

वार्षिक रिपोर्ट  
ANNUAL REPORT  
2001-2002



Mahanadi Coalfields Limited

**ANNUAL REPORT & ACCOUNTS  
2001-2002**



**MAHANADI COALFIELDS LIMITED**

(A Subsidiary of Coal India Limited)

**At/PO: JAGRUTI VIHAR, BURLA, SAMBALPUR 768020 (ORISSA)**

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**MANAGEMENT DURING 2001-2002**

**CHAIRMAN-CUM-MANAGING DIRECTOR** : Shri G.K. Choudhary (upto 25.5.2001)  
Shri R.K. Chechani

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

: Shri Mayukha Sengupta  
Director (Finance)

: Shri S.P. Singh,  
Director (Technical)

**PART TIME DIRECTORS** : Shri N.K. Sharma, Chairman  
CIL, Kolkata (upto 31.01.2002)

Shri M.K. Sinha, Director (Tech)  
CIL, Kolkata.

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

Shri Devdas Chhotray,  
Joint Secretary & CVO  
Ministry of Coal, New Delhi  
(upto 6.11.2001)

Shri APVN Sarma,  
Joint Secretary, Ministry of Coal,  
New Delhi (w.e.f. 6.11.2001)

**COMPANY SECRETARY** : Shri S.C. Behera

## PRESENT MANAGEMENT

( As on 14.09. 2002 )

**CHAIRMAN-CUM-MANAGING DIRECTOR** : Shri R.K. Chechani

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

Shri S.P. Singh  
Director(Technical)

Shri B.M. Nag  
Director(Finance)

**PART-TIME DIRECTORS** : Shri Shashi Kumar  
Director(Marketing)/Acting D(T),  
CIL, Kolkata

: Shri APVN Sarma  
Joint Secretary, Ministry of Coal  
New Delhi

: Shri D.K. Verma  
Director(Finance)  
CIL, Kolkata

**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

At/Po. Jagruti Vihar, Burla,  
Sambalpur- 768020, Orissa.

**NOTICE**

**TENTH ANNUAL GENERAL MEETING**

Notice is hereby given that the 10<sup>th</sup> Annual General Meeting of Mahanadi Coalfields Limited will be held at **11.00 AM** on **Saturday** the **14th September**, 2002 at the Registered Office of the Company, At/Po Jagruti Vihar, Burla, Sambalpur-768020, to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited accounts for the year ended 31st March, 2002, 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 Shashi Kumar, who retires in terms of Article 34 e (iii) of the Articles of Association of the Company and is eligible for re-appointment.
4. To appoint a Director in place of Shri APVN Sarma, who retires in terms of Article 34 e (iii) of the Articles of Association of the Company and is eligible for re-appointment.
5. To consider and if thought fit, to pass with or without modification(s) the following resolution as Ordinary Resolution:

“Resolved that the Board of Directors of MCL be and are hereby authorised to fix the remuneration of the Statutory Auditors of MCL to be appointed by C&AG in future.”

By order of the Board of Directors  
**For Mahanadi Coalfields Limited**

**S.C. Behera**  
Company Secretary

**REGISTERED OFFICE :**

Jagruti Vihar, Burla, Sambalpur - 768020

**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 on behalf of the Board of Directors, the 10th Annual Report of your Company together with the audited Accounts for the year ended 31st March, 2002 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 aspects including production, despatches and profits.

### 2. ORGANISATION

In 2001-2002, MCL had 22 mines situated in the Ib Valley and Talcher Coalfields of Orissa State. For effective administrative control and efficient functioning of operational activities, mines are grouped into 10 areas viz. Ib.Valley, Orient, Lakhanpur, Basundhara and Garjanbahal in Ib Valley Coalfield and Jagannath, Talcher, Kalinga, Lingaraj and Hingula in Talcher Coalfield.

### 3. HIGHLIGHTS OF PERFORMANCE

- The Company achieved all time high Gross Sales of Rs.2448.12 crore against the previous year's Gross Sales of Rs.2295.64 crore. There is continuous improvement in realisation. The realisation during the year is Rs.2419.02 crore which is 98.81% of the current year's gross sales. The coal stock inventory has been liquidated by 42.88% (in quantity) over the previous year's closing stock.
- The Company achieved a record production, both in Coal and OBR. The coal production during the year is 47.805 million tonne registering a growth of 6.7% and in respect of Over Burden Removal 50.562 million Cu.m. during the year registering a growth of 1.93% over previous year .
- The productivity in terms of output per manshift(OMS) has increased by 10.18% and 5.48% for Open Cast and Underground

Mines respectively. The overall OMS of the current year is 9.98 tonne against previous year's 9.01 tonne which indicates a growth of 10.77% in OMS.

- The Profit Before Tax(PBT) during the year is Rs.719.60 crore against previous year's profit of Rs.641.35 crore.
- The Company has been consistent in payment of dividend since last four years. The dividend proposed for the year is Rs.202.34 crore : - Rs.181.92 crore on Equity Share Capital and Rs.20.42 crore on Preference Share Capital.

### 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 2001-2002 as compared to the targets and achievement of the previous year :

Production	2001-02 Target	Actual	2000-01 Actual	% Achie- vement against target	% Growth over pre- vious year
<b>COAL (MT) :</b>					
Open cast	42.800	46.160	43.182	107.85	6.90
Underground	1.700	1.645	1.621	96.76	1.47
<b>Total</b>	<b>44.500</b>	<b>47.805</b>	<b>44.803</b>	<b>107.43</b>	<b>6.70</b>
<b>OBR(M. Cum.)</b>	<b>50.000</b>	<b>50.562</b>	<b>49.605</b>	<b>101.12</b>	<b>1.93</b>

### 5. PRODUCTIVITY

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

Productivity (Te)	<i>Fig.in Tonne/Manshift</i>				
	2001-02 Budget	Actual	2000-01 Actual	% Achie- vement pre- target	% Growth over vious year
Open cast	16.04	17.32	15.72	107.98	10.18
Underground	0.71	0.77	0.73	108.45	5.48
<b>Overall</b>	<b>8.80</b>	<b>9.98</b>	<b>9.01</b>	<b>113.41</b>	<b>10.77</b>

**6. POWER**

**6.1 Talcher Coalfields :** Power is received at Nandira Grid Sub-station through a 12 Km. long 132 KV Double Circuit over-head transmission line from GRIDCO's Angul sub-station. There are 3 numbers 20 MVA, 132 / 33 KV transformers at Nandira Main Sub-station for stepping down the voltage to 33 KV and then it is distributed to big Open Cast Projects like Bharatpur, Lingaraj, Kalinga and 20/90 Dragline of Balanda OCP. Nandira Under-ground Mine also receive power at 33 KV. Two 33 KV feeders are (from Nandira Main Sub-station) feeding power to Central Sub-station at Balanda, where there are 23 MVA ( 4 X 5 MVA and 1 X 3 MVA), 33 KV / 11 KV transformers which are utilised to step down power to 11 KV and then the power is distributed by 9 numbers of 11 KV feeders. Power is fed to different units and other utilities like Kalinga OCP, Ananta OCP, Balanda OCP, Jagannath OCP, Talcher U/g Mine, Deulbera Pit, Handidua Pit, Central Workshop, Central Hospital, Integrated Water Supply Scheme and Colonies. At the units different transformers are there to further step down the voltage to 6.6 KV, 3.3 KV, 550 Volts and 440 Volts as per the utilisation need. New projects like Hingula OCP and Bhubaneswari OCP are also getting power from this Main Sub-station. The power is received from M/s CESCO (Central Electricity Supply Company of Orissa) with a Contract Demand of 28 MVA.

**6.2 Ib-Valley Coalfields :** For meeting power supply requirement of Ib-Valley Coalfields, a 2 X 20 MVA, 132 / 33 KV Sub-station at Jorabaga has been commissioned, which is drawing power at 132 KV from Budhipadar sub-station of M/s GRIDCO (Grid Corporation of Orissa) and feeding power to the units and utilities of Ib-Valley Coalfields, i.e. Belpahar OCP, Lakhanpur OCP, Samaleswari OCP, Lilari OCP, Lajkura OCP, Orient Mine No. 2, 3 and 4 and Central Workshop. Action has been taken to connect Rampur and Bundia U/g Mines and Integrated Water Supply

Scheme from this Sub-station shortly. The power is received from M/s WESCO (Western Electricity Supply Company of Orissa) with a Contract Demand of 28 MVA. Presently, the existing 33 KV network of WESCO is being used for evacuation of power from Jorabaga Sub-station. The job for permanent power evacuation is in the process and expected to be completed by about 2 years.

**6.3 Basundhara Coalfields :** Basundhara power is coming from Remja Grid Sub-station at 33 KV through a 66 Km. long over-head line via Sargipalli, Lephripara and Garjanbahal Sub-station of M/s WESCO. A 3 X 20 MVA, 220 / 33 KV substation at Garjanbahal has been constructed. One 220 KV Double Circuit Overhead transmission line connecting this Garjanbahal substation from Budhipadar substation of GRIDCO is under construction. Presently, Basundhara OCP is being fed from old Garjanbahal substation of M/s WESCO at 33 KV.

**6.4 Availability of Power**

Items	2001-2002	2000-2001
Contract demand (MVA)	48.29	50.81
Maximum demand (MVA)	47.75	50.62
Energy Consumed (Million KWH)	257.93	242.27
Specific energy consumed (KWH/Tonne)		
Target :	5.53	5.35
Actual :	5.40	5.41
Energy bill paid (Rs. In Crore)	84.67	76.85

**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	
	01-02	00-01	01-02	00-01	01-02	00-01
Dragline	7	7	90	91	79	84
Shovel	76	79	93	95	60	56
Dumper	369	413	110	109	47	44
Dozer	120	123	93	96	44	44
Drill	108	110	97	94	40	41



The population of HEMM at the end of financial year 2001-2002 is 7.10% less compared to the same of last year.

### 7.2 Breakdown Status of HEMM at the end of Financial Year

EQUIPMENT	Breakdown over 3 months		Reduction in breakdown overlast yer
	As on 31.03.2002	As on 31.03.2001	
Dragline	1	1	0.00%
Shovel	0	1	- 100.00%
Dumper	4	22	- 81.82%
Dozer	3	6	- 50.00%
Drill	7	12	- 41.67%
<b>Total</b>	<b>15</b>	<b>42</b>	<b>- 64.29%</b>

The equipment not available for use and breakdown over three months as on 31.03.2002 are at 2.21% of total fleet as compared to 5.74% of last year. There is substantial reduction of 64.29% in breakdown as compared to last year.

### 7.3 Equipment Rehabilitated at CWS during 2001-2002

AREA	2001-2002	2000-2001	Growth over last year
CWS-Talcher	22	24	- 8.33%
CWS-Ib Valley	13	6	116.67%
<b>Total</b>	<b>35</b>	<b>30</b>	<b>16.67%</b>

There is overall a positive growth of 16.67% in the equipment rehabilitated during the year compared to previous year.

The availability of dumper and drill is higher than the same of last year and utilisation of shovel and dumper has been increased, compared to last year. The utilisation of dragline was low during 2001-2002 due to major breakdown of 20/90 dragline of Balanda for rail and rollers repair. The repair of 10/70 dragline of Samelswari was also taken for preventive major for more than a month. An effort was also been made to reduce the utilisation of drill and dozer as well by doing edge dumping.

7.4 Necessary action has already been taken up to further improve the availability and

utilisation of HEMM. The steps taken are:

1. Reliability improvement of HEMM by "Condition Based monitoring"(CBM).
2. Reduction in breakdown of HEMM for more than 3 months by improved "Float Management".
3. Reduction in repair time due to improved workshop facilities.
4. Judicious management of spare parts in consultation with OEMs, thus inventory reduction.
5. Production, working hours and breakdown of equipment are being monitored on daily basis.

### 8. SYSTEM CAPACITY UTILISATION

Description	2001-2002	2000-2001	Growth over last year
System Capacity (M. cum)	58.26	61.53	- 5.31%
Composite Production (M. cum.)	52.65	52.26	0.74%
<b>% Capacity Utilisation</b>	<b>90%</b>	<b>85%</b>	<b>6.39%</b>

There is a positive growth of 6.39% in system capacity utilisation during the year compared to previous year.

#### 8.1 Condition Based Monitoring (CBM)

CBM carried out during the year :

Sl. No	Description	Qty.
<b>HEMM :</b>		
1.	Shovel	11
2.	Dumper	96
3.	Dozer	4
4.	Drill	26
<b>TOTAL</b>		<b>137</b>
<b>Assemblies :</b>		
1.	Engine	106
2.	Transmission	227
<b>TOTAL</b>		<b>333</b>

Condition based monitoring has been started in MCL by a team consisting of officers from Headquarters, CWS, Area and

OEMs. CBM is being done for monitoring condition of equipment as well as its assemblies and sub-assemblies resulting in enhancement of reliability of the machine. There is substantial growth of 8.77% in work hour per machine during the year compared to the previous year.

Equipment	Population as on 31.3.2002	Population as on 31.3.2001	Work Hour 2001-02	Work Hour 2000-01	Growth in Work Hr. per m/c
Drgaline	7	7	29913	33974	- 11.95%*
Shovel	76	79	228035	220204	7.64%
Dumper	369	413	742960	736889	12.85%
Dozer	120	123	197714	199163	1.75%
Drill	108	110	135264	129879	6.07%
<b>TOTAL</b>	<b>680</b>	<b>732</b>	<b>1333886</b>	<b>1320109</b>	<b>8.77%</b>

Procurement of special tools to carry out CBM for Rs.168.00 lakh has been made and under concurrence.

\*20/90 dragline of South Balanda and 10/70 dragline of Samleswari were under major repair/planned repairs.

## 9. AVAILABILITY AND UTILISATION OF MAJOR UNDERGROUND EQUIPMENT

The populations of underground equipment and their performance during the year as compared to previous year are given hereunder :

Sl. NO.	Name of the equipment	No. on roll		2001-2002		2000-2001	
		01-02	00-01	% Avail.	% Util.	% Avail.	% Util.
1.	Winder	4	4	100.00	100.00	100.00	100.00
2.	Haulage	55	55	98.18	95.00	94.10	92.75
3.	SDL	31	31	100.00	98.89	98.96	94.40
4.	LHD	6	3	100.00	99.95	100.00	98.54
5.	Main Pump	141	136	97.87	93.00	94.06	92.65
6.	Vent. Fan	11	11	100.00	100.00	100.00	100.00
7.	Belt Conv.	36	36	100.00	100.00	100.00	100.00
8.	Transformer	52	52	98.08	98.00	95.51	94.31
9.	Coal tubs	2400	2400	97.83	94.45	92.86	91.15
10.	Loco. Trolley	7	6	71.43	70.00	100.00	100.00
11.	Coal Drill	136	136	97.06	94.00	96.51	94.99
12.	Mine Car	90	95	88.89	86.00	86.51	85.26

## 9.1 Performance of SDL/LHD

Year	No. of Machine	2001-2002		No. of Machine	2000-2001		Percentage Growth
		Production (In Mt.)	TPD/ Machine		Production (In Mt.)	TPD/ Machine	
SDL	25	0.76	98.89	29	0.768	86.90	13.79
LHD	6	0.185	182.61	3	0.134	146.51	24.63

The phenomenal growth in percentage availability and the utilisation of SDL and LHD during 2001-2002 have been achieved by :

- Overhauling of old equipment in our Central Workshop and in manufacturer's premises.
- Survey off of old and uneconomical equipment and the replacement of the same by new ones.
- Timely availability of spares and consumables.
- Updating and monitoring of service link facilities by our own team and manufacturer's Service Engineers.

## 10. CAPITAL STRUCTURE

The Authorised Share Capital of the Company as on 31.03.2002 continued at Rs.500.00 crore, divided into 2958200 Equity Shares of Rs.1000/- each and 2041800 10% Cumulative Redeemable Preference Shares of Rs.1000/- each.

The total paid up Share Capital of the Company as on 31.03.2002 stand unchanged at Rs.390.58 crore comprising of Rs.204.18 crore of Preference Share Capital and Rs.186.40 crore of Equity Share Capital. The entire Share Capital, both Preference and Equity, are held by Coal India Ltd. (CIL) and its nominees.

## 11. FINANCIAL REVIEW

The Company has recorded the highest ever gross turnover of Rs.2448.12 crore against Rs.2295.64 crore of the previous year. The Profit before Tax (PBT) has also gone up to Rs.719.60 crore from Rs.641.35 crore in the previous year after absorbing escalation in the cost of various inputs.

Profit after Tax (PAT) has increased to Rs.473.28 crore from Rs. 393.58 crore in the previous year. The financial results of 2001-02 as compared to 2000-01 are summarised below :

	(Rs. in Crore)	
	2001-02	2000-01
<b>Gross Profit</b>	868.00	794.83
(Before Depreciation & Interest)		
Less : Depreciation (Incl. Social Overhead)	137.31	136.07
Interest	11.09	17.41
<b>Net Profit before Tax</b>	719.60	641.35
Less : Provision for Income Tax	246.32	247.77
<b>Net Profit after Tax</b>	473.28	393.58
Less : Transfer to General Reserve	50.00	40.00
Transfer to Capital Redemption Reserve	40.84	40.84
Proposed Dividend on Pref. Shares	20.42	20.42
Proposed Dividend on Equity Shares	181.92	150.44
Provision for Tax on Dividend	Nil	17.43
<b>Retained Profit</b>	180.10	124.45

### 11.1 Transfer to Reserve

An amount of Rs.50.00 crore being 10.56% 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 crore redeemable in the year 2003-04, an amount of Rs.40.84 crore has also been transferred to Capital Redemption Reserve.

### 11.2 Dividend

The Directors are pleased to recommend dividend of 97.60% (previous year 80.71%) of the paid up Equity Share Capital for the year amounting to Rs.181.92 crore for your approval. The Directors also recommend for approval of Dividend of Rs.20.42 crore on 2041800 10% Redeemable Cumulative Preference Shares. Total payment on account of dividend for the year would be Rs.202.34 crore.

### 11.3 Unsecured Loans

The amount due to Coal India Ltd. (CIL) as on 31.03.2002 stands at Rs.215.72 crore and the entire loans pertain to IBRD & JEXIM.

Three Shovels, purchased in 1998 were tied up with a credit package for 85% of FOB price with M/s Toyoto Tsusho Corporation, Japan on Deferred Payment

basis. The balance amount against the said loan as on 31.03.2002 was Rs.35.60 crore.

The amount due to M/s Tevetment Prem Export, Moscow as on 31.03.2002 on account of exchange rate variation for purchase of Dragline on Deferred Payment basis remained unclaimed at Rs.13.00 crore. The amount due to M/s. Liebherr, France SA, France Stands at Rs.11.19 crore for supply of four Hydraulic Shovels.

## 12. COAL PRICE

There was no change in basic price of coal during the year under report.

## 13. CAPITAL EXPENDITURE

Total Capital Expenditure during the year was Rs.175.79 crore against previous year's expenditure of Rs.145.80 crore.

## 14. SALES REALISATION

During the year, the gross sales of your Company remain Rs.2448.12 crore as compared to Rs.2295.64 crore in the previous year.

The realisation during the year was Rs.2419.02 crore which works out to 98.81% of the current year's gross sales.

Net Coal Sales dues outstanding as on 31.03.2002 were Rs.374.87 crore (previous year Rs.443.56 crore) arrived at after providing for Rs.124.19 crore (previous year Rs. 94.63 crore) towards doubtful debts which is equivalent to 1.84 months' Gross Sales (previous year 2.32 months). The sector-wise position of dues are as under:

SECTOR	(Rs. in Crore)			
	DUES AS ON 31.03.2002		DUES AS ON 31.03.2001	
	Gross	Net	Gross	Net
Power	460.24	348.76	377.85	312.89
Steel	32.82	21.96	59.90	43.12
Others	6.00	4.15	100.44	87.55
<b>Total</b>	<b>499.06</b>	<b>374.87</b>	<b>538.19</b>	<b>443.56</b>

## 15. PAYMENT TO EXCHEQUER

Your Company continued to be a 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 are as follows :

	[Rs. in Crore]	
	2001-02	2000-01
Royalty	267.00	253.95
Sales Tax	92.78	88.66
Stowing Excise Duty	16.48	15.80
Entry Tax	2.63	3.74
<b>TOTAL</b>	<b>378.89</b>	<b>362.15</b>

## 16. PROJECTS FORMULATION/CAPITAL PROJECTS

There are 19 sanctioned mining projects in MCL. The ultimate production capacity of these sanctioned projects is 44.89 Mty. with a sanctioned capital outlay of Rs. 1907.10 crore, out of which 16 have been completed with a sanctioned capital outlay of Rs.1714.49 crore.

### 16.1 Completed Projects : 16 Numbers

Sl. No.	Name of the Project	Capacity (Mty)	Capital Outlay (Rs. Crore)	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
14.	Kalinga OCP	8.00	345.96	03/2000
15.	Lakhanpur OCP	5.00	221.51	03/2000
Project completed during 2001-2002				
16.	Hingula -II OCP	2.00	48.57	03/2002
<b>TOTAL</b>		<b>43.23</b>	<b>1714.49</b>	

The Production achieved from the above completed projects during 2001-2002 has been 46.39 MT. of coal against the P.R. Provision of 43.23 MT, thus giving a performance of 107.32%.

### 16.2 On going Projects

There are 3 on-going projects with a capital outlay of Rs.192.61 crore with an ultimate capacity of 1.66 Mty.

Sl. No.	Name of the Project	Capacity (Mty.)	Capital Outlay (Rs. Crore)	Scheduled date of completion	Anticipated date of completion
1.	Chhendipada O/C	0.35	19.75	03/2002	03/2003*
2.	Natraj U/G	0.64	92.11	03/2008	03/2008
3.	Jagannath U/G**	0.67	80.75	03/2010	03/2010
<b>Sub Total</b>		<b>1.66</b>	<b>192.61</b>		
<b>Total of completed projects</b>		<b>43.23</b>	<b>1714.49</b>		
<b>Total of all mining projects</b>		<b>44.89</b>	<b>1907.10</b>		

\* Chhenipada OCP has been delayed due to delay in land acquisition and grant of mining lease.

\*\* Jagannath U/G (0.67 Mty) has been sanctioned during 2001-2002.

### 16.3 Advance Action Proposals

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

Sl. No.	Projects	Ultimate Capacity (Mty)	Estimated Capital Outlay (Rs. Crore)	Advance Action Capital (Rs. Crore)
1.	Basundhara (West) O/C	2.40	194.21 (Jan'02)	5.07
2.	Bhubaneswari OCP	10.00	764.26 (Jan'02)	5.79
3.	Garjanbahal OCP	10.00	595.22 (Aug'01)	8.28
4.	Kaniha OCP	3.50	287.34 (Jan'02)	6.38
5.	Kulda OCP	10.00	796.53 (Oct'01)	8.62
6.	Gopalprasad OCP*	12.00	982.29 (Mar'99)	8.52
<b>Total</b>		<b>47.90</b>	<b>3619.85</b>	<b>42.66</b>

\* AAP of Gopalprasad OCP has been approved during 2001-2002.

**16.4 The following six reports have been processed to Ministry of Coal for Govt. approval**

Sl. No.	Name of Projects	Capacity (Mty.)	Estimated Capital of Project (Rs.Cr.)	Remarks
1	2	3	4	5
1.	Lakhanpur OC Expansion	5.0 (Incremental)	612.74 (Incremental) (Dec.97)	Sent to Govt. vide letter no. CIL/PM/21:69 dtd. 21.03.95. IMG meeting held on 02.03.98, has directed to submit certain observations. Firm linkage with the project is being finalised.
2.	Basundhara (W) OCP	2.40	194.21 (Jan' 02)	PR approved by ESC of CIL Board in its 46th Meeting held on 07.05.97 and has been sent to Govt. for sanction vide letter no CIL/PM/21/445 Dt. 29.08.97 EMP clearance received from MOEF on 12.04.02. Stage-I forestry clearance received on 23.09.98. IMG has cleared the PR on 11.04.02 subject to certain observation, which are being complied with.
3.	Kaniha OCP	3.50	287.34 (Jan' 02)	Approved ESC of CIL Board on 03.12.97 and sent to MOC for approval vide letter no. CIL/PM/21/60 Dt. 02.02.98. EMP clearance received from MOEF on 12.04.02 Stage-I Forestry clearance received on 28.03.2001. IMG has cleared the PR on 11.04.02 subject to certain observation, which are being complied with.

1	2	3	4	5
4.	Bhubaneswari OCP	10.00	764.26 (Jan' 02)	PR has been approved by ESC of CIL Board on 03.12.97 in its 48th meeting and has been submitted to MOC for approval vide letter no CIL/PM/21/60 Dt. 02.02.98. EMP clearance is awaited. The Forestry clearance proposal has been sent to MOEF on 06.02.02 the matter is being pursued by MCL. IMG has cleared the PR on 11.04.02 subject to certain observation, which are being complied with.
5.	Kuida OCP	10.00	796.53 (Oct' 01)	Sent to Govt. vide letter no. CIL/PM/21:177 dtd. 13.07.95. EMP clearance awaited from MOEF. Stage-I forestry clearance for an area of 227.89 Ha. of forestry land accorded on 22.01.02, requirement of 1st 20 years of the project. Certain modifications proposed in the UCE of the PR has been approved by MCL Board and CIL Board. Modified PR is being sent to MOCM for consideration of IMG.
6.	Garjanbahal OCP	10.00	595.22 (Aug.01) (Contractual coal loading and transportation)	PR has been approved by MCL Board on 17.06.99 and by CIL Board on 30.04.2001 and has been cleared by IMG subject to certain clarification on 28.01.2002. part clarification has been submitted in April' 02 and the process of submission to PIB. Forestry clearance awaiting action from PCCF, Orissa. EMP clearance awaited.
Total		40.90	3186.67	

**16.5 Projects for which project reports have been prepared and are being processed for approval**

Sl. No.	Name of Projects	Capacity (Mty.)	Estimated Capital of Project (Rs.Cr.)	Remarks
1.	Bharatpur Expansion Phase-II	6.00 (Incremental)	168.03 (Incremental) (Mar.'01) (with contractual coal loading and transportation)	Draft PR formulated
2.	Gopal prasad OCP	12.00	982.29 (March '99)	PR formulated and is under process of submission to MCL Board. AAP has been approved by the Govt. of India on 04.06.01 and is under implementation.
3.	Jagannath West U/G	0.52	81.38 (March 01)	Draft PR formulated. PR under scrutiny by CMPDI Hq. for stability of inclines.
4.	Talbira III OCP	6.50	564.00 (March '01)	AAP has been approved by MCL Board on 15.10.01 in its 51st meeting and by CIL Board on 06.03.02, in its 200th meeting. The AAP has been sent to MOCM for Govt. approval on 22.04.02.
5.	Talcher (West) U/G	0.52	85.08 (March '01)	PR approved b MCL Board on 18.02.02 in its 53rd meeting and is being put up to CIL Board for approval.
6.	Garjanbahal-A OCP (Karlikachhar OCP)	1.50	73.50 (March '02)	PR formulated and is under process of submission to MCL Board.
7.	Hingula -II Expansion	2.00 (Incremental)	87.10 (March '02)	PR formulated. Under Process of submission to MCL Board.

**16.6 Projects under formulation**

Sl. No.	Name of Projects	Capacity (Mty.)	Remarks
1.	Kaniha -II OCP	12.00	PR under formulation.
2.	Lingraj OC Expn.	5.00 (Incremental)	GR available. PR under formulation.
3.	Siarmal OCP	8.00	GR available
4.	Talbira-II	4.00	Approved by C.I.L. Board for retention of the block to be worked by M.C.L./C.I.L.

**16.7 Non-Mining Projects**

Following are the 24 sanctioned non-mining projects with a total capital outlay of Rs.309.67 Crore, out of which 11 have been completed. Details are as under :

**A. Major completed non-mining projects in M.C.L. :** There are 11 completed non-mining projects in MCL.

Sl. No.	Name of the Project	Date of approval	Sanctioned Capital (Rs.Crore)	Completed in
1.	Central Workshop, Ib Valley	11/8/89	13.32	01/96
2.	Power supply scheme Phase I, Ib- Valley	22/08/91	33.35	06/97
3.	Regional Stores, Ib- Valley	26/11/85	3.33	03/92
4.	Training (Excv.) Institute, Ib- Valley	13/07/89	5.25	10/93
5.	Water Supply scheme , Ib- Valley	19/07/91	4.83	02/96
6.	Central Hospital, Talcher	08/05/87	14.28	03/94
7.	Central Workshop , Talcher	25/03/89	17.83	12/95
8.	Integrated Telecommunication System, Talcher	26/04/91	2.90	03/98
9.	Integrated Telecommunication System, Ib-Valley	26/04/91	2.37	03/96
10.	Power supply scheme, Talcher, Phase-I	25/03/89	19.98	09/94
11.	Water supply scheme at Talcher, Phase-I	11/01/83	5.83	12/95
<b>Total</b>			<b>123.27</b>	

## B. Major ongoing non-mining projects of MCL

Following are the 13 ongoing non-mining projects with a total capital outlay of Rs. 186.40 Crore. Brief details of the same are as under :-

Sl. No.	Name of the Project	No. of Projects	Capital Outlay (Rs.Crore)
1.	Sand Winning from IB river of Ib-Valley Coalfields	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.	Mining-cum-Excavation Training Institute at Talcher	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 Coalfields	1	7.88
7.	Construction of Railway line linking Kalinga CPP to existing Jagannath Spur.3 and 4	1	11.18
8.	Construction balance railway line work of Bharatpur CPP yard, South Balanda connection and remodelling of South Balanda yard.	1	13.81
9.	Widening and Strengthening of Road from Sundergarh to Dudka Chowk of Basundhara Area	1	31.33
10.	Augmentation of Central Workshop, Talcher	1	21.37 (Incremental)
11.	Augmentation of Central Workshop, Ib-Valley	1	10.66
<b>Total</b>		<b>13</b>	<b>186.40</b>

### 16.8 Land acquisition during 2001-2002

Sl. No.	Project	Total land required	Land under physical possession till 03/2001	Land taken in possession during 01-02	Total land in possession	Category of Land under possession as on 01.04.2002			
						T.L.	GNFL	FL	Total
1.	Chhendipada OCP	85.30	Nil	24.30	24.30	--	--	24.30	24.30

### 16.9 Coal Preparation Plant

A. Kalinga CPP(8.0 Mty. Throughput capacity) under Build Own Operate (BOO) 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. HNPCL was served with a notice of termination of agreement on 04.12.2001 as regards to washed coal supply from MCL due to an event of default on part of HNPCL.

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

The terms of agreement of Ananta-Bharatpur CPP between MCL and Madhucon Projects Ltd. has been initialled on 18.12.1999 subject to approval of Board of Directors of MCL. Some legal observations/remarks on the draft agreement have been received from MCL counsel and the same is to be incorporated in the agreement after detail discussion with M/s. Madhucon Project Limited. The agreement is to be approved by MCL Board. The Washery is to produce 3.78 Mty of washed coal to meet the requirement of the powerhouses which may require washed coal.

## 17. EXPLORATION

The details of geological exploration activities in MCL command area during 2001-2002 are summarised below:

Particulars	2001-2002		2000-2001 Actual
	Target	Actual	
1. Total Drilling(meter)	43500	41919.15*	39071.40
2. Coal Reserves proved (M.Te)	-	941.569	285.24

\* Includes 20355.70 meter of drilling funded by MOC.

## 18. ENVIRONMENT, ECOLOGY AND AFFORESTATION

- A total of 12 EMPs for opencast projects and 2 EMPs for UG projects have been approved by Ministry of Environment & Forests.
- As regards future projects, EMP for 5 new opencast projects have been submitted

and are under consideration at MOEF. Out of these 5 new projects, Expert Committee (Mining) meetings were held of Kaniha and Basundhara (West) and the expert committee recommended these projects for environment clearance at one go. NOC have been granted by Orissa State Pollution Control Board for the balance three new projects namely, Kulda, Bhubaneswari and Garjanbahal. The main obstacle in environment clearance for Kulda opencast project was refusal of forest clearance but now it had been granted after thorough consideration at MOEF including the site visit.

- EMP for expansion of four operating opencast projects namely Samleswari, Belpahar, Ananta and Bharatpur and one operating under ground mines namely Nandira have been submitted to MOEF long back. NOC have been granted for Samleswari and Nandira.
- In respect of running Projects regular monitoring is being done for compliance of the conditions stipulated in these Environment Clearance Letters and Consent Letters.

## 18.2 Measures taken to protect and improve the environment

**Afforestation and land reclamation :** Afforestation drive in the mines of MCL continued vigorously and 2,60,000 saplings of mixed species have been planted during 2001-2002 with 85% survival against the target of 3,36,000 and last year's plantation of 2,76,090. Following are the highlights of the special efforts towards afforestation and land reclamation.

- Use of Sewerage Treatment Plant sludge for soil amendment at all the mines. There are 5 such STPs operating successfully.
- Special attention is being given to vegetating 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 by Kerala State Coir Corporation.

- Medicinal Garden at internal OB dump of Ananta OCP is being maintained properly.
- OB Dump Reclamation Plan, approved by the expert of IIT, Kanpur appointed under World Bank assistance to Coal India Ltd. for 23 Old External dumps covering six World Bank Projects of MCL was implemented. Works awarded for both technical and biological reclamation and completed during the year 2001-2002.
- Eco-park project has already been started in Samleswari opencast project over an area of 25 Ha, dragline degraded land. The area will be converted to a green oasis consisting of Water Pools, Water ways, Terrace Garden, Fruit Orchard, smoothly graded landscapes etc. 40% Technical reclamation work of this scheme has already been completed during 2001-2002.
- Spice, dry fruit and fruit bearing trees were planted on dumps as well as in block plantation and avenue plantation along with other multipurpose trees.
- Fruit bearing trees were planed by the employees in the Corporate Building Complex during month long Van Mahotsava celebration in July, 2001.

## 18.3 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. Maintenance and up-keep of all the black topped and metalled roads constructed during previous years.
2. Provision of fixed point, auto start, fine nozzle mounted water sprinklers on roads, railway siding and CHPs. Maintenance and up-keep of all such fixed sprinklers installed during previous years.
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. Heavy duty 28 KL Water Sprinklers have been procured and deployed in the mines.
5. Environmental Telemonitoring of Underground Environment from surface Installed device at Orient mines.
6. Work awarded for installation of two more Instant Shower System. Two such systems are operational at Bharatpur and Lingraj OCPs. These are fully automatic, sensor operated, fine nozzle mounted, fixed sprinkler system which provide mist shower to the coal trucks when it enters the showering zone. The shower automatically stops once the truck leaves the showering zone, thus conserving water and energy.
7. The Mobile Nitrogen Generating Plant for fire prevention and fire fighting was used in Orient Area and in Samleswari OCP under an R&D programme
8. Green belts have been created between residential area and mine infrastructure for dust control.
9. Tender was opened for procurement of 6 Nos of Multipurpose Hydroseeder-cum Fire-Water Tender. This machine will be used for the following purposes :

- Fire fighting
- To be used as Hydroseeder i.e., throwing of seeds on the OB dumps with the help of water.
- To be used for watering the plants on the slope of OB dumps 20-30 mtr. height and also to be used for watering the roadside plants.
- To be used as water sprinkler.

#### 18.4 Water pollution control measures

1. Effluent from mines, workshop, settling ponds and spoil dumps are made to conform to standards of

2. 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 (MDTPs) have been provided in each mine before the water discharge point to surface or nalas. Integrated MDTPs have been constructed in Lakhanpur, Belpahar, Samleswari and Jagannath OCPs. In these Integrated MDTPs, mine effluent and workshop effluent are combined, required amount of chemicals are added to the combined effluent through Chemical Dosing arrangement and Flash mixer. After chemical dosing the effluent is allowed to settle in big parallel settling chambers. Through coagulation action suspended solids in the effluent get settled and treated effluent comes in to the clear water chamber from where it is either pumped back for industrial purposes or allowed in the paddy fields/nalas on public demand.
4. Garland drains have been provided near the toe of OB dump as well as quarry boundaries.
5. Water is monitored at all the discharge points and all the parameters remain within prescribed limit.
6. Sewerage treatment plant, for domestic waste water treatment, has been operational at Nehru Satabdi colony, Bharatpur, Ananta Vihar Colony, Jagannath Colony, Samleswari Colony and Belphar-Lakhanpur Colony.
7. A study was undertaken on the operational efficacy of the STPs, MDTPs and ETPs and the corrective measures were taken as per recommendation of the study team.

### 18.5 Noise and ground vibration control measures

1. Green belts have been created between the residential colonies and the mines and their infrastructural facilities like CHPs, Railway Siding, Workshop etc. to attenuate the noise level and to arrest the movement of dust.
2. Workers exposed to noise beyond permissible limits have been provided with earmuffs and ear plugs.
3. Non electric detonators like NONEL, RAYDET etc are used for blasting.
4. Controlled blasting practice adopted wherever it is necessary.
5. Surface Miners are being used at Lakhanpur, Lingaraj and Bharatpur mines, which effectively controls noise and ground vibration.

### 18.6 Environment monitoring and environmental audit

1. Regular monitoring of Air, Water, Noise and Soil are carried out including micro meteorological studies through Government agencies whose laboratories are duly recognised by MOEF in this regard.
2. Methodology, frequency of monitoring etc. are strictly as per the latest Gazette Notification.
3. The results of monitoring are scrutinised by a senior officer at headquarter and any upward trend is immediately brought to the notice of the project authorities for taking necessary corrective measures.
4. Results of monitoring are submitted to SPCB on monthly basis and to MOEF on half-yearly basis.
5. Environmental audit was conducted in each project by a multi disciplinary audit team and environmental statement was submitted to SPCB and MOEF.

### 18.7 Training and Organisation

1. CGM(Envt) completed his Ph. D. in Environmental Science.
2. One officer completed M.Tech. course in Environmental Science and Engineering from ISM, Dhanbad.
3. A number of employees are undergoing 2 years Master's degree programme in Ecology and Environment conducted by Indian Institute of Ecology and Environment, New Delhi.
4. Services of these officers are utilised at Hqr. and in opencast areas as Nodal Emt. Officer.
5. All the six World Bank aided projects of MCL have full-time Environment Officer at project level and Area level.
6. Chief General Manager (Environment) who is directly reporting to Director (Technical) heads the environmental organisation.
7. All the executives working in Environment Deptt. have undergone tailor-made 13 weeks/6 weeks/2 weeks course in environmental management in mining areas at ISM, Dhanbad.

### 18.8 Environmental Telemonitoring

1. Environmental Telemonitoring system has been commissioned in Mine No. 3 Orient Area and it is working satisfactorily.
2. Further, all the underground mines of MCL are going to have the same system in due course.

### 18.9 Environmental Awareness

1. Environment Week was celebrated in June 2001 starting with World Environment Day on 5th June in all the mines of MCL.
2. Month long Van-Mahotsava was also celebrated this year which was

inaugurated on 5th July, 2001 by CMD.

3. Basically the programmes undertaken during the Environment Week/Van Mahotsav includes Prabhat Pheri/Environmental 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, Environmental Slogan Competition, wide circulation of Environment Booklets. Training Manuals, screening of Videocassettes on Environment Theme, Organising Cycle Rally/ Street plays, etc.
4. For Environmental Awareness Training programme are arranged at regular interval for employees of MCL on the subject of Environmental Management in Mining Areas.
5. A video documentary was prepared on the protection and improvement of environment in MCL. The film was screened before the Chief Secretary, Orissa and the Board of Directors, MCL.

#### 18.10 Environmental Award and Recognition

1. Indo-German Environment Excellence Award for 2000-2001, organised by Greentech Foundation, New Delhi and Centre for the International Transfer of Environmental Technologies, Germany was bagged by MCL for outstanding achievement in the field of Environmental Management. The award was received at Agra on November 30, 2001.
2. TERI has extended special invitation for MCL to join as a member of Corporate Roundtable Development of Strategies for the Environment (CORE), on exclusive group of Companies which included NTPC,

TISCO, TELCO, ONGC, PTC etc. but it has not so far included CIL or any of its subsidiaries. MCL thus has the honour of being the first subsidiary of CIL to be invited to join the Club.

3. MCL was short-listed by the Award Committee for 'TERI Corporate Environmental Award 2001-2002. The case study submitted by MCL for this purpose was appreciated and was selected for publication as one of the best case studies. TERI would bring out a compendium of the best judged case studies.

#### 18.11 Environmental R&D

1. A R&D Project approved by CIL, R&D Board was taken up at Samelswari OCP. The project was named as "Determination of Efficacy of (a) Soil sement, (b) Soil sement in conjunction with nitrogen and (c) only nitrogen for prevention of spontaneous heating on the coal stock piles". Application of soil sement as well as soil sement in conjunction with nitrogen showed a good result in postponing the outset of fire in the coal stock piles by about 6 months. However, further application of soil sement is recommended on more coal stocks. Total expenditure on this project was Rs.4.781 lakhs.
2. From MCL fund, R&D Project named "Consultancy Research-cum-Demonstration Project-Bio-Technological Reclamation of Over-Burden Dumps (OBDs), Wasteland and Vacant Blocks in Talcher and Ib Valley Coalfields of MCL through plantation of Medicinal and other multi-purpose. Indigenous species"- was undertaken by CFRI, Dhanbad. Plantation over 100 ha. degraded land was taken up of which 52.8 ha. has already been completed during the financial year 2001-2002. The total outlay for the above research cum demonstration project covering 100 ha. would be 1.4 crore.

### 18.12 ISO-14001 Certification

Under institutional strengthening programme of ESMP, work has been awarded to CMPDI for implementation of ISO-14001 at Samleswari OCP in order to achieve certification. CMPDI is on the job.

**GIS :** A scheme has been prepared by CMPDI for establishment of a Centre for Geographical Information System (GIS) at MCL, Hqrs. IIT, Kharagpur is also working on preparation of an integrated scheme which includes GIS and Networking.

### 19. SALES AND MARKETING PERFORMANCE

During the year, MCL has achieved its highest off-take since its inception, i.e. 49.06 Million Tonne against AAP target of 45.00 Million Tonne registering achievement of 109 % of the target and growth of 3.6 % over 2000-2001. The above performance could be achieved despite recession in market and restrictions imposed by major consumers from time to time.

#### 19.1 Demand and Off-take

Against demand of 45.00 Million Tes., MCL achieved off-take of 49.06 Million Tonne Sector-wise break up of demand vis-a-vis off-take during the year as compared to same last year is given in the table below :

(Figs. In Million Tonne)

Sector	2001-2002		2000-2001	
	Target	Actual	% Achieved	Actual
Power (Incl.CPP)	41.71	44.99	107.9	43.52
Cement	0.36	0.25	69.4	0.37
Others	2.88	3.79	131.6	3.41
Colly. Consumption	0.05	0.03	60.0	0.04
<b>Total</b>	<b>45.00</b>	<b>49.06</b>	<b>109.0</b>	<b>47.34</b>

#### 19.2 Wagon loading

Daily average wagon loading achieved during the year is 3838 FWs against AAP

target of 3406 FWs, which is the highest since inception of MCL. Wagon loading achieved during previous year was 3630 Fws/day.

### 19.3 Marketing and modernisation in despatches

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

Fuel Supply/Agreement (FSA) for supply of coal has been signed with APGENCO for its Vijayawada TPS and NALCO for its units at Angul and Damanjodi.

During the year, Belpahar Permanent Siding (BOCM-III) started operating thereby adding one more despatch point at Ib Field.

MCL started loading of BOBR wagons, (-) 100mm size from Talcher Field for supply of coal to TNEB through Mechanised Coal Handling Plant at Paradip port. Similarly, at Ib Field, all the sidings except Orient siding has been converted for loading of (-) 100 mm size coal.

### 20. COAL QUALITY IMPROVEMENT

**20.1** During the year various measures for ensuring proper quality of coal despatch were intensified against despatch of 49.029 Mt. The number of complaints received is one(1) in comparison to that of last year which was three(3).

**20.2** Following steps were taken by the 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 supervisions of loading at sidings have been extended to more number of consumers during the year.
- (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, sample analysis, are being conducted by a team of officers from Company HQ to ensure proper quantity and quality of despatch.
- (v) Third party sampling/analysis is in vogue at MSEB and WBPDC. Third party sampling/analysis is continuing for SAIL by mutual agreement between MCL and SAIL. Joint sampling continuing for APGENCO and FSA has been signed, which has raised the company's image in the market for better consumer satisfaction.
- Further KPCL is also receiving coal through joint sampling with mutual settlement with MCL. Joint sampling for other Power Houses is also continuing as usual.
- (vi) Four Analytic laboratories viz. Orient, IB Valley, Jagannath, and Lingraj has been equipped with modern equipment in addition to normal system of analysis e.g. Auto Analyser for proximate analysis and Bomb-calorimeter for determination of GCV.
- (vii) These equipment enable us to determine the grade of coal despatch within a period of 2 hours. This has helped for quickly monitoring the quality of coal available in colliery stocks, sidings and the quality of coal being mined.
- (viii) Stone/Shales picking arrangements have been intensified at Balanda, Talcher, Lajkura and Belpahar.
- (ix) Quality improvement by selective mining by introduction of Surface Miners at Lakhanpur, Lingraj, Bharatpur and Kalinga Project.
- (x) Electronic Rail Weighbridges with print out facility are existing at all sidings. Apart from this, Company has provided nine standby Rail WBs for achieving the target of 100 % weightment.

- (xi) 100 % coal despatches by rail, belt and MGR was done of crushed coal using CHP 's and FB's.
- (xii) Out of total despatches of 49.029 Mt., 97.30 % was weighed with electronic printout in 2001-2002 against 97.48 % in 2000-2001 and 96.64 % in 1999-2000. Moreover the Company achieved 97.40 % overall weightment in March, 2002. Despatches through modes other than Rail/MGR were 100 % weighed.

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

36.944 MT of crushed coal were despatched through CHP during the year against 35.729 Million Tonnes of Crushed Coal compared to last year. 7.80 MT of Coal was produced through "Surface Miner" at Lakhanpur, Lingaraj and at Bharatpur Projects during the year.

	2001-2002		2000-2001	
	Crushing Capacity in Mty	Coal despatched through CHP (Mty)	Crushing Capacity in Mty	Coal despatched through CHP (Mty)
Coal Handling Plants/Feeder Breakers	45.7	36.944	45.7	35.729
% utilisation of Crushing capacity of Plant		80.84	78.18	
% Growth	3.40			

#### 20.3.1. The functional points of these CHPs are as follows :

##### Major CHPs :

Area	Location Of CHP	Capacity(Mty)
Jagannath	Jagannath OCP	2.0
	Balanda OCP	1.2
Kalinga	Bharatpur OCP	3.5
Lakhanpur	Belpahar CHP	3.5**
TOTAL		10.20

\*\* No crushing. Crushed coal transported from Belpahar/ Lakhanpur.

**Mini CHPs/ Feeder Breakers :**

Area	Location Of CHP	Capacity(Mty)
Jagannath	Jagannath OCP	4.0
	Ananta OCP	7.0
Kalinga	Kalinga OCP	4.0
Ib-Valley	Lajkura OCP	2.0
	Samaleswari OCP	5.0
	Lilari OCP	1.0
Lakhanpur	Belpur OCP	2.0
	Lakhanpur OCP	5.0
Lingaraj	Lingaraj OCP	6.0
Basundhara	* Basundhara OCP	1.0
Hingula	Hingula OCP	2.0
<b>TOTAL</b>		<b>39.0</b>

During the year Feeder Breakers were modified to give product size of (-) 100 mm coal which gives an additional revenue of Rs. 20.40 per tonne. This is a substantial gain for the Company with minimal of investment.

**20.4 Details of Weighbridges**

Types of weighbridges	2001-2002	2000-01
1. Road weighbridges (Mech)	4	4
2. Road weighbridges (Electronic)	32	32
3. Rail weighbridges (Electronic)	22	22
4. % Weighment during the year ( By Rail)	96.92	96.76
5. % Weighment during the year (Overall Weighment)	97.30	97.46

The percentage of overall weighment of Coal despatched to consumers achieved during the year is 97.30 % against 97.46% for the previous year whereas total "RAIL" despatch weighment was 96.92 % during the year compared to 96.76% achieved during the last year. Due to heavy monsoon and flooding of tracks, performance of some of the weighbridges were affected, otherwise percentage of weighment would have been more.

**21. SAFETY AND RESCUE**

**21.1** The goal of MCL is to strive continuously for improving the safety standard in all the

mines of MCL and to enhance the safety awareness amongst the workers and staffs of the company. Regular interaction is continued with the workers representatives, DGMs officials and corporate executives to maintain a high level of safety in all the spheres of working.

**21.2 Steps taken for improving safety**

- All the fatal and serious accidents are being analysed at every level to find out the cause and possible steps to be taken for their prevention.
- Regular safety committee meetings are being conducted at unit level with every section of workers.
- On the job training are being imparted to the operators and maintenance staffs by the site engineers of OEM.
- Every section of workers including contractors' workers are being trained at the GVTC/VTC.
- Five Safety drives were held on alternative months on different subjects.
- Annual Mines Safety Week was observed between 18-02-02 to 24-02-02.
- Trade test among group of workers of different categories was conducted during Annual Mines Safety Week' 2002.
- Timber support has been replaced by roof bolting and roof stitching in all development districts.
- To review the status of implementation of various safety aspects 5th safety audit have been conducted by two Dy.DGMS (Rtd.)
- To develop better safety awareness amongst workers, supervisors and executives, Tripartite Safety Committee meeting at Company level and Area level are being held regularly.
- Periodic Medical Examination target was completed for the year 2001.
- Internal and external safety circulars have been circulated upto unit level.

- Check survey of all underground mines were conducted in between April-June' 2001.
- Auditing of all CHPs of MCL and their strengthening as per design of CMPDIL.

### 21.3 New Safety Technology Adopted

- Introduction of Surface Miner at Kalinga Opencast mine near village area which eliminates drilling, blasting and crushing operations.
- A Gas Chromatograph have been procured for testing of gas samples collected by different underground mines instantaneously.
- Water spraying by Jet sprayer system upto a circumference length of 40m installed at Lakhanpur railway siding for dust suppression.
- 20T capacity tipping trucks have been introduced at Jagannath and Hingula Opencast mines for better safety performance.

### 21.4 Research and Development

- Seminar on "Risk Assessment and Prevention of Accident" have been conducted and participated by all level officials including unit level also.
- A study is conducting by CMRI on behalf of MCL i.e. "Three Dimensional Subsidence Prediction" for caving method under forest land.

### 21.5 Rescue

One Mines Rescue Station has been established at Brajaraj Nagar for Ib Valley Coalfields serving 05 underground mines of Orient Area. One Rescue Room with Refresher Training facility (RRRT) is functioning at Talcher Coalfield serving three underground mines of Talcher Area. Mines Rescue Station, Brajaraj Nagar got permission under Rescue Rule 3(1) to function as a full fledged Rescue Station with initial training facilities. Last year thirty-eight persons have been imparted initial training in three batches. MRS,

Brajaraj Nagar and RRRT, Talcher have been fully equipped with modern rescue apparatus e.g. BG-174, Travox-120, Computerised testing quaster-II etc. All the underground mines are within reach of thirty minutes from respective MRS/RRRT.

### 21.6 Accident Statistics:

Sl No.	Particulars	2001-02	2000-01
1.	No. of fatal accident	05	02
2.	No. of fatality	05	02
3.	No. of serious accident	09	18
4.	No. of serious injury	09	18
5.	<b>Rate of fatality :</b>		
	Per. M. Te. Output	0.104	0.044
	Per 3 Lakh manshift	0.308	0.199
6.	<b>Rate of serious injury:</b>		
	Per M.Te. output	0.188	0.401
	Per 3 Lakh manshift	0.554	1.075
7.	<b>Place wise fatality:</b>		
	UG	2(2)	-
	OC	3(3)	1(1)
	AG	-	1(1)
	<b>Total</b>	<b>5(5)</b>	<b>2(2)</b>

## 22. COMPUTERISATION

MCL has embarked on a massive computerisation drive in a phased manner to enable the company to manage its business efficiently and smoothly, taking the maximum advantage provided by the new changes and developments in the field of Information Technology.

The achievements during the year are given below :

- 22.1 OMMS :** Last Financial year, MCL had implemented OMMS in Jagannath Regional Store. During the year we have installed OMMS server in Samleswari, Belpahar, Central Workshop Ib Valley, Central Workshop Talcher, and Talchr Regional Stores. OMMS is based on the Client Server architecture with Pentium III servers and modes and Oracle RDBMS with Developer 2000 front end. Modifications are being carried out to cater to local requirements.

**22.2 Area Computerisation :** MCL has installed computers at Talcher Area, Kalinga Area, Lingaraj Area, Orient Area, Basundhara Area and MCL HQ. for functional applications. All these functional applications have been developed in Oracle RDBMS and Developer 2000 front end on a Pentium III based Client-Server architecture. The existing COBOL and dBase applications/data have been/ are being migrated to Oracle. All areas, including MCL, HQtr are in various stages of implementation of the application software.

**22.3 Daily Attendance :** Recording has been successfully implemented in MCL HQ. and Lingaraj Area. The attendance captured by this system is fed into the Payroll system for salary preparation of employees. The same shall be introduced in all the areas during the year 2002-2003.

**22.4 Addition of PCs :** MCL had added 157 standalone PCs at various location in projects, Area offices, HQ. etc raising the total number of PCs population in MCL to 424, as part of the computerisation plan of MCL.

**22.5 Training :** Training on the basics of computers and their operation is continuously imparted to users. Training in Oracle and Developer 2000 has been imparted to all systems executives.

**22.6 Internet connections :** MCL has given Internet connections to various departments of MCL HQ and Areas to enable them to get valuable information of products and services from their desktops itself.

**22.7 Bilingual Software :** As per the directives of the Ministry, Bilingual Hindi software for PCs were procured and installed in different departments of MCL HQ as well as areas.

**22.8 Coal-net :** MCL is actively participating in the early implementation of Coal-net project of Coal India Ltd.

## 22.9 Future Programmes

- (i) Integration of all area servers to MCL HQ. through LAN / WAN to provide smooth flow of data from units to HQ. This will provide timely and integrated MIS reports and quick decisions.
- (ii) MCL HQ. will be connected to CIL, Kolkata and MOC Delhi through Coal-net.
- (iii) Further, it has been decided to provide a PC to each executive of M1 rank and above, bringing thereby the total PC strength to 500 by the next financial year.
- (iv) GIS and TDS have been planned to be introduced for two projects in the coming year.

## 23. TELECOMMUNICATION

The telecommunication network of your Company is being upgraded keeping in pace with the increasing requirement of efficient and reliable communication system.

1. One "600 lines Digital Electronic Telephone exchange" at corporate office is serving the communication requirement of office and the colonies with closed loop dialling system providing communication internally and externally. Further one "96 line EPABX" has been installed at Anand Vihar which is interfaced with 600 lines EPABX at corporate office for better communication.
2. The Digital MART Exchange of all areas of MCL and that at MCL Hq. have been integrated with 600 line EPABX by closed loop dialling facility for communication from MCL HQ to Areas/Projects and vice-versa.
3. Satellite communication has been established between MCL HQ. and Jagannath Area/other Areas of Talcher Coalfield by using VSAT terminals.



4. VHF communication system in MCL HQ and other Areas are being upgraded.
5. Internet connection has been provided to top level executives from BSNL.
6. Internet connection has been provided in the office of CMD by installation of FTDMA VSAT through National Informatics Centre, New Delhi.
7. A Key Telephone System(KTS) has been installed at corporate office for direct communication between CMD and Senior level executives.
8. MCL is operating its own web-site through National Informatic Centre, Kolkata.
9. VSAT Network is being implemented through National Informatics Centre, New Delhi under the COAL-NET Programme, Phase I CIL.
10. All areas have got its won EPABXs with DoT/ BSNL interface for internal and external communication.

## 24. DEVELOPMENT OF ANCILLARY INDUSTRIES

- 24.1 During the year, 7 Provisional Ancillary Units were granted ancillary status thereby increasing the number of Ancillary Units from 52 to 59 and reducing the number of Provisional Ancillary Units from 37 to 30.
- 24.2 During the year, MCL participated in the 16th Annual State Level convention of OASME on 12th August, 2001 at Balasore. Besides above, MCL represented in the Interaction meet with SISI Units held on 10.08.2001 at SISI, Cuttack. Furthermore, MCL participated in the Interactive meeting with UCCI of Orissa on 28.12.2001 at Bhubaneswar.
- 24.3 Total amount of supply orders placed during the year, on Ancillary Units stand at Rs. 6.49 crore compared to Rs. 6.31 crore in the last year.

## 25. EXPENDITURE ON ADVERTISEMENT AND PUBLICITY

During the year an amount of Rs.232.35 lakh was spent on Advertisement and Publicity against Rs.240.77 lakh in previous year as briefed hereunder:

	(Rs. In lakh)	
	2001-02	2000-01
<b>1. Advertisement for :</b>		
(a) Tender	195.75	192.22
(b) Other	0.61	-
<b>2. Publicity</b>	35.99	48.55
<b>Total</b>	232.35	240.77

## 26. WORLD BANK ASSISTANCE

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

**26.1.1 Group-A New Sub-Projects :** The objective was to procure the balance HEMM and other major P&M to enable the project to achieve its targeted production capacity.

### Sub-Projects :

#### Ib-valley Coalfields :

- |                  |        |
|------------------|--------|
| 1. Lakhanpur OC  | 5 Mty. |
| 2. Samleswari OC | 3 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 was to replace HEMM to maintain current level of production.

### Sub-Projects:

#### Ib-Valley Coalfields:

- |                |         |
|----------------|---------|
| 1. Belpahar OC | 2.0 Mty |
|----------------|---------|

#### Talcher Coalfields :

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

**26.2** The Loan Agreement for CSRP was signed between the World Bank and Coal India

Limited and the same has become effective w.e.f. 17.6.1998. A subsidiary Loan Agreement was signed between Coal India Limited and Mahanadi Coalfields Limited, wherein Coal India Limited has agreed to on lend to Mahanadi Coalfields Limited US \$ 48.58 million to enable the Subsidiary to perform the work under CSR from IBRD and equivalent amount from JEXIM Bank.

26.3 All HEMM under stage 'A' of CSR equipment supply schedule have been received as per details given below :

Sl.No	Equipment	Received (No.)
01.	70T Crane (TIL)	02
02.	50T Dumper (BEML)	44
03.	50T Dumper(HML)	30
04.	2.8m3 Diesel Back Hoe (BEML)	01
05.	4m3 Backhoe (BEML)	07
06.	5m3 Ele. Rope Shovel	01
07.	310KW BD-355 Crowler Dozer	27
08.	Wheel Dozer CAT(HML)834B	08
09.	5.7m3 front End Loader	01
10.	CAT16H Grader (HML)	04
11.	SBSH 250mm Drill	03
12.	RECP 160mm Drill	04
13.	IR Drill 160mm	05
14.	Water Sprinkler 28KL.	04
15.	Tyre Handler	01

Procurement action for stage "B" has been cancelled under the mutual agreement between CIL and Bank.

26.4 Environmental and Social Mitigation Projects (ESMP) have been approved by the World Bank and are under implementation in World Bank funded Projects upto June 2002. A loan of US \$ 11.56 million has been granted by International Development Association (IDA) for meeting the expenditure related to ESMP.

26.5 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.

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

26.7 All the activities of Environmental Action Plan, Rehabilitation Action Plan and Indigenous Peoples Development Plan have been implemented as per approval of the Bank.

26.8 All the cross-conditionalities between ESMP and CSR under schedule-9 of Loan Agreement, have been fulfilled by the covenanted dates.

26.9 Expenditure in ESMP is Rs.34.30 crore (audited) for which claim for reimbursement submitted.

## 27. HUMAN RESOURCE DEVELOPMENT

### 27.1 Manpower

The Company's manpower as on 31.3.2002 compared to that of 31.3.2001 is indicated below :

Category	As at 31.3.2002	As at 31.3.2001
Executives	1360	1360
Supervisors	1907	1889
Highly skilled	6647	6579
Semi skilled : Time Rated	8340	8531
Piece Rated	2129	2307
Ministerial	1744	1703
Badlies	71	177
Company Trainees	03	21
Ex.CMWO/Others	17	18
<b>Total</b>	<b>22218</b>	<b>22585</b>
Apprentices	10	12
<b>Grand Total</b>	<b>22228</b>	<b>22597</b>

27.2 The year under review saw some dominant trends in HRD activities in MCL :

(a) Emphasis shifted to need-based programmes e.g. Hindi word

processing skills, computer programmes for MS Project, New technology area, safety aspects.

- (b) Coaching classes for first class and second class candidates for appearing in the Manager-ship competency examination had been arranged by HRD this year. About 80 candidates attended the above coaching class. Coaching classes for supervisors (E&M, Excavation, Personnel Candidates) were arranged for appearing in the examination for promotion to the post of executives.
- (c) The Supervisors and critical manpower drew more attention of the institute. 29 persons passed Electrical Supervisors examination for Mining, 16 persons qualified in Overmanship examination and one in Surveyors'.

**27.3 In company training**

<i>Employee Group</i>	<i>2001-2002</i>	<i>2000-2001</i>
Executives	473	277
Supervisors	563	436
Workers	626	959
<b>Total</b>	<b>1662</b>	<b>1672</b>

It may be noted that the refresher courses for operators and maintenance crew which used to be conducted at the Institute, are now being conducted at Group Vocational Training Centres and therefore are not included in the workers training in company.

**27.4 Training Outside**

<i>Employee Group</i>	<i>2001-2002</i>	<i>2000-2001</i>
Executives	573	618
Supervisors	119	41
Workers	349	69
<b>Total</b>	<b>1041</b>	<b>728</b>

**27.5 Apprentices**

There were 144 trade apprentices (land-losers etc) registered with RDAT at the end of the year .

There are 25 PDPTs (Mining) and the 10 PDPTs (E&M, Automobile) under going one year practical training in MCL.

**27.6 Company's Own Trainees**

This group is not registered anywhere. They are undergoing basic training for operation and maintenance of HEMM to cater to the needs of the Company. During the year, 51 HEMM Operators have been trained to fulfil the needs of the Company.

**27.7 MANAGEMENT TRAINING INSTITUTE**

During the year, the Management Training Institute conducted 10 Middle Management Programmes for executives of E4 & E5 grade, 09 Development Programmes for Supervisors, 09 Computer Awareness Programmes for both executives and non-executives. Besides these, 07 programmes on Hindi Software and 07 programmes on MS Project were also conducted during the year. The MTI conducted pre-test Training Classes for departmental examination of Sr. PA to PS and Foreman I/C to Engineer (Excavation) and First and Second Class Mine Manager's Examination.

Further, Seminars on Samundra Manthan, Contract Labour, Problems of Working Women, Post based Reservation Policy, etc. were also conducted during the year.

MTI also conducted several programmes for promoting Rajbhasa. Among them are three programmes on Hindi Patrachar Prasikhana, one Rajbhasa Paricharcha and Coaching Classes for the 'Praveen' examination.

**28. SCHEDULED CASTES AND SCHEDULED TRIBES**

Due to ban on outside recruitment, no outside recruitment action has been made during the year. MCL is following the instructions as per the Presidential directives issued by the Govt. of India in regard to employment of SC/ST.

The percentage of SC/ST employees is as under :

Total employees As on 01.01.2002	No. of		Percentage of	
	SC	ST	SC	ST
22342	2153	1242	9.64	5.56

though there were 2(two) Strikes in MCL the details of which are as under :

Year	No. of Strike	Produc- tion Loss		Mandays Loss	Remarks
		Coal	OB		
2001-02	02	3,70,754.6	4,39,688	38227	One Strike from 2nd Shift of 09.06.01 to 1st shift of 11.06.01 at Ananta of Jagannath by Operators (Loss- Coal -Nil, OB- 22000 Cum, Mandays -200) and Second strike from 3rd to 5th Dec' 01 as a part of strike call given by Central Trade Unions namely, BMS, AITUC and HMS for strike in Coal Industry. (Loss : Coal 370754.6, OB-417,688 and Mandays - 38027)

## 29. PARTICIPATIVE MANAGEMENT

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

- a. Joint Consultative Committee
- b. Welfare Board
- c. Tripartite Safety Committee
- d. Sports Promotion Committee

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

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

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

All the above committees/ fora discuss and decide different aspects and issues relating to Production, Productivity, Safety, Welfare etc.

## 30. INDUSTRIAL RELATION

The Industrial Relations in the Company during the year was peaceful and cordial

## 31. ABSENTEEISM

The overall absenteeism during the year was 15.41% of the total mandays. As regards dealing with high rate of absenteeism among PR workers consistent efforts are being made to bring down the rate by way of persuading the absenting employees for being regular in their duties directly and through union representatives. Even also punitive action like termination from service is imposed in case of habitual and long absenteeism cases after conducting proper domestic enquiry.

## 32. EMPLOYEES WELFARE AND SOCIAL AMENITIES

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

### 32.1 Particulars of Social Amenities

Details	Total at the end of 2001-2002	Total at the end of 2000-2001
Houses	16320	16320
% of satisfaction (Housing)	72%	72%
Water supply (filtered water generated)	8.34 MGD	8.34 MGD
Aided Schools/Institutions	34	35
Colleges	04	04
Co-operative Stores	10	10
ECCS	02	02
Bank Branches	14	14
Extension counters	12	12
Ambulances	38	38
Dispensaries	16	16
Hospital	06	06
Hospital Beds	364	364
Canteens	34	33

**32.2** During 2001-2002 an amount of Rs. 62.97 crore was spent on Revenue Heads and Rs. 20.18 crore on Capital Heads against the amount of Rs. 59.75 crore (Revenue) Rs. 5.43 crore (Capital) spent during the previous year on employees welfare and social amenities.

### 32.3 Family Welfare

Your Company could reach a figure of 2861 family planning operations during the year against the target of 2350.

### 32.4 Cultural and Recreational Activities

Sports calendar is being drawn every year to conduct the Sports and Games and Cultural activities for the benefits of our employees. During the year, MCL had organised various Inter-Area, Inter-Company and All-India Public Sector Tournaments. The MCL Golf course is considered as one of the best Golf Courses in Eastern part of India. Some of our employees and a number of sport teams are deputed for out side tournaments for better exposure. In few events Coaching Camps are organised to impart training to our sports persons. In 2001-2002, MCL had organized Coal India and All India Public Sector Golf Tournament at Mahanadi Golf

Course, MCL, Hqrs. and the Coal India Cricket tournament at Ib Valley Area. The Athletic meet was organized for physically handicapped School children at MCL Hqrs, Burla.

### 32.5 Education

Though the education is a state subject, as a social responsibility, your Company has extended financial assistance to privately managed schools like previous years. Considering the requirement of technical personnel in future for the Company, MCL is bearing 40% recurring grant against 40% seat reservation for the employees' wards at IGIT, Sarang and OSME Keonjhar. During the year, MCL extended full financial grant to 2 Central Schools and 8 DAV Public Schools. The Company has spent Rs.343.45 lakhs during the year against the expenditure of Rs. 241.24 lakh during last year for both Central and DAV Public Schools.

### 33. CAPITAL INVESTMENT ON SOCIAL AMENITIES

Details of Capital Investment on Social amenities as on 31.3.2002 vis-a-vis 31.3.2001 is briefed here under :

(Rs. in Crore)

Sl. No.	Particulars	Gross Value of fixed Assets	
		As at 31.3.2002	As at 31.3.2001
1.	Buildings	300.67	285.34
2.	Plant & Machineries	50.99	47.16
3.	Furniture, fittings and Office equipment	5.62	5.32
4.	Vehicle	3.37	3.26
5.	Development	9.74	9.13
<b>Total</b>		<b>370.39</b>	<b>350.21</b>

### 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 Coal & Mines, 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.

All possible efforts are being made to issue the documents bilingually under Section 3(3) of Official Language Act. 1963. All the letters issued in Hindi are replied to in Hindi only. Correspondence and noting in Hindi have increased considerably. Besides all advertisements, Tender Notices and Press Releases are released for publication in Hindi, Oriya and English regularly.

13 numbers of Hindi software packages have been fed to the computers to ensure progress in Hindi correspondence. It has been decided to feed 234 numbers of Hindi software packages in rest of the computers very soon.

During the year, 36 numbers of executive and non-executive have been trained in Hindi software operation by MTI, MCL.

Officials Language Implementation Committee at Hqrs. as well as in area level are co-ordinating the progress of Hindi through regular review meetings. The meetings are attended by the observers nominated by Ministry of Coal and Mines as well as Directors of the Ministry related to Official Language Department.

Rajbhasha Pakhawara -2001-2002 was celebrated from 14-09.2001 to 28-09-2001 marked by various competitions and functions, which attracted a good participation by executives, non-executives, ladies and students.

The closing -cum-prize distribution ceremony was held on 29.09.2001 wherein the successful competitors were suitably rewarded with certificates and prizes worth more than Rs. 1000/- as per the directives of the Ministry.

'Pratibha' (a quarterly literary house journal) is published in which articles, features and poems etc. appear in Hindi, English and Oriya.

Publications of "MCL News"(A Monthly News Bulletin) has been initiated, again

wherein news related to various activities of MCL family are published trilingual (Hindi, English and Oriya).

Like earlier years, this Calendar year also the Company published Annual Calendar in Hindi based on sketches and slogans on safety awareness.

A good number of Hindi and Oriya books are available in the library in order to cater the reading habits of the employees. Books on Yoga have also been distributed to the Yoga centres established in different areas of MCL including the library of Hqrs.

In order to inspire employees for use of Hindi in Official work "Appeal of CMD, MCL" was distributed among the employees of Hqrs. and areas during the celebration of 'Rajbhasha pakhawara'. Appeals issued by Shri L.K.Advani Hon'ble Union Home Minister and Shri Ramvilash Paswan, Hon'ble Union Minister for Coal and Mines were also distributed.

Executives and Staff have been awarded with Cash Prizes on the basis of maximum number of correspondences made in Hindi during the year under the 'Hindi Correspondence Incentive Scheme' implemented in MCL w.e.f. 01.08.2001.

As per the decision taken in the meeting of OLIC, various written/spoken competitions based on Hindi and Oriya Language were organised every month on the Club Days of Officers' Club, Jagruti Vihar and Kala Kendra, Anand Vihar, participated by a good number of employees, ladies and students and the successful participants were rewarded with prizes.

English words with their Hindi synonyms under the caption ' Words of the Day' are written on the white Boards kept at the entrance of Corporate Building as well as at Management Training Institute which inspires/facilitate the employees to work in Hindi.

News papers in Hindi, Oriya and English

are made available on the news stands at the entrance of the Corporate Building in order to satiate the reading habits of the employees.

Hindi correspondence Training Programmes/ Hindi Work shops were organised during the year regularly wherein 68 executives/ Non executives were benefited.

Inspection of MCL HQ and Rajbhasha Vibhag was made by the Directors of Ministry of Coal and Mines on 29.09.2001.

Bi-lingual Website (Hindi and English ) is also available in MCL (Website: mahanadicoal.nic.in)

A Seminar on 'Implementation of Official Language Policy' organised on 19.11.2001 at MCL HQ was addressed by Shri B.L.Nandawana, GM/Chief of O.L, WCL, Nagpur and the same was attended by all HODS of Hqrs.

A two week 'Hindi Writing Practice Programme' was organised at Hqrs. in order to increase the Hindi writing practice of the non-Hindi speaking executives/non-executives.

Regular coaching classes for preparing 20 numbers of executives/staff to appear at the Praveen Examination, scheduled in May, 2002 under Hindi Teaching Scheme, Govt of India were organised regularly by the Rajbhasha Vibhag, Hqrs. from January, 2002.

Shri G.K, Choudhary, Director (Personnel), MCL was honoured with the award 'Rajbhasha Shri' by Bhartiya Rajbhasha Vikash Sansthan, Dehradun on the occasion of All India Rajbhasha Seminar held at Udaipur in November, 2001.

Besides, meeting of Town Official Language Implementation Committee, Sambalpur was organised on 30.01.2002 at MCL Hqrs. under the Chairmanship of CMD, MCL/ Chairman of the committee.

## 35. VIGILANCE ACTIVITIES AND ACHIEVEMENTS

35.1 The table given below indicates the statistical view of the Vigilance activities/ performance during the year.

Particulars	Pending as on 31.3.01	New addition during 2001-02	Disposal during 2001-2002	Disposal during 2000-2001	Pending as on 31.3.02
Complaints	80	36	25	36	88
Vigilance cases					
pending investigation	5	7	10	10	2
Major penalty proceedings	11	8	3	5	16
Minor penalty proceedings	1	0	1	2	0
Pending with Inquiring Authority in Departmental Enquiries.	4*	11	7	5	8*
	Including one case subjudice				including one case subjudice

35.2 Penalties imposed during the year compared to last year arising out of vigilance cases :

	2001-02	2000-01
Major penalties	3 cases	3 cases
Minor penalties	1 case	1 case

## 35.3 Inspections conducted during the year

Inspections conducted	Number of Inspections during 2001-2002	Number of Inspections during 2000-2001
(i) Surprise Inspections	20	19
(ii) Regular Inspections	84	58
Total	104	77

## 35.4 Performance during the year

**Joint inspections with CBI :** 5(five) inspections were jointly conducted by CBI, Bhubaneswar and MCL (Vigilance) during the year. CBI has seized several documents and is verifying the matter in respect of all the inspections conducted.

**Source information :** 5(five) cases were taken up after collecting source information and conducting surprise inspections in the following matter :

1. One inspection conducted at Lakhanpur relating to external OB dump road revealed that the contractor was paid the full amount although no work was executed by the contractor. After prima facie establishing that payment was released to the contractor without getting the work executed and after approval by the Disciplinary Authority the matter has been sent to CVC for first stage advice.
2. On the basis of source information, surprise inspection was conducted in Lingaraj Area at Regional Store relating to theft of tyres wherein it was observed that in spite of having the stock, local purchases were resorted to and procurement was done at high cost and subsequent left of materials after one year of procurement revealed huge loss to the company due to omission and commission of the concerned officials. After completing investigation and prima facie establishing the irregularities and approval by the Disciplinary Authority the matter referred to CVC for first stage advice. CVC desired calling for explanations from the officials and accordingly explanations were called for and the same are under scrutiny before sending to CVC for first stage advice.
3. On the basis of source information, surprise inspection was conducted in Lingaraj Area at Regional Store and it has been observed that hose assemblies were procured much in excess at exorbitantly high rate causing loss adding to the inventory and loss to the company. Matter taken up for investigation.
4. On the basis of source information, one surprise check was carried out in Basundhara Area relating to black topping of approach road to HSD pump to KOCP revealed that the road was not constructed as per the specifications although the contractor was paid in full. Investigations have since been completed and RDA for major penalty is in progress. After investigation, major penalty proceedings were drawn against 2 officials(1 executive and 1 non-executive), minor penalty proceedings against another officer and recommended issuance of letter of caution to another non-executive employee. On admission of charge by the officials in major penalty proceedings and on the basis of scrutiny of the replies of all the 3 officials, minor penalties were imposed on them.
5. On the basis of source information, another surprise check was carried out in Basundhara Area relating to construction of 2 numbers of overhead tanks in Basundhara Area and scrutiny of the concerned files revealed that construction was taken up at exorbitantly high rate and investigation have taken up. Upon completion of the investigation, CMD, MCL, approved initiation of major penalty proceedings against 2 officials and minor penalty proceedings against 2 officials. While RDE is in progress against 2 officers against whom major penalty proceedings were drawn, in respect of other 2 officers minor penalty of "censure" have been imposed on them in the matter.

### **35.5 Important Vigilance Activities**

1. During the year, 30 persons were issued with charge-sheets arising out of vigilance cases.
2. During the year, 8 officers were imposed major penalty and 6 officers and 1 staff were imposed minor penalty.



### 35.6 Preventive Vigilance

During CVO's Co-ordination Meeting held at Puri on 6th and 7th September, 2001, Shri V.S. Mathur, Vigilance Commissioner, CVC, New Delhi addressed to CVOs and the HODs of MCL on the topic "Improving and strengthening of the Vigilance Administration in the Organisation" followed by an interactive session.

Vigilance Awareness Week - 2001 was observed in MCL w.e.f. 31st October, 2001 to 6th November, 2001. Vigilance Awareness Week commenced with oath taking ceremony and reading out the messages from Central Vigilance Commission Mr. N. Vittal, CVC, Mr. V.S. Mathur, VC, Shri L.K. Advani, Home Minister and Mrs. Sonia Gandhi, Leader of Opposition (LS). MCL, Vigilance Department organised two workshops on "various facets of vigilance" on 03.11.2001 from 11 AM at Belpahar Training Institute for all officers of Ib field covering Basundhara, Garjanbahal, Ib Valley, Orient, Lakhanpur and CWS, Ib Valley and on 06.11.2001 from 5 PM at Jagannath Area for all officers of Talcher field respectively. Besides, a debate competition on "Need of honesty in today's context" was organised at Hqrs. on 5th November, 2001 and winners were given prizes. Officials of MCL were informed about Citizens Guide to fight corruption issued by CVC.

As per the instructions of Ministry of Coal, 58 factories/industries situated in Orissa were physically inspected about their existence and use of coal by a team, headed by GM(Vigilance), MCL and the report was submitted to the Management during November, 2001.

As per the directives of the Ministry relating to coal stock measurement, during the annual and half-yearly coal stock measurement some checks were conducted at different projects and interactions were made with Surveyors and Team leaders regarding the documents produced by the Project Authorities and

about any possible shortages. At most of the places in MCL the stocks have gone down considerably and as informed by CIL Coal Inventory Teams no irregularities were detected by them.

All officers of Agreed List working in sensitive positions have been transferred to non-sensitive places during the year.

Property Returns and Personal Files of all the Agreed List officers have been scrutinised.

Number of cases referred to CVC for first stage advice during the year are as under:

Particulars	During 2001-2002		During 2000-2001	
	1st stage advice	2nd stage advice	1st stage advice	2nd stage advice
No. of Cases	6	1	2	3

During the year, in 2 (two) cases (i.e. VC-7/00, VC-7/01) 1st stage advice of CVC has been received and as per CVC's advice charge sheets to the concerned officials issued for major penalty proceedings and departmental enquires are in progress.

During the year, in 1 (one) case (i.e., RDA-2/99) 2nd stage advice of CVC received on 22.02.2001 and as per the advice of CVC the Charged Officer was imposed a punishment of reduction by one stage in the existing timed scale of pay for a period of one year without cumulative effect by CMD, MCL vide Order No. 570 dated 18.05.2001.

In one case after CVC's 2nd stage advice, CMD, MCL, differed with the advice of CVC and the matter was sent back to CVC for review and as per the advice of CVC matter sent to Ministry of Coal for their comments.

During the year on the basis of investigations conducted major penalty proceedings were initiated in 8 cases and in 11 cases Inquiring Authorities and Presenting Officers have been appointed for holding departmental enquiries. Presently there are 6 cases where the Disciplinary Authorities are to take a

decision on Inquiring Authority's report/ CVC's 2nd stage advice in respect of 12 officials .

### 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 2001-2002.

#### 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 Comptroller and Auditor General of India will be approached for appointment of auditors for the year 2002-2003.

### 37. FIXED DEPOSITS

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

### 38. AWARDS

Mahanadi Coalfields Limited received following awards during the year.

1. MCL has received Greentech Environmental Excellence Award for 2000-2001 at the inaugural function of a two-day International Conference on Environmental Management held at Agra. This award has been instituted by the Greentech Foundation, India and Center for International Transfer of Environmental Technologies, Germany.
2. Shri R.K.Chechani, CMD, MCL has been honoured with the Best Chief Executive Award for distinguished services in the field of Public Sector

Management by Academy of Mass Communication, Bhubaneswar. Shri G.K.Choudhary, Director (Personnel), MCL has been honoured with the Best Personnel Executive in the field of Personnel Management. The award was given away by Hon'ble Finance Minister, Govt. of Orissa.

3. On 27th March, 2002, MCL has received National Safety Award for Lowest Injury Frequency rate for Kalinga OCP for the year 2000 from Hon'ble Vice President of India at New Delhi.

### 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

Seven Board Meetings were held during the year.

### 42. BOARD OF DIRECTORS

During the year under review, Shri R.K. Chechani, Chairman-cum-Managing Director, Shri G.K. Choudhary, Director(P), Shri Mayukha Sengupta, Director(F), and Shri S.P. Singh, Director(T) continued as functional Directors.

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

Shri M.K. Sinha, Director(Tech.), CIL and Shri APVN Sarma, Joint Secretary, Ministry of Coal continued as part-time Directors on MCL Board during the year.

However, Shri N.K. Sharma, Chairman, CIL was on Board upto 31.01.2002 and Shri Devdas Chhotray, Joint Secretary, Ministry of Coal was on Board upto 06.11.2001.

#### **43. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed.

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2002, the applicable accounting standards had been followed along with proper explanation relating to material departures ;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review ;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- (iv) that the directors had prepared the accounts for the financial year ended 31st March, 2002 on a 'going concern' basis.

#### **44. AUDIT COMMITTEE**

Though not mandatory as per the provision of Companies Act, 1956 but in pursuance of excellence and better corporate governance and following the directives of Coal India Limited, the Holding Company, an Audit Committee constituting the Joint Secretary, Department of Coal, Ministry of Coal and Mines, New Delhi, Director(Finance), CIL, Kolkata, Director(Technical), CIL, Kolkata and Director(Technical), MCL, Sambalpur was created by the MCL Board in its 52nd meeting held on 24th November, 2001. The scope of the work of Audit Committee covers broadly the commercial aspects of the organisation.

#### **45. ACKNOWLEDGEMENTS**

- 45.1 Your Directors express their sincere thanks to the Ministry of Coal and Mines, and Coal India Limited for their valuable assistance, support and guidance. Your Directors also thank the various Ministers of the Central Government and the State Government of Orissa for their valuable support. The Directors are thankful to the Sister Organisations for the co-operation and assistance rendered by them.
- 45.2 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 all round growth.
- 45.3 The Directors also thank the valued customers profusely for their continued support, patronage and encouragement but for which the Company would not have emerged strong with.
- 45.4 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.

45.5 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.

**46. ADDENDA**

The following papers are annexed.

1. Information as required to be given in the Directors' Report under Section 217(1)(e) of the Companies Act, 1956.
2. Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act 1956.

3. Review report of the Comptroller and Auditor General of India on the Accounts.
4. Addendum to the Directors' Report under Section 227(2) and 217(3) of the Companies Act 1956.

Sd/-  
**(R. K. Chechani)**  
*Chairman-cum-Managing Director*

Sambalpur,  
Date : 13th September, 2002

ANNEXURE - I

**ANNEXURE TO DIRECTORS' REPORT**

Information as required to be given in the Directors' Report under section 217(1)(e) of Companies 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**

- (i) By maintaining the capacitor banks and running the Draglines in leading power factor, almost unity power factor in Ib Valley Coalfields and Basundhara have been achieved. The power factor of Talcher Coalfields has been achieved to as high as 0.97.

Total saving towards power factor improvement is in the tune Rs. 29.08 Lakhs. As per new tariff effective from 01.02.2001, no rebate is being paid if the power factor is maintained between 0.9 and 0.97. Rebate is admissible if the power factor is above 0.97 and upto 1.0 (unity).

- (ii) By rationalising contract demand of Jorabaga Sub-station of Ib Valley Coalfields and monitoring maximum demand of Talcher Coalfields, better Load Factor (upto 0.76) has been achieved and availing differential rate of Tariff based on load factor a savings to the tune of Rs. 526.93 Lakhs has been resulted during this financial year.
- (iii) 7 numbers 33 KV consumers and 3 numbers 11 KV consumers of Ib Valley Coalfields has been transferred to 132/33 KV, Jorabaga Sub-station. Action has also been taken to connect HRC and HBI and IWSS, Ib- Valley in this system until the permanent evacuation system is being established, which may take about 2 years. Then there will be substantial saving on account of transmission and distribution loss.

Due to reduction of the above mentioned ten consumer points to one, Rs. 130 Lakhs have been saved on account of diversity factor and lower tariff of 132 KV during this financial year.

- (iv) The payment of electricity bill for M/s WESCO is being made from MCL Headquarter in cash and for M/s CESCO is made from Jagannath Area by coal bill adjustment within rebate date, i.e. 48 hours of presentation of the electricity bill, and thus, prompt payment rebate of Rs. 78.09 Lakhs has been availed during the year.
- (v) Effort is being taken to avail the Electricity duty for domestic consumption @ 5 paise and exemption of Electricity duty for Transformation and Transmission losses. Application has been made to the Orissa Electricity Regulatory Authority and Chief Electrical Inspector, Orissa.
- (vi) Representation has been made to different authorities and Orissa Electricity Regulatory Commission for waiver of anomalies in electricity tariff.
- (vii) Energy audit reports of Nandira and Talcher underground mines have been prepared by CMPDI, RI-VII, and scrutinised by MCL.
- (viii) Draft energy audit report for Orient 2,3 and 4 underground mines has been submitted by M/s Mecon and for Rampur and Bundia mines by CMPDI, RI-VII. The above reports are being scrutinised for preparation of final report.
- (ix) The reports on Diesel audit and electrical energy audit for Bharatpur OCP have been prepared by CMPDI (HQ) and submitted to MCL for implementation, the matter has been taken up.

- (x) Steps have been taken to deploy energy efficient pumps, motors, transformers and replace lower size pipes with 200/250 mm pipes.
- (xi) Organising workshops and seminars for concerned executives and staff connected in the operation and maintenance of HEMM / and electrical plant and equipment.
- (xii) Imparting training to executives and staff in the Management Development Institute of MCL.
- (xiii) Action is being taken to have duplicate power supply system of individual projects of underground and open-cast mines to ensure uninterrupted power supply.

**2 Fuel and Lubricants**

- (i) Periodical and regular maintenance of Self-starters and Batteries
  - (ii) Periodical overhaul and checking/ maintenance of HEMM by replacement of filters and hoses. this has improved efficiency of HEMM.
  - (iii) Maintenance of Haul roads/Type pressure etc. as per required norms for HEMM. Continuous monitoring of oil and lubricant leakage and if found immediate action for stopping the leakage is being taken.
- (b) Additional Investment and proposal, if any being implemented for reduction of consumption of energy.**
- (i) Steps have been taken to stop power theft, pilferage and hooking of electricity by outsiders. In the colony of Orient Area, power distribution has been changed from Over-head conductors to underground cables. This has been proposed for all 440 Volts distribution by under ground cable to avoid over head line distribution system wherever possible.
  - (ii) Another proposal is also under consideration to avoid 440 Volt distribution system completely and having 11 KV line with small units of single-phase 11 KV/220 Volts transformers for a group of houses in both the Coalfields of MCL.
  - (iii) The scheme for Energy conservation of Nandira and Talcher under ground mines has been sanctioned and fund for Rs.110 lakhs has been allocated for procurement of cables, pipes, transformers, capacitor banks, light fittings etc. for implementing the recommendations of these reports.
- (c) Impact of measures of (a) and (b) for Energy Consumption and consequent impact on the parameters of production.**

Description	2001-2002	2000-2001	% Increase/ Decrease
<b>Electrical energy :</b>			
(I) Specific Consumption of Coal, in KWh/Tonnes	5.40	5.41	(-) 0.19
(II) Specific Consumption of Composite Production (i.e. coal + O.B. removal), in KWH/Cu.M.	3.07	2.99	(+) 2.61
<b>Fuel and lubricants:</b>			
(iii) Consumption of HSD, in litre Cu. M. of Composite production excluding Dragline production .	0.48	0.54	(-) 12.50
(iv) Consumption of Liquids lubricants, (in ltr/Cu.M of Composite Production).	0.02719	0.03017	(-) 10.96
(v) Consumption of Grease, in Kg/Cu.M of Composite production	0.00136	0.00159	(-) 16.91

Specific consumption of power could not be further improved due to the following reasons :-

- (i) Due to heavy monsoon during July to September quarter, both in Talcher and Ib-Valley Coalfields about 7.13 Million KWh electrical energy in excess has been drawn as compared to the specific consumption(coal) of 2000-2001 due to Pumping load during this period and about Rs. 236.6Lakhs extra had to be paid on account of excess drawl of power. There was complete disruption of power in Ib-Valley Coalfields, 6 numbers, 220 KV Double Circuit towers were broken down and 1 number 132 KV Double Circuit tower got dislodged. We had to switch over to 33 KV system through Remja Grid Sub-station of GRIDCO this system of feeding power continued for about two and half months and around Rs.50 Lakhs had to be paid extra for difference of Tariff between 132 KV and 33 KV.
- (ii) Over burden re-handling has increased from 1.45 Million Cu.M during 2000-2001 to 1.69 million Cu. M during 2001-2002.
- (iii) 668 more numbers of quarters have been occupied compared to last year.
- (iv) One electrical drill has been added on roll during the year.
- (v) Kalinga Area office has been completed and shifted to new complex during the year.
- (vi) Increase in illumination level in mines and haul roads as per DGMS directive.
- (vii) Increase in domestic consumption due to increase in living standards of our workers using electrical household appliances.

## FORM - B

## DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

### RESEARCH AND DEVELOPMENT(R&D)

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

R&D was carried out in the following areas :-

- (a) Fire prevention/postponement in coal stocks through infusion of nitrogen through perforated pipes laid in grooves at the floor in conjunction with capping of a chemical called Soil Sement.
- (b) Research and demonstration of Eco-restoration through plantation with new research inputs like fly ash, CFRI developed bio-fertilisers, humic acid etc.

2. Benefits derived as a result of above R&D.

- (a) Normal incubation period in coal stocks has been extended/increased by several months.
- (b) The cost of plantation and their maintenance has been drastically reduced and the survival percentage is expected to be significantly higher than achieved earlier.

3. Future Plan of Action

- (a) Application of Soil Sement along with infusion of nitrogen through perforated pipes has been recommended to be used on more dumps and in many a places MCL has to introduce this method on a more sound footing.

4. Expenditure on R & D

- (a) Capital - Rs.1.25 lakh, for R&D at 1(a) and Rs.44.7 lakh for R&D at 1(b)
- (b) Recurring - Rs. 5.53l lakh for R&D at 1(a)
- (c) Total - Rs. 6.781 lakh for R&D at 1(a) and Rs. 44.7 lakh for R&D at 1(b)
- (d) Total R&D expenditure as percentage of total turnover - 0.027%

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

1. ***EFFORTS IN BRIEF, MADE TOWARDS TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :***

(a) ***Technology Absorption :*** Technology of surface mining of coal through Surface Miners which has been introduced about three years ago in MCL mines, has been well absorbed and its use has been extended to more and more mines including, Lingaraj and Bararatpur mines besides Lakhanpur.

(b) ***Innovation:*** MCL has made some innovative adaptation in the conventional fire tenders (which are normally used in the event of fire) as a regular environment equipment to be used additionally as hydroseeder as well as mobile water sprinkler without any increase on price.

2. ***BENEFITS DERIVED AS A RESULT OF ABOVE EFFORTS :***

(a) ***Benefits of Surface Miner :***

- Besides eliminating blasting, noise and ground vibration this has been instrumental in reducing dispersion of dust during coal getting process.



- Production of Sized coal suiting the requirement of consumers and reduction in the incidence of seam fires due to absence of blasting cracks in coal seams.
- Reduction in ash content of coal, increase in sale price of coal and the known advantage in reduction of green house gases from coal utilisation.
- Eliminating the need for secondary crushing for sizing of coal through coal preparation plant and thereby improving the quality of air.

**(b) Benefits of Hydroseeder cum Fire Tender:**

- This will enable early greening with grasses of freshly deposited dumps thereby reducing the erosion rate and dusts pick up.
- It will also augment the resources for cleaning the roadside plants of dust deposits on them as well as improved dust suppression on transport road.
- Last but not the least, being in regular service as an environmental equipment, the Fire Tender will be maintained in fully operative condition for quick application in the event of fire.

**3. IN CASE OF IMPORTED TECHNOLOGY (IMPORTED DURING THE LAST 5 YEARS RECKONED FROM THE BEGINNING OF THE FINANCIAL YEAR) THE REQUISITE INFORMATION ARE GIVEN BELOW:**

- |   |   |                 |
|---|---|-----------------|
| (a) Technology imported   | : | Surface Miners  |
| (b) Year of Import  | : | 21.06.1999      |
| (c) Has technology been fully absorbed  | : | Yes             |
| (d) If not fully absorbed, areas where this has not taken Place, reasons therefor and future plan of actions. | : | Not applicable. |

**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, 2002**

**MANAGEMENT'S REPLY**

The Accounts of the company have been revised as a result of the observations made by the Comptroller & Auditor General of India as indicated in para No. 5 (g) (27) of the Auditors' Report to the shareholders and Note No. 19 of the Notes on Accounts. The following further comment is made upon or supplement to Auditors' Report under Section 619 (4) of the Companies Act, 1956 on the Accounts of Mahanadi Coalfields Limited for the year ended 31st March, 2002.

Auditors' Report : In their report {under paragraph 5 (g)} the Statutory Auditors have pointed out various comments having material effect on the financial statement of the Company which have not been given in thick type or italics as required by the Companies Act, 1956.

No Comments.

Sd/-

**(P. R. Acharya)**

*Principal Director of Commercial Audit  
And Ex-Officio Member, Audit Board-II  
Kolkata*

Dated : Kolkata  
The 13th Sept. 2002.

**REVIEW OF ACCOUNTS OF MAHANADI COALFIELDS LIMITED  
FOR THE YEAR ENDED 31ST MARCH, 2002  
BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA**

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

**1. FINANCIAL POSITION**

<i>(Rs. in Lakh)</i>			
	1999-2000	2000-2001	2001-2002
<b>LIABILITIES :</b>			
(a) Paid up Capital :	39058.09	39058.09	39058.09
(i) Others (All shares are held by Coal India Ltd., Holding Company)			
10% Cumulative Redeemable Preference Shares	20418.00	20418.00	20418.00
Equity Shares	18640.09	18640.09	18640.09
(b) Reserves & Surplus :			
(i) Free Reserves & Surplus	88355.93	104801.43	127811.30
(ii) Capital Redemption Reserve	4083.60	8167.20	12250.80
(c) Borrowing From :			
(i) Coal India Ltd., Holding Company			
(a) For Loans from IBRD & JEXIM	18923.50	21049.54	21572.22
(b) For Other Loan	2949.36	680.21	0.00
(ii) Foreign Currency Loans (Credit) (Deferred payment liabilities)	4529.02	5809.24	5978.73
(d) (i) Current Liabilities & Provisions (Excluding Provision for Gratuity)	86376.38	98729.41	92935.95
(ii) Provision for Gratuity	2340.43	3981.05	7262.68
<b>TOTAL</b>	<b>246616.31</b>	<b>282276.17</b>	<b>306869.77</b>
<b>ASSETS :</b>			
(f) Gross Block	205353.63	219912.76	232404.30
(g) Less : Cumulative depreciation	74808.89	86668.70	97362.80
(h) Net Block	130744.74	133244.06	135041.50
(i) Capital Work-in-Progress	23421.35	21394.41	20751.95
(j) Investments	0.04	0.04	0.00
(k) Current Assets, Loan & Advances	90374.48	125638.76	148914.10
(l) Misc. expenditure not written off	2075.70	1998.90	2162.22
<b>TOTAL</b>	<b>246616.31</b>	<b>282276.17</b>	<b>306869.77</b>
(n) Working Capital [k - d(i) ]	3998.10	26909.35	55978.15
(o) Capital Employed ( h+ n)	134742.84	160153.41	191019.65
(p) Net Worth [ a + b (i) - l ]	125338.32	141860.62	164707.17
(q) Net Worth per Rupee of paid up capital (In Rs.)	3.21	3.63	4.22

## 2. WORKING RESULT

The working results of the company for the last three years ending 31.3.2002 are given below :

	(Rs. in Lakh)		
	1999-2000	2000-2001	2001-2002
(i) Sales (Net of statutory levies and transportation charges)	159627.04	183183.76	193222.98
(ii) Other miscellaneous Income	12929.41	16629.20	24804.80
(iii) Profit before Tax & Prior Period Adjustments	60348.80	64073.22	71744.20
(iv) Prior Period Adjustments	- 416.16	- 61.50	- 215.87
(v) Profit before Tax	60764.96	64134.72	71960.07
(vi) Tax Provision	23109.55	24777.01	24632.36
(vii) Profit after Tax	37655.41	39357.71	47327.71
(viii) Proposed Dividend	17307.27	17085.86	20234.24

## 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 Percentage)		
	1999-2000	2000-2001	2001-2002
(A) Liquidity Ratio :			
Current Ratio [ $k / \{d(i) + c(vi)\}$ ]	104.63	127.26	160.23
(B) Debt Equity Ratio			
Long term debt to equity [ $c(i) \& c(ii)$ excluding short term loan) / a]	141.64	147.74	147.80
(C) Profitability Ratios			
(a) Profit before tax to —			
(i) Capital employed	45.10	40.05	37.67
(ii) Net worth	48.48	45.21	43.69
(iii) Sales	38.07	35.01	37.24
(b) Profit after tax to Equity	202.01	211.15	253.90
(c) Earning per share (in rupees) (Profit after preference dividend/ No. of Equity Share)	1910.59	1990.74	2429.49

**4. SOURCES AND UTILISATION OF FUNDS**

Funds amounting to Rs. 58033.81 lakh from internal and external sources were generated and utilised during the year as per details given below :

<b>SOURCES OF FUNDS :</b>		<b>(Rs. in Lakh )</b>
(a)	Funds from operations	
	(i) Profit after tax	47327.71
	(ii) Add : Depreciation	10694.10
(b)	Increase in Borrowing	11.96
(c)	Decrease in Investment	0.04
		<b>58033.81</b>
<b>APPLICATION OF FUNDS :</b>		
(a)	Additions to Fixed Assets & Capital Work-in Progress	11849.08
(b)	Increase in Working Capital (including provision for gratuity)	25787.17
(c)	Proposed Dividend	20234.24
(d)	Misc. Expenditure to the extent not written off during the year (net)	163.32
		<b>58033.81</b>

**5. INVENTORY LEVELS**

The inventory levels of stocks of stores & spares, work-in-progress and Coal etc. at the end of three years ending 31st March, 2002 are as under :

		<b>(Rs. in Lakh)</b>		
		<b>1999-2000</b>	<b>2000-2001</b>	<b>2001-2002</b>
(a)	Stocks of Stores & Spares & Medicines	10800.05	10907.16	9884.27
(b)	Work-in-progress	121.71	114.63	164.30
(c)	(i) Stock of coal & coke etc.	9072.99	5956.94	3509.69
	(ii) Provision for deterioration	986.02	595.31	350.68
		<b>(In Months)</b>		
		<b>1999-2000</b>	<b>2000-2001</b>	<b>2001-2002</b>
(i)	Stock of Stores & Spares to Consumption	6.74	5.60	4.43
(ii)	Stock of Coal & Coke to Sales	0.68	0.39	0.21

**6. SUNDRY DEBTORS**

The Sundry Debtors vis-a-vis Sales in the last three years ending 31st March 2002 are as follows :

Year as on	Considered good	Sundry Debtors Considered Doubtful	Total	Sales	%age of Debtors to Sales
31.3.2000	34432.16	8333.71	42765.87	159627.04	26.79
31.3.2001	44356.35	9462.71	53819.06	183183.76	29.38
31.3.2002	37486.88	12418.71	49905.59	193222.98	25.83

The age-wise break-up of Sundry Debtors as at the end of the year 2001-2002 is as follows :

Debtors outstanding for	Dues from PSUs/ Corporation/Board	Dues from Private Parties	Total
Less than 6 months	15638.02	600.11	16238.13
More than 6 months but less than 1 year	6200.30		6200.30
More than 1 year but less than 3 years	16230.11		16230.11
Above 3 years	11237.05		11237.05
<b>TOTAL</b>	<b>49305.48</b>	<b>600.11</b>	<b>49905.59</b>

Kolkata  
The 13th September, 2002

Sd/-  
**(P. R. Acharya)**  
Principal Director of Commercial Audit &  
Ex-Officio Member,  
Audit Board-II, Kolkata

R. M. Patra  
General Manager (Finance)  
R. K. Chakrabarti  
Company Secretary  
R. K. Chakrabarti  
Company Secretary  
R. K. Chakrabarti  
Company Secretary

R. M. Patra  
General Manager (Finance)  
R. K. Chakrabarti  
Company Secretary  
R. K. Chakrabarti  
Company Secretary

**BALANCE SHEET AS AT 31ST MARCH, 2002**

	SCHEDULE NO.	CURRENT YEAR (Rs. In lakh)	PREVIOUS YEAR (Rs. In lakh)
<b>I. Sources of Funds:</b>			
<b>1. Shareholders' Funds:</b>			
(a) Share Capital	A	39058.09	39058.09
(b) Reserves & Surplus	B	140062.10	112968.63
<b>2. Loan Funds:</b>			
(a) Unsecured loans	C	27550.95	27538.99
<b>Total</b>		<b>206671.14</b>	<b>179565.71</b>
<b>II. Application of Funds:</b>			
<b>1. Fixed Assets:</b>			
(a) Gross block	D	232404.30	219912.76
(b) Less: Depreciation		97362.80	86668.70
(c) Net block	E	135041.50	133244.06
(d) Capital work in progress	E	20751.95	21394.41
	F	Nil	0.04
<b>2. Investments:</b>			
<b>3. Current Assets, Loans &amp; advances:</b>			
(a) Inventories	G	13120.78	16368.68
(b) Sundry Debtors	H	37486.88	44356.35
(c) Cash & bank balances	I	6683.25	5570.33
(d) Other current assets	J	860.59	181.71
(e) Loans and Advances	K	90762.60	59161.69
		<b>148914.10</b>	<b>125638.76</b>
Less : Current Liabilities and Provisions:	L	100198.63	102710.46
Net Current Assets		48715.47	22928.30
<b>4. Miscellaneous expenditure (to the extent not written off or adjusted)</b>			
	M	2162.22	1998.90
<b>Total</b>		<b>206671.14</b>	<b>179565.71</b>
<b>Accounting Policies</b>	N		
<b>Notes on Accounts</b>	O		

The Schedules referred to above form integral part of the Accounts

Sd/-  
S.C. Behera  
Company Secretary

Sd/-  
B. M. Nag  
Director (Finance)

Sd/-  
R.N. Pattnaik  
General Manager (Finance)

Sd/-  
R. K. Chechani  
Chairman-Cum-Managing Director

In terms of our report of even date  
For JSS ASSOCIATES,  
Chartered Accountants  
Sd/-  
(Bijoy K Sahoo)  
Partner

Place :Bhubaneswar  
Date: 24.08.2002

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002**

	SCHEDULE NO.	CURRENT YEAR (Rs. In Lakh)	PREVIOUS YEAR (Rs. In Lakh)
<b>INCOME :</b>			
Sales	1	193222.98	183183.76
Coal issued for other purpose	2	189.82	217.61
Accretion/(Decretion) in Stock	3	-2143.99	-2801.96
Other income	4	24804.80	16629.20
<b>Total Income</b>		<b>216073.61</b>	<b>197228.61</b>
<b>EXPENDITURE:</b>			
Internal Consumption of Coal	5	62.91	80.42
Stores & Spare parts consumed	6	26131.75	23005.50
Power & Fuel Expenses	7	7728.90	7214.59
Employees Remuneration & Benefits	8	36846.08	43731.23
Contractual Expenses	9	24703.69	21905.09
Repair Expenses	10	6670.28	6344.45
Social Facilities Expenses	11	6285.98	5971.93
Other Expenditure	12	7882.64	6976.08
Overburden Removal Adjustment	13	3505.55	-3743.77
Interest	14(A)	1109.20	1741.01
Financial Charges	14(B)	340.69	329.33
Depreciation	15	12839.34	12808.67
Provisions	16(A)	3142.95	1307.88
Write off	16(B)	7079.45	5482.98
<b>Total Expenditure</b>		<b>144329.41</b>	<b>133155.39</b>
<b>Profit for the year</b>		<b>71744.20</b>	<b>6073.22</b>
Prior period adjustment	17	-215.87	-61.50
<b>Profit before Tax</b>		<b>71960.07</b>	<b>64134.72</b>
Provision for Income Tax		25416.52	25877.00
Less: Write Back of excess provision taken earlier		784.16	1099.99
<b>Profit after Tax</b>		<b>47327.71</b>	<b>39357.71</b>
Profit brought forward from previous year		85497.28	73051.78
<b>Profit available for Appropriation</b>		<b>132824.99</b>	<b>112409.49</b>
<b>APPROPRIATIONS:</b>			
Capital redemption reserve		4083.60	4083.60
General reserve		5000.00	4000.00
Proposed dividend :			
(a) Preference share		2041.80	2041.80
(b) Equity share		18192.44	15044.06
Tax on dividend		—	1742.75
		<b>29317.84</b>	<b>26912.21</b>
<b>Balance Carried to Balance Sheet</b>		<b>103507.15</b>	<b>85497.28</b>
<b>Accounting Policies</b>	N		
<b>Notes on Accounts</b>	O		

The Schedules referred to above form integral part of the Accounts

Sd/-  
S.C. Behera  
Company Secretary

Sd/-  
B. M. Nag  
Director (Finance)

Sd/-  
R.N. Pattnaik  
General Manager (Finance)

Sd/-  
R. K. Chechani  
Chairman-Cum-Managing Director

In terms of our report of even date  
For JSS ASSOCIATES,  
Chartered Accountants

Sd/-  
(Bijoy K Sahoo)  
Partner

Place :Bhubaneswar  
Date: 24.08.2002



**SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2002**

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

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 TO BALANCE SHEET AS AT 31ST MARCH, 2002

### SCHEDULE - B RESERVES AND SURPLUS

(Rs. in Lakh)

Particulars	As at 01.04.2001	Additions During the Year	Deductions/ Adjustment during the Year	As at 31.03.2002
1. Capital Redemption Reserve	8167.20	4083.60	-	12250.80
2. General Reserve	19304.15	5000.00	-	24304.15
3. Profit & Loss Account	85497.28	18009.87	-	103507.15
<b>Total</b>	<b>112968.63</b>	<b>27093.47</b>	<b>0.00</b>	<b>140062.10</b>
Previous year	92439.53	20529.10	-	112968.63

### SCHEDULE - C UNSECURED LOANS

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
1. Due to Coal India Limited, Holding Company :		
(a) For Loans from IBRD & JEXIM	21572.22	21049.54
(b) For Other Loans	0.00	680.21
	<u>21572.22</u>	<u>21729.75</u>
2. Liability for Deferred Payment :		
(a) M/S Toyato Tsusho Corporation, Japan	4323.12	4339.56
Less: Interest on Deferred payment	763.58	910.46
	<u>3559.54</u>	<u>3429.10</u>
(b) M/s Tevetmet Prem Export, Moscow	1299.73	1299.73
Less: Interest on Deferred payment	—	—
	<u>1299.73</u>	<u>1299.73</u>
(c) M/s Liebherr France S.A., France	1345.93	1439.72
Less: Interest on Deferred payment	226.47	359.31
	<u>1119.46</u>	<u>1080.41</u>
<b>Total</b>	<u><b>27550.95</b></u>	<u><b>27538.99</b></u>

## SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2002

### 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 beginning of year	For the year	With-drawn/Adjustment during the year	Provided upto end of the year	As at year end 31.03.2002	As at year end 31.03.2001
<b>A. COMPLETED ASSETS</b>										
<b>1. Land:</b>										
(i) Free hold	182.28	67.43		249.71	0.00			0.00	249.71	182.28
(ii) Lease hold	12432.35	2526.55		14958.90	2539.76	575.32		3115.08	11843.82	9892.59
<b>2. Buildings :</b>										
(i) Township	27611.33	1070.13	-24.16	28657.30	2787.39	473.43	-25.24	3235.58	25421.72	24823.94
(ii) Other than Township	10819.11	1183.43	-4.82	11997.72	1747.28	335.72	-31.85	2051.15	9946.57	9071.83
(iii) Roads & Culverts (Mining Area)	5759.32	1027.60	0.00	6786.92	1179.58	203.57		1383.15	5403.77	4579.74
<b>3. Plant &amp; Machinery</b>	<b>133514.71</b>	<b>6684.51</b>	<b>-2677.06</b>	<b>137522.16</b>	<b>66949.00</b>	<b>9448.96</b>	<b>-2579.35</b>	<b>73818.61</b>	<b>63703.55</b>	<b>66565.71</b>
<b>4. Furniture &amp; Fittings and Office Equipments</b>										
	2760.39	232.11	-0.81	2991.69	1370.43	211.17	-0.27	1581.33	1410.36	1389.96
<b>5. Railway Siding</b>	<b>7495.70</b>	<b>90.49</b>	<b>-0.82</b>	<b>7585.37</b>	<b>1857.32</b>	<b>368.24</b>		<b>2225.56</b>	<b>5359.81</b>	<b>5638.38</b>
<b>6. Vehicle</b>	<b>2233.76</b>	<b>43.31</b>	<b>-29.70</b>	<b>2247.37</b>	<b>1401.45</b>	<b>184.67</b>	<b>-23.99</b>	<b>1562.13</b>	<b>685.24</b>	<b>832.31</b>
<b>7. Prospecting &amp; Boring</b>	<b>1550.08</b>	<b>3.00</b>	<b>-106.93</b>	<b>1446.15</b>	<b>854.32</b>	<b>52.59</b>	<b>10.21</b>	<b>917.12</b>	<b>529.03</b>	<b>695.76</b>
<b>8. Development Expenditure</b>	<b>13905.63</b>	<b>1071.96</b>	<b>4.83</b>	<b>14982.42</b>	<b>5530.12</b>	<b>963.89</b>	<b>-62.67</b>	<b>6431.34</b>	<b>8551.08</b>	<b>8375.51</b>
<b>Total(A)</b>	<b>218264.66</b>	<b>14000.52</b>	<b>-2839.47</b>	<b>229425.71</b>	<b>86216.65</b>	<b>12817.56</b>	<b>-2713.16</b>	<b>96321.05</b>	<b>133104.66</b>	<b>132048.01</b>
<b>B. Cap. Exp. On Assets not belonging to the Company</b>										
	1648.10	4132.52	-2802.03	2978.59	452.05	589.70		1041.75	1936.84	1196.05
<b>Total(B)</b>	<b>1648.10</b>	<b>4132.52</b>	<b>-2802.03</b>	<b>2978.59</b>	<b>452.05</b>	<b>589.70</b>	<b>0.00</b>	<b>1041.75</b>	<b>1936.84</b>	<b>1196.05</b>
<b>Grand Total(A+B)</b>	<b>219912.76</b>	<b>18133.04</b>	<b>-5641.50</b>	<b>232404.30</b>	<b>86668.70</b>	<b>13407.26</b>	<b>-2713.16</b>	<b>97362.80</b>	<b>135041.50</b>	<b>133244.06</b>
<b>Previous Year</b>	<b>205353.63</b>	<b>16518.60</b>	<b>-1959.47</b>	<b>219912.76</b>	<b>74608.89</b>	<b>13615.12</b>	<b>-1555.31</b>	<b>86668.70</b>		<b>133244.06</b>

**SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2002**

**SCHEDULE - E  
CAPITAL WORK-IN-PROGRESS**

(Rs. in Lakh)

PARTICULARS	COST				PROVISION			NET ASSET	
	Upto the beginning of the year (01.04.01)	Additions during the year	Transfer/ Adjustment during the year	Upto the end of the year (31.03.02)	Upto the beginning of the year (01.04.01)	Additions during the year	Transfer/ Adjustment during the year	Upto the end of the year (31.03.02)	upto the end of the year (31.03.02)
<b>1. Buildings under Construction:</b>									
(i) Township	1213.80	788.71	-919.25	1063.06	4.76	5.06		9.82	1053.24
(ii) Otherthan Township	799.77	385.29	-1032.21	152.85	0.27	0.13		0.40	152.45
(iii) Roads & Culverts (Mlning Area)	157.77	497.07	-510.19	144.65	0.00			0.00	144.65
<b>2. Plant &amp; Machinery:</b>									
(i) Under erection/Insallation	6062.83	2001.89	-4507.07	3557.65	100.05	181.68	-119.30	162.43	3395.22
(ii) In Stores	789.81	1435.13	-1881.20	343.74	31.86	12.86	8.39	53.11	290.63
(iii) In transit & awaiting inspection	170.14	398.96	-545.23	21.87	0.00			0.00	21.87
<b>3. Railway Siding under Construction</b>	3360.78	1287.50	-44.64	4603.64	0.00			0.00	4603.64
<b>4. P&amp;B for Dev Mines</b>	5974.09	938.15	503.48	7415.72	0.00			0.00	7415.72
<b>5. Dev Exp of Non-Rev Mines</b>	2547.84	660.29	-40.24	3167.89	0.00			0.00	3167.89
<b>6. Capital Goods In Stock</b>	454.72	240.45	-188.53	506.64	0.00			0.00	506.64
<b>GRAND TOTAL</b>	<b>21531.35</b>	<b>8811.44</b>	<b>-9165.08</b>	<b>20977.71</b>	<b>136.94</b>	<b>199.73</b>	<b>-110.91</b>	<b>225.76</b>	<b>20751.95</b>
<b>Previous Year</b>	<b>23469.78</b>	<b>11233.74</b>	<b>-13172.17</b>	<b>21531.35</b>	<b>48.43</b>	<b>100.10</b>	<b>-11.59</b>	<b>136.94</b>	<b>21394.41</b>

**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)]	Nil	0.04
<b>Total</b>	<b>Nil</b>	<b>0.04</b>

## SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2002

### SCHEDULE - G INVENTORIES

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
<b>A. Stock of Stores &amp; Spares</b>	9827.18	10969.29
Stock of Medicine	37.09	47.15
<b>Less:</b>		
(i) Provision for obsolescence	482.42	516.93
(ii) Provision for Difference/Shortage	53.04	37.36
	535.46	554.29
<b>Sub Total</b>	9328.81	10462.15
<b>Add:</b>		
In transit/Under Inspection	274.13	307.13
Discarded/Surveyed off Fixed Assets	200.31	137.88
	474.44	445.01
<b>Add: Loss of Assets</b>	103.82	120.13
<b>Less: Provision</b>	103.82	120.13
	474.44	445.01
<b>Total (A)</b>	9803.25	10907.16
<b>B. Stock of Coal</b>		
1. Revenue Mines	3509.69	5956.94
2. Capital Mines	-	-
<b>Sub Total (1+2)</b>	3509.69	5956.94
<b>Less: Provision for Deterioration</b>	350.60	595.31
Nonvendable Stock	3.75	3.75
Rehandling Charges	2.11	10.99
	356.46	610.05
<b>Total (B)</b>	3153.23	5346.89
[As per Annexure G(I) & G(II)]		
<b>C. Workshop Job</b>		
Manufactured items	1.14	-
Work in progress	163.16	114.63
<b>Total (C)</b>	164.30	114.63
<b>Grand Total (A+B+C)</b>	13120.78	16368.68

## SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2002

### PARTICULARS IN RESPECT OF COAL STOCK AS ON 31ST MARCH, 2002

#### 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)
<b>Reconciliation of Book Stock and Measured Stock</b>						
1. Opening Stock as on 1.4.2001 (As per Accounts)	29.29	5956.94	0.01	3.75	29.28	5953.19
2. Add Production for the Year	478.05	190968.99			478.05	190968.99
3. Sub Total (1+2)	507.34	196925.93	0.01	3.75	507.33	196922.18
4. (A) Less Offtake for the Year						
(i) Outside Despatch	490.27	193222.98			490.27	193222.98
(ii) Consumption for Boiler and Domestic Coal	0.31	189.82			0.31	189.82
Total: (4A)	490.58	193412.80			490.58	193412.80
4. (B) Handling Loss on Despatch to Paradeep Stock Yard	0.03	3.44			0.03	3.44
Total: (4A+4B)	490.61	193416.24			490.61	193416.24
5. Derived Stock (3-4)	16.73	3509.69	0.01	3.75	16.72	3505.94
6. Measured Stock	16.42	3314.99			16.42	3314.99
7. Difference (5-6)	0.31	194.70	0.01	3.75	0.30	190.95
8. Break Up of Difference:						
(A) Excess within 5%						
(B) Shortage within 5%	0.31	141.36	0.01	3.75	0.30	190.95
(C) Excess beyond 5%						
(D) Shortage beyond 5%						
9. Closing Stock adopted in Accounts (5 above)	16.73	3509.69	0.01	3.75	16.72	3505.94

Contd...

## SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2002

### PARTICULARS IN RESPECT OF COAL STOCK AS ON 31ST MARCH, 2002

#### SCHEDULE - G (Contd..)

#### Annexure-G (II)

PARTICULARS	Current Year Quantity (Lakh Tonne)	Value (Rs. in Lakh)	Previous Year 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	16.73	3509.69	29.29	5956.94
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		2.11		10.99
Less:				
Provision made in the Accounts to take care of future deterioration in Coal stock		350.60		595.31
<b>Stock as per Accounts after all provisions</b>	<b>16.73</b>	<b>3153.23</b>	<b>29.29</b>	<b>5346.89</b>

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**SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2002**
**SCHEDULE - H  
SUNDRY DEBTORS**

	<b>Current Year (Rs. in Lakh)</b>	<b>Previous Year (Rs. in Lakh)</b>
Outstanding for over six months	33667.46	37955.04
Other debts	16238.13	15864.02
<b>Sub Total</b>	<b>49905.59</b>	<b>53819.06</b>
Less: Provision for Doubtful Debts	12418.71	9462.71
<b>Total</b>	<b>37486.88</b>	<b>44356.35</b>
<b>Classification :</b>		
1. Considered good and in respect of which the Company is fully secured	2265.93	2857.58
2. Considered good for which the Company holds no security other than Debtors personal Security	35220.95	41498.77
3. Considered Doubtful	12418.71	9462.71
<b>Total</b>	<b>49905.59</b>	<b>53819.06</b>

**NOTE:**

- (1) Secured amount includes Rs.2265.93 lakh (Previous year - Rs.302.32 lakh) covered by Bank Guarantees.
- (2) Due from company under the same management : NIL



## SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2002

### SCHEDULE - I CASH & BANK BALANCES

	<u>Current Year</u> <u>(Rs. in Lakh)</u>	<u>Previous Year</u> <u>(Rs. in Lakh)</u>
A. (i) Cash/Stamp in hand	2.94	2.52
(ii) Cheques/Demand Drafts in hand	794.02	1212.01
(iii) Cash balance with Imprest Holder	0.87	3.36
B. Remittance-in-Transit	98.48	-
C. Balance with Scheduled Banks		
(i) Current Account	5677.80	4249.60
(ii) Deposit Account	109.14	102.84
<b>Total</b>	<b>6683.25</b>	<b>5570.33</b>

### SCHEDULE - J OTHER CURRENT ASSETS

	<u>Current Year</u> <u>(Rs. in Lakh)</u>	<u>Previous Year</u> <u>(Rs. in Lakh)</u>
Claims Receivable:		
1. Stowing & Protective Subsidy	88.04	74.49
2. Railways	4.12	38.27
3. Insurance Company	3.64	3.90
4. Fidelity	0.67	0.67
5. Sales Tax	15.13	49.89
6. Suspense - A/c Loss of Cash	15.97	15.97
7. Cess on Coal	688.00	-
8. Others	60.99	14.49
<b>TOTAL</b>	<b>876.56</b>	<b>197.68</b>
Less: Provision for Loss of Cash	15.97	15.97
<b>NET TOTAL</b>	<b>860.59</b>	<b>181.71</b>

## SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2002

### SCHEDULE - K LOANS & ADVANCES

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
<b>(A) Capital Advances :</b>		
(1) P & M Advance	151.68	386.79
(2) Land Advance :	1594.38	1572.08
<b>Total (A)</b>	<b>1746.06</b>	<b>1958.87</b>
<b>(B) Advance to Suppliers (Stores)</b>	<b>1102.48</b>	<b>959.51</b>
<b>Total (B)</b>	<b>1102.48</b>	<b>959.51</b>
<b>(C) Advance to Contractors</b>	<b>1203.74</b>	<b>2021.95</b>
<b>Total (C)</b>	<b>1203.74</b>	<b>2021.95</b>
<b>(D) Advance to Employees:</b>		
(1) House Building Advance	463.12	438.15
(2) Motor Car Advance	250.18	311.12
(3) Motor Cycle, Scooter Advance	0.07	0.21
(4) Other Conveyance Advance	-	0.01
(5) Pay Advance	4.65	6.56
(6) Medical Advance	37.57	35.39
(7) Flood /Drought Relief	0.38	1.60
(8) Local Purchase Adv.	3.52	8.26
(9) Misc. Advance	66.70	76.62
(10) Travelling Advance	83.92	86.28
(11) LTC Advance	7.10	14.72
(12) Advance (Others)	66.09	52.81
(13) Freight Advance	0.07	0.01
(14) Study Advance/Self Development Loan	0.14	0.80
(15) Other Receivables	262.56	219.93
<b>Total (D)</b>	<b>1246.07</b>	<b>1252.47</b>
<b>E. Advance to Others:</b>		
1. Advance to Co-operative Society	0.48	0.48
2. Tax deducted at Source	815.23	273.74
3. Advance Income Tax	26102.16	23602.16
4. Advance Wealth Tax	6.50	6.51
5. Income Tax(Company) under protest	3000.00	3700.00
6. a) Advance Sales Tax	139.52	432.03
b) Advance Royalty on Coal		
7. Sales Tax deposit under protest	670.30	521.19
8. Advance Receivable from Govt.	0.82	0.82
9. Other receivables	402.39	370.67
<b>Total (E)</b>	<b>31137.40</b>	<b>28907.60</b>

## SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2002

### SCHEDULE - K (Contd..)

### LOANS & ADVANCES

	<u>Current Year</u> <u>(Rs. in Lakh)</u>	<u>Previous Year</u> <u>(Rs. in Lakh)</u>
<b>F. Deposit</b>		
(i) With P & T Deptt.	3.10	3.01
(ii) With Elec.Boards.	433.17	342.28
(iii) Short Term Deposit With CIL (Holding Co.) <sup>3</sup>	50280.63	21333.79
(iv) With Others	28.13	38.66
<b>Total (F)</b>	<b>50745.03</b>	<b>21717.74</b>
<b>G. Prepaid Expenses</b>	33.34	27.80
<b>Total (G)</b>	<b>33.34</b>	<b>27.80</b>
<b>H. Current Account Balance with Sister Subsidiaries &amp; Holding Company</b>		
Coal India Ltd	3590.83	2349.51
<b>Total (H)</b>	<b>3590.83</b>	<b>2349.51</b>
<b>Grand Total (A to H)</b>	<b>90804.95</b>	<b>59195.45</b>
<b>Less : Provision for Doubtful Advances</b>	42.35	33.76
<b>Net Total</b>	<b>90762.60</b>	<b>59161.69</b>

**Classification:**

(a) Considered good in respect of which the company is fully secured	713.37	749.49
(b) Considered good for which the company holds no security other than Party's Personal security	90049.23	58412.20
(c) Considered doubtful	42.35	33.76

**NOTE:**

1. Amount due from an officer of the Company is Rs. 0.22 lakh (Previous Year Rs.0.31 lakh).  
Maximum amount due at any time during the year is Rs. 0.31 lakh (Previous year Rs.0.40 lakh)
2. Amount due from Director of the Company is Rs.Nil (Previous Year - Nil).
3. Short Term deposit with CIL (Holding Co.) includes Rs.19757.00 lakhs which is non-interest earning.

## SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2002

### SCHEDULE - L

### CURRENT LIABILITIES AND PROVISIONS

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
<b>Current Liabilities:</b>		
<b>A. Sundry Creditors - for Goods</b>		
For Capital	933.47	1330.00
For Stores	3562.68	3263.13
<b>Total (A)</b>	<b>4496.15</b>	<b>4593.13</b>
<b>B. Sundry Creditors for Expenses</b>		
<b>Contractual Expenses:</b>		
Capital	3126.86	2973.13
Revenue	1740.11	1545.89
Power & Fuel	977.23	875.35
<b>Total (B)</b>	<b>5844.20</b>	<b>5394.37</b>
<b>C. Employees Remuneration and Benefits</b>		
Salaries, Wages, Allowance	6905.56	17770.88
Attendance Bonus	280.13	310.96
Exgratia	686.58	680.40
Unpaid Salaries & Wages	42.10	39.68
Gratuity	7262.68	3981.05
D L I	2.42	1.14
Leave Encashment	1429.75	1229.61
VRS	58.35	6.17
<b>Total (C)</b>	<b>16667.57</b>	<b>24019.89</b>
<b>D. Other Expenses</b>		
Contractual Expenses	1457.12	1571.46
Demurrage	0.35	-
Acceptance	17.46	-27.53
Audit Fee & Expenses	3.88	3.23
Repair & Maintenance	518.35	356.49
Others	162.78	226.22
<b>Total (D)</b>	<b>2159.94</b>	<b>2129.87</b>
<b>E. Statutory Dues</b>		
<b>Sales Tax</b>		
Central	408.85	345.22
State	180.37	273.73
Royalty on Coal	1320.68	1721.00
Cess on Coal	928.00	3245.18
Rescue Cess	0.02	0.07
R & W Cess	0.10	3.91
Stowing Excise Duty	490.73	423.13
Others	5.19	-
Provident Fund	1166.32	461.55
Pension Fund	185.03	81.08
Profession Tax	0.10	0.15
<b>Income tax:</b>		
Employees	249.01	9.16
Contractors	16.20	31.75
Other Statutory Dues	119.20	89.54
Orissa Entry Tax	959.95	369.14
<b>Total (E)</b>	<b>6029.75</b>	<b>7054.61</b>

## SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH, 2002

### SCHEDULE - L (Contd..)

#### CURRENT LIABILITIES AND PROVISIONS

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
<b>F. Other Liabilities</b>		
(i) L.I.C.Premium(SSS)	0.09	0.09
(ii) C..D. Post Office	0.09	0.52
(iii) Prime Minister's Relief Fund	1.11	62.63
(iv) Dues to Canteen	0.24	0.37
(v) Dues to Co-operative Societies	1.15	1.28
(vi) Benevolent Fund	3.28	3.38
(vii) Welfare Fund	0.07	-
(viii) Others	218.97	186.19
<b>Total (F)</b>	<b>225.00</b>	<b>254.46</b>
<b>G. Advances and Deposits</b>		
Advance from Customers	2161.42	1550.47
Deposits from Contractors & Others	2507.02	2464.02
Unutilised Govt. Subsidy	604.42	493.98
<b>Total (G)</b>	<b>5272.86</b>	<b>4508.47</b>
<b>H. Current Account Balance with CIL and sister Subsidiaries</b>		
South Eastern Coalfields Ltd.	-	0.34
<b>Total (H)</b>	<b>0.00</b>	<b>0.34</b>
<b>I. Overburden Removal</b>		
Ratio Variance Reserve	39583.70	35805.63
Less: Closing Advance Stripping	26128.67	26104.37
<b>Total (I)</b>	<b>13455.03</b>	<b>9701.26</b>
<b>J. Interest accrued but not due on Loan</b>	49.92	-
<b>Total Current Liabilities (A TO J)</b>	<b>54200.42</b>	<b>57656.40</b>
<b>Provisions :</b>		
(a) Taxation	25763.97	27968.20
(b) Dividend	20234.24	17085.86
<b>Total Provisions</b>	<b>45998.21</b>	<b>45054.06</b>
<b>Grand Total</b>	<b>100198.63</b>	<b>102710.46</b>

- NOTE: 1. Out of Sundry Creditors of Rs. 10340.35 lakh (Previous year Rs. 9987.50 lakh) (A+B), total outstanding dues of small scale industrial undertakings are Rs. Nil (Previous year Rs. Nil ).
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, 2002

### SCHEDULE - M

### MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)

(Rs. in Lakh)

Particulars	As at 01.04.2001	Additions During the Year	Deductions/ Adjustment during the Year	As at 31.03.2002
1. HEMM Rehabilitation Expenses	1762.90	1362.70	1254.03	1871.57
2. VRS Scheme	227.98	168.47	105.80	290.65
3. Preliminary Expenses	8.02		8.02	0.00
<b>Grand Total (1+2+3)</b>	<b>1998.90</b>	<b>1531.17</b>	<b>1367.85</b>	<b>2162.22</b>
<b>Previous year</b>	<b>2075.70</b>	<b>1288.98</b>	<b>1365.78</b>	<b>1998.90</b>

## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

### SCHEDULE - 1

#### SALES

		Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Quantity (Lakh Tonne)		490.27	472.96
(A) Gross Sales Value	244811.95	229564.40	
Less: Transportation Charges	13327.85	9409.26	
		231484.10	220155.14
Less: Statutory Levies:			
Royalty on Coal	26299.72	25848.59	
Stowing excise Duty	1715.96	1655.38	
		28015.68	27503.97
Sales Tax:			
Central	5772.61	6013.31	
State	3619.31	2760.15	
Orissa Entry Tax	853.52	693.95	
		10245.44	9467.41
(B) Total Levies		38261.12	36971.38
(C) Basic Value (A-B)/Net Value		193222.98	183183.76

### SCHEDULE - 2

#### COAL ISSUED FOR OTHER PURPOSE

(Rs. in Lakh)

	CURRENT YEAR			PREVIOUS YEAR		
	Colly	Free	Total	Colly	Free	Total
	Cons.	Issue to Empl.		Cons.	Issue to Empl.	
Quantity (Lakh Tonne)	0.09	0.22	0.31	0.13	0.27	0.40
Gross Value	70.68	126.98	197.66	90.37	137.27	227.64
Less:						
Royalty on Coal	7.77	0.07	7.84	9.95	0.08	10.03
Net Value	62.91	126.91	189.82	80.42	137.19	217.61

**SCHEDULE TO PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH, 2002**

**SCHEDULE - 3**

**ACCRETION/(DECRETION) IN STOCK**

		Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
<b>Closing Stock :</b>			
(A) Raw Coal		3509.69	5956.94
Less: Provision for Deterioration	350.60		595.31
Non Vendable Stock	3.75		3.75
Rehandling	2.11		10.99
	<u>356.46</u>	<u>356.46</u>	<u>610.05</u>
<b>Total (A)</b>		<u><b>3153.23</b></u>	<u><b>5346.89</b></u>
(B) Workshop Job Work-in-progress		164.30	114.63
<b>Total (B)</b>		<u><b>164.30</b></u>	<u><b>114.63</b></u>
<b>(C) Total (A+B)</b>		<u><b>3317.53</b></u>	<u><b>5461.52</b></u>
<b>Opening Stock :</b>			
(D) Raw Coal		5956.94	9072.99
Less: Provision for Deterioration	595.31		906.92
Non Vendable Stock	3.75		3.75
Rehandling	10.99		20.55
	<u>610.05</u>	<u>610.05</u>	<u>931.22</u>
<b>Total (D)</b>		<u><b>5346.89</b></u>	<u><b>8141.77</b></u>
(E) Workshop Job (W.I.P.)		114.63	121.71
<b>Total (E)</b>		<u><b>114.63</b></u>	<u><b>121.71</b></u>
<b>(F) Total (D+E)</b>		<u><b>5461.52</b></u>	<u><b>8263.48</b></u>
<b>Total (C-F)</b>		<u><b>- 2143.99</b></u>	<u><b>- 2801.96</b></u>
<b>Accretion(+)/Decretion(-) in Stock</b>		<u><b>- 2143.99</b></u>	<u><b>- 2801.96</b></u>



## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

### SCHEDULE - 4 OTHER INCOME

	Current Year	Previous Year
	<u>(Rs. in Lakh)</u>	<u>(Rs. in Lakh)</u>
Stowing Subsidy	178.20	254.17
Transportation Charges	13327.85	9409.26
Value of Workshop job done	4574.96	4079.24
Rent (outsider)	31.06	29.60
Interest Received on		
1. Bank Deposits	6.26	0.38
2. Loans & Advances to Employees	66.05	64.79
3. Loans & Advances to Contractors	0.33	-
4. Current Account / Short Term Deposit with Coal India Limited	3405.69	1338.04
Discount, Rebate & Allowances	3.49	67.79
Liquidated Damages/Panalty	60.32	71.27
<b>Others:</b>		
Tender Fee	11.68	18.66
Service Charges from Customers on joint sampling	28.17	18.70
Sale of scrap	108.37	77.83
Reimbursement of Admn. Charges	124.42	158.02
Profit on sale of Utkal Blocks	508.68	-
Other Misc. receipts	2369.42	1041.48
<b>Sub Total</b>	<b>24804.95</b>	<b>16629.23</b>
Less: Transfer to Development	0.15	0.03
<b>NET TOTAL</b>	<b>24804.80</b>	<b>16629.20</b>

**SCHEDULE TO PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH, 2002**

**SCHEDULE - 5**

**INTERNAL CONSUMPTION OF COAL**

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Quantity (Lakh Tonne)	0.09	0.13
Gross Value	70.68	90.37
Less:		
Royalty on Coal	7.77	9.95
<b>NET VALUE</b>	<b>62.91</b>	<b>80.42</b>

**SCHEDULE - 6**

**STORES & SPARE PARTS CONSUMED**

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Explosives	5057.72	4634.00
Timber	63.85	55.99
Petrol, Oil & Lubricants	7864.08	7021.03
HEMM Spares	8405.37	7380.48
Other Stores & Spares	5231.54	4407.57
<b>Sub Total</b>	<b>26622.56</b>	<b>23499.07</b>
Less : Transfer to		
Social Facilities	59.93	58.37
Other Expenditure Development	422.41	435.09
	8.47	0.11
<b>Sub Total</b>	<b>490.81</b>	<b>493.57</b>
<b>TOTAL</b>	<b>26131.75</b>	<b>23005.50</b>

**SCHEDULE - 7**

**POWER & FUEL EXPENSES**

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Purchase of Electricity	8555.97	7689.54
Less: Transfer to		
Social Facilities	826.79	474.90
Development	0.28	0.05
	827.07	474.95
<b>Total</b>	<b>7728.90</b>	<b>7214.59</b>

## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

### SCHEDULE - 8

### EMPLOYEES REMUNERATION AND BENEFITS

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
<b>A. Salaries, Wages &amp; allowances</b>		
Piece Rated Wages	1105.70	2242.94
Time Rated Wages	13644.42	20590.24
Interim relief	-	422.01
Executives Salary	5428.19	5652.41
Leave Wages	1023.77	945.03
Paid Holiday Wages	184.62	190.10
Leave Encashment	574.16	1283.82
Nightshift Allowance	- 65.18	42.77
House Rent Allowance	115.79	186.92
Transport Subsidy	370.52	203.33
Incentive Bonus/Reward	1.73	1.45
Special Incentive	0.43	0.41
Other Allowances	13.78	11.90
<b>Total (A)</b>	<b>22528.29</b>	<b>31773.33</b>
<b>B. Normal Overtime</b>	<b>3186.01</b>	<b>2841.45</b>
Sunday Overtime	1613.01	1361.38
Fall Back Wages	1.82	1.78
Attendance Bonus	1198.63	757.52
Exgratia	699.34	659.31
Provident Fund	3322.32	3653.99
Pension Fund	209.57	137.61
LLTC	373.80	780.42
RRF	33.43	94.80
Pension	264.02	275.42
Gratuity	4305.37	2380.78
Workmen Compensation	15.02	19.61
D.L.I	31.56	22.67
Life Cover Scheme	25.45	12.65
Voluntary Retirement Scheme	139.95	86.33
Other Retirement Benefits	-	5.67
<b>Total (B)</b>	<b>15419.30</b>	<b>13091.39</b>
<b>C. Less: Transfer to</b>		
Social Facilities	957.47	1011.24
Development	144.04	122.25
	<b>1101.51</b>	<b>1133.49</b>
<b>TOTAL (C)</b>	<b>1101.51</b>	<b>1133.49</b>
<b>NET TOTAL (A+B-C)</b>	<b>36846.08</b>	<b>43731.23</b>

**SCHEDULE TO PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH, 2002**

**SCHEDULE - 9**

**CONTRACTUAL EXPENSES**

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
<b>Transportation Charges:</b>		
Coal	20416.00	18903.42
Sand	97.95	175.81
Others	12.96	7.09
Hire Charges of HEMM	29.39	-
Other Contractual Works	4159.01	2825.74
<b>Sub Total</b>	<b>24715.31</b>	<b>21912.06</b>
Less: Transfer to Development	11.62	6.97
<b>Total</b>	<b>24703.69</b>	<b>21905.09</b>

**SCHEDULE - 10**

**REPAIR EXPENSES**

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
<b>(A) Township</b>	920.95	890.92
Hospital, Educational & Other Welfair Build.	139.28	142.70
Factory & Office Buildings	244.56	217.51
Plant & Machinery	1865.68	1638.20
Office Equip.& Furnitures	52.74	44.00
Hospital Equipment	4.10	5.04
Heavy Vehicles	42.46	53.49
Cars & Jeeps	149.02	155.98
Safety Items	0.45	7.28
SOH Vehicles	7.01	14.31
HEMM Rehabilitation expenses written off	1220.19	1274.70
Workshop Job done	3077.48	2966.10
Siding Maint. Charges	185.09	143.83
<b>Total</b>	<b>7909.01</b>	<b>7554.06</b>
Less: Transfer to		
Social Facilities	1071.34	1052.97
Other Expenses	148.98	155.98
Development	18.41	0.66
	<b>1238.73</b>	<b>1209.61</b>
<b>Net Total</b>	<b>6670.28</b>	<b>6344.45</b>

## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

### SCHEDULE - 11

### SOCIAL FACILITIES EXPENSES

	<u>Current Year</u> <u>(Rs. in Lakh)</u>	<u>Previous Year</u> <u>(Rs. in Lakh)</u>
(A) Salaries,Wages & Allowances(contra)	957.47	1011.24
Free issue of Coal to employees/Gas	395.40	345.67
Medical Reimbursement	318.17	305.77
Medicine & Diet Expn.	238.26	223.35
Grant to Schools & Inst.	378.84	287.74
Sports,Rec. expenses & Grants	47.00	67.59
Canteen upkeep	2.92	3.16
Purchase of Water	32.72	37.23
Power (Contra)	826.79	474.90
<b>Total (A)</b>	<b>3197.57</b>	<b>2756.65</b>
(B) Repairs:		
Township Repair(Contra)	920.95	890.92
Repair of Hospital, School & Wel,Building (Contra)	139.28	142.70
Hospital Equip.(Contra)	4.10	5.04
<b>Total (B)</b>	<b>1064.33</b>	<b>1038.66</b>
(C) Cons. of Stores & Spares SOH services (Contra)	18.38	17.13
Maintenance of Vehicles:		
Stores & Spares for SOH Vehicles(Contra)	41.55	41.24
Repairs of S.O.H. Vehicles (Contra)	7.01	14.31
Road Tax	0.50	0.57
Insurance	1.31	0.75
	50.37	56.87
Training Expenses	285.69	264.69
Depreciation	891.47	851.15
Community Development	280.35	369.58
Environment/Ecology/ Improvement	239.95	402.29
Technical Assistance ESMP	40.41	93.12
Guest House Expenses	20.10	14.57
Others	323.01	184.89
<b>Total (C)</b>	<b>2149.73</b>	<b>2254.29</b>
<b>Total (A+B+C)</b>	<b>6411.63</b>	<b>6049.60</b>
(D) Less : Recoveries		
Vehicle	1.39	1.23
House Rent	26.45	22.58
Hospital Charges	34.29	29.41
School Bus,Elect. & Water charges	50.89	20.28
Guest House/Transit Flat	1.61	0.98
	114.63	74.48
<b>Total (D)</b>	<b>114.63</b>	<b>74.48</b>
(E) Less: Transfer to Development	11.02	3.19
<b>Net Total (A+B+C-D-E)</b>	<b>6285.98</b>	<b>5971.93</b>

**SCHEDULE TO PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH, 2002**

**SCHEDULE - 12**

**OTHER EXPENDITURE**

		Current Year	Previous Year
		(Rs. in Lakh)	(Rs. in Lakh)
(A) Travelling		379.37	346.68
Printing & Stationery		230.85	211.89
Books & Periodicals		9.97	8.34
Postage & Telephone		207.75	200.57
Bank Charges		17.59	16.85
Advertisement for :			
(i) Tender	195.75	192.22	
(ii) Others	0.61	-	
(iii) Publicity	35.99	48.55	
	<u>          </u>	232.35	<u>          </u> 240.77
Freight Charges		27.76	57.78
Under Loading Charges		820.79	294.05
Demurrage		6.48	0.57
Donation & Subscriptions		12.86	5.61
Security Expenses		814.08	715.99
Rescue & Safety		43.61	83.91
Expenses on Meeting		135.38	119.64
Expenses for Safety		6.92	2.30
Hire Charges for:			
(i) Computer	153.28	141.51	
(ii) Others	241.36	245.12	
	<u>          </u>	394.64	<u>          </u> 386.63
Maintenance of Cars & Jeeps:			
(i) P.O.L.& Spares(Contra)	422.41	435.09	
(ii) Repairs(Contra)	148.98	155.98	
(iii) Vehicle Tax	62.84	234.60	
(iv) Insurance	10.12	10.19	
	<u>          </u>	644.35	<u>          </u> 835.86
<b>Total (A)</b>		<u>          </u> <b>3984.75</b>	<u>          </u> <b>3527.44</b>
(B) Expenses on closed/suspended mines		0.09	0.06
Royalty & Cess		15.25	23.49
Insurance		0.10	1.53
Rent,Rates & Taxes.		403.50	260.07
Auditors Remuneration:			
(i) Audit Fee	2.54	1.81	
(ii) Tax Audit Fee	0.48	0.34	
(iii) Travelling & Out of Pocket Exp	2.40	1.08	
	<u>          </u>	5.42	<u>          </u> 3.23

Contd.....

## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

### SCHEDULE - 12 (Contd...)

#### OTHER EXPENDITURE

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Internal Audit Fee & Expenses	20.60	30.57
Legal Expenses	177.78	171.48
Apex Office Expenses	2390.25	2240.15
Loss on Sale/Discard of Assets	0.15	-
Office Contingency	73.16	50.90
Prospecting & Boring	341.04	377.54
CSRP Technical Assistance	64.83	117.60
ESMP Expenses	53.35	40.62
Wealth Tax	5.10	7.00
Others	388.30	158.59
<b>Total (B)</b>	<b>3938.92</b>	<b>3482.83</b>
<b>Total(A+B)</b>	<b>7923.67</b>	<b>7010.27</b>
(C) Less : Transfer to Development	41.03	34.19
<b>NET TOTAL (A+B-C)</b>	<b>7882.64</b>	<b>6976.08</b>

### SCHEDULE - 13

#### OVER BURDEN REMOVAL ADJUSTMENT

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Expenditure Charged to Coal	49293.41	47081.23
Less :		
Expenditure incurred	45787.86	50825.00
<b>TOTAL</b>	<b>3505.55</b>	<b>- 3743.77</b>

**SCHEDULE TO PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH, 2002**

**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	615.70	959.02
For other Loans	108.83	497.99
	<u>724.53</u>	<u>1457.01</u>
On deferred payment	331.74	278.67
Other Interest	53.80	10.19
	<u>1110.07</u>	<u>1745.87</u>
<b>Sub Total</b>	<b>1110.07</b>	<b>1745.87</b>
Less:		
Transfer to development	0.87	4.86
<b>NET TOTAL</b>	<b>1109.20</b>	<b>1741.01</b>

**SCHEDULE - 14 (B)**

**FINANCIAL CHARGES**

	<u>Current Year</u> <u>(Rs. in Lakh)</u>	<u>Previous Year</u> <u>(Rs. in Lakh)</u>
1. Commitment Charges (IBRD & JEXIM)	4.84	5.96
2. Guarantee fees (IBRD & JEXIM)	323.59	323.37
3. Swap Charges	12.26	-
	<u>340.69</u>	<u>329.33</u>
<b>TOTAL</b>	<b>340.69</b>	<b>329.33</b>

**SCHEDULE - 15**

**DEPRECIATION**

	<u>Current Year</u> <u>(Rs. in Lakh)</u>	<u>Previous Year</u> <u>(Rs. in Lakh)</u>
Depreciation	13407.26	13615.12
Less : Transfer to		
(a) Social Overhead	891.47	851.15
(b) Prior Period Adjustment	-342.30	-59.75
(c) Development	18.75	15.05
	<u>567.92</u>	<u>806.45</u>
<b>NET TOTAL</b>	<b>12839.34</b>	<b>12808.67</b>



**SCHEDULE TO PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH, 2002**

**SCHEDULE - 16 (A)**

**PROVISIONS**

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Provision for Doubtful debts	8794.00	6431.00
Less: Earlier Provision no longer required	5838.00	5302.00
	2956.00	1129.00
Obsolescence of Stores	-34.51	116.30
Shortage of Stores	15.68	19.93
P&M in stores pending installation	175.24	17.97
CHP & IWSS pending installation	21.95	78.67
Doubtful Advances	8.59	-
Loss of Assets	-	0.67
Loss of Cash	-	-54.66
<b>Total (A)</b>	<b>3142.95</b>	<b>1307.88</b>

**SCHEDULE-16 (B)**

**WRITE OFF**

	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
Bad Debts Written off	6823.18	5383.24
Preliminary Expenses written off	8.02	8.02
Investment	0.04	-
Development Expenses written off	-	91.72
Ratio Variance Reserve written off (OBR)	248.21	-
<b>Total (B)</b>	<b>7079.45</b>	<b>5482.98</b>

**SCHEDULE TO PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH, 2002**

**SCHEDULE - 17**

**PRIOR PERIOD ADJUSTMENT**

	Current Year	Previous Year
	<u>(Rs. in Lakh)</u>	<u>(Rs. in Lakh)</u>
<b>(A) Debit :</b>		
Employees remuneration & benefits	7.43	10.60
Consumption of Stores & spare parts	-	18.37
Repairs & Maintenance	-	- 0.61
Depreciation	- 342.30	- 59.75
Contractual expenses	7.64	4.07
Rates & taxes	- 218.16	-
OBR Adjustment	-	- 11.28
Others	235.82	34.46
<b>Total (A)</b>	<u>- 309.57</u>	<u>- 4.14</u>
<b>(B) Credit :</b>		
Sales	- 95.79	7.39
Interest on Deposits	2.09	49.97
<b>Total (B)</b>	<u>- 93.70</u>	<u>57.36</u>
<b>NET TOTAL (A+B)</b>	<u>- 215.87</u>	<u>- 61.50</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 escalation claims;
  - (c) Additional liability for royalty, cess etc.; and
  - (d) Subsidy receivable from Government.
- 2.3 All expenses under Community Development Programme are charged to revenue as and when incurred.

#### 3. SALES

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

#### 4. SUBSIDY/ GRANTS FROM GOVERNMENT

- 4.1 Subsidy/ 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 and Machinery:** Plant and 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 siding are shown under Capital Work-in-progress.
- 5.5 **Development:** Expenses net of income of the project/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 the 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 is 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/- or less are taken out from the Accounts after expiry of two years following the year in which these are fully depreciated.
- 6.6 In case of Plant & Machinery, which have 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 the 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 up to  $\pm 5\%$  and in case 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 the 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 the 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 repayment 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 here under:

Annual Quantum of OBR of the Mine	Permissible limits or 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 DIVIDEND**

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

**1.0 CONTINGENT LIABILITIES**

- 1.1 Claims against the Company not acknowledged as debt Rs.8032.53 lakh (previous year Rs.5876.87 lakh).
- 1.2 Sales tax claims to the extent of Rs.1739.34 lakh (previous year Rs.1764.96 lakh) has not been acknowledged as debts by the Company. An amount of Rs.670.30 lakh (previous year Rs.521.19 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) of Rs.761.96 lakh (Previous year Rs.799.35 lakh) net of payment have not been acknowledged as debts by the Company as the matter is sub-judice.
- 1.4 Claims made by the Income tax authorities, Rs.3998.76 lakh (Previous year Rs.4916.25 lakh) has not been acknowledged as debts as appeals are pending. An amount of Rs.3000.00 lakh (previous year Rs.3700.00 lakh) paid to Income tax authorities under protest against various demands has been accounted for under Loans and Advances (Schedule – K) 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.

**2.0 CAPITAL COMMITMENTS**

Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs.5945.56 lakh (Previous year Rs.9584.52 lakh) net of advance.

**3.0 SHARE CAPITAL**

- 3.1 Equity share capital is entirely held by Coal India Limited (Holding Company) and/or its nominees.

- 3.2 10% Cumulative Preference Shares redeemable in the year 2003-04 represents shares issued on 29.03.1999 to Coal India Ltd. against conversion of loan.

**4.0 RESERVES & SURPLUS**

- 4.1 **Capital Redemption Reserve :** Capital Redemption Reserve includes Rs.4083.60 lakh (previous year Rs.4083.60 lakh) which has been created during the year being 1/5<sup>th</sup> of the redeemable preference shares as stated at para 3.2 above.
- 4.2 **General Reserve :**Rs.5000.00 lakh (previous year Rs. 4000.00 lakh) being 10.56 % of profit after tax is transferred to General Reserve during the year.

**5.0 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 are disclosed as unsecured loan.
- 5.2 Additional liability of Rs.1299.73 lakh (previous year Rs.1299.73 lakh) on account of exchange fluctuation 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.

**6.0 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 Fixed assets have been physically verified by the Company. However reconciliation of

the same with plant cards is still under progress and the adjustment in the books of account for discrepancies, if any, shall be carried out only after complete reconciliation.

- 6.4 Conveyancing of the land has not been completed in most of the cases.
- 6.5 Unamortised Development Expenditure, Prospecting & Boring & other amortisable expenditure of Rs.5.23 lakh (previous year Rs.91.72 lakh) for Handidhua Under Ground Mine being inoperative is charged off.
- 6.6 Rs.16.31 lakh being the proportionate value of CHP Circuit No. 1 of Lingaraj OCP which had been damaged has been written off during the year against provision made in earlier years as per the decision taken by the Board of Directors.

## 7.0 INVESTMENTS

Investment in Employees Co-operative Society amounting to Rs.0.04 lakh has been written off during the year in view of the defunct nature of such Society.

## 8.0 CAPITAL WORK-IN-PROGRESS

- 8.1 Capital work-in-progress in the Fixed Assets schedule includes advances paid to Railway Authorities for construction of Railway Sidings.
- 8.2 Rs.108.85 lakh has been provided for as depreciation during the year on Capital work-in-progress of Rs.2291.66 lakh pending installation for more than three years relating to 33 KVA substation and 22 KVA DC transmission line at Basundhara Area out of a total investment of Rs.3316.85 lakh including advance to contractor amounting to Rs.4.16 lakh.
- 8.3 Rs. 21.95 lakh (Previous Year NIL) has been provided against incomplete IWSS at Talcher.

## 9.0 INVENTORIES

### 9.1 Stock of stores & spares :

- 9.1.1 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 and 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.

- 9.1.2 Inventories include Rs.163.16 lakh (previous year Rs. 114.63 lakh) being the value of semi-finished jobs in the workshop at the end of the year.

- 9.1.3 Provision of Rs. 34.51 lakh (Previous year addition Rs.116.30 lakh ) has been withdrawn during the year on account of stores unmoved for more than 5 years. Cumulative provision against such unmoved stores of Rs.482.42 lakh (Previous year Rs. 516.93 lakh) as on 31.3.2002 is considered adequate.

- 9.1.4 The value of spares received from M/s Rudgormach Joint Stock Company has been accounted for partially on provisional basis pending receipt of invoice from the party.

- 9.1.5 Inventories include Rs.200.31 lakh (previous year Rs.137.88 lakh) being the balance value of assets surveyed off.

- 9.1.6 No provision for rehandling charges is made in respect of Pit/Ground stock to the railway sidings of Talcher Area.

### 9.2 Stock of coal

- 9.2.1 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  $\pm 5\%$ .

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

## 10.0 SUNDRY DEBTORS

- 10.1 Sundry debtors include Rs.40.87 lakh (Previous year Rs.40.87 lakh) as suspense being take-over balance from SECL, against which provision has already been made in earlier years.
- 10.2 Though letters are sent to all debtors to confirm the closing balances, the Company is yet to receive any confirmation from them.
- 10.3 (i) Provision for doubtful debts is made in case of dispute in quantity @ 50 % and in quality & others @ 100 %. In case of Penalty on Loading (POL) it has been provided for @ 50 % as against 100 % in the earlier years due to which profit for the year has been overstated by Rs.532.00 lakh.
- (ii) Upto the previous year the Company had been making provision against disputed debtors relating to the State Electricity Board and Steel Plants on the basis of the ratio of disputed items to the total coal supplied to them upto the date of reconciliation. During the current year such ratio has also been applied to make an additional provision on the coal supplied from the date of reconciliation with the party to 31st March, 2002 alongwith provision on previous year basis. Due to such change in the policy an additional provision against disputed debtors has been made for Rs.2300.00 lakh resulting in an understatement of profit to that extent.
- 10.4 The Company writes off doubtful debts to the extent of 50 % for dispute in quality, 100 % for dispute in quantity and 50 % for other disputes, on the balance outstanding against disputed debtors as at the end of the preceding year (i.e. 31.03.2001) subject to the availability of provision against the concerned debtors on such date.
- 10.5 (i) Accordingly during the year debts amounting to Rs.6823.18 lakh

(Previous year Rs.5383.24 lakh) have been written off as bad debts after withdrawal of provision to the extent of Rs.5838.00 lakh (previous year Rs.5302.00 lakh).

- (ii) Provision for doubtful debts as on 31.3.2002 stands at Rs.12418.71 lakh (previous year Rs.9462.71 lakh), which include current year provision of Rs. 8794.00 lakh (Previous year Rs.6431.00 lakh).

- 10.6 Sundry debtors include Rs.420.18 lakh (previous year Rs.3245.18 lakh) being amount under dispute on account of Orissa Cess on Coal. An amount of Rs.2905.70 lakh was set off against the liability shown in earlier years [Refer Note No. 14.4 (ii)].

## 11.0 CASH & BANK BALANCES

Cash and Bank balances includes:

- (i) Rs.40.00 lakh (Previous year Rs.40.00 lakh) being term deposit with State Bank of India, MCL Complex Branch, on account of corpus fund of Navakrushna Chowdhury Centre for Development studies and Utkal Rangamanch. The interest income from such deposit is paid directly to the above institutions.
- (ii) Rs.64.67 lakh (previous year Rs.58.73 lakh) being special term deposit made out of money recovered through the Hon'ble District Court, Sundargarh against defalcation of cash by an officer of Basundhara Area, which is under lien to the Hon'ble District Court pending finalisation of the case.
- (iii) Cash balance with imprest holder of Rs.0.86 lakh (previous year Rs.3.36 lakh) maintained with various branches of Coal India Limited is pending reconciliation and confirmation.

## 12.0 LOANS & ADVANCES

- 12.1 Certain credit balances in current assets and debit balances in current liability



accounts under same head of account have been netted pending linking of the same.

- 12.2 Loans & Advances include Rs.237.01 lakh (Previous year Rs.430.87 lakh) being advance under various heads which are in the process of reconciliation and Rs.1298.41 lakh (Previous year Rs.1370.32 lakh) towards advance given for acquisition of land to Government of Orissa, which are carried forward pending adjustment/settlement.
- 12.3 Confirmation of balances is pending in most of the cases.
- 12.4 Loans & advances include Rs.2949.80 lakh (Previous year Rs.3980.82 lakh) being advance against capital expenditure pending adjustments/settlements.
- 12.5 Deposits include Rs.50280.63 lakh (previous year Rs.21333.79 lakh) with Coal India Limited as short-term deposit.
- 12.6 The current account with Coal India Ltd. has a net difference of Rs.12.54 lakh (Previous year Rs.3.11 lakh) pending settlement/acceptance of debit & credit notes.
- 12.7 Advance to employees includes certain old advances, which are under scrutiny/adjustment, which is a continuous process.
- 12.8 Loans and advances include Rs.266.92 lakh (previous year Rs.259.96 lakh) being expenditure incurred for construction of Schools in Cyclone affected areas of Orissa, the amount being reimbursable from the "Prime Minister's National Relief Fund" after adjustment of Rs.86.29 lakh already received from the said Fund.

### 13.0 OTHER CURRENT ASSETS

#### 13.1 Other current assets include

- (i) Rs.4.65 lakh (previous year Rs.4.65 lakh) accounted for as "Suspense Account - Loss of Cash" being balance amount of money recoverable towards money misappropriated by an officer of Basundhara Area. Out of the total

amount of Rs.63.38 lakh (previous year Rs.63.38 lakh) misappropriated and provided for in earlier years, Rs.58.73 lakh (previous year Rs.58.73 lakh) has been recovered and deposited under Court lien and the balance amount is shown as "Suspense Account - Loss of Cash".

- (ii) Rs.7.24 lakh (previous year 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 1999-2000.
- (iii) Rs.4.08 lakh (previous year Rs.4.08 lakh) as "Suspense Account - Loss of cash" being cash fraudulently misappropriated by an official of Jagannath Area, pending finalisation of inquiry as well as recovery of money, for which full provision has been made during 2000-2001.
- (iv) Rs.2.05 lakh (previous year Rs.Nil) being interest receivable on special term deposit as above which is under lien to the Hon'ble District Court pending finalisation of the case.

- 13.2 Other current assets include Rs.688.00 lakh (Previous Year NIL) being the amount claimed by the Company from the Government of Orissa towards refund of Cess on Coal paid to the Government subsequent to 4th April, 1991 in consonance with the Judgement dtd.31.07.2001 by the Hon'ble Supreme Court of India in the case of District Mining Officer & Ors vs. Tata Iron & Steel Company and Another [Refer Note No. 14.4 (ii)].

### 14.0 CURRENT LIABILITIES & PROVISIONS

- 14.1 During the year provision for income tax has been made to the tune of Rs. 25416.52 lakh (Previous year Rs.25877.00 Lakh) excluding Rs. Nil (previous year Rs.1742.75 lakh) on account of dividend tax.

- 14.2 Provision for tax of Rs.25763.97 lakh (previous year Rs.27968.20 lakh) represents income tax – Rs.25756.97 lakh (previous year Rs.26217.45 lakh), dividend tax – Rs .Nil (previous year Rs.1742.75 lakh) and wealth tax – Rs.7.00 lakh (previous year Rs.8.00 lakh).
- 14.3 An amount of Rs.2041.80 lakh (Previous year Rs.2041.80 lakh) has been provided for preference dividend on 10% Cumulative Redeemable Preference Shares and Rs.18192.44 lakh (Previous year Rs.15044.06 lakh) towards dividend on equity capital.
- 14.4 Current liabilities and provisions include –
- (i) Unspent Central Govt. Subsidy Rs.604.42 lakh (Previous year Rs.493.98 lakh).
  - (ii) Rs.928.00 lakh (Previous year Rs.3245.18 lakhs) appearing under the head “Liability for Cess on Coal” (Schedule – M) represents, amounts billed to customers towards cess under the Orissa Cess Act. Consequent upon the judgement of the Hon’ble Supreme Court of India in the case of “District Mining Officer & Ors vs. Tata Iron & Steel Company and Another ” the Company is required to pay to the Government of Orissa such amount billed prior to 4<sup>th</sup> April,1991 and refund the amount collected from customers subsequent to that date. Based on such decision of Hon’ble Supreme Court Rs.688.00 lakh has been claimed from the Government of Orissa and the balance amount of Rs.240.00 lakh is still under reconciliation. Appropriate steps shall be taken by the Company for deposition / claim of the amount with / from the State Government / refund of the amounts to customers after such reconciliation.
  - (iii) Liability for Stowing Excise Duty Rs.13.93 lakh (previous year Rs.13.93 lakh), which is under reconciliation in case of IB-Valley Area.
- (iv) Current liabilities include certain unreconciled balances appearing under the heads “sundry creditors for goods”, “liability for expenses:-others”, “earnest money deposit” and “security deposits” which are under the process of reconciliation. Adjustments in the accounts, if any, shall be made after such reconciliation.
  - (v) Further provision of Rs. 1564.27 lakh (Previous Year Rs. 12840.70 lakh) has been made for arrear salaries and wages consisting of (a) Rs. 829.29 lakh for ad-hoc provision towards likely upward wage revision since 1.7.2001 for non-executives under NCWA VII and (b) Rs. 734.98 lakh for differential increment to executives arising out of revision of pay w.e.f. 1.1.97 to 31.8.2001 . Out of the above arrears, Rs. 658.73 lakh relates to earlier years for executives only.

## 15.0 PROFIT AND LOSS ACCOUNT

### 15.1 Other Income :

- (i) Other income includes amount received towards liquidated damages Rs.60.32 lakh (Previous year Rs.71.27 lakh), which is accounted for on receipt basis.
- (ii) Consequent upon reconciliation of stale cheques, security deposit and earnest money deposit accounts, old un-claimed balances lying for more than four years pertaining to non-operating parties amounting to Rs.73.08 lakh (Previous Year NIL) have been credited to the Profit & Loss Account under the head “Other Miscellaneous Receipts” (Schedule-4).
- (iii) Tender fees & penalty from customers have been reduced by Rs.6.74 (Previous Year NIL) lakh

due to prior period adjustments made therein.

(iv) Rs.7.99 lakhs (Previous Year NIL) has been recognised as income during the year being interest accrued on special term deposit of Rs.58.73 lakhs (Previous Year Rs. 58.73 lakh) kept under Hon'ble District Court lien pending finalisation of the case in case of Basundhara Area [Refer Note No.11 (ii)].

(v) Rs.508.68 lakh (Previous Year NIL) being excess of accumulated receipts over expenditure on sale of Geo Mining reports of various Utkal Coal Blocks at Talcher field have been recognised as income during the year.

#### 15.2 Over burden removal adjustment :

(i) Survey measurement of over burden removal during the year has been conducted at all the open cast mines by a team of CIL and Company representatives. 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) Further to the revised stripping ratio as adopted in the year 2000-01 and on the basis of actual data for the current year, it is observed that in case of Ananta OCP and Samleswari OCP, the adverse balance of Ratio Variance Reserve is not getting adjusted. Consequently, the Company has charged off Rs.4053.10 lakh and Rs. 890.30 lakh for Ananta OCP and Samleswari OCP respectively against opening balance of Ratio Variance Reserve as on 1.4.2001. This has resulted in the reduction of the profits for the year by Rs.4943.40 lakh.

(iii) As the production capacity of South Balanda OCP has fallen much below one million tonne per annum the OBR adjustment accounting has been discontinued for the Project (Refer para No.13 of Accounting Policy). Consequently, the adverse Opening Ratio Variance Reserve balance of Rs. 248.21 lakh has been charged off and the Opening Advance Stripping balance of Rs. 2213.62 lakh stands automatically charged in the current year. The discontinuation of OBR adjustment accounting has resulted in the reduction of the profits for the year by Rs. 1547.30 lakh.

**15.3 Gratuity:** Incremental Gratuity liability for the year amounting to Rs.3042.70 lakh (previous year Rs.1644.39 lakh) has been provided for on actuarial basis.

**15.4 Leave Encashment:** Liability of Rs.1408.79 lakh (previous year Rs.1229.61 lakh) represents leave encashment benefit of employees based on actuarial valuation as at the year-end.

**15.5** Rs.118.57 lakh (previous year Rs.126.00 lakh) and Rs.2.09 lakh (previous year Rs.5.55 lakh) being pension and gratuity respectively paid to Ex-NCDC employees of Talcher Area has been accounted for on cash basis.

**15.6 Subsidy:** Subsidy for stowing/protective works are accounted for on estimated basis based on subsidy received in the immediately preceding half year.

**15.7 Employees remuneration and Benefits:** Excess provision amounting to Rs.946.26 lakh towards arrear wages, arising out of NCWA-VI and Executive Pay Revision made during the previous year has been withdrawn and credited to the Profit & Loss Account thereby increasing the profits for the year to that extent.

**15.8 Depreciation:** Based on re-evaluation of operations and advice from Coal India Limited, the Company has decided to revert back to the depreciation rate of 4.75 % p.a.

on Coal Handling Plant (CHP) from 5.28% p.a. as adopted in the year 2000-2001, resulting in decrease in depreciation for the year to the extent of Rs.96.93 lakh with consequent increase in Profits for the year to the same extent.

**15.9** Net shortage of store worth Rs. 15.68 lakh (Previous Year Rs.19.93 lakh) has been further provided during the year for CWS - Ib Valley.

**15.10 Transactions relating to Holding Company**

- (i) Interest is charged by the Holding Company @ 16% p.a. on the opening balance of loan based on agreement entered into on 23.02.99.
- (ii) Interest of Rs .3405.69 lakh (previous year Rs.1338.04 lakh) received from the Holding Company on surplus funds parked with them has been shown under 'Other Income'.
- (iii) Apex charges is 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 1<sup>st</sup> July, 1998.
- (iv) IICM charge is levied by the Holding Company @ Rs.0.50 ps per tonne of coal produced.
- (v) All the above charges are accounted for on the basis of debit/credit notes received from the Holding Company.

**16.0 GENERAL**

**16.1** Reconciliation of transactions within the Holding Company and sister Subsidiaries have been made.

**16.2** Confirmation of balances of Sundry Debtors, Sundry Creditors, various advances and deposits etc. has 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 1/10<sup>th</sup> of total Preliminary Expenses as the last instalment.

**16.4** Consequent on realignment of the value of foreign currency loans, the rupee liability of the Company in respect of such loans has increased by Rs.547.28 lakh (Previous year decreased by Rs.99.96 lakh). This increase has been adjusted in the carrying cost of the fixed assets to the extent of Rs.431.37 lakh (Previous year decrease of Rs.90.87 lakh) and Rs.115.91 lakh (Previous year decrease of Rs.9.09 lakh) has been charged to revenue.

**16.5** There are no Small Scale Industries to whom the Company owes a sum exceeding Rs.1.00 lakh, which is outstanding for more than 30 days at the Balance Sheet date. The above information and that given in Schedule - L "Current Liabilities" regarding Small Scale Industrial Undertaking has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

**17.0 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.

**18.0 OTHERS**

**Directors' Remuneration :**

(Rs. In Lakh)

	Current Year	Previous Year
Salary	15.01	10.18
P.F.	1.51	1.35
Perquisites	1.96	1.18
<b>Total</b>	<b>18.48</b>	<b>12.71</b>

**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 up to 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 dated 20.11.1964 as amended from time to time.

**B. Capacity :**

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

**C. Imports :**

C.I.F. value of imports	(Rs. In Lakh)	
	Current Year	Previous Year
(i) Stores & Spares	505.94	1297.41
(ii) Capital Goods	149.89	920.87

**D. Expenditure in Foreign Currency :**

	(Rs. In Lakh)	
	Current Year	Previous Year
(i) Travelling	Nil	1.29
(ii) Commitment charges	4.84	5.96
(iii) Interest	947.44	1237.69
(iv) Others	0.53	78.87

**E. Value of imported/indigenous Raw materials and 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**

	Current Year		Previous Year	
	Quantity (L.MT)	Value (L.Rs.)	Quantity (L.MT)	Value (L.Rs.)
<b>Opening stock:</b>				
(a) Revenue Mines	29.29	5956.94	54.62	9072.99
(b) Development mines			-	-
<b>Total</b>	<b>29.29</b>	<b>5956.94</b>	<b>54.62</b>	<b>9072.99</b>
<b>Production:</b>				
(a) Revenue mines	478.05	190968.99	448.03	180285.32
(b) Development mines			-	-
<b>Total</b>	<b>478.05</b>	<b>190968.99</b>	<b>448.03</b>	<b>180285.32</b>
<b>Sales :</b>				
(a) Revenue mines	490.27	193222.98	472.96	183183.76
(b) Development mines			-	-
<b>Total</b>	<b>490.27</b>	<b>193222.98</b>	<b>472.96</b>	<b>183183.76</b>
Own consumption (Revenue)	0.31	189.82	0.40	217.61
Handling Loss on despatch to Paradip Port (Revenue)	0.03	3.44	-	-
<b>Closing Stock :</b>				
Revenue mines	16.73	3509.69	29.29	5956.94
Development mines			-	-
<b>Total</b>	<b>16.73</b>	<b>3509.69</b>	<b>29.29</b>	<b>5956.94</b>

NOTE: (i) Opening and Closing stock values are before adjustment of provision for shortage, deterioration and re-handling charges (refer to Schedule G).

(ii) Production figures are derived from the records of dispatches, internal consumption etc., and adjustment for opening and closing stocks. Value of production represents value of sales and internal consumption adjusted with accretion/ decretion to stocks.

**G. Segment / Branch wise Profitability for the year 2001-2002 is as follows:**

(Rs. in Lakh)

	Talcher	Lingaraj	Jagannath	Kalinga	Hingula	IB Valley	Orient	Lakhanpur	Basundhara	Total
Profit / (Loss) Before Tax (Adjusted)	(2399.47)	13713.20	20161.35	22575.41	3247.46	7693.79	(6316.53)	13387.75	(102.89)	71960.07

**H. Related Party Disclosures:**

During the year the Company entered into transactions with the following Related Parties:

**Transaction with Holding Company & Sister Subsidiaries :**

Name of Company	Relationship	Nature of Transactions	Current Year (Rs. in Lakh)	Previous year (Rs. in Lakhs)
(a) Coal India Limited	Holding Company	World Bank loan for material & equipments through CIL	522.68	2126.05
		Short term Deposits with CIL	28946.84	21333.79
		Transactions through Current Account (due from CIL)	1828.13	4193.29
(b) Eastern Coalfields Ltd.	Sister Subsidiary	Transfer of Plant & Machinery	0.80	31.83
(c) Bharat Coking Coal Ltd.	Sister Subsidiary	Transfer of Plant & Machinery	42.40	Nil
(d) South Eastern Coalfields Ltd.	Sister Subsidiary	Transfer of Plant & Machinery	86.92	Nil
(e) Central Mine Planning & Design Institute Ltd.	Sister Subsidiary	Planning Designing, Prospecting & boring services	1745.23	963.93

**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 11.7.2002 and reported upon by the Statutory Auditors , have been revised in pursuance of Memos issued by the Comptroller and Auditor General of India u/s 619(4) of the Companies Act, 1956.

As a result of revision, the following changes have been made in Accounts :

	(Rs. in lakh)
<b>Profit &amp; Loss Account</b>	
Decrease in Profit before Tax	2405.48
Less : Resultant decrease in Provision for Income Tax	463.74
Decrease in Profit after Tax	1941.74
Consequent decrease in Proposed Dividend for Equity Shareholders	<u>686.34</u>
<b>Net decrease in retained Profit</b>	<b>1255.40</b>
Represented by changes in Balance Sheet :	
(a) Net Block	-19.70
(b) Capital Work-in-progress	- 21.95
(c) Net Current Assets	-1247.93
(d) Increase in Miscellaneous Expenditure	34.18
<b>Net decrease in Assets</b>	<b>1255.40</b>

Apart from above, in Schedule - O Note No. 8.3, 14.4.(v), 15.9 and 19 have been inserted afresh while Note No. 1.1,4.2, 9.1.3, 12.5, 13.2, 14.1,14.2, 14.3, 15.1.(ii), 15.1.(iii), 15.1.(iv), 15.1.(v), 15.10.(ii), 18 D, 18 F, 18 G, 18H the General Business Profile and Cash Flow Statement have been revised accordingly. In Schedule K , footnote No. 3 has been added.

Sd/-  
S.C. Behera  
Company Secretary

Sd/-  
R. N. Pattnaik  
General Manager (Finance)

Sd/-  
B. M. Nag  
Director (Finance)

Sd/-  
R.K. Chechani  
Chairman-Cum-Managing Director

In terms of our report of even date attached herewith

For **JSS Associates**  
Chartered Accountants  
Sd/-

**Bijoy K. Sahoo**  
Partner

Place:Bhubaneswar  
Date :24.08.2002

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

### I. REGISTRATION DETAILS

Registered No. : 15 - 03038      State Code : 15  
Balance Sheet Date : 31.03.2002

### II. CAPITAL RAISED DURING THE YEAR (Amount Rs. in Lakh)

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

### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount Rs. in Lakh)

Total Liabilities	: 206671.14	Total Assets	: 206671.14
<b>Source of Funds :</b>			
Paid-up Capital	: 39058.09	Reserve & Surplus	: 140062.10
Secured Loans	: Nil	Unsecured Loans	: 27550.95
<b>Application of Funds:</b>			
Net Fixed Assets	: 155793.45	Investments	: Nil
Net Current Assets	: 48715.47	Misc. Expenditure	: 2162.22
Accumulated Losses	: Nil		

### IV. PERFORMANCE OF COMPANY (Amount Rs. in Lakh)

Turnover [Net]	: 216073.61	Total Expenditure	: 144113.54
Profit / Loss before Tax	: 71960.07	Profit / Loss after Tax	: 47327.71
Earning Per Share [Rs.]	: 2429.49	Dividend Rate %	: 97.60

### V. GENERIC NAMES OF PRINCIPAL PRODUCT OF COMPANY

Item Code No. : 270112.00  
Product Description : COAL

Sd/-  
S.C. Behera  
Company Secretary

Sd/-  
B. M. Nag  
Director (Finance)

Sd/-  
R.N. Pattnaik  
General Manager (Finance)

Sd/-  
R. K. Chechani  
Chairman-Cum-Managing Director

In terms of our report of even date  
For **JSS ASSOCIATES,**  
Chartered Accountants  
Sd/-  
(Bijoy K Sahoo)  
Partner

Place : Bhubaneswar  
Date: 24.08.2002

**CASH FLOW STATEMENT FOR THE YEAR 2001 - 02**

	31.03.2002 [Rs. in Lakh]	31.03.2001 [Rs. in Lakh]
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before Tax and extraordinary items	71960.07	64134.72
Adjustment for :		
Depreciation	13730.81	13659.82
Foreign Exchange	115.91	-9.09
O B R Adjustment	3630.71	-3743.77
Interest / Dividend (Received)	-3405.69	-1338.04
Interest / Dividend (Paid)	1399.97	2070.34
<b>Operating Profit before Working Capital Changes</b>	<b>87431.78</b>	<b>74773.98</b>
Adjustment for :		
Decrease in Sundry Debtors	6869.47	-9924.19
Decrease in Inventories	3247.90	2194.85
Increase in Other Current Assets	-678.88	-99.66
Loans and Advances	-2830.15	-5365.95
Misc. Expenditure	-163.32	76.80
Current Liabilities	-7086.69	15179.61
Cash Generated from Operations	86790.11	76835.44
Direct Taxes Paid	-29336.59	-23497.79
Cash flow before extraordinary items	57453.52	53337.65
Extraordinary items		
<b>Net Cash from Operating activities</b>	<b>57453.52</b>	<b>53337.65</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	-14454.42	-14223.07
Short Term Deposit with C I L	-26270.76	-21333.79
Miscellaneous receipts		
Acquisition of Companies		
Purchase of Investments		
Decrease in Investments	0.04	
Interest Received	3405.69	1338.04
Dividend Received		
<b>Net Cash used in investing activities</b>	<b>-37319.45</b>	<b>-34218.82</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
World Bank Loan through C I L	522.68	2126.04
Deferred Credit Loan	169.49	1280.22
Exchange Rate Fluctuation	-547.28	99.96
Repayment of C I L Loan	-680.21	-2269.15
Interest Paid	-1399.97	-2070.34
Dividend Paid (Including Tax on Dividend)	-17085.86	-19050.02
<b>Net Cash used in financing activities</b>	<b>-19021.15</b>	<b>-19883.29</b>
<b>Net increase in cash and cash equivalents</b>	<b>1112.92</b>	<b>-764.46</b>
<b>Cash and Cash equivalents as at 1.4.2001</b>	<b>5570.33</b>	<b>6334.79</b>
<b>Cash and Cash equivalents as at 31.3.2002</b>	<b>6683.25</b>	<b>5570.33</b>

Sd/-  
S.C. Behera  
Company Secretary

Sd/-  
B. M. Nag  
Director (Finance)

Sd/-  
R.N. Pattnaik  
General Manager (Finance)

Sd/-  
R. K. Chechani  
Chairman-Cum-Managing Director

In terms of our report of even date  
For JSS ASSOCIATES,  
Chartered Accountants  
Sd/-  
(Bijoy K Sahoo)  
Partner

Place :Bhubaneswar  
Date: 24.08.2002



**ADDENDUM TO DIRECTOR'S REPORT  
(UNDER SECTION 227 (2) AND 217 (3) OF THE COMPANIES ACT, 1956)**

**AUDITOR'S REPORT**

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**MANAGEMENT'S REPLY**

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To

**The Member of**  
Mahanadi Coalfields Ltd.  
Jagriti Vihar, Burla  
Sambalpur

- |  |              |
|--|--------------|
| 1. We have audited the attached Balance Sheet of Mahanadi Coalfields Limited as at 31st March, 2002 and the relative Profit & Loss Account of the Company for the year ended on that date annexed there to both of which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.  | No comments. |
| 2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion. | No comments. |
| 3. We did not audit the financial statements of the following Areas whose financial statements reflect total assets of Rs. 397572.74 lakh as at 31st March, 2002 and total revenues of Rs. 145449.32 lakh for the year then ended.<br><br>(i) Talcher Area   | No comments. |

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

- (ii) Jagannath Area
- (iii) Kalinga Area
- (iv) Central Workshop, Talcher
- (v) Hingula Area
- (vi) Lingaraj Area

These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far it relates to the amounts in respect of the Areas, is based strictly on the report of the other auditors.

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|----|--|--------------|
| 4. | As required by the manufacturing and Other companies (Auditors' Report) Order, 1988, issued by the Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order. | No comments. |
| 5. | Further to our comments in the Annexure referred to in paragraph 4 above, we report that :   |              |
|    | (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;  | No comments. |
|    | (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 5 (g) 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. |

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**AUDITOR'S REPORT**


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**MANAGEMENT'S REPLY**


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|------|--|---|
| (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 5 (g) below;   | No comments.  |
| (e)  | As all the Directors are appointed by the Central government, provisions of clause (g) of sub-section 1 of section 274 of the Companies Act, 1956 pertaining to disqualification of Directors is not applicable to the Company as per Department of company Affaires Circular No. 8/2002, dated 22.03.2002.  | No comments.  |
| (f)  | In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit & Loss Account read with the Significant Accounting Policies & Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give, subject to our observations and comments at para 5(g) below a true and fair view in conformity with the accounting principles generally accepted in India: | No comments.  |
| (i)  | In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2002.   | 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.  |
| (g)  | Our observations and comments on the accounts :  |   |
| 1.   | Claims in respect of insurance, railway, escalation, grade slippage, demurrage, liquidated damages, penalty, sale of scrap, additional liability for royalty, cess, subsidy,   | The matter has adequately been disclosed in the Accounting Policies Schedule N and has been followed consistently.<br><br>Provision for Gratuity to EX NDCDC employee are made on the basis of actuarial valuation. |

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

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| <p>receivable from Government, provision and gratuity to EX NDCDC employees, 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 Accountants of India, the impact of which on the accounts has not been ascertained.</p> | <p>Considering the materiality, an amount equal to or below Rs. 10,000/- for single item has been ignored in case of prior period items.</p>                |
| <p>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. 1363.73 lakh.</p>   | <p>This is in conformity with the guidelines issued by CIL.</p>   |
| <p>3. Non-provision of liability for Sales tax paid under protest Rs. 670.30 lakh (Refer Note No. 1.2 Schedule 'O').</p>  | <p>The amount was paid to Sales Tax Authority under protest and not admitted as debts and taken as Contingent Liability.</p>                                |
| <p>4. Non-provision of liability against claim by the State Government towards Road Tax on Heavy Earth Moving Machinery amounting to Rs. 761.96 lakh (Note No. 1.3 of Schedule 'O').</p>  | <p>The claim of the State Govt. has not been acknowledged as debt by the Company as the matter is sub-judice.</p>   |
| <p>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").</p>   | <p>Being sub-judice, the liability (enhancement of compensation for land) could not be ascertained, hence suitably disclosed as Contingent Liabilities.</p> |

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

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| 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').   | The value of the assets has not yet been communicated by the government. Execution of formal transfer agreement is also pending.                                      |
| 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. 6.4 of Schedule 'O').  | In some cases the Title/Lease Deeds and mining right could not be obtained for which the matter has been taken up with appropriate authority of the State government. |
| 8.  | Non-provision of expected loss wherever the net realisable value falls short of net book value for items of fixed assets retired from active use and are held for disposal (Refer Accounting Policy No. 9.5 of Schedule 'N' and Note No. 9.1.5 Schedule 'O').  | Amount not ascertainable, hence no provision taken in Accounts.   |
| 9.  | The adequacy of provision for deterioration in stock of coal Rs. 345.27 lakh in the manner narrated in Accounting Policy No. 9.2 of Schedule 'N' could not be verified in the absence of a systematic procedure for determination of deterioration in the quality of stock (Refer Note No. 9.2.2 of Schedule 'O'). | This as per well defined procedure laid down by CIL. This is considered adequate.   |
| 10. | Non-confirmation of the Sundry Debtors accounts that might give rise to adjustments on sorting out old disputes after confirmation, the effect of which on the profits not being ascertainable (Refer Note No. 10.2 of Schedule 'O').  | The Company is having the system of periodic joint reconciliation with Customers.   |
| 11. | Adequacy of provision for doubtful debts amounting to Rs. 8794.00 lakh during the year because of the accountal of the same on estimated percentage  | No comments.  |

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

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| <p>basis without proper evaluation regarding the recoverability of individual debts (Refer Note No. 10.3 (I) and 10.5 (ii) of Schedule 'O').</p>   | <p>No comments.</p>  |
| <p>12. Adequacy of provision for stores items unremoved for more than five years @ 50% (Refer Accounting Policy No. 9.6 of Schedule 'N').</p>  | <p>No comments.</p>  |
| <p>13. Non-provision against stores-in-transit remaining un reconciled Rs. 52.92 lakh and non ascertainment of adjustments that may arise on reconciliation thereof in case of Talcher and Jagannath Area.</p>   | <p>Noted for action.</p>   |
| <p>14. 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. 12.3 &amp; 14.4 (iv) of Schedule 'O').</p>               | <p>Noted for action.</p>   |
| <p>15. Consequential effect on the accounts due to non-settlement of Coal India Limited current account, which has a net difference of Rs. 12.54 lakh (Refer Note NO. 12.6 of Schedule 'O').</p>   | <p>Reconciliation and consequential adjustment will be carried out in the next year.</p>   |
| <p>16. Non-reconciliation of Rs. 928.00 lakh liability on account of Cess on Coal and non-ascertainment of adjustment that may rise therefrom, the effect on the profit &amp; loss account not being ascertainable (Refer Note No. 14.4 (ii) of Schedule 'O').</p> | <p>Out of Rs. 928.00 lakh, claim has already been lodged with State Govt. for Rs. 688.00 lakh as per Supreme Court verdict. The reconciliation for the balance Rs. 240 lakh is in progress and action will be taken accordingly.</p> |
| <p>17. Adjustment of debit balance in the Ratio Variance Reserve Account amounting to</p>  | <p>This is under review. necessary adjustment shall be carried out after obtaining the final reports from CMPDI Limited.</p>   |

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

- Rs. 4943.40 lakh for Ananta OCP and Samleswari OCP pending technical evaluation by CMPDI Ltd. thereby reducing the profits for the year to the same extent (Refer Note No. 15.2 (ii) of Schedule 'O').
18. Adjustment of debit balance in the Ratio Variance Reserve Account and charging off of the balance in Advance Stripping Account relating to South Balanda OCP consequent upon discontinuance of OBR accounting for the same thereby reducing the profit for the year by Rs. 1547.30 lakh (Refer Note No. 15.2 (iii) of Schedule 'O').
19. Provision of depreciation on CHP at rates applicable for single shift working without evaluating the actual shifts worked by the same (Refer Note No. 15.8 of Schedule 'O').
20. Non-provision of Interest on delayed payment of royalty to Mining Department of the Government of Orissa Rs. 53.69 lakh in case of Orient and Ib-Valley Area.
21. Entry Tax payable amounting to Rs. 319.95 lakh and Rs. 270.75 lakh relating to Jagannath Area and Lingaraj Area respectively, being subjudice has not been deposited pending collection from the concerned parties resulting in overstatement of both assets & liabilities to that extent.
22. In case of jagannath Area overloading and under loading charges in respect of A. P.
- This is a statement of fact.
- No comments.
- The matter is sub-judice, hence not provided.
- Statement of fact.
- Noted for action.

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**AUDITOR'S REPORT**


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**MANAGEMENT'S REPLY**


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Genco, and RTPP for the period from April 1994 to Oct. 2000 amounting to Rs. 456.07 lakh has been paid during the year pursuant to Umpire's decision. However, no provision has been made for such overloading/under loading charges for the period Nov. 2000 to Feb. 2002, the effect of which on accounts is not ascertainable.

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| 23. | Charged off stores amounting to Rs. 87.49 lakh has been brought back to regional stores of Lingaraj Area at current weighted average price during the year. In absence of the original issue price, we are not in a position to comment on its effect on the accounts. | Statement of fact.   |
| 24. | As all major purchase decision for Plant & Machinery have been taken by Coal India Limited including imports we are unable to express any opinion on such purchase made by the Company.  | No comments.   |
| 25. | Disclosure of net balance in Current Assets/Liabilities after adjusting credit/debit balances therein not in consonance with Standard Accounting Practices.  | Reconciliation is being carried out and necessary adjustment will be made from time to time. |
| 26. | In the absence of technical details and review report relating to Deulbera underground mines of Talcher Area which is very old, correctness of the amortisation of the related development expenses remain unverified by us.   | Noted for action.  |
| 27. | The statement of accounts together with the Notes thereon  | No comments.   |



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

approved by the Board of Directors in their meeting held on 11th July, 2002 and reported thereon by us on 12th July, 2002 have been revised and amended to comply with the observations of the Comptroller and Auditor General of India under section 619 (4) of the Companies Act, 1956 which include the observations on subsequent management decision for (a) ad-hoc provision of Rs. 829.29 lakh towards likely upward wage revision for non-executives under NCWA VII, (b) provision of Rs. 734.98 lakh for differential increment to executives arising out of revision of pay w.e.f. 01.01.97 to 31.08.01 and (c) reduction in interest earnings by Rs. 586.81 lakh for conversion of surplus fund of Rs. 19757.00 lakh to non-interest bearing fund out of total Rs. 50,280.63 lakh parked with CIL. As a result of such revision/ amendment, the following changes have been made to the accounts (Refer to Note No. 19 of Schedule 'O').

<b><u>Profit &amp; Loss Account</u></b>	<b><u>[Rs. in lakh]</u></b>
Decrease on Profit before Tax	2405=48
Less: Resultant decrease in provision for Income Tax	463=74
Decrease in Profit after Tax	1941=74
Consequent decrease in proposed Dividend for equity share holders	686=34
Net decrease in retained profit	<u>1255=40</u>

**AUDITOR'S REPORT****MANAGEMENT'S REPLY****Represented by changes in Balance Sheet**

A.	Increase in Miscellaneous Expenditure	34=18
B.	Decrease in Net Block	19=70
	Capital-work-in-progress	21=95
	Net Current Assets	1247=93
	<b>Net decrease in Assets</b>	<b>1255=40</b>

Apart from above, item No. 1.1, 4.2, 8.3, 9.1.3, 12.5, 13.2, 14.1, 14.2, 14.3, 14.4(v), 15.1(ii), 15.1(iii), 15.1(iv), 15.1(v), 15.9, 15.10 (ii), 18D, 18F, 18G and 18H of Notes on Accounts (Schedule 'O') have been added/deleted/suitably revised.

For **JSS Associates**  
Chartered Accountants

Place : Bhubaneswar  
Date : 24th August, 2002

**Bijoy K. Sahoo**  
Partner

**AUDITORS' REPORT TO THE MEMBERS**  
**ANNEXURE TO THE AUDITORS' REPORT**  
(Referred to in paragraph 4 of our Report of even date)

**AUDITORS' REPORT**

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**MANAGEMENT'S REPLY**

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| 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. Fixed assets have been physically verified by the Company and as explained to us, the reconciliation of the same with plant cards is in progress.                                     | Noted for action. |
| 2. None of the Fixed Assets of the company have been revalued during the year.  | No comments.      |
| 3. Physical verification of stock of Coal has been conducted by a team deputed by Coal India Limited 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.  | No comments.      |
| 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.   | No comments.      |
| 5. As explained to us shortage/excess found on physical verification of Coal stock within $\pm 5\%$ tolerance compared to book records 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 in the books of account. | No comments.      |

**AUDITORS' REPORT****MANAGEMENT'S REPLY**

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| 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.   | No comments. |
| 7. The Company has not taken any loan, secured or unsecured from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or Companies under the same management as defined under Section 370 (1B) 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.                   | No comments. |
| 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 section 370 (1B) of the Companies Act, 1956, except in case of routine transactions with sister subsidiary companies and deposits made with Coal India Limited, wherein the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the Company. | No comments. |
| 9. The company has given loans and advances in the nature of loans to its employees and the same are generally recovered as per stipulations.<br><br>In case of loans and advances, in the nature of advances to other parties, some amounts remain unadjusted/un reconciled for a long period. We are of the opinion that there is further scope of improvement for its recovery/adjustment/reconciliation.  | No comments. |
| 10. We have reviewed the internal control procedures to determines 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   | No comments. |

**AUDITORS' REPORT**

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**MANAGEMENT'S REPLY**

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spares including components, plant and machinery, equipment and other assets and for the sale of Coal.

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

No comments.

- (i) As regards monitoring, supervision and control over sales operation, particularly for expeditious 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) Laid down policy for provision and write off against bad and doubtful debts.
- (vii) Proper age analysis of individual debtor accounts on timely adjustment of debit and credit notes.
- (viii) Addition to fixed assets and hiring of machineries after careful evaluation of cost and benefit analysis.
- (ix) Avoidable expenditure on execution of works through outside agencies alongwith under utilisation of company's HEMM resources.

**AUDITORS' REPORT****MANAGEMENT'S REPLY**

- (x) Unusual delay in execution/ completion of capital works, thus necessitating escalation, blockage of fund and allied pecuniary losses arising there from.
- (xi) Loss arising out of inadequate recovery of burnt/used lubricants of HEMM, not quantified.
- (xii) Stringent control on overtime payment.
- (xiii) Strengthening procedure for release of payment to parties to avoid chances of fraud/defalcation.
- (xiv) 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.
- (xv) Periodic confirmation of outstanding balances, reconciliation of debtors, inter unit and other sensitive heads of accounts.
- (xvi) Strengthening the procedures relating to measurement of Overburden Removed (OBR) to have better control on the reported expenditure incurred on removal of such Overburden and on account of OBR adjustment.

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/- or more in respect of each party.

No comments.

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. The Company provides for 50% of the stores and spares

No comments.

**AUDITORS' REPORT****MANAGEMENT'S REPLY**

- not moved for more than five years except for insurance spares.
13. The company has not accepted any deposit from the public under Section 58A of the Companies Act, 1956 and Rules framed thereunder. No comments.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of scrap. We are given to understand that there is no realisable by product. No comments.
15. In our opinion the Company's internal audit system needs strengthening to make it commensurate with the size and nature of its business. Most of the 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, machine (HEMM) utilisation and wages to make the same commensurate with the size of the Company and nature of its business. Noted for action.
16. Central Government has not prescribed maintenance of Cost Records under Section 209(1)(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. As explained to us the Company is not required to make any contribution under the Employees' State Insurance Scheme. No comments.
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, 2002, for a period of more than six Noted for action.

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**AUDITORS' REPORT**

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**MANAGEMENT'S REPLY**

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months from the date they became payable except Rs. 13.09 lakh undisputed Entry Tax liability in case of Talcher Area.

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| 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 those payable under contractual obligation or in accordance with generally accepted business practice. | No comments. |
| 20. The company is not sick within the meaning of clause (O) of Sub-section (I) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.  | No comments. |

For **JSS Associates**  
*Chartered Accountants*

Place : Bhubaneswar  
Date : 24th August, 2002

**Bijoy K. Sahoo**  
*Partner*