

ANNUAL REPORT

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Achieving Milestones



MAHANADI COALFIELDS LIMITED

**ANNUAL REPORT & ACCOUNTS
1997-98**



MAHANADI COALFIELDS LIMITED

(A Subsidiary of Coal India Limited)

JAGRITI VIHAR, P.O.UCE, BURLA
SAMBALPUR 768 018 (ORISSA)

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MANAGEMENT DURING 1997 – 98

CHAIRMAN-CUM-MANAGING DIRECTOR

: Shri A. R. Sharma
(upto 30.11.97)

Shri S. N. Sharma
(w.e.f. 30.11.97 A/N)

FUNCTIONAL DIRECTORS

: Shri S. N. Sharma Director (Technical)
(upto 30.11.97)

Shri G. K. Choudhary, Director (Personnel)
(w.e.f. 15.1.98)

PART TIME DIRECTORS

: Shri P. K. Sengupta, Chairman, CIL, Calcutta
(upto 27.11.97)

Shri A. K. Sahay, Director (Technical),
CIL, Calcutta

Shri A. Chatterjee, Director (Finance),
CIL, Calcutta

Shri Premanand Das, Director,
Ministry of Coal, New Delhi

COMPANY SECRETARY

: Shri S. C. Behera

PRESENT MANAGEMENT

- CHAIRMAN-CUM-MANAGING DIRECTOR** : Shri S. N. Sharma
- FUNCTIONAL DIRECTORS** : Shri G. K. Choudhary,
Director (Personnel)
- Shri Mayukha Sengupta,
Director (Finance) (w.e.f. 20.7.98)
- Shri B. P. Singh, Director (Technical),
(w.e.f. 21.7.98)
- PART-TIME DIRECTORS** : Shri A. K. Sahay, CMD, BCCL
Dhanbad (upto 29.7.98)
- Shri A. Chatterjee, Director (Finance),
CIL, Calcutta
- Shri Premanand Das, Director,
Ministry of Coal, New Delhi
- Shri N. K. Sharma, Director (Technical),
CIL, Calcutta (w.e.f. 20.7.98)
- COMPANY SECRETARY** : S. C. Behera

Bankers

State Bank of India, UCO Bank, Canara Bank, Punjab National Bank,
Indian Overseas Bank, United Bank of India, Union Bank of India.

Auditors

M/s K. L. Banerjee & Co.
Chartered Accountants, Calcutta.

Branch Auditors

M/s Bhasin Hota & Co.
Chartered Accountants, Bhubaneswar.

Registered Office

Jagriti Vihar, P. O. UCE, Burla
Sambalpur - 768018, Orissa.

NOTICE

SIXTH ANNUAL GENERAL MEETING

Notice is hereby given that the Sixth Annual General Meeting of Mahanadi Coalfields Limited will be held at 11.00 AM on Saturday the 12th September, 1998 at the registered Office of the Company, Jagriti Vihar, P. O. : UCE, Burla, Sambalpur to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited accounts for the year ended 31st March, 1998, Report of the Auditors thereon and Directors' Report.
2. To declare Dividend.
3. To appoint a Director in place of Shri A. Chatterjee, 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 N. K. Sharma, who retires in terms of Article 34 (e) (iii) of the Articles of Association of the Company and is eligible for re-appointment.
5. To appoint a Director in place of Shri Premanand Das, who retires in terms of Article 34 e (iii) of the Articles of Association of the Company and is eligible for re-appointment.

SPECIAL BUSINESS

To consider, and if thought fit, pass with or without modification(s) the following resolutions as Special Resolutions.

Resolution No. 1

"RESOLVED THAT Article 37 (b) (i) of the Articles of Association of Mahanadi Coalfields Ltd. be and is hereby amended to read as under :

Board of Directors

Powers of Chairman

Article 37 (b) Without prejudice to the generality of the above provision, the Board shall reserve for the decision of the President/CIL any matter relating to :

- (i) Any programme of capital expenditure for an amount exceeding Rs. 50 crores in cases which do not form part of sanctioned estimates, provided that within any financial year the funds required will be found within the budget allocation for the project and provided also that the expenditure on such project in subsequent years would be the first call on the respective budget allocation; provided further that in cases where the Detailed Project Reports have been prepared with estimates of different component parts of the projects and where such reports have been approved by the President or CIL, it shall not be necessary for the Board to obtain the President's or CIL's sanction to incurrence of capital expenditure and the Board of Directors shall have the power to sanction the same, subject to the provision in the sanctioned estimates for each component part and

the limit of Rs. 50 crores shall not apply. Provided further that the project should be included in the approved Five year and Annual plans and outlays provided for and the required funds can be found from the internal resources of the Company and the expenditure is incurred on schemes included in the Capital Budget approved by the Government. Provided further that in cases of variations in approved estimates which are not more than 10% or such higher percentage as may be fixed by CIL from time to time for any particular part the Board of Directors shall be competent to proceed with the work without further reference to the President/CIL provided there is no substantial variation in the scope of the project."

Resolution No. 2

"RESOLVED FUTHER THAT the Article 48 (18) (ii) of the Articles of Association of Mahanadi Coalfields Ltd. be and is hereby amended to read as under :

Specific Powers of Directors

Article 48 – Subject to the provisions of the Act and without prejudice to the general powers conferred by the Act and the other powers conferred by these Articles, the Board of Directors shall have the following powers, that is to say powers :

18 (ii) To authorise the undertaking of works of a capital nature, not covered by Clause (i) above, if required to be taken up in advance of the preparation of a Detailed Project Report or otherwise as individual works, whether as part of existing or new schemes, not exceeding Rs. 50 crores provided that :

- (a) The funds required will be found within the budget allocation for the Company for that financial year;
- (b) The expenditure on such works in subsequent years will be the first call on the respective allocations.
- (c) The project should be included in the approved Five Year and Annual Plans and outlays provided for; and
- (d) The required funds can be found from the internal resources of the company and the expenditure is incurred on schemes included in the capital budget approved by the government."

By order of the Board of Directors

For Mahanadi Coalfields Limited

S. C. Behera
Company Secretary

REGISTERED OFFICE

Jagriti Vihar, P. O. : UCE, Burla, Sambalpur - 768018

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.
2. The Shareholders are requested to give their consent for calling the Annual General Meeting at a shorter notice pursuant to the Provisions under Section 171 (2) (i) of the Companies Act, 1956.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT 1956

With a view to giving greater autonomy to Public Sector Enterprises the Government had revised the powers delegated to the Boards of Public Enterprises to sanction capital outlay in their respective enterprises without prior Government approval.

Accordingly, CIL in its 171st meeting held on 29th December, 1997 has raised the Board's power of MCL to sanction expenditure without prior approval of the Government to Rs. 50 crores for which the limit of "Rs. 20 crores" appearing at Article 37 (b) (i) and 48 (18) (ii) in the Articles of Association of Mahanadi Coalfields Limited is to be amended and be substituted by "Rs. 50 crores". This amendment of Articles of Association of Mahanadi Coalfields Ltd. can be made as per the provisions of Section 31 of Companies Act 1956 by passing a Special Resolution in a general meeting of the shareholders.

The above referred letter of Company Secretary, CIL, Memorandum and Articles of Association of Mahanadi Coalfields Limited etc. can be inspected at the registered office of the company on any working day during the office hour. These will be available at the meeting also.

None of the Directors are interested or concerned in the Resolution.

By order of the Board of Directors

For Mahanadi Coalfields Limited

S. C. Behera
Company Secretary

DIRECTOR'S REPORT

To

The Shareholders,
Mahanadi Coalfields Limited

Gentlemen,

Your directors have pleasure in presenting the 6th Annual Report on the operations of your Company for the year 1997-98.

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.

2. ORGANISATION OF AREAS/MINES

2.1 Your company has at present 22 mines situated in the state of Orissa. For effective administrative control and operational activity, the mines are grouped into 8 Areas viz : Talcher, Jagannath, Kalinga, Hingula, Lingaraj, Ib Valley, Orient and Basundhara.

3. HIGHLIGHTS OF THE YEAR

3.1 Performance

	1997-98	1996-97
(a) Coal production (MT)	42.173	37.367
(b) Overall productivity (OMS)	7.590	6.850
(c) Despatches (MT)	43.216	37.220
(d) Offtake (MT)	43.284	37.292
(e) Wagon Loading (FWWs/day)3352		3001
	(Rs. in Crs.)	
(f) Gross Margin	787.39	490.44
Less		
Depreciation	89.50	78.59
Interest	43.78	85.20
Profit before tax	654.11	326.65
Provision for income tax	237.37	93.00
Proposed Dividend	173.64	100.00
Retained profit	243.10	133.65
(g) Welfare Expenditure	43.50	35.46

4. PRODUCTION PERFORMANCE

4.1 Production Performance vis-a-vis Target

Unit	1997 - 98		1996-97	% Growth Over Previous Year
	Target	Actual	Actual	
O/C Coal (MT)	37.600	40.369	35.555	13.54
U/G Coal (MT)	1.900	1.803	1.811	-0.44
Total Coal (MT)	39.500	42.173	37.366	12.86
OBR (M. Cum.)	39.400	39.406	34.538	14.09
Composite Production (M.Cum.)	67.614	69.529	61.228	13.56

5. PRODUCTIVITY

5.1 Unit

Unit	1997 - 98		1996-97	% Growth Over Previous Year
	Target	Actual	Actual	
Open Cast	13.00	13.87	12.82	8.19
Under Ground	0.66	0.68	0.68	0.00
Over all	6.50	7.59	6.85	10.80

6. POWER

6.1 To meet the power demand in Talcher coalfields, power supply project phase-I for 3 x 20 MVA at 132 KV/33 KV from GRIDCO Orissa is under operation. Present "Maximum Demand" is 25.272 MVA against "Contract Demand" of 28 MVA. In addition to this, for meeting future power demand for Hingula Area and Lingaraj Area, CMPDIL RI-VII, Bhubeneswar is working out a master plan and Project Report.

6.2 In Ib Valley Coalfields, one 2 x 20 MVA 132 KV/33KV grid substation has been constructed and completed. This is to be energised through a 132 KV power line from GRIDCO's Budipadar Grid Substation by

Dec '98 for ensuring un-interrupted power supply to Ib Valley Coalfields.

6.3 Similarly a 3 x 20 MVA, 220 KV/33 KV sub-station at Basundhara Area alongwith a 220 KV transmission line from GRIDCO's Budipadar Grid Substation to Garjanbahal Sub-station is under construction by M/s GRIDCO for ensuring un-interrupted power supply to Basundhara Area.

6.4 To meet the initial demand, 2 x 3.15 MVA 33 KV/6.6 KV substation at Basundhara, alongwith 33 KV transmission line from Garjanbahal to Basundhara is under construction. This is likely to be completed by December, 1998.

6.5 Availability of Power

Item	1997-98	1996-97
1. Contract Demand-MVA	47.578	45.078
2. Energy consumed-Million KWH	202.91	186.97
3. Specific Energy consumption KWH/Te	4.81	5.00

Energy Conservation

(a) Energy audit cum conservation report has been implemented which has brought down the specific energy consumption from 5.00 KWH/Te in 1996-97 to 4.81 KWH/Te during 1997-98 resulting in saving of Rs. 2.66 crores towards energy charges.

(b) Action taken for improvement of power factor of entire Talcher Coalfields by installing and commissioning of new Capacitor Banks and running the Drag-line synchronized drives has resulted in elimination of penalty on account of "low power factor" during 97-98.

(c) Action taken for improving the power factor above 0.9 in Orient and Ib Valley Areas have minimised power factor penalty during 1997-98.

(d) Seminars and Workshops on energy conservation have been held for awareness of users and concerned E&M engineers and supervisors.

(e) Action taken to feed 11 KV power to Deulbera & Handidhua by installing a 5MVA 33 KV/11KV transformer at Lingaraj 33.KV substation, has saved substantial amount of energy, on transmission losses, as power was being fed by a very long 11 KV overhead line from Balanda substation.

(f) 2 x 7.5 MVA 33 KV/11KV substation for Orient group of Mins has been energised and commissioned and 11KV power supply has been disconnected.

(g) Action has been taken to install separate energy meters to record the domestic consumption in colonies, which has helped to reduce per unit cost substantially, due to lower tariff rates applicable to colony consumption.

7. POPULATION AND PERFORMANCE OF HEMM

7.1 Population and Performance

HEMM Population at the end of the year :

HEMM	1997-98	1996-97
Dragline	07	07
Shovel	61	57
Dumper	317	318
Dozer	90	91
Drill	93	83

7.2 Availability

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

HEMM	1997-98	1996-97
Dragline	90	87
Shovel	89	88
Dumper	100	101
Dozer	86	84
Drill	82	78

7.3 Utilisation

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

HEMM	1997-98	1996-97
Dragline	84	81
Shovel	63	62
Dumper	54	50
Dozer	54	51
Drill	56	53

7.4 AVAILABILITY AND UTILISATION OF HEMM

7.4.1 The availability of equipment during 97-98 improved over the same period last year. There is reduction in basic machines under breakdown for more than three months as compared to last year :

HEMM Equipment	1997-98 Breakdown more than 3 months as on 31.3.98	1996-97 Breakdown more than 3 months as on 31.3.97
Dragline	Nil	Nil
Shovel	Nil	Nil
Dumper	13 Nos.	17 Nos.
Dozer	06 Nos.	13 Nos.
Drill	14 Nos.	12 Nos.

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.

7.4.3 Monitoring of production and working hours of equipment has been started on daily basis and is continuing.

8. SYSTEM CAPACITY UTILISATION

8.1 CMPDIL, Ranchi assed the composite system capacity at 44.20 M.cu.M. as on the 1st April '97 against which the Company could achieve 40.52 M.cu.M. (Composite), registering a capacity utilisation of 92% against 87% last year.

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

8.2.1 More stress has been given for better upkeep of haul roads. 07 numbers high capacity new Motor Graders have been received. Also 05 numbers high capacity Water Sprinklers (28 KL) have been received and 03 numbers 16 KL Water Sprinklers are under process for issuance of orders.

8.2.2 In Central Workshop, Ib Valley electrical repairs has been started and 60% of the requirement of rebuilt engines of Ib Valley Area have been met by CWS, Ib Valley.

9. CAPITAL STRUCTURE

9.1 The authorised share capital continued to be Rs. 500 crores during the year. The paid up share capital was raised to Rs. 186.40 crores after issue of an equity share to the tune of Rs. 86.40 crores to CIL.

10. WORKING RESULTS

10.1 During the year under report your company earned a profit of Rs. 654.11 crores against Rs. 326.65 crores in the last year.

Details are as under :

		(Rs. in Crores)	
		1997-98	1996-97
(i)	Profit for the year	654.11	326.65
(ii)	Provision for Income Tax including that on dividend	237.37	93.00
(iii)	Proposed Dividend	173.64	100.00
(iv)	Transfer to General Reserve	45.00	25.00
(v)	Cumulative Profit	439.77	241.66

11. REVISION OF COAL PRICE

- 11.1 Price of D. E. F. & G grades of coal were revised w.e.f. zero hrs. of 31.3.97 vide coal price notification No. 10/96-97 and from zero hours of 01.10.97 vide CIL/S&M/GM(F) Pricing/923 dated 30.09.97.

12. ASSET ADDITION

- 12.1 Investment in fixed assets and capital work in progress during the year in relation to preceding year is given as under :

(Rs. in Crores)

FIXED ASSETS	1997-98	1996-97
Land	13.19	16.49
Building	38.45	34.59
Plant & Machinery	95.02	83.70
Furniture & Fitting	2.70	3.52
Railway Sidings	4.80	8.87
Vehicles	2.20	1.50
Prospecting & Boring	6.65	—
Development Exp.	17.94	14.89
TOTAL	180.95	163.56
Capital Work-in-Progress	59.15	37.16
GRAND TOTAL	240.10	200.72

13. SALES REALISATION

- 13.1 During 1997-98, MCL achieved record sales realisation at Rs. 1872.70 Crores vis-a-vis last year's realisation of Rs. 1402.00 crores, thus representing significant growth of 33.57% over last year. Against sales turnover of Rs. 1954.49 crores, realisation worked-out to 95.82% of billing.

During the year, MCL also presented its case before Honourable Umpire with a view to resolve disputed outstanding with TNEB & MSEB. In case of TNEB, firm claims have been submitted on the basis of Interim Award. MCL's interest claim against APSEB has also been scheduled for hearing shortly. Settlement of disputed outstanding with

WBPDCCL has also made substantial progress and about to be concluded shortly.

14. SUNDRY DEBTORS*(Rs. in Crores)*

SECTOR	As on 31.3.98	As on 31.3.97
Power	190.11	188.44
Steel	35.35	14.42
Loco	—	0.97
Dump Sales	—	—
Others	69.52	32.31
TOTAL	294.98	236.14

15. PAYMENT TO EXCHEQUER

- 15.1 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 payment made last year are as follows :

(Rs. in Crores)

	1997 - 98	1996 - 97
1. Royalty	227.59	197.90
2. Cesis on Coal	—	—
3. Sales Tax	75.56	56.83
4. Stowing Excise duty	15.13	13.03
TOTAL	318.27	267.76

16. PROJECT FORMULATION/CAPITAL PROJECTS

There are 16 sanctioned mining projects in MCL. The ultimate production capacity of these sanctioned projects is 41.58 Mty. with a sanctioned capital outlay of Rs. ₹ 688.36 crores, out of which 13 have been completed. Three Projects, namely Lingaraj OCP (5.0 Mty), Basundhara (E) OCP (0.6 Mty.) and Bharatpur OCP Expansion 5.0 Mty) have been completed in 1997-98.

16.1 Completed Projects — 13 Nos.

Sl. No.	Name of the Project	Capacity in Mty.	Sanction Capital in Rs. Crores
1.	Bharatpur O/C	3.50	158.97 (RCE)
2.	Lajkura O/C*	1.00	38.98 (RCE)
3.	Jagannath O/C*	4.00	69.40
4.	Lilari O/C	0.80	19.78
5.	Ananta O/C	4.00	156.49
6.	Ananta O/C Expn.	1.50	46.99
7.	Balanda O/C*	1.00	36.87
8.	Nandira U/G (Augumentation)	0.33	17.95
9.	Belpahar O/C	2.00	131.31 (RCE)
10.	Samaleswari O/C	3.00	126.85
11.	Lingaraj O/C	5.00	229.84
12.	Basundhara (E) O/C	0.60	19.69
13.	Bharatpur O/C Expn. (Incremental)	1.50	48.02
TOTAL		28.23	1101.14

The production achieved from the above completed projects in 1997-98 has been 33.72 Million Tonnes against the P. R. Provision of 28.23 Million Tonnes, thus giving a performance of 119.44%.

16.2 On going Projects

There are 3 on going projects with a capital outlay of Rs. 587.22 crores with an ultimate capacity of 13.35 Mty.

Sl. No.	Name of the Project	Capacity in Mty.	Capital Outlay in Rs. Crores
1.	Kalinga O/C	8.00	345.96
2.	Lakhanpur O/C	5.00	221.51
3.	Chhendipada O/C	0.35	19.75
TOTAL		13.35	587.22
Capacity and Capital outlay of thirteen completed projects		28.23	1101.14
Total of all mining projects including completed projects		41.58	1688.36

16.3 Advance Action Projects

Advance Action Proposals have been sanctioned for the following 6 projects and are under implementation.

Sl. No.	Projects	Ultimate Capacity (in Mty.)	Estimated Capital Outlay (Rs., Crores)	Advance Action Capital (Rs. Crores)
1.	Hingula-1 OCP	4.00	201.27 (Dec'97)	5.82
2.	Basundhara (W) O/C	2.40	189.85 (Mar '97)	5.006
3.	Bhubaneswari OCP	10.00	697.62 (Sep '97)	5.79
4.	Kaniah OCP	3.50	294.71 (Sep '97)	6.39
5.	Kulda OCP	10.00	947.85 (June '97)	8.62
6.	Garjanbahal OCP	10.00	707.01 (Jan '98)	8.284

16.4 Projects formulated, approved by CIL and awaiting Govt.'s approval.

The following six projects have been processed and they are awaiting Govt.'s approval.

Sl. No.	Name of the Project	Capacity (Mty.)	Estimated Capital of Project (Rs. Crores)
1.	Lakhanpur OC Expansion	5.0 (Incremental)	612.74 (Incr) (Dec '97)
2.	Kulda OC	10.00	947.85 (June '97)
3.	Hingula-I	4.00	201.27 (Dec '97)
4.	Basundhara (W)	2.40	189.85 (Mar '97)
5.	Kaniha	3.50	294.71 (Sep '97)
6.	Bhubaneswari	10.00	697.62 (Sep '97)
TOTAL		34.90	

16.5 The following project report have been prepared and is under process for approval :

Sl. No.	Name of the Project	Capacity (Mty.)	Capital (Rs. Crores)
1.	Garjanbahal OCP	10.00	707.01

16.6 Projects to be formulated :

Sl. No.	Name of the Project	Capacity (Mty.)
1.	Lingaraj OCP Expansion	5.00 (Incremental)
2.	Lajkura OC Extension	1.10
3.	Siarmal OCP	4.00
4.	Gopalprasad West	10.00

16.7 Major Completed Non-mining Project in MCL

Following are the 18 sanctioned major non-mining projects with a total capital outlay of Rs. 184.61106 crores, out of which 11 have been completed. Brief details are as under :

Sl. No.	Name of the Project	Sanctioned Capital (Mty.)
1.	Regional Stores, Ib Valley	3.11
2.	Central Hospital, Talcher	14.28
3.	Central Workshop, Talcher	17.83
4.	Power supply scheme, Talcher, Phase-I	19.98
5.	Central Workshop, Ib Valley	11.76
6.	Training (Excav.) Institute, Ib Valley	5.25
7.	Integrated Telecommunication System, Talcher	3.35
8.	Water supply scheme, Ib Valley	4.83
9.	Talcher Sand Transportation (Withdrawn in 22nd Board Meeting dt. 14.5.96)	5.00
10.	Water supply scheme at Talcher, Phase-I	5.83
11.	Power Supply scheme, Phase-I, Ib Valley	33.35
TOTAL		124.57

16.8 Major on going Non-mining Projects in MCL

Following are the seven major on-going non-mining projects with a total capital outlay of Rs. 60.0436 crores brief details of the same are as under :

Sl. No.	Name of the Project	No. of Projects	Capital Outlay (Rs. Crores)
1.	Sand Winning from Ib river of Ib Valley Coalfields	1	5.348
2.	Arterial road for Ib-Valley and Talcher Coalfields	2	37.70 (17.80+19.90)
3.	Mining-cum-Excavation Training Institute at Talcher Coalfields	1	5.2486
4.	Environmental Laboratories at Ib Valley and Talcher Coalfields	2	3.867 (1.82 + 2.047)
5.	Integrated water supply scheme Phase-II for Talcher Coalfields	1	7.88
TOTAL		7	60.0436

16.9 Status of Projects under Implementation on Investment Basis :**(A) On going Projects (Costing above Rs. 100 crores)**

Sl. Projects No.	Capital Outlay (Rs.Crs.)	Ultimate Capacity (Mty)	Stripping Ratio (Cum/Te)	Scheduled Completion	Status implementation	
1.	Kalinga O/C	345.96	8.00	1.50	2000 AD	On schedule
2.	Lakhanpur O/C	221.51	5.00	1.011	3/96	Project is linked to OPGC Power plant, since power plant has been delayed, project is likely to be delayed by four years.
Sub Total A		567.47	13.00			

(B) On going Projects (Costing Less than Rs. 100 crores)

Sl. Projects No.	Capital Outlay (Rs.Crs.)	Ultimate Capacity (Mty)	Stripping Ratio (Cum/Te)	Scheduled Completion	Status implementation	
1.	Chhendipada Open cast	19.75	0.35	1.14	3/2001	Project approved by MCL Board in its 27th meeting held on 28.4.97
Sub Total B		19.75				
TOTAL (A+B)		587.22				

16.10 Coal Preparation Plant

Sl. No.	Name of CPP	Status
1.	Ananta-Bharatpur (5.2 Mty. Raw Coal)	Approved by MCL Board in its 6th meeting held on 25.6.93 and by CIL Board for both CPPs in its 34th meeting held on 25.1.94. LOI has been issued to M/s Madhucon for construction Ananta-Bharatpur Washery on BOO basis on 2.5.95. The negotiation between MCL & Madhucon for Ananta-Bharatpur washery is under process.
2.	Kalinga (8.0 Mty. Raw Coal)	LOI issued to M/s Robert & Schaefers, USA for work on the basis of Build Own Operate (BOO) on 1.6.95. Site of plant selected. The terms of agreement of Kalinga CPP have been finalised, agreed and initialled on 25.3.98 and the same is under legal vetting.

**16.11 Land Acquired for on going Projects
(Figure in Ha)**

Project	Total land required	Land under physical possession on till 96-97	Land taken in possession on during 97-98	Total land in possession on				Category of land under possession
				T.L.	GNFL	FL	Total	
Kalinga OC	1117.35	586.82	—	586.82	365.03	221.79	—	586.82
Lakhanpur OC	1412.54	281.56	146.61	428.17	428.17	—	—	428.17
Basundhara (E) OC	103.18	81.59	21.59	103.18	48.90	32.69	21.59	103.18
Hingula-I OC	610.00	—	13.77	13.77	—	13.77	—	13.77

16.12 Details of land notified during 1997 – 98

- Kaniha Block** : Notification U/S 7 (i) of CBA Act for 760.00 Ha. of land issued on 12.7.97 vide S. O. No. 1725 dtd. 4.7.97. Proposal U/S 9(i) has been sent to MOC on 24.1.98.
- Hingula Block** : Vesting U/S 11 (i) of CBA Act for 1063.56 Ha. of land issued on 12.7.97 vide S. O. No. 1724 dtd. 2.7.97.

- Bhubaneswari Block** : Notification U/S 9 (i) of CBA Act for 688.43 Ha. of land published vide S. O. No. 2298 dtd. 5.9.97 and proposal submitted to MOC for notification U/S 11 (i) on 13.3.98.

17. EXPLORATION

- During 1997–98 a total of 43782.30 metres of drilling for exploration purpose was done, 1084.32 Million tonnes of coal reserve was proved in 1997–98 in three geological blocks (Siarmal, Manoharpur & Chhendipada-1).

18. ENVIRONMENTAL, ECOLOGY & AFFORESTATION

- Afforestation drive in the mines of MCL continued vigorously and 3,14,949 saplings of mixed species have been planted during 1997–98 with 80% survival against the target of 3,000,00 and last year's plantation of 3,13,667. Following are the highlights of our special efforts towards this :

- Use of Integrated Bio-technological approach for plantation on dump slopes of fast growing medicinal and fruit trees with assistance from National Environmental Engineering Research Institute, Nagpur.
- Soil water conversion through contour bunding and grass seeding on dump slopes with assistance from IGFR, Jhansi.
- Reclamation of spoil banks for creating picnic spots and water harvesting structures on Balanda dump.
- Hydroseeder fitted on Mobile Fire Tenders for slope irrigation and hydroseeding of grass and legumes in advanced stage of procurement.
- Use of Sewerage treatment plant sludge for soil amendment at Bharatpur OCP.

6. Special attention is being given to establishing vegetation on the slopes. Towards this end use of Coil matting for promoting vegetation and stabilisation of dump slopes at Lakhanpur OCP recently on 5,000 sq. mtrs. of slope area by Kerala State Coir Corporation is prominent.

18.2.1 Air Pollution

To check air pollution following steps have been taken :

- (i) Black topping of roads & semi-permanent haul roads & metalling of haul roads.
- (ii) Provision of fixed point, auto start, fine nozzle mounted water sprinklers on roads, siding & CHP.
- (iii) Installation of Dust Control System & Dust Extraction System in CHPs and at transfer points elsewhere.
- (iv) Wetting of roads by mobile water Sprinklers, four heavy duty 28 KL Water Sprinklers have been procured recently by MCL.
- (v) Environmental telemonitoring of underground environment from surface-installed at Orient mines.
- (vi) Design, development and use of instant showering system on moving loaded trucks to reduce dust dissemination at Bharatpur OCP. This system is working satisfactorily and therefore four strategic points have been selected for installation of such system on priority.
- (vii) Fully enclosed and automated, atomised shower system for dust suppression during rapid coal loading in wagons through high capacity silos at Bharatpur OCP.

- (viii) Use of industrial vacuum cleaning machine for collection of dust from coal transportation road, CHPs, sidings and other dust generating locations in the mines proposal under active consideration.

- (ix) A Mobile Nitrogen Generating Plant for fire prevention and fire fighting has been procured for Ib-Valley, the first of its type in India.

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

- (xi) Commissioning of concurrent shower during loading of trucks at CHP at Jagannath CHP, which is working satisfactorily. Work is being awarded for another such system at Lilari OCP.

18.2.2 Water Pollution

Effluent from mines, workshop, settling ponds and spoil dumps are made to conform to standards of MOEF before being discharged into the natural drains and streams/nalas. Mine seepage water are made to settle in big sedimentation lagoons created in the quarry bed. Oil and grease traps have been provided at the outlet of Workshop. Mine discharge treatment plants have been provided in each mine before the water discharge point to surface or nullah. Garland drains have been provided near the tow of OB dumps as well as quarry boundaries. Water is monitored at all the discharge points and except suspended solids all the parameters remain within prescribed limit. Sewerage treatment plant for domestic waste treatment has been operational at Nehru Satabdi Colony, Bharatpur and the present system of soak pits and septic tanks in all the colonies are going to be replaced by such Sewerage Treatment Plant.

18.2.3 Noise Pollution

Green belts have been created between the residential colonies and infrastructural

facilities to attenuate the noise level and to arrest the movement of dust. Workers exposed to noise beyond permissible limits have been provided with ear muffs & ear plugs.

18.2.4 Environment Monitoring and Environmental Audit

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 is in advanced stage. Environmental audit was conducted in each project and environmental statement was submitted to SPCB.

18.3 Training & Organisation

Thirteen Officers have been trained in tailor-made 13 week course in environmental management in mining areas at ISM, Dhanbad. Two officers have completed M. Tech. course in Environmental Engineering. A number of employees are undergoing 2 years Master's degree programme in Ecology and Environment offered by Makhanlal Chaturvedi National University of Journalism, Bhopal and conducted by Indian Institute of Ecology & Environment, New Delhi. Services of these officers are utilised at Hqr. & in OC areas as Nodal Emt. Officer. All the six World Bank aided projects of MCL have full time Environment Officer at Project level and Area level. General Manager (Environment) who is directly reporting to Director (Technical) heads the Environmental Division of the company. Environment Cadre has been created.

18.4 Environmental Telemonitoring

Environmental Telemonitoring system has been commissioned in Mine No. 3 Orient

Area on 28.3.95 and since then it is working satisfactorily. Further all the underground mines of MCL are going to have the same system in due course.

18.5 Environmental Awareness

Environment Week was celebrated in the mines, areas as well as at Subsidiary Hqrs. during 30th May to 5th June, 1997. Training programmes are arranged at regular interval for employees of MCL on the subject of Environmental Management in mining areas. Technical papers were presented on environmental themes by GM (Envt.) at the National Seminar of Mining Environment at Ranchi on 3rd February '98 and at a Workshop on implementation of environmental laws, organised by Orissa State Pollution Control Board at Sambalpur on 20th November 1997.

19. COAL DEMAND AND OFF-TAKE

19.1 Record Performance

During the year, your Company has achieved the following distinctions :

- (a) Record off-take performance with growth rate of 17.71 % over previous year.
- (b) Record Wagon loading performance at 3352 FWS/day with growth rate of 11.70% over preceding year.
- (c) Since inception of MCL, stock recorded at lowest ever of 2.37 M.T. as on 31.3.98.

As a result of above distinctions in its performance, MCL achieved another bench-mark with record profitability during 1997-98.

Demand & Off-Take

MCL's record off-take during 97-98 at the level of 43.896 Million Tes was 108% of

AAP target notwithstanding restrictions imposed by Power stations on receipt of even linked coal supplies. Growth rate during 97-98 was recorded at 17.71%.

19.2 Sector-wise Demand & Off-take

Sector-wise off-take performance has been no less impressive barring exception in case of Cement sector where industry suffered on account of depression condition. As a result, many cement units did not even file their programme as per linkage. Sector-wise off-take break-up is furnished below :

(Figure in Million Tes)

Sector	Target 97 – 98	Actual 97 – 98	%age achieved	Actual 96 – 97
Power (Inc. CPP)	36.25	39.59	109	33.50
Cement	1.10	0.40	36	0.63
Fertiliser	0.53	0.66	125	0.70
Others	2.62	3.25	124	2.45
TOTAL	40.50	43.90	108	37.28

19.3 Wagon Loading

Daily average wagon loading achieved is 3352 FWS/Day against target of 3334 FWS/day reflecting an achievement of 100.5% of target. Wagon loading achieved during 1996-97 was 3001 FWS/day. Thus growth in wagon loading during this year is 11.7%. Allotment during 1997-98 was 3671 and supply was 3355 FWS/day.

19.4 Marketing & Modernisation in Despatches

1997-98 was marked with following highlights in its marketing performance:

- (a) MCL successfully launched FOB sale scheme for despatch ex-Paradip Port during the year and achieved a net surplus of about Rs. 1.06 crores as on 31.3.98 against despatch of 2.64 lakh tes linked to cement industrial consumers.

- (b) Negotiation is in progress with M/s Hinduja National Power Corporation Ltd. (HNPCL) for supply of beneficiated coal for their Power Project at Vizag.

Negotiation is also in progress with M/s Robert & Schaeffer (R&S) for production of beneficiated coal to meet the requirement of HNPCL.

20. COAL QUALITY IMPROVEMENT

20.1 During the year 1997-98, various measures for ensuring proper quality of coal despatches were intensified. The number of complaints received during 1997-98 has come down to 9 against 11 in 1996-97.

20.2 Following steps were taken by your Company to improve quality and consumer satisfaction.

- (i) To augment quality assurance, "Quality Fortnight" was organised from 20.10.97 to 02.11.97 for the first time in the Company to arouse awareness about quality in all walks of life. All Area units, mine units, Rescue Stations, Central Workshops, Hospitals, Training Institute, MCL Office at Calcutta, Bhubaneswar and Company H. Q. Burla participated actively in all activities and programmes like workshop, essay, debate and poster competitions and inspection of mines, sidings, labs and WBs during Quality Fortnight. Shields, Cups and Prizes were awarded to the winners.
- (ii) An "interaction programme" with different consumers has been initiated to help improve consumer satisfaction.
- (iii) Facility for supervision of loading at sidings has been extended to more consumers during 1997-98.

- (iv) 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 weightment.
- (v) Surprise inspections are being conducted by a team of officers from Company Headquarters to ensure proper quality and quantity.
- (vi) CCO's % coverage for Power Houses (rail despatch) has improved from 39.00% in 96-97 to 58.47% in 97-98.
- (vii) Stone picking arrangements have been intensified at Balanda colliery.
- (viii) During the year a total of 43.22 million tonnes of coal were despatched. The complaints have come down from 0.296 per million tonnes in 96-97 to 0.21 per million tonnes in 97-98. This comes down to 0.028% of complaints in 97-98 from 0.078% of 96-97.
- (ix) 7 numbers of new rail weighbridges with electronic print-out system has been commissioned during 97-98 (viz : Jagannath 1 & 2, Lakhanpur-MGR, Orient, Lajkura-3, Ananta & Kalinga siding-2 nos.) to increase the total no. of such weighbridges from 9 in 96-97 to 16 in 97-98.
- (x) Your Company proposes to install another 9 number of 100 tonnes Electronic-in-motion-weighbridges in 98-99 so as to cover all the sidings with standby facilities.
- (xi) 100% coal despatches by Rail, Belt and MGR were crushed by CHP/FB.
- (xii) Out of the total despatches of 43.22 million tonnes, about 85.56% was duly weighed against 71.76% of 96-

97. Moreover, the Company achieved upto 95% overall weightment in March '98. Despatches through modes other than Rail/MGR were 100% weighed.

20.3 Number of CHPs and Weighbridges and their Functioning Points etc.

39.32 million tonnes of crushed coal were despatched through coal handling plants in 1997-98 against 33.312 million tonnes of crushed coal in 1996-97.

Item	Nos.	1997 - 98 Qty. Million Tonnes	Nos.	1996 - 97 Qty. Million Tonnes
1. Major CHPs	3	6.696	4	6.26
2. Mini CHPs/Feeder Breaker	37	32.625	35	27.05
Total	40	39.321	39	33.31

The functioning points of these CHPs are as follows :

Major CHPs

Area	Location of CHP	Capacity (In Mty)
Jagannath	1. Jagannath CHP	2.0
	2. Balanda CHP	1.2
Kalinga	Bharatpur CHP	3.5
Total		6.7 Mty.

Mini CHPs/Feeder Breakers

Area	Location of CHP	Capacity (In Mty)
Jagannath	Jagannath CHP	4.0
	Ananta OCP	6.0
Kalinga	Kalinga OCP	3.0
Ib Valley	Lajkura OCP	2.0
	Belpahar OCP	2.0
Lingaraj	Samaleswari OCP	4.0
	Lilari	1.0
	Lakhanur	4.0
Lingaraj	Lingaraj OCP	5.0
Basundhara	Basundhar OCP	1.0
Total		32.0 Mty.

20.4 Details of Weighbridges

Types of Weighbridges	1997 – 98	1996 – 97
1. Road Weighbridges (Mechanical)	7	8
2. Road Weighbridges (Electronics)	26	22
3. Rail Weighbridges (Electronics)	18	11
4. Percentage of weighment during the year	84.20	66.46

The percentage of weighment of coal despatched to consumers achieved during the year is 84.20% against 66.46% for the previous year. New 100T electronic-in-motion-rail-weighbridges were commissioned during 1997–98 for the following sidings :

1. Lakahnpur OPGC siding	100T	Electronic	1 No.
2. Orient siding	100T	Electronic	1 No.
3. Jagannath siding	100T	Electronic	1 No.
4. Ananta siding	100T	Electronic	1 No.
5. Kalinga (V) siding	100T	Electronic	1 No.
6. Kalinga (VT) siding	100T	Electronic	1 No.
7. Lajkura (III) siding	100T	Electronic	1 No.

Population, performance & utilisation of equipment

Sl. No.	Name of the equipment	Population	% Avail 1997-98	% Utilisa. 1997-98	% Avail 1996-97	% Utilisa. 1996-97
1.	Winder	6	100	95.58	100	100.00
2.	Haulage	55	93.78	95.58	83.18	90.29
3.	SDL	43	85.85	95.88	83.14	90.29
4.	Main Pump	93	91.66	95.88	100.00	100.00
5.	Vent. Fan	11	100.00	95.88	100.00	100.00
6.	Belt Conv.	35	100.00	95.88	88.51	90.29
7.	Chain Conv.	23	100.00	95.88	81.52	90.29
8.	Transformer	48	94.09	95.88	100.00	100.00
9.	Coal tubs	2210	93.86	95.88	86.99	90.29
10.	Loco Trolley	6	100.00	95.88	100.00	100.00
11.	Coal Drill	136	95.83	95.88	85.29	90.29
12.	Mine Car	110	90.98	95.88	83.81	90.29

21. SAFETY

21.1 Your Company has been striving continuously for improving Safety standards and inculcating Safety awareness amongst the employees through observance of Safety week, Seminars, Safety education, and Vocational Training programme.

For promoting Safety consciousness amongst workers, staff & executives special emphasis is being laid on educating the importance of implementation of recommendations of safety conferences, decisions of CIL Safety Board & also decisions taken by the Standing Committee on Safety.

Safety circulars and booklets on Safety are made available up to Colliery level as appended below :

- (i) A code of practice for dealing with fires in OC mines.
- (ii) Traffic Rules, Procedures & Code of Safe dumping - tipping of OB.
- (iii) Code of practice on Safety & health in OC mines.
- (iv) Guideline for mining executives.
- (v) A guideline for drawing up support plans in Bord & Pillar workings (Based on Paul committee).
- (vi) Report of Tech. Sub-Committee on dust (NDPC).
- (vii) Minutes of Tripartite Safety Committee of CIL level & Subsidiary level.
- (viii) Minutes of CIL Safety Board.

MCL has observed Special Drive for the following :

1. Special Safety drive on Coal dust Management for UG mines from 17.11.97 to 29.11.97.
2. Safety awareness for Surface transport from 2.6.97 to 14.6.97.

The safety week was observed from 12th January'98 to 17th January'98 and final day function was held at Kalinga Area on 18th January'98 and Zonal Rescue Competition was held on 23.11.97 at Orient Rescue Station.

21.1.2 Accident Statistics

	1997 – 98	1996 – 97
Fatal accidents	6	4*
Fatalities	6	4*
Serious accidents	13	20
Serious injuries	13	23
*Rate of Fatality		
Per Mill. tonne output	0.142	0.107
Per 3 lakh manshift	0.319	0.221
* Rate of serious injuries		
Per mill. tonne output	0.308	0.615
Per 3 lakh manshift	0.691	1.289

* One fatal accident occurred on 26.5.96 included as 'Mining & statistical', after reconciliation with DGMS in 1997 and subsequently included in the accident statistics, 1996-97. The rate of fatality per million tonne and per 3 lakh manshift varied for the year too.

22. COMPUTERISATION

- 22.1** On line Material Management System (OMMS) — The OMMS has been planned for all stores of MCL as directed by MCL Board. These stores computer will be networked with MCL HQ. Hardware/Software specification has been drawn in consultation with CMPDIL and its procurement is under progress.
- 22.2** Area level Computerisation — Upgradation of Area level computers has been planned in consultation with CMPDIL. All Area office computer will be networked with HQ and its procurement is under progress.
- 22.3** Hospital Management System — Hardware/software specification has been finalised in consultation with CMPDIL for HMS to be implemented at HSCH, Talcher and its procurement is under progress.
- 22.4** Colliery level Computerisation — Colliery level Computerisation has been planned as directed by MCL Board. CMPDIL is developing the software for colliery level computerisation for CIL and its subsidiary. The development work is in progress.

23. TELECOMMUNICATION

23.1 Installation of an efficient and reliable communication network is one of the major thrust areas of your company.

1. During 1997-98, Phase-II of the Digital-Multi Access Radio Telephone (D-MART) system has been installed and commissioned for linking important projects directly with MCL Hqrs. These projects are Samaleswari, Belpahar, Lakhanpur, Ananta, Kalinga, Lingaraj & Jagannath OCPs.

The D-MART system will facilitate speech and Data transmission between MCL Hqrs and areas and projects. Apart from this, MCL is already connected to CIL Hqrs and Talcher and Ib-valley Coalfields through hot line, fax and RABMN terminals.

2. During 1997-98, "DOT" lease links through microwave between MCL Hqrs to Talcher Coalfields for D-MART system has been replaced by V-Sat terminals for uninterrupted communication.
3. In addition to above, VHF wireless communication link has been commissioned apart from local EPABX system. Mobile VHF sets have been provided in the vehicles of CMD and other functional Directors.

24. DEVELOPMENT OF ANCILLARY INDUSTRIES

- 24.1** In addition to 40 units which were under ancillary status in 1996-97, additional 12 units have been recognised for ancillary status during 97-98. Now 52 units are ancillarised.
- 24.2** Another 4 units are in the process of recognition of "Ancillary status".

24.3 Total amount of supply orders placed during 97–98 on ancillary units is Rs. 5.02 crores against Rs. 3.45 crores for 1996–97.

25. EXPENDITURE ON ADVERTISEMENT AND PUBLICITY

During the year an amount of Rs. 131.74 lakhs was spent on Advertisement and Publicity against Rs. 83.11 lakhs last year.

(Rs. in lakh)

	1997–98	1996–97
1. Advertisement for		
(a) Recruitment	0.26	0.26
(b) Tender	115.67	70.01
(c) Others	1.35	2.97
2. Publicity	14.46	9.87
TOTAL	131.74	83.11

26. WORLD BANK ASSISTANCE

26.1 Seven Sub-projects have been proposed for World Bank funding under Coal Sector Rehabilitation Projects (CSRP)

26.1.1 Group-A New Sub-Projects

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

Sub-projects :

Ib-Valley Coalfields

1. Lakhanpur OC 5 Mty
2. Samaleswari OC 3 Mty

Talcher Coalfields

1. *Ananta OC Exp. 1.5 Mty
2. Bharatpur Exp. 1.5 Mty

Group - B Replacement Sub-Projects :

The objective is to replace HEMM to maintain current level of production.

Sub-Projects

Ib-Valley Coalfields

1. Belpahar OC 2.0 mty

Talcher Coalfields

1. Bharatpur OC 3.5 Mty
 2. Jagannath OC 4.0 Mty
- * Final Capacity 5.5 Mty

26.2 The Loan Agreement for CSRP has been signed between the World Bank and Coal India Limited and the same has become effective w.e.f. 17.6.98. A Subsidiary Loan Agreement has been signed between Coal India Limited and Mahanadi Coalfields Limited, wherein Coal India Limited has agreed to onlend to Mahanadi Coalfields Limited US \$48.58 million to enable the Subsidiary to perform the work under CSRP from IBRD and equivalent amount from JEXIM Bank.

26.3 Environmental and Social Mitigation Projects (ESMP) have been approved by the World Bank and are under implementation in Projects for World Bank funding.

26.4 A computerised database on updated and varified list of Project affected persons as on 31.10.97 has been prepared for each of the six World Bank aided Projects.

26.5 Organisational structure of World Bank Project Division has been strengthened at Subsidiary headquarters, Area and Project level for smooth implementation.

27. HUMAN RESOURCE DEVELOPMENT

27.1 Manpower

The Company's manpower as on 31.3.98 compared to that of 31.3.97 is indicated below :

Category	As at 31.3.98	As at 31.3.97
Executives	1289	1240
Supervisors	1664	1623
Highly skilled	6388	6392
Semi skilled : Time Rated	9024	9010
Piece Rated	2951	3023
Ministerial	1686	1702
Badlies	355	379
Trainees	13	14
Apprentices	16	50
Ex. CMWO/Others	21	22
TOTAL	23407	23455

"Securex Asia 97" at Singapore from 26th to 30th August 1997 and two other Dy. CMEs, attended a programme on "Coal Technology" in Australia from 15.5.97 to 20.6.97.

Management Trainees & PDPTs

25 PDPTs (15 Mining and 10 non-mining) were engaged in MCL as per recommendation of Board of Practical Training (Eastern Region), Calcutta during 97-98 compared to 23 in 96-97 and 3 MTs cleared their probation closure examination held at IICM, Ranchi in December '97.

In-company training

During 1997-98 a total of 58 training programmes were conducted in MCL compared to 73 in 1996-97.

The break-up of employees benefited is given below :

	1997 — 98	1996 — 97
Executives	126	394
Supervisors	172	280
Workers	431	380
TOTAL	729	1054

Out-Company Nominations (within India)

In 1997-98 a total of 330 employees were nominated and attended various programmes conducted by different agencies (including IICM, Ranchi and central facilities of CIL) within India compared to 469 in 1996-97.

	1997 — 98	1996 — 97
Executives	171	318
Supervisors	43	92
Workers	116	59
TOTAL	330	469

Nominations to training programmes (outside India)

The Executive Director (Vigilance) of your company attended a programme on

Vocational Training of students of educational institutions

During 97-98 unpaid vocational training was imparted to 195 technical (mining and non-mining) and 19 non-technical students of various educational institutions in India as a partial fulfilment of their curriculum. These figures for 96-97 were 219 and 22 respectively.

28. SCHEDULED CASTES & SCHEDULED TRIBES

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

Backlog vacancies identified as 414. Out of the above, 42 vacancies have been filled up. Efforts are being made to fill up the rest of the vacancies as early as possible.

Percentage of SC/ST are as under :

Total employees as on 31.3.98	No. of		Percentage of	
	SC	ST	SC	ST
23407	3701	2569	15.80%	11.10%

29. PARTICIPATIVE MANAGEMENT

29.1 In MCL the following fora under Participative Management (Company level) have been functioning very effectively.

- (a) Joint Consultative Committee (JCC)
- (b) Welfare Board
- (c) Tripartite Safety Committee
- (d) Sports Promotion Committee

All the above committees are represented by members of both Trade Unions & Management. In the Tripartite Safety Committee, in additions to the Management representatives, Govt. Representatives (Directorate General of Mines Safety are also member).

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

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

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

30. INDUSTRIAL RELATIONS

30.1 The Industrial Relations in the company during the year remained cordial, though there was one strike at Balanda colliery of Jagannath Area. The details of strike vis-avis mandays loss and production loss are given below :

Particulars	Loss in terms of		
	Prodn.	OB (Cum)	Mandays
Strike	6469	8899	169

31. ABSENTEEISM

31.1 The Overall Absenteeism during the year was 20%. In order to reduce the

Absenteeism among PR workers, which is still high in some mines, regular interactions with workers and Union representatives are being carried out.

32. EMPLOYEES WELFARE AND SOCIAL AMENITIES

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

32.1 Particulars of Social Amenities

Details	Total at the end of 97-98	Total at the end of 96 - 97
Houses	14784	14226
% of satisfaction (housing)	63.5	59.77
Water supply (filtered water generated)	8.30 MGD	8.30 MGD
Aided Schools/Institutions	31	30
Colleges	04	04
Co-operative Stores	09	09
ECCS	01	01
Bank Branches	14	14
Bank extension counters	12	12
Ambulances	38	38
Dispensaries	15	14
Hospital	06	05
Hospital Beds	364	354
Canteens	30	24

32.2 During 97-98 an amount of Rs. 43.50 crores was spent on Revenue Heads and Rs. 32.56 crores on Capital heads against the amount of Rs. 35.46 crores (Revenue) Rs. 28.73 crores (Capital) spent during the previous year on employees welfare and social amenities.

32.3 Eye Camps

Your company conducted 849 eye operations during the year 1997-98 against the target of 725 in the eye camps organised by it.

32.4 Family Welfare

Your company conducted 3204 family planning operations during 1997-98 against 2555 operations of the preceding year.

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 Areas Sports Committee constituted in different Areas of MCL. At present the company is having 12 number of play grounds, 02 numbers of stadia, 08 numbers of children parks, 13 numbers of officers' club, 14 numbers of workers' institute, 08 numbers of libraries for the employees. The inter-area tournaments have been organised in coalfields to build up team spirit and to develop the sense of unity and fellow feelings among the employees to encourage the sportsmen. Coaching facilities have been provided by expert coaches invited from Sports Authority of India and MCL team have been deputed to different subsidiaries to participate in the inter-company tournaments as per CIL sports calendar. As per CIL sports calendar, the CIL, Inter-Company Athletic Meet 1997-98 and CIL Inter-Company volleyball tournament were organised at IB Valley Area and MCL Hq. respectively.

33. CAPITAL INVESTMENT ON SOCIAL AMENITIES

(Rs. in Crores)

Sl. No.	Particulars	Gross value of Fixed Assets	
		As at 31.3.98	As at 31.3.97
1.	Buildings	215.20	186.63
2.	Plant & Machineries	42.77	40.11
3.	Furnitures, Fittings & Office Equipments	3.55	3.12
4.	Vehicles	3.05	2.39
5.	Development	6.10	5.86
	TOTAL	270.67	238.11

34. CONSERVATION OF ENERGY**34.1 Electrical Energy Consumption**

	1997 - 98	1996 - 97
(a) Annual Energy Consumption (Million KWH)	202.91	186.97
(b) Rate of unit (Rs/KWH)	3.35	3.12
(c) Specific Energy Consumption (KWH/Te)	4.81	5.00
(d) Diesel consumption (Ltr/Te)	0.734	0.77

34.2 Impact of Measures Taken

1. The specific energy consumption during 97-98 was 4.81 KWH/Te against the actual of 5.00 KWH/Te during previous year i.e. 96-97 resulting in saving of Rs. 2.66 crore towards energy charges.
2. This reduction in specific energy consumption over the previous year has been achieved in spite of increase in crushing of "coal" which was 39.32 million tonnes against previous year's figure of crushed Coal of 33.31 million tonnes.

35. FOREIGN EXCHANGE

- 35.1** During the year your Company used Foreign Exchange amounting to Rs. 53.26 lakhs for import of P&M spares. The company did not earn any Foreign Exchange during the year.

36. HINDI IN OFFICIAL WORK

- 36.1** 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, continued efforts were made towards promoting use of Hindi in the Company. MCL falls in region "C" as per the Official Language Rules, 1976 and ensures the compliance of the Official Language Policy.

- 36.2** Rajbhasha Implementation Committee at Hqs. level and Area level are co-ordinating the progress of Hindi through regular review meetings.
- 36.3** Hindi fortnight was celebrated from 15.9.97 to 1.10.97 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. The concluding day ceremony of the Hindi Fortnight was celebrated in a big way. The member of Jagriti Vihar, Ladies Club and Anand Vihar participated in the cultural programme. Two local eminent writers Dr. Keshab Chandra Meher & Sri Prafulla Chandra Pattnaik were honoured during Hindi Fortnight-97.
- 36.4** Correspondence and notings in Hindi have increased.
- 36.5** "MCL News" (a monthly news magazine) and "Pratibha" (a quarterly literary house journal) are published on regular basis in which articles, features and poems etc. appeared in Hindi, English and Oriya.
- 36.6.** During the year also the Company published Annual Calendar in Hindi. It was based on sketches and slogans on safety awareness. A good number of Hindi books are available in library.
- 36.7** CMD, MCL was nominated as the Chairman of Town Official Language Implementation Committee, Sambalpur as per communication received from Dy. Secretary (Implementation), Department of Official Language, Ministry of Home Affairs, Govt. of India, New Delhi with effect from 23.4.97. The first meeting of Town Official Language Implementation Committee, Sambalpur was held at MCL Hqrs. on 22.11.97 which was attended by heads and Representatives of different Central Govt. offices of Sambalpur.

37. AUDITORS

- 37.1** Under Section 619 (2) of the Companies Act, 1956, the following Audit Firms were appointed as Statutory Branch Auditors for the year 1997–98.

Statutory Auditors

M/s K. L. Banerjee & Co.

Chartered Accountants, Calcutta

Branch Auditors

M/s Bhasin Hota & Co.

Chartered Accountants, Bhubaneswar

- 37.2** Replies of the Management on the observations made by the Statutory Auditors on the Accounts for the year ended 31st March 1998 are given in Annexure, forming part of the report, Comments of the comptroller and Auditor General of India under Section 619 (4) of the Companies Act, 1956, on the Accounts of the Company for the year ended 31st March 1998 are enclosed as Annexure.

38. BOARD MEETINGS

- 38.1** Five Board Meetings were held during the year.

39. BOARD OF DIRECTORS

- 39.1**
1. Shri A. R. Sharma, on attending the age of superannuation retired from the post of Chairman-cum-Managing Director on 30th November, 1997.
 2. Shri s. N. Sharma, took over the charge of Chairman-cum-Managing Director after superannuation of Shri A. R. Sharma and ultimately became CMD on 23rd March, 1998.
 3. Shri G. K. Choudhary, Director (P), was appointed full-time Director on MCL Board w.e.f. 15th January, 1998.
 4. Shri Mayukha Sengupta, Director (Finance) was appointed full-time

Director on MCL Board w.e.f. 20th July, 1998.

5. Shri B. P. Singh, Director (Technical), was appointed full-time Director on MCL Board w.e.f. 21st July, 1998.
6. Shri A. K. Sahay, Director, CMD, BCCL ceased to be the part-time Director on MCL Board w.e.f. 30th July 1998. In place of Shri A. K. Sahay, Shri N. K. Sharma, Director (Tech.) of CIL was appointed as part-time Director.
7. Shri A. Chatterjee, Director (Finance), CIL and Shri Premanand Das, Director, Ministry of Coal continued as part-time Directors on MCL Board during the year.
8. Shri P. K. Sengupta, Chairman, CIL ceased to be the part-time Director on MCL Board w.e.f. 27th November, 1997.

39.2 The Board of Directors placed on record its deep appreciation for the valuable contribution made by Shri A. R. sharma, Chairman-cum-managing Director. The Board also placed on record its deep appreciation for the valuable services rendered by Shri P. K. Sengupta, Chairman, CIL and Shri A. K. Sahay, CMD, BCCL, who have religiously brought to bear their genius to promote the best interests of your company.

40. DECLARATION OF DIVIDEND

40.1 The Board of Directors of the Company have declared an Interim Dividend amounting to Rs. 122.30 Crores for the year 1997-98 and recommended a final dividend of Rs. 173.64 crores being 93.16% of the paid up equity share capital of Rs. 186.4009 crores. With the amendment of Corporate

Tax laws, your Company is required to pay 10% dividend tax on the dividend declared. A sum of Rs. 17.36 crores has been provided in the accounts as tax on dividend for the year 1997-98.

41. FIXED DEPOSITS

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

42. PARTICULARS OF EMPLOYEES

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

43. ACKNOWLEDGEMENTS

43.1 Your Directors express their sincere thanks to the Ministry of Coal, and Coal India Limited for their valuable assistance, support and timely guidance at different point of times. Your Directors also thank the various Ministers of the Central Govt. and the State Govt. of Orissa for their valuable support. The Directors are thankful to the Sister Organisations for the co-operation and assistance rendered by them.

43.2 Directors place on record their deep sense of appreciation for the co-operation extended by the Trade Unions and Officers' Associations and the team spirit shown, valuable and sterling services rendered by the employees at all levels towards the achievement of the objectives of the Company and all round growth.

43.3 The Directors also thank the valued customers profusely for their continued

support, patronage and encouragement but for which the company would not have emerged so strong with such a record profit and healthy finance.

43.4 The Directors also record their appreciation of the services rendered by the Auditors and the Officers and staff of the Comptroller and Auditor General of India and the Company Law Board.

43.5 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.

44. ADDENDA

The following papers are annexed.

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

S. N. Sharma

Chairman-cum-Managing Director

Sambalpur

Date : 9th September, 1998

**COMMENTS OF THE COMPTROLLER & 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, 1998**

In view of the revisions made in the accounts as a result of the observations made by the Comptroller & Auditor General of India as indicated in Para No. 4 of the Auditors' Report to the Shareholders and Item No. 15 of the Notes forming part of Accounts, there are no further comments to offer upon or Supplement to Auditors' Report under Section 619 (4) of the Companies Act, 1956 on the accounts of Mahanadi Coalfields Limited for the year ended 31st March, 1998.

Sd/-
(A. Pattanayak)
*Pr. Director of Commercial Audit &
Ex-Officio Member Audit Board-II
Calcutta*

Dated : Calcutta, the 9th September, 1998

**REVIEW OF ACCOUNTS OF MAHANADI COALFIELDS LIMITED
FOR THE YEAR ENDED 31ST MARCH 1998
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.

	1995 – 96	1996 – 97	1997 – 98
<i>(Rs. in lakhs)</i>			
1. FINANCIAL POSITION			
LIABILITIES			
(a) Paid up Capital	10000.09	10000.09	18640.09
(i) Government	—	—	—
(ii) Others — Coal India Ltd. Holding Company (Including Share application money pending allotment of Rs. 63.21 lakhs upto 94 – 95)	10000.09	10000.09	18640.09
(b) Reserves & Surplus			
(i) Free Reserves & Surplus	13776.59	27378.05	51644.57
(ii) Share Premium Account	—	—	—
(iii) Capital Reserve	—	2618.22	7969.63
(c) Borrowing			
(i) From CIL Holding Company	77870.9	63869.9	34598.18
(ii) From Financial Instns.	—	—	—
(iii) Foreign Credit (Deferred payment liabilities)	2072.09	1636.87	1374.45
(iv) Cash Credit	—	—	—
(v) Others	—	—	—
(vi) Interest Accrued and Due	—	—	—
(d) (i) Current Liabilities & Provisions (Excluding Prov. for Gratuity)	28157.68	46552.32	81652.51
(ii) Provisions for Gratuity	2283.14	2331.89	2418.50
TOTAL	134160.49	154387.34	198297.93
ASSETS			
(e) Gross Block	112052.59	127032.84	143543.70
(f) Less : Cumulative depreciation	40228.74	47169.62	54423.40
(g) Net Block	71823.85	79863.22	89120.30
(h) Capital Work-in-progress	21063.68	23088.8	29003.58
(i) Investments	0.04	283.81	1261.86
(j) Current Assets, Loans & Advances	38486.14	48919.04	76709.01
(k) Misc. expenditure not written off	2786.78	2232.47	2203.18
(l) Accumulated Losses	—	—	—
TOTAL	134160.49	154387.34	198297.93
(m) Working Capital [(j-d (i) – c (vi)]	10328.46	2366.72	– 4943.50
(n) Capital Employed [g + m]	82152.31	82229.94	84176.80
(o) Net Worth [a+b (i) + b(ii) – k – l]	20989.90	35145.67	68081.48
(p) Net Worth per Rupee of paid up Capital (in Rs.)	2.10	3.51	3.65

2A. WORKING RESULTS

The working results of the company for the last 3 years ending 31.03.98 are as under :

	1995 – 96	1996 –97	(Rs. in lakhs) 1997 – 98
(a) Sales	98794.29	112631.82	155287.35
(b) Profit for the year	2518.27	33961.59	65917.21
(c) Prior Period Adjustment	– 42.76	– 1296.22	– 506.16
(d) Profit before Tax	2475.51	32665.37	65411.05
(e) Tax Provision	—	8300.00	22000.00
(f) Profit after Tax	2475.51	24365.37	43411.05

2B. RATIO ANALYSIS

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

	1995 – 96	1996 –97	(In Percentages) 1997 – 98
(A) Liquidity Ratio			
(i) Current Ratio [$\frac{j}{d(i) + c(vi)}$]	136.68	105.08	93.95
(B) Debt Equity Ratio			
(ii) Long term debt to Equity [c(ii) to c(v) excluding short term loan /a]	799.42	655.06	192.99
(C) Profitability Ratios			
(a) Profit before tax to			
(i) Capital employed	3.01	39.72	77.71
(ii) Net worth	11.79	92.94	96.08
(iii) Sales	2.51	29.00	42.12
(b) Profit after tax to Equity	24.75	243.65	232.89
(c) Earning per share (in Rupees) (Profit after Tax/No. of Equity Share)	247.55	2436.52	2328.9

3. SOURCES AND UTILISATION OF FUNDS

Funds amounting to Rs. 72082.36 lakhs from internal and external sources were generated and utilised during the year as per details given below :

SOURCES OF FUNDS

(Rs. in lakhs)

(a) Funds from operations	
(i) Profit after tax	43411.05
(ii) Add : Depreciation	7253.78
(b) Increase in Share Capital	8640.00
(c) Increase in Over Burden Removal Reserve	5351.41
(d) Decrease in working Capital (Including Prov. for Gratuity)	7396.83
(e) Misc. Expenditure to the extent written off during the year (net)	29.29
	72082.36

APPLICATION OF UNDS

(a) Additions to Fixed Assets & Capital work-in-progress	22425.64
(b) Decrease in Borrowings	29534.14
(c) Decrease in Reserve (Road Subsidy)	43.67
(d) Increase in Investment	978.05
(e) Proposed Dividend	17364.42
(f) Provn. for I. T. on proposed Dividend	1736.44
	72082.36

4. INVENTORY LEVELS

The Inventory levels of stocks of stores and spares, coal, etc. at the end of 3 years ending 31.03.98 are as under :

	<i>(Rs. in lakhs)</i>		
	1995 - 96	1996 -97	1997 - 98
(i) Stock of Stores & Spares	5902.86	6645.49	6613.19
(ii) Work-in-progress	21.72	149.65	86.45
(iii) (a) Stock of coal, coke	8806.39	4975.15	4222
(b) Provision for deterioration of	880.64	497.49	4222.00
(iv) Percentage of Stock of coal & coke	8.91	4.42	2.72

5. SUNDRY DEBTORS

The Sundry Debtors vis-a-vis Sales in the last three years ending 31.03.98 are as follows :

<i>(Rs. in lakhs)</i>					
Years as on	Considered good	Sundry Debtors Considered Doubtful	Total	Sales	%age of Debtors to Sales
31.03.96	14290.86	8738.50	23029.36	98794.29	23.31
31.03.97	18102.89	5511.00	23613.89	112631.82	20.97
31.03.98	23633.91	5865.00	29498.91	155287.35	19.00

Calcutta
The 9th September, 1998

Sd/-
(A. PATTANAYAK)
Principal Director of Commercial Audit &
Ex-Officio Member, Audit Board-II
Calcutta

BALANCE SHEET AS AT 31ST MARCH 1998

	SCHEDULE	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
SOURCES OF FUND			
Shareholders' Funds			
(a) Capital	A	18640.09	10000.09
(b) Share Application Money Pending Allotment	B	—	—
(c) Reserves & Surplus	C	59614.20	29996.27
Loan Funds			
(a) Secured	D (I)	—	—
(b) Unsecured	D (II)	34598.18	63869.90
Deferred Credit			
Deferred Credit		1374.45	1637.96
Less : Int. on Deferred Payment		—	1.09
		1374.45	1636.87
GRAND TOTAL		114226.92	105503.13
APPLICATION OF FUND			
Fixed Assets			
(a) Gross Block	E	143543.70	127032.84
Less : Depreciation		54423.40	47169.62
Net Block		89120.30	79863.22
(b) Capital Work-in-Progress	F	29003.58	23088.80
TOTAL		118123.88	102952.02
Investments	G	1261.86	283.81
Current Assets, Loans & Advance			
(a) Inventories	H	10495.58	11151.89
(b) Debtors	I	23633.91	18102.89
(c) Cash & Bank Balances	J	3486.31	5038.21
(d) Other Current Assets	K	275.35	25.73
(e) Loans and Advances	L	38817.86	14600.32
		76709.01	48919.04
Less : Current Liabilities & Provisions	M	84071.01	48884.21
Net Current Assets		- 7362.00	34.83
Misc. Expenditure to the extent not yet written off or adjusted	N	2203.18	2232.47
GRAND TOTAL		114226.92	105503.13
ACCOUNTING POLICIES	O		
NOTES ON ACCOUNTS	P		

Sd/-
(S. C. BEHERA)
COMPANY SECRETARY

Sd/-
(J. ROY)
GENERAL MANAGER (F)

Sd/-
(MAYUKHA SENGUPTA)
DIRECTOR (FINANCE)

Sd/-
(S. N. SHARMA)
CHAIRMAN-CUM-MG. DIRECTOR

In terms of our report of even date
For K. L. Banerjee & Co.
Chartered Accountants
Sd/-
(K. L. Banerjee)
PARTNER

Date : The 4th Day of of Sept. 1998.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH 1998

	SCHEDULE	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
INCOME			
Sales	1	155287.35	112631.82
Coal issued for other purpose	2	376.92	449.28
Other Income	4	13227.54	11186.29
TOTAL INCOME		168891.81	124267.39
EXPENDITURE			
Decretion in Coal Stock	3	645.04	3613.82
Internal Consn. of Coal	5	115.58	126.39
Consn. of Stores & Spare Parts	6	19185.64	15750.14
Power & Fuel	7	6569.15	5723.64
Employees Remuneration & Benefits	8	22322.62	19436.57
Contractual Expenses	9	16732.98	13453.85
Repairs (purchased)	10	4465.55	3780.02
Social Facilities	11	4349.93	3546.24
Other Expenditure	12	6591.28	4289.59
Expenditure pertaining to Overburden		5351.40	3056.05
TOTAL EXPENDITURE		86329.17	72776.31
GROSS OPERATING PROFIT		82562.64	51491.08
Interest	13	4377.68	8519.89
Depreciation		8238.22	7172.27
Provisions	14 (a)	458.13	- 3058.05
Write off	14 (B)	4583.72	4895.38
PROFIT FOR THE YEAR		64904.89	33961.59
Prior Period Adjustment	15	- 506.16	1296.22
NET PROFIT BEFORE TAXATION		65411.05	32665.37
Provision for Income Tax		22000.00	8300.00
PROFIT AFTER TAX		43411.05	24365.37
Proposed Dividend		17364.42	10000.09
Provision for IT on Proposed Dividend		1736.44	1000.01
PROFIT AFTER TAX AND PROPOSED DIVIDEND		24310.19	13365.27
TRANSFERRED TO GENERAL RESERVE ACCOUNT		4500.00	2500.00
Retained Profit after transfer to General Reserve Account		19810.19	10865.27
Profit upto the previous year		24166.37	13301.10
BALANCE CARRIED TO BALANCE SHEET		43976.56	24166.37

Sd/-
(S. C. BEHERA)
COMPANY SECRETARY

Sd/-
(J. ROY)
GENERAL MANAGER (F)

Sd/-
(MAYUKHA SENGUPTA)
DIRECTOR (FINANCE)

Sd/-
(S. N. SHARMA)
CHAIRMAN-CUM-MG. DIRECTOR

*In terms of our report of even date
For K. L. Banerjee & Co.
Chartered Accountants
Sd/-
(K. L. Banerjee)
PARTNER*

Date : The 4th Day of Sept. 1998.

**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
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of 92-93 State Code

1	5
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Balance Sheet Date

3	1
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0	3
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9	8
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Date Month Year

II. Capital Raised during the Year (Amount in Rs. Thousand)

Public Issue	Right Issue																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>8</td><td>6</td><td>4</td><td>0</td><td>0</td><td>0</td></tr></table>				8	6	4	0	0	0
						N	I	L											
			8	6	4	0	0	0											
Bonus Issue	Private Placement																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L
						N	I	L											
						N	I	L											

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

Total Liabilities	Total Assets																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>1</td><td>9</td><td>6</td><td>0</td><td>9</td><td>4</td><td>7</td><td>5</td></tr></table>		1	9	6	0	9	4	7	5	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>1</td><td>9</td><td>6</td><td>0</td><td>9</td><td>4</td><td>7</td><td>5</td></tr></table>		1	9	6	0	9	4	7	5
	1	9	6	0	9	4	7	5											
	1	9	6	0	9	4	7	5											
Sources of Fund Paid-up Capital	Reserve & Surplus																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>8</td><td>6</td><td>4</td><td>0</td><td>0</td><td>9</td></tr></table>			1	8	6	4	0	0	9	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>5</td><td>9</td><td>6</td><td>1</td><td>4</td><td>2</td><td>0</td></tr></table>			5	9	6	1	4	2	0
		1	8	6	4	0	0	9											
		5	9	6	1	4	2	0											
Secured Loans	Unsecured Loans																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>3</td><td>5</td><td>9</td><td>7</td><td>2</td><td>6</td><td>3</td></tr></table>			3	5	9	7	2	6	3
						N	I	L											
		3	5	9	7	2	6	3											
Application of Funds Net Fixed Assets	Investments																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>1</td><td>1</td><td>8</td><td>1</td><td>2</td><td>3</td><td>8</td><td>8</td></tr></table>		1	1	8	1	2	3	8	8	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>2</td><td>6</td><td>1</td><td>8</td><td>6</td></tr></table>				1	2	6	1	8	6
	1	1	8	1	2	3	8	8											
			1	2	6	1	8	6											
Net Current Assets	Misc. Expenditure																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>(-)</td><td>7</td><td>3</td><td>6</td><td>2</td><td>0</td><td>0</td></tr></table>			(-)	7	3	6	2	0	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>2</td><td>2</td><td>0</td><td>3</td><td>1</td><td>8</td></tr></table>				2	2	0	3	1	8
		(-)	7	3	6	2	0	0											
			2	2	0	3	1	8											
Accumulated Losses																			
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L										
						N	I	L											

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

		Turnover (Net)							Total Expenditure												
			1	5	5	2	8	7	3	5			8	9	8	7	6	3	0		
+	-	Profit/Loss Before Tax							+	-	Profit/Loss After Tax										
+				6	5	4	1	1	0	5	+				4	3	4	1	1	0	5
		Earning Per Share (in Rs.)							Dividend Rate %												
				2	3	2	8	.	9	1			9	3	.	1	6				

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

Item Code No. (ITC Code)

2	7	0	1	1	2	.	0	0
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Product Description

B	I	T	U	M	I	N	O	U	S	-	C	O	A	L
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 1998

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	18640.09	10000.09
1864009 (Previous Year 1000009) Equity Shares of Rs. 1000 each allotted as fully paid up for consideration received in cash		
TOTAL	18640.09	10000.09

NOTE : Entire Share Capital is held by Holding Company — Coal India Ltd. and its nominees.

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 Limited against Equity Shares pending allotment		
TOTAL	—	—

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 1998

SCHEDULE - C RESERVES AND SURPLUS

	AS AT 01.04.97 <small>(Rs. in Lakhs)</small>	ADDITIONS DURING THE YEAR <small>(Rs. in Lakhs)</small>	DEDUCTION ADJUSTMENT DURING THE YEAR <small>(Rs. in Lakhs)</small>	AS AT 31.03.98 <small>(Rs. in Lakhs)</small>
A. 1. General Reserve Account	2975.49	4500.00		7475.49
2. Profit & Loss Account	24166.37	19810.19		43976.56
3. Other Reserves – Road Subsidy	236.19		– 43.67	192.52
SUB TOTAL (A)	27378.05	24310.19	– 43.67	51644.57
B. Accumulated Ratio Variance Reserve (OBR)	12329.88	7567.98	869.90	20767.76
Less : Closing Advance Stripping	9711.66	11709.21	– 8622.74	12798.13
SUB TOTAL (B)	2618.22	– 4141.23	9492.64	7969.63
GRAND TOTAL	29996.27	20168.96	9448.97	59614.20

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 1998

SCHEDULE - D (I)

SECURED LOANS

	<u>CURRENT YEAR</u> (Rs. in Lakhs)	<u>PREVIOUS YEAR</u> (Rs. in Lakhs)
From State Bank of India on cash credit/facilities as allocated by CIL (Against hypothecation of stock of coal, stores & spare parts, book debts & other assets).		
TOTAL	<u>—</u>	<u>—</u>

SCHEDULE - D (II)

UNSECURED LOANS

	<u>CURRENT YEAR</u> (Rs. in Lakhs)	<u>PREVIOUS YEAR</u> (Rs. in Lakhs)
Due to Coal India Limited Holding Co. (Loan Account)	34598.18	63869.90
TOTAL	<u>34598.18</u>	<u>63869.90</u>

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 1998

SCHEDULE - E

ASSETS

(Rs. in Lakhs)

	GROSS BLOCK OF FIXED ASSETS				DEPRECIATION		NET BLOCK			
	COST AS AT BEGINNING OF YEAR	ADDITIONS DURING THE YEAR	DELETION/ADJUSTMENT DURING THE YEAR	COST AS AT CLOSING OF YEAR	PROVIDED UPTO THE BEGINNING OF YEAR	FOR THE YEAR	WITHDRAWN/ADJUSTMENT DURING THE YEAR	PROVIDED UPTO THE END OF THE YEAR	AS AT YEAR END (31.3.98)	AS AT YEAR END (31.3.97)
1. LAND										
(i) Free hold	120.33	274.29		394.62					394.62	120.33
(ii) Lease hold	6166.88	1044.35		7211.23	1090.72	270.20		1360.92	5850.31	5076.16
2. BUILDINGS										
(i) Township	16009.32	2337.96		18347.28	1337.97	362.05		1700.02	16647.26	14671.35
(ii) Other than Township	5931.24	888.01		6819.25	770.42	219.87		990.29	5828.96	5160.82
(iii) Roads & Culverts	3119.94	619.52	- 42.08	3697.38	446.43	123.39		569.82	3127.56	2673.51
3. PLANT & MACHINERY	79235.67	9502.13	- 1548.68	87189.12	38243.02	6606.81	- 1437.84	43411.99	43777.13	40992.65
4. FURNITURE & FITTINGS & OFFICE EQUIPMENTS	1563.47	269.85	- 0.05	1833.27	629.81	159.95	- 0.05	789.71	1043.56	933.66
5. RAILWAY SIDING	4599.01	479.74	0.01	5078.76	738.32	259.14		997.46	4081.30	3860.69
6. VEHICLE	1487.51	220.05	- 6.59	1700.97	783.60	136.55	- 6.25	913.90	787.07	703.91
7. PROSPECTING & BORING	1521.64	665.09	- 200.58	1986.15	689.92	124.20	- 24.68	789.44	1196.71	831.72
8. DEVELOPMENT EXPENDITURE	7277.83	1793.73	214.11	9285.67	2439.41	693.36	- 232.92	2899.85	6385.82	4838.42
GRAND TOTAL	127032.84	18094.72	- 1583.86	143543.70	47169.62	8955.52	- 1701.74	54423.40	89120.30	79863.22

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 1998

SCHEDULE - E (Contd..)

ALLOCATION OF DEPRECIATION

	<u>CURRENT YEAR</u> (Rs. in Lakhs)	<u>PREVIOUS YEAR</u> (Rs. in Lakhs)
(A) REVENUE		
HEMM	4830.89	4238.07
Workshop Equipment	85.10	79.40
Others	3322.23	2854.80
	<u>8238.22</u>	<u>7172.27</u>
(B) SOCIAL FACILITY ASSETS (REVENUE)		
Township	566.20	361.76
Others	94.98	89.44
	<u>661.18</u>	<u>451.20</u>
(C) PRIOR PERIOD ADJUSTMENT (REVENUE)	51.27	235.39
(D) CAPITALISATION (Others)	4.85	46.55
GRAND TOTAL (A+B+C+D)	<u>8955.52</u>	<u>7905.41</u>

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 1998

SCHEDULE - F

CAPITAL WORK IN PROGRESS

(Rs. in Lakhs)

	UPTO THE BEGINNING OF THE YEAR (01.04.97)	ADDITIONS DURING THE YEAR	TRANSFER/ ADJUSTMENT DURING THE YEAR	UPTO THE END OF YEAR (31.3.98)
1. BUILDING UNDER CONSTRUCTION				
(i) Township	2666.25	2077.75	- 1849.24	2894.76
(ii) Other than Township	916.87	919.10	- 330.84	1505.13
(iii) Roads & Culverts (Mining Area)	361.05	541.54	- 572.08	330.51
2. PLANT & MACHINERY				
(i) Under erection/Installation	2944.24	1821.49	- 941.38	3824.35
(ii) In stores	1391.00	4564.11	- 4247.26	1707.85
(iii) In transit & awaiting Inspection	66.44	3554.90	- 25.20	3596.14
(iv) Railway siding under construction	2649.49	1481.90	- 2038.32	2093.07
(v) P & B for Dev Mines	4517.10	726.21	- 804.14	4439.17
(vi) Dev Exp. of Non-Rev. Mines	2370.55	699.95	- 741.86	2328.64
TOTAL CAPITAL WORK IN PROGRESS	17882.99	16386.95	- 11550.32	22719.62
CAPITAL GOODS IN STOCK	771.85	90.77	- 336.15	526.47
CAPITAL ADVANCE				
(i) P & M Advance for Capital Goods	1915.75	3406.97	- 1201.11	4121.61
(ii) Railway Siding Advance	126.57	13.62	- 90.26	49.93
(iii) Land Advance - 340609	2391.64	208.02	- 1013.71	1585.95
TOTAL CAPITAL ADVANCE	4433.96	3628.61	- 2305.08	5757.49
GRAND TOTAL	23088.80	20106.33	- 14191.55	29003.58

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 1998**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
Pension Fund Deposit (Investment in scheduled Banks)	1261.82	283.77
TOTAL	<u>1261.86</u>	<u>283.81</u>

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 1998

SCHEDULE - H

INVENTORIES

	<u>CURRENT YEAR</u> (Rs. in Lakhs)	<u>PREVIOUS YEAR</u> (Rs. in Lakhs)
(A) STOCK OF STORES & SPARES	6827.43	6245.36
Less :		
(i) Provision for obsolescence	373.88	291.41
(ii) Provision for Difference/Shortage	14.36	14.36
	388.24	305.77
SUB TOTAL	6439.19	5939.59
Add :		
In transit/Under Inspection	173.95	705.85
Discarded/Surveyed off Stock Adjustment	0.05	0.05
TOTAL (A)	6613.19	6645.49
(B) STOCK OF COAL		
1. Revenue	4222.00	4623.05
2. Capital Project		352.10
SUB TOTAL (1+2)	4222.00	4975.15
Less : Provision for Deterioration	422.20	497.49
Rehandling Charges	3.86	120.91
TOTAL (B)	3795.94	4356.75
As per Annexure H (I) & H(II)		
(C) WORKSHOP JOB	3.71	—
Work in progress	82.74	149.65
TOTAL (C)	86.45	149.65
(D) LOSS OF ASSETS	370.14	117.66
Less : Provision	370.14	117.66
TOTAL (D)	—	—
GRAND TOTAL (A + B + C + D)	10495.58	11151.89

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 1998

SCHEDULE - H (Contd..)

ANNEXURE - H (I)

	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 1.4.97 (As per Accounts)	34.85	4975.15			34.85	4975.15
2. Add Production for the year	421.73	154911.12			421.73	154911.12
3. Sub Total (1 + 2)	456.58	159886.27			456.58	159886.27
4. Less Offtake for the year						
(A) Outside Despatch	432.16	155287.35			432.16	155287.35
(B) Internal Consumption for Washeries etc.						
(C) Consumption for Boiler and Domestic Coal	0.68	376.92			0.68	376.92
TOTAL (4)	432.84	155664.27			432.84	155664.27
5. Derived Stock (3 – 4)	23.74	4222.00			23.74	4222.00
6. Measured Stock	23.54	4018.78			23.54	4018.78
7. Defference (5 – 6)	0.20	203.22			0.20	203.22
8. Break up of Difference :						
(A) Excess within 5%						
(B) Shortage within 5%	0.20	203.22			0.20	203.22
(C) Excess Beyond 5%						
(D) Shortage Beyond 5%						
9. Closing Stock adopted in Accounts (6 – 8A+8B)	23.74	4222.00			23.74	4222.00

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 1998

SCHEDULE - H (Contd..)

ANNEXURE - H (II)

	QUANTITY (L. Te)	VALUE (L. Rs.)
(B) RECONCILIATION OF CLOSING STOCK ADOPTED IN ACCOUNTS WITH BOOKS STOCK AS AT THE END OF THE YEAR		
STOCK AS PER	23.74	4222.00
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 but Qty. not adjusted in book stock as well as accounts.		
Less :		
Charge for Rehandling of Pithead Stock		3.86
Less :		
Provision made in the accounts to take care of future deterioration in coal stock.		422.20
Add :		
Coal in wagon etc.		
STOCK AS PER ACCOUNTS AFTER ALL PROVISIONS	23.74	3795.94

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 1998

SCHEDULE - I

DEBTORS

	CURRENT YEAR (RS. IN LAKHS)	PREVIOUS YEAR (RS. IN LAKHS)
Outstanding for over six months	26551.43	16152.49
Other debts	2947.48	7461.40
SUB TOTAL	29498.91	23613.89
Less : Provcision for Doubtful Debts	5865.00	5511.00
TOTAL	23633.91	18102.89
CLASSIFICATION		
1. Considered good and in respect of which the Company is fully secured	1062.04	1264.17
2. Considered good in respect of which the Company holds no security other than Debtors personal Security	22571.87	16838.72
3. Considered Doubtful	5865.00	5511.00
TOTAL	29498.91	23613.89

NOTE : Unsecured amount includes Rs. 256.79 Lakhs (Previous year Rs. 744.76 Lakhs) covered by Bank Guarantees.

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 1998

SCHEDULE - J CASH & BANK BALANCES

	CURRENT YEAR (RS. IN LAKHS)	PREVIOUS YEAR (RS. IN LAKHS)
A. (i) Cash/Stamp in hand	5.09	6.40
(ii) Cheques/Demand Draft in hand	32.71	1.15
(iii) Cash balance with Imprest Holder	0.62	1.83
B. Remittance-in-Transit	584.19	184.80
C. Balance with Schedule Bank		
(i) Current Account	2841.64	4727.81
(ii) Deposit Account	22.06	115.56
D. Soiled/mutilated notes in hand with R B I	—	0.66
TOTAL	3486.31	5038.21

SCHEDULE - K OTHER CURRENT ASSETS

	CURRENT YEAR (RS. IN LAKHS)	PREVIOUS YEAR (RS. IN LAKHS)
Claims Receivable :		
1. S & P Subsidy	33.55	23.18
2. Railways	222.28	0.97
3. Insurance Company	0.01	0.26
4. Fidelity	0.65	0.65
5. Interest on Bank Deposit	18.21	
6. Others	0.65	0.67
TOTAL	275.35	25.73

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 1998

SCHEDULE - L LOANS & ADVANCES

	CURRENT YEAR (RS. IN LAKHS)	PREVIOUS YEAR (RS. IN LAKHS)
(A) Advance to Suppliers (Stores)	1257.30	1695.21
	1257.30	1695.21
TOTAL (A)	1257.30	1695.21
(B) Advance to Contractors	753.29	141.75
	753.29	141.75
TOTAL (B)	753.29	141.75
(C) Advance to Employees :		
1. House Building Advance	318.86	283.31
2. Motor Car Advance	274.05	183.48
3. Motor Cycle, Scooter Advance	0.95	1.93
4. Other Conveyance Advance	0.12	0.08
5. Pay Advance	7.24	5.81
6. Medical Advance	26.34	29.76
7. Local Purchase Advance	9.43	12.06
8. Misc. Advance	77.65	82.71
9. Travelling Advance	75.49	72.03
10. L T C Advance	11.56	16.69
11. Advance (Others)	250.88	246.99
12. Freight Advance	—	0.75
13. Study Advance/Self Development Loan	0.48	0.62
14. Other Receivables	38.02	2.28
	1091.07	938.50
TOTAL (C)	1091.07	938.50

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 1998

SCHEDULE - L (Contd..)

LOANS & ADVANCES

	CURRENT YEAR (RS. IN LAKHS)	PREVIOUS YEAR (RS. IN LAKHS)
(D) Advance to Others :		
1. Advance to Co-operative Society	0.48	0.48
2. Port Trust Advance	21.60	21.60
3. Tax deducted at Source	3.19	0.30
4. Advance Income Tax	30300.00	6100.00
5. Advance Wealth Tax	9.58	3.89
6. Advance Sales Tax	401.32	429.71
7. ST deposit under protest	486.22	487.10
8. Advance to Subsidiary Co.	13.54	13.54
9. Advance Receivable from Govt.	0.84	0.84
10. Survey charges Receivable	10.50	—
11. Other receivable	220.27	120.98
	31467.54	7178.44
E. Deposit :		
(i) Deposit with P & T Deptt.	4.75	5.20
(ii) With Elec. Boards	3393.41	3675.14
(iii) With Others	530.92	541.46
	3929.08	4221.80
F. Prepaid Expenses	41.38	54.02
	41.38	54.02

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 1998

SCHEDULE - L (Contd..)

LOANS & ADVANCES

	CURRENT YEAR (RS. IN LAKHS)	PREVIOUS YEAR (RS. IN LAKHS)
(G) Current Accounts with Subsidiaries of Holding Company		
1. Eastern Coalfields Ltd.	0.01	—
2. Central Coalfields Ltd.	—	0.04
3. Western Coalfields Ltd.	—	58.86
4. CMPDI Limited	9.68	0.77
5. South Eastern Coalfields Limited	290.17	307.65
6. Northern Coalfields Ltd.	—	3.28
TOTAL (G)	299.86	370.60
GRAND TOTAL (A TO G)	38839.52	14600.32
Less : Provision for Doubtful Advances	21.66	—
NET TOTAL	38817.86	14600.32
Classification :		
(a) Considered good in respect of which the Company is fully secured	1347.27	610.47
(b) Considered good for which the company holds no security other than Parties Personal security	37470.59	13989.85
(c) Considered doubtful		

- NOTE : 1. Amount due from an officer of the Company is Rs. 2.76 lakhs (Previous Year Rs. 3.04 lakhs). Maximum amount due at any time during the year is Rs. 2.72 lakhs) Previous year Rs. 3.06 lakhs)
2. Amount due from Director of the Company is nil (Previous Year — Nil)

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 1998

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	762.82	1559.26
For Stores	2342.33	2381.53
	3105.15	3940.79
TOTAL (A)	3105.15	3940.79
B. Sundry Creditors for Expenses		
Contractual Expenses		
Capital	5665.36	1951.28
Revenue	2023.79	1097.89
Power & Fuel	750.61	481.35
	8439.76	3530.52
TOTAL (B)	8439.76	3530.52
C. Employees Remuneration and Benefits		
Salaries, Wages, Allowance	3558.69	3160.72
Attendance Bonus	178.98	140.23
Exgratia	568.56	607.57
Unpaid Salaries & Wages	27.99	25.99
Gratuity	2418.50	2331.89
D L I	0.31	0.34
Workmen Compensation	1.65	—
	6754.68	6266.74
TOTAL (C)	6754.68	6266.74

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 1998

SCHEDULE - M (Contd..)

CURRENT LIABILITIES AND PROVISIONS

	CURRENT YEAR (RS. IN LAKHS)	PREVIOUS YEAR (RS. IN LAKHS)
D. Other Expenses :		
Contractual Expenses	1134.37	922.11
Freight	39.08	—
Audit Fee & Expenses	2.95	2.30
Repair & Maintenance	116.14	88.12
Others	495.04	179.68
TOTAL (D)	1787.58	1192.21
E. Statutory Dues Sales Tax :		
Central	371.10	228.07
State	197.35	190.93
Royalty & Cess :		
Royalty on Coal	2157.60	3123.89
Cess on Coal	3265.83	3315.17
(a) Rescue Cess	0.15	0.15
(b) C&WL Cess	3.80	3.80
(c) Others	0.32	
Stowing Excise Duty	421.99	361.87
Central Excise Duty	61.10	2.16
Provident Fund	257.60	263.83
Pension Fund	1976.48	1441.52
Professional Tax	0.34	0.10
Income Tax :		
Employees	10.68	4.47
Contractors	13.55	26.02
Surface Rent & Dead Rent	0.31	0.03
Land Revenue	—	0.04
Other Statutory Dues	120.34	72.49
TOTAL (E)	8858.54	9034.54

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 1998

SCHEDULE - M (Contd..)

CURRENT LIABILITIES AND PROVISIONS

	CURRENT YEAR (RS. IN LAKHS)	PREVIOUS YEAR (RS. IN LAKHS)
F. Other Liabilities :		
(i) L. I. C. Premium (SSS)	0.57	0.40
(ii) C. D. Post Office	0.07	0.03
(iii) A. E. C. D. (Wages)	0.13	—
(iv) A. E. C. D. (DA)	—	0.01
(v) Dues to Canteen	0.04	0.03
(vi) Dues to Co-operative Society	0.46	0.38
(vii) Benevolent Fund	5.10	4.28
(viii) Welfare Fund	0.29	0.03
(ix) Others	51.77	69.88
TOTAL (F)	58.43	75.04
G. Advances and Deposits :		
Advance from Customers	1221.61	1468.80
Deposits from Contractors & Others	2090.70	2069.11
TOTAL (G)	3312.31	3537.91
H. Current Account Balance with other Subsidiaries of CIL		
1. Coal India Limited	2284.64	1998.89
2. Bharat Coaking Coal Ltd.	0.01	—
3. Central Coalfields Ltd.	53.95	0.19
4. Western Coalfields Ltd.	2.07	0.01
5. Eastern Coalfields Ltd.	5.54	
TOTAL (H)	2346.21	1999.09
I. Total Current Liabilities (A to H)	34662.66	29576.84
J. Provisions :		
(a) Taxation	32043.93	9307.28
(b) Proposed Dividend	17364.42	10000.09
TOTAL (J)	49408.35	19307.37
GRAND TOTAL	84071.01	48884.21

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 1998

SCHEDULE - N

MISCELLANEOUS EXPENDITURE

<i>(Rs. in Lakhs)</i>				
	AS AT 31.3.97	ADDITIONS DURING THE YEAR	DEDUCTION/ ADJUSTMENT DURING THE YEAR	AS AT 31.3.98
<i>(To the extent not written off or Adjusted)</i>				
1. HEMM Rehabilitation Expenses	1021.37	1135.83	- 767.10	1390.10
2. Expenditure on Gratuity	1171.00		- 390.00	781.00
3. Preliminary Expenses	40.10		- 8.02	32.08
GRAND TOTAL (1 + 2 + 3)	2232.47	1135.83	- 1165.12	2203.18

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31.3.98

SCHEDULE - 1

SALES

	<u>CURRENT YEAR</u> (Rs. in Lakhs)		<u>PREVIOUS YEAR</u> (Rs. in Lakhs)
QUANTITY (L Te)	432.16		372.20
(A) Gross Sales Value	195448.77		146661.65
Less: Surface Transportation Charges (Sch-4)	8333.99		7155.78
	<u>187114.78</u>		<u>139505.87</u>
Less : Statutory Levies :			
Royalty on Coal	22758.62		19790.45
Stowing excise Duty	1512.61		1302.53
Sales Tax :			
Central	4680.20		3479.26
State	2876.00	7556.20	2203.42
	<u>7556.20</u>		<u>5682.68</u>
(B) Total Levies	<u>31827.43</u>		<u>26775.66</u>
(C) Basic Value (A-B)	<u>155287.35</u>		<u>112730.21</u>
Less : Transfer to Development	—		98.39
NET VALUE	<u>155287.35</u>		<u>112631.82</u>

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDING 31.3.98**

SCHEDULE - 2

COAL ISSUED FOR OTHER PURPOSE

(Rs. in Lakhs)

	CURRENT YEAR			PREVIOUS YEAR		
	Colliery Consn.	Free issued to Emp.	Total	Colliery consn.	Free issued to Emp.	Total
QUANTITY (MT)	0.18	0.50	0.68	0.20	0.52	0.72
Value	137.36	261.34	398.70	145.97	322.89	468.86
Statutory Levies :						
Royalty on Coal	21.78	—	21.78	19.58	—	19.58
Total value	115.58	261.34	376.92	126.39	322.89	449.28

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31.3.98

SCHEDULE - 3

ACCRETION/DECRETION IN STOCK

	<u>CURRENT YEAR</u> (Rs. in Lakhs)	<u>PREVIOUS YEAR</u> (Rs. in Lakhs)
(A) Closing Stock		
Raw Coal	4222.00	4975.15
Less : Provision :		
Deterioration	422.20	497.49
Rehandling	3.86	120.91
	<u>426.06</u>	<u>618.40</u>
TOTAL PROVISION	426.06	618.40
TOTAL (A)	<u>3795.94</u>	<u>4356.75</u>
(B) Workshop Job :		
Work in Progress	61.71	149.65
Manufactured Stores	3.71	—
	<u>65.42</u>	<u>149.65</u>
TOTAL (B)	65.42	149.65
(C) TOTAL (A+B)	<u>3861.36</u>	<u>4506.40</u>
(D) Opening Stock		
Raw Coal	4975.15	8806.39
Less : Provision :		
Deterioration	497.49	880.64
Rehandling	120.91	144.14
	<u>618.40</u>	<u>1024.78</u>
TOTAL (D)	<u>4356.75</u>	<u>7781.61</u>
(E) Work in Progress	149.65	21.72
TOTAL (E)	<u>149.65</u>	<u>21.72</u>
(F) TOTAL (D+E)	<u>4506.40</u>	<u>7803.33</u>
TOTAL (C-F)	<u>- 645.04</u>	<u>- 3296.93</u>
Less : Transfer to Development	—	316.89
Accretion/Decretion in Stock	<u>- 645.04</u>	<u>- 3613.82</u>

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDING 31.3.98**

SCHEDULE - 4

OTHER INCOME

	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
Stowing Subsidy	57.49	47.12
Transportation Charges	8333.99	7155.78
Value of Workshop job done	3626.06	2963.48
Rent (Outsider)	25.39	15.03
Interest Received on		
1. Bank Deposits	68.95	10.07
2. Loans & Advances to Employees	41.89	3.85
3. Loans & Advances to Contractors & Others	5.91	20.15
Discount, Rebate & Allowances	9.25	13.61
Liquidated Damages/Penalty	119.13	91.15
Others :		
Tender Fee	19.52	22.46
Service Charges from Customers on joint sampling	15.58	15.02
Claims from others	—	9.87
Sale of Scrap	55.51	97.61
Reimbursement of Admn. Charges	170.80	—
Other Misc. receipts	679.99	724.60
SUB TOTAL	13229.46	11189.80
Less : Transfer to Development	1.92	3.51
TOTAL	13227.54	11186.29

SCHEDULE - 5

INTERNAL CONSUMPTION OF COAL

	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
QUANTITY (L/Te)	0.18	0.20
Gross Value	137.36	145.97
Less : Levies		
Royalty on Coal	21.78	19.58
NET VALUE	115.58	126.39

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31.3.98

SCHEDULE - 6

CONSUMPTION OF STORES & SPARES

	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
(A) Explosives	4391.86	3510.94
Timber	71.44	79.50
Petrol, Oil & Lub.	3749.03	3102.61
Other Stores & Spares :		
1. HEMM Spares	6846.03	5468.98
2. Consumption of POL Store & Spares for Cars & Jeeps	232.83	172.99
3. Consumption of POL Store & Spares for Ambu., & School Bus	24.02	15.85
4. Consumption of Stores & Spares for Township Water supply & Social Facilities	14.10	23.46
5. Consumption of POL	1.31	0.68
6. Others	4127.67	3619.93
SUB TOTAL (A)	19458.29	15994.94
Less : Transfer to		
Social Facilities	39.43	39.99
Development	0.39	31.82
Other Expenditure	232.83	172.99
SUB TOTAL (B)	272.65	244.80
TOTAL (A-B)	19185.64	15750.14

SCHEDULE - 7

POWER & FUEL

	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
(A) Purchase of Electricity	6797.67	5902.62
SUB TOTAL (A)	6797.67	5902.62
Less : Transfer to		
Social Facilities	227.89	160.13
Development	0.63	18.85
SUB TOTAL (B)	228.52	178.98
TOTAL (A-B)	6569.15	5723.64

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDING 31.3.98**

SCHEDULE - 8

EMPLOYEES REMUNERATION AND BENEFITS

	<u>CURRENT YEAR</u> (Rs. in Lakhs)	<u>PREVIOUS YEAR</u> (Rs. in Lakhs)
(A) Salaries, Wages & Allowances :		
Piece Rated Wages	989.19	1079.07
Time Rated Wages	10534.03	8223.50
Executives Salary	1994.42	2320.62
Leave Wages	701.48	615.72
Paid Holiday Wages	158.48	111.39
Leave Encashment	39.84	152.58
Nightshift Allowance	36.78	39.89
House Rent Allowance	87.83	84.24
Transport Subsidy	176.11	174.76
Incentive Bonus/Reward	13.83	45.53
Special Incentive	0.01	2.24
Other Allowances	8.14	9.70
TOTAL (A)	14740.14	12859.24
(B) Normal OT	1887.61	1542.26
Sunday OT	1310.50	1194.74
Fall Back Wages	1.56	2.42
Attendance Bonus	555.91	553.03
Exgratia	564.38	534.93
Provident Fund	1963.59	1788.67
Pension Fund	27.90	0.59
LLTC	661.81	565.80
RRF	69.61	73.60
Pension	169.93	191.84
Gratuity	860.88	694.73
Workmens' Compensation	16.71	16.17
DLI	9.84	6.76
Life Cover Scheme	16.13	12.95
TOTABL (B)	8116.36	7178.49
(C) Less : Transfer to		
Social Facilities	457.62	452.61
Development	76.26	148.55
TOTAL (C)	533.88	601.16
GRAND TOTAL (A+B-C)	22322.62	19436.57

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDING 31.3.98****SCHEDULE - 9****CONTRACTUAL EXPENSES**

	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
Transportation Charges :		
Coal	13176.06	10853.59
Sand	64.33	47.42
Others (To be specified)	567.50	682.30
Hire Charges of HEMM	2.66	5.93
Other Contractual Works	2953.28	1931.38
	<hr/>	<hr/>
SUB TOTAL	16763.83	13520.62
Less : Transfer to Development	30.85	66.77
	<hr/>	<hr/>
TOTAL	16732.98	13453.85
	<hr/>	<hr/>

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDING 31.3.98**

SCHEDULE - 10

REPAIRS

	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
(A) Township Repair :	729.31	564.54
Repair of Hospital, Educational & Other Welfare Buildings	182.17	142.70
Factory & Office Buildings	154.21	135.99
Plant & Machinery	912.37	915.84
Office Equip. & Furnitures	43.52	21.25
Hospital Equipment	5.59	1.71
Heavy Vehicles	41.86	41.86
Cars & Jeeps	123.26	120.10
SOH Vehicles	10.06	10.27
Rehabilitation Exp. written off	767.10	525.05
Workshop Job done	2483.18	2091.90
Siding Maint. Charges	78.88	54.88
TOTAL (A)	5531.51	4626.09
(B) Less : Transfer to		
Social Facilities	927.13	719.22
Other Expenses	123.26	120.10
Development	15.57	6.75
TOTAL (B)	1065.96	846.07
TOTAL (A-B)	4465.55	3780.02

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31.3.98

SCHEDULE - 11

SOCIAL FACILITIES

	CURRENT YEAR (Rs. in Lakhs)	PREVIOUS YEAR (Rs. in Lakhs)
(A) Salaries, Wages & Allowances (Contra)	457.62	452.61
Free issue of Coal to Employees/Gas	313.75	349.57
Medical Reimbursement	137.45	104.12
Medicine & Diet Expn.	204.14	247.71
Grant to Schools & Inst.	193.05	136.40
Sports, Rec. Grants	57.53	36.96
Canteen upkeep	2.45	1.55
Purchase of Water	46.33	33.21
Power (Contra)	227.89	160.13
TOTABL (A)	1640.21	1522.26
(B) Repair :		
Township Repair (Contra)	729.31	564.54
Repair of Hospital, School & Wel, Building (Contra)	182.17	142.70
Hospital Equip. (Contra)	5.59	1.71
TOTABL (B)	917.07	708.95

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDING 31.3.98**

SCHEDULE - 11 (Contd..)

SOCIAL FACILITIES

	<u>CURRENT YEAR</u> (Rs. in Lakhs)	<u>PREVIOUS YEAR</u> (Rs. in Lakhs)
(C) Cons. of Stores & Spares for SOH Services (Contra)	15.41	24.14
Maintenance of Vehicles :		
Stores & Spares for SOH Vehicles (Contra)	24.02	15.85
Repairs of SOH Vehicles (Contra)	10.06	10.27
Road Tax	1.12	1.16
Insurance	0.46	2.35
	<hr/>	<hr/>
Training Expenses	239.00	237.69
Depreciation	661.18	451.20
Community Development	531.31	458.60
Environment/Ecology/Improvement	183.36	81.95
Technical Assistance ESMP	26.13	—
Guest House Expenses	24.74	12.86
Others	166.92	118.94
	<hr/>	<hr/>
TOTAL (C)	1883.71	1415.01
	<hr/>	<hr/>
TOTAL (A+B+C)	4440.99	3646.22
	<hr/>	<hr/>
(D) Less : Recoveries :		
House Rent	22.30	19.48
Hospital Charges	15.96	13.47
School Bus, Electricity & Water Charges	20.10	8.51
Guest House/Transit flat	0.18	0.29
	<hr/>	<hr/>
TOTAL (D)	58.54	41.75
	<hr/>	<hr/>
(E) Less : Transfer to Development	32.52	58.23
	<hr/>	<hr/>
GRAND TOTAL (A+B+C+D+E)	4349.93	3546.24
	<hr/>	<hr/>

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31.3.98

SCHEDULE - 12 OTHER EXPENDITURE

	<u>CURRENT YEAR</u> (Rs. in Lakhs)		<u>PREVIOUS YEAR</u> (Rs. in Lakhs)	
(A) Travelling		306.40		280.42
Printing & Stationery		160.53		153.34
Books & Periodicals		5.77		6.31
Postage & Telephone		206.22		204.24
Bank Charges		17.07		11.25
Advertisement for :				
(i) Recruitment	0.26		0.26	
(ii) Tender	115.67		70.01	
(iii) Others	1.35		2.97	
(iv) Publicity	14.46	131.74	9.87	83.11
Freight Charges		55.58		56.10
U. Loading Charges		769.87		432.68
Demurrage		10.03		11.24
Donation & Subscriptions		3.19		2.65
Security Expenses		454.47		392.87
Rescue & Safety		52.14		52.76
Expenses on Meeting		89.27		59.55
Hire Charges :				
(i) Computer	66.18		43.35	
(ii) Others	117.10	183.28	88.71	132.06
Maintenance of Cars & Jeeps :				
(i) P. O. L. & Spares (Contra)	232.83		172.99	
(ii) Repairs (Contra)	123.26		120.10	
(iii) Vehicle Tax	484.89		850.53	
(iv) Insurance	6.31	847.29	4.54	1148.16
TOTAL (A)		3292.85		3026.74

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDING 31.3.98**

**SCHEDULE - 12
OTHER EXPENDITURE**

	<u>CURRENT YEAR</u> (Rs. in Lakhs)	<u>PREVIOUS YEAR</u> (Rs. in Lakhs)
(B) Royalty & Cess	22.11	19.90
Insurance	1.85	2.35
Rent, Rates & Taxes	422.25	154.31
Auditors Remuneration :		
(i) Audit Fee	1.55	1.20
(ii) Out of Pocket Expenses	0.88	0.70
(iii) In other capacity	0.52	2.30
Internal Audit Fees & Expenses	11.84	21.28
Legal Expenses	105.66	75.07
Apex Office Expenses	2108.60	755.61
Loss on Sale/Discard of Assets	328.39	48.07
Office Contingency	18.47	31.82
Prospecting & Boring	91.81	28.96
Others	214.63	201.65
Wealth Tax	0.21	5.70
TOTAL (B)	3328.77	1347.02
(C) Less : Transfer to Development	30.34	84.17
TOTAL (A+B-C)	6591.28	4289.59

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31.3.98

SCHEDULE - 13

INTEREST

	<u>CURRENT YEAR</u> (Rs. in Lakhs)	<u>PREVIOUS YEAR</u> (Rs. in Lakhs)
INTEREST :		
On dues to Coal India Ltd., Holding Co.	4201.35	8394.37
On deferred payment	1.09	4.30
Chargeable to Dev. units	26.76	168.57
Others	175.27	121.22
SUB TOTAL	<u>4404.47</u>	<u>8688.46</u>
Less :		
Interest Capitalised during the year	26.79	168.57
NET TOTAL	<u>4377.68</u>	<u>8519.89</u>

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31.3.98

SCHEDULE - 14

	<u>CURRENT YEAR</u> (Rs. in Lakhs)		<u>PREVIOUS YEAR</u> (Rs. in Lakhs)	
(A) PROVISIONS				
Doubtful Debts (New Provision)	3180.00		1463.50	
Less : Earlier Provision not longer required	2826.00	354.00	4691.00	- 3227.50
Obsolescence of Stores		82.47		175.67
Doubtful Advances		21.66		—
Loss of Assets		—		- 6.22
TOTAL (A)		<u>458.13</u>		<u>- 3058.05</u>
(B) WRITE OFFS				
Bad Debts Written off		4212.31		4691.00
Assets Written off		363.39		196.36
Preliminary Exp. written off		8.02		8.02
TOTAL (B)		<u>4583.72</u>		<u>4895.38</u>

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDING 31.3.98**

SCHEDULE - 15

PRIOR PERIOD ADJUSTMENT

	<u>CURRENT YEAR (Rs. in Lakhs)</u>	<u>PREVIOUS YEAR (Rs. in Lakhs)</u>
(A) DEBIT		
Employees remuneration & benefits	0.78	—
Power & Fuel	—	188.20
Depreciation	51.27	235.39
TOTAL (A)	<u>52.05</u>	<u>423.59</u>
(B) CREDIT		
Sales	558.21	– 873.76
Other Income	—	0.01
TOTAL (B)	<u>558.21</u>	<u>– 873.75</u>
NET TOTAL (A–B)	<u>– 506.16</u>	<u>1297.34</u>
(C) Transfer to Development	—	1.12
GRAND TOTAL	<u>– 506.16</u>	<u>1296.22</u>

ACCOUNTING POLICY

SCHEDULE - "O"

SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONVENTION

The Financial Statements are prepared under the Historical cost basis, as per Accounting Standards and generally accepted accounting practices, except otherwise stated in Accounting Policy and Notes 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) 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

3.1 Gratuity has been charged on Actuarial Valuation basis. The liability for gratuity as per Actuarial Valuation as on 31.03.95 has been deferred and charged in five equal yearly instalments commencing from 1995-96. The incremental liability for gratuity on actuarial valuation basis for the year is charged in full in the current year's accounts.

3.2 Leave Encashment

The liability for Leave Encashment as per Actuarial Valuation as on 31.03.97 has been charged in full during 1996-97. The incremental liability for Leave Encashment on Actuarial Valuation as on 31.03.98 has been charged in full in current year's Accounts.

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 prorata 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 workings 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 PROSPECTING & BORING : Prospecting & Boring Expenditure of Development Mines till it is brought to Revenue are shown in Capital-work-in-Progress (Schedule-F).

Prospecting & Boring Expenditure of Revenue Mines incurred upto 31.03.96 are amortised over a period of 20 years or life of the Project whichever is less.

Prospecting & Boring Expenditure of Revenue Mines since 01.04.96 are charged to Revenue Account.

- 5.5 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 in which the value of production is more than the total expenses whichever is earlier.
- 5.6 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 ammended on straight line basis except that :
- (a) Depreciation for lease hold land has been charged equitably on the basis of lease period or life of the project whichever is less.
 - (b) Depreciation on land acquired under Coal Bearing Area (Acquisition & Development) Act, 1957 has been charged on the basis of Balance life of the project.
 - (c) 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 prorata 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. except that held at Paradip Port Stock yard has been taken as Closing Stock as per the Policy of the Coal India Limited, where the variation between the book stock and measured stock is upto +/- 5%.

For the purpose of Closing Stock at Paradip Port a further allowance of 2% of RR weight (recoverable as handling loss in terms of contract with the handling agent) is considered in addition to the normal tolerance limit of +/- 5%.

- 7.4 Stock of coal and coke (if applicable) is valued at "Cost or Market Price whichever is lower" from the Accounting Year 1996-97 after adjusting provision for deterioration @10% of the value of stock as at the close of the year. Estimated net transportation/rehandling charges are provided whenever stock is valued at market price. However rehandling charges in respect of transportation of coal by own fleet/mechanical device 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 : TS : 26, 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 5 Mil. 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 whenever 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 :

	1997-98	1996-97
		<i>(Rs. in Lakhs)</i>
(a) Suits against MCL	123.69	105.78
(b) Sales Tax & Levies	2003.69	2553.02
(c) Road Tax for HEMM & others	222.48	31.86
(d) Interest on delayed payment of Advance Income Tax	623.79	Nil

2. CAPITAL COMMITMENTS

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

	1997-98	1996-97
		<i>(Rs. in Lakhs)</i>
Capital Commitment	8444.31	11214.02

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 Prospecting & Boring

Till 95–96 Prospecting & Boring Expenditure of Revenue Mines was being amortised over a period of 20 years or life of the Project whichever is less. Prospecting & Boaring Expenditure from 01.04.96 in respect of Revenue Mines are fully charged to the Revenue account of the year concerned.

3.10 Development Expenditure

During the year interest amount to Rs. 26.79 lakhs has been capitalised on account of expenditure incurred on Projects under 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) **At Project end** : 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 +/- 5%.
- (ii) **At Paradip Port** : Stock of coal at Paradip Port has been physically verified. For the purpose of Closing Stock at Paradip Port a further allowance of 2% of RR weight (recoverable as handling loss in terms of contract with the handling agent) is considered in addition to the normal tolerance limit of +/- 5%.
- (iii) From 96–97 onwards stock of coal and coke is valued at "cost or market price" whichever is lower.
- (iv) Provision for rehandling charges wherever considered necessary has been made in respect of Pit head/Grounds 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.
- (v) Provision for Deterioration of coal has been made @10% of Coal Stock at the close of the year.

5. SUNDRY DEBTORS

- 5.1 Sundry debtors have increased by Rs. 5885.02 lakhs. Adhoc amount received from customers, are under reconciliation. The Provision of Rs. 5865.00 lakhs upto 31.03.98 including provision of Rs. 3180.00 lakhs made during the year for Bad & Doubtful Debts is 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. SHARE CAPITAL

- 7.1 In the current year shares of Rs. 8640.00 lakhs consisting of 8,64,000. Fully Paid Equity Shares of Rs. 1000/- each has been allotted to Coal India Limited by conversion of Unsecured Loan due to Coal India Limited. As a result of the issue, the Equity Share Capital of the Company have been raised from 1000009 Shares to 1864009 Shares.

8. SECURED LOAN/CASH CREDIT

- 8.1 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 other Assets of the Company which was not availed of during the year.

9. CURRENT LIABILITIES/PROVISIONS

- 9.1 Deductions made from the wages of the employees covered under National Coal Wage Agreement (NCWA) @2% of basic wages + DA towards Post Retirement benefit w.e.f. 01.04.1989 amounting to Rs. 1976.48 lakhs (inclusive of interest) has been kept separately, under other liabilities pending approval of appropriate scheme by the Govt. of India. The scheme has been made effective from 31.03.98 and the payment to CMPF commissioner is to be made as per scheme in the following year.

10. CONFIRMATION OF BALANCE

- 10.1 Confirmation of balances of Sundry Debtors, Sundry Creditors, various loans and advances, Deposit etc. as at 31.3.98 have not been obtained in all cases.

11. PROVISION FOR BAD AND DOUBTFUL DEBT

- 11.1 Provision towards Bad and Doubtful Debt has been made in the Accofunts as follows :

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

12. OTHERS

- 12.1 Interest/penalty received from Debtors on delayed payments are accounted for on cash basis.
- 12.2 (a) Employees Remuneration and Benefits include Rs. 786.15 lakhs paid towards arrear salary of Executives.
- (b) During the year 1997-98 Coal India Limited (CIL) has changed its Policy of charging Interest payable by Subsidiaries based on the Closing Balance of CIL Loan Account appearing in the Books of Accounts of Subsidiaries instead of Opening Balance in the same Account. This has resulted in increase in the profit of the Company by Rs. 2657.85 lakhs.
- (c) During the year 1997-98 CIL has changed its Policy of charging Apex Charges @ Rs. 5/- per Te of production instead of earlier method of calculation based on percentage on supply order, despatch, roduction etc. This has resulted in decrease in the profit of the Company by Rs. 1251.15 lakhs.
- (d) In the year 1997-98 due to change in Accounting Policy Interest on Advances to employees e.g., house building, purchase of car etc. from realisation/cash basis to accrual basis, the profit has increased by Rs. 35.99 lakhs.
- (e) Negative Capitalisation of Rs. 558.53 lakhs (being the excess of sale value over development expenditure) of Lakhanpur OCP in the year 1993-94 (brought to Revenue in 1994-95) has been treated as prior period sales during 1997-98 consequent on the change in the policy on capitalisation of Development Expenditure. This has resulted in the increase in profit by Rs. 558.53 lakhs.
- (f) Consequent in change in the policy for providing rehandling charges on Coal Stock the profit for the year 1997-98 has increased by Rs. 101.78 lakhs.
- 12.3 (a) Sales Tax and levies demand for Rs. 642.60 lakhs made on the Company has been disputed and not provided for. However a sum of Rs. 486.22 lakhs has been paid under protest.
- (b) An amount of Rs. 623.79 lakhs has been claimed by the Income Tax Department for Interest on Advance Income Tax which is lying subjudice with Chief Commissioner of Income Tax, Patna, and hence not provided for.
- 12.4 Gratuity has been charged on "Actuarial Valuation" basis. Actuarial valuation of incremental gratuity liability for the year ended 31.03.98 has been certified by the actuary at Rs. 470.88 lakhs. A total amount of Rs. 860.88 lakhs being the sum total of Rs. 470.88 lakhs towards the incremental liability for the current year and Rs. 390.00 lakhs (1/5th of Rs. 1951.00 lakhs) accruing upto 31.03.95, have been charged to profit and loss account for the year 1997-98. As against the incremental liability of Rs. 470.88 lakhs on "Actuarial Valuation" basis a total of Rs. 377.79 lakhs has been paid on account of Gratuity during the year 1997-98.
- 12.5 Leave Encashment liability has been assessed on Actuarial Valuation basis as on 31.03.98 at Rs. 192.42 lakhs and the incremental liability of Rs. 39.86 lakhs have been charged in full in the current year's accounts. However in the current year, actual payment was Rs. 65.04 lakhs on account of leave encashment.

- 12.6 IICM contribution booked under the Head "Training Expenses" vide Sch. 11 amounting to Rs. 210.86 lakhs for the year 1997-98 have been accounted for on the basis of advice received from Coal India Limited.
- 12.7 (a) A sum of Rs. 252.48 lakhs incurred due to change of Rly Siding alignment from Bharatpur to Ananta V & VI spur buffer end was approved for write off by MCL Board during 97-98. Accordingly Rs. 252.48 lakhs has been written off during 97-98.
- (b) A balance net block of Rs. 5.72 lakhs has been written off in 1997-98 from corresponding CMPDIL expenditure relating to preparation of Project Report on the abandoned Coal Handling Plant (CHP) at Lajkura Open Cast Project (LOCP). The CHP was originally written off in the year 1996-97.
- (c) A total sum of Rs. 105.19 lakhs has been written off in 1997-98 on account of unamortised Net block of Prospecting & Boring for Rs. 4.10 lakhs and Development Expenditure of Rs. 101.09 lakhs of original Lajkura Open Cast Project which has expired its life in the year 1996-97.
- 12.8 Rs. 4212.31 lakhs has been written off on account of Bad Debts for sale of coal to customers prior to 01.04.97 against which a Provision of Rs. 2826.00 lakhs was existing as on 01.04.97.
- 12.9 Rs. 8.02 lakhs towards preliminary expenses have been written off during the year 1997-98.
- 12.10 Rs. 82.47 lakhs towards obsolescence of stores have been provided during the year 1997-98 making the cumulative provision to Rs. 373.88 lakhs.
- 12.11 the excess of Accumulated "Ratio Variance Reserve (OBR)" over "Closing Advance Stripping (OBR)" has been reflected during the current year under "Reserve & Surplus".

12.12 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.

	<i>(Rs. in Lakhs)</i>	
	<u>1997-98</u>	<u>1996-97</u>
Salary	6.25	4.28
PF	0.80	0.65
Medical Expenditure	0.76	0.35
Travelling Expenditure	19.26	16.76
Leave Encashment	1.25	2.19
Gratuity	2.50	1.00
TOTAL	<u>30.82</u>	<u>25.23</u>

12.13 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, 1998.

(i) Coal		
(a) Licensed Capacity	—	Not applicable
(b) Installed Capacity	—	Not applicable

12.14 Value of Imports Calculated on CIF basis.

	<i>(Rs. in Lakhs)</i>	
	<u>1997-98</u>	<u>1996-97</u>
Stores & Spares	53.26	983.43
Capital Goods	—	—
Expn. on Foreign Currency		
(i) Travelling	Nil	Nil
(ii) Know-how & Consultancy	Nil	Nil

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

	1997-98		1996-97	
	Value (L. Rs.)	%age	Value (L. Rs.)	%age
Raw materials				
Imported	Nil	Nil	Nil	Nil
Indigenous	Nil	Nil	Nil	Nil
Stores & Spares				
Imported	47.11	0.24%	Nil	Nil
Indigenous	19411.18	99.76%	15994.94	100%

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

	1997-98		1996-97	
	Qty. (L. MT)	Value (Cr. Rs.)	Qty (L. MT)	Value (Cr. Rs.)
Open Stock :				
(a) Rev. Mines	33.44	46.23	34.10	88.06
(b) Dev. Mines	1.41	3.52		
Total	34.85	49.75	34.10	88.06
Production :				
(a) Rev. Mines	421.73	1549.11	371.95	1084.53
(b) Dev. Mines	—	—	1.72	4.50
Total	421.73	1549.11	373.67	1089.03
Sales (Excl. Levies) :				
(a) Rev. Mines	432.16	1552.87	371.89	1126.32
(b) Dev. Mines	—	—	0.31	0.98
Total	432.16	1552.87	372.20	1127.30
Own Consumption :	0.68	3.77	0.72	4.49
Closing Stock :				
(a) Rev. Mines	23.74	42.22	33.44	46.23
(b) Dev. Mines	—	—	1.41	3.52
Total	23.74	42.22	34.85	49.75

14. Provision of Income Tax has been made in Accounts to the tune of Rs. 23736.44 lakhs for the Accounting Year 1997.98 (Assessment year 1998-99) which includes Rs. 1736.44 lakhs as Income Tax on Dividend calculated @10% on the proposed dividend. The same for the previous

Accounting Year 1996–97 (Assessment Year 1997–98) was Rs. 9300.01 lakhs which was inclusive of Rs. 1000.01 lakhs for Income Tax on Dividend.

15. The Accounts for the year 1997–98 with "Notes on Accounts" as approved by the Board of Directors on 05.08.98 and reported upon by the Statutory Auditors on 07.08.98 have been revised in pursuance to memos issued by the Comptroller and 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)

Increase in :

Net Profit after prior period adjustments	669.49
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Represented by :

1. Fixed Assets

Increase in Net block	427.29
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Increase Capital W-I-P	20.33
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Net Increase in Fixed Assets	447.62
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2. Increase in the value of inventory	269.04
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3. Decrease in other Current Assets	- 47.17
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	669.49
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Apart from above, there are the following changes in Schedule O and P respectively :

- (a) Schedule O : (i) Accounting Policy No. 2.2 (a) for Interest on Advances to employees.
- (ii) Accounting Policy No. 5.5 (b) for new criteria for bringing development mines to revenue.
- (iii) Accounting Policy No. 7.4 for Provision for Rehandling Charges as well as closing stock of coal.
- (b) Schedule P : Necessary disclosures have been made on account of the followings :
- (i) There is an increase in contingent liability of Rs. 623.79 lakhs being Interest on Advance Income Tax claimed by Income Tax Department which has been disputed and lying subjudice. Separate disclosure is given in Note No. 12.3b).
- (ii) Note No. 3.10 (ii) dropped as it has become redundant in view of change in Accounting Policy No. 5.5 (b) on negative capitalisation. A separate Note No. 12.2

- (e) is given for disclosure of impact of change in Accounting Policy No. 5.5 (b) for negative capitalisation.
- (iii) Note No. 12.2 (b) & (c) : Disclosures for change in Policy of charging Interest and Apex charges respectively by CIL for its Subsidiaries.
- (iv) Note No. 12.2 (d) : Disclosure for impact of change in Accounting Policy for Interest on Advances to employees from realisation/cash basis to accrual basis.
- (v) Note No. 12.2 (f) Disclosure for impact of change in Accounting Policy No. 7.4 for Rehandling Charges as well as Closing Stock of Coal.
- (vi) Note No. 12.7 (b) : Disclosure for write-off of CMPDIL expenditure on account of abandoned CHP at Lajkura OCP.
- (vii) Note No. 12.7 (c) : Disclosure for write-off of unamortised Prospecting & Boring and Development Expenditure of original Lajkura OCP which has expired its life in 1996-97.
- (viii) Note No. 13 Value of Closing Stock and Production are changed in line with revised Accounts.
16. The Board of Directors, have proposed a final dividend of Rs. 17364.42 lakhs (previous year Rs. 10000.09 lakhs) for the year being 93.16% of the paid up Equity Share Capital of the Company 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').
17. Previous year's figures have been rearranged/regrouped wherever considered necessary.
18. all the Schedules A to N & 1 to 15 and the Accounting Policies (Sch. O) and Notes and Accounts (Sch. P) form integral part of Accounts.

Sd/-
(S. C. BEHERA)
COMPANY SECRETARY

Sd/-
(J. ROY)
GENERAL MANAGER (F)

Sd/-
(MAYUKHA SENGUPTA)
DIRECTOR (FINANCE)

Sd/-
(S. N. SHARMA)
CHAIRMAN-CUM-MG. DIRECTOR

*In terms of our report of even date
For K. L. Banerjee & Co.
Chartered Accountants*

Sd/-
(K. L. Banerjee)
PARTNER

Date : The 4th Day of of Sept. 1998.

ADDENDUM TO DIRECTOR'S REPORT

(UNDER SECTION 217 (3) AND 227 (2) OF THE COMPANIES ACT, 1956)

AUDITOR'S REPORT

MANAGEMENT'S REPLY

To

The Members of
Mahanadi Coalfields Ltd.
Jagriti Vihar, Burla,
Sambalpur.

We have audited the attached Balance Sheet of Mahanadi Coalfields Limited as at 31. March, 1998 and annexed Profit & Loss Account for the year ended on that date annexed thereto and report that :—

1. 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
 - e) Hingula Area.
2. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section. 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that :—

No comments

No comments

AUDITOR'S REPORT

- i) Profit for the year and miscellaneous expenses to the extent not written off (Schedule–N) has been overstated by Rs.781.00 lakhs due to deferment of expenditure on gratuity as required under Accounting Standard–15.

- ii) Profit for the year and miscellaneous expenses to the extent not written off (Schedule–N) has been overstated by Rs.1390.10 lakhs due to non–amortisation of full amount of HEMM Rehabilitation Expenses as required under Accounting Standard–10.

- iii) Profit for the year and the P&M in Stores has been overstated by Rs.123.87 lakhs due to non–provision of non–moving P&M items which are un–moved for a long period.

- iv) No provision have been made for the claim lodged during the year by the Deputy Director, Mines, Sambalpur circle, towards interest on delayed payment of Royalty for Rs.54.24 lakhs.

MANAGEMENT'S REPLY

Gratuity has been charged on "Actuarial Valuation" basis. Actuarial valuation of incremental gratuity liability for the year ended 31.3.98 has been certified by the actuary at Rs.470.88 lakhs. A total amount of Rs.860.88 lakhs being the sum total of Rs.470.88 lakhs towards the incremental liability for the current year and Rs.390.00 lakhs (1/5 th of Rs.1951.00 lakhs) accruing upto 31.3.95, have been charged to profit and loss account for the year 1997–98.

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.

In terms of the Company policy, provision against loss/deterioration of stores & spares are to be carried as under :

- a) Stores & Spares held for more than 10 years as on last day of the year to which the Accounts relates – 100%
- b) Stores & Spares held for more than 5 years as on last day of the year to which the Accounts relates – 50%.

The non–moving Plant & Machinery referred to by Audit has not been discarded by the Management and there has been no loss of Assets and therefore no provision is required.

The matter is under dispute and contested by the Comapny's Legal Department.

AUDITOR'S REPORT

- v) Loans and Advances (Sch-L) includes Rs.3.08 lakhs (other receivables), Rs.52.36 lakhs (stores advance), Rs.9.55 lakhs (stores issued to contractor on loan) and Rs.13.53 lakhs (advance to subsidiary company), remained unadjusted since long.
- vi) Advances paid to various parties for P&M in Stores shown under Capital Work-in-Progress (Schedule-F) instead of Loans and Advances (Schedule-L) out of which Rs.8.53 lakhs remain un-adjusted since long.
- vii) Net Development Expenditure Capitalised in respect of Ananta Project under Jagannath Area, which started commercial production since 1989-90, shows a Credit balance of Rs.909.48 lakhs prior to the year it was brought under Revenue. No depreciation has been considered on this account.
- viii) Certain Credit balances in Current Assets and expenses as well as credit balances in liabilities and income have not been reconciled.
- ix) Balance confirmation from Holding Company and Other Subsidiaries, Sundry Debtors, Loans and Advances, Deposits have not been obtained at the year end.
- x) The Company has taken over hospital, rescue station, welfare centre etc., from other Organisations. Pending finalisation of assets/liabilities/depreciation in respect of assets taken over have not been taken into account.

MANAGEMENT'S REPLY

- The scrutiny of unadjusted balances are under progress.
- The grouping has been done in accordance with the uniform policy on presentation of accounts as laid down by Coal India Limited. The scrutiny of unadjusted balances are under progress.
- The negative capitalisation of development expenditure of Ananta Project of Jagannath Area which came to revenue prior to 3.4.92 has gone into "Purchase consideration" accounted for by MCL in the very first year i.e. 1992-93.
- 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.
- No comments.
- 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.

AUDITOR'S REPORT

MANAGEMENT'S REPLY

xi) Title/Lease Deeds of land and mining rights were not fully available for all the units for our verification.

Details of the Land acquired/purchased is maintained indicating the reference of the demand note raised by the authorities, and acquired and handed over to the company. Details of the land vested on nationalisation have however, not been available in most of the areas, as no formal order of the Govt. is issued separately vesting these lands in company.

xii) As per uniform Policy guideline of CIL Capital Advance for Rs.5757.49 lakhs has been shown under "Capital Work-in-Progress" (Schedule-F), which should be shown under "Lonans and Advances" (Schedule-L) instead.

The grouping has been done in accordance with the uniform policy on presentation of accounts as laid down by Coal India Limited.

xiii) Investment (Sch-G) includes Rs.1261.82 lakhs being term deposit with the Scheduled Banks which should be shown under Cash and Bank Balance (Sch-J) instead.

No comments.

xiv) Sales Tax demand for Rs.642.60 lakhs made on the Company has been disputed and not provided for. However a sum of Rs.486.22 lakhs has been paid under protest. (Please refer Note 12.3 of Notes on Account).

The disputed demand of Sales Tax for Rs.2003.69 lakhs has been revealed/ disclosed in the Notes on Accounts.

xv) A sum of Rs.252.48 lakhs incurred due to change of Rail Siding Allignment, have been written off during the year (Please refer to Note 12.7 of Notes to Accounts)

No comments

xvi) Rs.4212.31 lakhs has been written off towards Bad and Doubtful Debts against provision of Rs.2826.00 lakhs which has been withdrawn from the accounts during the year. (Please refer to Note 12.8 of Notes on Account).

No comments.

AUDITOR'S REPORT

- xvii) The excess of accumulated "Ratio variance Reserve (OBR)" has been reflected during the current year under "Reserve & Surplus" (Schedule-C) (Refer to Note 12.11 of Notes on Account).

Had the items No. 3(i), (ii), (iii) & (iv) been provided for in the Financial Statement Profit the year ended 31st March'98 would have been reduced by Rs.2349.21 lakhs.

4. The statement of accounts together with the Notes thereon, approved by the Board of Directors in their Meeting held on 05.08.98 and reported thereon by us on 07.08.98 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 increasing the current year's profit by Rs.669.49 lakhs comprising of :

(Rs. in Lakhs)

a)	Increase in Assets written off.	-110.91
b)	Decrease in Income on Discount, Rebate & Allowances.	-47.17
c)	Increase in value of Inventory	269.04
d)	Increase in Prior Period Income	558.53
	Net Total :	<u>669.49</u>

5. Subject to the above comments referred to in paragraphs 2 and 3 above, we report that :

MANAGEMENT'S REPLY

The excess of Accumulated "Ratio Variance Reserve (OBR)" over "Closing Advance Stripping (OBR)" has been reflected during the current year under "Reserve & Surplus".

No comments.

AUDITOR'S REPORT

MANAGEMENT'S REPLY

- | | | |
|------|---|--------------|
| i) | We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. | No comments. |
| ii) | In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of such books. | No comments. |
| iii) | The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account. | No comments. |
| iv) | In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view : | No comments. |
| a) | In so far as it relates to the Balance Sheet, of the state of affairs of the Company at 31st March, 1998. | |
| b) | In so far as it relates to the Profit & Loss Account, of the profit of Company for the year ended on that date. | |

PLACE : CALCUTTA

DATED : 4th SEP, 1998

For K. L. Banerjee & Co.,
CHARTERED ACCOUNTANTS
Sd/-
(K. L. BANERJEE)
(PARTNER)

AUDITORS' REPORT TO THE MEMBERS**ANNEXURE TO THE AUDITOR'S REPORT**

(Referred to in paragraph 2 of our Report of even date)

AUDITOR'S REPORT**MANAGEMENT'S REPLY**

- | | |
|--|---|
| 1. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. All the assets have been physically verified by the Management during the year. Material discrepancies have not yet been ascertained for adjustment. | The discrepancies are under reconciliation and necessary adjustment as called for will be carried in the accounts of 1998-99. |
| 2. None of the fixed assets of the Company have been revalued during the year. | No Comments. |
| 3. Physical Verification of stock of Coal has been conducted by a team deputed by CIL at the end of the year. The stock of stores and spares have been physically verified by Chartered/Cost Accountants' firms and no major discrepancies were noticed. | No Comments. |
| 4. The procedure of physical verification of stock of coal and stock of stores and spares followed by the management appears to be reasonable and adequate in relation to the size of the Company and nature of its business. | No Comments. |
| 5. Shortage/excess found on Physical Verification of Coal stock within 5% tolerance compared to book records have been ignored in the books of account. | No Comments. |
| 6. Valuation of stock is fair and proper in accordance with the normally accepted accounting principles. | No Comments. |
| 7. The Company has not taken any loan, secured or unsecured from Companies, firms or other parties listed in the register maintained under Section. 301 of the Companies Act, 1956, and/or from the companies under the same Management as defined under Section. 370 (IB) of the | No Comments. |

AUDITOR'S REPORT

MANAGEMENT'S REPLY

said Act, other than unsecured loans from Coal India Ltd. 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 & conditions of such loans, we are unable to comment whether or not these are prejudicial to the interest of the Company.

8. The Company has not granted loans to other companies listed in the register maintained under Section. 301 of the Companies Act, 1956 and/or companies under the same management as defined under Sec. 370 (1B) of the Companies Act, 1956, except in case of routine transactions with sister subsidiary companies.

No Comments.

9. The Company has given loans and advances in the nature of loans to its employees and the same are generally recovered as per stipulations.

No Comments.

In case of loans and advances, in the nature of advances to other parties, the same remain un-adjusted/unreconciled for a long period. However, Management has taken reasonable steps for its recovery/adjustment/reconciliation.

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

10. In our opinion and according to information and explanations given to us, there is adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchases of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.

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

11. The Company has not entered into any transactions for purchase of goods and materials and sale of materials and services in pursuance of contract or arrangement entered in the register maintained under Section 301 of the Companies Act, 1956

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

AUDITOR'S REPORT**MANAGEMENT'S REPLY**

and aggregating during the year to Rs. 50,000.00 or more in respect of each party.

12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores and spares and stock of coal. Adequate provision has been made in the accounts for the loss arising on the items so determined except Rs. 123.87 lakhs for non-moving P&M Stores.

In terms of the Company policy, provision against loss/deterioration of stores & spares are to be carried as under :

- (a) Stores & spares held for more than 10 years as on last day of the year to which the Accounts relates — 100%.
- (b) Stores & spares held for more than 5 years as on last day of the year to which the Accounts relates — 50%.

The non-moving Plant & Machinery referred to by Audit has not been discarded by Management and there has been no loss of Assets and therefore no provision is called for.

13. The Company has not accepted any deposit from the public under Section 58A of the Companies Act, 1956 and rules framed thereunder.

No Comments.

14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of scrap. We are given to understand that there is no realisable by-product.

No Comments.

15. In our opinion, the company has an internal audit system commensurate with the size and nature of its business. But the Internal Audit Report of some Areas for the year ended 31st March, 1998 is still awaited.

No Comments.

16. As explained to us by the Management, Central Government has not prescribed maintenance of Cost Records under Section 209 (i) (d) of the Companies Act, 1956.

No Comments.

17. Provident Fund dues are deposited regularly and in time.

No Comments.

AUDITOR'S REPORT

MANAGEMENT'S REPLY

18. According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding as at 31st March, 1998, for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses of employees or Directors have been charged to Revenue Account other than those payable under contractual obligation or in accordance with generally accepted business practice.
20. The Company is not sick within the meaning of clause (O) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provision) Act, 1985.

No Comments.

No Comments.

No Comments.

CAMP : Calcutta

Dated : 4th Sept., 1998.

For **K. L. Banerjee & Co.**
Chartered Accountants
(K. L. Banerjee)
PARTNER