	Hingula Block Notified u/S 7	(i)	1063.569 Ha.	S.O.No.-1215	Dt.27.3.96

## 16.10 STATUS OF PROJECTS UNDER IMPLEMENTATION

Sl.No.	Category of Project	No. of Projects	Category	Sanctioned capital Rs. Crs.	Ultimate Capacity in Mty.	Status	
						No. on Sch.	Delayed
1.	Rs. 100 Crs. & above(Lingaraj, Kalinga, Lakhanpur & Samaleswari)	4	O/C	924.16	22.00	3	1*
2.	Less than Rs. 100 Crs. (Bharatpur Ananta & Basundhara (East))	3	O/C	114.70	3.60	3**	-
<b>Total</b>		<b>7</b>	<b>1038.86</b>	<b>25.60</b>	<b>6</b>	<b>1</b>	

\* Lakhanpur Project is a linked project of OPGC Power House. Lakhanpur OCP was scheduled for completion in March'93, but is being delayed because of delay in completion of linked OPGC Power house. They are not lifting coal as per scheduled production plan. Anticipated date of completion is March'99.

\*\* Basundhara East Project was sanctioned on 4.6.89 and was scheduled to be completed by March'93. But due to lack of infrastructural facilities and assured consumers, the project was shelved. The project has been revived on 7.11.94 and has now been taken up for implementation. Taking 4 years as construction time as per P.R., the project is now scheduled to be completed by March'98.

## 17. EXPLORATION

During 1995-96 a total of 41848.30 metres of drilling for exploration purpose was done and 1340.00 MT of reserve was proved.

## 18. ENVIRONMENTAL, ECOLOGY & AFFORESTATION

18.1 Environmental Master Plans have been prepared for each Coalfield separately by a group of experts appointed by Government of India. Regional EMP for Angul-Talcher Industrial belt has also been prepared by M/s Kirlosker Consultants through Orissa Govt. under the Department of Orissa Environment Programme. A total of 10 EMPs for OC projects and 2 EMPs of UG Projects have been approved by MOEF. As regards future projects, EMP for Basundhara East has been approved while for 12 other projects EMPs have been submitted and are under consideration. MOEF has agreed in principle the approval of Kulda OCP & Chhendipada OCP for which the formal letter will be issued soon. Following measures have been taken to protect the environment :

18.2.1 *Afforestation* : Afforestation drive in the mines of MCL continued vigorously 3,45,957 saplings of mixed species have been planted against a target of 3,00,000 during 1995-96 with 90% survival.

Agriculture was tried first time in MCL on dumps of Lakhanpur and Ananta OCP with the seeds casting of Arhar Dal in consultation with the scientists of Agriculture College, Chiplima. The results are promising.

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

Black topping of roads & semi-permanent haul roads with due metalling. Provision of fixed point, auto start, fine nozzle mounted water sprinklers on roads, siding & CHP.

Installation of Dust Control System & Dust Extraction System in CHPs and at transfer points elsewhere.

Wetting of roads by mobile water tankers.

Use of Dust suppressing chemicals in CHPs & on haul roads.

Installation of an Instant Shower System is in hand at Lakhanpur OCP.

Green belts have been created between residential area and mine infrastructure to control the dust.

Suspended particulate matter (SPM) level is not allowed to exceed 500 micro gram per cubic meter in the ambient atmosphere.

18.2.3 *Water Pollution* : Effluent from mines, workshop setting ponds, and spoil dumps are made to conform to standards of MOEF before being discharged into the drains and streams/nalas.

Garland drains settling tanks have been provided near the toe of OB dumps as well as quarry boundaries.

18.2.4 *Monitoring* : Regular Monitoring of air, water, noise and soil is carried out including micro meteorological studies by Government agencies whose laboratories are duly recognised by MOEF in this regard.

Two environmental laboratories will be established one in Talcher Coalfield and another in Ib-Valley Coalfield. Procurement of equipment for these laboratories are in advanced stage.

Environmental audit was conducted in each project and environmental statement was submitted to SPCB for the year 1995.

Bench mark study of Taxonomical Classification of flora and fauna have been conducted for four projects of MCL.

### 18.3 Peripheral Development Scheme

Three separate peripheral development committees one each in Talcher, Ib-Valley and Sambalpur are looking after everything from primary medical help, education, water supply to sports. During 95-96, Rs.2.56 crores have been spent on peripheral development against the target of Rs.2.46 crores.

## 19. COAL MARKETING

Intensive marketing efforts yielded highest growth rate in off-take by way of additional linkage for Kolaghat, TNEB, APSEB, BSES etc. in spite of non lifting of Coal by NTPC Kaniah as per projections. Against target of 32.30 Million Tonnes, MCL achieved off-take of 34.437 Million Tonnes registering an achievement of 106.6% of the target and growth of 27.5% over last years achievement of 27.00 million tonnes.

### 19.1 Demand & Take-off

MCL achieved 106.6% offtake against target of 1995-96, satisfying the demand during the year. It also recorded over 100% satisfaction in despatches to important sectors like Power, Cement, Fertilizer and other industries. Sectorwise target and off-take are given below :

(figures in Million Tonnes)

Sector	1995-96		Percentage Satisfaction	1994-95 Off-taken
	Target	Off-take Achievement		
Power (incl. CPP)	29.221	30.594	104.7	23.743
Cement	0.419	0.474	113.1	0.359
Fertiliser	0.301	0.710	235.9	0.369
Others	2.368	2.659	112.3	2.529
<b>Total</b>	<b>32.309</b>	<b>34.437</b>	<b>106.6</b>	<b>27.000</b>

### 19.2 Wagon Loading

Record Wagon Loading with 27.8% growth :

MCL achieved an all time high record growth of 27.8% since inception. Daily average wagon loading achieved was 2859 FWS which was 622 FWS/day more than previous year. All the same, it represented an achievement of 98.5% of target of 2902 FWS/day. This apparently reflected high target fixation despite MCL's reference about it.

### 19.3 Modernisation in Despatches

Rail despatches from 'Y Curve' Siding which was commissioned during beginning of this year, stabilised with an average daily loading of 1.8 rakes.

From renovated Deulbera siding, MCL succeeded for first time in despatching Coal by Rail-cum-Sea route to West Coast consumers.

## STOCKS

The trend of increase in coal stocks was reversed during the year. There was reduction in coal stocks from 5.144 MT as on 31.3.95 to 3.41 MT as on 31.3.96.

**20. COAL QUALITY IMPROVEMENT**

20.1 During the year 1995-96, various measures for ensuring proper quality of despatches were taken. The number of complaints received during 1995-96 has come down to 12 against 29 in 1994-95.

20.2 Following steps were taken by the Company to improve quality and consumer satisfaction :-

- (i) Facility for supervision of loading at sidings has been extended to more consumers during 1995-96.
- (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 Mahanadi Coalfields Limited 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) Stone picking arrangements have been made in sidings.
- (vi) During the year, out of a total despatch 34.35 million tonnes, only 0.032% of total despatch attracted complaints against 0.086% of 1994-95.
- (vii) At Belpahar 'Y' Curve Siding, Electronic weighbridge has been commissioned.

(viii) Our company is also installing 9 Nos. of 100 tonnes Electronic In-motion weigh bridges so as to cover all the sidings in 1996-97.

(ix) 100% coal despatches by Rail, Belt and MGR were crusher by CHP/F.B.

(x) Out of the total despatches of 34.35 million tonnes, about 55.5% was duly weighed. Despatches through modes other rail were 100% weighed.

**20.3 Coal Handling Plants**

20.3.1 30.31 million tonnes of coal was despatched through Coal Handling Plants against 24.59 MT last year.

	1995-96		1994-95	
	nos.	coal handled in Mt	nos.	coal handled in MT
Major CHPs	4	6.52	4	6.37
Mini CHPs	24	23.79	20	18.22
<b>Total</b>	<b>28</b>	<b>30.31</b>	<b>24</b>	<b>24.59</b>

**20.4 Details of Weighbridges**

Type of Weighbridge	1995-96 nos.	1994-95 nos.
1. Road Weighbridges (mechanical)	8	9
2. Road Weighbridges (electronic)	22	21
3. Rail Weighbridges (electronic)	12	8

**21. SAFETY**

21.1 Unfortunately, the year witnessed larger number of accidents due to human error in most cases. Therefore, training has been identified as a thrust area to avoid them in future.

21.1.2. Accident Statistics :

	95-96	94-95
a) Fatal accidents	9	3
b) No. of fatalities.	9	3
c) No. of serious injuries	20.00	20.00
d) Rate of fatality per MT output	0.28	0.10
e) Rate of fatality per 3 lakh MS	0.53	0.18
f) Rate of Serious injuries per MT output	0.61	0.73
g) Rate of serious injuries per 3 lakh manshift.	1.17	1.23

21.2 New Safety technologies have been introduced to reduce accidents :

- (i) Automatic environment monitoring system has been installed in Orient Mine No.3
- (ii) Water sprinklers & Misters and dust suppressants are used to combat dust hazards.
- (iii) Roof-bolting and other types of Steel Supports have been introduced at all Under Ground mines in development districts in replacement of conventional Timber supports.
- 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 approval 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 8.1.96 to 13.1.96 in Ib-valley coalfields and 15.1.96 to 20.1.96 in Talcher Coalfields. Final day function was held on 28.1.96 in Talcher

area at Deulbera Training Institute. Prizes were given away for outstanding safety performances.

21.4 Rescue Services

21.4.1 Your Company has one Mines Rescue Station in Ib-Valley Coalfields at Brajrajnagar and one in Talcher coalfields at Talcher.

21.4.2 Revamping and modernisation of these Rescue Stations, sufficient equipment has been procured.

22 COMPUTERISATION

22.1 Your Company has to start Computerisation at Unit Colliery level and then take up at Area and Apex level. CMPDIL has been requested to submit a detailed study report on Unit/Colliery level computerisation.

22.2 The progress during year 1995-96 is itemised below :

1. OMMS at Regional Store, Jagannath has been made operational.
2. Computerised Project monitoring system using MS-Project has been implemented at all World Bank aided projects.
3. Computerised maintenance management system for OCPs has been developed on window platform to suit our requirements.
4. Vigilance information system has been developed on window platform and is to be implemented during 1996-97.
5. User level and Skill level Training has been imparted to 141 employees.



**23. TELECOMMUNICATION**

Installation of an efficient and reliable communication Net-work is one of the major thrust area of your company. Digital Multi Access Radio Telephone (DMART) system has been installed and commissioned for Ph.- I i.e. between MCL (Hqrs.) to Area (Hqrs.). Ph.-II of DMART system of communication between Area Hqrs. to different projects is likely to be commissioned by November'96.

The DMART system will facilitate speech and data transmission between Hqrs., Areas and Projects. Apart from this, MCL is already connected to CIL Hqrs. and Talcher and Ib Valley Coalfields through Hotline. FAX and RABMN.

**24. DEVELOPMENT OF ANCILLARY INDUSTRIES**

24.1 In addition to 20 units which were under ancillary status in 94.95 additional 4 units have been recognised in 95-96.

24.2 Another 5 units are in the process of recognition during 1996-97 and one unit is proposed to be derecognised.

**25. EXPENDITURE ON ADVERTISEMENT AND PUBLICITY**

During the year 1995-96 an amount of Rs.112.48 Lakhs was spent on Advertisement and Publicity against Rs.72.15 Lakhs last year.

	1995-96	1994-95
1. Advertisement for Recruitment	0.06	0.15
2. Tender	101.28	61.23
3. Others	3.34	3.42
4. Publicity	7.80	7.35
<b>Total</b>	<b>112.48</b>	<b>72.15</b>

**26. WORLD BANK ASSISTANCE**

26.1 Seven Sub-Projects have been proposed for World Bank funding.

26.2 No assistance from World Bank has been received by the company during the year 1995-96

**27. HUMAN RESOURCE AND THEIR DEVELOPMENT**

**27.1 Manpower**

The Company's Manpower as on 31.3.96 compared to that of 31.3.95 is indicated below :

Category	As on 31.3.96	As on 31.3.95
Executive	1,171	1,094
Supervisors	1,513	1,418
Highly Skilled	5,958	5,310
Semi Skilled		
T.R.	9,119	9,525
P.R.	3,092	3,169
Ministerial	1,698	1,598
Badlies	399	426
Trainees	7	6
Apprentices	136	133
Ex.CMWO/others	26	33
<b>Total</b>	<b>23,119</b>	<b>22,775</b>

**In-Company training**

During the year a total of 71 programmes were conducted in your Company compared to 65 in 1994-95. In these programmes, training was imparted as follows :-

	1995-96	1994-95
Executive	521	388
Supervisors	416	291
Workers	503	624
<b>Total</b>	<b>1440</b>	<b>1303</b>

Out Company Nominations (within India) to Training programmes, Seminars, Conferences etc.

During 1995-96 a total of 583 employees were nominated to various programmes conducted by different organisations (including Indian Institute of Coal Management, Ranchi) in India compared to 406 in 1994-96.

	1995-96	1994-95
Executive :	429	206
Supervisors :	73	56
Workers :	81	144
<b>Total :</b>	<b>583</b>	<b>406</b>

#### Nominations to training programmes outside India

During the year two of our executives were nominated for foreign training on "Project Management" and "Allison Transmission Electronic Control and CLBT-6061 Transmission".

#### Management trainees and PDPTs.

During 1995-96 12 PDPTs completed their training successfully, 14 JETs (10 Mining, 1 E&T, 2 Systems, 1 Excavation) also cleared their probation closure examination held at Indian Institute of Coal Management, Ranchi.

#### Practical training to students of various institution

During 1995-96 unpaid vocational training was imparted to 164 technical (mining and non-mining) and 24 non-technical students of various educational Institutions. These figures for 94-95 were 103 and 05 respectively.

#### Management Development Programme for Middle Management Executives at Staff Training College, CMPDIL, Ranchi.

This One-week programme was introduced in 1995-96 as an in-company training programme. A total of Six Programmes were held and 96 Executives were imparted training.

## 28. SCHEDULED CASTES AND SCHEDULED TRIBES

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

Backlog vacancies identified as on 1.4.1995 was 317. Out of the above. 15 vacancies have been filled up till 31.3.96. Efforts are being made to fill up the rest of the vacancies as early as possible.

The total manpower and the strength of SC/ST as on 1.1.1996 are given below :

Period	Total employees	No.of		Percentage of	
		SC	ST	SC	ST
1.1.1996	22903	3555	2555	15.52	11.16

## 29. PARTICIPATIVE MANAGEMENT

In MCL Participative Management has a very effective 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

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

Besides the above Committees at Company level, different participative fora functioning at Area/Unit level are :

- 1) Production Committees
- 2) Pit Safety Committees
- 3) Consultative Committees
- 4) Canteen Management Committees
- 5) House Allotment Committees, etc.

All the above Committees/fora discuss and decide different aspects & issues relating to production/productivity, safety, welfare, etc.

### 30. INDUSTRIAL RELATION

30.1 The Industrial Relations in the Company during 1995-96 were very cordial and peaceful. The number of strikes, work-stoppages, vis-a-vis mandays loss & production loss are as under :

Sl. No.	Particulars	1995-96
1.	Strike	2
2.	Stoppage/Obstruction of work	1
3.	Mandays Loss	549
4.	Production loss	3498 T (Coal) 3433 Cum (OB)

### 31. ABSENTEEISM

The overall absenteeism during the year 95-96 was 23.14%. Regular interaction with the Union representatives & workers is being done for reducing absenteeism among PR workers.

### 32. EMPLOYEES WELFARE AND SOCIAL AMENITIES

32.1 The position of Welfare and Social Amenities like Housing, Water Supply, Medical, Educational etc. is as under:-

#### Particulars of Social Amenities

Details	As on 31.3.1996	As on 31.3.1995
Houses	14205 + 22*	13505 + 72
% of Satisfaction (Housing)	61.69	59.73
Water Supply (Filtered Water Generated)	8.20 MGD	7.00 MGD
Aided School	26	25
Colleges	04	04
Co-Operative Stores	09	09
ECCS	01	01
Bank Branches	14	14
Bank Extension Counters	12	12
Ambulances	38	38
Dispensaries	11	11
Hospital	05	05
Hospital Beds	354	273
Canteens	24	24

\* Represents leased accommodation

32.2 During 1995-96 an amount of Rs.29.26 Crores was spent on employees Welfare and Social amenities against Rs. 20.68 Crores last year.

### 32.3 Family Welfare

Your Company conducted 2216 Family Planning operations during 1995-96 against 1550 operations in the preceding year.

32.4 Your Company conducted 451 Eye operations during 95-96 against the target of 350 in the Eye Camps organised by it.

### 32.5 Cultural and Recreational Activities

Keeping in view the importance of Sports and Games, Cultural and recreational activities, a Sports Control Board at the Apex level is functioning to monitor these activities in MCL through Area Sports Committee constituted in different Areas. At present the Company is having 11 numbers of Play Grounds, 02 nos. of stadium, 08 nos. of Children's Park, 12 nos. of Recreational Club, 13 nos. of workers Institute and 08 nos. of Libraries for the employees. Inter-area Tournaments have been organised in coalfields to build up team spirit and to develop a sense of unity and fellow feelings among the employees. To encourage sportsmen, coaching facilities have been arranged by expert coaches invited from Sports Authority of India. MCL team have been deputed to different Subsidiaries to participate in the Inter company Tournaments as per CIL Sports Calendar. The biggest event of CIL Sports Calendar, the 8th CIL Inter-company Cultural Competition was organised at Jagannath Area during the year 95-96. Teams from all Subsidiary Companies of CIL had participated in the competition in which the MCL team was adjudged as the champion.

### 33. CAPITAL INVESTMENT ON SOCIAL AMENITIES

(Rs. in Crores)

Sl.No.	Particulars	Gross value of fixed assets	
		As on 31.3.1996	As on 31.3.1995
1.	Buildings	164.28	135.67
2.	Plant and Machineries	36.00	26.29
3.	Furnitures, Fittings & Office Equipments	2.28	1.75
4.	Vehicles	2.15	1.85
5.	Development	4.67	3.74
<b>Total</b>		<b>209.38</b>	<b>169.30</b>

### 34. CONSERVATION OF ENERGY

34.1 The following additional steps were taken during 1995-96 towards conservation of energy :

- 1) Cut down on idle running of conveyors.
- 2) Bringing Power factor above 0.9 in all the power consuming units at Ib-Valley & Orient areas.
- 3) Proposed for addition of power capacitors of 15000 KVAR to maintain power factor above 0.90 at Talcher Coalfields.
- 4) Arrangements are being made at Orient Area to complete the 7.5 MVA, 33/11 KV Sub-station and to receive power at 33 KV instead of 11 KV to reduce power cost.
- 5) Reduction in contract demand at Lajkura and Samleswari OCPs.
- 6) Providing street light with Photo Electric Switches at Talcher Coalfield to avoid the wastage of energy during day time.

### 34.2 Impact of Measures Taken

34.2.1 The specific energy consumption during 1995-96 was 5.27 KWH/Te against the actual of 5.80 KWH/Te during the previous year.

34.2.2 This reduction in specific energy consumption over the previous year is in the spite of increase in crushing of coal which was 30.31 million tonnes against the previous year figure of 24.59 million tonnes.

### 34.3 Power and fuel Consumption

#### A. Electricity purchased

	1995-96	1994-95
Units (MKWH)	172.51	159.01
Rate/Unit	2.40	2.18
Specific Consumption of Power	5.27 KWH/Te	5.80 KWH/Te

	1995-96	1994-95
B. Diesel Consumption	0.80 Lts/Te	0.82 Lts/Te

### 35. FOREIGN EXCHANGE

During the year your Company used no Foreign Exchange for Import of P & M or Stores & Spares. The Company did not earn any Foreign Exchange either.

#### 36.1 Import of technology

A mobile Nitrogen Generation Plant based on German Technology is in advanced stage of procurement. However, no foreign exchange is involved. This will be used for prevention of underground fires besides fighting them, should they break out.

#### 36.2 Technology know-how/New technology

36.2.1 Work has been awarded to Kerala State Coir Corporation for laying Coir Geo-textiles over steep slope of overburden dumps and plantation of some selected varieties of species to control soil erosion.

36.2.2 An idea was conceived and consequently a proposal was prepared for installation of Instant Shower System which will cause instant shower over the moving coal trucks without stopping them. The said shower system is under installation.

36.2.3 An agreement was signed with National Environment Engineering Institute, Nagpur for DBT-MCL-NEERI collaborative project for restoration of coal mine spoil dump through integrated bio-technological approach. The site selected is Lajkura dump.

### 36.3 Technology Absorption

Environmental Telemonitoring System has been implemented and well absorbed in Orient colliery for continuous monitoring of environmental parameters of underground coal mine.

### 36.4 Modernisation in Coal Industry

More modern and efficient HEMMs are on way for replacement of the present fleet in World Bank aided projects of your company.

## 37. HINDI IN OFFICIAL WORK

37.1 In order to accelerate the progressive use of Hindi as per 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.

37.2 Rajbhasha Implementation Committee at Hqrs. level and Area level are Co-ordinating the progress of Hindi through regular review meetings.

37.3 Hindi fortnight was celebrated from 14.9.1995 to 28.9.95 marked by various competitions, workshops and

functions which attracted good participation by executives and non-executives in Hqrs. and all areas. The winners of the various competitions and commendable performers were rewarded suitably.

37.4 Correspondence and notings in Hindi have increased remarkably.

37.5 MCL News (a monthly news magazine) and Pratibha (a quarterly literary house journal) are published in Hindi, English and Oriya on regular basis. Besides, two books on use of Hindi in Official work and Designation in Coal Industry were also published during the year.

37.6 This year also your Company published Annual Calendar in Hindi. It is based on sketches and slogans on safety awareness. A good number of Hindi books are available in library. A Bilingual computer is working in Hindi Department.

## 38 AUDITORS

Under Sec. 619(2) of the Companies Act, 1956 the following Audit firms were appointed as Statutory/Branch Auditors for 1995-96.

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, 1996 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, 1996, are also enclosed as Annexure.

**39. BOARD MEETINGS**

Seven Board Meetings were held during the year.

**40. BOARD OF DIRECTORS**

Shri C.R. Das, Chairman - cum - Managing Director, Shri P.K. Sengupta, Shri V.K. Sehgal, Shri Sunil Soni and Shri T.K. Deb continued to be your Directors in 1995-96. Shri T.K. Deb however retired on 30th June, 1996.

**41. DECLARATION OF DIVIDEND**

Your directors have for the first time proposed a dividend of Rs. 2000.02 lakhs being 20% of the Paid up Equity Share Capital of the Company to the Coal India Ltd, the holding Company.

**42. ACKNOWLEDGEMENTS**

42.1 Your company is thankful to the Ministry of Coal, Government of India and Coal India Limited for their valuable assistance, support and guidance from time to time. Your directors also thank the various Ministers of the Central Government and the State Government of Orissa, for the valuable support. The directors also take this opportunity to acknowledge with thanks the assistance rendered by the sister organisations.

42.2 Industrial relations in the Company continued to be cordial and 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 your Company.

42.3 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.

42.4 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.

**43. FIXED DEPOSITS**

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

**44. PARTICULARS OF EMPLOYEES**

44.1 Particulars of employees as required under Section 217(2A) of the Company 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.

**45. 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 & Auditor General of India under Section 619(4) of the Companies Act, 1956.

Sambalpur.

3rd Sept. 1996

C.R. Das:

Chairman-cum-Managing Director

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER  
SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF  
MAHANADI COALFIELDS LIMITED FOR THE YEAR ENDED 31st MARCH,  
1996.**

The accounts of the Company have been revised as a result of the observations made by the Comptroller and Auditor General of India as indicated in para 3 of the Auditors' Report to the Shareholders and item No. 14 of Notes forming part of Accounts. The following further comments are made 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, 1996.

Profit and Loss Account :

Profit for the year : Rs.25.18 Crores.

- (i) Profit for the year has been overstated by Rs. 15.61 crores due to non-provision of full liability of Gratuity in contravention of Accounting Standard 15. This has also resulted in overstatement of Miscellaneous Expenditure (Schedule-N) by Rs.15.61 crores.
- (ii) Non-provision of liability on account of Leave Encashment" is against the Accounting Standard 15.

Sd/-  
(JAYANTA CHATTERJEE)  
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT  
& EX-OFFICIO MEMBER, AUDIT BOARD-II  
CALCUTTA

Dated : The 9th September, 1996  
Calcutta

## REVIEW OF ACCOUNTS OF MAHANADI COALFIELDS LIMITED FOR THE YEAR ENDED 31st MARCH 1996 BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA

Note : Review of accounts has been prepared without taking into account comments under section 619 (4) of Companies Act 1956 and qualification contained in the Statutory Auditors' Report

(Rs. in Lakhs)

### 1. FINANCIAL POSITION

	1993-94	1994-95	1995-96
<b>LIABILITIES</b>			
a. Paid up Capital	10063.30	10063.30	10000.09
(i) Government	--	--	--
(ii) Others - Coal India Ltd. Holding Company (Incl. Share application money pending allotment of Rs. 63.21 lakhs upto 94-95)	10063.30	10063.30	10000.09
b. Reserves & Surplus			
(i) Free Reserves & Surplus	6499.57	13301.10	13776.59
(ii) Share Premium Account	--	--	--
(iii) Capital Reserve	150.00	--	--
c. Borrowing :-			
(i) From CIL Holding Company	72894.13	70802.61	77870.90
(ii) From Financial Instns.	--	--	--
(iii) Foreign credit (Deferred payment liabilities)	542.66	2578.20	2072.09
(iv) Cash Credit	--	--	--
(v) others	--	--	--
(vi) Interest Accrued and Due	--	--	--
d. (i) Current Liabilities & Provisions (Excluding Prov. For Gratuity)	19550.73	26123.25	28157.68
(ii) Provisions for Gratuity	78.96	62.49	2283.14
<b>TOTAL</b>	<b>109779.35</b>	<b>122930.95</b>	<b>134160.49</b>
<b>ASSETS</b>			
e. Gross Block	79060.60	98654.02	112052.59
f. Less : Cummulative depreciation	28097.36	34304.62	40228.74
g. Net Block	50963.24	64349.40	71823.85
h. Capital Work-in-progress	16119.23	14718.07	21063.68
i. Investments	0.04	0.04	0.04
j. Current Assets, Loans & Advances	42381.92	43232.11	38486.14
k. Misc-expenditure not written off	314.92	631.33	2786.78
l. Accumulated Losses	--	--	--
<b>Total</b>	<b>109779.35</b>	<b>122930.95</b>	<b>134160.49</b>
m. Working Capital [j-d(i)-c(vi)]	22831.19	17108.86	10328.46
n. Capital Employed [g+m]	73794.43	81458.26	82152.31
o. Net Worth [a+b(i)+b(ii)-k-l]	16247.95	22733.07	20989.90
p. Net Worth per Rupee of paid up Capital ( in Rs. )	1.61	2.26	2.10

### 2. RATION ANALYSIS

Some important financial ratios on the financial health and working of the Company at the end of last 3 years are as under :

(In Percentages)

	1993-94	1994-95	1995-96
<b>A. Liquidity Ratio</b>			
i) Current Ratio [j/{d(i)+c(vi)}]	216.78	165.49	136.68
<b>B. Debt Equity Ratio</b>			
i) Long term debt to Equity [C(i) to c(v) excluding short term loan /a ]	729.75	729.19	799.42
<b>C. Profitability Ratios</b>			
a. Profit before tax to			
i) Capital employed	2.88	8.35	3.01
ii) Net worth	13.09	29.92	11.79
iii) Sales	3.31	9.17	2.51
b. Profit after tax to Equity	21.13	67.59	24.75
c. Earning per share (in Rupees) (Profit after Tax/No. of Equity Share)	212.68	680.15	247.55

### 3. SOURCES AND UTILISATION OF FUNDS

Funds amounting to Rs.21962.84 lakhs from internal and external sources were generated and utilised during the year as per details given below :

<b>SOURCES OF FUNDS :</b>	
a) Funds from operations	
i) Profit for the year	475.49
ii) Add : Depreciation	5924.12
d) Increase in Borrowings	6562.18
c) Decrease in Working Capital (Including Prov. for Gratuity)	9001.05
<b>Total</b>	<b>21962.84</b>
<b>APPLICATION OF FUNDS :</b>	
a) Additions to Fixed Assets & Capital work-in progress	19744.18
b) Decrease in Paid up Capital	63.21
c) Addition to Misc. Expenditure to the extent not written off	2155.45
<b>Total</b>	<b>21962.84</b>



4. INVENTORY LEVELS

The Inventory levels of stocks of stores and spares, coal, etc. at the end of 3 years ending 31st March, 1996 are as under :

(Rs. in lakhs)

	1993-94	1994-95	1995-96
i) Stock of Stores & Spares	4625.94	5265.46	5902.86
ii) Work-in-process	0.00	23.09	21.72
iii) a) Stock of coal, coke	12492.08	13347.24	8806.39
b) Provision for deterioration of coal	957.68	1125.15	880.64
iv) Percentage of Stock of coal & coke to sales	19.42	17.99	8.91

Calcutta  
The 2nd September, 1996

5. SUNDRY DEBTORS

The Sundry Debtors vis-a-vis Sales in the last three years ending 31st March, 1996 are as follows :

(Rs. in lakhs)

Years As on.	Sundry Debtors			Sales	% age of Debtors to Sales
	Consider- ed good	Consider- ed Doubtful	Total		
31.03.94	17704.03	7320.00	25024.03	64342.16	38.89
31.03.95	15092.01	8230.00	23322.01	74191.78	31.43
31.03.96	14290.86	8738.50	23029.36	98794.29	23.31

(Jayanta Chatterjee)  
Principal Director of Commercial Audit  
Ex-officio Member, Audit Board - II  
Calcutta

**MAHANADI COALFIELDS LIMITED  
SAMBALPUR**

**BALANCE SHEET  
AS AT 31st MARCH 1996**

SCHEDULE	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
<b>SOURCES OF FUND</b>		
<b>Shareholders' Fund</b>		
a) Capital	10000.09	10000.09
b) Share Application Money Pending Allotment	-	63.21
c) Reserves & Surplus	13776.59	13301.10
<b>Loan Funds</b>		
a) Secured	-	-
b) Unsecured	77870.90	70802.61
<b>Deferred Credit</b>		
Deferred Credit	2077.56	2594.33
Less : Int. on Deferred Payment	5.47	16.13
<b>Grand Total</b>	<b>103719.67</b>	<b>96745.21</b>
<b>APPLICATION OF FUND</b>		
<b>Fixed Assets</b>		
a) Gross Block	112052.59	98654.02
Less : Depreciation	40228.74	34304.62
Net Block	71823.85	64349.40
b) Capital Work-in-Progress	21063.68	14718.07
<b>TOTAL</b>	<b>92887.53</b>	<b>79067.47</b>
<b>Investments</b>	0.04	0.04
<b>Current Assets, Loans &amp; Advance</b>		
a) Inventories	13706.19	17140.39
b) Debtors	14290.86	15092.01
c) Cash & Bank Balances	3221.18	3861.38
d) Other Current Assets	36.28	190.28
e) Loans and Advances	7231.63	6948.05
	<b>38486.14</b>	<b>43232.11</b>
<b>Less :</b>		
Current Liabilities & Provision	30440.82	26185.74
Net Current Assets	8045.32	17046.37
Misc. Expenditure to the extent not yet written off or adjusted.	2786.78	631.33
<b>GRAND TOTAL</b>	<b>103719.67</b>	<b>96745.21</b>

**BALANCE SHEET  
AS AT 31st MARCH 1996**

	<b>SCHEDULE</b>	<b>CURRENT YEAR (Rs. in Lakhs)</b>	<b>PREVIOUS YEAR (Rs. in Lakhs)</b>
ACCOUNTING POLICIES	O		
NOTES ON ACCOUNTS	P		

**S.C. Behera**  
Company Secretary

**J. Roy**  
General Manager(F)

**Mayukha Sen Gupta**  
Cheif 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)

Date : The 16th Day of August 1996.

**MAHANADI COALFIELDS LIMITED  
SAMBALPUR**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDING 31st MARCH 1996**

	SCHEDULE	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
<b>INCOME</b>			
Sales	1	98794.29	74191.78
Coal issued for other purpose	2	419.53	439.38
Accretion/(Decretion) in Stock	3	-4101.06	273.13
Other Income	4	9398.86	6713.38
<b>TOTAL INCOME</b>		<b>104511.62</b>	<b>81617.67</b>
<b>EXPENDITURE</b>			
Internal Consn. of Coal	5	110.36	121.32
Consn. of Stores & Spare Parts	6	13841.94	11520.16
Power & Fuel	7	4225.65	3384.18
Employees Remuneration & Benefits	8	17289.31	12397.62
Impact of MOU on NCWA-V Net of Interim Relief		-	1367.19
Impact of Revision of Executive Salary		841.05	-
Contractual Expenses	9	10204.17	8032.61
Repairs(purchased)	10	3164.79	2066.32
Social Facilities	11	2925.68	2067.64
Other Expenditure	12	2991.09	2219.25
Expenditure pertaining to Overburden		- 429.17	- 42.34
Contribution to Coal Price Regulation Account		31131.21	21635.96
<b>TOTAL EXPENDITURE</b>		<b>86296.08</b>	<b>64769.91</b>
<b>GROSS OPERATING PROFIT</b>		<b>18215.54</b>	<b>16847.76</b>
Interest	13	7859.46	2896.28
Depreciation		7203.11	6090.20
Provisions	14(A)	577.25	1035.60
Write off	14(B)	57.45	8.02
<b>PROFIT FOR THE YEAR</b>		<b>2518.27</b>	<b>6817.66</b>

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDING 31st MARCH 1996**

SCHEDULE	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
Prior Period Adjustment	42.76	16.13
<b>NET PROFIT BEFORE TAXATION</b>	<b>2475.51</b>	<b>6801.53</b>
Provision for Income Tax	-	-
<b>PROFIT AFTER TAX</b>	<b>2475.51</b>	<b>6801.53</b>
Proposed Dividend	2000.02	-
<b>PROFIT AFTER TAX AND PROPOSED DIVIDEND TRANSFERRED TO GENERAL RESERVE ACCOUNT</b>	<b>475.49</b>	<b>-</b>
Profit upto the previous year	13301.10	6499.57
<b>BALANCE CARRIED TO BALANCE SHEET</b>	<b>13301.10</b>	<b>13301.10</b>

**S.C. Behera**  
Company Secretary

**J. Roy**  
General Manager(F)

**Mayukha Sen Gupta**  
Cheif 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)

Date : The 16th Day of August 1996.

## SCHEDULE TO BALANCE SHEET AS AT 31st MARCH, 1996

### SCHEDULE - A

#### SHARE CAPITAL

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

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

### SCHEDULE - B

#### AMOUNT RECEIVED AGAINST EQUITY PENDING ALLOTMENT

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

**SCHEDULE TO BALANCE SHEET AS AT 31st MARCH, 1996**

**SCHEDULE - C  
RESERVES AND SURPLUS**

	<u>As at 01.04.95</u>	<u>Additions during the</u>	<u>Deduction/ adjustment during the year</u>	<u>As at 31.03.96 during the year</u>
	(Rs. in Lakhs)	(Rs. in Lakhs)	(Rs. in Lakhs)	(Rs. in Lakhs)
General Reserve Account	-	475.49	-	475.49
Profit & Loss Account	13301.10	-	-	13301.10
<b>TOTAL</b>	<u>13301.10</u>	<u>475.49</u>	<u>-</u>	<u>13776.59</u>

**SCHEDULE-D (I)**

**SECURED LOANS**

	<u>Current year (Rs. in lakhs)</u>	<u>Previous year (Rs. in lakhs)</u>
From State bank of India on cash credit/facilities as allocated by CIL (Against hypothecation of stock of coal, coke, stores & spare parts, book debts and other Assets).	-	-
<b>Total</b>	<u>-</u>	<u>-</u>

## SCHEDULE TO BALANCE SHEET AS AT 31st MARCH, 1996

### SCHEDULE-D(II)

#### UNSECURED LOANS

	Current year (Rs. in lakhs)	Previous year (Rs. in lakhs)
Due to Coal India Limited Holding Co. (Loan Account)	77870.90	70802.61
<b>Total</b>	<b>77870.90</b>	<b>70802.61</b>

### SCHEDULE - E

#### ASSETS

(Rs. in Lakhs)

Particulars	Gross block of fixed assets				Depreciation			Net block		
	Cost as at beginning of year	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	Adjustment during the year	Provided upto the end of the year	As at year end (31.03.96)	As at year end (31.03.95)
1. LAND :										
i) Free hold	40.26	73.17	-	113.43	-	-2.27	2.27		113.43	40.26
ii) Lease hold	3696.01	853.70	-24.44	4525.27	679.90	200.52	-1.45	878.97	3646.30	3016.11
2. BUILDINGS :										
i) Township	9734.99	4163.76	-0.74	13898.01	824.07	243.65	-0.87	1066.85	12831.16	8910.92
ii) Other than Township	3475.67	1980.03	-50.64	5405.06	382.41	188.46	-1.75	569.12	4835.94	3093.26
iii) Roads & Culverts	1823.69	557.86	-83.13	2298.42	260.44	65.32	-	325.76	1972.66	1563.25
3. PLANT & MACHINERY	65203.18	8542.87	-1802.62	71943.43	28775.77	5970.63	-1536.27	33210.13	38733.30	36427.41
4. FURNITURE & FITTINGS &	1129.02	257.89	-175.30	1211.61	365.05	115.01	-6.86	473.20	738.41	763.97
5. RAILWAY SIDING :	2303.43	1856.94	-149.94	4010.43	400.77	131.25	-	532.02	3478.41	1902.66
6. VEHICLE :	1120.94	219.40	-0.32	1340.02	549.10	112.04	-	661.14	678.88	571.84
7. PROSPECTING & BORING :	4635.47	-2559.04	-554.79	1521.64	566.22	55.19	0.01	621.42	900.22	4069.25
8. DEVELOPMENT EXPENDITURE :	5491.36	952.30	-658.39	5785.27	1500.89	385.66	3.58	1890.13	3895.14	3990.47
<b>GRAND TOTAL</b>	<b>98654.02</b>	<b>16898.88</b>	<b>-3500.31</b>	<b>112052.59</b>	<b>34304.62</b>	<b>7465.46</b>	<b>-1541.34</b>	<b>40228.74</b>	<b>71823.85</b>	<b>64349.40</b>



## SCHEDULE TO BALANCE SHEET AS AT 31st MARCH, 1996

### SCHEDULE - E

#### ALLOCATION OF DEPRECIATION

Contd...

	<u>CURRENT YEAR (Rs. in Lakhs)</u>	<u>PREVIOUS YEAR (Rs. in Lakhs)</u>
(A) REVENUE		
HEMM	4743.20	4151.27
Workshop Equipment	59.97	25.43
Others	2399.94	1913.50
(B) SOCIAL FACILITY ASSETS(REVENUE)		
Township	312.26	118.21
Others	<u>47.97</u>	<u>94.07</u>
	<b>360.23</b>	<b>212.28</b>
(C) PRIOR PERIOD ADJUSTMENT(REVENUE)	-25.15	35.04
(D) CAPITALISATION		
Social Facility Assets	0.12	2.64
Others	<u>-72.85</u>	<u>312.95</u>
	<b>-72.73</b>	<b>315.59</b>
<b>TOTAL</b>	<b><u>7465.46</u></b>	<b><u>6653.11</u></b>

## SCHEDULE TO BALANCE SHEET AS AT 31st MARCH, 1996

### SCHEDULE - F

#### CAPITAL WORK IN PROGRESS

(Rs. in Lakhs)

Particulars	Upto the begining of the year (01.04.95)	Additions during the year	Transfer/ adjustment during the year	Upto the end of the year (31.03.96)
<b>1. BUILDINGS UNDER CONSTRUCTION :</b>				
Township	3796.65	1944.62	-3198.45	2542.82
Other than Township	1754.57	534.66	-1556.92	732.31
Roads & Culverts (Mining Area)	66.90	391.07	-233.54	224.43
<b>2. PLANT &amp; MACHINERY</b>				
Under erection/Installation	3563.13	579.46	-472.22	3670.37
In stores	985.37	1572.40	-1390.91	1166.86
In transit & awaiting Inspection	5.10	7.16	-2.52	9.74
Railway siding under construction	3291.35	- 185.46	-152.02	2953.87
F&B Expenditure for Dev Mines	-	2674.77	990.38	3665.15
Dev Expenditure for Non-Rev. Mines	-	981.26	658.39	1639.65
<b>Total capital work in progress</b>	<b>13463.07</b>	<b>8499.94</b>	<b>-5357.81</b>	<b>16605.20</b>
Capital goods in stock	600.11	108.93	-60.42	648.62
<b>CAPITAL ADVANCE</b>				
i) P & M Advance for Capital Goods	522.44	839.87	-28.60	1333.71
ii) Railway Siding Advance	132.45	62.38	-14.04	180.79
iii) Land Advance	-	2802.54	-507.18	2295.36
<b>Total capital advance</b>	<b>654.89</b>	<b>3704.79</b>	<b>-549.82</b>	<b>3809.86</b>
<b>Grand total</b>	<b>14718.07</b>	<b>12313.66</b>	<b>-5968.05</b>	<b>21063.68</b>

## SCHEDULE TO BALANCE SHEET AS AT 31st MARCH, 1996

## SCHEDULE - G

## INVESTMENTS

	<u>CURRENT YEAR</u> (Rs. in Lakhs)	<u>PREVIOUS YEAR</u> (Rs. in Lakhs)
Non-Trade Investments at Cost (Unquoted) [430 Shares of Rs 10/- each fully paid (Employees Co-operative Society)]	0.04	0.04
<b>TOTAL</b>	<u>0.04</u>	<u>0.04</u>

## SCHEDULE TO BALANCE SHEET AS AT 31st MARCH, 1996

### SCHEDULE - H

#### INVENTORIES

	<u>CURRENT YEAR</u> (Rs. in Lakhs)	<u>PREVIOUS YEAR</u> (Rs. in Lakhs)
<b>A. Stocks of Stores &amp; Spares</b>	5744.65	5265.46
<b>Less :</b>		
i. Provision for obsolescence	115.74	81.50
ii. Provision for Difference/Shortage	14.36	14.36
<b>Sub-total</b>	<b>5614.55</b>	<b>5169.60</b>
<b>Add :</b>		
In transit/Under Inspection		
Discarded/Surveyed off	288.31	58.95
Fixed Assets in stores		7.45
<b>Total (A)</b>	<b><u>5902.86</u></b>	<b><u>5236.00</u></b>
<b>B. Stock of Coal</b>		
Revenue	8806.39	12526.19
Capital Project		821.05
<b>Sub-total</b>	<b>8806.39</b>	<b>13347.24</b>
<b>Less : Provision for Deterioration</b>	880.64	1125.15
<b>Rehandling Charges Revenue</b>	144.14	340.79
<b>Total (B) As per Annexure B(I) &amp; B (II)</b>	<b><u>7781.61</u></b>	<b><u>11881.30</u></b>
<b>C. Workshop Job</b>		
Work in progress	21.72	23.09
<b>TOTAL(C)</b>	<b><u>21.72</u></b>	<b><u>23.09</u></b>
<b>D. Loss of Assets</b>	123.89	89.38
<b>Less : Provision</b>	123.89	89.38
<b>TOTAL(D)</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Grand total (A+B+C+D)</b>	<b><u>13706.19</u></b>	<b><u>17140.39</u></b>

## ANNEXURE - B(I)

PARTICULARS IN RESPECT OF COAL STOCK  
AS ON 31.3.96

Particulars	Overall stock		Provision for non vendable stock		Vendable stock	
	Quantity (L Te)	Value (L Rs)	Quantity (L Te)	Value (L Rs)	Quantity (L Te)	Value (L Rs)
(A) Reconciliation of book stock and measured stock						
1. Opening stock as on 1.4.95 (As per accounts)	51.44	13347.24			51.44	13347.24
2. Ass production for the year	327.01	94672.97			327.01	94672.97
3. Sub-total (1+2)	<b>378.45</b>	<b>108020.21</b>			<b>378.45</b>	<b>108020.21</b>
4. Less off take for the year						
(A) Outside despatch	343.463	98794.29			343.463	98794.29
(B) Internal consumption	0.206	110.36			0.206	110.36
(C) Free issue of coal to employees	0.682	309.17			0.682	309.17
Total (4)	<b>344.351</b>	<b>99213.82</b>			<b>344.351</b>	<b>99213.82</b>
5. Derived stock (3-4)	34.099	8806.39			34.099	8806.39
6. Measured stock	33.34	8600.18			33.34	8600.18
7. Difference (5-6)	0.759	206.21			0.759	206.21
8. Break-up of difference :						
(A) Excess within 5 %						
(B) Shortage within 5%	0.759	206.21			0.759	206.21
(C) Excess beyond 5%						
(D) Shortage beyond 5%						
9. Closing stock adopted in Accounts (6-8A+8B)	34.099	8806.39			34.099	8806.39

## ANNEXURE - B(II)

PARTICULARS IN RESECT OF COAL STOCK  
AS ON 31.3.96

Particulars	Quantity (L Te)	Value (L Rs)
(B) Reconciliation of closing stock adopted in account with book stock as at the end of the year		
Stock as per books	34.099	8806.39
LESS :		
Net shortage of more than 5% accounted for in the accounts but not adjusted from book stock pending write off.		
LESS :		
Non-vendable stock including mixed stock and stock on fire for which provision equivalent to the value has been made in accounts 5 UT QY. NOT adjusted in book stock as well as accounts		
LESS :		
Charge for rehandling of pit head stock		144.14
LESS :		
Provision made in the accounts to take care of future deterioration in coal stock		880.64
ADD :		
Coal in wagon		
Stock as per accountts after all provisions	34.099	7781.61

## SCHEDULE TO BALANCE SHEET AS AT 31st MARCH, 1996

### SCHEDULE - I

#### DEBTORS

	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
Outstanding for over six months	19654.64	8346.03
Other debts	3374.72	14975.98
<b>SUB TOTAL</b>	<b>23029.36</b>	<b>23322.01</b>
Less : Provision for Doubtful Debts	8738.50	8230.00
<b>TOTAL</b>	<b>14290.86</b>	<b>15092.01</b>
<b>CLASSIFICATION</b>		
1. Considered good and in respect of which the Company is fully secured.	1962.38	2866.15
2. Considered good in respect of which the Company holds to security other than Debtors personal Security.	12328.48	12225.86
3. Considered Doubtful	8738.50	8230.00
<b>TOTAL</b>	<b>23029.36</b>	<b>23322.01</b>

Note : Unsecured amount includes Rs.1179.53 (Previous year Rs. 1758.82) covered by Bank Guarantees.

## SCHEDULE TO BALANCE SHEET AS AT 31st MARCH, 1996

### SCHEDULE - J

#### CASH & BANK BALANCES

	CURRENT YEAR (Rs. in lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
A. (i) Cash/Stamp in hand	4.99	5.44
(ii) Cheques/Demand Draft in hand	0.01	1.20
(iii) Cash balance with Imprest Holder	0.78	0.79
B. Remittance-in-Transit	5.03	59.50
C. Balance with Schedule Bank		
(i) Current Account	3169.09	3157.37
(ii) Deposit Account	41.23	637.07
D. Soiled/mutilated notes		
(i) In hand	0.05	-
(ii) With R B I	-	0.01
<b>TOTAL</b>	<b>3221.18</b>	<b>3861.38</b>

### SCHEDULE - K

#### OTHER CURRENT ASSETS

	Current year (Rs. in Lakhs)	Previous year (Rs. in Lakhs)
Claims Receivable		
1. S & P Subsidy	33.66	63.73
2. Railways	0.97	0.45
3. Insurance Company	-	0.21
4. Foreign Consignment	-	0.14
5. Fidelity	0.65	0.65
6. Others	1.00	125.10
<b>TOTAL</b>	<b>36.28</b>	<b>190.28</b>



## SCHEDULE TO BALANCE SHEET AS AT 31st MARCH, 1996

## SCHEDULE - L

## LOANS &amp; ADVANCES

	<u>Current year</u> (Rs. in Lakhs)	<u>Previous year</u> (Rs. in Lakhs)
(A) Advance to Suppliers(Stores)	1507.70	1544.10
<b>Total (A)</b>	<u>1507.70</u>	<u>1544.10</u>
(B) Advance to Contractors	287.10	267.34
<b>Total (B)</b>	<u>287.10</u>	<u>267.34</u>
(C) Advance to Employees		
1. House Building Advance	224.37	174.81
2. Motor Car Advance	131.62	67.68
3. Motor Cycle/Scooter Advance	2.41	2.90
4. Other Conveyance Advance	0.03	0.75
5. Festival Advance	0.05	-2.01
6. Pay Advance	4.94	10.47
7. Medical Advance	22.35	20.26
8. Local Purchase Advance	14.37	24.89
9. Misc. Advance	95.04	65.70
10. Travelling Advance	64.65	49.54
11. L T C Advance	15.45	11.49
12. Advance (Others)	263.11	198.81
13. Study Advance/Self Development Loan	0.86	0.32
14. Other Receivables	0.46	0.43
<b>TOTAL(C)</b>	<u>839.71</u>	<u>626.04</u>

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## SCHEDULE - L LOANS & ADVANCES

Continued from Pre-page

	<u>Current year</u> <u>(Rs. in Lakhs)</u>	<u>Previous year</u> <u>(Rs. in Lakhs)</u>
D) Advance to others		
1. Advance to Co-operative Society	0.41	0.44
2. Tax deducted at Source	0.28	-
3. Advance Income Tax (Company)	200.00	-
4. Advance Wealth Tax (Company)	1.07	0.64
5. Advance Sales Tax	471.19	95.29
6. ST deposit under protest	450.21	422.57
7. Advance Receivable from Government	0.88	304.44
8. HEMM Tax Under Protest	331.50	-
9. Other receivable	234.15	1099.07
<b>Total (D)</b>	<b><u>1689.69</u></b>	<b><u>1922.45</u></b>
E) Deposits :		
i) With P & T Dept.	4.27	2.90
ii) With Elec. Boards.	1984.44	801.90
iii) With Others	527.85	866.69
<b>Total (E)</b>	<b><u>2516.56</u></b>	<b><u>1671.49</u></b>
F) Prepaid Expenses	45.04	21.20
<b>Total (F)</b>	<b><u>45.04</u></b>	<b><u>21.20</u></b>

**SCHEDULE - L**  
**LOANS & ADVANCES**

(Contd. from Pre-page)

	<u>Current year</u> (Rs. in Lakhs)	<u>Previous year</u> (Rs. in Lakhs)
G) Current Account with CIL & its Subsidiaries.		
1. Coal India Limited	-	-
2. Eastern Coalfields LTD.	0.04	0.05
3. Bharat Cooking Coal Ltd.	-	0.26
4. Central Coalfields Ltd.	-	0.38
5. Western Coalfields Ltd.	-	-
6. CMPDI Limited	10.57	11.04
7. Southern Eastern Coalfield limited	333.23	883.23
8. Northern Coalfields Ltd.	1.99	0.47
<b>TOTAL(G)</b>	<b>345.83</b>	<b>896.43</b>
<b>GRAND TOTAL (A TO G)</b>	<b><u>7231.63</u></b>	<b><u>6948.05</u></b>
Less : Provision for Doubtful Advances	-	-
<b>NET TOTAL</b>	<b><u>7231.63</u></b>	<b><u>6948.05</u></b>
Classification		
a) Considered good in respect of which the company is fully secured	645.50	512.73
b) Considered good for which the company holds no security other than Party's Personal security.	6586.13	6435.32
c) Considered doubtful	-	-

- Note :
1. Amount due from an officer of the Company is Rs.3.23 lakhs (Previous year Rs.3.00 lakhs). Maximum amount due at any time during the year is Rs.3.24 lakhs (Prev. year Rs. 2.63 lakhs).
  2. Amount due from Director of the Company is Rs.0.04 Lakhs (Prev. year Rs.0.08 lakhs).

## SCHEDULE TO BALANCE SHEET AS AT 31st MARCH, 1996

### SCHEDULE - M CURRENT LIABILITIES AND PROVISIONS

	Current year (Rs. in Lakhs)	Previous year (Rs. in Lakhs)
A) Current Liabilities Sundry Creditors for Goods		
For Capital	1144.16	1051.40
For Stores	2197.53	1930.01
<b>TOTAL (A)</b>	<b>3341.69</b>	<b>2981.41</b>
B) Sundry Creditors for Expenses		
Contractual Expenses		
Capital	3520.59	3241.31
Revenue	684.92	679.86
Power & Fuel	226.61	346.93
<b>TOTAL (B)</b>	<b>4432.12</b>	<b>4268.10</b>
C) Employees Remuneration and Benefits		
Salaries, Wages, Allowances	4660.11	2983.41
Attendance Bonus	127.35	81.58
Exgratia	571.83	515.23
Unpaid Salaries & Wages	22.91	31.46
Gratuity	2283.14	62.49
D L I	0.18	1.50
Workmen Compensation	-	-
<b>TOTAL (C)</b>	<b>7665.52</b>	<b>3675.67</b>

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**SCHEDULE - M**  
**CURRENT LIABILITIES AND PROVISIONS**

Continued from Pre-page

	Current year (Rs. in Lakhs)	Previous year (Rs. in Lakhs)
D) Other Expenses		
Contractual Expenses	993.25	756.83
Demurrage	0.07	10.00
Audit fee(including Internal Audit) & Expenses	12.77	8.46
Repair & Maintenance	80.69	68.06
Others	163.23	153.03
<b>TOTAL (D)</b>	<b>1250.01</b>	<b>996.38</b>
(E) Statutory Dues		
Sales Tax :		
Central	214.92	142.41
State	153.68	187.37
Royalty & Cess		
Royalty on Coal	1835.48	1333.72
Cess on Coal	3331.95	4103.18
Other Cess :		
a) Rescue Cess	0.15	0.21
b) C M L W Cess	3.80	3.80
c) Others	0.09	0.24
Stowing Excise Duty	372.92	215.46
Central Excise Duty	2.16	2.16
Provident Fund	172.55	110.83
Pension Fund	973.01	574.47
Professional Tax	0.07	-

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**SCHEDULE - M**  
**CURRENT LIABILITIES AND PROVISIONS**

Continued from pre-page

	<u>Current year</u> (Rs. in Lakhs)	<u>Previous year</u> (Rs. in Lakhs)
Income tax :		
Employees	1.36	1.94
Contractors	18.56	16.95
Surface Rent & Dead Rent	0.03	0.03
Other Statutory Dues	57.69	54.10
<b>TOTAL (E)</b>	<b><u>7138.42</u></b>	<b><u>6746.87</u></b>
F) Other Liabilities		
i) L.I.C. Premium(SSS)	0.67	1.97
ii) C.D. Post Office	-0.04	0.23
iii) A.E.C.D(Wages)	-	0.89
iv) A.E.C.D(DA)	0.04	-0.03
v) Dues to Canteen	0.08	-6.51
vi) Dues to Co-Operative Societies	0.30	5.15
vii) Prime Minister's	4.37	1.86
viii) Benevolent Fund	2.61	2.24
ix) Welfare Fund	-	0.07
x) Others	21.09	27.75
<b>TOTAL (F)</b>	<b><u>29.12</u></b>	<b><u>33.62</u></b>

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## SCHEDULE - M CURRENT LIABILITIES AND PROVISIONS

Contd. from pre-page

	<u>Current year</u> (Rs. in Lakhs)	<u>Previous year</u> (Rs. in Lakhs)
G) Advances and Deposits		
Advance from Customers	2190.35	6014.31
Deposits from Contractors	1895.38	1467.62
<b>TOTAL (G)</b>	<b><u>4085.73</u></b>	<b><u>7481.93</u></b>
H) Current Account Balance with CIL & its Subsidiaries		
1. Coal India Limited	491.52	-
2. Eastern Coalfields Ltd.	-	-
3. Bharat Cooking Coal Ltd.	4.13	-
4. Central Coalfields Ltd.	0.86	-
5. Western Coalfields Ltd.	0.11	0.72
6. CMPDI Limited	-	-
7. Southern Eastern Coal-	-	-
8. Northern Coalfields Ltd.	-	-
<b>TOTAL (H)</b>	<b><u>496.62</u></b>	<b><u>0.72</u></b>
<b>I) TOTAL CURRENT LIABILITIES (A TO H)</b>	<b>28439.23</b>	<b>26184.70</b>
J) Provisions :		
Wealth Tax	1.57	1.04
Proposed Dividend	2000.02	-
<b>TOTAL (J)</b>	<b><u>2001.59</u></b>	<b><u>1.04</u></b>
<b>GRAND TOTAL (I + J)</b>	<b><u>30440.82</u></b>	<b><u>26186.74</u></b>

## SCHEDULE TO BALANCE SHEET AS AT 31st MARCH, 1996

### SCHEDULE - N

#### MISCELLANEOUS EXPENDITURE

(Rs. in Lakhs)

	As at 31.03.95 year	Additions during the	Deductions/ adjustment during the year	As at 31.03.96
A) (To The extent not written off or Adjusted)				
1. Voluntary Retirement Scheme	-	-	-	-
2. HEMM Rehabilitation Expenses	566.52	508.30	-334.99	739.83
3. Expenditure on Gratuity		1951.00	-390.00	1561.00
4. Over Burden Removal Expenditure on advance Stripping (Quarry)	7405.83	9680.67	-7405.83	9680.67
Less : Provision for OBR Removal	7397.16	1804.02	41.66	9242.84
<b>SUB TOTAL (4)</b>	<b>8.67</b>	<b>7876.65</b>	<b>-7447.49</b>	<b>437.83</b>
5. Others				
1) Preliminary Expenses	56.14	-	-8.02	48.12
2) Share issue expenses	-		-	
3) Pre-incorporation loss	-		-	
<b>SUBTOTAL (5)</b>	<b>56.14</b>	<b>-</b>	<b>-8.02</b>	<b>48.12</b>
<b>GRAND TOTAL (1+2+3+4+5)</b>	<b>631.33</b>	<b>10335.95</b>	<b>-8180.50</b>	<b>2786.78</b>



**SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31.3.96**

**SCHEDULE - 1**

**SALES**

	<u>Current year</u> (Rs. in Lakhs)	<u>'Previous year</u> (Rs. in Lakhs)
Quantity (L/Te)	343.46	269.20
(A) Gross Sales Value	123653.99	92104.76
Less : Statutory Levies :		
Royalty on Coal	18558.18	11542.87
Stowing excise Duty	1202.16	944.70
Sales Tax :		
Central	3122.52	2286.95
State	1976.84	1440.93
Octroi	-	1.11
(Total) Levies	<u>24859.70</u>	<u>16216.56</u>
(C) Basic Value (A-B)	<u>98794.29</u>	<u>75888.20</u>
Less : Transfer to Development	-	1696.42
<b>NET VALUE</b>	<u><b>98794.29</b></u>	<u><b>74191.78</b></u>

**SCHEDULE - 2**

**COAL ISSUED FOR OTHER PURPOSE**

(Rs. in Lakhs)

	<u>Current year</u>			<u>Previous year</u>		
	Colliery consn.	Free issued to EMP	Total	Colliery consn.	Free issued to EMP	Total
QUANTITY (L/Te)	0.21	0.68	0.89	0.23	0.72	0.95
(A) Value	130.60	309.17	439.77	134.09	318.07	452.16
(B) Statutory Levies Royalty on Coal	20.24		20.24	12.78		12.78
<b>TOTAL (B)</b>	<u>20.24</u>		<u>20.24</u>	<u>12.78</u>		<u>12.78</u>
<b>TOTAL (A-B)</b>	<u>110.36</u>	<u>309.17</u>	<u>419.53</u>	<u>121.31</u>	<u>318.07</u>	<u>439.38</u>

## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31.3.96

### SCHEDULE - 3

#### ACCRETION/DECRETION IN STOCK

	<u>Current year</u> <u>(Rs. in Lakhs)</u>	<u>Previous year</u> <u>(Rs. in Lakhs)</u>
(A) Closing Stock		
Raw Coal	8806.39	12526.19
Less : Provision :		
Deterioration	880.64	1125.15
Rehandling	144.14	340.79
<b>TOTAL PROVISION</b>	<b>1024.78</b>	<b>1465.94</b>
<b>TOTAL (A)</b>	<b>7781.61</b>	<b>11060.25</b>
(B) Work in Progress	<u>21.72</u>	<u>23.09</u>
<b>TOTAL (B)</b>	<b>21.72</b>	<b>23.09</b>
<b>(C) TOTAL (A+B)</b>	<b><u>7803.33</u></b>	<b><u>11083.34</u></b>
(D) Opening Stock		
Raw Coal	12526.19	11449.14
Less: Provision		
Deterioration	1125.15	957.68
Rehandling	340.79	379.50
<b>TOTAL PROVISION</b>	<b>1465.94</b>	<b>1337.18</b>
<b>TOTAL (D)</b>	<b>11060.25</b>	<b>10111.96</b>
(E) Work in progress	<u>23.09</u>	<u>-</u>
<b>TOTAL (E)</b>	<b>23.09</b>	<b>-</b>
<b>(F) TOTAL (D+E)</b>	<b>11083.34</b>	<b>10111.96</b>
<b>(G) TOTAL (C-F)</b>	<b>-3280.01</b>	<b>971.38</b>
Less: Development Stock Brought to Revenue	<u>821.05</u>	<u>698.25</u>
<b>Accretion/Decretion in Stock</b>	<b><u>-4101.06</u></b>	<b><u>273.13</u></b>

**SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31.3.96**

**SCHEDULE - 4**

**OTHER INCOME**

	<u>Current Year</u> (Rs. in Lakhs)	<u>Previous Year</u> (Rs. in Lakhs)
Stowing Subsidy	77.46	65.33
Transportation Charges	5988.19	4618.75
Value of Workshop job done	2462.54	1510.31
Rent (Outsider)	12.56	12.19
Interest Received on		
Bank Deposits	0.24	0.30
Loans & Advances to	2.76	2.36
Employees		
Loans & Advances to	2.14	6.16
Contractors & Others		
Discount, Rebate & Allowances	3.78	-
Liquidated Damages/Penalty	142.66	47.18
Tender Fee	18.87	17.21
Service Charges from Customers	38.21	37.27
on joint sampling		
Claims from others	11.52	7.31
Sale of scarp	53.03	-
Other Misc. Receipts	585.36	494.54
<b>SUB TOTAL</b>	<u>9399.32</u>	<u>6818.91</u>
Less: Transfer to	0.46	105.53
Development		
<b>TOTAL</b>	<u>9398.86</u>	<u>6713.38</u>

**SCHEDULE - 5**

**INTERNAL CONSUMPTION OF COAL.**

	<u>Current Year</u> (Rs. in Lakhs)	<u>Previous Year</u> (Rs. in Lakhs)
QUANTITY (L/Te)	0.21	0.22
Value (A)	130.60	147.75
(B) Statutory Levies : Royalty on Coal	20.24	26.43
<b>TOTAL (B)</b>	<u>20.24</u>	<u>26.43</u>
<b>TOTAL (A-B)</b>	<u>110.36</u>	<u>121.32</u>

## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31.3.96

### SCHEDULE - 6

#### CONSUMPTION OF STORES & SPARES

		Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
(A)	Explosives	2824.68	2168.72
	Timber	83.84	94.69
	Petrol, Oil & Lub.	2714.38	2234.51
	Other Stores & Spares :		
	1. HEMM Spares	4531.20	3991.94
	2. Consumption of POL Stores & Spares for Cars and Jeeps	117.38	150.84
	3. Consumption of POL Store & Spares for for Ambu, & School Bus	15.50	11.75
	4. Consumption of Stores & Spares for Township Water supply & Social Facilities	16.88	23.13
	5. Consumption of POL Store & Spares for Generator	0.39	0.86
	6. Others	3691.13	3367.12
	<b>SUB TOTAL (A)</b>	<b>13995.38</b>	<b>12043.56</b>
(B)	Less: Transfer to		
	Social Facilities	32.74	35.75
	Development	3.31	336.82
	Other Expenditure	117.39	150.83
	<b>SUB TOTAL (B)</b>	<b>153.44</b>	<b>523.40</b>
	<b>TOTAL (A-B)</b>	<b>13841.94</b>	<b>11520.16</b>

## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31.3.96

### SCHEDULE - 7

#### POWER & FUEL

		Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
(A)	Purchase of Electricity	4325.42	3568.29
	<b>SUB TOTAL (A)</b>	<b>4325.42</b>	<b>3568.29</b>
(B)	Less: Transfer to Social Facilities Development	98.00 1.77	87.53 96.58
	<b>SUB TOTAL (B)</b>	<b>99.77</b>	<b>184.11</b>
	<b>TOTAL (A-B)</b>	<b>4225.65</b>	<b>3384.18</b>

### SCHEDULE - 8

#### EMPLOYEES REMUNERATION AND BENEFITS

		Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
(A)	Salaries, Wages including IR	874.39	970.34
	Piece Rated Wages	9037.80	5969.86
	Time Rated Wages	911.73	898.68
	Executives Salary	537.15	486.19
	Leave Wages	101.49	96.40
	Paid Holiday Wages	14.47	21.69
	Leave Encashment		
	Other Allowances & Benefits :		
	Nightshift Allowance	33.75	25.47
	House Rent Allowance	79.36	61.56
	Transport Subsidy	137.38	105.79
	Incentive Bonus/Reward	94.18	70.94
	Other Allowances	17.57	7.73
	<b>TOTAL (A)</b>	<b>11839.27</b>	<b>8714.65</b>

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**SCHEDULE - 8**  
**EMPLOYEES REMUNERATION AND BENEFITS**

		Contd. from pre-page	
		Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
(B)	Normal OT	1110.97	865.92
	Sundry OT	874.34	625.69
	Fall Back Waages	1.61	1.12
	Attendance Bonus	407.83	320.82
	Exgratia	504.14	532.20
	Provident Fund	1240.42	1053.53
	Pension Fund	-	0.28
	LLTC	680.84	408.53
	RRF	68.42	53.95
	Pension	180.96	195.56
	Gratuity	813.00	117.35
	Workmen Compensation	9.30	7.36
	D.L.I	5.81	3.08
	Life Cover Scheme	6.00	10.61
	<b>TOTAL (B)</b>	<b>5903.64</b>	<b>4196.00</b>
(C)	Less Transfer to Social Facilities Development	390.75 62.85	274.05 238.98
	<b>TOTAL (C)</b>	<b>453.60</b>	<b>513.03</b>
	<b>GRAND TOTAL (A+B-C)</b>	<b>17289.31</b>	<b>12397.62</b>

## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31.3.96

### SCHEDULE - 9

### CONTRACTUAL EXPENSES

	Current year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
Transportation Charges :		
Coal, Coke	8259.50	6753.42
Sand	22.72	81.32
Others	406.94	81.52
Hire Charges of HEMM	7.67	-
Other Contractual Works	1530.72	1205.12
<b>SUBTOTAL</b>	<b>10227.55</b>	<b>8121.38</b>
Less: Transfer to Development	23.38	88.77
<b>TOTAL</b>	<b>10204.17</b>	<b>8032.61</b>

## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31.3.96

### SCHEDULE - 10

#### REPAIRS

	Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
(A) Township Repair	479.88	405.80
Repair of Hospital, Educ. & Other Welfare Build.	121.31	55.49
Factory & Office Buildings	148.44	142.84
Plant & Machinery	607.99	529.90
Office Equip. & Furnitures	24.64	18.96
Hospital Equipment.	1.82	1.18
Heavy Vehicles	37.68	39.21
Cars & Jeeps	98.63	105.55
Social Facility Vehicles	7.21	7.21
Rehab. Exp. Written off	334.99	273.57
Workshop Job done	1961.30	1089.18
Siding Maint. Charges	48.02	38.75
<b>TOTAL (A)</b>	<b>3871.91</b>	<b>2707.64</b>
(B) Less: Transfer to Social Facilities	610.22	469.65
Other Expenses	96.63	104.25
Development	0.27	67.42
<b>TOTAL (B)</b>	<b>707.12</b>	<b>641.32</b>
<b>TOTAL (A-B)</b>	<b>3164.79</b>	<b>2066.32</b>



## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31.3.96

### SCHEDULE - 11

### SOCIAL FACILITIES

		Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
(A)	Salaries, Wages & Allowances (Contra)	390.75	274.05
	Free issue of Coal to Employees/Gas	314.62	326.18
	Medical Reimbursement	86.96	74.23
	Medicine & Diet Expn.	201.22	189.40
	Grant to Schools & Inst.	130.70	79.10
	Sports, Rec. Grants	34.04	22.04
	Canteen upkeep	1.87	1.53
	Creche Expenses	-	0.05
	Purchase of Water power (Contra)	3.25	8.10
		98.00	87.53
	<b>TOTAL (A)</b>	<b>1261.41</b>	<b>1062.21</b>
(B)	Repair		
	Township Repair (Contra)	479.88	405.35
	Repair of Hospital, School & Wel, Building (Contra)	121.31	55.49
	Hospital Equip. (Contra)	1.82	1.18
	<b>TOTAL (B)</b>	<b>603.01</b>	<b>462.02</b>

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**SCHEDULE - 11**  
**SOCIAL FACILITIES**

Contd . from Prepage

	Current Year (Rs. in Lakhs)	Previous year (Rs. in Lakhs)
(C) Cons. of Stores & Spares for Social Facility Services (Contra)	17.27	24.00
Maintenance of Vehicles :		
Stores & Spares for Social Facility Vehicles (Contra)	15.47	11.75
Repairs of Social Facility Vehicle (Contra)	7.21	7.21
Road Tax	0.70	0.98
Insurance	0.23	0.34
Training Expenses	246.77	27.24
Depreciation	360.35	214.92
Community Development	256.33	167.85
Environment/Ecology Improvement	99.06	55.55
Guest House Expenses	13.63	11.30
Others	81.16	74.43
<b>TOTAL (C)</b>	<b>1098.18</b>	<b>595.57</b>
<b>TOTAL (A+B+C)</b>	<b>2962.60</b>	<b>2119.80</b>
(D) Less: Recoveries		
House Rent	16.47	16.25
Hospital Charges	6.73	4.71
School Bus, Electricity & Water Charges	5.01	4.49
Guest House/Transit Flat	0.29	0.09
<b>TOTAL (D)</b>	<b>28.50</b>	<b>25.54</b>
(E) Less: Transfer to Development	8.42	26.62
<b>TOTAL (E)</b>	<b>8.42</b>	<b>26.62</b>
<b>GRAND TOTAL (A+B+C-D-E)</b>	<b>2925.68</b>	<b>2067.64</b>

## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31.3.96

### SCHEDULE - 12

#### OTHER EXPENDITURE

	Current year (Rs. in Lakhs)	Previous year (Rs. in Lakhs)
Travelling	248.86	228.28
Printing & Stationery	149.67	120.60
Books & periodicals	5.02	7.84
Postage & Telephone	165.25	159.85
Bank Charges	17.91	10.51
Advertisement for Recruitment	0.06	0.15
Tender	101.28	61.23
Others	3.34	3.42
Publicity	7.80	7.35
Freight Charges	48.68	45.84
U.Loading Charges	451.16	139.67
Demurrage	1.52	13.91
Donation & Subscriptions	1.20	9.87
Security Expenses	255.88	171.40
Rescue & Safety	27.54	19.54
Expenses on Meeting	55.02	45.24
Hire Charges		
(i) Computer	24.82	13.70
(ii) Others	121.20	53.73
Maintenance of Cars & Jeeps		
(i) P.O.L.& Spares (Contra)	117.39	150.83
(ii) Repairs (Contra)	96.63	104.25
(iii) Vehicle Tax	23.25	14.99
(iv) Insurance	4.27	3.60
<b>TOTAL</b>	<b>1927.75</b>	<b>1385.80</b>

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**SCHEDULE - 12**  
**OTHER EXPENDITURE**

Contd. from pre-page

	<u>Current Year</u> (Rs. in Lakhs)	<u>Previous Year</u> (Rs. in Lakhs)
Royalty & Cess	24.98	27.86
Insurance	1.17	2.45
Rent, Rates & Taxes	128.06	100.83
Auditors Remuneration : Audit Fee	1.20	0.95
Tax Audit Fee	0.43	
Out of Pocket Expenses	0.60	0.44
In other Capacity	0.31	0.51
Internal Audit Fee	20.74	15.48
Legal Expenses/Consultancy Fee	89.28	91.61
Apex Office Expenses/Financial Charges	600.13	493.69
Loss on Sale/Discard of Assets	85.73	22.99
Office Contingency	14.82	26.12
Others	133.61	130.97
Wealth Tax	0.53	0.40
<b>TOTAL</b>	<b>3029.34</b>	<b>2300.10</b>
Less: Transfer to Development	38.25	80.85
<b>TOTAL</b>	<b>2991.09</b>	<b>2219.25</b>

## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31.3.96

### SCHEDULE - 13

#### INTEREST

	Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
INTEREST :		
On dues to Coal India Ltd, Holding Co.	7767.41	2826.45
On deferred payment	9.39	16.24
Chargeable to Dev.units	83.60	192.54
Others	82.66	53.59
<b>SUB TOTAL</b>	<b>7943.06</b>	<b>3088.82</b>
LESS :		
Interest Capitalised during the year	83.60	192.54
<b>TOTAL</b>	<b>7859.46</b>	<b>2896.28</b>

## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31.3.96

### SCHEDULE - 14 (A)

#### PROVISIONS

	Current year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
Doubtful Debts	508.50	910.00
Obsolescence of Stores	34.24	63.28
Shortage/difference in stores & spares	-	-2.99
Loss of Assets	34.51	65.31
<b>TOTAL</b>	<b>577.25</b>	<b>1035.60</b>

### SCHEDULE - (B)

#### WRITE OFFS

Bad Debt	49.43	-
Preliminary Expenses	8.02	8.02
<b>TOTAL</b>	<b>57.45</b>	<b>8.02</b>

## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31.3.96

### SCHEDULE - 15

#### PRIOR PERIOD ADJUSTMENT

	<u>Current Year</u> <u>(Rs. in Lakhs)</u>	<u>Previous Year</u> <u>(Rs. in Lakhs)</u>
(A) DEBIT		
Consumption of		
Stores & spare parts	-79.60	-
Power & Fuel	43.69	-
Interest	0.07	-19.28
Depreciation	-25.15	35.04
Contractual Expenses	27.65	-
Other expenditure		
i) Demurrage	-0.46	-
ii) Others	69.48	0.37
<b>TOTAL (A)</b>	<b><u>35.68</u></b>	<b><u>16.13</u></b>
(B) CREDIT		
Other Income	-7.08	-
<b>TOTAL (B)</b>	<b><u>-7.08</u></b>	<b><u>-</u></b>
<b>NET TOTAL (A-B)</b>	<b><u>42.76</u></b>	<b><u>16.13</u></b>

## ACCOUNTING POLICY SCHEDULE '0'

### 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 on 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) Interest on advance to employees e.g. House Building, Purchase of Car etc. Demurrage, Liquidated damages/Penalty, Sales of Scrap are provided on realisation /cash basis.
- b) Insurance/Railway claim and escalation claims are accounted for on the basis of admission/ final settlement.
- c) Additional Liability for royalty, Cess etc., if any are accounted for in the year in which final assessment orders are received.

#### 3. GRATUITY :

Till accounting year 1994-95 gratuity was being charged on "Cash-cum-Retirement" basis. Actuarial valuation of gratuity liability

has been calculated as on 31.3.96. It has been decided by the Management that liability for gratuity as per actuarial valuation as on 31.3.95 is to be deferred and charged in five equal yearly installments commencing from 1995-96. The incremental liability for gratuity on actuarial valuation basis for the year 1995-96 onwards is to be charged in the current year's accounts in full.

#### 4. SUBSIDY GRANTS

4.1 Subsidy/Grants received on Capital Account are deducted from the cost of respective Assets to which they relate.

4.2 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 half year.

#### 5. FIXED ASSETS

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

#### 5.1 BUILDING

Building includes roads and culverts situated in colliery and township as well as cost of electrical fittings, water supply arrangements and sanitary fittings.



## 5.2 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.

## 5.3 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".

## 5.4 Development

Expenses net of the income of the projects/Mines under development including proportionate interest capitalised are booked to development account.

Project/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.

5.5 Installation expenses wherever done departmently are not capitalised.

## 6. DEPRECIATION

6.1 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 on 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 the addition and the same are withdrawn from the Block in the following 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 put into use.

## 7. INVENTORIES

7.1 Stock of Stores & Spare parts are valued at Weighted Average Cost. Work in progress, workshop jobs are valued at cost.

7.2 Imported spares and related custom duty thereon are accounted for on the basis of debit advice received from Coal India Limited.

- 7.3 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  $\pm 5\%$  and in case the variance is beyond 5%, the measured stock is taken for the purpose of Closing Stock.
- 7.4 Stock Coal and Coke (if applicable) is valued at lower of declared grade selling price or net realisable value, based on actual realisable value on the despatches of coal during the last quarter of the year and after adjusting provision for deterioration @ 10% of the value of coal stock as at the close of 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.
- 7.5 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.
- 7.6 Stock of medicines and stationery are not considered for the purpose of inventory valuation, the expenses on this account are charged to Revenue.
- 8. PRIOR PERIOD ADJUSTMENT/EXTRA ORDINARY ITEMS**
- 8.1 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.

**9. OVERBURDEN REMOVAL EXPENSES**

- 9.1 In accordance with company's policy, the overburden removal expenses in respect of Open Cast 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:TS26 dated.10.01.94 is indicated below :

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

**10. APEX OFFICE CHARGES & INTEREST**

- 10.1 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.
- 10.2 Interest from Coal India Ltd., are accounted for as per apportionment made and advised by Coal India Ltd., and allocated to the units on the basis of Gross Fixed Assets at the beginning of the year.

**11. FOREIGN CURRENCY TRANSACTIONS**

- 11.1 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.

**12. REVENUE RECOGNITION**

- 12.1 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.

**13. DEFERRED REVENUE EXPENDITURE**

- 13.1 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.

**14. LAND RECLAMATION**

- 14.1 Land reclamation expenses is charged to profit & Loss Account when incurred.

**15. INVESTMENT :**

- 15.1 INVESTMENT ARE VALUED AT COST.**

## SCHEDULE "P" NOTES ON ACCOUNTS

### 1. CONTINGENT LIABILITIES .

Claims against the Company not acknowledged as debts :

(Rs. in Lakhs)

	1995-96	1994-95
a) Suits against MCL	362.03	1963.96
b) Sales Tax & Levies	1634.52	564.92
c) Road Tax for HEMM & others	1569.14	1417.53

### 2. CAPITAL COMMITMENTS

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

(Rs. in Lakhs)

	1995-96	1994-95
Capital Commitment	10249.97	5814.36

### 3.1 FIXED ASSETS

3.2 Land includes lease hold land 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 have been carried out in the current year.

3.7 Payment to Railway authorities for construction of siding have been shown under Capital Work-in-Progress, pending completion of the siding for intended use.

3.8 Capital Work-in-Progress in the Fixed Assets Schedule includes Plant & Machinery in stores, Plant & Machinery in transit prospecting & Boaring and Development Expenditure for non revenue mines and advances for acquisition of land, plant & machinery and railway siding.

### 3.9 Development Expenditure

i) During the year interest amounting to Rs. 83.60 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 where the variation between Book Stock and physically measured stock is within  $\pm 5\%$ .
- 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.

- iii) Provision for Deterioration of coal has been made @10% of Coal Stock at the close of the year which is in variance with the Accounting Policy followed earlier. This has the effect of increase in profit to the extent of Rs. 546.05 lakhs (previous year nil).

**5. SUNDRY DEBTORS**

- 5.1 Sundry Debtors have been reduced by Rs. 292.65 lakhs. Adhoc amount received from customers, are under reconciliation. The provision of Rs. 8739.00 lakhs up to 31.3.96 including provision of Rs. 508.50 lakhs made during the year against Bad & Doubtful debts in considered adequate and is in conformity with the usual practice uniformly followed by the Company.

**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, Books Debts and Movable Assets of the Company which was not availed of during the year.

**8. CURRENT LIABILITIES/PROVISIONS**

- 8.1 Deduction 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.1.4.1989 amounting to Rs. 972.51 lakhs (inclusive of interest) has been kept separately, under other liabilities pending 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 at 31.3.96 have not been obtained in all cases.
- 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   | 11.5 | Sales Tax demand for Rs. 2039.53 lakhs made on the Company has been disputed and not provided for. However a sum of Rs. 450.21 lakhs has been paid under protest.  |
| 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.                             | 11.6 | Till the Accounting year 1994-95 gratuity was being charged on "Cash-Cum-Retirement" basis. Actuarial valuation of gratuity liability has been calculated as on 31.3.96. As per actuarial valuation the liability of gratuity upto 31.3.95 and upto 31.3.96 are Rs. 1951.00 lakhs and Rs. 2374.00 lakhs respectively. It has been decided by the Management to account for the incremental liability for 1995-96 by charging Rs. 423.00 lakhs in full and defer the past period liability of Rs. 1951.00 lakhs over 5 years. Thus the total amount of Rs. 813.00 lakhs being the sum total of Rs. 423.00 lakhs towards the incremental liability for the year and Rs. 390.00 lakhs (1/5th of Rs. 1951.00 lakhs). accruing- upto 31.3.95 have |
- 11. OTHERS .**
- 11.1 Contribution on Account of Coal Price Regulation Account. The Govt. of India vide its Notification No.So-260(E) dtd. 29.3.96 has fixed Rs. 197.00 per MT as retention price for the financial year 1995-96. In pursuance of this notification, a sum of Rs. 31131.21 lakhs in respect of raw coal 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.)
- 11.2 Interest/penalty received from Debtors on delayed payments are accounted for on cash basis.
- 11.3 Current year expenses includes Rs. 2458.71 lakhs towards arrear NCWA(V) to employees and Rs. 841.05 lakhs towards Interim Relief to Executives aggregating to Rs. 3299.76 lakhs charged to the Profit and Loss Account of the current year in their respective heads of expenses.
- 11.4 The Orissa Government has claimed Road tax amounting to Rs. 1307.27 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. However, a sum of Rs. 331.50 lakhs has been paid under protest.

been charged to profit and loss account for the year 1995-96. This has reduced the current year's profit by Rs. 648.51 lakhs.

### 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. are charged as per Company's rules applicable to the Executives.

	(Rs. in Lakhs)	
	1995-96	1994-95
Salary	3.36	2.57
PF	0.34	0.24
Medical Exp.	0.46	0.24
Travelling Exp.	15.51	10.82
<b>Total :</b>	<b>19.67</b>	<b>13.87</b>

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, 1996.

#### i) Coal

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

11.9 Value of Imports Calculated on CIF basis.

	(Rs. in Lakhs)	
	1995-96	1994-95
Stores & Spares	Nil	173.23
Capital Goods	917.13	Nil
Expn. on Foreign Currency		
i) Travelling	Nil	Nil
ii) Know-how & Consultancy	Nil	Nil

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

	1995-96		1994-95	
	Value (L.Rs.)	%age	Value (L.Rs.)	%age
Raw Materials				
Imported	Nil	Nil	Nil	Nil
Indigenous	Nil	Nil	Nil	Nil
Stores & Spares				
Imported	Nil	Nil	272.32	2.26%
Indigenous	13995.38	100%	11771.24	97.74%

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

	1995-96		1994-95	
	Qty (L.MT)	Value (Cr.Rs.)	Qty (L.MT)	Value (Cr.Rs.)
Open Stock :				
a) Rev.Mines	51.44	133.47	43.91	114.49
b) Dev.Mines	-	-	4.40	10.43
<b>Total:</b>	<b>51.44</b>	<b>133.47</b>	<b>48.31</b>	<b>124.92</b>
Production :				
a) Rev.Mines	327.01	946.73	264.84	750.18
b) Dev.Mines	Nil	Nil	8.40	21.73
<b>Total:</b>	<b>327.01</b>	<b>946.73</b>	<b>273.24</b>	<b>771.91</b>
Sales (Excl.Levies) :				
a) Rev.Mines.	343.46	987.94	262.78	741.92
b) Dev.Mines.	-	-	6.42	16.96
<b>Total:</b>	<b>343.46</b>	<b>987.94</b>	<b>269.20</b>	<b>758.88</b>
Own Consumption :	0.89	4.19	0.95	4.47
Closing Stock :				
a) Rev.Mines	34.10	88.06	48.11	125.26
b) Dev.Mines	Nil	Nil	3.33	8.21
<b>Total:</b>	<b>34.10</b>	<b>88.06</b>	<b>51.44</b>	<b>133.47</b>

13. No provision has been made towards Income-Tax as the Company doesn't have any liability during the Assessment year 1996-97 (Previous year 1995-96)

14. The Accounts for the year 1995-96 with Notes on Accounts approved by the Board of Directors on 13th July'96 and reported upon by the Statutory

Auditors on 15.0796 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 Account and Balance Sheet:

(Rs. in lakhs)

Decrease in :		
1. Net profit after adjustment of P.P.Account		-116.41
Represented by :		
Increase in :		
1. Gross Block	1963.37	
2. Less:Depcn.	26.83	+1936.54
Decrease in :		
1. Capital W.I.P.	1997.88	
2. Inventory of Stores	25.00	
3. Other Current Asset	30.07	-2052.95
		-116.41

Apart from above, Accounting policy No.3 and 4.2 (Sch.'0') have been modified.

Note No.11.6 and 11.7 in Notes on Accounts (Sch.'P') have also been modified/corrected.

15. The Board of Directors, have proposed a dividend of Rs. 2000.02 lakhs (previous year Nil) for the year 1995-96 being 20% of the paid up Equity share Capital to be paid to Coal India Limited, the Holding Company. This has the effect of decrease in Reserves & Surplus (Sch.'C') and increase in the Current Liabilities and provisions (Sch.'M').

16. Previous year's figures have been rearranged/regrouped wherever considered necessary.

17. All the Schedules A to N & 1 to 15 and the Accounting policies (Sch.0) and Notes on Accounts (Sch.P) form integral part of Accounts.

**S.C. Behera**  
Company Secretary

**J. Roy**  
General Manager(F)

**Mayukha Sen Gupta**  
Cheif 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)

Date : The 16th Day of August 1996.



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

**AUDITORS' REPORT**

To The members of Mahanadi Coalfields Ltd. Anand Vihar, UCE, Burla, Sambalpur.	(Rs.in lakhs)										
	<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">a) Increase in provision for loss of Assets</td> <td style="text-align: right;">34.51</td> </tr> <tr> <td>b) Increase in Provision for Obsolescence Stores</td> <td style="text-align: right;">25.00</td> </tr> <tr> <td>c) Decrease in Other Income</td> <td style="text-align: right;">30.07</td> </tr> <tr> <td>d) Increase in Prov. for Depreciation.</td> <td style="text-align: right;">26.83</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 1px solid black;"><b>116.41</b></td> </tr> </table>	a) Increase in provision for loss of Assets	34.51	b) Increase in Provision for Obsolescence Stores	25.00	c) Decrease in Other Income	30.07	d) Increase in Prov. for Depreciation.	26.83		<b>116.41</b>
a) Increase in provision for loss of Assets	34.51										
b) Increase in Provision for Obsolescence Stores	25.00										
c) Decrease in Other Income	30.07										
d) Increase in Prov. for Depreciation.	26.83										
	<b>116.41</b>										

1. We have audited the attached Balance Sheet of Mahanadi Coalfields Limited as at 31, March, 1996 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 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 13.7.96 and reported thereon by us on 15.7.96 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. 116.41 lakhs comprising of:

Also our Report No. 6 (iii) of Annexure - 'A' has undergone revision as a result.

4. 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 Annex-B a statement on the matters specified in paragraph 4 & 5 of the said order.

5. 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 Sch-0 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.

- 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-0 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 1996 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 : 16th AUGUST, 1996

For **K.C.SAMAL & CO.**  
CHARTERED ACCOUNTANTS

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

**ANNEXURE - A**  
**REFERRED TO IN OUR REPORT ON THE ACCOUNT OF**  
**MAHANADI COALFIELDS LTD., FOR THE YEAR ENDED**  
**31st MARCH 1996**

**AUDITORS' REPORT****MANAGEMENTS 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 fact. 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 land and mining right were not fully available for all the units 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 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 Govt. of Orissa to this Company after its formation have been effected on the basis of notification issued by the Orissa 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 former order of the Govt. is issued separately vesting these lands in company.

- iii) The Fixed Assets of Plant & Machineries, Buildings, furnitures have been physically verified by practicing Accountants Firms and found some discrepancies between physical balance and Fixed Assets record balance and also some differences found in depreciation charged to account and actual depreciation calculated by them, which have not yet been reconciled with the Fixed Assets Register for due adjustment in the accounts.
- Reconciliation of physical verification statement and Asset Register/Plant Card is in progress wherever the same has not been done. Difference found in depreciation charged to account and actual depreciation calculated by practicing Accounts Firms is under reconciliation and necessary adjustment in the accounts will be carried out as called for in the accounts of 1996-97.
- iv) The work in progress in schedule 'F' where company has included capital advance for plant & Machineries for Rs. 1333.71 lakhs, Rly. siding advance for Rs. 180.79 lakhs & land advance for Rs. 2295.36 lakhs totalling Rs. 3809.86 lakhs.
- The grouping has been done in accordance with the uniform policy on presentation of accounts as laid down by Coal India Limited.

## 2. INVENTORIES

- i) The stock of stores & spares have been physically verified at different dates in different stores during 1995-96.
- No comments
- ii) In respect of Jagannath Area, out of total non-moving stores of Rs. 3,06,46,473/- upto the year 1994-95 a 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. In the current year a provision of 34.24 lakhs has been taken by the management for Jagannath, Ib Valley, Orient & Talcher Areas.
- Obsolete Stores & Spares have been identified and provided for in the accounts for the year 1995-96 as considered necessary.

### 3. STOCK OF COAL

- |  |  |
|--|--|
| <p>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 on 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.</p> | <p>Valuation of closing stock has been made at lower of declared grade selling prices as at 31st March, 1996 or net realisation made in the last quarter of the year after providing for rehandling charges, wherever applicable. The method of valuation of closing stock is consistently followed.</p>                                 |
| <p>ii) There has been change in Accounting Policy for providing for provision for deterioration of Coal. Previously provision was taken @1.5% of the sale value of production whereas now it has been taken at 10% of Closing Stock at the year end. As a result there has been an increase in profit to the extent of Rs. 546.05 lakhs.</p>                           | <p>The provision for deterioration of coal has been made @10% of Coal Stock at the close of the year against 1.5% of value of production of coal of revenue mines which is in variance with the accounting Policy followed earlier. This has the effect of increase in profit to the extent of Rs. 546.05 lakhs (Previous year nil).</p> |

### 4. SUNDRY DEBTORS

- |  |                    |
|--|--------------------|
| <p>i) The year end confirmation of debtors' balance are not obtained,</p>  | <p>No comments</p> |
| <p>ii) The Company during the current year has adjusted grade slippage for an amount of Rs. 7.45 crores by reducing sales as well as Sundry Debtors account for 3(three) customers Viz. WBDCL, RSP &amp; BSP and the balance adjustable grade slippage amount have been provided under Bad &amp; Doubtful debt. Provision for disputed bills under negotiation and outstanding against full bills have been made as per policy of the company.</p> | <p>No comments</p> |

**5. LOANS & ADVANCES :**

- i) No balance confirmation has been obtained for Loans & Advances made by the Company as on 31.3.96. No comments.
- ii) The credit balance of Loans & Advances have been shown after netting of the same in some cases only. No comments.
- iii) In some cases 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 in the Balance Sheet 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 under the hand "Advance & Deposits" have been reduced. The scrutiny of current advances is in progress simultaneously. However, provi. carried in the accounts is considered to be adequate.
- iv) Advances to employees on 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 been obtained as on 31.3.96. List of deposit from customers are not made available in some areas. 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) The Company has changed the accounting treatment for Gratuity from Cash basis to Mercantile basis. Accordingly actuarial valuation of Gratuity liability was done as on 31.3.96. The liability in this account upto 31.3.95 and 31.3.96 has been valued at Rs. 1951.00 lakhs and Rs. 2374.00 lakhs respectively. It has been decided by the Management to account for the incremental liability for 1995-96 by charging Rs. 423.00 lakhs in full and defer the past period liability of Rs. 1951.00 lakhs over five years. Thus the total amount of Rs. 813.00 lakhs being the sum total of Rs. 423.00 lakhs for the year and Rs. 390.00 lakhs being 1/5th of Rs. 1951.00 lakhs accruing upto 31.3.95 have been charged to Profit & Loss Account for the 1995-96. Thus the Accounting Standard 15 has not been followed in its entirety. The additional impact on profitability (Reduction in Current Year's Profit) of the Company for the year on this account has been to the tune of Rs. 648.51 lakhs. Because of non-provisioning of 4/5th of the Gratuity Liability of the past years, amounting to Rs. 1561.00 lakhs, profit for the year has been overstated to that extent.
- Till accounting year 1994-95 gratuity was being charged on "Cash-cum-Retirement" basis. Actuarial valuation of gratuity liability has been calculated as on 31.3.96. It has been decided by the Management that liability for gratuity as per actuarial valuation as on 31.3.96 is to be deferred and charged in five equal yearly installments commencing from 1995-96. The incremental liability for gratuity on actuarial valuation basis for the year 1995-96 onwards is to be charged in the current year's accounts in full.

## 7. MISCELLANEOUS

- i) Contribution to C.P.R.A has been made on the basis of despatches from the Revenue Mines. 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.

- |   |   |
|---|---|
| <p>ii) The disputed demand of sales tax for Rs. 2039.53 lakhs has not been provided in the account. However, a sum of Rs. 450.21 lakhs has been paid under protest.</p>   | <p>The disputed demand of Sales Tax for Rs. 1634.52 lakhs has been revealed/disclosed in the Notes on Accounts.</p>   |
| <p>iii) The balance confirmation from holding company and other subsidiaries have not been obtained as on 31.3.96. However, reconciliation of accounts have taken place at the year end.</p>  | <p>The year end reconciliation of balances are jointly certified by the representatives of the respective companies.</p>  |
| <p>iv) The disputed demand of Road Tax by Orissa Government of Rs. 1307.27 lakhs under motor vehicle act on HEMM Dumper for the year 1987-88 have not been provided for in the accounts. But a sum of Rs. 331.50 lakhs has been paid under protest.</p>   | <p>Against the orders of Orissa High Court two SLPs one in respect of IB Valley and the other in respect of Jagannath have been filed on 30.7.96 and subjudice in the Hon'ble Supreme Court of India.</p> |
| <p>v) In the share application money of Rs. 63.21 lakhs was erroneously shown in the year 1993-94. Now the Company has transferred the said amount to the CIL Loan Account.</p>   | <p>No comments</p>  |
| <p>vi) the company has collected OREEP Tax of Rs. 53.86 crores from its customers from 31.07.93 and deposited Rs. 0.28 crores to State Govt. But Hon'ble Supreme Court gave an interim order to the effect dt.9.12.94 that no OREEP Tax is to be charged and again Hon'ble Supreme Court gave order dt.21.4.95 to refund the amount to the customers. As a result company has refunded/adjusted Rs. 4.34 crores. Again as per order of Hon'ble Supreme Court dt.11.8.95 the company deposited an amount of Rs. 49.25 crores with the Supreme Court. As a result no balance appears in the Company's books of account.</p> | <p>No comments</p>  |



- |  |  |
|--|--|
| <p>vii) Reconciliation of balances lying as on 31.3.96 in the credit of Royalty, O.S.T., C.S.T. and Stowing Excise Duty, Rescue Cess, CMLW Cess and Central Excise duty have not been done expect for current year's transaction. There is unreconciled amount of past years which should be adjusted with due reconciliation.</p> | <p>Reconciliation is in progress and necessary adjustment will be carried on thereafter.</p>   |
| <p>viii) No effects have been given in the account for the reduction in exchange rate as informed by CIL on deferred payment liabilities, fixed asset value and depreciation on the four Draglines working at Ib Valley &amp; Jagannath Area.</p>  | <p>No effects have been given in the account for the reduction in the account for the reduction in exchange rate as the information furnished by Coal India Limited was provisional and not a confirmed one.</p> |

**8. PROFIT & LOSS ACCOUNT**

- |   |                     |
|---|---------------------|
| <p>i) Depreciation has been charged during the year on all depreciable assets at the rate specified in Schedule-XIV to the companies Act, 1956.</p>   | <p>No comments.</p> |
| <p>ii) No Income Tax provision has been made in the Profit &amp; Loss Account of the Company. As informed to us by the company, the company is not liable for income tax during the year.</p> | <p>No comments.</p> |

**9. PRIOR PERIOD ADJUSTMENT ACCOUNT**

- |  |                     |
|--|---------------------|
| <p>i) The Company has made Prior Period Adjustment debiting Profit &amp; Loss Account to the tune of Rs. 42.76 lakhs after netting off credit items relating to prior periods.</p> | <p>No comments.</p> |
|--|---------------------|

For **K.C. Samal & CO.**  
**CHARTERED ACCOUNTANTS.**

(**K.C.Samal, B.Com.,FCA**)

PLACE : **SAMBALPUR**  
 DATED : **16th AUGUST,1996.**

## ANNEXURE - B

### AUDITORS' REPORT

1.1 Fixed Assets Register/plant Cards have been properly maintained showing full particulars & quantitative details. Situation of fixed assets are by and large properly recorded. Further in a few cases location of plant & machinery are yet to be recorded. Full details about land have not been maintained.

1.2 The Company has conducted Physical verification of Assets including land & building, plant & machineries etc., by practicing Accountants Firms.

The discrepancies exists between physical and book balance of Assets and also the depreciation as calculated by firms differ from the actual amount charged to the account by the company has not yet been adjusted in the books of account.

2. None of the assets have been revalued during the year.

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.

The stock of stores & spares have been physically verified by the practicing Accountants' Firms at different times in different areas during 1995-96.

### MANAGEMENTS REPLY

Location of Plant & Machinery in the Fixed Assets Register wherever missing has since been incorporated.

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

The discrepancies in charging of Depreciation as pointed out by practicing Accounts Firm have been under reconciliation and necessary adjustment as called for will be carried in the accounts of 1996-97

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

a) Stock of Coal :

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

b) Stock of Stores & Spares :

The stock of stores & spares have been verified by firm(s) of independent Chartered Accountant/Cost Accountant. The discrepancies are under reconciliation.

- 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.
- In our opinion the verification of stores & spares should be conducted more frequently to be effective.
- 3.3 Shortage/excess found on Physical Verification of coal within  $\pm 5\%$  tolerance compared to book records have been ignored in the books of accounts. Discrepancies arising out of Physical Verification of stores & spares so far carried out has not been adjusted in the books of account.
- 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 principle.
- The rate of provision for deterioration of coal have been changed from 1.5% of sale value of production to 10% of closing stock value since the current year. The change in the valuation has resulted in the increase in profit to the extent of Rs. 546.05 lakhs.
- a) Stock of Coal :
- The Management has no comments to offer as it is a statement of fact.
- Noted.
- a) Stock of Coal :
- Production and Physical stock of coal is measured by volumetric measurement whereas despatches as such variation upto  $\pm 5\%$  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 year, 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 Government 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. Further, 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 provision for deterioration of coal has been made @10% of Coal Stock at the close of the year against 1.5% of value of production of coal of revenue mines which is in variance with the accounting Policy followed earlier. This has the effect of increase in profit to the extent of Rs. 546.05 lakhs (Previous year nil)

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 under 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 on the basis of debit/credit notes issued by the holding company. In absence of information about the rate of interest and other terms and conditions of such loans, we are unable to comment whether or not these are prejudicial to the interest of the company.
- The interest is allocated by Coal India Limited on the basis of investment made by in the subsidiary 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.(IB) of Sec. 307 of Companies Act, 1956, except incase of routine transactions with sister subsidiary companies.
- The Management has no comments to offer as it is a statement of facts.
6. The company has given loans & advances in the nature loans to its employees and the same are generally recovered as per stipulations.
- The Management has no comments to offer as it is a statement of facts.
- 6.1 In the case of loans & advances 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 fully good or doubtful.
- Subsidiary records have been prepared in all the Areas/Offices and reconciliation thereof with control accounts is in progress.

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. The Management has no comments to offer as it is a statement of facts.
8. We have been given to understand that there are no transaction with the parties entered in the register maintained under Sec.301 of Companies Act 1956, aggregating to Rs. 50,000/- or more in respects of each party during the year, for purchase of goods and materials and sale of good/materials and services. The Management has no comments to offer as it is a statement of facts.
9. As Physical verification have not been carried out as on 31.3.96 we are unable to comment about quantum of damaged/unserviceable/slow/non-moving stores & spares as on 31.3.96. As a result we are unable to quantify unserviceable and/or damaged store and spares. Obsolete Stores & Spares have been identified and provided for in the accounts for the year 1995-96 as considered necessary.
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. The Management has no comments to offer as it is a statement of facts.
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. The Management has no comments to offer as it is a statement of facts.

- |     |  |   |
|-----|--|---|
| 12. | The company has an Internal Audit Department which is not commensurate with size and nature of its business of the company. The Holding Company i.e. Coal India Ltd., generally appoints firms of Chartered Accountants/ Cost Accountants as Internal Auditors for different areas of the Company. The Company appoints auditors for checking of Wages, Stores, Sales and Physical Verification of Fixed Assets. The Internal Audit Report is completed upto 31.3.96 of IB Valley & Orient Area, upto Sept'95 for kalinga, Talcher & Jagannath Area. The Physical Verification of Assets reports has been completed for all the Areas. But the Company is yet to take full action on Internal Audit Report. In our opinion the Internal Audit should more intensive to be effective. | Follow-up actions on Internal Audit Reports are under progress and will be completed shortly. |
| 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 to 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. The Company is not sick industrial company within the meaning of Clause (0) of Sub-sec(I) of Sec.3 of the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986). Hence no reference has been made to the Board for Industrial and Financial Reconstruction under Sec.15 of that Act. No comments.
18. It appeared 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.  
CHARTERED ACCOUNTANTS

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

PLACE : SAMBALPUR  
DATED : 16th AUGUST,1996.

**INFORMATION AS REQUIRED BY PART - IV OF SCHEDULE VI TO THE  
COMPANIES ACT. 1956**

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

**I. Registration Details**

Registration No. 

1	5	-	0	3	0	3	8
---	---	---	---	---	---	---	---

 of 92-93 State Code 15

Balance Sheet 

3	1
---	---

0	3
---	---

9	6
---	---

  
Date Date Month year

**II. Capital Raised during the year (Amount in Rs.Thousands)**

Public Issue 

					N	I	L
--	--	--	--	--	---	---	---

 Rights Issue 

					N	I	L
--	--	--	--	--	---	---	---

Bonus Issue 

					N	I	L
--	--	--	--	--	---	---	---

 Private Placement 

					N	I	L
--	--	--	--	--	---	---	---

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

Sources of Funds  
Total Liabilities 

		1	3	1	3	7	3	7	1
--	--	---	---	---	---	---	---	---	---

 Total Assets 

		1	3	1	3	7	3	7	1
--	--	---	---	---	---	---	---	---	---

Application of Funds  
Paid-up Capital 

		1	0	0	0	0	0	9
--	--	---	---	---	---	---	---	---

 Reserve & Surplus 

		1	3	7	7	6	5	9
--	--	---	---	---	---	---	---	---

  
Secured Loans 

						N	I	L
--	--	--	--	--	--	---	---	---

 Unsecured Loans 

		7	9	9	4	2	9	9
--	--	---	---	---	---	---	---	---

Net Fixed Assets 

		9	2	8	8	7	5	3
--	--	---	---	---	---	---	---	---

 Investments 

								4
--	--	--	--	--	--	--	--	---

  
Net Current Assets 

		8	0	4	5	3	2
--	--	---	---	---	---	---	---

 Mics. Expenditure 

		2	7	8	6	7	8
--	--	---	---	---	---	---	---

  
Accumulated Losses  
NIL



IV. Performance of Company (Amount in Rs.Thousands)

Turnover (Net)

9879429

+ - Profit/Loss Before Tax

+ 247551

Total Expenditure

9631878

+ - Profit/Loss After Tax

+ 247551

Earning Per Share in Rs.

247.55

Dividend rate %

20

V. Generic Name of the only Product/Service of Company

Item Code No. (ITC Code)

270112.00

Product Description

BITUMINOUS COAL