

ANNUAL REPORT & ACCOUNTS 1999-2000



MAHANADI COALFIELDS LIMITED

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1999-2000



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 1999-2000

CHAIRMAN-CUM-MANAGING DIRECTOR : Shri S. N. Sharma

FUNCTIONAL DIRECTORS : Shri G. K. Choudhary
Director (Personnel)

Shri Mayukha Sengupta
Director (Finance)

Shri B. N. Mishra
Director (Technical)

PART TIME DIRECTORS : Shri A. Chatterjee
Director (Finance)
CIL, Calcutta

Shri N. K. Sharma
Director (Technical)
CIL, Calcutta

Shri Premanand Das
Director
Ministry of Coal
New Delhi (upto 09.09.1999)

Shri Devdas Chhotray
Joint Secretary & CVO
Ministry of Coal .
New Delhi (w.e.f. 09.09.1999)

COMPANY SECRETARY : Shri S. C. Behera

PRESENT MANAGEMENT

(As on 25.09.2000)

CHAIRMAN-CUM-MANAGING DIRECTOR	:	Shri S. N. Sharma
FUNCTIONAL DIRECTORS	:	Shri G. K. Choudhary, Director (Personnel) Shri Mayukha Sengupta, Director (Finance) Shri S. P. Singh, Director (Technical)
PART-TIME DIRECTORS	:	Shri A. Chatterjee, Director (Finance) CIL, Calcutta Shri N. K. Sharma, Director (Technical) CIL, Calcutta Shri Devdas Chhotray, Joint Secretary Ministry of Coal, New Delhi
COMPANY SECRETARY	:	Shri 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.

STATUTORY AUDITORS

M/s J.S.S. Associates
Chartered Accountants, Bhubaneswar

BRANCH AUDITORS

M/s S.C.M. Associates
Chartered Accountants, Bhubaneswar

REGISTERED OFFICE

Jagriti Vihar, P.O. : U.C.E., Burla
Sambalpur - 768 018, Orissa

NOTICE

EIGHTH ANNUAL GENERAL MEETING

MCL/SBP/CS/AGM-8/2000/1516

Date : September 18, 2000

Notice is hereby given that the Eighth Annual General Meeting of Mahanadi Coalfields Limited will be held at 11.00 AM on Monday the 25th September, 2000 at the Registered Office of the Company, Jagriti Vihar, P.O. : U.C.E., Burla, Sambalpur to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited accounts for the year ended 31st March, 2000, Report of the Auditors thereon and Directors' Report.
2. To declare dividend on :
 - (a) Preference Share Capital
 - (b) Equity Share Capital
3. To appoint a Director in place of Shri A. Chatterjee, who retires in terms of Article 34e (iii) of the Articles of Association of the Company and is eligible for re-appointment.
4. To appoint a Director in place of Shri N. K. Sharma, who retires in terms of Article 34e (iii) of the Articles of Association of the Company and is eligible for re-appointment.
5. To appoint a Director in place of Shri Devdas Chhotray, who retires in terms of Article 34e (iii) of the Articles of Association of the Company and is eligible for re-appointment.

By Order of the Board of Directors
For Mahanadi Coalfields Limited

Sd/-

(S. C. Behera)

Company Secretary

REGISTERED OFFICE :

Jagriti Vihar, P.O. : U.C.E., Burla, Sambalpur - 768 018

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.
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.

DIRECTORS' REPORT

To,
The Shareholders,
Mahanadi Coalfields Limited
Gentlemen,

I have great pleasure in presenting to you on behalf of the Board of Directors, the 8th Annual Report of your Company together with the audited Accounts for the year ended 31st March, 2000 along with the report of the Statutory Auditors and the comments of the Comptroller and Auditor General of India.

Your Company had a successful year in all regards including production and profits.

2. ORGANISATION

In 1999-2000 MCL had 22 mines situated in the Ib and Talcher Coalfields of Orissa State. For effective administrative control and operational activities the mines are grouped in 10 Areas viz. Ib-Valley, Orient, Lakhanpur, Basundhara and Garjanbahal in Ib. Coalfield and Jagannath, Talcher, Kalinga, Lingaraj and Hingula in Talcher Coalfields.

3. HIGHLIGHTS OF PERFORMANCE

You will be happy to note that your Company performed remarkably well during the year. Some of the highlights of its performance are :

- The Company achieved all time high Gross Sales Turnover of Rs. 2002.91 crores crossing the mark of Rs. 2000 crores. Sales Realisation improved significantly to 97.49% of total billing.
- Record Overburden Removal of 47.463 million Cu.M. during the year registering growth of 7.86% over the previous year.
- Despatch and production of coal increased marginally during the year in spite of recessionary market conditions.
- The productivity in terms of output for manshift (OMS) increased to 8.75 tonnes

from previous year's achievement of 8.03 tonnes.

- The Profit before Tax (PBT) continued to be above Rs. 600 crores inspite of no increase in the price of coal during the year after absorbing escalation in the cost of various inputs.
- The Company has been consistent in payment of dividend for last two years amounting to Rs. 173.64 crores in 1997-98 and Rs. 162.69 crores (Rs. 162.52 crores on Equity Share Capital and Rs. 0.17 crores on Preference Share Capital) in 1998-99. The dividend proposed for the year is Rs. 173.07 crores - Rs. 152.65 crores on Equity Share Capital and Rs. 20.42 crores on Preference Share Capital.
- The employees' welfare and community development continued to be given due attention.

4. PRODUCTION PERFORMANCE

Your Company has completed another year of successful operation in the field of production as is evident from the following table showing production performance for the year 1999-2000 as compared to the targets and achievement of the previous year :

Production	1999-2000		1998-99 Actual	% Achie- vement against Target	% Growth over previous year
	Target	Actual			
COAL (MT)					
Open Cast	39.400	41.901	41.854	106.35	0.10
Underground	1.600	1.653	1.657	103.31	-
Total	41.000	43.554	43.511	106.23	0.10
OBR (M.Cum.)	45.500	47.463	44.005	104.31	7.86
Composite Prod'n. (M.Cum.)	74.786	78.573	75.084	105.06	4.65

5. PRODUCTIVITY

Your Company has also made significant improvement in productivity in terms of output for manshift (OMS) as briefed hereunder :

Production	Fig. in Tonne/Manshift				
	1999-2000 Target	1999-2000 Actual	1998-99 Actual	% Achievement over Target	% Growth over previous year
Open Cast	13.34	15.81	13.94	118.52	13.41
Underground	0.63	0.71	0.69	112.70	2.90
Overall	7.45	8.75	8.03	117.45	8.97

6. POWER

- 6.1 To meet the power demand in the Talcher Coalfields, power supply project Phase I is already in operation having a capacity of 3x20 MVA at 132 KV / 33 KV at Nandira Grid Sub-station. The power is being received from M/s CESCO, the Present Maximum Demand is 27.24 MVA against a Contract demand of 28.000 MVA. The work on power supply arrangement to Hingula and Bhubaneswari from this Sub-station is under execution.
- 6.2 Similarly for meeting the un-interrupted power supply to Ib-Valley Coalfields, construction of one 2x20 MVA 132 KV / 33 KV Grid Sub-station at Jorabaga, Belpahar has been completed. This is proposed to be energised through a 132 KV double circuit power line from M/s WESCO's Budipadar Sub-station. The work of stringing power conductor and Tower erection at Ib-River crossing has been completed. The Sub-station is likely to be energised shortly. The work of the interim arrangement for power evacuation system from this Sub-station is under execution and is expected to be completed shortly. For the permanent arrangement of evacuation of power a "Route Survey" has been conducted and CMPDIL has been asked to submit the final report alongwith the proposed route incorporating certain modifications in existing Sub-station at Himgir Rampur.
- 6.3 In addition to above, one 3x20 MVA 220 KV / 33 KV Grid Sub-station at Basundhara Area is under construction through M/s WESCO/H.I.W. A 220 KV Double Circuit

Transmission line to feed power to the above Sub-station is also taken-up by M/s WESCO for feeding power from Budipadar Grid to Garjanbahal Sub-station of "Basundhara Area". The second stage forest clearance has also been obtained and the work is likely to be started in the forest Area.

6.4 Availability of Power

	1999-2000	1998-99
1. Contract Demand - MVA	50.91	49.95
2. Energy Consumed - Million KWH	232.841	216.690
3. Specific Energy Consumption - KWH / Te		
Target	5.50	5.17
Actual	5.35	4.98

7. POPULATION AND PERFORMANCE OF HEMM

- 7.1 The population of HEMM and their performance during the year as compared to previous year is brought out in the following table :

Equipment	Population		% availability against standards		% achievement of utilisation against standards	
	99-00	98-99	99-00	98-99	99-00	98-99
Dragline	7	7	89	94	79	89
Shovel	77	70	93	91	62	62
Dumper	438	383	108	103	45	50
Dozer	128	107	98	90	48	53
Drill	108	95	89	87	45	51

- 7.2 The availability of equipment during 1999-2000 improved over last year except that of Dragline. Due to prolonged break down of page Dragline which is 40 years old machine and has been surveyed off, the availability of Dragline has gone down. Machine, now after major repairs has been recommissioned.

Another 10/70 Dragline of Belpahar OCP remained on breakdown for more than a month due to replacement of Ring Gear and Swing Pinion which was a major job.

A number of dumpers and dozers have been taken for rehabilitation to improve the reliability. These are being rehabilitated at Central Workshops in phase manner. Presently 20 number of dumpers and 4 number of dozers are under rehabilitation at Central Workshops.

Breakdown more than 3 months :

HEMM	As on 31.3.2000	As on 31.3.1999
Dragline	Nil	1 No.
Shovel	Nil	Nil
Dumper	34 Nos. (Out of which 20 Nos. under rehabilitation)	19 Nos. (Out of which 5 Nos. under rehabilitation)
Dozer	11 Nos. (Out of which 4 Nos. under rehabilitation)	6 NOs.
Drill	14 Nos.	13 Nos.

7.3 Various steps taken during the year to improve the availability and utilisation of HEMM are as under :

- Judicious management of spare parts.
- Rehabilitation of equipment.
- Reduction in repair time due to improved workshop facilities.
- Monitoring of production and working hours of equipment has been started on daily basis and the same is continuing.

8. SYSTEM CAPACITY UTILISATION

CMPDIL, Ranchi assessed the composite system capacity (Department) of Open Cast Mines at 55.42 M.Cu.m. as on the 1st April, 99 against which the Company could achieve 51.34 M.cu.m. (Composite), registering a capacity utilisation of 93% against 106% last year.

9. POPULATION AND PERFORMANCE OF UNDERGROUND EQUIPMENT

The population of underground equipment and their performance during the year as

compared to previous year is given hereunder :

Sl. No.	Name of the equipment	No. on roll	99-2000	99-2000	1998-99	1998-99
			% Avail.	% Util.	% Avail.	% Util.
1.	Winder	6	100	100	100	100
2.	Haulage	55	88.78	85.31	90.9	85.7
3.	SDL	35	88.73	76.93	84.21	87.68
4.	LHD	3	100	92.75	-	-
5.	Main Pump	93	92.33	90.78	95.7	92.13
6.	Vent. Fan	11	100	100	100	100
7.	Belt Conv.	35	100	100	100	100
8.	Chain Conv.	23	100	100	95.65	100
9.	Transformer	48	95.48	94.58	95.83	93.38
10.	Coal Tubs	2210	89.63	87.08	90.05	86.83
11.	Loco. Trolley	6	100	100	100	100
12.	Coal Drill	136	92.58	85.96	92.34	89.94
13.	Mine Car	110	88.24	86.19	89.62	87.72

10. CAPITAL STRUCTURE

The Authorised Share Capital of the Company during the year continued to be Rs. 500 crores, the paid up Equity Share Capital being Rs. 186.40 crores and preference Share Capital being Rs. 204.18 crores.

11. FINANCIAL REVIEW

The Company has recorded the highest ever gross turnover of Rs. 2002.91 crores against Rs. 1946.25 crores of the previous year. The Profit Before Tax (PBT) has also gone upto Rs. 607.65 crores from Rs. 601.31 crores in the previous year after absorbing escalation in the cost of various inputs including ad-hoc provision of Rs. 22.84 crores towards arrear salary and wages pending pay revision/wage agreement inspite of no increase in coal price during the year. However, Profit After Tax (PAT) has gone down to Rs. 376.55 crores from Rs. 406.31 crores in the previous year due to increased tax implication. The financial results for the year 1999-2000 as compared to 1998-99 are summarised below :

	(Rs. in Crores)	
	1999-2000	1998-99
Gross Profit (Before Depreciation & Interest)	764.86	760.65
Less : Depreciation (incl. Social Over head)	121.46	105.38
Interest	35.75	53.96
Net Profit before Tax	607.65	601.31
Less : Provision for Income Tax	231.10	195.00
Net Profit after Tax	376.55	406.31
Less : Transfer to General Reserve	37.65	40.63
Transfer to Capital Redemption Reserve	40.84	-
Interim Dividend on Pref. Shares	20.42	-
Interim Dividend on Equity Shares	150.00	-
Proposed Dividend on Pref. Shares	-	0.17
Proposed Dividend on Equity Shares	2.65	162.52
Provision for Tax on Dividend	20.96	16.27
Retained Profit	104.03	186.72

11.1 Transfer to Reserve

An amount of Rs. 37.65 crores being 10% of Profit after Tax for the year has been transferred to General Reserve. Besides, for redemption of 2041800 10% Redeemable Cumulative Preference Shares of Rs. 1000/- each amounting to Rs. 204.18 crores redeemable in the year 2003-04, an amount of Rs. 40.84 crores has also been transferred to Capital Redemption Reserve.

11.2 Dividend

The Directors are pleased to recommend dividend of 81.90% (previous year 87.19%) of the paid up Equity Share Capital for the year amounting to Rs. 152.65 crores for your approval. The above dividend is inclusive of interim dividend approved by the Board of Directors @ 80.47% of the paid up Equity Share Capital. The Directors also recommend for approval of Dividend of Rs. 20.42 crores on 2041800. 10% Redeemable Cumulative Preference Shares already approved by the Board of Directors as interim dividend. Total payment on account of dividend for the year would be Rs. 173.07 crores.

11.3 Share Capital

The Authorised Share Capital of the Company as on 31.3.2000 stands at Rs. 500.00 crores divided into 2958200 Equity Shares of Rs. 1000/- each and 2041800 10% Cumulative Redeemable Preference Shares of Rs. 1000/- and remained unchanged during the year.

The total paid up Share Capital of the Company as on 31.3.2000 stood unchanged at Rs. 390.58 crores comprising of Rs. 204.18 crores of Preference Share Capital, shares having been issued on 29.3.1999 against conversion of loan redeemable in the year 2003-04, and Rs. 186.40 crores of Equity Share Capital. The entire Share Capital, both Preference and Equity, is held by Coal India Ltd. (CIL) and its nominees.

11.4 Unsecured Loans

The amount due to Coal India Ltd. (CIL) as on 31.3.2000 stood at Rs. 218.73 crores which includes loans pertaining to IBRD & JEXIM amounting to Rs. 189.24 crores.

Three Nos. Shovels purchased in 1998 were tied up with a credit package for 85% of FOB price with M/s Toyoto Tsusho Corporation, Japan with Deferred Payment. The balance amount against the said loan as on 31.3.2000 was Rs. 32.29 crores.

The amount due to M/s Tevetmet Prem Export, Moscow as on 31.3.2000 on account of exchange rate variation for purchase of Dragline on Deferred Payment basis remained unclaimed at Rs. 13.00 crores.

12. COAL PRICE

There was no revision in the coal price of the Company during the year.

13. CAPITAL EXPENDITURE

Total Capital Expenditure during the year was Rs. 321.95 crores against previous year's expenditure of Rs. 305.50 crores.

14. SALES REALISATION

During the year 1999-2000 the gross sales turnover of your Company has Rs. 2002.91 crores as compared to Rs. 1946.25 crores in the previous year.

The realisation during the year was Rs. 1952.67 crores which works out to 97.49% of total billing against the previous year's realisation of 89.51%. The realisation during the year would have been more but for non-payment of dues receivable from various Power Houses.

Net Coal Sales dues outstanding as on 31.3.2000 were Rs. 344.32 crores (previous year Rs. 386.51 crores) arrived at after providing for Rs. 83.34 crores (previous year Rs. 57.05 crores) towards doubtful debts which is equivalent to 2.06 months' Gross Sales (previous year 2.38 months). The sector-wise position of dues is as under :

Sector	Dues as on 31.3.2000		Dues as on 31.3.1999	
	Gross	Net	Gross	Net
Power	314.50	247.28	289.20	239.32
Steel	66.60	64.15	73.36	71.93
Others	46.56	32.89	81.00	75.26
TOTAL	427.66	344.32	443.56	386.51

15. PAYMENT TO EXCHEQUER

Your Company continued to be major contributory to the Central and State Exchequer.

The payment made by the Company on account of Royalty, Sales Tax, Stowing Excise Duty and Entry Tax during the year as compared to the payments made during previous year as follows :

	(Rs. in Crores)	
	1999-2000	1998-99
Royalty	226.58	227.40
Sales Tax	76.04	76.67
Stowing Excise Duty	14.44	15.23
Entry Tax	1.78	-
TOTAL	318.84	319.30

16. PROJECTS FORMULATION/CAPITAL PROJECTS

There are 17 sanctioned mining projects in MCL. The ultimate production capacity of these sanctioned projects is 43.58 Mty. with a sanctioned capital outlay of Rs. 1734.24 Crores, out of which 15 have been completed.

16.1 Completed Projects : 15 Nos.

Sl. No.	Name of the Project	Capacity (Mty.)	Capital Outlay (Rs. Crores)	Completed in
1.	Ananta O/C	4.00	156.49	03/1995
2.	Ananta O/C Expn.	1.50	46.99	03/1997
3.	Balanda O/C	1.00	36.87	03/1984
4.	Basundhara East O/C	0.60	19.69	03/1998
5.	Belpahar O/C	2.00	131.31 (RCE)	03/1994
6.	Bharatpur O/C	3.50	158.97 (RCE)	03/1991
7.	Bharatpur O/C Expansion (Incremental)	1.5	48.02	03/1998
8.	Jagannath O/C	4.00	66.71	03/1991
9.	Lajkura O/C	1.00	38.98 (RCE)	03/1991
10.	Lilari O/C	0.80	19.78	03/1992
11.	Lingaraj O/C	5.0	229.84	03/1998
12.	Nandira U/G (Augmentation)	0.33	17.95	03/1995
13.	Samaleswari O/C	3.00	126.85	03/1996
Projects Completed in 1999-2000				
14.	Kalinga OCP	8.00	345.96	03/2000
15.	Lakhanpur OCP	5.00	221.51	03/2000
TOTAL		41.23	1665.92	

The Production achieved from the above completed projects during 1999-2000 has been 42.12 MT. of coal against the P.R. Provision of 41.23 MT, thus giving a performance of 102.16%.

16.2 On-going Projects

There are 2 on-going projects with a capital outlay of Rs. 68.32 crores with an ultimate capacity of 2.35 Mty.

Sl. No.	Name of the Project	Capacity (Mty.)	Capital Outlay (Rs. Crores)	Scheduled date of completion	Anticipated date of completion
1.	Chhendipada O/C	0.35	19.75	03/2002	03/2002
2.	Hingula-II OCP	2.00	18.57	03/2002	03/2002
Total		2.35	68.32		

16.3 Advance Action Proposals

Advance action proposals have been sanctioned for the following 5 (five) projects and are under implementation.

Sl. No.	Projects	Ultimate Capacity (Mty.)	Estimated Capital Outlay (Rs. Crores)	Advance Action Capital (Rs. Crs.)
1.	Basundhara (West) OCP	2.40	189.85 (Mar. '97)	5.07
2.	Bhubaneswari OCP	10.00	697.62 (Sept. '97)	5.79
3.	Garjanbahal OCP	10.00	607.99 (Jan. '99)	8.28
4.	Kaniha OCP	3.50	294.71 (Sept. '97)	6.38
5.	Kulda OCP	10.00	947.85 (June '97)	8.62

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

The following five project reports have been processed to Ministry of Coal for Govt. approval.

Sl. No.	Name of the Project	Capacity (Mty.)	Estimated Capital of Project (Rs. Crs.)	Remarks
1.	Basundhara (W)	2.40	189.85 (Mar. '97)	PR sent to MOC for Govt. approval on 29.8.97. Stage - I forestry clearance obtained in Sept. '98. EMP clearance awaited. MOC will process only after getting EMP clearance.
2.	Bhubaneswari	10.00	697.62 (Sept. '97)	PR sent to MOC for Govt. approval on 2.2.98. Forestry clearance pending with PCCF, Orissa. EMP submitted in July '98.

Sl. No.	Name of the Project	Capacity (Mty.)	Estimated Capital of Project (Rs. Crs.)	Remarks
3.	Kaniha	3.50	294.71 (Sept. '97)	PR sent to MOC for Govt. approval on 2.2.98. Forestry clearance proposal has been forwarded by PCCF, BBSR, to Govt. of Orissa. EMP submitted in July '98.
4.	Kulda OC	10.00	947.85 (June '97)	PR sent to MOC for Govt. approval on 13.7.95. Forestry clearance has been rejected by MOEF. It is being resubmitted. EMP submitted in May '95.
5.	Lakhanpur OC Expansion	5.0 (Incremental)	612.74 (Incremental) (Dec. '97)	PR sent to MOC for Govt. approval on 21.3.95. IMG meeting held on 2.3.98. Clarification required by IMG is being submitted. Identification of customers on long term basis and movement plan by Railways are being finalised
Total		30.90	2742.77	

16.5 The following project reports have been prepared and are under process for approval

Sl. No.	Name of the Project	Capacity (Mty.)	Capital (Rs. Crs.)	Remarks
1.	Gopal Prasad OC	12.00	982.29 (Mar. '99)	AAP has been approved by MCL Board and ESC of CIL Board and has been sent to MOC for sanction.
2.	Garjanbahal OC	10.00	607.99 (Jan. '99)	PR has been approved by MCL Board in its 37th Board Meeting held on 17.6.99. The Capital outlay has been revised to Rs. 544.05 crore after discussion at ESC and approval is awaited.

Sl. No.	Name of the Project	Capacity (Mty.)	Capital (Rs. Crs.)	Remarks
3.	Jagannath UG	0.67	102.56 (Dec. '99)	Draft PR has been received from CMPDIL and is under examination.
4.	Jagannath OC Extn.	4.00	4.71 (Jan. 2000)	Draft PR has been received from CMPDIL and is under examination.
5.	Lajkura OC Extn.	1.01	3.15 (Dec. '99)	Draft PR has been received from CMPDIL and is under examination.
6.	Natraj UG	0.64	92.11 (Sept. '99)	PR approved by MCL Board in its 40th Board Meeting held on 29.11.99 has been submitted to ESC of CIL Board.

16.6 Projects under Formulation

Sl. No.	Name of the Project	Capacity (Mty.)
1.	Bharatpur OC Expansion Phase-II	6.50
2.	Kaniha-II OC	12.00
3.	Lingaraj OC Expansion	5.00 (Incremental)
4.	Talabira-II OC	6.00

16.7 Non-mining Projects

Following are the 23 sanctioned major non-mining projects with a total capital outlay of Rs. 280.22 Crores, out of which 11 have been completed. Details are as under :

A. Major completed non-mining projects in MCL : There are 11 completed non-mining projects :

Sl. No.	Name of the Project	Date of Approval	Sanctioned Capital (Rs. Crs.)	Completed in
1.	Central Workshop, Ib Valley	11.8.89	11.76	1/96
2.	Power Supply Scheme, Phase-I, Ib Valley	22.8.91	33.35	6/97
3.	Regional Stores, Ib Valley	26.11.85	3.33	3/92

Sl. No.	Name of the Project	Date of Approval	Sanctioned Capital (Rs. Crs.)	Completed in
4.	Training (Excv.) Institute, Ib Valley	13.7.89	5.25	10/93
5.	Water Supply Scheme, Ib Valley	19.7.91	4.83	2/96
6.	Central Hospital, Talcher	8.5.87	14.28	3/94
7.	Central Workshop, Talcher	25.3.89	17.83	12/95
8.	Integrated Telecommunication System, Talcher	26.4.91	2.90	3/98
9.	Integrated Telecommunication System, Ib-Valley	26.4.91	2.37	3/96
10.	Power supply scheme, Talcher, Phase - I	25.3.89	19.98	9/94
11.	Water supply scheme at Talcher, Phase - I	11.1.83	5.83	12/95
TOTAL			121.71	

B. Major on-going non-mining projects of MCL

Following are the 12 on-going non-mining projects with a total capital outlay of Rs. 158.51 Crores. Brief details of the same are as under :

Sl. No.	Name of the Project	No. of Projects	Capital Outlay (Rs. Crs.)
1.	Sand Winning from Ib river of Ib valley Coalfield	1	5.35
2.	Arterial Road for Ib valley and Talcher Coalfields	2	37.70 (17.80+19.90)
3.	Improvement and Strengthening of Balinga-Himgir Belpahar Road for Basundhara Area	1	38.00
4.	Minirg-cum-Excavation Training Institute at Talcher Coalfields	1	5.25
5.	Environmental laboratories at Ib valley and Talcher Coalfields	2	3.87 (1.82+2.05)
6.	Integrated Water Supply Scheme Phase-II for Talcher Coalfield	1	7.88
7.	Construction of railway line linking Kalinga CPP to existing Jagannath Spur 3 and 4	1	11.18
8.	Construction of balance railway line work of Bharatpur CPP yard, South Balanda connection and remodelling of South Balanda Yard	1	13.81
9.	Construction of 24-bedded Hospital at Belpahar Integrated Township	1	4.14
10.	Widening and Strengthening of Road from Sundergarh to Dudka Chowk of Basundhara Area	1	31.33
TOTAL			158.51

C. The following two non-mining Projects have been approved.

Sl. No.	Name of the Project	No. of Projects	Capital Outlay (Rs. Crs.)
1.	Augmentation of Central Workshop, Talcher	1	21.37 (Incremental)
2.	Augmentation of Central Workshop, Ib Valley	1	10.66 (Incremental)
TOTAL		2	38.76

16.8 Coal Preparation Plant

A. Kalinga CPP (8.0 Mty. throughput capacity) under Build Own Operate Basis :

The terms of agreement of Kalinga CPP between M/s Roberts & Schafer Engineering (India) Pvt. and MCL have been approved by MCL Board and CIL Board, Kalinga CPP is to produce 6.05 Mty. Washed Coal for supplies to HNPCL and others.

B. Ananta - Bharatpur CPP (5.2 Mty. throughput capacity) under Build Own Operate (BOO) Basis :

The agreement for Ananta-Bharatpur Washery between MCL and Madhucon Projects Ltd. has been initialled on 18.12.99. The initialled agreement is being placed in MCL Board for consideration of approval. The washery is to produce 3.78 Mty. of washed coal to meet the requirement of the Power Houses which may require washed coal.

16.9 Land Acquisition during 1999-2000

(Fig. in Ha.)

Sl. No.	Project	Total land required	Land under physical possession till 03/99	Land taken in possession during 99-2000	Total land in possession	Category of land under possession as on 01.04.2000			
						T.L.	G.N.F.L.	FL.	Total
1.	Hingula-II OCP	609.92	13.77	262.06	275.83	85.41	190.42	-	275.83
2.	Bhubaneswari OCP	621.76	-	101.09	101.09	36.02	65.07	-	101.09

16.10 Details of land notified during 1999-2000

- Kaniha Block** Vesting U/S 11(i) of CBA (A&D) Act for 606.307 Ha. of land issued on 15.05.99 vide S.O. No. 1333 dtd. 29.04.99.
- N.W. Extn. of Orient-IV** Notification U/S 4(i) of CBA (A&D) Act for 222.58 Ha. of land has been issued on 17.04.99 vide SO No. 1067.

17. EXPLORATION

17.1 The details of geological exploration activities in MCL command area during 1999-2000 are summarised below :

Particulars	1999-2000		1998-99
	Target	Actual	Actual
1. Total Drilling (Meter)	38,000	39,385.55*	41,064.30
2. Coal Reserves Proved (M.Te.)	-	1,062.12+470**	1,621.79
3. No. of Geological Reports/Notes Prepared	8	6	4

* Includes 3837.35 m. of drilling by Directorate of Geology, Govt. of Orissa.

** Indicated Reserves.

18. ENVIRONMENTAL, ECOLOGY AND AFFORESTATION

Environmental Master Plans have been prepared for each coalfield separately by a group of experts appointed by Government of India. Regional EMP for Angul-Talcher Industrial belt has also been prepared by M/s Kirlosker Consultants through Orissa Govt. under the Department of Orissa Environment Programme. A regional EMP for Ib-Valley Coalfield is being prepared as per the directive of Ministry of Env't. and Forest, Govt. of India, New Delhi and the Draft Report is under finalisation by CMPDI, Ranchi, who in turn have involved a number of related agencies like Indian Remote Sensing Agency, Hyderabad, Central Water Commission, Chief Wildlife Warden, Orissa Pollution Control Board etc. for preparing the REMP.

18.1 Environmental Clearance and Consents

A total of 14 EMPs for OC projects and 2 EMPs for UG projects have been approved by Ministry of Environment and Forests. As regards future projects, EMP for 12 other projects have been submitted and are under consideration. Out of this 12 projects, NOC has been granted for three projects by Orissa Pollution Control Board. In respect of running projects, consents under Air Act and Water Act were granted by Orissa Pollution Control Board for all the projects of MCL for the year 1999-2000. Regular monitoring is being done for compliance of the conditions stipulated in these environment clearance letters and consent letters.

18.2 Afforestation and Land Reclamation

Following measures have been taken to protect the environment :

Afforestation drive in the mines of MCL continued vigorously and 3,51,546 saplings of mixed species have been planted during 1999-2000 with 80% survival against the target of 3,00,000 and last year's plantation of 3,92,698. Following are the highlights of our special efforts towards afforestation and land reclamation.

1. 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. A demonstration project on 10 Ha. Dump at Lajkura OCP was completed successfully in December, 1999.
2. Soil-water conservation through contour bunding and grass seeding on dump slopes with assistance from IGFR, Jhansi.
3. Reclamation of spoil banks for creating picnic spots and water harvesting structures on Balanda dump.

4. Use of sewerage treatment plant sludge for soil amendment at Bharatpur OCP.
5. Special attention is being given to establish vegetation on the slopes. Towards this end use of coir matting for promoting vegetation and stabilisation of 4.1 Ha. dump slopes at six World Bank aided projects has been successfully done.
6. Medicinal Garden at internal OB dump of Ananta OCP is being maintained properly.
7. Prepared revised OB dump enhancement plant for 23 old external OB dumps of six World Bank projects of MCL, which was subsequently approved by the expert of IIT, Kanpur appointed under World Bank assistance to CIL.
8. In-pit fruit orchard was developed on the 4 Ha. Internal dragline dumps of Samaleswari OCP a first ever horticultural scheme within the active mining zone of a large mine.
9. Mango-grove and spice-garden was established on 4 Ha. back-filled dumps of Lilari Project.
10. Fruit orchards were also developed on the external dumps of Lakhanpur and Kalinga OCP.
11. Fruit trees were distributed to ground floor occupants of MCL colony. Fruit trees were also planted by the employees in the MCL corporate building complex during month long "Van Mahotsava" celebration which started on 1st July, 1999.

18.2.1 Air Pollution Control Measures

To check Air Pollution following steps have been taken :

1. Black topping of roads and semi-permanent haul roads and metalling of haul roads.

2. Provision of fixed point, auto start, fine nozzle mounted water sprinklers on roads, siding and CHP.
3. Installation of Dust Control System and Dust Extraction System in CHPs and at transfer points elsewhere.
4. Wetting of roads by mobile water sprinklers. Additional Ten nos. heavy duty 28 KL Mobile Water Sprinklers were procured by MCL during this financial year.
5. Environmental Telemonitoring of Underground Environment from surface- Installed device at Orient Mines.
6. Fully enclosed and automated, atomised shower system for dust suppression during rapid coal loading in wagons through high capacity silos at Bharatpur OCP.
7. A Mobile Nitrogen Generating Plant for fire prevention and fire fighting has been procured for Orient Area, the first of its kind in India.
8. Green belts have been created between residential area and mine infrastructure to control the dust.

18.2.2 Water Pollution Control Measures

1. 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.
2. 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.
3. Mine discharge treatment plants have been provided in each mine before the water discharge point to surface or nullah. Integrated MDTPs have been constructed in Lakhanpur, Belpahar, Samleswari and Jagannath OCPs. In these Integrated MDTPs, mine effluent and Workshop effluent are combined and required amount of chemicals are added through Chemical Dosing arrangement and Flash mixer.

After chemical dosing the effluent is allowed to settle in big parallel setting chambers. Through coagulation action suspended solids in the effluent get settled and treated effluent comes in the clear water chamber from where it is either pumped back for industrial purposes or allowed in the paddy fields/nala on public demand.

4. Garland drains have been provided near the toe of OB dumps as well as quarry boundaries.
5. Water is monitored at all the discharge points. All the parameters remain within prescribed limit.
6. Sewerage Treatment Plant for domestic waste treatment has been operational at Nehru Satabdi Colony, Bharatpur.

18.2.3 Noise Pollution Control Measures

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 and ear plugs.

18.3 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 CPCB/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 for the year 1998-99.

18.4 Organisation

Thirteen Officers have been trained in tailor-made 13 week course in Environmental management in mining areas at ISM,

Dhanbad. 9 executives of different ranks and disciplines took training in Environment management in Mining Areas at ISM, Dhanbad. Two officers have completed M. Tech. course in Environment Engineering. 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 and Environment, New Delhi. Services of these officers are utilised at Hqr. and in OC areas as Nodal Evt. 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 organisation. Environment Cadre has been created and 14 executives are in this cadre in MCL. All the en-cadred executives have undergone tailor-made 6 week course in Environmental management in mining areas at ISM, Dhanbad.

18.5 Environmental Awareness

Environment Week was celebrated in June, 1997 followed by Environment Fortnight celebrations in June, 1998. A Seminar was organised on "Protection of Trees in Mining Areas" during the Environment Week Celebration and a National Seminar on "Intersectoral Co-operation in Flyash Management" was organised on 21st June, 1999 on the concluding day of the Environment Fortnight Celebrations. Month long Van-Mahotsava was celebrated this year during the whole month of July 1999. Basically the programmes undertaken during the Environment Week/Fortnight/Month includes Prabhat pheri/Environment Procession in the morning hoisting of environment flag, fruit tree plantation, putting up of environment theme posters and banners, painting/essay competition among the school children, environment slogan competition. Inter area inspection for judging prizes for units and areas for their

performance in environmental protection, wide circulation of environment booklets/training manuals, screening of video cassettes on environment theme, organising cycle rally/street plays etc. for environment awareness and final day function including prize distribution and cultural programme.

Training programmes were arranged at regular interval for employees of the Company on the subject of Environment Management in Mining Areas.

18.6 Environmental R&D

CIL, R&D Board has approved the R&D Scheme as below :

"Determination of efficacy of :

- (a) Soil Sement,
- (b) Soil Sement in conjunction with purging of air/oxygen from heap by nitrogen infusion through perforated pipes laid at heap floor,
- (c) Keeping the coal heaps purged of oxygen/air by periodical nitrogen infusion through perforated pipes laid at heap floor without use of Soil Sement;
- (d) Prevention of spontaneous heating in a coal stock pile at Samleswari OCP."

19. SALES AND MARKETING PERFORMANCE

19.1 Coal Demand and Off-take

During the year, MCL has achieved off-take of 42.16 Million Tes. against AAP target of 41.30 Million Tes. registering achievement of 102% of the target and growth of 1% over 1998-99.

Off-take during 1999-2000 would have been more but for refusal of some Power Houses e.g. TNEB and MSEB to accept even linked quantity of coal during the year due to heavy holding of stock at their end.

The sector-wise break up of Demand vis-a-vis Off-take during the year as compared to last year is given in the table below :

Sector	(Figs. in Million Tes.)			1998-1999 Actual
	1999-2000		% Achieved	
	Target	Actual		
Power (Incl. CPP)	37.94	39.25	103.45	38.25
Cement	0.17	0.26	152.90	0.31
Fertilizer	0.60	0.01	1.67	0.44
Others	2.53	2.59	102.37	2.75
Colly Con- sumption	0.06	0.05	83.33	0.06
Total	41.30	42.16	102.08	41.81

19.2 Wagon Loading

Daily average wagon loading achieved during 1999-2000 is 3146 FWs against AAP target of 3366 FWs. Wagon loading achieved is less than target because of less demand and off-take from non-pit head Power Houses and Cement Plants. Wagon loading achieved during last year was 3222 FWs/day.

19.3 Marketing and Modernisation in Despatches

All grades of coal have been decontrolled w.e.f. 01.01.2000 and the Colliery Control Order has been amended accordingly.

19.4 Stock of Coal

The Coal Stock at the end of the year was 54.62 lakh tonnes representing 45.90 days' production as against 40.66 lakh tonnes last year (34.11 days' production). The increase in the year end stock is due to stoppage of FCI, Talcher and non lifting of linked quantities of coal by Raichur and Muddanur Power Houses.

20. COAL QUALITY IMPROVEMENT

20.1 During the year various measures for ensuring proper quality of coal despatch were intensified against despatch of 42.11 Mt. The number of complaints received is

less by one (i.e. 8) in comparison to that of last year (i.e. 9).

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

- (i) Various interaction programmes with different consumers has been initiated to improve consumer's satisfaction.
- (ii) Facilities for supervision of loading at sidings have been extended to more consumers during 1999-2000.
- (iii) All 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.
- (iv) Surprise inspections are being conducted by a team of officers from Company, HQ to ensure proper quantity and quality.
- (v) Third party sampling was started for MSEB, TNEB (through Vizag port) and WBPDC. Third Party sampling was started for SAIL by mutual agreement between MCL and SAIL. Joint sampling was started for APGEN Co., TNEB (Through Paradeep Port) and KPCL with mutual settlement between MCL and concerned SEBs. Joint sampling for other Power House is continuing as usual.
- (vi) Stone/Shales picking arrangements have been intensified at Balanda, Talcher, Lajkura and Lakhanpur mines.
- (vii) Quality improvement by selective mining by introduction of Surface Miners at Lakhanpur and Lingraj Project.
- (viii) Electronic Rail Weighbridges with print out facility are existing at all sidings. Apart from this Company has

provided eight standby Rail Weighbridges for achieving the target of 100% weighment.

- (ix) 100% coal despatches by rail, belt and MGR was of crushed coal using CHP's and FB's.
- (x) Out of total despatches of 42.11 mt., 96.64% was weighed with electronic printout in 1999-2000 against 93.61% of 1998-99 and 85.56% of 1997-98. Moreover the Company achieved 98.58% overall weighment in March, 2000. Despatches through modes other than Rail/MGR were 100% weighed.

20.3 Number of coal handling plants and weighbridges and their functioning points etc.

37.78 Mt. of Crushed Coal were despatched through CHP during 1999-2000 against 39.42 Million Tonnes of Crushed Coal during 1998-99. 1.84 Mt. Crushed Coal was produced using "Surface Miner" at Lakhanpur and Lingaraj Projects. This does not require further crushing.

The functional points of the CHPs are as follows :

Major CHPs

Area	Location of CHPs	Capacity-Mty.
Jagannath	Jagannath OCP	2.0
	Balanda OCP	1.2
Kalinga	Bharatpur OCP	3.5
		<u>6.7 Mty</u>

Mini CHPs/Feeder Breakers

Jagannath	Jagannath CHP	4.0
	Ananta OCP	7.0
Kalinga	Kalinga OCP	4.0
	Lajkura OCP	2.0
lb-Valley	Samaleswari OCP	5.0
	Lilari OCP	1.0
	Lakhanpur	
Lakhanpur	Belpahar OCP	2.0
	Lakhanpur OCP	5.0
Lingaraj	Lingaraj OCP	5.0
Basundhara	Basundhara OCP	1.0
		<u>36.0 Mty</u>

20.4 Details of Weighbridges

Types of Weighbridge	1999-2000	1998-1999
1. Road Weighbridges (Mech.)	6	6
2. Road Weighbridges (Electronic)	30	30
3. Rail Weighbridges (Electronic)	21	21
4. % Weighment during the Year (By Rail)	95.06	90.64
5. % Weighment during the Year (Overall Weighment)	96.68	93.50

The percentage of weighment of Coal despatched to consumers achieved during the year is overall 96.68% against 93.50% for the previous year whereas total "RAIL" despatch weighment was 95.06% for 1999-2000 compared to 90.64% for the previous year.

21. SAFETY AND RESCUE

21.1 Your Company has been striving continuously for improving Safety standards in mines and inculcating Safety awareness amongst the employees through various safety interventions. For promoting Safety consciousness amongst workers, staff and executives, special emphasis is being laid on the importance of implementation of recommendations of safety conferences decisions taken in Standing Committee on Safety at Ministry level, CIL Safety Board and Bipartite/Tripartite Committee meeting on safety of Company/area level.

21.2 Following major safety interventions were initiated during the year.

1. Analysis of fatal and serious Accidents since 1991 and their dissemination amongst employees.
2. Holding of various safety competitions during safety week '99.
3. Implementation of Safety incentive scheme.
4. Formation of safety committee in transport companies.
5. Holding of training class for rescue personnel during rescue competition.

6. Preparation of Capital and Revenue Safety Budget for Rs. 43.87 crores.
 7. Conference of members of safety committee of U/G mines and O/C mines separately.
 8. Implementation of Revised training module.
 9. MCL safety circulars.
 10. Safety plenum '99.
 11. Task force for Accident Prone Mines.
 12. Task force for principle and code of practice for roof bolting.
 13. Recruitment of Dy. Surveyors, Overmen and Mining Sirdars.
 14. Special safety lectures to E&M, Excav. and E&T engineers by internal faculty.
 15. System of General Inspection (GI) by ISO officials including/Safety Officers, Colliery Engineers and Area Colliery Installations.
 16. Safety Audit of E&M installations.
 17. Conducting trade test during Safety Week - 2000.
5. 65% reduction in shortage of statutory personnel (from 165 to 58) through outside recruitment/transfer/promotion.
 6. Won highest number of National Safety Awards (5 Nos.).
 7. Won First Position in All India Rescue Competition.
 8. No manshift loss on account of major incidences in mines.

21.4 Two more U.G. Environmental Telemonitoring Schemes became operative at Talcher and Orient Colliery - 1 and 2. This is in addition to one already working at Orient Colliery - 3.

21.5 Two new Rescue Vans have been provided at M.R.S., Orient and RRRT, Talcher.

22. COMPUTERISATION

22.1 On-line Material Management System (OMMS) : The OMMS was planned for all stores of MCL as directed by MCL Board. Hardware/Software specifications were drawn in consultation with CMPDIL and its procurement formalities have been completed. The work has been awarded and its implementation is under progress.

Area Level Computerisation : Upgradation of Area level computers was planned in consultation with CMPDIL. Its procurement formalities have been completed and the work has been awarded and its implementation is under progress.

Hospital Management System : Hardware/Software specifications were finalised in consultation with CMPDIL for HMS to be implemented at NSCH, Talcher. Its procurement formalities have been completed and the work has been awarded and its implementation is under progress.

Colliery Level Computerisation : Colliery level computerisation has been planned as directed by MCL Board. CMPDIL is developing the software for colliery level

21.3 Major achievements in 1999 as compared to previous year are as follows :

1. There is a reduction of 33.33% in fatalities, serious injuries being contained at the level of 16 to 17.
2. 100% reduction in fatalities due to roof/side falls i.e. ZAP achieved in UG face accident. No accident since 5-5-1998.
3. 50% reduction in fatalities in case of contractors' workers being reduced from 4 each in 1995, 1996, 1997, 1998 to 2 in 1999.
4. 50% reduction in APMs (Accident Prone Mines) being reduced from 2 (Lingraj and SOCP) in 1999 to 1 (Lingraj) in 2000.

computerisation for CIL and its subsidiaries. During 63rd CMDs' Meet, CMPDIL has been advised to chalk out a time table for its implementation.

Year 2000 Compliance : Action was taken in order to make hardware and software year 2000 compliant and there has been no problems on this account.

23. TELECOMMUNICATION

The Telecommunication Network of "MCL" is being upgraded keeping in pace with the increasing requirement of efficient and reliable communication system.

1. Addition of one 200 line EPABX for Lakhanpur and Lingaraj Areas and one 96 line EPABX at MCL Hqrs. (Anand Vihar).
2. The Internet from VSAT has been commissioned at Corporate Office.
3. Upgradation of DMART facility in Lakhanpur Area is under process of implementation.
4. Upgradation of DMART facility in Samleswari Project is under process of implementation.
5. At Ananta Project, "Repeater VHF" to link upto working face is under process of implementation.

24. DEVELOPMENT OF ANCILLARY INDUSTRIES

- 24.1 In addition to 55 SSI units ancillarised upto 98-99, 58 fresh applications and 3 for expansion of capacity were received during 1999-2000. These units were inspected by a "Committee" for consideration of ancillary status.
- 24.2 During the year, Two review meetings were held with all concerned for promotion of Ancillary in Orissa for M.C.L.
- 24.3 Total amount of supply orders placed during the year on ancillary units stands at Rs. 6.06

Crores against Rs. 5.74 Crores compared to previous year.

25. EXPENDITURE ON ADVERTISEMENT AND PUBLICITY

During the year an amount of Rs. 284.48 lakh was spent on Advertisement and Publicity against Rs. 233.65 lakh in previous year as briefed hereunder :

	(Rs. in Lakh)	
	1999-2000	1998-1999
1. Advertisement for		
(a) Recruitment	0.11	-
(b) Tender	241.48	163.20
(c) Others	3.35	12.33
2. Publicity	39.54	58.12
Total	<u>284.48</u>	<u>233.65</u>

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	5.0 Mty
2. Samaleswari	OC	3.0 Mty

Talcher Coalfields

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

* Final Capacity : 5.5 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
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Talcher Coalfields

1. Bharatpur	OC	3.5 Mty
2. Jagannath	OC	4.0 Mty

26.2 The Loan Agreements for CSRPs were signed between the IBRD/JEXIM and Coal India Limited and the same have become effective w.e.f. 17.6.98. A subsidiary Loan Agreements have been signed between Coal India Limited and Mahanadi Coalfields Limited, wherein Coal India Limited has agreed to onlent to Mahanadi Coalfields Limited US \$ 48.58 million to enable the Subsidiary to perform the work under CSRPs 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 World Bank Funded Projects. A loan of US \$ 11.56 million has been granted by International Development Association (IDA) for meeting the expenditure related to ESMP.

26.4 A computerised database based on updated and verified list of Project affected persons as on 31.10.97 has been prepared for each of the six World Bank aided projects. Issue of photo identity cards to the willing EPAPs has been completed.

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

26.6 All the cross-conditionalities between ESMP and CSRPs under schedule-9 of Loan Agreement, have been fulfilled by the covenanted dates and the remaining ones are progressing as per schedule.

26.7 All HEMM under state 'A' of CSRPs equipment supply schedule have been received as per details given below except one 160mm Drill (RECP) and one Tyre Handler :

Sl.No.	Equipment	Received (No.)
1.	70T Crane (TIL)	02
2.	50T Dumper (BEML)	44
3.	50T Dumper (HML)	30
4.	2.8m3 Diesel Back Hoe (BEML)	01

Sl.No.	Equipment	Received (No.)
5.	4m3 Backhoe (BEML)	07
6.	5m3 Ele. Rope Shovel	01
7.	310KW BD-355 Crawler Dozer	27
8.	Wheel Dozer CAT (HML) 834B	08
9.	5.7m3 Front End Loader	01
10.	CAT16H Grader (HML)	04
11.	SBSH 250mm Drill	03
12.	RECP 160mm Drill	03
13.	IR Drill 160mm	05
14.	Water Sprinkler 28KL	04

26.8 Reimbursement against expenditure in ESMP - Rs. 678.05 lakh have been accepted/raised for reimbursement.

27. HUMAN RESOURCE DEVELOPMENT

27.1 Manpower

The Company's manpower as on 31.3.2000 compared to that of 31.3.1999 is indicated below :

Category	As at 31.3.2000	As at 31.3.1999
Executives	1383	1350
Supervisors	1784	1680
Highly Skilled	6579	6446
Semi Skilled : Time Rated	8683	8930
Piece Rated	2450	2544
Ministerial	1719	1696
Badlies	221	293
Company Trainees	22	15
Ex. CMWO/Others	18	19
Total	22859	22973
Apprentices	8	10
Grand Total	22867	22983

27.2 Training

Human Resource Development activities continued to expand in the year under review with emphasis on technical side of the industry as follows :

- (i) Talcher Training Institute has become a nucleus for in-Company training of supervisors and workers in the whole of Talcher Coalfields.

- (ii) Management Training Institute, Sambalpur catered to the urgent needs for training in computers for executives and non-executives. This institute is conducting General Management, Cross functional and Technical Courses for Officers and Supervisors.
- (iii) Basic programmes in technical trades at Belpahar Training Institute continued during the year.
- (iv) Induction Training Programmes for newly recruited mining supervisors and surveyors.
- (v) All matriculates recruited under different scheme for land losers and others were selected for training. Their training continued for 2/3 years. At the end of the year 58 persons were undergoing training.
- (vi) Need-based training was conducted on request of different departments like coaching for statutory/ departmental examinations and for implementing Presidential directives for reservation of vacancies for SCs/ STs/OBCs.
- (vii) Specialised Training on equipment coming under the World Bank loan was availed by our employees at manufacturers' works and training was conducted at the Mines.
- (viii) All Area Training Centres and Vocational Training Centres functioned to provide for refresher training.

27.3 In-Company Training (1999-2000)

During the year, 126 in-Company training programmes were conducted at various training institutes of the Company catering to the following 1761 employees :

Employees Group	1999-2000	1998-1999
Executives	361	400
Supervisors	532	419
Workers	868	494
Total	1761	1313

27.4 Training Outside

A total of 732 employees attended outside training programmes organised by IICM, Ranchi and agencies external to CIL in 1999-2000 :

Employees Group	1999-2000	1998-1999
Executives	617	372
Supervisors	48	21
Workers	67	58
Total	732	451

27.5 Foreign Training

Only one person was nominated to attend a seminar outside the country.

27.6 Management Trainees and PDPTs

Board of Practical Training (Eastern Region), Calcutta forwarded 40 persons for imparting Post Diploma Practical Training to them in Mining, Surveying and Engineering disciplines. All such trainees have been provided training in our mines and workshops.

Vocational Training

During the year unpaid vocational training as a part of syllabus of Engineering Colleges, Polytechnics and University Departments was given to 262 (as against 194 in 1998-99) students for technical, managerial and personnel streams.

27.7 Sponsorship for Higher Education

One executive was sponsored for M. Tech. Degree in Computer Application in Mining at Indian School of Mines, Dhanbad.

27.8 Apprenticeship Training

A new scheme for imparting training in different trades to the suitable land losers and other entrants to Mahanadi Coalfields Limited has been launched during the year. At the end of the year, 58 persons were undergoing training in various trades in different mines and workshops of Mahanadi Coalfields Limited.

27.9 Management Training Institute

During the year the Management Training Institute conducted 09 Foundation Management Programmes, 10 Supervisory Development Programmes and 19 Computer Awareness Programmes. The MTI also conducted Refresher programme for Environment cadre working in WB Projects in association with Indian School of Mines and a Brain storming session on "Reservation Policy for SC/ST/OBCs in association with IICM, Ranchi. Refresher course on Road Maintenance was conducted in association with University College of Engineering, Burla. Induction Training for executives promoted from non-executives cadre, induction training for newly appointed Junior Overmen and Dy. Surveyors, coaching classes for CIL Accounts Part-II Examination and programme on Productivity and Quality were also conducted.

28. SCHEDULED CASTES AND SCHEDULED TRIBES

28.1 Due to ban on outside recruitment, no recruitment action has been made excepting some statutory personnel.

Percentage of SC/ST as under :

Total employees As on 1.1.2000	No. of		Percentage of	
	SC	ST	SC	ST
22912	2264	1288	9.88	5.62

The percentage of SC/ST representation is being calculated in a calendar year as per the instruction of Ministry and the roster being maintained for SC/ST.

29. PARTICIPATIVE MANAGEMENT

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

- Joint Consultative Committee
- Welfare Board
- Tripartite Safety Committee
- Sports Promotion Committee

All the above Committees are represented by members of both Trade Unions and Management. In the Tripartite Safety Committee, in addition to the Management and Union Representatives. Officers of Directorate General of Mines Safety are also members.

Besides the above Committees at Company level, other forums under Participative Management functioning at Area/Unit level are :

- Production Committee
- Pit Safety Committee
- Consultative Committee
- Canteen Management Committee
- House Allotment Committee

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 1999-2000 was on the whole peaceful and cordial though there was a strike at Ananta OCP of Jagannath Area from 3rd Shift of 30.11.1999 to 2nd Shift of 01.12.1999 by the Operators due to initiation of disciplinary action against some Operators for dereliction of duty. The details of Strike vis-a-vis man-days loss and production loss are as given below :

	1999-2000	1998-1999
(a) No. of Strike	1 (One)	1 (One)
(b) Date of Strike	3rd Shift of 30.11.1999 to 2nd Shift of 01.12.1999	11.12.1998
(c) Loss of Production		
i) Coal	13,208 Te.	9389 Te.
ii) OB	10,091 Cu.m.	NIL
(d) Man-days loss	92	5112

31. ABSENTEEISM

31.1 The overall absenteeism, during the year

was 16.90%. In order to reduce the absenteeism among PR workers, which is still high in some mines, regular interactions with workers and Union representatives are held.

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	As on 31.3.2000	As on 31.3.1999
Houses	16038	15527
% of Satisfaction (Housing)	70.16	67.59
Water Supply (Filtered Water Generated)	8.34 MGD	8.34 MGD
Aided Schools/Institutions	36	35
Colleges	04	04
Co-operative Stores	10	09
ECCS	02	01
Bank Branches	14	14
Bank Extension Counters	12	12
Ambulances	38	38
Dispensaries	16	15
Hospital	06	06
Hospital Beds	364	364
Canteens	30	30

32.2 During 1999-2000 an amount of Rs. 47.31 crores was spent on Revenue Heads and Rs. 42.03 crores on Capital Heads against the amount of Rs. 46.60 crores (Revenue) Rs. 32.09 crores (Capital) spent during the previous year on employees welfare and social amenities.

32.3 Eye Camps

Your Company conducted 782 eye operations during the year.

32.4 Family Welfare

Your Company achieved 1806 family planning operations during the year.

32.5 Cultural and Recreational Activities

Keeping in view the importance of sports

and games, a Sports Control Board at the apex level is functioning. Area Sports Committees are constituted in different Areas of MCL. At present the Company is having 12 numbers of play grounds, 02 numbers of stadium, 08 numbers of children parks, 13 numbers of officers' club, 14 numbers of workers' institute, 04 Golf Courses, 08 numbers of libraries are available 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 feeling among the employees and to encourage sportsmen. Coaching facilities have been provided by expert coaches invited from Sports Authority of India and MCL teams had been deputed to different subsidiaries to participate in the inter-Company tournaments as per CIL sports calendar.

A new chapter in the arena of sports activities has been added i.e. the Golf. The CIL Inter-Company Golf Tournament, All India Public Sector Golf Tournament and All Orissa Golf Tournament were organised in MCL. In addition to these tournaments, the CIL Inter Company Cultural Meet has also been organised in MCL during the year.

32.6 Education

Even though education is a State subject, as a social responsibility MCL has extended financial assistance to privately managed schools like previous years. Considering the requirement of Technical personnel in future in this Company. MCL is bearing 40% recurring grant of IGIT Sarang and OSME, Keonjhar. 40% seats are being reserved in these 2 technical Institutions for MCL employees' wards. MCL is extending financial assistance to 2 nos. of KVs and 8 nos. of DAV Public Schools. The Company has spent Rs. 288.68 lakh during the year against the expenditure of Rs. 282.83 lakh during the previous year towards KV and DAV Public Schools.

33. CAPITAL INVESTMENT ON SOCIAL AMENITIES

Details of Capital Investment on social amenities as on 31.3.2000 vis-a-vis 31.3.1999 is briefed here under :

Sl.No.	Particulars	(Rs. in Crores)	
		Gross Value of Fixed Assets As at 31.3.2000	As at 31.3.1999
1.	Buildings	281.21	243.71
2.	Plant & Machineries	47.53	44.95
3.	Furnitures, Fittings and Office equipment	4.71	4.04
4.	Vehicles	3.20	3.13
5.	Development	8.13	6.92
	Total	344.78	302.75

34. HINDI IN OFFICIAL WORK

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 Mine and Mineral, Govt. of India, continued efforts were made towards promoting use of Hindi in the Company. However, MCL falls in region "C" as per the Official Language Rules, 1976.

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

Rajbhasha Swarna Jayanti Samaroh, 1999-2000 was celebrated from 16.9.99 to 30.9.99 marked by various competitions, workshops and functions, which attracted good participation by executives and non-executives, Ladies and Students.

Correspondence and noting in Hindi have increased. 12 nos. of Hindi software packages have been fed to the computers to ensure progress in correspondence in Hindi.

"Pratibha" (a quarterly literary house journal) is published in which articles, features and poems etc. appear in Hindi, English and Oriya. This year a special issue of "Pratibha"

has also been published to mark the Rajbhasha Swarna Jayanti. Besides all advertisements and news items are released for publication in Hindi, Oriya and English regularly.

This year also the Company published Safety Annual Calendar in Hindi. It was based on sketches and slogans on safety awareness. A good number of Hindi books are available in library.

Financial assistance of Rs. 10,000/- was provided to Dr. Keshab Chandra Meher, Vidya Vachaspati, an eminent writer of Orissa for publication of Hindi version of his Oriya book "Uttisthata" and assistance of Rs. 25,000/- was provided for publication of Oriya translation of Hindi book "Khrishna Dharma".

35. VIGILANCE ACTIVITIES AND ACHIEVEMENTS

1. Shri P. K. Dash, Joint Commissioner of Income Tax, took over charge as Executive Director/Chief Vigilance Officer on 22.06.1999 of your Company.
2. The tables given below indicate the statistical view of the Vigilance activities/performance during the year.

Particulars	Pending as on 31.03.99	New additions during 1999-2000	Disposal during 1999-2000	Pending as on 31.3.2000
Complaints	40	52	25	67
Vigilance cases pending investigation	5	8	5	8
Major penalty proceedings	15	-	5	10
Minor penalty proceedings	2	3	3	2
Pending with Inquiring Authority in Department Enquiries	5	4	2	7

Penalties imposed during the year :

Major penalties	4 cases
Minor penalties	2 cases

Inspections conducted :

Inspections conducted	Number of Inspections during 1999-2000	Number of Inspections during 1998-1999
(i) Surprise Inspections	24	17
(ii) Regular Inspections	41	41

3. The routine works like timely furnishing of reports and returns to CVC, CTE, CBI, DOP&T, Ministry of Coal, Coal India have been completed on schedule. Agreed list has been finalised in consultation with CMD as well as SP, CBI, Bhubaneswar. Regular liaison with CBI as well as with the counterparts in neighbouring Corporates is also maintained.

4. Preventive Vigilance :

- (i) A seminar on preventive vigilance for Medical Discipline was organised.
- (ii) A regular session in all training programmes of MTI on vigilance awareness and CDA Rules was conducted to make lower/middle level officers aware of preventive vigilance aspects, common irregularities prevention knowledge of rules etc.
- (iii) Important instructions issued by Central Vigilance Commission regarding "Do not pay Bribes" etc. have been disseminated to all concerned for strict implementation.
- (iv) By making regular periodic inspections, the complaints of non-displaying of tender notices on Notice Boards has been brought down by issuing instructions for ensuring display of tender notices on all Notice Boards.
- (v) For prevention of misuse of telephones and official vehicles/cars, loopholes in the system were identified and circulars got issued.
- (vi) In accordance with the decision taken

in the meeting taken by Jt. Secretary (Coal), reporting system of production of coal and OB removal was checked at one of the mines of MCL.

- (vii) As a follow up for effective monitoring to prevent coal stock shortages, proper maintenance of coal stock, report of production of coal and OBR, a meeting was organised with all Staff Officers (Mining) and Area Survey Officers, when they were apprised of the need to maintain proper system.

During the period, the Department carried out post-scrutiny of several files relating to coal transportation contracts, civil contracts, employment etc. and suggested system improvement measures to the concerned authorities.

36. AUDITORS

36.1 Under Section 619(2) of the Companies Act, 1956, the following Audit Firms were appointed as Statutory/Branch Auditors for the year 1999-2000.

Statutory Auditors

M/s J.S.S. Associates
Chartered Accountants
Bhubaneswar

Branch Auditors

M/s S.C.M. Associates
Chartered Accountants
Bhubaneswar

36.2 The Government of India (Dept. of Company Affairs) will be approached for appointment of auditors for the year 2000-2001.

37. FIXED DEPOSITS

Your Company has not accepted any deposit from the Public, during the year as defined under section 58A of the Companies Act, 1956 and the rules made thereunder.

38. AWARDS**Excellence Awards :**

Mahanadi Coalfields Limited has been honoured with :

- (i) Transworld Award by Institute of Economic Studies, New Delhi.
- (ii) Rajiv Gandhi Excellence Award presented for securing a string of objectives and achievements in the chosen field of activities by International Integrity, Peace and Friendship Society, Bangalore.
- (iii) Achievers of the Millennium Award in 1999 from All India Achievers Conference, New Delhi.
- (iv) Kalinga OCP has been awarded with Coal India Trophy for the year 1999-2000 by MGMI for timely completion of the project.
- (v) "Rajbhasha Saarthi" Award instituted by Bhartiya Sanskriti Sansthan, New Delhi for notable contribution towards promotion of Official Language was awarded to CMD, MCL.
- (vi) Millennium National Award 2000 for Excellence in Indian Industries "Best Environmental & Ecological Implementation Award" conferred by A.P. Central Public Sector Employees Federation, Hyderabad.
- (vii) "India 2000 Environment Protection Award at the India International Centre", New Delhi by Mr. Salah Al Mukhtar the Ambassador of Iraq on the occasion of the World Environment Day.
- (viii) India 2000 Millennium Awards under the auspices of U.N. affiliated organisations including ECOSOC, UNDPI, UNCED, UNICEF, UNESCO and International Natural Disaster Reduction Agency.

39. PARTICULARS OF INFORMATION U/S 217 OF THE COMPANIES ACT, 1956

The information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding Conservation of Energy, Technology and Outgo is given in Annexure-I to this Report.

40. PARTICULARS OF EMPLOYEES

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

41. BOARD MEETINGS

Five Board Meetings were held during the year.

42. BOARD OF DIRECTORS

During the year under review, Shri S. N. Sharma, CMD, Shri G. K. Choudhary, Director (P), Shri Mayukha Sengupta, Director (F), and Shri B. N. Mishra, Director (T) continued as functional Directors.

Shri A. Chatterjee, Director (Finance), CIL, Shri N. K. Sharma, Director (Tech.), CIL and Shri Devdas Chhotray, Joint Secretary, Ministry of Coal continued as part-time Directors on MCL Board during the year. Shri Premanand Das, Director, Ministry of Coal was on the Board as part-time Director upto 9th September, 1999.

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 guidance. 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. 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 its allround growth is very much appreciated.

43.3 The Directors also thank the valued customers for their continued support, patronage and encouragement but for which the Company would not have emerged strong.

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 Coalfield Areas of Orissa for their co-operation from time to time.

44. ADDENDA

The following papers are annexed.

1. Comments of the Comptroller & Audit General of India under Section 619(4) of the Companies Act 1956.
2. Review report of the Comptroller & Auditor General of India on the Accounts.
3. Addendum to the Directors' Report under Section 217(3) of the Companies Act 1956.

Sambalpur
Date : 25th September, 2000

(Sd/-)
S. N. Sharma
Chairman-cum-Managing Director

ANNEXURE - 1

ANNEXURE TO DIRECTORS' REPORT

Information as required to be given in the Director's Report under section 217(1)(e) of Company's Act, 1956 read with the Company's (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earning and outgo.

A. CONSERVATION OF ENERGY**(a) Energy Conservation Measures Taken***1. Electrical Energy*

1. By installing capacitor Banks and running the dragline motors in leading power factor.
2. By controlling the maximum demand and rationalising contract demand there is substantial reduction in underdrawal penalty and saving in high load factor rebate.
3. 132 KV "Jorabaga" Sub-station is likely to be commissioned shortly, it will help in receiving power at 132 KV at one point.
4. CMPDIL has done "Energy Audit" for Nandira and Talcher U/G mines, the draft report has been discussed and final report has to be submitted.
5. Steps have been taken for deploying pumps of higher efficiency with large diameter pipes i.e. 200mm and 250mm diameter pipes.
6. Power factor improved to level of 0.97 during the year from 0.90 in previous year, which resulted in the following advantages to MCL :
 - (a) Reduced low power factor penalty.
 - (b) Less voltage drop problems.
 - (c) Transmission and distribution losses reduced.
 - (d) No starting problem for big machines like Draglines.

2. Fuel and Lubricants

1. Maintenance of self-starters and Batteries in good condition to conserve POL and avoid idling of HEMM equipments.
2. Periodical overhaul and, checking/maintenance of HEMM by replacement of filters etc. thus improving the efficiency of HEMM equipments.
3. Maintenance of Haul Road, Tyre pressure etc. as per required norms for HEMM and continuous monitoring.

(b) Additional Investment and proposal, if any being implemented for reduction of consumption of energy

- (i) Organising workshop and seminars to concerned executives and staff connected in the operation and maintenance of HEMM/and electrical plant and equipment.

- (ii) Giving training to executives and staffs in the Management Development Institute of MCL.
 - (iii) Observing "Energy Conservation Week" as per the directives of Govt. of India.
 - (iv) Planning and implementation of energy saving techniques in the field of Diesel and Electricity conservation programme of MCL.
 - (v) After getting the Energy Audit Report from CMPDIL, investment decision shall be taken for energy saving measures.
- (c) Impact of measures at a) and b) for reduction of Energy Consumption and consequent impact on the cost of production of goods**

	1999-2000	1998-1999	% Increase/decrease
Electrical Energy			
(i) Consumption of Energy/Tonne of coal (KWH)/Tonnes	5.35	4.98	+7.43%
(ii) Consumption of Energy/Cu. Mtr. of composite production i.e. coal + O.B. (KWH)/Cu. Mtr. Composite	2.963	2.886	+3.60%
Fuel and Lubricants			
(i) Consumption of HSD per Cu. Mtr. Composite production excluding dragline production	0.58	0.69	-15.94%
(ii) Consumption of Lubricants Per Cu. Mtr. composite production (ltr./Cu. Mtr.) Liquid Lubricant (Total MCL)	0.03316	0.03456	-4.05%
(iii) Consumption of Lubricants Per Cu. Mtr. composite production (Kg./Cu. Mtr.) (Grease) (Total MCL)	0.00175	0.001819	-3.79%

Specific consumption of power has increased compared to 98-99 due to the following reasons :

- (i) Increase in composite (Coal + OBR) by 3.49 Million Cu. M.
- (ii) Overburden rehandled by Dragline during 1999-2000 is 1.06 Million Cu. M.
- (iii) Addition of nine electric shovels and three electric Drills commissioned during 1999-2000 at different points of time.

B. TECHNOLOGY ABSORPTION

Form 'B' is enclosed.

FORM - B**DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION****RESEARCH AND DEVELOPMENT (R&D)**

1. Specific areas in which R&D was carried out by Company

The Company does not have its own Research and Development (R&D) set up. CMPDIL, a subsidiary of Coal India Ltd. (CIL) does the R&D work centrally for all the Subsidiaries of CIL.
2. Benefits derived as a result of the above R&D
3. Further Plan of Action
4. Expenditure on R&D
 - (a) Capital
 - (b) Recurring
 - (c) Total
 - (d) Total R&D expenditure as percentage of total turnover

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief, made towards absorption, adaptation and innovation : NIL
2. Benefits derived as a result of the above efforts : NIL
3. In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial year) the requisite information is given below : NIL
 - (a) Technology imported : NIL
 - (b) Year of Import : N/A
 - (c) Has technology been fully absorbed : N/A
 - (d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plan and actions

C. FOREIGN EXCHANGE EARNING & OUTGO

- (i) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products export activities services and export plans : Company is not engaged in export activities
- (ii) Total Foreign Exchange used and earned

(Rs. in Lakh)

SI.No.	Description	Current Year	Previous Year
(a)	Foreign Exchange used		
(i)	CIF value of imports		
a)	Raw Materials	NIL	NIL
b)	Components, Stores & Spare Parts	1709.08	414.50
c)	Capital Goods	13797.23	5832.25
(ii)	Travelling	3.11	NIL
(iii)	Legal Expenses	NIL	44.74
(iv)	Interest	644.24	NIL
(v)	Others	106.25	NIL
(b)	Foreign Exchange Earned	No direct earning by the Company.	

**COMMENTS OF THE COMPTROLLER AND
AUDITOR GENERAL OF INDIA UNDER
SECTION 619(4) OF THE COMPANIES ACT,
1956 ON THE ACCOUNTS OF MAHANADI
COALFIELDS LIMITED FOR THE YEAR
ENDED 31ST MARCH, 2000**

MANAGEMENT'S REPLY

The Accounts of the Company have been revised as a result of the observations made by Comptroller & Auditor General of India as indicated in para no. 25(a) of the Auditors' Report to the share holders and Note No. 19(a) of the Notes forming part of Accounts (Schedule-'0'). The following further comment is made upon or supplement to Auditors' Report under 619(4) of the Companies Act, 1956 on the Accounts of the Mahanadi Coalfields Limited for the year ended 31st March, 2000.

1. Profit & Loss Account

Employees Remuneration and Benefits (Sch.-8) - Rs. 28252.01 lakh (Gross).
Notes on Accounts (Sch. '0')
Item No. 12.5 (v)
Item No. 26 of the Auditors' Report

Included in the above is a provision of Rs. 2283.70 lakh towards financial liability on account of NCWA-VI negotiation and pay scale revision of executives. Proportionate contribution @10.6% towards Company's share of Provident Fund and Pension Fund has not been provided in the accounts. This has resulted in understatement of employees' remuneration and benefits by Rs. 242.07 lakh and corresponding overstatement of profit for the year.

Pending finalisation of Wage Agreement in respect of Wage Board employees with effect from 01.07.96 as well as finalisation of pay revision of Executives w.e.f. 1.1.97, adhoc provision @Rs. 10000/- per employee (both Executive & Non-Executive) on roll as on 31.3.2000 has been made in Accounts of 1999-2000 as per directive received from CIL. As the adhoc provision is meant for total impact arising out of aforesaid revision, no further provision on account of PF etc. has been made.

Sd/-

(N. K. Chanda)

Principal Director of Commercial Audit
and Ex-Officio Member, Audit Board-II
Calcutta

Place : Calcutta
Dated the 25-9-2000

**REVIEW OF ACCOUNTS OF MAHANADI COALFIELDS LIMITED
FOR THE YEAR ENDED 31ST MARCH, 2000
BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

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

1. FINANCIAL POSITION

		(Rs. in Lakhs)		
		<u>1997-98</u>	<u>1998-99</u>	<u>1999-2000</u>
LIABILITIES				
(a)	Paid up Capital	18640.09	39058.09	39058.09
	(i) Government	-	-	-
	(ii) Others (All shares are held by Coal India Limited, Holding Company)	18640.09	39058.09	39058.09
(b)	Reserves & Surplus			
	(i) Free Reserves & Surplus	59421.68	74187.08	88355.93
	(ii) Share Premium Account	-	-	-
	(iii) Capital Reserve/Capital Redemption Reserve	192.52	-	4083.60
(c)	Borrowings From			
	(i) Coal India Limited Holding Company			
	(a) For loans from IBRD & JEXIM	-	4261.43	18923.50
	(b) For other loan	34598.18	18458.79	2949.36
	(ii) Financial Institution	-	-	-
	(iii) Foreign Currency Loans (Credit) (Deferred Payment Liabilities)	1374.45	4441.30	4529.02
	(iv) Cash Credit	-	-	-
	(v) Others	-	-	-
	(vi) Interest Accrued and Due	-	-	-
(d)	(i) Current Liabilities & Provisions (Excluding Provision for Gratuity)	81652.51	99511.48	86376.38
	(ii) Provision for Gratuity	2418.50	2309.15	2340.43
TOTAL		<u>198297.93</u>	<u>255976.54</u>	<u>246616.31</u>

MAHANADI COALFIELDS LIMITED

	(Rs. in Lakhs)		
	<u>1997-98</u>	<u>1998-99</u>	<u>1999-2000</u>
ASSETS			
(e) Gross Block	143543.70	172355.88	205353.63
(f) Less : Cumulative Depreciation	54423.40	63663.58	74608.89
(g) Net Block	89120.30	108692.30	130744.74
(h) Capital Work-in-Progress	23296.02	25034.00	23421.35
(i) Investments	0.04	0.04	0.04
(j) Current Assets, Loans & Advances	83678.39	120302.83	90374.48
(k) Miscellaneous Expenditure not written off	2203.18	1947.37	2075.70
(l) Accumulated Losses	-	-	-
Total	<u>198297.93</u>	<u>255976.54</u>	<u>246616.31</u>
(m) Working Capital [j-d(i)-c(vi)]	2025.88	20791.35	3998.10
(n) Capital Employed (g+m)	91146.18	129483.65	134742.84
(o) Net Worth [a+b(i)+b(ii)-k-l]	75858.59	111297.80	125338.32
(p) Net Worth per rupee of paid up capital (in Rs.)	4.07	2.85	3.21

2. WORKING RESULTS

The working results of the company during the last three years ended 31st March, 2000 are as under :

	(Rs. in Lakhs)		
	<u>1997-98</u>	<u>1998-99</u>	<u>1999-2000</u>
(i) Sales	155287.35	155817.99	159627.04
(ii) Less : Excise Duty	-	-	-
(iii) Net Sales	155287.35	155817.99	159627.04
(iv) Other Miscellaneous Income	13227.54	12490.86	12929.41
(v) Profit before tax and prior period adjustments	64904.89	59868.06	60348.80
(vi) Prior Period Adjustments	-506.16	-262.95	-416.16
(vii) Profit before Tax	65411.05	60131.01	60764.96
(viii) Tax Provisions	22000.00	19500.00	23109.55
(ix) Profit after Tax	43411.05	40631.01	37655.41
(x) Proposed Dividend	17364.42	17895.98	19402.96

3. RATIO ANALYSIS

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

		(In Percentages)		
		1997-98	1998-99	1999-2000
A.	Liquidity Ratio Current Ratio $\frac{i}{d(i)+c(v)}$ %	102.48	120.89	104.63
B.	Debt Equity Ratio Long term debt to Equity [c(i) to c(v) excluding short term loan/a]	192.99	145.71	67.59 141.64
C.	Profitability Ratios			
(a)	Profit before tax to			
	(i) Capital Employed	71.76	46.43	45.10
	(ii) Net Worth	86.22	54.03	48.48
	(iii) Sales	42.12	38.59	38.07
(b)	Profit after tax to Equity	232.89	217.98	202.01
(c)	Earning per share (in Rupees) (Profit after Preference Dividend/ No. of Equity Share)	2328.90	2178.86	1910.59

4. SOURCES AND UTILISATION OF FUNDS

Funds amounting to Rs. 51676.03 lakh from internal and external sources were generated and utilised during the year as per details given below :

		(Rs. in Lakhs)
Sources of Funds		
(a)	Funds from operations	
	(i) Profit after tax	37655.41
	(ii) Add : Depreciation	10945.31
(b)	Decrease in Working Capital (including Prov. for Gratuity)	3075.31
		51676.03
Application of Funds		
(a)	Additions to Fixed Assets & Capital Work-in-Progress	31385.10
(b)	Decrease in Borrowings	759.64
(c)	Proposed Dividend	17307.27
(d)	Provision for Income Tax on Proposed Dividend	2095.69
(e)	Misc. Expenditure to the extent not written off during the year (net)	128.33
		51676.03

5. INVENTORY LEVELS

The inventory levels of stocks of stores and spares, raw materials, work-in-progress and coal and coke etc. at the end of three years ending 31st March, 2000 are as under :

(Rs. in Lakhs)			
	1997-98	1998-99	1999-2000
(a) Stocks of Stores & Spares & Medicines	6613.19	7446.03	10300.05
(b) Work-in-Progress	86.45	271.87	121.71
(c) (i) Stock of Coal & Coke etc.	4222.00	7958.63	9072.99
(ii) Provision for Deterioration	422.20	795.49	906.92
(in Month's)			
	1997-98	1998-99	1999-2000
(i) Stock of Stores & Spares to Consumption	4.08	4.21	5.74
(ii) Stock of Coal & Coke to Sales	0.33	0.61	0.68
(iii) Stock of WIP to Production	NIL	NIL	NIL
(iv) Stock of raw materials to Consumption	NIL	NIL	NIL

6. SUNDRY DEBTORS

The Sundry Debtors vis-a-vis Sales in the last three years ending 31st March, 2000 are as follows :

(Rs. in Lakhs)					
Year Ended As on	Considered Good	Considered Doubtful	Total	Sales	%age of Debtors to Sales
31.03.1998	23633.91	5865.00	29498.91	155287.35	19.00
31.03.1999	38651.33	5704.52	44355.85	155817.99	28.47
31.03.2000	34432.16	8333.71	42765.87	159627.04	26.79

The age-wise break-up of Sundry Debtors as at the end of the year 1999-2000 is as follows :

(Rs. in Lakhs)				
Debtors outstanding for	Dues from Govt. Dept.	Dues from PSUs/ Corporation/Board	Dues from Private Parties	Total
Less than 6 months	-	2911.03	-213.73	2697.30
More than 6 months but less than 1 year	-	4517.61	1.25	4518.86
More than 1 year but less than 3 years	-	20610.03	-41.45	20568.58
Above 3 years	-	13721.01	1260.14	14981.15
Total	-	41759.68	1006.21	42765.89

Sd/-

(N. K. Chanda)

Principal Director of Commercial Audit
and Ex-Officio Member, Audit Board-II
Calcutta

Place : Calcutta
Dated the 25th September, 2000

BALANCE SHEET AS AT 31ST MARCH, 2000*(Rupees in Lakhs)*

	<u>Schedule</u>	<u>Current Year</u>	<u>Previous Year</u>
I. SOURCES OF FUNDS			
(1) Share Holders' Funds			
(a) Share Capital	A	39058.09	39058.09
(b) Reserves and Surplus	B	92439.53	74187.08
(2) Loan Funds			
Unsecured Loans	C	26401.88	27161.52
Total		157899.50	140406.69
II. APPLICATION OF FUNDS			
(1) Fixed Assets			
(a) Gross Block	D	205353.63	172355.88
(b) Less : Depreciation		74608.89	63663.58
(c) Net Block		130744.74	108692.30
(d) Capital Work-in-Progress	E	23421.35	25034.00
(2) Investments	F	0.04	0.04
(3) Current Assets, Loans and Advances			
(a) Inventories	G	18563.53	14871.29
(b) Sundry Debtors	H	34432.16	38651.33
(c) Cash and Bank Balances	I	6334.79	3532.69
(d) Other Current Assets	J	82.05	371.80
(e) Loans and Advances	K	30961.95	62875.72
		90374.48	120302.83
Less : Current Liabilities & Provisions	L	88716.81	115569.85
Net Current Assets		1657.67	4732.98
(4) Miscellaneous Expenditure (to the extent not written off or adjusted)	M	2075.70	1947.37
Total		157899.50	140406.69
Accounting Policies	N		
Notes on Accounts	O		

The Schedules referred to above form integral part of Accounts.

Sd/-
S. C. Behera
Company Secretary

Sd/-
S. K. Basu
Chief General Manager (Finance)

Sd/-
Mayukha Sengupta
Director (Finance)

Sd/-
S. N. Sharma
Chairman-cum-Managing Director

In terms of our Report of even Date
For JSS ASSOCIATES
Chartered Accountants

Sd/-
Bijoy K Sahoo
Partner

Place : Bhubaneswar
Dated : September 15, 2000

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2000

	Schedule	Current Year	Previous Year
<i>(Rupees in Lakhs)</i>			
INCOME			
Sales	1	159627.04	155817.99
Coal issued for other purpose	2	294.98	381.60
Accretion in Stock	3	846.68	3420.33
Other Income	4	12929.41	12490.86
Total Income		173698.11	172110.78
EXPENDITURE			
Internal Consumption of Coal	5	106.71	122.76
Stores & Spare Parts consumed	6	21057.76	20837.37
Power & Fuel Expenses	7	7034.66	6731.41
Employees Remuneration & Benefits	8	27339.18	24443.99
Contractual Expenses	9	17694.24	16654.74
Repair Expenses	10	5567.83	4839.52
Social Facilities Expenses	11	4698.90	4631.53
Other Expenditure	12	6529.82	6339.51
Overburden Removal Adjustment	13	-715.41	5779.59
Interest	14(A)	3574.92	5396.17
Financial Charges	14(B)	349.80	118.10
Depreciation	15	11380.51	9939.62
Provisions	16(A)	2685.26	-2.59
Write Off	16(B)	6045.13	6411.00
Total Expenditure		113349.31	112242.72
Profit for the Year		60348.80	59868.06
Prior period adjustment	17	-416.16	-262.95
Net Profit before Tax		60764.96	60131.01
Provision for Income Tax		23109.55	19500.00
Profit after Tax		37655.41	40631.01
Profit brought forward from previous year		62648.48	43976.56
Profit available for Appropriation		100303.89	84607.57
APPROPRIATIONS			
Capital redemption reserve		4083.60	-
General reserve		3765.55	4063.11
Interim dividend on			
(a) Preference shares		2041.80	-
(b) Equity shares		15000.00	-
Proposed dividend on			
(a) Preference shares		-	16.78
(b) Equity shares		265.47	16252.29
Tax on dividend for			
(a) Current year		1933.00	1626.91
(b) Previous year		162.69	-
Balance carried to Balance Sheet		73051.78	62648.48
Accounting Policies	N		
Notes on Accounts	O		

The Schedules referred to above form integral part of the Accounts

Sd/- S. C. Behera Company Secretary	Sd/- S. K. Basu Chief General Manager (Finance)	Sd/- Mayukha Sengupta Director (Finance)	Sd/- S. N. Sharma Chairman-cum-Managing Director
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In terms of our Report of even Date

For JSS ASSOCIATES
Chartered Accountants

Sd/-
Bijoy K Sahoo
Partner

Place : Bhubaneswar
Dated : September 15, 2000

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2000

SCHEDULE - A SHARE CAPITAL

	<u>Current Year</u> (Rs. in Lakh)	<u>Previous Year</u> (Rs. in Lakh)
Authorised		
(i) 2041800 10% Cumulative Redeemable Preference Shares of Rs. 1000 each (Previous Year - 2041800 Shares)	20418.00	20418.00
(ii) 2958200 Equity Shares of Rs. 1000 each (Previous Year - 2958200 Shares)	29582.00	29582.00
	50000.00	50000.00
Issued, Subscribed & Paid up		
(i) 2041800 10% Cumulative Redeemable Preference Shares of Rs. 1000 each fully paid up (Previous Year - 2041800 Shares)	20418.00	20418.00
(ii) 1864009 Equity Shares of Rs. 1000 each fully paid up in cash (Previous Year - 1864009 Shares)	18640.09	18640.09
Total	39058.09	39058.09

- Note :** (i) Entire Share Capital is held by Holding Company - Coal India Ltd. and/or its nominees.
(ii) The Preference Shares have been issued on 29.03.99 against conversion of loan redeemable in the year 2003-04.

SCHEDULE - B RESERVES AND SURPLUS

	(Rs. in Lakh)			
<u>Particulars</u>	<u>As at</u> 01.04.99	<u>Additions during</u> the Year	<u>Deductions/Adjustment</u> during the Year	<u>As at</u> 31.03.2000
1. Capital Redemption Reserve	-	4083.60	-	4083.60
2. General Reserve Account	11538.60	3765.55	-	15304.15
3. Profit & Loss Account	62648.48	10403.30	-	73051.78
Total	74187.08	18252.45	-	92439.53

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2000

SCHEDULE - C UNSECURED LOANS

	<u>Current Year</u> (Rs. in Lakhs)	<u>Previous Year</u> (Rs. in Lakhs)
1. Due to Coal India Limited, Holding Company		
(a) For Loans from IBRD & JEXIM	18923.50	4261.43
(b) For Other Loans	<u>2949.36</u>	<u>18458.79</u>
	21872.86	22720.22
2. Liability for Deferred Payment		
(a) M/s Toyato Tsusho Corporation, Japan	4379.72	4488.67
Less : Interest on Deferred Payment	1150.43	1347.10
		3141.57
(b) M/s Tevetmet Prem Export, Moscow	1299.73	1299.73
Less : Interest on Deferred Payment	<u>-</u>	<u>-</u>
	1299.73	1299.73
TOTAL	<u>26401.88</u>	<u>27161.52</u>

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2000

SCHEDULE - D

ASSETS

(Rs. in Lakh)

Particulars	GROSS BLOCK			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 31.03.2000	As at year end 31.03.1999
A. COMPLETED ASSETS										
1. Land										
(i) Free hold	143.19	14.09		157.28					157.28	143.19
(ii) Lease hold	7832.47	3216.91	0.59	11049.97	1724.62	353.72	-3.21	2075.13	8974.84	6107.85
2. Buildings										
(i) Township	20972.16	4987.59	37.72	25997.47	2030.40	412.72	61.75	2504.87	23492.60	18941.76
(ii) Other than Township	9078.07	910.07	-51.51	9936.63	1285.50	272.46	-38.25	1519.71	8416.92	7792.57
(iii) Roads & Culverts (Mining Area)	5095.60	1098.78	-1085.84	5108.54	880.12	147.70	-33.34	994.48	4114.06	4215.48
3. Plant & Machinery	106292.21	22525.73	-1471.22	127346.72	49643.45	9682.50	-1230.95	58095.00	69251.72	56648.76
4. Furniture & Fittings and Office Equipments	2227.40	262.75	-3.36	2486.79	914.33	194.49	15.18	1124.00	1362.79	1313.07
5. Railway Siding	6297.06	1036.84		7333.90	1254.57	217.78	0.00	1472.35	5861.55	5042.49
6. Vehicle	2101.63	105.21	-22.04	2184.80	1084.94	161.89	-15.81	1231.02	953.78	1016.69
7. Prospecting & Boring	2014.73	88.50	-509.22	1594.01	890.27	61.70	-101.92	850.05	743.96	1124.46
8. Development Expenditure	10301.36	1375.16	-40.85	11635.67	3955.38	667.37	-8.93	4613.82	7021.85	6345.98
Total (A)	172355.88	35621.63	-3145.73	204831.78	63663.58	12172.33	-1355.48	74480.43	130351.35	108692.30
B. Cap. Exp. on Assets not belonging to the Company		486.56	35.29	521.85	0.00	104.37	24.09	128.46	393.39	0.00
Grand Total (A+B)	172355.88	36108.19	-3110.44	205353.63	63663.58	12276.70	-1331.39	74608.89	130744.74	108692.30
Previous Year	143543.70	30918.57	-2106.39	172355.88	54423.40	10545.74	-1305.56	63663.58	108692.30	-

ALLOCATION OF DEPRECIATION

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
(A) Revenue		
Social Overhead	760.44	598.38
Others	11380.51	9939.62
	12140.95	10538.00
Prior Period Adjustment	5.37	-
	12146.32	10538.00
(B) Capitalisation	130.38	7.74
	12276.70	10545.74

RECONCILIATION OF DEPRECIATION FUND

Opening Balance	63663.58	54423.40
Add : Depn provided during the year	12276.70	10545.74
	75940.28	64969.14
Less : Net outflow of Fund		
For Surveyed/Written off Assets	1325.84	
Add : Outflow of Fund		1308.47
— Inter Company	5.55	
Less : Inflow of Fund		
— Inter Company	-	2.91
Closing Balance	74608.89	63663.58

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2000

SCHEDULE - E
CAPITAL WORK-IN-PROGRESS

(Rs. in Lakh)

PARTICULARS	COST			PROVISION			Net Asset		
	Upto the beginning of the year (01.04.99)	Additions during the year	Transfer/ Adjustment during the year	Upto the end of the year (31.3.2000)	Upto the beginning of the year (01.04.99)	Additions during the year	Transfer/ Adjustment during the year	upto the end of the year (31.3.2000)	Upto the end of the year (31.3.2000)
1. Buildings under Construction									
(i) Township	3508.02	2823.89	-4459.51	1872.40				0.00	1872.40
(ii) Other than Township	619.27	951.11	-955.47	614.91		0.08		0.08	614.83
(iii) Roads & Culverts (Mining Area)	1034.10	855.31	-1674.12	215.29				0.00	215.29
2. Plant & Machinery									
(i) Under Erection/Installation	8245.30	1972.40	-1931.25	8286.45		11.81	20.94	32.75	8253.70
(ii) In Stores	1598.89	11444.94	-12037.06	1006.77		15.60		15.60	991.17
(iii) In transit & awaiting inspection	121.52	506.49	-508.06	119.95				0.00	119.95
3. Railway Siding under Constr.	1670.60	1409.06	-1142.97	1936.69				0.00	1936.69
4. P&B for Dev Mines	5041.20	816.96	-174.37	5683.79				0.00	5683.79
5. Dev Exp of Non-Rev Mines	2894.90	1069.70	-516.55	3448.05				0.00	3448.05
6. Capital Goods in Stock	300.20	130.30	-145.02	285.48				0.00	285.48
Grand Total	25034.00	21980.16	-23544.38	23469.78	-	27.49	20.94	48.43	23421.35
Previous Year	23296.02	14828.55	-13090.57	25034.00	-	-	-	-	25034.00

SCHEDULE - F
INVESTMENTS

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Non-Trade Investments at Cost (Unquoted) [430 Shares of Rs. 10/- each fully paid (Employees Co-operative Society)]	0.04	0.04
TOTAL	0.04	0.04

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2000

SCHEDULE - G INVENTORIES

	<u>Current Year</u> (Rs. in Lakh.)	<u>Previous Year</u> (Rs. in Lakh.)
A. Stock of Stores & Spares	10075.14	7529.97
Stock of Medicine	44.30	-
Less :		
i) Provision for obsolescence	460.70	451.45
ii) Provision for Difference/Shortage	<u>14.36</u>	<u>14.36</u>
Sub Total	9644.38	7064.16
Add :		
In transit/Under Inspection	590.63	381.77
Discarded/Surveyed off Fixed Assets	180.09	136.19
	770.72	
Less : Provision	115.05	136.09
TOTAL (A)	<u>10300.05</u>	<u>7446.03</u>
B. Stock of Coal		
1. Revenue Mines	8934.69	7822.47
2. Capital Mines	138.30	136.16
Sub Total (1+2)	<u>9072.99</u>	<u>7958.63</u>
Less :		
Provision for Deterioration	906.92	795.49
Non-vendable Stock	3.75	3.75
Rehandling Charges	20.55	6.00
TOTAL (B)	<u>8141.77</u>	<u>7153.39</u>
[As per Annexure G(I) & G(II)]		
C. Workshop Job		
Manufactured Items	-	-
Work in progress	121.71	271.87
TOTAL (C)	<u>121.71</u>	<u>271.87</u>
GRAND TOTAL (A+B+C)	<u>18563.53</u>	<u>14871.29</u>

Contd....

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2000

PARTICULARS IN RESPECT OF COAL STOCK AS ON 31ST MARCH, 2000

SCHEDULE - G (Contd...)

ANNEXURE-G(I)

Particulars	Overall Stock		Provision for Non Vendable Stock		Vendable Stock	
	Quantity (L Te)	Value (L Rs)	Quantity (L Te)	Value (L Rs)	Quantity (L Te)	Value (L Rs)
Reconciliation of Book Stock and Measured Stock						
1. Opening Stock as on 1.4.99 (As per Accounts)	40.66	7958.63	0.01	3.75	40.65	7954.88
2. Add Production for the Year	435.54	161043.27			435.54	161043.27
3. Sub Total (1+2)	476.20	169001.90	0.01	3.75	476.19	168998.15
4. (A) Less Offtake for the Year						
(i) Outside Despatch	421.08	159627.04			421.08	159627.04
(ii) Consumption for Boiler and Domestic Coal	0.49	294.98			0.49	294.98
Total (4A)	421.57	159922.02	0.00	0.00	421.57	159922.02
4. (B) Handling Loss on Despatch to Paradeep Stock Yard	0.01	6.89			0.01	6.89
Total (4A+4B)	421.58	159928.91	0.00	0.00	421.58	159928.91
5. Derived Stock (3-4)	54.62	9072.99	0.01	3.75	54.61	9069.24
6. Measured Stock	53.73	8925.09			53.73	8925.09
7. Difference (5-6)	0.89	147.90	0.01	3.75	0.88	144.15
8. Break Up of Difference :						
(A) Excess within 5%						
(B) Shortage within 5%	0.89	147.90	0.01	3.75	0.88	144.15
(C) Excess beyond 5%						
(D) Shortage beyond 5%						
9. Closing Stock adopted in Accounts (5 above)	54.62	9072.99	0.01	3.75	54.61	9069.24

Contd....

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2000**PARTICULARS IN RESPECT OF COAL STOCK AS ON 31ST MARCH, 2000****SCHEDULE - G (Contd...)****ANNEXURE-G(II)**

Particulars	Current Year		Previous Year	
	Quantity (Lakh Tonne)	Value (Rs. in Lakh)	Quantity (Lakh Tonne)	Value (Rs. in Lakh)
Reconciliation of Closing Stock adopted in Accounts with Books Stock as at the end of the year				
Stock as per Books	54.62	9072.99	40.66	7958.63
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	-	3.75	-	3.75
Less :				
Charge for rehandling of pithead stock	-	20.55	-	6.00
Less :				
Provision made in the Accounts to take care of future deterioration in Coal stock	-	906.92	-	795.49
Stock as per Accounts after all provisions	54.62	8141.77	40.66	7153.39

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2000

SCHEDULE - H SUNDRY DEBTORS

	<u>Current Year (Rs. in Lakh)</u>	<u>Previous Year (Rs. in Lakh)</u>
Outstanding for over six months	34648.61	40080.07
Other debts	8117.26	4275.78
Sub Total	<u>42765.87</u>	<u>44355.85</u>
Less : Provision for Doubtful Debts	8333.71	5704.52
TOTAL	<u>34432.16</u>	<u>38651.33</u>
 Classification		
1. Considered good and in respect of which the Company is fully secured	1559.60	5484.00
2. Considered good for which the Company holds no security other than Debtor's personal security	32872.56	33167.33
3. Considered Doubtful	8333.71	5704.52
TOTAL	<u>42765.87</u>	<u>44355.85</u>

NOTE : Secured amount includes Rs. 251.58 Lakh (Previous year - Rs. 347.00 Lakh) covered by Bank Guarantees.

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2000

SCHEDULE - I CASH & BANK BALANCES

	<u>Current Year (Rs. in Lakh)</u>	<u>Previous Year (Rs. in Lakh)</u>
A. (i) Cash/Stamp in hand	4.80	6.66
(ii) Cheques/Demand Draft in hand	4.80	6.75
(iii) Cash balance with Imprest Holder	5.45	3.42
B. Remittance-in-Transit	1519.31	-
C. Balance with Scheduled Banks		
(i) Current Account	4777.09	3036.92
(ii) Deposit Account	23.34	478.94
TOTAL	<u>6334.79</u>	<u>3532.69</u>

SCHEDULE - J OTHER CURRENT ASSETS

	<u>Current Year (Rs. in Lakh)</u>	<u>Previous Year (Rs. in Lakh)</u>
Claims Receivable :		
1. Stowing & Protective Subsidy	40.96	24.64
2. Railways	-	107.85
3. Insurance Company	0.01	0.01
4. Fidelity	0.67	0.67
5. Interest on Bank Deposit	-	1.81
6. Royalty on Coal receivable from Customers	-	216.84
7. Suspense - A/c Loss of Cash	70.62	63.38
8. Others	40.41	19.98
TOTAL	<u>152.67</u>	<u>435.18</u>
Less : Provision for Loss of Cash	70.62	63.38
NET TOTAL	<u>82.05</u>	<u>371.80</u>

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2000

SCHEDULE - K LOANS & ADVANCES

	<u>Current Year</u> <u>(Rs. in Lakh)</u>	<u>Previous Year</u> <u>(Rs. in Lakh)</u>
A. Capital Advances :		
1. P & M Advance	1342.01	3561.80
2. Land Advance	1577.13	2280.20
Total (A)	2919.14	5842.00
B. Advance to Suppliers (Stores)	1599.07	2062.42
Total (B)	1599.07	2062.42
C. Advance to Contractors	1727.83	1234.07
Total (C)	1727.83	1234.07
D. Advance to Employees :		
1. House Building Advance	396.92	365.49
2. Motor Car Advance	323.61	305.77
3. Motor Cycle, Scooter Advance	0.28	0.17
4. Other Conveyance Advance	0.11	0.05
5. Pay Advance	15.69	94.95
6. Medical Advance	34.17	35.04
7. Local Purchase Adv.	21.56	20.46
8. Misc. Advance	95.45	83.26
9. Travelling Advance	84.23	86.40
10. LTC Advance	17.55	16.37
11. Advance (Others)	68.46	110.70
12. Freight Advance	0.03	0.16
13. Study Advance/Self Development Loan	0.94	1.37
14. Other Receivables	231.16	172.66
Total (D)	1290.16	1292.85

Contd...

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2000

SCHEDULE - K (Contd...) LOANS & ADVANCES

	<u>Current Year</u> <u>(Rs. in Lakh)</u>	<u>Previous Year</u> <u>(Rs. in Lakh)</u>
E. Advance to Others :		
1. Advance to Co-operative Society	0.37	0.39
2. Port Trust Advance	-	21.60
3. Tax deducted at Source	10.01	3.99
4. Advance Income Tax	22102.16	50236.12
5. Advance Wealth Tax	4.39	13.27
6. a) Advance Sales Tax	466.25	522.32
b) Advance Royalty on Coal	97.53	62.24
7. Sales Tax deposit under protest	444.66	508.03
8. Advance to Subsidiary Coy.	-	-
9. Advance Receivable from Govt.	0.82	0.82
10. Vehicle Tax under Protest	6.00	6.00
11. Survey Charges Receivable	-	-
12. Other Receivables	134.66	76.41
Total (E)	23266.85	51451.19
F. Deposit		
i) With P&T Dept.	3.70	4.80
ii) With Elec. Boards	38.75	828.35
iii) With Others	33.04	32.27
Total (F)	75.49	865.42
G. Prepaid Expenses	27.92	23.92
Total (G)	27.92	23.92

Contd...

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2000

SCHEDULE - K (Contd...) LOANS & ADVANCES

	<u>Current Year</u> <u>(Rs. in Lakh)</u>	<u>Previous Year</u> <u>(Rs. in Lakh)</u>
H. Current Account Balance with Sister Subsidiaries		
1. Bharat Coking Coal Ltd.	0.33	1.54
2. Eastern Coalfields Ltd.	87.26	-
3. Central Coalfields Ltd.	-	0.02
4. Western Coalfields Ltd.	0.48	0.06
5. CMPDI Limited	-	1.34
6. South Eastern Coalfields Ltd.	1.18	1.16
7. Northern Coalfields Ltd.	-	121.39
Total (H)	89.25	125.51
GRAND TOTAL (A to H)	30995.71	62897.38
Less : Provision for Doubtful Advances	33.76	21.66
NET TOTAL	30961.95	62875.72
Classification :		
(a) Considered good and in respect of which the company is fully secured	1379.41	1418.36
(b) Considered good for which the company holds no security other than Party's Personal security	29582.54	61457.36
(c) Considered doubtful	33.76	21.66

NOTE : 1. Amount due from an officer of the Company is Rs. 0.40 lakh (Previous Year Rs. 0.50 lakh). Maximum amount due at any time during the year is Rs. 0.50 lakh (Previous year Rs. 0.59 lakh)

2. Amount due from Director of the Company is nil (Previous Year - nil)

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2000

SCHEDULE - L CURRENT LIABILITIES AND PROVISIONS

	<u>Current Year</u> <u>(Rs. in Lakh)</u>	<u>Previous Year</u> <u>(Rs. in Lakh)</u>
CURRENT LIABILITIES :		
A. Sundry Creditors for Goods		
For Capital	2664.36	2547.69
For Stores	4098.47	2872.48
Total (A)	<u>6762.83</u>	<u>5420.17</u>
B. Sundry Creditors for Expenses		
Contractual Expenses :		
Capital	2502.34	2038.43
Revenue	1490.19	1557.17
Power & Fuel	841.92	763.81
Total (B)	<u>4834.45</u>	<u>4359.41</u>
C. Employees Remuneration and Benefits		
Salaries, Wages & Allowance	4424.88	5036.50
Attendance Bonus	144.02	142.42
Exgratia	709.02	716.99
Unpaid Salaries & Wages	33.59	23.57
Gratuity	2340.43	2309.15
D L I	0.68	0.46
Workmen Compensation	-	0.18
V R S	42.52	-
Total (C)	<u>7695.14</u>	<u>8229.27</u>
D. Other Expenses		
Contractual Expenses	1036.68	857.70
Freight	31.89	30.02
Audit Fee & Expenses	3.23	3.24
Repair & Maintenance	460.56	352.19
Others	197.35	342.32
Total (D)	<u>1729.71</u>	<u>1585.47</u>

Contd...

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2000

SCHEDULE - L (Contd...) CURRENT LIABILITIES AND PROVISIONS

	<u>Current Year</u> <u>(Rs. in Lakh)</u>	<u>Previous Year</u> <u>(Rs. in Lakh)</u>
E. Statutory Dues		
Sales Tax :		
Central	400.50	290.55
State	269.02	255.23
Royalty on Coal	1365.08	1705.78
Cess on Coal	3245.18	3265.83
Rescue Cess	0.07	0.15
R&W Cess	3.91	3.18
Stowing Excise Duty	348.03	359.88
Central Excise Duty	91.65	36.97
Provident Fund	206.18	187.07
Pension Fund	64.22	42.28
Professional Tax	0.09	0.10
Income Tax :		
Employees	8.89	5.46
Contractors	22.81	23.81
Surface Rent & Dead Rent	0.24	0.31
Other Statutory Dues	81.81	173.34
Orissa Entry Tax	48.82	-
Total (E)	6156.50	6349.94
F. Other Liabilities		
(i) L.I.C. Premium (SSS)	0.39	1.03
(ii) C.D. Post Office	0.57	0.70
(iii) A.E.C.D. (Wages)	-	0.21
(iv) Prime Minister's Relief Fund	4.68	7.43
(v) Dues to Canteen	0.15	0.10
(vi) Dues to Co-operative Society	1.17	0.56
(vii) Benevolent Fund	3.47	5.60
(viii) Welfare Fund	2.45	2.50
(ix) Others	239.67	74.58
Total (F)	252.55	92.71

Contd..

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2000

SCHEDULE - L (Contd...) CURRENT LIABILITIES AND PROVISIONS

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
G. Advances and Deposits		
Advance from Customers	905.73	993.56
Deposits from Contractors & Others	2390.87	2321.53
Unutilised Govt. Subsidy	192.41	757.43
Total (G)	3489.01	4072.52
H. Current Account Balance with CIL and Sister Subsidiaries		
1. Coal India Limited	1843.78	4001.67
2. Northern Coalfields Ltd.	0.15	2.01
3. CMPDIL	0.13	-
Total (H)	1844.06	4003.68
I. Overburden Removal		
Ratio Variance Reserve	30038.51	25829.34
Less : Advance Stripping	16582.20	13456.31
Total (I)	13456.31	13749.22
Total Current Liabilities (A to I)	46220.56	47862.39
Provisions		
a) Taxation	25188.98	51438.39
b) Dividend	17307.27	16269.07
Total Provisions	42496.25	67707.46
Grand Total	88716.81	115569.85

NOTE : 1. Out of Sundry Creditors of Rs. 11597.28 lakh (A+B), total outstanding dues of small scale industrial undertakings are Rs. 3.68 lakh.

2. There is no small scale industrial undertaking to whom the Company owe a sum exceeding Rs. 1.00 lakh which is outstanding for more than 30 days.

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2000

SCHEDULE - M

MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)

(Rs. in Lakh)

Particulars	As at 31.3.99	Additions during the year	Deduction/Adjustment during the year	As at 31.3.2000
HEMM Rehabilitation Expenses	1532.61	1578.76	1140.72	1970.65
Voluntary Retirement Scheme	-	119.97	30.96	89.01
Expenditure on Gratuity	390.70	-	390.70	0.00
Preliminary Expenses	24.06	-	8.02	16.04
Total	1947.37	1698.73	1570.40	2075.70

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2000

SCHEDULE - 1 SALES

	Current Year (Rs. in Lakh)		Previous Year (Rs. in Lakh)	
QUANTITY (Lakh Tonne)	421.08		417.49	
(A) Gross Sales Value	200290.76		194624.79	
Less : Transportation Charges	<u>7844.73</u>	192446.03	<u>7837.05</u>	186787.74
Less : Statutory Levies :				
Royalty on Coal	23350.98		21985.12	
Stowing Excise Duty	<u>1473.94</u>	24824.92	<u>1461.08</u>	23446.20
Sales Tax :				
Central	4511.40		4587.15	
State	3311.55		2936.39	
Orissa Entry Tax	<u>171.12</u>	7994.07	-	7523.54
(B) Total Levies		<u>32818.99</u>		<u>30969.74</u>
(C) Basic Value (A-B)		<u>159627.04</u>		<u>155818.00</u>
Less : Transfer to Development		-		0.01
Net Value		<u>159627.04</u>		<u>155817.99</u>

SCHEDULE - 2 COAL ISSUED FOR OTHER PURPOSE

(Rs. in Lakh)

	Current Year			Previous Year		
	Colly Cons.	Free Issue To Empl.	Total	Colly Cons.	Free Issue To Empl.	Total
QUANTITY (Lakh Tonne)	0.16	0.33	0.49	0.18	0.44	0.62
Value	128.22	188.37	316.59	146.33	258.84	405.17
Statutory Levies :						
Royalty on Coal	21.51	0.10	21.61	23.57	-	23.57
Total Value	<u>106.71</u>	<u>188.27</u>	<u>294.98</u>	<u>122.76</u>	<u>258.84</u>	<u>381.60</u>

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2000**

**SCHEDULE - 3
ACCRETION/DECRETION IN STOCK**

	<u>Current Year</u> <u>(Rs. in Lakh)</u>	<u>Previous Year</u> <u>(Rs. in Lakh)</u>
Closing Stock		
(A) Raw Coal	9072.99	7958.63
Less : Provision :		
Deterioration	906.92	795.49
Non-Vendable Stock	3.75	3.75
Rehandling	<u>20.55</u>	<u>6.00</u>
Total (A)	<u>8141.77</u>	<u>7153.39</u>
(B) Workshop Job :		
Work in Progress	<u>121.71</u>	<u>271.87</u>
Total (B)	<u>121.71</u>	<u>271.87</u>
(C) Total (A+B)	<u>8263.48</u>	<u>7425.26</u>
Opening Stock		
(D) Raw Coal	7958.63	4222.00
Less : Provision :		
Deterioration	795.49	422.20
Non-Vendable Stock	3.75	-
Rehandling	<u>6.00</u>	<u>3.86</u>
Total (D)	<u>7153.39</u>	<u>3795.94</u>
(E) Workshop Job (W.I.P.)	<u>271.87</u>	<u>65.42</u>
Total (E)	<u>271.87</u>	<u>65.42</u>
(F) Total (D+E)	<u>7425.26</u>	<u>3861.36</u>
Total (C-F)	<u>838.22</u>	<u>3563.90</u>
Less : Transfer to Development	-8.46	122.54
Other Adjustment	-	21.03
Accretion in Stock	<u>846.68</u>	<u>3420.33</u>

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2000

SCHEDULE - 4 OTHER INCOME

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Stowing Subsidy	81.08	49.43
Transportation Charges	7844.73	7837.05
Value of Workshop job done	3973.12	3626.38
Rent (Outsider)	25.44	20.45
Interest Received on :		
1. Bank Deposits	24.12	42.53
2. Loans & Advances to Employees	56.59	37.07
3. Loans & Advances to Contractors & Others	-	3.90
Discount, Rebate & Allowances	40.57	38.01
Liquidated Damages/Penalty	104.12	21.26
Others :		
Tender Fee	22.64	21.54
Service Charges from Customers on joint sampling	19.10	15.16
Sale of Scrap	21.11	20.52
Reimbursement of Admn. Charges	79.41	197.16
Profit on Sale of Asset	2.25	
Other Miscellaneous	633.00	562.42
Sub Total	12927.28	12492.88
Less : Transfer to Development	-2.13	2.02
NET TOTAL	12929.41	12490.86

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2000**

**SCHEDULE - 5
INTERNAL CONSUMPTION OF COAL**

	<u>Current Year (Rs. in Lakh)</u>	<u>Previous Year (Rs. in Lakh)</u>
Quantity (Lakh Tonne)	0.16	0.18
Gross Value	128.22	146.33
Less : Levies		
Royalty on Coal	21.51	23.57
NET VALUE	106.71	122.76

**SCHEDULE - 6
STORES & SPARE PARTS CONSUMED**

	<u>Current Year (Rs. in Lakh)</u>	<u>Previous Year (Rs. in Lakh)</u>
Explosives	4312.74	4261.15
Timber	84.22	93.11
Petrol, Oil & Lub.	5941.32	4410.68
HEMM Spares	6982.73	7669.65
Other Stores & Spares	4203.38	4788.50
Sub Total	21524.39	21223.09
Less : Transfer to		
Social Facilities	58.68	48.43
Other Expenditure	293.07	304.38
Development	114.88	32.91
Sub Total	466.63	385.72
NET TOTAL	21057.76	20837.37

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2000**

**SCHEDULE - 7
POWER & FUEL EXPENSES**

	<u>Current Year</u> <u>(Rs. in Lakh)</u>		<u>Previous Year</u> <u>(Rs. in Lakh)</u>	
Purchase of Electricity		7354.58		6909.88
Less : Transfer to				
Social Facilities	309.58		171.74	
Development	<u>10.34</u>	319.92	<u>6.73</u>	178.47
TOTAL		<u>7034.66</u>		<u>6731.41</u>

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2000

SCHEDULE - 8 EMPLOYEES REMUNERATION AND BENEFITS

	<u>Current Year</u> <u>(Rs. in Lakh)</u>	<u>Previous Year</u> <u>(Rs. in Lakh)</u>
A. Salaries, Wages & Allowances :		
Piece Rated Wages	1343.70	997.55
Time Rated Wages	13594.90	11293.95
Executives Salary	2500.38	2717.26
Leave Wages	901.97	808.73
Paid Holiday Wages	161.05	158.92
Leave Encashment	138.25	26.88
Nightshift Allowance	36.77	37.07
House Rent Allowance	84.52	84.60
Transport Subsidy	182.25	176.76
Incentive Bonus/Reward	1.68	4.50
Special Incentive	0.35	0.19
Other Allowances	9.56	11.01
Total (A)	18955.38	16317.42
B. Normal Overtime	2378.49	2091.37
Sunday Overtime	1134.86	1275.82
Fall Back Wages	0.74	1.20
Attendance Bonus	573.41	558.83
Exgratia	656.83	766.86
Provident Fund	2002.28	2153.31
Pension Fund	148.86	94.22
LLTC	880.15	790.10
RRF	79.89	53.52
Pension	180.88	192.18
Gratuity	1097.69	779.18

Contd...

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2000

SCHEDULE - 8 (Contd...) EMPLOYEES REMUNERATION AND BENEFITS

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Workmens' Compensation	18.38	20.74
D.L.I.	11.45	12.25
Life Cover Scheme	20.21	15.55
Voluntary Retirement Scheme	30.96	-
Other Retirement Benefits	81.55	16.97
Total (B)	9296.63	8822.10
Total (A+B)	28252.01	25139.52
C. Less : Transfer to		
Social Facilities	652.80	576.31
Development	260.03	912.83
	119.22	695.53
Total (C)	912.83	695.53
GRAND TOTAL (A+B-C)	27339.18	24443.99

SCHEDULE - 9 CONTRACTUAL EXPENSES

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Transportation Charges :		
Coal	14940.36	13927.62
Sand	86.95	93.97
Others	127.31	344.85
Hire Charges of HEMM	1.40	0.17
Other Contractual Works	2559.97	2407.81
Sub Total	17715.99	16774.42
Less : Transfer to Development	21.75	119.68
TOTAL	17694.24	16654.74

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2000**

**SCHEDULE - 10
REPAIR EXPENSES**

	<u>Current Year</u> <u>(Rs. in Lakh)</u>	<u>Previous Year</u> <u>(Rs. in Lakh)</u>
(A) Township	700.39	766.65
Hospital, Educational & Other Welfare Buildings	206.94	176.97
Factory & Office Buildings	224.88	251.80
Plant & Machinery	1705.26	904.62
Office Equip. & Furnitures	33.86	37.64
Hospital Equipment	2.31	4.02
Heavy Vehicles	59.31	43.29
Cars & Jeeps	160.89	145.74
Safety Item	0.60	0.38
SOH Vehicles	15.01	9.83
HEMM Rehab Exp written off	1140.72	874.88
Workshop Job done	2343.96	2587.80
Siding Maint. Charges	75.22	151.07
Total (A)	<u>6669.35</u>	<u>5954.69</u>
(B) Less : Transfer to		
Social Facilities	924.33	957.47
Other Expenses	160.27	144.08
Development	16.92	13.62
Total (B)	<u>1101.52</u>	<u>1115.17</u>
TOTAL (A-B)	<u>5567.83</u>	<u>4839.52</u>

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2000

SCHEDULE - 11 SOCIAL FACILITIES EXPENSES

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
(A) Salaries, Wages & Allowances (Contra)	652.80	576.31
Free issue of Coal to Employees/Gas	284.82	290.08
Medical Reimbursement	204.98	193.83
Medicine & Diet Expn.	211.92	233.14
Grant to Schools & Inst.	361.21	281.43
Sports, Rec. Expenses & Grants	74.67	81.73
Canteen upkeep	2.40	2.66
Purchase of Water	56.26	75.71
Power (Contra)	309.58	171.75
Total (A)	2158.64	1906.64
(B) Repair :		
Township Repair (Contra)	700.50	766.65
Repair of Hospital, School & Wel. Building (Contra)	206.52	176.97
Hospital Equip. (Contra)	2.31	4.02
Total (B)	909.33	947.64
(C) Cons. of Stores & Spares for SOH services (Contra)	15.55	20.87
Maintenance of Vehicles :		
Stores & Spares for SOH Vehicles (Contra)	43.13	27.56
Repairs of SOH Vehicles (Contra)	15.00	9.83
Road Tax	0.02	0.11
Insurance	0.18	0.35
Training Expenses	274.67	276.77
Depreciation	760.44	598.38
Community Development	289.92	493.40

Contd...

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2000**

**SCHEDULE - 11 (Contd...)
SOCIAL FACILITIES EXPENSES**

	<u>Current Year</u> <u>(Rs. in Lakh)</u>	<u>Previous Year</u> <u>(Rs. in Lakh)</u>
Environment/Ecology/Improvement	102.45	156.64
Technical Assistance ESMP	32.21	80.24
Guest House Expenses	9.66	16.44
Others	184.78	179.18
Total (C)	1728.01	1859.77
Total (A+B+C)	4795.98	4714.05
(D) Less : Recoveries :		
House Rent	22.78	21.24
Hospital Charges	28.66	21.43
School Bus, Electricity & Water Charges	12.95	10.99
Guest House/Transit Flat	0.22	64.61
	0.20	53.86
Total (D)	64.61	53.86
(E) Less : Transfer to Development	32.47	28.66
GRAND TOTAL (A+B+C-D-E)	4698.90	4631.53

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2000

SCHEDULE - 12 OTHER EXPENDITURE

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
(A) Travelling	322.12	323.44
Printing & Stationery	181.79	160.12
Books & Periodicals	12.44	8.62
Postage & Telephone	198.94	240.67
Bank Charges	17.00	18.81
Advertisement for :		
(i) Recruitment	0.11	-
(ii) Tender	241.48	163.20
(iii) Others	3.35	12.33
(iv) Publicity	<u>39.54</u>	<u>58.12</u>
Freight Charges	103.46	86.16
Under Loading Charges	435.33	680.99
Demurrage	10.55	11.00
Donation & Subscriptions	23.45	66.63
Security Expenses	607.52	541.15
Rescue & Safety	67.67	67.46
Expenses on Meeting	107.85	115.94
Expenses for Safety	2.01	0.34
Hire Charges :		
(i) Computer	55.30	35.88
(ii) Others	<u>219.37</u>	<u>199.49</u>
Maintenance of Cars & Jeeps		
(i) P.O.L. & Spares (Contra)	293.07	304.38
(ii) Repairs (Contra)	160.27	144.08
(iii) Vehicle Tax	26.08	62.76
(iv) Insurance	<u>11.94</u>	<u>13.44</u>
Total (A)	<u>3140.64</u>	<u>3315.01</u>

Contd...

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2000**

**SCHEDULE - 12 (Contd...)
OTHER EXPENDITURE**

	<u>Current Year</u> <u>(Rs. in Lakh)</u>	<u>Previous Year</u> <u>(Rs. in Lakh)</u>
(B) Royalty & Cess	21.69	24.54
Insurance	11.68	10.66
Rent, Rates & Taxes	196.45	257.03
Auditors Remuneration :		
(i) Audit Fee	1.81	1.81
(ii) Tax Audit Fee	0.34	0.34
(iii) Out of Pocket Expenses	<u>1.08</u>	<u>1.08</u>
Internal Audit Fees & Expenses	22.40	20.75
Legal Expenses	52.51	87.59
Consultancy Fees & Expenses	73.32	86.06
Apex Office Expenses	2177.69	2175.60
Loss on Sale/Discard of Assets	0.95	36.51
Office Contingency	38.12	45.74
Prospecting & Boring	175.93	114.05
CSRP Technical Assistance	203.37	160.40
ESMP Expenses	44.01	
Wealth Tax	8.55	4.00
Exchange Rate Variation	175.37	
Others	267.17	56.82
Total (B)	<u>3472.44</u>	<u>3082.98</u>
Total (A+B)	<u>6613.08</u>	<u>6397.99</u>
(C) Less : Transfer to Development	83.26	58.48
TOTAL (A+B-C)	<u>6529.82</u>	<u>6339.51</u>

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2000

SCHEDULE - 13 OVERBURDEN REMOVAL ADJUSTMENT

	<u>Current Year</u> <u>(Rs. in Lakh)</u>	<u>Previous Year</u> <u>(Rs. in Lakh)</u>
Expenditure Charged to Coal	38213.02	44150.08
Less :		
Expenditure incurred	38928.43	38370.49
TOTAL	<u>-715.41</u>	<u>5779.59</u>

SCHEDULE - 14 (A) INTEREST

	<u>Current Year</u> <u>(Rs. in Lakh)</u>	<u>Previous Year</u> <u>(Rs. in Lakh)</u>
On dues to Coal India Ltd., Holding Co.		
For Loans from IBRD & JEXIM	416.21	67.22
For Other Loans	<u>2246.36</u>	<u>5038.19</u>
On deferred payment	228.03	261.11
Other Interest	706.79	72.68
Sub Total	<u>3597.39</u>	<u>5439.20</u>
Less :		
Transfer to Development	22.47	43.03
NET TOTAL	<u>3574.92</u>	<u>5396.17</u>

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2000**

**SCHEDULE - 14 (B)
FINANCIAL CHARGES**

	<u>Current Year (Rs. in Lakh)</u>	<u>Previous Year (Rs. in Lakh)</u>
i) Commitment Charges (IBRD & JEXIM)	50.24	44.96
ii) Guarantee Fees (IBRS) & JEXIM)	299.56	73.14
TOTAL	<u>349.80</u>	<u>118.10</u>

**SCHEDULE - 15
DEPRECIATION**

	<u>Current Year (Rs. in Lakh)</u>	<u>Previous Year (Rs. in Lakh)</u>
Depreciation	12276.70	10545.74
Less : Transfer to		
a) Social Overhead	760.44	598.38
b) Development	130.38	7.74
c) Prior Period	5.37	896.19
NET TOTAL	<u>11380.51</u>	<u>9939.62</u>

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2000

SCHEDULE - 16 (A) PROVISIONS

	<u>Current Year</u> <u>(Rs. in Lakh)</u>		<u>Previous Year</u> <u>(Rs. in Lakh)</u>	
Provision for Doubtful Debts	7501.19		4441.00	
Less : Earlier Provision no longer required	<u>4872.00</u>	2629.19	<u>4603.00</u>	-162.00
Obsolescence/Shortage of Stores		9.25		77.57
P&M in stores pending installation		27.49		-
Doubtful Advances		12.09		-
Loss of Assets		-		18.46
Loss of Cash		7.24		63.38
TOTAL (A)		<u>2685.26</u>		<u>-2.59</u>

SCHEDULE - 16 (B) WRITE OFFS

	<u>Current Year</u> <u>(Rs. in Lakh)</u>		<u>Previous Year</u> <u>(Rs. in Lakh)</u>	
Bad Debts Written Off		6037.11		6402.98
Preliminary Exp. Written Off		8.02		8.02
TOTAL (B)		<u>6045.13</u>		<u>6411.00</u>

**SCHEDULE TO PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2000**

**SCHEDULE - 17
PRIOR PERIOD ADJUSTMENT**

	<u>Current Year</u> <u>(Rs. in Lakh)</u>	<u>Previous Year</u> <u>(Rs. in Lakh)</u>
(A) DEBIT		
Employees remuneration & benefits	-787.69	
Consumption of Stores & Spares	-18.51	-
Power & Fuel	9.94	-
Repairs & Maintenance	7.65	-
Interest	0.02	-
Depreciation	5.37	-
Rates & Taxes	0.74	-262.95
OBR Adjustment	422.50	-
Others	-5.39	-
Total (A)	<u>-365.37</u>	<u>-262.95</u>
(B) CREDIT		
Other Income	50.79	-
Total (B)	<u>50.79</u>	<u>-</u>
NET TOTAL (A-B)	<u>-416.16</u>	<u>-262.95</u>

SCHEDULE - N
ACCOUNTING POLICIES

1. Accounting Convention

- 1.1 Financial Statements are prepared on historical cost and accrual basis of accounting following going concern concept, accounting standards and generally accepted accounting principles except otherwise stated in the Accounting Policy.
- 1.2 The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956.

2. Revenue Recognition

- 2.1 All expenses and income are booked initially in the natural heads of accounts and then transferred to functional heads wherever required.
- 2.2 Accrual basis of accounting has been followed except in the following cases :
- (a) Demurrage, Liquidated damages/ Penalty and Sales of scrap;
 - (b) Insurance/Railway claims and exclamation claims; and
 - (c) Additional Liability for royalty, cess etc.

3. Sales

Sales are stated at invoiced value of goods sold, net of transportation charges and statutory levies viz., Royalty on Coal, Stowing Excise Duty and Sales Tax - both Central & State.

4. Subsidy/Grants from Government

- 4.1 Subsidies/Grants on Capital Accounts are deducted from the cost of respective assets to which they relate. The unspent amount at the year end, if any, is shown as Current Liabilities.

- 4.2 Subsidies/Grants on Revenue Account are credited to Profit & Loss Account under the head "Other Receipts" and the expenses are debited to the respective heads.

5. Fixed Assets

- 5.1 All fixed assets are stated at cost less depreciation.
- 5.2 Land : Land includes cost of acquisition, compensation and rehabilitation expenses incurred for concerned displaced persons.
- 5.3 Plant & Machinery : Plant & Machinery include cost and expenses incurred for erection/installation and other attributable costs of bringing those assets to working conditions for their intended use. However, expenses are not capitalised whenever such works are done departmentally except in cases of dragline and high capacity shovel on consideration of its materiality.
- 5.4 Railway Siding : Pending commissioning, payment made to the Railway Authorities for construction of railway sidings are shown under Capital Work-in-Progress.
- 5.5 Development : Expenses net of income of the projects/mines under development are booked to Development account and grouped under Capital Work-in-Progress till the projects/mines are brought to Revenue Account. Projects/mines under development are brought to revenue :
- (a) From beginning of the financial year immediately after the year in which the project achieves physical output of 25% of rated capacity as per approved project report, or
 - (b) 2 years of touching coal, or
 - (c) From the beginning of the financial year in which value of production is more than total expenses, whichever event occurs first.

6. Depreciation

- 6.1 Depreciation on Fixed Assets is provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956, except for telecommunication equipment. Depreciation on such equipment is charged over the estimated life of the asset. Depreciation on the assets added/disposed off during the year is provided on pro-rata basis with reference to the month of addition/disposal.
- 6.2 Value of land acquired under Coal Bearing Area (Acquisition & Development) Act, 1957 are amortised on the basis of life of the Project. Value of leasehold land are amortised on the basis of lease period or life of the Project whichever is earlier.
- 6.3 Development expenditure are amortised in 20 years or life of the Project whichever is less, on the Project being brought to Revenue Account.
- 6.4 Capital expenditure on assets not belonging to the Company are amortised in 5 years and the same are taken out from the accounts following the year in which the Assets are fully depreciated.
- 6.5 Assets attracting 100% depreciation, other than items costing Rs. 5,000/- are taken out from the Accounts after expiry of two years following the year in which these are fully depreciated.
- 6.6 Plant & Machinery which have been kept in plant pending installation and at store for more than 3 years, provision equivalent to depreciation is made from the 4th year followed by action for formal write-off where necessary. If any such plant & machinery is put to use afterwards i.e., after provisions have already been made, depreciation charged in the first year of use is depreciation for that year plus provision already made against the item with due accounting adjustments between depreciation & such provision.

7. Investments

Investments are stated at cost.

8. Retirement Benefits

- 8.1 Provision for gratuity and leave encashment due to employees at the end of the year is made on the basis of independent actuarial valuation.
- 8.2 Terminal benefit under Voluntary Retirement Scheme is charged off over a period of 4 years.

9. Inventories

- 9.1 Book stock of coal/coke is considered in the Accounts where the variance between book stock and measured stock is upto $\pm 5\%$ and in cases where the variance is beyond $\pm 5\%$ the measured stock is considered. Such stocks are valued at market price or cost whichever is lower.
- 9.2 Provision at the rate of 10% on the value of Closing stocks of Coal is made to take care of deterioration of stock due to fire and longer period of stocking etc.
- 9.3 Stock of stores & spare parts at Central & Area Stores are valued at cost calculated on the basis of weighted average method. The year-end inventory of stores & spare parts lying at collieries/sub-stores/consuming centers, initially charged off, at issue price of Area Stores are valued at cost/estimated cost. Workshop jobs including work-in-progress are valued at cost.
- 9.4 Stores & Spare parts include loose tools.
- 9.5 Discarded/Surveyed off Fixed Assets are stated at Written Down Value till final disposal/sales.
- 9.6 Provisions are made at the rate of 50% for stores & spares not moved for 5 years excepting insurance items.
- 9.7 Stock of stationery, sand, medicine, (except at Central Hospitals), bricks and scraps are not considered in inventory.

10. Foreign Currency Transactions

10.1 Foreign currency loans in respect of fixed asset, outstanding on the Balance Sheet date are translated at the exchange rate prevalent on that day and any loss or gain arising out of such transactions is added/ deducted from the cost of the fixed assets.

10.2 Monetary current assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The difference in translation of monetary current assets and liabilities and realised gains and losses on foreign exchange transactions are recognised in the Profit & Loss account, except those relating to acquisition of Fixed Assets which are capitalised.

11. Balance with Coal India Limited (Holding Company)

Amount due to Coal India Limited on account of loan after adjustment for conversion to equity or vice-versa from time to time is shown as Unsecured Loan. Amount due for revenue nature transactions in Current Account is shown under Current Liabilities/Current Assets.

12. Apex Office Charges and Interest to Holding Company

12.1 Apex office charges as levied by Holding Company is allocated to revenue mines on the basis of coal production.

12.2 Interest on loans from CIL is accounted for as per terms of loan agreement on the loan balance outstanding at the beginning of the year and as per debit note received from CIL. Interest is allocated to the units on the basis of Gross Fixed Assets (excluding the Assets procured against specific loan) at the beginning of the year.

13. Overburden Removal (OBR) Expenses

In Opencast mines with rated capacity of 1 million tonnes and above, the cost of OBR is charged on average ratio (Coal : OB) at

each mine with due adjustment for advance stripping and ratio variance account after the mines are brought to revenue. Net of balances of advance stripping and ratio variance at the end of the year is shown as Deferred Revenue Expenditure or Current Liabilities as the case may be.

The reported quantity of overburden is considered in the Accounts where the variance between reported quantity and measured quantity is within the permissible limits as detailed hereunder :

Annual Quantum of OBR of the Mine	Permissible limits of variance (whichever is less)	
	%	Quantum (in Mill.Cu.Mtr.)
Less than 1 Mill.Cu.M.	±5%	0.03
Between 1 and 5 Mill.Cu.M.	±3%	0.20
More than 5 Mill.Cu.M.	±2%	NIL

14. Deferred Revenue Expenditure

Expenditure on rehabilitation of HEMM involving Rs. 5 lakh and above in each case is charged off over the useful life of the asset subject to maximum of 4 years.

15. Prior Period Adjustment

The charges or credits, in excess of Rs. 10,000/- in each case, arising in current year as a result of errors and omissions in preparation of financial statement(s) of earlier year(s) are accounted for under this head.

16. Proposed Divident

Dividends as proposed by the Directors are provided in the books of account pending approval at the Annual General Meeting.

17. Claims

Claims against the Company not acknowledged as Debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

SCHEDULE - O
NOTES ON ACCOUNTS

1. Contingent Liabilities

- 1.1 Claims against the Company not acknowledged as debt Rs. 692.64 lakh (previous year Rs. 140.99 lakh).
- 1.2 Sales Tax claims to the extent of Rs. 1763.62 lakh (previous year Rs. 1689.69) lakh has not been acknowledged as debts by the Company. An amount of Rs. 76.52 lakh (previous year Rs. 76.52 lakh) paid to Sales Tax authorities under protest against various demands have been accounted for under Loans and Advances (Schedule-K) as appeals are pending.
- 1.3 Claims by the Government of Orissa for Road Tax on Heavy Earth Moving Machinery (HEMM) Rs. 1135.30 lakh (previous year Rs. 838.83 lakh) has not been acknowledged as debts by the Company as the matter is sub-judice.
- 1.4 Claims made by the Income tax authorities, Rs. 10427.27 lakh (previous year Rs. 623.79 lakh) has not been acknowledged as debts as appeals are pending.
- 1.5 Claims for enhancement of compensation for land acquired from private parties could not be ascertained in some cases where the matter is sub-judice.

2. Capital Commitments

Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs. 8480.74 lakh (previous year Rs. 12746.99 lakh) net of advance.

3. Share Capital

- 3.1 Equity share capital is entirely held by Coal India Limited (Holding Company) and/or its nominee.
- 3.2 10% Cumulative Preference Shares being Redeemable in the year 2003-04 have been

issued on 29.03.1999 to Coal India Ltd. against conversion of loan.

4. Reserves & Surplus

- 4.1 Capital Redemption Reserve : Capital redemption reserve of Rs. 4083.60 lakh has been created during the year being 1/5th of the redeemable preference shares as stated at para 3.2 above.
- 4.2 General Reserve : Rs. 3765.55 lakh being 10% of profit after tax has been transferred to General Reserve during the year.

5. Unsecured Loans

- 5.1 Loans availed from IBRD & JEXIM under CSR scheme of World Bank based on back to back agreement between the Company, Coal India Ltd. and the lending agencies has been disclosed as unsecured loan.
- 5.2 Additional liability on account of exchange difference provided during the year 1994-95 for dragline purchased on deferred payment basis from M/s Tevetmet Prem Export, Moscow is being carried forward pending claim by the party.

6. Fixed Assets

- 6.1 Land acquired under Coal Bearing Area (Acquisition & Development) Act, 1957 has been shown as "Land — Leasehold" in Fixed Assets (Schedule - D).
- 6.2 The Assets and Liabilities taken over from Coal Mines Labour Welfare Organisation and Coal Mines Rescue Organisation have not been incorporated in the accounts pending determination of value thereof.
- 6.3 Plant & Machinery costing Rs. 1 lakh and above in each case have only been physically verified by the Company and the same has been reconciled with the Plant Cards.

- 6.4 Physical verification of other Fixed Assets like Land, Building, Railway Siding and other immovable assets have not been carried out in the current year.
- 6.5 Conveyancing of the land has not been completed in some cases.
- 6.6 In case of Orient area the fixed assets as per physical verification are under reconciliation. Adjustments arising from such reconciliation including errors if any in charging of depreciation during earlier years shall be accounted for after such reconciliation.
- 6.7 Interest & finance charge on Plant & Machinery purchased under IBRD/JEXIM loan for replacement as well as creation of additional capacity are being charged to revenue.
- 6.8 As against road subsidy receivable Rs. 1200.00 lakh being 50% of the estimated value of the Basundhara - Belpahar Road, Rs. 1065 lakh has been received and fully adjusted against work done to the extent of Rs. 1551 lakh.

7. Capital Work-in-Progress

- 7.1 Capital Work-in-Progress in the Fixed Assets schedule includes Plant & Machinery and Capital Goods in stores, Plant & Machinery in transit, Prospecting & Boring and Development Expenditure for non-revenue mines and advances paid to Railway Authorities for construction of Railway Sidings.
- 7.2 Capital Work-in-Progress includes :
- (i) Rs. 1272 lakh being value of 132/33 kV Substation at Lakhanpur Area which was completed by 31.12.1997 but could not be commissioned till date due to non-completion of Overhead electric lines.
 - (ii) Rs. 47.97 lakh being Plant & Machinery in transit at CWS, IB Valley.
 - (iii) Rs. 316.97 lakh being the customs

duty paid for Hydraulic excavator which is under installation. The total cost of the same has not been accounted for pending receipt of invoice.

8. Inventories

8.1 Stock of stores & spares :

8.1.1 The closing stock of stores and spares have been considered in the accounts as per balance 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 has been conducted during the year and the discrepancy arising out of such verification and reconciliation is under scrutiny.

8.1.2 Stores & Spares include Rs. 121.71 lakh being the value of semi-finished jobs in the workshop at the end of the year.

8.1.3 Provision of Rs. 9.25 lakh has been made during the year on account of stores unmoved for more than 5 years. The provision of Rs. 460.70 lakh as on 31.3.2000 is considered adequate.

8.2 Stock of Coal :

8.2.1 Closing stock of coal of all the projects of the Company has been physically verified by a team deputed by Coal India Limited (Holding Company). The book stock of coal has been taken as closing stock as per the policy of Coal India Ltd. as the variation between book stock & physically measured stock is within $\pm 5\%$.

8.2.2 Provision for deterioration is made at 10% of coal stock.

9. Sundry Debtors

- 9.1 Sundry debtors include Rs. 40.87 lakh (previous year Rs. 40.87 lakh) as suspense which is take-over balance from SECL.
- 9.2 Though letters have been sent to all debtors to confirm the closing balances, the Company is yet to receive any confirmation from them.
- 9.3 Provision for doubtful debts @50% has been made in case of disputes relating to quality & quantity and in other cases @100%.
- 9.4 Sundry debtors include Rs. 194.19 lakh being advance received from customers.
- 9.5 During the year debts amounting to Rs. 6037.11 lakh has been written off as bad debts after withdrawal of provision to the extent of Rs. 4872.00 lakh. Further provision of Rs. 7501.19 lakh has been made during the year and the total provision as on 31.3.2000 amounts to Rs. 8333.71 lakh.

10. Loans & Advances

- 10.1 Pending linking, certain credit balances in current assets and debit balances in current liability accounts have been netted from gross amounts.
- 10.2 Loans & Advances include Rs. 932.17 lakh, which are in the process of reconciliation and Rs. 1366.41 lakh towards advance given for acquisition of land to Government of Orissa, which are carried forward pending adjustment/settlement.
- 10.3 Confirmation of balances is pending in most of the cases.
- 10.4 Loans & Advances include Rs. 4646.97 lakh being advance against capital expenditure pending adjustments/settlements.
- 10.5 The current account with Coal India Ltd. has a difference of Rs. 77.00 lakh pending settlement/acceptance of debit & credit notes.

11. Other Current Assets

- 11.1 Other current assets include Rs. 63.38 lakh accounted for as "Suspense Account - Loss of Cash" money having been misappropriated by an officer of Basundhara Area of the Company. Pending recovery of this amount, provision has been made for the same during 1998-99.
- 11.2 Other current assets include Rs. 7.24 lakh as "Suspense Account - Loss of Cash" being cash fraudulently drawn from Bank against Retirement Payments and misappropriated by an employee of Jagannath Project, for which full provision has been made during the year.

12. Current Liabilities & Provisions

- 12.1 **Income Tax** : During the year provision for income tax has been made to the tune of Rs. 23109.55 lakh (previous year Rs. 19500.00 lakh) excluding Rs. 1933.00 lakh on account of dividend tax.
- 12.2 Provision for tax of Rs. 25188.98 lakh represents income tax - Rs. 23249.98 lakh dividend tax - Rs. 1933.00 lakh and wealth tax - Rs. 6.00 lakh.
- 12.3 **Dividend** :
- (a) An amount of Rs. 2041.80 lakh has been provided for preference dividend on 10% Cumulative Redeemable Preference Shares and Rs. 15000.00 lakh towards interim dividend on equity capital.
- (b) Proposed dividend of Rs. 265.47 lakh has been provided on the equity capital.
- 12.4 Over burden removal of Rs. 13456.31 lakh which was previously reflected under Reserves & Surplus has been shown as current liabilities during the current year to bring it in consonance with generally accepted accounting practices. Consequently Reserve & Surplus during the year has decreased by Rs. 13456.31 lakh

with corresponding increase in Current Liabilities.

12.5 Current liabilities and provisions include :

- (i) Unspent Central Govt. Subsidy Rs. 192.41 lakh.
- (ii) Cess on coal Rs. 3245.18 lakh which represents the amounts billed for after abolishing of the Orissa Cess Act. Consequent upon declaring Orissa Cess Act as void by the Hon'ble Supreme Court in its judgement on 4.4.91 such Cess billed for to the customers, from February, 1991 but not realised was not deposited with the authority concerned and the same are appearing in the accounts as liability for cess. As the case has been referred to larger Bench of the Hon'ble Supreme Court, necessary action for recovery of the money from the customers and its deposit or adjustment will be made in compliance of the order which is still awaited.
- (iii) An amount of Rs. 86.29 lakh being the amount received as advance from Prime Minister's Office under the assistance of PM National Relief Fund towards construction of Primary School buildings in Cyclone affected areas of Orissa vide letter No. 82 (12109) 99 PMF dtd. March 7, 2000.
- (iv) A provision of Rs. 12.09 lakh made during the year towards long pending advances.
- (v) An ad-hoc provision of Rs. 2283.70 lakh made towards arrear Salaries and Wages pending pay revision/ Wage Agreement.

13. Profit and Loss Account

13.1 Other Income : Other income includes amount received towards liquidated damages Rs. 104.12 lakh which has been accounted for on receipt basis.

13.2 Over burden removal adjustment :

- (i) Survey measurement of over burden removal during the year has been conducted at all the open cast mines. The reported quantity of over burden has been considered for over burden removal adjustment, wherever done, as the variance between reported quantity and the measured quantity is within the permissible tolerance limits in respect of all the Mines (Refer item 13.0 of Accounting Policy)
- (ii) The average Stripping ratio of Jagannath opencast mine was raised from 0.60 to 0.61 from 1989-90 due to operation of Phase II and Phase III, such revised average ratio was not followed in OBR accounting till 1998-99. With the adoption of revised average ratio in this year with effect from the year of its revision Rs. 422.50 lakhs has been charged to revenue on account of prior period expenses.
- (iii) The Average Stripping Ratio of Open Cast Projects in operation for more than five years are being reviewed. The revision in the Average Ratio, wherever necessary, and its consequential adjustments shall be carried out after completion of detailed assessment in the year 2000-2001.

13.3 Gratuity : Expenditure for Gratuity accrued upto 31.3.95 on the basis of actuarial valuation has been spread over 5 years equitably and accordingly the last installment of the same i.e. Rs. 390.70 lakh has been written off during the current year.

Incremental Gratuity liability for the year amounting to Rs. 706.99 lakh has been provided for on actuarial basis.

13.4 Leave Encashment : Rs. 138.25 lakh has been provided towards leave encashment benefit of employees based on actuarial valuation as at the year end.

13.5 Transactions relating to Holding Company :

- (i) Interest has been charged by the Holding Company @ 16% p.a. on the opening balance of loan based on agreement entered into on 23.02.99.
- (ii) Apex charges has been levied by the Holding Company @ Rs. 5 per tonne of coal produced towards rendering various services like procurement, foreign contract, marketing and Corporate Service based on agreement entered on 1st July, 1998.
- (iii) IICM charge has been levied by the Holding Company @ Rs. 0.50 ps per tonne of coal produced.
- (iv) All the above interest charges & levies have been accounted for based on debit/credit notes received from the Holding Company.

14. Effect of Changes in Accounting Policies

- 14.1 Fixed Assets attracting 100% depreciation other than items costing less than Rs. 5,000 has been depreciated on pro-rata basis over a period of two years which was previously charged to Revenue in one year. Due to this profit for the year has increased by Rs. 26.27 lakh and development expenditures in case of Hingula area of the year is decreased by Rs. 0.30 lakh as compared to previous year.
- 14.2 During this year, the WDV of surveyed off assets has been transferred to current assets. Previously, it was charged to revenue keeping a nominal value of Re. 1/ in fixed assets. Due to this change, the profit of the year has increased by Rs. 65.05 lakh as compared to previous year.
- 14.3 Provision for the uninstalled P&M for more than 3 years have been made at the usual rate of depreciation due to which profit has decreased by Rs. 19.73 lakh as compared to the previous year.

- 14.4 During the year stock of medicine has been considered as inventories thereby resulting in an increase of the profit for the year to the extent of Rs. 44.30 lakh.
- 14.5 An amount of Rs. 27.49 lakh has been provided against capital work-in-progress due to change in Accounting policy which has the effect of reducing the profit for the year to that extent.
- 14.6 Due to change in accounting policy relating to accounting of float engines the profit of the current year has increased by Rs. 37.53 lakh.

15. Effect of Changes due to Method of Valuation

- 15.1 In compliance with the Accounting Standard - 2, the Company has gone for change in the basis of closing stock valuation of coal. Due to change in the method, the closing stock is under valued by Rs. 272.01 lakh with corresponding decrease of profit by Rs. 269.55 lakh and increase of Development Expenditure in case of Hingula Area by Rs. 2.46 lakh.
- 15.2 Due to change in policy relating to accounting of over burden removal i.e., apportionment of expenses for overhead expenditure, the profit is increased by Rs. 35.78 lakh.

16. General

- 16.1 Reconciliation of transaction within the Holding Company and Sister Subsidiaries has been made. Formal confirmation of balance is yet to be received.
- 16.2 Confirmation of balances of Sundry Debtors, Sundry Creditors, various advances and deposits etc. have not been obtained in all the cases.
- 16.3 An amount of Rs. 8.02 lakh (previous year Rs. 8.02 lakh) has been written off during the year being 1/10th of total Preliminary Expenses.

17. Previous Year's Figures

Previous year's figures have been re-arranged, re-grouped wherever necessary to make them comparable with those of current year.

18. Others

A. Directors' Remuneration

	(Rs. in Lakh)	
	Current Year	Previous Year
Salary	10.93	7.05
P.F.	1.08	0.73
Perquisites	1.64	0.79
Total	13.65	8.57

Note : (i) Perquisites do not include value/charges for house rent/ electrical energy which has been recovered as per rules of the Company and value of free medical facilities in Company hospitals/dispensary.
(ii) The Chairman-cum-Managing Director and full time Directors have the option to use the staff car for purposes other than official duty upto a ceiling of 750 Kms per month, on payment at concessional rate, in accordance with the provisions of government of India, Ministry of Finance, Bureau of Public Enterprises O.M. No. 2 (18)/ PC-64 dated 20.11.1964 as amended from time to time.

B. Capacity

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

C. Imports

	(Rs. in Lakh)	
C.I.F. value of imports	Current Year	Previous Year
(i) Stores & Spares	1709.08	414.50
(ii) Capital Goods	13797.23	5832.25

D. Expenditure in Foreign Currency

(i) Travelling	3.11	Nil
(ii) Legal Expenses	Nil	44.74
(iii) Interest	644.24	Nil
(iv) Others	106.25	Nil

E. Value of imported/indigenous Raw materials, Stores & Spares consumed

(i) Raw Materials	Nil	Nil
(ii) Stores & Spares	Not ascertainable	Not ascertainable

F. Statement of Opening Stock, Production, Off-take and Closing Stock as under :

	Qty. (L.MT)	Value (L.Rs.)	Qty. (L.MT)	Value (L.Rs.)
Opening Stock :				
a) Revenue Mines	40.28	7822.47	23.75	4225.75
b) Development Mines	0.38	136.16	-	-
Total	40.66	7958.63	23.75	4225.75
Production :				
a) Revenue Mines	435.54	161043.27	434.73	159826.70
b) Development Mines	-	-	0.38	136.17
Total	435.54	161043.27	435.11	159962.87
Sales :				
a) Revenue Mines	421.08	159627.04	417.49	155817.99
b) Development Mines	-	-	-	0.01
Total	421.08	159627.04	417.49	155818.00
Own Consumption (Revenue)	0.49	294.98	0.62	381.60
Handling Loss on despatch to Paradip Port (Revenue)	0.01	6.89	0.09	30.39
Closing Stock :				
a) Revenue Mines	54.24	8934.69	40.28	7822.47
b) Development Mines	0.38	138.30	0.38	136.16
Total	54.62	9072.99	40.66	7958.63

Note : (i) Opening and Closing Stock values are before adjustment of provision for shortage, deterioration and rehandling charges (refer to Schedule-G).

(ii) Production figures are derived from the records of despatches, internal consumption etc., and adjustment for opening and closing stocks.

19. Effect of changes in Accounts due to Revision

The Accounts together with Accounting Policies and Notes on Accounts approved by the Board of Directors on 7.8.2000 and reported upon by the Statutory Auditors, have been revised in pursuance of —

- (a) Memos issued by the Comptroller and Auditor General of India u/s 619(4) of the Companies Act, and
(b) The Management decision —
- (i) to make provision for likely increase in remuneration of employees.
(ii) for adjustment of Unsecured Loan due to CIL vis-a-vis Current Account with CIL as per advice of CIL and withdrawal of interest earlier credited by them.

As a result of revision, the following changes have been made in the Profit & Loss Account and Balance Sheet :

	(Rs. in Lakh)		
	For compliance of observation by CAG	As per Management decision	Total
Profit & Loss Account			
Decrease in Net Profit	197.81	2352.25	2550.06
Represented by changes in Balance Sheet			
A. Decrease in :			
(a) Unsecured Loan	-	(-) 2195.07	(-) 2195.07

	(Rs. in Lakh)		
	For compliance of observation by CAG	As per Management decision	Total
(b) Net Current Assets	625.43	4568.42	5193.85
B. Increase in :			
Net Block	(-) 410.36	-	(-) 410.36
Capital Work-in-Progress	(-) 17.26	(-) 21.10	(-) 38.36
	197.81	2352.25	2550.06

Apart from above, item No. 4.2, 10.4, 12.5 (v), 13.2 (iii) and 13.5 (iv) of this Schedule have been added/deleted/suitably revised.

Sd/-
S. C. Behera
Company Secretary

Sd/-
S. K. Basu
Chief General Manager (Finance)

Sd/-
Mayukha Sengupta
Director (Finance)

Sd/-
S. N. Sharma
Chairman-cum-Managing Director

Place : Bhubaneswar
Dated : September 15, 2000

In terms of our Report of even Date
For JSS ASSOCIATES
Chartered Accountants
Sd/-
Bijoy K Sahoo
Partner

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :

Registration No. : 15-03038 State Code : 15
 Balance Sheet Date : 31.03.2000

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

Public Issue : Nil Right Issue : Nil
 Bonus Issue : Nil Private Placement : Nil

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

Total Liabilities : 157899.50 Total Assets : 157899.50

Source of Funds

Paid-up Capital : 39058.09 Reserve & Surplus : 92439.53
 Secured Loans : Nil Unsecured Loans : 26401.88

Application of Funds

Net Fixed Assets : 154166.09 Investments : 0.04
 Net Current Assets : 1657.67 Misc. Expenditure : 2075.70
 Accumulated Losses : Nil

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

Turnover (Net) : 173698.11 Total Expenditure : 112933.15
 Profit/Loss before Tax : 60764.96 Profit/Loss after Tax : 37655.41
 Earning Per Share (Rs.) : 1898.54 Dividend Rate % : 81.90

V. Generic Names of Principal Product of Company

Item Code No. : 270112.00
 Product Description : COAL

Sd/-
S. C. Behera
Company Secretary

Sd/-
S. K. Basu
Chief General Manager (Finance)

Sd/-
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Director (Finance)

Sd/-
S. N. Sharma
Chairman-cum-Managing Director

In terms of our Report of even Date

For JSS ASSOCIATES
Chartered Accountants

Sd/-
Bijoy K Sahoo
Partner

Place : Bhubaneswar
 Dated : September 15, 2000

ADDENDUM TO DIRECTOR'S REPORT

(UNDER SECTION 227 (2) AND 217 (3) 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 31st March, 2000 and also the Profit & Loss Account for the year ended on that date annexed thereto.

We report as follows :

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| 1. The accounts of the following Areas/Offices audited by the Branch Auditor appointed by the Central Government have been incorporated in this account. | No Comments. |
| (i) Talcher Area | |
| (ii) Jagannath Area | |
| (iii) Kalinga Area | |
| (iv) Central Workshop | |
| (v) Hingula Area | |
| (vi) Lingaraj Area | |
| 2. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988, issued by the Comany Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said order. | No Comments. |
| 3. Further to our comments in the Annexure referred to in paragraph 2 above : | |
| (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit; | No Comments. |

AUDITOR'S REPORT

MANAGEMENT'S REPLY

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| (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books, and proper returns adequate for the purpose of our audit have been received from branches not visited by us, subject to our comment at para (3)(f) below; | No Comments. |
| (c) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account; | No Comments. |
| (d) In our opinion, the Profit & Loss Account and Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, subject to our comments at para 3(f) below; | No Comments. |
| (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes thereon and the significant accounting policies, give the information required by the Companies Act 1956, in the manner so required and give, subject to our observation and comments at para 3(f) below a true and fair view : | No Comments. |
| (i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2000. | No Comments. |
| (ii) In the case of Profit and Loss Account of the profit of the Company for the year ended on that date. | No Comments. |
| (f) Our observations and comments on the accounts : | |
| 1. Claims in respect of insurance, railway, escalation, demurrage, liquidated damages, penalty, sale of | * The specified items of income/expenditure have been accounted for on cash basis as a conservation approach to accounting. |

AUDITOR'S REPORT

scrap, additional liability for royalty, cess, etc. are accounted for on cash/settlement basis. (Refer Accounting Policy Para 2.2 of Schedule-N). Items of income/expenditure relating to prior period which do not exceed Rs. 10,000/- in each case are treated as income/expenditure of the current year. (Refer Accounting Policy Para 15 of Schedule-N). These do not confirm with the requirements of Accounting Standards (AS) issued by the Institute of Chartered Accountant of India, the impact of which on the accounts has not been ascertained.

2. Netting off of negative balances in the Development Account being excess of income over expenditure prior to declaration of the mines as revenue, thereby understating the Fixed Assets (Schedule-D) and Capital Reserve by Rs. 1451.71 lakh.
3. Non-provision of liability for Sales tax paid under protest Rs. 76.52 lakh in case of IB Valley Area (Refer Note No. 1.2 of Schedule 'O').
4. Non-provision of liability against claim by the State Government towards Road Tax on Heavy Earth Moving Machinery amounting to Rs. 1135.30 lakh (Note No. 1.3 of Schedule 'O').
5. Non-ascertainment of liability on account of enhancement of compensation for land acquired from private parties (Refer Note No. 1.5 of Schedule 'O').
6. Non-ascertainment of value of assets and liabilities taken over from Coal Mines Labour Welfare Organisation and Coal Mines Rescue Organisation (Refer Note No. 6.2 of Schedule 'O').

MANAGEMENT'S REPLY

In view of the concept of materiality an amount equal to or below Rs. 10,000/- for single item has been ignored while considering prior period items.

The amount includes Rs. 183.30 lakh for Basundhara Project which is being scrutinised for necessary adjustment in next year. For other Projects such situation has arisen for following pre-revised accounting policy of bringing the Projects under development to revenue when the Projects were under S.E.C.L. No adjustment is called for in such cases as per advice of C.I.L.

The amount was paid to Sales Tax authority under protest and not admitted as debt for which the Company has gone for appeal which is pending.

The claim of the State Government has not been acknowledged as debt by the Company as the matter is subjudice.

In some cases, where the matter are subjudice, the claims for enhancement of compensation for land acquired from private parties could not be ascertained, which has been suitably disclosed as Contingent Liabilities.

This is a statement of fact.

AUDITOR'S REPORT

MANAGEMENT'S REPLY

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| <p>7. Title/Lease Deeds of land and mining rights were not fully available in respect of all the units for our verification (Refer Note No. 6.5 of Schedule 'O').</p> | <p>Details of land acquired is maintained, indicating the reference of the demand note raised by the authorities for area acquired. Details of the land on nationalisation have not been made available in most of the area as no order of the Government were issued separately vesting those land with the Company.</p> |
| <p>8. Non-rectification/reconciliation of depreciation pertaining to earlier years, the effect of which has not yet been ascertained in case of Orient Area (Refer Note No. 6.6 of Schedule 'O').</p> | <p>The Fixed Assets as per physical verification are under reconciliation with Fixed Assets Register. Adjustment arising from such reconciliation including error if any in charging depreciation during the earlier years shall be accounted for after such reconciliation.</p> |
| <p>9. Non-capitalisation of interest and finance charge on Plant & Machinery upto date of first use, purchased under CSR Scheme of World Bank Loan which has been availed for creation of additional capacity of Coal production (Refer note No. 6.7 of Schedule 'O').</p> | <p>The capitalisation of financing cost has not been considered as the Plant & Machinery purchased out of borrowed fund did not require substantial time to get ready for their intended use. This is in conformity with stipulation in AS-16 which will come into effect from the year 2000-01.</p> |
| <p>10. Deduction of the entire road subsidy received from the Government of India from the value of the specific work for which subsidy was granted, instead of proportionate deductions on the basis of completion of the specified work, as required under Accounting Standard 12, resulting in understatement of the Assets not belonging to the Company by Rs. 289.50 lakh and overstatement of the profit for the year by Rs. 0.58 lakh due to reduced amortisation (Refer Note No. 6.8 of Schedule 'O').</p> | <p>This will be reviewed in next year.</p> |
| <p>11. Non-Capitalisation of Electric Sub-Station Rs. 1272 lakh which was completed by 31st December, 1997 (Refer Note No. 7.2(i) of Schedule 'O').</p> | <p>The construction of the Sub-Station is almost completed. However, the feeding transmission line to the Sub-Station has been completed in May, 2000. Final testing of the Sub-Station has not been completed for which permission from the State authorities has been sought for. The entire balance activities are expected to be</p> |

AUDITOR'S REPORT

MANAGEMENT'S REPLY

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| <p>12. Non-provision of Rs. 40.87 lakh lying as suspense in Sundry Debtors (Refer Note No. 9.1 of Schedule 'O').</p> | <p>completed by the end of the year 2000 when we will be able to start drawing power from the Sub-Station. Then only the Plant will be capitalised and declared as put to use.</p> |
| <p>13. Non-confirmation of the Sundry Debtor accounts and netting of credit balances of Rs. 194.19 lakh may give rise to adjustments, amount not ascertainable (Refer Note No. 9.2 and 9.4 of Schedule 'O').</p> | <p>The amount is taken over from S.E.C.L. Necessary adjustment will be made in next year after reconciliation of Accounts with them.</p> |
| <p>14. Non-provision against loans and advances remaining unreconciled Rs. 932.17 lakh and non adjustment of Rs. 1366.41 lakh outstanding as advance for land (Refer Note No. 10.2 of Schedule 'O').</p> | <p>Noted for action.</p> |
| <p>15. Non-confirmation of balances outstanding against various parties and adjustment that might arise on sorting out the old debits/credits after confirmation, not being ascertainable (Refer Note No. 10.3 of Schedule 'O').</p> | <p>Reconciliation is being carried out and necessary adjustment will be made from time to time.</p> |
| <p>16. Consequential effect on the accounts due to non-settlement of CIL current account, which has a net difference of Rs. 77 lakh (Refer Note No. 10.5 of Schedule 'O').</p> | <p>Noted for action.</p> |
| <p>17. Non payment of Rs. 3245.18 lakh towards Cess on Coal with a corresponding non-recovery from sundry debtors which is subjudice with Hon'ble Supreme Court of India (Refer Note No. 12.5 (ii) of Schedule 'O').</p> | <p>Reconciliation and consequential adjustment will be carried out in the next year.</p> |
| <p>18. Debit of Rs. 390.70 lakh to Profit & Loss Account towards write off for 1/5th of Gratuity Liability upto 31.03.1995 (Refer Note No. 13.3 of Schedule 'O').</p> | <p>This is a statement of fact.</p> |
| | <p>Refer Item No. 8.1 of Accounting Policies (Sch.-N) read with Item No. 13.3 of Notes on Accounts (Sch.-O).</p> |

AUDITOR'S REPORT	MANAGEMENT'S REPLY
19. Consequent upon changes in Accounting Policy the net effect on Profit & Loss Account is increase in profit for the year by Rs. 125.93 lakh (Refer Note No. 14 of Schedule 'O').	No comments.
20. Consequent upon changes in the method of valuation of Closing Stocks and Overburden removal adjustment, the profit for the year has decreased by Rs. 233.77 lakh with corresponding decrease in Closing Stocks and OB Reserve (Refer Note No. 15 of Schedule 'O').	No comments.
21. Non-adjustment of certain unreconciled liabilities coming forward since long amounting to Rs. 754.17 lakh.	Noted for action.
22. Non-provision of interest on delayed payment of royalty to Mining Department of the Government of Orissa Rs. 54.24 lakh in case of Orient Area.	The matter is contested by the Company and under subjudice.
23. As all major purchase decisions for Plant & Machinery have been taken by CIL including imports, we are unable to express any opinion on such purchases made by the Company.	No comments.
24. Disclosure of net balances in Current Assets/Liabilities after adjusting credit/debit balances therein not in consonance with Standard Accounting Practices.	Noted for action.
25. The statement of accounts together with the Notes thereon approved by the Board of Directors in their meeting held on 7th August, 2000 and reported thereon by us on 8th August, 2000 have been revised and amended : (a) To comply with the observations of the Comptroller and Auditor General of India under section	No comments.

AUDITOR'S REPORT

MANAGEMENT'S REPLY

619(4) of the Companies Act, 1956 and

- (b) To incorporate the management decision taken as per advice of Coal India Limited, the Holding Company subsequent to the date of our reporting based on the principles of events occurring after the date of Balance Sheet.

MANAGEMENT'S REPLY

Noted for action

As a result of such revision/amendment, the following changes have been made to the Accounts. (Refer to Note 19 of Schedule 'O').

(Rs. in Lakh)

	For compliance of observation by CAG	As per Management decision	Total
Profit & Loss Account			
Decrease in Net Profit after prior period adjustment	197.81	2352.25	2550.06
Balance Sheet			
A. Decrease in:			
(a) Unsecured Loan	-	(-) 2195.07	(-) 2195.07
(b) Net Current Assets	625.43	4568.42	5193.85
B. Increase in:			
Net Block	(-) 410.36	-	(-) 410.36
Capital Work-in-Progress	(-) 17.26	(-) 21.10	(-) 38.36
	197.81	2352.25	2550.06

Apart from above, item No. 4.2, 10.4, 12.5 (v), 13.2 (iii) and 13.5 (iv) of Notes on Accounts (Schedule 'O') have been added/deleted/suitably revised.

No change has been made in provision for Income Tax (Corporate) pending final assessment.

26. As advised by Coal India Limited the holding Company, adhoc provision of Rs. 2283.70 lakh has been made in the accounts towards liability arising out of NCWAI-VI negotiations due from 1st July, 1996 and revision of pay of executives due from 1st January, 1997 @ Rs. 10,000/- per employee on roll as on 31st March, 2000. We

No comments.

AUDITOR'S REPORT

MANAGEMENT'S REPLY

are unable to express any opinion on the adequacy of such provision as regards total liability towards revision of wages, pay, related allowances and perquisites in the absence of necessary details relating thereto. (Refer Note 12.5(v) of Schedule 'O').

27. CMPDIL has recently completed their reappraisal for open cast mines in operation for more than five years and have recommended revised average stripping ratio for such mines viz. Belpahar, Ananta and Samaleswari projects. The Company is yet to work out the overburden adjustment for the balance period of the project based on the revised stripping ratio, balance quantity of coal and overburden as determined by CMPDIL. We are unable to quantify the impact on the accounts on such revision in the absence of detailed data thereon. (Refer Note 13.2 (iii) of Schedule 'O').

After completion of detailed assessment, the revision in Average Ratio, wherever necessary, and its consequential adjustments shall be carried out in the year 2000-01.

For **JSS Associates**
Chartered Accountants

Sd/-

Bijoy K. Sahoo
Partner

Place : Bhubaneswar
Date : September 15, 2000

AUDITORS' REPORT TO THE MEMBERS
ANNEXURE TO THE AUDITORS' REPORT

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

AUDITOR'S REPORT

MANAGEMENT'S REPLY

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| <p>1. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets in most of the cases. However the location of fixed assets within Area/Units have not been specified in most of the cases. Majority of the assets are being physically verified under a phased programme of verification envisaging physical verification of all the assets over a period of time which, in our opinion, is reasonable having regard to the size of the Company, wide spread locations and the nature of its assets. As explained to us physical verification for few assets has been carried out during the year. Consequently, discrepancies if any, have not yet been ascertained for adjustment.</p> | <p>Noted for action.</p> |
| <p>2. None of the fixed assets of the Company have been revalued during the year.</p> | <p>No comments.</p> |
| <p>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. In our opinion, the frequency of verification is reasonable. As explained to us no major discrepancies were noticed on such verification by the external agencies.</p> | <p>No comments.</p> |
| <p>4. In our opinion, and according to the information and explanations given to us, the procedure of physical verification of stock of coal and stock of stores and spares followed by the management are commensurate with the size of the Company and nature of its business.</p> | <p>No comments.</p> |
| <p>5. As explained to us shortage/excess found on physical verification of Coal stock within $\pm 5\%$ tolerance compared to book records</p> | <p>No comments.</p> |

AUDITOR'S REPORT

MANAGEMENT'S REPLY

have been ignored in the books of account. As per information and explanations given to us no material discrepancies were noticed on physical verification of stores and spares as compared to the size of the operations of the Company and the same have been properly dealt with the books of account.

6. In our opinion, on the basis of the examination of stock records, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and, is on the same basis as in the previous year subject to the change in the method of valuation mentioned at Note No. 15 of Schedule 'O'.
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 Companies under the same management as defined under section 370(IB) of the said Act, other than unsecured loans from Coal India Limited, wherein the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the Company.
8. The Company has not granted loans to other companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and/or companies under the same management as defined under section 370(IB) of the Companies Act, 1956, except in case of routine transactions with sister subsidiary companies.
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.

No comments.

No comments.

No comments.

In case of loans and advances, in the nature of advances to other parties, some amounts remain unadjusted/unreconciled for a long

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

period. However, Management has taken reasonable steps for its recovery/adjustment/reconciliation.

10. We have reviewed the internal control procedures to determine as to whether these are adequate and commensurate with the size of the company and nature of its business for the purchase of stores and spares including components, plant and machinery, equipment and other assets and for the sale of Coal.

Noted for action.

We have observed that internal control in the following areas need strengthening and improvement to avoid detriment caused by non-compliance thereof.

- (i) As regards monitoring, supervision and control over sales operation, particularly for expeditions identification of losses resulting from variation in quantities and qualities.
- (ii) Formulation of well defined sales and credit policy so as to reduce the incidence of bad and doubtful debts.
- (iii) Active and prompt follow up, periodic confirmation and reconciliation of debtors to avoid pecuniary losses.
- (iv) Control and monitoring of realisation strictly as per the terms and conditions laid down by the management to ensure that unwarranted losses on account of grade slippage, interest on delayed payments, shortages and other disputes do not occur.
- (v) Extending large credit without taking any security like bank guarantee or letter of credit to government sector.
- (vi) Addition to fixed assets after careful evaluation of cost and benefit analysis.
- (vii) Stringent control on overtime payment.

AUDITOR'S REPORT

MANAGEMENT'S REPLY

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| <p>(viii) Strengthening procedure for release of payment to parties to avoid chances of fraud/defalcation.</p> <p>(ix) Strengthening of the procedure relating to purchase of stores and spares to avoid accumulation of stores and spares without issue for a substantial period of time.</p> <p>(x) Periodic confirmation of outstanding balances, reconciliation of debtors, inter unit and other sensitive heads of accounts.</p> | |
| <p>11. According to the information and explanations given to us there are no 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 and aggregating during the year to Rs. 50,000.00 or more in respect of each party.</p> | <p>No comments.</p> |
| <p>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. The Company provides for 50% of the stores and spares not moved for more than five years except for insurance spares.</p> | <p>No comments.</p> |
| <p>13. The company has not accepted any deposit from the public under section 58A of the Companies Act, 1956 and rules framed thereunder.</p> | <p>No comments.</p> |
| <p>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.</p> | <p>No comments.</p> |
| <p>15. In our opinion, the company has an internal audit system commensurate with the size and nature of its business. But most of the</p> | <p>Noted for action.</p> |

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

internal audit reports have not been received for the year. In our opinion further strengthening of the internal audit system is required by increasing the frequency and coverage of such audit with timeliness of reporting and action taken thereon. There is scope for substantial improvement in internal audit of transactions related to sales, purchases, contracts and wages to make the same commensurate with the size of the Company and nature of its business.

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| 16. Central Government has not prescribed maintenance of Cost Records under section 209 (I) (d) of the Companies Act, 1956. | No comments. |
| 17. The Company has been generally regular in deposit of provident fund dues and pension scheme dues with the appropriate authorities. However, Rs. 25.62 lakh being contribution under employee Pension Scheme, 1995 for the year 1997-98 has not yet been deposited with appropriate authority. The Company is not required to make any contribution under the Employees' State Insurance Scheme. | Noted for action. |
| 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, 2000, for a period of more than six months from the date they became payable. | No comments. |
| 19. According to the information and explanations given to us, in our opinion and judgement, and to the best of our knowledge and belief, no personal expenses have been charged to Revenue Account, other than | No comments. |

those payable under contractual obligation or in accordance with generally accepted business practice.

20. The Company is not sick within the meaning of clause (0) of Sub-section(I) of Section 3 of the Sick Industrial Companies (Special Provision) Act, 1985.

No comments.

For **JSS Associates**
Chartered Accountants

Sd/-

Bijoy K. Sahoo
Partner

Place : Bhubaneswar

Date : September 15, 2000